National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/63061	Date: July 24, 2024
Circular Ref. No: 350/2024	

To All NSE Members,

Sub: SEBI Order in the matter of Prakash Constrowell Limited.

This is with reference to SEBI Order No. WTM/ASB/IVD/ID18/30583/2024-25 dated July 24, 2024, wherein SEBI has restrained following entities from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, in any manner whatsoever, for a period of two years from the date of this order.

Sr. no.	Name	PAN
1	Prafulla Bhat	AMEPB0155F
2	Vipul Lathi	ACQPL5044B
3	Anup Karwa	BFNPK5368C

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

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

For and on behalf of
National Stock Exchange of India Limited

National Stock Exchange of India

Sandesh Sawant
Senior Manager

ANNEXURE: SEBI Order in the matter of Prakash Constrowell Limited.

SECURITIES AND EXCHANGE BOARD OF INDIA

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 the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995

IN RESPECT OF:

Noticee No.	Name of the Noticee	PAN
1.	Prakash Laddha	AAHPL3023D
2.	Prafulla Bhat	AMEPB0155F
3.	Pradeep Khandagale	AMHPK6986E
4.	Vishal Ahuja	ATKPA0926E
5.	Vipul Lathi	ACQPL5044B
6.	Anup Karwa	BFNPK5368C

(*The aforesaid entities are referred to by their corresponding names/numbers and collectively referred to as "*Noticees*")*

In the matter of Prakash Constrowell Ltd. (now known as "Setubandhan Infrastructure Ltd.)

Background:

1. The present proceeding emanates from a show cause notice dated October 11, 2021 (**"SCN"**) arising out of an investigation conducted by Securities and Exchange Board of India ("**SEBI**") to ascertain, *inter alia*, as to whether certain entities had traded in the scrip of Prakash Constrowell Limited (now known as Setubandhan Infrastructure Limited) ("**PCL**" or "**the Company**") during the period February 9, 2016 to August 25, 2016 ("**Investigation Period**"), on the basis of unpublished price sensitive information ("**UPSI**"), in contravention of the provisions of the SEBI Act, 1992 ("**SEBI Act, 1992**"), SEBI (Prohibition of Insider

Trading) Regulations, 2015 ("**PIT Regulations, 2015**") and SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("**SAST Regulations, 2011**"). The relevant findings of investigation, as mentioned in the SCN, are stated below.

Findings of investigation and allegations in SCN

2. The Company is listed on the National Stock Exchange of India Ltd. ("**NSE**") and BSE Ltd. ("**BSE**"). On August 25, 2016, the Company made a disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements), 2015 ("**LODR Regulations, 2015**") on NSE at 15:58 hours and on BSE at 16:06:04 hours, i.e. after the closure of the market. As per the aforesaid disclosure, PCL received the following two work orders -
   (i) Work order worth Rs.108 Crore received from Defence Department, Government of India, for construction of dwelling units and allied services at Mumbai, which was to be executed by way of a joint-venture ("**First Work Order**").
   (ii) Work order worth Rs.50 Crore from Agriculture Produce Market Committee (**APMC**) for Construction of Civil and other allied Electrical and Construction work of Flower Trading Centre at Market Yard, Pune, which was to be executed by the Company in the form of a sub-contract received from Shalaka Infrastructure Pvt. Ltd. ("**Shalaka**"). ("**Second Work Order**").

3. The aforesaid announcement to the exchanges, made under Regulation 30 of the LODR Regulations, 2015, disclosed material information, which was generally not available to investors prior to its disclosure. The said information, after its publication, was likely to materially affect the price of the shares of PCL. The publication of the said information had a material impact on the share price of the PCL. The share price of PCL increased from Rs.11.51 (closing price on August 25, 2016) to Rs.13.39 when it opened on the next day (August 26, 2016) post the announcement at BSE (i.e. a rise of 7.65%) Similarly, the price increased from Rs.11.45 to Rs.12.55 at NSE (i.e. a rise of 9.61%). Thus, in terms of Regulation 2(1)(n)(vi) of the PIT Regulations, 2015, as it was existing at the relevant time, the abovementioned information, prior to its publication, qualified to be UPSI.

4. Investigation revealed that the tender for the First Work Order was submitted on November 16, 2015 which was opened on February 9, 2016. Hence, the UPSI w.r.t. First Work Order came into existence on February 9, 2016 itself. PCL informed the exchanges about receipt of First Work Order on August 25, 2016. Accordingly, the period from February 9, 2016 to August 25, 2016 was considered as UPSI period related to First Work Order (**UPSI-I**).

5. It was further revealed that PCL had conveyed its assent for working on the Second Work Order to Shalaka on June 10, 2016 through a telephonic conversation, which was also admitted by Shalaka. As PCL informed the exchanges about receipt of Second Work Order only on August 25, 2016, the period from June 10, 2016 to August 25, 2016 was considered as the UPSI Period relating to Second Work Order (**UPSI-II**).

6. The UPSI period relating to Second Work Order was fully covered by the UPSI period relating to First Work Order. Hence, both the UPSI periods were collectively referred to as '**UPSI Period**'. Similarly, UPSIs pertaining to both the work orders (UPSI-I & UPSI-II) were collectively referred to as "**UPSI**" hereafter in this Order.

7. It was found that Noticees 1 to 6 were connected to the Company and/ or to other Noticee(s). The details of such connections are provided in the Table below:

Noticee No.	**Name of the Noticee**	**Connection with PCL / Designation**	**Designated Person**
1	Mr. Prakash Laddha	• Chairman, Promoter and Whole Time Director • Involved in the discussion of UPSI - 1 & 2	Yes
2	Mr. Prafulla Bhat	• Non-Executive Director	Yes
3	Mr. Pradeep Khandagale	• Non-Executive Director • Involved in the discussion of UPSI -2	Yes
4	Mr. Vishal Ahuja	• Independent Director	Yes
5	Mr. Vipul Lathi	• CFO of PCL from June 30, 2014 till June 01, 2016 • Prafulla Bhat transferred funds to Vipul Lathi in August & September 2016 to buy shares of Prakash Constrowell	No
6	Mr. Anup Karwa	• Anup Karwa was a Person Acting in Concert (PAC) with Prafulla Bhat. • Prafulla Bhat and Anup Karwa were directors in CKP Products Limited in the year 2016.	Yes

8. As per the findings of investigation, Noticees 1 to 6 were insiders of PCL, in terms of Regulation 2(1)(g)(i) and/or 2(1)(g)(ii) of the PIT Regulations, 2015. Noticees 1 to 6 allegedly traded in the scrip of PCL while in possession of/having access to UPSI, and thus violated provisions of Sections 12A(d) & (e) and 15G(i) of the SEBI Act, 1992 read with Regulations 4(1) and / or 4(2) of PIT Regulations, 2015. It was alleged that Noticees 2, 3, 5 and 6 had made unlawful gains through their trades while in possession of / on the basis of UPSI. Further, Noticee 2 allegedly communicated the UPSI to Noticees 5 and 6, and thus violated provisions of Section 15G(ii) of the SEBI Act, 1992 read with Regulation 3(1) of the PIT Regulations, 2015.

9. Further, Noticee 2, during the period from January 1, 2016 to December 31, 2016, executed contra trades in 25 instances thereby earning a total profit of Rs.30,61,019.75 through the trades. He allegedly violated Clause 10 of the Code of Conduct as mentioned in Schedule B read with Regulations 9(1) and 9(2) of PIT Regulations, 2015.

10. In addition to the above, Noticee 1 is alleged to have violated provisions of Regulation 31(2) read with Regulation 31(3) of the SAST Regulations, 2011 due to non-disclosures / delayed disclosures by him about certain pledges / release of pledges on shares of PCL made by him. Further, Noticees 2 and 6 allegedly made delayed disclosures to BSE and failed to make disclosures to NSE regarding certain acquisition of shares, as required under Regulations 29(1) read with 29(3) of the SAST Regulations, 2011. Further, Noticee 2 allegedly made delayed disclosures to PCL and in 11 instances, failed to make any disclosure to PCL about certain sale transactions having traded value in excess of Rs.10 Lakh, resulting in violation of the provisions of Regulation 7(2)(a) of PIT Regulations, 2015.

11. Accordingly, vide the SCN, the Noticees were called upon to show cause as to why appropriate directions under Sections 11B(1) and 11(4) read with Section 11(1) of the SEBI Act, 1992 should not be issued against them for the aforementioned violations. Further, Noticees 2, 3, 5 and 6 were called upon to show cause as to why directions for disgorgement of unlawful gains should not

be issued against them under the abovementioned provisions of the SEBI Act, 1992.

