

SECURITIES AND EXCHANGE BOARD OF INDIA
SETTLEMENT ORDER
IN RESPECT OF

Settlement Application No.	Applicant	PAN
7729/2024	Mr. Nimai Parekh	DZRPP2884N
7731/2024	Mr. Rahil Dalal	AXIPD5516F

IN THE MATTER OF INSIDER TRADING ACTIVITIES OF CERTAIN ENTITIES
IN THE SCRIP OF HDFC LTD. AND HDFC BANK LTD.

1. Mr. Nimai Parekh (hereinafter referred to as “**Applicant 1**”) and Mr. Rahil Dalal (hereinafter referred to as “**Applicant 2**”) (Applicant 1 and Applicant 2 are hereinafter collectively referred to as “**Applicants**”) filed *suo-motu* settlement applications in terms of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as “**Settlement Regulations**”) proposing to settle by neither admitting nor denying the findings of fact and conclusions of law, the enforcement proceedings that may be initiated for the violations of Section 12A(d) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act**”) and Regulation 3(1) of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015 (hereinafter referred to as “**PIT Regulations**”) against Applicant 1 and for the violations of Regulation 3(1) & 3(2) of PIT Regulations, 2015 and Section 12A(d) & (e) of SEBI Act, 1992 against Applicant 2.
2. Brief facts of the case are as follows:
 - 2.1 SEBI conducted an investigation in the scrips of HDFC Ltd. and HDFC Bank Ltd. so as to ascertain whether any suspected entities on the basis of information relating to amalgamation/merger, had traded in the scrips and thereby violating the provisions of PIT Regulations. The Investigation Period has been taken from November 01, 2021 to April 30, 2022 (hereinafter referred to as “**IP**”).

- 2.2 On April 04, 2022 at 08:56 AM, before the market hours, HDFC Ltd. and HDFC Bank Ltd. made an announcement to the Exchanges about the Merger, wherein it was disclosed that HDFC Ltd. will merge into HDFC Bank Ltd.
- 2.3 Applicant 1 was part of the valuation team of Deloitte Touche Tohmatsu India LLP (hereinafter referred to as “**Deloitte**”) which was appointed by HDFC Bank Ltd. as valuer for the merger of HDFC bank Ltd. & HDFC Ltd. As per the MIS provided by the HDFC Bank Ltd., Deloitte was appointed as valuer on March 29, 2022. Therefore Applicant 1 was in possession of information pertaining to merger since March 29, 2022. As per Regulation 2(n)(iv) of PIT Regulations, the information pertaining to the merger of HDFC Ltd. into HDFC Bank Ltd. was found to be an Unpublished Price Sensitive Information (hereinafter referred to as “**UPSI**”) in terms of the Regulation 2 (1) (n) (iv) of the PIT Regulations and the UPSI period is considered from December 13, 2021 to April 04, 2022.
- 2.4 It was observed that Applicant 2 is a close friend of Applicant 1 who was an insider for the said announcement in terms of Regulation 2(1)(g)(i) of PIT Regulations. Applicant 2 was also found to be talking frequently to Applicant 1. Thus, Applicant 2 was also found to be an insider since he had reasonable access to UPSI through Applicant 1.
- 2.5 Mr. Rupesh Satish Dalal is the father of Applicant 2 and karta of Rupesh Dalal HUF. From the trading details of Rupesh Dalal HUF it was observed that it had bought multiple call option contracts of HDFC Ltd. and HDFC Bank Ltd. prior to the announcement and sold the same post the announcement and earned a profit of Rs. 5.67 lacs in HDFC Ltd. and Rs. 2.52 lacs in HDFC Bank Ltd.
- 2.6 Thus, it was alleged that Applicant 1 who was an insider may have communicated the UPSI to other applicants in violation of the provisions of Sections 12A(d) of SEBI Act and Regulation 3(1) of PIT Regulations. Further, it was alleged that Applicant 2 had procured information relating to UPSI from Applicant 1 and shared this information with his father thereby

violating Sections 12A(d) & (e) of SEBI Act and Regulation 3(1) and 3(2) of PIT Regulations.

3. Pursuant to the receipt of the application, the authorized representatives of the Applicants had a meeting with the Internal Committee of SEBI on August 13, 2024 wherein the details of the case were deliberated along with the terms of settlement. Thereafter, vide emails dated August 20, 2024 and August 21, 2024, the Applicants proposed revised settlement terms to settle any enforcement proceeding that may be initiated against it for the violations as stated above in paragraph 1.
4. The High Powered Advisory Committee (hereinafter referred to as “**HPAC**”) in its meeting held on September 06, 2024, considered the revised settlement terms proposed by the Applicants and recommended that the case may be settled upon payment of ₹ 39,00,000/- (Rupees Thirty nine lakh only) by Applicant no. 1 and ₹ 35,00,000/- (Rupees Thirty five lakh only) by Applicant no. 2 as the settlement amounts.
5. The recommendation of the HPAC was accepted by the Panel of Whole Time Members of SEBI on November 06, 2024. Subsequently, a Notice of Demand for the said amount was issued to the Applicants on November 11, 2024. Applicant 1 informed about the remittance of the aforesaid settlement amount on December 05, 2024 and Applicant 2 informed about the remittance of the aforesaid settlement amount on December 09, 2024. SEBI has confirmed credit of the same.
6. On the basis of the facts stated above, in exercise of the powers conferred under Section 15JB read with Section 19 of the Securities and Exchange Board of India Act, 1992 and in terms of Regulation 23 of the Settlement Regulations, it is hereby ordered that any proceedings that may be initiated for the violations as mentioned at paragraph 1 above, are settled in respect of the Applicants on the following terms:
 - i. SEBI shall not initiate any enforcement action against the Applicants for the said violations, and

ii. Passing of this Order is without prejudice to the right of SEBI under Regulation 28 and 31 of the Settlement Regulations to initiate appropriate action against the Applicants, if SEBI finds that:

- (a) any representation made by the Applicants in the present settlement proceedings is subsequently found to be untrue;
- (b) the Applicants have breached any of the clauses/ conditions of undertakings/ waivers filed during the present settlement proceedings; and
- (c) there was a discrepancy while arriving at the settlement terms.

7. This Settlement Order is passed on this 20th day of December, 2024 and shall come into force with immediate effect.

8. In terms of Regulation 25 of the Settlement Regulations, a copy of this Order shall be sent to the Applicants and shall also be published on the website of SEBI.

Sd/-

ANANTH NARAYAN G
WHOLE TIME MEMBER

Sd/-

KAMLESH C VARSHNEY
WHOLE TIME MEMBER