

**EFORE THE ADJUDICATING OFFICER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**

**[ADJUDICATION ORDER/SS/AS/2018-19/2355]**

**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:

**Competent Finman Pvt. Ltd. (PAN: AABCC4854G)**  
SCO 201-203, 3rd Floor,  
Sector 34-A, Sub City Centre,  
Chandigarh - 160022

**In the matter of Polo Hotels Limited**

1. SEBI had observed that the stock broker, Competent Finman Pvt. Ltd. (hereinafter referred as “the Noticee”) had acquired and sold/transferred shares of M/s Polo Hotels Limited, a company having its shares listed on BSE, through off-market and on-market transactions during the relevant period and had failed to make requisite disclosures under the SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as ‘the PIT Regulations’) and the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as ‘the SAST Regulations’) as shown in the following table:

Table 1

S.N.	Date of transaction	Transaction Type	Buy/Sell/Transfer	Quantity of Shares	Holding after transaction	Value of Shares (₹)*	Disclosure required under PIT	Disclosure required under SAST
1	01/07/2014	On Market	Buy	19,000	1,69,979 (2.01%)	9,69,950	-	-
2	02/07/2014	On Market	Buy	10,00,500	11,70,479 (13.87%)	5,24,26,200	13(1)	29(1)
3	07/07/2014	On Market	Buy	5,00,571	16,56,851 (19.63%)	2,59,79,635	13(3)	29(2)
4	22/07/2014	On Market	Sell	76,700	14,61,801 (17.32%)	39,80,730	13(3)	29(2)
5	07/08/2014	On Market	Sell	37,891	12,85,986 (15.23%)	22,96,195	13(3)	29(2)
6	26/08/2014	On Market	Sell	46,798	10,80,397 (12.80%)	31,40,146	13(3)	29(2)
7	05/11/2014	Off Market	Transfer (credit)	8,75,037	73,514 (0.55%)	3,70,14,065	13(3)	29(2)

**\*Value of shares calculated on the basis of closing price of the share of the company.**

2. During examination, vide letter dated June 01, 2015, the company had submitted that the Noticee is a stock broker and the transactions done by him, during the examination period was arising out of “Broker-Client” relationship among its clients. SEBI, however, noted that in respect of the aforesaid transactions, the Noticee had not made any disclosures to the company under regulations 13(1), 13(3) read with 13(5) of the PIT Regulations and to the company and BSE under regulations 29(1), 29(2) read with 29(3) of the SAST Regulations and decided on July 22, 2015 to initiate adjudication proceedings against the Noticee with regard to these alleged violations. For this purpose, Shri Suresh Gupta, Chief General Manager was appointed as Adjudicating Officer in the matter and subsequently, vide a *communication - order* dated June 25, 2018, undersigned was advised to inquire and adjudge under

Rule 5 of the SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 (Adjudication Rules) and section 15A (b) of the SEBI Act, the aforesaid alleged violations.

3. After receipt of records, the notice to show cause no. EAD/SS/AKS/30715/1-4/2018 dated November 02, 2018 ('the SCN') was issued to the Noticee in terms of Rule 4(1) of the Adjudication Rules read with section 15I of the SEBI Act. Vide letter dated November 16, 2018, the Noticee submitted its reply and stated as follows:

- (a) The Noticee had never invested/ traded in shares of the company. It has following demat accounts:

Table 2

DP ID	Client ID	Client Name	Purpose	DP Name
12047900	00016449	Competent Finman Pvt. Ltd.	Client Beneficiary A/c	Competent Finman Pvt. Ltd.
11000010	00015740		Early Pay-in A/c (BSE Ltd)	BOISL
12047900	00001951		CM-Pool (Corp.)(BSE Ltd)	Competent Finman Pvt. Ltd.
12047900	00001964		CM-Principal (Corp.)(BSE Ltd)	Competent Finman Pvt. Ltd.
IN301063	10055969		CM-Pool (Corp.)(BSE Ltd)	Integrated Master Securities Pvt. Ltd.

- (b) All shares mentioned in the SCN against it, were lying in it's above mentioned demat account and were its client's holdings in the company. It had never traded/ bought/ sold shares of the company in its proprietary account. The shares of the company were received in it's 'client beneficiary' and other mentioned demat accounts from it's clients for trading. The buying /selling was done through the reported registered unique client codes in BSE.
  - (c) All the transactions, on respective dates, were done by its clients and it had not bought/ sold any shares of the company ever. The transactions dated November 05, 2014 shown as off-market transactions in the said table were the remaining/ pending shares of client beneficiary ID 12047900000077707 of Mr. Abhey Ram Dahiya (6,90,719 shares) and client beneficiary ID 12047900000077652 of Mr. Amardeep Singh Dahiya (1,19,134 shares), which were transferred back into their respective accounts.
  - (d) Therefore, no such disclosures were required to be made by it under the PIT Regulations and the SAST Regulations.
4. After considering the replies of the Noticee in terms of rule 4(2) of the Adjudication Rules, it was deemed appropriate to seek further clarification from the concerned department in SEBI and Central Depository Services (India) Limited (CDSL) for the purpose of inquiry. The, CDSL, vide its e-mail dated February 25, 2019, confirmed that "*demat account 12047900000016449 is opened under the sub status 'Corporate CM/TM client account'. Corporate CM/TM client account is opened by stock broker for the purpose of*

*holding client securities. If the Demat account is opened under BO Sub Status – “Corporate Body Domestic”, then it is considered as Beneficiary Account”. The concerned department in SEBI has, on February 28, 2019, confirmed that the Noticee had traded in those shares on behalf of its clients and had not done any proprietary trade in the share of the company in its account.*

5. Rule 4(3) of the Adjudication Rules prescribes that if after considering the cause shown by the Noticee, the adjudicating officer is of the opinion that an inquiry should be held, he shall issue the notice for fixing the date of hearing. In this case, the Noticee has submitted its reply to the SCN and concerned department has now apparently confirmed the stand of the Noticee. Considering the facts and circumstances of this case and material brought on record, I am of the view that no prejudice will be caused to the Noticee if the opportunity of the personal hearing is not granted to the Noticee. I, therefore, deem this case fit for disposal on the basis of material available on record.
6. The Noticee, a stock broker, was, admittedly, acting as stock broker with respect to transactions as alleged in this case and had not acquired and sold/transferred shares of the company on its own account during the examination period. The shares in question were given to the Noticee by its clients in ordinary course of its business for trading on behalf of its clients and balance shares, after sale for clients, were returned by it to the respective clients. Admittedly, it was neither a ‘beneficiary owner’ of the shares transferred to /from it nor the ‘acquirer’ under the SAST Regulations. Thus, the Noticee was not liable to make disclosures as per the provisions of regulation 13(1) and 13(3) read with 13(5) of the PIT Regulations and regulation 29(1), 29(2) read with 29(3) of the SAST Regulations.
7. In view of the above admission/confirmation, the cause of present proceedings does not survive and hence dropped. The SCN is accordingly disposed of. In terms of Rule 6 of the Adjudication Rules, copies of this order are sent to the Noticee and also to SEBI.

**Date: March 05, 2019**  
**Place: Mumbai**

**Santosh Shukla**  
**Adjudicating Officer**