

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER Ref. No. ORDER/JS/RJ/2025-26/31551]**

**UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT,
1992 READ WITH RULE 5 OF SECURITIES AND EXCHANGE BOARD OF INDIA
(PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES,
1995**

In respect of:

Rupesh Satish Dalal HUF
PAN: AAHR3971F

**In the matter of insider trading activities of certain entities in the scrip of HDFC
Limited and HDFC Bank Limited**

1. On April 04, 2022 before market hours at 08:56 AM, Housing Development Finance Corporation Limited (hereinafter referred to as '**HDFC Ltd.**') and HDFC Bank Limited (hereinafter referred to as '**HDFC Bank Ltd.**') jointly announced to the stock exchanges about an amalgamation/merger whereby HDFC Ltd. will merge into HDFC Bank Ltd. This announcement had a positive impact on the price of both the scrips of HDFC Ltd. and HDFC Bank Ltd. HDFC Bank Ltd.'s share price rose by 10.01%, while HDFC Ltd.'s share price increased by 9.29% on April 4, 2022 on a close to close basis.
2. National Stock Exchange of India Limited (hereinafter referred to as '**NSE**') analysed the trading activity of various entities in the scrip of HDFC Ltd. and HDFC Bank Ltd. prior to the said announcement. NSE's report in this regard, *inter alia*, observed that the trading of certain clients including M/s. Rupesh Satish Dalal HUF (hereinafter referred to as '**Noticee**') pointed to the possibility of trading on the basis of Unpublished Price Sensitive Information (hereinafter referred to as '**UPSI**'). Consequently, the matter was forwarded to Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') for investigation. The Investigation Period was defined from November 01, 2021 to April 30, 2022 (hereinafter referred to as '**IP**').
3. Pursuant to the investigation, it was alleged that Mr. Y (the name is withheld on the request of the Noticee) had procured UPSI relating to the amalgamation/merger of HDFC Ltd. with HDFC Bank from Mr. X (the name is withheld on the request of the Noticee), an insider in terms of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

(hereinafter referred to as '**PIT Regulations**'). Thereafter, Mr. Y passed on the said UPSI to his father, Mr. Rupesh Satish Dalal, karta of Noticee (hereinafter referred to as '**Rupesh**') who eventually traded on the basis of the said UPSI regarding merger/amalgamation through the demat account of Noticee in the scrips of HDFC Ltd. and HDFC Bank Ltd. Accordingly, Noticee is alleged to have violated regulations 3(2) and 4(1) of the PIT Regulations and sections 12A(d) and (e) of the SEBI Act, 1992 (hereinafter referred to as '**SEBI Act**').

4. In this regard, it is learnt that Mr. X and Mr. Y filed *suo motu* settlement applications in the present matter. Accordingly, any proceedings that may have been initiated against them for the alleged violations of SEBI Act and PIT Regulations were settled pursuant to the Settlement Order dated December 20, 2024.
5. In this background, SEBI initiated the instant adjudication proceedings against the Noticee.

Appointment of Adjudicating Officer

6. Pursuant to the superannuation of the earlier Adjudicating Officer(hereinafter referred to as '**AO**') who had been appointed so vide communique dated April 29, 2024, the undersigned was appointed as AO in this matter vide communique dated April 08, 2025 under section 15-I of SEBI Act read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**Rules**'), to inquire into and adjudge the aforesaid alleged violations committed by the Noticee.

Show Cause Notice, Reply and Hearing

7. Show Cause Notice Ref. No. SEBI/HO/EAD2/NH/RJ/2025/4175 dated February 06, 2025 (hereinafter referred to as '**SCN**'/ '**Notice**') was issued by the erstwhile AO to the Noticee in terms of rule 4(1) of the Rules read with section 15-I of the SEBI Act to show cause as to why an inquiry should not be held against the Noticee and why penalty, if any, should not be imposed on it in terms of the provisions of the section 15G of the SEBI Act for the violations alleged to have been committed by the Noticee. The SCN, *inter alia*, alleged the following:

UPSI

- 7.1. *It is stated in the IR that the news of amalgamation/merger of HDFC Ltd. with HDFC Bank Ltd. dated April 04, 2022, was an UPSI till the time it was disclosed on the exchange platform. It is stated that pursuant to the disclosure of the said information regarding the amalgamation/merger, the scrip of HDFC Bank Ltd. rose by 10.01% and*

thus, the said information materially affected the price when it came into the public domain.

- 7.2. Accordingly, the news of the amalgamation/merger of HDFC Ltd. with HDFC Bank Ltd. is alleged to be an UPSI.

Period of UPSI

HDFC Ltd.

- 7.3. In the chronology of events submitted by HDFC Ltd., it had stated that the first meeting amongst senior officials was initiated on December 13, 2021.

HDFC Bank Ltd.

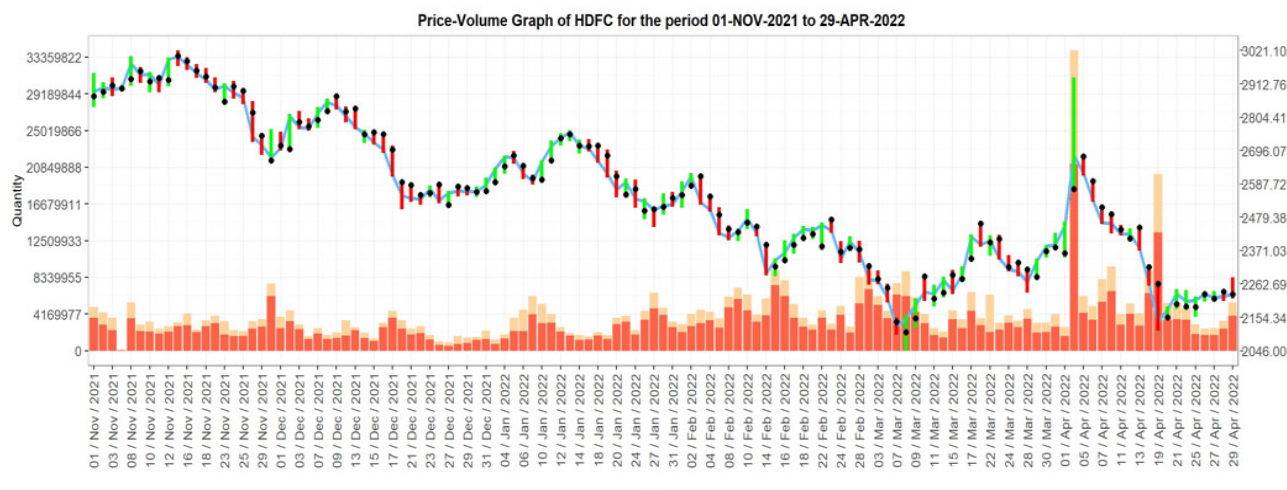
- 7.4. In the chronology of events submitted by HDFC Bank Ltd., the preliminary discussion on exploration of potential transactions by both parties started on December 13, 2021 and the announcement of the amalgamation/merger was made on April 04, 2022.
- 7.5. Accordingly, the UPSI period was taken as December 13, 2021 to April 04, 2022 in the IR. In this regard, the companies, i.e., HDFC Ltd. and HDFC Bank Ltd. submitted the details of entities who were aware of the aforesaid announcements and information about the entities connected to the company.

Price Volume Analysis

- 7.6. The price and volume of the scrip, HDFC Ltd., at NSE during pre-UPSI, UPSI and post UPSI period are tabulated below:

Table: HDFC Ltd.

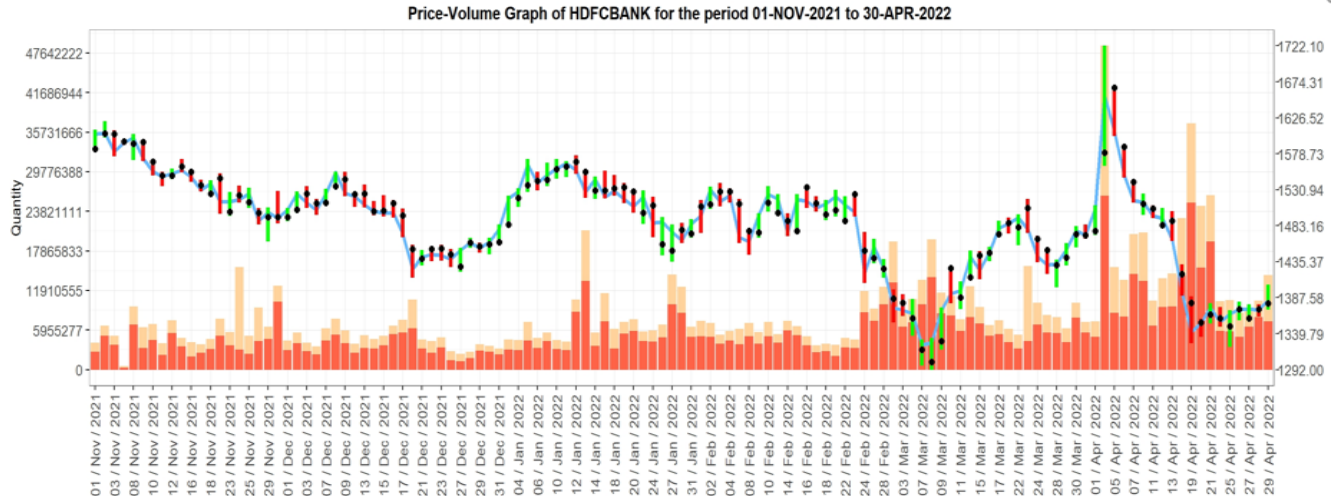
Period	Price/ Volume	Opening Price and Volume (INR in Lakhs) on the First Day of the Period	Closing Price and Volume (INR in Lakhs) on the Last Day of the Period	Low Price and Volume (INR in Lakhs) during the Period	High Price and Volume (INR in Lakhs) during the Period	Average no. of shares traded during the period (in Lakhs)
Pre - UPSI Period November 01, 2021 to December 10, 2021	Price	2873.00	2808.75	2,656.00	3,021.10	33.14
				30-Nov-21	15-Nov-21	
	Volume	49.51	34.56	1.29	76.29	
				4-Nov-21	30-Nov-21	
UPSI Period December 13, 2021 to April 01, 2022	Price	2832.80	2452.30	2,046.00	2,838.80	40.09
				8-Mar-22	13-Dec-21	
	Volume	26.61	26.51	9.15	91.54	
				27-Dec-21	15-Feb-22	
Post announ cement period April 04, 2022 to April 29, 2022	Price	2570.50	2229.70	2,111.25	2,933.80	77.1
				19-Apr-22	4-Apr-22	
	Volume	341.18	54.93	25.14	341.18	
				26-Apr-22	4-Apr-22	



- 7.7. It was observed that on the date of the announcement of the merger, i.e., on April 04, 2022 the scrip opened at Rs 2,570.50, i.e., 4.28% higher than the previous day's close price, touched an intraday high of Rs. 2,933.80 and closed at Rs 2,680.05, i.e., it moved up by 9.29% on a close to close basis.
- 7.8. The price and volume of the scrip, HDFC Bank Ltd., at NSE during pre-UPSI, UPSI and post UPSI period are tabulated below:

Table: HDFC Bank Ltd.

Period	Price/ Volume	Opening Price and Volume (INR in Lakhs) on the First Day of the Period	Closing Price and Volume (INR in Lakhs) on the Last Day of the Period	Low Price and Volume (INR in Lakhs) during the Period	High Price and Volume (INR in Lakhs) during the Period	Average no. of shares traded during the period (in Lakhs)
Pre-UPSI period Nov 01, 2021 to Dec 10, 2021	Price	1,585.00	1,522.55	1,462.00	1,622.00	61.09
				29-Nov-21	02-Nov-2022	
	Volume	40.61	38.90	5.48	154.01	
UPSI period Dec 13, 2021 to Apr 03, 2022				04-Nov-21	24-Nov-2021	75.27
	Price	1,526.00	1,526.00	1,292.00	1,576.65	
	Volume	51.61	72.84	23.53	209.82	
Post Announcement April 04, 22 to April 29, 22				27-Dec-21	13-Jan-22	183.86
	Price	1,580.00	1,384.6	1,322.25	1,722.1	
	Volume	487.25	142.01	85.08	487.25	
				25-Apr-22	04-Apr-22	
				26-Apr-22	04-Apr-22	



Graph 2: Price Volume Graph of HDFC Bank Ltd. during the period from November 01, 2021 to April 29, 2022.

7.9. It was observed that on the date of the announcement of the merger, i.e., on April 04, 2022, the scrip opened at Rs 1,580, i.e., 4.91% higher than the previous day's close price and closed at Rs 1,656.80, i.e., 10.01% higher on a close to close basis.

7.10. In this context, it was, inter alia, stated as under in IR with regard to the Noticee:

Trading activities of Noticee

7.11. The trading activity of Noticee in the scrip of HDFC Ltd. and HDFC Bank Ltd. during the period from November, 2021 to April, 2022) is tabulated below:

Table: HDFC Ltd.

Day Date	Option Type	Strike Price	Expiry Date	Days Buy Qty.	Days Sell Qty.	Buy Avg. Price	Sell Avg. Price	Days Buy Value	Days Sell Value	Positive Square off difference	Concentration
UPSI Period										567,795	62.15%
1-Apr-22	CE*	2500	28-Apr-22	1800	0	36.45		65,610	0		
1-Apr-22	CE	2600	28-Apr-22	1800	0	16.17		29,100	0		
1-Apr-22	CE	2700	28-Apr-22	1800	0	8.70		15,660	0		
1-Apr-22	CE	2800	28-Apr-22	1800	0	5.70		10,260	0		
Post Announcement Period											
4-Apr-22	CE	2500	28-Apr-22	0	1800		174.32	0	313,770		
4-Apr-22	CE	2600	28-Apr-22	0	1800		103.54	0	186,375		
4-Apr-22	CE	2700	28-Apr-22	0	1800		74.45	0	134,010		
4-Apr-22	CE	2800	28-Apr-22	0	1800		30.15	0	54,270		

Table: HDFC Bank Ltd.

Day Date	Option Type	Strike Price	Expiry Date	Days Buy Qty.	Days Sell Qty.	Buy Avg. Price	Sell Avg. Price	Days Buy Value	Days Sell Value	Positive Square off difference 252,505	Concentration 36.96%
UPSI Period											
1-Apr-22	CE	1500	28-Apr-22	1650	0	32.80		54,120	0		
1-Apr-22	CE	1600	28-Apr-22	1650	0	8.30		13,695	0		
1-Apr-22	CE	1650	28-Apr-22	1650	0	4.55		7,508	0		
1-Apr-22	CE	1700	28-Apr-22	1650	0	2.95		4,868	0		
1-Apr-22	CE	1800	28-Apr-22	1650	0	1.75		2,888	0		
Post Announcement Period											
4-Apr-22	CE	1500	28-Apr-22	0	1650		105.65	0	174,323		
4-Apr-22	CE	1600	28-Apr-22	550	2200	56.80	47.06	31,240	103,538		
4-Apr-22	CE	1650	28-Apr-22	0	1650		30.00	0	49,500		
4-Apr-22	CE	1700	28-Apr-22	0	1650		16.92	0	27,913		
4-Apr-22	CE	1800	28-Apr-22	0	1650		7.00	0	11,550		

7.12. It is stated in the IR that the Noticee had bought multiple call option contracts of HDFC Ltd. and HDFC Bank Ltd. prior to the announcement of the merger/ amalgamation and sold the said call options post the announcement. From the abovementioned Tables, it was observed that Noticee earned a positive difference of Rs. 5.67 lakh in HDFC and Rs. 2.52 lakh in HDFCBANK.

7.13. It was, further, observed that other than HDFC and HDFCBANK, the Noticee had traded only in the scrip of the INFY contract during the IP.

7.14. The following was the trading history of Noticee across the market obtained from BSE and NSE during IP:

Table: Pre UPSI Period (November 01, 2021, to December 12, 2021)

Name of Entity	Historical Trading Details (BSE)		Historical Trading Details (NSE)			
	No. of scrips dealt in cash market during the period	Gross Value of Trades (in Rs.)	No. of scrips dealt in cash market during the period	Gross Value of Trades (in Rs.)	No. of scrips dealt in derivative market during the period	Gross Value of Trades (in Rs.)
Rupesh Satish Dalal HUF	Nil		2	1,81,418	Nil	

Table: During UPSI Period (December 13, 2021, to April 04, 2022)

Name of Entity	Historical Trading Details (BSE)		Historical Trading Details (NSE)			
	No. of scrips dealt in cash market during the period	Gross Value of Trades (in Rs.)	No. of scrips dealt in cash market during the period	Gross Value of Trades (in Rs.)	No. of scrips dealt in derivative market during the period	Gross Value of Trades (in Rs.)
Rupesh Satish Dalal HUF	5	928760.15	19	26,66,148	2*	12,90,195

Table: Post UPSI Period (April 05, 2022, to April 29, 2022)

Name of Entity	Historical Trading Details (BSE)		Historical Trading Details (NSE)			
	No. of scrips dealt in cash market during the period	Gross Value of Trades (in Rs.)	No. of scrips dealt in cash market during the period	Gross Value of Trades (in Rs.)	No. of scrips dealt in derivative market during the period	Gross Value of Trades (in Rs.)
Rupesh Satish Dalal HUF	Nil		3	7,92,405	1	11,655

*Includes trade in the scrip of HDFC Ltd. and HDFC Bank Ltd.

Role of Mr. X

- 7.15. It is stated in the IR that Mr. X was part of the valuation team of Deloitte Touche Tohmatsu India LLP (Deloitte) which was appointed by HDFC Bank Ltd. as valuer on March 29, 2022. In this context, it is alleged that Mr. X was in possession of information about the merger since March 29, 2022. Accordingly, it is alleged that Mr. X became an insider on March 29, 2022.
- 7.16. As per the Call Data Record (hereinafter referred to as ‘**CDR**’) of Mr. X obtained from the respective Telecom Service Providers (hereinafter referred to as ‘**TSP**’), it is observed that he used to frequently call Mr. Y, who is son of Mr. Rupesh Satish Dalal, karta of the Noticee. The details of the telephone calls between Mr. X and Mr. Y are tabulated as under:

Calls between Mr. X and Mr. Y between March 15, 2022 to April 04, 2022		
Call Date	Call time	Call duration
18/03/2022	16:08:14	77
21/03/2022	21:13:57	441
23/03/2022	22:21:56	59
24/03/2022	21:37:57	25
26/03/2022	17:02:24	28
31/03/2022	22:33:05	8
03/04/2022	13:21:56	43
03/04/2022	22:55:49	7

03/04/2022	23:07:06	5
<i>Calls between Mr. X and Rupesh between March 15, 2022 to April 04, 2022</i>		
01/04/2022	18:54:32	52

7.17. *It is observed that Mr. X had one call with Mr. Y on March 31, 2022, after becoming an insider. On the very next day, i.e., April 01, 2022, Noticee bought the shares of HDFC Ltd. and HDFC Bank Ltd. in his HUF account.*

Recordings of Statement under investigation

7.18. *Summons were issued to various entities and their statements recorded on oath before the IA. The relevant details in this regard are given below:*

Statement of Mr. Rupesh Satish Dalal, Karta of Noticee

7.18.1. *The Statement of Mr. Rupesh Satish Dalal was recorded on February 13, 2024, wherein he, inter alia, submitted the following (as per IR):*

- *He has been investing in the stock market since 2019. His major trading (90-95%) is in the equity segment and very less in options.*
- *He knows Mr. X who is his son's (Mr. Y) friend.*
- *He takes advice of his son (Mr. Y) for investing in stocks.*
- *He stated that he traded in options of HDFC Ltd. and HDFC Bank Ltd. on the basis of technical and historical charts of HDFC, evaluated by him and his son. He submitted that he will share the historical charts details through email.*
- *He squared off the trades in HDFC options within three days because there was an up rise trend in the technical charts and the news of merger had come out.*

7.18.2. *Mr. Rupesh Satish Dalal, vide email dated March 04, 2024, submitted the details of historical charts.*

Statement of Mr. X

7.18.3. *The statement of Mr. X was recorded on February 13, 2024, wherein he, inter alia, submitted the following (as per IR):*

- *He was member of the valuation team at Deloitte who was working for the merger of HDFC Bank Ltd and HDFC Ltd. He joined the valuation team 4-5 days prior to the announcement of merger.*
- *Mr. Y is his good friend since 2017. Mr. Y had done CA with him.*
- *Mr. Rupesh Satish Dalal is father of his friend Mr. Y.*
- *He has not passed any information related to merger of HDFC Ltd. and HDFC Bank Ltd. to Mr. Y.*
- *He does not remember about transfer of Rs. 2,000 in his account by Mr. Y on March 26, 2022.*

Statement of Mr. Y

7.18.4. *The statement of Mr. Y was recorded on March 04, 2024, wherein he, inter alia, submitted the following (as per IR):*

- *His father (Mr. Rupesh Dalal) is involved in investment and trading business in securities market.*
- *He and his father generally have market related discussions among themselves since he also works in the same sector of securities market. They talk about general market trends, performance of companies including financial results and macro-economic data, index movement, performance of various sectors, etc. They also discuss with each other about their views on particular company.*
- *He does not operate or have access to his father's trading account.*
- *He does not know about the trades of his father in HDFC and HDFC Bank in F&O segment on April 01, 2022.*
- *Only when his father informed him, he came to know about his father squaring off the trade in HDFC Ltd. and HDFC Bank Ltd. in F&O segment on April 04, 2022 and making profit. He was not aware whether his father was having any advance information on this merger news of HDFC Ltd. and HDFC Bank Ltd.*
- *Mr. X is his friend. Both did CA together and he know him since 2018-19 when he joined CA. They talk and meet each other frequently. Mr. X also occasionally visits his house during festivals or birthday celebrations.*
- *He knew that Mr. X was working in Deloitte since 2021 in valuation team. However, he did not know Mr. X was part of valuation team of Deloitte which was working in merger process of HDFC and HDFC Bank.*
- *With regard to the call made on evening of March 31, 2022 between him and Mr. X, just a day before your father traded in options of HDFC Ltd. and HDFC Bank Ltd., he stated that he does not remember exactly about this call. Maybe he had met with Mr. X on evening of March 31, 2022. He does not know exact details as it was long time back.*
- *He doesn't remember about communication that happened between him and Mr. X when they met on March 31, 2022 evening.*
- *He has stated that he had neither discussed with Mr. X anything about the merger of HDFC Ltd. and HDFC Bank Ltd. during their meeting on March 31, 2022 evening nor had he passed any information to his father about such merger.*

7.19. *It is alleged in the IR that the statement of Mr. Y revealed that Noticee was connected/ related to the insider, Mr. X through his son Mr. Y. It is alleged that Mr. Y is the friend of Mr. X since 2017. Mr. X and Mr. Y were having regular telephone conversations and also met each other frequently, as is evident from their respective CDRs obtained from TSPs. Mr. X had admitted that he visited the house of Mr. Y occasionally.*

- 7.20. *It is alleged that on the specific dates around the buy/sell transaction by Noticee, CDRs had revealed that both Mr. X and Mr. Y had a call on March 31, 2022, i.e., after Mr. X became an insider to the merger information. Mr. Y had also admitted that he may have met with Mr. X on the evening of March 31, 2022. Since they are close friends and all communication between close friends cannot be in written form. In this regard, it was observed that the trades were executed in the account of Noticee on the next day, i.e., April 01, 2022 whose karta is the father of Mr. Y in the scrip of HDFC Ltd. and HDFC Bank Ltd. in F&O segment. It is alleged that such proximate connection between the placing of trades and meeting Mr. Y with Mr. X points to the probability of having traded on the basis of UPSI received from the insider, Mr. X.*
- 7.21. *It is mentioned in the IR that Mr. Rupesh Satish Dalal had admitted to taking advice from his son Mr. Y for investing in stocks. He also admitted that he had traded in options of HDFC Ltd. and HDFC Bank Ltd. on the basis of analysis of technical and historical charts that were evaluated by him and his son.*
- 7.22. *In this regard, it was observed in the IR that Mr. Rupesh Satish Dalal was not a regular trader in the F&O segment. It is alleged that his sudden trading in the F&O segment, coupled with the fact that he had taken the decision to trade after consulting with his son, who was a friend of an insider, evidences the fact that he had traded on the basis of UPSI transmitted to him from Mr. X through his son, Mr. Y.*

Allegation

- 7.23. *It is alleged in the IR that Mr. Rupesh Satish Dalal is the father of Mr. Y. Mr. Y was a close friend of Mr. X, an insider in terms of regulation 2(1)(g)(i) of the PIT Regulations as per the information provided by HDFC Bank Ltd. It was observed that Mr. Y was also found to be talking frequently to Mr. X. In this regard, it is alleged that Mr. Y was an insider as he had reasonable access to UPSI through Mr. X. It was observed that prior to the date of purchase by the Noticee, Mr. Y had spoken to Mr. X on March 31, 2022, at 22:33 hrs. Further, Mr. Rupesh Satish Dalal, in his statement, had admitted that he usually discusses his trades with his son and he traded in options of HDFC on the basis of technical and historical charts of HDFC, evaluated by him and his son. Further, as per the tower location provided by TSP, it was observed that both Mr. Y and Mr. X had also met on March 31, 2022. In this context, it is stated in the IR that it can be reasonably concluded that Mr. X had passed on the UPSI about the impending merger to his friend, Mr. Y, who further passed on the information to his father, Mr.*

Rupesh Satish Dalal. It is alleged that Mr. Rupesh Satish Dalal traded on the basis of this UPSI information through the account of Noticee.

7.24. *It is stated in the IR that the trading pattern of Noticee revealed that he was an active trader in the cash segment. However, during the IP his only trade in the options of HDFC Ltd. and HDFC Bank Ltd. (till April 01, 2022), was not a mere coincidence, but point towards awareness of impending merger.*

7.25. *Accordingly, it was alleged that Noticee had traded on the basis of UPSI relating to the impending merger and thus violated the provisions of sections 12A(d) and (e) of SEBI Act and regulation 3(2) and 4(1) of the PIT Regulations.*

8. The Noticee vide email dated March 11, 2025, *inter alia*, submitted the following reply to the SCN:

a. *I had taken the trades in HDFC Ltd & HDFC Bank Ltd. based on the below explained investment rationale & technical indicators. We did not have any unpublished price sensitive information.*

Investment Rationale

b. *As a regular investor / trader since mid-1990's, I have always been looking for new investment / trading opportunities in the stock markets. Investments for long term are largely driven by extensive research on fundamental parameters like balance sheet analysis, industry understanding & accumulation / distribution theory.*

c. *For short term or positional trading, I look at price action, open interest data, supported by in-depth technical analysis using various technical patterns over multiple time periods (short & long-time frames).*

d. *Based on the above combination of techno-funda analysis, I look to capture low-risk high-reward opportunities and below was one such opportunity that qualified for a trade.*

Executive Summary of Observations & Investment Rationale

HDFC Ltd			
Technical Pattern	What does it Indicate	Signal / Action	Depicted in Figure
Downward Sloping Trendline Breakout	Reversal of Downtrend	Bullish / Buy Signal	Figure 1
RSI Breakout	Reversal of Downtrend	Bullish / Buy Signal	Figure 1
Inverse Head & Shoulder	Possible breakout from Consolidation	Bullish / Buy Signal	Figure 2
Cup & Handle	Reversal of Downtrend	Bullish / Buy Signal	Figure 3
Fibonacci Retracement	Key level of Support / Demand Zone	Indicated a support @ 50% retracement levels	Figure 4
Dow Theory	Reversal of Trend	Formed a Higher-Low after consecutive Lower-Low & Lower High	Figure 5

HDFC BANK LTD			
Technical Pattern	What does it Indicate	Signal / Action	Depicted in Figure
Downward Sloping Trendline Breakout	Reversal of Downtrend	Bullish / Buy Signal	Figure 6
RSI Breakout	Reversal of Downtrend	Bullish / Buy Signal	Figure 6
Inverse Head & Shoulder	Possible breakout from Consolidation	Bullish / Buy Signal	Figure 7
Cup & Handle	Reversal of Downtrend	Bullish / Buy Signal	Figure 8
Fibonacci Retracement	Key level of Support / Demand Zone	Indicated a support @ 50% retracement levels	Figure 9

OPTIONS DATA ANALYSIS			
Script	Call Option Strike Price	Data Observation	Signal
HDFC Ltd	2500-2800	Unwinding of Open Interest in Out of Money call option strikes, other than 2500 strike which was At the Money	Bullish - possible covering of short positions
HDFC Bank	1500-1800	Signification Open Interest build up in Out of Money call option strikes	Bullish - possible creation of long positions

e. In addition to the above technical analysis & options data analysis, I observed a HIGH % of Delivery being taken between 50-70% during the period 21st March to 1st April 2022 (detailed data in the image below)

Conclusion

f. I took a positional trade in HDFC & HDFC Bank options with the expectations of stock prices likely to rise by 8-10% during the April series based on the parameters listed below:

- Technical chart patterns setups were bullish (Breakout from Downward sloping trendline & RSI Indicator, Inverse Head & Shoulder, Cup & Handle & Fibonacci retracement support)
- Unusual options data setup due to call build-up in out of money strikes
- High delivery marking of more than 60% in both HDFC & HDFC Bank in past 10 days
- Limited funds for investment to capture Low-risk & High-reward setup.

9. After receipt of the reply, in compliance with the principle of natural justice, an opportunity of personal hearing was granted to the Noticee on April 28, 2025. Noticee attended the hearing on April 28, 2025 through its karta, Mr. Rupesh Satish Dalal and reiterated the submission made vide Noticee's reply dated March 11, 2025. Noticee requested that Mr. X and Mr. Y are at the beginning of their careers and they have already settled the matter with SEBI, therefore, their names may be withheld from the order.

10. During the personal hearing, it was enquired as to whether the Noticee was using a customised software to predict the price trend while buying the call options as above. In response, karta of the Noticee submitted that he was using tradingview.com which is a generally available software. In response to a further query as to why only he could come up with such unique bullish prediction on stocks both HDFC Ltd. and HDFC Bank Ltd. despite the software tool is generally available, karta of the Noticee attributed his unique feat of accurate prediction to the fundamental analysis and his past experience in securities market.

Issues

11. After careful perusal of the material on record, I note that the issues that arise for consideration in the present case are as follows:
- I. Whether Noticee has violated regulations 3(2) and 4(1) of the PIT Regulations and sections 12A(d) and (e) of the SEBI Act?
 - II. Does the violation, if any, on the part of Noticee attract a monetary penalty under section 15G of the SEBI Act?
 - III. If so, what would be the monetary penalty that can be imposed upon Noticee taking into consideration the factors stipulated in section 15J of the SEBI Act?
12. The relevant extracts of the provisions of law, allegedly violated by Noticee, are mentioned under:

PIT Regulations

“3. (2) No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations

....

4.(1) No insider shall trade in securities that are listed or proposed to be listed on a stock exchange when in possession of unpublished price sensitive information:

Explanation –When a person who has traded in securities has been in possession of unpublished price sensitive information, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession.

....

SEBI Act

“12A. No person shall directly or indirectly—

...

(d) engage in insider trading;

(e) deal in securities while in possession of material or non-public information or communicate such material or non-public information to any other person, in a manner which is in contravention of the provisions of this Act or the rules or the regulations made thereunder... ”

13. I now proceed to decide the issues at hand.

Consideration

I. Whether the Noticee violated regulations 3(2) and 4(1) of the PIT Regulations and sections 12A(d) and (e) of the SEBI Act?

14. It was alleged in the SCN that the Noticee had procured UPSI regarding the impending merger of HDFC Ltd. with HDFC Bank Ltd. from Mr. X through Mr. Y. Thereafter, Noticee is alleged to have traded in the scrip of HDFC Ltd. and HDFC Bank Ltd. based on the said UPSI.

UPSI

15. It is noted that pursuant to the disclosure of the said information regarding the amalgamation/merger, the price of shares of HDFC Bank Ltd. rose by 10.01% and HDFC Ltd.'s share price increased by 9.29%. Thus, the said information materially affected the price of the said scrips when it was disclosed in the public domain.

16. In terms of regulation 2(1)(n)(iv) of the PIT Regulations, “merger” is deemed to include within the definition of UPSI. Here, it is appropriate to take note of the observation of the Hon’ble Securities Appellate Tribunal (hereinafter referred to as ‘SAT’) in the matter of *Future Corporate Resources Pvt. Ltd. and Ors. v. Securities and Exchange Board of India*¹ wherein it was held that:

“ ...
12. A perusal of the aforesaid definition would show that for an information to be termed as UPSI, it must,
(i) be relating to the company or its securities either directly or indirectly;
(ii) not be generally available; and
(iii) likely to materially affect the price of the securities.
In terms of Regulation 2(1)(n)(iv) of the PIT Regulations, information relating to mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions, is per se treated as UPSI.
13. From the aforesaid, it is clear that information relating to merger / de-merger is not "generally available" and, therefore, it has to be treated as a UPSI.
... ” (Emphasis supplied)

17. In view of the above, undisputedly the information regarding the impending merger of HDFC Ltd. with HDFC Bank Ltd. was a UPSI under regulation 2(1)(n) of the PIT Regulations.

¹Appeal No. 81 of 2021.

Period of UPSI

18. From the sequence of events and the information received from HDFC Ltd. and HDFC Bank Ltd., it is noted that the UPSI came into existence on December 13, 2021 when the preliminary discussion on the exploration of potential transactions was undertaken by HDFC Ltd. and HDFC Bank Ltd. Subsequently, on April 04, 2022 before market hours at 08:56 AM, both HDFC Ltd. with HDFC Bank Ltd. made an announcement to the stock exchanges regarding the proposed amalgamation/merger, wherein it was disclosed that HDFC Ltd. will merge into HDFC Bank Ltd. Accordingly, the UPSI period has been determined from December 13, 2021 until 08:56 AM on April 04, 2022. Noticee has not contested the defined period of UPSI in its reply. In light of the foregoing discussions, I conclude that the UPSI period existed from December 13, 2021 to 08:56 AM on April 04, 2022.

Insider

19. As per regulation 2(1)(g) of the PIT Regulations, an insider means any person who is:
- (i) a connected person; or
 - (ii) in possession of or having access to unpublished price sensitive information.
20. In this connection, I note that Mr. X was a member of the valuation team of Deloitte Touche Tohmatsu India LLP (hereinafter referred to as '**Deloitte**') which was appointed by HDFC Bank Ltd. on March 29, 2022 as a valuer for the merger of HDFC Bank Ltd. and HDFC Ltd. As part of the Deloitte team, Mr. X played a key role in undertaking the valuation exercises relating to the proposed merger. Thus, Mr. X, by virtue of his professional relationship with Deloitte, had access to UPSI concerning the impending merger.
21. In this background, I find that Mr. X had access to and was in possession of UPSI pertaining to the impending merger since March 29, 2022 and therefore, qualifies as an insider in terms of regulation 2(1)(g) of the PIT Regulations. The same is also evident from the list of persons who had access to UPSI as provided by HDFC Bank Ltd.
22. I now proceed to analyse the movement of UPSI from Mr. X to Mr. Y and finally to Rupesh.
- (a) It is a fact that Mr. X maintained a longstanding friendship with Mr. Y, son of the karta of Noticee since 2017. Mr. X used to have regular communication with Mr. Y that included

visits to Mr. Y's house as well. The statements of Mr. X and Mr. Y recorded under section 11C of the SEBI Act also substantiate the fact that they were indeed close friends who were in frequent communication with each other. In this regard, CDR confirms that the interaction between Mr. X and Mr. Y was active and regular during the IP. The details of the telephone calls among Mr. X, Rupesh and Mr. Y in the period from March 15, 2022 to April 04, 2022 are as under:

Table 1

Calls between X and Y between March 15, 2022 to April 04, 2022		
Call Date	Call time	Call duration
18/03/2022	16:08:14	77
21/03/2022	21:13:57	441
23/03/2022	22:21:56	59
24/03/2022	21:37:57	25
26/03/2022	17:02:24	28
31/03/2022	22:33:05	8
03/04/2022	13:21:56	43
03/04/2022	22:55:49	7
03/04/2022	23:07:06	5
Calls between X and Mr. Rupesh Satish Dalal between March 15, 2022 to April 04, 2022		
01/04/2022	18:54:32	52

- (b) From the aforesaid Table, it is apparent that Mr. Y had spoken to Mr. X on March 31, 2022. Moreover, as per tower location provided by the TSP, Mr. X and Mr. Y had met on March 31, 2022. Mr. Y, in his statement, has not denied the fact that he had met Mr. X on March 31, 2022. Therefore, it is evident that Mr. X had met Mr. Y on March 31, 2022.
- (c) I note that Mr. Y is the son of Rupesh, the karta of the Noticee. It is observed that Mr. Y and Rupesh resided at the same house. From the material on record, it is evident that Mr. Y and Rupesh shared a cordial relationship with each other and Rupesh sought Mr. Y's guidance while trading in securities market.
- (d) In this backdrop, I proceed to analyse the events that had transpired on April 1, 2022. It is noted that Noticee through its karta, Rupesh had purchased the call options of HDFC Ltd. and HDFC Bank Ltd. on the said date. The details of the said trades executed by the Noticee in the scrips of HDFC Ltd. and HDFC Bank Ltd. are tabulated below:

Table 2: Trades executed by Noticee in HDFC Ltd.

Day Date	Option Type	Strike Price	Expiry Date	Days Buy Qty.	Days Sell Qty.	Buy Avg. Price	Sell Avg. Price	Days Buy Value	Days Sell Value	Positive Square off difference	Concen-tration
UPSI Period										567,795	62.15%
1-Apr-22	CE	2500	28-Apr-22	1800	0	36.45		65,610	0		
1-Apr-22	CE	2600	28-Apr-22	1800	0	16.17		29,100	0		
1-Apr-22	CE	2700	28-Apr-22	1800	0	8.70		15,660	0		
1-Apr-22	CE	2800	28-Apr-22	1800	0	5.70		10,260	0		
Post Announcement Period											
4-Apr-22	CE	2500	28-Apr-22	0	1800		174.32	0	313,770		
4-Apr-22	CE	2600	28-Apr-22	0	1800		103.54	0	186,375		
4-Apr-22	CE	2700	28-Apr-22	0	1800		74.45	0	134,010		
4-Apr-22	CE	2800	28-Apr-22	0	1800		30.15	0	54,270		

Table 3: Trades executed by Noticee in HDFC Bank Ltd.

Day Date	Option Type	Strike Price	Expiry Date	Days Buy Qty.	Days Sell Qty.	Buy Avg. Price	Sell Avg. Price	Days Buy Value	Days Sell Value	Positive Square off difference	Concentration
UPSI Period										252,505	36.96%
1-Apr-22	CE	1500	28-Apr-22	1650	0	32.80		54,120	0		
1-Apr-22	CE	1600	28-Apr-22	1650	0	8.30		13,695	0		
1-Apr-22	CE	1650	28-Apr-22	1650	0	4.55		7,508	0		
1-Apr-22	CE	1700	28-Apr-22	1650	0	2.95		4,868	0		
1-Apr-22	CE	1800	28-Apr-22	1650	0	1.75		2,888	0		
Post Announcement Period											
4-Apr-22	CE	1500	28-Apr-22	0	1650		105.65	0	174,323		
4-Apr-22	CE	1600	28-Apr-22	550	2200	56.80	47.06	31,240	103,538		
4-Apr-22	CE	1650	28-Apr-22	0	1650		30.00	0	49,500		
4-Apr-22	CE	1700	28-Apr-22	0	1650		16.92	0	27,913		
4-Apr-22	CE	1800	28-Apr-22	0	1650		7.00	0	11,550		

(e) Here, it is important to highlight that the call and the meeting between Mr. X and Mr. Y took place on March 31, 2022 and on the next day, Noticee had executed the aforesaid trades in the scrips of HDFC Ltd. and HDFC Bank Ltd. Consequently, it becomes crucial to analyse the rationale of the Noticee to execute the impugned trades on April 01, 2022. I note that Rupesh, karta of Noticee used to rely on the advice of Mr. Y while undertaking investments in the securities market. In this regard, I take note of the following extract of the statement of Rupesh, the karta of the Noticee dated February 13, 2024:

“Q.7 Do you discuss stocks with your son?”

A.7 Yes, I do take his advice. We discuss stocks before investing.” (Emphasis supplied)

(f) Similarly, Mr. Y, in his statement dated March 04, 2024, has stated the following with respect to guiding the karta of the Noticee in his trading in the securities market:

“Q.6 Whether you also help your father in his trading in securities market?”

A.6 I and my father generally have market related discussions among ourselves since I also work in the same sector of securities market. We talk about general market trends, performance of companies including financial results and macro- economic data, index movement, performance of various sectors etc. We also discuss with each other about our views on particular company.” (Emphasis supplied)

(g) On juxtaposing the aforesaid statements of Rupesh and Mr. Y, it is manifest that Rupesh used to consult Mr. Y and, in short, he relied on Mr. Y’s advice prior to undertaking any trading activities in the securities market. Accordingly, Mr. Y had a key role in any trade executed by Rupesh.

(h) In this context, Noticee’s trading pattern during the UPSI period, is compared with the pattern prior to and post the said UPSI period below:

Limited Exposure to Derivative Markets

i. The following is the trading history of Noticee across the market as obtained from BSE and NSE during IP:

Table 4: Pre UPSI Period (November 01, 2021, to December 12, 2021)

Name of Entity	Historical Trading Details (BSE)		Historical Trading Details (NSE)			Gross Value of Trades (in Rs.)
	No. of scrips dealt in cash market during the period	Gross Value of Trades (in Rs.)	No. of scrips dealt in cash market during the period	Gross Value of Trades (in Rs.)	No. of scrips dealt in derivative market during the period	
Rupesh Satish Dalal HUF		Nil	2	1,81,418		Nil

Table 5: During UPSI Period (December 13, 2021, to April 04, 2022)

Name of Entity	Historical Trading Details (BSE)		Historical Trading Details (NSE)		No. of scrips dealt in derivative market during the period	Gross Value of Trades (in Rs.)
	No. of scrips dealt in cash market during the period	Gross Value of Trades (in Rs.)	No. of scrips dealt in cash market during the period	Gross Value of Trades (in Rs.)		
Rupesh Satish Dalal HUF	5	928760.15	19	26,66,148	2*	12,90,195

Table 6: Post UPSI Period (April 05, 2022, to April 29, 2022)

Name of Entity	Historical Trading Details (BSE)		Historical Trading Details (NSE)			Gross Value of Trades (in Rs.)
	No. of scrips dealt in cash market during the period	Gross Value of Trades (in Rs.)	No. of scrips dealt in cash market during the period	Gross Value of Trades (in Rs.)	No. of scrips dealt in derivative market during the period	
Rupesh Satish Dalal HUF		Nil	3	7,92,405	1	11,655

**Includes trade in the scrip of HDFC Ltd. and HDFC Bank Ltd.*

- ii. From the aforesaid Tables, I find that the trading pattern of the Noticee in the pre and post UPSI periods reveals a significant disparity when compared with his trading pattern of the UPSI period. In the pre and post UPSI period, the Noticee's trading activity was largely concentrated in the cash market, with its exposure to the derivative segment was rare and minimal. Specifically, there were no derivative trades in the pre UPSI period, and only one call option in INFY was purchased in the post UPSI period, which was settled at a loss and represented an insignificant risk exposure.
- iii. In stark contrast, during the UPSI period, the Noticee, who otherwise had no exposure in the derivatives segment, undertook substantial transactions in this segment. In a single date, i.e., on April 1, 2022, Noticee paid over Rs. 2 lakh in option premiums for the call options of HDFC Bank Ltd. and HDFC Ltd. This sudden increase in risk appetite and trading volume in the derivatives market by an otherwise infrequent options trader raises strong suspicion on the nature of the trade.

Date of Trades

- iv. Upon perusal of the trades undertaken by Noticee, it is evident that the Noticee had taken an effective buy position in the scrips of HDFC Ltd. and HDFC Bank Ltd. on April 01, 2022 (Friday), by exclusive purchase of call options. As noted above, the UPSI regarding the proposed merger had become generally available information on April 04, 2022 (Monday) at 08:56 AM. By taking this highly unusual bullish position in the aforesaid scrips so close to the time of the UPSI becoming public, Noticee was able to capitalize solely on the impact of the UPSI, rather than being affected by the vagaries of the market and unforeseen events. Such unique timing and strategy strongly suggest that the Noticee acted with prior knowledge of the UPSI. It is important to note that the timing of the Noticee's purchase was rather highly unusual, coinciding with Mr. X's meeting and communication with Mr. Y on March 31, 2022.

Unusual Bullish Position

- v. I note that Noticee took aggressive, and unique options positions by purchasing 100% of his call options in the scrip of HDFC Ltd. and HDFC Bank Ltd. on April 01, 2022. I find that the Noticee bought call options on HDFC Ltd. with strike prices ranging from Rs. 2,500 to Rs. 2,800, and on HDFC Bank Ltd. with strike prices between Rs. 1,500 and Rs. 1,800, all on April 1, 2022. Noticee who generally traded in the cash segment showed a mysterious appetite for call options from close strike prices to far strike prices

above the spot price in both the scrips on April 01, 2022. The relevant details in this regard are tabulated below:

Table 7: HDFC Ltd.

Day Date	Option Type	Strike Price	Expiry Date	Days Buy Qty.	Buy Avg. Price
1-Apr-22	CE	2500	28-Apr-22	1800	36.45
1-Apr-22	CE	2600	28-Apr-22	1800	16.17
1-Apr-22	CE	2700	28-Apr-22	1800	8.70
1-Apr-22	CE	2800	28-Apr-22	1800	5.70

Table 8: HDFC Bank Ltd.

Day Date	Option Type	Strike Price	Expiry Date	Days Buy Qty.	Buy Avg. Price
1-Apr-22	CE	1500	28-Apr-22	1650	32.80
1-Apr-22	CE	1600	28-Apr-22	1650	8.30
1-Apr-22	CE	1650	28-Apr-22	1650	4.55
1-Apr-22	CE	1700	28-Apr-22	1650	2.95
1-Apr-22	CE	1800	28-Apr-22	1650	1.75

vi. This strategy of the Noticee during the UPSI period was reflective of its extreme bullishness on the scrips of HDFC Ltd. and HDFC Bank Ltd. during the IP. This otherwise risky strategy had the potential to pay immense dividends only if one is certain of an impending sharp price rise.

vii. In this regard, I find that once the information regarding the merger became public on April 04, 2022, the prices of both the scrips HDFC Ltd. and HDFC Bank Ltd. moved up sharply in the range of 9-10%. Suddenly, all the call options of HDFC Ltd. and HDFC Bank Ltd. that were purchased by the Noticee on April 01, 2022 were profitable, underscoring the effectiveness of his unnatural bullish strategy. It is a fact that Noticee had squared off all his HDFC Ltd. and HDFC Bank Ltd. positions after announcement of merger that was on April 04, 2022. Such trading behaviour further lends strength to the preponderance of probability that the trades of the Noticee were not *bona fide*.

Unusual Pair of Scrips

viii. As noted above, Noticee had purchased only call options of both HDFC Ltd. and HDFC Bank Ltd. simultaneously during the UPSI period. This atypical interest in both the scrips at the same time, occurring on the very next day after Mr. X and Mr. Y had met, cannot be dismissed as a mere coincidence.

23. In this background, I note that in the matter of *Kunal Ashok Kashyap & Ors. v. SEBI*² the Hon'ble SAT had noted as under:

² Appeal No. 542 of 2021.

*“... In our considered view, in case of ‘insider trading’, the evidence cannot be direct but circumstantial, since evidence with respect to communication channel may not be on record.
...”*

24. Looking into the facts and circumstances of the case and the circumstantial evidence available before me, it is apparent that Mr. Y shared a close bond with Mr. X, who was an insider. It is an established fact that Mr. Y and Mr. X had met and communicated over the phone on March 31, 2022. On the very next day, i.e., on April 1, 2022, Noticee bought call options of HDFC Ltd. and HDFC Bank Ltd. in a manner that was inconsistent with its usual trading pattern. It is an admitted fact that Rupesh, the karta of the Noticee executed trades based on the guidance and advice from Mr. Y, his son.
25. When the aforesaid facts are considered holistically, a picture emerges before me, on the preponderance of probabilities, that Mr. Y had procured the UPSI regarding the impending merger from Mr. X, who was an insider during the IP and subsequently, communicated the said UPSI to Rupesh. Consequently, both Mr. Y and Rupesh fall within the ambit of ‘insider’ as per the PIT Regulations, being persons in possession of UPSI.
26. I note that Noticee is a HUF which includes Rupesh and Mr. Y as its coparceners. It is a fact that Rupesh is the karta of Noticee and in his capacity as the karta of Noticee, Rupesh had executed the impugned trades on April 01, 2022 on behalf of the Noticee. Since it is established on the preponderance of probability that the karta of the Noticee falls within the ambit of an insider, the Noticee, acting through its karta, is accordingly deemed to be an insider in terms of the PIT Regulations.
27. As it has been established that Noticee was an insider, I take note of the decision of the Hon’ble SAT in the matter of *Ameen Khwaja & Ors. v. SEBI*³ wherein it was held as under:
- “The burden of proof of having reasonable expectation of having access to the UPSI is initially no doubt on respondent SEBI. Once the respondent SEBI place material/probabilities then onus to prove shifts to the other side i.e. the appellants to prove otherwise. Since, admittedly, respondent SEBI is required to establish the facts on preponderance of probability and not beyond reasonable doubt, the similar standard of proof would apply to the appellants to shift the onus.”*
28. In this regard, Noticee, in its reply, has contested that the trades in the scrips of HDFC Ltd. and HDFC Bank Ltd. were undertaken based on the techno-funda analysis and was not based on any UPSI. Similarly, during the hearing, the karta of the Noticee attributed these trades to the

³ Appeal No. 584 of 2019.

fundamental analysis and karts's past experience in securities market. In support of its contention, Noticee has provided technical analysis allegedly undertaken by it before executing trades in the said scrips.

29. In the present matter, as noted above, the close relationship shared between Rupesh, Mr. Y and Mr. X, the statements recorded during the investigation, CDR analysis, data provided by TSP and trading pattern of the Noticee collectively point to the preponderance of probability that the Noticee was having access to UPSI while undertaking trades in the scrips of HDFC Ltd. and HDFC Bank Ltd.

30. As noted in previous paragraphs, Rupesh relied on the advice and guidance of Mr. Y before executing trades in the securities market. In this context, I note that with regard to the trading in the scrips of HDFC Ltd. and HDFC Bank Ltd. as well as his sudden interest in the F&O segment, Rupesh had stated the following in his statement during the course of investigation:

“Q.9 You said that your trades in FAO segment are quite less, then what prompted you to trade in HDFC options?”

A.9 Technical charts were evaluated by me and my son. The positional investments in HDFC were fundamentally driven....”

31. In this regard, it is noteworthy that the son of Rupesh, Mr. Y, in his statement, has feigned complete ignorance about the trades executed by Noticee in the scrips of HDFC Ltd. and HDFC Bank Ltd on April 01, 2022. This contradiction clearly shows that no technical analysis was undertaken by either Mr. Y or Rupesh before the impugned trades were executed by the Noticee on April 01, 2022.

32. In this connection, it is relevant to note that the sharp price rise in the scrip of HDFC Bank Ltd. and HDFC Ltd., i.e., 10.01% and 9.29% respectively, is solely attributable to the UPSI and such price rise was unprecedented. In support, reliance is placed on the fact that the price the scrip of HDFC Bank Ltd. had recorded its second highest price rise on May 21, 2021 on a close to close basis in the year preceding the squaring off date, however, the said price rise was only 4.5%. Similarly, the price the scrip of HDFC Ltd. had recorded its second highest price rise on March 17, 2022 on a close to close basis in the year preceding the squaring off date, however, the said price rise was only 5.37%. That being so, if the said UPSI had not been disclosed on the day the prices moved up phenomenally, i.e., on April 4, 2022, the Noticee would have undoubtedly lost the premium it paid for the purchase of call options in the aforesaid pair of scrips. Thus, in the

absence of a price movement induced solely by disclosure of UPSI as above, the techno-funda analysis of the Noticee would have become futile, showing the fallacy of the claim.

33. Consequently, it is noted that nothing in the submissions of the Noticee can satisfactorily explain the unique trading pattern of the Noticee during the UPSI period in the scrips of HDFC Ltd. and HDFC Bank Ltd. other than the explanation that the said trades were undertaken whilst in possession of UPSI. This possession of the UPSI appears to have been decisive here for the reason that he traded only once in F&O segment thereafter and the said trade ended up in a loss. Thus, it is difficult to accept that Noticee, based on his technical and fundamental analysis, had built his largest position in the scrip of HDFC Ltd. and HDFC Bank Ltd. on April 1, 2022 during the IP. Therefore, the submission of the Noticee appears to be an afterthought.
34. In light of the discussions in the foregoing paragraphs, I find that the Noticee had procured UPSI from Mr. X through Mr. Y without any legitimate purposes, performance of duties or discharge of legal obligations. Thereafter, Noticee bought multiple call option contracts of HDFC Ltd. and HDFC Bank Ltd. on April 01, 2022 (Friday) while being in possession of the said UPSI. Moreover, it is also noted that once the information regarding the impending merger was disclosed, the Noticee immediately exited his positions on the same very date, i.e., on April 04, 2022 (Monday). Thus, taking into account the facts as reproduced above regarding the close friendship of Mr. X, an insider with the son of the karta of Noticee, Mr. Y, proximately of telephone calls, meeting and trading dates, statements recorded during investigation, role of Mr. Y in the trades executed by Noticee, unusual trading pattern of Noticee, etc., it is established that Noticee has violated regulations 3(2) and 4(1) of the PIT Regulations and sections 12A(d) and (e) of the SEBI Act.

II. Does the violation, if any, on the part of Noticee attract a monetary penalty under section 15G of the SEBI Act?

35. As it has been established that the Noticee had violated regulations 3(2) and 4(1) of the PIT Regulations and sections 12A(d) and (e) of the SEBI Act, the Noticee is liable for payment of monetary penalty in terms of section 15G of the SEBI Act.
36. The text of the above said section 15G of the SEBI Act is reproduced below:

*“15G. Penalty for insider trading.
If any insider who, —*

(i) either on his own behalf or on behalf of any other person, deals in securities of a body corporate listed on any stock exchange on the basis of any unpublished price-sensitive information; or
(ii) communicates any unpublished price-sensitive information to any person, with or without his request for such information except as required in the ordinary course of business or under any law; or
(iii) counsels, or procures for any other person to deal in any securities of anybody corporate on the basis of unpublished price-sensitive information, shall be liable to a penalty which shall not be less than ten lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of insider trading, whichever is higher.”

III. If so, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in section 15J of the SEBI Act?

37. While determining the quantum of penalty under section 15G of the SEBI Act, the following factors stipulated in section 15J of the SEBI Act are taken into account:

*“15J. Factors to be taken into account by the adjudicating officer
While adjudging quantum of penalty under Section 15-I, the adjudicating officer shall have due regard to the following factors, namely: -
(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;
(b) the amount of loss caused to an investor or group of investors as a result of the default;
(c) the repetitive nature of the default.”*

38. I note that material available on record does not bring out any loss caused to any specific investor or a group of investors, as a result of violations committed by Noticee. I note that there is no material available on record to indicate that the violations committed by Noticee are repetitive. I have also considered the profit made by the Noticee while trading in shares of HDFC Ltd. and HDFC Bank Ltd.

39. The aforementioned factors have been taken into consideration while adjudging the penalty.

Order

40. Having considered all the facts and circumstances of the case, the material available on record, the factors mentioned in preceding paragraphs and in the exercise of powers conferred upon me under section 15-I of the SEBI Act 1992 read with rule 5 of the Adjudication Rules, I hereby impose the following penalty on the Noticee:

Table 9

Noticee	Violations established	Penal Provisions	Penalty
Rupesh Satish Dalal HUF	Regulations 3(2) and 4(1) of the PIT Regulations and sections 12A(d) and (e) of the SEBI Act.	Section 15G of the SEBI Act	Rs. 10,00,000/- (Rupees Ten Lakh only)

41. I am of the view that the said penalty is commensurate with the lapses/omissions on the part of Noticee.
42. Noticee shall remit/pay the said amount of penalty within 45 days of receipt of this order through the 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.
43. In terms of the provisions of rule 6 of the Adjudication Rules, a copy of this order is being sent to Noticee and also to the SEBI.

Date: July 29, 2025

Place: Mumbai

**JAI SEBASTIAN
ADJUDICATING OFFICER**