

WTM/SM/ISD/ 56 /2021-22

BEFORE SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM: S. K. MOHANTY, WHOLE TIME MEMBER

INTERIM EX PARTE ORDER

Under Sections 11(1), 11(4), 11B (1) of the Securities and Exchange Board of India Act,
1992 read with
Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations,
2015

In respect of:

Sl. No.	Name of the Entity	PAN
1.	Udit Todi	AGIPT6750E
2.	Avani Todi	BLGPB7106N
3.	Sanjeev Bubna	AECPB9459C
4.	Indi Stock Private Limited	AAACI6554J
5.	Akshay Kapoor	BGHPK6431R
6.	Arun Kapoor	AAAPK1476C
7.	Dinero Finance and Investments Private Limited	AAACD0209R
8.	Mohd Mujtaba Ali Khan	BHTPK2898B
9.	Shubham Somani	CMMPS0818L
10.	Anju Somani	ADCPS6485Q
11.	SS Corporate Securities Limited	AABCS3726M
12.	Sunder Somani	AAWPS1022L
13.	Suyash Somani	FZGPS1053B
14.	Evermore Stock Brokers Private Limited	AAACP1788K

In the matter of insider trading in the scrip of Lux Industries Limited

(The above-mentioned entities are individually referred to by their corresponding names/numbers and collectively referred to as “Entities”)

BACKGROUND

- 1) Securities and Exchange Board of India (hereinafter referred to as “SEBI”) received system generated suspected insider trading alerts in the scrip of Lux Industries Limited (hereinafter referred to as “Lux/ Company”) during the month of May, 2021, when the Company had made its corporate announcement regarding audited financial results for the Quarter and Financial year ending March 31, 2021.

- 2) Based on the aforesaid alerts, SEBI initiated a preliminary examination into trading in the scrip of *Lux* to ascertain as to whether certain persons/ entities traded in the said scrip while they were in possession of/on the basis of an Unpublished Price Sensitive Information (hereinafter referred to as “**UPSI**”) which could be termed as possible contravention of the provisions of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act, 1992**”) read with the SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as “**PIT Regulations, 2015**”).
- 3) It is noted that *Lux* is a company having its registered office address at 39, Kali Krishna Tagore street, Kolkata, West Bengal and its issued securities are listed on the BSE Limited (hereinafter referred to as “**BSE**”) and the National Stock Exchange of India Limited (hereinafter referred to as “**NSE**”). The *Company* is engaged in the business of manufacturing and exporting innerwear and offers bloomers, slacks, slips, trunks, and winter wears for men, women, and kids and its products have markets worldwide.

BRIEF FINDINGS OF SEBI’S PRELIMINARY EXAMINATION

- 4) The preliminary examination of information so far collected by SEBI’s surveillance team reveals *prima facie*, the following facts:
 - a) The *Company* made a corporate announcement regarding audited financial results for the Quarter and Financial year ended March 31, 2021 on May 25, 2021 at 17:29:57 (i.e. after market hrs.). It is observed from the announcement that:

“Net Profit for the March-2021 quarter increased to ₹92.28 crores as compared to profit of ₹75.89 crores of December-2020 quarter. Percentage increase of 21.60% observed for quarter-on-quarter basis. Further, percentage increase of 51.25% observed in the net profit when compared year-on-year basis i.e FY 2020-21 compared to FY 2019-20.”
 - b) The information pertaining to audited financial results for the Quarter and Financial year ending March 31, 2021 (hereinafter referred as “**Financial Results**”) satisfies the criteria to be termed as an UPSI in terms of regulation 2(1) (n) of the PIT Regulations, 2015.
 - c) As per information furnished by the *Company*, the drafting of the *Financials Results* started on April 20, 2021, which means, the period of UPSI commenced from April 20, 2021 and ended on May 25, 2021 i.e., the day when the said information was announced to public at large, thereby making the period (i.e. April 20, 2021 to May 25, 2021) to be considered as the UPSI period.
 - d) Udit Todi (hereinafter referred to as “**Udit/Entity no. 1**”) is an Additional Executive Non – Independent Director of the *Company* w.e.f from May 25, 2021. Prior to that,

the *Entity no. 1* was President of Strategy in the *Company*. Also, the *Entity no. 1* is a son of Pradip Kumar Todi, the Managing Director of the *Company* and named as part of the list of ‘Designated Persons’ [i.e., list of persons having access to the UPSI in terms of SEBI(PIT) Regulations, 2015] as on April 30, 2021 and is continuing to be part of the said list for the *Company* as on January 2022. From the above, it is *prima facie* observed that the *Entity no. 1* is a ‘connected person’ in terms of regulation 2(1)(d) of the PIT Regulations 2015 and consequently an ‘Insider’ as per regulation 2(1)(g) of the said Regulations.

- e) On the basis of the family relationships including blood relationships, Call Data Records (hereinafter referred to as “**CDRs**”), Facebook and LinkedIn profile and Know Your Clients (hereinafter referred to as “**KYC**”) details, it is *prima facie* observed that the *Entity no. 1* is connected to Mrs. Avani Todi (hereinafter referred to as “**Avani/Entity no. 2**”), Sanjeev Bubna (hereinafter referred to as “**Sanjeev/Entity no. 3**”), Akshay Kapoor (hereinafter referred to as “**Akshay/Entity no. 5**”) and Mohd Mujtaba Ali Khan (hereinafter referred to as “**Mujtaba/Entity no. 8**”).
- f) Further, based on the post of directorship including common directorship and significant shareholding (direct and indirect), it is *prima facie* observed that the *Entity no. 3* is connected to Indi Stock Private Limited (hereinafter referred to as “**ISPL/Entity no. 4**”) and the *Entity no. 5* is connected to Dinero Finance & Investments Pvt Ltd. (hereinafter referred to as “**Dinero/Entity no. 7**”) and Shubham Somani (hereinafter referred to as “**Shubham/Entity no. 9**”).
- g) Moreover, as per KYC details, it is noticed that the *Entity no. 5* has family relationships with Arun Kapoor (hereinafter referred to as “**Arun/Entity no. 6**”) and the *Entity no. 9* has family relationships with Anju Somani (hereinafter referred to as “**Anju/Entity no. 10**”), Sunder Somani (hereinafter referred to as “**Sunder/Entity no. 12**”) and Suyash Somani (hereinafter referred to as “**Suyash/Entity no. 13**”). Further, on the basis of directorship, shareholdings and current/past employment, it is also noticed that the *Entity no. 9* is connected to SS Corporate Securities Limited (hereinafter referred to as “**SSCSL/Entity no 11**”) and Evermore Stock Brokers Limited (hereinafter referred to as “**Evermore/Entity no. 14**”).
- h) It is noticed that there were phone calls and transfer of funds amongst the *Entities* during the relevant period. Further, it is also noticed that out of the above named connected entities, some entities enjoying connection/ relationships based on blood relationships, directorship, shareholdings, phone calls, fund transfers, etc. have traded in the scrip of *Lux*, when most of these connected *Entities* had either no earlier trading history or had a very negligible amount of trading history in the scrip of the *Company*

before the afore-mentioned event happened i.e. disclosure of the *Financial Results*. The phone calls and transfer of funds connecting the *Entities* are dealt with in detail, in the later part of this order.

- i) **Trading during UPSI period:** It is noticed that during the UPSI period the *Entity no. 3* (Sanjeev Bubna), *Entity no. 6* (Arun Kapoor) and *Entity no. 9* (Subham Somani) have dealt in the scrip of *Lux* by executing/placing orders in the trading accounts of the *Entity no. 4* (Indi Stock Private Limited), *Entity no. 7* (Dinero Finance) and *Entity no. 11* (SS Corporate Securities Limited), respectively during the UPSI period. Similarly, the *Entity no. 9* (Shubham Somani) has dealt in the scrip of *Lux* by executing/placing orders in the trading account of his mother, Anju Somani i.e., the *Entity no. 10*. The examination reveals that the *Entity no. 5* (Akshay Kapoor), *Entity no. 12* (Sunder Somani) and *Entity no. 13* (Suyash Somani) have executed trades in their respective individual trading accounts. Thus, the initial examination of information reveals that trades in the scrip of the *Lux* in the accounts of the aforesaid *Entities* have been executed during the UPSI period, *prima facie* on the basis of or while these entities were in possession of the aforesaid UPSI about the *Company*.
- j) It is observed from the trading pattern of the aforesaid *Entities* that they have bought shares of the *Company* prior to the public announcement of the UPSI and have sold those shares subsequent to the public announcement of the said UPSI and in the process, these *Entities* have *prima facie* made unlawful profits.
- k) In view of the aforesaid findings from the examination of material collected including the information gathered about the connection of *Entity no. 1* with certain other persons and looking at the manner in which the above cited *Entities* have traded in the scrip of *Lux* during the UPSI period, it is *prima facie* observed that *Entity no. 1*, being undoubtedly an insider and in possession of the UPSI about the *Company*, has communicated the UPSI to the *Entity nos. 3* and *8* and the *Entity no. 8* has in turn, communicated the said UPSI to the *Entity no. 5*. As noted above, the *Entity no. 2* is connected to the *Entity no. 1* being his wife and thus falls under the category of immediate relative. Further, it is also noticed that after the *Entity no. 3* has received the UPSI from the *Entity no. 1* (son-in-law of the *Entity no. 3*) and *Entity no. 2* (daughter of the *Entity no. 3*), trades were executed in the shares of *Lux* in the account of the *Entity no. 4* (Indi Stock Private Limited) which is practically a family controlled company of the *Entity no. 3* for which the *Entity no. 3* has placed the orders. Similarly, the *Entity no. 6* (Arun Kapoor) subsequent to receipt of UPSI from his son i.e., the *Entity no. 5* (Akshay Kapoor), has dealt in the shares of *Lux* wherein he executed/placed orders in the trading account of the *Entity no. 7* i.e. Dinero Finance and Investments Private

Limited, a family controlled company where the *Entity no. 6* and his wife are the only two directors and directly or indirectly, the *Entity no. 6* holds 89.63% shareholding in it. In a similar fashion, on acquiring UPSI from *Entity no. 5* (Akshay Kapoor), the *Entity no. 9* (Shubham Somani) has dealt in the shares of *Lux* where he placed orders in the trading account of his mother i.e., the *Entity no. 10* (Anju Somani). It is also noticed that a transfer of fund took place between the *Entity nos. 5* and *10* and the *Entity no. 5* has utilised the money received by him from *Entity no. 10* for trading in the scrip of *Lux* as he is noticed to have transferred the said fund to his broker's account upon receipt of the same from the *Entity no. 10*. Also, the *Entity no. 9* i.e. Shubham Somani (director and major shareholder of the *Entity no. 11*), after receiving the UPSI from the *Entity no. 5*, has placed orders in the trading account of the *Entity no. 11* (SS Corporate Securities Ltd.).

- l) The examination has further revealed that the *Entity no. 9* has communicated the said UPSI to the *Entity no. 12* (Sunder Somani, uncle of the *Entity no. 9*) who in turn apparently communicated it to his son i.e., the *Entity no. 13* (Suyash Somani). Subsequently, it is also seen that trades were executed from the accounts of the *Entity nos. 5, 12* and *13* which *prima facie* seem to be based on and influenced by the possession of UPSI. Similarly, the *Entity no. 14* i.e., Evermore Stock Brokers Pvt Ltd. (where the *Entity no. 9* is a shareholder, a past director and also its current director for business development) has executed trades in the scrip of *Lux* which *prima facie* seems to be based on and influenced by the possession of UPSI, communicated by the *Entity no. 9*. A holistic appreciation of evidences in the particular facts and circumstances of the matter is observed to be sufficiently indicating that the aforesaid acts of the *Entities* have *prima facie* resulted into violation of the provisions of the SEBI Act, 1992 and the PIT Regulations, 2015.

CONSIDERATION AND PRIMA FACIE FINDINGS

- 5) As noted earlier, the aforesaid examination into the trading in the scrip of *Lux* has revealed that the information pertaining to the *Financial Results* was a UPSI of the *Company* in terms of regulation 2(1)(n) of the PIT Regulations, 2015. In this respect, it will be relevant to visit the definition of “unpublished price sensitive information” as prescribed under regulation 2(1)(n) of the *PIT Regulations, 2015*. The text of the said regulation is reproduced below:

Regulation 2(1)(n) of PIT Regulations, 2015:

“unpublished price sensitive information” means any information relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to

materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following: –

i. financial results;

ii. ...

...

NOTE: It is intended that information relating to a company or securities, that is not generally available would be unpublished price sensitive information if it is likely to materially affect the price upon coming into the public domain. The types of matters that would ordinarily give rise to unpublished price sensitive information have been listed above to give illustrative guidance of unpublished price sensitive information.

6) From the aforesaid definition it can be noted that, a ‘UPSI’ means any information which relates directly or indirectly to a company and which is not generally available and which, upon becoming generally available, is likely to materially affect the price of securities of a company. It is observed that the following ingredients appear to be required to qualify an information as an UPSI:

- a) The information must be directly or indirectly related to a company or its securities;
- b) The information must not be generally available;
- c) The information upon becoming generally available, is likely to materially affect the price of the securities.

7) I note that in terms of regulations 2(1)(n)(i) of the PIT Regulations, 2015, financial results of a company are one of the of matters which is included in the definition of UPSI. Therefore, the information regarding audited financial results for the Quarter and Financial year ending March 31, 2021 of the *Company* pertaining directly to *Lux* would fall in the category of UPSI under regulation 2(1)(n) of the PIT Regulations, 2015. With regard to the criteria that the information should not be “generally available”, it is pertinent to look at the definition of “*generally available information*” which has been laid out under regulation 2 (1)(e) of the PIT Regulations, 2015. For the purpose of convenience, the same is reproduced below:

“generally available information” means information that is accessible to the public on a non-discriminatory basis;

NOTE: It is intended to define what constitutes generally available information so that it is easier to crystallize and appreciate what unpublished price sensitive information is. Information published on the website of a stock exchange, would ordinarily be considered generally available.

8) The aforesaid definition essentially means that the generally available information should be equally accessible to the public on a non-selective, non- discriminatory basis and in a

transparent manner. To put it differently, for an information to be held as generally available, the information must be uniformly and universally disseminated. One of the mechanism for a listed company to ensure that the information is universally available, is to publish it on the website of a stock exchange on which the said company is listed. In the instant matter, the detailed public announcement about the financial results of *Lux* was made by the *Company* on May 25, 2021 at 17:29:57 (i.e. after market hours), pursuant to the board meeting which was held on May 25, 2021 to consider and approve the said audited financial results for the Quarter and Financial year ending March 31, 2021. The aforesaid information pertaining to the financial results having been published on the website of the stock exchanges was uniformly and universally accessible to the public on a non-discriminatory basis only after the *Company* made the afore-stated public announcement i.e. on May 25, 2021 at 17:29:57 i.e. after market hours. Therefore, from the records, it appears that the above information was not generally available until May 25, 2021, 17:29:57 hours, when it was disseminated for the first time for the consumption of public at large on a non-discriminatory basis.

- 9) Regarding the criteria which entails that the subject information is likely to materially affect the price of the securities, it is pertinent to note that the information relating to *Financial Results* of a company are those types of price sensitive matters which are likely to materially affect the price of securities of a company upon becoming generally available. It is for this reason that extensive regulations around disclosures of *Financial Results* by listed companies have been provided under various regulations of SEBI. In fact, in this case, I note that pursuant to the corporate announcement of *Financial Results* on May 25, 2021 at 17:29:57, the price of the shares of the *Company* started rising from May 26, 2021. The price-volume movement in the scrip of *Lux* from May 25, 2021 to May 28, 2021 on the BSE and the NSE is tabulated below:

Table 1

Date	Prev Close (in ₹)	Open Price (in ₹)	High Price (in ₹)	Low Price (in ₹)	Close Price (in ₹)	Close to close variation (in ₹)	Volume BSE and NSE
25-May-21	2,225.50	2,264.90	2,349.00	2,260.00	2,311.90	3.88	3,79,243
26-May-21	2,311.90	2,475.00	2,774.00	2,455.00	2,715.80	17.47	20,28,633
27-May-21	2,715.80	2,673.90	2,879.00	2,591.70	2,802.40	3.19	11,77,402
28-May-21	2,802.40	2,779.95	3,323.90	2,721.00	3,254.00	16.11	11,45,703

Source: NSE and BSE websites (Price of NSE)

- 10) From the table 1 above, I note that pursuant to the aforesaid corporate announcement, the price of the scrip of the *Company* moved from a closing price of ₹2311.90 on May 25, 2021 to a closing price of ₹3254.00 on May 28, 2021 after touching a high price of ₹3323.90 on May 28, 2021 i.e., it registered a rise by 40.75% on close to close basis within 3 consecutive trading days. Further, after the announcement of Financial Results on May 25, 2021 (aftermarket hours), the price of the scrip witnessed 17.47% increase in close-to-close price on May 26, 2021. Further, 3.19% and 16.11% increase in close-to-close price was observed on May 27, 2021 and May 28, 2021, respectively.
- 11) The above-mentioned facts demonstrate that all the ingredients of an information being considered as an UPSI in terms of regulation 2(1)(n) of the PIT Regulations, 2015 are *prima facie* met by the information pertaining to the *Financial Results* of the *Company*. Therefore, the information regarding the said *Financial Results* prior to its announcement on May 25, 2021 at 17:29:57 hours can *prima facie* be considered as an UPSI in terms of regulation 2(1)(n) of the PIT Regulations, 2015.
- 12) Moving on to the determination of UPSI period, as already mentioned above, as per the information available the exercise of drafting of the financial results for the Quarter and Year ending March 31, 2021 started in the *Company* from April 20, 2021 onwards with the sharing of various information related to financials of the *Company* by the Senior Manager, Accounts and Finance, to the Chief Financial Officer (CFO) of the *Company* as evident from the email submissions of the *Company*. Presently, there is no material/information available on record which contradicts the submissions of the *Company* in this regard. From the above, I can *prima facie*, find that the UPSI period in this case can be reasonably held to have commenced from **April 20, 2021 till May 25, 2021 (17:29:57 hrs)**, i.e. the period commencing from the date when drafting of financials for the Quarter and Year ending March 31, 2021 of the *Company* reportedly commenced for the first time based on the materials / information supplied by the Senior Manager till the date when the said information was finally disclosed to the public through corporate announcement by the *Company* on the platform of the stock exchanges.
- 13) I note that the facts so far revealed during the preliminary examination indicate a *prima facie* a very strong case where the *Entities* satisfy the essential pre requisites to be termed as ‘insiders’ by virtue of being connected persons in terms of the PIT Regulations, 2015 and many of these *Entities* have executed trades in the scrip of *Lux* either in the trading accounts of certain other connected persons or in their own accounts apparently while in possession of and/or on the basis of possession of UPSI. At this juncture, before proceeding further, it is important to refer to the relevant provision/definition of a **Connected Person** and an **Insider** as defined in the PIT Regulations, 2015:

Regulation 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.
- (ii)

Regulation 2(1)(g), “Insider” means any person who is:

- (i) a connected person; or
- (ii) in possession of or having access to unpublished price sensitive information

Relationship between the Entity nos. 1, 2, 3 and 4 and Trades executed by the Entity no. 4

- 14) As already mentioned above, the *Entity no. 1*, a son of the MD of the *Company* (Pradip Kumar Todi), was President of Strategy in the *Company* before he started holding the post of the Additional Executive Director of the *Company* w.e.f. May 25, 2021. In addition to the above, he has been enjoying association with the *Company* for more than 7 years and is holding 2.79% shares in the *Company* as on September 30, 2021 as per submission of the *Company* made to the stock exchange. He is also a part of the list of ‘Designated Persons’ for the *Company* i.e. list of persons having access to the UPSI as on April 30, 2021 and is continuing to be part of the list of ‘Designated Persons’ as on November, 2021. Moreover, most of the promoters, directors and top management of the *Company* are from the Todi Family. On the basis of the aforesaid facts, it is *prima facie* observed that the *Entity no. 1* is a ‘connected person’ in terms of regulation 2(1)(d) of the PIT Regulations, 2015, and consequently an ‘Insider’ as per regulation 2(1)(g) of the said Regulations as having reasonably expected to have access to UPSI.
- 15) The preliminary examination further reveals that the *Entity no. 1* is the husband of the *Entity no. 2*, thereby making the *Entity no. 2* also an insider in terms of regulation 2 (1)(g) of the PIT Regulations, 2015. Further, the *Entity no. 2* is the daughter of the *Entity no. 3*, consequently, the *Entity no. 1* becomes the son-in-law of the *Entity no. 3*.
- 16) The *Entity no. 3* and his wife Rashmi Bubna, are observed to be the only directors in the *Entity no. 4* in which, as per shareholding as on March 31, 2020, it is the *Entity no. 3* who directly and or indirectly owns significant holdings [i.e. Sanjeev Bubna (15%) Sanjeev Bubna HUF (1.5%) and Rashmi Bubna (14%)]. The rest of the shareholding is held by 3 private companies wherein

also the *Entity no. 3* and Rashmi Bubna are the directors thereby making the *Entity no. 4* (Indi Stock Pvt Ltd) an entity which is under absolute control of the *Entity no. 3*. The above facts show that though the *Entity no. 4* is a separate juristic entity, but in reality it has no inseparable existence from the *Entity no. 3* and his wife Rashmi Bubna, and even the email address sanjexxxxxx@gmail.com and postal address 'xxxxx, Kolkata, West Bengal, India, 700001' mentioned in the trading account of the *Entity nos. 3* and *4* are common and it is the *Entity no. 3*, who places orders in the trading account of the *Entity no. 4*.

- 17) From the material collected in the course of examination and the analysis of CDRs, it is noticed that that there was communication between the *Entity nos. 1* to *3* during the UPSI period. Details of calls and total durations of such calls between the *Entity nos. 1* to *3*, in proximity to the relevant trades, are tabulated below:

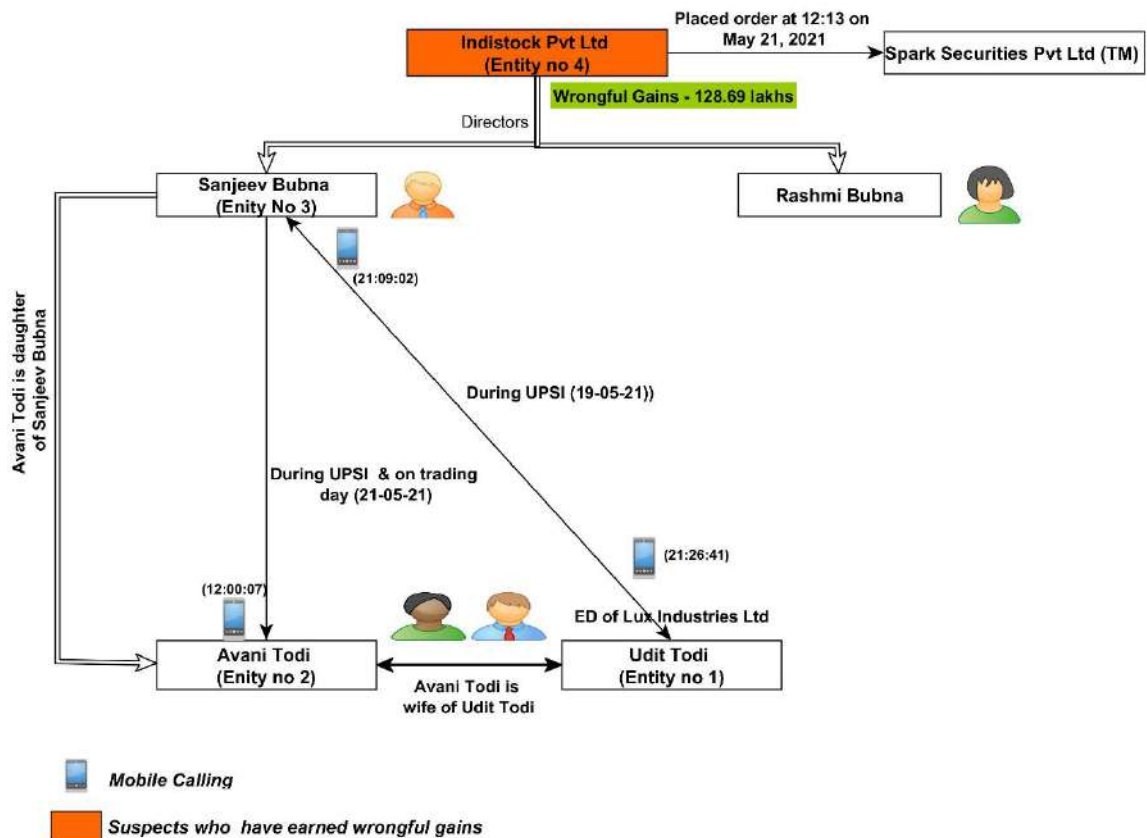
Table 2

Calling (A) Party Number	Called (B) Party Number	Call date	Call time	Duration (in seconds)
Udit Todi (900XXXX006)	Sanjeev Bubna (983XXXX411)	19/05/2021	21:09:02	404
Sanjeev Bubna (983XXXX411)	Udit Todi (900XXXX006)	19/05/2021	21:26:41	88
Sanjeev Bubna (98XXXX1411)	Avani Todi (858XXXX686)	21/05/2021	12:00:07	123

- 18) It can be observed from the table 2 above that, on May 19, 2021 the *Entity no. 1* had called the *Entity no. 3* at 21:09:02 on May 19, 2021 and there was call back from the *Entity no. 3* to the *Entity no. 1* at 21:26:41 on the same day, which was 2 days prior to the trading by the *Entity no. 3* in the trading account of the *Entity no. 4*. Further, on May 21, 2021, the *Entity no. 3* also had a call with the *Entity no. 2* at 12:00:07. Based on examination of the fact that the *Entity no. 1* and *2* prima facie fall into the category of insider and were having access to UPSI of the *Company*, the afore-stated close relationship and phone calls noticed between the *Entity nos. 1* and *2* with the *Entity no. 3* as highlighted above especially during the UPSI period give rise to a strong preponderance of probability of communication of the UPSI that the *Entity no. 3* has acquired the UPSI, directly or indirectly either from the *Entity no. 1* or from *Entity no. 2* during the UPSI period, which makes the *Entity no. 3* also an 'insider' in terms of regulation 2 (1)(g) of the PIT Regulations, 2015.

- 19) For a better understanding of the transmission of UPSI between *Entity nos. 1* and *3* which is strongly indicated by the facts & information so far available, a pictorial representation of the flow of information between them is illustrated below:

Figure 1



- 20) The close connection that exists between the *Entity nos. 1, 2, 3* and *4* as explained above, *prima-facie* show that, *the Entity no. 3* apparently came in possession of the UPSI on account of his close family ties that he enjoys with the *Entity nos. 1* and *2*. The frequent phone calls he had with his son-in-law (the *Entity no. 1*) during the UPSI period and also his telephonic conversation with his daughter (*Entity no. 2*) further strengthen the above *prima facie* observation that he has come to know about the UPSI either from the *Entity no. 1* or from *Entity no. 2*. Given the undeniable fact that the *Entity no. 3* had complete control over the affairs of the *Entity no. 4* as explained in preceding paragraphs, it becomes glaringly clear that the trades executed during the UPSI period in the account of the *Entity no. 4* in the scrip of *Lux*, were in fact executed by the *Entity no. 3* who had seemingly acquired the UPSI from the *Entity no. 1* and / or *Entity no. 2* as observed above, hence, those trades executed in the trading account of the *Entity no. 4* do not appear to be trades carried out in the normal course of trading but apparently were executed under the influence of possession of UPSI by the *Entity no. 3*.
- 21) I now proceed to deal with the trades executed in the trading account of the *Entity no. 4* which, as observed above, appears to be a *prima facie* case of insider trading carried out based on possession of the UPSI. In this regard, the details of the buy trades executed from the trading

account of the *Entity no. 4* in the scrip of *Lux* during the UPSI period and sell trades executed in the same account post UPSI period, along with profit earned out of the above mentioned trades are tabulated in the table below:

Table 3

Date	Gross Buy Volume	Gross Sell Volume	Gross Buy Value	Gross Sell Value
21/05/2021	10,000	-	₹ 2,06,31,262	₹ 0
Corporate Announcement dated 25-May-21				
10/06/2021	-	10,000	₹ 0	₹ 3,35,00,000
TOTAL	10,000	10,000	₹ 2,06,31,262	₹ 3,35,00,000
Net Profit (Gross Sell Value – Gross Buy Value) =				₹ 1,28,68,738

- 22) As may be noted from the aforementioned table 3 that during the UPSI period, 10,000 shares were purchased from the trading account of the *Entity no. 4*, with a total buy value of ₹2,06,31,262, which were later on sold at a total sell value of ₹3,35,00,000 on June 10, 2021 i.e. within 13 trading days from the date of corporate announcement when the UPSI became public (May 25, 2021) and as a result, a profit of ₹1,28,68,738 was generated. It is pertinent to reiterate here that the *Entity no. 3* had placed the buy order on behalf of the *Entity no. 4* on May 21, 2021 within few minutes after he had a phone call with his daughter (and an insider of the *Company*) i.e., the *Entity no. 2* at 12:00:07 on May 21, 2021, who has seemingly shared/communicated the UPSI to him as noted above. In this respect, it is also important to note here that the *Entity no. 4* had Nil (0%) concentration in the scrip of *Lux* vis-à-vis other scrips during the pre-UPSI period which has jumped to 94.33% during the UPSI period. Hence, it is *prima facie* observed that the sudden spurt of huge interest of the *Entity no. 4* in the scrip of the *Company* as witnessed during the UPSI period was quite divergent from its usual trading behaviour in the scrip. The records before me also show that the highest purchase by the *Entity no. 4* in the scrip of *Lux* on a previous occasion during June-October 2020 was for a value of only ₹26.46 Lakh as against the afore noted purchase value of more than ₹2 Crore during the UPSI period.
- 23) As already pointed out above, there exists a strong connection (through blood relationship and family relationship) between the *Entity nos. 1, 2 and 3* and therefore, as the records *prima facie* suggest, the *Entity no. 3*, having accessed to the UPSI through his constant communication with the *Entity nos. 1 and 2* also becomes an insider along with the *Entity nos. 1 and 2*. Further, the holistic consideration of a combination of various factors such as directorship, major shareholding of the *Entity no. 3* in the *Entity no. 4* and also the fact that the *Entity nos. 3 and 4* have common email and postal address, it is viewed that the *Entity no. 3* is exercising substantial

control over the business and trading account of the *Entity no. 4*. Under these facts and circumstances a sudden spurt of exuberance on the part of the *Entity no. 4* as an investor/trader in securities market towards a specific scrip and the unusual and an abnormal trading in the scrip of the *Company* during the UPSI period as demonstrated above, overwhelmingly gives an indication that the trades executed from the trading account of *Entity no. 4* were *prima facie* based on or influenced by the possession of UPSI, by the *Entity no. 3*.

Relationship between the *Entity nos. 1, 5 and 8* and Trades executed by the *Entity no. 5*

24) Before moving on to examine the trades executed from the trading account of the *Entity no. 5* in the scrip of *Lux* during the UPSI period, it is important to first look at the connections that have emerged from the proximities that are visible amongst the *Entity nos. 1, 5, 6, 7, 8, 9, 10, 11, 12, 13* and *14*. In this context, it has been noticed that the *Entity no. 8* is a friend/close acquaintance of *Entity no. 1* at least from December 2016 onwards which is perceivably evident from the photos shared/posted in his (the *Entity no. 1's*) Facebook account, as can be seen from one such photo posted in December 2016 in his Facebook profile wherein, the *Entity nos. 1* and *8* are seen together in Tokyo. In this regard, to further verify the above facts, information about the *Entity no. 8* has been obtained from his KYC documents including his Account Opening Form bearing his photograph available with Telecom Service Provider (TSP) and the same, when compared with the photo taken at Tokyo and posted on Facebook account of *Entity no. 1* confirms the fact that the *Entity no. 8* was photographed with *Entity no. 1* at Tokyo. From the aforesaid factual observations, it becomes obvious that the *Entity nos. 1* and *8* are not unknown to each other and instead, are *prima facie* found to be closely associated and have known each other for past several years.

25) The above observation further finds strength from the CDRs collected during the examination which reveal that the *Entity no. 1* has been communicating over phone with the *Entity no. 8* before, after as well as during the UPSI period. A tabular representation of the CDRs between the *Entity nos. 1* and *8* before, during and post UPSI period is placed below:

Table 4

S. No.	Entity no. 8 (A)	Entity no. 1 (B)	A to B		B to A		Period
			No of calls	Duration in Seconds	No of calls	Duration in Seconds	
1	Mujtaba Khan (999XXXX101)	Udit Todi (900XXXX006)	7	9277	-	-	Pre-UPSI period (01-01-21 To 19-04-21)

S. No.	Entity no. 8 (A)	Entity no. 1 (B)	A to B		B to A		Period
			No of calls	Duration in Seconds	No of calls	Duration in Seconds	
2	Mujtaba Khan (999XXXX101)	Udit Todi (900XXXX006)	-	-	1	1033	During UPSI period (20-04-21 To 25-05-21)
3	Mujtaba Khan (999XXXX101)	Udit Todi (900XXXX006)	1	2487	-		After UPSI period (26-05-21 To 31-08-21)

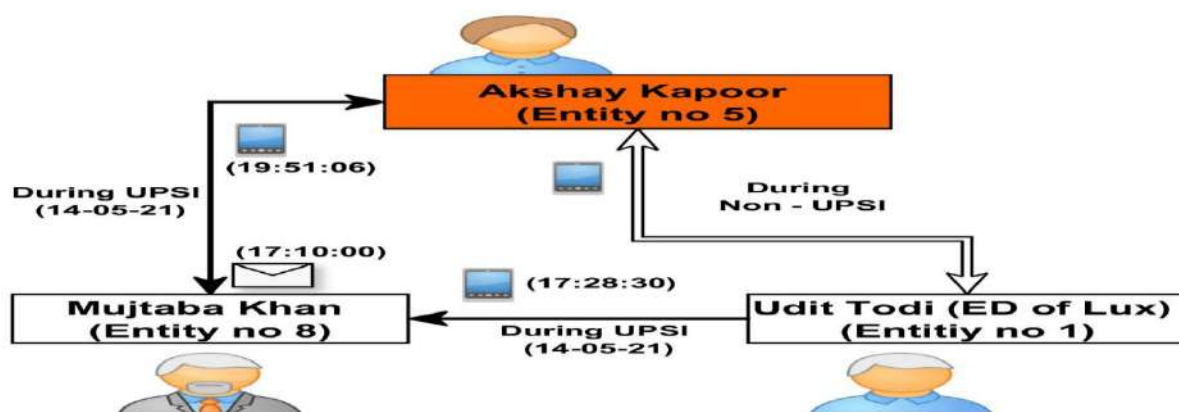
- 26) The details mentioned in the table 4 above show that there were a number of telephonic communications between the *Entity nos. 1* and *8*. It has been stated above that on May 14, 2021, at 13:42 hrs. an announcement was made on exchange platform that the Board Meeting of the *Company* would be held on May 25, 2021 to consider and approve the financial results for the period ending March 31, 2021. It can therefore be safely assumed that by that time (i.e., May 14, 2021) all the necessary information pertaining to preparation of the financial results of the *Company* for the financial year 2020-21 as well as for the financial results for the relevant quarter were already in the process of compilation and finalisation within the *Company*.
- 27) In this regard, from an examination of the call details as exchanged between the above two entities, it is observed that the *Entity nos. 1* and *8* were no doubt making frequent calls to each other, but the call that was exchanged between them which raise strong suspicion about transmission of UPSI is the call exchanged on May 14, 2021, i.e., the same day on which the *Company* made its announcement to the stock exchange intimating about the impending board meeting and that lone call during the UPSI period lasted for a significant duration.
- 28) It is further noticed that the *Entity nos. 1* and *5* are Facebook friends as can be deciphered from Facebook page and the 'LIKE' lists for the photos posted by *Entity no. 1* on his Facebook page. It is observed that the *Entity no. 1* had education in a college at Delhi and as per KYC record, the *Entity no. 5* is a resident of Delhi. Moreover, it is further observed from the CDRs that the *Entity no. 1* has been communicating over phone with the *Entity no. 5*. A tabular representation of the CDRs indicating the telephonic conversations that are noticed between the *Entity nos. 1* and *5* is as under:

Table 5

S. No.	Entity no. 5 (A)	Entity no. 1 (B)	A to B		B to A		Period
			No of calls	Duration in Seconds	No of calls	Duration in Seconds	
1	Akshay Kapoor (98XXXX6105)	Udit Todi (900XXXX006)	3	1612	5	757	Pre-UPSI period (01-01-21 To 19-04-21)
2	Akshay Kapoor (98XXXX6105)	Udit Todi (900XXXX006)	-	-	-	-	During UPSI period (20-04-21 To 25-05-21)
3	Akshay Kapoor (98XXXX6105)	Udit Todi (900XXXX006)	-	-	1	1	After UPSI period (26-05-21 To 31-08-21)

29) To appreciate the aforesaid apparent connection and the communications that were noticed between the *Entity no. 1* and the *Entity no. 5* in a better perspective, more so when their telephonic conversations took place during non-UPSI period, one has to first look into the telephonic exchanges that took place during UPSI period, between the *Entity no. 1* and the *Entity no. 8* (as highlighted in the Table No. 4 above) and also between the *Entity no. 8* and the *Entity no. 5* which have been indicated in Table 6 on the following page of this Order. I find the examination has revealed that on May 14, 2021, the *Entity no. 5* had messaged the *Entity no. 8* at 17:10:38 hours. After that, immediately within 18 minutes approximately, i.e., at 17:28:30 hours, the *Entity no. 8* received a call from the *Entity no. 1* (the lone call during the UPSI period) which continued for 1033 seconds i.e. more than 17 minutes. Later, at 19:51:06 hrs, the *Entity no. 8* made a phone call to the *Entity no. 5* and the said call continued for 509 seconds i.e. more than 8 minutes. For better appreciation, the afore-described triangular telephonic exchanges have been depicted in a chart below:

Figure 2



30) Adverting to the details of telephone calls between the *Entity no. 5* and the *Entity no. 8*, the CDRs of the above entities revealed that the *Entity no. 8* has been in communication over phone with the *Entity no. 5* before, after as well as during the UPSI period, the details of which are tabulated below:

Table 6

S. No	Entity no. 5 (A)	Entity no. 8 (B)	A to B		B to A		Period
			No of calls	Duration in Seconds	No of calls	Duration in Seconds	
1	Akshay Kapoor (98XXXX6105)	Mujtaba Khan (999XXXX101)	46	26494	52	33805	Pre-UPSI period (01-01-21 To 19-04-21)
2	Akshay Kapoor (98XXXX6105)	Mujtaba Khan (999XXXX101)	10	8770	12	10515 (include the call at 19:51:06 hrs on May 14, 2021 for 509 seconds)	During UPSI period (20-04-21 To 25-05-21)
3	Akshay Kapoor (98XXXX6105)	Mujtaba Khan (999XXXX101)	68	37181	63	32933	After UPSI period (26-05-21 To 31-08-21)

- 31) It can be observed from the details of phone calls highlighted in the table nos. 5 and 6 above that the number of calls between the *Entity nos. 5 and 8* during pre-UPSI, UPSI and post-UPSI period were significantly higher as compared to the number of phone calls exchanged between the *Entity nos. 1 and 5* during same pre-UPSI, UPSI and post-UPSI period.
- 32) From a combined analysis of the number, frequency and timing of phone calls that were exchanged between the *Entity nos. 1, 5 and 8* as illustrated in the above three tables, (Table nos.4-6) it can be observed that although the *Entity no. 5* had telephonic calls with the *Entity no. 1* during pre-UPSI period and no phone calls with the *Entity no. 1* during the UPSI period but, from the number and frequency of his phone calls with the *Entity no. 8* during the same UPSI period it is seen that he had as many 22 calls aggregating to a total duration of 19,215 seconds i.e., 320 minutes with him (the *Entity no. 8*). Such a series of relentless telephonic conversations between the *Entity no. 5* and the *Entity no. 8* during the UPSI period, including the call made by *Entity no. 8* with *Entity no. 5* at 19:51:06 hrs on May 14, 2021, when perceived together with the telephonic calls exchanged between the *Entity no. 1* and the *Entity no. 8*, especially the long and lone telephonic chat of 1033 seconds that the *Entity no. 1* had with the *Entity no. 8* at 17:28:30 hrs on May 14, 2021 during the said UPSI period, *prima facie* strongly indicates that in all probabilities the *Entity no. 8*, upon receiving the UPSI from the *Entity no. 1*, has communicated the said UPSI to the *Entity no. 5*.
- 33) From the afore-stated chain of events starting from the commencement of the UPSI to which the *Entity no. 1* had an undeniably privileged access as an insider, and the visibly close nexus observed between the *Entity nos. 1, 5 and 8* as evident from their Facebook friendships as well as from the frequent phone calls between them before, during and after the UPSI period, the probabilities which are preponderantly staring at these factual sequences, lead one to a *prima facie* compelling observation that the UPSI pertaining to the financial results of the *Company* was transmitted by the *Entity no. 1* to the *Entity no. 8* and the *Entity no. 8* has then made onward communication of the said UPSI to the *Entity no. 5* during the UPSI period as a consequence whereof, both the *Entity nos. 5 and 8* have to be considered as insiders in terms of regulation 2 (1) (g) of the PIT Regulations, 2015.
- 34) The examination has unearthed that trades in the scrip of the *Company* was also executed in the account of the *Entity no. 5*. A further examination of the trading behaviour and pattern followed by *Entity no. 5* in the said scrip *inter alia*, revealed that trades executed in the trading account of the *Entity no 5* in the scrip of the *Company* appears to be significantly influenced by possession of UPSI. To corroborate this observation, the trades executed from the trading account of the *Entity no. 5* during the UPSI period and post UPSI period along with profit earned out of those trades in the scrip of *Lux* are tabulated below:

Table 7

Date	Gr Buy Vol	Gr Sell Vol	Gr Buy Value	Gr Sell Value
24/05/2021	500	-	₹ 10,85,000	₹ 0
Corporate Announcement dated 25-May-21				
26/05/2021	-	500	₹ 0	₹ 12,34,925
TOTAL	500	500	₹ 10,85,000	₹ 12,34,925
Net Profit (Gross Sell Value – Gross Buy Value) =				₹ 1,49,925

- 35) From the table above, it is evident that *Entity no. 5* has bought a total of 500 shares of the *Company* on May 24, 2021 (i.e., one day prior to the corporate announcement) in his own trading account, which he sold immediately on the day after the disclosure of the UPSI i.e. on May 26, 2021 for a total sell value of ₹12,34,925 and as a result has generated a profit of ₹1,49,925. In this respect, it is important to note that the *Entity no 5* has never traded in the scrip of *Lux* in the past 5 years. Thus, the sudden interest displayed by him to trade in the scrip of *Lux* during the UPSI period, is observed to be an unusual departure from his usual trading behaviour in the scrip of *Lux* and such an abnormal trade pattern and sudden interest to trade in the scrip of *Lux* are *prima facie* viewed as sufficient reasons at this stage to hold that such a sudden and limited interest of trading in the scrip of *Lux* during the UPSI period can be attributable to the possession of UPSI by him.
- 36) To recall what has been already noted above, that the aforesaid three *Entities* (the *Entity nos. 1, 5 and 8*) evidently enjoy a strong connection amongst them. The records before me ostensibly suggest the communication of the UPSI to the *Entity no. 5* from the *Entity no. 1* through the *Entity no. 8*, though, one cannot ignore the fact at the same time that the *Entity no. 5* is also in any case, observed to be connected to the *Entity no. 1*, who is an insider and was in possession of the UPSI as already explained above. Under these circumstances, a sudden interest for trading in the scrip of the *Company* that too after a gap of 5 years and during the UPSI period and such trade lasting for a very limited period of 03 days as demonstrated above, strongly indicates that the trades executed by the *Entity no. 5* were based on or influenced by the possession of UPSI.

Relationship between the *Entity nos. 1, 5, 6 and 7* and Trades executed by the *Entity no.*

7

- 37) The preceding paragraphs records how the examination of the materials including the information pertaining to the relationship enjoyed and the trading pattern followed by the *Entity no. 5* while trading in the scrip of the *Company*, forms the basis to observe *prima facie* that the *Entity no. 5* and the *Entity no. 8* have become insiders of the *Company* in terms of the PIT

Regulations by accessing to and coming in possession of the UPSI either directly or indirectly from the *Entity no. 1*, who is undeniably a connected person and an insider under the relevant provisions of the PIT Regulations, 2015. In the aforesaid factual background, I now proceed to dwell on the relationship that is seen to be existing amongst the *Entity nos. 1, 5, 6* and *7*. With regard to the relationship between the *Entity nos. 5* and *6*, it is noted that the *Entity no. 5* is the son of the *Entity no. 6* and therefore puts the *Entity no. 6* in the category of immediate relative. As regards, the relationship between the *Entity nos. 6* and *7* is concerned, I note that the *Entity no. 6* and his wife (Neeru Kapoor) are the only directors in the *Entity no. 7*. Further, the *Entity no. 6* holds 89.63%, Neeru Kapoor holds 6.65% and the *Entity no. 5* holds 0.03% shareholding, aggregating to a 96.31% shareholding by all the three members of the Kapoor Family together in the *Entity no. 7* as on March 31, 2021. In addition to the above, it is also noticed that the email Id *modernaxxxxxxxxxs@rediffmail.com*, Mobile Number *98XXXX1167* and Address '*C-46, XXXXX Delhi, India, 110099*', are common in the KYC of both the *Entity nos. 6* and *7*. From the record, it is also noticed that one of the addresses of the *Entity no. 7* is also the address of the *Entity no. 5*. From the above, it is observed that the *Entity no. 7* is practically a family controlled company of the *Entity nos. 5* and *6* which self explains the close nexus between the *Entity no. 6* and the *Entity no. 7*.

- 38) Based on the aforesaid close relation that exists between the *Entity nos. 5, 6* and *7* and further the connection that exists between the *Entity nos. 1* and *5* as has been elaborately discussed earlier, it can be *prima-facie* observed that, the *Entity no. 6*, who is the father of the *Entity no. 5*, had easy access to and was in all probabilities possessing the said UPSI of the *Company* by receiving the same from his son i.e. the *Entity no 5*, who in turn came in possession of same from *Entity no. 1* through *Entity no. 8* (as explained above), and thereby the *Entity no. 6* also turns out to be an insider under the relevant provisions of PIT Regulations, 2015.
- 39) As stated in the beginning of this order that trades in the scrip of the *Company* were executed by *Entities* during the UPSI period and in this respect, the preliminary examination has, *inter alia*, revealed that the trades executed in the account of the *Entity no. 7* in the scrip of the *Company* during the UPSI period glaringly appears to be significantly influenced by the possession of UPSI by the *Entity no. 6*, who is not only the majority shareholder and director of the *Entity no. 7* but is apparently in complete control of the affairs of the *Entity no. 7*. In this regard, the buy trades executed from the trading account of the *Entity no. 7* in the scrip of *Lux* during the UPSI period and sell trades executed in the account post UPSI period along with profit earned out the above mentioned trades are highlighted in the table below:

Table 8

Date	Gr Buy Vol	Gr Sell Vol	Gr Buy Value	Gr Sell Value
24/05/2021	500	-	₹ 10,86,000	₹ 0
Corporate Announcement dated 25-May-21				
26/05/2021	-	500	₹ 0	₹ 12,77,038
TOTAL	500	500	₹ 10,86,000	₹ 12,77,038
Net Profit (Gross Sell Value – Gross Buy Value) =				₹ 1,91,038

40) It is observed from the table no. 8 above that during the UPSI period, 500 shares were purchased for a total buy value of ₹10,86,000 and the entire stock of shares so bought, was sold on the very next day after the public disclosure of the UPSI, at a total sell value of ₹12,77,038 and in the process a profit of ₹1,91,038 was earned by the *Entity no. 7*. It is pertinent to iterate here that it was the *Entity no. 6*, who had placed the buy orders on behalf of the *Entity no. 7* on May 24, 2021 i.e., one day prior to the corporate announcement made by the *Company*. It is also relevant to note here that the *Entity no. 7* was not seen to have traded in past in the scrip of *Lux*. Such an unusual trading pattern forces one to record a *prima facie* observation that such a sudden spurt of exuberance on the part of the *Entity no. 7* to trade in the scrip of the *Company* during the UPSI period was primarily motivated by the possession of UPSI with its dominant shareholder who placed orders in its trading account i.e. the *Entity no. 6*. Thus, confronted with such overwhelming factual chain of events, I cannot persuade myself towards any other view but to hold that the trades executed by the *Entity no. 6* from the trading account of the *Entity no. 7* were *prima facie* based on or influenced by the possession of UPSI.

Relationship between the *Entity nos. 5, 9, 10, 11, 12, 13 and 14* and Trades executed by the *Entity nos. 10, 11, 12, 13 and 14*.

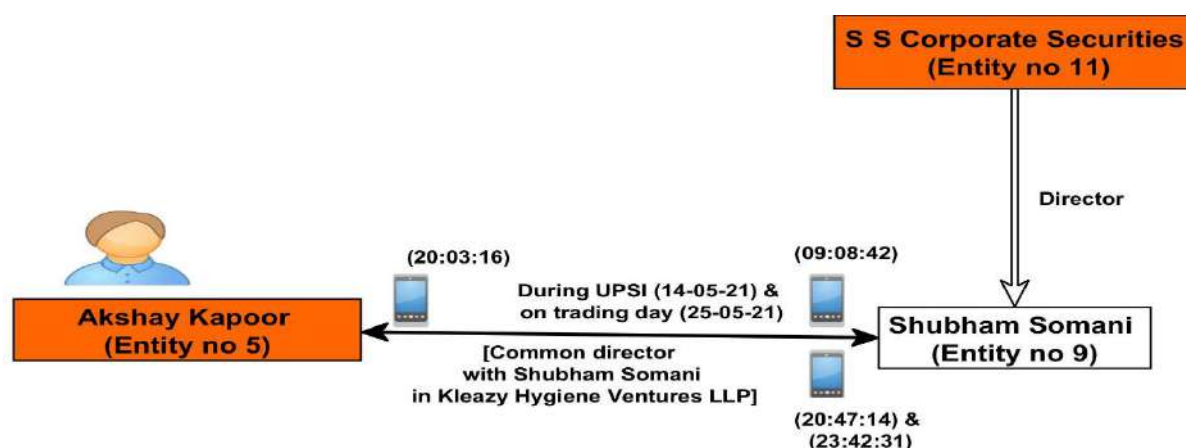
41) The materials as available before me and examination thereof convincingly demonstrate that Shubham (*Entity no. 9*) and Akshay Kapoor (*Entity no. 5*) are connected with each other through business interest as they are the common directors in Kleazy Hygiene Ventures LLP. Additionally, it has also been noticed from the CDRs that these two *Entities* i.e., the *Entity nos. 5 and 9* have also been frequently communicating with each other over phone calls. In this regard, the details of the telephonic communications between these *Entities* as noticed from the CDR are highlighted as under:

Table 9

S. No.	Entity no. 5 (A)	Entity no. 9 (B)	A to B		B to A		Period
			No of calls	Duration in Seconds	No of calls	Duration in Seconds	
1	Akshay Kapoor (98XXXX6105)	Shubham Somani (99XXXX2960)	129	32455	87	12026	Pre-UPSI period (01-01-21 To 19-04-21)
2	Akshay Kapoor (98XXXX6105)	Shubham Somani (99XXXX2960)	36	1978	28	3969	During UPSI period (20-04-21 To 25-05-21)
3	Akshay Kapoor (98XXXX6105)	Shubham Somani (99XXXX2960)	93	13480	72	7845	After UPSI period (26-05-21 To 31-08-21)

42) It can be easily observed from the number, frequency and durations etc. of the telephone calls as highlighted in the table above that these two persons i.e. the *Entity nos. 5* and *9* are undoubtedly known to each other very closely and apparently share a close relationship with each other. In this regard, it is also noticed that on May 14, 2021, i.e. on the day when the financial results of the *Company* were presumably in finalization stage as can be inferred from the apparent readiness from the announcement made by the *Company* that the next meeting would be held on May 25, 2021 to discuss and approve the financial result for the quarter ending on March, 2021, these two entities had exchanged phone calls with each other. The CDRs and perusal thereof show that the *Entity no. 5* received a call from the *Entity no. 9* at 20:03:16 and subsequently, he made a call to the *Entity no. 9* at 20:47:14 hrs. and also at 23:42:31 hrs on May 14, 2021. Further, on May 25, 2021, just before the trading hrs., the *Entity no. 5* called the *Entity no. 9* at 09:08:42. The aforesaid crucial communications between the above two entities are captured in the chart below:

Figure 3



- 43) The facts of having phone calls during the UPSI period as illustrated above, followed by trading in the scrip of *Lux* by the *Entity no. 9* during the UPSI period evidently emphasizes on a very strong possibility of communication of UPSI from the *Entity no. 5* to the *Entity no. 9* that cannot be overlooked, thereby rendering the *Entity no. 9* also to be an insider in terms of regulation 2 (1) (g) of the PIT Regulations, 2015.
- 44) Having *prima facie* held that the *Entity no. 9* is an insider, I proceed to examine the relationship of the *Entity no. 9* with other *Entities* i.e., the *Entity nos. 10, 11, 12, 13* and *14*. With regard to relationship between the *Entity nos. 9* and *10*, I note that the *Entity no. 10* is the mother of the *Entity no. 9* and therefore falls in the category of immediate relative. Also, the email ID shubhamxxxxxxxxx@yahoo.com, Mobile Number 99XXXX2960 and Address 'B xxxx, xxxxxxxx Apartment, xxxxxxxxx Road Civil Lines, Delhi, India, 110054', are common for both the *Entity nos. 9* and *10*. It is also noticed that the *Entity no. 10* is a director in a company (Shankar Growth Fund Private Limited) wherein the *Entity no. 9* had served as a director in the past.
- 45) Further, the *Entity no. 10* also turns out to be an insider by virtue of his connection and transactions with *Entity no. 5* as will be clear from the following factual narrations. The examination of the materials shows that the *Entity no. 5* had received ₹1.47 Crore from the *Entity no. 10*, through multiple fund transfers, during the analysis period from January 01, 2021 till August 31, 2021, which is a profound testimony to the fact that the two i.e. the *Entity nos. 5* and *10* have been enjoying business interest and financial relationships. Also, it is noticed that on May 24, 2021, the *Entity no. 10* transferred ₹20 Lakh to the *Entity no. 5* which was transferred onwards by the *Entity no. 5* to his trading member (Stock Broker), S S Corporate (the *Entity no. 11*) on the same day, who in turn is seen to have executed buy transaction in the scrip of *Lux* in the trading account of the *Entity no. 5* on the very same day for an amount of ₹10.85 Lakh. The above narrated chain of events, starting from the connections & phone calls

between the *Entity no. 5* with the *Entity no. 1* and *8* to funds transfers between the *Entity no. 10* and *5* that was remitted onwards to the stock broker on the same day of execution of trades in the scrip of *Lux* during the UPSI period prominently indicates a glaring transmission of UPSI from the *Entity no. 1* onwards to various *Entities* as discussed above. As noted earlier that the trades executed in the trading account of the *Entity no. 5* when examined with his trading history in the scrip of *Lux* offer compelling reasons sufficient enough to hold that, the trades executed during the UPSI period in the account of the *Entity no. 10* were unmistakably influenced by the possession of price sensitive information about the *Company* that was not generally available in the securities market at that point of time.

- 46) Apart from the aforesaid factual revelations, the examination including the analysis of CDRs has brought to light that the *Entity no. 10* has also been frequently communicating over phone with the *Entity no. 5*. A tabular representation of the CDRs between the *Entity nos. 10* and *5* is furnished below:

Table 10

S. No	Entity no. 5 (A)	Entity no. 10 (B)	A to B		B to A		Period
			No of calls	Duration in Seconds	No of calls	Duration in Seconds	
1	Akshay Kapoor (98XXXXX6105)	Anju Somani (93XXXXX2417)	5	2869	3	699	Pre-UPSI period (01-01-21 To 19-04-21)
2	Akshay Kapoor (98XXXXX6105)	Anju Somani (93XXXXX2417)	2	1105 (includes call at 22:28:00 hrs on May 20, 2021 for 17 minutes)	2	778 (includes call at 21:42:35 hrs on May 21, 2021)	During UPSI period (20-04-21 To 25-05-21)
3	Akshay Kapoor (98XXXXX6105)	Anju Somani (93XXXXX2417)	2	83	-	-	After UPSI period (26-05-21 To 27-07-21)

- 47) It can be observed from the table no. 10 above that, there were frequent telephonic communications between the *Entity nos. 5* and *10*. From a further analysis of these calls, it is noticed that during the UPSI period, on May 20, 2021, the *Entity no. 5* called the *Entity no. 10* at 22:28:00 hrs. and the call continued for 1046 seconds i.e. more than 17 minutes. Further, on

May 21, 2021, the *Entity no. 10* called the *Entity no. 5* at 21:42:35 hrs. and the said call continued for 628 seconds i.e. more than 10 minutes.

- 48) From the aforesaid chain of events and the materials on record an irresistible *prima facie* view emerges that the *Entity no. 10* also manifestly satisfies to be termed as insider under the PIT Regulations, 2015 on the following grounds; (a) she falls in the category of immediate relative being the mother of the *Entity no. 9* (already *prima facie* observed earlier to be an insider by possessing the UPSI); (b) enjoys very cordial business relation with the *Entity no. 5* (also *prima facie* observed to be an insider by possessing the UPSI); (c) having financial transactions with the *Entity no. 5*.
- 49) Thus, the preliminary examination has quite befittingly, *inter alia*, revealed that the trading in the account of the *Entity no. 10* in the scrip of the *Company* was preponderantly influenced by the possession of UPSI received by her from the *Entity no. 9* and also shared with her by the *Entity no. 5*. The examination has further revealed that it was *Entity no. 9* who was seen to be apparently controlling the trading account of the *Entity no. 10* in which, trading in the scrip of *Lux* was executed during the UPSI period, hence it is *prima facie* getting clear that the *Entity no. 9* has placed orders and executed trades in the scrip of *Lux* in the trading account of the *Entity no. 10* during the said UPSI period. In this regard, the buy trades executed from the trading account of the *Entity no. 10* in the scrip of *Lux* during the UPSI period and sell trades executed in the account post UPSI period along with profit earned out the above mentioned trades are indicated in the table below:

Table 11

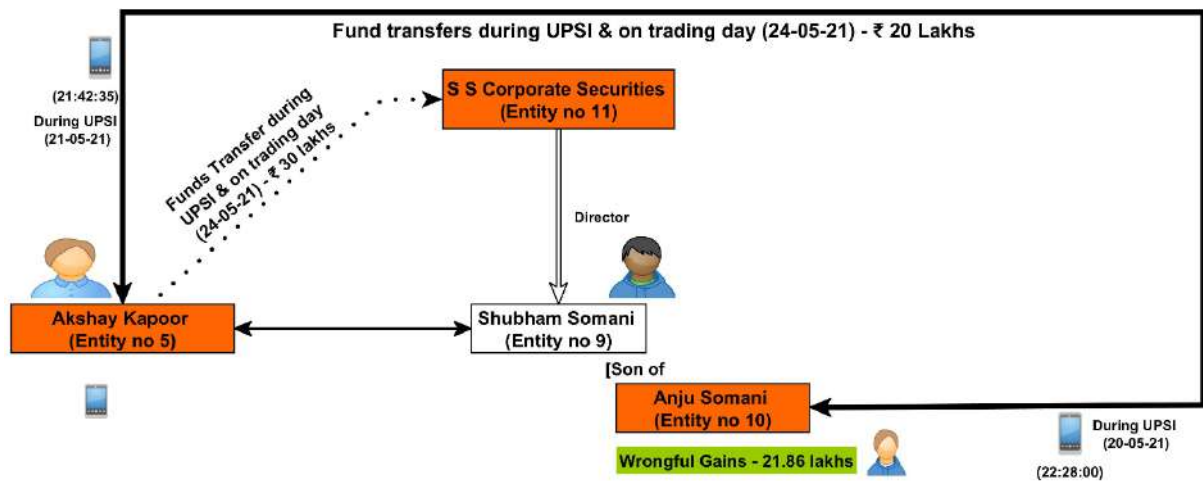
Date	Gr Buy Vol	Gr Sell Vol	Gr Buy Value	Gr Sell Value
25/05/2021	3,000	-	₹ 69,85,827	₹ 0
Corporate Announcement dated 25-May-21				
28/05/2021	-	1700	₹ 0	₹ 51,97,000
01/06/2021		1000	₹ 0	₹ 30,15,295
Notional Profit for the remaining 300 shares (For calculation, Closing price ₹ 3199 of the 1 st day of sale i.e. 28.5.2021 is taken)				₹ 9,59,700
TOTAL	3,000	3,000*	₹ 69,85,827	₹ 91,71,995
Net Profit (Gross Sell Value – Gross Buy Value) =				₹ 21,86,168

* Includes 300 shares for which notional profit is calculated.

- 50) As evident from the above table, during the UPSI period, 3000 shares of *Lux* were purchased in the trading account of the *Entity no. 10* on May 25, 2021 out of which 2700 shares were subsequently sold on two trading days viz; on May 28, 2021 and June 01, 2021 i.e. within 5 trading days from the date of announcement of the UPSI. As a result, a profit of ₹21,86,168 was generated by and on behalf of the *Entity no. 10*. As observed above, it is the *Entity no. 9*

who has placed the buy order for the *Entity no. 10* on May 25, 2021 during 12:15:03 to 12:25:16 hrs. i.e., prior to the announcement made by the *Company* at 17:29:57 (after the market hrs.) on May 25, 2021 and sold majority of such shares (90%) within 5 trading days from the date of public announcement of the UPSI. It is important to note here that no trade in the scrip of the *Company* was done by the *Entity no. 10* in the past. Thus, it is *prima facie* observed that there was a sudden trigger of interest in the *Entity no. 10* to trade in the scrip of the *Company* during the UPSI period which was divergent from her usual way of trading in the market especially in the scrip of *Lux* hence, the same strongly points out to an unavoidable view that the sudden interest on the part of the *Entity no. 10* to trade in the scrip of *Lux* arose on account of possession of the UPSI. To further embolden this view, the conversation and fund transaction between the *Entity nos. 5 and 10* and the wrongful gains made by the *Entity no. 10* by trading in the scrip of *Lux* are depicted in the form of a chart placed below:

Figure 4



- 51) It is noticed from the records available before me that S S Corporate (the *Entity no 11*) is a registered Stock Broker at the NSE and the BSE where the *Entity no. 9* is a director with effect from May 31, 2018. As per the shareholding of the *Entity no. 11* as on March 31, 2020, the *Entity no. 9* is a major shareholder having 25% holding in it. Further, the preliminary examination has unearthed that trades in the scrip of *Lux* were executed in the proprietary account of the *Entity no. 11* and it was the *Entity no. 9*, who has placed orders in the trading account of the *Entity no. 11*. From the above, it appears that the *Entity no. 9* is effectively in control of the trading account of the *Entity no. 11*.
- 52) Based on various facts as brought on records & observations made in the preceding paragraphs whereby the *Entity no. 9* has been *prima facie* observed to be a person, having directly or indirectly access to UPSI from the *Entity no. 5* who in turn is observed to have had access to the said price sensitive information directly or indirectly from the *Entity no. 1* (through *Entity*

no. 6), one can come to an obvious logical view to assume that the trades in the scrip of *Lux* which were *prima facie* executed in the proprietary account of the *Entity no. 11* by the *Entity no. 9* as indicated in the preceding paragraph, were visibly carried out by and under the influence of the possession of UPSI by the *Entity no. 9*.

53) In this regard, the buy trades executed from the trading account of the *Entity no. 11* in the scrip of *Lux* during the UPSI period and sell trades executed in the account post UPSI period along with profit earned out the above mentioned trades are tabulated as below:

Table 12

Table 14				
Date	Gr Buy Vol	Gr Sell Vol	Gr Buy Value	Gr Sell Value
25/05/2021	4,500	-	₹ 1,02,44,934	₹ 0
Corporate Announcement dated 25-May-21				
26/05/2021	-	2,500	₹ 0	₹ 61,97,830
28/05/2021	-	2,000	₹ 0	₹ 60,97,900
TOTAL	4,500	4,500	₹ 1,02,44,934	₹ 1,22,95,730
Net Profit (Gross Sell Value – Gross Buy Value) =				₹ 20,50,796

54) It is observed from the table above that on May 25, 2021 during 09:02:39 to 09:21:48 hrs. 4500 shares were purchased in the scrip of *Lux* from the trading account of the *Entity no. 11*, aggregating to a total buy value of ₹1,02,44,934. I further note that similar number of shares i.e., 4500 shares were sold at a total sell value of ₹1,22,95,730 and those sells were effected within 3 trading days from the date of announcement of the UPSI and as a result, *Entity no. 11* mopped up a profit of ₹20,50,796. It is important to note here that like many other entities named above, the *Entity no. 11* also has never traded in the past in the scrip of *Lux*. As already pointed out above, there is a perceptible strong connection between the *Entity nos. 9* and *11* and as the records *prima facie* suggest, the *Entity no. 9* was in possession of UPSI. Based on the above factual support, it leads to an unambiguous inference that a sudden rise in interest shown by the *Entity no. 11* as an investor in the scrip of the *Company* during the UPSI period as is visible from the above facts, which were completely out of sync with the usual trading behaviour displayed by the *Entity no. 11* so far, a compelling observation can be made that the trades executed in the trading account of the *Entity no. 11* during the UPSI period were done on the basis of or under influence of the possession of UPSI by the *Entity no. 9*.

55) Moving on to the trades executed by the *Entity no. 12*, it is noticed from the records that the *Entity nos. 9* and *12* are also connected through family thread and enjoy the relationship of nephew and uncle, respectively as the *Entity no. 12* is a brother of father of the *Entity no. 9*. It

is observed from the CDRs that the *Entity no. 9* has also spoken over phone with the *Entity no. 12* the details of which as available from the CDRs between them, are as under:

Table 13

S. No.	Entity no. 9 (A)	Entity no. 12 (B)	A to B		B to A		Period
			No of calls	Duration in Seconds	No of calls	Duration in Seconds	
1	Shubham Somani (99XXXX2960)	Sunder Somani (98XXXX5118)	26	7577	19	4975	Pre-UPSI period (01-01-21 To 19-04-21)
2	Shubham Somani (99XXXX2960)	Sunder Somani (98XXXX5118)	8	3108	7	3319	During UPSI period (20-04-21 To 25-05-21)
3	Shubham Somani (99XXXX2960)	Sunder Somani (98XXXX5118)	7	284	-	-	After UPSI period (26-05-21 To 31-08-21)

It can be observed from the table above that, there were frequent telephonic communications between the *Entity nos. 9 and 12*. From a further analysis of the call details, it is noticed that during the UPSI period, the *Entity no. 9 and 12* had exchanged calls at 19:03:31 hrs. on May 20, 2021 and at 21:44:11 hours on May 21, 2021. On the basis of the above observations that bring to fore a close connection (through family relationship) which exist between the *Entity nos. 9 and 12*, it leads to a strong, *bona-fide* inevitable case of preponderance of probabilities of communication of UPSI from the *Entity no. 9* to the *Entity no. 12* rendering thereby the *Entity no. 12* to be an insider within regulation 2 (1) (g) of the PIT Regulations, 2015.

56) Under the aforesaid facts & circumstances, the *Entity no. 12* also turns out to be an insider and the trades executed in the individual account of the *Entity no. 12* in the scrip of the *Company* during the UPSI period also preponderantly appear to be significantly influenced by the possession of UPSI by the *Entity no. 12* after having acquired the same from the *Entity no. 9*. In this regard, the details of the buy trades executed from the trading account of the *Entity no. 12* in the scrip of *LMX* during the UPSI period and sell trades executed in the same account post UPSI period along with profit earned out the above mentioned trades are presented in the table below:

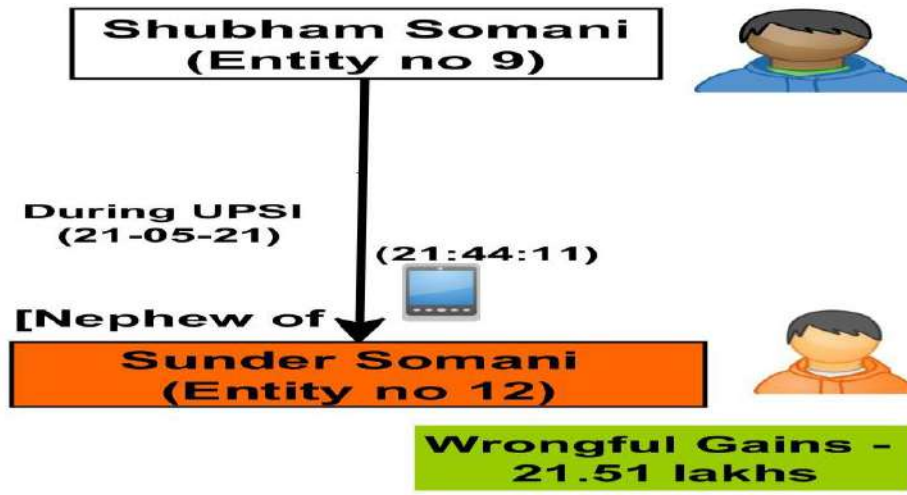
Table 14

Date	Gr Buy Vol	Gr Sell Vol	Gr Buy Value	Gr Sell Value
25/05/2021	3,500	-	₹ 80,06,172	₹ 0
Corporate Announcement dated 25-May-21				
26/05/2021	-	1,300	₹ 0	₹ 33,09,658
27/05/2021	-	200	₹ 0	₹ 5,49,714
28/05/2021	-	1,200	₹ 0	₹ 36,50,503
02/06/2021	-	250	₹ 0	₹ 7,84,600
03/06/2021	-	350	₹ 0	₹ 11,52,500
11/06/2021	200	300	₹ 7,02,895	₹ 7,07,500*
*Out of the 3,500 shares entity has bought prior to the public announcement of UPSI, 3,300 shares were sold post announcement till June 3, 2021. The remaining 200 shares were sold on June 11, 2021, sell value of which was ₹7,07,500. Accordingly, it was observed that the entity has sold all the shares in the scrip as on June 11, 2021 which he bought prior to the public announcement. Further, it was observed that the entity has subsequently bought and sold shares on June 11, 2021. However, these shares are not considered for the purpose of profit calculation as entity has bought these shares on June 11, 2021 i.e., post announcement period.				
TOTAL	3,500	3,500	₹ 80,06,172	₹ 1,01,54,475
Net Profit (Gross Sell Value – Gross Buy Value) =				₹ 21,48,303

57) It is observed from the table above, that during the UPSI period, on May 25, 2021, 3500 shares were purchased in the scrip of *Lux* from the trading account of the *Entity no. 12*, cumulating to a total buy value of ₹80,06,172. I further note that the *Entity no. 11* squared off a significant quantity of these shares at a total sell value of ₹1,01,54,475 within 6 trading days from the date of corporate announcement made by the *Company* when the UPSI became public (May 25, 2021) and as a result of such sale, a profit of ₹21,48,303 was generated. It is pertinent to reiterate here that the *Entity no. 12* had placed the buy orders in his trading account on May 25, 2021 during 09:15:04 to 13:54:36 hrs i.e., on the same day prior to the announcement made by the *Company* at 17:29:57(after the market hrs.) on May 25, 2021. Like many other *Entities* discussed earlier, the *Entity no. 12* has also never traded in the scrip of *Lux*. It is also interesting to note that after having bought 3500 shares during the UPSI period, the *Entity no. 12* did not ever think of buying shares of *Lux* any further apart from making a meagre purchase of 200 shares of *Lux* on June 11, 2021 which he sold on the same day itself. In view of the aforesaid close family connection and telephonic interactions with the *Entity no. 9* that has *prima facie* rendered the *Entity no. 12* an insider and his peculiar and abnormal trading pattern especially vis-à-vis the scrip of *Lux* as highlighted above, it leads to an inescapable observation that the sudden unusual exuberance shown by the *Entity no. 12* to trade in the scrip of the *Company* during the UPSI period which does not reflect his usual trading pattern can be

primarily attributable to the possession of UPSI by him. Accordingly, the unlawful gains made by him by trading in the scrip of *Lux* during the UPSI period apparently while in possession of UPSI are indicated below:

Figure 5



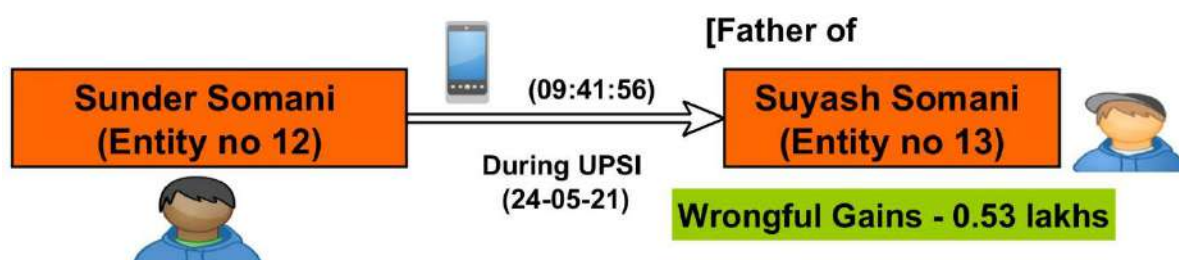
- 58) With regard to the relationship between the *Entity nos. 12* and *13*, I note that the *Entity no. 13* is a son of the *Entity no. 12* and therefore falls in the category of immediate relative and thus, the *Entity no. 13* becomes the cousin of the *Entity no. 9*. It is observed from the CDRs that the *Entity no. 12* has also been talking over phone with the *Entity no. 13* during the UPSI period. From the said telephonic calls it is also found out that the *Entity no. 13*, had received a call from the *Entity no. 12* at 09:41:56 hrs. on May 24, 2021 and on the next day, the *Entity no. 13* has been seen to have bought shares of *Lux* (on May 25, 2021).
- 59) Based on the aforesaid close connection (blood relationship) between the *Entity nos. 12* and *13*, in my view it is sufficient to infer a strong, *prima-facie* case of communication of UPSI from the *Entity no. 12* to the *Entity no. 13* during the UPSI period, which inevitably makes the *Entity no. 13* an insider as well, in terms of regulation 2 (1) (g) of the PIT Regulations, 2015.
- 60) Under the aforesaid facts & circumstances, the preliminary examination has, *inter alia*, rightly revealed that the trades executed in the individual trading account of the *Entity no. 13* in the scrip of the *Company* during the UPSI period appears to be conspicuously influenced by the possession of UPSI by the *Entity no. 13*. In this regard, the buy trades executed from the trading account of the *Entity no. 13* in the scrip of *Lux* during the UPSI period and sell trades executed in the said account post UPSI period along with profit earned out the above mentioned trades, are highlighted in the table below:

Table 15

Date	Gr Buy Vol	Gr Sell Vol	Gr Buy Value	Gr Sell Value
25/05/2021	300	-	₹ 6,88,172	₹ 0
Corporate Announcement dated 25-May-21				
26/05/2021	-	300	₹ 0	₹ 7,41,000
TOTAL	300	300	₹ 6,88,172	₹ 7,41,000
Net Profit (Gross Sell Value – Gross Buy Value) =				₹ 52,828

61) It is observed from the table above that on May 25, 2021, 300 shares of *Lux* were purchased by the *Entity no. 13*, for a total buy value of ₹6,88,172. I further note that the *Entity no. 13* sold similar number of 300 shares at a total sell value of ₹7,41,000 immediately after the corporate announcement was made about the UPSI on May 25, 2021 and as a result, a profit of ₹52,828 was earned by the *Entity no. 13*. It is pertinent to reiterate here that the *Entity no. 13* had placed the buy order in his trading account on May 25, 2021 at 10:16:15 hrs i.e., on the same day prior to the public announcement of UPSI made by the *Company* at 17:29:57(after the market hrs.) on May 25, 2021. It is also important to note here that the *Entity no. 13* has never traded in the past in the scrip of *Lux*. Hence, it is *prima facie* observed that the unusual interest displayed by the *Entity no. 13* in the scrip of the *Company* during the UPSI Period was in glaring deviation from his usual trading behaviour in the scrip. As the close relationship between the *Entity nos. 12* and *13* coupled with the telephonic conversations between the *Entity nos. 12* and *13* give rise to an apparent *bonafide* suspicion of the communication of the UPSI by the *Entity no. 12* to the *Entity no. 13*, the abnormal desire shown by the *Entity nos. 13* to trade in the scrip of *Lux* during the said UPSI period can very well be believed to be greatly influenced by the possession of the UPSI which has helped the *Entity no. 13* to make such unlawful gains from executing such trades, the details of which are exhibited below:

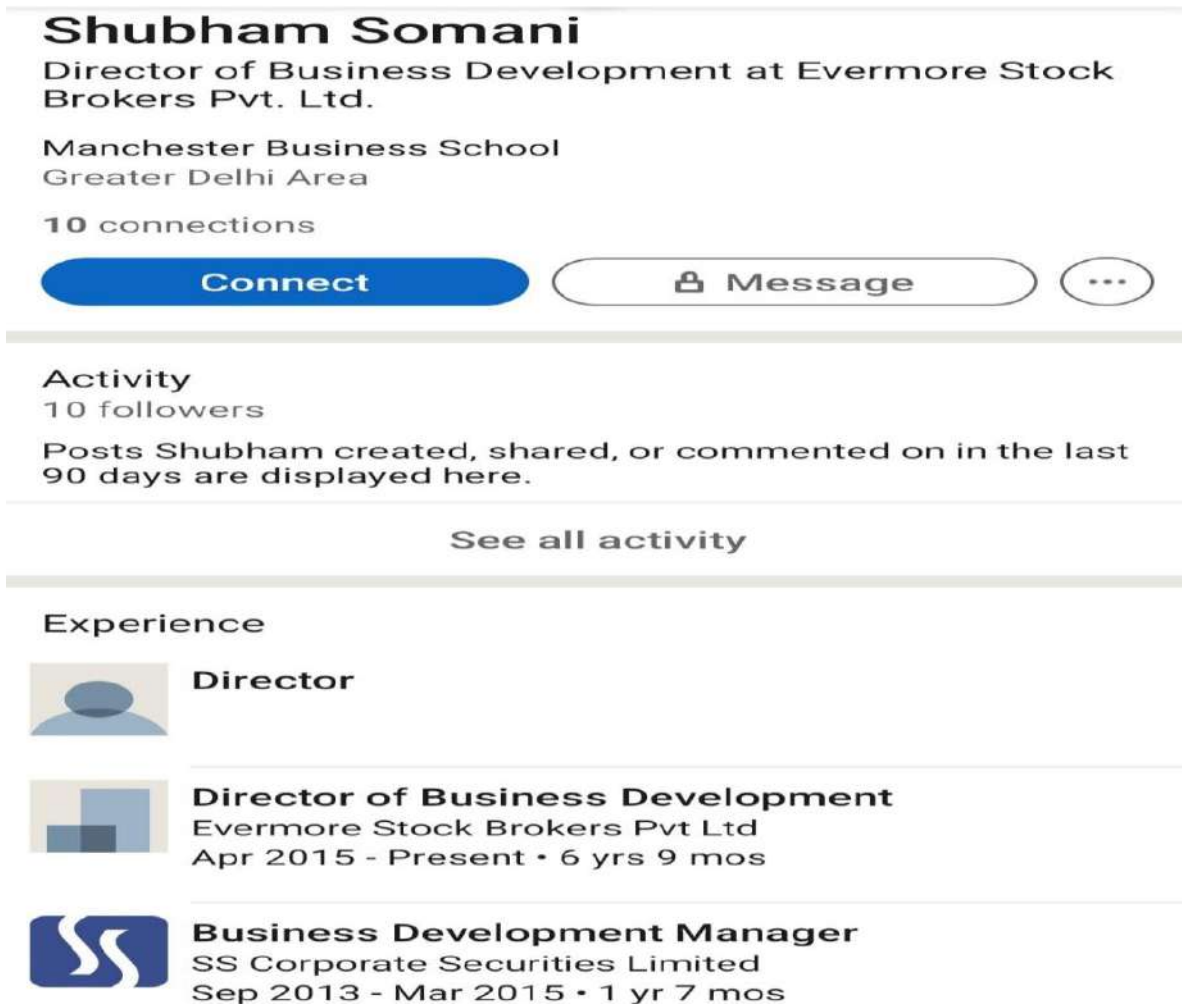
Figure 6



62) It is also noticed that the trades in the scrip of *Lux* were executed in the account of the *Entity no. 14* (Evermore Stock Brokers) which is a registered Stock Broker at the NSE and the BSE.

As per the MCA records as on March 31, 2020, the *Entity no. 9* is having 9.61% holding in the *Entity no. 14* and was also a director of this Broking entity in the past. Further, as per LinkedIn profile of the *Entity no. 9*, he is shown as the current Director of Business Development at the *Entity no. 14* as can be ascertained from the snapshot presented below:

Figure 7






Shubham Somani
Director of Business Development at Evermore Stock Brokers Pvt. Ltd.
Manchester Business School
Greater Delhi Area
10 connections

[Connect](#) [Message](#) [...](#)

Activity
10 followers
Posts Shubham created, shared, or commented on in the last 90 days are displayed here.

[See all activity](#)

Experience

-  **Director**
-  **Director of Business Development**
Evermore Stock Brokers Pvt Ltd
Apr 2015 - Present • 6 yrs 9 mos
-  **Business Development Manager**
SS Corporate Securities Limited
Sep 2013 - Mar 2015 • 1 yr 7 mos

63) The examination of the material available before me shows that the *Entity no. 9* has been frequently communicating over phone calls with the *Entity no. 14*. A tabular representation of the CDRs between the *Entity nos. 9 and 14* are given as under:

Table 16

S. N o.	Entity no. 14 (A)	Entity no. 9 (B)	A to B		B to A		Period
			No of calls	Duration in Seconds	No of calls	Duration in Seconds	
1	Evermore (02242X X99 30/50/60 /20)	Shubham Somani (99XXXX 2960)	34	7236	13	1168	Pre-UPSI period (01-01-21 To 19-04-21)
2	Evermore (02242X X99 30/50/60 /20)	Shubham Somani (99XXXX 2960)	26	9788	23	5629 (includes more than 4 calls on May 24, 2021)	During UPSI period (20-04-21 To 25-05-21)
3	Evermore (02242X X99 30/50/60 /20)	Shubham Somani (99XXXX 2960)	11	2088	5	1315	After UPSI period (26-05-21 To 31-08-21)

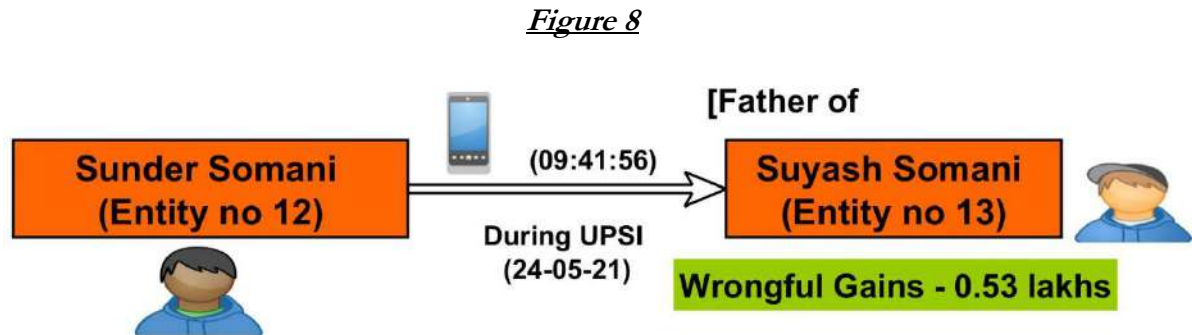
- 64) As can be observed from the table above, there were frequent telephonic communications between the *Entity no. 9* and the landline number of the *Entity no. 14* including as many as 49 calls exchanged during the UPSI period leading to a preponderantly strong probability that after receiving the UPSI from the *Entity no. 5* on May 14, 2021 (i.e., the day when the financial results were presumably finalised and were almost ready for discussion by the Board), the *Entity no. 9*, who had on May 18, 2021 telephonic conversations over 4 times with the *Entity no. 14* at 12:11:25, and thereafter, has unmistakably passed on the UPSI to the *Entity no. 14*. The perusal of CDRs also shows that calls were exchanged twice at 15:18:21 and 15:22:52 between the *Entity no. 9* and the *Entity no. 14* on May 24, 2021, which is coincidentally is the date (during the UPSI period) on which the shares of *Lux* were bought by the *Entity no. 14*.
- 65) The aforesaid factual revelations during the preliminary examination would constrain even a layman to observe that the shares of *Lux* which were bought by the *Entity no. 14* during the UPSI period were *prima facie* purchased largely under the influence of UPSI which was apparently received by *Entity no. 14* from the *Entity no. 9*. In this regard, the buy trades executed from the trading account of the *Entity no. 14* in the scrip of *Lux* during the UPSI period and sell trades executed in the same account post UPSI period along with profit earned out the above mentioned trades are tabulated below:

Table 17

Date	Gr Buy Vol	Gr Sell Vol	Net Buy/Sell Volume	Gr Buy Value	Gr Sell Value	Net Buy/Sell Value
24/05/2021	31,701	10,586	21,115	₹ 6,90,47,855	₹ 2,37,09,873	₹ 4,53,37,982
Corporate Announcement dated 25-May-21						
26/05/2021	0	18,000		₹ 0	₹ 4,52,38,268	₹ 4,52,38,268
28/05/2021	0	1,230		₹ 0	₹ 39,85,663	₹ 39,85,663
31/05/2021*	4	2,000		₹12,421	₹62,55,339	₹ 58,95,657
*On May 31, 2021, entity has bought 4 shares and sold 2,000 shares. Hence, 4 shares bought and sold are considered as intraday trade and ignored for profit calculation. Entity has bought net volume of 21,115 shares, hence for the remaining 1,996 shares sold on May 31, 2021, average price of 1,885 (1,885 X ₹ 3,127.67 = ₹58,95,657) per share is considered for final profit calculation to arrive at net sell volume as 21,115 shares.						
	Net Buy Vol	Net Sell Vol		Net Buy Value	Net Sell Value	
TOTAL	21,115	21,115		₹ 4,53,37,983	₹ 5,51,19,588	
Net Profit (Gross Sell Value – Gross Buy Value) =					₹ 97,81,605	

66) It is observed from the table above, that during the UPSI period, on May 24, 2021 a net volume of 21,115 shares were purchased in the scrip of *Lux* from the trading account of the *Entity no. 14*, aggregating to a total buy value of ₹4,53,37,982. I further note that the *Entity no. 14* sold those 21,115 shares at a total sell value of ₹5,51,19,588 after the announcement of the UPSI and resultantly, a huge profit of ₹97,81,605 was earned by it. Although the *Entity no. 14* is found to have last traded in the scrip of *Lux* in the year of 2019, when the volume of its trades executed in the year 2019 is compared with the volume of shares traded in 2021, it is observed that there is a sharp increase in its exposure to the shares of the *Company* in the year of 2021. It is also observed that like the other entities discussed earlier, the *Entity no. 14* had also 0% (Nil) concentration in *Lux* vis-à-vis other scrips during the pre-UPSI period, which however jumped substantially to 33.51% during the UPSI period. As the trading history of the Entity suggests, the above surge in trading in the scrip of *Lux* by the *Entity no. 14* during the UPSI period is found to be quite abnormal as well as deviant and unlike of its usual trading behaviour as far as its earlier trading pattern in the scrip of *Lux* is concerned, and the same cannot be overlooked. Based on the above, it can be therefore *prima facie* observed that such a sudden & substantially high trading activities of the *Entity no. 14* in the scrip of *Lux* during the UPSI period was undoubtedly influenced by the possession of the UPSI that was passed on to it by virtue of its close business connection as well as frequent communications with the *Entity no. 9* as explained above.

67) For the sake of convenience, the above stated connection and communications between the *Entity nos. 9 and 14* that give rise to such an apparent suspicion of the communication of the UPSI to the *Entity no. 14* by the *Entity no. 9* based on which the *Entity no. 14* has apparently made unlawful gains by trading in the scrip of *Lux* while in possession of UPSI, is pictorially shown below:



Role of the Entities

68) From the foregoing factual analysis based on the materials brought on records during the examination and the unputdownable circumstantial evidences that have been successfully yielded in by the said factual analysis pertaining to close connections/relationships that exist amongst different *Entities* corroborated by frequent telephonic conversations & evident friendship noted through social media etc. between different pairs of entities as vividly illustrated above, and from their respective role played by various entities in trading in the shares of *Lux* during the UPSI period, one thing that emerges clearly is that behind all the aforesaid suspicious insider trading pattern indulged in by different *Entities* in the scrip of *Lux*, it is the *Entity no. 1*, who undoubtedly had direct access to and had the first-hand knowledge about the *Financial Results* of the *Company* which in all probabilities, through his close connections and frequent phone calls with other entities was transmitted during the UPSI period to some of those other *Entities*. The strong connections that are observed between the *Entities* involving family/blood relationship, directorship and shareholdings, KYC documents, financial dealings, frequent telephonic calls and other business relations amongst the *Entities* which have been amply demonstrated with supporting facts & banking transactions in the preceding paragraphs, go on to constitute a robust set of evidence which even a layman can see through to unearth a reasonably strong probability of the *Entity no. 1* being the initial and central source of dissemination of UPSI so as to arrive at a *prima facie* conclusion that the other entities have secured access to the said UPSI (*Financial Results*) by virtue of their connections either with the *Entity no. 1* or with those other entities who shared close connections with the *Entity no. 1*. The preliminary examination has also gone out a step further to bring out additional *prima facie* evidence to demonstrate as how trades in the shares of *Lux* during the UPSI period

have been executed by an *Entity* (i.e. the *Entity no. 5*) with the support of funds received from another trading *Entity* (i.e. the *Entity no. 10*), which further reinforces the suspicion that trading in the shares of the *Company* while in possession of the UPSI was executed by the *Entities* primarily with an intent to take price advantage of the price sensitive information, exclusively possessed by them. The aforesaid *prima facie* give rise to believe that, had these entities not been in possession of the said UPSI, they would not have traded in the shares of *Lux* during the said UPSI period by displaying such unusual exuberance and undue haste as exhibited by them through their conduct leading me to a compelling *prima facie* view that their trading in the scrip of *Lux* was predominantly inspired by the UPSI which they were privileged to possess, largely for the reason of having connection with an entity belonging to controlling family of the *Company*..

69) After having examined the acts committed and roles played by various *Entities* in their individual capacities either in communicating the UPSI or in trading in the scrip of *Lux* during the UPSI period or causing abetment in insider trading in the scrip of *Lux* as highlighted in the foregoing paragraphs of this order, I now proceed to ascertain as to whether and to what extent the above acts committed / roles played by the *Entities* have resulted in violation of any of the provisions of the SEBI Act, 1992 and the PIT Regulations, 2015, and in the event there have been contraventions of provisions of the SEBI Act, 1992 and the PIT Regulations, 2015, then it has to be identified as to who all are *prima facie* liable for those violations. However, before that I deem it appropriate to sum up the aforesaid factual details and findings pertaining to those acts apparently committed and roles played by different *Entities* relating to their dealing in the scrip of *Lux* in the following points:

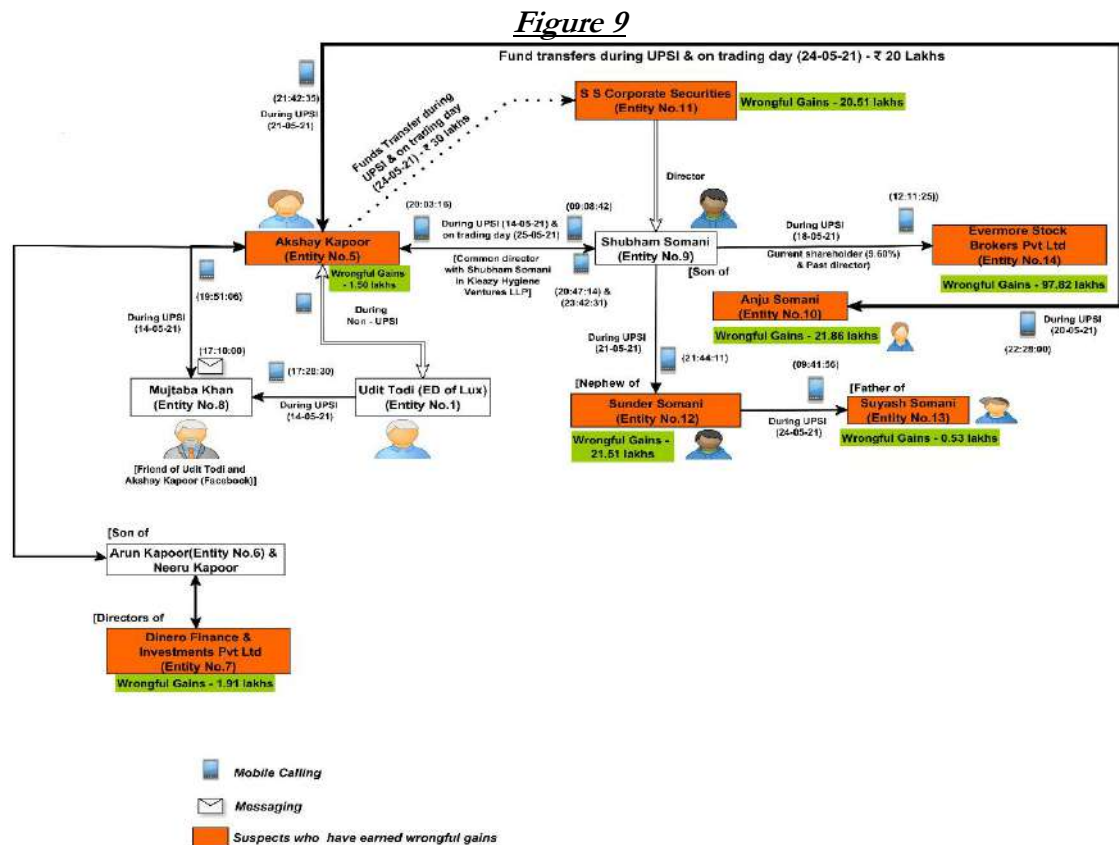
- a) The *Entity no. 1*, being a connected person was *prima facie* an insider and was in possession of the UPSI. The *Entity no. 1* through his close connections and phone calls appear to have communicated/ shared the UPSI with the *Entity nos. 2, 3 and 8* during the UPSI period as demonstrated at length earlier in this order. Though the *Entity nos. 2 and 8* have not traded themselves however, the examination of facts show that the UPSI which they to have apparently received from the *Entity no. 1* was further disseminated and shared with several other persons connected/ related/ associated directly or indirectly with them and in the process, the *Entity nos. 2 and 8* have aided and abetted in facilitating the access to the UPSI by other *Entities*, who have been seen to be executing trades in the scrip of the *Lux* during the UPSI period thereby earning substantial profits by taking advantage of an price sensitive information that was not generally available to the investors of the securities market.
- b) The *Entity no. 3*, pursuant to receipt of UPSI either from the *Entity nos. 1 or 2* or from both of them, has executed trades in the scrip of *Lux* in the trading account of his

family-controlled company i.e., the *Entity no. 4* after and pursuant to the receipt of UPSI and has made huge profits from the said trading.

- c) Further, the *Entity no. 1* is also observed to have communicated/shared the UPSI to the *Entity no. 8* (Mujtaba Ali Khan), who in turn has seemingly relayed the UPSI to the *Entity no. 5* (Akshay Kapoor) and after having the possession of the said UPSI, *Entity no. 5* is found to have executed trades in the scrip of *Lux* from his trading account during the UPSI period and has made gains from such trading. It is also seen that the *Entity nos. 5* and *9* were talking over phone on several occasions during the UPSI period. The said phone calls were followed by execution of trades in the trading accounts of the *Entity nos. 10* and *11*, and those trades in the trading accounts of the said two entities were placed by the *Entity no. 9* only (trades were executed through stock broker *Entity no. 11*). The above facts lead to a strong assumption of communication of UPSI from the *Entity no. 5* to the *Entity no. 9*.
- d) Further, as noted above, several fund transactions between the *Entity no. 5* and the *Entity no. 10* have taken place during the period including a receipt of INR 20.00 Lakh by the *Entity no. 5* from the *Entity no. 10* during the UPSI period, which was used for trading in the shares of the *Company*. Considering the same and also looking at the peculiar trading pattern followed by other entities so far as their trading in the scrip of *Lux* during UPSI period is concerned, sharing of the UPSI by the *Entity no. 5* with other set of entities comprising of the *Entity nos. 9* to *14* becomes profoundly noticeable given the facts & circumstances surrounding the conduct of the *Entity no. 5* as discussed in detail earlier in this order.
- e) The funds transactions noted to be existing between the *Entity nos. 5* and *10* and the kind of close connections observed to be present between the *Entity nos. 5* & *6*, and *9* & *10* as already highlighted in this order, when examined in the context of the unusual trading done by several entities during the UPSI period in the scrip of *Lux*, lead to a unassailable possibility of such trades having been executed under the influence and possession of UPSI, wherein the *Entity no. 9* is seen to have executed trades in the trading account of his connected entities like the *Entity nos. 10* and *11* apart from aiding & abetting his connected *Entity no. 14* to trade in the scrip of *Lux* by sharing the said UPSI with it. Further, the *Entity no. 6* has traded in the trading account of his connected entity i.e., the *Entity no. 7* during UPSI period thereby making profits from such trades in the scrip of *Lux*. The facts on my table further constrain me to take a *prima facie* view that, the *Entity no. 9* has apparently communicated the UPSI to his uncle i.e., the *Entity no. 12* that ultimately traversed to his son, the *Entity no. 13* and both of them i.e., the *Entity nos. 12* and *13* after being endowed with the UPSI, are seen to have executed

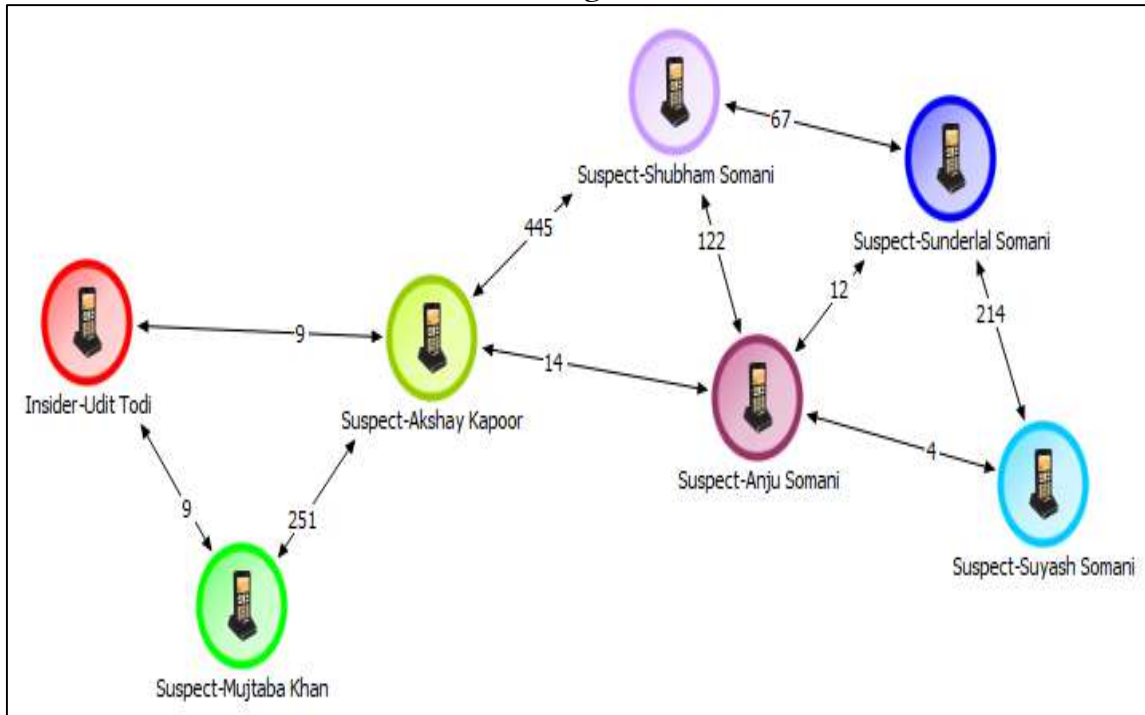
trades in the scrip of *Lux* during the UPSI period only to pocket good amounts of quick profits from such apparent insider trades.

- f) Connections as witnessed between the *Entity nos. 5, 9 and 10* through their call records & funds transfers through bank accounts etc. and based on the preponderance of the factual details as brought out so succinctly earlier in this order, can easily lead to an obvious inference that the *Entity no. 10* was in receipt of the UPSI from the *Entity no. 5* either directly or through her son i.e., the *Entity no. 9* and the afore-noted fund transfer further buttresses the said connections witnessed amongst the *Entity nos. 5, 9 and 10* in this regard.
- g) The above narrated facts pertaining to the connections enjoyed by various *Entities* and the flow of transmission of UPSI as has been prima facie observed to have taken place amongst various *Entities* have been concisely captured in the pictorial representation as under:



- h) A pictorial representation of the telephonic communication displaying the number of phone calls exchanged among different *Entities* as observed from CDRs is also illustrated below: -

Figure 10



- 70) Based on the foregoing discussions and factual findings on the connections, phone calls and funds transfers noted amongst various *Entities* as well as the apparent transmission & onward dissemination of UPSI from the *Entity no. 1* to other *Entities* as dealt with in detail in preceding paragraphs, it can now be *prima facie* held that the *Entities*, by pursuing a similar *modus operandi*, with respect to communication of information and/or acting on the same, have carried out insider trading activities in the scrip of *Lux*, wherein each *Entity* has played his/her/its part in pursuance of the said *modus operandi*. The *Entity no. 1* by communicating UPSI to the *Entity nos. 2, 3 and 8* enabled them to engage themselves in or facilitate other *Entities* as well to indulge in insider trading activities and as is clearly borne out from the activities of *Entity nos. 2, 3 and 8*, they have quite apparently engaged themselves in insider trading activities and have further aided and abetted other *Entities* to indulge in insider trading in the scrip of the *Company* while in possession of UPSI pertaining the *Financial Results* of the *Company* ending on March, 2021 of the *Company*. Given the aforesaid facts & circumstances that are germane to the role played by each entity to take undue pecuniary advantage of a price sensitive information that was generally not available by following similar *modus operandi*, such acts which have been *prima facie* committed by the entities in transmitting/procuring the UPSI and/or trading or facilitating trading in the scrip of *Lux* during the UPSI period while in possession of UPSI can be termed nothing but gross violations of the provisions of the SEBI Act, 1992 and the PIT Regulations.
- 71) Following my aforesaid observations and findings, it can be *prima facie* concluded that the *Entity no. 1* has acted in violation of Section 12 A (d) and (e) of the SEBI Act, 1992 and regulation 3

(1) of the PIT Regulations, 2015. At the same time, I find that the *Entity no. 2* being connected person with the *Entity no. 1* (wife) and also being an immediate relative of the *Entity no. 3* (her father) appears to have communicated the UPSI to the *Entity no. 3*, and accordingly, the *Entity no. 3* who had telephonic conversations with his son-in-law as well as daughter during the UPSI period, can be said to have most possibly received the UPSI from either *Entity no. 1* or *2* or from both of them as well. Similarly, I have already noted in this order as how the *Entity no. 8* has *prima facie* received the UPSI in some form or manner from the *Entity no. 1* and has apparently transferred the said UPSI to *Entity no. 5*. Likewise, I have observed at length in this order how the *Entity nos. 6* and *9* have *prima facie* directly received the UPSI from the *Entity no. 5*. Also, the factual matrix of the matter conspicuously indicates that the *Entity nos. 4* and *14*, have traded in the scrip of *Lux* during the UPSI period apparently based on or influenced by said UPSI received by them from the *Entity nos. 3* and *9*, respectively. I have also demonstrated the role of the *Entity nos. 6* and *9* in the trades executed in the scrip of *Lux* during the UPSI period in the trading accounts of the *Entity nos. 7* and *11*, respectively. Likewise, it is amply demonstrated that the *Entity nos. 10* and *12* received the UPSI from the *Entity no. 9* and thereafter, the *Entity no. 12* communicated the said information to the *Entity no. 13*. Under the circumstances, in my considered view, the *Entity nos. 2* to *14* can also be stated to have *prima facie* violated the applicable provisions of Sections 12A (d) and (e) of the SEBI Act, 1992 and regulations 3 and 4 of the PIT Regulations, 2015.

72) At this juncture, I would like to clarify that the preliminary examination has revealed the existence of close connections between/amongst the entities which have already been elucidated and discussed at length in this order with the support of certain *prima facie* documents, such as telephonic communications, family/blood connections, KYC documents, Facebook postings, fund transfer etc., and the telephonic communications that have been specifically highlighted to suggest transmission of UPSI between/amongst various entities during the UPSI period. In my view, the purpose of highlighting the telephonic communications as revealed from the examination is not to suggest with conviction that the UPSI has indeed been transferred from one entity to another entity only through the telephonic communication that have been pointed out in the order. Needless to emphasize that transmission of UPSI will always belong to the realm of extremely private world between/amongst the connected parties and the same can be transmitted in any mode of communication including telephonic communication. The intent behind highlighting the aforesaid phone calls that have been exchanged during the UPSI period is primary to bring home the point that the *Entities* were in the habit of talking to each other on a regular basis and hence passing of the UPSI in the course of such interactions/telephonic or otherwise *prima facie* cannot be ruled out. Therefore, the preponderance of probability of overall factual context of the matter, the proximity amongst the *Entities*, frequency of their interactions and peculiar

facts and circumstances under which the shares of the *Company* has been traded during the UPSI period, etc. have to be considered holistically for arriving at a *prima facie* view about the possibility of violations of the PIT Regulations by the *Entities*. In my view, the factual revelation from the preliminary examination as discussed in detail in this order strongly converge on the preponderance of probability, constraining me to take this *prima facie* view that the *Entities* have in all probability indulged in transmission of UPSI as well as in insider trading, as so succinctly revealed from the preliminary examination.

73) In order to capture/arrange the aforesaid narration for better understanding of the specific roles played and violations committed by each of the *Entities*, the same is demonstrated through the following tabular presentation:

Table 18

Entity No.	Name of Entity	Prima facie observations against the Entity	Prima facie Violation by the Entity
1	Udit Todi	The <i>Entity no. 1</i> (Udit Todi) being an insider, has communicated UPSI to members of his family and his friend i.e., the <i>Entity nos. 2, 3 and 8</i> .	Section 12A(d) and (e) of the SEBI Act, 1992; Regulation 3(1) of the PIT Regulations, 2015
2	Avani Todi	The <i>Entity no. 2</i> (Avani Todi), being a connected person to the <i>Entity no. 1</i> , communicated the UPSI to her father the <i>Entity no. 3</i> (Sanjeev Bubna)	Section 12A(d) and (e) of the SEBI Act, 1992; Regulation 3(1) of the PIT Regulations, 2015
3	Sanjeev Bubna	The <i>Entity no. 3</i> (Sanjeev Bubna) has received UPSI from the <i>Entity nos. 1 and 2</i> and has dealt in the scrip of <i>Lux</i> by placing order in the account of his family controlled company i.e., the <i>Entity no. 4</i> (Indi Stock Private Limited) thereby engaging in insider trading in the scrip of <i>Lux</i> while in possession of UPSI.	Section 12A(d) and (e) of the SEBI Act, 1992; Regulation 3(2) of the PIT Regulations, 2015
4	Indi Stock Private Limited	The <i>Entity no. 4</i> (Indi Stock Private Limited), wherein the <i>Entity no. 3</i> , (the director and a major shareholder) who placed orders while in possession of UPSI, has traded in the scrip of <i>Lux</i> and thereby engaged in insider trading.	Section 12A (d) and (e) of the SEBI Act, 1992; Regulation 4(1) of the PIT Regulations, 2015

Entity No.	Name of Entity	Prima facie observations against the Entity	Prima facie Violation by the Entity
5	Akshay Kapoor	<p>The <i>Entity no. 5</i> (Akshay Kapoor) has received UPSI from the <i>Entity no. 8</i> (Mujtaba Khan) and has traded in his own account, while in possession of UPSI, thereby, has engaged in insider trading in the scrip of <i>Lux</i>.</p> <p>The <i>Entity no. 5</i> (Akshay Kapoor) communicated the UPSI to the <i>Entity no. 6</i> (his father Arun Kapoor), the <i>Entity no. 9</i> (Shubham Somani) and to the <i>Entity no. 10</i> (Anju Somani), either directly or through the <i>Entity no. 9</i> (Shubham Somani).</p>	Section 12A (d) and (e) of the SEBI Act, 1992; Regulation 3(1), 3 (2) and 4 (1) of the PIT Regulations, 2015
6	Arun Kapoor	The <i>Entity no. 6</i> (Arun Kapoor) has received UPSI from <i>the Entity no. 5</i> (his son Akshay Kapoor) and has dealt in the scrip of <i>Lux</i> by placing order in the trading account of family controlled company i.e., the <i>Entity no. 7</i> (Dinero Finance and Investments Private Limited) and thereby has engaged in insider trading in the scrip of <i>Lux</i> while in possession of UPSI.	Section 12A(d) and (e) of the SEBI Act, 1992; Regulation 3(2) of the PIT Regulations, 2015
7	Dinero Finance and Investments Private Limited	The <i>Entity no. 7</i> (Dinero Finance and Investments Private Limited), wherein the <i>Entity no. 6</i> (Arun Kapoor, director of Dinero) placed orders while in possession of UPSI, has traded in the scrip of <i>Lux</i> and thereby engaged in insider trading.	Section 12A (d) and (e) of the SEBI Act, 1992; Regulation 4(1) of the PIT Regulations, 2015
8	Mohd Mujtaba Ali Khan	The <i>Entity no. 8</i> (Mohd Mujtaba Ali Khan) has received UPSI from the insider Udit Todi and communicated the UPSI to the <i>Entity no. 5</i> (Akshay Kapoor) and has thereby engaged in insider trading while in possession of UPSI.	Section 12A (d) and (e) of the SEBI Act, 1992; Regulation 3(1) and 3(2) of the PIT Regulations, 2015

Entity No.	Name of Entity	Prima facie observations against the Entity	Prima facie Violation by the Entity
9	Shubham Somani	The <i>Entity no. 9</i> (Shubham Somani) has received UPSI from the <i>Entity no. 5</i> (Akshay Kapoor) and communicated the UPSI to the <i>Entity no. 12</i> (Sunder Somani) and the <i>Entity no. 14</i> (Evermore Stock Brokers Private Limited). Further, the <i>Entity no. 9</i> (Shubham Somani) has dealt in the scrip of <i>Lux</i> by placing order in the account of the <i>Entity no. 10</i> (Anju Somani) and the <i>Entity no. 11</i> (SS Corporate Securities Limited) thereby engaging in insider trading in the scrip of <i>Lux</i> while in possession of UPSI.	Section 12A (d) and (e) of the SEBI Act, 1992; Regulation 3 (1) and 3(2) of the PIT Regulations, 2015
10	Anju Somani	The <i>Entity no. 10</i> (Anju Somani) has received UPSI from the <i>Entity no. 5</i> (Akshay Kapoor) directly and/or through her son i.e., the <i>Entity no. 9</i> (Shubham Somani) who has traded in the scrip of <i>Lux</i> through placement of orders by her son the <i>Entity no. 9</i> (Shubham Somani) and has thus engaged in insider trading while in possession of UPSI.	Section 12A (d) and (e) of the SEBI Act, 1992; Regulation 3(2) and 4(1) of the PIT Regulations, 2015
11	SS Corporate Securities Limited	The <i>Entity no. 11</i> (SS Corporate Securities Limited, wherein the <i>Entity no. 9</i> [Shubham Somani (major shareholder), who placed orders while in possession of UPSI, has traded in the scrip of <i>Lux</i> during UPSI period and thereby engaged in insider trading.	Section 12A (d) and (e) of the SEBI Act, 1992; Regulation 4(1) of the PIT Regulations, 2015
12	Sunder Somani	The <i>Entity no. 12</i> (Sunder Somani) has received UPSI from the <i>Entity no. 9</i> (Shubham Somani) and communicated the UPSI to the <i>Entity no. 13</i> (Suyash Somani) and has traded in his account while in possession of UPSI. Thereby, he has engaged	Section 12A (d) and (e) of the SEBI Act, 1992; Regulation 3(1), 3(2) and 4(1) of the PIT Regulations, 2015

Entity No.	Name of Entity	Prima facie observations against the Entity	Prima facie Violation by the Entity
		in insider trading in the scrip of <i>Lux</i> .	
13.	Suyash Somani	The <i>Entity no. 13</i> (Suyash Somani) has received UPSI from his father i.e., the <i>Entity no. 12</i> (Sunder Somani) and has traded in his account while in possession of UPSI. Thereby, he has engaged in insider trading in the scrip of <i>Lux</i> .	Section 12A (d) and (e) of the SEBI Act, 1992; Regulation 3(2) and 4(1) of the PIT Regulations, 2015
14	Evermore Stock Brokers Private Limited	Evermore Stock Brokers Private Limited, wherein the <i>Entity no. 9</i> (Shubham Somani) is a major shareholder, has traded in the scrip of <i>Lux</i> during UPSI period and thereby engaged in insider trading.	Section 12A (d) and (e) of the SEBI Act, 1992; Regulation 4(1) of the PIT Regulations, 2015

74) Having convinced myself about the fact that all the *Entities* as discussed aforesaid have brazenly played their respective roles in indulging in a serious offense like insider trading in the scrip of *Lux* during the UPSI period, the issue which now merits discussion is, who amongst the aforesaid *Entities*, would be *prima facie* liable for the proceeds generated as wrongful gains/profits from the above noted insider trading activities in the scrip of *Lux*. From the detailed factual analysis and discussions made in the foregoing paragraphs of this order, I find it to be a tell-tale episode of insider trading in which all the *Entities*, pursuant to a pre-conceived *modus operandi* have *prima facie* engaged directly/indirectly in insider trading activities in the scrip of *Lux*. As can be clearly discerned from the aforesaid discussions, the specific role played by each *Entity* directly or indirectly, could be held to be an overt act of insider trading in the scrip of *Lux* that was heralded from the first act of transmission of the UPSI by *Entity no. 1* who provided a common thread of information for onward dissemination amongst the other *Entities* either directly or indirectly, basis which insider trading by all the entities was carried out in shares of *Lux* during the UPSI period .

75) As already held above, *Entity no. 1* has unmistakably acted in violation of provisions of Section 12 A (d) and (e) of the SEBI Act, 1992 and regulation 3 of the PIT Regulations, 2015 for communicating of UPSI to the *Entity nos. 2, 3 and 8*. The UPSI is further seen to have travelled onwards riding on close connections and regular communications between the *Entity no. 8* and the *Entity no. 5* and then from the *Entity no. 5* to another set of *Entities*, broadly (the *Entity nos. 9 to 14, as narrated above*), who have also traded in the scrip, by purchasing the shares of *Lux*

during the UPSI period and selling those shares after the public disclosure of the UPSI. It is also seen that almost all of these entities who have traded in the scrip of *Lux* during UPSI period did not have any trading history of dealing in the shares of *Lux* in the recent past and after selling the shares post-public announcement of the UPSI, most of them did not pursue any fresh trading in the scrip of the *Company* afterwards. None of the trading entities has been found to have retained the shares for a longer time after buying the same during the UPSI period and each one of them has sold soon after the UPSI was disclosed by the *Company* and has made gains from such sale. I have also noted above as to how a certain amount of fund received by the *Entity no. 5* from the *Entity no. 10* is seen to have been utilised for trading in the scrip of the *Company* as the said funds were transferred immediately to his broker's account by the *Entity no. 5*.

76) Under the facts and circumstances as explained in great details in this order which leads to an unbiased and undeniable *prima facie* conclusion that certain entities named in this order have indeed indulged in insider trading by flagrant violation of provisions of the SEBI Act and the PIT Regulations, I am left with the next step of ascertaining the wrongful gains for the purpose of impounding of such wrongful gains that have been generated by those entities who have traded either on their own or with the support of other entities, in the scrip of *Lux* during the UPSI period while in possession of the UPSI. Accordingly, the Entity wise proceeds generated as wrongful gains by the following named entities from their respective insider trading activities to the extent the same could be quantified at this stage, are indicated in the table below:

Table 19

S. No. (A)	Trading Account of Entities in which insider trading executed (B)	Entities liable for insider trading and wrongful gains (C)	Total Wrongful gains (D)
1	<i>Entity no. 4</i> (order placed by the <i>Entity no. 3</i>)	<i>Entity no. 3</i> (Sanjeev Bubna) <i>Entity no. 4</i> (Indi Stock Private Limited)	₹ 1,28,68,738
2	<i>Entity no. 5*</i> (trades funded by the <i>Entity no. 10</i>)	<i>Entity no. 5</i> (Akshay Kapoor) <i>Entity no. 10</i> (Anju Somani)	₹ 1,49,925
3	<i>Entity no. 7</i> (order placed by the <i>Entity no. 6</i>)	<i>Entity no. 6</i> (Arun Kapoor) <i>Entity no. 7</i> (Dinero Finance and Investments Private Limited)	₹ 1,91,038
4	<i>Entity no. 10</i> (order placed by the <i>Entity no. 9</i>)	<i>Entity no. 9</i> (Subham Somani) <i>Entity no. 10</i> (Anju Somani)	₹ 21,86,168
5	<i>Entity no. 11</i> (order placed by the <i>Entity no. 9</i>)	<i>Entity no. 9</i> (Subham Somani) <i>Entity no. 11</i> (SS Corporate Securities Limited)	₹ 20,50,796
6	<i>Entity no. 12</i>	<i>Entity no. 12</i> (Sundar Somani)	₹ 21,48,303

S. No. (A)	Trading Account of Entities in which insider trading executed (B)	Entities liable for insider trading and wrongful gains (C)	Total Wrongful gains (D)
7	<i>Entity no. 13</i>	<i>Entity no. 13</i> (Suyash Somani)	₹ 52,828
8	<i>Entity no. 14</i>	<i>Entity no. 14</i> (Evermore Stock Brokers Private Limited)	₹ 97,81,605
Total			₹ 2,94,29,401 (₹ 2.94 Creore)

*As the trades of *Entity no. 5* has been found to be funded by Entity no. 10, the liability of both Entities is co-terminus.

77) As the regulator of the capital markets, SEBI has an avowed duty to safeguard the interests of investors and protect the integrity of the securities market. Needless to emphasize that insider trading is considered to be a very serious violation of securities market *inter alia*, for the reason that it creates an unduly advantageous position for a person who is an insider and is connected to a company or for the reason of having an unpublished inside information as compared to the others, who have no connection and thereby are deprived of such inside information. Having access to and/or knowledge of inside information creates opportunities to take advantage of such information asymmetry, as the person who is aware of such inside information cannot claim to be enjoying a level playing field vis-à-vis the persons not having any connection with the company. Indulging into trading activities to take advantage of being an insider tantamounts to committing fraud upon the other investors of the securities market, who for the reason of not having the inside information, fail to reap similar benefits for themselves. The insider trading activity not only causes notional monetary loss to innocent investors but also has the effect of interfering with the development of securities market, as investors tend to lose faith in the securities market. The same is detrimental to the development of the securities market and hence qualifies as an “irreparable injury”. Needless to emphasize that the objective of SEBI as enshrined in the SEBI Act, 1992 is not only the protection of investors but also orderly development of securities market.

78) The preliminary examination by SEBI shows as to how a crucial price sensitive insider information which was expected to remain confidential and confined to certain persons till its public disclosure, apparently starts flowing from one person to another, who are seen to have been enjoying connection with each other. The flow of the said information coupled with an instance of funds transfer between certain connected *Entities* around the UPSI period, which was visibly used for trading in shares of the *Company*, when viewed with the unusual pattern of trades noticed during the UPSI period in the scrip of the *Company*, followed by selling of those

shares for a handsome profit soon after public dissemination of the said UPSI , undeniably strengthens the preponderance of probabilities to a compelling level making it profoundly clear that the above mentioned trades executed through the trading accounts of the *Entities nos. 4, 5, 7 and 10 to 14* during the UPSI period are not mere co-incidence of trades but have been executed consciously while in possession of and under the influence of the UPSI related to the *Financial Results* of the *Company*.

79) The examination also reveals as to how a person (the *Entity no. 1*) who was expected to remain above board and maintain utmost secrecy with respect to the UPSI in the interest of the shareholders of the *Company (Lux)* till the said UPSI became public has, insidiously transmitted the UPSI to multiple connected *Entities* enabling them to indulge in insider trading activities in concert with their own respective connected *Entities*. Such fraudulent activities by all the aforementioned *Entities* by no measure can be considered to be good for the integrity and safety of the securities market. After considering all the facts that have emerged so far from the preliminary examinations in a holistic manner, I am convinced that this is a fit case where, pending detailed investigation to unearth further insight into the activities of all the entities for which the investigating officer will require adequate time , effective and expeditious preventive and remedial action is required to be taken on an urgent basis by way of *ad interim ex -parte* in order to protect the interests of investors and to preserve the safety and integrity of the securities market. Therefore, in order to safeguard the interests of securities market, to prevent such persons/entities from diverting the proceeds allegedly earned out of the profits/gains made from these apparently insider trades executed by them in the scrip of the *Company* and further to deter other persons from engaging and indulging in such heinous & unlawful malpractices, it becomes necessary for SEBI to take urgent preventive steps by way of an interim measure, *inter alia*, for impounding and retaining the proceeds earned by the entities apparently by their trading activities during the UPSI period. Accordingly, in order to impound such alleged proceeds of profits under section 11(4)(d) of the SEBI Act, 1992, as an interim measure, an *ad interim ex-parte* order needs to be issued against the *Entities*.

80) I further note that for the additional reasons recorded herein below, immediate remedial action is also called for against the *Entities* to keep such miscreants out of the securities markets for the intervening period till such time investigation unravels the complete truth surrounding their activities during the UPSI period:

- a) I note that Udit Todi (the *Entity no. 1*) has now been elevated to the position of Executive Director of the *Company* and has access to the ongoing UPSIs of the *Company*. I have already observed in this order as to how Udit Todi alongwith his wife Avani Todi has apparently communicated the UPSI to his father-in-law Sanjeev Bubna (Director at Indi Stock Private Limited), which indicates that the possibility of further

sharing of UPSI about the *Company* by Udit Todi with his relatives to enable them to reap benefits out of such UPSIs in future cannot be ruled out. Udit Todi is also *prima facie* seen to have shared the UPSI with his friend Mujtaba Ali Khan and in turn Mujtaba Ali Khan is seen to have shared the said UPSI with Akshay Kapoor. When the member of the promoter family of a promoter run company and a person holding a post as high as the Executive Director in the *Company* has committed such violations, it does not inspire confidence about his future conduct with respect to maintenance of confidentiality of UPSI of the *Company* and there is every likelihood that Udit Todi may continue to share the UPSIs with his relatives and friends to help them make unlawful gains by taking advantage of such UPSIs from time to time. In my view not passing any preventive directions at this stage may leave the confidential information about the *Company* and its securities vulnerable to further misuse, to the detriment of the entire community of investors. Further, a person so highly placed in his company is likely to have a network of similarly placed acquaintances in the corporate world from whom through *quid pro quo*, he may access to and misuse the UPSI about other companies as well. Thus, the misuse may not be confined only to this particular scrip. Therefore, an impending danger to investors of securities market from the likely misconduct of Udit Todi and the consequent insider trading in the scrip of *Lux* or any other scrips for that matter while in possession of and on the basis of UPSI needs to be averted through this interim order.

- b) Further, as per regulation 9A (1) of the PIT Regulations, 2015 '*The Chief Executive Officer, Managing Director or such other analogous person of a listed company, intermediary or fiduciary shall put in place adequate and effective system of internal controls to ensure compliance with the requirements given in these regulations to prevent insider trading*'. In the background of this important fiduciary responsibility entrusted upon the Managing Director of the company, it is all the more vital to prevent the possibility of any such activities on the part of the son of the Managing Director of the *Company*, who himself also holds a high position in the *Company*.
- c) I have noticed from the facts of the case that Akshay Kapoor (the *Entity no. 5*) and Mujtaba Khan (the *Entity no. 8*) share a close relationship with Udit Todi. Akshay Kapoor is found to have business links with the Somani family with whom he has apparently shared the UPSI. Also, two trading members (Stock Brokers) in the market i.e SS Corporate Securities Private Limited and Evermore Stock Brokers through their links with the Somani family, are seen to have indulged in insider trading in their proprietary accounts. Such malicious trading behaviour on the part of the aforesaid entities, including on the part of the Trading members too, does not augur well for the integrity of the securities market. Given the facts and circumstances in which these

entities have engaged in such malpractices by misusing the UPSI possessed by them during the UPSI period, one can easily foresee an impending danger lurking in the misconduct of such entities for repeating such violations in future who are likely to continue to trade and communicate UPSI in similar fashion, while in possession of and on the basis of UPSI.

- d) There is a strong propensity for a person, who has been *prima facie* found to have committed a violation and reaped the benefits of such violations, to commit the same or any other violations to take similar undue advantage and to the detriment of the integrity of the Indian securities market. Principle of urgency requires stopping of such activities on time and therefore, it is necessary to stop such persons from committing further violations. Considering the afore-discussed *prima facie* offending actions of the *Entities* in the extant matter, there is an imminent threat of further insider trading activities being undertaken by these entities if they continue to remain active in the securities markets. Therefore, urgent preventive steps are required to be taken to prevent them from causing any further breach of securities laws thereby causing further harm to the market / loss to innocent investors / gain to themselves through unlawful means, which will be in the best interest of the general investors and the market. In my considered view, non-interference by the Regulator at this stage would therefore not only result in irreparable injury to the interests of the securities market and the investors, but may also act towards emboldening the confidence to such entities to perpetrate such wrong doings in the securities market. Therefore, in the fitness of things, it becomes necessary for SEBI to take urgent steps to impound and retain the proceeds (wrongful gains) allegedly made by certain *Entities* through the aforesaid *prima facie* insider trading as detailed out in this order, apart from issuing any other preventive directions to these entities as per the discussions in the previous paragraphs, by way of an interim measure. Considering the strong facts and circumstances of the case as have been brought to the fore by way of preliminary examination, I am convinced that the *balance of convenience lies* in favour of SEBI. In this regard, I also note that under Section 11(4)(d) of SEBI Act, 1992, the proceeds of a transaction can be impounded pending investigation. Since, the proceeds received by the entities by way of their insider trading in this case are intrinsically linked to the *prima facie* violations and violations committed by the *Entities* and with a view to prevent possible diversion of the said proceeds, appropriate direction needs to be issued to impound such proceeds pending completion of investigation in this regard.

Order

81) Keeping in view of the aforesaid discussions and my observations about the prima facie violations committed by the *Entities*, pending conclusion of investigation, in order to protect the interests of investors and the integrity of the securities market, I, in exercise of the powers conferred upon me under Sections 11, 11(4) and 11B (1) read with Section 19 of the SEBI Act, 1992 hereby issue by way of this interim ex-parte order, the following directions, which shall be in force until further orders: -

- a) All the *Entities*, viz; the *Entity nos. 1 to 14* are restrained from buying, selling or dealing in securities, either directly or indirectly, in any manner whatsoever until further orders.
- b) If the *Entities* have any open position in any exchange traded derivative contracts, as on the date of the order, they can close out / square off such open positions within 3 months from the date of order or at the expiry of such contracts, whichever is earlier. The *Entities* are permitted to settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the close of trading on the date of this order.
- c) The bank accounts of the *Entities* are hereby impounded to the extent of their respective liability as indicated against them as under:
 - i. Bank accounts of the *Entity nos. 3 and 4* shall be jointly and severally liable for an amount of **₹1,28,68,738**.
 - ii. Bank accounts of the *Entity nos. 5 and 10*, shall be jointly and severally liable for an amount of **₹1,49,925**.
 - iii. Bank accounts of the *Entity nos. 6 and 7* shall be jointly and severally liable for an amount of **₹1,91,038**.
 - iv. Bank accounts of the *Entity nos. 9 and 10*, shall be jointly and severally liable for an amount of **₹21,86,168**.
 - v. Bank accounts of the *Entity nos. 9 and 11*, shall be jointly and severally liable for an amount of **₹20,50,796**.
 - vi. Bank accounts of the *Entity no. 12* shall be liable for an amount of **₹21,48,303**.
 - vii. Bank accounts of the *Entity no. 13* shall be liable for an amount of **₹52,828**.
 - viii. Bank accounts of the *Entity no. 14* shall be liable for an amount of **₹97,81,605**.
- d) Further, the *Entities* whose names have been mentioned at sub-paragraph (c) above, are directed to open separate escrow account(s) with a Nationalized/Scheduled

Commercial bank jointly and severally, and deposit within 15 days from the date of service of this order, the impounded amounts as mentioned at the respective/corresponding serial number. It is further clarified that *Entities* mentioned at sub- paragraph (c) (ii), (iv) and (v) above, are permitted to open a single Escrow account (instead of multiple Escrow accounts) and deposit an aggregate amount equivalent to ₹43,86,889 jointly and severally in the said escrow account. The aforesaid amounts have been *prima facie* found to be the proceeds of wrongful profits/gains allegedly generated from the insider trading activity as noted above in this order. Each of the afore-stated escrow account/s shall be interest-bearing escrow account and shall create a lien in favour of SEBI. Further, the monies kept therein shall not be released without permission from SEBI.

- e) The banks where the *Entities* are holding bank accounts, jointly or severally, are directed to ensure that till further directions, except for compliance of direction at sub-paragraph (c) and (d) above, no debits shall be made in the bank accounts of the *Entities* without the permission of SEBI. The banks are directed to ensure that all the above directions are strictly enforced. Only on production of proof of deposit of entire amount mentioned sub-paragraph (c) above (either jointly or severally) in the escrow account, SEBI shall communicate to the banks to defreeze the bank accounts.
 - f) The *Entities* are directed not to dispose of or alienate any assets, whether movable or immovable, or any interest or investment or charge on any of such assets held in their name, individually or jointly, including money lying in bank accounts except with the prior permission of SEBI until the impounded amount is deposited in the escrow account.
 - g) The *Entities* are directed to provide a full inventory of all assets held in their name, individually or jointly, whether movable or immovable, or any interest or investment or charge on any of such assets, including details of all bank accounts, demat accounts and mutual fund investments, immediately but not later than 5 working days from the date of receipt of this order.
- 82) The foregoing *prima facie* observations contained in this Order, are made on the basis of the material available on record. In this context, the *Entities* may, within 21 days from the date of receipt of this Order, file their reply/objections, if any, to this Order and may also indicate whether they desire to avail an opportunity of personal hearing on a date and time to be fixed on a specific request to be made in that regard.
- 83) This Order is without prejudice to the right of SEBI to take any other action that may be initiated against *Entities* in accordance with law.

- 84) The above directions shall take effect immediately and shall be in force until further orders.
- 85) It is clarified that during the period of restraint, the existing holding of securities of the aforesaid *Entities* including units of mutual funds, shall remain frozen.
- 86) It is clarified that for the *Entity nos. 11 and 14*, the restraint issued under the above direction in paragraph 81(a) of this Order, shall operate and remain in force for their proprietary trades only and not for trades to be executed by their clients.
- 87) A copy of this order shall be served upon the *Entities*, Stock Exchanges, Banks, Registrar and Transfer Agents and Depositories for necessary action and compliance with the above directions.
- 88) A copy of this order shall also be served upon Lux Industries Ltd. for information and for examination vis-à-vis the Code of Conduct and employment terms.

-Sd-

DATE: JANUARY 24, 2022
PLACE: MUMBAI

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