
SECURITIES AND EXCHANGE BOARD OF INDIA

CONFIRMATORY ORDER

UNDER SECTION 11(1), 11(4) AND 11B(1) OF SECURITIES AND EXCHANGE
BOARD OF INDIA ACT, 1992

In respect of:

Noticee no.	Name of the Entity	PAN
1.	Mr. Ramit Chaudhri	ADXPC7706P
2.	Mr. Keyur Maniar	AEHPM2560E

1. Pursuant to the findings of the preliminary examination conducted by SEBI, an *Interim Order* dated September 27, 2021 (“**Interim Order**”) was passed against Mr. Ramit Chaudhri (“**Noticee no. 1**”/“**Ramit**”) and Mr. Keyur Maniar (“**Noticee no. 2**”/“**Keyur**”) for their *prima-facie* violations of the provisions of the SEBI Act, 1992 (“**SEBI Act**”) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (“**PIT Regulations**”) while dealing in the scrip of Infosys Limited (“**Infosys**”/“**Company**”).
2. Aggrieved by the said *Interim Order*, the *Noticees*, namely, Keyur and Ramit respectively filed Appeal no. 668 and Appeal no. 671 of 2021 before the Hon’ble Securities Appellate Tribunal (“**SAT**”) against the *Interim Order*. The Hon’ble SAT by way of its Order dated October 27, 2021 passed the following directions while disposing of the appeals of the *Noticees*:

“3. Having heard the learned counsel for the appellant, we are of the opinion that it would be appropriate for the appellant to file a reply alongwith the stay vacating application before the WTM. All the contentions raised before this Tribunal can easily be raised by the appellant before the WTM.

4. We accordingly dispose of the appeal with the direction that it would be open to the appellant to file a reply alongwith stay vacating application within two weeks from today. If this is done, the WTM will dispose of the matter and pass the confirmatory order after giving an opportunity of hearing within two weeks thereafter.”

3. Subsequently, the afore-stated directions were slightly modified by the Hon’ble SAT vide its order dated November 22, 2021 wherein the *Notices* were directed to appear before the undersigned on December 01, 2021 and further directed that an order has to be passed in the matter on or before December 15, 2021.

Prima-facie Findings

4. I find the *Interim Order*, relying on various factual findings from the examination made by SEBI, has *inter alia* recorded the following *prima-facie* observations:-
 - a. That the information relating to “*the strategic partnership between Infosys and Vanguard*” was an unpublished price sensitive information (“**UPSI**”) as it fell within one of the illustrative lists spelt out under regulation 2(1)(n)(iv) of the PIT Regulations and, even irrespective of the same, the said information satisfied all the three underlying parameters that go into the definition of UPSI prescribed under regulation 2(1)(n) of PIT Regulations as well.
 - b. That Ramit, being an officer/employee of Infosys (Solution Design Head, Infosys), was a connected person in terms of Regulation 2(1)(d) of PIT Regulations, and was involved in the Vanguard Deal in such a manner that he was reasonably expected to have access/be privy to the UPSI; hence,

on preponderance of probability basis, the *Interim Order prima-facie* found that he was in possession of the UPSI. In view of this, Ramit has been held to be an insider as per Regulation 2(1)(g)(i) & (ii) of PIT Regulations. Similarly, Keyur was noticed to be connected to Ramit (an employee of Infosys)- (a) through frequent communication with him; and (b) by the fact that Ramit was an Ex-employee of Wipro and had worked with Keyur in Wipro. So, Keyur was *prima facie*, found to be a connected person under Regulation 2(1)(d) of the PIT Regulations and was reasonably expected to have had access to the UPSI; hence, on a preponderance of probability basis, was *prima-facie* held to be in possession of the UPSI, thereby enlisting Keyur also as an insider as per Regulation 2(1)(g)(i) of the PIT Regulations.

- c. As Keyur has been identified as an insider under the PIT Regulations owing to his connection with Ramit, he was reasonably expected to have had access to and be in possession of the UPSI, prior to his trades in the scrip of Infosys. Accordingly it is *prima facie* held that Keyur has traded in the futures and options contracts of Infosys while being in possession of as well as on the basis of the said UPSI.
- d. The *Interim Order* also noted that the UPSI was shared with certain employees of Infosys by way of a power point presentation through email on June 29, 2020. The said email was marked to one Mr. Sanjay Nayak and one Mr. Muthukrishnan Nagarajan (hereinafter referred to as '**Muthukrishnan**') both of whom were in constant touch with Ramit by way of various phone calls. Further, both Ramit and Muthukrishnan were reporting to the same superior officer named Mr. Sreenath Ramakrishnan.
- e. Subsequently, the UPSI was disclosed to National Stock Exchange of India Ltd. ("**NSE**") and The BSE Limited ("**BSE**") by way of disclosures dated July 14, 2020. Therefore, the period of June 29, 2020 (when the

UPSI was shared by way of a powerpoint presentation) to July 14, 2020 was *prima-facie* held to be the ‘**UPSI Period**’ in the *Interim Order*.

- f. It was *prima-facie* found that the *Noticees* were in contact with each other during the UPSI period and even during the post-UPSI period as well, during which Keyur traded in the scrip of Infosys and earned substantial amount of profits out of his trading positions built up during the said UPSI period. On a further analysis of the trade positions taken by Keyur in the scrip of Infosys it was observed that the said trade positions did not represent the trading positions he normally takes while trading in other scrips or his normal trading behavior as observed during the same period.
- g. In view of all the aforesaid factual observations, the *Interim Order* records that, pending further investigation into the matter, it can be *prima facie* held that Ramit has violated the provision of Section 12A (e) of SEBI Act, 1992 and Regulations 3(1) of PIT Regulations while Keyur, by procuring the UPSI from Ramit and thereafter trading in the securities of Infosys, while in possession of and on the basis of the procurement of the said UPSI, is *prima-facie* held to be in violation of the provisions of Section 12A (d) & (e) of SEBI Act, 1992 and Regulations 3(2) & 4(1) of PIT Regulations.

The Modus Operandi and Trading Pattern

5. I note that the *Interim Order* has made out a *prima-facie* case against the above named two persons which is premised on various compelling reasons, such as the peculiar *modus operandi* adopted by Keyur for trading in the scrip of Infosys. The delta analysis of the trading positions taken by Keyur in a total of 94 scrips during the period from January 01, 2020 to September 15, 2020 that included his highly concentrated positions in the scrip of Infosys, the association the two persons were enjoying over the long period of time coupled with the phone

calls exchanged between the two persons preceding those high volume trades executed by Keyur in the scrip of Infosys etc.

6. It was noticed during the examination by SEBI that Keyur had taken a significant net long position in 14 call option contracts of Infosys for a total number of 6,62,400 shares between July 08, 2020 and July 14, 2020 (i.e. during UPSI period and before the corporate announcement made on July 14, 2020) and post the UPSI period, Keyur squared off the aforesaid positions between July 15, 2020 and July 17, 2020 (i.e. after UPSI became public), thereby earning a cumulative net profit of INR 261.30 lakhs (squared off difference) from the aforesaid transactions in call option contracts.
7. At the same time, Keyur had also taken a net long position in the futures contract of Infosys for 2,400 shares between July 08, 2020 and July 14, 2020 (i.e. during UPSI period and before the corporate announcement made on July 14, 2020) at an average price of INR 783.55 and thereafter the aforesaid long position was entirely squared off on July 15, 2020 (i.e. after UPSI become public with the corporate announcement made on July 14, 2020) at an average price of INR 825.5, thereby earning a cumulative net proceeds of INR 1.01 lakhs (squared off difference) from the aforesaid transactions. Thus, after adding up the net proceeds of the two positions, Keyur is noted to have earned a cumulative net profit of INR 262.31 lakhs (squared off difference) from the aforestated positions taken by him in the scrip of Infosys in futures and options segment during the UPSI period which were squared off immediately after UPSI became public.
8. The trading pattern of Keyur has been narrated in details in the *Interim Order* from which the following notable patterns can be observed:

- a. During the week prior to the announcement (i.e. during July 08-14, 2020), Keyur's trading concentration in the scrip of Infosys was 99.6% of his overall positions across the stock market whereas, his trading concentration in the scrip of Infosys during the look back period i.e. May 20, 2020 to July 01, 2020 and look forward period i.e. July 29, 2020 to September 09, 2020 was close to nil. Similarly, it was also noticed that Keyur had never traded in the scrip of Infosys during the period, January 2020 - June 2020, except for in the month of April 2020, during which the trading activity in the scrip of Infosys was minuscule as compared to the trades executed by him during the UPSI period.
- b. The gross value of the trades executed by Keyur during the Week 29 i.e. from July 13, 2020 to July 19, 2020 (around the date of corporate announcement) was approximately INR 431 lakhs, which comprised almost 100% trades in the scrip of Infosys and was more than 9 times of the highest gross traded value in all scrips executed by him during Week 1 to Week 27 of 2020 (i.e. prior to the UPSI period) that remained around INR 47 lakhs only.
- c. Corresponding to the aforesaid gross traded value, the highest delta position that Keyur had built during the entire period from January 01, 2020 to September 15, 2020 was in the scrip of Infosys, that too during the UPSI period when the delta position climbed a peak of 1,93,241 on July 14, 2020.
- d. Apart from Infosys, delta positions taken by Keyur in his trades in the remaining 93 scrips had crossed the 50,000 mark only once, which happened in the scrip of TV 18 Broadcast Ltd. However, it was noted that the delta position of Keyur in TV 18 Broadcast Ltd. had remained almost constant in the range of 47,287 to 52,004 for about 6 months i.e. from

March 17, 2020 to September 15, 2020. The delta Position of Keyur in 92 other scrips was lower, rarely crossing even 50,000.

- e. Thus, in contrast to the aforesaid delta position above 50000 built in the scrip of TV 18 Broadcast Ltd. that hovered around the same for almost 6 months, Keyur had built a delta position of 1,93,241 in the scrip of Infosys (almost 4 times of delta position in TV 18 Broadcast Ltd.) during only one week period starting from July 08, 2020 to July 14, 2020, which was later squared off within only 3 days (i.e. on July 15 - 17, 2020) after the corporate announcement relating to Vanguard deal was made to the stock exchanges thereby making the UPSI public.

Interim Directions

10. Considering the aforesaid compelling facts, which gave rise to a sufficiently strong *prima-facie* case of insider trading against the two persons, in order to protect the interest of investors and the integrity of securities market, it was found to be an urgent necessity to issue the following interim directions against Ramit and Keyur:-

“55.1.Mr. Ramit Chaudhri and Mr. Keyur Maniar are restrained from buying, selling or dealing in securities, either directly or indirectly, in any manner whatsoever until further orders;

55.2. If Mr. Ramit Chaudhri and Mr. Keyur Maniar have any open position in any exchange traded derivative contracts, as on the date of the order, they can close out/square off such open positions within 3 months from the date of order or at the expiry of such contracts, whichever is earlier. The said entities are permitted to settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the close of trading on the date of this order;

55.3. *The bank accounts of Mr. Ramit Chaudhri and Mr. Keyur Maniar to the extent of amount mentioned in table no. 8 at paragraph 48 above is impounded. Further, Mr. Ramit Chaudhri and Mr. Keyur Maniar are directed to open an escrow account with a scheduled bank, jointly and severally and deposit the impounded amount mentioned therein which has been prima facie found to be proceeds generated from the prima facie insider trading, in this Order, within 15 days from the date of service of this order. The escrow account/s shall be an interest bearing escrow account and shall create a lien in favour of SEBI. Further, the monies kept therein shall not be released without permission from SEBI;*

55.4. *Mr. Ramit Chaudhri and Mr. Keyur Maniar are directed not to dispose of or alienate any assets, whether movable or immovable, or any interest or investment or charge on any of such assets held in their name, jointly or severally, including money lying in bank accounts except with the prior permission of SEBI until the impounded amount is deposited in the escrow account.*

55.5. *Mr. Ramit Chaudhri and Mr. Keyur Maniar are directed to provide a full inventory of all assets held in their name, jointly or severally, whether movable or immovable, or any interest or investment or charge on any of such assets, including details of all bank accounts, demat accounts and mutual fund investments, immediately but not later than 5 working days from the date of receipt of this order;*

55.6. *The banks where Mr. Ramit Chaudhri and Mr. Keyur Maniar are holding bank accounts, jointly or severally, are directed to ensure that till further directions, except for compliance of direction at paragraph 55.3, no debits are made in the said bank accounts without the permission of SEBI. The banks are directed to ensure that all the above directions are strictly enforced. On production of proof of deposit of entire amount mentioned in column 4 of table no. 8 in respect of serial No. 1 entities by any of the entities mentioned in column 2 corresponding to serial No.1 of table no.*

8, in the escrow account, SEBI shall communicate to the banks to defreeze the accounts corresponding to all the entities mentioned in the column No. 2 of table no. 8 corresponding to serial No.1.

55.7. The Depositories are directed to ensure, that till further directions, no credits are made in the demat accounts of the Noticee No. 1 & 2, held individually or jointly. The depositories are further directed to ensure that till further direction except for compliance of direction mentioned at paragraphs 55.2 and 55.3, no debits are made in the demat accounts of the said Noticees, held individually or jointly.

55.8. The Registrar and Transfer Agents are also directed to ensure that till further directions, no credits are permitted and that except for compliance of direction at paragraph 55.2 and 55.3 the securities / mutual funds units held in the name of the Noticee No. 1 & 2, jointly or severally, are not transferred / redeemed.”

11. I note that the Noticees have separately sought inspection of the documents relied upon in the *Interim Order* and accordingly, they were provided with an opportunity to inspect the said documents relied upon by SEBI, I note that Ramit (in-person) and the Authorized Representatives (‘AR’) of Keyur have appeared on October 25, 2021 and inspected the relevant documents.

12. Subsequently, in pursuance of the directions of the Hon’ble SAT dated October 27, 2021, as cited earlier in this order, separate written replies have been received on November 10, 2021 from Ramit and Keyur, wherein the said two persons have made various submissions in their defense as discussed briefly in the following paragraphs: -

Mr. Ramit Chaudhri (Noticee no. 1)

13. In his written reply dated November 10, 2021 Ramit, the Noticee no. 1, has made the following contention before me—

- a. He was not provided with an effective opportunity for inspection. Various critical documents and emails (including correspondence between SEBI and Infosys as well as emails between Infosys employees), which were provided to him for inspection, were heavily redacted, and only those parts of the documents, that SEBI believed to be relevant, were provided to him through online inspection on October 25, 2021.
- b. He has been wrongfully held as an insider on the basis of the claim that he was an employee of Infosys, even though he was an employee of Infosys' subsidiary, Infosys BPM Limited holding the position of 'Solution Design Head' in the said company and his functional role there did not entail any access to information relating to contract negotiations between Infosys and Vanguard.
- c. The social calls between him and Keyur, who were former colleagues, had been selectively picked up to build a case against him. He has argued that there was no necessity for him to purportedly tip Keyur about the Vanguard contract when there was no restriction on him from trading, since Infosys did not regard the said information as UPSI and had not closed the trading window.
- d. The email dated June 21, 2021 from Infosys to SEBI, which has been relied upon in the *Interim Order*, showed him at serial number 40 denoting that a large number of employees were associated with the Vanguard contract. At the same time, the total number of employees of Infosys involved in the Vanguard contract has not been disclosed by SEBI.
- e. He was only aware of the broad contours of Infosys' bid for Vanguard contract and had contributed only to the design of the cloud-based information system that was part of the bid made by Infosys to Vanguard,

and this awareness was limited up to the bidding stage which had happened in 2019.

- f. The emails dated June 25, 2020 and June 29, 2020, sent to the employees of Infosys were not marked to him, and from the copies of the emails shared by SEBI it appear that over twenty (20) individuals had been marked on those emails. Since he was not marked on the emails pertaining to setting up a “GTM Command Center”, merely based on the call data records SEBI has alleged that he was privy to the information owing to the frequent calls made to Sanjay Nayak and Muthukrishnan.
- g. However, the discussions with Sanjay Nayak and Muthukrishnan were not with respect to the Vanguard contract but pertained to such other deals being pursued by Infosys and other organizational matters.
- h. The *Interim Order* on the one hand alleges that he was the key person in relation to the Vanguard Contract and privy to contract negotiations, while on the other, it has been claimed that he procured information about the Vanguard contract from Sanjay Nayak and Muthukrishnan. Therefore, the stand taken by SEBI in the Interim Order is self-contradictory in nature.
- i. Keyur was aware, as early as March 2020, that Vanguard had decided not to go with Wipro and had instead preferred its competitor, and it was quite obvious that Keyur knew that the said competitor was Infosys.
- j. The timing and pattern of the calls belied the theory that he tipped off Keyur, since out of a total of seven (7) calls exchanged between him and Keyur in a nine-months period between January 01, 2020 and September 18, 2020, barring one (1) call made on July 08, 2020, six (6) other calls were in fact made entirely outside of the UPSI period and again, out of the said six calls, five (5) calls had been made between two to six months prior to

- the UPSI period and one call was made on September 4, 2020, i.e. nearly two months after the UPSI was made public.
- k. Contending against the UPSI, *Noticee no. 1* has stated that, as per the filings made by Infosys with the Securities and Exchange Commission, USA, Infosys' largest client for the financial year 2020-21 contributed just 3.2% to its total revenue of USD 13 56 billion, i.e. USD 0.43 billion. Similarly, the Vanguard contract which was expected to bring in USD 1.5 billion over a 10-year period, constituted just 1.1% of the total revenue of Infosys for 2020-21. Therefore, even by reasonable estimates, the said information (about Vanguard contract) being only marginally positive to the shares of Infosys cannot be considered as material.
- l. Contending that the rise in price of Infosys cannot be taken as a test of UPSI, *Noticee no. 1* has argued that the surge in the price of securities of Infosys on July 15, 2020, could not have been reasonably attributed to the announcement of the Vanguard contract. In this regard, *Noticee no. 1* has stated that, during the calendar year 2020, Infosys shares had moved 3 % or more compared to the Nifty 50 Index on 15 different days, and on 9 occasions out of the 15, there were positive timely news that explained the outperformance of Infosys over Nifty 50 Index. However, on 6 occasions out of the 15, there were no positive timely news that could explain the outperformance of Infosys over Nifty 50 Index. It proves that a material positive news is not a necessary condition for the outperformance of Infosys shares over the Nifty 50 Index, and accordingly the 6% increase in Infosys shares (on July 15, 2020) could not be attributed to the announcement of the Vanguard contract.
- m. The fact that Infosys had announced its quarterly results on 15 July 2020, a day after the Vanguard Deal announcement and the day on which Infosys

shares moved up by 6% was completely ignored in the *Interim Order* and it is not uncommon for shares to move in anticipation of good or bad quarterly results. Also Infosys' shares also moved up 9.6% on 16 July 2020, the day after the announcement of the quarterly results when the Nifty 50 Index was up only 1.1% thereby registering an outperformance of 8.5%.

- n. In the end, *Noticee no. 1* has stated that no transfer of funds or other financial transactions has taken place between him and Keyur, so it does not stand to reason that he would have the incentive to expose himself to the risks of communicating UPSI to Keyur and jeopardize his career and livelihood, without a corresponding benefit.

