BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. Order/AN/PR/2024-25/30556-30557]

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

In respect of:

Noticee No.	Name of the Noticee	PAN
1	Syed Farman Haider	AFDPH5535B
2	Sanya Haider	AKCPH1028B

In the matter of trading activities of certain entities in the scrip of DEN Networks Limited.

A. BRIEF BACKGROUND

1. Securities and Exchange Board of India ('SEBI') conducted an investigation to ascertain whether trading activities of certain entities in the scrip of DEN Networks Limited ('DEN' or 'the company') during the Investigation Period i.e. May 08, 2018 to January 13, 2019 ('IP') was undertaken while in possession of or having access to Unpublished Price Sensitive Information (hereinafter referred to as 'UPSI', UPSI period being August 08, 2018 to October 13, 2018) relating to proposal of DEN to raise funds through one or more methods including further public issue/ ADR/ GDR/ qualified institutions placement/ preferential issue.

2. In this regard, pursuant to investigation, SEBI observed that Syed Farman Haider ('Noticee 1') allegedly violated Regulation 4(1) of SEBI (Prohibition of Insider Trading) Regulations, 2015 ('PIT Regulations, 2015' / 'SEBI PIT Regulations, 2015') read with Section 12A(d) and (e) of SEBI Act, 1992; and Sanya Haider ('Noticee 2') allegedly violated Regulation 3(1) of PIT Regulations, 2015 read with

Section 12A(e) of SEBI Act, 1992. In view thereof, SEBI initiated Adjudication Proceedings in respect of the Noticees, for the aforesaid alleged violations. Hereinafter, Noticee 1 and Noticee 2 are collectively also referred as 'Noticees', unless the context specifies otherwise.

B. APPOINTMENT OF ADJUDICATING OFFICER

3. Whereas, the Competent Authority of SEBI was prima facie of the view that there were sufficient grounds to adjudicate upon the alleged violations by the Noticees (as stated above), therefore, in exercise of the powers conferred under Section 15I (1) of the SEBI Act, 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 ('Adjudication Rules') read with Section 19 of the SEBI Act, 1992, Competent Authority has appointed the undersigned as Adjudicating Officer vide order dated April 13, 2023 to inquire into and adjudge the matter under Section 15G of the SEBI Act, 1992 for the aforesaid alleged violations by the Noticees. The said proceedings of appointment were communicated to the undersigned vide Communique dated April 17, 2023.

C. SHOW CAUSE NOTICE, REPLY and HEARING

4. A common Show Cause Notice bearing No. SEBI/HO/EAD5/P/OW/2023/39891 dated September 25, 2023 (hereinafter also referred to as 'SCN') was served upon the Noticees in terms of Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 inter alia to show cause as to why inquiry should not be held and why penalty should not be imposed upon the Noticees under Section 15G of SEBI Act, 1992 for the alleged violations.

5. The following was inter alia observed/alleged in the SCN in respect of the Noticees:

'…

3.5. Identification of Unpublished Price Sensitive Information ('UPSI') Period

3.5.1. Identification of Price Sensitive Information ('PSI')

…

3.5.1.2. DEN vide notice dated October 13, 2018 (Saturday) at 17:06:18 hours inter alia informed the exchanges that a meeting of its Board of directors shall be held on October 17, 2018 to consider and approve a proposal for raising of funds inter alia by issuance of equity shares through one or more methods including further public issue/ ADR/ GDR/ qualified institutions placement/ preferential issue. DEN vide its aforesaid notice also announced closure of trading window from October 14, 2018 to October 19, 2018.

3.5.1.3. Post the aforementioned announcement, the scrip opened at INR 72, touched an intra-day high of INR 79.9 and closed at INR 75.65 on BSE on next trading day i.e. October 15, 2018. On NSE, the scrip opened at INR 74, touched an intra-day high of INR 79.7, and closed at INR 74.2. As can be noted, the aforementioned announcement by DEN had a significant impact on the price of the scrip which moved up by 10.84% on BSE and 5.56% on NSE as compared to the previous trading day.

3.5.1.4. The aforesaid announcement was in the nature of expansion of business and had positive impact on the price of the scrip after the announcement. Accordingly, the aforementioned announcement made by DEN on October 13, 2018 (Saturday) at 17:06:18 hours is considered as Unpublished Price Sensitive Information ('UPSI') in terms of Regulation 2(1)(n) of the PIT Regulations, 2015.

3.5.2. Date when Price Sensitive Information came into existence
Based on the chronology of events as submitted by DEN, it is observed that UPSI (announcement regarding fund raising by DEN) came into existence on August 08, 2018 when discussions between the officials of DEN and Reliance was initiated. Accordingly, UPSI can be said to have come into existence on August 08, 2018.

3.5.3. Date and time when the Price Sensitive Information became public
DEN had informed the exchanges on October 13, 2018 that the meeting of its Board of Directors shall be held on October 17, 2018 to, inter alia, consider and approve a proposal for raising of funds. UPSI was, accordingly, published on October 13, 2018 at 17:06:18 hrs.

3.5.4. UPSI Period
Based on the above, the UPSI period has been considered from August 08, 2018 to October 13, 2018.

3.7.3. The connection of Syed Farman Haider with the promoter(s)/ promoter group/ director(s)/ designated person(s)/ key managerial personnel(s)/ insider(s) of RKL, if any, is tabulated hereunder; and brief details regarding the same is mentioned in subsequent paragraphs.

Name	***Nature of Connection, if any***
Syed Farman Haider	*As submitted by DEN vide its letter dated March 12, 2019, and Reliance vide its letter dated February 15, 2021, Sanya Haider, Senior Associate, Link Legal India Law Services was part of the meetings and discussions to discuss the transaction documents during October 04 to 16, 2018. As per statement of examination on oath of Sanya Haider and Syed Farman Haider, they know each other for long time as they are second cousins, admittedly they had conversations with each other on family and personal matters, and are married to each other since February 15, 2020 (i.e. after the IP). Frequent fund transfers between them confirms that they had conversations during the IP including the UPSI period.*

4. Observations of SEBI pursuant to Investigation and the alleged violations in respect of Noticee 1 and Noticee 2, are as under:

4.1. Noticee 1 traded in the scrip of DEN on the basis of UPSI and Noticee 2 Communicated UPSI to Noticee 1:
In this regard, following was inter alia observed and/or alleged by SEBI:

4.1.1. Analysis of Trading Pattern of Syed Farman Haider and Observations thereupon:
Details of trading activity of Syed Farman Haider in the scrip of DEN, during the various periods of analysis, is as follows:

BSE				*NSE*			
Pre-UPSI Period (May 08, 2018 to August 07, 2018)							
Date	*Buy/Sell*	*Quantity*	*Value*	*Date*	*Buy/Sell*	*Quantity*	*Value*
BSE: Total Buy	*Buy*	-	-	*NSE: Total Buy*	*Buy*	-	-
-	-	-	-	-	-	-	-
BSE: Total Sell	*Sell*	-	-	*NSE: Total Sell*	*Sell*		
-	-	-	-	-	-	-	-
UPSI Period (August 08, 2018 to October 13, 2018)							
Date	*Buy/Sell*	*Quantity*	*Value*	*Date*	*Buy/Sell*	*Quantity*	*Value*
BSE: Total Buy	*Buy*	-	-	*NSE: Total Buy*	*Buy*	*20,500*	*13,34,449*
-	-	-	-	*05-Oct-2018*	*Buy*	*5,000*	*2,89,826*
-	-	-	-	*08-Oct-2018*	*Buy*	*1,000*	*62,594*
-	-	-	-	*10-Oct-2018*	*Buy*	*14,300*	*9,68,069*
-	-	-	-	*12-Oct-2018*	*Buy*	*200*	*13,960*

BSE: Total Sell	*Sell*	-	-	*NSE: Total Sell*	*Sell*	-	-
-	-	-	-	-	-	-	-
Post-UPSI Period (October 14, 2018 - January 13, 2019)							
Date	*Buy/Sell*	*Quantity*	*Value*	*Date*	*Buy/Sell*	*Quantity*	*Value*
BSE: Total Buy	*Buy*	-	-	*NSE: Total Buy*	*Buy*	*32,000*	*24,39,382*
-	-	-	-	*16-Oct-2018*	*Buy*	*6,500*	*4,98,100*
-	-	-	-	*17-Oct-2018*	*Buy*	*25,500*	*19,41,282*
BSE: Total Sell	*Sell*	-	-	*NSE: Total Sell*	*Sell*	*52,500*	*39,38,694*
-	-	-	-	*15-Oct-2018*	*Sell*	*200*	*14,710*
-	-	-	-	*17-Oct-2018*	*Sell*	*52,300*	*39,23,984*