12. Further, Noticees were asked to show cause as to why monetary penalty under Sections 15A(b)/15G(i)/15G(ii)/15HB, as the case may be, read with Sections 11(4A) and 11B(2) of the SEBI Act, 1992 should not be imposed on them for the abovementioned violations.

13. The aforesaid SCN was duly served on Noticees 1, 4, 5 and 6 through Speed Post. For Noticees 2 and 3, since the SCN returned undelivered through Speed Post, the same was served upon them at their respective email ids. Except for Noticee 2, all the other Noticees submitted their replies to the SCN. I also note from records that the Authorized Representatives ("**AR**") of Noticee 1 sought inspection of certain documents which was duly provided by SEBI on December 28, 2021. Similarly, inspection was also availed by Noticees 4 to 6 on December 21, 2021. Subsequently, an opportunity of personal hearing was accorded to all the Noticees on August 03, 2022. While Noticee 4 attended the said hearing, Noticees 1, 3, 5 and 6 sought adjournment. Noticee 2 neither appeared at the hearing nor sought adjournment. Subsequently, Noticees 1, 2, 3, 5 and 6 were provided with opportunities of personal hearing on August 30, 2022 and September 06, 2022, which was attended by Noticees 1, 3, 5 and 6. The hearing notices sent to Noticee 2 through Speed post returned undelivered. The same was therefore served upon Noticee 2 vide email (notices were sent to email id bhatprafulla@gmail.com). The dates of replies submitted by individual Noticees are tabulated below:

Noticee No.	Date of Reply
1	Email / Letter dated November 02, 2021, February 19, 2022 and August 27, 2022.
3	Email / Letter dated November 09, 2021, December 20, 2021, March 24, 2022 and August 24, 2022.
4	Email / Letter dated November 01, 2021, March 09, 2022, March 12, 2022, May 19, 2022 and August 03, 2022.
5	Email / Letter dated November 02, 2021, February 18, 2022 and August 17, 2022.
6	Email / Letter dated November 15, 2021, March 21, 2022 and August 18, 2022.

14. The submissions made by the Noticees in their replies are summarized below:

Prakash Laddha (Noticee 1)

a) PCL was an infrastructure company which used to bid for various tenders during their course of business. Till the issuance of the work order and the fulfilment of all the conditions of the work order, the tender allotment was not certain. The winning of a work order happened in the normal course and could not be treated as material and price sensitive information in case of an infrastructure company like PCL.

b) Since the Noticee had no idea about the final outcome of the tender bidding process, the trades in the scrip of PCL were executed by the Noticee in the normal course of trading. If the Noticee was aware about the material information, he would have purchased the shares of PCL and then would have sold such shares at higher prices in order to gain. However, the Noticee sold the shares of PCL, which demonstrated that such trades were executed during the normal course of business.

c) As regards the alleged delay / non disclosures with respect to pledge shares, such lapses were unintentional and technical in nature. Therefore, the said allegation should be dropped against the Noticee.

d) The following orders of Hon'ble Securities Appellate Tribunal ("**SAT**") may be taken into consideration:

- *Anil Harish vs. SEBI* (Order dated 22.06.2012);
- *Chandrakala vs. SEBI* (Order dated 31.01.2012);
- *Abhijit Rajan vs. SEBI* (Order dated 08.11.2019);

Pradeep Khandagale (Noticee 3)

e) Noticee was a Non-Executive Director in PCL and had resigned from the said post on 26.04.2017. The operations were completely handled by Noticee no. 2, who was a Whole Time Director in PCL.

f) Work order obtained by the Company could not be considered as material and price sensitive information. Mere categorization of PCL as L1 did not mean that work was awarded and could be executed. After a bidder was categorized as L1, there were certain conditions, such as sanction of Bank Guarantee, negotiations, etc. Only after fulfilment of such conditions, the information could be considered as material and price sensitive information.

g) PCL was not aware about the final outcome of the tender bidding and therefore, it was incorrect to say that Noticee 3 had traded in the scrip of PCL while in possession of price sensitive information.

h) If the Noticee was aware about the material information, he would have purchased the shares of PCL and then would have sold such shares at higher prices in order to gain. However, the Noticee only sold the shares of PCL during the Investigation Period.

Vishal Ahuja (Noticee 4)

i) The alleged trades pertained to the year 2016. Considering the time lapsed since then, the proceedings were liable to be dropped qua the Noticee.

j) Noticee was not provided with the relevant copies of Annexure to the Investigation Report, which caused prejudice to the Noticee. Further, SEBI did not follow proper procedure for holding an enquiry under Adjudication Rules, 1995.

k) Noticee was a Non-Executive Independent Director of PCL w.e.f. 04.03.2016. During his tenure, he attended three board meetings of PCL i.e. on 04.03.2016 (as an Invitee being proposed Director) and on 04.04.2016 and 13.08.2016 as an Independent Director. In none of the said three board meetings, the matters related to UPSI-1 and 2 were discussed.

l) Noticee was not an Officer in Default under Section 2(60) of the Companies Acts. Further, Noticee being an Independent Director was not looking into day-to-day affairs of PCL.

m) The findings of Hon'ble SAT in the matter of *Chintalapati Srinivasa Raju and Ors. vs. SEBI* (Order dated 07.09.2020) may be relied upon.

n) The trade log and order log provided to the Noticee were not system generated but were compilation. The allegations qua the Noticee were baseless and accordingly the proceedings ought to be dropped.

Vipul Lathi (Noticee 5)

o) SEBI has not provided all the relevant documents to the Noticee.

p) Noticee was working in PCL as CFO during the period 30.06.2014 to 01.06.2016 and was responsible for financial and accounting related matters of PCL. He was never involved in the discussion regarding tendering / negotiation of work orders.

q) Notice had resigned from PCL on 31.01.2016 i.e. before the start of the UPSI period – 1. However, PCL vide letter dated 01.02.2016 relieved the Noticee partially and revised his scope of work, under which he was restrained from involving in day-to-day financial activities of PCL and was assigned responsibility of conducting and completing audit for quarter and year ended 31.03.2016. PCL informed the Noticee that his resignation would come into effect only after dissemination of financial result to the stock exchanges. Once PCL disseminated the financial results on 31.05.2016, the Noticee was relieved from PCL on 01.06.2016. The Noticee had no role in discussion of UPSI in any manner whatsoever. Noticee has been wrongly considered as an insider under PIT Regulations, 2015 in the SCN.

r) The allegation in the SCN that the Noticee was in frequent communication with Noticee 2 and had access to UPSI is based on conjecture and surmises. SEBI has failed to provide any proof for such allegation.

s) Noticee did not purchase 25,00,000 shares of PCL during UPSI-1 period, as alleged in the SCN. In fact, he dealt with only 8,41,109 shares.

t) Noticee was not a designated person of PCL during the Investigation Period, due to which he was not prohibited in trading in PCL. He did not have access to UPSI of PCL. The alleged trades were executed by him in the normal course of business.

u) Noticee did not make any profit in the alleged trades. Had the Noticee been aware about the UPSI, he would have ended up making profits. However, the shares of PCL were bought by the Noticee for long term investment and were sold at prices lower than the purchase price and he ended up making losses.

Anup Karwa (Noticee 6)

v) Noticee denies each and every allegation made against him in the SCN.

w) SEBI did not provide all the relevant documents.

x) SEBI has wrongly alleged that Noticee was indirectly associated with PCL through frequent communication with Noticee 2. SEBI wrongly considered the Noticee as PAC with Noticee 2.

y) Noticee 2 was a Director in CKP Products, wherein the Noticee was also a Director. However, he had no connection with Noticee 2. The allegation in the SCN that Noticee was in frequent communication with Noticee 2 and had access to UPSI of PCL is based on conjecture and surmises. SEBI has failed to provide any proof in support of such allegation. Noticee was not an insider of PCL.

z) Further, SCN erroneously stated that the Noticee made undue profits from the alleged trades in the scrip of PCL. The Noticee traded in the scrip of PCL in the ordinary course. He invested in PCL like any other scrip.

15. SEBI vide email dated March 12, 2024 gave a further opportunity to the Noticees to submit additional written submissions, if any, by March 18, 2024. However, none of the Noticees responded to the said email.

Consideration of Issues and Findings

16. I have considered the allegations against the Noticees mentioned in the SCN, the submissions made by the Noticees and other material available on record on. Before proceeding to decide the issues on merit, I deem it fit to deal with the preliminary objections raised by the Noticees.

