National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/57248	Date: June 22, 2023
Circular Ref. No: 157/2023	

To All NSE Members

Sub: SEBI Order in the matter of Insider Trading by certain entities in the scrip of Sharon Bio-Medicine Limited.

SEBI vide its order no. WTM/ASB/IVD/ID4/27676/2023-24 dated June 22, 2023, has restrained below entities from accessing the securities market and are further prohibited from buying, selling or otherwise dealing in securities, either directly or indirectly, in any manner whatsoever, for a period of 3 years from the date of this order.

Noticee No.	Name of the Entity	PAN
1	Bharat Mohanlal Mehta	AAFPM9767P
2	Lalita Bharat Mehta	AADPM4048H
3	Impressive Trading Private Limited	AAACI3690R
4	Sovin Trading Private Limited	AAICS3597H
5	SunrathTradingPrivateLimited	AAGCS2100N
6	Sachin Sudam Choudhary	AHNPC5666J
7	Pankaj Kamlesh Chandola	AKMPC7735J

Further, above entities are also permitted liquidate any open positions in exchange-traded derivative contracts that they might have, within 3 months from the date of this Order, or the expiry of such contracts, whichever is earlier.

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

National Stock Exchange of India

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

For and on behalf of

National Stock Exchange of India Limited

Sandesh Sawant
Senior Manager

ANNEXURE: SEBI Order in the matter of Insider Trading by certain entities in the scrip of Sharon Bio-Medicine Limited.

WTM/ASB/IVD/ID4/27676/2023-24

SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

Under Sections 11 (1), 11(4), 11(4A), 11B(1) and 11B (2) of the Securities and Exchange Board of India Act, 1992 read with Rule 5 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995

In respect of:

SL. NO.	NOTICEE(S)	PAN
1.	**Bharat Mohanlal Mehta**	**AAFPM9767P**
2.	**Lalita Bharat Mehta**	**AADPM4048H**
3.	**Impressive Trading Private Limited**	**AAACI3690R**
4.	**Sovin Trading Private Limited**	**AAICS3597H**
5.	**Sunrath Trading Private Limited**	**AAGCS2100N**
6.	**Sachin Sudam Choudhary**	**AHNPC5666J**
7.	**Pankaj Kamlesh Chandola**	**AKMPC7735J**

(The aforesaid entities are hereinafter referred to by their respective names or Noticee number and collectively as "the Noticees".)

In the matter of Insider Trading by certain entities in the scrip of Sharon Bio-Medicine Limited.

Background:

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI"**) had carried out an investigation into the trading in the scrip of Sharon Bio-Medicine Limited (hereinafter referred to as "**Sharon" / "the Company**") for the period September 01, 2014 to February 15, 2015 (hereinafter referred to as "**Investigation Period" / "IP"**) to ascertain whether certain entities (i.e. the Noticees) had indulged in insider trading on the basis of 'Unpublished Price Sensitive Information' (hereinafter referred to as "**UPSI**") with regard to financial

results of the company for quarter ended December 2014, in contravention of the provisions of the SEBI Act, 1992 read with the SEBI (Prohibition of Insider Trading) Regulations, 1992 ("hereinafter referred to as "**PIT Regulations, 1992**"). The findings of investigation are as under:

2. Sharon, incorporated on June 19, 1989 and dealing in pharmaceuticals products, was listed on BSE and NSE. Trading in the scrip was suspended with effect from March 29, 2019 due to reduction of share capital of the company as per the resolution plan approved by NCLT, Mumbai, under provisions of Insolvency and Bankruptcy Code, 2013.

3. The corporate announcements/disclosures made by the Company to the stock exchanges during the investigation period and their impact on the price of the scrip are tabulated below*:*

<table>
<tr><th>Date</th><th>Announcement</th><th>Price movement in the scrip of Sharon Bio-Medicine Ltd.</th><th>Impact on price</th></tr>
<tr><td>24-Sep-14</td><td>Sharon submitted Revised Financial Results for the period ended June 30, 2014 to exchanges.</td><td>NSE
<table>
<tr><th>Date</th><th>OP</th><th>HP</th><th>CP</th><th>Vol.</th></tr>
<tr><td>23/09/14</td><td>79.2</td><td>80.05</td><td>77.75</td><td>355720</td></tr>
<tr><td>24/09/14</td><td>77.75</td><td>79.4</td><td>77.45</td><td>463572</td></tr>
</table>
BSE
<table>
<tr><th>Date</th><th>OP</th><th>HP</th><th>CP</th><th>Vol.</th></tr>
<tr><td>23/09/14</td><td>79.7</td><td>79.9</td><td>77.4</td><td>92278</td></tr>
<tr><td>24/09/14</td><td>77</td><td>79.15</td><td>77.25</td><td>90090</td></tr>
</table></td><td>On 24/09/2014, the scrip closed 0.38% below its previous day's closing price on NSE.
On 24/09/2014, the scrip closed 0.19% below its previous day's closing price on BSE.</td></tr>
<tr><td>25-Sep-14</td><td>Sharon submitted to BSE copy of Revised Statement of Assets & Liabilities as on March 31, 2014.</td><td>NSE
<table>
<tr><th>Date</th><th>OP</th><th>HP</th><th>CP</th><th>Vol.</th></tr>
<tr><td>25/09/14</td><td>77.5</td><td>77.7</td><td>69.55</td><td>469713</td></tr>
<tr><td>26/09/14</td><td>68.5</td><td>71</td><td>69.9</td><td>437944</td></tr>
</table>
BSE
<table>
<tr><th>Date</th><th>OP</th><th>HP</th><th>CP</th><th>Vol.</th></tr>
<tr><td>25/09/14</td><td>77.05</td><td>77.45</td><td>69.65</td><td>259557</td></tr>
<tr><td>26/09/14</td><td>67</td><td>70.6</td><td>69.8</td><td>156992</td></tr>
</table></td><td>On 26/09/2014, the scrip closed 0.5% above its previous day's closing price on NSE.
On 26/09/2014, the scrip closed 0.21% above its previous day's closing price on BSE.</td></tr>
</table>

<table>
<tr><th>Date</th><th>Announcement</th><th>Price movement in the scrip of Sharon Bio-Medicine Ltd.</th><th>Impact on price</th></tr>
<tr><td>16-Oct-14</td><td>Sharon informed BSE regarding United Kingdom - Medicine & Health Care Product Regulatory Agency (UKMHRA) inspection conducted for Good Manufacturing Practices (GMP) for recently Expanded Formulation Plant area located at Uttarakhand.</td><td>NSE
<table>
<tr><th>Date</th><th>OP</th><th>HP</th><th>CP</th><th>Vol.</th></tr>
<tr><td>16/10/14</td><td>68.5</td><td>68.5</td><td>65.85</td><td>89928</td></tr>
<tr><td>17/10/14</td><td>66</td><td>66.9</td><td>65.25</td><td>107176</td></tr>
</table>
BSE
<table>
<tr><th>Date</th><th>OP</th><th>HP</th><th>CP</th><th>Vol.</th></tr>
<tr><td>16/10/14</td><td>67.8</td><td>68</td><td>66.15</td><td>68200</td></tr>
<tr><td>17/10/14</td><td>66.8</td><td>66.8</td><td>65.15</td><td>49162</td></tr>
</table></td><td>On 17/10/2014, the scrip closed 0.91% below its previous day's closing price on NSE.
On 17/10/2014, the scrip closed at its previous day's closing price on BSE.</td></tr>
<tr><td>20-Oct-14</td><td>Sharon informed BSE that the Board of Directors of the Company at its Meeting held on October 20, 2014 resolved and allotted 1,61,11,000 Warrants to the Promoter group on Preferential basis in compliance of SEBI (Issue Of Capital And Disclosure Requirements) Regulations, 2009.</td><td>NSE
<table>
<tr><th>Date</th><th>OP</th><th>HP</th><th>CP</th><th>Vol.</th></tr>
<tr><td>20/10/14</td><td>66.3</td><td>74</td><td>65.15</td><td>301092</td></tr>
<tr><td>21/10/14</td><td>66</td><td>67.8</td><td>63.6</td><td>685970</td></tr>
</table>
BSE
<table>
<tr><th>Date</th><th>OP</th><th>HP</th><th>CP</th><th>Vol.</th></tr>
<tr><td>20/10/14</td><td>66.7</td><td>69.5</td><td>65.65</td><td>265130</td></tr>
<tr><td>21/10/14</td><td>65.7</td><td>67</td><td>63.55</td><td>128821</td></tr>
</table></td><td>On 21/10/2014, the scrip closed 2.4% below its previous day's closing price on NSE.

On 21/10/2014, the scrip closed 3.19% below its previous day's closing price on BSE.</td></tr>
<tr><td>13-Nov-14</td><td>Sharon informed BSE about the Standalone Financial Results for the period ended September 30, 2014.</td><td>NSE
<table>
<tr><th>Date</th><th>OP</th><th>HP</th><th>CP</th><th>Vol.</th></tr>
<tr><td>13/11/14</td><td>66.75</td><td>72</td><td>65.15</td><td>546194</td></tr>
<tr><td>14/11/14</td><td>64.3</td><td>65.05</td><td>63.75</td><td>376324</td></tr>
</table>
BSE
<table>
<tr><th>Date</th><th>OP</th><th>HP</th><th>CP</th><th>Vol.</th></tr>
<tr><td>13/11/14</td><td>66.75</td><td>72</td><td>65.05</td><td>204916</td></tr>
<tr><td>14/11/14</td><td>64</td><td>65.05</td><td>63.5</td><td>199549</td></tr>
</table></td><td>On 13/11/2014, the scrip closed 2.14% below its previous day's closing price on NSE.
On 13/11/2014, the scrip closed 2.4% below its previous day's closing price on BSE.</td></tr>
<tr><td>21-Nov-14</td><td>Sharon informed BSE that the Board of Directors of the Company at its meeting held on November 21, 2014, has resolved and recommended dividend @18% which amounts to Rs. 0.36/- per equity share of Rs. 2 each for the Financial Year ended June 30, 2014.</td><td>NSE
<table>
<tr><th>Date</th><th>OP</th><th>HP</th><th>CP</th><th>Vol.</th></tr>
<tr><td>21/11/14</td><td>57.45</td><td>59.2</td><td>56.45</td><td>538280</td></tr>
<tr><td>24/11/14</td><td>56.15</td><td>60.9</td><td>59.6</td><td>489900</td></tr>
</table>
BSE
<table>
<tr><th>Date</th><th>OP</th><th>HP</th><th>CP</th><th>Vol.</th></tr>
<tr><td>21/11/14</td><td>57</td><td>59.2</td><td>56.5</td><td>156459</td></tr>
<tr><td>24/11/14</td><td>56.65</td><td>60.8</td><td>59.7</td><td>217700</td></tr>
</table></td><td>On 21/11/2014, the scrip closed 5.5% above its previous day's closing price on NSE.
On 21/11/2014, the scrip closed 5.7% above its previous day's closing price on BSE.</td></tr>
</table>

