QJA/GR/IVD/ID15/31199/2024-25

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER SECTIONS 11(1) AND 11B(1)(i) READ WITH SECTION 28B(2)(b) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 IN THE MATTER OF MAWANA SUGARS LIMITED

In respect of:

Sl.No.	Name of the Noticee:	PAN:
1.	Mr. Krishna Shriram	AABPS4899L

In the matter of Mawana Sugars Limited

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") conducted an investigation into the trading activities of Mr. Siddharth Shriram, promoter and special advisor of Mawana Sugars Limited (hereinafter referred to as "**MSL/the Company**") for the period from September 1, 2017 to February 28, 2018 (hereinafter referred to as the '"**Investigation Period**") to ascertain as to whether there was any possible violation of the provisions of the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**"), Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as "**PIT Regulations**") or any other rules or regulations made by SEBI thereunder.

2. During the course of the investigation, it was informed that Mr. Siddharth Shriram (hereinafter referred to as "**SS**") had passed away on May 17, 2021. Upon the death of SS, the shares of MSL were transmitted to his son Mr. Krishna Shriram.

3. Based on the findings of the investigation and in view of the death of SS, proceeding under Sections 11 (1), 11B (i) read with Section 28B(2)(b) of the SEBI Act was initiated against his son/legal heir namely, Mr. Krishna Shriram (hereinafter referred to as the "**Noticee**").

4. Consequently, in terms of Section 28B of SEBI Act, a Show Cause Notice dated December 29, 2023 (hereinafter referred to as "**SCN**") was issued to the Noticee, which, *inter alia,* stated as under:

4.1 MSL is a sugar manufacturing company and was incorporated on December 26, 2002. The scrip of MSL is listed on NSE and BSE. On December 11, 2017 MSL had made an announcement on NSE and BSE regarding its unaudited financial results for the quarter ended September 30, 2017 wherein, it was observed that the company had incurred a loss of Rs.1,113/- Lakh as compared to a profit of Rs.3,418/- Lakh in quarter ended June 30, 2017, thereby registering a fall of 132.56% quarter on quarter basis due to fall in revenues.

4.2 In light of the aforesaid announcement, the price of the scrip moved from Rs.96/- (closing price) on December 11, 2017 to Rs.93/- (opening price) December 12, 2017 on NSE which was a decrease by 2.55%, compared to closing price of previous trading day. The price of the scrip moved to closing price of Rs.87/- on December 12, 2017, which was a decrease of 8.39% compared to closing price of previous trading day.

4.3 Based on the chronology of events prior to the above mentioned announcement, investigation observed that the Unpublished Price Sensitive Information ("**UPSI**") related to financial result had come into existence on October 12, 2017 subsequent to commencement of audit by audit committee for half year and quarter ended on September 30, 2017. The said UPSI ceased to be UPSI when the unaudited financial results for the quarter and half year ended September 30, 2017 were made available to the stock exchanges by MSL on December 11, 2017 at 16:50:10, i.e. after market hours. Therefore, the UPSI period has been

taken as October 12, 2017 (the day of commencement of audit of financial results for half year ended and quarter ended September 2017) to December 11, 2017 (till the day it was made public).

4.4 SCN observed that SS was the Chairman and Managing Director of MSL till July 31, 2014. Thereafter, SS was appointed as 'Special Advisor' to MSL on October 20, 2014 for a period of three years and was reappointed as Special Advisor on September 11, 2017 for a further period of three years. SS was also the promoter and the largest shareholder of the company with shareholding of 69.33% prior to October 12, 2017. Investigation further observed that SS was also in receipt of all the information pertaining to the company including its financial matters and financial results. SS was aware of the financial performance of MSL during the quarter ending September 30, 2017. In view of the aforesaid, SCN observed that SS had access to as well as had possession of UPSI pertaining to the quarterly results of MSL for quarter ending September 30, 2017.

4.5 SCN observed that SS was an 'insider' in terms of regulation 2(1)(g) of the PIT Regulations and a 'connected person' under 2(1)(d) of the PIT Regulations. SCN thus alleged that SS traded in securities of MSL while in possession of UPSI related to quarterly results of the company for quarter ending September 30, 2017, thereby violating the provisions of Regulation 4(1) of the PIT Regulations, 2015 and Sections 12A(d) and 12A(e) of SEBI Act.

4.6 Upon analysis of the trading done by SS, SCN observed that during the period of UPSI (i.e. October 12, 2017 to December 11, 2017), SS sold 25,00,000 shares of MSL from October 12, 2017 to November 24, 2017 which was within the period of preparation and finalization of unaudited financial Results of MSL for the quarter ended September 30, 2017. SS sold shares of MSL worth Rs. 2,816.05 lakh which constituted around 99.93% of his total gross traded value during the period. In light thereof, by trading in the shares of MSL during UPSI, SCN alleged that SS avoided loss of Rs. 6,17,25,000/- (Rs. Six Crore Seventeen Lakh Twenty-five thousand/-) considering the closing price of Rs.87.95 on NSE on December

12, 2017 i.e. T+1 day post declaration of financial results for quarter ending September 30, 2017 and at the average sell price of Rs.112.64.

4.7 In view of the aforesaid, in terms of Section 28B of the SEBI Act, SCN observed that the Noticee being the legal heir is liable to disgorge the unlawful loss avoided amounting to Rs.6,17,25,000/- (Rs. Six Crore Seventeen Lakh Twenty-five thousand/-) made by SS by trading in the shares of MSL while in possession of UPSI.

4.8 In light thereof, SCN called upon the Noticee to show cause as to why directions for disgorgement of the unlawful loss avoided along with simple interest calculated at 12% per annum for the period November 24, 2017 (last date of trade in the scrip of MSL while in possession of UPSI) till the date of this final order in the matter, should not be issued against him under Sections 11(1), 11B(i) read with Section 28B(2)(b) of the SEBI Act.

SERVICE OF SCN, REPLIES AND HEARING

5. The SCN along with the annexures were served on the Noticee through speed post. Vide email dated January 25, 2024 the Noticee has while requesting for an opportunity to inspect all documents, information and evidence considered during the investigation and in issuing of the SCN, submitted that he was not the director of MSL during the relevant time, nor a shareholder nor involved in any way with its management. The Noticee has further submitted that he did not reside with his father and thus had no knowledge or personal role in the trades undertaken by his father.

6. The preliminary submissions made by the Noticee vide letter dated June 13, 2024 is reproduced as under:

……

Proceedings against late Mr. Siddharth Shriram's cannot be initiated after his demise and ought to stand abated.

13. The Securities and Exchange Board of India ("SEBI") has consistently been following and implementing the settled legal principle that proceedings (especially with

respect to his personal liability) against a deceased person shall stand abated, upon his demise. This practice has also been followed by SEBI in cases/instances where investigation is in relation to insider trading.

…

14. It is further trite law as recognised by the Supreme Court inter alia in Sant Lai Gupta and Ors.V. Modern Co-operative Group Housing Society Ltd and Ors. (2010) 13 SCC 336, Para 21, that what cannot be done directly, is not permissible to be done obliquely. Thus, whatever is prohibited by law to be done, cannot legally be effected by an indirect and circuitous contrivance on the principle of "quando aliquid prohibetur, prohibetur et omne per later in your note quod devenitur ad illud".

15. Given the above, all proceedings against my father, late Mr. Siddharth Shriram ought to stand abated following his demise. Consequently, the said notice which has been issued after his demise is therefore null and void and ought to be dismissed.

16. Accordingly, there is no cause of action for your good office to proceed against me, under Sections 11(1) and 1 l (B) (i) read with Section 28 B (2) (b) of the SEBI Act in relation thereto, as the legal representative of late Mr. Siddharth Shriram. Any such attempt to call upon a legal representative to show cause as to the deceased person's personal actions would be in contravention of the due process and principles of natural justice (including but not limited to the right to defend the allegations raised) enshrined in the SEBI Act and Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995. I reserve my right to take appropriate action in this regard

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18. As is clear from the plain language of Sections 28A-28B, only if a person fails to comply with a direction of disgorgement order issued under Section 11-B, the Recovery Officer may draw up under his signature a statement in the specified form specifying the amount due from the person (such statement being hereafter in this Chapter referred to as certificate) and shall proceed to recover from such person the amount specified in the certificate. Further, in the event such defaulter dies, the proceedings for disgorgement before the Recovery Officer, which could have been initiated against the deceased if he had survived, may be initiated against the legal representative. Thus. Section 28B contemplates purely recovery action against legal representatives for amounts already determined in adjudication proceedings against the deceased during his lifetime.

19. As previously stated, the principle that adjudicating proceedings cease/abate upon the death of the concerned party is a well-established legal precedent, consistently upheld by SEBI in various Proceedings, including those related to insider trading. I respectfully submit that your good offices ought not to do indirectly what it cannot otherwise do directly. The pursuit of disgorgement proceedings under Section 28B(2)(b) before a Recovery Officer can only commence following the determination of the loss avoided. Such determination can only occur Within an adjudication proceeding, which ought to stand abated due to the death of Mr. Siddharth Shriram. In the present case, the Said Notice clearly indicates that no penalty or disgorgement liability had been imposed on late Mr. Siddharth Shriram prior to his demise. Consequently, without such imposition, there is no basis for Section 28B being triggered in the present case. In the event your good offices merge adjudication

proceedings with disgorgement proceedings, the essence of both, an adjudication proceeding as also a disgorgement proceeding would be lost. In my respectful submissions, Section 28B does not empower your good offices to adjudicate against an individual after his demise, and only permits disgorgement through legal heirs in asituation where the adjudication has already been concluded during the lifetime of the accused. Accordingly, I humbly submit that the said notice wrongly places reliance on Section 28B of the SEBI Act and is bad in law.

