BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. EAD-12/ AO/SM/203-2015/2018]

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

In respect of:

Names of the Entities	**PAN No.**
Metrochem Industries Ltd	AABCM8019K
Twin Best Trading & Marketing Pvt. Ltd.	AACCT2533L
Chetan S Kothari (Promoter & Manging Director of Tricom India Limited)	AAFPK8568A
Hiren Kothari Promoter & Director of Tricom India Limited)	AAFPK8569B
Gaparik Trade and Finance Resources Limited (Promoter)	AAACG5396E
Adilnath Finance Private Limited (Promoter)	AACCA3328E
Tricom India Limited. (Company)	AAACT2807R
Mr. Jayant Tanksale (Director of Tricom India Limited)	AACPT1570E
Mr. Vijay Bhatia (Director of Tricom India Limited)	AAGPB5763R
Mr. Anil Bakshi (Director of Tricom India Limited)	AABPB0431H
Mr. Gaurav Bhatia (Director of Tricom India Limited)	AAGPB5761P
Ms.Riddhi Sanghavi (Compliance Officer of Tricom India Limited)	BYJPS4545J
Mr.G.T.Shenoy (Compliance officer of Tricom India Limited)	AAZPS9046H

In the matter of M/s. Tricom India Ltd ("TIL")

Facts of the case:

Securities and Exchange Board of India ("SEBI") pursuant to examination of the scrip M/s. Tricom India Limited (hereinafter referred to as "TIL/Company")had observed that:

1. Metrochem Industries Limited (hereinafter referred to as 'Metrochem') and Twin Best Trading & Marketing Private Limited (hereinafter referred to as 'Twin Best') had violated the provisions of Regulation 3(a), (b), (c), (d), 4(1), 4(2)(a) and 4(2)(g) of the SEBI (Prohibition of Fraudulent

and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as the PFUTP Regulations).

2. Shri Chetan Kothari (hereinafter referred to as 'Chetan'), promoter and director of the Company had violated provisions of Regulation 3(a), (b), (c), (d), 4(1), 4(2)(a) and 4(2)(g) of the PFUTP Regulations, Clauses 3.3.1, 1.2 and 4.2 of the Code of Conduct specified in Part A of Schedule I read with Regulation 12(1) and 12(3) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as the PIT Regulations) read with Regulation 12(2) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as the PIT Regulations, 2015), Regulation 31(1) and 31(2)read with Regulation 31(3) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as the SAST Regulations, 2011), Regulation 13(4) and 13(4A) of the PIT Regulations read with Regulation 12(2) of the PIT Regulations, 2015 and Regulation 8A(2) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (hereinafter referred to as the SAST Regulations, 1997) read with Regulation 35 of the SAST Regulations, 2011.

3. Shri Hiren Kothari (hereinafter referred to as 'Hiren'), promoter and director of the Company, had violated provisions of Regulation 13(4) and 13(4A) of the PIT Regulations read with Regulation 12(2) of the PIT Regulations, 2015, Regulation 8A(2) of the SAST Regulations, 1997 read with Regulation 35 of the SAST Regulations, 2011, Regulation 31(2) read with Regulation 31(3) of the SAST Regulations, 2011and Clause 1.2 of the Code of Conduct specified in Part A of Schedule I read with Regulation 12(1) and 12(3) of the PIT Regulations read with Regulation 12(2) of the PIT Regulations, 2015.

4. Gaparik Trade and Finance Resources Limited (hereinafter referred to as 'Gaparik'), promoter of the Company had violated the provisions of Regulation 8A(2) of the SAST Regulations, 1997 read with Regulation 35 of the SAST Regulations, 2011, Regulation 31(2) read with Regulation 31(3) of the SAST Regulations, 2011 and Regulation 13(4A) of the PIT Regulations read with Regulation 12(2) of the PIT Regulations, 2015.

5. Adilnath Finance Private Limited (hereinafter referred to as 'Adilnath'), promoter of the Company had violated the provisions of Regulation 8A(2) of the SAST Regulations, 1997 read with Regulation 35 of the SAST Regulations, 2011, Regulation 31(2) read with Regulation 31(3) of the SAST Regulations, 2011 and Regulation 13(4A) of the PIT Regulations read with Regulation 12(2) of the PIT Regulations, 2015.

6. TIL, Shri Jayant Tanksale (Jayant - being director of the company), Shri Vijay Bhatia (Vijay - being director of the company), Shri Anil Bakshi (Anil - being director of the company), Shri Gaurav Bhatia (Gaurav - being director of the company), Ms Riddhi Sanghavi (Riddhi - being

7. Compliance Officer of the company) and Shri G.T. Shenoy (Shenoy - being Compliance Officer of the company),had violated the provisions of Clause 1.2 of the Code of Conduct specified in Part A of Schedule I read with Regulation 12(1) and 12(3) of the PIT Regulations read with Regulation 12(2) of the PIT Regulations, 2015.

8. Securities and Exchange Board of India (hereinafter referred to as the SEBI) had conducted an investigation in the scrip of TIL for the period between January 01, 2011 and September 30, 2012 to look into the possible violation of the provisions of the SEBI Act, 1992 and various Rules and Regulations made thereunder. During investigation the following was observed:

Synchronized trades BSE

9. The analysis revealed that three entities *viz.* Twin, Chetan and Metrochem had indulged in synchronized trades and the summary of the synchronized trades between these three entities are as under:

BSE

Buyer Name	Seller Name	Synchronized Qty.	No. of Trades	% of Sync. Vol. to Mkt. Vol.	No. of Buy Orders	No. of Sell Orders	No of days	Cont. to LTP (Rs.)
Twin Best	Metrochem	4,90,877	2	2.084	2	2	2	0
Twin Best	Chetan	2,38,407	12	1.012	12	12	7	0.03
Chetan	Twin Best	1,57,462	6	0.669	6	6	3	0.12
Chetan	Chetan	50,000	2	0.212	2	2	1	-0.06
Twin Best	Twin Best	15,000	1	0.064	1	1	1	0.15
Total		9,51,746	23	4.041	23	23	14	0.24

NSE

Buyer Name	Seller Name	Synchronized Qty.	No. of Trades	% of Sync. Vol. to Mkt. Vol.	No. of Buy Orders	No. of Sell Orders	No of days	Cont. to LTP (Rs.)
Twin Best	Chetan	4,09,991	20	1.973	20	20	7	0
Chetan	Twin Best	11,22,146	57	5.4	43	42	9	0.35
Chetan	Chetan	7,22,445	34	3.476	32	32	11	-0.15
Total		22,54,582	111	10.85	95.00	94.00	27	0.20

10. Chetan is the promoter and Managing Director of TIL and had banking transactions with Twin.

Self-Trades

11. The following entities had entered into self-trades in the scrip of TIL. In these self-trades, there was no change of beneficial ownership and the said trades had allegedly created

volumes in the scrip of TIL. The trade details of self-trades executed by the said entities at BSE and NSE during the investigation period are as under

Exchange : BSE					
Entity Name	Self Trade Qty.	No of Self Trades	No. of days	Net LTP by Self Trades (Rs.)	Pos. LTP by Self Trades (Rs.)
Twin Best	73,690	5	6	0.30	0.3
Chetan	51,531	2	2	(0.11)	0.02
Total	125221	7	8	0.19	0.3
Exchange : NSE					
Entity Name	Self Trade Qty.	No of Self Trades	No. of days	Net LTP by Self Trades (Rs.)	Pos. LTP by Self Trades (Rs.)
Chetan	8,77,943	54	13	(0.30)	0.1
Twin Best	25,360	11	1	(0.05)	-
Total	903303	65	14	(0.035)	0.1

12. It was alleged that two entities Twin and Chetan had indulged in self trades for two or more days for more than 10,000 shares. Thus, by entering into significant quantity of self-trades repeatedly, Chetan and Twin had created artificial volume leading to false and misleading appearance of trading in the scrip of TIL without intention of change of ownership of shares.

Disclosure Violations

13. Adilnath

a) Adilnath, promoter of the company, was observed to have failed to comply with disclosure requirements under SAST Regulations, 1997, SAST Regulations, 2011 and PIT Regulations. SAST 1997

Date	No. of shares	Transaction Relating to pledge	Applicable Regulation of SAST 1997	Violation
10-Feb-11	1,20,000	Creation	8A(2)	Non-disclosure to company
9-Mar-11	24,000	Creation	8A(2)	

b) SAST 2011

Date	No. of shares	Transaction Relating to plegde	Applicable Regulation of SAST 2011	Due date for Promoter to report to company	Due date for Promoter to report to Stock Exchange	Actual date of disclosure by Promoter to company	Actual date of disclosure by Promoter to Stock Exchange	Violation
8-Nov-11	24,000	Invocation	31(2) r/w 31(3)	17-Nov-11	17-Nov-11	26-Nov-11	26-Nov-11	Delayed disclosure
21-Nov-11	15,000	Closure	31(2) r/w 31(3)	30-Nov-11	30-Nov-11	21-Nov-11	28-Nov-11	Closure of pledge was disclosed as Invocation of pledge and hence, non-disclosure of details of invocation of pledge.
21-Nov-11	40,000	Closure	31(2) r/w 31(3)	30-Nov-11	30-Nov-11	21-Nov-11	28-Nov-11	
26-Jun-12	30,000	Invocation	31(2) r/w 31(3)	5-Jul-12	5-Jul-12	5-Jul-12	12-Jul-12	Delayed disclosure

c) PIT 1992

Date of Transaction	No. of shares	Transaction	Applicable Regulation of PIT 1992	Violation
30-Apr-12	1,00,000	Invocation	13(4A)	Non- Disclosure to the company and the stock exchange the change in holdings exceeding 25,000 shares
4-Jun-12	3,50,000	Invocation	13(4A)	
26-Jun-12	30,000	Invocation	13(4A)	
2-Jul-12	1,00,000	Invocation	13(4A)	
2-Jul-12	1,24,000	Invocation	13(4A)	
2-Jul-12	90,000	Invocation	13(4A)	
2-Jul-12	1,50,000	Invocation	13(4A)	
13-Aug-12	65,000	Invocation	13(4A)	

d) In view of the above, it was alleged that Adilnath, by not making the disclosures for the pledge of shares as mentioned above has violated the provisions of Regulation 8A(2) of the SAST Regulations, 1997. Further, it was alleged that Adilnath, by making delayed disclosures for invocation of pledge as above and by not making disclosures for closure of pledge on two occasions as mentioned above has violated the provisions of Regulation 31(2) read with Regulation 31(3) of the SAST Regulations, 2011. Also, It was alleged that Adilnath has failed to make disclosures under Regulation 13(4A) of

the PIT Regulation 1992 read with Regulation 12(2) of the PIT Regulations, 2015 on account of invocation of pledge on eight occasions exceeding 25000 shares.

14. Gaparik, Promoter of TIL

a) SAST 1997

Date	No. of shares	Transaction Relating to pledge	Applicable Regulation of SAST 1997	Violation
8-Mar-11	2,66,700	Creation	8A(2)	Non-disclosure to company
9-Mar-11	1,77,300	Creation	8A(2)	
10-Mar-11	31,000	Creation	8A(2)	
10-Mar-11	14,000	Creation	8A(2)	
10-Mar-11	9,500	Creation	8A(2)	

b) SAST 2011

Date	No. of shares	Transaction Relating to pledge	Applicable Regulation of SAST 2011	Violation
9-Apr-12	1,66,700	Closure	31(2) r/w 31(3)	Non-disclosure to company and stock exchanges
9-Apr-12	9,500	Closure	31(2) r/w 31(3)	

c) PIT 1992

Date of Transaction	No. of shares	Transaction	Applicable Regulation of PIT 1992	Violation
27-Apr-12	1,00,000	Invocation	13(4A)	Non-Disclosure to the company and the stock exchange of the change in holdings exceeding 25,000 shares.
26-Jun-12	59,314	Invocation	13(4A)	
24-Sep-12	36,200	Invocation	13(4A)	

d) In view of the above, it was alleged that Gaparik, by not making the disclosures for the pledge of shares as mentioned above has violated the provisions of Regulation 8A(2) of the SAST Regulations, 1997 .Further, it was alleged that by not making disclosures for closure of pledge on two occasions has violated the provisions of Regulation 31(2) read with Regulation 31(3) of the SAST Regulations, 2011. It was alleged that Gaparik has failed to make disclosures under Regulation 13(4A) of the PIT Regulation 1992 read with Regulation 12(2) of the PIT Regulations, 2015 on account of invocation of pledge on three occasions exceeding 25000 shares.

15. <u>Chetan, Promoter and Managing Director of TIL</u>

a) SAST 1997:

Date	No. of shares	Transaction Relating to pledge	Applicable Regulation of SAST 1997	Violation
1-Feb-11	61,000	Creation	8A(2)	Non-disclosure to company
10-Feb-11	1,00,000	Creation	8A(2)	
13-Jun-11	1,00,000	Creation	8A(2)	
13-Oct-11	2,00,000	Creation	8A(2)	

b) SAST 2011

Date	No. of shares	Transaction Relating to pledge	Applicable Regulation of SAST 2011	Violation
8-Feb-12	2,30,000	Invocation	31(2) r/w 31(3)	Non-disclosure to company and stock exchanges
20-Mar-12	24,500	Creation	31(1) r/w 31(3)	
13-Jul-12	1,34,000	Invocation	31(2) r/w 31(3)	
13-Jul-12	1,65,000	Invocation	31(2) r/w 31(3)	
13-Jul-12	40,000	Invocation	31(2) r/w 31(3)	

c) PIT 1992

Date of Transaction	No. of Shares	Transaction	Applicable Regulation of PIT 1992	Violation
8-Feb-12	2,30,000	Invocation	13(4) &(4A)	Non-Disclosure to the company and the stock exchange of the change in holdings exceeding 25,000 shares
4-Jun-12	1,90,000	Buy	13(4) &(4A)	
5-Jun-12	1,89,835	Buy	13(4) &(4A)	
5-Jun-12	74,995	Sell	13(4) &(4A)	
7-Jun-12	2,18,509	Buy	13(4) &(4A)	
7-Jun-12	1,03,000	Sell	13(4) &(4A)	
8-Jun-12	1,20,000	Sell	13(4) &(4A)	
11-Jun-12	75,000	Buy	13(4) &(4A)	
11-Jun-12	1,77,893	Sell	13(4) &(4A)	
12-Jun-12	65,500	Sell	13(4) &(4A)	
13-Jun-12	1,30,833	Buy	13(4) &(4A)	
18-Jun-12	38,497	Buy	13(4) &(4A)	
18-Jun-12	36,000	Sell	13(4) &(4A)	
19-Jun-12	76,150	Buy	13(4) &(4A)	
19-Jun-12	1,29,000	Sell	13(4) &(4A)	
21-Jun-12	28,081	Buy	13(4) &(4A)	
22-Jun-12	25,544	Buy	13(4) &(4A)	
22-Jun-12	77,600	Sell	13(4) &(4A)	

Date of Transaction	No. of Shares	Transaction	Applicable Regulation of PIT 1992	Violation
25-Jun-12	2,49,637	Buy	13(4) &(4A)	
25-Jun-12	2,45,530	Sell	13(4) &(4A)	
26-Jun-12	1,35,000	Buy	13(4) &(4A)	
28-Jun-12	99,006	Buy	13(4) &(4A)	
28-Jun-12	95,000	Sell	13(4) &(4A)	
29-Jun-12	53,531	Sell	13(4) &(4A)	
4-Jul-12	30,000	Buy	13(4) &(4A)	
4-Jul-12	61,000	Sell	13(4) &(4A)	
6-Jul-12	1,64,000	Buy	13(4) &(4A)	
9-Jul-12	41,020	Buy	13(4) &(4A)	
10-Jul-12	50,000	Buy	13(4) &(4A)	
10-Jul-12	25,000	Sell	13(4) &(4A)	
11-Jul-12	1,50,000	Buy	13(4) &(4A)	
11-Jul-12	1,00,000	Sell	13(4) &(4A)	
12-Jul-12	77,500	Buy	13(4) &(4A)	
12-Jul-12	81,500	Sell	13(4) &(4A)	
13-Jul-12	1,34,000	Invocation	13(4) &(4A)	
13-Jul-12	1,65,000	Invocation	13(4) &(4A)	
13-Jul-12	40,000	Invocation	13(4) &(4A)	
13-Jul-12	30,500	Sell	13(4) &(4A)	
17-Jul-12	80,000	Buy	13(4) &(4A)	
17-Jul-12	80,000	Sell	13(4) &(4A)	
18-Jul-12	50,000	Buy	13(4) &(4A)	
18-Jul-12	1,57,881	Sell	13(4) &(4A)	
19-Jul-12	1,70,862	Sell	13(4) &(4A)	
20-Jul-12	67,000	Sell	13(4) &(4A)	
26-Jul-12	2,37,000	Buy	13(4) &(4A)	
26-Jul-12	1,95,000	Sell	13(4) &(4A)	
27-Jul-12	42,007	Sell	13(4) &(4A)	
2-Aug-12	60,901	Buy	13(4) &(4A)	
2-Aug-12	32,100	Sell	13(4) &(4A)	
7-Aug-12	50,984	Sell	13(4) &(4A)	
17-Aug-12	1,61,256	Sell	13(4) &(4A)	
22-Aug-12	32,000	Sell	13(4) &(4A)	
28-Aug-12	58,768	Buy	13(4) &(4A)	
28-Aug-12	1,09,546	Sell	13(4) &(4A)	
30-Aug-12	32,121	Sell	13(4) &(4A)	
14-Sep-12	61,000	Invocation	13(4) &(4A)	

d) From the above tables, it was alleged that Chetan by not making the disclosures for the pledge of shares as mentioned above has violated the provisions of Regulation 8A(2) of the SAST Regulations, 1997. Further, it was alleged that, by not making disclosures for creation of pledge has violated the provisions of Regulation 31(1) read with Regulation 31(3) of the SAST Regulations, 2011. On account of invocation of pledge on four occasions, Chetan was required to make necessary disclosures as

prescribed under Regulation 31(2) read with Regulation 31(3) of the SAST Regulations, 2011. It is alleged that Chetan had failed to make the said disclosures. Also, on perusal of the table above, it was observed that Chetan had transacted in the scrip of TIL from February 08, 2012 to September 14, 2012 on various occasions. The said transactions were to be disclosed to the company and the stock exchanges as required under Regulation 13(4A) of the PIT Regulations 1992 as the change in shareholding exceeded 25000 shares. However, it was alleged that Chetan has failed to do so.

