BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

(ADJUDICATION ORDER NO: Order/SV/GD/2023-24/30107-30130)

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

In respect of:

Noticee	Name of the Noticee	PAN
1	AMIT MANCHANDA	ALDPM3315N
2	MUKESH AGARWAL	ABIPA2516N
3	AJAY MOHTA	AMEPM1813D
4	ALOK KUMAR AGARWAL	ACMPA9563A
5	KRISHAN PAL SINGH	AUAPS0451P
6	PADMANABH MANDELIA	AMFPM8422M
7	MUNNA KUMAR SINGH	AUDPS4585M
8	MANISH GUPTA	AAJPG8755H
9	PAWAN SHARMA	BRAPS2351E
10	KUNAL MADAN	AKAPM7083K
11	UPASANA AGARWAL	AGMPA7175Q
12	TRIPATHI LOKENDRA KUMAR	AFSPT3024L
13	GURPREET SINGH	BIQPS4319K
14	ARVIND PREM	AIDPP1348R
15	TRISHLA SETHIA	BJWPS2259H
16	GURUBACHAN SINGH	AVOPS2747P
17	ASHA CHOUDHARY	AIUPC4188K
18	NAVIN KUMAR SHARMA	AVOPS0610B
19	VIPIN MITTAL	BRSPM0529E
20	SARITA GUPTA	AJIPG0794J
21	SUMAN GUPTA	EJOPS3817J
22	NARESH RAGHAV	AIQPR2984Q
23	SANJAY AGGARWAL	ADCPA6915H

24	RICHA SHARMA	BILPS5392D

(collectively referred to as 'Noticees')

In the matter of Radico Khaitan Limited

BACKGROUND OF THE CASE

1. Securities and Exchange Board of India ('hereinafter referred to as **'SEBI'**) conducted a detailed investigation in the scrip of Radico Khaitan Limited *(hereinafter referred to as 'RKL').*The focus of the investigation was to ascertain whether the trading activities of the designated persons of RKL and their immediate relatives, in the shares of RKL, during the period from April 01, 2018 to December 31, 2022 (hereinafter referred to as 'Investigation period /IP'), was in conformity with the Minimum Standards for Code of Conduct to Regulate, Monitor and Report Trading by Insiders as prescribed under Schedule B r/w Regulation 9(1) of SEBI (Prohibition of Insider Trading) Regulations, 2015 ('hereinafter referred to as PIT Regulations, 2015') and the 'Code of Conduct for Prohibition of Insider Trading' framed thereunder by RKL (hereinafter referred to as 'code of conduct').

2. Based on the findings of investigation, SEBI initiated adjudication proceedings against the following Noticees for the violations of the provisions as tabulated below:

Sr. No	Noticee	Violations	Charging Provision
1.	Amit Manchanda, VP - Legal & Company Secretary and Compliance Officer PAN: ALDPM3315N	✓ Regulation 9(3) of PIT Regulations, 2015. ✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.	Section 15A(b) and 15HB of SEBI Act, 1992. *(for Noticees at Sr. Nos. 1-15)*
2.	Mukesh Agarwal, EVP (Accounts & Investor Relations) and Chief Investor	✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.	

Sr. No	Noticee	Violations	Charging Provision
	Relations Officer (CIRO) PAN: ABIPA2516N	✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 10 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.	
3.	Ajay Mohta, GM/ Sr. GM - F&A PAN: AMEPM1813D	✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 10 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.	
4.	Alok Kumar Agarwal, Sr. VP - F&A PAN: ACMPA9563A	✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 10 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.	
5.	Krishan Pal Singh, Whole-time Director PAN: AUAPS0451P	✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 10 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.	
6.	Padmanabh Mandelia, AVP - Corp. Affairs & Business PAN: AMFPM8422M	✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 10 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.	
7.	Munna Kumar Singh, Dy. GM/ Jt. GM – Accounts PAN: AUDPS4585M	✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.	

Sr. No	Noticee	Violations	Charging Provision
8.	Manish Gupta, AVP - Pet Sales PAN: AAJPG8755H	✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 10 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.	
9.	Pawan Sharma, Dy. Manager – Accounts PAN: BRAPS2351E	✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 10 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.	
10.	Kunal Madan, AVP/ VP - International Biz PAN: AKAPM7083K	✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 10 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.	
11.	Upasana Agarwal, W/o Kunal Madan, AVP/ VP - International Biz along with Kunal Madan PAN: AGMPA7175Q	✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 10 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.	
12.	Tripathi Lokendra Kumar, Sr. Manager – Legal PAN: AFSPT3024L	✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 10 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.	
13.	Gurpreet Singh, Dy. Manager – Accounts PAN: AQVPS7659E	✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.	

Sr. No	Noticee	Violations	Charging Provision
14.	Arvind Prem, Sr. GM/ AVP – Accounts PAN: AIDPP1348R	✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.	
15.	Trishla Sethia, W/o Arvind Prem, Sr. GM/ AVP – Accounts along with Arvind Prem PAN: BJWPS2259H	✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.	
16.	Gurubachan Singh, GM/ Sr. GM – Bottling PAN: AVOPS2747P	✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 10 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.	Section 15HB of SEBI Act, 1992 *(for Noticees at Sr. Nos. 16-24)*
17.	Asha Choudhary. W/o Gurubachan Singh, GM/ Sr. GM PAN: AIUPC4188K along with Gurubachan Singh	✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.	
18.	Navin Kumar Sharma, GM/ AVP PAN: AVOPS0610B	✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.	
19.	Vipin Mittal, Jr. Manager – Accounts PAN: BRSPM0529E	✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.	
20.	Sarita Gupta, W/o Manoj Kumar Gupta, Sr. Manager – Accounts PAN: AJIPG0794 J along with Manoj Kumar Gupta	✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.	

Sr. No	Noticee	Violations	Charging Provision
21.	Suman Gupta, W/o Amit Gupta, Jr. Manager, Accounts along with Amit Gupta PAN: EJOPS3817J	✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.	
22.	Naresh Raghav, VP/ SVP PAN: AIQPR2984Q	✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.	
23.	Sanjay Aggarwal, Deputy Manager/ Manager – Accounts PAN: ADCPA6915H	✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.	
24.	Richa Sharma, W/o Rajiv Subash Vashisht, AVP PAN: BILPS5392D along with Rajiv Subash Vashisht, AVP	✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.	

APPOINTMENT OF ADJUDICATING OFFICER

3. SEBI appointed the undersigned as the Adjudicating Officer, vide order dated June 20, 2023, under Section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as 'SEBI Act, 1992'), and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as 'SEBI Adjudication Rules, 1995') read with Section 19 of the SEBI Act, 1992, to inquire into and adjudge under the provisions of the Section 15A(b) and Section 15HB of the SEBI Act, 1992 for the violations alleged to have been committed by the Noticees.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. Show Cause Notice ref. SEBI/HO/EAD-8/SV/GD/2023 dated September 12, 2023 (hereafter referred to as "**SCN"**) was issued to the Noticees in terms of the provisions of Rule 4 of the SEBI Adjudication Rules vide speed post and email dated September 12, 2023. I note that SCN was successfully delivered through speed post and digitally signed email.

