BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

ADJUDICATION ORDER NO. Order/VV/PSS/NK/2022-23/25473-25479

Under section 15-I of the Securities and Exchange Board of India Act, 1992 read with Rule 5 of the Sebi (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995

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Under Section 23-I of Securities Contracts (Regulation) Act,1956 read with Rule 5 of The Securities Contracts (Regulation) (Procedure for Holding Inquiry and Imposing Penalties) Rules, 2005

In respect of:

Noticee no.	Noticee Name	PAN
1	Markand Adhikari	AACPA0168K
2	Assent Trading Private Limited	AAHCA9277F
3	Ramchandra Purohit	AFVPP7326J
4	Kaustubh Purohit	ARSPP9347M
5	Anand Shroff	ACPPS9385M
6	Rupal Anand Shroff	BBAPS3816C
7	TV Vision Limited	AACCT7276Q

In the matter of TV Vision Limited

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*(Noticees no. 1 to 7 are individually known by their respective name or Noticee no. and collectively referred to as the "**Noticees**")*

A. BACKGROUND

1. Securities and Exchange Board of India (**"SEBI"**) has initiated adjudication proceedings under section 15G and 15HB of Securities and Exchange Board of India Act, 1992 (**"SEBI Act"**) and section 23E and section 23H of Securities Contract

(Regulation) Act, 1956 ("**SCR** Act") with respect to the following Noticees for violations as mentioned in the following table no. 1.

Table No. 1

Noticee No.	**Name**	**Violations Alleged**	**Attracted Penalty provisions**
1	Markand Adhikari	Regulation 3(1) of SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as "SEBI PIT Regulations, 2015") and Section 12A (e) of SEBI Act, 1992	under Section 15G of the SEBI Act
		Regulation 4(2) (f) (8) of SEBI (LODR) Regulations, 2015.	Under Section 23H of SCR Act, 1956.
2	Assent Trading Private Limited	Regulation 4(1) of SEBI (PIT) Regulations, 2015 and Section 12A (d) & (e) of SEBI Act, 1992	under Section 15G of SEBI Act
3	Ramchandra Purohit	Regulation 3(1) of SEBI (PIT) Regulations, 2015 and Section 12A (e) of SEBI Act, 1992.	Under Section 15G of SEBI Act.
4	Kaustubh Purohit	Regulation 4(1) of SEBI (PIT) Regulations, 2015 and Section 12A (d) & (e) of SEBI Act, 1992	under Section 15G of SEBI Act
5	Anand Shroff	Regulation 3(1) of SEBI (PIT) Regulations, 2015 and Section 12A (e) of SEBI Act, 1992	under Section 15G of the SEBI Act
6	Rupal Anand Shroff	Regulation 4(1) of SEBI (PIT) Regulations, 2015 and Section 12A (d) & (e) of SEBI Act, 1992	under Section 15G of SEBI Act
7	TV Vision Limited	Regulation 30 (6) of SEBI (LODR) Regulations, 2015	Adjudication Proceedings under Section 23E of SCR Act, 1956.
		Clause 1 and 4 of Schedule A read with Regulation 8(1) of SEBI (PIT) Regulations, 2015.	Adjudication Proceedings under Section 15HB of SEBI Act, 1992

B. APPOINTMENT OF ADJUDICATING OFFICER

2. CGM Ms. Geetha G was was appointed as the Adjudicating Officer vide communiqué dated December 28, 2021 under section 15-I of the SEBI Act read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 ('**SEBI Adjudication Rules**') and under section 23-I of SCR Act read with Securities Contracts Regulations (Procedure for Holding Inquiry and Imposing Penalties) Rules ('**SCR Rules'**) to inquire into and adjudge under sections 15G and 15HB of SEBI Act and under sections 23E and 23H of SCR Act. Pursuant to transfer of CGM Ms. Geetha G, the instant matter was transferred to GM, Shri Amit Kapoor vide communiqué dated September 5, 2022.Therafter, the instant matter was then transferred to the undersigned *vide* communiqué dated October 6, 2022.

C. SHOW CAUSE NOTICE, REPLY AND HEARING

3. Show Cause Notice dated May 24, 2022 ("**SCN**") was duly served upon the Noticees under Rule 4(1) of the SEBI Rules and under Rule 4(1) of SCR Rules to show cause as to why an inquiry should not be held and penalty be not imposed against the Noticees under the provisions of section sections 15G and 15HB of SEBI Act and under sections 23E and 23H of SCR Act.

4. SCN has been summarised as below:

   1. *Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') has initiated adjudication proceedings under section 15G and/or 15HB of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **'SEBI Act'**) and/ or section 23E and/ or section 23H of Securities Contract (Regulation) Act, 1956 (hereinafter referred to as **'SCRA'**) against Markand Adhikari (**Noticee No. 1**), Assent Trading Private Limited (**Noticee No. 2**), Ramchandra Purohit (**Noticee No. 3**), Kaustubh Purohit (**Noticee No. 4**), Anand Shroff (**Noticee No. 5**) Rupal Anand Shroff (**Noticee No.6**) and TV Vision Limited (**Noticee No. 7**) for violation of Regulation 3(1) of SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as "**SEBI PIT Regulations, 2015**") and Section 12A(e) of SEBI Act and/ or Regulation 4(2)(f)(8) and/ or of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "**SEBI LODR Regulations, 2015**") and/ or Regulation 4(1) of SEBI PIT Regulations, 2015 and Section 12A(d) & (e) of SEBI Act, 1992 and/ or Regulation 30(6) of SEBI LODR Regulations, 2015 and Clauses 1 and 4 of Schedule A read with Regulation 8(1) of SEBI PIT) Regulations, 2015, as applicable in the matter of TV Vision Limited. (hereinafter referred to as "**TVVL**" **or "The Company"**).*

   2. *SEBI, in exercise of powers under section 19 read with sub-section (1) of section 15-I of the SEBI Act and rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as the "**Adjudication Rules**") and in exercise of powers under section 23-I of **SCRA** and rule 3 of Securities Contract Regulations (Procedure for Holding Inquiry and Imposing Penalties) Rules, 2005 (hereinafter referred to as the "**SCRA Rules"**), appointed me as the Adjudicating Officer **(AO)** vide order dated 23.12.2021 to inquire into and adjudge the alleged violation stated in paragraph 1 above. A copy of the related communication dated 28.12.2021, is hereby enclosed as **Annexure No. A**.*

   3. *At the outset, the inter se connections of the Noticees are explained. The Noticee No.1-Markand is Promoter / Director of Noticee No. 7-TVVL and Mrs. Kanchan Markand Adikari is wife of Noticee No. 1- Markand. Rashesh Purohit is a relative of Noticee No.1-Markand since Rashesh Purohit's father's sister is mother of Noticee No.1-Markand. In other words, Rashesh Purohit's father and Markand Adhikari's mother were siblings. Rashesh Purohit and his wife Sonal Purohit were directors of Keynote Enterprises Private Limited and Noticee No.1-Markand, Rashesh Purohit and Sonal Purohit were personal guarantors for loan taken by Density Global Trading Services Pvt Ltd and Vinil Trading Pvt Ltd, which are companies owned and controlled by Rashesh Purohit and his wife Sonal Purohit. Noticee No. 2-ATPL is a company wherein Noticee No. 3-Ramchandra and his wife Alpaben Purohit along with Noticee No. 4-Kaustubh were directors and shareholders during the Investigation Period. Rashesh Purohit is the brother of Noticee No.3-Ramchandra. Noticee No. 5 was VP–Finance and Accounts and Chief Financial Officer of Noticee No. 7-TVVL during IP and was having direct access of UPSI and Noticee No. 6-Rupal is his wife. All of the above entities are not Noticees in the Notice as separate enforcement proceedings under the appropriate provisions of law are being conducted against them. This Notice deals with the violations allegedly committed by the entities named hereinabove.*

   4. *NSE had carried out examination on the basis of alerts generated with respect to the trading activity in the scrip of TVVL for the period of September 01, 2017 to October 31, 2017. NSE*

observed that, on September 27, 2017, an announcement was made by Noticee No. 7-TVVL about the credit rating downgrade of its long term loan facilities from CARE BBB- (SO) to CARE D. Prior to the announcement, the price of the scrip observed to have moved from an open price of Rs. 159.70 on September 01, 2017 to a close price of Rs.126.15 on September 27, 2017 i.e. the scrip registered a price fall of 21.01% in 19 trading days. Post the announcement, the price of the scrip moved from an open price of Rs. 120 on September 28, 2017 to a close price of Rs. 41.20 on October 31, 2017 i.e. the scrip registered a price fall of 65.67% in 22 trading days. Since the announcement was price sensitive coupled with fall in the price of the scrip, analysis was carried by NSE and it was observed from the sequence of events provided by TVVL, that there was a delay of 6 days in TVVL intimating the Stock Exchanges about the revised/ downgraded Credit Rating from the time of receiving the communication from CARE Ratings Limited, under Regulation 30 of SEBI (LODR) Regulations, 2015. The intimation was finally made to the Stock Exchange only on September 27, 2017. NSE observed that, one Rashesh Purohit sold 0.61 lakh shares on 05.09.2017 and on 18.09.2017 on ***NSE*** *at an average price of Rs.160.30 per share in the pre-announcement period, thereby avoiding a notional loss of Rs. 31.59 lakhs. On the said days, Rashesh Purohit also sold 0.29 lakh shares on 05.09.2017 and 18.09.2017 in the pre-announcement period on* ***BSE*** *and avoided a notional loss of Rs.16.13 lakhs. The total loss avoided by Rashesh Purohit was Rs. 47.72 lakhs. NSE observed that, prior to the negative announcement, Rashesh Purohit was holding 0.93 lakh shares and had pledged 5 lakh shares. It was observed that Rashesh Purohit sold almost 97% of his free holdings in the pre-announcement period to avoid losses and is still holding the pledged shares. On analysis of the bank statement of Rashesh Purohit, it was observed that deposits to the tune of Rs. 50 lakhs were made from the account of Kaanchan Markand Adhikari, the wife of Noticee No.1-Markand, into the account of Rashesh Purohit. The said Kaanchan Adhikari is also the Creative Head of SAB Group. The transfer of funds stated above shows that there was a connection between Noticee No.1-Markand and Rashesh Purohit. Investigation also observed that Rashesh Purohit and the promoter/ director of TVVL, namely Noticee No.1-Markand are also friends on Facebook.*

5. *Subsequently, BSE carried out examination in the scrip of TVVL for the period of September 11, 2017 to October 03, 2017. BSE observed that, on September 27, 2017 at 16:09:17 hours, the company TVVL made announcement regarding revised/downgraded rating by CARE Ratings Limited of the Long -Term Bank Facilities Term Loan of the Company for Rs. 24.39 crore to CARE D from BBB- (SO); Stable. BSE further observed that, the price of the scrip opened at Rs.141.25 on September 11, 2017 and later fell to Rs.108.30 on October 03, 2017 and closed at the same rate with average daily volume of 45,071 shares and total volume of 7,21,137 shares, during the said period. Based on the aforesaid news, the scope for insider trading was analyzed for the period September 11, 2017 to October 03, 2017 wherein two connected/related entities viz. Keynote Enterprises Private Limited and Rashesh Purohit were observed to have avoided losses of Rs. 33.84 lacs. Rashesh Purohit is the director of Keynote Enterprises Private Limited as per MCA details and both shared a common phone number i.e. 9910050151. Rashesh Purohit had sold 28,758 shares during the period September 05, 2017 to September 18, 2017 and Keynote Enterprises Private Limited had sold 10,000 shares each on 13.09.2017, 14.09.2017, and 18.09.2017 adding upto 30,000 shares during the said period. No prior buying or selling was observed since January 2017 and the said entities had an exposure of 100% in the scrip during the period of analysis, which would imply that they had no exposure to other scrips. On analyzing trading activity of the said entities from January 01, 2017 to December 31, 2017, BSE observed that they have dealt only on 5 trading days and have altogether sold 58,758 shares during the period September 05, 2017 to September 18, 2017 i.e. prior to the announcement. Keynote Enterprises Private Limited sold 70,000 shares at both exchanges prior to the announcement and then post announcement further sold 4,72,230 shares till November 24, 2017.*

6. *Pursuant to examination conducted by NSE and BSE, SEBI conducted an investigation to ascertain whether any entity had violated the provisions of SEBI Act, 1992 or SEBI (PIT) Regulations, 2015 while trading in the scrip of TVVL during the period September 11, 2017 to September 27, 2017. (hereinafter referred to as "**Investigation period or IP**")*

<u>PART-1 Insider trading</u>

7. *Investigation observed from the website of TVVL that, TVVL is an independent listed company under Sri Adhikari Brothers Group. The company was originally incorporated as TV Vision Private*

Limited on July 30, 2007 and was converted into a public limited company on June 23, 2011. The company is engaged in the business of broadcasting.

8. *Investigation obtained details of directors from the TVVL annual report for the year 2017-18 and observed that following entities were directors of the TVVL during the year 2017-18: -*

Table No-1 Details of Management of the company

Sr. No.	*Name of the Director*	*Designation*	*Appointment Date*
1	*Markand Navnitlal Adhikari*	*Managing Director*	*30/07/2007*
2	*Ganesh P Raut*	*Additional Independent Director*	*17/01/2018*
3	*Mr. Umakanth Bhyravajoshyulu*	*Additional Independent Director*	*17/01/2018*
4	*Mr. M Soundara Oandian*	*Additional Independent Director*	*17/01/2018*
5	*Mr. Manav Dhanda*	*Chief Executive Officer*	*01/09/2017*

Copy of the annual report for the year 2017-18 is enclosed as ***Annexure-1.***

9. *Investigation obtained the shareholding pattern of TVVL for the quarters ending June 2017, September 2017 and December 2017 from BSE website detailed as below:*

Table No-2 Shareholding pattern (Source: BSE Website)

Category of shareholder	***Jun-17***			***Sep-17***			***Dec-17***		
	No. of Shareholders	***No of shares held***	***%***	***No. of Shareholders***	***No of shares held***	***%***	***No. of Shareholders***	***No of shares held***	***%***
Promoter & Promoter Group	*8*	*1,59,93,045*	*45.77*	*8*	*1,31,48,845*	*37.63*	*8*	*1,31,48,845*	*37.63*
Public	*7,087*	*1,89,51,455*	*54.23*	*7,450*	*2,17,95,655*	*62.37*	*10,907*	*2,17,95,655*	*62.37*
Grand Total	***7,095***	***3,49,44,500***	***100.00***	***7,458***	***3,49,44,500***	***100.00***	***10,915***	***3,49,44,500***	***100.00***

Investigation observed from the shareholding pattern that, the number of shareholders under the promoter category remained same i.e. 8, however their holding decreased by 28,44,200 shares (8.14%) i.e. from 1,59,93,045 shares (45.77%) to 1,31,48,845 shares (37.63%). The number of shareholders under the pubic category increased by 3,807 i.e. from 7,087 shareholders to 10,907 shareholders and their shareholding increased by 28,44,200 shares i.e. from 1,89,51,455 shares (54.23%) to 2,17,95,655 shares (62.37%). Thus, during the quarters June 2017 to September 2017 promoters have sold the shares. Upon analysis of promoter-wise shareholding available at BSE website, investigation observed that the following promoters have sold 28,44,200 shares during the quarter July- September 2017.

Table No-3 Promoters' Shareholding (Source: BSE Website)

Promoters	***No. of shares held in June 2017***	***No. of shares held in September 2017***	***No. of shares held in December 2017***	***No. of shares sold***
Heeren Navnitlal Adhikari	*500 (0.00%)*	*500 (0.00%)*	*500 (0.00%)*	*0*
Gautam Navnitlal Adhikari	*41,93,129 (12%)*	*36,73,329 (10.51%)*	*36,73,329 (10.51%)*	*5,19,800 (1.49%)*
Ravi Gautam Adhikari	*13,00,000 (3.72%)*	*13,00,000 (3.72%)*	*13,00,000 (3.72%)*	*0*
Swati Hirenkumar Adhikari	*500 (0.00%)*	*500 (0.00%)*	*500 (0.00%)*	*0*

Markand Navnitlal Adhikari	*54,96,630(15.73%)*	*50,22,230 (14.37%)*	*50,22,230 (14.37%)*	*4,74,400 (1.36%)*
Bindu Raman	*500 (0.00%)*	*500 (0.00%)*	*500 (0.00%)*	*0*
Prime Global Media Private Limited	*25,01,786 (7.16%)*	*12,51,786 (3.58%)*	*12,51,786 (3.58%)*	*12,50,000 (3.58%)*
Global Showbiz Private Limited	*25,00,000 (7.15%)*	*19,00,000 (5.44%)*	*19,00,000 (5.44%)*	*6,00,000 (1.71%)*
Total	***1,59,93,045(45.77%)***	***1,31,48,845 (37.63%)***	***1,31,48,845 (37.63%)***	***28,44,200 (8.14%)***

10. Investigation observed from the analysis of financial results of TVVL during investigation period that, as per quarterly results of TVVL, TVVL was incurring losses continuously from the quarter ended June 2017 to December 2017. As per yearly results of TVVL, TVVL made profit in the year 2016-17 and incurred losses for the years 2017-18 and 2018-19. The details of the performance are given as follows:

Table No-4 Financial performance of company (Rs. in crores)

Particulars	***Yearly***		
	2016-17	***2017-18***	***2018-19***
Total Income	*175.59*	*123.05*	*117.27*
Total Expenditure	*-142.28*	*-107.28*	*-123.29*
Net Profit / (Loss) after tax	*8.24*	*(-17.54)*	*(-34.20)*
Particulars	***Quarterly***		
	June 2017	***September 2017***	***December 2017***
Total Income	*41.34*	*26.04*	*27.81*
Total Expenditure	*-42.38*	*-32.80*	*-32.90*
Net Profit / (Loss) after tax	*(-0.81)*	*(-4.68)*	*(-3.59)*

11. Investigation observed that major corporate announcements were made by TVVL during the investigation period which are detailed below:

Table No-5

Corporate Announcements Source - BSE and NSE Website

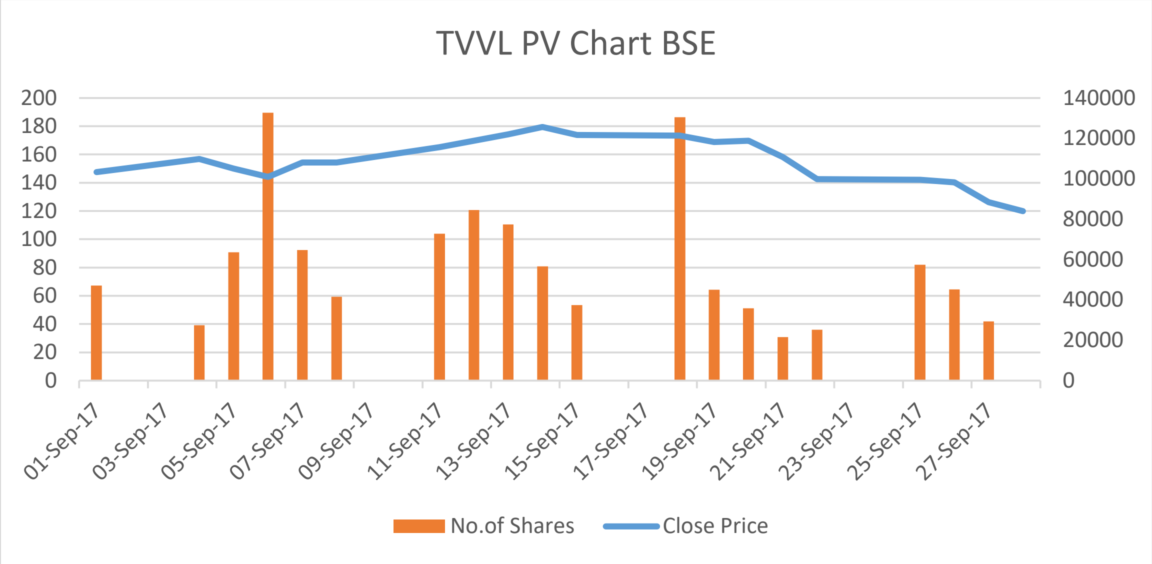
S. No.	***Date & Time***	***Announcements***
1	*04/09/2017 NSE disseminated time - 8:17 BSE disseminated time- 17:17*	*TV Vision Limited has informed the Exchange regarding Notice of Annual General Meeting to be held on September 25, 2017. Company has informed exchange that it has published newspaper advertisement of the 10th Annual General Meeting in 2 newspapers.*
2	*07/09/2017 NSE disseminated time – 18:25 BSE disseminated time- 18:28*	*TV Vision Limited has informed the Exchange regarding the Trading Window closure pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015 Company has informed exchange that pursuant to provisions of SEBI (PIT) Regulations, 2015, the trading window shall remain closed from September 06, 2017 to September 16, 2017.*
3	*14/09/2017 NSE disseminated time – 20:53 BSE disseminated time- 20:51*	*TV Vision Limited has informed the Exchange regarding Outcome of Board Meeting held on September 14, 2017. TV Vision Limited has submitted to the Exchange, the financial results for the period ended June 30, 2017.*

