National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/57175	Date: June 19, 2023
Circular Ref. No: 153/2023	

To All NSE Members

Sub: **SEBI Final Order in the matter of Wockhardt Ltd.**

SEBI vide its order no. WTM/AB/EFD1/EFD1_DRA4/27533/2023-24 dated June 19, 2023, has restrained Noticee no.1 viz., Shri Yatendra Kumar (PAN: AFPPK9395C) from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities (including units of mutual funds), directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of six months, from the date of this order.

SEBI vide above order has restrained Noticee no.1 viz., Shri Yatendra Kumar (PAN: AFPPK9395C) from buying, selling or dealing in the securities of the Company i.e. Wockhardt Ltd, directly or indirectly, in any manner whatsoever, for a period of one (1) year, from the date of this order.

Further, all open positions, if any, of the above debarred entity in the present Order, in the F&O segment of the stock exchanges, are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order.

The detailed order is available on SEBI website (http://www.sebi.gov.in).

Further, the consolidated list of such entities is available on the Exchange website http://www.nseindia.com home page at the below link:

https://www.nseindia.com/regulations/member-sebi-debarred-entities

Members are advised to take note of the above and ensure compliance.

In case of any further queries, members are requested to email us at dl-invsg-all@nse.co.in

National Stock Exchange of India

For and on behalf of

National Stock Exchange of India Limited

Sandesh Sawant
Senior Manager

ANNEXURE: SEBI Final Order in the matter of Wockhardt Ltd

WTM/AB/EFD1/EFD1_DRA4/27533/2023-24

SECURITIES AND EXCHANGE BOARD OF INDIA
FINAL ORDER

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

In respect of:

Noticee No.	Name of the Noticees	PAN
1	Shri Yatendra Kumar	AFPPK9395C
2	Shri Girish Kumar Jain	AAIPJ6155H
3	Shri Shashikant Tiwari	AAJPT5411H

In the matter of Wockhardt Limited

(Aforesaid entities are hereinafter individually referred to by their respective name or Noticee number and collectively as "the Noticees".)

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1. The present proceedings emanate from a Show Cause Notice (hereinafter referred to as "**SCN**") dated September 05, 2022 issued by the Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") against the Noticees in the matter of Wockhardt Limited (hereinafter also referred to as ("**the Company**"**/** "**Wockhardt**"). Vide the said SCN, Noticee Nos. 1, 2 and 3 were called upon to show cause as to why suitable directions including disgorgement of wrongful loss avoided made under Sections 11B and 11(4) read with 11(1) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act, 1992**") should not be issued against them for the alleged violation of Regulation 3(i) of SEBI (Prohibition of Insider Trading) Regulations, 1992 (*since repealed*) (hereinafter referred to as "**PIT Regulations, 1992**") read with Regulation 12(2) of SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as "**PIT Regulations, 2015**").

2. The SCN *qua* the Noticees herein states as under:

"……………

2.1. Securities and Exchange Board of India (hereinafter referred to as "SEBI") conducted investigation in the matter of trading in the scrip of Wockhardt Limited (hereinafter referred to as "Wockhardt/Company") for the period January 07, 2012 to August 07, 2013 (hereinafter referred to as "Investigation period / IP") to ascertain any violation of the provisions of Securities And Exchange Board of India Act, 1992 (hereinafter referred to as "SEBI Act"), SEBI (Prohibition of Insider Trading) Regulations,1992 (hereinafter referred to as "PIT Regulations, 1992"), SEBI (Prohibition of Fraudulent And Unfair Trade Practices Relating To Securities Market) Regulations, 2003 (hereinafter referred to as "PFUTP Regulations, 2003")

2.2. The findings of the investigation as against the Noticee(s) for the instant proceedings are given in the following paragraphs: -

2.3. Wockhardt is a global pharmaceutical and biotechnology organization incorporated on July 8, 1999 and is headquartered in Mumbai, India and involved into research-based global healthcare enterprises. The company primarily manufactures and markets formulations and active pharmaceutical ingredients (APIs) and derives its revenues from four geographical locations, namely Europe, India, US and the rest of the world. Europe accounts for bulk (54 per cent) of Wockhardt's revenues followed by India (29 per cent) and US accounted for 10 per cent of its revenues in 2007.

Corporate Announcement

2.4. During the investigation period, following major corporate announcements were made by Wockhardt:

Table -1

<table>
<tr><th>S.No</th><th>Date-Time</th><th>Announcement/News</th><th>Price Impact/Shares Traded</th><th>Remarks</th></tr>
<tr>
<td>1.</td>
<td>May 24, 2013 @ 14:56</td>
<td>Wockhardt Limited has informed the Exchange that the Company has received an 'import alert' from USFDA on one of its manufacturing unit located in Waluj near Aurangabad. The impact of the import alert on the revenues is estimated to be in the range of $100m on an annualised basis. The Company is taking all steps to address the concerns raised by USFDA and shall put all efforts to resolve the issue at the earliest.</td>
<td>23/05/2013 Friday BSE
<table><tr><th>O</th><th>H</th><th>L</th><th>C</th></tr><tr><td>1640</td><td>1650</td><td>1313.8</td><td>1313.8</td></tr></table>
NSE
<table><tr><th>O</th><th>H</th><th>L</th><th>C</th></tr><tr><td>1645</td><td>1647.5</td><td>1315.25</td><td>1315.25</td></tr></table>
No. of shares traded: 13,15,257(NSE+BSE)
24/05/2013 Friday BSE
<table><tr><th>O</th><th>H</th><th>L</th><th>C</th></tr><tr><td>1199</td><td>1272</td><td>1066</td><td>1229.7</td></tr></table>
NSE
<table><tr><th>O</th><th>H</th><th>L</th><th>C</th></tr><tr><td>1200</td><td>1279</td><td>1060</td><td>1234.1</td></tr></table>
No. of shares traded: 64,00,703(NSE+BSE)
27/05/2013 Monday BSE
<table><tr><th>O</th><th>H</th><th>L</th><th>C</th></tr><tr><td>1267</td><td>1325</td><td>1251</td><td>1277.5</td></tr></table>
NSE
<table><tr><th>O</th><th>H</th><th>L</th><th>C</th></tr><tr><td>1260</td><td>1325</td><td>1251</td><td>1278.25</td></tr></table>
No. of shares traded: 21,85,655(NSE+BSE)</td>
<td>On 24th May 2013 scrip closed 6.5% lower than previous close with more than 4 times the volume on 23rd May.
On 27th May scrip opened at 1267 (3.33% higher than previous close on 24th May) and closed at 1277, 3.84% higher than previous close</td>
</tr>
</table>

<table>
<tr><th>S.No</th><th>Date-Time</th><th>Announcement/News</th><th>Price Impact/Shares Traded</th><th>Remarks</th></tr>
<tr><td>2</td><td>May 27, 2013 13:56</td><td>Wockhardt Limited has submitted to the Exchange the Standalone and Consolidated Financial Results for the period ended March 31, 2013.
Wockhardt Limited has informed the Exchange that the Board of Directors of the Company at its meeting held on May 27, 2013 has considered appointment of Mr. V. Suresh as "President - Finance" of the Company.</td><td>24/05/2013 Friday
BSE
<table><tr><td>O</td><td>H</td><td>L</td><td>C</td></tr><tr><td>1199</td><td>1272</td><td>1066</td><td>1229.7</td></tr></table>NSE
<table><tr><td>O</td><td>H</td><td>L</td><td>C</td></tr><tr><td>1200</td><td>1279</td><td>1060</td><td>1234.1</td></tr></table>No. of shares traded: 64,00,703(NSE+BSE)
27/05/2013 Monday
BSE
<table><tr><td>O</td><td>H</td><td>L</td><td>C</td></tr><tr><td>1267</td><td>1325</td><td>1251</td><td>1277.5</td></tr></table>NSE
<table><tr><td>O</td><td>H</td><td>L</td><td>C</td></tr><tr><td>1260</td><td>1325</td><td>1251</td><td>1278.25</td></tr></table>No. of shares traded: 21,85,655(NSE+BSE)</td><td>The scrip closed 3.89% higher on 27 May as compared to close on 24 May with less than 50% of volume</td></tr>
<tr><td>3</td><td>July 22, 2013 10:24</td><td>Wockhardt Limited has informed the Exchange that: "In continuation to our Communication dated May 24, 2013, regarding the import alert from the US FDA on the Company's Waluj facility, we wish to communicate that we have received a "warning letter", which lists the observations made during the inspection. The Company has already initiated several corrective actions to resolve the same. Our earlier clarification on the implications of the import alert on the Company's consolidated</td><td>9/07/2013 Friday
BSE
<table><tr><td>O</td><td>H</td><td>L</td><td>C</td></tr><tr><td>951.2</td><td>959.3</td><td>869</td><td>889.4</td></tr></table>NSE
<table><tr><td>O</td><td>H</td><td>L</td><td>C</td></tr><tr><td>967.9</td><td>967.95</td><td>868.6</td><td>888.7</td></tr></table>No. of shares traded: 6,61,318(NSE+BSE)
22/07/2013 Monday
BSE
<table><tr><td>O</td><td>H</td><td>L</td><td>C</td></tr><tr><td>891.5</td><td>892</td><td>780</td><td>808.3</td></tr></table>NSE</td><td>On Monday 22 July, scrip closed 9.12% lower than previous close on Friday with 5 times the volume.</td></tr>
</table>

S.No	Date-Time	Announcement/News	Price Impact/Shares Traded	Remarks
		revenues for the current financial year remain unchanged. If any additional measures are necessary, the Company would take them to squarely address all concerns. The Company continues to cooperate with FDA to resolve the issues at the earliest".	*O: 890, H: 897.7, L: 780.05, C: 809.7* *No. of shares traded: 32,49,962(NSE+BSE)*	

All the announcements during investigation period are attached as Annexure 1.

2.5. *The Price Volume data of the scrip on NSE for the period before, during and after the investigation period is given below:*

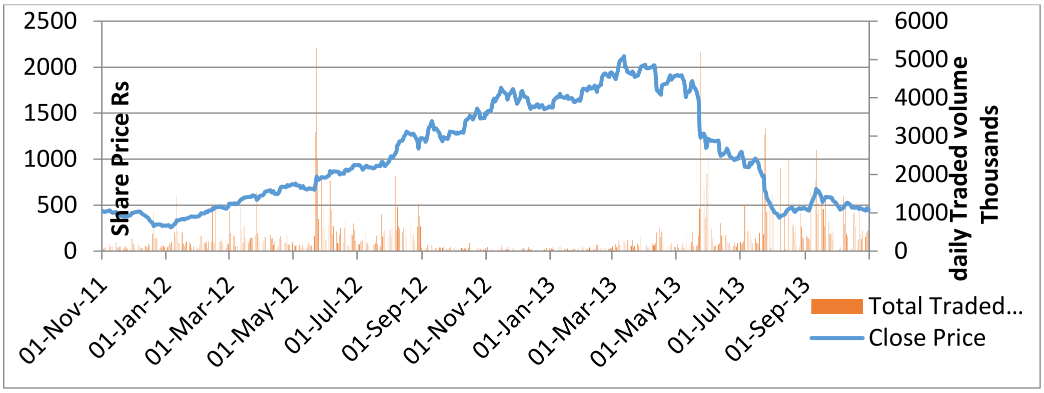
Table-2

Period	*Dates*	*Opening Price on first day of the period (Rs.)*	*Closing price on last day of the period (Rs.)*	*Low price during the period (Rs.)*	*High Price during the period (Rs.)*	*Avg. no. of shares traded during the period*
Before Investigation period	*November 01, 2011 to January 06, 2012*	*443*	*261.25*	*251.2*	*449*	*1,71,364*
During Investigation Period	*January 07, 2012 to August 07, 2013*	*265.55*	*362.55*	*265.55*	*2168.8*	*3,38,493*
After investigation period	*August 08, 2013 to October 31, 2013*	*344.45*	*444.55*	*344.45*	*714*	*7,02,024*

2.6. *From the tables above, following was observed:*

a. *Price of the scrip opened at Rs. 265.55 on January 07, 2012, and reached an intraday high of 2168.8 on March 12, 2013.*
b. *After the announcement of import alert on May 24, 2013, price moved from an open of Rs 1200.25 on May 24, 2013 to a close of Rs 362.55 on August 07, 2013 touching an intraday high-low of Rs 1325.00 and Rs 362.55 respectively.*

c. *While the price of the scrip rose steadily during January 2012-March 2013, it saw a major fall around May 24, 2013 and July 22, 2013 as depicted below:*



d. *Price of Wockhardt scrip had fallen sharply around the news and announcements related to USFDA visit to Wockhardt' s Waluj factory and subsequent issue of form 483, import alert and Warning letter. The price of the scrip fell from Rs. 1798.30 on May 17, 2013 to Rs. 1229.70 on May 24, 2013 and then further to Rs. 808.3 on July 2013.*