17. I note that Noticee 4 has contended that there has been inordinate delay in initiation of the proceedings leading to issuance of the SCN. In this regard, I note that any delay in issuance of SCN itself would not exonerate the defaulters under the SEBI Act, 1992 and the relevant Regulations, as held by the Hon'ble Supreme Court in *Adjudicating Officer, SEBI v. Bhavesh Pabari (2019) 5 SCC 90*. However, I am inclined to treat the lapse of time as a mitigating factor while issuing the appropriate directions, if the alleged violations are established.

18. Some of the Noticees have contended that they have not been provided with all the relevant documents. However, I note that all the documents, which were relied upon for issuance of SCN, have already been provided to them in the form of annexures to the SCN. Hence, their contention cannot be accepted. Noticee 4 has contended that he was not provided with the relevant copies of Annexure to the Investigation Report. In this regard, I note from the available records that Noticee 4 availed the opportunity of inspection of documents relied upon by SEBI on 21.12.2021 and all the relevant documents were duly provided to him by SEBI. Therefore, I find no merit in the contention of Noticee 4.

19. Having dealt with the preliminary issues, I now proceed to decide the issues on merit.

20. The Noticees are alleged to have indulged in insider trading and violated the legal provisions, which are quoted below:

"PIT Regulations, 2015:

Communication or procurement of unpublished price sensitive information:

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

Trading when in possession of unpublished price sensitive information:

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

Regulation 4(2): In the case of connected persons the onus of establishing, that they were not in possession of unpublished price sensitive information, shall be on such connected persons and in other cases, the onus would be on the Board.

SEBI Act, 1992

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

Section 12A: No person shall directly or indirectly—

……..

(d) engage in insider trading;

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

21. I note that the Noticees have contended that the information about the work orders, disclosed to the exchanges, could not be considered as material information and hence, was not a UPSI. The Noticees have further contended that in the infrastructure sector, winning of a work order is a normal activity and such information cannot be considered as material and price sensitive information. They have also contended that till the issuance of the work order and the fulfilment of all the conditions of the work order, the tender allotment is not certain.

22. In this regard, I note that Regulation 2(1)(n)(vi) of PIT Regulations, 2015 provided as under:

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

i……

vi. material events in accordance with the listing agreement.

23. I note that the announcements dated August 25, 2016 on stock exchanges about the work orders were done under Regulation 30 of LODR Regulations, 2015, which provided that "*Every listed entity shall make disclosures of any event or information which, in the opinion of the board of directors of the listed company, is material.*" This shows that the information disclosed to the exchanges on August 25, 2016 was material, in the opinion of the board of directors of PCL. Thus, it is clear that the information disclosed by PCL on August 25, 2016 was UPSI in terms of Regulation 2(1)(n)(vi) of PIT Regulations, 2015.

24. Apart from the above, I am of the view that a company bids for a work order / contract only when it is sure of fulfilling all the conditions essential for execution of the work order. Such conditions are generally disclosed upfront in the tender notice / advertisement itself through which the bids are invited. Thus, the information that a Joint Venture of PCL was selected as the lowest bidder on the

day of opening of the tender cannot be considered uncertain in nature. The information regarding a company getting a work order is generally not available, unless it is made public. Since the work orders eventually result in revenue generation for a company, the information about the same is likely to materially affect the price of the scrip of the listed company which gets such work orders, when such information is published. In this case, after the announcements made by the Company on August 25, 2016, the price of the scrip rose significantly, as stated in Para 3 above. Accordingly, it is clear that the information pertaining to the work orders, prior to its disclosure, was UPSI, in terms of Regulation 2(1)(n) of the PIT Regulations, 2015. The UPSI came into existence when the tender for First Work Order was opened on February 09, 2016 and came to an end when the information was disclosed on the exchanges on August 25, 2016 (i.e. UPSI Period was from February 09, 2016 to August 25, 2016).

25. Now, I proceed to look into whether the Noticees had access to the UPSI and whether trades in the scrip of PCL were executed by such Noticees while in possession of / on the basis of UPSI. I note that PCL vide letter dated November 19, 2018 submitted a list of entities / persons connected to PCL, who had access to the information regarding First Work Order and Second Work Order and who were designated employees under PIT Regulations, 2015 for the period from January 01, 2016 to December 31, 2016. The list is provided in the Table below.

Noticee	Name of the Noticee	Connection with PCL / Designation	Date of Appointment*	Date of Cessation*	Designated Employees
1	Mr. Prakash Laddha	Chairman, Promoter and Whole Time Director	January 4, 1996	till present	Yes
2	Mr. Prafulla Bhat	Non-Executive Director	March 4, 2016	August 11, 2020	Yes
3	Mr. Pradeep Khandagale	Non-Executive Director	August 13, 2016	April 26, 2017	Yes
4	Mr. Vishal Ahuja	Independent Director	March 4, 2016	September 04, 2020	Yes
6	Mr. Anup Karwa	PAC as per SAST Regulations, 2011			No

Prakash Laddha (Noticee 1)

26. I note that Prakash Laddha (Noticee 1) was the Promoter, Chairman and Whole Time Director of PCL during the investigation period. He was also a Designated Employee, under the provisions of PIT Regulations, 2015. By virtue of his position in the Company, he was a connected person, in terms of Regulation 2(1)(d)(i) of the PIT Regulations, 2015. Further, from PCL's letter dated November 19, 2018, it is clear that Noticee 1 had access to information pertaining to First Work Order as well as Second Work Order. Accordingly, I find that Noticee 1 was an insider in terms of Regulations 2(1)(g)(i) and 2(1)(g)(ii) of the PIT Regulations, 2015.

27. I note from the SCN that Noticee 1 had executed trades in the scrip of PCL during the UPSI Period. The details of his trades are provided in the Table below:

Noticee No. 1 (Mr. Prakash Laddha)								
Particulars	**Period**	**No. of shares bought**			**No. of shares sold**			**Net position**
		BSE	**NSE**	**Total**	**BSE**	**NSE**	**Total**	**(bought – sold)**
Before UPSI Period - 1	01.11.2015 to 08.02.2016	0	0	0	0	0	0	0
During UPSI Period - 1	09.02.2016 to 25.08.2016	0	0	0	60,56,616	76,98,033	1,37,54,649	-1,37,54,649
After UPSI period - 1	26.08.2016 to 30.11.2016	0	0	0	10,20,763	22,24,588	32,45,351	-32,45,351

28. Since the UPSI in this case was a positive one (implying that its disclosure would have a positive effect on share price), it is logical to expect that an entity while trading on the basis of such UPSI would purchase shares during the UPSI Period and would sell them at higher prices after UPSI is published and the share price moves up. However, in this case, it is noted from the above Table that Noticee 1 did not purchase any shares but sold a total of 1,37,54,649 shares during the UPSI Period. He also sold 32,45,351 shares after the UPSI Period. The fact that Noticee 1 did not purchase any shares during the UPSI Period and sold more shares during the UPSI Period than during post-UPSI Period (the number of

shares sold during UPSI period was more than four times the number of shares sold after UPSI period) belies the possibility that such trades were based on UPSI.

29. In this regard, the following observations of Hon'ble Supreme Court in the matter of SEBI Vs. Abhijit Rajan (Civil Appeal No. 563 of 2020) is relevant.

"But the above logic cannot be applied to cases which fall on the opposite side of the spectrum. For instance, the sale by a person at a time when the price of the securities is likely to shoot up on account of price sensitive information coming into the public domain or the purchase by a person at a time when the price of the shares is likely to go downward due to price sensitive information getting published, cannot come under the category of insider trading. While it is true that the actual gaining of profit or sufferance of loss in the transaction, may not provide an escape route for an insider against the charge of violation of Regulation 3, one cannot ignore normal human conduct. If a person enters into a transaction which is surely likely to result in loss, he cannot be accused of insider trading. In other words, the actual gain or loss is immaterial, but the motive for making a gain is essential."

30. Considering the above observations and the trading pattern of the Noticee 1, I am of the view that the trades of Noticee 1 were not based on UPSI. Accordingly, I find that no case of insider trading is made out against the Noticee 1.

Prafulla Bhat (Noticee 2)

31. I note that Prafulla Bhat (Noticee 2) was a non-executive director of PCL since March 04, 2016 and was a Designated Employee under the provisions of PIT Regulations, 2015. As per PCL's letter dated November 19, 2018, Noticee 2 had access to the UPSI. Accordingly, I find that Noticee 2 was an insider in terms of Regulations 2(1)(g)(i) & (ii) of the PIT Regulations, 2015.

32. I note from the SCN that Noticee 2 executed trades in the scrip of PCL during and after the UPSI Period. The details of his trades are provided in the Table below:

Noticee No. 2 (Mr. Prafulla Bhat)								
Particulars	Period	No. of shares bought			No. of shares sold			Net position
		BSE	NSE	Total	BSE	NSE	Total	(bought – sold)
Before UPSI Period -1	01.11.2015 to 08.02.2016	0	0	0	0	0	0	0
During UPSI Period -1	09.02.2016 to 25.08.2016	1,48,595	11,00,409	12,49,004	0	3,02,376	3,02,376	9,46,628
After UPSI period -1	26.08.2016 to 30.11.2016	19,38,221	36,67,535	56,05,756	15,67,484	35,68,544	51,36,028	4,69,728

33. I note from the above Table that Noticee 2 purchased a total of 9,46,628 shares on net basis during the UPSI Period. Further, he purchased a total of 4,69,728 shares of PCL on net basis after the UPSI Period. It is noted that Noticee 2 purchased large number of shares on net basis during the UPSI Period and held onto them. He purchased the said shares at prices lower than what he would have paid if he had purchased those shares immediately after the UPSI became public. Thus, the preponderance of probability suggests that the said shares were acquired by Noticee 2 on the basis of UPSI.

34. I note that Noticee 2 has not replied to the allegation in the SCN and has not provided any response whatsoever. Considering the same, I find that the allegation of insider trading against the Noticee stands established. Accordingly, I conclude that Noticee 2 has violated the provisions of Regulations 4(1) and 4(2) of the PIT Regulations, 2015 read with Section 12A(d) and (e) of the SEBI Act, 1992.

Pradeep Khandagale (Noticee 3)

35. As regards Pradeep Khandagale (Noticee 3), I note that he was a non-excutive director of PCL and was a Designated Employee under the provisions of PIT Regulations, 2015. Further, as per PCL's letter dated November 19, 2018, he had access to the UPSI. Accordingly, he was an insider in terms of Regulations 2((1)(g)(i) & (ii) of the PIT Regulations, 2015. I note from the SCN that Noticee 3 executed trades in the scrip of PCL prior to and during the UPSI Period. The details of his trades are provided in the Table below:

Noticee No. 3 (Mr. Pradeep Khandagale)								
Particulars	Period	No. of shares bought			No .of shares sold			Net position
		BSE	NSE	Total	BSE	NSE	Total	(bought – sold)
Before UPSI Period -1	01.11.2015 to 08.02.2016	0	0	0	38,511	0	38,511	0
During UPSI Period -1	09.02.2016 to 25.08.2016	0	0	0	82,003	0	82,003	-82,003
After UPSI period -1	26.08.2016 to 30.11.2016	0	0	0	0	0	0	0

36. I note that Noticee 3 had only executed sales before and during the UPSI Period. He did not purchase any shares during the UPSI Period. As stated earlier, it is logical to expect that an entity while trading on the basis of such UPSI would have purchased shares during the UPSI Period and would have sold them at higher prices after UPSI was published and the share price moved up. As Noticee 3 did not purchase any share during the UPSI Period, the charges of executing trades on the basis of UPSI do not sustain. Accordingly, I find that the allegation of insider trading against Noticee 3 is unsubstantiated.

Vishal Ahuja (Noticee 4)

37. I note that Vishal Ahuja (Noticee 4) was an Independent Director and a Designated Employee under PIT Regulations, 2015 in PCL. As per PCL's letter dated November 19, 2018, he had access to the UPSI. Accordingly, Noticee 4 was an insider in terms of Regulations 2(1)(g)(i) & (ii) of the PIT Regulations, 2015. I note from the SCN that Noticee 4 executed trades in the scrip of PCL during the UPSI Period. The details of his trades are provided in the Table below:

Noticee No. 4 (Mr. Vishal Ahuja)								
Particulars	Period	No.of shares bought			No.of shares sold			Net position
		BSE	NSE	Total	BSE	NSE	Total	(bought – sold)
Before UPSI Period -1	01.11.2015 to 08.02.2016	0	0	0	0	0	0	0

During UPSI Period -1	09.02.2016 to 25.08.2016	10,000	10,000	20,000	20,000	0	20,000	0
After UPSI period -1	26.08.2016 to 30.11.2016	0	0	0	0	0	0	0

38. I note from the above table that Noticee purchased 20,000 shares and sold 20,000 shares during the UPSI Period. He did not execute any trade after the UPSI period. Since Noticee 4's net purchase during UPSI Period was nil, the question of Noticee 4 having executed trades on the basis of UPSI does not arise. Accordingly, I find that the allegation of insider trading against Noticee 4 does not sustain.

Vipul Lathi (Noticee 5)

39. I note that Vipul Lathi (Noticee 5) was the Chief Financial Officer (CFO) of PCL from June 30, 2014 till June 01, 2016. It is thus apparent that being the CFO, Noticee 5 was aware of the UPSI pertaining to the First Work Order. Further, the SCN has brought out close connection between Prafulla Bhat (Noticee 2) and Noticee 5. It is noted that Noticee 2 had transferred an amount of Rs.2.58 Crore to Noticee 5 during August 18, 2016 to September 02, 2019. It was noted that Noticee 5 had transferred a similar amount of Rs.2.57 Crore to his broker, LPS Broking Pvt. Ltd., for purchasing shares during and after the UPSI Period. The details of fund transfers are provided in the Table below:

Date	Chq No.	Particulars	Debit	Credit
18/08/2016	-	RTGS/HDFCR52016081882324366/PRAFULLASBHAT580		25,00,000
18/08/2016	216085	BRN-RTGS-UTIBH16231080032-LFS BROKING PVT-	25,00,000	
22/08/2016	-	RTGS/HDFCR52016082282498978/PRAFULLASBHAT580		15,00,020
22/08/2016	216086	BRN-RTGS-UTIBH16235088826-LFS BROKING PVT-	15,00,000	
23/08/2016	-	RTGS/HDFCR52016082382542300/PRAFULLASBHAT580		40,00,060
23/08/2016	216087	BRN-RTGS-UTIBH16236017670-LFS BROKING PVT-	40,00,000	
24/08/2016	-	RTGS/HDFCR52016082482591985/PRAFULLASBHAT580		30,00,000
24/08/2016	216088	BRN-RTGS-UTIBH16237044460-LFS BROKING PVT-	30,00,000	
25/08/2016	-	RTGS/HDFCR52016082582630830/PRAFULLASBHAT580		24,99,550
25/08/2016	216089	BRN-RTGS-UTIBH16238067652-LFS BROKING PVT-	25,00,000	

Date	Chq No.	Particulars	Debit	Credit
26/08/2016	-	RTGS/HDFCR52016082682657615/PRAFULLASBHAT580		24,99,980
26/08/2016	216090	BRN-RTGS-UTIBH16239083002-LFS BROKING PVT-	25,00,000	
29/08/2016	-	NEFT/N242160181752333/PRAFULLA S BHAT 580/60829722		25,00,110
30/08/2016	216091	BRN-RTGS-UTIBH16243050186-LFS BROKING PVT-	25,00,000	
31/08/2016	-	RTGS/HDFCR52016083182832110/PRAFULLASBHAT580		25,00,150
31/08/2016	216093	BRN-RTGS-UTIBH16244085526-LFS BROKING PVT-	25,00,000	
31/08/2016	-	RTGS/HDFCR52016083182893930/PRAFULLASBHAT580		25,00,320
01/09/2016	216094	BRN-RTGS-UTIBH16245014332-LFS BROKING PVT-	25,00,000	
01/09/2016	-	NEFT/N245160183299318/PRAFULLA S BHAT 580/60901073		22,67,990
02/09/2016	216095	BRN-RTGS-UTIBH16246050769-LFS BROKING PVT-	22,03,345	
Total			**2,57,03,345**	**2,57,68,180**

40. The frequent communication and fund transfers between Noticee 2 and Noticee 5 implied that Noticee 2 was a Connected Person in terms of Regulation 2(1)(d)(i) of the PIT Regulations, 2015 and consequently was an insider, in terms of Regulation 2(1)(g)(i) of the PIT Regulations, 2015.