4	*27/09/2017 NSE disseminated time – 16:15 BSE disseminated time -16:09*	***Credit Rating*** *TVVL informed that CARE Ratings Limited has revised the rating of Long Term Bank facilities- Term Loan of the Company for Rs. 24.39 cr from CARE BBB-(SO) to CARE D.*

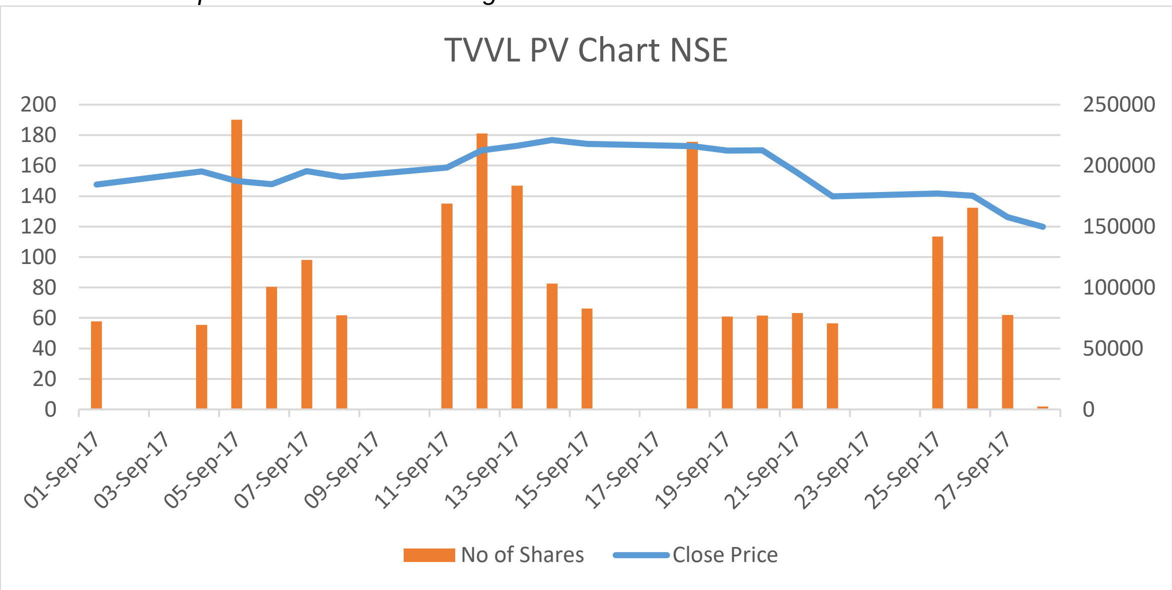
The details of corporate announcements are enclosed as ***Annexure No. 2.***

<u>Price Volume Chart</u>:

12. Investigation observed from the price volume chart during IP that, price of the scrip at BSE opened at Rs.159 on September 01, 2017 and closed at a price of Rs.119.9 on September 28, 2017 (i.e. registered a fall of 24.59%). The price volume chart during IP is shown as below:



Investigation observed that, the price of the scrip opened at Rs.159.7 on September 01, 2017 and closed at a price of Rs.119.85 on September 28, 2017 (i.e. registered a fall of 24.95%) on NSE. The price volume chart during IP is shown as below:



13. Investigation observed from the corporate announcement made on September 27, 2017 that, it had impacted the price of the scrip detailed as under:

Table No-6

<table>
<tr><th>Sr. No.</th><th>Date & Time</th><th>Announcement</th><th>Price Impact/Shares Traded</th><th>Remarks</th></tr>
<tr>
<td>1</td>
<td>September 27, 2017 BSE disseminated time 16:09 (After trading hours)

NSE disseminated time- 16:15 (After trading hours)</td>
<td>TVVL informed exchanges that it has received a letter from CARE Ratings Limited stating that it has revised the rating of Long Term Bank Facilities - Term Loan of the Company for Rs. 24.39 from CARE BBB-(SO) to CARE D.</td>
<td>27-Sep-2017 (Wednesday)
<table>
<tr><th>Exch.</th><th>O</th><th>H</th><th>L</th><th>C</th></tr>
<tr><td>BSE</td><td>143.3</td><td>143.3</td><td>126.2</td><td>126.2</td></tr>
<tr><td>NSE</td><td>144.35</td><td>144.35</td><td>126.15</td><td>126.15</td></tr>
</table>
No. of shares traded:
BSE:29245
NSE: 77571

28-Sep-2017 (Thursday)
<table>
<tr><th>Exch.</th><th>O</th><th>H</th><th>L</th><th>C</th></tr>
<tr><td>BSE</td><td>119.9</td><td>119.9</td><td>119.9</td><td>119.9</td></tr>
<tr><td>NSE</td><td>120</td><td>120</td><td>119.85</td><td>119.85</td></tr>
</table>
No. of shares traded:
BSE: 10
NSE: 2311</td>
<td>On September 28, 2017 price of the scrip decreased by around 4.99% of closing price on September 27, 2017 on BSE and NSE. The opening price remained unchanged, however price decreased by around 4.99% during the day and closed at Rs 119.85. The said announcement had a negative impact on the price of the scrip.</td>
</tr>
</table>

14. *Chronological events related to the revision of the Credit rating from CARE BBB-(SO) to CARE D; as per letter dated June 07, 2019 and emails dated August 22, 2019, September 13, 2021 of CARE and letter dated June 14, 2019 and email dated August 12, 2020 of TVVL, the sequence of events in chronological order is inter-alia provided as follows: -*

Table No-7

Sr. No.	Date	Details of document /Event	Persons involved
1	01/09/2017 to 19/09/2017	As per CARE letter- The Company did not send the No Default Statement for the month of August 2017 in September 2017 and CARE followed up with the company for the same from September 01 to September 19, 2017	Rakesh Gupta Anand Shroff
2	20/09/2017	As per TVVL letter- Mr. Rakesh Gupta, AVP – Finance & Accounts and Chief Financial Officer of Shri Adhikari Brothers Television Network Limited, was telephonically contacted by representatives of CARE, seeking information regarding reasons for delay in servicing debts of the company. Mr. Rakesh Gupta requested CARE to put the said queries/request through e-mail to enable the company to provide appropriate reply of the same. On the same day, the Company received an e-mail from CARE, sent by Ms. Ankita Sehgal, addressed to Mr. Anand Shroff VP-Finance & Accounts and Chief Financial Officer of	Rakesh Gupta Anand Shroff Rakesh Gupta Anand Shroff

		TVVL and Mr. Rakesh Gupta seeking the above stated information. *As per CARE letter- CARE conducted a due diligence with the banker with respect to the conduct of the account. The banker provided feedback over email mentioning that the company has delayed in servicing its commitments.* *CARE sought clarification from the Company with respect to the feedback from the lenders. The Company accepted that there were delays in debt servicing due to slowdown in the overall economy on account of GST introduction.*	
3	*21/09/2017*	*As per CARE letter- The case was presented to the Rating committee and rating revised to CARE D. Press Release by CARE was made on the same day.* *As per TVVL letter- E-mail dated September 21, 2017 was received after office hours from Mr. Hariprasad J addressed to Mr. Rakesh Gupta and copied to Mr. Anand Shroff and Ms. Ankita Sehgal of CARE providing "the Rating Letters" for the Company informing the revision of the rating from CARE BBB-(SO) to CARE D.*	*Rakesh Gupta* *Anand Shroff*
4	*22/09/2017*	*As per TVVL letter – Rating Letter, upon receipt thereof, was sought to be informed to the management of the Company. However, in light of the fact that Mr. Gautam Adhikari was critically ill on the said date, Mr. Gautam Adhikari and Mr. Markand Adhikari, were not available for the purposes of being appraised of the same.*	*-*
5	*23/09/2017*	*Holiday (Saturday)*	
6	*24/09/2017*	*Holiday (Sunday)*	
7	*25/09/2017 and 26/09/2017*	*As per TVVL letter- On September 25, 2017 and September 26, 2017, the rating letter was discussed internally by the Company. The management of the Company was also apprised of the same. In light of the fact that the revision in rating was unexpected and sudden, the management of the company, during such period, reviewed and evaluated various options to upgrade the revised rating provided for by the Rating Letter.*	*Rakesh Gupta* *Anand Shroff* *Gautam Adhikari* *Markand Adhikari*
8	*27/09/2017*	*As per TVVL letter -The management of the Company took the decision of intimating the Stock Exchange about the aforesaid revised rating received from CARE.*	*Rakesh Gupta* *Anand Shroff* *Nirali Shah*

Copy of the letter dated 07.06.2019 along with emails dated 22.08.2019, 13.09.2021 of CARE and letter dated 14.06.2019 and email dated 12.08.2020 sent by Care Rating to TVVL are enclosed as ***Annexure Nos. 3, 4, 5, 6, and 7,*** *respectively. Copy of the emails/ letters dated 01.09.2017, 04.09.2017, 06.09.2017, 15.09.2017, 19.09.2017, 20/09/2017(2), 21/09/2017 and 13.09.2017 are enclosed as* ***Annexure No. 8 'colly'.***

<u>Identification of UPSI :-</u>

15. Investigation observed that as per Clause 1(C) of SEBI Circular No. ***SEBI/HO/MIRSD/MIRSD4/CIR/P/2017/71*** *dated June 30, 2017 on Monitoring and Review of Ratings by Credit Rating Agencies (CRAs), a "No Default Statement" (NDS) is to be sought from the issuer on a monthly basis. The CRA shall seek NDS from the issuer at the end of each month, which shall be provided to the CRA by the issuer on the first working day of the next month.*

16. As per chronology of events submitted by CARE, the company did not send the NDS for the month of August 2017 in September 2017 and CARE followed up with TVVL for the same from September 01 to September 19, 2017. Copy of emails from 01.09.2017 to 19.09.2017 are already enclosed in ***Annexure No. 8.*** *On September 20, 2017, CARE conducted a due diligence with the lender banker with respect to the conduct of the account and sought clarification from the* *company with respect to the feedback from the lender. On September 21, 2017, CARE had reviewed the rating of Long Term Bank Facilities - Term Loan for Rs. 24.39 Crore, revised from CARE BBB- (SO) to CARE D and posted the said information on the evening of the same day on its website under "Press Release Section". The revision in the rating was also intimated to TVVL. The investigation found that, TVVL had withheld the information till September 27, 2017 and provided the information to stock exchange on September 27, 2017 after-market hours. Since, downgrading of credit rating materially affects the price of the security, the said information was considered as price-sensitive information.*

<u>When did UPSI come into existence</u>:

17. *Investigation observed that, as per chronology of events submitted by CARE, the company did not send the NDS for the month of August 2017 in September 2017 and CARE followed up with the company for the same from September 01 to September 19, 2017. On September 21, 2017, CARE had reviewed the rating of Long Term Bank Facilities - Term Loan for Rs. 24.39 cr from CARE BBB-(SO) to CARE D and posted the said information on the evening of same day on its website under "Press Release Section". The revision in the rating was also intimated to TVVL. TVVL did not submit the NDS in accordance with SEBI Circular dated June 30, 2017* ***SEBI/HO/MIRSD/MIRSD4/CIR/P/2017/71*** *on September 01, 2017. Due to which rating agency followed up with Company from September 01, 2017 and subsequently downgraded the rating. Accordingly, UPSI period is considered to begin from September 01, 2017. As per finding of the investigation, though CARE had posted the information on its website under "Press Release Section" on September 21, 2017, TVVL withheld the information till September 27, 2017 and provided the information to stock exchange only on September 27, 2017.*

18. *In terms of Regulation 2(1)(e) of SEBI (PIT) Regulations, 2015, information published on the website of a stock exchange is ordinarily considered as generally available information. Regulation 30(6) of SEBI [Listing Obligations and Disclosure Requirements (LODR)] Regulations, 2015 casts an obligation on the company to first disclose to stock exchange(s) of all events, as specified in Part A of Schedule III, or information as soon as reasonably possible and not later than twenty four hours from the occurrence of event or information:*

    Provided that in case the disclosure is made after twenty-four hours of occurrence of the event or information, the listed entity shall, along with such disclosures provide explanation for delay".

    Hence investigation inferred that, TVVL intentionally withheld the information for the benefit of entities which were related to it. Therefore, UPSI period has been considered from September 01, 2017 to September 27, 2017.

19. *Investigation found that in terms of Regulation 2(1)(e) of SEBI (PIT) Regulations, 2015, the UPSI got published on September 27, 2017 at 16:09 hr on BSE and 16:15 hr on NSE, as TVVL intimated the stock exchanges about the rating of Long Term Bank Facilities-Term Loan for Rs. 24.39 cr revised from CARE BBB- (SO) to CARE D.*

20. *Investigation sought details from TVVL and CARE with respect to all persons including promoters/directors/key managerial person and/or any other persons (whether connected to TVVL or not) who were having access to and/or in possession of the information regarding revision of the credit rating from CARE BBB-(SO) to CARE D. As per the information submitted by TVVL vide letter dated June 14, 2019, email dated August 12, 2020 and CARE letter dated June 07, 2019, following persons were having access to and/or in possession of the UPSI:*

Table No-8

Sr. No.	Name	Designation	PAN
1	Late Mr. Gautam Adhikari	Chairman & Whole Time Director	AACPA0167G
2	Mr. Markand Adhikari	Managing Director	AACPA0168K
3	Mr. Anand Shroff	VP(Finance & Accounts) and Chief Financial Officer of TVVL	ACPPS9385M
4	Mr. Rakesh Gupta	AVP(Finance and Accounts) and Chief Financial Officer of Sri Adhikari Brothers Television Network Ltd.	AIJPG0734E
5	Ms. Nirali Shah	Company Secretary & Compliance Officer	DRZPS2597R
6	Mrs. Shilpa Jain	Company Secretary & Compliance Officer of Sri Adhikari Brothers Television Network Ltd. till November 28, 2018 and w.e.f. March 14, 2019 appointed as the Company Secretary of the Company	AHLPC3138K.
7	Mr. Manish Ghia	Director of M/s MG Consulting Pvt. Ltd.	AEYPG8055K
8	Mr. Harish Bora	General Manager of M/s MG Consulting Pvt. Ltd.	AJLPB9093J
9	Ms. Rasika Mendhekar	Assistant Manager – Regular Compliance of M/s MG Consulting Pvt. Ltd.	BDEPM2956F
10	Mr. Hariprasad	Analyst	AMCPJ6214H
11	Mrs. Ankita Sehgal	Group Head of CARE	AYIPS5837R
12	Mr. Milind Gadkari	Rating Head of CARE	AAKPG1921G
13	Mrs. Revati Kasture	Chairperson of internal rating committee of CARE	AJCPK1886H
14	Mr. Sudhir Kumar	Member of internal rating committee of CARE	AOMPK9556K
15	Mr. Yogesh Shah	Member of internal rating committee of CARE	APEPS9916C
16	Mr. Arindam Saha	Member of internal rating committee of CARE	AIOPS0668Q

21. List of the relatives of the aforementioned entities were obtained and their trading in the scrip of TVVL was examined during the UPSI period. It was observed that out of all these entities and their relatives, Noticee No. 6-Rupal, wife of Noticee No. 5-Anand traded in the scrip of TVVL during the UPSI period.

22. Investigation observed that, NSE in its examination report had found that Rashesh Purohit had traded in the scrip during the UPSI. Based on the trading activity, the Investigation observed that, 6 additional entities viz. Rakesh Gupta, Suresh Dattatrya Satpute, Inayata Constructions Private Limited, Assent Trading Private Limited, Keynote Enterprises Private Limited and Kalash Trading and Investments Private Limited had traded in the scrip during the UPSI. Investigation observed that, Noticee No. 6-Rupal, wife of Noticee No. 5, the CFO-Anand also traded during UPSI.

Entities traded during UPSI –Table No- 9

S. No.	Name	PAN
1	Rashesh Purohit	ADQPP1270Q
2	Rakesh Gupta	AIJPG0734E
3	Suresh Dattatrya Satpute	AOVPS9348L
4	Inayata Constructions Pvt. Ltd.	AACCI1353F
5	Assent Trading Private Limited	AAHCA9277F
6	Keynote Enterprises Private Limited	AADCK7471R
7	Kalash Trading and Investments Private Limited	AADCA9253D
8	Rupal Anand Shroff	BBAPS3816C

Connection of the entities with Insiders and Trading Pattern Analysis:

Role of Noticee No.1-Markand-

23. Investigation observed that Noticee No.1-Markand was holding position of Managing Director in TVVL during the Investigation period (annual report downloaded from BSE website for FY 17-18). TVVL had taken a long term bank facility-term loan, the same was rated by CARE as BBB-(SO). SEBI had come out with a circular SEBI/HO/MIRSD/MIRSD4/CIR/P/2017/71 dated June 30, 2017 inter-alia clarifying the monitoring mechanism, disclosure norms and timelines for compliance by CRAs. CARE vide email dated July 04, 2017 intimated the details of the circular

*to three persons, namely Noticee No.1-Markand (MD of TVVL), Noticee No. 5-Anand (CFO of TVVL) and Rakesh Gupta (CFO of SABTNL). Copy of the email dated July 04, 2017 is enclosed as **Annexure No. 9**. In line with the said circular, TVVL had submitted No Default Statement (NDS) to CARE for the month of July on August 04, 2017 signed by Noticee No.1-Markand. Copy of the NDS dated August 01, 2017 is enclosed as **Annexure No. 10.***

24. *Investigation, observed that, TVVL was required to submit the next NDS by September 01, 2017. Since the same was not submitted, CARE started following up with TVVL for submission of NDS. In this regard, CARE sent emails to Rakesh Gupta and Noticee No. 5-Anand for seeking NDS on September 01, September 04, September 06 and September 15, 2017**.** Copy of emails dated September 01, September 04, September 06 and September 15, 2017 are placed at **Annexure No. 11 'colly'.** As no response was forthcoming from TVVL, CARE on September 20, 2017 conducted independent verification with the banker i.e. Indian Overseas Bank with respect to the conduct of the account of TVVL. The banker inter-alia provided response over email to CARE mentioning that the company has delayed in servicing its debt commitments. Copy of the email dated 20.09.2017 is already enclosed in **Annexure No. 8.** CARE sought clarification from the Company with respect to the response received from the banker. The Company accepted that there were delays in debt servicing due to slowdown in the overall economy on account of GST introduction. The case was presented to the internal rating committee of CARE and rating was revised to CARE D". CARE intimated the revision in rating to TVVL vide email dated September 21, 2017.*

25. *In this connection, the investigating authority had summoned and recorded statement of Rakesh Gupta during the investigation on February 12, 2021 wherein it was inter-alia stated that –*

"I and Anand Shroff had discussed with Markand Adhikari and Gautam Adhikari, the new provisions of the circular where we had to give monthly NDS instead of quarterly and if it is not given on time, CARE can take appropriate rating action. The management was already in discussion regarding how to implement the circular after receipt of email from CARE. Since, there were delays in servicing debt obligation, after submission of July NDS, the company management was discussing internally when to give NDS".

*Copy of the statement of Rakesh Gupta is enclosed as **Annexure No. 12.***

26. *Noticee No. 5 - Anand Shroff in his statement before Investigating Authority on February 23, 2021 inter-alia stated-*

"Rakesh Gupta was my immediate sub-ordinate. I and Rakesh Gupta used to sit on same floor, any compliance/regulatory requirement we used to discuss and used to comply. All regulatory requirements are updated to both the directors Markand Adhikari and Gautam Adhikari. Both the directors were hands on in company's affairs. They were well aware of the company's situation. After receiving 2 communications from CARE, myself and Rakesh Gupta briefed the directors Gautam and Markand Adhikari about the regulatory requirement about submission of NDS for the month of August".

*Copy of statement of Noticee No. 5 is enclosed as **Annexure No. 13.***

27. *Noticee No.1-Markand in his statement held before IA on February 16, 2021, inter-alia stated that –*

"My role involves bringing revenues to company, speaking to advertisement firms. Financial functions were majorly overlooked by Gautam Adhikari. In his absence, I used to see along with employees of the company. During September 2017, my brother Gautam Adhikari was not keeping well, most of the time I was taking care of him and was not available".

*Copy of statement of Noticee No. 1 is enclosed as **Annexure No. 14.***

Further, with regard to above, Noticee No. 1 - Markand vide email dated October 25, 2021, has mentioned that-

Concurrently at that point in time Mr. Gautam Adhikari, my elder brother, my mentor and the person who was supervising all the legal issues & taking decisions was critically ill and was hospitalised. Mr. Gautam was main pillar of the company & I was supervising only one of the departments related to Business Development. Due to his illness the whole family and staff members of the company were mentally disturbed & depressed and majority of time was spent looking after his well-being. It is pertinent to note that subsequently, Mr. Gautam Adhikari passed away on October 27, 2017 after prolonged illness. I was not acquainted with & was not having any exposure to the legal / compliance matters.

Although Noticee No.1-Markand had stated that financial functions were majorly overlooked by Gautam Adhikari, since he was the MD of TVVL, he was well aware of the financial condition of the company and the inability of TVVL to submit the NDS to CARE, for the month of August 2017. Hence it is alleged that Noticee No. 1 - Markand was in possession of UPSI. Therefore, as per Regulation 2(1)(d)(i), Noticee No. 1 -Markand is a connected person and hence an "insider" in terms of Regulation 2(1)(g)(i) of SEBI (PIT) Regulations, 2015.

*28. The investigating Authority, vide summon dated May 21, 2019 had inter-alia asked TVVL whether TVVL or any of the promoters/directors or any other person in any capacity directly or indirectly is related to Rashesh Purohit. Copy of summon dated May 21, 2019 is enclosed as **Annexure No. 15.** TVVL in its reply dated June 14, 2019 TVVL had mentioned that- 'Rashesh Purohit is a distant relative of Markand Adhikari'. On being asked about the same from Rashesh Purohit, vide email dated March 09, 2020 had stated that he is 'son of mother's brother of late Gautam Adhikari'. Further, in his statement dated February 24, 2021 before IA**,** he inter-alia clarified his relation stating that - 'My father's sister is mother of Markand Adhikari and I have cordial relationship with Markand Adhikari and we are known to each other."*

*Copy of email dated March 09, 2020 is enclosed as **Annexure No. 16** and copy of statement dated February 24, 2021 is enclosed as **Annexure No. 17.***

*29. Thus, investigation inferred that Rashesh Purohit's father and Noticee No.1-Markand's mother were siblings. Further, from the bank account no. 910010001088673 of Rashesh Purohit maintained with Axis Bank, investigation observed that Kaanchan Adhikari, spouse of Noticee No.1-Markand had transferred an amount of Rs. 50,00,000/- to Rashesh Purohit on September 05, 2017. Copy of the bank statement of Rashesh Purohi is enclosed as **Annexure No. 18.** On being asked about the same, Rashesh Purohit vide letter dated September 30, 2019 stated that he had borrowed Rs 50 lakhs from Ms Kaanchan Adhikari. Copy of the letter dated September 30, 2019 along with the annexures is enclosed as **Annexure No. 19.** The details of said transaction were also asked from Rashesh Purohit and Noticee No.1-Markand during their statement recording held before IA on February 24 and February 16, 2021 respectively. In this regard, the replies given by both of them are provided as below:-*

Rashesh Purohit's reply-

Since Kaanchan Adhikari had trust in me and she knew I was doing well and I will repay the amount, hence she agreed to give me Rs 50 lakhs.

Noticee No.1-Markand's reply-

Yes, I was aware of the said transaction. Kaanchan had asked me before giving it to Rashesh. Since I knew that Rashesh will give the money back, I said ok and Rashesh Purohit returned the money to Kaanchan as promised.

30. Thus, Investigation inferred that, Kaanchan Adhikari, spouse of Noticee No. 1- Markand transfered Rs 50 lakhs to the account of Rashesh Purohit based on the trust both Noticee No. 1-Markand and Kanchan Adhikari had on Rashesh Purohit. This further strengthens the fact that Noticee No.1-Markand and his spouse shared very close and cordial relationship with Rashesh

Purohit. Further, investigation observed that the sale of TVVL shares by Rashesh Purohit happened around the time at which Kaanchan Adhikari in consultation with Noticee No. 1-Markand had transferred Rs 50 lakh to Rashesh Purohit. The bank transaction took place on September 05, 2017 and sell of TVVL shares by Rashesh Purohit was between September 05, 2017 to September 18, 2017. Also, except for 144 shares, Rashesh Purohit had not sold any shares of TVVL in pre-UPSI.

31. *In addition to the above, investigation observed from information available in public domain that Noticee No.1-Markand's name was mentioned as guarantor (personal) along with Rashesh Purohit (director/ guarantor), Sonal Purohit (director/guarantor) and Keynote Enterprises Private limited (corporate guarantor) in the sale notice issued by Indian Overseas Bank for recovery of dues as on August 31, 2019 of approx. Rs 30.40 cr of Density Global Trading Services Pvt Ltd and Vinil Trading Pvt Ltd, which are companies owned and controlled by Rashesh Purohit and his wife Sonal Purohit.*

32. *In this regard, investigation had sent an email to Indian Overseas Bank to confirm when was the loan agreement executed and guarantee documents provided by the said guarantors. Indian Overseas Bank vide its email dated October 04, 2021, provided the date of loan agreement and guarantee documents as December 30, 2014 and September 29, 2017 respectively in case of Vinil Trading Pvt Ltd and January 16, 2016 in case of Density Global Trading. From the aforesaid, investigation inferred that Noticee No. 1-Markand was closely associated with Rashesh Purohit since he had stood as a personal guarantor for the loans availed by Rashesh Purohit's companies. Copy of email dated October 04, 2021 of Indian Overseas Bank is enclosed as* ***Annexure No. 20.***

33. *Investigation found that, all the above facts reasonably and logically corroborates the fact that Noticee No.1-Markand communicated UPSI in his possession about TVVL to Rashesh Purohit and based on the same, he traded in the scrip of TVVL.*

34. *Hence it is alleged that Noticee No.1 - Markand is a 'connected person' and an 'insider' in terms of Regulation 2(1)(g) (i) of the SEBI (PIT) Regulations 2015. Since Rashesh Purohit was well known to Noticee No. 1-Markand, it is alleged that Noticee No.1-Markand communicated UPSI to Rashesh Purohit. Since, Rashesh Purohit had access to UPSI, Investigation inferred that he was an 'insider' in terms of Regulation 2(1)(g)(ii) of the SEBI (PIT) Regulations 2015.*

35. *Investigation observed that Rashesh Purohit had 100% trading concentration in the scrip of TVVL during UPSI period. He did not trade in any other scrip besides TVVL. Also during pre and post UPSI period, his trading in all scrips taken together including TVVL seem to be very less in comparison to UPSI period. The trading pattern and trading concentration of Rashesh Purohit too clearly indicate that he had access to UPSI, on the basis of which he sold the shares of TVVL on BSE and NSE in advance to the announcement made by TVVL at stock exchanges. His sell concentration in the scrip of TVVL declined to nil during post UPSI period. Further, vide email dated July 29, 2021**,** Edelweiss confirmed that in case of trading done by Rashesh Purohit, orders were placed by Rashesh Purohit himself. Thus, from the trading pattern, order placement and relationship with Noticee No.1- Markand, it is inferred that he had traded in the scrip of TVVL on the basis of while having access to UPSI. Copy of the email dated July 29, 2021 is enclosed as* ***Annexure No. 21.***

36. *Investigation observed from the details submitted by Noticee No. 2-ATPL vide email dated September 14, 202, Noticee No. 3- Ramchandra and Alpaben Purohit were directors and shareholders of ATPL during IP. Copy of the email dated September 14, 2021 is enclosed as* ***Annexure No. 22.*** *It is observed from the list of relatives submitted by ATPL vide letter dated September 17, 2019, Rashesh Purohit was observed to be Noticee No. 3- Ramchandra's brother. In the statement recorded before IA of Noticee No. 3-Ramchandra on February 15, 2021, it was observed that both Rashesh Purohit and Noticee No.3- Ramchandra are siblings. Hence, it is inferred that Noticee No. 3-Ramchandra is closely associated with Rashesh Purohit who had access to UPSI. Copy of letter dated September 17, 2019 is enclosed as* ***Annexure No. 23****.*

37. *Noticee No. 3-Ramchandra in his statement recorded before IA on February 15, 2021 was asked about who takes investment decisions on behalf of Assent Trading Private limited and who had*

placed orders for TVVL during period September 2017. Noticee No. 3-Ramchandra inter-alia mentioned that –

"I along with Kaustubh Purohit takes investment decisions on behalf of Assent Trading Private limited and myself and Kaustubh Purohit had discussed and then subsequently orders were placed by both of us."

Copy of the statement recorded of Noticee No. 3-Ramchandra before IA on February 15, 2021 is enclosed as ***Annexure No. 24.***

38. *Investigation observed that, Noticee No. 4-Kaustubh had held position of director and shareholder in Noticee No. 2-ATPL, though during the investigation period he was not holding the said position. Further, it may be noted that during investigation period Noticee No. 2-ATPL had executed trades through two brokers Edelweiss Broking Limited and ANS Pvt Ltd. Edelweiss Broking Limited, vide email dated October 10, 2020 confirmed that it had received orders from Noticee No. 3-Ramchandra to trade in the scrip of TVVL during the period September 01, 2017 to September 30, 2017. In this regard, Noticee No. 2-ATPL vide email dated September 14, 2021, provided certified true copy of the resolution, wherein both Noticee No-3 Ramchandra and Noticee No. 4-Kaustubh, singly or severally are authorized for the purpose of opening and operating the trading account with Edelweiss. Copy of the email dated October 10, 2020 is enclosed as* ***Annexure No. 25.*** *Copy of the email dated September 14, 2021, providing certified true copy of the resolution is enclosed as* ***Annexure No. 26.***

39. *Investigation observed from email dated October 08, 2020 provided by ANS Pvt Ltd that they had confirmed that it had received orders from Noticee No. 4-Kaustubh. On enquiring further, ANS Pvt Ltd submitted the specimen resolution dated November 15, 2012 w.r.t trading account opened with them, wherein Noticee No. 4- Kaustubh was authorized to place order on behalf of Noticee No. 2-ATPL. Further vide email dated September 15, 2021, ANS has also provided order placement proof from which it is evident that ANS has received orders from Noticee No. 4-Kaustubh only. Copy of the email dated October 08, 2020 provided by ANS Pvt Ltd is enclosed in* ***Annexure No. 26.*** *Copy of the email dated September 15, 2021 is enclosed in* ***Annexure No. 26****.*

40. *From the aforesaid facts, it is alleged that both Noticee No. 3-Ramchandra and Noticee No. 4-Kaustubh had placed orders in the scrip of TVVL on NSE and BSE respectively during investigation period. Noticee No.3-Ramchandra is sibling of Rashesh Purohit and communication between siblings can seldom be in written form, it is alleged that, Rashesh Purohit had communicated UPSI to Noticee No. 3-Ramchandra, hence Noticee No. 3-Ramchandra had access to UPSI through Rashesh Purohit and was an insider in terms of Regulation 2(1)(g)(ii) of SEBI (PIT) Regulations, 2015. Hence it is alleged that Noticee No. 2-ATPL, being owned and controlled by Noticee No. 3-Ramchandra and his wife Alpaben Purohit had access to UPSI and hence Noticee No. 2-ATPL is an "insider" in terms of Regulation 2(1)(g)(ii) of SEBI (PIT) Regulations, 2015.*

41. *Further, as per statement given by Noticee No.3- Ramchandra, he along with Noticee No.4-Kaustubh had discussed before placing orders in the scrip of TVVL. From the trading pattern of Noticee No. 2-ATPL extracted herein below, it is alleged that Noticee No. 4-Kaustubh is an "insider" in terms of Regulation 2(1)(g)(ii) of SEBI (PIT) Regulations, 2015, since Noticee No. 3-Ramchandra had the UPSI with him, obtained through his brother (Rashesh).*

Table No-16

Date	*Scrip*	*Exchange*	*Buy Qty*	*Buy Value (Rs)*	*Sell Qty*	*Sell Value(Rs)*
	Pre-UPSI (June 01, 2017 – August 31, 2017)					
28/07/2017	*TVVISION*	*BSE*	*23,075*	*52,46,091*	*0*	*0*
28/07/2017	*TVVISION*	*NSE*	*21,275*	*48,18,065*	*0*	*0*
	UPSI (September 01, 2017 – September 27, 2017)					
25/09/2017	*TVVISION*	*BSE*	*0*	*0.00*	***7,000***	***9,87,700***
26/09/2017	*TVVISION*	*NSE*	*0*	*0.00*	***20,000***	***28,40,000***

	Post UPSI (September 28, 2017 – December 28, 2017)					
24/11/2017	TVVISION	NSE	0	0.00	2,99,450	51,59,282
24/11/2017	TVVISION	BSE	0	0	50,000	9,65,000
27/11/2017	TVVISION	BSE	0	0.00	1,00,000	20,09,023
07/12/2017	TVVISION	NSE	0	0.00	1,52,746	27,36,219
07/12/2017	TVVISION	BSE	0	0.00	31,156	5,70,636
08/12/2017	TVVISION	BSE	0	0.00	16,098	2,81,737

42. Investigation observed from the trading details that during pre-UPSI period, Noticee No. 2-ATPL had only bought shares, while during UPSI period, it had sold shares valuing Rs 38.27 lakhs. Further, Noticee No. 2-ATPL was asked vide letter dated September 06, 2019, to provide its relationship/ financial transaction with TVVL, its promoters/ directors or any other official or any other relatives of promoters / directors of TVVL and reasons for trading in the scrip of TVVL. Noticee No. 2-ATPL vide letter dated September 17, 2019 stated that it had no business and financial transactions with TVVL, its promoters / directors or any other official. Further, Noticee No. 2-ATPL stated that it was holding shares of TVVL and based on funds requirement and opportunity, it had purchased and sold shares of TVVL.

43. As stated above, it is seen that Rashesh Purohit is related and connected to Noticee No. 1-Markand and had access to UPSI. Hence Noticee No. 3-Ramchandra being the sibling of Rashesh Purohit is also related to Noticee No. 1-Markand. Further, trading of Noticee No. 2-ATPL in the scrip of TVVL versus trading across the market was analyzed which is as below:

Table No-10

	Trading details of ATPL based on value terms							
Period	**Other Scrips (Sell)**						**TVVL (Sell)**	
	BSE		**NSE**			**% activity to gross value across mkt**	**Total Value (Rs.)**	**% activity to gross value across mkt**
	No. of Scrips	**Value (Rs)**	**No. of Scrips**	**Value (Rs)**	**Total Value (Rs)**			
Pre UPSI	0	0	0	0	0	0	0	0
UPSI	1	1,750	0	0	1,750	0.05	38,27,700	99.95%
Post UPSI	1	51,44,223	2	1,77,69,528	2,29,13,751	66%	1,17,21,899	34%

Table No-11

	Trading details based on quantity							
Period	**Other Scrips**				**TVVL**			
	Gross Buy Qty.	**% to total gross buy Qty. of all scrips**	**Gross Sell Qty.**	**% to total gross sell Qty. of all scrips**	**Gross Buy Qty.**	**% to total gross buy qty. of all scrips**	**Gross Sell Qty.**	**% to total gross sell qty. of all scrips**
Pre UPSI	0	0	0	0	44,350	100%	0	0
UPSI	80	100%	40	0.14	0	0	27,000	99.86%
Post UPSI	0	0	7,93,470	55%	0	0	6,49,450	45%

44. Investigation observed from the above that, sell concentration of Noticee No. 2-ATPL in the scrip of TVVL during pre-UPSI period was nil and it was 99.86% during the UPSI period which reduced *to 45% post UPSI period. It is alleged that Noticee No. 3-Ramchandra communicated UPSI to Noticee No. 4-Kaustubh and thereby violated Regulation 3(1) of SEBI (PIT) Regulations, 2015 and Section 12A (e) of SEBI Act, 1992.*

45. *As a result of the same, it is alleged that Noticee No.3- Ramchandra had access to UPSI through Rashesh and Noticee No. 4- Kaustubh Purohit had access to UPSI through Noticee No. 3-Ramchandra. Therefore Noticee No.3- Ramchandra and Noticee No. 4- Kaustubh were 'insiders' who traded on behalf of Noticee No. 2-ATPL in the scrip of TVVL during UPSI period and thus, violated the provisions of Regulation 4(1) of SEBI (PIT) Regulations, 2015 and Section 12A (d) and 12A (e) of SEBI Act. Further Noticee No. 2-ATPL was allegedly involved in insider trading in scrip of TVVL during UPSI period and is alleged to have violated provisions of Regulations 4(1) of SEBI (PIT) Regulations, 2015 and Section 12A (d) and 12A (e) of SEBI Act.*

46. *Investigation observed that Noticee No. 5-Anand Shroff was VP – Finance and Accounts and Chief Financial Officer of TVVL. As per letter dated June 14, 2019 and email dated August 12, 2020, TVVL has submitted that Noticee No.5- Anand was one of the persons who was having possession of the unpublished price sensitive information relating to credit rating and delay in servicing of debt by TVVL. The same is also evident by the email sent by CARE on February 04, 2021 wherein inter-alia it has mentioned that Noticee No. 5-Anand was one of the officials in TVVL with whom CARE used to correspond/communicate for credit rating and NDS submission. Copy of the email sent by CARE on February 04, 2021 is* ***Annexure No. 27.***

47. *Investigation, observed with respect to NDS submission for the month of August, 2017, that CARE had sent emails to Noticee No. 5-Anand for seeking NDS on September 01, September 04, September 06 and September 15, 2017. Hence, it is alleged that Noticee No. 5-Anand was aware about the delays in debt servicing and non-submission of NDS to CARE and was a 'connected person' in terms of Regulation 2(1)(d)(i) and was an insider in terms of Regulation 2(1)(g)(i) of SEBI (PIT) Regulations, 2015.*

48. *Investigation observed that, Noticee No. 6-Rupal Anand Shroff is spouse of Noticee No. 5-Anand. Vide email dated October 07 and December 16, 2020, Noticee No. 6-Rupal Shroff was asked whether she is financially independent, what is her source of income, whether any consultation or advice was taken from Noticee No.5-Anand or any other person for the trades executed in the scrip of TVVL during the period September 01, 2017 to September 30, 2017. In this regard, Noticee No. 6-Rupal vide email dated October 12, 2020 and September 15, 2021 inter-alia replied that-*

She is financially independent, she is a Ph.D. Holder in Management, a MBA in Marketing and working with Thakur College of Science & Commerce since June 2010 in the BMS Dept as the Co-ordinator. Her profile includes Lectures in Commerce & Management and Administrative duties. She is a professional individual with a Doctorate Degree and has been working with an educational institute for more than a decade and take individual personal decisions.

Copies of email dated October 12, 2020 and September 15, 2021 are enclosed as ***Annexure No. 28 'colly'.***

49. *Since Noticee No. 6-Rupal is spouse of Noticee No. 5-Anand, the investigation inferred that Noticee No.5- Anand had communicated the UPSI in his possession to his spouse Noticee No. 6- Rupal. Hence she is an 'insider' in terms of Regulation 2(1)(g)(ii) of SEBI (PIT) Regulations, 2015. Investigation observed from the trading details of Noticee No. 6-Rupal and the trading pattern of Noticee No. 6-Rupal that she had traded in the scrip of TVVL and had sold 8000 shares during UPSI period at both the exchanges viz. NSE and BSE.*

Trading details of Noticee No.6 Rupal Table No-12

Date	***Exchange***	***Scrip***	***Buy Qty***	***Buy traded Value (Rs)***	***Sell Qty***	***Sell traded value (Rs)***
Pre-UPSI (June 01, 2017 – August 31, 2017)						
Nil						
UPSI (September 01, 2017 – September 27, 2017)						
19/09/2017	*NSE*	*TVVISION*	*0*	*0*	*1,500*	*2,56,546*

19/09/2017	BSE	TVVISION	0	0	1,770	3,03,530
22/09/2017	NSE	TVVISION	0	0	1,199	1,70,557
22/09/2017	BSE	TVVISION	0	0	705	1,00,433
25/09/2017	NSE	TVVISION	0	0	1,250	1,75,000
25/09/2017	BSE	TVVISION	0	0	576	80,640
27/09/2017	BSE	TVVISION	0	0	100	12,674
27/09/2017	NSE	TVVISION	0	0	900	1,15,498
Post UPSI (September 28, 2017 – December 28, 2017)						
Nil						

In light of the above reply, trading concentration of Noticee No. 6-Rupal in TVVL versus other scrips was analyzed and is provided as below:

Table No-13

	Trading details of Noticee No. 6-Rupal based on value terms							
Period	***Other Scrips (Sell)***						***TVVL (Sell)***	
	BSE		***NSE***			***% activity to gross value across mkt***	***Total Value (Rs.)***	***% activity to gross value across mkt***
	No. of Scrips	***Value (Rs)***	***No. of Scrips***	***Value (Rs)***	***Total Value (Rs)***			
Pre UPSI	*0*	*0*	*6*	*29,97,674*	*29,97,674*	*100%*	*0*	*0*
UPSI	*2*	*1,11,097*	*2*	*10,53,372*	*11,64,469*	*49%*	*12,14,878*	*51%*
Post UPSI	*1*	*3,67,665*	*6*	*29,92,355*	*33,60,020*	*100%*	*0*	*0*

Table-14

	Trading details Noticee No. 6-Rupal based on quantity(Noticee No. 6-Rupal)							
Period	***Other Scrips***				***TVVL***			
	Gross Buy Qty.	***% to total gross buy Qty. of all scrips***	***Gross Sell Qty.***	***% to total gross sell Qty. of all scrips***	***Gross Buy Qty.***	***% to total gross buy qty. of all scrips***	***Gross Sell Qty.***	***% to total gross sell qty. of all scrips***
Pre UPSI	*7,500*	*100%*	*6,000*	*100%*	*0*	*0*	*0*	*0*
UPSI	*5,000*	*100%*	*11,874*	*60%*	*0*	*0*	*8,000*	*40%*
Post UPSI	*16,100*	*100%*	*15,033*	*100%*	*0*	*0*	*0*	*0*

50. Investigation observed from the above details that Noticee No. 6- Rupal did not trade in the scrip of TVVL during pre-UPSI and post UPSI period. However, it was observed that Noticee No. 6 sold 8000 shares during the UPSI period. Therefore, the investigation inferred that Noticee No.5- Anand had communicated the UPSI in his possession to his spouse Noticee No. 6- Rupal, and hence she is an 'insider' in terms of Regulation 2(1)(g)(ii) of SEBI (PIT) Regulations, 2015. It is alleged that her husband Noticee No. 5-Anand Shroff, being an insider, had communicated UPSI to his wife- Noticee No.6 - Rupal, and thereby violated Regulation 3(1) of SEBI (PIT) Regulations, 2015 and Section 12A (e) of SEBI Act, 1992. Noticee No. 6- Rupal having traded in the scrip of TVVL, on the basis of access to UPSI received from her husband, it is alleged that she has *violated Regulation 4 (1) of SEBI (PIT) Regulations, 2015 and Section 12 A(d) and (e) of SEBI Act, 1992.*

Unlawful loss avoided by entities while trading in the scrip of TVVL during UPSI period

51. *Investigation observed from the corporate announcements made by TVVL on September 27, 2017 that TVVL received a letter issued by Care Ratings Limited informing about the decision of its Rating Committee to revise the rating of TVVL's Long-Term Bank facilities - Term Loan for Rs. 24.39 Crore from CARE BBB-(SO) to CARE D. On BSE and NSE website, in corporate announcement section, exchange disseminated time is mentioned as 16:09 and 16:15 i.e. post market hours respectively. As the news relating to revision of rating of Long-Term Bank facilities - Term Loan of the Company is considered to be a negative news, the unlawful loss avoided by the entities have been calculated accordingly as detailed hereunder:*

***Methodology used**: Unlawful loss avoided (in case of negative news) = No. of shares sold while in possession of UPSI X weighted average sale price – No. of shares sold while in possession of UPSI X Closing price on the day of UPSI becoming public or the closing price on the following day, depending upon the timing of notification of UPSI to Stock Exchange. Since, the announcement was made by the company after trading hours, the closing price of the next trading day has been considered for computation of notional loss. The higher of closing prices on BSE and NSE have been considered as closing price for computation of unlawful loss.*

52. *As can be seen from the above, the following entities have avoided unlawful loss.*

Table No-15

S. No.	***Name***	***PAN***	***No. of shares sold while in possession of UPSI***	***Actual Sale Value (Rs)***	***Weighted Avg. Sale Price (Rs)***	***Avg of closing Price on the following day of UPSI becoming public on BSE & NSE)***	***Expected Sale Value (Rs)***	***Unlawful loss avoided (Rs)***
1	*Keynote Enterprises Private Limited*	*AADCK7471R*	*70,000*	*1,22,99,046*	*175.70*	*119.88*	*83,91,250*	*39,07,796*
2	*Rashesh Purohit*	*ADQPP1270Q*	*89,454*	*1,45,43,100*	*162.58*	*119.88*	*1,07,23,298*	*38,19,801*
3	*Inayata constructions Private Limited*	*AACCI1353F*	*92,000*	*1,33,64,326*	*145.26*	*119.88*	*1,10,28,500*	*23,35,826*
4	*Noticee No.3- Assent Trading Private Limited*	*AAHCA9277F*	*27,000*	*38,27,700*	*141.77*	*119.88*	*32,36,625*	*5,91,075*
5	*Noticee No.6- Rupal Anand Shroff*	*BBAPS3816C*	*8,000*	*12,14,880*	*151.86*	*119.88*	*9,59,000*	*2,55,880*
6	*Gupta Rakesh K*	*AIJPG0734E*	*1,600*	*2,24,152*	*140.09*	*119.88*	*1,91,800*	*32,352*
	Total							***1,09,42,730***

PART-II-Compliances with LODR Regulations, 2015

***Delay by TVVL while intimating stock exchanges**:*

53. As per chronology provided by CARE vide letter dated June 07, 2019 and emails dated August 22, 2019 and September 13, 2021 of CARE- On September 21, 2017, CARE sent an email to TVVL addressed to Rakesh Gupta and Noticee No. 5-Anand containing the rating letter of the company. The rating letter was titled as C redit rating for bank facilities and was addressed to Noticee No. 1-Markand. It stated that on the basis of recent developments, our Rating Committee has reviewed the rating of long term bank facilities- term loan of the company and the rating of the aforesaid facilities were revised to CARE D from CARE BBB-(SO). TVVL was requested vide the said letter to offer comments, if any, to ensure that no factual inaccuracies were present therein and further stated that in case no comments were offered thereon by September 21, 2017, CARE would process on the assumption that the Company had no comments to offer.

54. Subsequently, on the same day i.e. September 21, 2017, CARE revised the rating to CARE D and placed the said information on its website under the Section "Press Release". TVVL intimated stock exchange on September 27, 2017 at 16:09 hours on BSE and 16:15 on NSE i.e. after considerable delay of 5 days without giving any reason along with said disclosure. In this regard, TVVL vide summon dated May 21, 2019 inter-alia was asked to provide detailed chronology of events in relation to corporate announcement on September 27, 2017 pertaining to revision by CARE ratings Ltd TVVL and details of all persons including promoters/directors/key managerial persons and /or any other persons who were having access to and/or in possession of UPSI relating to aforesaid credit rating. TV Vision vide letter dated June 14, 2019, had inter-alia mentioned the following chronology of events –

a. The rating letter upon receipt thereof, was sought to be informed to the management of the Company. However, in light of the fact that Mr. Gautam Adhikari was critically ill on the said date, he and Mr. Markand Adhikari, who is the brother of Mr. Gautam Adhikari were not available for the purposes of being appraised of the same.

b. September 23 & 24, 2017 were holidays

c. As September 23, 2017 and September 24, 2017 were holiday, coupled with the factum of illness of Gautam Adhikari, the matter was kept pending for discussion until the next upcoming working day i.e. Monday. On September 25 & 26, 2017, the rating letter was discussed internally by the company. The management of the company was also appraised of the same. In light of the fact that the revision in rating was unexpected and sudden, the management of the company during such period reviewed and evaluated various option to upgrade the revised rating provided for by the rating letter.

d. The management of the company took the decision on September 27, 2017 to inform the stock exchange about the revised rating received by CARE Ratings Limited.

55. Further in the aforesaid letter, TVVL had also provided list of entities who were having access to/or in possession of UPSI relating to aforesaid credit rating. It may be noted that in the list provided by TVVL, it is inter-alia mentioned that the Company Secretary and Compliance officer of TVVL - Nirali Shah was approached only at the time of preparing the announcement pertaining to credit rating and was not aware of the discussions done before for the same.

It may be noted that in terms of Regulation 30(6) of SEBI [Listing Obligations and Disclosure Requirements (LODR)] Regulations, 2015 -

"The listed entity shall first disclose to stock exchange(s) of all events, as specified in Part A of Schedule III, or information as soon as reasonably possible and not later than twenty four hours from the occurrence of event or information:

Provided that in case the disclosure is made after twenty-four hours of occurrence of the event or information, the listed entity shall, along with such disclosures provide explanation for delay".

56. *Further under Schedule A for - Principles of Fair Disclosure for purposes of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, in terms of Clause 1 and Clause 4 of Schedule A [Principles of Fair Disclosure for purposes of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information] read with Regulation 8(1) of SEBI (PIT) Regulations, 2015,*

Clause 1 - Prompt public disclosure of unpublished price sensitive information that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.

Clause 4 - Prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.

Copy of the summon dated May 21, 2019 sent to TVVL is enclosed at ***Annexure No. 15.***

57. *Investigation observed that, CARE downgraded the rating of long term bank facilities- term loan of the company from CARE BBB-(SO) to CARE D on September 21, 2017 and the said information was selectively available on CARE's website on the same day. As per reply provided by TVVL vide letter dated June 14, 2019, it is inferred that that TVVL received the information from CARE on September 21, 2017 regarding the revision in credit rating, however, TVVL intimated the stock exchange on September 27, 2017 at 16:09 hours on BSE and 16:15 on NSE i.e. after considerable delay of 5 days without giving any reason along with said disclosure. It is further inferred that, mentioned that credit rating downgrade affects the price of a security and has an impact on a larger market/ shareholders. Hence it is alleged that, TVVL has violated Regulation 30(6) of SEBI (LODR) Regulations, 2015 and Clause 1 and 4 of Schedule A r/w Regulation 8(1) of SEBI (PIT) Regulations, 2015.*

58. *In terms of SEBI (LODR) Regulations, 2015 and SEBI (PIT) Regulations, 2015, Compliance officer is responsible for making disclosures, however as per reply received from TVVL, Compliance Officer Nirali Shah was not aware of the credit rating downgrade by CARE. She was made aware of credit rating downgrade only on September 27, 2017. Further, in this regard, vide email dated October 21, 2021 comments were sought from Compliance Officer-Nirali Shah. However, no reply was received from her. Since Compliance Officer was not aware and as per the TVVL's reply, management of the company took decision to inform the stock exchange about downgrade in credit rating, responsibilities of board of directors of TVVL was examined. In terms of Regulation 4(2)(f) under Chapter II [Principles Governing Disclosures and Obligations of Listed Entity] of SEBI [Listing Obligations and Disclosure Requirements (LODR)] Regulations, 2015-*

CHAPTER II - Principles Governing Disclosures and Obligations of Listed Entity

Principles governing disclosures and obligations.

4(f) Responsibilities of the board of directors: The board of directors of the listed entity shall have the following responsibilities:

(8) Overseeing the process of disclosure and communications

59. *Investigation inferred that, in terms of aforesaid Regulation, Board of Directors of TVVL were responsible for overseeing the process of disclosure and communications by TVVL to exchange in a timely manner. In this regard, as per the annual report downloaded from BSE website, during IP, Noticee No. 1-Markand (MD) and Gautam Adhikari were two non- independent directors. Since Gautam Adhikari passed away on October 27, 2017, Noticee No.1-Markand was asked to provide its comments on the delay in filing disclosure with the exchange. Vide email dated October 25, 2017, Noticee No.1 Markand has inter-alia stated that-*

"In light of the fact that the revision in rating was unexpected and sudden, we reviewed and evaluated various options to upgrade the revised rating provided for by the Rating Letter. Accordingly, the management of the Company took the decision of intimating the Stock Exchange about the aforesaid revised rating received from CARE & disclosed to stock exchanges on September 27, 2017. The aforesaid was without any malafide or ill-intention."

60. In view of the above facts, it is alleged that:

a. The Noticee No. 1-Markand, by communicating UPSI to Rashesh Purohit and Chitra Deshmukh, has violated Regulation 3(1) of SEBI (PIT) Regulations, 2015 and Section 12A(e) of SEBI Act, 1992 and is therefore liable to be proceeded u/s 15G of SEBI Act. In addition to the above, Noticee No. 1-Markand being MD and Board of Director of TVVL has failed to ensure compliance with Regulation 4(2)(f)(8) of SEBI (LODR) Regulations, 2015 as he was responsible for overseeing the process of disclosure and communications of TVVL and therefore liable to be proceeded u/s 23H of SCRA 1956.

b. Noticee No. 2- ATPL was an insider and by trading on the basis of UPSI in the scrip of TVVL and by avoiding unlawful loss approx. Rs 5.91 lakhs has violated Regulation 4(1) of SEBI (PIT) Regulations, 2015 and Section 12A (d) and 12A (e) of SEBI Act and therefore liable to be proceeded u/s 15G of SEBI Act.

c. Noticee No. 3-Ramchandra was having access to UPSI through Rashesh Purohit and hence he was an 'insider'. Noticee No.3-Ramchandra by communicating UPSI to Noticee No. 4-Kaustubh who traded on behalf of Noticee No. 2-ATPL has violated Regulation 3(1) of SEBI (PIT) Regulations, 2015 and Section 12A(e) of SEBI Act, 1992 for communicating UPSI to Kaustubh Purohit and therefore liable to be proceeded u/s 15G of SEBI Act.

d. Noticee No.3-Ramchandra and Noticee No. 4- Kaustubh were 'insiders' and by trading on behalf of Noticee No. 2-ATPL in the scrip of TVVL during UPSI period has violated the provisions of Regulation 4(1) of SEBI(PIT) Regulations, 2015 and Section 12A(d) and 12A(e) of SEBI Act and therefore liable to be proceeded u/s 15G of SEBI Act.

e. No. 5-Anand Shroff was an 'insider' and by communicating UPSI to his wife Noticee No.6-Rupal has violated Regulation 3(1) of SEBI (PIT) Regulations, 2015 and Section 12A (e) of SEBI Act, 1992 and liable to be proceeded u/s 15G of SEBI Act.

f. Noticee No. 6-Rupal was an insider and by trading on the basis of UPSI received from her husband Noticee No. 5-Anand in the scrip of TVVL and by avoiding unlawful loss approx. Rs 2.55 lakhs has violated Regulation 4(1) of SEBI (PIT) Regulations, 2015 and Section 12 A(d) and (e) of SEBI Act, 1992 and therefore liable to be proceeded u/s 15G of SEBI Act.

g. Noticee No. 7-TVVL has violated Regulation 30(6) of SEBI (LODR) Regulations, 2015 and therefore liable to be proceeded u/s 23E of SCRA Act. In addition to the above, Noticee No. 7-TVVL has violated for Clause 1 and 4 of Schedule A r/w Regulation 8(1) of SEBI (PIT) Regulations, 2015 and therefore liable to be proceeded u/s 15HB of SEBI Act for delay of 5 days in disclosing the information to the exchange which was received by Noticee No. 7-TVVL from CARE on September 21, 2017 regarding the downgrade revision of rating of long term bank facilities-term loan of Noticee No. 7-TVVL.

5. I note, from available records, that the SCN was duly delivered to all the Noticees. Inspection of documents was conducted on behalf of Noticee no. 5 and 6 on July 18, 2022. Inspection of documents was conducted on behalf of Noticee no.1, 2, 3, 4 and 7 on July 22, 2022. Noticee no. 1 and 7 have filed separate replies dated September 22, 2022. Opportunity of hearing was availed by Noticee no.1 and 7 on September 20, 2022 wherein authorized representative appeared on behalf of the said two Noticees. Noticee no.2, 3 and 4 have filed common reply dated September 28, 2022. Opportunity of hearing was availed by Noticee no. 5 and 6 on September 19, 2022 wherein authorized representative appeared on behalf of the said Noticees. Considering that the aforesaid hearings were conducted before the erstwhile Adjudicating Officer,

another opportunity of hearing was provided to all the Noticees on January 30, 2023. The said opportunity of hearing was availed by all the Noticees and authorized representatives appeared for the Noticees on the said date of hearing i.e., January 30, 2023. Pursuant to second hearing, Noticee no. 1 and 6 have filed separate additional written submissions dated February 6, 2023. Other Noticees reiterated their previous written submissions. Thus, I note that principles of natural justice have been fully complied with in this matter.

6. The key submissions made by the Noticees in their respective written replies are summarised as follows:

<u>Noticee no. 1 (reply dated September 22, 2022 and February 06, 2023)</u>

a) *The UPSI period at best could begin on the day when the UPSI comes into existence, and should end when UPSI becomes published or is known to Public at large. The IR has found that preparation of credit report which involved downgrading of credit rating began on only on September 20, 207 after the CARE Officials got into contact with bakers of TVVL. Thereafter the report was published on CARE website on September 21, 2017. Therefore, the UPSI period at best could start on September 20, 2017 and end on September 21, 2017 when the report got published on CARE website. There was no UPSI post September 21, 2017 as the revision of rating was issued in press release dated September 21, 2017 and such information was available in public domain free of charge on non-discriminatory basis at the website of CARE. Therefore, the trades undertaken as response to such disseminated information on website of CARE cannot be taken as traded based on UPSI.*

b) *There exists a fundamental error in SCN pertaining to what the UPSI is as it could either be a) the default; b) deteriorating financial condition; or c) assigning of the CARE rating and in no situation can all of this together be clubbed as UPSI. It is wrong to aver that the said information came into existence or knowledge of the Noticee on September 1, 2017 i.e. the time when CARE started following it up with TVVL to seek requisite NDS. Alternatively, the Noticee was unable to attend office and has been unavailable until September 25, 2017.*

c) *Even if far-fetched assumption of IR is considered that default by the Company or non-submission of NDS was a UPSI along with downgrading of credit rating, then attention may be drawn to a letter from CARE Rating dated August 22, 2019 to SEBI wherein CARE has submitted that the non-receipt of NDS was disclosed on CARE website on September 7, 2017. Thus, the said information was public even as on September 7, 2017. IR has failed to take cognizance of it.*

d) *The Noticee was though aware of deteriorating financial condition, it is but obvious that such a person who is monitoring or tracking the company would sell the shares as he is in possession of negative information pertaining to poor performance of the Company. Existence of professional or cordial family relations in no manner signify circulation or disclosure of UPSI. Noticee and his family has extended loans and* *advances to several persons including employees of SAB group. This in no manner demonstrates or even circumstantially proves that UPSI has been shared. Therefore, financial transaction and particularly loans cannot be a basis or even circumstantial evidence of regular communications.*

e) *No document has been adduced in the SCN to establish that the Noticee communicated to Mr. Rashesh Purohit or Ms. Chitra Deshmukh about the delay in servicing of loan by TVVL. Hence, the charge of disclosing UPSI against the undersigned is baseless, legally untenable and unsustainable. In this regard, the Noticee places reliance on order passed by Hon'ble Supreme Court ("**SC**") in **Balram Garg vs SEBI** where it has been held that there should be material on record to show frequent communication between the parties and trading pattern cannot be circumstantial evidence to prove communication of evidence. In the instant case, no material has been adduced in the SCN to establish that there was frequent communication from the Noticee to Chitra Deshmukh or Rashesh Purohit.*

f) *Assuming and without admitting, in case the Noticee undersigned wanted to share information, the said information could have been shared in July 2017 itself and such persons would have started selling the shares in July 2017 i.e. prior to the alleged UPSI period when the share price went as high as Rs.315.84. Hence, to allege any kind of sharing of UPSI in September 2017 would be absurd.*

g) *With respect to the charge of delayed disclosure, Noticee has submitted that PSI was already in the public domain since September 21, 2017 vide the press release on website of CARE. The inadvertent delay of 5 days in publishing the information was only because the undersigned was occupied in looking after the terminally ill Late Gautam Adhikari. The LODR Regulations make the Company liable for disclosure under Regulation 30 and not its directors. If the charge against Company is not made out, then the Noticee cannot be made vicariously liable for such contravention that has not occurred in the first plce. Noticee has also relied on judgment of SAT in case of **Suzlon Energy Limited & Anr. Vs SEBI**.*