2.7. *Based on company's replies dated April 03, 2014 (Annexure 2), October 21, 2015 (Annexure 3) and publicly available information, following is the detailed chronology of events related to United States Food and Drug Administration (USFDA) visit, form 483, import alert, warning letter and share price of Wockhardt:*

Date	*Event*
14/03/2013	*First information regarding possible USFDA inspection of Waluj Factory*
15/03/2013	*Confirmation of dates of USFDA inspection of Waluj Factory*
18/03/2013 – 22/03/2013	*USFDA visit to Waluj Factory*
22/03/2013	*Form 483 issued to Wockhardt*
09/04/2013	*Clarification letter to USFDA from Wockhardt*
10/04/2013 – 16/04/2013	*Price fall (close price of Rs. 2020 on 10/04/2013 to Rs 1699 on 16/04/2013. Fall by 15.9% in 5 trading days)*
15/04/2013	*Press release by Wockhardt on their website confirming receipt of Form 483*
16/05/2013 – 29/05/2013	*Price fall (close price of Rs. 1848 on 16/05/2013 to Rs 1121 on 29/05/2013. Fall by 39% in 10 trading days)*

Date	Event
23/05/2013	Import alert published by USFDA on its website
24/05/2013	Import alert Corporate announcement to BSE and NSE from Wockhardt
15/07/2013	Hard copy letter (import alert) receipt from USFDA
19/07/2013	USFDA warning letter receipt by Wockhardt
20/07/2013	Announcement of warning letter to BSE and NSE from Wockhardt

Significance of Issuance of Form 483 by USFDA

2.8. As per the Wockhardt' s reply dated October 21, 2015-

a. *Form 483 contains FDA's observation in detail and is issued if USFDA finds objectionable conditions upon completion of inspection of facilities.*
b. *Warning letter from FDA is an official message from USFDA that it has found violations of some rule in a regulated activity from a manufacturer.*
c. *Import alerts are used by FDA to alert its District Offices and FDA officers regarding violations of Food Drug and Cosmetic Act or FDA regulations by foreign manufacturer or products and constitute automatic detention list.*

2.9. It was observed that the Wockhardt operated in Pharma Business and bulk of its revenue came from overseas market including US and Europe. Inspection, licensing, permission etc. of USFDA is considered to be of very material impact in pharma business. For majority of the pharma companies, the first approval for any new formula etc. is sought from and given by US FDA and only then the companies start distributing medicines or drugs in other countries. Thus USFDA inspection and approval is a major event for a pharmaceutical Company operating a manufacturing facility in India and exporting drugs to US.

2.10. USFDA visited the manufacturing facility of Wockhardt at Waluj near Aurangabad, Maharashtra during March 18-22, 2013. The purpose of the visit was to inspect the factory and data pertaining to Abbreviated New Drug

Application filed by Wockhardt with USFDA for Zoledronic acid injection. USFDA then issued Form 483 which is regarded as adverse observations on factory facilities. After Form 483, the company offers clarification to the inspecting Agency (USFDA), which then considers the clarifications and corrections offered by the company about the manufacturing and exporting facility under consideration. After considering the submissions, USFDA then issues import alert, if required. In view of the same, issuance of Form 483 to Wockhardt on March 22, 2013 was a Price Sensitive Information (PSI) in terms of Regulation 2 (ha) of PIT Regulations, 1992.

2.11. *It was observed that the price of the scrip of Wockhardt fell by over 15% during April 10-April 15, 2013 (4 trading days). Around this time, the form 483 murmurs had started in the market and on April 15, 2013, Wockhardt had confirmed the receipt of form 483. The detailed impact of this event on price and volume of Wockhardt' s shares are given below:*

Impact of Form 483

Table 3

<table>
<tr><th>Date-Time</th><th>Announcement/News</th><th>Price Impact/Shares Traded</th><th>Remarks</th></tr>
<tr>
<td>April 12-15, 2013</td>
<td>News reports regarding rumoured FDA observations in terms of form 483 was published on April 12 and April 13, 2013. News reports also mentioned that market reacted to the news adversely and stock declined on Friday 10% than previous close.

Wockhardt confirmed the rumours of receipt of form 483 vide its</td>
<td>10/04/2013 Wednesday BSE
<table><tr><th>O</th><th>H</th><th>L</th><th>C</th></tr><tr><td>2015</td><td>2037</td><td>2010</td><td>2018.1</td></tr></table>
No. of shares traded: 2,39,335 (NSE+BSE)

11/04/2013 Thursday BSE
<table><tr><th>O</th><th>H</th><th>L</th><th>C</th></tr><tr><td>2021</td><td>2031</td><td>1930</td><td>1945.2</td></tr></table>
No. of shares traded: 6,48,493 (NSE+BSE)
12/04/2013 Friday BSE
<table><tr><th>O</th><th>H</th><th>L</th><th>C</th></tr></table>
</td>
<td>Price of the scrip started falling from April 11, 2013 with market murmurs.

Price closed on 1945.2 on April 11 (3.6% down than previous close)

Price further fell down 10% on April 12 closing at Rs. 1750.

Price fall continued on April 15. Price fell to</td>
</tr>
</table>

<table>
<tr><th>Date-Time</th><th>Announcement/News</th><th>Price Impact/Shares Traded</th><th>Remarks</th></tr>
<tr><td></td><td>press release on its website on April 15, 2013</td><td><table><tr><td>1945</td><td>1950</td><td>1750.7</td><td>1750.8</td></tr></table>No. of shares traded: 7,82,044 (NSE+BSE)
15/04/2013 Monday BSE<table><tr><th>O</th><th>H</th><th>L</th><th>C</th></tr><tr><td>1738.2</td><td>1814.5</td><td>1577.7</td><td>1708.2</td></tr></table>No. of shares traded: 4,80,188 (NSE+BSE)</td><td>Rs. 1708.2 (down by 2.43%)</td></tr>
</table>

Date and Time when PSI became public and period of UPSI: -

2.12. *The PSI related to form 483 came into existence on March 22, 2013 i.e., the day of issue of form 483 and the issuance of Form 483 was confirmed by Wockhardt on April 15, 2013 through a press release on its website. Thus, period from March 22 – April 15, 2013 is considered as period of unpublished price sensitive information (UPSI).*

Persons associated with PSI

2.13. *In terms of Regulation 2(c) of PIT Regulations, 1992, connected person means any person who-*

(i) is a director, as defined in clause (13) of section 2 of the Companies Act, 1956 (1of 1956, of a company, or is deemed to be a director of that company by virtue of sub-clause (10) of section 307of that Act; or

(ii) occupies the position as an office or an employee of the company or holds a position involving a professional or business relationship between himself and the company and who may reasonably be expected to have an access to unpublished price sensitive information in relation to that company.

2.14. *Also, in terms of Regulation 2(e) of PIT Regulations, 1992 "Insider" means,* *(i) "is or was connected with the company or is deemed to have been connected with the company and who is reasonably expected to have access to unpublished price sensitive information in respect of securities of a company, or*

(ii) has received or has had access to such unpublished price sensitive information".

2.15. *It was observed that the following entities, who were designated employees as per Wockhardt' s reply dated November 19, 2014 (Annexure 4) and were connected to Wockhardt as per the connections given in the table below, traded in the scrip of Wockhardt during the period of UPSI:*

Table-4

Client Name	*Connections of Suspected entities with Wockhardt Ltd and access to UPSI*
Yatendra Kumar	*During the IP, worked for Wockhardt as – President – Pharma Research, Global IP, QA/QC & Regulatory Affairs. Further, Yatendra Kumar in his reply dated December 12, 2014 (Annexure 5), accepted that he came to know of form 483 on March 22, 2013.*
Girish Kumar Jain	*During the IP, worked for Wockhardt as – Senior Vice President Pharma Research and was also directly reporting to Mr. Yatendra Kumar. Email reply dated December 26, 2014 of Girish Kumar Jain is enclosed as Annexure 6.*
Shashikant Tiwari	*During the IP, worked for Wockhardt – General manager in Analytical Development and also reported directly to Mr. Girish Kumar Jain. Reply dated December 02, 2014 of Shashi Kant Tiwari is enclosed as Annexure 7.*

2.16. *It was further observed that the above-mentioned entities were working at the same Waluj factory of Wockhardt inspected by USFDA and were involved with USFDA inspection of the said Waluj factory of Wockhardt. Hence, they are reasonably expected to have information regarding issuance of Form 483 by USFDA and were insiders in terms of Regulation 2(e) of PIT Regulations, 1992.*

I. Allegation against Noticee no 1-3 for trading during UPSI period while in possession of UPSI

2.17. *With regard to the trading in the scrip of Wockhardt during UPSI period by the connected entities the following is observed:*

Trading Details of Mr. Yatendra Kumar (Noticee No. 1)

Type	*Period*	*Buy Qty*	*Sell Qty*	*Net*
Before UPSI	*November 01, 2012 – March 21, 2013*	*500*	*9319*	*-8819*
During UPSI	*March 22 – April 14, 2013*	*0*	*6841*	*-6841*
Post UPSI	*April 15, 2013 – July 31, 2013*	*0*	*1041*	*-541*

Trading Details of Mr. Girish Kumar Jain (Noticee No. 2)

Type	*Period*	*Buy Qty*	*Sell Qty*	*Net*
Before UPSI	*November 01, 2012 – March 21, 2013*	*0*	*3300*	*-3300*
During UPSI	*March 22 – April 14, 2013*	*0*	*2400*	*-2400*
Post UPSI	*April 15, 2013 – July 31, 2013*	*0*	*300*	*-300*

Trading Details of Mr. Shashikant Tiwari (Noticee No. 3)

Type	*Period*	*Buy Qty*	*Sell Qty*	*Net*
Before UPSI	*November 01, 2012 – March 21, 2013*	*380*	*0*	*380*
During UPSI	*March 22 – April 14, 2013*	*0*	*943*	*-943*
Post UPSI	*April 15, 2013 – July 31, 2013*	*0*	*0*	*0*

a. *Yatendra Kumar, Girish Kumar Jain and Shashikant Tiwari sold 6841, 2400 and 943 shares of Wockhardt respectively during UPSI period i.e., during March 22 – April 14, 2013.*
b. *Yatendra Kumar, a designated employee of Wockhardt, worked as – President – Pharma Research, Global IP, QA/QC & Regulatory Affairs and in his reply dated December 12, 2014 accepted that he came to know of form 483 on March 22, 2013.*
c. *Girish Kumar Jain was senior vice president, a designated employee of Wockhardt and was reporting directly to Yatendra Kumar.*
d. *Shashikant Tiwari as General Manager (Analytical Department), reported to Girish Kumar Jain and was also handling analytical data related responsibility during USFDA officials visit to Waluj Factory.*

Illegal gains /Loss avoided

2.18. *It is further observed that Noticee nos. 1-3 have, by trading in the scrip during the UPSI period as discussed above, avoided loss as shown in the table below: -*

Name	*No of shares sold (X)*	*Average Price Rs.*	*Total sale value Rs. (A)*	*Closing Price of scrip on April 15, 2013 (Rs.) (Y)*	*Approx. Sale value as on April 15, 2013 Rs. (B)=(Y)*(X)*	*Loss avoided Rs. (A)-(B)*
Yatendra Kumar	*6841*	*1920.7*	*1,31,39,655*	*1712.7*	*1,17,16,581*	*14,23,074*
Girish Kumar Jain	*2400*	*2002.5*	*48,06,020*	*1712.7*	*41,10,480*	*6,95,540*
Shashikant Tiwari	*943*	*1984.7*	*18,71,578*	*1712.7*	*16,15,076*	*2,56,502*

2.19. *It is therefore alleged that noticee no. 1-3, being the connected persons and insiders, traded in the shares of the company during the UPSI period while in possession of UPSI and thereby violated Regulation 3 (i) of PIT Regulations, 1992 read with Regulation 12(2) of SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as "PIT Regulations, 2015").*

2.20. *Therefore, the Noticee nos. 1-3 i.e. Yatendra Kumar, Girish Kumar Jain and Shashikant Tiwari, are hereby called upon to show cause as to why appropriate directions including debarment for an appropriate period and disgorgement of wrongful loss avoided under sections 11B and 11(4) read with 11(1) of SEBI Act should not be issued against them for the alleged violations referred hereinabove. Further, Noticee no. 4 i.e. Crosseas Capital Services Ltd., is hereby called upon to show cause as to why appropriate directions under sections 11B and 11(4) read with 11(1) of SEBI Act should not be issued against it including debarment for an appropriate period."*

3. SCN dated September 05, 2022 was served upon the Noticees through post as well as through emails. Subsequently, Noticee no. 1 requested for inspection of

documents. Inspection of documents was provided to authorized representative of Noticee no. 1 on November 16, 2022. During the inspection, the authorised representative of Noticee no. 1 sought copy of trade-logs pertaining to scrip of Wockhardt Limited. These trade logs were obtained from stock exchanges and provided to the authorised representative of Noticee no. 1 on December 26, 2022. Meanwhile the authorised representative of Notcee no. 1 also informed that Noticee no. 1 is in process of settlement application with respect to the present proceedings. The matter was placed before me on December 27, 2022 for granting an opportunity personal hearing. An opportunity of personal hearing was granted to Noticees on January 17, 2023. On the day of hearing, the Authorised Representative of Noticee no. 1 appeared through webex and made submissions. Noticee no. 3 appeared in-person through webex and made submissions. Noticee no. 2 appeared physically for hearing and made submissions. The hearing was concluded qua all the noticees on January 17, 2023. I note from the records available that Noticee no. 1 filed settlement application on November 11, 2022 which has been rejected on March 09, 2023.

4. Vide reply dated January 12, 2023, Mr. Yatendra Kumar submitted as follows:

*"**<u>Violation of Principles of Natural Justice:</u>***

<u>6. Delay of more than 9 years in issuance of the SCN</u>

a) *It may be noted that SEBI had conducted the investigation in the subject matter for the period of January 7, 2012 to August 7, 2013(hereinafter referred to as "Investigation Period") and the SCN is issued only on September 5, 2022.I submit that the present proceedings are vitiated by delay and laches.*

b) *Perusal of the SCN shows that the allegations against me in the SCN are based on some of my trades (out of the several trades I had entered over last several years) in the scrip of wockhardt during the alleged UPSI period of 26 days i.e. March 22, 2013 to April 15,2013, which is more than 9 years ago. Ex – facie the delay in initiation of the present proceeding is exceedingly inordinate and same cause's enormous prejudice to me. The unconscionable and unexplained delay on part SEBI in issuing the present SCN goes to the root of the matter and is completely in violation of well-established principles of natural justices. It is submitted that after a lapse of more than 9 years from the date of the event in question and/or alleged violation,* *the SCN ought not to have been issued by SEBI to my detriment. Therefore, the proceedings are liable to be dropped on this ground alone.*

c) *Perusal of the Annexure to the SCN also shows that SEBI had carried out its investigation and has sought information from several individuals/ entities, including me, during the year 2014 and 2015, however the present SCN is issued only on September 5, 2022, without providing any explanation with respect why the present proceedings have been initiated after an unreasonable period.*

d) *SEBI ought to consider that today after a lapse of more than 9 years, complete documents pertaining to the Impugned transactions are not available with me and I am severely handicapped and incapacitated to defend myself, which may be kept in mind while considering my submissions. The said unnatural and unexplained delay in initiating present proceedings has caused enormous prejudice to me.*

e) *It is a matter of record that the last communication between me and SEBI with respect to my trades in the shares of Wockhardt was in the year 2014, wherein SEBI has issued a summons to me sought certain information which I had promptly provided to SEBI vide my letter dated December12, 2014.Hereto annexed and marked as* ***Exhibit A*** *is a copy of the said letter dated December 12, 2014 addressed to SEBI. Thereafter, neither SEBI nor any authority ever made any communication with me in this regard, therefore I was under bonafide belief that SEBI's inquiry has been closed and therefore there was no reason for me to preserve any information or documents relating to these trades. In any event it is important to note that retaining and maintain records for such long periods is impossible and unreasonable, more importantly when SEBI did not even ever indicated/informed to me that any such proceeding(s) is/are pending against me or SEBI is likely to initiate any proceeding against me. Therefore, there is no reason for SEBI to even expect me to preserve the records for such long period.*

f) *Therefore, I submit that the present proceedings be dropped against me on this ground itself.*

g) *In support of my above contentions, I would like to place reliance on certain judgements/orders passed by the Hon'ble Securities Appellate Tribunal (SAT) and the Hon'ble Supreme Court, which are as under:-*

i) *In the order of Bharat J Patel vs SEBI dated September 08, 2020, the Hon'ble SAT had allowed the Appeal and held as follows –*

> *"10. Having heard the learned counsel for the parties, in our view, the appeal deserves to be allowed for the following reason:*
>
> a. *The facts on record would show that the disputed trades were carried out by the Appellant in the year 2012. The show cause notice was issued to them on July 10, 2019 i.e. after a gap of 7 years. The very first reaction of the Appellant was that the records of the trades were not available as a period of 7 years has passed from the date of these transactions. It is an*

admitted fact that the Appellants are brokers as well as traders. The annexures to the reply to the show cause notice would show that in the relevant year itself, the Appellants have traded in 123 shares and turnover was Rs.576 crores. Therefore for want of record it was not 9 possible for them to explain as to why they carried out the four trades in question.

b. *Whether the delay would cause prejudice to the parties depend on the facts and circumstances of the case. There is no dispute on the principle that if the delay has caused prejudice to the parties than the proceedings are required to be quashed. This Tribunal in the case of Ashok Shivlal Rupani & Ors. Vs. SEBI, Sanjay Jethalal Soni & Ors. Vs SEBI and Anilkumar Nandkumar Harchandani & Ors.vs SEBI cited supra has reiterated this principle and on facts of those cases set aside the orders passed against them by the Respondent.*

c. *In the present case, we find that expect showing their inability in defending the proceedings the Appellant could not raise any other defense for want of record. The reasoning recorded by the Whole Time Member in this regard are merely speculative in nature i.e. if the records were maintained in electronic form they could have been preserved.*

d. *In the circumstances, the appeal is allowed without any order as to costs. The impugned order passed against the present Appellants is thereby quashed and set aside."*

ii) The Hon'ble SAT in its decision in the case ***of ICICI Bank Limited v SEBI (Appeal No. 583 of 2019)*** *dated July 08, 2020 held that undue delay in initiating the proceedings by the Regulatory Authority causes prejudice and would ultimately attach a stigma pursuant to any adverse order that maybe passed later on. For ready reference the relevant paragraph, para 30 of the order is being reproduced hereunder:-*

> *"However, we agree with the contentions of the learned Senior Counsel for the appellant on the inordinate delay in issuing the show cause notice and in passing the impugned order by respondent SEBI. The disclosure violations had been noticed by SEBI soon thereafter… …"*
>
> *"… The delay on the part of SEBI to show cause is 2955 days from the date of the event and about 2130 days from the date of the preliminary investigation report, which is too wide a gap to be ignored. Several years' delay in show causing and concluding proceedings in such known incidence of violation / alleged violations is a failure in effectively performing the behavior modification function of a market regulator. The orders relied on by SEBI on*

the ground of delay are distinguishable from the facts of this matter. Therefore, we are of the considered view that issuance of a penalty order against the appellant in September, 2019 for certain disclosure violations in mid- May 2010 by issuing a show cause notice on June 26, 2018 has caused prejudice to the appellant and the order suffers from laches, as held in this Tribunal's Order in the matter of Ashok Rupani (supra).

iii) In the case of ***Ashok Shivlal Rupani and Ors. Vs Securities and Exchange Board of India (Appeal No. 417 of 2018)****, wherein there was a delay of eight years in the issuance of the show cause notice after alleged violation, the Hon'ble SAT held as follows –*

"9.As a result, without going into the merits of the case, we are of the opinion that on account of inordinate delay the initiation of proceedings by issuance of the show cause notice which culminated into a penalty order cannot be sustained. The show cause notice and the impugned orders passed by the AO are quashed. Both the appeals are allowed."

It may be noted that the Respondent had challenged the above mentioned order of SAT before the Hon'ble Supreme Court Civil Appeal No.8444-8445/2019 and the Hon'ble Supreme Court was pleased to dismiss the appeal. The Hon'ble Supreme Court observed the following-

"1. We find no ground to interfere with the impugned order passed by the Tribunal. The appeals are, accordingly, dismissed."

iv) The Hon'ble Tribunal has in the matter of Ashlesh Gunvantbahi Shah & Ors. V SEBI (Appeal No. 169 of 2019) in its order passed on January 31, 2020 held that inordinate delay in the issuance of the show cause notice vitiates the proceedings initiated under it. For ready reference the relevant paragraphs of the order are reproduced hereunder:-

"6. We have herd the leaned counsel for the parties in the respective appeals. From the material available on record we find that the alleged irregularities was noticed by SEBI in August 2011 and immediately thereafter investigation was launched for the period January 4, 2010 to January 10, 2011. Based on the investigation a show cause notice was issued on November 20, 1017. Thus, there is a delay of 7 years in the issuance of the show cause notice."

"15. In the light of the aforesaid, we are of the opinion that there has been an inordinate delay in the issuance of the show cause notice. Even though there is no period of limitation prescribed in the Act and Regulations in the issuance of a show cause notice or for completion of the adjudication proceedings the authority is required to exercise its powers within a reasonable period as held recently in Bhavesh Pabari (supra). In the instant case, we are of the opinion that the power to adjudicate has not exercised within a reasonable period and therefore no penalty could be imposed."

v) In the case of Adjusticating Officer, Securities and Exchange Board of India vs Bhavesh Pabari (Civil Appeal No. 11311 of 2013), on February 28, 2019 the Apex Court of the country has observed the following at Para 36 of its order:

> *"… .. … …. … There are judgments which hold that when the period of limitation is not prescribed, such power must be exercised within a reasonable time. What would be reasonable time, would depend upon the facts and circumstances of the case, nature of the default/statute prejudice caused, whether the third-party rights had been created etc……..."*

vi) In the case ***of Garware Polyester Limited & Ors. Vs SEBI (Appeal No. 187 of 2021),*** *decided on August 09, 2021, the Hon'ble SAT while quoting the decision of the Hon'ble Apex Court in the matter of* ***Bhavesh Pabari (supra****) held as follows:*

> *"8. In the light of the aforesaid, we are of the opinion that there has been an inordinate delay in the issuance of the show cause notice and for completion of the adjudication proceedings. Since the power to adjudicate has not been exercised within a reasonable period no penalty could have been imposed for the alleged violations."*
>
> *14. In view of the aforesaid, the impugned orders passed against the appellants by the AO cannot be sustained and are quashed on account of the inordinate delay in the initiation of the proceedings by issuance of the show cause notice which culminated into a penalty order. The show cause notice and the impugned orders passed by the AO are quashed. All the appeals are allowed with no order as to costs."*

vii) In the case of ***Rajeev Bhanot & Ors. Vs SEBI*** *(Appeal No. 396 of 2018) the Hon'ble SAT held as follows:*

> *"25. In our view, considering the long lapse of time in initiating the proceedings, the direction to make an open offer was not appropriate in the circumstances of the case.*
>
> *26. For the reasons stated aforesaid, the impugned order cannot be sustained and is quashed. The appeals are allowed. In the circumstances of the case, parties shall bear their own costs."*
>
> *viii) The Hon'ble Supreme Court while dismissing the appeal filed by SEBI* ***[SEBI vs Rajeev Bhanot & Ors****. (Civil Appeal No. 6441-6443 of 2021)] in the above –mentioned case observed as follows*
>
> *"We are not inclined to interfere with the impugned order dated 09.07.2021 passed by the Securities Appellate Tribunal, Mumbai in Appeal Nos. 396 of 2018, 405 of 2018 and 562 of 2019. Accordingly, the Civil Appeals are dismissed.*
>
> *Pending application(s), if any, shall disposed of."*

h) *Perusal of the aforesaid rations laid down by the Hon'ble SAT and the Hon'ble Supreme Court makes it clear that it is a settled position that proceedings initiated after inordinate delay should not be entertained and ought to be quashed without even going into the merits of the case. I submit that all the above observations made by the Hon'ble Supreme Court and the Hon'ble SAT in the above cases are relevant and are applicable to the facts and circumstances of the subject proceeding.*

i) *In view of the aforesaid, I submit that the present proceedings be dropped against me on this ground itself.*

7. Without prejudice to my above submissions, I hereby submit my defence on the merits as under;-

<u>Brief Background:</u>

8. I submit that I am a retired senior citizen aged 68 years. I am ex-employee of Wockhardt. I was associated with Wockhardt from April 2005 till April 2016. Apart from that, I am an ordinary and retail who deals in shares in compliance with all the relevant provisions of securities law as applicable to me from time to time. Unlike informed institutions; I have limited skill/experience of fundamental & technical research before making an investment /trading decision.

