

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER NO. EAD-7/BJD/NJMR/2018-19/2422-2425

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

1. Mukeshsingh M Jagarval (PAN: APVPJ6362A) A-503, Gopinath Residency 5th Floor, Opp: OBC Bank New Naroda, Bapa Sitaram Chowk Ahmedabad – 382346.	2. Sweta Virendra Shah (PAN: BSLPS2003M) B-11, Krupa Apartment Behind Shefali Apartment Vasna, Ahmedabad – 380007.
3. Mittali Mukeshbhai Christachary (PAN: AXNPC1524F) 11, Shriman Apartment Opp: Muni Swimming Pool Patel Wadi, Khokhra Ahmedabad – 380008.	4. Snehlata Rajendraprasad Tiwari (PAN: AIFPT7789N) 20, Rajdeep Park Part 1 National Highway 8 Odhav, Ahmedabad – 382415.

In the matter of Kushal Tradelink Ltd.,

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') conducted an investigation in the scrip of Kushal Tradelink Ltd., (*hereinafter referred to as "**KTL**" / "**Company**"*) to ascertain any possible violation of the provisions of SEBI Act, 1992, SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 and/or SEBI (Prohibition of Insider Trading) Regulations, 2015 (*hereinafter referred to as "**PIT Regulations**"*) by certain connected entities during the period September 1, 2016 and December 30, 2016 (*hereinafter referred to as "**Investigation Period**"*). The shares of KTL are listed at The Bombay Stock Exchange (BSE).
2. During the investigation, it was inter-alia observed by SEBI that the Designated Employees of KTL viz., Mukeshsingh M Jagarval (*Noticee 1*), Sweta Virendra Shah (*Noticee 2*), Mittali Mukeshbhai Christachary (*Noticee 3*) and Snehlata

Rajendraprasad Tiwari (*Noticee 4*) entered into opposite transactions (*contra trade*) i.e., sell or buy shares of KTL during the six months period following the prior transaction. It was also observed that the Noticee 1 and 2 had traded in the scrip of KTL during the period when the trading window remained closed. Therefore, it is alleged that the Noticees by executing contra trades within six months of their prior transactions and the Noticee 1 and 2 by trading during the period when trading window remain closed had violated the provisions of Code of Conduct as prescribed under Regulation 9 (1) read with Schedule B of the SEBI (PIT) Regulations.

APPOINTMENT OF ADJUDICATING OFFICER

3. Pursuant to investigation, SEBI initiated Adjudication Proceedings against the Noticees and appointed the undersigned as the Adjudicating Officer vide Order dated January 10, 2019 under Section 19 of SEBI Act read with Sub-section (1) of Section 15-I of the SEBI Act, 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as "*Adjudication Rules*") to inquire into and adjudge under Section 15HB of the SEBI Act, for the alleged violation of the provisions of SEBI (PIT) Regulations by the Noticees.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. A common Show Cause Notice (hereinafter referred to as "SCN") bearing ref. no. EAD-7/BJD/NJMR/1953/2019 dated January 18, 2019 was issued to the Noticees under Rule 4 of SEBI Adjudication Rules to show cause as to why an inquiry be not held against them in terms of Rule 4 of the SEBI Adjudication Rules and penalty be not imposed under Section 15HB of the SEBI Act, 1992 (*as applicable*) for the violation alleged to have been committed by them. The SCN was delivered to the Noticees on January 22, 2019.
5. Vide letter dated January 30, 2019, the Noticee 2 submitted her reply. Vide email dated February 5, 2019, the Noticee 3 sought extension of 7 days to furnish her reply to the SCN, which was duly accorded and communicated to the Noticee vide email dated February 6, 2019 to submit her reply by February

14, 2019. I note that the Noticee 3 submitted her reply vide email dated February 12, 2019. The Noticee 3 and 1 vide email dated February 12, 2019 and February 15, 2019 submitted their respective replies to the charges alleged in the SCN.

6. The replies submitted by all the Noticees are summarized hereunder:

(i) Mukeshsingh M Jagarval

- (a) I wish to state that I was appointed in Accounts Department of the Company as collection boy and later was promoted to Asst., Accounts Officer.*
- (b) I had suffered loss for an amount of ₹ 1,23,715 while trading in the securities of the Company and clearly shows that I have no access to any price sensitive information that influence for trading in the securities.*
- (c) I would like to bring to your kind notice that I am a low salaried person and to strengthen my family financially, I regularly deal in securities of many companies and KTL was one of these companies, which is purely on the basis of trending information available in the market.*
- (d) In view of the above clarification and the circumstances, I request the Hon'ble Adjudicating Officer to consider the case and grant me relaxation from any penalty or fine because my family which is already disturbed due to losses from stock market.*

(ii) Sweta Virendra Shah

- (a) I am in receipt of the referred notice by speed post on January 23, 2019 and my submission to the said notice is as under:*
- (b) I have joined company in February 2016 and was made permanent from April 2017. During this period of February 2016 to March 2017, my scope of work was restricted to compliance of direct tax with regard to TDS compliance and indirect tax laws.*
- (c) During the course of my duties, I had no access to any financial data which can be considered as price sensitive.*
- (d) Further, total quantum of transaction executed by me is below threshold limit of ₹ 10.00 Lakh as prescribed under Code of Internal Procedures and Conduct for Prohibition of Insider Trading in dealing with the Securities of Kushal Limited, as adopted by company for designated*

employees and insiders pursuant to Regulation 9 (1) of the SEBI (Prohibition of Insider Trading) 2015.

- (e) Though I have been named as Designated Employee, the impugned transaction have been executed by me on belief that the volume is below the threshold limit of Code adopted by Company under SEBI (PIT) Regulation 2015, there is no violence of said Policy or Code Of Conduct as prescribed under SEBI (PIT) Regulation 2015.
- (f) As far as contra trade is concerned, I wish to submit that they have been made only with investment motive and not of speculation or regular trading motive. Here also, the total volume of transaction is below the threshold limit as prescribed under Code adopted by Company.
- (g) In view of the above and keeping the principle of mens rea (without any speculative intention) and also keeping in view the not so strong financial strength/ position of me and my family, I urged you to not to levy any penalty which will cause undue disturbance for my livelihood.
- (h) However, if found fit at your kind disposal, I put forward a request to dispose of my case by giving direction to contribute ₹ 2562.00 towards Investor Education Protection fund (IEPF) being profit earned by me.

(iii) Mittali Mukeshbhai Christachary

- (a) I was appointed as the Company Secretary & Compliance officer of Kushal Limited (formerly known as Kushal Tradelink Limited) w.e.f 16th January, 2015 and served on the position till 11/11/2017, being date of resignation. The appointment letter and resignation letter are enclosed herewith.
- (b) I have sold 500 shares on 18/10/2016, which is within 6 months since my previous purchase transaction. The Contract Note cum bills of the said transaction is enclosed herewith.
- (c) The contra trade which has otherwise resulted in the loss to me as mentioned in the table below, has been executed by me to meet some contingency need for the family and with no malafide intension at my end;

Sum of Gross buy	Sum of Gross Sell volume	Profit/Loss made
565	500	(5930)

(d) *I humbly wish to submit that:*

I have incurred loss due to the aforesaid contra transaction, which was executed by me as I was in urgent requirement of funds; Imposition of penalty of even one rupee will add to the loss I have made from the transaction.

The volume executed by me when compared to the total volume in the subject period is also very negligible

(e) *Considering the above bonafides, I humbly put forward my submission for your sympathetic and liberal stand and request for disposal of the matter without levying any penalty in view of the fact that my net worth is also not sound and any penalty if imposed will adversely impact the routine household expenses of my family. My family is financially dependent on me and imposition of penalty would increase my financial hardship.*

(f) *I once again request you to take a liberal view on the matter and consider my humble request for disposal and waiver of penalty.*

(iv) Snehlata Rajendraprasad Tiwari

(a) *I have received your letter no. EAD-7/BJD/NJMR/1953/2019 wherein you have shown that I had purchased or sold some shares of Kushal Tradelinks Ltd. In 2015 & 16 which was in violation of norms of SEBI.*

(b) *In general, I try to follow all rules and regulations to the best of my knowledge and ability. However, your letter suggests that I did some contra trade in 162/65 shares of the company and earned a profit of ₹ 348/- (Rupees Three Hundred and Forty Eight only). I wish to draw your kind attention that amount is so insignificant which does not establish my objective to make profit.*

(c) *I regret if I have done what was not supposed to be done and seek forgiveness.*

(d) *I sincerely request you to drop penalty proceedings. In future, I would be more vigilant.*

7. In the interest of natural justice and in terms of Rule 4 (3) of SEBI Adjudication Rules an opportunity of personal hearing was granted to the Noticees on March 1, 2019, which was communicated vide email dated February 18, 2019. I note

that the Noticees 1 and 2 vide their respective emails dated February 28, 2019 submitted that they do not wish to avail the opportunity of being heard on March 1, 2019 and requested to take into consideration the submissions made by them vide emails dated February 15, 2019 and January 30, 2019 respectively. The Noticee 3 appeared before me on March 1, 2019 and reiterated the submissions made by her vide email dated February 12, 2019. I note that the Noticee 4 did not attend the hearing.

CONSIDERATION OF ISSUES

8. I have taken into consideration the facts and material available on record. I observe that the allegation levelled against the Noticees is that they have violated the provisions of Regulation 9 (1) read with Schedule B of the SEBI (PIT) Regulations, 2015.

After perusal of the material available on record, I have the following issues for consideration, viz.,

- a. Whether the Noticees have violated the provisions of Regulation 9 (1) read with Schedule B of the SEBI (PIT) Regulations, 2015?*
- b. Does the violation, if any, attract monetary penalty under Section 15HB of SEBI Act.?*
- c. If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of SEBI Act?*

ISSUE-1: Whether the Noticees have violated the provisions of Regulation 9 (1) read with Schedule B of the SEBI (PIT) Regulations, 2015?

9. Before moving forward, it is pertinent to refer to the relevant provisions of SEBI (PIT) Regulations, 2015 alleged to have been violated by the Noticees, which reads as under:

Code of Conduct - Regulation 9 (1) of SEBI (PIT) Regulations:

The board of directors of every listed company and market intermediary shall formulate a code of conduct to regulate, monitor and report trading by its employees and other connected persons towards achieving compliance with these regulations, adopting the minimum standards set out in Schedule B to these regulations, without diluting the provisions of these regulations in any manner.

SCHEDULE B

[See sub-regulation (1) and sub-regulation (2) of regulation 9]

Minimum Standards for Code of Conduct to Regulate, Monitor and Report Trading by Insiders

- 1. The compliance officer shall report to the board of directors and in particular, shall provide reports to the Chairman of the Audit Committee, if any, or to the Chairman of the board of directors at such frequency as may be stipulated by the board of directors.*
- 2. All information shall be handled within the organisation on a need-to-know basis and no unpublished price sensitive information shall be communicated to any person except in furtherance of the insider's legitimate purposes, performance of duties or discharge of his legal obligations. The code of conduct shall contain norms for appropriate Chinese Walls procedures, and processes for permitting any designated person to "cross the wall".*
- 3. Employees and connected persons designated on the basis of their functional role ("designated persons") in the organisation shall be governed by an internal code of conduct governing dealing in securities. The board of directors shall in consultation with the compliance officer specify the designated persons to be covered by such code on the basis of their role and function in the organisation. Due regard shall be had to the access that such role and function would provide to unpublished price sensitive information in addition to seniority and professional designation.*
- 4. Designated persons may execute trades subject to compliance with these regulations. Towards this end, a notional trading window shall be used as an instrument of monitoring trading by the designated persons. The trading window shall be closed when the compliance officer determines that a designated person or class of designated persons can reasonably be expected to have possession of unpublished price sensitive information. Such closure shall be imposed in relation to such securities to which such unpublished price sensitive information relates.*

Designated persons and their immediate relatives shall not trade in securities when the trading window is closed.

- 5. The timing for re-opening of the trading window shall be determined by the compliance officer taking into account various factors including the unpublished price sensitive information in question becoming generally available and being capable of assimilation by the market, which in any event shall not be earlier than forty-eight hours after the information becomes generally available. The trading window shall also be applicable to any person having contractual or fiduciary relation with the company, such as auditors, accountancy firms, law firms, analysts, consultants etc., assisting or advising the company.*
- 6. When the trading window is open, trading by designated persons shall be subject to preclearance by the compliance officer, if the value of the proposed trades is above such thresholds as the board of directors may stipulate. No designated person shall apply for pre-clearance of any proposed trade if such designated person is in possession of unpublished price sensitive information even if the trading window is not closed.*
- 7. The compliance officer shall confidentially maintain a list of such securities as a "restricted list" which shall be used as the basis for approving or rejecting applications for preclearance of trades.*
- 8. Prior to approving any trades, the compliance officer shall be entitled to seek declarations to the effect that the applicant for pre-clearance is not in possession of any unpublished price sensitive information. He shall also have regard to whether any such declaration is reasonably capable of being rendered inaccurate.*
- 9. The code of conduct shall specify any reasonable timeframe, which in any event shall not be more than seven trading days, within which trades that have been pre-cleared have to be executed by the designated person, failing which fresh pre-clearance would be needed for the trades to be executed.*
- 10. The code of conduct shall specify the period, which in any event shall not be less than six months, within which a designated person who is permitted to trade shall not execute a contra trade. The compliance officer may be empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these regulations. Should a contra trade be executed, inadvertently or otherwise, in violation of such a restriction, the*

profits from such trade shall be liable to be disgorged for remittance to the Board for credit to the Investor Protection and Education Fund administered by the Board under the Act.

11. The code of conduct shall stipulate such formats as the board of directors deems necessary for making applications for pre-clearance, reporting of trades executed, reporting of decisions not to trade after securing pre-clearance, recording of reasons for such decisions and for reporting level of holdings in securities at such intervals as may be determined as being necessary to monitor compliance with these regulations.

12. Without prejudice to the power of the Board under the Act, the code of conduct shall stipulate the sanctions and disciplinary actions, including wage freeze, suspension etc., that may be imposed, by the persons required to formulate a code of conduct under sub-regulation (1) and sub-regulation (2) of regulation 9, for the contravention of the code of conduct.

13. The code of conduct shall specify that in case it is observed by the persons required to formulate a code of conduct under sub-regulation (1) and sub-regulation (2) of regulation 9, that there has been a violation of these regulations, they shall inform the Board promptly.

10. First, I would like to dwell upon the importance of Code of Conduct to be adopted by a Listed Company to prevent insider trading. The objective of framing a Model Code of Conduct under the SEBI (PIT) Regulations, 2015 is to prevent insider trading and prevent misuse of the price sensitive information which undermines the confidence of investors. I note that SEBI (PIT) Regulations specifically provide that every listed company should frame its own code of conduct for prevention of insider trading and adopt appropriate mechanisms and procedures to enforce the codes. Further, Model Code of Conduct also requires that a listed company should appoint a senior level employee as a Compliance Officer, who shall report to the Managing Director/ Chief Executive Officer, and who shall inter alia be responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of Price Sensitive Information and implementation of the code of conduct under the overall supervision of the Board of the listed company. Against this backdrop, I would like to record my findings hereunder:

11. I note that vide email dated June 3, 2018, KTL submitted a list of Designated Employees for the period January 2015 to December 2016 under SEBI (PIT) Regulations, to the Investigating Authority. I note from the list that the Noticees were notified by KTL as Designated Employees during the aforesaid period, the details of which are furnished hereunder:

Sl. No.	Name of the Designated Employee	Designation	Date of Appointment / Cessation / Change of Designation
1	CS Mittali Mukeshbhai Christachary	Company Secretary cum Compliance Officer	Appointed on 16.01.2015
2	CA Sweta Virendra Shah	Accounts Manager	Appointed on 01.02.2016
3	Snehlata Rajendra Tiwari	Accounts Officer	-
4	Mukesh Madansingh Jagarwal	Asst., Officer (Accounts)	-

12. I note that KTL vide communique dated October 18, 2016 and December 20, 2016 intimated BSE, of holding meetings of its Board of Directors on November 14, 2016 and January 5, 2017 respectively inter-alia to consider the following:

Agenda for Board meeting to be held on November 14, 2016

- (a) *To consider and approve the un-audited financial results (standalone & consolidated) for the quarter / six months ended September 30, 2016;*
- (b) *To consider and take on record the limited review report of the Statutory Auditors of the Company on the un-audited financial results (standalone & consolidated) for the quarter / six months ended September 30, 2016;*
- (c) *To consider and declare 3rd interim dividend on equity shares for the financial year 2016-17 and other ancillary business related to the same;*

Agenda for Board meeting to be held on January 5, 2017

- (a) *To consider and propose to amalgamate / merge M/s Ashapura Paper Mills Pvt., Ltd., M/s Kushal Infrastructure Pvt., Ltd., and M/s Kushal Wealth Pvt., Ltd., in M/s Kushal Tradelink Ltd.,*

13. On account of the Board meetings to be held on November 14, 2016 and January 5, 2017 to consider the agenda items as mentioned therein, KTL stated in the above communique to BSE that trading window shall remain closed from October 19, 2016 to November 16, 2016 and December 21, 2016 to January 7, 2017 respectively. KTL accordingly submitted that Promoters, Directors and Designated Employees have been advised not to deal in securities of the Company during the period when the trading window remain closed.

14. However, I note from the extracts of the trade log of KTL that the Noticees 1 and 2 traded in the scrip of KTL during the period when the trading window remained closed. The details of trades executed by the Noticees 1 and 2 are furnished hereunder:

Trading Window closure period - October 19, 2016 to November 16, 2016

Client Name	PAN	Buy Qty.	Buy Value (INR)	Sell Qty.	Sell Value (INR)	Gross Traded Qty.	Profit/ Loss in ₹	No of Trading days-Buy	No of Trading days-Sell
Mukeshsingh M Jagarval	APVPJ6362A	95	31810.00	98	32640.00	193	-169.00	2	2
Sweta Virendra Shah	BSLPS2003M	200	64488.50	0	0	200	0	1	0

Trading Window closure period - December 21, 2016 to January 07, 2017

Client Name	PAN	Buy Qty.	Buy Value (INR)	Sell Qty.	Sell Value (INR)	Gross Trade d Qty.	Profit/ Loss in ₹	No of Trading days-Buy	No of Trading days-Sell
Mukeshsingh M Jagarval	APVPJ6362A	1850	925053.00	1600	812566.30	3450	12520.00	5	5
Sweta Virendra Shah	BSLPS2003M	150	68700.00	0	0	150	0	1	0

15. I note from the above tables that the Noticee 1 had a gross traded volume of 193 and 3450 shares during the two trading window closure periods and the Noticee 2 had a gross traded volume of 200 and 150 shares during the two trading window closure periods. I also note from the reply submitted by KTL

vide email dated June 3, 2018 that no trading plan was submitted by the aforesaid Noticees while dealing in the shares of KTL.

16. I note that during the period when trading window remained closed, the designated employees were barred from trading during such period. However, the Noticees 1 and 2 without adhering to the code of conduct had executed trades in the scrip of KTL during such period. Therefore, I have no hesitation to hold that the Noticees 1 and 2 by trading in the shares of KTL when the trading window remained closed had violated the provisions of Regulation 9(1) read with Schedule B of the SEBI (PIT) Regulations, 2015.

17. Further, I note from the analysis of the trade details for the period April 1, 2015 to December 31, 2016 that all the Noticees had executed contra trades within 6 months of their prior transactions. The summary of contra trades executed by the Noticees are furnished hereunder.

Client PAN	Name	Sum of Gross Buy Volume	Sum of Gross Sell Volume	Profit Made ¹
APVPJ6362A	Mukeshsingh Madansingh Jagarval	48702	48170	-123715
AXNPC1524F	Mitali Mukeshbhai Christachary	565	500	-5930
BSLPS2003M	Shah Sweta Virendra	830	200	2562
AIFPT7789N	Snehlata Rajendraprasad Tiwari	162	65	348

¹Profit = Quantity sold * (Weighted average sell price – Weighted average buy price)

18. In terms of Regulation 9 (1) read with Schedule B of the SEBI (PIT) Regulations, 2015, Directors, Officers and Designated Employees Listed Companies who buy or sell any number of shares of its 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.. However, I note that the Noticees executed contra trades within six months of their prior transactions in the scrip of KTL. I note that the Noticees did not submit any trading plans while dealing in the shares of KTL during the period January 2015 and December 2016 as per the information submitted by KTL to the Investigating Authority vide email dated June 3, 2018.

19. Therefore, I hold that the Noticees by entering into an opposite transaction during the six months following the prior transaction had violated the provisions of Regulation 9(1) read with Schedule B of the SEBI (PIT) Regulations, 2015.
20. The Noticee 1 submitted that he suffered loss of ₹ 1,23,715 while trading in the securities of KTL, which corroborates the fact that he does not have access to any price sensitive information that influence for trading in the securities. I find no merit in the contention raised by the Noticee, since the Noticee is expected to abide by the Code of Conduct for prevention of insider trading, which is a regulatory requirement, in letter and spirit.
21. The contention of the Noticee 2 that the value of the trades executed during the closure of trading window and the contra-trades were below the threshold limit of ₹ 10 lakhs prescribed under code of conduct, is misconceived. I note that the threshold limit is applicable only for obtaining pre-clearance of the transactions exceeding threshold limit of ₹ 10 lakhs and that does not ipso facto cover the culpability of the Noticee's act of executing trades during the closure of trading window and taking opposite position within 6 months of previous transaction. Therefore, I find that the submissions made by the Noticees does not find any merit.
22. The Noticee 4 in her submission stated that by executing contra trades, she earned a profit of ₹ 348/- which was insignificant. While I agree with the submissions made by the Noticee, I cannot ignore the fact that the Noticee is required to abide by code of conduct prescribed for prevention of insider trading and any deviation from the established regulatory practices cannot be considered leniently. Therefore, I am not inclined to take into consideration the submissions made by the Noticee.
23. I note that the Noticee 3 was Company Secretary cum Compliance Officer during the period of inspection. I note that she was appointed as compliance officer on January 17, 2016. I note that it is the responsibility of the Compliance Officer to administer the code of conduct and monitor compliance with the SEBI (PIT) Regulations. The submissions made by the Noticee that she has incurred

loss by entering into contra trades does not find any merit as the Noticee being a Compliance Officer is expected to comply with the policies and procedures laid out in the code of conduct in totality. I note that the Noticee bought 500 shares on October 17, 2016 and sold the same quantity number of shares on October 18, 2016. From the timing of the trades, I note that the Noticee sold 500 shares on the date of communication sent to BSE i.e., October 18, 2016 to hold meeting of Board of Directors on November 14, 2016 and one day prior to closure of trading window i.e., October 19, 2016. I note that while Noticee had sent the communication to BSE on October 18, 2016 on behalf of KTL in the capacity of Compliance Officer, the Noticee on other hand sold the shares in personal capacity on the same day. Such pattern and timing of trades cannot be viewed independently as the same points at possible mis-use of position of compliance officer to take advantage of the information to which she was privy and which was not in public domain. I also note that the Noticee being a Company Secretary by profession and Compliance Officer in a listed company, had not adhered to the regulatory provisions, which cannot be overlooked just because loss was incurred by her. Therefore, I find no merit in the submissions made by the Noticee 3.

24. I note that for orderly conduct of securities market, it is of utmost importance that Promoters / Directors / Designated Employees of all listed companies and intermediaries should at all times strictly adhere to the statutory code on Insider Trading and any failures to adhere with any of the provisions of PIT regulations cannot be viewed leniently. This is necessary to ensure a sense of fair play amongst all the market participants and that there is no asymmetry of information. In the instant case, I find that the Noticees had failed to abide by the code of conduct prescribed for prevention of insider trading, by trading during the window closure period and by taking opposite position within 6 months from the earlier transaction. Therefore, I conclude that the Noticees violated the provisions of Regulation 9(1) read with Schedule B of the SEBI (PIT) Regulations, 2015

ISSUE – 2: Does the violation, if any, attract monetary penalty under Section 15HB of SEBI Act?

25. The Noticees being the Designated Employees of KTL had failed to discharge their duties as envisaged under the SEBI (PIT) Regulations by not complying with the Code of Conduct adopted by the Company for prevention of Insider Trading.
26. Therefore, since the alleged violation against the Noticees stands established, the Noticees are liable for monetary penalty under Section 15HB of SEBI Act. The provisions of Section 15HB of SEBI Act are reproduced hereunder.

Penalty for contravention where no separate penalty has been provided

Section 15HB of SEBI Act - *“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 shall not be less than one lakh rupees but which may extend to one crore rupees”.*

ISSUE – 3 - If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of SEBI Act?

27. While determining the quantum of monetary penalty under Section 15HB of SEBI Act, I have considered the factors stipulated in Section 15-J of SEBI Act, which reads as under:

Section 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.*

28. The material made available on record has not quantified the amount of disproportionate gain or unfair advantage made by the Noticee and the loss suffered by the investors as a result of the Noticee's default. There is also no material made available on record to assess the amount of loss caused to investors or the amount of disproportionate gain or unfair advantage made by the Noticee as a result of default. However, it is important to note that regulatory provisions for prevention of insider trading by way of code of conduct prescribed for Promoters / Directors / Designated Employees are intended to prevent possible abuse of unfair insider practices. Therefore, I am not inclined to view the lapse on the part of the Noticees leniently and consider it necessary to impose monetary penalty which would act as deterrent to the Noticees in future.

ORDER

29. Having considered all the facts and circumstances of the case, I, in exercise of the powers conferred upon me under Section 15I of the SEBI Act read with Rule 5 of the SEBI Adjudication Rules, hereby impose the following penalties on the Noticees under Section 15HB of the SEBI Act, for violation of the provisions of Regulation 9(1) read with Schedule B of the SEBI (PIT) Regulations, 2015

Noticee No.	Name of the Noticee	Penalty amount in ₹
1	Mukeshsingh M Jagarval	₹ 2,00,00/- (Rupees Two lakhs only)
2	Sweta Virendra Shah	₹ 2,00,00/- (Rupees Two lakhs only)
3	Mittali Mukeshbhai Christachary	₹ 1,00,000/- (Rupees One lakh only)
4	Snehlata Rajendraprasad Tiwari	₹ 1,00,000/- (Rupees One lakh only)

30. The said penalty imposed on the Noticees, as mentioned above, shall commensurate with the violation committed and acts as a deterrent factor for the Noticees and others in protecting the interest of investors.

31. The Noticees 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

32. The Noticee shall forward said Demand Draft or the details / confirmation of penalty so paid through e-payment to the General Manager, Enforcement Department-1, DRA-1, SEBI, in the format as given in table below

Case Name	
Name of Payee	
Date of payment	
Amount Paid	
Transaction No	
Bank Details in which payment is made	
Payment is made for	Penalty

33. In terms of rule 6 of the SEBI Adjudication Rules, copies of this order are sent to the Noticees and also to SEBI.

Date: 20 March 2019

Place: Mumbai

B J DILIP

Adjudicating Officer