Details of trading activity of the entity, across the market, during the various periods of analysis, is as follows:

Particulars	*Exchange*	*DEN*			*Other Scrips*		
		Gross Traded Quantity	*Gross Traded Value*	*% activity in the scrip of DEN to Gross Traded Value*	*Gross Traded Quantity*	*Gross Traded Value*	*% activity in other scrips to Gross Traded Value*
Pre-UPSI Period (08/05/2018-07/08/2018)	*BSE*	-	-	-	-	-	-
	NSE	-	-	-	-	-	-
UPSI Period (08/08/2018-13/10/2018)	*BSE*	-	-	-	-	-	-
	NSE	*20,500*	*13,34,449*	*100%*	-	-	-
Post-UPSI Period (14/10/2018-13/01/2019)	*BSE*	-	-	-	-	-	-
	NSE	*84,500*	*63,78,076*	*21%*	*6,11,177*	*2,35,57,233*	*79%*

4.1.2. Submissions made by Syed Farman Haider: Statement of examination on oath before the Investigating Authority u/s 11C (5) and 11C (7) of the SEBI Act, 1992 was carried out on January 09, 2023 in respect of the suspected entity viz. Syed Farman Haider. The proceedings of examination on oath are placed as Annexure 5; and a brief of the submissions made by the entity are noted/ reproduced hereunder:

4.1.2.1. Syed Farman Haider generally carries out research over internet about any company before investing in shares of such companies. Syed Farman Haider tries to get information and understand about the operations and prospects of the company in order to get an idea about the future performance of that particular company.

4.1.2.2. The decision of Syed Farman Haider to make investments in DEN was his own, and he did not receive any recommendation from anyone.

4.1.2.3. '…I also used to watch programs on MoneyControl wherein there was huge buzz about the probable investments by Reliance in DEN. There were articles and news about Reliance/ Jio acquiring small and local operators. I also came across an article in Economic Times published during September 2017 covering news of possible acquisition of DEN by Reliance. As Reliance is one of the largest Indian companies, we were quite sure that the share price of DEN is bound to rise after Reliance makes investments in DEN…'.

4.1.2.4. '…I decided to trade in the shares of DEN based on the market news and buzz about the chance of Reliance making investments in DEN, which I thought shall move the price of DEN. With the above expectation, I started making investments in the shares of DEN starting October 05, 2018, and purchased shares of DEN in tranches/ installments till October 17, 2018. I was not at all certain about the news and the same is reflected in the pattern of my purchases in small tranches over the period of time when the price was also going up. If I had any specific knowledge, I would have invested a large sum at the beginning of my purchases itself…'.

4.1.2.5. Syed Farman Haider used his own funds for making investments in securities market, including in the shares of DEN.

4.1.2.6. Syed Farman Haider did not receive funds from Sanya Haider which he might have used for dealing in securities/ shares market including shares of DEN. He used his own funds, or may have received funds from his father or brother.

4.1.2.7. Syed Farman Haider is related to Sanya Haider as their fathers are cousin. Syed Farman Haider had to frequently travel to Delhi from Mumbai starting July 2018 to take care of his old and ailing parents, and he got to meet Sanya Haider at that time.

4.1.2.8. Syed Farman Haider is not associated/ connected/ related, directly or indirectly, with the company viz. DEN or Reliance including their other group/ associate/ affiliate companies and any of their promoters/ promoter group entities/ directors/ designated persons/ key managerial personnel/ other employees etc.

4.1.3. Submissions made by Sanya Haider: Statement of examination on oath before the Investigating Authority u/s 11C (5) and 11C (7) of the SEBI Act, 1992 was carried out on January 09, 2023 in respect of the insider viz. Sanya Haider. The proceedings of examination on oath are placed as Annexure 6; and a brief of the submissions made by the entity are noted/ reproduced hereunder:

4.1.3.1. Sanya Haider has limited knowledge about the securities market in general, except the legal knowledge related to her profession.

4.1.3.2. Sanya Haider has traded in shares only once in 2017 in the scrip of IDFC Bank based on persuasion from her colleagues in SRGR law Office and she has not sold those shares.

4.1.3.3. *The employer/ past-employer of Sanya Haider viz. Link Legal was legal advisor of DEN; and Sanya Haider was a part of the team of Link Legal who were advising DEN on the transaction documents (such as share purchase agreement, share subscription agreement, shareholders' agreement etc.) w.r.t. the deal on fund-raising by DEN through one or more methods including further public issue/ ADR/ GDR/ qualified institutions placement/ preferential issue.*

4.1.3.4. *Sanya Haider is married to Syed Farman Haider since February 15, 2020. Also, Sanya Haider is a second cousin of Syed Farman Haider; and, as such, knows Syed Farman Haider since childhood.*

4.1.3.5. *Syed Farman Haider moved to New Delhi during 2019, and personal interactions/ meetings-in-person between Sanya Haider and him used to be more frequent since then.*

4.1.3.6. *The law firm generally signs a non-disclosure agreement (NDA) with clients and as part of the firm, all lawyers/ associates are generally bound with such confidentiality obligation. As such, Sanya Haider never discusses business/ professional/ occupational matters with anyone else including Syed Farman Haider.*

4.1.3.7. *Sanya Haider does not share any information relating to her clients or their assignment/ transaction which Sanya Haider works on, with anyone else including Syed Farman Haider.*

4.1.3.8. *Sanya Haider has not discussed anything on the matter regarding fund raising by DEN through sale of stake to Reliance with Syed Farman Haider.*

4.1.3.9. *Sanya Haider discuss personal and family matters with Syed Farman Haider, and she got to know about past dealings in shares by Syed Farman Haider only upon receipt of summons from SEBI the in the instant matter.*

4.1.4. *Submissions made by the broker viz. Geojit Financial Services Ltd. ('Geojit'): The trading accounts of Syed Farman Haider and Sanya Haider are held with Geojit. In this regard, certain information/ details pertaining to their accounts such as account opening and KYC details/ ledger/ mode of order placement etc., were sought from Geojit vide e-mails dated January 16 and 18, 2023. From the information provided by Geojit vide its reply e-mails dated January 16, 18, and 19, 2023 (Annexure 7), the following is inter alia noted:*

4.1.4.1. *Sanya Haider has placed orders for buying the scrip of IDFC Bank Ltd. on May 03, 2017 through online mode. The relevant details w.r.t. online log is given below:*

Sr. No.	***Action Type***	***IP***	***MACID***	***Device Details***
1	*Log-In*	*115.97.55.50*	*30:F7:72:3A:66:23*	*Microsoft Windows NT 6.2.9200.0*
2	*Log-In*	*115.97.55.50*	*30:F7:72:3A:66:23*	*Microsoft Windows NT 6.2.9200.0*
3	*Log-Out*			

4.1.4.2. *During the period April – December 2017, Syed Farman Haider was also noted to have traded only in the scrip of IDFC Bank Ltd. Relevant details pertaining to mode of order placement/ online log were sought from Geojit; and relevant details as provided by Geojit is tabulated hereunder:*

<u>Trade Date: April 03, 2017</u>

Table 11

Sr. No.	***Action Type***	***IP***	***MAC ID***	***Device Details***
1	*Log-In*	*115.97.61.232*	*30:F7:72:3A:66:23*	*Microsoft Windows NT 6.2.9200.0*
2	*Log-In*	*115.97.61.232*	*30:F7:72:3A:66:23*	*Microsoft Windows NT 6.2.9200.0*
3	*Log-In*	*115.97.61.232*	*30:F7:72:3A:66:23*	*Microsoft Windows NT 6.2.9200.0*
4	*Log-In*	*115.97.61.232*	*30:F7:72:3A:66:23*	*Microsoft Windows NT 6.2.9200.0*
5	*Log-In*	*115.97.61.232*	*30:F7:72:3A:66:23*	*115.97.61.232*

<u>Trade Date: April 07, 2017</u>

Table 12

Sr. No.	***Action Type***	***IP***	***MAC ID***	***Device Details***
1	*Log-In*	*115.97.61.232*	*30:F7:72:3A:66:23*	*Microsoft Windows NT 6.2.9200.0*
2	*Log-In*	*115.97.61.232*	*30:F7:72:3A:66:23*	*Microsoft Windows NT 6.2.9200.0*
3	*Log-Out*			

<u>Trade Date: April 10, 2017</u>

Table 13

Sr. No.	***Action Type***	***IP***	***MAC ID***	***Device Details***
1	*Log-In*	*115.97.61.232@192.168.2.203_(null)*	*A4:5D:36:FD:10:9C*	*IOS 10.2.1/IPHONE or IPOD/V-2.10.0*
2	*Log-In*	*115.97.61.232@192.168.2.203_(null)*	*A4:5D:36:FD:10:9C*	*IOS 10.2.1/IPHONE or IPOD/V-2.10.0*
3	*Log-Out*			
4	*Log-In*	*115.97.61.232*	*30:F7:72:3A:66:23*	*Microsoft Windows NT 6.2.9200.0*
5	*Log-In*	*115.97.61.232*	*30:F7:72:3A:66:23*	*Microsoft Windows NT 6.2.9200.0*

<u>Trade Date: April 12, 2017</u>

Table 14

Sr. No.	***Action Type***	***IP***	***MAC ID***	***Device Details***
1	*Log-In*	*115.97.61.232*	*30:F7:72:3A:66:23*	*Microsoft Windows NT 6.2.9200.0*

2	Log-In	115.97.61.232	30:F7:72:3A:66:23	Microsoft Windows NT 6.2.9200.0
3	Log-Out			

4.1.5. SEBI's Observations on submissions and trading activities of Syed Farman Haider, and on submissions made by Sanya Haider:

4.1.5.1. Syed Farman Haider had purchased shares of DEN for the first time on October 05, 2018. Prior to this, as per the trading details submitted by the exchange(s), Syed Farman Haider had not dealt in any scrip since January 10, 2018.

4.1.5.2. Syed Farman Haider has not traded in any scrip during the pre-UPSI period. He had bought 20,500 shares of DEN during the UPSI period. Further, during the immediate post-UPSI period during October 15 to 17, 2018, he had bought 32,000 and sold 52,500 shares of DEN.

4.1.5.3. The concentration of the trading activity of Syed Farman Haider in the scrip of DEN is 100% during the UPSI period and post-UPSI period respectively.

4.1.5.4. As submitted by DEN vide its letter dated March 12, 2019, and by Reliance vide its letter dated February 15, 2021, Sanya Haider, Senior Associate, Link Legal India Law Services was present in the meetings and telephonic discussions between DEN and Reliance during the period October 04 to 16, 2018, wherein, inter alia, transaction documents relating to the proposal of DEN to raise funds through one or more methods including further public issue/ ADR/ GDR/ qualified institutions placement/ preferential issue (i.e., UPSI) were discussed. Further, as per submissions of DEN, Sanya Haider, as part of link legal team, was also involved in execution of transaction documents on October 17, 2018. As such, Sanya Haider is an insider in terms of Regulation 2(1)(g)(i) of PIT Regulations, 2015.

4.1.5.5. Furthermore, Sanya Haider is related to Syed Farman Haider as second cousins; and is also married to Syed Farman Haider since February 15, 2020 (i.e. after the IP). The submissions made by both of them in this regard, during their statement of examination on oath, is reproduced hereunder:

Syed Farman Haider:

'…We have family relations as my father and father of Ms. Sanya Haider are cousins. My wife Sanya is born and raised in Saudi Arabia and she returned to India during 2010 approx. I had to frequently travel to Delhi from Mumbai starting July 2018 to take care of my old and ailing parents and I got to meet Sanya at that time, although I was also aware of her family. My father proposed marriage to my wife's family and then we got engaged during December 2019 and married in February 2020…'

Sanya Haider:

'…I got married to Syed Farman Haider on February 15, 2020. I am also related to my husband as he is my second cousin, and, as such, I know him since childhood. We used to meet during family gatherings whenever I used to visit India from Saudi Arabia, where I was born and raised. I moved back to India in 2007. Syed Farman Haider (my husband since February 15, 2020) moved to New Delhi during 2019 and our personal interactions used to be more frequent since then i.e, meeting in person…'

Given this, it is evident that Sanya Haider and Syed Farman Haider have been closely connected to each other. The same is also substantiated by the series of bank transactions between them.

4.1.5.6. As has been mentioned, Sanya Haider was privy to the UPSI since October 04, 2018 and Syed Farman Haider is noted to have traded in the scrip of DEN for the first time on October 05, 2018, i.e. the very next day after the involvement of Sanya Haider, and his dealings in the shares of DEN continued till October 17, 2018, i.e., till the time Sanya Haider as part of the link legal team, was privy to the UPSI through discussions and execution of transaction documents between Reliance and DEN on October 17, 2018.

4.1.5.7. Further, based on the information/ details received from bank(s), and upon an analysis of the ICICI Bank account statement of Syed Farman Haider (A/c No. 628201548116), the following transactions may inter alia be noted:

Sr. No.	Date	Narration	Credit/ Debit	Amount	Balance
1	05.10.2018	BIL/001549154507/Personal/NSP	Cr.	1,00,000	1,02,941.17
2	05.10.2018	BIL/001549282564/Family/NSP	Cr.	90,000	1,92,923.47
3	05.10.2018	MMT/IMPS/827814989595/Geojit/ HDFC0000240	Dr.	19,0017.7	2,905.77
4	08.10.2018	BIL/001551440065/Family/NSP	Cr.	1,10,000	1,12,905.77
5	08.10.2018	NEFT-SBIN218281015835-Mr SYEDHUSSAIN ABBAS RIZVI-	Cr.	5,2000	1,64,905.77
6	08.10.2018	MMT/IMPS/828109628441/Invest ment/HDFC0000240	Dr.	1,62,017.7	2,888.07
7	10.10.2018	RTGS-UBINR52018101000511280-SAIYYAD WASEEM HAIDAR	Cr.	10,00,000	10,00,082.17
8	10.10.2018	RTGS:ICICR12018101000618242 /GEOJIT BNP PARIBAS FIN	Dr.	9,90,000	10,082.17

As per the counterparty details provided by ICICI, amounts of INR 90,000 and INR 1,00,000 have been received from Sanya Haider and Imran Haider (brother), respectively, on October 05, 2018, i.e. on the day when Syed Farman Haider first dealt in the shares of DEN. An amount of INR 1,90,000 was, thereafter, transferred on the same day to Geojit. Further, an amount of INR 10,00,000 was received from Syed Waseem Haider (father) on October 10, 2018, and an amount of INR 9,90,000 was thereafter transferred to Geojit on the same day. Based on the trading ledger of Syed Farman Haider for the period April 01, 2018 to March 31, 2019 as provided by Geojit vide its e-mail dated January 16, 2023, the following transactions may inter alia be noted:

Sr. No.	Date	Narration	Balance	AsOnBal
1	05.10.2018	HDFC-NEFT/827814989595/9229/SYED FARMAN HAIDER	1,90,000.00	1,90,000.00
2	08.10.2018	HDFC-NEFT/828109628441/9229/SYED FARMAN HAIDER	1,62,000.00	3,52,000.00
3	09.10.2018	NSE/EQ/2018/2018189- Normal Trades Trade Date 05.10.2018	-2,91,867.77	60,132.23
4	10.10.2018	NSE/EQ/2018/2018190- Normal Trades Trade Date 08.10.2018	-62,889.70	-2,757.47
5	10.10.2018	HDFC-NEFT/ICICR12018101000618242/ICIC0000104/SYED FARMAN HAIDER	9,90,000.00	9,87,242.53
6	10.10.2018	HDFC-NEFT/828307890760/9229/SYED FARMAN HAIDER	2,800.00	1,90,000.00

4.1.5.8. As per bank statement of Farman Haider, he did not have funds readily available with him to deal in shares of DEN. As can be noted from above, the entire funds utilised for dealing in shares of DEN were received by Syed Farman Haider from others in tranches, including Sanya Haider, and the same were promptly utilised to fund his purchase of shares in DEN.

4.1.5.9. On the aspect relating to source of funds used for trading, it is worthwhile to note the following submissions of Syed Farman Haider, made during his statement of examination on oath:

'…16. Did you receive funds from anyone else including your wife Ms. Sanya Haider which you might have used for dealing in securities/ shares market including shares of DEN, or any other purpose? If yes, provide details.
Ans: No, I did not receive funds from Ms. Sanya. I used my own funds, or may have received funds from my father or brother. I shall provide you my bank statements over e-mail...'.

As can be noted, while Syed Farman Haider admitted having received funds from father/ brother, he categorically denied receipt of funds from Sanya Haider, which is factually misplaced.

4.1.5.10. Sanya Haider, admittedly, has limited knowledge about securities market except the legal knowledge related to her profession; and she has dealt in shares only once, which was during May 2017 in the scrip of IDFC Bank upon persuasion from her colleagues. She had denied prior awareness regarding dealings in shares of Syed Farman Haider and got to know about past dealings in shares of Syed Farman Haider only upon receipt of summons from SEBI in the instant matter. However, based on the information/ details submitted by Geojit w.r.t. online logs as mentioned at Tables 10 to 14 above, it is noted that the MAC ID (30:F7:72:3A:66:23) of the device used for online logging into the trading accounts of Sanya Haider and Syed Farman Haider is one and the same. It is also pertinent to note that Syed Farman Haider had dealt in shares of IDFC Bank only during the period April 2017 to December 2017. Further, Sanya Haider had transferred an amount of INR 90,000 to Syed Farman Haider on October 05, 2018, which were used by Syed Farman Haider for dealing in shares of DEN. Having regard to the aforesaid, the submissions on Sanya Haider that she purchased shares of IDFC based on persuasion from colleagues, and that she did not have any prior awareness of dealings in shares of Syed Farman Haider are not correct; and the same are misleading.