...

25. Regulation 4 of the PIT Regulations deals with the scenario when the trading is done while in being possession of UPSI.

...

26. It is trite law, that allegations of insider trading being of a grave nature, demand a substantiation beyond a mere preponderance of probability. In the absence of a direct evidence, the requisite threshold for establishing the charge of insider trading remains unsatisfied. In this regard, it is pertinent to consider the following judgments:

...

27. In the present case, no such evidence is found in the Investigation Report. On the contrary, a perusal of the Investigation Report demonstrates that no email or communication has infact been found by your good offices, which establishes that advance quarterly estimates of the Company for the quarter ended on September 2017, which is the very foundation and basis for the Said Notice, were shared with my father late Mr. Siddharth Shriram.

28. Moreover, the plain language of the said notice clearly demonstrates that the allegations madeagainst my father, late Mr. Siddharth Shriram are mere conjectures with no conclusive findings or definitive evidence against him. Further, the said notice itself shows that an adjudication on the allegations against my father has not taken place. These allegations rely on hearsay evidence gathered by your good offices through interviews conducted with a few employees of the company as part of the investigation. However, even within these interviews, detailed references of which have been provided in the Investigation Report and in the said notice, there is no definitive indication that unpublished price-sensitive information, i.e. the results for the quarter ended September 30, 2017, were shared with my father.

29. Hence, I respectfully submit that the entire disgorgement proceedings rest solely on conjecture, speculations and assumptions, a stance clearly impermissible. Further, your good offices have neither conducted an adjudication against my father in terms of the SEBI Act read with the PIT Regulations nor discharged the burden of proving that my father, late Mr. Siddharth Shriram, was provided with the advance quarterly estimates of the Company for the quarter ending September 2017, which forms the very foundation of the said notice.

30. It is clear from the wordings of the proviso to Regulation 4 (1) of the PIT Regulations that the presumption in the explanation to Regulation 4(1) is rebuttable. In this regard, I humbly submit that my father late Mr. Siddharth Shriram was not afforded the opportunity by SEBI to discharge that burden of proof and present his case to rebut the allegations of insider trading, as alleged in the Said Notice. Moreover, as highlighted in paragraph 9 above, even after three years into the Enquiry, SEBI did not record his statement, despite his willingness to be interviewed, albeit at his office or virtually as he was advised by doctors to remain in a controlled and monitored

environment during the outbreak of COVID-19, as he was a patient of chronic asthma and washis advanced age. This burden of proof cannot be now discharged by anyone else, let alone by me, when I had no knowledge of these trades, nor was I a director in Company or shareholder, when the said trades were made. Furthermore, I did not even reside with my father at that time. The mere fact that I inherited the shares does not cure the fundamental and critical failure by SEBI, which also goes to the heart of the matter. This denied opportunity violates all principles of natural justice and cannot be rectified, thus rendering the Said Notice and the ensuing proceedings, which attempt to exercise jurisdiction, null and void.

….

34. on the contrary, my father, with his profound experience, knowledge, and understanding of the sugar industry, including its intricacies and trends, would have been capable of demonstrating that: (a) he did not have access to the financial statements for the quarter ended September 30, 2017, as alleged by SEBI; and/or (b) even if he did have access to such information, such information did not constitute UPSI, for various reasons and explanations. Further, he could also have provided reasons and explanations to rebut the presumption that he was motivated by such information and/or demonstrated that even if had such information, the same would not qualify as UPSI, nor that the sale of shares motivated by the knowledge and awareness of such information in his possession. However, that opportunity was denied to him by SEBI, and cannot now be rectified by expecting me to provide answers to these questions when I neither possess the information nor can reasonably be expected to have it, for the reasons outlined above.

35. At the outset, it also pertinent to note that my father, late Mr. Siddharth Shriram divested only a small portion of his shareholding, constituting approximately 9.22%, during the period identified by your good offices. In this regard, I humbly submit that if my father's intent was in fact to avoid losses using UPSI as alleged, he would have opted to divest a more substantial portion of his shareholding. However, he continued to retain a significant ownership stake of 63.19% in the Company. Thus, contrary to the allegations in the Said Notice, that the purported intent of my father while trading in the company's shares was to avoid losses using UPSI, my father's conduct in fact, rebuts, negates and refutes any allegation that that (i) he had the information alleged by your good offices to be UPSI; and/or (ii) having had it, the same constituted as UPSI, in relation to it having a material adverse impact on the share price of the Company; and/or (iii) this alleged UPSI was the motive behind the sale, rather than his deep understanding of the sugar industry based on his significant experience and knowledge about the sugar industry. This aspect was also considered material by the Supreme Court in the matter of Balram Garg v. SEBI [(2022) 9 SCC 425, decided on April 19, 2022, where it observed at paragraph 39 as under:

….

39. In this context, it is relevant to note from the exchanges with SEBI during the enquiry that the sugar industry, being an agri industry, is cyclical and seasonal in nature. In Uttar Pradesh, where the Company's sugar mills are situated, sugarcane crushing typically begins in early November and concludes in early May of the following year depending on sugar cane availability. During this period, sugar and allied/by products such as molasses, bagasse and power are produced. The Sugar so produced in the crushing season is sold over a period of about twelve to eighteen

months depending upon national level stocks of sugar in the country. The government controls the quantity of sugar to be sold by each mill each month and the Minimum Selling Price ("MSP"). The period after the cane crushing has stopped till the beginning of the new sugarcane crushing season, is referred to as "off-season". During the off-season, jobs of maintenance and repair of the plants is undertaken to prepare it for the next crushing season. Thus, during the off-season period, while revenue is generated from sale of sugar, all repair and maintenance expenses, apart from the fixed overheads like salaries, depreciation, interest and other establishment expenses continue to be incurred and are therefore charged off to the accounts. The repair and maintenance expenses during off-season are major expenditures and because the crushing season starts in October/November, are substantially charged off during the quarter ending September and partly in quarter ending December every year. As a result, the expenses during these quarters are usually much more than the income from selling sugar during this period thus causing losses for these quarters.

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7. Vide emails dated March 6, 2024 and September 5, 2024 the requisite documents as sought by the Noticee was provided to the Noticee. Thereafter, Noticee undertook inspection of records on September 11, 2024.

8. Pursuant to the completion of inspection of records, in accordance with the principles of natural justice, an opportunity of personal hearing was granted to the Noticee on October 29, 2024. The Authorized Representatives (**ARs**) of the Noticee vide email dated October 28, 2024 sought an adjournment of the hearing and the same was adjourned to November 12, 2024.

9. On November 12, 2024 the ARs appeared through webex and made reference to the compilation of documents and judgments submitted pursuant to the hearing vide email dated November 11, 2024. The ARs further sought an additional time of 10 days to make written submissions in the matter. The ARs were given time till November 22, 2024 to make further submissions in the matter.

10. Subsequently, the Noticee vide submission dated November 22, 2024 submitted as under:

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5. SEBI has alleged that the unaudited financial results ("Relevant Quarterly Results") of Mawana Sugars Limited ("MSL") for the quarter ended September 30,

2017 ("Relevant Quarter") constituted the alleged unpublished price sensitive information ("Alleged UPSI") because the loss incurred by MSL had increased by 44.36% during the Relevant Quarter, on a year-on-year basis (please see paragraph 9.5 on page 20 of the SCN). The possession of this Alleged UPSI by the Noticee's father Late Mr. Siddharth Shriram ("SS"), which has never been established as a fact in the investigation, has been further alleged by SEBI to be the reason and motivation for the sale of 25,00,000 shares of MSL ("Subject Shares") by SS (please see the second sub-paragraph of paragraph 10.8 on page 25 of the SCN).

6. During the Hearing, we respectfully submitted that even under the assumption, without any admission, that SS did have the Alleged UPSI when he conducted the trades, SS passed away before he was given the benefit of the following, all of which are fundamental due process and natural justice rights:

(a) *knowing the specific charges against him;*

(b) *knowing the conclusions of the investigations; and*

(c) *viewing the investigation report.*

7. This was despite the fact that he passed away after almost 2 years had passed since the enquiry / investigation had been commenced by SEBI. It is respectfully submitted that the queries posed to SS during the investigation did not even specify the charges against him and did not constitute, even remotely, the mandatory opportunity required to be given to anyone accused of insider trading to explain: (a) that the Alleged UPSI was not 'unpublished price sensitive information' ("UPSI") as that term is defined in Regulation 2(1)(n) of the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ("PIT Regulations"); and (b) rebut the presumption that the knowledge of the Alleged UPSI was the motivation for the sales in question, which deficiency cannot be cured. Failure to give SS these opportunities, which is a mandatory requirement based on the principes of natural justice that have been incorporated under the PIT Regulations, cannot be cured after the demise of SS. In particular, the failure to give SS an opportunity to rebut the presumption that he traded because of the Alleged UPSI is, respectfully, fatal to the contention of the present proceeding and cannot be cured. Reference may also kindly be made to the detailed submissions on this aspect in Section IV of Part B that follow.

