

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM: MADHABI PURI BUCH, WHOLE TIME MEMBER
INTERIM EX PARTE ORDER**

**Under Sections 11(1), 11(4), 11B(1) and 11D of the Securities and Exchange Board of India
Act, 1992**

**In Re: Securities and Exchange Board of India (Prohibition of Insider Trading)
Regulations, 2015**

In respect of:

Noticee No.	Name of the Entity	PAN
1	Mr. Pranshu Bhutra	AJGPB4087R
2	Mr. Amit Bhutra	ADTPB1150A
3	Mr. Bharath C. Jain	AFTPJ6299J
4	Capital One Partners	AANFC3427C
5	Tesora Capital	AAMFT3003A
6	Mr. Manish C Jain	AGDPJ5605M
7	Mr. Ankush Bhutra	ASIPB1460F
8	Mr. Venkata Subramaniam V. V	AAKPV6612K

(collectively referred to as “Noticees”)

In the matter of Infosys Limited

Background

1. Securities and Exchange Board of India (hereinafter referred to as “SEBI”) alert system had generated insider trading alerts for the scrip of Infosys Limited (hereinafter referred to as “INFY” / “Company”) for the period around July 15, 2020 i.e. around the corporate announcement of audited financial results of INFY for the quarter ended June 30, 2020 made to BSE and NSE.

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2. Thereafter, based on the aforesaid alert, SEBI conducted a preliminary examination in the scrip of INFY to ascertain whether certain persons / entities traded in the said scrip while they were in possession of / on the basis of unpublished price sensitive information in contravention of the provisions of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “SEBI Act”) read with the SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as “PIT Regulations”).
3. INFY is a public company incorporated on July 02, 1981. The company is listed on both NSE and BSE. The scrip is in Future and Option segment (“F&O Segment”) and is a part of SENSEX and NIFTY.

SEBI’s Examination:

4. SEBI’s preliminary examination *prima facie* observed the following:
 - 4.1. The corporate announcement of audited financial results for the quarter ended June 30, 2020 was made by INFY to BSE and NSE on July 15, 2020.
 - 4.2. The information relating to the financial results of INFY, including basic financial parameters of profit & loss (P&L) and balance sheet (BS) as well as key financial and operational parameters which contribute to various elements of the P&L and BS for the quarter ending June 30, 2020 was Unpublished Price Sensitive Information (hereinafter referred to as “the UPSI”).
 - 4.3. Based on an extract of the Structured Digital Database related to the financial results of INFY for the quarter ended June 30, 2020, the UPSI came into existence on June 29, 2020. Thus, the UPSI period was from June 29, 2020 to July 15, 2020.
 - 4.4. Mr. Pranshu Bhutra (hereinafter referred to as “Pranshu” / Noticee No. 1), Senior Corporate Counsel of INFY, being an officer / employee of INFY is a connected person and was reasonably expected to have access to the UPSI and on preponderance of probability basis he was in possession of the UPSI. Thus, Pranshu is an insider.
 - 4.5. Mr. Amit Bhutra (hereinafter referred to as “Amit” / “Noticee No. 2”) is connected with Pranshu (an insider) (a) through frequent telephonic communication; (b) Pranshu had a

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fund transaction with Mahrishi Alloys Private Limited (Mahrishi) and soon thereafter Mahrishi had fund transaction with Shyama Devi Bhutra (Mother of Amit) and (c) Ram Bilas Bhutra (Father of Pranshu) and Amit are both directors in the Board of Mahrishi. Thus, Amit is a connected person and is reasonably expected to have an access to the UPSI and therefore, he is an insider and on preponderance of probability basis was in possession of the UPSI procured from Pranshu.

- 4.6. Mr. Bharath C. Jain (hereinafter referred to as **"Bharath"** / **"Noticee No. 3"**) and Amit are partners of Capital One Partners. Amit and Bharath are connected through (a) professional relationship and (b) frequent telephonic communication. Thus, Bharath is a connected person and is reasonably expected to have access to the UPSI through Amit and on preponderance of probability basis he was in possession of the UPSI. Hence, Bharath had procured UPSI from Amit and was in possession of the UPSI. Thus, Bharath is an insider.
- 4.7. As per the partnership deed of Capital One Partners (hereinafter referred to as **"Capital One"** / **"Noticee No. 4"**), Amit and Bharath are working partners of Capital One.
- 4.8. As per the partnership deed of Tesora Capital (hereinafter referred to as **"Tesora"** / **"Noticee No. 5"**), Amit, Ankush Bhutra and Manish Champalal Jain are working partners of Tesora.
- 4.9. Capital One and Tesora had traded in the scrip of INFY in the F&O segment just prior to announcement of financial results for the quarter ended June 30, 2020 and soon after the announcement, subsequently offloaded / squared off their positions such that net positions were zero. Amit and Bharath, both had placed orders / given trading instructions on behalf of Capital One. Amit had placed orders / given trading instructions on behalf of Tesora. Thus, Capital One and Tesora had traded in the scrip of INFY in F&O segment while in possession of UPSI.
- 4.10. Due to this trading, Capital One Partners had generated proceeds of Rs.279.51 lakhs and Tesora Capital had generated proceeds of Rs 26.82 lakhs.
- 4.11. While Capital One and Tesora regularly traded in a variety of scrips, from the trading pattern of Capital One and Tesora, during the period from January 01, 2020 to October 31, 2020, it is observed that Capital One and Tesora has significant trading activity in

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the scrip of INFY only during the weeks adjacent / close to the dates of corporate announcement of financial results for the quarters December – 2019, March – 2020, June – 2020 and September 2020. The trading concentration of Capital One and Tesora in the scrip of INFY had increased drastically during the said weeks. Thus, Capital One and Tesora have the same repetitive pattern of trading in the scrip of INFY during periods close to the announcement of financial results.

4.12. Thus, in view of the foregoing, Noticee No. 1 to 5 had *prime facie* violated the provision of SEBI Act and PIT Regulations, 2015.

4.13. Separately, Mr. Venkata Subramaniam V. V (hereinafter referred to as “Venkata” / “Noticee No. 8”), Senior Principal, Corporate Accounting Group of INFY, has been identified as a Designated Person by INFY for the purpose of the UPSI. By virtue of being a Designated Person, Venkata was reasonably expected to have an access to and be in possession of the UPSI. Thus, Venkata is an insider. It is noted that Venkata has been in frequent communication with / is connected with Pranshu through (a) professional relationship (both are officers / employees of INFY) and (b) telephonic communication during the UPSI period. Thus, Pranshu is also reasonably expected to have access to the UPSI through Venkata and on preponderance of probability basis he was in possession of the UPSI. Therefore, in addition to being a connected person as mentioned in para 4.4, by virtue of this additional connection also, Pranshu is a connected person, and thereby an insider. Hence, on a preponderance of probability basis, Venkata had communicated the UPSI to Pranshu and Pranshu had procured UPSI from Venkata and thereby Venkata and Pranshu had *prime facie* violated the provision of SEBI Act and PIT Regulations.

CONSIDERATION & PRIMA FACIE FINDINGS

5. I have perused the findings of the preliminary examination conducted by SEBI and other material available on record. On perusal of the same, following *prima facie* issues arise for consideration:

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- 5.1. **Issue No. 1:** *Whether information relating to the financial results of INFY including basic financial parameters of profit & loss (P&L) and balance sheet (BS) as well as key financial and operational parameters which contribute to various elements of the P&L and BS for the quarter ending June 30, 2020 was UPSI. If so, what was the UPSI Period?*
- 5.2. **Issue No. 2:** *Whether Pranshu, Amit and Bharath are insiders in terms of PIT Regulations, 2015?*
- 5.3. **Issue No. 3:** *Whether Amit and Bharath, while in possession of and on the basis of UPSI, had traded in the scrip of INFY on behalf of Capital One?*
- 5.4. **Issue No. 4:** *Whether Amit, while in possession of and on the basis of UPSI, had traded in the scrip of INFY on behalf of Tesora?*
- 5.5. **Issue No. 5:** *Based on the answers to issue Nos. 1 to 4, whether there are the relevant provisions of SEBI Act and PIT Regulations that have been violated by Noticee No. 1 to 5 and who all are prima facie liable for the same?*
- 5.6. **Issue No. 6:** *Whether Venkata is an insider and whether there is prima facie evidence that he had also communicated the UPSI to Pranshu? If yes, then what are the relevant provisions of SEBI Act and PIT Regulations that have been violated by them?*
- 5.7. **Issue No. 7:** *On determination of the above issues, whether urgent directions, if any, should be issued in the present matter?*
6. In order to determine the issues raised in the foregoing paragraph, it would be sufficient to examine, whether the relevant Noticees, as insiders, traded while in possession of UPSI. However, in the instant case, *prima facie*, the preliminary examination, has brought out that the impugned trading is also *prima facie* on the basis of UPSI. In this regard, a discussion on *Delta* analysis of the trading by the Noticees would be relevant as it stands as one of the evidences of how an entity has traded in the market on the basis of UPSI. Therefore, a brief discussion on the signification of delta analysis is brought out below.
- 6.1. By way of an illustration, if an insider was in possession of positive UPSI about a Company, and traded while in possession of such UPSI, he would be expected to buy the shares of the Company before such information became public. Once the information

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became public, since it was positive in nature, it would be expected that the share price of the company would go up and the insider would then sell the shares at such higher price, thereby making a profit using the UPSI. It may be noted though, that the policy of the PIT Regulation is to prevent dealing in securities, while in possession of UPSI irrespective of whether the UPSI is positive or negative and irrespective of whether profit is made or not.

6.2. If the UPSI happened to be negative, then the insider would be expected to sell the shares of the Company at a particular price before the UPSI became public (including short selling if he did not already hold the shares). Once the information became public, since it was negative in nature, it would be expected that the share price of the Company would fall and the insider would then buy the shares at such lower price, thereby closing his short selling position at a profit (sold higher, bought back lower), using the UPSI.

6.3. The illustration described above is with reference to the cash segment of the market where the shares of the companies are bought and sold. However, over the years, the derivatives segment of the market has become multiple times the size of the cash segment and Futures and Options (F&O) have become an even bigger opportunity for an insider to make profit using UPSI. In fact, the F&O segment gives the insider a very "efficient" route to making unlawful gains. Cash segment is settled on T+2 basis whereas F&O segment is settled on the last Thursday of the month (settlement date). Thus, the insider can keep his buy/sell position open for longer in the F&O segment, without having to settle the trade. During this time, the insider is only required to post margin for his trades, and not pay for the value of the full shares. Thus, with even a relatively small amount of money, he can take large leveraged positions in the F&O segment for a much larger number of shares.

6.4. By way of an illustration, in Futures, the modus operandi of the insider is very similar to the cash segment since buying a Future today in a particular Company at a particular price is effectively a commitment to buy a share of that Company on settlement date at that price. Similarly on selling Futures of a particular scrip at a particular price today, there is effectively a commitment to deliver the shares on the settlement date at that particular price. In general, the Futures price of a share moves in tandem with the price



of the underlying share. So, if the UPSI is positive, the insider will buy Futures of the Company before the UPSI becomes public, and sell the Futures after the price has gone up subsequent to the UPSI becoming public. Similarly, if the UPSI is negative, he would first sell Futures of the Company before the UPSI becomes public and buy the Futures back at a lower price after the UPSI has become public. Thereby booking a profit.

- 6.5. In the case of Options, the mechanism works a little differently since there are a large number of possible permutations and computations in terms of the positions that the insider can take. And for each of these positions, there can be a large number of strike prices that the insider chooses based on his assessment of how much the price of the share will go up or down.
- 6.6. By way of an illustration, let us assume that the Current Market Price (CMP) of a Company's share is Rs 100. If the UPSI is positive, and the insider expects the share price to go up. Thus, he would want to buy a call option. Suppose he buys the Call option at a strike price of Rs 100/- only i.e. at CMP itself. In this transaction, the Intrinsic Value of the option would be zero (0) since strike price = CMP. So he would need to pay only for Time Value of the Option. This would be a relatively a small amount. Depending on the volatility of the share price and time left till expiry, let us assume that this is 2% of the CMP i.e. Rs 2/- (Rupees two only) per share. After the UPSI becomes public and the Market Price of the share goes up from Rs 100/- to say Rs 105/-, the price of that Call Option will move significantly. Firstly, the Intrinsic Value of the Option itself will become Rs. 5/- (CMP-strike price). In addition, the time value would also stay approximately the same i.e. Rs. 2/-, if the time to expiry is still approximately the same. Thus, the total value would be Rs 7/-. Now the insider would sell the option he is holding, at this price, and book a profit of Rs 5/- thereby earning a return of 2.5 times on his investment.
- 6.7. If the UPSI is negative, he would Sell a Call Option, wait for the price of the share (and therefore the price of the Call Option) to fall post UPSI becoming public, and buy it back at a lower cost, thereby booking a profit.
- 6.8. Following similar logic, it would be observed that if the UPSI is positive, the insider might also choose to Sell a put option, apart from buying Futures or buying a Call

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Option as described above. And if the UPSI is negative, he may choose to Buy a Put Option, apart from selling Futures or selling a Call Option. As mentioned earlier, options can be bought and sold at various strike prices (in the illustration above, a strike price equal to the prevailing market price was taken @ Rs 100. However, the market offers many alternative strike prices, both above and below the prevailing market price)

- 6.9. Since the various permutations and combinations of positions as outlined above can create complexity, it is important to find a single measure that captures the overall net position of the trader in terms of whether the overall net position reflects that he is expecting the price of the share to go up or down. This is particularly important when analyzing the trades/positions of a person who is indulging in Insider Trading since such a person may try and camouflage his directional view (share price expected to go up or down) by taking some positions contrary to his directional view while overall his net positions show a clear directional view.
- 6.10. A metric called the “*Delta*” of the positions is such a metric that is used by the market and the traders to monitor their overall net position across all their trades/positions. Essentially, the net Delta of the various positions taken by the insider, indicates:
- 6.10.1. What the net overall directional view of the insider is i.e. does he expect the share price to go up or down?
- 6.10.2. If the view is positive, and if the share price of the company goes up by Rs 1, how much approximate profit will the insider make?
- 6.10.3. If the view is negative, and if the share price of the company goes down by Rs 1, how much approximate profit will the insider make?
- 6.10.4. If the view of the insider turns out to be wrong (i.e. He expects share price to go up, but it goes down OR he expects share price to go down, but it goes up) then how much approximate loss will he make?
- 6.10.5. How confident is the insider about his view?
- 6.11. For example, if the insider thinks that the share price will go up, then the net *Delta* of his positions will be positive, say 1,00,000, and this means that for every Rs 1 increase in the share price, the insider will make an approximate profit of Rs 1,00,000/-. But if



- his view goes wrong, and the share price goes down, then for every Rs 1 fall in the share price, he will make an approximate loss of Rs 1,00,000/-.
- 6.12. Similarly, if the insider thinks that the share price will go down then the net *Delta* of his positions will be negative, say -1,00,000, it means that for every Rs 1 fall in the price of the company's share price, the insider will make an approximate profit of Rs 1,00,000/-. But if his view goes wrong, and the share price goes up, then for every Rs 1 increase in share price, he will make an approximate loss of Rs 1,00,000/-.
- 6.13. As can be seen above, the cost of the view going wrong is as high as the benefit of the view being right. Thus, when an insider runs a high *Delta*, [either (+) or (-)] it shows that he is very confident about his view. Particularly when his *Delta* in that share is compared with the *Delta* he runs in other shares (if he is a regular trader) OR with the *Delta* he runs in the same share when he does NOT have UPSI.
- 6.14. Insiders may try and defend themselves by pointing to some of their transactions which are contrary to the overall directional view. They may claim that if they had UPSI, they would try and maximize their profit and the fact that they entered into contrary trades shows that this was not the case. However, it is noted that such contrary trades can be entered into for two reasons:
- 6.14.1. Precisely to camouflage their main trades and to try and build a defence on these lines which is belied by their overall net *Delta*.
- 6.14.2. In order to execute their main trades, they need funds either to buy options or to furnish margins. In order to generate some amount of funds for this purpose, they may enter into contrary trades, particularly options at strike prices that they are confident about, to generate funds.
- 6.15. This is why net *Delta* is such a powerful metric, because it nets out all the camouflage and all the complexity, and gives a simple measure of how much approximate profit the insider stands to make if his directional view based on the UPSI turns out to be right, and equally, how much loss he stands to make if his directional view turns out to be wrong.
7. Given the above background on *Delta*, I proceed with the determination of *prima facie* findings of the present case:



ISSUE No. 1: Whether information relating to the financial results of INFY including basic financial parameters of P&L and BS as well as key financial and operational parameters which contribute to various elements of the P&L and BS for the quarter ending June 30, 2020 was UPSI. If so, what was the UPSI Period?

8. I note that INFY had made an announcement on July 15, 2020 (Wednesday), on NSE at 16:21:00 and on BSE at 16:21:34 regarding audited financial results (Standalone and Consolidated) as per both INDAS and IFRS for the quarter ended June 30, 2020.
9. Regulation 2(1)(n) of PIT Regulations defines “unpublished price sensitive information”. The text of the said regulation is reproduced below:

Regulation 2(1)(n) of PIT Regulations:

“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;

.....

10. As per Regulation 2(1)(n) of PIT Regulations, “Unpublished Price Sensitive Information” means any information which relates directly or indirectly to a Company and which is not generally available and which upon becoming generally available, is likely to materially affect the price of securities of Company. The information relating to financial results of a Company is likely to materially affect the price of securities of the Company upon becoming generally available. This is why there are such extensive Regulations around disclosures of financial results by listed companies. I further note that in the drawing up of financial results of a company, various basic financial parameters like revenue, expenses, write-offs, receivables, loans outstanding etc. are consolidated over a period of time. These parameter in turn depend on various operation parameter like deals signed in the quarter, project completion, staff hired etc. All this information as it gets consolidated, particularly,

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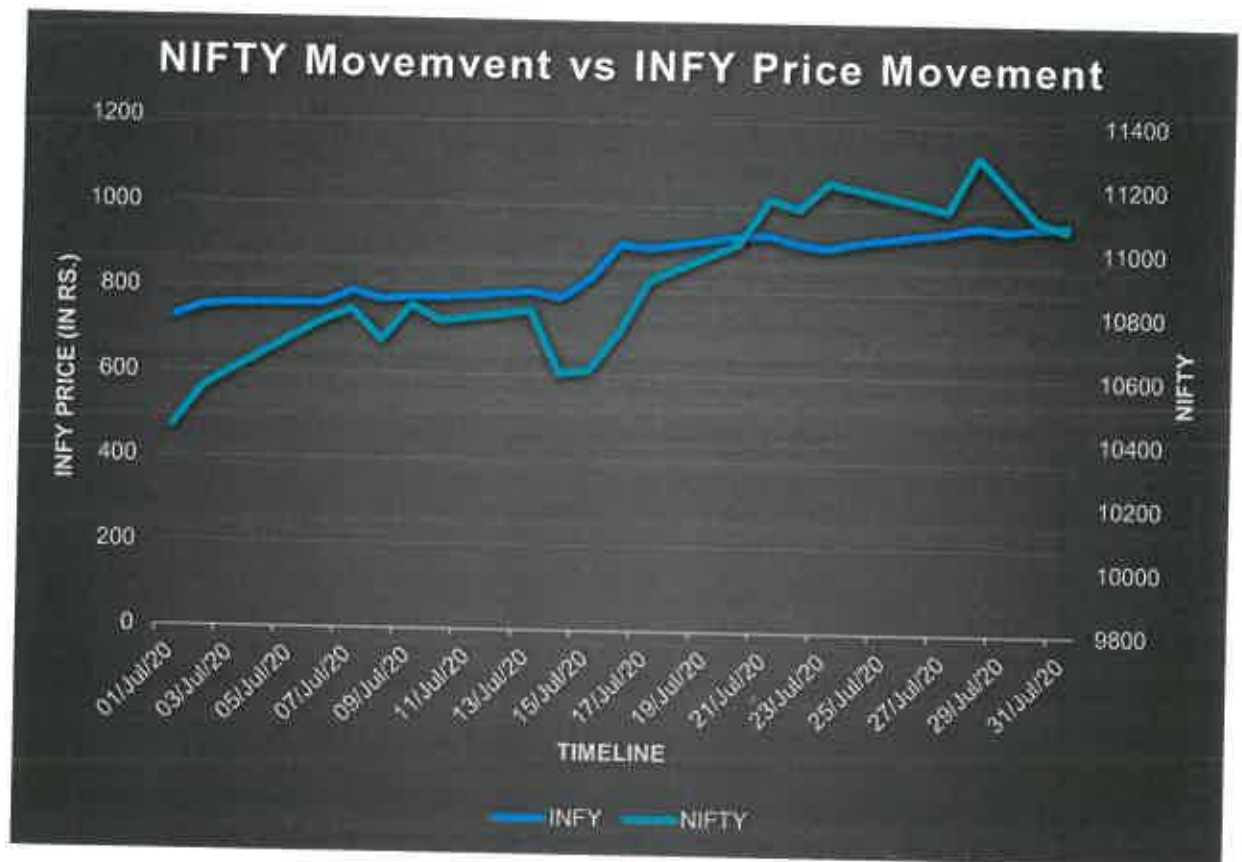
in the context of comparison with previous quarters, gives as insider a very good understanding of whether the financial results will be positive for the share price or be negative for the share price.

11. Thus, in the present case, I *prima facie* find that *"the information relating to the financial results of INFY including basic financial parameters of profit & loss (P&L) and balance sheet (BS) as well as key financial and operational parameters which contribute to various elements of the P&L and BS for the quarter ended June 30, 2020"* was Price Sensitive Information. Further, on account of this information not being generally available until July 15, 2020, it was Unpublished Price Sensitive Information (hereinafter referred to as *"the UPSI"*).
12. Further, it is noted that pursuant to the corporate announcement of financial results for June 2020 quarter on July 15, 2020, the price of INFY rose on July 16, 2020. On NSE trading platform, the price of the scrip was observed to have moved from a closing price of Rs. 830.95 on July 15, 2020 (the day of the corporate announcement post market hours) to a close price of Rs. 911 on July 16, 2020 i.e. a price rise of 9.63% in 1 trading day. A similar trend in price movement was observed on BSE trading platform. Corresponding increase in Nifty Index (which also has INFY as a component) was only 1.15%. Corresponding increase in Sensex (which also has INFY as a component) was only 1.16%.
13. The price movement of INFY at NSE vis-a-vis Nifty during the month of July 2020 is as under:

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Figure No. 1 (price movement of INFY vis-à-vis Nifty movement)



14. Even though actual price impact because of announcement of financial results is not required for the PIT Regulation to get attracted, however above figure no. 1 shows that pursuant to the USPI being made public on July 15, 2020, there was a sudden rise (impact) in price of INFY scrip from July 15, 2020 to July 16, 2020 that could not be attributed to a general rise in the market (Nifty).
15. As per Regulation 3(5) of PIT Regulations, the Board of Directors of every company shall ensure that a Structured Digital Database (hereinafter referred to as “SDD”) is maintained containing the names of such persons with whom information under Regulation 3 of PIT Regulations has been shared. Also the names of such persons with whom information is shared under this regulation shall be maintained internally with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.



16. In this regard, INFY vide email December 22, 2020 had provided an extract of its Structured Digital Database related to the UPSI. Based on the said extract of SDD, it is *prima facie* found that, the UPSI had come into existence on June 29, 2020. Presently, there is no material available on record which shows otherwise i.e. *prima facie* there is no material to discredit the assertion of the Company about the timing of existence of UPSI.
17. Further, I find that the UPSI was made public on July 15, 2020 i.e. *prima facie*, it remained unpublished till July 15, 2020 at 16:21:00. On the basis of above, I *prima facie* find that the UPSI Period is from June 29, 2020 to July 15, 2020 (16:21:00).

Issue No. 2: Whether Pranshu, Amit and Bharath are insiders in terms of PIT Regulations, 2015?

18. It is pertinent here to refer to the relevant provision / definition of Connected Person and Insider as mentioned in PIT Regulations, 2015:

18.1. As per Regulation 2(1)(d) of PIT Regulations, "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.*
- (ii)

18.2. As per Regulation 2(1)(g) of PIT Regulations, "Insider" means any person who is:

- (i) *a connected person; or*
- (ii) *in possession of or having access to unpublished price sensitive information;*



19. Mr. Pranshu Bhutra (Pranshu), Mr. Amit Bhutra (Amit) and Mr. Bharath C Jain (Bharath):

- 19.1. It is noted that Pranshu is an employee of INFY in the role of Senior Corporate Counsel. Amit and Bharath are partners of Capital One and both were giving trading instruction on behalf of Capital One. Amit is one of the partners of Tesora and was giving trading instruction on behalf of Tesora.
- 19.2. It is also noted that UPSI period is from June 29, 2020 to July 15, 2020. Capital One traded significantly in INFY from July 10, 2020. Tesora traded significantly in INFY from July 13, 2020.
- 19.3. Call Data Records (CDRs) and KYC documents of Pranshu, Amit and Bharath were obtained from Telecom providers. From the KYC documents following is noted :

Table No. 1

Name of the person	Mobile number registered	Telecom Provider	Validated by the information provided
Pranshu / INFY	7619XX8021	Airtel	INFY vide email dated 01/02/2021
Pranshu	9886XX1281	Vodafone - Idea	KYC documents provided by NSDL Database Management Ltd vide email dated 18/01/2021
Amit	9945XX1667	Airtel	KYC documents provided by CDSL Ventures Limited (CVL) vide email dated 15/12/2020
Bharath	9731XX2712	Airtel	KYC documents provided by CVL vide email dated 15/12/2020

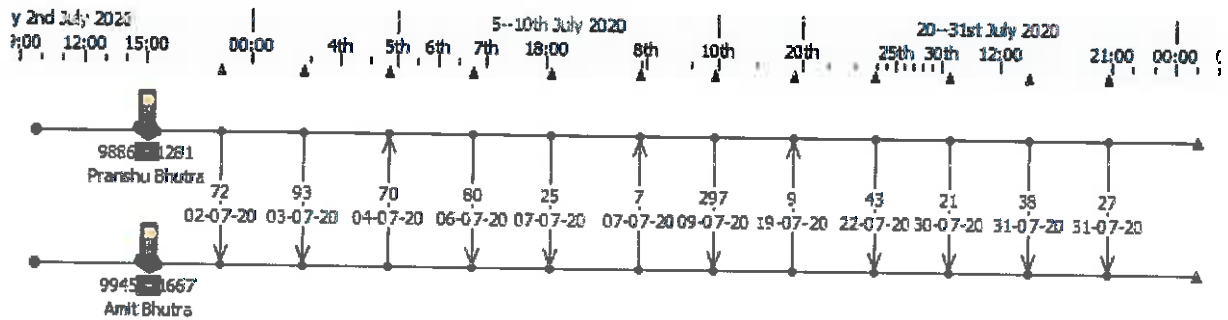
- 19.4. From the CDRs of mobile numbers of Pranshu, it is *prima facie* noted that Pranshu had used mobile number - 9886XX1281 for communicating / speaking with Amit.
- 19.5. From the CDRs of mobile numbers of Pranshu and Amit, following *prima facie* finding is noted:
- 19.5.1. On July 02, 2020 (i.e. few days after the UPSI came into existence), at 18:32:00 Pranshu spoke to Amit for 72 second.
- 19.5.2. On July 09, 2020 (i.e. one day prior to the start of trading by Capital One), at 12:20:00 Pranshu spoke to Amit for 297 second (the longest duration call in the month of July 2020 between Pranshu and Amit).

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19.5.3. During the period from July 01, 2021 to July 31, 2020, Pranshu and Amit have made several calls between themselves. Details of the same is as under:

Figure No. 2

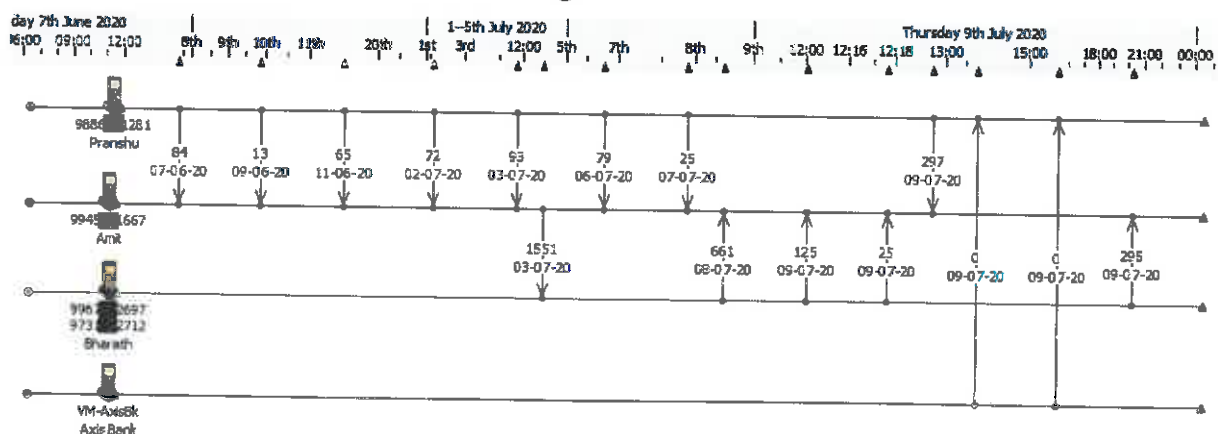


19.5.4. From the above Figure no. 2, it is noted that prior to July 10, 2020 (the date from which Capital One started trading in INFY), frequent telephonic communication happened between Amit and Pranshu on 7 occasions, out of which the largest duration call (297 second) was made on July 09, 2020.

19.6. From the CDRs of mobile numbers of Amit and Bharath, *prima facie* it is noted on July 08, 2020 and July 09, 2020 (i.e. prior to the start of trading by Capital One) there were long duration calls of 661 second and 295 second respectively, between Amit and Bharath.

19.7. A detailed sequence of communications between Pranshu and Amit, Amit and Bharath is as under:

Figure No. 3



20. From the above, following *prima facie* findings are noted:

- 20.1. On July 02, 2020 (i.e. few days after the UPSI came into existence), at 18:32:00 Pranshu spoke to Amit.
- 20.2. On July 9, 2020 (i.e. one day prior to the start of trading by Capital One) at 12:20 Pranshu spoke to Amit.
- 20.3. Long duration call between Amit and Bharath on July 08, 2020 and July 09, 2020 (i.e. prior to the start of trading by Capital One). Amit and Bharath are both partners of Capital One.

21. **Connection between Pranshu, Amit, Bharath, Capital One and Tesora:** On the basis of following factors, Pranshu, Amit, Bharath, Capital One and Tesora are *prima facie* connected to each other:

21.1. CDRs between Pranshu, Amit and Bharath as mentioned in detail in paragraph 19 above.

21.2. Connection between Capital One and Tesora through Amit:

21.2.1. As per the partnership deed of Capital One, Amit Bhutra and Bharath C Jain are working partners of Capital One.

21.2.2. As per the partnership deed of Tesora, Amit Bhutra, Mr. Ankush Bhutra and Mr. Manish C Jain are working partners of Tesora.

21.2.3. It is also noted the Bharath C Jain and Manish C Jain are brothers.

21.2.4. Hence, Capital One and Tesora are connected through a common partner Amit as well as through the relationship between Bharath C Jain and Manish C Jain.

21.3. Additional connections between Pranshu and Amit:

21.3.1. Mahrishi Alloys Private Limited (hereinafter referred to as "**Mahrishi**") is a private company having registered address as "#3, 3rd Cross, Mysore Road, Bangalore, Karnataka - 560026." As per its website, it is in the business of production of steel products.

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21.3.2. The directors in Mahrishi are as under:

Table No. 2

Sr. No.	Name	Designation
1	Rajaram Bhutra	Chairman and Managing Director
2	Suresh Chand Bhutra	Director
3	Ram Bilas Bhutra	Director
4	Mahesh Bhutra	Director
5	Rajiv Bhutra	Director
6	Amit Bhutra	Director
7	Ankush Bhutra	Director

21.3.3. Mr. Amit Bhutra (Working Partner in both Capital One and Tesora) and Mr. Ankush Bhutra (Working Partner in Tesora) are directors in Mahrishi.

21.3.4. As per the KYC details of Pranshu, Mr. Ram Bilas Bhutra is father of Pranshu Bhutra.

21.3.5. Mr. Ram Bilas Bhutra is director in Mahrishi.

21.3.6. Hence, Pranshu and Amit are also *prima facie* connected through Ram Bilas Bhutra and Mahrishi.

21.4. Banking transactions of Pranshu with Mahrishi and Mahrishi with mother of Amit:

21.4.1. As per bank statement of Axis Bank account no. 910010018128511 of Pranshu Bhutra, it is observed that in the month of June 2020, Pranshu has transferred a combined amount of approx. Rs. 1.1 crores to Mahrishi on four separate occasions i.e. June 06, 07, 09 and 11, 2020 and on July 09, 2020 transferred Rs. 5 lakh to Mahrishi. The details of the same is as under:

Table No. 3

Date	Transfer from	Transfer to	Amount
06/06/2020	Pranshu	Mahrishi	8,00,000
07/06/2020	Pranshu	Mahrishi	50,00,000
09/06/2020	Pranshu	Mahrishi	30,00,000
11/06/2020	Pranshu	Mahrishi	22,00,000
Total			1,10,00,000
11/06/2020	Mahrishi	Shyama Devi Bhutra	1,01,25,529
09/07/2020	Pranshu	Mahrishi	5,00,000

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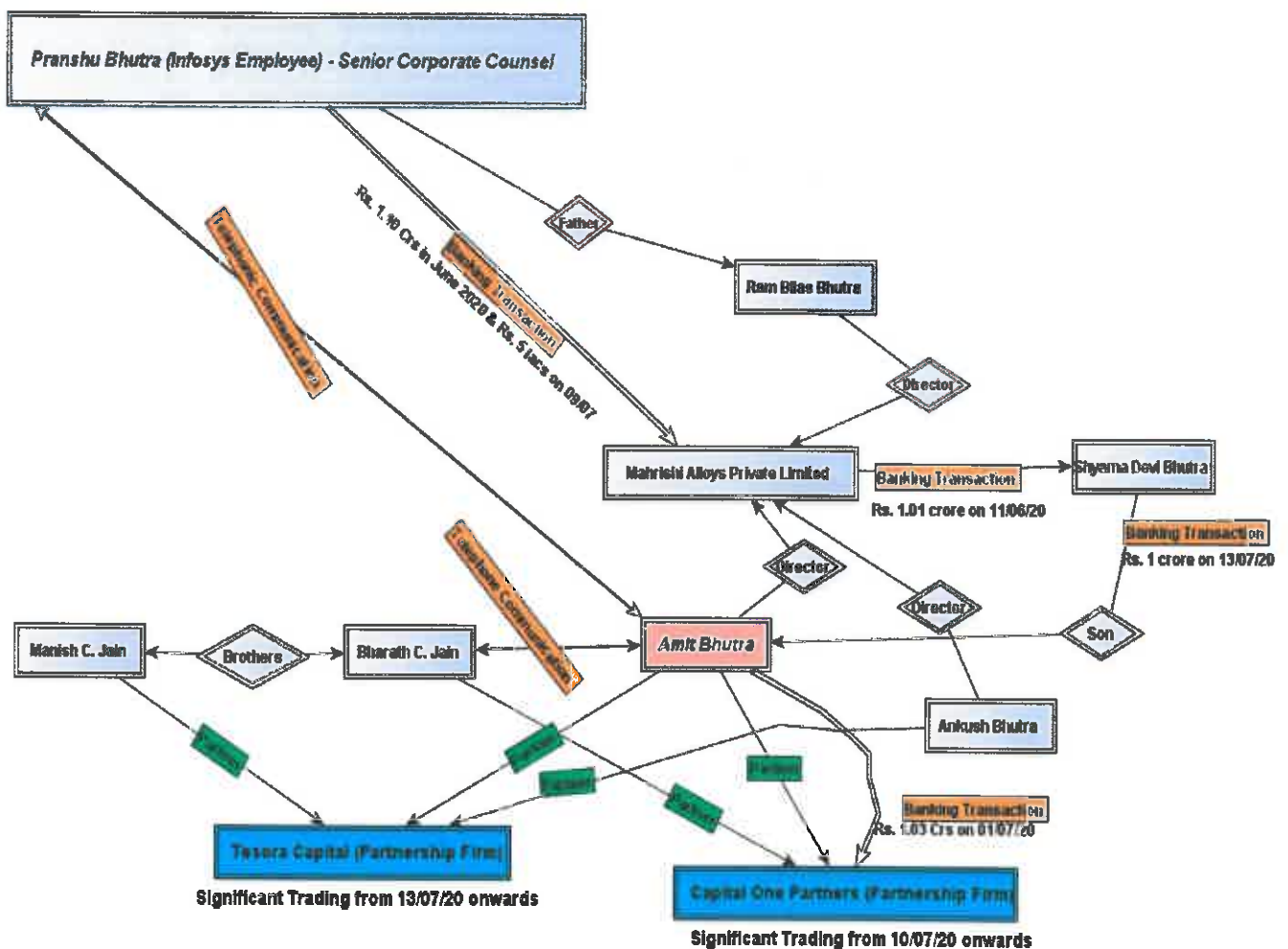


21.4.2. As per the KYC details of Amit, Shyama Devi Bhutra is the mother of Amit Bhutra. Further, from the bank statement of South Indian Bank account no. 0108083000001142 of Mahrishi, it is noted that on June 11, 2020 Mahrishi has transferred approx. Rs. 1.01 crores to Shyama Devi Bhutra.

21.4.3. Hence, Pranshu is *prima facie* connected with Mahrishi through banking transactions and through Mahrishi and Shyama Devi, to Amit Bhutra.

22. For ease of presentation, the aforesaid *prima facie* connections are depicted in below mentioned figure as well as in below mentioned table:

Figure No. 4



mpb



Table No. 4

Sr. No	Entity Name	Connection with other entities
1	Pranshu Bhutra	- As per Call data records provided by TSP - Airtel, Pranshu Bhutra is in constant touch with Amit Bhutra through telephonic communication. - As per bank statement of Pranshu Bhutra provided by Axis Bank, Pranshu Bhutra is connected to Mahrishi through banking transactions. - As per KYC documents provided by KRA - NSDL Data Management Limited (NDML), Pranshu Bhutra is a son of Ram Bilas Bhutra (Director of Mahrishi)
2	Mahrishi Alloys Private Limited	- As per bank statement of Pranshu Bhutra provided by Axis Bank, Mahrishi is connected to Pranshu Bhutra through banking transactions. - As per website of Mahrishi, Mahrishi is connected to Amit Bhutra, Ankush Bhutra and Ram Bilas Bhutra through directorship - Mahrishi had banking transaction with Shyama Devi Bhutra.
3	Amit Bhutra	- As per KYC documents provided by CVL, Amit Bhutra is working Partner in both Capital One and Tesora. - Banking transaction between Amit and Capital One. - Shyama Devi Bhutra is mother of Amit. - Banking transaction between Shyama Devi Bhutra and Amit. - As per website of Mahrishi Alloys Private Ltd., Amit Bhutra is a director in Mahrishi. - As per call data records provided by Telecom Service Provider (TSP) - Airtel, Amit Bhutra has been in constant touch with Pranshu Bhutra through telephonic communication - As per KYC documents provided by KRA - CVL, Amit Bhutra is connected to Bharath C Jain (Working Partner in Capital One), Manish C Jain (Working Partner in Tesora Capital) and Ankush Bhutra (Working Partner in Tesora Capital) through common Partnership firm - Connected with Bharath C. Jain through telephonic communication. - Order placement done for both Capital One and Tesora.
4	Ankush Bhutra	- As per KYC documents provided by KRA - CVL, Ankush Bhutra is a Working Partner in Tesora Capital - Connected to Amit Bhutra and Manish C. Jain through common Partnership Firm (Tesora Capital) - As per website of Mahrishi, Ankush Bhutra is connected to Amit Bhutra and Ram Bilas Bhutra through directorship in common corporate entity – Mahrishi.
5	Ram Bilas Bhutra	- As per website of Mahrishi, Ram Bilas Bhutra is a director in Mahrishi - As per KYC documents provided by KRA - NDML, Ram Bilas is a father of Pranshu Bhutra
6	Bharath C Jain	As per KYC documents provided by KRA - CVL, Bharath C. Jain is a Working Partner in Capital One Partners

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Sr. No	Entity Name	Connection with other entities
		Order placement done for Capital One Partners
7	Manish C Jain	As per KYC documents provided by KRA - CVL, Manish C. Jain is a Working Partner in Tesora Capital.
8	Capital One	As per KYC documents provided by KRA - CDSL Ventures Ltd (CVL), Capital One and Tesora has common partner - Amit Bhutra
9	Tesora	As per KYC documents provided by KRA - CVL, Capital One and Tesora has common partner - Amit Bhutra

23. Thus, on the basis of above connections and relationships and coupled with the timings of the calls made or frequency of communicating, on preponderance of probability basis, I am of the *prima facie* view that (a) Pranshu is a connected person on account of being an officer / employee of INFY (Senior Corporate Counsel) that allows him, directly or indirectly, access to the UPSI / he is reasonably expected to have access to the UPSI and on preponderance of probability basis he is in possession of the UPSI (b) Pranshu has communicated the UPSI to Amit in some form and manner and Amit has procured the UPSI from Pranshu in some form and manner; and (c) Amit has communicated the UPSI to Bharath and Bharath has procured the UPSI from Amit in some form and manner.

24. Hence, in view of the above and on a preponderance of probability basis, I *prima facie* find that:

24.1. Pranshu, being an officer / employee of INFY (Senior Corporate Counsel of INFY), is a connected person under Regulation 2(1)(d) of PIT Regulations and is reasonably expected to have access to the UPSI and on preponderance of probability basis he is in possession of the UPSI. Therefore, Pranshu is an insider as per Regulation 2(1)(g)(i) & (ii) of PIT Regulations.

24.2. Amit has been connected with Pranshu, (an employee of INFY) (a) through frequent telephonic communication; (b) Pranshu had fund transaction with Mahrishi and Mahrishi had fund transaction with Shyama Devi Bhutra (Mother of Amit) and (c)

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Ram Bilas Bhutra (Father of Pranshu) and Amit are directors in Mahrishi. Thus, Amit is a connected person under Regulation 2(1)(d) of PIT Regulations and is reasonably expected to have access to the USPI and on preponderance of probability basis he is in possession of the USPI. Hence, Amit had procured USPI from Pranshu and was in possession of the USPI. Therefore, Amit is an insider as per Regulation 2(1)(g)(i) of PIT Regulations.

- 24.3. Bharath and Amit are both working partners of Capital One Partners. Bharath, being in constant touch with Amit through (a) professional relationship and (b) telephonic communication. Thus, by virtue of that relationship it gives Bharath, directly or indirectly, access to unpublished price sensitive information through Amit. Hence, Bharath had procured the USPI from Amit and on preponderance of probability basis he is in possession of the USPI. Therefore, Bharath is an insider as per Regulation 2(1)(g)(ii) of PIT Regulations.

Issue No. 3: Whether Amit and Bharath, while in possession of and on the basis of the USPI, had traded in the scrip of INFY on behalf of Capital One?

25. As per the partnership deed, Amit and Bharath are both working partners of Capital One having 50% share each in profit and loss arising out of business. Capital One has two mobile numbers registered with its trading account – 9908XX1370 and 9945XX1667 (mobile number -9945XX1667 belongs to Amit). It is noted that trades of Capital One were done on NSE. NSE vide email dated January 05, 2021 and January 12, 2021 informed that Amit and Bharath were placing orders on behalf of Capital One through Motilal Oswal Financial Services Limited (hereinafter referred to as “Motilal”) and IIFL Securities Limited (hereinafter referred to as “IIFL”) respectively.

26. I have already previously *prima facie* found that Amit and Bharath are both insiders and have access to and possession of the USPI. On the basis of paragraph no. 19 to 22 above and on preponderance of probability basis, I *prima facie* find that Amit and Bharath were in possession of the USPI prior to the trades mentioned in Table no. 7 below. Further, it is noted that both Amit and Bharath have placed orders / trading instruction on behalf of

mpb



Capital One. The details of trades done by Capital One (PAN: AANFC3427C) in INFY during the UPSI period and a week after the UPSI period are as under:

Table No. 5

Date	Trading Member	Sec Name/ Contract	Gr Buy Vol	Gr Sell Vol	Net Trd Vol
10/07/2020	MOTILAL	INFY20JULFUT	12,000	0	12,000
10/07/2020	IIFL	INFY20JULFUT	24,000	0	24,000
13/07/2020	MOTILAL	INFY20JULFUT	36,000	0	36,000
13/07/2020	IIFL	INFY20JULFUT	1,20,000	0	1,20,000
14/07/2020	MOTILAL	INFY20JULFUT	36,000	0	36,000
14/07/2020	IIFL	INFY20JUL740PE	0	27,600	-27,600
14/07/2020	IIFL	INFY20JUL750PE	0	36,000	-36,000
14/07/2020	IIFL	INFY20JULFUT	48,000	0	48,000
15/07/2020	MOTILAL	INFY20JULFUT	0	12,000	-12,000
15/07/2020	IIFL	INFY20JUL760PE	0	60,000	-60,000
15/07/2020	IIFL	INFY20JULFUT	0	72,000	-72,000
16/07/2020	MOTILAL	INFY20JULFUT	0	72,000	-72,000
16/07/2020	IIFL	INFY20JULFUT	0	1,20,000	-1,20,000
20/07/2020	IIFL	INFY20JUL740PE	7,200	0	7,200
20/07/2020	IIFL	INFY20JUL750PE	36,000	0	36,000
20/07/2020	IIFL	INFY20JUL760PE	60,000	0	60,000
21/07/2020	IIFL	INFY20JUL740PE	20,400	0	20,400

27. From the trading details of Capital One in the scrip of INFY, I *prima facie* find the following:

- 27.1. Capital One has taken a net long position in the scrip of INFY for 2,76,000 shares in Futures between July 10, 2020 and July 14, 2020 at an average price of Rs.794.67 and thereafter the entire aforesaid long position was squared off between July 15, 2020 to July 16, 2020 (i.e., from the date of announcement on July 15, 2020) at an average price of Rs.893.15 thereby earning a net profit of Rs.271.81 lakhs (squared off difference) from the aforesaid transactions.
- 27.2. Capital One has also sold put options for 27,600 shares, 36,000 shares and 60,000 shares at strike prices of Rs.740, Rs. 750 and Rs.760 respectively between July 14, 2020 to July 15, 2020 (i.e. before the corporate announcement) and squared off the aforesaid positions between July 20, 2020 and July 21, 2020 thereby earning a net profit of Rs.7.70 lakhs (squared off difference) from the aforesaid transactions.

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27.3. Capital One has earned a cumulative net profit of Rs.279.51 lakhs (squared off difference) from all the aforesaid positions. The details of the same are as under:

Table No. 6

		A	B	C	
Sr. No.	Product	Quantity bought / sold while in possession of UPSI and subsequently squared off	Weighted Avg Sell Price of the product (In Rs.)	Weighted Avg Buy Price of the product (In Rs.)	Proceeds from insider trading (In Rs.) = A*(B-C)
1	INFY20JULFUT	2,76,000	893.15	794.67	2,71,80,480
2	INFY20JUL740PE	27,600	7.56	0.74	1,88,232
3	INFY20JUL750PE	36,000	10.07	1.05	3,24,720
4	INFY20JUL760PE	60,000	5.23	0.93	2,58,000
Total (In Rs.)					2,79,51,432

28. In view of the above, I *prima facie* find that Amit and Bharath both being insiders, while in possession of the USPI, during the UPSI period, had placed orders / trading instructions on behalf of Capital One for trading in the securities of INFY.

29. In view of the discussion at paragraph 6 above, I am of the view that in the instant case, the impugned trading by Capital One is also, *prima facie*, on the basis of UPSI on account of the following analysis:

29.1. During the week prior to the announcement (i.e. during July 08-14, 2020), Capital One's trading concentration in the scrip of INFY was 27.63% whereas its trading concentration during the look back period i.e. May 20, 2020 to July 01, 2020 and look after period i.e. July 29, 2020 to September 09, 2020 was approximately 0%.

29.2. Capital One has taken significant net bullish positions prior to the announcement of the financial results and has taken offsetting positions subsequently with net trade as zero i.e. the entire positions taken prior to the announcement of the financial results have been offset.

29.3. In order to look into overall directional view of Capital One in the scrip of INFY, the overall *Delta* position of Capital One in the scrip of INFY on July 15, 2020 in its portfolio was seen and the same is as under:

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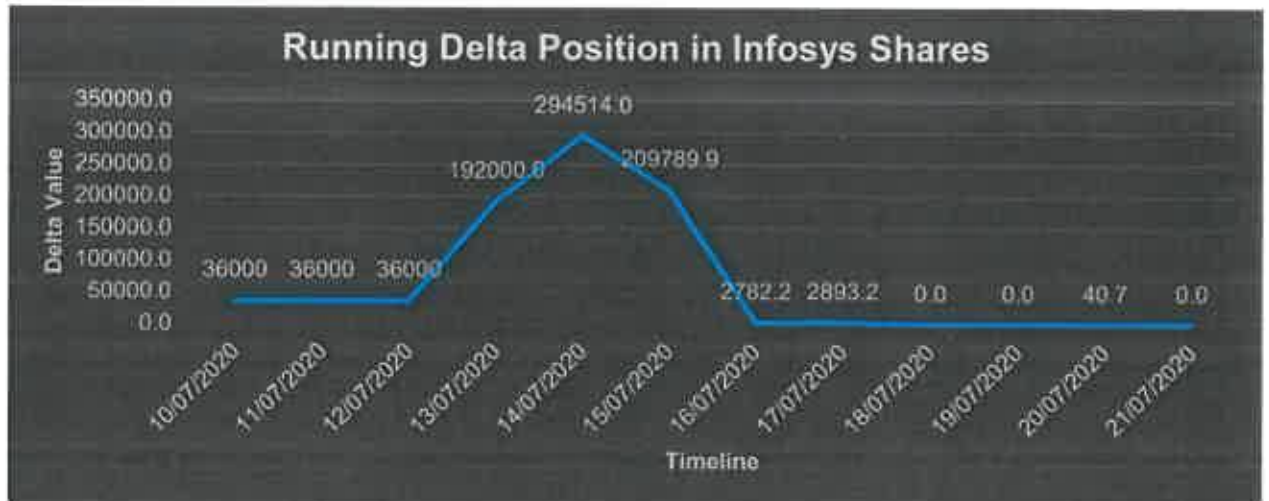
Table No. 7

Contracts	Expiry Date	Buy/ Sell (1)	Delta* (2)	No of shares (3)	Total Delta (4)=(1)*(2)*(3)
Futures	30-July-20	Buy (+1)	1.00	1,92,000	1,92,000.00
Put Options (Strike Price: Rs.740)	30-July-20	Sell (-1)	-0.107	27,600	2,953.20
Put Options (Strike Price: Rs.750)	30-July-20	Sell (-1)	-0.135	36,000	4,860.00
Put Options (Strike Price: Rs.760)	30-July-20	Sell (-1)	-0.166	60,000	9,960.00
				Total Delta	2,09,773.20

* Delta as recorded by NSE at the end of the day.

29.4. From the above table, it is noted that Capital One has an overall delta of 2,09,773 for all its positions cumulatively as on July 15, 2020 (i.e. just prior to the announcement on July 15, 2020) i.e. if the price of INFY increased by Rs.1/- then the profit from the portfolio of derivative positions of Capital One in the scrip of INFY would be approx. Rs.2,09,773/-. On the other hand if the price of INFY decreased by Rs. 1, then there would be a loss of approx. Rs. 2,09,773/- The trend of *Delta* position of Capital One in the scrip of INFY over time, was as under:

Figure No. 5



mpb.



29.5. From the above figure, it is seen that even though Capital One often trades in INFY, the overall *Delta* position of Capital One in the scrip of INFY started increasing from July 10, 2020 and reached a maximum at 2,94,514 on July 14, 2020. Post announcement of financial results, Capital One has drastically reduced its overall delta position in INFY on July 16, 2020, by offsetting the long positions in Futures contracts of INFY.

30. Thus, in view of the above and as per paragraph 6 above, I *prima facie* find that trades of Capital One in the securities of INFY were not only executed while in possession of the UPSI, but also on the basis of the UPSI.

31. In summary, I *prima facie* find that Amit and Bharath, while in possession of and on the basis of UPSI, had traded in the scrip of INFY on behalf of Capital One, *inter alia* based on the following circumstances:

31.1. Amit and Bharath were insiders;

31.2. Amit and Bharath had access to and were in possession of the UPSI during the UPSI period, before the start of trading by Capital One in the scrip of INFY;

31.3. Amit and Bharath are working partners of Capital One and were placing orders / trading instructions on behalf of Capital One;

31.4. Sudden buildup of position / *delta* by Capital One in the scrip of INFY a week prior to and rapid closure of position / *delta* after the date of corporate announcement of financial results for quarter June 2020 on July 15, 2020;

31.5. No trading was done by Capital One in the scrip of INFY during the period May 01, 2020 to June 30, 2020 except on 1 day i.e. on June 05, 2020 nor during the period August 01, 2020 to September 30, 2020.

31.6. The trading concentration of Capital One in terms of value in the scrip of INFY vis-a-vis other scrips was approximately 0% during 2 weeks to 8 weeks prior to and after the date of corporate announcement of financial results for quarter June 2020 made on July 15, 2020;

mpb



- 31.7. Capital One had significant bullish positions just prior to the announcement of financial results and subsequently had offset its positions with net trade as zero;
- 31.8. Capital One had trading concentration of 35.2% (in terms of value) in the shares of INFY vis-à-vis its overall trades during the week of corporate announcement of financial result for the quarter ended June 2020 i.e. July 13, 2020 to July 19, 2020.
- 31.9. As on July 15, 2020, Capital One, in its portfolio, has an overall *Delta* of 2,09,773 for all its cumulative derivative positions in INFY, which showed their strong confidence that the share price of INFY would go up. This significant *Delta* was built up just prior to the announcement of financial results by INFY.

Issue No. 4: Whether Amit, while in possession of and on the basis of the UPSI, had traded in the scrip of INFY on behalf of Tesora?

32. As per the partnership deed, Amit, Manish and Ankush are working partners of Tesora having 35%, 35% and 30% share respectively in profit or loss arising out of business income. It is noted that trades of Tesora were done on NSE. NSE vide email dated January 12, 2021 and January 29, 2021 informed that Amit was placing orders on behalf of Tesora through Motilal Oswal Financial Services Limited (hereinafter referred to as “**Motilal**”) and Kotak Securities Limited (hereinafter referred to as “**Kotak**”).
33. I have already previously *prima facie* found that Amit is an insider and had access to and possession of the UPSI. On the basis of paragraph no. 19 to 22 above and on preponderance of probability basis, I *prima facie* find that Amit was in possession of the UPSI prior to the trades mentioned in Table no. 10 below. Further, it is noted that Amit had placed orders / trading instructions on behalf of Tesora. The details of trades done by Tesora (PAN: AAMFT3003A) in INFY during the UPSI period and a week after the UPSI period are as under:

mpb.



Table No. 8

Date	Trading Member	Sec Name/ Contract	Gr Buy Vol	Gr Sell Vol	Net Trd Vol
13/07/2020	KOTAK	INFY20JULFUT	9,600	0	9,600
14/07/2020	KOTAK	INFY20JULFUT	2,400	0	2,400
14/07/2020	MOTILAL	INFY20JULFUT	18,000	0	18,000
15/07/2020	KOTAK	INFY20JUL780PE	0	12,000	-12,000
15/07/2020	KOTAK	INFY20JUL800PE	0	6,000	-6,000
15/07/2020	KOTAK	INFY20JULFUT	1,200	12,000	-10,800
15/07/2020	MOTILAL	INFY20JULFUT	12,000	12,000	0
16/07/2020	KOTAK	INFY20JULFUT	0	1,200	-1,200
16/07/2020	MOTILAL	INFY20JULFUT	0	18,000	-18,000
20/07/2020	KOTAK	INFY20JUL780PE	12,000	0	12,000
20/07/2020	KOTAK	INFY20JUL800PE	6,000	0	6,000

34. From the trading details of Tesora in the scrip of INFY, I *prima facie* found / observed the following:

- 34.1. Tesora has taken a net long position in the scrip of INFY for 30,000 shares in Futures between July 13, 2020 to July 14, 2020 at an average price of Rs.796.82 and thereafter the entire aforesaid long position was squared off between July 15, 2020 to July 16, 2020 (i.e., from the date of announcement on July 15, 2020) at an average price of Rs.880.96 thereby earning a net profit of Rs.25.24 lakhs (squared off difference) from the aforesaid transactions.
- 34.2. Tesora has also sold put options for 12,000 shares and 6,000 shares at strike prices of Rs.780 and Rs.800 respectively on July 15, 2020 (i.e. before the corporate announcement) and squared off the aforesaid positions on July 20, 2020 thereby earning a net profit of Rs.1.58 lakhs (squared off difference) from the aforesaid transactions
- 34.3. Tesora have earned a cumulative net profit of Rs.26.82 lakhs (squared off difference) from all the aforesaid positions. The details of the same are as under:



Table No. 9

		A	B	C	
Sr. No.	Product	Quantity bought / sold while in possession of UPSI and subsequently squared off	Weighted Avg Sell Price of the product (In Rs.)	Weighted Avg Buy Price of the product (In Rs.)	Proceeds from insider trading (In Rs.) = A*(B-C)
1	INFY20JULFUT	43,200	866.00	807.57	25,24,176
2	INFY20JUL780PE	12,000	8.52	1.25	87,240
3	INFY20JUL800PE	6,000	13.70	1.95	70,500
Total (In Rs.)					26,81,916

35. In view of the above, I *prima facie* find that Amit being an insider, while in possession of the USPI, during the UPSI period, had placed orders / trading instructions on behalf of Tesora for trading in the securities of INFY.

36. In view of the discussion at paragraph 6 above, I am of the view that in the instant case, the impugned trading by Tesora is also *prima facie* on the basis of the UPSI on account of the following analysis:

36.1. During the week prior to the announcement (i.e. during July 08-14, 2020), Tesora's trading concentration in the scrip of INFY was 36.5% whereas its trading concentration during the look back period i.e. May 20, 2020 to July 01, 2020 and look after period i.e. July 29, 2020 to September 09, 2020 was approximately 0%.

36.2. Tesora has taken significant bullish positions (built delta) prior to the announcement of the financial results and has taken offsetting positions subsequently with net trade as zero i.e. the entire positions taken prior to the announcement of the financial results have been offset.

36.3. In order to look into overall directional view of Tesora in the scrip of INFY, the overall *Delta* position of Tesora in the scrip of INFY on July 15, 2020 in its portfolio was seen and the same is as under:

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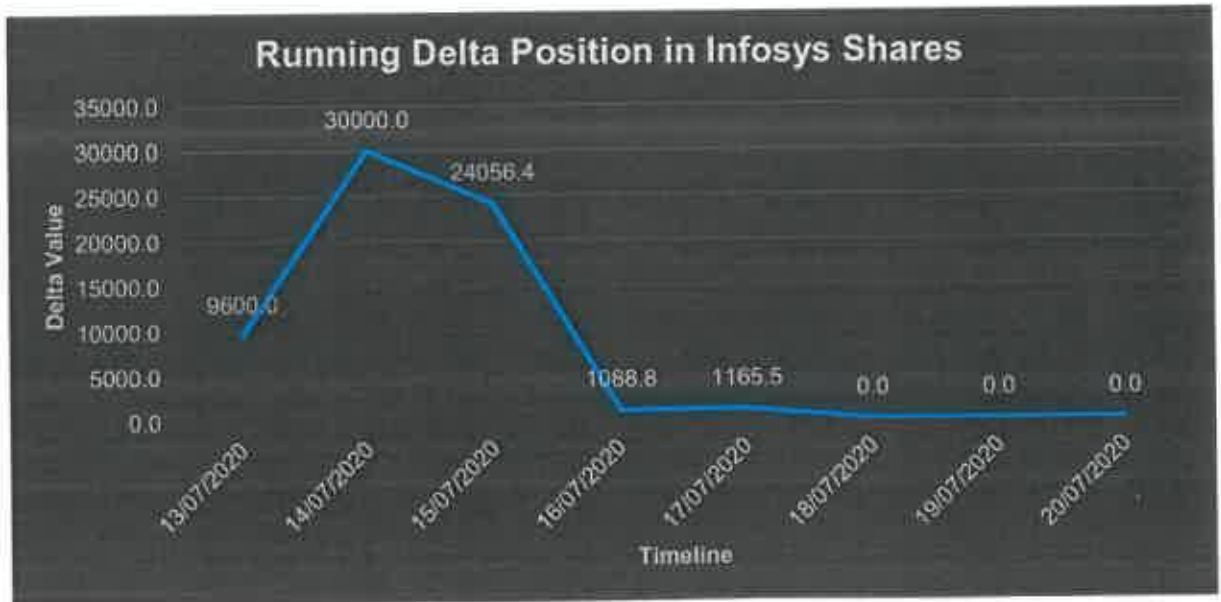
Table No. 10

Contracts	Expiry Date	Buy/ Sell	Delta*	No of shares	Total Delta
		(1)	(2)	(3)	(4)=(1)*(2)*(3)
Futures	30-July-20	Buy (+1)	1.00	19,200	19,200
Put Options (Strike Price: Rs.780)	30-July-20	Sell (-1)	-0.241	12,000	2,892
Put Options (Strike Price: Rs.800)	30-July-20	Sell (-1)	-0.328	6,000	1,968
				Total Delta	24,060

* Delta as recorded by NSE at the End of the Day.

36.4. From the above table, it is noted that Tesora has an overall delta of 24,060 for all its positions cumulatively as on July 15, 2020 (i.e. just prior to the announcement on July 15, 2020) i.e. if the price of INFY increased Rs.1/- then the profit on the portfolio of derivative positions of Tesora in the scrip of INFY would be approx. Rs. 24,060/-. On the other hand if the price of scrip decreased by Rs.1/- then there would be a loss of Rs. 24,060/-. The trend of delta position of Tesora in the scrip of INFY over time, was as under

Figure No. 6



mpb.



- 36.5. From the above figure, it is seen that even though Tesora often trades in INFY, overall delta position of Tesora in the scrip of INFY started increasing from July 13, 2020 and reached a maximum at 30,000 on July 14, 2020. Post announcement of financial results, Tesora has drastically reduced its overall delta position in INFY on July 16, 2020, by offsetting the long positions in Futures contracts of INFY.
37. Thus, in view of the above and as per paragraph 6 above, I *prima facie* find that trades of Tesora in the securities of INFY were not only executed while in possession of the UPSI but also on the basis of the UPSI.
38. In summary, I *prima facie* found that Amit while in possession of and on the basis of UPSI, had traded in the scrip of INFY on behalf of Tesora, *inter alia* based on the following circumstances:
- 38.1. Amit was an insider;
 - 38.2. Amit had access to and was in possession of UPSI during the UPSI period, before the start of trading by Tesora in the scrip of INFY;
 - 38.3. Amit is a working partner of Tesora and was placing orders / trading instructions on behalf of Tesora;
 - 38.4. Sudden buildup in delta by Tesora in the scrip of INFY in the week prior and rapid reduction in delta after the corporate announcement of financial results for quarter June 2020 on July 15, 2020;
 - 38.5. Zero *delta* by Tesora in the scrip of INFY during the period May 01, 2020 to June 30, 2020 and during the period August 01, 2020 to September 30, 2020.
 - 38.6. The trading concentration of Tesora in terms of value in the scrip of INFY vis-à-vis others scrip was 0% during 2 weeks to 8 weeks prior to and after the date of corporate announcement of financial results for quarter June 2020 made on July 15, 2020;
 - 38.7. Tesora had built bullish positions just prior to the announcement of financial results and subsequently had offset its positions with net trade as zero;

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- 38.8. Tesora had trading concentration of 39.9% (in terms of value) in the shares of INFY vis-à-vis its overall trades during the week of corporate announcement of financial result for the quarter ended June 2020 i.e. July 13, 2020 to July 19, 2020.
- 38.9. As on July 15, 2020, Tesora in its portfolio has an overall *Delta* of 24,060 for all its cumulative derivative positions in INFY, which showed their strong confidence that the share price of INFY would go up. This significant *Delta* was built up just prior to the announcement of financial results by INFY.

Issue No. 5: Based on the answers to issue Nos. 1 to 4, whether there are relevant provisions of SEBI Act and PIT Regulations that have been violated by Noticee No. 1 to 5 and who all are prima facie liable for the same?

39. Before moving forward, it is relevant to refer to the relevant provisions of SEBI Act and PIT Regulations, which are as under:

39.1. **SEBI Act:**

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

Section: 12A. No person shall directly or indirectly

- (a)
- (b)
- (c)
- (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;*

39.2. ***PIT Regulations:***

Communication or procurement of unpublished price sensitive information.

Regulation 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



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- (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.

Trading when in possession of unpublished price sensitive information

Regulation 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

Pranshu Bhutra (Noticee No. 1):

40. In view of the *prima facie* findings mentioned at Issue No. 2 above, Pranshu, being an officer / employee of INFY (Senior Corporate Counsel) is *prima facie* a connected person under Regulation 2(1)(d) of PIT Regulations, and is reasonably expected to have access to and possession of the UPSI, and thus is *prima facie* also an insider as per Regulation 2(1)(g)(i) of PIT Regulations. Further, Pranshu a *prima facie* insider, on July 02, 2020 (i.e. few days after the UPSI came into existence) and on July 09, 2020 (i.e. one day prior to the start of trading by Capital One) had spoken to Amit (working partner of Capital One). Coupled with Pranshu's connection with Amit through Mahrishi and the fact that on July 10, 2020 Capital One started building significant position in the scrip of INFY, *prima facie*, it leads to the conclusion, on preponderance of probability basis, that Pranshu, who was *prima facie* had access to and in possession of the UPSI, had communicated the UPSI to Amit in some form or manner. Hence, Pranshu Bhutra has *prima facie* violated the provision of Section 12A (e) of SEBI Act, 1992 and Regulations 3(1)) of PIT Regulations.

Amit Bhutra (Noticee No. 2):

41. In view of the *prima facie* findings mentioned at Issue No. 2 above, Amit (working partner of Capital One), on July 02, 2020 (i.e. few days after the UPSI came into existence) and on July 09, 2020 (i.e. one day prior to the start of trading by Capital One) had spoken to

mpb



Pranshu (*prima facie* insider). Amit is also *prima facie* connected to Pranshu through Mahrishi etc (details mentioned at paragraph 21 & 22 above). From July 10, 2020 Capital One had started building significant position / *delta* in the scrip of INFY and from July 13, 2020 Tesora had started building significant position / *delta* in the scrip of INFY. Amit was placing orders / giving trading instructions on behalf of both Capital One and Tesora. I note that Capital one had very low *delta* in the scrip of INFY during the period May 01, 2020 to June 30, 2020 and zero *delta* during the period August 01, 2020 to September 30, 2020. I also note that Tesora had zero *delta* of Tesora in the scrip of INFY during the period May 01, 2020 to June 30, 2020 and during the period August 01, 2020 to September 30, 2020. All this *prima facie* leads to the conclusion, on preponderance of probability basis, that Amit had *prima facie* procured the UPSI from Pranshu (*prima facie* insider) in some form or manner and thereby *prima facie* was in possession of the UPSI.

42. Further, Amit a *prima facie* insider, on July 08, 2020 and July 09, 2020 (i.e. prior to the start of trading by Capital One) after *prima facie* receiving UPSI from Pranshu, had long duration calls with Bharath. Amit and Bharath are working partners of Capital One. From July 10, 2020 Capital One had started building significant *Delta* in the scrip of INFY. Apart from Amit, Bharath was also placing orders / giving trading instructions on behalf of Capital One. All this *prima facie* leads to the conclusion, on preponderance of probability basis, that Amit, who was *prima facie* in possession of the UPSI, has communicated the UPSI to Bharath in some form or manner.

43. Thus, from the above, I find that Amit has (a) *prime facie* procured the UPSI from Pranshu; (b) *prima facie* communicated the UPSI to Bharath; and (c) traded on behalf of Capital One and Tesora *prima facie* while in possession of and on the basis of the UPSI. Hence, Amit Bhutra has *prima facie* violated the provisions of Section 12A (d) & (e) of SEBI Act, 1992 and Regulations 3(1), 3(2) & 4(1) of PIT Regulations.

wpb.



Bharath C Jain (Noticee No. 3):

44. In view of the *prima facie* findings mentioned at Issue No. 2 above, Bharath (working partner of Capital One), on July 08, 2020 and July 09, 2020 (i.e. prior to the start of trading by Capital One) had long duration calls with Amit (*prima facie* insider). Amit and Bharath are both working partners of Capital One. From July 10, 2020 Capital One had started building up significant position / delta in the scrip of INFY. Apart from Amit, Bharath was also placing orders / giving trading instructions on behalf of Capital One. All this *prima facie* leads to the conclusion, on preponderance of probability basis, that Bharath had *prima facie* procured the UPSI from Amit (*prima facie* insider) in some form or manner and thereby, *prima facie*, was in possession of the UPSI.

45. Thus, from the above, I find that Bharath has (a) *prima facie* procured the UPSI from Amit; and (b) traded on behalf of Capital One *prima facie* while in possession of and on the basis of the UPSI. Hence, Bharath has *prima facie* violated the provision of Section 12A (d) & (e) of SEBI Act, 1992 and Regulations 3(2) & 4(1) of PIT Regulations.

Capital One Partners (Noticee No. 4) and Mr. Amit Bhutra (Noticee No. 2) and Mr. Bharath C. Jain (Noticee No. 3)

46. In view of the *prima facie* findings mentioned at Issue No. 3 above, Amit and Bharath are both working partners of Capital One and both had, *prima facie*, while in possession of and on the basis of the UPSI, placed orders / given trading instructions on behalf of Capital One. From July 10, 2020 Capital One had started building significant position / delta in the scrip of INFY. Due to the said trading, Capital One had generated proceeds of Rs. 2,79,51,432/-. Hence, Capital One has *prima facie* violated the provision of Section 12A (d) & (e) of SEBI Act, 1992 and Regulations 4(1) of PIT Regulations.

47. As per Section 25 of the Indian Partnership Act, 1932 (hereinafter referred to as “IPA”), “every partner is liable jointly with all the other partners and also severally, for all acts of

mpb.



the firm done while he is a partner". As per Section 2(a) of IPA, "An 'act of firm' means any act or omission by all the partners or by any partners or agent of the firm which gives rise to a right enforceable by or against the firm". Section 25 of IPA deals with situations where the act of the firm has caused loss / injury to a third party. In this regard, reference can be also made to Sections 26, 27, 45, 48(b)(i) and 49 of IPA which deal with the liability of the firm towards third parties. The liability of acting partners and non-acting partners (collectively known as firm) for the injury to the third party is an outcome of joint and several liability of such partners under IPA, irrespective of whether that the conduct (act of omission or commission of the firm) which gave rise to the loss / injury to the third party is also in the violation of any provision under securities law.

48. A partner of Capital One who indulges in such conduct / omission, is also liable under securities laws, if his act/omission is in violation of any provision under securities law. I note that as per Section 27 of SEBI Act, for a contravention of law committed by the firm, apart from the firm, the partners of firm, who, at the time of contravention was committed (a) were in charge of, and responsible to the firm for the conduct of the business of the firm; or (b) were having knowledge of the said contravention of law; or (c) had failed to exercised due diligence to prevent the said contravention of law; or (d) had contributed to the contravention of law through their consent or connivance of or neglect, are also liable for said contravention of law committed by the firm and punished accordingly.

49. I note from the partnership deed dated March 05, 2018 that the following are the working partners of Capital One:

Table No. 11

Sl. No.	Name of the Partner	Share of Profit / loss	Tenure
1	Mr. Amit Bhutra	50%	From March 05, 2018 - till date
2	Mr. Bharath C Jain	50%	

50. From the Partnership deed, it is noted that both the partners namely Mr. Amit Bhutra and Mr. Bharath C Jain are working partner and have equal profit / loss sharing of 50% each. Further, as per the Resolution of Capital One meeting held on June 06, 2018, Capital One

mpb.



had authorized both Amit and Bharath to sell, purchase, transfer, negotiate and / or otherwise deal in securities and / or derivatives through IIFL on behalf of Capital One. Further, it is noted that both Amit and Bharath had, *prima facie*, while in possession of and on the basis of the UPSI, placed orders / given trading instructions on behalf of Capital One. Thus, all the above shows that, *prima facie*, in respect of trading carried out in the name of Capital One in the scrip of INFY is violation of securities laws and the partners namely Mr. Amit Bhutra and Mr. Bharath C Jain were in charge of the affairs of the firm.

51. Thus, as per the provisions of Section 27 of SEBI Act, both Mr. Amit Bhutra and Mr. Bharath C Jain, are *prima facie*, jointly and severally liable along with Capital One for the violations of the provisions of SEBI Act and PIT Regulations committed by Capital One and consequently for impounding of proceeds generated through *prima facie* insider trading activity. Hence, in view of Section 27 of SEBI Act, Mr. Amit Bhutra and Mr. Bharath C Jain are, *prima facie*, liable, jointly and severally with Capital One for proceeds of Rs. 2,79,51,432/- generated by Capital One through *prima facie* insider trading activity.

Tesora Capital (Noticee No. 5):

52. In view of the *prima facie* findings mentioned at Issue No. 4 above, Amit is working partner of Tesora and *prima facie* while in possession of and on the basis of the UPSI had placed orders / given trading instructions on behalf of Tesora. From July 13, 2020, Tesora had started building significant positions / *delta* in the scrip of INFY. Due to the said trading, Tesora had generated proceeds of Rs. 26,81,916/- . Hence, Tesora has *prima facie* violated the provision of Section 12A (d) & (e) of SEBI Act, 1992 and Regulations 4(1) of PIT Regulations.
53. As per Section 25 of the Indian Partnership Act, 1932 (hereinafter referred to as “IPA”), “every partner is liable jointly with all the other partners and also severally, for all acts of the firm done while he is a partner”. As per Section 2(a) of IPA, “An ‘act of firm’ means any act or omission by all the partners or by any partners or agent of the firm which gives

mpb



rise to a right enforceable by or against the firm". Section 25 of IPA deals with situations where the act of the firm has caused loss / injury to a third party. In this regard, reference can be also made to Sections 26, 27, 45, 48(b)(i) and 49 of IPA which deal with the liability of the firm towards third parties. The liability of acting partners and non-acting partners (collectively known as firm) for the injury to the third party is an outcome of joint and several liability of such partners under IPA, irrespective of whether that the conduct (act of omission or commission of the firm) which gave rise to the loss/injury to the third party is also in violation of any provision under securities law.

54. I note from the partnership deed dated March 05, 2018 that following are the working partners of Tesora:

Table No. 12

Sl. No.	Name of the Partner	Share of Profit / loss	Tenure
1	Mr. Amit Bhutra	35%	From March 24, 2017 - till date
2	Mr. Manish C Jain	35%	
3	Mr. Ankush Bhutra	30%	

55. Further, from the Partnership deed, it is noted that all partners namely Mr. Amit Bhutra, Mr. Manish C Jain and Mr. Ankush Bhutra are working partners of Tesora and have profit / loss sharing of 35%, 35% and 30% respectively. Furthermore, as per the undertaking submitted to Motilal, Tesora had authorized Amit, Ankush and Manish to give instructions to sell, purchase, transfer, endorse, negotiate and / or otherwise deal in the securities and / or derivatives given on Tesora. NSE vide email dated January 12, 2021 and January 29, 2021 informed that Amit had placed orders on behalf of Tesora through broker Motilal and Kotak. Further, it is also noted that Amit had, *prima facie*, while in possession of and on the basis of the UPSI, placed orders / given trading instructions on behalf of Tesora.

56. Thus, as per the provisions of Section 27 of SEBI Act, Mr. Amit Bhutra being one of a working partner in charge of affairs of Tesora and placing orders on behalf of Tesora, is *prima facie*, jointly and severally liable with Tesora for the violations of provisions of SEBI Act and PIT Regulations committed by Tesora and consequently for impounding of

mpb



proceeds generated through *prima faice* insider trading activity as well. Hence, in view of Section 27 of SEBI Act, Mr. Amit Bhutra is, *prima facie*, liable, jointly and severally with Tesora for proceeds of Rs. 26,81,916/- generated by Tesora through *prima facie* insider trading activity.

Mr. Manish C Jain (Noticee No. 6) and Mr. Ankush Bhutra (Noticee No. 7)

57. As discussed earlier, Section 25 of IPA deals with situations where the act of the firm has caused loss / injury to a third party. In this regard, reference can be also made to Sections 26, 27, 45, 48(b)(i) and 49 of IPA which deal with the liability of the firm towards third parties. The liability of acting partners and non-acting partners (collectively known as firm) for the injury to the third party is an outcome of joint and several liability of such partners under IPA, irrespective of whether that the conduct (act of omission or commission of the firm) which gave rise to the loss/injury to the third party is also in the violation of four corners of any provision under securities law. Hence, as per Section 25 of IPA read with Section 2(a) of IPA, Mr. Manish C Jain and Mr. Ankush Bhutra are, *prima facie*, liable, jointly and severally with Tesora and Mr. Amit Bhutra for proceeds of Rs. 26,81,916 /- generated by Tesora through *prima faice* insider trading activity.

Liabe for the Proceeds generated from prima facie Insider Trading Activity:

58. Thus, from the above discussion, I note that Capital One Partners, Mr. Amit Bhutra and Mr. Bharath C Jain are, *prima facie*, jointly and severally liable for the proceeds generated from the *prima facie* insider trading done by Capital One in violations of SEBI Act and PIT Regulations. I also note that Tesora and its partner Mr. Amit Bhutra are, *prima facie*, jointly and severally liable for the proceeds generated from the *prima facie* insider trading done by Tesora in violations of SEBI Act and PIT Regulations. However, Mr. Manish C Jain and Mr. Ankush Bhutra are liable on the basis of the liability emanating from the Indian Partnership Act for the act of the firm and not for the violation of SEBI Act and PIT

mpb.



Regulations at this stage of preliminary examination. The details of proceeds generated from the *prima facie* insider trading are as under:

Table No. 13

Sr. No.	Name of the Entities	Liability	Proceeds generated from Insider trading (In Rs.)
1.	Capital One Partners, Mr. Amit Bhutra and Mr. Bharath C Jain	Jointly and Severally	2,79,51,432
2.	Tesora Capital, Mr. Amit Bhutra, Mr. Manish C Jain and Mr. Ankush Bhutra	Jointly and Severally	26,81,916
	Total		3,06,33,348

Issue No. 6: Whether Venkata is an insider and whether there is *prima facie* evidence that he had also communicated the UPSI to Pranshu? If yes, then what are the relevant provisions of SEBI Act and PIT Regulations that have been *prima facie* violated by them?

59. I note that in Issue No. 2 above, it has already been *prima facie* determined that Pranshu is *prima facie* an insider, who is reasonably expected to have access to and possession of the UPSI and had *prima facie* communicated the UPSI to Amit. However, there is an additional circumstantial evidence which shows that Venkata had communicated the UPSI to Pranshu and Pranshu had also procured the UPSI from Venkata. In this regard, following *prima facie* findings are observed.

60. It is pertinent here, to refer to the relevant provision / definition of Designated Person as mentioned in PIT Regulations, 2015. The definition of Connected Person and Insider is mentioned at paragraph 18 above. The relevant provision relating to Designated person is as under:

mpb



- 60.1. As per Regulation 9A(2)(a) of PIT Regulations, "*The internal controls shall include all employees who have access to unpublished price sensitive information are identified as designated person....*"
- 60.2. As per Regulation 9(4) of PIT Regulations, "*For the purpose of sub regulation (1) and (2), the board of directors or such other analogous authority shall in consultation with the compliance officer specify the designated persons to be covered by the code of conduct on the basis of their role and function in the organisation and the access that such role and function would provide to unpublished price sensitive information in addition to seniority and professional designation and shall include...*"
61. Thus, I note that as per Regulation 9A(2)(a) and Regulation 9(4) of PIT Regulations, designated persons are the employees identified / specified by the Company based on their role and function, that would have access to UPSI or would be so designated by virtue of a senior position / designation in the hierarchy of the organization.

62. Mr. Venkata Subramaniam V. V (Venkata / Noticee No.8):

- 62.1. During the preliminary examination, INFY vide email dated December 29, 2020 had provided a list of Designated Persons who had direct or indirect access to the UPSI. As per the said list of Designated Persons, Venkata Subramaniam V. V, Senior Principal, Corporate Accounting Group of INFY, was identified as a Designated Person by INFY in line with Regulation 9(4) read with Regulation 9A (2)(a) of PIT Regulations. Thus, I note that Venkata, by virtue of being specified / identified as a Designated Person by INFY, *prima facie* was expected to have access to and to be in possession of the UPSI.
- 62.2. Further, I also note that *prima facie* Venkata is a connected person on account of being an employee of INFY and by virtue of his being Senior Principal, Corporate Accounting Group of INFY that allows him, directly or indirectly, access to the UPSI / he is reasonably expected to have access to the UPSI.
- 62.3. Therefore, I *prima facie* find that Venkata is an insider as per Regulation 2(1)(g)(i) of PIT Regulations.

mpb.



63. Connection between Venkata and Pranshu:

63.1. Venkata and Pranshu are officers / employees of INFY

63.2. Venkata and Pranshu are connected to each other through telephone communication. Call Data Records (CDRs) and KYC documents of Venkata and Pranshu vis-à-vis Amit were obtained from Telecom providers. From the KYC documents the following is noted:

Table No. 14

Name of the person	Mobile number registered	Telecom Provider	Validate from the information provided by
Venkata / INFY	9945XX5199	Airtel	INFY vide email dated 29/12/2020
Pranshu / INFY	7619XX8021	Airtel	INFY vide email dated 01/02/2021
Pranshu	9886XX1281	Vodafone - Idea	KYC documents provided by NSDL Database Management Ltd vide email dated 18/01/2021
Amit	9945XX1667	Airtel	KYC documents provided by CDSL Ventures Limited (CVL) vide email dated 15/12/2020

63.3. From the CDRs of mobile numbers of Pranshu, it is *prima facie* noted that Pranshu had used mobile number – 7619XX8021 for communicating / speaking with Venkata and mobile number – 9886XX1281 for communicating / speaking with Amit.

63.4. From the CDRs of mobile numbers of Venkata, Pranshu and Amit, following *prima facie* finding is noted:

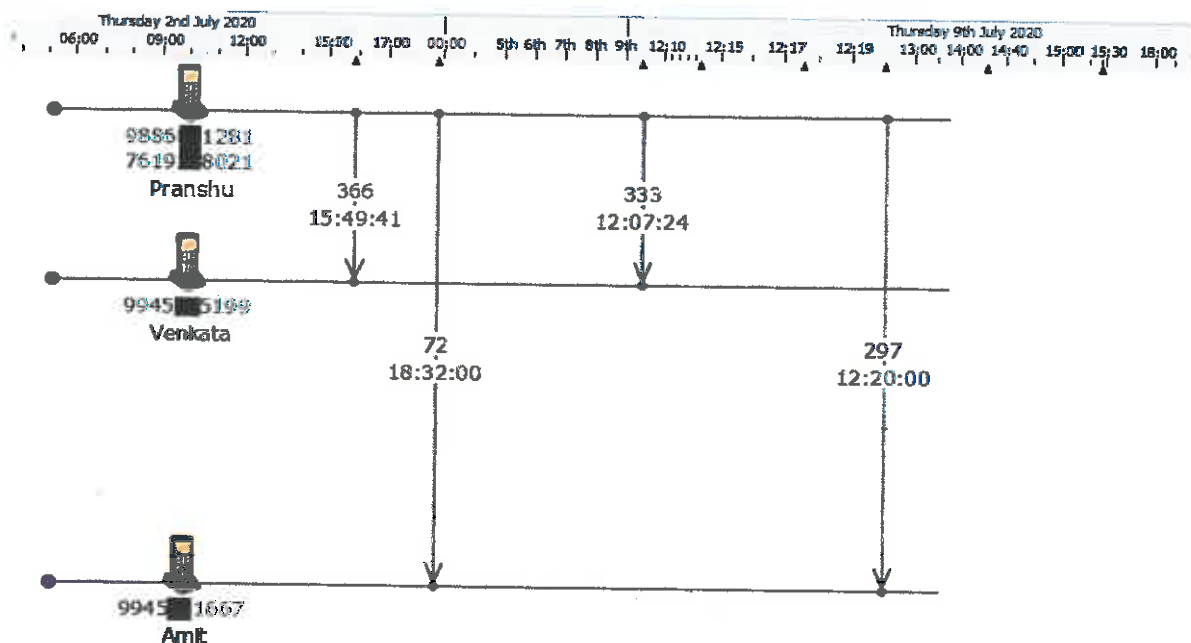
63.4.1. On July 02, 2020 (i.e. few days after the UPSI came into existence), Pranshu had a long duration call with Venkata at 15:49:41 which lasted for 366 second. On the same day at 18:32:00 Pranshu spoke to Amit for 72 second.

63.4.2. On July 09, 2020 (i.e. one day prior to the start of trading by Capital One), Pranshu had a long duration call with Venkata at 12:07:24 which lasted for 333 seconds. Immediately after said call, at 12:20:00 Pranshu spoke to Amit for 297 second (the longest duration call in the month of July 2020 between Pranshu and Amit). For ease of presentation, the same is depicted in below mentioned figure.

mpb.



Figure No. 7



63.5. During the period from January 01, 2020 to May 31, 2020, the frequency of calls between Pranshu and Venkata was very low. The frequency of calls between Pranshu and Venkata has increased significantly during the period June 2020 to July 2020. Further, it is noted from CDRs that no calls were made between Pranshu and Venkata during the period August 01, 2020 to November 29, 2020.

63.6. Thus, on the basis of above connection and on preponderance of probability basis, I am of the *prima facie* view that Venkata has communicated the UPSI to Pranshu in some form or manner and Pranshu had also procured the UPSI from Venkata in some form or manner.

64. Thus, from the above, I *prima facie* find that:

mpb.



- 64.1. Venkata is *prima facie* a connected person under Regulation 2(1)(d) of PIT Regulations and is also a Designated Person for the UPSI, and thus had access to and possession of the UPSI, and thus is *prima facie* also an insider as per Regulation 2(1)(g)(i) of PIT Regulations. Further, long duration call between Venkata and Pranshu on July 02, 2020 (i.e. few days after the UPSI came into existence) and on July 09, 2020 (i.e. one day prior to the start of trading by Capital One), *prima facie* leads to the conclusion on preponderance of probability basis, that Venkata, who was in possession of the UPSI, had *prima facie* communicated the UPSI to Pranshu in some form or manner. Hence, Venkata Subramaniam V. V. has *prima facie* violated the provision of Section 12A(e) of SEBI Act, 1992 and Regulation 3(1) of PIT Regulations.
- 64.2. Pranshu, who was *prima facie* in frequent communication with Venkata through phone calls during the UPSI period is *prima facie* a connected person under Regulation 2(1)(d) of PIT Regulations. Pranshu had a long duration call with Venkata on July 02, 2020 (i.e. few days after the UPSI came into existence) and on July 09, 2020 (i.e. one day prior to the start of trading by Capital One). This *prima facie* leads to the conclusion, on preponderance of probability basis that Pranshu had *prima facie* procured UPSI from Venkata in some form or manner and thereby was in possession of UPSI. Therefore, in view of procurement of UPSI in some form or manner from Venkata, Pranshu is once again found to be an insider under Regulation 2(1)(g)(ii) of PIT Regulations as mentioned at paragraph 24.1 above and Pranshu Bhutra has *prima facie* violated the provision of Section 12A (e) of SEBI Act, 1992 and Regulations 3(2) of PIT Regulations.

Issue No. 6: On determination of the above issues, whether urgent directions, if any, should be issued in the present matter?

65. As the regulator of the capital markets, SEBI has the duty to safeguard the interests of investors and protect the integrity of the securities market. PIT Regulations has been formulated with the main objective of preventing insider trading activity and to prohibit the



communication of UPSI, procurement of UPSI and trading by insiders who can derive undue benefit out of their possession of UPSI compared with the rest of the market, owing to asymmetrical access to such information. Such trading affects the integrity of the market and also affects investors who do not have such access to UPSI. Since the conduct of the aforementioned entities, do not, *prima facie*, appear to be in the interest of investors and the securities market, necessary action has to be taken against them immediately, else it may lead to loss of investors' trust in the securities market. The insider trading activity not only causes notional monetary loss to investors but also has the effect of interfering with the development of securities market, as investor tend to lose faith in the securities market. The same is detrimental to the development of the securities market and qualifies as an "irreparable injury". The objective of SEBI as enshrined in the SEBI Act is not only the protection of investors but also orderly development of securities market.

66. Further, upon analysis of trading pattern of Capital One and Tesora for the period January 01, 2020 to October 31, 2020, a repetitive trading pattern by Capital One and Tesora is *prima facie* found in the scrip of INFY.

66.1. The details with regard to *prima facie* repetitive trading pattern by Capital One in the scrip of INFY is as under:

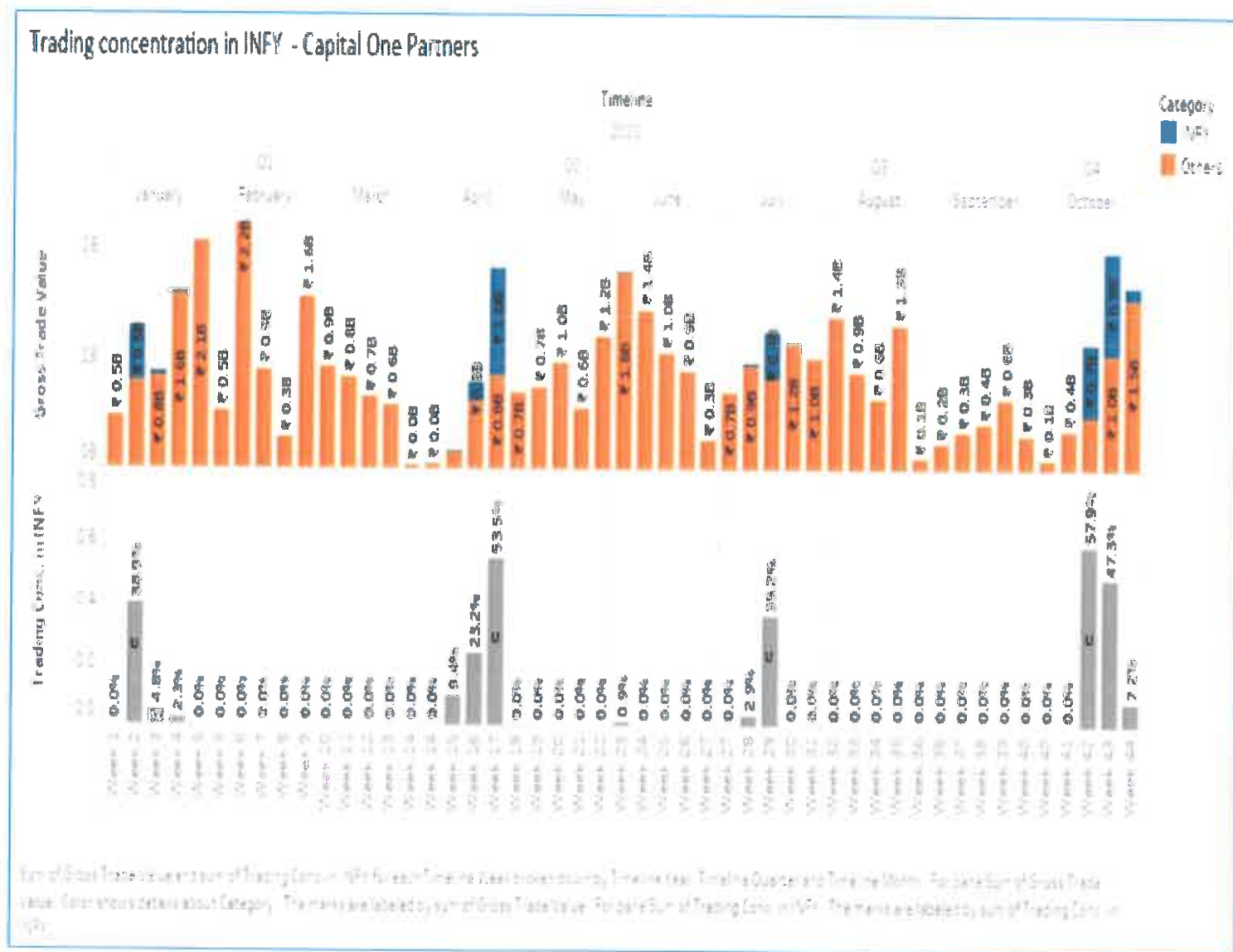
66.1.1. Capital One has significant trading activity / building of position / *delta* in the scrip of INFY only during the weeks close to the dates of corporate announcement of financial results for the quarters ended December 31st 2019, March 31st 2020, June 30th 2020 and September 30th 2020.

66.1.2. While Capital One trades in shares of other companies as well, trading concentration of Capital One in the shares of INFY vis-a-vis other scrips in terms of value increases drastically during the above 'post quarter end periods'. The same is reflected in the below graph:

mpb.



Figure No. 8 (Trading in terms of Value)



66.1.3. Capital One had trading concentration of 35.2% (in terms of value) in the shares of INFY during Week 29 (July 13-19, 2020) wherein the corporate announcement of financial results for the quarter ended June 2020 was made on July 15, 2020. A similar pattern of high trading concentration in INFY close to announcement of financial results was also observed for all the other quarters as well. The high



trading concentration of Capital One in the scrip of INFY in the week of corporate announcement is summarized as under:

Table No. 15

Sr. No.	Financial Quarter ended	Date of Corporate Announcement	Week prior to announcement	Trading Concentration in the shares of INFY vis-à-vis overall trades
1.	December 31, 2019	January 10, 2020	Week 2	38.9%
2.	March 31, 2020	April 23, 2020	Week 17	53.5%
3.	June 30, 2020	July 15, 2020	Week 29	35.2%
4.	September 30, 2020	October 14, 2020	Week 42	57.9%

66.1.4. Thus, from aforesaid paragraph, a repetitive trading pattern in the scrip of INFY was *prima facie* found to be executed by Capital One during the weeks close to the dates of corporate announcement of financial results for the quarters December – 2019, March – 2020, June – 2020 and September 2020.

66.1.5. While the matter is still under full examination, it appears, on preponderance of probability basis, that Insider Trading may have been carried out related to other three quarter financial results as well.

66.2. The details with regard to *prima facie* repetitive trading pattern by Tesora in the scrip of INFY is as under:

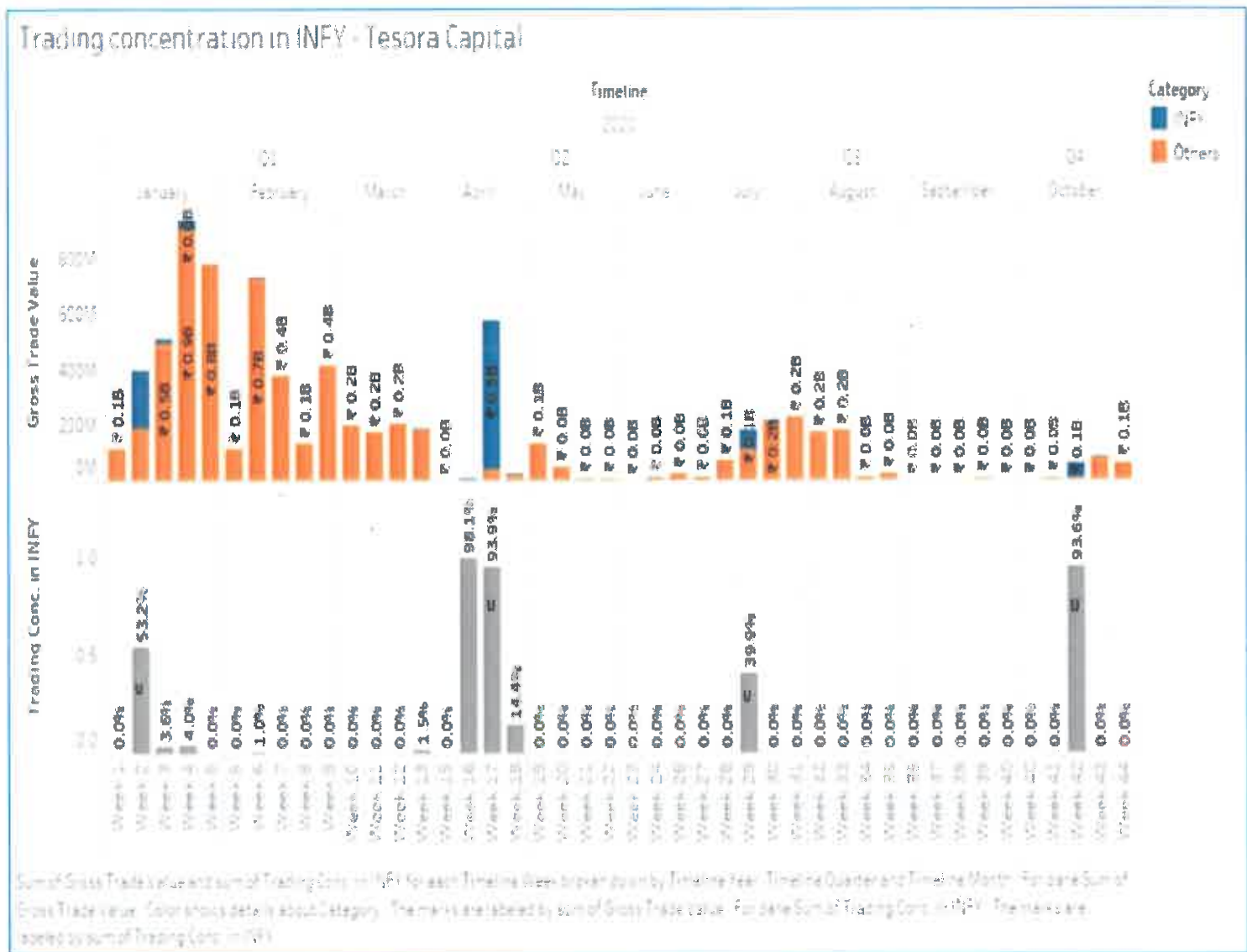
66.2.1. Tesora has significant trading activity / building of position / *delta* in the scrip of INFY only during the weeks close to the dates of corporate announcement of financial results for the quarters December 31st 2019, March 31st 2020, June 30th 2020 and September 30th 2020.

66.2.2. While Tesora trades in the shares of other companies as well, trading concentration of Tesora in the shares of INFY vis-a-vis other scrip in terms of value has increases drastically during the above periods. The same is reflected in the below graph:

mpb.



Figure No. 9 (Trading in terms of Value)



66.2.3. Tesora had trading concentration of 39.9% (in terms of value) in the shares of INFY during Week 29 (July 13-19, 2020) wherein the corporate announcement of financial results for the quarter ended June 2020 was made on July 15, 2020. A similar pattern of high trading concentration in INFY close to announcement of financial results was observed for other quarters as well. The high trading



concentration of Tesora in INFY shares in the week of corporate announcement is summarized as under:

Table No. 16

Sr. No.	Financial Quarter ended	Date of Corporate Announcement	Week No. prior to the announcement	Trading Concentration in the shares of INFY vis-à-vis overall trades
1.	December 31, 2019	January 10, 2020	Week 2	53.2%
2.	March 31, 2020	April 23, 2020	Week 17	93.9%
3.	June 30, 2020	July 15, 2020	Week 29	39.9%
4.	September 30, 2020	October 14, 2020	Week 42	93.6%

66.2.4. Thus, from aforesaid paragraph, a repetitive trading in the scrip of INFY was *prima facie* found to be executed by Tesora during the weeks close to the dates of corporate announcement of financial results for the quarters December – 2019, March – 2020, June – 2020 and September 2020.

66.2.5. While the matter is still under full examination, it appears, on preponderance of probability basis, that Insider Trading may have been carried out, related to other three quarter financial results as well.

67. Considering the facts and circumstances of this case and violations as *prima facie* found in this case and *prima facie* repetitive trading pattern in the scrip of INFY by Capital One and Tesora during the period close to the announcement of financial results for the quarters ended December 31st 2019, March 31st 2020, June 30th 2020 and September 30th 2020, I am convinced that this is a fit case where, pending detailed examination, effective and expeditious preventive and remedial action is required to be taken by way of ad interim ex – parte order to protect the interests of investors and preserve the safety and integrity of the securities market. Such action needs to be taken to prevent any further harm to investors.

68. I note that for the reasons recorded herein below, immediate action is called for against the entities:

68.1. The directions are preventive in nature as Mr. Amit Bhutra is in constant touch / communication with Mr. Pranshu Bhutra who continues to be employed with Infosys

mph



Limited and has access to ongoing UPSIs. Amit and Bharath are working partners of Capital One and both were placing orders / giving trading instruction on behalf of Capital One. Amit is a working partner of Tesora and was placing orders / giving trading instruction on behalf of Tesora. Capital One and Tesora have a repetitive trading pattern in the scrip of INFY during the periods close to the announcement of financial results by INFY for quarters ended December 31st 2019, March 31st 2020, June 30th 2020 and September 30th 2020. There is an impending danger to investors that in future they might continue to trade in similar fashion, while in possession of and on the basis of USPI.

68.2. The directions are preventive in nature as Mr. Venkata Subramaniam V. V (Designated Person of INFY) and Mr. Pranshu Bhutra, continue to be employed with Infosys and have access to ongoing UPSIs. There is an impending danger to investors that in future they might communicate / misutilise the unpublished price sensitive information pertaining to INFY.

68.3. There may be cases where a person, who has been *prima facie* found to have committed a violation, could commit the same or other violations. If detection prior to the violation is made, the principle of urgency would require immediately stopping the stage of violation. Urgency requires stopping of activities in time. Considering *prima facie* actions of the Noticees in the extant matter, there is a high probability that there is an imminent threat of further insider trading activity. So urgent preventive steps are required to be taken to prevent them from causing any further harm to the market / loss to investors. Thus, if the said entities are not prevented from dealing in securities then they would continue to access the market which *prima facie*, as discussed above, is not in the best interest of the general investors and the market. Therefore, there is impending threat and urgency that they should be prevented from further committing breach of securities laws in securities market.

68.4. The factors of urgency may differ from one category of violation / conduct to another category. It may also depend on whether by virtue of the conduct of an entity, the possible final directions could become infructuous. In the instant matter, it is noted above that, Manish and Ankush, partners of Tesora, presently *prima facie* have not

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violated any provision of SEBI Act and PIT Regulations. However, Manish and Ankush alongwith Tesora and Amit are jointly and severally liable for the proceeds generated through *prima facie* insider trading activity by Tesora. Therefore, pursuant to completion of examination / investigation / proceedings, if it is established that proceeds generated by Tesora from insider trading activity were wrongful / unlawful gains, than an appropriate direction of disgorgement against Manish and Ankush can be passed by SEBI. In view of this, it becomes essential that bank accounts of Manish and Ankush be impounded, so that final remedies if any against them do not become infructuous. Therefore, an urgent direction in the form impounding of bank account is given in the order below.

68.5. The balance of convenience is to impose suitable directions against the aforesaid entities involved in the *prima facie* insider trading activity, so as to maintain a level playing field in the market for the general investors. Further if an ex-parte order is not passed, many investors may have to suffer, resulting into irreparable injury. However, if an ex-parte order is passed, what is at stake is the right of the current entities herein vis-a-vis multitude of investors in the market. It may be noted that one of the underlying differences between the ex-parte orders in the case of private suits and ex-parte public enforcement actions, is the identification of the injured party. In private damage suits, the injured individual, as "whole", is identifiable whereas ex-parte public enforcement action seeks to protect the floating multitude of investing public by preventing, continuous and imminent violations of the securities laws. Therefore, I consider the balance of convenience is also not in favour of the entities.

69. I also note that under Section 11(4)(d) of SEBI Act, proceeds of a transaction can be impounded pending investigation. Detailed investigation in the extant matter is pending. Further, as discussed in preceding paragraphs, there is ample *prima facie* evidence which demonstrates that entities have been in violation of SEBI Act and PIT Regulations. This has not only *prima facie* violated the integrity of the market but also *prima facie* resulted in undue benefit to them over general investors. The discussion in the aforesaid paragraphs has shown that the *prima facie* insider trading activities of the entities has not only caused

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loss to the investors (notional monetary loss) but also has a *prima facie* potential to cause irreparable injury to the securities market. Furthermore, as noted earlier, the balance of convenience dictates that immediate action has to be taken against the entities to prevent further harm to the investors and to the securities market. Moreover, the proceeds which have been generated are intrinsically linked to the *prima facie* violative activities of the entities. Hence, appropriate direction needs to be issued in this regard.

70. The said interim order has found *prima facie* violation of securities laws against the Noticees except Manish and Ankush, partners of Tesora. Therefore, they should be prevented from further committing breach of securities laws in securities market, whether directly or indirectly. As the securities market provides for various avenues of investment. Making of such investment by buying securities and liquidation of the same by selling securities need to be undertaken in compliance of various securities laws relating to the dealing in securities. Since there is *prima facie* violation of securities laws, the investors to be insulated from the undesirable effects of further breach of securities laws by the Noticees. Further, the orderly development of the securities market demands faith of investors in the timely action to prevent imminent breach of securities laws. The investors who may become victim of infringement of securities laws tend to lose confidence in the securities market. Investor confidence is the bedrock of the orderly development of the securities market. Therefore, on this ground as well the balance of convenience is not in favour of the Noticees, which requires that the Noticees be not allowed to access securities market directly or indirectly.

ORDER:

71. In view of the above, pending conclusion of investigation, in order to protect the interests of investors and the integrity of the securities market, I, in exercise of the powers conferred upon me under Sections 11, 11(4), 11B (1) and 11D read with Section 19 of the SEBI Act hereby issue by way of this *interim ex-parte order*, the following directions, *which shall be in force until further orders:-*

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- 71.1. *Mr. Pranshu Bhutra, Mr. Amit Bhutra, Mr. Bharath C Jain, Capital One Partner, Tesora Capital and Mr. Venkata Subramaniam V. V are restrained from buying, selling or dealing in securities, either directly or indirectly, in any manner whatsoever until further orders;*
- 71.2. *Mr. Manish C Jain and Mr. Ankush Bhutra are restrained from buying, selling or dealing in securities, either directly or indirectly, in any manner whatsoever until the compliance of direction mentioned at paragraph 71.5 below;*
- 71.3. *If Mr. Pranshu Bhutra, Mr. Amit Bhutra, Mr. Bharath C Jain, Capital One Partner, Tesora Capital, Mr. Venkata Subramaniam V. V, Mr. Manish C Jain and Mr. Ankush Bhutra have any open position in any exchange traded derivative contracts, as on the date of the order, they can close out / square off such open positions within 3 months from the date of order or at the expiry of such contracts, whichever is earlier. The said entities are permitted to settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the close of trading on the date of this order;*
- 71.4. *The bank accounts of Capital One Partners, Mr. Amit Bhutra and Mr. Bharath C Jain to the extent of amount mentioned in table no. 13 at paragraph 58 above is impounded. Further, Capital One Partners, Mr. Amit Bhutra and Mr. Bharath C Jain are directed to open an escrow account with a nationalized bank, jointly and severally and deposit the impounded amount mentioned therein which has been prima facie found to be proceeds generated from the prima facie insider trading, in this Order, within 15 days from the date of service of this order. The escrow account/s shall be an interest bearing escrow account and shall create a lien in favour of SEBI. Further, the monies kept therein shall not be released without permission from SEBI;*
- 71.5. *The bank accounts of Tesora Capital, Mr. Amit Bhutra, Mr. Manish C Jain and Mr. Ankush Bhutra to the extent of amount mentioned in table no. 13 at paragraph 58 above is impounded. Further, Tesora Capital, Mr. Amit Bhutra, Mr. Manish C Jain and Mr. Ankush Bhutra are directed to open an escrow account with a nationalized bank, jointly and severally and deposit the impounded amount mentioned therein*

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which has been prima facie found to be proceeds generated from the prima facie insider trading, in this Order, within 15 days from the date of service of this order. The escrow account/s shall be an interest bearing escrow account and shall create a lien in favour of SEBI. Further, the monies kept therein shall not be released without permission from SEBI;

- 71.6. Mr. Amit Bhutra, Mr. Bharath C Jain, Capital One Partner, Tesora Capital, Mr. Manish C Jain and Mr. Ankush Bhutra are directed not to dispose of or alienate any assets, whether movable or immovable, or any interest or investment or charge on any of such assets held in their name, jointly or severally, including money lying in bank accounts except with the prior permission of SEBI until the impounded amount is deposited in the escrow account..
- 71.7. Mr. Amit Bhutra, Mr. Bharath C Jain, Capital One Partner, Tesora Capital, Mr. Manish C Jain and Mr. Ankush Bhutra are directed to provide a full inventory of all assets held in their name, jointly or severally, whether movable or immovable, or any interest or investment or charge on any of such assets, including details of all bank accounts, demat accounts and mutual fund investments, immediately but not later than 5 working days from the date of receipt of this order;
- 71.8. The banks where Capital One Partners, Tesora Capital, Mr. Amit Bhutra, Mr. Bharath C Jain, Mr. Manish C Jain and Mr. Ankush Bhutra are holding bank accounts, jointly or severally, are directed to ensure that till further directions, except for compliance of direction at paragraph 71.4 & 71.5, no debits are made in the said bank accounts without the permission of SEBI. The banks are directed to ensure that all the above directions are strictly enforced. On production of proof of deposit of entire amount mentioned in column 4 of table no. 13 in respect of serial No.1 entities by any of the entities mentioned in column 2 corresponding to serial No.1 of table no. 13, in the escrow account, SEBI shall communicate to the banks to defreeze the accounts corresponding to all the entities mentioned in the column No. 2 of table no. 13 corresponding to serial No.1. Similarly on production of proof of deposit of entire amount mentioned in column 4 of table no. 13 in respect of serial No.2 entities by any of the entities mentioned in column 2 corresponding to serial No.2 of table no. 13, in



the escrow account, SEBI shall communicate to the banks to defreeze the accounts corresponding to all the entities mentioned in the column No. 2 of table no. 13 corresponding to serial No.2. However, in case of entities who are falling in both serial no.1 and 2 and full deposit of amount mentioned in column no.4 of serial no.1 and 2 has not been made, such persons bank account shall remain frozen till the entire amount mentioned in column no.4 of serial no.1 and 2 are deposited.

71.9. *The Depositories are directed to ensure, that till further directions, no credits are made in the demat accounts of the Noticee No. 1 to 8, held individually or jointly. The depositories are further directed to ensure that till further direction except for compliance of direction mentioned at paragraphs 71.3, 71.4 and 71.5, no debits are made in the demat accounts of the said Noticees, held individually or jointly.*

71.10. *The Registrar and Transfer Agents are also directed to ensure that till further directions, no credits are permitted and that except for compliance of direction at paragraph 71.4 and 71.5 the securities / mutual funds units held in the name of the Noticee No. 1 to 8, jointly or severally, are not transferred / redeemed.*

72. *The prima facie observations contained in this Order, are made on the basis of the material available on record. In this context, Noticees may, within 21 days from the date of receipt of this Order, file their reply/objections, if any, to this Order and may also indicate whether they desire to avail an opportunity of personal hearing on a date and time to be fixed on a specific request to be made in that regard.*

73. *This Order is without prejudice to the right of SEBI to take any other action that may be initiated against Noticees in accordance with law*

74. *The above directions shall take effect immediately and shall be in force until further orders.*

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75. A copy of this order shall be served upon Noticees, Stock Exchanges, Banks, Registrar and Transfer Agents and Depositories for necessary action and compliance with the above directions.



DATE: MAY 31, 2021

PLACE: MUMBAI

madhabi puri buch

MADHABI PURI BUCH

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA