

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

Under Sections 11(1), 11(4) and 11B of the Securities and Exchange Board of India Act, 1992

In the matter of trading in the shares of Palred Technologies Limited

In respect of -

1. Mr. Palem Srikanth Reddy [PAN: AAMPP9497N]
2. Mr. Ameen Khwaja [PAN: ARFPK4315A]
3. Ms. Noorjahan A. Khwaja [PAN: ACAPK3460G]
4. Mr. Ashik Ali Khwaja [PAN: ADMPA1271E]
5. Ms. Rozina Hirani Khwaja [PAN: ABQPH3900B]
6. Ms. Shefali Ameen Khwaja [PAN: ADTPV2598L]
7. Mr. Shahid Khwaja [PAN: ATXPK3630J]
8. Mr. Pirani Ameen Abdul Aziz [PAN: AONPP0697R]
9. Mr. Mohan Krishna Reddy Aryabumi [PAN: ABLPA2405R]
10. Mr. Karna Ramanjula Reddy [PAN: APAPK7847J]
11. Mr. Umashankar S. [PAN: ANUPS2006D]
12. Ms. Raja Lakshmi Srivaiguntam [PAN: BOPPS3150H]
13. Ms. Kukati Parvathi [PAN: ACIPP8586G]
14. Mr. Prakash Lohia [PAN: ABTPL5701F]
15. Ms. P. Soujanya Reddy [PAN: AAQPP2729R]

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1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') conducted an investigation into the scrip of Palred Technologies Limited (hereinafter referred to as 'PTL' or 'the Company') for the period of September 18, 2012 to November 30, 2013 (hereinafter referred to as 'the investigation period'), to ascertain the possible violation of the provisions of the SEBI Act, 1992 (hereinafter referred to as 'SEBI Act') and SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as 'PIT Regulations').
 2. PTL was incorporated in the year 1999. The Company had changed its name from Four Soft Limited to PTL w.e.f. December 09, 2013. The scrip of Palred is listed on National Stock Exchange Limited (hereinafter referred to as 'NSE') and Bombay Stock Exchange (hereinafter referred to as 'BSE').

3. The investigation alleged that Mr. Palem Srikanth Reddy, who is also the Chairman and Managing Director (CMD) of PTL, Ms. P. Soujanya Reddy, Mr. Ameen Khwaja, Ms. Noorjahan Khwaja, Mr. Ashik Ali Khwaja, Ms. Rozina Hirani Khwaja, Ms. Shefali Ameen Khwaja, Mr. Shahid Khwaja, Ms. Kukati Parvathi, Mr. Pirani Ameen Abdul Aziz, Mr. Karna Ramanjula Reddy, Mr. Umashankar S, Ms. Raja Lakshmi Srivaiguntam, Mr. Prakash Lohia and Mr. Mohan Krishna Reddy Aryabumi had traded in the scrip of PTL during the investigation period, while in possession of 'price sensitive information' (hereinafter also referred to as 'PSI'). The PSI and the price of the scrip before and after the PSI became public are as under:

TABLE - 1

S. No.	Date & Time	Announcement	Price Impact/Shares Traded				
1.	12-Aug-2013 11:20 hrs (Monday)	Board of Directors of PTL in the meeting held on August 10, 2013 had approved the slump sale of software solutions business to Kewill group. On this day, PTL also considered distribution of one-time special dividend post closure of the sale transaction.	08-Aug-2013 (Thursday)				
			Exchange	Open	High	Low	Close
			NSE	16.80	17.95	16.80	17.95
			BSE	17.35	18.10	17.25	18.10
			12-Aug-2013 (Monday)				
			Exchange	Open	High	Low	Close
			NSE	18.80	18.80	18.80	18.80
			BSE	18.90	19	18.90	19
			13-Aug-2013 (Tuesday)				
			Exchange	Open	High	Low	Close
	NSE	19.70	19.70	19.70	19.70		
	BSE	19.95	19.95	19.95	19.95		
	07-Oct-2013 10:08 hrs (Monday)	PTL vide letter dated October 04, 2013 had informed NSE about the completion of the deal (relating to slump sale of its software solutions business) on October 04, 2013.	04-Oct-2013 (Friday)				
			Exchange	Open	High	Low	Close
NSE			30.75	32.70	30.75	31.90	
BSE			31.45	32.50	31.45	31.95	
07-Oct-13 (Monday)							
Exchange			Open	High	Low	Close	
NSE			33.45	33.45	33.45	33.45	
BSE			33.50	33.50	33.50	33.50	
08-Oct-13 (Tuesday)							
Exchange			Open	High	Low	Close	
NSE	35.10	35.10	35.10	35.10			
BSE	35.15	35.15	35.15	35.15			
2.	15-Oct-2013 13:56 hrs (Tuesday)	Board of Directors of PTL in the meeting held on October 13, 2013 considered and approved <i>interim</i> dividend at ₹29 per share payable on or after October 22, 2013 to the shareholders holding shares as on record date i.e. October 18, 2013.	14-Oct-2013 (Monday)				
			Exchange	Open	High	Low	Close
			NSE	40.15	40.15	40.15	40.15
			BSE	39.20	39.20	39.20	39.20
			15-Oct-13 (Tuesday)				
			Exchange	Open	High	Low	Close
			NSE	42.15	42.15	42.15	42.15
			BSE	41.15	41.15	41.15	41.15
17-Oct-13 (Thursday)							

