BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

(ADJUDICATION ORDER NO: Order/SV/GD/2023-24/29722-24)

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

Noticee	Name of the Noticee	PAN
1.	Ushik Gala	BBNPG4050P
2.	Jignesh Ramniklal Seth	AWVPS2948E
3.	Svasti Commercial LLP	AEGFS7967C

In the matter of Suumaya Industries Limited

*Noticees 1, 2 and 3 are individually known by their respective name or Noticee no. and collectively referred to as the "**Noticees**")*

BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') conducted an investigation to ascertain whether trading in the scrip of Suumaya Industries Limited (hereinafter referred to as the "Company/ Suumaya/SIL") by entity/ies under investigation was based on Unpublished Price Sensitive Information ("hereinafter referred to as "UPSI") related to announcement of financial results for the period ended March 31, 2021 and September 30, 2021 and thus in violation of SEBI Act, 1992 and SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as "PIT Regulations").

2. Based on the findings of Investigation, SEBI initiated adjudication proceedings against Noticee 1, Noticee 2 and Noticee 3 for alleged violations of the provisions of PIT Regulations as tabulated below:

Sr. No	Name of the Noticee	Violations
1.	Ushik Gala	1.Section 12A (d) & (e) of SEBI Act, 1992 2.Regulation 3(1) of SEBI (PIT) Regulations, 2015
2.	Jignesh Ramniklal Seth	1.Section 12A (d) & (e) of SEBI Act, 1992 2.Regulation 3(1) of SEBI (PIT) Regulations, 2015
3.	Svasti Commercial LLP	1.Section 12A (d) & (e) of SEBI Act, 1992 2.Regulation 4(1) of SEBI (PIT) Regulations, 2015

APPOINTMENT OF ADJUDICATING OFFICER

3. SEBI, vide order dated March 14, 2023 appointed Ms. Asha Shetty as Adjudicating Officer under section 19 of SEBI Act read with Section 15-I (1) of the SEBI Act and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as 'Adjudication Rules 1995') to inquire into and adjudge under the provisions of the Section 15G of the SEBI Act for the violations alleged to have been committed by the Noticees. Subsequently, upon transfer of Ms. Asha Shetty, vide communique dated April 18, 2023, the matter was transferred to the undersigned.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. A Show Cause Notice ref. SEBI/HO/EAD-8/AS/GD/2023/13356/1-2 & 13353/1 dated March 31, 2023 (hereinafter referred to as "**SCN"**) was issued to the Noticees in terms of the provisions of rule 4 of the SEBI Adjudication Rules vide speed post and email dated April 03, 2023. I note that the said SCN was successfully delivered to the Noticees through speed post and email.

5. The allegations levelled against the Noticees in the SCN are as follows:

a. Based on the investigation report, following is UPSI period when the UPSI came into existence till it become public:

UPSI	Announcements	When did UPSI come into existence	When did UPSI get published	Period of UPSI
UPSI 1	The financial results for the period ended on March 31, 2021 announced by SIL on June 30, 2021 at 14:44:04 hours	April 29, 2021	June 30, 2021 during market hours	April 29-June 29, 2021
UPSI 2	The financial results for the period ended on September 30, 2021 announced by SIL on and November 12, 2021 at 18:34:27 hours	October 27, 2021	November 12, 2021 post market hours	October 27-November 12, 2021

b. *The financial results for the period ended on March 31, 2021, was announced by SIL on June 30, 2021. It was observed that during UPSI 1, the Company made a net profit of Rs. 214.48 Crore on standalone basis during that quarter. Quarter-On-Quarter basis, net profit of SIL increased from Rs. 116.94 Crore (Q3 2020) to Rs. 214.48 Crore (Q4-2020), i.e., an increase of 83.41%. Pursuant to the announcement, on NSE, price of the scrip moved from closing price of Rs.578.05 on June 29, 2021 (the last trading day prior to the announcement) to a closing price of Rs.637.05 on July 01, 2021. The March quarter result led to a price rise of 10.21% in price of SIL on NSE on July 01, 2021 as compared to broader downward market movement of 0.3% on that day. Hence, the corporate announcement made by the company had materially positively affected the price of the scrip of SIL.*

c. *The financial results for the period ended on September 30, 2021, was announced by SIL on November 12, 2021. It was observed that during UPSI 2 the Company made a net profit of Rs. 191.94 Crore on standalone basis during that quarter. Quarter-On-Quarter basis, net profit of SIL increased from Rs. 140.23 Crore (Q1 2021) to Rs. 191.94 Crore (Q2-2021), i.e., an increase of 36.9%. Pursuant to the announcement, on NSE, price of the scrip moved from closing price of Rs.281.05 on November 12, 2021 (the last trading day prior to the announcement) to a closing price of Rs.295.10 on November 15, 2021. The September quarter result led to a price rise of 4.99% in price of SIL on NSE on November 15, 2021 as compared to broader upward market movement of 1.3% on that day.*

d. *During the course of investigations, SIL submitted chronology of events, structured digital database related to announcement of financial result on June 30, 2021 and September 30, 2021 vide their email dated July 25, 2022 and January 27, 2021 respectively. Summary of main events, names of the Officials/ KMPs/ designated persons/ consultant and/or any other person aware of the event as indicated in the investigation report is given below:*

UPSI 1:

Date	Name of Officials/ KMPs/ designated persons/ consultant and/or any other person aware of the event	Event	Proof of event
29/04/2021	CS Heena Shah, Ms. Sneha Shah, Ms. Vandana Jain, Ushik Gala, Sejal Doshi, Sumit Pal Singh, Dhwani Dattani	Details required for preparation of Audit Committee Agenda were sought.	Email
21/06/2021	Mr. Ushik Gala, CS Heena Shah	Intimation to NSE for Board Meeting scheduled on June 30, 2021	Acknowledgement
25/06/2021	CS Heena Shah, Mr. Ushik Gala, Mr. Ishtiaq Ali, Mr. Sharad Jain, Mr. Sumit Pal Singh, Ms. Nidhi	Circulation of Notice and Agenda of Audit Committee Meeting to Audit Committee	Email

Date	Name of Officials/ KMPs/ designated persons/ consultant and/or any other person aware of the event	Event	Proof of event
	Pandya, M/s Naik Mehta & Co, Mr. Sejal Doshi, Ms. Sneha Shah, Ms. Dhwani Dattani	*Members for the meeting scheduled on June 30, 2021 along with Internal Auditor and Statutory Auditor.*	
29/06/2021	*Ms. Sneha Shah, CS Heena Shah, Ms. Urvi Solanki, Mr. Ushik Gala, Mr. Sumit Pal Singh, Mr. Sejal Doshi, Ms. Dhwani Dattani, Ms. Vandana Jain, Ms. Radhika Gosrani*	*Circulation of Draft Accounts of following Subsidiaries by Accounts Team to the Secretarial team:* *1. Suumaya Agro Limited* *2. Suumaya Retail Limited* *3. Suumaya Protective Texcorp Limited*	*Email*
29/06/2021	*CS Heena Shah, Mr. Ushik Gala, Mr. Ishtiaq Ali, Mr. Sharad Jain, Mr. Sumit Pal Singh, Ms. Nidhi Pandya, M/s Naik Mehta & Co, Mr. Sejal Doshi, Ms. Sneha Shah, Ms. Dhwani Dattani*	*Circulation of notes to Agenda along with financials of subsidiaries for year ended March 31, 2021 as mentioned above to the members of Audit Committee*	*Email*
29/06/2021	*Mr. Ushik Gala, Mr. Sumit Pal Singh, Mr. Satish Khimawat, Mr. Sharad Jain, Mr. Ishtiaq Ali, Mrs. Shruti Chaudhary, Mr. Sejal Doshi, Mr. Kshitish Shastri, Mr. Deepak Jain, Mr. Himanshu Ahuja, Ms. Sneha Shah, M/s Naik Mehta & Co, Ms. Dhwani Dattani, CS Heena Shah*	*Circulation of Notice and Agenda along with notes to Agenda and Financials of Subsidiaries as mentioned above for year ended March 31, 2021 to the Board of Directors of the Company for Board Meeting to be held on June 30, 2021 including Internal Auditors, Stautory Auditors, Ex- CFO and VP-Operations.*	*Email*
30/06/2021	*Mr. Ushik Gala, Mr. Sumit Pal Singh, Mr. Satish Khimawat, Mr. Sharad Jain, Mr. Ishtiaq Ali, Mrs. Shruti Chaudhary, Mr. Sejal Doshi, Mr. Kshitish Shastri, Mr. Deepak Jain, Mr. Himanshu Ahuja, Ms. Sneha Shah, M/s Naik Mehta & Co, Ms. Dhwani Dattani, CS Heena Shah*	*Receipt and Circulation of Standalone and Consolidated Financials of the Company for the year ended March 31, 2021 to the Audit Committee Members and the Board of Directors by Ms. Heena Shah.*	*Email*
30/06/2021	*Mr. Sharad Jain, Mr. Ishtiaq Ali, Mr. Satish Khimawat, Mr. Ushik Gala, Mrs. Heena Shah, Mr. Sumit Singh, Ms. Sneha Shah, Mr. Sejal Doshi, Ms. Alpa Mehta, Mr. Jas, Ms. Nidhi Pandya, Ms. Hiral Mehta*	*Audit Committee Meeting commenced at 10.00 a.m. and concluded at 11.10 a.m. to consider and recommended audited Financial Statements (Standalone and consolidated) for the financial year ended March 31, 2021 and Auditors' Report issued by the Statutory Auditors M/s. Naik Mehta and Co. as per Regulation 33 and 47 of SEBI (LODR) 2015.*	*Extract of Minutes of Audit Committee Meeting*
30/06/2021	*Mr. Ushik Gala, Mr. Sumit Pal Singh, Mr. Satish Khimawat, Mr. Sharad Jain, Mr. Ishtiaq Ali, Mrs. Shruti Chaudhary, Mr. Sejal Doshi, Mr. Kshitish Shastri, Mr. Deepak Jain, Ms. Sneha Shah, CS Heena Shah, Ms. Ishita Gala, Ms. Karishma Kaku*	*Board Meeting commenced at 11.20 a.m. and concluded at 2.30 p.m. to consider and approve audited Financial Statements (Standalone and*	*Extract of Minutes of Board Meeting*

Date	Name of Officials/ KMPs/ designated persons/ consultant and/or any other person aware of the event	Event	Proof of event
		consolidated) for the financial year ended March 31, 2021 and Auditors' Report issued by the Statutory Auditors M/s. Naik Mehta and Co. as per Regulation 33 and 47 of SEBI (LODR) 2015.	