9. I say and submit that the trades in question in the present SCN, during the period March 22, 2013 to April 15, 2013 in the shares of Wockhardt were my sale trades, which I had entered specifically I order to recover and reimburse huge taxes which I had to pay towards value of ESOP's. Also at the relevant time I was in need to funds since I was in the process of purchasing a home and I had actually entered into a transaction for home purchase/construction with a Developer. I say that I had traded independently based on my limited knowledge and commercial wisdom in the ordinary course of business and more.

ESOPS granted to me by Wockhardt:-

*10. I say and submit that the shares of Wockhardt which I had sold were not purchased by me from the market and I had not traded in the scrip of Wockhardt. It is a matter of record which, SEBI may choose to verify from Wockhardt that I was from time to time during my employment with Wockhardt from the year 2005 till 2016 was allotted ESOP's which I had exercised and were eventually redeemed by entering a sale trade in the market at the relevant time on the stock exchanges. Hereto annexed and marked as **<u>Exhibit B</u>** are some documents relating to ESOPS' during the year 2005 to 2015 and Demat Statements from April 2012 till March 2018, which I was able to gather from my old records, which reflect the ESOP's issued to me by Wockhardt from time to time. It may be noted that I have requested my Broker / Depository to* *provide me Transaction statements prior to 2012, which I may be allowed to produce and reply upon as and when available.*

11. I say and submit that as per my knowledge and the limited facts/information, which I am able to gather from my old records and recollection of my memory, I was granted a total of around 1, 65, 000 ESOPS during the period of employment with Wockhardt, out of which I had partially exercised options and had from time to time received Equity shares of Wockhardt as and when I exercised the option. It may be noted that as and when the ESOPS vested in me or matured I either fully or partially exercised my ESOP option and every time during such exercise price and in addition to that I had to pay huge tax(Income tax and/or Capital Gain Tax) to the government on such exercise and sell of shares. For e.g. if SEBI may peruse the ESOP exercise Form dated April 21, 2006 annexed herein above, which reflects that on April 18, 2005 Wockhardt had granted me 40,000 ESOPS out of which 7600 vested in me on April 21, 2006 and upon such vesting I had to pay an amount of Rs.29, 90, 400/- to Wockhardt as an exercise price at the existing exercise price of Rs.354 per Option and thereafter upon sell of shares I had to pay an Income Tax. Similarly, every time ESOPS were granted, vested and whenever I exercised an option I had to pay huge amounts to Wockhardt as exercise price and in order to recover the said amount, therefore I was compelled to sell the Equity shares at prevent market prices.

*12. I say and submit that I had vide my letter dated December 19, 2014 addressed to SEBI in response to SEBI's summons, wherein SEBI specifically inquired about my trading activity in shares of Wockhardt during January 2012 to July 2013, I had very categorically informed SEBI that I had not bought any shares of Wockhardt from the market and all shares which I had sold were ESOPS sold on multiple days at different prices. This selling of shares has nothing to do with the purported price sensitive information as mentioned by SEBI in the SCN. Further vide this letter dated December 19, 2014 I had specifically informed SEBI that till December 2014, I had paid Rs.95, 68, 185/-, towards perquisite value of ESOP and I had sold the shares in order to gain the amount which I had paid towards tax and also for requirements of money for my home. Hereto annexed and marked as **Exhibit C** is the relevant part of the papers relating to my home and a document reflecting money I had paid for my home.*

Significance of US FDA Form 483:-

13. At the relevant time, I was responsible for product development and technology transfer of products. I was providing support to the manufacturing for any clarification or data required by FDA with respect to product development and technology transfer.

14. I say and submit that form 483 in question was issued by US FDA on March 22, 2013, this was issued after inspection of Wockhardt's Waluj factory during March 18 to March 22, 2013. This inspection was with respect to the data pertaining to Abbreviated New Drug Application filed by Wockhardt with US FDA for "Zoledronic Acid Injection". It is relevant to note that such inspections by US FDA are conducted from time to time in a routine manner for all companies and there was nothing unusual with respect to this inspection.

15. I say that at the conclusion of the inspection on March 22, 1013 the US FDA issued a Form 483 and the information in this regard was available over some news reports and even as per the present SCN, Wockhardt had also disclosed the news on April 15,2013 by way of a press release. It is relevant to note that thought the press was issued on April 15, 2013 the information regarding issuance of a Form 483 was available in the public domain much prior to the press release. It is relevant to note that the present SCN itself at para 2.9 records "that the price of the scrip of Wockhardt fell by over 15 % during April 10 –April 15, 2013(4 trading days). Around this time, the Form 483 murmurs had started in the market….. …".

*16. It is submitted that as per my knowledge and understanding the information relating to this Form 483 was also published/uploaded by US FDA on its website. Therefore, it is clear that the information about FORM 483 was always in the public domain. Hereto annexed and marked as **<u>Exhibit D</u>** is a screen shot of the US FDA website showing information about the Inspection conducted by FDA and the issuance of Form 483.*

17. It may be noted that Form 483 is issued when FDA makes some observations, during the inspection. From 483 contains a list of observations with the respect to the manufacturing facility and upon discussing the said observations with the Company's management, the Company's Management is advised to take corrective measures in order to resolve the observations. In the event Company fails to take any corrective steps in order to resolve the observations listed in Form 483, US FDA may issue a Warning letter to the Company and even thereafter if the observations are not resolved, US FDA may issue an Import Alert to the Company.

18. It is relevant to consider that after issuance of Form 483, FDA provides enough time to a company to comply with the observations. There may be further inspections in order to check whether the observations recorded in 1st form 483 are complied with or not and in the event FDA observes that some of the observations are resolved or all are resolved but not as per their satisfaction, they may issue further fresh or an additional From483. There may be several such Form 483 which FDA may issue to a Company. It is important to appreciate that issuance of a Form 483 to a Company is not an unusual event, it is a matter of routine which happens in *every Company which falls under US FDA. Here to annexed and marked as* ***<u>Exhibit E</u>*** *is the print out of the FAQ's available on the UD FDA website relating to From 483.*

19. I say and submit that issuance of a Form 483 has no commercial implications on the Company and the Company continues to sell and get approvals on its products in US and /or globally.

<u>Significance of Warning Letter and Import Alert:-</u>

20. It may be noted that only in the event Company fails to take any corrective steps in order to resolve the observations listed in Form 483, FDA then issues a Warning letter to the Company. It is the warning letter which states that the FDA would not approve any new product of the Company for importing in US. Warning letter issues a direction to the Company to comply the observations listed in Form 483 within a stipulated time. As per my knowledge and understanding, even this time period is mutually agreed between FDA and the Company. It is relevant to note that even if a warning letter is issued to a Company, the Company is not prohibited from manufacturing and import of old products to US or globally. It is only when the Company does not comply/resolve the observations listed in the Form 483 within the time period, FDA issues an Import Alert.

21. It is submitted that it is the Import Alert which creates an impact on the Company, because upon issuance of an Import Alert the Company can no longer sell even the old products or would get FDA approval for new products until all the observations listed in Form 483 are resolved.

22. As per my knowledge in the present case, an Import Alert was issued to Wockhardt much later somewhere around May 24, 2013.

<u>Form 483 is not a price Sensitive Information:-</u>

23. Price Sensitive Information is defined under Regulation 2(ha) of the PIT Regulations 1992, same is quoted for ready reference hereunder:-

'price sensitive information' means any information which relates directly or indirectly to a company and which if published is likely to materially affect the price of securities of company.
Explanation:- The following shall be deemed to be price sensitive information:-
(i) periodical financial results of the company;
(ii) intended declaration of dividends (both interim and final);

(iii) issue of securities or buy-back of securities,

(iv) any major expansion plans or execution of new projects.

(v) amalgamation, mergers or takeovers;

(vi) disposal of the whole or substantial part of the undertaking;

(vii) and significant changes in policies, plans or operations of the company;"

24. It is submitted that issuance of Form 483 by the FDA was not a price sensitive information, firstly because same is just an observation letter which happens in a routine course of business with all pharma companies falling under US FDA.

Further, issuance of Form 483 does not have no commercial implication whatsoever on the Company's business.

25. It is submitted that Form 483 is not a final decision by FDA with regard to their observations. Mere issuance of Form 483 cannot be said to be an information which may affect the price of the shares of the Company or it cannot be said to be a material information under the PIT Regulations. Form 483 is only a list of observations provided by FDA to the Company which the Company is advised to comply with. These observations listed in Form 483 cannot be considered as conclusions and therefore cannot be treated as a price sensitive information under PIT Regulations. In support of this contention, I would like to rely upon a Judgment of the Hon'ble SAT dated October 15, 2004 in the matter of Samir Arora vs SEBI, wherein it is held that information that is uncertain cannot be labelled as information.

26. It is submitted that information regarding issuance of a Form 483 was insignificant and therefore not likely to materially affect the price of shares. In Civil Appeal No. 363 of 2020 in the matter of SEBI vs Abhijit Rajan before the Hon'ble Supreme Court, it is held as under:-

> *"22. Before we proceed to find an answer to the above questions in the context of the present appeal we must take note of one important fact namely, that the price sensitivity of an information has a correlation directly to the materiality of the impact that it can have on the price of the securities of the company. An information may materially affect the price of the security of a company either positively or negatively. The impact may be beneficial or adverse.*
>
> *The information should have the potential either to catapult the price of the securities of the company to a higher level or to make it plunge. The effect can be bullish or bearish.*
>
> *But the effect should be material and not completely insignificant"*

27. It is a matter of record that the information about the Form 483 was immediately available on the FDA website and the closing price of the scrip on the NSE on March 22, 2013 was Rs.1894.25. Infact the price of the scrip went up thereafter and on April 1, 2013 the closing price of scrip on NSE was Rs.2024.9. Therefore, it is a matter of record that there was no adverse impact on the price of the scrip upon issuance of Form 483 and therefore also it cannot be said to be a price sensitive information.

28. It is also a matter of record that even when the information about Form 483 was disclosed by Wockhardt by way of a press release on April 15, 2013, the closing price at the end of April 15, 2013 was Rs.1712 on the NSE and infact the price of the scrip went up thereafter and on May 2, 2013 the closing price was Rs.1916.3.
*Therefore, it is also apparent from the records that there was no adverse impact on the price of the scrip even after the press release and therefore also it cannot be said to be a price sensitive information. Hereto annexed and marked as **Exhibit F** is a copy of the Price Volume data of NSE with respect to shares of Wockhardt during the relevant period, provided by SEBI in the course of Inspection of documents.*

29. It is submitted that SEBI before issuance of the present SCN, ought to have verified whether there was any impact on the price after April 15, 2013 after the press release. Infact it is a matter of record that even after the press release there was no significant change in the share price.

*30. SEBI has failed to consider that it was their own specific query put to Wockhardt during the inquiry conducted in the year 2014 that whether there was any similar inspection by US FDA at Waluj plant to which Wockhardt had specifically stated that there was a similar inspection from January 23, 2012 to January 27, 2012 and a Form 483 was issued. Therefore, SEBI ought to have verified whether there was any impact on the price of shares of Wockhardt at that relevant time in January 2012. Hereto annexed and marked as **Exhibit G** is a copy of Wockhardt's said letter dated October 21, 2015.*

31. It may be noted that Wockhardt vide its said letter had also specifically informed SEBI that FDA inspections etc. are routine ordinary events for pharma companies and such events and outcomes are not price sensitive information as per relevant regulations. Further, it is also stated that since it was not a price sensitive information, trading window was not closed.

*32. It is on record that in the month of January 2012 the monthly closing price of scrip was 379.10 and post inspection the closing price of the scrip reached 484.20 for the month of February 2012, which shows that issuance of Form 483 cannot be said to have any adverse impact on the price of the shares of a company. Hereto annexed and marked as **Exhibit H** is a*

Monthly Price Volume on BSE for scrip of Wockhardt reflecting the aforesaid closing prices in January 2012, February 2012 and thereafter.

<u>Information relating to issuance of Form 483 cannot be said to be Unpublished Information, during the period March 22, 2013 till April 15, 2013:-</u>

33. It is reiterated that the information regarding US FDA issuing Form 483 to Wockhardt was promptly updated by FDA itself on its website, as per my knowledge on March 22, 2013, which is apparent from the relevant document annexed hereinabove. Therefore, this information was always available in the public domain.

*34. It is further reiterated that the said information was also available over some news reports much prior to April 15, 2013, some of such news reports published prior to April 15, 2013 are annexed hereto and marked as **<u>Exhibit I</u>**. Even the SCN at para 2.9 refers to some news reports between April 12 to April 15, 2013 regarding From 483.*

35. It is further reiterated that the present SCN at para 2.9 records "that the price of scrip of Wockhardt fell by over 15% during April 10 – April 15, 2013 (4 trading days). Around this time, the From 483 murmurs had started in the market… … … …" Therefore, also it becomes clear that the said information was available prior to April 15, 2013 and therefore it is incorrect on the part of SEBI that the information was unpublished during the period March 22, 2013 till April 15, 2013.

<u>My trades during the alleged UPSI:-</u>

36. It is submitted that I had vide my letter dated December 19, 2014 addresses to SEBI in response to SEBI's summons had specifically stated that I had not bought any shares of Wockhardt from the market and the shares which I had sold were ESOPS sold on multiple days at different prices. This selling of shares has nothing to do with the purported price sensitive information as mentioned by SEBI in the SCN. Further vide this letter dated December 19, 2014 I had specifically informed SEBI that till December 2014, I had paid Rs.95, 68,185/- towards perquisite value of ESOP and I had sold the shares in order to gain the amount which I had paid towards tax and for requirement of money for my home.

37. It is submitted that I had to pay the tax on the difference between the market value of the shares and the exercise value / vesting value of the shares while exercising an ESOP as a perquisite and infact the actual payment of this tax amount needs to be produced and therefore it is common practice that to sell ESOPS and recover your taxes already paid.

38. It is submitted that during purported UPSI period i.e. March 22, 2013 to April 15, 2013, I had entered into only 3 sell trade and same were entered at prevailing market prices and were not done based on any alleged price sensitive information. As and when I dealt in the shares of Wockhardt, I had made necessary disclosures, which are also part of my above referred letter dated December 19, 2014.

39. It may be noted that it is a matter of record that I have been regularly over several years selling ESOPS/ shares of Wockhardt and it is not SEBI's case that I started selling shares only when FDA issued Form 483. It is not SEBI's case that I was not selling shares of Wockhardt prior to alleged UPSI period or after the UPSI period. Therefore, cherry picking few of my trades during the purported UPSI is highly unfair and unwarranted. Perusal of my trading pattern itself clearly demonstrates that I have been regularly selling ESOPS/shares of Wockhardt and same was to recover the Taxes which I had to pay towards ESOPS. Infact it appears from my letter dated December 12, 2014 to SEBI that on April 16, 2013 I had sold further shares.

40. It is submitted that vide my letter dated December 12, 2014 I had specifically placed on record before SEBI that I have been regularly selling shares since December 2012 (since SEBI's inquiry was trading activity during January 2012 to July 2013) and I was selling in smaller quantities since as per the Company rules I was not permitted to sell all my shares at once.

41. SCN para 2.16 alleges that I have sold shares during alleged UPSI period and had avoided loss. At the outset, I specifically deny that I had sold shares to avoid any loss as alleged by SEBI. It is submitted that there is no evidence places on record by SEBI to establish that I had traded on the basis of alleged UPSI and / or to avoid any alleged loss. In this context I would like to reply upon a Judgement of the Hon'ble Supreme court in Civil Appeal No.7054 of 2021 in the matter of Balram Garg vs SEBI wherein it is held as under:-

"40….. …. ….. ….It would also be pertinent to note here that Regulation 3 of the PIT Regulations, which deals with communication of UPSI, does not create a deeming fiction in law. Hence, it is only through producing cogent materials (letters, emails, witnesses etc.) that the said communication of UPSI could be proved and not by deeming the communication to have happened owing to the alleged proximity between the parties… … …."

5. Vide reply date October 07, 2022, Noticee no. 2, Mr. Shashi Kant Tiwari *inter alia* submitted the following:

"With reference to Letter no Ref no EFD1/DR4/AA/RK/OW/P/46961/4/2022. I wish to inform that the trading was done by me as normal trades with no additional information on price sensitive matters.

I want to inform that US FDA 483(observations), as cited in your letter, are normal process and outcome of audit of the sites when USFDA audits a pharmaceutical site. They review various processes for manufacturing of medicines, Machinery used in operations and manufacturing, Procedures and practices, Warehouse/stores, Quality management systems, Safety related aspects, utilities used in the operations, maintenance of the site and general cleaning, documentations, product batches data and analytical data (Stability data) related to those medicines. They give observations (which are called as 483) at the end of audit and the company must respond to those observations with clarification and/or corrective measures, if any. If USFDA is not satisfied by those responses, then USFDA takes further action. Point which I want to emphasize here is that these 483s are confidential documents and are given to site heads and are not shared to each individual employee.

Also, as informed earlier, my responsibility was not for the total audit agenda mentioned above including data but I was responsible for analytical data (stability data) only, which is a small part of the total audit and there were many other activities and procedure which FDA has audited for which I was not responsible.

Second point which I want to clarify is that SEBI's conclusion of me "of reasonably expected to have information regarding 483". Every individual employee in a company is connected/ reporting to one or other by reporting chain/linkage and it should not be concluded that each and every information is shared to all employees. Rather such confidential things like 483s are not percolated. In other words, it should not be concluded that I was in knowledge of these 483s just because of reporting chain.

As stated earlier, I state that fact is that I was not aware of details of the observations (FDA 483's).

Trading of shares was done by me in my personal capacity, as the financial year has just finished and I wanted to sell the shares early April, so that any gains in the proceeding needs to be taken care in next financial year for the purpose of income tax. The trades were disclosed to the company as appropriate and same was shared to SEBI by Wockhardt Limited response letter November 19, 2014 as Annexure-D.

I am also enclosing a copy of my PAN card (AAJPT5411H), and my Address for communication is, Name: Shashi Kant Tiwari, Flat no: N-408, Block-N, Purva Panorama Apartment, and Bannerghatta Road, Bangalore. Pin – 560076. My Email ID is supriyashashi@yahoo.co.in."

6. Vide reply date October 03, 2022, Noticee no. 2, Mr. Girish Kumar Jain *inter alia* submitted the following:

"…..

3. *At the further outset, I deny that I was in possession of any unpublished price sensitive information (**UPSI**) during the relevant Period or otherwise. Without prejudice to the generality of the above, I deny that I was involved in USFDA inspection of Waluj Factory of Wockhardt or that I ever got to know of Form N0.483 issued by USFDA much less the contents thereof, at any time before press release of Wockhardt dated 15.4.2013 on their website confirming receipt of Form No.483. It is therefore denied that I have or was in a position to make any illegal gain or to avoid any loss for my stock market transactions during the Relevant Period or at all by availing of UPSI as alleged or at all.*
4. *Before I make my parawise submissions to the SCN under reply, I may make relevant factual submissions as follows:-*

a. *I joined Wockhardt on 04.11.2004 and relieved from the services of wockhardt on 15.03.2014. During the Relevant Period I was a designated employee of Wockhardt. I was also a part of top management of Wockhardt during the Relevant Period. However, the same, by itself, did not entitle me to have access to information regarding USFDA inspection.*

b. *I was designated as Senior Vice President – Pharma Research in Research & Development Department of Wockhardt during the Relevant Period. I was heading teams involved in research, development and analysis of formulations for Wockhardt. During the Relevant Period, I was reporting to Dr. Yatindra Kumar, President – Pharma Research, Global IP, <u>QA/QC</u> and Regulatory Affairs. It is submitted that the profile of my reporting authority was much wider and I was heading only one of the verticals supervised by him i.e. Pharma Research.*

c. *The factory of Wockhardt which was the subject matter of inspection by USFDA is located in Waluj, Aurangabad. My office was located at R & D Centre, D-4, MIDC, Chikalthana, Aurangabad at a distance of about 23kms from the above factory. I had no job responsibilities in respect of the factory at Waluj, Aurangabad.*

d. *I was not directly or indirectly connected with the audit of the manufacturing facility. I was personally not included in any audit activity, before, during or after the audit. I had no dealing or meeting with USFDA auditors or any other activity regarding audit. The above submissions can be easily validated by attendance sheet and records of meetings which would have been maintained at the factory. For the sake of clarity I may submit that I had no knowledge of a possible USFDA inspection of the Waluj factory or any further proceedings in respect thereof from any source other than the information available in public domain.*

e. *It is specifically submitted that **I was not aware of issuance of Form No.483 by USFDA much less the contents thereof at any time during the Relevant Period except through the public announces of Wockhardt.** In this respect**,** I wish to draw* *attention to letter dated3.4.2014 (Annexure 2 to the SCN under reply) of Wockhardt addressed to SEBI. In Annexure C to the said letter, Wockhardt has given a list of its officials who during 18.3.2013 to 10.4.2013 were in possession of information regarding receipt of Form No.483 for Waluj factory. It may be observed that* ***my name or name of any of my immediate reportees does not appear in the said list.*** *In letter dated 12.12.2014 of Mr.Yatender Kumar (Annexure 5 to the SCN), he has in Para 6 thereof categorically stated that he did not share information about Form No.483 with anyone. Further, in letter dated 19.1.2014 of Wockhardt addressed to SEBI (Annexure 4 to SCN under reply), Wockhardt has confirmed that during the period under consideration, Wockhardt had not taken any action against any designated employee for any violation of the Code which prima facie established that there was no violation of the Code.*

f. *I was granted stock options of 75000 shares of Wockhardt. By letter dated 28.7.2010 (Copy enclosed* ***Annexure A****), Wockhardt gave me vesting options as follows:-*

i. *10% of the shares allocated as on 1.4.2012 at Rs.300/- per share;*

ii. *15% of the shares allocated as on 1.4.2013 at Rs.300/- per share; &*

iii. *Balance 75% shares could be allocated on and after 1.4.2014 at Rs.400/- per share.*

I left the employment of Wockhardt before the third vesting on or after 1.4.2014 could materialize. Therefore only 7500 shares were vested unto me on or after 1.4.2012 and 11250 shares were vested on or after 1.4.2013. Therefore total shares vested unto me under the premier 5 years stock option scheme of Wockhardt aggregated to 18750 shares only.

g. *It is a matter of common knowledge that the difference between the market value and vesting value of the shares on the date of their vesting is required to be offered for taxation as a perquisite. Evidence of payment of the said tax payment. It is not uncommon to generate the said funds from already vested shares of Wockhardt.*

h. *It is submitted that the details appearing in Para 2.15 of the SCN under reply, themselves show that I have had been regularly selling the shares both before the UPSI period i.e. 22.3.2013 to 14.4.2013 as well as after the UPSI period as follows:-*

Period	***Number of Shares Sold (9as per SCN under reply)***
1.11.2012 to 21.3.2013	*3300**
22.3.2013 to 14.4.1013	*2400**
15.4.2013 to 31.7.2013	*300**

Please note that during this period actually shared sold were 4300 (and not 3300)

****Please note that during this period actually shares sold were 1500 (and not 300)***

In the absence of corroborative facts that I was in possession of UPSI, there cannot be a legal presumption that any illegal gain has been made or any loss has been avoided simply because some trading operations were undertaken by me during the relevant period.