4.1.5.11. Syed Farman Haider during his statement of examination on oath has stated that his dealings in the shares of DEN was based on market news and buzz about the chance of Reliance making investments in DEN; however, he has not substantiated his submissions with credible records in this regard except referring to a specific article published in ET one year back in September 2017 which covered news related to talks between DEN and Reliance. DEN and Reliance in their submissions have confirmed that talks/ discussions happened between them in September 2017; however, the same could not be pursued/ materialised. It is noted that Syed Farman Haider has not dealt in the shares of DEN anytime except during the period from October 05, 2018 to October 17, 2018, which is the specific period during which his relative and close contact viz. Sanya Haider was privy to the UPSI and execution of transaction documents. Thus, evidently, his dealings are based on possession/ access to UPSI from Sanya Haider.

4.1.5.12. Syed Farman Haider and Sanya Haider, during their statement of examination on oath, have inter alia stated that they did not have prior knowledge or awareness that Sanya Haider was privy to aforesaid UPSI, and that Syed Farman Haider dealt in shares of DEN during October 05 to 17, 2018, respectively; however, the facts of the matter show otherwise. It has been noted that the period of Sanya Haider being privy to the UPSI and dealings of Syed Farman Haider in the shares of DEN closely overlap during the period October 04, 2018 to October 17, 2018. Further, it is also a fact that Sanya Haider had transferred funds to Syed Farman Haider on October 05, 2018, which was transferred by Syed Farman Haider to his broker viz. Geojit on the same day and used to purchase shares of DEN during the aforesaid period.

4.1.5.13. As per information provided by Syed Farman Haider vide e-mail dated January 18, 2023 (Annexure 8), frequent fund transfers are noted to have happened between Syed Farman Haider and Sanya Haider which includes a total of 48 transfers during 2018 (including 3 transfers between October 04 to 17, 2018). Fund transferred by Sanya Haider to Syed Farman Haider on October 05, 2018 were used by Syed Farman Haider to purchase shares of DEN. Such series of fund transfers cannot happen without conversations between them during the same period. Hence, the above confirms that communication/ conversation happened between Syed Farman Haider and Sanya Haider during the aforesaid period in which Sanya Haider was privy to UPSI and Syed Farman Haider had also dealt in the shares of DEN.

4.1.5.14. Given the above, since communication between relatives and close connections can seldom be in written form, it is logically and reasonably believed that Sanya Haider had communicated UPSI w.r.t. proposal of DEN to raise funds through one or more methods including further public issue/ ADR/ GDR/ qualified institutions placement/ preferential issue to Syed Farman Haider. Thus, Syed Farman Haider *was in possession of or having access to UPSI; and, therefore, an insider in terms of Regulation 2(1)(g)(ii) of PIT Regulations, 2015.*

4.1.5.15. It is noted that the dealings of Syed Farman Haider in shares of DEN during October 05 to 17, 2018 very closely overlaps with the period during which Sanya Haider, his relative and close contact, was privy to the aforesaid UPSI. Therefore, Syed Farman Haider has been found to have dealt in the shares of DEN based on UPSI, logically and reasonably believed to have been passed on by Sanya Haider, who was an insider and privy to the aforesaid UPSI.

4.1.5.16. In view of the foregoing, it is alleged that Sanya Haider has violated Regulation 3(1) of PIT Regulations, 2015 read with Section 12A(e) of SEBI Act, 1992; and Syed Farman Haider has violated Regulation 4(1) of PIT Regulations, 2015 read with Section 12A(d) and (e) of SEBI Act, 1992.

4.1.6. Calculation of Profit/ Notional Profit by Syed Farman Haider who traded while in possession of or having access to UPSI

4.1.6.1. As has been mentioned above, Syed Farman Haider had bought 20,500 shares of DEN on NSE during the UPSI period. Further, immediately during the post-UPSI period, he had bought 32,000 and sold 52,500 shares of DEN on NSE. The trade details along with the corresponding trade values are given below:

BUY		
Date	**Traded Quantity**	**Trade Value (INR)**
05-Oct-2018	5,000	2,89,826
08-Oct-2018	1,000	62,594
10-Oct-2018	14,300	9,68,069
12-Oct-2018	200	13,960
16-Oct-2018	6,500	4,98,100
17-Oct-2018	25,500	19,41,282
Total Buy Value ("P")	**52,500**	**37,73,831**
SELL		
15-Oct-2018	200	14,710
17-Oct-2018	52,300	39,23,985
Total Sell Value ("Q")	**52,500**	**39,38,695**
Profit/ (Loss) ("Q-P")		**1,64,864**
Shares bought during UPSI period (i.e. till 12-Oct-2018) **("R")**	**20,500**	**13,34,449**
Sale Value of 20,500 shares (200 shares sold for INR 14,710; and 52,300 shares sold for INR 39,23,985, i.e., @ INR 75.03 per share **("S")**	**20,500**	**15,37,786** [INR 14,710 for 200 shares + INR 15,23,109 (INR 75.03* 20,300) for balance 20,300 shares]
Profit on shares bought during UPSI period ("S-R")		**2,03,337**

…'

6. Vide emails dated September 29, 2023 and October 04, 2023, Noticee 2 and Noticee 1 acknowledged the receipt of SCN, respectively. Vide email and letter dated October 09, 2023, Noticee 1 and Noticee 2 submitted their common reply to the SCN. Thereafter, vide Hearing Notice dated October 10, 2023, Noticees were afforded an opportunity of hearing on October 17, 2023. In this regard, on the scheduled date viz. October 17, 2023, Noticees availed the opportunity of hearing i.e. Noticee 1 appeared in person for himself and on behalf of Noticee 2. During the hearing, Noticees relied upon and reiterated the written submissions made by them vide email and letter dated October 09, 2023. The Noticees indicated that the written submissions dated October 09, 2023 were complete and that there were no additional/ further submissions to be made in this regard.

7. The key submissions made by Noticees vide their common email and letter dated October 09, 2023 as reply to the SCN, are as under:

'…

The allegations made against us are far from the truth. The true and correct facts are as follows:

(i) Starting from the second week of September, 2018, Sanya Haider (as part of the law firm, Link Legal) was part of the legal team advising DEN Networks Limited in relation to the proposed acquisition by Reliance Industries Ltd.

(ii) That the transaction was highly sensitive and confidential, and no information in relation to said transaction was shared by Sanya Haider with colleagues within the law firm, Link Legal who were not involved in the transaction, let alone to Syed Farman Haider.

(iii) That Syed Farman Haider had dealings in scrips of DEN Networks Limited of his own accord and volition, without any knowledge of price sensitive information.

(iv) That Syed Farman Haider and Sanya Haider have known each other for a very long time being each other's second cousins and close friends, and various financial transactions between both have taken place in the past, including 48 (forty-eight) financial transactions in 2018 itself.

(v) That such financial transactions have always been for personal advances/returns/ reimbursements and not for any financial investments or gains.

(vi) That it is purely coincidental that Syed Farman Haider purchased the scrips of DEN Networks Limited and Sanya Haider was part of the legal team advising DEN Networks Limited for its transaction with Reliance Industries Ltd.

(vii) That being close relatives and having financial transaction between Syed Farman Haider and Sanya Haider does not in itself amount to violation of the Regulation 4(1) of SEBI (Prohibition of Insider Trading) Regulations, 2015 read with Section 12A(d) and (e) of SEBI Act, 1992 or Regulation 3(1) of SEBI (Prohibition of Insider Trading) Regulations, 2015 read with Section 12A(e) of SEBI Act, 1992.

(viii) That the contents of Para 4.1.5.6 of the Show Cause Notice are untrue. As stated in the preceding paragraphs of this Reply, Sanya Haider was privy to the UPSI since second week of September, 2018 and not since October 04, 2018 (i.e., the very previous day when Syed Farman Haider traded in scrip of DEN for the first time on October 05, 2018). The chronological events as stated under Para 3.6.1 and 3.6.2 of the Show Cause Notice does not reflect the date of engagement of Link Legal by DEN as its legal advisors and only reflects the meetings and telephonic discussions to discuss the transaction documents which were held at the later stage of negotiation of transaction documents prior to which couple of rounds of communication were held between Link Legal and DEN in the month of September, 2018.

