

National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/65200	Date: November 22, 2024
Circular Ref. No: 405/2024	

To All NSE Members,

Sub: SEBI Order in the matter of Insider Trading in the scrip of Jagsonpal Pharmaceuticals Limited

This has reference to SEBI Order no. QJA/AA/IVD/ID15/30997/2024-25 dated November 22, 2024 wherein, SEBI has debarred following entities from accessing the securities market, directly or indirectly and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of one (1) year from the date of this order.

Sr. no.	Name of Entity	PAN
1.	Maneesh Kumar Jain	ACBPJ9338D
2.	S.V. Subha Rao	AAHPR8501L

Further, SEBI vide above order has directed that if the above entity has any open position in any exchange traded derivative contracts, as on the date of this order, the entity can close out/ square off such open positions within 3 months from the date of order or at the expiry of such contracts, whichever is earlier.

The 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>



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 in the scrip of Jagsonpal
Pharmaceuticals Limited**

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER SECTION 11(1), 11(4), 11(4A), 11B(1) AND 11B(2) READ WITH SECTION 15G OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995.

IN THE RESPECT OF-

SR. NO.	NAME OF THE ENTITY	PAN
1.	Mr. Maneesh Kumar Jain	ACBPJ9338D
2.	Mr. SV Subha Rao	AAHPR8501L

(The aforesaid entities are hereinafter individually referred to by their respective names / Noticee numbers and collectively referred to as Noticees)

IN THE MATTER OF INSIDER TRADING IN THE SCRIP OF JAGSONPAL PHARMACEUTICALS LIMITED

BACKGROUND:

- Pursuant to the disclosure of the press release dated February 21, 2022 titled '*Intimation for Public Announcement under Regulations 3(1) and 4 read with Regulations 13(1), 14 And 15(1) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011*' to National Stock Exchange ('NSE') at 07:09:27 am on February 22, 2022 by the Company M/s Jagsonpal Pharmaceuticals Limited (hereinafter referred to as '**JPL**'/'**company**'), a detailed analysis was carried out by NSE to identify clients whose trading pattern suggested possible trading on the basis of unpublished price sensitive information ('**UPSI**'), in violation of SEBI (Prohibition of Insider Trading) Regulation 2015 (hereinafter referred to as '**PIT Regulations**'), if any, as the said announcement was *prima-facie* noted to be price sensitive by NSE. The disclosure, *inter-alia*, stated the following:

*“This is to intimate that the company has received **an open offer for acquisition of upto 68,11,480** (Sixty Eight Lakhs Eleven Thousand Four Hundred Eighty) fully paid-up equity shares of face value of ₹ 5 each (“equity shares”) representing 26.00% of the fully diluted voting equity share capital (“voting share capital”).*

*The Public Announcement (“Pa” Or “Public Announcement”) is being issued by **Centrum Capital Limited** (“Manager to the Offer”) for and on behalf of the Acquirer and the PACS to the eligible public shareholders (As Defined Below in the enclosed PA) of the Target Company pursuant to and in compliance with, among others, Regulations 3(1) and 4 Read with Regulations 13(1), 14 and 15(1) of the SEBI (SAST) Regulations.”*

(emphasis supplied)

2. Thereafter, a detailed investigation was undertaken by SEBI to ascertain whether the suspected entity/ies traded in the scrip of JPL when in possession of the UPSI and if there were any violations of the provisions of the Securities and Exchange Board of India Act, 1992 (**‘SEBI Act, 1992’**) and the PIT Regulations. The period of investigation was taken from December 24, 2021 to March 31, 2022 (hereinafter referred to as **‘Investigation Period’/ ‘IP’**). However, reference has been made outside this period, wherever deemed necessary.
3. Based on the analysis of trading pattern, one Mr. Maneesh Kumar Jain (hereinafter referred to as **‘Mr. Maneesh’/ ‘Noticee no.1’**) was shortlisted by SEBI as a suspected entity. The focus of SEBI’s investigation was to examine whether the aforesaid suspected entity had traded in the scrip of JPL being in possession of UPSI during the investigation period. Upon investigation, it was, *inter alia*, observed as under:
 - 3.1 JPL had made an announcement to NSE of the press release dated February 21, 2022 titled *‘Intimation for Public Announcement under Regulations 3(1) and 4 read with Regulations 13(1), 14 And 15(1) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011’*.
 - 3.2 Thereafter, the Open Offer was made at a price of Rs. 235/- (Two Hundred and Thirty-Five only) per Offer Share making the total consideration payable by the acquirer under the Open Offer at the Offer Price of Rs.1,60,06,97,800/- (Rupees

One Hundred and Sixty Crores Six Lakhs Ninety-Seven Thousand Eight Hundred only) payable in cash through normal banking channels.

3.3 The news of substantial acquisition of shares was announced pre-market hours on February 22, 2022 (i.e. at 07:09:27 am). It was observed that the said news had impacted the price of the scrip of JPL as it registered a rise of around 20% on a close-to-close basis and rise of 5.96% on open-to-close basis.

3.4 Further, it was also observed that the scrip hit a new 52-week high price of Rs. 246.45/- on February 22, 2022.

3.5 Thus, the announcement dated February 22, 2022 made by JPL to NSE as regards substantial acquisition of shares under Regulations 3(1) and 4 read with Regulation 13(1), 14 and 15(1) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 was observed to be an UPSI under the provisions of Regulation 2(1)(n) of the PIT Regulations.

- 4.** Further, upon examining the call data records (CDRs) of Noticee No. 1, it was, *inter alia*, observed that Noticee No. 1, who had traded in the scrip of JPL, had communication / contact, on a frequent basis, with Mr. SV Subha Rao, the Chief Finance Officer (CFO) of JPL (hereinafter referred to as '**Noticee No. 2**') during the relevant period. On examining the trading pattern of Noticee No. 1 during the relevant period on NSE and BSE, it was observed that Noticee No. 1 had traded in the scrip of JPL during the UPSI period. Out of the trades executed by Noticee No.1 during the investigation period, it was noticed that his trades in the scrip of JPL were the fourth largest trades in terms of value and the same were executed during the existence of the UPSI i.e. December 28, 2021 to February 21, 2022.
- 5.** In view of the above, it was observed that on the basis of the UPSI communicated by Noticee No. 2, an insider, him being the CFO of JPL, to Noticee No. 1, Noticee No. 1 had traded in the scrip of JPL when in possession of UPSI and thereby, the Noticees allegedly violated the following provisions of securities laws:
- 5.1** It is alleged that Noticee No.2 / Mr. S.V. Subha Rao (*CFO of JPL*), being an insider, was in possession of UPSI regarding substantial acquisition of shares of

the company and allegedly, communicated the said UPSI to Noticee No. 1 / Mr. Maneesh Kumar Jain. In view of the same, Noticee No. 2 is alleged to have violated the provisions of Regulation 3(1) of PIT Regulations and Section 12A(e) of SEBI Act, 1992.

- 5.2** Further, it is alleged that Noticee No. 1 procured the UPSI from Noticee No. 2 and traded in shares of JPL, while being in possession of UPSI related to substantial acquisition of shares in JPL, and made a profit of Rs. 31.39 Lakhs. Therefore, Noticee No. 1 had allegedly violated the provisions of Regulation 4(1) of the PIT Regulations and Sections 12A(d) and 12A(e) of the SEBI Act, 1992.

SHOW CAUSE NOTICE, REPLIES AND HEARING:

- 6.** A common show cause notice dated March 01, 2024 (“**SCN**”) was issued to the Noticees calling upon them to show cause as under:

6.1 Noticee No. 1 was show caused as to why appropriate directions under Section 11(B)(1) and 11(4) read with Section 11(1) of SEBI Act, 1992 including a direction of debarment and disgorgement of the unlawful gains / profits should not be issued and also, why any direction under Section 11B(2) and 11(4A) read with Section 15G of the SEBI Act, 1992 imposing monetary penalty should not be issued against him for the alleged violations of the provisions of Regulation 3(1) of PIT Regulations and Section 12A(e) of SEBI Act, 1992.

6.2 Noticee No. 2 was show caused as to why appropriate directions under Section 11B(1) and 11(4) read with Section 11 (1) of SEBI Act, 1992 including a direction of debarment and restraint from accessing and / or dealing in securities markets should not be issued and also why any directions under Section 11B(2) and 11(4A) read with Section 15G of SEBI Act, 1992 imposing monetary penalty should not be issued again him for the alleged violations of the provisions of Regulation 4(1) of the PIT Regulations and Sections 12A(d) and 12A(e) of the SEBI Act, 1992.

- 7.** The said SCN was duly delivered to the Noticees and vide letter dated March 27, 2024, IC Universal Legal, Advocates and Solicitors being the Authorized

Representatives (**ARs**) for the Noticees, while acknowledging the receipt of the SCN, requested for certain documents, enlisted therein. Accordingly, an opportunity to inspect the said documents was provided and availed by the Noticees on April 12, 2024 and the minutes of the same are available on record. Thereafter, vide letter dated April 26, 2024, the ARs filed a preliminary reply on behalf of the Noticees. While denying the allegation made against the Noticees in the SCN dated March 01, 2024 and informing that the Noticees have filed for settling the specified proceedings under the SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as the '**Settlement Regulations**'), the Noticees made the following submissions:

- 7.1** It is submitted that Noticee No. 1 was a former employee of ValueFirst Digital Media Pvt. Ltd and had resigned from the said company in December 2016. Since then, the said Noticee has been an active trader, trading based on his own research and technical analysis of various companies. He has adopted a sector agnostic approach for trading and the average shares sold by Noticee No. 1 annually during the period from F.Y. 2019-20 to F.Y. 2023-24 has been around INR 123 crores.
- 7.2** Noticee No. 1 states that the trades in question in the SCN forms only 2% of the total shares sold by him in the F.Y.
- 7.3** With respect to Noticee No. 2, it is submitted that he is a former Chief Financial Officer (CFO) of JPL and has retired on February 2024 after working for 31 years with the Company. While in service, there were no disciplinary actions and / or any regulatory proceedings initiated against him in his career.
- 7.4** The Noticees became acquainted with each other in and around December, 2021 and met in person in January, 2022 to discuss marriage proposals of their children and based on subsequent meetings, gatherings, calls, discussions, their children got married on December 11, 2022.
- 7.5** On February 01, 2022 after trading hours at 05:15 P.M. the company had intimated through a stock exchange disclosure that Mr. Sanjay Kumar Dudeja, due to personal preoccupation had resigned from his position as a CFO of the Company w.e.f. February 01, 2022. The said stock exchange disclosure along

with screenshot of the stock exchange website indicating time of the intimation has been provided by the Noticees to substantiate the same.

- 7.6** Subsequently, the Company intimated the public, through a stock exchange disclosure on February 03, 2022 that a meeting of the Board of Directors of the Company was held on February 11, 2022 and in the said meeting, attended only by the directors and company secretary of the Company, the Board had considered the profile of Noticee No. 2 and decided to appoint him as the CFO of the company with immediate effect. The minutes of the said meeting held on February 03, 2022 has been provided to substantiate the said point.
- 7.7** On February 18, 2022, there was a sudden rise in the number of trades as well as number of deliveries of shares in the scrip of the Company. There was increase of 544% in the number of trades in the scrip of the Company vis-à-vis the [previous day and an increase of 411% in the number of deliveries of the shares of the Company vis-à-vis the previous day. The scrip was also identified as the biggest mover in the market on that day by various national news portals as the price of the scrip increased by 20% in a single trading session and various prominent social media handles also posted about the same.
- 7.8** Further, it is stated that for an active trader who is well connected on social media and undertaking analysis, it is very evident that the scrip is a good investment opportunity as per the market behavior towards such stock.
- 7.9** The Noticees submit that considering their impeccable careers, to charge them with violation of the PIT Regulations is very serious and would have a long term impact on their careers. Further, it is submitted that the only allegation in the SCN is that Noticee No. 2 allegedly violated the provisions of the PIT Regulations for purportedly communicating the alleged UPSI to Noticee No. 1 and that subsequently, Noticee No. 1 has traded based on such alleged communication. However, there is no material evidence of the alleged communication and the Noticees therefore, deny all the allegations.
- 7.10** Further, the Noticees submit that appointment of CFO of the company is not an UPSI within the definition provided under Regulation 2(1)(n) of the PIT

Regulations. The said regulations make it clear that the litmus test to determine whether an UPSI is a price sensitive information or not is to examine if it is likely to materially affect the price of the scrip of the company.

7.11 In the present case, the information pertaining to appointment of CFO is not price sensitive and there was no impact on the price of the scrip when Noticee No. 2 was appointed as a CFO. In fact, the price of the scrip fell on the following day after the information was published which is seen as under:

Sr. No.	Date	Closing Price	Price Change (in Rs.)
1.	07.02.2022	165.20	-1.15
2.	08.02.2022	160.65	-4.55
3.	09.02.2022	160.10	-0.55
4.	10.02.2022	162.20	+2.10
5.	11.02.2022	167.30	+5.10
6.	14.02.2022	163.85	-3.45
7.	15.02.2022	165.85	+2.00

7.12 Therefore, it is the case of the Noticees that the disclosure of Noticee No. 2 as CFO saw marginal rise of mere INR 5.10 and thereafter followed a fall of INR 3.45, the net impact of which is that the information in question was not price sensitive. The same has been noted by the Investigating Officer of SEBI at page no. 9 of the investigation report. The Noticees placed reliance on the decision of the Hon'ble Securities Appellate Tribunal (SAT) in the case of *Rajeev Vasant Seth Vs. Ors Vs. SEBI & Ors (2021 SCC OnLine SAT 2745)* in support of their submission.

7.13 The Noticees further submit that in an attempt to correlate trades undertaken by Noticee No. 1 on February 10-11, 2022 with the appointment of Noticee No. 2 as the CFO of the Company, a vague allegation has been made based on telephonic calls between the Noticees on January 25-26, 2022 with the alleged communication of the UPSI.

7.14 During the telephonic calls, the appointment of Noticee No. 2 as the CFO did not qualify as an information itself. In the instant case, the erstwhile CFO resigned w.e.f. February 01, 2022 and a disclosure of the same was made by the

Company to the stock exchange. Further, Noticee No 2's appointment as CFO was approved by the Board on February 11, 2022 and the same was considered for the first time in the Board Meeting itself.

- 7.15** The Noticees submit that it is not the case of SEBI that the said disclosure of February 01, 2022 was delayed or incorrect or the Board did not exercise independent due diligence on the proposal to appoint Noticee No. 2 as the CFO. Therefore, the decision to appoint Noticee No. 2 as the CFO of the Company was crystallized when the proposal was placed before the Board and the same was approved by them. Reliance has been placed on the decision of the Hon'ble SAT in the case of *Samir C Arora Vs. SEBI (2004 SCC Online SAT 90)* in support of the said submission.
- 7.16** It is further submitted that as alleged Noticee No. 2 has communicated UPSI to Noticee No. 1 and SCN places reliance on particular call data records of January 25-26, 2022 with respect to trades undertaken by Noticee No, 1 on February 10-11, 2022 and telephonic communication on February 20, 2022 with respect to trades undertaken by Noticee No. 1 on February 21, 2022. However, it is the case of the Noticees that for charging entities with the violation of insider trading, any finding of possession and communication of UPSI ought to be based on cogent evidence and not conjectures and surmises. The Noticees have placed reliance on the judgement in the case of *Balram Garg Vs. SEBI (2022 SCC Online SC 472)* to support their contention.
- 7.17** In addition, the Noticees have submitted that the SCN has tried to co-relate the call on February 20, 2022 between the Noticees with the trade of Noticee No. 1 on February 21, 2022. However, the SCN has failed to provide details of the nature of communication and has relied on two facts to allege the same:
- a. That the said call was the only call / contact between the Noticees in the month of February 2022; and
 - b. That the said telephonic conversation between the Noticees is of the longest duration

- 7.18** The said allegation is solely based on the assumptions and presumptions and that too are imbued with various factual inaccuracies. The allegation lacks material evidence. In support of the said contention, the Noticees have relied upon SEBI's Adjudication Order dated June 14, 2021 in the case of Palred Technologies Limited wherein it was observed that for proving the serious charge of insider trading, the charge should be backed with minimum credible evidence beyond assumptions.
- 7.19** Therefore, the Noticees submitted that it has been established by the judicial precedents that it is the responsibility of SEBI to bring forth foundational facts and produce minimum credible evidence to establish serious charges like insider trading.
- 7.20** Further, the alleged evidence induced by SEBI is also flawed. For instance, the Noticees state that the call on February 20, 2022 has been alleged as the only communication made between the Noticees. However, SEBI has failed to take note of communications made through other messaging applications. In support of the said contention, the Noticees have produced screenshots of various messages which have been exchanged between them in the month of February 2022. Thus, it is the case of the Noticees that the allegation that the Noticees communicated only prior to the trade undertaken by Noticee No. 1 is factually incorrect.
- 7.21** In addition, the Noticees state that SEBI has selectively considered the communications between them and drawn conclusions which are contradictory with the facts.
- 7.22** With respect to the trading done by Noticee No. 1, it is submitted that the same has been done in the ordinary course of business. At the end of F.Y. 2021-22, the period within which the trades undertaken by Noticee No. 1 are being considered in the present SCN, the gross purchase of shares by Noticee No. 1 was around INR 104 crore. Further, gross sale of shares in F.Y. was around INR 109 crore. Thus, it is evident from trade details produced that the trading volume of Noticee No. 1 was significantly higher than undertaken by him in the scrip of

JPL and the trades undertaken in the scrip of JPL constituted miniscule percentage of the trades undertaken in F.Y. 2021-22.

- 7.23** The investment decisions of Noticee No. 1 were based on technical analysis of scrips, study of charts, trading and delivery volume, periodic market average price, etc. Further, in order to state that the trades done by Noticee No. 1 were never sector specific, the said Noticee's sector wise trading in F.Y. 2020-21, 2021-22, 2022-23 & 2023-24 has been provided. Based on the same, it is the case of Noticee No. 1 that he had taken large exposures in various sectors even when he had no prior exposure in them. Therefore, there was nothing unusual or different from his previous investments when he invested / traded in the shares of JPL. Reliance is placed in the matter of front running trading activities by Tushar Gupta passed by the QJA, SEBI dated February 27, 2024 to state that the trades in the scrip of JPL were independent and not based on any UPSI and even otherwise, there is no material cogent evidence of such communication.
- 7.24** The Noticees even submit that even if a person is an insider, allegation under Regulation 4(1) is refutable if the insider is able to prove that the trades were motivated by the information other than the UPSI. In support of the said submission, the Noticees have placed reliance in the order passed by WTM, SEBI dated December 18, 2020 in the matter of Dynamatic Technologies Ltd and decision of the Hon'ble SAT in the case of *Chandrakala Vs. SEBI (2021 SCC OnLine SAT 1905)*.
- 7.25** The Noticee No. 1 had previously also invested in pharmaceutical sector from 2016 onwards. In fact, Noticee No. 1 had invested in the sector in February 2022 itself when he bought shares of Lyka Labs Limited.
- 7.26** It is stated that in the decision of Hon'ble SAT in the case of *Umang Dhanuka & Ors Vs. SEBI (2021 SCC OnLine SAT 222)*, the Hon'ble SAT held that a person cannot be held liable for violating provisions of SEBI Regulations solely on the ground that profit is being made.

7.27 In view of the above submissions, it is prayed by the Noticees that the instant case is a fit case to be disposed of without any adverse observations insofar as the Noticees are concerned and no penalty may be imposed where no violation is established.

- 8.** Thereafter, in terms of Regulation 8(1) of the Settlement Regulations which specifically state that filing of an application for settlement of any specified proceedings shall not affect the continuance of the proceedings save that the passing of the final order shall be kept in abeyance till the application is disposed of, in compliance with the principles of natural justice, an opportunity of personal hearing was granted to the Noticees on June 12, 2024 and hearing notices dated May 31, 2024 were issued to both the Noticees. The said hearing notices were duly delivered to the Noticees. On the scheduled date of hearing, Adv. Leelavati Naidu, Advocate and Partner, Adv. Pratham Darad, Principal Associate and Adv. Srishti Suresh, Associate i/b IC Universal Legal, Advocates and Solicitors (ARs) appeared on behalf of the Noticees and reiterated the submissions made by the said Noticees in their common reply dated April 26, 2024. Further, while denying that appointment of Noticee No. 2 (*Mr. SV Subha Rao*) as the CFO of JPL in the Board Meeting held on February 11, 2022 was a UPSI, it was submitted that the trades in the scrip of JPL were miniscule if compared with the exposure of Noticee No. 1 (*Mr. Maneesh Kumar Jain*) in the securities market during the relevant period. Furthermore, reference was drawn to the sectors in which Noticee No. 1 had invested during the F.Y. 2021-22 based on which it was submitted that the trades in the scrip of JPL accounted for 2% of the exposure taken by him during the said period.
- 9.** In view of the said submission, the ARs of the Noticees were advised to submit the details of the exposure taken by Noticee No. 1 in the pharma sector for the period for which sector-wise exposure has been detailed at para 47 in their reply dated April 26, 2024 by June 21, 2024. Accordingly, vide email dated June 21, 2024, the ARs made additional submissions on behalf of the Noticees which are summarized as under:

9.1 While referring to the preliminary reply dated April 26, 2024 (Section III(e)), the Noticees state that the investments made by Noticee No. 1 were in the ordinary course of business. The table provided in para no. 47 of the said preliminary reply to reflect the shareholding pattern of Noticee No. 1 on March 31 of the F. Ys 2020-21, 2021-22, 2022-23 and 2023-24 has been updated including the sectors in which Noticee No. 1 traded. The updated table as provided by the Noticees is as under:

Sector	F.Y. 20-21	F.Y. 21-22	F.Y. 22-23	F.Y. 23-24
Automobile	17.32%	0%	0%	0%
Banks	0%	1.61%	2.85%	15.40%
Chemicals and Fertilizers	0%	0%	0%	0%
Construction, Real Estate and Building Material	2.77%	2.79%	6.10%	10.17%
Diversified	0.43%	0%	0%	0%
E-commerce and app-based aggregator	0%	0.13%	0%	0%
Engineering and capital goods	0.06%	0%	2.21%	41.39%
Finance	0%	6.34%	0%	21.94%
Information Technology	13.98%	27.45%	0.22%	3.40%
Media and entertainment	0%	8.22%	14.67%	3.30%
Metal and minerals	63.60%	11.50%	0%	0%
Power generation and distribution	0.56%	2.10%	15.92%	3.00%
Quick service restaurant	0%	0.17%	0%	0%
Refineries, oil and gas	0.06%	2.17%	0%	0%
Shipping and logistics	0%	0%	56.22%	1.40%
Steel	0%	1.68%	0%	0%
Sugar	0%	0%	1.18%	0%
Telecom and telecom equipment	0%	34.43%	0%	0%
Tobacco	1.22%	0.60%	0%	0%
Pharmaceuticals	0%	0%	0%	0%
Aerospace and defense	0%	0%	0%	0%
Breweries and distilleries	0%	0%	0%	0%
FMCG and retail	0%	0%	0%	0%
Hotel and travel	0%	0%	0%	0%
Miscellaneous	0%	0%	0%	0%

- 9.2** The Noticees have also provided the Noticee No. 1's sector-wise securities sold for F.Y. 2020-21, 2021-22, 2022-23 and 2023-24. In the list provided, shares sold by Noticee No. 1 in three scrips in pharmaceutical sector has been provided which constitutes 2.25%. It is the case of the Noticee that the sale value of the shares sold by Noticee No. 1 in pharmaceutical sector as a whole for the last four F.Ys did not even exceed 3% of the total securities sold by him including in the F.Y. 2021-22 which has been considered in the present case.
- 9.3** Furthermore, it is submitted that Noticee No. 1 had traded in certain sectors and made large investments where he had no significant trades in the past. The same shows that the trades undertaken by him were based on his technical analysis of the scrips and not on any communication of any alleged UPSI.
- 9.4** The Noticees state that a person cannot be held liable for violating the SEBI Regulations on the ground of profits made and have placed reliance on *SAT Order dated June 08, 2021 in the case of Umang Dhanuka & Ors Vs. SEBI*.

CONSIDERATION AND FINDINGS

- 10.** I have carefully perused the allegations levelled against the Noticees in the SCN, their replies to the SCN and other material available on record. I note that the following issues arise for consideration in the case:
- (i) Whether the information pertaining to substantial acquisition of shares of JPL can be termed as UPSI under the PIT Regulations?***
 - (ii) Whether the period from December 28, 2021 to February 21, 2022 can be said to be the period during which the UPSI existed?***
 - (iii) Whether Noticee No. 2 was in possession of UPSI and therefore, an insider? If yes, whether the Noticees were in frequent communication with each other during the investigation period?***
 - (iv) If the answer to issue no. 3 is in affirmative, whether Noticee No. 2 communicated the UPSI to Noticee No. 1 based on which Noticee No. 1, when in possession of the UPSI, traded in the scrip of JPL during the period when the UPSI existed thereby making profits which warrant disgorgement directions?***

11. Before moving forward, I note that it would be apposite to refer to the provisions of SEBI Act and PIT Regulations, which are relevant for determining if the Noticees have violated the same and to understand the implications of them on the present case. The relevant extracts of these provisions are reproduced as under:

PIT Regulations:

Definitions.

2(1)(n) *“unpublished price sensitive information” means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following: –*

- (i) financial results;*
- (ii) dividends;*
- (iii) change in capital structure;*
- (iv) mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;*
- (v) changes in key managerial personnel.*

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

Restrictions on communication and Trading by Insiders.

Communication or procurement of unpublished price sensitive information.

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

Trading when in possession of unpublished price sensitive information.

4.(1) *No insider shall trade in securities that are listed or proposed to be listed on a stock exchange when in possession of unpublished price sensitive information:*
Explanation –When a person who has traded in securities has been in possession of unpublished price sensitive information, his trades would be presumed to have

been motivated by the knowledge and awareness of such information in his possession.

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

(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.

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SEBI Act.

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

12A. No person shall directly or indirectly—

(a).....

(b).....

(c).....

(d) engage in insider trading;

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

12. Here, I find it pertinent to understand the background of the company including the financial details and the details with respect to the management and shareholding pattern of the Company. I note from the Investigation Report that JPL was incorporated in the year 1964 by one Mr. Jagmohan S. Kochhar. JPL is involved in

developing and manufacturing bulk drugs and pharmaceutical formulations. The products offerings of the company focus on Women Health, pain & Analgesics and General Medicine. The key areas of focus are its manufacturing, R&D, distribution and marketing. The directors and KMP of the company during the IP December 24, 2021, to March 31, 2022, are as under: -

Table 1 (Source: Annual Report JPL on NSE website)

Sr. No.	Name	PAN	Designation	Date of Appointment
1	Rajpal Singh Kochhar	AAMPK5264B	Chairman and Managing Director	17/08/1978
2	Bharat Sinh	AMCPS1407M	Independent Director	19/03/2013
3	Mammen Mathew	ABQPM2234D	Independent Director	14/11/2019
4	Jasbir Kaur Kochhar	AAMPK8560F	Non-Executive Director	12/02/2015
5	Ishpal Singh Ghai	ARBPG4228Q	Independent Director	20/03/2013
6	Ashok Kumar Pati	AARPP3739Q	Independent Director	14/11/2019
7	Nandita Singh	GECPS8677K	Company Secretary	10/10/2019

13. Further, the shareholding pattern of JPL during the investigation period was as under:

Table 2 (Source:nseindia.com)

Particulars	Quarter ended September 2021		Quarter ended December 2021		Quarter ended March 2022	
	No. of shares	% to total number of shares	No. of shares	% to total number of shares	No. of shares	% to total number of shares
Promoter & Promoter Group (A)	1,84,27,414	70.34	1,84,27,414	70.34	1,80,01,914	68.71
Public Shareholding (B)	77,70,586	29.66	77,70,586	29.66	81,96,086	31.29
Total (A+B)	2,61,98,000	100.00	2,61,98,000	100.00	2,61,98,000	100.00

14. With this background, now I would be dealing with each of the issues at length based on which I will determine whether the instant case warrants issuance of directions under Sections 11(1), 11(4), 11(4A), 11B(1) and 11B(2) of the SEBI Act, 1992 including disgorgement of unlawful gains, if any, and further, imposition of penalty under Section 15G of the SEBI Act, 1992.

Issue No. 1: Whether the information pertaining to substantial acquisition of shares of JPL can be termed as an UPSI under the PIT Regulations?

15. I note from the Investigation report and the SCN that on February 22, 2022, JPL had made an announcement to NSE of the press release dated February 21, 2022 titled 'Intimation for Public Announcement under Regulations 3(1) and 4 read with Regulations 13(1), 14 And 15(1) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011'. Thereafter, the Open Offer was made at a price of Rs. 235/- (Rupees Two Hundred and Thirty-Five only) per Offer Share making the total consideration payable by the acquirer under the Open Offer at the Offer Price of Rs.1,60,06,97,800/- (Rupees One Hundred and Sixty Crores Six Lakhs Ninety-Seven Thousand Eight Hundred only) payable in cash through normal banking channels. The news of substantial acquisition of shares was announced pre-market hours on February 22, 2022 (i.e. at 07:09:27 am). The chronology of events in respect of the announcement made on February 22, 2022 is as under:

Table 3

Date of Discussion	Nature of discussion (phone / meetings / approvals etc.)	Name and designation of persons present / privy to the discussion	Particulars (details of the matter discussed and conclusions, if any)
28-Dec-21	Meeting	Company: <ul style="list-style-type: none"> Rajpal Singh Kochhar, Managing Director (Promoter) <p>Seller representative which included promoter group entity, the representative from the Investment Banker representing the Company / Seller</p> <p>Representative from Convergent (Buyer)</p> <p>And the Consultant</p>	Company discussed, in principle, potential transaction with Convergent Finance LLP and parties decided to enter into a non-disclosure agreement. <p>The Company and Convergent executed a Non-Disclosure Agreement.</p>
30-Dec-2021 to 7-Jan-2022	Emails / Phone calls	Between the Company (JPL) and the Investment Banker for the Company/ Seller	The Company was evaluating the possibility of any investment by Convergent and was deliberating internally on modus of investment.

Date of Discussion	Nature of discussion (phone / meetings / approvals etc.)	Name and designation of persons present / privy to the discussion	Particulars (details of the matter discussed and conclusions, if any)
08-Jan-22	Physical Meeting, Management presentation	Representative from the Company including Noticee No. 2 (CFO of JPL), Buyer (Convergent), Representative from the Investment Banker and the Consultant.	Possible structures of investment in the Company were discussed. Convergent and Sellers discussed the possibilities of a transaction through a substantial acquisition.
18-Jan-2022 to 10-Feb-2022	E-mails / Calls	Company: <ul style="list-style-type: none"> • Mr. S.V. Subha Rao, Chief Financial Officer • Mr. Rajesh Bhatia Seller representative Law Firm's team members (12 in number) Investment Banker's team members (4 in number) Convergent's team members (5 in number) Another Law Firm's team members (6 in number)	Due diligence was undertaken by Convergent on the Company.
25-Jan-22	Meeting / Discussion	Company: <ul style="list-style-type: none"> • Rajpal Singh Kochhar, Managing Director • Mr. S.V. Subha Rao, Chief Financial Officer • Mr. Rajesh Bhatia Seller representative Law Firm's team members (6 in number) Investment Banker's team members (4 in number) Convergent team members (5 in number) Another Law Firm's team members (3 in number)	Initiating drafting of the definitive documents in connection with the transaction was discussed.
19-Feb-22	Email	Company: <ul style="list-style-type: none"> • Mr. S.V. Subha Rao, Chief Financial Officer • Nandita Singh, Company Secretary Seller's representative Law Firm's team members (6 in number) Investment Banker's team members (4 in number)	Draft resolutions, the Shareholders' Agreement, Share Purchase Agreement was shared with the Company.

Date of Discussion	Nature of discussion (phone / meetings / approvals etc.)	Name and designation of persons present / privy to the discussion	Particulars (details of the matter discussed and conclusions, if any)
20-Feb-22	Email	Team members of the Company including Noticee No. 2 (CFO of JPL) Seller's representative Investment Banker's team members (4 in number) Law Firm's team members (5 in number)	The draft of the SHA was circulated to members of the Board to consider and approve the execution of the SHA. Members of the Board passed the resolution to approve the SHA at their meeting held on 20-02-2022
21-Feb-22	Executed SPA and SHA	Team members of the Company including Noticee No. 2 (CFO of JPL) Seller's representatives (2 in number) Investment Banker's team members (4 in number) Law Firm's team members (15 in number) Convergent's team members (4 in number) Another Law Firm's team members (3 in number)	SHA and SPA was executed on 21 February 2022 and the public announcement of the offer was made by the purchasers on same date in accordance with the applicable laws.

16. The impact on the price of the scrip before and after the announcement is as under,

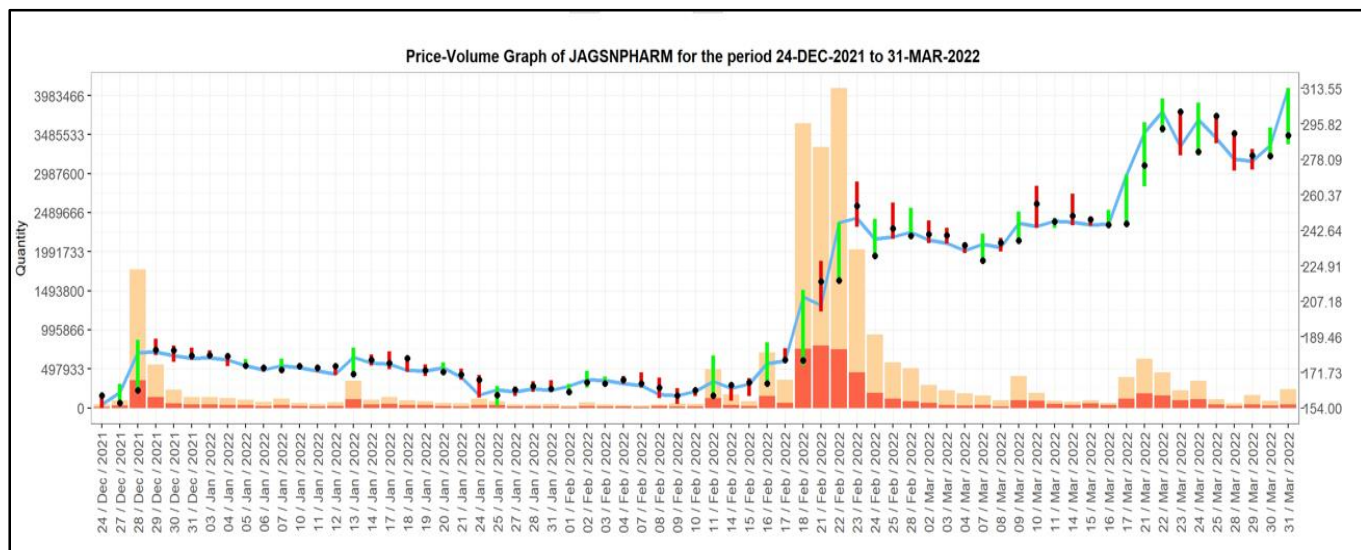
16.1 The close price of scrip of JPL on February 21, 2022 was Rs. 205.40/-

16.2 The open price of the scrip of JPL on February 22, 2022 was Rs. 217.65/- and the close price of scrip of JPL on the said date was Rs. 246.45/-

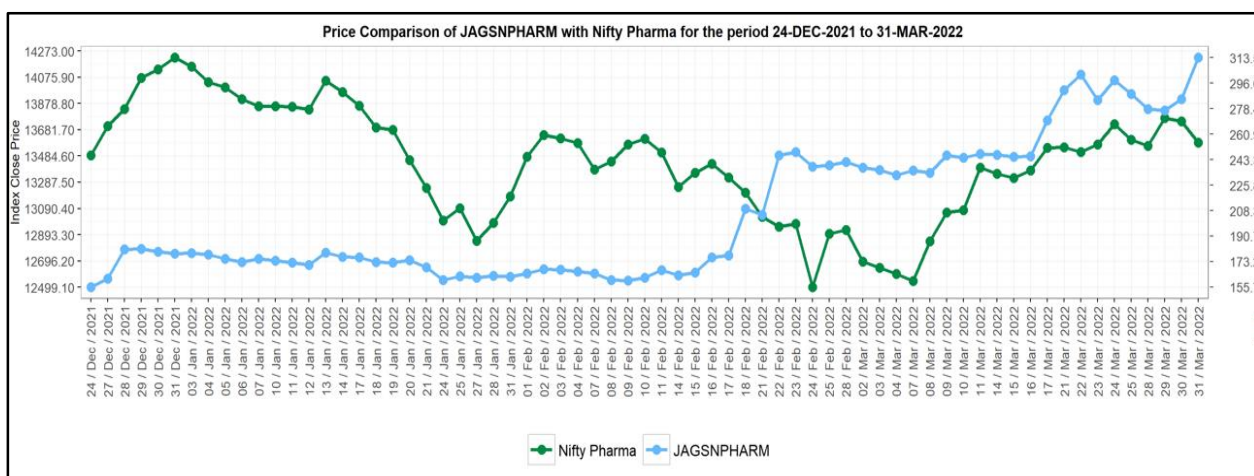
16.3 Thus, it is observed that the price of the scrip registered a rise of around 20% on a close-to-close basis and a rise of 5.96% on open-to-close basis.

16.4 Further, it was also observed that the scrip hit a new 52-week high price of Rs. 246.45/- on February 22, 2022.

17. The price volume graph of the scrip of JPL during the investigation period (*emphasis supplied as regards February 22, 2022 announcement*) is as under:



18. Price comparison of JPL against Index of Nifty Pharma is given as follows:



19. I note that Regulation 2(1)(n) of the PIT Regulations defines the term UPSI to mean any information relating to the company or its securities that is generally not available which upon becoming generally available is likely to materially affect the price of the securities. Thus, from a plain reading of the said definition under the PIT Regulations, it can be seen that the regulations have without any ambiguity defined the said term to cover under its ambit any information pertaining to the Company or its securities which, upon becoming public, is likely to make an impact on the price of such securities would be treated as UPSI. I note that the said

definition is an 'inclusive' definition which enlists certain 'information' which can be treated as 'price sensitive' until the same is not generally available. One of the enlisted information which has been specified as 'ordinarily to be considered as price sensitive' is as mentioned under clause (iv) of the said definition i.e. 'acquisitions'. Regulation 2(1)(e) of the PIT Regulations defines the term "generally available information" to mean an information that is accessible to the public on a non-discriminatory basis.

20. I note from the Investigation report that, during the course of the investigation, JPL, vide its reply dated January 24, 2023, had submitted that the announcement of substantial acquisition of shares which triggered the open offer should be considered as an 'UPSI'. The relevant extracts of the said reply by the company is reproduced as under:

*".....We assume that you are referring to the disclosure made by the Company on the Stock Exchange website (i.e. BSE Limited) under Regulation 30 of SEBI LODR at 23:47:27 Hrs on February 21, 2022 in relation to the public announcement. **While it should be considered to be UPSI**, please note that details in relation to the public announcement were already uploaded on the Stock Exchange website (i.e. BSE Limited) and were in the public domain as per Centrum's announcement at 16:32:13 Hrs on which was prior to the above disclosure by the Company. The said Transaction triggered an open offer under the SEBI SAST Regulations, resulting in change in control and hence a disclosure under Regulation 30 of SEBI LODR was made."*

(emphasis supplied)

21. I further find from the submissions made by the Noticees in their replies dated March 27, 2024 & June 21, 2024 in the present proceedings that no contention with respect to 'acquisition of shares of JPL' being identified as an UPSI has been made by them. Thus, on the basis of the facts brought out in the above paragraphs and the unambiguous interpretation of the definition of UPSI under Regulation 2(1)(n) of the PIT Regulations, I conclude that the announcement dated February 22, 2022 made by JPL to NSE as regards substantial acquisition of shares was an UPSI

under the provisions of Regulation 2(1)(n) of the PIT Regulations until the same was made generally available (i.e. on February 22, 2022).

Issue No. 2: Whether the period from December 28, 2021 to February 21, 2022 can be said to be the period during which the UPSI existed?

- 22.** I find that the chronology of events in respect of the announcement made on February 22, 2022 as mentioned in the preceding paragraph no. 15 and those privy to the said information is important to ascertain and determine whether the period from December 28, 2021 to February 21, 2022 can be said to be the period during which the UPSI existed.
- 23.** As can be observed from the chronology of events at paragraph 15 above, I note that Noticee No. 2, i.e. CFO of the JPL, had provided the compilation of events to SEBI based on which the effective date of commencement of discussion with respect to the substantial acquisition of shares was from December 28, 2021, on which date a non-disclosure agreement was also signed by the respective entities viz. the Company and Convergent Finance LLP.
- 24.** I find from the price variation in the scrip of JPL that pre-UPSI period, the scrip opened at Rs. 160.30 on December 24, 2021, witnessed a high of Rs. 188.60 on December 29, 2021 and a low of Rs. 154/- on December 24, 2021 and ultimately, the scrip closed at Rs. 160.45/- on January 24, 2022. Further, during the period from January 24, 2022 to February 21, 2022, the scrip had a high of Rs. 227.55/- on February 21, 2022 and closed at Rs. 205.40/- on the said date. Thereafter, post disclosure of the information with respect to substantial acquisition of shares of JPL to NSE on February 22, 2022 (*pre market hours*), the price of the scrip opened at Rs. 217.65/- on the said date, witnessed a high of Rs. 313.55/- on March 31, 2022 and closed at Rs. 313.55/- on March 31, 2022 which denotes a significant rise in price along with significant volumes.

25. I note from the submissions made by the Noticees with respect to the UPSI and the UPSI period that rather than making their submissions on the alleged UPSI in the SCN i.e. substantial acquisition of shares of JPL and the chronology of events which support the existence and commencement of the said UPSI clearly mentioned at paragraph nos. 4, 5, 6 and 13 of the SCN, they have made their submissions on an understanding that appointment of Noticee No. 2 as the CFO of JPL has been treated as UPSI and the charges have been levelled against them for communicating the said information and thereafter, trading in the scrip of JPL based on the said information. Various case laws have also been relied upon to state how appointment of Noticee No. 2 as CFO of the Company cannot be treated as an UPSI and that there was no price change on his appointment as a CFO in the scrip of JPL.

However, considering that the charges have been framed on the Noticees on the basis of the UPSI, being substantial acquisition of the shares of JPL and not appointment of Noticee No. 2 as the CFO, which became generally available to public only on February 22, 2022 and further, the period of existence of UPSI has been considered based on the chronology of events discussed in the preceding paragraph nos. 15 and 17, I find that the submissions of the Noticees with respect to the non-existence of UPSI and the period of existence of UPSI cannot be considered as the same are misunderstood and misplaced.

26. Accordingly, I conclude that the UPSI of substantial acquisition of shares of JPL (as established to be an UPSI in paragraph no. 22 above) existed during December 28, 2021 till February 21, 2022 i.e. the date before the announcement of the said information pre-market hours by JPL on February 22, 2022. In view of the same, the period from December 28, 2021 till February 21, 2022 is the period during which the UPSI existed.

Issue No. 3: Whether Noticee No. 2 was in possession of UPSI and therefore, an insider? If yes, whether the Noticees were in frequent communication with each other during the investigation period?

Issue No. 4: If the answer to issue no. 3 is in affirmative, whether Noticee No. 2 communicated the UPSI to Noticee No. 1 based on which Noticee No. 1, when in possession of the UPSI, traded in the scrip of JPL during the period when the UPSI existed thereby making profits which warrant disgorgement directions?

27. These above two issues being inter-connected, the same are being dealt in detail together in the subsequent paragraphs.

28. The fact that Noticee No. 2 was the CFO of JPL during the period under investigation has not been disputed by the Noticees and rather has been admitted by them. I further note from the preceding paragraphs that Noticee No. 2, being the CFO of the Company, had provided the compilation of events to SEBI based on which the effective date of commencement of discussion with respect to the substantial acquisition of shares has been crystallized from December 28, 2021 onwards, on which date a non-disclosure agreement was also signed by the respective entities viz. the Company and Convergent Finance LLP to acquire the shares of JPL. I note that Regulation 2(1)(g) of the PIT Regulations defines the term 'insider', to mean,

any person who is:

(i) a connected person; or

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

29. The 'Note' to the said definition specifically clarifies that as "generally available information" is defined (under the PIT Regulations), it is intended that anyone in possession of or having access to the UPSI should be considered as an "insider" regardless of how one came in possession of or had access to such information. During the investigation, vide email dated January 24, 2023, I note that JPL had made submissions to SEBI wherein the names of certain individuals who were in possession of the UPSI in the instant case i.e. substantial acquisition of shares of JPL, included the name of Noticee No. 2. As seen from the chronology of events, Noticee No. 2 was part of the meetings / discussions wherein UPSI was discussed. Therefore, considering that Noticee No. 2 was one of the persons who was in

possession of the information with respect to acquisition of shares of JPL which has already been established to be an UPSI, I do not have any hesitation to conclude that Noticee No. 2, being the CFO of JPL and on the basis of the aforesaid facts, was an 'insider' under Regulation 2(1)(g) of the PIT Regulations.

30. With respect to the main charges levelled against the Noticees in the SCN, I note that based on the analysis of trading pattern, SEBI, during the investigation period, had shortlisted Noticee No. 1 (*Mr. Maneesh Jain*) to be a suspected entity and an analysis of the possible access to the UPSI and Noticee No. 1's connection / relation with Noticee No. 2 (*who has already been established to be an insider who was having access to the UPSI*) was undertaken. I find from the material available on record that Noticee No. 1 had denied to be related / connected, either directly or indirectly, with any of the promoters / directors / key managerial employees of JPL in an undertaking provided to NSE vide email dated July 08, 2022 and even to SEBI, vide submissions dated May 07, 2023, during the period of investigation.

31. However, in order to examine Noticee No. 1's connection with any of the persons associated / connected with JPL, the CDR of Noticee No. 1, having contact no. *****9232, were sought from the Telecom Service Provider (TSL) for the period from December 01, 2021 to March 31, 2022. On analysing the said CDRs received from the TSP, it was observed that Noticee No. 1 had communications / contact with the CFO of JPL i.e. Noticee No. 2. The details of the CDR of Noticee No. 1 showing communication with Noticee No. 2 are as under:

Table 4

Source	CDR No	A Party	B Party	Name- B Party	Date	Time	Duration	Call Type	First Cell ID Address	Last Cell ID	IMEI	IMSI
9810019040	9811109232	98****9232	98****9040	Mr. SV Subha Rao	06/Jan/2022	21:56:09	281	CALL_IN	Latest Tower Id. Not Exists in Our Database	103.195.201.180	8687680514 27857	4041005384 82240
9810019040	9811109232	98****9232	98****9040	Mr. SV Subha Rao	22/Jan/2022	19:09:06	323	CALL_IN	Latest Tower Id. Not Exists in Our Database	103.208.70.36	8687680514 27857	4041005384 82240
9810019040	9811109232	98****9232	98****9040	Mr. SV Subha Rao	25/Jan/2022	19:39:43	75	CALL_IN	Latest Tower Id. Not Exists in Our Database	103.195.201.85	8687680514 27857	4041005384 82240

Source	CDR No	A Party	B Party	Name- B Party	Date	Time	Duration	Call Type	First Cell ID Address	Last Cell ID	IMEI	IMSI
9810019040	9811109232	98****9232	98****9040	Mr. SV Subha Rao	26/Jan/2022	18:18:33	54	CALL_IN	Latest Tower Id. Not Exists in Our Database	103.208.70.105	868768051427857	404100538482240
9810019040	9811109232	98****9232	98****9040	Mr. SV Subha Rao	20/Feb/2022	09:45:59	530	CALL_IN	Mr. Chaturbhuj Gupta - 27243925, 9818056770 , D-86 Phase - I Ashok Vihar, Ph-1,Ashokvihar, Delhi	40410--2166--231512834	868768051427857	404100538482240
9810019040	9811109232	98****9232	98****9040	Mr. SV Subha Rao	18/Mar/2022	09:29:26	87	CALL_IN	Mr. Chaturbhuj Gupta - 27243925, 9818056770 , D-86 Phase - I Ashok Vihar, Ph-1 Ashokvihar, Delhi	40410--2166--231512853	868768051427857	404100538482240
9810019040	9811109232	98****9232	98****9040	Mr. SV Subha Rao	18/Mar/2022	09:31:05	93	CALL_IN	Tec_Hari Parkash Koshik8585944452,ETM_Madhusudan Jha 9910695838/House number - C-80,And Near House number - C-79,Phase - 1, Ashok Vihar,Post Office - Ashok Vihar, Police Station - Ashok Vihar , Delhi - 110052	40410--2166--243390999	868768051427857	404100538482240
9810019040	9811109232	98****9232	98****9040	Mr. SV Subha Rao	18/Mar/2022	09:33:08	23	CALL_OUT	Mr. Chaturbhuj Gupta - 27243925, 9818056770 , D-86 Phase - I Ashok Vihar	40410--525--43473	868768051427857	404100538482240
9810019040	9811109232	98****9232	98****9040	Mr. SV Subha Rao	18/Mar/2022	09:45:15	55	CALL_OUT	Mr. Chaturbhuj Gupta - 27243925, 9818056770 , D-86 Phase - I Ashok Vihar	40410--525--43473	868768051427857	404100538482240
9810019040	9811109232	98****9232	98****9040	Mr. SV Subha Rao	18/Mar/2022	19:53:47	25	CALL_IN	Pardeshwar dhaam mandir,Block C3 Laurance Road,Keshav Puram Delhi-110035	40410--2221--235951402	868768051427857	404100538482240

32. From the above table wherein the details of the communication between the Noticees is clearly reflected, I find that the Noticees were indeed in frequent communication with each other during the investigation period and thus, knew each other. I find from the submissions made by the Noticees, vide their replies dated

March 27, 2024 and June 21, 2024, during the instant proceedings, that they have admitted that they became acquainted with each other in and around December, 2021 and met in person in January, 2022 to discuss marriage proposals of their children and based on subsequent meetings, gatherings, calls, discussions, their children got married on December 11, 2022. I also note that during the course of investigation, Noticee No. 1, vide email dated May 07, 2023, had made further submissions and his statement was recorded on July 14, 2023 and July 21, 2023 through video conferencing and in person at SEBI Office, Mumbai. Thereafter, Noticee No. 1, vide e-mails dated July 24 & 25, 2023, had also submitted further information / documents during the investigation undertaken by SEBI. Therefore, despite the Noticee No. 1 denying that the Noticees knew each other in his submissions to NSE and SEBI during the investigation as mentioned at paragraph 31 above, the Noticees have admitted later that they knew each other and therefore, I find that it is established beyond doubt that the said Noticees were knowing each other and were communicating with each other frequently during the relevant period under consideration in the present proceedings.

- 33.** Furthermore, I note from the CDRs that Noticee No. 1 had a call with Noticee No. 2 on February 20, 2022 at 09:45:59 a.m. for a duration of 530 seconds. As per the trading data analysis of the trades executed by Noticee No. 1 during the relevant period, on the very next day i.e. February 21, 2022, it is noted that Noticee No. 1 had bought significant quantity of shares (90,000 shares) of JPL. It is also noted from the material available on record that, during the whole month of February, 2022, there were no calls between the Noticees apart from the call on February 20, 2022. As per the CDR, the next telephonic call / contact between the Noticees was made only on March 18, 2022. On further analysing the trading of Noticee No. 1, it was observed that the said Noticee was registered only with ICICI Securities Limited and no other trading member. Further, the trading details and the quantum of profit made by Noticee No. 1 by trading in the scrip of JPL after the

announcement of Press Release on February 22, 2022 (i.e., *buy activity during UPSI period and sell activity during post announcement period*) is as below:

Table 5

Segment	Net Quantity Bought during UPSI period	Avg. Buy Price	Avg Sell Price	Profit (Lakhs)*
Equity	*1,02,000	210.69	241.46	31.39

*Out of the said number of shares, 90,000 shares were bought by Noticee No. 1 on 21.02.2022 i.e. just one day prior to the UPSI becoming public.

34. I note that Noticee No. 1, trading through the abovementioned trading member, had purchased 1,02,000 shares of JPL from February 10, 2022 to February 21, 2022 in the equity segment during the UPSI period (*January 25, 2022 to February 21, 2022*) at an average price of Rs. 210.69/- and sold 1,02,000 shares from February 18, 2022 to March 04, 2022, at an average price of Rs. 241.46/-; primarily during the post announcement period i.e., from February 22, 2022 to March 31, 2022. Date-wise dealings of Noticee No. 1 in the scrip of JPL from December 24, 2021 to March 31, 2022 is as under:

Table 6

Date	PAN	Buy Quantity	Sell Quantity	Buy Value	Sell Value
UPSI-Period (25th January 2022 to 21st February 2022)					
10-Feb-2022	ACBPJ9338D	2,000	0	3,22,500	0
11-Feb-2022	ACBPJ9338D	8,000	0	14,13,844	0
18-Feb-2022	ACBPJ9338D	0	2,000	0	3,67,900
21-Feb-2022	ACBPJ9338D	92,000	0	1,97,53,587	0
Post announcement (22nd February 2022 to 31st March 2022)					
25-Feb-2022	ACBPJ9338D	0	6,031	0	14,74,245
28-Feb-2022	ACBPJ9338D	0	50,969	0	1,25,53,0
02-Mar-2022	ACBPJ9338D	0	10,000	0	24,54,000
03-Mar-2022	ACBPJ9338D	0	3,000	0	7,29,540
04-Mar-2022	ACBPJ9338D	0	30,000	0	70,50,561

35. From the above table, it can be seen that 90.20% of total shares bought by Noticee No. 1 on February 21, 2022, were bought subsequent to the telephonic call with Noticee No. 2 (*CFO of JPL*) on February 20, 2022 as mentioned in the preceding paragraph no. 32 and 34.

36. I find that the Noticees have stated that Noticee No. 1, being an active trader who is well connected on social media and undertaking analysis, had traded in the scrip of JPL in the ordinary course of business based on his own analysis of scrips, study of charts, trading and delivery of volume, periodic market average price, etc. Further, Noticee No. 1 has also submitted that he has traded in other pharmaceutical companies as well during the relevant period.
37. In order to address the said submission and to ascertain whether there was any trading done by Noticee No. 1 in the scrip of JPL pre and post UPSI period, the trading pattern of the said Noticee based on the trading data provided by NSE and BSE and the trading summary of the trades executed by Noticee No. 1 during the examination period are analysed. The details of the analysis are as under:

Table 7

Particulars	Period	NSE	BSE	Total	NSE	BSE	Total
		Quantity			Value		
JPL	Pre UPSI	-	-	-	-	-	-
	UPSI	1,02,000.00	-	1,02,000.00	2,14,89,931.00	-	2,14,89,931.00
	Post UPSI	-	-	-	-	-	-
Pharma Sector	Pre UPSI	-	-	-	-	-	-
	UPSI	1,12,000.00	-	1,12,000.00	2,31,66,431.00	-	2,31,66,431.00
	Post UPSI	-	-	-	-	-	-
Overall Trading	Pre UPSI	6,48,083.00	-	6,48,083.00	11,57,63,266.00	-	11,57,63,266.00
	UPSI	11,78,936.00	32,000.00	12,10,936.00	19,37,30,749.00	39,97,624.35	19,77,28,373.35
	Post UPSI	8,61,551.00	81,000.00	9,42,551.00	15,47,56,649.00	98,38,588.30	16,45,95,237.30

38. On analysis of the trading data, it is seen that Noticee No. 1 had the fourth largest trades in the scrip of JPL, in terms of value, during the existence of the UPSI (December 28, 2021 to February 21, 2022), whilst the same was the first time trade in this scrip undertaken by him. I note that the Noticee No. 1 had not traded in shares of any other pharmaceutical companies except in the shares of JPL in such huge quantity i.e. 1,02,000 shares and that the trades executed during the UPSI period by Noticee No. 1 in the scrip of JPL were done for the first time in the said

scrip. The summary of trades undertaken by Noticee No. 1 during the existence of UPSI is as follows:

Table 8

SCRIP	Sum of Buy Quantity	Sum of Buy Value
CANFINHOME	69,500.00	4,23,46,637.45
COALINDIA	2,32,000.00	3,73,15,794.10
SCI	1,90,000.00	2,47,11,855.10
JAGSNPHARM	1,02,000.00	2,14,89,931.45
EXPLEOSOL	11,000.00	1,74,21,621.10
BHARTIARTL	20,000.00	1,43,24,500.00
TEJASNET	25,000.00	1,03,91,752.30
CANBK	30,000.00	79,79,500.00
UNIONBANK	1,65,000.00	74,70,700.00
NLCINDIA	1,00,000.00	67,93,245.00
VEDL	20,000.00	64,99,395.45
SAIL	55,000.00	53,61,900.00
DEEPAKNTR	2,000.00	44,55,000.00
JUBLINGREA	7,000.00	39,73,592.35
MOL	30,000.00	35,16,332.40
ITC	11,000.00	23,33,300.00
BAJAJHIND	1,00,000.00	17,15,000.00
LYKALABS	10,000.00	16,76,500.00
KELLTONTEC	15,000.00	16,65,330.00
LEMONTREE	30,000.00	15,14,500.00
COFFEEDAY	25,000.00	14,88,600.00
RPOWER	1,00,000.00	14,85,000.00
TANLA	792.00	13,11,776.55
CHENNPETRO	10,000.00	10,43,613.50
WEBELSOLAR	4,000.00	5,75,715.95
NXTDIGITAL	1,000.00	4,50,000.00
ZEEL	1,000.00	2,89,300.00
TCS	50.00	1,87,398.60
HINDCOPPER	1,000.00	1,23,500.00
HINDUNILVR	50.00	1,18,167.50
PIONEEREMB	1,000.00	67,500.00
Grand Total	13,68,392.00	23,00,96,958.80

39. I further find that Noticee No. 1, in his own submission during the investigation period, had stated that he had not traded in pharmaceutical / healthcare scrips, in such huge quantity and value, prior to the trade in the shares of JPL. The details of trades submitted by Noticee No. 1 to SEBI are as under:

Table 9

Sl. No.	Company Name	Buying Date	Quantity	Value
1	Nectar Lifesciences	22/09/2016	5,000	1,89,250
2	IPCA Labs	06/04/2018	500	3,37,675
3	Thyrocare	10/12/2019	516	2,76,834
4	CIPLA	30/03/2020	1,000	4,10,000
5	Lupin Limited	15/05/2020	1,000	8,39,600
6	Morepan Labs	10/05/2021	5,000	11,75,900
		12/05/2021	5,000	
		20/05/2021	10,000	
7	Lyka Labs	01/02/2022	10,000	16,78,000
8	Laurus Labs	17/05/2023	1,000	3,14,300

40. From the above, it is seen that the Noticee No. 1, indeed had bought significant quantity of shares of JPL, that too, post the telephonic conversation with Noticee No. 2 who was in possession of the UPSI during the UPSI period. Further, as already admitted by Noticee No. 1, he had not purchased such quantity of shares in the scrip of JPL before or after the UPSI period. I also find that except for the shares of JPL, the Noticee No. 1 had purchased shares of Lyka Labs in the same sector but the quantity of shares bought is meagre (10,000 shares) when compared with the number of shares bought in the scrip of JPL. I, therefore, find that the submission of Noticee No. 1 that his trades in the scrip of JPL were not based on any communication and procurement of UPSI and were in the ordinary course of business and on his own study do not have any merit and thus, cannot be considered.

41. The Noticees have further contended that they were in communication with each other through other modes of communication, if not over telephone and have produced screenshots of chats between themselves done using WhatsApp in support of the said submission. On perusal of the said screenshots of the WhatsApp chats, I note that the said chats are for the relevant period i.e. UPSI period and post

UPSI period. The dates of chats produced are January 13, 2022, January 14, 2022, January 15, 2022, February 06, 2022, February 20, 2022, February 23, 2022, March 05, 2022, March 06, 2022, March 09, 2022, March 13, 2022, March 19, 2022, March 15, 2022, March 23, 2022, March 24, 2022 and few more chats on April 03, 2022. On perusal of the chat on February 20, 2022, the date on which the Noticees had a long telephonic conversation as mentioned and established in preceding paragraph no. 34, it is seen that the said chat was at 09:44 a.m. and was initiated by Noticee No. 2 which read as “*Good morning Sir! Haven’t talked or met for a long time*”. Thereafter, as per the CDR, Noticee No. 1 had called Noticee No. 2 at 09:45:59 a.m. and the telephonic call lasted for a duration 530 seconds, which was the longest conversation between them as per the CDR available on record. The fact that Noticee No. 1, on the very next day bought significant quantity of shares of JPL has not been denied by the Noticees.

42. Therefore, looking into the facts and circumstances of the case and the circumstantial evidence available before me, it is logical to conclude that the Noticee No. 1 would have purchased such quantity of shares of JPL immediately after the telephonic conversation (*on February 20, 2022*) between the said Noticees on the very next day of the conversation i.e. on February 21, 2022. The fact that the Noticee No. 1, bought shares of JPL during the period when the UPSI existed, just before the UPSI became publicly available and was in frequent communication with an insider (*Noticee No. 2*), who was in possession of the UPSI, and the trading pattern which shows that Noticee No. 1 had sold shares in the scrip of JPL post UPSI period are the foundational facts, on which the present proceedings rest, which are inclined towards a strong inference that Noticee No. 2, during the telephonic conversation which took place on February 20, 2022, had communicated the UPSI with respect to substantial acquisition of shares which was likely to materially impact the price of the securities of JPL once becoming generally available to the public at large. Further, I find that it has not been disputed by the Noticees that the said shares purchased by Noticee No. 1 during the UPSI period

were sold by him post UPSI period (on 25.02.2022, 28.02.2022, 02.03.2022, 03.03.2022 & 04.03.2022) and that he had made profits of Rs. 31.39 Lakhs on selling the shares post UPSI become generally available information. Further, I also note that the Noticees have not brought on record any cogent evidence or any circumstantial proof to show that the trades undertaken by Noticee No. 1 were not based on the procurement of UPSI to prove their innocence.

43. I find that the Noticees have placed reliance on the judgement of the Hon'ble Supreme Court in the case of ***Balram Garg Vs. SEBI (Civil Appeal No. 7054 of 2021) dated April 19, 2022 (2022 SCC Online SC 472)*** in support of their submissions that the charge of 'insider trading' cannot be based on mere conjectures and surmises and the same need cogent evidence. Here, it is pertinent to state that in the case of *Balram Garg (supra)*, the facts which led to the Hon'ble Supreme Court to allow the appeal and set aside the decision of the Hon'ble Securities Appellate Tribunal (SAT) stand on a different footing than the ones in the present case. In Balram Garg case, the relationship between the entities who were charged with the communication of UPSI and procurement of the same was estranged much prior to the two UPSI and there existed a family arrangement which led to the Apex Court to allow the appeal. The Hon'ble Supreme Court, while allowing the appeals in the case of *Balram Garg* had made the following observed, ".....*We are of the firm opinion that there is no correlation between the UPSI and the sale of shares undertaken by the appellants in Civil Appeal No. 7590 of 2021. Moreover, in the absence of any material available on record to show frequent communication between the parties, there could not have been a presumption of communication of UPSI by the appellant Balram Garg. The trading pattern of the appellants in C.A. No. 7590 of 2021 cannot be circumstantial evidence to prove communication of UPSI by the appellant Balram Garg to the other appellants in C.A. No. 7590 of 2021.....*"
44. In addition, reliance is placed on the observations made by the Hon'ble Supreme Court in ***SEBI Vs. Kishore R Ajmera and Others MANU/SC/0212/2016*** which has been cited with approval by the Hon'ble Supreme Court in the matter of ***Chintalapati Srinivasa Raju Vs. SEBI (2018) 7 SCC 443 (@Para 26)*** as under:

*“26. It is a fundamental principle of law that proof of an allegation levelled against a person may be in the form of direct substantive evidence or, as in many cases, such proof may have to be inferred by a logical process of reasoning from the totality of the attending facts and circumstances surrounding the allegations/charges made and levelled. While direct evidence is a more certain basis to come to a conclusion, yet, in the absence thereof the Courts cannot be helpless. It is the judicial duty to take note of the immediate and proximate facts and circumstances surrounding the events on which the charges/allegations are founded and to reach what would appear to the Court to be a reasonable conclusion therefrom. **The test would always be that what inferential process that a reasonable/prudent man would adopt to arrive at a conclusion.**”*

45. In the instant case, the Noticees have admitted to their connection. Further, there is documentary evidence available on record to show frequent communication between the Noticees which establish that a telephonic conversation did take place between the Noticees just before the trades were executed by Noticee No. 1 in the scrip of JPL. As noted on preceding paragraph no. 33, it is clearly seen from the CDRs that Noticee No. 1 had a call with Noticee No. 2 on February 20, 2022 at 09:45:59 a.m. for a duration of 530 seconds. Thereafter, as can be seen from the trading data analysed for the trades executed by Noticee No. 1 during the relevant period, on the very next day i.e. February 21, 2022 Noticee No. 1 had bought significant quantity of shares (90,000 shares) of JPL. Further, from the material available on record it can be seen clearly that during the whole month of February, 2022 there were no calls between the Noticees apart from the call on February 20, 2022. Although the Noticees have submitted that there were WhatsApp chats between them during the relevant period (which has been dealt in the preceding paragraph nos. 41 and 42), I do not find any material information in the said chats which would be of any use to support the contentions made by the Noticees. As per the CDR available, the next telephonic call / contact between the Noticees was made only on March 18, 2022. Therefore, I find that Notice No. 1's trading pattern, summary of trades undertaken by him in different sectors during the relevant time, data of trades executed by Noticee No. 1 only in pharma sector, the fact that Noticee No. 1 had not bought shares in the scrip of JPL before or after the UPSI period are

all the circumstantial evidence which lead to the conclusion that there was a communication of UPSI by Noticee No. 2 to Noticee No. 1 based on which the trades were undertaken by Noticee No. 1 in the scrip of JPL during the relevant period. Therefore, considering that the foundational facts in the present case are placed differently, the judgement passed by the Hon'ble Supreme Court in the case of *Balram Garg* relied upon by the Noticees in support of their contention hereby, stands differentiated and therefore, is misplaced.

46. Further, the Noticees have categorically mentioned that the total value of shares traded in the scrip of JPL by Noticee No. 1 during the period under consideration when compared with the value of overall shares traded by him constitutes only 2%, which is miniscule. However, I note that while dealing with the charge of insider trading, the value of shares in which the entity has dealt in during the relevant period is irrelevant and does not absolve him / her from the act of trading on the basis of UPSI. The very act of trading, when in possession of UPSI, during the existence of UPSI is in violation of the provisions of the PIT Regulations. Here, I would like to place reliance on the judgement of the Hon'ble Supreme Court in the case of ***Securities and Exchange Board of India Vs. Abhijit Rajan (Civil Appeal No. 563 of 2020) dated September 19, 2022 (SCC OnLine SC 1241)***, wherein, the Hon'ble Supreme Court has observed 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 the provisions of the PIT Regulations. However, the Hon'ble Apex Court went ahead and observed that,

“28.....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.

29.....The words, “likely to materially affect the price” appearing in the main part of Regulation 2(ha) gain significance for the simple reason that profit motive, if not actual profit should be the motivating factor for a person to indulge in insider trading. This is why the information in Item No.(vii) of the Explanation under Regulation 2(ha) may have to be examined with reference to the words “likely to materially affect the price.....”.

47. In the present case, I find that the price of the scrip of JPL did witness a significant rise once the UPSI was made generally available to public on February 22, 2022 and the Noticee No. 1 had sold the shares bought during the UPSI period post the rise in the price of the scrip i.e. on 25.02.2022, 28.02.2022, 02.03.2022, 03.03.2022 & 04.03.2022. As mentioned in the preceding paragraph no. 33 and 34 above, the Noticee No. 1 was found to have sold a substantial portion of his shareholding in JPL i.e. 90.20% shares of JPL at an average sell price of Rs. 241.46/- thereby, making a profit of Rs. 31.39 lakhs. The same has not been denied by the Noticees in their submissions in the present proceedings. Therefore, looking into Notice No. 1's trading pattern, summary of trades undertaken by him in different sectors during the relevant time, data of trades executed by Noticee No. 1 only in pharma sector, the fact that Noticee No. 1 had not bought shares in the scrip of JPL before or after the UPSI period it can be concluded that the trades in the scrip of JPL were executed by Noticee No. 1 to take undue advantage of the price rise once the information becomes public when in possession of the UPSI which was communicated to him by Noticee No. 2.
48. I note that Regulation 3(1) of the PIT Regulation prohibits the communication of any UPSI by an Insider, except if it is in furtherance of some legitimate purpose or in discharge of any legal obligation. Further, Regulation 4(1) of the PIT Regulations prohibits trading by insiders when in possession of UPSI. As discussed earlier, in terms of Regulation 2(1)(g), an insider can be either a connected person or a person who is in possession of or having access to UPSI. Once a person is found to be having access to UPSI or in possession of UPSI, such person also become an insider and therefore, is prohibited to trade when in possession of UPSI by virtue of Regulation 4(1) of the PIT Regulations. Possession of UPSI, in respect of persons who are termed insider by virtue of Regulation 2(1)(g)(ii) is not required to be proved separately while determining the violation of Regulation 4(1) because a person becomes 'insider' under Regulation 2(1)(g)(ii) when it is proved that he was in possession of UPSI or having access to UPSI.

49. I further note that, Section 12A of the SEBI Act, 1992, as introduced by SEBI (Amendment) Act, 2002, in Clause (d) provides that no person shall directly or indirectly indulge in insider trading. The word “indulge” used in this Clause is of wide import. This Clause seeks to prohibit any assistance/aiding of insider trading, by any person, either directly or indirectly. Section 12A(e) provides that no person shall directly or indirectly 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. SEBI (Prohibition of Insider Trading) Regulations, 1992 came to be repealed by PIT Regulations, 2015. Thus, at present, ‘regulations’ referred to in Section 12A(e) are PIT Regulations, 2015. Once a person is found to be in violation of PIT Regulations, 2015, it leads to violation of Section 12A(d) and (e), also.

50. Thus, in view of the findings and conclusions in the foregoing paragraphs, I hereby conclude that,

50.1 Noticee No. 2, being the ‘insider’, had communicated the UPSI with respect to substantial acquisition of shares to Noticee No. 1 which led to the execution of trade by Noticee No. 1 in the scrip of JPL on February 21, 2022 i.e. during the UPSI period, thereby, violating the provisions of Regulation 3(1) of the PIT Regulations and Section 12A(e) of the SEBI Act, 1992 which specifically prohibits communication of UPSI to any other person.

50.2 Noticee No. 1 traded in the scrip of JPL, when in possession of the UPSI (*procured from Noticee No. 2*) relating to the substantial acquisition of shares and thereby made an unlawful gain of Rs. 31.39 lakhs. Therefore, Noticee No. 1 has violated the provisions of Regulation 4(1) of the PIT Regulations and Section 12A(d) and 12A(e) of the SEBI Act, 1992 which prohibit trading when in possession of UPSI.

51. In view of the violation of the provisions of the PIT Regulations, 2015 and SEBI Act, 1992 by the Noticees, as noted above, I find that the Noticees should be issued

with appropriate directions for debarment from accessing the securities market and dealing in securities. Further, I find that a direction under Section 11B(1) of the SEBI Act, 1992 is also warranted to be issued against Noticee No.1 to disgorge an amount of Rs. 31,39,000/- (Rupees Thirty-One Lakh Thirty-Nine Thousand Only) which has been established as the 'unlawful gains' made by the said Noticee by way of trading in the shares of JPL when in possession of the UPSI during the existence of the UPSI.

52. I note that the violations committed by the Noticees also renders them liable for imposition of penalty under Section 15G read with Section 11B(2) of the SEBI Act, 1992, which provide as under:

“Penalty for insider trading.

15G. *If any insider who, —*

- (i) either on his own behalf or on behalf of any other person, deals in securities of a body corporate listed on any stock exchange on the basis of any unpublished price sensitive information; or*
- (ii) communicates any unpublished price-sensitive information to any person, with or without his request for such information except as required in the ordinary course of business or under any law; or*
- (iii) counsels, or procures for any other person to deal in any securities of anybody corporate on the basis of unpublished price-sensitive information, shall be liable to a penalty which shall not be less than ten lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of insider trading, whichever is higher.*

Power to issue directions and levy penalty.

11B(1) *Save as otherwise provided in section 11, if after making or causing to be made an enquiry, the Board is satisfied that it is necessary,—*

- (i) in the interest of investors, or orderly development of securities market; or*
- (ii) to prevent the affairs of any intermediary or other persons referred to in section 12 being conducted in a manner detrimental to the interest of investors or securities market; or*
- (iii) to secure the proper management of any such intermediary or person, it may issue such directions, —*
 - (a) to any person or class of persons referred to in section 12, or associated with the securities market; or*

(b) to any company in respect of matters specified in section 11A, as may be appropriate in the interests of investors in securities and the securities market.

Explanation. —For the removal of doubts, it is hereby declared that the power to issue directions under this section shall include and always be deemed to have been included the power to direct any person, who made profit or averted loss by indulging in any transaction or activity in contravention of the provisions of this Act or regulations made thereunder, to disgorge an amount equivalent to the wrongful gain made or loss averted by such contravention.

(2) Without prejudice to the provisions contained in sub-section (1), sub-section (4A) of section 11 and section 15-I, the Board may, by an order, for reasons to be recorded in writing, levy penalty under sections 15A, 15B, 15C, 15D, 15E, 15EA, 15EB, 15F, 15G, 15H, 15HA and 15HB after holding an inquiry in the prescribed manner.”

- 53.** I note that in terms of Section 15J of the SEBI Act, 1992, while determining the quantum of penalty under Section 15J of SEBI Act, 1992, Board is required to have due regard to the following factors, namely: -
- (i) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;
 - (ii) the amount of loss caused to an investor or group of investors as a result of the default;
 - (iii) the repetitive nature of the default.
- 54.** I find that, in the present case in hand, the unlawful gains made by Noticee No. 1 by indulging in insider trading have been crystallized to be Rs. 31,39,000/- and appropriate direction to disgorge the said unlawful profits made by him along with penal interest are being issued. Further, I have taken note of the role played by the Noticees and the extent of involvement of them which has resulted in Noticee No. 1 gain unlawfully by indulging in the act of insider trading. I further note that, the material available on record does not bring out any loss caused to any specific investor or group of investors, as a result of the violations committed by the

Noticees. Furthermore, there is no material available on record to indicate that the violations committed by the Noticees are repetitive in nature.

- 55.** In view of the foregoing, after considering the role played by the Noticees, I find it appropriate to issue a direction to debar the Noticees from accessing and dealing in securities for a reasonable period. Furthermore, as already concluded in the preceding paragraphs, the Noticee No. 1, by way of indulging in insider trading, has made an unlawful gain of Rs. 31,39,000/-. Thus, as mentioned, a direction to disgorge the said unlawful gains would meet the end of justice. Considering that directions of debarment and disgorgement are warranted in the present case, I find that an appropriate monetary penalty under Section 15G of the SEBI Act, 1992 should be imposed on the Noticees for the violations of the provisions of the PIT Regulations.
- 56.** In view of the aforesaid, I am now proceeding to issue appropriate directions against the Noticees for the established violations of the provisions of the SEBI Act, 1992 and the PIT Regulations.

ORDER AND DIRECTIONS

- 57.** In view of the above, I, in exercise of the powers conferred upon me under Sections 11(1), 11(4), 11(4A), 11B(1) and 11B(2) of SEBI Act, 1992 read with Section 19 of the SEBI Act, 1992 and SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, hereby direct as under:
- 57.1** The Noticees viz. Mr. Maneesh Kumar Jain and Mr. S.V. Subha Rao are restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securitised (including units of mutual funds), directly or indirectly, or being associated with securities market in any manner, whatsoever, for a period of one (1) year, from the date of this order;
- 57.2** 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 to 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.

57.3 The Noticee No. 1 viz. Mr. Maneesh Kumar Jain is hereby directed to disgorge a sum of Rs. 31,39,000 (Rupees Thirty-One Lakh Thirty-Nine Thousand Only) within 45 days from the date of receipt of this order. The amount shall be remitted by the Noticee along with an interest of 12% per annum and for this purpose the interest shall be calculated from February 22, 2022 till the date of deposit of the said amount by the Noticee. In terms of the provisions of Section 11(5) of the SEBI Act, 1992, the amount so disgorged from Noticee No. 1 shall be credited to the Investor Education and Protection Fund.

57.4 Further, I impose the following monetary penalties on the Noticees under the provisions of Section 15G of the SEBI Act, 1992 for their respective violations of the provisions of the SEBI Act, 1992 and the PIT Regulations as mentioned in the preceding paragraph no. 50:

Name of the Noticee	Provisions of law violated	Penal provision under the SEBI Act, 1992	Penalty Amount (in Rs.)
Mr. Maneesh Kumar Jain	Regulation 4(1) of the PIT Regulations and Section 12A(d) and 12A(e) of the SEBI Act, 1992	15G	15,00,000/- (Rupees Fifteen Lakh Only)
Mr. S.V.Subha Rao	Regulation 3(1) of the PIT Regulations and Section 12A(e) of the SEBI Act, 1992		10,00,000/- (Rupees Ten Lakh Only)
TOTAL			25,00,000/- (Rupees Twenty-Five Lakh Only)

57.5 The Noticees shall remit / pay the said amounts of penalty within a period of 45 days from receipt of the order through online payment facility available on the

website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT -> Orders ->Orders of EDs/CGMs -> PAY NOW. In case of any difficulties in online payment of penalties, the Noticees may contact the support at portalhelp@sebi.gov.in.

58. This order shall come into force with immediate effect.
59. A copy of this order shall be sent to the Noticees, recognized Stock Exchanges, the relevant banks, Depositories and Registrar and Transfer Agents of mutual funds to ensure that the directions given above are strictly complied with.

Date: November 22, 2024
Place: Mumbai

DR. ANITHA ANOOP
CHIEF GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA