smartlink
Smart Solutions for a Smarter Planet

24th November, 2017

To,
Mr. Hari K - Asst. Vice President
National Stock Exchange of India Ltd
"Exchange Plaza", C-1, Block G,
Bandra - Kurla Complex,
Bandra (E), Mumbai - 400 051

To,
The Manager - Corporate
The Corporate relationship Department
BSE Limited
PhirozeJeejeebhoy Towers,
Dalal Street, Mumbai – 400 001

Scrip Code:NSE: SMARTLINK

BSE: 532419

Sub: Disclosure under Regulation 30 of the Listing Regulations
Ref: Clarification and Confirmation of news item appearing on "The Economic Times" on 24th November, 2017.

Dear Sir,

This is with regards to e-mail dated 24th November, 2017 in relation to the news article appearing in today's "The Economic Times". The contents of the said article are as per the Order number EAD-12/AO/SM/99/2017-18 dated 23rd November, 2017 passed by SEBI.

We would like to inform you that the Company had not received any order by post or by an email in this regards from SEBI neither it has received any intimation from the Director in this regards. However based on the Article in the Economic Times the Company has downloaded the same from the SEBI website today.

The brief facts of the case are as below:

Mr. Jangoo Dalal, Non-Executive Director of the Company had inadvertently and by oversight sold 30,000 Equity shares during the Trading window closure period on 07th August, 2015.

Mr. Jangoo Dalal had admitted the mistake and after considering the submissions made by Mr. Jangoo Dalal, Investor Grievance Committee of the Company had levied a penalty of Rs. 1,06,200/-; which was paid by Mr. Jangoo Dalal to the Prime Minister's National Relief Fund. The Company had intimated SEBI about the levy of penalty vide its letter dated 28th August, 2015.

Subsequently SEBI conducted its own investigation in this case and has now passed an order against Mr. Jangoo Dalal and levied a penalty of Rs. 10 lakhs vide Order number EAD-

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12/AO/SM/99/2017-18 dated 23rd November, 2017 for violating the provisions of Section 12A (d) and (e) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as 'SEBI Act') and Regulation 4(1) read with 4(2) of the SEBI (Prohibition of Insider Trading Regulations 2015 (hereinafter referred as "PIT Regulations", Clause 4 and 6 of Schedule B code of conduct read with Regulation 9(1) of the PIT Regulations in the scrip Smartlink. (Copy of the said Order is attached for information).

Kindly take note of the same.

Thanking you,

Yours faithfully,
For **SMARTLINK NETWORK SYSTEMS LIMITED**

URJITA DAMLE
COMPANY SECRETARY

SMARTLINK NETWORK SYSTEMS LTD.

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Land Phone : +91 832 2885400 | Fax : +91 832 2783395 | **www.smartlink.co.in**

CIN : L30007GA1993PLC001341

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO: EAD-12/AO/SM/99/2017-18]

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

In respect of:
Shri Jangoo Dalal
(PAN No. ABTPD0962E)

In the matter of

M/s Smartlink Network Systems Ltd

Facts Of The Case:

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') had conducted an investigation into the alleged irregularity in the trading and dealing in the shares of Smartlink Network System Limited (hereinafter referred to as "Smartlink/Company") between the period from July 01, 2015 to August 13, 2015 (hereinafter referred to as Investigation Period/IP") to look into the possible violation of the provisions of the SEBI Act and various Rules, Regulations and Guidelines made thereunder.

2. Pursuant to the Investigation, it was found that Shri Jangoo Dalal (hereinafter referred to as "Jangoo"),Non-Executive Director of Smart link & Designated person of Smartlink in terms of SEBI (Prohibition of Insider trading) Regulations 2015 had traded in the scrip of Smartlink based on unpublished price sensitive information during closure of trading window period and without obtaining pre clearance. The Unpublished Price Sensitive Information (hereinafter referred to as "UPSI") period was July 01, 2015 to August 13, 2015.

3. It was observed that the work related to preparation of quarterly results began on July 01, 2015 and accordingly Smartlink closed the trading window for dealings by its directors and employees from July 1, 2015 till 24 hours after the announcement of financial results to the public for the quarter ended June 30, 2015.