8. Without prejudice to the submissions above, as explained during the Hearing:

(a) the assumption that the loss had increased by 44.36%, is itself factually incorrect and, in fact, the operating losses for normal operations of the Relevant Quarter (without taking into account the one-time exceptional loss of INR 4.33 crores) were lower by 31.59% compared to that of the quarter ending September 30, 2016 (please see paragraph 1.1.1 and 1.1.2 of Section I, Part B below for the detailed explanation in this regard);

(b) there was a general downward trend in the sugar industry which had a negative impact on the share price of not only MSL, but also other sugar companies (please see paragraph 1.2 of Section I, Part B below for the detailed explanation in this regard); and

(c) despite MSL making profits in subsequent quarters, the share prices of MSL continued to fall, demonstrating, beyond doubt, that the Alleged UPSI did not constitute the cause of the drop in the prices of the shares of MSL and therefore cannot be termed as UPSI. During the Hearing, evidence by way

of market prices of various sugar companies and other facts were highlighted, which, respectfully, makes it clear that the price movement that triggered the investigation/enquiry against SS had no connection whatsoever with the Relevant Quarterly Results.

9. Additionally, even absent the reasons that SS would have been able to provide to rebut the presumption that he conducted the trades owing to the knowledge of the Alleged UPSI had he been given the opportunity, as explained in detail in Section IV of Part B below, the nature of SS' trading was completely inconsistent with the conduct that would be expected from a person attempting to avoid losses by trading while in possession of UPSI, which the person is aware, will likely lead to materially impacting share price (in this case resulting in lowering the share price). As an example:

(a) The trades by SS stopped on November 24, 2017, well before the trading window closed.

(b) The trades were executed over a period of 40 days even though the share prices were falling.

(c) The trading data obtained by us from public domain establishes that there was a possibility of both an accelerated sale and a sale of a larger number of shares by SS, than the 6.39%, that SS sold out of his total shareholding of 69.88% in MSL at the related time.

10. When these facts are duly considered, it will become abundantly clear that no case of insider trading is made out in this matter as the Alleged UPSI (even assuming that SS had access to the same prior to its disclosure, which has not been established by SEBI) did not constitute UPSI. It is respectfully reiterated that the disclosed Relevant Quarterly Results did not result in the price movement, rather there is clear evidence of other factors, which are on record, that contributed to the price movement.

11. In these facts and circumstances, we respectfully submit that no order or direction of disgorgement is warranted. It is further humbly submitted that:

(a) the Noticee was neither a director nor a shareholder of MSL at the time the trades in question were made;

(b) the Noticee did not have any knowledge of the trades executed by his father. In fact, he was not even residing with his father at that time;

(c) There are no allegations against the Noticee under the SCN;

(d) This case is distinct from instances where the Hon'ble Authority has invoked Section 28B of the SEBI Act, which we note are instances involving serious violations and conduct issues including under the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, ("PFUTP Regulations") and where the legal representatives have either acknowledged the allegations or themselves played an active role in the fraudulent conduct, which has been established after they have been given the opportunity to defend against such conduct.

The financial results for the Relevant Quarter do not constitute UPSI.

1.1 The assertion in paragraph 9.5 of the SCN regarding the loss incurred by MSL increasing by 44.36% is factually incorrect

1.1.1 *According to the Relevant Quarterly Results, disclosed to the National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE") on December 11, 2017 (collectively referred to as "Quarterly Disclosure"), the reported loss of MSL for the Relevant Quarter, including a onetime exceptional item amounting to INR 4.33 crores*

(please refer to item 4 (highlighted) of Annexure A1) related to the sale of the Titawi Sugar Complex ("TSC") unit to Indian Potash Limited ("IPL"), was INR 11.13 crores. The loss reported by MSL for the previous quarter ended September 30, 2016, as per the Quarterly Disclosure, was INR 9.94 crores and not INR 7.71 crores as stated in the SCN. This discrepancy arose as MSL was required to adopt IND AS (Indian Accounting Standards) from April 1, 2017. Consequently, the figures for the quarter ended September 30, 2016, originally prepared under GAAP, were restated to ensure a like-for-like comparison.

1.1.2 *As a result, even if the exceptional loss is included, the loss in the Relevant Quarter increased only by 11.97% and not 44.36% as alleged in the SCN. Importantly, the one-time closing adjustment of INR 4.33 crores, which would reduce the profit on the account of a one-time sale of a plant but was added to the losses of quarter ending September 30, 2017, would have been excluded by investors for a comparison of the normalised figure of losses for the Relevant Quarter and the quarter ending September 30, 2016. If the exceptional loss of INR 4.33 Crores is not considered for this period, the total reportable loss for Relevant Quarter, is in fact INR 6.8 Crores. Compared to the loss of INR 9.94 Crores during the quarter ended September 2016, MSL had in fact performed better on a year-on-year basis as there is a decrease in the normal operating loss for this quarter of 31.59% compared to the loss for the same quarter in the previous financial year. As a result, the comparative loss for the Relevant Quarter could not have caused a material impact on the share price, particularly one which resulted in a drop in the share price of MSL as alleged and thus, was not UPSI as that term is defined in Regulation 2(1)(n) of the PIT Regulations, which, for ease of reference has been extracted below:*

….

1.2 The drop in the price of the MSL shares was consistent with the general trend across other companies in the sugar industry

1.2.1 Attached at Annexure B1 of this Post Hearing Written Submissions are the share price data of certain sugar companies for the period between July 3, 2017, to April 30, 2018. This data also provides a comparative analysis illustrating the decline in share prices of various sugar companies following the announcement of their unaudited financial results for the Relevant Quarter and their continual drop. For instance, between the period of October 10, 2017, to December 11, 2017: (a) the price of the shares of MSL fell by almost 27%, (b) the price of shares of Dwarikesh Sugar Industries Limited fell by 26%, and (c) the price of shares of Dalmia Bharat Sugar and Industries Limited fell by 17.4% (please see Annexure B2 of this Post Hearing Written Submissions for the percentage drop in the share price of these and other sugar companies). This makes it evident that the decline in the MSL's share price was consistent with an industry-wide trend. Accordingly, it cannot be said that the loss incurred during the Relevant Quarter was the cause of the price decline of MSL shares.

1.2.2 This overall trend was also reported by the Business Standard in March 2018 in an article where it was observed that:

"Shares of sugar companies have fallen by up to 75 per cent over the past year, due to a sharp fall in prices of the commodity in physical markets. Mills have been making distress sales since the beginning of the current season in October 2017 to clear farmers' cane payment arrears. A minimum storage limit and lack of export initiatives have been other problems in coping with overproduction.".

The said article is attached at Annexure C of this Post Hearing Written Submissions and was also referred to in Paragraph 43 of the SCN Response.

1.2.3 Given the existence of this sentiment in the sugar market at the relevant time, there is no correlation between the price movement of the shares of MSL and its financial performance. This can also be substantiated basis the following:

(a) Even prior to the release of the Relevant Quarterly Results, the closing share price of MSL had already declined from INR 132.10 (on October 12, 2017) to INR 96 (on December 11, 2017), reflecting a significant drop of nearly 27.32%. On the other hand, the price of MSL's shares dropped from INR 96 on December 11, 2017 (being the closing price on the date of the disclosure) to INR 87.95 on December 12, 2017 (being the closing price on the date immediately after the disclosure), i.e., a drop of mere 8.3% (please see Annexure B3 of these Post Hearing Written Submissions for a calculation of these percentages). This drop in share price of MSL was in tandem with the general drop in share price of sugar companies which fact cannot be lost sight of.

(b) Despite reporting a profit of INR 18.71 crores for the very next quarter ending December 31, 2017 (disclosed on February 13, 2018), a notable improvement from the loss of INR 11.13 crores for the quarter ended September 30, 2017, MSL's share price continued to fall. This trend persisted even after MSL disclosed a standalone profit of INR 16.29 crores for the financial year ending March 31, 2018 (disclosed on May 23, 2018), and a profit of INR 23.82 crores for the quarter ended June 30, 2018 (disclosed on August 10, 2018). Please see Annexure D for the price trends of MSL shares.

1.2.4 Thus, in light of the explanations above and the material provided, it is clear that the Alleged UPSI was, in fact, not UPSI and that, even if for the sake of argument, it is considered that it may have been with SS, the allegation of insider trading against SS is unfounded and baseless.

II. SS' trading pattern in the MSL shares, does not support the allegation that SS was trading in possession of, or motivated by, UPSI

2.1 It is pertinent to note that:

(a) SS divested only a small portion of his shareholding, constituting approximately 6.39% out of a total of 69.88% that he held before the trades during the periodcommencing from October 12, 2017 till November 24, 2017, being the "Trading Period" (please see paragraph 7.4 on pages 4 and 5 of the SCN), even though the market could have absorbed more sale shares as is evident from Annexure E, which shows that the total trades by him were only 19.15% of the total trades on BSE and NSE during the Trading Period and 0% from November 25, 2017 till the closure of the trading window of MSL on December 4, 2017);

(b) the trading data provided in Annexure E also demonstrates that the trades by SS were executed over a period of 40 days even though the prices were falling throughout this period; and

(c) SS stopped trading on November 24, 2017, which was well before the closure of the trading window on December 4, 2017, as is also evident in the trading data compiled in Annexure E.

2.2 In this regard, it is humbly submitted that if SS' intent was in fact to avoid losses using UPSI as alleged, he would have opted to divest a more substantial portion of his shareholding. However, he continued to retain a significant ownership stake of

63.49% in MSL, even after the aforesaid sale. This conduct also refutes any allegation that he had the information alleged by your good offices to be UPSI; and/or the presumption in the Explanation to Regulation 4(1) of the PIT Regulations, that the possession of this Alleged UPSI was the motive behind the sale.

2.3 We would also further like to draw the Hon'ble Authority's attention to the Hon'ble Supreme Court's decisions in the matter of Balram Garg v. SEBI [(2022) 9 SCC 425], decided on April 19, 2022, wherein it observed at paragraph 39 as under:

...

2.4 Accordingly, it is humbly submitted that based on facts provided under this Section II of Part B alone, the SCN and the connected proceedings should be disposed-off with no action including, without limitation, any order or direction of disgorgement.

III. Without prejudice to the contentions above there is no evidence that the Alleged UPSI i.e. the undisclosed Relevant Quarterly Results was in possession of SS when he traded in the Subject Shares has been provided by SEBI

3.1. In the present case, no evidence that the Relevant Quarterly Results were in SS' possession is found in SEBI's investigation report issued in March, 2023 ("Investigation Report"). On the contrary, a perusal of the Investigation Report (which was annexed to the SCN as Annexure 20) demonstrates that no email or communication has in fact been found by your good offices, which establishes that advance quarterly estimates of MSL for the Relevant Quarter, which is the very foundation and basis for the SCN, were shared with SS.

3.2. With regard to the emails set out at Annexure 19 of the SCN, which purportedly related to the sale of TSC unit and were marked to SS ("Relevant Emails"), it is respectfully clarified that all the Relevant Emails were associated with 'Project Nirvana,' which was an internal term referring to the potential sale of the Mawana Sugar Works Unit. The SCN, therefore, incorrectly assumes that "Project Nirvana" pertained to the sale of the TSC Unit, whereas it actually referred to the sale of an entirely different unit. Please see Annexure F for the presentation to the board of directors of MSL attached with the email dated July 12, 2017, on Project Nirvana.

3.3. Thus, the SCN fails to establish that the information alleged to be UPSI was actually and in fact in possession of SS, which is the very foundation and basis of the SCN.

IV. Even assuming (while not admitting) that SS was in possession of the alleged UPSI, SS was not given the mandatory opportunity based on the principles of nature justice that have incorporated under the PIT Regulations to demonstrate that the information was not UPSI nor rebut the presumption that his trades were motivated by the knowledge and awareness of such information in his possession, which is a mandatory requirement

4.1. In furtherance of our submissions in Paragraph 6 and 7 of Part A above, even though the enquires with MSL by SEBI commenced in 2019 and with SS on December 23, 2020, which is the basis of the Investigation Report. SEBI received full co-operation from SS through the investigation, which is evident from his response to enquiries, and having had ample the opportunity and time to pose relevant questions to SS prior to his demise 2 years after the commencement of investigation, SEBI did not:

(a) *communicate to SS what information was being treated by them as UPSI;*
(b) *communicate to SS which trades by him were being considered as being done while in possession of UPSI;*
(c) *give him the opportunity to explain whether what was being considered as UPSI was in fact not UPSI nor to rebut the presumption in the Explanation to Regulation*

4(1) of the PIT Regulations that his trades were motivated by the alleged UPSI; and

(d) *did not interview him or record his statement prior to his demise despite his offer to make himself available virtually or at his office (owing to his health condition and COVID-19 risks) for an interview, a request he first made on January 19, 2021, and followed up with SEBI on January 21, 2021 and February 12, 2021. It is to be noted that he received no responses to either his request or reminder.*

4.2. In this context, we wish to draw your attention to the 'note' provided under the Explanation to Regulation 4(1), which states as under:

……

4.3 Failure to give SS these opportunities, which is a mandatory requirement based on principes of natural justice that have been incorporated into the PIT Regulations, cannot be cured after his demise. In particular, the failure to give SS an opportunity to rebut the presumption that he traded because of the alleged UPSI is, respectfully, fatal to the contention of the present proceeding as the Noticee cannot get into his mind to address that aspect.

…..

4.6 In fact, there is a reasonable possibility that had SS been given the opportunity, with his decades of experience, knowledge and understanding of the sugar industry, including its intricacies and trends and also being a veteran of the industry, he may well have been able to rebut the presumption that the alleged information constituted UPSI or that he was motivated by such information. As explained, there are other factors which show that the share prices of MSL and of other companies in the same business were falling owing to external factors outside and unconnected to the performance of MSL, whether for that quarter or even otherwise, as has been borne out by subsequent events.

4.7 Therefore, it is respectfully submitted that these proceedings could not have validly commenced or continued against SS without providing SS the opportunity to defend himself and he should have been provided with all the evidence that SEBI has reviewed or relied upon in issuing the SCN, including, without limitation, the Investigation Report in order to rebut it. Admittedly, this opportunity was not given to SS. That lack of opportunity cannot be cured by asking the Noticee, his legal representative who was not involved in the entity or its affairs nor had any knowledge of the reasons, the basis or the information that SS had to make the trades.

4.8. Consequently, without for a moment even going into the issue of whether Section 28B(2)(b) permits proceeding for disgorgement initiated by way of an SCN issued after the demise of the accused, on the current facts, the present proceedings could not have been initiated against SS without granting the opportunity of rebuttal to him, which cannot be given to him now. As a result, the current proceedings against the Noticee, as legal representative do not fall under the scope of Section 28B(2)(b) even if, for the sake of argument and without accepting, that show cause notices, may, in some cases, be issued after the demise of an accused, for an order of disgorgement to be made after such demise.

V. Without conceding that Section 28B(2) of the SEBI Act is applicable to the instant case, we submit that where SEBI has sought to apply it, the facts of the matter are very different from the facts and circumstances of the present case, for the reasons explained below.

5.1 It is respectfully submitted that, as is clear from the plain language of Sections 28A-28B of the SEBI Act, only if a person fails to comply with a direction of disgorgement order issued under Section 11-B of the Act, the Recovery Officer may draw up under his signature a statement in the specified form specifying the amount due from the person (such statement being hereafter in this Chapter referred to as certificate) and shall proceed to recover from such person the amount specified in the certificate. Further, in the event such defaulter dies, the proceedings for disgorgement before the Recovery Officer, which could have been initiated against the deceased if he had survived, may be initiated against the legal representative. Thus, Section 28B contemplates purely recovery action against legal representatives for amounts already determined in adjudication proceedings against the deceased during his lifetime.

5.2 It is respectfully submitted the pursuit of disgorgement proceedings under Section 28B(2)(b) before a Recovery Officer can only commence following the determination of the loss avoided in proceedings initiated against the accused party, after following applicable due process and principles of natural justice. In the present case, no charges were communicated to SS, let alone any penalty or disgorgement liability being imposed on SS prior to his demise. Even the investigations had not concluded and clearly no direction or order of disgorgement had been issued. Consequently, it is respectfully submitted that, there is no basis for Section 28B being triggered in the present case. It is respectfully submitted that, Section 28B does not empower your good offices to adjudicate against an individual after his demise, and only permits disgorgement through legal heirs in a situation where the adjudication has already been concluded during the lifetime of the accused. Accordingly, it is respectfully submitted that the SCN wrongly places reliance on Section 28B of the SEBI Act and is bad in law.

5.3 Without prejudice to the above contentions and to the positions set out in the SCN Response, it is respectfully submitted that where SEBI has sought to apply Section 28(b)(2), the facts of the matter are very different from the facts and circumstances of the present case, for the reasons explained below.

……

CONSIDERATION OF ISSUES AND FINDINGS:

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

12. The Noticee has contended that Section 28B of the SEBI Act contemplates purely recovery action against legal representatives for amounts already determined in adjudication proceedings against the deceased during his lifetime. The Noticee has submitted that the disgorgement proceeding under section

28B(2)(b) can only commence following the determination of loss avoided and where the adjudication had been concluded during the lifetime of the accused.

13. It is noted that Section 28B was inserted in the SEBI Act with an objective to provide for continuance of proceedings against a legal representative and recovery of sums due, when the original violator dies. Section 28B(1) provides for the legal representatives of the deceased person to pay any sum which the deceased would have been liable to pay provided that the penalty was imposed before the death of the deceased person. Under Section 28B(2)(a), it is observed that for the purpose of the liability of legal representatives, a deeming provision is created in respect of the proceedings initiated before the death of the deceased. The deeming provision in Section in 28B(2)(a) of the SEBI Act, has the effect as if the proceedings were initiated against the legal representative upon the death of the deceased person and shall continue against the legal representative. It is noted that unlike Section 28B(2)(a), Section 28B(2)(b) of SEBI Act, does not have a deeming provision because it deals with a situation when proceedings such as disgorgement proceedings are initiated in the first place itself, against the legal representatives. Thus, the argument of the Noticee that section 28B of the SEBI Act only permits proceedings for disgorgement to be initiated and continued for amounts already determined does not have any merit.

14. The Noticee has further contended that the proceedings against his deceased father is *void ab initio* in light of the Hon'ble Supreme Court's order in the case of *Girijanandini v Bijendra Narain Choudhury* (AIR 1967 SC 2110) wherein, the court has observed that in case of personal actions, i.e. the actions where the relief sought is personal to the deceased, the right to sue will not survive to or against the representatives, and in such cases the maxim *actio personalis moritur cum persona* (personal action dies with the death of the person) would apply.

15. Upon perusal of the aforementioned case of *Girijanandini v Bijendra Narain Choudhury,* I find that the Hon'ble Supreme Court considered the maxim *actio*

personalis moritur cum persona and observed that the postulation that personal action dies with the person, has a limited application. I find that Court observed that "*.....The maxim 'actio personalis moritur cum persona'- a personal action dies with the person has a limited application. It operates in a limited class of actions ex delicto such as actions for damages for defamation, assault or other personal injuries not causing the death of the party.....".*

16. In a subsequent case of *Smt. Yallawwa Vs. Smt. Shantavvaon* (MANU/SC/0016/1997) the Hon'ble Supreme Court further held that "*.....Save and except the personal cause of action which dies with the deceased on the principal of 'actio personal is moritur cum persona,' i.e. a personal cause of action dies with the person, **all the rest of causes of action which have impact on proprietary rights** and socio legal status of the parties **cannot be said to have died with such a person**.....*" [Emphasis Supplied]

17. Here, a reference is also made to Section 306 of the Indian Succession Act, 1925 where in respect to the demands and rights of action of or against deceased, the following is stated - , *"All demands whatsoever and all rights to prosecute or defend any action or special proceeding existing in favour of or against a person at the time of his decease, survive to and against his executors or administrators; except causes of action for defamation, assault, as defined in the Indian Penal Code, 1860 (45 of 1860) or other personal injuries not causing the death of the party; and except also cases where, after the death of the party, the relief sought could not be enjoyed or granting it would be nugatory."*

18. Under Section 306 of the Indian Succession Act, 1925, for the purpose of stipulating those cases which survive the death of the person, the following two exceptions of cases is carved out. The first exception being the cause of action of defamation, assault, as defined in the Indian Penal Code, 1860 or other personal injuries not causing the death of the party. The second exception is cases where, after the death of the party, the relief sought could not be enjoyed or granting it would be nugatory. Once those category of cases are exempted,

the sweep of section 306 of is broad and covers "*all demands whatsoever and all rights to prosecute or defend any action or special proceeding existing in favour of or against a person at the time of his decease*". The inclusion of the word 'special proceedings' further reiterates the applicability of the provisions to liability of the nature enforced or defended in the present proceedings. I also note that under the Indian Succession Act, 1925, there is no specific requirement of such 'demands' or 'rights' be crystalized before the demise of the deceased person in order to attract the general law.

19. Further, the Black's Law Dictionary defines 'disgorgement' as an act of giving up something, such as illegally obtained profits, on demand or by legal compulsion. Regarding the nature of the direction of disgorgement, Hon'ble Securities Appellate Tribunal in *Dushyant N. Dalal vs. SEBI* (2010 SCC Online SAT 328), held that disgorgement is not a penal action but only an equitable remedy.

20. The consequences of the present violations of insider trading have resulted in unlawful gain/avoidance of loss and the same becomes a part of the estate of the deceased. The said unlawful gain/avoidance of loss are liable to be disgorged and thus the cause of action/ disgorgement of such unlawful gains survives the death of SS as the proceedings are related to property and not in respect of the personal cause of action against the deceased. Therefore, I am of the view that the proceedings against SS is not liable to be abated and the same survives his death under SEBI Act. Hence, proceeding for disgorgement can be initiated against the Noticee and he is liable to pay the disgorgement amount, if any, under Sections 11(1) and 11B(i) read with Section 28B(2)(b) of the SEBI Act.

21. On perusal of the observations and allegations brought out in the SCN, the oral/written submissions filed by the Noticee and other materials available on record, the following issues arise for consideration in the present proceedings:

Issue No. 1 - Whether the financial result for the quarter ended September 30, 2017 was "unpublished price sensitive information" (**UPSI**) in terms of the provisions of PIT Regulations?

Issue No. 2 - Whether SS was an "insider" within the definition of the term under the PIT Regulations?

Issue No. 3 – Whether SS traded in the scrip of MSL while in possession of UPSI in violation of the provisions of SEBI Act and PIT Regulations?

Issue No. 1 - Whether the financial result for the quarter ended September 30, 2017 was "unpublished price sensitive information" (UPSI) in terms of the provisions of PIT Regulations?

22. The Noticee has contended that according to the relevant quarterly results, disclosed to NSE on December 11, 2017, the reported loss of MSL for the relevant quarter, including a one-time exceptional item amounting to INR 4.33 crores related to the sale of the Titawi Sugar Complex unit to Indian Potash Limited, was INR 11.13 crores. The loss reported by MSL for the previous quarter ended September 30, 2016, as per the Quarterly Disclosure, was INR 9.94 crores and not INR 7.71 crores as stated in the SCN. This discrepancy arose as MSL was required to adopt IND AS (Indian Accounting Standards) from April 1, 2017. Consequently, the figures for the quarter ended September 30, 2016, originally prepared under GAAP, were restated to ensure a like-for-like comparison. The one-time closing adjustment of INR 4.33 crores, which would reduce the profit on the account of a one-time sale of a plant but was added to the losses of quarter ending September 30, 2017, would have been excluded by investors for a comparison of the normalised figure of losses for the relevant quarter and the quarter ending September 30, 2016. If the exceptional loss of INR 4.33 Crores is not considered for this period, the total reportable loss for relevant quarter, is in fact INR 6.8 Crores. Compared to the loss of INR 9.94 Crores during the quarter ended September 2016, MSL had in fact performed better on a year-on-year basis as there is a decrease in the normal operating loss for this quarter of 31.59% compared to the loss for the same quarter in the previous financial year. As a result, the comparative loss for the Relevant Quarter could not have caused a material impact on the share price, thus, the financial results for quarter ending September 2017 was not UPSI.

23. Here, I note that the term 'UPSI' has been defined at Regulation 2(1)(n) of PIT Regulations as:

"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;

.....

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

24. From the above, it is evident that the definition of UPSI is an inclusive definition and not limited and restricted to the instances mentioned therein. The definition in clear and unequivocal term includes 'financial result' as UPSI without subjecting the same to any condition. The definition further goes on to hold an information as UPSI which is not generally available and which upon publication or disclosure is likely to materially affect the price of the securities. In this regard, the quarterly financial results of the company close to the quarter ended September 30, 2017 is examined, which is as under:

Description	**Q.E. (in Rs. Million)**				
	Sept. 2016	**Jun. 2017**	**Sept.2017**	**Dec. 2017**	**Mar. 2018**
Net Sales	1871.80	4,365.10	1,747.30	3,601.40	3,695.30
Other Income	87.50	45.60	76.20	10.20	13.30
Total Income	1959.30	4,410.70	1,823.50	3,611.60	3,708.60
Profit After Tax	-77.10	356.40	-111.30	187.10	-255.40

Description	F.Y. (in Rs. Million)	
	Mar.2017	Mar. 2018
Net Sales	11,913.00	13,416.00
Other Income	179.30	121.00
Total Income	12,092.30	13,537.00
Profit After Tax	4,530.40	97.60

25. From the above table, it is observed that in the FY-2017-2018 the company had incurred losses during the quarter ended September 2017 and March 2018. Further, it registered a net loss of Rs.111.3 lakh during the quarter ending September 30, 2017 in FY 2017-18 vis-a-vis a net loss of Rs.77.1 lakh during quarter ending September 30, 2016 in FY 2016-17.

26. I note that on December 11, 2017, the Company announced its unaudited financial results for the quarter ended September 30, 2017. The price of the scrip was observed to move from Rs.96.00 (closing price) on December 11, 2017 to Rs.93.55 (opening price) December 12, 2017 on NSE which was 2.55% decrease, compared to closing price of previous trading day. I note that the price of the scrip moved to closing price of Rs.87.95 on December 12, 2017, which was 8.39% decrease compared to closing price of previous trading day. In view of the above, irrespective of the fact that the definition of UPSI includes 'financial results' as an UPSI, the reaction of the market pursuant to the said disclosure of the quarterly financial result of the Company for quarter ended September 2017 strongly substantiates the aforesaid provisions in the PIT Regulations to hold the said quarterly financial result as a price sensitive information. This observation is confirmed from the fact that the disclosure of the above stated quarterly financial result materially impacted the price of MSL. Thus, in this case the market price of the scrip is evidently observed to have been influenced by the disclosure of the Price Sensitive Information, i.e. financial results for the quarter ending September 2017.

27. The Noticee has further contended that the drop in the price of the MSL shares was consistent with the general trend across other companies in the sugar industry, hence, there was nothing which can be said to be unpublished and price sensitive in nature in the quarterly financial results. I consider the said argument to be patently erroneous. As noted above, the Company had incurred loss of Rs. 111.3 lakh as compared to a profit of Rs.356.4 lakh in quarter ended June 30, 2017, registering a fall of 132.56% quarter on quarter basis due to fall in revenues. The past quarterly financial profits/losses cannot undermine the price sensitiveness of the succeeding quarterly financial results more so when the definition prescribed under the PIT Regulations, in clear and unambiguous terms, includes within its ambit, the financial result of a company, as price sensitive information. It is noted that the said definition of UPSI does not make any distinction between good or bad financial results. Further, the said definition also does not carve out any exception to suggest that a historically consistent financial performance of a company for any quarter or any other prior period would not render the financial results of a subsequent period to be treated as a price sensitive information.

28. As observed above that the definition with respect to price sensitivity of information under the PIT Regulations categorically includes financial result of a company as a price sensitive information and a plain reading of the said provisions indicate that the quarterly financial results of a company do not depend on the good or bad financial performance of the company during the preceding historical quarters/period, to fall under the definition of UPSI. Needless to state that both profit and loss of a company are equally important, material and sensitive from the point of view of an investor who is supposed to take his investment (buy/sale) decision depending on the good or bad financial results of a company as soon as the same is known to the public. Therefore, rightly so, the definition under the PIT Regulations, treats any financial result of a listed entity even on standalone basis, a price sensitive information irrespective of the performance of a company during the other quarters or periods, since the extent

of financial performance of a company, positive or negative, is likely to have a material impact on the scrip of the company. In view of the above, I find no hesitation in holding that the financial result of the Company for the quarter ending on September 30, 2017 was indeed a price sensitive information and not being generally available till it was disclosed on December 11, 2017.

29. Having established that the financial result of MSL for the quarter ending on September 30, 2017 was a price sensitive information, it is relevant to identify as to when the UPSI came into existence. The chronology of events which took place prior to the announcement on NSE on December 11, 2017 is as under:

<table>
<tr><th>Date</th><th>Discussion (phone/ Meetings/approvals etc.)</th><th>Details of Names and Designations of Persons present in the Discussion</th></tr>
<tr><td>12.10.2017</td><td>Commencement of Sept. 17 Quarter Audit</td><td rowspan="2">Auditors and concerned Accounts Department officers
<table><tr><td>MSL Accounts Dept Officers</td></tr><tr><td>S R Batliwala & Co LLP – Statutory Auditor of MSL</td></tr><tr><td>Ernst & Young Associates LLP – Auditor of MSL</td></tr></table></td></tr>
<tr><td>1.12.2017</td><td>End of Audit Sept. 17 Quarter</td></tr>
<tr><td>2.12.2017</td><td>Intimation of Board Meeting to Stock exchanges</td><td>-</td></tr>
<tr><td>4.12.2017</td><td>Publication for intimation of Board Meeting</td><td>-</td></tr>
<tr><td>11.12.2017</td><td>Meeting of Audit Committee</td><td><table><tr><td>Source: The email dated November 23, 2020 of S R Batliwala & Co. LLP – the Statutory Auditor of MSL)</td></tr><tr><td>Mr. B.B. Mehta</td></tr><tr><td>Mr. Anoop Poswal</td></tr><tr><td>Mr. Ashok Shukla</td></tr><tr><td>Mr. R.K. Gangwar</td></tr><tr><td>Dr. Anil Arora</td></tr><tr><td>Ms. Vani Chandrashekhar</td></tr><tr><td>Mr. Vineet Khurana</td></tr><tr><td>Mr. Satish Kansal</td></tr><tr><td>Mr. Y. D. Sharma</td></tr><tr><td>Mr. Y. K. Chauhan</td></tr><tr><td>Mr. Siddharth Shriram- Special Advisor</td></tr><tr><td>Mr. A. K. Mehra-Special Advisor</td></tr></table></td></tr>
<tr><td>11.12.2017</td><td>Meeting of Board of Directors</td><td>Directors and Officials including Mr. Siddharth Shriram- Special Advisor</td></tr>
<tr><td>12.12.2017*</td><td>Publication of Quarterly Results</td><td>-</td></tr>
</table>

*The company has submitted that the Quarterly results for Q.E. September 30, 2017 were published on December 12, 2017 however, it is observed that the aforesaid results were made available to the exchanges on December 11, 2017 itself after market hours.

30. From the chronology of events which took place prior to the aforementioned announcement, I note that the UPSI related to financial result had come into existence on October 12, 2017 subsequent to commencement of audit by Audit Committee for half year and quarter ended on September 30, 2017. The said UPSI came to an end when the unaudited financial results for the quarter and half year ended September 30, 2017 were made available to the stock exchanges by MSL on December 11, 2017.

Issue No. 2 - Whether SS was an "insider" within the definition of the term under the PIT Regulations?

31. In terms of the provisions of Section 12A(d) and (e) of SEBI Act as well as under Regulation 4(1) of PIT Regulations, an insider is prohibited from dealing in the securities of a company while in possession of UPSI. Hence, it becomes imperative to examine as to whether SS was an 'insider' within the meaning of PIT regulations and whether he traded in the shares of MSL while in possession of the UPSI.

32. The term 'insider' is defined under Regulation 2(1)(g) of PIT Regulations. The relevant portion of the said provision is reproduced hereunder:

2(1)(g)"insider" means any person who is:
i) a connected person; or
ii) in possession of or having access to unpublished price sensitive information;

33. The above definition provides that there can be two categories of insiders i.e. first, one who is a connected person of the company and second, one who is in possession of or having access to unpublished price sensitive information. The term 'connected person' is further defined under Regulation 2(1)(d) of the PIT Regulations as under:

2(1)(d) "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.

34. Keeping in view the definition of 'insider' as explained above, the status of SS as an insider of the company has to be examined. I note from the shareholding pattern of MSL, as available on the website of BSE and NSE, that SS was the largest shareholder of the Company during the investigation period and was holding 69.33% of total issued share capital of the Company as on September 2017. SS was also the Chairman and Managing Director of MSL till July 31, 2014 and he was appointed as a Special Advisor of MSL on October 20, 2014 for a period of three years from the date of the appointment. Vide resolution adopted during the meeting of the Board of Directors on September 11, 2017, SS was appointed as a Special Advisor for a further period of three years. I further find from the website of MSL that MSL is a part of "Shriram Group" which was incorporated by Lala Shriram, grandfather of SS. Further, as per the Engagement Letter dated October 20, 2014 appointing SS as a Special Advisor to MSL, the following is noted:

"There are many significant areas where your knowledge and background can continue to be enormously useful in conduct of the Company's business. Some of these areas are:

i. Aspects related to the development of the Industrial Estate in Punjab including managing the PR in Punjab and dealing with various authorities on behalf of Company.

ii. Aspects relating to strategic oversight of Sugar Plants, Distillery, Cane Development and Chemical business of the company

iii. Dealing with various Government agencies of Uttar Pradesh and also other States, Central Government, other Government Authorities, Agencies, Associations in respect of policy and operational issues related to Cane and Governance related matters.

iv. Guiding and managing the Morale and Spirit of Mawana Sugars Limited (MSL) in this very difficult period for Sugar Industry in U.P.

v. Advising on Group Strategy decisions.

vi. Advising on Restructuring of Business including obtaining approval from Lenders, BIFR, Other Creditors, etc."

35. I note that the aforesaid terms of engagement of SS are broad in nature and that such broad terms enabled SS to provide inputs/advice/instructions on almost all the aspects of the company. I find that MSL had submitted the certified copy of minutes of proceedings of every meeting of the Board of Directors for the FY 2017-18, from the minutes of the meeting it is observed that SS was present in all the meetings of the Board of Directors in his capacity as Special Advisor to the company.

36. Upon further analysis of the email records provided by MSL during the investigation, I note that unaudited quarterly estimates of the company for the quarters of March, 2017, June, 2017 and December 2017 were provided to SS by the erstwhile CFO soon after the end of the particular Quarter. The details of the said emails to SS are as under:

Quarter Ended (Date)	Date of Email	Sender	Whether Mr. Siddharth Shriram in 'To'/'CC'	Other recipients	Subject	Results Declared on
March 31, 2017	20/04/2017	Dr. Anil Arora	CC	A K Mehra, R K Gangwar, Vani Chandrashekhar, Vineet Khurana, Anoop Poswal, Amit Kakkar, Tushar Bhatt	Results_Y.E./Q.E March 2017	09/06/2017
June 30, 2017	03/08/2017	Dr. Anil Arora	To	A K Mehra, R K Gangwar, Vani Chandrashekhar, Vineet Khurana, Anoop Poswal, Amit Kakkar, Tushar Bhatt	EBITDA - Q.E. June30, 2017 vis-à-vis June 30, 2016	11/09/2017
December 31, 2017	12/01/2018	Mr. B B Mehta	To	A K Mehra, R K Gangwar, Anil Arora	Results_Q.E. December 2017	13/02/2018

37. As regards, the financial performance of the company for the quarter and half year ending on September 30, 2017 the following emails were shared with SS:

Sr. No.	Email contents	Emails date	Subject
1	Unaudited advanced estimates for the Quarterly / Annual results soon after end of Quarter	20/04/2017	FW: Results_Y.E./Q.E March 2017
		03/08/2017	EBITDA - Q.E. June30, 2017 vis-a-vis June 30, 2016
2	Agenda for Board meetings	19/08/2017	Draft of Resolution need to be pass by Circulation
		02/06/2017	Project Nirvana List of Action Points
		18/09/2017	Draft Resolution of Cost Audit Report

Sr. No.	Email contents	Emails date	Subject
		21/12/2017	Draft Minutes of Audit Committee and Board meetings held on 11.12.2017
3	Sugar Sales Review	16/08/2017	Sugar Sales Review
		09/10/2017	MOM of Sugar Sales Review
		28/11/2017	Sugar Sales Review dtd. 29.11.2017
4	Cash Flow Estimates	20/04/2017	Cash Flow Estimates - Apr-Sep 17
		04/05/2017	Cash Flow Estimates - May-Sep 17
		20/05/2017	Cash Flow Estimates - May-Sep 17
		02/08/2017	Cash Flow Estimates - Aug-Nov 17
		31/10/2017	Revised Cash Flow
5	Cane Collection Statement	05/08/2017	Collection Statement - August, 2017
		04/09/2017	Collection Statement - September, 2017
		05/09/2017	Collection Statement - September, 2017
		06/09/2017	Collection Statement - September, 2017
		07/09/2017	Collection Statement - September 07 , 2017
		08/09/2017	Collection Statement - September 08 , 2017
		09/09/2017	Collection Statement - September 09 , 2017
		11/09/2017	Collection Statement - September 11 , 2017
		12/09/2017	Collection Statement - September 12 , 2017
		13/09/2017	Collection Statement - September 13 , 2017
		14/09/2017	Collection Statement - September 14 , 2017
		15/09/2017	Collection Statement - September 15 , 2017
		16/09/2017	Collection Statement - September 16 , 2017
6	Cane Payment Position	10/07/2017	Cane Payment Position as on 07.07.2017
		15/07/2017	Cane Payment Position as on 15.07.2017
		23/07/2017	Cane Payment Position as on 15.07.2017
		31/07/2017	Cane Payment Position as on 28.07.2017
		05/08/2017	Cane Payment Position as on 04.08.2017
		14/08/2017	Cane Payment Position as on 14.08.2017
		20/08/2017	Cane Payment Position as on 18.08.2017
		31/08/2017	Cane Payment Position
		08/09/2017	Cane Payment Position
		16/09/2017	Cane Payment Position : 15.09.2017
		27/09/2017	Cane Payment Position : 26.09.2017
7	Sale of Titawi Sugar Complex (TSC) to Indian Potash Ltd (IPL) - Project Nirvana	23/10/2017	Project Nirvana - Milestone Fees
		22/09/2017	Amounts Receivable/Payable by MSL from/to IPL
		23/05/2017	Project Nirvana - Timelines
		06/06/2017	Nirvana - Board resolutions
		12/07/2017	NDA process for Project Nirvana
		19/07/2017	MSW_Statement of Assets Liabilities

Sr. No.	Email contents	Emails date	Subject
		07/06/2017	Utilization of IPL Funds - Rs 59 Cr
8	MSL Business Review	24/10/2017	MSL BUSINESS REVIEW 23.10.17
		03/10/2017	MSL BUSINESS REVIEW
9	Daily Sugar Business Report	01/07/2017	Daily Sugar Business Report : 01.07.2017
		03/07/2017	Daily Sugar Business Report : 03.07.2017
		04/07/2017	Daily Sugar Business Report : 04.07.2017
		05/07/2017	Daily Sugar Business Report : 05.07.2017
		06/07/2017	Daily Sugar Business Report : 06.07.2017
		10/07/2017	Daily Sugar Business Report : 10.07.2017
		11/07/2017	Daily Sugar Business Report : 11.07.2017
		12/07/2017	Daily Sugar Business Report : 12.07.2017
		13/07/2017	Daily Sugar Business Report : 13.07.2017
		14/07/2017	Daily Sugar Business Report : 14.07.2017
		15/07/2017	Daily Sugar Business Report : 15.07.2017
		15/07/2017	RE: Daily Sugar Business Report : 15.07.2017
		17/07/2017	Daily Sugar Business Report : 17.07.2017
		17/07/2017	Recall: Daily Sugar Business Report : 17.07.2017
		17/07/2017	Daily Sugar Business Report : 17.07.2017
		18/07/2017	Daily Sugar Business Report : 18.07.2017
		19/07/2017	Daily Sugar Business Report : 19.07.2017
		20/07/2017	Daily Sugar Business Report : 20.07.2017
		21/07/2017	Daily Sugar Business Report : 21.07.2017
		24/07/2017	Daily Sugar Business Report : 24.07.2017
		25/07/2017	Daily Sugar Business Report : 25.07.2017
		26/07/2017	Daily Sugar Business Report : 26.07.2017
		27/07/2017	Daily Sugar Business Report : 27.07.2017
		28/07/2017	Daily Sugar Business Report : 28.07.2017
		31/07/2017	Daily Sugar Business Report : 31.07.2017
		01/08/2017	Daily Sugar Business Report : 01.08.2017
		02/08/2017	Daily Sugar Business Report : 02.08.2017
		03/08/2017	Daily Sugar Business Report : 03.08.2017
		04/08/2017	Daily Sugar Business Report : 04.08.2017
		05/08/2017	Daily Sugar Business Report : 05.08.2017
		08/08/2017	Daily Sugar Business Report : 08.08.2017
		09/08/2017	Daily Sugar Business Report : 09.08.2017
		10/08/2017	Daily Sugar Business Report : 10.08.2017
		25/08/2017	Daily Sugar Business Report : 25.08.2017
		28/08/2017	Daily Sugar Business Report : 28.08.2017
		29/08/2017	Daily Sugar Business Report : 29.08.2017
		30/08/2017	Daily Sugar Business Report : 30.08.2017

Sr. No.	Email contents	Emails date	Subject
		31/08/2017	Daily Sugar Business Report : 31.08.2017
		04/09/2017	FW: Daily Sugar Business Report : 04.09.2017
		05/09/2017	Daily Sugar Business Report : 05.09.2017
		06/09/2017	Daily Sugar Business Report : 06.09.2017
		07/09/2017	Daily Sugar Business Report : 07.09.2017
		08/09/2017	Daily Sugar Business Report : 08.09.2017
		13/09/2017	Daily Sugar Business Report dtd. 13.09.2017
		14/09/2017	Daily Sugar Business Report : 14.09.2017
		15/09/2017	Daily Sugar Business Report : 15.09.2017
		16/09/2017	Daily Sugar Business Report : 16.09.2017
		18/09/2017	Daily Sugar Business Report : 18.09.2017
		19/09/2017	Daily Sugar Business Report : 19.09.2017
		20/09/2017	Daily Sugar Business Report : 20.09.2017
		21/09/2017	Daily Sugar Business Report : 21.09.2017
		22/09/2017	Daily Sugar Business Report : 22.09.2017
		25/09/2017	Daily Sugar Business Report : 25.09.2017
		26/09/2017	Daily Sugar Business Report : 26.09.2017
		27/09/2017	Daily Sugar Business Report : 27.09.2017
		28/09/2017	Daily Sugar Business Report : 28.09.2017
		29/09/2017	Daily Sugar Business Report : 29.09.2017
		03/10/2017	Daily Sugar Business Report : 03-10-17
10	Summary of MSL Sugar Operation	16/11/2017	FW: Synopsis of MSL Sugar Operations as on 15 November 2017
11	Request for Daily PL	19/10/2017	Daily P/L
		19/10/2017	Re:: Daily P/L
		19/10/2017	Re: Daily P/L
12	Performance Analysis - Budget Vs Actual	01/11/2017	Performance Analysis - Budget 2017-18 vis-a-vis Actual 2016-17
13	Working Capital Requirement	20/06/2017	Working Capital Requirement

38. Further, it was observed that MSL had incurred expenditure during the quarter ending September 30, 2017 on account to expenditure incurred in sale transaction of its Titawi Sugar Complex to Indian Potash Limited and the same was a prominent reason for loss reported by the company in the said quarter. I observe from the email records that SS was involved in all stages of the aforesaid transaction and therefore, he was aware of the impact of the said sale on the quarterly results of the company for quarter ending September 30, 2017. Certain excerpts of the aforesaid emails are placed below:

Date	Sender	Receiver	Brief Extracts
1/6/2017	Siddharth Shriram (SS)	Vani Chandrashekhar, Legal Dept, MSL CC to: Dr. Anil Arora CFO of MSL	"Accounts should start discussions and calculations based on a price of Rs 450 crores (notional) for deal structuring and tax efficiency"
19/7/2017	Siddharth Shriram (SS)	Dr. Anil Arora CFO of MSL	"…target date for affecting transfer should be October 01,2018. Planning for before and after accounts should also be done"

39. Having considered the above emails regarding the financials of the Company and further considering the fact of his holding controlling stake as well as the advisory position in the company, I find no ground to accept that SS was not aware of, or was not in possession of or had no access to the UPSI pertaining to the financial results of the Company for the said quarter ending September 2017.

40. In view of abovementioned emails and the presence of SS in all the meetings of the Board of Directors of the company coupled with the facts that he was the largest shareholder, ex-Chairman and Managing Director and his mandate as Special Advisor to the company, I find that he enjoyed a key position in the affairs of the company. Therefore, on a bare perusal of above noted definition of an 'insider' prescribed under the PIT Regulations, I find that SS was certainly a 'connected person' with the Company and also a person 'in possession of or having access to UPSI', thereby making him an 'insider' under the PIT Regulations.

Issue No. 3 – Whether SS traded in the scrip of MSL while in possession of UPSI in violation of the provisions of SEBI Act and PIT Regulations?

41. During the investigation period, while in possession of UPSI related to the quarterly results of MSL for quarter ending September 30, 2017, I find that SS traded in the scrip of MSL and sold 25,00,000 shares from October 12, 2017 to November 24, 2017 which was within the period of preparation and finalization

of unaudited financial results of MSL. The details of day-wise trades of SS for the period is produced in the table below:

Sr No.	Trading Date	No. of Trades	Type of Transaction Buy/Sell	Volume Average Weighted Price (VWAP) on Trading day	Quantity Traded	Volume Average Weighted Price (VWAP) X Quantity Traded (QT) on traded date
					Equity	(Rs.)
1.	12/10/2017	186	Sell	132.29	50,000	66,14,500
2.	13/10/2017	364	Sell	128.7	50,350	64,80,045
3.	16/10/2017	265	Sell	126.56	40,000	50.62.400
4.	17/10/2017	282	Sell	123.34	31,000	38,23,540
5.	18/10/2017	505	Sell	122.06	67,000	81,78,020
6.	19/10/2017	8	Sell	119.64	2,500	2,99,100
7.	23/10/2017	657	Sell	122.93	1,10,000	1,35,22,300
8.	24/10/2017	225	Sell	120.55	40,000	48,22,000
9.	25/10/2017	262	Sell	118.85	54,000	64,17,900
10.	26/10/2017	323	Sell	120.12	1,50,000	1,80,18,000
11.	27/10/2017	166	Sell	120.37	1,00,000	1,20,37,000
12.	30/10/2017	393	Sell	121.76	1,05,150	1,28,03,064
13.	31/10/2017	426	Sell	122.63	1,80,000	2,20,73,400
14.	01/11/2017	931	Sell	127.4	2,40,000	3,05,76,000
15.	02/11/2017	87	Sell	127.14	40,000	50,85,600
16.	03/11/2017	6	Sell	124.58	1,065	1,32,677.7
17.	06/11/2017	530	Sell	118.9	95,000	1,12,95,500
18.	07/11/2017	162	Sell	115.11	50,000	57,55,500
19.	08/11/2017	211	Sell	110.93	40,000	44,37,200
20.	09/11/2017	128	Sell	110.51	35,000	38,67,850
21.	10/11/2017	21	Sell	110.19	1,1500	12,67,185
22.	13/11/2017	285	Sell	105.23	70,000	73,66,100
23.	14/11/2017	235	Sell	101.92	52,000	52,99,840
24.	15/11/2017	343	Sell	96.18	64,000	61,55,520
25.	16/11/2017	79	Sell	93.57	22,000	20,58,540
26.	17/11/2017	691	Sell	99.71	2,35,000	2,34,31,850
27.	20/11/2017	466	Sell	101.6	1,00,000	1,01,60,000
28.	21/11/2017	388	Sell	98.09	76,000	74,54,840
29.	22/11/2017	442	Sell	94.74	97,000	91,89,780
30.	23/11/2017	496	Sell	96.17	1,91,435	1,84,10,303.95
31.	24/11/2017	437	Sell	99.71	1,00,000	99,71,000

42. Further, the details of pre-UPSI and post-UPSI of trading of SS in the scrip of MSL and others, if any, was observed as under:

Particulars	Period	Mawana Sugars Ltd		Other Scrips		
		Gross Value (in Rs. lac)	% activity in this scrip to gross traded value	Gross traded Value (in Rs. lac)	% activity in this scrip to gross traded value	No of scrips
Pre UPSI Period	01/09/2017 to 11/10/2017	0	0%	0	0%	0
UPSI Period	12/10/2017 to 11/12/2017	2816.05	99.93%	1.95	0.07%	1
Announcement of PSI	12/12/2017 to 19/01/2018	0	0%	0	0%	0
Post-Announcement of PSI	22/01/2018 to 28/02/2018	0	0%	0	0%	0

43. As observed above, SS sold 25,00,000 shares of MSL during the period of UPSI with gross traded value of Rs.2816.05 lacs constituting 99.93% of the total gross traded value in the scrip of MSL during the investigation period. Only sell transactions were observed in MSL during the investigation period. It is further observed that the above trade resulted in avoided loss of Rs.6,17,25,000/- (Rs. Six Crore Seventeen Lakh Twenty-five thousand only/-) considering the closing price of Rs.87.95 on NSE on December 12, 2017 i.e. T+1 day post declaration of Financial results for quarter ending September 30, 2017 and at the average sell price of Rs.112.64.

44. In view of the aforesaid, I find that SS traded in securities of MSL while in possession of UPSI related to quarterly results of the company for quarter ending September 30, 2017.

45. Regulation 4(1) of the PIT Regulation stipulates that in order to attract the charge of insider trading, it needs to be first established that the insider was in possession of UPSI on the dates on which the imputed trades were executed in the shares of the Company. The essential pre-condition has to be read further with the provision under regulation 4(2) of the PIT Regulations, which stipulates

that in the case of connected persons, the onus of establishing that they were not in possession of UPSI, shall lie on such connected persons. Since, SS was undisputedly a 'connected person' and 'insider' of the company, he was under the duty to advance submissions with sufficient evidence to controvert the said legal presumption and to prove that he was not in possession of UPSI when he traded in the scrip of the Company. However, in the extant matter, the opportunity to rebut the presumption could not be accorded in view of the passing of SS. I note that the Noticee has also submitted that the present proceeding cannot be initiated against SS without granting him the opportunity of rebuttal, which cannot be given in light of his demise.

46. I find that in the instant case there is no dispute that SS was an 'insider' and traded in the scrip of MSL while in possession of UPSI. As provided in the earlier paragraphs the possession of UPSI and trading thereof by SS has been established through cogent evidence i.e. his position in MSL, his presence in board meetings, emails and trade data. I must further add here that the provisions of PIT Regulations carves out certain exceptions wherein, even if a person is found to be an insider or in possession of or having excess to the UPSI and has traded in the shares of the company while in possession of the UPSI, the violation of insider trading would not sustain, in case the person is in position to demonstrate that his trading in the scrip of the company during the UPSI period falls in the exceptional circumstances prescribed under the PIT Regulations. Such exceptions as listed out under Regulation 4(1) includes off-market inter-se transfer between insiders who are in possession of same UPSI, block deal on exchange platform between two parties who are in possession of same UPSI, transaction being in pursuance to a 'statutory or regulatory obligation' etc. In the present case, there is no material before me to demonstrate that the trading by SS fell under in any of the said exceptions mentioned under regulation 4 (1) of the PIT Regulations. Thus, in view of the detailed factual analysis and findings which clearly establish that SS traded in the shares of MSL while in possession of UPSI, I find SS liable for charges relating to violation of the provisions of the SEBI Act and the PIT Regulation.

47. I note that the unlawful loss avoided amounted to Rs.6,17,25,000/- (Rupees Six Crore Seventeen Lakh Twenty-five thousand only/-) made by SS by trading in the shares of MSL while in possession of UPSI related to the quarterly results for quarter ending September 30, 2017. Further, pursuant to the death of SS, the shares of MSL were transmitted to the Noticee. From the list of the Board of Directors (as on August 13, 2024) as provided on the website of MSL, I note that the Noticee is mentioned as 'the Chairman of the Board' of MSL. Thus, keeping in view the legal provisions and the precedents surrounding the concept of disgorgement, in the instant matter the Noticee being the legal heir/legal representative of SS is liable to disgorge the wrongful gains/loss avoided which were made by trading in the shares of MSL while in possession of UPSI.

48. With regard to the applicability of interest on unlawful/ill-gotten gains, it is relevant to refer the judgment of Hon'ble Supreme Court in Civil Appeal No. 5677 of 2017 in the matter of *Dushyant N. Dalal and Others Vs. SEBI* dated October 04, 2017 where it is held that: "*.....We are of the view that an examination of the Interest Act, 1978 would clearly establish that interest can be granted in equity for causes of action from the date on which such cause of action arose till the date of institution of proceedings..... It is clear, therefore, that the Interest Act of 1978 would enable Tribunals such as the SAT to award interest from the date on which the cause of action arose till the date of commencement of proceedings for recovery of such interest in equity...*"

49. I note that under Section 11(1) of SEBI Act, in the interest of investor and to promote the development of and to regulate the securities market, SEBI is empowered to take such measures as it deems fit to protect the interest of investors. Further, in view of the above judgment of Hon'ble Supreme Court, SEBI has the power to impose interest on unlawful gains from the date of arising of cause of action till the date of payment. In the present case, I note that the date of cause of action i.e. date of last date of transaction in the scrip of MSL was November 24, 2017. Thus, an interest at the rate of 12% per annum shall be liable to be paid from November 24, 2017 till the date of this order.

DIRECTIONS

50. In exercise of powers conferred on me in terms of Section 11(1),11B(i) read with Section 28B(2)(b) of the SEBI Act, I hereby direct the Noticee to disgorge the amount of Rs.6,17,25,000/- (Rupees Six Crore Seventeen Lakh Twenty-five thousand only/-) along with interest at the rate of 12% per annum from November 24, 2017 (last date of trade in the scrip of MSL) till the date of this order. In case of failure by the Noticee to remit the amount along with interest within 45 days from the date of this order, the interest shall continue till the date of actual payment of the amount.

51. In terms of the provisions of Section 11(5) of SEBI Act, the amount so disgorged from the Noticee shall be credited to Investor Education and Protection Fund.

52. The Noticee is directed to send the demand draft for the payment of disgorgement amount with interest to "The Division Chief, Investigation Department (ID-15), Securities and Exchange Board of India, SEBI Bhavan II, Plot no. C -7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai- 400051".

53. This order shall come into force with immediate effect.

54. A copy of this order shall be sent to the Noticee to ensure that the directions given above are complied with.

Sd/-

Date: February 18, 2025 **G RAMAR**

Place: Mumbai **CHIEF GENERAL MANAGER**

SECURITIES AND EXCHANGE BOARD OF INDIA