	PTL also reported to the exchange about the proposed reduction in the capital of PTL.	Exchange	Open	High	Low	Close
		NSE	13.80	13.80	13.80	13.80
		BSE	12.75	12.75	12.75	12.75

4. The discussion regarding the PSI is as under:

a. Slump sale of software solutions business to Kewill group

- The Company had suffered certain financial difficulties during the year 2007-08. In the year 2010, when the condition of the Company became stable, an investment advisor (BMR Advisors) was appointed for bringing in the strategic investments.
- On September 05, 2012, initial discussions were held between one Francisco Partners of Kewill Group and the representatives of PTL and a non-disclosure agreement was signed among them. Later, the management and the board of directors of PTL had approved the slump sale of its software solutions business to Kewill Group on August 10, 2013. The chronology of the events relating to the same are as follows:

TABLE - 2

Date	Event
September 05, 2012	Initiation of discussion between Kewill group and PTL for slump sale of its software business.
September 18, 2012	The non-disclosure agreement was executed between Kewill Group and PTL in the presence of the representatives of PTL (namely Mr. Palem S. Reddy, Mr. Biju Nair, Mr. K.V. Ramakrishna) and BMR Advisors.
August 10, 2013	PTL informed the Exchanges about the slump sale.
August 10, 2013 @ 13:01 hrs (Saturday)	Corporate announcement on BSE that the Board of Directors had approved the proposal for slump sale and signing of the 'acquisition agreement'. Post the completion of the sale of the business undertaking and investments, such amount as the Board may determine be distributed to shareholders by way of onetime special dividend and/ or buy back or other means.
August 12, 2013	Corporate announcement on NSE that the Board of Directors had approved slump sale of the business of providing software solutions for supply chain and logistics operational processes and sale of certain investments of the Company and to consider one-time special dividend for shareholders.

- After the announcement of 'slump sale of software solutions business to Kewill group' on August 10, 2013, the scrip price of PTL moved from a close of ₹17.95 on August 08, 2013 to a high of ₹42.15 on October 15, 2013, registering thereby an increase of 135% in 44 trading days on NSE. Similar movement in the price of the scrip was observed on BSE.
- The PSI regarding the 'slump sale of software solutions business to Kewill group' came into existence on September 18, 2012, i.e. when the non-

disclosure agreement was executed between Kewill group and PTL. The non-disclosure agreement (having a confidentiality clause) was a binding contract on both the sides. Disclosure of the agreement would certainly have an impact on the deal. Therefore, the same can be considered to be an ‘unpublished price sensitive information’ (hereinafter referred to as ‘UPSI’) which had definitely originated on September 18, 2012 and the same had remained unpublished till August 10, 2013 at 13:01 hrs., in terms of the Regulation 2(ha)(vi) of the PIT Regulations. The period of such UPSI was from September 18, 2012 to August 10, 2013.

- **Trading window closure period:** PTL had informed that the Company had closed the trading window from August 08, 2013 to August 13, 2103.

b. Declaration of *interim* dividend of ₹29 per share and reducing 50% of the capital of the Company by paying a value of ₹29 per share.