<table>
<tr><th>Date</th><th>Announcement</th><th>Price movement in the scrip of Sharon Bio-Medicine Ltd.</th><th>Impact on price</th></tr>
<tr>
<td>17-Dec-14 at 16:39 on NSE

18-Dec-14 at 10:30 on BSE</td>
<td>Sharon submitted to the Exchanges a copy of the proceeding of the Annual General Meeting of the Company held on December 17, 2014 where a resolution was passed for payment of dividend of Rs.0.36 per equity share for the year ended 30th June 2014, out of the profits of the Company.</td>
<td>NSE
<table>
<tr><th>Date</th><th>OP</th><th>HP</th><th>CP</th><th>Vol.</th></tr>
<tr><td>17/12/14</td><td>42.8</td><td>44.4</td><td>39.8</td><td>9,31,041</td></tr>
<tr><td>18/12/14</td><td>40.85</td><td>44</td><td>43.05</td><td>8,70,339</td></tr>
</table>
BSE
<table>
<tr><th>Date</th><th>OP</th><th>HP</th><th>CP</th><th>Vol.</th></tr>
<tr><td>17/12/14</td><td>43</td><td>44.3</td><td>39.85</td><td>4,02,110</td></tr>
<tr><td>18/12/14</td><td>41.8</td><td>43.4</td><td>42.95</td><td>3,73,066</td></tr>
</table></td>
<td>On 18/12/2014, the scrip closed 8.16% above its previous day's closing price on NSE.

On 18/12/2014, the scrip closed 7.78% above its previous day's closing price on BSE.</td>
</tr>
<tr>
<td>05-Feb-15</td>
<td>Sharon informed BSE about closure of Trading Window under provisions of PIT Regulations, 1992 for the corporate event - Adoption of Un- audited Financial Results for quarter ended December 31, 2014, on February 14, 2015. Window Closure Period: February 03, 2015 to February 16, 2015 (both day inclusive). The trading window was to open on February 17, 2015.</td>
<td>BSE
<table>
<tr><th>Date</th><th>OP</th><th>HP</th><th>CP</th><th>Vol.</th></tr>
<tr><td>05/02/15</td><td>26.00</td><td>26.00</td><td>24.75</td><td>1,93,389</td></tr>
<tr><td>06/02/15</td><td>24.65</td><td>25.60</td><td>24.40</td><td>1,46,267</td></tr>
</table>
NSE
<table>
<tr><th>Date</th><th>OP</th><th>HP</th><th>CP</th><th>Vol.</th></tr>
<tr><td>05/02/15</td><td>25.80</td><td>26.00</td><td>24.70</td><td>5,18,770</td></tr>
<tr><td>06/02/15</td><td>24.70</td><td>25.60</td><td>24.30</td><td>3,89,848</td></tr>
</table></td>
<td>On 6/02/2015, the scrip closed 1.41% below its previous day's closing price on BSE.

On 6/02/2016, the scrip closed 1.61% below its previous day's closing price on NSE.</td>
</tr>
<tr>
<td>16-Feb-15

BSE
at 9:03 am

NSE
at 8:51 am</td>
<td>Sharon submitted to exchange the standalone & consolidated financial results for the period ended 31-Dec-2014</td>
<td>BSE
<table>
<tr><th>Date</th><th>OP</th><th>HP</th><th>CP</th><th>Vol.</th></tr>
<tr><td>13/02/15</td><td>23.10</td><td>23.75</td><td>22.95</td><td>2,83,074</td></tr>
<tr><td>16/02/15</td><td>22.10</td><td>22.8</td><td>21.85</td><td>93,927</td></tr>
</table>
NSE
<table>
<tr><th>Date</th><th>OP</th><th>HP</th><th>CP</th><th>Vol.</th></tr>
<tr><td>13/02/15</td><td>22.90</td><td>23.75</td><td>22.85</td><td>7,65,412</td></tr>
<tr><td>16/02/15</td><td>23</td><td>23</td><td>21.75</td><td>3,38,920</td></tr>
</table></td>
<td>On 16/02/2015 (day of announcement of result for QE Dec 2014), the scrip closed 4.79% below its previous day's closing price on BSE.
On 16/02/2016 (day of announcement of result for QE Dec 2014), the scrip closed 4.81% below its previous day's closing price on NSE.</td>
</tr>
</table>

UPSI Period:

4. Regulation 2(ha) of the PIT Regulations, 1992 defined "Price Sensitive Information" in the following manner:

> *“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) …….”*

5. It is thus clear that “periodical financial results” is deemed to be price sensitive information. It *was* observed that the Company registered losses for the quarters ended December 2014 and March 2015 as compared to profit for quarter ended June 2014 and September 2014. In this regard, the Company provided the following explanation in its Annual Report for Financial Year (FY) 2014-15.

> “*During the financial year 2015, Sharon has lost big business due to fire in the plant. After the fire incidence, Sharon gave its products for manufacturing outside its factory, however, there were many quality issues which has led to rejection of sales during 2014-15 and thereafter due to bad quality issues, the standalone sales has come down from Rs. 131, 544.53 lacs to Rs. 83,658.66 lacs during the year 2014-15 in comparison to 2013-14. Further, during the year 2013-14 profit of the company was Rs. 6,961.72 lacs after tax however during the year 2014-15 Sharon has incurred loss of Rs. 22,586.41 lacs. The management of Sharon does not see any improvement in sales and profits till December 2015 from the business operations.*”

6. Further, the Company informed *inter alia* the following to the exchanges on June 04, 2014.

"*A fire has erupted in one of our API and Intermediate Plant located at Plot no W-34 & W-34/1, MIDC, Taloja, Dist. Raigad, Maharashtra. The incident took place on June 03, 2014. No Human loss has been reported except for the Stock, Material and Capital loss. All the Stock, Material and Capital Assets have been adequately insured. The Company has also taken the Loss of Profit policy on this Plant*."

7. It was observed that Sharon announced its standalone and consolidated financial results for the quarter ended December 31, 2014, at BSE and NSE on February 16, 2015 at 09:03 am and 8:51 am respectively, wherein the Company reported a loss of Rs.103.37 Crores for the quarter ended December 2014. Since periodical financial results of the Company are deemed to be a price sensitive information in terms of Regulation 2(ha) of the PIT Regulations, 1992, the financial results of Sharon for quarter ended December 2014 qualified to be UPSI till the time of its announcement on exchanges on February 16, 2015. The chronology of events leading to announcement of quarterly results by Sharon for the quarter ended December 31, 2014 is as follows:

S. No.	Date	Event
1	28/01/2015	Collection of accounting data from various units by accounts department for compilation
2	07/02/2015	Data compiled by the accounts department and ready for being sent to the auditor for limited review
3	09/02/2015 to 11/02/2015	Limited review carried out by auditor
4	12/02/2015	Finalisation of results on the basis of audit observations
5	13/02/2015	Results placed before audit committee
6	14/02/2015	Audit committee approves the quarterly result
7	14/02/2015	Board of Directors approved the quarterly result and sent to stock exchanges
8	16/02/2015	Result published on exchange website

8. From the above date-chart, it was observed that the activities related to preparation of financials for quarter ending December 2014 started on January 28, 2015. After the fire incident at Sharon's Plant at Taloja, Sharon had outsourced the

manufacturing of its products to outside its factory. However, there were many quality issues which led to rejection of products by customers from September, 2014 onwards, resulting in loss for the quarter ended December 31, 2014. Considering the same, it was clear that September 01, 2014 was the origin point of the UPSI pertaining to quarterly results, which came to an end on February 16, 2015 when the quarterly results were published. Accordingly, the period from September 01, 2014 to February 15, 2015 (till the time the quarterly results remained unpublished) was the UPSI period, in terms of Regulation 2(ha)(i) of the PIT Regulations, 1992.

Insider / Connected Persons:

9. Regulation 2(e) of the PIT Regulations, 1992 defined "insider" as –

"insider" means any person who,

(i) is or was connected with the company or is deemed to have been connected with the company and 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;"

10. Further, Regulation 2 (c) of the PIT Regulations, 1992 defined "connected person" as under:

"Connected person" means any person who—

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

(ii) 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 whether temporary or permanent and who may reasonably be expected to have an access to unpublished price sensitive information in relation to that company.

[Explanation: - For the purpose of clause (c), the words "connected person" shall mean any person who is a connected person six months prior to an act of insider trading;]"

11. It was noted from the Sharon's letter dated July 27, 2016 that Ms. Savita Satish Gowda (Ms. Savita Gowda) was the Chairman and Managing Director (CMD) and Mr. Mohan Prasad Kala (Mr. Mohan Kala) was the Chief Financial Officer (CFO) and a non-executive director of Sharon during the Investigation Period, by virtue of which they were 'Key Managerial Personnel' (KMP) in the Company. Ms. Savita Gowda and Mr. Mohan Kala were aware about developments related to rejection/ return of products of the Company (which they had also acknowledged in their statements recorded before SEBI) that had significant impact on the financials of the Company. Both Ms. Savita Gowda and Mr. Mohan Kala were involved in finalization of financial results of Sharon for the quarter ended December, 2014. Both of them, therefore, were reasonably expected to have access to UPSI regarding financial performance of Sharon. It was, therefore, inferred that UPSI with regard to rejection/ return of products was in the knowledge of Ms. Savita Gowda (CMD) and Mr. Mohan Kala (CFO). Therefore, Ms. Savita Gowda and Mr. Mohan Kala qualified to be connected persons, in terms of Regulation 2(c)(i) & (ii) of the PIT Regulations, 1992, who had access to UPSI. Accordingly, they were insiders in terms of Regulation 2(e)(i) of the PIT Regulations, 1992

12. Further, Ms. Asha Mohan Kala (Ms. Asha Kala), wife of Mr. Mohan Kala (who was a connected person) was deemed to be a "connected person", by virtue of Regulation 2(h)(viii) of the PIT Regulations, 1992, which read as follows:

    2(h) "person is deemed to be a connected person", if such person-
    (i) is a company under the same management or group, … …
    …….
    (viii) relatives of the connected person; …"

13. It was further observed that Ms. Asha Kala was also a promoter of the Company. She was in-charge of the administrative work of Sharon at its corporate office, as acknowledged by her in her statement recorded before SEBI. In view of the above, Ms. Asha Kala was expected to have access to UPSI w.r.t financial results of Sharon for quarter ending December 2014 by virtue of her role in the Company as well as through her husband, Mr. Mohan Kala.