4. SEBI had observed that on August 13, 2015, after market hours, Smartlink announced financial results for the quarter ending June 30, 2015 wherein it was observed that standalone NPAT (Net Profit After Tax) for the quarter had decreased by 86.92% when compared to previous quarter and by 90.06% when compared to the same quarter of the previous year. After the announcement i.e. on August 14, 2015, the price of the scrip Smartlink closed

at Rs. 104.9 compared to Rs. 114.85 on previous day i.e. a fall of 8.66% in one day.

5. It was alleged that Jangoo had sold 30,000 shares of Smartlink during UPSI period i.e. on August 07, 2015, without taking pre-clearance for the same. It was alleged that Jangoo being an insider, was in a position to have access to information about the accounts maintained by the company and the trading pattern of Jangoo confirms that the trade was executed by him while in possession of UPSI. The notional loss avoided by Jangoo while trading during UPSI period was Rs. 3, 95,746/-.

6. It was alleged that Jangoo has traded only in the scrip of Smartlink during the UPSI period as mentioned above.

7. In view of the above, it was alleged that Jangoo has violated the provisions of Section 12A (d) and (e) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as 'SEBI Act') and Regulation 4(1) read with 4(2) of the SEBI (Prohibition of Insider Trading Regulations 2015 (hereinafter referred as "PIT Regulations", Clause 4 and 6 of Schedule B code of conduct read with Regulation 9(1) of the PIT Regulations in the scrip Smartlink.

Appointment of Adjudicating officer

8. SEBI initiated adjudication proceedings and appointed the undersigned as Adjudicating Officer under section 15I of the SEBI Act read with Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as 'Adjudication Rules') vide order dated May 16, 2017, to inquire into and adjudge under Section 15G of SEBI Act, 1992 and under Section 15HB of SEBI Act, 1992 for the aforesaid alleged contravention of provisions of law.

Show Cause Notice, Reply And Personal Hearing:

9. Show Cause Notice dated June 14, 2017 (hereinafter referred to as "SCN") was issued to Jangoo under Rule 4(1) of the Adjudication Rules to show cause as to why an inquiry should not be held and penalty be not imposed under Section 15G of SEBI Act, 1992 and under Section 15HB of SEBI Act, 1992 for the alleged violation of SEBI Act, 1992 and PIT Regulations. SCN was issued through Speed Post Acknowledgement Due (SPAD) to Jangoo which was duly delivered to Jangoo.

10. Reply pursuant to SCN:

10.1. Vide letter dated June 28, 2017, Jangoo informed that he is filing an application under SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 (hereinafter referred to as "Settlement") till that time to keep the adjudication proceedings in abeyance until the settlement application is decided. From the internal department of SEBI, it came to the notice that Jangoo had not filed the settlement application with SEBI. Vide July 05, 2017, Jangoo was requested to file his reply to the SCN by July 17, 2017.

10.2. Vide letter dated July 12, 2017, Jangoo submitted his reply which inter-alia stated that:

10.2.1. Reiterated of keeping the adjudication matter under abeyance since he is submitting settlement application.

10.2.2. I am a Non-executive director on the Board of Directors of Smartlink. I have other full time occupations of running my own enterprise. None of the persons who are generally in possession of UPSI report to me and I get to know of the company's operations or financials only at the Board meetings.

10.2.3. I do not buy or sell securities in the market directly. I had appointed Wealth Managers United (India) Private Ltd. Bangalore as my Investment advisor to carry out transactions for me. Substantial parts of my investments are in mutual funds and debt. I am not a regular trader on the exchanges. Smartlink had closed the trading window from July 1, 2015 to August 14, 2015.

10.2.4. The trading window was open from August 15, 2015 and not August 14, 2015.

10.2.5. I had purchased 60,000 shares of Smartlink during August 2007. On 7th August, 2015 the Investment advisor sold the 30,000 shares and I continue to hold 30,000 shares. After the sale, Smartlink pointed out on August 11, 2015 that there was a trading window closure in force. I offered my explanations and Smartlink went ahead and instituted an Inquiry and proceeded with action by the Stakeholder Relationship committee of the Board.