<u>Notice no. 2, 3 and 4 (reply dated September 28, 2022)</u>

a) *SCN ignores the factum that PSI was published on September 21, 2017 on website of Care Ratings Limited. As per the trading patter, it can be seen that Noticee no.2 has bought the shares on July 28, 2017. It is only on 25th and 26th September 2017 when Noticee no.2 has sold the shares of TVVL.*

b) *The SCN states that trades made on 25th and 26th September 2017 are based on UPSI , which inference is clearly illogical and absurd. It is submitted that PSI came into existence only on 21st September and the same was released on the website on the same day. The Inference is also illogical in as much as the allegation of possession of UPSI is stated to have been made on Noticee no.3's relationship with Rashesh Purohit (who is alleged to have traded on September 5 and 18, 2017 while in possession of UPSI). It is wholly illogical and absurd that if such person is to communicate UPSI, would communicate the same on September 25, 2017 when Noticee no.2 made the trade.*

c) *A bare perusal of the IR reveals that the IR proceeds only on the basis of presumption that PSI has been communicated between Rashesh Purohit and Ram Chandra Purohit, which is clearly absurd in absence of any supporting documents. No document has been adduced in the SCN to establish that Rashesh Purohit received information from Markand Adhikari and communicated the same to Ramchandra Purohit about the delay in servicing loan of TVVL. In this regard, Noticees have relied on the order passed by the Hon'ble Supreme Court in* ***Balram Garg vs SEBI****. The Hon'ble SC has held that there should be material available on record to show frequent communication between the parties and trading pattern cannot be circumstantial evidence to prove communication of evidence. Further, the SCN also computes the alleged UPSI period incorrectly and the alleged UPSI period, if any, can only exist from September 20, 2017 to September 21, 2017 and not from September 1, 2018 to September 27, 2017.*

d) *SCN being based on preponderance of probability and circumstantial evidence or presumption of transfer of UPSI from Markand Adhikari to Rashesh Purohit and then from Rashesh Purohit to Ram Chandra Purohit is not maintainable, as SCN fails to discharge the burden of proof to prove the communication of UPSI.*

e) With regard to UPSI, Noticee no.2, 3 and 4 have made similar submissions as made by Noticee no.1 and the same are not being reiterated for the purpose of brevity.

f) *Noticee has placed reliance on orders/judgments namely, (1) Karvy Stock Broking Ltd (SAT order dated 02-05-2008) and (2) National Securities Depository Limited (SAT order dated 22-11-2007).*

Noticee no. 5 (reply dated September 22, 2022)

With regard to UPSI, Noticee no.5 has made similar submissions as made by Noticee no.1 and the same are not being reiterated for the purpose of brevity.

a) *Noticee no.5 further submits that Rupal Shroff is financially independent professional individual with a doctorate degree and has been working with an educational institute for more than a decade and she takes individual personal decision and hence, her intelligence in execution of trades cannot be discounted merely because she is the wife of the Noticee no.5.*

b) *SCN alleged that there was relationship between the Noticee no.5 and Rupal Shroff (Noticee no.6) however no findings of communicating or counselling of alleged UPSI to Rupal Shroff has been levelled to warrant any kind of action against Noticee no.5. SCN places no material on record to demonstrate or even circumstantially prove that alleged UPSI has been shared with Rupal Shroff, Hence, the charge of disclosing insider information against the Noticee no.5 is baseless and legally untenable. In this regard, Noticee no.5 has placed reliance on SC judgment namely* ***Balram Garg vs SEBI*** *to hold that there should be material available on record to show frequent communication between the parties and trading pattern cannot be circumstantial evidence.*

c) *CARE's rating was published on September 21, 2017. It is also obvious that the Noticee no.5 could not have predicted the revision in CARE rating that would have* *been given to TVVL. In arguendo, there existed possibilities of maintaining the same rating or according any other rating hierarchically higher that CARE-D.*

<u>Noticee no. 6 (reply dated September 22, 2022 and February 06, 2023)</u>

a) With regard to UPSI, Noticee no.6 has made similar submissions as made by Noticee no.1 and the same are not being reiterated for the purpose of brevity.

b) Noticee no.6 has further submitted that she is a financially independent woman and hold a Ph.D. in Management. She had a degree of MBA in marketing. She has been working with an Educational Institute since June 2010. Her profile includes lectures in Commerce and Management and Administrative duties.

c) Noticee no.6 has placed reliance on SC judgment namely ***Balram Garg vs SEBI*** *to hold that there should be material available on record to show frequent communication between the parties and trading pattern cannot be circumstantial evidence. No document has been adduced to established that I had traded based on UPSI.*

d) On September 15, 2017 Noticee no.6 came across the financial results declared by TVVL for the quarter ending June 2017. This was the first time, the TVVL had incurred losses. Noticee analysed the report of TVVL and sold some of her shareholdings on September 19, 2017 based on the information available in financial results which were from September 14, 2017. Thereafter, Noticee no.6 continued to keep an eye on information concerning TVVL. Noticee no.6 in the morning of September 22, 2017 noticed that on September 21, 2017 CARE had published its report in which it had downgraded the rating of TVVL. Based on this report, coupled with her negative opinion of TVVL formulated on poor financial statement, Noticee no.6 further sold shares of TVVL. she has acted in her own independent financial and commercial wisdom, and as such, there is no reason, to treat such information as UPSI.

e) Based on the above arguments, Noticee no.6 denies that she was in possession of any UPSI or that she has traded in the scrip of TVVL based on UPSI that was given to her by her husband i.e. Noticee no.5.

f) UPSI period starts on September 20, 2017 (for CARE and it associates)and ends on September 21, 2017, her trades on September 15, 2017 based on UPSI is clearly illogical and absurd as PSI did not even exist on 18th September 2017.

<u>Noticee no. 7 (reply dated September 22, 2022)</u>

a) It is submitted by Noticee no.7 that before demise of Shri Gautam Adhikari on October 27, 2017, the finances and regulatory compliances of TVVL were managed by him as Chairman and Whole Time Director. During September 2017, Shri Gautam Adhikari was not keeping well and had undergone a kidney transplant prior, therefore, most of the time he was not available. Alleged violations, if any, that may have occurred during such time, clearly arose out of the unprecedented and emergent situations that TVVL was going through at the relevant time and such none of the actions or omissions on the part of TVVL were ill-intended or malafide. The delay in reporting was occasioned owing to unavailability of Shri Gautam Adhikari and the inability of the Board to meet and discuss the Report issued by CARE on September 21, 2022.

b) Upon receipt of mail from CARE on September 21, 2017, the information contained therein was sought to be informed to the management of the Company. However, in *light of the fact that Mr.Gautam Adhikari was critically ill on the said date, he and Mr.Markand Adhikari, who is the brother of Mr.Gautam Adhikari, were not available for the purposes of being appraised of the same. Subsequently, September 23-24, 2017 were holidays, and such the said email could not be discussed due to the said days being holidays. Thereafter, since, the matter was pending, on September 25, 2017 and September 26, 2017, the rating letter was discussed internally by the company. In light of the fact that there was a revision in rating, which was unexpected and sudden, the management of the Company, during such period reviewed and evaluated various options to upgrade the revised rating provided for by the Rating Letter. Thereafter, the said change in rating was disseminated to stock exchange on September 27, 2017.*

c) *Without prejudice, it is noteworthy that Company's failure to provide NDS was disclosed on CARE website on September 7, 2017 as per letter dated August 22, 2019 written by CARE to SEBI. Hence, investors were well aware that the Company did not provided NDS.*

d) *Materially the change in rating was disseminated on CARE website, which is a non-discriminatory source of information freely accessible to public at large. Therefore, the information was in public domain freely accessible to investors.*

e) *There has been no loss to the investors owing to alleged failure/delay in making the disclosure, as the value of the shares started decreasing much prior and therefore, the fall was not solely for the said change in rating.*

f) *Noticee no.7 further submits that section 23E of the SCR Act deals with listing and de-listing condition, and not the disclosure of the information post-listing. Thus, the Company cannot be held liable under the above said section as no charge lies against the Company and the same is substantiated by placing reliance on the judgment of SAT in **Suzlon Energy Limited & anr vs SEBI**.*

Common submissions made by the Noticees:

a) Noticees have relied on judgments/orders of SEBI and SAT namely **(1) Sabero Organics Gujarat Limited** (WTM order dated 12-05-2016), **(2) Manoj Gaur vs SEBI** (SAT order in appeal no.64/2012), **(3) Samir C Arora** (SAT appeal no.83/2004), **(4) Dilip S Pende** (SAT appeal no.80/2009), **(5) Mrs Chandrakala** (SAT appeal no.209/2011) , **(6) Shruti Vora vs SEBI** (SAT appeal no.308 of 2020).

b) Noticees have submitted that there has been inordinate delay in issuance of SCN after a delay of 5 years. Indeed the inordinate delay operated to the detriment of the Undersigned and proceedings out to be dropped. In this regard, Noticees have relied on orders/judgments namely **(1) Adjudicating Officer, SEBI vs Bhavesh Pabari** (2019 5 SCC 90), **(2) Rakesh Kathotia & Ors vs SEBI** (SAT order dated 27-05-2019),

(3) Ashok Shivlal Rupani v SEBI (SAT order dated 22-08-2019), **(4) Anilkumar Nandkumar Harchandani vs SEBI** (SAT order dated 05-12-2019).

c) With respect to quantum of penalty, Noticees have relied on orders/judgments namely **(1) Adjudicating Officer, SEBI vs Bhavesh Pabari** (SC CA no.11311/ 2013) (2) Adjudication order in the matter of M/s Emmson International Ltd Samrat Holdings and (3)**Samrat Holdings Limited vs SEBI (2011 SCC Online SAT 2).**

d) With respect to appreciation of evidence and burden of proof the Noticees have relied on orders/judgments namely, **(1) M.S. Bindra V UoI** (1998 7 SCC 310), **(2) Nand Kishore Prasad vs State of Bihar** (1978 3 SCC 366), (3) **Union of India vs H.C. Geol** (AIR 1964 SC 364), (4) **L.D.Jaisinghani vs Narain Das N Punjabi** (1976 1 SCC 354), (5) **Razikram vs J.S.Chauhan** (AIR 1965 SC 667), (6) **Ambalal vs Union of India** (AIR 1961 SC 264), (7) **Gulabchand vs Kudilal** (AIR 1966 SC 1734).

D. REVELANT PROVISIONS

7. It is relevant to reproduce the provisions of laws which have been attracted and invoked in the SCN and the same are quoted here under:

<u>Provisions of SEBI Act</u>

CHAPTER VA

PROHIBITION OF MANIPULATIVE AND DECEPTIVE DEVICES, INSIDER TRADING AND SUBSTANTIAL ACQUISITION OF SECURITIES OR CONTROL

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

12A. *No person shall directly or indirectly—*

(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;

(f) acquire control of any company or securities more than the percentage of equity share capital of a company whose securities are listed or proposed to be listed on a recognised stock exchange in contravention of the regulations made under this Act.

<u>Provisions of PIT Regulations</u>

Definitions.

2.(1) In these regulations, unless the context otherwise requires, the following words, expressions and derivations therefrom shall have the meanings assigned to them as under:–

(a)….

(b)…..

(c)…..

(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.

(ii) Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established,-

(a).an immediate relative of connected persons specified in clause (i); or

(b).a holding company or associate company or subsidiary company; or

(c).an intermediary as specified in section 12 of the Actor an employee or director thereof; or

(d).an investment company, trustee company, asset management company or an employee or director thereof; or

(e).an official of a stock exchange or of clearing house or corporation; or

(f).a member of board of trustees of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or is an employee thereof; or

(g).a member of the board of directors or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act,2013; or

(h).an official or an employee of a self-regulatory organization recognised or authorized by the Board; or

(i). a banker of the company;or

(j).a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of a company or his immediate relative or banker of the company, has more than ten per cent. of the holding or interest;

NOTE: It is intended that a connected person is one who has a connection with the company that is expected to put him in possession of unpublished price sensitive information. Immediate relatives and other categories of persons specified above are also presumed to be connected persons but such a presumption is a deeming legal fiction and is rebuttable. This definition is also intended to bring into its ambit persons who may not seemingly occupy any position in a company but are in regular touch with the company and its officers and are involved in the know of the company's operations. It is intended to bring within its ambit those who would have access to or could access unpublished price sensitive information about any company or class of companies by virtue of any connection that would put them in possession of unpublished price sensitive information.

(e) "generally available information" means information that is accessible to the public on a non-discriminatory basis;

NOTE: It is intended to define what constitutes generally available information so that it is easier to crystallize and appreciate what unpublished price sensitive information is. Information published on the website of a stock exchange, would ordinarily be considered generally available.

(f) “immediate relative” means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to trading in securities;

NOTE: It is intended that the immediate relatives of a “connected person” too become connected persons for purposes of these regulations. Indeed, this is a rebuttable presumption.

(g)"insider" means any person who is:

i) a connected person; or

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

NOTE: Since “generally available information” is defined, it is intended that anyone in possession of or having access to unpublished price sensitive information should be considered an “insider” regardless of how one came in possession of or had access to such information. Various circumstances are provided for such a person to demonstrate that he has not indulged in insider trading. Therefore, this definition is intended to bring within its reach any person who is in receipt of or has access to unpublished price sensitive information. The onus of showing that a certain person was in possession of or had access to unpublished price sensitive information at the time of trading would, therefore, be on the person leveling the charge after which the person who has traded when in possession of or having access to unpublished price sensitive information may demonstrate that he was not in such possession or that he has not traded or he could not access or that his trading when in possession of such information was squarely covered by the exonerating circumstances.

(h)……

CHAPTER –II

RESTRICTIONS ON COMMUNICATION AND TRADING BY INSIDERS

Communication or procurement of unpublished price sensitive information.

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

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.

(2) No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

NOTE: This provision is intended to impose a prohibition on unlawfully procuring possession of unpublished price sensitive information. Inducement and procurement of unpublished price sensitive information not in furtherance of one's legitimate duties and discharge of obligations would be illegal under this provision.

(3) Notwithstanding anything contained in this regulation, an unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction that would: –
(i) entail an obligation to make an open offer under the takeover regulations where the board of directors of the company is of informed opinion that is in the best interests of the company;

NOTE: It is intended to acknowledge the necessity of communicating, providing, allowing access to or procuring UPSI for substantial transactions such as takeovers, mergers and acquisitions involving trading in securities and change of control to *assess a potential investment. In an open offer under the takeover regulations, not only would the same price be made available to all shareholders of the company but also all information necessary to enable an informed divestment or retention decision by the public shareholders are required to be made available to all shareholders in the letter of offer under those regulations.*

(ii) not attract the obligation to make an open offer under the takeover regulations but where the board of directors of the company is of informed opinion is in the best interests of the company and the information that constitute unpublished price sensitive information is disseminated to be made generally available at least two trading days prior to the proposed transaction being effected in such form as the board of directors may determine.

NOTE: It is intended to permit communicating, providing, allowing access to or procuring UPSI also in transactions that do not entail an open offer obligation under the takeover regulations if it is in the best interests of the company. The board of directors, however, would cause public disclosures of such unpublished price sensitive information well before the proposed transaction to rule out any information asymmetry in the market.

(4) For purposes of sub-regulation (3), the board of directors shall require the parties to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so received confidential, except for the purpose of sub-regulation (3), and shall not otherwise trade in securities of the company when in possession of unpublished price sensitive information.

Regulation 4 of PIT Regulations

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:

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 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.

(ii) 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.

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

(3) The Board may specify such standards and requirements, from time to time, as it may deem necessary for the purpose of these regulations.

CHAPTER –IV

CODES OF FAIR DISCLOSURE AND CONDUCT

Code of Fair Disclosure.

8.(1)The board of directors of every company, whose securities are listed on a stock exchange, shall formulate and publish on its official website, a code of practices and procedures for fair disclosure of unpublished price sensitive information that it would follow in order to adhere to each of the principles set out in Schedule A to these regulations, without diluting the provisions of these regulations in any manner.

NOTE: This provision intends to require every company whose securities are listed on stock exchanges to formulate a stated framework and policy for fair disclosure of events and occurrences that could impact price discovery in the market for its securities. Principles such as, equality of access to information, publication of policies such as those on dividend, inorganic growth pursuits, calls and meetings with analysts, publication of transcripts of such calls and meetings, and the like are set out in the schedule.

2)Every such code of practices and procedures for fair disclosure of unpublished price sensitive information and every amendment thereto shall be promptly intimated to the stock exchanges where the securities are listed. NOTE: This provision is aimed at requiring transparent disclosure of the policy formulated in sub-regulation (1).

SCHEDULE A

[See sub-regulation (1) of regulation 8]

Principles of Fair Disclosure for purposes of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information

1.Prompt public disclosure of unpublished price sensitive information that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.

4.Prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.

<u>Provisions of LODR Regulations:</u>

CHAPTER II

PRINCIPLES GOVERNING DISCLOSURES AND OBLIGATIONS OF LISTED ENTITY

Principles governing disclosures and obligations.

4.(1) …….

(2) The listed entity which has listed its specified securities shall comply with the corporate governance provisions as specified in chapter IV which shall be implemented in a manner so as to achieve the objectives of the principles as mentioned below.

(f)Responsibilities of the board of directors: The board of directors of the listed entity shall have the following responsibilities:

(i) Disclosure of information:

(1) Members of board of director sand key managerial personnel shall disclose to the board of directors whether they, directly, indirectly, or on behalf of third parties, have a material interest in any transaction or matter directly affecting the listed entity.

(2)The board of directors and senior management shall conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture of good decision-making.

(ii)Key functions of the board of directors-

(1) Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestments.

(2) Monitoring the effectiveness of the listed entity's governance practices and making changes as needed.
(3) Selecting, compensating, monitoring and, when necessary, replacing key managerial personnel and overseeing succession planning.
(4) Aligning key managerial personnel and remuneration of board of directors with the longer term interests of the listed entity and its shareholders.
(5) Ensuring a transparent nomination process to the board of directors with the diversity of thought, experience, knowledge, perspective and gender in the board of directors.
(6) Monitoring and managing potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions.
(7) Ensuring the integrity of the listed entity's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
(8) Overseeing the process of disclosure and communications.
(9) Monitoring and reviewing board of director's evaluation framework.
(iii)……
3)……

<u>Regulation 30 of LODR Regulations</u>

Disclosure of events or information.

30. (6) The listed entity shall first disclose to stock exchange(s) of all events, as specified in Part A of Schedule III, or information as soon as reasonably possible and not later than twenty four hours from the occurrence of event or information:
Provided that in case the disclosure is made after twenty four hours of occurrence of the event or information, the listed entity shall, along with such disclosures provide explanation for delay:

Provided further that disclosure with respect to events specified in sub-para 4 of Para A of Part A of Schedule III shall be made within thirty minutes of the conclusion of the board meeting.

<u>Penalty provisions under SEBI Act.</u>

15G. *If any insider who,—*

(i) either on his own behalf or on behalf of any other person, deals in securities of a body corporate listed on any stock exchange on the basis of any unpublished price-sensitive information; or

(ii) communicates any unpublished price-sensitive information to any person, with or without his request for such information except as required in the ordinary course of business or under any law; or

(iii) counsels, or procures for any other person to deal in any securities of any body corporate on the basis of unpublished price-sensitive information,

shall be liable to a penalty which shall not be less than ten lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of insider trading, whichever is higher.

Penalty for contravention where no separate penalty has been provided.

15HB. *Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.*

<u>Penalty Provision under SCR Act.</u>

Penalty for failure to comply with provision of listing conditions or delisting conditions or grounds.

23E. *If a company or any person managing collective investment scheme or mutual fund, fails to comply with the listing conditions or delisting conditions or grounds or commits a breach thereof, it or he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees.*

Penalty for contravention where no separate penalty has been provided.

23H. *Whoever fails to comply with any provision of this Act, the rules or articles or bye-laws or the regulations of the recognised stock exchange or directions issued by the Securities and Exchange Board of India for which no separate penalty has been* *provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.*

E. CONSIDERATION OF ISSUES AND FINDINGS

8. I have carefully perused the allegations levelled against the Noticees in the SCN, the replies of the Noticees and also the documents/evidence available on record. The following issues arise in the matter: -

ISSUE I: Whether the Noticees have violated the provisions as alleged in paragraph 4 of this order.

ISSUE II: If the answer to Issue No. (i) is in affirmative, do the violations, if any on the part of the Noticees would attract monetary penalty?

ISSUE III: If the answer to Issue No. (ii) is in affirmative, what would be quantum of the monetary penalty that should be imposed upon the Noticees?

ISSUE I: Whether the Noticees have violated the provisions as alleged in Table no. 1 of this order?

9. Before proceeding on the merits of the case, I note that the Noticees have raised certain preliminary objections and it would be appropriate to deal with certain preliminary objections raised by Noticees in the matter as under: -

INORDINATE DELAY IN ISSUANCE OF SCN

10. Noticees have submitted that there has been inordinate delay of 5 years in issuance of SCN. Thus, the instant proceedings ought to be dropped. In this regard, I note that, at first NSE carried out an examination on the basis of alerts generated with respect to the trading activity in the scrip of TVVL for the period of September 01, 2017 to October 31, 2017. Subsequently, BSE carried out examination in the scrip of TVVL for the period of September 11, 2017 to October 03, 2017. Pursuant to examination conducted by NSE and BSE, SEBI conducted an investigation to ascertain whether any entity had violated the provisions of SEBI Act, 1992 or SEBI (PIT) Regulations, 2015 while trading in the scrip of TVVL during the period September 01, 2017 to September 27, 2017. The preliminary examination in the matter was completed on April 4, 2018 and then, on September 6, 2018, the matter was taken up for detailed investigation, pursuant to which, Investigating Authority was appointed on October 4th

2018. First draft of investigation report was prepared in the matter on February 24, 2020. Investigation involved examination of connections between various suspected entities, examination of their Bank statements and trading pattern analysis of Suspected Entities along with other Insiders. Summons were also issued to certain entities. Accordingly, investigation in the present matter was completed on October 26, 2021. Pursuant to completion of investigation, CGM Ms. Geetha G was appointed as the Adjudicating Officer vide communique order dated December 28, 2021. SCN was issued by the Adjudicating Officer on May 24, 2022. Subsequently, pursuant to transfer of CGM Ms.Geetha the matter was allocated to GM, Shri Amit Kapoor vide communique order dated September 5, 2022. Hearings were concluded in September 2022. The instant matter was then transferred to the Undersigned vide communique order dated October 6, 2022. Considering that the aforesaid hearings were conducted before the erstwhile Adjudicating Officer, in the interest of principles of natural justice another opportunity of hearing was provided to all the Noticees on January 30, 2023.

11. I note that it has been continuously reiterated by the appellate courts, in the catena of cases, that SCN would be issued within the reasonable time period and the reasonable time period depends on each case facts and circumstance and no hard and fast rule can be laid down. In this regard I have placed reliance on **Ashlesh Gunvantbhai Shah** (supra). The relevant para of the aforesaid order is as follows: *"It is no doubt true that no period of limitation is prescribed in the Act or the Regulations for issuance of a show cause notice or for completion of the adjudication proceedings. The Supreme Court in Government of India vs, Citedal Fine Pharmaceuticals, Madras and Others, [AIR (1989) SC 1771] held that in the absence of any period of limitation, the authority is required to exercise its powers within a reasonable period. What would be the reasonable period would depend on the facts of each case and that no hard and fast rule can be laid down in this regard as the determination of this question would depend on the facts of each case. This proposition of law has been consistently reiterated by the Supreme Court [..]. (emphasis applied)"*

12. Further, in the matter of ***SEBI vs Bhavesh Pabari*** (2019) 5 SCC 90, the Hon'ble Supreme Court held as follows:-

"There are judgments which hold that when the period of limitation is not prescribed, such power must be exercised within a reasonable time. What would be reasonable

time, would depend upon the facts and circumstances of the case, nature of the default/statute, prejudice caused, whether the third-party rights had been created etc.”

13. Further, I find that, initiating a proceeding under the appropriate provisions of SEBI Act is a regulatory prerogative of SEBI depending upon the outcome of the fact finding exercise, which is the investigation done in this case, and just because the alleged violation was committed in a distant past cannot be a ground to vitiate initiation of these proceedings. Moreover, in this case the SCN makes a serious allegations of PIT Regulation and LODR. I am cognizant that SCN has been issued in 2022 when the alleged violation pertains to 2017. however, in light of the fact that, principles of natural justice have been adequately complied with, in the present matter as all material documents which have been relied upon in the SCN have been duly provided to Noticees and Noticees have also conducted inspection of documents. Further, Noticees has also filed their respective submissions with respect to the SCN. In view of the same, I note that instant adjudication proceeding can be factually distinguish from the appellate court order (1) SEBI vs Bhavesh Pabari (2019 5 SCC 90) (2) Rakesh Kathotia & Ors vs SEBI (SAT order dated 27-05-2019), (3) Ashok Shivlal Rupani v SEBI (SAT order dated 22-08-2019), (4) Anilkumar Nandkumar Harchandani vs SEBI (SAT order dated 05-12-2019). Thus, the instant matter cannot be disposed of merely for delay in issuance of SCN.

UPSI PERIOD

14. As per the SCN and investigation report, the UPSI period in the present matter begins on 1st and ends on 27th of September, 2017. It has been submitted by the Noticees that preparation of credit report which involved downgrading of credit rating began only on September 20, 2017 after the CARE Officials got into contact with bankers of TVVL after which the report was published on CARE website on September 21, 2017. Therefore, the UPSI period at best could start on September 20, 2017 and end on September 21, 2017 when the report got published on CARE website. Further, it has also been submitted that there exists a fundamental error in SCN pertaining to what the UPSI is, as it could either be a) the default; b) deteriorating financial condition; or c) assigning of the CARE rating and in no situation can all of this together be clubbed as UPSI.

15. In this regard, I find it appropriate to reproduce paragraph 16 of the SCN relating to identification of UPSI as under:

"16. As per chronology of events submitted by CARE, the company did not send the NDS for the month of August 2017 in September 2017 and CARE followed up with TVVL for the same from September 01 to September 19, 2017. Copy of emails from 01.09.2017 to 19.09.2017 are already enclosed in ***Annexure No. 8.*** *On September 20, 2017, CARE conducted a due diligence with the lender banker with respect to the conduct of the account and sought clarification from the company with respect to the feedback from the lender. On September 21, 2017, CARE had reviewed the rating of Long Term Bank Facilities - Term Loan for Rs. 24.39 Crore, revised from CARE BBB- (SO) to CARE D and posted the said information on the evening of the same day on its website under "Press Release Section". The revision in the rating was also intimated to TVVL. The investigation found that, TVVL had withheld the information till September 27, 2017 and provided the information to stock exchange on September 27, 2017 after-market hours. Since, downgrading of credit rating materially affects the price of the security, the said information was considered as price-sensitive information."*

16. Upon perusal of the aforesaid paragraph, I note that the UPSI in the present matter consists of two facts i.e. non-submission of NDS by the Company and the revision of rating by CARE. The process of revision of rating started on September 1, 2017 with non-submission of NDS by TVVL. The definition of the term 'unpublished price sensitive information' as laid down in the Regulation 2 (1) (n) of PIT Regulations, as applicable to the relevant period, encapsulates all events that are material, as per the listing agreement as well as the relevant provisions governing the securities market. I also note that, company has furnished the material information about the revised rating by CARE with a delay of 5 days to the Stock Exchanges for dissemination in terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "LODR Regulations") which envisages dissemination of information which are material in the opinion of the Board of Directors of the concerned company. Thus, it is established that the said information

was indeed a material and also a price sensitive information that was rightly disclosed with delay by the Company to the stock exchanges.

17. TVVL did not submitted NDS for the previous month on September 1, 2017. CARE followed up with TVVL for the same from September 01 to September 19, 2017 vide multiple emails on September 4th, 6th, 15th and 19th, 2017. As Company had taken a Term Loan from Indian Overseas Bank (hereinafter referred to as the "IOB"), CARE, on September 20, 2017, conducted a due diligence with the lender banker (IOB) with respect to the conduct of the loan account. The said banker replied on the same day mentioning that the company has delayed in servicing its debt commitments. On the same day, CARE sought clarification from TVVL regarding response of the bank to which TVVL replied that there is temporary slowdown in the overall economy due to GST introduction and other various reasons and that due to lower revenue in last 3-4 months, there is a mismatch in working capital. CARE, on September 21, 2017, based on the due diligence held with IOB and the response of the Company on the feedback of IOB, reviewed the rating of the 'Long Term Bank Facilities - Term Loan for INR 24.39 Crore', and revised the ratings from 'CARE BBB- (SO)' to 'CARE D'. The aforesaid revision of rating was also intimated by CARE to the Company vide its email dated September 21, 2017, but the Company finally disclosed it to the Stock Exchanges only on September 27, 2017.

18. The Noticees submitted that, downgrading of credit rating began only on September 20, 2017 after CARE got into contact with bank of TVVL. In this regard, I note that, downgrading of rating by CARE did not happen in one day and the whole process of revision of rating of TVVL started with the non-submission of NDS by the Company. CARE was continuously following up with the TVVL from September 1 to September 19, 2017. Thus, such contentions of the Noticees cannot be accepted. It has been further argued by the Noticees that, UPSI ended on September 21, 2017 when CARE published the fact of downgrading of rating on its website. In this regard, I note that, in terms of Regulation 2(1)(e) of SEBI (PIT) Regulations, 2015, *"information published on the website of a stock exchange is ordinarily considered as generally available information*". Regulation 2(1)(e) is reproduced below :-

“(e) "generally available information" means information that is accessible to the public on a non-discriminatory basis;

***NOTE**: It is intended to define what constitutes generally available information so that it is easier to crystallize and appreciate what unpublished price sensitive information is. Information published on the website of a stock exchange, would ordinarily be considered generally available.”*

19. I note that the words ‘*information published on the website of a stock exchange’* have been given only as an illustration. The definition of the term ‘generally available information’ is very wide as it includes any information that is accessible to the public on a non-discriminatory basis. In the instant matter, CARE, on September 21, 2017, published the fact of downgrading of rating on its website under the press release section. I have visited the said website and accessed the said document free of any charge. I find that the said document is accessible to the public on a non-discriminatory basis. Considering the aforesaid facts, I am of the view that the benefit of doubt to the Noticees can be extended insofar as the last day of UPSI is concerned and, in the peculiar sequence of facts of the present matter, it can be said that the UPSI period needs to be considered as starting from September 01, 2017 to September 21, 2017.

20. Noticee has contended that, the information of the non-receipt of NDS was disclosed on CARE website on September 7, 2017. Thus, the said information was public even as on September 7, 2017. IR has failed to take cognizance of it. In this regard, I note that a disclosure made by CARE on September 07, 2017 was not capable of creating PSI i.e., a revised/downgraded rating for the Company, as on that date. As the information that was purportedly published by CARE on September 07, 2017 was not limited to TVVL alone, but the said notification was a generic notification issued by CARE therein publishing an entire list of companies who had not furnished the NDS to it for the month of August, 2017. This list ipso facto carried no evidence that CARE had decided to revise/downgrade the rating of the Company on that day of publication of such. Therefore, notwithstanding the publication by CARE of the list of the companies which had not submitted the NDS, the Company had two options left with it- (i) to pay the dues and submit the NDS or (ii) not pay the dues and not submit the NDS, which was not known to the public between September 01, 2017 to September

21, 2017. Thus, it may also be stated that, the default made by the Company was subject to regularisation by repayment of loan by the Company and any such possible development would not have resulted in downgraded rating by CARE. Whilst, the Company has not taken any action and chosen the path of not repaying and not submitting the NDS which was bound to lead to revision/downgrade of rating, which eventually happened on September 21, 2017. Considering the aforesaid facts and circumstances, I note that a disclosure made by CARE on September 07, 2017 will not have any bearing on the actual UPSI as nothing has been crystallised by the time to hold that the UPSI was generally available to the public at large.

21. In light of the aforesaid facts and circumstances, I conclude that the genesis of correct UPSI period in the present matter started with the whole interaction of CARE with the Company which started with Non-submission of NDS i.e., from September 01, 2017 pursuant to which CARE started following up with the company and then issued revised rating based on the due diligence conducted by it with the lender bank of the Company and ends when CARE published the information on its website i.e., September 21, 2017.

22. Since, the preliminary contentions of the Noticees have been dealt with, accordingly, I shall now evaluate the allegations made against the Noticees in the SCN on merit.

<u>VIOLATION OF PIT REGULATIONS</u>

a) Noticee no.1:

23. It has been inter-alia alleged in the SCN that, Noticee no. 1 viz. Mr. Markand Adhikari was holding position of Managing Director in TVVL is a ‘connected person’ and an ‘insider’ in terms of Regulation 2(1)(g) (i) of the SEBI (PIT) Regulations 2015 and by communicating UPSI to Rashesh Purohit and Chitra Deshmukh, has violated Regulation 3(1) of SEBI (PIT) Regulations, 2015 and Section 12A(e) of SEBI Act, 1992.

24. Noticee no. 1 was holding position of Managing Director in TVVL during the Investigation period and the fact is not denied by him. I also note from the statement recording of Rakesh Gupta(AVP – Finance & Accounts and Chief Financial Officer of

Shri Adhikari Brothers) and Anand Shroff(VP-Finance & Accounts and Chief Financial Officer of TVVL) that, Noticee no. 1 was well-versed with the company affairs and regulatory requirement of submitting the NDS, failing which CARE can take appropriate rating action against the company. I also note that he also knew that there are delays in servicing debt obligation, after submission of July, 2017 NDS, and the company management was also discussing internally when to give NDS for the month of August, 2017. I note that CARE vide email dated July 04, 2017 intimated the details of the circular to three persons including him pursuant to which he signed and submitted the No Default Statement (NDS) with respect to TVVL to CARE for the month of July on August 04, 2017 in line with the SEBI circular SEBI/HO/MIRSD/MIRSD4/CIR/P/2017/71 dated June 30, 2017 inter-alia clarifying the monitoring mechanism, disclosure norms and timelines for compliance by CRAs. Thus, it is quite evident that he was well-aware of the SEBI Circular dated June 30, 2017 and NDS to be submitted to CARE. I note that, all these points to the fact that, being MD of the company he was well aware of the financial condition of the company and the reasons behind the inability of TVVL to submit the NDS for the month of August 2017 to CARE and thus was in possession of UPSI and is a connected person and hence an "insider" in terms of Regulation 2(1)(g)(i) of SEBI (PIT) Regulations, 2015.

25. I note from the investigation report available on record, (the copy of which is also provided to him during inspection) that, the charge of insider trading under Regulation 4(1) of PIT Regulations has been alleged against Mr. Rashesh Purohit, Keynote Enterprises Private Limited(Company where the Mr. Rashesh Purohit and his wife were the shareholders-Directors), Ms. Chitra Deshmukh and Inayata Constructions Private Limited (company where Ms. Chitra Deshmukh was Director at the relevant times) and proceedings under section 11(1), 11(4), 11B(1), 11(4A) and 11B(2) of SEBI Act have been initiated against them and the same has been concluded by the Hon'ble Whole Time Member ("***WTM***") vide order dated March 24, 2023 ("**WTM Order**").

26. Noticee no.1 in his reply has submitted that no document has been adduced in the SCN to establish that, he has communicated UPSI to Mr. Rashesh Purohit or Ms. Chitra Deshmukh. Noticee has placed reliance on order passed by Hon'ble Supreme Court ("***SC***") in **Balram Garg vs SEBI.** Noticee no.1 has further submitted that assuming and without admitting, in case the Noticee wanted to share information of

delay in servicing of loans, the said information could have been shared in July 2017 itself and such persons would have started selling the shares in July 2017 i.e. prior to the alleged UPSI period when the share price went as high as Rs.315.84. In this regard, I note that, with respect to communication of information of delay in servicing of loans in July 2017, one has to note that, the default by the Company in servicing the loan, per se, was not a Price Sensitive Information (PSI), but the expectation or likelihood of the credit rating of the loan getting downgraded by CARE which was within the knowledge of him, and which ultimately happened, was the UPSI and this information to which he was privy, as outsiders would not know if and when the default will lead to revision of rating. As held by me earlier, the possibility of the said revised rating came into being within the Company on September 01, 2017 when persistent efforts were made by CARE, from September 01, 2017 onwards to scrutinize the status of loan repayments by the Company.

27. With respect to communicating UPSI to Rashesh purohit by Noticee no. 1, Firstly, I note that, Noticee no. 1 is connected to Rashesh purohit as he was relative of Noticee no. 1 by virtue of Rashesh Purohit’s father and Markand Adhikari’s mother being siblings. Further, I also note that, there has been financial transaction such as Kaanchan Adhikari, spouse of Markand Adhikari had transferred an amount of Rs. 50,00,000/- to Rashesh Purohit on September 05, 2017.Also, it was observed during investigation from information available in public domain and reply of Indian Overseas Bank that, Markand Adhikari’s name was mentioned as guarantor (personal) along with Rashesh Purohit (director/ guarantor), Sonal Purohit (director/guarantor) and Keynote Enterprises Private limited(corporate guarantor) in the sale notice issued by Indian Overseas Bank for recovery of dues as on August 31, 2019 of approx. Rs 30.40 cr of Density Global Trading Services Pvt Ltd and Vinil Trading Pvt Ltd, which are companies owned and controlled by Rashesh Purohit and his wife Sonal Purohit. thus, these all strengthens the fact that Markand Adhikari and his spouse shared very close and cordial relationship with Rashesh Purohit.

28. Now coming onto the point of selling of shares of TVVL by Rashesh in possession of UPSI being communicated to him by Noticee no. 1, I note from the trading pattern of Rashesh Purohit and note that during pre-UPSI period he had sold a nominal quantity

of 144 shares. During UPSI period, Rashesh Purohit had sold 89,454 shares at both the exchanges. The trading details of Rashesh Purohit are provided as below:-

Date	Scrip	Exchange	Buy Qty	Buy traded value (Rs)	Sell Qty	Sell traded value (Rs)
Pre-UPSI (June 01, 2017 – August 31, 2017)						
22/08/2017	TVVISION	NSE	0	0	144	30,808
UPSI (September 01, 2017 – September 21, 2017)						
05/09/2017	TVVISION	NSE	0	0	35,696	53,54,400
05/09/2017	TVVISION	BSE	0	0	8,758	13,13,700
18/09/2017	TVVISION	NSE	0	0	25,000	43,75,000
18/09/2017	TVVISION	BSE	0	0	20,000	35,00,000
Post UPSI (September 22, 2017 – December 28, 2017)						
Nil						

29. From the aforesaid table, it may be noted that during pre UPSI period, Rashesh Purohit has sold only 144 shares, while during UPSI, he has sold 89,454 shares of TVVL. Further trading concentration of Rashesh Purohit in TVVL versus across the market was analyzed and is provided as below:-

	Trading details based on value terms								
Period	**Other Scrips (Sell)**						**TVVL (Sell)**		
	BSE		**NSE**			**% activity to gross value across mkt**	**Total Value (Rs.)**	**% activity to gross value across mkt**
	No. of Scrips	**Value (Rs.)**	**No. of Scrips**	**Value (Rs.)**	**Total Value (Rs.)**			
Pre UPSI	0	0	2	32,308	32,308	51%	30,808	49%
UPSI	0	0	0	0	0	0%	1,45,43,100	100%
Post UPSI	0	0	1	1,35,551	1,35,551	100%	0	0%

	Trading details based on quantity	
Period	**Other Scrips**	**TVVL**

	Gross Buy Qty.	% to total gross buy Qty. of all scrips	Gross Sell Qty.	% to total gross sell Qty. of all scrips	Gross Buy Qty.	% to total gross buy qty. of all scrips	Gross Sell Qty.	% to total gross sell qty. of all scrips
Pre UPSI	0	0	187	56.5%	0	0	144	43.5%
UPSI	0	0	0	0	0	0	89,454	100%
Post UPSI	0	0	400	100%	0	0	0	0

30. From the aforesaid analysis, I note that Rashesh Purohit has 100% trading concentration in the scrip of TVVL during UPSI period. He did not trade in any other scrip besides TVVL. Also during pre and post UPSI period, his trading in all scrips taken together including TVVL seem to be very less in comparison to UPSI period.

31. Trading pattern and trading concentration of Rashesh Purohit clearly indicates that he had access to UPSI, on the basis of which he sold the shares of TVVL on BSE and NSE in advance to the announcement made by TVVL at stock exchanges. His sell concentration in the scrip of TVVL declined to nil during post UPSI period. Thus, from the trading pattern of Rashish closer to the revision/downgrading of the rating and cordial relation with Markand Adhikari, I conclude that he had traded in the scrip of TVVL on the basis UPSI communicated to him by Noticee no. 1.

32. Noticee has *inter-alia* stated that, *With respect to allegation of communication of UPSI pertaining* to *Ms. Chitra Deshmukh is concerned, it is submitted that the SCN in no manner whatsoever deals with how the act so alleged was executed and remains completely silent on this aspect, in absence of which no charge can be levied against the undersigned and as, a result, the undersigned is unable to answer such a charge that has not been levied against the undersigned as no case has been made out concerning involvement with Ms. Chitra Deshmukh.* In this regard, I agree with the Noticee no. 1 that, SCN is silent on how she is an insider and how she executed trades in on behalf of Inayata Constructions Private Limited ("ICPL") during UPSI period in which she was director at that relevant times. However, I note that, he has conducted inspection of documents including investigation report which clearly mentions his good

relations with Chitra as he was guarantor of the loan taken by Vibrant Content Private Limited (VCPL) wherein Chitra was Director and VCPL also has financial transactions with company TVVL. Investigation report also mentions the manner in which trades has been executed by Chitra on behalf of ICPL which are self evident of the fact that the shares of the Company were sold by Chitra on behalf of ICPL only when she was convinced that the rating of the Company was bound to be revised/downgraded, for the inaction of the Company about which she was very much aware of from the source being himself owing to good relations between them. Thus, he cannot deny that he doesnot has the said knowledge when SCN clearly alleges that he has communicated UPSI to Chitra and thus violated Regulation 3(1) of SEBI (PIT) Regulations, 2015 and Section 12A(e) of SEBI Act, 1992. Further, I also note that, Hon'ble WTM of SEBI vide order dated March 24, 2023 in the matter of TV Vision Limited in respect of Mr. Rashesh Purohit, Keynote Enterprises Private Limited(Company where the Mr. Rashesh Purohit and his wife were the shareholders-Directors), Ms. Chitra Deshmukh and Inayata Constructions Private Limited (company where Ms. Chitra Deshmukh was Director at the relevant times) collectively referred to as Noticees in the following paras of Hon'ble WTM order on the same subject matter, has *inter-alia* held the following:

"*68. In the present case, the day (September 27, 2017) the Company made a disclosure about the revised downgraded rating of its term loan, its stock price started witnessing a downward trajectory. After the disclosure of the said information, the stock price took a hit by around 4.99% as it closed at INR 119.85. Further, it is also noted that from the period of September 20, 2017 to September 27, 2017, the price of the scrip was continuously witnessing a downfall as it was closing on: INR 169.65, INR 158.25. INR 142.45, 142.10, 140.20 and 126.20. Eventually, the price of the shares kept falling further as in the next 22 trading days, the price reached a level of INR 41.20, registering a fall of 65.62%. As I have already demonstrated, the Noticees, who have been basking in the glory of their long-term view on TVVL shares, have not been able to show as to what bonafide market based research led to such a reversal of their view, just before the publication of the PSI by the Company*
I may, at this stage also refer to the judgment of Balram Garg (supra), wherein Hon'ble Supreme Court has inter alia held as: "We accept Shri Singh's submission that in cases like the present, a reasonable expectation to be in the know of things can only

be based on reasonable inferences drawn from foundational facts." In the present matter, there are many undisputable facts to draw a reasonable inference that the trades were executed by the Noticees while being in possession of the UPSI, and the same have adequately been discussed in the proceeding paragraphs of the present order. I observe that the Noticees have relied upon many judgements like Ambalal Vs. Union of India (supra) so as to argue that the allegations in the present matter are based on conjectures. However, having examined the materials on record, I am of the firm view that sufficient evidence and unassailable facts have been adduced in the SCN, which lead to a reasonable inference against the Noticee, therefore, the reliance placed on the said set of judgments is completely misplaced on facts as well as law and is thus rejected. The Noticees have also relied upon the judgment of HB Stockholdings Limited vs. SEBI (Appeal No. 114 of 2012) etc., and contended that connected entities have not been proceeded against. I observe that the said judgment is distinguishable from the present case factually and legally. Notwithstanding the same, it is noted from the records that actions have been contemplated against other connected entities, which adequately answers the submission of the Noticees. I may add here that the Hon'ble Supreme Court in the matter of SEBI vs. Kishore R. Ajmera [(2016) 6 SCC 368], when confronted with the argument seeking parity in actions, had recognised the prerogative of SEBI to choose different actions against different entities by inter alia observing as: "…if the primary authority had thought it proper to impose different penalties in different cases involving different set of facts, we do not see how and why interference should be made in present appeals.

Under the circumstances, I have no hesitation to hold that the Noticees by their aforesaid trades have indulged in insider trading resulting in violation of Section 12A (d) and (e) of the SEBI Act, 1992 read with Regulation 4 (1) of the PIT Regulations by indulging in trades in the scrip of TVVL during the period of September 01, 2017 to September 21, 2017."

33. I note that , Noticee no. 1 have relied on orders/judgments namely appreciation of evidence and burden of proof the Noticees, (1) M.S. Bindra V UoI (1998 7 SCC 310), (2) Nand Kishore Prasad vs State of Bihar (1978 3 SCC 366), (3) Union of India vs H.C. Geol (AIR 1964 SC 364), (4) L.D.Jaisinghani vs Narain Das N Punjabi (1976 1 SCC 354), (5) Razikram vs J.S.Chauhan (AIR 1965 SC 667), (6) Ambalal vs Union of

India (AIR 1961 SC 264), (7) Gulabchand vs Kudilal (AIR 1966 SC 1734).and namely **(1) Sabero Organics Gujarat Limited** (WTM order dated 12-05-2016), **(2) Manoj Gaur vs SEBI** (SAT order in appeal no.64/2012), **(3) Samir C Arora** (SAT appeal no.83/2004), **(4) Dilip S Pende** (SAT appeal no.80/2009), **(5) Mrs Chandrakala** (SAT appeal no.209/2011) , **(6) Shruti Vora vs SEBI** (SAT appeal no.308 of 2020),(7) **K sons plastics** (Adjudication order dated March 02, 2016), (8) **Reliance Petroinvestments Ltd**. (Adjudication order dated March 08, 2016). Order of Hon'ble Supreme Court ("SC") in **Balram Garg vs SEBI (Supra)** wherein it has been held that there should be material on record to show frequent communication between the parties and trading pattern cannot be circumstantial evidence to prove communication of evidence.

34. I note that facts and circumstances of various orders/judgment cited by Noticee no. 1 are distinguishable from the instant case as sufficient evidence and unassailable facts have been adduced in the instant order, which leads to a reasonable inference against him of communication of UPSI to Rashish Purohit and Chitra Deshmukh. Further, I would also like to reproduce the findings of the order of Hon'ble WTM dated March 24, 2023 wherein Noticee no. 1 is Rashish Purohit and Noticee no. 4 is Chitra Deshmukh :

"49. Thus, multiple documentary evidence in the form of fund transfers, bank guarantees as well as deposition taken on oath, all individually as well as collectively, strongly and preponderantly the presence of frequent indicate communication between the Noticee no. 1 and Mr. Markand Adhikari but for which the transactions they had between them especially during UPSI period could not have taken place. Therefore, in the absence of any evidence to the contrary to show that the MD of the Company was not in possession of the UPSI, or was not interacting/communicating with Noticee no.1 during UPSI period. I see no reason to hold that the SCN is not successful in bringing home the charge that the Noticee no. 1 was having access to/was in possession of the UPSI on account of having close and continuous association with the MD of the Company and was thus an insider of the Company in terms of Regulation 2 (1) (g) (ii) of the PIT Regulations. I further find it relevant to record that the instant proceeding is civil in nature and the standard of proof is preponderance of probability. Here, the test is to examine

the evidence both documentary and circumstantial that have been presented to me and after taking cognizance of various undisputed I have facts about the Noticee no. 1 and his transactions/connection with the MD of the Company, I have to come to a finding as to whether in the eyes of an ordinary person, the happening of an event can be said to have happened or not. In the light of the above settled principle, when one finds that the MD of the Company was undeniably in possession of the UPSI and the Noticee no. 1 besides being his cousin, was in constant touch with the MD of the Company for financial transactions or otherwise even during or around the relevant period, moreover, when someone looks at his trades in the scrip of the Company during the relevant period, these facts are sufficient enough for him to arrive at a conclusion, that the trades in the scrip of the Company were executed while in possession of the UPSI which he was capable of getting access to on account of his close connection and frequent information with the MD of the Company. Further, Noticee no. 2 being an artificial person and being managed and controlled by the Noticee no. 1, also becomes an insider in terms of Regulation 2 (1) (g) (ii) of the PIT Regulations.

50. Noticee no. 4 has also tried to build her fort of defence by relying upon the judgment of Balram Garg (supra), however, as already observed by me above in the case of Noticee no. 1, the ominous evidence available in the form of her own statement recorded under oath acknowledging that she knows Adhikari Brothers (including Mr. Markand Adhikari) for the last 30 years; the very fact of fund transactions between VCPL and TVVL; and the guarantee extended by Mr. Markand Adhikari for the loan taken by VCPL from the Central Bank of India, all indicate strongly towards the close connection of Noticee no.4 with the MD of the Company which would leave no doubt about their day to day interactions and communication with each other. I note that Noticee no. 4 has placed much emphasis on the nature of the relationship with Mr. Markand Adhikari being "professional" in nature. I observe that the law governing insider trading does not lay down any demarcation between a personal or professional relationships and the demand of the law is to simply identify the existence of connection and interaction between two entities, whatsoever its nature be, by virtue of which information pertaining to a company can be said to have been shared. In the present case, there are multiple factors in evidence of such interaction points and *further, the date of sanction of the loan for which Mr. Markand Adhikari stood as guarantor, i.e. May 23, 2017 (a few months before the UPSI period) strengthens the preponderance on probabilities against the Noticee no. 4 and constrains me to assume that Noticee no.4 by virtue of the above stated decades old business & personal connection she has with the MD of the Company was frequently interacting with the MD of the Company Mr. Markand. Incidentally, as the trade details will show, the first trade executed by Noticee no. 3 (the company controlled by Noticee no. 4) coincides with the first trade executed by Noticee no. 1, i.e., on September 05, 2017. Under the circumstances, I reiterate my aforesaid observations recorded for Noticee no. 1, and hold that like Noticee no.1, Noticee no. 4 was having similar access to the UPSI through Mr. Markand, MD and was in possession of the said UPSI, and accordingly was an insider of the Company under Regulation 2 (1) (g) (ii) of PIT Regulations. Further, Noticee no. 3 being an artificial entity controlled by Noticee no. 4, and the trades executed in the trading account of the Noticee no. 4 cannot be treated as trades executed in the ordinary course of trading but were executed while having access to and having the possession of the UPSI."*

35. Thus, in view of the aforesaid , I conclude that, Noticee no. 1 has violated Regulation 3(1) of SEBI (PIT) Regulations, 2015 and Section 12A(e) of SEBI Act, 1992.

b) Noticee no.5 and 6

36. It is alleged in the SCN that, Noticee No. 6 (Rupal) traded in the scrip of TVVL during UPSI period while in possession of UPSI. Noticee no.5, Anand Shroff is husband of Noticee no.6. Anand Shroff was VP – Finance and Accounts and Chief Financial Officer of TVVL and being a connected person, he was an insider in terms of Regulation 2(1)(g)(i) of PIT Regulations. It is also alleged that Noticee No.5, Anand was aware about the delays in debt servicing and non-submission of NDS to CARE. Since, Noticee No. 6 (Rupal) is spouse of Noticee No. 5 (Anand), the investigation observed that Noticee No.5, Anand had communicated the UPSI in his possession to his spouse Noticee No. 6- Rupal on the basis of which she traded in the scrip of TVVL. Trading done by Noticee no.6 Rupal is given below :-

Date	Exchange	Scrip	Buy Qty	Buy traded Value (Rs)	Sell Qty	Sell traded value (Rs)
Pre-UPSI (June 01, 2017 – August 31, 2017)						
Nil						
UPSI (September 01, 2017 – September 21, 2017)						
19/09/2017	NSE	TVVISION	0	0	1,500	2,56,546
19/09/2017	BSE	TVVISION	0	0	1,770	3,03,530
Post UPSI (September 22, 2017 – December 28, 2017)						
22/09/2017	NSE	TVVISION	0	0	1,199	1,70,557
22/09/2017	BSE	TVVISION	0	0	705	1,00,433
25/09/2017	NSE	TVVISION	0	0	1,250	1,75,000
25/09/2017	BSE	TVVISION	0	0	576	80,640
27/09/2017	BSE	TVVISION	0	0	100	12,674
27/09/2017	NSE	TVVISION	0	0	900	1,15,498

Figures have been revised in the aforesaid tables as per revised UPSI period considered from September 01, 2017-September 21, 2017 and post UPSI period has been considered from September 22, 2017 to December 28, 2017

37. I note that, Anand Shroff was VP – Finance and Accounts and Chief Financial Officer of TV Vision Limited during IP and hence was an insider. He was also one of the person to whom CARE has been following up for the submission of NDS to it from 01/09/2017 to 19/09/2017. I also note that on 20/09/2017 an email was also sent to his email id for seeking information regarding reasons for delay in servicing debts of the company. As, CARE conducted a due diligence with the banker with respect to the conduct of the account and the banker provided feedback over email mentioning that the company has delayed in servicing its commitments. Further, he also received E-mail dated September 21, 2017 regarding "the Rating Letters" for the Company informing the revision of the rating from CARE BBB-(SO) to CARE D. Thus, it is quite evident that, Noticee no. 5 was insider and was also in possession of the UPSI and the future course of action which was about to come i.e., downgrading of rating of company.

38. Noticee no.6 in her reply has stated that, she came across the financial results declared by TVVL for the quarter ending June 2017 on September 15, 2017 and that this was the first time, the TVVL had incurred losses. She further states that she

analysed the report of TVVL and sold some of her shareholdings on September 19, 2017 based on the information available in financial results. Noticee no.6 further states that in the morning of September 22, 2017 she noticed that on September 21, 2017 CARE had published its report in which it had downgraded the rating of TVVL and based on this report, coupled with her negative opinion of TVVL formulated on poor financial statement, Noticee no.6 further sold shares of TVVL.

39. In the instant matter I will not delve into the trades done by Noticee no.6 on 22nd, 25th and 27th of September 2017 as the period of UPSI stands modified to September 01, 2017 to September 21, 2017, it would be in the interest of justice to consider only those trades which have been executed within the aforesaid modified period of UPSI.

40. Thus, with regard to her trades done on September 19, 2019, I note that on September 14, 2017, TVVL had announced un-audited financial results for the quarter ended 30th June, 2017 on the websites of Exchanges. The said financial results are available on the websites of National Stock Exchange and Bombay Stock Exchange. I have perused the said financial results and I find that the Company has reported loss of Rs.80.48 lakhs in the said quarter. It is alleged in the SCN that the trades done by Noticee no.6 are based on the information received by her from Husband Noticee no.5 who is admittedly an insider. However, it is submitted by Noticee no.6 that she is a financially independent woman who makes her own decision and that shares of TVVL sold by her on September 19, 2017 were based on the said financial results which she came across on September 15, 2017.

41. Noticee no. 6 has placed heavy reliance on the judgment of Hon'ble Supreme Court in the matter of Balram Garg (supra). In this regard, I observe that the said case is factually distinguishable in contrast to the facts of the present case. In the said case, the Hon'ble Supreme Court had inter alia observed that there was some family partition based on which there was no point of interaction between the two parties. In the present case, however, there is nothing to show any kind of separation between the Noticee no. 5 and 6. Further, Rupal Anand Shroff is spouse of Anand Shroff and communication between such closely associated individuals is seldom be found in written form. Further, the tradings of both husband and wife are discussed in foregoing

paras substantially prove their meeting of minds in the matter of trading done by them in various scrips in many instances. I note from the submissions that, she came across financial result for the month of June 2017 on September 15, 2017 and after analysis on financials of the company and internet news she started selling her shares September 19, 2017 onwards. Further, I also note that, she has sold 8000 shares between September 19, 2017 and September 27, 2019 at both the exchanges viz. NSE and BSE i.e., two days before rating was downgraded by CARE till the date when information was actually submitted to exchanges by the company. I note from the submission of Noticee no. 6 that, she received the shares pursuant to ESOP at SAB TV and there was demerger of SAB TV and she received shares of TVVL pursuant to demerger scheme wherein shareholders of the SAB TV had acquired shares of TVVL in the ratio of 1:1 and is a regular investor in SAB group since the year 2011 and the investment in TVVL (post de-merger) was part of a long-term view. The selling of shares of TVVL has been claimed to be done as ordinary investors. I observe that the assertions made by her with respect to the reasons for making investment in SAB group companies and their long term perspective of such investment do not go hand in hand with her sudden act of selling of shares of TVVL during the UPSI Period. It is observed that she has not presented before me any financial or non-financial information to support the fundamentals of the scrip as may be available in public domain for holding a long term view on the scrip of the Company which might have compelled her to change her "long term" view abruptly which led her to sell her shares in large value during the UPSI period. Thus, the sudden sell in shares of company between September 19, 2017 and September 27, 2019 at both the exchanges viz. NSE and BSE i.e., two days before rating was downgraded by CARE till the date when information was submitted to exchange by the company, which wouldn't have been possible without her being in possession of UPSI because of her close relation with the CFO of company. Further, there is no selling of shares of company before September 19, 2017 and after September 27, 2017. These all facts lead to a compelling conclusion that she started selling the shares of the Company under the influence of the UPSI about the impending revision/downgrading of the rating of the Company by virtue of which the she was able to avert the possible losses.

42. Further with respect to her submission that, she is independent woman who makes her own decision and that shares of TVVL sold by her on September 19, 2017 were based on the said financial results. In this regard I would like to state that, I have analysed the trading pattern of Rupal Shroff and Her spouse Anand Shroff sought from NSE and BSE for the period June 01, 2017- December 28, 2017 during investigation and what I observe is that, in pre-UPSI period i.e., before September 01, 2017 trades starting from June 01, 2017 and after September 27, 2017 till December 28, 2017, the pattern of trades of Rupal Shroff match with the trades of her spouse to large extent for instance:

a) June 16, 2017, Anand Shroff bought and sold 1000 shares of IPCALAB, Similarly she also bought and sold 1000 shares of IPCALAB on same day.
b) On June 27, 2017, Anand Shroff bought and sold 1000 shares of TEJANET, Similarly she also bought and sold 1000 shares of TEJANET on same day.
c) On July 14, 2017, Anand Shroff bought and sold 1500 shares of AUBANK, Similarly she also bought and sold 1500 shares of AUBANK on same day.
d) On July 17, 2017, Anand Shroff bought and sold 1500 shares of CDSL, Similarly she also bought and sold 1500 shares of CDSL on same day.
e) On July 31, 2017, both bought 2000 and 500 quantity of shares in VENUSREM respectively.
f) On August 08, 2017, both traded in the scrip of DWARKESH.
g) On November 07, 2017, both, Anand Shroff and Rupal Shroff sold 8000 and 2500 shares of SABTN respectively.
h) On November 20, 2017, both, Anand Shroff and Rupal Shroff sold 2050 and 3776 shares of SABEVENTS respectively.

43. In view of the above, it is quite evident that, such matching of trades and choosing the same scrip on the same day between husband and wife leaves no room of doubt about their communication with each other in respect of trading decisions taken by them and meeting of minds. Thus, there is no iota of doubt that, the selling of shares of TVVL closer to the revision/downgrading of the rating of TVVL, wouldn't have been possible if she was not in possession of UPSI as her husband himself was insider being the CFO of the company and in possession of UPSI.

44. I also note that, SCN has mentioned the trading concentration of Noticee No. 6-Rupal in TVVL versus other scrips as follows:

Table No-13

	Trading details of Noticee No. 6-Rupal based on value terms							
Period	**Other Scrips (Sell)**						**TVVL (Sell)**	
	BSE		**NSE**			**% activity to gross value across mkt**	**Total Value (Rs.)**	**% activity to gross value across mkt**
	No. of Scrips	**Value (Rs)**	**No. of Scrips**	**Value (Rs)**	**Total Value (Rs)**			
Pre UPSI	0	0	6	29,97,674	29,97,674	100%	0	0
UPSI	2	1,11,097	2	10,53,372	11,64,469	49%	12,14,878	51%
Post UPSI	1	3,67,665	6	29,92,355	33,60,020	100%	0	0

Table-14

	Trading details Noticee No. 6-Rupal based on quantity(Noticee No. 6-Rupal)							
Period	**Other Scrips**				**TVVL**			
	Gross Buy Qty.	**% to total gross buy Qty. of all scrips**	**Gross Sell Qty.**	**% to total gross sell Qty. of all scrips**	**Gross Buy Qty.**	**% to total gross buy qty. of all scrips**	**Gross Sell Qty.**	**% to total gross sell qty. of all scrips**
Pre UPSI	7,500	100%	6,000	100%	0	0	0	0
UPSI	5,000	100%	11,874	60%	0	0	8,000	40%
Post UPSI	16,100	100%	15,033	100%	0	0	0	0

45. In this regard, I would like to state that, all the sell trades executed by her apart from TVVL on BSE and NSE during period from 18/09/2017-25/09/2017 were in the related

party companies of TVVL i.e., SABEVENTS and SABTN at NSE and Shri Adhikar and GOVNOW at BSE. There was no selling of shares in these related party companies by her during Pre-UPSI period and sell trades were only executed post after September 18, 2017.Thus, she has mainly sold her shares not only in TVVL but also in related party companies of TVVL. All these points to the fact that, she was in possession of UPSI and her statement that she sold shares pursuant to her analysis of financial information of TVVL available in public seems to be an afterthought.

46. Further, I note that there is no evidence to the contrary to show that her husband viz. Noticee no. 5 was not in possession of UPSI and did not communicated the UPSI. I see no reason to hold that the SCN is not successful in bringing home the charge that the Noticee no. 6 was having access to/was in possession of the UPSI on account of having such close relationship with CFO of the Company and was thus an insider of the Company in terms of Regulation 2 (1) (g) (ii) of the PIT Regulations and she sold her shares in company only in the possession of UPSI. I note that, Noticee No. 5& 6 have cited various judgments/orders of SEBI and SAT with respect to appreciation of evidences and burden of proof. I note that facts and circumstances of instant case is distinguishable from the facts and circumstance of the judgments/orders cited by Noticees and I further find it relevant to record that the instant proceeding is civil in nature and the standard of proof is preponderance of probability. Here, the test is to examine the evidence both documentary and circumstantial that have been presented to me and after taking cognizance of various undisputed facts about the trades of Noticee no. 6 as mentioned above and her relationship with CFO of the company, I have to come to a finding as to whether in the eyes of an ordinary person, the happening of an event can be said to have happened or not. In the light of the above settled principle, when one finds that the CFO of the Company was undeniably in possession of the UPSI and the Noticee no. 6 was his wife. Moreover, when someone looks at her sell trades not only in the scrip of the Company but also in related party companies of TVVL during the relevant period, and the trading decisions of both the husband and wife are sufficient facts enough to arrive at a conclusion, that these sell trades in the scrip of the Company were executed while in possession of the UPSI which she was capable of getting access to on account of her close relation with the CFO of the Company.

47. In light of the above facts and circumstances, I conclude that Noticee no.6 has violated Regulation 4(1) of SEBI (PIT) Regulations, 2015 and Section 12A (d) and 12A (e) of SEBI Act.

48. Further, with regard to charge on Noticee no.5 of communication of UPSI to Noticee no.6, I note that though there is no direct proof of communication of UPSI. However the selling of shares of company and related party companies by his wife vindicates my aforesaid observation that the Noticee no. 6 had started selling the shares of the Company under the influence of the UPSI about the impending revision/downgrading of the rating of the Company which was communicated to her by her husband who was insider and possess UPSI. Therefore, it is logically and reasonably concluded that Anand Shroff communicated UPSI to his spouse Rupal Anand Shroff. Hence, Anand Shroff has violated Regulation 3(1) of SEBI (PIT) Regulations, 2015 and Section 12A(e) of SEBI Act, 1992 for communication of UPSI to Rupal Anand Shroff.

49. I observe that the avowed object of the PIT Regulations is to prohibit trading which is emanating from information asymmetry. To throw further, light I may refer to the order of Hon'ble SAT passed in the matter of *E. Sudhir Reddy vs. SEBI (Appeal no. 138 of 2011 decided on 16/12/2011)*, wherein Hon'ble SAT has inter alia observed as: *"………However, persons in the company or otherwise concerned with the affairs of the company are in possession of such information before it is actually made public. The directors of the company or for that matter even professionals like Chartered Accountants and Advocates advising the company on its business related activities are privy to the performance of the company and come in possession of information which is not in public domain. Knowledge of such unpublished price sensitive information in the hands of persons connected to the company puts them in an advantageous position over the ordinary shareholders and the general public. Such information can be used to make gains by buying shares anticipating rise in the price of the scrip or it can also be used to protect themselves against losses by selling the shares before the price falls. Such trading by the insider is not based on level playing field and is detrimental to the interest of the ordinary shareholders of the company and general public. It is with a view to curb such practices that section 12A of the SEBI Act*

makes provisions for prohibiting insider trading and the Board also framed the Insider Trading Regulations to curb such practice." (underline supplied)

c) Noticee no.2, 3 and 4

50. It is alleged in the SCN that Noticee no.2 viz. ATPL traded during the UPSI period in the scrip of TVVL. Noticee no. 3 and 4 are directors of Noticee no.2. Both of them were authorized to take trading decisions on behalf of Noticee no.2 viz. ATPL. Noticee no.3 is alleged to have received UPSI from his brother Rashesh Purohit. Rashesh Purohit is alleged to have received UPSI from Noticee no.1 Markand Adhikari. It is further alleged that Noticee no.3 communicated the UPSI to Noticee no.4. Thus, it is alleged that Noticee no.2, 3 and 4 have violated Regulation 4(1) of PIT Regulations. Further, Noticee no.3 is also alleged to have violated Regulation 3(1) of PIT Regulations.

51. Noticee no.2, 3 and 4 have inter-alia submitted in their reply that SCN ignores the factum that price sensitive information was published on September 21, 2017 on website of Care Ratings Limited and that as per the trading pattern, it can be seen that Noticee no.2 has bought the shares on July 28, 2017 and it is only on 25th and 26th September 2017 when Noticee no.2 has sold the shares of TVVL.

52. In the preceding paragraphs, it has already been established that the UPSI period in the matter is modified to September 1 to 21, 2017 instead of September 1 to 27, 2027 as has been stated in the investigation report. The information of downgrading of rating by CARE was already in public domain on September 21, 2017. Hence, the trades executed on 25th and 26th of September, 2017 cannot be said to have executed on the basis of **unpublished** price sensitive information. In light of the aforesaid finding it would be in the interest of justice to consider only those trades which have been executed within the aforesaid modified period of UPSI, Thus, trades executed by Noticee no.2 on 25th and 26th September 2017 i.e. outside the UPSI period, cannot be termed as insider trading. Accordingly, I conclude that Noticee no.2, 3 and 4 have not violated Regulation 4(1) of SEBI (PIT) Regulations, 2015 and Section 12A (d) and 12A (e) of SEBI Act.

53. Further, with regard to charge on Noticee no.3 of communication of UPSI to Noticee no.4, I note that, Since, the charge of insider trading against Noticee no.2, 3 and 4 has not been established, the charge of communication of UPSI against Noticee no.3 does not stand. Accordingly, I conclude that Noticee no.3 has not violated Regulation 3(1) of SEBI (PIT) Regulations, 2015 and Section 12A (e) of SEBI Act.

CHARGE OF DELAYED DISCLOSURE

Noticee no.1 and 7

54. It is alleged in the SCN that, CARE downgraded the rating of long term bank facilities-term loan of the company from CARE BBB-(SO) to CARE D on September 21, 2017 and on the same day TVVL received the information from CARE regarding the revision in credit rating, however, TVVL intimated the stock exchange on September 27, 2017 at 16:09 hours on BSE and 16:15 on NSE i.e. after considerable delay of 5 days without giving any reason along with said disclosure. It is alleged that Noticee no.7 Company has violated Regulation 30(6) of SEBI (LODR) Regulations, 2015 and Clause 1 and 4 of Schedule A r/w Regulation 8(1) of SEBI (PIT) Regulations, 2015. Further, it is alleged that Noticee No.1 Markand Adhikari being MD and on Board of Director of TVVL has failed to ensure compliance with Regulation 4(2)(f)(8) of SEBI (LODR) Regulations, 2015 as he was responsible for overseeing the process of disclosure and communications of TVVL.

55. I note that in terms of Regulation 30 (6) read with Clause A (3) of the Schedule III of the LODR Regulations, the Company was under a mandatory and statutory obligation to publish the information with respect to the loan default and the consequent revised rating on the Stock Exchange platform within a period of 24 hours of receipt of the information from its CRA which was September 21, 2017. However, the said disclosure of information was not made till September 22, 2017 and was delayed and made by the Company to the stock exchanges on September 27, 2017.

56. Further, Clause 1 and 4 of Schedule A r/w Regulation 8(1) of SEBI (PIT) Regulations, 2015 deals with Principles of Fair Disclosure for purposes of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information

1.Prompt public disclosure of unpublished price sensitive information that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.

……

4.Prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.

57. Thus, in view of the abovementioned clause, it is quite evident that, Company has failed to comply with Clause 1 and 4 of Schedule A r/w Regulation 8(1) of SEBI (PIT) Regulations, 2015 by failing to make prompt disclosure and dissemination of *unpublished price sensitive* information and has thus violated Clause 1 and 4 of Schedule A r/w Regulation 8(1) of SEBI (PIT) Regulations, 2015.

58. I observe that in the disclosure-based realm of the securities market, the listed entities have been obligated to make disclosures through the stock exchange websites for the consumption of investing public. The adherence to the timelines and compliance with the directives of making true and correct disclosures by the listed entities undoubtedly form the bedrock of the decision making process by any investor. The extant regulatory framework as envisaged under SEBI (LODR) Regulations and other regulations as well, is quite stringent which not only prescribes strict time line for making various disclosures, but have also made provisions for various enforcement actions as deterrence to and to disincentivize delayed disclosure or non-disclosures. In view of a comprehensive disclosure mechanism being in place, it is but natural that the investing public will primarily look forward to the disclosures coming from time to time from the mouth of the Company itself and for which, the investors pursue the disclosures made on the stock exchanges. Thus, the submission of the Noticee no.1 and 7 that during September 2017, Shri Gautam Adhikari was not keeping well and had undergone a kidney transplant prior, therefore, most of the time he was not available and that the alleged violations, clearly arose out of the unprecedented and emergent situations that TVVL was going through at the relevant time cannot be accepted as the Company and Noticee no. 7 being MD and board of director of company does not become discharged of its statutory obligations because of the aforesaid reasons as mentioned by them.

59. Further, it has been submitted by the Noticee Company that the management of the Company, was evaluating various options to upgrade the revised rating provided for by the Rating Letter, thereafter, the said change in rating was disseminated to stock exchange on September 27, 2017. This submission of the Noticee also cannot be accepted as the Noticee Company was obligated to inform the Exchanges about downgrading of rating within 24 hours of receiving the said information from CARE as per the LODR Regulations. The better course for the Noticee Company would have been to report the event to the Exchange within 24 hours and then to evaluate their options to upgrade the rating.

60. It has also been argued by the Noticee no.1 and 7 that materially the change in rating was disseminated on CARE website, which is a non-discriminatory source of information freely accessible to public at large. I note that the dissemination of information was done by CARE itself. Further, Regulations strictly require the Company to report the material events, like the one in question, directly to the Exchanges within 24 hours. The publishing of information by rating agency on its website does not discharge the Company from its statutory duty to report such events on the website of exchanges. Further, the applicable law does not lay down an exemption for a company from making a disclosure on the stock exchange website merely because another entity (Credit Rating Agency) has already published such a piece of information on its website nor it even prescribes that the listed company may just make a cross reference to the disclosure made by another registered Intermediary about the listed Company as in this case the Credit Rating Agency published on its website about the revised rating of the Company as per separate mandate given to it by SEBI. It is seen that despite mandating the Credit Rating Agencies to upload and publish the ratings on their websites, the Company has been given a separate specific format for making the disclosure on the stock exchange website In view of the above, the argument of the Noticee no. 1 and 7 cannot be accepted.

61. Further, it has been submitted by Noticee no.1 that the LODR Regulations make the Company liable for disclosure under Regulation 30 and not its directors. In this regard, I note that SCN makes allegation of non-compliance with Regulation 4(2)(f)(8) of SEBI

(LODR) Regulations, 2015 by Noticee no. 1.I find it appropriate to reproduce relevant provision of LODR Regulations:

"4. (2) The listed entity which has listed its specified securities shall comply with the corporate governance provisions as specified in chapter IV which shall be implemented in a manner so as to achieve the objectives of the principles as mentioned below.

....

(f) Responsibilities of the board of directors:

The board of directors of the listed entity shall have the following responsibilities:

....

(ii) Key functions of the board of directors-

....

(8) ***Overseeing the process of disclosure and communications.***

................"

62. In view of the aforesaid provision of section 27 of the SEBI Act, Noticee no.1 being the Managing Director was involved in day to day affairs of the Company and thus, was duty bound disclose the event of downgrading of rating to Exchanges. Further, it is observed from the aforesaid provisions of LODR Regulations that although Regulation 30 has used the words 'listed entity', Regulation 4(2)(f)(ii)(8) casts specific responsibility on the board of directors of the company to oversee the process of disclosure and communications and the violation of same has been alleged in the SCN. Thus, In light of the above, the submission of Noticee no.1 is untenable.

63. Noticee no. 7 viz. Company further submits that section 23E of the SCR Act deals with listing and de-listing condition, and not the disclosure of the information post-listing and thus, the Company cannot be held liable under the above said section as no charge lies against the Company and the same is substantiated by placing reliance on the judgment of SAT in **Suzlon Energy Limited & anr vs SEBI**. In this regard, I note that, Noticee no. 7 has been made liable for penalty under section 15 HB for the violation of Clause 1 and 4 of Schedule A r/w Regulation 8(1) of SEBI (PIT) Regulations, 2015 which mandates the prompt disclosure/Dissemination of unpublished price sensitive information which in the instant case is Downgrading of credit rating duly informed to it by its CRA on September 21, 2017. Thus, the said

delayed disclosure triggered the overlapping obligations of Regulation 30 (6) of SEBI (LODR) Regulations, 2015 and Clause 1 and 4 of Schedule A r/w Regulation 8(1) of SEBI (PIT) Regulations, 2015. I am of the view that in the facts of this case, the violation of the provisions of Regulation 30 (6) of SEBI (LODR) Regulations, 2015 and Clause 1 and 4 of Schedule A r/w Regulation 8(1) of SEBI (PIT) Regulations, 2015 are not substantially different and can be considered as a single violation by the Noticee no. 7 for the purpose of adjudication in the matter and thus, Noticee no. 7 is liable for penalty under section 15HB for disclosure violation.

64. In view of the above, I note that there is no doubt that Noticee Company has failed to promptly disclose the unpublished price sensitive information and did not provided an explanation to stock exchanges for delaying the disclosure of information of downgrading of rating and, accordingly, I conclude that the Noticee no.7 Company has violated Regulation 30(6) of SEBI (LODR) Regulations, 2015 and Clause 1 and 4 of Schedule A r/w Regulation 8(1) of SEBI (PIT) Regulations, 2015. Further, I conclude that Noticee no.1 being MD and Board of Director of TVVL has failed to ensure compliance with Regulation 4(2)(f) (8) of SEBI (LODR) Regulations, 2015,when he was well apprised of the company’s affair and as per submission of Anand, he was hands on in company’s affair and well aware of company’s situation. Further, he can’t simply shrug off his responsibility to oversee the process of disclosure and communications made being MD and board of director of company by stating that he come to know about downgrading of rating on September 25, 2017.Even though he was well apprised of the situation, the disclosures were not made till September 27, 2017.Thus, the submission made by him seems to be an afterthought and thus, I conclude that he has violated Regulation 4(2)(f)(ii)(8) of SEBI (LODR) Regulations, 2015.

ISSUE NO. II

65. Hon’ble Supreme Court of India in the matter of Chairman, SEBI Vs Shriram Mutual Fund {[2006]5 SCC 361} held that “*In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant A breach of civil obligation which attracts penalty in the nature of fine under the provisions of the Act and the Regulations would*

immediately attract the levy of penalty irrespective of the fact whether contravention must made by the defaulter with guilty intention or not.''

66. In view of the detailed factual analysis and deliberations as well as my observations recorded in the foregoing paragraphs of this order with respect to violations as established against Noticee no.1,5,6 and 7 are liable for imposition of appropriate penalty.

ISSUE NO. III

67. While determining the quantum of penalty, it is important to consider the factors stipulated in Section 15J of SEBI Act and Section 23J of SCRA, which provide for the factors that need to be considered while imposing the penalties. The said factors are common under both these provisions and have been reproduced below:

While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely:-

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default.

At the same time, it is a well settled position of law that the aforesaid three factors are not exhaustive in nature and the adjudicating authority, while deciding on levying penalty in a matter, may take into account any other factor beyond the aforementioned factors***.***

68. With regard to the above factors to be considered while determining the quantum of penalty, it may be noted that no quantifiable figures or data is available on record to assess the disproportionate gain or unfair advantage and amount of loss caused to an investor or group of investors as a result of the default of the Noticees. I note that, with respect to imposition of penalty, Noticees have relied on orders/judgments namely (1) Adjudicating Officer, SEBI vs Bhavesh Pabari (SC CA no.11311/ 2013) and (2) Adjudication order in the matter of M/s Emmson International Ltd Samrat Holdings and (3)Samrat Holdings Limited vs SEBI (2011 SCC Online SAT 2). I find

that the facts of the aforesaid cases are distinguishable from the present case. Considering that the Noticee no. 1 and 5 being connected person and insider communicated the UPSI to other connected entities and Noticee no. 6 as established as an insider sold the shares on the basis of UPSI which gained her an unfair advantage. Further, delaying the disclosure of such information to stock exchanges does not absolve Noticee no. 1 and 7 of imposition of any penalty on them. However, there is no iota of doubt that, the violations as established in this case, have clearly defeated the purposes of the Regulations i.e. investor protection and ensuring market integrity. I also note that in the instant case there is also delayed disclosure rather than non-disclosure and seen along with the fact that downgrading of rating was published on website of CARE on September 21, 2017 as a result of which the information came in public domain on September 21, 2017. I note that the said facts serve as mitigating factors in the instant case. However, I can state that information asymmetry of any degree can certainly cause a dent in the development of a fair and transparent securities market. Further, delay in enforcing the provisions of law or such quantity of shares and their market value, in my view, would not hinder imposition of monetary penalty lest it should lead to compromising with the aforesaid purpose of effective deterrence and the perpetrators of such fraud would enjoy the benefits at the peril of innocent shareholders of Company. The leniency to exonerate the violators merely on account of delay in initiation of these proceedings be against the very objective of penal provisions under sections 15G and 15 HB of the SEBI Act and 23H of Securities Contract (Regulation) Act, 1956.

ORDER

69. After taking into consideration the nature and gravity of the violations established in the preceding paragraphs and in exercise of the powers conferred upon me under section 15-J of the SEBI Act read with rule 5 of the SEBI Adjudication Rules, and section 23-J of the SCRA Act read with rule 5 of the SCR Adjudication Rules also striking a balance between the gravity of default and mitigating factors as aforesaid, I hereby impose following penalty on Noticees no. 1,5,6 and 7 for the aforementioned violations, as discussed in this order.

Noticee No.	**Name of the Noticee**	**Penalty Provision**	**Penalty (Rs.)**

1	Markand Adhikari	Section 15G of SEBI Act	₹ 20,00,000/-(Rupees Ten lakh only)
		section 23H of SCR Act	₹ 5,00,000/-(Rupees five lakh only)
5	Anand Shroff	Section 15G of SEBI Act	₹ 10,00,000/-(Rupees Ten lakh only)
6	Rupal Anand Shroff	Section 15G of SEBI Act	₹ 10,00,000/-(Rupees Ten lakh only)
7	TV Vision Limited	Section 15HB of SEBI Act	₹ 6,00,000/-(Rupees Six lakh only)

In my view, the aforementioned penalty is commensurate with the violations committed by the Noticees in this case.

70. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:

ENFORCEMENT → Orders → Orders of AO → PAY NOW

71. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under section 28A of the SEBI Act, for realization of the said amount of penalty along with interest thereon, *inter alia,* by attachment and sale of movable and immovable properties.

72. In terms of Rule 6 of the Adjudication Rules, 1995, copy of this Order is sent to the Noticees and also to the Securities and Exchange Board of India.

Date : March 31, 2023 **Vijayant Kumar Verma**
Place : Mumbai **Adjudicating Officer**