Bharat Mohanlal Mehta (Noticee 1)

14. Mr. Bharat Mohanlal Mehta (Mr. Bharat Mehta) and Ms. Asha Kala were directors at Valee Developers Private Limited (hereinafter referred as "**Valee**") during the Investigation period, as acknowledged by them in their recorded statement to SEBI. Also, Bharat Mehta submitted in his statement to SEBI that he was the trustee of a club 'The Andheri Recreation Club' where Mr. Mohan Kala was a patron member and Ms. Asha Kala was designated as a nominee member of the club by her husband, Mr. Mohan Kala. Further, upon perusal of bank statements of Bharat Mehta, It was observed that an amount of Rs.59 Lakh was transferred to account of Ms. Asha Kala on March 27, 2015. Further, the registered address of Valee, as per MCA website, was Sharon House, Plot No. 163, Park Street, Smt. Janakidevi Public School Road, SVP Nagar, Andheri, Mumbai, which was same as the address of the corporate office of Sharon, as mentioned in Sharon's Annual Report for the FY 2014-15. Hence, it was evident that UPSI with respect to financial results of Sharon was accessible to Bharat Mehta.

Lalita Bharat Mehta (Noticee 2)

15. Ms. Lalita Bharat Mehta (Ms. Lalita Mehta), who is wife of Bharat Mehta, was an "insider" of the Company, in terms of Regulation 2(e)(ii) of the PIT Regulations, 1992, since she had access to UPSI through her husband, Mr. Bharat Mehta.

Impressive Trading Pvt. Ltd. (Noticee 3), Sovin Trading Pvt. Ltd. (Noticee 4), Sunrath Trading Pvt. Ltd. (Noticee 5), Sachin Sudam Choudhary (Noticee 6) and Pankaj Kamlesh Chandola (Noticee 7)

16. It was found that three entities, viz. Impressive Trading Pvt. Ltd (hereinafter referred to as "**Impressive**"), Sovin Trading Pvt. Ltd (hereinafter referred to as "**Sovin**") and Sunrath Trading Pvt. Ltd (hereinafter referred as "**Sunrath**"), which were directly /indirectly related to Sharon, had traded in the scrip of Sharon during the Investigation Period.

17. The major shareholders of Impressive, Sovin and Sunrath were Krishandev Harshdev Bahuguna (‘Krishandev’), Anjalidevi Krishandev Bahuguna (‘Anjalidevi’), Inderdev Harshdev Bahuguna (‘Inderdev’) and Late Roshnidevi Harshdev Bahuguna (‘Roshnidevi’), who were relatives of Ms. Asha Kala. Krishnadev, Anjalidevi, Inderdev and Roshnidevi had stated that Impressive, Sovin and Sunrath were in the business of sale and purchase of Pharmaceutical & Chemical products with Sharon. On perusal of Annual Returns filed by Impressive, Sovin, Sunrath with MCA and their emails dated December 23, 2020, the following was observed:

Sl. No.	Entity	**Name of shareholders**	**Relation with promoters/ KMP of Sharon**
1	Impressive	Anjalidevi Krishandev Bahuguna Roshnidevi Harshdev Bahuguna* **Sachin Sudam Choudhary** Manoj Harish Balsara	1. Roshanidevi Harshdev Bahuguna is mother of Ms. Asha Mohan Kala (promoter of Sharon for FY 2014-15 and wife of Mr. Mohan Kala, who was non-executive director and CFO of Sharon during the Investigation Period and part of audit committee involved in arriving at financial results for QE December 31, 2014.) 2. Anjalidevi Krishandev Bahuguna is sister-in-law of Ms. Asha Mohan Kala. 3. Inderdev Harshdev Bahuguna and Krishandev Harshdev Bahuguna are brothers of Ms. Asha Mohan Kala
2	Sovin	Inderdev Harshdev Bahuguna Roshnidevi Harshdev Bahuguna **Sachin Sudam Choudhary** Manoj Harish Balsara Kamlesh Kant Chandola**	
3	Sunrath	Inderdev Harshdev Bahuguna Krishandev Harshdev Bahuguna **Pankaj Kamlesh Chandola** Hemant Kamlesh Chandola	

*As per death certificate, Roshanidevi Harshdev Bahuguna expired on June 11, 2020.
**Mr. Kamlesh Kant Chandola is father of Pankaj Kamlesh Chandola (as per submission made by Pankaj Chandola vide his statement recording)

18. Further, Impressive and Sovin in their submissions dated June 22, 2016 and June 20, 2016 respectively to SEBI stated that two of their directors, viz. Sachin Sudam Chaudhary and Manoj Balsara, were directors in both Impressive and Sovin and they had got a business relationship with Sunrath as it was one of their customers since 2005. Also, both Impressive and Sovin submitted that they had got business relationship with Sharon as Sharon was their customer and they were selling material to Sharon since 1997. Further, Sunrath vide letter dated June 25, 2016 submitted that it was selling material to Impressive and Sovin and also purchased material from Sharon.

19. Bharat Mehta (Noticee 1) and Lalita Mehta (Noticee 2) vide letters dated June 15, 2016 submitted that they had lent a sum of Rs.5 Lakh to Sovin and Sunrath respectively in year 2006-07 and the same was repaid to them in March, 2015.

20. It was noted that a Sales Tax notice was issued against Sharon on January 18, 2016, for allegedly engaging in fictitious trading activities. The said notice further alleged that as per public domain searches, Impressive, Sovin, Sunrath and Valee were held under the directorship/shareholding of Sharon's employees, directors, promoters, their relatives and others. As per the notice, companies were set up in the names of employees/relatives as Directors/Shareholders and fictitious purchase/sales transactions were executed with Sharon. According to the said notice, though there was no movement of goods, funds were transferred amongst these companies and the stock statements submitted to lenders were also inflated. The sale tax department had reported 18 such companies in their notice, which included names of Impressive, Sovin, Sunrath and Valee. The notice further mentioned that during the search of office at Plot No. 163, Park Street, S.V.P. Nagar, Mhada, Andheri (W), Mumbai-400053, it was found that various firms, which included Impressive, Sovin, Sunrath and Valee, were doing trading activities and operated from the said premises. Impressive, Sovin, Sunrath and Valee were, therefore, found to be under the same management or group as Sharon, and accordingly, were deemed to be connected to Sharon, in terms of Regulation 2(h)(i) of the PIT Regulations, 1992.

21. From the close relation between Krishnadev, Anjalidevi, Inderdev and Roshnidevi (shareholders of Impressive, Sovin and Sunrath) and Ms. Asha Kala, it is evident that Krishnadev, Anjalidevi, Inderdev and Roshnidevi had access to the UPSI w.r.t. financial results of Sharon for the quarter ending December 2014 through Ms. Asha Kala. Further, Impressive, Sovin and Sunrath had business relations with Sharon and Bharat Mehta and Lalita Mehta had money transactions with Sovin and Sunrath. All the above indicated that Impressive, Sovin and Sunrath had access to the UPSI through their shareholders and had connection with Bharat Mehta and Lalita Mehta.

22. Impressive and Sovin vide emails dated January 27, 2021 respectively submitted to SEBI that with regard to sale of shares of Sharon by Impressive and Sovin during December 01, 2014 to February 15, 2015, Mr. Sachin Sudam Choudhary (Mr. Sachin Choudhary), Director of Impressive and Sovin, was the authorized person to take decisions. Further, Sunrath vide email dated January 27, 2021 submitted that Mr. Pankaj Kamlesh Chandola (Mr. Pankaj Chandola) was authorized by Sunrath to take decisions for trading in the scrip of Sharon. Since Ms. Asha Kala's relatives (viz. Krishnadev, Anjalidevi, Inderdev and Roshnidevi) were shareholders in Impressive, Sovin and Sunrath, it is evident that Mr. Sachin Choudhary and Mr. Pankaj Chandola had access to UPSI of Sharon.

23. It was further noted that Sachin Choudhary and Pankaj Chandola had worked as employees of Sharon. As per statement of Sachin Choudhary (director of Impressive and Sovin) to SEBI, he worked with Sharon as an accounts executive from 2007 to 2010. As per statement of Pankaj Chandola (director of Sunrath) to SEBI, he worked with Sharon as marketing executive from June 2011 to September 2018. The details of their employment with Sharon, as submitted by Sharon vide email dated January 14, 2021 are as under:

Sl. No.	Full Name	Tenure of employment with Sharon Bio- Medicine Limited (From – To)	Designation	Activities required to do as part of his job
1	Sachin Choudhary (Director of Impressive and Sovin)	01 Dec 2007 - 30 Apr 2011	Accounts Executive	Finance & Accounts
2	Pankaj Chandola (Director of Sunrath)	01 May 2011 - 09 Aug 2018	Senior Executive	Marketing (API Domestic)

24. The above observation further indicated that Mr. Sachin Choudhary and Mr. Pankaj Chandola, who were directors of Impressive, Sovin and Sunrath and were the authorized persons to trade in the scrip of Sharon on their behalf, had access to UPSI.

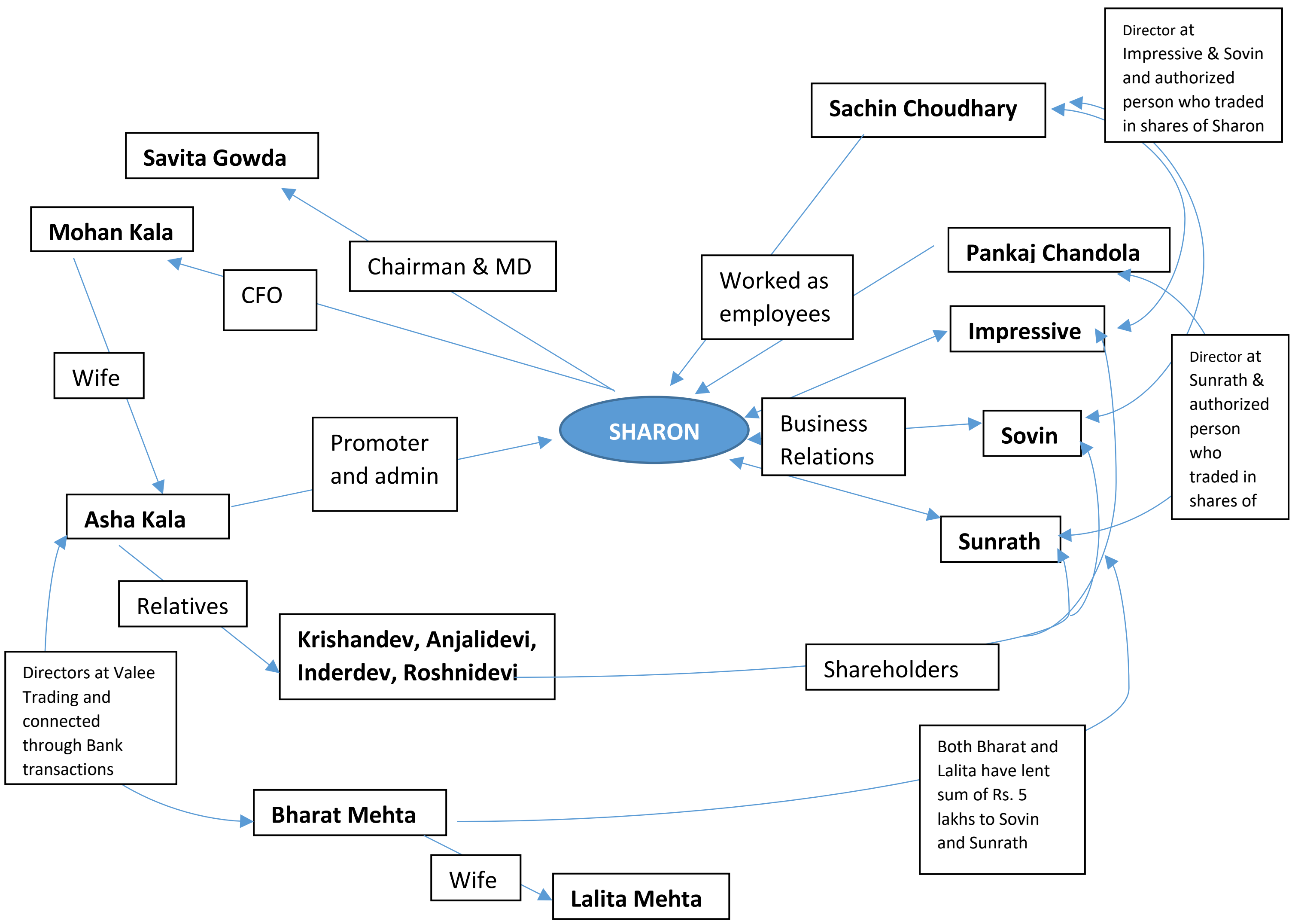
25. In view of the above observations, it was evident that Noticees viz. Impressive, Sovin, Sunrath, Sachin Choudhary (authorized person of Impressive and Sovin), Pankaj Chandola (authorized person of Sunrath), Bharat Mehta and Lalita Mehta, being insiders in terms of Regulation 2(e)(i) & (ii) of the PIT Regulations, 1992, had access to UPSI with respect to financial results of Sharon for quarter ending December 2014. All these entities had traded in the scrip of Sharon based on the said UPSI.

26. A summary of the connection between the alleged insiders and Sharon is as under:

Sl. No.	Name of entity	Connection
1	Impressive Trading Private Limited	a) Relatives of Asha Mohan Kala are major shareholders b) Employee of Sharon (Sachin Choudhary) is the director c) Entity no 1 & 2 have common directors d) Referred in sales tax notice dated January 18, 2016 as party under Sharon's management control.
2	Sovin Trading Private Limited	a) Relatives of Asha Mohan Kala are major shareholders b) Employee of Sharon (Sachin Choudhary) is the director

<table>
<tr><th>Sl. No.</th><th>Name of entity</th><th>Connection</th></tr>
<tr><td></td><td></td><td>c) Had Fund transfer with Entity No. 6 (Bharat Mehta)
d) Referred in sales tax notice dated January 18, 2016 as party under Sharon’s management control.</td></tr>
<tr><td>3</td><td>Sunrath Trading Private Limited</td><td>a) Relatives of Asha Mohan Kala are major shareholders
b) Employees of Sharon (Pankaj Chandola) is the director
c) Had fund transfer with entity no.7 (Lalita Mehta)
d) Referred in sales tax notice dated January 18, 2016 as party under Sharon’s management control.</td></tr>
<tr><td>4</td><td>Sachin Sudam Choudhary</td><td>a) Director of Impressive and Sovin
b) Worked as employee at Sharon
c) Relatives of Asha Mohan Kala are shareholders of Impressive and Sovin
d) Authorized to trade in shares of Sharon on behalf of Impressive and Sovin</td></tr>
<tr><td>5</td><td>Pankaj Kamlesh Chandola</td><td>a) Director of Sunrath
b) Worked as employee of Sharon
c) Relatives of Asha Mohan Kala are shareholders of Sunrath
d) Authorized to trade in shares of Sharon on behalf of Sunrath</td></tr>
<tr><td>6</td><td>Bharat Mohanlal Mehta</td><td rowspan="2">a) Entities no. 6 and 7 are spouses.
b) Entity no 6 and Asha Mohan Kala were directors at Valee Developers Private Limited (“Valee”) during IP.
Registered address of Valee, as per MCA Website is Sharon House, Plot No. 163, Park Street, Smt. Janakidevi Public School Road, SVP Nagar, Andheri, Mumbai, which is same as the address of the corporate office of Sharon, as mentioned in Sharon's Annual Report for year 2014-15.
c) Valee was referred in sales tax notice dated January 18, 2016 as party under Sharon’s management control.
d) Entity no. 4 lent a sum of Rs. 5 Lakh to entity no. 2 in the year 2006-07.
e) Entity no. 5 lent a sum of Rs. 5 Lakh to entity no. 3 in the year 2006-07.</td></tr>
<tr><td>7</td><td>Lalita Bharat Mehta</td></tr>
</table>

Connection flow chart among entities involved



Trading by the Noticees and unlawful gains/loss avoided

27. The Price Volume data in the scrip of Sharon on BSE for pre, during and post IP is given below:

Period	Dates	FV (Rs.2)	Opening Price & volume on first day of the period (Rs.)	Closing price & volume on last day of the period (Rs.)	Low price (Rs.) & volume during the period	High Price (Rs.) & volume during the period	Avg. no. of shares traded daily during the period
Before Investigation period	(01/08/2014-31/08/2014)	Price	75.3	70.55	68.9 (12/08/2014)	83.3 (06/08/2014)	1,82,082
		Vol	1,39,785	87,480	60,803 (19/08/2014)	6,07,812 (05/08/2014)	
During Investigation period	(01/09/2014-15/02/2015)	Price	74.95	22.95	22.55 (12/02/2015)	90.2 (15/09/2014)	3,02,018
		Vol	83,690	2,83,074	18,707 (23/10/2014)	11,41,433 (24/12/2014)	
After Investigation period	(16/02/2015-31/03/2015)	Price	22.1	17.95	15.4 (27/02/2015)	26.65 (13/03/2015)	3,59,318
		Vol	93,927	5,45,928	11,628 (04/03/2015)	18,42,267 (12/03/2015)	

28. The Price Volume data of the scrip of Sharon on NSE for pre, during and post IP is as follows:

Period	Dates	FV (Rs.2)	Opening Price & volume on first day of the period (Rs.)	Closing price & volume on last day of the period (Rs.)	Low price (Rs.) & volume during the period	High Price (Rs.) & volume during the period	Avg. no. of shares traded daily during the period
Before Investigation period	(01/08/2014-31/08/2014)	Price	75	70.9	68.6 (12/08/2014)	83.4 (05/08/2014)	5,18,929
		Vol	4,56,987	1,39,839	139839 (28/08/2014)	15,24,953 (05/08/2014)	
During Investigation period	(01/09/2014-15/02/2015)	Price	73.1	22.85	22.5 (12/02/2015) (13/02/2015)	90.35 (15/09/2014)	7,31,197
		Vol	2,27,180	7,65,412	61593 (23/10/2014)	26,58,539 (31/10/2014)	
After investigation period	(16/02/2015-31/03/2015)	Price	23	18	15.6 (27/02/2015)	26.45 (13/03/2015)	8,91,077
		Vol	3,38,920	11,36,082	45,721 (04/03/2015)	32,28,215 (30/03/2015)	

29. As Sharon had reported a loss in its Quarterly results ending December, 2014, the UPSI was considered to be negative and hence, the unlawful losses avoided by the entities were calculated as under:

Unlawful loss avoided (in case of negative news) = (No. of shares sold while in possession of UPSI X weighted average sale price) less (No. of shares sold while in possession of UPSI X Closing price on the day of UPSI becoming public). (The lower of closing prices on BSE and NSE was considered as closing price for computation of unlawful loss avoided.)

30. The closing price of the scrip of Sharon on February 16, 2015 at NSE was Rs.21.75. Accordingly, the notional losses avoided by the Noticees by trading in the scrip of Sharon while being in possession of / on the basis of UPSI are as under:

Sl. No.	**Noticee**	**No. of Shares sold while in possession of UPSI (A)**	**Weighted average sale price (In Rs.) (B)**	**Notional Loss avoided (A X B)–(A X Rs.21.75) (amount rounded off) (In Rs.)**
1.	Bharat Mohanlal Mehta	2,91,912	24.52	8,08,596
2.	Lalita Bharat Mehta	3,16,630	25.40	11,55,700
3.	Impressive Trading Private Limited	30,61,185	45.24	7,19,07,236
4.	Sovin trading Private Limited	54,02,824	34.75	7,02,36,712
5.	Sunrath trading Private Limited	26,72,685	34.25	3,34,08,563

31. It was noted that Impressive, Sovin and Sunrath sold heavily in the scrip of Sharon during the UPSI period. From the trading details, it was observed that their major concentration was in the scrip of Sharon. Similarly, Bharat Mehta and Lalita sold shares of Sharon in the UPSI period. They did not trade in the scrip of Sharon during 6 months before UPSI period. It is also observed from their trading details that during the UPSI period, their 100% concentration was in the scrip of Sharon.

