WTM/AN/IVD/ID17/25354/2022-23

SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

Under Sections 11(1), 11(4), 11(4A), 11B(1), 11B(2) and Section 15G of the Securities and Exchange Board of India Act, 1992 read with Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995

In respect of:

Noticee No.	Noticee Name	PAN
1	Bijal Shah	ASJPS7964A
2	Gopal Ritolia	ACDPR2237H
3	Jatin Chawla	ADWPC6578N
4	Amit Bhawarlal Jajoo	ACKPJ6937H
5	Manish Kumar Jajoo	ACJPJ2985J
6	Gomati Devi Ritolia	ACGPR9008K
7	Daljit Gurucharan Chawla	ABCPC8988J
8	Monika Lakhotia	AATPL4205B
9	Pushpa Jajoo	ADGPJ8701N
10	Bhawarlal Ramniwas Jajoo	AABPJ0947J
11	Bhawarlal Jajoo HUF	AAAHB0043A
12	Ritesh Kumar Kamal Kishore Jajoo	ACRPJ5219M
13	Successure Partners (Partners- Mr. Ritesh Jajoo and Ms Vimla Somani)	ADSFS6666H

14	Yash Anil Jajoo	BECPJ4821F

(The aforesaid entities are hereinafter referred to by their respective names / noticee numbers or collectively as "the Noticees")

In the matter of Insider Trading by Certain Entities in the scrip of Zee Entertainment Enterprises Limited ("ZEEL")

1. The Securities and Exchange Board of India ("SEBI") passed an *ad Interim Ex Parte Order* dated August 12, 2021 (hereinafter referred to as *"Interim order")* under Sections 11 (1), 11 (4), 11B (1) and 11D of the SEBI Act, 1992 ("SEBI Act") against Mr. Bijal Shah ("**Noticee no. 1**"), Mr. Gopal Ritolia ("**Noticee no. 2**"), Mr. Jatin Chawla ("**Noticee no. 3**"), Mr. Amit Jajoo ("**Noticee no. 4**"), Mr. Manish Jajoo (**Noticee no. 5**"), Ms. Gomati Devi Ritolia ("**Noticee no. 6**"), Ms. Daljit Gurucharan Chawla ("**Noticee no. 7**"), Ms. Monika Lakhotia ("**Noticee no. 8**"), Ms. Pushpa Jajoo ("**Noticee no. 9**"), Mr. Bhawarlal Jajoo ("**Noticee no. 10**"), Bhawarlal Jajoo HUF ("**Noticee no. 11**"), Mr. Ritesh Kumar Kamal Kishore Jajoo ("**Noticee no. 12**"), Successure Partners ("**Noticee no. 13**"), Mr. Yash Jajoo ("**Noticee no. 14**") and Ms. Vimla Somani for *prima facie* violation of the provisions of the SEBI Act and SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter also referred to as "**SEBI (PIT) Regulations, 2015"/ "PIT Regulations, 2015"**) by carrying out insider trading activities in the scrip of Zee Entertainment Enterprises Ltd. (hereinafter referred to as "**ZEEL**" / "**Company**"). Vide the said interim order, the Noticees were *inter alia* restrained from buying, selling or dealing in securities, either directly or indirectly, in any manner whatsoever until further orders, for engaging in insider trading activity. Further, an amount of Rs. 23.84 crore *prima facie* found to be proceeds generated from the insider trading activity carried out by the Noticees was directed to be impounded on a joint and several liability basis from the Noticees and deposited in an escrow account.

2. Noticee Nos. 1, 2, 3, 6 and 7 filed an appeal before the Hon'ble Securities Appellate Tribunal (hereinafter referred to as "**Hon'ble SAT**") seeking stay of directions contained in the interim order. The Hon'ble SAT, vide its order dated September 03, 2021, disposed of the appeal directing SEBI to pass an appropriate order after granting an opportunity of hearing to the said Noticees. Accordingly, Confirmatory Order was passed by SEBI in respect of Noticee nos. 1, 2, 3, 6 and 7 on September 27, 2021. Thereafter, Noticee nos. 1, 2, 3, 6 and 7 challenged the said Confirmatory Order before the Hon'ble SAT, and the Hon'ble SAT vide order dated November 9, 2021 set aside the restraint imposed on the said Noticees from dealing in the securities market as detailed in the said Confirmatory Order, while permitting the impounding of amount as per the said Confirmatory Order subject to final order to be passed by SEBI.

3. On February 18, 2022, a Confirmatory Order was passed by SEBI, in respect of Noticee nos. 4, 5, 8, 9, 10, 11, 12, 13, 14 and Ms. Vimla Somani, lifting the restrictions imposed on these Noticees vide the Interim Order dated August 12, 2021 subject to the outcome of an appeal filed by SEBI before Hon'ble Supreme Court against the SAT Order dated November 9, 2021. However, it was directed that the funds deposited by the Noticees in an escrow account as per SEBI's interim order dated August 12, 2021 would remain in the escrow account with lien in favour of SEBI until further orders. The appeal filed by SEBI challenging SAT Order dated November 9, 2021 were dismissed by Hon'ble Supreme Court.

4. Pursuant to passing of Orders, SEBI conducted an investigation to ascertain whether the act/s of Noticees were in violation of the provisions of the SEBI Act and PIT Regulations, 2015 during the period from September 01, 2019 to December 31, 2020 (hereinafter referred to as "**Investigation Period**"). However, wherever deemed necessary, reference has been made to facts outside this period.

5. Upon completion of investigation, SEBI issued a Show Cause Notice dated December 22, 2022 (hereinafter referred to as **"SCN"**) against the Noticees alleging violation of Section 12A (d) & (e) of the SEBI Act and Regulations 3(1) and 4(1) of PIT Regulations, 2015. The SCN called upon the Noticees to show cause as to why suitable direction(s) under Sections 11(1), 11(4), 11(4A), 11B(1) and 11B(2) read with Section 15G of SEBI Act should not be issued against them including directions for debarment from securities market for a specified period, imposition of monetary penalty and directions for disgorgement of unlawful gains should not be issued against them.

6. The key findings in the Investigation Report and the allegations levelled vide SCN dated December 22, 2022 are summarised in the following paragraphs.

7. ZEEL is mainly in the business of satellite television channels, space selling agent for other satellite television channels and sale of media content. The shares of ZEEL are listed on both BSE and NSE in Cash and Derivatives segment.

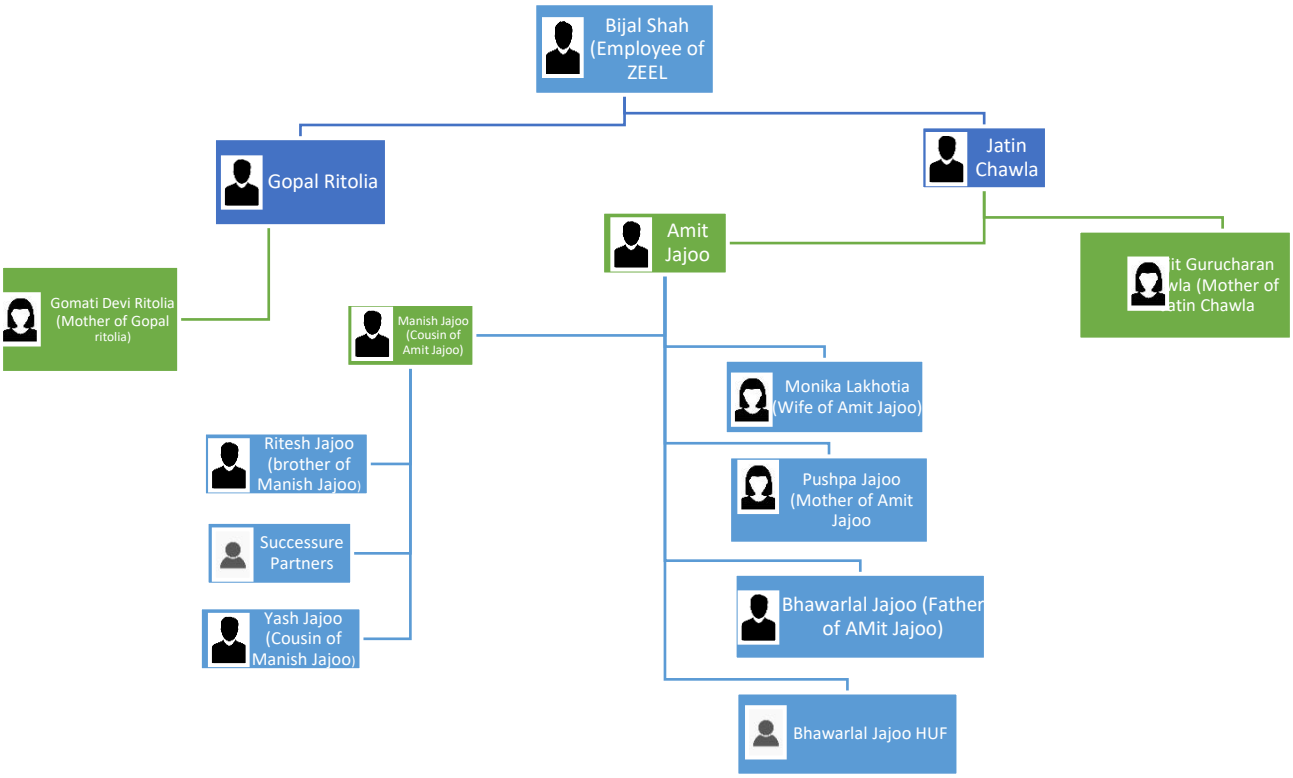
8. The following Corporate Announcements were made by ZEEL which are relevant to the instant matter with respect to Unpublished Price Sensitive Information-1 (**UPSI-1**):

Date and Time	**Announcements**
August 10, 2020 16:24:50	ZEEL informed BSE that the meeting of the Board of Directors of the Company is scheduled on 18/08/2020, *inter alia,* to consider and approve the unaudited financial results of the Company both on standalone and consolidated basis for the quarter ended June 30, 2022.

August 18, 2020 15:39:44	The Board approved Unaudited Financial Results of the Company and Limited Review Reports, both Standalone and Consolidated, for the quarter ended June 30, 2020

9. Press Release dated September 01, 2020- Announcement was made by ZEEL on "Launch of 'Cinema2Home' service 'ZEEPLEX'" through press release dated September 01, 2020. It was not announced on exchanges as corporate announcement. This has been considered as Unpublished Price Sensitive Information-2 (**UPSI-2**).

10. Investigation Report concluded that there was abnormal trading pattern on part of Noticee Nos. 2-5 in coordination with their relatives, Noticee Nos. 6-14. The relationship of Noticees with each other and the flow of UPSI from Noticee No. 1 to other Noticees is provided in the chart below:



11. As per the investigation report, the connections between the Noticees are as follows:

Table- 1

Noticee No.	Name	Connection
1	Bijal Shah	• Mr. Bijal Shah was working as Head- Strategy, Investor Relations & Business Development at ZEEL since 2016 till August 2021. • He is connected to Noticee no. 2 and 3. • They are friends and earlier worked together at IIFL.
2	Gopal Ritolia	• Mr. Gopal Ritolia was working as Director, UBS since 2015 till August 2021. • He is connected to Noticee nos. 1, 2 and 6. • Noticee no. 6 is his mother. • Noticee no. 1 and 3 are his friends and they earlier worked together at IIFL. • He and Noticee no. 3 had studied together at IIM Lucknow (2003-2005).
3	Jatin Chawla	• Mr. Jatin Chawla was working as Director at First Voyager since 2019 till January 2021. • He started his partnership Investaholic LLP with his wife Seema in April 2021. • He is connected with Noticee nos. 1, 2, 4 and 7. • Noticee no. 7, Ms. Daljit Gurucharan Chawla is his mother. • Noticee nos. 1 and 2 are his friends and they earlier worked together at IIFL. • He and Noticee no. 2 had studied together at IIM Lucknow (2003-2005). • He has professional relation with Noticee no. 4.
4	Amit Bhawarlal Jajoo	• Full time stock market trader and Authorized Person of Edelweiss Broking Ltd. • He is connected to Noticee nos. 3, 5, 8, 9, 10, 11, 13 and 14. • He has business relation with Noticee no. 3, Mr. Jatin Chawla. He opened trading account of Jatin's mother as he is an Authorized Participant. Further, he had also given funds to Mr. Jatin on occasions. • Noticee nos. 5, 13 and 14 are his cousins. • Noticee no. 8, Ms. Monika Lakhotia is his wife and Noticee nos. 9 and 10 are his parents. Noticee no. 11 is his father's HUF in which he is a co-parcener.
5	Manish Kumar Jajoo	• Full time stock market trader. • He is connected to Noticee nos. 4, 8, 9, 10, 13, and 15. • Noticee no. 13, Mr. Ritesh Kumar Jajoo is his brother.

Noticee No.	Name	Connection
		• Noticee no. 14, Mr. Yash Jajoo is his cousin. • Ms. Vimla Somani (partner of Noticee no. 13) is his wife's relative. • Noticee no. 4 is his cousin and Noticee no. 8 is wife of Noticee no. 4. • Noticee nos. 9 & 10 are his aunt and uncle.
6	Gomati Devi Ritolia	• Mother of Noticee No. 2
7	Daljit Gurucharan Chawla	• Mother of Noticee No. 3
8	Monika Lakhotia	• Wife of Noticee No. 4 • Family relation with Noticee nos. 5, 9, 10, 13 and 14
9	Pushpa Jajoo	• Mother of Noticee No. 4 • Wife of Noticee no. 10 • Family relation with Noticee nos. 5, 8, 13 and 14
10	Bhawarlal Jajoo	• Father of Noticee No. 4 • Husband of Noticee no. 9 • Karta of Noticee no. 11, • Family relation with Noticee nos. 5, 8, 13 and 14
11	Bhawarlal Jajoo HUF	• HUF of Noticee no. 10 and said HUF has Ms. Pushpa Jajoo, Mr. Amit Jajoo and Ms. Namrata Jajoo as family members.
12	Ritesh Kumar Kamal Kishore Jajoo	• He is into family business of textile, he also has license of Authorized Person of Edelweiss Broking Ltd. which he has authorized to be used by his brother, Mr. Manish Kumar Jajoo, entity no. 5 for proprietary trading. • Partner at Noticee no. 11, Successure Partners • Noticee nos. 4 and 14 are his cousins. • Family relation with Noticee no. 8, 9 and 10
13	Successure Partners	• Partnership firm of Noticee no. 13, Mr. Ritesh Jajoo and Ms. Vimla Somani
14	Yash Jajoo	• He is into family business of textile • Noticee nos. 4, 5 and 13 are his cousins. • Family relation with Noticee nos. 8, 9 and 10

12. The abnormality in the trading pattern is seen from the significant concentration by Noticees in the scrip of ZEEL in cash as well as derivative segment, prior to the announcement of unpublished price sensitive information pertaining to UPSI-1 and UPSI-2, which was squared off / sold after announcement of UPSI-1 and UPSI-2. Since several positions were taken in multiple derivatives (Future and Options) by the Noticees, Delta analyses was undertaken by SEBI to analyse the directions of the positions taken by the Noticees. This has been discussed in detail in the interim and confirmatory orders passed in the matter wherein it was concluded that Noticees took significant buy positions during UPSI-1 and 2 and were bullish about the scrip of ZEEL. Trading pattern of the Noticees is discussed in the paragraphs below.

13. The aforementioned suspicious trading by the Noticees led to the passing of Interim and Confirmatory Orders by SEBI as well as issuing of SCN wherein it was alleged that the said trading was done on the basis of the Unpublished Price Sensitive Information pertaining to ZEEL.

14. **UPSI-1**- The financial results for the period ended on June 30, 2020 was announced by ZEEL on August 18, 2020 as mentioned in para 8 above wherein ZEEL made a net profit of Rs. 64.27 crore during that quarter While year on year basis, the June 2020 results (64.27 Cr.) were significantly lower than the June 2019 results (512.19 Cr), the March 2020 quarter result was negative and on Quarter on Quarter basis, financial results of the company for the period ended June 30, 2020 was a positive news for the market. Pursuant to the announcement, on NSE price of the scrip moved from close price of Rs.173.95 on August 18, 2020 (the last trading day prior to the announcement) to a close price of Rs.196.80 on August 19, 2020. The positive June quarter result led to a significant spurt of 13.14% in price of ZEEL on August 19, 2020 as compared to broader market movement of 0.22% on that day. Hence, the corporate announcement made by the company had materially affected the price of the scrip of ZEEL. A summary of main events pertaining to UPSI-1 is provided below:

Table-2

Date	Particulars	Mode of Sharing
01-Jul-20	As per structured digital database, UPSI related to quarterly financial result came into existence	SDD
05-Aug-20	Mr. Vishal Sangani (Lead-Consolidation & Accounts-Consolidated) Submitted profit and loss figures to Mr Sundeep Mehta, (Financial Controller-FC)	Email & Verbal
05-Aug-20	Submitted First cut profit and loss figures to Mr Rohit Kumar Gupta (CFO) by Financial Controller for review and onward discussion.	Email / Verbal
06-Aug-20	Submitted SA trial balance to Deloitte team (Ms Asha Chikhal, Bhumika Smart, Rishabh Sanghvi(FC), Vrushali Deshmukh (Lead-Consolidation & Accounts-Standalone) and Mr Vishal Sangani ((Lead-Consolidation & Accounts-Consolidated)	Email
08-Aug-20	Submission of draft Consolidated PL to Suhas Patil (FPA) and to Mr Bijal Shah (IR head / FPA) with FC and CFO	Email
09-Aug-20	Submission of draft Consolidated trial balance by Mr Vishal Sangani to Deloitte team (Jil Mamania and Purvi Mota)	Email
12-Aug-20	Submission of draft Standalone fs by Vrushali Deshmukh to Mr Vishal Sangani	Email
12-Aug-20	Mr Vishal Sangani Submitted published results from Sumang Panchal, Consolidation Team to Mr Vishal Sangani	Email
13-Aug-20	Mr Vishal Sangani Submitted published results to Mr Mohammed Bengali (Deloitte), FC and CFO.	Email
14-Aug-20	Mr Vishal Sangani Submitted published results and consolidated fs to Mr Bijal Shah, FC, CFO	Email
17-Aug-20	Mr Vishal Sangani Submitted published results to Ms Armin Adjania, Mr Ashish Agarwal (Secretarial)	Email

15. **UPSI-2**- As mentioned at para 9 above, ZEEL announced launched of Cinema 2 Home service, ZEEPLEX, on September 01, 2020. It was a new content consumption medium for consumers and film distribution model. ZEEPLEX announcement by ZEEL came at the time when theatres were closed since mid-March 2020 due to covid pandemic amid restrained entertainment. The concept of ZEEPLEX was first shared with ZEEL MD on May 02, 2020 and discussions on the nature and revenue model were held before launching the service. ZEEL did not consider the announcement to be material in terms of their policy for determining the materiality of events and did not make a filing with the stock exchanges. However, it issued a press release to make the announcement which indicates that company considered it to be significant enough to inform its constituents. Pursuant to the announcement, the price of

scrip on NSE moved from close price of Rs. 201.8 on September 01, 2020 (the last trading day prior to the announcement) to a close price of Rs.218.15 on September 02, 2020 i.e. a price rise of 8.10% during the next trading day after the announcement. The NIFTY and Sensex had moved only by 0.56% and 0.48% respectively on that day. Hence, the market considered the announcement to be a material event. Further, the company's own policy on materiality specifies a qualitative criteria stating "…*(b) Omission of an event or information is likely to result in significant market reaction if the said omission came to light at a later date; ...",* and in this case, omission of disclosure of information regarding ZEEPLEX launch was likely to cause significant market reaction when such omission would have come to light, and given the Covid situation prevailing at that time, it was expected to lead to generation of additional revenue for the company. Therefore, the announcement of ZEEPLEX amid Covid restrictions was a positive news and in terms of Regulation 2(1)(n)(iv) of PIT Regulations, 2015 was expansion of business and hence, UPSI. A summary of main events pertaining to UPSI-2 is provided below:

Table- 3

Date	**Particulars**	**Mode of Sharing**
02 May - 20	Initial discussion on the idea of pay per view, Transactional Video on Demand (TVOD) model	Email
06 May - 20	Broad study and data gathering	Email
10 May - 20	Initiation of discussion with platform partners	Email
20-Aug – 20	Neeraj Joshi, Head – Marketing of Zee Studios Limited, a wholly owned subsidiary Company ('Zee Studios'); and Parag Darade, Head – Corporate Brand Development of the Company - About the brief of the service	Verbal Discussion/Email
28-Aug – 20	Akshay Kejriwal – Executive Assistant – MD's Office of the Company; and Parag Darade, Head – Corporate Brand Development of the Company - Regarding the press release	Verbal Discussion/Email
28-Aug – 20	Akshay Kejriwal – Executive Assistant – MD's Office of the Company; and Parag Darade, Head – Corporate Brand Development of the Company - Regarding the press release revised draft	Verbal Discussion/Email
29-Aug – 20	Akshay Kejriwal – Executive Assistant – MD's Office of the Company; and Parag Darade, Head – Corporate Brand Development of the Company - Regarding the press release revised draft	Verbal Discussion/Email

Date	Particulars	Mode of Sharing
31-Aug – 20	Akshay Kejriwal – Executive Assistant – MD's Office of the Company; and Parag Darade, Head – Corporate Brand Development of the Company - Regarding the press release revised draft	Verbal Discussion/Email
31-Aug – 20	Akshay Kejriwal – Executive Assistant – MD's Office of the Company; and Parag Darade, Head – Corporate Brand Development of the Company - Regarding the press release revised draft	Verbal Discussion/Email
31-Aug – 20	Neeraj Joshi, Head – Marketing of Zee Studios; and Parag Darade, Head – Corporate Brand Development of the Company - Regarding the press release revised draft	Verbal Discussion/Email
01-Sep – 20	Nirav Naik, Senior Manager – Corporate Brand Development of the Company; and Anuya Chakravarthi – Lead PR of the Company - Regarding dissemination of the press release	Verbal Discussion/Email
01-Sep – 20	Atul Das, Chief Revenue Officer – Affiliates Sales of the Company; Ashwin Gargava, Head – DTH Key Accounts of the Company; and Akshay Kejriwal – Executive Assistant – MD's Office of the Company - Regarding the press release	Verbal Discussion/Email
01-Sep-20	Shariq Patel, Chief Business Officer of Zee Studios; and Parag Darade, Head – Corporate Brand Development of the Company - Regarding the final press release draft approval	Verbal Discussion/Email

16. Based on the summary of events as stated above, structured digital database and / or intimation to Exchanges, following are the periods of UPSI:

Table- 4

Announcements	When did UPSI come into existence	When did UPSI get published	Period of UPSI
UPSI 1 - Information relating to Financial Results for the period ended June 30, 2020, Announcement dated August 18, 2020	July 01, 2020	August 18, 2020	July 01-August 18, 2020
UPSI 2 - Information relating to Launch of Cinema 2 Home Service, ZEEPLEX Announcement dated September 1, 2020	May 02, 2020	September 01, 2020	May 02-September 01, 2020

17. In terms of Regulation 2(1)(g) of PIT Regulations, 2015, "insider" means any person who is a connected person; or in possession of or having access to UPSI. As per information submitted by NSE and BSE, none of the persons designated as insiders as per the aforesaid structured digital database traded in the scrip of ZEEL during the aforesaid UPSI periods.

18. **Bijal Shah (Noticee No. 1)**

i. Noticee No. 1 was working as Head – Financial Planning & Analysis, Strategy and Investor Relations, ZEEL from September 2016 till August 2021. His primary job was Investor Relations till 2019. He was also involved in financial planning and budgeting in the year 2019 and continued with that till March 31, 2021.

ii. On investor relations side, his primary job was to cater to institutional investors and explain them the long-term strategy of ZEEL. In his role on finance side, he was working with the central FPA (Financial Planning and Analysis) Team. He consolidated financial data from various teams and presented FPA reports to CFO and MD of ZEEL and was involved in balance sheet analysis, budgeting, MIS reporting, etc. Therefore, he assumed important role in organization and deals with numbers concerning performance of the company on day-to-day basis. Because of his role and function in the organization, he was Designated Person in terms of PIT Regulations, 2015, and having access to all the material non-public information of the company.

iii. Based on his role and information submitted by ZEEL, Noticee No. 1 had access to UPSI-1.

iv. With respect to UPSI-2, ZEEL had provided list of 11 individuals who had access to the information. Though Noticee No. 1 was not among these 11 individuals, as per Call Data Records (hereinafter referred to as **"CDRs"**), during the UPSI-2 period, he was in constant touch with 6 people who were having access to UPSI. The calls between Noticee No. 1 and said persons are provided below:

Table- 5

Period	Mobile number	Caller Name	Mobile number	Called Name	Number of Calls	Duration of Calls(sec)
UPSI 2 (May 02 to September 01, 2020)	9820290925	Atul Das	9967580213	Bijal Shah	5	526
	9967580213	Bijal Shah	9820290925	Atul Das	6	2344
	9820085872	Parag Darade	9967580213	Bijal Shah	6	1039
	9967580213	Bijal Shah	9820085872	Parag Darade	11	930
	9967580213	Bijal Shah	9892049511	Shariq Patel	4	2103
	9967580213	Bijal Shah	9699251766	Nilesh Deorah	4	2402
	2271085939	Nirav Naik	9967580213	Bijal Shah	1	102
	9880833225	Akshay Kejriwal	9967580213	Bijal Shah	12	1808
	9967580213	Bijal Shah	9880833225	Akshay Kejriwal	9	908

v. By virtue of strategic position of Mr. Bijal Shah in the organisation, since all crucial information was discussed with him as a matter of practice, the information pertaining to launch of ZEEPLEX was likely to have been discussed by aforesaid six people with Mr. Bijal Shah. As per the statement of one these individuals, Parag Darade (Head – Corporate Brand Development), he interacted with Noticee No. 1 as part of his job as Noticee was heading the investor relation vertical. Further, he submitted that he had to communicate to Noticee No. 1 regarding launch of ZEEPLEX services so as to communicate a clear picture to the investors at large.

vi. Noticee No. 1's connection with other Noticees is already brought out in Table 1 above.

vii. CDRs of Noticee No. 1 during UPSI periods revealed that he was in constant touch with Noticee Nos. 2 and 3 as shown below:

Table- 6

Period	Mobile number	Caller Name	Mobile number	Called Name	Number of Calls
UPSI 1	9967580213	Bijal Shah	9967580216	Gopal Ritolia	14
	9967580216	Gopal Ritolia	9967580213	Bijal Shah	11
	9967580213	Bijal Shah	9967589065	Jatin Chawla	11
	9967589065	Jatin Chawla	9967580213	Bijal Shah	0
UPSI 2	9967580213	Bijal Shah	9967580216	Gopal Ritolia	15
	9967580216	Gopal Ritolia	9967580213	Bijal Shah	8
	9967580213	Bijal Shah	9967589065	Jatin Chawla	1
	9967589065	Jatin Chawla	9967580213	Bijal Shah	2

viii. The details of fund transfers between the Noticees are provided below:

Table- 7

Fund Transfer between Noticee No. 6 (mother of Noticee No. 2) and Noticee No. 1

Gomati Ritolia (Noticee No. 6) - Equitas Small Finance Bank 10976327546			
Date	**Transaction Details**	**Debit**	**Credit**
15/07/2021	Rtgs-Dr-Kkbk0000652-Bijal Jitendra Shah	3,10,00,000.00	
Gomati Ritolia - Equitas Small Finance Bank 10976327546			
Date	**Transaction Details**	**Debit**	**Credit**
29/07/2021	Fund Trf From Bijal Jitendra Shah		3,10,00,000.00
12/08/2021	Ftf Bijal Jitendra Shah		2,00,00,000.00
26/08/2021	Ftf Bijal Jitendra Shah	2,00,00,000.00	

Table-8

Fund Transfer between Noticee No. 7 (mother of Noticee No. 3) and Anjana Jitendra Shah (mother of Noticee No. 1)

Daljit Chawla(Noticee No. 7) - Kotak Mahindra Bank – 7812142072		
Date	**Particulars**	**Amount**
23-03-2020	Mb:Received Money From Anjana Jitendra 3911298542	1,000.00
23-03-2020	Trsfr From Anjana Jitendra Shah	10,00,000.00
04-05-2020	Ib:Sent Money To 3911298542	5,00,000.00
05-05-2020	Ib:Repay	5,00,000.00

Jatin Chawla (Noticee No. 3)- Kotak Mahindra Bank – 1411631166		
Date	**Particulars**	**Amount**
25-03-2020	Mb:Sent Money To Anjana Jitendra Shah 3911298542	5,00,000.00
26-03-2020	Mb:Sent Money To Anjana Jitendra Shah 3911298542	5,00,000.00
07-05-2020	Mb:Received Money From Anjana Jitendra 3911298542	50,000.00
13-05-2020	Mb:Received Money From Anjana Jitendra 3911298542	5,00,000.00
15-05-2020	Mb:Received Money From Anjana Jitendra 3911298542	4,50,000.00

Investigation Report concluded that aforesaid fund transfers between Noticee Nos. 1-3 (and their mothers) continued to take place even much after the trades done by Mr. Gopal and Mr. Jatin in the scrip of ZEEL. The fund transfers indicate the financial relationship of Mr. Bijal Shah with Mr. Gopal Ritolia and Mr. Jatin Chawla where funds were loaned for the purpose of investments. The nature of financial relationship between Mr. Bijal Shah, Mr. Gopal Ritolia and Mr. Jatin Chawla points towards taking and giving help as well as engaging in discussions about financial investments over the course of their association.

ix. Mr. Bijal Shah himself did not carry out any trades or off-market transactions in the scrip of ZEEL. The trade details, CDRs, UCC, bank account statements, submissions and statement of Noticee No. 1 were provided to him along with SCN.

x. In view of the above, it is alleged that Mr. Bijal Shah, was in possession of UPSI 1 and 2 and passed on the price sensitive information to his friends

who in turn traded in the scrip of ZEEL while in possession of and on the basis of UPSI and made profits. Therefore, Mr. Bijal Shah is alleged to have violated Section 12A (d) & (e) of SEBI Act, 1992 and Regulation 3(1) of SEBI (PIT) Regulations, 2015.

19. **Gopal Ritolia (Noticee No. 2) and Gomati Devi Ritolia (Noticee No. 6)**

(a) Noticee no. 2, Mr. Gopal Ritolia, was working as Director in UBS till August 2021. Noticee no. 6, Ms. Gomati Devi Ritolia, is his mother. Mr. Gopal Ritolia submitted in reply to summons and during statement recording that he traded in the scrip of ZEEL through the trading account of his mother. He did not trade in the scrip of ZEEL from his own trading account.

(b) Mr. Gopal is closely associated with Noticee no. 1, Mr. Bijal Shah and Noticee no. 3, Mr. Jatin Chawla. He submitted that he met Mr. Bijal Shah first time when he was in Brics Securities. Then they also worked together at India Infoline (IIFL) during 2007 to 2014. He submitted that he and Mr. Bijal are good friends and they have been associated since 2005-2006. He further submitted that he and Mr. Jatin Chawla are also close friends and know each other since 2003 as both were batch mates in IIM Lucknow. The relationship between Noticees is brought out in Table 1 above.

(c) With respect to all trades discussed in this order placed in the account of Ms. Gomati Devi Ritolia (mother of Noticee No. 2), she has submitted an affidavit to SEBI stating that she had authorized Mr. Gopal Ritolia to execute trades in her account since he is her son. She confirmed that aforesaid trades in ZEEL were undertaken by her son in her trading account.

(d) Trade details, CDRs, UCC, bank account statements, submissions and statement of Noticee No. 2 and 6 were provided to them along with SCN.

(e) During UPSI-1 period, Noticee No. 2 while trading through the account of his mother, Gomati Devi Ritolia, placed trades in the scrip of ZEEL in both cash and derivatives segment. The trade details are as follows:

(i) Cash Segment: On August 11, 2020, he purchased 6,50,000 shares of ZEEL on NSE and squared off this position on September 09-10 after the announcement of UPSI 2. The position taken during UPSI 1 was open till the announcement of UPSI 2. Through these trades, he made a profit of Rs. 4,51,61,221.80.

Table- 9

Period	Date	Buy Qty.	Buying Value	Date	Sold Qty.	Selling Value	Total Value (Rs.)
Before the Announcement of UPSI 1	11/08/2020	6,50,000	10,10,68,584.30	-	-	-	
Total A		**6,50,000**	**10,10,68,584.30**				**10,10,68,584.30**
After the Announcement	-	-	-	09/09/2020	46,596	1,03,90,908.00	
	-	-	-	10/09/2020	6,03,404	13,58,38,898.10	
Total B					**6,50,000**	**14,62,29,806.10**	**14,62,29,806.10**
Net Profit earned = B - A							**4,51,61,221.80**

From the summary of Noticee's trading activity in the scrip of ZEEL vis-à-vis gross trading across the market in cash segment during the UPSI period as well as Pre-UPSI period, Investigation observed that the Noticee had not traded in the scrip of ZEEL during pre-UPSI period. During UPSI period, 71.91% of the Noticee's gross traded value is in the scrip of ZEEL. Further, during UPSI period 1, Noticee's gross buy value was observed to be 81.50% in the scrip of ZEEL as compared to 0.00% during pre-UPSI period as provided below:

Table-10

Period	Buy Value			Sell Value			Gross Traded Value		
	Total	ZEEL	%	Total	ZEEL	%	Total	ZEEL	%
Pre-UPSI Period (April 1 to June 30, 2020)	11,23,000.00	0.00	0.00%	23,03,903.20	0.00	0.00%	34,26,903.20	0.00	0.00%
During UPSI Period 1 (July 01 to August 18, 2020)	12,40,10,222.95	10,10,68,584.30	81.50%	1,65,35,305.55	0.00	0.00%	14,05,45,528.50	10,10,68,584.30	71.91%

(ii) Derivatives Segment: On August 18, 2020, the day of announcement of UPSI 1, Mr. Gopal, while trading through his mother's account, took significant long positions of 6,00,000 shares in the scrip of ZEEL by buying Futures contracts expiring in August 2020. Further, he squared off the open positions in the scrip by selling the futures contracts after the announcement and earned an approximate profit of Rs.2,46,60,600. The positions taken by him before the announcement of UPSI-1 and squared off post announcement are given in the following table:

Table- 11

	Date	Particulars	ZEEL Aug-20 Futures		
			Qty	Rate (₹)	Amount (₹)
Pre-Announcement Trading	18/08/20	Buy	6,00,000	166.76	10,00,55,850
	Net Position held as on Aug 18, 2020 (Pre-announcement) **(A)**		6,00,000	166.76	10,00,55,850
	Delta as on Aug 18, 2020 **(B)**		1.00	-	-
	Total Delta as on Aug 18, 2020 (Pre-Announcement) **(C) = (A) * (B)**		6,00,000	-	-

Announcement dated August 18, 2020 - Q1 FY 21 Financial Results					
Post-Announcement Trading	26/08/20	Sell	(3,00,000)	205.24	6,15,72,300
	27/08/20	Sell	(3,00,000)	210.48	6,31,44,150
	Net position post announcement (i.e., between Aug 19, 2020 and Aug 27, 2020) **(D)**		(6,00,000)	207.86	12,47,16,450
				Net Profit Earned (E) = (D) - (A)	**2,46,60,600**

From the summary of Noticee's trading activity in the scrip of ZEEL vis-à-vis gross trading across the market in derivatives segment during the UPSI periods as well as Pre-UPSI period, Investigation Report concluded that during pre-UPSI period, 0.20% of the Noticee's gross traded value is in ZEEL scrip. During UPSI period, 8.08% of the Noticee's gross traded value is in the scrip of ZEEL. Further, during UPSI period 1, Noticee's gross buy value is 15.92% in the scrip of ZEEL as compared to 0.20% during pre UPSI period as provided below:

Table- 12

Period	Buy Value			Sell Value			Gross Traded Value		
	Total	ZEEL	%	Total	ZEEL	%	Total	ZEEL	%
Pre-UPSI Period (April 1 to June 30, 2020)	1,68,64,12,240.75	33,36,090.00	0.20%	1,62,57,38,019.50	34,27,855.00	0.21%	3,31,21,50,260.25	67,63,945.00	0.20%
During UPSI Period 1(July 01 to August 18, 2020)	62,84,76,615.00	10,00,55,850.00	15.92 %	60,92,55,142.50	0.00	0.00%	1,23,77,31,757.50	10,00,55,850.00	8.08%

(f) During UPSI-2 period, Gopal Ritolia while trading through the account of his mother, placed trades in the scrip of ZEEL in derivatives segment. The trade details are as follows:

(i) Derivatives Segment: On August 27, 2020, Mr. Gopal had taken significant long positions (3,75,000 shares) in the scrip of ZEEL by buying futures contracts expiring in September 2020, prior to the press release w.r.t unveiling of ZEEPLEX service by ZEEL on September 01, 2020. He squared off the open positions in the scrip by selling the futures contracts after the announcement and earned an approximate profit of Rs.53,77,950. The positions taken by him before the announcement of UPSI 2 and squared off post announcement are given in the following table:

Table- 13

	Date	Particulars	ZEEL Sep-20 Fut		
			Qty	Rate (₹)	Amount (₹)
Pre-Announcement Trading	27/08/20	Buy	3,00,000	211.06	6,33,17,550
	31/08/20	Buy	75,000	205.05	1,53,78,750
	Net Position held as on Sep 01, 2020 (Pre-announcement) **(A)**		3,75,000	209.86	7,86,96,300
	Delta as on Sep 01, 2020 **(B)**		1.00	-	-
	Total Delta as on Sep 01, 2020 (Pre-Announcement) **(C) = (A) * (B)**		3,75,000	-	-
Announcement Dated 01-Sep-2020- ZEEL announced launch of Cinema2 Home' service 'ZEEPLEX' through press release.					
Post-Announcement Trading	07/09/20	Sell	(3,75,000)	224.20	8,40,74,250
	Net position post announcement (i.e., between Sep 2, 2020 and Sep 7, 2020) **(D)**		(3,75,000)	224.20	8,40,74,250
			Net Profit Earned (E) = (D) - (A)		**53,77,950**

(g) Investigation Report concluded that there was similarity in his trading pattern with that of his friend Mr. Jatin Chawla and there was increased concentration in the scrip of ZEEL during UPSI period.

(h) Further, trading pattern in the account of Ms. Gomati Devi Ritolia (Noticee No. 6 and mother of Noticee No. 2) was also examined during Investigation for various quarters ranging from July 2017 to December 2020 regarding trading in ZEEL and same is mentioned at Annexure A to this Order.

(i) As can be seen from Annexure-A, Investigation Report concluded that the Noticee No. 2 through the account of Noticee No. 6 had been frequently trading in the scrip of ZEEL in derivatives segment. The trades in cash segment have taken place only during the quarter 2 of 2020-21 which covers both UPSI 1 and 2. In derivatives trades, his percentage of trading in ZEEL went up to nearly 20% in quarter 2 of 2020-21 as against usual share of ZEEL trading of between 2% to 13% of his total trading. The percentage of trading in ZEEL appears high in the quarter 4 of 2019-20 at 21%, but the absolute value of his trades in the said quarter is much lower, in both ZEEL as well as total traded value in all scrips. In absolute terms, the gross value traded in ZEEL is highest in quarter 2 of 2020-21. Thus, there is a huge spike in his trades in ZEEL in absolute and relative terms as compared to total trades in both cash (71.18%) and derivatives (19.96%) segments during quarter 2 of 2020-21, i.e., quarter ending September, 2020.

(j) Thus, the unusual trading pattern of Noticee No. 2 witnessing a sudden upsurge in volume of trading in the scrip of ZEEL during UPSI periods 1 and 2 clearly indicates that the said increased volume of trading was an aberration from his normal pattern suggesting prior knowledge of impending announcements of Unpublished Price Sensitive Information.

(k) CDRs of Gopal Ritolia are provided below:

(i) During UPSI-1, number of calls were made between Mr. Gopal Ritolia and Noticee No. 1, Mr. Bijal Shah; and between Mr. Gopal Ritolia and Noticee No. 3, Mr. Jatin Chawla which are provided below:

Table- 14

Period	Mobile number	Caller Name	Mobile number	Called Name	Number of Calls
UPSI 1	9967580213	Bijal Shah	9967580216	Gopal Ritolia	14
UPSI 1	9967580216	Gopal Ritolia	9967580213	Bijal Shah	11
UPSI 1	9967580216	Gopal Ritolia	9967589065	Jatin Chawla	16
UPSI 1	9967589065	Jatin Chawla	9967580216	Gopal Ritolia	2

(ii) Date of trades which coincide with date of calls during UPSI-1 is shown below:

Table- 15

Date of Trades	Date of calls	Caller Name	Called Name	Duration of Calls (Sec)
11/08/2020	10/08/2020	Bijal Shah	Gopal Ritolia	394
	10/08/2020	Bijal Shah	Gopal Ritolia	4
	10/08/2020	Bijal Shah	Gopal Ritolia	170
	10/08/2020	Gopal Ritolia	Jatin Chawla	31
	11/08/2020	Bijal Shah	Gopal Ritolia	1
18/08/2020	16/08/2020	Gopal Ritolia	Bijal Shah	181
	16/08/2020	Gopal Ritolia	Jatin Chawla	866
	17/08/2020	Gopal Ritolia	Jatin Chawla	659
	18/08/2020	Bijal Shah	Gopal Ritolia	280

(iii) During UPSI-2, number of calls were made between Mr. Gopal Ritolia and Noticee No. 1, Mr. Bijal Shah as well as between Mr. Gopal Ritolia and Noticee No. 3, Mr. Jatin Chawla:

Table- 16

Period	Mobile number	Caller Name	Mobile number	Called Name	Number of Calls
UPSI 2	9967580213	Bijal Shah	9967580216	Gopal Ritolia	15
UPSI 2	9967580216	Gopal Ritolia	9967580213	Bijal Shah	8
UPSI 2	9967580216	Gopal Ritolia	9967589065	Jatin Chawla	8
UPSI 2	9967589065	Jatin Chawla	9967580216	Gopal Ritolia	0

(iv) Date of trades which coincide with date of calls during UPSI-2 is shown below:

Table- 17

Date of Trades	Date of calls	Caller Name	Called Name	Duration of Calls (Sec)
27/08/2020	26/08/2020	Gopal Ritolia	Jatin Chawla	83
	26/08/2020	Gopal Ritolia	Jatin Chawla	131
	26/08/2020	Gopal Ritolia	Bijal Shah	31
	27/08/2020	Bijal Shah	Gopal Ritolia	0
	27/08/2020	Bijal Shah	Gopal Ritolia	419
	27/08/2020	Gopal Ritolia	Bijal Shah	543
31/08/2020	29/08/2020	Bijal Shah	Gopal Ritolia	426
	31/08/2020	Bijal Shah	Gopal Ritolia	50

(v) From the above, it is evident that Mr. Gopal Ritolia, Mr. Bijal Shah and Mr. Jatin Chawla were in constant touch on and around the dates of trades during UPSI periods.

(l) As per the bank account statements of Noticee Nos. 2 and 6 during the period July 01, 2019 to August 31, 2021, the following fund transfers were seen in the account of Gomati Devi Ritolia:

Table- 18

Fund Transfers between Noticee No. 1 and Noticee No. 6 (mother of Noticee No. 2)

Equitas Small Finance Bank 10976327546			
Date	**Transaction Details**	**Debit**	**Credit**
15/07/2021	Rtgs-Dr-Kkbk0000652-Bijal Jitendra Shah	3,10,00,000.00	
Kotak Mahindra Bank 9811794726			
Date	**Transaction Details**	**Debit**	**Credit**
29/07/2021	Fund Trf From Bijal Jitendra Shah		3,10,00,000.00
12/08/2021	Ftf Bijal Jitendra Shah		2,00,00,000.00
26/08/2021	Ftf Bijal Jitendra Shah	2,00,00,000.00	

It is noted that these fund transfers indicate that a close financial relationship existed between Mr. Bijal and Mr. Gopal Ritolia.

(m) The profits made by Gopal Ritolia through the aforesaid trades are as follows:

Table- 19

UPSI Period	Segment	Profit (Rs.)
1	Cash	4,51,61,221.80
	Derivatives	2,46,60,600
2	Derivatives	53,77,950
Total		**7,51,99,771.80**

(n) In view of the above, it is alleged that Mr. Gopal Ritolia traded through the account of his mother, Ms. Gomati Devi Ritolia, with substantially increased concentration in the scrip of ZEEL during UPSI period 1 and 2 as compared to trading in that account. The trading pattern of Mr. Gopal Ritolia shows that he took directional positions of purchase during UPSI periods 1 and 2 immediately prior to the UPSIs becoming public. The pattern of his trades, when seen in consonance with the nature of his relationship with Mr. Bijal Shah indicates prior knowledge of impending announcements.

(o) Hence, it is alleged that Mr. Gopal Ritolia was connected person in terms of Regulation 2(1)(d)(i) and "insider" as per clause (i) of Regulation 2(1)(g) of PIT Regulations, 2015 and traded through his mother's account in ZEEL while in possession of UPSI, in violation of Section 12A (d) & (e) of SEBI Act, 1992 and Regulations 4(1) of SEBI (PIT) Regulations, 2015. Further, IV. Noticee no. 6, Ms. Gomati Devi Ritolia, by letting her trading account to be used by her son, Mr. Gopal Ritolia for engaging in insider trading, allegedly violated 12A(d) of SEBI Act, 1992.

20. **Jatin Chawla (Noticee No. 3) and Daljit Gurucharan Chawla (Noticee No. 7)**

(a) Mr. Jatin Chawla was working with First Voyager Advisors Private Limited as Director till January 2021, as equity analyst. Since April 2021, he started

his partnership firm Investaholic LLP. He and his wife Ms. Seema Chawla are partners in this firm. Noticee no. 7, Ms. Daljit Gurucharan Chawla is his mother. Mr. Jatin Chawla submitted in his reply to summons and during statement recording that he traded in the scrip of ZEEL through the trading account of his mother.

(b) The relationship between Noticees is brought out in Table 1 above.

(c) Noticee No. 3 submitted that he knows Noticee no. 4 since 2015 when they met at the analysts meet. He further submitted that in 2018, he wanted to open a trading account of his mother and Mr. Amit Jajoo being Authorized Participant* (AP) of Edelweiss Broking Ltd. helped him in opening that account.

** Authorized Participants means any person – Individual, partnership firm, LLP or body corporate – who is appointed as such by a stock broker and who provides access to trading platform of a stock exchange as an agent of the stock broker.*

(d) For all the below mentioned trades placed in the account of Ms. Daljit Gurucharan Chawla, she submitted an affidavit to SEBI stating that she had authorized Mr. Jatin Chawla to execute trades in her account since he is her son. She confirmed that aforesaid trades in ZEEL were undertaken by her son in her trading account.

(e) Trade details, CDRs, UCC, bank account statements, submissions and statement of Noticee No. 3 and 7 were provided to them along with SCN

(f) During UPSI-1 period, as per Investigation, Mr. Jatin Chawla while trading through the account of his mother, traded in the scrip of ZEEL in derivatives segment, as follows:

(i) <u>Derivatives Segment</u>: During UPSI-1, the Noticee had multiple trades between July 01, 2020-July 28, 2020 but most of them were open positions of futures and options expiring in July and the same were settled in July itself. After that the Noticee had taken significant long positions in the scrip of ZEEL by buying futures and call option contracts (option to buy) (expiring in August 2020 and September 2020) during the period Aug 11-18, 2020,

prior to the announcement of the financial results on August 18, 2020. He squared off the open positions in the scrip by selling futures contracts and the call option contracts after the announcement and earned an approximate profit of Rs. 1,97,46,635.

The positions taken by him before the announcement of UPSI 1 and squared off post announcement are provided at Annexure-B to this Order.

The summary of Noticee's trading activity in the scrip of ZEEL vis-à-vis gross trading across the market in derivatives segment during the UPSI periods as well as Pre-UPSI period as per Investigation is as under:

Table- 20

Period	Buy Value			Sell Value			Gross Traded Value		
	Total	ZEEL	%	Total	ZEEL	%	Total	ZEEL	%
Pre-UPSI Period (April 1 to June 30, 2020)	26,88,63,655.95	63,31,670.00	2.35%	34,11,26,005.20	2,41,89,055.00	7.09%	60,99,89,661.15	3,05,20,725.00	5.00%
During UPSI Period 1 and 2 (July 01 to August 18, 2020)	13,61,45,208.00	5,82,18,750.00	42.76%	8,99,60,828.15	65,72,700.00	7.31%	22,61,06,036.15	6,47,91,450.00	28.66%

Investigation concluded from the table above that during pre UPSI period, 5.00% of the Noticee's gross traded value was in ZEEL scrip. During UPSI period, 28.66% of the Noticee's gross traded value was in the scrip of ZEEL. Further, during UPSI-1, Noticee's gross buy value was 42.76% in the scrip of ZEEL as compared to 2.35% during pre UPSI period. Accordingly, Investigation concluded that there was similarity in Noticee No. 3's trading pattern with that of Noticee No. 2 and Noticee No. 4 and he had increased concentration in ZEEL during UPSI period.

(g) During UPSI-2, as per Investigation, Mr. Jatin while trading through the account of his mother, placed trades in the scrip of ZEEL in derivatives segment as follows:

(i) Derivatives Segment: The Noticee took significant long positions (2,91,000 shares) in the scrip of ZEEL by buying Futures contracts expiring in September 2020, prior to the press release w.r.t. unveiling of Cinema-to-Home service by ZEEL on September 01, 2020. He squared off the open positions in the scrip by selling futures contracts subsequent to the announcement and has earned an approximate profit of Rs.12,31,050. The positions taken by him before the announcement of UPSI-2 and squared off post announcement are given in the following table:

Table- 21

	Date	Particulars	ZEEL Sep-20 Fut		
			Qty	Rate	Amount (Rs)
Pre-Announcement Trading	20/08/20	Buy	36,000	202.4	72,86,250
	21/08/20	Buy	18,000	196.1	35,29,950
	25/08/20	Buy	99,000	202.1	2,00,03,700
	27/08/20	Buy	1,38,000	212.4	2,93,12,850
	Net Position held as on Sep 01, 2020 (Pre-announcement) (**A**)		2,91,000	206.6	6,01,32,750
	Delta as on Sep 01, 2020 (**B**)		1.00	-	-
	Total Delta as on Sep 01, 2020 (Pre-Announcement) (**C**) = (**A**) * (**B**)		2,91,000	-	-
Announcement dated September 01, 2020 - ZEE unveils Cinema-To-Home service, ZEEPLEX					
Post-Announcement Trading	07/09/20	Sell	(36,000)	223.3	80,38,800
	08/09/20	Sell	(9,000)	220.5	19,84,350
	09/09/20	Sell	(39,000)	220.1	85,82,700
	10/09/20	Sell	(30,000)	225.9	67,77,450
	15/09/20	Sell	(12,000)	219.5	26,34,300
	17/09/20	Sell	(24,000)	222	53,28,150
	18/09/20	Sell	(15,000)	225.3	33,79,500
	21/09/20	Sell	(15,000)	224.2	33,62,550
	23/09/20	Sell	(1,11,000)	191.7	2,12,76,000
	Net position post announcement (i.e., between Sep 2, 2020 and Sep 23, 2020) (**D**)		(2,91,000)	210.9	6,13,63,800
	Net Profit Earned (E) = (D) - (A)				**12,31,050**

Accordingly, Investigation concluded that there was similarity in Noticee No. 3's trading pattern with that of Noticee No. 2 and he had increased concentration in ZEEL during UPSI period.

(h) During Investigation, the trading pattern in the account of Ms. Daljit Chawla (mother of Noticee No. 3) were also examined for various quarters ranging from July 2018 to December 2020 and the same is provided at Annexure-C to this Order.

(i) As noted in Annexure-C, Investigation concluded that the Noticee had been frequently trading in the scrip of ZEEL in derivatives segment. However, during the quarter 2 of 20-21 which covers UPSI 1 and 2, huge spike in Noticee's trades in ZEEL can be seen in derivatives (49.10%) segments as compared to trading percentage of between 0% to 27.75% in other quarters. Further, Investigation concluded that increased concentration of trading by the Noticee during UPSI periods 1 and 2 as compared to proportion of trading in other quarters when seen with other factors made it evident that usually large volume of trades was undertaken on account of prior knowledge of impending announcements.

(j) As per Investigation, CDRs of Jatin Chawla during UPSI periods are provided below:

    (i) UPSI-1: The number of calls made between Jatin Chawla and Noticee No. 1 as well as between Jatin Chawla and Noticee No. 2 are provided below:

Table- 22

Period	Mobile number	Caller Name	Mobile number	Called Name	Number of Calls
UPSI 1	9967580213	Bijal Shah	9967589065	Jatin Chawla	11
UPSI 1	9967589065	Jatin Chawla	9967580213	Bijal Shah	0
UPSI 1	9967580216	Gopal Ritolia	9967589065	Jatin Chawla	16
UPSI 1	9967589065	Jatin Chawla	9967580216	Gopal Ritolia	2

(ii) Date of trades which coincide with date of calls during UPSI-1 are shown below:

Table- 23

Date of Trades	Date of calls	Caller Name	Called Name	Duration of Calls (Sec)
11/08/2020	10/08/2020	Bijal Shah	Jatin Chawla	303
	10/08/2020	Gopal Ritolia	Jatin Chawla	31
	11/08/2020	Bijal Shah	Jatin Chawla	104
14/08/2020	14/08/2020	Jatin Chawla	Gopal Ritolia	1274
17/08/2020	16/08/2020	Gopal Ritolia	Jatin Chawla	866
	17/08/2020	Gopal Ritolia	Jatin Chawla	659
18/08/2020	No calls			

(ii) UPSI-2: The number of calls made between Jatin Chawla and Noticee No. 1 as well as between Jatin Chawla and Noticee No. 2 are provided below:

Table- 24

Period	Mobile number	Caller Name	Mobile number	Called Name	Number of Calls
UPSI 2	9967580213	Bijal Shah	9967589065	Jatin Chawla	1
UPSI 2	9967589065	Jatin Chawla	9967580213	Bijal Shah	2
UPSI 2	9967580216	Gopal Ritolia	9967589065	Jatin Chawla	8
UPSI 2	9967589065	Jatin Chawla	9967580216	Gopal Ritolia	0

(iv) Date of trades which coincide with date of calls during UPSI-2 are shown below:

Table- 25

Date of Trades	Date of calls	Caller Name	Called Name	Duration of Calls (Sec)
20/08/2020	20/08/2020	Gopal Ritolia	Jatin Chawla	92
	20/08/2020	Gopal Ritolia	Jatin Chawla	789
21/08/2020	21/08/2020	Gopal Ritolia	Jatin Chawla	495
	21/08/2020	Gopal Ritolia	Jatin Chawla	696
	21/08/2020	Gopal Ritolia	Jatin Chawla	173
25/08/2020	No calls			
27/08/2020	26/08/2020	Gopal Ritolia	Jatin Chawla	83
	26/08/2020	Gopal Ritolia	Jatin Chawla	131

(v) Noticee accepted during statement recording that he and Mr. Gopal Ritolia discussed their trades in ZEEL which were mentioned in the interim order.

(p) As per the bank account statements of Noticee Nos. 3 and 7 during the period July 01, 2019 to August 31, 2021, the following fund transfers were seen in the month of March 2020

Table- 26

Fund Transfers between Noticee No. 7 (mother of Noticee No. 3), Anjana Jitendra Shah (mother of Noticee No. 1) and Noticee No. 3

Daljit Chawla - Kotak Mahindra Bank – 7812142072		
Date	**Particulars**	**Amount**
23-03-2020	Mb:Received Money From Anjana Jitendra 3911298542	1,000.00
23-03-2020	Trsfr From Anjana Jitendra Shah	10,00,000.00
04-05-2020	Ib:Sent Money To 3911298542	5,00,000.00
05-05-2020	Ib:Repay	5,00,000.00

Jatin Chawla - Kotak Mahindra Bank – 1411631166		
Date	**Particulars**	**Amount**
25-03-2020	Mb:Sent Money To Anjana Jitendra Shah 3911298542	5,00,000.00
26-03-2020	Mb:Sent Money To Anjana Jitendra Shah 3911298542	5,00,000.00
07-05-2020	Mb:Received Money From Anjana Jitendra 3911298542	50,000.00
13-05-2020	Mb:Received Money From Anjana Jitendra 3911298542	5,00,000.00
15-05-2020	Mb:Received Money From Anjana Jitendra 3911298542	4,50,000.00

Investigation concluded that these transfers indicate the financial relationship between Mr. Bijal Shah and Mr. Jatin Chawla.

(q) Further, as per Investigation, there were funds transfers between the bank accounts of Mr. Bhawarlal Jajoo (Noticee no. 10) and Mr. Jatin's mother, Ms. Daljit Chawla during 2019-2021 which are provided below:

Table- 27

Fund Transfers between Noticee No. 10 (father of Noticee No. 4) and Noticee No. 7 (mother of Noticee No. 3)

Account of Bhawarlal Jajoo- 3511949875			
Date	Particulars	Debit	Credit
03-Oct-19	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
04-Oct-19	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
07-Oct-19	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
14-Oct-19	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
15-Oct-19	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
23-Mar-20	Ib:Daljit Chala	50,000.00	
24-Mar-20	Ib:Daljit Chala	34,50,000.00	
07-Apr-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
08-Apr-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
09-Apr-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
09-Apr-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
13-Apr-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
13-Apr-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
15-Apr-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
29-Jun-20	Ib:Daljit	61,38,000.00	
30-Jun-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
02-Jul-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00

03-Jul-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
06-Jul-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
06-Jul-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
07-Jul-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
07-Jul-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
08-Jul-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
08-Jul-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
09-Jul-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
09-Jul-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
15-Jul-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
15-Jul-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
10-Feb-21	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
11-Feb-21	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
11-Feb-21	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
12-Feb-21	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
12-Feb-21	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
09-Jun-21	Ib:Daljit	25,00,000.00	

(r) With respect to the loan extended by Mr. Amit Jajoo to Mr. Jatin Chawla at the time of opening of trading account of his mother, as per Investigation Report, trading account of Ms. Daljit Gurucharan Chawla (mother of Noticee No. 3) was opened in the month of June 2018 and from the bank statements of the year 2018, following fund transfers were noted:

Table- 28

Fund Transfers between Amit Jajoo HUF (of Noticee No. 4), Noticee No. 7 (mother of Noticee No. 3) and Noticee No. 10 (father of Noticee No. 4) with respect to loan extended at the time of opening of account

Account of Amit Jajoo HUF- 00801000081464			
Date	**Particulars**	**Debit**	**Credit**
26/07/18	Rtgs Dr-Kkbk0000963-Daljit Gurucharansingh Chawla -Santacruz Mu-Hdfcr52018072687646105	2500000	
03/08/18	Rtgs Dr-Kkbk0000963-Daljit Chawla -Santacruz Mu-Hdfcr52018080388726331	2500000	
22/11/18	Rtgs Dr-Kkbk0000963-Daljit Gurucharansingh Chawla-Santacruz Mu-Hdfcr52018112253382513	2500000	
16/08/19	Rtgs Cr-Kkbk0000958-Daljit Gurucharansingh Chawla-Amit Jajoo Huf-Kkbkr12019081600720249	500000	
20/08/19	Neft Cr-Kkbk0000958-Daljit Gurucharansingh Chawla-Amit Jajoo Huf-Kkbkh19232791963		500000
21/08/19	Neft Cr-Kkbk0000958-Daljit Gurucharansingh Chawla-Amit Jajoo Huf-Kkbkh19233641910		500000
23/08/19	Rtgs Cr-Kkbk0000958-Daljit Gurucharansingh Chawla-Amit Jajoo Huf-Kkbkr12019082300888933		500000
Account of Bhawarlal Jajoo- 3511949875			
Date	**Particulars**	**Debit**	**Credit**
19/11/18	Ftt Daljit Gurucharansingh Chawla	2500000	

(s) Investigation concluded that the aforesaid fund transfers between Mr. Jatin Chawla and Mr. Amit Jajoo indicate the strong financial relationship. The nature of financial relationship pointed towards taking and giving help as well as engaging in discussions about financial investments over the course of their association.

(t) As per Investigation, the profits made by Mr. Jatin Chawla through the aforesaid trades were as follows:

Table- 29

UPSI Period	Segment	Profit (Rs.)
1	Derivatives	1,97,46,635
2	Derivatives	12,31,050
Total		**2,09,77,685**

(u) In view of the above, it is alleged that Mr. Jatin Chawla traded through the account of his mother, Ms. Daljit Gurucharan Chawla with substantially increased concentration in the scrip of ZEEL during UPSI periods, as compared to the pattern of trading normally executed in that account. The trading pattern of Mr. Jatin Chawla shows that he took directional positions of purchase during the UPSI periods immediately prior to the UPSIs becoming public. The pattern of his trades, when seen in consonance with the nature of his relationship with Mr. Bijal Shah, indicates prior knowledge of impending announcements. Further, it is Mr. Jatin Chawla and Mr. Amit Jajoo who are connected to each other professionally and he received funds from Mr. Amit Jajoo multiple times.

(v) Hence, by virtue of his connection with Mr. Bijal Shah, Mr. Jatin Chawla was in possession of UPSI 1 and 2 and traded in the scrip of ZEEL while in possession and on the basis of UPSIs. In view of the above, it is alleged that Mr. Jatin Chawla was connected person in terms of Regulation 2(1)(d)(i) and “insider” as per clause (i) of Regulation 2(1)(g) of PIT Regulations, 2015 and traded through his mother’s account in the scrip of ZEEL while in possession of UPSI, in violation of Section 12A (d) & (e) of SEBI Act, 1992 and Regulations 4(1) of PIT Regulations, 2015. Further, Mr. Jatin Chawla is also alleged to have violated Regulation 3(1) of PIT Regulations, 2015 by communicating the UPSI to Noticee No. 4, Mr. Amit Jajoo and Noticee no. 7, Ms. Daljit Gurucharan Chawla, by allowing her trading account to be used by her son, Mr. Jatin Chawla for engaging in insider trading, is alleged to have violated Section 12A (d) of SEBI Act, 1992.

21. **Amit Jajoo (Noticee No. 4), Monika Lakhotia (Noticee No. 8), Pushpa Jajoo (Noticee No. 9), Bhawarlal Ramniwas Jajoo (Noticee No. 10), Bhawarlal Jajoo HUF (Noticee No. 11)**

(a) Amit Jajoo is a full-time share market trader. As per Investigation Report and SCN, he submitted that he placed trades in the scrip of ZEEL through trading accounts of his wife (Monika Lakhotia, Noticee No. 8), his mother (Pushpa Jajoo, Noticee No. 9), his father (Bhawarlal Ramniwas Jajoo, Noticee No. 10) and HUF of his father (Bhawarlal Jajoo HUF, Noticee No. 11). He did not trade in the scrip of ZEEL from his own trading account.

(b) The relationship between Noticees is brought out in Table 1 above.

(c) As per Investigation Report, Noticee No. 4 submitted that he met Noticee No. 3 at a conference in 2015 and they have professional relations. He further submitted that he was an AP of Edelweiss Broking Pvt. Ltd. and helped Noticee No. 3 to open trading account of his mother, Noticee No. 7.

(d) Noticee No. 4 has family relations with Noticee No. 5 and Noticee Nos. 12-14.

(e) Noticee Nos. 8-11 submitted separate affidavits stating that they had authorized Noticee No. 4 to execute trades on their behalf as he is qualified and adept trader. They confirmed that the decisions regarding impugned trades in the scrip of ZEEL through their trading accounts were taken by Noticee No. 4.

(f) Trade details, Call Data records, UCC, bank account statements, submissions and statement of Noticee Nos. 4, 8, 9, 10 and 11 were provided to them along with SCN.

(g) As per Investigation Report and SCN, during UPSI-1 period, Noticee No. 4 while trading through the accounts of Noticee Nos. 8-11 traded in the scrip of ZEEL in derivatives segment as provided below:

(i) Derivatives Segment: During UPSI-1, the Noticee took significant long positions in the scrip of ZEEL by buying Futures and call options and selling put options during the period Aug 11-18, 2020, prior to the announcement of the financial results on August 18, 2020. The options positions were with

positive delta for call options and negative delta for put options indicating a net buy position. He squared off the open positions in the scrip by selling futures and call options and buying the put options subsequent to the announcement and earned an approximate profit of Rs. 11.51 crores.

The positions taken by him before the announcement of UPSI-1 and squared off post announcement through the different accounts of his family members, as per Investigation Report and SCN, are given below:

Monika Lakhotia (Noticee No. 8)- During UPSI-1, between July 1 to July 24, 2020 multiple trades were observed in the account of Ms. Monika Lakhotia, but most of them were open positions of futures and options expiring on July 30, 2020 which were settled by July 24, 2020. After that, new long positions were taken in the scrip of ZEEL by buying futures and selling put options during the period Aug 11-18, 2020 as provided below:

Table- 30

	Date	Particulars	ZEEL Aug-20 Fut			ZEEL Aug-20 160 Put		
			Qty	Rate	Amount (Rs)	Qty	Rate	Amount (Rs)
Pre-Announcement Trading	11/08/20	Buy	1,80,000	156.78	2,82,20,550	-	-	-
	12/08/20	Sell	-	-	-	(21,000)	7.83	1,64,400
	13/08/20	Buy	3,09,000	162.91	5,03,37,900	-	-	-
	14/08/20	Buy	2,88,000	164.82	4,74,69,450	-	-	-
	17/08/20	Buy	3,63,000	169.47	6,15,18,600	-	-	-
	18/08/20	Buy	5,49,000	169.92	9,32,86,950	-	-	-
	Net Position held as on Aug 18, 2020 (Pre-announcement) (**A**)		16,89,000	166.27	28,08,33,450	(21,000)	7.83	1,64,400
	Delta as on Aug 18, 2020 (**B**)		1.00	-	-	- 0.25	-	-
	Total Delta as on Aug 18, 2020 (Pre-Announcement) (**C**) = (**A**) * (**B**)		16,89,000	-	-	5,148.88	-	
Announcement dated August 18, 2020 – Q1 FY 21 Financial Results								
Post-Announcement Trading	19/08/20	Sell	(7,29,000)	189.54	13,81,74,900			
	21/08/20	Buy	-	-	-	21,000	0.65	13,650
	25/08/20	Sell	(7,32,000)	201.43	14,74,47,450			
	26/08/20	Sell	(1,44,000)	207.08	2,98,20,150			
	27/08/20	Sell	(6,000)	212.00	12,72,000			
	27/08/20	Sell-Settlement	(78,000)	209.55	1,63,44,900			

	Net position post announcement (i.e., between Aug 19, 2020 and Aug 27, 2020) (**D**)	(16,89,000)	197.19	33,30,59,400	21,000	0.65	13,650
	Net Profit Earned (E) = (D) - (A)			**5,22,25,950**			**1,50,750**
	Total Net Profit						**5,23,76,700**

Pushpa Jajoo (Noticee No. 9)- During UPSI-1, between July 1 to July 24, 2020 multiple trades were observed in the account of Ms. Pushpa Jajoo, but most of them were open positions of futures and options expiring on July 30, 2020 which were settled by July 24, 2020. After that, new long positions were taken in the scrip of ZEEL by buying futures during the period Aug 11-18, 2020 as provided below:

Table- 31

	Date	**Particulars**	**ZEEL Aug-20 Fut**		
			Qty	**Rate**	**Amount (Rs)**
Pre-Announcement Trading	11/08/20	Buy	36,000	156.52	56,34,750
	12/08/20	Sell	(6,000)	161.60	(9,69,600)
	18/08/20	Buy	96,000	169.63	1,62,84,754.3 *
	Net Position held as on Aug 18, 2020 (Pre-announcement) (**A**)		1,26,000	166.27	2,09,49,904.3
	Delta as on Aug 18, 2020 (**B**)		1.00	-	-
	Total Delta as on Aug 18, 2020 (Pre-Announcement) € = (**A**) * (**B**)		1,26,000	-	-
Announcement dated August 18, 2020 – Q1 FY 21 Financial Results					
Post-Announcement Trading	19/08/20	Sell	(21,000)	195.09	40,96,950
	25/08/20	Sell	(63,000)	199.15	1,25,46,450
	27/08/20	Sell-Settlement	(42,000)	209.55	88,01,100
	Net position post announcement (i.e., between Sep 2, 2020 and Sep 23, 2020) (**D**)		(1,26,000)	201.94	2,54,44,500
	Net Profit Earned E = (D) – (A)				**44,94,595.7**

** Net Buy Value (Rs.) = Rs.17811450 * (96000 shares/105000 shares) = Rs.16284754.28*

Bhawarlal Jajoo (Noticee No. 10)- During UPSI-1, between July 1 to July 27, 2020 multiple trades were observed in the account of Mr. Bhawarlal

Jajoo, but most of them were open positions of futures expiring on July 30, 2020 which were settled by July 27, 2020. After that, new long positions were taken in the scrip of ZEEL by buying futures and call options during the period Aug 11-18, 2020 and subsequently squaring them off post UPSI-1 announcement as provided in Annexure-D1 to this Order.

Bhawarlal Jajoo HUF (Noticee No. 11)- During UPSI-1, between July 1 to July 28, 2020 multiple trades were observed in the account of Bhawarlal Jajoo HUF, but most of them were open positions of futures and options expiring on July 30, 2020 which were settled by July 28, 2020. After that, new long positions were taken in the scrip of ZEEL by buying futures and call options and selling put options during the period Aug 11-18, 2020 and subsequently squaring them off post UPSI-1 announcement as provided in Annexure-D2 to this Order.

The summary of Noticee's trading activity (through the trading accounts of Noticee Nos. 8-11) in the scrip of ZEEL vis-à-vis gross trading across the market in derivatives segment during the UPSI period as well as Pre-UPSI period is as under:

Table- 32

Period	Buy Value			Sell Value			Gross Traded Value		
	Total	ZEEL	%	Total	ZEEL	%	Total	ZEEL	%
Pre-UPSI Period (April 1 to June 30, 2020)	10,96,64,96,734.25	17,25,23,935.00	1.57%	10,69,07,46,583.10	25,14,70,700.00	2.35%	21,65,72,43,317.35	42,39,94,635.00	1.96%
During UPSI Period 1 (July 01 to August 18, 2020)	3,77,65,94,701.70	49,09,15,650.00	13.00 %	3,41,70,23,223.90	4,55,84,700.00	1.33%	7,19,36,17,925.60	53,65,00,350.00	7.46%
Post UPSI Period 1 (August 19,- October 30, 2020)	3,99,58,44,179.70	18,46,87,800.00	4.62%	4,65,32,45,409.10	67,72,49,250.00	14.55 %	8,64,90,89,588.80	86,19,37,050.00	9.97%

Investigation concluded from the table above that during pre-UPSI period, 1.96% of the Noticee's gross traded value is in ZEEL scrip. During UPSI period, 7.46% of the Noticee's gross traded value is in the scrip of ZEEL. During post UPSI period, 9.97% of the Noticee's gross traded value is in the scrip of ZEEL. Further, during UPSI-1 period, Noticee's gross buy value is 13.00% in the scrip of ZEEL as compared to 1.57% during pre UPSI period and 4.62% during post UPSI period, indicating an unusually high bullish position in ZEEL during UPSI-1 period.

(h) Investigation concluded that the increased concentration of Noticee (by trading through accounts of Noticee Nos. 8-11) in the scrip of ZEEL during the UPSI-1 period as compared to pre-UPSI period by taking long positions and then squaring off those positions after the announcement, making huge profits, made it evident that Noticee No. 4 had prior knowledge of unpublished price sensitive information.

(i) As per Investigation, CDRs of Noticee No. 4 show the following:

(i) Number of Calls made between Noticee No. 4 and Noticee No. 5

Table- 33

Period	Mobile number	Caller Name	Mobile number	Called Name	Number of Calls
UPSI 1	9323894015	Amit Jajoo	9374712473	Manish Jajoo	34
UPSI 1	9374712473	Manish Jajoo	9323894015	Amit Jajoo	70

(ii) Date of trades of Noticee No. 4 and Noticee No. 5 coincide with date of calls during UPSI-1 as shown below:

Table- 34

Date of Trades	Date of calls	Caller Name	Called Name	Duration of Calls (Sec)
11/08/2020	09/08/2020	Manish Jajoo	Amit Jajoo	492

	09/08/2020	Manish Jajoo	Amit Jajoo	69
12/08/2020	12/08/2020	Amit Jajoo	Manish Jajoo	208
	12/08/2020	Amit Jajoo	Manish Jajoo	97
	12/08/2020	Manish Jajoo	Amit Jajoo	84
	12/08/2020	Manish Jajoo	Amit Jajoo	1800
	12/08/2020	Manish Jajoo	Amit Jajoo	654
	12/08/2020	Amit Jajoo	Manish Jajoo	351
13/08/2020	13/08/2020	Amit Jajoo	Manish Jajoo	54
	13/08/2020	Amit Jajoo	Manish Jajoo	96
	13/08/2020	Manish Jajoo	Amit Jajoo	151
	13/08/2020	Manish Jajoo	Amit Jajoo	33
	13/08/2020	Manish Jajoo	Amit Jajoo	214
	13/08/2020	Amit Jajoo	Manish Jajoo	79
	13/08/2020	Manish Jajoo	Amit Jajoo	52
14/08/2020	14/08/2020	Amit Jajoo	Manish Jajoo	8
17/08/2020	17/08/2020	Manish Jajoo	Amit Jajoo	149
	17/08/2020	Manish Jajoo	Amit Jajoo	25
	17/08/2020	Manish Jajoo	Amit Jajoo	91
	17/08/2020	Manish Jajoo	Amit Jajoo	62
18/08/2020	18/08/2020	Manish Jajoo	Amit Jajoo	294
	18/08/2020	Manish Jajoo	Amit Jajoo	172
	18/08/2020	Amit Jajoo	Manish Jajoo	67
	18/08/2020	Amit Jajoo	Manish Jajoo	54
	18/08/2020	Manish Jajoo	Amit Jajoo	36
	18/08/2020	Manish Jajoo	Amit Jajoo	40

(ii) Investigation concluded that Noticee Nos. 4 and 5 were in constant touch on and around the date of trades during UPSI-1 period.

(iii) As per Investigation Report, no calls were observed between Noticee No. 4 and Noticee No. 3.

(j) As per Investigation, the bank account statements of Noticee Nos. 4, 8, 9, 10 and 11 revealed the following fund transfers as shown below:

Table- 35

Fund transfers between Noticee No. 10 (father of Noticee No. 4) and Noticee No. 7 (mother of Noticee No. 3)

Account of Bhawarlal Jajoo- 3511949875			
Date	Particulars	Debit	Credit
03-Oct-19	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
04-Oct-19	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
07-Oct-19	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
14-Oct-19	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
15-Oct-19	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
23-Mar-20	Ib:Daljit Chala	50,000.00	
24-Mar-20	Ib:Daljit Chala	34,50,000.00	
07-Apr-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
08-Apr-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
09-Apr-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
09-Apr-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
13-Apr-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
13-Apr-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
15-Apr-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
29-Jun-20	Ib:Daljit	61,38,000.00	
30-Jun-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
02-Jul-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00

03-Jul-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
06-Jul-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
06-Jul-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
07-Jul-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
07-Jul-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
08-Jul-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
08-Jul-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
09-Jul-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
09-Jul-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
15-Jul-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
15-Jul-20	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
10-Feb-21	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
11-Feb-21	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
11-Feb-21	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
12-Feb-21	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
12-Feb-21	Ib:Received Money From Daljit Guruchara 7812142072		5,00,000.00
09-Jun-21	Ib:Daljit	25,00,000.00	

(k) Further, as per Investigation Report, Noticee No. 4 extended a loan to Noticee No.3 at the time of opening of trading account of Noticee No. 7 (mother of Noticee No. 3) as shown below:

Table- 36

Fund Transfers between Amit Jajoo HUF, Noticee No. 7 (mother of Noticee No. 3) and Noticee No. 10 (father of Noticee No. 4)

Account of Amit Jajoo HUF- 00801000081464			
Date	**Particulars**	**Debit**	**Credit**
26/07/18	Rtgs Dr-Kkbk0000963-Daljit Gurucharansingh Chawla -Santacruz Mu-Hdfcr52018072687646105	2500000	
03/08/18	Rtgs Dr-Kkbk0000963-Daljit Chawla -Santacruz Mu-Hdfcr52018080388726331	2500000	
22/11/18	Rtgs Dr-Kkbk0000963-Daljit Gurucharansingh Chawla-Santacruz Mu-Hdfcr52018112253382513	2500000	
16/08/19	Rtgs Cr-Kkbk0000958-Daljit Gurucharansingh Chawla-Amit Jajoo Huf-Kkbkr12019081600720249	500000	
20/08/19	Neft Cr-Kkbk0000958-Daljit Gurucharansingh Chawla-Amit Jajoo Huf-Kkbkh19232791963		500000
21/08/19	Neft Cr-Kkbk0000958-Daljit Gurucharansingh Chawla-Amit Jajoo Huf-Kkbkh19233641910		500000
23/08/19	Rtgs Cr-Kkbk0000958-Daljit Gurucharansingh Chawla-Amit Jajoo Huf-Kkbkr12019082300888933		500000
Account of Bhawarlal Jajoo- 3511949875			
Date	**Particulars**	**Debit**	**Credit**
19/11/18	Ftt Daljit Gurucharansingh Chawla	2500000	

(l) Investigation concluded that the aforesaid transfers between Noticees indicated strong financial relationship between Noticee No. 3 and Noticee No. 4.

(m) As per Investigation Report and SCN, the profits made by Noticee No. 4 through the aforesaid trades were as follows:

Table- 37

UPSI Period	Name of the Noticee	Segment	Profit (Rs.)
1	Monika Lakhotia	Derivatives	5,23,76,700
	Pushpa Jajoo	Derivatives	44,94,595.7
	Bhawarlal Jajoo	Derivatives	2,47,76,632.9
	Bhawarlal Jajoo HUF	Derivatives	3,34,88,700
Total			**11,51,36,629**

(n) In view of the above, it is alleged in the SCN that Noticee No. 4 traded through the accounts of Noticee Nos. 8-11 and substantially increased the concentration in the scrip of ZEEL during UPSI-1 period as compared to the pattern of trading normally seen in their accounts during pre-UPSI period. The trading pattern of Noticee No. 4 shows that he took directional long positions during UPSI-1 period immediately prior to the UPSI becoming public. The pattern of his trades, when seen in consonance with the nature of his relationship with Mr. Jatin Chawla who was allegedly possessing the UPSI through his connection with Mr. Bijal Shah, indicates his prior knowledge of impending announcements.

(o) Noticee No. 4 is connected to Noticee No. 3 professionally and he gave funds to Noticee No. 3 multiple times. Their trading pattern is similar and therefore, Investigation concluded that Noticee No. 4 had access to UPSI through Noticee No. 3.

(p) Noticee No. 4 and 5 had a similar trading patterns and there were frequent calls between them during the UPSI period. Therefore, Investigation concluded that Noticee No. 4 passed on UPSI to Noticee No. 5.

(q) In view of the above, it is alleged that Mr. Amit Jajoo is a connected person in terms of Regulation 2(1)(d)(i) of PIT Regulations, 2015 and "insider" as per clause (i) and (ii) of Regulation 2(1)(g) of PIT Regulations, 2015 and traded through the accounts of his wife, his mother, his father and HUF of his father in the scrip of ZEEL while in possession of UPSI in violation of Section 12A (d) & (e) of SEBI Act, 1992 and Regulations 4(1) of SEBI (PIT) Regulations, 2015. Mr. Amit Jajoo is also alleged to have violated Regulation 3(1) of PIT Regulations, 2015 by communicating the UPSI to Mr. Manish Jajoo. Noticee Nos. 8-11 are alleged to have violated Section 12A(d) of SEBI Act, 1992 by allowing their trading accounts to be used by Noticee No. 4.

22. **Manish Jajoo (Noticee No. 5), Ritesh Kumar Kamal Kishore Jajoo (Noticee No. 12), Successure Partners (Noticee No. 13) and Yash Anil Jajoo (Noticee No. 14)**

(a) Noticee No. 5 is a full-time stock market trader. As per Investigation Report and SCN, he submitted that he placed trades in the scrip of ZEEL through trading accounts of his brother (Ritesh Jajoo, Noticee No. 12), a partnership firm (Successure Partners, Noticee No. 13) and his cousin (Yash Jajoo, Noticee No. 14) He did not trade in the scrip of ZEEL from his own trading account.

(b) The relationship between Noticees is brought out in Table 1 above.

(c) Noticee No. 5 has family relations with Noticee No. 4 and Noticee Nos. 8-11.

(d) Noticee Nos. 12-14 submitted separate affidavits stating that they had authorized Noticee No. 5 to execute trades on their behalf as he is qualified and adept trader. They confirmed that the decisions regarding impugned trades in the scrip of ZEEL through their trading accounts were taken by Noticee No. 5.

(e) Trade details, Call Data records, UCC, bank account statements, submissions and statement of Noticee Nos. 5, 12, 13 and 14 were provided to them along with SCN.

(f) During UPSI-1 period, Noticee No. 5 while trading through the accounts of Noticee Nos. 12-14 placed trades in the scrip of ZEEL in the derivatives segment as provided below:

(i) Derivatives Segment: The Noticee took significant positions in the scrip of ZEEL by buying futures and call options and selling call and put options during the period Aug 11-18, 2020, prior to the announcement of the financial results on August 18, 2020. The options positions were with positive delta for call options and negative delta for put options, indicating a net buy position. He squared off the open positions in the scrip by selling futures and call options and buying the put options subsequent to the announcement and earned an approximate profit of Rs. 2,70,57,100. The positions taken by Noticee No. 5, in the trading account of Noticee No. 12, before the announcement of UPSI-1 and squared off post announcement, are provided in Annexure-E1 to this Order. The positions taken by Noticee No. 5 in the trading accounts of Noticee Nos. 13 and 14 are provided in the tables below:

Successure Partners (Noticee no. 13)- During UPSI-1 period, between July 1 to July 29, 2020, multiple trades were observed in the account of Successure Partners, but most of them were open positions of futures contracts expiring on July 30, 2020 which were settled by July 29, 2020. After that, new long positions were taken in the scrip of ZEEL by buying futures during the period Aug 11-18, 2020 as provided in the table below:

Table- 38

	Date	Particulars	ZEEL Aug-20 Fut		
			Qty	Rate	Amount (Rs)
Pre-Announcement Trading	11/08/20	Buy	2,28,000	158.39	3,61,13,100
	12/08/20	Buy	9,000	161.30	14,51,700
	17/08/20	Buy	36,000	169.40	60,98,400
	18/08/20	Buy	1,92,000	174.71	3,35,44,800
	Net Position held as on Aug 18, 2020 (Pre-announcement) (**A**)		4,65,000	166.04	7,72,08,000
	Delta as on Aug 18, 2020 (**B**)		1.00	-	-

	Total Delta as on Aug 18, 2020 (Pre-Announcement) (**C**) = (**A**) * (**B**)		4,65,000	-	-
Announcement dated August 18, 2020 – Q1 FY 21 Financial Results					
Post-Announcement Trading	19/08/20	Sell	(1,50,000)	179.03	2,68,53,750
	20/08/20	Sell	(1,20,000)	197.36	2,36,83,363.6
	21/08/20	Sell	(48,000)	199.80	95,90,550
	25/08/20	Sell	(1,47,000)	198.88	2,92,35,450
	Net position post announcement (i.e., between Aug 19, 2020 and Aug 25, 2020) (**D**)		(4,65,000)	197.19	8,93,63,113.6
	Net Profit Earned (E) = (D) - (A)				**1,21,55,113.6**

** Net Sell Value (Rs.) = Rs.39077550 * (120000 shares/198000 shares) = Rs.23683363.6*

Yash Jajoo (Noticee no. 14) – During UPSI-1 period, between July 1 to July 27, 2020, multiple trades were observed in the account of Mr. Yash Jajoo, but most of them were open positions of futures and options contracts expiring on July 30, 2020 which were settled by July 27, 2020. After that, new long positions were taken in the scrip of ZEEL by buying futures during the period Aug 11-18, 2020 as provided in the table below:

Table- 39

	Date	**Particulars**	**ZEEL Aug-20 Fut**		
			Qty	**Rate**	**Amount (Rs)**
Pre-Announcement Trading	11/08/20	Buy	1,05,000	158.02	1,65,92,400
	12/08/20	Buy	6,000	161.25	9,67,500
	17/08/20	Buy	18,000	169.53	30,51,600
	18/08/20	Buy	96,000	174.76	1,67,77,200
	Net Position held as on Aug 18, 2020 (Pre-announcement) (**A**)		2,25,000	166.17	3,73,88,700
	Delta as on Aug 18, 2020 (**B**)		1.00	-	-

	Total Delta as on Aug 18, 2020 (Pre-Announcement) (**C**) = (**A**) * (**B**)		2,25,000	-	-
Announcement dated August 18, 2020 – Q1 FY 21 Financial Results					
Post-Announcement Trading	19/08/20	Sell	(75,000)	179.40	1,34,55,300
	20/08/20	Sell	(60,000)	197.24	1,18,34,636.4*
	21/08/20	Sell	(24,000)	199.71	47,93,100
	25/08/20	Sell	(66,000)	199.40	1,31,60,400
	Net position post announcement (i.e., between Aug 19, 2020 and Aug 25, 2020) (**D**)		(2,25,000)	197.19	4,32,43,436.4
	Net Profit Earned (E) = (D) - (A)				**58,54,736.4**

** Net Sell Value (Rs.) = Rs.19527150 * (60000 shares/99000 shares) = Rs.11834636.4*

The summary of Noticee No. 5's trading activity (through trading accounts of Noticee No. 12-14) in the scrip of ZEEL vis-à-vis gross trading across the market in derivatives segment during the UPSI period as well as Pre-UPSI and post-UPSI period is as under:

Table- 40

Period	Buy Value			Sell Value			Gross Traded Value		
	Total	ZEEL	%	Total	ZEEL	%	Total	ZEEL	%
Pre-UPSI Period (April 1 to June 30, 2020)	3,36,84,92,889.50	4,83,13,490.00	1.43 %	3,33,17,91,735.15	9,97,86,715.00	2.99 %	6,70,02,84,624.65	14,81,00,205.00	2.21%
During UPSI Period 1 (July 01 to August 18, 2020)	4,12,05,24,102.80	23,23,32,450.00	5.64 %	3,79,72,37,435.85	4,83,19,500.00	1.27 %	7,91,77,61,538.65	28,06,51,950.00	3.54%
Post UPSI Period (August 19, 20 to October 30, 2020)	12,73,91,41,116.95	24,86,29,200.00	1.95 %	13,12,85,49,415.75	40,89,13,500.00	3.11 %	25,86,76,90,532.70	65,75,42,700.00	2.54%

Investigation concluded from the table above that during pre-UPSI period, 2.21% of the Noticee's gross traded value is in ZEEL scrip. During UPSI period, 3.54% of the Noticee's gross traded value is in the scrip of ZEEL. During post UPSI period, 2.54% of the Noticee's gross traded value is in the scrip of ZEEL. Further, during UPSI period, Noticee's gross buy value is 5.64% in the scrip of ZEEL as compared to 1.43% during pre UPSI period and 1.95% during post UPSI period. Accordingly, Investigation concluded that there was similarity of trading pattern with Noticee No. 4 and concentration of Noticee in the scrip of ZEEL increased during UPSI period as compared to Pre-UPSI period and decreased during Post-UPSI period.

(g) As per Investigation Report, CDRs of Manish Jajoo during UPSI-1 period show the following:

(i) The number of calls made between Noticee No. 5 and Noticee No. 4 are provided below:

Table- 41

Period	Mobile number	Caller Name	Mobile number	Called Name	Number of Calls
UPSI 1	9374712473	Manish Jajoo	9323894015	Amit Jajoo	70
UPSI 1	9323894015	Amit Jajoo	9374712473	Manish Jajoo	34

(ii) Date of trades that coincide with date of calls during UPSI-1 period are shown below:

Table- 42

Date of Trades	Date of calls	Caller Name	Called Name	Duration of Calls (Sec)
11/08/2020	09/08/2020	Manish Jajoo	Amit Jajoo	492
	09/08/2020	Manish Jajoo	Amit Jajoo	69

12/08/2020	12/08/2020	Amit Jajoo	Manish Jajoo	208
	12/08/2020	Amit Jajoo	Manish Jajoo	97
	12/08/2020	Manish Jajoo	Amit Jajoo	84
	12/08/2020	Manish Jajoo	Amit Jajoo	1800
	12/08/2020	Manish Jajoo	Amit Jajoo	654
	12/08/2020	Amit Jajoo	Manish Jajoo	351
13/08/2020	13/08/2020	Amit Jajoo	Manish Jajoo	54
	13/08/2020	Amit Jajoo	Manish Jajoo	96
	13/08/2020	Manish Jajoo	Amit Jajoo	151
	13/08/2020	Manish Jajoo	Amit Jajoo	33
	13/08/2020	Manish Jajoo	Amit Jajoo	214
	13/08/2020	Amit Jajoo	Manish Jajoo	79
	13/08/2020	Manish Jajoo	Amit Jajoo	52
17/08/2020	17/08/2020	Manish Jajoo	Amit Jajoo	149
	17/08/2020	Manish Jajoo	Amit Jajoo	25
	17/08/2020	Manish Jajoo	Amit Jajoo	91
	17/08/2020	Manish Jajoo	Amit Jajoo	62
18/08/2020	18/08/2020	Manish Jajoo	Amit Jajoo	294
	18/08/2020	Manish Jajoo	Amit Jajoo	172
	18/08/2020	Amit Jajoo	Manish Jajoo	67
	18/08/2020	Amit Jajoo	Manish Jajoo	54
	18/08/2020	Manish Jajoo	Amit Jajoo	36
	18/08/2020	Manish Jajoo	Amit Jajoo	40

(iii) Investigation concluded that Noticee Nos. 4 and 5 were in constant touch on and around the date of trades during UPSI-1 period.

(h) As per Investigation Report and SCN, the profits made by Noticee No. 5 through the aforesaid trades were as follows:

Table- 43

UPSI Period	Name of the Noticee	Segment	Profit (Rs.)
1	Ritesh Jajoo	Derivatives	90,47,250
	Successure Partners	Derivatives	1,21,55,113.6
	Yash Jajoo	Derivatives	58,54,736.4
Total			**2,70,57,100**

(i) In view of the above, it is alleged in the SCN that Noticee No. 5 traded through the accounts of Noticee Nos. 12-14 and substantially increased the concentration in the scrip of ZEEL during UPSI-1 period as compared to the pattern of trading normally seen in their accounts during pre-UPSI period. The trading pattern of Noticee No. 5 shows that he took directional long positions during UPSI-1 period immediately prior to the UPSI becoming public. The pattern of his trades, when seen in consonance with the nature of his relationship with Mr. Amit Jajoo, indicates his prior knowledge of impending announcements.

(j) On the basis of their trading patterns, relationship and calls, Investigation concluded that Noticee No. 5 by virtue of his connection with Noticee No. 4 had access to Unpublished Price Sensitive Information during UPSI-1 period.

(k) In view of the above, it is alleged that Mr. Manish Jajoo, being connected to Mr. Amit Jajoo by reason of frequent communication, is a connected person in terms of Regulation 2(1)(d)(i) of PIT Regulations, 2015 and “insider” as per clause (i) and (ii) of Regulation 2(1)(g) of PIT Regulations, 2015 and traded through the accounts of his brother, his cousin and his brother’s firm in the scrip of ZEEL, while in possession of UPSI, in violation of Section 12A (d) & (e) of SEBI Act, 1992 and Regulation 4(1) of PIT Regulations, 2015.

Noticee Nos. 12-14 are alleged to have violated Section 12A(d) of SEBI Act, 1992 by allowing their trading accounts to be used by Noticee No. 5.

REPLIES, INSPECTION AND OPPORTUNITY OF HEARING

23. The Noticees undertook inspection of documents and filed their replies to SCN on the dates mentioned below:

Table- 44

Noticee No.	Names of Noticees	Date(s) of Inspection	Date(s) of filing reply
1	Bijal Shah	January 05, 2023	January 20, 2023
2	Gopal Ritolia	January 04, 2023	January 20, 2023
3	Jatin Chawla	January 03, 2023	January 20, 2023
4	Amit Bhawarlal Jajoo	January 16, 2023	February 03, 2023 & March 15, 2023
5	Manish Kumar Jajoo	January 16, 2023	February 03, 2023 & March 15, 2023
6	Gomati Devi Ritolia	January 04, 2023	January 20, 2023
7	Daljit Gurucharan Chawla	January 03, 2023	January 20, 2023
8	Monika Lakhotia	January 16, 2023	February 03, 2023 & March 15, 2023
9	Pushpa Jajoo	January 16, 2023	February 03, 2023 & March 15, 2023
10	Bhawarlal Ramniwas Jajoo	January 16, 2023	February 03, 2023 & March 15, 2023
11	Bhawarlal Jajoo HUF	January 16, 2023	February 03, 2023 & March 15, 2023
12	Ritesh Kumar Kamal Kishore Jajoo	January 16, 2023	February 03, 2023 & March 15, 2023
13	Successure Partners (Partners- Mr. Ritesh Jajoo and Ms Vimla Somani)	January 16, 2023	February 03, 2023 & March 15, 2023
14	Yash Anil Jajoo	January 16, 2023	February 03, 2023 & March 15, 2023

24. An opportunity of personal hearing was granted to Noticee Nos. 1, 2 and 6 on February 27, 2023. An opportunity of personal hearing was granted to Noticee Nos. 3, 4, 5, 7, 8-14 on February 28, 2023. During the hearing, the Noticees were *inter alia* asked about the timing of their calls, the extent of positions taken by Noticee Nos. 2 and 3, market effect of news regarding financial results and possibility of Noticee Nos. 2 and 3 being regarded as insiders under Regulation 2(1)(g)(ii) of PIT Regulations, 2015. The Noticees submitted their replies on the aforesaid queries.

25. As Noticee Nos. 4, 5 and 8-14 sought adjournment of their hearing scheduled on February 28, 2023, their hearing was rescheduled on March 03, 2023. During the hearing, the Noticees were *inter alia* asked about the calculation of delta, positions taken by the Noticees and their trading pattern which were responded to by the Noticees.

SUBMISSIONS OF NOTICEES

26. The submissions of Noticee No. 1 to the allegations in the SCN are summarized below:

(a) As head of financial planning, Noticee admitted that he had access to UPSI-1. In so far as UPSI-2 is concerned, it is disputed and denied that Noticee had access to the same or that the said information was UPSI at all.

(b) SCN does not specify when and how did the Noticee communicate the UPSI and the SCN merely seeks to rely on CDR data to allege "*calls*" with Noticee No. 2 and Noticee No. 3. The calling pattern does not show any unusual activity.

(c) Noticee has never communicated any UPSI to Noticee No. 2 (Gopal Ritolia)/ Noticee No. 3 (Jatin Chawla) or any other person.

(d) UPSI-1 (financial results for quarter ending June 2020) was negative in nature. While making the allegation of insider trading, SEBI is required to consider whether the UPSI was positive/ negative/ neutral and then compare the nature of UPSI with trade. ZEEL's revenue fell by 34.4% and

profits fell by 94.5% as compared to June 2019 quarter. The profits were also below analysts' and market's expectations and results were extremely poor in comparison to consensus estimates. The UPSI was therefore completely negative. ZEEL's performance was worse than two competitors i.e. SUN TV and TV18.

(e) It is common knowledge that investors exclude one off items while analysing the result of a company and even ZEEL in its presentation for March 2020 quarter provided the adjusted PBT and EBIDTA after excluding one-off items. Noticee submitted that comparison of March v. June quarter on an absolute basis is erroneous and correct comparison has to be on an absolute basis. For this argument, Noticee No. 1 relied on the observation of SEBI in its order dated October 20, 2022 passed in the matter of Kirloskar Brothers Limited "*112.7.10.4… the market does not value one time profit at the PE ratio. Only sustainable profit / recurring profit is valued at the said ratio…"*

(f) Noticee contended that for the quarter March 2020 v June 2020, on an adjusted basis, the sales of ZEEL declined by 33%, EBITDA without one-offs by 31% and PBT without one-offs by 81%.

(g) With respect to UPSI-2 (launch of ZEEPLEX), Noticee submitted that he was never aware of UPSI-2. By virtue of his role in the company and even otherwise, he was not required to be made aware of the launch of ZEEPLEX as the same was in usual course of business and had nothing to do with the Noticee's role in the company. Noticee was never marked in any of the e-mails pertaining to ZEEPLEX and he was not in the list of individuals, provided by ZEEL, who were aware of the launch.

(h) The only evidence which has been produced in SCN in support of the allegation is that the Noticee was frequently communicating with other employees who were aware of the launch and therefore, the said employees may have informed the Noticee. SEBI has recorded statements of six employees aware of the launch of ZEEPLEX and asked them if they informed the Noticee about the launch. 5 of these employees have either denied it or have submitted that they cannot be sure.

(i) SEBI has relied on the statement of Parag Darade wherein he referred to the email dated August 20, 2020 received from Neeraj Joshi regarding launch of ZEEPLEX and was asked a question regarding a phone call held between Noticee and Mr. Darade. In response to the same, Mr. Darade stated that he would have told the Noticee about the same as Noticee was Head of Investor Relations function. It is pertinent to note that this statement was recorded more than 2 years after the alleged event and the said call lasted for just 54 seconds. Also, the said call originated from Noticee and not Mr. Darade. Further, the e-mail received by Mr. Darade regarding launch of ZEEPLEX was 20 minutes after the phone call between the Noticee and Mr. Darade.

(j) ZEEL has maintained that launch was not even a material event (much less an UPSI), was in usual course of business and was an ordinary activity and therefore, not UPSI. Further, there was no budget or business plan prepared for it and the idea about ZEEPLEX was not placed before the Board of Directors.

(k) SCN has misinterpreted the judgment of Hon'ble Supreme Court in Abhijit Rajan case[1]. The Hon'ble Court was concerned with interpretation of SEBI (Prohibiton of Insider Trading) Regulations, 1992 (hereinafter referred to as "**PIT Regulations, 1992**) whereas the present matter pertains to PIT Regulations, 2015. The definition of UPSI and deeming fiction created therein is different in both the Regulations and therefore, the said judgment cannot be applied as the provisions are not identical and have material changes.

(l) The interpretation of term '*expansion*' taken by SEBI would render every single action in a company within the ambit of PIT Regulations. It is submitted that expansion has to be something material and an act carried out in day to day course of business which does not require any input from Corporate Finance Team, a business plan, any sort of budgeting, approval of Board of Directors, etc. cannot be termed as expansion.

[1] SEBI v. Abhijit Rajan (C.A. No. 563 of 2020), Judgment dated September 19, 2022

(m) Issuing a press release does not necessarily mean that the event is material or price-sensitive. The materiality of the event has to be tested in law based on the impact on finances/ operations of company and how the said event is treated within the company. The launch of ZEEPLEX did not contribute materially to the revenues of the company and its contribution was merely 0.03% of the revenue.

(n) SCN fails to show in any manner that Noticee No. 2 or 3 are insiders and mere fact of calls between Noticees cannot be basis to assume and presume that Noticee No. 1 communicated the UPSI.

(o) For the charge of communication, there is no deeming fiction and it is incumbent on SEBI to show actual communication of UPSI. For this purpose, Noticee relied on the decision of Hon'ble Supreme Court in the matter of Balram Garg v. SEBI (Civil Appeal No. 7054 of 2021, dated April 19, 2022) wherein it was held that there should be cogent evidence such as emails, letters, etc. to prove such alleged communication of UPSI and purported communication cannot be proved by mere trading patterns of the parties which is nothing but circumstantial evidence.

(p) By charging Noticee Nos. 2 and 3 as insiders because they were connected persons, SEBI has attempted to bypass the requirement of the burden of proving communication. However, if Noticee Nos. 2 and 3 are being charged as connected persons and not as persons who have received UPSI, the charge against Noticee No. 1 of communicating the same must automatically fail.

(q) Noticee submitted that there was no unusual spike in call intensity between Noticee Nos. 1 and 2 and Noticee Nos. 1 and 3. Their calls are exactly in line with the median calling intensity.

(r) The fund transactions between Noticees were in usual course and none of them are peculiar or unexplained. It is denied that funds were loaned for investments and it is submitted that all the loan transactions were for an extremely short-term purpose to meet immediate liquidity requirements.

27. The submissions of Noticee Nos. 2 and 6 to the allegations in the SCN are summarized below:

(a) Noticees have never received any UPSI from Bijal Shah (Noticee No. 1) or any other person and none of the trades executed by us are while in possession of or on the basis of UPSI.

(b) SCN alleges that Noticee No. 2 is an insider on the basis that he was a "connected person" in terms of PIT Regulations, 2015. To allege that a person is a connected person, his contact or association with the Company or its officers has to be when the communication is in discharge of such officer's duty towards the company. SCN nowhere alleges that Noticee No. 2 was associated with company in any manner whatsoever or that Bijal Shah had any communication with Noticees in discharge of his duties. The explanatory note to Regulation 2(1)(d)(i) of PIT Regulations, 2015 clearly states that twin condition of communication with officers and involvement in company's operations has to be met for a person to be categorised as a connected person. In support of his contention, the Noticee has relied on the observations of WTMs, SEBI in orders dated May 11, 2021 (in the matter of PC Jewellers Limited) and August 27, 2021 (in the matter of Zee Entertainment Enterprises Limited).

(c) Since Noticee is not a connected person, he cannot be termed as an insider under Regulation 2(1)(g)(i) of PIT Regulations. As the SCN fails to establish the Noticee as an insider, the charge of violation of Regulation 4 must automatically fail as the same applies only to insiders.

(d) Noticee No. 2 and Bijal Shah have been friends for over 17 years and have had constant contact with him over all these years. The frequency of calls has been constant and there has been no unusual rise during the investigation period.

(e) SCN wrongly alleges that results were positive. A perusal of the actual result would show that results were negative and as against the bullish positions built by Noticees, ZEEL had posted extremely poor results (as compared to previous year quarter or previous quarter).

(g) The fact that UPSI is positive or negative has to be an independent and objective assessment on the basis of relevant material and not on the basis of the price movement. ZEEL's revenue fell by 35% and profits fell by 94% as compared to June 2019 quarter. In comparison to March 2020 quarter, the revenues declined by 33% and profits before tax (excluding one-time items) declined by 81%. The profits were also below analysts' and market's expectations and results were extremely poor in comparison to consensus estimates. The UPSI was therefore completely negative. ZEEL's performance was worse than two competitors i.e. SUN TV and TV18.

(h) It is common knowledge that investors exclude one off items while analysing the result of a company and even ZEEL in its presentation for March 2020 quarter provided the adjusted PBT and EBIDTA after excluding one-off items. Noticee submitted that comparison of March v. June quarter on an absolute basis is erroneous and correct comparison has to be on an absolute basis. For this argument, Noticee No. 1 relied on the observation of SEBI in its order dated October 20, 2022 passed in the matter of Kirloskar Brothers Limited "*112.7.10.4… the market does not value one time profit at the PE ratio. Only sustainable profit / recurring profit is valued at the said ratio…"*

(i) Noticee contended that for the quarter March 2020 v June 2020, on an adjusted basis, the sales of ZEEL declined by 33%, EBITDA without one-offs by 31% and PBT without one-offs by 81%.

(j) After publication of June 2020 results, the financial media believed that result of ZEEL for the quarter were missing estimates by a large margin.

(k) On August 19, 2020, the stock opened 0.8% lower than the previous day close and fell up to 2.7% lower than previous day close. The price of ZEEL continued to trade in same range as compared to previous day till 12:30 PM. ZEEL scrip then showed a sudden spike around 12:30 PM to 2:30 PM which the Noticee believes was caused because an order had been passed in favour of ZEEL in the case filed by Yes Bank Ltd. before Hon'ble Bombay High Court and was widely reported in the media.

(l) Noticee relied on the Justice Sodhi Committee Report[2] and decision of Hon'ble Supreme Court in Abhijit Rajan matter (*supra*) to contend that trading against the nature of UPSI would be a valid defence to the charge of insider trading.

(m) Noticee No. 1 was never aware of launch of ZEEPLEX as he was never marked in the e-mails and was not named as one of the individuals who were aware of the same. The only evidence which has been produced in SCN in support of the allegation is that Bijal Shah was frequently communicating with other employees who were aware of the launch and therefore, the said employees may have informed Bijal Shah.

(n) ZEEL has maintained that ZEEPLEX launch was not even a material event (much less an UPSI), was in usual course of business and was an ordinary activity and therefore, not UPSI. SEBI has relied on the statement of one of the employees to allege that Bijal Shah was aware of UPSI-2. However, it is pertinent to note that this statement was recorded more than 2 years after the alleged event and the said call lasted for just 54 seconds. Also, the said call originated from Bijal Shah and not Mr. Darade. Further, the e-mail received by Mr. Darade regarding launch of Zeeplex was 20 minutes after the phone call between the Bijal Shah and Mr. Darade.

(o) SCN has completely misinterpreted the judgment of Hon'ble Supreme Court in Abhijit Rajan (*supra*) case. The Hon'ble Court was concerned with interpretation of PIT Regulations of 1992 whereas the present matter pertains to PIT Regulations, 2015. The definition of UPSI and deeming fiction created therein is different in both the Regulations and therefore, the said judgment cannot be applied as the provisions are not identical and have material changes.

(p) The interpretation of term '*expansion*' taken by SEBI would render every single action in a company within the ambit of PIT Regulations. It is submitted that expansion has to be something material and an act carried out in day to day course of business which does not require any input from

[2] Report of the High Level Committee to Review the SEBI (Prohibition of Insider Trading) Regulations, 1992 dated December 07, 2013

Corporate Finance Team, a business plan, any sort of budgeting, approval of Board of Directors, etc. cannot be termed as expansion.

(q) Issuing a press release does not necessarily mean that the event is material or price-sensitive. The launch of ZEEPLEX was not considered a material event b ZEEL and not declared as Unpublished Price Sensitive Information. The materiality of the event has to be tested in law based on the impact on finances/ operations of company and how the said event is treated within the company. The launch of Zeeplex did not contribute materially to the revenues of the company and its contribution was merely 0.03% of the revenue.

(r) With respect to commonality of trading with Noticee No. 3, he accepted the same and stated that they used to discuss trading strategies.

(s) The trades of Noticee are in line with their regular trading strategy and concentration. Running a concentrated portfolio is a feature of the Noticees trading strategy for a long time which is in line with trading strategy employed before and after this period.

(t) There is no unusual spike in call intensity between Noticee No. 1 and 2 during UPSI periods and their calls in August 2020 are in line with the average & median calling intensity.

(u) The fund transactions between Noticees were in usual course and none of them are peculiar or unexplained. It is denied that funds were loaned for investments and it is submitted that all the loan transactions were for an extremely short-term purpose to meet immediate liquidity requirements. None of the said loan transactions were during or around the impugned trades. Therefore, the insinuation that there exists a 'financial relationship' between Noticee Nos. 1 and 2 is misplaced and false.

(v) Noticees have traded in ZEEL's scrip during the entire tenure of Noticee No. 1's employment from 2016-2021 which shows that there was no communication of UPSI and trades were independent decisions of Noticees.

(w) It is denied that Noticee made an unlawful gain of Rs. 7.52 crores and the alleged wrongful gains have been calculated incorrectly. SEBI should have

calculated on the basis of price just before and just after the disclosure/ publication which would have shown the net effect of price change was negative. In support of his submission, Noticee relied on the order of WTM, SEBI dated March 22, 2018 in the matter of Nirmal Kotecha wherein the closing price of the day prior to the alleged manipulation was taken for determining disgorgement.

28. The submissions of Noticee Nos. 3 and 7 to the allegations in the SCN are summarized below:

(a) Noticees have never received any UPSI from Bijal Shah (Noticee No. 1) or any other person and none of the trades executed by us are while in possession of or on the basis of UPSI.

(b) SCN alleges that Noticee No. 3 is an insider on the basis that he was a "connected person" in terms of PIT Regulations, 2015. To allege that a person is a connected person, his contact or association with the Company or its officers has to be when the communication is in discharge of such officer's duty towards the company. SCN nowhere alleges that Noticee No. 3 was associated with company in any manner whatsoever or that Bijal Shah had any communication with Noticees in discharge of his duties. The explanatory note to Regulation 2(1)(d)(i) of PIT Regulations, 2015 clearly states that twin condition of communication with officers and involvement in company's operations has to be met for a person to be categorised as a connected person. In support of his contention, the Noticee has relied on the observations of WTMs, SEBI in orders dated May 11, 2021 (in the matter of PC Jewellers Limited) and August 27, 2021 (in the matter of Zee Entertainment Enterprises Limited).

(c) The calling pattern between Noticee No. 3 and Mr. Bijal Shah with higher calling intensity in months prior to and post the UPSI months brings out the fact that they were good friends who used to speak regularly and no inference can be drawn that any UPSI was communicated in calls during the UPSI period.

(d) Noticee has been trading for the past several years and has been trading on the basis of performance of scrip vis-a-vis NIFTY, performance vis-a-vis other peers, liquidity, momentum, fundamentals of the company, etc.

(e) Noticee had taken long position in the scrip of ZEEL on account of various factors such as improvement in business of consumer companies who provide advertising revenues for ZEEL, improvement in advertising revenues of ZEEL, increase in price of scrip of ZEEL from first week of August, etc.

(f) SCN wrongly alleges that UPSI-1 was positive. UPSI-1 was negative as ZEEL had posted extremely poor results (both as compared to previous year's same quarter, the previous quarter as well as consensus estimates as available on Bloomberg).

(g) The markets also reacted negatively to the June 2020 results. After having considered the results which were declared on 18 August 2020 at 15:39:47, the market had time to absorb the news and act accordingly. The stock opened 0.8% lower than the previous day's close and fell up to 2.7% lower than the previous day's close. It would be erroneous to conclude that merely because the closing price on the next day after the declaration of the results was positive, the results would have also been positive.

(h) The spike in the price of scrip on August 19, 2020 was due to the order of Hon'ble High Court passed in favour of ZEEL in the case filed by Yes Bank Ltd. which had been widely reported in media.

(i) The allegation by SEBI that Noticees had such long positions despite such a negative UPSI is itself a proof that these trades could never have been on basis of UPSI-1.

(j) A person who is trading on the basis of UPSI is highly unlikely to hold the position for such a long period after the UPSI has become public since he has no other directional view. The Noticees held the position for more than a month during which the stock also declined more than 10% from the peak. The Noticees were therefore not trading on a UPSI but had taken a directional view of the stock based on the analysis.

(k) Noticee relied on the Justice Sodhi Committee Report and decision of Hon'ble Supreme Court in Abhijit Rajan matter (*supra*) to contend that trading against the nature of UPSI would be a valid defence to the charge of insider trading.

(l) Noticee No. 1 was never aware of launch of ZEEPLEX as he was never marked in the e-mails and was not named as one of the individuals who were aware of the same. The only evidence which has been produced in SCN in support of the allegation is that Bijal Shah was frequently communicating with other employees who were aware of the launch and therefore, the said employees may have informed Bijal Shah.

(m) ZEEL has maintained that ZEEPLEX launch was not even a material event (much less an UPSI), was in usual course of business and was an ordinary activity and therefore, not UPSI. SEBI has relied on the statement of one of the employees to allege that Bijal Shah was aware of UPSI-2. However, it is pertinent to note that this statement was recorded more than 2 years after the alleged event and the said call lasted for just 54 seconds. Also, the said call originated from Bijal Shah and not Mr. Darade. Further, the e-mail received by Mr. Darade regarding launch of Zeeplex was 20 minutes after the phone call between the Bijal Shah and Mr. Darade.

(n) SCN has completely misinterpreted the judgment of Hon'ble Supreme Court in Abhijit Rajan (*supra*) case. The Hon'ble Court was concerned with interpretation of PIT Regulations of 1992 whereas the present matter pertains to PIT Regulations, 2015. The definition of UPSI and deeming fiction created therein is different in both the Regulations and therefore, the said judgment cannot be applied as the provisions are not identical and have material changes.

(o) The interpretation of term '*expansion*' taken by SEBI would render every single action in a company within the ambit of PIT Regulations. It is submitted that expansion has to be something material and an act carried out in day to day course of business which does not require any input from Corporate Finance Team, a business plan, any sort of budgeting, approval of Board of Directors, etc. cannot be termed as expansion.

(p) Issuing a press release does not necessarily mean that the event is material or price-sensitive. The materiality of the event has to be tested in law based on the impact on finances/ operations of company and how the said event is treated within the company. The launch of Zeeplex did not contribute materially to the revenues of the company and its contribution was merely 0.03% of the revenue.

(q) With respect to UPSI-2, the overall trading during the said period would show that Noticee was a net seller and not a net buyer. Therefore, Noticees were trading against the nature of UPSI-2.

(r) With respect to commonality of trading with Noticee No. 2, he accepted the same and stated that they used to discuss trading strategies. With respect to commonality of trade with Amit Jajoo (Noticee No. 4), it was contended that Noticee No. 4 was authorised person and had access to the trading data of the Noticees and therefore there was always a potential for him to have been influenced by the trades of the Noticees while executing his trades.

(s) The Noticees' trading history both before and after the alleged UPSI period shows that the impugned trades are not dissimilar from many other trades of the Noticees.

(t) SCN does not bring about any cogent evidence to establish communication of UPSI by Noticee No. 3 to Noticee No. 4. It is submitted that the fact of communication has to be established with cogent evidence and not on the basis of mere conjecture.

(u) In the matter of Balram Garg v. SEBI[3], the Hon'ble Supreme Court held that the onus to prove that the UPSI was in fact communicated, as alleged, is on the SEBI. Further, it has been held in the said judgment that there should be cogent evidence such as emails, letters, etc to prove such alleged communication of UPSI. In connection with the same, it has been held that the purported communication of UPSI cannot be proved by mere trading patterns of the parties which is nothing but circumstantial evidence.

[3] C.A. No. 7054 of 2021, Judgment dated April 19, 2022

(v) The fund transactions between Noticees were in usual course and none of them are peculiar or unexplained. It is denied that funds were loaned for investments and it is submitted that all the loan transactions were for an extremely short-term purpose to meet immediate liquidity requirements. None of the said loan transactions were during or around the impugned trades. Therefore, the insinuation that there exists a 'financial relationship' between Noticee Nos. 1 and 3 is misplaced and false.

(w) Noticees denied that they made an unlawful gain of Rs. 2.10 crores and the alleged wrongful gains have been calculated incorrectly. SEBI should have calculated on the basis of price just before and just after the disclosure/ publication which would have shown the net effect of price change was negative. In support of his submission, Noticee relied on the order of WTM, SEBI dated March 22, 2018 in the matter of Nirmal Kotecha wherein the closing price of the day prior to the alleged manipulation was taken for determining disgorgement.

29. The submissions of Noticee Nos. 4, 8, 9, 10 and 11 to the allegations in the SCN are summarized below:

(a) Noticee No. 4 is alleged to be a connected person and an insider as per PIT Regulations, 2015. Noticee submitted that there is nothing in the SCN which either brings out the fact that Noticee No. 4 is in any way connected to the Company or was in possession of or was having the access to the alleged UPS1-1.

(b) Noticee submitted that the primary identification factor for "Insider" is to determine as to who are the people actually in possession of or having an actual access to the UPSI and considering the same, the SCN does not brings out any fact which establishes that Noticee No. 4 had possession of any UPSI or access to it.

(c) Noticee No. 4 is neither connected to the Company in any capacity nor is in frequent communication with the officers of the Company and hence the Noticee No. 4 cannot fall under the definition of the "Connected Person" as per Regulation 2(1)(d)(i) and consequently Regulations 2(1)(g)(i) of the PIT Regulations, 2015.

(d) Noticee No. 4 submitted that the definition of connected person in itself requires twin requirement to be fulfilled i.e. Contact with the officers of the company and Frequent communication done in the course of discharge of the officers' duties. Since none of the above pre-requisites are getting fulfilled the Noticee No.4 cannot be considered as "Connected Person" as per the Regulations.

(e) There were no calls between Noticee No. 3 and Noticee No. 4. Therefore, the allegation that Noticee No. 04 received the UPSI from Noticee No. 3 on or around August 10, 2020 and communicated to Noticee No. 5 is totally baseless. Noticee relied on the decision of Hon'ble Supreme Court in the matter of Balram Garg (*supra*) and submitted that the Hon'ble Court observed that with respect to the allegation that one person has communicated the UPSI to another person, a definite fact and evidence about the communication of UPSI needs to be shown for proving such an allegation and in respect of which no legal or deeming fiction is applicable.

(f) Noticee submitted that UPSI-1 was a negative news for the market and did not have any positive impact on the prices of ZEEL shares as the scrip opened at Rs. 172.50, approximately 0.8% lower than the close price on August 18, 2020. SCN wrongly observes that the results were positive while on a perusal of the actual results and comparing the same with financial results of the Company in the previous quarter (after excluding one-off item), year, Bloomberg consensus estimates and with the peers, the fundamental would show that the results were negative.

(g) The rise in price of ZEEL on August 19 was because of an Order of the Hon'ble High Court of Bombay granting relief to ZEEL which apparently led to rise in the prices of the scrip of ZEEL on August 19, 2020 and hence, the closing price on August 19, 2020 cannot be the correct contour based on which the analysis is done.

(h) The trades of the Noticees were totally contrary to the effect and outcome of the publication of the UPSI and hence, the trading of the Noticees also cannot correctly be said to have been based on the alleged UPSI.

(i) Noticee No. 4 had traded in the derivatives of ZEEL based on the technical, volume indicators, fundamental analysis of the Company and the other listed companies in the media sector. Prior to the allegedly exceptional trading in the scrip of ZEEL, the Noticee No. 4 has traded in the scrip of ZEEL continuously for the past 66 months in varying concentrations.

(j) The trading concentration of Noticee No. 4 post-UPSI-1 is over and above the trading concentration during the UPSI. Also, ZEEL did not feature in top three traded scrips by Noticee No. 4 during UPSI. The continued and increased interest in the scrip of ZEEL post the UPSI period in fact shows that the trading by Noticee No. 4 was not based upon any knowledge of UPSI but on the basis of the independent analysis of the market.

(k) While assessing the trades during UPSI and post-UPSI, many trades in the scrip of ZEEL have not been considered.

(l) The financial transactions between Noticee No. 3 and 4 were professional in nature and having commercial consideration. These transactions have been pre-existing.

(m)There is no similarity of trading pattern between Noticee No. 3 and Noticee No. 4.

(n) The loan advanced by Noticee No. 10 to Noticee No. 7, it is submitted that loan was given to meet obligation of margin shortfall with the broker, Edelweiss Broking Ltd., and same was immediately repaid. The said loan transaction has no connection with UPSI-1 period or trading done by Noticees in ZEEL.

(o) The allegation of passing of UPSI received from Noticee No. 3 to Noticee No. 5 (who traded from accounts of Noticee Nos. 12-14) has been imposed on the basis of alleged similarity in the trading patterns pursuant to trades executed by Noticee No. 4 and 5 respectively. However, the strategy by Noticee No. 4 and 5 are completely different viz. different segments, quantity traded post UPSI, strategy, etc.

(p) There is no allegation against Noticee No. 8-11 that they had access to or were in possession of the alleged UPSI-1 or finding that they had traded on the basis of alleged UPSI-1.

(q) The method of calculation of alleged 'illegal gains' of Rs. 11,51,36,629 is incorrect as SEBI has taken the actual purchase price even though price movements till August 18, 2020 were due to market response. The price movement from close of market as on August 18, 2020 till opening of market on August 19, 2020 should be taken into consideration which in fact is negative.

30. The submissions of Noticee Nos. 5, 12, 13 and 14 to the allegations in the SCN are summarized below:

(a) Noticee No. 5 is alleged to be a connected person and an insider as per PIT Regulations, 2015. Noticee submitted that there is nothing in the SCN which either brings out the fact that Noticee No. 5 is in any way connected to the Company or was in possession of or was having the access to the alleged UPS1-1.

(b) Noticee submitted that the primary identification factor for "Insider" is to determine as to who are the people actually in possession of or having an actual access to the UPSI and considering the same, the SCN does not brings out any fact which establishes that Noticee No. 5 had possession of any UPSI or access to it.

(c) Noticee No. 5 is neither connected to the Company in any capacity nor is in frequent communication with the officers of the Company and hence the Noticee No. 5 cannot fall under the definition of the "Connected Person" as per Regulation 2(1)(d)(i) and consequently Regulations 2(1)(g)(i) of the PIT Regulations, 2015.

(d) Noticee No. 5 submitted that the definition of connected person in itself requires twin requirement to be fulfilled i.e. Contact with the officers of the company and Frequent communication done in the course of discharge of the officers' duties. Since none of the above pre-requisites are getting

fulfilled the Noticee No.4 cannot be considered as “Connected Person” as per the Regulations.

(e) The facts of the present case do not indicate as to how Noticee No. 05 is expected to possess or have access to the UPSI in the first place and hence the allegation of the Noticee No. 05 being an “Insider” as a “Connected Person” is not established. Noticee relied on the decision of Hon’ble Supreme Court in the matter of Balram Garg (*supra*) and submitted that the Hon’ble Court observed that with respect to the allegation that one person has communicated the UPSI to another person, a definite fact and evidence about the communication of UPSI needs to be shown for proving such an allegation and in respect of which no legal or deeming fiction is applicable.

(f) Noticee submitted that UPSI-1 was a negative news for the market and did not have any positive impact on the prices of ZEEL shares as the scrip opened at Rs. 172.50, approximately 0.8% lower than the close price on August 18, 2020. SCN wrongly observes that the results were positive while on a perusal of the actual results and comparing the same with financial results of the Company in the previous quarter (after excluding one-off item), year, Bloomberg consensus estimates and with the peers, the fundamental would show that the results were negative.

(g) The rise in price of ZEEL on August 19 was because of an Order of the Hon’ble High Court of Bombay granting relief to ZEEL which apparently led to rise in the prices of the scrip of ZEEL on August 19, 2020 and hence, the closing price on August 19, 2020 cannot be the correct contour based on which the analysis is done.

(h) The trades of the Noticees were totally contrary to the effect and outcome of the publication of the UPSI and hence, the trading of the Noticees also cannot correctly be said to have been based on the alleged UPSI.

(i) Noticee No. 5 had traded in ZEEL based on the price movement, volume indicators of the Company, index and other listed companies in the media sector. Prior to the allegedly exceptional trading in the scrip of ZEEL, the Noticee No. 4 has traded in the scrip of ZEEL continuously for the past 66 months in varying concentrations.

(j) SCN has only considered derivatives segment while ignoring cash segment trades completely. Also, the sell trades during UPSI period and buying post UPSI period have been ignored. Upon considering the derivative and cash segment trading, it can be observed that gross traded value in ZEEL was more in post-UPSI period than the UPSI period.

(k) The family accounts for which Noticee No. 5 had POA's have not been considered in the SCN.

(l) Noticee No. 4 and 5 are cousin brothers and it is palpable that there might be calls and conversations between them. SEBI has not been able to demonstrate that there was any communication of UPSI from Noticee No. 4 to Noticee No. 5.

(m) There is no similarity in trading between Noticee Nos. 4 and 5. Noticee No. 5 had stop loss orders for trades in the scrip of ZEEL on August 18, 2020.

(n) There is no allegation against Noticee No. 12-14 that they had access to or were in possession of the alleged UPSI-1 or finding that they had traded on the basis of alleged UPSI-1.

(o) The method of calculation of alleged 'illegal gains' of Rs. 2,70,57,100/- is incorrect as SEBI has taken the actual purchase price even though price movements till August 18, 2020 were due to market response. The price movement from close of market as on August 18, 2020 till opening of market on August 19, 2020 should be taken into consideration which in fact is negative.

31. Before dealing with the violations alleged with respect to alleged UPSI-1 and UPSI-2, it would be appropriate to refer to the provisions of SEBI Act, 1992 and PIT Regulations, 2015, which are relevant for determining the said violations. The relevant extracts of these provisions are as under:

Relevant extracts of the provisions of SEBI Act, 1992:

Functions of Board.

11. (1) Subject to the provisions of this Act, it shall be the duty of the Board to protect the interests of investors in securities and to promote the development of, and to regulate the securities market, by such measures as it thinks fit.

(4) Without prejudice to the provisions contained in sub-sections (1), (2), (2A) and (3) and section 11B, the Board may, by an order, for reasons to be recorded in writing, in the interests of investors or securities market, take any of the following measures, either pending investigation or inquiry or on completion of such investigation or inquiry, namely:—

(a) suspend the trading of any security in a recognised stock exchange;

(b) restrain persons from accessing the securities market and prohibit any person associated with securities market to buy, sell or deal in securities;

(c) suspend any office-bearer of any stock exchange or self-regulatory organisation from holding such position;

(d) impound and retain the proceeds or securities in respect of any transaction which is under investigation;

(e) attach, for a period not exceeding ninety days, bank accounts or other property of any intermediary or any person associated with the securities market in any manner involved in violation of any of the provisions of this Act, or the rules or the regulations made thereunder:

Provided that the Board shall, within ninety days of the said attachment, obtain confirmation of the said attachment from the Special Court, established under section 26A, having jurisdiction and on such confirmation, such attachment shall continue during the pendency of the aforesaid proceedings and on conclusion of the said proceedings, the provisions of section 28A shall apply:

Provided further that only property, bank account or accounts or any transaction entered therein, so far as it relates to the proceeds actually involved in violation of any of the provisions of this Act, or the rules or the regulations made thereunder shall be allowed to be attached;

(f) direct any intermediary or any person associated with the securities market in any manner not to dispose of or alienate an asset forming part of any transaction which is under investigation :

Provided that the Board may, without prejudice to the provisions contained in sub-section (2) or sub-section (2A), take any of the measures specified in clause (d) or clause (e) or clause (f), in respect of any listed public company or a public company (not being intermediaries referred to in section 12) which intends to get its securities listed on any recognised stock exchange where the Board has reasonable grounds to believe that such company has been indulging in insider trading or fraudulent and unfair trade practices relating to securities market :

Provided further that the Board shall, either before or after passing such orders, give an opportunity of hearing to such intermediaries or persons concerned.

(4A)Without prejudice to the provisions contained in sub-sections (1), (2), (2A), (3) and (4), section 11B and section 15-I, the Board may, by an order, for reasons to be recorded in writing, levy penalty under sections 15A, 15B, 15C, 15D, 15E, 15EA, 15EB, 15F, 15G, 15H, 15HA and 15HB after holding an inquiry in the prescribed manner.

Power to issue directions and levy penalty.

11B.(1) Save as otherwise provided in section 11, if after making or causing to be made an enquiry, the Board is satisfied that it is necessary,—

(i) in the interest of investors, or orderly development of securities market; or (ii) to prevent the affairs of any intermediary or other persons

referred to in section 12 being conducted in a manner detrimental to the interest of investors or securities market; or

(iii) to secure the proper management of any such intermediary or person, it may issue such directions,—

(a) to any person or class of persons referred to in section 12, or associated with the securities market; or

(b) to any company in respect of matters specified in section 11A, as may be appropriate in the interests of investors in securities and the securities market.

Explanation.—For the removal of doubts, it is hereby declared that the power to issue directions under this section shall include and always be deemed to have been included the power to direct any person, who made profit or averted loss by indulging in any transaction or activity in contravention of the provisions of this Act or regulations made thereunder, to disgorge an amount equivalent to the wrongful gain made or loss averted by such contravention.

(2) Without prejudice to the provisions contained in sub-section (1), sub-section (4A) of section 11 and section 15-I, the Board may, by an order, for reasons to be recorded in writing, levy penalty under sections 15A, 15B, 15C, 15D, 15E, 15EA, 15EB, 15F, 15G, 15H, 15HA and 15HB after holding an inquiry in the prescribed manner.

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;

Penalty for insider trading.

15G. If any insider who,—

(i) either on his own behalf or on behalf of any other person, deals in securities of a body corporate listed on any stock exchange on the basis of any unpublished price-sensitive information; or

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

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

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

Relevant extracts of the provisions of PIT Regulations, 2015

2(1)(d) "connected person" means,-

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

……

NOTE: It is intended that a connected person is one who has a connection with the company that is expected to put him in possession of unpublished price sensitive information. Immediate relatives and other categories of

persons specified above are also presumed to be connected persons but such a presumption is a deeming legal fiction and is rebuttable. This definition is also intended to bring into its ambit persons who may not seemingly occupy any position in a company but are in regular touch with the company and its officers and are involved in the know of the company's operations. It is intended to bring within its ambit those who would have access to or could access unpublished price sensitive information about any company or class of companies by virtue of any connection that would put them in possession of unpublished price sensitive information."

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

i) a connected person; or

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

Communication or procurement of unpublished price sensitive information.

3.(1) No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

Trading when in possession of unpublished price sensitive information.

4.(1)No insider shall trade in securities that are listed or proposed to be listed on a stock exchange when in possession of unpublished price sensitive information:

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

.....

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."

ISSUES FOR CONSIDERATION

32. After considering SCN and the replies filed by Noticees, the following issues arise for consideration:

Part I- Unpublished Price Sensitive Information

(a) Whether information pertaining to UPSI-1 (quarterly financial results) can be regarded as 'Unpublished Price Sensitive Information' as alleged in the SCN?

(b) Whether information pertaining to UPSI-2 (launch of ZEEPLEX) can be regarded as 'Unpublished Price Sensitive Information' as alleged in the SCN?

Part II- Role of Noticee Nos. 1-3

(a) Whether Noticee No. 1 was an 'insider' for UPSI-1 and UPSI-2 as per Regulation 2(1)(g) of PIT Regulations, 2015?

(b) Whether Noticee No. 1 can be said to have communicated the information pertaining to UPSI-1 and UPSI-2 to Noticee Nos. 2 and 3 and thereby violated Regulation 3(1) of the PIT Regulations, 2015? Whether Noticee Nos. 2 and 3 were insiders under Regulation 2(1)(g) of PIT Regulations, 2015?

(c) Whether Noticee Nos. 2 and 3 can be said to have traded in the scrip of ZEEL while in possession of UPSI-1 and UPSI-2?

Part III- Role of Noticee Nos. 4 and 5

(a) Whether Noticee No. 3 can be said to have communicated the information pertaining to UPSI-1 to Noticee No. 4 and subsequently, whether Noticee No. 4 can be said to have communicated the information pertaining to UPSI-1 to Noticee No. 5?

(b) Whether Noticee Nos. 4 and 5 are 'connected persons' under Regulation 2(1)(d)(i) of PIT Regulations, 2015 and 'insider' as per clause (i) and (ii) of Regulation 2(1)(g) of PIT Regulations, 2015?

(c) Whether Noticee Nos. 4 and 5 can be said to have traded in the scrip of ZEEL while in possession of UPSI-1?

Part IV- Role of Noticee Nos. 6-14

(a) Whether Noticee Nos. 6-14 can be alleged to have engaged in 'insider trading' by allowing their trading accounts to be used by Noticee Nos. 2-5?

Part V- Computation of Illegal Gains

(a) Whether the computation of illegal gains as proposed in the SCN must be differed with?

PART I- UNPUBLISHED PRICE SENSITIVE INFORMATION

33. **Whether information pertaining to UPSI-1 (quarterly financial results) can be regarded as 'Unpublished Price Sensitive Information' as alleged in the SCN?**

33.1 The definition of Unpublished Price Sensitive Information as provided under Regulation 2(1)(n) of PIT Regulations, 2015 reads as follows:

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

(i) Financial results;

…….

(iv) Mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;……"

33.2 From the above definition it is observed that the following three ingredients are essential to qualify an information as an Unpublished Price Sensitive Information:

(a) The information must be directly or indirectly related to a company or its securities;

(b) The information must not be generally available; and

(c) The information upon becoming generally available, is likely to materially affect the price of the securities.

33.3 In view of the aforesaid definition and the facts in the present matter, I now proceed to examine whether UPSI-1 are Unpublished Price Sensitive Information.

UPSI-1

33.4 UPSI-1 in the present matter as concluded in the Investigation Report is financial results of ZEEL for the quarter ended June 2020 which were made generally available by way of announcement on the stock exchanges on August 18, 2020 after market hours. The period of UPSI is July 01, 2020 to August 18, 2020. In terms of Regulation 2(1)(n)(i) of PIT Regulations, 2015, financial results are considered to be UPSI and the same has not been disputed by any of the Noticees in the matter. Therefore, I find that information pertaining to financial results for quarter ended June 2020 i.e. UPSI-1 to be Unpublished Price Sensitive Information as defined in Section 2(1)(n) of PIT Regulations, 2015.

33.5 The Noticees have contended that UPSI-1 was negative and that they cannot be alleged to have indulged in insider trading on the basis of UPSI as they had taken long positions in the scrip which was contrary to the nature of UPSI. In order to support their contentions, Noticees have *inter-alia* relied on Sodhi Committee Report and the decision of Hon'ble Supreme Court in the matter of Abhijit Rajan (*supra*). I have considered the submissions of the Noticees that the quarterly results of ZEEL for June 2020 were negative. It is alleged in the SCN that the quarterly financial results for June 2020 were positive as compared to March 2020. However, the Noticees have contended

that the financial results were negative for quarter ended June 2020 on the following grounds:

(a) The results were negative compared to quarter ended June 2019;

(b) The results were negative compared to quarter ended March 2020 (after excluding one-off item);

(c) The results of ZEEL were worse than its competitors and missed the consensus estimates for the said quarter;

(d) The opening price on August 19, 2020 was lower than closing price on August 18, 2020. The rise in price of scrip on August 19, 2020 was due to the decision of Hon'ble High Court of Bombay wherein relief was granted in favour of ZEEL in proceedings initiated by Yes Bank against ZEEL.

33.6 With respect to the aforesaid contentions, I note that the results of a company needs to be viewed in the context of the then prevailing circumstances, particularly the Covid-19 pandemic and its effects thereof on the national and global economy. In such an uncertain scenario, the absence of any specific negative announcements when declaring the company's financial results would have by itself constituted a positive news.

33.7 With respect to the contention of Noticees about comparing quarterly financial results of June 2020 with June 2019, I am of the view that this would be an unequal comparison as there were no negative effects of Covid-19 on the economy for quarter ended June 2019. Consequently, the comparison of results for June 2020 with those of June 2019 will not present a correct picture.

33.8 On the submission of Noticees that the results of quarter ended March 2020 were negative after excluding one-off item, I note that Noticees have relied on the Investor Presentation by ZEEL for quarter of March 2020 wherein it is shown that Profit Before Tax (PBT) was Rs. (-)7997 Million (Rs. 79,970 lakh) and upon excluding exceptional and one-offs, the PBT becomes Rs. 3006 Million (Rs. 30,060 lakh). In this regard, I have examined the Standalone Financial results declared by ZEEL, on the exchanges, for the quarter ended March 2020 wherein the following is mentioned:

Table- 45

Standalone Financial Results

Particulars	**Quarter ended on March 31, 2020 (in Rs. Lakhs)**
1. (Loss) / Profit before exceptional item and taxes	(14,271)
2. Exceptional Items	(11,370)
3. Total tax expense	3993
(Loss) / Profit for the period (1+2+3)	**(29, 574)**

33.9 Upon perusal of the aforesaid Standalone Financial Results, I note that Company has declared an impairment charge of Rs. 11,370 lakhs, towards excess of carrying value of Goodwill allocated to Online Media Business over the recoverable amount, as an Exceptional Item. As mentioned in the Table above, even after excluding the said exceptional item from the loss, the Company still had a loss of Rs. 14,271 lakhs before tax. In order to analyse the performance of a company, I need to look at Financial Results declared by the Company on the Stock Exchanges for public consumption as per the statutory mandate. Therefore, the financial results declared by the company, which are declared on the website of the exchanges, have to be considered to examine the performance of the company and as per the said financial results, the company suffered from a loss of Rs. 14,271 lakhs (Rs. 142.71 crore) before tax even after excluding the exceptional item. Hence, the contention of the Noticees, that the company was in profit after excluding one-off item as per investor presentation, is without merit.

33.10 even if one were to grant the contention of the Noticees about better results of peers as compared to ZEEL, I note that does not take away the fact that there was positive news of increase in ZEEL's own profits, especially considering that ZEEL was able to recover from a loss of Rs. 142.71 crore

before tax (after excluding exceptional item) in the last quarter and make profits even when the effect of Covid-19 was at its peak.

33.11 The noticees have stated that the results were not as per consensus estimates, and have provided Bloomberg screenshots in this regard. Bloomberg and other consensus estimates are put together by polling research analysts and their reports. Since the Noticees had referred to Consensus Estimates to claim that financial results are negative, I have perused several research reports published after the financial results were announced. A summary of such reports is provided below:

Table- 46

Name of the Research Firm	Outlook after results of Q1 was published (18-08-2020)	Target Price	Remarks by the Research Firm
CLSA	Buy (same as before)	255 (same as before)	Improving viewership and governance
Macquarie	Buy (same as before)	250 (same as before)	Buy for a 50% upside
J.P. Morgan	Neutral (upgrade from neutral earlier)	190 (raised from 140)	Turning around? Upgrade to neutral on fading negative catalysts and improving risk reward
Emkay Global	Hold (upgrade from sell earlier)	190 (revised up by 39%)	Consistency and delivery will win back trust, upgraded ZEE IN to Hold with a revised TP of Rs190
Morgan Stanley	Equal Weight (same as before)	150 (revised up from 135)	Earnings affected by COVID-19
Axis Capital	Under Review (same as before)	NA (same as before)	Consistency key to comfort
Citi	Buy (revised from neutral earlier)	240 (raised from 150 earlier)	No New Negative is Positive
ICICI Securities	Buy (upgrade from add earlier)	199 (revised from 168 earlier)	Many investors wish list fulfilled
B&K Securities	Hold (no change from ealier)	200 (same as before)	Improving BS/CF trends stand out in a challenging quarter

Kotak	Reduce (no change from previous)	185 (same as before)	Good start
Motilal Oswal	Neutral (same as before)	190 (revised up by 9%)	Ad revenues hit, but earnings recovery on cards

33.12 A screenshot from Bloomberg Terminal recording the summary of analysts' recommendations is provided below:

33.13 As can also be seen from the aforesaid table 46 and Bloomberg screenshot, all analysts who published reports after the announcement of financial results on August 18, 2020 appeared to take a positive view of the results and had either maintained or increased their outlook on and target price for the ZEEL scrip accordingly. This supports the view that the financial results (UPSI-1) were positive in nature.

33.14 Notwithstanding the above, the best measure of whether an unpublished price sensitive information was positive or not can be gauged from how the market reacted to the announcement. The movement of the price of the scrip in the week prior to the announcement of UPSI-1 is summarized in the table below:

Table- 48

Date	Closing Price	Percentage Change in price
10-Aug-20	151.2	
11-Aug-20	159.75	5.65
12-Aug-20	161.25	0.94
13-Aug-20	162.3	0.65
14-Aug-20	161.2	-0.68
17-Aug-20	170.1	5.52
18-Aug-20	173.95	2.26
19-Aug-20	196.8	13.14

33.15 Pursuant to the announcement of quarterly financial results, the price of the scrip increased on August 19, 2020 by around 13.14%. Noticees' have pointed to the decrease in price upon opening of market on August 19, 2020 and contended that price rise was due to favourable order from the Hon'ble High Court in the matter of Yes Bank. It is observed from the submissions of the Noticees that the information with respect to the Hon'ble High Court's order was first disseminated to public through a tweet at 12:58 PM on August 19, 2020. It is pertinent to mention here that by that time the price of scrip had already increased by 4.28% on August 19, 2020 from its closing price on August 18, 2020, even before the said tweet.

33.16 In fact, as can be seen from Table- 48 above, the price of ZEEL had been on the rise from August 11, 2020 till August 18, 2020, before the financial results were announced. The price of ZEEL had accordingly increased by more than 15% during the said time in comparison with an increase of only around 1% in the Nifty during the same period. It appears that the that market was building expectations on the ZEEL financial results and if the results had been regarded as negative by the market as claimed by the Noticees, there should have been a significantly sharp price correction on August 19, 2020. Instead, echoing the sentiment of the research analysts, there was positive sentiment amongst the investors with respect to the scrip of ZEEL which is reflected in the overall increase in price on August 19, 2020 even till 12:58 pm, before the news of the Hon'ble High Court order became public. The opening price pursuant to the announcement need not be the singular indicator of the

market's reaction to the financial results, particularly given the run up in the price of the scrip before the results, and the overall positive response during the day and specifically till 12:58 PM on August 19, 2020 as discussed above.

33.17 While the Hon'ble High Court's order in Yes Bank matter may well have spurred increase in the price of the scrip post 12:58 pm, it does not take away the impact that the quarterly financial results had on the price on August 19, 2020 till then. Even if the price impact was to be seen in isolation of the order of Hon'ble High Court, the market's reaction as well as the overall analysts' recommendations unambiguously point to UPSI-1 being positive in nature.

33.18 In view of the above, I find that UPSI-1 was clearly positive in nature.

34. **Whether information pertaining to UPSI-2 (launch of ZEEPLEX) can be regarded as 'Unpublished Price Sensitive Information' as alleged in the SCN?**

34.1 UPSI-2 is with respect to launch of ZEEPLEX by the company on September 01, 2020. Even though it is claimed that ZEEL did not consider ZEEPLEX as UPSI, it is observed from SCN that ZEEPLEX was a pay per view service which was a new content consumption medium for consumers and fairly unexplored in India. Further, announcement of the service had an impact on the price of the scrip. Therefore, it was considered as expansion of business in terms of Regulation 2(1)(n)(iv) of PIT Regulations, 2015 and is alleged to be an Unpublished Price Sensitive Information.

34.2 With respect to UPSI-2, Noticees have *inter alia* contended the following:

(a) Launch of Zeeplex was not considered as material information by ZEEL. It was in usual course of business and was an ordinary activity and therefore, not UPSI.

(b) SCN has misinterpreted the decision of Hon'ble Supreme Court in the matter of Abhijit Rajan (*supra*) which was with reference to 'Price Sensitive Information' as defined under Regulation 2(ha) of PIT Regulations, 1992. However, the present matter is with respect to the provisions of PIT

Regulations, 2015. The definition of UPSI and deeming fiction created in the said definition under Regulation 2(ha) is different and therefore, the said judgment of Hon'ble Supreme Court cannot be applied as the two provisions are not identical and have material changes.

(c) ZEEPLEX was not an expansion of business and such expansion has to be material to become UPSI.

(d) Issuance of press release cannot mean that the event is material or price sensitive.

34.3 I note that ZEEL is in the business of broadcasting of satellite television channels, space selling agent for other satellite televisions channels, and sale of media content i.e. programs / film rights / feeds / music rights. ZEEPLEX is a pay per view service which at the time of its launch was completely different from their usual business model. It was launched during the Covid pandemic when it seemed that the theatres would not be opening anytime soon and even if they were to open, occupancies were expected to be low. ZEEL apparently wanted to disrupt the traditional movie distribution by digitally distributing movies and pioneer the proliferation of pay per view / transaction video on demand model in India.

34.4 I note that Regulation 2(1)(n)(iv) of PIT Regulations, 2015 provides an illustrative list of information which is UPSI and refers to 'expansion of business' as one such criteria. In this regard, I have taken note of the decision of Hon'ble Supreme Court in the matter of Abhijit Rajan (*supra*) which *inter alia* examined the definition of 'price sensitive information' as provided under Regulation 2(ha) of PIT Regulations 1992 which stated the following:

> "*2(ha) "price sensitive information" means any information which relates directly or indirectly to a company and which if published is likely to materially affect the price of securities of company.*
>
> *Explanation. —The following shall be deemed to be price sensitive information: (i) periodical financial results of the company;*
>
> *(ii) intended declaration of dividends (both interim and final);*

(iii) issue of securities or buy-back of securities;

(iv) any major expansion plans or execution of new projects.

(v) amalgamation, mergers or takeovers;

(vi) disposal of the whole or substantial part of the undertaking;

(vii) and significant changes in policies, plans or operations of the company."

34.5 The relevant extracts of judgment of Hon'ble Supreme Court are reproduced below:

"25. ……..the main part of Regulation 2(ha) defines "price sensitive information" to mean any information, which relates directly or indirectly to a company and which if published is likely to materially affect the price of securities of a company. The Explanation under Regulation 2(ha) creates a deeming fiction and it makes 7 items of information listed thereunder as price sensitive information.

26. It may be interesting to note that out of the 7 items of information listed under the Explanation, all the others except Item No.(vii) are likely to have an impact directly upon the financial strength of the company. Item No.(vii) stands apart, in that it is very broad and general in nature. While nothing more is required to show that the information listed in Items (i) to (vi) of the Explanation under Regulation 2(ha) is likely to materially affect the price of securities of a company, the same is not the case insofar as the information in Item No.(vii) is concerned. In other words, the likelihood of the price of the securities getting materially affected, is inherent in Items (i) to (vi) namely,

"(i) periodical financial results of the company;

(ii) intended declaration of dividends (both interim and final);

(iii) issue of securities or buyback of securities;

(iv) any major expansion plans or execution of new projects.

(v) amalgamation, mergers or takeovers;

(vi) disposal of the whole or substantial part of the undertaking;"

34.6 The Hon'ble Supreme Court has held that information pertaining to aforesaid six matters has inherent ability to materially affect the price of securities and nothing more is required in this regard. The aforesaid PIT Regulations, 1992 have been replaced by PIT Regulations, 2015 wherein the equivalent of erstwhile Regulation 2(ha) is Regulation 2(1)(n) which is already reproduced above. It is pertinent to mention that under Regulation 2(ha) of PIT Regulations, 1992, information pertaining to 'major expansion plans' of the company qualified as price sensitive information whereas under Regulation 2(1)(n)(iv) of PIT Regulations, 2015 provides that 'expansion of business' is unpublished price sensitive information. While amending the provision to 'expansion of business' from 'major expansion plans', it appears that the legislative intent was to remove any ambiguity which may creep in while deciding what plans relating to the company will be 'major' in order to qualify as price sensitive information. Upon perusal of the said definitions under the erstwhile PIT Regulations, 1992 and the extant PIT Regulations, 2015, I note that there is no material difference between them and the decision of Hon'ble Supreme Court is applicable to PIT Regulations, 2015 as well.

34.7 The purpose of expansion of business is to increase customer base, revenues and profits. Expansion is company's efforts to expand the scope of the market it caters to, by identifying potential areas where business and revenue opportunities remain untapped, etc. In the context of ZEEPLEX, I have perused e-mails exchanged between officials of ZEEL (copy of which was provided to the Noticees also) and note the following:

(a) It was a premium video-on-demand service where one can watch upcoming movies on pay-per-view basis. It was a completely new service which was deemed to be a disruptor in movie distribution space;

(b) ZEEL had taken the initiative in the pay-per view sector where there were not many competitors;

(c) As it was a pay per view service, it was to have a direct impact on the revenues of ZEEL.

(d) ZEEL wanted to disrupt the traditional movie distribution by digitally distributing movies and pioneer the proliferation of pay per view / transaction video on demand model in India.

34.8 In view of the above, it is observed that ZEEPLEX was a new product / service which was launched by ZEEL with the aim of reaching new audiences / customers and thereby increasing its revenues / profits.

34.9 Further, I note that the launch of ZEEPLEX had a material effect on the price of scrip as the price rose by 8.10% on the close of next trading day after announcement as compared to NIFTY movement of 0.56%.

34.10 I also note the following:

(a) The information about launch of ZEEPLEX pertains directly to ZEEL.

(b) There is nothing to show on record that the information was generally available prior to announcement made on September 01, 2020.

(c) The launch of ZEEPLEX was expansion of business and in terms of the decision of Hon'ble Supreme Court in Abhijit Rajan (*supra*), the said information was inherently price sensitive.

34.11 The Noticees have contended that ZEEL did not consider launch of ZEEPLEX as material information and therefore, launch of ZEEPLEX cannot be regarded as unpublished price sensitive information. I note that for an information to be unpublished price sensitive information, it has to satisfy the criteria provided under Regulation 2(1)(n) of PIT Regulations, 2015. The said criteria does not provide that an information will be considered as UPSI only upon declaration of the same by the company. The contention of Noticees is fraught with mischief and risk to the market and investors as it goes beyond the legislative intent of the PIT Regulations and places discretion in the hands of the company to identify an information as price sensitive even when the criteria under Regulation 2(1)(n) is otherwise satisfied. Therefore, the contention of the Noticees, that SEBI cannot regard the information as UPSI unless the listed company has declared it as such, is without merit.

34.12 The Noticees' have contended that issuance of press release does not necessarily mean that the said event is material or price sensitive and it is not unusual for a company like ZEEL to issue press releases for publicity and advertisement. The Noticees have enclosed a list of press releases issued by ZEEL on multiple issues. I have perused the press releases enclosed by Noticees and observe that the events mentioned in the said press releases are varied and among others, relate to ZEEL's merger with Sony Pictures, corporate information, appointments in ZEEL, etc. A press release is usually carried out to publicise an event considered significant by the company. Press releases may also relate to company's information pertaining to awards received by it, its activities pertaining to Corporate Social Responsibility, etc. which may not necessarily constitute price sensitive information. In the list of press releases provided by the Noticees, it is also observed that certain price sensitive information had been communicated through press release as well. For instance, ZEEL had, for instance, issued a press release announcing their agreements for merger with Sony Pictures Networks India which was a price sensitive information. Therefore, information provided through press releases needs to be assessed to determine whether the information is price sensitive or not.

34.13 In view of the above, I am of the view that the launch of ZEEPLEX satisfies all the requirements essential to qualify as Unpublished Price Sensitive Information in terms of Regulation 2(1)(n) of PIT Regulations, 2015.

PART II- ROLE OF NOTICEE NOS. 1-3

35. Before examining the Noticees' role, I will examine the contention of Noticees wherein they have relied on the decision of Hon'ble Supreme Court of India in the matter of Balram Garg (*supra*) to contend that there should be cogent evidence such as e-mails, letters, etc. to prove alleged communication of UPSI from Noticee No. 1 to Noticee No. 2 and 3. The relevant extracts of said decision, cited by Noticees, are reproduced below:

"32. Moreover, we find merit in the submission of the counsel for the appellants in C.A. No.7590 of 2021 that even assuming that the said family arrangements did not result in complete estrangement of social relations

between the parties, the SAT could not, by virtue of this very fact, discharge SEBI of the onus of proof placed on them to prove that the Appellants were in possession of UPSI. In our opinion, the approach adopted by the SAT turns the SEBI Act on its head as it places the burden of proving that there was a complete breakdown of ties between the parties on the Appellants in C.A. No.7590 of 2021 while conveniently ignoring the fact that the onus was actually on SEBI to prove that the appellants were in possession of or having access to UPSI. The legislative note to Regulation 2(1)(g) makes the above position of law explicitly clear.

"... The onus of showing that a certain person was in possession of or had access to unpublished price sensitive information at the time of trading would, therefore, be on the person leveling the charge after which the person who has traded when in possession of or having access to unpublished price sensitive information may demonstrate that he was not in such possession or that he has not traded or he could not access or that his trading when in possession of such information was squarely covered by the exonerating circumstances."

…

"40. We are also of the opinion that in the absence of any material available on record to show frequent communication between the parties, there could not have been a presumption of communication of UPSI by the appellant Balram Garg. The trading pattern of the appellants in C.A. No.7590 of 2021 cannot be the circumstantial evidence to prove the communication of UPSI by the appellant Balram Garg to the other appellants in C.A. No.7590 of 2021. It would also be pertinent to note here that Regulation 3 of the PIT Regulations, which deals with communication of UPSI, does not create a deeming fiction in law. Hence, it is only through producing cogent materials (letters, emails, witnesses etc.) that the said communication of UPSI could be proved and not by deeming the communication to have happened owing to the alleged proximity between the parties. ***(Emphasis Supplied)***"

36. In the matter of Balram Garg (*supra*), the Hon'ble Court observed that the communication was presumed between entities on the basis of their relationship and in absence of any material available on record to show frequent communication between the parties, there could not have been a presumption of communication of UPSI. The Hon'ble Supreme Court held that communication cannot be deemed to have happened owing to the alleged proximity between the parties.

37. In the matter of Balram Garg (*supra*), the Hon'ble Court observed that foundational facts were not proved which could raise the alleged presumption. However, the Hon'ble Court does not differ on the nature of evidence (direct or circumstantial) required to prove a particular fact and only holds that there should be some foundational facts to draw an inference. The aforesaid decision is central to determining the role of Noticees particularly in the context of the allegation of them being insiders under Regulation 2(1)(g) of PIT Regulations, 2015.

38. **Whether Noticee No. 1 is an insider for UPSI-1 and UPSI-2 as per Regulation 2(1)(g) of PIT Regulations, 2015?**

38.1 Noticee No. 1 is alleged to be an insider in terms of Regulations 2(1)(g)(ii) and 2(1)(g)(i) of PIT Regulations, 2015 for UPSI-1 and UPSI-2 respectively. Further, he is alleged to have passed on UPSI to his friends who traded in the scrip of ZEEL and therefore, he is alleged to have violated Regulation 3(1) of PIT Regulations, 2015. He is alleged to have known about UPSI during UPSI-1 on account of the role he played in the company and his knowledge of UPSI during UPSI-2 is alleged based on his communication with certain officials of ZEEL. Two Officials namely Parag Darade and Akshay Kejriwal have specifically made the statements before the Investigating Authority of SEBI regarding such communication with Noticee No. 1.

38.2 Noticee No. 1 was employed with ZEEL as Head-Financial Planning & Analysis, Strategy and Investor Relations during UPSI-1 and UPSI-2 periods and vide his reply dated January 20, 2023, he has admitted to having information of UPSI-1 prior to its announcement, thereby, rendering him an 'insider' with respect to UPSI-1.

38.3 With respect to UPSI-2, Noticee has contended that he was not aware of the information pertaining to ZEEPLEX and by virtue of his role in the company, he was not required to be made aware of the launch. Further, he has contended that his name was not on the list of 11 individuals provided by the company who were aware of the launch of ZEEPLEX. With respect to the statement of Parag Darade, Noticee No. 1 has submitted that Mr. Darade became aware of the launch of ZEEPLEX by an e-mail which was received 20 minutes after their call on August 20, 2020.

38.4 I note that there is no written communication between entities aware of ZEEPLEX launch and Noticee No. 1. However, it is observed from Call Data Records (CDRs) that during the UPSI period, he was in constant touch with six employees of ZEEL (Atul Das, Parag Darade, Shariq Patel, Nilesh Deorah, Nirav Naik and Akshay Kejriwal) who were aware of the launch of ZEEPLEX.

38.5 In the present matter, it is established from CDR that Noticee No. 1 was in constant touch with people who were aware of the launch of ZEEPLEX. Further, Mr. Parag Darade has given a statement to SEBI that he had to communicate to Noticee No. 1 regarding launch of ZEEPLEX so as to communicate a clear picture to investors. With respect to Noticee No. 1's contention about e-mail received by Mr. Darade, it is observed that Mr. Darade was one of the individuals who had access to information of ZEEPLEX during the UPSI period. The allegation in the SCN is not that the UPSI was communicated to Noticee No. 1 on August 20, 2020 by Parag Darade but that Noticee No. 1 was in communication with the persons who were aware of the launch of ZEEPLEX. Further, Mr. Akshay Kejriwal (Executive Assistant-MD's Office) had also stated that he may have discussed ZEEPLEX with Noticee No. 1. In this context, Noticee No. 1 has contended that he was not aware of the launch of ZEEPLEX, the said information was not Unpublished Price Sensitive Information as per ZEEL and that ZEEL had provided a list of individuals who were aware of launch of ZEEPLEX wherein his name was not mentioned. On the issue of Mr. Parag Darade's statement, Noticee No. 1 submitted that the e-mail received by Mr. Darade, wherein he was informed about launch of ZEEPLEX on August 20, 2020, was 20 minutes after the phone call between Noticee No. 1 and Mr. Darade. I note that the charge against Bijal

Shah does not refer to any specific communication whereby Noticee No. 1 Bijal Shah was made aware of UPSI-2. Rather, considering his senior positon in ZEEL and the frequency of his calls with his colleagues (as mentioned in Table-5 above) who were admittedly aware about UPSI-2, there is a high degree of probability of Noticee having had access to this Unpublished Price Sensitive Information. Therefore, in view of the above, in terms of the decision of Hon'ble Supreme Court in the matter of Balram Garg (*supra*), I find that Noticee No. 1 is a connected person and hence, an insider in terms of Regulation 2(1)(g) of PIT Regulations, 2015 in the context of UPSI-2.

39. **Whether Noticee No. 1 can be said to have communicated the information pertaining to UPSI-1 and UPSI-2 to Noticee Nos. 2 and 3 and thereby violated Regulation 3(1) of the PIT Regulations, 2015? Whether Noticee Nos. 2 and 3 were insiders under Regulation 2(1)(g) of PIT Regulations, 2015?**

39.1 Noticee Nos. 2 and 3 are alleged to be connected persons in terms of Regulation 2(1)(d)(i) of PIT Regulations, 2015 and insider as per Regulation 2(1)(g)(i) of PIT Regulations, 2015. Noticees have contended that for a person to be connected person, his contact or association with the Company or its officers has to be when the communication is in discharge of such officer's duty towards the company. In support of their contention, Noticees have cited the following orders of WTMs of SEBI:

(a) Order dated August 27, 2021 in the matter of Zee Entertainment Enterprises Limited- For a connected person, two parameters must be satisfied i.e. person must be directly or indirectly associated with a company in any capacity and person must have direct or indirect access to UPSI or is reasonably expected to have access to UPSI.

(b) Order dated May 11, 2021 in the matter of PC Jewellers Limited wherein it was held that as per Regulation 2(1)(d)(i), the association by virtue of frequent communication with officer of the company must be arising in discharge of his duty towards the company.

39.2 Relying on the above decisions, Noticees have contended that in order to prove that they are connected persons, it must be demonstrated that they were associated with ZEEL or that Bijal Shah had any communication with

Noticees in discharge of his duties. However, the SCN does not make any such allegation.

39.3 Upon perusal of the facts stated in Investigation Report and SCN, I have examined the 4 sets of evidence against the Noticee Nos. 1, 2 and 3 stated therein to determine whether the Noticee Nos. 2 and 3 were insiders as per Regulation 2(1)(g) of PIT Regulations. These are discussed below:

(a) Regularity in phone calls
(b) Timing of phone calls
(c) Nature of Conversations
(d) Fund transaction relating to investment.

Regularity in Phone Calls, Timing of Phone Calls and Nature of Conversations

39.4 Based on CDRs, the following table provides details of calls exchanged between Noticee Nos. 1-3 during August-September, 2020. Importantly, the calls made immediately prior to or around the dates when the Noticees had placed significant buy transactions in the context of UPSI-1 and UPSI-2 are highlighted in the table below:

Table- 49

Calling Name	**Called Name**	**Date**	**Time**	**Duration (in seconds)**
Bijal	Jatin	03/08/2020	08:47:08	48
Gopal	Bijal	03/08/2020	10:52:26	86
Gopal	Jatin	03/08/2020	10:58:25	24
Bijal	Jatin	03/08/2020	12:49:21	515
Bijal	Jatin	03/08/2020	12:57:56	65
Bijal	Jatin	03/08/2020	12:59:01	28
Bijal	Jatin	04/08/2020	19:27:19	6
Bijal	Jatin	04/08/2020	19:27:25	158
Jatin	Gopal	04/08/2020	19:28:06	116
Bijal	Jatin	04/08/2020	19:30:03	822
Gopal	Bijal	05/08/2020	09:55:32	431

Gopal	Jatin	05/08/2020	15:19:49	326
Gopal	Jatin	09/08/2020	19:00:56	12
Bijal	Gopal	10/08/2020	09:45:30	394
Bijal	Jatin	10/08/2020	12:53:35	303
Bijal	Gopal	10/08/2020	13:37:23	4
Bijal	Gopal	10/08/2020	13:40:46	171
Gopal	Jatin	10/08/2020	19:51:56	31
Bijal	Gopal	11/08/2020	11:00:03	1
Bijal	Jatin	11/08/2020	11:05:57	104
Jatin	Gopal	11/08/2020	11:07:37	40
Gopal	Jatin	11/08/2020	12:47:57	536
Bijal	Jatin	12/08/2020	08:42:58	53
Bijal	Jatin	12/08/2020	08:43:51	501
Gopal	Bijal	12/08/2020	09:58:26	14
Gopal	Jatin	12/08/2020	14:48:20	300
Jatin	Gopal	14/08/2020	14:21:25	1184
Jatin	Gopal	14/08/2020	14:41:09	89
Bijal	Gopal	14/08/2020	17:14:10	0
Gopal	Bijal	16/08/2020	10:50:20	181
Gopal	Jatin	16/08/2020	11:22:31	94
Gopal	Jatin	16/08/2020	11:24:05	188
Gopal	Jatin	16/08/2020	11:27:13	55
Gopal	Jatin	16/08/2020	11:28:08	528
Gopal	Jatin	17/08/2020	13:24:06	15
Gopal	Jatin	17/08/2020	13:24:21	63
Gopal	Jatin	17/08/2020	13:25:23	5
Gopal	Jatin	17/08/2020	13:25:28	206
Gopal	Jatin	17/08/2020	13:28:54	196
Gopal	Jatin	17/08/2020	13:32:10	175
Bijal	Gopal	18/08/2020	21:57:55	280
Gopal	Jatin	20/08/2020	09:45:21	92
Gopal	Jatin	20/08/2020	13:22:13	789

Bijal	Gopal	20/08/2020	21:13:17	171
Bijal	Gopal	21/08/2020	12:08:37	339
Gopal	Jatin	21/08/2020	14:31:53	495
Gopal	Jatin	21/08/2020	14:42:03	696
Gopal	Jatin	21/08/2020	15:45:19	173
Bijal	Gopal	21/08/2020	18:05:13	344
Gopal	Bijal	22/08/2020	11:08:36	46
Bijal	Gopal	22/08/2020	19:59:29	54
Bijal	Gopal	22/08/2020	20:43:07	37
Gopal	Bijal	22/08/2020	20:48:46	31
Bijal	Gopal	24/08/2020	12:42:50	375
Gopal	Bijal	24/08/2020	13:37:21	56
Gopal	Bijal	24/08/2020	13:40:12	96
Gopal	Bijal	25/08/2020	12:53:49	13
Gopal	Jatin	26/08/2020	10:47:39	50
Gopal	Jatin	26/08/2020	10:48:29	32
Gopal	Jatin	26/08/2020	15:01:10	131
Gopal	Bijal	26/08/2020	20:36:36	31
Bijal	Gopal	27/08/2020	13:39:49	0
Bijal	Gopal	27/08/2020	19:17:02	419
Gopal	Bijal	27/08/2020	19:24:36	543
Bijal	Gopal	28/08/2020	13:04:30	168
Bijal	Gopal	28/08/2020	17:48:09	172
Bijal	Gopal	29/08/2020	09:55:41	426
Bijal	Gopal	29/08/2020	10:03:58	59
Bijal	Gopal	31/08/2020	11:47:02	50
Jatin	Bijal	01/09/2020	11:10:25	38
Jatin	Bijal	01/09/2020	11:11:03	426
Jatin	Bijal	01/09/2020	11:29:21	191
Gopal	Jatin	01/09/2020	12:11:08	126
Bijal	Jatin	01/09/2020	12:14:10	177
Bijal	Gopal	01/09/2020	13:55:19	0

Gopal	Bijal	01/09/2020	13:55:41	14
Bijal	Gopal	01/09/2020	13:58:44	62
Gopal	Bijal	01/09/2020	18:00:27	33
Bijal	Gopal	01/09/2020	18:28:16	1092

39.5 As can be seen from the Table above, Noticees 1, 2 and 3 were in constant communication with each other throughout the months of August and September, 2020, specifically there were a total of 36 calls for a cumulative duration of 6924 seconds on the dates on which transactions were executed by Noticees 2 and 3 in the scrip of ZEEL.

39.6 The Noticees have argued in their written and oral submissions that frequent communication between them during UPSI-1 and UPSI-2 should not be viewed as being abnormal. They claim to have known each other for several years either from their higher education days or having worked together as colleagues. They have also claimed that the average number of calls for the last many years between them have remained constant. Being good friends, they have admitted to speak regularly. During the investigation, in the statements recorded before the Investigating Officer, Noticee No.2 (Mr. Gopal Ritolia) had submitted that he and Bijal (Noticee No. 1) called each other frequently and discuss *'family matters, kids education, politics and philosophy of physics and also discussed stock market'*. Mr. Gopal also submitted that he and Mr. Jatin also called *'each other frequently and exchanged stock market ideas'*.

Fund Transaction relating to investment

39.7 As mentioned in the preceding paragraphs, there were fund transactions between Noticee No. 6 (mother of Noticee No. 2) and Noticee No. 1 which are described below:

Table- 50

S. No.	**Amount Transferred**	**Date**	**From**	**To**
1.	Rs. 3,10,00,000	July 15, 2021	Noticee No. 6	Noticee No. 1
2.	Rs. 3,10,00,000	July 29, 2021	Noticee No. 1	Noticee No. 6
3.	Rs. 2,00,00,000	August 12, 2021	Noticee No. 1	Noticee No. 6
4.	Rs. 2,00,00,000	August 26, 2021	Noticee No. 6	Noticee No. 1

39.8 For the aforesaid transactions, Noticee No. 1 admitted in his statement that he had borrowed the money in July from Noticee No. 6 (mother of Noticee No. 2) for investment in Zomato IPO. Further, Noticee No. 2 admitted that he had borrowed the money in August from Noticee No. 1 for investment in Chemplast IPO.

39.9 Similarly, there were fund transactions between mother of Noticee No. 1, Noticee No. 3 and Noticee No. 7 (mother of Noticee No. 3) which are described below:

Table- 51

S. No.	Amount Transferred	Date	From	To
1.	Rs. 1000	March 23, 2020	Mother of Noticee No. 1	Noticee No. 7
2.	Rs. 10,00,000	March 23, 2020	Mother of Noticee No. 1	Noticee No. 7

3.	Rs. 5,00,000	March 25, 2020	Noticee No. 3	Mother of Noticee No. 1
4.	Rs. 5,00,000	March 25, 2020	Noticee No. 3	Mother of Noticee No. 1
5.	Rs. 5,00,000	May 04, 2020	Noticee No. 7	Mother of Noticee No. 1
6.	Rs. 5,00,000	May 05, 2020	Noticee No. 7	Mother of Noticee No. 1
7.	Rs. 50,000	May 07, 2020	Mother of Noticee No. 1	Noticee No. 3
8.	Rs. 5,00,000	May 13, 2020	Mother of Noticee No. 1	Noticee No. 3
9.	Rs. 4,50,000	May 15, 2020	Mother of Noticee No. 1	Noticee No. 3

39.10 For the aforesaid fund transfers, Noticee No. 3 has admitted that the money was borrowed by him from Noticee No. 1 in March 2020 to meet the margin shortfall suffered by him on account of sharp fall in the market and the same was adjusted by the subsequent transactions.

39.11 Connected person was defined under Regulation 2(c) of erstwhile PIT Regulations, 1992 as follows:

"2(c) "connected person" means any person who—

(i) is a director, as defined in clause (13) of section 2 of the Companies Act, 1956 (1 of 1956), of a company, or is deemed to be a director of that company by virtue of sub-clause (10) of section 307 of that Act or

(ii) occupies the position as an officer or an employee of the company or holds a position involving a professional or business relationship between himself and the company whether temporary or permanent and who may reasonably be

expected to have an access to unpublished price sensitive information in relation to that company:

Explanation:—For the purpose of clause (c), the words "connected person" shall mean any person who is a connected person six months prior to an act of insider trading;"

39.12 As per the aforesaid definition, 'connected person' was a person holding a position in the company or having professional relationship with the company where he was reasonably expected to have an access to UPSI. This definition strictly limited the connected person criteria only to those having professional relationship with the company and no other person was covered within this definition.

39.13 Regarding the scope of 'connected person', the Sodhi Committee Report made the following observations:

"18. The Committee was conscious that merely because a person does not hold any official position with a listed company but is otherwise completely involved with its operations and is an insider to decision-making should not escape the scope and reach of the definition. Consequently, it was felt that even those persons who are in frequent communication with the officers of the company would also be connected persons. This would necessarily be a question of fact and when evidence is brought to bear to demonstrate such close contact, it should not be required to shut one's eyes to his being an insider, and have to look for a smoking gun i.e. demonstrate an actual communication of UPSI.

19. Whether or not a person is a connected person will always and necessarily be a mixed question of fact and law to be answered from the facts and circumstances of the case. Whether the association of a person with a company would put him in a position of accessing UPSI would also be a mixed question of fact and law. The Committee was conscious that if it were not possible to have direct evidence of actual access to UPSI, the test to be applied would be to consider whether the person in question is reasonably expected to have such access as a reasonable inference that a reasonable man would draw from the facts and circumstances of the case."

39.14 The Sodhi Committee Report appears to emphasise that the frequent communication with the company directly or indirectly must allow such person access to unpublished price sensitive information relating to the company in order for such person to be regarded as connected person to the company.

39.15 Pursuant to the Sodhi Committee Report, the PIT Regulations, 1992 were repealed and PIT Regulations, 2015 were enacted. The definition of 'Connected Person' is provided under Regulation 2(1)(d)(i) of PIT Regulations, 2015 and relevant extracts of the same are reproduced below:

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

.....

NOTE: It is intended that a connected person is one who has a connection with the company that is expected to put him in possession of unpublished price sensitive information. Immediate relatives and other categories of persons specified above are also presumed to be connected persons but such a presumption is a deeming legal fiction and is rebuttable. This definition is also intended to bring into its ambit persons who may not seemingly occupy any position in a company but are in regular touch with the company and its officers and are involved in the know of the company's operations. It is intended to bring within its ambit those who would have access to or could access unpublished price sensitive information about any company or class of companies by virtue of any connection that would put them in possession of unpublished price sensitive information." ***(Emphasis Supplied)***

39.16 From the aforesaid definition, what is required in order to determine that a person can be regarded as a connected person is as follows:

(i) It requires demonstration of a person having direct or indirect association with the company;

(ii) This direct or indirect association can be through any manner including those listed in the said definition including by reason of frequent communication with its officers;

(iii) This direct or indirect association must allow or is reasonably expected to allow such person access to unpublished price sensitive information.

39.17 The words 'indirect association' with a company suggests that the association can be through officials of the company as well. An indicative manner through which persons may be directly or indirectly associated with the company is provided in the aforesaid definition, namely- frequent communication with its officers, being director / officer of company, contractual / fiduciary relationship, etc. The most important aspect of this definition is that the direct or indirect association is of such nature that it could be reasonably inferred that the person would have access to unpublished price sensitive information of the company. As has already been elaborated above, there are four set of evidences that cumulatively lead me to the necessary inference that Noticee Nos. 2 and 3 had access to UPSI-1 and UPSI-2 by virtue of their indirect association with ZEEL through Noticee No. 1 who was a senior official of ZEEL.

39.18 The Noticees have relied on SEBI's order dated August 27, 2021 to contend that in order to be a connected person, he must be associated with the company in any capacity. I note that para 34.1 of the said order merely states that person must be 'directly or indirectly associated with a company'. As I have noted above in para 39.15, the indirect association with a company can be said to exist by way of such person's frequent communication with the officers' of the company as well. In the PC Jewellers case (SEBI Order dated May 11, 2021), the facts therein did not bear out any communication between the Noticees and the company's directors / management though they were relatives of the Chairman and Managing Director of the Company. Though, there is a finding that communication must be in discharge of official duties, the absence of any evidence of communication appears to have been the

determining factor for SEBI to hold that the entities who allegedly engaged in insider trading could not be regarded as connected persons. The said order has given an interpretation of 'connected persons' only in the context of 'frequent communication'. However, as already elaborated above, the factual matrix therein materially differs from the facts and circumstances in this case.

39.19 I have examined the contentions of the Noticees along with statements made by them before the Investigating Authority as well as the details of phone calls and fund transfers between the Noticees described in more detail above.

39.20 I note that Mr. Bijal Shah, Noticee No. 1, having been in a senior position in ZEEL and dealing with financial planning and investor relations is expected to have been aware of the ethical and professional necessity of avoiding communication with other persons who are known to be operating in the securities market particularly when announcement of financial results was impending (UPSI-1). In the facts of this case, aside from frequency in communication between Noticee Nos. 1-3, from the statements made by Noticee No. 2, as mentioned earlier, it is clear that these conversations also included discussions on transactions in securities. Further, as noted earlier, funds have been transacted between the Noticees, admittedly for the purpose of making investments or meeting margin obligations.

39.21 In insider trading cases of this nature, direct evidence of actual communication of specific UPSI would be nearly impossible to obtain. Noticee Nos. 1-3 have repeatedly contended that they were close friends and were in regular communication with each other not just during UPSI-1 and 2 but for several years earlier as well. I am of the view that this contention does not sufficiently shield the Noticees from the allegations made in the Show Cause Notice. Rather, this level of frequency in communication between persons who were actively involved in the affairs of the securities market-whether as traders or as senior officials of listed company, only strengthens the presumption that there were conversations between them that involved the scrip of ZEEL as well. Further, considering- the timing of communication (*in and around the time when suspicious trades involving significant risk were executed*) and, the fund transactions carried out between the Noticees on a regular basis in the context

of transactions in securities, the necessary inference would be that that content of conversations between Noticee Nos. 1-3 included discussions about the performance and outlook of ZEEL.

39.22 In accordance with Regulation 4(2) of the PIT Regulations, 2015, the burden of proving that connected persons were not in possession of unpublished price sensitive information is on the said connected persons. In the instant case, I find that Noticee Nos. 2 and 3 have not been able to discharge this burden of proof.

39.23 Therefore, based on the facts and circumstances narrated above, the preponderance of probability is that Noticee No. 1 had communicated UPSI to Noticee Nos. 2 and 3 and that Noticee Nos. 2 and 3 had access to or were in possession of UPSIs. Therefore, I find that –

(i) Noticee No. 1 is liable for having violated Regulation 3(1) of PIT Regulations, 2015; and

(ii) Noticee Nos. 2 and 3 are 'connected persons' in terms of Regulation 2(1)(d)(i) of PIT Regulations, 2015 and consequently, 'insiders' as per Regulation 2(1)(g) of PIT Regulations, 2015.

40. **Whether Noticee Nos. 2 and 3 can be said to have traded in the scrip of ZEEL while in possession of UPSI-1 and UPSI-2?**

40.1 The Noticee Nos. 2 and 3 are alleged to have traded in the scrip of ZEEL while in possession and on the basis of UPSIs and thereby, alleged to have violated Regulation 4(1) of PIT Regulations, 2015 which prohibits an insider from trading when in possession of UPSI. The trades done by Noticee Nos. 2 and 3 were executed from the trading accounts of Noticee Nos. 6 and 7 (*mothers' of Noticee Nos. 2 and 3 respectively*)

40.2 With respect to trading pattern of Noticees, the SCN recorded the following important observations based on the conclusions of the Investigation Report:

i. There was a sudden upsurge in the volume of trading among the Noticee Nos. 2 and 3 in the scrip of ZEEL during UPSI periods with increased

concentration of trading during UPSI periods as compared to proportion of trading seen during pre-UPSI periods.

ii. There was similarity in the trading pattern of the Noticees as they took directional position of purchase during UPSI periods immediately prior to the UPSIs becoming public and squared off / sold after the UPSIs were made public.

40.3 On the basis of their trading pattern, timing of trades, their discussions with each other on investments and commonality of their trading, Noticee No. 2 and 3 are alleged to have traded on the basis of UPSIs and earned profit to the tune of Rs. 7,51,99,771.80 and Rs. 2,09,77,685 respectively.

40.4 The Noticee Nos. 2 and 3 accepted commonality of trading pattern and that they had discussions with each other with respect to the impugned trades in the scrip of ZEEL. Noticees have contended that they had a bullish view on the scrip of ZEEL as they were of the view that advertising revenues of ZEEL would increase with recovery of consumer companies. In comparison with TV18's recovery of 154% from the Covid low of March 23, 2020, ZEEL had recovered only 24% during the said period which presented a potential profit with limited risk and ZEEL's price had started increasing from August 03, 2020. The Noticees contended that their trades were in line with regular trading strategy and concentration and relied on another order of SEBI in Zee Entertainment Enterprises Limited (Order dated August 27, 2021) to contend that gross buy value, duration of holding scrips and buy in bulk / staggered approach are the parameters to determine whether Noticee is trading in line with other trades.

40.5 In addition to the above, Noticee No. 2 contended that running a concentrated portfolio along with large size is a feature of his trading strategy for a long time.

40.6 Noticee No. 3 also contended that more than 75% of his trade concentration for the last 15 years has been in Auto, Media, Consumer and Telecom sectors. Noticee trades with a similar concentration in a sector where they have a strong directional view and have always traded based on directional views around sectoral trends. Further, Noticee has contended that

there is no proof of communication between him and Bijal Shah between August 20, 2020 and September 01, 2020 (UPSI-2 period). He also contended that he was net seller during UPSI-2 as he did not create any new position and it is only a rollover of his positions from August, 2020.

40.7 Upon perusal of the submissions of the Noticees and the material available on record, I note the following:

i. As mentioned at Table- 4 above, the UPSI periods overlap each other and the positions taken by the Noticees also overlap the two UPSI periods.

ii. In order to understand the pattern of trading, the interim order used Delta analysis to evaluate the directional view (bullish or bearish) of the Noticees. A trader may try to camouflage his directional view by taking some positions contrary to his directional view while overall his net positions show a clear directional view. Thus, it was observed in the interim order that when an insider runs a high Delta, [either (+) or (-)] it shows that he is very confident about his view.

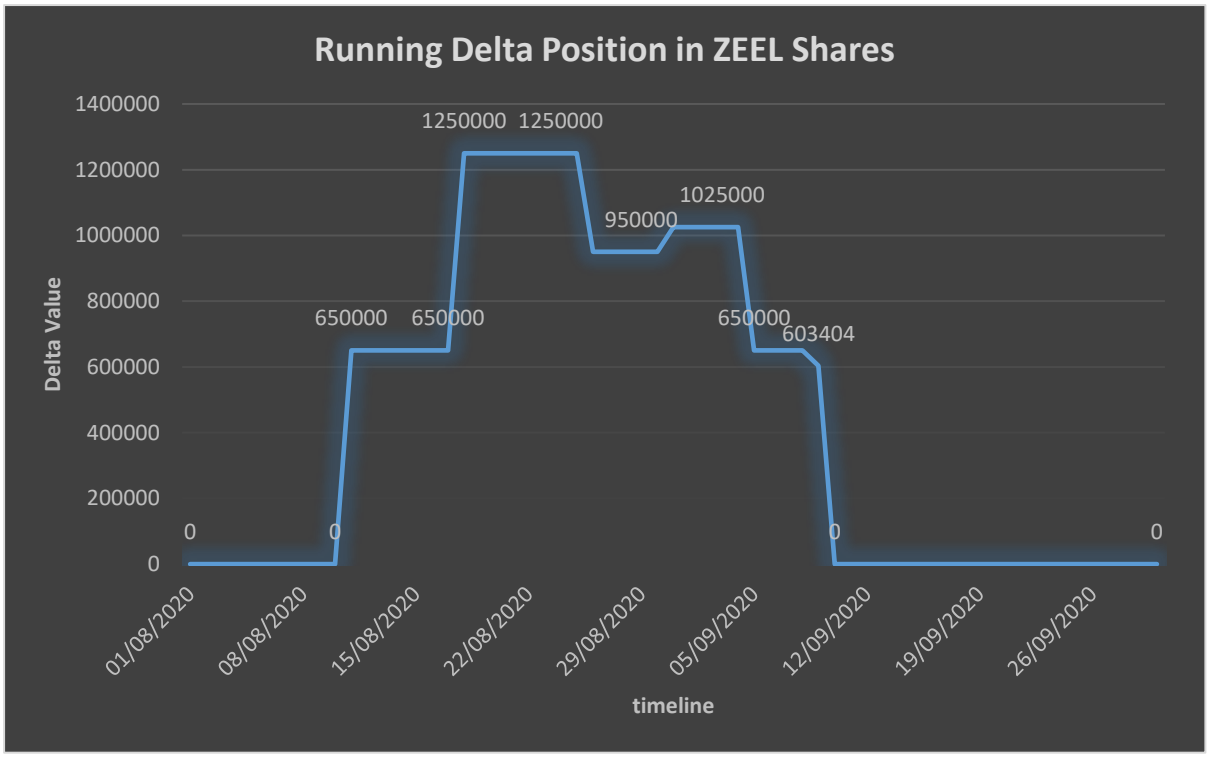
iii. On the issue of trades in ZEEL before and after UPSI period, it is pertinent to note that it is not alleged that they never traded in the scrips of ZEEL. What has been alleged is that there was a substantial jump in the trading activity and risk concentration into ZEEL of the Noticees just prior to the announcement of UPSI as compared to previous months and the Noticees gradually decreased their position and risk in the scrip of ZEEL subsequent to the publication of UPSI.

Noticee No. 2's Trading Pattern

40.8 Noticee No. 2 (through the trading account of Noticee No.6)- As mentioned at Tables 9 and 11 in preceding paragraphs of this Order, Noticee took significant long positions of 12,50,000 shares in the scrip of ZEEL in cash and derivative segment just prior to announcement on August 18, 2020 which signified his bullish view in the scrip of ZEEL that its price would go up. Similarly, as mentioned at Table- 13 in preceding paragraphs of this Order, before the announcement of UPSI-2 on September 01, 2020, Noticee took significant long positions of 3,75,000 shares in the scrip of ZEEL in derivative

segment on August 27, 2020 and August 31, 2020 just prior to the announcement, again signifying his strong bullish view in the scrip. The trend of Delta position for the trades executed from the trading account of Noticee No. 6 in the scrip of ZEEL during the period of August 2020-September 2020 (*as discussed in the Interim* Order) is as under:

Figure- 1



40.9 It can be seen from the figure above that Delta position in the scrip of ZEEL started increasing from August 11, 2020 and reached a maximum at Rs. 12,50,000 on August 18, 2020 (i.e. just before announcement of UPSI-1). This implied that for every Re 1 increase in the price of ZEEL share, Noticee would make a profit of Rs. 12,50,000 and showed a strong directional view of the Noticee that the price of the scrip would go up. Post announcement of financial results and announcement of UPSI- 2, Noticee No. 2 has drastically reduced the overall delta position in ZEEL on September 10, 2020, by offsetting the long positions in Futures contracts and / or selling shares in the cash segment of ZEEL.

40.10 As seen at Annexure-A to this Order with respect to the trading pattern of Noticee No. 6 in the scrip of ZEEL since July 2017 in both cash (71.18% in

Gross Traded Value) and derivative segments (19.96% in Gross Traded Value in absolute value of trades), Noticee had highest concentration in ZEEL in second quarter of 2020-21.

40.11 I have noted from the SCN, the Tables and Annexure-A mentioned above that before UPSI-1 period, Noticee had not invested in the scrip of ZEEL for the last three years in cash segment. However, on August 11, 2020, he purchased 6,50,000 shares of ZEEL having a buy value of Rs. 10.11 crore (approx.) which was 81.50% of his buy value during the UPSI-1 period. Further, it is observed that he had sold these shares in September 2020 thereby earning a profit of Rs. 4.51 crore (approx.).

40.12 In the derivative segment, I note that Noticee also took significant long positions in the scrip of ZEEL on August 18, 2020 before the announcement of UPSI-1 by the company wherein the buy value was Rs. 10 crore (approx.) and squared off these positions within 10 days, thereby earning a profit of Rs. 2.46 crore (approx.). It is noted that pre-UPSI-1 period, Noticee had a buy value of 0.20% in ZEEL compared to his overall trading whereas during the UPSI-1 period, his buy value in ZEEL was 15.92% in comparison with his overall trading during the same period. Further, as per the trading data for last 3 years, I note that Noticee had a buy value of 19.79% during quarter ended September 2020 which was highest in value as well as percentage than his trades in ZEEL in the previous quarters of last three years.

40.13 Upon perusal of the CDRs (details provided at Table- 49 above), it is observed that Noticee No. 2 had calls with Noticee No. 1 on August 10, 2020 and on August 11, 2020, he purchased shares of ZEEL in cash segment during UPSI-1 period. Further, as per CDRs. he had calls with Noticee No. 1 and Noticee No. 3 before taking long positions on August 18, 2020.

40.14 During the UPSI-2 period, I have noted from SCN that Noticee had a buy value of Rs. 7.87 crore (approx.) on August 27, 2020 and August 31, 2020 i.e. before announcement of UPSI-2 and these were all squared off by Noticee on September 07, 2020 (after announcement of UPSI-2), thereby earning a profit of Rs. 53.78 lakh (approx.). Upon perusal of the CDRs of Noticee (details provided at Table- 49 above), it is observed that he was in constant touch with

Noticee Nos. 1 and 3 before placing trades in ZEEL on August 27 and August 31, 2020.

40.15 With respect to Noticee's contentions recorded in para 40.4 and 40.5, I observe the following:

(a) Noticee had taken positions in the scrip of ZEEL from August 11, 2020 even though the information allegedly analysed by Noticee for investment in ZEEL was already in public domain and if the Noticee was bullish in the scrip of ZEEL he could have taken these positions in the scrip much earlier than August 11, 2020 when the prices were low.

(b) As per Investigation Report, Noticee No. 1 first became aware of the draft consolidated PL on August 08, 2020 and the announcement by ZEEL, about declaring financial results in meeting dated August 18, 2020, was made on August 10, 2020. Further, he was in constant touch with Noticee Nos. 1 and 3 after August 10, 2020 and before placing trades during UPSI-1.

(c) Noticee increased his concentration in ZEEL on August 11, 2020 (when there appears to be no new information which was not already available in public domain or relied upon by Noticee in his analysis) and that too in cash segment which was never traded upon by him during the past 3 years as observed above. Further, on August 18, 2020, he took significant long positions in ZEEL before the announcement of UPSI-1 even though information allegedly considered by him for investment was available with him.

(d) It is observed from the trades of Noticee that he did not place any trades in ZEEL after announcement of UPSI-1 and instead squared off his position on August 26, 2020 and August 27, 2020. However, he again took positions in the scrip on August 27, 2020 and August 31, 2020. This trading pattern leads me to conclude that due to overlapping period of UPSI-1 and UPSI-2, the Noticee decided to partially close his positions in the scrip to book profit and took fresh positions which were exited completely after UPSI-2. The PIT Regulations, 2015 prohibits trading in the securities by an insider while in possession of Unpublished Price Sensitive Information. That Noticee took time to square off its positions after UPSIs became public is extraneous to

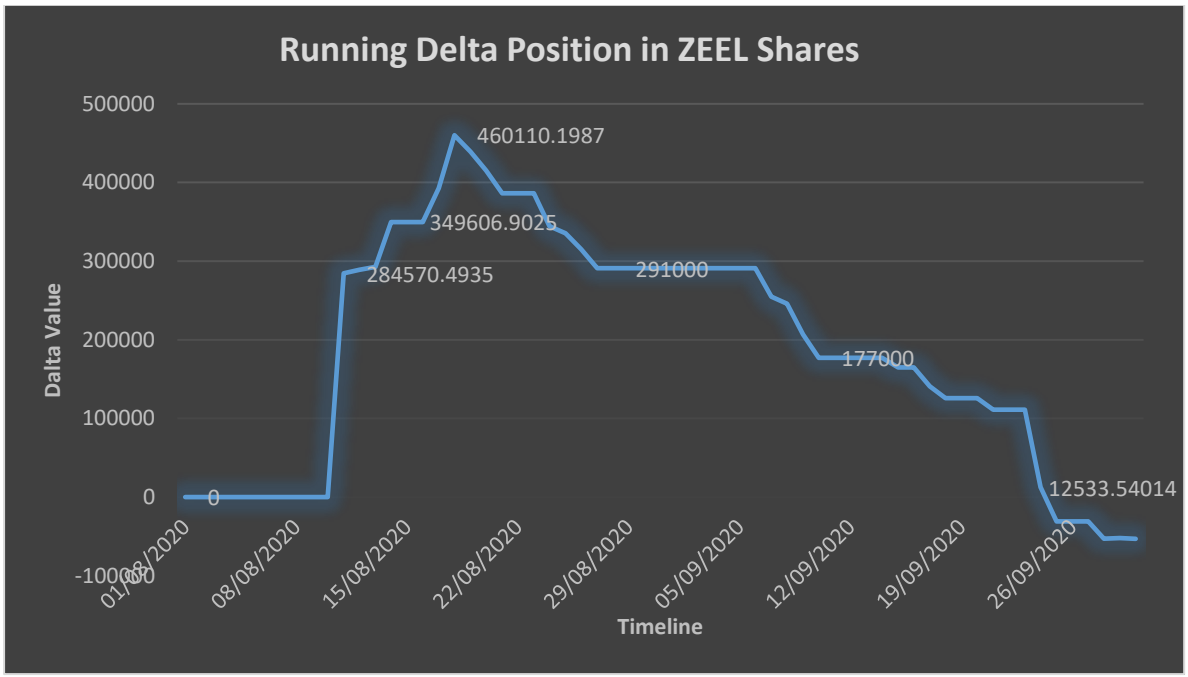
the prohibition contained in PIT Regulations, 2015. During this time, he was in constant touch with Noticee Nos. 1 and 3 with whom he admittedly had discussions about stock market and had financial transactions relating to securities market.

(e) Therefore, in view of the above facts and circumstances, the preponderance of probability suggests that Noticee traded on the basis of unpublished price sensitive information.

Noticee No. 3's Trading Pattern

40.16 Noticee No. 3 (trading through the account of his mother, Noticee No. 7)- As mentioned at Annexure-B to this Order, Noticee took significant long positions of 5,55,000 shares in the scrip of ZEEL in the derivative segment just prior to the announcement of UPSI-1 which signified his strong bullish view. Similarly, as mentioned at Table- 21 above, Noticee took significant long positions of 2,91,000 shares in the scrip of ZEEL in the derivative segment just prior to the announcement of UPSI-2 which signified his strong bullish view. The trend of Delta position for the trades executed from the trading account of Noticee No. 7 in the scrip of ZEEL during the period of August 2020-September 2020 (*as discussed in the Interim* Order) is as under:

Figure- 2



40.17 It can be seen from the figure above that the overall Delta position in the scrip of ZEEL started increasing from August 11, 2020 and reached a maximum at 4,60,110 on August 18, 2020 (just before the announcement of UPSI-1) signifying his bullish view in the scrip of ZEEL that its price would go up. Post announcement of financial results and announcement of UPSI-2, Noticee No. 3 has drastically reduced the overall delta position in ZEEL on September 23, 2020, by offsetting the long positions in Futures contracts of ZEEL.

40.18 As seen at Annexure-C to this Order with respect to the trading pattern of Noticee No. 7 in the scrip of ZEEL since July 2018 in derivative segment (49.10% of Gross Traded Value), Noticee had highest concentration in ZEEL in second quarter of 2020-21.

40.19 I have noticed from the SCN, Table and Annexures to this Order mentioned above that before UPSI-1 period, the buy concentration of Noticee in ZEEL in derivatives segment was just 2.35% which jumped to 42.76% during UPSI-1 period. Further, it is observed that he had sold these shares between August 19, 2020 and August 27, 2020, thereby earning profit of Rs. 1.97 crore (approx.).

40.20 Noticee had taken significant long positions in the scrip on August 11, 2020, August 14, 2020, August 17, 2020 and August 18, 2020. Upon perusal of the CDRs (details provided at Table- 49 above), it is observed that Noticee No. 3 had calls with Noticee Nos. 1 and 2 on August 10, 2020, August 11, 2020, August 14, 2020, August 16, 2020 and August 17, 2020.

40.21 During the UPSI-2 period, I have noted from SCN that Noticee had significant long position of 2,91,000 shares taken on August 20, 2020, August 21, 2020, August 25, 2020 and August 27, 2020 and these were all squared off in September 2020, thereby earning a profit of Rs. 12.31 lakh (approx.). Upon perusal of the CDRs of Noticee (details provided at Table- 49 above), it is observed that he was in constant touch with Noticee Nos. 2 during UPSI-2 period and Noticee No. 2 was in constant touch with Noticee No. 1 during the said period.

40.22 With respect to Noticee's contentions at paras 40.4 and 40.6 above, I observe the following:

(a) Noticee had taken positions in the scrip of ZEEL from August 11, 2020 even though the information allegedly analysed by Noticee for investment in ZEEL was already in public domain and if the Noticee was bullish in the scrip of ZEEL, he could have taken these positions in the scrip much earlier than August 11, 2020 when the prices were low.

(b) As per Investigation Report, Noticee No. 1 first became aware of the draft consolidated PL on August 08, 2020 and the announcement by ZEEL, about declaring financial results in meeting dated August 18, 2020, was made on August 10, 2020. Further, he was in constant touch with Noticee Nos. 1 and 2 after August 10, 2020 and before placing trades during UPSI-1.

(c) The PIT Regulations, 2015 prohibits trading in the securities by an insider while in possession of Unpublished Price Sensitive Information. That Noticee took time to square off its positions after UPSIs became public is extraneous to the prohibition contained in PIT Regulations, 2015. During this time, he was in constant touch with Noticee Nos. 1 and 2 with whom he admittedly had discussions about stock market and had financial transactions relating to securities market.

(d) As observed above, his positions may appear for longer period as the two UPSI periods were overlapping.

(e) On the contention of Noticee No. 3 that he was net seller during UPSI-2, it is observed that he is relying on the positions squared off by him which were taken prior to announcement of UPSI-1. In order to see the position, it is relevant to see the Delta position of the Noticee for this purpose which was significantly high just prior to UPSI-2 which implies that he continued to have bullish view in the scrip even after squaring off the positions for August 2020 expiry and booking profits.

(f) Noticee took a directional position immediately prior to UPSIs becoming public which indicates his prior knowledge of UPSIs. It is peculiar that Noticee only decided to take long positions in the scrip suddenly after

August 10, 2020 and they squared off the positions within a few days of buying.

(g) A long term investor does not take positions in the scrip just prior to announcement of UPSI and then square them off immediately after announcement of UPSIs.

(h) In this regard, the reliance on calls is placed to show communication between the Noticees vis-à-vis the placement of his trades. The CDRs and dates of trades coinciding with calls between Noticees are provided at Table- 49 above.

(i) Therefore, in view of the above facts and circumstances, the preponderance of probability suggests that Noticees traded on the basis of unpublished price sensitive information.

40.23 In view of the above, I find that Noticees traded in the scrip of ZEEL while being in possession of UPSIs in violation of Regulation 4(1) of PIT Regulations, 2015. Consequently, Noticee Nos. 2 and 3 are liable for violation of Section 12A(d) and (e) of the SEBI Act, 1992 for trading through the accounts of Noticee Nos. 6 and 7 while in possession of UPSI-1 and UPSI-2.

PART III- ROLE OF NOTICEE NOS. 4 AND 5

41. **Whether Noticee No. 3 can be said to have communicated the information pertaining to UPSI-1 to Noticee No. 4 and subsequently, whether Noticee No. 4 can be said to have communicated the information pertaining to UPSI-1 to Noticee No. 5? Whether Noticee Nos. 4 and 5 are connected persons under Regulation 2(1)(d)(i) of PIT Regulations, 2015 and 'insider' as per clause (i) and (ii) of Regulation 2(1)(g) of PIT Regulations, 2015?**

41.1 Upon perusal of the Investigation Report and the SCN, I have noted the following:

(a) Noticee No. 3 (Jatin Chawla) has admitted to have known Noticee No. 4 (Amit Jajoo) since 2015 when they met at an analysis meet. Also, Noticee No. 3's mother's (Noticee No. 7) trading account was opened with the help

of Noticee No. 4. Also, Noticee No. 7 was the client of Noticee No. 4 who functioned as Authorised Person with Edelweiss Broking Limited.

(b) Noticee Nos. 3 and 4 were connected to each other professionally and they had given loans to each other multiple time for trading in stock market, to cover their losses, etc.

(c) Noticee Nos. 4 and 5 (Manish Jajoo) are cousins. Both of them admitted to be engaged in High Frequency trading. Noticee No. 5 has no direct connection with Noticee No. 3.

(d) Based on peculiar trading pattern of Noticees (taking directional views in the scrip of ZEEL from August 11, 2020), the circumstantial evidence of relationship between Noticee Nos. 3 and 4 and their financial relationship on investments, Noticee No. 4 was alleged to be connected to Noticee No. 3 from whom he had access to UPSI-1.

(e) Noticee No. 3 is alleged to have violated Regulation 3(1) of PIT Regulations, 2015 by communicating the unpublished price sensitive information to Noticee No. 4. In view of the same, Noticee No. 4 is alleged to be in possession of UPSI-1 and traded in the scrip of ZEEL while in possession and on the basis of UPSI.

(f) Noticee Nos. 4 and 5 are alleged to be both a 'connected person' in terms of Regulation 2(1)(d)(i) of PIT Regulations, 2015 as well as 'insider' as per Regulation 2(1)(g) of PIT Regulations.

41.2 To prove the allegations of Noticee Nos. 4 and 5 having received UPSI and trading when in possession thereof, one must go back to the source of UPSI which as per the Investigation Report and the SCN I traced back to Noticee No. 1 i.e. Bijal Shah. As noted in the preceding paragraphs while Noticee Nos. 1, 2 and 3 were seen to be communicating with each other. However, the onward transfer of Unpublished Price Sensitive Information, based on the evidences provided in the Investigation Report, can only be established on the basis of relationship between Noticee No. 3 and 4. This is so because there is no other suggestion in the Investigation Report as to the existence of a connection between Noticee Nos. 4 / 5 on the one hand and

Noticee Nos. 1 / 2 / 3 on the other hand. Therefore, it needs to be examined whether there is sufficient evidence to support the allegation that Noticee No. 3 communicated UPSI to Noticee No. 4. As there were no calls between the Noticee Nos. 3 and 4, the Investigation Report arrived at the connection between Noticees' on the basis of their trading pattern and financial transactions between them in the context of stock market trades. Accordingly, it was alleged that the unpublished price sensitive information was communicated by Noticee No. 3 to Noticee No. 4.

41.3 At paragraphs 34-36 of this Order, I have already noted the decision of the Hon'ble Supreme Court, in the matter of Balram Garg (*supra*), which *inter alia* held that there has to be 'frequent communication' between the entities and in absence of the same, the communication of unpublished price sensitive information cannot be presumed on the basis of close proximity and trading pattern unless cogent evidence is produced to prove communication (refer para 40 of the judgment). The Hon'ble Supreme Court observed that circumstantial evidence can be relied upon only upon establishment of foundational facts. (refer para 40 of the judgment)

41.4 In order to show communication between the entities, the principles laid down by the Hon'ble Supreme Court in Balram Garg matter (*supra*) have to be considered for coming to a conclusion. I note that Noticee No. 3 is alleged to have communicated the information pertaining to UPSI-1 to Noticee No. 4. In order to support this allegation, SCN relies on the prior relationship of Noticee Nos. 3 and 4, their financial relationship relating to investments and; their trading patterns. I have perused the allegations made in the SCN in this context along with the evidences referred to in the Investigation Report and SCN. I note that Investigation Report had explicitly stated that during UPSI-1 there were no calls found to have been exchanged between Noticee Nos. 3 and 4, based on CDR analysis.

41.5 The evidence regarding financial transactions pertain to regular amounts transferred between bank account of Noticee No. 7 and bank accounts connected to Noticee No. 4. Both Noticee Nos. 3 and 4 in their separate statements recorded before Investigation Authority have stated that these

periodic credits in the bank accounts of Noticee No. 3's mother either constituted loan taken by Noticee No. 3 from Noticee No. 4 for dealing with lossess incurred in the market or for settlement of Futures Contracts executed by Noticee No. 3. The repayment appears to be in instalments made from Noticee No. 7's bank account. These transactions do not by themselves sufficiently support the allegation of communication of UPSI. Compared to the factual matrix involved in the case of Noticee Nos. 1-3 (*who are long standing friends and professional colleagues, regularly interacting with each other inter alia with respect to stock market investments*), the available evidence does not sufficiently support the allegation of communication of UPSI. In absence of any cogent evidence of communication (unlike the case between Noticee Nos. 1, 2 and 3), it is difficult to draw an inference solely based on financial transactions between Noticee Nos. 3 and 4 that Noticee No. 3 would have been talking about ZEEL's performance to Noticee No. 4.

41.6 Noticee No. 4 (Amit Jajoo) functioned as the Authorised Person of Edelweiss Broking Ltd. who arranged opening of the account of Noticee Nos. 3's mother (which was being used by Noticee No. 3). Authorised Persons is a person who is appointed as such by a trading member and who provides access to trading platform of a stock exchange as an agent of the trading member. However, Authorised Persons are not permitted to handle client's money and securities which are directly handled by the trading member. The settlement process for all the trades has to be done between the client and the stock broker. While Noticee No. 4 has admitted to being aware of Noticee No. 3's transactions in 2019 when there was interaction between the two, he has claimed that in August of 2020 transactions were being done online and therefore he was not privy to those transactions. I note that during the year 2020 Covid pandemic had spread throughout the country wherein severe restrictions were placed on the movement of people outside their homes. UPSI-1 period and the corresponding trades of Noticee No. 4 happened at a time when these restrictions were in place. Therefore, in absence of any proof of meeting and the prevailing restrictions on movement, it may not be reasonable to infer that Noticee Nos. 3 and 4 met each other in person during that time for discussing about their trades / investment. Also, I note that

Noticee No.3's trades were infact done online during UPSI-1 and that no terminal was allocated to Noticee No. 4 by Edelweiss Broking Lt. Upon perusal of the timings of placement of trades by Noticee Nos. 3 and 4 on August 11, 2020, it is observed that Noticee No. 4 had started taking positions in ZEEL (at 09:41 AM) before the positions taken by Noticee No. 7 (mother of Noticee No. 7) in ZEEL (at 09:49 AM) through Edelweiss Broking Limited (of which Noticee No. 4 was an Authorised Participant). In absence of any communication, the aforesaid trading pattern strengthens the arguments that Noticee No. 4 was not privy to the trades of Noticee No. 3.

41.7 As noted earlier, the Hon'ble Supreme Court in the matter of Balram Garg (*supra*) has repeatedly emphasized that in order to determine whether a person is insider or not or whether communication of UPSI has taken place or not, the pattern of trading cannot be the circumstantial evidence to prove the same in absence of communication. In view of the above, notwithstanding the suspicious trading pattern brought out in the Interim Order dated August 12, 2021 as well as SCN, since the Investigation Report does not bring out any cogent evidence to prove communication of UPSI, it cannot be concluded that Noticee No. 3 communicated UPSI to Noticee No. 4. Therefore, I cannot find Noticee No. 3 liable under Regulation 3(1) of PIT Regulations, 2015. Since, the chain of communication has broken from Noticee No. 3 itself, the allegation of communication of UPSI-1 against Noticee No. 4 cannot survive. Noticee No. 4 cannot be said to have received UPSI from Noticee No. 3 and since, there is no other evidence in the Investigation Report to suggest that Noticee No. 4 had access to UPSI relating to UPSI-1 period through other means, I find that Noticee No. 4 cannot be said to be an insider as defined under Regulation 2(1)(g) of PIT Regulations, 2015 for UPSI-1. Consequently, Noticee No. 5, who even as per Investigation Report was only communicating with Noticee No. 4, cannot be considered as an insider under Regulation 2(1)(g) of PIT Regulations, 2015 for UPSI-1.

42. **Whether Noticee Nos. 4 and 5 can be said to have traded in the scrip of ZEEL while in possession of UPSI-1?**

42.1 The SCN alleges that Noticee Nos. 4 and 5 had violated the provisions of Regulation 4(1) of PIT Regulations, 2015 by trading during UPSI-1 when in possession of Unpublished Price Sensitive Information relating to UPSI-1. Regulation 4(1) of PIT Regulations, 2015 provide that no insider shall trade in securities when in possession of unpublished price sensitive information. Therefore, in order to establish the violation of Regulation 4(1), the two fold criteria needs to be satisfied i.e. person should be an insider and secondly, he should have traded when in possession of unpublished price sensitive information. In terms of the findings at paragraph 40 above, the Noticees have been found to have not been insiders for UPSI-1. Since this criteria is not satisfied, Noticee No. 4 and 5 cannot be said to have traded while in possession of Unpublished Price Sensitive Information pertaining to UPSI-1. Therefore, as the Noticees do not satisfy the twin criteria laid down in Regulation 4(1) of PIT Regulations, 2015, they cannot be said to have traded while in possession of unpublished price sensitive information.

PART IV- ROLE OF NOTICEE NOS. 6-14

43. **Whether Noticee Nos. 6-14 can be alleged to have engaged in insider trading by allowing their trading accounts to be used by Noticee Nos. 2-5?**

43.1 Noticee Nos. 6 and 7 are mothers of Noticee Nos. 2 and 3 respectively and Noticee Nos. 8-14 are close relatives / closely associated with Noticee Nos. 4 and 5. The SCN has alleged Noticee Nos. 6-14 had violated Section 12A(d) of the SEBI Act, 1992 by engaging in insider trading. While the allegations against Noticee No. 6 and 7 is with respect to insider trading during both UPSI-1 and UPSI-2, the allegations against Noticee Nos. 8-14 is with respect to insider trading during UPSI-1 alone. Section 12A(d) of the SEBI Act, 1992 prohibits persons from engaging in insider trading directly or indirectly. The SCN does not allege violation of provisions of PIT Regulations, 2015.

43.2 Upon perusal of the Investigation Report and SCN, all of these Noticees have uniformly submitted that they were not operating the respective trading / demat account. Noticee Nos. 6 and 7 (mothers' of Noticee Nos. 2 and 3 respectively) claimed that the accounts were being used by Noticee Nos. 2 and 3 respectively. Similarly, Noticee Nos. 8-11 were close relatives of Noticee No.

4 and Noticee Nos. 12-14 were relatives / closely associated with Noticee No. 5 who had claimed that they had allowed their accounts to be used by Noticee Nos. 4 and 5 as the case may be.

43.3 I note that in order to establish violation of Section 12A(d) of the SEBI Act, it has to be first proved that person is an 'insider' and thereafter, it has to be shown that the said insider has traded on the basis of UPSI. Section 12A(d) of the SEBI Act, 1992 does not define the words 'insider trading'. Therefore, even though provisions of PIT Regulations, 2015 have not been invoked in the SCN, to determine whether or not Noticee Nos. 6-14 can be said to have carried out insider trading prohibited under Section 12A(d) of the SEBI Act, one will have to necessarily look at provisions of PIT Regulations, 2015. As discussed earlier, the two fold criteria to prove insider trading requires demonstrating that the Noticee was firstly an insider and secondly traded when in possession of Unpublished Price Sensitive Information. From the facts, circumstances and evidences recorded in the Investigation Report, I do not find any material that suggests that these Noticees had either access to or were in possession of Unpublished Price Sensitive Information. There is also no allegation or evidence suggesting communication of UPSI- from Noticee No. 2 to Noticee No. 6; from Noticee No. 3 to Noticee No. 7; from Noticee No. 4 to Noticee Nos. 8-11; or from Noticee No. 5 to Noticee Nos. 12-14.

43.4 In view of the above Noticee Nos. 6-14 cannot be said to be insiders under Regulation 2(1)(g) of PIT Regulations, 2015 and cannot be said to have engaged in insider trading when in possession of UPSI. Consequently, I cannot find Noticee Nos. 6-14 to be liable for violating Section 12A(d) of the SEBI Act, 1992. However, the gains made by virtue of trading done by Noticee Nos. 2 and 3 (who have already been found to have engaged in insider trading during UPSI-1 and UPSI-2) using the accounts of Noticee Nos. 6 and 7 would be regarded as indirect insider trading by Noticee Nos. 2 and 3. Such gains would therefore be subject to the directions passed in this Order.

PART V- COMPUTATION OF ILLEGAL GAINS

44. **Whether the computation of illegal gains as proposed in the SCN must be differed with?**

44.1 Since I have already found Noticee Nos. 4 -14 as not being liable for insider trading, the issue relating to computation of illegal gains is limited to alleged illegal gains made by Noticee Nos. 2 and 3 who have been found to be liable for insider trading under Regulation 4(1) of PIT Regulations, 2015. Further, even in the case of Noticee Nos. 2 and 3 who are alleged to have made illegal gains, submissions have been made by them with respect to computation of illegal gains only in the context of insider trading done during UPSI-1 and not in context of UPSI-2. Upon perusal of the SCN, it is observed that Noticee Nos. 2 and 3 are alleged to have made illegal gains of Rs. 7,51,99,771.80/- and Rs. 2,09,77,685/- respectively while trading through the trading accounts of Noticee Nos. 6 and 7. The breakup of the aforesaid illegal gains during each UPSI period in cash and derivatives segment is reproduced below:

Table- 52

Total Illegal Gains of Noticee No. 2 from Trades in both UPSI Periods		
UPSI Period	**Segment**	**Profit (Rs.)**
1	Cash	4,51,61,221.80
	Derivatives	2,46,60,600
2	Derivatives	53,77,950
Total		**7,51,99,771.80**

Table- 53

Total Illegal Gains of Noticee No. 3 from Trades in both UPSI Periods		
UPSI Period	**Segment**	**Profit (Rs.)**
1	Derivatives	1,97,46,635
2	Derivatives	12,31,050
Total		**2,09,77,685**

44.2 I note that the aforesaid illegal gains have been calculated by considering the purchase price of the scrip paid by the Noticees in their trades before publication of UPSI and the sale price of the scrip received by Noticees upon squaring off their positions in each of the trades after publication of UPSI.

44.3 The Noticees have relied on the decision of SEBI in the matter of Nirmal Kotecha (Order dated March 22, 2018) to contend that the closing price of the scrip on the day before the announcement and the opening price after disclosure of the information should be considered for calculating the alleged unlawful gains. They have argued that upon considering the said formula, the net effect of the price change would be negative and therefore, there can be no unlawful gains and orders of disgorgement.

44.4 I have perused the aforesaid order in the matter of Nirmal Kotecha and note that it was pertaining to artificial rise in the price of a scrip on the basis of a forged letter of SEBI. In the said matter, entities had purchased the shares of the company between December 16 to 19, 2008 and off-loaded most of their holdings on December 22, 2008 (i.e. date when media reports of forged letter became public and price of scrip increased). In the said matter, the entities were charged under SEBI (PFUTP) Regulations, 2003 and SEBI observed that the relevant price for determining disgorgement is the closing price prior to the alleged manipulation.

44.5 I observe that the facts of the said matter are completely different from the present case. In the matter of Nirmal Kotecha, the trading was done on a

single day and the alleged fraud therein was disclosure of a forged letter purportedly announcing direction of SEBI to make an open offer. Therefore, it was alleged that artificial and illegal inflation in the price of scrip was a direct consequence of this letter and that therefore, any gains made pursuant to the said letter by the persons who executed the fraudulent scheme would be liable to be disgorged. However, in the present matter, the Noticees, when in possession of UPSI which was positive in nature, took positions on multiple dates at varying prices, kept building them gradually and subsequently, squared them off on different dates at different prices. Therefore, in order to compute the actual gains made by the Noticees, the relevant criteria is to calculate the gains on an absolute basis i.e. the total sale price of positions squared off minus the purchase price of the said securities As the price of the scrip was moving up every day from the date when Noticees took position on August 11, 2020, the calculation of gains on the basis of closing price on August 18, 2020 and opening price on August 19, 2020 will not bring out actual gains as Noticees had taken positions on the basis of UPSIs and not in the normal course of trading. I note that Noticee No. 2 has squared off his last position in ZEEL in the present matter on September 10, 2020 whereas Noticee No. 3 has squared off his last position in the present matter on September 23, 2020. Therefore, I do not find any justifiable reason to differ with the manner of calculation of illegal gains made in the SCN. Accordingly, the illegal gains made by Noticee Nos. 2 and 3 are computed as follows:

Illegal Gains of Noticee No. 2-

Table- 54

Cash Segment:

Period (UPSI-1)	Date	Buy Qty.	Buying Value	Date	Sold Qty.	Selling Value	Total Value (Rs.)
Before the Announcement of UPSI 1	11/08/2020	6,50,000	10,10,68,584.30	-	-	-	

Total A		**6,50,000**	**10,10,68,584.30**				**10,10,68,584.30**
After the Announcement	-	-	-	09/09/2020	46,596	1,03,90,908.00	
	-	-	-	10/09/2020	6,03,404	13,58,38,898.10	
Total B					**6,50,000**	**14,62,29,806.10**	**14,62,29,806.10**
Net Profit earned = B - A							**4,51,61,221.80**

Table- 55

Derivatives Segment:

UPSI-1	**Date**	**Particulars**	**ZEEL Aug-20 Futures**		
			Qty	**Rate (₹)**	**Amount (₹)**
Pre-Announcement Trading	18/08/20	Buy	6,00,000	166.76	10,00,55,850
	Net Position held as on Aug 18, 2020 (Pre-announcement) **(A)**		6,00,000	166.76	10,00,55,850
Announcement dated August 18, 2020 - Q1 FY 21 Financial Results					
Post-Announcement Trading	26/08/20	Sell	(3,00,000)	205.24	6,15,72,300
	27/08/20	Sell	(3,00,000)	210.48	6,31,44,150
	Net position post announcement (i.e., between Aug 19, 2020 and Aug 27, 2020) **(B)**		(6,00,000)	207.86	12,47,16,450
				Net Profit Earned (C) = (B) - (A)	**2,46,60,600**

Table- 56

UPSI-2	**Date**	**Particulars**	**ZEEL Sep-20 Fut**		
			Qty	**Rate (₹)**	**Amount (₹)**
Pre-Announcement Trading	27/08/20	Buy	3,00,000	211.06	6,33,17,550
	31/08/20	Buy	75,000	205.05	1,53,78,750

	Net Position held as on Sep 01, 2020 (Pre-announcement) **(A)**		3,75,000	209.86	7,86,96,300
Announcement Dated 01-Sep-2020- ZEEL announced launch of Cinema2 Home' service 'ZEEPLEX' through press release.					
Post-Announcement Trading	07/09/20	Sell	(3,75,000)	224.20	8,40,74,250
	Net position post announcement (i.e., between Sep 2, 2020 and Sep 7, 2020) **(B)**		(3,75,000)	224.20	8,40,74,250
	Net Profit Earned (C) = (B) - (A)				**53,77,950**

Table- 57

Total Illegal Gains of Noticee No. 2 from Trades in both UPSI Periods		
UPSI Period	**Segment**	**Profit (Rs.)**
1	Cash	4,51,61,221.80
	Derivatives	2,46,60,600
2	Derivatives	53,77,950
Total		**7,51,99,771.80**

Illegal Gains of Noticee No. 3

UPSI-1

Table- 58

	Date	Particulars	ZEE Aug-20 150 Call			ZEE Aug-20 155 Call			ZEE Aug-20 160 Call			ZEE Aug-20 170 Call			ZEE Aug-20 175 Call			ZEE Aug-20 Fut			ZEE Sep-20 Fut		
			Qty	Rate (₹)	Amount (₹)	Qty	Rate (₹)	Amount (₹)	Qty	Rate (₹)	Amount (₹)	Qty	Rate (₹.)	Amount (₹)	Qty	Rate (₹)	Amount (₹)	Qty	Rate (₹)	Amount (₹)	Qty	Rate (₹)	Amount (₹)
Pre-Announcement Trading	11/08/20	Buy	21000	13	270900	144000	9	1295100	51000	9	445350	-	-	-	-	-	-	111000	158	17484000	45000	156	7002900
	14/08/20	Buy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60000	163	9784350	-	-	-
	17/08/20	Buy	-	-	-	-	-	-	-	-	-	-	-	-	30000	7	203250	-	-	-	-	-	-
	18/08/20	Buy	9000	20	184050	-	-	-	-	-	-	30000	9	269550	54000	7	400800	-	-	-	-	-	-
	Net Position held as on Aug 18, 2020 (Pre-announcement) (A)		30000	15	454950	144000	9	1295100	51000	9	445350	30000	9	269550	84000	7	604050	171000	159	27268350	45000	156	7002900
Announcement dated August 18, 2020 - Q1 FY 21 Financial Results																							
Post-Announcement Trading	19/08/20	Sell	-	-	-	-	-	-	(24000)	27.38	657000	-	-	-	(3000)	9.40	28200	(21000)	178.64	3751500	(45000)	183.42	8253750
	20/08/20	Sell	(30000)	53.49	1604700	-	-	-	-	-	-	(9000)	35.98	323850	(33000)	30.02	990750	-	-	-	-	-	-
	21/08/20	Sell	-	-	-	(9000)	45.00	405000	-	-	-	(12000)	30.23	362700	(27000)	22.79	615300	-	-	-	-	-	-
	24/08/20	Sell	-	-	-	(15000)	41.56	623400	(27000)	41.07	1108950	(9000)	31.50	283500	-	-	-	-	-	-	-	-	-
	25/08/20	Sell	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(108000)	201.51	21762600	-	-	-
	26/08/20	Sell	-	-	-	-	-	-	-	-	-	-	-	-	(21000)	33.86	711150	-	-	-	-	-	-
	27/08/20	Sell	-	-	-	(60000)	57.61	3456750	-	-	-	-	-	-	-	-	-	(42000)	211.30	8874785.29 *	-	-	-
	27/08/20	Settlement (Sell)	-	-	-	(60000)	54.55	3273000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	Net position post announcement (i.e., between Aug 19, 2020 and Aug 27, 2020) (B)	(30000)	53.49	1604700	144000)	53.88	7758150	(51000)	34.63	1765950	(30000)	32.34	970050	(84000)	27.92	2345400	(171000)	-	34388885.29	(45000)	183.42	8253750
	Net Profit Earned (C) = (B) - (A)	**-**	**-**	**1149750**	**-**	**-**	**6463050**	**-**	**-**	**1320600**	**-**	**-**	**700500**	**-**	**-**	**1741350**	**-**	**-**	**7120535.29**	**-**	**-**	**1250850**
																			Total Net Profit	**1,97,46,635**	

Table- 59

UPSI-2

	Date	Particulars	ZEEL Sep-20 Fut		
			Qty	Rate	Amount (Rs)
Pre-Announcement Trading	20/08/20	Buy	36,000	202.4	72,86,250
	21/08/20	Buy	18,000	196.1	35,29,950
	25/08/20	Buy	99,000	202.1	2,00,03,700
	27/08/20	Buy	1,38,000	212.4	2,93,12,850
	Net Position held as on Sep 01, 2020 (Pre-announcement) (**A**)		2,91,000	206.6	6,01,32,750

Announcement dated September 01, 2020 - ZEE unveils Cinema-To-Home service, ZEEPLEX					
Post-Announcement Trading	07/09/20	Sell	(36,000)	223.3	80,38,800
	08/09/20	Sell	(9,000)	220.5	19,84,350
	09/09/20	Sell	(39,000)	220.1	85,82,700
	10/09/20	Sell	(30,000)	225.9	67,77,450
	15/09/20	Sell	(12,000)	219.5	26,34,300
	17/09/20	Sell	(24,000)	222	53,28,150
	18/09/20	Sell	(15,000)	225.3	33,79,500
	21/09/20	Sell	(15,000)	224.2	33,62,550
	23/09/20	Sell	(1,11,000)	191.7	2,12,76,000
	Net position post announcement (i.e., between Sep 2, 2020 and Sep 23, 2020) (**B**)		(2,91,000)	210.9	6,13,63,800
	Net Profit Earned (C) = (B) - (A)				**12,31,050**

Table- 60

Total Illegal Gains of Noticee No. 3 from Trades in both UPSI Periods		
UPSI Period	**Segment**	**Profit (Rs.)**
1	Derivatives	1,97,46,635
2	Derivatives	12,31,050
Total		**2,09,77,685**

45. Having considered all the material available on record including the submissions made by the Noticees, and keeping in view my findings as recorded in this Order, I hold that the allegations against the Noticee Nos. 2 and 3 for committing insider trading and against Noticee no. 1 for communicating the UPSI to Noticee Nos. 2 and 3 have been adequately established, thereby making them liable for levy of monetary penalty under Section 15G of the SEBI Act, 1992. Section 15G read with Section 11B(2) of SEBI Act, 1992, which provide as under:

SEBI Act, 1992:

"Penalty for insider trading.

15G. If any insider who,—

(i)either on his own behalf or on behalf of any other person, deals in securities of a body corporate listed on any stock exchange on the basis of any unpublished price sensitive information; or

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

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

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

"Power to issue directions and levy penalty.

11B(1) ……

(2) Without prejudice to the provisions contained in sub-section (1), sub-section (4A) of section 11 and section 15-I, the Board may, by an order, for reasons to be recorded in writing, levy penalty under sections 15A, 15B, 15C, 15D, 15E, 15EA, 15EB, 15F, 15G, 15H, 15HA and 15HB after holding an inquiry in the prescribed manner."

46. I note that in terms of Section 15J of the SEBI Act, 1992, while determining the quantum of penalty under Section 15J of SEBI Act, 1992, Board is required to have due regard to the following factors, namely: -

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

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

(iii)the repetitive nature of the default.

47. I note that material available on record does not bring out any loss caused to any specific investor or a group of investors, as a result of violations committed by Noticee Nos. 1 to 3 with respect to UPSI-I and UPSI-II. I note that there is no material available on record to indicate that the violations committed by Noticee Nos. 1 to 3 are repetitive in nature.

48. With respect to the quantum of penalty to be imposed against the Noticee Nos. 1-3, I note that while Noticee No. 1 is not liable for insider trading, he has played the primary role in disclosing the Unpublished Price Sensitive Information to Noticee Nos. 2 and 3 which resulted in the violation of the provisions of PIT Regulations, 2015 and the penalty to be imposed on him should be commensurate with his violations.

49. I also find that for the unlawful gains made by Noticee nos. 2 and 3, for their impugned trades during UPSI Periods appropriate directions of disgorgement of unlawful gains made along with interest are required to be issued. The illegal gains made by the Noticees have already been impounded by SEBI in terms of Interim Order dated August 12, 2021 and deposited in an escrow account.

DIRECTIONS:

50. In view of the above, I, in exercise of the powers conferred upon me under Sections 11(1), 11(4), 11(4A), 11B(1) and 11B(2) read with Section 15G of SEBI Act, 1992 read with Section 19 of the SEBI Act, 1992 and SEBI

(Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, hereby direct as under:

i. Noticee Nos. 1, 2 and 3 are restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities (including units of mutual funds), directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of two years, from the date of this order;

ii. The Noticee No. 2 shall disgorge the amount of illegal gains of Rs. 7,51,99,771.80/- (Seven Crore Fifty One Lakh Ninety Nine Thousand Seven Hundred Seventy One Rupees and Eighty Paisa Only) as mentioned in Tables 54-57 above along with simple interest @ 12% per annum from September 07, 2020 (*i.e. the date on which last sale of positions took place as discussed in this Order*) till the date of actual payment. The said amount shall be remitted to the Investor Protection and Education Fund (IPEF) as referred to in Section 11(5) of the SEBI Act, 1992, within 45 (forty five) days from the date of this Order and intimation may be forwarded to "The Division Chief, Investigation Division 17 (ID-17), Investigation Department, Securities and Exchange Board of India, SEBI Bhavan II, Plot No. C-7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai-400051";

iii. The Noticee No. 3 shall disgorge the amount of illegal gains of Rs. Rs. 2,09,77,685/- (Two Crore Nine Lakh Seventy Seven Thousand Six Hundred and Eighty Five Rupees Only) as mentioned in Tables 58-60 above along with simple interest @ 12% per annum from September 23, 2020 (*i.e. the date on which last sale of positions took place as discussed in this Order*) till the date of actual payment. The said amount shall be remitted to the Investor Protection and Education Fund (IPEF) as referred to in Section 11(5) of the SEBI Act, 1992, within 45 (forty five) days from the date of this Order and intimation may be forwarded to "The Division Chief, Investigation Division 17 (ID-17), Investigation Department, Securities and

Exchange Board of India, SEBI Bhavan II, Plot No. C-7, “G” Block, Bandra Kurla Complex, Bandra (E), Mumbai-400051”;

iv. The particulars of SEBI Account for making e-payment are as under:

Name of the Bank	Branch Name	RTGS Code	Beneficiary Name	Beneficiary Account No.
Bank of India	Bandra Kurla Complex	BKID0000122	Securities and Exchange Board of India	012210210000008

In case of e-payments, the Noticees are advised to forward the details and confirmation of the payments so made to the Investigation Department of SEBI for their records as per the format provided in Annexure A of Press Release No. 131/2016 dated August 09, 2016 which is reproduced as under:

Case Name:	
Name of the payee:	
Date of payment:	
Amount paid:	
Transaction No.:	
Bank Details in which payment is made	
Payment is made for (disgorgement amount long with order details)	

v. A penalty of Rs. 30,00,000/- (Rupees Thirty Lakhs Only) each is hereby imposed on Noticee Nos. 1, 2 and 3 under Section 15G of the SEBI Act, 1992, and are directed to pay their respective penalties

within a period of forty-five (45) days, from the date of receipt of this order.

vi. The Noticees shall remit / pay the said amount of penalties through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of Chairman/ Members -> PAY NOW. In case of any difficulties in online payment of penalties, the said Noticees may contact the support at portalhelp@sebi.gov.in.

51. The obligation of the Noticees restrained/prohibited by this Order, in respect of settlement of securities, if any, purchased or sold in the cash segment of the recognized stock exchange(s), as existing on the date of this Order, are allowed to be discharged irrespective of the restraint/ prohibition imposed by this Order. Further, all open positions, if any, of the Noticees, restrained/ prohibited in the present Order in the F & O segment of the recognised stock exchange(s), are permitted to be squared off, irrespective of the restraint/ prohibition imposed by this Order.

52. In view of the findings at paragraphs 41-43 above, the proceedings initiated against Noticee Nos. 4, 5 and 8-14 vide SCN dated December 22, 2022 stand disposed off without any further directions. Further, the directions for impounding of illegal gains issued vide Interim Order dated August 12, 2021 read with Confirmatory Orders dated September 27, 2021 and February 18, 2022 against Noticee Nos. 8-14 stands revoked. As has been noted earlier in this Order, the illegal gains were made by Noticee Nos. 2 and 3 while trading through the accounts of Noticee Nos. 6 and 7 respectively. Accordingly, the illegal gains, made by Noticee Nos. 2, 3, 6 and 7, deposited in the escrow accounts in compliance with aforementioned Interim and Confirmatory Orders shall only be utilized for the purpose of compliance with orders for disgorgement stated at para 50 above.

53. This order comes into force with immediate effect.

54. A copy of this Order shall be served on the Noticees, recognized Stock Exchanges, Depositories, Registrar and Share Transfer Agents of Mutual Funds to ensure compliance with the above directions.

Sd/-

DATE: MARCH 31, 2023 **ANANTH NARAYAN G.**

PLACE: MUMBAI **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA

Annexure-A

Trading Pattern of Noticee No. 6 in Cash and Derivative Segments

Cash Segment									
Period	Buy Value			Sell Value			Gross Traded Value		
	Total	ZEEL	%	Total	ZEEL	%	Total	ZEEL	%
Qtr 2, 17-18	7,27,46,259.00	0.00	0.00%	2,58,26,861.20	0.00	0.00%	9,85,73,120.20	0.00	0.00%
Qtr 3, 17-18	0.00	0.00	0.00%!	8,51,87,563.90	0.00	0.00%	8,51,87,563.90	0.00	0.00%
Qtr 4, 17-18	29,00,435.50	0.00	0.00%	23,29,955.00	0.00	0.00%	52,30,390.50	0.00	0.00%
Qtr 2, 18-19	2,46,63,154.25	0.00	0.00%	2,89,93,074.00	0.00	0.00%	5,36,56,228.25	0.00	0.00%
Qtr 3, 18-19	0.00	0.00	0.00%	11,81,146.55	0.00	0.00%	11,81,146.55	0.00	0.00%
Qtr 4, 18-19	48,91,047.70	0.00	0.00%	49,69,594.10	0.00	0.00%	98,60,641.80	0.00	0.00%
Qtr 3, 19-20	1,17,99,098.30	0.00	0.00%	1,05,15,000.00	0.00	0.00%	2,23,14,098.30	0.00	0.00%
Qtr 4, 19-20	2,95,12,753.00	0.00	0.00%	2,44,34,116.90	0.00	0.00%	5,39,46,869.90	0.00	0.00%
Qtr 1, 20-21	11,23,000.00	0.00	0.00%	23,03,903.20	0.00	0.00%	34,26,903.20	0.00	0.00%

Qtr 2, 20-21	**15,29,90,404.35**	**10,10,68,584.30**	**66.06%**	**19,44,23,305.50**	**14,62,29,806.10**	**75.21%**	**34,74,13,709.85**	**24,72,98,390.40**	**71.18%**
Qtr 3, 20-21	2,10,26,039.30	0.00	0.00%	2,23,01,183.50	0.00	0.00%	4,33,27,222.80	0.00	0.00%
Total	**32,16,52,191.40**	**10,10,68,584.30**	**31.42%**	**40,24,65,703.85**	**14,62,29,806.10**	**36.33%**	**72,41,17,895.25**	**24,72,98,390.40**	**34.15%**

Derivatives Segment

Period	Buy Value			Sell Value			Gross Traded Value		
	Total	ZEEL	%	Total	ZEEL	%	Total	ZEEL	%
Qtr 2, 17-18	34,89,87,246.40	0.00	0.00%	32,43,11,153.50	0.00	0.00%	67,32,98,399.90	0.00	0.00%
Qtr 3, 17-18	42,69,71,265.00	0.00	0.00%	57,62,23,251.10	0.00	0.00%	1,00,31,94,516.10	0.00	0.00%
Qtr 4, 17-18	13,48,28,435.00	1,06,06,960.00	7.87%	18,44,33,770.00	0.00	0.00%	31,92,62,205.00	1,06,06,960.00	3.32%
Qtr 1, 18-19	34,03,60,387.00	76,30,935.00	2.24%	37,27,58,913.50	77,09,000.00	2.07%	71,31,19,300.50	1,53,39,935.00	2.15%
Qtr 2, 18-19	81,62,28,990.00	11,31,93,860.00	13.87%	76,94,31,346.25	8,13,73,825.00	10.58%	1,58,56,60,336.25	19,45,67,685.00	12.27%
Qtr 3, 18-19	1,23,88,43,385.00	3,92,36,600.00	3.17%	1,52,84,23,832.50	6,96,34,825.00	4.56%	2,76,72,67,217.50	10,88,71,425.00	3.93%
Qtr 4, 18-19	76,50,99,982.75	2,78,33,780.00	3.64%	77,83,84,316.00	2,95,53,225.00	3.80%	1,54,34,84,298.75	5,73,87,005.00	3.72%
Qtr 1, 19-20	88,62,83,623.75	9,21,56,870.00	10.40%	89,34,35,397.50	9,29,41,940.00	10.40%	1,77,97,19,021.25	18,50,98,810.00	10.40%
Qtr 2, 19-20	1,08,75,41,815.00	25,41,955.00	0.23%	1,21,26,11,730.00	25,70,100.00	0.21%	2,30,01,53,545.00	51,12,055.00	0.22%

Qtr 3, 19-20	1,56,10,25,360.50	8,10,74,955.00	5.19%	1,35,49,86,491.25	10,92,07,750.00	8.06%	2,91,60,11,851.75	19,02,82,705.00	6.53%
Qtr 4, 19-20	36,51,87,649.70	7,17,60,400.00	19.65%	21,34,55,949.25	5,02,03,380.00	23.52%	57,86,43,598.95	12,19,63,780.00	21.08%
Qtr 1, 20-21	1,68,64,12,240.75	33,36,090.00	0.20%	1,62,57,38,019.50	34,27,855.00	0.21%	3,31,21,50,260.25	67,63,945.00	0.20%
Qtr 2, 20-21	**90,30,27,796.50**	**17,87,52,150.00**	**19.79%**	**1,03,89,37,482.50**	**20,87,90,700.00**	**20.10%**	**1,94,19,65,279.00**	**38,75,42,850.00**	**19.96%**
Qtr 3, 20-21	1,25,79,89,370.20	7,44,82,800.00	5.92%	1,15,15,51,873.60	7,90,68,300.00	6.87%	2,40,95,41,243.80	15,35,51,100.00	6.37%
Total	**11,81,87,87,547.55**	**70,26,07,355.00**	**5.94%**	**12,02,46,83,526.45**	**73,44,80,900.00**	**6.11%**	**23,84,34,71,074.00**	**1,43,70,88,255.00**	**6.03%**

Annexure-B

Positions taken by Noticee No. 7 during and after UPSI-1

	Date	Particulars	ZEE Aug-20 150 Call			ZEE Aug-20 155 Call			ZEE Aug-20 160 Call			ZEE Aug-20 170 Call			ZEE Aug-20 175 Call			ZEE Aug-20 Fut			ZEE Sep-20 Fut		
			Qty	Rate (₹)	Amount (₹)	Qty	Rate (₹)	Amount (₹)	Qty	Rate (₹)	Amount (₹)	Qty	Rate (₹.)	Amount (₹)	Qty	Rate (₹)	Amount (₹)	Qty	Rate (₹)	Amount (₹)	Qty	Rate (₹)	Amount (₹)
Pre-Announcement Trading	11/08/20	Buy	21000	13	270900	144000	9	1295100	51000	9	445350	-	-	-	-	-	-	111000	158	17484000	45000	156	7002900
	14/08/20	Buy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60000	163	9784350	-	-	-
	17/08/20	Buy	-	-	-	-	-	-	-	-	-	-	-	-	30000	7	203250	-	-	-	-	-	-
	18/08/20	Buy	9000	20	184050	-	-	-	-	-	-	30000	9	269550	54000	7	400800	-	-	-	-	-	-
	Net Position held as on Aug 18, 2020 (Pre-announcement) (A)		30000	15	454950	144000	9	1295100	51000	9	445350	30000	9	269550	84000	7	604050	171000	159	27268350	45000	156	7002900
	Delta as on Aug 18, 2020 (B)		0.878	-	-	0.822	-	-	0.755	-	-	0.596	-	-	0.512			1.000			1.000		
	Total Delta as on Aug 18, 2020 (Pre-Announcement) (C) = (A) * (B)		26334	-	-	118367	-	-	38493	-	-	17889	-	-	43027			171000			45000		
Announcement dated August 18, 2020 - Q1 FY 21 Financial Results																							
Post-Announcement	19/08/20	Sell	-	-	-	-	-	-	(24000)	27.38	657000	-	-	-	(3000)	9.40	28200	(21000)	178.64	3751500	(45000)	183.42	8253750
	20/08/20	Sell	(30000)	53.49	1604700	-	-	-	-	-	-	(9000)	35.98	323850	(33000)	30.02	990750	-	-	-	-	-	-
	21/08/20	Sell	-	-	-	(9000)	45.00	405000	-	-	-	(12000)	30.23	362700	(27000)	22.79	615300	-	-	-	-	-	-
	24/08/20	Sell	-	-	-	(15000)	41.56	623400	(27000)	41.07	1108950	(9000)	31.50	283500	-	-	-	-	-	-	-	-	-
	25/08/20	Sell	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(108000)	201.51	21762600	-	-	-
	26/08/20	Sell	-	-	-	-	-	-	-	-	-	-	-	-	(21000)	33.86	711150	-	-	-	-	-	-

	27/08/20	Sell	-	-	-	(60000)	57.61	3456750	-	-	-	-	-	-	-	-	-	(42000)	211.30	8874785.29 *	-	-	-
	27/08/20	Settlement (Sell)	-	-	-	(60000)	54.55	3273000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Net position post announcement (i.e., between Aug 19, 2020 and Aug 27, 2020)		(30000)	53.49	1604700	(144000)	53.88	7758150	(51000)	34.63	1765950	(30000)	32.34	970050	(84000)	27.92	2345400	(171000)	-	34388885.29	(45000)	183.42	8253750
Net Profit Earned (E) = (D) - (A)			**-**	**-**	**1149750**	**-**	**-**	**6463050**	**-**	**-**	**1320600**	**-**	**-**	**700500**	**-**	**-**	**1741350**	**-**	**-**	**7120535.29**	**-**	**-**	**1250850**
Total Net Profit																					**1,97,46,635**		

** The value of 42,000 shares sold on Aug 27, 2020 has been calculated on an average basis as follows:*

Net Sell Value (Rs.) = Rs.2,15,53,050(42,000/1,02,000) = Rs.88,74,785.29*

Annexure-C

Trading Pattern in the account of Noticee No. 7 from July 2018-December 2020

Period	Buy Value			Sell Value			Gross Traded Value		
	Total	ZEEL	%	Total	ZEEL	%	Total	ZEEL	%
Qrtr 2, 18-19	16,77,93,237.50	1,14,87,645.00	6.85%	17,16,20,705.00	1,68,42,865.00	9.81%	33,94,13,942.50	2,83,30,510.00	8.35%
Qrtr 3, 18-19	14,18,55,787.50	0.00	0.00%	14,29,12,047.50	0.00	0.00%	28,47,67,835.00	0.00	0.00%
Qrtr 4, 18-19	35,33,92,661.00	8,33,05,040.00	23.57%	39,48,06,908.00	8,79,15,490.00	22.27%	74,81,99,569.00	17,12,20,530.00	22.88%
Qrtr 1, 19-20	21,83,34,341.25	0.00	0.00%	19,89,68,241.75	0.00	0.00%	41,73,02,583.00	0.00	0.00%
Qrtr 2, 19-20	52,96,43,270.10	0.00	0.00%	51,14,97,900.45	0.00	0.00%	1,04,11,41,170.55	0.00	0.00%
Qrtr 3, 19-20	29,33,50,999.00	7,41,56,420.00	25.28%	38,96,17,060.65	11,53,70,820.00	29.61%	68,29,68,059.65	18,95,27,240.00	27.75%
Qrtr 4, 19-20	62,03,79,499.30	6,91,75,975.00	11.15%	49,79,34,328.30	3,48,88,590.00	7.01%	1,11,83,13,827.60	10,40,64,565.00	9.31%
Qrtr 1, 20-21	26,88,63,655.95	63,31,670.00	2.35%	34,11,26,005.20	2,41,89,055.00	7.09%	60,99,89,661.15	3,05,20,725.00	5.00%
Qrtr 2, 20-21	**31,25,32,299.75**	**14,26,96,650.00**	**45.66%**	**30,29,05,535.70**	**15,94,72,650.00**	**52.65%**	**61,54,37,835.45**	**30,21,69,300.00**	**49.10%**
Qrtr 3, 20-21	43,93,05,557.25	5,54,92,350.00	12.63%	39,58,13,811.95	5,76,18,300.00	14.56%	83,51,19,369.20	11,31,10,650.00	13.54%
Total	**3,34,54,51,308.60**	**44,26,45,750.00**	**13.23%**	**3,34,72,02,544.50**	**49,62,97,770.00**	**14.83%**	**6,69,26,53,853.10**	**93,89,43,520.00**	**14.03%**

Annexure- D1

Trades of Noticee No. 10

	Date	Particulars	ZEE Aug-20 155 Call			ZEE Aug-20 160 Call			ZEE Aug-20 165 Call			ZEE Aug-20 170 Call			ZEE Aug-20 185 Call			ZEE Aug-20 190 Call			ZEE Aug-20 Fut		
			Qty	Rate (₹)	Amount (₹)	Qty	Rate (₹)	Amount (₹)	Qty	Rate (₹)	Amount (₹)	Qty	Rate (₹.)	Amount (₹)	Qty	Rate (₹)	Amount (₹)	Qty	Rate (₹)	Amount (₹)	Qty	Rate (₹)	Amount (₹)
Pre-Announcement Trading	11/08/20	Buy	90000	11.01	990750	90000	8.31	748050	-	-	-	-	-	-	-	-	-	-	-	-	15000	159.26	2388900
	14/08/20	Buy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	90000	161.75	14557650
	17/08/20	Buy	-	-	-	-	-	-	6000	12.50	75000	99000	9.85	975300	-	-	-	-	-	-	204000	170.85	34852950
	18/08/20	Buy	-	-	-	-	-	-	-	-	-	183000	8.19	1499370.90 *	6000	7.50	45000	6000	6.00	36000	141000	167.97	23684746.16 ***
	Net Position held as on Aug 18, 2020 (Pre-announcement) (A)		90000	11.01	990750	90000	8.31	748050	6000	12.50	75000	282000	8.78	2474670.90	6000	7.50	45000	6000	6.00	36000	450000	167.74	75484246.15
	Delta as on Aug 18, 2020 (B)		0.822	-	-	0.755	-	-	0.678	-	-	0.596	-	-	0.353	-	-	0.283	-	-	1.000	-	-
	Total Delta as on Aug 18, 2020 (Pre-		73979.65	-	-	67928.95	-	-	4070.56	-	-	168157.73	-	-	2116.31	-	-	1697.71	-	-	450000	-	-

	Announcement) (C) = (A) * (B)																						
Announcement dated August 18, 2020 - Q1 FY 21 Financial Results																							
Post-Announcement Trading	19/08/20	Sell	(90000)	25.40	2286000	-	-	-	(6000)	25.03	150150	(9000)	34.30	308700	-	-	-	-	-	-	(219000)	179.45	39299400
	20/08/20	Sell	-	-	-	(45000)	43.42	1953750	-	-	-	-	-	-	(3000)	24.55	73650	-	-	-	(9000)	200.65	1805850****
	21/08/20	Sell	-	-	-	(15000)	41.00	615000	-	-	-	-	-	-	(3000)	18.90	56700	(6000)	7.20	43200	-	-	-
	24/08/20	Sell	-	-	-	(30000)	40.30	1209000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	25/08/20	Sell	-	-	-	-	-	-	-	-	-	(96000)	30.42	2920000 **	-	-	-	-	-	-	-	-	-
	26/08/20	Sell	-	-	-	-	-	-	-	-	-	(177000)	38.95	6893400	-	-	-	-	-	-	(144000)	210.31	30284550
	27/08/20	Sell	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(78000)	214.50	16731000
	Net position post announcement (D) (i.e., between Aug 19, 2020 and Aug 27, 2020)		(90000)	25.40	2286000	(90000)	41.98	3777750	(6000)	25.03	150150	(282000)	35.89	10122100	(6000)	21.73	130350	(6000)	7.20	43200	(450000)	195.80	88120800
Net Profit Earned (E) = (D) - (A)			**-**	**-**	**1295250**	**-**	**-**	**3029700**	**-**	**-**	**75150**	**-**	**-**	**7647429.1**	**-**	**-**	**85350**	**-**	**-**	**7200**	**-**	**-**	**12636553.85**

Total Net Profit	**2,47,76,632.9**

** Net Buy Value (Rs.) = Rs.1646850 * (183000 shares/201000 shares) = Rs.1499370.90*

*** Net Sell Value (Rs.) = Rs.3558750 * (96000 shares/117000 shares) = Rs.2920000*

**** Net Buy Value (Rs.) = Rs.26204400 * (141000 shares/156000 shares) = Rs.23684746.2*

***** Net Sell Value (Rs.) = Rs.2407800 * (9000 shares/12000 shares) = Rs.1805850*

Annexure- D2

Trades of Noticee No. 11

	Date	Particulars	ZEE Aug-20 155 Call			ZEE Aug-20 160 Call			ZEE Aug-20 160 Put			ZEE Aug-20 170 Call			ZEE Aug-20 190 Call			ZEE Aug-20 200 Call			ZEE Aug-20 Fut		
			Qty	Rate (₹)	Amount (₹)	Qty	Rate (₹)	Amount (₹)	Qty	Rate (₹)	Amount (₹)	Qty	Rate (₹.)	Amount (₹)	Qty	Rate (₹)	Amount (₹)	Qty	Rate (₹)	Amount (₹)	Qty	Rate (₹)	Amount (₹)
Pre-Announcement Trading	11/08/20	Buy	90000	10.26	923250	90000	8.08	727200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12/08/20	Buy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3000	161.60	484800
	13/08/20	Buy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6000	164.65	987900
	13/08/20	Sell	-	-	-	-	-	-	(21000)	7.27	152700	-	-	-	-	-	-	-	-	-	-	-	-
	14/08/20	Sell	-	-	-	-	-	-	-	-	-	-	-	-	(9000)	3.15	28350	-	-	-	-	-	-
	14/08/20	Buy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12000	1.94	23250	-	-	-
	17/08/20	Buy	-	-	-	-	-	-	-	-	-	510000	9.30	4742100	-	-	-	-	-	-	-	-	-
	18/08/20	Buy	-	-	-	-	-	-	-	-	-	504000	9.14	4607550	-	-	-	-	-	-	-	-	-
	Net Position held as on Aug 18, 2020 (Pre-announcement) (A)		90000	10.26	923250	90000	8.08	727200	(21000)	7.27	152700	1014000	9.22	9349650	(9000)	3.15	28350	12000	1.94	23250	9000	163.63	1472700
	Delta as on Aug 18, 2020 (B)		0.822	-	-	0.755	-	-	-0.245	-	-	0.596	-	-	0.283	-	-	0.171	-	-	1.000	-	-

	Total Delta as on Aug 18, 2020 (Pre-Announcement) (C) = (A) * (B)		73979.65	-	-	67928.95	-	-	5148.78	-	-	604652.26	-	-	2546.56	-	-	2048.76	-	-	9000	-	-
Announcement dated August 18, 2020 - Q1 FY 21 Financial Results																							
Post-Announcement Trading	19/08/20	Sell	(90000)	24.76	2228700	(90000)	25.33	2280000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	20/08/20	Buy		-	-	-	-	-	-	-	-	-	-	-	18,000	19.00	342000				-	-	-
	20/08/20	Sell	-	-	-	-	-	-	-	-	-	(9000)	36.00	324000	-	-	-	(81000)	9.52	771150	-	-	-
	21/08/20	Buy	-	-	-	-	-	-	21000	0.65	13650	-	-	-	-	-	-	-	-	-	-	-	-
	21/08/20	Sell	-	-	-	-	-	-	-	-	-	-	-	-	(9000)	15.22	136950	(12000)	10.53	126300	-	-	-
	24/08/20	Sell	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	25/08/20	Sell	-	-	-	-	-	-	-	-	-	(21000)	31.04	651750	-	-	-	-	-	-	-	-	-
	26/08/20	Sell	-	-	-	-	-	-	-	-	-	(27000)	40.59	12055950	-	-	-	-	-	-	-	-	-
	27/08/20	Sell	-	-	-	-	-	-	-	-	-	(396000)	37.81	14972550	-	-	-	-	-	-	(9000)	208.50	1876500
	27/08/20	Sell-Settlement	-	-	-	-	-	-	-	-	-	(291000)	39.55	11509050	-	-	-	-	-	-	-	-	-
	27/08/20	Buy-Settlement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	81000	9.55	773550	-	-	-
	Net position post announcement (D) (i.e., between Aug		(90000)	24.76	2228700	(90000)	25.33	2280000	21000	0.65	13650	(1014000)	35.89	39513300	9000	22.78	205050	(12000)	10.33	123900	(9000)	208.50	1876500

	19, 2020 and Aug 27, 2020)																					
Net Profit Earned (E) = (D) - (A)		**-**	**-**	**1305450**	**-**	**-**	**1552800**	**-**	**-**	**139050**	**-**	**-**	**30163650**	**-**	**-**	**(176700)**	**-**	**-**	**100650**	**-**	**-**	**403800**
Total Net Profit																						**3,34,88,700**

Annexure- E1

Trading Pattern of Noticee No. 12

	Date	Particulars	ZEE Aug-20 160 Put			ZEE Aug-20 180 Call			ZEE Aug-20 200 Call			ZEE Aug-20 Fut		
			Qty	Rate (₹)	Amount (₹)	Qty	Rate (₹)	Amount (₹)	Qty	Rate (₹)	Amount (₹)	Qty	Rate (₹.)	Amount (₹)
Pre-Announcement Trading	11/08/20	Sell	(45000)	9.27	417300	-	-	-	(72000)	1.04	74700	-	-	-
	11/08/20	Buy	-	-	-	72000	3.07	220,800	-	-	-	75000	158.39	11879100
	12/08/20	Buy	-	-	-	30,00	3.90	117000	-	-	-	-	-	-
	12/08/20	Sell	-	-	-	-	-	-	(30000)	1.35	40500	-	-	-
	13/08/20	Sell	-	-	-	-	-	-	(48000)	1.70	81600	-	-	-
	13/08/20	Buy	-	-	-	-	-	-	-	-	-	-	-	-
	18/08/20	Buy	-	-	-	-	-	-	-	-	-	90000	173.07	15576450
	Net Position held as on Aug 18, 2020 (Pre-announcement) (A)		(45000)	9.27	417300	102000	8.31	337800	(150000)	1.31	196800	165000	166.40	27455550
	Delta as on Aug 18, 2020 (B)		-0.245	-	-	0.429	-	-	0.171	-	-	1.00	-	-
	Total Delta as on Aug 18, 2020 (Pre-Announcement) (C) = (A) * (B)		11033.1	-	-	43854.39	-	-	-25609.5	-	-	165000	-	-

Announcement dated August 18, 2020 - Q1 FY 21 Financial Results														
Post-Announcement Trading	19/08/20	Buy	6000	0.95	5700	-	-	-	-	-	-	-	-	-
	20/08/20	Sell	-	-	-	-	-	-	-	-	-	(45000)	202.70	9121500
	21/08/20	Sell	-	-	-	-	-	-	-	-	-	-	-	-
	24/08/20	Sell	-	-	-	-	-	-	-	-	-	-	-	-
	25/08/20	Buy	39000	0.10	3900	-	-	-	-	-	-	-	-	-
	26/08/20	Sell	-	-	-	-	-	-	48000	9.24	443400	(60000)	213.00	12780000
	27/08/20	Sell	-	-	-	-	-	-	-	-	-	(60000)	212.30	12738000
	27/08/20	Sell-Settlement	-	-	-	(102000)	29.55	3014100	-	-	-	-	-	-
	27/08/20	Buy-Settlement	-	-	-	-	-	-	102000	9.55	974100	-	-	-
	Net position post announcement (D) (i.e., between Aug 19, 2020 and Aug 27, 2020)		(45000)	0.21	9600	(102000)	29.55	3014100	150000	9.45	1417500	(165000)	209.94	34639500
Net Profit Earned (E) = (D) - (A)			**-**	**-**	**407700**	**-**	**-**	**2676300**	**-**	**-**	**(1220700)**	**-**	**-**	**7183950**
Total Net Profit														**90,47,250**

WTM/AN/IVD/ID17/25871/2023-24

SECURITIES AND EXCHANGE BOARD OF INDIA

Addendum to the Order dated March 31, 2023 bearing reference number WTM/AN/IVD/ID17/25354/2022-23 in the matter of Insider Trading by Certain Entities in the scrip of Zee Entertainment Enterprises Limited

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1. Securities and Exchange Board of India ("SEBI") has passed a Final Order dated March 31, 2023 bearing reference number WTM/AN/IVD/ID17/25354/2022-23 in the matter of Insider Trading by Certain Entities in the scrip of Zee Entertainment Enterprises Limited.

2. In the said Order, the following observation was made in paragraph 49 and pursuant to which directions were *inter alia* passed against Noticee Nos. 2 and 3 in paragraph 50 (ii) and (iii):

   "49. I also find that for the unlawful gains made by Noticee nos. 2 and 3, for their impugned trades during UPSI Periods appropriate directions of disgorgement of unlawful gains made along with interest are required to be issued. ***The illegal gains made by the Noticees have already been impounded by SEBI in terms of Interim Order dated August 12, 2021 and deposited in an escrow account.***

   DIRECTIONS:

   50. In view of the above, I, in exercise of the powers conferred upon me under Sections 11(1), 11(4), 11(4A), 11B(1) and 11B(2) read with Section 15G of SEBI Act, 1992 read with Section 19 of the SEBI Act, 1992 and SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, hereby direct as under:

   i. ……

   ii. The Noticee No. 2 shall disgorge the amount of illegal gains of Rs. 7,51,99,771.80/- (Seven Crore Fifty One Lakh Ninety Nine Thousand Seven

Hundred Seventy One Rupees and Eighty Paisa Only) as mentioned in Tables 54-57 above along with simple interest @ 12% per annum from September 07, 2020 (i.e. the date on which last sale of positions took place as discussed in this Order) ***till the date of actual payment****. The said amount shall be remitted to the Investor Protection and Education Fund (IPEF) as referred to in Section 11(5) of the SEBI Act, 1992, within 45 (forty five) days from the date of this Order and intimation may be forwarded to "The Division Chief, Investigation Division 17 (ID-17), Investigation Department, Securities and Exchange Board of India, SEBI Bhavan II, Plot No. C-7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai-400051";*

iii. The Noticee No. 3 shall disgorge the amount of illegal gains of Rs. Rs. 2,09,77,685/- (Two Crore Nine Lakh Seventy Seven Thousand Six Hundred and Eighty Five Rupees Only) as mentioned in Tables 58-60 above along with simple interest @ 12% per annum from September 23, 2020 (i.e. the date on which last sale of positions took place as discussed in this Order) ***till the date of actual payment****. The said amount shall be remitted to the Investor Protection and Education Fund (IPEF) as referred to in Section 11(5) of the SEBI Act, 1992, within 45 (forty five) days from the date of this Order and intimation may be forwarded to "The Division Chief, Investigation Division 17 (ID-17), Investigation Department, Securities and Exchange Board of India, SEBI Bhavan II, Plot No. C-7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai-400051;…. (****Emphasis Supplied)****"*

3. In the context of paragraph 49 of the said Final Order, the directions at paragraph 50 (ii) and (iii) thereof were intended to record that interest on illegal gains would accrue from the date on which last sale of positions took place as discussed in the said Final Order till the date of the payment of illegal gains in the escrow account. To make this intent unambiguous and by way of clarification, the words 'till the date of actual payment' in paragraph 50 (ii) and (iii) of said Order shall be read as 'till the date of deposit of illegal gains in the escrow account'.

4. The Order dated March 31, 2023 bearing reference number WTM/AN/IVD/ID17/25354/2022-23 shall always be read with this clarification.

Sd/-

DATE: APRIL 21, 2023 **ANANTH NARAYAN G.**

PLACE: MUMBAI **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA