

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. Order/AK/GN/2025-26/31661]**

UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992, READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995, IN RESPECT OF:

Mr. Panchal Shanti Lal
(PAN: AYJPP0602N)

In the matter of Swan Energy Limited

BACKGROUND:

1. An investigation was carried out by Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) in the trading activities in the scrip of M/s Swan Energy Limited (hereinafter referred to as **Company**) for the Investigation Period January 01, 2015 to March 05, 2015 (hereinafter referred to as “**IP**”).
2. Subsequently, an Adjudication Order (hereinafter referred to as **AO order**) (Adjudication order No. Order/PM/NS/2022-23/16144-16156) dated April 27, 2022 was passed in the matter, against 13 entities including Mr. Panchal Shantilal (hereinafter referred to as **Noticee**), whereby penalty of Rs 5,00,000/- (Rupees Five Lakh only) was imposed on the Noticee u/s 15HA of SEBI Act, 1992 (hereinafter referred as “**SEBI Act**”) for violation of Section 12A (a), (b) and (c) of SEBI Act r/w Regulations 3 (a), (b), (c), (d), 4(1), 4(2)(a), and (g) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulation, 2003 (hereinafter referred to as PFUTP Regulations).
3. Noticee appealed against the said order before the Hon’ble Securities and Appellate Tribunal (hereinafter referred to as **SAT**), on the ground that his PAN number has been misused by somebody and he has not accessed the securities market.
4. Hon’ble Securities Appellate Tribunal (SAT), vide Order dated May 09, 2025, in appeal No. 848 of 2023, remitted the matter to SEBI for fresh consideration in accordance with law and made the following observations:-

“Appellants specific case is that the demat account bears a Delhi address and that he has not accessed the securities market at all. The material on record is not sufficient to record a finding on this aspect. Therefore, the matter requires examination in the hands of SEBI. If someone has really misused the PAN numbers of a senior citizen, it not only affects the victim but also the other gullible investors. In that view of the matter, we remit the matter to SEBI for fresh consideration in accordance with law.”

“Learned advocate for the appellant undertakes that appellant shall appear on June 12, 2025 before the SEBI without any further notice. He submits that the appellant is a senior and suffering from osteoporosis and unable to travel from Madhya Pradesh; and prays that he may be permitted to appear through video conferencing before SEBI. Permitted.”

APPOINTMENT OF ADJUDICATING OFFICER

5. In compliance with the abovementioned directions of SAT, vide communique dated May 19, 2025, undersigned was appointed as Adjudicating Officer (AO) u/s 15-I of SEBI Act and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as “**SEBI Adjudication Rules**”) r/w Section 19 of the SEBI Act to enquire into and adjudge u/s 15HA of SEBI Act, the alleged violations of Section 12A (a), (b) and (c) of SEBI Act r/w Regulations 3 (a), (b), (c), (d), 4(1), 4(2)(a), and (g) of PFUTP Regulations by Noticee. The said appointment was communicated to the Noticee vide letter dated May 22, 2025.

PERSONAL HEARING & REPLY:

6. As directed by SAT, Noticee appeared before the undersigned on June 12, 2025, through video conferencing. The Noticee was provided with a copy of the Show Cause Notice dated July 16, 2020 (hereinafter referred to as **SCN**), vide email dated June 12, 2025 and the annexures to the SCN were sent through SPAD. Noticee was advised to submit its reply to the SCN on or before June 26, 2025.
7. Vide email dated June 26, 2025 Noticee sought extension of 1 week for submission of reply, which was granted.
8. Vide e-mail dated July 04, 2025 Noticee submitted its reply, inter alia, stating;
 - a) *that he is about 67 years old, and in his lifetime has never owned and/or operated any securities and/or shares either in their physical or dematerialized form. Noticee states*

that, as a matter of record, Noticee has never at any time opened, maintained, or operated any Dematerialized Account (Demat) or trading account in his name. It is respectfully submitted that Noticee's identity was fraudulently misappropriated by unidentified individuals pursuant to the theft of his Permanent Account Number (PAN) card, culminating in the generation of fictitious records in his name, wholly devoid of his knowledge, authority, or consent. Any reliance placed upon such fabricated material is legally unsustainable and unjust.

- b) It is pertinent to note that Noticee first became aware of the Impugned Order on 1 May 2023, upon receipt of a letter dated 26 April 2023 (Ref: CSNS/Legal/2023/TW/1059183) issued by Kotak Mahindra Bank. Vide the said letter dated 26 April 2023, Noticee was informed that a debit freeze had been imposed on his bank account pursuant to a legal notice issued by SEBI. This aspect is crucial given that Noticee never received the Show Cause Notice dated 16 November 2020 (SCN), issued by SEBI. Noticee states that the email id and the residential address relied upon by SEBI does not pertain to Noticee. It is imperative to note that it is SEBI's own case that they tried to serve the SCN in Delhi only and whereas neither Noticee ever been to Delhi nor any of his family members reside in Delhi.*
- c) that he is a resident of Barwani, Madhya Pradesh having his address as Brij Vihar Colony, Opposite Narmada Convent School, Barwani, Madhya Pradesh - 451551. Noticee states that for the past 12 years he has been paying electricity bill on the address mentioned herein above, at Madhya Pradesh. In addition, the ration card issued by Noticee also evinces the above mentioned address of Madhya Pradesh.*
- d) that it was only upon such intimation by Kotak Mahindra Bank that Noticee became cognizant of the debit restrictions placed on his account purportedly in furtherance of a directive issued by SEBI.*
- e) At the material time, Noticee had not been apprised of the underlying circumstances of the correspondence issued by SEBI to Kotak Mahindra Bank, which culminated in the imposition of a debit freeze on Noticee's bank account.*
- f) During the telephonic conversation held on 10 May 2023, Noticee informed a representative of SEBI inter alia that he had been defrauded, had never operated a demat account, and therefore, the question of engaging in any dealing or trading in securities did not arise.*

- g) *On 16 May 2023, a representative of SEBI contacted our client, at which time Noticee apprised the said representative of the fraudulent acts inflicted upon him. Noticee without delay, lodged a formal complaint dated 3 May 2023 with the Superintendent of Police and the Officer in Charge at Barwani Police Station, detailing the circumstances of the fraud.*
- h) *Notwithstanding Noticee's express representations to SEBI on 10 May 2023 and 16 May 2023, categorically stating that he had no involvement whatsoever in the subject matter of the investigation, that his PAN credentials had been misused, and that he had never operated a demat account, the concerns raised were summarily disregarded. Further, on 7 December 2023, Noticee, through his son, lodged a formal complaint with Kotak Mahindra Bank, requesting a thorough inquiry into the alleged misuse. In response to these representations, SEBI by order dated 25 May 2023, permitted the release of amounts credited by way of pension. Absurdly, the order dated 23 May 2023 was not clarified qua Noticee and therefore the order dated 25 May 2023 further continued to operate.*
- i) *On or around 17 June 2023, SEBI effected a transfer of a sum of Rs.1,05,225/- (Rupees One Lakh Five Thousand Two Hundred and Twenty-Five Only) from Noticee's bank account bearing No. 99506044303, labelling the same as "SEBI Recovery Proceeds." Noticee submitted that SEBI has commenced operating Noticee's bank account. without authority, despite the account being subject to a debit freeze.*
- j) *SEBI appears to be initiating recovery proceedings against Noticee on the ground of alleged involvement in synchronized trades in the Subject Scrip. However, Noticee is a retired individual who subsists solely on pension income, and the only transactions conducted through the said account pertain to the deposit of pension and Noticee's personal savings.*
- k) *The only asserted ground for establishing a connection between Noticee and the other entities alleged to have participated in synchronized trading is the assertion that Noticee shared a common contact number with Ms. Reena Verma, also a Noticee and a party to the Impugned Order. Noticee submitted that he has never met, spoken to, or had any form of acquaintance or association with Ms. Reena Verma and has no nexus whatsoever with her.*

- l) Other than the aforesaid, the Impugned Order is entirely devoid of any findings in relation to the specific role or involvement of Noticee. In fact, it appears that SEBI did not even undertake a basic investigation to ascertain whether Noticee had ever submitted Know Your Customer (KYC) documents or otherwise complied with account-opening formalities. This omission is particularly striking in view of the fact that the Impugned Order itself notes that notices were served upon brokers linked to the trading in the Subject Scrip.*
- m) In fact, there is absolutely no material to demonstrate and/or show that Noticee has dealt with securities and/or shares in general, much less dealing on the Subject Script.*
- n) SEBI appears to have relied upon information obtained from Central Depository Services (India) Limited (CDSL) in support of the allegations made against Noticee. Such reliance is entirely misconceived and untenable. CDSL merely functions as a depository for securities and shares, and the creation of a demat account only requires submission of a valid PAN card along with basic KYC details. Mere appearance in a CDSL record, without more, cannot by itself establish that Noticee held or operated the alleged demat account.*
- o) In addition, the KYC details linked to the alleged demat account are wholly unreliable. Neither the address cited therein exists, nor is the mobile number provided in the records registered in the name of Noticee. Yet no effort appears to have been made by SEBI to investigate these inconsistencies. It is further stated that upon a basic search using caller identification, of the mobile number mentioned in Order dated 27 April 2022 being mobile number 850****972 provides name of a 'Talat Khan Fb' as the registered owner of the mobile.*
- p) The sole basis relied upon by SEBI to implicate Noticee appears to be an alleged overlap in contact details with another Noticee, Ms. Reena Verma, who is entirely unknown to Noticee. Noticee states that he has no acquaintance or association, whether direct or indirect, with Ms. Reena Verma or any of the other individuals named in the said SCN. No legally tenable connection between Noticee and other entities has been established. The mere alleged similarity in contact details, is insufficient to sustain proceedings of this nature.*

- q) *It is trite law that SEBI is under an obligation to conduct a thorough and independent investigation to ascertain, at the very least, whether the noticees sought to be proceeded against were in fact involved in the acts alleged.*
- r) *It is well-settled that in the absence of any material demonstrating that Noticee derived an unlawful gain, no allegations of engaging in unfair trade practices or fraudulent trading can be sustained. In the present case, no such evidence has been established. The allegations are, therefore, devoid of merit and liable to be quashed.*
- s) *SEBI has implicated Noticee along with the other noticees, without first ascertaining whether Noticee had, in fact, undertaken any trading activity. Despite the issuance of a public notice in connection with the investigation, Noticee, having never engaged in the trading of securities, cannot be deemed to have been placed on constructive notice. In the absence of any trading, the foundation for such presumption simply does not arise.*
- t) *Furthermore, SEBI failed to consider that the bank account in question is used solely for the receipt of Noticee's monthly pension and his personal savings. No transaction has ever been undertaken through the said account that could remotely suggest any form of trading activity.*
- u) *In addition, it is pertinent to highlight that the Impugned Order was dispatched to an address located in Delhi, which is entirely unfamiliar to and unassociated with Noticee. Noticee has no connection or relation whatsoever with the address mentioned in the impugned order.*
- v) *The directions issued in the Impugned Order are grossly disproportionate, arbitrary, and unduly burdensome upon our client. The order fails to have due regard to the peculiar facts and circumstances of the present case, including Noticee's bona fide conduct and complete lack of involvement in any trading activity, rendering it sustainable neither in law nor on facts.*
- w) *The Impugned Order is not only contrary to binding judicial precedents of this Hon'ble Tribunal and various Courts, but also violative of the fundamental tenets of equity, justice and good conscience. Moreover, the findings recorded are illegal, unsustainable, and devoid of evidentiary support.*

10. Vide hearing notice dated July 08, 2025, sent via digitally signed mail dated July 09, 2025 and SPAD, Noticee was provided an opportunity of hearing on July 28, 2025. However, vide email dated July 17, 2025, Noticee sought adjournment of

hearing. In view of the same, vide email dated July 17, 2025, another opportunity of hearing was provided to Noticee on August 04, 2025. Authorized Representative (AR) of the Noticee appeared for the hearing on the scheduled day i.e. August 04, 2025 and reiterated the submissions already made vide reply dated July 04, 2025. During hearing, AR also submitted that they shall provide proof of all information submitted by them to appropriate authorities in support of their contention that the name of the Noticee was fraudulently used in the instant matter.

11. Noticee, vide email dated August 04, 2025, submitted a copy of the Police Complaint dated 3 May 2023 filed by Noticee, in Barwani Police Station situated in Madhya Pradesh.

ISSUES FOR CONSIDERATION, EVIDENCE AND FINDINGS

12. The facts and circumstances of the case and the material available on record and the submission of the Noticee has been taken into consideration. The issues that arise for consideration in the present case are:

ISSUE I: Whether Noticee has violated the Section 12A (a), (b) and (c) of SEBI Act r/w Regulations 3 (a), (b), (c), (d), 4(1), 4(2)(a), and (g) of PFUTP Regulations?

ISSUE II: Does the violation, if any, attract penalty u/s 15 HA of the SEBI Act?

ISSUE III: If so, how much penalty should be imposed on the Noticee taking into consideration the factors mentioned in Section 15J of the SEBI Act?

13. Before proceeding further, it is pertinent to mention the relevant legal provisions alleged to have been violated by the Noticee and the same are reproduced below:

SEBI Act, 1992

Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.

12A. No person shall directly or indirectly—

(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;

(b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;

(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

PFUTP Regulations

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

(a) buy, sell or otherwise deal in securities in a fraudulent manner;

(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or them rules or the regulations made thereunder;

(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;

(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made thereunder.

4. Prohibition of manipulative, fraudulent and unfair trade practices

(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.

(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely: —

(a) indulging in an act which creates false or misleading appearance of trading in the securities market;

(g) entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security;

FINDINGS

14. On perusal of the material available on record and giving regard to the facts and circumstances of the case and submissions of the Noticee the findings are recorded hereunder:

ISSUE I: Whether Noticee has violated the Section 12A (a), (b) and (c) of SEBI Act r/w Regulations 3 (a), (b), (c), (d), 4(1), 4(2)(a) and (g) of PFUTP Regulations?

15. M/s Swan Energy Limited (hereinafter referred to as "**the Company**") is a company having its shares listed on the Bombay Stock Exchange Limited (BSE") and National Stock Exchange Limited ("NSE). An investigation was conducted by SEBI regarding trading activity in the scrip of the Company during IP.

16. During investigation upon analysis of UCC data, KYC documents, off market transactions, bank statements and MCA data of the entities who were involved in executing synchronized trades in scrip of the Company it was observed that Noticee having connection with other entities, participated in synchronized trades as one Ms. Reena Verma and Noticee had shared common telephone number.

17. During investigation it was observed that the connected entities (including Noticee) have executed synchronized trades that contributed 12.26% to market volume on NSE and BSE, which was substantial.

18. Details of the alleged synchronized trades executed by the Noticee in the scrip of the Company on NSE/BSE during the IP are as follows-

NSE

Name	Buy Side		Sell side		Gross (Buy+Sell)		% of traded quantity to the total synchronized traded quantity
	Traded quantity	Number of synchronized trades	Traded quantity	Number of synchronized trades	Traded quantity	Number of synchronized trades	
Panchal Shanti Lal	91553	153	92277	156	183780	308	13.22%

BSE

Name	Buy Side		Sell side		Gross (Buy+Sell)		% of traded quantity to the total synchronized traded quantity
	Traded quantity	Number of synchronized trades	Traded quantity	Number of synchronized trades	Traded quantity	Number of synchronized trades	
Panchal Shanti Lal	101267	209	97624	197	198891	406	14.88%

19. It was observed that the synchronized trades were executed by 13 connected entities in a repeated manner on NSE and BSE and same was not found a mere co-incidence. Such a pattern of synchronized trades among aforesaid 13 connected entities in the scrip of the Company on NSE and BSE during the IP

indicated that there was no change in beneficial ownership and such non-genuine trades among connected entities created misleading appearance of trading in the scrip of the Company.

20. During investigation it was also observed that the 13 connected entities have executed 2,070 reversal trades in the scrip of the Company on NSE during the IP and the reversal trade quantity was 7,38,134 shares. The artificial volume generated through execution of such reversal trades was 14,76,268 shares which was 13.02% of total market volume during the IP.

21. Details of the alleged reversal trades executed by the Noticee in the scrip of the Company on NSE/BSE during the IP are as follows-

NSE

Name	Reversal Qty	Artificial Volume	No. of Reversal trades	% of Artificial volume through reversal trades to market volume
Panchal Shanti Lal	99594	199188	345	1.76%

BSE

Entity A	Entity B	Number of Shares bought by entity B from Entity A	Number of Shares bought by entity A from Entity B	Reversal Qty.	Artificial Volume	No. of Reversal trades	No. of days of reversal trades
Reena Verma	Panchal Shanti Lal	50887	51304	50879	101758	189	8
Panchal Shanti Lal	Divesh Singh	45580	46067	45469	90938	217	4
Motilal Ahuja	Panchal Shanti Lal	9780	9780	9780	19560	44	1
Rajesh Kumar	Panchal Shanti Lal	2584	2584	2584	5168	10	1

22. During investigation, it was observed that 13 connected entities have executed 2,263 reversal trades in the scrip of the Company during the IP on BSE and the

reversal trade quantity was 7,03,023 shares. The artificial volume generated through execution of such reversal trades by said 13 connected entities during the inspection period was 14,06,046 shares, which was 12.89% of total market volume during such period.

23. The execution of reversal trades by the connected entities in a repeated manner on multiple days on NSE and BSE was not accepted as mere co-incidence. Such a pattern of reversal trades among the said connected entities indicated that there was no change in beneficial ownership and such non-genuine trades among such connected entities created artificial volume and misleading appearance of trading in the scrip of the Company during IP.
24. In view of the above findings, it was alleged that 13 connected entities including the Noticee entered into reversal trades and synchronized trades among themselves on NSE and BSE, which indicates that there was no change in beneficial ownership and such non-genuine trades among the entities created misleading appearance of trading in the scrip of the Company during IP and thereby violated the provisions of sections 12(a), (b), (c) of the SEBI Act r/w Regulations 3 (a), (b), (c), (d), 4 (1) and 4 (2) (a) and (g) of "PFUTP Regulations".
25. I note that in reply to the SCN Noticee submitted that client's identity was fraudulently misappropriated by unidentified individuals pursuant to the theft of his PAN card, culminating in the generation of fictitious records in his name, wholly devoid of his knowledge, authority, or consent. Noticee submitted that he is a resident of Barwani, Madhya Pradesh and he had never operated a demat account,
26. I note that Section 12A (a), (b) and (c) of SEBI Act r/w Regulations 3 (a), (b), (c), (d), 4(1), 4(2)(a) and (g) of PFUTP Regulations provides that no person shall directly or indirectly buy, sell or otherwise deal in securities in a fraudulent manner, use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under, employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or

proposed to be listed on a recognized stock exchange and engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made thereunder. Dealing in securities shall be deemed to be a manipulative fraudulent or an unfair trade practice if knowingly indulging in an act which creates false or misleading appearance of trading in the securities market and entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security.

27. I note that during investigation it was observed that Noticee executed synchronized trades and reversal trades in the scrip of the company along with the connected entities. During investigation upon analysis of UCC data, KYC documents, off market transactions, bank statements and MCA data of the entities who were involved in executing synchronized trades and reversal trades in the scrip of the Company, it was observed that Ms. Reena Verma and Noticee was connected as they had common telephone number.
28. I note that during adjudication proceedings, the KYC details of the Noticee were sought from the stock broker. On perusing the KYC details of the Noticee, it is observed that in the KYC Application form address of Noticee is of Sambalpur, Orissa. As a bank proof, cancelled cheque of State Bank of India was submitted, wherein the address mentioned is of Thiruvananthapuram, Kerala.
29. I note from the reply of the Noticee that he was formerly employed as an Upper Division Clerk at the CM and HO, Jhabua and retired from service on July 31, 2017. Noticee submitted the relevant pension documents. I further note that Noticee submitted the electricity bills in the name of Noticee which dates back to year 2009 supporting his argument that he was residing at Barwani, Madhya Pradesh.
30. I note that during investigation the connection of the Noticee with the other connected entities was established solely on the basis of common mobile number with other connected entity. However, Noticee submitted that the mobile number

provided in the records is not registered in his name and he has used only one registered number which is 9827*****89.

31. In view of the above, I note that Noticee is the resident of Barwani, Madhya Pradesh, however, as per the KYC documents of the Noticee, residential address of the Noticee is of Orissa and in Bank details address is of Kerala. Therefore, the genuineness of the KYC documents cannot be established. Hence, I observe that sufficient information is not available on record to establish that the Noticee himself opened and operated the demat account.

32. Given the above, the allegations against the Noticee as mentioned in the SCN cannot be established and accordingly the SCN dated July 16, 2020 qua the Noticee is disposed of without imposing any penalty.

33. In view of the above, issue II and III do not require any consideration.

34. In terms of the provisions of rule 6 of the SEBI Adjudication Rules, a copy of this order is being sent to the Noticee and also to the SEBI.

Place: Mumbai

Date: September 17, 2025

**AMIT KAPOOR
ADJUDICATING OFFICER**