

SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: S. K. MOHANTY, WHOLE TIME MEMBER

ORDER

UNDER SECTION 11(1), 11(4), 11B(1), 11B(2) AND 11(4A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992- IN THE SCRIP OF TARA JEWELS LIMITED

In respect of

Sl. No.	Name of the Noticee	PAN
1.	RAJEEV VASANT SHETH	AAFPS7760Q
2.	AARTI SHETH	AAGPS3762H
3.	DIVYA SHETH	AAHPS8431L

BACKGROUND-

1. Tara Jewels Limited (hereinafter referred to as '**TJL**'/'**Company**') is a company registered under the Companies Act, 1956 and its shares are listed on the BSE Limited (hereinafter referred to as '**BSE**') and the National Stock Exchange of India Limited (hereinafter referred to as '**NSE**'). Vide Order No. MA 2630/2019 in CP(IB)1541(MB)/2017 dated July 30, 2019, the Hon'ble National Company Law Tribunal approved the liquidation of the *Company* and has appointed a liquidator for the purpose.
2. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') conducted an investigation into dealings in the scrip of the *Company* for the period from October 01, 2017 to December 31, 2017 (hereinafter referred to as '**Investigation Period**'/'**IP**') *inter-alia* to ascertain the violation of the provisions of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**the SEBI Act**') and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as '**the PIT Regulations**'), if any.

3. It was observed during the course of investigation that Shri Rajeev Vasant Sheth (hereinafter referred to as '**Noticee no. 1**') was a Promoter as well as the Chairman *cum* Managing Director (hereinafter referred to as '**CMD**') of the *Company* during the investigation period. His daughters, Ms. Aarti Sheth (hereinafter referred to as '**Noticee no. 2**') and Ms. Divya Sheth (hereinafter referred to as '**Noticee no. 3**') were also disclosed as promoters of the *Company*. At the relevant time, *Noticee no. 2* was holding the position of 'Vice President-Business Development' and *Noticee no. 3* was holding the position of Vice-President-Product Development' in the *Company* during the IP. It is observed upon investigation that *Noticees no. 1, 2 & 3* (hereinafter collectively referred to as '**Noticees**') have disposed of the shares of TJL during the investigation period by way of various market transactions.
4. Based on the finding of facts, an impounding order *cum* Show Cause Notice dated September 04, 2020 (hereinafter referred to as '**SCN**') was issued against the *Noticees inter-alia* directing impounding of the alleged unlawful loss avoided by them from their trades executed while in possession of Unpublished Price Sensitive Information (hereinafter referred to as '**UPSI**') and the *Noticees* were directed to deposit the same amount in an interest bearing Escrow Account with a Nationalized Bank. Further, the *Noticees* were also advised to show cause as to why suitable directions should not be issued and penalty be not imposed against them under the provisions of **Sections 11(1), 11(4), 11B(1), 11B(2), 11(4A) read with Sections 15 G AND 15 HB** of the SEBI Act for the alleged violations of the provisions of law.
5. From the perusal of the impounding order *cum* SCN, certain facts necessary for the purpose of adjudication of issues involved in the instant proceeding and based on which allegations have been made against the *Noticees* are captured herein as under;
 - 5.1 The *Company* had incurred a loss of INR 166.80 Crore during the quarter ended September 2017 as compared to a net loss of INR 6.62 Crore during the quarter ended June 2017 i.e. an increase in the net loss by more than 25 times between the two consecutive quarters and on a quarter to quarter basis between June 2017 and

September 2017, the net sales of the *Company* fell from INR 227.04 Crore to INR 70.31 Crore i.e. by 69%.

- 5.2 The said Quarterly financial results of the *Company* for quarter ended September 2017 was disclosed to the stock exchanges after the closing of the market on November 29, 2017. It is noticed that the day subsequent to the disclosure of the above Quarterly financial result i.e. on November 30, 2017, the price of scrip of the *Company* decreased by 6.48% and the total trading volume (combined on NSE and BSE) increased by 181.00% as compared to the previous day. The said Financial Results of the *Company* for Quarter ended September 2017 was alleged to be an UPSI in terms of regulation 2 (1) (n) of the PIT Regulations.
- 5.3 It is also alleged that *Noticee no. 1*, being the CMD of the *Company*, was privy to the UPSI as he was in the supervision, control and management of the affairs of the *Company*. In view of this, it is alleged that *Noticee no. 1* was in possession of UPSI from October 02, 2017 (First Monday post quarter ended September 30, 2017) and during the period when the said price sensitive information was not in public domain (commencing from October 02, 2017 till the day of disclosure i.e. November 29, 2017) and was known and possessed by only certain people, the said period is termed as UPSI period (hereinafter referred to as '**UPSI Period**').
- 5.4 It was observed that *Noticee no. 1* sold 30,93,498 shares (net sale) of TJL during the UPSI period. During this period, it was also observed that *Noticee no. 1* sold 1,36,720 shares and bought 1,12,000 shares of the *Company* on October 10, 2017 allegedly to give an appearance of buying in addition to selling shares of TJL during the UPSI period. Being allegedly aware of the UPSI, it was alleged that *Noticee no. 1*, had sold shares of TJL during the UPSI Period to avoid future losses, which is alleged to be in violation of the provisions of Section 12A(d) & (e) of the SEBI Act read with regulation 4(1) of the PIT Regulations.
- 5.5 It is also alleged that *Noticee no. 1* has communicated/provided/allowed access to the said UPSI to his daughters *Noticees no. 2 & 3*, who have also traded in the shares of TJL while in possession of the UPSI. Based on the above, the *Noticee no. 1* is

further alleged to have violated the provision of regulation 3(1) of the PIT Regulations.

- 5.6 It is observed that, during the said UPSI period, *Notices no. 2 & 3* sold their entire holding in TJL whereas both of them didn't trade in the scrip of TJL prior to or after UPSI period. In continuation of the allegations against *Noticee no. 1*, the trading of *Notices no. 2 & 3* were also alleged to be insider trading and *Notices no. 2 & 3* have also acted in violation of the provisions of Section 12A (d) & (e) of the SEBI Act read with regulation 4(1) of the PIT Regulations, due to their act of selling the shares of TJL, while in possession of UPSI.
- 5.7 In view of the above, it is alleged that the *Notices no. 1, 2 & 3* have unlawfully avoided a notional loss of INR 1,26,59,481.50, INR 2,09,930.40 and INR 9,62,060.70 respectively through their dealings in the scrip of the *Company* which were allegedly acts of insider trading committed by them.
- 5.8 It is further noticed that the *Notices* have not obtained pre-clearance for the trades executed by them during the investigation period from the Compliance Officer of TJL in compliance with the provisions of Code of Conduct adopted by the *Company* for prevention of insider trading and hence it is alleged that they have acted in violation of Clause 6 of Schedule B read with sub-Regulations (1) and (2) of Regulation 9 of the PIT Regulations.
- 5.9 *Noticee no. 1*, despite being a specified person of the *Company*, had entered into contra trades within 6 months of his previous trade when he sold 1,36,720 shares and purchased 1,12,000 shares of TJL on October 10, 2017. In view of this, it is alleged that he has violated Clause 10 of Model Code of Conduct for prevention of Insider Trading prescribed at Schedule B read with sub-Regulations (1) & (2) of regulation 9 of the PIT Regulations.

REPLY, PERSONAL HEARING AND SUBMISSIONS

6. In response to the SCN, the *Notices* vide their common reply dated November 26, 2020 have made common submissions which were also reiterated by Shri Ankit Lohia, Advocate

appeared for ALMT Legal, the Authorized Representative (**AR**) on behalf of the *Noticees*, on March 04, 2021, when an opportunity of personal hearing was provided to the *Noticees*. Subsequent to the personal hearing, the *Noticees* have again made a common post hearing written submission dated March 22, 2021 in response to certain queries raised before them for clarification during the course of personal hearing. In the aforesaid written submissions dated November 26, 2020 and March 04, 2021, the *Noticees* have offered the following explanations in their defense :

- a. The jewellery market all over the world, especially in the Asian region, was facing difficulties since 2015-2016 leading to delayed payments and cancellation of orders by several customers. The failure to receive timely payments and cancellation of orders by customers directly put substantial strain on the business and the financials of the *Company*, as the *Company* was largely into retailing and exporting of diamond jewellery/articles across various countries and predominantly to the United States of America. The crash of the Chinese stock market in 2015 also affected the global diamond market leading to deterioration in financial position of the *Company*.
- b. The *Noticees* have stated that in or around 2016, the *Company* started defaulting in payment of interest against the working capital facilities of approximately INR 750 Crore availed of from several banks and in November 2016, a joint lenders forum (hereinafter referred to as “**JLF**”) was formed for Revitalizing of Distressed Assets. The JLF recognised the *Company*’s account as stressed and some banks classified it as an SMA-2 account.
- c. The *Noticees* have further submitted that they requested consortium member banks for reliefs so as to secure working capital for larger orders, to avoid cancellation of those orders. This was in an attempt to avoid any impact on sales of the *Company* closer to Christmas which is the most crucial time of the year as 90% of the customer base of the *Company* was from United States of America who generally purchases jewelries around this time of the year. However, the Banks refused to grant further loans pending a resolution and therefore compelled *Noticee no. 1* to find an

alternative way to raise the funds to avoid the *Company* from being down-graded to a non-performing asset (“NPA”).