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

a. It was observed from the unaudited Quarterly Financial result for QE June 30, 2018 that RKL had made a profit of INR 473.73 cr. during the QE June 30, 2018 as compared to a profit of INR 341.87 cr. during the QE March 31, 2018 i.e., a significant rise of 38.57% in the profits of the company. On July 24, 2018, i.e. on the day of the corporate announcement relating to financial results for the QE June 30, 2018, the price of the scrip was observed to have moved from an open price of INR 364 to a close price of INR 381.35 at NSE (price rise of ~4.77%), and from an open price of INR 363 to a close price of INR 380.45 at BSE (price rise of ~4.81%). The closing price of the scrip was further observed to have risen to INR 447.25 (NSE)/ INR 446.05 (BSE) on August 01, 2018, i.e. a price rise of ~22.9% during a course of seven trading days after the said corporate announcement. As noted aforesaid, disclosure of the financial results of RKL for the QE June 30, 2018 have impacted the price of the scrip significantly. Thus, price sensitive information (hereinafter referred to as "PSI") in the present case is the unaudited financial results of RKL for the QE June 30, 2018.The relevant details regarding the PSI is tabulated below:

Date when Price Sensitive Information came into existence	***Date and time when the Price Sensitive Information became public***	***UPSI Period***
The PSI in the instant case is the financial results of RKL for the QE June 30, 2018, it can be said to have come into existence on July 01, 2018.	*The unaudited financial results of RKL for the QE June 30, 2018 were disclosed by RKL to NSE and BSE during the trading hours on July 24, 2018 at 13:23:46 hours and 13:22:42 hours, respectively. The same was, thereafter, disseminated*	*The UPSI period was observed to be from July 01, 2018 to July 24, 2018 (till the time dissemination of the PSI by the exchanges).*

	over the website of the exchanges.	

b. *RKL has vide its letters dated July 26, 2019 and vide its e-mails dated September 18, 2019, August 29, 2019, August 28, 2019, and August 21, 2019 provided details/ information/ clarification inter alia pertaining to detailed chronology of events w.r.t corporate announcement relating to financial results, details of persons including promoters/ directors/ employees etc. having access to (or in possession of) UPSI, details of employees generally involved in preparation of the financial results of RKL, details w.r.t. formulation of model code of conduct under PIT Regulations, 2015, details w.r.t. applications regarding pre-clearance of trades received and approved by RKL.*

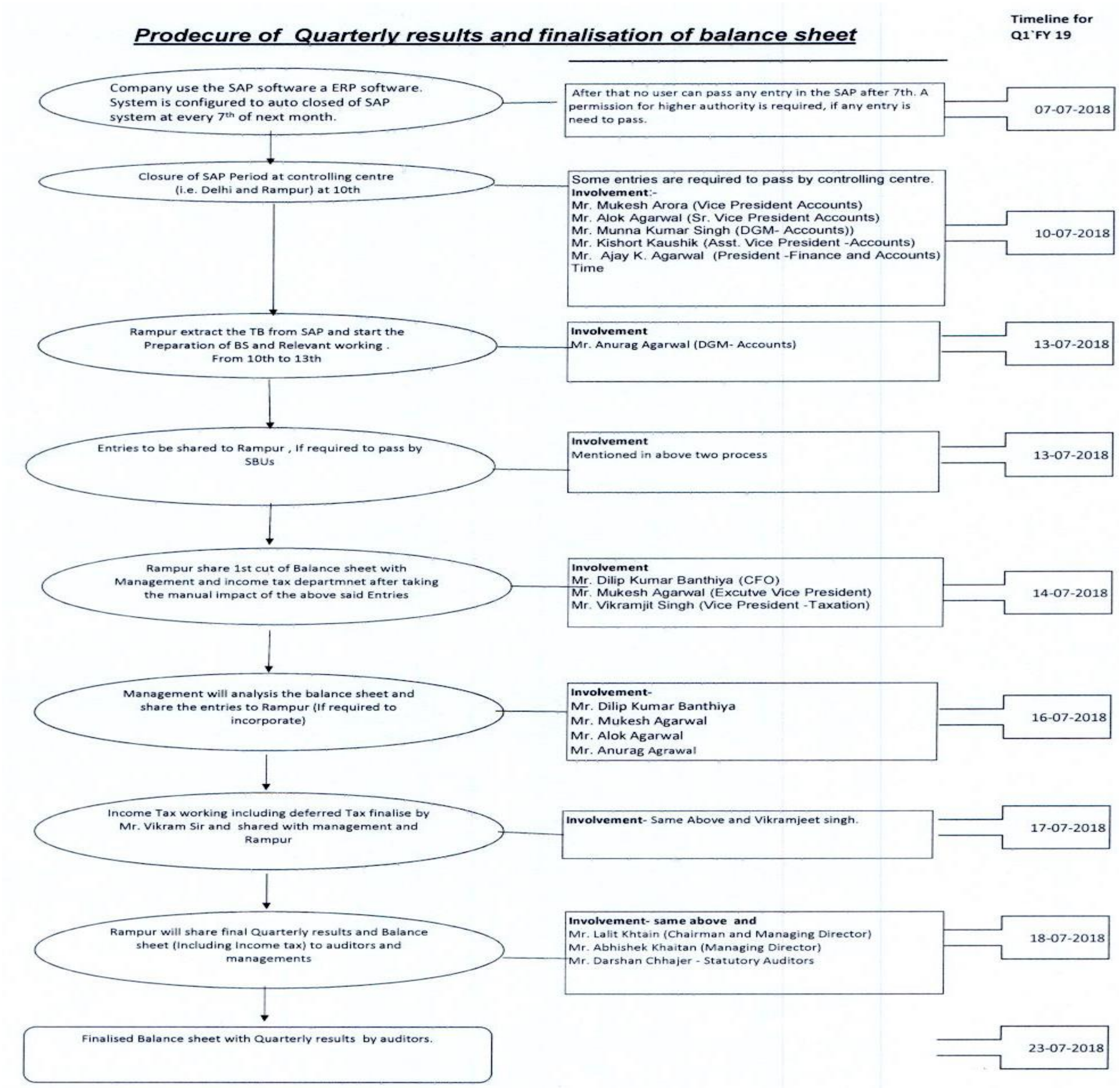
c. *RKL vide its letter dated July 26, 2019 has inter alia submitted the chronology of events in relation to the corporate announcement dated July 24, 2018 regarding the outcome of the board meeting held on July 24, 2018. The sequence of events that happened from July 02, 2018 to July 24, 2018 as follows:*

Date	***Name and Designation of the persons present in the discussion***	***Particulars***
02.07.2018	*1. Mr. Pradeep Khandelwal, Dy. General Manager (Accounts)* *2. Mr. Mukesh Agarwal, Executive Vice President (Accounts & Investor Relations)* *3. Mr. Dilip K Banthiya, Chief Financial Officer*	*Tentative Audit Schedule for finalization of Quarter 1 discussions and Board Meeting date finalized for 24.07.2018*
11.07.2018	*1. Mr. Mukesh Arora* *2. Mr. Jinendra Jain, General Manager (Business Analyst)* *3. Mr. Arvind Prem, Sr. General Manager (accounts)* *4. Mr. Sanjeev Banga, President (International Business)* *5. Mr. Vikram Jit Singh, Vice President (Taxation)* *6. Mr. Ajay K Agarwal, President (Finance & Accounts)* *7. Mr. Alok Agarwal, Sr. Vice President (Finance & Accounts)*	*Email sent for the details required for Board and Audit Committee Meetings scheduled to be held on 24.07.2019*

Date	*Name and Designation of the persons present in the discussion*	*Particulars*
	8. Mr. Naresh Raghav, Vice President (Operations) *9. Mr. Munna Kumar Singh, Dy. General Manager (Accounts)* *10. Mr. Pradeep Khandelwal, Dy. General Manager (Accounts)* *11. Mr. Dilip K Banthiya, Chief Financial Officer* *12. Mr. Amit Manchanda*	
12.07.2018	*Abhishek Khaitan, Amar Sinha, Ajay K Agarwal, Alok Agarwal, Anup Barik, Ajay Sharma, Arvind Prem, Ancil Saxena, Anil Dhamjia, Atul Shukla, Benzigar G Poovattil, Lalit Khaitan, Deepshikha Khaitan, Dilip K Banthiya, Devendra Singh, Farhan Khan, Gurpreet Singh, GB Singh, Jinendra Jain, K P Singh, Kunal Madan, Kapil Dev Vashistha,* *Kishor Kumar Kaushik, Kailash Chand Bhatt, Mukesh Agarwal, Mukesh Arora, Mahesh Gupta, Manish Gupta, Naresh Raghav, N S Shah, Nischal Dubey, N Raghavan, Neeraj Srivastava, Navin Kumar Sharma, Padmanabh Mandelia, Pallavi Kapoor, Pinaki Sengupta, Pradipta Basu, Ramesh Khatanhar, RB Biradar, Rohit Kumar, Rajiv Vashisht, Sanjeev Banga, Sunil Kumar Singh, Sudhir Upadhyay, Subhrat Kumar Patra, Vijay Kumar, Vikas Saxena, Darshan Chhajer (BGJC & Asso. LLP)*	*Trading window closure notice sent through email.*
12.07.2018	*1. Mr. Ashutosh Patra, Non-Executive Independent Director* *2. Dr. Raghupati Singhania, Non-Executive Independent Director* *3. Mr. K.S. Mehta, Non-Executive Independent Director* *4. Mr. Sarvesh Srivastava, Non-Executive Independent Director*	*Email sent informing the Notice of Board Meeting and Trading Window closure notice.*

Date	***Name and Designation of the persons present in the discussion***	***Particulars***
	5. Ms. Shailja Devi, Non- Executive Non-Independent Director	
13.07.2018	*-*	*Notice of Board Meeting published in the Newspapers (Business Standard and Hindustan) on 13.07.2018*
16.07.2018	*All Directors*	*Dispatch of Agenda to all Directors*
20.07.2018	*1. Mr. Amit Manchanda* *2. Mr. Ajay K Agarwal*	*Summary of CAPEX for the year 2018-19*
24.07.2018	*1. Dr. Lalit Khaitan, Chairman and Managing Director* *2. Mr. Abhishek Khaitan, Managing Director* *3. Dr. Raghupati Singhania, Director* *4. Mr. K.S.Mehta, Director* *5. Mr. Ashutosh Patra, Director* *6. Mr. K.P. Singh, Director* *7. Mr. Sarvesh Srivastava, Director* *8. Ms. Shailja Devi, Director*	*Agenda of the Meeting and Minutes of Board Meeting held*

d. RKL vide letter vide its letter dated August 27, 2019 and e-mail dated August 29, 2019 provided a pictorial representation of the procedure followed by RKL in respect of preparation and finalization of its quarterly results and the balance sheet. The same is depicted hereunder:



e. *The details of the persons including promoters/ directors/ employees etc. who were having access to and/or in possession of the corporate announcement dated July 24, 2018 regarding the financial results for QE June 30, 2018 was submitted by RKL as also the details of designated persons (including their family members) who were informed by RKL regarding the trading window closure period (July 15 to 26, 2018).*

Trading by Designated Persons of RKL and their Immediate Relatives during the Investigation Period

f. *RKL has inter alia submitted the details/ information relating to trades of designated persons and/or their immediate relatives in the shares of RKL during the IP.*
   i. *A list of designated persons of RKL, and their immediate relatives*
   ii. *Details of contra trades and other violations (including trades without pre-clearance, trades in window closure and filing of continual disclosure) of the applicable Code of Conduct observed by RKL***).**
   iii. *Details of relaxations from strict application of prohibition on execution of contra trade in terms of PIT Regulations, 2015***.**
   iv. *A list of pre-clearance of trades granted by RKL***.**

Instances of Designated Person(s) and/ or their Immediate Relatives not making Continual Disclosures as per Regulation 7(2)(a) of the PIT Regulations:

g. *It was observed from the information submitted by RKL, there were certain instances wherein the designated persons and/ or their immediate relatives have not filed Form-C as required under the Code of RKL.*

h. *The summary of the number of instances during extended IP wherein the continual disclosures as required under Regulation 7(2)(a) of PIT Regulations, 2015 have not been made (Form-C has not been filed) by the designated persons of RKL and/ or their immediate relatives is tabulated hereunder:*

Sr. No.	***Name***	***Category (Designated Person/ Immediate Relative)***	***Designation***	***If immediate relative, concerned designated person & relation***	***No. of instances***
1	*Mukesh Agarwal*	*Designated Person*	*EVP (Accounts & Investor Relations)*		*47*
2	*Alok Kumar Agarwal*	*Designated Person*	*SVP - F&A*		*18*
3	*Tripathi Lokendra Kumar*	*Designated Person*	*Sr. Manager - Legal*		*14*
4	*Padmanabh Mandelia*	*Designated Person*	*AVP - Corp. Affairs & Business*		*10*
5	*Gurpreet Singh*	*Designated Person*	*Dy. Manager - Accounts*		*9*
6	*Ajay Mohta*	*Designated Person*	*GM/ Sr. GM - Finance and Accounts*		*8*
7	*Arvind Prem*	*Designated Person*	*Sr. GM/ AVP - Accounts*		*6*

Sr. No.	Name	Category (Designated Person/ Immediate Relative)	Designation	If immediate relative, concerned designated person & relation	No. of instances
8	Upasana Agarwal	Immediate Relative	NA	W/o Kunal Madan, AVP/ VP	5
9	Krishan Pal Singh	Designated Person	Whole-time Director		5
10	Manchanda Amit	Designated Person	VP - Legal and Company Secretary		4
11	Pawan Sharma	Designated Person	Dy. Manager - Accounts		3
12	Munna Kumar Singh	Designated Person	Dy. GM/ Jt. GM - Accounts		2
13	Manish Gupta	Designated Person	AVP - Pet Sales		2
14	Kunal Madan	Designated Person	AVP/ VP - International Biz		1
15	Richa Sharma	Immediate Relative	NA	W/o Rajiv Subash Vashisht	1
16	Trishla Sethia	Immediate Relative	NA	W/o Arvind Prem, Sr. GM/ AVP - Accounts	1
17	Sanjay Aggarwal	Designated Person	Dy. Manager/ Manager - Accounts		1

i. In view of the above, it is alleged that abovementioned designated persons and/ or their immediate relatives have violated of Regulation 7(2)(a) of PIT Regulations, 2015.

Instances of Trading by Designated Person(s) and/or their Immediate Relatives during trading window closure periods:

j. It was observed from the information submitted vide e-mail dated February 15, 2023 by RKL, that there were instances wherein the designated persons and/ or their immediate relatives have executed trades during trading window closure period despite being intimated about the same by the Compliance Officer of RKL was inter alia provided by RKL.

k. The summary of the number of instances wherein the trades have been executed during the trading window closure period by the designated persons of RKL and/ or their immediate relatives is tabulated hereunder:

Sr. No.	***Name***	***Category (Designated Person/ Immediate Relative)***	***Designation***	***If immediate relative, concerned designated person & relation***	***No. of instances***
1	*Ajay Mohta*	*Designated Person*	*GM/ Sr. GM - Finance and Accounts*	*NA*	*34*
2	*Upasana Agarwal*	*Immediate Relative*	*NA*	*W/o Kunal Madan, AVP/ VP*	*16*
3	*Richa Sharma*	*Immediate Relative*	*NA*	*W/o Rajiv Subash Vashisht, AVP*	*12*
4	*Alok Kumar Agarwal*	*Designated Person*	*SVP -F&A*	*NA*	*9*
5	*Gurubachan Singh*	*Designated Person*	*GM/ Sr. GM - Bottling*	*NA*	*9*
6	*Asha Choudhary*	*Immediate Relative*	*NA*	*W/o Gurubachan Singh, GM/ Sr. GM*	*8*
7	*Sarita Gupta*	*Immediate Relative*	*NA*	*W/o Manoj Kumar Gupta, Sr. Manager*	*6*
8	*Suman Gupta*	*Immediate Relative*	*NA*	*W/o Amit Gupta, Jr. Manager*	*6*
9	*Navin Kumar Sharma*	*Designated Person*	*GM - IT*	*NA*	*6*
10	*Trishla Sethia*	*Immediate Relative*	*NA*	*W/o Arvind Prem, Sr. GM/ AVP*	*4*
11	*Vipin Mittal*	*Designated Person*	*Jr. Manager - Accounts*	*NA*	*4*
12	*Mukesh Agarwal*	*Designated Person*	*EVP (Accounts & Investor Relations)*	*NA*	*3*
13	*Arvind Prem*	*Designated Person*	*Sr. GM/ AVP - Accounts*	*NA*	*3*
14	*Kunal Madan*	*Designated Person*	*AVP/ VP - International Biz*	*NA*	*2*

Sr. No.	*Name*	*Category (Designated Person/ Immediate Relative)*	*Designation*	*If immediate relative, concerned designated person & relation*	*No. of instances*
15	*Manish Gupta*	*Designated Person*	*AVP - Pet Sales*	*NA*	*2*
16	*Gurpreet Singh*	*Designated Person*	*Dy. Manager - Accounts*	*NA*	*1*
17	*Naresh Raghav*	*Designated Person*	*VP/ Sr. VP*	*Vice President - Production*	*2*

l. In view of the above, it is alleged that abovementioned designated persons and/ or their immediate relatives have violated Clause 4 of Minimum Standards for Code of Conduct to Regulate, Monitor and Report Trading by Insiders as prescribed under Schedule B r/w Regulation 9(1) of PIT Regulations, 2015

Instances of Trading by Designated Person(s) and/ or their Immediate Relatives without seeking Pre-clearance during IP:

m. It was observed from the information submitted by RKL, that there were instances of Trading by Designated Person(s) and/ or their Immediate Relatives without seeking Pre-clearance during the IP.

n. A summary of the number of instances wherein the trades have been executed without seeking pre-clearance by the designated persons of RKL and/ or their immediate relatives is tabulated hereunder:

Sr. No.	*Name*	*Category (Designated Person/ Immediate Relative)*	*Designation*	*If immediate relative, concerned designated person & relation*	*No. of instances*
1	*Mukesh Agarwal*	*Designated Person*	*Executive Vice President (Accounts & Investor Relations)*	*NA*	*53*
2	*Ajay Mohta*	*Designated Person*	*General Manager/ Sr. GM -Finance and Accounts*	*NA*	*47*
3	*Tripathi Lokendra Kumar*	*Designated Person*	*Senior Manager - Legal*	*NA*	*42*
4	*Arvind Prem*	*Designated Person*	*Sr. GM/ Assistant Vice President - Accounts*	*NA*	*29*

Sr. No.	*Name*	*Category (Designated Person/ Immediate Relative)*	*Designation*	*If immediate relative, concerned designated person & relation*	*No. of instances*
5	*Alok Kumar Agarwal*	*Designated Person*	*Senior Vice President -F&A*	*NA*	*25*
6	*Gurpreet Singh*	*Designated Person*	*Dy. Manager - Accounts*	*NA*	*24*
7	*Upasana Agarwal*	*Immediate Relative*	*NA*	*W/o Kunal Madan, AVP*	*19*
8	*Padmanabh Mandelia*	*Designated Person*	*Assistant Vice-president - Corp. Affairs & Business*	*NA*	*11*
9	*Munna Kumar Singh*	*Designated Person*	*Deputy General Manager/ Jt. GM - Accounts*	*NA*	*10*
10	*Krishan Pal Singh*	*Director*	*Whole-time Director*	*NA*	*9*
11	*Manish Gupta*	*Designated Person*	*Assistant Vice President - Pet Sales*	*NA*	*8*
12	*Pawan Sharma*	*Designated Person*	*Deputy Manager - Accounts*	*NA*	*8*
13	*Suman Gupta*	*Immediate Relative*	*NA*	*W/o Amit Gupta, Jr. Manager*	*7*
14	*Manchanda Amit*	*Designated Person*	*Vice President - Legal and Company Secretary*	*NA*	*6*
15	*Sanjay Aggarwal*	*Designated Person*	*Deputy Manager/ Manager - Accounts*	*NA*	*5*
16	*Naresh Raghav*	*Designated Person*	*Vice President/ Sr. VP*	*NA*	*4*
17	*Trishla Sethia*	*Immediate Relative*	*NA*	*W/o Arvind Prem, Sr. GM/ AVP*	*3*
18	*Richa Sharma*	*Immediate Relative*	*NA*	*W/o Rajiv Subash Vashisht, AVP*	*2*
19	*Kunal Madan*	*Designated Person*	*Assistant Vice President/ VP - International Biz*	*NA*	*2*

o. *In view of the above, it is alleged that abovementioned designated persons and/ or their immediate relatives have violated Clause 6 of Minimum Standards for Code of Conduct to Regulate, Monitor and Report Trading by Insiders as prescribed under Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.*

Instances of Designated Person(s) and/ or their Immediate Relatives executing Contra Trades ('CT') during the IP:

p. *It was observed from the information submitted by RKL, that there were Instances of Designated Person(s) and/ or their Immediate Relatives executing Contra Trades ('CT') during the IP.*

q. *Upon analyzing the details furnished by RKL w.r.t. contra trades executed by the designated persons and/or their immediate relatives, along with the trading data of the entities as obtained from the exchanges, a summary of the instances wherein contra trades have been executed is tabulated hereunder.*

Sr. No.	***Name***	***Category (Designated Person/ Immediate Relative)***	***Designation***	***If immediate relative, concerned designated person & relation***	***No. of instances of CT***	***Unlawful Profit (INR)***
1	*Mukesh Agarwal*	*Designated Person*	*EVP (Accounts & Investor Relations)*	*NA*	*55*	***23,19,084***
2	*Alok Kumar Agarwal*	*Designated Person*	*SVP - F&A*	*NA*	*29*	***8,37,513***
3	*Krishan Pal Singh*	*Director*	*Whole-time Director*	*NA*	*14*	***6,39,212***
4	*Ajay Mohta*	*Designated Person*	*GM/ Sr. GM - Finance and Accounts*	*NA*	*96*	***2,41,764***
5	*Upasana Agarwal*	*Immediate Relative*	*NA*	*W/o Kunal Madan, AVP/ VP*	*39*	***2,00,747***
6	*Manish Gupta*	*Designated Person*	*AVP - Pet Sales*	*NA*	*21*	***1,96,525***
7	*Tripathi Lokendra Kumar*	*Designated Person*	*Sr. Manager - Legal*	*NA*	*71*	***1,86,807***
8	*Kunal Madan*	*Designated Person*	*AVP/ VP - International Biz*	*NA*	*10*	***1,67,804***
9	*Padmanabh Mandelia*	*Designated Person*	*AVP - Corp. Affairs & Business*	*NA*	*11*	***1,18,082***

Sr. No.	Name	Category (Designated Person/ Immediate Relative)	Designation	If immediate relative, concerned designated person & relation	No. of instances of CT	Unlawful Profit (INR)
10	Gurubachan Singh	Designated Person	GM/ Sr. GM - Bottling	NA	31	**1,02,175**
11	Pawan Sharma	Designated Person	Dy. Manager - Accounts	NA	27	**1,01,021**

r. In view of the above, it is alleged that abovementioned designated persons and/ or their immediate relatives have violated Clause 10 of Minimum Standards for Code of Conduct to Regulate, Monitor and Report Trading by Insiders as prescribed under Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.

Role of compliance officer of RKL

s. RKL vide its letter dated July 26, 2019 had inter alia submitted– '…There was no pre-clearance of trades approved by Radico Khaitan Ltd. with respect to trades executed by designated employees / directors / promoters / officers, if any, during the period May 01, 2018 to October 31, 2018…'. Further, RKL vide its e-mail dated September 18, 2019 had inter alia submitted– '…there is no application for approval of pre-clearance of trade was sought by designated employees / directors / promoters / promoter group/officers for the quarter ended June 30, 2018 and for the month of July ending July 31, 2018…'. Furthermore, upon a perusal of the information disseminated on the website of the exchanges viz. BSE and NSE, it was inter alia observed that the trades executed by the designated persons were not disclosed on the website of exchanges, as required under Regulation 7(2)(b) of PIT Regulations, 2015. Thus, it was apparent that the trades executed by designated persons of RKL and/ or their immediate relatives during the IP did not comply with the requirements laid down in Minimum Standards for Code of Conduct to Regulate, Monitor and Report Trading by Insiders as prescribed under Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.

t. It was observed upon perusal of the list of pre-clearance granted by RKL during the IP, certain instances of pre-clearance were observed to be granted by RKL during the IP, which is in contradiction to the submissions made by RKL as mentioned above. In this regard, clarification was sought from RKL. In reply vide e-mail dated January 11, 2023, RKL had inter alia submitted – '…As regard the contradictory information as provided by us vide our communications dated July 26, 2019; September 18, 2019 and January 03, 2023, it is submitted that the same is due to an inadvertent error. In this regard it is submitted that the person who responded previously vide email dated September 18, 2019 would not have thoroughly vetted the records as available with the Company. Here it is also important to note that the records were not properly maintained by the concerned person and accordingly due to inappropriate verification for limited documents the *information provided was erroneous. However, upon the joining of the present Compliance Officer in the Company with effect from January 2021, he streamlined the document maintenance system and only upon the verification of the documents available on records have we concluded that pre-clearance of trades was granted by the then Compliance Officer for the period May 01, 2018 to October 31, 2018 for the trades executed by the Designated Employees including the Promoters and Directors of the Company from receipt of requisite application from them…'.*

u. *As noted from the above paras, the information/ details provided by RKL and/ or its compliance officer lacked consistency. Further, based on submissions made by RKL including the records of e-mail intimation to designated persons regarding trading window closure during April 2018 to December 2022, it was inter alia observed that the officials of RKL who were additionally identified as Designated Persons (i.e. officials in finance, secretarial, legal, taxation, audit and insurance departments of RKL, irrespective of their role and designation) in terms of Code Of Conduct of RKL amended w.e.f. April 01, 2019, were not being intimated by Noticee 1 as the compliance officer of RKL about the trading window closure.*

v. *RKL vide its letter dated July 26, 2019 had inter alia provided a copy of its 'Code of Conduct for Prohibition of Insider Trading' (hereinafter referred to as the 'Code of Conduct'/Code') formulated by it in accordance with the PIT Regulations, 2015, pertaining to the FY 2018-19.As per the code, designated employees were defined to include all directors, all executive directors, all key managerial persons, all employees in the rank of General Manager and above, and any other key person in the opinion of compliance officer to be covered as designated employee. Consequent upon amendments in PIT Regulations, 2015, per the submissions made by RKL, amendments in the code of conduct of RKL was approved by its board in the meeting held on May 02, 2019. The amended code of conduct was made applicable w.e.f. April 01, 2019, As per the amended code, designated persons were defined to include every promoter, every director, CEO and employees up to two levels below CEO viz. SVP, VP and AVP, every employee in the Corporate Secretarial, Insurance, Taxation, Accounts, IT & Legal departments of RKL irrespective of their role, designation etc., and any other employee as may be determined by board of RKL.*

w. *With respect to intimation being sent to designated persons w.e.f. April 01, 2019 regarding the applicability of code of conduct on them, it is pertinent to note the following query raised to Noticee 1 during his statement recording and his response thereupon:*

'…9. How were such employees, who would get covered under the definition of designated person in terms of code of conduct of RKL amended during 2019, made aware regarding the same in order to ensure compliance with PIT Regulations and code of conduct of RKL?

Ans: I am not able to recollect correctly but the concerned designated persons may have been intimated through e-mail…'.

x. *During the investigation, statement of examination on oath was carried out in respect of Mr. Amit Manchanda, Former VP – Legal & Company Secretary, RKL (Noticee 1) on 21, 2023. During the statement recording, Amit Manchanda has inter alia submitted as follows:*
    - *Amit Manchanda has basic knowledge of securities market, and his area of expertise includes IPR, arbitration, etc. Amit Manchanda is aware of the requirements laid down in regulations such as PIT Regulations, LODR, etc.*
    - *The code of conduct under PIT Regulations was formulated during 2015 and subsequently amended during 2019. The code of conduct was approved by the board of RKL. The compliance officer was responsible to administer the code of conduct. As such, Amit Manchanda was administering the same. Compliance officer is responsible to ensure compliance with the code of conduct on an ongoing basis.*
    - *The directors, all officials of RKL in the rank of General Manager and above, statutory auditor and internal auditor were identified as designated persons in terms of PIT Regulations. Further, as per the revised definition of designated person consequent to amendments to PIT Regulations in 2019, additional officers were covered as designated persons.*
    - *The definition of designated persons was widened in 2019, and employees in departments such as legal, secretarial, accounts, and IT were also required to be identified as designated persons irrespective of their role and designation in the organization.*
    - *After amendment of code of conduct w.e.f. April 01, 2019, RKL was having discussions with the consultant and pursuing procurement of some relevant software package in order to ensure compliance with amended PIT Regulations and code of conduct formulated thereunder. However, the same was a time-taking exercise and additionally due to the Covid-19 outbreak during March 2020, it could not be completed in a timely manner. Meanwhile, we continued to send such intimation to existing list of designated persons.*
    - *RKL receives benpos data from RTA on a weekly basis. The same was analyzed in order to monitor the holdings/ change in holdings of the designated persons. Upon analyzing the benpos data, Amit Manchanda came across a few instances of trades by designated persons in violation of the code of conduct; and they were verbally cautioned to not indulge in such trading.*
    - *As regards intimation w.r.t. trading window closure not being sent to certain officials of RKL viz. Hari Poojan Kapil, Munna Kumar Singh, Amit Mittal, Abhijit Bhattacharjee, and Pradeep Kumar Khandelwal who were in possession of UPSI w.r.t financial results of RKL for the QE June 2018, it is replied that there seems to be an accidental omission while sending the e-mail dated July 12, 2018.*

y. *RKL submitted that between April 01, 2018 to February 15, 2021, e-mails notifying about trading window closure was only being sent to a limited set of officials in the designation of GM and above owing to certain discretion available to Noticee 1 as the compliance officer. In this regard, Noticee 1 vide letter dated August 27, 2019 informed that e-mail sent in respect of intimation of trading window closure from July 15-26, 2018 in view of financial results of RKL for QE June, 2018 was sent to officials in the designation of GM and above and not sent to the officials of RKL inter alia including Hari Poojan Kapil, Munna*

Kumar Singh, Amit Mittal, Abhijit Bhattacharjee, and Pradeep Kumar Khandelwal, who were were in possession of or having access to UPSI w.r.t financial results of RKL for the QE June 2018. In reply, Noticee 1 during his statement recording had said that it might have occurred due to an accidental omission.

z. *As observed from the submissions of RKL vis-a-vis the submissions made by Noticee 1 it is evident that those officials of RKL who were additionally identified as designated persons (i.e. officials in finance, secretarial, legal, taxation, audit and insurance departments of RKL) in terms of code of conduct of RKL amended w.e.f. April 01, 2019 were not being intimated by Noticee 1 as the compliance officer of RKL about the trading window closure. Noticee 1 was sending e-mails w.r.t. intimation about trading window closure to a limited set of officials in the designation of GM and above. As observed above, the officials of RKL viz. Hari Poojan Kapil, Munna Kumar Singh, Amit Mittal, Abhijit Bhattacharjee, and Pradeep Kumar Khandelwal were in possession of or having access to UPSI w.r.t financial results of RKL for the QE June 2018 as per letter dated August 27, 2019 of Noticee 1 to SEBI; however, the e-mail w.r.t. intimation of trading window closure from July 15-16, 2018 was not sent to them.*

aa. *In light of the large number of trades executed by designated persons and/ or their immediate relatives in non-conformity with the various provisions contained in PIT Regulations, 2015 and the code(s) of conduct formulated by RKL in this regard, the details of which have been mentioned at preceding paragraphs, the role of compliance officer appeared suspicious as regards not effectively discharging duties and responsibilities as required under the PIT Regulations, 2015.*

bb. *As regards the failure to intimate the closure of trading window by Noticee 1 to additional designated persons w.e.f. April 1, 2019, contrary submissions have been received from RKL and Noticee 1. RKL has inter alia submitted that the intimation was not sent owing to certain discretion exercised by Noticee 1, whereas Noticee 1 during his statement recording has inter alia submitted that the said failure happened as the implementation of the amended code took some time. It is, however observed that Noticee 1, being compliance officer of RKL, failed to send e-mail w.r.t. intimation of trading window closure to all the designated persons during April 2018 to December 2018. Further, as has been mentioned above, contradictory submissions have been made by Compliance Officers of RKL w.r.t. details relating to pre-clearance of trades. On this, RKL vide e-mail dated January 11, 2023 has inter alia submitted -*

'…As regard the contradictory information as provided by us vide our communications dated July 26, 2019; September 18, 2019 and January 03, 2023, it is submitted that the same is due to an inadvertent error. In this regard it is submitted that the person who responded previously vide email dated September 18, 2019 would not have thoroughly vetted the records as available with the Company. Here it is also important to note that the records were not properly maintained by the concerned person and accordingly due to inappropriate verification for limited documents the information provided was erroneous. However, upon the joining of the present Compliance Officer in the Company with effect from January 2021, he streamlined the document maintenance

system and only upon the verification of the documents available on records have we concluded that pre-clearance of trades was granted by the then Compliance Officer for the period May 01, 2018 to October 31, 2018 for the trades executed by the Designated Employees including the Promoters and Directors of the Company from receipt of requisite application from them.

cc. Keeping in view the above, there have been numerous instances of violations of PIT Regulations, 2015 and the Code of Conduct framed by RKL thereunder during the time when Noticee 1 was the compliance officer of RKL. It is thus, noted that Noticee 1 has failed to administer the PIT Regulations, 2015 and the code of conduct framed thereunder by RKL effectively.

dd. In view of the above, Noticee 1 is alleged to have violated Regulation 9(3) of PIT Regulations, 2015, Regulation 7(2)(a) of PIT Regulations, 2015 and Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.

6. Vide emails dated October 03,04 and 05, 2023, Noticees requested for extension of time for submission of reply to the SCN, acceding to the request and in line with principles of natural justice, vide email dated October 10, 2023, Noticees were granted time till October 15, 2023 to file their replies. Thereafter, vide emails and letter dated October 10, 12, 13, 14 & 15, 2023, Noticees have submitted their replies.

7. Vide email dated November 03, 2023, Noticees were initially provided hearing opportunities on November 22, 2023.Thereafter, vide email dated November 17,18,19 & 20, 2023 the Noticees have requested for adjournment of hearing. Acceding to the request and in the interest of natural justice, vide email dated November 21, 2023, Noticees were provided another hearing opportunity on December 06, 2023.Subsequently vide email dated December 02, 03, and 04 December 2023, Noticees have submitted authority letters mentioning their Authorized representatives (hereinafter referred to as 'ARs'), the details of which is tabulated hereunder. On the scheduled dated of hearing, ARs reiterated the submissions made by the Noticees vide their respective emails.

Noticee Name	**Authorized Representatives**
1. RICHA SHARMA 2. GURPREET SINGH 3. ARVIND PREM 4. TRISHLA SETHIA	Ms. Surabhi Agarwal, Advocate and Mr. Aditya Thanvi, Advocates

1. PAWAN SHARMA 2. MUNNA KUMAR SINGH 3. UPASANA AGARWAL 4. KUNAL MADAN	Mr. Mutahar Khan, Advocate and Ms. Mishi Bohra.
1. MANISH GUPTA 2. MUKESH AGARWAL 3. ALOK KUMAR AGARWAL 4. AJAY MOHTA	Mr. Chirag Kaamdar, Advocate and Mr Pulkit Lodha., Advocate
1. ASHA CHOUDHARY 2. NAVIN KUMAR SHARMA 3. VIPIN MITTAL 4. SARITA GUPTA	Mr. Varun Naithani, Advocate and Ms. Dimple Gyamlani, Advocate
1. SUMAN GUPTA 2. NARESH RAGHAV 3. SANJAY AGGARWAL 4. GURUBACHAN SINGH	Mr. Feroze Patel, Advocate and Mr. Juan D'Souza , Advocate
1. AMIT MANCHANDA 2. KRISHAN PAL SINGH 3. PADMANABH MANDELIA 4. TRIPATHI LOKENDRA KUMAR	Mr. Nirman Sharma, Advocate and Ms. Supriya Nair, Advocate

8. The ARs for the Noticees have submitted similar replies for all the Noticees. Since the alleged violations committed by Noticees were similar, for the sake of brevity only key submissions of reply for all the Noticees are summarized below:
    a. *Noticees have denied all the allegations made against in the SCN and dispute each and every paragraph. Noticees assert that all allegations are without basis, unsubstantiated, and based on mere speculation.*
    b. *Noticees have submitted that the SCN has disclosed multiple and distinct transgressions under diverse provisions of the PIT Regulations and the Model Code of Conduct. however, it stems from the same set of occurrences and transactions, rather than disparate and unrelated events. Thus, the violations are interrelated and do not represent distinct breaches of regulatory provisions*
    c. *Noticees further submitted that since the alleged violations are technical and venial in nature, there are a fora of judgements wherein it has been held that even if a minimum penalty is prescribed, the authority competent to impose the penalty will be justified in refusing to impose penalty, when there is a technical or venial breach of the provisions of the Act or where the breach flows from a bona fide belief that the offender is not liable to act in the manner prescribed by the statute.*
    d. *Noticee 1 w.r.t alleged violation of regulation 9(3) of PIT regulations, 2015 has submitted that due to misinterpretation of statutory provisions, covid pandemic*

and due to overhaul of code of conduct, it has led to inadvertently overlook of compliance requirements.

e. *Noticees have contended that there were only miniscule instances of violations of PIT regulations.*
f. *Noticees have submitted that re-litigating an issue that has already been decided would be a gross misuse of due process and would cause them severe prejudice and injustice. Additionally, SEBI, as a regulator is operating under the same regulatory framework as the Company has imposed the aforementioned directions on them. Noticees further submitted that SEBI should not ignore disciplinary action taken by the Company. Any further action by SEBI on this matter would amount to double punishment and would violate the principle of natural justice.*
g. *Noticees submitted that there should be no imposition of penalty on them for the reasons as stated above. Due to the Company's proactive actions, which included the imposition of penalties and the disgorgement of assumed profits, there exists a substantial rationale for SEBI to refrain from imposing any additional penalties. The Company has diligently recognized and addressed the situation, thereby exercising its authority in a manner consistent with the objectives of investor protection and market integrity. These decisive actions by the Company should not be underestimated but, rather should be duly taken into consideration. Therefore, given the comprehensive handling of the matter by the Company, it is strongly asserted that no further penalty be imposed, ensuring a fair and equitable resolution of the case. In light of the Company's actions and the mitigating factors presented, the imposition of any penalty would appear redundant and unjustified.*

h. *Noticees have relied upon the following orders:*
    i. *AO order dated 20.07.2016, of Mr. Gautam Anand in the case of ITC Limited in AO/SBM/EAD- 3/29/2016*
    ii. *Hon'ble Supreme Court of India judgement in the case of Adjudicating Officer, SEBI vs. Bhavesh Pabari*
    iii. *Bombay HC judgement in the matter of SEBI vs. Cabot International Capital Corporation Limited [2004 51 SCL307 (BOM)]*
    iv. *AO order dated October 31, 2018 in the matter of Marksans Pharma Ltd.*
    v. *Hon'ble SC judgement in the matter of Snehlata Tiwari Vs. SEBI*

vi. *Hon’ble SAT order dated December 05, 2022 in the matter of Uday agarwal Vs. SEBI*

vii. *Hon'ble SC Judgement in the matter of Superintendent and Remembrancer of legal affairs in government of West Bengal vs. Abani Maity(1979) 4 SCC 85*

viii. *AO order dated April 09, 2019 of Mr. K Narsimhan in the matter of Allsec Technologies Limited.*

CONSIDERATION OF ISSUES AND FINDINGS

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

I. **Whether the Noticees have violated following provisions as tabulated hereunder?**

II. **Do the violations, if any, attract monetary penalty under section 15A(b) & 15HB of the SEBI Act, 1992?**

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

Noticee Nos.	**Violations**
1	✓ Regulation 9(3) of PIT Regulations, 2015. ✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.
2	✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 10 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.
3	✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 10 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.
4	✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 10 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.
5	✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 10 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.
6	✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 10 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.

Noticee Nos.	Violations
7	✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.
8	✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 10 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.
9	✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 10 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.
10	✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 10 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.
11	✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 10 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.
12	✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 10 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.
13	✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.
14	✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.
15	✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.
16	✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 10 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.
17	✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.
18	✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.
19	✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.
20	✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.
21	✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.
22	✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.
23	✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.
24	✓ Regulation 7(2)(a) of PIT Regulations, 2015. ✓ Clause 4 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015. ✓ Clause 6 of Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.

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

Relevant provisions of SEBI PIT 2015

'7(2) Continual Disclosures.

(a). Every promoter, employee and director of every company shall disclose to the company the number of such securities acquired or disposed of within two trading days of such transaction if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of ten lakh rupees or such other value as may be specified;

'…Code of Conduct.

9. (1) The board of directors of every listed company and the board of directors or head(s) of the organization of every intermediary shall ensure that the chief executive officer or managing director shall formulate a code of conduct with their approval to regulate, monitor and report trading by its designated persons and immediate relatives of designated persons towards achieving compliance with these regulations, adopting the minimum standards set out in Schedule B (in case of a listed company) and Schedule C (in case of an intermediary)] to these regulations, without diluting the provisions of these regulations in any manner…'.

(3)'…Every listed company, market intermediary and other persons formulating a code of conduct shall identify and designate a compliance officer to administer the code of conduct and other requirements under these regulations…'.

4.'…The trading window shall be closed when the compliance officer determines that a designated person or class of designated persons can reasonably be expected to have possession of unpublished price sensitive information. Such closure shall be imposed in relation to such securities to which such unpublished price sensitive information relates. Designated persons and their immediate relatives shall not trade in securities when the trading window is closed…'

6.'…When the trading window is open, trading by designated persons shall be subject to preclearance by the compliance officer, if the value of the proposed trades is above such thresholds as the board of directors may stipulate. No designated person shall apply for pre-clearance of any proposed trade if such designated person is in possession of unpublished price sensitive information even if the trading window is not closed…'

10.'…The code of conduct shall specify the period, which in any event shall not be less than six months, within which a designated person who is permitted to trade shall not execute a contra trade.

The compliance officer may be empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these regulations. Should a contra trade be executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to the Board for credit to the Investor Protection and Education Fund administered by the Board under the Act…'

11. At the outset, I note from the material available on record that Noticees have made following alleged violations.

S.No	Violations	Violative provisions
1	Non-disclosure of Continual Disclosures by Designated Person(s) and/ or their Immediate Relatives	Regulation 7(2)(a) of PIT Regulations, 2015
2	Trading by Designated Person(s) and/or their Immediate Relatives during trading window closure periods	Clause 4 of Minimum Standards for Code of Conduct to Regulate, Monitor and Report Trading by Insiders as prescribed under Schedule B r/w Regulation 9(1) of PIT Regulations, 2015
3	Trading by Designated Person(s) and/ or their Immediate Relatives without seeking Pre-clearance	Clause 6 of Minimum Standards for Code of Conduct to Regulate, Monitor and Report Trading by Insiders as prescribed under Schedule B r/w Regulation 9(1) of PIT Regulations, 2015
4	Executing Contra Trades by designated Person(s) and/ or their Immediate Relatives	Clause 10 of Minimum Standards for Code of Conduct to Regulate, Monitor and Report Trading by Insiders as prescribed under Schedule B r/w Regulation 9(1) of PIT Regulations, 2015.
5	Administration of code of conduct by compliance officer	Regulation 9(3) of PIT Regulations, 2015

12. First I will deal with the alleged violations with respect to (a) Non-disclosure of Continual Disclosures by Designated Person(s) and/ or their Immediate Relatives, (b) Trading by Designated Person(s) and/or their Immediate Relatives during trading window closure periods, (c) Trading by Designated Person(s) and/ or their Immediate Relatives without seeking Pre-clearance and Executing Contra Trades by designated Person(s) and/ or their Immediate Relatives.

13. With regards to the above violations Noticees have contended that multiple instances of violations have emanated from one transaction or one occurrence, thus the transactions are interrelated and stem from same set of occurrences. Noticees contended that so the number of instances should not be taken as addition as for same trade multiple violations have been alleged so overlap is there and not distinct violations so, technical violations arising from same trade & multiple counting of these instances is fundamentally flawed and misleading. In this regard, I note that though the alleged violations emanate from one transaction in case of some Noticees, it would still deem to violation if it has allegedly violated diverse provisions of PIT regulations. The alleged violations committed by the Noticees are distinct in the context of PIT regulations. Therefore, the contention of the Noticees is bereft of merits.

14. Further, Noticees have contended that it was attributable to technical oversight arising from misunderstanding of the legal requirements and were without any malicious intent. In this regard, upon perusal of material available on record, I note that Noticees have nowhere disputed the transactions which led to violations of PIT regulations. On the contrary, Noticees have admitted to the inadvertent lapses occurred due to misinterpretation of statutory provisions. Noticees have further stated that the violations have occurred miniscule and occurred due to technical oversight. Thus, in view of the admissions made by the Noticees, I hold that violations mentioned above as well as tabulated in para 9 as established.

15. Noticees have further contended that they have been adequately penalized by the company for the violations committed by them under PIT regulations. Noticees

have submitted that they have remitted the disgorgement amount to IEPF in addition to penalty levied by the company. Noticees have in their support have annexed the penal order issued by the company against the Noticees. Further Noticees are undergoing the debarment from trading in the scrip of RKL as required by the company. Noticees have vehemently contended that re-litigating the issues would lead to double jeopardy and severe prejudice. Multiple legal actions contradict objective of achieving finality in legal matters and goes against the principles of fair administration of justice. In this regard, Noticees have relied upon several judgements of higher courts.

16. I note that upon perusal of material available on record and all the evidences submitted that all the Noticees have remitted the unlawful gain to the IEPF. Further Noticees have been penalized by the company by imposing monetary penalty. I further note that Noticees have undergone debarment from buying or selling in the scrip of RKL. The penalty amount, disgorgement amount and debarment period is tabulated hereunder.

Noticee	Disgorgement amount	Penalty amount	Debarment period
Amit Manchanda,	NA	17,500	3MONTHS
Mukesh Agarwal	23,191,084	130,500	12MONTHS
Ajay Mohta, GM	241,766	173,000	12MONTHS
Alok Kumar	837515	50000	12MONTHS
Krishan Pal Singh,	639212	22500	3MONTHS
Padmanabh Mandelia,	189632	25000	3MONTHS
Munna Kumar	148409	65000	9MONTHS
Manish Gupta,	227425	17500	12MONTHS
Pawan Sharma	101021	22500	6MONTHS
Kunal Madan,	167,805	10,000	6MONTHS
Upasana Agarwal, W/o Kunal Madan	200746	37500	12MONTHS
Tripathi Lokendra	186808	126500	12MONTHS
Gurpreet Singh,	43592	57500	12MONTHS
Arvind Prem	40254	57500	12MONTHS
Trishla Sethia, W/o Arvind Prem, Sr.	13918	10000	12MONTHS
Gurubachan Singh,	102175	35000	12MONTHS
Asha Choudhary. W/o Gurubachan	12881	12500	12MONTHS
Navin Kumar	26650	12500	12MONTHS

Vipin Mittal	NA	2500	12MONTHS
Sarita Gupta, W/o Manoj Kumar	41572	12500	12MONTHS
Suman Gupta, W/o Amit Gupta,	57551	40000	NA
Naresh Raghav,	18250	5000	12MONTHS
Sanjay Aggarwal	7500	22770	3MONTHS
Richa Sharma, W/o Rajiv Subash	52097	88000	12MONTHS

17. From the above, I note that company has prior to issuance of SEBI SCN, issued their SCN to the Noticees, adjudicated the matter and after examination taken action including given certain directions which include levying penalty, remission of unlawful gains and debarment from buying or selling in the scrip of RKL. Thus, I note that company at their level has taken remedial as well as punitive measures for the matter concerning the same cause of action. It is also noted that in case of some Noticees, Company has issued second order of recovery of additional disgorgement amount and penalty also.

18. I have perused the Orders relied upon by the Noticees in their replies. In light of Hon'ble SAT order in the matter of *Snehlata Tiwari and Uday agarwal* and other judgements relied upon by the Noticees, I note that to achieve finality and in accordance with principles of judicial procedure, in this particular instant case where the unlawful gain is disgorged, penalty is also levied by the company, I am of the view that no additional penalty needs to be levied upon the Noticees. I also note that company as a penal measure has debarred the Noticees from buying or selling in the scrip of RKL.

19. It is also pertinent to mention that SCN has not alleged any violations committed by the Noticees for trading based on UPSI. I also note that apart from the present proceedings against the Noticees, no other enforcement actions have been initiated by SEBI against them. Further, no quantifiable loss suffered by any investor on account of violations committed by the Noticees has been brought on record.

20. In view of the reasons recorded hereinabove, considering the facts and circumstances of this specific case and other mitigating factors mentioned above, I am therefore of the view and hold that no penalty needs to be imposed, on the Noticees 1 to 24 in the present matter, for the above mentioned violations under Section 15A(b) / 15HB of SEBI Act, 1992**.**

21. While in light of the various submissions by Noticee 1 including the relied upon Court cases I have held that no penalty needs to be levied on Noticee 1 with respect to the above mentioned violations, I now will deal with the alleged violations committed by Noticee 1 w.r.t administration of the code of conduct under Regulation 9(3) of PIT Regulations, 2015. In this regards Noticee 1 has submitted that due to misinterpretation of statutory provisions, covid pandemic and due to overhaul of code of conduct, it has led to inadvertently overlook of compliance requirements. In this regard, I note that Noticee 1 has not produced any specific evidence before me in support of his contention that the compliance relating to administration of the code of conduct was affected on account of Covid pandemic. At the same time financial hardships due to Covid cannot be an excuse for violations of statutory requirements unless any specific relaxations have been provided for those norms. Also, overhaul of code of conduct or misinterpretation cannot be grounds for not complying with norms. Also delay in procurement of software, accidental omissions etc cannot be grounds for not complying or for not sending the intimation to all the person as per revised list of people required to comply with the requirements Thus, the contentions of the Noticee 1 in this regards is unacceptable.

22. I further note that, Noticee 1 being the compliance officer of the company is required to equip himself with the amended compliance requirements under various statues. The Compliance Officer is mandated by law to make sure that all applicable rules and regulations under PIT are followed. Further there is a statutory duty imposed upon the Compliance Officer which requires them to ensure compliance with all the relevant rules and regulations. If they fail in their duty to ensure the compliance, then the regulations itself will become useless as the

primary purpose of formulating the same is to ensure compliance and to run the market in fair and competitive manner. I note from the reply that Noticee 1 has not provided any cogent arguments regarding the measures he has taken to prove that, in his capacity as the Company Secretary and Compliance Officer, he fulfilled his legal obligations and fulfilled his statutory responsibilities under various Rules, Regulations, and Policies.

23. It is noted that in light of large number of trades carried out by designated persons and their relatives which have been found to be in violation of PIT Regulation, Noticee 1 has clearly failed in his responsibility to monitor trades for compliance with the Company's code of conduct and administer the PIT Regulations effectively in the Company.

24. I also note that company has not taken any action against Noticee 1 regarding failure to administer of code of conduct under Regulation 9(3) of PIT Regulations.

25. In view of the discussion above, I hold that Noticee 1 has failed to monitor the trades of all designated persons, compliance of the Company's code of conduct and administer the PIT Regulations effectively in the Company and thus did not fulfill responsibilities incumbent upon him under PIT Regulations thereby violated Regulation 9(3) of PIT Regulations.

26. The above violation makes the Noticee 1 liable for monetary penalty under the provisions of Section 15HB of the SEBI Act. In this regard, reliance is placed upon the judgment of Hon'ble Supreme Court of India in the matter of *SEBI Vs. Shri Ram Mutual Fund [2006] 68 SCL 216(SC) which inter-alia has held that - "In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant...".* The relevant provisions of the aforementioned Section 15HB of the SEBI Act are as under:

Penalty for contravention where no separate penalty has been provided.

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

27. While determining the quantum of penalty under the provisions of Section 15HB of the SEBI Act, it is important to consider the relevant factors as stipulated in 15J of the SEBI Act, which reads as under:

SEBI Act, 1992

15J While adjudging quantum of penalty under [15-I 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.]

28. I note that in the instant matter, having regard to the factors listed in section 15J of SEBI Act, it may not be possible to ascertain the exact monetary loss to the investors on account of violations committed by the Noticee 1. As regards repetitive nature of default, I note that no past action has been taken by SEBI against the Noticee 1. In light of findings and observations brought out in the foregoing paragraphs, I hold that Noticee 1 has violated Regulation 9(3) of PIT Regulations, 2015. On account of Noticee 1’s failure in his responsibility to monitor trades for compliance with the Company’s code of conduct and administer the PIT Regulations effectively in the Company, a large number of trades were carried out by designated persons and their relatives which have been found to be in violation of PIT Regulation. In order to protect the interest of all the investors I feel appropriate to levy a penalty, which is commensurate with the nature of violation

and which acts as a deterrent factor for the Noticee and others in protecting the interest of the investors in securities market.

ORDER

29. Having considered all the facts and circumstances of the case, the material available on record, the submissions of the Noticee, the factors mentioned in Section 15J of the SEBI Act and in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules 1995, I hereby impose following penalty on Noticee 1:

Noticee	**Violative Provisions**	**Penalty Provisions**	**Amount of penalty (in ₹)**
Mr. Amit Manchanda	Regulation 9(3) of PIT Regulations, 2015	15HB of the SEBI Act 1992	5,00,000

30. Noticee 1 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

31. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under section 28A of the SEBI Act, 1992 for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties.

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

Place: Mumbai	**SHASHI KUMAR VALSAKUMAR**
Date: March 20, 2024	**ADJUDICATING OFFICER**