

BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. ORDER/AO/SBM/2022-23/17645]

UNDER SECTION 15 I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995

In respect of:

**Mr. Ashish P Patel
(PAN: ACTPP0045R)**

C/o Radhe Developers (India) Ltd,
1st Floor, Chunibhai Chambers,
Behind City Gold Cinema,
Ashram Road,
Ahmedabad - 380009

In the matter of
Radhe Developers (India) Ltd

FACTS OF THE CASE

1. The Hon'ble Securities Appellate Tribunal (hereinafter referred to as '**SAT**'), in Appeal No 109 of 2013, vide Order dated February 13, 2014, while setting aside the adjudication order dated March 28, 2013, remanded the case to the Adjudicating Officer to be adjudicated afresh with respect to the appellant viz. Shri Ashish Patel (hereinafter referred to as '**Noticee**') regarding his alleged violation of the relevant provisions of Regulation 3 (i) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as the '**PIT Regulations**') in the matter of his trading/dealings/activities in the scrip of Radhe Developers (India) Ltd (hereinafter referred to as '**RDIL**' / '**Company**') covering the period from March 26, 2008 to May 07, 2008 (hereinafter referred to as '**Investigation period**'). It is

observed that during the above referred investigation period, Noticee was the Managing Director (MD) and the Compliance Officer of RDIL.

2. During the Investigation Period, RDIL was listed on the Bombay Stock Exchange (**BSE**) and Ahmedabad Stock Exchange (**ASE**), however, investigation has observed that there has been no trading activity in the scrip at ASE since 2004. The Noticee was the Managing Director, Promoter and the Compliance Officer of the Company during the relevant Investigation period.
3. During the investigation period, the scrip of RDIL was traded in the 'B' segment at BSE. During the period from March 26, 2008 to May 07, 2008, it was observed that the price of the scrip opened at Rs.47.25 on March 27, 2008 and it touched a high of Rs. 165.35 on May 7, 2008 and closed at Rs. 157.70 on May 7, 2008. It is observed that the Company made a corporate announcement on May 02, 2008 regarding its unaudited quarterly financial results for the period ending March 31, 2008 and the meeting of the Board of Directors (**BoD**) in this regard was held on April 30, 2008 wherein the above financial results were approved and adopted by the BoD of the company. From the examination of the trade log of the Noticee during the investigation period, it was observed that he had purchased shares of the Company immediately before the aforementioned corporate announcement and sold some of these shares soon after the corporate announcement was disseminated by the company to BSE. Further, investigation revealed that the Noticee had purchased 55,885 shares of the Company during the period April 03, 2008 to the time of Board meeting which was held on April 30, 2008 and had sold 6,300 shares of the Company from the completion of the Board meeting till May 07, 2008. It was observed that the Noticee even purchased 824 shares of RDIL on the aforementioned Board meeting date. Therefore, it was alleged that the Noticee, as Managing Director, Promoter and the Compliance Officer of the Company had traded in the scrip of RDIL on the basis of the unpublished price sensitive information (hereinafter referred to as '**UPSI**'), thereby violating the provisions of Regulation 3 (i) of PIT Regulations. In view of the alleged violations of the provisions of the PIT Regulations, as aforesaid, it was alleged that Noticee was liable for penalty under the provisions of Section 15G(i) of the SEBI Act, 1992 (hereinafter referred to as the '**SEBI Act**').

4. Accordingly, an adjudication order dated March 28, 2013 was passed against the Noticee imposing a penalty of Rs. 13,98,264/- under Section 15G(i) of the SEBI Act. Aggrieved by the said Adjudication Order dated March 28, 2013, the Noticee filed an appeal before the Hon'ble SAT in the matter and vide Order dated February 13, 2014, Hon'ble SAT remanded the matter back to the Adjudicating Officer and, *inter alia*, held that:

“Accordingly, impugned order dated March 28, 2013 is quashed and set aside with liberty to the respondent to pass fresh order on merits, by issuing fresh show cause notice if deemed fit. If fresh show cause notice is issued, then appellant would be at liberty to file reply to the said show cause notice. All contentions of both the parties are kept open”

APPOINTMENT OF ADJUDICATING OFFICER

5. Pursuant to the Order of Hon'ble SAT dated February 13, 2014, Shri D Ravikumar was appointed as the Adjudicating Officer ('**AO**') vide a Communique dated December 03, 2014 under Section 15 I of the SEBI Act read with Rule 3 of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**') to, *inter alia*, inquire into and adjudge the alleged violation of the provisions of Regulation 3(i) of the PIT Regulations by the Noticee. Pursuant to the transfer of Shri D Ravikumar, the undersigned was appointed as the AO in the matter, vide communiques dated June 22, 2015. Thereafter, the case was transferred to Dr. Anitha Anoop vide communiqué dated March 25, 2019. Subsequently, the undersigned was again appointed as the Adjudicating Officer in the matter vide communiqué dated November 03, 2020.

SHOW CAUSE NOTICE, REPLY AND HEARING

6. Show Cause Notice ref. EAD-6/BM/RSL/8485/2011 dated March 15, 2011 (hereinafter referred to as '**SCN**') was issued to the Noticee in terms of Rule 4 of the Adjudication Rules requiring the Noticee to show cause as to why an inquiry should not be held against him and why penalty, if any, should not be imposed on the Noticee, *inter alia*, under the provisions of Section 15G(i) of the SEBI Act. It is

pertinent to mention here that the SCN also alleged the violation of Regulations 12 (1) & (3) of the PIT Regulations by the Noticee along with the company and other directors and the same are dealt through a separate adjudication order.

7. The SCN, *inter-alia*, alleged the following: -

- a. *Investigation observed that the company made the following corporate announcement during the investigation period:*

| <i>Copy of the announcement received by BSE and ASE on:</i> | <i>Announcement.</i> |
|--|--|
| <i>May 02, 2008</i> | <i>The unaudited quarterly financial results of the company for the period up to March 31st 2008 were taken on record by the board of directors of the company at its meeting held on April 30th 2008.</i> |

- b. *As observed from the unaudited financial results of the Company for the quarter ended March 31, 2008, the total income increased to Rs. 35.27 million from Rs. 4.5 million for the quarter ended December 31, 2007. The net profit increased to Rs. 17.74 million from Rs. 0.26 million for the quarter ended December 31, 2007. The unaudited result for the year ended March 31, 2008, showed an increase in the total income to Rs. 50.74 million from Rs. 22.47 million for the year ended March 31, 2007, while the net profit increased from Rs. 3.16 million to Rs. 18.38 million.*
- c. *From the trade and order log it was observed that you, Managing Director and Promoter of the Company bought shares of the Company before the corporate announcement and sold the same soon after the corporate announcement was made. The details of your trading during the investigation period i.e, from March 26, 2008 to May 07, 2008 are as given below:*

| <i>Date:</i> | <i>Background details:</i> | <i>Bought :</i> | <i>Sold:</i> |
|---------------------|--|---------------------------|----------------------|
| <i>03/04/08</i> | <i>Before the announcement of the unaudited quarterly financial results for the period upto March 31st 2008 sent to BSE and ASE</i> | <i>10000</i> | <i>----</i> |
| <i>04/04/08</i> | | <i>20000</i> | <i>----</i> |
| <i>25/04/08</i> | | <i>2061</i> | <i>-----</i> |
| <i>29/04/08</i> | | <i>23000</i> | <i>-----</i> |
| <i>30/04/08</i> | <i>Date of the BoD meeting.</i> | <i>824</i> | <i>-----</i> |
| <i>06/05/08</i> | <i>After the announcement of the BoD meeting for unaudited quarterly financial results for the period upto March 31st 2008 received by BSE and ASE on 2/05/08.</i> | <i>-----</i> | <i>4800</i> |
| <i>7/05/08</i> | | <i>6876</i> | <i>1500</i> |
| | | <i>Grand Total</i> | <i>62,761</i> |

- d. *It is alleged that you being the Managing Director and Promoter and also the Compliance Officer of Radhe /Company were well conversed with the financial developments of the company and that the outcome of the quarter ended March 31, 2008 (fourth quarter) were well within your knowledge/It is observed that you started purchasing the shares from April 03, 2008 onwards and continued buying shares even on the day of the BoD meeting/During the period from April 03, 2008 to April 30, 2008 you altogether bought 55,885 shares for an overall value of Rs. 51,97,073. It is observed that the day before the announcement of the results i.e, on April 29, 200, you bought 23,000 shares at Rs. 129.65. After the announcement of the results, you sold 6,300 shares for Rs. 10,03,716 in the first week of May 2008 at Rs. 157.50 and Rs. 163.50. It is observed that you thereby, made a profit of Rs. 4,17,816.00 [(Rs. 159.32-rs. 93) * 6300] on the purchase and sale of 6,300 shares and notional gain of Rs. 24,74,291.50 [((Closing price of the date immediately after announcement – Avg. Price of Acquisition) * (55,885 shares – 6,300 shares)) that is (Rs. 142.9 – 93.00) * (55885-6300)]. Thus, by trading on the basis of unpublished price sensitive information, you allegedly made a gain of Rs. 28,92,107 [Actual Gain+ Notional gain i.e. (Rs. 4.17,816.00 + Rs.24,74,291.50)].*
- e. *It is further observed that the notice of the BoD meeting was sent on April 23, 2008. As alleged you being the Managing Director of the company were well conversed with the financial developments of the Company and that the outcome of the quarter ended March 31, 2008 were well within your knowledge. As given above you started purchasing the shares of the Company from April 03, 2008 onwards and bought shares even on the day of the BoD meeting and immediately sold the shares after the announcement. Hence it is alleged that you traded on the basis of unpublished price sensitive information thereby violated Regulation 3(i) of the PIT Regulation.*
- f. *It is alleged that you being a Managing Director, Promoter and also the Compliance Officer of the Company are a 'connected person' in terms of Regulation 2(c)(i) of the PIT and further an 'insider' as per Regulation 2(e) of PIT, as you were connected with the company and had access to unpublished price sensitive information. It is alleged that you took advantage of the aforesaid unpublished price sensitive information and traded in the scrip of the Company thereby making an ill-gotten gain*
8. The Noticee vide letter dated December 28, 2012 made his submission to the SCN dated March 15, 2011, the relevant portion of the submission of the Noticee is as given below:

- a. *The Noticee submitted that there is nothing on record to show and establish that the trades during the investigation period were motivated by 'unpublished price sensitive information' which was in the possession of the Noticee.*
- b. *As a Managing Director of the Company, the Noticee is not expected to be aware of knowledge of daily profit or loss occurring in the Profit and Loss account of the company and the balance sheet of the company.*
- c. *The details of the names of the person of the Accounts department who were involved in the preparation and finalization of the accounts for the year 2007-08 was duly furnished by the company in the course of the investigation, wherein, the Noticee's name or any kind of role has not evidenced.*
- d. *The financial statement of the company for the year 2007-08 was not certified by the Noticee and the Noticee was not a member of the Audit Committee.*
- e. *The alleged purchases of shares during the investigation period was motivated for the sole object of consolidation of holding and not otherwise much less based on 'unpublished price sensitive information'.*
- f. *Noticee's act of purchasing the shares of the Company is consistent prior to and subsequent to 30.04.2008 till December 2008. it becomes evident that the act of purchase of shares since April 03, 2008 was neither motivated by nor based while on possession of the outcome contained in corporate announcement made on 30.04.2008.*
- g. *With regards to the selling of 6,300 shares on 6.05.2008 and 7.05.2008 is concerned, the same were sold by his broker on its own and unilaterally for not timely meeting with settlement obligation and therefore the same cannot be attributed to the Noticee. Therefore, no profit has been made by the Noticee to attract the provisions of PIT Regulation.*
- h. *The moment the said information of sale of shares by the broker Anugrah came to his knowledge, the Noticee immediately purchased 6,876 shares through other broker on 07.05.2008 i.e. in much excess of 6,300 shares.*

- i. The Noticee has further stated that the calculation of ill-gotten gains placed on record is in isolation of his simultaneous purchase of 6,876 shares and infact loss has been caused to the Noticee as it can be seen that the price of the scrip of Radhe was Rs. 35/- in the month of December and the average purchased price in the month of April 2008 was Rs. 93/-; therefore, the price in December was much lower than the price in April.*
- j. It is evident to show that no purchase below the price of Rs. 35/- has been made nor sale of shares above the price of Rs. 93/- has been made by the Noticee. The shares purchased during the period April to December, 2008 were still lying in the demat account till December 2008. Therefore, in fact of shares purchased at the highest price lying in the demat account and no sale of corresponding shares thereafter, the question of resultant profit does not arise at all and on the contrary it resulted into loss on account of high cost of purchase.*

9. Pursuant to my appointment as the Adjudicating Officer in the matter, a letter dated July 24, 2018 was sent to the Noticee advising him to make his submissions in the matter. In response, Noticee vide his reply dated August 04, 2018, requested for further time to make his submissions in the matter. Thereafter, vide letter dated August 06, 2018, Noticee was advised to make his submissions by August 28, 2018 and appear for personal hearing on September 03, 2018. In response, the Noticee submitted that he had filed for settlement of the proceedings under SEBI (Settlement of Administrative and Civil Proceedings), Regulations, 2014 and requested to keep the matter in abeyance till his consent application is disposed of.
10. Thereafter, vide email dated January 16, 2020, the concerned department of SEBI informed that the settlement application filed by the Noticee has been rejected by the competent authority. Thereafter, a letter dated January 17, 2020 was sent to the Noticee advising him to file submissions in the matter, if any and appear for personal hearing on February 05, 2020. In response, Noticee vide his letter dated January 30, 2020, filed a request for inspection of documents, which was forwarded to the concerned department of SEBI on February 17, 2020. The concerned department of SEBI informed vide email dated October 14, 2020 that the Noticee was granted online inspection of documents on the same day viz. October 14, 2020. Thereafter, Noticee

vide his letter dated October 20, 2020 requested for one month's time to submit his reply in the matter. Vide email dated October 20, 2020, the Noticee was advised to file a reply in the matter by November 20, 2020. Vide his letter dated November 13, 2020, the Noticee requested for certain clarification regarding the adjudication proceedings in the matter which was provided to him vide email dated November 18, 2020. Further, vide the aforesaid email, Noticee was also advised to appear for an online I hearing through the Webex platform on December 14, 2020. However, Noticee vide his letter dated December 10, 2020 requested that due to certain health issues concerning the family of the authorized representative, covid infection etc, additional time may be given to him for making submissions in the matter. The same was acceded to and the Noticee was granted time till January 04, 2021 to file a reply and was also advised to appear online for on January 12, 2021. In response, Noticee vide letter dated January 02, 2021 once again requested for additional time to submit his reply in the matter. Vide letter dated January 07, 2021, the Noticee was granted further time to submit his reply in the matter and was also informed that another opportunity of online hearing has been scheduled on January 28, 2021.

11. The Noticee failed to respond to the aforesaid letter sent to him regarding submission of reply and also failed to appear for personal hearing on the scheduled date. Thereafter, Noticee submitted his reply to the SCN vide his letter dated February 17, 2021 and made the following submissions:

- a. *The Hon'ble SAT had been pleased to pass the identical Orders in both the Appeal as follows:*

"This appeal is filed to challenge adjudication order dated March 28, 2013. Counsel for parties state that without going into merits of the case and without expressing any opinion on merits impugned order may be set aside with liberty to respondent to pass fresh order on merits, if necessary bv issuance of fresh show cause notice. Accordingly, impugned order dated March 28, 2013 is quashed and set aside with liberty to the respondent to pass fresh order on merits, bv issuing fresh show cause notice if deemed fit If fresh show cause notice is issued, then appellant would be at liberty to file reply to the said show cause notice. All contentions of both the parties are kept open.

- b. Generally, matter gets remand back for reconsideration of specific issue or on reconsideration of merits but expression of opinion to issue new SCN is hardly given i.e. entirely afresh matter.
- c. SEBI should not have adopted different stand and should have maintained the stand taken before Hon'ble SAT and respect the opinion and liberty given by Hon'ble SAT to issue fresh SCN, if deemed fit.
- d. The SEBIPIT Regulations 1992 are repealed and replaced with new SEBIPIT Regulations 2015. On account of subsequent development, prima facie, the present proceedings have become infructuous on account of operation of law.
- e. After UPSI became public, the market performance of the shares as follows:

| Date | Open | High | Low | Close | Volume |
|------------|-------|-------|-------|-------|---------|
| 02-05-2008 | 142.9 | 142.9 | 142.9 | 142.9 | 806830 |
| 05-05-2008 | 150 | 150 | 143.0 | 150 | 1702410 |
| 06-05-2008 | 157.5 | 157.5 | 155.7 | 157.5 | 1234980 |
| 07-05-2008 | 165.4 | 165.4 | 149.7 | 157.7 | 4030170 |
| 08-05-2008 | 157.0 | 165.6 | 149.9 | 149.9 | 165510 |
| 09-05-2008 | 142.4 | 157.3 | 142.4 | 157.3 | 4075300 |

- f. After alleged UPSI became public, the volume took place on account of participation by investors' fraternity on 02.05.2008 and 05.05.2008. It shall be appreciated that proportion of public shareholding in the company was higher than the promoters' and Promoters group shareholding in the company.
- g. On 06.05.2008 i.e. after 2 working days of UPSI became public, Shares were sold 4800 (0.05%) @ Rs. 157.5 by Broker Anugrah Stock Braking for non-payment of balance amount. Neither instruction were given nor any role played by Ashish Patel.
- h. On 7.05.2008 i.e. after 3 working days of UPSI became public, Shares were purchased 6876 (0.06%) @ Rs. 149.65 i.e. against the sale of 6300 shares.
- i. The trading pattern of Ashish Patel demonstrated above clearly suggesting the further fact that his trades were neither motivated by UPSI nor "on the basis" of alleged possession of UPSI as MD of the company.

- j. Mr. Ashish Patel, though MD of the company, but was not having controlling stake in the company and was not controlling the company. Even the promoters group did not have controlling stake in the company. The market float of public shareholding was much higher than the promoters' shareholding.*
- k. The Corporate Governance Report from the Annual Reports 2007-2008 and 2008-2009 clearly indicating the fact that the financial report was not signed by Ashish Patel.*
- l. The SCN is silent on the aspect of profit made by Ashish Patel alleged to be unfair gain. The presumption as to holding of UPSI and calculating the shares on the basis of such presumption and thereby to arrive at notional profit does not substantiate the charges of benefitted by the possession of UPSI. The certainty as to unfair gain made by Ashish Patel has evidently been missing in the entire SCN. The trading pattern demonstrated hereinabove, clearly and evidently does not manifest the profit, if any made by him but if the trades of 6-05-2008 and 7-05-2008, if considered on presumption of UPSI then it amounts to incurring of loss.*
- m. Above all, the proportion of sale trades to the proportion of corresponding purchase are virtually insignificant and sell was after almost 2 / 3 days of UPSI became public for no violation can be alleged against him.*

12. Vide email dated March 26, 2021, Noticee was granted a final opportunity of personal hearing on April 16, 2021. On the scheduled date of hearing viz. April 16, 2021, online personal hearing of the Noticee was conducted through Webex platform, wherein the authorized representative of the Noticee reiterated the submissions made by the Noticee vide letter dated February 17, 2021. The Noticee was granted time till April 30, 2021 to make additional submissions in the matter, if any. Vide his letter dated April 29, 2021, Noticee requested for additional time to make final submissions in the matter which was granted to him vide email dated May 05, 2021. Vide his letter dated May 12, 2021, Noticee made the following additional submissions:

- a) (Para 1.1 of IR): Mr. Ashish Patel, MD and promoter of the _____ company, purchased the shares prior to the announcement of the Annual Results for the*

year ended March 2008 on April 30, 2008 and sold shares after announcement, realizing a profit of Rs. 4.21 Lakh. (Unaudited quarterly financial Result for the period ended on March 31, 2008 were to be considered on April, 30,2008. Para 4 of SCN.) It shall be appreciated that yearly results and quarterly results are two different things. IR and SCN are at variance.

- b) (Para 2 (d) of IR): Total valid buy orders 71,31,182 and Total Valid sell orders 31,49,003, indicating buying pressure in the scrip. No significant concentration of any trading member in placing these orders were observed. Therefore, the question of perpetrating fraud by Mr. Ashish Patel through alleged insider trading does not arise, though being insider.*
- c) (Para 5.1.6 of IR): It is obvious that the significant jump in total income and net profit of the Company for the quarter as well as year ended March 31, 2008 was due to purchase and sale of a particular piece of land. This fact has not been considered as UPSI. The meeting was called to approve unaudited accounts for the quarter ended on March 31, 2008. But the same cannot be used to draw inference and dwelled upon to come to conclusion as to knowledge of higher profits merely on that basis because the company is in Real Estate Business comprising buying selling of land, development of land and selling of real estate constructed.*
- d) (Para 6.4 (b) & (c) of IR) .."also person concerned with the financial affairs of the company including managing director remains busy for complying with the direction of IT officials..."*
- e) "Considering the above facts, it would not be farfetched to state that Mr. Ashish Patel, MD was well conversed with the financial developments of the Company. The outcome of the quarter ended March 31, 2008 (fourth quarter) and annual results were well within knowledge." Such ipse-dixit is not permissible in the eyes of law.*
- f) The requisition of law (Section 15G) has been to establish with cogent evidence the possession of UPSI i.e. "on the basis" against an insider. Such presumption is not permissible in the eyes of law.*
- g) (Para 3.1 (d) of IR): "In his reply regarding rationale behind trading pattern, Mr. Ashish Patel submitted that he was consolidating his holdings in the scrip." This fact neither been rebutted nor confronted during the investigation but instead*

the same has been accepted by enlarging the period of investigation for 15 months. The said fact has been fortified by the trading data as Annexure 2 to the SCN being relied upon. Therefore, the motivational factor once admitted and rational for trading once accepted, the question of insider trading goes away and does not stand for scrutiny.

- h) Above facts establish that Mr. Ashish Patel has neither instructed I ordered for sale of any shares not intended to sale any shares; therefore, such sale of shares cannot be attributable to him much less he sold the shares after announcement of results as insider trading. The selling of shares was on May 6, 2008 i.e. much after the announcement of results on April 30, 2008 and during the intervening period, trading had taken place in the scrip on 2 to 5 May, 2008. The effect of Announcement of neutralized on May 06, 2008. Therefore, the charge of insider trading for making profit does not sustain against him.*
- i) (Para 6.6 of IR): How come the purchase made on May 07, 2008 can be ignored? How come the net-off of trade of 6 and 7 May cannot be considered? If considering the same then there would be further purchase and no sale of shares. The question of insider trading by selling shares and earning profit does not arise at all.*
- j) Even otherwise, the requisition of law has been to ascertain exact amount of profit earned, if any, which is silent, much less notional profit and is calculated on the basis of surmises and conjectures.*
- k) The IR and SCN are self-contradictory in as much as that on one hand it accepts the fact of consolidation of holding and on the other hand it alleges to have made profit on the basis of notional calculations.*

13. In addition to above, following case laws were also relied upon by the Noticee in support of his submission in the matter:

- a) SEBI Order dated May 02, 2013 in the matter of Reliance Petroinvestments Limited.*
- b) Supreme Court Order in the matter of MousamSingha Roy v.State of West Bengal (2003) 12 sec 377*
- c) SAT Order in the matter of Rajiv B. Gandhi v. SEBI (Appeal No. 50 of 2007 decided on May 9, 2008)*

- d) *SAT Order in the matter of Goldman Sachs Investments {Mauritius} Limited v. The Adjudicating Officer, SEBI decided on May 15, 2008.*
- e) *Allahabad High Court order in the matter of Pradumna Kumar Jain v. U.P. Secondary Education Service decided on February 24, 1997.*

CONSIDERATION OF ISSUES AND FINDINGS

14. I have taken into consideration the facts and circumstances of the case and the material on record. I have also carefully perused the investigation report, the violations alleged against the Noticee in the SCN and also the submission of the Noticee, in this regard.
15. Before moving forward, it will be appropriate to refer to the relevant provision of the PIT Regulations allegedly violated by the Noticee, which reads as under:

Definitions.

2. *In these regulations, unless the context otherwise requires: — (c) “connected person” means any person who—*
- (i) is a director, as defined in clause (13) of section 2 of the Companies Act, 1956 (1 of 1956), of a company, or is deemed to be a director of that company by virtue of sub-clause (10) of section 307 of that Act or*

Explanation :—For the purpose of clause (c), the words “connected person” shall mean any person who is a connected person six months prior to an act of insider trading

(e) “insider” means any person who, (i) is or was connected with the company or is deemed to have been connected with the company and who is reasonably expected to have access to unpublished price sensitive information in respect of securities of a company, or (ii) who has received or has had access to such unpublished price sensitive information;

Prohibition on dealing, communicating or counselling on matters relating to insider trading.

3. No insider shall—

(i) either on his own behalf or on behalf of any other person, deal in securities of a company listed on any stock exchange [when in possession of] any unpublished price sensitive information;

or

[(ii)]

Provided that nothing contained above shall be applicable to any communication required in the ordinary course of business [or profession or employment] or under any law.]

16. The issues that arise for consideration and determination in the present matter are as under:-

- a. Whether there was an UPSI in existence during the investigation period and whether Noticee was in possession of such UPSI during the investigation period?
- b. Whether Noticee purchased shares of the company while in possession of such UPSI and whether Noticee has thereby violated the provisions of Regulation 3(i) of the PIT Regulations?
- c. Does the violation, if any, on the part of the Noticee attract monetary penalty under Section 15 G (i) of the SEBI Act.?
- d. If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of the SEBI Act?

ISSUE 1: Whether there was an UPSI in existence during the investigation period and whether Noticee, as an insider was in possession of such UPSI during the investigation period?

17. On May 02, 2008, RDIL made the following corporate announcement regarding its quarterly financial results.

“The unaudited quarterly financial results of the company for the period up to March 31st 2008 were taken on record by the board of directors of the company at its meeting held on April 30th, 2008.”

18. It is seen from the perusal of the unaudited financial results of RDIL for the quarter ending March 31, 2008 that its total income increased from Rs. 45 lakhs in the quarter ending December 31, 2007 to Rs. 3.53 crore in the quarter ended March 31, 2008. The net profit of RDIL increased from Rs. 2.6 lakhs for the quarter ended December 31, 2007 to Rs.1.77 crore for the quarter ended March 31, 2008. Similarly, the unaudited results for the year ended March 31, 2008, showed an increase in the total income from Rs. 2.25 crore for the year ended March 31, 2007, to Rs. 5.07 crore for the year ended March 31, 2008 and the net profit increased from Rs. 31.6 lakh to Rs.1.84 crore during the same period. Thus, there was a huge jump in the quarterly/annual revenue and profits of the Company, when compared with the previous quarters/financial year.
19. As per Regulation 2(ha) of the PIT Regulations, 'price sensitive information' means *any information which relates directly or indirectly to a company and which if published is likely to materially affect the price of the securities of a company.*

Explanation- The following shall be deemed to be price sensitive information:-

(i) Periodical financial results of the company;

20. From the above, it is noted that Regulation 2(ha) (i) of PIT Regulations states that the periodical financial results of the company shall be deemed to be price sensitive information. Hence, the unaudited financial results of the company for the quarter ended March 30, 2008 would certainly be considered as a 'price sensitive information' in terms of the PIT Regulations. Upon examination of the financial results of the company for the quarter ended March 31, 2008, it is noted that there was a huge jump in the quarterly/annual revenue and the profits of the Company, when compared with the previous quarters/financial year, details of which are given in previous paragraph. As per the information furnished by the company, the disclosure of the financial results for the quarter ended March 31, 2008 was made by RDIL to BSE on May 02, 2008.
21. As expected from the positive results of the Company, the impact of the aforesaid public announcement was significantly positive on the scrip of RDIL. On April 30, 2008 (prior to the public announcement by RDIL) the scrip closed at Rs.136.10. Thereafter, on the next trading day i.e. on May 02, 2008, the scrip opened at Rs. 142.90 thereby hitting the permitted upper circuit limit of 5% at opening of trade. Thereafter, the scrip stayed at the same level throughout the day and closed at Rs. 142.90. Thereafter, the

scrip of RDIL showed positive movement for next few days and it closed at Rs. 157.70 on May 07, 2008. The aforesaid movements in the price of the scrip of RDIL establishes that the huge jump in quarterly and annual revenue and profits of RDIL compared to the preceding quarters and financial years had a positive impact on its price. Therefore, on the basis of the discussions above, it is established that the information regarding financials of RDIL which was disclosed to BSE on May 02, 2008 was indeed a price sensitive information within the meaning of the PIT Regulations 9 Reg. 2 (ha).

22. The information about the financial results became public on May 02, 2008 when the same was disseminated by the company to the stock exchange (BSE). Having established that the information of the financial results for the quarter ended March 31, 2008 was price sensitive information, it remains to be ascertained the total period for which the price sensitive information was unpublished i.e. the period when the price sensitive information came into existence till its dissemination by the company to BSE. As regards the date when the UPSI came into existence, it is noted that on April 10, 2008, the intimation of the agenda for the Board meeting to be held on April 23, 2008 was provided to the BSE. Further, the agenda for the upcoming board meeting scheduled on April 30, 2008 was sent to the directors of RDIL on April 23, 2008 and therefore, it is held that the unaudited financial statements of the Company were finalized and disseminated by RDIL to its Board by April 23, 2008. On the basis of the above, I conclude that the unaudited financial results of RDIL were available in final form on April 23, 2008 and thus the date of the existence of the price sensitive information is considered to be April 23, 2008. As already stated, the above price sensitive information was disseminated by the company to BSE on May 02, 2008. Therefore, the period of UPSI in the context of the present proceeding is from April 23, 2008 to May 02, 2008.
23. In terms of regulation 2 (e) of the PIT Regulations, a person to be considered as an 'insider' should be and who is or was actually connected with the company or deemed to have been connected with the company and by virtue of such connection the person is reasonably expected to have access to UPSI or has received or has had access to such UPSI. It is admitted fact that during the relevant examination period, the Noticee was the Managing Director, Promoter and also the Compliance Officer of the company. Therefore, Noticee by virtue of his position in the Company was part of the senior

management team of the Company. The Noticee by virtue of his being the Managing Director of the company was specifically aware of the impending financial results of the company. In terms of regulation 2 (c) (i) of the PIT Regulations, it is sufficient for a person to be treated as a *connected person* with the company if he is a director, as defined in clause (13) of section 2 of the Companies Act, 1956. In view of the above, I am convinced that Noticee was a *connected person* as defined in regulation 2 (c) (i) and in turn, Noticee is also an insider as defined in Regulation 2(e) of the PIT Regulations.

24. Now coming to the issue of the Noticee being aware of the UPSI, it is already mentioned that the Noticee was the Managing Director, Promoter and also the Compliance Officer of RDIL during relevant point of time. I note that Noticee in his reply has claimed that as a Managing Director of the Company, the Noticee is not expected to be aware of knowledge of daily profit or loss occurring in the Profit and Loss account of the company and the balance sheet of the company. It is observed that Noticee was the Managing Director of the company and was therefore in charge of the day today management of the company. The Noticee being in the helm of the affairs of the company was reasonably expected to be privy to the price sensitive information of the company, and thus had access to the price sensitive information of the company. Hence the submission of the Noticee cannot be accepted. Further, it is noted from the submissions of the company that the significant jump in the total income and the net profit of the company for the quarter as well as for the year ended march 31, 2008 was mainly contributed to the increase in revenue as a result of a sale of a particular piece of land by the company during the said FY (i.e 2007-08). From the material made available, it is noted that Noticee as the promoter/MD was involved in the said sale of land and in the matter of the said land deals. In view of the same, it is reasonably expected that Noticee as the MD was aware of the fact that the revenues of the company would witness a substantial jump as a consequence of the said land deal. Therefore, I conclude that the Noticee as the MD of the company had access to the UPSI pertaining to the financial results of the company which further corroborates the fact that he was an insider in terms of the Regulation 2(e) of the PIT Regulations.

ISSUE 2: Whether Noticee purchased shares of the company while in possession of such UPSI and whether Noticee has thereby violated the provisions of Regulation 3(i) of the PIT Regulations?

25. It is observed from the investigation report (IR) and the SCN that Noticee started buying the shares of the company from the month of April 2008 onwards. I find from the pattern of his trading employed by the Noticee in the scrip of RDIL that during the entire period of months of January to March 2008, Noticee did not buy or sell a single share of RDIL. It is observed that Noticee even bought 824 shares of RDIL on the date of the BOD meeting i.e few minutes before the commencement of the BOD meeting, which adopted and approved the above price sensitive information on financial results for the FY ended March 31, 2008. Thus, the pattern of trading employed by the Noticee clearly shows that Noticee's trades in RDIL in the month of April 2008 is clearly motivated by the UPSI which he was privy to. The details of the trading of the Noticee in the shares of RDIL during the investigation period i.e, from March 26, 2008 to May 07, 2008 is given below:

TABLE - A

| Date: | Background details: | Bought : | Sold: |
|--------------|--|--------------------------|--------------|
| 03/04/08 | Before the announcement of the unaudited quarterly financial results for the period upto March 31st 2008 sent to BSE and ASE | 10000 | ---- |
| 04/04/08 | | 20000 | ---- |
| 25/04/08 | | 2061 | ----- |
| 29/04/08 | | 23000 | ----- |
| 30/04/08 | | Date of the BoD meeting. | 824 |
| 02/05/08 | Date of intimation to Exchanges | Nil | |
| 06/05/08 | After the announcement | ----- | 4800 |
| 7/05/08 | | 6876 | 1500 |
| | Grand Total | 62,761 | 6,300 |

26. It has been already been established in the previous paragraphs that the period of UPSI was from April 23, 2008 to May 02, 2008. Therefore, the trading done by the Noticee only during the UPSI period viz. April 23, 2008 to May 02, 2008 is being considered to establish the charge of Insider trading by him in the scrip of RDIL. It is seen from the trading data (Table above) that the Noticee purchased 25,885 shares of RDIL during the period April 23, 2008 to May 02, 2008. As already stated, Noticee is observed to have purchased shares even on the date of the meeting of BoD viz. April 30, 2008. It is observed that Noticee purchased 824 shares of RDIL on April 30,

2008 i.e on the day of the Board meeting. Further, it is also observed that the Noticee sold 6876 shares of RDIL on May 07, 2008 i.e immediately after the dissemination of the price sensitive information on the financial results for the year FY ended March 31, 2008 to the stock exchange i.e BSE on May 2, 2008.

27. The Noticee, in his response to SEBI had submitted that his trading in the scrip of RDIL during the investigation period was due to the fact that he was consolidating his holding in the scrip of RDIL during that period. However, it is observed that during the period from September 1, 2007 to March 2008 i.e. a period covering almost seven months prior to the announcement, Noticee had not purchased or sold any shares of RDIL. I observe that such claimed consolidation of the shares of RDIL by the Noticee only started from April 03, 2008 onwards i.e. after the end of the financial quarter of March 2008 which had posted significant jump in profits and revenue of the company. Further, the claim of Noticee that he was consolidating his holding in the scrip of RDIL cannot be accepted as if the Noticee had genuine intentions of consolidating his holding in the scrip of RDIL, he would have started buying the shares even before the month of April 2008, whereas, the records made available show that Noticee did not buy or sell shares of RDIL for more than 7 months prior to April 2008. Further, in my view, the Noticee could have purchased the shares at lesser valuation prior to April 2008. It would be too farfetched to imagine that the Noticee, as the Managing Director of RDIL, had no clue about the financials /positive results for the quarter and the financial year ended March 31, 2008. Noticee himself had mentioned in his reply to the SCN that the Company is involved in real estate business and the significant jump in the profits of the Company for the quarter ended March 2008 was due to the sale of certain assets/piece of land. Therefore, Noticee, as Managing Director of the Company is well aware of such sale of assets and its likely positive impact on the financials of the Company for the year ended March 31, 2008. Further, it is even more unbelievable that Noticee was not aware of the financials of the Company even after April 23, 2008, when the UPSI was in confirmed / crystallized state in the form of distribution of agenda papers (in respect of the BOD meeting to be held on April 30, 2008 which were to discuss and approve the financials for the year ended March 31, 2008). The said agenda papers were sent to the directors of RDIL , and as per the records, Noticee purchased shares of RDIL on April 25, 29 and 30 of April 2008. Therefore, the

argument/contention of the Noticee that he was not aware of the financials of the company when he bought the shares is baseless and untenable.

28. Investigation further observed that, from the Model Code of Conduct framed by the Company for prevention of insider trading, the trading window of the company shall be closed during the time the information is un-published. From the code of conduct, it is seen that the trading window shall be closed by the company four hours prior to the BOD meeting. In the above case, the notice for the meeting was sent by the company on April 23, 2008 for the Board of Directors meeting to be held on April 30, 2008 at 2 p.m. However, the Noticee was observed to have bought 824 shares till 3.24 p.m. on April 30, 2008. In this regard, RDIL has submitted that the Meeting was postponed to 8 p.m. on April 30, 2008 and as the closure of the trading window commenced from 4 p.m. i.e. four hours prior to the BoD meeting, as per the company's Model Code of conduct, Noticee contended that his trading in RDIL was within the rules i.e prior to the closure of the trading window by the company. I note from the IR that the sequence of events around the UPSI have been recorded as under:

- *Intimation regarding holding of Board meeting for taking up inter-alia the unaudited financial results for March 31, 2008 was sent to BSE and ASE on April 10, 2008.*
- *Notice and agenda for Board meeting was sent to the Board of Directors on April 23, 2008 for transacting the meeting at 2 p.m.*
- *Letter dated April 29, 2008 from Praful Patel, Chairman of the company requesting to hold the meeting at 8 p.m. instead of 2 p.m.*
- *Letter to BSE dated April 10, 2008 intimating closure of trading window on 30.4.2008 from 4 p.m. to 1.05.2008 upto 8 p.m*
- *Minutes of the Board meeting for April 30, 2008 showing time for holding of the meeting at 2 p.m.*
- *Letter dated June 1, 2008 from BSE advising the company to inform the period for which the trading window was closed for the meeting held on April 30, 2008.*
- *Letter dated June 11, 2008 from the company to the exchange submitting that the trading window was closed four hours prior to the meeting as per the policy of the company.*

29. From the sequence of events mentioned above, it is observed that the meeting of the BoD was scheduled to be held at 2 p.m. on April 30, 2008. I note from the minutes of the said meeting, which is on record that it is clearly mentioned in the minutes that the said BOD meeting was held at 2 p.m. However, the Noticee has placed revised minutes of the meeting before me which shows that the meeting was held at 8 p.m. on April 30, 2008 and not at 2 p.m. as the original minutes suggest. However, I am unable to accept the aforesaid submission of the Noticee for the reasons given in following paragraphs.
30. A stand was taken by the Noticees that meeting was rescheduled and the same was held at 8 p.m. and not 2 p.m. as originally scheduled. However the copy of minutes of the BOD meeting before me mention the time as 2 p.m. The company further produced before me a letter dated April 10, 2008 written to the BSE- which does not bear the acknowledgement stamp of the BSE stating that the trading window shall be closed from 2 p.m. Thus, the veracity of the said letter sent to BSE is doubted and suggest that the letter is nothing but a created document.
31. In the matter /submissions made by Noticee I am unable to understand how the company would be in a position to predict on April 10, 2008 that the meeting would be postponed from its stipulated time of 2 p.m. to 8 p.m. vide a request of its chairman which was itself made on April 29, 2008 that it took the undue effort to inform the exchange about the closure of its trading window. This, I find even more intriguing given that the company did not take as much effort to inform the exchange about the rescheduling of the meeting from 2 p.m. to 8 p.m. which it is statutorily required to do, but it took extra special efforts to intimate the exchange about closure of trading window.
32. This, to my mind brings to the fore that probably what the company is trying to project before me about the meeting taking place at 8 p.m. is not all true. The documentation of April 10, 2008 – letter to BSE for closure of trading window is nothing but an afterthought to cover up the activities of the trading that indeed took place within the trading window closure period. The credible records before me lead to the conclusion that the meeting indeed took place at 2 p.m. and that the Noticee, the managing director who was also the compliance officer, purchased shares of the company even on the date of the Board meeting. As a compliance officer, Noticee was to implement the law in its true spirit but by implementing a faulty code of conduct, it allowed insiders /designated persons to freely trade in the scrip of the company during the UPSI period,

which had taken place in the instant case. In this context, it is pertinent to note that SEBI has also initiated separate adjudication proceedings against the Noticee for adopting a faulty code of conduct which had led to violation of Regulation 12 (1) and (3) of PIT Regulations.

33. Thus, it is established that the Noticee being the Managing Director, Promoter and Compliance Officer of the Company was an 'insider' in terms of the PIT Regulation. He was aware of the significant increase in the profits and revenue of the Company during the quarter ended March 31, 2008. The Noticee, while being aware of the positive financial results of the Company started purchasing the shares of RDIL prior to the announcement of the positive financial result. Noticee purchased 55,885 shares prior to the announcement of the financial results, out of which 25,885 shares were purchased by him during the UPSI period, as discussed above. Thus, it is established that at least 25,885 shares of RDIL were purchased by the Noticee to take advantage of the impending announcement of the financial results and consequent price rise in the scrip of the Noticee. Therefore, I conclude that 25,885 shares of RDIL were purchased by the Noticee as an insider when he was in possession of the UPSI.
34. As regards to the selling of 6,300 shares of RDIL on 6 & 7 May of 2008 i.e immediately after the dissemination of UPSI to BSE, the Noticee has submitted that the same were sold by his broker without his instructions to meet his settlement obligations. The Noticee further submitted that as soon as he became aware of the sale of shares by his broker, he immediately purchased 6,876 shares through another broker on May 07, 2008 i.e. in much excess of 6,300 shares. Noticee has further submitted that since he purchased 6,876 shares after the announcement of UPSI which is more than shares sold viz. 6,300 shares, it cannot be concluded that he registered any unlawful profit as a consequence of the price rise due to UPSI becoming public. In this regard, I find it to be a little more of a coincidence that the shares were sold immediately after the declaration of the result when the Noticee has not sold any shares of the Company during the entire investigation period. The fact that he sold the shares immediately after the dissemination of the UPSI to take advantage of the price rise and by coining a false story of shifting blame on his stock broker clearly shows deceitful intentions on the part of the Noticee. Hence, I find that the Noticee, an insider of the Company had the access to unpublished price sensitive information and traded in the scrip of RDIL.

35. In this regard, I also note that Hon'ble SAT, in Appeal No.50 of 2007 (Rajiv B Gandhi & Ors Vs SEBI), vide order dated May 9, 2008, inter alia, held the following :

“We are of the considered opinion that if an insider trades or deals in securities of a listed company, it would be presumed that he traded on the basis of the unpublished price sensitive information in his possession unless he establishes to the contrary. Facts necessary to establish the contrary being especially within the knowledge of the insider, the burden of proving those facts is upon him. The presumption that arises is rebuttable and the onus would be on the insider to show that he did not trade on the basis of the unpublished price sensitive information and that he traded on some other basis. He shall have to furnish some reasonable or plausible explanation of the basis on which he traded. If he can do that, the onus shall stand discharged or else the charge shall stand established. “ (Underline supplied)

36. In the instant matter, the Noticee was the Managing Director of the company and was in control of substantial powers of the management and the affairs of the company. Moreover, he was also the promoter and compliance officer and in these circumstances, it is very difficult to comprehend his argument that he was not aware about the impending UPSI about the positive nature of financial results when he bought the shares of the company during the UPSI period. Further, the pattern of his trading that was employed in the said matter i.e buying shares in substantial quantities in the month of April 2008 just before the UPSI, not buying or selling any shares seven months prior to UPSI and selling the shares immediately upon dissemination of UPSI to take advantage of the increase in price clearly shows that his trades in the scrip were motivated on the basis of UPSI. Further, in the present matter, the Noticee has offered an explanation that his purchase in the shares of RDIL was a result of his consolidating his holding in the shares of the Company. However, I have already stated that I am unable to accept the contention of the Noticee as it cannot be a mere coincidence that the timing of his purchase of shares of RDIL matched with the significant positive increase in the profit of the Company and about which he was clearly aware of. Further, if the intention of the Noticee was to genuinely consolidate his holdings, he would have bought the shares of RDIL much before April 2008 when the valuation of the scrip was low. Thus, there is no other plausible explanation that comes into my mind or that have been offered by the Noticee other than the fact that

such shares were purchased with the intention of taking advantage of the positive nature of UPSI and also to take advantage of the consequent rise in the price of the scrip upon its dissemination. Therefore, in view of the fact and circumstances of the case, as discussed above, I conclude that the Noticee purchased 25,885 shares of RDIL while in possession of the UPSI as an insider, thereby violating the provisions of Regulation 3 (i) of the PIT Regulations.

37. The contention of the Noticee that pursuant to the remand of the matter by Hon'ble SAT, a fresh SCN ought to have been issued by the AO- SEBI in the matter is without any merit. In this regard, the relevant directions of Hon'ble SAT is reproduced as under:

“Accordingly, impugned order dated March 28, 2013 is quashed and set aside with liberty to the respondent to pass fresh order on merits, by issuing fresh show cause notice if deemed fit. If fresh show cause notice is issued, then appellant would be at liberty to file reply to the said show cause notice. All contentions of both the parties are kept open”

From the perusal of the above, it is evident that there is no clear cut direction from Hon'ble SAT that a fresh SCN has to be issued to the Noticee in the matter. Hon'ble SAT only directs that a fresh SCN may be issued by the AO, if deemed fit. In the instant matter, since no fresh charges/allegations have been levelled against the Noticees, there was no requirement to issue fresh SCN to the Noticee and the proceedings were continued against the Noticee on the basis of the allegations/charges levelled against him vide SCN dated March 15, 2011.

ISSUES- 3 & 4:

Does the violation, if any, on the part of the Noticee attract monetary penalty under Section 15 G (i) of the SEBI Act.?

If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of the SEBI Act?

38. It has already been established in the preceding paragraphs of this order that Noticee, as an insider, by purchasing 25,885 shares of the Company while being aware of the UPSI, has violated the provisions of Regulation 3(i) of the PIT Regulations. In view of the foregoing, I am convinced that it is a fit case to impose monetary penalty on the Noticee under the provisions of section 15G(i) of the SEBI Act (which existed at the relevant time), which read as under:

15 G. Penalty for insider trading.

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;

(ii)

(iii)

shall be liable to a penalty of twenty-five crore rupees or three times the amount of profits made out of insider trading, whichever is higher.

39. While determining the quantum of monetary penalty under section 15 G (i) of the SEBI Act, I have considered the factors stipulated in section 15-J of the SEBI Act, which reads as under:

“15 J – Factors to be taken into account by the adjudicating officer While adjudging quantum of penalty under section 15 –I, 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 “

40. From the material made available on record, I observe that any quantifiable gain or unfair advantage accrued to the Noticee shall be computed on the basis of immediate increase in the price of the scrip of RDIL and the difference of that price and the price at which the Noticee purchased 25,885 shares of RDIL while in possession of UPSI can be termed as the benefit accrued. The calculation of the same is given below:

a. Benefit accrued to the Noticee by way of insider trading =

$$\begin{aligned} & (\text{Closing Price of the day immediately after announcement} - \text{Avg. Price of} \\ & \text{Acquisition}) \times (25,885 \text{ shares}) \\ & = (142.90 - 128.90) \times (25885) \\ & = \text{Rs. } 3,62,390 \end{aligned}$$

The Noticee has thus benefitted to the extent of Rs. 3,62,390 by purchasing the shares of RDIL while in possession of UPSI regarding the financials of the Company. Further, a senior functionary of the company i.e MD and Compliance Officer is expected to comply with the relevant provisions of law while trading/dealing in the shares of the company and should set an example for others. In the instant matter, it is on record that Noticee traded in the shares of the Company during the UPSI period to take undue benefit of the impending announcement of financial results and the resultant price rise in the scrip price. Such blatant violation of the PIT Regulations by the persons occupying very senior positions in a company cannot be ignored, as the same will defeat the very purpose of the Regulation in question. Therefore, it is imperative that a commensurate penalty is imposed on the Noticee to prevent any further misuse by him of his position as a senior functionary of Company.

ORDER

41. Therefore, in view of the above, after considering all the facts and circumstances of the case, reply of the Noticee and also the factors mentioned in section 15-J of the SEBI Act, I, in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules hereby impose penalty of Rs. 10,00,000/- (Rupees Ten lakh only) to be paid by the Noticee viz. Mr. Ashish P Patel u/s 15G(i) of the SEBI Act for his violation of the provisions of the Regulation 3(i) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 read with Regulation 12(1) of the SEBI (Prohibition of Insider Trading) Regulations, 2015.
42. I am of the view that the said penalty is commensurate with the lapses/omissions on the part of the noticee. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of demand draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, or by following the path at SEBI website www.sebi.gov.in, ENFORCEMENT > Orders > Orders of AO>

PAYNOW; or by using the web link for payment of penalty at SEBI website viz. <https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html>. In case of any difficulties in payment of the penalty, the noticee may contact the support at portalhelp@sebi.gov.in.

43. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under section 28A of the SEBI Act, 1992 for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.
44. In terms of Rule 6 of the Adjudication Rules, copy of this order is sent to the Noticee viz. Mr. Ashish P Patel and also to the Securities and Exchange Board of India.

Place: Mumbai
Date: 29.06.2022

SURESH B MENON
ADJUDICATING OFFICER