BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER NO: Order/AK/BS/2022-23/21736-21743

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

1. Goutam Patidar, **(PAN: BZCPP7367M)** **16, Old Rajmohalla,** **Indore - 452 007.**	**2. Sanjay Patidar,** **(PAN: AOGPP8679A)** **H.No.13,Bazar Chowk, Mhowgaon, Mhow, Indore.**
3. Mukesh Patidar, **(PAN: AMTPP3165E)** **88, Main Road, Hanuman Chowk MHOW Indore.**	**4. Ravi Kelotra** **(PAN: CSLPK9114L)** **H.No. 913, Gavali Palasiya,** **Mhow, Indore**
5. Sunil Kr Tewari, **(PAN: ALTPT6202H)** **530, Silver Star City, Nihalpur Mundi, Indore.**	**6. Kulbhushan Singh Rajput,** **(PAN: AOVPR5091P)** **D-11, Swastik Vihar Colony, Rangwasa Rau Indore.**
7. Piyush Patidar, **(PAN: BENPP6404F)** **9, Ahilyapuri, Bhawarkuan Square, Indore.**	**8. Shakti Pumps (India) Ltd.,** **(PAN: AAECS5027L), Plot No. 401, 402 & 413, Sector III, Industrial Area, Pithampur, DHAR – 454 775.**

IN THE MATTER OF SHAKTI PUMPS (INDIA) LIMITED

BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') had carried out an investigation in the matter of insider trading by certain entities in

the scrip of Shakti Pumps (India) Limited (hereinafter referred to as **"the Company"** or **"SPIL"**) during the period March 27, 2018 to October 17, 2018 (hereinafter referred as **"Investigation Period** or **IP"**).

2. It was observed that Goutam Patidar (Noticee No. 1), Sanjay Patidar (Noticee No. 2), Mukesh Patidar (Noticee No. 3) and Shakti Pumps (India) Ltd. (Noticee No. 8) allegedly violated Clause 6 & 10 as specified in Schedule B r/w Regulation 9(1) of SEBI (Prohibition of Insider Trading), Regulations 2015 (hereinafter referred to as **"PIT Regulations"**). It was also observed that Goutam Patidar (Noticee No. 1), Mukesh Patidar (Noticee No. 3), Ravi Kelotra (Noticee No. 4), Sunil Kr Tewari (Noticee No. 5), Kulbhushan Singh Rajput (Noticee No. 6) and Piyush Patidar (Noticee No. 7), allegedly violated Regulation 7(2)(a) of PIT Regulations. Hereinafter, Noticees No. 1 to 8 shall be collectively referred to as "Noticees".

APPOINTMENT OF ADJUDICATING OFFICER

3. Upon being satisfied that there are sufficient grounds to inquire and adjudicate upon the violation of provisions of the PIT Regulations r/w Securities and Exchange Board of India Act, 1992 (hereinafter referred to as ***"*SEBI Act*"***) by the Noticees, SEBI, in exercise of powers under section 15-I of SEBI Act and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 ("**Adjudication Rules** ") read with Section 19 of the SEBI Act appointed Ms. Geetha G., as the Adjudicating Officer **(**hereinafter referred to as the "**AO"),** vide order dated March 08, 2022, to inquire into and adjudge u/s 15-I r/w section 15 A(b) and/ or 15 HB of SEBI Act, the alleged violations by the Noticees. Pursuant to transfer of Ms. Geetha G., SEBI appointed undersigned as AO, vide order dated August 29, 2022.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. A common Show Cause Notice (hereinafter referred to as the "**SCN"**) ref. no. EAD-6/AK/BS/48055*/1/2022 (* and others) dated September 12, 2022 was issued to the Noticees in terms of the provisions of rule 4(1) of the SEBI Adjudication Rules r/w Section 15-I of SEBI Act, requiring the Noticees to show cause as to why an inquiry should not be held against them in terms of Rule 4 of the Adjudication Rules r/w Section 15 I of the SEBI Act and why penalty should not be imposed in terms of Sections 15A(b) and/ or 15 HB of the SEBI Act, as applicable.

5. I note that the allegations levelled against Noticees in the SCN are summarized as under:

5.1 Noticee No. 1 - Goutam Patidar, Noticee No. 2 - Sanjay Patidar and Noticee No. 3 - Mukesh Patidar - being designated employees traded in the scrip of SPIL during the IP without seeking pre-clearances and entered in contra trades within six months and made unlawful gains, thereby violated Clause 6 and 10 of the Minimum Standards for Code of Conduct to Regulate, Monitor and Report Trading by Insiders as specified in Schedule B r/w Regulation 9(1) of PIT Regulations.

5.2 Noticee No. 1 - Goutam Patidar, Noticee No. 3 - Mukesh Patidar, Noticee No 4 - Ravi Kelotra, Noticee No. 5 - Sunil Kr Tewari, Noticee No. 6 - Kulbhushan Singh Rajput and Noticee No. 7 - Piyush Patidar, traded in the scrip of SPIL during the IP aggregating to traded value (both on BSE and NSE together) of more than ten lakh rupees in calendar quarters for the period Sep 27, 2017 to April 17, 2019, and failed to make any disclosure to SPIL, thereby violated Regulation 7(2)(a) of PIT Regulations.

5.3 Noticee No 8 - SPIL did not disgorge the unlawful gains thereby violated Clause 10 of the Code of Conduct.

6. I note that the Noticees responded to the SCN, *inter alia*, as under;

6.1 Goutam Patidar, Sanjay Patidar and Mukesh Patidar pleaded that the transaction happened inadvertently and requested to drop the proceedings.

6.2 Ravi Kelotra, Sunil Kr Tewari, Kulbhushan Singh Rajput and Piyush Patidar submitted that SEBI has taken decision to not impose any penalty and gave strict warning to be careful in future to avoid recurrence of such instance. That was the first and the last transaction. As SEBI has already warned, said Noticees requested to drop the proceedings. Copy of SEBI letter dated February 24, 2022 was enclosed with their reply.

6.3 SPIL submitted that company has taken stringent measures to keep proper eye on each person falling within the definition of insider and will comply with all rules and regulations in future. SEBI has taken decision to not impose any penalty and gave strict warning to be careful in future to avoid recurrence of such instance. SPIL requested to drop the proceedings without penalty. Copy of SEBI letter dated February 24, 2022 was enclosed with its reply.

7. Vide Hearing Notice dated September 27, 2022, Noticees were granted an opportunity of hearing on October 11, 2022. The noticees authorized Mr. Manish Maheshwari, Practicing Company Secretary and Mr. Ravi Patidar, Company Secretary of SPIL, to appear on their behalf. Mr. Manish Maheshwari and Mr. Ravi Patidar appeared before me on October 11, 2022 and accepted the violations alleged in the SCN and requested for leniency.

8. In note that, vide post hearing submissions dated October 17, 2022, the Noticees, inter alia, submitted as under;

8.1 Goutam Patidar

"I was not aware about the thresh hold limit of the trading of company's share or anything related to trading in company's share other than the trading window clause.

In case, I would have been aware about the thresh hold limit, I would not have done the transaction or would have complied the regulations like I did in trading window rules. Our trades are very normal trades without any superior ulterior motives of profiting. I further submit that the transaction done was due to lack of knowledge of thresh hold limit and I hereby pray you to close the proceeding by taking lenient view on the inadvertent error happened by without imposing any penalty or bare minimum penalty. I kindly request you to please do not go with the strictness or rigidity as mistake done with lack of awareness in this regard. I am small investor and right now a jobless person from last 2-3 months. I have clean history of following all the rules and regulations for which I had awareness. I further assure you that I shall not be doing any such transaction in the future."

8.2 Sanjay Patidar

"I was not aware about the contra trading and I have not been informed about the contra trading provisions. In case, I would have been aware about the contra trading provisions, I would not have done the transaction or would have complied the regulations. I further submit that I have not done transactions based on any internal tips. The transaction done was due to lack of knowledge of contra trading provisions and I hereby pray you to close the proceeding by taking lenient view on the inadvertent error happened by without imposing any penalty or bare minimum penalty. I further assure you that I shall not be doing any such transaction in the future."

8.3 Mukesh Patidar

"I was not aware about the thresh hold limit of the trading of company's share. In case, I would have been aware about the thresh hold limit, I would not have done the transaction or would have complied the regulations. I was not aware about the contra trading and I have not been informed about the contra trading provisions. In case, I would have been aware about the contra trading provisions, I would not have done the transaction or would have complied the regulations. I further submit that the transaction done was due to lack of knowledge thresh hold limit and I hereby pray

you to close the proceeding by taking lenient view on the inadvertent error happened by without imposing any penalty. I further assure you that I shall not be doing any such transaction in the future."

8.4 Ravi Kelotra

"The said transactions happened due to lack of knowledge. I have not done any transactions in my company's shares on any internal tips. Our trades are very normal trades without any superior ulterior motives of profiting. I hereby pray you to close the proceeding without imposing any penalty and take lenient view on the inadvertent error happened. I have received a warning letter from SEBI dated February 24, 2022 taken decision to not impose any penalty and gave strict warning to be careful in future to avoid recurrence of such instance. I further assure you that I shall not be doing any such transaction in the future."

8.5 Sunil Kr Tewari

"Transactions have been done because of lack of knowledge and profit earned is approx. Rs. 5,500/- I hereby pray you to close the proceeding without imposing any penalty and I am ready to surrender the earned profit of Rs. 5,500/-. Kindly consider my request and take lenient view on the inadvertent error happened. I have received a warning letter from SEBI dated February 24, 2022 taken decision to not impose any penalty and gave strict warning to be careful in future to avoid recurrence of such instance. I further assure you that I shall not be doing any such transaction in the future."

8.6 Kulbhushan Singh Rajput

"Transactions have been done because of lack of knowledge and profit earned is approx. Rs. 39,000/- I hereby pray you to close the proceeding without imposing any penalty and I am ready to surrender the earned profit of Rs. 39,000/-. Kindly consider my request and take lenient view on the inadvertent error happened. I have received

a warning letter from SEBI dated February 24, 2022 taken decision to not impose any penalty and gave strict warning to be careful in future to avoid recurrence of such instance. I further assure you that I shall not be doing any such transaction in the future."

8.7 Piyush Patidar

"Our trades are very normal trades without any superior ulterior motives of profiting. I have actually suffered a loss of Rs. 30,000. I pray to close the proceeding without imposing any penalty and take lenient view on the inadvertent error happened. I have received a warning letter from SEBI dated February 24, 2022 taken decision to not impose any penalty and gave strict warning to be careful in future to avoid recurrence of such instance. I further assure you that I shall not be doing any such transaction in the future."

8.8 SPIL

"Pursuant to PIT Regulations, company has formed the code of conduct and prepared the list of designated employees as per rules and practice which includes top three levels of company management. While preparing this list, inadvertently we included junior level employees. Company has taken stringent measures to keep proper eye on each person falling within the definition of insider and will comply with all rules and regulations in future. The non-compliance happened due to misinterpretation of last clause and inclusion of managers of all departments. You are requested to condone without imposing any penalty on the company or imposing bare minimum penalty on the company."

9. I note from SCN that SPIL made, inter alia, the following major corporate announcements during the investigation period.

Corporate announcement by SPIL

Sl. No.	Date	Details of the Announcement
1.	28/03/2018	Pursuant to the regulation 30 SEBI (Listing Obligation and Disclosure Requirement) Regulation 2015 we are pleased to inform you that Government of India Ministry of Science & Technology, Department of Scientific & Industrial Research, Technology Bhawan, New Delhi has recognized our Company for In-House Research & Development Unit.
2.	10/10/2018	Government of India Ministry of Science & Technology, Department of Scientific & Industrial Research, Technology Bhawan, New Delhi has granted approval to the Company for in-house R & D facilities u/s 35(2AB) of Income tax Act 1961.
3.	16/10/2018	Meeting of Board of Directors of Shakti Pumps (India) Limited held today i.e. 16th October 2018. The Board has taken inter-alia, the following decisions:- The Board has approved Consolidated and Standalone Un-Audited Financial Results along with Limited Review Report of the Company for the Quarter and half year ended September 30, 2018.

9.1 Identification of Unpublished Price Sensitive Information (UPSI) during the IP

9.1.1 Approval for In-house R & D facilities u/s 35(2AB) of Income Tax Act, 1961.

9.1.1.1 On October 10, 2018, SPIL informed stock exchanges that Govt. of India, Ministry of Science & Technology, Department of Scientific & Industrial Research("DSIR"), Technology Bhawan, New Delhi has granted approval to the Company for in-house R & D facilities u/s 35(2AB) of Income Tax Act 1961.

9.1.1.2 With respect to the above, the following sequence of events in chronological order was arrived at:

Sl. No.	Date	Discussion (Phone/meetings/approval etc.)	Event	Name and Designation of the person associated with the event
1.	March 27, 2018 Received at 10:30AM	Letter received from DSIR dated 26.03.2018 and the same was intimated to exchanges on 28.03.2018	Certificate for In-house R & D Recognition.	Ravi Patidar – Mgr Accounts Dinesh Patidar – Managing Director V.M. George PA to Managing Director Manoj Modi - DGM Rahul Jain – Consultant Ravi Patidar - CS
2.	April 10, 2018 11:00AM	Company decided for making an application to Department for getting approval u/s 35(2AB) of Income Tax Act, 1961	Application for approval u/s 35(2AB) of Income Tax Act, 1961.	Ravi Patidar – Mgr Accounts Dinesh Patidar – Managing Director V.M. George PA to Managing Director Manoj Modi - DGM Rahul Jain – Consultant Ravi Patidar - CS
3.	July 12, 2018 04:58 PM	SPIL received an email from DSIR containing some observation and also requiring some details.	Email from DSIR	Dinesh Patidar – Managing Director V.M. George PA to Managing Director Manoj Modi - DGM
4.	July 20, 2018 2:34 pm	Reply in response to the mail dated July 12, 2018 to DSIR.	Submitted requisite information to DSIR	Dinesh Patidar – Managing Director V.M. George PA to Managing Director Manoj Modi - DGM
5.	October 1, 2018	Received Email from DSIR	Received mail for discrepancy in PAN and	Dinesh Patidar – Managing Director V.M. George PA to Managing Director

			the same has been replied to them on same day.	Manoj Modi – DGM
6.	October 09, 2018 Received at 11:30AM Intimated to SEs on October 10, 2018 at 02:11PM	The Department has granted approval u/s 35(2AB) of Income Tax Act, 1961 through their letter dated 4th October 2018 and which was received by Company on 09th October 2018	Approval for In-house R & D facilities u/s 35(2AB) of Income Tax Act, 1961.	Ravi Patidar – Mgr Accounts Dinesh Patidar – Managing Director V.M. George PA to Managing Director Manoj Modi - DGM Rahul Jain – Consultant Ravi Patidar - CS

9.1.1.3 The matter pertaining to application to DSIR for getting approval u/s 35(2AB) of Income Tax Act, 1961 was not placed at the board meeting and the said matter was decided by Mr. Dinesh Patidar, Managing Director and Rahul Jain, Consultant for making an application to DSIR.

9.1.1.4 Pursuant to obtaining recognition and Registration of In-house R&D Units(RDI), SPIL had an option to avail Fiscal Incentives for Scientific research (FI). SPIL having DSIR recognition and concerned manufacturing facility applied for approval of In-house Research& Development facility u/s 35(2AB) of IT Act, 1961.

9.1.1.5 I note that recognition and Registration of In-house R&D Unit and approval of in-house R&D facilities u/s 35(2AB) of the Income Tax Act, 1961 are two separate events and due processes are separately followed for their approvals by DSIR.

9.1.1.6 On March 26, 2018, DSIR informed SPIL regarding the certificate of registration for the In-house R&D unit(s) of SPIL. The same was informed by SPIL to exchanges on March 28, 2018.

9.1.1.7 SPIL decided to apply for approval for In-house R & D facilities u/s 35(2AB) of Income Tax Act, 1961 to DSIR on April 10, 2018.

9.1.1.8 On October 04, 2018, DSIR informed SPIL regarding the approval of in-house R&D facilities u/s 35(2AB) of the Income Tax Act, 1961 and forwarded the Order of Secretary, DSIR in form – 3CM valid from 23.03.2018 to 31.03.2020. The same was informed by SPIL to exchanges on October 10, 2018.

9.1.1.9 As per Regulation 2(1)(n) of PIT Regulations, *"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; and
(vi) material events in accordance with the listing agreement.
NOTE: It is intended that information relating to a company or securities, that is not generally available would be unpublished price sensitive information if it is likely to materially affect the price upon coming into the public domain. The types of matters that would ordinarily give rise to unpublished price sensitive information have been

listed above to give illustrative guidance of unpublished price sensitive information.

9.1.1.10 Thus, the grant of 'Approval for In-house R & D facilities u/s 35(2AB) of Income Tax Act, 1961' was identified as UPSI. SPIL received Certificate for In-house R & D Recognition from DSIR on March 27, 2018 which is pre-requisite to apply for benefit u/s 35(2AB) of Income Tax Act, 1961. Thus the UPSI period was considered from March 27, 2018 till disclosure of grant of approval by DSIR on October 10, 2018.

9.1.2 Financial results of the company for the quarter ended September 30, 2018 on October 16, 2018

9.1.2.1 SPIL had made announcement of its financial results for the quarter ended September 30, 2018 on October 16, 2018.

9.1.2.2 The following was the sequence of events in chronological order for the same:

Sl. No.	Date	Discussion (Phone/meetings/approval etc.)	Event	Name and Designation of the person associated with the event
1	October 03 & 04, 2018 At 09:30AM	Meeting at Regd. Office of the Company	Data collection & provision for preparation of Financial results for the Quarter & Half year ended 30.09.2018	Mr. Prakash Yadav, Sr. Manager Accounts Mr. Naveen Patidar, Deputy Mgr. Accounts Mr. Gourav Surana, Executive Accounts Mr. Dinesh Patel, DGM Accounts

Sl. No.	Date	Discussion (Phone/meetings/approval etc.)	Event	Name and Designation of the person associated with the event
2	October 05 to October 06, 2018 At 09:30AM	Meeting at Regd. Office of the Company	Preparation of Financial results for the Quarter & Half year ended 30.09.2018	Mr. Akhilesh Maaru, CFO Mr. Prakash Yadav, Sr. Manager Accounts Mr. Premal Gandhi, Statutory Auditor Mr. Dinesh Patel, DGM Accounts
3	October 07, 2018 12:00 Noon	Meeting at Regd. Office of the Company	Discussion of Financial results for the Quarter & Half year ended 30.09.2018	Mr. Dinesh Patidar, Managing Director Mr. Ramesh Patidar, Whole-Time Director Mr. Ravi Patidar, CS Mr. Prakash Yadav, Sr. Manager Accounts
4	October 08, 2018 At 11:29 Am to Stock Exchanges At 12:06 PM to all Directors at their Email Id	From the Regd. Office of the Company	Notice given to Stock Exchange. Notice, agenda along with all supporting documents to all the Directors and Members of Audit Committee. Supporting documents were sent physically	Mr. Dinesh Patidar, Managing Director Mr. Ramesh Patidar, Whole-Time Director Mr. S.S. Raghuvanshi, Independent Director Mr. Pramod Kumar Bhavasar, Independent Director Ms. Nishtha Neema, Independent Director Mr. Navin Patwa, Independent Director Mr. Sunil Patidar, Whole-Time Director Mr Sridhar Narayan, Nominee Director

Sl. No.	Date	Discussion (Phone/meetings/approval etc.)	Event	Name and Designation of the person associated with the event
				Mr. Ravi Patidar, CS
5	October 16, 2018	Meeting at Regd. Office of the Company	Approval and recommended Financial results for the Quarter & Half year ended 30.09.2018	Mr. Dinesh Patidar, Managing Director Mr. S.S. Raghuvanshi, Independent Director Ms. Nishtha Neema, Independent Director Mr. Ravi Patidar, CS
6	October 16, 2018 At 03:00 PM	Meeting at Regd. Office of the Company	Approval of Financial results for the Quarter & Half year ended 30.09.2018	Mr. Dinesh Patidar, Managing Director Mr. Ramesh Patidar, Whole-Time Director Mr. S.S. Raghuvanshi, Independent Director Mr. Pramod Kumar Bhavasar, Independent Director Ms. Nishtha Neema, Independent Director Mr. Navin Patwa, Independent Director Mr. Sunil Patidar, Whole-Time Director Mr Sridhar Narayan, Nominee Director Mr. Akhilesh Maaru, CFO Mr. Ravi Patidar, CS Mr. Premal Gandhi, Statutory Auditor
7*	October 16, 2018	NA	The Board has approved Consolidated and	

Sl. No.	Date	Discussion (Phone/meetings/approval etc.)	Event	Name and Designation of the person associated with the event
	At 05:54:44 PM		Standalone Un-Audited Financial Results along with Limited Review Report of the Company for the Quarter and half year ended September 30, 2018.	
*As per information available on BSE website				

9.1.2.3 Thus, in view of Regulation 2(1)(n) of PIT Regulations, the above, Financial result for the quarter ended September 30, 2018, was also identified as UPSI. The deliberation/ discussion for preparation of financial result started on October 3, 2018 and the same was disclosed on October 16, 2018. Thus the UPSI period was considered from October 3, 2018 till disclosure of financial result on October 16, 2018.

9.2 **Identified UPSI and UPSI Period:** On the basis of above analysis the following UPSI and UPSI period were identified:

Sl. No.	Identified UPSI	UPSI Period
1.	Approval for In-house R & D facilities u/s 35(2AB) of Income Tax Act, 1961. - **UPSI 1**	March 27, 2018 to Oct 10, 2018
2.	Financial results of SPIL for the quarter ended Sep 30, 2018 on Oct 16, 2018 - **UPSI 2**	Oct 3, 2018 to Oct 16, 2018

9.3 The impact of the identified price sensitive information on the price of the scrip was as under:

<table>
<tr><th>Sl. No.</th><th>Date-Time</th><th>Announcement</th><th>Price Impact/Shares Traded</th><th>Remarks</th></tr>
<tr><td>1.</td><td>10/10/2018 14:11:49</td><td>Government of India Ministry of Science & Technology, Department of Scientific & Industrial Research, Technology Bhawan, New Delhi has granted approval to the Company for in-house R & D facilities u/s 35(2AB) of Income tax Act 1961.</td><td>BSE
<table>
<tr><th>Date</th><th>O</th><th>H</th><th>L</th><th>C</th><th>No. of shares traded</th></tr>
<tr><td>10.10.2018</td><td>311.05</td><td>361.60</td><td>300</td><td>354.75</td><td>15898</td></tr>
<tr><td>11.10.2018</td><td>344</td><td>384.3</td><td>330</td><td>370.3</td><td>24664</td></tr>
</table>
NSE
<table>
<tr><th>Date</th><th>O</th><th>H</th><th>L</th><th>C</th><th>No. of shares traded</th></tr>
<tr><td>10.10.2018</td><td>313.95</td><td>362.90</td><td>311</td><td>356.50</td><td>106837</td></tr>
<tr><td>11.10.2018</td><td>342.5</td><td>384</td><td>330.05</td><td>368.9</td><td>117444</td></tr>
</table></td><td>The price of the scrip increased by 19.05% & 17.50% respectively at BSE & NSE</td></tr>
<tr><td>2.</td><td>16/10/2018 17:54:44</td><td>The Board has approved Consolidated and Standalone Un-Audited Financial Results along with Limited Review Report of the Company for the Quarter and half year ended September 30, 2018.</td><td>BSE
<table>
<tr><th>Date</th><th>O</th><th>H</th><th>L</th><th>C</th><th>No. of shares traded</th></tr>
<tr><td>16.10.2018</td><td>411</td><td>426.70</td><td>409.15</td><td>419.90</td><td>17408</td></tr>
<tr><td>17.10.2018</td><td>462.90</td><td>474.55</td><td>441</td><td>447.80</td><td>150284</td></tr>
</table>
NSE
<table>
<tr><th>Date</th><th>O</th><th>H</th><th>L</th><th>C</th><th>No. of shares traded</th></tr>
<tr><td>16.10.2018</td><td>410.2</td><td>428.4</td><td>409.5</td><td>420.4</td><td>151307</td></tr>
<tr><td>17.10.2018</td><td>457</td><td>474.9</td><td>439</td><td>444.55</td><td>1233945</td></tr>
</table></td><td>The price of the scrip increased by 8.95% & 8.37% respectively at BSE & NSE.</td></tr>
</table>

INSIDERS/ ENTITIES IN POSSESSION OF UPSI AND THEIR TRADES

9.4 In terms of Regulation 2(1)(g) of PIT Regulations, “insider” means any person who is:

i. A connected person, or

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

9.5 In terms of Regulation 2(1)(d) of PIT Regulations, “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;

9.6 **Insiders/Entities In Possession of UPSI 1:** SPIL informed that the following entities were insiders/in possession of UPSI 1:

Sl. No.	**Name**	**Designation/ Association**	**PAN**	**Date of Intimation/ Acquisition of information as informed by SPIL**
1.	Dinesh Patidar	Managing Director	ADHPP4950A	March 27, 2018
2.	Ravi Patidar	Mgr Accounts	BQNPP3127P	March 27, 2018
3.	V. M. George	PA to Managing Director	AKMPG1729Q	March 27, 2018
4.	Manoj Modi	DGM	AUEPM0062A	March 27, 2018
5.	Rahul Jain	Consultant	AHSPJ1388D	March 27, 2018
6.	Ravi Patidar	Company Secretary	AQHPP4347G	March 27, 2018

9.7 **Insiders/Entities in Possession of UPSI 2:** SPIL, informed that the following entities were insiders/in possession of UPSI 2**:**

Sl. No.	**Name**	**Designation/ Association**	**PAN**	**Date of Intimation/Acquisition of information as informed by SPIL**
1.	Mr. Prakash Yadav	Senior Manager Accounts	ABPPY1570P	October 3, 2018
2.	Mr. Naveen Patidar	Deputy Manager Accounts	ASRPP2648E	October 3, 2018
3.	Mr. Gourav Surana	Executive Accounts	CQUPS5081D	October 3, 2018
4.	Mr. Premal Gandhi	Statutory Auditor	AEAPG1641K	October 5, 2018
5.	Mr. Dinesh Patel	DGM Accounts	AUQPP2860F	October 5, 2018
6.	Mr. Akhilesh Maaru	CFO	AFYPM0549R	October 5, 2018

Sl. No.	Name	Designation/ Association	PAN	Date of Intimation/Acquisition of information as informed by SPIL
7.	Mr. Ramesh Patidar	Whole-Time Director	AHPPP3786N	October 7, 2018
8.	Mr. Ravi Patidar	Company Secretary	AQHPP4347G	October 7, 2018
9.	Mr. Dinesh Patidar	Managing Director	ADHPP4950A	October 7, 2018
10.	Mr. S.S. Raghuvanshi	Independent Director	AASPR7018R	October 8, 2018
11.	Mr. Pramod Kumar Bhavasar	Independent Director	ABHPB5361P	October 8, 2018
12.	Ms. Nishtha Neema	Independent Director	ADEPN6009K	October 8, 2018
13.	Mr. Navin Patwa	Independent Director	AGXPP8409K	October 8, 2018
14.	Mr. Sunil Patidar	Whole-Time Director	ADHPP4945P	October 8, 2018
15.	Mr Sridhar Narayan	Nominee Director	AABPN4832C	October 8, 2018

9.8 TRADING BY DESIGNATED EMPLOYEES OF SPIL

9.8.1 SPIL, submitted copy of ‘Code of Conduct for Prevention of Insider Trading' adopted by the company (hereinafter referred as Code of Conduct) and list of designated employees during the IP.

9.8.2 As per clause 4 of code of conduct of SPIL, all Directors, Officers, Designated employees of the company and connected persons who intend to deal in the securities of the company should pre-clear the transaction as per the pre-dealing procedure as described in the code.

9.8.3 As per clause 5.2 of code of conduct of SPIL, all directors/ officers/ designated employees who buy or sell any number of shares of the company shall not enter into an opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction.

9.8.4 In the code of SPIL no threshold was prescribed to seek pre-clearance before trading in the scrip of SPIL

9.8.5 The summary of the trades, contra trades, number of contra trades pre clearances, profit earned by the above Noticees was as under;

SL. No.	Name	PAN	Whether contra trades carried out (Yes/No)*	Pre Clearance sought (Yes/No)	Number of contra trades	Profits made out of contra trades (Rs.) **
1.	**Goutam Patidar**	**BZCPP7367M**	**Yes**	**No**	**35**	**1,60,564.45**
2.	**Sanjay Patidar**	**AOGPP8679A**	**Yes**	**No**	**20**	**1,41,150.95**
3.	**Mukesh Patidar**	**AMTPP3165E**	**Yes**	**No**	**20**	**6,17,549.17**
* The investigation period in the matter was from March 27, 2018 to October 17, 2018. As the contra/opposite trade cannot be entered for six months, for the purpose of calculation of contra trades period of 6 months pre and post investigation period was considered i.e. period from September 27, 2017 to April 17, 2019 was considered. Further, the first trade during this period by a designated employee was considered as reference trade or starting trade to check for contra trades. Accordingly, pairing of a reference trade, which may be a Buy or a Sell, with a contra trade has been determined in chronological order from the first trade.						
** As Clause 10 of Schedule B to the SEBI (PIT) Regulations, 2015 requires that the profits from contra trades is liable to be disgorged, only profits made by contra trades were considered and losses were ignored.						

Observation on trading by designated employees:

9.8.6 I note that the Noticees mentioned above, did not seek pre-clearance for trades and entities also entered in contra trades within six months and made profits, thereby allegedly violated Clause 6 and 10 of the Minimum Standards for Code of Conduct to Regulate, Monitor and Report Trading by Insiders as specified in Schedule B r/w Regulation 9(1) of PIT Regulations. It was also observed that SPIL did not disgorge the unlawful profits made by these employees, and thereby allegedly violated clause 10 of the said Code.

9.8.7 Further, the following Noticees traded in the scrip of SPIL aggregating to traded value (both on BSE and NSE together) of more than ten lakh rupees in calendar quarters for the period Sep 27, 2017 to April 17, 2019.

Sl. No.	Name	PAN	Quarter	Traded Value (Rs.)
1.	Ravi Kelotra	CSLPK9114L	Dec'2018	12,48,873
2.	Sunil Kr Tewari	ALTPT6202H	June'2018	12,80,879
3.	Goutam Patidar	BZCPP7367M	June'2018 March'2019	12,11,291 11,85,263
4.	Mukesh Patidar	AMTPP3165E	June'2018 Dec'2018	39,41,995 14,51,762
5.	Kulbhushan Singh Rajput	AOVPR5091P	Dec'2018 Feb'2019	15,91,660 57,61,952
6.	Piyush Patidar	BENPP6404F	June'2018	11,72,965

9.9 As per submission of SPIL, the above employees (who are also part of Noticees) did not make any disclosure to SPIL regarding their trades as mentioned above. Thereby the above Noticees have allegedly violated Regulation 7(2)(a) of PIT Regulations.

CONSIDERATION OF ISSUES AND FINDINGS

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

    I. Whether Goutam Patidar **(Noticee No. 1)**, Sanjay Patidar **(Noticee No. 2)**, Mukesh Patidar **(Noticee No. 3)** and SPIL **(Noticee No. 8)** have violated Clause 6 & 10 as specified in Schedule B read with Regulation 9(1) of PIT Regulations?

    II. Whether Goutam Patidar **(Noticee No. 1),** Mukesh Patidar **(Noticee No. 3),** Ravi Kelotra **(Noticee No. 4),** Sunil Kr Tewari **(Noticee No. 5),** Kulbhushan Singh Rajput **(Noticee No. 6)** and Piyush Patidar **(Noticee No. 7),** have violated Regulation 7(2)(a) of PIT Regulations?

    III. If yes, whether the violations, if any, attract monetary penalty u/s 15A(b) and/or 15HB of the SEBI Act, as applicable?

    IV. If so, what should be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in Section 15J of the SEBI Act r/w Rule 5(2) of the Adjudication Rules?

Issue I. Whether Goutam Patidar (Noticee No. 1), Sanjay Patidar (Noticee No. 2), Mukesh Patidar (Noticee No. 3) and SPIL (Noticee No. 8) have violated Clause 6 & 10 as specified in Schedule B read with Regulation 9(1) of PIT Regulations?

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

PIT Regulations

Code of Conduct.

9. (1) The board of directors of every listed company and market intermediary shall formulate a code of conduct to regulate, monitor and report trading by its employees and other connected persons towards achieving compliance with these regulations, adopting the minimum standards set out in Schedule B to these regulations, without diluting the provisions of these regulations in any manner.

NOTE: It is intended that every company whose securities are listed on stock exchanges and every market intermediary registered with SEBI is mandatorily required to formulate a code of conduct governing trading by its employees. The standards set out in the schedule are required to be addressed by such code of conduct.

SCHEDULE B

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

10. The code of conduct shall specify the period, which in any event shall not be less than six months, within which a designated person who is permitted to trade shall not execute a contra trade. The compliance officer may be empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these regulations. Should a contra trade be executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to the Board for credit to the Investor Protection and Education Fund administered by the Board under the Act

12. I have perused the available records in respect of the allegations made in the SCN. I note that while the Noticees have not disputed the trades carried out by them in violation of the provisions as alleged, they have pleaded ignorance and lack of knowledge while carrying out the trade in the scrip of SPIL. It is a well-established legal maxim that *"Ignorantia juris non excusat"*, or "ignorance of the law excuses no one". The Noticees who were the designated employees of SPIL are expected to comply with the extant regulatory and statutory requirements. I find that in the instant matter, the Noticees failed to exercise reasonable care and diligence while trading in the scrip of SPIL. Further, SPIL, being a listed company is expected to comply with the extant regulatory and statutory requirements. I find that in the instant matter, Noticee No. 8 failed to exercise reasonable care and diligence in discharge of its duty as a listed company.

13. From the foregoing paragraphs, it is conclusively established that Goutam Patidar (Noticee No. 1), Sanjay Patidar (Noticee No. 2) and Mukesh Patidar (Noticee No. 3), being designated employees traded in the scrip of SPIL during the IP without seeking pre-clearances and entered in contra trades within six months and made unlawful gains and thereby violated Clause 6 & 10 as specified in Schedule B read with Regulation 9(1) of PIT Regulations. Also, SPIL did not disgorge the unlawful gains made by these designated employees and thereby violated Clause 10 as specified in Schedule B read with Regulation 9(1) of PIT Regulations

Issue II. Whether Goutam Patidar (Noticee No. 1), Mukesh Patidar (Noticee No. 3), Ravi Kelotra (Noticee No. 4), Sunil Kr Tewari (Noticee No. 5), Kulbhushan Singh Rajput (Noticee No. 6) and Piyush Patidar (Noticee No. 7), have violated Regulation 7(2)(a) of PIT Regulations?

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

PIT Regulations

Continual Disclosures.

7(2) (a). Every promoter employee and director of every company shall disclose to the company the number of such securities acquired or disposed of within two trading days of such transaction if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of ten lakh rupees or such other value as may be specified;

15. I have perused the available records in respect of the allegations made in the SCN. I note that SEBI letter dated February 24, 2022, which the Noticees have referred to in their responses, was an administrative warning for violation of other provisions of PIT and not for violation of provisions as alleged in the SCN. I note that while the Noticees have not disputed the trades carried out by them in violation of the provisions as alleged, they have pleaded ignorance and lack of knowledge while carrying out that trade. It is a well-established legal maxim that *"Ignorantia juris non excusat"*, or "ignorance of the law excuses no one". The Noticees who were the designated employees of SPIL are expected to comply with the extant regulatory and statutory requirements. I find that in the instant matter, the Noticees failed to exercise reasonable care and diligence while trading in the scrip of SPIL.

16. From the foregoing paragraphs, it is conclusively established that Goutam Patidar (Noticee No. 1), Mukesh Patidar (Noticee No. 3), Ravi Kelotra (Noticee No. 4), Sunil Kr Tewari (Noticee No. 5), Kulbhushan Singh Rajput (Noticee No. 6) and Piyush Patidar (Noticee No. 7), traded in the scrip of SPIL during the IP aggregating to traded value (both on BSE and NSE together) of more than ten lakh rupees in calendar quarters for the period Sep 27, 2017 to April 17, 2019, and failed to make any disclosure to SPIL and thereby violated Regulation 7(2)(a) of PIT Regulations.

Issue III. If yes, whether the violations, if any, attract monetary penalty under section 15A(b) and/or 15HB of the SEBI Act?

17. Before moving forward, it is pertinent to refer to the relevant provisions under which penalty is attracted The said provisions are provided hereunder:

SEBI Act

"Penalty for failure to furnish information, return, etc.

***15A**. If any person, who is required under this Act or any rules or regulations made there under,—*

a) …………

***b)** to file any return or furnish any information, books or other documents within the time specified therefor in the regulations, fails to file return or furnish the same within the time specified therefor in the regulations or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents, he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees;*

Penalty for contravention where no separate penalty has been provided

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

18. Since the violations by the Noticees, as alleged in the SCN, have been established, the Noticees attract monetary penalty as under;

Entity Name	Violation of PIT Regulations	Monetary Penalty under SEBI Act
Goutam Patidar	• Clause 6 & 10 as specified in Schedule B r/w Regulation 9(1) of PIT Regulations • Regulation 7(2)(a) of PIT Regulations	• Section 15 HB of SEBI Act • Section 15 A(b) of SEBI Act
Sanjay Patidar	• Clause 6 & 10 as specified in Schedule B r/w Regulation 9(1) of PIT Regulations	• Section 15 HB of SEBI Act
Mukesh Patidar	• Clause 6 & 10 as specified in Schedule B r/w Regulation 9(1) of PIT Regulations • Regulation 7(2)(a) of PIT Regulations	• Section 15 HB of SEBI Act • Section 15 A(b) of SEBI Act
Ravi Kelotra	• Regulation 7(2)(a) of PIT Regulations	• Section 15 A(b) of SEBI Act
Sunil Kr Tewari	• Regulation 7(2)(a) of PIT Regulations	• Section 15 A(b) of SEBI Act
Kulbhushan Singh Rajput	• Regulation 7(2)(a) of PIT Regulations	• Section 15 A(b) of SEBI Act
Piyush Patidar	• Regulation 7(2)(a) of PIT Regulations	• Section 15 A(b) of SEBI Act
Shakti Pumps (India) Ltd.	• Clause 10 as specified in Schedule B r/w Regulation 9(1) of PIT Regulations	• Section 15 HB of SEBI Act

Issue IV. If so, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in Section 15J of the SEBI Act r/w Rule 5(2) of the Adjudication Rules?

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

15J – Factors to be taken into account by the adjudicating officer

While adjudging quantum of penalty under [15-I or section 11 or section 11B, the Board or the adjudicating officer] shall have due regard to the following factors, namely :—

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

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

(c) the repetitive nature of the default.

20. The available records reveal that Noticee No. 1 made a profit of Rs. 1,60,564.45/-, Noticee No. 2 made a profit of Rs. 1,41,150.95 and Noticee No. 3 made a profit of 6,17,549.17. The records however, do not reveal specific loss suffered by the investors due to such violations. Further, Noticee No. 5 has admitted that he has made a profit of Rs. 5,500/- and Noticee No. 6 has admitted that he has made a profit of Rs. 39,000/-. Therefore, taking into consideration the facts/ circumstance of the case and above factors, I am of the view that a justifiable penalty needs to be imposed upon the Noticee to meet the ends of justice.

ORDER

21. Considering all the facts and circumstances of the case, profit made by Noticees, time elapsed since the profit made and exercising the powers conferred upon me u/s 15-I of the SEBI Act r/w rule 5 of the SEBI Adjudication Rules, I hereby impose the following penalty on the Noticees;

Entity Name	Violation of PIT Regulations	Monetary Penalty under SEBI Act	Penalty In Indian Rupees	Total Penalty In Indian Rupees
Goutam Patidar	• Clause 6 & 10 as specified in Schedule B r/w Regulation 9(1) of PIT Regulations • Regulation 7(2)(a) of PIT Regulations	• Section 15 HB of SEBI Act • Section 15 A(b) of SEBI Act	• Rs.3,00,000/- (Rs. Three Lakhs only) • Rs.1,00,000/- (Rs. One Lakh only)	• Rs.4,00,000/- (Rs. Four Lakhs only)
Sanjay Patidar	• Clause 6 & 10 as specified in Schedule B r/w Regulation 9(1) of PIT Regulations	• Section 15 HB of SEBI Act	• Rs.3,00,000/- (Rs. Three Lakhs only)	• Rs.3,00,000/- (Rs. Three Lakhs only)
Mukesh Patidar	• Clause 6 & 10 as specified in Schedule B r/w Regulation 9(1) of PIT Regulations • Regulation 7(2)(a) of PIT Regulations	• Section 15 HB of SEBI Act • Section 15 A(b) of SEBI Act	• Rs.8,00,000/- (Rs. Eight Lakhs only) • Rs.1,00,000/- (Rs. One Lakh only)	• Rs.9,00,000/- (Rs. Nine Lakhs only)
Ravi Kelotra	• Regulation 7(2)(a) of PIT Regulations	• Section 15 A(b) of SEBI Act	• Rs.1,00,000/- (Rs. One Lakh only)	• Rs.1,00,000/- (Rs. One Lakh only)

Entity Name	Violation of PIT Regulations	Monetary Penalty under SEBI Act	Penalty In Indian Rupees	Total Penalty In Indian Rupees
Sunil Kr Tewari	• Regulation 7(2)(a) of PIT Regulations	• Section 15 A(b) of SEBI Act	• Rs.1,00,000/- (Rs. One Lakh only)	• Rs.1,00,000/- (Rs. One Lakh only)
Kulbhushan Singh Rajput	• Regulation 7(2)(a) of PIT Regulations	• Section 15 A(b) of SEBI Act	• Rs.1,00,000/- (Rs. One Lakh only)	• Rs.1,00,000/- (Rs. One Lakh only)
Piyush Patidar	• Regulation 7(2)(a) of PIT Regulations	• Section 15 A(b) of SEBI Act	• Rs.1,00,000/- (Rs. One Lakh only)	• Rs.1,00,000/- (Rs. One Lakh only)
Shakti Pumps (India) Ltd.	• Clause 10 as specified in Schedule B r/w Regulation 9(1) of PIT Regulations	• Section 15 HB of SEBI Act	• Rs.2,00,000/- (Rs. Two Lakhs only)	• Rs.2,00,000/- (Rs. Two Lakhs only)

I find that the said penalty is commensurate with the violations committed by the Noticees in this case.

22. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, OR through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:

ENFORCEMENT → ORDERS → ORDERS OF AO → PAY NOW

23. The Noticees shall forward said Demand Draft or the details / confirmation of penalty so paid to “The Division Chief (Enforcement Department-1 DRA-4), Securities and Exchange Board of India, SEBI Bhavan, Plot No. C – 4 A, “G” Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.” The Noticees shall also provide the following details while forwarding DD / payment information:

Case Name :	
Name of Payee :	
Date of Payment:	
Amount Paid :	
Transaction No. :	
Bank Details in which payment is made :	
Payment is made for: (like penalties/ disgorgement/ recovery/ settlement amount etc.)	Penalty

24. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings under section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

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

Place: Mumbai **AMIT KAPOOR**

Date: December 01, 2022 **ADJUDICATING OFFICER**