- d. *Noticee no. 1* has submitted that he was under continued pressure from the *Company’s* Lenders to infuse funds into the *Company* to meet some working capital requirements. The *Noticees* have stated that all the assets of the *Company* were charged to eleven banks and *Noticee no. 1* had also pledged approximately 40% of his shares in the *Company* as additional collateral.
- e. *Noticee no. 1* has contended that in the light of the above circumstances, he was left with no option but to sell his unencumbered shares of the *Company* to raise some capital to be able to fund the *Company* in order to discharge some of its obligations including paying employee wages and salaries through the lenders loan account and with lenders’ permission. To achieve this end, he also caused the sale of the shares held by his daughters *Noticees no. 2 & 3*; which were under his control and were part of the family holding.
- f. The *Noticees* have submitted that *Noticees no. 2 & 3*, though employed in the *Company*, had no specific UPSI in their hands and they had sold shares only to assist *Noticee no. 1*.
- g. All the proceeds of sale of shares during the investigation period were almost immediately reinvested in the *Company* by depositing the same into the *Company’s* account with its lead bank (State Bank of India) and all payments from this account were made with SBI’s knowledge and under its supervision. The payments made were mainly towards wages and salaries, material purchase, factory overheads and operational costs. The *Noticees* also submitted that they had duly fulfilled all the disclosure obligations attracted by their trades.
- h. The *Noticees* have denied that the Financial Results for quarter ended September 2017 constituted a UPSI on the ground that the *Company* was struggling financially since 2016 and the said fact was in public knowledge due to continuous fall in sales. This had also led to rapid fall in the price of the scrip since 2016.

- i. *Noticee no. 1* has contended that he did not have any information that could be construed as UPSI. It was in public knowledge that the *Company* was financially struggling and that it was likely to be taken by the Lenders to the NCLT for liquidation. Had the infusion of sales proceeds into the *Company* not been done, the *Company* would have faced greater trouble from the Lenders, leading to a steeper downfall of the *Company*. The *Noticees* also submitted that all the money was reinvested as unsecured loans, despite knowing the fact they would not be able to recover this money if the *Company* went into liquidation.
- j. *Noticee no. 1* has contended that he had brought to the attention of the Board, the financial stress being faced by the *Company*, updated them on the efforts being made with the banks and his requirement to sell his shares to bring in working capital to the *Company*.
- k. *Noticee no. 1* has also stated that a total number of 29,75,000 shares were pledged with Comfort Fincap Limited against a short term loan of INR 3,00,00,000/- (Rupees Three Crore Only) to the *Company* at a higher rate of interest repayable in 6 months with the pledged shares having a value of approximately 3 times the loan amount. By October 2017, the repayment of loan taken from Comfort Fincap Limited became mandatory. Therefore, he sold his unencumbered shares to repay Comfort Fincap Ltd. and unpledged his shares having value of approximately three times the loan amount. He then sold these unencumbered shares to bring working capital into the *Company*.
- l. The *Noticees* have submitted that the pre clearance for the sale of shares was sought from the Compliance Officer. Since the Compliance Officer was aware of the management decision for the sale of shares and made all necessary disclosures to the stock exchanges it is evident that necessary compliances were followed.
- m. *Noticee no. 1* has also stated that the alleged purchase of 1,12,000 shares on October 10, 2017 was due to technical error on the part of his broker wherein the transaction had automatically picked the option of “Auto-settlement”, which made it an intra-day transaction. Due to this, the buy transaction was nothing but square off trade at trade time 15:17:03 on the day of the selling and hence the same has been reflected

as a purchase. This transaction was routed through the stock exchange and security transaction tax (STT) was paid.

CONSIDERATION

7. I have taken into consideration the facts and circumstances of the case and the materials available on record. I note that the allegations levelled against the *Noticees* are broadly as follows:

- In violation of regulation 3(1) of PIT Regulations, *Noticee no. 1* has communicated the UPSI to *Noticees 2 & 3*.
- In violation of the provisions of Section 12(d) & (e) of the SEBI Act read with regulation 4(1) of the PIT Regulations, the *Noticees* have traded in the scrip of TJL while being in possession of UPSI.
- In violation of clause 6 of Model Code of Conduct for prevention of insider trading, the *Noticees* have traded in the scrip of TJL without obtaining pre-clearance for their trades.
- In violation of clause 10 of Model Code of Conduct for prevention of insider trading, *Noticee no. 1* has executed contra trades in the scrip of TJL within a period of 6 months from previous trade.

8. Before dealing with the submissions of the *Noticees*, it would be appropriate to refer to the relevant provisions of law pertaining to the matter, extract whereof is reproduced below:

SEBI ACT, 1992

Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.

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;

PIT Regulations

Communication or procurement of unpublished price sensitive information.

3.(1) *No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.*

Trading when in possession of unpublished price sensitive information.

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:*

Provided that the insider may prove his innocence by demonstrating the circumstances including the following: –

.....

(iii) the transaction in question was carried out pursuant to a statutory or regulatory obligation to carry out a bona fide transaction.

NOTE: 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. The reasons for which he trades or the purposes to which he applies the proceeds of the transactions are not intended to be relevant for determining whether a person has violated the regulation. He traded when in possession of unpublished price sensitive information is what would need to be demonstrated at the outset to bring a charge. Once this is established, it would be open to the insider to prove his innocence by demonstrating the circumstances mentioned in the proviso, failing which he would have violated the prohibition.

Allegation of Insider Trading w.r.t. Noticee 1

9. It is alleged that the Quarterly Financial Result of the Company for quarter ended September 2017 was an UPSI during the period of October 02, 2017 to November 29,

2017. It is further alleged that *Noticee no. 1*, as the CMD of the *Company*, was in possession of UPSI during the UPSI Period and had traded in the scrip of TJL during the UPSI period while in possession of UPSI.

10. In this regard, *Noticee no. 1* had made two fold submissions wherein firstly he has contended that contrary to the allegations there was no UPSI in existence and secondly he was not in possession of any UPSI during the said UPSI period so as to be held liable for a serious charge of insider trading.

11. I note that, the term UPSI has been defined at regulation 2(1)(n) of PIT Regulations as following:

"unpublished price sensitive information" means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following: –

(i) financial results;

.....

.....

NOTE: It is intended that information relating to a company or securities, that is not generally available would be unpublished price sensitive information if it is likely to materially affect the price upon coming into the public domain. The types of matters that would ordinarily give rise to unpublished price sensitive information have been listed out above to give illustrative guidance of unpublished price sensitive information."

12. From the above, it is evident that the definition of UPSI is an inclusive definition and not limited and restricted to the instances mentioned therein. The definition in clear and unequivocal term included 'financial result' as an UPSI without subjecting the same to any condition. The definition further goes on to hold an information as UPSI which is not generally available and which upon publication or disclosure is likely to materially affect the price of the securities. In this regard, I need to examine the said Quarterly financial results of the *Company* in comparison to different other Quarterly financial results for

certain quarters close to the quarter ended September 2017, which are presented as below:

Table 1: Financial Results of the *Company* for Calendar Year 2017

Description	Quarter Ended (Amount in Rs. Crore)			
	MAR- 2017	JUN- 2017	SEP – 2017	DEC - 2017
Net sales	307.85	227.04	70.31	70.77
Other Income	1.42	2.21	2.14	1.42
Total Income	309.27	229.25	72.45	72.19
Profit/loss after tax	-8.93	-6.62	-166.80	-201.18

The above table shows that the *Company* was in loss for the last two quarters prior to quarter ended September 2017 and the net loss incurred by the *Company* in the quarter ended September 2017 was INR 166.80 Crore as compared to a net loss of INR 6.62 Crore for the quarter ended June, 2017. Therefore, it is observed from the financials of the *Company* that on a quarter to quarter basis between June 2017 and September 2017, the net sales of the *Company* fell by 69% and net loss increased by 2420%.

13. I also note that the scrip of TJL closed at INR 21.60 per share on the NSE on November 29, 2017. Thereafter, consequent to disclosure of the abovementioned Quarterly financial results after the closing hours of share market on that day, the scrip of TJL opened at INR 20.10 per shares on November 30, 2017 and closed at INR 20.20 after touching a low of INR 18.55 per share on NSE. This shows that, subsequent to the disclosure of the Quarterly financial results of the *Company* for the quarter ending September 2017, the price of the scrip of TJL fell by 6.48% as compared to the previous day closing price on NSE. Similar price movement was also observed on the BSE. At the same time, the combined trading volume of TJL on the two stock exchanges witnessed a tremendous increase from 2,60,566 shares to 7,32,000 shares during this period which shows an increment of 181% in trading volume subsequent to the said disclosure of Quarterly financial result. In view of the above, irrespective of the fact that the definition of UPSI includes ‘financial results’ as an UPSI, the reaction of the market pursuant to the said disclosure of the Quarterly financial result of the *Company* for quarter ended September 2017 strongly substantiates

the aforesaid provisions in the PIT regulations to hold the said Quarterly financial result as a price sensitive information. This observation further gets confirmed from the fact that the disclosure of the above stated Quarterly financial result has indeed materially impacted the price as well as volume in the scrip of TJL wherein the shareholders of the *Company*, upon noticing such an unprecedented loss, are seen to have been selling the shares of the *Company* on the very first trading day subsequent to the disclosure of the said financial results. Thus, in this case the market price of the scrip is evidently observed to have been influenced by the disclosure of the Price Sensitive Information (hereinafter referred to as '**PSI**'), i.e. financial results for the quarter ending September 2017.