32. The trading pattern of Impressive, Sovin, Sunrath, Bharat Mehta, Lalita Mehta vis-à-vis price/volume movement in the scrip prior to UPSI period, corporate announcements, financial results of Sharon, loss averted, reasons stated by them for trading in the scrip of Sharon and the close connection among Bharat Mehta, Lalita Mehta, major shareholders of Impressive, Sunrath, Sovin, and Ms. Asha Kala, made it evident that the trading by these parties in the scrip of Sharon could have been done only while in possession of UPSI. Therefore, it was alleged that Lalita and Bharat had violated Section 12A(d) and (e) of SEBI Act, 1992 and Regulations 3(i) & 4 of PIT Regulations, 1992 read with Regulation 12 of PIT Regulations, 2015 and Impressive, Sunrath, Sovin violated Section 12A(d) and (e) of SEBI Act, 1992 and Regulations 3(i), 3A & 4 of PIT Regulations, 1992 read with Regulation 12 of PIT Regulations, 2015, by trading while in possession of UPSI.

33. It was further alleged that Anjalidevi, Late Roshnidevi, Inderdev and Krishandev (major shareholders of Impressive, Sovin, Sunrath), being insiders, had communicated the UPSI to persons authorised for trading in the scrip of Sharon during IP (i.e. Sachin Choudhary and Pankaj Chandola), who then traded on behalf of Impressive, Sovin and Sunrath respectively, while in possession of UPSI. Sachin Choudhary and Pankaj Chandola had therefore allegedly violated Section 12A(d) and (e) of SEBI Act, 1992 and Regulations 3(i) & 4 of PIT Regulations, 1992 read with Regulation 12 of the PIT Regulations, 2015 by trading on behalf of Impressive, Sovin and Sunrath respectively, while in possession of UPSI.

Disclosure related violation

34. During investigation, it was observed that Sovin and Sunrath had failed to make disclosures, as required under Regulation 13(3) of the SEBI PIT Regulations, 1992, which provided that "*Any person who holds more that 5% shares for voting rights in any listed company shall disclose to the company in Form C the number of shares or voting rights held and change in shareholding or voting rights, even if such change results in shareholding falling below 5%, if there has been change in such holdings from the last disclosure made under sub-regulation (1) or under this*

sub-regulation; and such change exceeds 2% of total shareholding or voting rights in the company." It was alleged that Sovin and Sunrath had failed to make the required disclosures even though their shareholding in Sharon had changed by more than 2% during Quarter ended December 2014.

35. In view of the above, SEBI issued a common Show Cause Notice dated October 08, 2021 (hereinafter referred to as "**SCN**") to the Noticees calling upon them to show cause as to why suitable directions, under Sections 11 (1), 11(4) and 11B(1) of SEBI Act, 1992 should not be issued against them for the alleged violations mentioned above. Further, Bharat Mehta (Noticee 1), Lalita Mehta (Noticee 2), Impressive (Noticee 3), Sovin (Noticee 4) and Sunrath (Noticee 5) were called upon show cause as to why any directions for disgorgement of wrongful loss averted, should not be issued against them.

36. Further, Bharat Mehta (Noticee no. 1), Lalita Mehta (Noticee no. 2), Impressive, Sovin, Sunrath (Noticee no. 3, 4, 5), Sachin Choudhary (Noticee no. 6) and Pankaj Chandola (Noticee no. 7) were called upon to show cause as to why suitable directions for imposing monetary penalty should not be issued againt the Noticees under Section 15G read with Section 11(4A) and 11B(2) of the SEBI Act, 1992 and SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 for the alleged violations mentioned above.

37. Further, Sovin (Noticee No. 4) and Sunrath (Noticee No. 5) were called upon to show cause as to why suitable directions for imposing monetary penalty should not be imposed on the Noticees under Section 15A(b) read with Section 11(4A) and 11B(2) of the SEBI Act and SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 for the alleged violations mentioned above.

Replies and Personal Hearing:

38. The SCN was duly served on the Noticees. In response to the same, the Noticees have submitted their individual replies dated July 21, 2022, which are more or less on the same lines. The Noticees were provided with an opportunity of personal hearing by scheduling the same on July 22, 2022. The Noticees attended the said personal hearing through their authorized representatives and made oral submissions.

39. The Noticees vide their respective replies dated July 21, 2022 have *submitted inter alia* the following:

(a) The trades alleged in the SCN were from November 2014 onwards and SEBI for the first time, vide its Summons dated May 25, 2016 had sought information regarding the present matter from Sharon. However, the SCN came to be issued on October 08, 2021 i.e. with an inordinate delay of more than 5 years and is therefore liable to be disposed of on this ground alone. Because of said delay, grave prejudice has been caused to the Noticees, as shares have been sold by them almost 8 years ago and now it is difficult to justify the genuineness of the trades along with the fact that the Noticees were not in possession of any alleged UPSI.

(b) It has not been shown in the SCN as to how the Noticees were "insiders" or "connected persons" or "deemed to be connected person".

(c) The SCN, merely on the basis that Ms. Lalita Mehta is the wife of Mr. Bharat Mehta, has alleged that she is deemed to be connected to the Company. By no stretch of imagination, she can be deemed to be connected person in terms of Regulation 2(h) of the PIT Regulations.

(d) Ms. Lalita Mehta was merely a shareholder of Sharon and had acquired / purchased the shares of Sharon in the year 2006.

(e) The transfer of Rs.5,00,000 from Lalita Mehta to Sunrath was a loan in 2006-07 which was later repaid with interest in March 2015. The same had nothing to do with Lalita Mehta's trading in the scrip of Sharon.

(f) In the course of limited interaction with Mr. Mohan Kala and Ms. Asha Kala, the Noticees Mr. Bharat Mehta and Ms. Lalita Mehta never received any information relating to financial results of Sharon for Quarter ending December 2014.

(g) The allegation in the SCN that Impressive, Sovin and Sunrath had access to the UPSI has been made on the basis that the promoters/shareholders of the said Noticees, viz. Krishnadev, Anjalidevi and Inderdev had access to the UPSI with respect to financial results of Sharon for quarter ending December 2014 on account of being relatives of Ms. Asha Kala as well as on the basis that the said Noticees had business relations with Sharon. However, such allegations in the SCN are not backed by any concrete document or evidence but merely based on surmises, conjectures and farfetched connection with Mrs. Asha Kala.

(h) SEBI cannot rely upon a letter relating to Stock Status of Sharon issued by Sales Tax Department to certain Banks to come to a finding that Impressive, Sovin and Sunrath were companies under the same management as Sharon. The dispute was between the sales tax department and Sharon and the said Noticees as third parties cannot be bound by the observations made by the Sales Tax Department. The SCN itself states as to who the promoters and directors of the said Noticees were, which admittedly are not the directors and promoters of Sharon. Such farfetched connections cannot be relied upon by SEBI to infer that the said three Noticees had access to the alleged UPSI.

(i) It is denied that Impressive, Sovin had any access to the financial results of Sharon for the quarter ending December 2014 or of any other period in relation to Sharon. Impressive, Sovin and Sunrath were merely shareholders of Sharon. Impressive had acquired 3,37,175 shares in 2004-5, Sovin had acquired 1,70,050 shares in 2004-05 and Sunrath had acquired 18,500 shares in 1995-96. Sovin further acquired 24,820 shares in 2005-06. Likewise, Sunrath further acquired 18,500 shares in 1995-96; 3,77,415 shares in 1998-99 and 24,660 shares in 2005-06. The shareholding further increased post stock split and bonus issue by Sharon. As on November 20, 2014, Impressive held 43,75,574 shares. As on December 09, 2014, Sovin held 65,86,486 shares of Sharon. As on December 05, 2014, Sunrath held 61,76,970 shares.

(j) It is further denied that Sovin and Sunrath were related or connected to Mr. Bharat Mohanlal Mehta and Ms. Lalita Bharat Mehta. The said Noticees had merely taken a loan of Rs. 5,00,000/- each from Mr. Bharat Mehta and Ms. Lalita Mehta in the year 2006-07 which was later repaid in March 2015.

(k) As per the documents made available to Sovin, Mr. Mohan Kala was the CFO of Sharon only till Financial Year 2012-13 and not thereafter. He was merely non-Executive Director until he resigned on December 31, 2015. Therefore, it cannot be alleged that Mr. Mohan Kala had access to financial results of Sharon for the quarter ending December 2014 before the board meeting held on February 14, 2015 and thus further it cannot be alleged that Ms. Asha Kala was in possession or had access to the same. Once it is established that Ms. Asha Kala did not have any UPSI in her possession, she could not have transmitted the same to the shareholders of Sovin. Further, it has not been alleged in the SCN that the said shareholders of Sovin transmitted the alleged UPSI to Mr. Pankaj Chandola.

(l) If at all Mr. Mohan Kala and Asha Kala were in possession of any alleged UPSI, they themselves would have sold shares of Sharon during the alleged UPSI period when the prevailing price of shares of Sharon was Rs.90. However, no shares of Sharon were sold by them during the alleged UPSI period. The only shares sold by Mrs. Asha Kala during the alleged UPSI period were those shares wherein Axis Bank Ltd. had invoked the pledge and sold shares of Sharon held in the name of Mrs. Asha Kala. The said invocation of pledge by Axis Bank Ltd. was disclosed on the stock exchanges on December 26, 2014. The SCN fails to establish as to how Sovin had access to the alleged UPSI or was in possession of the alleged UPSI while it traded in the scrip of UPSI.

(m) Merely the fact that Mr. Bharat Mehta was a common director of Valee with Mrs. Asha Kala would not mean that Mrs. Asha Kala had passed on information regarding financials of Sharon to Mr. Bharat Mehta. Whether or not, Mrs. Asha kala had access to alleged UPSI is a different question.

(n) The fund transfer to Mrs. Asha Kala by Bharat Mehta was nothing but a friendly loan, which was later repaid in September 2015.

(o) The common address of Valee Developers with corporate office of Sharon does not mean anything else.