Mr. Keyur Maniar (Noticee no. 2)

14. The submissions made by Keyur, the *Noticee no. 2*, in his two replies dated November 10 & 15, 2021 can be broadly highlighted in two categories viz. preliminary submissions and substantive submissions as follows:

Preliminary Submissions

- a. Assailing the *Interim Order*, *Noticee no. 2* has contended that the said order deserves to be modified/vacated only on the following preliminary grounds:
 - i) That the directions issued under the *Interim Order* are excessive and manifestly unreasonable,
 - ii) That the *Interim Order* did not meet the basic test for issuance of interim orders,
 - iii) That there was no urgency to pass an *Interim Order* as the trades in question had taken place about 14 months prior to the passing of the *Interim Order*, and
 - iv) That there was no impending harm to the securities market that was required to be curbed;

- b. *Noticee no. 2* has stated that he was not provided with a full and complete opportunity to verify and to inspect all relevant documents as the copies of the findings of the examination report had not been shared with him.
- c. The reliance placed on ‘Delta Analysis’ was ill-fitted to the facts of the case, where all the positions were unidirectional, and such analysis could be relevant in cases where there were contra trades, whereas there was none in the present matter.
- d. The *Interim Order* provided no justification in considering the trading carried out by him between May 20, 2020 and September 9, 2020 and not considering his trading positions during October 2020 to January 2021 whereas his trading pattern during the later period adequately demonstrated that the period examined by SEBI was not the only time when he had a substantial exposure in the scrip of Infosys and such trading positions were not one-off event.

Substantive Submissions

- e. *Noticee no. 2* has contended that he cannot be held as an insider when *Noticee no. 1* himself was not an employee of Infosys at the relevant point of time but an employee of a subsidiary company i.e. Infosys BPO.
- f. The negative inferences drawn from the communication between the two *Noticees* were baseless, arbitrary and punitive, as the calls between them were infrequent and were part of routine interactions—that included exchange of pleasantries, enquiries about the well-being of respective families and general discussions. Such charge of insider trading merely on the basis of sporadic telephonic conversations was egregious and did not meet the threshold for circumstantial evidence.

- g. The trades effected by him in the scrip of Infosys were entirely based upon fundamental analysis as well as general information available in the public domain, especially media reports. He has also submitted that he has been a regular investor in the securities market and his trading decisions were consistent with his trading pattern post Covid-19, and had a consistent investing history across stocks for the past 20 years and in F&Os over the past 3-4 years.
- h. Explaining his decision to trade in the shares of Infosys, *Noticee no. 2* has stated that the said decision was taken due to –
- i) the expectation that Infosys, having the highest digital revenue share standing at 42% of the total revenue of the *Company*, would be the most significant beneficiary of the digitalization spend as a consequence of Covid-19; and
 - ii) significant exposure of Infosys to sectors, viz. financial services, retail and Communications, which were rapidly investing in accelerating their “digital agenda to engage with their end-customers”, and
 - iii) the significant headroom available to Infosys for improving profitability;
- Relying upon these factors, he took similar and consistent trading decisions in the subsequent quarters, based on the said understanding of a significant growth and increased profitability in the IT sector.
- i. *Noticee no. 2* has further stated that the price of the option of Infosys had almost tripled from July 1, 2020 (near the start of the UPSI period) to July 14, 2020, and had increased by 50% from July 8, 2020 (date when he started to build his positions). In such a circumstance, if he had the UPSI, he would have built his positions on July 08, 2020 itself and would not have traded on the subsequent days prior to July 14, 2020 (date of disclosure of UPSI);

- j. There was a general trend of appreciation in the prices of IT scrips on July 15, 2020 which was not limited to Infosys, and the same was demonstrated by a 5.2% increase in the NIFTY IT Index, however the same has been ignored by the *Interim Order*.
- k. In the end, arguing that the directions issued in the *Interim Order* to be disproportionate and untenable in light of the fact that he enjoys an unblemished past record and there being arguably no adverse effect upon the interest of investors or the integrity of the securities markets by his actions, he has prayed for lifting of the said directions and for being allowed to trade in the securities market as well as to transact in mutual fund units/securities apart from requesting that the investigation be completed in a time bound manner.
21. In compliance with the directions issued by the Hon'ble SAT vide order dated November 22, 2021, both the *Notices* were granted personal hearing on December 01, 2021 during which the ARs for the *Notices* appeared and made their respective oral presentations on the same lines as already made in their written replies, discussed above.

CONSIDERATION OF ISSUES AND SUBMISSIONS

22. Before proceeding further, I note that both the *Notices* have raised objections with respect to the inspection of documents granted to them. They have contended that redacted version of the materials were provided to them for inspection and that the name and details of other persons to whom certain emails were marked were not provided. However, I find from the perusal of the material available before me that all the relevant documents and material that have been relied upon in the *Interim Order* have been provided to the *Notices*. The redacted portion in those materials involved confidential information pertaining to the *Company* as well as its employees and other
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- Confirmatory Order in the matter of insider trading by employees of Infosys Limited and Wipro Limited in the shares of Infosys Limited*

persons which have no bearing with the impugned transactions and violations alleged in the Interim Order. Further, the *Notices* have failed to establish as to what purpose they intend to achieve by acquiring such unconnected information which were redacted from those documents. Therefore, the objections raised by the *Notices* with respect to the inspection granted to them are found to be frivolous and unsustainable.

23. Before adverting further, it is pertinent to note that the present proceedings, being in the nature of a confirmatory or revocation proceeding, affords a very narrow scope for adjudication, and as such is limited to assessing as to whether the *prima-facie* allegations made in the *Interim Order* are successfully refuted by the *Notices* and/or whether any relief is required to be granted to the *Notices* at this stage from the directions already issued against them in the *Interim Order* for which, the facts and evidences of the case already available in the records and the additional evidence that may be made available by the *Notices* need to be considered on merit.
24. I understand that a thorough investigation into this matter is being conducted by SEBI, the outcome of which will decide any further course of action, as per the law.
25. I have considered the oral and written submissions made by both the *Notices*. The *Interim Order* records that there were contract negotiations in progress between Infosys and Vanguard from March 16, 2020 to June 01, 2020 to discuss the terms and conditions of the proposed Master Service Agreement ('**MSA**'), and *Noticee no. 1* was a part of the team that was associated with the said deal, hereinafter referred to as '**Vanguard deal**'. The said negotiations finally culminated into a public announcement of its successful completion on July 14, 2020 at 21:12:00 on NSE and at 21:13:14 on BSE i.e. after market hours. That

the Vanguard deal was touted as ‘the largest deal in the history of Infosys’ by the media as well as the *Company* itself, has not been refuted by either of the *Notices*. Other than providing IT related services to Vanguard, as part of the said deal, approximately 1300 employees of Vanguard, who were handling various IT related functions, were also transitioned to Infosys in terms of the said deal. Therefore, the deal resulted in not only large volume of business transfer by Vanguard to Infosys, but also increased Infosys’ staff strength by 1300 experienced employees at all levels of organization. The attendant factual details of the MSA and the relevant implications thereof persuasively suggest that the Vanguard deal was apparently a financial milestone for Infosys.

26. In the light of his continuous involvement with the said Vanguard deal, it was reasonably expected that *Noticee no. 1* was *prima-facie* privy to the information regarding the imminent signing of MSA between Infosys and Vanguard. The *Interim Order* also records certain phone calls between the *Notices no. 1 and 2*, and also records the fact that the said *Notices* were admittedly known to each other over longer period of time by virtue of them being former colleagues at Wipro. The Call Data Records (CDRs) showed that the calls that were exchanged between them during the period of January 08, 2020 to September 04, 2020 included one long duration call on July 08, 2020 (during the UPSI period) between the *Notices* during which, *Noticee no. 1*, who was reasonably expected to have information about the MSA between Infosys and Vanguard, appeared to have passed on to Keyur, the information about Infosys having reached the final stage of negotiations with Vanguard and also the information about the actual date scheduled for signing of such deal with Vanguard (i.e. July 14, 2020), followed by which, *Keyur* was seen taking unusual long positions in the scrip of *Infosys* and then squaring off those long positions as soon as the

disclosure of the said information was made by Infosys to the Stock Exchanges on July 14, 2020.

27. I find it critically relevant here to note from the records, that the *Noticee no. 2* had started building up his long positions in the scrip of Infosys barely within 7 minutes after finishing the aforementioned long duration call with *Noticee no. 1* on July 08, 2020, by placing his first order in INFY20JULFUT contract at 11:23:43 hours, which was later deleted and re-entered at 11:26:12 hours. This order got executed at 11:32:31 hrs. Thereafter, he continued building his long positions in the derivatives of Infosys up till July 14, 2020 during which, the delta of his trading positions reached an unprecedented high of 193241.6. Also as noted above, these positions were subsequently squared off by *Noticee no. 2* soon after the disclosure of UPSI on July 14, 2020 within a period of 3 days viz. July 15, 16 & 17, 2020.
28. I note from the Interim Order that, during the week prior to the announcement of the Vanguard deal i.e. during July 08-14, 2020, Keyur's trading concentration in the scrip of Infosys constituted 99.6% of his entire position throughout the market, whereas his trading concentration in the scrip of Infosys during the look back period i.e. May 20, 2020 to July 01, 2020 and look forward period i.e. July 29, 2020 to September 09, 2020 was almost nil, indicating a glaringly unusual trading pattern indulged in by Keyur during the UPSI period.
29. In view of the above narrated sequence of events, the *Interim Order*, based on appreciation of various factual evidences indicating strong probabilities that the information regarding signing of the Vanguard deal was an important unpublished price sensitive information that was not generally available to the public at large, has recorded that Ramit being reasonably expected to have an access to such UPSI, had seemingly communicated the said UPSI to Keyur, an

old time contact, who in turn, while being in possession of such UPSI, started trading in the scrip of Infosys during the UPSI period itself. In view of the aforesaid chain of events, the unusual trading activities of Keyur in the scrip of Infosys undertaken on the back of such compelling circumstantial evidences, create a strong preponderance of Probabilities for the *Notices* to have committed such acts in a manner that are found to be *prima facie* in violation of relevant provisions of PIT Regulations, 2015. Under the circumstance, the interim directions as quoted earlier in this order, had to be passed against the *Notices* so as to restrain them from committing such acts on a recurring basis.

30. It is noted from the materials available on record that *Noticee no. 2*, in pursuance of the directions given in the *Interim Order*, has deposited a sum of INR 2,62,30,620 in an interest bearing escrow account with a lien in favour of SEBI. Subsequent to such deposit of funds, the bank accounts of *Notices no. 1 and 2* have been unfrozen and restored to normalcy for all kinds of transactions.
31. Before moving further, I find it appropriate to reiterate hereunder certain facts of the case which are, as stated in the *Interim Order*, undisputed. Those undisputed facts are highlighted hereunder:
 - 31.1. That *Notices no. 1 and 2* are former colleagues and have been in contact with each other.
 - 31.2. That *Notices no. 1 and 2* have not denied the phone calls exchanged between them as recorded in the *Interim Order*, more particularly the long telephonic conversation made on July 08, 2020.
 - 31.3. That the *Noticee no. 2* has started taking long positions in the scrip of Infosys immediately after his telephonic conversation with *Noticee no. 1* on July 08, 2020 and has squared off those long positions after the

information relating to the MSA with Vanguard was made public by disclosure made by the *Company* to the Exchanges.

31.4. That the *Noticee no. 1* was admittedly associated with the MSA at least in the initial stage and even at the later stage, he was in constant touch with Mr. Sanjay Nayak and Muthukrishnan, both of which were connected with the Vanguard deal till the end.

31.5. That the trades listed out in Table no. 6 of the *Interim Order* were executed by *Noticee no. 2* from which he has earned the profits as mentioned in the said table.

32. I note that the *Notices* by way of their replies have refuted various *prima-facie* findings made in the *Interim Order* and have advanced many arguments in their defense but have not refuted the existence of the aforestated undisputed facts basis which, most of the *prima-facie* findings have been arrived at in the *Interim Order*. Much of the explanations offered and arguments advanced by the two *Notices*, both oral and written, have been captured in the previous part of this order, and accordingly are not being reproduced here, however, some of the major grounds that have been taken by the *Notices* to vehemently challenge the *Interim Order* deserve further discussions in the following paragraphs.

33. The first challenge of the *Notices* is that the information on *the strategic partnership between Infosys and Vanguard* was not a material information. However, I note that the *Interim Order* has discussed on *prima-facie* level as to how information pertaining to the Vanguard deal was evidently a price sensitive information (PSI). Needless to emphasise on the undeniable fact that the said Vanguard deal not only resulted into substantial revenue addition to Infosys but also it was rated as one of its kind deal in Indian IT Industry since such a deal worth \$1 Billion is rare in the IT industry, which also led to massive capacity addition

after Infosys acquired 1300 experienced staffs from Vanguard as part of this deal. At this stage, I find it irrelevant to enter into the actual quantitative contribution of the deal to the total revenue of Infosys as the same was never disclosed by the *Company* in the said corporate announcement. Therefore, something which was not placed before the public investors at the relevant point of time, cannot be a point of contention in deciding on whether or not the said unpublished information about the Vanguard deal was an UPSI at the present stage, more so when investigation into the whole issue is ongoing. At this stage, it would be sufficient to note that the deal was touted as ‘one of its kind in Indian IT industry’ in the media and was admittedly ‘the largest deal in the history of Infosys’, as per one of the analyst call conducted by Infosys and hence, the said unpublished information was *prima-facie* found to have satisfied the three basic conditions for an information/event to be labelled as an UPSI, namely, the said information was related to Infosys or its securities; the said information was not generally available when it was known to the *Noticeses*; and upon becoming generally available, such an information, going by its *prima facie* nature and size, was likely to materially affect the price of securities of Infosys.

33.1. The *Noticeses* have also contended that firstly, the scrip of Infosys closed below opening price on July 15, 2020 i.e. the day after the said corporate announcement was made by the *Company* and secondly, the price fluctuation seen on July 15, 2020 was in anticipation of better quarterly financial results of the *Company*, which were ultimately disclosed on July 15, 2020 after market hours. I do not find it relevant to delve into the specific factors that may have contributed to the price appreciation in the scrip of Infosys on and around July 14, 2020. The relevant provisions of Regulation 2(1)(n) in the PIT Regulations, 2015 is rather emphatic on the likelihood of the said information materially affecting the price of the scrip upon becoming generally available

in the market. This has been further expounded by the Hon'ble Securities Appellate Tribunal in the order dated March 24, 2021 in Appeal no. 272 of 2020 in the matter of *Mr. B Renganathan Vs. SEBI*, wherein the Hon'ble SAT held that “*What is relevant is whether the event in question is likely to have a material effect irrespective of whether it actually impacts or not. Therefore, in our considered view any event like a 100% acquisition of a company, irrespective of its value or size, is material and liable to bring in UPSI and consequently liable for regulatory compliances under LODR and PIT regulations...*” The aforesaid observation of the Hon'ble SAT has also been relied upon in the *Interim Order* and I see no reason to deviate from the above view held by the Hon'ble Tribunal that the event (UPSI) should contain elements that may likely to materially affect the price of the scrip and there is no need to link the event (UPSI) to the actual impact of the same on the price of the scrip of Infosys. Therefore, in the peculiar facts of the matter, where a detailed investigation is in progress, it is appropriate to hold that any consideration to determine an information or event as an UPSI requires the examination of the likelihood of the said information or event in materially impacting the price. In the present case, I find that the *prima-facie* conclusion recorded in the *Interim Order* regarding the likelihood of the information pertaining to the Vanguard deal materially affecting the price of the securities of Infosys was quite fair and reasonable, and, accordingly, I do not find any reason to interfere with this *prima-facie* finding about the Vanguard deal being an UPSI at this stage.

34. The other common defense taken up by the *Notices* is that *Noticee no. 1* was not an employee of Infosys but was employed with its subsidiary i.e. Infosys BPM Limited. Be it as it may, the very fact remains that he was admittedly involved with the Vanguard deal which has been admitted by Infosys itself and has also not been refuted by *Noticee no. 1*. Therefore, it is immaterial at this stage to make

any categorical findings regarding the employment status of *Noticee no. 1* as long as he was working as an employee within the broader Infosys group, more particularly, when the definition of ‘connected person’ under the PIT Regulations includes any person who has been in association with the *Company* directly or indirectly. In this instant matter, it is not disputed that the *Noticee no. 1* was associated with the Infosys group being employed with its subsidiary and was also undisputedly associated with the MSA deal of Infosys with Vanguard. In view of the above, I find that it is sufficient at this stage to record that the *Noticee no. 1* being in the employment of and associated with Infosys, was directly or indirectly in a position more so given his close association with the deal, was strongly expected to have access to the information relating to the execution of MSA with Vanguard. In my view, there is abundant clarity on the assumption that *Noticee no. 1* was reasonably expected to have an access to the information pertaining to the Vanguard deal during the period when the said information was generally not available. So, what remains to be seen in this case is not the actual position or designation held by the *Noticee no. 1* under the Organization, but rather the full extent of *Noticee no. 1*’s involvement in the said process relating to the Vanguard deal which enabled him to have a fair access to the said price sensitive information ahead of public. In this regard, the contention of *Noticee no. 1* that he was not involved in the final stages of the deal and was not marked in the email dated June 29, 2020 will be of no assistance to him.

35. As noted above, it is undisputed that *Noticee no. 1* was involved in the said Vanguard deal from the beginning of the negotiation and thereafter, as per his own submissions, he stopped being directly involved with the said deal at some stage. However, I note from the *Interim Order* that *Noticee no. 1* was in constant contact with both Mr. Sanjay Nayak and Muthukrishnan, to whom the aforesaid

email dated June 29, 2020 was marked, by way of various phone calls and SMSes more so during the UPSI period. The details of such calls and SMSes have been furnished in Table no. 3 of *Interim Order* which I don't find necessary to reproduce here as nothing adverse to the same has been submitted by either of the *Notices*. The *Noticee no. 1* has generally stated that he was in contact with Mr. Sanjay Nayak and Muthukrishnan about other deals of the *Company*, however, the above contention has not been strengthened by any further specific details or evidence to rule out before me that nothing pertaining to the MSA was ever discussed during the entire period or that the said discussions with them were confined to purely such other deals, the specifics of which also have not been spelt out by the *Noticee no. 1* before me. Therefore, at this stage of confirmatory proceedings, I find that sufficient evidence, both factual and circumstantial has been mustered into the Interim Order so as to come to a *prima facie* finding that *Noticee no. 1* was reasonably expected to have the information about finalization of the Vanguard deal on account of his undisputed association and constant interactions with Mr. Sanjay Nayak and Muthukrishnan who were noticed to be aware of the date of finalization of the said deal with Vanguard. Therefore, at this stage, based on the preponderance of probabilities that has strongly emanated from the factual matrix of the case, a reasonable apprehension has to arise that *Noticee no. 1* was in possession of UPSI by virtue of him being involved with the said deal and also through constant contact with Mr. Sanjay Nayak and Muthukrishnan a fact which, *Noticee no. 1* has failed at this stage to controvert conclusively by producing any corroborative evidence to the contrary. I find it relevant to note here that Section 106 of Indian Evidence Act, 1872 states that the burden of proving something which is in specific knowledge of one person lies on that person. Here, whatever transpired between *Noticee no. 1* and Mr. Sanjay Nayak or Muthukrishnan was exclusively known to them and, therefore, the Confirmatory Order in the matter of insider trading by employees of Infosys Limited and Wipro Limited in the shares of Infosys Limited

responsibility falls on the shoulders of *Noticee no. 1* to prove that he had not discussed the UPSI with both or any one of them, which *Noticee no. 1* has clearly failed to discharge at this stage. Hence the *Noticee no. 1* would not deserve any benefit of doubt at this stage when further investigation into the matter is being carried out by SEBI.

36. *Noticee no. 1* has attempted to elaborate and clarify on the exact role played by him in the said Vanguard deal. However, I note at this stage that Infosys, in its email dated February 22, 2021 to SEBI has mentioned the name of *Noticee no. 1* as a person associated with the said deal. In the above circumstances, I am of the view that the exact role of *Noticee no. 1* in the said deal and the tenure of his association with the deal are questions of fact, which need a thorough investigation which is at present in progress. Therefore, at this stage it would be not fair to make any definite comment regarding the said role of the *Noticee no. 1* based on insufficient knowledge of facts and only relying on the contentions of the *Noticee no. 1*. Suffice it is to say that on a *prima-facie* level, the continuous contacts of *Noticee no. 1* with Mr. Sanjay Nayak and Muthukrishnan have remained unexplained from the side of *Noticee no. 1* and therefore, it is not appropriate for me at this stage to take a view contrary to the one taken in the *Interim Order*.

37. The *Noticee no. 1* has submitted that there were many other employees who were also associated with Vanguard deal and as the charge of possession of alleged UPSI cannot be exclusive to him, the charge of communication of the information to the *Noticee no. 2* against him does not survive. However, in my view, the above contention does not come to his rescue as the evidence and facts gathered so far and recorded in the *Interim Order* do not indicate any connection/association of any other employees with other third party entities including the *Noticee no. 2*, who had indulged in dealing in the scrip of Infosys

during the relevant UPSI period. Therefore, the aforesaid submission is too general and ambiguous in as much as it lacks merit for consideration under the instant proceedings.

38. Another issue raised by *Noticee no. 1* is that he had no financial transactions with *Noticee no. 2*. While it is true that no financial transaction between *Noticees no. 1 and 2* has been mentioned in the *Interim Order*, at this juncture when a detailed investigation is being conducted into the matter, it may be premature to come to any conclusion as to whether or not the two *Noticees* had any *inter-se* financial transactions between them. Further, sometimes the fund transactions take place through indirect means which require much more efforts to detect. In fact, sometimes *quid pro quo* can take place through multiple modes and not necessarily through financial transactions. Therefore, a mere claim of absence of any financial transaction between the two *Noticees*, at this juncture, cannot dilute the *prima-facie* finding of Insider Trading as recorded in the *Interim Order* nor can such an unsubstantiated claim outweigh the surrounding facts which *prima facie* strongly point towards the involvement of *Noticee no. 1* in the communication of UPSI to *Noticee no. 2*.

39. Moving on to the specific contentions of *Noticee no. 2*, he has stated that the reliance placed on a metric like 'Delta Analysis' was 'ill-fitted' to the facts of his case wherein, all the trades executed by him were unidirectional and no contra positions have been taken by him during the relevant period so as to warrant a delta analysis of his trades. I find that this is not an accurate understanding of Delta Analysis. It must be appreciated that Delta of the trade positions is a metric that not only provides the overall net direction of all the positions held by an investor across all his trades/positions (viz. bullish or bearish) in the market but also indicates the overall risk taken by the said trader/investor by virtue of his positions. Delta is a ratio which anticipates the possible net changes

in the position of an investor/trader by virtue of movement of single rupee in the scrip of a company in which he has built up his trade positions. For example, the peak delta of the positions built up by *Noticee no. 2* during the UPSI period in the present matter was bullish 1,93,241 which signifies that one rupee up movement in the scrip of Infosys would result into profit of INR 1,93,241 for the *Noticee no. 2* at that point of time and *vice-versa*. From a reading of *Interim Order*, I find that the 'Delta Analysis' has been used precisely to calculate the risk taken by *Noticee no. 2* in the scrip of Infosys. Thereafter, the same was compared with the risk taken by him in various other scrips before the *Interim Order* came to this *prima facie* finding, that under the facts and circumstances of the matter and considering the trading history, pattern and the exposure of *Noticee no. 2* during and after UPSI period in the scrip of Infosys and his trading concentration in the scrip as compared to his trading positions in other scrips, such trades executed by *Noticee no. 2* in the scrip of Infosys during the UPSI period were evidence, quite unusual as contrasted to his trading pattern in the first 9 months of Calendar Year 2020.

40. *Noticee no. 2* has also asserted that his trading in the scrip of Infosys was based upon fundamental analysis of the IT industry and Infosys and that he was a regular investor on the market and also that his trading pattern would show that the period examined by SEBI was not the only period during which he had a substantial exposure in the scrip of Infosys. In support of such a contention, the *Noticee no. 2* has submitted the details of his trading in the scrip of Infosys done during the period of October 2020 to January 2021. At the same time, *Noticee no. 2* has also contended that his trading in the scrip of Infosys was based on forward-looking analysis of Quarterly Financial Results for the Quarter ended June 2020.

41. I note from the *Interim Order* that the overall Delta position of *Noticee no. 2* in the scrip of Infosys started accumulating from July 08, 2020 and reached a peak of 1,93,241 on July 14, 2020. Post public announcement of the said UPSI, *Noticee no. 2* drastically reduced his overall delta position in Infosys on July 15 and 16, 2020, by offsetting the long positions held by him in call option and futures contracts of Infosys. It is also relevant here to note that on July 08, 2020, Ramit (*Noticee no. 1*) had made a long duration call to Keyur (*Noticee no. 2*) at 10:54:02 hours which ended at 11:16:25 hours, lasting for 1343 secs. Subsequent to the said telephonic conversation with *Noticee no. 1* on July 08, 2020, within a gap of 7 minutes, it is seen that *Noticee no. 2* has placed his first order in the scrip of Infosys in INFY20JULFUT contracts at 11:23:43 hours, and the same was re-entered (post the deletion of the first order) at 11:26:12 hours. The said 're-entered' order got executed at 11:32:31 hrs. Further commenting on the unusual trading pattern followed by the *Noticee no. 2* in this case, the *Interim Order* has recorded that during the week prior to the announcement about the Vanguard deal by Infosys (i.e. during July 08-14, 2020) which was part of the UPSI period, the trading concentration of *Noticee no. 2* in the scrip of Infosys was 99.6%, whereas his trading concentration during the look back period, i.e. May 20, 2020 to July 01, 2020 and look forward period, i.e. July 29, 2020 to September 09, 2020 was 'close to nil', signifying that in normal times the *Noticee no. 2* has not shown any unusual interest in the scrip of Infosys and it is during the aforesaid UPSI period that the *Noticee no. 2* is found to have displayed such abnormal exuberance to take huge amounts of long positions in the scrip of Infosys, presumably in anticipation of making good profit out of such long positions after the UPSI period was over.
42. I note that the aforementioned long positions taken and subsequently squared off by *Noticee no. 2* in the scrip of Infosys have been highlighted in Table no. 5

of *Interim Order* which is an admitted fact hence, I don't find any necessity to reproduce them here in this order. Suffice it is to say that the *Noticee no. 2* kept on building up his positions in Futures and Options of scrip of Infosys from July 08 till 14, 2020. Thereafter, just after disclosure of the Vanguard deal on BSE and NSE after the market hours of July 14, 2020, he started squaring off his positions whereby significant part of his positions were squared off on July 15, 2020 itself, with rest of the positions getting squared off on July 16 & 17, 2020. I find it relevant to mention here that the quarterly financial results of Infosys were declared on July 15, 2020 only after market hours.

43. Keeping in view the foregoing factual analysis and my observations, I am not finding any strength in the arguments of *Noticee no. 2* that his trades in the scrip of Infosys were executed under the influence of the anticipation of better quarterly financial results (and not influenced by the UPSI) at least for the following two reasons, viz. :-

43.1. First, had *Noticee no. 2* traded on the basis of his anticipation about better quarterly financial results of Infosys, he would have started squaring off his positions only after the date of declaration of the said financial results i.e. after July 15, 2020. However, it is seen that he has started squaring off his long positions only from July 15, 2020 itself i.e. one day earlier, which coincided with disclosure of Vanguard deal after the market hours of July 14, 2020.

43.2. Secondly, the logic and rationale advanced by *Noticee no. 2* behind his decision to trade in the scrip of Infosys should also apply *mutatis mutandis* on other IT scrips as well. In fact, *Noticee no. 2* himself has admitted that there was a positive sentiment towards Tier 1 IT Companies in the market. While *Noticee no. 2* has attempted to defend his decision to build up such large trade

positions in the scrip of Infosys by arguing that Infosys has benefitted the most out of COVID-19 led massive digitization spend in the country as well as all over the world, at the same time, he himself has admitted the fact that all the other IT companies have also similarly benefitted from the said digitization process of the economy. There may be different levels of benefits accrued to various IT companies but it doesn't change the fact that all of them have benefitted out of the Covid-19 driven digitization movement witnessed during last two years. In such a scenario, I find it strange that *Noticee no. 2* chose to selectively trade only in the scrip of Infosys and there was no position, whatsoever, taken by him in any other IT scrips during the said period or any period near around the said UPSI period.

43.3. Further, when one compares the position taken by *Noticee no. 2* in the scrip of Infosys with the risk taken by him in any other scrip during the last six months, it shows that his riskiest position in any other company was only one fourth of his position in Infosys. The same may be seen from the fact that his second most risky position was in the scrip of TV18 Network which had a peak delta around 52000 as compared to peak delta of the position of *Noticee no. 2* in the scrip of Infosys, which was 1,93,241.60

Moreover as pointed out above, if *Noticee no. 2* was so sure about the future prospects and the possibility of profit earnings in IT sector, it is quite unexplainable as to why someone, with such a level of optimism about profit making from IT Sector companies would not try to take benefit out of his knowledge about the prospect in IT industry by trading in any other IT sector scrip in similar manner as he has traded in the scrip of Infosys, at the time of publication of their respective quarterly financial results for the Quarter ending June 2020.

44. I have already noted that certain crucial facts including Ramit's access to UPSI; the close association between Ramit and Keyur and also the phone calls exchanged between *Notices no. 1* (Ramit) and *2* (Keyur), based on which the *prima facie* allegation of insider trading was made in the *Interim Order*, have remained unassailed. Under the circumstances, the aforesaid plea of investing in the scrip of Infosys based on its revenue prospects as furnished by the *Notice no. 2* in his submissions, are not convincing enough for me to take a view completely contrary to the *prima facie* view expressed in the *Interim Order*.

45. I note from the records that in compliance with the direction at paragraph 55.3. of the *Interim Order*, a total impounded amount of INR 2,62,30,620 has been deposited in an interest bearing escrow account with Kotak Mahindra Bank, with a lien in favour of SEBI, by Mr. Keyur Maniar, the *Notice no. 2*.

46. After carefully considering the evidence so far available on record, and having considered the facts and circumstances of the matter and various arguments offered by the *Notices* to dispel the *prima facie* observations recorded in the *Interim Order*, I am of the view that the *Notices* have not been successful in making out a case in their defense which would deserve a complete reversal of the directions issued under the *Interim Order* and instead, most of the grounds taken by them are required to be further verified and investigated by the concerned department of SEBI so as to bring out more facts, basis which the matter can be taken to its logical end. At this stage of the proceedings, it would not be appropriate for me to make any definite inferences or to hold any conclusive view on those submissions and defenses resorted to by the *Notices*, much of which remains unsubstantiated, before the investigation is complete in all respects. I observe that the *prima facie* findings in the *Interim Order* against the *Notices*, such as Ramit being an employee of Infosys group company and as part of Vanguard deal, was having access to the UPSI which was apparently

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passed on to Keyur, his old colleague in Wipro, thereby aiding Keyur to trade in the scrip of Infosys while being in possession of the said UPSI continue to strongly hold on to ground and the *Notices* have not been able to refute these findings with any convincing rebuttals, however, at the same time, various averments and assertions made by the *Notices* during the present proceedings also deserve examination during the ongoing investigation. In these circumstances, the continuation of absolute restraints on them from dealing in the securities market may not be in the interest of justice and equity, especially in view of the compliance made by them with the directions of the *Interim Order*. Nonetheless, as pointed out above, the connection between *Notices no. 1 and 2* as well as the telephonic calls between them are very strong and compelling factual findings available before me on record which render the preponderance of probabilities of Insider Trading allegations against the *Notices* even stronger and too self-evident to ignore. Confronted with these facts, the *prima facie* findings about the procurement, communication and use of UPSI cannot be completely ruled out at this stage and going by the apparent misconduct displayed by the two *Notices*, the possibility of committing such violations by them can also not be ruled out. Hence, a complete lifting of all the restrictions on *Notices no. 1 and 2* would also not be appropriate and the *Notices* should desist from directly accessing the securities market till the completion of the ongoing investigation into the matter.

ORDER

47. In view of the foregoing discussions and my observations on various aspects of the matter, pending conclusion of investigation, I, in exercise of the powers conferred upon me in terms of Section 19 of the SEBI Act, 1992, read with Sections 11, 11(4) and 11B(1) thereof, hereby confirm the directions issued vide ex-parte ad-*Interim Order* dated September 27, 2021 subject to following

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modifications after taking into account the specific facts and circumstance of the present matter:

47.1. The directions issued vide para 55.1 of the *Interim Order* shall not apply to the investments of *Notices no. 1 and 2* in mutual funds; and

47.2. The directions issued vide para 55. 7 and 55.8 of the *Interim Order* stand modified to the extent of allowing credit of securities and credit & debit of mutual fund units in the accounts of *Notices no. 1 and 2*.

48. It is clarified here that the funds deposited by *Noticee no. 2* in an interest bearing escrow account will remain in the said account with lien in favour of SEBI until further orders.

49. It is further clarified that the observations made in the present order are tentative in nature. Therefore, SEBI is directed to complete investigation in the matter expeditiously without being influenced by any of the directions passed or any observation made either in the *Interim Order* or in the present order.

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

51. This Order is without prejudice to any other action that SEBI may initiate under the securities laws, as deemed appropriate, against the above-mentioned Entities.

52. A copy of this Order shall be forwarded to the Entities, Stock Exchanges, Depositories, Registrar and Share Transfer Agents and Banks to ensure necessary compliance.

Sd/-

Date: December 13, 2021

S. K. Mohanty

Place: Mumbai

Whole Time Member