16. Hiren Kothari ,Promoter and Non-Executive Director of TIL

a) SAST 1997

Date	No. of shares	Transaction Relating to pledge	Applicable Regulation of SAST 1997	Violation
3-Feb-11	82,500	Creation	8A(2)	Non-disclosure to company
10-Feb-11	40,000	Creation	8A(2)	
22-Mar-11	20,000	Creation	8A(2)	

b) SAST 2011

Date	No. of shares	Transaction Relating to pledge	Applicable Regulation of SAST 2011	Violation
8-Feb-12	82,500	Invocation	31(2) r/w 31(3)	Non-disclosure to company and stock exchanges
13-Jul-12	1,10,000	Invocation	31(2) r/w 31(3)	
14-Sep-12	60,000	Invocation	31(2) r/w 31(3)	

c) PIT 1992

Date of Transaction	No. of shares	Transaction	Applicable Regulation of PIT 1992	Violation
8-Feb-12	82,500	Invocation	13(4) &(4A)	Non-Disclosure to the company and the stock exchange of the change in holdings exceeding 25,000 shares.
4-May-12	1,85,000	Invocation	13(4) &(4A)	
19-Jun-12	9,62,060	Invocation	13(4) &(4A)	
26-Jun-12	37,680	Invocation	13(4) &(4A)	
13-Jul-12	1,10,000	Invocation	13(4) &(4A)	
13-Aug-12	79,000	Invocation	13(4) &(4A)	
14-Sep-12	60,000	Invocation	13(4) &(4A)	

d) it was alleged that Hiren by not making the disclosures for the pledge of shares as above has violated the provisions of Regulation 8A(2) of the SAST Regulations, 1997

read with Regulation 35 of the SAST Regulations, 2011. Further, it was alleged that by not making disclosures on account of invocation of pledge on February 08, 2012, July 13, 2012 and September 14, 2012, Hiren has violated the provisions of Regulation 31(2) read with Regulation 31(3) of the SAST Regulations, 2011. Also, on account of invocation of pledge on seven occasions which exceeded 25000 shares, Hiren was required to make necessary disclosures as prescribed under Regulation 13(4A) of the PIT Regulations. It is alleged that Hiren has failed to make the said disclosures.

17. Code of Conduct Violations – PIT Regulation

a) The code of internal procedures and conduct adopted by TIL as required under Regulation 12(1) of the PIT Regulations 1992 was obtained from the company and examined. It was observed that the said model code of conduct was near to the Model Code of Conduct for prevention of insider trading as specified in Part A of Schedule I of the PIT Regulations. Upon perusal of the model code of conduct, it was observed that as per Clause 3.3.1 of model code of conduct for prevention of insider trading for listed companies as specified in Part A of Schedule I of the PIT Regulations, all the directors/officers/designated employees of the company and their dependents as defined by the company who intend to deal in the securities of the company above a minimum threshold limit to be decided by the company (10,000 shares or market value of Rs.3,50,000 in a calendar month in as per the code of conduct adopted by the company) should pre-clear the transaction as per the pre-dealing procedure. Further, as per Clause 4.2 of the model code of conduct, all directors/ officers/ designated employees who buy or sell any number of shares of the company shall not enter into an opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction.

b) It was alleged observed that Chetan, Director-Promoter of the company, and Chetana Kothari (wife of Chetan) had traded in the scrip of TIL. The summary of trades by Chetan and Chetana Kothari is as under:

Entity	**Month**	No of Shares Bought		**Total Shares Bought**	No of shares Sold		Total Shares Sold	Total Shares Traded
		BSE	NSE		BSE	NSE		
A	**B**	C	D	**E=C+D**	F	G	H=F+G	I
Chetan	**Mar-11**	20,494	-	**20,494**	-	-	-	20,494
	Jan-12	2,50,000	10,79,790	**13,29,790**	-	-	-	13,29,790
	Mar-12	2,00,000	-	**2,00,000**	-	-	-	2,00,000
	Jun-12	3,42,481	13,11,258	**16,53,739**	1,31,031	10,79,018	**12,10,049**	28,63,788
	Jul-12	3,47,115	7,17,963	**10,65,078**	3,06,713	7,27,697	**10,34,410**	20,99,488
	Aug-12	1,38,543	14,083	**1,52,626**	1,99,742	2,75,147	**4,74,889**	6,27,515
	Sep-12	4,000	-	**4,000**	-	4,000	**4,000**	8,000
Chetana Kothari	**Jul-12**	5,265	3,24,197	3,29,462	70,550		70,550	4,00,012
	Aug-12*	30,500	65,783	96,283	65,000	1,30,283	1,95,283	2,91,566
***Excluding shares sold 13, 14 & 15 August 2012 during which the trading window was closed**								

c) From the above table, it was noted that during the investigation period, the month-wise number of shares traded by Chetan exceeded the threshold limit decided by the company on six calendar months out of seven calendar months(i.e. except September 2012) in which he had traded in the scrip of TIL. Similarly, Chetana Kothari had traded during two calendar months and exceeded the threshold limit decided by company on two calendar months. On inquiry, the company, vide its letter dated February 22, 2014, had confirmed that the pre-clearance was not obtained by any designated employees or dependents during the investigation period to trade in the scrip. Further, it was also observed that Chetan had executed opposite transactions during the period between January 2012 and September 2012.

d) In view of the above, it was alleged that Chetan, being the Managing director of the company, has violated the provisions of Clause 3.3.1 and Clause 4.2 of the model Code of Conduct as specified in Schedule I of Part A read with Regulation 12(1) of the PIT 1992 read with 12(2) of PIT 2015.

18. Role of Compliance officer

a) As per Clause 1.2 of the model Code of Conduct specified under Part A in Schedule I of the PIT Regulations, *"The compliance officer shall be responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of "Price Sensitive Information", pre-clearing; of designated employees' and their dependents' trades (directly or through respective department heads as decided by the company), monitoring of trades and the implementation of the code of conduct under the overall supervision of the Board of the listed company."* It was observed that the company was regularly filing with exchanges the Statement showing shareholding pattern of the company on quarterly basis and also, the formats of quarterly financial results published by the company contains the particulars of shareholding. Hence, the company, its directors and compliance officers are alleged to be aware of the trades by Chetan (Director and Promoter) and Chetana Kothari (wife of chetan and promoter) without pre-clearance despite Chetan being director-promoter of the company.

b) In view of the same, it was alleged that TIL had failed to ensure and enforce the compliance of code of conduct of the company and thus, has violated Clause 1.2 of the Code of Conduct specified under Part-A of Schedule-I read with Regulations 12(1) & 12(3) of the PIT Regulations. Further, it was alleged that the non-independent directors i.e. Chetan, Hiren, Jayant, Vijay, Anil and Gaurav and the compliance officers i.e. Riddhi and Shenoy (designated so during the relevant period) had failed to implement and supervise the Code of Conduct of the Company and thus, have also violated the provisions of Clause 1.2 of code of conduct specified under Part-A of Schedule-I read with Regulations 12(1) of SEBI (PIT) Regulations, 1992.

19. In this order wherever PIT Regulations, 1992 is mentioned it should be referred to as PIT Regulations, 1992 read with Regulation 12 of SEBI (Prohibition of Insider Trading) Regulations, 2015.

20. In this order wherever SAST Regulations, 1997 is mentioned it should be referred to as SAST Regulations, 1997 read with Regulation 35 of SEBI (Acquisition of Shares and Takeovers) Regulations, 2011.

Appointment of Adjudicating Officer

21. SEBI had initiated adjudication proceedings against the entities mentioned above and appointed Shri D Sura Reddy as Adjudicating Officer vide order dated April 29, 2016 under Section 15 I of the Act read with Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as 'Rules') to inquire into and adjudge under Sections 15HA of the Act for the entities at Sl.no. 1 to 3, under Section 15A(b) of the Act for the entities at Sl.No.3 to 6 and under section 15 HB of the Act for the entities at serial nos. 3,4, and 7 to 13 for the alleged violation of the provisions of law by the entities. Pursuant to the transfer of the case, I have been appointed as Adjudicating Officer (AO), vide order dated May 18, 2017.

Show Cause Notice, Reply and Personal Hearing

22. A common show cause notice (hereinafter referred to as 'SCN') dated June 15, 2016 was issued to Entities under the provisions of Rule 4 (1) of the Rules by the erstwhile AO to show cause as to why an inquiry should not be initiated against the Entities and penalty should not be imposed under Sections 15A(b), 15HA and 15 HB of the Act for the alleged violations as stated above.

23. Reply of Metrochem

a) Metrochem vide letter dated July 2, 2016 acknowledged the SCN and sought extension of time to submit reply. Accordingly, vide letter dated July 25, 2016, reply was submitted which inter-alia states that:

i. Metrochem was nowhere connected to the entities mentioned in the annexure hence the allegations regarding synchronised trade are not applicable.Metrochem's volume was very negligible when compared to the market volume on both exchanges during the investigation period.

ii. No relevant proof, evidence which SEBI relied was not provided to Metrochem for the alleged synchronized trades and the trades were executed through registered broker as per the available market mechanism provided by BSE.

24. Reply of Chetan

a) The SCN was returned undelivered, however, the same was served through TIL. Chetan vide his letter dated June 29, 2016 acknowledged the SCN and sought time to file his reply. Vide his letters dated July 29, 2016 and August 8, 2016 sought extension of time and request copy of order and trade logs for the alleged investigation period in the scrip of TIL. Information was provided by the erstwhile AO vide letter dated August 19, 2016 and in response, vide letter dated August 24, 2016, Chetan acknowledged the receipt of information and sought time to file his reply. Accordingly, vide letter dated September 20, 2106, Chetan had filed his reply which inter-alia states that :

a) All his trades were executed through his brokers and there was no way of knowing the details of counterparty while trades are being executed or otherwise. Synchronized trades in itself does not warrant a charge under PFUTP if there is no price manipulation. No price manipulated of any nature can be warranted against his trades and neither is it shown. From the analysis, it can be seen that LTP contribution of his trades are negligible. Therefore, his trades cannot be said to have manipulated the price of the scrip in any manner whatsoever and neither is it shown.

b) As far as allegation of self-trades are concerned, my alleged self-trades at BSE and NSE of 2 trades on 2 different days in two different months have negligible contribution towards LTP and were well within the price limits. Further, all trades were executed by the broker and there was no mechanism for discovering the identity of the counter party of my trades at the relevant or otherwise. Therefore, such alleged self-trades cannot be said to be executed to create any artificial volume or misleading appearance of trading in the scrip of TIL. Hence, prayed that no penalty should be imposed under section 15HA of the Act.

c) With regard to disclosure on pledged shares, the shares were pledged with lenders for raising the necessary loans to meet the liabilities of the company. Unfortunately, the amount due to the various lenders could not be paid by the company and the shares were transferred to the lender's account to recoup their loans. Owing to number of such transactions, tracing the same in the absence of any direct discovery was difficult. Also, in an attempt to regain shares, certain buy transactions were made to maintain the trust of the shareholders in the company. The declining financial status of the company

had put under tremendous financial and mental duress. To the best of his abilities various disclosures were made during the relevant time and prayed to take a compassionate view for non-disclosures.

d) *With regard to non-obtaining of pre-clearance for sale of shares within 6 months as per PIT regulations, the sale transactions were executed by the brokers on their own to recover their dues. Hence, pre-clearance may not be required under these circumstances.*

e) *With regard to violation of clause 1.2 of Code of Conduct specified in Part A of Schedule I of PIT Regulations being the director of TIL, as per circumstances stated above, he cannot be alleged to have violated clause 1.2 of Code of Conduct specified in Part A of Schedule I of PIT Regulations.*

25. Reply of Twin Best

a) *The SCN was returned undelivered, however, the same was served through Affixture in terms of Rule 7(3) of AO Rules. In response to SCN, Twin Best vide letter dated June 29, 2016 and July 28, 2016 sought time to file its reply. Vide its letters dated July 29, 2016 and August 8, 2016 sought extension of time and copy of order and trade logs for the alleged investigation period in the scrip of TIL. The said Information was provided by the erstwhile AO vide letter dated August 19, 2016, however, the same was returned undelivered. Office of erstwhile AO vide email dated August 23, 2016 advised Twin Best about the non-delivery of letter and sought for alternate address for communication. In response, Twin Best vide letter dated August 24, 2016 and September 20, 2016 requested time to file and vide letter dated September 22, 2016 submitted its reply which inter-alia states that :*

i. *Denied the allegation of part of any purported group and executing any synchronized trade as all the trades were executed through their brokers, apart from NSE & BSE, who had not sent any alert regarding alleged trades. Synchronized trading in itself does not warrant a charge against PFUTP if there is no price manipulation since no price manipulation of any nature can be warranted against the trades and neither is it shown.*

ii. *The alleged LTP contributions of the alleged trades were negligible and within the price limits of stock exchanges. As there is no preconceived modus operandi of the alleged synchronized trades or the alleged LTP contributions and neither is it shown, the same may not be considered for violation of PFUTP Regulations against us as more specifically set out in SCN or otherwise.*

iii. *Our trades considered for the alleged violation with one purported group entity viz., Mr. Chetan Kothari are considered in isolation as against the entire trading pattern of the company.*

iv. *Additional Submission vide letter dated December 22, 2017.*

v. *Out of the purported period of investigation, period of 19 months, 10 days of trading on BSE a period of 5 months have been considered as synchronized trading. Moreover, the alleged LTP contribution because of the synchronized trades were negligible ie., Rs.0.24 in BSE and Rs.0.20 in NSE. Further, the volume generated by trades which got matched with Twin Best is so less that, the same could not be taken to draw adverse inference against them.*

vi. *With regard to the allegation that we have indulged in self-trade, during the investigation period of 19 months, the alleged self-trade resulted in of 0.31% of the total market volume in BSE and 0.12% of the total market volume of NSE, which are very negligible. Further, the said alleged self-trades had negative impact ie., 0.05 of NSE and positive impact of Rs.0.30 on BSE on the last raded price of the scrip of TIL. Thus the self-trade neither had any impact in the price nor has created any artificial volume in the scrip of TIL.*

vii. *Further, case laws and SEBI's policy dated May 16, 2017 on self-trades were referred while pleading not to hold him guilty of violating PFUTP Regulations.*

26. Reply of Adilnath

a) While acknowledging the SCN, Adilnath vide letter dated June 29, 2016 sought time to submit its reply. Further, extension of time to file reply was sought vide letters dated July 28, 2016 and August 24, 2016 and subsequently submitted the reply vide letter dated September 20, 2016, which inter-alia states that:

i. *The alleged non-disclosure of 2 instances with regard to Regulation 8A(2) of SAST Regulations, 1992 were inadvertently not communicated to the department and therefore necessary steps could not be taken and prayed to take a compassionate view.*

ii. *The alleged disclosures under Regulation 31(2) read with Regulation 31(3) of SAST Regulations, 2011 there was inadvertent-discrepancy/ delay of few days respectively, in making the alleged disclosures on 21st Nov 2011 and 8th Nov 2011 and 26th June 2012(as more specifically set out in para 16 of the SCN) i.e., 3 days as against the 19 months of purported investigation period.*

iii. *Due to unfortunate and unforeseen events, the monies, raised against pledge of shares to meet the financial crises of TIL, due to the lenders could not be re-paid and the pledges were invoked by different lenders resulting in lack of direct discovery and miscommunications between the various department the alleged disclosures under Regulation 13(4A) of PIT Regulations, 1992 were inadvertently not made.*

Additional Submission:

iv. *Best of efforts have been taken to make sure that all the disclosures are made promptly. However, as the invocation of pledge occurs in open market, Adilnath was unaware of the act. On coming to know of invocation of shares, necessary disclosures were immediately filed with the stock exchanges. Therefore, despite best efforts certain non-disclosures as alleged by SEBI were simply due to inadvertence/ ignorance and there was no mala-fide intention for not disclosing the transactions and there was absolutely no intention whatsoever to suppress any information by the alleged non-filing of necessary disclosures under the PIT Regulation and SAST Regulation. We further state that such events of release of shares took place of its own and in such a situation, AFPL cannot be attributed as a party to the alleged violation.*

v. *Adilnath was not aware of various invocations/ release of pledge and hence could not gauge the changes in the shareholding pattern and it exceeding the threshold limits as stipulated under Regulation 13(4) and 13 (4A) of PIT Regulations.*

vi. *With regards to violation of regulation 13(4A) of PIT Regulations attention is drawn to the judgement of Hon'ble SAT in the matter of Vitro Commodities PVt Ltd vs SEBI and requested to take a lenient view.*

vii. *Since no undue advantage or gain has been made by AFPL because of such non-disclosures nor has any loss been caused to the investor or group of investors because of such non-disclosure, AFPL may kindly be pardoned for not complying with the provisions of regulation 31(1), 31(2) and 31(3) of SAST in respect of disclosures with reference to creation of pledge/ release of pledge of shares. It was sheer inadvertence in respect of non-filing disclosures.*

27. Reply of <u>Gaparik</u>

a) While acknowledging the SCN, Gaparik vide letter dated June 29, 2016 sought time to submit its reply. Further, extension of time to file reply was sought vide letters dated

July 28, 2016, August 24, 2016 and September 20, 2016 and subsequently submitted the reply vide letter dated September 22, 2016, which inter-alia states that:

i. *Alleged non-disclosures with regards to Regulation 8A(2) of SAST Regulations, 1992 during March 2011 were inadvertently not made due to tremendous pressure of the respective departments and prayed to take a compassionate view.*

ii. *Alleged non-disclosures with regards to regulation 31(2) read with 31(3) of SAST Regulations 2011 were made and the necessary proof of the same is enclosed.*

iii. *Alleged non-disclosure with regards to Regulation 13(4A) of PIT Regulations, 1992 were inadvertently not made because various lenders from the monies were borrowed to deal with the financial crisis of TIL, had invoked the pledge for non-payment loan. Since the alleged non-disclosures were only on 3 instances in 2 separate financial quarters as against the investigation period of 19 months, a compassionate view may be taken.*

Additional Submissions

iv. Similar submission as made by Gaprik (mentioned above)

28. <u>Reply of Hiren</u>

a) In response to the SCN, vide letter dated June 29, 2016, Hiren stated that he was not a director of TIL and sought time to file his reply and also sought extension of time vide letter dated July 28, 2016. Thereafter vide letter dated August 20, 2016 submitted the reply which inter alia states that:

i. *He was as non-Executive Director and not involved in the day to day activities of the TIL and privy to only those matters which were discussed in the board meetings and no such matters were before him at the relevant time. Further he has resigned as a non-Executive Director of TIL w.e.f October 31, 2012.*

ii. *Non-disclosures with regard to Regulation 8A(2) of SAST Regulations, 1992 were only on 3 instances during 2 months as against the purported investigation period of 19 months and that too due to the fact that the shares were pledged with the lenders for raising loans/funds which were required to deal with the financial crises of the company and the pledges were invoked by the lenders for non-repayment of loan. As it was difficult to keep track of the various invocations, inadvertently certain disclosures of invocation were not made. Hence, requested to take a compassionate view on the violations*.

29. Reply of Anil Bakshi

a) In response to the SCN, vide letter dated June 29, 2016 acknowledged the SCN and sought time to file their reply. Accordingly vide letter dated July 20, 2016 submitted a reply which interalia states that:

i. *He had resigned as Executive Director of TIL w.e.f December 3, 2008 and with TIL as non-executive and non-independent director upto April 18, 2011 and the last board meeting attended by him was on September 30, 2011 which clearly shows that he is not having any control of any kind of the day to day activities of TIL.*

ii. *It is pertinent to mention that almost all the trades of Mr. & Mrs. Kothari traded in excess of threshold limit except one trade which was executed during the period in which was a non-executive and non-independent director.*

iii. *Further it is the responsibility of Mrs. & Mr. Kothari to obtain pre-clearance and I cannot be held responsible for their failure.*

iv. *Secondly it is sole responsibility of the compliance officer of TIL for setting forth policies, procedures, monitoring adherence to the rules for preservation of price sensitive information, pre-clearing of the designated employees and their dependent's trades. Thus it is apparently the compliance of the TIL has failed to supervise and implement to the code of conduct of TIL.*

30. Reply of Jayant Tanksale

a) In response to the SCN, vide letter dated June 29, 2016, Jayant acknowledged the SCN and sought time to file his reply. He filed the reply vide letter dated January 10, 2018 which inter-alia states that:

i. *Jayant was appointed as Executive Director and assigned the work of training of the new employees and execution of new projects undertaken by the company till December 2010. From December 2010 to January 2012, he was holding the same post without any remuneration and associated with the company as an Independent Director till his resignation on January 8, 2014.*

ii. *It is pertinent to mention that during this tenure as Executive Director and thereafter as Independent Director he was never a part of the Board of Directors nor did he attended any board meetings of the directors. It is also pertinent to note that as per clause 1.2 of the model code of conduct specified under Part A of Schedule 1 of the PIT Regulations, the compliance officer shall be responsible for the price sensitive information monitoring trades and implementation of the code of conduct and over all supervision of the Board of*

the listed company. He is neither a compliance officer nor were his duties or responsibilities of supervision with respect to price sensitive information.

31. <u>Reply of Vijay and Gaurav</u>

a) In response to the SCN, vide letter dated August 26, 2016, AR of Vijay and Gaurav acknowledged the SCN and sought time to file their reply. Accordingly vide letter dated January 27, 2017 submitted a common reply which inter alia states that :

i. Vijay and Gaurav together holding 1.18% in TIL and on the request of the promoters of TIL they had agreed to become directors of TIL were appointed as "Non-executive Directors" and resigned from the board of TIL on May 14, 2012 and September 04, 2012 respectively and being a non-executive directors not having any responsibility on the day to day activities of TIL. Further, Vijay and Gaurav were not part of any committees in TIL either statutory or otherwise.

ii. As per the model code of conduct adopted by TIL, the responsibility of compliance of PIT regulations lies with the compliance officer under the supervision of the sub-committee constituted by the Board of TIL. The sub-committee consists of Mr. Chetan Shantilal Kothari (Promoter), Managing Director, Mr. Hiren Kothari (Promoter) – Non-Executive Director and Mr. Jayant Tanksale – Executive Director. Since Vijay and Gaurav were not part of the sub-committee they shall not be held liable for non-compliance of PIT Regulations even though they are the directors of TIL.

iii. Further, TIL Code also has provision that, if Compliance Officer, feels that, there is breach of provisions of TIL code by any of the designated persons who are members of sub-committee (which is the present case), on such event the compliance officer is required to forward his recommendations immediately to the Board of TIL for its consideration in next meeting. As neither the compliance officer nor the sub-committee forwarded any such recommendations to the Board in relations to the impugned trades of Mr. and Mrs. Kothari, there was no reason for Vijay and Gaurav that Mr and Mrs. Kothari were not adhering to the TIL's code. Further, it is pertinent to note that SCN fails to record any material/ evidence, that could remotely establish Vijay and Gaurav of having any knowledge of the impugned trades executed by Mr. & Mrs. Kothari in contravention to TIL's code. Hence, Vijay and Gaurav in no circumstances could be prosecuted and/or proceeded against, for non-adherence which has never been brought to their notice.

iv. Case laws of Hon'ble Supreme Court, Hon'ble SAT and Whole-time Member of SEBI have been referred to.

32. Reply of Riddhi Sanghavi

a) In response to the SCN, vide letter dated June 29, 2016, AR of Riddhi acknowledged the SCN and sought time to file her reply. Vide letter dated July 28, 2016 sought further extension of time. Accordingly vide letter dated September 18, 2016 submitted a her reply which inter alia states that:

i. *Riddhi was compliance officer of TIL during February 1, 2011 to November 14, 2011 and during the period only one incidence in March 2011 wherein Mr. Chetan Kothari bought 20494 shares without pre-clearance.*

ii. *Such a single isolated incidence of non-compliance by the designated employee of TIL must not be viewed in a manner so as to imply that Riddhi had failed to extinguish its responsibilities as compliance officer. The role of the compliance officer, in respect of pre-clearance, is a sequitur to the receipt of request for pre-clearing from the designated employees. In the case of failure of the designated employee to make a request for pre-clearing, the compliance officer must not be ordinarily held responsible for contravention of the code of conduct; as clandestinely undertaken trades cannot come to the light of the compliance officer until they have actually been undertaken in violation of norms, codes, laws etc.. It is pertinent to appreciate that no such violation was ever repeated by any concerned person of TIL during the tenure of Riddhi; which fact itself establishes the bonafides of Riddhi.*

iii. *During her tenure, two promoters and two directors of TIL appear to have had created certain pledges with respect to certain shares of TIL in violation of SAST and PIT regulations. In these instances, no disclosure of the creation of pledge were given and further invocation of pledge was after her tenure. Hence, she was in no way aware of the clandestine creation of the pledge by the promoters and directors of TIL during her tenure.*

33. Reply of G T Shenoy

a) Despite the SCN being served on Shenoy, as per postal records available before me, no reply has been filed. vide letter dated January 25, 2018, the reply has been filed which inter-alia states that:

i. *Shenoy was appointed as a company secretary from February 18, 2008. He met with an accident on January 19, 2009 and resumed his duty only in 2013. However, due to his physical condition after the accident he resigned the job vide his letter dated August 31, 2013.*

ii. *Further, he was not privy to any price sensitive information during his short tenure with TIL and due to the accident and the events that followed he was not even actively holding any position in TIL.*

34. <u>Reply of Tricom/ TIL</u>

a) In response to the SCN, vide letter dated June 29, 2016, TIL acknowledged the SCN and sought time to file its reply. Further extension of time was sought vide letter dated July 28, 2016. Accordingly vide letter dated August 22, 2016 submitted the reply which inter alia states that :

i. *TIL did not possess the knowledge of the alleged trades of its directors that are considered for the alleged violations. Further, the compliance officer as well as other directors of TIL have been separately and individually charged with the violation of clause 1.2 of the Code of Conduct specified in Part A of Schedule I read with Regulation 12(1) and 12(3) of PIT regulations, 1992.*

ii. *Considering the financial position has been declining since 2011-12 and it has been earning negative income since 2012-13. Considering the above circumstances, submissions and the sagging financial state of the company the Learned Adjudicating Officer may take a compassionate view against us in the interest of justice.*

iii. *Further, vide letter dated December 1, 2017 informed that Official Liquidator has been appointed by the Mumbai High Court for TIL and hence TIL could not take any action in respect of Notice received by it and also advised to take up the issue with the Official Liquidator. In the meantime, copy of the letter dated December 7, 2017 addressed to Mr. Chetan Kothari, Ex-director of TIL, by the Official Liquidator advising him to appear before SEBI has been received by me.*

iv. *As per Code of conduct it is only for a company to frame a code of internal procedures and conduct as near thereto the model code specified in Schedule I of these Regulations without diluting it in any manner and TIL has prepared the code of conduct with suitable modifications none of which dilute the provisions of the Model Code of Conduct.*

v. *The responsibility of ensuring compliance with Regulation 12 of the PIT Regulations and ensuring that Company perform its obligations in respect of insider trading regulations is that of the Compliance officer and therefore, TIL cannot be alleged to have violated Clause 1.2 of the Code of Conduct specified in Part A of Schedule I read with Regulation 12(1) & 12(3) of PIT Regulations.*

vi. *It is clear from the company code of conduct that the only time the company would be made aware of any violations of the provisions of PIT regulations by designated persons or promoters was when the compliance officer places its report before the board of directors. No such report was ever placed before the Board of Directors of TIL in any of the meetings and the same has not even been suggested in the SCN.*

vii. *Chetan who is alleged to have not sought pre-clearance for his transactions has already been alleged to be in violation of Model of Code of Conduct clauses 3.3.1 and 4.2 specified in Part A of Schedule I read with Regulation 12(1) of PIT Regulations.*

viii. *Chetan had not informed the company or other Directors of TIL about his trades.*

