

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

Under sections 11(1), 11(4) and 11B of the Securities and Exchange Board of India Act, 1992 and regulation 14 of the SEBI (Prohibition of Insider Trading) Regulations, 1992 read with regulations 10 and 12 of the SEBI (Prohibition of Insider Trading) Regulations, 2015.

In the matter of trading in the shares of Jagran Prakashan Limited.

In respect of -

1. Mr. Amit Jaiswal (PAN - AEQPJ6841J)
and
2. Ms. Mansi (PAN - AOHPM4432M).

1. Securities and Exchange Board of India (hereinafter also referred to as “SEBI”) conducted an investigation into the matter of trading activities of certain entities in the scrip of **Jagran Prakashan Limited** (“Jagran” or “the Company”) for the period **August 01, 2009 to October 31, 2009** (“the investigation period”) to ascertain whether there were any violation of the provisions of SEBI Act, 1992 and Rules and Regulations made thereunder. The investigation alleged that **Mr. Amit Jaiswal** and his wife, **Ms. Mansi**, had traded in the shares of the Company during the investigation period, while in possession of price sensitive information and allegedly made unlawful gains in the process. The relevant observations made during the investigation are summarized below:

(a) **Jagran**, a publishing company, was incorporated on July 18, 1975. The equity shares of the Company are listed on the Bombay Stock Exchange Limited (**BSE**) and the National Stock Exchange of India Limited (**NSE**).

(b) During the investigation period, the relevant Price Sensitive Information (“PSI”) pertaining to Jagran were the following :

1. **Declaration of interim dividend on October 27, 2009:**

- (i) The Board of Directors of Jagran, had on October 27, 2009, declared interim dividend of ₹2/- per share for the Financial Year (FY) 2009-2010. The chronology

of events leading to publication of interim dividend, as per the reply dated March 25, 2015 of the Company are as follows:-

Table I

S. No.	Date	Activity
1	Oct 14, 2009	Date when agenda proposing interim dividend of ₹2/- for FY 2009-10 was prepared.
2	Oct 15, 2009	Date when agenda proposing interim dividend of ₹2/- for FY 2009-10 was circulated to the Board of Jagran.
3	Oct 27, 2009	The date of Board meeting when the proposal of interim dividend was discussed and approved.
4	Oct 27, 2009 (i) At 13:43 in BSE and (ii) at 13:54 in NSE	Board of Directors declared interim dividend of ₹2/- per equity share for FY 2009-2010

- (ii) The Company, vide letter dated March 25, 2015 to SEBI, had informed that **Mr. Amit Jaiswal, its Company Secretary**, was involved in the preparation of the agenda proposing the interim dividend and in the circulation of the same i.e., in respect of activities mentioned at sr. nos. 1 and 2 in Table I above.
- (iii) On October 27, 2009, the Company made a press release regarding the declaration of interim dividend of ₹2/- per equity share and such announcement was made public at 13:43 hours at BSE and 13:54 hours at NSE.
- (iv) Till the proposal of interim dividend was made public on October 27, 2009 at 13:43 hours, the same was an unpublished Price Sensitive Information in terms of regulation 2(ha)(ii) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 (“the PIT Regulations”). Such information was an unpublished price sensitive information which originated on October 14, 2009 and remained so till October 27, 2009 13:43 hours i.e. from the date of preparation of the agenda for interim dividend till its disclosure to the stock exchanges.
- (v) As Mr. Amit Jaiswal was involved in the preparation and circulation of the agenda regarding the proposal of interim dividend, he was privy to the said Unpublished Price Sensitive Information (“**UPSI**”) between October 14 and October 27 (till 13:43 hours), 2009.
- (vi) The Company, vide its letter dated December 11, 2014, had stated that the trading window was closed during October 20-28, 2009.

2. Financial results for the quarter ended September 30, 2009:

- (i) The Company published its financial result for the quarter that ended on September 30, 2009 in the BSE on October 27, 2009 (at 14:07 hours) and in the NSE on October 28, 2009 (at 14:25 hours).
- (ii) The chronology of events leading to publication of financial results, as per the reply dated March 26, 2015, are as follows:

Table II

S.No.	Date	Activity
1	Oct 15, 2009	Date when the agenda of the financial results for September 2009 quarter was circulated to the Audit Committee and the Board of the Company
2	Oct 27, 2009	Date of meeting of Audit Committee and the Board when the financial results for September 2009 quarter were discussed
3	Oct 27, 2009	Date of approval of the financial results for September 2009 quarter by Audit Committee and the Board
4	Oct 27, 2009 14:07(BSE) Oct 28, 2009 14:25(NSE)	Press release of the Financial Results for September 2009 quarter

- (iii) Jagran, vide letter dated March 25, 2015, has informed that Mr. Amit Jaiswal was involved in activities at sr. nos. 1, 2 and 3 mentioned in Table II above.
- (iv) On October 27, 2009 press release by Jagran regarding announcement of September, 2009 quarterly results was made public at 14:07 hours at BSE and 14:25 hours at NSE. The Company, vide letter dated December 11, 2014, informed that the trading window was closed from October 20-28, 2009.
- (v) In terms of regulation 2(ha)(i) of the PIT Regulations, the 'periodical financial results of the company' are deemed to be price sensitive information. Therefore, Mr. Amit Jaiswal was privy to the UPSI (regarding the financial results of the Company for September 2009 quarter) between October 15, 2009 till October 27, 2009 (till 14:07 hours).

3. Decision of Kanchan to sell shares of Jagran through stock exchanges to raise approximately ₹40-42 crores:

- (i) The investigation noted that one Kanchan Properties Limited ("Kanchan") is an associate of the Company. Further, it is part of the 'Promoter and Promoter Group', as disclosed by Jagran to NSE vide letter dated July 02, 2009.

- (ii) The Board of Kanchan, on **September 01, 2009**, had decided to sell shares of Jagran in the open market through stock exchanges at prices ranging ₹105 – ₹115/-. The purpose was to raise approximately ₹40-42 crores. As per the letter dated March 03, 2015 of Kanchan, Mr. Amit Jaiswal had recorded the minutes of the Board Meeting mentioned above.
- (iii) Kanchan had instructed its stock broker, SPFL Securities Limited, to sell approximately 40 lakh shares over a period of 3-4 weeks.
- (iv) Such decision of sale of substantial quantity of shares by Promoter /Promoter Group entity could impact the share price of the company. It is therefore alleged that the decision of Kanchan to sell shares of Jagran is a PSI. As Mr. Amit Jaiswal was allegedly aware of Kanchan's decision to sell shares of Jagran to raise funds, he was in possession of the said PSI.
- (c) In view of the above facts and circumstances, Mr. Amit Jaiswal, being the Compliance Officer/Company Secretary during the relevant period, being connected with the Company and having access to UPSI in respect of the declaration of interim dividend, the financial results for quarter ended September 2009 and PSI in respect of proposed sale of shares of Jagran held by Kanchan, is alleged to be an "insider" in terms of regulation 2(e) of the PIT Regulations read with regulation 2(c) thereof. Further, Ms. Mansi, the wife of Mr. Amit Jaiswal could be regarded as a "person deemed to be a connected person" in terms of 2(h) of the PIT Regulations and an "insider" under regulation 2(e)(ii) of the PIT Regulations.
- (d) The investigations also noticed that Mr. Amit Jaiswal and his wife, Ms. Mansi had traded in the shares of the Company on the NSE during the UPSI period (i.e. *pertaining to the declaration of interim dividend by Board of Directors of Jagran and Announcement of Financial results for quarter ended September 2009*) :

Table III

Amit Jaiswal			Mansi		
Date	Total Buy Qty	Total Sell Qty	Date	Total Buy Qty	Total Sell Qty
14.10.2009	2,150	2,150	14.10.2009	29,685	29,685
16.10.2009	20,674	20,674	15.10.2009	47,830	47,830
23.10.2009	1,000	0	16.10.2009	1,68,586	1,68,586
26.10.2009	500	500	20.10.2009	6,783	6,783
27.10.2009	4,000	0	21.10.2009	1,12,973	1,12,973
			22.10.2009	2,500	0

- (g) It is noticed that high trading activity by Mr. Amit Jaiswal and Ms. Mansi (collectively referred as “**noticees**”) was observed only on 11 days (i.e. on September 10, 23, 24, 29 & 30, 2009 and October 09, 12, 14, 15, 16 & 21, 2009) when Kanchan had traded. The substantial percentage of matching of the buy trades of the noticees with the sell trades of Kanchan indicate that the noticees had utilized the information pertaining to the sell decision of Kanchan and made gains in the process, as discussed in the paragraph below. Therefore, the noticees, while in possession of PSI, had traded in the shares of the Company allegedly in violation of section 12A(d) and (e) of the SEBI Act and regulation 3 of the PIT Regulations and have allegedly committed the offence of “*insider trading*” in terms of regulation 4 of the PIT Regulations. The above manner of trading by the noticees is allegedly in violation of section 12A(a), (b) & (c) of the SEBI Act and regulations 3(a), (b), (c) & (d) and 4(1), 4(2) of the PFUTP Regulations, 2003.
- (h) Further, by trading in the ‘*trading window*’, Mr. Amit Jaiswal, being the employee (*Company Secretary*) of the Company has allegedly violated clause 3.2.2 and 3.2.5 of the Model Code of Conduct for Prevention of Insider Trading for listed companies specified under Schedule I under regulation 12(1) of the PIT Regulations. The investigation had also observed that Mr. Amit Jaiswal and Ms. Mansi breached clause 3.3.1 of the Model Code of Conduct as they failed to obtain pre-clearance for their trades above the minimum threshold limit of 10,000 shares. Mr. Amit Jaiswal had also allegedly breached clause 4.2 of the Model Code of Conduct as he had entered into an opposite transactions during three months following the previous transaction.
- (i) While allegedly indulging in insider trading, the noticees have made gains as mentioned in the following table:

Table V

Trades of Amit Jaiswal							
Date	Sell Qty	Avg Sell Price (in ₹)	Buy Qty	Avg Buy Price (in ₹)	Opening Price (in ₹)	Closing Price on 27.10.2009 (in ₹)	Gain (in ₹)
10.09.2009	1200	106.11	1000	105.10	103.00	115.40	1632
24.09.2009	1000	108.26	1000	106.99	105.00		1270
29.09.2009	11000	107.41	11000	105.14	106.20		24970
30.09.2009	4000	106.49	4000	105.05	104.45		5760
09.10.2009	4000	106.80	4000	105.05	107.10		7000
12.10.2009	2000	106.00	2000	105.05	104.8		1900
14.10.2009	2150	107.00	2150	106.24	107.85		1634

16.10.2009	20674	110.74	20674	109.77	110.00		20053
23.10.2009	0	NA	1000	113.64	106.00		1760
26.10.2009	500	120.00	500	115.50	115.00		2250
27.10.2009	0	NA	4000	118.86	119.35		NA
Total	46,524		51,324				68,229

Table VI

Trades of Mansi							
Date	Sell Qty	Avg Sell Price (in ₹)	Buy Qty	Avg Buy Price (in ₹)	Opening Price (in ₹)	Closing Price on 27.10.2009 (in ₹)	Gain (in ₹)
10.09.2009	2600	107.12	2300	105.19	103.00	115.40	5675
23.09.2009	1500	114.15	1300	108.05	103.00		10160
24.09.2009	1600	107.83	1600	106.99	105.00		1344
29.09.2009	19400	106.97	19400	105.06	106.20		37054
30.09.2009	6200	106.59	6200	105.24	104.45		8370
09.10.2009	35500	106.74	35500	105.26	107.10		52540
12.10.2009	16000	106.10	16000	105.05	104.8		16800
14.10.2009	29685	107.01	29685	106.00	107.85		29981.85
15.10.2009	47830	107.67	47830	106.43	106.80		59309.2
16.10.2009	168586	110.43	168586	109.53	110.00		151727.4
21.10.2009	112973	113.65	112973	112.23	113.70		160421.7
22.10.2009	0	NA	2500	115.27	111.75		325
23.10.2009	500	114.65	4500	116.12	106.00		NA
Total	442374		448374				533708

Note: Method adopted to compute unlawful gains under various scenarios is as detailed below:

1. When sell quantity equals buy quantity on the trading day. Accordingly, Profits made = (Avg Sell Price – Avg. Buy Price) X Trade qty
2. When Buy Quantity > Sell Quantity and the UPSI got published: Accordingly, Profits made = (Avg Sell Price – Avg. Buy Price) X Sell qty + Excess of Buy qty over sell qty X (Closing Price on day of UPSI become public– Avg Buy Price)
3. When Sell Quantity > Buy Quantity and the PSI did not get published: Accordingly, Profits made = Qty of shares sold X Avg sell price – qty of shares bought X Avg buy price + qty of excess shares X Opening price of shares on that day

2. The summary of gains made by the two noticees, as discussed above, is given in the following Table:

Table VII

Entity Name	PAN	Gain (Amount in ₹)	Interest 12% p.a.*	Total (Amount in ₹)
AMIT JAISWAL	AEQPJ6841J	68,229	49,914	1,18,143
MANSI	AOHPM4432M	5,33,708	3,89,154	9,22,862
Total		6,01,937	4,39,068	10,41,005

** Interest calculated on unlawful gains from 10/09/2009 till 10/11/2015

Alleged unlawful gains made during August – October 2009, the investigation period

From the above table, it can be observed that the above persons have made alleged unlawful gains to the tune of **₹10.41 lakh** in aggregate through trading in the scrip of Jagran.

3. With the initiation of investigation and quasi-judicial proceedings, it is possible that the noticees may divert the unlawful gains (*subject to the adjudication of the allegation on the merits in the final order*), which may result in defeating the effective implementation of the direction of disgorgement, if any to be passed after adjudication on merits. Non-interference by the Regulator at this stage would therefore result in irreparable injury to interests of the securities market and the investors. It therefore becomes necessary for SEBI to take urgent steps of impounding and retaining the proceeds (unlawful gains) allegedly made by Mr. Amit Jaiswal and Ms. Mansi, by way of an interim measure. Considering the facts and circumstances of the case, the balance of convenience lies in favour of SEBI.

4. Accordingly, as an interim measure, an ad-interim ex-parte Order for impounding such alleged gains under section 11(4)(d) of the Securities and Exchange Board of India Act, 1992 needs to be issued against –

S. No.	Name	Permanent Account Number
1.	Mr. Amit Jaiswal	AEQPJ6841J
2.	Ms. Mansi	AOHPM4432M

5. In view of the foregoing, in order to protect the interest and the integrity of the securities market, I, in exercise of the powers conferred upon me by virtue of section 19 read with sections 11(1), 11(4)(d) and 11B of the SEBI Act, 1992, hereby order to impound the alleged unlawful gains of a sum of **₹10,41,005/- (alleged gain of ₹6,01,937/- + interest of ₹4,39,068/- from 10/09/2009 to 10/11/2015)**, jointly and severally from Mr. Amit Jaiswal and Ms. Mansi, the persons tabulated in the paragraph above.

6. The Banks and Depositories are directed that no debits shall be made, without permission of SEBI, in respect of the bank accounts and demat accounts, held jointly or severally, by all the persons/entities tabulated in **paragraph 4** above. The Banks and the Depositories are directed to ensure that all the above directions are strictly enforced. However, credits, if any, into the accounts maybe allowed.

7. The persons/entities tabulated in **paragraph 4** above are also directed not to dispose off or alienate any of their assets/properties/securities, till such time the amounts mentioned in

paragraph 5 are credited to an escrow account {“**Escrow Account in Compliance with SEBI Order dated November 20, 2015 – A/c (in the name of the respective persons/entities)**”} created specifically for the purpose in a Nationalized Bank. The escrow account/s shall create a lien in favour of SEBI and the monies kept therein shall not be released without permission from SEBI. On production of proof by any of the persons, mentioned in **paragraph 4**, that the said money is deposited in the escrow account, SEBI shall communicate to the Banks and Depositories to defreeze the accounts.

8. Further, the persons/entities tabulated in **paragraph 4** above are directed to provide, within 7 days of this order, a full inventory of all their assets and properties and details of all their bank accounts, demat accounts and holdings of shares/securities, if held in physical form and details of companies in which they hold substantial or controlling interest.

9. The above directions shall come into force with immediate effect.

10. This Order is without prejudice to the right of SEBI to take any other action that may be initiated against the 2 persons/entities covered under this Order, in accordance with law. The persons/ entities against whom this Order has been passed may file their replies to SEBI within 21 days from the date of receipt of this order, if they so desire. They may also indicate in their replies whether they wish to avail an opportunity of personal hearing in the matter.

**PRASHANT SARAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA**

**Date: November 20, 2015
Place: Mumbai**