41. I note from the SCN that Noticee 5 executed trades in the scrip of PCL during and after the UPSI Period. The details of his trades are provided in the Table below:

Noticee No. 5 (Mr. Vipul Lathi)									
Particulars	**Period**	**No. of shares bought**			**No. of shares sold**			**Net position**
		BSE	**NSE**	**Total**	**BSE**	**NSE**	**Total**	**(bought – sold)**
Before UPSI Period -1	01.11.2015 to 08.02.2016	0	0	0	0	0	0	0
During UPSI Period -1	09.02.2016 to 25.08.2016	12,00,000	13,00,000	25,00,000	0	0	0	25,00,000
After UPSI period -1	26.08.2016 to 30.11.2016	5,35,347	0	5,35,347	3,58,891	3,94,313	7,53,204	-2,17,857

42. From the above Table, it is noted that Noticee 5 purchased 25,00,000 shares of PCL during the UPSI Period. Further, after the UPSI became public, Noticee 5 sold a total of 2,17,857 shares of PCL on net basis. From the trade log pertaining to the trades of Noticee 5, it is noted that Noticee 5 sold large number of shares, within 3 months of the UPSI becoming public, at prices much higher than what he paid for his purchases during the UPSI Period.

43. Noticee 5 has submitted that although he resigned from PCL on 31.01.2016 (before the start of the UPSI period), PCL vide letter dated 01.02.2016 relieved the Noticee partially and revised his scope of work, as a result of which he had no involvement in day-to-day financial activities of PCL and he was assigned responsibility of conducting and competing audit for quarter and year ended 31.03.2016. Noticee 5 has contended that he has been wrongly tagged as an insider of PCL. Further, Noticee 5 has also contended that the number of shares dealt in by him during the UPSI Period was only 8,41,109 shares and not 25,00,000 shares as alleged in the SCN.

44. Having considered the submissions of Noticee 5, I note that Noticee 5 has not disputed the allegation of receipt of funds from Noticee 2 and subsequent transfer of such funds to his broker. Further, he has also not disputed his trades in the scrip of PCL, though he has disputed the number of shares traded. I note that while Noticee 5 has contended that he had dealt in 8,41,109 shares only, the said claim is belied by the trade log available on record. Further, Noticee 5 has not produced any proof in support of his contention regarding number of shares traded by him. Accordingly, I find no merit in the submission of Noticee 5 in this regard. I find that the frequent fund transfers, which were used for purchase of shares of PCL during the UPSI period and afterwards, clearly indicate close connection between Noticee 2 and Noticee 5. The transfers of funds from Noticee 2 to Noticee 5, which were immediately utilized by Noticee 5 to purchase shares of PCL, give rise to a preponderance of probability that Noticee 2 had communicated the UPSI to Noticee 5 and that Noticee 5's trades during the UPSI Period were executed on the basis of UPSI.

45. In view of the above, I conclude that Noticee 5 has violated provisions of Regulation 4(1) read with Regulation 4(2) of PIT Regulations and Section 12A (d) and 12A(e) of SEBI Act, 1992.

Anup Karwa (Noticee 6)

46. I note from the SCN that Prafulla Bhat (Noticee 2) and Anup Karwa (Noticee 6) were directors in one CKP Products Ltd. during the UPSI Period. Noticee 6 was also a PAC of Noticee 2 in PCL. Noticee 6 has denied that he was PAC of Noticee 2 and that he was connected to Noticee 2. However, it is seen from records that Noticees 2 and 6 had together acquired 23,16,921 shares of PCL on October 10, 2016 and had made disclosures regarding the same to BSE under Regulations 29(1) and 29(3) of the SAST Regulations, 2011, on October 19, 2016. Further, PCL vide letter dated January 24, 2019 (provided as Annexure 7 of the SCN) had *inter alia* stated that since Noticees 2 and 6 were directors in CKP Products Ltd. during the year 2016, Noticee 6 was considered as connected person for PCL for the disclosures under PIT Regulations, 2015. From the above facts, it is evident that Noticee 6 was a connected person, in terms of Regulation 2(1)(d)(i) of the PIT Regulations, 2015 and, consequently, an insider in terms of Regulation 2(1)(g)(i) of the PIT Regulations, 2015.

47. I note from the SCN that Noticee 6 executed trades in the scrip of PCL during and after the UPSI Period. The details of his trades are provided in the Table below:

Noticee No. 6 (Mr. Anup Karwa)								
Particulars	Period	No.of shares bought			No.of shares sold			Net position
		BSE	NSE	Total	BSE	NSE	Total	(bought – sold)
Before UPSI Period -1	01.11.2015 to 08.02.2016	0	0	0	0	0	0	0
During UPSI Period -1	09.02.2016 to 25.08.2016	9,87,845	9,00,440	18,88,285	6,87,855	9,59,462	16,47,317	2,40,968
After UPSI period -1	26.08.2016 to 30.11.2016	5,67,606	48,07,959	53,75,565	12,91,500	43,25,033	56,16,533	-2,40,968

48. I note from the above table that Noticee 6 purchased a total of 2,40,968 shares of PCL on net basis, during the UPSI Period. Thereafter, when the UPSI became public, Noticee 6 sold entire 2,40,968 shares, thereby making gains on his holdings. Considering that Noticee 6 was a connected to Noticee 2 by virtue of which he was reasonably expected to have access to UPSI, I, on the basis of preponderance of probability, conclude that the trades executed by Noticee 6 during the UPSI Period were based on the UPSI received from Noticee 2.

49. In view of the above, I find that Noticee 6 has violated provisions of Regulations 4(1) and 4(2) of PIT Regulations, 2015 read with Sections 12A(d) and 12A(e) of SEBI Act, 1992.

50. Further, by communicating the UPSI to Noticees 5 and 6, Noticee 2 has also violated the provisions of Regulation 3(1) of PIT Regulations, 2015.

Wrongful gains made by Noticees 2, 5 and 6

51. Having concluded above that the trades executed by Noticees 2, 5 and 6 were in the nature of insider trading, I note from the SCN that the said Noticees have made wrongful gains through their trades. The SCN has calculated the wrongful gains, which are provided in the Table below.

Noticee No.	No. of shares bought A	Total Buy Value (In Rs) B	VWAP Buy Price (In Rs) C = B/A	No. of shares sold D	Total Sell Value (In Rs) E	VWAP Sell Price (In Rs) F = E/D	Realised Gains (In Rs) G = D * (F - C)	Closing Price On 26.08.2016 H	Notional Gains (In Rs) I = (A - D) * (H - C)	Wrongful Gains (In Rs) Realised Gains (If Any) + Notional Gains
2	12,49,004	84,75,482	6.79	3,02,376	19,17,785	6.34	(1,34,075)	12.495	54,04,495	54,04,495
5	25,00,000	2,57,03,345	10.28	0	0	0	0	12.495	55,34,155	55,34,155
6	18,88,285	1,37,51,391	7.28	16,47,317	1,55,64,452	9.45	6,54,913	12.495	49,34,321	55,89,234

52. I note that the abovementioned calculations have certain anomalies. In my view, the calculation of wrongful gains ought to be done as per the calculation provided in the Table below.

Noticee No.	No. of shares bought during UPSI Period A	Total Buy Value (In Rs) B	VWAP Buy Price (In Rs) C = B/A	No. of shares bought on net basis during the UPSI Period D	Closing Price On 26.08.2016 E	Wrongful Gains (In Rs.) D*(E-C)
2	13,34,504	89,62,832	6.72	9,46,628	12.495	54,71,510
5	25,00,000	2,57,03,345	10.28	25,00,000	12.495	55,50,000
6	18,88,285	1,37,51,391	7.28	2,40,968	12.495	12,57,853

53. The abovementioned unlawful gains made by the Noticees 2, 5 and 6, as mentioned in Table under Para 52 above, are liable to be disgorged.

Disclosure Violations under SAST Regulations, 2011

54. As per the SCN, Noticee 1, who was the promoter of PCL, had pledged 20,00,000 shares of PCL with Vyom Tradelink India Pvt. Ltd. (erstwhile Ganjam Trading Company Pvt. Ltd.) (Vyom) on September 26, 2012 and September 27, 2012 (i.e. 10,00,000 shares on each date). Pursuant to a share split (face value split from Rs.10 to Re.1) w.e.f. December 15, 2012, the quantity of shares pledged became 2,00,00,000 shares. The aforesaid pledges were released on October 25, 2016 (1,00,00,000 shares) and November 30, 2016 (1,00,00,000 shares). In terms of Regulation 31(2) read with Regulation 31(3) of SAST Regulations, 2011, Noticee 1 was required to disclose the release of shares to the Company and the exchanges within 7 working days from the date of such release. The said provisions are quoted hereunder:

SAST Regulations, 2011

Regulation 31

(1) ....

(2) The promoter of every target company shall disclose details of any invocation of such encumbrance or release of such encumbrance of shares in such form as may be specified

(3) The disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within seven working days from the creation or invocation or release of encumbrance, as the case may be to

(a) every stock exchange where the shares of the target company are listed; and

(b) the target company at its registered office.

55. It is alleged in the SCN that Noticee 1 failed to make the abovementioned disclosure to BSE and made a delayed disclosure to the NSE, as per information furnished by BSE and NSE during the investigation. A summary of the disclosures made by Noticee 1 is provided in the Table below:

Sl. no.	Date	No. of shares released	Required Date within which Disclosure has to be made to the Company and Exchanges	Actual Date of disclosure to company	Actual Date of disclosure to NSE	Observations, if any		
						Company	NSE	BSE
1	25/10/2016	1,00,00,000	04/11/2016	01/11/2016	25/01/2017	Disclosed	Delayed disclosure (57 days)	Non-disclosure
2	30/11/2016	1,00,00,000	09/12/2016	06/12/2016	25/01/2017	Disclosed	Delayed disclosure (33 days)	Non-disclosure

56. I note that Noticee 1 has not disputed the abovementioned allegation in the SCN pertaining to disclosure about release of pledge on his shares of PCL. In fact, he has submitted that the non-disclosures / delayed disclosures were unintentional and has requested for dropping the said allegation against him.

57. Considering that Noticee 1 has admitted to the abovementioned violation, I conclude that Noticee 1 violated the provisions of Regulation 31(2) read with 31(3) of the SAST Regulations, 2011.

58. Apart from the above, Noticee 2 and 6 are alleged to have violated the provisions of Regulations 29(1) read with 29(3) of the SAST Regulations, 2011. It has

already been stated above that Noticee 6 was a person acting in concert (PAC) with Noticee 2. As per the SCN, the total shareholding of Noticees 2 and 6 in PCL as on October 09, 2016 was 60,29,602 shares i.e. 4.80% of total issued capital of PCL. Noticee 2 along with Noticee 6 acquired 23,16,921 shares of PCL i.e. 1.84% of total issued capital of PCL, on October 10, 2016, by virtue of which the total shareholding of Noticees 2 and 6 increased from 60,29,602 shares (4.80%) to 83,46,523 shares (6.64%) in PCL. In terms of the provisions of Regulations 29(1) read with Regulation 29(3) of the SAST Regulations, 2011, since the combined shareholding of Noticees 2 and 6 crossed the threshold limit of 5% specified under the said provisions, Noticees 2 and 6 were required to make disclosures to the Company and the exchanges within 2 working days from the date of acquisition of shares. The said provisions are quoted below:

SAST Regulations, 2011

Regulation 29

(1) *Any acquirer who acquires shares or voting rights in a target company which taken together with shares or voting rights, if any, held by him and by persons acting in concert with him in such target company, aggregating to five per cent or more of the shares of such target company, shall disclose their aggregate shareholding and voting rights in such target company in such form as may be specified*

(2) .....

(3) *The disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within two working days of the receipt of intimation of allotment of shares, or the acquisition of shares or voting rights in the target company to*

(a) every stock exchange where the shares of the target company are listed; and

(b) the target company at its registered office

59. It is alleged in the SCN that Noticees 2 and 6 did not make any disclosure to NSE for aforementioned increase in their aggregate shareholding. Further, such disclosures were made by Noticees 2 and 6 to BSE and to PCL in a delayed

manner. The details of disclosures made by Noticee 2 along with Notice 6 to PCL, NSE and BSE are provided in the Table below:

Date of transaction	Date within which disclosure is required	Actual Date of disclosure to the company	Actual Date of disclosure to the exchanges	
			BSE	NSE
10/10/2016	14/10/2016*	19/10/2016 (delay of 3 days)	22/10/2016 (delay of 6 days)	Not disclosed

11/10/2016 and 12/10/2016 were trading holidays on account of Dasera and Moharram.

60. I note that Notice 2 has not furnished any reply in respect of the aforesaid allegation. Further, Notice 6, while admitting that he was a Director in CKP Products Limited along with Notice 2, has denied any connection with Notice 2. He has further denied being a PAC of Notice 2. In this regard, I note that it has already been found, in Para 46 above, that Notice 6 was a PAC with Notice 2. Considering the same, I am not inclined to accept the submissions of Notice 6. From the above Table, I find that there was a delay in making disclosure about acquisition of shares by Notices 2 and 6 to PCL and BSE, under Regulation 29(1) read with 29(3) of the SAST Regulations, 2011. Further, they failed to make such disclosure to NSE.

61. In view of the above, I conclude that Notice 2 and 6 violated the provisions of Regulation 29(1) read with Regulation 29(3) of SAST Regulations, 2011.

Disclosure Violations under PIT Regulations, 2015

62. As per Regulation 7(2)(a) of PIT Regulations, 2015, *"Every promoter and director of every company shall disclose to the company the number of such securities acquired or disposed of within two trading days of such transaction if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of ten lakh rupees or such other value as may be specified."*

63. As per the SCN, the investigation by SEBI revealed that Notice 2 had entered into several buy and sale transactions in the shares of PCL, which aggregated to

a traded value in excess of Rs. Ten Lakh. Accordingly, in terms of Regulation 7(2)(a) of PIT Regulations, 2015, Noticee 2 was required to disclose the same to PCL within 2 trading days of such transactions. The SCN has alleged that Noticee 2 failed to make the disclosures on many occasions. The details of such transactions and the disclosures made by Noticee 2 are as under:

Date of Transaction	No. of shares held - pre acquisition / disposal	No. of shares acquired or bought / (disposed off or sold)	Value of transaction	No. of shares held - post acquisition / disposal	Date of disclosure made to company	No. of days of delay
18/04/2016	0	30000	181500	30000	N.A.	-
25/04/2016	30000	100000	610840.94	130000	N.A.	-
26/04/2016	130000	235619	1514350.65	365619	28/04/2016	-
29/04/2016	365619	797884	5681435.2	1163503	Not disclosed	Non-disclosure
04/07/2016	1163503	-15499	89468.05	1148004	N.A.	-
13/07/2016	1148004	-200000	1325000	948004	Not disclosed	Non-disclosure
25/08/2016	948004	-1376	15961.6	946628	N.A.	-
26/08/2016	946628	-114125	1426562.5	832503	Not disclosed	Non-disclosure
14/09/2016	832503	68327	1127395.5	900830	Not disclosed	Non-disclosure
15/09/2016	900830	-68327	1195722.5	832503	Not disclosed	Non-disclosure
16/09/2016	832503	500000	9195315.32	1332503	Not disclosed	Non-disclosure
21/09/2016	1332503	75115	1382116	1407618	Not disclosed	Non-disclosure
22/09/2016	1407618	540411	9955439.3	1948029	Not disclosed	Non-disclosure
29/09/2016	1948029	-7262	112281.64	1940767	17/10/2016	-
03/10/2016	1940767	1000000	19050000	2940767	17/10/2016	6 days
07/10/2016	2940767	1000000	19483282.4	3940767	17/10/2016	2 days
10/10/2016	3940767	1350000	27053908.1	5290767	17/10/2016	1 day
17/10/2016	5290767	-21340	410795	5269427	02/11/2016	-
20/10/2016	5269427	10000	194000	5279427	02/11/2016	-
21/10/2016	5279427	145500	2899849.55	5424927	02/11/2016	5 days
24/10/2016	5424927	92000	1839328.25	5516927	02/11/2016	4 days
25/10/2016	5516927	30000	594000	5546927	02/11/2016	-
28/10/2016	5546927	150000	2940000	5696927	02/11/2016	-
02/11/2016	5696927	63840	1191385.8	5760767	26/11/2016	15 days

Date of Transaction	No. of shares held - pre acquisition / disposal	No. of shares acquired or bought / (disposed off or sold)	Value of transaction	No. of shares held - post acquisition / disposal	Date of disclosure made to company	No. of days of delay
03/11/2016	5760767	-100000	1700000	5660767	26/11/2016	14 days
04/11/2016	5660767	-30000	501000	5630767	26/11/2016	-
15/11/2016	5630767	181665	1889316	5812432	26/11/2016	6 days
25/11/2016	5812432	-2500000	16125000	3312432	26/11/2016	-
28/11/2016	3312432	-1021665	6287038.95	2290767	Not disclosed	Non-disclosure
29/11/2016	2290767	-403579	2360937.15	1887188	Not disclosed	Non-disclosure
30/11/2016	1887188	-470832	2636659.2	1416356	Not disclosed	Non-disclosure
09/12/2016	1416356	-100000	425000	1316356	N.A.	-
16/12/2016	1316356	-83853	465424.15	1232503	N.A.	-

64. From the above Table, I note that Noticee 2, in 8 instances where the value of his trades in shares of PCL exceeded Rs. Ten Lakh, made disclosures to PCL with a delay. Further, in 11 instances, he had failed to make any disclosure to PCL. As already noted earlier in this Order, Noticee 2 has neither submitted any reply to the allegations nor did he avail the opportunity of personal hearing before me. In view of the above, I am constrained to conclude that Noticee 2 violated the provisions of Regulation 7(2)(a) of PIT Regulations, 2011.

65. It has already been stated above that Noticee 2 was a designated person in PCL, in terms of the provisions of PIT Regulations, 2015. As per Clause 10 of Code of Conduct as mentioned in Schedule B read with Regulations 9(1) and 9(2) of PIT Regulations, 2015, *"The code of conduct shall specify the period, which in any event shall not be less than six months, within which a designated person who is permitted to trade shall not execute a contra trade. The compliance officer may be empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these regulations. Should a contra trade be executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to the Board for credit to the Investor Protection and Education Fund administered by the Board under the Act".*

66. Further, as per Clause 10.8 of PCL's code of conduct for prohibition of insider trading, *"All designated employees who buy or sell any number of shares of the company shall not execute a contra trade i.e. sell or buy any number of shares during the next six months following the prior transaction."*

67. It is alleged in the SCN that Noticee 2, being a designated person in PCL, had executed contra trades on several instances, within a period of 6 months. The SCN has provided the details of such instances in the Table below:

	Buy Transactions				Sell Transactions						
S. No.	Buy Date	Buy Qty	Buy Price (Rs.)	Buy Value (Rs.)	Sell date	Sell Qty	Sell price (Rs.)	Sell value (Rs.)	Contra trade Qty.	Contra trade profit/ (loss) (Rs.)	Profit / Loss
1	18/04/2016	30000	6.05	181500.00	04/07/2016	30000	5.71	171333.79	30000	-10166.21	Loss
2	25/04/2016	71000	6.11	433697.07	04/07/2016	71000	5.71	405489.96	71000	-28207.10	Loss
3	25/04/2016	29000	6.11	177143.87	13/07/2016	29000	6.63	192125.00	29000	14981.13	Profit
4	26/04/2016	171000	6.43	1099036.84	13/07/2016	171000	6.63	1132875.00	171000	33838.16	Profit
5	26/04/2016	1376	6.43	8843.71	25/08/2016	1376	11.60	15961.60	1376	7117.89	Profit
6	26/04/2016	63243	6.43	406470.10	26/08/2016	63243	12.50	790537.50	63243	384067.40	Profit
7	29/04/2016	50882	7.12	362311.80	26/08/2016	50882	12.50	636025.00	50882	273713.20	Profit
8	29/04/2016	68327	7.12	486531.15	15/09/2016	68327	17.50	1195722.50	68327	709191.35	Profit
9	29/04/2016	100000	7.12	712062.81	29/09/2016	100000	17.70	1769619.44	100000	1057556.63	Profit
10	29/04/2016	21340	7.12	151954.20	17/10/2016	21340	19.25	410795.00	21340	258840.80	Profit
11	29/04/2016	20000	7.12	142412.56	21/10/2016	20000	20.00	400000.00	20000	257587.44	Profit
12	04/07/2016	85501	5.70	487355.70	25/11/2016	85501	6.45	551481.45	85501	64125.75	Profit
13	14/09/2016	68327	16.50	1127395.50	25/11/2016	68327	6.45	440709.15	68327	-686686.35	Loss
14	16/09/2016	500000	18.39	9195315.32	25/11/2016	500000	6.45	3225000.00	500000	-5970315.32	Loss
15	21/09/2016	75115	18.40	1382116.00	25/11/2016	75115	6.45	484491.75	75115	-897624.25	Loss
16	22/09/2016	540411	18.42	9955439.30	25/11/2016	540411	6.45	3485650.95	540411	-6469788.35	Loss
17	29/09/2016	92738	17.87	1657337.80	25/11/2016	92738	6.45	598160.10	92738	-1059177.70	Loss
18	03/10/2016	1000000	19.05	19050000.00	25/11/2016	1000000	6.45	6450000.00	1000000	-12600000.00	Loss
19	07/10/2016	16733	19.48	326013.76	25/11/2016	16733	6.45	107927.85	16733	-218085.91	Loss
20	07/10/2016	983267	19.48	19157268.64	28/11/2016	983267	6.15	6050748.46	983267	-13106520.17	Loss

21	10/10/2016	38398	20.04	769493.31	28/11/2016	38398	6.15	236290.49	38398	-533202.82	Loss
22	10/10/2016	403579	20.04	8087695.69	29/11/2016	403579	5.85	2360937.15	403579	-5726758.54	Loss
23	10/10/2016	470832	20.04	9435441.23	30/11/2016	470832	5.60	2636659.20	470832	-6798782.03	Loss
24	10/10/2016	100000	20.04	2003993.19	09/12/2016	100000	4.25	425000.00	100000	-1578993.19	Loss
25	10/10/2016	83853	20.04	1680408.41	16/12/2016	83853	5.55	465424.15	83853	-1214984.26	Loss
	Total	5084922		88477237.96		5084922		34638965.49	5084922	30,61,019.75	Total Profit only
Total profit arising out of Contra trade is Rs.30,61,019.75											

68. I note that contra trades are those trades or transactions which involve buying or selling shares of a company and then executing transaction of opposite nature within a specified time (i.e. buy & sell / sell & buy). The provisions of PIT Regulations, 2015 seek to prohibit designated persons (hereinafter referred to as "DPs") from executing contra trades within a period of 6 months. The objective of such provision is to ensure that DPs, based on their functional role or by having access to UPSI, do not make a profit by taking opposite positions.

69. The gross profits made by Noticee 2 through the contra trades have been re-calculated and the details are provided in the Table below.

	Buy Transactions				Sell Transactions						
S. No.	Buy Date	Buy Qty	Buy Price (Rs.)	Buy Value (Rs.)	Sell date	Sell Qty	Sell price (Rs.)	Sell value (Rs.)	Contra trade Qty.	Contra trade profit/ (loss) (Rs.)	Profit / Loss
1	18/04/2016	30,000	6.05	181,500.00	04/07/2016	30,000	5.71	171,180.76	30,000	-10,319.24	Loss
2	25/04/2016	100,000	6.11	611,000.00	04/07/2016	100,000	5.71	570,602.55	100,000	-40,397.45	Loss
3	26/04/2016	56,500	6.43	363,295.00	04/07/2016	56,500	5.71	322,390.44	56,500	-40,904.56	Loss
4	26/04/2016	179,119	6.43	1,151,735.17	13/07/2016	179,119	6.63	1,186,663.38	179,119	34,928.21	Profit
5	29/04/2016	20,881	7.12	148,672.72	13/07/2016	20,881	6.63	138,336.63	20,881	-10,336.10	Loss
6	29/04/2016	1,376	7.12	9,797.12	25/08/2016	1,376	11.60	15,961.60	1,376	6,164.48	Profit
7	29/04/2016	114,125	7.12	812,570.00	26/08/2016	114,125	12.50	1,426,562.50	114,125	613,992.50	Profit
8	29/04/2016	68,327	7.12	486,488.24	15/09/2016	68,327	17.50	1,195,722.50	68,327	709,234.26	Profit
9	29/04/2016	100,000	7.12	712,000.00	29/09/2016	100,000	17.70	1,769,619.44	100,000	1,057,619.44	Profit
10	29/04/2016	21,340	7.12	151,940.80	17/10/2016	21,340	19.25	410,795.00	21,340	258,854.20	Profit
11	29/04/2016	20,000	7.12	142,400.00	21/10/2016	20,000	20.00	400,000.00	20,000	257,600.00	Profit

12	04/07/2016	171,001	5.7	974,705.70	25/11/2016	171,001	6.45	1,102,956.45	171,001	128,250.75	Profit
13	14/09/2016	68,327	16.5	1,127,395.50	25/11/2016	68,327	6.45	440,709.15	68,327	-686,686.35	Loss
14	16/09/2016	500,000	18.39	9,195,000.00	25/11/2016	500,000	6.45	3,225,000.00	500,000	-5,970,000.00	Loss
15	21/09/2016	75,115	18.4	1,382,116.00	25/11/2016	75,115	6.45	484,491.75	75,115	-897,624.25	Loss
16	22/09/2016	540,411	18.42	9,954,370.62	25/11/2016	540,411	6.45	3,485,650.95	540,411	-6,468,719.67	Loss
17	29/09/2016	92,738	17.87	1,657,228.06	25/11/2016	92,738	6.45	598,160.10	92,738	-1,059,067.96	Loss
18	03/10/2016	1,000,000	19.05	19,050,000.00	25/11/2016	1,000,000	6.45	6,450,000.00	1,000,000	-12,600,000.00	Loss
19	07/10/2016	16,733	19.48	326,013.76	25/11/2016	16,733	6.45	107,927.85	16,733	-218,085.91	Loss
20	07/10/2016	983,267	19.48	19,157,268.64	28/11/2016	983,267	6.15	6,050,748.46	983,267	-13,106,520.17	Loss
21	10/10/2016	38,398	20.04	769,493.31	28/11/2016	38,398	6.15	236,290.49	38,398	-533,202.82	Loss
22	10/10/2016	403,579	20.04	8,087,695.69	29/11/2016	403,579	5.85	2,360,937.15	403,579	-5,726,758.54	Loss
23	10/10/2016	470,832	20.04	9,435,441.23	30/11/2016	470,832	5.60	2,636,659.20	470,832	-6,798,782.03	Loss
24	10/10/2016	100,000	20.04	2,003,993.19	09/12/2016	100,000	4.25	425,000.00	100,000	-1,578,993.19	Loss
25	10/10/2016	83,853	20.04	1,680,408.41	16/12/2016	83,853	5.55	465,424.15	83,853	-1,214,984.26	Loss
Gross Profit										30,66,644	

70. I note from the Table in the previous paragraph that Noticee 2, being a DP, had executed contra trades in 25 instances during 01.01.2016 to 31.12.2016, in violation of Clause 10 of Code of Conduct, as mentioned in Schedule B read with Regulations 9(1) and 9(2) of PIT Regulations, 2015. The total profit earned by Noticee 2 out of such contra trades was Rs.30,66,644. As already mentioned above, Noticee 2 has not put forth any argument to rebut the aforesaid allegations.

71. In view of the above, I conclude that Noticee 2 has violated the provisions of Clause 10 of Code of Conduct, as mentioned in Schedule B read with Regulations 9(1) and 9(2) of PIT Regulations, 2015. Further, the gains of Rs.30,66,644 made by Noticee 2 from the contra trades are liable to be disgorged.

72. As Noticees 2, 5 and 6 have been found to have indulged in insider trading, the same makes them liable to pay monetary penalty under Section 15G of the SEBI Act, 1992. Further, Noticees 2 and 6 have also been found to not have made timely disclosures, in terms of the provisions of SAST Regulations, 2011 and PIT Regulations, 2015, which have been discussed above in detail. The same makes

Noticees 2 and 6 liable for monetary penalty under Section 15A(b) of the SEBI Act, 1992. Further, for violation of the provision of Code of Conduct, as specified under the provisions of PIT Regulations, 2015, Noticee 2 is liable for monetary penalty under Section 15HB of the SEBI Act, 1992.

73. While deciding the quantum of the monetary penalty to be imposed on respective Noticees, I have considered the factors mentioned under Section 15J of the SEBI Act, 1992, which reads as under:

> ***Factors to be taken into account while adjudging quantum of penalty.***
>
> ***15J.*** *While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely: —*
>
> *(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*
>
> *(b) the amount of loss caused to an investor or group of investors as a result of the default;*
>
> *(c) the repetitive nature of the default.*
>
> *Explanation. - For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.*

74. Apart from imposing monetary penalty, I also deem it fit to issue directions *inter alia* debarring the concerned Noticees from accessing the securities market and trading in securities.

Directions:

75. In view of the reasons recorded in detail in this Order and in order to protect the interest of investors and the integrity of the securities market, I, in the exercise of the powers conferred upon me under Section 11, 11(4), 11(4A), 11B(1) and11B(2) read with Section 19 of the SEBI Act, 1992, hereby issue the following directions:

   (a) Prafulla Bhat (Noticee 2), Vipul Lathi (Noticee 5) and Anup Karwa (Noticee 6) are restrained from accessing the securities market and are further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of 2 (two) years from the date of this Order. If Noticees 2, 5 and 6 have any open position in any exchange traded derivative contracts, as on the date of the order, they can close out /square off such open positions within 7 days from the date of this order. The said Noticees are permitted to settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the close of trading on the date of this Order. It is clarified that during the period of restraint, the existing holding of securities, including the units of mutual funds, of Noticees 2, 5 and 6 shall remain under freeze in respect of the aforesaid debarred Noticees.

   (b) Prafulla Bhat (Noticee 2), Vipul Lathi (Noticee 5) and Anup Karwa (Noticee 6) shall disgorge the amount of unlawful gains as mentioned against their names in Table under Para 52 of this Order. Further, Prafulla Bhat (Noticee 2) shall also disgorge the amount of unlawful gains as mentioned in Para 71 of this Order. The aforesaid amounts shall be remitted to Investor Protection and Education Fund, as referred to in the Section 11(5) of the SEBI Act, 1992, within 45 (forty-five) days from the date of this Order and intimation in this regard shall be forwarded to "Division Chief, Enforcement Department-1, Securities and Exchange Board of India, SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai-400 051".

(c) Prafulla Bhat (Noticee 2), Vipul Lathi (Noticee 5) and Anup Karwa (Noticee 6) are hereby imposed with monetary penalties, as provided hereunder:

Noticee	Provisions of law violated	Penalty levied under Section	Quantum of penalty payable
Prafulla Bhat (Noticee 2)	Regulation 29(1) read with Regulation 29(3) of SAST Regulations	Section 15A(b) of the SEBI Act, 1992	1 Lakh
	Regulation 7(2)(a) of PIT Regulations	Section 15A(b) of the SEBI Act, 1992	1 Lakh
	Clause 10 of Code of Conduct as mentioned in Schedule B read with Regulations 9(1) and 9(2) of PIT Regulations	Section 15HB of the SEBI Act, 1992	1 lakh
	Section 12A (d) and (e) of the SEBI Act, 1992 read with Regulations 3(1), 4(1) and 4(2) of the PIT Regulations, 2015	Section 15G of the SEBI Act, 1992	10 Lakh
Vipul Lathi (Noticee 5)	Section 12A (d) and (e) of the SEBI Act, 1992 read with Regulation 4 (1) and 4 (2) of the PIT Regulations, 2015	Section 15G of the SEBI Act, 1992	10 Lakh
Anup Karwa (Noticee 6)	Section 12A (d) and (e) of the SEBI Act, 1992 read with Regulation 4 (1) and 4 (2) of the PIT Regulations	Section 15G of the SEBI Act, 1992	10 Lakh
	Regulation 29(1) read with Regulation 29(3) of SAST Regulations	Section 15A(b) of the SEBI Act, 1992	1 Lakh

(d) Noticees 2, 5 and 6 shall remit / pay the respective amount of penalty mentioned against their names in the Table under sub-paragraph (c) above, within 45 days of receipt of this order by using the undermentioned pathway: www.sebi.gov.in/Enforcement → Orders → Orders of Chairperson/ 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, Investigation Department – ID18, Securities and Exchange Board of India, SEBI Bhavan, Plot No. C4-A, "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:

CASE NAME	
NAME OF PAYEE	
DATE OF PAYMENT	
AMOUNT PAID	
TRANSACTION NO.	
PAYMENT IS MADE FOR : (LIKE PENALTIES/DISGORGEMENT /RECOVERY/SETTLEMENT AMOUNT/LEGAL CHARGES ALONG WITH ORDER DETAILS)	

76. The proceedings in respect of Prakash Laddha (Noticee 1), Pradeep Khandagale (Noticee 3) and Vishal Ahuja (Noticee 4) are hereby disposed of without any directions.

77. The Order shall come into force with immediate effect.

78. A copy of this Order shall be forwarded to the Noticees, the recognized Stock Exchange, depositories and registrar and transfer agents for ensuring compliance with the above directions.

PLACE: MUMBAI
DATE: JULY 24, 2024

ASHWANI BHATIA
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA