

**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. Mr. Kalpesh Mahendrabhai Patel (PAN: ADFPP0505K);
2. Ms. Binitaben Kalpesh Patel (PAN: AKVPP9777C )

**Address:** 202, Atlantic, IV, Near Natubhai Centre Race Course Circle, Vadodara, Gujarat – 390007

**In the matter of Kemrock Industries and Exports Limited**

---

**BACKGROUND**

1. Pursuant to an investigations into the dealing in shares of Kemrock Industries and Exports Limited (hereinafter, referred to as “**Kemrock / Company**”), Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) inter-alia observed the following:
2. **Alleged non-compliances by Mr. Kalpesh Mahendrabhai Patel**, Managing Director and Promoter of Kemrock on relevant date (hereinafter, also referred to as “**KMP**”)
  - a) Failure to make requisite disclosure upon change in shareholding during 24/08/2012 to 11/09/2012: KMP, being promoter and Managing Director of Company, failed to make requisite disclosures of change in holding pursuant to purchase / sale of shares of the company at Stock Exchanges viz, purchase of 10,448 shares at BSE and 13637 on NSE on 18/04/2012 and 25,820 shares on 07/08/2012, and sale of 20,134 shares during 24/08/2012 to 11/09/2012 and sale of 1,22,870 shares on 13/09/2012. Upon the aforesaid disclosure failures, KMP allegedly violated provisions of Regulations 13(4), 13(4A) read with 13(5) of SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter, referred to as “**PIT Regulations, 1992**”).
  - b) Failure to make disclosure of creation, invocation and closure of pledge on shares
    - i) Failure to make disclosure on creation of pledge: During April 2012 to December 2012, KMP, being promoter of the company, allegedly failed to make necessary disclosure pursuant to 29 instances of creation of pledge on his shares, and he made delayed disclosure pursuant to 27 instances of creation of pledge on his shares. Upon said failure, KMP allegedly violated the provisions of Regulations 31(1) read with 31(3) of SEBI(Substantial Acquisition of Shares and Takeover) Regulations, 2011 (hereinafter, read as “**SAST Regulations, 2011**”);

- ii) Failure to make disclosure on invocation and closure of pledge: During April 2012 to December 2012, KMP, being promoter of the company, allegedly failed to make necessary disclosures pursuant to 9 instances of invocation of pledge and 1 instance of closure of pledge, and also made delayed disclosure pursuant to 41 instances of invocation of pledge. Upon said failure, KMP allegedly violated the provisions of Regulations 31(2) read with 31(3) of SAST Regulations, 2011;
- c) Failure to comply with trading restrictions during the trading window closure period notified by Company: Company, on August 6, 2012 notified the closure of trading window during August 7-14, 2012. Despite trading restrictions in place during this period, KMP, being Managing Director of company, traded in shares of the company on August 7, 2012 wherein he bought 25,820 shares. Upon said act, KMP allegedly violated the provisions of Clause 3.2 of Part A of Schedule I prescribed under Regulation 12(1) read with Regulation 12(3) of PIT Regulations, 1992.
- d) Failure to obtain necessary pre-clearances for dealing in shares of company: KMP, being designated employee as the Managing Director of company, failed to obtain pre-clearances from the company for purchase of 28,030 shares and Sale of 1,43,004 shares of company at Stock Exchange during June 2012 to September 2012, as these dealing of KMP involved dealing significant quantity of shares exceeding the no. / value of shares specified in code of conduct for prevention of insider trading adopted by the company. Upon said act, KMP allegedly violated the provisions of Clause 3.3 of Part A of Schedule I prescribed under Regulation 12(1) read with Regulation 12(3) of PIT Regulations, 1992.
- e) Entering into restricted reversal of trades within six months: KMP, being designated employee as Managing Director of company, entered into reverse transactions within six month of purchase of shares, wherein it was noted that he bought total 28,030 shares of company at Stock Exchange during 15/06/2012 to 07/08/2012, and subsequently, he sold total 1,43,004 shares at Stock Exchange during 24/08/2012 to 13/09/2012. Upon aforementioned act, KMP allegedly violated the provisions of Clause 4.2 of Part A of Schedule I prescribed under Regulation 12(1) read with Regulation 12(3) of PIT Regulations, 1992;
- f) Dealing in shares of company while in possession of UPSI: As per investigations, Price sensitive information (PSI) related to June 2012 quarterly financial results of the company came into existence on July 10, 2012 (as per information provided by company, upto this date Collection of Data from Manufacturing Sites, Compilation of Data, Intimate to Auditors for initiating Audit Work and Auditors visit to company and submission of documents to Auditors was completed), and the same remained unpublished till publication of June 2012 quarter results by Company on 14/08/2012, 21:06 hrs to Stock Exchange (BSE). Said PSI allegedly remain unpublished during 10/07/2012 to 14/08/2012, hence, it is referred to as Unpublished Price Sensitive Information (UPSI) during such UPSI period viz, 10/07/2012 to 14/08/2012. It is alleged that KMP has dealt

in the shares of company on 07/08/2012 while in possession of said UPSI, wherein he bought total 25,820 shares at Stock Exchanges. Upon aforementioned act, KMP allegedly violated the provisions of Regulation 3(i) read with Regulation 4 of PIT Regulations, 1992.

3. **Alleged non-compliances by Ms. Binitaben Kalpesh Patel**, wife of KMP and promoter of the company (hereinafter, referred to as “BKP”)

a) Failure to make disclosure of creation and invocation of pledge on shares

i) Failure to make disclosure on creation of pledge: Being promoter of the company, BKP failed to make necessary disclosure to Stock Exchanges pursuant to 1 instance of creation of pledge on 16/08/2012. Upon aforesaid failure, BKP allegedly violated the provisions of Regulations 31(1) read with 31(3) of SAST Regulations, 2011;

ii) Failure to make disclosure on invocation and closure of pledge: Being promoter of the company, BKP failed to make necessary disclosure to Stock Exchanges pursuant to 1 instance of invocation of pledge on 17/08/2012, and 2 instances of closure of pledge on 20/09/2012. Upon aforesaid failure, BKP allegedly violated the provisions of Regulations 31(2) read with 31(3) of SAST Regulations, 2011.

b) Failure to obtain necessary pre-clearances for dealing in shares of company: Being wife of KMP, a designated employee (as Managing Director of company), BKP failed to obtain pre-clearances from the company for purchase of 16,948 shares on 27/07/2012 and 10,000 shares on 01/08/2012 as required under code of conduct for prevention of insider trading adopted by the company. Upon aforesaid failure, BKP allegedly violated the provisions of Clause 3.3 of Part A of Schedule I prescribed under Regulation 12(1) read with Regulation 12(3) of PIT Regulations, 1992;

c) Dealing in shares of company while in possession of UPSI: As per investigations, Price sensitive information (PSI) related to June 2012 quarterly financial results of the company came into existence on July 10, 2012 (as per information provided by company, upto this date Collection of Data from Manufacturing Sites, Compilation of Data, Intimate to Auditors for initiating Audit Work and Auditors visit to company and submission of documents to Auditors was completed), and the same remained unpublished till publication of June 2012 quarter results by Company on 14/08/2012, 21:06 hrs to Stock Exchange (BSE). Said PSI allegedly remain unpublished during 10/07/2012 to 14/08/2012, hence, it is referred to as Unpublished Price Sensitive Information (UPSI) during such UPSI period viz, 10/07/2012 to 14/08/2012. It is alleged that BKP, being an insider (wife of Managing Director of Company) has dealt in the shares of company during UPSI period while in possession of said UPSI, wherein she bought 16,948 shares on July 27, 2012 and 10,000 shares on August 01, 2012 at Stock Exchange. Upon aforementioned act, BKP

allegedly violated the provisions of Regulation 3(i) read with Regulation 4 of PIT Regulations, 1992.

4. Mr. Kalpesh Mahendrabhai Patel and Ms. Binitaben Kalpesh Patel, are referred individually by their **respective name / acronym** as mentioned above in the order. Further, hereinafter, they are jointly referred to as “**Noticees**”. In view of inter-alia the aforesaid alleged violations by Noticees, SEBI instituted present adjudication proceedings in respect of the Noticees.

#### **APPOINTMENT OF ADJUDICATING OFFICER**

5. Given the above, SEBI, under section 19 of the SEBI Act 1992 (hereinafter, referred to as “**SEBI Act**”) read with section 15-I(1) and 15-I(2) of the SEBI Act and Rule 3 of SEBI (Procedure for holding inquiry and imposing penalties by adjudicating officer) rules, 1995 (hereinafter, referred to as “**SEBI Adjudication Rules, 1995**”) appointed an Adjudicating Officer to inquire and adjudge into the alleged violations in respect of KMP and BMP under respective provisions as mentioned above, and if satisfied that Noticees have become liable for penalty, may impose such penalty as deem fit in terms of Rule 5 of the said SEBI Adjudication Rules, 1995 and under provisions of Section 15G, 15A(b) and 15HB of SEBI Act.
6. Consequent upon change in Adjudicating Officers, the instant matter was referred to the present Adjudicating Officer vide order / communique dated May 18, 2017, to inquire into and adjudge under the provisions as mentioned above.

#### **SHOW CAUSE NOTICE, WRITTEN SUBMISSIONS, PERSONAL HEARING**

7. Show Cause Notice dated August 24, 2017 issued to Noticees (hereinafter referred to as “**SCN**”) mentioned the allegations against them, and required Noticees to show cause as to why an inquiry should not be held and penalty not imposed against them under aforesaid provisions.
8. SCN was delivered to Noticees at their common address in Vadodara, Gujarat on September 5, 2017. Since no reply / response to SCN was received, a reminder dated November 10, 2017 was sent to the Noticees advising to submit their reply to SCN latest by November 22, 2018. Said reminder letter sent through Speed Post AD to the said common address of Noticees (where SCN was delivered earlier) return back undelivered with remark “*delivery attempted, unclaimed*”.
9. Meanwhile, details of alternate contact of Noticees were gathered, wherein it was noted that Noticees have given only one address (where SCN was delivered) in their various trading / demat account with Stock Brokers / DPs, while as regards to e-mail contact, alternate e-mail IDs of Noticees were taken note of.
10. Subsequently, vide notice dated March 8, 2018 sent to Noticees through Speed Post AD and e-mail, Noticees were provided opportunity of personal hearing on March 23, 2018 and also they were reminded to submit their reply to SCN latest before March 22, 2018. The said notice sent to

common address of Noticees in Vadodara, Gujarat through Speed post AD, remain undelivered with remarks “*delivery attempted, unclaimed*”. Scanned copy of the said notice was sent at e-mail IDs of noticees, wherein e-mail sent at IDs with domain kemrock.com remain undelivered and e-mail sent at other e-mail IDs were delivered.

11. It is noted that no reply to SCN and confirmation for availing the scheduled hearing on March 23, 2018 was received till March 20, 2018. Hence, vide 2<sup>nd</sup> notice of hearing dated March 20, 2018, final opportunity of hearing was provided on April 9, 2018, and Noticees were also advised to submit their reply to SCN on immediate basis. The said 2<sup>nd</sup> notice of hearing was affixed at the last known address of Noticees in Vadodara Gujarat on March 23, 2018. Further, the said 2<sup>nd</sup> notice of hearing was also sent through e-mail dated March 28, 2018.
12. On the scheduled date of hearing viz, April 9, 2018, an authorised representative (AR) appeared on behalf of Noticees. AR submitted separate written submissions on behalf of Noticees with respect to the common SCN issued to KMP and BKP. AR in his oral submissions, informed that due to the ongoing liquidation process of Kemrock, Noticees do not have access to relevant information / records of the company. During the hearing, AR requested for (a) copy of 2 SCNs dated August 24, 2017 viz, instant SCN issued to Noticees and another SCN issued to KMP & 4 other entities, and (b) Copy of e- mail dated March 17, 2015 from company to SEBI replying to queries about pre-clearances by Noticees. Copy of the said SCNs and e-mail was provided to the AR along with minutes of the hearing. AR sought time to make further submissions in the matter, and in this regard, Noticees were allowed to make further submissions to SCN, latest before April 27, 2018.
13. In the written submissions dated April 9, 2018 submitted on behalf of Noticees on the date of hearing, following key submissions were made:

13.1 Initial written submissions made on behalf of KMP:

*“Noticee specifically denies violation of the Regulations 31(1), 31(2) read with 31(3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. Clauses 3.2, 3.3, 4.2 of Part A of Schedule I prescribed under Regulation 12 (1) read with Regulations 12(3), Regulations 3(i) read with Regulation 4 and regulations 13 (4), 13(4A) read with 13 (5) of SEBI (Prohibition of Insider Trading Regulations), 1992 alleged in the notice under reply.*

*That the Noticee respectfully submits that the SCN under reply is vague, ambiguous and does not indicate contravention of Regulations under the Securities and Exchange Board of India Act, 1992 (in short 'SEBI Act, 1992'). The Noticee further submits that all information about creation, invocation, release of share and change of share pattern have been informed to the Company as well as Stock Exchange as per law.*

*It is respectfully submitted that the SCN has been issued for violation of Regulations alleged in 2012 after a considerable delay of five years. In the meantime the Company went in Liquidation vide order dated 4.5.2015 of the Hon'ble Gujarat High Court. The Noticee has no access to the records of the Company. The records on which SCN relies have also been not supplied to the Noticee. However, Noticee took some time and by his best efforts, he arranged Form A and Form D submitted to the Stock Exchange copy where are enclosed with this reply.*

*That it is respectfully submitted that that M/s Kemrock Industries and Exports Ltd., the Company whose one of the promoters Noticee is, under liquidation before the Hon'ble High Court of Gujarat vide Company Petition No. 83 of 2013. The Hon'ble High Court was pleased to appoint the Official Liquidator vide order dated 4.5.2015. It is submitted that the all the records of the Company is under the custody and control of learned Official Liquidator appointed by the Hon'ble High Court. The Noticee has no access of the records and control of the company.*

*That the noticee respectfully submits that vide para 4 of the SCN under reply, check period taken in SCN is from June 1, 2012 to September 30, 2012. However, the notice under reply dealt transactions and share pattern of the Company for all the four quarters of the year 2012 and even gone further. It is submitted that the entire allegation in the notice under reply is on assumption and presumption. There is nothing on record to suggest as to what was the actual act of the Noticee, in contravention of the specific Regulations and Practice punishable under Section 15A(b), 15G and ISHB of the SEBI Act, 1992.*

*That the Noticee respectfully submits that he has truly and correctly disclosed all the transactions of pledging, invocation, release and share pattern in all the four quarters of the year 2012 to the Company as well as to the Stock Exchange well within time as per the law. The Noticee disclosed all the pledged and Release of Shares in Annexure-A to the Exchange and Company on 21.4.2012, 8.5.2012, 15.6.2012, 25.6.2012, 6.8.2012, 18.9.2012 and on certain other dates which records are in the custody of Official Liquidator. As such there is no question of contravention of Regulation 31(1), 31(2) read with 31 (3) of the SEBI (Substantial Acquisition and Takeovers) Regulations, 2011 (in short 'Takeovers Regulations, 2015).*

*That the Noticee respectfully submits that he has done trading as per the Policy on Internal Procedure of the Company. All the trading by the Noticee was in consonance with the SEBI (Prohibition of Insider Trading) Regulations, 1992 (in short Trading Regulations, 1992). It is specifically submitted that, in the knowledge of the Noticee the trading was done within the specified period as per practice. The trading window was closed as per rules and pre-cleared the transaction at the prescribed procedure. The Noticee never misused his position of the Promoter/ Director of the Company in trading. It is further submitted that in order to maintain stock holding of requisite value vis a vis loan amount, transactions carried out, and shares were offloaded depending on the margin call requirement by various entities who had extended loan, if any was without the knowledge of the Noticee. Nothing was done for the personal profit of the Noticee. As such there is no question of contravention of Clause 3.2, 3.3. and 4.2 of Part- A of the Schedule I of the Rule 12 of Trading Regulations, 1992.*

*The Noticee submits that he has disclosed total number of shares, voting right and other particular to the Stock Exchange in Form D, whenever there was a slight change in the share pattern, much less a substantial change happened vide Form D dated 17.1.2012, 21.2.2012, 5.3.2012, 10.3.2012, 21.3.2012, 27.3.2012, 2.5.2012, 19.6.2012, 21.9.2012, and 5.10.2012 etc. Therefore no question at all arise for contravention of Regulation 13(4), 13(4A) read with 13(5) of the Trading Regulations, 1992.*

*That the Noticee respectfully submits that there was negligible increase of his shareholding in 2nd quarter i.e. 0.07%. In the 3rd quarter it was decreased to 9.73% and in 4th quarter it was 8.01%. The change of shareholdings was disclosed in Form-D to the Company in time and to the Exchange, however, there was a small delay which is not material.*

*That the Noticee respectfully submits that allegation with regard to transaction with Mr. Gantham Biswanath Baksbi is vague. There is no clarity who was supposed to disclose about the dealing by Mr. Baksbi. Mr. Baksbi was not a promoter nor a Director. This is in violation of Rule 4 (3) of SEBI (Procedure for Holding Inquiry & Imposing Penalties by AO) Rules, 1995. Rules provides that notice must specifically indicate the alleged contravention by the Noticee which was not complied with. It is further submitted that the concerned person in the company may have taken appropriate action at that point of time, but now Company is under liquidation, therefore the Noticee is unable to reply in more emphatic way.*

*That Noticee respectfully submits that SCN issued in violation of Section 11C of the Act. The Board has not done any investigation as provided in law. The Board had no reasonable ground to believe that the transactions in securities by the Noticee was detrimental to investors or market. There is no such allegation either in SCN or by any investors or from market. The SCN has been issued on 24.8.2017 in a calculated manner knowingly that the Company went in liquidation by the order of Hon'ble High Court of Gujarat on 4.5.2015 and the Noticee had no access to the records of the transaction in 2012. The records on which SCN relied on, have also not been supplied to the noticee.*

REPLY TO I. OBSERVATION DURING MARCH 2012 TO JUNE, 2012: The averments under reply in the above head are not true in the manner it has been stated. The observation made in last sub para that the Noticee failed to disclose purchase of 10,448 shares having value of Rs. 53,67,119/- on BSE and 13,637 shares having value of Rs. 69,99,304/- are not correct hence specifically denied. The averments made herein above are reiterated in reply to this para.

REPLY TO: II. OBSERVATION DURING JUNE 2012 TO SEPTEMBER, 2012: The averments made in para under reply in the above head are not true in the manner it has been stated. The Noticee specifically denies that there was a delayed disclosure by him about the off-market transfer of shares to Sh. Gautam Biswanath Bakshi and Comfort Fincap Ltd. Noticee respectfully submits that allegation is totally unfounded and misfire in the air. It is submitted that the allegation is about delayed disclosure of certain transaction, but SCN itself did not disclose when the transaction in question in para under reply was to be disclosed and when it was actually disclosed and the days of delay. The Noticee submits that there is no contravention of Regulation 13 (4A) of the Trading Regulations, 1992.

REPLY TO: OBSERVATION III. CHANGE DURING SEPTEMBER, 2012 TO DECEMBER, 2012: The averments under reply in the above head are not true in the manner it has been stated. The observation made in last sub para, that the in last quarter of 2012 there was a change of share pattern and the share of Noticee reduced. The Noticee did not disclose the Invocation of pledged shares and thereby contravened Regulation 31(2) of Takeovers Regulations, 2011 is not correct. The averments made herein above are reiterated in reply to this para.

REPLY TO: OBSERVATION IV. CHANGE DURING SEPTEMBER, 2012 TO DECEMBER, 2012: That the Noticee respectfully submits that there is no violation of the Regulations 31(1), 31(2) read with 31(3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. Clauses 3.2, 3.3, 4.2 of Part A of Schedule I prescribed under Regulation 12 (1) read with Regulations 12(3), Regulations 3(i) read with Regulation 4 and regulations 13 (4), 13(4A) read with 13 (5) of SEBI (Prohibition of Insider Trading Regulations), 1992. Therefore no question of imposing penalty as alleged in terms of Section 15A(b), 15G and 15HB of the SEBI Act, 1992.

In reply to para 14, 15, 16, 17 and 18 it is submitted that the Noticee did not contravene any provisions of Jaw as alleged in the SCN. It is submitted that there is no disproportionate gain, unfair advantage to the Noticee. Therefore, the Show Cause of the Noticee to the aforesaid allegation may kindly be accepted and adjudication proceeding be dropped. It is further submitted that, in case, show cause tendered by the Noticee is not found to the satisfaction of your goodself, the Noticee may kindly be given opportunity of hearing in the matter after supply all the records.”

### 13.2 Initial written submissions made on behalf of BKP:

“That it is respectfully submitted that Noticee has a minimal share in the Company i.e. 0.530/o which was reduced to 0.52% in 2nd and 3rd quarter. Therefore at the most the transaction during the entire year till the entire year was 0.01/o which is minimal and can be said negligible.

That it is respectfully submitted that that M/s Kemrock Industries and Exports Ltd., the Company whose one of the promoters Noticee is, under liquidation before the Hon'ble High Court of Gujrat vide Company Petition No. 83 of 2013. The Hon'ble High Court was pleased to appoint the Official Liquidator vide order dated 4.5.2015. It is submitted that the all the records of the Company is under the custody and control of learned Official Liquidator appointed by the Hon'ble High Court. The Noticee has no access of the records and control of the company.

That the Noticee specifically denies violation of the Regulations 31(1), 31(2) read with 31(3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 Clauses 3.3, 4.2 of Part A of Schedule I prescribed under Regulation 12 (1) read with Regulations 12(3), Regulations 3(i) read with Regulation 4 of SEBI (Prohibition of Insider Trading Regulations), 1992 alleged in the notice under reply.

That the Noticee respectfully submits that the SCN under reply is vague, ambiguous and does not indicate contravention of Regulations under the Securities and Exchange Board of India Act, 1992 (in short 'SEBI Act, 1992'). The Noticee further submits that all information about creation, invocation, release of share and change of share pattern have been informed to the Company as well as Stock Exchange as per law.

*That the notice respectfully submits that vide para 4 of the SCN under reply, check period taken in SCN is from June 1 2012 to September 30, 2012. However, the notice under reply dealt transactions and share pattern of the Company for all the four quarters of the year 2012 and even gone further. It is submitted that the entire allegation in the notice under reply is on assumption and presumption based on the email dated February 25, 2015 of the Stock Exchange. There is nothing on record to suggest as to what was the actual act of the Noticee, which was considered in contravention of the specific Regulations and Practice punishable under Section 15A(b), 15G and 15HB of the SEBI Act, 1992.*

*That the Noticee respectfully submits that she has truly and correctly disclosed all the transactions of pledging, invocation, release and share pattern in all the four quarters of the year 2012 to the Company which has been admitted in the SCN vide 2nd paragraph of page 5 of the SCN but it alleged not disclosed to the Exchange which is not correct.*

*That the Noticee respectfully submits that she has done trading as per the policy on Internal Procedure of the Company. All the trading by the Noticee was in consonance with the SEBI (Prohibition of Insider Trading) Regulations, 1992 (in short Trading Regulations, 1992). It is specifically submitted that, in the knowledge of the Noticee the trading was done within the specified period as per practice. The trading window was closed as per rules and pre-cleared the transaction at the prescribed procedure. The Noticee never misused her position of the Promoter/Director of the Company in trading. It is further submitted that in order to maintain stock's holding of requisite value vis a vis loan amount transactions carried out, and shares were offloaded depending on the margin call requirement by various entities who had extended loan, if any was without the knowledge of the Noticee. Nothing was done for the personal profit of the Noticee. As such there is no question of contravention of Clause 3.2, 3.3. and 4 of Part- A of the Schedule I of the Rule 12 of Trading Regulations, 1992.*

*That Noticee respectfully submits that SCN issued in violation of Section 11C of the Act. The Board has not done any investigation as provided in law. The Board had no reasonable ground to believe that the transactions in securities by the Noticee were detrimental to investors or market. There is no such allegation either in SCN or by any investors or from market. The SCN has been issued on 24.8.2017 in a calculated manner knowingly that the Company went in liquidation by the order of Hon'ble High Court of Gujarat on 4.5.2015 and the Noticee had no access to the records of the transaction in 2012. The records on which SCN relied on, have also not been supplied to the noticee.*

#### PARAWISE REPLY

*The averments made in para 1 2 and 3 of the SCN are matter of record need no comment, except the contravention of SEBI Regulations as alleged in the column in para 2, which is not correct hence vehemently denied.*

*The averments made in para 4 of SCN are not true in the manner it is has been stated therein.*

REPLY TO I. OBSERVATION DURING MARCH 2012 TO JUNE, 2012: *The averments under reply in the above head are not related to the Noticee thus need no comment.*

REPLY TO: II. OBSERVATION DURING JUNE 2012 TO SEPTEMBER, 2012 AND PARAGRAPH 5: *The averments made in para under reply in the above head are not true in the manner it has been stated. It is submitted that Noticee has a minimal share in the Company i.e. 0.53% which was reduced to 0.52% in 2nd and 3rd quarter. Therefore at the most the transaction during the entire year was 0.01% which is minimal and can be said negligible. It is relevant to note that Noticee was not involved in Company operation and the concerned officials were required to fulfil the requirement. That the Noticee respectfully submits that she has truly and correctly disclosed all the transactions of pledging, invocation, release and share pattern in all the four quarters of the year 2012 to the Company which has been admitted in the SCN vide 2nd paragraph of page 5 of the SCN but it alleged not disclosed to the Exchange which is not correct.*

REPLY TO: OBSERVATION III. CHANGE DURING SEPTEMBER, 2012 TO DECEMBER, 2012: *The averments under reply in the above head are not related to the Noticee, hence need no comment.*

REPLY TO: OBSERVATION IV. CHANGE DURING SEPTEMBER, 2012 TO DECEMBER, 2012: *The averments made in para under reply in the above head are not related to the Noticee, hence need no comment*

*In reply to the para 6, 7, 8, 9, 10 and 11 it is submitted that only such information, which, if published, is likely to materially affect the price of the securities of the company can be treated as price sensitive information. A combined reading*



*of Regulations 2(ha) and 2(k) of the Trading Regulations, 1992 indicate that UPSI must be information which can affect the price of the securities of a company and which may be published by that company alone. This is not the case in hand. It is submitted that the Noticee has not traded while trading window was closed and without pre-clearance. Therefore provisions of "Regulation 12 (1) read with 3 (1) and 4 of Trading Regulation, 1992 do not attract.*

*In reply to paragraph 12 of SCN it is submitted that findings and contravention of the law in tabular form is denied and the averments made hereinabove are reiterated.*

*That the Noticee respectfully submits that there is no violation of the Regulations 31(1), 31(2) read with 31(3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 Clauses 3.3, of Part A of Schedule I prescribed under Regulation 12 (1) read with Regulations 12(3), Regulations 3(i) read with Regulation 4 of SEBI (Prohibition of Insider Trading Regulations), 1992. Therefore no question of imposing penalty as alleged in SCN.*

*In reply to para 14, 15, 16, 17 and 18 it is submitted that the Noticee did not contravene any provisions of law as alleged in the SCN. It is submitted that there is no disproportionate gain, unfair advantage to the Noticee. Therefore, the Show Cause of the Noticee to the aforesaid allegation may kindly be accepted and adjudication proceedings be dropped. It is further submitted that, in case, show cause tendered by the Noticee is not found to the satisfaction of your goodself, the Noticee may kindly be given opportunity of hearing in the matter after supplying entire documents.*

14. Subsequent to the hearing, Noticees vide letter dated April 27, 2018 submitted following written submissions through their authorised representative:

*"That the Show Cause Notices alongwith documents were never submitted earlier. On 9.4.2018, certain documents along with two show cause notices handed over to the AR of the noticees. The show cause notices and scattered documents are completely mess. After reading the notices nothing can be understood as to what actual offence / violations of law the notices were charged with. This notices cannot be said to have given actual notice of violations to the noticees. It is further submitted that AR of the noticees was not explained about the offences against the noticees.*

*It is submitted that the AR of the Noticee had filed copy of the Order passed by the Hon'ble Gujarat High Court whereby the Court in exercise of the power under Section 454 of the Companies Act, 1956 appointed Official Liquidator vide order 5.8.2014. The AR has also submitted a copy of Media Release of Reliance Industries Ltd. indicating acquisition of Assets of Kemrock Industries. It was demonstrated on record that the noticees had no access to the records and the officials who dealt the matter in 2012. Therefore the noticees had no option but to reply on the basis of scattered records handed over to the AR of noticees.*

*It is submitted that in Compliance of the Regulation 13 (4A) and (6) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Regulation 31 (1), 31(2) read with 31 (3) of the SEBI (Substantial Acquisition and Takeovers) Regulations, 2011, Form D and Form A of the relevant period had been submitted on 9.4.2018.*

*It is submitted that in para 9 of the SCN notice it was alleged that Company vide email dated 17.3.2015 confirmed that both the noticees had not taken pre-clearance. This fact is incorrect on the face of record. Vide email dated 17.3.2015, the Company had not confirmed this fact at least for Kalpesh Patel. To the contrary, email dated 17.3.2015 confirmed that Binitaben Patel disclosed the transactions to Exchange in consonance with provisions of SEBI Insider Trading Regulations. Copy of the email dated 17.3.2015 is enclosed as Enclosure -3.*

*It is submitted that there is nothing on record to remotely suggesting that noticees had violated Regulation 12 (1) or 12 (3) and Schedule 1 of Part A of SEBI (Prohibition of Insider Trading), Regulation 1992. It is submitted that In Compliance of Rule 12 (1), Code of Internal Procedure and Conduct was framed and the same was literally followed. The compliance officer was appointed and made responsible for SEBI Compliance. As per the knowledge of the noticees no transactions were made by them without pre-clearances or exemption/relaxation wherever it was required. As of now the noticees have neither access to the record of the Company nor the Compliance Officer, as they have requested the OL to provide copy of the pre-clearances and exemption granted to them by the Compliance Officer during all four quarters of 2012. A copy of the Code of Conduct for Prevention of Insider Trading and letter to OL requesting copy of the Pre-Clearances and Exemption granted to them under the Code are enclosed as Enclosure-1 and 4.*

*It is submitted that the initiation of Adjudication Proceeding is clear abuse or process of law. Vide proceeding of the Whole Time Member Appointing Adjudication Officer dated 7.1.2016, learned Member was not sure as to which of the entities in the Scrip of Kemrock Industries & Exports Ltd. fall into the possible violation of the provisions of SEBI Act, 1992. There is nothing in the proceeding which led satisfaction of the Whole Time Member that there are sufficient ground to inquire into. The allegation is of two quarter in the year 2012. Adjudicating officer was appointed in the year 2016 knowingly that, now noticees had no access to the records and officials of the Company as OL was appointed by the Hon'ble High Court on 5.8.2014. Show Cause Notice was issued on 24.8.2017. Nowhere it has been indicated what benefit the noticees acquired by violating the Regulations under the SEBI Act. It is submitted that the Noticees would like to draw attention of your goodself to para 8, 10, 11 and 17 of the Ruling of Hon'ble Supreme Court reported in (1969) 2 SCC 627 wherein the Hon'ble Court has held that "An order imposing penalty for failure to carry out a statutory obligation is the result of quasi-criminal proceeding and penalty will not ordinarily be imposed unless the party obliged either acted deliberately in defiance of law or acted in conscious disregard of its obligation. Penalty will not also be imposed merely it is lawful to do so".*

*It is submitted that the noticees are old couple. No wrong was committed by them to acquire benefit out of the wrong alleged to have been committed. Mr. Kalpesh Patel is suffering from heart disease. As such I may request your Goodself may kindly take a lenient view and drop the proceeding in the interest of justice. It is therefore requested that the Noticees may kindly be given an opportunity of personal hearing at any convenient date suitable to your goodself so that their defence may be explained to your goodself."*

15. Noticees, in replies filed through their AR contended that the SCN issued to the Noticees was vague and unclear. In this regard, vide reply dated April 27, 2018, Noticees inter-alia submitted that *"That the Show Cause Notices alongwith documents were never submitted earlier. On 9.4.2018, certain documents along with two show cause notices handed over to the AR of the noticees. The show cause notices and scattered documents are completely mess. After reading the notices nothing can be understood as to what actual offence /violations of law the notices were charged with. This notices cannot be said to have given actual notice of violations to the noticees. It is further submitted that AR of the noticees was not explained about the offences against the noticees".* Giving regard to the above contentions of the Noticees, a supplementary clarificatory notice dated June 12, 2018 (hereinafter, referred to as **"supplementary notice"**) was issued to Noticees and sent through e-mail dated June 12, 2018 to Noticees and their AR. The aforesaid supplementary Notice was self-contained providing all the details of alleged violations against the Noticee, and also included additional information and documents which could not be provided to the Noticees in the earlier SCN, details are as follows:
  - a) For each of the Noticee, information about nature of each of the alleged violation, respective provision of law violated, and penal provision applicable for each of the alleged violation;
  - b) Information about the allegations of dealing by KMP/BKP based on unpublished Price sensitive information.
  - c) Details of relied upon documents provided in the original SCN with relevant narration to it, and also details of additional relied upon documents which could not be provided in original SCN with narration to it and copies of the same.

Given the clarifications and complete information provided as above, Noticees were advised to submit their additional submissions, if any, latest by June 25, 2018 and also opportunity of hearing was also provided on June 25, 2018.

16. AR of the Noticees, vide e-mail dated June 20, 2018 confirmed his presence for the hearing scheduled on June 25, 2018. In the hearing, AR of the Noticees written submissions of the Noticees dated June 25, 2018, and following are the key submissions from the same:

*"That the Clarification Notice is a fresh show cause notice without having any authority of law in the garb of clarification. The Clarification subsequent to Show Cause Notice dated 24.8.2018 after submission of show cause by the noticee is nonest in the eyes of law. Therefore, noticees are not making any submission on merit.*

*That the Constitution Bench of Hon'ble Supreme of India in the Ruling reported in (1978) 1SC 405; Mohinder Singh Gill & Another Vs. The Chief Election Commissioner, New Delhi, held that statutory functionary is not permitted to change stand by making subsequent clarification. The relevant paragraph of the said ruling is quoted as under:*

*"8. The second equally relevant matter is that when a statutory functionary makes an order based on certain grounds, its validity must be judged by a reasons so mentioned and cannot be supplemented by fresh reasons in the shape of affidavit or otherwise." Otherwise, an order bad in the beginning may, by the time it comes to Court on account of a challenge, get validated by additional grounds later brought out. We may here draw attention to the observation of Bose, J. In Gordhandas Bhanji (AIR 1952 SC 16):*

*Public order, publicly made, in exercise of a statutory authority cannot be construed in the light of explanation subsequently given by the officer making the order of what he meant, or of what was in his mind, or what he intended to do. Public orders made by public authorities are meant to have public effect and are intended to affect the actions and conduct of those whom they are addressed and must be construed objectively with reference to the language used in the order itself.*

*Orders are not like old wine becoming better as they grow older."*

*That the Noticees stand with their stands taken in the show cause submitted on 9.4.2017 and 27.4.2018. The SCN was vague, ambiguous and does not indicate contravention of Regulations under the SEBI Act. The above submissions of Noticees have been admitted by issuance of present clarification notice in question. In this regard, the Noticees crave leave to your Goodself to rely on the principle laid down by the Hon'ble Supreme Court in the authoritative decision recently reported in (2014) 9 SCC 105; Gorkha Security Services Vs. Govt. (NCT of Delhi) and others. The relevant part of the ruling is quoted as under:*

*"21. The central issue, however, pertains to the requirement of stating - the action which is proposed to be taken. The fundamental purpose behind the serving of show-cause notice is to make the noticee understand the precise case set up against him which he has to meet. This would require the statement of imputations detailing out the alleged breaches and defaults he has committed, so that he gets an opportunity to rebut the same. Another requirement, according to us, is the nature of action which is proposed to be taken for such a breach. That should also be stated so that the noticee is able to point out that proposed action is not warranted in the given case, even if the defaults/breaches complained of are not satisfactorily explained."*

*That Noticees respectfully submit that both the aforesaid ruling squarely applicable in the case in hand. The present proceedings against the Noticees deserve to be dropped in the facts and circumstances of the case and in the interest of justice.*

*That the averments made in paragraph 2 are formal in nature except the alleged violation of regulation which has been adequately replied earlier and the same are reiterated. It is submitted that the Noticees have not violated any regulations.*

*That in reply to paragraph 3 and 4 it is reiterated that the SCN notice is vague, ambiguous and does not indicate contravention of any Regulations under SEBI Act. It is submitted that the SCN and Clarification Notice is a case of clear misuse and abuse of power. The allegations and finding in the SCN is without any investigation and reason to believe. The SCN are contrary to Section 11C(1) of the SEBI Act, 1992 and Rule 3 of the Adjudication Rules, 1995. Vide Proceedings of the Whole Time Member Appointing Adjudicating Officer dated 7th January, 2016, without recording any ground of satisfaction appointed Adjudicating Officer. There is no report of Investigating Authority on record in Compliance of Section 11C(1) of the Act.*

*That the averments made in paragraph 5 are wrong, erroneous, mischievous hence vehemently denied. It is submitted that vide paragraph 4 of the SCN dated 24.8.2017, it records that investigation was done for the period from 16.2012 to 30.9.2012. In the Clarification Notice in question the investigation period is extended from 16.2012 to December, 2012. As a matter of fact, there was no investigation. The violation alleged are completely on the assumption in a very calculated manner knowingly that the Company went in liquidation. The records of case and the Compliance Officer under the Code of Conduct for prevention of insider trading was not in the control of the Noticees. This is a new case after receiving show cause notice on 9.4.2018 and 27.4.2018 wherein objection in this regard was raised. Therefore, the findings and allegation in question may not be looked into. Particularly point 4 of the findings and allegations against BKP is not attracted at all. During all four quarters of the year 2012 there was decrease of 0.1% share on account of BKP. Vide para 6 of the SCN there was no allegation that BKP did transaction during UPSI period.*

*It is further submitted that vide letter dated 20.1.2014, the Company Secretary informed the Board that the Internal Procedure and Conduct and Code of Corporate Disclosure of the Company was in accordance with SEBI (PIT) Regulations, 1992. It was informed that there was no off-market transactions of the promoters/ managerial personnel/ employees of the Company during the period from June 1, 2012 to August 31, 2012. Further vide email dated 17.3.2015 Company informed to the Board that purchase transaction of 13448 shares of Kemrock by BKP on 27.7.2012 was disclosed to Stock Exchange on 18.2.2012 in consonance with the provisions of the SEBI Insider Trading Regulations. Pre-clearance was not required as it was not within UPSI i.e. 7.8.2012 to 15.8.2012 when trading window was closed vide mail of the Company dated 6.8.2012. Vide mail dated 17.3.2015, the Company did not name KMP but the SCN in para 9 wrongly stated "Company vide its e-mail dated March 17, 2015 had confirmed that no pre-clearance was obtained by BKP or KMP". This is wrong on the face of record. It is submitted that the transactions by the Noticees are in consonance with the Regulations under SEBI Act. There is no allegation that the transactions by the Noticees at the Stock Exchange in any way harmful to the interest of investors and unfair trade practice. Subject to above, the Noticees are free to deal with the securities belonging to them. The statutory authority cannot be allowed to restrain the noticees to do trade business in violation of fundamental right guaranteed under Article 19 (g) of the Constitution.*

*That the averments made in paragraph 6 to 10 are formal in nature which would be responded at the time of personal hearing. In the background of the submission made herein above and in Show Cause dated 9.4.2018 and 27.4.2018 it is submitted that no wrong was committed by the Noticees to acquire benefit out of that or harming interest of investors. Company went in liquidation on 5.8.2014. Vide Media Release dated 6.9.2017, Reliance Industries acquired the assets of Kemrock Industries & Export Limited. Mr. Kalpesh Patel is suffering from heart disease. As such I may request your Goodself may kindly take a lenient view and drop the proceeding in the interest of justice."*

17. While making appearance for the hearing on June 25, 2018, apart from submission of aforesaid physical submissions dated June 25, 2018, AR of the Noticees made following oral submissions:
  - a) Noticees claim that they made all the necessary compliances regarding which allegations have been against them. However, Noticees couldn't produce the documentary evidence in support their claim as the same is in possession of company / Official Liquidator (OL), which despite their request didn't provided the same to Noticees.
  - b) SCN is issued without proper investigations into the matter, and the period of alleged violations against the Noticees, is beyond the period of investigation referred in the SCN.
  - c) SCN dated 24/08/2017 is vague and not clear, even though it was required to be very clear.
  - d) It was specifically contended by referring to the disclosure made to BSE (copy provided to Noticees along with the SCN) that BKP has made the disclosure of pledge related to her pledge transactions with Sicom.
  - e) E-mail dated 17/03/2015 from company to SEBI, confirm the instance of not obtaining for BKP only, and there is no mention of KMP in the said e-mail.
  - f) UPSI period started from 06/08/2012 as this was the day when employees were informed about closure of trading window during 07/08/2012 – 15/08/2012 in view of the upcoming meeting of Board of Directors on 14/08/2012 to consider unaudited financial results for qtr ending 30/06/2012.
  - g) As informed by company in letter to SEBI dated 20/01/2014 that trading window was correctly closed seven days prior to the board meeting to consider quarterly financial results, no pre-clearance was required by the Noticees.
  - h) It is not an allegation nor submission of noticee that upon failure to make the requisite disclosures, Noticees were benefited or there was any loss occurred to investors.
  - i) To initiate the adjudication proceedings, merely satisfaction of WTM, SEBI is not sufficient.

- j) *Liability of penalty do not merely arise on default, as decided in case before the Supreme Court in 1969 viz, Hindustan Steel vs State of Orissa.*
  - k) *Adjudicating Officer is requested to consider mitigating factors viz, poor health and old age of Noticees, Noticees currently do not have control / say in company affairs, etc. under Section 15 J of SEBI Act.*
18. Upon lapse of considerable time after the aforesaid hearing, in the interest of natural justice, vide letter dated April 12, 2019 sent to Noticees through SPAD and scan copy sent through e-mail to Noticees and their AR, an opportunity of hearing through video conferencing was granted to Noticees on May 8, 2019. Vide the above letter, Noticees were also informed that the reply submitted so far have been taken on record, and in case Noticees wish to make any further submissions, same is required to be submitted latest by May 2, 2019. Subsequently, vide e-mail dated April 17, 2019, AR of the Noticees requested for change in date of hearing and for providing hearing in person. The above request was acceded to, and in this regard, vide e-mail dated May 2, 2019, Noticees were advised to appear for hearing on May 16, 2019.
19. Noticees, vide letter dated May 10, 2019 (forwarded through e-mail dated May 13, 2019) made following key additional submissions:

*“That the earlier replies/submissions to the show cause notice submitted by the noticees through their Authorised Representative on April 9, 2018, April 27, 2018 and 25<sup>th</sup> June, 2018 be treated as part and parcel of this reply. Submissions during hearing concluded on 25<sup>th</sup> June, 2018 may also be treated as part of this submissions. The Contravention is alleged of the years, 2012. There is no allegation that the securities dealt were detrimental to the interest of investors or market. The Target Company went under liquidation and assets were also auctioned. The noticees are old persons and not keeping well. Under the background of the earlier submissions/replies and oral submission, it is respectfully submitted that no fruitful purpose would be served to continue with the present Enquiry Proceedings.*

*That there is no contravention or non compliance of any of the Rules, Regulations under the SEBI Act, 1992 by the Noticees. That the noticees have furnished information to the Company as well to the concerned Exchange with regard to the transaction as required under law through the compliance officer in the year 2012.*

*That it is respectfully submitted that original show cause notice dated 24.8.2017 containing at least 12 pages but does indicates which of the transactions of the noticees was actually in contravention of SEBI Act, Rules or Regulations.*

*That as per the understanding of the noticees, broadly two allegations were made against them. That is, during June 1, 2012 to September 30, 2012 ; First, Noticees not filed timely return in terms of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 (in short “Regulations, 2011) and SEBI (Prohibition of Insider Trading) Regulations, 1992 (in short “Regulations, 1992”) and thus liable for penalty under Section 15A(b) of the SEBI Act, 1992. SECOND, transactions during Unpublished Price Sensitive Information under the Regulations, 1992 thus liable for penalty under Section 14G of the SEBI Act, 1992. Both the allegations are unfounded on the face of record.*

*That the application made to the learned Official Liquidator on 26.4.2018 seeking records, have not been supplied. However, the documents now supplied by the Adjudicating Officer indicate that noticees made complete compliance of the SEBI Rules and Regulations. The Noticee No. 1, Kalpesh Mahendrabhai Patel submitted Form D and Form A to the Bombay Stock Exchange and National Stock Exchange in compliance of Regulations, 1992 and Regulations, 2011 vide his letter dated 18.9.2012, 25.6.2012, 6.8.2012, 15.9.2012, 21.4.2012, 18.6.2012, 18.6.2012, 2.5.2012, 10.9.2013, 4.10.2012, 8.5.2012, 21.4.2012 and 25.2.2015 making all disclosures. The Noticee No. 2 Binitaben K. Patel has also complied with the provisions by submitting Form A and D and making disclosure of all the transaction vide letter dated 31.7.2012, 3.8.2012 and 25.2.2015. The Target Company has also made disclosure of transaction vide letter dated 19.6.2012, 21.9.2012, 4.8.2012, 2.5.2012, 6.10.2012 and 1.8.2012.*

*It is further submitted that vide letter dated 20.1.2014, the Company Secretary informed the Board that the Internal Procedure and Conduct and Code of Corporate Disclosure of the Company was in accordance with SEBI (PIT) Regulations, 1992. It was*

*informed that there was no off-market transactions of the promoters/ managerial personnel/ employees of the Company during the period from June 1, 2012 to August 31, 2012. Further vide email dated 17.3.2015 Company informed to the Board that purchase transaction of 13448 shares of Kemrock by BKP on 27.7.2012 was disclosed to Stock Exchange on 1.8.2012 in consonance with the provisions of the SEBI Insider Trading Regulations. Pre-clearance was not required as it was not within UPSI i.e. 7.8.2012 to 15.8.2012 when trading window was closed vide mail of the Company dated 6.8.2012. Vide mail dated 17.3.2015, the Company did not name KMP but the SCN in para 9 wrongly stated "Company vide its e-mail dated March 17, 2015 had confirmed that no pre-clearance was obtained by BKP or KMP". This is wrong on the face of record. It is submitted that the transactions by the Noticees are in consonance with the Regulations under SEBI Act. There is no allegation that the transactions by the Noticees at the Stock Exchange in any way harmful to the interest of investors and unfair trade practice. Subject to above, the Noticees are free to deal with the securities belonging to them. The statutory authority cannot be allowed to restrain the noticees to do trade business in violation of fundamental right guaranteed under Article 19 (g) of the Constitution.*

*That the show cause notice records prejudicial findings in paragraph 2 and 12 of the original notice dated 24.8.2017 without any inquiry. It is evident from the averments made in paragraph 2 and 12 of the show cause notice that Authority is proposing double penalty under Section 15A(b) and 15G of the SEBI Act, 1992 for one and the same alleged contravention of Regulations, 1992 without making inquiry which is violative of Article 20 (2) of the Constitution of India.*

*It is respectfully submitted that Show Cause Notice and the inquiry proceeding is arbitrary as it does not comply Rule 4(3) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer), Rules, 1995. (in short 'Rules, 1995'). This is very much evident from the Show Cause Notice itself. The show cause notice is vague and a fire in the air.*

*It is respectfully submitted that the Show Cause Notice is vitiated as it violates Rule 4.3 of the Rules, 1995. The said rule makes it mandatory for the Authority to first issue notice as to why enquiry should not be held. No pre-notice for enquiry was issued to the Noticees. However, vide para 12 of the show cause notice, it records a finding against the noticees without any inquiry. For ready reference Rule 4 of the Rules, 1995 is quoted as under:*

**"HOLDING OF INQUIRY.**

*4. (1) In holding an inquiry for the purpose of adjudging under sections 15A, 15B, 15C, 15D, 15E, 15F, 15G 1 [, 15HA and 15HB] whether any person has committed contraventions as specified in any of sections 15A, 15B, 15C, 15D, 15E, 15F, 15G 2 [, 15HA and 15HB] the adjudicating officer shall, in the first instance, issue a notice to such person requiring him to show cause within such period as may be specified in the notice (being not less than fourteen days from the date of service thereof) why an inquiry should not be held against him.*

*(2) Every notice under sub-rule (1) to any such person shall indicate the nature of offence alleged to have been committed by him.*

**(3) If, after considering the cause, if any, shown by such person, the adjudicating officer is of the opinion that an inquiry should be held, he shall issue a notice fixing a date for the appearance of that person either personally or through his lawyer or other authorised representative.**

*(4) On the date fixed, the adjudicating officer shall explain to the person proceeded against or his lawyer or authorised representative, the offence, alleged to have been committed by such person indicating the provisions of the Act, rules or regulations in respect of which contravention is alleged to have taken place.*

*(5) The adjudicating officer shall then give an opportunity to such person to produce such documents or evidence as he may consider relevant to the inquiry and if necessary the hearing may be adjourned to a future date and in taking such evidence the adjudicating officer shall not be bound to observe the provisions of the Evidence Act, 1872 (11 of 1872) :*

*Provided that the notice referred to in sub-rule (3), and the personal hearing referred to in sub-rules (3), (4) and (5) may, at the request of the person concerned, be waived.*

*[(5A) The Board may appoint a presenting officer in an inquiry under this rule.]*

*(6) While holding an inquiry under this rule the adjudicating officer shall have the power to summon and enforce the attendance of any person acquainted with the facts and circumstances of the case to give evidence or to produce any document which, in the opinion of the adjudicating officer, may be useful for or relevant to, the subject-matter of the inquiry.*

*(7) If any person fails, neglects or refuses to appear as required by sub-rule (3) before the adjudicating officer, the adjudicating officer may proceed with the inquiry in the absence of such person after recording the reasons for doing so"*

*That the Noticees would rely upon the ruling of the Securities Appellate Tribunal, Mumbai in the case of Shingar Ltd. Vs. Adjudicating Officer, SEBI reported in **2009 SCC Online SAT 72; (2009) SAT 72, wherein the Hon'ble Tribunal set aside the order passed by the Adjudicating Officer without complying Rule 4(3) of the Rules, 1995. The Hon'ble Tribunal held that "The order under Rule 4 (3) was required to be passed before commencement of the inquiry after examining the cause shown by the appellant. Not having done so, the impugned order cannot be sustained."** A copy of the ruling in Shingar Ltd. Vs. Adjudicating Officer, SEBI reported in 2009 SCC Online SAT 72 is enclosed herewith and marked as **ANENXURE A-1***

*That it is most respectfully submitted that the Show Cause Notice issued in violation of Rule 4.3 of the Rules, 1995 and the ruling of the Hon'ble Tribunal as such the same is vitiated.*

*It is most respectfully submitted that the Show Cause notice is completely arbitrary on another count also. There is no compliance of Section 11C(a) of the SEBI Act, 1992. Section 11C(a) provides that the Board **must have reasonable reason** to believe that the transaction in the securities was detrimental to the investors or the securities market. There is no whisper in the show cause notice that the transactions by the noticees were detrimental to the interest of investors or market. Vide proceeding dated 7<sup>th</sup> January, 2016 of the Board, wherein Board recorded its satisfaction without whisper of any reason. Further the satisfaction was recorded on 7.1.2016 however, the Adjudicating Officer was appointed on 31.7.2015, earlier to the satisfaction of contravention. Thus, it is evident that the action of the Board is mala fide, arbitrary and contrary to the rules of law. Therefore, the show cause notice is vitiated.*

*It is submitted that the show cause notice is contrary to the object of SEBI Act, 1992 particularly Section 11 as the Show Cause Notice did not reveal as to how and what interest of the investors in the Security was harmed by the Noticees.*

*It is further submitted that the Department is trying to justify the illegal action by the frequently changing the stand in the Show Cause Notice dated 24.8.2017 in the name of clarification which is not permissible under law vide show cause notice –clarification dated 12.6.2018.*

*It is respectfully submitted that vide paragraph 4 of the SCN dated 24.8.2017, it records that investigation was done for the period from 1.6.2012 to 30.9.2012. In the Clarification Notice dated 12.6.2018 the investigation period is extended from 1.6.2012 to December, 2012. As a matter of fact, there was no investigation. The violation alleged are completely on the assumption in a very calculated manner knowingly that the Company went in liquidation. The records of case and the Compliance Officer under the Code of Conduct for prevention of insider trading was not in the control of the Noticees. This was a new case after receiving show cause notice on 9.4.2018 and 27.4.2018 wherein objection in this regard was raised. Therefore, the findings and allegation in question may not be looked into. Particularly point 4 of the findings and allegations against BKP is not attracted at all. During all four quarters of the year 2012 there was decrease of 0.1% share on account of BKP. Vide para 6 of the SCN there was no allegation that BKP did transaction during UPSI period.*

*That the Constitution Bench of Hon'ble Supreme of India in the Ruling reported in **(1978) 1 SCC 405; Mohinder Singh Gill & Another Vs. The Chief Election Commissioner, New Delhi, held that statutory functionary is not permitted to change stand by making subsequent clarification.** The relevant paragraph of the said ruling is quoted as under :*

*" 8. The second equally relevant matter is that when a statutory functionary makes an order based on certain grounds, its validity must be judged by a reasons so mentioned and cannot be supplemented by fresh reasons in the shape of affidavit or otherwise. Otherwise, an order bad in the beginning may, by the time it comes to Court on account of a challenge, get validated by additional grounds later brought out. We may here draw attention to the observation of Bose, J. In Gordhandas Bhanji ( AIR 1952 SC 16):*

*Public order, publicly made, in exercise of a statutory authority cannot be construed in the light of explanation subsequently given by the officer making the order of what he meant, or of what was in his mind, or what he intended to do. Public orders made by public authorities are meant to have public effect and are intended to affect the actings and conduct of those whom they are addressed and must be construed objectively with reference to the language used in the order itself.*

*Orders are not like old wine becoming better as they grow older."*

*That the Noticees stand with their stands taken in the show cause submitted on 9.4.2017 and 27.4.2018 and 25.6.2018. The SCN is vague, ambiguous and does not indicate contravention of Regulations under the SEBI Act. The above submissions of Noticees have been admitted by issuance of present clarification notice in question. In this regard, the Noticees crave leave to your Goodself to*

rely on the principle led down by the Hon'ble Supreme Court in the authoritative decision recently reported in **(2014) 9 SCC 105 : Gorkha Security Services Vs. Govt. (NCT of Delhi) and others**. The relevant part of the ruling is quoted as under:

*"21. The central issue, however, pertains to the requirement of stating the action which is proposed to be taken. **The fundamental purpose behind the serving of show- cause notice is to make the noticee understand the precise case set up against him which he has to meet**. This would require the statement of imputations detailing out the alleged breaches and defaults he has committed, so that he gets an opportunity to rebut the same. Another requirement, according to us, is the nature of action which is proposed to be taken for such a breach. That should also be stated so that the noticee is able to point out that proposed action is not warranted in the given case, even if the defaults/ breaches complained of are not satisfactorily explained."*

*That Noticees respectfully submit that both the aforesaid ruling squarely applicable in the case in hand. The present proceedings against the Noticees deserve to be dropped in the facts and circumstances of the case and in the interest of justice.*

*It is respectfully submitted that the SCN is a clear case of misuse and abuse of power. The allegations and finding in the SCN is without any investigation and reason to believe. The SCN are contrary to Section 11C(a) of the SEBI Act, 1992 and Rule 3 of the Adjudication Rules, 1995. Vide Proceedings of the Whole Time Member Appointing Adjudicating Officer dated 7th January, 2016, without recording any ground of satisfaction appointed Adjudicating Officer. There is no report of Investigating Authority on record in Compliance of Section 11C(a) of the Act.*

*That it is respectfully submitted that the Noticees have not acted deliberately, in defiance of law or was guilty of any conduct contumacious or dishonest or acted in conscious disregard of their obligation. It is submitted that, the material on record indicates that the Noticees have acted bonafide.*

*That in the background of the submission made herein above it is respectfully submitted that no wrong was committed by the Noticees to acquire benefit out of that or harming interest of investors. Company went in liquidation on 5.8.2014. Vide Media Release dated 6.9.2017, Reliance Industries acquired the assets of Kemrock Industries & Export Limited. Mr. Kalpesh Patel is suffering from heart disease. As such I may request Your Good self may kindly take a lenient view and drop the proceeding in the interest of justice."*

20. Authorised Representative of the Noticees appeared for the hearing on May 16, 2019 in which he pointed out to the written replies filed on behalf of Noticees (KMP and BKP) so far viz, reply dated April 9, 2018, reply dated April 27, 2018, June 25, 2018 and May 10, 2019, and also submitted original reply dated May 10, 2019. Further, AR reiterated the submissions made in aforesaid written replies submitted on behalf of the Noticees.

## **CONSIDERATION OF ISSUES AND FINDINGS**

21. Before proceeding to the issues, it would be appropriate to address the following technical contentions raised by the Noticees:
  - 21.1 Noticees having access to limited records, and no access to records of Kemrock due to its liquidation process: Noticees in their reply provided details of order passed by the Hon'ble Gujarat High Court whereby the Court in exercise of the power under Section 454 of the Companies Act, 1956 appointed Official Liquidator vide order 5.8.2014. Noticees have argued that they had no access to the records and the officials who dealt the matter in 2012, therefore the noticees had no option but to reply on the basis of scattered records handed over to the AR of noticees. In this regard, it is noted that records of correspondences of SEBI (during the investigation) with Kemrock, Stock Exchange and KMP himself which form the basis of



allegations in respect of the Noticees, have been provided to the Noticees along with the SCN and supplementary Notice. Given the above, assistance has been provided to Noticees to have access to the relied upon and key records in possession of SEBI. Further, though the inability of access records of company under liquidation is noted, however, it is also pertinent to note that despite the individual compliance requirements at the end of Noticees viz, requirement to make disclosures (related to change in their holding, pledge on their shares) to company and Stock Exchange, obtain pre-clearances from company, comply with trade restrictions, etc, Noticees could not present any records maintained by them to substantiate claim of compliances by them.

- 21.2 Lack of clarity in the allegations made in the original SCN and contending validity of supplementary notice: Noticees, in initial replies contended that the original SCN issued to the Noticees was vague and unclear, and in this regard, once the clarification and additional information was provided in the subsequent supplementary notice, Noticees inter-alia contended that clarification subsequent to original Show Cause Notice and submission of show cause by the noticee is *non est* in the eyes of law. In this regard, it is noted that at one hand Noticees in their own reply contested that the SCN issued to them was vague and not clear, and upon receipt of subsequent notice providing ample clarity and complete information / records related to the allegations, Noticees chose to contend the validity of such supplementary notice. It is pertinent to note that the aforesaid supplementary notice was issued to Noticees during the pendency of the present proceedings, and liberty and time was provided to the Noticees to reply and present appropriate defence on merit. Given the above, the principles of natural justice were complied with by putting the entities to notice with respect to the allegations contained in the SCN along with relevant documents to which the noticee has not contended any deficiency and thus the contention of the noticee is without merit.
- 21.3 Observations made in the SCN beyond investigation period: Noticees submitted that the SCN dated 24.8.2017 records the investigation period as June 2012 to September 2012, and in the supplementary notice, same was extended from June 2012 to December 2012, and owing to same it is contended that whether investigation take place in the matter. In this regard, from the records, it is noted that investigation conducted by SEBI primarily focussed on investigation period viz, June 2012 to September 2012, however, observations wherever necessary, were made beyond the above investigation period. Thus there is not merit in the contention of the noticee, and merely on account that the observations related to alleged violations were made for a period going beyond the primary investigation period, the Noticees are not absolved of the violations, if any.
- 21.4 Conduct of the present proceedings: Noticees have contended that SCN is vitiated as it violates Rule 4.3 of the Adjudication Rules, which make it mandatory for the Authority to first issue notice as to why enquiry should not be held. It is also submitted that no pre-notice for enquiry was issued to Noticees, however, para 12 of the SCN, records a finding against the noticees

without any enquiry. In this regard, it is noted that aforesaid para 12 of the original SCN provide details of the “*alleged*” findings of the investigations and do not refer to any findings under the present proceedings. It is pertinent to note that SCN was issued in the matter requiring the Noticees to show cause and make submissions in their defence in a certain time period, and also, as much as three hearings have been granted to Noticees, which shows that Noticees were provided ample opportunities to put forward appropriate defence. As regards to cause shown or written submissions made by Noticee, it is noted that except on one instance, reply of the Noticees were submitted belatedly on the date of hearing or afterwards. Given the above, contentions of the Noticees do not draw merit.

22. While making the above technical contentions, Noticees relied on few case laws, and it is found that the same are not applicable considering the facts and scenarios of the present case.
23. Upon perusal of the SCN, supplementary notice, submissions of the Noticees in their replies, and other documents available on record, following issues require consideration:
  - (a) Whether KMP, Managing Director and Promoter of the company, failed to make disclosure for change in shareholding in violation of Regulations 13(4), 13(4A) read with 13(5) of PIT Regulations, 1992?
  - (b) Whether Noticees as promoters of the company, failed to make requisite disclosures of pledge creation/ invocation / closure or release of pledge, in violation of Regulations 31(1), 31(2) read with 31(3) of SAST Regulations, 2011?
  - (c) Whether Noticees failed to obtain pre-clearances from the company for purchase or sale of shares more than the no. / value of shares specified in code of conduct for prevention of insider trading adopted by the company, in violation of Clause 3.3 of the model code of conduct for prevention of insider trading mentioned in Part A of Schedule I prescribed under Regulation 12(1) read with 12(3) of the PIT Regulations, 1992?
  - (d) Whether KMP entered into reverse / opposite transaction within six months of purchase/sale of shares, in violation of Clause 4.2 of the model code of conduct for prevention of insider trading mentioned in Part A of Schedule I prescribed under Regulation 12(1) read with 12(3) of the PIT Regulations, 1992?
  - (e) Whether KMP traded during trading window closure period, in violation of Clause 3.2 of the model code of conduct for prevention of insider trading mentioned in Part A of Schedule I prescribed under Regulation 12(1) read with 12(3) of the PIT Regulations, 1992?

- (f) Whether Noticees dealt in shares of company while in possession of an unpublished price sensitive information (UPSI), in violation of Regulation 3(i) read with Regulation 4 of PIT Regulations, 1992?
- (g) Does the violation, if any, by the Noticees, as the case be,
  - (i) mentioned in issue a) and b), make it liable for imposition of monetary penalty under section 15A(b) of SEBI Act?
  - (ii) mentioned in issue (c), (d), (e), make it liable for imposition of monetary penalty under section 15HB of SEBI Act?
  - (iii) mentioned in issue (f), make it liable for imposition of monetary penalty under section 15G of SEBI Act?
- (h) If so, what would be the quantum of monetary penalty that can be imposed on KMP and BKP taking into consideration the factors mentioned in Section 15J of the Act?

24. Provisions, alleged to have been violated by the Noticees are as follows:

**Provisions of PIT 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 any unpublished price sensitive information;*

***Violation of provisions relating to insider trading.***

*4. Any insider who deals in securities in contravention of the provisions of regulation 3 or 3A shall be guilty of insider trading.*

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

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

- (a) the intermediaries as mentioned in section 12 of the Act, asset management company and trustees of mutual funds ;*
- (b) the self-regulatory organisations recognised or authorised by the Board;*
- (c) the recognised stock exchanges and clearing house or corporations;*
- (d) the public financial institutions as defined in section 4A of the Companies Act, 1956; and*
- (e) the professional firms such as auditors, accountancy firms, law firms, analysts, consultants, etc., assisting or advising listed companies,*

*shall frame a code of internal procedures and conduct as near thereto the Model Code specified in Schedule I of these Regulations without diluting it in any manner and ensure compliance of the same.*

*(2) The entities mentioned in sub-regulation (1), shall abide by the code of Corporate Disclosure Practices as specified in Schedule II of these Regulations.*

***(3)*** *All entities mentioned in sub-regulation (1), shall adopt appropriate mechanisms and procedures to enforce the codes specified under sub-regulations (1) and (2).*

*(4) Action taken by the entities mentioned in sub-regulation (1) against any person for violation of the code under sub-regulation (3) shall not preclude the Board from initiating proceedings for violation of these Regulations.*

**SCHEDULE I**

*[Under regulation 12(1)]*

**PART A**

## **MODEL CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING FOR LISTED COMPANIES**

### **3.0 Prevention of misuse of “Price Sensitive Information”**

**3.1** All directors/ officers and designated employees of the company shall be subject to trading restrictions as enumerated below.

#### **3.2 Trading window**

**3.2.1** The company shall specify a trading period, to be called “trading window”, for trading in the company’s securities. The trading window shall be closed during the time the information referred to in para 3.2.3 is unpublished.

**3.2.2** When the trading window is closed, the employees/ directors shall not trade in the company’s securities in such period.

**3.2.3** The trading window shall be, inter alia, closed at the time :—

(a) Declaration of financial results (quarterly, half-yearly and annually).

(b) Declaration of dividends (interim and final).

(c) Issue of securities by way of public/ rights/ bonus etc.

(d) Any major expansion plans or execution of new projects.

(e) Amalgamation, mergers, takeovers and buy-back.

(f) Disposal of whole or substantially whole of the undertaking.

(g) Any changes in policies, plans or operations of the company.

**3.2.3A** The time for commencement of closing of trading window shall be decided by the company.

**3.2.4** The trading window shall be opened 24 hours after the information referred to in para 3.2.3 is made public.

**3.2.5** All directors/ officers/ designated employees of the company shall conduct all their dealings in the securities of the Company only in a valid trading window and shall not deal in any transaction involving the purchase or sale of the company’s securities during the periods when trading window is closed, as referred to in para 3.2.3 or during any other period as may be specified by the Company from time to time.

**3.2.6** In case of ESOPs, exercise of option may be allowed in the period when the trading window is closed. However, sale of shares allotted on exercise of ESOPs shall not be allowed when trading window is closed.

#### **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.

**3.3.2** An application may be made in such form as the company may notify in this regard, to the Compliance Officer indicating the estimated number of securities that the designated employee/ officer/ director intends to deal in, the details as to the depository with which he has a security account, the details as to the securities in such depository mode and such other details as may be required by any rule made by the company in this behalf.

**3.3.3** An undertaking shall be executed in favour of the company by such designated employee/ director/ officer incorporating, inter alia, the following clauses, as may be applicable :

(a) That the employee/ director/ officer does not have any access or has not received “Price Sensitive Information” upto the time of signing the undertaking.

(b) That in case the employee/ director/ officer has access to or receives “Price Sensitive Information” after the signing of the undertaking but before the execution of the transaction he/she shall inform the Compliance Officer of the change in his position and that he/ she would completely refrain from dealing in the securities of the company till the time such information becomes public.

(c) That he/ she has not contravened the code of conduct for prevention of insider trading as notified by the company from time to time.

(d) That he/ she has made a full and true disclosure in the matter.

#### **4.0 Other restrictions**

.....

**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.

***Disclosure of interest or holding by directors and officers and substantial shareholders in a listed companies - Continual Disclosure.***

**13(4)** Any person who is a director or officer of a listed company, shall disclose to the company and the stock exchange where the securities are listed in Form D, the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such holdings of such person and his dependents (as defined by the company) from the last disclosure made under sub-regulation (2) or under this sub regulation, and the change exceeds Rs. 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower.

**13(4A)** Any person who is a promoter or part of promoter group of a listed company, shall disclose to the company and the stock exchange where the securities are listed in Form D, the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such holdings of such person from the last disclosure made under Listing Agreement or under sub-regulation (2A) or under this subregulation, and the change exceeds Rs. 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower.

(5) The disclosure mentioned in sub-regulations (3) and (4) shall be made within two working days of:

(a) the receipts of intimation of allotment of shares, or

(b) the acquisition or sale of shares or voting rights, as the case may be."

**Provisions of SAST Regulations, 2011**

***"Disclosure of encumbered shares.***

**31(1)** The promoter of every target company shall disclose details of shares in such target company encumbered by him or by persons acting in concert with him in such form as may be specified.

**31(2)** The promoter of every target company shall disclose details of any invocation of such encumbrance or release of such encumbrance of shares in such form as may be specified.

**31(3)** The disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within seven working days from the creation or invocation or release of encumbrance, as the case may be to,—

(a) every stock exchange where the shares of the target company are listed; and

(b) the target company at its registered office."

**Issue a) - Whether KMP, Managing Director and Promoter of the company, failed to make disclosure for change in shareholding in violation of Regulations 13(4), 13(4A) read with 13(5) of PIT Regulations, 1992?**

25. It has been alleged that KMP, being Managing Director and Promoter of the company, failed to make necessary disclosure to Stock Exchanges under provisions of 13(4) and 13(4A) read with 13(5) of PIT Regulations, 1992 w.r.t the change in his shareholding on account of following trades undertaken by KMP in shares of the company at the Stock Exchange:

Date	Buy / Sell	Stock Exchange	Volume (no. of shares)	Value of shares (Rs.)	Trigger dated for disclosure u/r 13(4) and 13(4A)
18/04/2012	Buy	NSE	10,448	53,67,119	18/04/2012
	Buy	BSE	13,637	69,99,304	
07/08/2012	Buy	NSE	14,620	56,31,471	07/08/2012
	Buy	BSE	11,200	43,34,088	
24/08/2012	Sell	NSE	348	51,835	11/09/2012
03/09/2012	Sell	BSE	1,026	1,13,681	
05/09/2012	Sell	NSE	2,853	2,82,447	

Date	Buy / Sell	Stock Exchange	Volume (no. of shares)	Value of shares (Rs.)	Trigger dated for disclosure u/r 13(4) and 13(4A)
11/09/2012	Sell	NSE	15,907	12,20,067	
13/09/2012	Sell	NSE	70,000	48,51,000	13/09/2012
	Sell	BSE	52,870	37,21,851	

26. As per PIT Regulations, 1992, whenever there is a change in shareholding of a Director or Promoter by 25,000 shares or by no. of shares having value of Rs. 5 lakh or more or 1% of voting rights, such Director or Promoter is required to make disclosure of such change in prescribed form D to Company as well as Stock Exchange under regulation 13(4) and 13(4A) of PIT Regulations, 1992, respectively. Further, regulation 13(5) requires that such disclosure under regulation 13(4) and 13(4A) of PIT Regulations, 1992 shall be made within two working days from the occurrence of said change.
27. It is noted that execution of aforesaid transactions resulted into relevant change in shareholding of KMP, MD and one of the promoter of the company on 18/04/2012, 07/08/2012, 11/09/2012 and 13/09/2012, which required him to make the disclosures under regulation 13(4) and 13(4A) of PIT Regulations, 1992.
28. In reply to the SCN, KMP argued that *he has disclosed total number of shares, voting right and other particular to the Stock Exchange in Form D, whenever there was a slight change in the share pattern, much less a substantial change happened vide Form D dated 17.1.2012, 21.2.2012, 5.3.2012, 10.3.2012, 21.3.2012, 27.3.2012, 2.5.2012, 19.6.2012, 21.9.2012, and 5.10.2012 etc. Therefore no question at all arise for contravention of Regulation 13 (4), 13(4A) read with 13 (5) of the Trading Regulations, 1992.*
29. It is noted from the records that SEBI, vide separate e-mails dated February 24, 2015 to BSE and NSE, advised them to provide copy of disclosure received from KMP, BKP and Kemrock under SAST Regulations, 2011 and PIT Regulations, 1992 during April 1, 2012 to December 31, 2012. Further, SEBI, vide e-mail dated February 21, 2015 to company, referred to the details of (a) pledge transactions of KMP and BKP during April 2012 to December 2012, and (b) day-wise trading done by KMP during April 2012 to November 2012 at BSE and NSE, and advised company to inter-alia confirm whether the company received disclosures from the KMP and BKP under SAST Regulations, 2011 and PIT Regulations, 1992 in relation to aforesaid transactions, and provide supporting documents in this regard. In view of the above, Stock Exchanges provided the copies of disclosures received from KMP, BKP and Company vide e-mail dated February 25, 2015 to SEBI. Further, company provided the information and records of disclosures received from KMP and BKP vide its e-mail to SEBI dated February 23, 2015 and February 25, 2015. Copies of the above e-mail correspondences with the company and Stock Exchanges during the investigation, were provided to Noticee along with the SCN.
30. Upon perusal of records of disclosures received by Stock Exchanges and Company from KMP as provided to SEBI during investigation, it is noted that though the disclosures under 13(4) and (4A)

of PIT Regulations, 1992 were made by KMP and under 13(6) of the PIT Regulations, requisite disclosures were made by company in relation to change in shareholding of KMP on 26/04/2012, 27/04/2012, 30/04/2012 and 12/06/2012, however, no such disclosures were made by KMP in relation to the change in shareholding of KMP on aforesaid 4 dates under question viz, 18/04/2012, 07/08/2012, 11/09/2012 and 13/09/2012.

31. Given the above, it is clear that KMP failed to make disclosures to Company and Stock Exchanges w.r.t change in his shareholding on 18/04/2012, 07/08/2012, 11/09/2012 and 13/09/2012, and thereby, KMP has violated provisions of 13(4) and 13(4A) read with 13(5) of PIT Regulations, 1992.

**Issue b) - Whether Noticees as promoters of the company, failed to make requisite disclosures of pledge creation/ invocation / closure or release of pledge, in violation of Regulations 31(1), 31(2) read with 31(3) of SAST Regulations, 2011?**

32. Upon being called upon by SEBI during the investigations, Stock Exchanges (BSE and NSE) vide e-mails dated February 25, 2015 and the company, vide e-mail dated February 23 and 25, 2015, provided to SEBI the details of all the disclosures received by the company and Stock Exchanges from the Noticees, and also the disclosures made by company to Stock Exchanges. Based on these details received by SEBI during the investigation, SEBI noted that Noticees failed to make following disclosure or made delayed disclosures in relation to their pledge transactions viz, creation of pledge and invocation / closure of pledge, which were allegedly in violation of Regulation 31(1) and 31(2) of SAST Regulations, 2011, respectively:

- a) BKP, though made disclosures to the company, however, she allegedly failed to make the requisite disclosures of pledge to the Stock Exchange, viz, 1 disclosure of creation of pledge, 2 disclosures of invocation of pledge and 1 disclosure of closure of pledge.

Sl.	Date of transaction	Name of counterparty / Pledgee	Transaction Type	Quantity (shares)	Allegations reg. filing of disclosure
1	16/08/2012	Sicom Ltd	Pledge	30000	No disclosures to Stock Exchange
2	17/08/2012	Sicom Ltd	Invocation	30000	
3	20/09/2012	Videocon Industries Ltd	Closure	80000	
4	20/09/2012	Videocon Industries Ltd	Closure	134609	

- b) KMP, allegedly, failed to make 29 disclosures of creation of pledge, 9 disclosures of invocation of pledge and 1 disclosure of closure of pledge. Further, it is also alleged that KMP made several delayed disclosures related to pledge, viz, 27 delayed disclosure of creation of pledge and 41 delayed disclosures of invocation of pledge.

Sl.	Date of transaction	Name of counterparty / Pledgee	Transaction Type	Quantity (shares)	Allegations reg. filing of disclosure
<b>Alleged non-disclosures of pledge, invocation or closure by KMP</b>					
1	04/04/2012	Bright Brothers Ltd	Pledge	7500	No disclosure

Sl.	Date of transaction	Name of counterparty / Pledgee	Transaction Type	Quantity (shares)	Allegations reg. filing of disclosure
2	12/04/2012	Ifci Factors Ltd	Invocation	13810	No disclosure
3	13/04/2012	Ifci Factors Ltd	Invocation	10275	No disclosure
4	17/04/2012	Ess Dee Aluminium Ltd	Pledge	200000	No disclosure
5	18/04/2012	Spectrum Trimpex Pvt Ltd	Pledge	100000	No disclosure
6	25/04/2012	Sicom Ltd	Pledge	5000	No disclosure
7	27/04/2012	Sicom Ltd	Pledge	5000	No disclosure
8	08/06/2012	Ess Dee Aluminium Ltd	Pledge	5000	No disclosure
9	09/06/2012	Sicom Ltd	Pledge	2000	No disclosure
10	20/06/2012	Bright Brothers Ltd	Pledge	30000	No disclosure
11	21/06/2012	Sicom Ltd	Pledge	3000	No disclosure
12	05/07/2012	Sicom Ltd	Pledge	12000	No disclosure
13	06/07/2012	Ess Dee Aluminium Ltd	Pledge	15000	No disclosure
14	10/07/2012	Sicom Ltd	Pledge	10000	No disclosure
15	13/07/2012	Prabhudas Lilladher Financial Services Pvt Ltd	Pledge	7000	No disclosure
16	14/07/2012	Trust Finstock Pvt. Ltd	Pledge	200000	No disclosure
17	27/07/2012	Ess Dee Aluminium Ltd	Pledge	20000	No disclosure
18	27/07/2012	Karvy Financial Services Ltd	Pledge	200000	No disclosure
19	27/07/2012	Spectrum Trimpex Pvt Ltd	Pledge	50000	No disclosure
20	31/07/2012	Acg Pam Pharma Technologies Pvt Ltd	Pledge	50000	No disclosure
21	09/08/2012	Sicom Ltd	Pledge	50000	No disclosure
22	10/08/2012	Western India Garments Pvt.Ltd.	Pledge	25000	No disclosure
23	10/08/2012	Wazir Financial Services Pvt Ltd	Pledge	9000	No disclosure
24	10/08/2012	Libra Agencies Pvt Ltd	Pledge	9000	No disclosure
25	13/08/2012	Acg Pam Pharma Technologies Pvt Ltd	Pledge	15000	No disclosure
26	14/08/2012	Western India Garments Pvt.Ltd.	Pledge	10000	No disclosure
27	14/08/2012	Bright Brothers Ltd	Pledge	25000	No disclosure
28	14/08/2012	Bright Brothers Ltd	Pledge	10000	No disclosure
29	31/08/2012	Sicom Ltd	Pledge	50000	No disclosure
30	08/10/2012	Trust Finstock Pvt. Ltd.	Pledge	49500	No disclosure
31	08/10/2012	Trust Finstock Pvt. Ltd.	Pledge	49500	No disclosure
32	08/10/2012	Trust Finstock Pvt. Ltd.	Invocation	200000	No disclosure
33	08/10/2012	Trust Finstock Pvt. Ltd.	Invocation	475000	No disclosure
34	11/10/2012	Ifci Factors Ltd	Closure	234100	No disclosure
35	15/10/2012	Trust Finstock Pvt. Ltd.	Invocation	49500	No disclosure
36	18/12/2012	Western India Garments Pvt.Ltd.	Invocation	25000	No disclosure
37	19/12/2012	Spectrum Trimpex Pvt Ltd	Invocation	50000	No disclosure
38	19/12/2012	Spectrum Trimpex Pvt Ltd	Invocation	9015	No disclosure
39	19/12/2012	Spectrum Trimpex Pvt Ltd	Invocation	50000	No disclosure
<b>Alleged delayed disclosures of pledge, invocation or closure by KMP</b>					
1	04/07/2012	Sicom Ltd	Invocation	52500	Delayed discl on 21/09/2012
2	09/07/2012	Sicom Ltd	Pledge	10000	Delayed discl on 21/09/2012
3	11/07/2012	Sicom Ltd	Invocation	33800	Delayed discl on 21/09/2012
4	11/07/2012	Sicom Ltd	Invocation	41100	Delayed discl on 21/09/2012
5	11/07/2012	Sicom Ltd	Invocation	15000	Delayed discl on 21/09/2012
6	11/07/2012	Sicom Ltd	Invocation	58600	Delayed discl on 21/09/2012
7	12/07/2012	Prabhudas Lilladher Financial Services Pvt Ltd	Pledge	7000	Delayed discl on 21/09/2012
8	14/07/2012	Trust Finstock Pvt. Ltd.	Pledge	200000	Delayed discl on 21/09/2012
9	24/07/2012	Ifci Factors Ltd	Invocation	3524	Delayed discl on 21/09/2012
10	25/07/2012	Sicom Ltd	Pledge	15000	Delayed discl on 21/09/2012
11	25/07/2012	Ess Dee Aluminium Ltd	Pledge	20000	Delayed discl on 07/08/2012
12	26/07/2012	Sicom Ltd	Pledge	15000	Delayed discl on 07/08/2012
13	27/07/2012	Acg Pam Pharma Technologies Pvt Ltd	Pledge	50000	Delayed discl on 07/08/2012
14	27/07/2012	Western India Garments Pvt.Ltd.	Pledge	50000	Delayed discl on 21/09/2012
15	27/07/2012	Libra Agencies Pvt Ltd	Pledge	15000	Delayed discl on 21/09/2012
16	27/07/2012	Ess Dee Aluminium Ltd	Pledge	120000	Delayed discl on 21/09/2012



Sl.	Date of transaction	Name of counterparty / Pledgee	Transaction Type	Quantity (shares)	Allegations reg. filing of disclosure
17	27/07/2012	Wazir Financial Services Pvt Ltd	Pledge	15000	Delayed discl on 21/09/2012
18	27/07/2012	Prabhudas Lilladher Financial Services Pvt Ltd	Pledge	42000	Delayed discl on 21/09/2012
19	27/07/2012	Bright Brothers Ltd	Pledge	60000	Delayed discl on 21/09/2012
20	27/07/2012	Karvy Financial Services Ltd	Pledge	200000	Delayed discl on 21/09/2012
21	27/07/2012	Sicom Ltd	Pledge	60000	Delayed discl on 21/09/2012
22	30/07/2012	Ifci Factors Ltd	Invocation	16832	Delayed discl on 21/09/2012
23	31/07/2012	Ifci Factors Ltd	Invocation	868	Delayed discl on 21/09/2012
24	07/08/2012	Ifci Factors Ltd	Invocation	909	Delayed discl on 21/09/2012
25	08/08/2012	Sicom Ltd	Pledge	50000	Delayed discl on 21/09/2012
26	08/08/2012	Prabhudas Lilladher Financial Services Pvt Ltd	Pledge	15000	Delayed discl on 21/09/2012
27	09/08/2012	Karvy Financial Services Ltd	Pledge	50000	Delayed discl on 21/09/2012
28	09/08/2012	Western India Garments Pvt.Ltd.	Pledge	25000	Delayed discl on 21/09/2012
29	09/08/2012	Wazir Financial Services Pvt Ltd	Pledge	9000	Delayed discl on 21/09/2012
30	09/08/2012	Libra Agencies Pvt Ltd	Pledge	9000	Delayed discl on 21/09/2012
31	09/08/2012	Acg Pam Pharma Technologies Pvt Ltd	Pledge	15000	Delayed discl on 21/09/2012
32	09/08/2012	Bright Brothers Ltd	Pledge	25000	Delayed discl on 21/09/2012
33	09/08/2012	Ifci Factors Ltd	Invocation	18782	Delayed discl on 21/09/2012
34	13/08/2012	Western India Garments Pvt.Ltd.	Pledge	10000	Delayed discl on 21/09/2012
35	13/08/2012	Bright Brothers Ltd	Pledge	10000	Delayed discl on 21/09/2012
36	13/08/2012	Acg Pam Pharma Technologies Pvt Ltd	Invocation	240000	Delayed discl on 21/09/2012
37	13/08/2012	Acg Pam Pharma Technologies Pvt Ltd	Invocation	50000	Delayed discl on 21/09/2012
38	13/08/2012	Ess Dee Aluminium Ltd	Invocation	15000	Delayed discl on 21/09/2012
39	13/08/2012	Ess Dee Aluminium Ltd	Invocation	5000	Delayed discl on 21/09/2012
40	13/08/2012	Ess Dee Aluminium Ltd	Invocation	120000	Delayed discl on 21/09/2012
41	13/08/2012	Ess Dee Aluminium Ltd	Invocation	200000	Delayed discl on 21/09/2012
42	13/08/2012	Ess Dee Aluminium Ltd	Invocation	20000	Delayed discl on 21/09/2012
43	13/08/2012	Acg Pam Pharma Technologies Pvt Ltd	Invocation	15000	Delayed discl on 21/09/2012
44	14/08/2012	Spectrum Trimpex Pvt Ltd	Invocation	5000	Delayed discl on 21/09/2012
45	14/08/2012	Western India Garments Pvt.Ltd	Invocation	50000	Delayed discl on 21/09/2012
46	14/08/2012	Karvy Financial Services Ltd	Invocation	100000	Delayed discl on 21/09/2012
47	14/08/2012	Karvy Financial Services Ltd	Invocation	200000	Delayed discl on 21/09/2012
48	14/08/2012	Karvy Financial Services Ltd	Invocation	494000	Delayed discl on 21/09/2012
49	14/08/2012	Karvy Financial Services Ltd	Invocation	50000	Delayed discl on 21/09/2012
50	14/08/2012	Karvy Financial Services Ltd	Invocation	100000	Delayed discl on 21/09/2012
51	16/08/2012	Sicom Ltd	Invocation	10000	Delayed discl on 21/09/2012
52	17/08/2012	Sicom Ltd	Invocation	50000	Delayed discl on 21/09/2012
53	17/08/2012	Sicom Ltd	Invocation	5000	Delayed discl on 21/09/2012
54	17/08/2012	Sicom Ltd	Invocation	15000	Delayed discl on 21/09/2012
55	17/08/2012	Sicom Ltd	Invocation	2000	Delayed discl on 21/09/2012
56	17/08/2012	Spectrum Trimpex Pvt Ltd	Invocation	7693	Delayed discl on 21/09/2012
57	17/08/2012	Sicom Ltd	Invocation	3000	Delayed discl on 21/09/2012
58	17/08/2012	Sicom Ltd	Invocation	60000	Delayed discl on 21/09/2012
59	17/08/2012	Sicom Ltd	Invocation	225000	Delayed discl on 21/09/2012
60	17/08/2012	Sicom Ltd	Invocation	12000	Delayed discl on 21/09/2012
61	23/08/2012	Spectrum Trimpex Pvt Ltd	Invocation	1294	Delayed discl on 21/09/2012
62	24/08/2012	Trust Finstock Pvt. Ltd.	Pledge	475000	Delayed discl on 21/09/2012
63	24/08/2012	Spectrum Trimpex Pvt Ltd	Invocation	628	Delayed discl on 21/09/2012
64	30/08/2012	Sicom Ltd	Pledge	50000	Delayed discl on 21/09/2012
65	30/08/2012	Spectrum Trimpex Pvt Ltd	Invocation	1370	Delayed discl on 21/09/2012
66	04/09/2012	Bright Brothers Ltd	Invocation	1000	Delayed discl on 21/09/2012
67	07/09/2012	Bright Brothers Ltd	Invocation	3000	Delayed discl on 21/09/2012
68	08/09/2012	Spectrum Trimpex Pvt Ltd	Invocation	25000	Delayed discl on 21/09/2012

33. Regulation 31(1) of SAST Regulations, 2011 requires promoter of a listed company to disclose the details of the shares of company encumbered or pledged by him/her or by a person acting in concert with him/her. Regulation 31(2) of the said regulations requires promoter of a listed company to disclose details of any invocation or release / closure of pledge of shares. Regulation 31(3) of the said regulations requires the above said disclosure of pledge and closure/invocation to be made within 7 working days to the company as well as every stock exchange where share of company are listed.
34. KMP in reply to SCN argued that *he has truly and correctly disclosed all the transactions of pledging, invocation, release and share pattern in all the four quarters of the year 2012 to the Company as well as to the Stock Exchange well within time as per the law. The Noticee disclosed all the pledged and Release of Shares in Annexure-A to the Exchange and Company on 21.4.2012, 8.5.2012, 15.6.2012, 25.6.2012, 6.8.2012, 18.9.2012 and on certain other dates which records are in the custody of Official Liquidator. As such there is no question of contravention of Regulation 31(1), 31(2) read with 31 (3) of the SEBI (Substantial Acquisition and Takeovers) Regulations, 2011.* Further, BKP in reply to SCN argued that *she has truly and correctly disclosed all the transactions of pledging, invocation, release and share pattern in all the four quarters of the year 2012 to the Company which has been admitted in the SCN vide 2nd paragraph of page 5 of the SCN but it is alleged not disclosed to the Exchange which is not correct.* It is noted that though the Noticees claim to have made the required disclosures under question, however, did not submitted any supporting record in support of the same.
35. Having taken consideration of the aforesaid allegations of non-disclosure or delayed disclosures related to pledge transactions and reply of the Noticees in this regard, it is now to be determined whether there was indeed any failure to make the requisite disclosure related to pledge under the provisions of Regulations 31(1) and (2) read with Regulation 31(3) of the SAST Regulations, 2011.
36. It is pertinent to note that requisite disclosures of creation, invocation / closure of pledge under Regulation 31(1) and (2) of SAST Regulations, 2011, respectively, is required to be made by the promoter separately to the company and the Stock Exchange, and there is no liability at the end of company to make such disclosures to Stock Exchange.
37. For the aforesaid determination of the appropriate filing of disclosures by Noticees, information in relation to all the disclosures received by company and Stock Exchange from the Noticees during April 2012 to December 2012 under SAST and PIT Regulations, as provided by Stock Exchange (vide e-mail dated February 25, 2015) and Company (vide e-mail dated February 23 and 25, 2015) to SEBI, have been perused. It is pertinent to note that upon receipt of such disclosures, Stock Exchange disseminates the same on its website, hence, additionally, information of such disclosures available on the website of BSE have also been perused. In view of the above, following are the findings:

- a) With respect to the alleged 29 instances of non-disclosure of creation of pledge by KMP, it is noted that KMP failed to make the disclosure on 24 instances. With respect to the following 5 instances of alleged non-disclosure, it is noted that disclosures were made to Stock Exchange:

Date of transaction	Name of counterparty / Pledgee	Transaction Type	Quantity (shares)	Observations
08/06/2012	Ess Dee Aluminium Ltd	Pledge	5000	Included in disclosure dated 15/06/2012 disseminated by BSE on 15/06/2012
21/06/2012	Sicom Ltd	Pledge	3000	Included in disclosure dated 25/06/2012 disseminated by BSE on 25/06/2012
27/07/2012	Ess Dee Aluminium Ltd	Pledge	20000	Included in disclosure dated 06/08/2012 disseminated by BSE on 07/08/2012
27/07/2012	Karvy Financial Services Ltd	Pledge	200000	Included in disclosure dated 06/08/2012 disseminated by BSE on 07/08/2012
27/07/2012	Spectrum Trimpex Pvt Ltd	Pledge	50000	Included in disclosure dated 18/09/2012 disseminated by BSE on 21/09/2012

- b) With respect to the alleged 27 instances of delayed disclosure of creation of pledge by KMP, it is noted that there was delay in making disclosure in 21 such instances. With respect to the following 6 instances of alleged delayed disclosure, it is noted that disclosure was made within the required period, viz, 7 working days:

Date of transaction	Name of counterparty / Pledgee	Transaction Type	Quantity (shares)	Observations
25/07/2012	Ess Dee Aluminium Ltd	Pledge	20000	Included in disclosure dated 06/08/2012 disseminated by BSE on 07/08/2012
26/07/2012	Sicom Ltd	Pledge	15000	Included in disclosure dated 06/08/2012 disseminated by BSE on 07/08/2012
27/07/2012	Acg Pam Pharma Technologies Pvt Ltd	Pledge	50000	-
27/07/2012	Libra Agencies Pvt Ltd	Pledge	15000	Included in disclosure dated 06/08/2012 disseminated by BSE on 07/08/2012
27/07/2012	Wazir Financial Services Pvt Ltd	Pledge	15000	Included in disclosure dated 06/08/2012 disseminated by BSE on 07/08/2012
27/07/2012	Western India Garments Pvt.Ltd.	Pledge	50000	Included Disclosure dated 06/08/2012 disseminated on 07/08/2012

- c) KMP failed to make the disclosure of invocation of pledge in 9 instances and for closure of pledge on 1 such instance. Further, KMP failed to make timely disclosure of invocation of pledge transaction in 41 such instances, wherein in 40 instances delay was in range of 10 to 45 days.
- d) With respect to the alleged instances of non-disclosure by BKP of creation and invocation / closure of pledge on her shares, it is noted that though the BKP made the necessary disclosures in 1 instance of creation of pledge, 2 instances of closure and 1 instance of invocation of pledge to the company, however, same were not made to Stock Exchanges as required under the aforesaid regulations.

38. It is noted that apart from the instances of non-disclosure, there were disclosures of creation and invocation / closure of pledge which were made by KMP, however, with delay of few days to less than 3 months. These delayed disclosures are technical lapses, hence, venial.
39. In view of the above, it is clear that KMP during April 12, 2012 to December 19, 2012, failed to make 24 (twenty four instances) disclosure of creation of pledge in violation of Regulation 31(1) read with Regulation 31(3) of the SAST Regulations, 2011, and also during the same period, KMP failed to make 10 (ten instances) disclosures related to invocation / closure of pledge in violation of Regulation 31(2) read with Regulation 31(3) of the SAST Regulations, 2011.
40. As regards to BKP, it is clear that during August 16, 2012 to September 29, 2012, she failed to make one disclosure of creation of pledge to Stock Exchange in violation of Regulation 31(1) read with Regulation 31(3) of the SAST Regulations, 2011, and also, she failed to make 3 (three instances) disclosures of invocation / closure of pledge in violation of Regulation 31(2) read with Regulation 31(3) of the SAST Regulations, 2011.

**Issue c) - Whether Noticees failed to obtain pre-clearances from the company for purchase or sale of shares more than the no. / value of shares specified in code of conduct for prevention of insider trading adopted by the company, in violation of Clause 3.3 of the model code of conduct for prevention of insider trading mentioned in Part A of Schedule I prescribed under Regulation 12(1) read with 12(3) of the PIT Regulations, 1992?**

41. It is alleged that necessary pre-clearances were not obtained by Noticees for their following transaction in shares of the company, as the same were exceeding more than the no. / value of shares specified in code of conduct for prevention of insider trading adopted by the company.:
- a) Being Managing Director of company, failed to obtain pre-clearances from the company for purchase of 28,030 shares and Sale of 1,43,004 shares of company at Stock Exchange during June 2012 to September 2012;
  - b) BKP, wife of KMP (Managing Director) purchased 16,948 shares on July 27, 2012 and 10,000 shares on August 01, 2012.
42. Regulation 12(1) PIT Regulations, 1992 require inter-alia all the listed companies to frame a code of internal procedures and conduct as near thereto the Model Code specified in Schedule I of these Regulations without diluting it in any manner and ensure compliance of the same. Regulation 12(3) requires all listed companies to adopt appropriate mechanisms and procedures to enforce the codes specified under sub-regulations (1) and (2). Further, Clause 3.3 of said model code in schedule I of PIT Regulations, 1992 put requirements to be put in place for pre-clearance of trades by all directors / officers / designated employees of listed companies.

43. In line of the aforesaid provisions under PIT Regulations, 1992, as per records, company / Kemrock adopted code of conduct for prevention of insider trading. As per the said code of conduct adopted by company, Director is a “Designated Employee” and such official and his dependents are required to take pre-clearance of any intended trade or series of trades of Rs. 5 lakh and more value during any calendar month. There is no provision for relaxation from pre-clearance requirement mentioned in the said code adopted by company, and same is also not provided in PIT Regulations, 1992.
44. As regards to the allegation of not obtaining pre-clearances, Noticees in their reply to SCN have made following contentions:
- “In para 9 of the SCN, it was alleged that Company vide email dated 17.3.2015 confirmed that both the noticees had not taken pre-clearance. This fact is incorrect on the face of record. Vide email dated 17.3.2015, the Company had not confirmed this fact at least for Kalpesh Patel. To the contrary, email dated 17.3.2015 confirmed that Binitaben Patel disclosed the transactions to Exchange in consonance with provisions of SEBI Insider Trading Regulations.*
- There is nothing on record to remotely suggesting that noticees had violated Regulation 12 (1) or 12(3) and Schedule I of Part A of SEBI (Prohibition of Insider Trading), Regulation 1992. It is submitted that In Compliance of Rule 12 (1), Code of Internal Procedure and Conduct was framed and the same was literally followed. The compliance officer was appointed and made responsible for SEBI Compliance. As per the knowledge of the noticees no transactions were made by them without pre-clearances or exemption/relaxation wherever it was required. As of now the noticees have neither access to the record of the Company nor the Compliance Officer, as they have requested the OL to provide copy of the pre-clearances and exemption granted to them by the Compliance Officer during all four quarters of 2012. A copy of the Code of Conduct for Prevention of Insider Trading and letter to OL requesting copy of the Pre-Clearances and Exemption granted to them under the Code are enclosed.”*
45. As regards to BKP, following are the findings. From the e-mail dated 17.3.2015 from Kemrock to SEBI, it is noted that Kemrock informed SEBI that *“the said 13,448 shares was purchased by Patel Binitaben K on 27.07.2012, and for the said transaction entered into on 27.07.2012, as per our records, no pre-clearance was taken by Patel Binitaben K. However, it is noted that post the execution of said buy transaction, Patel Binitaben K had made a disclosure to the Stock Exchanges on 01.08.2012 in consonance with the provisions of SEBI Insider Trading Regulations”*. This provide the confirmed stand of the company that BKP didn’t obtain pre-clearance for purchase of 13,448 shares on 27.07.2012. As regards to the post-trade disclosures made by BKP to the Stock Exchange, it is noted that same were made to the Stock Exchange after the execution of the trades and same do not fulfil or substitute the necessity of seeking pre-clearances of trades from the company. Given the above, it is clear that by failing to obtain the said pre-clearance for purchase of shares on 27.07.2012, BKP has violated provision of Clause 3.3 of the model code of conduct for prevention of insider trading mentioned in Part A of Schedule I prescribed under Regulation 12(1) read with 12(3) of the PIT Regulations, 1992.
46. As regards to KMP following are the findings. As per records, KMP while replying to queries of SEBI during investigations, vide his letter dated January 05, 2015 referred to his transactions *during*

June 1, 2012 to September 30, 2012 viz, purchase of 13,410 shares and 14,620 shares and sale of 53,896 shares and 89,108 shares on BSE and NSE respectively, which included the purchase transactions of 11,200 shares on BSE and 14,620 shares on NSE during the Closure of Trading Window i.e, August 7-15, 2012, and made following submissions in this regard:

- a) Undersigned, Mr. Kalpesh Mahendrabhai Patel has not purchased 13,410 shares and 14,620 shares as also not sold 53,896 shares and 89,108 shares on BSE and NSE respectively during the period June 2, 2012 to September 30, 2012 as stated by your good office. Similarly, I have also not purchased 11,200 shares and 14,620 shares on BSE and NSE respectively during the closure of trading window, viz, from August 7-15, 2012.
- b) The lenders (with whom securities were pledged by me) are not expected to refer the matter to me. I would have taken pre-clearance along with supporting documents if the transaction would have been referred to me while invoking / sale (disposing off) of shares pledged with them. In view of reasons as above, the pre-clearance was not obtained and hence I am not in position to provide the details thereof.
- c) The lenders' invocations of securities pledged with them are not in the control of the borrower. Hence the transactions arising after pledge viz, invocation of securities is not in the hands of the borrower of loan. Thus, in view of the situation as mentioned herein, I express my inability to provide the reasons for entering into reverse transactions within period of six months along with waiver, if any, granted by compliance officer and reasons entering into transactions during the closure of trading window period.

47. In the above submissions during the investigations, KMP has admitted to not obtaining pre-clearances and argued that reversal of trades was beyond his control. Above submissions of KMP were also made by Company Secretary and Compliance Officer of the company vide a separate letter dated January 5, 2015.
48. Interestingly, in the said submissions of KMP, it was argued that purchase as well as sale of shares under question were not undertaken by KMP, and also lenders did not notified KMP before sale of shares. Though the above submissions had been made on record, however, from the trade log of dealing in scrip of Kemrock during the relevant period of trades under question at BSE and NSE, it is observed that said transactions (both purchase and sales) were actually executed in the trading account of KMP only, details as follows:

Date	Buy/ Sell	BSE / NSE	No. of Shares	Value (Rs)	Name of Broker (Broker ID)	Trading Account ID of KMP
15/06/2012	Buy	BSE	2,210	11,05,126	Mukesh Brokerage & Financial (6325)	J8303
07/08/2012	Buy	BSE	11,200	43,34,087	Fairwealth Securities (3147)	MUM71
07/08/2012	Buy	NSE	14,620	56,31,470	Fairwealth Securities (3147)	MUM71
24/08/2012	Sell	NSE	348	51,835	Fairwealth Securities (3147)	MUM71
03/09/2012	Sell	BSE	1,026	1,13,680	Fairwealth Securities (3147)	MUM71
05/09/2012	Sell	NSE	2,853	2,82,447	Fairwealth Securities (3147)	MUM71
11/09/2012	Sell	NSE	15,907	12,20,067	Fairwealth Securities (3147)	MUM71
13/09/2012	Sell	BSE	52,870	37,21,851	Fairwealth Securities (3147)	MUM71
13/09/2012	Sell	NSE	70,000	48,51,000	Fairwealth Securities (3147)	MUM71

49. From the above table, it is noted that shares of Kemrock were purchased and sold by KMP from his trading account no. "J8303" and "MUM71" with Stock Broker viz, Mukesh Brokerage & Financial (India) Ltd and Fairwealth Securities Ltd, respectively.
50. It is also pertinent to note that though KMP had merely denied the above mentioned purchase / sale, however, it is noted from the details of disclosures made by KMP to Stock Exchange available on record (and shared with KMP in the SCN), that KMP made a disclosure dated June 19, 2012 to BSE under Regulation 13(4), (4A) and (5) of PIT Regulations, 1992 for change in his holding on account of purchase of 2210 shares of value Rs. 11.1 lakh on 15/06/2012 at BSE through Stock Broker Mukesh Brokerage and Financial (I) Ltd. Above filing of disclosure also shows that KMP was indeed aware of his dealings under question in the shares of Kemrock.
51. Given the above, it is noted that trades under question were executed by KMP himself, and also, pursuant to one of such trades, disclosures for change in shareholding was also filed by KMP. It is clear that though the trades were executed by KMP through his trading account, however, no pre-clearances were sought by KMP from the company for trades under question. Hence, thereby, KMP has violated the Clause 3.3 of the model code of conduct for prevention of insider trading mentioned in Part A of Schedule I prescribed under Regulation 12(1) read with 12(3) of the PIT Regulations, 1992.

**Issue d) - Whether KMP entered into reverse / opposite transaction within six months of purchase/sale of shares, in violation of Clause 4.2 of the model code of conduct for prevention of insider trading mentioned in Part A of Schedule I prescribed under Regulation 12(1) read with 12(3) of the PIT Regulations, 1992?**

52. KMP purchased 13,410 shares on BSE and 14,620 shares on NSE during June 1, 2012 to August 14, 2012, and subsequently during August 24, 2012 to September 30, 2012 entered into reverse sale transactions, whereby KMP sold 53,896 shares at BSE and 89,108 shares at NSE. It has been alleged that in above dealings, KMP entered into reversal / opposite trades within six months of purchase of shares in violation of Clause 4.2 of the model code of conduct for prevention of insider trading mentioned in Part A of Schedule I prescribed under Regulation 12(1) read with 12(3) of the PIT Regulations, 1992.
53. Regulation 12(1) of the PIT Regulations, 1992 require inter-alia all the listed companies to frame a code of internal procedures and conduct as near thereto the Model Code specified in Schedule I of these Regulations without diluting it in any manner and ensure compliance of the same. Regulation 12(3) requires all listed companies to adopt appropriate mechanisms and procedures to enforce the codes specified under sub-regulations (1) and (2). Clause 4.2 of said model code in schedule I of PIT Regulations, 1992 inter-alia requires that "*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*". Further, Clause 4.3 provides that "*In case the sale of*

*securities is necessitated by personal emergency, the holding period may be waived by the compliance officer after recording in writing his/ her reasons in this regard”.*

54. In reply to SCN, KMP has inter-alia contended that *“As per the knowledge of the noticees no transactions were made by them without pre-clearances or exemption/relaxation wherever it was required. As of now the noticees have neither access to the record of the Company nor the Compliance Officer, as they have requested the OL to provide copy of the pre-clearances and exemption granted to them by the Compliance Officer during all four quarters of 2012”.* Though, KMP has shown inability to provide proper reply to the allegations owing to records of kemrock not accessible due to liquidation proceedings, however, relevant records, copy of which have also been provided to KMP, can help make the findings on this issue. As already noted while dealing with preceding issue, as per submissions of KMP and company vide their separate letters dated January 5, 2015, it was inter-alia informed to SEBI that reversal (sale) trades under question were not undertaken by KMP and the same were undertaken by its lenders, hence KMP expressed inability to provide reasons for entering into reversal trades as same was beyond his control. However, it is noted from the trade log of the dealings in shares of Kemrock, that reversal trades under question were actually undertaken by KMP from his trading account with Stock Broker viz, Fairwealth Securities.
55. It is clear that submissions of KMP viz, in letter dated January 5, 2015 and in reply to SCN, are not only contradictory with each other, but also incorrect and apparently made to mislead about dealings of KMP.
56. Given the above findings, it is clear that KMP entered into reverse transactions within six months of his earlier transactions, and also no waiver was obtained from the company. Therefore, it is clear that KMP has violated the provisions of Clause 4.2 of the model code of conduct for prevention of insider trading mentioned in Part A of Schedule I prescribed under Regulation 12(1) read with 12(3) of the PIT Regulations, 1992.

**Issue e) - Whether KMP traded during trading window closure period, in violation of Clause 3.2 of the model code of conduct for prevention of insider trading mentioned in Part A of Schedule I prescribed under Regulation 12(1) read with 12(3) of the PIT Regulations, 1992?**

57. It has been alleged that KMP while dealing in shares of company purchased 11,200 shares on BSE and 14,620 shares on NSE during trading window closure period viz, August 7-15, 2012, in violation of Clause 3.2 of the model code of conduct for prevention of insider trading mentioned in Part A of Schedule I prescribed under Regulation 12(1) read with 12(3) of the PIT Regulations, 1992.
58. Regulation 12(1) PIT Regulations, 1992 require inter-alia all the listed companies to frame a code of internal procedures and conduct as near thereto the Model Code specified in Schedule I of these Regulations without diluting it in any manner and ensure compliance of the same. Regulation 12(3) requires all listed companies to adopt appropriate mechanisms and procedures to enforce the codes



specified under sub-regulations (1) and (2). Clause 3.2-5 of said model code in schedule I of PIT Regulations, 1992 requires that *“All directors/officers/designated employees of the company shall conduct all their dealings in the securities of the Company only in a valid trading window and shall not deal in any transaction involving the purchase or sale of the company’s securities during the periods when trading window is closed, as referred to in para 3.2.3 or during any other period as may be specified by the Company from time to time.”*

59. In reply to SCN, KMP has not offered specific argument / contention about the allegation of undertaking trades during the trading window closure period. However, while replying to the question of not taking pre-clearances and entering into reversal trades, KMP in his submissions to SEBI dated January 5, 2015 during investigations, had denied undertaking trades himself during the trading window closure and has contended that same were undertaken without his prior knowledge. However, as already noted above, on perusal of the trade log from BSE and NSE, it is noted that 11,200 shares at BSE and 14,620 shares at NSE were purchased on August 7, 2012 from trading account no. “MUM71” of KMP with Stock Broker Fairwealth Securities Ltd.
60. KMP, being the MD of the company was aware about financial results for June 2012 quarter put up to the board of company at least on August 4, 2012. Further, as per records, vide e-mail dated August 6, 2012 sent to all the employees, company informed about closure of trading window during August 7 – 15, 2012.
61. Given the above, it is clear that KMP has traded during the trading window closure period with awareness about the trade restrictions in place. Thereby, KMP has violated Clause 3.2-5 of the model code of conduct for prevention of insider trading mentioned in Part A of Schedule I prescribed under Regulation 12(1) read with 12(3) of the PIT Regulations, 1992.

**Issue f) - Whether Noticees dealt in shares of company while in possession of an unpublished price sensitive information (UPSI), in violation of Regulation 3(i) read with Regulation 4 of PIT Regulations, 1992?**

62. During the investigations into the matter, it was observed that unpublished price sensitive information (UPSI) related to declaration of June 2012 quarter results came into existence on July 10, 2012. It is also observed that KMP, MD of Kemrock and an insider, bought total 25,820 shares of Kemrock on August 7, 2012, and further, BKP, also an insider (being wife of KMP, MD of Kemrock) bought shares of Kemrock viz, 16,948 shares on July 27, 2012 and 10,000 shares on August 01, 2012 at Stock Exchanges. Upon aforementioned acts of the Noticees, it has been alleged that they dealt in the shares of the company while in possession of UPSI, and thereby violated the provisions of Regulation 3(i) read with Regulation 4 of PIT Regulations, 1992.
63. Noticees, in their reply to SCN have denied the allegations without making any clear submissions in this regard, except submission that *UPSI period started from 06/08/2012 as this was the day when employees were informed about closure of trading window during 07/08/2012 – 15/08/2012 in view of the upcoming meeting of Board of Directors on 14/08/2012 to consider unaudited financial results for qtr ending 30/06/2012.*

64. As per regulation 2(e) of PIT Regulations, 1992 “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”. Further, connected person as per regulation 2(c)(i) of PIT Regulations, 1992 includes a “person, who is a director, as defined in clause (13) of section 2 of the Companies Act, 1956 (1 of 1956), of a company, or is deemed to be a director of that company by virtue of sub-clause (10) of section 307 of that Act”. As per regulation 2(h)((viii) of PIT Regulations, 1992 “relative of connected person is deemed to be a connected person”. By virtue of the fact that KMP was the MD of the company on relevant date, and BKP is her wife, both BKP and KMP were insider on the relevant date.
65. Based on the chronology of events leading to dissemination of financial results to stock exchange provided by company to SEBI during investigation, it is noted that between July 1 – 10, 2012 data from manufacturing sites were gathered, compilation of same done, and audit work was initiated. Further, Internal Audit report was submitted before Audit Committee on July 20, 2012, and subsequently, agenda including the agenda for approval of financial results was sent to Board on August 4, 2012. From the above information on record, it is not clear that the PSI related to quarterly results came into existence on July 10, 2012. It is pertinent to note that on July 20, 2012, internal auditors had put up the internal audit report for submission to the audit committee, however, as per submissions of the company, till July 20, 2012, entities involved in the process were limited to 2 managers from Finance and Accounts department of the company and its internal auditors.
66. Given the above, since the internal audit report was put up for submission to the audit committee, it is presumed that the information related to the results was revealed in some manner to KMP, MD of the company, July 20, 2012 onwards. Further, it is on record that company started the process for conducting board meeting to inter-alia approve the quarterly financial results on August 1, 2012, and subsequently, agenda for the meeting was circulated on August 4, 2012 to the Board inter-alia to the KMP. Further, as per own submission of Noticees, UPSI period started on August 6, 2019 when the e-mail for closure of trading window was sent to employees of the company.
67. The alleged UPSI was related to the June 2012 quarterly results. As per the disclosures filed with the Stock Exchanges by Kemrock, following were the results of the company for the June 2012 quarter vis a vis preceding quarters:

<i>Amount in Rs. Million</i>					
<b>Particulars</b>	<b>Jun-12</b>	<b>Mar-12</b>	<b>Dec-11</b>	<b>Sep-11</b>	<b>Jun-11</b>
<b>NS_IEOI</b>	1,616.57	2,690.84	2,364.19	2,377.17	9,013.10
<b>Other Income</b>	445.11	11.23	0.99	26.85	45.06
<b>Expenditure</b>	-1,415.22	-1,970.00	-1,670.88	-1,738.52	-6,531.76
<b>Interest</b>	-513.82	-385.69	-374.23	-328.94	-1,094.31

<i>Amount in Rs. Million</i>					
<b>Particulars</b>	<b>Jun-12</b>	<b>Mar-12</b>	<b>Dec-11</b>	<b>Sep-11</b>	<b>Jun-11</b>
<b>Gross_Profit</b>	132.64	346.38	320.07	336.56	1,432.09
<b>Depreciation</b>	-119.29	-115.29	-115.16	-116.92	-421.16
<b>PBT</b>	13.35	231.09	204.92	219.64	1,010.93
<b>TAX</b>	5.32	-86	-88.26	-64.7	-256.34
<b>Net Profit</b>	18.67	145.09	116.66	154.94	754.59

68. It is noted that since June 2011, company was consistently witnessing sharp reduction in its revenue and profits. It is pertinent to note that there was a sharp decline in both revenue and net profit of the company in June 2012 quarter compared to preceding March 2012 quarter and June 2011 quarter in previous FY. Hence, it is clear that UPSI viz, results of June 2012 quarter results was a negative news for the company, and once published, it was likely to have negative impact on the share price of Kemrock. Above is affirmed from the fact that price of the scrip of Kemrock fallen sharply after declaration of June 2012 quarter results.
69. Looking at the trends of dealing by the Noticees in the scrip of Kemrock during the time results of June 2012 Qtr were unpublished, it is noted that KMP and BKP had a clear buying trend, wherein KMP bought total 25,820 shares and on August 7, 2012 and BKP bought total 26,984 shares on July 27, 2012 and August 1, 2012.
70. It is pertinent to note that Noticees had a clear buying interest during the alleged UPSI period, and same were contrary dealings in relation to the negative UPSI during the same period. It is also on record that KMP had sold 1.43 lakh shares during August 24, 2012 to September 13, 2013, which is much after the declaration of financial results for June 2012 quarter. Thus if the noticees were to use the UPSI, they would have definitely sold these holdings during the previous period, when they actually bought. Given the above manner of dealings by the Noticees in the scrip of Kemrock, there is no cogent evidence available to suggest that Noticees have dealt in the shares of the company while in possession of the UPSI.

**Issue (g) Does the violation, if any, by the Noticees, as the case be,**

- (iv) mentioned in issue a) and b), make it liable for imposition of monetary penalty under section 15A(b) of SEBI Act?**
- (v) mentioned in issue (c), (d), (e), make it liable for imposition of monetary penalty under section 15HB of SEBI Act?**
- (vi) mentioned in issue (f), make it liable for imposition of monetary penalty under section 15G of SEBI Act?**

71. It has been found that KMP failed to make disclosures of change in his shareholding in violation of the provisions of Regulation 13(4) and 13(4A) read with 13(5) of PIT Regulations, 1992. Further,

Noticees failed to make disclosure related to pledge in violation of provisions of the Regulations 31(1) and 31(2), of SAST Regulations, 2011. The said violations committed by Noticees can't be ignored and make a fit case for imposing monetary penalty under section 15A(b) of SEBI Act, which provides as follows:

**Penalty for failure to furnish information, return, etc.**

**15A.** *If any person, who is required under this Act or any rules or regulations made thereunder,—*

*(b) to file any return or furnish any information, books or other documents within the time specified therefor in the regulations, fails to file return or furnish the same within the time specified therefor in the regulations, he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees;*

72. Further, it has been found that Noticees failed to obtain pre-clearance prior to undertaking trades in shares of the company. KMP is also found to have indulged in reversal of his trades within six months without obtaining necessary exemption / relaxation for the same. Further, KMP is also found to have traded during the trading window closure period despite having knowledge of trading window closure in force. Above defaults by Noticees (as the case be) have violated Clause 3.2, 3.3, and 4.2 of the model code of conduct for prevention of insider trading mentioned in Part A of Schedule I prescribed under Regulation 12(1) read with 12(3) of the PIT Regulations, 1992. The said violations committed by Noticees can't be ignored and make a fit case for imposing monetary penalty under section 15HB of SEBI Act, which provides as follows:

**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 shall not be less than one lakh rupees but which may extend to one crore rupees.*

73. Reliance is also placed upon the judgement of the Hon'ble Supreme Court of India in the matter of **SEBI Vs. Shri Ram Mutual Fund (Appeal no. 9523-9524)** which observed that “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...”.

**Issue j) - If so, what would be the quantum of monetary penalty that can be imposed on KMP and BKP taking into consideration the factors mentioned in Section 15J of the Act?**

74. While determining the quantum of penalty under section 15A(b) and 15HB of SEBI Act, it is important to consider the factors stipulated in section 15J of SEBI Act read with rule 5(2) of the Adjudication Rules read as under:-

**Factors to be taken into account by the adjudicating officer**

*While adjudging quantum of penalty under section 15-I of SEBI Act / section 23-I of SCR Act, 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.”*

75. There is no information available on record indicating disproportionate gains or unfair advantage made by the Noticees, or specific loss suffered by the investors due to violation as established above. No information is available on record about violations by the Noticees in past.

### **ORDER**

76. In view of the above, after considering all the facts and circumstances of the case and the factors mentioned in the provisions of Section 15-J of the SEBI Act, following penalty is imposed upon Noticees:

<b>Name of the Noticee</b>	<b>Violations</b>	<b>Penal Provision</b>	<b>Penalty Amount</b>
Mr. Kalpesh Mahendrabhai Patel (KMP)	Regulation 13(4) and 13(4A) of PIT Regulations, 1992	Section 15A(b) of SEBI Act	Rs.200,000/- (Rupees Two Lakh only)
	Regulations 31(1), 31(2) read with 31(3) of SAST Regulations, 2011		Rs.8,00,000/- (Rupees Eight Lakh only)
	Clause 3.2 of the model code of conduct for prevention of insider trading mentioned in Part A of Schedule I prescribed under Regulation 12(1) read with 12(3) of the PIT Regulations, 1992	Section 15HB of SEBI Act	Rs.2,00,000/- (Rupees Two Lakh only)
	Clause 3.3 of the model code of conduct for prevention of insider trading mentioned in Part A of Schedule I prescribed under Regulation 12(1) read with 12(3) of the PIT Regulations, 1992		Rs.1,00,000/- (Rupees One Lakh only)
	Clause 4.2 of the model code of conduct for prevention of insider trading mentioned in Part A of Schedule I prescribed under Regulation 12(1) read with 12(3) of the PIT Regulations, 1992		Rs.1,00,000/- (Rupees One Lakh only)
	<b>Total penalty imposed upon KMP</b>	Rs.14,00,000/- (Rupees Fourteen Lakh only)	
Ms. Binitaben Kalpesh Patel (BKP)	Regulations 31(1), 31(2) read with 31(3) of SAST Regulations, 2011	Section 15A(b) of SEBI Act	Rs.1,00,000/- (Rupees One Lakh only)
	Clause 3.3 of the model code of conduct for prevention of insider trading mentioned in Part A of Schedule I prescribed under Regulation 12(1) read with 12(3) of the PIT Regulations, 1992	Section 15HB of SEBI Act	Rs.1,00,000/- (Rupees One Lakh only)
	<b>Total penalty imposed upon BKP</b>	Rs.2,00,000/- (Rupees Two Lakh only)	

77. The Noticees shall remit / pay the said respective amounts of penalty within 45 (forty five) days of receipt of this order either by way of Demand Draft (DD) in favour of “SEBI - Penalties

Remittable to Government of India”, payable at Mumbai, or through e-payment facility into Bank Account, the details whereof are as follows:-

<b>Account No. for remittance of penalties levied by Adjudication Officer</b>	
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

78. The Noticee shall forward the said Demand Draft or the details / confirmation of penalty so paid through e-payment to the Division Chief of the Enforcement Department 1 (EFD1) – Division of Regulatory Action – 3 (DRA 3) of SEBI.
79. The format for forwarding details / confirmations of e-payments shall be made in the following tabulated form as provided in SEBI Circular no. SEBI/HO/GSD/T&A/CIR/P/2017/42 dated May 16, 2017 and details of such payment shall be intimated at e-mail ID: tad@sebi.gov.in:

Date	
Department of SEBI	
Name of Intermediary / Other Entity	
Type of Intermediary	
SEBI Registration no. (If any)	
PAN	
Amount (in Rupees)	
Purpose of payment (including the period for which payment was made e.g, Quarterly, Annually)	
Bank Name and Account Number for which payment is remitted	
UTR No.	

80. In terms of rule 6 of the SEBI Adjudication Rules, copies of this order is being sent to the Noticee and also to the SEBI.

**Date: June 25, 2019**  
**Place: Mumbai**

**Jeevan Sonparote**  
**Adjudicating Officer**