14. The *Noticee no. 1* has contended that the declaration of the Quarterly financial results of the *Company* can't be termed as a UPSI, since the fact that the *Company* was going through a tough phase and was incurring financial losses for the past few quarters was already in the public domain, hence, there was nothing which can be said to be unpublished and price sensitive in nature in the Quarterly financial results. Having gone through the replies of the *Noticee no. 1* and the submissions advanced on this issue, I consider the said arguments to be patently erroneous. As noted above, the *Company* had incurred losses in the past two quarters also, but the past quarterly financial losses can not undermine the price sensitiveness of the succeeding quarterly financial results more so when the definition prescribed under the PIT Regulations, in clear and unambiguous terms, includes within its ambit, the financial result of a company, as PSI. It should be noted that the said definition of UPSI does not make any distinction between good or bad financial results. Further, the said definition also does not carve out any exception to suggest that a historically consistent financial performance of a company for any quarter or any other prior period would not render the financial results of a subsequent period to be treated as a PSI. In case the argument of the *Noticee no. 1* that historically the financial performance of the *Company* for the last two quarters have resulted in losses which was known to the public at large, hence, the financial results of the subsequent quarter showing losses do not constitute price sensitive information is accepted, then the

historically declared good results for the earlier quarters would also have to be excluded from being termed as a price sensitive information following the same logic that the past quarterly profits are also available in public domain which in my view amounts to a gross misinterpretation of the definition of UPSI as prescribed under the PIT Regulations. As observed above that the definition with respect to price sensitivity of information under the PIT Regulations categorically includes financial result of a company as a PSI and a plain reading of the said provisions indicate that the quarterly financial results of a company do not depend on the good or bad financial performance of the company during the preceding historical quarters/period, to fall under the definition of PSI. Needless to state that both profit and loss of a company are equally important, material and sensitive from the point of view of an investor who is supposed to take his investment (buy/sale) decision depending on the good or bad financial results of a company as soon as the same is known to the public. Therefore, rightly so, the definition under the PIT Regulations, treats any financial result of a listed entity even on standalone basis, a PSI irrespective of the performance of a company during the other quarters or periods, since the extent of financial performance of a company, positive or negative, is likely to have a material impact on the scrip of the company. In view of the above, I find no hesitation in holding that the financial result of the *Company* for the quarter ending on September 30, 2017 on a standalone basis was indeed a PSI both on fact and in law and remained in existence and not being generally available till it was disclosed on November 29, 2017.

15. The SCN proceeds to allege that the *Noticee no. 1* being insider and in possession of the UPSI had traded in the scrip of the *Company*. In this respect, it is noted that in terms of the provisions of Section 12(d) & (e) of SEBI Act as well as under regulation 4(1) of PIT Regulations, an insider is prohibited from dealing in the securities of a company while in possession of UPSI. Hence, in order to adjudge the charge of insider trading, it becomes imperative to examine as to whether the *Noticee no. 1*, being an insider, had traded in shares of the *Company* while in possession of the UPSI.

16. Having gone through the relevant provisions of law, it is noted that no insider shall trade in securities of the company when in possession of UPSI. Thus, the provisions of PIT Regulations lays down a pre-requisite that a person alleged to have indulged in insider trading has to be an insider. In this respect, it is noted above that that the term "insider" is defined under regulation 2(1)(g) of PIT Regulations. The relevant portion of the said provision is reproduced hereunder:

2(1)(g) *"insider" means any person who is:*

i) a connected person; or

ii) in possession of or having access to unpublished price sensitive information;

17. The above definition provides that there can be two categories of insiders i.e. first, one who is a connected person of the company and second, one who is in possession of or having access to unpublished price sensitive information. The term 'connected person' is further defined under regulation 2(1) (d) of the PIT Regulations as under:-

2(1)(d) *"connected person" means,-*

- (i) any person who is or has during the six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the company or holds any position including a professional or business relationship between himself and the company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.

18. From the perusal of the aforesaid governing provisions, the definition of a 'connected person' is self-explanatory which does not need further elaboration and apart from a connected person, an insider also includes any other person who though may not be connected directly or indirectly to the company but can also become an insider, if he is in possession of or is having access to UPSI. In this respect, it is worthwhile to add here that

to qualify as an “insider”, it is not material to show as to how the said insider has come in possession of or has access to such unpublished information.

19. Keeping in view the definition of ‘insider’ as explained above, the status of *Noticee no. 1* as an insider of the company has to be examined. I note from the shareholding pattern of TJL, as available on the website of BSE and NSE, that *Noticee no. 1* was a Promoter as well as the largest shareholder of the *Company* during the investigation period (IP) and was holding 58.90% of total issued share capital of the *Company* as on September 30, 2017. Further, *Noticee no. 1* was admittedly the CMD during the IP. Therefore, on a bare perusal of above noted definition of an insider prescribed under the PIT Regulations, I find that *Noticee no. 1*, being the CMD in TJL at the given point of time, was certainly a ‘connected person’ with the *Company* and therefore an insider under regulation 2(1) (g) (i) of the PIT Regulations. It is further observed that the *Noticee no. 1* has acknowledged to have all the information pertaining to the financials of the *Company*. Further, the fact that the *Noticee no. 1* was looking after the general management, sales, product development, manufacturing technology and other related work in the *Company*, undeniably brings him within the definition of insider under regulation 2 (1) (g) (ii) of the PIT Regulations. A bare perusal of facts of the present case shows that *Noticee no. 1*, by virtue of his position as CMD of the *Company*, was not only an insider of the *Company* being a connected person.
20. Moving on to the submission of *Noticee no. 1* that he was not in possession of the UPSI, I note from letter dated February 14, 2020 submitted vide email dated February 14, 2020 and from the email dated February 20, 2020 addressed by the *Noticee no. 1* during the course of investigation that he has acknowledged that he was looking after the general management, sales, product development, manufacturing technology and other related work in the *Company*. He has further admitted that he was aware of the fall in revenue of the *Company* during the quarter ended September 30, 2017; he was also aware about closure of all the domestic retail stores of the *Company* (with the last retail store closing in the month of June 2017) as well as the delay made by the *Company* in fulfillment of international orders leading to their cancellation.

21. In view the above, having considered the facts that *Noticee no. 1* through his above mentioned letter and email has acknowledged possessing the knowledge of the impending poor financials of the *Company* and further considering the fact of his holding controlling stake as well as the position of CMD, I find no ground to accept that *Noticee no. 1* was not aware of, or was not in possession of or had no access to the UPSI pertaining to the financial results of the *Company* for the said quarter ending September 2017. In the given facts of the matter, it is irrelevant even if the *Noticee no. 1* was not aware of exact quantum of fall in revenue or loss that the *Company* was likely to suffer during the course of quarter ended September 2017. It is sufficient that he was looking after the business of the *Company* and was very much seized of the bad financials of the *Company* and was aware of the sensitive information relating to poor financials of the *Company* during quarter ended September 2017 which was not otherwise a 'generally available information'. Further, it is not the case of the *Noticee no. 1* that the said information was a 'generally available information'; as delay in fulfillment of orders cannot be said to be available with public unless the *Company* itself declares so to the public. It clearly shows that the *Noticee no. 1* was in possession of details of the UPSI relating to the poor financial results of TJL for the quarter ended September, 2017 at least immediately after the closure of the quarter, i.e., as on October 02, 2017, being the first Monday i.e. the first working day after the end of the 2nd quarter of the financial year.

22. As already stated earlier, *Noticee no. 1* had indulged in the act of insider trading during the UPSI period and the details of such trades as entered into by the *Noticee no. 1* during the UPSI period is as below:

Table 2: Trades of *Noticee no. 1* in the scrip of TJL during the UPSI Period

Date	Buy Qty.	Wt. Avg. Buy Price (in Rs.)	Buy Value (in Rs.)	Sell Qty.	Wt. Avg. Sell Price (in Rs.)	Sell Value (in Rs.)
09-Oct-2017	-	-	-	2,40,000	28.99	69,57,406.80
10-Oct-2017	1,12,000	30.49	34,15,331.95	1,36,720	27.73	37,91,228.00
11-Oct-2017	-	-	-	40,000	28.35	11,34,000.00

12-Oct-2017	-	-	-	50,000	28.00	14,00,048.10
16-Oct-2017	-	-	-	50,000	26.85	13,42,500.00
17-Oct-2017	-	-	-	4,19,342	27.02	1,13,28,753.35
24-Oct-2017	-	-	-	5,38,230	25.68	1,38,24,310.55
26-Oct-2017	-	-	-	52,395	23.12	12,11,456.35
30-Oct-2017	-	-	-	7,989	23.00	1,83,747.00
06-Nov-2017	-	-	-	1,10,409	22.66	25,01,894.50
07-Nov-2017	-	-	-	1,270	22.51	28,593.95
14-Nov-2017	-	-	-	98,371	23.46	23,08,242.40
15-Nov-2017	-	-	-	2,21,000	24.25	53,59,502.70
20-Nov-2017	-	-	-	6,11,888	22.08	1,35,13,043.65
21-Nov-2017	-	-	-	6,27,884	21.36	1,34,11,336.90
Total	1,12,000	-	34,15,331.95	32,05,498	-	7,82,96,064.25

23. The perusal of records reveals that *Noticee no. 1* was holding 1,45,02,893 shares of TJL as on quarter ending September 2017 amounting to 58.90% of the total issued share capital of the *Company*. *Noticee no. 1* started selling shares of TJL from October 09, 2017 till November 21, 2017 during the UPSI period wherein he sold a total number of 32,05,498 shares. Further, during the same period, the *Noticee no. 1* had also purchased 1,12,000 shares, meaning thereby, he sold 30,93,498 shares of TJL on a net basis during the UPSI period which amounted to 12.56% of total issued share capital of the *Company*. Resultantly his shareholding in the *Company* reduced to 1,14,09,395 shares amounting to 46.34% of issued share capital of the *Company*.

24. I have already held the *Noticee no. 1* an insider to the *Company*, in terms of regulation 2 (1) (g) of the PIT Regulations and have also held that he was in possession of UPSI relating to the Quarterly financial results of the *Company* for the quarter ending on September 2017. There is also no dispute as regards to the execution of trades by him during the UPSI period. As regards the allegation of indulging in insider trading while in possession of UPSI is concerned, I note that the only material submission advanced by the *Noticee* is that the *Company* had a history of poor financials and the shares were sold by him for protecting the interest of the *Company*. To buttress his submission the *Noticee* has placed reliance on the observation made in the order dated November 08, 2019 by Hon'ble Securities Appellate Tribunal (**SAT**) in the matter of *Abhijit Rajan vs. SEBI*.

25. Before I deal with the submission of the *Noticee* with respect to the applicability of the aforesaid order of Hon'ble SAT, it is relevant to analyse the facts of the present case involving the *Noticee no. 1* in terms of the applicable regulations. It is noted that the proviso to regulation 4(1) stipulates that in order to attract the charge of insider trading, it needs to be first established that the insider was in possession of UPSI on the dates on which the imputed trades were executed in the shares of the *Company*. The essential pre-condition has to be read further with the provision under regulation 4(2) of the PIT Regulations, which stipulates that in the case of connected persons, the onus of establishing that they were not in possession of UPSI, shall lie on such connected persons while in respect of other cases involving non-connected persons the onus of proving possession of UPSI while trading in the scrip of the company shall be on the authority making the allegation of insider trading i.e. SEBI. I note that the SCN alleges that the *Noticee no. 1*, being an insider, traded in the scrip of the *Company* when in possession of UPSI. As the SCN alleged him insider being a connected person of the *Company*, the burden is on the *Noticee* to prove that he was not in possession of the said UPSI, during the above-noted UPSI period, and failure to discharge this burden would be sufficient to establish that the *Noticee* being an insider of the *Company*, was in possession of UPSI when he sold the share of the *Company*. The law creates a legal presumption against the *Noticee* which is rebuttable and the responsibility of refuting the said legal presumption is that of the person who has been proceeded against for the alleged insider trading on the basis of his connection with the company. Since, the *Noticee* is undisputedly a connected person and insider of the company, he is under bounden duty to advance submissions with sufficient evidence to controvert the said legal presumption and to prove that he was not in possession of UPSI when he traded in the scrip of the *Company*. Further, the explanation to regulation 4 (1) provides that *"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"*. I must add here that the provisions of PIT Regulations carves out certain exceptions where under, even if a person is found to be an insider or in

possession of or having excess to the UPSI and has traded in the shares of the company while in possession of the UPSI, the violation of insider trading would not sustain, in case the person so alleged for insider trading is in position to demonstrate that his trading in the scrip of the company during the UPSI period falls in the exceptional circumstances prescribed under the PIT Regulations .

26. Coming back to the facts of the case, there is no dispute that the *Noticee no. 1* being insider had traded in the scrip of TJL while in possession of UPSI. Moreover, his trading pattern confirms to the nature of UPSI suggesting that the *Noticee no. 1* sold his shares in the *Company* prior to the disclosure of the negative UPSI (financial results for the quarter ending September 2017 showing huge losses for the company) to the public. The records before me also show that the *Noticee no. 1* had not traded in any other scrip for more than 2 years prior to the UPSI period. Applying the regulatory provisions surrounding the charge of insider trading as discussed in the preceding paragraphs, I am of the view that the *Noticee no. 1* has the burden to demonstrate that he was not in possession of the above noted UPSI or that he was not in a position to access to the UPSI or that his trading in the shares of the *Company* during UPSI period when he was in possession of the said UPSI was squarely covered under any of the exonerating circumstances provided under regulation 4(1) of PIT Regulations. In this respect, I find that the *Noticee* has not been successful in discharging his onus of proving any of the aforesaid alternatives to convince me that either he was not an insider nor he was having access to the UPSI of the company nor he has been able to make out a case that his trades fall in any of the exceptional categories provided under regulation 4(1) of the PIT Regulations.

27. I find the only submission made by *Noticee no. 1* is that he has sold his shares in the interest of the *Company* and in support thereof, he has relied upon the findings of Hon'ble Tribunal made in *Abhijit Rajan (supra)* to contend that the proceeds of the sale of shares were provided as unsecured loan to the *Company* to utilize the same for its working capital requirements. Having gone through the aforesaid order relied upon by *Noticee no. 1*, I find that the observation and finding of the Hon'ble Tribunal in the said case would

not be helpful to the *Noticee no. 1* as the said case decided by the Hon'ble SAT is clearly distinguishable on facts.

28. In *Abhijit Rajan*, the noticee therein had sold his shares to infuse funds in the company in pursuance of the master restructuring agreement to implement a Corporate Debt Restructuring agreement with lenders. *Noticee no. 1* herein failed to provide any such obligation forcing him to sell his shares.

29. In *Abhijit Rajan*, it has been held by Hon'ble SAT that the information regarding termination of an agreement, while positive in nature, was not an UPSI due to its insignificance in front of the size of the order book of the concerned company. Further, the trading pattern of the Appellant/noticee therein didn't fall in conformity with the nature of UPSI wherein he sold the shares prior to disclosure of the said positive information. None of those circumstances exists in the present matter wherein admittedly, the UPSI was negative in nature, being an unprecedented loss suffered by the *Company*, and the trading pattern of *Noticee no. 1* also confirms to the nature of UPSI wherein he sold shares of the *Company* prior to the disclosure of such negative UPSI. In fact, as discussed elsewhere in this order, two other *Noticees i.e. Noticees no. 2 & 3* are seen to have completely exited from their holdings in TJL while not at all disturbing their investments elsewhere. Additionally, in *Abhijit Rajan*, the noticee was also seen to have been selling other assets to infuse capital to the *Company*.

In view of the aforesaid, I find that the case of *Abhijit Rajan* is distinguishable on facts and the *ratio* laid out by Hon'ble SAT therein will not be applicable in the present matter for the reasons stated above.

30. As noted earlier, the regulation 4 (1) of PIT Regulations, while prohibiting the insiders from trading in the securities when in possession of UPSI, has also listed out certain exceptions, viz. off-market inter-se transfer between insiders who are in possession of same UPSI, block deal on exchange platform between two parties who are in possession of same UPSI, transaction being in pursuance to a 'statutory or regulatory obligation' etc. An insider is permitted to sell his shares while being in possession of UPSI, if he satisfies his case to be

falling under one of the aforesaid exceptions. However in the present case, the *Noticee no. 1* has not been able to bring forth any explanation on the table so as to demonstrate his trading in shares to be falling in any of the said exceptions mentioned under regulation 4 (1) of the PIT Regulations. Although the *Noticee no. 1* has claimed to have utilized the sales proceeds of his share trades in the interest of the *Company*, the said utilization of sales proceeds cannot be treated as an permissible 'exonerating circumstance' in terms of the provisions of PIT Regulations. I may add here that the claim of the *Noticee no. 1* having utilized the sales proceeds of his shares in the interest of the company may initially appear to fall in close proximity of the exemptions available for the transactions carried out pursuant to a *bona fide* statutory or regulatory obligation. Keeping this possibility in mind, during his personal hearing *Noticee no. 1* was specifically asked to demonstrate in detail the specific statutory or regulatory obligation, if any, along with supporting documentary proof in compliance of which he was forced to sell his shares of TJL during the UPSI period. However, *Noticee no. 1* has neither provided details of any specific 'statutory or regulatory obligation' nor any documentary proof in support of those statutory or regulatory obligation if any, which might have compelled him to sell the shares of TJL while being in possession of UPSI. Under the circumstances I have to reach a conclusion that the case of the *Noticee no. 1* does not fall under any of the exemptions carved out under regulation 4 (1) of PIT Regulations.

31. Without prejudice to the aforesaid, I note that despite being specifically asked during the personal hearing, the *Noticee no. 1* has failed to produce any evidence in support of his contention that he was under pressure from the lenders of the *Company* to infuse funds to meet immediate working capital requirements. Further, *Noticee no. 1* has also failed to furnish copies of any loan agreement entered by him with the *Company* in support of the unsecured loan granted by him to the *Company* to infuse working capital into the *Company*, out of the proceeds of the shares sold by him during UPSI period. Further the aforesaid submission of the *Noticee no. 1* that he had to sell his shares to utilize the sales proceeds for the working capital requirements of the *Company* is also found to be

inconsistent with other contentions of the *Noticee no. 1* in which he has categorically admitted that the defaults in payment of interest by the *Company* had commenced in the year 2016 itself, however, no sell of shares was effected by him at that time to secure the interest of the shareholders or to protect the business interest of the *Company*. Further, the *Noticee no. 1* has not been able to substantiate his claim that the lenders had demanded him to first infuse money into the *Company* as a precondition to further financing by the lending, nor has he been able to demonstrate that the lenders have advanced credit facility pursuant to infusion of sell proceeds of his shares into the *Company* for the betterment of the interest of the *Company*.

32. I further find it relevant to mention here that the *Noticee no. 1* has also indulged in pledging and un-pledging of shares, consequently, the number of shares pledged by *Noticee no. 1* with various entities has also come down at the end of quarter ended December 2017 as compared to the shares pledged at the end of quarter ended September 2017. A comparison of shareholding pattern of the *Company* for both the quarters show that the number of pledged shares of the *Noticee no. 1* had come down from 1,25,81,300 shares at the end of quarter ended September 2017 to 96,06,300 shares as of the end of quarter ended December 2017. This clearly shows that the *Noticee no. 1* has unpledged large number of shares during the relevant period. In this regard, the *Noticee no. 1* has submitted that he had pledged 29,75,000 shares of TJL as security to one Comfort Fin Corp Ltd. against a loan of INR 3 Crores. Later, he un-pledged those shares and sold them in the open market to arrange funds for the *Company*. He submitted that those shares were released in tranches upon payment of loans in parts during the UPSI period.

33. From the materials available on record as well as from the disclosures made by the *Noticee no. 1* under regulation 31 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, the following details emerge pertaining to the release of shares from pledge during the UPSI period:

Table 3: Details of release of pledge of shares of Noticee no. 1

S. No.	Release of Pledge		
	Date of Release of Pledge	No. of securities Pledged	Value of Securities Pledged on the day of release (in Rs.)
1.	13/10/2017	5,00,000	1,37,50,000
2.	25/10/2017	4,00,000	94,40,000
3.	30/10/2017	8,00,000	1,80,80,000
4.	14/11/2017	4,00,000	93,80,000
5.	20/11/2017	8,75,000	1,93,81,250

34. The above table clearly shows that the *Noticee no. 1* has not only used the UPSI to sell his shares at an opportune time, but has also utilized the sales proceeds to further get more shares released from pledge, so as to sell such shares at maximum possible price, prior to the likely fall in price of the scrip after the disclosure of UPSI to the public. By adopting this practice, the *Noticee no. 1* has successfully dumped maximum possible number of shares in the market prior to disclosure of UPSI. There is no denial of the fact that the *Noticee no. 1* has sold substantial number of shares during the UPSI period while in possession of the UPSI. I also find that the *Noticee no. 1* has failed to prove his *bonafide* and clear the suspicion over his share dealings during UPSI period by putting forward a tangible explanation to suggest that he has been honest with the shareholders of the company and was indeed pushed against the wall and was left with no other choice but to sell his shares during the UPSI period at the cost of bearing the risk of a serious violation like insider trading. No independent and verifiable records have been produced before me to indicate if the *Noticee no. 1* was ever in touch with other Board members on the issue of acute financial problems of the *Company* or after having consulted with the Board members on those financial compulsions, had left with no option but to take such a drastic decision to sell his shares as only measure to rescue the *Company* from the financial crisis. In view of the aforesaid and considering the materials on records and in the absence of any valid compelling reasons cited by the *Noticee no. 1*, I am constrained to hold that *Noticee no. 1*, while in possession of UPSI, had transacted in the scrip of TJL in violation of

the provisions of Section 12A (d) & (e) of SEBI Act read with the provisions of regulation 4(1) of the PIT Regulations.

Allegations of Insider Trading in respect of Noticees no. 2 & 3

35. The investigation finds that *Noticees no. 2 and 3*, who are daughters of *Noticee no. 1* have also sold their entire holdings in the scrip of TJL during the UPSI period. These two *Noticees* had also not dealt in securities of the *Company* either prior to the UPSI period or post UPSI period. In view of the same and looking at their relationship with *Noticee no. 1*, it has been alleged that *Noticee no. 1* has violated regulation 3 (1) of the PIT Regulations by communicating the UPSI to *Noticees no. 2 & 3* and the aforesaid two *Noticees* by selling their shares in the scrip during the UPSI period have also acted in violation of the provisions of Section 12(d) & (e) of SEBI Act as well as regulation 4(1) of the PIT Regulations.

36. I note that the *Noticees no. 2 & 3* have contended that neither they were insiders of the *Company* nor were having possession of any kind of UPSI during the said UPSI period. They have further contended that they have sold their shares merely to help their father to tide over the difficulties being faced by the *Company*.

37. In this respect, I note that, *Noticees no. 2 & 3* are the daughters of *Noticee no. 1* and were holding position in the rank of Vice President in the *Company* during the IP. Further, perusal of the definition of 'insider' reveals that it includes 'connected person', the definition of which in turn, provides that a person falling in the category of 'immediate relative' of a connected person shall also be deemed to be a 'connected person'. In this regard, the term 'immediate relative as defined under regulation 2(1)(f) of the PIT Regulations includes spouse, parent, sibling and child of such connected person. Therefore, in terms of the provisions of regulation 2(1)(d)(ii)(a) read with regulation 2(1)(f) of the PIT Regulations, *Noticees 2 & 3*, being the daughters of *Noticee no. 1*, unambiguously fall within the definition of 'immediate relative' and hence are "deemed to be connected person" with *Noticee no. 1* as well as with the *Company* by virtue of

which, they squarely fall in the definition of an “insider” as per regulation 2(1)(g) of PIT Regulations.

38. Without prejudice to the above findings with respect to the legal status of *Noticee no. 2 and 3* as insider of the company, I find that the two *Noticees* have admittedly acknowledged to have sold their respective share-holding in the company to aid and assist their father to tide over the financial crisis arising out of the losses suffered by the *Company* which further establishes that *Noticees no. 2 & 3*, being the immediate blood relative of *Noticee no. 1* were very much having access to or in possession of the information pertaining to the poor state of financial affairs of the *Company*. As regards the allegation of communication of UPSI from *Noticee no. 1* to his daughters, it has been contended that in the absence of any specific reference/evidence of communication of UPSI, the charge of communication against *Noticee no. 1* would not survive/sustain. In response to this argument, I find it pertinent to clarify that the present proceeding before me is civil in nature requiring the alleged violations to be analyzed and examined following the principle of preponderance of probabilities. There is no dispute that the *Noticees* are part of a family enjoying a relationship of father and daughters. In such a situation, laying hands on any direct evidence showing one-to-one communication of UPSI between the father and daughters is hardly possible. However, at the same time it would not be right to dispose of the proceeding by exonerating the *Noticees* merely on the ground that no direct evidence of communication of UPSI is available. It is a fundamental principle of law that proof of an allegation levelled against a person may be in the form of direct substantive evidence or, as seen in many cases, such proof may have to be inferred by a logical process of reasoning from the totality of the attending facts and circumstances surrounding the allegations/charges levelled/framed in the SCN. There is no two opinion that direct evidence provides a more certain basis to come to a conclusion, yet, in the absence thereof, the authority cannot be left helpless but to take note of the immediate and proximate facts and circumstances surrounding the events on which the charges/allegations are founded so as to reach, what would appear to the authority to be

a reasonable conclusion from the perspective of a prudent person. The test of an appropriate & reasonable conclusion would always rest on what inferential process that a reasonable/prudent man would adopt to arrive at a conclusion under the given facts and circumstances specific to a case.

39. Applying the aforesaid principles of prudence to the facts of the present matter, I find that the *Noticee no. 1* has already been found to be trading in the shares of the *Company* while in possession of UPSI. The other two *Noticees* are also found to related and closely connected to him by virtue of them being his daughters and they have also sold their entire holding in the *Company* during the UPSI period, the details of which are as follows:

Table 4: Trades of Noticees 2 & 3 in the scrip of TJL during the UPSI Period

Date	Buy Qty.	Wt. Avg. Buy Price (in Rs.)	Buy Value (in Rs.)	Sell Qty.	Wt. Avg. Sell Price (in Rs.)	Sell Value (in Rs.)
Ms. Aarti Sheth						
17-Nov-2017	-	-	-	35,000	22.07	7,72,300.00
20-Nov-2017	-	-	-	79,440	22.03	17,50,215.40
Total				1,14,440	-	25,22,515.40
Ms. Divya Sheth						
09-Oct-2017	-	-	-	1,14,440	28.61	32,73,748.70

40. Notwithstanding the claim of the two *Noticees i.e. Noticees no. 2 and 3* that they were not aware of the alleged UPSI, the trading pattern followed by them is writ large on its face itself to indicate that their trades were influenced by the possession of UPSI. Their submission that the sales of shares were primarily made to aid and assist the *Noticee no. 1* to secure the financial interest of the *Company* further strengthens the fact that their trades were influenced and motivated by the possession of UPSI about the impending Quarterly financial results (involving huge amount of loss), which could have been accessed to or possessed from no other source than the communication with them by the *Noticee no. 1*, who has also been found to have indulged in insider trading in similar manner, as observed above. The insider trading by the two *Noticees* becomes more conspicuous from the fact that the *Noticee no. 2 and 3* have never traded in the scrip of

TJL either prior to or after the UPSI period. Moreover strangely enough it shows that the promoter of the *Company* and his relatives have taken a clever decision to exit from their shareholding in the *Company* just before the *Company* was going to declare the worst quarterly financial results to the public. Further, during the course of hearing, *Noticees no. 2 & 3* were put to a specific query as to whether they were holding any other shares or possessed any other assets, which were also sold by them to aid and assist the *Noticee no. 1* or the *Company* to tide over the financial crisis. In this regard, I note from the limited information submitted by both *Noticees no. 2 & 3* before me that they were holding units of various mutual fund schemes as well as certain tax free bonds. They have not submitted any justification as to why no other assets except for the shares of the *Company* were liquidated purportedly with a view to infuse money into the *Company* and why only the shares of TJL were decided to be sold over their other assets/securities, if they had a genuine intention of helping their father in confronting the financial difficulties of the *Company*. Keeping the aforesaid in view and the undisputed fact that the two *Noticees* have sold their entire holding in the *Company* during the UPSI period for which none of the *Noticees* has succeeded in exhibiting any compulsion in the form of 'impending statutory or regulatory obligation' to defend their insider trading it leaves no scope for me to take a lenient view on their trades in the shares of the *Company*.

41. It is trite principle of evidence that the burden of proof of a fact, which is especially within knowledge of a person, lies on the said person. In the present matter, the factum of communication between a father and his daughters becomes a fact especially within the knowledge of the father and daughters only, by virtue of closeness of their relationship. Keeping this in mind, I find that the burden of proof regarding proof of communication amongst the *Noticees* lies on them.
42. At the same time, I also note that the *Noticee no. 1* has not been successful in placing any evidence before me to rebut the charge of communication of UPSI to his daughters. This fact, viewed in the light of the shares transactions of *Noticees no. 2 & 3* wherein they have completely exited from the scrip of TJL at such an opportune moment, constrain me to

observe that the trades in shares of TJL were executed by *Noticees no. 2 & 3* while in possession of the said UPSI.

43. The foregoing discussions, lead to an irresistible conclusion that the *Noticee no. 1* had passed on the information (UPSI) to the other two *Noticees* based on which trades were executed by them and therefore, by communicating such UPSI, the *Noticee no. 1* has violated the provision of regulation 3(1) of the PIT Regulations. The chain of events in this case clearly shows that the *Noticee no. 1*, who was undisputedly an insider to the *Company* being its CMD during the investigation period and was fully aware of its poor financial conditions and about the impending poor quarterly financial results, had communicated the said information to his two daughters and they had in turn, off-loaded their entire holding in the *Company*, during the UPSI period. By doing so, *Noticees no. 2 & 3* have also successfully avoided adverse impact on their share-holding, of the expected fall in the market price of the scrip of TJL after the disclosure of the said PSI to the public through the stock exchange and thereby have safely avoided suffering from substantial notional loss on the value of their shareholding in the *Company*.

44. In view of the above discussions, it leaves no doubt in my mind that the *Noticees no. 2 & 3*, having been communicated about the said UPSI by their father (*Noticee no. 1*), have indulged in the acts of insider trading in the shares of the *Company*. The above act of trading in the shares of the *Company* while in possession of the UPSI clearly establishes that these two *Noticees* have also glaringly violated the provisions of section 12(d) & (e) of SEBI Act read with regulation 4(1) of PIT Regulations.

Non-compliance of Code of Conduct

45. It is further alleged that the *Noticees* have violated the provisions of Model Code of Conduct on account of the following:

- a. The *Noticees* have failed to take pre-clearance for their trades from the Compliance Officer of the Company.
- b. *Noticee 1* had entered into contra-trades within 6 months.

a. Pre-Clearance of Trades

46. In terms of the provisions of regulation 9(1) of PIT Regulations, every listed company is required to formulate a Code of Conduct to regulate, monitor and report trading by its employees and other connected persons on the lines of Model Code of Conduct provided at Schedule B to the PIT Regulations.

47. I note that TJL had formulated a Code of Conduct in terms of Model Code of Conduct prescribed at Schedule B of PIT Regulations. As per the said Code of Conduct for prevention of insider trading adopted by TJL, *“all Specified Persons, who intend to deal in the securities of the Company when the trading window is opened and if the value of the proposed trades is above 50,000 shares or up to INR 10 Lakh (market value) or 1% of total shareholding, whichever is less, should pre-clear the transaction. No designated person shall be entitled to apply for pre-clearance of any proposed trade if such designated person is in possession of unpublished price sensitive information even if the trading window is not closed and hence he shall not be allowed to trade”*. **(emphasis supplied)**

The specified persons under the Code of Conduct adopted by TJL have been defined as under:

“the Directors, connected persons, the insiders, the Designated Employees and the promoters and immediate relatives are collectively referred to as Specified Persons”.

48. It is alleged that the *Noticees* have failed to obtain pre-clearance for any of their trades. In this regard, I note that all the *Noticees* fall within the definition of ‘specified persons’ by virtue of *Noticee no. 1* being a promoter as well as the CMD of the *Company* and *Noticees no. 2* and *3* being immediate relative as well as by virtue of their holding the post of Vice President in the *Company*. Additionally, I have already recorded above that they were in possession of UPSI using which the insider trades were executed. In view of the above, they were not in any case permitted to apply for pre-clearance and to trade in the scrip of TJL while in possession of UPSI.

49. It is noted that the *Noticees* have made contradictory statements during the present proceedings. In their reply dated November 26, 2020, the *Noticees* have admitted about

not obtaining pre-clearance for any of their trades. However, in their post-hearing submissions, the *Notices*, without providing any evidence, have contended that they have taken pre-clearance for their trades listed out at Tables 2 & 4 above.

50. I note that above mentioned Code of Conduct warrants every *specified person* to seek a pre-clearance whenever he or she intends to deal in the securities of the *Company* beyond a stipulated limit. In the instant matter, there is no dispute that all the *Notices* have traded beyond the limit, i.e. the shares sold by them individually was above 50,000 shares or up to INR 10 Lakh (market value) or 1% of total shareholding. Their claim of having sought the permission from the compliance officer is not found to be supported by any verifiable evidence and therefore, I find the claim is nothing but a bald assertion having no credence to rely on. In this respect, it is further noted that the Code of Conduct provides that designated person shall not be entitled to apply for pre-clearance of any proposed trade if such designated person is in possession of UPSI even if the trading window is not closed and hence he shall not be allowed to trade. The above stipulation in the Code of Conduct further strengthens my findings that the *Notices* have not only deliberately failed to seek the pre-clearance but also have knowingly engaged in acts of insider trading in violation of PIT Regulations, while they were in possession of the UPSI; knowing very well that they were not eligible to obtain pre-clearance for their trades as they were in possession of UPSI and in the case of rejection of the same, they would not be successful in dumping their shares before the disclosure of the UPSI. Therefore, I find that the *Notices* have grossly acted in violation of the above cited provisions of Code of Conduct of their own *Company* and have ended up in committing a total number of sixteen violations on the part of *Noticee no. 1* and one each on the parts of *Notices no. 2 & 3*. Under the circumstances I have no hesitation in holding that, apart from the charge of insider trading as has been already established against the *Notices*, the *Notices* have also violated the provisions of clause 6 of Schedule B read with regulation 9(1) of the PIT Regulations.

b. Opposite or Contra Trades

51. In terms of the provisions of the Code of Conduct for prevention of insider trading followed by TJL, *“all Specified Persons 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”*.
52. It is noticed that *Noticee no. 1*, who was a specified person under the said code of conduct had sold 1,36,720 shares and purchased 1,12,000 shares of TJL on October 10, 2017 i.e. on the same day, which is alleged to be in violation of the aforesaid provision of the Code of Conduct adopted by the *Company* for prevention of insider trading, as *Noticee no. 1* is seen to have executed contra trade of 1,12,000 shares within 6 months period of his prior trades. In this regard, *Noticee no. 1* in his post hearing submissions has stated that the said contra order was placed inadvertently as an intra-day transaction which happened due to a technical error at the end of the Broker while placing the order, which led to squaring off the sell trade already executed on the same day. Under the circumstances, although the above noted trade executed on October 10, 2017 give an appearance of a contra trade, I cannot loose site of the fact that by virtue of the said trade, the *Noticee no. 1* has in fact incurred a loss of INR 3.25 Lakh. Another pertinent factor that will weigh in favour of the *Noticee no. 1* was that he was constantly, before and after the said trade, executed on October 10, 2017, has been seen to be only “selling” the shares of the *Company*. By the said act of selling the shares, the *Noticee no. 1* has already been held to be guilty of insider trading in the scrip of the *Company*. Therefore in my view a benefit of doubt can be given to the submission of the *Noticee no. 1* when he explains by stating that the alleged contra trade was executed inadvertently through a technical error at the end of the broker.
53. In the present case, I have already held that the *Noticee no. 1* had indulged in insider trading and a person who has indulged in a sinister act of insider trading by selling large volume of shares just before the disclosure of UPSI to the public cannot plausibly take a reverse position by executing a contra trade in the same scrip. In totality of the

circumstances, I observe that it would be fair and reasonable to accept that the alleged contra trade has been executed due to inadvertent circumstance beyond the control of the *Noticee no. 1* and I am not inclined to hold him guilty on account of this trade.

Loss Avoided by the Noticees

54. The SCN further alleges that the three *Noticees* by executing trades while in possession of UPSI have avoided loss, as the prices of the scrip of the *Company* was seen to have fallen by more than 6% after the disclosure of the UPSI on November 29, 2017. In this respect, I note from the submissions of the *Noticees* that the *Company* was going through a financially difficult situation since 2015-16 and it started defaulting on its interest payment on various loans taken from banks and other financial institutions. Due to this, the loan accounts of the *Company* were marked as stressed accounts in the records of various banks. Stress on the assets of the *Company* was visible for the first time in the Quarterly financial result of the *Company* for the quarter ended September 2017 during which the *Company* suffered an unprecedented loss to the extent of 25 times of loss suffered in previous quarter. The *Noticees*, taking undue advantage of their being insiders and in possession of the UPSI, started selling the unencumbered shares of the *Company* in their possession and in the process the *Noticees no. 2 & 3* have sold their entire shareholding in the *Company* during the UPSI period. At the same time, *Noticee no. 1*, who was holding majority shares of the *Company*, kept on selling his shares in the *Company*. Due to this huge sale of shares, *Noticee no. 1* was left with 96,07,893 shares of the *Company* at the end of quarter ended December 2017 out of which 96,06,300 shares were pledged, meaning thereby, he was left with only 1593 unencumbered shares. In this process, the *Noticees* have sold a total of 51.24 lakh shares during the quarter ended December 2017, as a result of which the shareholding of *Noticee no. 1* reduced from 58.90% to 39.02% of total shareholding of the *Company* with shareholding of *Noticees no. 2 & 3* coming down to nil. Out of these transactions made during quarter ended December 2017, the details of shares transacted by the three *Noticees* during the UPSI period only, along with their corresponding value are captured in the following table:

Table 5: Details of transactions of the *Noticees* during the UPSI Period

Name of the Noticee	Shares purchased	Value of shares purchased	Shares sold	Value of shares sold
Rajeev Sheth	1,12,000	34,15,331.95	32,05,498	7,82,96,064.25
Aarti Sheth	Nil	Nil	1,14,440	25,22,515.40
Divya Sheth	Nil	Nil	1,14,440	32,73,748.70
Total	1,12,000	34,15,331.95	34,34,378	8,40,92,328.35

The above table shows that the *Noticees* collectively purchased 1,12,000 shares having a value of INR 34,15,331.95 and sold 34,34,378 shares, thereby realizing an amount of INR 8,40,92,328.35 which they have realized by trading their share-holding in TJL while in possession of UPSI. In the said process, *Noticee no. 1* not only sold shares available with him but also got certain shares released from pledge and sold them thereafter. At the same time, *Notices no. 2 & 3* sold their entire shareholding in the *Company*.

55. As already discussed, by the end of quarter ended December 2017, the *Noticee no. 1* was holding 96,56,118 shares amounting to 39.22% of issued share capital of the *Company*, out of which 96,06,300 shares were pledged with different entities. This clearly shows that *Noticee no. 1* had sold maximum possible number of shares during the quarter ended December 2017 leaving himself with merely 1593 unpledged shares of the *Company* as at the end of the quarter ended December 2017. The *Notices no. 2 & 3* have successfully exited completely from a sinking company, while the *Noticee no. 1* by taking advantage of his privileged information about the pitiable financial conditions and the impending enormous quarterly losses to be reported in the quarterly financial results, dumped almost all of his unencumbered shares of the *Company* prior to the public disclosure of the said financial results, leaving the investors and other stakeholders high and dry and thereby avoiding huge amount of erosion of values of their share-holding in the *Company*.
56. Keeping in view the transactions mentioned at Table 2, 4 and 5 above, I note that the unlawful notional loss avoided by the *Notices* has been alleged in the SCN as per the below mentioned methodology:

Unlawful loss avoided = [No. of shares sold while in possession of UPSI (A) x Weighted average sale price (B)] – [No. of shares sold while in possession of UPSI (A) x Closing price on the day of UPSI becoming public or the closing price on the following trading day, depending upon the timing of notification of UPSI to Stock Exchange (C)]

As the UPSI became public after the trading hours on November 29, 2017 on the stock exchanges, the said UPSI has impacted the price of the scrip of TJL on the next trading day i.e. November 30, 2017. Therefore, the calculation of loss effectively avoided by the *Noticees* through their sale of shares during UPSI period is being calculated by taking the closing prices of the scrip of TJL as on November 30, 2017 wherein the scrip of TJL closed at INR. 20.20 on NSE and at INR 20.25 on BSE.

57. Based on the methodology highlighted and adopted as above, the overall unlawful notional loss avoided by the *Noticees* is calculated as under:

Table 6: Calculation of Loss avoided by the Noticees

Entity Name	Exchange	No. of shares sold (A)	Wt. Avg. Sell Price (in INR) (B) = (D/A)	Closing Price on 30/11/2017 (in INR) (C)	Total Sell Value (in INR) (As per Trade log obtained from exchanges) (D)	Value of Shares as on 30/11/2017 (in INR) (E = AxC)	Unlawful loss avoided (in INR) (F=D-E)
Rajeev Sheth	BSE	11,52,063 ¹	24.30	20.25	2,79,91,987.30 ¹	2,33,29,275.75	46,62,711.55
	NSE	19,41,435 ¹	24.32	20.20	4,72,13,756.95 ²	3,92,16,987.00	79,96,769.95
Total		30,93,498	-	-	7,52,05,744.25	6,25,46,262.75	1,26,59,481.50
Aarti Sheth	BSE	17,940	22.15	20.25	3,97,401.50	3,63,285.00	34,116.50
	NSE	96,500	22.02	20.20	21,25,113.90	19,49,300.00	1,75,813.90
Total		1,14,440	-	-	25,22,515.40	23,12,585.00	2,09,930.40
Divya Sheth	NSE	1,14,440	28.61	20.20	32,73,748.70	23,11,688.00	9,62,060.70

It is noted that there is no specific submission or objection by the *Noticees* regarding the abovementioned “calculation” of unlawful loss avoided by them. The *Noticees* have only contended that they have not indulged in insider trading and therefore it cannot be said

that there has been any unlawful avoidance of loss. In this connection, I observe that all the contentions of the *Noticees* have been dealt with adequately in the preceding part of the order and the *Noticees* have not been able to persuade me by making out a strong case in their favour with supporting evidences. Based on the preponderance that emerged from the explicit act of selling large number of shares just prior to disclosure of the negative UPSI, I can observe with all certainties that the *Noticees* in all possibilities, have executed the alleged trades so as to avoid the loss on the market value of their shareholding in the company from the impending fall in the price of the scrip that was expected to happen after public disclosure of such a huge business loss during the quarter ending September 2017. The facts of the case also show that pledged shares were unpledged and even some of those unpledged shares were also sold by the *Notictee no. 1* before the price fell down, which further compounds the charges against the *Notictee no. 1* as he derived the maximum value out of all such shares. I may hasten to add here that the claim of the *Notictee no. 1* that the sale proceeds of the shares sold by him were infused into the *Company* will not come to rescue the *Noticees* as the same does not fall into any of the exceptional circumstances prescribed under the PIT regulations. I may further add here that in the case of *Abhijit Rajan*, the main factor that was emphasized in the order of Hon'ble SAT is that the Appellant therein was also observed to have sold his other assets, apart from the shares of the company. Admittedly, there is no such claim in the present case and rather *Notictee nos. 2 and 3* have been found to have owned other investments, but have chosen not to dispose them off to bail out the *Company* from the financial crisis and instead have decided to exit from their entire shareholding in the *Company* before the poor quarterly financial results were out in the public domain. The claim of the *Noticees* thus fall short for acceptance, for the reasons explained in detail in the order leading to a unassailable conclusion that the *Noticees* have sold the shares during the UPSI period only with a motive to avoid losses on the market value of their shareholding and such an avoidance of loss by the *Noticees* was indeed "unlawful" and therefore deserves to be disgorged.

58. In this regard, I note that, vide impounding order dated September 04, 2020, the *Noticees* were directed to credit the aforesaid unlawful loss as computed above, avoided by them by depositing the same in an interest bearing Escrow Account created specifically for the purpose in a Nationalized Bank. Aggrieved by the said order, the *Noticees* had filed an appeal before the Hon'ble SAT and the Hon'ble SAT, vide its order dated October 01, 2020, quashed and set aside the impugned Order to the extent of disgorgement amount. However, the Hon'ble SAT passed the following direction in its order:

".....In the interim, in order to safeguard the interests of the investors in the securities market and also to protect the integrity of the securities market, we further direct the appellants to deposit the specified amounts, as given in Table 11 of the impugned Order and as reproduced in para 1 of this Order, in an interest bearing Escrow account with SEBI within four weeks from today. No orders on costs."

Aggrieved by the said order of Hon'ble SAT, appeals have been preferred before the Hon'ble Supreme Court of India. At the same time *Noticees no. 2 & 3* have deposited the unlawful loss avoided from their insider trading in respective interest bearing escrow accounts opened by them in the name of SEBI. However *Noticee no. 1* has failed to deposit the amount to the extent of loss avoided by him.

59. To sum up, I find that *Noticee no. 1* being the CMD of the *Company* was aware of the UPSI viz. the financial result of the *Company* for the quarter ended September 2017. The said financial result was disclosed to the exchanges after closing of market on November 29, 2017. Meanwhile, the *Noticees* were found to have traded and executed sale of 33,22,378 shares of the *Company* on a net basis during the UPSI period. Consideration of materials on record clearly and unequivocally suggests that the information pertaining to Quarterly financial result of the *Company* for the quarter ended September 2017 was a price sensitive information and was known and possessed by *Noticee no. 1* who in turn had passed on the said price sensitive information to his daughters i.e. *Noticees no. 2 & 3*. The fact of communication of the information, which was price sensitive in nature, before disclosure to the public at large, is further evident from the trading pattern of the *Noticees*

no. 2 & 3, wherein they have been found to have taken advantage of the opportune time of UPSI to completely exit from the scrip of the *Company*. The fact that *Noticees no. 2 & 3* have not been able to justify their acts of indulgence in effecting sale of shares of the *Company* further leads to an irresistible conclusion that the same was done under the influence and/or in possession of the said price sensitive information pertaining to the poor financial conditions and expected losses to be incurred during the quarter ending September 2017. Having found that the *Noticees* were in possession of the relevant UPSI at the time of effecting sale of 33,22,378 shares, I find no documentary evidence submitted by the *Noticees* to the contrary, to rebut the said allegation of not taking pre-clearance for any of their trades mentioned at Tables 2 & 4 and for indulging into insider trading despite knowing that they were not permitted to trade at all during the UPSI period in terms of the code of conduct of the company . The aforesaid acts and conduct of the *Noticees* in contravention of the relevant provisions of PIT regulations as well as the code of conduct of the *Company* render all the allegations of insider trading levelled against the *Noticees* in the SCN convincingly established. In view of the facts and circumstances of this case and aforesaid discussions, I conclude that

- a) *Notictee no. 1*, being an insider, communicated the UPSI to *Noticees no. 2 & 3* and also has traded in the shares of the *Company* when in possession of UPSI and thereby has violated regulation 3(1) and 4(1) of PIT Regulations and Section 12A (d) & (e) of the SEBI Act.
- b) *Noticees no. 2 & 3*, being insiders have traded in the shares of the *Company* when in possession of UPSI and thereby have violated regulation 4(1) of PIT Regulations and Section 12A (d) & (e) of the SEBI Act
- c) The three *Noticees* have violated clause 6 of the Minimum Standards for Code of Conduct to Regulate, Monitor and Report Trading by Insiders specified in Schedule B read with regulation 9(1) of PIT Regulations, by trading while in possession of UPSI.

60. I further note that the SCN also calls upon the *Noticees* to show cause *inter alia* as to why penalty under Sections 15G & 15HB of the SEBI Act & SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 should not be imposed upon them. I note that the powers vested under Section 11B (2) is without prejudice to the power to issue directions under Sections 11(1), 11(4) and 11B(1) of the SEBI Act. In this regard, I note that Sections 15G and 15HB of the SEBI Act provide as under:

Penalty for insider trading.

15G. *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 any body 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.

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

61. In view of the aforesaid findings which clearly establish that the *Noticees* have acted in violation of provisions of the SEBI Act as well as the PIT Regulations, the *Noticees no. 1, 2 and 3* are liable to be held guilty of indulging in the act of insider trading in terms of the regulation 4 of the PIT Regulations whereas *Noticee no. 1* has additionally been found to have communicated the UPSI thereby committing violation of regulation 3(1) of the PIT Regulation. The aforesaid acts of the *Noticees* have also been found to have amounted to

violation of provisions of Section of 12A(d) and (e) of the SEBI Act. Additionally, Noticees have also been found to have acted in violation of Code of Conduct formulated in terms of regulation 9 of the PIT Regulations, as discussed and recorded above.

62. In view of the detailed factual analysis and deliberations as well as my observations recorded in the foregoing paragraphs of this order with regard to UPSI and insider trading activities by these *Noticees* during the UPSI period as alleged in the SCN, I find that the aforesaid three *Noticees* are liable for issuance of appropriate directions for debarment from accessing the securities market and dealing in securities, and also are liable for issuance of appropriate directions for disgorgement, under Section 11B(1) of SEBI Act, as well as for imposition of appropriate penalty under Section 11B(2) read with Section 15G and 15 HB of SEBI Act, which is further required to be imposed considering the factors mentioned under Section 15J of SEBI Act.

ORDER

63. Having carefully considered the materials available on record and the submissions advanced by the *Noticees* I hold that the charges relating to violation of the provisions of the SEBI Act and the PIT Regulations are found to have been established, and further considering the factors enumerated under Section 15 J of SEBI, I hold that it would be sufficient and proper that the instant proceeding be disposed with issuance of certain directions. Accordingly, I, in exercise of the powers conferred upon me under Section 19 read with Sections 11(1), 11(4), 11B(1), 11B(2) and 11(4A) further read with Section 15G, 15HB and 15 J of the SEBI Act, , hereby issue following directions and impose following penalty:

- i. *Noticee no. 1* i.e., Mr. Rajeev Vasant Sheth is restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities (including units of mutual funds), directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of 1 year from the date of this order.

- ii. *Noticees no. 2 & 3* i.e., Ms. Aarti Sheth and Ms. Divya Sheth are restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities (including units of mutual funds), directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of 6 months from the date of this order.
- iii. *Noticee no. 1* is directed to disgorge the amount to the extent of loss avoided by his insider trading, as given in Table 6 of the present order within 45 days from the date of receipt of this order. The amount shall be remitted by the Noticee no. 1 along with interest at the rate of 12% per annum from November 30, 2017 till the date of actual payment.
- iv. *Noticees no. 2 and 3* are directed to disgorge the amount to the extent of loss avoided by their insider trading, as given in Table 6 of the present order within 45 days from the date of receipt of this order. The amount shall be remitted by the *Noticees no. 2 and 3* along with interest at the rate of 12% per annum and for this purpose the interest shall be calculated from November 30, 2017 till the date of deposit of the said amount by these two Noticees in the respective escrow accounts, in compliance with impounding order *cum* SCN. While calculating and remitting the disgorgement amount along with interest for the period, the *Noticees 2 & 3* are allowed to set-off the amount already paid/deposited by them in the escrow accounts in the name of SEBI.

In terms of the provisions of section 11(5) of SEBI Act, the amount so disgorged from the Noticees 1, 2 & 3 will be credited to Investor Education and Protection Fund (IEPF).

- v. Further, I impose the following Monetary penalties on the *Noticees* under the provisions of Sections 15G and 15HB for their respective violations of the provisions of SEBI Act and the PIT Regulations;

Entity	Provisions of law violated	Penal Provision	Quantum of penalty
Mr. Rajeev Vasant Sheth	Regulation 3(1) and 4(1) of PIT Regulations and Section 12A(d) & (e) of the SEBI Act	15G	INR 25 Lakh
Ms. Aarti Sheth	Regulation 4(1) of PIT Regulations and Section 12A(d) & (e) of the SEBI Act		INR 10 Lakh
Ms. Divya Sheth	Regulation 4(1) of PIT Regulations and Section 12A(d) & (e) of the SEBI Act		INR 10 Lakh
Mr. Rajeev Vasant Sheth	Clause 6 of the Minimum Standards for Code of Conduct to Regulate, Monitor and Report Trading by Insiders specified in Schedule B read with regulation 9(1) of PIT Regulations	15HB	INR 5 Lakh
Ms. Aarti Sheth			INR 1 Lakh
Ms. Divya Sheth			INR 1 Lakh

64. The *Noticees* are directed to send the demand draft for the payment of disgorgement amount with interest to “The Division Chief, Investigation Department (ID-11), Securities and Exchange Board of India, SEBI Bhavan II, Plot no. C -7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai- 400051”.

65. The *Noticees* are directed to pay the penalty as detailed below within 45 (forty five) days from the date of service of this order by way of crossed demand draft drawn in favour of “SEBI–Penalties remittable to Government of India”, payable at Mumbai, or by online payment through following path on the SEBI website: www.sebi.gov.in/ENFORCEMENT →

Orders → Orders of Chairman/ Members → Click on PAY NOW or at the link <https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html>.

66. This Order shall come into force with immediate effect.

67. A copy of this Order shall be served upon the recognized Stock Exchanges and Depositories, for necessary compliance.

DATE: May 24, 2021

PLACE: Mumbai

-Sd-

S. K. MOHANTY

WHOLE TIME MEMBER