BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. Order/AS/DP/2024-25/31074-31082]

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

In respect of:

Sr. No.	Name	PAN
1.	Mr Balveer Singh Choudhary	AABPC5891Q
2.	Ms Garima Maheshwari	CEIPM4093K
3.	Facts Tradelink Pvt Ltd	AABCR7289L
4.	Mark Corporation Pvt Ltd	AABCE9588M
5.	Mr Saurabh Hirawat	ABKPH1583L
6.	Ms Suhani Hirawat	AZLPK5923G
7.	Mr Dinesh Kumar Maheshwari	ACWPM1884C
8.	Mr Dinesh Kumar Maheshwari HUF	AAEHD5734L
9.	Ms Keerti Dinesh Maheshwari	AAOPM0603M

In the matter of trading activities by certain entities in the scrip of PNB Housing Finance Ltd.

FACTS OF THE CASE

1. Securities and Exchange Board of India ("**SEBI**") conducted an investigation in the matter of PNB Housing Finance Limited ("**PNBHFL/Company**"), a company listed on Bombay Stock Exchange Limited ("**BSE**") and National Stock Exchange India Limited ("**NSE**"). The investigation was to ascertain whether there was any violation of the

provisions of SEBI Act, 1992 (hereinafter referred as "**SEBI Act**") and SEBI (Prohibition of Insider Trading) Regulation, 2015 (hereinafter referred as "**PIT Regulations**") by certain entities for the period from November 01, 2020 to August 31, 2021 (hereinafter referred to as "**Investigation period/IP"**).

2. During the course of investigation, it was observed that Mr Balveer Singh Choudhary (**Noticee No.1**) and Ms Garima Maheshwari (**Noticee No.2**) had communicated Unpublished Price Sensitive Information (UPSI) while in possession of the same and Facts Tradelink Pvt Ltd (**Noticee No. 3**), Mark Corporation Pvt Ltd (**Noticee No. 4**), Mr Saurabh Hirawat (**Noticee No. 5**), Ms Suhani Hirawat (**Noticee No.6**), Mr Dinesh Kumar Maheshwari (**Noticee No. 7**), Mr Dinesh Kumar Maheshwari HUF (**Noticee No.8**) and Mrs Keerti Dinesh Maheshwari (**Noticee No.9**) had traded in scrip of the company while in possession of and on the basis of UPSI (hereinafter all of them together referred to as the "**Noticees/You**"). Accordingly, it was alleged that the Noticees have failed to comply with the provisions of aforementioned Act and Regulations.

APPOINTMENT OF ADJUDICATING OFFICER

3. SEBI appointed Shri Santosh Sharma as the Adjudicating Officer, vide communique dated May 02, 2023, under Section 15-I (1) of the SEBI Act, 1992 read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as 'SEBI Adjudication Rules') to inquire into and adjudge under the provisions of the Section 15G of the SEBI Act, for the violations alleged to have been committed by the Noticees. Pursuant to internal restructuring, Shri Biju S. was appointed as the Adjudicating Officer vide communiqué dated June 24, 2024. Upon his transfer, vide communique dated July 29, 2024, the undersigned has been appointed as the Adjudicating Officer.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. Based on the findings by SEBI, Show Cause Notice dated June 16, 2023 (hereinafter referred to as 'SCN') read with supplementary SCN dated July 28, 2023 (hereinafter referred to as 'SSCN') were issued to the Noticees under Rule 4(1) of the Adjudication Rules to show cause as to why an inquiry should not be held and penalty be not imposed on it under Section 15 G of the SEBI Act. The SCN read with SSCN, *inter alia*, alleged the following:

   4.1. It is observed from the Investigation Report (IR) that on May 31, 2021 at 09:47:50 am company had informed the Exchange vide press release titled "PNB Housing Finance Board Approves Capital Raise Proposal of INR 4,000 crore Led by Carlyle". PNBHFL disclosed that entities affiliated to Carlyle Asia Partners IV, L.P. and Carlyle Asia Partners V, L.P. had agreed to invest up to Rs. 3185 crore through preferential allotment of equity shares and warrants, at a price of Rs 390 per share in PNBHFL. This information qualified as UPSI under Regulation 2(1)(n)(iii) of PIT Regulations which reads as mentioned below:

   'unpublished price sensitive information' means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following: –

   (i) financial results

   (ii) dividends;
   (iii) change in capital structure;
   (iv) mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;
   (v) changes in key managerial personnel'

   4.2. It is further observed from the IR that Carlyle vide email dated June 12, 2022 and General Atlantic (GA) vide email dated September 13, 2022 forwarded chronology of events, which took place during due diligence process resulting in disclosure *dated May 31, 2021. From the aforesaid chronology of events, the announcement dated May 31, 2021 had come into existence on February 04, 2021 as discussions on general issues relating to the business of PNBHFL, including seeking an update on its fund raise plans pursuant to its previous public announcement dated January 27, 2021 had taken place. It is further observed from IR that the said due diligence process started at Carlyle, GA, Ares SSG to evaluate the said deal.*

4.3. Further it is observed from IR that the said press release was made by PNBHFL on May 31, 2021 during market hours. Accordingly, in view of the aforesaid, the period of UPSI had been identified as February 04, 2021 to May 31, 2021. From the movement of scrip of PNBHFL in NSE and BSE, it is observed that pursuant to announcement on May 31, 2021, the scrip opened at a price of Rs 442 and closed at a price of Rs 525.65. Post the announcement, the price of the scrip further rose to Rs 881.40 (close price) as on June 07, 2021, implying a jump of around 100% within 6 days post public announcement. Subsequently, it is observed from IR that insiders and connected persons as defined under Regulation 2(1)(g) of PIT Regulations mentioned below, which were belonging to PNBHFL, Carlyle, General Atlantic, Ares SSG were identified. Based on the trading done by persons/entities connected to them, investigation was carried out with regard to the Noticees.

2(1) (g)'insider' means any person who is:

i) a connected person; or
ii) in possession of or having access to unpublished price sensitive information;

2(1) (d)'connected person' means-

(i) any person who is or has during the six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the company or holds any position including a

professional or business relationship between himself and the company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.

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

(a) an immediate relative of connected persons specified in clause (i); or
(b) a holding company or associate company or subsidiary company; or
(c) an intermediary as specified in section 12 of the Act or an employee or director thereof; or
(d) an investment company, trustee company, asset management company or an employee or director thereof; or
(e) an official of a stock exchange or of clearing house or corporation; or
(f) a member of board of trustees of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or is an employee thereof; or
(g) a member of the board of directors or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013; or
(h) an official or an employee of a self-regulatory organization recognised or authorized by the Board; or
(i) a banker of the company; or
(j) a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of a company or his immediate relative or banker of the company, has more than ten per cent of the holding or interest;

2(1) (f)'immediate relative' means-

a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to trading in securities;

Allegation of Communication/Trading on the basis of UPSI

4.4. It is observed from IR that following were the two groups which were privy in communication/trading of UPSI in the scrip of PNBHFL.:

a) Chandalia Group

b) Maheshwari Group

a) <u>Chandalia Group</u>

4.5. It is observed from the IR that Noticee No.5 is husband of Noticee No.6 and they had traded in the scrip of PNBHFL on NSE only and that Noticee No.5 took decisions on behalf of Noticee No.6 with her consent. Their trading pattern in the scrip of PNBHFL and across market on NSE during the IP is as below in Table 1;

Table 1– Trading pattern of Saurabh and Suhani in the scrip of PNBHFL

Date	Buy Quantity	Buy Value	Sell Quantity	Sell Value
Pre- UPSI Period (01/11/2020 to 03/02/2021)				
Nil				
UPSI Period (04/02/2021 to 31/05/2021)				
28-May-21	1,600	6,97,694	0	0
28-May-21	2,325	10,03,539	0	0
28-May-21	511	2,23,275	0	0
Sub - total	**4,436**	**19,24,507**	**0**	**0**
Post -UPSI Period (01/06/2021 to 31/08/2021)				
02-Jun-21	0	0	2,325	16,13,085
02-Jun-21	0	0	511	3,54,532
03-Jun-21	0	0	600	4,50,000
08-Jun-21	0	0	1,000	8,37,750
22-Jun-21	100	72,500	0	0
Sub-total	**100**	**72500**	**4436**	**3255367**
Total	**4536**	**1997007**	**4436**	**3255367**

Overall trading pattern of the aforesaid Noticees in equity segment other than PNBHFL is as below in Table 2:

Table 2 Trades of Saurabh and Suhani across cash segment at NSE

Scrip -All equity except PNBHFL					All scrips including PNBHFL		PNBHFL % to total trades	
Value	**Buy Quantity**	**Buy Value**	**Sell Quantity**	**Sell Value**	**Buy Value**	**Sell Value**	**Buy Value**	**Sell Value**
Pre- UPSI Period (01/11/2020 to 03/02/2021)								
Sub –total	10000	9,72,198	5000	4,96,096	9,72,198	4,96,096	0	0
UPSI Period (04/02/2021 to 31/05/2021)								
Sub -Total	46,305	70,69,525	1,20,595	96,94,145	89,94,032.00	96,94,145	21.40	0
Post- UPSI Period (01/06/2021 to 31/08/2021)								
Sub -Total	45,129	79,65,913	42,598	61,84,360	80,38,413.00	94,39,727.00	0.90	34.49
Grand Total	**1,01,434**	**1,60,07,636**	**1,68,193**	**1,63,74,601.00**	**1,80,04,643**	**1,96,29,967.95**	**11.09**	**16.58**

4.6. From the above tables, it is observed that no trades were executed by the Noticee No.5 and 6 in the scrip of PNBHFL during the pre UPSI period and that during the UPSI period, there were only purchase transactions made by them which were executed only on May 28, 2021 i.e. only 3 days prior to the public announcement of the UPSI. Further, during UPSI Period, buy trades were Rs.19,24,507 for 4436 shares at an average purchase price of Rs. 433.8385 which accounted for 21.40% of all buy trades during the UPSI period.

4.7. During the post UPSI period, Noticee Nos 5 and 6 had sold the entire quantity of 4436 shares of PNBHFL bought during the UPSI period on 2nd, 3rd and 8th June 2021. The sell transactions in the scrip of PNBHFL accounted for 34.49% of total sell value trades during the post UPSI period and that the overall buy and sell transactions in the PNBHFL accounted for 11.09% and 16.58% of overall buy and sell trade values respectively during the IP.

4.8. In addition to the above, it is observed from IR that Noticee No. 1 is the Director of Noticee No.3 and 4 and takes all investment decisions on their behalf.

4.9. *In this regard, it is observed from the IR that Noticee No. 3 had traded in the scrip of PNBHFL on NSE during the IP and the same is evident from the Table 3 below:*

Table 3- Trades of Facts at NSE during the period

Date	Buy Quantity	Buy Value	Sell Quantity	Sell Value
Pre- UPSI Period (01/11/2020 to 03/02/2021)				
Nil				
UPSI Period (04/02/2021 to 31/05/2021)				
01/04/2021	1000	385824.6	0	0
05/04/2021	500	189000	0	0
12/04/2021	3500	1326460.35	0	0
Sub - total	5000	1901284.95	0	0
Post -UPSI Period (01/06/2021 to 31/08/2021)				
04/06/2021	0	0	5000	4197250
Sub-total	0	0	5000	4197250
Total	**5000**	**1901284.95**	**5000**	**4197250**

Overall trading pattern of Noticee No.3 in equity segment other than PNBHFL is as below

Table 4 – Trades of Facts across cash segment at NSE

Scrip -All equity except PNBHFL					All scrips including PNBHFL		PNBHFL % to total trades	
Value	**Buy Quantity**	**Buy Value**	**Sell Quantity**	**Sell Value**	**Buy Value**	**Sell Value**	**Buy Value**	**Sell Value**
Pre- UPSI Period (01/11/2020 to 03/02/2021)								
Sub –total	5,000	4,02,250	5,000	4,24,500	4,02,250	4,24,500	0	0
UPSI Period (04/02/2021 to 31/05/2021)								
Sub -Total	12,500	739114.05	0	0	26,40,399.00	0	72.01%	0
Post- UPSI Period (01/06/2021 to 31/08/2021)								
Sub -Total	5,020	7,88,578	5,020	7,98,618	7,88,577.70	49,95,867.70	0.00%	84.01%
Grand Total	**22,520**	**19,29,942**	**10,020**	**12,23,117.70**	**38,31,227**	**54,20,367.70**	**49.63%**	**77.43%**

4.10. *From the tables 3 and 4 above, it is observed that Noticee No. 3 had not done any trade in scrip of the company during pre-UPSI period and had bought 5000 shares of PNBHFL only during UPSI period which accounted for 72.01 % of all buy trades executed by the said Noticee in equity segment. Further, it is observed that during post UPSI period, the said Noticee had sold its entire holding in PNBHFL on June 04, 2021 for Rs. 41.97 lakhs which accounted for 84.01% of all sell trades during the post-UPSI period.*

4.11. *Further, it is observed that Noticee No.4 had traded in the scrip of PNBHFL on NSE only and its trading pattern in the said scrip and across market on NSE during the IP is as below in Table 5:*

Table 5 – Trades of Mark in PNBHFL at NSE

Date	**Buy Quantity**	**Buy Value**	**Sell Quantity**	**Sell Value**
Pre- UPSI Period (01/11/2020 to 03/02/2021)				
Nil				
UPSI Period (04/02/2021 to 31/05/2021)				
28/05/2021	5000	2178109.75	0	0
Sub - total	5000	2178109.75	0	0
Post -UPSI Period (01/06/2021 to 31/08/2021)				
03/06/2021	0	0	5000	3813250
Sub-total	0	0	5000	3813250
Total	**5000**	**2178109.75**	**5000**	**3813250**

Overall trading pattern of Noticee No.4 in equity segment other than PNBHFL is as below in Table 6

Table 6- Trades of Mark across cash segment at NSE

Scrip -All equity except PNBHFL					**All scrips including PNBHFL**		**PNBHFL % to total trades**	
Value	**Buy Quantity**	**Buy Value**	**Sell Quantity**	**Sell Value**	**Buy Value**	**Sell Value**	**Buy Value**	**Sell Value**
Pre- UPSI Period (01/11/2020 to 03/02/2021)								
Sub –total	14,000	29,66,912	10,000	17,57,389	29,66,912	17,57,389	0	0
UPSI Period (04/02/2021 to 31/05/2021)								
Sub -Total	0	0	5000	5,95,000	21,78,109.75	595000	100%	0
Post- UPSI Period (01/06/2021 to 31/08/2021)								
Sub -Total	2,750	17,84,934	2,750	7,98,618	17,84,933.65	46,11,868.00	0.00%	82.68%
Grand Total	**16,750**	**47,51,846**	**17,750**	**31,51,006.50**	**69,29,955**	**69,64,256.50**	**31.43%**	**54.75%**

4.12. *From the above tables it is observed that Noticee No. 4 had not carried out any trades in the said scrip during pre-UPSI period and that it had purchased 5000 shares during UPSI period which was only 3 days prior to public announcement i.e. on May 28, 2021. Further, there were no other buy trades in equity segment. It is further observed that during the post UPSI period i.e. on June 03, 2021 all*

5000 shares of PNBHFL were sold for Rs 38,13,250 which accounted for 82.68% of the total sell trade during the post-UPSI period and that the overall buy and sell trades of Noticee No.6 during the IP accounted for 31.43% and 54.75% respectively of the total buy and sell trades during the IP.

4.13. *With regard to the aforesaid, it is observed from IR that as per the chronology of events, the tipper was assisting on the transaction and open offer process between February 23, 2021 and March 31, 2021. However, the tipper in his response dated 19th October 2022 submitted that he was working on this deal since April 01, 2021 and that on February 27, 2021 he had shared draft Non-Disclosure Agreement (NDA) with members of the transaction between Carlyle and PNBHFL with one of his colleagues. The NDA contained information with regard to investment opportunity in PNBHFL by Carlyle. The aforesaid indicates that the tipper had access to this information during the UPSI period i,e, from February 27, 2021. It is further observed from IR that the tipper while being in India was using mobile number 80XXXXXX21 and that during the IP, he was in touch with Noticee No.1 ,5 and 6 and also with wife of Noticee No.1.The call records of the said Noticees is given in the Table 7 below:*

Table 7 – Calls between Tipper and other entities

Calling No	Name	Called No	Name	Date	Time	Dur (in seconds)	Remarks
91XXXXXX89	Suhani	80XXXXXX21	Tipper	28/12/2020	21:26:17	1800	
91XXXXXX89	Suhani	80XXXXXX21	Tipper	28/12/2020	21:56:17	408	
80XXXXXX21	Tipper	91XXXXXX89	Suhani	17/01/2021	10:30:17	714	
96XXXXXX89	Priti	80XXXXXX21	Tipper	19/01/2021	17:23:11	354	
96XXXXXX89	Priti	80XXXXXX21	Tipper	25/01/2021	12:39:04	36	
80XXXXXX21	Tipper	96XXXXXX89	Priti	25/01/2021	12:35:48	46	
96XXXXXX89	Priti	80XXXXXX21	Tipper	26/01/2021	16:39:45	97	
96XXXXXX89	Priti	80XXXXXX21	Tipper	27/01/2021	10:24:45	115	
96XXXXXX89	Priti	80XXXXXX21	Tipper	29/01/2021	10:20:55	118	
80XXXXXX21	Tipper	91XXXXXX89	Suhani	17/02/2021	08:08:57	92	UPSI Period
80XXXXXX21	Tipper	91XXXXXX89	Suhani	17/02/2021	08:08:57	92	
91XXXXXX89	Suhani	80XXXXXX21	Tipper	17/02/2021	13:05:29	38	

Calling No	Name	Called No	Name	Date	Time	Dur (in seconds)	Remarks
80XXXXXX21	Tipper	96XXXXXX89	Priti	22/02/2021	17:24:56	401	
91XXXXXX89	Suhani	80XXXXXX21	Tipper	22/02/2021	12:31:08	492	
96XXXXXX89	Priti	80XXXXXX21	Tipper	25/02/2021	12:40:54	67	
96XXXXXX89	Priti	80XXXXXX21	Tipper	27/02/2021	21:15:42	63	
80XXXXXX21	Tipper	96XXXXXX89	Priti	27/02/2021	09:01:14	53	
80XXXXXX21	Tipper	96XXXXXX89	Priti	27/02/2021	10:43:11	71	
80XXXXXX21	Tipper	96XXXXXX89	Priti	27/02/2021	10:43:11	71	
96XXXXXX89	Priti	80XXXXXX21	Tipper	01/03/2021	15:30:42	78	
80XXXXXX21	Tipper	96XXXXXX89	Priti	03/03/2021	10:55:15	101	
80XXXXXX21	Tipper	96XXXXXX89	Priti	10/03/2021	12:41:46	155	
96XXXXXX89	Priti	80XXXXXX21	Tipper	23/03/2021	12:46:50	427	
96XXXXXX89	Priti	80XXXXXX21	Tipper	26/03/2021	18:14:18	21	
96XXXXXX89	Priti	80XXXXXX21	Tipper	25/04/2021	17:51:21	20	
96XXXXXX89	Priti	80XXXXXX21	Tipper	25/04/2021	17:53:16	93	
80XXXXXX21	Tipper	96XXXXXX89	Priti	25/04/2021	17:52:46	16	
96XXXXXX89	Priti	80XXXXXX21	Tipper	01/05/2021	20:55:02	66	
80XXXXXX21	Tipper	96XXXXXX89	Priti	01/05/2021	20:57:37	128	
80XXXXXX21	Tipper	96XXXXXX89	Priti	01/05/2021	20:57:37	128	
96XXXXXX89	Priti	80XXXXXX21	Tipper	02/05/2021	16:23:48	22	
91XXXXXX89	Suhani	80XXXXXX21	Tipper	06/05/2021	18:54:13	1800	
91XXXXXX89	Suhani	80XXXXXX21	Tipper	06/05/2021	19:24:13	589	
96XXXXXX89	Priti	80XXXXXX21	Tipper	08/05/2021	15:25:37	74	
96XXXXXX88	Balveer	80XXXXXX21	Tipper	27/05/2021	20:35:52	440	UPSI Period; Mark purchased shares on May 28, 2021
91XXXXXX89	Suhani	80XXXXXX21	Tipper	27/05/2021	20:59:58	83	UPSI Period; Suhani and Saurabh purchased shares on May 28, 2021
80XXXXXX21	Tipper	91XXXXXX89	Suhani	31/05/2021	10:05:02	94	

Calling No	Name	Called No	Name	Date	Time	Dur (in seconds)	Remarks
96XXXXXX89	Priti	80XXXXXX21	Tipper	02/06/2021	18:25:32	21	
96XXXXXX89	Priti	80XXXXXX21	Tipper	02/06/2021	18:26:01	73	
80XXXXXX21	Tipper	96XXXXXX89	Priti	02/06/2021	18:28:15	257	
96XXXXXX89	Priti	80XXXXXX21	Tipper	09/06/2021	12:06:25	25	
96XXXXXX89	Priti	80XXXXXX21	Tipper	09/06/2021	13:22:09	42	
80XXXXXX21	Tipper	96XXXXXX89	Priti	09/06/2021	17:21:50	32	
80XXXXXX21	Tipper	96XXXXXX89	Priti	09/06/2021	17:21:50	32	
80XXXXXX21	Tipper	96XXXXXX89	Priti	09/06/2021	17:31:45	63	
80XXXXXX21	Tipper	96XXXXXX89	Priti	09/06/2021	17:31:45	63	
96XXXXXX89	Priti	80XXXXXX21	Tipper	13/06/2021	13:31:29	57	
96XXXXXX89	Priti	80XXXXXX21	Tipper	14/06/2021	11:05:21	31	
80XXXXXX21	Tipper	91XXXXXX89	Suhani	15/06/2021	20:47:18	369	
91XXXXXX89	Suhani	80XXXXXX21	Tipper	15/06/2021	20:06:17	1800	
91XXXXXX89	Suhani	80XXXXXX21	Tipper	15/06/2021	20:36:17	604	
91XXXXXX89	Suhani	80XXXXXX21	Tipper	18/06/2021	11:38:23	275	
96XXXXXX89	Priti	80XXXXXX21	Tipper	21/06/2021	10:39:41	10	
96XXXXXX89	Priti	80XXXXXX21	Tipper	22/06/2021	11:30:41	15	
91XXXXXX89	Suhani	80XXXXXX21	Tipper	24/06/2021	18:21:08	12	
91XXXXXX89	Suhani	80XXXXXX21	Tipper	24/06/2021	18:21:30	1226	
91XXXXXX89	Suhani	80XXXXXX21	Tipper	24/06/2021	18:59:16	97	
91XXXXXX89	Suhani	80XXXXXX21	Tipper	26/06/2021	20:30:59	510	
80XXXXXX21	Tipper	91XXXXXX89	Suhani	27/06/2021	08:55:50	38	
91XXXXXX89	Suhani	80XXXXXX21	Tipper	27/06/2021	09:24:08	10	
80XXXXXX21	Tipper	96XXXXXX89	Priti	29/06/2021	15:36:04	173	
96XXXXXX89	Priti	80XXXXXX21	Tipper	30/06/2021	20:33:25	316	
96XXXXXX89	Priti	80XXXXXX21	Tipper	30/06/2021	20:45:55	180	
99XXXXXX28	Saurabh	80XXXXXX21	Tipper	01/07/2021	20:54:54	24	
96XXXXXX89	Priti	80XXXXXX21	Tipper	05/07/2021	09:55:27	129	
96XXXXXX89	Priti	80XXXXXX21	Tipper	08/07/2021	20:27:03	79	
80XXXXXX21	Tipper	99XXXXXX28	Saurabh	08/07/2021	08:12:54	78	
80XXXXXX21	Tipper	91XXXXXX89	Suhani	08/07/2021	19:23:52	205	
91XXXXXX89	Suhani	80XXXXXX21	Tipper	08/07/2021	19:05:47	280	
96XXXXXX89	Priti	80XXXXXX21	Tipper	09/07/2021	20:28:36	16	
80XXXXXX21	Tipper	96XXXXXX89	Priti	09/07/2021	16:47:37	67	
80XXXXXX21	Tipper	96XXXXXX89	Priti	09/07/2021	17:03:16	86	
80XXXXXX21	Tipper	96XXXXXX89	Priti	09/07/2021	19:52:18	18	

Calling No	Name	Called No	Name	Date	Time	Dur (in seconds)	Remarks
80XXXXXX21	Tipper	91XXXXXX89	Suhani	09/07/2021	16:56:03	1	
80XXXXXX21	Tipper	91XXXXXX89	Suhani	09/07/2021	16:56:07	92	
91XXXXXX89	Suhani	80XXXXXX21	Tipper	09/07/2021	16:52:15	39	
91XXXXXX89	Suhani	80XXXXXX21	Tipper	09/07/2021	16:54:24	25	
91XXXXXX89	Suhani	80XXXXXX21	Tipper	09/07/2021	17:07:34	260	
80XXXXXX21	Tipper	91XXXXXX89	Suhani	10/07/2021	00:36:21	20	
80XXXXXX21	Tipper	99XXXXXX28	Saurabh	10/07/2021	17:36:10	1	
99XXXXXX28	Saurabh	80XXXXXX21	Tipper	10/07/2021	17:06:56	1	
99XXXXXX28	Saurabh	80XXXXXX21	Tipper	10/07/2021	17:34:52	1	
99XXXXXX28	Saurabh	80XXXXXX21	Tipper	10/07/2021	17:34:59	1	
99XXXXXX28	Saurabh	80XXXXXX21	Tipper	10/07/2021	17:35:09	1	
99XXXXXX28	Saurabh	80XXXXXX21	Tipper	10/07/2021	17:35:23	1	
99XXXXXX28	Saurabh	80XXXXXX21	Tipper	10/07/2021	17:36:12	1	
99XXXXXX28	Saurabh	80XXXXXX21	Tipper	10/07/2021	17:53:50	1	
96XXXXXX89	Priti	80XXXXXX21	Tipper	12/07/2021	10:30:23	160	
80XXXXXX21	Tipper	91XXXXXX89	Suhani	12/07/2021	10:37:15	524	
91XXXXXX89	Suhani	80XXXXXX21	Tipper	12/07/2021	08:26:03	94	
99XXXXXX28	Saurabh	80XXXXXX21	Tipper	12/07/2021	19:44:21	14	
96XXXXXX88	Balveer	80XXXXXX21	Tipper	14/07/2021	15:15:47	256	
96XXXXXX88	Balveer	80XXXXXX21	Tipper	14/07/2021	21:33:09	1184	
96XXXXXX88	Balveer	80XXXXXX21	Tipper	20/07/2021	17:18:08	72	
96XXXXXX89	Priti	80XXXXXX21	Tipper	28/07/2021	15:25:35	14	

4.14. From the above table, it is observed that the tipper was in regular contact with Noticee No.1, his wife Priti, Noticee No. 5 and 6. Further, Priti was a shareholder of Noticee No.3 with a shareholding of 9.57%.It is further observed from table 7 above that there was a call from Noticee No.1 to the tipper on May 27, 2021 at 20:35:52 that lasted 440 seconds. Subsequently, on May 28 2021 at 09:29:49 hours, Noticee No.4 placed buy order for 5000 shares of PNBHFL vide order no. 1200000001788050. Similarly, there was a call from Noticee No.6 to the tipper on May 27, 2021 at 20:59:58 for 83 seconds, subsequent to which on May 28, 2021 at 09:32:30 hours, she had placed her buy order for PNBHFL which was in *addition to the buy order by Noticee No.5 for shares of PNBHFL which was placed at 09:25:36.*

4.15. *In this regard, material available on record shows that through summons dated December 22, 2022 certain information was sought from Noticee No.3 and 4 which inter-alia included whether any of the directors were acquainted with list of person(s) including the tipper. However, both the Noticee Nos 3 and 4 submitted that none of their directors were acquainted with the persons mentioned in the list of names which included the name of the tipper. Similarly, through summons dated December 26, 2022 certain information was sought from Noticee Nos 5 and 6 which inter-alia included whether they were acquainted with list of person(s) including the tipper. In response, both the Noticee Nos 5 and 6 submitted that they were not acquainted with the persons mentioned in the list of names which included the name of the tipper.*

4.16. *From the above, it is observed from the IR that submissions made by Noticee No. 3,4,5 and 6 regarding their connection with the tipper were misleading and that tipper being an insider, was in constant touch with the Noticee No. 1 and his family during the IP who were controlling both Noticee Nos 3 and 4.*

Submission of Noticee No.1 during Investigation

4.17. *In addition to the aforesaid, it is further observed from the IR that during the course of investigation, Noticee No.1 had appeared on behalf of Noticee No.3 and 4 as he was the authorized person for taking all investment decisions on behalf of them and stated that the investment decision was in regular course and nothing else.*

4.18. *Further, on being confronted about acquaintance with the tipper, Noticee No.1 stated that he was not sure whether he is the same Tipper he knows and that he and Tipper used to meet occasionally. He also submitted that the tipper used to visit his house and he had been in touch with him during 2021.*

4.19. *Noticee No.1 further submitted that he and Tipper have common Whatsapp groups by the name a) Punters – Friends and Family group and b) 'Tipper Investors Inc.' – a group for investment opportunities – inactive since 2015 and that he knows Noticee No.6 who was also a member of a group "Punters", and an employee of Noticee No.4 who had resigned in March 2021.*

Submission of Noticee No.5 during Investigation

4.20. *Noticee No 5 submitted that based on some news and advice from people working in his field, he had traded in the scrip of PNBHFL and that he never knew Tipper prior to receiving SEBI summons. Further, he takes all trading and investment decisions on his and his wife's (Noticee No.6) behalf.*

Submission of Noticee No.6 during Investigation

4.21. *Noticee No 6 submitted that she was working at Noticee No.4 from May 2016 to March 2021 wherein Noticee No.1 (Balveer) was a director and that her husband makes all investments for himself and her with her consent. She further submitted that she was not acquainted with Tipper to a personal level and he is a son of her father's friend. She further added that she had spoken to him during March – April 2020 during Covid after which she had not contacted him.*

4.22. *With regard to the aforesaid , it is observed from the IR that on being asked as to why she did not confirm his acquaintance in her written submissions submitted to SEBI, she had stated that as she doesn't know him on a personal level, she didn't mention his name in the reply.*

4.23. *From the aforesaid, it is observed from IR that the Noticee No.1 although claimed that he was not in frequent touch with Tipper. However, the Call Data Record (CDR) of the tipper shown in the table 7 above reflects that Noticee No.1 and his family were in touch on regular basis. They had exchanged calls on May 27, 2021 i.e. only a day before execution of trades in the scrip of PNBHFL by Noticee No.4* *and tipper had exchanged many calls with Priti during the IP. Despite this, Tipper was not forthcoming about the relationship with the family of Noticee No.2.Further, that Noticee No. 5 and 6 had claimed that they barely knew Tipper and hardly talked to him, especially during 04-Feb– 2021 to 31-May–2021.However, the CDRs of Tipper prove otherwise. It reflects that they were constantly in touch with each other. They had exchanged calls on May 27, 2021 i.e. only a day before execution of trades in the scrip of PNBHFL.*

4.24. The details of unlawful gains i.e. notional /actual profit made by the Noticee Nos. 3, 4, 5 and 6 is given below in Table 8:

Table 8-Calculation of unlawful gains

Sr. No.	Entity	Net buy Qty	Avg. Buy Price	Total Buy Value	Qty. Sold	Avg. Sell Price	Total sell value	Actual Profit
1	Saurabh	2836	432.586	12,26,813.7	2836	693.80	19,67,617	**7,40,803.3**
2	Suhani	1600	436.06	6,97,694	1600	804.844	12,87,750	**5,90,056**
3	Facts	5000	380.26	19,01,284.95	5000	839.45	41,97,250	**22,95,965.05**
4	Mark	5000	435.62	21,78,110	5000	762.65	38,13,250	**16,35,140.25**
Total (INR)								**52,61,964.6**

4.25. From the above, it is observed that Noticee Nos 3, 4, 5 and 6 had traded on the information provided by Tipper which was UPSI related to additional investment being done by Carlyle in PNBHFL. Accordingly, in view of the aforesaid, it is alleged that the Noticee No.1 has violated Section 12A(d) , 12A(e) of the SEBI Act and Regulation 3(1) and 4(1) of PIT Regulations by communicating UPSI while in possession of the same, Noticee No.3 and 4 have violated Section 12 A(e) of SEBI Act and Regulation 4(1) of PIT Regulations, Noticee No. 5 has violated Section 12 A(e) of SEBI Act and Regulation 4(1) of PIT Regulations and Noticee No. 6 has violated Section 12 A(d), 12A(e) of SEBI Act and Regulation 3(1), 4(1) of PIT Regulations.

b) ***Maheshwari Group***

4.26. With regard to the captioned group, it is observed from IR that the Noticee No.7 used to take all investment decisions on behalf of himself, Noticee No.8 and 9 (his wife) and their combined trading pattern is as follows in Table 9:

Table 9 – Trading pattern of Dinesh, Dinesh HUF and Keerti in PNBHFL

Date	Buy Quantity	Buy Value	Sell Quantity	Sell Value
NSE				
Pre- UPSI Period (01/11/2020 to 03/02/2021)				
Nil				
UPSI- Period (04/02/2021 to 31/05/2021)				
15-Mar-21	1000	406000	0	0
08-Apr-21	1000	389950	0	0
09-Apr-21	1000	397000	0	0
10-May-21	3000	1110000	0	0
Sub - Total	**6000**	**2302950**	**0**	**0**
Post- UPSI Period (01/06/2021 to 31/08/2021)				
Nil				
Grand Total	**6000**	**2302950**	**0**	**0**
BSE				
Pre- UPSI Period (01/11/2020 to 03/02/2021) and UPSI- Period (04/02/2021 to 31/05/2021)				
Nil				
Post- UPSI Period (01/06/2021 to 31/08/2021)				
22-Jun-21	0	0	2000	14,75,000
Grand Total	**0**	**0**	**2000**	**14,75,000**

Overall Trading pattern of Noticee Nos 7, 8 and 9 in equity segment other than PNBHFL is as below in Table 10:

Table 10 - Trading pattern of Dinesh, Dinesh HUF and Keerti across equity segment

Scrip -All equity except PNBHFL					All scrips including PNBHFL		PNBHFL % to total trades	
Value	**Buy Quantity**	**Buy Value**	**Sell Quantity**	**Sell Value**	**Buy Value**	**Sell Value**	**Buy Value**	**Sell Value**
NSE								
Pre- UPSI Period (01/11/2020 to 03/02/2021)								
Nil								
UPSI Period (04/02/2021 to 31/05/2021)								
Sub -Total	0	0	0	0	2302950	**0**	**100%**	**0**
Post- UPSI Period (01/06/2021 to 31/08/2021)								
Sub -Total	0	0	80608	12345039	0	12345039	0	0
Total	**0**	**0**	**80608**	**12345039**	**2302950**	**12345039**	**18.65%**	**0**
BSE								
Pre- UPSI Period (01/11/2020 to 03/02/2021)								
Nil								
UPSI Period (04/02/2021 to 31/05/2021)								
Sub -Total	0	0	2000	189000	0	**189000**	**100%**	**0**
Post- UPSI Period (01/06/2021 to 31/08/2021)								
Sub -Total	0	0	45650	1368932	0	2843932	0	51.86%
Total	**0**	**0**	**46650**	**1557932**	**0**	**3032932**	**0**	**48.63%**

4.27. *With respect to the tables 9 and 10 above, it is observed from IR that Noticee No.7, 8 and 9 had sold only 2000 shares on BSE for Rs 14,75,000 wherein their entire trading in UPSI period was in PNBHFL and that no trades were done by Noticee No.7 and Noticee No.9 in the scrip of PNBHFL from 01/01/2020 to 01/11/2020 whereas Noticee No.8 had purchased 500 shares of PNBHFL on August 03, 2020.*

4.28. *With regard to the aforesaid, it is observed from the IR that as per the chronology of events, Noticee No.2 was working as an Analyst for Caryle and was an insider and the same has been confirmed by Noticee No.2 in her response submitted on October 11, 2022**.** It is observed from the call history of Noticee No.2 mentioned in Table 11 below that apart from the regular phone call, she was in touch with*

Noticee No 7 (paternal uncle of Noticee No.3) during the UPSI period by way of Whatsapp Chat/Whatsapp Calls.

Table 11- Calls between Dinesh and Garima

Calling No	Name	Called No	Name	Date	Time	Dur (in seconds)	Remarks
97XXXXXX67	Dinesh	95XXXXXX80	Garima	01-Jul-20	19:57:52	54	
97XXXXXX67	Dinesh	95XXXXXX80	Garima	02-Jul-20	09:43:56	11	
97XXXXXX67	Dinesh	95XXXXXX80	Garima	02-Jul-20	10:12:17	6	
97XXXXXX67	Dinesh	95XXXXXX80	Garima	02-Jul-20	12:01:55	27	
97XXXXXX67	Dinesh	95XXXXXX80	Garima	02-Jul-20	12:36:10	25	
97XXXXXX67	Dinesh	95XXXXXX80	Garima	02-Jul-20	16:29:56	14	
95XXXXXX80	Garima	97XXXXXX67	Dinesh	02-Jul-20	12:36:49	96	
95XXXXXX80	Garima	97XXXXXX67	Dinesh	02-Jul-20	12:43:46	54	
95XXXXXX80	Garima	97XXXXXX67	Dinesh	27-Jul-20	14:08:59	524	
97XXXXXX67	Dinesh	95XXXXXX80	Garima	02-Aug-20	08:36:32	154	
95XXXXXX80	Garima	97XXXXXX67	Dinesh	17-Aug-20	18:44:43	323	
97XXXXXX67	Dinesh	95XXXXXX80	Garima	18-Aug-20	10:02:11	333	
97XXXXXX67	Dinesh	95XXXXXX80	Garima	22-Aug-20	09:19:56	186	
95XXXXXX80	Garima	97XXXXXX67	Dinesh	12-Sep-20	11:41:09	70	
95XXXXXX80	Garima	97XXXXXX67	Dinesh	20-Sep-20	09:48:45	371	
97XXXXXX67	Dinesh	95XXXXXX80	Garima	12-Oct-20	13:11:20	94	
95XXXXXX80	Garima	97XXXXXX67	Dinesh	16-Nov-20	21:46:07	472	
97XXXXXX67	Dinesh	95XXXXXX80	Garima	29-Nov-20	20:26:40	631	
95XXXXXX80	Garima	97XXXXXX67	Dinesh	29-Nov-20	20:01:38	90	
97XXXXXX67	Dinesh	95XXXXXX80	Garima	05-Dec-20	21:22:55	363	
97XXXXXX67	Dinesh	95XXXXXX80	Garima	05-Dec-20	21:29:05	321	
95XXXXXX80	Garima	97XXXXXX67	Dinesh	05-Dec-20	20:59:51	58	
97XXXXXX67	Dinesh	95XXXXXX80	Garima	06-Dec-20	11:39:51	925	
95XXXXXX80	Garima	97XXXXXX67	Dinesh	02-Jan-21	13:19:51	366	
97XXXXXX67	Dinesh	95XXXXXX80	Garima	03-Jan-21	18:37:27	593	
97XXXXXX67	Dinesh	95XXXXXX80	Garima	05-Jan-21	17:40:06	550	
95XXXXXX80	Garima	97XXXXXX67	Dinesh	07-Feb-21	21:40:21	496	UPSI Period
97XXXXXX67	Dinesh	95XXXXXX80	Garima	03-Mar-21	18:13:54	14	
95XXXXXX80	Garima	97XXXXXX67	Dinesh	03-Mar-21	18:10:42	177	
95XXXXXX80	Garima	97XXXXXX67	Dinesh	03-Mar-21	18:14:14	391	
97XXXXXX67	Dinesh	95XXXXXX80	Garima	14-Mar-21	19:17:51	89	UPSI Period and Dinesh purchased

Calling No	Name	Called No	Name	Date	Time	Dur (in seconds)	Remarks
							shares on 15-Mar-2021
97XXXXXX67	Dinesh	95XXXXXX80	Garima	17-Mar-21	20:19:49	209	UPSI Period
95XXXXXX80	Garima	97XXXXXX67	Dinesh	22-Mar-21	19:22:58	170	
97XXXXXX67	Dinesh	95XXXXXX80	Garima	28-Mar-21	18:38:05	381	
97XXXXXX67	Dinesh	95XXXXXX80	Garima	26-Apr-21	10:13:12	303	
95XXXXXX80	Garima	97XXXXXX67	Dinesh	27-Apr-21	13:26:01	527	
95XXXXXX80	Garima	97XXXXXX67	Dinesh	27-Apr-21	18:43:44	27	
97XXXXXX67	Dinesh	95XXXXXX80	Garima	11-May-21	10:04:46	211	
95XXXXXX80	Garima	97XXXXXX67	Dinesh	11-May-21	09:52:16	34	
95XXXXXX80	Garima	97XXXXXX67	Dinesh	11-May-21	09:54:51	33	
95XXXXXX80	Garima	97XXXXXX67	Dinesh	13-May-21	14:33:18	109	
95XXXXXX80	Garima	97XXXXXX67	Dinesh	13-May-21	20:04:56	104	
97XXXXXX67	Dinesh	95XXXXXX80	Garima	14-May-21	16:33:15	184	
95XXXXXX80	Garima	97XXXXXX67	Dinesh	14-May-21	16:36:34	108	
95XXXXXX80	Garima	97XXXXXX67	Dinesh	14-May-21	21:24:33	735	
95XXXXXX80	Garima	97XXXXXX67	Dinesh	16-May-21	12:02:02	15	
97XXXXXX67	Dinesh	95XXXXXX80	Garima	21-May-21	21:55:53	110	
95XXXXXX80	Garima	97XXXXXX67	Dinesh	22-May-21	11:33:56	317	
95XXXXXX80	Garima	97XXXXXX67	Dinesh	22-May-21	15:25:25	247	
97XXXXXX67	Dinesh	95XXXXXX80	Garima	26-May-21	19:52:16	257	
95XXXXXX80	Garima	97XXXXXX67	Dinesh	26-May-21	19:42:42	384	
95XXXXXX80	Garima	97XXXXXX67	Dinesh	31-May-21	17:37:35	319	
97XXXXXX67	Dinesh	95XXXXXX80	Garima	02-Jun-21	13:25:17	24	
95XXXXXX80	Garima	97XXXXXX67	Dinesh	02-Jun-21	10:46:58	0	
95XXXXXX80	Garima	97XXXXXX67	Dinesh	02-Jun-21	13:19:43	273	
	Total					**12959**	

Statements of Noticee No 2, 7, 8 and 9

4.29. It is observed from the statements of Noticee 2, 7 and 8 that Noticee No.7 had stated that he makes all investments decisions on behalf of Noticee Nos 8 and 9 and the same was also confirmed by Noticee No.8 in her statement. It is further observed that all the aforesaid Noticees claimed that there were certain personal issues between them and they hardly talk to each other. Noticee 2 and 9 had submitted that they only talk to each other or meet only on social occasions.

However, CDR of Noticee No.2 reflects that they were in constant touch and that she was also in constant touch with the daughter of Noticee No.9.

4.30. *Noticee No. 2 further submitted that she had talked to Noticee No.7 during Feb-Mar 2021 for advice on Vastu while she was in the process of purchasing the house that too only through whatsapp chats and no phone calls were ever made. However, CDR of Noticee No.2 reflects that they were in constant touch by way of phone calls and Whatsapp chats during the IP.*

4.31. *The notional/actual profit made by Maheshwari group (Noticeee No.7, 8 and 9) is as under in Table 12 below:*

Table 12- Calculation of Unlawful Gains

Entity	Buy Qty.	Avg. Buy Price	Total Buy Value (Rs.)	Sale Qty	Avg. Sell Price	Total sell value	Actual profit	Notional profit	Total
Dinesh	2000	383.50	767000	1000	737.50	737500	**354000**	**142150**	**496150**
Dinesh HUF	2000	388.00	776000	0	0	0	**0**	**275300**	**275300**
Keerti	2000	379.98	759950	1000	737.50	737500	**357525**	**145675**	**503200**
Total							**711525**	**563125**	**1274650**

4.32. *Accordingly, in view of the aforesaid, it is alleged that the Noticee 2 has violated Section 12A(d) of the SEBI Act and Regulation 3(1) of PIT Regulations by communicating UPSI to her paternal uncle (Noticee No 7), Noticee No.8 and 9 and Noticee No 7 has violated Section 12A(d), 12A(e) of the SEBI Act and Regulation 4(1) of PIT Regulations and Noticee Nos 8 and 9 have violated Section 12A(e) of the SEBI Act and Regulation4(1) of PIT Regulation by trading in the scrip of PNBHFL while in possession of and on the basis of UPSI communicated by Noticee No 2.*

5. The SCN and SSCN were served on the Noticees. The proof of service is available on record. Various Communication with the Noticees is tabulated below:

Noticee Nos. 1, 3 and 4

Sr. No.	Date of email/letter	Brief
1	Hearing Notice dated July 07, 2023	Opportunity of hearing granted to Noticee Nos. 1, 3 and 4 on July 20, 2023
2	Email dated July 07, 2023	Noticee Nos. 1, 3 and 4 sought inspection of documents
3	SEBI Email dated July 10, 2023	Vide the said email Noticee Nos. 1, 3 and 4 was granted inspection of documents on July 12, 2023
4	Email dated July 11, 2023	Noticee Nos. 1, 3 and 4 forwarded the names of the Authorised Representative (AR) to conduct the inspection.
5	July 12, 2023	The AR of the Noticee Nos. 1, 3 and 4 conducted the inspection of the documents
6	SEBI email dated July 12, 2023	Opportunity of hearing granted to Noticee Nos. 1, 3 and 4 on July 28, 2023
7	Email dated July 27, 2023	Noticee Nos. 1, 3 and 4 sought further documents and requested to adjourn the hearing.
8	SEBI email dated July 31, 2023	Noticee Nos. 1, 3 and 4 was informed that all the relevant and relied upon documents have already been provided along with the SCN and during the inspection. There are no other information and records to be relied upon.
9	Letter dated August 08, 2023	Noticee Nos. 1, 3 and 4 reiterated his request for inspection of further documents.
10	SEBI Email dated August 09, 2023	Noticee Nos. 1, 3 and 4 was again informed that all the relevant and relied upon documents have already been provided along with the SCN and during the inspection. Noticee Nos. 1, 3 and 4 was advised to file reply latest by August 14, 2023.
11	Letter dated August 14, 2023	Noticee Nos. 1, 3 and 4 sought 4 weeks time to file reply
12	Hearing Notice dated August 21, 2023	Noticee Nos. 1, 3 and 4 was advised to file reply by August 29, 2023 and appear for the hearing on August 30. 2023
13	SEBI email dated August 31, 2023	The hearing rescheduled to September 05, 2023

Sr. No.	Date of email/letter	Brief
14	Letter dated September 04, 2023	Noticee Nos. 1, 3 and 4 forwarded the names of the Authorised Representative (AR) to appear for the hearing
15	SEBI email dated September 05, 2023	Minutes of the hearing forwarded to Noticee Nos. 1, 3 and 4 that AR has denied all the allegations and sought time to file reply in the matter. Noticee Nos. 1, 3 and 4 was granted 7 days time to file reply.
16	Letter dated September 14, 2023	Noticee Nos. 1, 3 and 4 filed reply to the SCN
17	September 21, 2023	Noticee Nos. 1, 3 and 4 filed application for settlement in the matter
18	June 14, 2024	It was informed that settlement applications filed by Noticee Nos. 1, 3 and 4 have been withdrawn
19	Hearing Notice dated September 04, 2024	Noticee Nos. 1, 3 and 4 was granted opportunity of hearing on September 24, 2024
20	Email dated September 20, 2024	Noticee Nos. 1, 3 and 4 sought adjournment of the hearing on account of non-availability of the AR
21	SEBI email dated September 23, 2024	Hearing scheduled on October 03, 2024
22	October 03, 2024	The AR of Noticee Nos. 1, 3 and 4 appeared for the hearing and reiterated his submissions made vide reply dated September 14, 2023
23	Letter dated October 18, 2024	Noticee Nos. 1, 3 and 4 filed additional reply.

Noticee No. 2

Sr. No.	Date of email/letter	Brief
1	Email dated July 04, 2023	Noticee No. 2 sought 4 weeks' time to file reply to the SCN
2	Hearing Notice dated July 06, 2023	Opportunity of hearing granted to Noticee No. 2 on July 20, 2023
3	Email dated July 06, 2023	Noticee No. 2 sought inspection of documents
4	Letter dated July 10, 2023	Noticee No. 2 forwarded list of documents sought for inspection

Sr. No.	Date of email/letter	Brief
5	SEBI Email dated July 12, 2023	Vide the said email Noticee No. 1 was granted inspection of documents on July 14, 2023
6	Email dated July 13, 2023	Noticee No. 2 forwarded the names of the Authorised Representative (AR) to conduct the inspection.
7	July 14, 2023	The AR of the Noticee No.2 conducted the inspection of the documents
8	SEBI email dated July 14, 2023	Opportunity of hearing granted to Noticee No. 2 on July 28, 2023
9	Letter dated July 18, 2023	Noticee No. 2 sought inspection of further documents and requested to adjourn the hearing.
10	SEBI email dated July 19, 2023	Noticee No. 2 was informed that all the relevant and relied upon documents have already been provided along with the SCN and during the inspection. There are no other information and records to be relied upon. The Noticee No. 2 was advised to appear for the hearing on July 28, 2023
11	Letter dated July 24, 2023	Noticee No. 2 reiterated her request for inspection of further documents and requested to adjourn the hearing.
12	SEBI Email dated July 26, 2023	Noticee No. 2 was again informed that all the relevant and relied upon documents have already been provided along with the SCN and during the inspection. Noticee No. 2 was provided certain further documents. Noticee No. 2 was advised to file reply latest by August 05, 2023 and appear for the hearing on August 07, 2023.
13	Email dated July 27, 2023	Noticee No. 2 submitted that SEBI Adjudication Rules provide a time of not less than 14 days to reply. Since further documents have been provided, 14 days' time may be granted to file reply to the SCN
14	SEBI email dated July 31, 2023	Noticees were advised to file reply as per the timeline mentioned in the SSCN.
15	Email dated August 12, 2023	Noticee No. 2 sought further documents.

Sr. No.	Date of email/letter	Brief
16	Hearing Notice dated August 21, 2023	Noticee No. 2 was advised to file reply by August 28, 2023 and appear for the hearing on August 29. 2023
17	Email dated August 28, 2023	Noticee No. 2 sought adjournment of the hearing
18	SEBI email dated August 28, 2023	Noticee No.2 granted opportunity of hearing on September 08, 2023
19	Email dated September 07, 2023	The AR of the Noticee No. 2 forwarded the names of the AR who would be attending the hearing
20	Email dated September 08, 2023	Noticee No. 2 submitted her reply
21	September 08, 2023	Hearing conducted
22	Email dated November 23, 2023	The AR of the Noticee No. 2 forwarded order of Hon'ble SAT in the matter of Prakash C Kanugo
23	Hearing Notice dated September 04, 2024	Noticee No.2 granted opportunity of hearing on September 24, 2024
24	September 24, 2024	the ARs of the Noticee No. 2 appeared for the hearing and reiterated the submissions made vide reply dated September 07, 2023
25	October 01, 2024	Noticee No. 2 filed certificate under Section 65B of the Indian Evidence Act.

Noticee No. 5 and 6

Sr. No.	Date of email/letter	Brief
1	Hearing Notice dated July 07, 2023	Opportunity of hearing granted to Noticee Nos. 5 and 6 on July 20, 2023
2	Letter dated July 10, 2023	Noticee Nos. 5 and 6 requested 8 weeks time to file reply
3	SEBI email dated July 11, 2023	Noticee Nos. 5 and 6 was advised to file reply by July 27, 2023 and appear for the hearing on July 28, 2023
4	Letter dated August 08, 2023	Noticee Nos. 5 and 6 informed that she is filing the application for settlement

Sr. No.	Date of email/letter	Brief
5	Letter dated August 16, 2023	Noticee Nos. 5 and 6 informed that she has filed for settlement in the matter and sought 8 weeks time to file reply.
6	Email dated August 18, 2023	Noticee Nos. 5 and 6 requested time to file reply
7	Hearing Notice dated August 21, 2023	Opportunity of hearing granted to Noticee Nos. 5 and 6 on September 13, 2023 and advised to file reply by September 11, 2023
8	Letter dated September 07, 2023	Noticee Nos. 5 and 6 sought inspection of documents
9	SEBI email dated September 07, 2023	Noticee Nos. 5 and 6 granted inspection on September 08, 2023
10	Letter dated September 07, 2023	Noticee Nos. 5 and 6 forwarded the names of Authorised Representatives to conduct the inspection
11	September 08, 2023	Hearing Conducted
12	SEBI Email dated September 11, 2023	Noticee Nos. 5 and 6 was informed that hearing is scheduled on September 18, 2023 and advised to file reply by September 16, 2023
13	Email dated September 17, 2023	Noticee Nos. 5 and 6 forwarded the names of the AR who to appear for the hearing.
14	September 18, 2023	Noticee Nos. 5 and 6 filed her reply
15	September 18, 2023	Hearing conducted Noticee Nos. 5 and 6 denied all the charges
16	June 14, 2024	It was informed the settlement application filed by the Noticee No. 5 and 6 have been rejected.
17	Hearing Notice dated September 04, 2024	Noticee Nos. 5 and 6 granted opportunity of hearing on September 24, 2024
18	September 24, 2024	Hearing conducted. Noticee Nos. 5 and 6 reiterated the submissions made vide reply dated September 18, 2024

Noticee Nos. 7, 8 and 9

Sr. No.	Date of email/letter	Brief
1	Email dated July 06, 2023	Noticee Nos. 7, 8 and 9 sought 4 weeks time to file reply
2	Hearing Notice dated July 06, 2023	Opportunity of hearing granted to Noticee Nos. 7, 8 and 9 on July 20, 2023
3	Email dated July 06, 2023	Noticee Nos. 7, 8 and 9 sought inspection of documents
4	Letter dated July 11, 2023	Noticee Nos. 7, 8 and 9 forwarded list of documents sought for inspection
5	SEBI Email dated July 12, 2023	Vide the said email Noticee Nos. 7, 8 and 9 was granted inspection of documents on July 14, 2023
6	July 14, 2023	The AR of the Noticee Nos. 7, 8 and 9 conducted the inspection of the documents
7	SEBI email dated July 14, 2023	Opportunity of hearing granted to Noticee Nos. 7, 8 and 9 on July 28, 2023
8	SEBI Email dated July 19, 2023	Noticee Nos. 7, 8 and 9 were informed that all the relevant and relied upon documents have been provided to them and therefore were advised to appear for the hearing on July 28, 2023.
9	SEBI Email dated July 21, 2023	Noticee Nos. 7, 8 and 9 were informed that all the relevant and relied upon documents have been provided to them and therefore were advised to appear for the hearing on July 28, 2023.
10	Email dated July 24, 2023	Noticee Nos. 7, 8 and 9 sought further inspection of documents
11	SEBI email dated July 26, 2023	Noticee Nos. 7, 8 and 9 was informed that all the relevant and relied upon documents have already been provided along with the SCN and during the inspection. Noticee Nos. 7, 8 and 9 was provided certain documents. The Noticee Nos. 7, 8 and 9 were advised to appear for the hearing on August 07, 2023
12	SEBI email dated July 31, 2023	Noticee Nos. 7, 8 and 9 was informed that all the relevant and relied upon documents have already been provided along with the SCN and during the inspection. There are no other information and records to be relied upon. The

Sr. No.	Date of email/letter	Brief
		Noticee No. 2 was advised to appear for the hearing on August 07, 2023
13	Email dated August 12, 2023	Noticee Nos. 7, 8 and 9 sought further documents.
14	Hearing Notice dated August 21, 2023	Noticee Nos. 7, 8 and 9 was advised to file reply by August 28, 2023 and appear for the hearing on August 29. 2023
15	Email dated August 28, 2023	Noticee Nos. 7, 8 and 9 sought adjournment of the hearing
16	SEBI email dated August 28, 2023	Noticee Nos. 7, 8 and 9 granted opportunity of hearing on September 08, 2023
17	Email dated September 07, 2023	The AR of the Noticee Nos. 7, 8 and 9 forwarded the named of the AR who would be attending the hearing
18	Email dated September 08, 2023	Noticee Nos. 7, 8 and 9 submitted the reply
19	September 08, 2023	Hearing conducted
20	Hearing Notice dated September 04, 2024	Noticee Nos. 7, 8 and 9 granted opportunity of hearing on September 24, 2024
21	September 24, 2024	The ARs of the Noticee Nos. 7, 8 and 9 appeared for the hearing and reiterated the submissions made vide reply dated September 07, 2023 and additional submissions dated September 24, 2024

<u>Reply of Noticee Nos. 1, 3 and 4</u>

6. Vide letter dated September 14, 2023, Noticee Nos. 1, filed his reply to the SCN and SSCN and also made submissions on behalf of Noticee Nos. 3 and 4. Vide the aforesaid reply, they submitted the following:

6.1. Brief Background of Noticee No. 1:

a) *I am a Chartered Accountant and a Merchant Banker. I am one of the directors of Mark Corporation Pvt. Ltd. and Facts Tradelink Pvt. Ltd.*

b) *I am associated with Merchant Banking since 1992 in various capacities. I was the Managing Director in the company which was registered with SEBI as Category I Merchant Banker till 1997.*

c) *Pursuant to that, I was associated with various Merchant Bankers till 2013. In 2013, Mark Corporate Advisors Pvt Ltd. wherein I am a promoter and Managing Director was granted registration by SEBI as a Merchant Banker.*

d) *During the course of the last 10 years, we have carried out approximately 15 to 20 transactions every year viz. open offer, IPO, rights issue, bonus issue, preferential issue etc. wherein UPSI is generated.*

e) *I am a regular investor and I take my investment decisions based on the company's announcements, news, market perception, financial results etc. I have been making investment decisions for the past around 30 years itself. In case my investment pattern in last few years is considered, I buy a large chunk of around say 5,000 to 10,000 shares of the company which is evident from the portfolio I have. My investment in the scrip of PNBHFL was also in similar pattern and no abnormal behavior is evident from the same.*

f) *At present Facts as a single entity has invested in around 120 scrips and after we invested in the scrip of PNBHFL, Facts bank balance was around Rs. 56 lakhs. We have been investing in the stock market through Facts for the past approx. 15 years by following the same pattern consistently as detailed above.*

g) *At present Mark as a single entity has invested in around 9 scrips and after we invested in the scrip of PNBHFL, Mark bank balance was around Rs. 3.97 crore. We have been investing in the stock market through Mark for the past many years by following the same pattern consistently as detailed above.*

6.2. …I submit that no information was shared by me with anyone to allege any kind of Insider Trading. In case, I and Tipper was having any kind of business talks, I would have even disclosed to him the price sensitive information relating to work being handled by me.

6.3. With regards to the connection between me and the Tipper, we submit as under:

6.3.1. Tipper is the son of my friend as he was living alone in Mumbai having no other immediate family member living in Mumbai and my friend was concerned about his child's health. More than myself, it was my wife, Priti Choudhary who used to talk with him, at times using my phone also.

6.3.2. I wish to place this on record that I had denied knowing 'the tipper' in my reply dated December 29, 2022. However, when I appeared on January 18, 2022, I clarified that I was not sure whether this is same tipper whom I know through my friend. Further, as being the director of Mark and Facts and otherwise also, I was never associated with any tipper for business purpose, therefore I had denied.

6.3.3. With regard to the call mentioned in the SCN, I wish to place this on record that 2021 was the period of the deadly COVID -19 and as at that time Tipper's mother was also affected by Covid, it was difficult to get medicines and other basic requirements. Fortunately, during this period I had access to few medicines and other needs which I was able to provide it to them. Therefore, we had more calls during 2021.

6.3.4. With regard to the alleged call between me and the tipper on 27th May 2021, I submit that my wife and I had called the tipper to congratulate and give him our blessings on his finalization of marriage. On 26th May 2021, tipper's mother informed my wife Priti Choudhary that Tipper's marriage has been finalized. Priti Choudhary had messaged tipper on 26th May 2021 upon hearing this news inquiring for details of his prospective spouse.

6.3.5. In the instant case, I and my wife had called tipper to congratulate him. It is not the case of SEBI that the tipper after receiving the alleged UPSI *called me. Further, pursuant to sale of shares by me, admittedly, I have not called the tipper to inform him about the transaction. I therefore submit that no case has been made out to establish that the tipper passed on any alleged UPSI to me since he did not call me on May 27, 2021 and on the contrary my wife had called from my phone.*

6.3.6. Further, I submit that during the course of the investigation no queries were asked to me regarding any communication of alleged UPSI from Tipper to me. Further, no comments were sought from me for the calls between me and Tipper, my wife and Tipper even though SEBI had got the complete details. This adverse inference has been drawn now and data has been provided in the SCN for the first time without calling for any explanation earlier. Had SEBI sought my comments I would have provided the information during the course of Investigation itself.

6.3.7. The alleged call between me, my family members and Tipper have happened prior to the period of UPSI, during the period of UPSI and after the period of UPSI. Therefore, just to cherry pick one call and make a serious allegation of Insider trading against us is baseless and is a black spot on my unblemished career of last 30 years.

6.3.8. Further, I submit that SEBI had not called my wife to record her statement even when she was in frequent contact with Tipper. The investigating authority has not bothered to record the statement of Mrs. Priti Choudhary to understand the circumstances in which she used to call. Even during my statement recording I was not asked about any information related to the said UPSI or UPSI being shared by Tipper. This act of SEBI of not asking me about the alleged UPSI being shared and by not recording my wife's statement has caused grave prejudice to me and we are being accused of serious charge of alleged Insider Trading which we have not carried out. Further, there is no allegation in the SCN that she communicated any alleged UPSI to me.

6.4. With regards to the trades carried out by Facts Tradelink and Mark Corporation, we submit as under:

6.4.1. As regards the investment decision on behalf of Mark Corporation and Facts Tradelink, I submit that they were merely based on the analysis of financial results and market perception about PNBHFL.

6.4.2. I had reviewed/ checked its corporate announcements, disclosures, annual reports, etc. before making the investment decision in the scrip of PNBHFL.

6.4.3. PNBHFL had made announcement at the Stock Exchanges on May 25, 2021 and their previous announcements/disclosures which gave me positive outlook on this particular scrip and therefore I had made such an investment decision. I wish to submit that the said information was in public domain and I have not invested on the basis of the alleged UPSI.

6.4.4. I further state and declare that I had no information and also were not communicated by any person having information about the alleged UPSI prior to the announcement made by PNBHFL to Stock Exchanges.

6.4.5. As regards the first investment made by Facts the investment was made in April 01, 2021 and thereafter further shares were bought on April 05, 2021 and April 12, 2021. No allegation of any nexus between Balveer and the tipper has been alleged for trades carried out by Facts in the month of April 2021. I had brought these shares independently on the basis of the news, and announcements made by the company i.e., PNBHFL. The aforesaid clearly establishes that there is no proximity between the alleged calls and investment made by both Facts and Mark.

6.4.6. I reiterate that I was regularly looking up at the disclosures made by PNBHFL on stock exchanges and on the website. Therefore, the investment decision on behalf of Mark Corporation and Facts Tradelink were based on the analysis of financial results and market perception about PNBHFL For those purposes, the corporate announcements made by PNBHFL with the Stock Exchanges since January 2021 and the news reports with regards to *the proposed capital raise are relevant. The same were available in public domain and I was regularly following the both considering my interest for investing in the shares of PNBHFL. in one of the newspaper reports of MINT on January 31, 2021 it was mentioned by quoting the then MD and CEO of PNBHFL that **"We have got our policy approved on the co-lending and you will shortly be hearing some announcement from the company in terms of some agreement that we will enter with banks,".** Considering the same the policy was already in place in PNBHFL and the only announcement awaited was the name of the investor and quantum of funds.*

In this regard, I note that PNBHFL on May 25, 2021 disclosed to the stock exchanges that: (i) PNBHFL's board will meet on May 31, 2021 to consider approving fund raising by way of preferential allotment or other modes; and (ii) PNBHFL and its promoter PNB have entered into a new trademark agreement for the use of PNB trademark by PNBHFL which will become effective upon PNB's shareholding in PNBHFL falling below 30%. Various news reports on May 26, 2021 (two days prior to the purchase of shares by me on May 28, 2021) discussed the above-mentioned disclosure. These news reports provided information such as: "There might be a change in the holding pattern in the near future due to the revised brand agreement." and "PNB Housing Finance rose 1.05% to Rs 408.20 after the company said its board will consider plan to raise funds on Monday, 31 May 2021" in a news report titled "Fund raising plan boosts PNB Housing Finance". Further, it was already in the public domain that the Reserve Bank of India had denied permission to PNB (the promoter of PNBHFL) for injecting further capital in PNBHFL, as evidenced through the stock exchange disclosure by PNBHFL on February 20, 2021 and news reports on May 26, 2021. Further, it was already in the public domain that PNBHFL was actively seeking investors for a capital raise, as evidenced through the stock exchange disclosures by

PNBHFL on January 21, 2021, January 27, 2021, January 30, 2021, April 27, 2021 and April 31, 2021. It was also in the public domain that due to PNBHFL's capital needs it had started looking for co-lending tie-ups with banks, as evidenced by news reports dated January 31, 2021 and March 5, 2021 and the stock exchange disclosure dated March 5, 2021.

6.4.7. Accordingly, the public disclosures of an impending capital raise, the promoter's non-participation in such capital raise and a new trademark agreement for the use of PNB's brand by PNBHFL upon PNB's shareholding falling below 30% (which would occur due to dilution caused by capital raise in which PNB was not allowed to participate by the Reserve Bank of India), along with publicly available information about PNBHFL's efforts to find investors and co-lending tie-ups, provided the basis for my investment decision to purchase shares of PNBHFL on May 28, 2021 before the board meeting on May 31, 2021 where definitive information about such capital raise may have become publicly available.

6.4.8. The aforesaid establishes that it was in the public domain on January 31, 2021 that PNBHFL was looking for tie ups and this information ought to have been categorized as "generally available information" and not UPSI. Regulation 2(e) of PIT Regulations defines generally available information as information that is accessible to the public on a non- discriminatory basis. Newspaper Report dated January 31, 2021 wherein PNBHFL was looking for tie-ups in co lending Housing Loan Sector was already in public domain. Therefore, the allegation in the SCN that the UPSI came into existence on February 04, 2021 is baseless and goes against spirit of the Regulations.

6.4.9. I had carried out transactions in the scrip of PNBHFL in the account of Facts and Mark independently and which were carried out by me based on my commercial wisdom, like an ordinary investor, without any malafide intention and no adverse inference should be drawn for the same.

*6.4.10. PNBHFL vide their letter dated June 30, 2021 to NSE enclosed at Annexure B to the SCN has stated that **"keeping in view that the Company has been looking to raise capital since last two years, the fact that information pertaining to such capital raise and consequent amendments to the trademark agreement with PNB has been publicly disclosed by the Company from time to time (as set out above) and that no Unpublished price Sensitive Information (UPSI) was shared by the Company with any person during this process, no details were felt necessary to be captured in SDD, as per the requirements of the SEBI (Prevention of Insider Trading) Regulations, 2015"**. In view of the same, I submit that it is the case of PNBHFL that there was no UPSI which has been shared by them with any person and information was already available in public domain. Further, PNBHFL has not captured any details in SDD also. In case SEBI is of the view that there was any alleged violation of PIT Regulations, the proceedings ought to have been initiated against PNBHFL for alleged violation of not maintaining SDD which has not been the case and PNBHFL is not one of the co-noticee*.

6.4.11. In the emails provided by Tipper we came across one email which was sent by Ms. Garima Maheshwari from Carlyle to various individuals including Tipper at 6:00 PM on May 28, 2021.

6.4.12. As per the details available Ms. Garima Maheshwari from Carlyle forwarded an email with subject "Project Pluto -Transaction Calcs" which contained an attachment which was having 'base case calcs' for the transaction. It is observed from the email that the exact calculation of the amount to be invested and other financials came to the knowledge of Tipper only on May 28, 2021 at 6:00 PM and pursuant to that there is no communication between Tipper and myself. Further, I have bought the shares during the day on May 28, 2021.

6.4.13. The aforesaid establishes that Tipper did not communicate any alleged UPSI to me and I was not in receipt of any alleged UPSI prior to the trades carried out by me.

7. Vide letter dated October 18, 2024 Noticee No. 1, 3 and 4 filed additional reply to the SCN and SSCN and reiterated the submissions made earlier.

<u>Reply of Noticee No. 2</u>

8. Vide email dated September 08, 2024, Noticee No. 2 submitted her reply to the SCN and submitted the following:

8.1. CDRs of a person are subject matter of confidentiality and privacy and therefore such privacy cannot be invaded except in accordance with law and thereby any authority collecting such information is bound to follow the due process.

8.2. It is submitted that there is no determination in the Investigation Report ("IR") or SCN as to how Noticee No. 3 has been considered as an insider. Further as per the PIT Regulations, the definition of insider states 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;'

Alleged UPSI does not fall under Definition of UPSI

8.3. At the outset and without prejudice to any submissions elsewhere in this reply, we submit that the information mentioned as UPSI in the SCN is incorrect and does not qualify to be UPSI. UPSI is defined under regulation 2 (n) of the PIT Regulations

8.4. As per the definition under the PIT Regulations, the following are the ingredients for any information to be classified as UPSI –

a. The information should be <u>related to the company directly or indirectly</u>, *b. The information <u>should not be generally available</u>,*

c. The information upon becoming <u>generally available is likely to materially affect the price of securities of the company</u>.

It is submitted that the <u>absence of any of the aforementioned ingredients renders an information as not being UPSI</u>.

8.5. It is submitted that the SCN has defined UPSI as the information 'that entities affiliated to Carlyle Asia Partners IV, L.P. and Carlyle Asia Partners V, L.P. had agreed to invest up to Rs. 3185 crores through preferential allotment of equity shares and warrants, at a price of Rs 390 per share in PNBHFL'. Therefore, the UPSI as mentioned in the SCN as under Regulations 2(1)(n)(iii) is the change in the capital structure of PNBHFL due to its decision to raise money through the aforesaid preferential allotment.

8.6. It is submitted that the information of capital raise by PNBHFL and change in capital structure was already in public domain and therefore cannot be said to be 'unpublished'. A brief timeline of relevant events in this regard is as follows –

Sr. no.	***Date***	***Particulars***	***Remarks***
1.	*July 30, 2019*	*PNBHFL filed disclosure dated July 30, 2019 w.r.t the outcome of board meeting held on July 30, 2019.*	*It is submitted that vide this disclosure PNBHFL had informed the Stock Exchanges that the board of directors have approved the raising of capital up to an amount of Rs. 2000 crores.*
2.	*March 03, 2020*	*PNBHFL filed disclosure dated March 03, 2020 w.r.t the outcome of board meeting held on March 03, 2020.*	*It is submitted that vide this disclosure PNBHFL had informed the Stock Exchanges that the board of directors have approved the raising of capital up to an amount of Rs. 1700 crores through a qualified institutions placement in accordance with the applicable provisions.*

Sr. no.	***Date***	***Particulars***	***Remarks***
			*The Board also considered it advisable, subsequent to successful closure of the QIP, to offer Quality Investment Holdings and/or affiliates/ nominees (collectively "**QIH**") a preferential allotment of equity shares and/ or permissible securities (including convertible securities/ warrants) of PNBHFL. **Please note QIH is an affiliate of Carlyle***
3.	*June 18, 2020*	*PNBHFL filed disclosure dated June 18, 2020 w.r.t the earnings call transcript.*	*The issue of raising of capital by PNBHFL and change in capital structure was discussed by the investors.*
4.	*July 23, 2020*	*PNBHFL filed disclosure dated July 23, 2020 w.r.t the earnings call transcript.*	*The issue of raising capital by PNBHFL and change in capital structure was discussed by the investors. PNBHFL informed the investors that PNBHFL had approached Punjab National Bank ('**PNB**') to participate in the capital raise plan of the company and that PNB was in the process of evaluating the proposal and discussing it in its Board Meeting.*
5.	*July 31, 2020*	*PNB filed disclosure dated July 31, 2020.*	*PNB informed the stock exchanges that PNB has decided to infuse capital up to Rs. 600 crores in PNBHFL through Preferential Issue/Rights Issue etc.*
6.	*October 29, 2020*	*PNBHFL conducted conference call for 2nd quarter for FY 2020-21.*	*The issue of raising of capital by PNBHFL and change in capital structure*

Sr. no.	*Date*	*Particulars*	*Remarks*
			was discussed by the investors.
7.	*January 21, 2021*	*PNBHFL filed disclosure dated January 21, 2021.*	*PNBHFL informed the stock exchanges that a board meeting is scheduled on January 27, 2021 wherein the board would discuss about the fund raising by PNBHFL.*
8.	*January 27, 2021*	*A copy of the disclosure dated January 27, 2021,*	*Board of Directors of Company met and decided to raise the capital for an amount Rs 1800 crore to include additional mode of raising funds i.e. QIP (Qualified Institutional Placement) along with Preferential issue/ Rights issue and/or combination thereof.*
9.	*February 19, 2021*	*ET Now news flash at 9.09am and tweet dated February 19, 2021 with regards to ongoing due diligence and potential investment by Carlyle and General Atlantic in PNBHFL.*	*ET Now, a prominent business news channel, ran a live news and posted information about potential investment by Private Equity investors in PNBHFL.*
10.	*February 20, 2021*	*PNBHFL filed disclosure dated February 20, 2021.*	*PNBHFL vide this disclosure informed the stock exchanges that PNB will not be participating in the capital raising by PNBHFL of Rs. 1800 crores.*
11.	*March 12, 2021*	*Economic Times published an article in its daily titled as 'Carlyle, GA S'pore hire experts for due diligence on PNB Hsg'.*	*The news article published herein made it a public information that two overseas investors – Carlyle and General Atlantic ('**GA**') have hired consultants for due diligence of PNBHFL, therefore making it clear that PNBHFL was tapping into its existing investors Carlyle and GA for equity*

Sr. no.	*Date*	*Particulars*	*Remarks*
			infusion and the same was in public knowledge.
12.	*April 28, 2021*	*PNBHFL filed disclosure dated April 28, 2021 w.r.t the earnings call transcript.*	*PNBHFL informed the investors that it was in the process of evaluating options for the capital raise and could not complete the process due to the silent period. PNBHFL intends to engage with everyone and initiate the fundraise process immediately after silent period ends (which was ending 48 hours after results announcement on April 27, 2021).*

8.7. By virtue of disclosure made by PNBHFL on July 30, 2019, and the following disclosures as mentioned the chronology of events above, the alleged UPSI in the SCN was not unpublished and therefore a 'generally available information'.

8.8. It is further submitted that PNBHFL had vide its letter dated June 30, 2021 provided its response to queries sought by NSE wherein it had clearly and expressly said that no UPSI was shared by PNBHFL to any entity and all the information pertaining to capital raise had been publicly disclosed by the Company from time to time therefore it did not consider necessary to capture any details in its Structured Digital Database. The relevant excerpt from aforesaid letter is as follows –

"5 (8) Keeping in view that the Company has been looking to raise capital since last two years, the fact that information pertaining to such capital raise and consequent amendments to the trademark agreement with PNB has been publicly disclosed by the Company from time to time (as set out above) and that no Unpublished Price Sensitive Information (UPSI) was shared by the Company with any person during this process, no details were felt necessary to be captured in

SDD, as per the requirements of the SEBI (Prevention of Insider Trading) Regulations, 2015."

8.9. *The stand taken by SEBI w.r.t Noticee No. 2 is in stark contrast with its already accepted stand w.r.t PNBHFL, and therefore the SCN and the SSCN are liable to be set aside.*

8.10. *It is submitted that in addition to disclosures made by PNBHFL, the information w.r.t the change in capital structure of PNBHFL was also in public domain through media sources and therefore the alleged UPSI as alleged in the SCN is not UPSI but generally available information. Therefore, the whole charge of communication of UPSI by Noticee No. 2 cannot sustain and the SCN is liable to be set aside on this ground alone.*

8.11. *It is further submitted that a confidentiality agreement was signed between Carlyle Group companies and PNBHFL on March 01, 2021 (hereinafter referred to '**NDA**'). It is submitted that it is a further settled law that even the date of signing of the NDA cannot be taken as the date of commencement of UPSI, as the same is just the starting point for the due diligence of the entities involved and cannot automatically lead to the crystallisation of the deal/transaction.*

8.12. *It is submitted that in the present matter the commencement of the UPSI period in the SCN/SSCN is taken as February 04, 2021, which is even before the date of signing of the NDA, which is March 01, 2021. It is submitted that as per SEBI's own order, the date of signing of the NDA cannot be taken as the commencement of UPSI period, therefore, a date which is even before the signing of the NDA cannot be taken as commencement of the UPSI. Therefore, the allegation of UPSI period starting from February 04, 2021, in the present case is not only without any application of mind but in complete disregard to the principles laid down in the aforesaid orders.*

8.13. *The alleged UPSI in the SCN/SSCN is defined as 'that entities affiliated to Carlyle Asia Partners IV, L.P. and Carlyle Asia Partners V, L.P. had agreed to invest up to Rs. 3185 crores through preferential allotment of equity shares and warrants,* *at a price of Rs 390 per share in PNBHFL'. It is submitted that the SCN/SSCN fails to identify the exact nature of UPSI for the purposes of determination of the UPSI period. The alleged UPSI as defined in the SCN/SSCN consists of different aspects of information related to the fund-raising exercise by PNBHFL as follows –*

a. That the information with respect to raising of funds by PNBHFL,

b. That one of the investors would be Carlyle who was going to invest into PNBHFL,

c. That the investment amount was Rs. 4000 crore including Rs. 3185 crores by Carlyle,

d. That the investment was to be made at the rate of Rs. 390 per share.

8.14. The aforesaid instances of information each have a different date and time of conception and therefore cannot be given a common date. It is also submitted that none of the above information came into existence on February 04, 2021 as defined in the SSCN. The SCN/SSCN both fail to take into consideration the above fact and have further failed to identify what the UPSI is, consequently failing to identify the UPSI period.

8.15. Further, the commencement of the UPSI period from February 04, 2021 can negated due to the following factors submitted as below –

a. The information as regards fund raising was already in the public domain.

b. That the information that Carlyle Group is involved in the fund raising was also in public domain as noted from disclosure by Company dated March 03, 2020 and newspaper article dated March 12, 2021 as submitted at Table No. 1.

c. As regards the amount of investment is Rs 4,000 crore with Rs. 3185 crores being from Carlyle and the investment is being made at Rs 390 per share, the relevant date could never have been February 04, 2021 for the reasons noted as under:

- *The investment amount of Rs 4,000 crore is decided by the Company itself after taking necessary approvals from its Board of Directors which was only decided on May 31, 2021.*
- *The price of Rs 390 per share could have been decided as per the under Regulation 164 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 as per which relevant date for determining the price is 30 days prior to the EGM date (which was called on June 22, 2021). However, EGM date itself could only be decided based on the outcome of the Board meeting of May 31, 2021.*

8.16. *It is submitted that the SCN/SSCN does not take into account the trademark agreement between PNBHFL and Punjab National Bank (hereinafter referred to as **'PNB'**), PNBHFL's promoter and single largest shareholder with shareholding of 32.6%. The signing of the new trademark agreement with its promoter and single largest shareholder was integral to carry forward the fund raise by PNBHFL.*

8.17. *It is submitted that PNB and PNBHFL had entered into a trademark agreement on December 07, 2009, wherein it was agreed between the parties that PNB will hold a minimum of 26% shareholding in PNBHFL and thereby allow the usage of its trademark. Pursuant to PNBHFL's decision to raise funds and the refusal by PNB to participate in the fund raising (**Ref: Disclosure dated February 20, 2021**), the shareholding of PNB was bound to reduce and thereby the terms of the trademark agreement had to be revised, and a new trademark agreement had to be executed between PNBHFL and PNB which is declared to be an essential aspect and a pre-requisite of the capital raising exercise by PNBHFL. We submit that without the amendment to the trademark agreement post final approval from PNB, no funds could have been raised by PNBHFL.*

8.18. *It is submitted that the SCN/SSCN has not taken into consideration that the revision and signing of the new trademark agreement between PNB and PNBHFL was a critical and essential requirement for the crystallization of the fund raise and therefore, would mark the start of UPSI period. It is a settled law that mere general* *discussions on any transaction cannot be treated as the start of the UPSI period. The start of UPSI period is marked by concrete and final decision that would enable the transaction. The same has not been considered by the SCN/SSCN in determining the commencement of UPSI period.*

8.19. *In the present case, as already submitted that the revision of the existing trademark agreement between PNB and PNBHFL and the execution of revised agreement was essential to the finalisation and concretization of the fund raise exercise by PNBHFL. Therefore, the concretization of the deal/transaction could have only happened after the execution of the revised Trademark Agreement. Therefore, the UPSI period can only start from May 25, 2021 as prior to that everything was a speculation and nothing concrete could have happened in the absence of the amendment to the Trademark Agreement.*

8.20. *It is submitted that PNBHFL had vide its disclosure dated May 25, 2021, informed the Stock Exchanges that it will be closing the trading window for dealing in its securities from May 26, 2021 to June 02, 2021. Therefore, the commencement of the UPSI period as taken by PNBHFL is May 26, 2021 and not prior to that. Therefore, the SCN cannot take any date prior to May 25, 2021 as the commencement for the UPSI period.*

8.21. *It is submitted that PNBHFL had appointed an independent valuer B R Maheshwari and Co LLP via engagement letter dated May 27, 2021, to carry out the valuation of equity shares of the PNBHFL. The valuer had submitted their report dated May 29, 2021 wherein they had determined the value of the shares of PNBHFL. It is submitted that the 'relevant date' as mentioned in the valuation report is May 21, 2021, which is 30 days prior to the date of the EGM wherein the proposed deal/transaction would be finalised. It is therefore submitted that the independent valuer was also only appointed on May 27, 2021 and the report of the independent valuer is dated May 29, 2021, both of which are subsequent to the signing of the Trademark Agreement. This further buttress our submission that* *the commencement of the UPSI period could not have been at any date before the signing of the Trademark Agreement by PNBHFL.*

8.22. It is submitted that the Investigation Officer has failed to take into consideration that the Board of Pluto was the final authority for approval of the preferential allotment by Carlyle in PNBHFL and the approval had happened in the board meeting of Pluto on April 27, 2021 and therefore, no information about the investment by Carlyle into PNBHFL would have come into existence on February 04, 2021 as alleged in the SCN or SSCN. Further, it is important to note that the Noticee No. 2 was not even a part of said the board meeting of Pluto held on April 27, 2021.

8.23. Further, the Investigation Officer has failed to note that any such investment was subject to price determination which is regulated by ICDR Regulations and price was finally decided on May 29, 2021 i.e. after the Trademark Agreement was amended and signed between PNB and the Company and therefore the UPSI period, if any would have come into existence only on May 25, 2021. Therefore, if the UPSI only came into existence on May 25, 2021, the allegation of communication by Noticee No. 2 on March 14, 2021 cannot exist and is without any merits.

8.24. Further, with respect to the calls made during the December 2020 - March 2021, the frequency of the calls between Noticee No. 2 and Noticee No. 7 was higher than normal as the Noticee No. 2 was looking to buy a house as the Maharashtra Government had announced a reduction in stamp duty on the purchase of house in Maharashtra especially from 5% of the property value to 2% of the property value till December 2020 and 3% till March 2021 post Covid.

8.25. Due to reduction in stamp duty rates, Noticee No. 2 was aggressively looking at buying/ finalizing a residential flat for self-use during December 2020 – March 2021. Noticee No. 2 had visited close to 10 properties (in and around Bandra Kurla Complex), however consulted Noticee No. 7 for the properties/ flats that they had shortlisted. Therefore, most of the calls exchanged during this period was to *discuss the Vaastu for the purchase of the property as Noticee No. 7 has knowledge and keen interest in Vaastu and since buying a house in Mumbai is a major investment, Noticee No. 2 was consulting Noticee No. 7.*

8.26. The Noticee No. 2 had discussed the Vaastu of the Kanakia Paris with Noticee No. 7 on March 17, 2021 and March 22, 2021 after sharing the pictures over Whatsapp or discussing the Vaastu and thereafter on call.

8.27. Noticee No. 2 and her spouse were really keen on purchasing a house and had visited various properties primarily over the weekend. The calls between Noticee No. 2 and Noticee No. 7 were with respect to the Vaastu related discussions, and happened either immediately after the images of the properties were shared by the Noticee No. 2 or post site visits by Noticee No. 2.

Reply of Noticee Nos. 5 and 6

9. Vide similarly worded letters dated September 18, 2023, the AR of Noticee Nos. 5 and 6 replied to the SCN and SSCN and submitted the following:

9.1. Our client regularly trades and invests in the stock market. He is experienced in the stock market and has been trading and investing in the stock market for more than 10 years. He takes decisions regarding trading and investment on behalf of his wife, Mrs. Suhani Hirawat i.e. Noticee No.6. He submits that he has access to the passwords to his wife's bank accounts and her trading account with Hem Securities and he places orders on her behalf in her trading account.

9.2. Our client's decision to purchase of shares of PNBHFL on May 28, 2021, in his trading account as well as his wife's trading account, was on the basis of publicly available information at that time.

9.2.1. On May 25, 2021, PNBHFL disclosed to the stock exchanges that:

9.2.1.1. PNBHFL and its promoter PNB have entered into a new trademark agreement for the use of PNB trademark by PNBHFL which *will become effective upon PNB's shareholding in PNBHFL falling below 30%; and*

9.2.1.2. PNBHFL's board will meet on May 31, 2021 to consider approving fund raising by way of preferential allotment or other modes.

*9.2.2. At the time of the above-mentioned disclosure to the stock exchanges, it was already in the public domain that the Reserve Bank of India had denied permission to Punjab National Bank ("**PNB**"), the promoter of PNBHFL, for injecting further capital in PNBHFL. Further, it also was already in the public domain that PNBHFL was actively seeking investors for a capital raise. It was also in the public domain that due to PNBHFL's capital needs it had started looking for co-lending tie-ups with banks.*

9.2.3. Various news reports on May 26, 2021 covered the aforesaid disclosure by PNBHFL, and in the overall background stated above, provided information such as: "There might be a change in the holding pattern in the near future due to the revised brand agreement." and "PNB Housing Finance rose 1. 05% to Rs 408.20 after the company said its board will consider plan to raise funds on Monday, 31 May 2021" in a news report titled "Fund raising plan boosts PNB Housing Finance".

9.2.4. Our client analysed the aforementioned news reports dated May 26, 2021, the stock exchange disclosures by PNBHFL on May 25, 2021 and the previous news reports to conclude that a capital raise in PNBHFL might occur very soon, because there was no other explanation for the promoter, PNB, to enter into a new trademark agreement with its own company, PNBHFL, which is effective upon the promoter's shareholding falling below 30%. Saurabh had noted that the two separate disclosures by PNBHFL to the stock exchanges on May 25, 2021 regarding the trademark agreement and the board meeting for capital raise being scheduled had taken place at the same time, which clearly implied that a decision about the capital raise was forthcoming on May 31, 2021. The news reports had stated that PNB's *current shareholding in PNBHFL was 33%. Therefore, our client deduced that forthcoming capital raise will be for a meaningful and significant amount so as to cause the promoter to dilute from 33% to below 30% and he expected the market to react positively to such an announcement of a capital raise.*

9.2.5. It is pertinent to note that the scrip of PNBHFL was only one among several shares in which our client traded during the Investigation Period and no irregularity has been alleged by SEBI in respect of any of his trades in any other scrip.

9.2.6. Our client submits that the trades done by him in the scrip of PNBHFL in May and June 2021 in his own account and his wife's account were based on his own analysis of the news reports and stock exchange disclosures and not based on any Unpublished Price Sensitive Information.

9.2.7. Tipper was known to Noticee No. 6 as the son of her parent's friend. Since Tipper was staying alone in Mumbai, Noticee No. 6 parents had asked her to keep in touch with him and check on him from time to time. Our client does not have any communication with Tipper whatsoever and until he received summons dated December 26, 2022 from SEBI he did not even know about Tipper and the infrequent communication between our client's wife and Tipper.

9.2.8. Their investment in PNBHFL in entirely consistent with their past pattern of investment in publicly traded companies as well as their investment pattern after their investment in PNBHFL. They routinely invest amounts in the range of Rs. 15 lakhs to Rs. 30 lakhs in any particular share

9.2.9. Around the time of purchase of PNBHFL shares, they also purchased shares of two listed companies for approx. Rs. 35 lakhs and Rs. 40 lakhs (VRL Logistics Limited and Power Finance Corporation Limited respectively). In this regard, please note that on May 28, 2021, after the execution of the purchase of shares of PNBHFL in our client's account and his wife's account, *our client had a balance of Rs. 22,69,309 available in his bank and trading accounts. If they had any UPSI, he would have invested more money in PNBHFL shares than the usual amount they invest in a particular share.*

9.2.10. The context for the phone calls between Noticee No. 6 and the Tipper is that her parents had asked her to keep a check on the Tipper once in a while, who was living alone in Mumbai without any family. During COVID in 2020 and 2021, these calls were regarding checking Tipper's general welfare during the difficult time period as he was alone in Mumbai. It is worthwhile to note that the phone calls between Noticee No. 6 and Tipper were very significantly infrequent, supporting the above• mentioned submission. A summary of the call records is set out below for the pre-UPSI period and the UPSI period identified by SEBI:

Months	***Number of calls from Noticee No. 6 to the Tipper***	***Number of calls from the Tipper to Noticee No, 6***
December 2020	*2*	*None*
January 2021	*None*	*1*
February 2021	*1*	*1*
March 2021	*None*	*None*
April 2021	*None*	*None*
May 2021	*3*	*1*

<u>Reply of Noticee Nos. 7, 8 and 9</u>

10. Vide letter dated September 07, 2024, Noticee Nos. 7, 8 and 9 filed their reply to the SCN and SSCN and submitted the following:

10.1. CDRs of a person are subject matter of confidentiality and privacy and therefore such privacy cannot be invaded except in accordance with law and thereby any authority collecting such information is bound to follow the due process.

10.2. From the perusal of the SSCN and IR, and the relevant provisions of PIT Regulations, it is clear that the Investigation Officer has not determined the period of UPSI and has simply referred to chronology of events shared by Carlyle, GA *and PNBHFL. However, PNBHFL vide their letter dated June 30, 2021 has refuted the existence of any UPSI as the information was already in public domain and therefore PNBHFL had not closed the trading window or added any details in the Structured Digital Database to be maintained as per the PIT Regulations. Therefore, no determination of UPSI Period can be made on a conjoint reading of the letters of Carlyle, PNBHFL or GA.*

10.3. It is submitted that the information of capital raise by PNBHFL and change in capital structure was already in public domain and therefore cannot be said to be 'unpublished'.

10.4. It can be seen from the above chronology of events that the alleged UPSI was already in public domain since July 30, 2019, when the first disclosure was filed by PNBHFL w.r.t its plan to raise funds. The SCN has defined UPSI as the change in the capital structure of PNBHFL due to its decision to raise money. It is submitted that the decision of PNBHFL to raise money would invariably mean a change in the capital structure of PNBHFL, and therefore the information of capital raising is equivalent to change in capital structure. By virtue of disclosure made by PNBHFL on July 30, 2019, and the following disclosures as mentioned the chronology of events above, the alleged UPSI in the SCN was not unpublished and therefore a 'generally available information'.

10.5. In addition to the disclosures made by PNBHFL, the information of capital raising exercise by PNBHFL was also made public vide Economic Times news article dated March 12, 2021. Therefore, not only the information was generally available on stock exchanges but was also made available by news agencies and it was more readily available to general public.

10.6. It is further submitted that PNBHFL had vide its letter dated June 30, 2021 provided its response to queries sought by NSE wherein it had clearly and expressly said that no UPSI was shared by PNBHFL to any entity and all the information pertaining to capital raise had been publicly disclosed by the Company from time *to time therefore it did not consider necessary to capture any details in its Structured Digital Database.*

10.7. It may be seen from the above that the very company i.e. PNBHFL, whose information is being alleged to be UPSI, has itself declared that there was no UPSI shared and that information pertaining to capital raise had been publicly disclosed by it from time to time and hence, no UPSI existed. PNBHFL has itself declared that neither any UPSI was shared nor the fund raise (and resultant change in capital) was a UPSI and was therefore not recorded in the SDD.

10.8. It is submitted that in addition to disclosures made by PNBHFL, the information w.r.t the change in capital structure of PNBHFL was also in public domain through media sources and therefore the UPSI as alleged in the SCN is not UPSI but generally available information.

10.9. It is submitted that the SCN/SSCN has not taken into account the general profile, historical trading pattern and the portfolio composition of Noticees. The Noticee No. 7 is an active participant in the securities market for over 20 years and acts on the basis of information available in the public domain i.e. annual reports, investor presentations, earning calls, brokerage reports, broadcasted and print news as any other reasonable prudent investor would do.

10.10. It is to be further noted that the Noticees are regular traders/investors in the equity segment and have taken positions only in the cash market and have not undertaken any trade in the derivative or commodities markets in the previous 10 years.

10.11. Noticees have a diversified listed equity portfolio with holdings across 130 stocks. The total portfolio of the Noticees was worth Rs. 5.75 crore / Rs. 7.17 crore by value as of March 31, 2021 and June 30, 2021 respectively

10.12. It is relevant to note that the holding of the Noticees in PNBHFL as percentage of their total equity portfolio was only 1.0% / 3.3% (with PNBHFL at elevated price levels of Rs. 682 / share) respectively as of March 31, 2021 and June 30, 2021. Further, it is submitted that as of June 30, 2021, 9 scrips in the Noticees' portfolio *contributed to more than 3% of the total portfolio (by value) and 20 scrips had more than 1% of the total portfolio (by value) and the largest holding is HPCL with an outstanding value of Rs. 1.96 crore.*

10.13. *Noticees have been regular investors in the market and their trading in the equity market for the previous 8 financial years.*

10.14. *A tabular summary of the transactions made by the Noticees in the scrip of PNBHFL (from the listing of the scrip till date) is hereby given as follows:*

Dinesh Kumar Maheshwari (Noticee No. 7)

Transaction Date	Quantity Buy / (Sell)	Net Rate* Rs. / share	Net Trade Value* Rs.	Comments
07-Nov-2016	19	775	14,725	IPO
08-Nov-2016	(19)	923	(17,531)	
16-Nov-2016	100	806	80,601	
06-Feb-2017	100	973	97,310	
06-Feb-2017	(200)	984	(1,96,706)	
09-Apr-2021	1,000	398	3,97,990	
10-May-2021	1,000	371	3,70,930	
22-Jun-2021	(1,000)	736	(7,35,650)	
27-Apr-2023**	537	275	1,47,675	Rights issue

Dinesh Kumar Maheshwari HUF (Noticee No. 8)

Transaction Date	Quantity Buy / (Sell)	Net Rate* Rs. / share	Net Trade Value* Rs.	Comments
07-Nov-2016	19	775	14,725	IPO
08-Nov-2016	(19)	923	(17,531)	
16-Nov-2016	100	806	80,601	
06-Feb-2017	100	973	97,310	
06-Feb-2017	(200)	984	(1,96,706)	
03-Aug-2020	500	210	1,05,010	
15-Mar-2021	1,000	407	4,07,020	
10-May-2021	1,000	371	3,70,930	
22-Jun-2021	(1,000)	736	(7,35,650)	
27-Apr-2023**	805	275	2,21,375	Rights issue

Keerti Dinesh Maheshwari (Noticee No. 9)

Transaction Date	***Quantity Buy / (Sell)***	***Net Rate* Rs. / share***	***Net Trade Value* Rs.***	***Comments***
07-Nov-2016	*19*	*775*	*14,725*	*IPO*
08-Nov-2016	*(19)*	*923*	*(17,531)*	
08-Apr-2021	*1,000*	*391*	*3,90,930*	
10-May-2021	*1,000*	*371*	*3,70,930*	
22-Jun-2021	*(1,000)*	*736*	*(7,35,650)*	
*27-Apr-2023***	*537*	*275*	*1,47,675*	*Rights issue*

**buy rates are grossed-up for brokerage & other transaction costs, sell rates are grossed down*
***bid close date for rights issue*

10.15. *We deny that the alleged trades were on the basis of alleged UPSI and submit that the trades executed by the Noticees in the alleged UPSI period were in the normal course and were on the basis of the publicly available information and price movements.*

Rationale for trade on March 15, 2021

10.16. *it is pertinent to note that Economic Times published an article dated March 12, 2021 (Friday) titled "Carlyle & General Atlantic Singapore hire experts for Due-Diligence on PNBHF". It may be noted that, on March 15, 2021 (Monday), acting upon the aforesaid news article, Noticee No. 7 purchased 1000 shares at Rs. 406 per share (which was the lowest price of the day as well as the lowest price point since February 18, 2021). It may be further noted that this trade was executed via a LIMIT order which was placed at 12:00 noon and executed at 1:07 PM i.e. more than 1 hour post the order instruction (emphasis supplied). The aforesaid limit order from Noticees demonstrates that the Noticees were patiently following their value-buying approach to buy the scrip. It further demonstrates that the Noticees were in-no rush to execute the trade at the market price immediately (as could have been expected had they been in possession of any UPSI) and therefore this further contradicts the allegation of insider trading made against the Noticees.*

Rationale for the trades in April 2021

10.17. Further, Noticee No. 7 was keeping a close watch on the price of the scrip and the subsequent trades on April 08, 2021 and April 09, 2021 for 1000 shares each were bought at Rs 390/- and Rs 397/- were at a lower price compared to his last purchase in March 2021 thereby lowering down the average buy price. It is pertinent to note that no allegations have been made in the SCN with respect to the trades undertaken on April 08-09, 2021 and proximity of calls between the Noticee No. 7 and Noticee No. 2 (note that as can be seen from the CDR there were no calls for the prior 10 days between Noticee No. 2 and Noticees prior to the trades on April 08-09, 2021).

Rationale for the trades in May 2021

10.18. Further, it is noted that PNBHFL had announced their annual results on April 27, 2021 and during the earning call (transcript dated April 28, 2021), the management had indicated that the Company was in discussion with the potential investors and due to silent period, the discussions have been put on hold and will be resumed within a couple of days post the silent period.

10.19. Further, the Noticees had bought 3,000 shares on May 10, 2021, at Rs. 370 per share via Limit Order as the price was on a downward trend and to average down the buy price. It is pertinent to note that no allegations have been made in the SCN with respect to the trades undertaken on May 10, 2021, and proximity of calls between the Noticee No. 7 and Noticee No. 2 (note that as can be seen from the CDR there were no calls in the prior 2 weeks between Noticee No. 2 and Noticees prior to the trades on May 10, 2021).

10.20. Subsequently, on May 10, 2021, it is submitted that post the market hours of May 10, 2021, PNB, the promoter and single largest shareholder of PNBHFL, *announced an equity capital raise of Rs. 1800 Cr via QIP and consequently there was a strong momentum in the share price of PNBHFL given market anticipation of the use of proceeds from the funds raised by PNB. Perhaps, this led to a price increase in the scrip of PNBHFL of around 16% from close of May 10, 2021 to May 24, 2021 and therefore, the Noticees refrained from further investing in the shares of the Company.*

10.21. On May 31, 2021, PNBHFL made the disclosure on the Stock Exchange that the Company's Board approved capital raise proposal of Rs. 4,000 crore led by Carlyle.

Rationale for the sell trades in June 2021

10.22. Subsequently, on June 19, 2021 (Saturday), PNBHFL made an announcement on the Stock Exchanges about the receipt of a letter from SEBI stating that the aforesaid issue of securities of the company and matters related therewith is ultra-vires of AOA and directed the Company to undertake the valuation of shares as prescribed under 19(2) of AOA, for purpose of preferential allotment, from an independent registered valuer as per the provisions of applicable laws.

10.23. It is submitted that Noticee No. 7 had blocked a residential property for self-use in Mumbai on June 10, 2021 by making a token payment of Rs. 11 lakh to the project developer "Shree Laxmidevi Developers". Consequently, to arrange funds for the scheduled payments to be made to the said developer in the coming month, Noticees sold 3000 shares of PNBHFL on June 22, 2021 (incorrectly mentioned as 2000 shares in the SCN) worth Rs. 22 lakhs. Using proceeds from this sale, the Noticees made a payment of Rs. 21.6 lakhs to the developer on July 05, 2021 and July 06, 2021.

10.24. As the price of the scrip of PNBHFL was on a downward trend and Noticees were in need of the funds to fulfil their payment obligations to the developer, it was considered appropriate to sell PNBHFL as there was lot of uncertainty in the market pursuant to the communication received from SEBI.

11. Vide internal communication dated June 14, 2024, the concerned department of SEBI, informed that Noticee Nos. 1, 3 and 4 have withdrawn the settlement applications filed by them. It was further informed that the settlement applications filed by Noticee Nos. 5 and 6 have been rejected.

CONSIDERATION OF ISSUES AND EVIDENCE

12. I have carefully perused the allegations levelled against the Noticees in the SCN, their replies and the material / documents available on record. In the instant matter, the following issues arise for consideration and determination: -

   I. ***Whether Noticee No.1 has violated Section 12A(d) , 12A(e) of the SEBI Act and Regulation 3(1) and 4(1) of PIT Regulations by communicating UPSI while in possession of the same? and whether Noticee No.3 and 4 have violated Section 12 A(e) of SEBI Act and Regulation 4(1) of PIT Regulations, Noticee No. 5 has violated Section 12 A(e) of SEBI Act and Regulation 4(1) of PIT Regulations and Noticee No. 6 has violated Section 12 A(d), 12A(e) of SEBI Act and Regulation 3(1), 4(1) of PIT Regulations.?***

   II. ***Whether Noticee 2 has violated Section 12A(d) of the SEBI Act and Regulation 3(1) of PIT Regulations by communicating UPSI to her paternal uncle (Noticee No 7), Noticee No.8 and 9 ? and whether Noticee No 7 has violated Section 12A(d), 12A(e) of the SEBI Act and Regulation 4(1) of PIT Regulations? and whether Noticee Nos 8 and 9 have violated Section 12A(e) of the SEBI Act and Regulation4(1) of PIT Regulation by trading in the scrip of PNBHFL while in possession of and on the basis of UPSI communicated by Noticee No 2?***

   III. ***Do the violations, if any, on the part of the Noticees attract monetary penalty under Section 15 G of the SEBI Act?***

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

13. Before proceeding with the matter on merits, it would be relevant to reproduce the provisions of law:

*"**<u>Relevant Provisions of SEBI Act, 1992</u>***

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;*

<u>Relevant provisions of PIT Regulations, 2015</u>

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:*

Explanation –When a person who has traded in securities has been in possession of unpublished price sensitive information, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession.

Provided that the insider may prove his innocence by demonstrating the circumstances including the following: –

(i) *the transaction is an off-market inter-se transfer between insiders who were in possession of the same unpublished price sensitive information without being in breach of regulation 3 and both parties had made a conscious and informed trade decision.*

Provided that such unpublished price sensitive information was not obtained under sub-regulation (3) of regulation 3 of these regulations.

Provided further that such off-market trades shall be reported by the insiders to the company within two working days. Every company shall notify the particulars of such trades to the stock exchange on which the securities are listed within two trading days from receipt of the disclosure or from becoming aware of such information.;

(ii) *the transaction was carried out through the block deal window mechanism between persons who were in possession of the unpublished price sensitive information without being in breach of regulation 3 and both parties had made a conscious and informed trade decision;*

Provided that such unpublished price sensitive information was not obtained by either person under sub-regulation (3) of regulation 3 of these regulations.

(iii) *the transaction in question was carried out pursuant to a statutory or regulatory obligation to carry out a bona fide transaction.*

(iv) *the transaction in question was undertaken pursuant to the exercise of stock options in respect of which the exercise price was pre-determined in compliance with applicable regulations.*

(v) *in the case of non-individual insiders: –*

(a) *the individuals who were in possession of such unpublished price sensitive information were different from the individuals taking trading decisions and such decision-making individuals were not in possession of such unpublished price sensitive information when they took the decision to trade; and*

(b) *appropriate and adequate arrangements were in place to ensure that these regulations are not violated and no unpublished price sensitive information was communicated by the individuals possessing the information to the individuals taking trading decisions and there is no evidence of such arrangements having been breached; (vi) the trades were pursuant to a trading plan set up in accordance with regulation 5."*

14. Before proceeding on the merits of the case, it is pertinent to deal with the preliminary issues raised by Noticee Nos. 2, 7, 8 and 9. Noticee Nos. 2, 7, 8 and 9 have submitted that CDRs of a person are subject matter of confidentiality and privacy and therefore,

such privacy cannot be invaded except in accordance with law and thereby any authority collecting such information is bound to follow the due process. In this regard, Noticee Nos. 2, 7, 8 and 9 have submitted that document pertaining to the procedure was not provided to them, therefore, it can be reasonably concluded that no such procedure was followed by SEBI while procuring the CDR.

15. I have perused the SCN in the matter. Noticee Nos. 2, 7, 8 and 9 were provided all the relied upon documents along with the SCN. Subsequently, vide email dated July 26, 2023, Noticee Nos. 2, 7, 8 and 9 were provided further set of documents. Noticee Nos. 2, 7, 8 and 9 also inspected the said documents. Internal policies, which are confidential in nature, were not provided to Noticee Nos. 2, 7, 8 and 9 during the inspection. I am of the opinion that no prejudice has been cause to Noticee Nos. 2, 7, 8 and 9 by not providing the internal document which has been followed to seek call data record. Further, it is noted that Noticee Nos. 2,7,8 and 9 have not denied the calls mentioned in the CDR. Hence, I am of the opinion that this issue does not require any consideration.

16. Noticee No. 2 in her submission has stated that IR has failed to identify her as an insider. In this regard, reliance is placed on the chronology of events forwarded by Carlyle vide email dated June 12, 2022. The said chronology of events provides the list of people who were present for the discussion for the deal between PNBHFL and Carlyle. It is noted that Noticee No. 2 has been a part of calls and discussions relating to drafting, negotiating and finalizing the transaction documents regarding the investment of Carlyle in PNBHFL. Further, Noticee No. 2 in her professional capacity as Analyst at Carlyle, was working on the capital raising by PNBHFL since February 2021. Therefore, it can be inferred that Noticee No. 2 was an insider in terms of Regulation 2(g) of PIT Regulations as she had access to unpublished price sensitive information.

17. Now I proceed with the merits of the case. Noticees in their separate replies have contended that "Carlyle Asia Partners IV, L.P. and Carlyle Asia Partners V, L.P. had agreed to invest up to Rs. 3185 crore through preferential allotment of equity shares and

warrants, at a price of Rs 390 per share in PNBHFL" cannot be termed as UPSI as the same was generally available in newspapers much before such disclosure by PNBHFL to stock exchanges.

18. In the light of the above question arises, whether the information that Carlyle Asia Partners IV, L.P. and Carlyle Asia Partners V, L.P. had agreed to invest up to Rs. 3185 crore through preferential allotment of equity shares and warrants, at a price of Rs 390 per share in PNBHFL" was a UPSI?

19. I note that SEBI, during the course of investigation, had sought chronology of events from the company PNBHFL and Carlyle. From the chronology of events, it is noted that first disclosure raising of capital by PNBHFL, was made on July 30, 2019 to the stock exchanges. Subsequently, vide various disclosures to the stock exchanges, PNBHFL informed that it is in the process of raising capital through permitted mode, including Qualified Institutional Placement (QIPs) and infusion of funds by PNB in PNBHFL. In the disclosure to the stock exchange dated March 03, 2020, PNBHFL had informed that after successful closure of the raising capital through Qualified Institutional Placement (QIP), the board considered to offer Quality Investment Holdings (QIH) (affiliate of Carlyle), a preferential allotment of equity shares and/or permissible securities. However, the number of shares to be offered to QIH was not disclosed. Further, vide disclosure dated February 19, 2021, PNBHFL informed that PNB has stated that it shall not participate in the capital raising plan of PNBHFL, however, PNBHFL decided to continue to raise capital by permitted modes. Therefore, I am of the opinion that the news that PNBHFL is planning to raise funds was in the public since July 30, 2019.

20. From the disclosures available on stock exchanges made by PNBHFL, it is noted that the news with respect to raising capital by PNBHFL first came into light in the year 2019. However, how PNBHFL is raising fund and who is the counterparty which is infusing funds in PNBHFL was not crystallized until the discussions with Carlyle undertook and Carlyle sought approval from Pluto Investment to invest in PBHFL.

21. The Noticees have contended that Carlyle investing Rs. 3185 Crore in PNBHFL cannot be termed as UPSI as the said information has been available in the news reports/media as PNBHFL was looking to raise capital. In this regard, Noticees have relied upon the order of SEBI dated October 22, 2020 in the matter of Bharti Airtel Limited and Order dated December 20, 2023 of Hon'ble Securities Appellate Tribunal (SAT) in the matter of Future Corporate Resources Pvt. Ltd.

22. The Noticees have stated that where relevant information was already in the public domain in news reports prior to its disclosure by the company to the stock exchanges, the alleged UPSI would be 'generally available information' and not an unpublished price sensitive information under the PIT Regulations.

23. Regulation 2(1)(e) of PIT Regulations defines the generally available information as follows:

    2*(1)(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.

24. It is noted that the Noticees have submitted number of news articles/items published in number of widely distributed news papers and broadcasted on widely watched on business news channels. I note that what was available in the newspapers and through several media reports that PNBHFL is looking to raise capital.

25. The orders of Hon'ble SAT mentioned by the Noticees have been perused and I find the reliance on the said orders misplaced. In the said orders the details of the counterparty and details of the deals were generally available in the newspapers much before the

actual deals. However, in the present case there were media articles that PNBHFL is raising capital. In fact for a considerable period, it was PNB which was considered to investing in PNBHFL. The news regarding raising of capital by PNBHFL crystallised to concrete UPSI when there was an identified investor, timelines to close the deal etc. In the present case, the details of the counterparty was discussed and reported in the newspapers/media only during the UPSI period. The information regarding Carlyle investing in PNBHFL was not available in the media reports/newspapers before the UPSI period. Therefore, I do not agree with the submissions of the Noticees that investment by Carlyle in PNBHFL was a generally available information. I am of the opinion that the investment of Rs. 3185 Crore by Carlyle was a UPSI and has been correctly identified by the investigation.

26. From the chronology of events, it is further noted that the discussions between PNBHFL and Carlyle with respect to the investment, began on February 16, 2021. Noticee No. 2 was a part of the discussion as an employee of Carlyle. It is observed that on February 26, 2021, an email was sent to PNBHLF by QIH expressing interest in participating in the fund raise. From February 26, 2021, the due diligence with respect to the investment opportunity was initiated by Carlyle. The confidentiality agreement was signed between QIH and PNBHFL on March 01, 2021. However, the negotiation and finalization of the transaction documents began on April 14, 2021. Chronology reflects that on subsequent days, the discussions about investor communications and other processes took place. However, on April 27, 2021 Carlyle received approval from Pluto Investments for the investment. After the approval on April 27, 2021, there was a certainty that the investment of Rs. 3185 Crore by Carlyle in PNBHFL is going through. Therefore, the investment by Carlyle in PNBHFL cannot be termed as generally available information. The only generally available information was raising of fund by PNBHFL through permissible routes, however, investment of Carlyle in PNBHFL was not generally available and hence, it was a UPSI.

27. It is submitted by Noticee Nos. 2, 7, 8 and 9 that while considering UPSI, SEBI did not take in account the trademark agreement between PNB and PNBHFL. I note that as per the trademark agreement dated December 07, 2009 between PNB and PNBHFL, it was agreed that PNB would hold a minimum of 26% capital in PNBHFL and thereby allow the usage of its trademark. On May 05, 2021, PNB and PNBHFL in the Stakeholders Relationship Committee meeting discussed change in the terms of the trademark agreement. On May 25, 2021, PNBHFL made a disclosure on the stock exchange regarding the execution of the revised trademark agreement with PNB. On May 31, 2021, PNBHFL in its disclosure referred to the revised trademark agreement dated May 24, 2021 and wherein the minimum shareholding of PNB in PNBHFL was reduced to 20% from the earlier 26%. Noticee Nos. 2, 7, 8 and 9 have submitted that vide letter dated May 05, 2021, PNBHFL had mentioned that change in the trademark agreement shall be prior to raising capital by PNBHFL.

28. The said letter is perused and I note that in the said letter, it was mentioned that QIH has initiated the due diligence regarding its investment in PNBHFL in the month of March 2021. I note that both PNB and PNBHFL had agreed on the terms of the new trademark agreement as PNB did not receive the requisite approval from Reserve Bank of India for the investment. Further, I note that the change in terms of trademark agreement was not a material requirement for QIH to conduct the due diligence. QIH initiated the due diligence much before the execution of revised trademark agreement between PNB and PNBHFL.

29. Now coming to the trades executed by Noticee Nos. 3 to 9 during the UPSI, it is important that the disclosures made by PNBHFL are revisited. It is noted that PNBHFL made following disclosures to the stock exchange regarding its raising of capital:

Date	Amount (in Rs.)	Particulars
30-07-2019	2000 Cr	PNBHFL to raise an amount not exceeding 2000 Crore by issuing Equity shares and/or any other financial instruments through preferential issue, QIP,

Date	Amount (in Rs.)	Particulars
		rights issue of through any permissible mode or any combination thereof.
30-01-2020	2000 CR	PNB to fund PNBHFL subject to regulatory approvals
03-03-2020	1700 Cr	The Board approved the raising of capital through QIP in accordance with the applicable provisions.
19-08-2020	1800 Cr	PNBHFL to raise 1800 Crore through preferential issue, QIP, rights issue or through any permissible mode.
29-10-2020	1800 Cr	PNB is seeking regulatory approvals to infuse capital through preferential or rights issue
27-01-2021	1800 Cr	PNBHFL modified earlier Board resolution to include additional mode of raising funds i.e. QIP along with preferential issue/rights issue and or combination thereof.
27-01-2021	1800 Cr	Earnings Call Transcript - PNB is waiting for RBI approval, the company approached board to maintain optionality and therefore added QIP mode.
30-01-2021	1800 Cr	whenever PNB gets approval from RBI, the capital will be raised through either rights issue or preferential issue
19-02-2021		PNB expressed it inability to participate
28-04-2021		PNB is still examining the mode to raise capital and is in talk with various investors.
25-05-2021		PNBHFL made a disclosure that in its Board meeting dated May 31, 2021, the Board to consider and approve the proposed fund raising.
31-05-2021	4000 Cr	preferential allotment on a private placement basis to 4 investors 1. Pluto Investments (Carlyle Group) 2. Salisbury Investments Pvt. Ltd. (PAC with Carlyle) 3. GA Atlantic 4. Alpha Investments

30. From the aforesaid disclosures, it is noted that PNBHFL had discussed its capital raising through various modes, in its various Board Meetings. Further, it is noted that until February 19, 2021, PNB was expected to invest in PNBHFL. However, the said transaction could not take off as RBI did not grant necessary approvals for the same.

Further, the disclosures made to the stock exchange also made it clear that in case deal with PNB does not take place, PNBHFL shall raise capital through any permissible route, including private placement to QIPs. Therefore, I am of the opinion that the said disclosures from time to time for two years gave a subtle hint to the investors that the capital raising shall take place with any permissible route and such permissible routes were already disclosed to the public.

31. It is alleged in the SCN that Noticee Nos. 3 to 9 traded in the scrip of PNBHFL while in possession of UPSI regarding investment of Carlyle in PNBHFL. The details of trades undertaken by Noticee Nos. 3 to 9 is given below:

Sr. No.	Name of the Noticee	Trade date	Traded Quantity
1.	Facts Tradelink Ltd.	01/04/2021 05/04/2021 12/04/2021 04/06/2021	1000 (purchase) 500 (purchase) 3500 (purchase) 5000 (sale)
2.	Mark Corporation Pvt. Ltd.	28/05/2021 03/06/2021	5000 (purchase) 5000 (sale)
3.	Saurabh Hirawat	28/05/2021 28/05/2021 02/06/2021 02/06/2021	2325 (purchase) 511 (purchase) 2325 (sale) 511 (sale)
4.	Suhani Hirawat	28/05/2021 06/06/2021 08/06/2021	1600 (purchase) 600 (sale) 1000 (sale)
5.	Dinesh Kumar Maheshwari	09/04/2021 10/05/2021 22/06/2021	1000 (purchase) 1000 (purchase) 1000 (sale)
6.	Dinesh Kumar Maheshwari (HUF)	15/03/2021 10/05/2021 22/06/2021	1000 (purchase) 1000 (purchase) 1000 (sale)
7.	Keerti Dinesh Maheshwari	08/04/2021 10/05/2021 22/06/2021	1000 (purchase) 1000 (purchase) 1000 (sale)

32. In their defense, it has been submitted by the Noticee Nos. 3 to 9 that the trades were undertaken by them pursuant to various disclosures made by PNBHFL at the stock exchange. The Noticee Nos. 3 to 9 have submitted that they are regular investors and have been trading in the securities market very frequently. For the sake of clarity, the trades of the Noticee Nos. 3 to 9 are examined group wise.

Trades of Noticee Nos. 3 and 4

33. It is alleged in the SCN that the tipper passed the UPSI to Noticee No. 1 through various calls between February 17, 2021 to May 27, 2021. It is important that the trades are examined in the light of the calls made between the tipper and Noticee No. 1 who executed trades on behalf of both Noticee No. 3 and 4.

34. It is observed that during the UPSI Noticee No. 3 executed trades on April 01, 2021, April 05, 2021 and April 12, 2021. From the CDR analysis between Noticee No. 1 and the Tipper, it is noted that wife of Noticee No. 1 had regularly been talking to the Tipper much before the trades undertaken by Noticee No. 1 on behalf of Noticee Nos. 3 and 4. As per CDR, wife of Noticee No. 1. had been in regularly communicating with the Tipper from January 19, 2021. In this regard, Noticee No. 1 has submitted that the Tipper is the son of his friend and had just started working in Mumbai. Since, it was Covid period, his wife had been talking to the Tipper to inquire about his wellbeing as the tipper was staying alone during the said period.

35. However, from the CDR analysis, it is noted that there are no calls between the wife of Noticee No. 1 and the Tipper for a month between March 26, 2021 and April 25, 2021. On the other hand, it is noted that all the trades were executed on behalf of Noticee No. 3 during the said period i.e. on April 01, 2021, April 05, 2021 and April 12, 2021. Therefore, the calls between the Tipper and wife of Noticee No. 1 do not coincide with each other. However, from the media/news reports it is observed that in March 2021, it was widely reported in the newspapers that two overseas investors

Carlyle and General Atlantic, Singapore have hired consultants to initiate the due diligence to invest in PNBHFL. Further, Noticee No. 1 has been associated with the securities market for last 20 years and was a regular investor. From the news reports and the trades executed by Noticee No. 1 on behalf of Noticee No. 3, lack of evidence in the investigation report , it cannot be inferred that such trades were executed only on basis of UPSI. In fact from the record it is noted that there no calls between the Tipper and Noticee No. 1 or his wife, preceding the trades executed in April 2021.

36. Regarding trades of Noticee No. 4, it is observed that Noticee No. 1 executed trades on behalf of Noticee No. 4 on May 28, 2021. Further, Noticee No.1 made a call to the Tipper on May 27, 2021. The said call has not been denied by Noticee No. 1. However, Noticee No. 1 has submitted that the said call was made on account of fixing of marriage of the Tipper. In support of the same, Noticee No.1 has submitted the messages exchanged between the Tipper and the wife of Noticee No. 1, immediately after the said call with time and date stamp.

37. I also note that on May 25, 2021, PNBHFL had disclosed on the stock exchange platform that in the Board Meeting scheduled on May 31, 2021, the Board of PNBHFL shall be considering and approving the fund raising. Further, the price movement in the scrip of PNBHFL during the said period took place as below:

Price Movement at BSE

Date	Open Price	High Price	Low Price	Close Price	No. of Shares	No. of Trades
24-May-21	415.00	429.95	415.00	426.05	53,943	3,152
25-May-21	432.00	440.00	401.95	403.95	45,999	2,449
26-May-21	406.50	429.35	406.50	423.05	49,867	3,175
27-May-21	424.60	432.55	424.10	429.50	34,452	1,456
28-May-21	428.00	444.00	428.00	437.70	57,975	3,378
31-May-21	440.00	525.20	440.00	525.20	95,996	3,632
01-Jun-21	630.20	630.20	630.20	630.20	28,989	3,58

Price Movement at NSE

Date	Open	High	Low	Close	Volume	Value	No of trades
24-May-21	419.00	430.00	417.95	426.10	7,45,035	31,66,97,869.95	16,234
25-May-21	428.10	435.00	401.55	403.70	9,29,251	38,64,80,035.45	23,890
26-May-21	409.80	429.65	406.70	425.70	6,15,212	25,74,60,054.25	13,826
27-May-21	428.00	433.00	423.80	429.45	7,04,390	30,22,71,327.70	14,284
28-May-21	430.00	444.00	429.65	438.05	7,38,488	32,34,86,995.20	14,885
31-May-21	442.00	525.65	442.00	525.65	23,86,983	1,18,11,68,115.25	50,108
01-Jun-21	630.75	630.75	630.75	630.75	4,12,628	26,02,65,111.00	4,282

38. It can be seen from the tables above that the closing price of the scrip was on an upward trend from May 25, 2021 after PNBHFL made a disclosure at the stock exchange that in the Board Meeting dated May 31, 2021, the Board will consider and approve the capital raise plan of PNBHFL. Noticee No. 4 traded in the scrip of PNBHFL on May 28, 2021. Therefore, it can be inferred that pursuant to the said disclosure there was already a momentum in the market that the capital raising by PNBHFL is at the final stage. As discussed earlier, Noticee No. 1 is a regular investor in the securities market, and looking at the trend in the scrip of PNBHFL, and the fact that investigation has not produced any evidence to show that there has been exchange of information between tipper and Noticee No. 1 except the call made on May 27, 2021, it cannot be concluded that the shares were purchased on the basis of UPSI. Therefore, I am inclined to give benefit of doubt to Noticee No. 4.

39. It is further noted that Noticee No. 3 and 4 have been dealing in securities on a regular basis and they have been holding shares worth substantial amount pursuant to their dealings in the securities market. From the records, it is observed that Noticee No. 1 was holding stocks worth Rs. 400 Crores approx. in various companies in his name and in the name of his companies including Noticee Nos. 3 and 4. Considering the investment portfolio of Noticee Nos, 1, 3 and 4, it may not be incorrect to infer that Noticee Nos. 1, 3 and 4 kept a track of the investment opportunities on the basis of

the market news and sentiments regarding the scrip. In view of above and bearing in mind that PNBHFL was trying to raise capital for 2 years and that investigation has not produced any evidence to show that there has been exchange of information between tipper and Noticee No. 1 except the call made on May 27, 2021, I am of the opinion that it cannot be inferred that the alleged transactions by Noticee Nos. 1, 3 and 4 were on the basis of UPSI, and hence, I am inclined to give benefit of doubt to Noticee Nos. 1, 3 and 4.

<u>Trades of Noticee Nos. 5 and 6</u>

40. It is alleged in the SCN that the Tipper passed the UPSI to Noticee No. 5 on May 27, 2021 and pursuant to the said UPSI, Noticee Nos. 5 and 6 executed trades in the scrip of PNBHFL on May 28, 2021.

41. Noticee No. 5 and 6 in their defense, have submitted that the Tipper is the son of family friend of Noticee No. 6. It was further submitted by them that since it was Covid period and the Tipper had been staying alone in Mumbai, Noticee No. 6 and the Tipper used to call each other to inquire the wellbeing of each other.

42. In this regard, it is observed from the CDR analysis provided by SEBI in the SCN, that Noticee No. 6 has been in contact with the Tipper since December 2020 and there have been infrequent calls between them in the subsequent months. It is submitted by Noticee No. 5 and 6 that the alleged call dated May 27, 2021 between Noticee No. 6 and the Tipper was on account of marriage of the Tipper being fixed. It is submitted by Noticee Nos. 5 and 6 that the call was merely a brief congratulatory call.

43. I also note that on May 25, 2021, PNBHFL had disclosed on the stock exchange platform that in the Board Meeting scheduled on May 31, 2021, the Board of PNBHFL shall be <u>considering and</u> <u>approving</u> the fund raising. The price movement of the scrip of PNBHFL pursuant to the said disclosure is mentioned at pre para 37.

44. It is further noted that during the UPSI period, Noticee Nos. 5 and 6 have traded in other scrips also in addition to PNBHFL. Further, from the statement of holding and trades executed by Noticee No. 5 and 6 during the UPSI period, it is observed that they had been trading regularly in the securities market and have been investing in various scrips.

45. Considering the investment portfolio of Noticee Nos, 5 and 6, it may not be incorrect to infer that Noticee Nos. 5 and 6 keep a track of the investment opportunities on the basis of the market news and sentiments regarding any scrip. Bearing in mind that PNBHFL was trying to raise capital for 2 years, and the fact that investigation has not produced any evidence to show that there has been information exchange between tipper and Noticee No. 6 except the call made on May 27, 2021, I am of the opinion that it cannot be inferred that the alleged transactions by Noticee Nos. 5 and 6 have been on the basis of UPSI and hence, I am inclined to give benefit of doubt to Noticee Nos. 5 and 6.

46. In this regard, it is pertinent to mention the order of Hon'ble SAT in the matter of Manoj Gaur v. SEBI (Appeal No. 64 of 2012) wherein Hon'ble SAT observed that:

> "*Looking at the trading pattern, the number of shares purchased and going by their status, it seems highly improbable that trading was done by them on the basis of UPSI. On the other hand, it is more probable that they traded in the normal course of business."*

47. On the basis of the trading pattern, I am of the opinion that Noticee Nos. 1, 3, 4, 5 and 6 have been trading in the securities market regularly. They have traded not only in the securities of PNBHFL but also other companies. From the trading pattern, it is further observed that Noticee Nos. 1, 3, 4, 5 and 6 buy the shares of companies and then they may/may not hold the shares. Therefore, relying on the aforementioned order of Hon'ble SAT, I am of the opinion that it cannot be concluded that Noticee Nos.

1 (on behalf of Noticee Nos. 3 and 4), 3, 4, 5 and 6 have traded in the scrip of PNBHFL on the basis of UPSI.

Trades of Noticee Nos. 7 to 9

48. It is alleged in the SCN that Noticee No. 2, through various calls between February 07, 2021 to March 14, 2021, passed the UPSI to Noticee No. 7. It is noted from the SCN that Noticee Nos. 7 to 9 together executed 6 transactions in the scrip of PNBHFL during the UPSI, however, only one trade executed by Noticee No. 8 on March 15, 2021 happens to be on the next day after the call between Noticee No. 2 and Noticee No. 7 i.e. March 14, 2021.

49. Noticee Nos. 7, 8 and 9 have submitted that they have been dealing in the scrip of PNBHFL much before the announcement by PNBHFL regarding the capital restructuring. They made their first trade in the scrip of PNBHDL in the year 2016 when the IPO of PNBHFL came. Noticee No. 2, and 7 have further submitted that they are relatives and have been talking frequently in the year 2021, because Noticee No. 2 was intending to purchase an apartment in Mumbai and Noticee No. 7 being a consultant on Vastu , was advising Noticee No. 7 on the same. Noticee has submitted the messages exchanged between Noticee No. 2 and 7 with the date and time stamp wherein the vastu of the apartments visited by Noticee No. 2 has been discussed.

50. From the media/news reports it is observed that on March 12, 2021, it was widely reported in the newspaper that two overseas investors Carlyle and General Atlantic, Singapore have hired consultants to initiate the due diligence to invest in PNBHFL. As discussed in pre-para that Noticee No. 7 to 9 have been investing regularly in the scrip of PNBHFL from the time of its IPO and had a portfolio of more than 5 Crore during the UPSI, I am of the opinion that the transaction on March 15, 2021 by Noticee No. 8 does not appear to be on the basis of UPSI.

51. Regarding the trades executed in April 2021, Noticee No. 7 to 9 have submitted that the price of the scrip was lower on the traded days i.e. April 08-09, 2021 than the last purchase on March 15, 2021. Therefore, Noticee No. 7 took the said investment decision for himself and Noticee No. 9. I am inclined to give benefit of doubt to the Noticee No. 7 and 9 for the trades executed on April 08-09, 2021 as investigation has not alleged any call between Noticee Nos. 2 and 7 during the period. In fact as per CDR analysis, there are no calls between Noticee No. 2 and 7 for a month between March 28, 2021 to April 26, 2021. In the absence of any evidence, I am of the opinion that trades executed on April 08-09, 2021 cannot be inferred to be on the basis of UPSI.

52. Further, for the trades executed by Noticee No. 7 to 9 on May 10, 2021, Noticee Nos. 7 to 9 have submitted that PNBHFL had announced its annual results on April 27, 2021. Further, on April 28, 2021, in the earning call transcript, PNBHFL had disclosed at the stock exchange that they had initiated the process of evaluating multiple options for the capital raise, however, due to the silent period, they could not complete the process.

53. I also note that there are no calls preceding the trades on May 10, 2021. The last call between Noticee No. 2 and 7 preceding the trade on May 10, 2021, took place on April 27, 2021. Further, as per the SCN, there were no calls between Noticee Nos. 2 and 7 between April 27, 2021 to May 11, 2021. In the absence of any evidence that there was an exchange of information between Noticee No. 2 and 7, I am inclined to given benefit of doubt to Noticee Nos. 7 to 9 for their trades on May 10, 2021.

54. Reliance is placed on order dated October 10, 2024 by Hon'ble SAT in the matter of Affluence Fincon Service Pvt. Ltd. v. SEBI, (Appeal No. 314 of 2021) wherein Hon'ble SAT has observed the following:

"*The scrip of IAL is not new for Dhiren Shah (and Ms. Amee Shah), and he made significant investment of Rs. 49.99 Crore in IAL, a company engaged in e-commerce, in its preferential issue way back in 2014, when the company was still unlisted. They are still holding this investment. Even the equity investment in IAL, 40,016 shares purchased by Appellant No. 3 and 2,46,000 shares purchased by Appellant No. 1 during the alleged UPSI period, continue to be held in the post-UPSI period. Hence, there is no reason not to assume that the impugned subscription in IAL scrip and its sale / holding decision were based on domain knowledge of Dhiren Shah*."

55. Based on the aforesaid order of Hon'ble SAT and trading pattern of Noticee Nos. 7, 8 and 9, I have noted that Noticee Nos. 7 to 9 have been trading in the scrip of PNBHFL from the time of its IPO and this fact cannot be ignored in the present matter. Further, Noticee No. 7 to 9 invested in the rights issue of PNBHFL in the year 2023. Therefore, based on the trading pattern and the fact that they dealt in the securities of PNBHFL before UPSI and after UPSI as well, I am of the opinion that trades executed by Noticee Nos. 7,8 and 9 during the UPSI period cannot be inferred to be on the basis of UPSI. Therefore, I am inclined to give benefit of doubt to Noticee Nos. 2, 7, 8 and 9.

56. I am of the opinion that circumstantial evidences in the present matter are not sufficient to prove that Noticees are guilty of insider trading. In fact the trading pattern/ their track record in the securities market and their shareholding in various scrip show that the trades undertaken by Noticee Nos. 3 to 9 were in the ordinary course of business. Further news about fund raising by PNBHFL has been in public domain since 2019 based on the disclosures made by PNBHFL. The noticees being the regular investors in the market have considerable investment portfolios which include not only the scrip of PNBHFL but other scrips as well. At this juncture I am inclined to rely on the

judgment of Hon'ble Supreme Court in the matter of Balram Garg V. SEBI[1] wherein Hon'ble Supreme Court observed the following:

"***The said decisions of selling the shares and the timings thereof were purely a personal and commercial decision undertaken by them and nothing more can be read into those decisions.*** *If the Appellants did possess the UPSIs, we are unable to understand that why would the Appellant Mrs. Shivani Gupta sell only 15,00,000 shares during this period as opposed to the 74,35,071 shares that were sold at an earlier point of time (Pre-UPSI-1 Period) and still continue to hold 12,84,111 shares of the company that could have also been sold along with the 15,00,000 shares that were sold during the UPSI-2 period.*

…

It would also be pertinent to note here that Regulation 3 of the PIT Regulations, which deals with communication of UPSI, does not create a deeming fiction in law. Hence, it is only through producing cogent materials (letters, emails, witnesses etc.) that the said communication of UPSI could be proved and not by deeming the communication to have happened owing to the alleged proximity between the parties." (Emphasis Supplied)

57. Therefore, from the discussions above, and in the absence of any evidence, I am constrained to give benefit of doubt to the Noticees and therefore, I am of the opinion that the violations of following provisions by the Noticees are not established :

57.1. Section 12A(d) , 12A(e) of the SEBI Act and Regulation 3(1) and 4(1) of PIT Regulations by Noticee No. 1

57.2. Section 12 A(e) of SEBI Act and Regulation 4(1) of PIT Regulations by Noticee No.3 and 4,

57.3. Section 12 A(e) of SEBI Act and Regulation 4(1) of PIT Regulations by Noticee No. 5

57.4. Section 12 A(d), 12A(e) of SEBI Act and Regulation 3(1), 4(1) of PIT Regulations by Noticee No. 6.

[1] MANU/SC/0501/2022

57.5. Section 12A(d) of the SEBI Act and Regulation 3(1) of PIT Regulations by Noticee 2,
57.6. Section 12A(d), 12A(e) of the SEBI Act and Regulation 4(1) of PIT Regulations by Noticee No 7
57.7. Section 12A(e) of the SEBI Act and Regulation4(1) of PIT Regulation by Noticee Nos 8 and 9 .

58. Since, the allegations against the Noticee are not proved, I do not find it necessary to deal with the other issues raised in para 12.

ORDER

59. In view of my findings noted in the preceding paragraphs, I hereby dispose of the adjudication proceedings initiated against the Noticees vide SCN dated June 16, 2023 read with supplementary SCN dated July 28, 2023 without imposition of any monetary penalty. 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 : December 27 , 2024
Place : Mumbai

Asha Shetty
Adjudicating Officer