35. Hearing

a) Pursuant to the transfer of the case, I granted to all noticees an opportunity of personal hearing on December 11, 2017 in terms of Rule 4(3) of AO Rules and on the said date. AR of Chetan, Twin, Adilnath, Hiren, Anil Bakshi, Jayant , Vijay and Gaurav and TIL.

b) Even though the said notice was served as per the postal record available before me, no one appear before me on the said date on behalf of Metrochem and GT Shenoy.

c) Riddhi sought adjournment

d) In accordance with the principles of natural justice, I had given one more opportunity of hearing on January 22, 2018 to Metrochem, GT Shenoy and Riddhi . AR of Shenoy appeared before me on January 23, 2018 and had made written submissions. Despite the notice being served as per the postal records, neither any reply has been filed nor has no one appeared before me to defend the allegations on behalf of Metrochem.

e) In view of the attempts made by SEBI in serving the Notice to Metrochem, I am convinced that sufficient opportunities have been granted to Metrochem and I deem it appropriate to decide the matter on the basis of material available on record and hence I proceed further.

Consideration issues, Evidences and Findings

36. I have carefully perused the charges levelled against the entities in the SCN and written submissions made in response to SCN and all the documents available on record. In the instant matter, the following issues arise for consideration and determination:

a) Whether

i. Metrochem, Chetan and Twin Best have violated Regulations 3(a), (b), (c),(d), 4(1) , 4(2) (a), and (g) of FUTP Regulations?

ii. Chetan has violated Clauses 3.3.1 and 4.2 of Code of Conduct specified in Schedule I of Part A r/w Regulation 12(1) of PIT Regulations, Regulations 31(1), 31(2) read with 31/3 of SAST Regulations, 2011, Regulations 13(4),13(4A) of PIT Regulations and Regulation 8A(2) of SAST Regulations, 1997?

iii. Hiren has violated Regulations 31(2) read with 31(3) of SAST Regulations 2011, Regulations 13(4),13(4A) of PIT Regulations and Regulation 8A(2) of SAST Regulations, 1997?

iv. Adilnath and Gapark have violated Regulations 31(2) read with 31(3) of SAST Regulations, 2011, Regulations 13(4A) of PIT Regulations and Regulation 8A(2) of SAST Regulations?

v. TIL, Chetan, Hiren, Adilnath, Gapark, Jayant, Vijay, Anil, Gaurav, Riddhi, Shenoy have violated clause 1.2 of code of conduct specified in Schedule I of Part A r/w Regulation 12(1) of PIT Regulations?

b) Does the violation, if any, on the part of the entities attract monetary penalty under Section 15 A(b), 15 HA and 15 HB of the Act?

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

37. Before proceeding further, I would like to refer to the relevant provisions of the PIT Regulations, 1992, PIT Regulations, 2015, SAST Regulations 1997, SAST Regulation 2011, FUTP Regulations which are read as under:

Relevant provisions of PFUTP Regulations:

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

(a) *buy, sell or otherwise deal in securities in a fraudulent manner;*

(b) *use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;*

(c) *employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;*

(d) *engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.*

4. Prohibition of manipulative, fraudulent and unfair trade practices

(1) *Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.*

(2) *Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:—*

(a) *lindulging in an act which creates false or misleading appearance of trading in the securities market;*

(b) .....

(c).....

(g) *entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security;*

<u>Relevant provisions of SAST Regulations, 1997:</u>

Disclosure of Pledged Shares.

8A(2) *A promoter or every person forming part of the promoter group of any company shall, within 7 working days from the date of creation of pledge on shares of that company held by him, inform the details of such pledge of shares to that company.*

<u>Relevant provisions of SAST Regulations, 2011:</u>

Disclosure of encumbered shares.

31(1) *The promoter of every target company shall disclose details of shares in such target company encumbered by him or by persons acting in concert with him in such form as may be specified.*

31(2) *The promoter of every target company shall disclose details of any invocation of such encumbrance or release of such encumbrance of shares in such form as may be specified.*

31(3) *The disclosures required under sub-regulation (1) and sub- regulation (2) shall be made within seven working days from the creation or invocation or release of encumbrance, as the case may be to,-*

(a) *every stock exchange where the shares of the target company are listed; and*

(b) *the target company at its registered office.*

Repeal and Savings.

35.(1) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, stand repealed from the date on which these regulations come into force. (2) Notwithstanding such repeal,— (a) anything done or any action taken or purported to have been done or taken including comments on any letter of offer, exemption granted by the Board, fees collected, any adjudication, enquiry or investigation commenced or show-cause notice issued under the repealed regulations, prior to such repeal, shall be deemed to have been done or taken under the corresponding provisions of these regulations; (b) the previous operation of the repealed regulations or anything duly done or suffered thereunder, any right, privilege, obligation or liability acquired, accrued or incurred under the repealed regulations, any penalty, forfeiture or punishment incurred in respect of any offence committed against the repealed regulations, or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture or punishment as aforesaid, shall remain unaffected as if the repealed regulations has never been repealed; (c) any open offer for which a public announcement has been made under the repealed regulations shall be required to be continued and completed under the repealed regulations. Page 69 of 71 (3) After the repeal of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, any reference thereto in any other regulations made, guidelines or circulars issued thereunder by the Board shall be deemed to be a reference to the corresponding provisions of these regulations.

Relevant provisions of PIT Regulations:

Continual disclosure.

13(4) *Any person who is a director or officer of a listed company, shall disclose to the company and the stock exchange where the securities are listed in Form D, the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such holdings of such person and his dependents (as defined by the company) from the last disclosure made under sub-regulation (2) or under this sub regulation, and the change exceeds Rs. 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower.*

13(4A) *Any person who is a promoter or part of promoter group of a listed company, shall disclose to the company and the stock exchange where the securities are listed in Form D, the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such shareholdings of such person from the last disclosure made under Listing Agreement or under sub-regulation (2A) or under this sub-regulation, and the change exceeds Rs. 5,00,000 in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower.*

13(5) *The disclosure mentioned in sub-regulations (3) and (4) shall be made within two working days of :*

(a) the receipts of intimation of allotment of shares, or

(b) the acquisition or sale of shares or voting rights, as the case may be.

Code of internal procedures and conduct for listed companies and other entities.

12(1) *All listed companies and organisations associated with securities markets including:*

(a) the intermediaries as mentioned in section 12 of the Act, asset management company and trustees of mutual funds ;

(b) the self-regulatory organisations recognised or authorised by the Board;

(c) the recognised stock exchanges and clearing house or corporations;

(d) the public financial institutions as defined in section 4A of the Companies Act, 1956; and

(e) the professional firms such as auditors, accountancy firms, law firms, analysts, consultants, etc., assisting or advising listed companies,

shall frame a code of internal procedures and conduct as near thereto the Model Code specified in Schedule I of these Regulations without diluting it in any manner and ensure compliance of the same.

12(2) *The entities mentioned in sub-regulation (1), shall abide by the code of Corporate Disclosure Practices as specified in Schedule II of these Regulations.*

12(3) *All entities mentioned in sub-regulation (1), shall adopt appropriate mechanisms and procedures to enforce the codes specified under sub-regulations (1) and (2).*

SCHEDULE I
[Under regulation 12(1)]

PART A MODEL CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING FOR LISTED COMPANIES

1.2 *The compliance officer shall be responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of "Price Sensitive Information", pre-clearing; of designated employees' and their dependents' trades (directly or through respective department heads as decided by the company), monitoring of trades and the implementation of the code of conduct under the overall supervision of the Board of the listed company.*

Explanation: For the purpose of this Schedule, the term 'designated employee' shall include :—
(i) officers comprising the top three tiers of the company management;
(ii) the employees designated by the company to whom these trading restrictions shall be applicable, keeping in mind the objectives of this code of conduct.

3.3 Pre-clearance of trades

3.3.1*All directors / officers/ designated employees of the company and their dependents (as defined by the company) who intend to deal in the securities of the company (above a minimum threshold limit to be decided by the company) should pre-clear the transaction as per the pre-clearing procedure as described hereunder.*

4.0 Other restrictions

4.2 *All directors / officers/ designated employees who buy or sell any number of shares of the company shall not enter into an opposite transaction, i.e., sell or buy any number of shares during the next six months following the prior transaction. All directors / officers/ designated employees shall also not take positions in derivative transactions in the shares of the company at any time.*

PIT Regulations, 2015

Repeal and Savings.

12. (1) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 are hereby repealed.
(2) Notwithstanding such repeal,—
(a) the previous operation of the repealed regulations or anything duly done or suffered thereunder, any right, privilege, obligation or liability acquired, accrued or incurred under the repealed regulations, any penalty, forfeiture or punishment incurred in respect of any offence committed against the repealed regulations, or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture or punishment as aforesaid, shall remain unaffected as if the repealed regulations had never been repealed;

and

(b) anything done or any action taken or purported to have been done or taken including any adjudication, enquiry or investigation commenced or show-cause notice issued under the repealed regulations prior to such repeal, shall be deemed to have been done or taken under the corresponding provisions of these regulations

Whether Metrochem, Chetan and Twin Best have violated Regulations 3(a), (b), (c),(d), 4(1), 4(2) (a), and (g) of FUTP Regulations?

FINDIINGS

38. From the analysis of the material available on record, SCN and the replies of the entities, I find that:

Synchronized trades

39. In order to ascertain the defense of the entities, I perused the evidence available on record and find that there were 23 alleged synchronized trades between three entities namely Twin Best, Metrochem and Chetan of 9, 51,746 shares. I note that out of these 23 trades 3 trades were self-trades which are dealt separately. There is nothing on record which shows how Metrochem and Twin are connected to each other and secondly the connection shown between Chetan and Twin are the bank transactions. In the absence of any connection between Metrochem and Twin, the number of alleged synchronized trades reduced to 18. The percentage of these 18 synchronized trades between Chetan and Twin accounted for 1.681% of market volume on BSE.

40. Similarly on NSE, the number of alleged Synchronized trades were 111, out of which 34 were the self-trades of Chetan which are dealt separately, therefore alleged synchronized trades

were 77 spread across 16 days out of 19 months of Investigation period. The contribution of these trades was 7.37% of total market volume. All the trades were on delivery basis. Since there is no evidence to substantiate that Metrochem and Twin were connected, hence allegation of connection fails and I drop proceedings against Metrochem.

41. I note that the noticee Chetan and Twin have been alleged to have executed 95 synchronized trades between them. The contribution of the trades to the LTP is negligible (Rs.0.15 on BSE and Rs.0.35 on NSE) and apparently no unreasonable effect on the price of the scrip. Investigation failed to bring out the market wide impact or the losses incurred by the investors due to the trading of Chetan and Twin.

42. It may be noted that Synchronized trades are different from Self-trades but are considered manipulative under provisions of PFUTP Regulations similar to self-trades. Hon'ble Supreme Court in the matter of SEBI vs. Kishore R Ajmera (C.A. no.2818 of 2008) vide its order dated 23/02/2016 has observed that based on the attended circumstances being the hugged and repeated trading in illiquid scrips, the inference can reasonable be drawn that the broker is involved in the devise of synchronized trades which leads to unnatural rise in hiking the price/value of the scrip(s). The Hon'ble Court has laid down parameters, though non-exhaustive, that can be used to arrive at a conclusion with respect to liability in such cases for violation of the provisions of the SEBI Act, 1992 and regulations framed thereunder. The parameters are:

a. Volume of the trade affected;

b. The period of persistence in trading in the particular scrip;

c. The particulars of the buy and sell orders, namely the volume thereof;

d. The proximity of time between the two and such other relevant factors.

e. The fact that trading has gone on without settlement of accounts i.e. without any payment and the volume of trading in the illiquid scrips.

43. Volume traded in the matter through synchronized trade was 1.681% on BSE and 7.374% on NSE, total number of synchronized trade were 18 and 77 on BSE and NSE respectively which were executed on 9 days on BSE and 16 days on NSE. I am inclined to apply the above parameters in the instant matter to check the veracity of violations allegedly committed by the Noticees.

a) Period of persistence in trading: The number of synchronized trades in this matter were 95. In the investigation period of 19 months, these trades were executed on 9 and 18 days on BSE and NSE respectively. Hence I note that the alleged synchronized trades were not persistent. I note that these trades were executed in January 2012, June 2012 and in July 2012 on NSE and in March 2012, June 2012 and July 2012 on BSE. In the light of

the above pattern of synchronized trade, it appears there wasn't persistent trading by Noticees in the scrip.

b) Repetition of any activity is crucial factor in deciding whether there is a deliberate attempt to manipulate the price/volume. I note that synchronized trades were done repetitively in the month in which they executed and volume created on NSE was over 7% which has created artificial volume.

c) The particulars of the buy and Sell orders, namely the volume thereof: I note that the quantity of buy and sell order was almost same on all occasions, however disclosed quantity was not the same.

d) The fact that trading has gone on without settlement of accounts i.e. without any payment and the volume of trading in the illiquid scrips. The average daily turnover of TIL on NSE and BSE was 47557 and 53891 shares respectively during investigation period, hence TIL cannot be considered as illiquid stock. I also note that the trades between Chetan and Twin resulted into delivery and reportedly there is no default reported of any Noticee.

e) LTP Contribution by these synchronized trades. I note that LTP contribution of alleged synchronized trade was Rs. 0.15 and Rs 0.35 on BSE and NSE respectively which was miniscule and negligible.

44. I find that certain parameters set out by Hon'ble SC for synchronized trading fit here and hence I am not inclined to ignore the volume created through alleged synchronized trades on NSE (7.373%).

45. In this regard, it is important to note the Judgment of Hon'be SAT "Ketan Parekh vs SEBI"(Appeal No. 2 of 2004) " A synchronized transaction even on the trading screen between genuine parties who intend to transfer beneficial interest in the trading stock and who undertake the transaction only for that purpose and not for rigging the market is not illegal and cannot violate the regulations. As already observed 'synchronization' or negotiated deal ipso facto is not illegal. A synchronized transaction will, however, be illegal or violative of the Regulations if it is executed with a view:

a. To manipulate the market or
b. Results in circular trading or
c. dubious in nature and is executed with a view to avoid regulatory detection or
d. does not involve change of beneficial ownership or
e. To create false volumes resulting in upsetting the market equilibrium.
f. Any transaction executed with the intention to defeat the market mechanism whether negotiated or not would be illegal.

46. I conclude that trading between Chetan and Twin has created artificial volume in the scrip which has incited other gullible investors to take interest in the scrip without any fundamentals. I note that though the alleged transactions were not persistent, however they were substantial in quantity and were definitely synchronized to create artificial volume in the scrip, hence allegation of creation of artificial volume stands concluded.

47. <u>Self-trades</u>

a) Allegations against Twin Best and Chetan were that they had indulged in self-trades. There is no dispute about the self-trades executed by the Entities, however, I have to take into account intention behind the self-trade, quantum and its impact on the market.

b) I note that volume transacted in self-trades is one of the important factors to determine the manipulative intention, if any, of a person on the issue of self-trades. If the self-trades of the Entities are considered in that background then it would be difficult to hold in the present matter that there was any manipulative intent on the part of the Entities to engage in intentional self-trades as such percentage / volume of self-trades of the Entities the scrip of TIL was miniscule as compared to the total trading in the said scrip during the relevant period.

c) With what has been stated above, it is difficult to arrive at the conclusion that these self-trades were executed by the Entities with an intent to create misleading appearance of trading in the securities market. It is important to note here that the motive behind executing fraudulent self-trades can either be to artificially raise the volume in a scrip / or to manipulate the price of a scrip by way of creating misleading appearance of trading so as to induce others to deal in the particular scrip.

d) I also note that there are no adverse observations regarding other forms of market manipulation i.e. reversal trading or executing orders away from last traded price or creation of new high prices by way of first trades etc. against the Entities in the investigation Report. Also, the instances of self-trades by Entities are not of such magnitude that can be said to have affected the rest of the market volume, if considered in the light of the amount of transactions that the Entities had been doing on the various segments of the exchanges platform.

e) There is no evidence in the SCN to suggest any fraudulent intention behind the execution of self-trades by Entities. Further, the volume of self-trades being miniscule, considering the fact and circumstance of the case and also taking into account the recent SEBI policy dated May 15, 2017, it is concluded that the violation of Regulation 3 (a) (b) (c) and (d), 4 (1) & 4 (2) (a) and 4 (2) (g) of the PFUTP Regulations does not stand established against the Entities.

48. Whether Chetan has violated Clauses 3.3.1 and 4.2 of Code of Conduct specified in Schedule I of Part A r/w Regulation 12(1) of PIT Regulations, Regulations 31(1), 31(2) read with 31/3 of SAST Regulations, 2011, Regulations 13(4),13(4A) of PIT Regulations and Regulation 8A(2) of SAST Regulations, 1997?

49. Failure to obtain pre-clearance and entering into opposite trade within six months in violation of clauses 3.3.1 and 4.2 of code of conduct as specified in Schedule I of Part A of Regulation 12(1) of PIT Regulations. Before proceeding, I would like to refer to Clause 3.3.1 of model code of conduct for prevention of insider trading for listed companies specified in Part A of Schedule I of PIT Regulations, 1992 which reads as under:

*"*Chetan has accepted that he has not taken pre clearance of the trades and opposite trasanctions were executed by his broker (Margin call). I am not inclined to accept the submission made by Chetan that the sale of shares were by the broker on its own volition to recover the dues in his trading account as he has not submitted any proof in support of his submission. In view of the foregoing, it is established that that Chetan had violated of clauses 3.3.1 and clause 4.2 of model code of conduct for prevention of insider trading for listed companies specified in Part A of Schedule I of Regulation 12(1) of PIT regulations.

50. Failure to make disclosures as alleged above: Chetan has accepted that despite best efforts certain non-disclosures as alleged by SEBI were simply due to inadvertence/ ignorance and there was no mala fide intention for non-disclosing the transaction as acceptance of violation and thereby held him guilty for the alleged violations. As cited by Chetan , I would deal with Hon'ble SAT order in the matter of Vitro Commodities Pvt Ltd vs SEBI while deciding the quantum of penalty.

51. Whether Hiren,Adilnath, Gaparik has failed to make disclosures as alleged above

Since Hiren, Adinath and Gaparik have accepted that they had not made disclosure or made delayed disclosure as mandated and therefore I find them guilty

52. Whether TIL, Chetan, Hiren, Jayant, Vijay, Anil, Gaurav, Riddhi, Shenoy have violated clause 1.2 of code of conduct specified in Schedule I of Part A r/w Regulation 12(1) of PIT Regulations?

53. With regard to the allegation that TIL, Chetan, Hiren, Jayant, Vijay, Gaurav, Vijay, Anil (directors of TIL), Riddhi and Shenoy (Compliance officers of TIL) had not ensured and enforced the compliance of clause 1.2 of code of conduct for the alleged violation of clauses 3.3.1 and 4.2 of Code of conduct of Regulation 12 of PIT Regulations by the designated persons of TIL, I had perused the replies of the entities and find that Chetan has categorically accepted that he had not obtained pre-clearance and also opposite transactions were executed in his account by his stock broker. He is the one who has failed to inform the company about his trades. Chetan, being the promoter cum Managing Director of the Company and also the member of sub-committee was responsible for supervision of the

implementation and enforcement of code of conduct. Hence I conclude and find Chetan guilty in the matter. I also note that other entities alleged along with Chetan in this matter had ensured the adoption of model of code of conduct and the responsibility of compliance lies with the designated persons. I also note Hiren, Vijay, Gaurav and Anil were non-executive directors of the company. Therefore, I conclude Chetan guilty as he has clause 1.2 of code of conduct specified under Schedule I of the PIT 1992 read with 12(2) of PIT 2015

54. In this regard, I would like to rely on Hon'ble SAT ruling in **Appeal No. 66 of 2003 - Milan Mahendra Securities Pvt. Ltd. Vs SEBI** , wherein the Hon'ble SAT has observed that*, "the purpose of these disclosures is to bring about transparency in the transactions and assist the Regulator to effectively monitor the transactions in the market."*

55. Further I would like also to rely on Hon'ble SAT's ruling in the matter of **Samrat Holdings Ltd vs. SEBI** wherein *the Tribunal held that imposition of penalty in terms of Section 15 I of the Act: "..is a matter of discretion left to the Adjudicating Officer and that discretion has to be exercised judicially and on a consideration of all the relevant facts and circumstances. Further in a case it is felt that penalty is warranted the quantum has to be decided taking into consideration the factors stated in section 15 J. It is not that the penalty is attracted per se the violation. The Adjudicating Officer has to satisfy that the violation deserved punishment.*

ISSUE II. Does the violation, if any, on the part of the entities attract monetary penalty under Section 15 A(b) and 15 HB of the Act?

56. Having established that Chetan and Twin had created artificial volume through their synchronized trades and having established that Chetan, Hiren, Adilnath , Gaparik have violated various provisions as mentioned above, I find these entities liable for penalty.

57. The penalty levied in terms of the penal provisions as stated below:

SEBI Act

Section 15A(b) of the Act reads as under:

Penalty for fraudulent and unfair trade practices.

Penalty for failure to furnish information, return, etc.
15A. *If any person, who is required under this Act or any rules or regulations made thereunder,—*

(a) to furnish any document, return or report ……..
(b) to file any return or furnish any information, books or other documents within the time specified therefor in the regulations, fails to file return or furnish the same within the time specified there for in the regulations, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees whichever is less.

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 may extend to one crore rupees.

ISSUE III. If so, what would be the quantum of monetary penalty that can be imposed on the entities after taking into consideration the factors mentioned in Section 15J of the Act?

58. While determining the quantum of penalty under Sections 15A(b) and 15HB of the Act, it is important to consider the factors stipulated in Section 15J of SEBI Act, which read as under:-

15J *- Factors to be taken into account by the adjudicating officer while adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely:-*
(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;
(b) the amount of loss caused to an investor or group of investors as a result of the default;
(c) the repetitive nature of the default.

Explanation

For the removal of doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under sections 15A to 15E,clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.

59. From the material available on record, I observe that any quantifiable gain or unfair advantage accrued to the Entities or the extent of loss suffered by the investors as a result of the default cannot be computed. I also note that correct and timely disclosures play an essential role in the proper functioning of the securities market and failure to do so results in depriving the investors from taking well informed investment decision. I note that TIL is under Liquidation and Shri Chetan Kothari has reported that his residence has been taken over by State Bank of India for non-payment of loan taken by TIL as he was the guarantor.

60. I also refer the judgement of Hon'ble SAT in Vitro Commodities v/s SEBI wherein it has stated"

It may be noted that provisions of Regulations 7(1) of takeover Regulations 1997 and Regulation 13(1) of PIT 1992 are not substantially different, since violation of first

automatically triggers the violations of second and hence there is no justification for imposition of penalty for second violation when penalty for first violation has been imposed. It may be seen that Regulation 7(1) of Takeover Regulation 1997 and Regulation 13(1) of PIT 1992 are not stand alone regulations and one is corollary of other.

61. Here I refer the Hon'ble SAT observation in the matter of Kanel Industries v/s SEBI

In the present case we note that the company was admittedly sick industrial company, It had financial constraints, Its inability to appoint full time company secretary is also evident from the record. According to our considered view these are important factors which should have motivated the Adjudicating officer to impose a lesser penalty in the matter.

62. I note that in the case at hand too, Company was undergoing considerable hardship and currently undergoing liquidation and the residential house of Managing Director of the company has also been taken away by the Bank, though the lapses cannot be condoned or overlooked, I am inclined to take a lenient view in the matter.

ORDER

63. In view of the above, after considering all the facts and circumstances of the case and the factors mentioned in the provisions of Section 15-J of the SEBI Act, I, in exercise of the powers conferred upon me under Section 15-I(2) of the SEBI Act read with Rule 5 of the SEBI Adjudication Rules, conclude that the proceedings against the Noticees stand established in terms of the provisions of the SEBI Act. Hence, in view of the charges established under the provisions of the SEBI Act, I, hereby impose monetary penalty of Rs. 3, 00,000/- (Rupees three lakhs) each on Chetan and Twin under 15HA of SEBI Act, Rs 3,00,000 (Rupees Three lakhs) on Chetan and Rs 1,00,000 (One lakh) each on Hiren , Adilnath and Gaparik under 15A(b) of SEBI Act, Rs 2,00,000 (two lakh) on Chetan under 15HB of SEBI Act,1992.

64. The amount of penalty shall be paid within 45 days of receipt of this order either by way of

(i) demand draft in favor of "SEBI - Penalties Remittable to Government of India", payable at Mumbai

(or)

(ii) by e-payment in the account of

Bank Name	State Bank of India
Branch	Bandra Kurla Complex
RTGS Code	SBIN0004380
Beneficiary Name	SEBI - Penalties Remittable to Government of India
Beneficiary A/c No	31465271959

65. The entities shall forward said Demand Draft or the details / confirmation of penalty so paid through e-payment to the Chief General Manager of Enforcement Department of SEBI. The Format for forwarding details / confirmations of e-payments shall be made in the following tabulated form as provided in SEBI Circular No. SEBI/HO/GSD/ T&A/CIR/P/2017/42 dated May 16, 2017 and details of such payment shall be intimated should be forwarded to "The Division Chief (Enforcement Department - DRA- III), Securities and Exchange Board of India, SEBI Bhavan, Plot no C- 4 A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400052 and also to e-mail ID - tad@sebi.gov.in

Date	
Department of SEBI	
Name of Intermediary/ Other Entities	
Type of Intermediary	
SEBI Registration Number (if any)	
PAN	
Amount in Rs.	
Purpose of Payment (including the period for which payment was made e.g. quarterly, annually	
Bank name and Account number from which payment is remitted	
UTR No	

66. In terms of Rule 6 of the Rules, copies of this order are sent to the entities and also to Securities and Exchange Board of India.

Date: March 01, 2018 **SAHIL MALIK**

Place: Mumbai **ADJUDICATING OFFICER**