Tree House Education & Accessories Ltd.

Office No.101, Sapphire Plaza, Dadabhai Road, Opp. CNMS School, Vile Parle West, Mumbai - 400 056.
Tel: +91 22 26201029 CIN : L80101MH2006PLC163028

May, 25, 2021

To, BSE Limited Phiroze Jeejeebhoy Tower Dalai Street, Fort Mumbai - 400 001	To, The National Stock, Exchange of India Ltd. Bandra (East) Mumbai-400051	To, Metropolitan Stock Exchange of india Ltd. Exchange Square. CTS No. 25, Suren Road, Andheri (East), Mumbai – 400 093	To, Link Intime India Pvt. Ltd. C 101, 247 Park, L.B.S. Marg, Vikhroli (West) - 400083	To, Central Depository Services (India) Ltd. Marathon Futurex, A wing, 25th Floor, NM Joshi Marg, Lower Parel, Mumbai - 400013	To, National Securities Depository Limited. Trade World A wing, Kamala Mills Compound, Lower Parel, Mumbai-400013

Re: Intimation of Order received from Securities and Exchange Board of India (SEBI) by promoters of the Company.

Ref: Scrip Code: 533540 / TREEHOUSE

Dear Sir/Madam,

In continuation with our earlier disclosure submitted on February, 24, 2020, we further intimate that a order WTM/ SM/IVD/-ID-1/28/2021-22 dated May, 24, 2021 has been received by Mr. Rajesh Bhatia and Mrs. Geeta Bhatia, promoters of the Company under Sections 11(1), 11(4), 11B(1),11B(2) and 11(4A) of the Securities and Exchange Board of India Act, 1992 - in the scrip of Tree House Education and Accessories Ltd.

The said order is enclosed for your records.

We request you to kindly take the above information on record.

Thanking you,

Yours truly,

For Tree House Education & Accessories Limited

Guddi Bajpai
Company Secretary
Encl:. SEBI Order dated 24th May, 2021

WTM/SM/IVD-ID-1/28/2021-22

SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: S. K. MOHANTY, WHOLE TIME MEMBER

ORDER

UNDER SECTION 11(1), 11(4), 11(4A), 11B(1) AND 11B(2) OF THE SECURITIES EXCHANGE BOARD OF INDIA ACT, 1992- IN THE SCRIP OF TREE HOUSE EDUCATION AND ACCESSORIES LIMITED

In respect of

Sl. No.	Name of the Noticee	PAN
1.	Mr. Rajesh Bhatia	AAHPB9438N
2.	Ms. Geeta Bhatia	AAGPB8685G

(The above entities are individually referred to by their corresponding names/ numbers and collectively referred to as "Noticees")

BACKGROUND

1. Pursuant to complaint(s) received in respect of merger between Tree House Education and Accessories Limited (hereinafter referred to as "**THEAL/the *Company***") and Zee Learn Limited (hereinafter referred to as "**ZLL**") alleging *inter alia* irregularities committed pertaining to the said merger plans between THEAL and ZLL and insider trading by promoters etc., the Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") conducted investigation into trading activities in the scrip of the *Company* during the period of November 30, 2015 to December 04, 2015 (hereinafter referred as "**the Investigation Period**"). The shares of the *Company* are listed on the BSE India Limited (hereinafter referred to as "**the BSE**") & the National Stock Exchange of India Limited (hereinafter referred to as "**the NSE**" and the BSE and the NSE collectively referred to as "**the stock exchanges**").

2. Based on the facts revealed during the course of the investigation, a Show Cause Notice dated February 17, 2020 (hereinafter referred to as "**the SCN/Notice**") was issued to the *Noticees* asking them to show cause as to why suitable directions and penalty under sections 11(1), 11(4), 11(4A), 11B(1) and 11B(2) read with sections 15G, 15A(b) & 15HB of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**the SEBI Act, 1992**") should not be issued/imposed against them for their alleged violations of Section 12A(d) &

(e) of the SEBI Act, 1992, read with regulation 3(1) and 4(1) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as "**the PIT Regulations**") and Clause 6 of Schedule B read with regulation 9 (1) of the PIT Regulations and regulation 29(2) read with 29(3) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as "**the Takeover Regulations**").

3. The brief findings of the investigation and the allegations made on the basis of such findings of investigation, as contained in the SCN, are as under:

(a) Mr. Rajesh Doulatram Bhatia (hereinafter referred to as "**the Noticee no. 1**") and Ms. Geeta Rajesh Bhatia (hereinafter referred to as "**the Noticee no. 2**") were Managing Director and Non-Executive Director respectively, and were also promoters of the *Company*. Both of them were part of the management of the *Company* during the Investigation Period.

(b) In terms of information furnished by the *Company* vide its letter dated January 05, 2018, it is noticed that on November 30, 2015, a discussion on merger between THEAL and ZLL took place. Further, the *Company* vide its letter dated March 11, 2017 to the BSE has, *inter alia*, submitted that "I *(Mr. Rajesh) state that during November 2015 had a meeting with Mr. Subhash Chandra Goel through one Mr. Ganesh of Inga Capital wherein, Mr. Subhash Chandra Goel had discussed the possibility of merger of his company Zee Learn Ltd. with Tree House for the share exchange ratio of 53 shares of Re. 1/ each of Zee Learn Ltd with 10 shares of Tree House.*"

(c) On December 04, 2015, before market hours, the *Company* made a corporate announcement relating to merger between THEAL and ZLL. The price of the scrip of the *Company* witnessed a rise from a closing price of INR 202.40 on December 03, 2015 to the closing price of INR 222.60 on December 04, 2015 i.e., an increase by 9.98% in one trading day. In terms of regulation 2 (1) (n) of the PIT Regulations, prior to its disclosure to the stock exchanges on December 04, 2015, the aforesaid corporate announcement by the *Company* relating to consolidation /merger options with ZLL was an Unpublished Price Sensitive Information (hereinafter referred to as "**UPSI**").

(d) The *Noticees no. 1* and *2* are alleged as insiders in terms of regulation 2(1) (g) (i) of the PIT Regulations, as the *Noticee no. 1* being the Managing Director and the *Noticee no. 2* being a Director of the *Company* are connected persons, in terms of regulation 2 (1) (d) (i) of the PIT Regulations and the *Noticee no. 2* being the spouse of the *Noticee no. 1*, is also deemed to be a connected person as per regulation 2(1) (d) (ii) (a) of the PIT Regulations.

(e) Prior to its disclosure of the Price Sensitive Information (hereinafter referred to as "**PSI**") to the stock exchanges on December 04, 2015, it was noticed that both the *Noticees* being insiders had traded in the scrip of the *Company* when/while in possession of UPSI.

4. The above acts of the *Noticees no. 1* and *2* of indulging in trading in the scrip of the *Company* while in possession of UPSI prior to disclosure of the said PSI through announcement on the stock exchanges are alleged to be in violation of regulation 4(1) of the PIT Regulations and Section 12A(d) & (e) of the SEBI Act. The *Noticee no. 1* being in possession of the UPSI is further alleged to have communicated the same to his wife i.e., the *Noticee no. 2* and thereby has acted in violation of regulation 3(1) of the PIT Regulations. The *Noticees* had obtained pre-clearance(on December 02, 2015) of trades executed by them on December 03, 2015 and are therefore, alleged to have given incorrect declaration to the *Company* regarding non possession of UPSI for the purpose of obtaining preclearance and hence, are alleged to have acted in violation of Clause 6 of the Minimum Standards for Code of Conduct to Regulate, Monitor and Report Trading by Insiders as specified in Schedule B read with regulation 9(1) of the PIT Regulations. Further, the *Noticees no. 1* and *2* are also alleged to have made disclosures under regulation 29(2) r/w 29(3) of the Takeover Regulations with a delay of 3 days to the BSE and a delay of 10 days to the NSE relating to the above trades executed by them in the scrip of the *Company* and thereby alleged to have violated regulation 29(2) r/w 29(3) of the Takeover Regulations.

REPLY, PERSONAL HEARING AND SUBMISSIONS

5. In response to the SCN, the *Noticees* vide their common reply dated October 21, 2020 have submitted as under:

5.1 The present SCN has been issued with an inordinate delay of almost 4 years and is merely an afterthought. The law dealing with such inordinate delay has been dealt with by the Hon'ble SAT in *Rakesh Kathotia vs. SEBI* (Appeal No. 7 of 2016, decided on May 27, 2019), *Ashok Shivlal Rupani & Anr. vs. SEBI* (Appeal No. 417 of 2018, decided on August 22, 2019) and *Ashlesh Shah vs. SEBI* (Appeal No. 169 of 2019, decided on January 31, 2020).

5.2 The copy of Investigation Report, as referred to in the SCN, has not been furnished to them and the same is denied despite a specific request made in this regard.

5.3 The sale of 40 Lakh shares of the *Company* was altogether a different transaction unrelated to the merger talks for which appropriate disclosure on the stock exchanges

was made. The said sale was made only with the purpose to repay the loan due to the banks.

5.4 Proposal of merger was mooted by Mr. Subhash Chandra Goel only after ZLL /Subhash Chandra Goel acquired approx. 9% stake in the *Company*. There was no UPSI in existence either on December 02, 2015 or December 03, 2015 when shares were sold under Block Deals.

5.5 It is rather counter intuitive for a person in possession of UPSI to sell shares when the effect of UPSI upon publication is such that it would result in increase in price of shares. In this regard, reliance is placed on decision of the Hon'ble SAT in *Mrs. Chandrakala vs. SEBI* (Appeal No. 209 of 2011, decided on January 31, 2012).

5.6 In case UPSI was in existence at the time when 40 Lakh shares were sold, the buyers of the shares would also be aware of and in possession of UPSI (therefore they would also be insider as per the definition of 'insider' under the PIT Regulations). The very fact that SEBI has not issued any SCN to the buyers after completing the investigation, clearly suggests that upon completion of investigation, Zee group/6 entities who bought the shares were not found to be in possession of UPSI. Therefore, it cannot be alleged that there existed any UPSI before December 04, 2015.

5.7 The allegations are based on remote possibilities and the same are not backed by any concrete document or evidence which support or even suggest any insider trading by the *Noticees*. There has been no material or allegation to even suggest as to how the *Noticees* have indulged in the alleged instances of insider trading. There is no basis or case made out in the SCN to even suggest as to how any alleged UPSI existed or the *Noticees* were in possession of the UPSI and how it is on the basis of such alleged UPSI, the trades were executed. On the contrary, the *bonafide* are writ large as the sale proceeds were entirely utilized for the purpose of repayment of loans to the banks as clearly supported by the facts/documents.

5.8 In case the *Noticees* were in possession of the UPSI about the possibility of the merger, they would have delayed the sale by a few days so as to fetch a higher price, as is evident that delay of sale by few days could have fetched an additional sum of INR 17 Crore (considering the price rose from INR 200 to INR 240 within 3 days of the announcement) to them.

5.9 The requirement of SEBI's obligation to prove and the standard of proof have been succinctly captured by the Hon'ble SAT in *Dilip S. Pendse v SEBI* (Appeal No. 80 of 2009, decided on November 19, 2009) and therefore, in light of settled law and

consistent approach by both the SEBI and the Hon'ble SAT, no case has been made out against the *Noticee*.

5.10 The decision to sell the shares was taken by the *Noticees* jointly in consultation with one another and therefore all allegations with imputing motives are false /incorrect and are denied. It cannot be alleged that the *Noticee no. 1* has communicated the alleged UPSI to the *Noticee no. 2* illegally.

5.11 Regulation 29(3) does not contemplate time limit for disclosure relating to sale of shares in excess of limits set out under regulation 29(2) of the Takeover Regulations as held by the Hon'ble SAT in *Ravi Mohan vs. SEBI* (Appeal No. 97 of 2014, decided on December 16, 2015). The very fact that subsequently SEBI has amended the relevant regulation on September 11, 2018 makes it clear that there was no clarity as noted in the judgment of *Rakesh Kathotia (supra)*.

5.12 Based on the aforesaid facts, there is no question of violation of Clause 6 of the Minimum Standards for Code of Conduct to Regulate, Monitor and Report Trading by Insiders as specified in Schedule B read with regulation 9(1) of the PIT Regulations.

5.13 There has been no disproportionate gain or unfair advantage as a result of the alleged trades in the shares of the *Company*. On the contrary assuming without admitting, if the shares were sold while in possession of UPSI then in fact, they caused themselves a loss of INR 20-45 per share i.e., a loss of INR 8 to 17 Crore approximately. Due to the alleged acts, no loss has been caused to any of the investors or group of investors and the same has not even been alleged in the SCN much less supported by any cogent evidence/document. Further, there is no allegation or case made out to suggest any default, let alone repetitive default. Therefore, taking into account the mandate of Section 15J of the SEBI Act, this is a fit case where no monetary penalty should be imposed.

6. The *Noticee no. 1* along with common Authorized Representative appeared for the personal hearing through Video Conferencing on November 11, 2020 and made oral submissions on behalf of him and the *Noticee no. 2* as well. Thereafter, the *Noticees* vide a covering letter dated January 12, 2021 have provided post hearing submissions dated January 08, 2021 wherein they have, *inter alia,* submitted as under:

6.1 The *Noticee no. 1* had a meeting with Mr. Subhash Chandra Goel on November 30, 2015. In that meeting Mr. Subhash Chandra Goel agreed to buy a total number of 40 Lakh shares of the *Company* for a total consideration of INR 80.20 Crore. Mr. Chandra had at that time also offered to merge the two companies i.e., THEAL and ZLL.

6.2 After the transaction for sale and purchase was completed on December 03, 2015, Mr. Subhash Chandra Goel called the *Noticee no. 1* and again inquired whether the two companies can come together for their mutual business interest.

6.3 During the inspection held on July 31, 2020, inspection of only those documents which were relied upon in the SCN were provided, whereas during the hearing, although reference to some letters allegedly received from the 6 buyers were made, copies of the same were not provided to the *Noticees.*

6.4 The sale was made only with a purpose to repay the loans due to banks. In this regard, reliance is placed on the decision of the Hon'ble SAT in *Abhijit Rajan vs. SEBI* (Appeal No. 232 of 2016, decided on November 8, 2019).

6.5 Shares were sold on December 03, 2015 in the Block Deal segment of the stock exchanges, which require certain meeting of mind between the buyer and seller for a trade to get executed, this substantiates the submission that those 6 buyers entities were of Mr. Subhash Chandra Goel, who were aware that the *Noticees* would be placing sell order of 40 Lakh shares of the *Company.*

6.6 The police complaints against Mr. Chandra and his associates were filed by the *Noticee no. 1* on 3 occasions viz., March 22, 2016, December 15, 2016 and December 16, 2016. However, no FIR was registered by the Police at that time. FIR was registered by the Khar Police Station only after an order was passed by the Addl. Chief Metropolitan Magistrate, directing the Officer-in-Charge of Khar Police Station to register the complaint u/s 156(3) of Cr. P. C. as FIR and submit a Final Report after investigation. After investigation of one year, the Police filed a Summary Report before Metropolitan Magistrate Court, Bandra. Subsequently, a protest petition was also filed before the Metropolitan Magistrate and a complaint against the investigating officer and Sr. Police Officer before the State Police Complaint Authority ("SPCA") for filing of false report in the court and for shielding the accused. Both the protest petitions and complaint before SPCA are presently pending for adjudication.

CONSIDERATION

7. I have considered the allegations levelled against the *Noticees* in the SCN, written reply received from the *Noticees*, submissions made by the *Noticees* during the personal hearing, the written submissions filed post the personal hearing and the material available on record. Before dealing with the submissions made by the *Noticees*, it would be appropriate to refer to the relevant provisions of law pertaining to the matter, extract whereof is reproduced below:

The SEBI ACT, 1992

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;

SEBI(PIT) Regulations, 2015

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: –

(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.

NOTE: 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. The reasons for which he trades or the purposes to which he applies the proceeds of the transactions are not intended to be relevant for determining whether a person has violated the regulation. He traded when in possession of unpublished price sensitive information is what would need to be demonstrated at the outset to bring a charge. Once this is established, it would be open to the insider to prove his innocence by demonstrating the circumstances mentioned in the proviso, failing which he would have violated the prohibition.

8. Before proceeding to deal with the merits of the allegations levelled in the SCN, I find it appropriate to deal with certain preliminary issues raised by the *Noticees* contending that they have not been provided with copies of certain documents including the Investigation Report and that there is an inordinate delay in issuance of the present SCN. In this regard, it is noted

that the present proceedings have been initiated primarily to deal with the charge of indulging in insider trading. The charge of indulging in insider trading essentially warrants that the person or entity concerned needs to be first an insider in terms of the provisions of the PIT Regulations, who is in possession of or having access to an information, which is price sensitive in nature and which is not generally available till such time the same is disclosed for the consumption of public at large and the entity or person concerned (insider) has dealt/ traded in the scrip of the concerned company while in possession of the said price sensitive information, which is not otherwise available to other investors.

9. I further note that the outcome of the investigation conducted in this case has been duly captured in the form of allegations in the SCN and all the relevant documents that have been relied upon in the SCN have duly been annexed to the SCN as well as provided to the *Noticees*. I further find that the relevant documents relied upon and referred to in the SCN comprise letters, applications, bank account statements, trading details, disclosures etc., of the *Noticees* which have either been provided by them or have been ascertained/obtained from the website of the stock exchanges which again, were provided to the stock exchanges either by the *Noticees* or the *Company* only. Therefore, in the absence of any specific prejudice supposed to have been caused to the *Noticees* in defending themselves against the allegations made in the SCN, I don't find any merit in the contention of the *Noticees* stating that non-furnishing of the entire Investigation Report has rendered the *Noticees* incapacitated from defending themselves from the allegations made in the SCN.

10. In this regard, I also note that similar issue has also come up for consideration before the Hon'ble Securities Appellate Tribunal (hereinafter referred to as "**the Hon'ble SAT**"), wherein the Hon'ble SAT vide its order dated February 12, 2020 passed in Appeal (L) No. 28 of 2020 – *Shruti Vora Vs. SEBI*, has held as under:

> *"In the light of the aforesaid, we are of the opinion that concept of fairness and principles of natural justice are in-built in Rule 4 of the Rules of 1995 and that the AO is required to supply the documents relied upon while serving the show cause notice. This is essential for the person to file an efficacious reply in his defence."*

11. The aforesaid rulings made in the *Shruti Vora's* case has been reiterated by the Hon'ble SAT in its order dated July 17, 2020 passed in Appeal No. 150 of 2020-*Anant R Sathe Vs. SEBI* wherein it was held as under:

> *".....8. The said principle elucidated in Shruti Vora's judgement is squarely applicable in the instant case. The authority is required to supply the documents that they rely upon while serving the show*

cause notice which in the instant case has been done and which is sufficient for the purpose of filing an efficacious reply in his defence....."

In the present case also, I find that the *Noticees* have already filed their detailed reply and written submissions to the SCN based on the contents of the documents relied upon therein and also annexed to the SCN for examination by the *Noticees*. The *Noticees* have not been able to make out a case as to how the non-receipt of the entire Investigation Report has caused a serious prejudice to their interest in defending themselves against the charges levelled in the SCN. Therefore, I find that the contentions of the *Noticees* in this regard are devoid of merit, not tenable and are thus liable to be rejected.

12. The *Noticees* have also contended that certain letters allegedly received from the 6 counter party buyers (to the sale of shares made by the *Noticees* on December 03, 2015) which were mentioned during the course of hearing have not been provided to them. In this respect, I note that the *Noticees* have admittedly taken a consistent view that they had no association or relation with their counter party buyers and have contended that the counter parties to their trades were not known entities. In the course of their personal hearing when the *Noticees* made an oral statement that the counter parties to their trades were persons or entities related or associated with Mr. Subhash Chadra Goel of ZEE group, it was pointed out to them that those counter party buyers have however submitted to SEBI during the investigation that they did not know either the *Noticees* or any of the present or past directors of ZLL. It was only in this context of the above, that a reference was made to the submissions made by the 6 counter party buyers and not otherwise to rely on those submissions as an evidence to further establish the charges already framed against the *Noticees* in the SCN. In any case, I find that those emails/letters received from the said 6 entities have not been relied upon in the proceedings against the *Noticees* and therefore, the grievance of the *Noticees* that the copies of those letters/communications have not been provided to them has no *locus standi* to be considered as a tenable demand. On the contrary, it clearly appears that the aforesaid grievance of the *Noticees* goes on to prove that the *Noticees* do not agree with the contentions of those counter party buyers during the investigation that they did not know the *Noticees* at all. The *Noticees* have rather sought to justify their acts by holding to their ground that they have sold the shares knowing very well that the counter party buyers were connected with ZLL who bought their shares pursuant to the discussions with Mr. Subhash Chadra Goel on November 30, 2015 and not otherwise. Under the circumstances, the submission of the *Noticees* that the alleged insider trading involving sale of 40 Lakh shares was indifferent to the UPSI and was effected only to meet the demand of lenders lead to contradiction and appear to be a specious claim that lacks

substance and is not supported by the facts and circumstances under which the trades have been executed by the *Noticees*.

13. It has been further contended that the present SCN has been issued with an inordinate delay of almost 4 years. To such a protest, I can state that there is no provision in the SEBI Act, 1992 which provides a limitation period for taking action against the violation of the provisions of the Act or the Regulations made thereunder. In terms of Section 24(1) of the SEBI Act, 1992, any contravention of the provisions of the SEBI Act, 1992 and the Rules and Regulations framed thereunder is punishable with imprisonment for a term which may extend to the period of ten years. Thus, there is no time limitation prescribed in the SEBI Act, 1992 for the purpose of initiating action against violation of the provisions of law under the SEBI Act, 1992 and Rules and Regulations made thereunder. The issues pertaining to delay in initiating action have also been a subject matter of scrutiny of the Hon'ble SAT as well as before the Hon'ble Supreme Court of India from time to time. It is a trite law that in the absence of any provision providing for a statutory limitation, such power needs to be exercised within a reasonable time and what constitutes a reasonable time, would depend upon the facts and circumstances specific to a case including the nature of the default/statute, prejudice caused, whether any third-party right has been created etc.

14. In the instant matter, I note that the transaction pertains to the period of November-December 2015, into which the investigation was initiated after the receipt of complaints. During the course of the investigation the allegations made in the complaints filed with SEBI had to be examined in detail and information has to be collected thereon from various sources. The information so collected were analyzed, based on which the SCN was issued on February 17, 2020 in the present proceedings after obtaining due approval of the Competent Authority in January 2020. Thus, from the foregoing narration of sequence of events that ensued pursuant to receipt of the complaint against the *Noticees*, I note that given the specific facts & circumstances of this case there has been no perceptible delay committed by SEBI in issuing the SCN to the *Noticees* hence, I find there is no merit in the complain of the *Noticees* about undue delay in issuance of SCN from SEBI and the said contention is liable to be rejected.

15. Having dealt with the aforesaid preliminary objections to the present proceedings raised by the *Noticees*, I proceed now to deal with the case on its merits. I note from the SCN that the main allegation against the *Noticees* is that they being "insiders" have traded in the shares of the *Company* while in possession of UPSI and therefore have acted in violation of Section 12A(d) & (e) of the SEBI Act, 1992 and regulation 4(1) of the PIT Regulations. It is alleged that the corporate announcement made by the *Company* on December 04, 2015 relating to

consolidation/merger options with ZLL, prior to its disclosure to the stock exchanges on December 04, 2015, was an UPSI and accordingly the period of UPSI was observed to be starting from November 30, 2015 to December 04, 2015 08:48 AM.

16. I note that the PIT Regulations have been formulated under Section 30 read with Section 11(2)(g) and Sections 12A(d) and (e) of the SEBI Act, 1992. Therefore, to ascertain as to whether the *Noticees* have violated the provisions, as alleged in the SCN, it has to be determined whether the *Noticees* have violated regulation 4(1) of the PIT Regulations, and if it is so, it will also amount to violation of Section 12A(d) and (e) of the SEBI Act, 1992.

17 As noted above, a perusal of the provisions governing insider trading activities reveals that regulation 4(1) of the PIT Regulations pre-supposes the following essential ingredients to be present and be satisfied to allege and establish the allegation of insider trading. These essential ingredients or pre-conditions are as under:

a. Noticees must be insider;
b. There must be an UPSI in existence;
c. The insider must have traded in the securities of the company when in possession of such UPSI.

However, proviso to regulation 4(1) envisages certain special circumstances wherein despite the presence of all the aforesaid ingredients, an insider may be able to prove his/her innocence and seek exemptions from the rigors of allegations of insider trading by demonstrating that he/she had to indulge in trading in the shares of the company while in possession of UPSI due to certain unavoidable circumstances which are mentioned in the said proviso.

The Note to regulation 4(1) states that once it is established that an insider has traded in the scrip of the company when in possession of UPSI, it would be open to the insider to prove his/her innocence by demonstrating that the trades had to be executed under the circumstances mentioned in the proviso thereunder, failing which he/she would be deemed to have violated the prohibitions mandated for the insiders in terms of the provisions of the said regulation.

18. **Noticees need to be an insider:**

18.1 The first ingredient of regulation 4(1) is that the *Noticee* must be an "insider". The term "insider" has been defined in regulation 2(1)(g), as follows:

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

i) a connected person; or

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

18.2 As per the aforesaid definition, a person can be insider if he is a connected person or if he is in possession of or is having access to UPSI. The term "connected person" has been defined under regulation 2(1)(d) of the PIT Regulations, as under:

(d) "connected person" means, -

(i) any person who is or has during the six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the company or holds any position including a professional or business relationship between himself and the company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.

(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)

18.3 Further, in terms of regulation 2(f) of the PIT Regulations, *'immediate relative'* means and includes spouse, 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.

18.4 From the records available before me and considering the submissions of the *Noticees*, I find that there is no dispute to the fact that the *Noticee no. 1* was the Managing Director of the *Company* and was in possession of the information relating to the proposal of merger or consolidation of ZLL with THEAL. I also note from the replies received from the *Company* and ZLL enumerating therein the list of persons having knowledge and possessing the aforesaid information about the proposal for merger of ZLL with THEAL *inter alia,* contains the names of the *Noticees* also. As observed earlier, the *Noticee no. 1* being the Managing Director and the *Noticee no. 2* being a Director of the *Company* are connected persons in terms of regulation 2 (1) (d) (i) of the PIT Regulations. Moreover, the *Noticee no. 2* being the spouse of the *Noticee no. 1* is deemed to be a connected person as per regulation 2 (1) (d) (ii) (a) of the PIT Regulations as well. This fact has not been disputed by the *Noticees*. Therefore, wasting no further time on the issue I conclude that in terms of regulation 2(1)(d)(i), both the *Noticees* are undisputedly connected person of the *Company,* hence 'insiders' of the *Company* under regulation 2(1)(g)(i) of the PIT Regulations.

18.5 I further note from the SCN that the *Company* vide letter dated March 11, 2017 addressed to the BSE *inter-alia*, has submitted that the possibility of merger of ZLL with THEAL was discussed during November 30, 2015 and the aforesaid letter was signed by the *Noticee no. 1* in his capacity as the Managing Director of the *Company* and the decision to sell shares was taken by them after mutual discussion, Thus, it stands established that the *Noticees* are "insider" of the *Company* in terms of regulation 2(1)(g)(i) as well as (ii) of the PIT Regulations.

19. **There must be an UPSI:**

19.1 The next ingredient of regulation 4(1) is that there must be an UPSI. I note that UPSI has been defined under regulation 2 (1) (n) of the PIT Regulations as under:

"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 (vi) material events in accordance with the listing agreement."

19.2 The aforesaid definition of UPSI *inter alia* provides that UPSI means any information, relating to a company or its securities, directly or indirectly, that is not generally available and which, upon becoming generally available, is likely to materially affect the price of the securities and shall ordinarily be including but not restricted to, *inter alia*, information relating to the mergers, de-mergers, acquisitions, de-listings, disposals and expansion of business and such other transactions. In this regard, I note that the SCN states that the following corporate announcement was made by the *Company* on December 04, 2015:

<table>
<tr><th>S.No.</th><th>Date-Time</th><th>Announcement/News</th><th colspan="7">Price Impact/Shares Traded</th><th>Remarks</th></tr>
<tr><td rowspan="4">1.</td><td rowspan="4">04/12/2015 (09:02:19)</td><td rowspan="4">Outcome of Board Meeting Tree House Education & Accessories Ltd has informed BSE that the Board of Directors of the Company at its meeting held on December 04, 2015, accorded in-principle approval for</td><td colspan="7"><table><tr><td>Date</td><td>O</td><td>H</td><td>L</td><td>C</td><td>No. of shares traded</td></tr><tr><td>03.12.2015</td><td>202.40</td><td>202.40</td><td>200.50</td><td>202.40</td><td>41,23,953</td></tr><tr><td>04.12.2015</td><td>22.60</td><td>222.60</td><td>222.60</td><td>222.60</td><td>1,87,211</td></tr></table></td><td rowspan="4">The price of the scrip increased by 9.98%.</td></tr>
</table>

		exploring consolidation options with Zee Learn limited. Further, the Board has constituted and authorized a committee to finalise the proposed consolidation and take all necessary steps including appointment of necessary consultants. The *Company* will keep the stock exchange informed as and when the consolidation options are finalized.		

19.3 Thus, the aforesaid corporate announcement made by the *Company* prior to its disclosure to the stock exchanges on December 04, 2015 relating to consolidation/merger options with ZLL satisfies the prescribed ingredients to be held as an UPSI within the realm of regulation 2 (1) (n) of the PIT Regulations. I also note that the scrip price of the *Company* witnessed a rise of 9.98% on December 04, 2015 when the above PSI on the proposed consolidation/merger options with ZLL was disseminated to the stock exchanges. The chronological events as revealed from the letter of the *Company* dated January 05, 2018, right from the time of discussions with ZLL on November 30, 2015 up to public announcement of the aforesaid UPSI were as follows:

S.No.	Date	Event/s
1	November 30, 2015 10 PM	I. Discussion on merger between Zee Learn Limited and Tree House Education & Accessories Limited II. To buy 9% stake in THEAL from Mr. Rajesh Bhatia and Ms. Geeta Bhatia
2	December 03, 2015	Mr. Rajesh Bhatia and Ms. Geeta Bhatia sold 40,00,000 shares
3	December 04, 2015 07:30AM	I. Intimation of closure of trading window for the Board Meeting to be held on December 04, 2015 which consist UPSI II. Accorded in-principle approval for exploring consolidation options with Zee Learn Limited III. The board has constituted and authorized a committee to finalize the proposed consolidation and take all necessary steps including appointment of necessary consultants.
4	December 04, 2015 (09:02:19 IST on BSE and 08:48 IST on NSE)	Public Announcement gets updated on the websites of BSE and NSE

19.4 From the above, I find that the information relating to the proposed consolidation/merger options with ZLL was indeed an UPSI within the meaning of regulation 2 (1) (n) of the PIT Regulations which came into existence on November 30, 2015, when the *Noticee no. 1* had a meeting with ZLL exploring and setting out terms and condition of the proposed merger of ZLL with THEAL. It can be very well observed from above that the said UPSI continued to be in existence till December 04, 2015 08:48 AM i.e., the date and time of public disclosure of the said corporate announcement through the stock exchanges. Undisputedly, as per the facts on records the *Noticee no. 1* had a meeting with ZLL for discussing the possibility of merger of ZLL with THEAL on November 30, 2015. However, surprisingly the *Noticees* have disputed being in possession of UPSI at the time when the trades in the shares of the *Company* were executed on their behalf on December 03, 2015 which means, the *Noticees* want to state that no discussions on possible consolidation/merger with THEAL took place on November 30, 2015 which is not acceptable since through their own submissions, it has been acknowledged that the issue of proposed consolidation/merger between ZLL and THEAL was discussed on November 30, 2015 that necessitated subsequent public disclosure by the *Company* by way of corporate announcement on December 04, 2015 (at 08:48 hrs.). Therefore, in the absence of any justifiable explanation with any verifiable supporting evidence to the contrary, I see no reason to accept the claim of the *Noticees* that they were not in possession of the aforesaid information about the proposed consolidation/merger of ZLL with THEAL which came to existence on November 30, 2015 out of their discussions with ZLL and finally culminated in public disclosure on December 04, 2015. I also hold that the said information was certainly a PSI in terms of the PIT Regulations with the corresponding period i.e., November 30, 2015 to December 04, 2015 (till the disclosure) being the UPSI period.

20. **Insider must have traded in the securities of the company when in possession of such UPSI.**

20.1 The next pre-condition of regulation 4(1) is that an insider must have traded in the securities of the company when in possession of UPSI. In this regard, the SCN alleges that the *Noticee no. 1* sold 15,30,000 shares and the *Noticee no. 2* sold 24,70,00 shares of the *Company* on December 03, 2015 through Block Deals. I note that the said fact of selling shares on December 03, 2015 has not been disputed by the *Noticees*.

20.2 To attract violation of regulation 4(1), it needs to be established that the insiders were in possession of UPSI on December 03, 2015 when they traded in the shares of the

Company. The aforesaid essential pre-conditions have to be read further with regulation 4(2) of the PIT Regulations which provides that in the case of connected persons, the onus of establishing that they were not in possession of UPSI, shall be on such connected persons while in other cases involving non-connected persons, the onus of proving the possession of UPSI by such non-connected persons while trading in the shares of the company shall lay on the entity or authority bringing such an allegation of insider trading against such non-connected person i.e., SEBI. In this respect, the SCN alleges that the *Noticees*, being insiders, have traded in the scrip of the *Company* when in possession of UPSI. I have already held above that the *Noticees* were undoubtedly connected persons and insiders of the *Company* in terms of regulation 2(1)(g) of the PIT Regulations. Therefore, in terms of the provisions of regulation 4(2) of the PIT Regulations the burden is on the *Noticees* to prove that they were not in possession of UPSI, during the above-cited UPSI period, and failure to discharge the said burden would be sufficient to establish that the *Noticees* as insiders of the *Company*, were indeed in possession of the UPSI when they sold their share on December 03, 2015. The law creates a legal presumption against the *Noticees* which is rebuttable and the responsibility of refuting the said legal presumption rests solely on the entity who has been proceeded against for their alleged insider trading on the basis of their connection with the *Company*. Needless to state that since, the *Noticees* are undisputedly connected persons and insiders, they are under bounden duty to advance their submissions with sufficient evidence to disapprove that they were not in possession of UPSI.

20.3 In this regard, I find that the *Company* vide its letter dated March 11, 2017 addressed to the BSE *inter alia*, has submitted that the possibility of merger of ZLL with THEAL with a share exchange ratio of 53 shares of ZLL with 10 shares of THEAL was discussed during November, 2015. The aforesaid letter was signed by the *Noticee no. 1* himself in his capacity as the Managing Director of the *Company*. I further note from the letter of the *Company* dated January 05, 2018 addressed to SEBI that the *Noticee no. 1* had a meeting with Mr. Subhash Chandra Goel on November 30, 2015 and had a discussion on merger between ZLL and THEAL in the said meeting. The said fact has also been acknowledged by the *Noticees* vide their written submissions dated January 08, 2021. The *Noticees* have further acknowledged to have discussion with Mr. Subhash Chandra Goel after the completion of transaction on December 03, 2015. Thus, there is no dispute to the fact that on November 30, 2015, the *Noticee no. 1* had discussed the merger/consolidation of ZLL with THEAL for an exchange ratio of 53:10 and hence was very much in possession of all the information relating to the said proposal.

20.4 Notwithstanding the above noted acknowledged facts on records, the *Noticees* have however contested that there was no UPSI in existence and that they were not in possession of the UPSI as on date of their alleged transaction. According to the *Noticees*, the proposal of merger was mooted only after acquisition of 40 Lakh shares (i.e., approximate 9% stake in the *Company*) by the Subhash Chandra group through Block Deals on December 03, 2015. I find that this contention is not only in defiance of the undisputed facts recorded above pertaining to the existence of UPSI but is also fraught with too many contradictions to be taken up for consideration at all. The *Noticees* on one hand have submitted that the sale of 40 Lakh shares of the *Company* by them on December 03, 2015 was altogether a different transaction which had to be executed to repay the outstanding loans payable to the lenders and the said transaction of sale of 40 Lakh shares had no relation with the merger talks with ZLL for which appropriate disclosure on the stock exchanges was made on December 04, 2015. On the other hand, the *Noticees* have also made a submission that the aforesaid transaction was executed with the buying entities in terms of the discussions held with ZLL on the proposed merger of ZLL with THEAL and have also gone to the extent of demanding that similar proceedings be initiated against the counter party buyers to the sales made by them since as far as possession of the information about the proposed consolidation/merger was concerned, the *Noticees* stood on par with those buying entities as well. Further, to buttress their submission that the sale of 40 Lakh shares was made only to repay the outstanding loan, the *Noticees* have submitted copies of the letters issued by the lenders. Contents of the letters have been perused and it has been noted that out of 4 lenders, 2 lenders had asked that the margin short fall in the credit extended by them can either be made up by pledging /mortgaging additional shares /unit, while the remaining 2 lenders had called upon the outstanding amount to be paid immediately. It is also noted that the 2 lenders which provided an option to the *Noticees* to make up the margin shortfall through pledge of additional securities had asked the *Noticees* to do the same on or before December 01, 2015, whereas the *Noticees* herein are found to have sold their shares on December 03, 2015, i.e., two days after the above target date fixed by the aforesaid 2 lenders. In this regard, it is further noted that as per the replies filed by the *Noticees*, the total outstanding amounts payable to the 4 lenders and the broker i.e., J M Financial was aggregating to INR 64 Crore, out of which the total loan amount demanded for immediate repayment by the 2 lenders referred to above was to the tune of INR 32.75 Crore only. Under the circumstances assuming for a while that the *Noticees* had to sell their shares to repay their outstanding loans being demanded by the lenders,

at the best the *Noticees* could have sold only as many shares that would have fetched sales proceeds to the extent of around INR 32.75 Crore and pledged additional shares with the other two lenders who wanted the *Noticees* only to recoup the margin shortfall in the loan amount outstanding against the *Noticees*. The *Noticees*, however, have not put forward any justification as to why they sold 40 lakh shares to the tune realizing sales proceeds of INR 80 Crore which was far in excess of the actual amount recalled by the 2 lenders referred to above and even far in excess of the total liability of INR 64 Crore outstanding towards all the 4 lenders. Further, the *Noticees* have also not adduced any evidence so as to demonstrate that they had no other assets to meet the demand of the said 2 lenders and were left with no other option but to resort to sale of shares to meet the said outstanding loan obligation as demanded for repayment by the said 2 lenders. I have further noted that the letters from lenders which the *Noticees* have referred to impress upon me about their compulsion to sell their shares in the *Company* are dated November 27, 2015 and November 30, 2015 while the *Noticee no. 1* had meeting with ZLL for discussion about the proposed consolidation/merger of ZLL with THEAL also on November 30, 2015. Thus, the demand letters from the lenders and the proposal to consolidate ZLL with THEAL were all coinciding almost around the same time. If pursuant to receipt of the above noted letters from the lenders, the sale of shares so as to be able to repay the outstanding loan was of paramount importance at that point in time, there is no explanation as to why a decision to hold simultaneous discussions about possible merger of ZLL with THEAL on November 30 2015 was taken, when a decision was already taken to sell bulk of their shareholding in the open market to immediately meet out their loan obligations. These basic contradictions observed in the submissions made by the *Noticees* remain unexplained and unsolved. Further, since by his own admission, the *Noticee no. 1* himself discussed the issue of merger with ZLL that necessitated the disclosure by the *Company* by way of corporate announcement to the stock exchanges on December 04, 2015 (at 08:48 hrs.), the claim of the *Noticees* now before me that the issue of merger was mooted only after their sale of 40 Lakh shares took place on December 03, 2015, sounds absurd, self-contradictory and misplaced on facts that are undisputed and already established. The *Noticees* have no explanation to offer to establish as to how a PSI which according to them was not in existence as on the date of execution of their sale trades on December 03, 2015 (disregarding the fact that the said PSI originated on November 30 2015 out of the meeting held by the *Noticee no. 1* with ZLL), got crystalized as a corporate announcement so fast (on December 03 2015) that the *Company* had to make an announcement in the early morning of

December 04, 2015 i.e., before the commencement of market hours on the next trading day. From the aforesaid discussions and the records of the case before me including the letters/submissions filed by the *Noticees*, it is irrefutable that the discussion about the possible consolidation/merger of ZLL with THEAL actually commenced with the meeting held by the *Noticee no. 1* himself on November 30, 2015 which finally culminated with a public disclosure on December 04, 2015 hence, the information pertaining to the said proposed consolidation/merger was a PSI in terms of the relevant provisions of the PIT Regulations and the period i.e. November 30, 2015 to December 04, 2015 (till the public disclosure of the said information) was a UPSI period during which the *Noticees* were very much in possession of the said PSI.

21. Moreover, from the perusal of the minutes of the Meeting of Board of Directors of the *Company* held on December 04, 2015 as submitted by the *Noticees*, I observe that the *Noticee no. 1*, while proposing a consolidation of ZLL with THEAL, *inter alia*, apprised the Board of Directors of the *Company* that ZLL is emerging as a strong and promising market player and the proposed consolidation can prove to be beneficial to both the companies and would lead to significant contribution to the education industry. Further considering the fact that the *Noticee no. 1* had discussed with Mr. Subhash Chandra Goel on November 30, 2015 on the proposed consolidation/merger pursuant to which an in-principle approval for exploring the said consolidation options with ZLL was accorded by the Board of the *Company* in the meeting held on December 04, 2015, it further strengthens the view that the *Noticee no. 1* was already having a positive and favorable pre-disposition towards ZLL from the time he met Mr. Subhash Chandra Goel on November 30, 2015 based on which he sought in-principle approval of the said proposal from the Board of Directors and therefore was undoubtedly in possession of the said UPSI. The aforesaid observation is also reinforced by the fact that the share exchange ratio of 53:10 as discussed in the meeting held by *Noticee no. 1* with ZLL on November 30, 2015 was also approved by the Board of Directors of the *Company* in its subsequent meeting held on December 23, 2015, apart from giving in-principle approval to the said proposed merger with ZLL on December 04, 2015. After having analyzed the factual details including the sequence of events that led to the corporate announcement on December 04, 2015, the claim put forward by the *Noticees* now before me that the said PSI pertaining to the proposed merger with ZLL came into existence only after the completion of their sale transactions on December 03, 2015 (and not before that) is found to be a mere infructuous after thought exercise by twisting the facts *sans* any *locus standi*, as well as full of contradictions and cannot be relied upon at all. Under these compelling factual support and circumstantial evidence as adduced from the foregoing deliberations, I hold that the *Noticees* have

undoubtedly traded in the shares of the *Company* on December 03 2015 while in possession of the UPSI pertaining to the proposed merger of ZLL with THEAL. The above further reinforces and provides strength to my observation that the *Noticees* were insider under regulation 2 (1)(g)(ii) of the PIT Regulations, by possession of the UPSI.

22. The *Noticees* have further contended that their trades of 40 Lakh shares were not influenced by the possession of alleged UPSI and to strengthen their contentions, it has been submitted, that had they been in possession of UPSI, they would have rather delayed their trade to fetch more sum against the sale of 40 Lakh shares, and by executing the sale on December 03, 2015 they had basically incurred loss of around INR 8-17 Crore, as the prices of the scrip of the *Company* witnessed an increase of 9.98 % and moved from INR 202.40 (closing price on December 03, 2015) to INR 222.60 (Highest price on December 04, 2015), after the public disclosure of the above stated information through a corporate announcement made on the floors of the stock exchanges. Under the circumstances, according to the *Noticees* the allegation of indulging in insider trade while in possession of UPSI does not sustain. The *Noticees* have also relied upon the decision of Hon'ble SAT in *Mrs. Chandrakala* in support of their submission that it is rather counter intuitive for a person in possession of UPSI to sell shares when the effect of UPSI upon publication is such that it would result in increase in price of shares, whereas, the alleged trades of the *Noticees* had caused loss to them, at least notionally. Having gone through the contentions and judicial decisions relied upon by the *Noticees*, I find that such a contention may appear to be appealing on its face, however, on a deeper examination of the same, the defense put forward by the *Noticees* is found to be grossly untenable and lacks merit. In this respect, it is pertinent to observe that regulation 4(1) of PIT Regulations nowhere envisages that the alleged insider trade should essentially result in profit to the insider so as to establish the charge of insider trading. Further, regulation 2 (1) (n) of PIT Regulations while dealing with the definition of 'UPSI' envisages that the subject information upon becoming generally available, is likely to materially affect the price of the securities of the company. Such effect on the price of the securities can be negative as well as positive. Since the movement in the price of any scrip on any given trading day depends on interplay of multitude of market factors, both domestic as well as global factors and the expectation of movement of price of a scrip also varies person to person, it can be possible that the price of the scrip of a company may not witness any material change at all despite there being a public announcement of a PSI. The definition of 'UPSI' does not pre-suppose that a PSI to become an 'UPSI' should essentially result in upward movement in the price of the scrip. Therefore, the contention of the *Noticees* that they had incurred a notional loss of INR 8-17 Crore is baseless and have been advanced as an afterthought argument after having witnessed the positive reaction of the market to the

said corporate announcement triggering upward movement in the price of the scrip. It is not possible for anyone including the *Noticees* to have a predication with precision about the possible movement of the market price of a scrip that can happen as a result of disclosure of the UPSI. It is not the submissions of the *Noticees* that they knew with certainty about the future upward price movement in the scrip of the *Company* and despite knowing the same in advance they decided to sale their shares before the public disclosure so as to justify their act of insider trading by seeking immunity on the ground of deliberately incurring loss because of other compulsions. I have seen the market price trend of the scrip of the *Company* post the announcement of 'UPSI' which is very much available in public domain and note that except for initial 2-3 days, the scrip of the *Company* experienced downward trends and never again reached even the level of pre disclosure price. Therefore, it is evident that after the sale of those 40 Lakh shares by the *Noticees* on December 03, 2015, the *Company* could not sustain the price level at which the said shares were sold by the *Noticees*. Thus, it cannot be a case of the *Noticees* that post the public announcement made by the *Company* about the proposed consolidation/merger with ZLL, the market price of its shares went up and sustained a rising trend over a long period so as to claim that they have indeed suffered huge amounts of losses, albeit notionally, by selling the shares prior to the said public disclosure. The *Noticees* have therefore for reasons best known to them, sold their shares quite consciously and deliberately on a date as per their choice knowing very well that they were on that date, in possession of an UPSI which eventually has to be disclosed to the public. Therefore, the contention of the *Noticees* that they would have delayed the sale by a few days so as to fetch a higher price had they been aware of the possibility of a merger, is nothing but an afterthought hypothetical stand taken in the hindsight to justify their insider trades which on the face of overwhelming facts and circumstances impinging on the culpability of the *Noticees*, cannot be accepted. Further the reliance placed by the *Noticees* on the order of the Hon'ble SAT passed in the matter of *Mrs. Chandrakala (Supra)* is factually distinguishable on facts. In the said case, the Hon'ble SAT having considered holistically various factors such as dissociation of the husband of appellant from the promoter of the company after his relinquishment under the family arrangement, her frequent buy and sell trades in the scrip, allowed the appeal by recording that in the absence of any other material the alleged trades of the appellant were not held to be motivated by the possession of UPSI. However, in the present case no such material has been brought on record by the *Noticees* to demonstrate that their trades also followed similar pattern as held in the case of *Mrs. Chandrakala (Supra)*. The *Noticees* have not shown to have indulged in frequent buy and sell trades and have rather transferred huge quantity of shares through Block deals on a single day (i.e., December 03, 2015) therefore, the reliance placed on aforesaid

case (*Mrs. Chandrakala)* by the *Noticees* is misplaced on facts and is clearly distinguishable. So far as the rulings in the case of *Dilip Pendse* is concerned to contend that for bringing a charge of insider trading strong evidences are required, I find that the present proceedings have been initiated on strong tangible evidences such as meeting held on November 2015 which gave birth to the UPSI followed by huge sale of shares on December 03, 2015 while in possession of said UPSI pertaining to the merger of ZLL with THEAL and thereafter disclosure of the said UPSI to the stock exchanges on December 04, 2015 therefore, the contention of the *Noticees* in this regard also fails. In view of the aforesaid, I do not find merit in the contention of the *Noticees* that the charges of violating regulations 4(1) of PIT Regulations would not sustain against them simply because the sale transactions executed by them had caused a notional financial loss to them to the extent of INR 8-17 Crore.

23. As discussed earlier in this order the *Noticees* have submitted that their joint decision of effecting sale of 40 Lakh shares was driven by their compulsion to repay the loan to lenders and the said sale was not influenced by the possession of the alleged UPSI which has been dismissed by me after detailed deliberations in para 20 above in this order. The *Noticees* have not advanced any justification as to why they decided to sell those 40 Lakh shares, when two of the lenders had asked for only enhancement of collaterals by pledging more security or otherwise. I have noted above that the said two lenders had asked the *Noticees* to fulfill the deficit in their collaterals on or before December 01, 2015, however, the *Noticees* went ahead and sold 40 Lakh shares on December 03, 2015. I find that instead of justifying their aforesaid acts with any cogent explanations the *Noticees* have resorted to rely on the findings of the Hon'ble SAT in *Abhijit Rajan vs. SEBI* (Appel No. 232 of 2016, decided on November 8, 2019) contending that the sale was made only with a purpose to repay the loan to banks/lenders. I find that the contention of the *Noticees* and their reliance on the ruling of the Hon'ble SAT in *Abhijit Rajan(supra)* are entirely misplaced. In the above noted case the Hon'ble SAT had allowed the appeal on the ground that the impugned sale of shares in that matter was effected only to infuse money to the *Company* to be utilized for its running and survival, whereas in the instant matter, it is not the case of the *Noticees* that amount realized pursuant to the sale of 40 Lakh shares was infused into the *Company*. On the contrary, it is the case of the *Noticees* that the money realized by them from sale of shares was utilized to meet their personal liabilities. In view of the same, I reject the contention of the *Noticees* that the sale of shares effected by them was not a profitable event/exercise. The facts of the matter however clearly indicate that the *Noticees* have indeed got enriched out of the said sale transactions since, but for its temporary rise during 2-3 days aftermath the public disclosure of the PSI, the market price of

the shares of the *Company* continuously fell down and went below the rate at which the *Noticees* sold their shares on December 03, 2015.

24. The *Noticees* have further complained that no action has been initiated against the counter party buyers to their trades and therefore, they also deserve to be discharged from the instant proceedings. The *Noticees* have referred to an order dated December 19, 2017 passed by the Hon'ble Bombay High Court in Anticipatory Bail Application No. 702 of 2017 to impart strength to their submission that counter parties to their trades were the persons/entities who were related to Mr. Subhash Chandra Goel with whom the *Noticee no. 1* had discussed about the proposed consolidation/merger of ZLL with THEAL. The *Noticees* have submitted that they have filed complaint with police based on which a FIR was registered only after the intervention of the Learned Metropolitan Magistrate, Bandra exercising power under Section 156(3) of Cr. PC.

25. I have already pointed out in the previous parts of this order that the submissions of the *Noticees* are replete with inconsistencies and contradictions. The *Noticees* on the one hand have advanced arguments that their sale trades had no relation with the proposed merger of ZLL with THEAL, whereas on the other hand they have claimed that although the counter party buyers to their trades were connected to ZLL and Mr. Subhash Chandra Goel, yet they have not been proceeded against in the present proceedings. However, contrary to the above stated claim, I note that during the investigation, the *Noticee no. 1* has stated that he was not aware of and has no relation with any of the counter party buyers to their trades although have now submitted before me that the sale of 40 Lakh were made to entities related or connected with Mr. Subhash Chandra Goel. In this context, when asked during the course of personal hearing as to what extent the *Noticees* knew any of the counter party buyers or their broker the *Noticees* have responded that they neither knew counter party buyers nor their broker. In fact, the *Noticees* vide their letter dated May 29, 2019 have categorically stated that they were not knowing and/or associated/related/connected to the counter party buyers. It is also not the case of the *Noticees* that they specifically instructed their broker to sell those 40 Lakh shares only to these 6 entities. Given the aforesaid continuous flip-flop stand adopted by the *Noticees* vis-a-vis their counter party buyers or their broker, sometime saying that they knew that the six counter party buyers are connected with Mr. Subhash Chandra Goel, sometime stating that they did not know these counterparty buying entities at all and sometime that their trades were totally indifferent to the talk/meeting held on November 30, 2015 , it shows the *Noticees* are only trying to mislead the proceedings by making contradictory and inconsistent affirmations from time to time. Moreover, I find that the SCN has not been issued against the counter party

buyers and since these entities are not present before me in the present proceedings, passing any observation against or qua them will not be in accordance with Principle of Natural Justice.

26. Under the circumstances, I find that the demand of the *Noticees* that simply because their counter party buyers have not been proceeded with, the serious charges of insider trading leveled against them should be dropped is completely devoid of substance and merit. I have already observed that the mischief of insider trading will be completed as soon as the ingredients and pre-conditions envisaged under regulation 4 (1) of the PIT Regulations are satisfied. I have also noted that the proviso to the above regulation recognizes certain defenses to an entity under exceptional circumstances and in case the entity is successful in demonstrating that its case falls in any of the six categories of defenses provided under the said proviso, the charges of insider trading would fail and the proceedings against the entity shall result in exoneration. Applying those ingredients and pre-conditions prescribed under regulation 4(1) of PIT Regulations to the factual matrix of the present matter, I have already found that the *Noticees* were undisputedly insiders of the *Company*, there was an UPSI in existence and the *Noticees* were in possession of the said UPSI when those trades in the shares of the *Company* were executed by them. I also find that no argument has been canvassed by the *Noticees* claiming that their case falls in any of the six permitted categories of exceptional circumstances as provided under the proviso to regulation 4 (1) of the PIT Regulations. Therefore, the contention of the *Noticees* that no proceedings have been initiated against counter party buyers to their sale trades, would not be of help in securing a discharge for the *Noticees* from the charges of insider trading made in the SCN. I note that though the *Noticees* claim parity with the 6 counter party buyers while seeking discharge from the present proceedings, they have not submitted any credible evidence to substantiate their innocence in the matter. It is not in dispute, that unlike the counter party buyers to their trades, the *Noticees* were very much connected persons of the *Company* of which the *Noticee no. 1* was holdings the post of Managing Director. It is also not the case of the *Noticees* either, that the counter party buyers to their trades were also aware of and had access to the insider information as well as the internal affairs and management of the *Company* (THEAL) so as to demonstrate that the *Noticees* as well as the counter parties to their trades, were all standing on an equal footing as far as access to UPSI was concerned. In addition to the above, it is also not the case of the *Noticees* that the counter party buyers to their trades have been exonerated from the charges of insider trading on merit by way of any specific order passed by any authority so as to advocate for a strong case for exonerations from the charges of insider trading against them by relying on the exoneration order of their counterparty buyers.

27 The present proceedings before me is a quasi-judicial proceedings and the *Noticees* must understand that the instant proceedings require me to ascertain, on the basis of facts and other materials available on record, as to whether the alleged trades of the *Noticees* can be held to be in violation of provisions of insider trading or not. It is a trite law to state that in the quasi-judicial proceedings, the adjudicator is bound within the realms of the show cause notice presented to him for adjudication. In the instant case, if after examining the role of other entities and evidences available on record, the investigating officer is of the view that it not necessary to proceed against the buyer entities, the same logic cannot *ipso facto*, be extended to other *Noticees*. In fact, in the matter of *Systematix Shares & Stocks India Limited v. SEBI* (2012), the Hon'ble SAT also had an occasion to deal with a similar argument of the appellant therein contending that the Board should have proceeded against all wrong doers and the action against the appellant and a few entities alone was discriminatory. In the said case, the Hon'ble SAT held that "*We cannot subscribe to this view since the Board has set its own benchmark in selecting cases for action and, in any case, the appellant cannot plead himself innocent or his trades as lawful.*" Therefore, those who seek equity must come out with clean hands. Merely for the reason that no action has been initiated against an entity, the charges against the *Noticees* should also result in exoneration is not at all a valid and tenable proposition under law.

28. I further note that indulgence in insider trading is considered a very serious charge *inter alia* for the reason that it creates an advantageous position to person who is an insider and is connected to a company so as to be aware of the true and correctness of information vis-a-vis others, who have no connection with the company and thereby are deprived of inside information. Knowing inside information creates opportunities to take advantage, as the person who is aware of such inside information cannot claim to be enjoying level playing field as far as the person not having connection with the company is concerned. Knowing more than anybody else about a company being an insider further creates opportunity to indulge in fraudulent activities. Having found that the *Noticees* have satisfied all the three ingredients required under regulation 4(1) of the PIT Regulations and the *Noticees* have not been successful in showing that their case falls in the exceptions carved out under the proviso to regulation 4 (1), I find from the consideration of all the facts and materials available on record that the *Noticees* have indulged in trading in securities while in possession of UPSI.

29. Admittedly, the *Noticee no. 1* was in possession of UPSI since November 30, 2015 prior to the trades executed by him and his spouse (*Noticee no. 2*) on December 03, 2015 and the *Noticees*, being insiders, traded in the scrip of the *Company* when in possession of UPSI. Therefore, I am

not inclined to accept the submissions of the *Noticees* that there was no UPSI in existence on December 03, 2015 when shares were sold by them.

30. I note that the SCN alleges that *Noticee no. 1*, who was an insider, had communicated the UPSI to his wife i.e., the *Noticee no. 2* and thus has acted in violation of regulation 3(1) of PIT Regulation. Regulation 3(1) of the PIT Regulation reads as under:

> ***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.*

In this regard, I observe from the SCN that JM Financial Services Ltd. was the broker for the *Noticees* for the aforesaid sale of shares of the *Company* on December 03, 2015. It is noted from the email dated September 17, 2019 received from JM Financial Services Ltd. that the *Noticee no. 1* had placed orders on behalf of the *Noticee no. 2* in respect of the aforesaid Block Deals. Further, from the bank account statement of the *Noticee no. 2*, it was found that the sale proceeds in respect of aforesaid trades executed on behalf of the *Noticee no. 2* by the *Noticee no. 1* were immediately transferred to the account of the *Noticee no. 1*. The *Noticees* have submitted that the decision to sell the shares was taken jointly by them in consultation with each other pursuant to which oral instruction was given to the broker by the *Noticee no. 1* and *Noticee no. 2* to place the sell orders. The *Noticee no. 2*, apart from being an insider of the *Company* in the capacity of being its Director and connected persons, is also the wife of the *Noticee no. 1* and as stated by the *Noticees* above, the decision to sale the shares were taken after mutual consultation with each other. The above noted compelling facts clearly establish the communication of information by the *Noticee no. 1* to the *Noticee no. 2*. It is not disputed that the *Noticee no. 1* had a meeting with Mr. Goel on November 30, 2015 wherein the issue of proposed consolidation/merger with ZLL was discussed and thereafter, sale trades were executed by the two *Noticees* on December 03, 2015, a day before the public announcement made by the *Company* disclosing the merger aspect of ZLL with THEAL. In the above circumstances, the preponderance of probabilities gets tilted heavily against the *Noticees* and clearly creates a presumption about communication of the said information pertaining to the proposed merger by the *Noticee no. 1* to the *Noticee no. 2*, which is further reinforced by the fact that the said sale trades of 40 Lakh shares were executed while both the *Noticees* were in possession of as well as under the influence of the said UPSI about the proposed merger of the *Company* with ZLL.

31. The SCN has alleged that the *Noticees* have given incorrect declaration regarding non possession of UPSI for the purpose of obtaining preclearance from the Compliance Officer of the *Company* and the said act of providing incorrect declaration was in violation of clause 6 of the Minimum Standards for Code of Conduct to Regulate, Monitor and Report Trading by Insiders specified in Schedule B read with regulation 9(1) of the PIT Regulations. For the purpose of ready reference and appreciation of the aforesaid charge, the relevant provisions are reproduced as under:

> ***Code of Conduct.***
>
> *9.(1) The board of directors of every listed company and the board of directors or head(s) of the organisation of every intermediary shall ensure that the chief executive officer or managing director] shall formulate a code of conduct 30[with their approval to regulate, monitor and report trading by its designated persons and immediate relatives of designated persons towards achieving compliance with these regulations, adopting the minimum standards set out in Schedule B (in case of a listed company) and Schedule C (in case of an intermediary) to these regulations, without diluting the provisions of these regulationsin any manner.*
>
> *Explanation –For the avoidance of doubt it is clarified that intermediaries, which are listed, would be required to formulate a code of conduct to regulate, monitor and report trading by their designated persons, by adopting the minimum standards set out in Schedule B with respect to trading in their own securities and in Schedule C with respect to trading in other securities.*
>
> *SCHEDULE B*
>
> *Minimum Standards for Code of Conduct46[for Listed Companies]to Regulate, Monitor and Report Trading by Designated Persons*
>
> *6. When the trading window is open, trading by designated persons shall be subject to pre-clearance by the compliance officer, if the value of the proposed trades is above such thresholds as the board of directors may stipulate.*

32. In this regard, I note from the SCN that the *Noticees* had taken preclearance from Compliance Officer of the *Company* on December 02, 2015 and for this purpose it was *inter-alia* declared by them that they were not in possession of or otherwise privy to any UPSI. I have already dealt with such a claim made by the *Noticees* in the preceding paragraphs, and after appreciation of facts and evidences at length, it has been found that the *Noticees* were in fact in possession of the UPSI on the day they traded in the shares of the *Company*. Under the circumstances, the *Noticees* are liable to be held guilty for misrepresentation of facts before the Compliance Officer for the purpose of obtaining preclearance on December 2, 2015 for their proposed trades in

an illegal manner thereby violating clause 6 of the Minimum Standards for Code of Conduct to Regulate, Monitor and Report Trading by Insiders specified in Schedule B, read with regulation 9(1) of SEBI (PIT) Regulations

33. The SCN further alleges that the sale of 40 Lakh shares of the *Company* by the *Noticees* constituted more than 2 % *of total shareholding or voting rights in the target company*, and the *Noticees* were holding more than 5% *shares or voting rights in the target company*, hence were mandated to make disclosure to the *Company* as well as to the stock exchanges about the said sale within a period of 02 days. The disclosures under regulation 29(2) r/w 29(3) of the Takeover Regulations by the *Noticees* were however, made belatedly. In order to appreciate the allegations made in the SCN and the contentions of the *Noticees*, it is proper to have the relevant provisions of the Takeover Regulations reproduced here under for ready reference:

> ***Disclosure of acquisition and disposal.***
>
> *29.(2) Any person, who together with persons acting in concert with him, holds shares or voting rights entitling them to five per cent or more of the shares or voting rights in a target company, shall disclose the number of shares or voting rights held and change in shareholding or voting rights, even if such change results in shareholding falling below five per cent, if there has been change in such holdings from the last disclosure made under sub-regulation (1) or under this sub-regulation; and such change exceeds two per cent of total shareholding or voting rights in the target company, in such form as may be specified.*
>
> *(3) The disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within two working days of the receipt of intimation of allotment of shares, or the acquisition or the disposal of shares or voting rights in the target company to, —*
>
> *(a)every stock exchange where the shares of the target company are listed; and*
>
> *(b)the target company at its registered office.*

34. In this regard, I note that the *Noticees* have not disputed the date of disclosure made to the stock exchanges, however, it has been vehemently argued that regulation 29(3) of the Takeover Regulations did not contemplate a specific time limit for disclosure relating to sale of shares in excess of limits set out under regulation 29(2) of the Takeover Regulations and therefore the charge of delay in disclosure would not sustain. The *Noticees* have placed reliance on the rulings made by the Hon'ble SAT in *Ravi Mohan vs. SEBI* (Appeal No. 97 of 2014, decided on December 16, 2015) and *Rakesh Kathotia (supra).* I find force in the submissions of the *Noticees* and note that the regulation 29(3) of the Takeover Regulations envisages the disclosure in

respect of the receipt of intimation of allotment of shares, or the acquisition of voting rights in the target company and does not provide for the disclosure, in case of sale or disposal of shares exceeding 2% of share or voting rights in a target company. I further note that after taking cognizance of the decision made by the Hon'ble Tribunal in the above referred matters, an amendment has been carried out in regulation 29(3) on September 11, 2018, incorporating and mandating sale/disposal of shares or voting rights also to be disclosed. Considering the undisputed fact that the alleged trades were executed on December 03, 2015 and the amendment has been carried out only on September 11, 2018 whereby an entity has been mandated to disclose even sale/disposal of shares or voting right, I am inclined to give benefit of doubt to the *Noticees* and take view that the charge of delayed disclosure would not sustain in the facts of the matter.

35. To sum up, there are now no two opinions that the *Noticee no.1* being the Managing Director of the *Company* had discussed the proposal of merger of ZLL with THEAL on November 30, 2015, which upon consideration and approval by the Board of the *Company* was announced to the stock exchanges on December 04, 2015. Meanwhile, the *Noticees* have been found to have traded and executed sale of 40 Lakh shares of the *Company* on December 03, 2015 i.e., just a day prior to the public announcement of the proposed merger of ZLL with the *Company*. Consideration of materials on record clearly and unequivocally suggest that the information pertaining to the proposed merger was a PSI in terms of PIT Regulations which was known to and possessed by certain people connected with the *Company* including the *Noticee no. 1* who had also informed to the stock exchanges about his meeting held with ZLL on November 30, 2015 for discussing the modalities of the proposed merger including the share exchange ratio. The *Noticee* no. 1 had passed on the information to his wife i.e., the *Noticee no. 2* who herself being a Director and connected person was an insider of the *Company*. The fact of communication of the aforesaid PSI, before disclosure of the same to the public at large, is further evident from the submission, wherein the *Noticees* have acknowledged to have discussed and decided jointly to sell 40 lakh shares together on December 03, 2015. The fact that neither the *Noticee no. 1* nor the *Noticee no. 2* has been able to justify his/her indulgence in selling of shares of the *Company* in terms of any of the exceptions permitted under the proviso to regulation 4(1) of PIT Regulations, further leads to an irresistible conclusion that the same was done under the influence of and/or possession of that UPSI. Having found that the *Noticees* were in possession of the relevant UPSI at the time of effecting sale of 40 Lakh shares, I find no documents have been submitted by the *Noticees,* to rebut the allegation of providing false and incorrect declaration to the Compliance Officer while seeking pre clearance for their proposed sale of shares, hence the charge of acting in violation of Code of Code framed under

regulation 9 of the PIT Regulations also stands established. In view of the facts and circumstances of this case and aforesaid discussions and observations on various allegations in the preceding paragraphs of this order I conclude that:

a) The *Noticee no.1*, being an insider, has communicated the UPSI and has also traded in the shares of the *Company* when in possession of UPSI and thereby has violated regulations 3(1) and 4(1) of the PIT Regulations and Section 12A (d) & (e) of the SEBI Act, 1992.

b) The *Noticee no. 2*, being an insider has traded in the shares of the *Company* when in possession of UPSI and thereby has violated regulation 4(1) of the PIT Regulations and Section 12A (d) & (e) of the SEBI Act, 1992.

c) The two *Noticees* have also violated clause 6 of the Minimum Standards for Code of Conduct to Regulate, Monitor and Report Trading by Insiders specified in Schedule B read with regulation 9(1) of the PIT Regulations, 2015 by applying for pre-clearance of trades in the scrip of the *Company* claiming falsely that they are not in possession of UPSI even though they were in possession of UPSI.

36. I further note that the SCN calls upon the *Noticees* to show cause *inter alia* as to why penalty under Sections 15G, 15 A(b) & 15HB of the SEBI Act & SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 should not be imposed. I note that the power vested under Section 11B(2) is without prejudice to the power to issue directions under Sections 11(1), 11(4) and 11B(1) of the SEBI Act, 1992. In this regard, I note that Sections 15A(b), 15G and 15HB of the SEBI Act, 1992 provide as under:

> ***"Penalty for failure to furnish information, return, etc.***
>
> *15A. If any person, who is required under this Act or any rules or regulations made thereunder-*
>
> *(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 insider trading.***
>
> *15G. If any insider who, —*
> *either on his own behalf or on behalf of any other person, deals in securities of a body corporate listed on any stock exchange on the basis of any unpublished price-sensitive information; or*

communicates any unpublished price-sensitive information to any person, with or without his request for such information except as required in the ordinary course of business or under any law; or

counsels, or procures for any other person to deal in any securities of any body corporate on the basis of unpublished price-sensitive information,

shall be liable to a penalty which shall not be less than ten lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of insider trading, whichever is higher.

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.

37. Having regard to the findings that the *Noticees* have not violated regulation 29(2) read with regulation 29(3) of SAST Regulations, 2011, I note that there is no occasion to levy penalty under Section 15A(b) the SEBI Act, 1992. However, keeping in view my categorical observation made at paragraph 35 above, and having considered materials available on record and the submissions advanced by the *Noticees*, I hold that the charges against the *Noticees* relating to indulgence in insider trading are found to have been substantially established, thereby attracting levy of penalty under Section 15G and 15HB of the SEBI Act, 1992 in this regard.

ORDER

38. In view of the facts and circumstances of the case, I, in exercise of the powers conferred upon me under Section 19 read with Sections 11(1), 11(4), 11(4A), 11B(1) and 11B(2) and further read with Sections 15G and 15HB of the SEBI Act, 1992 and SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, hereby issue the following directions and imposed the following penalty:

i. The Noticee no. 1 i.e., Mr. Rajesh Bhatia and the Noticee no. 2 i.e., Ms. Geeta Bhatia are restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly in any manner whatsoever for a period of one year from the date of this order.

ii. The Noticee no. 1 i.e., Mr. Rajesh Bhatia and the Noticee no. 2 i.e., Ms. Geeta Bhatia are directed to pay a penalty as detailed below within 45 (forty five) days from the date of service of this order by way of crossed demand draft drawn in favour of "SEBI–Penalties remittable to Government of India", payable at Mumbai, or the online payment facility available on the website of SEBI: www.sebi.gov.in on the following path, by clicking on

the payment link /ENFORCEMENT → Orders →Orders of Chairman/Members → PAY NOW or at the link https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html.

Entity	Provisions of law violated	Penalty levied under section	Quantum of penalty payable individually
Mr. Rajesh Bhatia	Regulations 3(1) and 4(1) of SEBI (PIT) Regulations, 2015 and Section 12A (d) & (e) of the SEBI Act, 1992	15G	1500000
Ms. Geeta Bhatia	Regulation 4(1) of SEBI (PIT) Regulations, 2015 and Section 12A (d) & (e) of the SEBI Act, 1992		1000000
Mr. Rajesh Bhatia and Ms. Geeta Bhatia	Clause 6 of the Minimum Standards for Code of Conduct to Regulate, Monitor and Report Trading by Insiders specified in Schedule B read with regulation 9(1) of SEBI (PIT) Regulations, 2015	15HB	300000 each Noticee

39. Obligation of the aforesaid Noticees, in respect of settlement of securities, if any, purchased or sold in the cash segment of the recognized stock exchange (s), as existing on the date of this Order, can take place irrespective of the restraint/prohibition imposed by this Order, only in respect of pending unsettled transactions, if any. Further, all open positions, if any, of the

aforesaid Noticees in the F & O segment of the stock exchange, are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order.

40. This Order shall come into force with immediate effect.

41. A copy of this Order shall be served upon the recognized Stock Exchanges, the Registrar and Transfer Agents and the Depositories, for necessary compliance.

DATE: May 24, 2021
PLACE: Mumbai

S. K. MOHANTY
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA