

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. IVD-ID 4/HDOL/AO/DRK/MD/EAD 3- 269/35-11]

**UNDER SECTION 15 I OF SECURITIES AND EXCHANGE BOARD OF INDIA
ACT, 1992 READ WITH RULE 5(1) OF SECURITIES AND EXCHANGE
BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING
PENALTIES BY ADJUDICATING OFFICER) RULES, 1995**

Against

Hindustan Dorr Oliver Limited	
Shri Prabhakar Ram Tripathi	Chairman
Shri E. Sudhir Reddy	Vice Chairman
Shri E. Sunil Reddy	Managing Director
Shri S. C Sekaran	Executive Director
Shri R. Balarami Reddy	Director
Shri K. H. K Prasad	Director
Shri T . N Chaturvedi	Director
Shri S. K Tamotia	Director
and	
Ms. Pragya Sahal	Compliance officer

FACTS OF THE CASE IN BRIEF

1. An alert was generated by surveillance department of National Stock Exchange of India Limited (hereinafter referred to as 'NSE') in the scrip of Hindustan Dorr- Oliver Limited (hereinafter referred to as '**HDOL / Company**') on February 25, 2009. On this day, the company informed NSE that they have obtained an order for Uranium Ore Processing Plant from Uranium Corporation of India Ltd (herein after referred to as UCIL) worth ₹ 441 crores for their Greenfield Ore Mining and Processing facility at Tumalapalle in Andhra Pradesh.
2. In view of the above, an investigation was carried out by Securities and Exchange Board of India (hereinafter referred to as 'SEBI') to examine the trading activity in the scrip of HDOL for the period from February 02, 2009 to

March 25, 2009. On the basis of investigation it is alleged that the company along with its Board of Directors and Compliance officer have failed to adhere to and implement Model code of conduct and subsequent non closure of trading window in the scrip of HDOL.

APPOINTMENT OF ADJUDICATING OFFICER

3. I was appointed as the Adjudicating Officer vide order dated December 28, 2010, under section 15 I of the SEBI Act read with Rule 3 of Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as ‘**Adjudication Rules**’) to inquire into and adjudge under Section 15HB of the SEBI Act, for the violations of Clause 1.2, 3.2(1) & 3.2(3)(d) of Model Code of Conduct for Prevention of Insider Trading for listed Companies Under Regulation 12 (1) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 {hereinafter referred to as ‘SEBI (PIT) Regulations’} alleged to have been committed by Hindustan Dorr Oliver Limited , Shri Prabhakar Ram Tripathi (Chairman), Shri E. Sudhir Reddy (Vice Chairman), Shri E. Sunil Reddy (Managing Director), Shri S. C Shekaran (Executive Director), and its directors Shri R. Balarami Reddy, Shri K. H. K Prasad, Shri T . N Chaturvedi, Shri S. K Tamotia and Ms. Pragya Sahal (Compliance officer)(hereinafter referred to as ‘ noticees’)

SHOW CAUSE NOTICE, HEARING AND REPLY

4. Show Cause Notices (hereinafter referred to as ‘SCN’) were sent to all the noticees in terms of the provisions of Rule 4(1) of the Adjudication Rules, 1995, seeking reply of the noticees as to why an inquiry should not be held against them in respect of the violations alleged to have been committed by them. The details of Show Cause Notices issued are as follows :-

S. No	Entity	SCN	Date	Mode of service
1.	Hindustan Dorr Oliver Limited	A&E/ DRK/ MD/ 2869/2011	January 24, 2011	Hand Delivery Acknowledgement Due

2.	Shri Prabhakar Ram Tripathi	A&E/ DRK/ MD/ 2908/2011	do	do
3.	Shri E. Sudhir Reddy	A&E/ DRK/ MD/ 2959/2011	do	do
4.	Shri E. Sunil Reddy	A&E/ DRK/ MD/ 2910/2011	do	do
5.	Shri S. C Shekaran	A&E/ DRK/ MD/ 2912/2011	do	do
6.	Shri R. Balarami Reddy	A&E/ DRK/ MD/ 2925/2011	do	do
7.	Shri K. H. K Prasad	A&E/ DRK/ MD/ 2914/2011	do	do
8.	Shri T. N Chaturvedi	A&E/ DRK/ MD/ 2922/2011	do	do
9.	Shri S. K Tamotia	A&E/ DRK/ MD/ 2919/2011	do	do
10.	Ms. Pragya Sahal	A&E/ DRK/ MD/ 2936/2011	do	do

5. The aforesaid SCNs issued to all the notices were served on the noticees and proofs of service are on record. Noticees vide letter dated February 7, 2011 & February 9, 2011 requested for 2 weeks more time to submit reply to the SCNs. As requested by the noticees, time was granted to the noticees till February 21, 2011 for filling their reply to the SCN.
6. It is alleged on the basis of Investigation Report (hereinafter referred to as 'IR') that Company has bagged orders from Uranium Corporation of India Ltd. (UCIL) worth ₹ 441 crores and from HPCL-Mittal Energy Ltd worth ₹ 24 crores, however the company along with its Board of Directors and Compliance officer had failed to close the Trading Window as required under clause 1.2, 3.2(1) & 3.2(3) (d) of Model Code of Conduct for Prevention of Insider Trading for listed Companies under Regulation 12 (1) of SEBI (PIT) Regulations 1992.

7. Noticees vide letter dated February 17, 2011 (noticees 2,3,4,6 at para 6) & February 21, 2011 (noticees 1,5,7,8,9,10 at para 6) submitted reply to the SCN. In this regard it is noted that core reply of all the noticees are same. Considering the facts and circumstances of the case, it was decided to conduct an inquiry in the matter and an opportunity of personal hearings were granted to all the noticees vide hearing notices dated February 25, 2011, granting personal hearing to the noticees on March 10, 2011. The aforesaid hearing notices were served through Hand Delivery Acknowledgement Due and the proofs of service of the same is on record.
8. In response to the personal hearing notices, noticee at serial no 1,2,3,4,6,7,8 and 9 of para 4 of page 2/3 had authorised Shri S C Sekaran – Executive Director & Ms. Pragya Sahal – Compliance Officer as their Authorized Representative(s). On March 10th, 2011 Shri S C Sekaran – Executive Director & Ms. Pragya Sahal – Compliance Officer (Authorized Representative(s) of all noticees) and on their own behalf appeared for the hearings and made the following submissions :-
- ARs denied that obtaining the orders of UCIL and HPCL- Mittal Energy Ltd were price sensitive information as the same was by inviting open tenders and the same were in public domain.
 - The ARs have undertaken to submit copies of some advisory issued by it to its directors / employees etc. for not trading in the scrip of the company.
 - Further ARs have undertaken to submit the trade time of Shri E Sudhir Reddy Vice Chairman of HDOL.
 - As requested by the ARs, 10 days time was granted to them to submit the above referred documents and further submissions if any.
9. However all the noticees vide letters dated 16th March, 2011, requested time till first week of April, 2011 to make additional submission as the noticees were busy with financial year closing March 31, 2011. Considering the request of the noticees time till March 31st 2011 was granted to them for the submission of additional reply. In response to the same all noticees vide letter dated March 30th 2011 submitted reply to the SCN. In its reply all the noticees submitted that :-

- This has reference to your show cause notice in the Adjudication proceedings. In this regard, we request you to kindly consider this letter dated 30.03.2011 and the submissions made on 10.03.2011 when personal appearance was made as the reply to show cause notice and kindly ignore the earlier reply dated 17.02.2011 & 21.02.2011
- Kindly note that the investigation department has initiated action based on their assumptions without considering our replies and without verifying whether the announcements are an expansion of capacity or new project. The trading window was closed during 17.01.09 to 28.01.2009 and was closed on 13 occasions during 2008-10 which have not been taken into account by SEBI.
- Our Company is an EPC (Engineering Procurement Construction) engineering contracting company and our business model is receiving orders and executing them as per client specification and requirement. The major portion of our business comes from Government undertakings through public tendering process. In public tendering process, after submission of bids by various parties, once we are declared L1, the information is available in public domain and there is no insider information held by us.
- We would like to further add that the Govt. undertakings invites bids for any contracts through newspapers and advertisements on their websites which is within public domain. A certain pre-qualification criteria is there and companies not fulfilling the criteria are not allowed to bid. Further technical discussions take place with the bidders by the Govt. officials and final revised price bid is asked to be submitted from the parties after understanding the scope of the work. The revised price bid is opened in front of all the bidders and L1 i.e. lowest bid is declared.
- The MOU is only signed later as per the process of GoI undertakings which involve lot of technical discussions and due process as laid out in tendering process. Since the opening of tenders is not a secretive event and involves, employees of UCIL, employees of our competitors, and since it involves a GOI undertaking, it cannot be said to be an event requiring closure of our trading window.
- You may kindly note that the HPCL-MEL was a small order, for supply of 12 Pressure Vessels, out of about 400 used in the project by HPCL and one of the various equipments used in the said project. Even for the 40 Pressure vessels, for which, we had submitted our quotes, we got our order for only 12. The said Pressure Vessels were already being manufactured in our factory and not an expansion of our manufacturing capabilities.
- Also it has to be taken into account that, none of the Directors to whom show cause notice was issued or Mr. Sudhir Reddy was involved in any manner with the award of this contract, or in discussions, or negotiations or in any other manner.
- Further, the definition of Price Sensitive Information in the Insider Trading includes “expansion of Capacity and execution of new projects”.

This does not apply to these announcements for a Company like ours, and is more relevant to a manufacturing company having certain capacity or when such a company diversifies into a new line of activity. We are an EPC contracting company engaged in contracting business and executing turnkey projects for its various clients. UCIL- 2 expansion project was expansion of facility of UCIL, our client and not our Company.

- The said orders were an addition to our order book which is a routine matter and in normal course of business for a contracting Company like our Company. As already explained by our ED, Mr. S. C. Sekaran that for EPC contracting companies where most orders are obtained by tender process the opening of tenders cannot be said to be insider information. And more so both our orders were negotiated and discussed by Asstt. Manager/DGM/G.M./President level and Directors were not involved in these discussions at all.
- Further, none of the events involved any secretive or closed door meetings between the Directors of UCIL and Directors of our Company for any price sensitive information to be generated. The orders were received by the due process of law involving tendering process by GOI undertakings and the technical meetings on our behalf were attended by President/ GM level and the opening of tender was a public event which our competitors and employees of UCIL attended. Hence there was no information that could be considered price sensitive, which was in possession of any insider or any Director for the Trading Window to be closed.
- So now the question arises why the corporate announcements were made to the exchanges. We would like to submit that, as an internal policy our company informs the Stock Exchanges of the prestigious orders which are more than Rs. 10.00 crores and since the order from UCIL and HPCL was from a government company and of more than Rs. 10 crores the order was announced. Kindly note that both the matters were in public domain already but since GOI undertaking is involved, we can only make an announcement after we accept the LOA issued to us by UCIL and HPCL. Accordingly we promptly made the announcement on next working day.
- However the trading window was closed during the period 17.01.2009-28.01.2009 on account of the Board Meeting to be held on 27.01.2009. This board meeting on 27.01.2009 was attended by Mr. E. Sudhir Reddy and the main agenda was declaration of Unaudited quarterly financial results for which purpose the trading window was closed in accordance with our model code of conduct. The Agenda and the minutes of the Board Meeting held on 27.01.2009 have already been submitted to investigation department. The agenda and the minutes clearly show that the UCIL order and HPCL order were not discussed in the meeting held on 27.01.2009. During the closure of trading window from 17.01.2009 to 28.01.2009 Mr. E. Sudhir Reddy and/or also none of the other directors attending the board meeting had traded in the shares of the Company.
- The first time the order of UCIL was discussed was in the Board Meeting of our Company, was in the Meeting held on 28.05.2009. The minutes of the same were already submitted to investigation department. We had closed the trading window on 18.05.2009 to 29.05.2009 for the Board

Meeting held on 28.05.2009 on account of declaration of audited financial result. Please note that the company closes its trading window as per its model code of conduct for insider trading on all occasions where board meeting is held and where likelihood of dealing in shares based on insider information is involved.

- The Company issues an advisory/notice to its directors and employees, who are insiders and Connected Persons advising them not to trade in the shares of the company until the said price sensitive information is made public. The Company usually issues such Advisories with regard to Declaration of Financial Results, Issue of Securities etc; where the directors are in possession of insider information by virtue of their attending the Board Meetings, where these issues are considered.
- The Company has Model Code of Conduct for its Directors and designated employees. During the period from 2008-2010 the trading window was closed on 13 occasions when results of the company were being considered by the board or during issue of new securities.
- The Company regularly advises and educates its employees on the Insider Trading Code. We are attaching herewith some advisories as circulated to the Directors and designated employees for your reference.
- As it is very clear that no insider information was held by Mr. E. Sudhir Reddy and none of the Directors were involved in any board meeting or negotiations with UCIL or HPCL, the model code of conduct is not applicable to both these announcements as they were neither an expansion of our company or any new project diversification/area was taken up.
- We would like to reiterate that the company complies with the model code of conduct and has closed the trading window on 13 occasions during 2008-10. The window was closed during 17.01.2009 to 28.01.2009 in January 2009 for the board meeting held on 27.01.2009. Even if it is considered that opening of tenders by UCIL on 27.01.2009 is an insider information wherein we were declared L1, the trading window was closed from 17th January to 28 January in 2009.