10.2.6. I submitted that I was not in possession of any UPSI and Smartlink, in its inquiry conducted independent verification of the same. Smartlink obtained written confirmation from the persons privy to UPSI.

10.2.7. The financial results for the June 2015 quarter were tabled only at the Board meeting on August 13, 2015 and I had no access to the same or any details of the same before the board meeting. The shares were sold on August 7, 2015 without my having any UPSI about the results.

10.2.8. The Stakeholder Relationship Committee directed me to deposit Rs. 106200 in the Prime Ministers Relief Fund, which I have done on 31.8.2015. The amount has been calculated as the difference between the sale price of Rs. 118.50 on August 7, 2015 and the closing price of Rs. 115.05 on August 15, 2015 (the first date after trading window opened), i.e. Rs. 3.54 x 30000 = Rs. 106200.

Response to charge 1:

10.2.9. The impugned notice alleges that I being a Director, have traded when in possession of UPSI and that the onus of establishing that I was not in possession of UPSI is on me. I submit that the inquiry conducted by Smartlink and the written statements given by the persons who were in possession of UPSI, clearly establishes that I was not in possession of UPSI on August 7, 2015, the date of sale of 30,000 shares. The shares were sold by my Investment advisor inadvertently and not by me directly and I continue to hold 50% of my holding in Smartlink. Assuming but not accepting that I was in possession of UPSI, I could have sold the entire holding. I submit that the allegation in the impugned notice that I avoided loss of Rs. 3, 95,746 is erroneous as this amount is arrived at on the basis of the price as on August 14, 2015. Since the charge is also that I traded when trading window was closed, computation should be done on the basis of the price as on the first trading day after trading window opens, i.e. August, 15, 2015. As per this computation, the loss avoided could have been Rs. 1,06,200, which I have already forfeited and remitted to the Prime ministers relief fund as directed by the Stakeholders relationship committee. I say that I have not retained any gains from the sale. I say that this is the first time that I have received any notice from SEBI or any other regulatory authority and the incident of sale during the trading window closure was inadvertent. I say that I was not in possession of UPSI and my trading behavior shows that clearly. I say that the sole sale transaction was put through by the portfolio manager when I was not possession of any UPSI. In this connection I rely on the decision of SAT in appeal no. 64/2014 (Manoj Gaur vs. SEBI).

10.2.10. I submit that based on the facts of the matter and my conduct and affairs before and after the sale clearly establish that I was not in possession of UPSI on the date of sale and hence the charge may kindly be dropped.

Response to Charge 2:

10.2.11. As submitted above, Smartlink has already conducted its Inquiry and imposed a penalty of Rs. 106200 on me and directed me to remit the same to Prime Ministers Relief Fund which I have done I submit that the sole transaction was put through by my portfolio manager inadvertently and I have accepted the inadvertence. I have not retained any notionally avoided losses. This has been the only incident of a breach of the code of conduct which I have noted and put in process to notify my portfolio manager about trading window closure in advance. In view of the same, I submit that, the actions have already been taken against me by Smartlink under the Code of conduct and no notional gains are retained by me. No further action may be initiated and the charge may be dropped."

11. Personal Hearing:

11.1. In the interest of natural justice and in order to conduct an inquiry in terms of Rule 4(3) of the Rules, Jangoo was granted an opportunity of personal hearing before the undersigned on August 29, 2017 at SEBI. Vide e-mail August 18, 2017, Jangoo requested to reschedule the personal hearing to August 31, 2017, attaching the settlement application submitted to SEBI. The request made by Jangoo was acceded. It was informed by the internal Department of SEBI that the settlement application filed by Jangoo has been received by SEBI and the same is under consideration. Accordingly, the personal hearing on August 31, 2017 was withdrawn.

11.2. On September 14, 2017, it was informed by Internal Department of SEBI that the settlement application filed by Jangoo was rejected and the same was informed to Jangoo on August 29, 2017 by the concerned Department of SEBI.

11.3. Subsequent to the rejection of settlement application, Jangoo was granted an opportunity of personal hearing on October 10, 2017

11.4. Jangoo and Shri P. R. Ramesh, Advocate (hereinafter referred to as Authorized Representative/AR") appeared before me on October 10,2017

11.5. AR reiterated to the submission made pursuant to the SCN and further mentioned that they shall be submitting a written submission in a week's time.

12. Additional submission pursuant to Personal Hearing:

12.1. Vide letter dated October 23, 2017, Jangoo reiterated to most of the submission made earlier and *inter alia* made following additional submission made are as follows:

12.1.1. I was never a promoter of Smartlink.

12.1.2. I was appointed as a Non-Executive Director on 31st May, 2009 and continue to be a Non- Executive Director on the Board. As per the policy of Smartlink, the trading window was closed after the quarter end and opens after 48 hours of the announcement of results. Also as per their practice, the financial results are tabled only at the Board meeting. During the relevant period, the intimation of closure of trading window was communicated to be my email on 30th June 2015 and the trading window was closed from July 1, 2015 to August 14, 2015. The agenda for the Board meeting was circulated on 05th August, 2015 .

12.1.3. During the process of the Inquiry by Smartlink, the Committee had ascertained facts from the persons who were supposedly privy to UPSI about the financial results. All of them denied in writing of having shared any UPSI with me.

12.1.4. The impugned notice alleges that I being a Director, have traded when in possession of UPSI and that the onus of establishing that I was not in possession of UPSI is on me. In this regard I submit as follows;

i. I am a Non-executive director on the Board of Smartlink. I am not involved in any day to day activities nor the matters in relation to preparation or finalization of the financial results. I was not a member of the Audit committee as well. Thus, I am not conversant with the members of the finance team, except in my capacity as Non-executive director. The persons who were privy to the UPSI have confirmed that no UPSI was given to me during the relevant period.

ii. The Stakeholders Relationship Committee of Smartlink has concluded that I did not possess UPSI and that the trade was because of inadvertence/oversight. The notional loss was directed to be paid to the PM Relief Fund, which I have done.

iii. As stated above, as per the Company policy the financial results are tabled at the Board meeting and not circulated earlier with the agenda papers.

iv. The trade was put through, as I inadvertently missed the notice for trading window closure. The notice for trading window closure was given on 30th June 2015 but I missed the same on August 7, 2015, in view of the huge gap (number of days lapsed).

v. The shares of Smartlink were the only equity investment during the relevant period and the portfolio was monitored by my Investment advisor; since I was not personally active in the market and this is the only listed company on whose Board I am a director, I inadvertently missed the trading window closure notice.

vi. This is the single instance of any violation committed by me and it is only in respect of this transaction on a single day. There was been no violation prior to, or after this date.

vii. The notional profit of Rs. 1,06,200 is meager compared to my portfolio and I have also forfeited the same to the PM Relief Fund as directed by the company is empowered to take action pursuant to Regulation of the PIT Regulations.

viii. It is submitted that the notional profit should be computed by reference to the date on which I could have traded after opening of the trading window, i.e. 48 hours after opening of trading window, i.e. earliest date was Monday August 17, 2015 (August 15, 16 being Saturday and Sunday and the trading window was closed till August 13 and the earliest date should be 48 hours after trading window opened). Thus the notional profit computed by Smartlink being Rs. 106200 is the notional profit which has been remitted to the Prime Minister Relief Fund.

ix. In Mrs. Chandrakala vz. The Adjudicating Officer SEBI (Appeal no. 209 of 2011) decided on January 31, 2012, SAT observed that prohibition

contained in regulation 3 of the Regulations apply only when an insider trades or deals in securities on the basis of any unpublished price sensitive information and not otherwise. It means that the trades executed should be motivated by the information in possession of the Insider. If an insider trades or deals in securities of a listed company, it may be presumed that he has traded on the basis of unpublished price sensitive information unless contrary to the same is established. The burden of proving a situation contrary to the presumption mentioned above lies on the insider. If an insider shows that he did not trade on the basis of unpublished price sensitive information and he traded on some other basis, he cannot be said to have violated the provisions of regulation 3 of the Regulations.

12.1.5. It is submitted that the following mitigating factors may also be considered;

a) The transaction on August 7, 2015 is the only transaction on a single day in respect of which the allegations have been made.
b) The said transaction was carried out inadvertently and by oversight without any intention of violation of the insider trading code
c) I have not committed any other violations prior to or after this.
d) The alleged violations are not repetitive.
e) The notional profits have been made over the Prime Minister Relief fund and not retained by me.
f) The penalty imposed by Smartlink is more than commensurate with the alleged violations and Smartlink is in itself empowered under the Regulations to take action, which they have done and reported to SEBI immediately on August, 28, 2015.

13. Consideration of Issues and Findings:

I have carefully perused the charges levelled against Jangoo as per the SCN, and the materials/documents available on record. The issues that arise for consideration in the present case are:

I. Whether Jangoo had violated the provisions of Section 12A(d) and (e) of the SEBI Act and Regulation 4(1) read with 4(2) of the PIT Regulations, Clause 4 and 6 of Schedule B code of conduct read with Regulation 9(1) of the PIT Regulations
II. Does the violations, if any, attract monetary penalty under Section 15G of SEBI Act, 1992 and under Section 15HB of SEBI Act, 1992
III. If so, what should be the quantum of monetary penalty?

Before proceeding further, I would like to refer to the relevant provisions of SEBI Act and PIT Regulations are reproduced as under:

The provisions of 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;

The provisions of the PIT Regulations are reproduced hereunder:

*"**Regulation 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.

(2) In the case of connected persons the onus of establishing, that they were not in possession of unpublished price sensitive information, shall be on such connected persons and in other cases, the onus would be on the Board."

*"**Regulation 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."

SCHEDULE B [See sub-regulation (1) of regulation 9]

Clause 4: "*Designated persons may execute trades subject to compliance with these regulations. Towards this end, a notional trading window shall be used as an instrument of monitoring trading by the designated persons. The trading window shall be closed when the compliance officer determines that a designated person or class of designated persons can reasonably be expected to have possession of unpublished price sensitive information. Such closure shall be imposed in relation to such securities to which such unpublished price sensitive information relates. Designated persons and their immediate relatives shall not trade in securities when the trading window is closed.*

Clause 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.*

14. Findings:

I have pursued the level of allegations made in the SCN, the submission made therein by Jangoo and the material available on record and my findings are as under:

14.1. Jangoo was the Managing Director of Smartlink during the period July 02, 2007 to May 31, 2009, he had purchased 50,000 Shares of Smartlink in the period July-August 2007 and a further 10,000 shares in November 2008. After the end of his assignment as Managing Director, he was appointed as

Non-Executive Director on May 31, 2009 and continues to be Non-Executive Director on the Board of Smartlink.

14.2. Hence it remains undisputed that Jangoo was the insider in terms of definition under Regulation 2(g) and 2 (c) of PIT Regulations defining Insider and Connected person respectively.

14.3. Jangoo is not in dispute that on August 07, 2015, 30,000 shares of Smartlink were sold in his account during trading window closure period. Jangoo admitted there was long time gap between the intimation of trading window closure and on instruction given to his investment advisor/portfolio manager for sale of shares of Smartlink, he inadvertently missed the intimation of notice of trading window closure.

14.4. I note that the Notice of intimation of the Board Meeting was issued to Jangoo and other directors by the Company Secretary vide e-mail dated August 05, 2015 about the Board Meeting to be held on August 13, 2015 enclosing the agenda item for the Board Meeting and one of the agenda item was to consider and approve the un-audited financial results for the quarter ended June 30, 2015. I note that un audited financial results were not circulated to the directors along with the agenda of the Board meeting.

14.5. Though Jangoo has mentioned that he had appointed SEBI registered Wealth Managers United (India) Private Ltd as an Investment Advisor/ non-discretionary investment advisor to carry out his transactions since 2011, it was clarified during hearing Wealth Manager United (India) Private Limited is acting only as the investment advisor for Jangoo and his trades are being executed on Stock Exchange through Wealth Managers United (India) Private Limited as the sub-broker of Karvy.

14.6. I also note that the company had issued Show Cause Notice dated August 11, 2015 to Jangoo for not obtaining per-clearance in breach of the Code of Conduct under the PIT Regulations. In view of the explanation provided by Jangoo, the company instituted an Inquiry and proceeded with action as recommended by the Stakeholder Relationship Committee (hereinafter referred to as "Committee"). I also note that the Committee had conducted independent enquiry to ascertain from the persons who were supposedly privy to UPSI about the financial results whether the UPSI information was available to Jangoo from any senior officials of the company.

14.7. I also rely on the undertaking given (to Smartlink pursuant to enquiry initiated by Stakeholder Relationship committee) by Shri Vishnudas Parsekar, DGM, Accounts and Taxation, Shri Bhushan Prabhu, Chief Financial Officer and Ms. Arati Naik, Chief Operating officer of Smarlink (persons privy to UPSI) that any information relating to the financial results was not shared or was not made accessible to Jangoo.

14.8. It is also on the records that the committee vide letter dated August 28, 2015 informed the following to SEBI:

14.8.1. The shares sold by Jangoo was held by him for past eight years

14.8.2. Governance record of Jangoo was exemplary

14.8.3. Jangoo being non-executive director of the company was not possession of any unpublished price sensitive information

14.8.4. As a practice, company tables the results only in the Board meeting and does not circulate the same before the meeting

14.8.5. Employees who were holding UPSI relating to the results by undertaking that they have not shared results or any UPSI with Jangoo that since Jangoo was not in possession of any of the Insider information at the time of sale of shares of the company and the breach was unintentional and inadvertent the Committee penalized Jangoo Rs. 1,06,200/- after arriving a difference between the closing share price of the company on the first day after the trading window was made open for sale of shares of the company and the actual sale price and Jangoo was directed to deposit the said amount to Prime Minister's National Relief Fund within 45 days of the receipt of the letter. A copy of the said amount deposited on August 31, 2015 to Prime Minister's Nation Relief Fund was provided by Jangoo.

14.9. I have taken note from the available records that notional loss of Rs.1,06,200/- avoided by Jangoo(calculated by Stakeholders relationship committee) has already been paid by him into Prime Minister Relief Fund as per the direction of the Smart link's stakeholders Relationship committee. I have perused the acknowledgement receipt of payment of Rs 1, 06,200/- by Jangoo into Prime Minister Relief Fund dated August 30, 2015.

14.10. I note that while calculating the loss avoided, Smartlink has taken the closing price of the first trading day of opening of trading window, i,e, August 17,2015, as August 15 and August 16 were the trading holidays. Clause 5 of Schedule B under Regulation 9(2)(1) PIT Regulations provides the timing of re-opening of the trading window which shall be determined by the compliance officer after taking account various factors which in any event shall not be earlier than 48 hours after the information becomes generally available. In the instance case, since the news of quarterly results was disclosed to the Stock Exchange after market hours on August 13, 2015, hence at the earliest trading window could have been open on August 17, 2015 morning. Hence Stakeholders committee should have taken the opening price of August 17, 2017 while calculating the losses avoided. The opening price of the Smartlink was Rs 103.20 on BSE and Rs 105.4 at NSE, hence the average opening price was Rs 104.30.

Therefore, the loss avoided in instant matter should be:

Average sell price –Average opening price.
Rs. 118.59 –Rs. 104.30= Rs. 14.29

Number of shares sold 30,000

Loss avoided Rs. 14.29*30,000= Rs. 4,28,700/-

14.11. Therefore, I held Jangoo liable for the difference of loss avoided vis a vis amount remitted to Prime Minister Relief Fund. (Rs. 4,28,700-Rs. 1,06,200= Rs. 3,22,500/-)

14.12. Jangoo has cited the observation of SAT in the case of Manoj Gaur v/s SEBI (Appeal No 64/2012) " if the intention of Mrs Urvarshi Gaur and Mr Sameer Gaur has been to capitalize on the UPSI, allegedly communicated by Manoj Gaur, the quantum of purchase would not be so small…."

14.13. Jangoo has also cited the SAT observation in the matter of Mrs. Chandrakala v/s SEBI AO (209/2011) " if an insider shows that he did not trade on the basis of UPSI and he traded on some other basis, he cannot be said to have violated the provisions of Regulations.

14.14. In the instance matter total 60,000 shares of Smartlink were held by Jangoo and shares sold during trading window closure period was 50% of his total holding.

14.15. In the light of the case laws cited by Jangoo, confirmation of the company that un- audited financial results were circulated to Jangoo only during the Board meeting held on August 13, 2015 and undertaking of the persons privy to UPSI that they have not shared any details with Jangoo, I am of the opinion that Jangoo has adequately demonstrated that he was not in possession of UPSI when 30,000 shares of Smartlink were sold during the trading window closure period and therefore I am inclined to drop the allegation of Section 12A (d) and (e) of the SEBI Act, and Regulation 4(1) read with 4(2) of PIT Regulations on Jangoo.

14.16. With regard to Clause 4 & 6 of Schedule B code of conduct read with Regulation 9(1) of the PIT Regulations, I find Jangoo guilty as he had traded during trading window closure and not procured pre-clearance of his trade during the trading window closure period.

15. Does the violations, if any, attract monetary penalty under Section 15G of SEBI Act, 1992 and under Section 15HB of SEBI Act, 1992

15.1. I do not find Jangoo guilty to be penalize under 15(G) of the Act, however I find him guilty to be penalized under 15HB of the Act.

15HB. Penalty for contravention where no separate penalty has been provided.
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.

16. If so, what should be the quantum of monetary penalty?

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

15J *- Factors to be taken into account by the adjudicating officer while adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely:-*
(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;
(b) the amount of loss caused to an investor or group of investors as a result of the default;
(c) the repetitive nature of the default.
Explanation.—For the removal of doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under sections 15A to 15E,clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.

17. As mentioned above the sole trade of Jangoo had enabled him to avoid loss of Rs. 4,28,700 out of which he has paid Rs 1,06,200 to Prime Minister Relief Fund, therefore, I have considered this amount as well while determining the quantum of penalty. The default is not repetitive in nature.

ORDER

18. In view of the above, after considering all the facts and circumstances of the case, the material available on record, the submission made by Jangoo in exercise of the powers conferred upon me under 15-I of the SEBI Act read with Rule 5 of Rules, I hereby impose a monetary penalty of Rs. 10, 00,000/- (Rs Ten Lakhs only) on Shri Jangoo Dalal.

19. Jangoo shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favor of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, OR through e-payment facility into Bank Account the details of which are given below:

Account No. for remittance of penalties levied by Adjudication Officer

Bank Name	State Bank of India
Branch	Bandra-Kurla Complex
RTGS Code	SBIN0004380
Beneficiary Name	SEBI – Penalties Remittable To Government of India
Beneficiary A/c No	31465271959

20. Jangoo shall forward said Demand Draft or the details/confirmation of penalty so paid through e-payment to the General Manger (Enforcement Department-DRA-I) of SEBI. The format for forwarding details/confirmations of e-payments shall be made in the following tabulated form as provided in SEBI Circular No. SEBI/HO/GSD/T&A/CIR/P/2017/42 dated May 16, 2017 and details of such payment shall be intimated at e-mail ID- tad@sebi.gov.in:

Date	
Department of SEBI	
Name of Intermediary/ Other Entities	
Type of Intermediary	
SEBI Registration Number (if any)	
PAN	
Amount in Rs.	
Purpose of Payment (including the period for which payment was made e.g. quarterly, annually	
Bank name and Account number from which payment is remitted	
UTR No	

21. In terms of Rule 6 of the Rules, copies of this order are sent to Shri Jangoo Dalal and also to the Securities and Exchange Board of India.

Date: November 23, 2017 **SAHIL MALIK**
Place: Mumbai **ADJUDICATING OFFICER**