UPSI 2:

Date	Name of Officials/ KMPs/ designated persons/ consultant and/or any other person aware of the event	Event	Proof of event
27-10-2021	*Mr. Ushik Gala Mr. Sejal Doshi Ms. Dhwani Dattani Ms. Radhika Gosrani Mr. Bharat Gangani Ms. Meghal Mehta Ms. Urvi Solanki*	*Discussion about date of Board Meeting.*	*Email*
03-11-2021	*Mr. Ushik Gala Ms. Dhwani Dattani Mr. Bharat Gangani Ms. Kirtika Chauhan Ms. Urvi Solanki Ms. Meghal Mehta*	*Intimation of date of Board Meeting for Financial Results.*	*Acknowledgement*
05-11-2021	*Mr. Sharad Jain Mr. Ishtiaq Ali Mr. Satish Khimawat Mrs. Shruti Chaudhary Mr. Ushik Gala Mr. Sejal Doshi Mr. Deepak Jain Ms. Ishita Gala Ms. Dhwani Dattani Ms. Kirtika Chauhan Mr. Bharat Gangani Ms. Meghal Mehta Ms. Urvi Solanki*	*Circulation of Notice of Board Meeting.*	*Email*
05-11-2021	*Mr. Sharad Jain Mr. Ishtiaq Ali Mr. Satish Khimawat Mr. Ushik Gala Mr. Sejal Doshi Ms. Ishita Gala Ms. Dhwani Dattani Ms. Kirtika Chauhan Mr. Bharat Gangani Ms. Meghal Mehta Ms. Urvi Solanki*	*Circulation of Notice of Audit Committee Meeting.*	*Email*
09-11-2021	*Mr. Sharad Jain Mr. Ishtiaq Ali Mr. Satish Khimawat Mr. Ushik Gala Mr. Sejal Doshi Ms. Ishita Gala Ms. Dhwani Dattani Ms. Kirtika Chauhan Mr. Bharat Gangani Ms. Meghal Mehta Ms. Urvi Solanki M/s. Naik Mehta & Co M/s. Baker Tilly DHC Advisory LLP M/s. Vinod Kothari & Company*	*Circulated Notes to agenda of Board Meeting*	*Email*
09-11-2021	*Mr. Sharad Jain Mr. Ishtiaq Ali Mr. Satish Khimawat Mr. Ushik Gala Mr. Sejal Doshi Ms. Ishita Gala Ms. Dhwani Dattani Ms. Kirtika Chauhan Mr. Bharat Gangani Ms. Meghal Mehta Ms. Urvi Solanki M/s. Naik Mehta & Co M/s. Baker Tilly DHC Advisory LLP*	*Circulated Notes to agenda of Audit Committee Meeting*	*Email*
11-11-2021	*Mr. Sharad Jain Mr. Ishtiaq Ali Mr. Satish Khimawat Mr. Ushik Gala Mr. Sejal Doshi Ms. Ishita Gala Ms. Dhwani Dattani Ms. Kirtika Chauhan Mr. Bharat Gangani Ms. Meghal Mehta Ms. Urvi Solanki M/s. Naik Mehta & Co M/s. Baker Tilly DHC Advisory LLP*	*Circulated Link of Audit Committee Meeting to the Members and Auditors*	*Email*
12-11-2021	*Mr. Sharad Jain Mr. Ishtiaq Ali Mr. Satish Khimawat Mr. Narendra Mairpady Mr. Ushik Gala Mr. Sejal Doshi Ms. Ishita Gala Ms. Dhwani Dattani Ms. Kirtika Chauhan Mr. Bharat Gangani Ms. Meghal Mehta Ms. Urvi Solanki M/s. Naik Mehta & Co M/s. Baker Tilly DHC Advisory LLP*	*Circulated Revised Link of Autdit Committee Meeting*	*Email*
12-11-2021	*Ms. Dhwani Dattani Ms. Radhika Gosrani Mr. Ushik Gala Ms. Meghal Mehta*	*Receipt of Standalone Financial from Accounts*	*Email*

Date	Name of Officials/ KMPs/ designated persons/ consultant and/or any other person aware of the event	Event	Proof of event
12-11-2021	*Ms. Dhwani Dattani Ms. Radhika Gosrani Mr. Ushik Gala Ms. Meghal Mehta*	*Receipt of Consolidated Financial from Accounts*	*Email*
12-11-2021	*Mr. Sharad Jain Mr. Ishtiaq Ali Mr. Satish Khimawat Mr. Narendra Mairpady Mr. Ushik Gala Mr. Sejal Doshi Ms. Ishita Gala Ms. Dhwani Dattani Ms. Kirtika Chauhan Mr. Bharat Gangani Ms. Meghal Mehta Ms. Urvi Solanki M/s. Naik Mehta & Co M/s. Baker Tilly DHC Advisory LLP*	*Circulated Financial Statements and Limited Review Report*	*Email*
12-11-2021	*Mr. Sharad Jain Mr. Ishtiaq Ali Mr. Satish Khimawat Mr. Ushik Gala, Permanent Invitee Narendra Mairpady Mr. Sejal Doshi In Attendance Ms. Dhwani Dattani CS Meghal Mehta Invitee Mr. Vinod Nair Mr. Ajay Vyas Mr. Vinay Agarwal Ms. Jas Mehta*	*Meeting of Audit Committee held*	*Minutes of Meeting*
12-11-2021	*Mr. Ushik Gala Mr. Sharad Jain Mr. Satish Khimawat Mr. Ishitaq Ali Dr. M. Narendra Mrs. Shruti Chaudhary Mr. Sejal Doshi Mr. Deepak Jain In Attendance Ms. Dhwani Dattani Ms. Meghal Mehta Permanent Invitees: Ms. Ishita Gala Ms. Karishma Kaku*	*Meeting of Board of Directors held*	*Minutes of Meeting*
12-11-2021	*Publication*	*Intimation of Outcome of Board Meeting to Stock Exchange*	*Acknowledgment*

Trading pattern of Noticee 3 during the investigation period:

e. Svasti Commercial LLP (Noticee 3) is a Limited Liability Partnership firm incorporated on 28 September 2020. It manufactures non-metallic mineral products and its registered office address is at 304 Navkar Flat, Opp. Dr. Viradiya Hospital, Satyanarayan Rd, Bhavnagar – 364001, Gujarat, India. The list of partners of Noticee 3 is as follows:

DIN	PAN	Name
08896190	*AKJPB7196B*	*Sweetyben Mahendrabhai Bhayani*
08896191	*AKJPB7197A*	*Rinkuben Mahendrabhai Bhayani*

f. During UPSI 1, Noticee 3 bought a total of 31,000 shares of SIL on NSE at an average price of Rs. 480.55 and sold them post the announcement of UPSI at an average price of Rs. 521.00, thereby earning a profit of Rs. 12.53 Lakh as shown below.

Period	Particulars	Date	Qty.	Rate (Rs.)	Value (Rs.)
Before the Announcement of UPSI	*Buy*	*24/06/2021*	*31,000*	*480.55*	*1,48,97,050.00*
Total A			***31,000***	***480.55***	***1,48,97,050.00***
After the Announcement	*Sell*	*26/07/2021*	*31,000*	*521.00*	*1,61,51,000.00*
Total B			***31,000***	***521.00***	***1,61,51,000.00***

Net Profit earned = B - A	12,53,950.00

g. During UPSI 2, Noticee 3 bought a total of 6,148 shares of SIL before the announcement of financial result on November 12, 2021 and sold them post the announcement, making a profit of Rs. 3.80 Lakh as shown below:

Period	Particulars	Date	Qty.	Rate (Rs.)	Value (Rs.)
Before the Announcement of UPSI	Buy	12/11/2021	6,148	281.27	18,11,290.35
Total A			**6,148**	**281.27**	**18,11,290.35**
After the Announcement	Sell	18/11/2021	6,148	341.55	21,92,067.90
Total B			**6,148**	**341.55**	**21,92,067.90**
Net Profit earned = B - A					**3,80,777.55**

h. The summary of Noticee 3's trading activity in the scrip of SIL vis-à-vis its gross trading across the market during the UPSI period is as under:

Period	Buy Value			Sell Value			Gross Traded Value		
	Total	SIL	%	Total	SIL	%	Total	SIL	%
During UPSI Period 1 (April 29, 2021 to June 29, 2021)	1,48,97,050	1,48,97,050	100%	0	0	0%	1,48,97,050	1,48,97,050	100%
During UPSI Period 2 (October 27-November 12, 2021)	1,811,290	1,811,290	100%	0	0	0%	1,811,290	1,811,290	100%

i. As seen from the table above, during both UPSI period 1 and 2, Noticee 3 had traded only in the scrip of SIL.

j. Following are the trading details of Noticee 3 from February 25, 2021(i.e. the opening of trading account) till September 30, 2022:

Scripname	Exchange	Buy Qty.	Buy Value	Sell Qty.	Sell value	Total Qty.	% Qty.	Total Value	% Value
ASRL Total	BSE	5000	4,84,500.00	9,905	8,22,321.55	14,905	3.28%	13,06,821.55	0.94%
GARMNTMNTR Total	BSE	25000	52,49,998.25	25,000	26,62,501.00	50,000	11.00%	79,12,499.25	5.69%
ROLEXRINGS Total	BSE	0	0	30	36,732.00	30	0.01%	36,732.00	0.03%
SUULD Total	NSE	89,371	3,48,24,779.40	89,371	3,61,01,603.15	1,78,742	39.32%	7,09,26,382.55	50.97%
SUUMAYA Total	BSE	0	0	44,400	94,16,400.00	44,400	9.77%	94,16,400.00	6.77%
TCS LTD. Total	BSE	44	1,65,805.65	0	0	44	0.01%	1,65,805.65	0.12%
WORL Total	BSE	94711	1,61,41,145.80	71,743	3,32,57,406.65	1,66,454	36.62%	4,93,98,552.45	35.50%
Grand Total		**214126**	**5,68,66,229.10**	**2,40,449**	**8,22,96,964.35**	**4,54,575**	**100.00%**	**13,91,63,193.45**	**100.00%**

k. Following is observed from the above table:

a) Trades of Noticee 3 were concentrated mostly in the scrip of SIL and WORL (Company has same address as SIL and Managing Director of WORL, Ms. Ishita Mahesh Gala one of the promoters of SIL).

b) Noticee 3 has traded in 6 scrips on BSE and only one scrip on NSE.

c) 36.62% of the total quantity traded by Noticee 3 across exchanges was in the scrip of WORL and 39.32% of the total quantity traded by the Noticee 3 across the exchanges was in the scrip of SIL.

d) On NSE, 100% of the total quantity traded by Noticee 3 on the exchange was in the scrip of SIL.

Connection of Noticees observed during the investigation

l. Upon analysis of Call Data Records (CDR) during investigation, a mobile number (9819590367) was identified from which the calls were made to Ms. Rinkuben Bhayani (partner of Noticee 3) and Mr. Sumit Pal Singh, erstwhile Joint Managing Director(JMD) of SIL during UPSI Period 1. This number belongs to Mr. Jignesh Ramniklal Seth (Noticee 2). Details of those calls during UPSI period are given below:

Period	Dates of calls	Mobile number	Caller Name	Mobile number	Called Name	Number of Calls	Duration of Calls(sec)
UPSI (April 29- June 29, 2021)	May 27, May 31, June 02, June 21, 2021	9825491883	Rinkuben Bhayani	9819590367	Jignesh Ramniklal Seth	3	296
		9819590367	Jignesh Ramniklal Seth	9825491883	Rinkuben Bhayani	4	1230
	June 22 and June 24, 2021	9650000104	Sumit Pal Singh	9819590367	Jignesh Ramniklal Seth	2	104
		9819590367	Jignesh Ramniklal Seth	9650000104	Sumit Pal Singh	3	198

m. During statement recording of Noticee 2 before Investigating Authority, Noticee 2 submitted that the partners of Noticee 3, namely Ms. Rinkuben Bhayani and Ms. Sweetyben Bhayani are sisters of his wife, Mrs. Mili Jignesh Seth. He further submitted that the trading account of Svasti Commercial LLP (Noticee 3) was opened by Aishwarya Avenues Pvt. Ltd., Authorised Participant(AP) of the broker, SKSE Securities Ltd., which is a firm of his brother, Mr. Rajesh Ramniklal Seth. Based on the aforesaid submissions of Noticee 2, it was observed that the partners of Noticee 3 are connected to Noticee 2.

n. It was observed that based on the chronology of events and structured digital database submitted by SIL, name of Mr. Ushik Gala (Noticee 1) appears on the list of people who were aware of the UPSI related to financial results for the period ended on March 31, 2021, which was announced by SIL on June 30, 2021 and financial results for the period ended on September 30, 2021 which was announced on November 12, 2021. Hence, Noticee 1 qualify as "insiders" as per regulations 2(1)(g)(ii) of SEBI (PIT) Regulations, 2015.

o. Noticee 2 submitted that he and Mr. Ushik Gala (Noticee 1) are friends and have known each other for around 3 years and are in regular touch with each other. He submitted that they also have general discussion about Noticee 1's companies. Noticee 2 further submitted on April 26, 2021, his charitable trust, Shree Adhiyashakti Charitable Trust received Rs. 10,80,000/- from Suumaya Industries Limited.

p. *Noticee 1, in his submissions to Investigation Authority, has acknowledged that he has interacted with Noticee 2 for religious and charitable functions and about the donations made to the charitable trust of Noticee 2.*

q. *In view of the above, investigations indicate that Noticee 1 (Chairman and Promoter of the SIL) and Noticee 2 are friends and they also have financial relation in form of donations. Thus, by virtue of aforesaid connection of Noticee 2 with Noticee 1, it is alleged that, Noticee 2 was a connected person in terms of Regulation 2(1)(d) (i) and "insider" as per clause (i) and (ii) of Regulation 2(1) (g) of PIT Regulations.*

r. *Investigations have revealed that a credit of Rs. 1,62,00,000 were received on March 12, 2021 by Noticee 3 from Mr. Jayantilal Hansraj Lodha whose HUF namely Jayatilal Hansraj HUF is 1% shareholder of SIL. The fund credit in account of Noticee 3 by a 1% shareholder of SIL further indicates a connection between SIL and Noticee 3.*

s. *In view of the above, considering the position of Noticee 1 as an insider in SIL, his connection with Noticee 2, the peculiar trading pattern of Noticee 3 in the scrip of SIL, it is alleged that Noticee 1 passed on the price sensitive information to his friend Noticee 2 who in turn passed it to Noticee 3 who traded in the scrip of SIL while in possession of and on the basis of UPSI and made significant profits. Therefore, the following is alleged:*

t. *Noticee 1 is "insider" as per regulations 2(1)(g)(ii) of PIT Regulations and is alleged to have violated Section 12A (d) & (e) of SEBI Act, 1992 and Regulation 3(1) of PIT Regulations by communicating the UPSI to Noticee 2.*

u. *Noticee 2 is connected person in terms of Regulation 2(1)(d) (i) and "insider" as per Regulation 2(1) (g) (i) and (ii) of PIT Regulations and is alleged to have violated Section 12A (d) & (e) of SEBI Act, 1992 and Regulation 3(1) of PIT Regulations by communicating the UPSI to Noticee 3.*

v. *Noticee 3 is connected person in terms of Regulation 2(1)(d)(i) and "insider" as per Regulation 2(1) (g) (i) and (ii) of PIT Regulations and is alleged to violated Section 12A (d) & (e) of SEBI Act, 1992 and Regulations 4(1) of SEBI (PIT) Regulations by trading in the scrip of SIL while in possession of UPSI.*

6. Vide letter and email dated April 19, 2023 Noticee 1 had requested for Inspection of documents. Vide letter dated April 18, 2023 Noticee 2 had requested for Inspection of documents. Further vide letter and email dated April 18, 2023 Noticee 3 had also requested for Inspection of documents. Acceding to the requests and in the interest of natural justice, vide email dated May 22, 2023 opportunity of inspection of documents were provided to the Noticees on May 26, 2023. At the scheduled date of inspection, Authorized Representative viz. Mr. Meit Shah, CA Kushal Shah and Mr. Keyur Shah(hereinafter referred to as 'AR') of all the Noticees were provided inspection of all the documents which have been relied upon while issuance of SCN and copies provided thereof. Vide letter dated June 01, 2023, Noticee 1 has submitted his reply pursuant to inspection. Thereafter vide email dated June 13, 2023, opportunity for hearing was provided to the Noticee 1 on July 06, 2023. Noticee 1 vide letter dated June 28, 2023 submitted his reply to the SCN. On the scheduled date of hearing, AR of the Noticee 1 appeared on behalf of Noticee and reiterated the contents of reply submitted vide letter

dated June 28, 2023 and sought time till July 13, 2023 to make additional submissions which was acceded to. Vide letter dated July 13, 2023, Noticee 1 has submitted his additional submissions.

7. As regards Noticee 2, vide email dated May 31, 2023, Noticee 2 has submitted his reply pursuant to inspection. Thereafter vide email dated June 13, 2023, opportunity for hearing was provided to the Noticee 2 on July 06, 2023. Noticee 2 vide letter dated June 20, 2023 submitted his reply to the SCN. On the scheduled date of hearing, AR of the Noticee 2 appeared on behalf of Noticee 2 and reiterated the contents of reply submitted vide letter dated June 20, 2023 and sought time till July 13, 2023 to make additional submissions which was acceded to. Vide letter dated July 12, 2023, Noticee 2 has submitted his additional submissions.

8. As regards Noticee 3, vide letter dated June 01, 2023, Noticee 3 has submitted his reply pursuant to inspection. Thereafter vide email dated June 13, 2023, opportunity for hearing was provided to the Noticee 3 on July 06, 2023. Noticee 3 vide letter dated June 17, 2023 submitted its reply to the SCN. On the scheduled date of hearing, AR of the Noticee 3 appeared on behalf of Noticee 3 and reiterated the contents of reply submitted vide letter dated June 17, 2023 and sought time till July 13, 2023 to make additional submissions which was acceded to. Vide letter dated July 10, 2023, Noticee 3 has submitted its additional submissions.

9. The key submissions made by Noticee 1 are as under:

Reply vide letter dated June 28, 2023

a. *At the outset, I state that nothing contained in the SCN may be deemed to be admitted by me by reason of non-traverse or otherwise, save and except what is expressly admitted herein. I vehemently deny all the statements, submissions, contentions, allegations and averments contained in the SCN that are contrary to and / or inconsistent with what is stated herein-below.*
b. *Without prejudice to what is stated aforesaid, I would like to make my submissions on the allegations as alleged against me in the SCN based on the limited documents provided by SEBI. My submissions are as under:*
c. *Clarification on my alleged connection with Mr. Jignesh Seth*
d. *At the outset, I would like to submit that no Call Data Records of my conversations with Mr. Jignesh Seth has been provided along with the SCN. Only on surmises and conjectures it is alleged that I had passed UPSI to Mr. Jignesh Seth without providing any underlying documents in support of the aforesaid allegations.*
e. *Be that is it may, I state that I am not associated with Mr. Jignesh Seth in any manner whatsoever. However, I do know him as I was introduced to him at a Jain religious gathering around 3-4 years back. I and Mr. Jignesh Seth both belong to Jain community.*
f. *It is pertinent to note that we do not meet or talk on regular basis. It is only when there is some Jain festival or a religious programme or gathering that we talk and meet. During Jain festival of Paryushan and Mahavir Jayanti, we talk and meet.*

g. It is pertinent to note that Mr. Jignesh Seth is involved in lot of religious & charitable organizations and has a lot of goodwill in Jain Community for the noble work carried out by him.

h. Due to his involvement in religious & charitable organizations, I came in contact with him. My calls and interactions were majorly based on the trusts and other religious & charitable work carried out by Mr. Jignesh Seth.

i. In order to support & encourage Mr. Jignesh Seth in his religious and charitable endeavors, I had recommended the company to contribute to his noble cause.

j. Thereafter, Suumaya had made donation of Rs. 10,80,000/- to Mr. Jignesh Seth's charitable trust viz. Shree Adhiyashakti Charitable Trust.

k. My calls and interaction with Mr. Jignesh Seth were majorly based on the trusts and other religious & charitable work carried out by him and his future plans for his charitable trusts and organizations.

l. Further, Mr. Jignesh Seth has also informed me that he runs a Gaushala. It is pertinent to note that this cause is very close to my heart and we discuss the same to whenever we happen to meet or call.

m. My connection with Mr. Jignesh Seth is based on religious and charitable work undertaken by him and not otherwise. Hence, I would like to state that Mr. Jignesh Seth cannot be classified as my friend.

n. I would like to state that at no point in time there was any UPSI or any information related to Suumaya that was passed by me to Mr. Jignesh Seth.

o. There is no financial transaction between me and Mr. Jignesh Seth or any of the trusts or charitable organizations belonging to him.

p. In fact, Suumaya donated Rs. 10,80,000/- to Shree Adhiyashakti Charitable Trust, a trust belonging to Mr. Jignesh Seth.

q. Additionally, I have no idea about relatives of Mr. Jignesh Seth or for that matter to whom he is connected to or to whom he speaks to or meets.

r. In view of the aforesaid submissions, no adverse inference be drawn against me w.r.t. my alleged connection with Mr. Jignesh Seth.

s. It is pertinent to note that I have no connection with Svasti Commercial LLP or its partner viz. Rinkuben Bhayani or Sweetyben Bhayani. The same has not been alleged in the SCN or otherwise. It is only on receipt of SCN that I have heard names of Svasti Commercial LLP or its partner viz. Rinkuben Bhayani or Sweetyben Bhayani. Therefore, no adverse inference be drawn against me in this regard.

t. Further, the SCN mentions the details of calls between Mr. Sumit Pal Singh and Mr. Jignesh Seth. In this regard, I state that as I am not a privy to the conversations between Mr. Sumit Pal Singh and Mr. Jignesh Seth, I cannot give my clarification or explanation on the conversation that allegedly took place between Mr. Sumit Pal Singh and Mr. Jignesh Seth. Therefore, no adverse inference be drawn against me in this regard.

u. Apart from what is stated aforesaid, I would like to state that being a responsible & law abiding person and a person holding an important position in the Company, I have never passed any UPSI relating to Suumaya to any person.

v. I would like to submit that I am a law abiding citizen and I have always complied with rules/regulations governing securities market. In case any penalty is imposed by a reputed and credible organization like SEBI, it shall cause loss of goodwill, credibility, market standing and reputation which has been built over past many decades. Thus, I humbly request that I may be discharged from present proceedings at the earliest.

Reply vide letter dated July 13, 2023

w. *As a law abiding citizen, in response to the SCN, I have submitted my detail response so as to ensure that no further inquiry be held against me in terms of Rule 4(1) of the SEBI (Procedure for Holding Inquiring and Imposing Penalties) Rules, 1995 ("Adjudication Rules"). Unfortunately for me, your honour has continued the proceedings by issuing a notice of appearance in terms of Rule 4(3) of Adjudication rules without disclosing your opinion to me. Hence, great prejudice is caused to me more particularly since I am Chairman and Managing Director of Suumaya.*

x. *Be that as it may, on perusal of the SCN, I humbly make following submissions for your sympathetic consideration as under:*

y. *In Para 4 to 10 of the SCN under caption "Background" details about Suumaya is elaborated. The facts and figures mentioned therein are the good pointers about the statutory compliances uniformly carried out by Suumaya. Further, to my knowledge and understanding, since there are no adverse findings against me and Suumaya, no response is warranted from my side.*

z. *In Para nos. 11 to 17 of the SCN under the caption "Trading Pattern of Noticee 3 during the Investigation period" is elaborated. Honestly, I have no knowledge, understanding and involvement in any manner whatsoever w.r.t activities carried out by Noticee No. 3 viz. Svasti Commercial LLP ("Svasti") including in shares and securities. Notably there are no findings qua me for the trading activities carried out by Svasti in the Suumaya scrip. Hence, I am of the view that no response is warranted from me.*

aa. *In Para 18 to 24 of the SCN, under the caption "Connection of Noticees observed during the investigation", details of alleged connections with Ms. Rinkuben Bhayani (Partner of Noticee No. 3), Mr. Sumit Pal Singh erstwhile Joint Managing Director of Suumaya and Mr. Jignesh Ramniklal Seth (Noticee No. 2) is elaborated on the basis of analysis of Call Data Records ("CDR") (Ref. Para 18 of SCN). Notably, my name does not appear on the CDR. Thus, admittedly no communication is found between me and the co-noticees. Hence, on this ground alone, the proceedings initiated against me deserves to be dropped.*

bb. *Incidentally my name is mentioned in Para No. 20 to 23 of SCN. On perusal of the same, I submit with humility that I admit that I qualify as Insider. Be that as it may, my relationship with Noticee No. 2 is elaborated under Para 21 to 23 of SCN. Notably, during the course of investigation, truthfully I have acknowledged that I had interacted with Noticee No. 2 only during religious and charitable functions including for the donations to be made to the Charitable trust where Noticee No. 2 is associated. Pertinently, when I attend religious and Charitable functions, I invariably interact with large numbers of persons. If desired, I will call for video recordings of the functions attended by me. Thus, the charitable activities carried out by me should not be coloured as commercial activities to rope me in the present proceedings. Your honour will appreciate that it is settled law that "Burden of Proof" is on SEBI to establish that I have either communicated, provided or allowed access to Unpublished Price Sensitive Information ("UPSI") relating to Suumaya to Noticee No. 2. In this regard, during the course of personal hearing, my authorised representative have made request to your kind honour to provide me an opportunity to cross examination Noticee No. 2 to substantiate facts that I had not communicated, provided or allowed access to any UPSI to Noticee No. 2.*

cc. *In concluding Para 25 of SCN, it is erroneously held that I had passed on UPSI to Noticee No. 2 who is alleged to be my "Friend". Notably, Noticee No. 2 is alleged to be only my*

Friend, hence no commercial relationship is established. On this ground alone, the proceedings initiated against me ought to be dropped.

10. The key submissions made by Noticee 2 vide letter dated June 20, 2023 and July 12, 2023 are as under:

Reply dated June 20, 2023

a. *I am mainly an investor in stock market. Apart from that, as I follow Jainism, I work for the welfare of Animals and for my Jain Community. I have a charitable trust by the name Shri Adhiyashakti Charitable Trust. I also have a Gaushala. Majority of my time is devoted to my charitable trust and Gaushala.*
b. *It is alleged in the SCN that UPSI of Suumaya was passed by me to Svasti (the alleged connected entity), who traded in the scrip of Suumaya based on the said UPSI as allegedly provided by me and made substantial profit. The connection as alleged is based on CDR and partners of Svasti are my relatives. In this regard, I submit as under:*
c. *W.r.t. to my connection with Svasti, I would like to submit that the partners of Svasti namely Ms. Rinkuben Bhayani and Ms. Sweetyben Bhayani are my wife's sisters. However, I have never advised them or they have never sought any information from me w.r.t. trading in any scrips in stock market. My conversations with them are mainly related to enquire about their health and wellbeing, as they were my relatives. Further, our talks are also related to the latest religious events and happenings in the Jain Community. Hence, no adverse inferences be drawn against me in this regard.*
d. *Further, calls with Ms. Rinkuben Bhayani were only courtesy calls and no details w.r.t. Suumaya or UPSI was discussed. It is pertinent to note that calls between relatives are normal. Further, there are regular calls between me & Ms. Rinkuben Bhayani and the same is not restricted to a particular period or time as alleged in the SCN or otherwise.*
e. *It is pertinent to note that CDR of only UPSI – 1 and some months thereafter is provided to me. However, no CDR of UPSI – 2 is provided along with the SCN or during the inspection of documents.*
f. *From the CDR as provided by SEBI, it can be seen that there are numerous calls that happened between me and Ms. Rinkuben Bhayani i.e. incoming (6 calls) as well as outgoing (4 calls) on several days i.e. on 27.05.2021, 31.05.2021, 02.06.2021, 21.06.2021, 12.07.2021, 05.08.2021 and 12.08.2021. From the aforesaid, it can be seen that calls even pursuant to UPSI – 1 were made to and received from Ms. Rinkuben Bhayani and not concentrated to UPSI period.*
g. *Further, from the trading pattern of Suumaya as mentioned in the SCN, it can be seen that the calls with Ms. Rinkuben Bhayani are not coinciding with the shares of Suumaya bought by Svasti i.e. on 24.06.2021 and Sold i.e. on 26.07.2021. Hence, it can be seen that Svasti had not traded in Suumaya based on alleged UPSI received from me.*
h. *Further, I have no control with whom Svasti opens trading account with as I have no control or say on the decisions taken by Svasti.*
i. *In view of the aforesaid, no adverse inference be drawn against me w.r.t. to my connection with the partner's of Svasti as alleged in the SCN or otherwise.*
j. *Submissions on my alleged connection with Mr. Sumit Pal Singh.I was introduced to Mr. Sumit Pal Singh by Mr. Ushik Gala for charity purpose. Mr. Sumit Pal Singh was Joint Managing Director (JMD) and CEO of Suumaya.*
k. *It was for my trusts and other charitable organization that I was introduced to Mr. Sumit Pal Singh.*
l. *I have no personal association with Mr. Sumit Pal Singh.From the CDR as mentioned in the SCN, it is alleged that I and Mr. Sumit Pal Singh spoke 5 times on 22.06.2021 & 24.06.2021. Presently, as the conversation is almost 2 years old, I do not recollect the*

exact nature of my conversation with Mr. Sumit Pal Singh. Mostly, the conversation would have been around the working and functioning of Shri Adhiyashakti Charitable Trust, which had received donation from Suumaya, whose JMD and CEO was Mr. Sumit Pal Singh.

m. *Without prejudice to what is stated aforesaid, I submit as under: Even though details of calls between me and Mr. Sumit Pal Singh is mentioned under Para No. 18 of the SCN, no records or data supporting such details have been provided either along with the SCN nor during the inspection of documents conducted on 30.05.2023.*

n. *Further, Mr. Sumit Pal Singh is not even a noticee in the present SCN.*

o. *In view of the aforesaid submissions made by me, no adverse inference be drawn against me w.r.t. my alleged connection with Mr. Sumit Pal Singh.*

p. *It is pertinent to note that apart from the aforesaid entities, I have no connection with any of the mentioned 'insiders' as submitted by Suumaya and the same is also not alleged against me or otherwise. Further, my name is also not mentioned in Tables at Para No. 9, wherein details of "Name of Officials/KMP's/designated persons/consultant and/or any other person aware of the event". Therefore, it cannot be said that I was in possession of UPSI.*

q. *It is falsely mentioned in the SCN that I have financial relation with Mr. Ushik Gala due to which it is alleged that I am 'connected person' in terms of Regulation 2(1)(d)(i) and an 'insider' as per Regulation 2(1)(g)(i) and (ii) of SEBI PIT Regulations and I have been alleged to have violated Section 12A (d) & (e) of SEBI Act, 1992 and Regulation 3(1) of SEBI PIT Regulations by communicating the UPSI to Svasti. In this regard, I strongly and vehemently deny alleged violation of provisions of SEBI Act, 1992 and SEBI PIT Regulations as alleged in the SCN. Further, I would like to submit that I am neither a connected person nor I am insider as alleged in SCN or otherwise. Further, I submit as under:*

r. *I do not fall under the definition of "connected person". I have never been associated with Suumaya, directly or indirectly, in any capacity. I have never had any business with Suumaya temporary or permanent. I never had direct or indirect access to UPSI. (Ref. Regulation 2(1)(d)(i) of SEBI PIT Regulations).*

s. *I do not fall under the definition of "insider" as I am not a connected person nor I am in possession of or have access to UPSI of Suumaya (Ref. Regulation 2(1)(g)(i) and (ii) of SEBI PIT Regulations).*

t. *I have not directly or indirectly engaged in insider trading (Ref. Section 12A(d) of SEBI Act, 1992).*

u. *I have not dealt in the scrip of Suumaya while in possession of material or non-public information our communicated any material or non-public information to any person, in a manner which is in contravention of the provisions of SEBI Act, 1992 or the rules or the regulations made thereunder. I never had possession of material or non-public information w.r.t. scrip of Suumaya (Ref. Section 12A(e) of SEBI Act, 1992).*

v. *I have never communicated, provided or allowed access to UPSI w.r.t. scrip of Suumaya. It is pertinent to note that, I never knew or had access to UPSI of Suumaya (Ref. Regulation 3(1) of SEBI PIT Regulations).*

Reply dated July 12, 2023

w. *It is pertinent to note that prior to the issuance of SCN, an investigation on the subject matter of captioned proceedings was initiated wherein my statement was recorded and certain details were sought from me. However, the said statements or information as given during the investigation has not been considered or reproduced in the SCN and the same has been completely ignored by SEBI. In this regard, I would like to submit as under:*

x. Para No. 18 of the SCN deals with call records between me with Rinkuben Bhayani and Mr. Sumit Pal Singh.

y. However, the SCN has completely ignored my statement that Rinkuben Bhayani is my wife's sister. My conversations with them are mainly related to enquire about their health and wellbeing, as they were my relatives. The SCN does not mention the aforesaid facts about the purpose and intent of the calls between me and Rinkuben Bhayani.

z. Further, SEBI has completely ignored my statement that I was introduced to Mr. Sumit Pal Singh by Mr. Ushik Gala. I do not know Mr. Sumit Pal Singh directly (Ref. Q6 & A6 of Statement of Examination of Oath dated 06.01.2023).

aa. Further, under Para No. 21 of the SCN, it is stated as under:

bb. "21. Noticee 2 submitted that he and Mr. Ushik Gala (Noticee 1) are friends and have known each other for around 3 years and are in regular touch with each other. He submitted that they also have general discussion about Noticee 1's companies…."

cc. It is pertinent to note that even though my submissions and statements are enclosed along with the SCN, SEBI has completely ignored the contents of statements recorded and submissions made by me.

dd. In my Statement of Examination on Oath dated 06.01.2023 and my submissions dated 19.01.2023, I have never mentioned that we are in regular touch with each other. I have mentioned that it is only during Jain festivals that we would have spoken on daily basis. I have also submitted that we do not meet frequently and we meet during social/ religious functions (Ref. My reply to Query No. 6 & 7 of my submissions dated 19.01.2023). Further, in my submissions, I have clearly submitted that Mr. Ushik Gala does not discuss his business and performance of his companies with me (Ref. My reply to Query No. 8 of my submissions dated 19.01.2023)

ee. Further, even the submissions made by Mr. Ushik Gala by letter dated 17.01.2023 (Annexure – 6 of the SCN) mentions that he does not meet me or call me regularly and that he does not discuss about the business and performance of his companies with me.

ff. In view of the aforesaid submissions, I submit that SEBI has only picked and choose the facts and has not considered the whole statement and submissions made by and submitted by me. Hence, great prejudice is caused to me. I do not fall under the definition of "connected person". I have never been associated with Suumaya, directly or indirectly, in any capacity. I was not in frequent communication with the officers of Suumaya. I never had any business, contractual, fiduciary or employment relationship with Suumaya. I was never a director, officer or an employee of Suumaya. I have never held any position including professional or business relationship with Suumaya whether temporary or permanent which allowed me direct or indirect access to UPSI. Therefore, I submit that, I do not fall under the definition of "connected person" as defined under Regulation 2(1)(d)(i) of PIT Regulations.

gg. W.r.t. Regulation 2(1)(g)(i) of PIT Regulations, I state as under:As I do not fall under the definition of "connected person" as submitted aforesaid, I do not fall under the definition of "insider" as defined under Regulation 2(1)(g)(i) of PIT Regulations.

hh. W.r.t. Regulation 2(1)(g)(ii) of PIT Regulations, I state as under:I am not in possession of UPSI nor do I have access to UPSI. Therefore, , I do not fall under the definition of "insider" as defined under Regulation 2(1)(g)(ii) of PIT Regulations.

ii. W.r.t. Section 12A(d) of SEBI Act, 1992, I state as under: I have not directly or indirectly engaged in insider trading.

jj. Further, w.r.t. alleged phone calls with Mr. Sumit Pal Singh, I submit as under:Even though details of calls between me and Mr. Sumit Pal Singh is mentioned under Para No. 18 of the SCN, no records or data supporting such details have been provided either along with the SCN nor during the inspection of documents conducted on 30.05.2023.Further, Mr. Sumit Pal Singh is not even a noticee in the present SCN.Further, the calls between me and Mr. Sumit Pal Singh are not relevant to the *transactions as executed by Svasti Commercial LLP as pursuant to my call with Mr. Sumit Pal Singh on 24.06.2021 there are no calls made to Svasti Commercial LLP. Therefore, I cannot be alleged to have passed UPSI to Svasti Commercial LLP.*

kk. *Without prejudice to what is stated aforesaid, I would like to submit as under:.I was introduced to Mr. Sumit Pal Singh by Mr. Ushik Gala for charity purpose. Mr. Sumit Pal Singh was Joint Managing Director (JMD) and CEO of Suumaya.*

ll. *It was for my trusts and other charitable organization that I was introduced to Mr. Sumit Pal Singh.I have no personal association with Mr. Sumit Pal Singh.*

mm. *From the CDR as mentioned in the SCN, it is alleged that I and Mr. Sumit Pal Singh spoke 5 times on 22.06.2021 & 24.06.2021. Presently, as the conversation is almost 2 years old, I do not recollect the exact nature of my conversation with Mr. Sumit Pal Singh. I was introduced to Mr. Sumit Pal Singh by Mr. Ushik Gala. I do not know Mr. Sumit Pal Singh directly. (Ref. Q6 & A6 of Statement of Examination of Oath dated 06.01.2023)*

nn. *In view of the aforesaid submissions made by me, no adverse inference be drawn against me w.r.t. my alleged connection with Mr. Sumit Pal Singh.*

oo. *It is pertinent to note that, I have no connection with any of the mentioned 'insiders' as submitted by Suumaya and the same is also not alleged against me or otherwise. Further, I have no role in the corporate announcements made by Suumaya, neither I was in Management in Suumaya nor I was not involved in the financials of Suumaya (Ref. Para No. 4 to 7 of the SCN). Additionally, my name is also not mentioned in Tables at Para No. 9, wherein details of "Name of Officials/KMP's/designated persons/consultant and/or any other person aware of the event". Therefore, it cannot be said that I was an 'insider' and was in possession of UPSI.*

pp. *Further, under Para No. 23 of the SCN, it is wrongly alleged that I had financial relation with Mr. Ushik Gala. However, in reality I do not have any financial relation with Mr. Ushik Gala. My trust, Shree Adhiyashakti Charitable Trust has received donation from Suumaya Industries Ltd and the same has been properly accounted for. Therefore, no adverse inference be drawn against me in this regard.*

qq. *Further, w.r.t. calls with Rinkuben Bhayani, I would like to state as under:*

rr. *I would like to submit that the partners of Svasti namely Ms. Rinkuben Bhayani and Ms. Sweetyben Bhayani are my wife's sisters. My conversations with them are mainly related to enquire about their health and wellbeing, as they were my relatives. Further, our talks are also related to the latest religious events and happenings in the Jain Community.*

ss. *It is pertinent to note that calls between relatives are normal. Further, there are regular calls between me & Ms. Rinkuben Bhayani and the same is not restricted to a particular period or time as alleged in the SCN or otherwise.*

tt. *From the CDR as provided by SEBI, it can be seen that there are numerous calls that happened between me and Ms. Rinkuben Bhayani i.e. incoming (6 calls) as well as outgoing (4 calls) on several days i.e. on 27.05.2021, 31.05.2021, 02.06.2021, 21.06.2021, 12.07.2021, 05.08.2021 and 12.08.2021. From the aforesaid, it can be seen that calls even pursuant to UPSI – 1 were made to and received from Ms. Rinkuben Bhayani and not concentrated to UPSI period.*

uu. *Further, from the trading pattern of Suumaya as mentioned in the SCN, it can be seen that the calls with Ms. Rinkuben Bhayani are not coinciding with the shares of Suumaya bought by Svasti Commercial LLP i.e. on 24.06.2021 and Sold i.e. on 26.07.2021. Hence, it can be seen that Svasti Commercial LLP had not traded in Suumaya based on alleged UPSI received from me.*

vv. *On perusal of the Annexures to the SCN w.r.t. trades of Svasti Commercial LLP, I understand that they have traded on 21 days in total in the scrip of Suumaya, however the SCN only mentions 4 dates i.e. 24.06.2021, 26.07.2021, 12.11.2021 & 18.11.2021.*

ww. *In view of the aforesaid, no adverse inferences be drawn against us.I am relying on the below mentioned judgements in support of my submissions*

xx. *A copy of Order dated 31.10.2022 bearing reference no. Order/SM/AD/2022-23/20862-20863 passed by Ld. Adjudicating Officer, SEBI in the matter of DLF Limited. Copy of Judgment dated 19.04.2022 passed by Hon'ble Supreme Court of India in the matter of Balram Garg Vs. SEBI (Civil Appeal No. 7054 of 2021) and other connected Appeals Limited. Copy of relevant pages of Order dated 31.03.2023 bearing reference no. WTM/AN/IVD/ID17/25354/2022-23 passed by Ld. Whole Time Member, SEBI in the matter of Zee Entertainment Enterprises Ltd. Relevant extract of Paras of the aforesaid Order dated 31.10.2022, Judgment dated 19.04.2022 and Order dated 31.03.2023.*

11. The key submissions made by Noticee 3 vide letter dated June 17, 2023 and July 10, 2023 are as under:

Reply dated dated June 17, 2023

a. *On plain reading of the aforementioned SCN, it is evidently clear that SEBI has made bald and sweeping allegations against us. We submit that the SCN is based on surmises, conjectures, probabilities and hypothesis, which is impermissible in law.*
b. *The SCN seeks to create a tenuous and non-existent link between us on one hand and the Company i.e. SIL.*
c. *Trades in shares of SIL were not based on the alleged UPSI given to us by Mr. Jignesh Sheth.*
d. *Further, we state that our buy and sell transaction in SIL had been executed "on market"; through SEBI registered Broker with whom we are/were maintaining share trading account for carrying out investment/trading activity in capital market.*
e. *Thus, in our humble submission, our both purchase and sell transactions have been carried out in total compliance of all the securities market laws as applicable to us as an investor of capital market. Hence, we fail to understand factors considered by SEBI for making bald and sweeping allegation against us since as we understand, Stock Brokers and Stock Exchanges are first level regulators who are duty bound to guide us and also prevent us from getting associated in any wrong doing, if any, happening in the transactions carried out through them.*
f. *We are therefore really shocked, surprised and disturbed to undergo present quasi-Judicial proceeding initiated by Apex regulator of stock market viz. SEBI.*
g. *Our transactions in SIL are independent and totally in isolation to the transactions carried out by other entities/person in the shares of SIL.*
h. *At the outset, we submit that our partners viz. Ms. Rinkuben Bhayani and Ms. Sweetyben Bhayani are sisters of Mrs. Mili Jignesh Sheth, wife of Jignesh Sheth. However, the trading decisions of our firm in stock market are solely taken by our partners and the same is not based on any information or inputs provided by anyone else. Therefore, we submit that we had on our own taken decisions to trade in SIL and no information w.r.t. SIL was passed to us by Mr. Jignesh Sheth.*
i. *Further, calls with Mr. Jignesh Sheth were only courtesy calls and no details w.r.t. SIL was discussed. It is normal to call your relatives to find out about their well-being. Further, CDR of only UPSI – 1 and few months post UPSI - 1 is provided i.e. from 01.05.2021 to 30.08.2021. No CDR w.r.t. UPSI – 2 is provided by SEBI. Therefore, no adverse inference be drawn against us in this regard.*

j. The relevant extract of CDR between Rinkuben Bhayani and Mr. Jignesh Sheth is as under. Number of Rinkuben Bhayan i.e. 9825491883 is taken as base and the number of Mr. Jignesh Sheth is 9819590367.

k. The allegation is w.r.t. 31,000 shares of SIL bought on 24.06.2021 and 31,000 shares sold on 26.07.2021.

Call Date	***Incoming/Outgoing***	***Call initiating time***	***Duration***
27.05.2021	*Incoming*	*10:02:34*	*125*
27.05.2021	*Outgoing*	*10:29:15*	*87*
27.05.2021	*Outgoing*	*10:34:10*	*134*
31.05.2021	*Incoming*	*20:35:58*	*172*
02.06.2021	*Incoming*	*20:51:15*	*781*
02.06.2021	*Outgoing*	*21:12:26*	*75*
21.06.2021	*Incoming*	*13:12:05*	*152*
12.07.2021	*Outgoing*	*21:13:26*	*96*
05.08.2021	*Outgoing*	*20:01:51*	*5*
12.08.2021	*Outgoing*	*13:06:51*	*91*

l. From the aforesaid extract of CDR, it can be seen that the calls with Mr. Jignesh Sheth are not coinciding with the shares of SIL bought i.e. on 24.06.2021 and Sold i.e. on 26.07.2021. Hence, it can be seen that we had not traded in SIL based on alleged UPSI received from Mr. Jignesh Sheth. Additionally, it can be seen that there are regular calls between Ms. Rinkuben Bhayani and Mr. Jignesh Sheth.

m. Further, it can be seen that post UPSI – 1 too Ms. Rinkuben Bhayani has calls with Mr. Jignesh Sheth.

n. We also state that we have no idea to whom Mr. Jignesh Sheth is connected to or to whom he speaks to. Therefore, we cannot give justifications to the calls between Mr. Jignesh Sheth and Mr. Sumit Pal Singh. For that matter, we do not even know Mr. Sumit Pal Singh. For that matter, Mr. Sumit Pal Singh is not even part of the present proceedings initiated by SEBI.

o. Without prejudice to what is stated aforesaid, we state that calls between Ms. Rinkuben Bhayani and Mr. Jignesh Sheth during UPSI – 1, are prior to the alleged calls between Mr. Jignesh Sheth and Mr. Sumit Pal Singh. Therefore, no adverse inference be drawn against us in this regard.

p. Additionally, we say that CDR for the period of UPSI - 2 is not provided by SEBI. Therefore, we cannot be alleged to have traded in shares of SIL based on UPSI during the period of UPSI – 2.

q. Further, we state that our account opening with Aishwariya Avenues Pvt Ltd, Authorized Person (AP) of SKSE Securities Ltd, a firm of Mr. Rajesh Ramniklal Sheth, Mr. Jignesh Sheth's brother, is not related to our trades in SIL.

r. It is alleged that we have received a credit of Rs. 1,62,00,000/- from Jayantilal Hansraj Lodha, whose HUF is 1% shareholder of SIL. Therefore, it is alleged that a fund credit from 1% shareholder of SIL indicates of connection between SILL and us. In this regard, we submit as under:

s. We are not associated with any person named Jayantilal Hansraj Lodha. Our partner's father's very close family friend Mr. Atul (Rasmin) Sundarji Bavishi (9426163915) arranged for transfer of Rs. 1,62,00,000/-. We desired to take over our family business of petrol pump from family and Mr. Atul wanted commercial partnership in that business, so he had arranged to transfer money on 12.03.2021. Unfortunately, due to our family disputes which we could not resolve, we were asked by Mr. Atul to return the money and the same was returned on 26.03.2021. It was a pure commercial transaction wherein money was received for a commercial transaction and the same was returned as the commercial transaction failed to materialize.

t. We were told by Mr. Atul that we will receive payment from Mr. Jayantilal Hanraj Lodha. As the commercial partnership did not go through, we were told by Mr. Atul to transfer the amount to the same account from where it was received from.

u. We humbly submit that we do not know Mr. Jayantilal Hanraj Lodha or his affiliations with SIL or his shareholding in SIL. We only followed the instruction as received from Mr. Atul. Therefore, we submit that we are not connected to Mr. Jayantilal Hanraj Lodha or SIL for that matter.

v. Without prejudice to what is stated aforesaid, from the documents as provided by SEBI, we submit that Mr. Jayantilal Hanraj Lodha is no classified as an insider for the UPSI as received from SIL, nor he is a director of SIL neither his name is mentioned in Table at Para No. 9 of the SCN.

w. In view of the aforesaid, no adverse inference be drawn against us.

x. Further, we submit that we have no connection of whatsoever nature with SIL, its Directors, Key Managerial Persons etc. and the same has also not been alleged in the entire SCN.

y. In view of the aforesaid submissions made on the alleged connections, no adverse inferences be drawn against us.

z. Submissions on trading in the scrip of SIL:

aa. The below mentioned details are based on the Trade Log file provided by SEBI along with the captioned SCN.

bb. It is pertinent to note that, apart from 24.06.2021, 26.07.2021, 12.11.2021 and 18.11.2021, we have traded in the scrip of SIL on other days also. It is not the case that we have traded only during UPSI – 1 and UPSI – 2. From the trade log file, it can be seen that we have bought 89,371 shares (spread over 11 days) and sold 89,371 shares (spread over 15 days). A copy of our buy and sell transactions (as per trade log provided by SEBI) is hereto annexed and marked as Annexure - 1

cc. We humbly state that we have traded in the scrip of SIL in normal course of our trading activity and nothing adverse in this regard can be alleged against us.

dd. It is humbly submitted our transactions in SIL were independent and not based on UPSI as alleged or otherwise. Pertinently, our buying of shares of SIL was not concentrated but was spread across numerous days i.e. 11 days on buy side and 15 days on sell side. Our buy and sell transactions in SIL are spread in the months of June 2021, July 2021, August

2021, September 2021, November 2021, December 2021, January 2022, February 2022, March 2022 and June 2022. Hence, in view of the aforesaid, we state that no abnormality can be observed w.r.t. our trading in the scrip of SIL.

ee. The SCN is totally silent on the fact that we have bought as well as sold shares of SIL other than UPSI – 1 and UPSI - 2. It is not that we have specifically bought or sold shares only during UPSI – 1 and UPSI - 2. In fact, we have bought and sold more shares of SIL as compared to during UPSI – 1 and UPSI – 2.

ff. Almost all the trades were delivery based transactions and not intraday trades.

gg. It is pertinent to mention that our trades were not based on UPSI. Hence, no adverse inferences w.r.t. our trading in the scrip of SIL be alleged against us.

hh. Our transactions in SIL were at the then prevailing market price and had no impact on market equilibrium.

ii. SIL scrip had been liquid throughout and highly traded. Therefore, no adverse inferences ought to be drawn against us for carrying out trades which had no impact on the market.

jj. There is no investor loss or complaint in respect of our dealing in the scrip of SIL.

kk. Further, there is no allegation of any price manipulation against us w.r.t. our trading in the scrip of SIL.

ll. We submit that we have executed the transactions in consonance with Rules & Regulations of the Stock Exchange in the normal course of business.

mm. Noticees has relied upon the following judgements of Hon'ble SAT and Hon'ble Supreme Court.

I. Hon'ble Supreme Court of India in Reliance Industries v. SEBI

II. Hon'ble Securities Appellate Tribunal in Price Waterhouse & Co. and Ors. v. SEBI

III. Securities Appellate Tribunal in the matters of Mr. Pranshu Bhutra v. SEBI

IV. Hon'ble Supreme Court in Balram Garg v. SEBI, 2022 SCC Online SC 472)

V. Hon'ble Supreme Court in SEBI v. Kanaiyalal Baldevbhai Patel, (2017) 15 SCC 1

VI. Hon'ble Supreme Court in SEBI v. Bhavesh Pabari

VII. Hon'ble Securities Appellate Tribunal in Piramal Enterprises Limited v. SEBI

VIII. In the matter of P.G. Electroplast v. SEBI, the Hon'ble SAT

IX. M/s. DSE Financial Services Limited v. SEBI

X. Hon'ble Securities Appellate Tribunal in Vital Communications Ltd. v. SEBI

CONSIDERATION OF ISSUES AND FINDINGS

12. I have taken into consideration the facts and material available on record. The issues that arise for consideration in the present case are as follows:

I. **(a) Whether Noticee 1 have violated provisions of Section 12A (d) & (e) of SEBI Act, 1992 and Regulation 3(1) of PIT Regulations?**

(b) Whether Noticee 2 have violated provisions of Section 12A (d) & (e) of SEBI Act, 1992 and Regulation 3(1) of PIT Regulations?

(c) Whether Noticee 3 have violated provisions of Section 12A (d) & (e) of SEBI Act, 1992 and Regulation 4(1) of PIT Regulations?

II. **Does the violations, if any, attract monetary penalty under section 15G of the SEBI Act, 1992?**

III. **If the answer to Issue No. I & II is in affirmative, then what should be the quantum of monetary penalty?**

13. Before moving forward, it is pertinent to refer to the relevant provisions which are alleged to have been violated. The said provisions are provided hereunder:

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

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.

NOTE: This provision is intended to cast an obligation on all insiders who are essentially persons in possession of unpublished price sensitive information to handle such information with care and to deal with the information with them when transacting their business strictly on a need-to-know basis. It is also intended to lead to organisations developing practices based on need-to-know principles for treatment of information in their possession

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.]

Provided that the insider may prove his innocence by demonstrating the circumstances including the following: –

(i) the transaction is an off-market inter-se transfer between insiders who were in possession of the same unpublished price sensitive information without being in breach of regulation 3 and both parties had made a conscious and informed trade decision. 19[Provided that such unpublished price sensitive information was not obtained under sub-regulation (3) of regulation 3 of these regulations. Provided further that such off-market trades shall be reported by the insiders to the company within two working days. Every company shall notify the particulars of such trades to the stock exchange on which the securities are listed within two trading days from receipt of the disclosure or from becoming aware of such information.];

(ii) the transaction was carried out through the block deal window mechanism between persons who were in possession of the unpublished price sensitive information without

being in breach of regulation 3 and both parties had made a conscious and informed trade decision; Provided that such unpublished price sensitive information was not obtained by either person under sub-regulation (3) of regulation 3 of these regulations.

(iii) the transaction in question was carried out pursuant to a statutory or regulatory obligation to carry out a bona fide transaction.

(iv) the transaction in question was undertaken pursuant to the exercise of stock options in respect of which the exercise price was pre-determined in compliance with applicable regulations.]

(v) in the case of non-individual insiders: – (a) the individuals who were in possession of such unpublished price sensitive information were different from the individuals taking trading decisions and such decision-making individuals were not in possession of such unpublished price sensitive information when they took the decision to trade; and (b) appropriate and adequate arrangements were in place to ensure that these regulations are not violated and no unpublished price sensitive information was communicated by the individuals possessing the information to the individuals taking trading decisions and there is no evidence of such arrangements having been breached;

(vi) the trades were pursuant to a trading plan set up in accordance with regulation 5.

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.

<u>SEBI Act 1992</u>

12A. No person shall directly or indirectly—

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

14. Before proceeding to consider the issues on merits, I note that Noticees have raised preliminary submissions that complete materials/documents in support of the allegations have not been made available to the Noticees for inspection. In this regard, I note that in terms of Hon'ble Supreme court decision in the matter of *T. Takano v/s SEBI* dated February 8, 2022, all the relevant documents and information relied upon including the investigation report while issuance of SCN has been provided during the inspection and further copies were also provided thereof.

Noticees have asked for documents viz. Call data records during UPSI 2, details of complaints received by SEBI w.r.t dealing in scrip of SIIL, details of person who have been induced to sell/ purchase the shares of SIL, details of alerts /triggers generated by stock exchanges etc. However, in the instant case, aforesaid documents were not relied upon while issuance of SCN. Therefore, the contention of Noticees that denial of the copies of documents as requested is in gross violation of the basic principles of natural justice doesn't hold any merit.

15. I also note that Noticee 1 has requested for cross examination of Noticee 2, in the instant case. In this regard, Noticee 1 was informed that the current adjudication proceedings emanated from the findings of NSE investigation and SEBI investigation. Further Noticee 2 or any of the co-noticees are not witnesses in the said proceedings, thus no question of cross examination arises in the instant case. In this regard reliance is placed on the observation of the Apex Court, in the matter of *Transmission Corporation of A. P. Ltd. and others vs. Shri Rama Krishnan Rice Mill (2006)* 3 SCC wherein it is stated that*:"...........In order to establish that the cross-examination is necessary, the consumer has to make out a case for the same. Merely stating that the statement of an officer is being utilized for the purpose of adjudication would not be sufficient in all cases*"

16. The details of the major corporate announcements made by SIL during the period of March 01, 2021 to August 31, 2021 are as follows:

Date	Announcements
24-March-2021 20:13:30	Suumaya Industries Limited has informed the Exchange regarding allotment of 40,60,000 securities pursuant to Conversion of Convertible Warrants into Equity Shares at its meeting held on March 24, 2021.
01-Apr-2021 15:27:18	Suumaya Industries Limited has informed the Exchange regarding Appointment of Ms. Shruti Chaudhary as Non-Executive Women Independent Director of the company w.e.f. March 31, 2021.
08-Apr-2021 11:43:25	Suumaya Industries Limited has informed the Exchange regarding Appointment of Mr. Himanshu Ahuja as an Additional Non- Executive Director of the company w.e.f. April 03, 2021.
05-May-2021 17:51:37	Suumaya Industries Limited has informed the Exchange regarding 'Intimation for further infusion of surplus fund of the Company by way of subscribing to the Zero Compulsory Convertible Debentures (CCDs) issued by Suumaya Retail Limited (SRL), wholly owned subsidiary of the Company'.
12-May-2021 08:59:05	Suumaya Industries Limited has informed the Exchange regarding a press release dated May 12, 2021, titled "Suumaya Industries Limited is venturing in Agri Processing business".

21-May-2021 15:57:29	Suumaya Industries Limited has informed the Exchange about acquisition of White Organic Retail Limited ("WORL") from White Organic Agro Limited ("WOAL").
31-May-2021 15:17:27	Suumaya Industries Limited has informed the Exchange regarding incorporation of Wholly Owned Subsidiary Suumaya Trans Logistics Limited.
25-Jun-2021 16:01:25	Suumaya Industries Limited has informed the Exchange regarding 'Incorporation of Wholly Owned Subsidiary Suumaya Foundation'.
30-Jun-2021 14:44:04	**Suumaya Industries Limited has informed the Exchange regarding Board meeting held on 30th June, 2021 for approval of standalone and consolidated audited financial results for the quarter and year ended 31st March 2021 and other matters.**
01-Jul-2021 14:34:55	Suumaya Industries Limited has informed the Exchange regarding Resignation of Mr. Kshitish Kumar Shastri as Non-Executive Director of the company w.e.f. closing of business hours of June 30, 2021.
03-Jul-2021 18:05:57	Suumaya Industries Limited has informed the Exchange regarding 'Incorporation of Wholly Owned Subsidiary at Singapore'.
09-Jul-2021 17:23:11	Suumaya Industries Limited has informed the Exchange regarding Resignation of Mr. Himanshu Ahuja as Non- Executive Director of the company w.e.f. Jun 30, 2021.
15-Jul-2021 17:01:12	Suumaya Industries Limited has informed the Exchange regarding incorporation of Wholly-owned subsidiary Suumaya Infotech Private Limited.
03-Aug-2021 12:00:58	Suumaya Industries Limited has informed the Exchange regarding 'Incorporation of Step-down Subsidiary Suumaya Consumer Beverages Limited.
13-Aug-2021 10:26:12	Suumaya Industries Limited has informed the Exchange that Board of Directors at its meeting held on August 13, 2021, declared Interim Dividend of 1 per equity share (10% of face value). Suumaya Industries Limited has submitted to the Exchange, the financial results for the period ended June 30, 2021.
24-Aug-2021 18:58:17	Suumaya Industries Limited has informed the Exchange regarding 'the company through its wholly-owned subsidiary (WOS) Suumaya Agro Limited has acquired PayAgri Innovations Private Limited '.

17. Before going ahead with the findings, it is essential to define the UPSI in the instant case. I note that the term UPSI has been defined in Regulation 2(1)(n) of PIT Regulations as under:

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

(i)financial results;"

18. From the aforesaid regulation, I note that the financial results for the for the period ended on March 31, 2021 is UPSI 1 and the financial results for the period ended on September 30, 2021 is UPSI 2. Further the same has not been disputed by the Noticees. The UPSI details are tabulated herein below:

UPSI	Announcements	When did UPSI come into existence	When did UPSI get published	Period of UPSI
UPSI 1	The financial results for the period ended on March 31, 2021 announced by SIL on June 30, 2021 at 14:44:04 hours	April 29, 2021	June 30, 2021 during market hours	April 29-June 29, 2021
UPSI 2	The financial results for the period ended on September 30, 2021 announced by SIL on and November 12, 2021 at 18:34:27 hours	October 27, 2021	November 12, 2021 post market hours	October 27-November 12, 2021

Also as mentioned in para 5 b. and para 5 c. it is seen that on announcement of the financial results / increase in profits being made public there had been an increase in the price of the scrip of SIL.

19. I have perused the available records and replies of the Noticees in respect of the allegations alleged in the SCN. From the perusal of the SCN, it is alleged that Noticee 1 as an insider of SIL, communicated the UPSI to Noticee 2. Further Noticee 2 in turn communicated the said UPSI to Noticee 3 and while in possession of UPSI, Noticee 3 has traded in the scrip of SIL. Thus, it is alleged that Noticee 1, Noticee 2 and Noticee 3 are connected person in terms of Regulation 2(1)(d)(i) and "insider" as per Regulation 2(1) (g) (i) and (ii) of PIT Regulations.

20. At the outset, in order to establish the aforesaid violations Noticees must be insiders. In this regard, I would refer to Regulation 2(1)(g) of SEBI (PIT) Regulations, 2015, wherein '*insider*' means any person who is:

i. A connected person, or

ii. in possession of or having access to UPSI

Regulation 2(1)(d) of SEBI (PIT) Regulations, 2015, 'connected person' means: -

i. any person who is or has during the six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or *employment relationship or by being a director, officer or an employee of the company or holds any position including a professional or business relationship between himself and the company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.*

21. I note from material available on record that Noticee 1 is Chairman and Managing Director of SIL. Noticee 1 is also one of three individual promoters of SIL, holding 8.85% of shares of SIL for the quarter ending April 01, 2021 and September 30, 2021. Further as per chronology of events and structured digital database submitted by SIL, Noticee 1's name appears on the list of people who were aware of the UPSI related to financial results for the period ended on March 31, 2021, which was announced by SIL on June 30, 2021 and financial results for the period ended on September 30, 2021 which was announced on November 12, 2021.

22. It is not in dispute that the Noticee No. 1 by virtue of being the Chairman and Managing Director of SIL, was aware of and privy to the financial statements and disclosures made during UPSI 1 & UPSI 2. Thus, in view of the facts and admissions of Noticee 1, it is clear that Noticee 1 was an insider in accordance with Regulation 2(1)(g) of SEBI (PIT) Regulations, 2015.

23. Noticee 1 on his connection with Noticee 2 has contended that he knows Noticee 2 only through religious and charitable functions including for the donations to be made to the charitable trust of Noticee 2. Noticee 1 further contended that there is no communication between Noticee 1 & the co-noticees.

24. Noticee 2 on his connection with Noticee 1 has submitted he had only known Noticee 1 for past 3-4 years only and do not talk or meet frequently. It is only during Jain religious festivals or functions they interact with each other.

25. I note that after taking into account aforesaid facts and submissions of Noticee 1 & Noticee 2 both Noticee 1 & Noticee 2 have accepted they are known to each and

interact occasionally during the Jain festivals. As regards the UPSI, there is no material evidence placed on record showing flow of UPSI emanating from Noticee 1 to Noticee 2. I also note that SIL had made a donation of Rs. 10,80,000/- to charitable trust viz. Shree Adhiyashakti Charitable Trust of Noticee 2. I note that other than the aforesaid transaction, between SIL and Noticee 2, there is no material before me that demonstrate Noticee 1 had provided any access to UPSI to Noticee 2. The Investigation report in the present case and the material available on record also does not refer to any specific communication between Noticee 1 and Noticee 2.

26. Noticee 2 in his reply has referred to the findings of Hon'ble Supreme Court order in the matter of Balram Garg. The relevant extracts of the judgment are reproduced below:

"40. We are also of the opinion that 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 the circumstantial evidence to prove the communication of UPSI by the appellant Balram Garg to the other appellants in C.A. No.7590 of 2021. It would also be pertinent to note here that Regulation 3 of the PIT Regulations, which deals with communication of UPSI, does not create a deeming fiction in law. Hence, it is only through producing cogent materials (letters, emails, witnesses etc.) that the said communication of UPSI could be proved and not by deeming the communication to have happened owing to the alleged proximity between the parties. In this context, even the show-cause notices do not allege any communication between the Appellant Balram Garg and the other appellants in C.A. No.7590 of 2021..........

47. Lastly, we have given our anxious consideration to the judgements relied upon by the learned counsel of the Respondent viz. SEBI vs Kishore R. Ajmera [(2016) 6 SCC 368] and Dushyant N. Dalal vs. SEBI [(2017) 9 SCC 660]. Suffice it to hold that these cases are distinguishable on the facts of the present case, as the former is not a case of insider trading but that of

Fraudulent/Manipulative Trade Practices; and the latter case relates to Interests and Penalty rather than the subject matter at hand. Reliance placed on the case of Kishore R. Ajmera (supra)to show that presumption can be drawn on the basis of immediate and relevant facts is contrary to law already settled by this Court in the case of Chintalapati Srinivasa Raju(supra)where it is held that "a reasonable expectation to be in the know of things can only be based on reasonable inference drawn from foundational facts". It has further been held that merely because a person was related to the connected person cannot by itself be a foundational fact to draw an inference.

27. In light of the said findings as observed by Hon'ble SC. I note that in the instant case there are no cogent materials (call records, letters, emails, witnesses etc.) available before me that clearly demonstrates the interconnection between Noticee 1 & Noticee 2. In the absence of any direct evidence, it is difficult to hold that Noticeee 1 had communicated the UPSI to Noticee 2. I am inclined to give benefit of doubt to Noticee 1.

28. In view of the above, I am constrained to say that after considering all the issues narrated in pre paras and in terms of the allegations in the SCN, based on material available on record, violation of Regulation 3(1) of PIT Regulations read with Section 12A (d) & (e) of SEBI Act, 1992 as regards Noticee 1 is not established.

Role of Noticee 2 & Noticee 3

29. The SCN also alleges that the Noticee 2 & 3 are 'relatives' and thereby, 'deemed connected persons' in terms of Regulation 2(h)(vi) of PIT Regulations. Consequently, Noticee 2 upon receipt of UPSI from Noticee 1 had communicated to the designated partners of Noticee 3. Thus, it was alleged that Noticee 3 had traded in the scrip of SIL while in possession of and on the basis of UPSI and made significant profits.

30. I note from material available on record that partners of Noticee 3 viz. Ms. Rinkuben Bhayani and Ms. Sweetyben Bhayani are sisters of Mrs. Mili Jignesh Sheth, wife of

Jignesh Sheth. Thus, Noticee 2 was brother in law of Ms. Rinkuben Bhayani and Ms. Sweetyben Bhayani, designated partners of Noticee 3. In view of the above, by virtue of being relatives, Noticee 2 is connected with partners of Noticee 3. The same is also not disputed by the aforesaid Noticees in their replies.

31. I also note from material available on record that the trading account of Svasti Commercial LLP was opened by Aishwarya Avenues Pvt. Ltd., Authorised Participant (AP) of the broker, SKSE Securities Ltd., which is a firm Mr. Rajesh Ramniklal Seth, brother of Mr. Jignesh Raminiklal Seth. Dealer of the trades placed in the scrip of SIL from the account of Svasti Commercial LLP is Mr. Jagdish Ramniklal Seth, who is also brother of Mr. Jignesh Raminiklal Seth.

32. As established in the aforesaid paras, Noticee 1 had reasonable access to UPSI, however communication of UPSI between Noticee 1 & Noticee 2 is unsubstantiated.

33. The allegation with respect to Noticee 2 is receipt of UPSI from Noticee 1 and communicating of UPSI to the partners of Noticee 3. In this regard, I note from the material available on record that communication of UPSI from Noticee 1 to Noticee 2 as alleged in the SCN is not proven.

34. As regards communication of UPSI from Noticee 2 to Noticee 3. Noticee 2 on his connection with Noticee 3 has submitted that the partners of Noticee 3 namely Ms. Rinkuben Bhayani and Ms. Sweetyben Bhayani are his wife's sisters. The calls made were only courtesy calls to enquire about their health and wellbeing. Likewise, Noticee 3 submitted that the calls made were relating to family affairs. Also the Noticees contended that the calls were not restricted just to the UPSI period and also not on the dates of the alleged transactions.

35. The call data records between Noticee 2 and Ms. Rinkuben Bhayani, partner of Noticee 3 is tabulated hereunder.

Call Date	*Incoming/Outgoing*	*Call initiating time*	*Duration*
27.05.2021	*Incoming*	*10:02:34*	*125*
27.05.2021	*Outgoing*	*10:29:15*	*87*
27.05.2021	*Outgoing*	*10:34:10*	*134*
31.05.2021	*Incoming*	*20:35:58*	*172*
02.06.2021	*Incoming*	*20:51:15*	*781*
02.06.2021	*Outgoing*	*21:12:26*	*75*
21.06.2021	*Incoming*	*13:12:05*	*152*
12.07.2021	*Outgoing*	*21:13:26*	*96*
05.08.2021	*Outgoing*	*20:01:51*	*5*
12.08.2021	*Outgoing*	*13:06:51*	*91*

36. The allegation with respect to Noticee 3 is it had traded in the scrip of SIL while in possession of UPSI and sold them post UPSI and made significant profits. On June 24, 2021 Noticee 3 had executed buy trade on 31000 units on NSE at an average price of 480.55 valuing Rs. 14,897,050, subsequently on July 26, 2021 sold all the 31000 units post the announcement of UPSI at an average price of Rs. 521.00, thereby earning a profit of Rs. 12.53 Lakh. Further during UPSI 2 on November 12, 2021, Noticee 3 bought a total of 6,148 shares of SIL before the announcement of financial result and sold them post the announcement, making a profit of Rs. 3.80 Lakh.

37. The allegation is w.r.t. 31,000 shares of SIL bought on 24.06.2021 and 31,000 shares sold on 26.07.2021. From the above call records in para 37, it can be seen that Noticee 2 and Ms. Rinkuben, partner of Noticee 3 were in regular touch with each other during the pre UPSI 1, UPSI 1 period and post UPSI 1 period. I note that the calls were not coinciding with the dates of the transaction and the calls weren't just limited to one period, however it was spread across showing usual calls between Noticee 2 & partner of Noticee 3 on account of being ascribed to being in the same family. Thus, I am inclined to accept contention of the Noticee 2 and 3. I note that CDR for UPSI 2 period was not part of the record.

38. The Noticee 3 contended that they had taken their own independent decisions to trade in SIL and no information w.r.t. SIL was passed to them by Noticee 2 and their trades were not based on UPSI. Further they submitted that they had bought as well as sold shares of SIL other than in UPSI – 1 and UPSI – 2 periods. In fact, they have bought and sold more shares of SIL as compared to during UPSI – 1 and UPSI – 2. Further their buy and sell transactions of 89,371 shares of SIL was not concentrated but was spread across numerous days i.e. 11 days on buy side and 15 days on sell side in the months of June 2021, July 2021, August 2021, September 2021, November 2021, December 2021, January 2022, February 2022, March 2022 and June 2022. Hence, in view of the aforesaid, the Noticee 3 stated that no abnormality can be observed w.r.t. their trading in the scrip of SIL. I am inclined to accept contention of the Noticee 3.

39. I note that in the present matter, the Investigation report and the material on record does not refer to any UPSI acquired by Noticee 3 on its own. Though there was mention in the SCN that the investigations had revealed that a credit of Rs. 1,62,00,000 was received on March 12, 2021 by Noticee 3 from Mr. Jayantilal Hansraj Lodha whose HUF namely Jayatilal Hansraj HUF is 1% shareholder of SIL. The fund credit in account of Noticee 3 by a 1% shareholder of SIL was alleged to indicate a connection between SIL and Noticee 3. However, Noticee 3 has explained the matter as detailed in para 11 point r to w and I do not draw any adverse reference from this.

40. At this juncture, I would like to refer the decision of Hon’ble Supreme Court in Balram Garg (supra). The relevant text is produced hereunder.

48. .... We are of the firm opinion that there is no correlation between the UPSI and the sale of shares undertaken by the appellants in C.A. 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 the circumstantial evidence to prove the communication of UPSI by the appellant Balram Garg to the other appellants in C.A. No.7590 of 2021. There is no material on record for the WTM *and the SAT to arrive at the finding that both late P.C. Gupta and the appellant Balram Garg communicated the UPSI to the other appellants in C.A. No.7590 of 2021......"*

41. In light of the said findings given by Hon'ble SC in aforementioned order. I note that that the trading pattern could not be used as circumstantial evidence to support the communication of UPSI and that the communication could only be supported by conclusive evidence.

42. I note that merely analyzing the trading pattern only in isolation goes against the findings as provided by Hon'ble SC in the matter of Balram Garg (supra). Thus, even if it is assumed that Noticee 2 & 3 are connected, there is no material available before me that demonstrate there was flow of UPSI from Noticee 1 to Noticee 2 and subsequently to Noticee 3 as alleged in the SCN.

43. As regards trading pattern exhibited by Noticee 3, it was alleged that the trades of Noticee 3 were concentrated mostly in the scrip of SIL with it having traded only in 6 scrips on BSE and only one scrip on NSE. The concentration of trades executed by Noticee 3 in SIL and scrips of related companies points to a possibility of Insider trading. However, in light of explanations provided by the Noticee 3 mentioned in above paras, the ruling in Balram Garg (supra) and lack of evidence of communication of UPSI, it is insufficient to rely solely on the Noticee 3's trading pattern to make the conclusion that it had traded while in possession of UPSI.

44. In view of the facts recorded hereinabove, I am constrained to say that after considering all the issues narrated in pre paras and in terms of the allegations in the SCN, based on material available on record, explanations provided by the Noticees violation of Regulation 3(1) of PIT Regulations read with Section 12A (d) & (e) of SEBI Act, 1992 as regards Noticee 2 and violation of Regulation 4(1) of PIT Regulations read with Section 12A (d) & (e) of SEBI Act, 1992 as regards Noticee 3 are not established.

Issue II. Does the violations, if any, attract monetary penalty under section 15G of the SEBI Act, 1992?

Issue III. If the answer to Issue No. I &II is in affirmative, then what should be the quantum of monetary penalty?

45. While I find that since the first issue has been answered in negative, issue II & III does not merit consideration. Accordingly, Issue No. II & III are disposed off.

ORDER

46. In view of the findings noted in the preceding paragraphs, the adjudication proceedings initiated against the Noticees vide SCN dated March 31, 2023 are disposed of.

47. In terms of Rule 6 of the Adjudication Rules, 1995, copy of this order is sent to the Noticees and also to the SEBI.

Place: Mumbai	**SHASHI KUMAR VALSAKUMAR**
Date: October 31, 2023	**ADJUDICATING OFFICER**