

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. AK/AO- 14 /2017]

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 BY ADJUDICATING OFFICER) RULES, 1995

In respect of

Shri CR Rajesh Nair (PAN ADRPN0413A)

In the matter of

M/s. Sigrun Holdings Ltd

FACTS OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') observed that Shri C. R. Rajesh Nair (hereinafter referred to as '**the Noticee**'), who was the then Managing Director of M/s. Sigrun Holdings Ltd (hereinafter referred to as '**SHL**'/ '**the company**'), had sold 45,000 shares of SHL in the market on May 24, 2010, before the adverse quarterly result of SHL was announced on May 29, 2010. It was also observed that the Noticee had not sought any pre-clearance from SHL for trading in the shares of SHL on May 24, 2010. Moreover, it was further observed that the Noticee had entered into an opposite transaction within six months following the prior transaction. It was, thus, alleged that the Noticee had violated/ not complied with the provisions of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**') and SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as the '**PIT Regulations**')

APPOINTMENT OF ADJUDICATING OFFICER

2. The undersigned was appointed as the Adjudicating Officer vide Order November 01, 2013 under Section 15I of the SEBI Act to inquire into and adjudge under Sections 15G and 15HB of the SEBI Act, the alleged violation of PIT Regulations.

SHOW CAUSE NOTICE, HEARING AND REPLY

3. Accordingly, Show Cause Notice No. EAD6/AK/VG/27089/2014 dated September 15, 2014 (hereinafter referred to as '**SCN**') was issued under Rule 4 of SEBI (Procedure for Holding Inquiry

and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as '**the Rules**') and the Noticee was advised to show cause as to why an inquiry should not be held against him and penalty be not imposed under Sections 15G and 15HB of the SEBI Act for the alleged violations specified in the SCN.

4. The SCN was returned undelivered from the Noticee's last known address. Hence, the SCN was affixed at the last known address of the Noticee. However, no reply to the SCN was received from the Noticee within the stipulated time. Thereafter, a Notice of Hearing dated October 21, 2014 was sent to the Noticee, granting the Noticee an opportunity of personal hearing on November 21, 2014. The Hearing Notice was also affixed at the Noticee's last known address. However, no reply was received. The Noticee did not appear for the hearing either. In view of the same, an attempt was also made to deliver the SCN through JHP Securities Pvt. Ltd. (hereinafter referred to as '**JHP**'), the broker of the Noticee. However, vide letter dated December 29, 2014, JHP stated that they tried sending the SCN through RPAD, but, the same was returned to them with the remark "Unclaimed". Thereafter, JHP has stated that they tried to deliver the SCN personally, but found the door locked. The broker also stated that they had forwarded a scanned copy of the SCN to the Noticee's email id ranu.jain@sigrun.in registered with them. However, no reply has been received till date from the Noticee.
5. It was observed that the Noticee, vide email dated March 13, 2013 to SEBI, had *inter alia* stated that 45,000 shares of SHL were sold at rate of approx. Rs. 19.30 on May 24, 2010 by his broker by way of margin call and that he was not even informed about the trade until the broker had sold the shares in the market. The Noticee, vide the said letter, had further informed SEBI that the results for the year ended March 2010 were available to him by last week of April 2010. It was also stated that that no pre clearance was obtained for the said trade. The Noticee had further informed SEBI that disclosure was not filed as he had come to know about the selling of shares by his broker on a later date. The Noticee had added that by oversight the disclosure was not sent.
6. From the price volume data of SHL, it was observed that the price of SHL opened at Rs 19.30 on May 24, 2010, touched a high of Rs 20.45 intraday and closed at Rs 19.30. Post declaration of quarterly results on May 29, 2010, the scrip opened at Rs 15.80 on May 31, 2010 and closed at Rs 15.10. It was observed that the price of the scrip continued to move downwards till June 04, 2010, when the closing price was Rs 12.40. Further, on August 06, 2010, i.e. six months

following the date when the Noticee acquired 1,00,000 shares, SHL scrip opened at Rs. 15.90, touched a high of Rs 15.90 intraday and closed at Rs 14.75.

7. JHP, the Noticee's broker vide letter dated March 18, 2013 to SEBI *inter alia* stated that they had sold the shares placed by the Noticee towards collateral for F&O margin as Noticee had not made the payment of Mark To Market (hereinafter referred to as '**MTM**') loss. JHP vide email dated March 20, 2013 provided the trade confirmation that was sent for the referred trade. It was observed from the same that the said trade confirmation regarding sell of 45,000 shares of SHL (Formerly Gee Kay Finance & Leasing Company Ltd.) at average rate of Rs. 19.32 was sent by Mr. Himanshu Maniar, Manager, Risk Department to the email id of ranu.jain@sigrun.in on May 24, 2010 at 3:50 pm. It was observed that the Noticee had authorized JHP to send Electronic Contract Notes (ECN) to email id ranu.jain@sigrun.in.
8. Vide email dated June 24, 2014, details as to whether sale of 45,000 shares of SHL at the rate of approx. Rs. 19.30 per share was enough to cover the default by the Noticee as also the reason for deletion of subsequent sale orders were *inter alia* sought from JHP. In response, JHP vide email dated July 07, 2014 stated that they had sufficient margin from the Noticee on the said date. It was informed by JHP vide the said email that the value of securities available in the Noticee's account towards collateral was Rs. 6,90,37,587.75 against margin requirement of Rs. 1,63,20,507.63 as on May 24, 2010, however, there was a MTM debit of Rs. 1,15,82,197.97 in F&O ledger towards which the SHL shares were sold. It was stated that there was no margin shortfall in the Noticee's account and shares were sold towards recovery of MTM loss in F&O segment. It was further added that since there was no confirmation from the Noticee towards pay-in of MTM loss, their Risk Management team had placed sale order of SHL shares to recover the debit amount. JHP further stated that during the course of the trading session, the Noticee informed them that he had made necessary arrangements for funds and that payment would be received the next day i.e. July 25, 2010, however, by the time sale orders to the tune of 45,000 shares were executed. It was pointed out that the unexecuted orders were deleted from the trading system.
9. It was observed that even after accounting for RTGS of Rs. 1 crore on May 25, 2010 and Rs. 8,63,197.03 net recovered after sale of 45,000 SHL shares placed as collateral with JHP by the Noticee, there still remained a balance amount of Rs. 7,19,000.94 as per the F&O ledger of the Noticee in JHP's books. Hence, vide email dated August 11, 2014, JHP was advised to clarify how the said outstanding was recovered. In response, JHP vide email dated August 25, 2014 *inter*

alia stated that against a nominal MTM debit of Rs. 7,19,000/-, they held collateral deposit of more than Rs. 6 crore on behalf of the Noticee. Further, vide the said email, JHP communicated that the Noticee was a high networth person, trading regularly with them and having very cordial relationship with them. JHP also stated that the Noticee had deposited sufficient collateral with them and they had relied upon the words of the Noticee that he would make the payment by May 25, 2010 i.e. the next day, hence, not insisted on any written intimation. JHP in its reply has further added that maintaining cordial relationship with such high networth client was necessary for them considering the tough phase through which stock broking company is passing through.

10. In the matter, vide letter dated May 06, 2015 certain information/ details were further sought from JHP. JHP vide letter dated May 11, 2015 stated that they would reply to the matter in due course of time. Thereafter, vide email dated May 19, 2015, JHP was advised to submit the required information by May 30, 2015. Vide email dated May 29, 2015, JHP once again stated that that they will submit the information shortly. JHP was advised vide email dated June 04, 2015 to submit the details required as per letter dated May 06, 2015 by June 10, 2015. However, no reply was received from JHP upto July 01, 2015. Hence, vide letter dated July 01, 2015, in exercise of powers under sub-section 2 of section 15-I of SEBI Act, the said details/ information were again called for from JHP. JHP sent their response vide letter dated July 17, 2015.
11. The queries put to JHP vide the aforesaid letters and JHP's reply to the said queries vide letter dated July 17, 2015 have been summarized below:
 - a) **Query to JHP:** To chronologically provide the number of shares of SHL which were placed by the Noticee towards collateral from the first date when the Noticee placed SHL shares towards collateral.
JHP's Response: JHP stated that the Noticee had placed 52,07,566 shares of SHL towards collateral for F&O margin upto May 24, 2010. From the demat statement of JHP, it is observed that 52,07,566 shares of SHL were placed by the Noticee towards collateral on May 04, 2010.
 - b) **Query to JHP:** To provide the scrip-wise, security-wise break-up of the collateral of Rs.6,90,37,587.75 and any other form of collateral that was available with JHP as on May 24, 2010.

JHP's Response: JHP stated that Noticee had placed 52,07,566 shares of SHL towards collateral for F&O margin bearing value of Rs.6,90,37,587.75 as on May 24, 2010. JHP also clarified that it had no other form of collateral except the above mentioned shares.

- c) **Query to JHP:** JHP's policy on invoking shares placed towards collateral by its clients.

JHP's Response: A copy of its risk management policy was enclosed. However, it was observed from the same that there was no specific policy on invoking shares placed towards collateral by its clients.

- d) **Query to JHP:** To provide a copy of the contract note issued to the Noticee for the trades done on May 24, 2010.

JHP's Response: JHP provided a copy of the contract note issued to the Noticee for trades done on May 24, 2010. It is observed from the same that JHP had deducted brokerage of Rs. 4,500/- on sale of 45,000 shares of SHL at sale rate of Rs. 19.3193.

- e) **Query to JHP:** On how many occasions during the calendar year 2010, there was margin obligation outstanding in the account of the Noticee due to his trades on BSE/ NSE in cash and derivatives segment, and on how many occasions during the calendar year 2010, had JHP sold securities placed by the Noticee towards collateral, to meet the margin outstanding in his account?

JHP's Response: To both the above query, JHP replied stating "Nil".

- f) **Query to JHP:** The average time taken by the Noticee in clearing the margin outstanding in his account during the calendar year 2010.

JHP's Response: The Noticee had placed sufficient collateral towards his margin requirement.

- g) **Query to JHP:** Why did JHP subsequently not sell shares given as collateral to clear the outstanding obligation of Rs. 99,52,607.86 arising in the account of the Noticee on May 27, 2010, which was ultimately cleared by the Noticee only on June 09, 2010.

JHP's Response: JHP stated that it had sold 45,000 shares of SHL on May 24, 2010 towards the MTM loss of the Noticee. Subsequently, on May 24, 2010 itself, an amount of Rs.1 crore was received by JHP from the Noticee. Between May 24 and 27, 2010, the debit balance in the Noticee's account was approximately Rs.7 lacs, whilst JHP held collateral of almost Rs. 6 crore towards margin. On May 27, 2010, the Noticee took intraday positions and suffered a loss of Rs.92 lacs. The debit balance on May 27, 2010 was approx. Rs.99 lacs. The collateral held by JHP towards the margin was approx. Rs. 6 crore. The Noticee subsequently paid on account sum of Rs.1 crore on June 09, 2010.

- h) **Query to JHP:** It was observed that subsequently JHP has allowed the Noticee to continue with large outstanding in the account for more than 10-15 days period. In which case, it is not clear as to why only on May 24, 2010, JHP decided to invoke the collateral placed by the Noticee with it.

JHP's Response: JHP stated that the person in charge of the risk department at the relevant time i.e. one Mr. Himanshu Maniar took a decision to sell the shares on May 24, 2010 and sent out an email to the Noticee on the same day enumerating the stock that had been sold. On the same day, an amount of Rs. 1 crore was received from Mr. Rajesh Nair. Subsequently, on May 27, 2010, Mr. Rajesh Nair suffered an intraday loss of approximately Rs. 92 lacs. JHP stated that the risk manager appears to have taken a decision not to sell any of the securities held in collateral, and did not give further exposure till the debit balance was cleared by Mr. Rajesh Nair by bringing in further funds into his account.

- i) **Query to JHP:** Vide email dated July 07, 2014, JHP had stated that after the Noticee had informed that he had made the necessary arrangements for funds, the unexecuted orders were deleted. Hence, JHP was advised to clarify why after deleting 25,000 shares at 12:55, Orders for 50,000 shares and 25,000 shares were again entered at 13:05 and 13:06.

JHP's Response: JHP stated that Noticee had informed that he had made arrangements with respect to the outstandings in his account, and transferred by RTGS an amount of Rs.1 crore on May 24, 2010 to its Axis Bank Account. By the time orders placed could be deleted, 45000 shares of SHL had already been matched and sold. It is observed from the reply that JHP has avoided replying to the specific query put to it as to why after deleting Orders, JHP again re-entered Orders on behalf of Noticee.

- j) **Query to JHP:** JHP was advised to give its comments on why the Risk Management team of JHP did not act as it acted to clear the MTM obligation of Rs. 1,15,82,197.17 and sold shares placed as collateral for subsequent ledger outstandings of the Noticee, on the contrary, allowed the Noticee more than 10-15 days to clear the outstanding amount.

JHP's Response: JHP has stated that the person in charge of the risk department at the relevant time i.e. one Mr. Himanshu Maniar took a decision to sell the shares on May 24, 2010 and sent out an email to the Noticee on the same day enumerating the stock that had been sold. On the same day, an amount of Rs. 1 crore was received from the Noticee. Subsequently on May 27, 2010, Noticee suffered intra-day losses of approximately Rs. 92 lacs. The risk manager appears to have taken a decision not to sell any of the securities held in collateral and did not give further exposure till the debit balance was cleared by the Noticee by bringing in further funds to his account.

12. Vide letter dated January 12, 2016, the entire aforesaid correspondence had with JHP was forwarded to the Noticee. The Noticee was also provided an opportunity for personal hearing on January 29, 2016. The aforesaid letter was also affixed at the last known address of the Noticee. However, neither did the Noticee file any reply, nor did he appear for the personal hearing on the scheduled date.
13. During the course of the adjudication proceedings, the Hon'ble Supreme Court vide its Order dated November 26, 2015 in the matter of *SEBI v. Roofit Industries Ltd.* opined that the Adjudicating Officer had no discretion under Section 15J in deciding the quantum of penalty for offences committed between 2002 and 2014, other for than penalty under Section 15F(a) and Section 15HB of the SEBI Act. However, subsequently, another Bench of the Hon'ble Supreme Court in the matter of *Siddharth Chaturvedi v. SEBI* vide Order dated March 14, 2016 stated that the matter deserved consideration at the hands of a larger Bench. Accordingly, the Supreme Court directed that the papers of these appeals be placed before the Hon'ble Chief Justice of India for placing these matters before a larger Bench. Hence, the current Adjudication proceedings were kept on hold until determination of the issue of applicability of Section 15J to Sections 15A(a), (b) and (c), 15B, 15C, 15D, 15E, 15F(b)& (c), 15G, 15H and 15HA of the SEBI Act, for offences committed between 2002 and 2014.
14. However, subsequent to the amendment made vide the Finance Act, 2017 to Section 15J of the SEBI Act, 1992 (notified on April 26, 2017), the following Explanation has been inserted in Section 15J:

“Explanation.—For the removal of doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.”.
15. Thus, it is now settled that Section 15J also applies to Sections 15A(a), (b) and (c), 15B, 15C, 15D, 15E, 15F(b)& (c), 15G, 15H and 15HA of the SEBI Act, for offences committed between 2002 and 2014.
16. Subsequent to the notification of the Finance Act, 2017 and the amendment made thereby to Section 15J of the SEBI Act, an opportunity of personal hearing was granted to the Noticee by affixing the hearing notice at the last known address of the Noticee. A Compact Disc (hereinafter

referred to as 'CD') containing details of trades executed and orders placed on the days of the impugned trades, was also affixed at the last known address of the Noticee. The Noticee was also advised that if he wished to file a reply in the matter, he must do so latest by May 27, 2017. The Noticee was assured that any submissions made by him vide email/ letter would be given due consideration before arriving at any decision in the matter. The Noticee was also once again informed that if no reply is received, it would be presumed that he had no submissions to make, and the matter would be proceeded with on the basis of the material available on record. However, once again, neither did the Noticee appear for the personal hearing, nor, did he file any reply in the matter. In view of the same, I am compelled to proceed in the matter *ex parte* on the basis of the material available on record.

CONSIDERATION OF ISSUES AND FINDINGS

17. I have examined the SCN and the documents available on record. I observe that the issues that arise for consideration in the present case are:

- a. Whether the Noticee has violated Regulation 3 (i) of PIT Regulations?
- b. Whether the Noticee has violated Clause 3.3.1 of the Model Code of Conduct prescribed under Regulation 12(1) of the PIT Regulations?
- c. Whether the Noticee has violated Clause 4.2 of the Code of Conduct prescribed under Part A of Schedule 1 under Regulation 12(1) of the PIT Regulations? and
- d. If so, what would be the monetary penalty that can be imposed on the Noticee?

18. Before moving forward, it will be appropriate to refer to the relevant provisions of the PIT Regulations, which read as under:

SEBI (Prohibition of Insider Trading) Regulations, 1992

Prohibition on dealing, communicating or counselling on matters relating to insider trading.

3. No insider shall—

(i) either on his own behalf or on behalf of any other person, deal in securities of a company listed on any stock exchange (when in possession of)¹ any unpublished price sensitive information.

¹ Substituted for "on the basis of" by the SEBI (Insider Trading) (Amendment) Regulations, 2002, w.e.f. 20-02-2002.

Clause 3 .3.1 of the Model Code of Conduct prescribed under Regulation 12(1) of the PIT Regulations

3.3 Pre-clearance of trades

3.3.1 All directors/officers/designated employees of the company and their dependents as defined by the company who intend to deal in the securities of the company (above a minimum threshold limit to be decided by the company) should pre-clear the transaction as per the pre-dealing procedure as described hereunder.

Clause 4.2 of the Code of Conduct prescribed under Part A of Schedule 1 under Regulation 12(1) of the PIT Regulations

4.2 All directors/ officers/ designated employees who buy or sell any number of shares of the company shall not enter into an opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction. All directors/ officers/ designated employees shall also not take positions in derivative transactions in the shares of the company at any time. In the case of subscription in the primary market (initial public offers), the above mentioned entities shall hold their investments for a minimum period of 30 days. The holding period would commence when the securities are actually allotted.

A. Alleged Violation of the provisions of Regulation 3(i) of PIT Regulations by the Noticee

19. It was *inter alia* alleged in the SCN that the Noticee had violated the provisions of Regulation 3(i) of PIT Regulations due to sale of 45,000 shares of SHL on May 24, 2010 while in possession and on the basis of Unpublished Price Sensitive Information (hereinafter referred to as 'UPSI').
20. I find that as per Regulation 3(i) of PIT Regulations, no insider can, either on his own behalf or on behalf of any other person, deal in securities of a company listed on any stock exchange when in possession of any UPSI. In view of the same, we need to address the following issues:
 - a) Whether the Noticee was an insider within the meaning of Regulation 2(e) of PIT Regulations?
 - b) If so, whether the Noticee was in possession of UPSI?
 - c) If so, when did UPSI come into existence and when did it become public?
 - d) And did the Noticee deal in SHL shares while in possession of UPSI?

21. I find that the following corporate announcements were made by SHL on BSE during the period from May 24, 2010 to May 29, 2010 and its impact on price of the scrip is as given hereunder:

Date of announcement	Announcement	Impact on price of the scrip					
May 29, 2010, Saturday	Gee Kay Finance & Leasing Company Ltd has informed BSE that the members of the Company will consider to approve the following resolution, by way of Postal Ballot: To Change the name of the Company from 'Gee Kay Finance and Leasing Company Ltd' to 'Sigrun Holding Ltd'. & Substitute the new name in the Memorandum of Association, Articles of Association.	Date	O	H	L	C	No of shares traded
		28/5	15.8	17.3	15.8	16.6	7,99,277
		31/5	15.8	15.8	15.1	15.1	2,87,710
May 29, 2010, Saturday	Informed BSE about the financial results for the quarter & Year ended March 31, 2010						

22. In terms of Regulation 2(ha)(i) of the PIT Regulations, the information relating to financial results of the company is deemed to be price sensitive information. Further, as per Regulation 2(k), “unpublished” means information which is not published by the company or its agents and is not specific in nature. The said provisions are reproduced hereunder:

2. In these regulations, unless the context otherwise requires:—

(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;

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

23. I note from Order of the Hon’ble Securities Appellate Tribunal (hereinafter referred to as ‘SAT’) dated May 07, 2013 that the Noticee was appointed as Director of SHL on September 02, 2009, became the Managing Director on October 29, 2009 and resigned from the post of Managing Director and Director of SHL from December 04, 2010. Thus, at the relevant point of time i.e.

finalisation and declaration of financial results for the quarter ended March 2010, I find that the Noticee was the Managing Director of SHL. Further, in terms of Regulation 2(e) of PIT Regulations, I find that the Noticee was an 'insider' within the meaning of regulation 2(e) of the PIT Regulations, which is reproduced as hereunder:

“2(e) “insider” means any person who,

(i) is or was connected with the company or is deemed to have been connected with the company and is reasonably expected to have access to unpublished price sensitive information in respect of securities of a company, or

(ii) has received or has had access to such unpublished price sensitive information”

24. By virtue of occupying the position of Managing Director of SHL, the Noticee was reasonably expected to have access to UPSI relating to the quarterly financial results of SHL. I note further that the Noticee in his communication dated March 13, 2013 with SEBI has admitted that the results for the year ended March 2010 were available with him by the last week of April 2010. Thus, I find that the financial results of SHL for the year ended March 2010 were available with the Noticee, the then Managing Director of SHL by last week of April 2010. Further, from the corporate announcements made as above, I find that the financial results for the quarter ended March 2010 were announced by SHL only on May 29, 2010. Hence, it was UPSI from ‘*last week of April 2010 upto May 29, 2010, i.e. until the announcement of financial results for the quarter and year ended March 2010 on May 29, 2010.*’ Thus, the UPSI period in the extant case started from last week of April 2010 and continued upto May 29, 2010.

25. From all of the above, I make the following observations:

- a) *That the Noticee being the then Managing Director of SHL was an ‘insider’ within the meaning of Regulation 2(e) of the PIT Regulations;*
- b) *That the Noticee has himself admitted that he was in possession of UPSI from the last week of April 2010;*
- c) *That UPSI became public when SHL announced on May 29, 2010, the financial results for the quarter and year ended March 31, 2010 on BSE.*

26. It is with this background that SEBI observed that the Noticee had sold 45,000 shares of SHL on May 24, 2010 through stock broker JHP at a price of approx. Rs.19.30 per share.

27. Hence, the issue for consideration before me is whether the aforesaid sale of shares can be considered as dealing in securities by the insider when in possession of UPSI in terms of Regulation 3(i) of PIT Regulations. I note here that Regulation 2(d) of PIT Regulations defines 'dealing in securities' as follows:

"Definitions.

2. In these regulations, unless the context otherwise requires :—

(a)

(b)

(c)

(d) "dealing in securities" means an act of subscribing, buying, selling or agreeing to subscribe, buy, sell or deal in any securities by any person either as principal or agent;"

28. I note from the above that the phrase 'dealing in securities' as defined under Regulation 2(d) of PIT Regulations includes the act of selling of securities.
29. It is further observed from the quarterly financial results of SHL as available on BSE website that as against net profit of Rs. 9.5 lacs (unaudited) at quarter ended September 2009 and net profit of Rs. 45.5 lacs (unaudited) at quarter ended December 2009, the quarterly financial results of SHL at quarter ended March 2010 showed a loss of Rs. 16.92 lacs (audited). Further, the consolidated quarterly financial results for the quarter ended March 2010 showed a loss of Rs. 138.93 lacs, which included the results of the wholly owned subsidiary i.e. Sigrun Realities Ltd., which in turn included the results of its two wholly owned subsidiaries viz. Nano Technologies (I) Pvt. Ltd. and Machad Resorts Pvt. Ltd. The Noticee was also the Managing Director of Sigrun Realities Ltd.
30. I, thus, find that the Noticee was having knowledge about the fact that the financial results of SHL as at quarter ended March 2010 had turned negative, as against the positive results in the earlier two quarters. Thus, I find that the Noticee an insider, had dealt in securities of SHL when in possession of and on the basis of UPSI, in contravention of Regulation 3(i) of PIT Regulations, before the quarterly negative results of SHL became public.
31. I note here that unlike the charging provision of Regulation 3(i) of PIT Regulations which prohibits trading in scrip 'while in possession of' UPSI, section 15G of SEBI Act prohibits trading in scrip 'on the basis of' the UPSI. In the matter, the ***Hon'ble SAT vide its Order dated May 09,***

2008 in the matter of Rajiv B Gandhi vs. SEBI (Appeal No.50 of 2007) has made the following observation:

“On a plain reading of regulation 3 it appears to us that the prohibition contained therein shall apply only when an insider trades or deals in securities on the basis of any unpublished price sensitive information and not otherwise. The words “on the basis of” are significant and mean that the trades executed should be motivated by the information in possession of the insider. To put it differently, the information in possession of the “insider” should be the factor or circumstance that should induce him to trade in the scrip of the company. It is then that he will be said to have dealt with or traded “on the basis of” that information. We are of the considered opinion that if an insider trades or deals in securities of a listed company, it would be presumed that he traded on the basis of the unpublished price sensitive information in his possession unless he establishes to the contrary. Facts necessary to establish the contrary being especially within the knowledge of the insider, the burden of proving those facts is upon him. The presumption that arises is rebuttable and the onus would be on the insider to show that he did not trade on the basis of the unpublished price sensitive information and that he traded on some other basis. He shall have to furnish some reasonable or plausible explanation of the basis on which he traded. If he can do that, the onus shall stand discharged or else the charge shall stand established. Let us illustrate to explain what we mean. If an insider who sold the shares were to plead that he wanted to raise funds to meet an emergency in his family say, marriage of his daughter or bypass surgery of a close relation and could establish that fact, it would be reasonable to hold that even though he was in possession of unpublished price sensitive information, the motive of the trade was to meet the emergency. He would not be guilty of the charge of insider trading.”

32. I, however, note that **Hon’ble SAT vide its further Order dated October 31, 2013 in the matter of M/s. N R Mercantiles Private Ltd. Vs. SEBI (Appeal No. 138 of 2013)** has observed as follows: *“Reliance placed by counsel for appellants on two decisions of this Tribunal, do not support case of appellants. In case of Rajiv B. Gandhi (supra), this Tribunal while upholding penalty imposed for violating regulation 3(i) of PIT Regulations as it then stood held that if the motive of trade during the period when trading window was closed was to meet emergency situation, then, person executing such trade would not be guilty of the charge of insider trading. As rightly held by Adjudicating Officer, regulation 3(i) of PIT Regulations has been amended in 2002 by deleting words “on the basis of” and substituting words “when in possession of”. As a result of above amendment trading in securities even “when in possession” of any unpublished price sensitive*

information constitutes violation of PIT Regulations. Hence decision of this Tribunal in case of Rajiv B. Gandhi (supra) based on provisions of PIT Regulations as in force prior to 2002 would not be relevant to fact of present case”.

33. In the case before me, I note that the Noticee in his communication to SEBI dated March 13, 2013 has *inter alia* stated that the reason for selling the shares on May 24, 2010 was margin call by the broker and that he was not even informed about the trade until the broker had sold off the shares in the market. The trade confirmation with respect to sale of 45,000 shares of SHL at average rate of Rs.19.32 was sent by JHP to the Noticee vide its email-id himanshum@jhpsecurities.com to the email id of the Noticee, ranu.jain@sigrun.in on May 24, 2010 at 3:50 pm. I find here that the Noticee while authorising JHP to issue electronic contract notes had provided ranu.jain@sigrun.in as the email ID where JHP could send the electronic contract notes.
34. It is observed that 45,000 shares got traded on May 24, 2010 from 12:28:35 to 12:45:07 in 43 tranches at an average price of Rs. 19.30. The email sent by JHP to the Noticee towards trade confirmation after the trade, did not make any reference to transaction done owing to non-payment of MTM. The said email was observed to have been sent in a normal manner to inform about the sell of stocks after the trades were executed. Neither the copy of the contract note issued by JHP to the Noticee for trades executed on his behalf on May 24, 2010, contained any remark that the transactions were done by JHP owing to non-payment of MTM.
35. On the contrary, I find from the copy of contract note provided by JHP vide letter dated July 17, 2015 that brokerage of Rs. 4,500/- was charged by JHP to the Noticee on sale of 45,000 shares of SHL on May 24, 2010. In case, the actual circumstance was that JHP had sold the shares due to non-payment of MTM loss as has been claimed by JHP and the Noticee, then brokerage could not have been charged by JHP to the Noticee. Thus, the fact that brokerage has been charged strengthens the fact that the shares were sold by the Noticee while in possession of UPSI.
36. Further, though JHP has claimed that the unexecuted orders were deleted after the Noticee informed that he made necessary arrangement for the funds, it was, however, observed that JHP had actually placed fresh orders after deleting the earlier orders. Thus, the reply of JHP was not found to be consistent with the factual aspects. The details of trades and orders are given below:

Order Id	Time (Sec)	Event Type	Order Type (B/S)	Brk Name	Clnt Name	Price (Rs.)	Vol. Shares
14000048005090	9:15:01 AM	Enter	S	JHP Securities Pvt. Ltd.	C R Rajesh Nair	19.3	20,000
14000048005090	12:28:35 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	406
14000048005090	12:28:40 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	1,000
14000048005090	12:28:47 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	2,000
14000048005090	12:28:51 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	1,500
14000048005090	12:28:54 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	2,500
14000048005090	12:28:54 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	5,000
14000048005090	12:28:55 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	250
14000048005090	12:28:57 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	7,344
15000043017083	12:33:11 PM	Enter	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	25,000
15000043017083	12:33:11 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.6	2,000
15000043017083	12:33:11 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.5	1,599
15000043017083	12:33:11 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.4	1,000
15000043017083	12:33:11 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	1,094
15000043017083	12:33:11 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	1
15000043017083	12:33:11 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	1
15000043017083	12:33:11 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	1
15000043017083	12:33:11 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	1
15000043017083	12:33:11 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	5,000
15000043017083	12:33:11 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	200
15000043017083	12:33:23 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	1,000
15000043017083	12:33:42 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	1
12000046021602	12:33:46 PM	Enter	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	25,000
15000043017083	12:34:00 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	500
15000043017083	12:34:15 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	2,500
15000043017083	12:34:15 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	500

Order Id	Time (Sec)	Event Type	Order Type (B/S)	Brk Name	Clnt Name	Price (Rs.)	Vol. Shares
15000043017083	12:34:29 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	1,000
15000043017083	12:34:37 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	2,000
15000043017083	12:35:38 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	500
15000043017083	12:36:22 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	500
15000043017083	12:36:51 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	50
15000043017083	12:37:04 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	25
15000043017083	12:37:23 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	99
15000043017083	12:37:45 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	500
15000043017083	12:38:53 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	500
15000043017083	12:39:11 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	500
15000043017083	12:39:17 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	500
15000043017083	12:39:42 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	100
15000043017083	12:42:34 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	500
23000048021211	12:43:16 PM	Enter	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	20	2,500
14000048023916	12:43:30 PM	Enter	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.5	3,500
15000043017083	12:43:39 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	500
15000043017083	12:43:45 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	500
15000043017083	12:44:05 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	500
15000043017083	12:44:12 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	500
15000043017083	12:44:19 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	500
15000043017083	12:44:53 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	1
15000043017083	12:45:07 PM	Trade	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	327
12000046022642	12:54:25 PM	Enter	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	25,000
12000046022642	12:55:18 PM	Delete	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	25,000
23000048022305	1:05:29 PM	Enter	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	50,000
13000042020475	1:06:51 PM	Enter	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	25,000

Order Id	Time (Sec)	Event Type	Order Type (B/S)	Brk Name	Clnt Name	Price (Rs.)	Vol. Shares
13000042020475	2:47:25 PM	Delete	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	25,000
23000048022305	2:47:26 PM	Delete	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	50,000
23000048021211	2:47:27 PM	Delete	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	20	2,500
14000048023916	2:47:28 PM	Delete	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.5	3,500
12000046021602	2:47:29 PM	Delete	S	JHP Securities Pvt.ltd.	C R Rajesh Nair	19.3	25,000

37. It is observed from the above that at 12:54:25 PM, JHP on behalf of the Noticee had placed an Order for 25,000 shares vide Order id 12000046022642. The entire order for 25,000 shares was deleted at 12:55:18 PM. However, subsequently thereof again at 1:05:29 PM and at 1:06:51 PM, JHP on behalf of the Noticee had placed Orders for 50,000 shares and 25,000 shares respectively. All unexecuted orders placed on behalf of the Noticee were finally deleted from 2:47:25 pm to 2:47:29 pm.
38. In view thereof, a specific query was put to JHP as to why after deleting 25,000 shares at 12:55:18, fresh orders for 50,000 shares and 25,000 shares were again entered at 1:05:29 PM and at 1:06:51 PM. In response vide letter dated July 17, 2015, JHP merely reiterated its earlier stance that the Noticee informed them that he had made arrangements and transferred Rs. 1 crore by RTGS on May 24, 2010 to the Axis Bank account of JHP, but, by the time the Orders placed by JHP could be deleted, 45,000 shares of SHL had already got matched and sold. It is, thus, observed that JHP has avoided replying to the specific query as to why fresh orders on behalf of the Noticee were placed by it for 50,000 shares and 25,000 shares at 1:05:29 PM and at 1:06:51 PM, after deleting earlier Order placed for 25,000 shares at 12:55:18.
39. Further, I find that JHP vide email dated August 25, 2014 has claimed that Noticee is a high net-worth person, trading regularly and having a very cordial relationship with them. On the contrary, the Noticee vide email dated March 13, 2013 to SEBI has claimed that he was not even informed about the trade for 45,000 shares, until JHP had sold off the shares in the market. Thus, if Noticee's statement is to be believed, the statements and actions of JHP appear contradictory and paradoxical. On the contrary If JHP's statements are to be believed, it appears highly impossible that JHP could have sold off the shares placed by the Noticee with it towards margin, so as to clear off the MTM loss of the Noticee, without even intimating the Noticee, especially since it had margin amount of more than Rs. 6 crore as on that date.

40. Besides, I find that JHP has claimed that person in charge of risk department at the relevant time i.e. one Mr. Himanshu Maniar took the decision to sell the shares on May 24, 2010. However, I find that all sell Orders on May 24, 2010 on behalf of the Noticee (except the first sell order) were placed by Mr. Saurabh A. Patel, who is one of the directors of JHP since 2008. Thus, even if the risk manager were to take a decision to sell the shares placed as collateral since the Noticee had not made payment of MTM, however, then too, the Order was not placed directly by the Risk Manager, but, was placed through one of the Directors of the Noticee.
41. Further, JHP has avoided replying to the specific query put to it as to why fresh sale orders were again entered in the system on behalf of the Noticee, after deleting the earlier sell orders on receiving assurance of payment from the Noticee.
42. Thus, from all of the above, I conclude that the shares were sold by the Noticee in the normal manner. In fact, it appears that by maintaining that the shares were sold due to non-payment of MTM loss by the Noticee, JHP and the Noticee have used the cordial relationship between them to negate the charge of insider trading on the Noticee.
43. This is further substantiated by the fact that on a perusal of F&O ledger of the Noticee in the books of JHP, it is observed that JHP was allowing the Noticee to keep large debit balances outstanding for a continuous period of more than ten days at a time. Further, delayed payment charge on the outstanding amounts was being charged regularly by JHP. For example, debit to the tune of Rs. 92,33,606.92 that was debited to the Noticee's ledger account on May 27, 2010 was allowed to remain outstanding upto June 09, 2010, when a RTGS payment of Rs. 1 crore was made by the Noticee. An amount of Rs. 1,20,647/- was deducted towards delayed payment charges on the outstanding amount on June 08, 2010. Similarly, debit to the tune of Rs. 1,07,39,127.45 on June 17, 2010, was finally cleared on July 05, 2010 with the transfer of Rs. 1 crore from BSE to NFO and delayed payment charge of Rs. 24,352/- were debited on July 05, 2010. The F&O NSE ledger account of the Noticee as it reflected in the books of JHP from May 03, 2010 to July 05, 2010 has been brought out at (Para 49) below.
44. The Stock Exchanges are required to collect the mark to market margin (MTM) from the stock brokers before the start of the trading of the next day. It, however, appears from the above that JHP was funding the Noticee for his transactions in F&O NSE and charging interest in the form of delayed payment charges on the same. Under the circumstances, it appears highly unlikely that only for bills posted on May 17, 2010 resulting in debit balance as on May 19, 2010 of Rs.

1,15,82,197.97, JHP would have sold the shares placed by the Noticee towards collateral without even intimating the Noticee. In fact, I find that JHP allowed Noticee further debits to the tune of Rs. 92,33,606.92 on May 27, 2010, despite the fact that there still remained an outstanding debit of Rs. 7,19,000.94 in Noticee's F&O account, after accounting RTGS payment of Rs. 1 crore received on May 25, 2010 and sale proceeds received from sale of 45,000 SHL shares on May 24, 2010.

45. JHP, I find, has avoided replying to the specific question as to why similarly it did not sell shares to clear the subsequent debit balance of approx. Rs. 99 lacs arising in JHP's account on May 27, 2010 (due to further debit to the tune of Rs. 92,33,606.92 on May 27, 2010 and outstanding debit of Rs. 7,19,000.94), which were ultimately cleared by the Noticee only on June 09, 2010. On the contrary, JHP has merely stated that the collateral held by them towards margin was approx. Rs. 6 crore against the debit balance of approx. Rs. 99 lacs, which was subsequently paid by the Noticee on June 09, 2010. In which case, I find that similar was the situation on May 24, 2010, when JHP claimed that they decided to sell the shares due to non-payment of MTM of Rs. 1,15,82,197.97.

46. Thus, I find that –

- i. JHP's claim of having a very cordial relationship with the Noticee, supported by the fact that it was allowing large debit balances to remain outstanding for a continuous period of more than ten days at a time;
- ii. JHP's act of charging brokerage to the Noticee, despite claiming that the shares were sold by it on account of non-payment of MTM by the Noticee;
- iii. Entering fresh sell orders on behalf of the Noticee by JHP after deleting earlier sell orders, despite claiming that the unexecuted sell orders were deleted from the trading system after the Noticee informed JHP that he had made necessary arrangements for funds;

all of the above acts, I find are consistent with the fact that Noticee dealt in the shares of SHL while being in possession of and on the basis of UPSI, as against the claim made by Noticee and JHP that the shares were sold due to non-payment of MTM loss by the Noticee. It is only after SEBI started investigating the matter, it appears that Noticee and JHP used the cordial relationship between them to negate the charge of insider trading on the Noticee by maintaining that shares were sold due to non-payment of MTM loss.

47. Further, I find that there is nothing otherwise on record to show that the shares sold by JHP on May 24, 2010 on Noticee's behalf, were actually sold by JHP due to non-payment of MTM loss by the Noticee. Thus, based on the facts on record before me, I am unable to accept the submission that 45,000 shares of SHL were sold by JHP due to non-payment of MTM loss by the Noticee.
48. However, even presuming for a moment that the shares were sold by JHP due to non-payment of MTM loss, then too, I find that it was known to the Noticee that securities placed by him as collateral towards margin could be sold by JHP without the Noticee's consent, in case of non-payment of dues to the extent of ledger debit. In this regard, I find that the agreement entered between JHP and the Noticee clearly stated that the Noticee was required to provide timely funds/ securities for the purchase/ sell of securities to JHP for meeting his obligation to the Exchange. I further find that the agreement provided JHP the right to sell Noticee's securities or close Noticee's positions with or without giving prior notice to the Noticee on account of non-payment of dues, to the extent of ledger debit and/ or to the extent of margin obligation. And for the purpose, JHP could liquidate the securities bought or collaterals given or any other securities given in any other form for clearing Noticee's obligation. It is observed that the Noticee, despite within knowledge of the fact that the shares of SHL given by him to JHP towards collateral, could be sold by JHP in the market in case of Noticee's default in meeting settlement and margin obligations towards JHP, continued to maintain continuous debit balance with JHP.
49. The F&O NSE ledger account of the Noticee in the books of JHP from May 03, 2010 to July 05, 2010 is shown below:

Date	Debit (Rs.)	Credit (Rs.)	Balance (Rs.)
03-May-10	7,521,760.00	0.00	-385,930.53
04-May-10	31,935,359.54		-32,321,290.07
04-May-10	0.00	30,000,000.00	-2,321,290.07
05-May-10	2,170,000.00	0.00	-4,491,290.07
05-May-10	0.00	4,491,290.07	0.00
06-May-10	10,921,939.27	0.00	-10,921,939.27
06-May-10	0.00	4,508,476.09	-6,413,463.18
07-May-10	6,735,000.00	0.00	-13,148,463.18
10-May-10	0.00	25,021,370.24	11,872,907.06
11-May-10	6,730,000.00	0.00	5,142,907.06
12-May-10	0.00	1,725,000.00	6,867,907.06
13-May-10	0.00	4,712,653.25	11,580,560.31
14-May-10	9,450,000.00	0.00	2,130,560.31
17-May-10	7,157,149.68	0.00	-5,026,589.37

Date	Debit (Rs.)	Credit (Rs.)	Balance (Rs.)
18-May-10	190,442.00	0.00	-5,217,031.37
19-May-10	6,365,166.60	0.00	-11,582,197.97
24-May-10	0.00	863,197.03	-10,719,000.94
25-May-10	0.00	10,000,000.00	-719,000.94
27-May-10	9,233,606.92	0.00	-9,952,607.86
08-Jun-2010	1,20,647.00	0.00	-1,00,73,254.86
09-Jun-2010	0.00	1,00,00,000	-73,254.86
17-Jun-2010	1,07,39,127.45	0.00	10,812,382.31
29-Jun-2010	0.00	30,40,084.15	-77,72,298.16
29-Jun-2010	74,650.00	0.00	-78,46,948.16
01-Jul-2010	31,22,896.24	0.00	-1,09,69,844.40
02-Jul-2010	0.00	11,33,363.19	-98,36,481.21
05-Jul-2010	2,40,989.10	0.00	-1,00,77,470.31
05-Jul-2010	0.00	1,00,00,000	-77,470.31
05-Jul-2010	24,352.00	0.00	-1,01,822.31

50. It is seen from the above that even as on the date when the shares were transferred towards margin i.e. on May 04, 2010, the F&O ledger of the Noticee in the books of JHP showed a debit balance of Rs. 23,21,290.07. And since Noticee was in possession of UPSI, he was fully aware of the fact that maintaining continuous debit balances in his account would trigger sale of shares by JHP, resulting in charge of insider trading against him. I further note that dealing in securities under Regulation 2(d) of the PIT Regulations includes act of agreeing to sell any security by any person, either as principal or agent. Thus, I find that PIT Regulations defines dealing in securities to not only include actual sale of securities, but, also any agreement entered to sell or deal in any security as well. And as per the agreement entered by Noticee with JHP, I find that JHP had the right to sell Noticee's securities with or without giving prior notice to the Noticee on account of non-payment of dues, to the extent of ledger debit. And for the purpose, JHP could liquidate the collaterals given by the Noticee.
51. Thus, from all of the above, I conclude that if Noticee had himself placed the sale orders with JHP to sell shares, Noticee has clearly violated the provision of Regulation 3(i) of PIT Regulations. Further, I find that in case shares are deposited towards margin while in possession of UPSI, due care is required to be taken by such client to clear the debit balances arising in his account with the broker on a timely basis. Thus, even presuming for a moment that shares were actually sold by JHP due to the reason that Noticee had not made payment towards MTM loss, even then, I find that the Noticee by depositing SHL shares towards collateral while in possession of UPSI and not clearing the MTM loss, has clearly dealt in the shares of SHL while in possession of UPSI.

52. I also note that when a thing is specifically prohibited directly, it cannot be done indirectly. The Hon'ble Supreme Court has been consistently of the view that what cannot be done directly, cannot be done indirectly. I note that in Jagir Singh Vs. Ranbir Singh (1979 AIR 381), the Hon'ble Supreme Court has held that what cannot be done directly, cannot be allowed to be done indirectly as that would be an evasion of the statute. The Supreme Court has held that it is a well-known principle of law that the provisions of law cannot be evaded by shift or contrivance, and that the objects of a statute cannot be defeated in an indirect or circuitous manner. (As per Abbott C.J. in Fox v. Bishop of Chester (1824) 2 B & C 635 "To carry out effectually the object of a Statute, it must be construed as to defeat all attempts to do, or avoid doing, in an indirect or circuitous manner that which it has prohibited or enjoined"). I also note that the same principle is also enshrined in Section 12A of the SEBI Act, which *inter alia* states that no person shall directly or indirectly engage in insider trading and/ or deal in securities while in possession of material or non-public information.
53. ***Hence, I find that whichever way the matter is looked upon, the Noticee has dealt in the shares of SHL while in possession of UPSI, thereby violating Regulation 3(i) of the PIT Regulations by dealing in shares while in possession of UPSI. Further, the Noticee, due to possession of UPSI, was in knowledge of the fact that for the quarter ended March 2010, both quarterly financial results of SHL as well as consolidated quarterly financial results were showing a loss. Hence, it can be concluded that the Noticee dealt in the shares of SHL while in possession of and on the basis of UPSI.***

B. Failure to Obtain Pre-Clearance

54. In terms of the Code of Conduct under PIT Regulations, all directors/officers/designated employees of the company who intend to deal in the securities of the company (above a minimum threshold limit to be decided by the company) should pre-clear their transaction as per the pre-dealing procedure. The Noticee being the then Managing Director of SHL was under an obligation to comply with the said provision of the PIT Regulations and seek pre-clearance of trades from the compliance officer of SHL. SEBI had sought information from SHL as to whether the Noticee had sought pre-clearance from SHL before selling 45,000 shares of SHL on May 24, 2010. SHL, vide its letter dated March 07, 2013, *inter alia* informed SEBI that there are no records evidencing pre-clearance sought from the company by the Noticee before trading in the scrip SHL on May 24, 2010. Further, vide the said letter, SHL had also *inter alia* informed

SEBI that as the management of the company had changed since December 2010, and old management was no longer associated with the company, there were no records found relating to the Code of Conduct adopted by the then Management in accordance with the PIT Regulations. Information was also sought by SEBI from the Noticee if pre-clearance of trades was obtained by him for the trading on May 24, 2010 in SHL in terms of the Code of Conduct as per the PIT Regulations. The Noticee vide his email to SEBI dated March 13, 2013 has admitted that he had not obtained pre clearance from SHL for his trading on May 24, 2010.

55. Thus, it is observed from the reply of SHL that when SEBI sought information from it, it could neither find records relating to Code of Conduct adopted by SHL under PIT Regulations, nor, find records evidencing pre-clearance sought by the Noticee from SHL, if any, before trading in SHL shares on May 24, 2010. Noticee, on the other hand, had admitted to SEBI regarding not obtaining pre-clearance from SHL for his trading on May 24, 2010.
56. As per the Model Code of Conduct that was required to be adopted by listed companies, Compliance Officer was required to report to the Managing Director of the Company. In case, the Code was not in place, or, the threshold limit for obtaining pre-clearance was above 45,000 shares, the Noticee being the then Managing Director of SHL, could have answered to SEBI's query accordingly. Besides, the Noticee being the then Managing Director of SHL was *inter alia* responsible for putting the Code in place. And, I find that the Noticee has admitted to SEBI that he had not obtained pre clearance from SHL for his trading on May 24, 2010. Thus, on the basis of material available on record, I find it reasonable to hold that the Code was in place and Noticee was required to obtain pre-clearance for sale of 45,000 shares on May 24, 2010. However, the Noticee has admitted to SEBI that such pre-clearance was not obtained by him.
57. In the matter, I find further that the Noticee vide his email dated March 13, 2013 to SEBI had stated that he was not informed by JHP about the sale of shares. However, I find that the shares of SHL were deposited by the Noticee with JHP towards margin on May 04, 2010 i.e. during the UPSI Period. It has already been brought out in the earlier part of this Order that the Noticee, being the then Managing Director of SHL, was in possession of UPSI. Also that as on May 04, 2010, the F&O ledger of the Noticee in the books of JHP showed a debit balance of Rs. 23,21,290.07. Being an insider, the Noticee was within knowledge of the fact that shares of SHL deposited by him with JHP on May 04, 2010 towards margin, were vulnerable to be sold in the market by JHP even during UPSI period, if he continued to maintain debit balance with JHP. This is because the agreement provided JHP the right to sell Noticee's securities or close Noticee's

positions with or without giving prior notice to the Noticee on account of non-payment of dues, to the extent of ledger debit and/ or to the extent of margin obligation. And for the purpose, JHP could liquidate the securities bought or collaterals given or any other securities given in any other form for clearing Noticee's obligation. Hence, even if it is presumed that shares were actually sold by JHP due to the reason that Noticee had not made payment towards MTM loss, in which case too, I am of the view that the Noticee should have either procured pre-clearance from the compliance officer of SHL before giving the shares to JHP towards margins, or alternatively taken due care to clear on timely basis the debit balances arising in his account with JHP.

58. ***Thus, whichever way the matter is looked upon, I here too conclude that the Noticee has violated Clause 3.3.1 of the Model Code of Conduct prescribed under Regulation 12(1) of the PIT Regulations.***

C. Counter Position by the Noticee

59. As per Clause 4.2 of the Code of Conduct prescribed under Part A of Schedule 1 under Regulation 12(1) of PIT Regulations, director of a company shall not enter into an opposite transaction, i.e. sell or buy any number of shares during the next six months following the prior transactions.
60. I find that the Noticee had purchased 1,00,000 shares of SHL on February 05, 2010 and he had sold the following shares of SHL during the next six months from this purchase in the manner brought out below:

S.No	Date	Number of Shares sold	Number of *Orders	Number of Trades
1	March 12, 2010	75,712	4	137
2	March 16, 2010	70,000	1	49
3	March 23, 2010	5,000	1	18
4	March 25, 2010	94,700	1	102
5	March 29, 2010	4,96,597	1	1
6	March 30, 2010	94,298	1	12
7	May 24, 2010	45,000	2	43
Total		8,81,307	11	362

**Orders placed and which got executed either fully or partially resulting in trade*

61. It is observed from the above that the Noticee, who was the then Managing Director of SHL, had entered 11 sale orders on 7 trade days in respect of SHL shares, which got executed either fully or partially, resulting into 362 trades for 8,81,307 SHL shares. Thus, I find that 11 orders placed by the Noticee resulted in opposite transactions resulting in 362 trades for a total of 8,81,307 SHL shares on 7 trade days during six months following the prior transaction. It has also been admitted by the Noticee in his email dated March 13, 2013 to SEBI that shares of SHL were purchased by him on February 05, 2010. The Noticee had placed four purchase Orders for a total of 1,00,000 shares on February 05, 2010 that resulted in trade of 1,00,000 shares on February 05, 2010. This being the case, as per the PIT Regulations, Noticee could not have placed sale orders which would result in opposite transaction (sale) for six months following the said purchase order.
62. Further, as has been brought out in the earlier part of this Order, under the Model Code of Conduct to be adopted by listed companies, Compliance Officer was required to report to the Managing Director of the Company. Thus, the Managing Director of the Company was *inter alia* responsible for putting the Code in place. From the admission made by the Noticee that he had not obtained pre clearance from SHL for his trading on May 24, 2010, I find it reasonable to hold that the Code was very much in place. Further, as a Managing Director of a listed company, the Noticee had a greater responsibility to ensure compliance with the PIT Regulations.
63. ***Thus, I conclude that the Noticee by his act of placing 11 sale orders on 7 trade days, resulting into 362 sale trades for 8,81,307 SHL shares within six months following the purchase transaction done by him for 1,00,000 SHL shares on February 05, 2010, has violated Clause 4.2 of the Code of Conduct prescribed under Part A of Schedule 1 under Regulation 12(1) of the PIT Regulations.***
64. **It is, thus, established without doubt that the Noticee has violated the provisions of Regulation 3(i) and Regulation 12(1) read with clauses 3.3.1 and 4.2 of Part A of Schedule I of PIT Regulations.**
65. The next issue for consideration is whether the failure on the part of the Noticee as aforesaid attracts monetary penalty under section 15G and 15HB of SEBI Act, and, if so, what would be the monetary penalty that can be imposed on the Noticee. The ***Hon'ble Supreme Court of India in the matter of SEBI Vs. Shri Ram Mutual Fund [2006] 68 SCL 216(SC)*** has held that: "In our

considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant...”.

66. In view of the foregoing, I am convinced that it is a fit case to impose monetary penalty on the Noticee under section 15G and 15HB of the SEBI Act, which read as under:

Penalty for insider trading.

15G. If any insider who,—

(i) either on his own behalf or on behalf of any other person, deals in securities of a body corporate listed on any stock exchange on the basis of any unpublished price-sensitive information; or

(ii) communicates any unpublished price-sensitive information to any person, with or without his request for such information except as required in the ordinary course of business or under any law; or

(iii) counsels, or procures for any other person to deal in any securities of any body corporate on the basis of unpublished price-sensitive information,

shall be liable to a penalty of twenty-five crore rupees or three times the amount of profits made out of insider trading, whichever is higher.

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.

67. While determining the quantum of penalty under Section 15G and 15HB of SEBI Act, as applicable, it is important to consider the factors stipulated in section 15J of SEBI Act, which reads as under:

“15J - Factors to be taken into account by the adjudicating officer

While adjudging quantum of penalty under section 15-I, 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.”

[Explanation.—For the removal of doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.]²

68. In view of the charges as established, the facts and circumstances of the case and the various judgments referred to and mentioned hereinabove, the quantum of penalty would depend on the factors referred to in Section 15-J of SEBI Act read with Section 15G and 15HB of SEBI Act, as applicable.
69. I note that the Noticee, the then Managing Director of SHL, had purchased 1,00,000 shares of SHL on February 05, 2010. As per Clause 4.2 of the Code of Conduct under the PIT Regulations, the Noticee could not have sold shares during next six months following February 05, 2010. Thus, earliest the Noticee could have sold shares was on August 06, 2010. However, the Noticee placed 11 sell orders which resulted in 362 sell trades for 8,81,307 SHL shares on 7 trade days within six months following the purchase of 1,00,000 shares on February 05, 2010.
70. The details of the trades, price at which the shares were sold by the Noticee, price of SHL scrip on August 06, 2010 and the difference between the two trade values is shown below:

TRADE DATE	QTY	RATE (Rs.)	TRADE VALUE (Rs.)	TRADE DATE	RATE (Rs.)	TRADE VALUE (Rs.)	DIFF (Rs.)
12-Mar-10	450	42.85	19,282.50	6-Aug-10	15.9	7155	12,127.50
12-Mar-10	930	42.80	39,804.00	6-Aug-10	15.9	14787	25,017.00
12-Mar-10	99	42.75	4,232.25	6-Aug-10	15.9	1574.1	2,658.15
12-Mar-10	5	42.75	213.75	6-Aug-10	15.9	79.5	134.25
12-Mar-10	1000	42.75	42,750.00	6-Aug-10	15.9	15900	26,850.00
12-Mar-10	50	42.70	2,135.00	6-Aug-10	15.9	795	1,340.00
12-Mar-10	25	42.70	1,067.50	6-Aug-10	15.9	397.5	670.00
12-Mar-10	500	42.70	21,350.00	6-Aug-10	15.9	7950	13,400.00
12-Mar-10	250	42.70	10,675.00	6-Aug-10	15.9	3975	6,700.00
12-Mar-10	1	42.70	42.70	6-Aug-10	15.9	15.9	26.80
12-Mar-10	1000	42.70	42,700.00	6-Aug-10	15.9	15900	26,800.00
12-Mar-10	50	42.65	2,132.50	6-Aug-10	15.9	795	1,337.50

² Inserted by Part VIII of Chapter VI of the Finance Act, 2017 vide Gazette Notification No. 7, Extraordinary Part II Section 1 dated March 31, 2017, wef April 26, 2017

TRADE DATE	QTY	RATE (Rs.)	TRADE VALUE (Rs.)	TRADE DATE	RATE (Rs.)	TRADE VALUE (Rs.)	DIFF (Rs.)
12-Mar-10	100	42.65	4,265.00	6-Aug-10	15.9	1590	2,675.00
12-Mar-10	100	42.65	4,265.00	6-Aug-10	15.9	1590	2,675.00
12-Mar-10	200	42.65	8,530.00	6-Aug-10	15.9	3180	5,350.00
12-Mar-10	50	42.65	2,132.50	6-Aug-10	15.9	795	1,337.50
12-Mar-10	500	42.65	21,325.00	6-Aug-10	15.9	7950	13,375.00
12-Mar-10	50	42.65	2,132.50	6-Aug-10	15.9	795	1,337.50
12-Mar-10	1	42.65	42.65	6-Aug-10	15.9	15.9	26.75
12-Mar-10	575	42.65	24,523.75	6-Aug-10	15.9	9142.5	15,381.25
12-Mar-10	1000	42.65	42,650.00	6-Aug-10	15.9	15900	26,750.00
12-Mar-10	1560	42.65	66,534.00	6-Aug-10	15.9	24804	41,730.00
12-Mar-10	10	42.65	426.50	6-Aug-10	15.9	159	267.50
12-Mar-10	49	42.65	2,089.85	6-Aug-10	15.9	779.1	1,310.75
12-Mar-10	1000	42.65	42,650.00	6-Aug-10	15.9	15900	26,750.00
12-Mar-10	1	42.65	42.65	6-Aug-10	15.9	15.9	26.75
12-Mar-10	1	42.65	42.65	6-Aug-10	15.9	15.9	26.75
12-Mar-10	300	42.65	12,795.00	6-Aug-10	15.9	4770	8,025.00
12-Mar-10	20	42.65	853.00	6-Aug-10	15.9	318	535.00
12-Mar-10	250	42.65	10,662.50	6-Aug-10	15.9	3975	6,687.50
12-Mar-10	100	42.65	4,265.00	6-Aug-10	15.9	1590	2,675.00
12-Mar-10	100	42.65	4,265.00	6-Aug-10	15.9	1590	2,675.00
12-Mar-10	100	42.65	4,265.00	6-Aug-10	15.9	1590	2,675.00
12-Mar-10	5	42.65	213.25	6-Aug-10	15.9	79.5	133.75
12-Mar-10	5	42.65	213.25	6-Aug-10	15.9	79.5	133.75
12-Mar-10	300	42.65	12,795.00	6-Aug-10	15.9	4770	8,025.00
12-Mar-10	60	42.65	2,559.00	6-Aug-10	15.9	954	1,605.00
12-Mar-10	500	42.65	21,325.00	6-Aug-10	15.9	7950	13,375.00
12-Mar-10	1	42.65	42.65	6-Aug-10	15.9	15.9	26.75
12-Mar-10	100	42.65	4,265.00	6-Aug-10	15.9	1590	2,675.00
12-Mar-10	1000	42.65	42,650.00	6-Aug-10	15.9	15900	26,750.00
12-Mar-10	50	42.65	2,132.50	6-Aug-10	15.9	795	1,337.50
12-Mar-10	200	42.65	8,530.00	6-Aug-10	15.9	3180	5,350.00
12-Mar-10	300	42.65	12,795.00	6-Aug-10	15.9	4770	8,025.00

TRADE DATE	QTY	RATE (Rs.)	TRADE VALUE (Rs.)	TRADE DATE	RATE (Rs.)	TRADE VALUE (Rs.)	DIFF (Rs.)
12-Mar-10	300	42.65	12,795.00	6-Aug-10	15.9	4770	8,025.00
12-Mar-10	200	42.65	8,530.00	6-Aug-10	15.9	3180	5,350.00
12-Mar-10	100	42.65	4,265.00	6-Aug-10	15.9	1590	2,675.00
12-Mar-10	500	42.65	21,325.00	6-Aug-10	15.9	7950	13,375.00
12-Mar-10	300	42.65	12,795.00	6-Aug-10	15.9	4770	8,025.00
12-Mar-10	25	42.65	1,066.25	6-Aug-10	15.9	397.5	668.75
12-Mar-10	100	42.65	4,265.00	6-Aug-10	15.9	1590	2,675.00
12-Mar-10	46	42.65	1,961.90	6-Aug-10	15.9	731.4	1,230.50
12-Mar-10	50	42.65	2,132.50	6-Aug-10	15.9	795	1,337.50
12-Mar-10	250	42.65	10,662.50	6-Aug-10	15.9	3975	6,687.50
12-Mar-10	50	42.65	2,132.50	6-Aug-10	15.9	795	1,337.50
12-Mar-10	50	42.65	2,132.50	6-Aug-10	15.9	795	1,337.50
12-Mar-10	5081	42.65	216,704.65	6-Aug-10	15.9	80787.9	135,916.75
12-Mar-10	3918	42.65	167,102.70	6-Aug-10	15.9	62296.2	104,806.50
12-Mar-10	1	42.65	42.65	6-Aug-10	15.9	15.9	26.75
12-Mar-10	500	42.65	21,325.00	6-Aug-10	15.9	7950	13,375.00
12-Mar-10	500	42.65	21,325.00	6-Aug-10	15.9	7950	13,375.00
12-Mar-10	100	42.65	4,265.00	6-Aug-10	15.9	1590	2,675.00
12-Mar-10	95	42.65	4,051.75	6-Aug-10	15.9	1510.5	2,541.25
12-Mar-10	100	42.65	4,265.00	6-Aug-10	15.9	1590	2,675.00
12-Mar-10	1000	42.65	42,650.00	6-Aug-10	15.9	15900	26,750.00
12-Mar-10	1	42.65	42.65	6-Aug-10	15.9	15.9	26.75
12-Mar-10	50	42.65	2,132.50	6-Aug-10	15.9	795	1,337.50
12-Mar-10	1000	42.65	42,650.00	6-Aug-10	15.9	15900	26,750.00
12-Mar-10	20	42.65	853.00	6-Aug-10	15.9	318	535.00
12-Mar-10	800	42.65	34,120.00	6-Aug-10	15.9	12720	21,400.00
12-Mar-10	67	42.65	2,857.55	6-Aug-10	15.9	1065.3	1,792.25
12-Mar-10	200	42.65	8,530.00	6-Aug-10	15.9	3180	5,350.00
12-Mar-10	1000	42.65	42,650.00	6-Aug-10	15.9	15900	26,750.00
12-Mar-10	310	42.65	13,221.50	6-Aug-10	15.9	4929	8,292.50
12-Mar-10	150	42.65	6,397.50	6-Aug-10	15.9	2385	4,012.50
12-Mar-10	5	42.65	213.25	6-Aug-10	15.9	79.5	133.75

TRADE DATE	QTY	RATE (Rs.)	TRADE VALUE (Rs.)	TRADE DATE	RATE (Rs.)	TRADE VALUE (Rs.)	DIFF (Rs.)
12-Mar-10	4750	42.65	202,587.50	6-Aug-10	15.9	75525	127,062.50
12-Mar-10	500	42.65	21,325.00	6-Aug-10	15.9	7950	13,375.00
12-Mar-10	100	42.65	4,265.00	6-Aug-10	15.9	1590	2,675.00
12-Mar-10	100	42.65	4,265.00	6-Aug-10	15.9	1590	2,675.00
12-Mar-10	1	42.65	42.65	6-Aug-10	15.9	15.9	26.75
12-Mar-10	100	42.65	4,265.00	6-Aug-10	15.9	1590	2,675.00
12-Mar-10	100	42.65	4,265.00	6-Aug-10	15.9	1590	2,675.00
12-Mar-10	2000	42.65	85,300.00	6-Aug-10	15.9	31800	53,500.00
12-Mar-10	250	42.65	10,662.50	6-Aug-10	15.9	3975	6,687.50
12-Mar-10	100	42.65	4,265.00	6-Aug-10	15.9	1590	2,675.00
12-Mar-10	30	42.65	1,279.50	6-Aug-10	15.9	477	802.50
12-Mar-10	5000	42.65	213,250.00	6-Aug-10	15.9	79500	133,750.00
12-Mar-10	1000	42.65	42,650.00	6-Aug-10	15.9	15900	26,750.00
12-Mar-10	500	42.65	21,325.00	6-Aug-10	15.9	7950	13,375.00
12-Mar-10	2000	42.65	85,300.00	6-Aug-10	15.9	31800	53,500.00
12-Mar-10	500	42.65	21,325.00	6-Aug-10	15.9	7950	13,375.00
12-Mar-10	600	42.65	25,590.00	6-Aug-10	15.9	9540	16,050.00
12-Mar-10	500	42.65	21,325.00	6-Aug-10	15.9	7950	13,375.00
12-Mar-10	50	42.65	2,132.50	6-Aug-10	15.9	795	1,337.50
12-Mar-10	100	42.65	4,265.00	6-Aug-10	15.9	1590	2,675.00
12-Mar-10	100	42.65	4,265.00	6-Aug-10	15.9	1590	2,675.00
12-Mar-10	25	42.65	1,066.25	6-Aug-10	15.9	397.5	668.75
12-Mar-10	100	42.65	4,265.00	6-Aug-10	15.9	1590	2,675.00
12-Mar-10	200	42.65	8,530.00	6-Aug-10	15.9	3180	5,350.00
12-Mar-10	50	42.65	2,132.50	6-Aug-10	15.9	795	1,337.50
12-Mar-10	300	42.65	12,795.00	6-Aug-10	15.9	4770	8,025.00
12-Mar-10	25	42.65	1,066.25	6-Aug-10	15.9	397.5	668.75
12-Mar-10	25	42.65	1,066.25	6-Aug-10	15.9	397.5	668.75
12-Mar-10	50	42.65	2,132.50	6-Aug-10	15.9	795	1,337.50
12-Mar-10	6	42.65	255.90	6-Aug-10	15.9	95.4	160.50
12-Mar-10	250	42.65	10,662.50	6-Aug-10	15.9	3975	6,687.50
12-Mar-10	500	42.65	21,325.00	6-Aug-10	15.9	7950	13,375.00

TRADE DATE	QTY	RATE (Rs.)	TRADE VALUE (Rs.)	TRADE DATE	RATE (Rs.)	TRADE VALUE (Rs.)	DIFF (Rs.)
12-Mar-10	271	42.65	11,558.15	6-Aug-10	15.9	4308.9	7,249.25
12-Mar-10	427	42.65	18,211.55	6-Aug-10	15.9	6789.3	11,422.25
12-Mar-10	500	42.65	21,325.00	6-Aug-10	15.9	7950	13,375.00
12-Mar-10	10	42.65	426.50	6-Aug-10	15.9	159	267.50
12-Mar-10	50	42.65	2,132.50	6-Aug-10	15.9	795	1,337.50
12-Mar-10	1	42.65	42.65	6-Aug-10	15.9	15.9	26.75
12-Mar-10	2000	42.65	85,300.00	6-Aug-10	15.9	31800	53,500.00
12-Mar-10	2000	42.65	85,300.00	6-Aug-10	15.9	31800	53,500.00
12-Mar-10	150	42.65	6,397.50	6-Aug-10	15.9	2385	4,012.50
12-Mar-10	5	42.65	213.25	6-Aug-10	15.9	79.5	133.75
12-Mar-10	1000	42.65	42,650.00	6-Aug-10	15.9	15900	26,750.00
12-Mar-10	50	42.65	2,132.50	6-Aug-10	15.9	795	1,337.50
12-Mar-10	1000	42.65	42,650.00	6-Aug-10	15.9	15900	26,750.00
12-Mar-10	239	42.65	10,193.35	6-Aug-10	15.9	3800.1	6,393.25
12-Mar-10	1120	42.65	47,768.00	6-Aug-10	15.9	17808	29,960.00
12-Mar-10	10	42.65	426.50	6-Aug-10	15.9	159	267.50
12-Mar-10	1500	42.65	63,975.00	6-Aug-10	15.9	23850	40,125.00
12-Mar-10	30	42.65	1,279.50	6-Aug-10	15.9	477	802.50
12-Mar-10	75	42.65	3,198.75	6-Aug-10	15.9	1192.5	2,006.25
12-Mar-10	15	42.65	639.75	6-Aug-10	15.9	238.5	401.25
12-Mar-10	35	42.65	1,492.75	6-Aug-10	15.9	556.5	936.25
12-Mar-10	25	42.65	1,066.25	6-Aug-10	15.9	397.5	668.75
12-Mar-10	150	42.65	6,397.50	6-Aug-10	15.9	2385	4,012.50
12-Mar-10	14608	42.65	623,031.20	6-Aug-10	15.9	232267.2	390,764.00
12-Mar-10	391	42.65	16,676.15	6-Aug-10	15.9	6216.9	10,459.25
12-Mar-10	1	42.65	42.65	6-Aug-10	15.9	15.9	26.75
12-Mar-10	100	42.65	4,265.00	6-Aug-10	15.9	1590	2,675.00
12-Mar-10	20	42.65	853.00	6-Aug-10	15.9	318	535.00
12-Mar-10	200	42.65	8,530.00	6-Aug-10	15.9	3180	5,350.00
16-Mar-10	3120	38.54	120,276.00	6-Aug-10	15.9	49608	70,668.00
16-Mar-10	100	38.54	3,855.00	6-Aug-10	15.9	1590	2,265.00
16-Mar-10	25	38.54	963.75	6-Aug-10	15.9	397.5	566.25

TRADE DATE	QTY	RATE (Rs.)	TRADE VALUE (Rs.)	TRADE DATE	RATE (Rs.)	TRADE VALUE (Rs.)	DIFF (Rs.)
16-Mar-10	5	38.54	192.75	6-Aug-10	15.9	79.5	113.25
16-Mar-10	50	38.54	1,927.50	6-Aug-10	15.9	795	1,132.50
16-Mar-10	25	38.54	963.75	6-Aug-10	15.9	397.5	566.25
16-Mar-10	25	38.54	963.75	6-Aug-10	15.9	397.5	566.25
16-Mar-10	100	38.54	3,855.00	6-Aug-10	15.9	1590	2,265.00
16-Mar-10	10	38.54	385.50	6-Aug-10	15.9	159	226.50
16-Mar-10	300	38.54	11,565.00	6-Aug-10	15.9	4770	6,795.00
16-Mar-10	200	38.54	7,710.00	6-Aug-10	15.9	3180	4,530.00
16-Mar-10	100	38.54	3,855.00	6-Aug-10	15.9	1590	2,265.00
16-Mar-10	250	38.54	9,637.50	6-Aug-10	15.9	3975	5,662.50
16-Mar-10	250	38.54	9,637.50	6-Aug-10	15.9	3975	5,662.50
16-Mar-10	50	38.54	1,927.50	6-Aug-10	15.9	795	1,132.50
16-Mar-10	1	38.54	38.55	6-Aug-10	15.9	15.9	22.65
16-Mar-10	600	38.54	23,130.00	6-Aug-10	15.9	9540	13,590.00
16-Mar-10	17	38.54	655.35	6-Aug-10	15.9	270.3	385.05
16-Mar-10	10	38.54	385.50	6-Aug-10	15.9	159	226.50
16-Mar-10	1	38.54	38.55	6-Aug-10	15.9	15.9	22.65
16-Mar-10	499	38.54	19,236.45	6-Aug-10	15.9	7934.1	11,302.35
16-Mar-10	600	38.54	23,130.00	6-Aug-10	15.9	9540	13,590.00
16-Mar-10	10	38.54	385.50	6-Aug-10	15.9	159	226.50
16-Mar-10	50	38.54	1,927.50	6-Aug-10	15.9	795	1,132.50
16-Mar-10	100	38.54	3,855.00	6-Aug-10	15.9	1590	2,265.00
16-Mar-10	50	38.54	1,927.50	6-Aug-10	15.9	795	1,132.50
16-Mar-10	500	38.54	19,275.00	6-Aug-10	15.9	7950	11,325.00
16-Mar-10	100	38.54	3,855.00	6-Aug-10	15.9	1590	2,265.00
16-Mar-10	5	38.54	192.75	6-Aug-10	15.9	79.5	113.25
16-Mar-10	25	38.54	963.75	6-Aug-10	15.9	397.5	566.25
16-Mar-10	25	38.54	963.75	6-Aug-10	15.9	397.5	566.25
16-Mar-10	30000	38.54	1,156,500.00	6-Aug-10	15.9	477000	679,500.00
16-Mar-10	1894	38.54	73,013.70	6-Aug-10	15.9	30114.6	42,899.10
16-Mar-10	5000	38.54	192,750.00	6-Aug-10	15.9	79500	113,250.00
16-Mar-10	200	38.54	7,710.00	6-Aug-10	15.9	3180	4,530.00

TRADE DATE	QTY	RATE (Rs.)	TRADE VALUE (Rs.)	TRADE DATE	RATE (Rs.)	TRADE VALUE (Rs.)	DIFF (Rs.)
16-Mar-10	500	38.54	19,275.00	6-Aug-10	15.9	7950	11,325.00
16-Mar-10	111	38.54	4,279.05	6-Aug-10	15.9	1764.9	2,514.15
16-Mar-10	10	38.54	385.50	6-Aug-10	15.9	159	226.50
16-Mar-10	100	38.54	3,855.00	6-Aug-10	15.9	1590	2,265.00
16-Mar-10	200	38.54	7,710.00	6-Aug-10	15.9	3180	4,530.00
16-Mar-10	5000	38.54	192,750.00	6-Aug-10	15.9	79500	113,250.00
16-Mar-10	5000	38.54	192,750.00	6-Aug-10	15.9	79500	113,250.00
16-Mar-10	5000	38.54	192,750.00	6-Aug-10	15.9	79500	113,250.00
16-Mar-10	500	38.54	19,275.00	6-Aug-10	15.9	7950	11,325.00
16-Mar-10	100	38.54	3,855.00	6-Aug-10	15.9	1590	2,265.00
16-Mar-10	500	38.54	19,275.00	6-Aug-10	15.9	7950	11,325.00
16-Mar-10	5000	38.54	192,750.00	6-Aug-10	15.9	79500	113,250.00
16-Mar-10	100	38.54	3,855.00	6-Aug-10	15.9	1590	2,265.00
16-Mar-10	3582	38.54	138,086.10	6-Aug-10	15.9	56953.8	81,132.30
23-Mar-10	200	41.35	8,270.00	6-Aug-10	15.9	3180	5,090.00
23-Mar-10	25	41.30	1,032.50	6-Aug-10	15.9	397.5	635.00
23-Mar-10	61	41.25	2,516.25	6-Aug-10	15.9	969.9	1,546.35
23-Mar-10	50	41.20	2,060.00	6-Aug-10	15.9	795	1,265.00
23-Mar-10	1	41.15	41.15	6-Aug-10	15.9	15.9	25.25
23-Mar-10	1000	41.10	41,100.00	6-Aug-10	15.9	15900	25,200.00
23-Mar-10	25	41.05	1,026.25	6-Aug-10	15.9	397.5	628.75
23-Mar-10	10	41.05	410.50	6-Aug-10	15.9	159	251.50
23-Mar-10	50	41.05	2,052.50	6-Aug-10	15.9	795	1,257.50
23-Mar-10	50	41.00	2,050.00	6-Aug-10	15.9	795	1,255.00
23-Mar-10	1	41.00	41.00	6-Aug-10	15.9	15.9	25.10
23-Mar-10	100	41.00	4,100.00	6-Aug-10	15.9	1590	2,510.00
23-Mar-10	100	41.00	4,100.00	6-Aug-10	15.9	1590	2,510.00
23-Mar-10	1000	40.85	40,850.00	6-Aug-10	15.9	15900	24,950.00
23-Mar-10	500	40.70	20,350.00	6-Aug-10	15.9	7950	12,400.00
23-Mar-10	1000	40.65	40,650.00	6-Aug-10	15.9	15900	24,750.00
23-Mar-10	100	40.54	4,055.00	6-Aug-10	15.9	1590	2,465.00
23-Mar-10	727	40.50	29,443.50	6-Aug-10	15.9	11559.3	17,884.20

TRADE DATE	QTY	RATE (Rs.)	TRADE VALUE (Rs.)	TRADE DATE	RATE (Rs.)	TRADE VALUE (Rs.)	DIFF (Rs.)
25-Mar-10	250	38.45	9,612.50	6-Aug-10	15.9	3975	5,637.50
25-Mar-10	50	38.45	1,922.50	6-Aug-10	15.9	795	1,127.50
25-Mar-10	100	38.45	3,845.00	6-Aug-10	15.9	1590	2,255.00
25-Mar-10	1000	38.45	38,450.00	6-Aug-10	15.9	15900	22,550.00
25-Mar-10	1000	38.45	38,450.00	6-Aug-10	15.9	15900	22,550.00
25-Mar-10	100	38.45	3,845.00	6-Aug-10	15.9	1590	2,255.00
25-Mar-10	10	38.45	384.50	6-Aug-10	15.9	159	225.50
25-Mar-10	100	38.45	3,845.00	6-Aug-10	15.9	1590	2,255.00
25-Mar-10	500	38.45	19,225.00	6-Aug-10	15.9	7950	11,275.00
25-Mar-10	50	38.45	1,922.50	6-Aug-10	15.9	795	1,127.50
25-Mar-10	150	38.45	5,767.50	6-Aug-10	15.9	2385	3,382.50
25-Mar-10	250	38.45	9,612.50	6-Aug-10	15.9	3975	5,637.50
25-Mar-10	100	38.45	3,845.00	6-Aug-10	15.9	1590	2,255.00
25-Mar-10	200	38.45	7,690.00	6-Aug-10	15.9	3180	4,510.00
25-Mar-10	200	38.45	7,690.00	6-Aug-10	15.9	3180	4,510.00
25-Mar-10	100	38.45	3,845.00	6-Aug-10	15.9	1590	2,255.00
25-Mar-10	90	38.45	3,460.50	6-Aug-10	15.9	1431	2,029.50
25-Mar-10	100	38.45	3,845.00	6-Aug-10	15.9	1590	2,255.00
25-Mar-10	500	38.45	19,225.00	6-Aug-10	15.9	7950	11,275.00
25-Mar-10	1000	38.45	38,450.00	6-Aug-10	15.9	15900	22,550.00
25-Mar-10	100	38.45	3,845.00	6-Aug-10	15.9	1590	2,255.00
25-Mar-10	50	38.45	1,922.50	6-Aug-10	15.9	795	1,127.50
25-Mar-10	50	38.45	1,922.50	6-Aug-10	15.9	795	1,127.50
25-Mar-10	2000	38.45	76,900.00	6-Aug-10	15.9	31800	45,100.00
25-Mar-10	100	38.45	3,845.00	6-Aug-10	15.9	1590	2,255.00
25-Mar-10	46	38.45	1,768.70	6-Aug-10	15.9	731.4	1,037.30
25-Mar-10	1000	38.45	38,450.00	6-Aug-10	15.9	15900	22,550.00
25-Mar-10	250	38.45	9,612.50	6-Aug-10	15.9	3975	5,637.50
25-Mar-10	1000	38.45	38,450.00	6-Aug-10	15.9	15900	22,550.00
25-Mar-10	871	38.45	33,489.95	6-Aug-10	15.9	13848.9	19,641.05
25-Mar-10	1000	38.45	38,450.00	6-Aug-10	15.9	15900	22,550.00
25-Mar-10	50	38.45	1,922.50	6-Aug-10	15.9	795	1,127.50

TRADE DATE	QTY	RATE (Rs.)	TRADE VALUE (Rs.)	TRADE DATE	RATE (Rs.)	TRADE VALUE (Rs.)	DIFF (Rs.)
25-Mar-10	2000	38.45	76,900.00	6-Aug-10	15.9	31800	45,100.00
25-Mar-10	2000	38.45	76,900.00	6-Aug-10	15.9	31800	45,100.00
25-Mar-10	100	38.45	3,845.00	6-Aug-10	15.9	1590	2,255.00
25-Mar-10	50	38.45	1,922.50	6-Aug-10	15.9	795	1,127.50
25-Mar-10	100	38.45	3,845.00	6-Aug-10	15.9	1590	2,255.00
25-Mar-10	500	38.45	19,225.00	6-Aug-10	15.9	7950	11,275.00
25-Mar-10	1	38.45	38.45	6-Aug-10	15.9	15.9	22.55
25-Mar-10	1000	38.45	38,450.00	6-Aug-10	15.9	15900	22,550.00
25-Mar-10	5000	38.45	192,250.00	6-Aug-10	15.9	79500	112,750.00
25-Mar-10	300	38.45	11,535.00	6-Aug-10	15.9	4770	6,765.00
25-Mar-10	1000	38.45	38,450.00	6-Aug-10	15.9	15900	22,550.00
25-Mar-10	10000	38.45	384,500.00	6-Aug-10	15.9	159000	225,500.00
25-Mar-10	100	38.45	3,845.00	6-Aug-10	15.9	1590	2,255.00
25-Mar-10	1000	38.45	38,450.00	6-Aug-10	15.9	15900	22,550.00
25-Mar-10	55	38.45	2,114.75	6-Aug-10	15.9	874.5	1,240.25
25-Mar-10	200	38.45	7,690.00	6-Aug-10	15.9	3180	4,510.00
25-Mar-10	100	38.45	3,845.00	6-Aug-10	15.9	1590	2,255.00
25-Mar-10	800	38.45	30,760.00	6-Aug-10	15.9	12720	18,040.00
25-Mar-10	110	38.45	4,229.50	6-Aug-10	15.9	1749	2,480.50
25-Mar-10	1032	38.45	39,680.40	6-Aug-10	15.9	16408.8	23,271.60
25-Mar-10	250	38.45	9,612.50	6-Aug-10	15.9	3975	5,637.50
25-Mar-10	500	38.45	19,225.00	6-Aug-10	15.9	7950	11,275.00
25-Mar-10	50	38.45	1,922.50	6-Aug-10	15.9	795	1,127.50
25-Mar-10	35	38.45	1,345.75	6-Aug-10	15.9	556.5	789.25
25-Mar-10	500	38.45	19,225.00	6-Aug-10	15.9	7950	11,275.00
25-Mar-10	500	38.45	19,225.00	6-Aug-10	15.9	7950	11,275.00
25-Mar-10	3	38.45	115.35	6-Aug-10	15.9	47.7	67.65
25-Mar-10	10000	38.45	384,500.00	6-Aug-10	15.9	159000	225,500.00
25-Mar-10	500	38.45	19,225.00	6-Aug-10	15.9	7950	11,275.00
25-Mar-10	25	38.45	961.25	6-Aug-10	15.9	397.5	563.75
25-Mar-10	5000	38.45	192,250.00	6-Aug-10	15.9	79500	112,750.00
25-Mar-10	3750	38.45	144,187.50	6-Aug-10	15.9	59625	84,562.50

TRADE DATE	QTY	RATE (Rs.)	TRADE VALUE (Rs.)	TRADE DATE	RATE (Rs.)	TRADE VALUE (Rs.)	DIFF (Rs.)
25-Mar-10	11	38.45	422.95	6-Aug-10	15.9	174.9	248.05
25-Mar-10	3250	38.45	124,962.50	6-Aug-10	15.9	51675	73,287.50
25-Mar-10	500	38.45	19,225.00	6-Aug-10	15.9	7950	11,275.00
25-Mar-10	500	38.45	19,225.00	6-Aug-10	15.9	7950	11,275.00
25-Mar-10	100	38.45	3,845.00	6-Aug-10	15.9	1590	2,255.00
25-Mar-10	50	38.45	1,922.50	6-Aug-10	15.9	795	1,127.50
25-Mar-10	50	38.45	1,922.50	6-Aug-10	15.9	795	1,127.50
25-Mar-10	100	38.45	3,845.00	6-Aug-10	15.9	1590	2,255.00
25-Mar-10	500	38.45	19,225.00	6-Aug-10	15.9	7950	11,275.00
25-Mar-10	200	38.45	7,690.00	6-Aug-10	15.9	3180	4,510.00
25-Mar-10	100	38.45	3,845.00	6-Aug-10	15.9	1590	2,255.00
25-Mar-10	50	38.45	1,922.50	6-Aug-10	15.9	795	1,127.50
25-Mar-10	5	38.45	192.25	6-Aug-10	15.9	79.5	112.75
25-Mar-10	200	38.45	7,690.00	6-Aug-10	15.9	3180	4,510.00
25-Mar-10	210	38.45	8,074.50	6-Aug-10	15.9	3339	4,735.50
25-Mar-10	400	38.45	15,380.00	6-Aug-10	15.9	6360	9,020.00
25-Mar-10	400	38.45	15,380.00	6-Aug-10	15.9	6360	9,020.00
25-Mar-10	100	38.45	3,845.00	6-Aug-10	15.9	1590	2,255.00
25-Mar-10	50	38.45	1,922.50	6-Aug-10	15.9	795	1,127.50
25-Mar-10	200	38.45	7,690.00	6-Aug-10	15.9	3180	4,510.00
25-Mar-10	50	38.45	1,922.50	6-Aug-10	15.9	795	1,127.50
25-Mar-10	300	38.45	11,535.00	6-Aug-10	15.9	4770	6,765.00
25-Mar-10	50	38.45	1,922.50	6-Aug-10	15.9	795	1,127.50
25-Mar-10	250	38.45	9,612.50	6-Aug-10	15.9	3975	5,637.50
25-Mar-10	100	38.45	3,845.00	6-Aug-10	15.9	1590	2,255.00
25-Mar-10	1000	38.45	38,450.00	6-Aug-10	15.9	15900	22,550.00
25-Mar-10	1200	38.45	46,140.00	6-Aug-10	15.9	19080	27,060.00
25-Mar-10	1000	38.45	38,450.00	6-Aug-10	15.9	15900	22,550.00
25-Mar-10	200	38.45	7,690.00	6-Aug-10	15.9	3180	4,510.00
25-Mar-10	250	38.45	9,612.50	6-Aug-10	15.9	3975	5,637.50
25-Mar-10	100	38.45	3,845.00	6-Aug-10	15.9	1590	2,255.00
25-Mar-10	50	38.45	1,922.50	6-Aug-10	15.9	795	1,127.50

TRADE DATE	QTY	RATE (Rs.)	TRADE VALUE (Rs.)	TRADE DATE	RATE (Rs.)	TRADE VALUE (Rs.)	DIFF (Rs.)
25-Mar-10	300	38.45	11,535.00	6-Aug-10	15.9	4770	6,765.00
25-Mar-10	100	38.45	3,845.00	6-Aug-10	15.9	1590	2,255.00
25-Mar-10	500	38.45	19,225.00	6-Aug-10	15.9	7950	11,275.00
25-Mar-10	500	38.45	19,225.00	6-Aug-10	15.9	7950	11,275.00
25-Mar-10	100	38.45	3,845.00	6-Aug-10	15.9	1590	2,255.00
25-Mar-10	22746	38.45	874,583.70	6-Aug-10	15.9	361661.4	512,922.30
29-Mar-10	496597	40.90	20,310,817.30	6-Aug-10	15.9	7895892.3	12,414,925.00
30-Mar-10	90553	40.00	3,622,120.00	6-Aug-10	15.9	1439792.7	2,182,327.30
30-Mar-10	1345	39.00	52,455.00	6-Aug-10	15.9	21385.5	31,069.50
30-Mar-10	1	39.00	39.00	6-Aug-10	15.9	15.9	23.10
30-Mar-10	249	39.00	9,711.00	6-Aug-10	15.9	3959.1	5,751.90
30-Mar-10	75	39.00	2,925.00	6-Aug-10	15.9	1192.5	1,732.50
30-Mar-10	250	39.00	9,750.00	6-Aug-10	15.9	3975	5,775.00
30-Mar-10	300	39.00	11,700.00	6-Aug-10	15.9	4770	6,930.00
30-Mar-10	25	39.00	975.00	6-Aug-10	15.9	397.5	577.50
30-Mar-10	100	39.00	3,900.00	6-Aug-10	15.9	1590	2,310.00
30-Mar-10	700	39.00	27,300.00	6-Aug-10	15.9	11130	16,170.00
30-Mar-10	500	39.00	19,500.00	6-Aug-10	15.9	7950	11,550.00
30-Mar-10	200	39.00	7,800.00	6-Aug-10	15.9	3180	4,620.00
24-May-10	406	19.30	7,835.80	6-Aug-10	15.9	6455.4	1,380.40
24-May-10	1000	19.30	19,300.00	6-Aug-10	15.9	15900	3,400.00
24-May-10	2000	19.30	38,600.00	6-Aug-10	15.9	31800	6,800.00
24-May-10	1500	19.30	28,950.00	6-Aug-10	15.9	23850	5,100.00
24-May-10	2500	19.30	48,250.00	6-Aug-10	15.9	39750	8,500.00
24-May-10	5000	19.30	96,500.00	6-Aug-10	15.9	79500	17,000.00
24-May-10	250	19.30	4,825.00	6-Aug-10	15.9	3975	850.00
24-May-10	7344	19.30	141,739.20	6-Aug-10	15.9	116769.6	24,969.60
24-May-10	2000	19.55	39,100.00	6-Aug-10	15.9	31800	7,300.00
24-May-10	1599	19.50	31,180.50	6-Aug-10	15.9	25424.1	5,756.40
24-May-10	1000	19.35	19,350.00	6-Aug-10	15.9	15900	3,450.00
24-May-10	1094	19.30	21,114.20	6-Aug-10	15.9	17394.6	3,719.60
24-May-10	1	19.30	19.30	6-Aug-10	15.9	15.9	3.40

TRADE DATE	QTY	RATE (Rs.)	TRADE VALUE (Rs.)	TRADE DATE	RATE (Rs.)	TRADE VALUE (Rs.)	DIFF (Rs.)
24-May-10	1	19.30	19.30	6-Aug-10	15.9	15.9	3.40
24-May-10	1	19.30	19.30	6-Aug-10	15.9	15.9	3.40
24-May-10	1	19.30	19.30	6-Aug-10	15.9	15.9	3.40
24-May-10	5000	19.30	96,500.00	6-Aug-10	15.9	79500	17,000.00
24-May-10	200	19.30	3,860.00	6-Aug-10	15.9	3180	680.00
24-May-10	1000	19.30	19,300.00	6-Aug-10	15.9	15900	3,400.00
24-May-10	1	19.30	19.30	6-Aug-10	15.9	15.9	3.40
24-May-10	500	19.30	9,650.00	6-Aug-10	15.9	7950	1,700.00
24-May-10	2500	19.30	48,250.00	6-Aug-10	15.9	39750	8,500.00
24-May-10	500	19.30	9,650.00	6-Aug-10	15.9	7950	1,700.00
24-May-10	1000	19.30	19,300.00	6-Aug-10	15.9	15900	3,400.00
24-May-10	2000	19.30	38,600.00	6-Aug-10	15.9	31800	6,800.00
24-May-10	500	19.30	9,650.00	6-Aug-10	15.9	7950	1,700.00
24-May-10	500	19.30	9,650.00	6-Aug-10	15.9	7950	1,700.00
24-May-10	50	19.30	965.00	6-Aug-10	15.9	795	170.00
24-May-10	25	19.30	482.50	6-Aug-10	15.9	397.5	85.00
24-May-10	99	19.30	1,910.70	6-Aug-10	15.9	1574.1	336.60
24-May-10	500	19.30	9,650.00	6-Aug-10	15.9	7950	1,700.00
24-May-10	500	19.30	9,650.00	6-Aug-10	15.9	7950	1,700.00
24-May-10	500	19.30	9,650.00	6-Aug-10	15.9	7950	1,700.00
24-May-10	500	19.30	9,650.00	6-Aug-10	15.9	7950	1,700.00
24-May-10	100	19.30	1,930.00	6-Aug-10	15.9	1590	340.00
24-May-10	500	19.30	9,650.00	6-Aug-10	15.9	7950	1,700.00
24-May-10	500	19.30	9,650.00	6-Aug-10	15.9	7950	1,700.00
24-May-10	500	19.30	9,650.00	6-Aug-10	15.9	7950	1,700.00
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24-May-10	500	19.30	9,650.00	6-Aug-10	15.9	7950	1,700.00
24-May-10	500	19.30	9,650.00	6-Aug-10	15.9	7950	1,700.00
24-May-10	1	19.30	19.30	6-Aug-10	15.9	15.9	3.40
24-May-10	327	19.30	6,311.10	6-Aug-10	15.9	5199.3	1,111.80
TOTAL							20,708,992.45

71. Thus, I note from the above that the ***Noticee by violating Clause 4.2 of the Code of Conduct prescribed under Part A of Schedule 1 under Regulation 12(1) of the PIT Regulations has avoided a loss of approx. Rs. 2 crore.***
72. I note further from the corporate announcements made on BSE that the announcement of quarterly financial results was made by SHL on BSE on Saturday, May 29, 2010. I find from clause 3.2.3 of Model Code of Conduct for listed companies under the PIT Regulations that the trading window is required to be closed *inter alia* at the time of declaration of financial results (quarterly, half-yearly and annually). Further, as per clause 3.2.4, the trading window is opened 24 hours *inter alia* after the financial results are made public. Also, as per clause 3.2.5, all directors/officers/designated employees of the company are required to conduct all their dealings in the securities of the Company only in a valid trading window and cannot deal in any transaction involving the purchase or sale of the company's securities during the periods when trading window is closed.
73. Further, in the extant case, since the Noticee, who was the then Managing Director of SHL, had purchased shares on February 05, 2010, hence, as per clause 4.2 of Model Code of Conduct, he could not have entered into a sale transaction for six months following February 05, 2010. Thus, the earliest the Noticee could have dealt in the shares of SHL after the declaration of March quarter financial results on May 29, 2010, was on August 06, 2010.
74. On August 06, 2010, SHL scrip opened at Rs. 15.90, reached a high of Rs. 15.90, reached a low of Rs. 14.75 and closed at Rs. 14.75. Further, 6,07,307 shares got traded on that day. Thus, I find that the Noticee has avoided a loss of atleast Rs. 1,53,900/- $\{ (45,000 * 19.32) - (45,000 * 15.90) \}$ by dealing in 45,000 SHL shares on May 24, 2010, while in possession of UPSI. This loss avoided is a part of approx. Rs. 2 crore loss avoided by the Noticee by entering into opposite transaction, within six months following the purchase transaction.
75. It is, however, not possible to exactly quantify the disproportionate gain or unfair advantage made by the Noticee as a result of violation of the provisions of Regulation 3(i) and Regulation 12(1) read with clauses 3.3.1 and 4.2 of Part A of Schedule I of PIT Regulations. Also from the material available on record, it may not be possible to ascertain the exact monetary loss to the investors on account of violation of the aforesaid provisions of the PIT Regulations by the Noticee.

76. I find that in addition to the aforesaid violations, the Noticee had also not made disclosure as required under Regulation 13(4) read with 13(5) of PIT Regulations with respect to the sale of 45,000 SHL shares on May 24, 2010. As regards the same, I find that penalty of Rs. 2,00,000/- was imposed on the Noticee vide Order dated January 18, 2013 through a separate adjudication proceeding conducted in the matter. The Noticee had filed an appeal before the Hon'ble SAT against the said Order. The Hon'ble SAT found no legal infirmity in the same, however, keeping in view the totality of the facts and circumstances of the case and submissions made at the Bar, had reduced the penalty amount to Rs. 1,00,000/-. Further, I find that in the present proceedings, the Noticee has repeatedly violated Clause 4.2 of the Code of Conduct prescribed under Part A of Schedule 1 under Regulation 12(1) of the PIT Regulations by placing 11 sell orders which resulted in 362 sell trades for 8,81,307 SHL shares on 7 trade days within six months following the purchase of 1,00,000 shares on February 05, 2010. Hence, the Noticee has violated Clause 4.2 of the Code of Conduct prescribed under Part A of Schedule 1 under Regulation 12(1) of the PIT Regulations.
77. The directors of a company are expected to act in the best interest of the company and its shareholders. On the contrary, the Noticee by resorting to insider trading and transacting in shares in violation of PIT Regulations, has betrayed the trust of the shareholders of SHL by placing his interest before the interest of the shareholders.
78. I also note that despite service of the SCN and hearing notices, the Noticee failed to submit any reply in the matter. In this context, I would like to rely upon the observations of the Hon'ble SAT, in the matter of **Classic Credit Ltd. vs. SEBI** (decided on December 08, 2006) wherein the Tribunal observed-
- "...the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show-cause notice were admitted by them".*
79. Further, in the matter of **Sanjay Kumar Tayal & Others v SEBI** (decided on February 11, 2014), the Hon'ble SAT observed as follows:
- "...appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges levelled against them in the show cause notices..."*

80. I find further that ***in the matter of Mr. Harish K Vaid Vs. SEBI, the Hon'ble SAT vide Order dated October 03, 2012*** has held as follows:

*"The purpose of insider trading regulations is to prohibit trading by which an insider gets advantage by virtue of his access to price sensitive information. **The quantum of trading done or the profits earned become immaterial.** The case of the appellant, who is a Company Secretary and a designated employee of the company, has to be viewed differently as compared to case of a person who is neither an employee of the company nor involved in its day to day affairs. When trading is done during the existence of UPSI, the presumption is that it is on the basis of UPSI."*

81. In the said case of *Mr. Harish K Vaid Vs. SEBI*, the profits booked out of the alleged trades were **Rs.2,216/- only**. In the matter, the Hon'ble SAT, I find, has further observed as follows:

*"It was then argued by the learned counsel for the appellants that keeping in view the quantum of shares purchased, the penalty imposed by the Board is excessive. The appellant has not derived any benefit as there was no sale of shares based on UPSI. The adjudicating officer, while imposing the penalty, although noted provisions of Section 15J of the Act regarding factors to be taken into account while adjudging the quantum of penalty, he has not applied them correctly to the facts of the case. We have given our thoughtful consideration to this aspect and are unable to accept the argument of the learned counsel for the appellant. **The evil of insider trading is well recognized. The purpose of the insider trading regulations is to prohibit trading to which an insider gets advantage by virtue of his access to price sensitive information. The appellant is the Company Secretary and Compliance Officer of the company who was involved in the finalization of quarterly financial results and was fully aware of the regulatory framework and code of conduct of the company. Under such circumstances, when there is a total prohibition on an insider to deal in the shares of the company while in possession of UPSI, the quantity of shares traded by him becomes immaterial.** Section 15G of the Act prescribes the penalty of twenty-five crore rupees or three times the amount of profit made out of the insider trading, whichever is higher. Section 15HB of the Act prescribes a penalty which may extend to one crore rupees. However, the adjudicating officer has imposed a penalty of Rs. 10 lacs only on each of the violators. In the facts and circumstances of the case, we are not inclined to interfere even with the quantum of penalty imposed."*

82. I find that the extant case stands on a similar footing whereby the Managing Director of the Company has admitted knowledge of UPSI, however, despite the same, has dealt with the

shares of SHL while in possession of UPSI. Though it has been claimed that the shares were sold by his broker by way of margin call and that he was not even informed about the trade until the broker had sold the shares in the market, the facts on record do not support the claim made by the Managing Director (the Noticee). Further, even otherwise, being the Managing Director of a listed company in possession of UPSI, the Noticee could not have kept MTM obligation outstanding in his account, when he had entered into an agreement with his broker giving the broker the right to sell securities without prior notice in case of non-payment of dues, to the extent of the ledger debit.

83. Besides, the conduct of the Noticee as brought out in the earlier paras of the Order indicates that the Noticee, despite being the then Managing Director of SHL, avoided a loss of approximately Rs. 2 crore by entering into eleven sale orders on seven trade days, which resulted in sell trades for 8,81,307 SHL shares within six months from his purchase transaction. Out of the seven trade days, on one trade day the Noticee dealt in shares while in possession of UPSI. Thus, on six trade days prior to acquiring knowledge of UPSI too, the Noticee had violated the provision of PIT Regulations which prohibited directors from entering into an opposite transaction following the prior transaction.
84. All of the above indicates that the trading of the Noticee in SHL shares, even otherwise, showed reckless disregard to the regulations framed by SEBI to prevent the misuse of insider information. Further, the Noticee also dealt in shares of SHL while in possession of UPSI. The fact that insider trading can cause significant harm to the fairness and efficiency of the securities markets is already a well known fact. However, even the perception that insider trading is prevalent can cause harm, as it undermines investor confidence in the fairness and integrity of the securities markets. Under the scenario, the quantum of trading done or the quantum of profits made or loss avoided becomes irrelevant, which has been held as such by the Hon'ble SAT as well. In the extant case, even going by Noticee's version to SEBI, I find that the Noticee has not provided any reasonable explanation as to why he continued maintaining MTM debit in his NSE F&O ledger, despite within knowledge of the fact that he was in possession of UPSI. The Noticee, I find, was also in know of the fact that he had entered into an agreement with his broker, whereby SHL securities given to the broker towards collateral could be sold by the broker without the Noticee's knowledge. The Noticee has neither replied to the show-cause notices issued to him, nor availed opportunities of personal hearing offered to him, hence, it has been presumed that the Noticee has admitted the charges leveled against him.

85. Thus, taking into account all of the above and the fact that insider trading is a serious offence, I am of the view that justice and fairness to investors cannot get underestimated.

ORDER

86. After taking into consideration all the facts and circumstances of the case, I impose the following penalties under Section 15G and 15HB of the SEBI Act, which will be commensurate with the violations committed by the Noticee:

Name of the Noticee	Provisions of PIT Regulations Violated	Penalty Section of SEBI Act	Penalty Amount (Rs.)
Mr. C.R.Rajesh Nair	Regulation 3(i)	15G	5,00,00,000/- (Rupees Five Crore only)
	Clause 3.3.1 of the Model Code of Conduct prescribed under Regulation 12(1)	15HB	8,00,000/- (Rupees Eight Lacs Only)
	Clause 4.2 of the Code of Conduct prescribed under Part A of Schedule 1 under Regulation 12(1)	15HB	1,00,00,000/- (Rupees One Crore only)

87. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, OR through e-payment facility into Bank Account the details of which are given below:

Account No. for remittance of penalties levied by Adjudication Officer	
Bank Name	State Bank of India
Branch	Bandra-Kurla Complex
RTGS Code	SBIN0004380
Beneficiary Name	SEBI – Penalties Remittable To Government of India
Beneficiary A/c No.	31465271959

88. The Noticee shall forward said Demand Draft or the details / confirmation of penalty so paid through e-payment to the Division Chief, Enforcement Department, SEBI. The Format for forwarding details / confirmations of e-payments made to SEBI shall be in the form as provided

at Annexure A of Press Release No. 131/2016 dated August 09, 2016 shown at the SEBI Website which is produced as under:

1. Case Name :	
2. Name of Payee:	
3. Date of payment:	
4. Amount Paid:	
5.Transaction No:	
6. Bank Details in which payment is made:	
7.Payment is made for: (like penalties/disgorgement/recovery/Settlement amount and legal charges along with order details):	

89. In terms of rule 6 of the Rules, copies of this order are sent to the Noticees and also to the Securities and Exchange Board of India.

Date: **June 16, 2017**

Place: **Mumbai**

Anita Kenkare
Adjudicating Officer