- The chronology of the events relating to this are as follows:

TABLE 3

Date	Event
September 12, 2013	initiation of working on the quantum of dividend and capital reduction by BMR Advisors (investment advisor).
October 13, 2013 (Sunday)	The board of PTL discussed and approved the declaration of dividend of ₹29 per share. Record date for payment of dividend was fixed as October 18, 2013.
October 14, 2013 @08:55 hrs.	Corporate announcement on BSE that the board of PTL had discussed and approved dividend of ₹29 per share and fixed the record date for payment of dividend as October 18, 2013.

- After the announcement of ‘declaration of dividend’ on October 14, 2013, the price of the scrip had moved from a close of ₹38.25 on October 11, 2013 to a close of ₹42.15 on October 15, 2013 (i.e. a rise of about 10.20% in 2 trading days).
- As discussed above, PTL had informed BSE on August 10, 2013, that the board of directors had agreed that post completion of the sale of business undertaking and investments, the amount as the Board may determine should be distributed to the shareholders by way of one-time special dividend and/ or buy back or by other means. As per the submissions of PTL, the decision to refund by capital reduction was first initiated on September 12, 2013. The same

was again discussed in the meeting of 'board of directors' of PTL held on October 13, 2013, wherein the members of the 'board of directors' had approved the reduction of the capital to the extent of 50% of paid up capital by paying ₹29 per share. The quantum of dividend of ₹29 per share to the shareholders was also discussed and approved in the meeting of the 'board of directors' held on October 13, 2013.

- In view of the same, the PSI regarding the 'declaration of *interim* dividend of ₹29 per share and reducing 50% of the capital of the Company by paying a value of ₹29 per share' came into existence on September 12, 2013 and the same remained unpublished till October 14, 2013 at 08:54 hrs. The same was an UPSI in terms of the Regulation 2(ha)(ii) of the PIT Regulations. In view of the same, the period of UPSI was from September 12, 2013 to October 14, 2013.
 - **Trading window closure period:** PTL had informed that the Company had closed the trading window from October 10, 2013 to October 15, 2013.
5. The Company, in its e-mail dated June 20, 2014 had informed SEBI that Mr. Palem Srikanth Reddy (the Chairman and Managing Director of PTL), Mohan Krishna Reddy and P. Soujanya Reddy were the persons privy to the 'slump sale of software solutions business to Kewill group'. Mr. Palem Srikanth Reddy was also privy to the information about the declaration of dividend. **Mr. Palem Srikanth Reddy** being the connected person within the meaning of Regulation 2(c)(i) of the PIT Regulations and having access to the UPSI, as detailed above, is alleged to be an 'insider' in terms of the Regulation 2(e) read with Regulation 2(c) of the PIT Regulations.
6. The investigations have revealed that Mr. Palem S. Reddy had communicated/ counselled, directly or indirectly the UPSI to one Mr. Ameen Khwaja, his relative Ms. Kukati Parvathy and others (hereinafter collectively referred to as the 'suspected entities'). The details of the connections of suspected connected entities with Mr. Palem S. Reddy are as under:

- **Mr. Palem Srikanth Reddy** and **Mr. Ameen Khwaja** were the common directors of one Pal Premium Online Media Pvt. Limited (hereinafter referred to as 'Pal'). The names of both Mr. Palem Srikanth Reddy and Mr. Ameen Khwaja appear in the promoter category of Pal. It was found that Pal had provided services relating to 'search engine' to PTL during the period September 2011 to May 2013 (i.e. during the period of UPSI). Further, after the 'slump sale of business' by PTL to Kewill group, discussions pertaining to the merger of Palred Media and Entertainment Pvt. Limited and Pal with PTL had begun on December 19, 2013, which later got approved by the Board of Directors of the Company. In view of the same, Mr. Ameen Khwaja is also alleged to be an 'insider' and 'connected person' in terms of the Regulations 2(e) and (c) of the PIT Regulations.
- **Mr. Ameen Khwaja** appears to have not traded in the scrip of PTL during the period of investigation. However, his immediate family members namely **Ms. Noorjahan A. Khwaja, Mr. Ashik Ali Khwaja, Ms. Rozina Hirani Khwaja, Ms. Shefali Ameen Khwaja and Mr. Shahid Khwaja** (hereinafter collectively referred to as 'Khwaja group') were found to be trading in the scrip of PTL during the UPSI period.

The trading pattern of Khwaja group entities was found to be in clear deviation from their established trading pattern. Except Ms. Noorjahan Khwaja, no other Khwaja group entity had traded in the market since April 01, 2011 to September 17, 2012. Even the maximum purchase value of Ms. Noorjahan Khwaja at BSE/NSE was only ₹2.13 lakh in seven scrips, the same is in sharp contrast to the amount of ₹16.62 lakh, she had invested in the scrip of PTL (a not-so-frequently traded scrip during the relevant period). Further, it has also been revealed that the trading accounts of four members of Khwaja group were opened only on June 26, 2013, June 27, 2013, July 10, 2013 and July 12, 2013 i.e. during the UPSI period.

Khwaja group entities had purchased substantial quantity of shares of PTL during the UPSI of 'slump sale'. An analysis of the bank statement of Khwaja group

entities revealed that the amount invested by these entities for the purchase of PTL shares is considerably higher than their annual income.

The trading pattern of the Khwaja group suggests that they had traded on PSI from Mr. Ameen Khwaja. Therefore, being relatives of the connected person, persons comprising of Khwaja group are 'deemed to be connected person' in terms of the provisions of Regulation 2(h)(viii) of the PIT Regulations and are covered in the definition of 'insider'.

- **Mr. Pirani Ameen Abdul Aziz** is also found to be connected to Mr. Ameen Khwaja through mutual friends on 'Facebook'. He was employed with Deloitte Tax Services India Pvt. Limited (a group company of Deloitte Touche Tohmatsu India Pvt. Limited, which had conducted the due diligence of PTL during the slump sale). During the course of investigation, Mr. Pirani Ameen Abdul Aziz failed to reply to the specific details, as sought by SEBI.

His trading pattern was found in deviation from the established trading pattern. It was found that he had transacted only in the scrip of 'Cummins India Limited' for a quantity of only three shares for a consideration of ₹1,330, which he had purchased and sold during July 2013. Further, he was not found trading in any other scrip since April 2011 except that of investing about ₹5 lakh in PTL shares from June 2013 onwards, i.e., during the UPSI of 'slump sale'. The proportion of his investment in PTL shares when considered in relation to his income and that too in a scrip which was not frequently traded (during the relevant period), is not commensurate with the usual investment behavior.

It was found that he had opened his trading account with HDFC Securities Limited on June 25, 2013, i.e. just one day prior to his trading (i.e. June 26, 2013), in the scrip of PTL. Further an analysis of his bank account details revealed that he had received a series of cash deposits, prior to each payment to his broker for transacting in the shares of PTL. Mr. Pirani Ameen Abdul Aziz has not furnished

any detail of the source of such cash deposits. The same raises serious suspicion on his transactions.

The above discussion, suggests that Mr. Pirani Aryn Abdul Aziz had traded on the PSI regarding the scrip of PTL. In view of the same, he can also be considered to be an 'insider' in terms of the Regulations 2(e) of the PIT Regulations who had dealt in the scrip of PTL on the basis of UPSI communicated/ counselled by Mr. Ameen Khwaja through Mr. Palem Srikanth Reddy.

- **Mr. Mohan Krishna Reddy Aryabumi** was the non-executive and Independent Director of PTL from June 19, 2009 till August 14, 2015 and had traded in the scrip of PTL during the UPSI of 'dividend declaration' when the trading window was closed. During the course of investigation, Mr. Mohan Krishna Reddy Aryabumi has submitted that he was having professional relationship with Mr. Palem Srikanth Reddy as a director in PTL and had purchased the shares of PTL for investment.

He being the member of the Board of PTL, during the relevant period can be said to be in possession of UPSI and had traded in the scrip of PTL based on the same. In terms of the Regulation 2(e) of the PIT Regulation, Mohan Krishna Reddy is alleged to be an 'insider'.

- **Ms. P. Soujanya Reddy** is the promoter of PTL and mother-in-law of Mr. Palem Srikanth Reddy. She was also the non-executive Director of PTL till October 12, 2013. Being on the board of PTL and also mother-in-law of Mr. Palem Srikanth Reddy, she is alleged to be an insider in terms of Regulation 2(c) and 2(e) of the PIT Regulations.
- **Ms. Kukati Parvathi** is the aunt of Mr. Palem Srikanth Reddy. Mr. Palem Srikanth Reddy has submitted that he did not have any contact with Ms. Kukati Parvathi for the period of June 01, 2012 to August 2013 to communicate either about the slump sale of PTL or the interim dividend of ₹ 29/ 50% reduction of capital. The investment by Ms. Kukati Parvathi in the scrip of PTL were not found

commensurate with her income. The same suggests trading by her on PSI. On the basis of the same, she can be considered as 'insider' in terms of the Regulation 2(e) of the PIT Regulation.

- **Mr. Karna Ramanjula Reddy** was an employee of PTL and he worked in the Finance Department of the Company as an Assistant Manager during the period of UPSI. He is found to have traded only in the scrip of PTL during the period of investigation. The rationale/ reasoning given by him for trading in the scrip of PTL during the course of investigation was not found to be correct. Further, considering that he was investing a relatively large portion of his salary and also arranging other cash funds for investing in the scrip of PTL, during the UPSI period suggests that he was trading in the scrip based on PSI and can be considered as an 'insider' in terms of the Regulation 2(e) of the PIT Regulation.

- **Mr. Prakash Lohia, Mr. Umashankar S. and Ms. Raja Lakshmi Srivaiguntam:** Mr. Prakash Lohia [January 2007 – April 2011] and Mr. Umashankar S. [August 2007 to January 2010] were the former employees of PTL. During the course of investigation, both of these persons were found to be in contact with the Managing Director of PTL (Mr. Palem Srikanth Reddy). Ms. Raja Lakshmi Srivaiguntam is the wife of Mr. Umashankar S.

The major transactions of Mr. Umashankar S. and his wife were only in the scrip of PTL during the period of UPSI. They are found to have invested in the scrip of PTL after borrowing the funds. The analysis of the trading pattern of Mr. Prakash Lohia revealed that 100% of his trading activity was in the shares of PTL since April 2011.

The pattern of the trading of Mr. Umashankar S., Ms. Raja Lakshmi Srivaiguntam and Mr. Prakash Lohia suggests possession of PSI. The investigation has alleged Mr. Umashankar S. and Mr. Prakash Lohia to be an 'insider' in terms of the Regulation 2(e) of the PIT Regulation. Mr. Umashankar S. is also found to be a 'connected person'. Ms. Raja Lakshmi Srivaiguntam being relative of the connected

person is 'deemed to be connected person' in terms of the provisions of Regulation 2(h)(viii) of the PIT Regulations and is also an 'insider'.

7. The relevant observation of the investigation with regard to the trading of concerned persons in the scrip of PTL are as under:

- Mr. Palem Srikanth Reddy had traded in the shares of PTL during the UPSI periods (i.e. slump sale of software solutions business to Kewill group and declaration of *interim* dividend of ₹29 per share) while in possession of the PSI. He had bought 2,09,968 shares of PTL during the period of November 2012 to May 2013. The details of his trading in the scrip of PTL are as under:

TABLE - 4

Date	Buy Qty.	Sell Qty.	Avg. Buy price	Avg. Sell price	Buy Amount	Sell Amount
05/11/2012	4,550	0	10.71	0.00	48,747.50	0.00
06/11/2012	13,950	0	10.48	0.00	1,46,161.42	0.00
07/11/2012	9,150	0	10.64	0.00	97,327.50	0.00
15/11/2012	4,000	0	10.66	0.00	42,635.29	0.00
16/11/2012	2,000	0	10.75	0.00	21,507.50	0.00
19/11/2012	2,000	0	10.45	0.00	20,891.60	0.00
21/11/2012	6,000	0	10.52	0.00	63,146.50	0.00
22/11/2012	8,700	0	10.76	0.00	93,635.45	0.00
23/11/2012	8,300	0	10.81	0.00	89,721.15	0.00
26/11/2012	3,150	0	11.17	0.00	35,172.50	0.00
27/11/2012	5,000	0	11.80	0.00	58,985.99	0.00
29/11/2012	20,000	0	11.94	0.00	2,38,880.52	0.00
06/12/2012	8,850	0	12.90	0.00	1,14,154.19	0.00
13/12/2012	7,800	0	15.77	0.00	1,22,981.36	0.00
21/12/2012	10,000	0	20.36	0.00	2,03,600.00	0.00
24/01/2013	553	0	19.55	0.00	10,811.15	0.00
25/01/2013	288	0	19.00	0.00	5,472.00	0.00
04/03/2013	6,200	0	13.42	0.00	83,201.00	0.00
05/03/2013	4,800	0	13.79	0.00	66,193.00	0.00
06/03/2013	1,103	0	13.90	0.00	15,336.25	0.00
07/03/2013	4,200	0	15.28	0.00	64,166.01	0.00
08/03/2013	8,799	5399	16.82	16.98	1,47,989.11	91650.72
08/04/2013	100	0	14.70	0.00	1,470.00	0.00
09/04/2013	1,000	0	14.61	0.00	14,613.00	0.00
10/04/2013	2,100	0	14.52	0.00	30,488.00	0.00
12/04/2013	9,000	0	14.54	0.00	1,30,818.18	0.00
15/04/2013	2,000	0	15.15	0.00	30,291.71	0.00
16/04/2013	2,000	0	14.97	0.00	29,944.00	0.00
17/04/2013	1,900	0	15.05	0.00	28,599.55	0.00
18/04/2013	2,300	0	14.68	0.00	33,757.10	0.00
22/04/2013	2,675	0	14.59	0.00	39,034.25	0.00
23/04/2013	1,200	0	14.47	0.00	17,360.50	0.00
25/04/2013	3,000	0	14.64	0.00	43,924.06	0.00
26/04/2013	8,300	0	14.46	0.00	1,20,023.70	0.00
29/04/2013	10,000	0	14.42	0.00	1,44,162.85	0.00
30/04/2013	10,000	0	14.15	0.00	1,41,455.70	0.00

02/05/2013	5,000	0	13.85	0.00	69,262.50	0.00
06/05/2013	10,000	0	13.38	0.00	1,33,760.00	0.00
	2,09,968	5,399			27,99,682.09	91,650.72

- The trading details of Mr. Palem Srikanth Reddy and other suspected connected entities as summarized into the trades carried out during the different periods of UPSI, are as under:

TABLE - 5
Trades during the UPSI of 'slump sale'
(i.e. between September 18, 2012 –August 10, 2013)

S.No.	Name	During 18/09/2012 to 10/08/2013		During 18/08/2013 to 20/08/2013		Total	
		Buy	Sell	Buy	Sell	Buy	Sell
1	Srikanth Palem Reddy	2,09,968	5,399	0	0	2,09,968	5,399
2	Noorjahan A Khwaja	1,20,972	2,456	0	0	1,20,972	2,456
3	Ashik Ali Khwaja	64,193	0	0	0	64,193	0
4	Rozina Hirani	43,014	0	0	0	43,014	0
5	Shefali Ameen Khwaja	45,000	0	0	0	45,000	0
6	Shahid Khwaja	50,822	0	0	0	50,822	0
7	Pirani Aryn Abdul Aziz	32,305	0	0	0	32,305	0
8	Karna Ramanjula Reddy	13,954	0	0	0	13,954	0
9	Umashankar S.	6,000	5,000	0	0	6,000	5,000
10	Raja Lakshmi Srivaiguntam	16,955	200	0	0	16,955	200
11	Rajpal Suresh Chandra	15,000	5,260	0	0	15,000	5,260
12	K. Parvathi	34,900	0	0	0	34,900	0
13	Prakash Lohia	25,972	2,000	3,500	0	29,472	2,000
14	Soujanya Reddy	17,500	0	0	0	17,500	0

TABLE - 6
Trades during the UPSI of 'dividend declaration'
(i.e. between September 12, 2013 – October 14, 2013)

S.No	Name	During September 12, 2013 – October 11, 2013		During October 15, 2013 – November 30, 2013		Total	
		Buy	Sell	Buy	Sell	Buy	Sell
1	Mohan Krishna Reddy	9,300	0	11,600	0	20,900	0
2	Umashankar S.	4,450	0	0	31,700	4,450	31,700
3	Karna Ramanjula Reddy	2,296	0	7,550	0	9,846	0
4	K. Parvathi	900	0	0	0	900	0

- From the preceding paras, it is established that entities Mr. Palem S. Reddy, Ms. Noorjahan Khwaja, Mr. Asik Ali Khwaja, Ms. Rozina Hirani Khwaja, Ms. Shefali Ameen Khwaja, Mr. Shahid Khwaja, Mr. Pirani Aryn Abdul Aziz, Mr. Mohan Krishna Reddy, Mr. Karna Ramanjula Reddy, Mr. Umashankar S., Ms. Raja Lakshmi Srivaiguntam, Mr. Prakash Lohia, Ms. P. Soujanya Reddy and Ms. Kukati

Parvathi are insiders and were in possession of UPSI on the basis of which they traded in the scrip of PTL.

8. **Gains:** Based on the trading details as noted in the tables 5 and 6 above, the gains made by the respective persons while dealing in the shares of PTL during the periods of UPSI are as under:

TABLE - 7

Profit/losses incurred by suspected entities during their trading in PTL								
	Buy Vol.	Buy value in ₹	Sell Vol.	Sell value in ₹	Remaining shares unsold till UPSI 14.10.2013	Closing price on day of PSI	Notional sell value of shares	Gain (₹)
	A	B	C	D	E=A-C	F	G=E*F	H=G+D-B
Srikanth Palem Reddy	209968	2799682	5399	91651	204569	39.2	8019105	5311074
Noorjahan A Khwaja	120972	1661672	2456	52634	118516	39.2	4645827.2	3036789
Khwaja Ashik Ali	64193	1010859	0	0	64193	39.2	2516365.6	1505507
Rozina Hirani	43014	636791	0	0	43014	39.2	1686148.8	1049358
Shefali Ameen Khwaja	45000	701666	0	0	45000	39.2	1764000	1062334
Shahid Khwaja	50822	914136	0	0	50822	39.2	1992222.4	1078086
Pirani Aryn Abdul Aziz	32305	499986	0	0	32305	39.2	1266356	766370
Mohankrishna Reddy Aryabumi	9300	273005	0	0	9300	39.2	364560	91555
Karna Ramanjula Reddy	16250	296240	0	0	16250	39.2	637000	340760
Umashankar S.	10450	230004	5000	71746	5450	39.2	213640	55382
Raja Lakshmi Srivaiguntam	16955	282090	200	3360	16755	39.2	656796	378066
K. Parvathi	35800	593167	0	0	35800	39.2	1403360	810193
Prakash Lohia	25972	374023	2000	37900	23972	39.2	939702.4	603579
Soujanya Reddy	17500	215924	0	0	17500	39.2	686000	470076
Total	698501		15055		683446			16559129

* As certain persons in the table have not sold the shares bought during the UPSI period, hence the closing price on October 14, 2013 i.e. ₹39.20 has been reckoned as the reference price for calculating the value of shares.

From the above calculation it is observed that the combined unlawful gains made by these entities from such trading was about ₹1.66 crore.

9. As the alleged gains were made during the year 2011, it becomes reasonable and necessary to levy an interest at the rate of 12% simple interest per annum. A summary of the gains along with the interest is as under:

TABLE - 8

S.No.	Entity Name	PAN	Profit (₹)	Interest 12% p.a.**	Total (₹)
1.	Mr. Palem Srikanth Reddy	AAMPP9497N	53,11,074	20,63,898	73,74,972
2.	Ms. Noorjahan A. Khwaja	ACAPK3460G	30,36,789	9,53,469	39,90,258
3.	Mr. Ashik Ali Khwaja	ADMPPA1271E	15,05,507	4,67,243	19,72,750
4.	Ms. Rozina Hirani Khwaja	ABQPH3900B	10,49,358	3,25,675	13,75,032
5.	Ms. Shefali Ameen Khwaja	ADTPV2598L	10,62,334	3,29,003	13,91,337
6.	Mr. Shahid Khwaja	ATXPK3630J	10,78,086	3,29,629	14,07,715
7.	Mr. Pirani Ameen Abdul Aziz	AONPP0697R	7,66,370	2,39,107	10,05,477
8.	Mr. Mohan Krishna Reddy Aryabumi	ABLPA2405R	91,555	26,097	1,17,652
9.	Mr. Karna Ramanjula Reddy	APAPK7847J	3,40,760	1,12,031	4,52,791
10.	Mr. Umashankar S.	ANUPS2006D	55,382	17,498	72,880
11.	Ms. Raja Lakshmi Srivaiguntam	BOPPS3150H	3,78,066	1,16,216	4,94,282
12.	Ms. Kukati Parvathi	ACIPP8586G	8,10,193	3,02,857	11,13,050
13.	Mr. Prakash Lohia	ABTPL5701F	6,03,759	1,91,095	7,94,674
14.	Ms. P. Soujanya Reddy	AAQPP2729R	4,70,076	1,81,436	6,51,512
	TOTAL		1,65,59,129	56,55,254	2,22,14,383

* Interest calculated on illegal gains from the individual date of buy transaction till January 31, 2016

10. Considering the facts and circumstances of the case, the balance of convenience lies in favour of SEBI. With the initiation of investigation and quasi-judicial proceedings, it is possible that the noticees may divert the unlawful gains (*subject to the adjudication of the allegation on the merits in the final order*), which may result in defeating the effective implementation of the direction of disgorgement, if any to be passed after adjudication on merits. Non-interference by the Regulator at this stage would therefore result in irreparable injury to interests of the securities market and the investors.
11. Accordingly, as an *interim* measure, an *ad-interim ex-parte* Order for impounding such alleged gains under Section 11(4)(d) of the Securities and Exchange Board of India Act, 1992 needs to be issued against the following:

S.No.	Entity Name	PAN
1.	Mr. Palem Srikanth Reddy	AAMPP9497N
2.	Mr. Ameen Khwaja	ARFPK4315A
3.	Ms. Noorjahan A. Khwaja	ACAPK3460G
4.	Mr. Ashik Ali Khwaja	ADMPPA1271E
5.	Ms. Rozina Hirani Khwaja	ABQPH3900B
6.	Ms. Shefali Ameen Khwaja	ADTPV2598L
7.	Mr. Shahid Khwaja	ATXPK3630J
8.	Mr. Pirani Ameen Abdul Aziz	AONPP0697R

9.	Mr. Mohan Krishna Reddy Aryabumi	ABLPA2405R
10.	Mr. Karna Ramanjula Reddy	APAPK7847J
11.	Mr. Umashankar S.	ANUPS2006D
12.	Ms. Raja Lakshmi Srivaiguntam	BOPPS3150H
13.	Ms. Kukati Parvathi	ACIPP8586G
14.	Mr. Prakash Lohia	ABTPL5701F
15.	Ms. P. Soujanya Reddy	AAQPP2729R

12. In view of the foregoing, I, in exercise of the powers conferred upon me by virtue of Section 19 read with Sections 11(1), 11(4)(d) and 11(B) of the SEBI Act, 1992, hereby order to impound the alleged unlawful gains of a sum of **₹2,22,14,383** (alleged gain of **₹1,65,59,129** + interest of **₹56,55,254** from the date of buy transactions to January 31, 2016), jointly and severally from the persons tabulated in the paragraph above. If the funds are found to be insufficient to meet the figure of unlawful gains, as directed above, then the securities lying in the demat account of these persons shall be frozen to the extent of the remaining value.
13. The Banks and Depositories are directed that no debits shall be made, without permission of SEBI, in respect of the bank accounts and demat accounts, held jointly or severally, by all the persons/ entities tabulated in **paragraph 11** above. The Banks and the Depositories are directed to ensure that all the above directions are strictly enforced. However, credits, if any, into the accounts maybe allowed.
14. The persons/ entities tabulated in **paragraph 11** above are also directed not to dispose off or alienate any of their assets/properties/securities, till such time the amounts mentioned in **paragraph 12** are credited to an escrow account [**Escrow Account in Compliance with SEBI Order dated February 04, 2016 – A/c (in the name of the respective persons/ entities)**] created specifically for the purpose in a Nationalized Bank. The escrow account/s shall create a lien in favour of SEBI and the monies kept therein shall not be released without permission from SEBI. On production of proof by any of the persons, mentioned in **paragraph 10**, that the said money is deposited in the escrow account, SEBI shall communicate to the Banks and Depositories to defreeze the accounts.

15. Further, the persons/entities tabulated in **paragraph 11** above are directed to provide, within 7 days of this order, a full inventory of all their assets and properties and details of all their bank accounts, demat accounts and holdings of shares/securities, if held in physical form and details of companies in which they hold substantial or controlling interest.
16. The above directions shall come into force with immediate effect.
17. This Order is without prejudice to the right of SEBI to take any other action that may be initiated against the 15 persons covered under this Order, in accordance with law. The persons against whom this Order has been passed may file their replies to SEBI within 21 days from the date of receipt of this order, if they so desire. They may also indicate in their replies whether they wish to avail an opportunity of personal hearing in the matter.

Date: February 04th, 2016
Place: Mumbai

PRASHANT SARAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA