

**IN THE SECURITIES APPELLATE TRIBUNAL
AT MUMBAI**

DATED THIS THE 16TH DAY OF JANUARY, 2026

**CORAM: Justice P.S. Dinesh Kumar, Presiding Officer
Ms. Meera Swarup, Technical Member
Dr. Dheeraj Bhatnagar, Technical Member**

**Appeal No.63 of 2025
[Along with Misc. Application
No.118 of 2025]**

Sukhraj Kaur Rajbans
902-3975, Grand Park Drive,
Mississauga, ONL5BoK4,
Canada.

.....Appellant

(By Mr. Saurabh Bachawat, Advocate with Mr. Kamal
Agrawal, FCA for the Appellant.)

Securities and Exchange Board of India
Mittal Court, B-Wing,
1st Floor, Nariman Point,
Mumbai – 400 021.

...Respondent

(By Mr. Gaurav Joshi, Senior Advocate with Mr. Manish
Chhangani, Mr. Sumit Yadav, Mr. Abhay Chauhan and Mr.
Atul Agrawal, Advocates i/b. The Law Point for the
Respondent.)

**With
Appeal No.89 of 2025
[Along with Misc. Application
No.194, 195, 196 & 197 of
2025]**

Rashmi Mishra
Urmila Niwas,
CHP-103/1, Kanan Vihar,

Phase-1, Bhubaneshwar,
Odisha-751024.

.....Appellant

(By Mr. Vikas Bengani, Advocate for the Appellant.)

Securities and Exchange Board of India
SEBI Bhavan, Plot No.C-4A, G Block,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051.

...Respondent

(By Mr. Manish Chhangani, Advocate with Mr. Sumit Yadav,
Mr. Abhay Chauhan and Mr. Atul Agrawal, Advocates i/b. The
Law Point for the Respondent.)

**With
Appeal No.99 of 2025**

Anish Hemani HUF
Represented by its Karta, Anish Hemani
35/1A, Paddapukur Road,
Rajlakshmi, 3rd Floor,
Kolkata – 700 020.

.....Appellant

(By Mr. Sachchida Nand Pandey, Advocate for the Appellant.)

Securities and Exchange Board of India
SEBI Bhavan, Plot No.C-4A, G Block,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400 051.

...Respondent

(By Mr. Manish Chhangani, Advocate with Mr. Sumit Yadav,
Mr. Abhay Chauhan and Mr. Atul Agrawal, Advocates i/b. The
Law Point for the Respondent.)

**THESE APPEALS ARE FILED UNDER SECTION 15T
OF SEBI ACT, 1992 TO SET ASIDE ORDERS DATED MAY
30, 2023, MAY 31, 2023, DECEMBER 18, 2024 (Ex-A)
RESPECTIVELY PASSED BY AO, SEBI.**

THESE APPEALS HAVING BEEN HEARD AND RESERVED FOR ORDERS ON APRIL 21, 2024, COMING ON FOR PRONOUNCEMENT OF ORDER THIS 16TH DAY OF JANUARY 2026, THE TRIBUNAL MADE THE FOLLOWING:

ORDER

Per: Justice P.S. Dinesh Kumar, Presiding Officer

These appeals pertain to trading in illiquid stocks. On behalf of the appellants, a common argument was addressed with regard to imposition of minimum penalty under Section 15HA of the SEBI Act, 1992¹. Hence, these appeals are heard together and disposed of by this common order.

2. We have heard Mr. Saurabh Bachawat, Mr. Vikas Bengani and Mr. Sachchida Nand Pandey, learned Advocates for the appellants and Shri Gaurav Joshi, learned Senior Advocate for the respondent.

3. Learned Advocates for the appellants urged following three contentions:

- that in **AO, SEBI v. Bhavesh Pabari**², the Hon'ble Supreme Court of India has considered Section 15A to Section 15HA of the SEBI Act and held that Section 15J continues to apply;
- SEBI is imposing lesser penalty in some cases; and
- This Tribunal has reduced the penalty in **V.B. Industries Ltd. & Ors. v. SEBI**³. SEBI had

¹ Securities and Exchange Board of India Act, 1992

² Adjudicating Officer, Securities and Exchange Board of India (2019) 5 SCC 90

³ V.B. Industries Ltd. & Ors. v. Securities and Exchange Board of India, A.No.750 of 2021 decided on 29.07.2022.

challenged the same in the Hon'ble Supreme Court of India and the said appeal has been dismissed.

4. In substance, appellants' case is that the adjudicating authority has discretion to impose lesser penalty than what is prescribed under Section 15HA of the SEBI Act. It was urged that the appellants have not earned higher profits and therefore, exercise of discretion to impose penalty less than Rs.5 Lakhs is imperative.

5. In reply, Shri Gaurav Joshi for SEBI submitted that in the case of **Bhavesh Pabari**, the Apex Court has examined **SEBI v. Roofit Industries Ltd.**⁴, and held that Section 15J is applicable only in respect of Section 15-A(a) of the SEBI Act.

6. With regard to the second and third contentions that in some cases SEBI has imposed lesser penalty and that this Tribunal has reduced penalty in some cases, he submitted that any order passed by an adjudicating authority in SEBI cannot be construed as an order passed by the SEBI. Further, reduction of penalty in any particular case does not lay down the law that lesser penalty than what is prescribed in the statute can be imposed either by the adjudicating officers or by this Tribunal.

7. In my view the point urged for our consideration and ruling is, **whether penalty less than what is stipulated in Section 15HA can be imposed?**

8. I have carefully examined the rival contentions and perused the records.

⁴ (2016)12 SCC 125

9. At the outset, appellants have raised the contention with regard to imposition of penalty less than what is stipulated in the statute without laying any challenge to the *vires* of the statute in the manner known to the law. It is settled that such a challenge must be laid before a Constitutional court with proper pleadings. It is no more *res integra* that this Tribunal lacks the inherent jurisdiction to entertain any challenge against a provision in the SEBI Act, 1992. We may usefully advert to ***NSDL v. SEBI***⁵ wherein it is held as follows:

“18.In PTC India Ltd. v. Central Electricity Regulatory Commission, this Court had to construe various sections of the Electricity Act, 2003, and ultimately came to the conclusion that the Appellate Tribunal for Electricity has no jurisdiction to decide the validity of Regulations framed under the Central Electricity Regulatory Commission under Section 178 of the Electricity Act, 2003. The validity of the Regulations may, however, be challenged by seeking judicial review under Article 226 of the Constitution of India.”

10. In a similar circumstance, this Tribunal has substituted the penalty of Rs.5 Lakhs imposed by the adjudicating authority with a ‘warning’. In the appeal⁶ filed by the SEBI, the Apex Court has held that this Tribunal is not exercising the jurisdiction under Article 226 of the Constitution of India. The relevant portion reads thus:

“4. Prima facie, the direction for substituting the penalty which has been imposed under Section 15HA with a warning is contrary to the statutory provisions. The SAT is not exercising the jurisdiction under Article 226 of the Constitution and is a

⁵ National Securities Depositories Limited v. Securities and Exchange Board of India, (2017) 5 Supreme Court Cases 517, decided by the Hon’ble Supreme Court of India on March 7, 2017.

⁶ Securities and Exchange Board of India v. Bharti Goyal and Ors., Civil Appeal Nos.3596 – 3597 of 2020, decided by Hon’ble supreme Court of India on January 5, 2021.

creature of the statute. Even the jurisdiction under Article 226 has to be exercised in a manner consistent with law. Hence, there shall be a stay of the operation of the impugned judgment and order of the SAT dated 25 August 2020 in Appeal Nos. 159 and 160 of 2020.”

11. Shri Joshi adverted to paragraph Nos.1 and 5 in ***Bhavesh Pabari*** and submitted that the sequitur is, Section 15J is applicable only with regard to penalty under Section 15-A(a) of the SEBI Act.

12. Section 15HA reads as follows:

“15HA. Penalty for fraudulent and unfair trade practices.

If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.”

13. A plain reading of paragraph No.5 in ***Bhavesh Pabari*** shows that the Apex Court was considering whether the provisions of Section 15J would be obliterated, if the adjudicating authority had no scope to consider the factors to be taken into account while imposing the penalty. The relevant portion of the judgment reads as follows:

“5.We, therefore, deem it appropriate to hold that the provisions of Section 15-J were never eclipsed and had continued to apply in terms thereof to the defaults under Section 15-A(a)of the SEBI Act.”

14. In my view, Shri Joshi is right in his submission that in ***Bhavesh Pabari***, it is held that provisions of Section 15J continue to apply to the defaults under Section 15-A(a) of the SEBI Act only.

15. The Apex Court has dealt with and rejected the argument raised by some of the private appellants in ***Bhavesh Pabari***, that the condition stipulated in clauses (a) to (c) of Section 15J are 'mandatory conditions' which must be read into Sections 15A to 15HA. It is held in paragraph No.11 of ***Bhavesh Pabari*** that such an argument would be too farfetched to be accepted. Thus, it is clear that what was under consideration before the Apex Court in ***Bhavesh Pabari*** was Section 15-A(a) and therefore, the said authority does not support appellants' contention. I am of the considered view that, post amendment of Section 15HA by Act 27 of 2014 w.e.f. September 8, 2014, the minimum penalty is Rs.5 Lakhs and the said quantum cannot be reduced keeping in view the factors enumerated in Section 15J of the SEBI Act.

16. With regard to second and third contentions, Shri Joshi submitted that the point for consideration in this appeal is, whether lesser penalty can be imposed. Hence, the second and third contentions do not merit any consideration. The second contention urged by the appellants is that in similar cases SEBI's other adjudicating officers have imposed lesser penalty or 'no penalty'. The third contention is that in some cases this Tribunal has reduced the penalty. *Ex facie* the submission is untenable because when statute provides a particular quantum, imposition of a lesser penalty by the Regulator is not binding on this Tribunal. So far as the contention with regard to reduction of penalty by this Tribunal is concerned, in my humble view, the same is *per incurium*.

17. It was also argued by the learned Advocates for the appellants that there are several cases of trading in illiquid stock options are pending. SEBI had brought settlement

schemes earlier and this Tribunal may direct the SEBI to consider launching another settlement scheme. During the course of the argument, it transpired that there are about 1000 cases pending at various stages before the adjudicating authority or this Tribunal. It also transpired that there were 14,720 transactions out of which 10,980 entities availed the benefit of the settlement scheme. Several noticees have got their cases settled by making payment of Rs.1 Lakh. I am of the view that adjudication of 1000 cases and the number of appeals which may arise therefrom will consume huge resources and judicial time. Having regard to the fact that SEBI had brought settlement schemes earlier, it may be desirable to launch one more such scheme and grant an opportunity to the entities whose cases are still pending.

18. Before concluding their arguments, Mr. Saurabh Bachawat, Mr. Vikas Bengani and Mr. Sachchida Nand Pandey, learned Advocates for the appellants made an 'alternative submission' that in case this Tribunal were to hold that penalty under Section 15HA cannot be reduced less than the prescribed Rs.5 Lakhs, this Tribunal may consider waiving the interest on the penalty amount of Rs.5 Lakhs imposed against the appellants.

19. For reasons stated hereinabove, I have held that the minimum penalty under Section 15HA is Rs.5 Lakhs. Keeping in view the fact that these are a decade old transactions and this Tribunal has directed in ***R.S. Ispat v. SEBI***⁷ to consider alternative dispute resolution mechanism with regard to the illiquid stock options, I am of the opinion it would be just and

⁷ Appeal No.25 of 2019 decided on 14.10.2019

appropriate to give quietus to these cases by accepting appellants' alternative submission for waiver of interest.

20. There is delay in filing these appeals. In the case of *Sukhraj Kaur Rajbans v. SEBI*⁸, the delay is 556 days. Appellant's pleaded case is, she had shifted her residence from Indore, Madhya Pradesh to Delhi on April 1, 2016. Thereafter on July 21, 2023, the appellant along with his family shifted to Canada. The Show cause notice was sent by the AO to the appellant on apsrajbans@rediffmail.com, whereas the correct email address was to be srajbans76@yahoo.in. The Certificate of Recovery was sent to the appellant on the correct email id on December 11, 2024. SEBI has not filed reply affidavit in this appeal denying appellant's pleadings.

20.01 In the case of *Rashmi Mishra vs SEBI*⁹, the delay in filing is 576 days. Appellant's pleaded case is that she had shifted her residence from Kolkata to Odisha, Bhubaneswar since 2017. The show cause notice was sent by the AO to the appellant through email. According to the appellant, she had no knowledge about it as the KYC process was done by her deceased husband. She is also unaware about the transactions executed by her late husband in her trading account in the year 2015. The appellant is a widow. She has no knowledge of the securities market and never personally engaged in any activities related to it. The Certificate of Recovery was also sent to appellant's Kolkata address, which she never received. She learnt about the proceedings only when recovery proceedings were initiated. SEBI has not filed

⁸ Appeal No.63 of 2025

⁹ Appeal No.89 OF 2025

reply affidavit in this appeal also denying appellant's pleadings.

20.02 In the case of *Anish Hemani*¹⁰, there is a delay of 6 days.

20.03 Having taken a view to give quietus in these matters and appellants' alternative submission to consider waiver of interest while upholding the findings, by taking a lenient view and in the absence of any counter by the respondent, the delay in filing these appeals is condoned.

21. It was submitted at the bar that about 1000 cases of illiquid stock option cases are pending. SEBI had launched settlement schemes earlier. Keeping in view the spirit of Section 89 of Code of Civil Procedure, 1908, it is desirable for SEBI to consider launching another settlement scheme which may result in disposal of large number of cases.

22. In the result, the following :

ORDER

1. Appeals are disposed of holding that the minimum penalty under Section 15HA of the SEBI Act, 1992 cannot be reduced less than Rs.5 Lakhs in these proceedings.
2. The appeals are ***allowed in part*** by waiving the interest, subject to appellants depositing the penalty amount within eight weeks from today

¹⁰ Appeal No.99 of 2025

failing which SEBI shall be entitled to recover the penalty with interest.

3. SEBI shall consider launching another settlement scheme in respect of cases involving illiquid stock options.
4. Pending interlocutory application(s), if any, shall stand disposed of.
5. No costs.

Justice P.S. Dinesh Kumar
Presiding Officer

16.01.2026
RHN

Per: Dr. Dheeraj Bhatnagar, Technical Member

23. We are guided by the valuable comments of Hon'ble Presiding Officer in the above segment of the order.

24. Since the decision in the matter may have impact on several small investors trapped in ISO scam who are charged by the SEBI under the PFUTP, along with the perpetrators, we propose to first examine the conspectus of the matter in order to appreciate the scope of the issue and implications.

I. What are illiquid stock?

25. The "Illiquid stocks" are those listed stocks, which have virtually no real demand on their intrinsic strength and hence have almost zero /negligible trading volumes. As a result, their market value is highly labile, which could be easily influenced by carrying out just a few transactions between known entities or between unknown entities through same brokers or in connivance with another broker.

26. The 'Operation Falcon' launched by the Income Tax department in various cities in 2019, as also investigation by SEBI revealed that these scrips were abused by certain brokers/ intermediaries, who had artificially generated profits for some client while creating corresponding loss for another client through the *modus operandi* of "Reversal trading".

II. *Modus Operandi* of the trades

27. "Reversal trading" involves pre-mediated buying and selling of stocks between the same set of counterparties during a day which creates artificial trade. While there is no/negligible organic trading in the stock, artificial transactions are master-minded/ executed by the broker/intermediary between party-A (seller) and counterparty-B (buyer) at a drastically higher buy price than prevailing market. Here, Party-B has existing profits in its books that can accommodate such artificial losses, to help it avoid payment of taxes, while the Counter-party A can accommodate profits, being mostly a low-income individual. As a quick follow-up, in short time, reversal trade is executed between the same parties and now Party-B sells the same stock to the counter-party A, *albeit* at a relatively much lower rate thereby generating loss for Party-B, while creating identical gains for party A, without actual transfer of shares. These trades are considered as "non-genuine".

28. In order to tackle such rampant abuse of stock market mechanism, in April 2018, SEBI decided to take action in a phased manner against 14,720 entities for fraudulent trade in the illiquid stock options segment. The Tribunal came across several ISO cases, where the SEBI had issued show cause notices to delinquent Brokers, other intermediaries, investment advisors, as also petty investors which included housewives, illiterate and poor people devoid of financial and legal literacy.

29. Considering the heavy load of these small cases, this Tribunal in its order in the case of ***R.S. Ispat case v. SEBI***¹¹, recommended SEBI to hold a Lok Adalat or adopt other alternate dispute resolution process with regard to the illiquid stock options. Consequently, SEBI introduced a Settlement scheme in 2020. This was followed by 2 more such schemes. However, a significant number of such cases are under litigation. Mr. Chhangani, learned advocate for SEBI submitted that in some of these cases, the SEBI has filed appeal before Hon'ble Supreme Court against reduction of penalty below minimum prescribed by this Tribunal. He furnished a list of such cases before us.

30. During the course of hearing in the case of the 3 appellants and several other ISO cases, this Tribunal advised the SEBI to consider another settlement schemes for the benefit of those who could not avail the benefit earlier. We are in agreement with the view expressed by Hon'ble Presiding Officer in paragraph No. 21 hereinabove directing the SEBI to consider launching another settlement scheme, which may result in disposal of a large number of such cases.

30.1 With a view to ensure quick disposal of ISO cases, the Tribunal had also decided to examine whether the ends of justice will meet if in appropriate cases, the penalty imposed is reduced to minimum amount prescribed in various specific provisions the statute with full waiver of interest and by allowing delay in filing appeal. Tribunal also took cognizance of Section 15J, which provides for mitigating factors for consideration by the AO/Board while levying penalty under

¹¹ Appeal No.25 of 2019 decided on 14.10.2019

specific provisions. That is why this Tribunal *suo motu* decided to frame the following question:

“Whether by considering the mitigating factors in terms of section 15-J, penalty can be reduced below the extent prescribed in the specific provision?”

31. Chapter VIA of SEBI Act, 1992 deal with the provisions for '**Penalty and Adjudication**'. Sub-section (1) of Section 15-I provides for the power of the AO to adjudicate for the purpose of imposing any penalty and prescribes due procedure for the purpose of levying penalty u/s **15A, 15B, 15C, 15D, 15E, 15F, 15G, 15H, 15HA and 15HB**. Sub section (3) of Section 15-I provides powers to Board to pass an order enhancing the quantum of penalty if it considers that the order passed by the adjudicating officer is erroneous.

Power to adjudicate.

“15-I. (1) For the purpose of adjudging under sections 15A, 15B, 15C, 15D, 15E, 15EA, 15EB, 15F, 15G, 15H, 15HA and 15HB, the Board may appoint any officer not below the rank of a Division Chief to be an adjudicating officer for holding an inquiry in the prescribed manner after giving any person concerned a reasonable opportunity of being heard for the purpose of imposing any penalty.”

32. The amount of penalty for specific defaults have been prescribed in respective provisions.

33. As against the same, the provisions of section 15J provide that mitigating factors '*shall*' be taken into account

by the adjudicating officer while adjudging the quantum of penalty.

Factors to be taken into account while adjudging quantum of penalty

"15J. While adjudging quantum of penalty under section 15-I or section 11, or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely :—

- (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*
- (b) the amount of loss caused to an investor or group of investors as a result of the default;*
- (c) the repetitive nature of the default."*

Hon'ble Apex Court in ***Bhavesh Pabari*** case has further expanded the scope of this beneficial provision, by holding that the conditions specified under Section 15J are not exhaustive and there could be other circumstances, which may be considered under Section 15J for determining the amount of penalty.

34. On careful consideration, we find that, various provisions for levy of penalty are harmoniously placed in chapter VIA of the SEBI Act, 1992. Section 15-I provides powers in this regard and lays down the procedure. Various provisions with respect to specific violations provide for the quantum of penalty leviable under specific sections. E.g. Section 15HA provides for amount of penalty as under:

Penalty for fraudulent and unfair trade practices.

"15HA. If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty, which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practice, whichever is higher."

35. The quantum of penalty is further determined by the beneficial provisions of section 15-J, which have the effect of offsetting the amount of penalty leviable under specific sections. The said section mandates that the AO or the Board "shall" have due regard to the mitigating factors while adjudging penalty, without any limit on the extent to which such benefit can be granted. Further, even the specific provisions (including section 15HA) do not start with non-obstante clause and hence, cannot be held to override the beneficial provisions of section 15-J to this extent. In our considered view, if both sections are harmoniously read together, it cannot be interpreted that section 15HA overrides section 15J in conflict situations. Hence, the provisions of section 15J cannot be read to restrict or curtail the scope of application of effect of mitigating factors to minimum amount provided in specific sections only and not below the same.

36. In our view, legislature in its wisdom has consciously not restricted the application of the beneficial provisions of section 15-J, and Hon'ble Apex Court has recently widened the scope by considering any other factor, on a case to case basis, other than the three factors provided for in section 15J namely; amount of disproportionate gain or unfair advantage, amount of loss caused to an investor or group of investors and the repetitive nature of the default.

37. Various specific penal provisions including section 15HA were amended *w.e.f.* September 8, 2014, with the effect of prescribing minimum amount of penalty leviable. Prior to this, section 15HA provided for the amount of penalty equivalent to '*Rs 25 crore or three times the profit, whichever is higher*'. However, as discussed above, specific penal sections did not start with non-obstante clause nor were specifically given overriding power over section 15J. We are informed that even AOs of SEBI applied provisions of section 15J in such a way that the amount of penalty levied was below the minimum prescribed amount under the specific sections. We do not find any precedence of this Tribunal holding compulsory levy of minimum amount of penalty. In several cases, this Tribunal, on applying 15J factors, has reduced the amount of penalty to below the minimum amount. In some of these cases, SEBI has approached Hon'ble Apex Court. As recently as in August 18, 2025, we had passed an order in the matter of Nirmal Kumar Bhura Vs. SEBI (Appeal No. 385 of 2025), where on considering the request of the appellant, the amount of penalty for PFUTP violation was reduced to Rs. 75,000, after recording the following submissions of the SEBI:

*"Shri Suraj Choudhary, learned advocate for the SEBI submitted that if the findings are upheld, the Tribunal may exercise its discretion so far as quantum of penalty concerned. It is also not disputed that the facts in the case of Mahendra Gopal Gorivale (supra) are similar to the case in hand except that, in that case the appellant had not responded to the summons and in this case **the violation is of PFUTP Regulations.**"*

38. We have not been provided with any authority of Hon'ble Apex Court in the matter, where the issue framed by us may

have been considered. As rightly admitted by Mr. Joshi, and subsequently agreed to by the appellants in final hearing that the Hon'ble Apex Court in **Bhavesh Pabari** case, while specifically holding that the provisions of Section 15J were applicable to Section 15-A(a) of the SEBI Act even during October 29, 2002 till September 7, 2014, has given useful guidance on several issues relating to section 15-J, but not on the question before us i.e. "**whether by considering the mitigating factors in terms of section 15-J, penalty can be reduced below the extent prescribed in the specific provision?**"

39. Our attention was drawn to the decision dated August 25, 2020 of the Hon'ble Apex Court in the case of **Bharti Goyal**, in which it was held that "*Substituting the penalty-imposed u/s 15HA with a warning is contrary to statutory provisions.*"

40. In our considered view, the decision in **Bharti Goyal case** lays down a different ratio, i.e. whether penalty leviable (with pecuniary consequences) may be substituted by a warning (without pecuniary consequences) and hence the same does not apply to the issue.

41. We are afraid that any other interpretation might adversely impact small investors, who without adequate financial and legal literacy, might have been caught in ISO scam and similar innovative devices created by unscrupulous players of securities market and invested small sums such as Rs 50,000 but will be essentially charged by the SEBI with the minimum penalty of Rs 5,00,000, where they are found to have invested in such trades. In the complex and dynamic universe of

securities market, involving differential roles and implications for various stakeholder, all players cannot be treated in the same manner and small investors need to be given what law allows them. In our considered opinion, the provisions of section 15J come to rescue in appropriate cases and which in our interpretation have the powers to reduce the penalty below the minimum amount prescribed in specific provisions. In view of the above, we hold that the penalty can be reduced below the extent prescribed in the specific provision by considering the mitigating factors in terms of section 15-J.

Accordingly, the question is answered in **affirmative**.

42. Having held this, we decide the 3 appeals before us on merit, as under:

(A) In the case of ***Sukhraj Kaur Rajbans vs. SEBI***¹², the delay is 556 days. Appellant's pleaded case is, that she had shifted her residence from Indore, Madhya Pradesh to Delhi on April 1, 2016. Thereafter, on July 21, 2023, the appellant along with her family shifted to Canada. The show cause notice was sent by the AO to the appellant on apsrajbans@rediffmail.com, whereas the correct email address was to be srajbans76@yahoo.in. Later, the Certificate of Recovery was sent to the appellant on the correct email id on December 11, 2024. SEBI has not filed reply-affidavit in this appeal denying appellant's pleadings. We find that there is no evidence of proper service of show cause notice on the appellant. SEBI has not filed reply in the notice. In view of the above, the delay is condoned and the appeal is allowed for want of natural justice.

¹² Appeal No. 89 of 2025

(B) In the case of ***Rashmi Mishra vs SEBI***¹³ the delay in filing is 576 days. Appellant's pleaded case is that she is a widow who had shifted her residence from Kolkata to Odisha, Bhubaneswar since 2017. The show cause notice was sent by the AO to the appellant through email. According to the appellant, she is unaware about the transactions executed by her late husband in her trading account in the year 2015. She had no knowledge about the securities market and never personally engaged in any activities related to it and the KYC process was done by her deceased husband. She learnt about the proceedings only when recovery proceedings were initiated. SEBI has not filed reply affidavit denying appellant's pleadings. In view of the above, the appeal is allowed for want of natural justice.

(C) In the case of ***Anish Hemani¹⁴ HUF***, there is a delay of 6 days which is condoned. In this case, investigation by SEBI for the period April 1, 2014 to September 30, 2015 shows that appellant herein had also indulged in execution of reversal trades in stock options segment, which were non-genuine and created artificial trading volumes in stock options which were manipulative, deceptive in nature. A show cause notice dated December 23, 2021 was issued *inter alia* alleging that the appellant had executed two non-genuine trades in one stock options contract which resulted in artificial volume of total 1,04,000 units. The show cause notice was duly served. On January 15, 2022, the appellant submitted its reply denying all the allegations made in the SCN and submitted that all the transactions were executed through SEBI registered broker. Later, appellant was also informed about the SEBI Settlement

¹³ Appeal No. 89 of 2025

¹⁴ Appeal No. 99 of 2025

Scheme, 2022, but the appellant did not avail the said scheme. Subsequently, adjudication proceedings were resumed.

43. SEBI provided an opportunity of hearing on May 22, 2023 and the notice of hearing was duly served on the appellant. On May 23, 2023, appellant through its letter to SEBI submitted that due to technical issues, it was unable to join hearing. The appellant did not appear for the hearing dated November 06, 2024 and through its letter dated November 8, 2024 to SEBI, reiterated the submissions made on January 15, 2022 and sought inspection of all relevant and referred documents. After series of communications, SEBI through email dated November 22, 2024, furnished 'copies of trade details of the appellant, relevant portion of the investigation report and this Tribunal's order dated May 13, 2022'. The appellant was provided with third opportunity of hearing on December 16, 2024 and the hearing notice was duly served, but the appellant did not appear. Finally, SEBI passed the impugned order.

44. In substance, Shri Sachchida Nand Pandey for the appellant submitted that SEBI has not furnished the investigation report. All the transactions were executed through SEBI registered share broker and not by the appellant himself. The appellant had never indulged in any reversal trades or created any artificial volumes. All the trades were in anonymous order matching system of the exchange and it is impossible to know the identity of the counter party. There was a huge time gap between buy and sell orders. The appellant had never been informed that the scrips were illiquid scrips. Further, the appellant was not related or connected to any counter party. The alleged matching of the appellant's trades with the counter party trades was by coincidence. The trades of the appellant were insignificant in relation to market volume of trades. With

these submissions, Shri Pandey prayed to set aside the impugned order.

45. Shri Manish Chhangani, learned advocate for SEBI submitted that the appellant has executed two non-genuine trades in one contract and generated an artificial volume of 1,04,000 units. The appellant has executed buy and sell trades of same quantity within a short span of time with the same counter party in one contract. On November 13, 2014 appellant has executed sell trade at 10:34:04 hrs (Sell order of the appellant was at 10:30:56 and counter party buy order was at 10:34:04) for 52000 units at a rate Rs.1.45 per unit with his counter party Calendula Teledata Private Limited (first leg of the transaction). Within a short span of four and half hours i.e., at 14:51:47 hrs, appellant bought the same 52,000 units at a rate of Rs.0.05 per unit from the very same counter party (second leg of the transaction). The trading behaviour of the appellant with his counter party indicates a prior meeting of minds and reversing of trading in an illiquid stock option contract suggests the non-genuineness of trade and as such the appellant violated the SEBI (PFUTP) Regulations, 2003 and liable to pay the penalty under Section 15 HA of the SEBI Act, 1992.

46. On careful consideration, we find no cogent reason for appellant for not complying with the notice /show cause notice issued by SEBI which were duly served upon the appellant. The enquiry by appellant shows that the appellant had also been beneficiary of the device of fraudulent trading in illiquid stocks. The appeal is dismissed.

47. In the result, the following:-

ORDER

1. Penalty can be reduced below the extent prescribed in the specific provision by considering the mitigating factors in terms of section 15-J.
2. Appeal Nos. 63 of 2025 and 89 of 2025 are allowed. The impugned orders dated May 30, 2023 and May 31, 2023 respectively are set aside.
3. SEBI shall consider launching another settlement scheme in respect of cases involving illiquid stock options.
4. The appeal No. 99 of 2025 (Anish Hemani HUF) dismissed.
5. All (pending) interlocutory applications stand disposed of.
6. No costs.

Dr. Dheeraj Bhatnagar
Technical Member

I agree.

Ms. Meera Swarup
Technical Member

16.01.2026
PTM

48. In view of the differing views of Hon'ble Members, based on the majority view, the

ORDER OF THE TRIBUNAL

1. Penalty can be reduced below the extent prescribed in the specific provision by considering the mitigating factors in terms of section 15-J.
2. Appeal Nos. 63 of 2025 and 89 of 2025 are allowed. The impugned orders dated May 30, 2023 and May 31, 2023 respectively are set aside.
3. SEBI shall consider launching another settlement scheme in respect of cases involving illiquid stock options.
4. The Appeal No. 99 of 2025 (Anish Hemani HUF) dismissed.
5. All (pending) interlocutory applications stand disposed of.
6. No costs.

Justice P. S. Dinesh Kumar
Presiding Officer

Ms. Meera Swarup
Technical Member

Dr. Dheeraj Bhatnagar
Technical Member

16.01.2026
PTM