CONSIDERATION OF EVIDENCE AND FINDINGS

10. I have taken into consideration the facts and circumstances of the case, and the material made available on record. It is alleged on the basis of IR that Company has bagged prestigious order from UCIL worth ₹ 441 crores and from HPCL-Mittal Energy Ltd worth ₹ 24 crores, however the company had failed to close the Trading Window as required under clause 1.2, 3.2(1) & 3.2(3) (d) of Model Code of Conduct for Prevention of Insider Trading for listed Companies as prescribed under Regulation 12 (1) of SEBI (PIT) Regulations 1992.

11. In this regard it is further noted from the IR that during the investigation period Shri E. Sudhir Reddy who was the Non Executive Vice Chairman of HDOL and also on the Board of Directors of HDOL traded through CIL Securities Ltd bought 40,000 shares during the investigation period. The day wise trading activity of Shri E Sudhir Reddy in the scrip of HDOL during the Investigation period is as follows:

Period	Date	Buy Qty	Sell Qty	Net Qty	Buy Avg Pri	Sell Avg Pri	% to Day Mkt Net	% to Day Gross
Pre announcement period	9-Feb-09	9,721	0	9,721	25.62	0	54.31	22.15
	10-Feb-09	10,000	0	10,000	28.55	0	32.94	11.14
Post announcement period	5-Mar-09	10,279	0	10,279	35.13	0	9.11	2.70
	13-Mar-09	10,000	0	10,000	35.66	0	14.67	4.67
Total		40,000	0	40,000				

- 12.The first issue to be decided is whether the information of receiving such huge orders for executing projects is price sensitive information or not. However before deciding the above issue it is equally important and relevant to decide whether bagging order from UCIL worth ₹ 441 crores is covered under the clause of “execution of new projects” or not as contended by the noticees. The noticees in this regard have submitted that :-

“Further, the definition of Price Sensitive Information in the Insider Trading includes “expansion of Capacity and execution of new projects”. This does not apply to these announcements for a Company like ours, and is more relevant to a manufacturing company having certain capacity or when such a company diversifies into a new line of activity. We are an EPC contracting company engaged in contracting business and executing turnkey projects for its various clients. UCIL- 2 expansion project was expansion of facility of UCIL, our client and not our Company.”

13. The above submissions of the noticees are not convincing because when the company’s Code of Conduct for Prevention of insider trading in equity shares and other listed securities of HDOL is examined it is found that at several places the clause regarding “execution of new projects” is mentioned. Thus in my opinion bagging a large order for execution of project to the tune of ₹ 441 crores are covered under the clause i.e. execution of new projects even for EPC companies like the noticee or else for these kind of companies this aforementioned code of conduct itself may become irrelevant which is not the case as per the Model Code of Conduct.

14. On the issue of Price sensitive Information, item no. 4 of the Code of Conduct for Prevention of insider trading in equity shares and other listed securities of HDOL as submitted by HDOL states that

“The following shall be deemed to be price sensitive information :

-
-
-
- Any major expansion plans or execution of new projects”
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15. Further the provision regarding Trading window and its closure as per item no. 9 of the Code of Conduct for Prevention of insider trading in equity shares and other listed securities of HDOL as submitted by HDOL prescribes that

“TRADING WINDOW – The Company shall specify a trading period called “Trading Window” of trading in the securities of the Company. The directors/officers/designated employees of the Company are prohibited from trading in the securities of the Company where the Trading Window is closed. The Trading Window shall be closed during the time the information referred below is unpublished.

The Trading Window, shall be *inter alia* closed at the time of:

-
-
-
- Any major expansion plans or execution of new projects
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-
-

When the Trading Window is closed, the Directors/Officers/Designated Employees shall not trade in the Company’s securities in such period.”

16. Further the definition of “Price Sensitive Information” as defined under Regulation 2 (ha) of SEBI (PIT) Regulations is as follows :-

(ha) “price sensitive information” means any information which relates directly or indirectly to a company and which if published is likely to materially affect the price of securities of company.

Explanation.—The following shall be deemed to be price sensitive information:—

- (i) periodical financial results of the company;
- (ii) intended declaration of dividends (both interim and final);
- (iii) issue of securities or buy-back of securities;
- (iv) any major expansion plans or execution of new projects;
- (v) amalgamation, mergers or takeovers;
- (vi) disposal of the whole or substantial part of the undertaking; and
- (vii) significant changes in policies, plans or operations of the company;]

17. As per the above definition “**any major expansion plans or execution of new projects**” is also price sensitive information and in my view bagging order for ₹ 441 crores is a Price Sensitive Information. My view is further strengthened by the fact that after the company informed NSE & BSE about the receipt of his order, the volume has jumped significantly coupled with price rise of the scrip. The details of Price and volume of trade in the scrip of HDOL in tabular form is as follows:-

Sr. No.	Date	Volume	Close Price (₹)
1.	24/02/2009	96,377	26.50
2.	25/02/2009	2,65,275	31.65
3.	26/02/2009	10,87,056	33.85

18. Thus it can be concluded from the above table that there was a volume jump of more that 10 times and a jump of more than 25% in price after the company informed NSE & BSE about the receipt of ₹ 441 crores order. Thus it can be concluded that the above mentioned orders were in the nature of price sensitive information as per the definition under Regulation 2 (ha) of SEBI (PIT) Regulations. Therefore in my opinion the trading window should have been closed as per the Code of Conduct for Prevention of insider trading in equity shares and other listed securities of HDOL.

19. The second issue to be decided is whether the information regarding obtaining of the order was in public domain or not as submitted by the

noticees. Noticees submitted that “Since the opening of tenders is not a secretive event and involves employees of UCIL, employees of our competitors and since it involves a GOI undertaking, it cannot be said to be an event requiring closure of our trading window.” This submission is also not acceptable as the information regarding the obtaining of the order was unpublished as per the definition of “Unpublished Information “. The definition of the same as per item no. 4 of the Code of Conduct for Prevention of insider trading in equity shares and other listed securities of HDOL is

“unpublished information” means information which is not published by the company or its agents and is not specific in nature.

20. The knowledge / information regarding the obtaining of order with some employees of HDOL, employees of UCIL and employees of competitors cannot be termed as published information in terms of the above definition and thus the plea of the noticees is not convincing. The information regarding the bidding process by the company was with a set of people and the same cannot be treated as information was made available to the public.
21. It is also noted that for the HPCL-Mittal Energy Ltd order worth ₹ 24 crores, noticee again failed to close the Trading Window as required under Model Code of Conduct for Prevention of Insider Trading for listed Companies as prescribed under Regulation 12 (1) of SEBI (PIT) Regulations 1992.
22. From the above facts, records and submissions it can thus be conclusively stated that the noticees had not complied clause 1.2, 3.2(1) & 3.2(3) (d) of Model Code of Conduct for Prevention of Insider Trading for listed Companies under Regulation 12 (1) of SEBI (PIT) Regulations 1992. Which reads as under:

POLICY ON DISCLOSURES AND INTERNAL PROCEDURE FOR PREVENTION OF INSIDER TRADING

Code of internal procedures and conduct for listed companies and other entities.

12. (1) All listed companies and organisations associated with securities markets including :

(a)

(b)

- (c)
- (d)
- (e).....

shall frame a code of internal procedures and conduct as near thereto the Model Code specified in Schedule I of these Regulations.

MODEL CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING FOR LISTED COMPANIES [Under regulation 12(1)]

1.0 Compliance Officer

1.1

1.2 The compliance officer shall be responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of “Price Sensitive Information”, pre-clearing; of designated employees’ and their dependents’ trades (directly or through respective department heads as decided by the company), monitoring of trades and the implementation of the code of conduct under the overall supervision of the Board of the listed company.

Explanation : For the purpose of this Schedule, the term ‘designated employee’ shall include :—

- (i) officers comprising the top three tiers of the company management ⁵[***];
- (ii) the employees designated by the company to whom these trading restrictions shall be applicable, keeping in mind the objectives of this code of conduct.

1.3.....

1.4

3.2 Trading window

3.2-1 The company shall specify a trading period, to be called “trading window”, for trading in the company’s securities. The trading window shall be closed during the time the information referred to in para 3.2-3 is unpublished.

3.2-2

3.2-3 The trading window shall be, *inter alia*, closed at the time :—

- (a)
- (b)
- (c)
- (d) Any major expansion plans or execution of new projects.
- (e)
- (f)
- (g)

[3.2-3A The time for commencement of closing of trading window shall be decided by the company.]

3.2-4 The trading window shall be opened 24 hours after the information referred to in para 3.2-3 is made public.

3.2-5 All directors/officers/designated employees of the company shall conduct all their dealings in the securities of the Company only in a valid trading window and shall not deal in any transaction involving the purchase or sale of the company’s securities during the periods when trading window is closed, as

referred to in para 3.2-3 or during any other period as may be specified by the Company from time to time.

23. The said non compliance attract penalty under Section 15HB of the SEBI Act. The text of section 15HB is reproduced below:-

Penalty for contravention where no separate penalty has been provided.

15HB. Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which may extend to one crore rupees.

24. In this regard, the provisions of Section 15J of the SEBI Act and Rule 5 of the Rules require that while adjudging the quantum of penalty, 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

25. It is also to be noted that the Investigation report has not quantified the profit / loss for the nature of violations committed by the noticees and no quantifiable figures are available on record to assess the disproportionate gain or unfair advantage, amount of loss caused to an investor or group of investors as a result of default on the part of noticees.

26. It is further noted from the submissions of the noticees that during the relevant period when the trading window should have been closed there was neither any trade by anyone from the Board of Directors / officials of HDOL nor anybody sought permission / clearance for the same. It is further noted from the submissions of the noticees that vide letter dated February 21, 2009 HDOL received "Letter of Intent" from UCIL for ₹ 441 crores project and vide letter dated February 24, 2009 HDOL furnished its acceptance to the "Letter of Intent". It is further noted that the information regarding the contract was immediately furnished to NSE and BSE vide

letter dated February 25, 2009. For the HPCL-Mittal Energy Ltd contract also it is noted that HDOL received "Letter of Intent" for the project vide letter dated February 24, 2009 from HPCL-Mittal Energy Ltd and HDOL furnished its acceptance to the "Letter of Intent" on February 28, 2009. The information regarding the contract was immediately furnished to NSE and BSE vide letter dated March 2, 2009 (March 1, 2009 was Sunday). The stock exchanges disseminated information about the receipt of orders immediately and proof of the same has been submitted by the noticees and the same is taken on record. Thus there was no delay on the part of HDOL in furnishing information regarding the orders to the stock exchanges.

27. In view of the facts and circumstances of the case and material made available on record, I impose a penalty of ₹ 2,50,000 (Two Lakh Fifty Thousand) only on all the noticees namely Hindustan Dorr Oliver Limited, Ms. Pragya Sahal (Compliance officer), Shri/s Prabhakar Ram Tripathi, E. Sudhir Reddy, E. Sunil Reddy, S. C Sekaran, R. Balarami Reddy, K. H. K Prasad, T . N Chaturvedi and S. K Tamotia under Section 15 HB of the Securities and Exchange Board of India Act, 1992, which is appropriate in the facts and circumstances of the case.

ORDER

28. In exercise of the powers conferred under Section 15 I of the Securities and Exchange Board of India Act, 1992, and Rule 5 of Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995, I hereby impose a penalty of ₹ 2,50,000 (Two Lakh Fifty Thousand) only on all the noticees Hindustan Dorr Oliver Limited, Ms. Pragya Sahal (Compliance officer), Shri/s Prabhakar Ram Tripathi, E. Sudhir Reddy, E. Sunil Reddy, S. C Sekaran, R. Balarami Reddy, K. H. K Prasad, T . N Chaturvedi and S. K Tamotia in terms of the provisions of Section 15 HB of the Securities and Exchange Board of India Act, 1992 for non adherence of clause 1.2, 3.2(1) & 3.2(3) (d) of Model Code of Conduct for Prevention of Insider Trading for listed Companies under Regulation 12 (1) of SEBI (PIT) Regulations 1992. In the facts and

circumstances of the case, I am of the view that the said penalty is commensurate with the non adherence committed by the noticees.

29. The penalty shall be paid by way of Demand Draft drawn in favour of "SEBI – Penalties Remittable to Government of India" payable at Mumbai within 45 days of receipt of this order. The said demand draft shall be forwarded to, General Manager, Investigation Department, ID-4, Securities and Exchange Board of India, Plot No. C4-A, 'G' Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.
30. In terms of the provisions of Rule 6 of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules 1995, copies of this order are being sent to all the noticees mentioned in para 3 at page no. 2 and also to the Securities and Exchange Board of India, Mumbai.

Place: Mumbai
Date: April 29, 2011

D. RAVI KUMAR
CHIEF GENERAL MANAGER &
ADJUDICATING OFFICER