5. *Now I shall parawise deal with the contents of the SCN under reply as follows:-*

a. *In reply to Paragraph 1, I have no comments to offer as the contents of the said paragraph are mere factual submissions.*

b. *In reply to Paragraph 2.1, I have no comments to offer.*

c. *In reply to Paragraph 2.2, the narrative is factual narrative available with SEBI on which no comment is warranted. In any event I was not involved in the Waluj Aurangabad factory of Wockhardt or more particularly the inspection of USFDA, issued of any warning letter or Form No.483. I reiterate that I was not in possession of any UPSI arising out of the above inspection except from public announcements of Wockhardt.*

d. *In reply to Paragraph 2.3. & 2.4, I have no comments to offer as it only narrates the statistics compiled by SEBI.*

e. *In reply to Paragraph 2.5, it is submitted that the date chart set out therein must be correct as it is compiled on the basis of information provided by Wockhardt and publically available information. I reiterate that I had no UPSI of the events set out in the table in this paragraph and whatever information became known to me, it was from the public announcement of Wockhardt.*

f. *In reply to Paragraph 2.6, the information given by Wockhardt and set out in the para under reply is presumed to be substantially correct.*

g. *In reply to Paragraph 2.7, I have no comments to offer. Suffice it to say that at no time during the relevant period was I in possession of any UPSI in respect to inspection by USFDA or any other similar information.*

h. *In reply to Paragraph 2.8, based on what has been narrated therein, it is appreciated that issuance of Form No.483 was a PSI in terms of Regulation 2(ha) of PIT Regulations 1992. However, as submitted I was not in possession of the said UPSI. Therefore it is respectfully submitted that the contents of the paragraph under reply are not relevant in so far as sale of shares of Wockhardt by me during the Relevant Period is concerned.*

i. In reply to Paragraph 2.9, the data compiled by you presumed to be correct. However not being in possession of any UPSI related to Form No.483 or the inspection by USFDA, there is no co – relation between the data set out in the paragraph under reply with my sale of shares, in question.

j. In reply to paragraph 2.10, assuming that the period from 22.3.2013 to 15.4.2013 was UPSI, it has no co–relation with sale of my shares as I was never in possession of UPSI as submitted above.

k. In reply to Paragraph 2.11 & 2.12, I have no comments to offer as the said paragraph merely the relevant regulations. As explained above, I was neither a director not a person occupying a position where I might be reasonably expected to have access to UPSI in relation to Wockhardt. The fact that I was neither operating from the Waluj Factory of Wockhardt nor was I in any manner connected with the operations of the factory nor was I directly or indirectly associated with the inspection of USFDA or any incidentals thereof. Therefore, it is submitter that I do not fall in the definition of a connected person or an insider or any imputation thereof for the purpose of the present investigation.

l. In reply to Paragraph 2.13, it is respectfully submitted that merely my being a designated employee of Wockhardt during the relevant period does not create a presumption that I was or could be in possession of UPSI. On the contrary, in my email dated 26.12.2014, I have categorically, mentioned the nature of my job responsibilities and the location of my work place, both of which had nothing to do with the Waluj factory. Therefore my being a designated employee, by itself, does not give rise to any presumption of any wrongdoings.

m. In reply to Paragraph 2.14, I categorically state that I was not working at the Waluj Factory of Wockhardt at any time during the Relevant Period. I was working at the R & D centre of wockhardt located at D-4, MIDC, Chikalthana, Aurangabad at a distance of about 23kms from the above factory. I was not in any manner involved with USFDA inspection of the Waluj factory. Hence there was no question of my being reasonably expected to have information regarding issuance of Form No 483. It is submitted that a presumption can be used to substitute a fact only when the fact is not available. Wockhardt in Annexure C to its letter dated 3.4.2014 (Annexure 2 to the SCN under reply) has given a comprehensive list of the persons who were in possession of the information regarding receipt of Form N0.483 for Waluj Factory. It is noteworthy that the said list did not contain my name or the name of any of my direct reportees. Further, Dr. Yatendra Kumar who was my reporting authority and who was one of the persons aware of issue of Form No. 483 has categorically stated in Para 6 of his letter dated 12.12.2014 that he did not share the information regarding From No.483 with *any person. Therefore it is submitted that the contents and conclusions of the paragraph under reply are factually incorrect and are liable to be corrected.*

n. *In reply to Paragraph 2.15, I repeat and reiterate my earlier submissions in respect of sale of shares by me in the secondary market. I reiterate that I never had any UPSI and therefore there was no question of my sale transactions having been affected by any UPSI, thus completely absolving me of any wrong doing qua SEBI Regulations.*

o. *In reply to Paragraph 2.16, it is submitted that the question of illegal gain or illegal avoidance of loss cannot arise in the absence of my having access to any UPSI as sited above.*

p. *In reply to Paragraph 2.17, it is vehemently denied that I was a connected person or insider. Besides, I was not in possession of UPSI. There is no absolute prohibition on sale and purchase during UPSI period and culpability will arise only if the said sale and purchase is influenced by UPSI which is to the position in my case. In any event, there was no notice from Wockhardt regarding closure of trading window. Therefore mere sale of shares during the UPSI period cannot create any presumption of guilt against me.*

q. *In reply to Paragraph 2.18, 2.19 & 2.20 I say that the same do not pertain to me.*

r. *In reply to Paragraph 3, I repeat and reiterate the correct facts narrated above and deny that I am liable to suffer any of the consequences set out therein.*

6. *Last but not the least, I draw your kind attention to a recent judgment of Supreme Court of India in the matter of SEBI vs Abhijeet Rajan (2022 SCC online SC 1241). The Apex Court held(Para 42) that the Court can always test whether the act of the insider in dealing with the securities was an attempt to take advantage of or encash the benefit of the information in his possession. It was also held (Para 43) that compelling circumstances was also a relevant factor. Thus in order to attract the rigors of the provisions cited in the SCN under reply, it has to be established that (a) the person concerned is an insider, (b) the person concerned is in possession of UPSI, & (c) an attempt is made to take advantage of the information in his possession. The question of examining the issue at (c) shall arise only when there is a positive finding in respect of (a) & (b) which requirement is not satisfied in the present case. Hence, it is patently clear that the provisions of SEBI cited in the SCN under reply are not attracted in my case.*

7. *It is therefore submitted that I am not guilty of breach of any regulation of SEBI, more particularly any insider trading. I was never in possession of any UPSI and therefore there was no question of having made any illegal gain and illegally avoiding any loss by resort to UPSI or otherwise. Therefore, no case is made out for any action against me. At the same time I stand committed to render full cooperation and assistance to SEBI in further investigation of the matter. In the event that my above explanation is*

not found acceptable, I would request a personal hearing before any adverse odder is passed against me."

Consideration of submissions and findings:

7. Before dealing with the allegations made in the SCN, it would be appropriate to refer to the provisions of SEBI Act, 1992 and PIT Regulations, 1992 on the basis of which these allegations have been made in the SCN. The relevant extract of these provisions is as under:

Relevant extract of PIT Regulations, 1992 (since repealed):

Regulation 3(i) of PIT Regulations, 1992.

3. No insider shall—
(i) either on his own behalf or on behalf of any other person, deal in securities of a company listed on any stock exchange when in possession of any unpublished price sensitive information;

Relevant extract of PIT Regulations, 2015:

"Repeal and Savings.
12.(1) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 are hereby repealed.
(2) Notwithstanding such repeal, —

(a) the previous operation of the repealed regulations or anything duly done or suffered thereunder, any right, privilege, obligation or liability acquired, accrued or incurred under the repealed regulations, any penalty, forfeiture or punishment incurred in respect of any offence committed against the repealed regulations, or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture or punishment as aforesaid, shall remain unaffected as if the repealed regulations had never been repealed;

(b)anything done or any action taken or purported to have been done or taken including any adjudication, enquiry or investigation commenced or show-cause notice issued under the repealed regulations prior to such repeal, shall be deemed to have

been done or taken under the corresponding provisions of these regulations; (3) After the repeal of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, any reference thereto in any other regulations made, guidelines or circulars issued thereunder by the Board shall be deemed to be a reference to the corresponding provisions of these regulations.
………..”

8. Section 11(1) of the SEBI Act, 1992 provides that it shall be the duty of the Board to protect the interests of investors in securities and to promote the development of, and to regulate the securities market, by such measures as it thinks fit. In discharge of its duty under Section 11(1) read with Section 11(2)(g), SEBI had framed PIT Regulations, 1992. The PIT Regulations, 1992, have been repealed by the PIT Regulations, 2015. Regulation 12 of PIT Regulations, 2015 provides for repeal and savings and accordingly, any proceedings for contraventions of provisions of the PIT Regulations, 2015 are saved and, hence, can be proceeded with under the said PIT Regulations, 2015 as if PIT Regulations, 1992 have never been repealed. Considering the foregoing, the instant proceedings initiated against the Noticees for their alleged violations of provisions of the PIT Regulations, 1992 can be continued as such.

9. In the present case, Noticee No.1 to 3 are alleged to have violated Regulation 3(i) of PIT Regulations, 1992 read with Regulation 12(2) of PIT Regulations, 2015 by trading in the shares of the Company while in possession of UPSI. Thus, in these proceedings, it has to be determined whether Noticee No. 1 to 3 have violated Regulation 3(i) of the PIT Regulations, 1992.

10. Before dealing with the aforesaid question, it would be relevant to deal with the preliminary objections raised by Noticees in their submissions regarding violation of principles of natural justice. In this regard, Noticee no. 1, Mr. Yatendra Kumar vide reply dated January 12, 2023 has submitted that there is a delay of nine years and that he has not been provided with copy of IR and complaint based on which investigation was initiated.

11. I note that in the present matter, SEBI initiated investigation pursuant to an internal alert regarding price rise for long period in the scrip of Wockhardt Ltd. during January 07, 2013 to March 08, 2013 which was followed by sharp price fall during May 17, 2013 to May 24, 2013. Investigation was initiated on August 19, 2013 to find any instance of violation PIT Regulations, 1992, due to trading activity of certain entities around three corporate announcements made by Wockhardt during the price fall period and to find any violation of SEBI (PFUTP) Regulations, 2003, due to trading activity in the scrip during the investigation period. SCN came to be issued on September 05, 2022. The SCN was delivered to the Noticees through email and speed post. Vide email dated September 27, 2022, Noticee no. 1 submitted before SEBI that it's ex-employer Wockhardt Ltd. has requested him to confirm if he has received any letter from SEBI and till now he has not received any letter from SEBI. Noticee no. 1 also submitted that letters/communications from SEBI, if any, be forwarded to his address at Aurangabad. SEBI once again forwarded the SCN to Noticee no. 1 through email on September 28, 2022. Noticee no. 3, vide letter dated September 26, 2022, submitted that he has received SCN from SEBI and sought time till October 12, 2022 to file his response. Noticee no. 2 and 3 submitted their reply to the SCN vide letters dated October 03, 2022 and October 07, 2022, respectively. Noticee no. 1 submitted his reply to the SCN vide letter dated October 18, 2022 and requested for inspection of documents. During the inspection, the authorised representative of Noticee no. 1 sought copy of trade-logs pertaining to scrip of Wockhardt Limited. These trade logs were obtained from stock exchanges and provided to the authorised representative of Noticee no. 1 on December 13, 2022. Meanwhile, the authorised representative of Notcee no. 1 also informed that Noticee no.1 is in the process of filing settlement application with respect to the present proceedings. The matter was placed before me for hearing on December 27, 2022 and personal hearing in the matter was concluded on January 17, 2023. The settlement application of Noticee no.1 was rejected on April 03, 2023.

12. As regards, the contention of Noticee no. 1 that complete documents pertaining to the impugned transactions are not available with the Noticee and that the Investigation

Report and complaint copy based on which the SCN has been issued has not been provided, I note that inspection of documents was granted to Noticee no.1, Mr. Yatendra Kumar on November 16, 2022. During the inspection, the Investigation Report and the SCN dated September 05, 2022 along with their respective annexure were provided to the authorized representative of Noticee no.1. I note that Noticee no.1 did not seek any further documents during or after the inspection was completed on November 16, 2022. I further note that Annexure 5 of Investigation Report consisted of all trades of Noticees before, during and after the UPSI period including the trades of Noticee no.1. Further, I note from the SCN and the Investigation Report that the investigation in the present matter was not initiated based on any complaint against Wockhardt Ltd. or the Noticees. In fact, the investigation was initiated by SEBI on observing sharp rise in the price of the Wockhardt scrip, the trading around US FDA inspection related events and the sharp fall in the price of the said scrip during the investigation period. Thus, I find that the contention of Noticee no. 1 that the copy of the complaint based on which the SCN has been issued and the Investigation Report has not been provided to him, in violation of principles of natural justice, is not tenable.

13. I note that Noticees have been provided with all the documents as an annexure to the SCN and as well as during the inspection. Noticee no. has filed his detailed reply on January 12, 2023. Elaborate submissions were also made on behalf of Noticee no. 1 during the hearing held in the matter on January 17, 2023. Noticee no. 1 has merely contended that delay in the matter has severally prejudiced him, however, neither in his reply nor during the hearing, he could point out any particular document or information which he could not retrieve due to delay in the matter, which has prejudiced his defense. In view of this, I find that no prejudice has been cause to Noticee no. 1 due to alleged delay in the matter.

14. On the merits of the matter, I note that Wockhardt operated in Pharma Business and bulk of its revenue came from overseas market. As per the annual report FY 2012-13, majority of the revenue of Wockhardt (52% percent) came from US operations while

the European business contributed for 24% and India and rest of the world contributed 24% of the revenue. Inspection, licensing, permission etc. is considered to be of very material impact in pharma business. US FDA inspected the manufacturing facility of Wockhardt at Waluj near Aurangabad, Maharashtra during March 18-22, 2013. The purpose of the inspection was to inspect the factory and data pertaining to Abbreviated New Drug Application filed by Wockhardt with US FDA for Zoledronic acid injection. Pursuant to the inspection, on March 22, 2013, US FDA issued Form 483 to Wockhardt. I note that Form 483 is issued by US FDA upon conducting inspection of a manufacturing unit of a pharmaceutical company. Though, inspections conducted by US FDA are considered as routine in nature, however, Form 483 is issued by US FDA after conducting inspection only when it observes any conditions that may constitute violations of the Food Drug and Cosmetic (FD&C) Act and related Acts. Form 483 is regarded as adverse observations. Unless duly rectified/addressed, it may ultimately lead to issuance or warning and import alert, which have financial implications for the concerned company. I note from the SCN that rumours regarding issuance of Form 483 had started in the market from April 11, 2013 and Wockhardt had confirmed the issuance of Form 483 by US FDA through a press release on its website, on April 15, 2013. I further note from the SCN that the price of the scrip of Wockhardt fell by over 15% during April 10-April 15, 2013 (4 trading days).

15. In the present case, SCN alleged that issuance of Form 483 to Wockhardt by US FDA on March 22, 2013 was Unpublished Price Sensitive Information (UPSI). SCN further alleged that Noticee no. 1 to 3 were reasonably expected to have access to UPSI as they were designated employees of Wockhardt and were connected to Wockhardt. Noticee no. 1 was President of Pharma Research, and he had access to the information regarding issuance of Form 483 by US FDA to Wockhardt. Noticee no. 2 was Senior Vice President Pharma Research and directly reported to Noticee no. 1. Whereas Noticee no. 3 was General Manager in Analytical Development and directly reported to Noticee no. 2. The SCN alleged that these persons traded in the scrip of Wockhardt when in possession of UPSI by selling their shares and thus, avoided

losses. SCN alleged that Noticee no. 1, 2 and 3 avoided losses of Rs. 14,23,074/-, Rs. 6,95,540 /- and Rs. 2,56,502/-, respectively.

A. UPSI:

16. Regulation 2 (ha) of PIT Regulations, 1992 states as under:

> "2(ha) "price sensitive information" means any information which relates directly or indirectly to a company and which if published is likely to materially affect the price of securities of company. Explanation. —The following shall be deemed to be price sensitive information:—
> (i) periodical financial results of the company;
> (ii) intended declaration of dividends (both interim and final);
> (iii) issue of securities or buy-back of securities;
> (iv) any major expansion plans or execution of new projects.
> (v) amalgamation, mergers or takeovers;
> (vi) disposal of the whole or substantial part of the undertaking;
> (vii) and significant changes in policies, plans or operations of the company;"

17. Further Regulation 2(k) of PIT Regulations, 1992 states as under:

> "2(k) "unpublished" means information which is not published by the company or its agents and is not specific in nature.
> Explanation.—Speculative reports in print or electronic media shall not be considered as published information."

18. I note that as per Regulation 2(ha) of PIT Regulations, 1992, any unpublished information related to the Company or its securities which if published is likely to materially affect the price of the securities is termed as "Price Sensitive Information". I note that Regulation 2(ha) also provides a specific list of information which contains financial results, dividends etc. which shall be deemed as "Price Sensitive Information". Further, Regulation 2(k) of PIT Regulations, 1992 defines "Unpublished" which means information that is not published by Company/ its agent and which is not specific in nature.

19. Noticee No. 1 vide reply dated January 12, 2023 has submitted that issuance of Form 483 is not a price sensitive information as per Regulation 2(ha) of PIT Regulations, 1992 because it is merely an observation letter which is issued in routine course of business to all pharma companies falling under US FDA. Further, issuance of Form 483 by US FDA does not have any commercial implication on the Company's business. Form 483 is not a final decision by US FDA with regard to their observations. Mere issuance of Form 483 cannot be said to be an information which may materially affect the price of the shares of the Company. Moreover, Noticee no. 1 submitted that a similar inspection carried out by US FDA at the same factory of Wockhardt at Waluj during January 23 to January 27, 2012 which also resulted in issuance of Form 483. Further, the monthly closing price of Wockhardt scrip in January 2012 was Rs. 379.10/- and after the US FDA inspection the closing price of the scrip reached Rs. 484.20/- for the month of February 2012, which shows that issuance of Form 483 cannot be said to have any adverse impact on the price of the shares of a company.

20. In this regard, I note from the copy of 'Frequently Asked Questions' available on the website of US FDA, as provided by Noticee no. 1 along with its reply dated January 12, 2023, that Form 483 is issued by US FDA to a company when at the conclusion of an inspection an investigator has observed any conditions that in their judgement may constitute violations of the Food Drug and Cosmetic (FD&C) Act and related Acts. The purpose of Form 483 is to notify the company's management of objectionable conditions. Company is encouraged to respond to the US FDA Form 483 in writing along with a corrective plan. Further, US FDA Form 483 does not constitute final determination of whether any condition is in violation of the FD&C or any of its relevant regulations.

21. In the instant case, the press release by the Company on April 15, 2013 was relating to Form 483 issued by US FDA which is basically observations issued by US FDA on a specific manufacturing unit of the Company. I note that the said information does not fall within the list of information provided under Regulation 2(ha) as deemed to be price sensitive. Therefore, in the present case, it needs to be ascertained if the

issuance of Form 483 by US FDA to the Company would fall under the definition of "Price Sensitive Information" as provided under the main part of the Regulation 2(ha) of PIT Regulations, 1992. Thus, in case it is ascertained that the issuance of Form 483 by US FDA to the Company falls under the definition of "Price Sensitive Information" given in Regulation 2(ha) of PIT Regulations, 1992, it further needs to be ascertained if the said price sensitive information was unpublished in terms of Regulation 2(k) of PIT Regulations, 1992. As discussed above, Form 483 is issued by US FDA upon conducting inspection of a manufacturing unit of a pharmaceutical company. Though, inspections conducted by US FDA are considered as routine in nature, however, issue of Form 483 which happens after conduct of inspection only in case where US FDA observes any conditions that may constitute violations of the Food Drug and Cosmetic (FD&C) Act and related Acts. Unless duly rectified/addressed, it may ultimately lead to issuance or warning and import alert, which have financial implications for the concerned company. Thus, I find that issue of Form 483 to the Company on March 22, 2013, by US FDA was a price sensitive information, as it was likely to materially affect the price of the securities of the Company. The said information was also unpublished till the time it was published by the Company on April 15, 2013, by hoisting a press release in this regard, on its website. I also find that period from March 22, 2013 to April 15, 2013 was UPSI period.

22. Considering the foregoing, I find that issue of Form 483 implies that objectionable conditions exist at the concerned manufacturing unit though Form 483 does not constitute final determination that those conditions are in violation of the FD&C or any of its relevant regulations. This way Form 483 is sufficient to give rise to an impression in the mind of general investing public that it has chances of culminating into warning letter or import alert which will have adverse effect on the financials of the company concerned. Thus, news of issuance of Form 483 was an information that was likely to materially affect the price of the securities of Wockhardt. In terms of Regulation 2(ha) of PIT Regulations, 1992, the information which is likely to materially affect the price upon coming into the public domain is price sensitive information. The regulation provides that there should be a likelihood that the

information, on being published, would materially affect the price of the scrip. Whereas in fact the UPSI upon becoming public may or may not affect the price. In fact in the present case, I note from the SCN that after the publication of UPSI relating to issuance of Form 483 by Wockhardt through press release on April 15, 2013, there was a material impact on the stock price of the Company. The closing price of the scrip on the April 15, 2013 was Rs. 1708.2/- i.e. a decrease of 2.43%, as compared to the closing price of Rs. 1750.8/- on the previous trading day. I note that Noticee no. 1 has also submitted that no adverse impact on the monthly closing price of Wockhardt scrip was observed after a similar inspection was carried out by US FDA at the same factory of Wockhardt at Waluj which resulted into issuance of Form 483. In this regard, I note that the Noticee has not provided the date when such Form 483 was issued nor it has informed about the date when the information regarding the said Form 483 was made public. Therefore, price impact of so called Form 483 cannot be ascertained. Further, in the absence of any specific date provided by the Noticees, it is not ascertainable whether there were any positive corporate announcements which would have led to increase in the price of the scrip, as claimed by the Noticees, and had subsumed the impact of the so called Form 483. Thus, contention of the Noticee no. 1 that issuance of Form 483 by US FDA was merely indicated objections and did not constitute a price sensitive information, is not tenable.

23. I further note that Noticee no.1 has submitted that information relating to issuance of Form 483 was not "unpublished" as it was immediately available on US FDA's on March 22, 2013. I note that Regulation 2(k) of PIT Regulations, 1992 provides that information is "unpublished" if the Company/ its agents have not published it. Thus, in terms of said definition the publication is considered as made when it is made by the authentic source i.e. the company itself. In the light of said definition, if an investor was to look for an information pertaining to Wockhardt then in all likelihood such an investor would look for the website of the Company, rather than searching for it on the website of authority in foreign jurisdiction who happens to be regulator of the certain business activities of the Company. Since, in the present case the Company

has published the information relating to issuance of Form 483 only on April 15, 2013, the said information remained "unpublished" in terms of Regulation 2(k) of PIT Regulations, 1992 till April 15, 2013. The fact that issuance of Form 483 to the Company was available on US FDA's website since March 22, 2013 does not make the said information published, as contemplated under PIT Regulations, 1992. Thus, the said contention of the Noticee is not tenable.

24. I also note that the Noticee has contended that the information regarding issuance of Form 483 by US FDA to Wockhardt was available over some news reports much prior to April 15, 3023, therefore it is incorrect on the part of SEBI that the information was unpublished during the period March 22, 2013 - April 15, 2013. Noticee no.1 has also submitted copies of media reports dated April 12 and April 13, 2013 which relate to US FDA inspection of Wockhardt. I note from the copy of media reports submitted by Noticee no. 1 that these reports are not published by the Company or its agents. Further, I note that the explanation to Regulation 2(k) of PIT Regulations, 2015 clarifies that speculative reports in print or electronic media shall not be considered as published information. Therefore, in view of the above, the contention of the Noticee that information regarding issuance of Form 483 by US FDA to Wockhardt for its manufacturing facility at Waluj near Aurangabad was not "unpublished" in terms of Regulation 2(k) of PIT Regulations, 2015, is not tenable.

25. Therefore, in view of the observations made above, I am of the view that the information related to issuance of Form 483 by US FDA to Wockhardt was UPSI.

B. <u>Insiders:</u>

26. In terms of Regulation 2(e) of PIT Regulations, 1992 "Insider" means,

> (i) "*is or was connected with the company or is deemed to have been connected with the company and who is reasonably expected to have access to unpublished price sensitive information in respect of securities of a company, or*

(ii) has received or has had access to such unpublished price sensitive information".

27. Also, in terms of Regulation 2(c) of PIT Regulations, 1992, connected person means any person who-

> (i) *is a director, as defined in clause (13) of section 2 of the Companies Act, 1956 (1of 1956, of a company, or is deemed to be a director of that company by virtue of sub-clause (10) of section 307of that Act; or*
> *(*ii*) occupies the position as an office or an employee of the company or holds a position involving a professional or business relationship between himself and the company and who may reasonably be expected to have an access to unpublished price sensitive information in relation to that company.*

28. Regulation 2(e) of PIT Regulations, 1992 provides that an insider means any person who is connected with the company or is deemed to have been connected with the company and who is reasonably expected to have access to unpublished price sensitive information in respect of securities of the Company. Further, any person who has received or has had access to such UPSI, is also termed as "insider". Connected person in terms of Regulation 2(c) of PIT Regulations, 1992 means director of the Company; or any person who occupies the position as an officer or an employee of the company or holds a position involving a professional or business relationship between himself and the company and who may reasonably be expected to have an access to UPSI in relation to that company. In the present case, SCN alleges that Noticee nos. 1 to 3 who traded in the scrip of Wockhardt during the UPSI period were the employees of Wockhardt and were holding the post of President Pharma Research, Global IP, QA/QC & Regulatory Affairs, Senior Vice President Pharma Research and General manager in Analytical Development, respectively. The Noticee no. 1, 2 and 3 were also designated employees, as per Wockhardt's reply dated November 19, 2014. SCN also alleges that Noticee no. 2 was reporting to Noticee no. 1 and Noticee no. 3 was reporting to Noticee no. 2. and were connected to Wockhardt as per the connections given in the table below:

Client Name	*Connections of Suspected entities with Wockhardt Ltd and access to UPSI*
Yatendra Kumar	*During the IP, worked for Wockhardt as – President – Pharma Research, Global IP, QA/QC & Regulatory Affairs. Further, Yatendra Kumar in his reply dated December 12, 2014, accepted that he came to know of form 483 on March 22, 2013.*
Girish Kumar Jain	*During the IP, worked for Wockhardt as – Senior Vice President Pharma Research and was also directly reporting to Mr. Yatendra Kumar.*
Shashikant Tiwari	*During the IP, worked for Wockhardt – General manager in Analytical Development and also reported directly to Mr. Girish Kumar Jain.*

29. SCN also alleges that the Noticee nos. 1 to 3 were working at the same Waluj factory of Wockhardt which was inspected by US FDA and were involved with US FDA inspection of the said factory. Hence, they were also reasonably expected to have information regarding issuance of Form 483 by US FDA and were thus, insiders in terms of Regulation 2(e) of PIT Regulations, 1992.

30. I note that Noticee no. 1 vide reply dated January 12, 2023 submitted that he was responsible for product development and technology transfer of products. He was providing support to the manufacturing unit for any clarification or data required by US FDA with respect to product development and technology transfer. Further, I note from the SCN and Noticee no.1's reply dated December 12, 2014 that he came to know of issuance of Form 483 on March 22, 2013. In view of the above, I find that Noticee no. 1 was a connected person in terms of Regulation 2(c) of PIT Regulations, 1992 and hence, an insider in terms of 2(e) of PIT Regulations, 1992.

31. As mentioned above, Noticee no. 2 and 3 were also employed with Wockhardt and were working as Senior Vice President Pharma Research and General Manager in Analytical Development, respectively. The SCN has alleged that they were reasonably expected to have UPSI as they were posted at the same Waluj factory of Wockhardt which was under inspection by US FDA. Regarding, this allegation in the SCN, Noticee no. 1 and 2 have denied that they were involved in the US FDA inspection of Waluj Factory of Wockhardt and denied that they were in possession of UPSI during the UPSI period.

32. I note that the SCN has proceeded on the premise that Noticee no. 2 was working at the Waluj factory of Wockhardt which was inspected by US FDA. However, as per the reply of Noticee no. 2 his office was located at the R&D Centre of Wockhardt at Chikalthana, Aurangabad which is about 23 Kms away from the Waluj factory. Further, Noticee no. 2 submitted that he had no responsibility with respect to Waluj factory of Wockhardt and the profile of his reporting authority Mr. Yatendra Kumar (Noticee no. 1) was much wider and he was heading only one of the verticals supervised by him i.e. Pharma Research. Further, I note from the documents available on record that the Company in its letter dated April 03, 2014 to SEBI has *inter alia* furnished a list of employees who were in possession of the UPSI pertaining to issue of Form 483. I note that names of Noticee no. 2 and 3 are not mentioed in the said list. SCN alleged that Notciee no. 2 was a designated employee of Wockhardt and was directly reporting to Noticee no. 1. In this regard, I note that it was the Waluj factory of Wockhardt which was under inspection by US FDA and the inspection was not pertaining to the department which was being headed by Noticee no. 2. Thus, in view of the above facts, I find that Noticee no. 2 cannot be said to be reasonably expected to have UPSI. Similarly, I note that Noticee no. 3 has been alleged to be reasonably expected to have UPSI because of his reporting to Noticee no. 2. Since, it has been found that Noticee no. 2 himself could not be reasonably expected to have UPSI, therefore, Noticee no. 3 who was reporting to Noticee no. 2 also cannot be reasonably expected to have UPSI.

33. In this regard, the following observations of the decision of Hon'ble Supreme Court of India in the matter of Chintalapati Srinivasa Raju vs Securities and Exchange Board of India (2018) 7 SCC 443 are relevant:

> "10. It is important to note that Regulation 2(e)(i) is in two parts. The first part has reference to any person who is connected with the company or is deemed to be connected with the company. There can be no doubt that the definition of "connected person" contained in Regulation 2(c) would rope in the appellant under sub-clause (i) thereof, as the appellant was undoubtedly a director of SCSL upto 2003. However,

the second limb of clause 2(e)(i) also has to be satisfied, which is that such person must reasonably be expected to have access to unpublished price sensitive information by virtue of such connection in respect of securities of a company."

34. In view of the above, I find that that Noticee no. 2 and 3 cannot be reasonably be expected to have access to UPSI and hence, cannot be termed as an insider in terms of Regulation 2(e) of PIT Regulation, 1992.

C. **<u>Trading when in possession of UPSI by Noticee no. 1:</u>**

35. It is alleged in the SCN that during the UPSI period, Noticee No. 1, had traded in the scrip of the Company. The details of the trades, as given in the SCN, are as follows.

Trading Details of Mr. Yatendra Kumar (Noticee No. 1):

Type	**Period**	**Buy Qty**	**Sell Qty**	**Net**
Before UPSI	November 01, 2012 – March 21, 2013	500	9319	-8819
During UPSI	March 22 – April 14, 2013	0	6841	-6841
Post UPSI	April 15, 2013 – July 31, 2013	0	1041	-541

36. I note that Noticee no. 1 has not disputed the aforesaid trades. The Noticee no.1 has also not disputed that he was in possession of UPSI while executing the aforesaid trades. In fact, vide reply dated January 12, 2013, Noticee no. 1 has admitted that he was in possession of UPSI i.e. the issuance of Form 483 to Wockhardt Limited by US FDA. What Noticee no.1 has contended is that he did not execute these trades on the basis of UPSI and that he sold the aforesaid shares to pay certain tax and to pay for the consideration of shares acquired through exercise of ESOPs. In this regard, I note that proceeds of any sell trade would always be having one or other avenue to spend it or on which it can be spent. However, this does not create a justification for an insider to trade when in possession of UPSI, in view of the prohibition on trading by insider under

Regulation 3(i) of PIT Regulations, 1992. In the present case, the Noticee is merely contending that he sold shares to pay taxes and the consideration for acquiring shares through exercise of ESOP. I find that this cannot be a justification for trading in violation of Regulation 3(i) of PIT Regulations, 1992. More so, when the Regulation 3(i) of PIT Regulations, 1992 as existing at the relevant time did not recognize any such justification or defense. Even though the trading when in possession of UPSI is sufficient for violations of Regulation 4(1) of PIT Regulations, 2015, however, I note that even under the present Regulation 4 of PIT Regulations, 2015 which is *pari materia* to Regulation 3(i) of PIT Regulations, 1992 and recognizes certain defenses to the charge of insider trading also does not recognize any such defense. On the contrary, note appended to Regulation 4(1) of PIT Regulations, 2015 specifically provides that once a person has traded in possession of UPSI, his trades will be presumed to be motivated by UPSI in his possession. It further provides that the reasons for which such person traded and purposes for which he applied the proceeds is irrelevant for determining the violation of Regulation 4(1) of PIT Regulations, 2015. Therefore, the contention of Noticee no. 1 that he sold the shares of Wockhardt when in possession of UPSI, in order to pay taxes and the consideration already paid for acquiring shares through exercise of ESOP, does not absolve him from the violation of Regulation 3(i) of PIT Regulations, 1992.

37. Noticee no. 1 has also submitted that he was regularly selling the shares of the Company since December, 2012 to cover the taxes which he had to pay towards ESOPs. I note that the SCN also mentions that Noticee no. 1 sold 9319 shares before the UPSI period. The fact that Noticee no. 1 traded when there was no UPSI, does not mean that he is allowed to trade when in possession of UPSI. Regulation 3(i) of PIT Regulations, 1992 bars trading of shares when in possession of UPSI and para 35 shows that Noticee no. 1 traded when in possession of UPSI i.e. information regarding issuance of Form 483 by US FDA to Wockhardt Ltd. Therefore, the contention of the Noticee no. 1 is not tenable.

38. In view of the aforesaid discussions, I find that Noticee No.1 has violated Section Regulation 3(i) of the PIT Regulations, 1992 by trading in the shares of the Company when in possession of UPSI.

Loss avoided:

39. SCN alleged that the Noticee wrongfully avoided loss on account of insider trading, details of which are mentioned in the following table. The Company confirmed the issuance of Form 483 by US FDA through a press release on its website on April 15, 2013. Accordingly, the closing price of the scrip of Wockhardt Limited on April 15, 2013 i.e. Rs.1712.7/-, has been used for computation of the alleged wrongful notional loss. The SCN alleges that Noticee no. 1 has averted loss of Rs. 14,23,074/-, as per the following details:

Name	**No of shares sold (X)**	**Average Price Rs.**	**Total sale value Rs. (A)**	**Closing Price of scrip on April 15, 2013 (Rs.) (Y)**	**Approx. Sale value as on April 15, 2013 Rs. (B)=(Y)*(X)**	**Loss avoided Rs. (A)-(B)**
Yatendra Kumar	6841	1920.7	1,31,39,655	1712.7	1,17,16,581	14,23,074

Loss Avoided= {Total sale value of shares during UPSI period} – {No. of shares sold while in possession of UPSI X closing price of the scrip of April 15, 2013}.

40. It is contended by Noticee No. 1 that for the calculation of loss avoided, SEBI has ignored the cost of acquisition for exercising ESOPS while computing the alleged loss. In this regard, I note that the cost of acquisition is irrelevant for computing the loss avoided by Noticee no.1 as the loss avoided is calculated by deducting the amount of proceeds of sale of shares which Noticee no.1 would have received had he sold the shares on the day when UPSI was published from the amount of actual consideration received by Noticee no.1 by selling the shares during the UPSI period. In such a scenario, cost of acquisition of shares

is irrelevant for computing the loss avoided by the Noticee no. 1. Thus, the said contention of the Noticee no. 1, is not tenable.

41. It is also contended by Noticee no. 1 that while calculating the loss avoided by Noticee no.1, instead of actual price of the shares sold, average price of shares is taken into consideration. In this regard, I note that Noticee no. 1 has sold 6841 shares during the UPSI period and the SCN takes average sell price for calculating the unlawful gains. I find that whether actual price is taken or average price is taken the ultimate amount of total sell price remains the same and accordingly, the amount of wrongful loss avoided also remains the same. Therefore, the contention raised by the Noticee does not have any merit.

42. In view of the aforesaid findings and observations, I am of the view that by trading in the scrip of the Company while in possession of UPSI during the UPSI period, Noticees no. 1 has violated Regulation 3(i) of PIT Regulations, 1992. In view of the violation of the provisions of the PIT Regulations, 1992 by the Noticees, as noted above, I find that the Noticee no. 1 is liable for issuance of appropriate directions for debarment from accessing the securities market and dealing in securities. Further, I find that as the Noticee no. 1 has averted loss of 14,23,074/- by indulging in insider trading in violation of Regulation 3(i) of PIT Regulations, 1992, Noticee no. 1 which is also liable to be disgorged.

43. In the instant case, I find that for the loss averted by Noticee No.1 for his impugned trades while in possession of UPSI appropriate directions of disgorgement of loss avoided along with penal interest are being issued. I also note that Noticee no. 1 has contended that there has been undue delay in initiating these proceedings. I have considered these factors while deciding on the period of debarment and interest on the amount of disgorgement in the directions given below. I note that SEBI in the matter of front running by Anita Shyam Mhatre, vide order dated May 24, 2021 directed the Noticees to disgorge

unlawful gains along with simple interest of 4% from the end of investigation period i.e. November 30, 2008, till the date of actual payment.

Directions:

44. In view of the above, I, in exercise of the powers conferred upon me under Sections 11(1), 11(4), 11B of SEBI Act, 1992 read with Section 19 of the SEBI Act, 1992 and the Rules, hereby direct as under:

(i) The Noticee No. 1, is directed to disgorge Rs. 14,23,074/-. The said amount shall be remitted by the Noticee no. 1 along with interest at the rate of 4% per annum from April 15, 2013 till the date of actual payment, to Investor Protection and Education Fund (IPEF) of SEBI, as referred to in Section 11(5) of the SEBI Act, 1992, within 45 days from the date of coming into force of this order;

(ii) Noticee no. 1 is restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities (including units of mutual funds), directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of six months, from the date of this order;

(iii) Noticee No. 1 is restrained from buying, selling or dealing in the securities of the Company i.e. Wockhardt Ltd., directly or indirectly, in any manner whatsoever, for a period of one (1) year, from the date of this order;

(iv) The restraints/ prohibition imposed in paras 44 (ii) and (iii), on Noticee no.1, shall run, concurrently. The obligation of the Noticee restrained/ prohibited by this Order, in respect of settlement of securities, if any, purchased or sold in the cash segment of the recognized stock exchange(s), as existing on the date of this Order, are allowed to be discharged irrespective of the restraint/ prohibition imposed by this Order. Further, all open positions, if any, of the Noticees, restrained/ prohibited in the present Order, in the F & O segment of the recognized stock exchange(s), are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order.

45. This order comes into force with immediate effect.

46. A copy of this Order shall be served on the Noticees, recognized Stock Exchanges, Depositories, Registrar and Share Transfer Agents of Mutual Funds to ensure compliance with the above directions.

-sd-

ANANTA BARUA
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA

Date: June 19, 2023
Place: Mumbai