(ix) That the contents of Para 4.1.5.8 of the Show Cause Notice are denied for being untrue and misleading. Syed Farman Haider received INR 1,90,000/- from others in tranches (including INR 90,000/- received from Sanya Haider as repayment towards previous advance provided by Syed Farman Haider) and transferred to Geojit on October 05, 2018, however he purchased 5000 scrip of DEN of trade value INR 2,89,826/- on October 05, 2018. Accordingly, the statement that the entire funds utilized for dealing in shares of DEN were received by Syed Farman Haider from others (and not his own funds) is incorrect and misleading.

(x) That the contents of Paras 4.1.5.9 & 4.1.5.13 of the Show Cause Notice are denied for being false and incorrect. The funds received from Sanya Haider on October 05, 2018 was repayment towards personal advances provided by Syed Farman Haider to Sanya Haider / expenses incurred by Syed Farman Haider on behalf of Sanya Haider, and was in fact his own funds. Multiple funds have been transferred by Sanya Haider to Syed Farman Haider in the months of September, 2018, October, 2018 and November, 2018, as stated earlier for reimbursements/ repayment, an implying that the funds transferred specifically on October 05, 2018 was made solely in relation to purchase of scrips of DEN by Syed Farman Haider is misplaced and a poor attempt to concoct the baseless allegation that UPSI was communicated by Sanya Haider to Syed Farman Haider.

(xi) That the contents of Para 4.1.5.9 of the Show Cause Notice are false and denied. The statement provided by Sanya Haider on oath is being recklessly twisted to suit your convenience. The submission made by Sanya Haider in relation to past dealing in shares of Syed Farman Haider was only made in respect of Syed Farman Haider's past dealing in shares of DEN and not in totality. Sanya Haider only came into know of Syed Farman Haider's dealings in shares of DEN only upon receipt of notice dated January 6, 2023 and not before.

(xii) That the contents of Paras 4.1.5.11 & 4.1.5.12 of the Show Cause Notice are vehemently denied as being false and incorrect. Syed Farman Haider was in fact watching prices of DEN's share since September 2017 after an online article was published in Economic Times reporting Reliance Industries being in talks to acquire DEN and was waiting for the price to come down to purchase DEN's shares. In fact, Syed Farman Haider was planning to purchase DEN's shares during July-September 2018 when the prices had dropped to less than INR 50 (which was at its 52-weeks lowest from a height of INR 140 in January 2018), however due to his mother's illness he didn't make any investment due to increase in his family expenses and could only purchase DEN's scrip in October, 2018. It is vehemently denied that Syed Farman Haider's dealings in scrips of DEN are based on possession/ access to UPSI from Sanya Haider. In fact, at the cost of repetition, Sanya Haider was in possession of UPSI since September 2018 however Syed Farman Haider purchased DEN's shares in October 2018. Further, as stated earlier on oath, Syed Farman Haider kept purchasing DEN's shares systematically even after daily increase in the price. Also, the actual price of purchase by Reliance of DEN's shares was INR 72.66 (as also known

by Sanya Haider) however Syed Farman Haider purchased DEN's shares worth INR 24,39,382/- at a per share price of more than INR 76 on October 16-17, 2018, i.e. 64% of his total investment in DEN's scrips. This clearly shows that Syed Farman Haider was not in possession of any USPI from Sanya Haider.

…'

D. CONSIDERATION OF ISSUES AND FINDINGS

8. The issues that arise for consideration in the instant matter are:

Issue No. I: **Whether Noticees have violated the provisions of SEBI PIT Regulations, 2015 read with provisions of SEBI Act, 1992, as alleged?**

Issue No. II: **If yes, whether the violations on the part of the Noticees would attract monetary penalty under Section 15G of the SEBI Act, 1992?**

Issue No. III: **If yes, what should be the monetary penalty that can be imposed upon the Noticees?**

9. I now proceed to deal with the allegations in respect of the Noticees, as brought out in the SCN.

Issue No. I: Whether Noticees have violated the provisions of SEBI PIT Regulations, 2015 read with provisions of SEBI Act, 1992, as alleged?

10. It was inter alia alleged and observed in respect of Noticees that Noticee 1 traded in the scrip of DEN on the basis of UPSI and Noticee 2 Communicated UPSI to Noticee 1. Therefore, it was alleged that Noticee 1 violated Regulation 4(1) of PIT Regulations, 2015 read with Section 12A(d) and (e) of SEBI Act, 1992 and

Noticee 2 violated Regulation 3(1) of PIT Regulations, 2015 read with Section 12A(e) of SEBI Act, 1992.

11. Here it would be, firstly, pertinent to draw reference to the text of the relevant provisions of the PIT Regulations, 2015 read with provisions of the SEBI Act, 1992 alleged to have been violated, which inter alia reads as under :

PIT Regulations, 2015:

"…

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.

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:

…"

SEBI Act, 1992:

"…

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

…"

(Note: For complete/extant text, relevant Act/Regulation etc. may please be referred)

From plain reading of the provisions in this regard, as brought out above, I note that an insider shall not 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. Further, an insider shall not trade in securities that are listed or proposed to be listed on a stock exchange when in possession of unpublished price sensitive information.

12. In this regard, on perusal of the Regulation 3 and 4 of PIT Regulations, 2015, as brought out above, I note that that to ascertain the alleged violations, it would be pertinent to address the following aspects:

    12.1. What was the UPSI and UPSI period in the instant proceedings?

    12.2. Whether Noticee 2 was an insider? If yes, then whether being an insider, Noticee 2 communicated UPSI to Noticee 1?

    12.3. Whether Noticee 1 was an insider? If yes, whether being an insider, Noticee 1 traded while in possession of UPSI?

13. What was the UPSI and UPSI period in the instant proceedings?

13.1. In this regard, I note from material available on record that a corporate announcement was made by DEN on October 13, 2018, which was a trading holiday being Saturday. DEN inter alia announced that a meeting of the Board of Directors of DEN shall be held on October 17, 2018 to consider and approve a proposal for raising of funds inter alia by issuance of equity shares through one or more methods including further public issue/ ADR/ GDR/ qualified institutions placement/ preferential issue, subject to such regulatory and statutory approvals as may be required including approval of the members of the Company ('said information').

13.2. To ascertain if said information was UPSI, here it would be pertinent draw reference to the definition of UPSI as given under Regulation 2(1)(n) of PIT Regulations, 2015, which inter alia reads as under :

> *'…*
> *(n) "unpublished price sensitive information" means any information, relating to a company or its securities, directly or indirectly, that is **not generally available** which upon becoming generally available, is likely to **materially affect the price of the securities** and shall, ordinarily including but not restricted to,information relating to the following: –*
> *…*
> *(iv) mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;*
>
> *…'*

From the above, I note that, inter alia for an information relating to a company or its securities to be considered as UPSI, firstly, the information should not have been generally available and thereafter, upon becoming generally available such information should be likely to materially affect the price of the securities.

13.3. As regards general availability of said information, I note that Regulation 2(1)(e) of PIT Regulations, 2015 defines generally available information, which inter alia reads as under:

> *'…*
> *(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.*
> *…'*

In this regard, I note from material available on record that as per submissions of DEN and Reliance, they had discussions for a potential investment by Reliance in DEN in mid of 2017, however, the said discussions were not pursued. The said information regarding raising of funds by DEN was published on the website of BSE and NSE on October 13, 2018 and therefore, became generally available from October 13, 2018 onwards.

13.4. As regards said information having materially affected the price of the securities upon becoming generally available, I note from material available on record that after the corporate announcement on fund raising by DEN on October 13, 2018, on the next trading day i.e. October 15, 2018, the scrip opened at INR 72, touched an intra-day high of INR 79.9, and closed at INR 75.65 on BSE. As regards NSE, the scrip opened at INR 74, touched an intra-day high of INR 79.7 and closed at INR 74.2. It is noted that the scrip closed 10.84% and 8.56% above its previous day's closing price on BSE and NSE, respectively. In view thereof, it is noted that the information regarding fund raising by DEN, materially affected the price of the securities.

13.5. In view thereof, I note that the proposal in the said information was in the nature of expansion of business and had positive impact on the price of the scrip after the announcement. Accordingly, the aforementioned proposal and announcement made by DEN regarding raising of funds on October 13, 2018 (Saturday) at 17:06:18 hours is considered as UPSI in terms of Regulation 2(1)(n) of the PIT Regulations, 2015.

13.6. As regards, UPSI period, it is noted from material available on record that based on the chronology of events as submitted by DEN, UPSI (announcement regarding fund raising by DEN) came into existence on August 08, 2018 when discussions between the officials of DEN and Reliance was initiated. Accordingly, UPSI came into existence on August 08, 2018 and remained unpublished till the date of announcement by DEN on October 13, 2018 to the Exchanges viz. BSE and NSE. Based on the above, the UPSI period would be considered from August 08, 2018 to October 13, 2018.

14. Whether Noticee 2 was an insider? If yes, then whether being an insider, Noticee 2 communicated UPSI to Noticee 1?

15. Whether Noticee 1 was an insider? If yes, whether being an insider, Noticee 1 traded while in possession of UPSI?

16. Considering that the facts and circumstances relating to the above two aspects are common, accordingly, for brevity, both are being dealt together hereunder:

16.1. To firstly determine whether Noticee 2 was an insider, here it becomes pertinent to refer to the definition of insider as given under Regulation 2(1)(g) of PIT Regulations, 2015, which inter alia reads as under:

'…

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

i) a connected person; or

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

…'

From the definition as given above, I note that insider means any person who is a connected person or is in possession of or having access to unpublished price sensitive information. In this regard, connected person has been defined under Regulation 2(1)(d) of PIT Regulations, 2015, which inter alia reads as under:

'…

(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.

…'

16.2. In this regard, as regards Noticee 2, I note from material available on record that Noticee 2, as a part of the team of her employer viz. Link Legal, legal advisors of DEN, was involved during October 04 to 16, 2018 in the meetings and telephonic discussions between DEN and Reliance to discuss the transaction documents in relation to UPSI w.r.t. proposal of DEN to raise funds through one or more methods including further public issue/ ADR/ GDR/ qualified institutions placement/ preferential issue. Further, she was also involved in execution of transaction documents between DEN and Reliance on October 17, 2018.

16.3. In this regard, Noticees as part of their submissions vide common reply dated October 09, 2023 contended that *'… Sanya Haider was privy to the UPSI since second week of September, 2018 and not since October 04, 2018 (i.e., the very previous day when Syed Farman Haider traded in scrip of DEN for the first time on October 05, 2018). The chronological events as stated under Para 3.6.1 and 3.6.2 of the Show Cause Notice does not reflect the date of engagement of Link Legal by DEN as its legal advisors…'*

In this regard, I note that while Noticee 2 had contended so, Noticee 2 had not demonstrated with relevant details and documents that she was privy to UPSI since second week of September, 2018. In this regard, I note from material available on record that both, DEN vide its letter dated March 12, 2019 and Reliance vide its letter dated February 15, 2021 had inter alia submitted the chronological sequence of events relating to the proposal of DEN to raise funds. I note that both chronology of events as mentioned in the submissions of both DEN and Reliance matched in so far as in both the chronologies, Noticee 2 had been stated to be involved in the Negotiation and finalisation of transaction documents from October 04, 2018 and not from September, 2018 as contended by Noticee 2. In view thereof, in particular that Noticee 2 had not produced any supporting documents regarding her contentions, I am of the view that the contentions of the Noticee 2 in this regard, are devoid of merit and hence not acceptable.

16.4. Having regard to Regulation 2(1)(g)(i) read with Regulation 2(1)(d)(i) of PIT Regulations, 2015, I note that Noticee 2 was associated with DEN, as brought out above, and therefore, was an insider in terms of PIT Regulations, 2015. Further, I note that Noticee 2 had neither denied nor disputed that she was an insider in terms of PIT Regulations, 2015.

16.5. I note from material available on record that Noticee 1 and Noticee 2 were connected to each other during the IP as their fathers are cousin and they were second cousins, and as such Noticee 1 and Noticee 2 know each other since childhood. In this regard, Noticee 1 had submitted before SEBI that he had to frequently travel to Delhi from Mumbai starting July 2018 and he got to meet Sanya Haider at that time. In this regard, Noticee 2 had submitted before SEBI that Noticee 1 had moved to New Delhi during 2019, and personal interactions/ meetings-in-person between Noticee 1 and Noticee 2 used to be more frequent since then and Noticee 1 and Noticee 2 are married to each other since February 15, 2020.

16.6. Further in this regard, I also note from material available on record that frequent fund transfers are noted to have happened between Noticees which includes a total of 48 transfers during 2018 (including 3 transfers during October 04 to 17, 2018 being the period when Noticee 1 had traded in the scrip of DEN and had used the money received from Noticee 2 for buying shares in DEN). Such series of fund transfers cannot happen without conversations between them during the same period.

16.7. I note that in this regard, the submissions of Noticees as part of their replies are also in the nature of admission in so far as they have submitted that *'… Syed Farman Haider and Sanya Haider have known each other for a very long time being each other's second cousins and close friends, and various financial transactions between both have taken place in the past, including 48 (forty-eight) financial transactions in 2018 itself…'*

16.8. In this regard, I also note from material available on record that the trading accounts of Noticee 1 and Noticee 2 are held with Geojit Financial Services Ltd. ('Geojit'). Noticee 2 had submitted before SEBI that she had limited knowledge about securities market except the legal knowledge related to her profession; and she had dealt in shares only once, which was during May 2017 in the scrip of IDFC Bank upon persuasion from her colleagues. In this regard, information/ details pertaining to their accounts was inter alia sought by SEBI from Geojit From the information provided by Geojit , the following was inter alia noted:

16.8.1. Noticee 2 had placed orders for buying the scrip of IDFC Bank Ltd. on May 03, 2017 through online mode. The relevant details w.r.t. online log is given below:

Sr. No.	Action Type	IP	MACID	Device Details
1	Log-In	115.97.55.50	30:F7:72:3A:66:23	Microsoft Windows NT 6.2.9200.0
2	Log-In	115.97.55.50	30:F7:72:3A:66:23	Microsoft Windows NT 6.2.9200.0
3	Log-Out			

16.8.2. During the period April – December 2017, Noticee 1 was also noted to have traded only in the scrip of IDFC Bank Ltd. Relevant details pertaining to mode of order placement/ online log were sought from Geojit; and relevant details as provided by Geojit is tabulated hereunder:

Trade Date: April 03, 2017

Sr. No.	Action Type	IP	MAC ID	Device Details
1	Log-In	115.97.61.232	30:F7:72:3A:66:23	Microsoft Windows NT 6.2.9200.0
2	Log-In	115.97.61.232	30:F7:72:3A:66:23	Microsoft Windows NT 6.2.9200.0
3	Log-In	115.97.61.232	30:F7:72:3A:66:23	Microsoft Windows NT 6.2.9200.0
4	Log-In	115.97.61.232	30:F7:72:3A:66:23	Microsoft Windows NT 6.2.9200.0
5	Log-In	115.97.61.232	30:F7:72:3A:66:23	115.97.61.232

Trade Date: April 07, 2017

Sr. No.	Action Type	IP	MAC ID	Device Details
1	Log-In	115.97.61.232	30:F7:72:3A:66:23	Microsoft Windows NT 6.2.9200.0
2	Log-In	115.97.61.232	30:F7:72:3A:66:23	Microsoft Windows NT 6.2.9200.0
3	Log-Out			

Trade Date: April 10, 2017

Sr. No.	Action Type	IP	MAC ID	Device Details
1	Log-In	115.97.61.232@192.168.2.203_(null)	A4:5D:36:FD:10:9C	IOS 10.2.1/IPHONE or IPOD/V-2.10.0
2	Log-In	115.97.61.232@192.168.2.203_(null)	A4:5D:36:FD:10:9C	IOS 10.2.1/IPHONE or IPOD/V-2.10.0
3	Log-Out			
4	Log-In	115.97.61.232	30:F7:72:3A:66:23	Microsoft Windows NT 6.2.9200.0
5	Log-In	115.97.61.232	30:F7:72:3A:66:23	Microsoft Windows NT 6.2.9200.0

Trade Date: April 12, 2017

Sr. No.	Action Type	IP	MAC ID	Device Details
1	Log-In	115.97.61.232	30:F7:72:3A:66:23	Microsoft Windows NT 6.2.9200.0
2	Log-In	115.97.61.232	30:F7:72:3A:66:23	Microsoft Windows NT 6.2.9200.0
3	Log-Out			

16.8.3. Based on the information/ details submitted by Geojit w.r.t. online logs as mentioned at tables above, it is noted that the MAC ID (30:F7:72:3A:66:23) of the device used for online logging into the trading accounts of Noticee 1 and Noticee 2 were one and the same. In this regard, it is noted that the Noticees have neither denied nor disputed that they had used same device, as brought out above. It is also pertinent to note that Noticee 1 had dealt in shares of IDFC Bank only during the period April 2017 to December 2017. Having regard to the aforesaid, the submissions of Noticee 2 that she purchased shares of IDFC based on persuasion from colleagues are inconsistent with the material otherwise available on record.

16.9. Having regard to the foregoing, it is evident that frequent communication/ conversation happened between Noticee 1 and Noticee 2 during the IP including during UPSI period and they both were in communication/ conversation regarding financial aspects as well.

16.10. I note that being an insider, Noticee 2 was privy to UPSI from October 04, 2018, as brought out in the foregoing and immediately on the next day i.e. on October 05, 2018, Noticee 1 had traded in the scrip of DEN wherein Noticee 1 bought 5000 shares for value 2,89,826/-. In this regard, it is noted that during the UPSI, Noticee 2 had traded total 20500 quantity for 13,34,449/-. The trading pattern of Noticee 2, as noted from material available on record, was as under:

BSE				NSE			
Pre-UPSI Period (May 08, 2018 to August 07, 2018)							
Date	Buy/Sell	Quantity	Value	Date	Buy/Sell	Quantity	Value
BSE: Total Buy	Buy	-	-	NSE: Total Buy	Buy	-	-
-	-	-	-	-	-	-	-
BSE: Total Sell	Sell	-	-	NSE: Total Sell	Sell		

-	-	-	-	-	-	-	-
UPSI Period (August 08, 2018 to October 13, 2018)							
Date	Buy/Sell	Quantity	Value	Date	Buy/Sell	Quantity	Value
BSE: Total Buy	Buy	-	-	NSE: Total Buy	Buy	20,500	13,34,449
-	-	-	-	*05-Oct-2018*	*Buy*	*5,000*	*2,89,826*
-	-	-	-	*08-Oct-2018*	*Buy*	*1,000*	*62,594*
-	-	-	-	*10-Oct-2018*	*Buy*	*14,300*	*9,68,069*
-	-	-	-	*12-Oct-2018*	*Buy*	*200*	*13,960*
BSE: Total Sell	Sell	-	-	NSE: Total Sell	Sell	-	-
-	-	-	-	-	-	-	-
Post-UPSI Period (October 14, 2018 - January 13, 2019)							
Date	Buy/Sell	Quantity	Value	Date	Buy/Sell	Quantity	Value
BSE: Total Buy	Buy	-	-	NSE: Total Buy	Buy	32,000	24,39,382
-	-	-	-	*16-Oct-2018*	*Buy*	*6,500*	*4,98,100*
-	-	-	-	*17-Oct-2018*	*Buy*	*25,500*	*19,41,282*
BSE: Total Sell	Sell	-	-	NSE: Total Sell	Sell	52,500	39,38,694
-	-	-	-	*15-Oct-2018*	*Sell*	*200*	*14,710*
-	-	-	-	*17-Oct-2018*	*Sell*	*52,300*	*39,23,984*

16.11. In this regard, it is noted from material available on record that Noticee 1 had not dealt in any securities since January 10, 2018 onwards. It was only after almost 9 months that Noticee 1 had resumed dealing in securities on October 05, 2018 which happens to be the immediate next day when Noticee 2 became privy to UPSI viz. October 04, 2018. It is a matter of record the first securities that Noticee 2 purchased after resuming trading was in the scrip of DEN itself.

16.12. In this regard, based on the information/ details received from bank(s), and upon an analysis of the ICICI Bank account statement of Noticee 1 the following transactions inter alia are noted:

Sr. No.	**Date**	**Narration**	**Credit/ Debit**	**Amount**	**Balance**
1	05.10.2018	BIL/001549154507/Personal/ NSP	Cr.	1,00,000	1,02,941.17
2	05.10.2018	BIL/001549282564/Family/N SP	Cr.	90,000	1,92,923.47
3	05.10.2018	MMT/IMPS/827814989595/G eojit/HDFC0000240	Dr.	19,0017.7	2,905.77
4	08.10.2018	BIL/001551440065/Family/N SP	Cr.	1,10,000	1,12,905.77
5	08.10.2018	NEFT-SBIN218281015835- Mr SYEDHUSSAIN ABBAS RIZVI-	Cr.	5,2000	1,64,905.77
6	08.10.2018	MMT/IMPS/828109628441/In vestment/HDFC0000240	Dr.	1,62,017.7	2,888.07
7	10.10.2018	RTGS- UBINR52018101000511280- SAIYYAD WASEEM HAIDAR	Cr.	10,00,000	10,00,082.17

8	10.10.2018	RTGS:ICICR12018101000618242/GEOJIT BNP PARIBAS FIN	Dr.	9,90,000	10,082.17

16.13. In this regard, SEBI observed from the counterparty details provided by ICICI, that amounts of INR 90,000 and INR 1,00,000 had been received from Noticee 2 and Imran Haider (brother of Noticee 1), respectively, on October 05, 2018, i.e. on the day when Noticee 1 first dealt in the shares of DEN. An amount of INR 1,90,000 was, thereafter, transferred on the same day to Geojit. Further, an amount of INR 10,00,000 was received from Syed Waseem Haider (father of Noticee 1) on October 10, 2018, and an amount of INR 9,90,000 was thereafter transferred to Geojit on the same day. Based on the trading ledger of Noticee 1 for the period April 01, 2018 to March 31, 2019 as provided by Geojit vide its e-mail dated January 16, 2023, the following transactions may inter alia be noted:

Sr. No.	Date	Narration	Balance	AsOnBal
1	05.10.2018	HDFC-NEFT/827814989595/9229/SYED FARMAN HAIDER	1,90,000.00	1,90,000.00
2	08.10.2018	HDFC-NEFT/828109628441/9229/SYED FARMAN HAIDER	1,62,000.00	3,52,000.00
3	09.10.2018	NSE/EQ/2018/2018189- Normal Trades Trade Date 05.10.2018	-2,91,867.77	60,132.23
4	10.10.2018	NSE/EQ/2018/2018190- Normal Trades Trade Date 08.10.2018	-62,889.70	-2,757.47
5	10.10.2018	HDFC-NEFT/ICICR12018101000618242/ICIC0000104/SYED FARMAN HAIDER	9,90,000.00	9,87,242.53
6	10.10.2018	HDFC-NEFT/828307890760/9229/SYED FARMAN HAIDER	2,800.00	1,90,000.00

16.14. It is noted from the material available on record as also brought out in the foregoing that as per bank statement of Noticee 1, he did not have funds readily available with him to deal in shares of DEN. As can be noted from above, the funds utilised for dealing in shares of DEN were received by Noticee 1 from others in tranches, including Noticee 2, and the same were promptly utilised to fund his purchase of shares in DEN.

16.15. In this regard, Noticees as part of their submissions vide common reply dated October 09, 2023 contended that '…*The funds received from Sanya Haider on October 05, 2018 was repayment towards personal advances provided by Syed Farman Haider to Sanya Haider / expenses incurred by Syed Farman Haider on behalf of Sanya Haider, and was in fact his own funds. Multiple funds have been transferred by Sanya Haider to Syed Farman Haider in the months of September, 2018, October, 2018 and November, 2018, as stated earlier for reimbursements/ repayment…'*

In this regard I note that the contentions of the Noticees are in the nature of mere statements and while they have contended so, Noticees have not demonstrated with relevant details and documents that the fund transfers were repayment towards advances. In view thereof, considering the sequence of events that Noticee 2 became privy to UPSI on October 04, 2018, that Noticee 1 and Noticee 2 were in frequent communication, that Noticee 1 resumed trading after 9 months and that he had never traded in DEN before, that his first trade after resumption was in DEN on October 05, 2018; that he did not have funds in his account to carry that trade and had received funds for the same inter alia from Noticee 2, the contentions of Noticees in this regard are devoid of merit and hence not acceptable.

16.16. On the aspect relating to source of funds used for trading, it is worthwhile to note the following submissions of Noticee 1, made during his statement of examination on oath:

> *'…16. Did you receive funds from anyone else including your wife Ms. Sanya Haider which you might have used for dealing in securities/ shares market including shares of DEN, or any other purpose? If yes, provide details.*
>
> *Ans: No, I did not receive funds from Ms. Sanya. I used my own funds, or may have received funds from my father or brother. I shall provide you my bank statements over e-mail...'.*

As can be noted, while Noticee 1 admitted having received funds from father/ brother, he categorically denied receipt of funds from Noticee 2, which is inconsistent with the statements, as brought out above.

16.17. The Noticees as part of their submissions vide common reply dated October 09, 2023 contended that *'…Syed Farman Haider was in fact watching* *prices of DEN's share since September 2017 after an online article was published in Economic Times reporting Reliance Industries being in talks to acquire DEN…was planning to purchase DEN's shares during July-September 2018 when the prices had dropped to less than INR 50 …however due to his mother's illness he didn't make any investment due to increase in his family expenses and could only purchase DEN's scrip in October, 2018…the actual price of purchase by Reliance of DEN's shares was INR 72.66 (as also known by Sanya Haider) however Syed Farman Haider purchased DEN's shares worth INR 24,39,382/- at a per share price of more than INR 76 on October 16-17, 2018, i.e. 64% of his total investment in DEN's scrips…'*

In this regard, I note that the contention of the Noticee are in the nature of mere statements. I note that the only rationale provided by Noticee 1 for having purchased shares in the scrip of DEN was that he had read an article in September 2017. It is noted that it was only after more than one year from September 2017 that Noticee 1 purchased shares in DEN for which he had inter alia given reasons that there were increased family expenses due to medical reasons. In this regard, I note that Noticee 1 had not demonstrated with relevant details and documents about any such article or about any such family expenses because of which he could not make any purchases earlier. This apart, I note that the Noticee 1 had failed to provide any rationale for why he traded on October 05, 2018 itself which was the very next day after Noticee 2 became privy to UPSI i.e. on October 04, 2018 and that too when Noticee 1 did not have the funds to make such purchases in DEN and had used the funds received inter alia from Noticee 2. I note that the period of Noticee 2 being privy to the UPSI and dealings of Noticee 1 in the shares of DEN closely overlaps during the period October 04, 2018 to October 17, 2018. Further, Noticee 2 had transferred funds to Noticee 1 on October 05, 2018, which was transferred by Noticee 1 to his broker viz. Geojit on the same day and used to purchase shares of DEN during the aforesaid period. In view thereof, the contentions of Noticees in this regard are devoid of merit and hence not acceptable.

16.18. The Noticees as part of their submissions vide common reply dated October 09, 2023 contended that *'…the actual price of purchase by Reliance of DEN's shares was INR 72.66 (as also known by Sanya Haider) however Syed Farman Haider purchased DEN's shares worth INR 24,39,382/- at a per share price of more than INR 76 on October 16-17, 2018, i.e. 64% of his total investment in DEN's scrips…'.*

In this regard, I note that the alleged violation pertains to the trade of Noticee during UPSI period and Noticee 1 had not demonstrated to satisfaction any rationale regarding his trades during UPSI with relevant details and documents in this regard. In view thereof, the contentions of the Noticees in this regard are devoid of merit and hence not acceptable.

16.19. I note that in cases of insider trading, direct evidence is seldom available and generally conclusion is arrived by relying on the facts and circumstances and on the basis of preponderance of probabilities. I note that instant case is distinguishable from the Balram Garg v. SEBI [(2022) 9 SCC 425] in so far as in Balram Garg, inter alia the relationship between the Noticees were estranged and the material available on record had not brought out that the Noticees were in frequent communication with each other, however, in the instant case, as brought out in the foregoing. Noticee 1 and Noticee 2 admittedly were cousins and frequently communicating and meeting each other and were also having frequent financial transactions. In this regard, reliance is placed on Hon'ble Supreme Court's order in Balram Garg v. SEBI (supra) wherein Hon'ble Supreme Court inter alia held and observed that *'….in the absence of any material available on record to show frequent communication between the parties, there could not have been a presumption of communication of UPSI by the appellant Balram Garg…'.* In the instant case, as the material available on record had evidently brought out that there was frequent communication between the Noticees.

In this regard, reliance is also placed on order by Hon'ble Securities Appellate Tribunal (Hon'ble SAT) in the matter of Ameen Khwaja &

Others Vs. SEBI (date of Decision: 15.06.2022) wherein Hon'ble SAT had emphasised upon applying the principle of preponderance of probability and inter alia held that:

> *"…*
> *33. Upon hearing both the sides, in our view, the case essentially rests on its own facts to find out as to whether it can be reasonably expected from the material on record on preponderance of probability that the appellant Ameen Khwaja had access to UPSI.*
> *34. The burden of proof of having reasonable expectation of having access to the UPSI is initially no doubt on respondent SEBI. Once the respondent SEBI place material/probabilities then onus to prove shifts to the other side i.e. the appellants to prove otherwise. Since, admittedly, respondent SEBI is required to establish the facts on preponderance of probability and not beyond reasonable doubt, the similar standard of proof would apply to the appellants to shift the onus…"*

16.20. Having regard to the foregoing, in particular that Noticee 2 was privy to UPSI since October 04, 2018; that Noticee 1 and Noticee 2 were frequently communicating and having fund transfers between them; that Noticee 1 was not trading in any securities since January 10, 2018 onwards; that on the very next day of Noticee 2 being privy to UPSI, Noticee 1 bought shares in the scrip of DEN in which he had never traded earlier; that Noticee 1 did not have funds to purchase those shares and had used the funds received from others inter alia from Noticee 2, I am of the view that it cannot be a mere coincidence that Noticee 1 traded in the scrip of DEN without having received UPSI from Noticee 2 and evidently points to Noticee 2 having communicated UPSI to Noticee 1 which is in violation of Regulation 3(1) of PIT Regulation, 2015.

16.21. Considering the aforesaid, since Noticee 1 was in possession of UPSI, as brought out in the foregoing, I note that Noticee 1 was an insider in terms of Regulation 2(1)(g)(ii) of PIT Regulations, 2015. I note that being in possession of UPSI as an insider and having traded in the scrip of DEN when in possession of UPSI, as brought out above, Noticee 1 had violated Regulation 4(1) of PIT Regulations, 2015.

17. In view thereof, I note that the allegation that Noticee 1 traded in the scrip of DEN on the basis of UPSI and Noticee 2 Communicated UPSI to Noticee 1, stands established. Therefore, I hold that Noticee 1 violated Regulation 4(1) of PIT Regulations, 2015 read with Section 12A(d) and (e) of SEBI Act, 1992 and

Noticee 2 violated Regulation 3(1) of PIT Regulations, 2015 read with Section 12A(e) of SEBI Act, 1992.

Issue No. II: If yes, whether the violations on the part of the Noticees would attract monetary penalty under Section 15G of the SEBI Act, 1992?

18. It has been established in the foregoing paragraphs that Noticees had violated provisions of PIT Regulations, 2015 read with provisions of SEBI Act, 1992

19. In this regard, it is noted that the Hon'ble Supreme Court of India in the matter of SEBI v/s Shri Ram Mutual Fund [2006] 68 SCL 216(SC) inter alia 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....."

20. Therefore, for the established violation, as brought out in the foregoing paragraphs, I find that the Noticee is liable for monetary penalty under section 15G of the SEBI Act, 1992 which reads as under:

<u>SEBI Act, 1992</u>

"…

Penalty for insider trading.
***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 98[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]

…"

(Note: For complete/extant text, relevant Act/Regulation etc. may please be referred)

Issue No. III: If yes, what should be the monetary penalty that can be imposed upon the Noticees?

21. While determining the quantum of penalty under Section 15G of the SEBI Act, it is important to consider the factors as stipulated in Section 15J of the SEBI Act, which reads as under: -

SEBI Act, 1992

"…

Factors to be taken into account while adjudging quantum of penalty.

***15J**. While adjudging quantum of penalty under 15- or section 11 or section 11B, the Board or 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 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.

…."

22. In the instant case, as regards any disproportionate gain or unfair advantage or consequent loss caused to investors as a result of the default, I note that the material available on record has quantified that Noticee 1 earned profit of INR 2,03,337/- by selling 20,500 shares of DEN as was purchased by Noticee 1 during the UPSI period. Further, I note that there is nothing on record to show that the violations committed by the Noticee are repetitive in nature. However, I cannot ignore that in terms of SEBI PIT Regulations, 2015, it was obligatory on the Noticees being privy to UPSI to not communicate UPSI or trade in the scrip of DEN while being in possession of UPSI, which the Noticees failed to, as dealt with and established in the foregoing and which SEBI is duty bound to inter alia enforce compliance of. In view thereof, I am of the view that such violation on part of the Noticees needs to be dealt with suitably.

E. ORDER

23. After taking into consideration the facts and circumstances of the case, material available on record, submissions made by the Noticees and also the factors mentioned in the preceding paragraphs, in exercise of the powers conferred upon me under section 15-I of the SEBI Act, 1992 r/w Rule 5 of the Adjudication Rules, I hereby impose following penalty, as per Table below, on the Noticees, for the aforementioned violations, as discussed in this order. In my view, the said penalty will be commensurate with the violations committed by the Noticees in this case:

S. No.	Name of the Noticee	Penalty Under Section	Penalty Amount (Rs.)
1	Syed Farman Haider (Noticee 1)	15G of SEBI Act, 1992	Rs.10,00,000/- (Rupees Ten Lakhs Only)
2	Sanya Haider (Noticee 2)		

24. 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

25. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings 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.

26. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to the Noticees and also to the Securities and Exchange Board of India.

DATE: JUNE 28, 2024
PLACE: MUMBAI

AMAR NAVLANI
ADJUDICATING OFFICER