

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER NO. Order/AN/SM/2025-26/31581**

**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) RULES, 1995.**

In respect of

Mr. Mukesh Kumar Nagar
(PAN: BBVFN7577E)

In the matter of AVG Logistics Ltd.

A. BRIEF BACKGROUND

1. Securities and Exchange Board of India ('SEBI') carried out an investigation in the matter of suspected insider trading in the scrip of AVG Logistics Limited ('AVG' / 'AVG Logistics' / 'Company', in short) for the period September 01, 2023 to April 15, 2024 (hereinafter referred to as the "Investigation Period" / 'IP'). Pursuant to the investigation SEBI inter alia observed that Mr. Ankit Jain ('Noticee 1' / 'Designated Person', in short) being designated person of AVG had executed contra trades in the scrip of AVG and that Mr. Mukesh Kumar Nagar ('Noticee 2' / 'Noticee' / 'Compliance Officer' / 'Mukesh Nagar', in short) the compliance officer of AVG, failed to disgorge and remit the profit earned by Mr. Ankit Jain to Investor Protection and Education Fund administered by the Board under the Act. ('Noticee 1' and 'Noticee 2' collectively also referred to as 'Noticees').
2. Accordingly, SEBI initiated adjudication proceedings under SEBI Act, 1992 (hereinafter also referred to as "SEBI Act") against the Noticees inter alia including Mr. Mukesh Kumar Nagar (hereinafter also referred to as 'Noticee 2' / 'Entity') for the alleged violation of Clause 10 of the Minimum Standards for Code of Conduct (for listed companies) to Regulate, Monitor and Report

Trading by Designated Persons as specified under Sub-regulation (1) of the Regulation 9 of the SEBI (Prohibition of Insider Trading) Regulations, 2015 {hereinafter also referred to as 'SEBI (PIT) Regulations, 2015' / 'SEBI PIT Regulations' / 'PIT Regulations'} in the matter of suspected insider trading in the scrip of AVG Logistics Limited.

B. APPOINTMENT OF ADJUDICATING OFFICER

3. Whereas, the Competent Authority was prima facie of the view that there were grounds to adjudicate upon the alleged violations by the Noticees as stated and therefore, in exercise of the powers conferred under Section 19 read with Section 15-I of the SEBI Act, 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter also referred as "**SEBI Rules**"), the Competent Authority appointed the undersigned as Adjudicating Officer ("AO") vide order dated January 03, 2025 to adjudicate, under Section 15HB of the SEBI Act, 1992, upon the alleged violations, as stated. The said proceedings of appointment were communicated to the undersigned vide Communique dated January 06, 2025.

C. SHOW CAUSE NOTICE, REPLY AND HEARING

4. A common Show Cause Notice No. SEBI/EAD5/P/OW/2025/1179/1-2/2025 dated January 10, 2025 ('SCN' / SCN Dated January 10, 2025) was inter alia issued to Noticees in terms of provisions of Rule 4 of the Adjudication Rules, inter alia calling upon Noticees to show cause why an inquiry should not be held and penalty not be imposed, under section 15HB of the SEBI Act, 1992 for the alleged violations of the provisions, as stated. The SCN was duly served upon Noticees through digitally signed email dated January 10, 2025 and through Speed Post Acknowledgement Due (SPAD).

5. Pursuant to the issue of the SCN, Noticees filed settlement applications dated January 28, 2025 with SEBI, Registration No. 8339/2025 filed by Noticee 1 and Registration No. 8337/2025 filed by Noticee 2. In this regard, as regards Noticee 2, as the amount proposed by Noticee 2 vide email dated March 19, 2025, as part of revised settlement terms, was observed to be not in line with the amount calculated as per Settlement Regulations, 2018, SEBI vide its letter dated June 12, 2025 informed Noticee 2 inter alia about rejection of settlement application filed by him. Further in this regard, as regards settlement application of Noticee 1, the adjudication proceedings initiated against Noticee 1 already stand disposed of vide Settlement Order dated July 30, 2025, on the basis of the approved settlement terms. As regards Noticee 2, considering that the settlement application stands disposed of as rejected, instant order deals with the violation alleged in the SCN dated January 10, 2025 in respect of Noticee 2 as herein under.
6. Briefly stated, following was inter alia observed and alleged in respect of the Noticee 2:

“...

6.1. The entity being designated person of AVG, executed Contra Trades in the scrip of AVG resulting into profit of Rs.1,39,361.35

6.1.1. In this regard, it was observed by SEBI from the reply received from AVG vide letter dated November 09, 2024 and trade log received from exchanges that Mr. Axxxt Jxxn, bought 7,000 shares of AVG on September 14, 2023 and sold these 7,000 shares on November 17, 2023. Mr. Axxxt Jxxn was the Non-Executive Director of AVG and he resigned from the company on September 18, 2024. AVG has allotted 1,40,000 warrants to Mr. Axxxt Jxxn on July 15, 2023, which he is still holding in the Company. Mr. Axxxt Jxxn bought 7,000 shares at Rs.17,50,700.00 and sold at Rs.18,90,061.35 and made profit of Rs.1,39,361.35. AVG vide letter dated November 18, 2024 and November 20, 2024 (enclosed as **Annexure 2 & Annexure 3**) submitted that the transaction dated September 15, 2023 (the date is September 14, 2023 as per trade log received from NSE) was unintentional from the stock broker (FE Securities Pvt. Ltd.) of Mr. Ankit Jain. When Mr. Axxxt Jxxn became aware of the transaction on September 29, 2023, he promptly disclosed the said transaction to AVG. Further, he sold these shares on November 20, 2023 (the date is November 17, 2023 as per trade log received from NSE) to mitigate any potential regulatory concerns. AVG made the disclosures dated September 29, 2023 and November 17, 2023, under PIT Regulations to exchanges on receipt of the intimation from Mr. Axxxt Jxxn. The extracts of trade log for trades of Mr. Axxxt Jxxn in the scrip of AVG is enclosed as **Annexure 4**.

- 6.1.2. Clarification was sought from AVG vide email dated November 13 & 18, 2024 citing the provisions of SEBI (PIT) Regulations, 2015 in respect of trades executed by Mr. Axxxt Jxxn. In response, AVG submitted that it reviewed trading activity of Mr. Axxxt Jxxn and acknowledged that Mr. Axxxt Jxxn failed to obtain pre-clearance. However, AVG decided not to take any action against Mr. Axxxt Jxxn considering:
- The trade was unintentional, and Mr. Jxxn took prompt corrective action by selling the shares after opening of trading window.
 - The company was promptly informed, and the transaction was immediately disclosed to stock exchanges.
 - The Mr. Jxxn had no access to any unpublished price sensitive information (UPSI) at the time of executing the trade.
 - The trade was one and only activity done by Mr. Jxxn through secondary market.
- 6.1.3. Further, AVG strictly advised Mr. Axxxt Jxxn to refrain from trading in the securities of the company. Mr. Axxxt Jxxn ensured AVG that the trading done was unintentional error and such error will not occur in future. AVG also submitted that as the funds were already available with the broker of Mr. Axxxt Jxxn, no funds were debited from his bank account at the time of purchase of AVG shares that's why he did not receive any alert about the trade. Also, that the trades should not be treated as contra trades as the transaction in the account of Mr. Axxxt Jxxn, in the scrip of AVG was without knowledge of Mr. Axxxt Jxxn and due to lack of communication.
- 6.1.4. FE Securities Ltd., vide email dated December 02, 2024 (enclosed as **Annexure 5**) has confirmed that Mr. Sajal Gupta had placed trades on behalf of Mr. Axxxt Jxxn and the contract note for his trade dated September 23, 2023 was forwarded to Mr. Axxxt Jxxn on September 23, 2023 on his registered email. Therefore, it cannot be accepted that Mr. Axxxt Jxxn was not aware of his trade dated September 23, 2023 and he came to know about this trade only on September 29, 2023. Further, the Registrar and Share Transfer Agent ("RTA") of AVG, Link Intime India Pvt. Ltd. vide email dated December 20, 2024 (enclosed as **Annexure 6**) shared the weekly MIS Reports sent to company during September 2023 and October 2023 (dated September 17 & 24, 2023, October 01, 04, 08, & 15, 2024) through INSTA Auto mode directly from system to the registered emails of the company as registered with us i.e. compliances@avglogistics.com and cs@avglogistics.com. From the email received from RTA it is observed that the information relating to trades of Mr. Axxxt Jxxn in the scrip of AVG was shared with the company and its compliance officer, Mr. Mukesh Kumar Nagar on September 17, 2023, however, he failed to disgorge and remit the profit earned by Mr. Axxxt Jxxn from contra trades in the scrip of AVG to SEBI IPEF.
- 6.1.5. It was observed by SEBI that Mr. Axxxt Jxxn being Non-Executive Director and Designated Person of AVG executed contra trades in the scrip of AVG.
- 6.1.6. Further, with respect to Noticee 2, it was observed by SEBI that it was the responsibility of the compliance officer of the company to disgorge and remit the profit earned from contra trades executed, inadvertently or otherwise to SEBI IPEF (Investor Protection and Education Fund) in terms of Clause 10 of the "Minimum Standards for Code of Conduct (for listed companies) to Regulate, Monitor and Report Trading by Designated Persons as specified under Sub-Regulation (1) of the Regulation 9 of the SEBI (PIT) Regulations, 2015.

In view thereof, it is alleged that Nxxxxxe x and Noticee 2 had violated Clause 10 of the Minimum Standards for Code of Conduct (for listed companies) to Regulate, Monitor and Report Trading by Designated Persons as specified under Sub-regulation (1) of the Regulation 9 of the SEBI (PIT) Regulations, 2015.

“...”

7. Vide email / letter dated January 17, 2025, Noticee 2 submitted his reply to the SCN. Key submissions of the Noticee 2 as reply to the SCN are as under:

“... ”

We acknowledge the notice issued dated January 10, 2025 regarding the trading activity of Mr. Ankit Jain and the responsibility of the compliance officer to ensure disgorgement of profits earned from such trades to IPEF.

We have taken this matter very seriously and have promptly acted on the notice. We have requested Mr. Ankit Jain to transfer the profit of Rs. 1,39,361.62/- earned from the execution of such contra trades, regardless of whether these trades were executed unintentionally or otherwise, to the SEBI IPEF (Investor Protection and Education Fund). Mr. Jain has taken the necessary corrective action to ensure compliance of notice and he has transferred the profit of Rs. 1,39,600/- to IPEF dated 16.01.2025 vide UTR No. IDIBN52025011642794471 (details enclosed).

We would like to assure you that such an incident will not recur in the future. Furthermore, we have informed all designated persons within the company that any trades made without prior clearance will be their sole responsibility, and appropriate corrective action will be taken in such cases.

In light of the prompt corrective actions taken, and commitment to compliance moving forward, we respectfully and humbly request your good office to kindly consider dropping the proceedings in this matter. We remain fully committed to upholding the integrity of the securities market and adhering to all regulatory requirements.

Thank you for your understanding and consideration.

“... ”

8. Having regard to the principles of natural justice, vide Hearing Notice dated January 20, 2025, an opportunity of personal hearing was afforded to the Noticee 2 on January 24, 2025. On the scheduled date of hearing viz., January 24, 2025, the Noticee 2 availed the opportunity of hearing by appearing in person and opting hearing to be held through video conferencing. During the hearing, the Noticee 2 relied upon and reiterated the submissions made by Noticee 2 vide its Email/letter dated January 17, 2025. Further, the Noticee 2 confirmed that there were no further/additional submissions to be made and that the submissions made vide letter dated January 17, 2025 be taken as final and complete submissions in the matter.

D. CONSIDERATION OF ISSUES AND FINDINGS

9. The issues that arise for consideration in the instant matter are as following:

Issue No. I: Whether the Noticee 2 had violated the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015, as alleged?

Issue No. II: If yes, whether the Noticee 2 is liable for imposition of monetary penalty under Section 15HB of SEBI Act, 1992?

Issue No. III: If yes, what should be the monetary penalty that can be imposed upon the Noticee 2?

Issue No. I: Whether the Noticee 2 had violated the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015, as alleged?

The Noticee 2 being compliance officer of AVG failed to disgorge and remit the profit earned by Mr. Axxxt Jxxn (*designated person of AVG who had executed contra trades in the script of AVG*) to SEBI IPEF.

9.1. In this regard it was inter alia observed and alleged that it was the responsibility of the compliance officer of the company to disgorge and remit the profit earned from contra trades executed, inadvertently or otherwise to SEBI IPEF (Investor Protection and Education Fund) in terms of Clause 10 of the "Minimum Standards for Code of Conduct (for listed companies) to Regulate, Monitor and Report Trading by Designated Persons as specified under Sub-Regulation (1) of the Regulation 9 of the SEBI (PIT) Regulations, 2015.

- 9.2. Here it would first be pertinent to draw reference to the text of the provisions alleged to have been violated, which is reproduced as under:

SECURITIES AND EXCHANGE BOARD OF INDIA (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015

Code of Conduct.

9. (1) The board of directors of every listed company and 75[the board of directors or head(s) of the organisation of every intermediary shall ensure that the chief executive officer or managing director] shall formulate a code of conduct 76[with their approval] to regulate, monitor and report trading by its 77[designated persons and immediate relatives of designated persons] towards achieving compliance with these regulations, adopting the minimum standards set out in Schedule B 78[(in case of a listed company) and Schedule C (in case of an intermediary)] to these regulations, without diluting the provisions of these regulations in any manner.

SCHEDULE B

[See sub-regulation (1) ⁹¹[***] of regulation 9]

Minimum Standards for Code of Conduct [for Listed Companies] to Regulate, Monitor and Report Trading by [Designated Persons]

10. The code of conduct shall specify the period, which in any event shall not be less than six months, within which a designated person who is permitted to trade shall not execute a contra trade. The compliance officer may be empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these regulations. Should a contra trade be executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to the Board for credit to the Investor Protection and Education Fund administered by the Board under the Act.

(Note: for detailed/ complete text of the provisions, relevant Acts etc., may please be referred)

- 9.3. In this regard I note that the submissions of Noticee 2 as part of its reply to the SCN are in nature of admission in so far as Noticee 2 has inter alia submitted that, ... *We acknowledge the notice issued dated January 10, 2025 ... and the responsibility of the compliance officer to ensure disgorgement of profits earned from such trades to IPEF. ... We have taken this matter very seriously and have promptly acted on the notice. ... We would like to assure you that such an incident will not recur in the future. ...* ‘.

- 9.4. I also note that as part of his submissions as reply to the SCN, Noticee 2 has inter alia also submitted that, “... *We have requested Mr. Ankit Jain to transfer the profit of Rs. 1,39,361.62/- earned from the execution of such contra trades, regardless of whether these trades were executed unintentionally or otherwise, to the SEBI IPEF (Investor Protection and Education Fund). Mr. Jain has taken the necessary corrective action to ensure compliance of notice and he has transferred the profit of Rs.*

1,39,600/- to IPEF dated 16.01.2025 vide UTR No. IDIBN52025011642794471 ...’.

- 9.5. Further in this regard I note that Noticee 2 as part of its submissions has inter alia contended that, ‘ ... *in light of the prompt corrective actions taken, and commitment to compliance moving forward, we respectfully and humbly request your good office to kindly consider dropping the proceedings in this matter...*’. In this regard, I note that that Clause 10 of the “Minimum Standards for Code of Conduct (for listed companies) to Regulate, Monitor and Report Trading by Designated Persons as specified under Sub-Regulation (1) of the Regulation 9 of the SEBI (PIT) Regulations, 2015, inter alia mandates that, should a contra trade be executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to the Board for credit to the Investor Protection and Education Fund administered by the Board under the Act.

In this regard I note that the disgorgement was caused only subsequent to the issuance of the Show Cause Notice dated January 10, 2025 i.e., on January 16, 2025 vide UTR No. IDIBN52025011642794471. Accordingly, the contention of the Noticee 2 in this regard are devoid of merit and cannot be accepted and could at best be considered as mitigating factor.

In view thereof, the allegation that Noticee 2 being compliance officer of AVG had failed to disgorge and remit the profit earned by Mr. Axxxt Jxxn (*designated person of AVG who had executed contra trades in the script of AVG*) to SEBI IPEF, stands established. Accordingly, I hold that Noticee 2 had violated provisions of Clause 10 of the Minimum Standards for Code of Conduct (for listed companies) to Regulate, Monitor and Report Trading by Designated Persons as specified under Sub-regulation (1) of the Regulation 9 of the SEBI (PIT) Regulations, 2015.

Issue No. II: If yes, whether the Noticee 2 is liable for imposition of monetary penalty under Section 15HB of SEBI Act, 1992?

10. It has been established in the foregoing that Noticee 2 had violated provisions of Clause 10 of the Minimum Standards for Code of Conduct (for listed companies) to Regulate, Monitor and Report Trading by Designated Persons as specified under Sub-regulation (1) of the Regulation 9 of the SEBI (PIT) Regulations, 2015.
11. In this regard, it is also noted that the Hon'ble Supreme Court of India in the matter of SEBI v/s Shri Ram Mutual Fund [2006] 68 SCL 216(SC) inter alia held that:
- “ ... In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established”*
12. Therefore, for the established violation, as brought out in the foregoing, I find that the Noticee 2 is liable for monetary penalty under Section 15HB of SEBI Act, 1992, which reads as under:

Securities and Exchange Board of India Act, 1992

“ ...

Penalty for contravention where no separate penalty has been provided.

15HB. Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be ¹⁰⁴[liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.]

“ ...”

(Note: for detailed/ complete text of the provisions, relevant Acts etc., may please be referred.)

Issue No. III: If yes, what should be the monetary penalty that can be imposed upon the Noticee 2 ?

13. While determining the quantum of penalty, it is important to consider the factors as stipulated in Section 15J of the SEBI Act, which read as under:

SEBI Act, 1992

“ ...

Factors to be taken into account while adjudging quantum of penalty.

15J. While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely:—

- a. the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;
- b. the amount of loss caused to an investor or group of investors as a result of the default;
- c. the repetitive nature of the default.

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

...”

14. In the instant case, I note that the material available on record does not quantify any disproportionate gain or unfair advantage or loss caused to an investor or group of investors as a result of the violation committed by the Noticee 2. Further, there is nothing on record to show that the violation committed by the Noticee 2 is repetitive in nature. While, I note that Noticee 2 has inter alia submitted about having taken prompt corrective action, I cannot ignore that the Noticee 2 had violated provisions of the SEBI (PIT) Regulations, 2015 as brought out and dealt with in the foregoing, and such non-compliances accordingly need to be dealt with suitable penalty.

E. ORDER

15. After taking into consideration the facts and circumstances of the case, material available on record, submissions made by the Noticee 2 and also the factors mentioned in the preceding paragraphs, in exercise of the powers conferred upon me under section 15-I of the SEBI Act, 1992 read with Rule 5 of the SEBI Adjudication Rules, I hereby impose a penalty of ₹1,00,000/- (Rupees One Lakh Only) under Section 15HB of the SEBI Act, 1992, upon the Noticee viz., Mukesh Kumar Nagar. In my view, the said penalty will be commensurate with the violation committed by the Noticee in this case.

16. The Noticee shall remit /pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:

ENFORCEMENT -> Orders -> Orders of AO -> PAY NOW

17. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings under Section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties.
18. In terms of the provisions of Rule 6 of the SEBI Adjudication Rules, a copy of this order is being sent to the Noticee 2 and also to the Securities and Exchange Board of India.

PLACE: MUMBAI
DATE: August 07, 2025

AMAR NAVLANI
ADJUDICATING OFFICER