(p) A large fire had occurred in one of the API and intermediate plant of Sharon on June 03, 2014 wherein there were huge losses of stock, material and capital (as per announcement made by Sharon on the Stock Exchange on June 04, 2014) and therefore, it was already in public forum that the Company i.e. Sharon might report loss in the next quarter because of such incident. As per Letter dated July 27, 2016 sent by Sharon to SEBI, it was on January 28, 2015 that various accounting data was collected by the accounts department of Sharon for compilation and it was on February 07, 2015 that the said compiled data was sent to the auditor for Limited Review. The finalization (limited review) of the financial results on the basis of audit observations was done on February 12, 2015 which was later placed before the audit committee of Sharon on February 13, 2015. From the same, it can be inferred that the UPSI began only on February 13, 2015 and not before that. As per the SCN, the UPSI began on September 01, 2014, which is incorrect. It is clear that the selling of shares of Sharon by Noticees was before the correct UPSI came into existence, therefore the Noticees cannot be alleged to have traded in the shares of Sharon during UPSI period (whether being an "insider" or not).

(q) As the prices of shares of Sharon were continuously declining (from Rs.90 on September 15, 2014 to Rs.26 on January 22, 2015), Lalita Mehta, on the advice of certain friends of her husband, decided to sell her shareholding in Sharon in February 2015.

(r) Other Noticees had also decided to sell shares due to falling prices.

(s) During November 2014, 1,25,000 shares of Sharon pledged by Impressive were sold by SICOM against loan taken. Therefore, Impressive sold the shares of Sharon during the Investigation Period as the news regarding the downfall in price of shares was widely publicized. In fact, Impressive purchased 1,00,000 shares of Sharon on February 23, 2015 i.e. post the financial results for December 2014 were disclosed on the exchange. In the FY 2017-18, Impressive bought 4,85,161 shares of Sharon at Rs.7.26 per share and sold them at Rs.4.34 per share (at a loss of Rs.2.92 per share).

(t) Sovin decided to sell the shares of Sharon (during the investigation period), as during November 2014, 1,25,000 shares of Sharon pledged by Impressive Trading Pvt. Ltd. were sold by SICOM against the loan taken by them. As the news regarding the downfall in the price of shares of Sharon was widely publicized and it was in public domain that the price on the scrip would fall further, along with the fact that Sovin being under the same management as Impressive, Mr. Sachin Choudhary decided to sell the shares of Sharon to reduce the possible losses and accordingly sold Sovin's shareholding in Sharon during December 2014. Sovin only sold 54,02,824 shares of Sharon out of total 65,86,486 shares held by it. In fact, it had purchased 4,21,033 shares of Sharon (on 16th, 17th & 18th December, 2014 i.e. during the alleged UPSI Period). During the year 2013-14, Sovin purchased 14,33,756 shares of Sharon at an average price of Rs. 49.55 and sold the same at an average price of Rs. 48.23 per share.

(u) Further, post the financial results for the quarter ended December 2014 were disclosed on the stock exchange platform, Sovin purchased 1,00,000 shares of Sharon on February 23, 2015, which further justifies selling of shares by Sovin during the time the price of the shares was continuously declining. If Sovin had access to any UPSI, then it would have not bought more shares of Sharon and would have sold more shares during the alleged UPSI period. Further, the SCN fails to show / demonstrate as to how Sovin has violated Regulation 3(i) and 4 of PIT Regulations, 1992.

(v) If Noticees had access to alleged UPSI, they would have sold shares on September 15, 2014 itself when the prevailing price of a share was around Rs.90.

(w) If Sovin had access to the alleged UPSI (based on the alleged farfetched connection with Ms. Asha Kala), the said access would have been from September 01, 2014 at which time the price of the shares of Sharon was around Rs.75 per share and if Sovin had sold 26,72,685 shares, it would have realized Rs.40,52,11,800/- which is Rs. 21,74,63,666/- more than what it actually realized (i.e. 18,77,48,134/-). The fact that Sovin sold shares of Sharon at an average price of Rs.34.75 per share and not around Rs. 90 (on September 15, 2014) further proves that it had no access to or was not in possession of any alleged UPSI regarding financial of Sharon for quarter ending December 2014. Further, during 2017-18, Sovin purchased 3,65,630 shares of Sharon at an average price of Rs. 7.13 per share and sold the same at Rs. 2.91 per share (at a loss of Rs. 4.22 per share).

(x) Similar to the above, If Sunrath had access to the alleged UPSI and had sold 26,72,685 shares at Rs.75 per share, it would have realized Rs. 10,89,11,914 more than what it actually realized. Further, during 2017-18, Sunrath purchased 3,18,634 shares of Sharon at an average price of Rs. 21.94 per share and sold the same at Rs. 20.38 per share (at a loss of Rs. 1.56 per share). Likewise, Impressive and Bharat Mehta would have made Rs.9,11,00,866 and Rs.1,47,11,200 respectively more than what they actually made.

(y) Bharat Mehta sold 1,86,098 shares of Sharon on March 13, 2015 (i.e. post the UPSI Period) at an average price of Rs.26.35 per share, which was more than the price at which he sold shares during alleged UPSI Period.

(z) Without prejudice to the above, in any event if it is held that Noticees were in possession of UPSI and had sold share of Sharon during the UPSI period violating Regulation 3(1) of PIT Regulations, 1992, the alleged averted loss per share should be calculated by taking the closing price of shares of Sharon on February 13, 2015 (i.e. Rs.22.85) minus the closing price on February 16, 2015 (i.e. Rs.21.75) on NSE. The aforesaid amount comes to Rs. 1.10 per share.

(aa) As regards Mr. Sachin Sudam Choudhary and Mr. Pankaj Kamlesh Chandola, the SCN has been issued on the ground that the said Noticees were directors and authorized persons of Impressive, Sovin and Sunrath to take decision for trading in the scrip of Sharon. However, the SCN does not indicate and is completely vague / silent as to what provisions of law have been violated by them. Merely by stating that the said Noticees were authorized to trade in the scrip or were employees of Sharon cannot imply to mean that they were in possession of any alleged UPSI. The said Noticees were involved with the marketing team of Sharon and not accounts.

(bb) The Noticees place reliance on various judicial pronouncements including the order of the Hon'ble Supreme Court in the matter of Balram Garg vs. SEBI.

40. Vide email dated April 18, 2023, the Noticees, through their advocates, were advised to submit additional written submissions, if any. The Noticees' advocates replied that the Noticees did not wish to make any additional submissions.

Consideration of issues and findings:

41. I have examined the facts of the case, the allegations in the SCN, the replies submitted by the Noticees as well as other material available on record.

42. At the outset, I note that in a separate enforcement proceeding initiated against past directors of Sharon, SEBI has found *inter alia* that the Company's financial statements for the period April 2011 to March 31, 2017 were manipulated and contained misrepresentations, which also covered the period of the fire incident and the subsequent UPSI Period referred to in this Order. It was found that the fixed assets of the Company reflected in Fixed Asset Schedule in financials for FY 2013-14, 2014-15 and 2015-16 were overstated. The details of the said findings are provided in the SEBI Order bearing no. WTM/ASB/CFID/CFID/26926/2023-24 dated May 31, 2023. However, since this matter pertains to allegations of insider trading by entities connected to the promoters / directors of Sharon, this Order has only dealt with the events referred to in the SCN and has not delved into other aspects covered by the Order dated May 31, 2023. I now proceed to decide the issues at hand.

43. The first issue to be decided is what should be considered as the UPSI Period. The SCN has alleged the UPSI period to be from September 01, 2014 to February 15, 2015. As per announcement made by Sharon on the Stock Exchange on June 04, 2014, a large fire had occurred in one of the plants of Sharon on June 03, 2014 wherein there were huge losses of stock, material and capital. The Noticees have contended that the news about the fire incident was already in public domain due to which the Company was expected to report losses in December 2014 quarter. The Noticees have contended that as per submissions of Sharon to SEBI, various accounting data was collected by the accounts department of Sharon on January 28, 2015 for compilation and the said compiled data was sent to the auditor for Limited Review on February 07, 2015, which was later finalized (limited review) on the basis of audit observations on February 12, 2015 and placed before the audit committee of Sharon on February 13, 2015. Thus, according to the Noticees, the UPSI can be said to have originated only on February 13, 2015 and not before that.

44. In this regard, I am of the opinion that periodical financial results of the Company, which are considered as "price sensitive information" in terms of Regulation 2(ha) of the PIT Regulations, 1992 not only include 'periodical financial results' but also any other information or news which has a material bearing on such periodical financial results. I note from Annexure-6 to the SCN containing statement dated February 22, 2021 of Mr. Mohan Kala to SEBI that the Company's products started getting rejected from September 2014 onwards by some customers citing poor quality. I note that though the news about the fire incident at the Company's plant in June 2014 had already come in public domain, the fact that the products of the Company started getting rejected from September 2014 onwards was material price sensitive information which was not available in the public domain. In fact, the Company, in its disclosures to the exchanges on June 04, 2014 had declared that *"All the stock, Material and Capital Assets have been adequately insured. The Company has also taken the loss of Profit policy on this plant."* Thus, the Noticees' contention that loss was already expected for the December 2014 Quarter due to the fire incident cannot be accepted. Considering the same, I agree with the findings of the investigation that the UPSI came into existence on September 01,

2014. Accordingly, I do not find merit in the submissions of the Noticees in this regard.

45. The next issue to be decided is whether the Noticees can be considered as "connected persons" or "deemed to be connected persons" or "insiders" in terms of the provisions of PIT Regulations, 1992.

46. I note that the SCN alleges that Bharat Mehta and Lalita Mehta were insiders of Sharon. The said inference has been drawn based on the direct / indirect connection the said Noticees had with Mr. Mohan Kala and Mrs. Asha Mohan Kala, who are alleged to be insiders of Sharon. I note that Mr. Mohan Kala was the CFO as well as a non-executive director of Sharon during the Investigation Period, by virtue of which he automatically became a "connected person" in terms of Regulation 2(c)(i) & (ii) of the PIT Regulations, 1992. Further, I note from Sharon's letter dated June 27, 2016 which is enclosed as Annexure-4 with the SCN, that Mr. Mohan Kala's name was included in the list of persons who were covered by Regulation 2(c) and 2(e) of the PIT Regulations, 1992. It was also mentioned that Mr. Mohan Kala was a member of the Audit Committee and was involved in preparation of financial results for the Quarter ended December 2014. Further, Mr. Mohan Kala in his statement to SEBI recorded on February 22, 2021 has stated – *"There was a team of officials from the company including Mr. Dinesh Sharma and myself, who were involved in the preparation of financial results of company for QE December 2014. On the basis of information collated, I used to finalize the financial results including financial result of QE December 2014."* The same indicates that Mr. Mohan Kala was privy to the information about the Company's products getting rejected from September 2014 onwards. This leads to an inference that Mr. Mohan Kala had access to UPSI and accordingly, he qualified to be an "insider" in terms of Regulation 2(e)(i) &(ii) of the PIT Regulations, 1992.

47. It is noted that some Noticees have contended that Mr. Mohan Kala was the CFO of Sharon only till 2012-13 and thus he did not have access to UPSI. In this regard, it is noted from records that Mr. Mohan Kala vide letter dated August 28, 2014 had

consented to act as the CFO of Sharon and accordingly, Sharon vide Board Resolution passed on the same had had appointed Mr. Mohan Kala as the CFO w.e.f. August 28, 2014. It is further noted from documents available on record that Mr. Mohan Kala had resigned from the post of CFO on May 15, 2015 which was accepted by the board of Sharon on May 23, 2015. It is thus clear that Mr. Mohan Kala was the CFO of Sharon during the Investigation Period. Accordingly, the contention of the Noticees that Mr. Mohan Kala was not the CFO at the relevant time does not sustain.

48. Mrs. Asha Kala, being the wife of Mr. Mohan Kala who was an insider, qualified to be “deemed to be connected person”, in terms of Regulation 2(h)(viii) of the PIT Regulations, since relatives of connected persons are covered within the definition of “deemed to be connected person”. Further, Asha Kala is also one of the promoters of Sharon. She has also acknowledged in her statement to SEBI, which is enclosed as Annexure 7 to the SCN, that she looked after the administrative work of Sharon at its corporate office. Thus, there is a strong preponderance of probability that Ms. Asha Kala also had access to UPSI by virtue of her own position within the Company, apart from access through her husband, Mr. Mohan Kala.

49. Now, it has to be seen whether Bharat Mehta and Lalita Mehta qualified to be “insiders” by virtue of their connection with Mr. Mohan kala and Asha Mohan Kala. As regards connection between Bharat Mehta and Mohan Kala / Asha Mohan Kala, I note the following from records:

(a) Bharat Mehta was a director of Valee Developers Pvt. Ltd. where Ms. Asha Kala was also a director during the investigation period.
(b) The registered office address of Valee was same as that of Sharon.
(c) Bharat Mehta was also connected to Mr. Mohan Kala through ‘The Andheri Recreation Club’ where Mohan Kala was a patron member and Asha Kala was a designated nominee of Mohan Kala.
(d) There was a transfer of Rs.59 Lakh from the bank account of Mr. Bharat Mehta to Ms. Asha Kala on March 27, 2015.

50. Apart from the close connection between Mohan Kala / Asha Kala and Mr. Bharat Mehta, it is further noted from the trading details of Bharat Mehta and Ms. Lalita Mehta, which are enclosed as Annexure-25 to the SCN, that their trades in the securities market during the UPSI Period were limited entirely to the scrip of Sharon and they did not trade in any other scrip within six months prior to or after the UPSI Period.

51. The abovementioned close connections between Bharat Mehta and Mohan Kala / Asha Kala coupled with trading patterns of Mr. Bharat Mehta and Mrs. Lalita Mehta are sufficient to establish a preponderance of probability that Mr. Bharat Mehta was privy to the UPSI pertaining to impending poor financial results of the Company for Quarter ended December 2014 through Mohan Kala and Asha Kala. Further, it is noted from the statement of Ms. Lalita Mehta to SEBI that when she was asked about the reasons for selling shares of Sharon on February 04-05, 2015 (UPSI Period), she stated that she was not aware of the transactions as her husband used to take trading decisions on her behalf. The above facts suggest that Bharat Mehta with his wife, Mrs. Lalita Mehta, had carried out trades in the scrip of Sharon while in possession of and on the basis of said UPSI. Accordingly, it emerges that Mr. Bharat Mehta and Mrs. Lalita Mehta were insiders in term of Regulation 2(e)(ii) of the PIT Regulations, 1992.

52. As regards, Impressive, Sovin and Sunrath, it is noted that these entities are also alleged in the SCN to be "insiders". In this regard, it is noted that some of the shareholders of these private companies are directly related to Mohan Kala / Asha Mohan Kala, who were insiders of Sharon. The details of relationship between certain shareholders of Impressive, Sovin and Sunrath and Mr. Mohan Kala / Mrs. Asha Kala are already provided in the Table under para 17 above. Apart from the above, from the records the following are observed:

(a) Sachin Sudam Chaudhary and Manoj Balsara, are common directors of Impressive and Sovin.
(b) Impressive and Sovin had a business relationship with Sunrath.

(c) Impressive and Sovin also had business relationship with Sharon since 1997.

(d) Bharat Mehta and Lalita Mehta had lent Rs.5,00,000 to Sovin and Sunrath respectively in 2006-07 and the same was repaid to them in March 2015.

(e) The Notice issued by the Sales Tax Department, as detailed in para 20 above, shows a very close connection between Impressive, Sovin and Sunrath, and Sharon. The said Notice has alleged that a number of companies were set up in the names of Sharon's employees, directors, promoters and relatives as directors / shareholders and fictitious transactions were executed with Sharon.

(f) The abovementioned Notice also stated that during a search, Impressive, Sovin Sunrath were found to be operating out of the office of Sharon.

(g) Major shareholders of Impressive, Sovin and Sunrath were relatives of Ms. Asha Kala, who was an insider and had access to UPSI.

(h) Sachin Choudhary (director and authorized person of Impressive and Sovin) and Pankaj Chandola (director and authorized person of Sunrath) were employees of Sharon for different periods. (Refer to Table under para 23 above)

(i) Impressive, Sovin and Sunrath have traded in the scrip of Sharon during the UPSI Period.

53. The above observations show that Impressive, Sovin and Sunrath had a close relationship with Sharon and these entities appear to be under the same management and control as Sharon. Based on the above, Impressive, Sovin and Sunrath qualify as "deemed to be connected persons", in terms of Regulation 2(h)(i) of the PIT Regulations, which provides that a company under the same management is deemed to be a connected person.

54. Apart from the above, the close family relation between some of the shareholders of Impressive, Sovin and Sunrath (viz. Roshni Devi Bahuguna, Anjalidevi Bahuguna and Inderdev Bahuguna) and Mr. Mohan Kala / Asha Kala, as detailed in foregoing paragraphs, lends credence to the inference that these entities, through their shareholders / directors, who were related to Mohan Kala / Asha Mohan Kala (who were insiders of Sharon) were privy to the UPSI of Sharon. It is apparent that Mr. Sachin Sudam Choudhary and Mr. Pankaj Kamlesh Chandola

(shareholders and directors of Impressive, Sovin and Sunrath) who were the authorized persons to take decisions for trading in the scrip of Sharon, had access to UPSI through Late Roshnidevi Harshdev Bahuguna, Anjalidevi Krishnadev Bahuguna and Interdev Harshdev Bahuguna, who were relatives of Ms. Asha Kala. Accordingly, such access to UPSI clearly qualifies them to be insiders, in terms of Regulation 2(e)(ii) of the PIT Regulations. The preponderance of probability suggests that Sachin Choudhary and Pankaj Chandolia had authorized the trades of Impressive, Sovin and Sunrath in the scrip of Sharon while in possession of and on the basis of the UPSI.

55. It is noted that the Noticees have challenged the observations which have been made on the basis of the abovementioned GST Tax Notice. The Noticees have contended that the said Notice is between Sharon and Sales Tax Department and Impressive, Sovin and Sunrath are merely third parties in respect of whom no inference can be drawn.

56. In this regard, I note that the inferences drawn out of the abovementioned GST Notice cannot be dismissed outright. It is noted that while the said Notice may have drawn some inferences which may not be conclusive in nature, the said Notice also records certain facts which cannot be overlooked either. For instance, the said Notice records a fact that during a search, Impressive, Sovin and Sunrath were found to be operating out of the office of Sharon. This is a recording of fact by a Government Agency which cannot be dismissed outright, since the Noticees have failed to produce any record showing that they challenged such assertion. It is also worth noting that Mr. Sachin Choudhary (Director of Impressive and Sovin) and Mr. Pankaj Chandola (Director of Sunrath), who were persons authorized to take decision regarding sale of shares of Sharon, were employed as Account Executive and Senior Executive respectively, with Sharon for different periods. From the above, it emerges that the close connection between Impressive, Sovin and Sunrath and Sharon through Mohan Kala / Asha Kala or otherwise was such that it was reasonably expected to provide the said three Noticees (Impressive, Sovin and Sunrath) and their authorized persons (Sachin Choudhary and Pankaj

Chandola) access to UPSI pertaining to the financial results for the Quarter ended December 2014.

57. Further, it is pertinent to note from the trading details provided in Annexure 25 to the SCN, that more than 99% of trades of Impressive, Sovin and Sunrath in the entire market during the UPSI Period or six months pre and post the UPSI Periods were confined to the scrip of Sharon. The close connection between the said three Noticees with Sharon along with the trading pattern displayed by the said Noticees further lends support to the inference that the said three Noticees had access to UPSI during the UPSI Period, by virtue of which they became insiders in terms of Regulation 2(e)(ii) of the PIT Regulations.

58. I note that all the Noticees have referred to the judgment of the Hon'ble Supreme Court in the matter of *Balram Garg vs. SEBI* [(2022) 9 SCC 425] to contend that SEBI has not been able to prove that they had access to UPSI. However, having considered the judgment in the said Order, I note that it may not be possible in every case to have direct proof of the fact that an entity had access or was reasonably expected to have access to UPSI. In the absence of direct proof, such inference has to be drawn on the basis of preponderance of probability. The Hon'ble SAT in the matter of *Ameen Khwaja & Others Vs. SEBI* (date of Decision: 15.06.2022) has clearly explained the position of law by observing the following:

> *"33. Upon hearing both the sides, in our view, the case essentially rests on its own facts to find out as to whether it can be reasonably expected from the material on record on preponderance of probability that the appellant Ameen Khwaja had access to UPSI.*
>
> *34. The burden of proof of having reasonable expectation of having access to the UPSI is initially no doubt on respondent SEBI. Once the respondent SEBI place material/probabilities then onus to prove shifts to the other side i.e. the appellants to prove otherwise. Since, admittedly, respondent SEBI is required to establish the facts on preponderance of probability and not beyond reasonable doubt, the similar standard of proof would apply to the appellants to shift the onus."*

59. In the instant case, the close relation and connection between the Noticees among themselves and with Sharon / KMPs of Sharon, as detailed above and depicted in through a flow chart under para 26 above, coupled with the fact that they had not traded in any other scrip prior to, during or after the UPSI Period, as already discussed above, gives rise to an inference, on the basis of preponderance of probability, that the Noticees had access or they were reasonably expected to have access to UPSI. I, therefore find that even the order of the Hon'ble Supreme Court in the matter of Balram Garg, does not support the stance of the Noticees. In any case, the facts of Balram Garg case were different from the instant case, since the entities involved in Balram Garg case were estranged, unlike in this case.

60. I note that all the Noticees have also contended that if they really had access to UPSI which allegedly came into existence on September 01, 2014, they would have sold shares around that time itself when the price of the scrip was around Rs.90. In this regard, I note that when the preponderance of probability strongly indicates that the Noticees had access to UPSI, it is immaterial as to when they trade in the scrip during the UPSI Period or whether they made more profit or not. I thus find the submissions of the Noticee in this regard to be unsatisfactory.

61. As it is established that the Noticees were insider of Sharon and had access to UPSI, any trade executed by them during the UPSI Period becomes violative of Regulation 3(i) of the PIT Regulations, 1992 which provides that *"No insider shall 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."* Further, Regulation 4 of the PIT Regulations, 1992 provides that *"Any insider who deals in securities in contravention of regulation 3 or 3A shall be guilty of insider trading."* Similar provisions prohibiting insider trading are there in Section 12A(d) and (e) of the SEBI Act, 1992. Further, Regulation 3A of the PIT Regulation, 1992 provides that *"No company shall deal in the securities of another company or associate of that other company while in possession of any unpublished price sensitive information."* Further, Regulation 12 of the PIT

Regulations, 2015 *inter alia* provides for continuation of obligations and liabilities under provisions of PIT Regulations, 1992 even after repeal of said Regulations.

62. Considering that the Noticees had access to UPSI during the UPSI Period, it is clear that the Noticees by executing the abovementioned trades in the scrip of Sharon while in possession of and on the basis of UPSI had violated the provisions of Regulation 3(i) and 4 of the PIT Regulations, 1992 read with Regulation 12 of PIT Regulations, 2015 and Section 12A(d) & (e) of the SEBI Act, 1992. Additionally, Impressive, Sovin and Sunrath have also violated the provisions of Regulation 3A of the PIT Regulations, 1992.

63. The Noticees 1 to 5, through their trades in the scrip of Sharon while in possession of and on the basis of the UPSI, have averted losses unlawfully. The SCN has calculated such losses unlawfully averted by applying the formula mentioned under para 29 above and the amounts are mentioned in the Table under para 30 above. I note that such calculation has not taken into account 4,21,033 shares of Sharon purchased by Sovin during the UPSI Period. In my view, the same have to be taken into account while calculating the notional losses averted by the Noticees. Therefore, a revised formula ought to be applied, which is:
*Unlawful loss avoided (in case of negative news) = (No. of **net** shares sold while in possession of UPSI X weighted average sale price) less (No. of **net** shares sold while in possession of UPSI X Closing price on the day of UPSI becoming public)*

64. Accordingly, the revised figures of losses unlawfully averted by the Noticees 1 to 5 are as under:

Sl. No.	Noticee	Losses averted (amount rounded off)
1.	Bharat Mohanlal Mehta	Rs. 8,08,596
2.	Lalita Bharat Mehta	Rs. 11,55,700
3.	Impressive Trading Private Limited	Rs. 7,19,07,236
4.	Sovin trading Private Limited	Rs. 6,47,63,283*
5.	Sunrath trading Private Limited	Rs. 3,34,08,563

**Calculated by discounting the no. of shares purchased while in possession of UPSI*

65. The abovementioned losses averted by the Noticees 1 to 5 in an unlawful manner are liable to be disgorged, along with interest. In this regard, I note that the Noticees have contended that the unlawful losses averted should be calculated by taking into account the closing price of shares of Sharon on February 13, 2015 (i.e. Rs.22.85) minus the closing price on February 16, 2015 (i.e. Rs.21.75) on NSE. The aforesaid amount comes to Rs.1.10 per share. However, I find the said formula for calculation of loss averted to be unacceptable, since the same does not take into account the actual price at which the Noticees sold their shares on the basis of UPSI. Accordingly, I find no merit in the submissions of the Noticees.

66. Apart from the above, it is alleged in the SCN that Sovin and Sunrath have violated the provisions of Regulation 13(3) of the PIT Regulations, 1992. In this regard, I note that as per the said provisions, "*Any person who holds more that 5% shares for voting rights in any listed company shall disclose to the company in Form C the number of shares or voting rights held and change in shareholding or voting rights, even if such change results in shareholding falling below 5%, if there has been change in such holdings from the last disclosure made under sub-regulation (1) or under this sub-regulation; and such change exceeds 2% of total shareholding or voting rights in the company*."

67. It is noted from the Shareholding pattern of Sharon enclosed as Annexure 28 to the SCN that Sovin and Sunrath held more than 5% shares each for Quarter ended September 2014, which witnessed a change of more than 2% over Oct-Dec 2014 quarter. The changes in shareholding are tabulated below:

Sl. No.	**Name**	**QE Sep-14**		**QE Dec-14**		**%age change in shareholding**
1	Sovin Trading Pvt Ltd	6586486	6.24	3898482	3.69	2.55
2	Sunrath Trading Pvt Ltd	6176970	5.85	3723965	3.53	2.32

68. In this regard, Sovin and Sunrath have contended that the changes in shareholding were updated on the stock exchange platform, which is evident from the abovementioned Annexure 28. In this regard, I note that since the shareholding

pattern disclosed by the Company to the exchanges for Quarter ended December 2014 reflected the updated shareholding, I am inclined to accept the submissions of the Noticees. Accordingly, I deem it fit not to proceed against the said Noticees in respect of the alleged violation of Regulation 13(3) of the PIT Regulations, 1992.

Imposition of Monetary Penalty

69. Since the Noticees have indulged in insider trading, they are also liable to be imposed with monetary penalty under Section 15G of the SEBI Act, 1992. I note that before imposing the monetary penalty under Section 15G of the SEBI Act, 1992, the factors under Section 15J of the SEBI Act, 1992 have to be considered. In this regard, I note that the unfair gains made by the Noticees (in the form of losses averted) are subject to disgorgement and thus would not accrue to the Noticees. Further, from the material on record it is not possible to quantify the amount of loss caused to the investors as a result of the defaults. Further, there is nothing on record to suggest that the violations are repetitive in nature. I have considered the above while deciding the monetary penalties to be imposed on the Noticees.

70. Insider trading is a serious economic malpractice which adversely affects the interest of ordinary investors, as the persons making illegal gains on the basis of UPSI do so as the cost of investors who are not privy to such inside information. Thus, any act of insider trading has to be dealt with in a firm manner. I am therefore convinced that this is a fit case for issuing appropriate directions as have been issued in subsequent paragraphs.

Directions:

71. In view of the foregoing, I, in exercise of the powers conferred upon me in terms Sections 11, 11(4), 11(4A), 11B(1) and 11B(2) read with of Section 19 of the SEBI Act, 1992, hereby direct the following:

(a) The Noticees 1 to 7 are hereby restrained from accessing the securities market and are further prohibited from buying, selling or otherwise dealing in securities, either directly or indirectly, in any manner whatsoever, for a period of 3 years from the date of this order. The Noticees are allowed to settle the pay-in and pay-out obligations in respect of transactions, if any, executed by them before the closure of trading on the date of this Order. The Noticees are also permitted liquidate any open positions in exchange-traded derivative contracts that they might have, within 3 months from the date of this Order, or the expiry of such contracts, whichever is earlier.

(b) The Noticees 1 to 5 are hereby directed to disgorge the amounts equivalent to the losses unlawfully averted by them, which are mentioned against their respective names in the Table under para 64 above, along with simple interest @9% per annum for the period from February 16, 2015 till the date of actual payment. The aforesaid amounts along with interest shall be remitted 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 receipt of this Order and an intimation of such payment shall be forwarded to "The Division Chief, IVD-ID4, Securities and Exchange Board of India, SEBI Bhavan II, Plot no. C-7, "G" Block, Bandra-Kurla Complex, Bandra (E), Mumbai -400 051".

(c) The Noticees 1 to 7 are hereby imposed with monetary penalties under Section 15G of the SEBI Act, 1992, as per the details mentioned in the Table below.

Sl. No.	**Noticee**	**Monetary Penalty Imposed under Section 15G of the SEBI Act, 1992**
1.	Bharat Mohanlal Mehta	Rs. 10,00,000
2.	Lalita Bharat Mehta	Rs. 10,00,000
3.	Impressive Trading Private Limited	Rs. 10,00,000
4.	Sovin trading Private Limited	Rs. 10,00,000
5.	Sunrath trading Private Limited	Rs. 10,00,000
6.	Sachin Sudam Choudhary	Rs. 10,00,000
7.	Pankaj Kamlesh Chandola	Rs. 10,00,000

(d) The Noticees shall remit / pay the amount of penalty mentioned against their respective names in the Table under sub-para (c) above, within 45 days of receipt of this order by using the undermentioned pathway: www.sebi.gov.in/ENFORCEMENT → Orders → Orders of Chairman/ Members → Click on PAY NOW or by using the web link: https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html. The Noticees shall forward the details/confirmation of penalty so paid through e-payment to "The Division Chief, IVD-ID4, Securities and Exchange Board of India, SEBI Bhavan II, Plot no. C-7, "G" Block, Bandra-Kurla Complex, Bandra (E), Mumbai -400 051" and also to e-mail id: tad@sebi.gov.in in the format given in the table below.

1. Case Name	
2. Name of payee:	
3. Date of payment:	
4. Amount paid:	
5. Transaction no.:	
6. Bank details in which payment is made:	
7. Payment is made for : (like penalties/ disgorgement/ recovery/settlement amount and legal charges along with order details)	

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

73. A copy of this order shall be sent to the Noticees, recognized Stock Exchanges, Depositories and Registrar and Transfer Agents for information and compliances.

Place: Mumbai

Date: June 22, 2023

ASHWANI BHATIA

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA