



भारतीय प्रतिभूति  
और विनिमय बोर्ड  
Securities and Exchange  
Board of India

CHIEF GENERAL MANAGER  
INTEGRATED SURVEILLANCE DEPARTMENT

ISD/OW/ 21078/2018  
19 July 2018

Hawkins Cookers Ltd.  
F 101, Maker Tower  
Cuffe Parade  
Mumbai – 400 005

Sir,

**Re: Request for Interpretive Letter under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 regarding sale of shares by an independent director**

1. This has reference to your letter dated 28 May 2018 seeking guidance by way of an interpretive letter under the SEBI (Informal Guidance) Scheme, 2003.
2. You have, *inter alia*, represented as follows:
  - a) One of the company's independent directors wants to sell his equity shares of the company.
  - b) The sale shall be done as per a trading plan in accordance with regulation 4(iii) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as the PIT Regulations).
  - c) As per para 8 of Schedule B to the PIT Regulations, while applying for pre-clearance, the said director will have to submit an undertaking to the company to the effect that he is not in possession of any Unpublished Price Sensitive Information (UPSI).
  - d) By virtue of participation in the Board meetings and access to the information that is shared at such meetings, the said director is deemed to be perpetually in possession of UPSI. Therefore, the said undertaking is not possible.
3. In light of the above submissions, you have sought interpretive letter from SEBI with respect to the following:
  - a) Whether the said director may submit a trading plan as required for a plan to trade shares above INR 20 lakh in value and proceed with executing the same without giving the said undertaking.
  - b) What procedure should be followed by the company and/or the said director such that the said director may lawfully execute the trade?

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दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर. एस.), 26449000 / 40459000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in

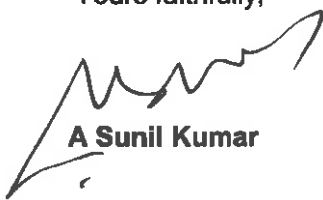


अनुवर्ती :  
Continuation :

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4. Without necessarily agreeing with your analysis given in the captioned letter, interpretation on the above query is as under:
- a) Regulation 5 of the PIT Regulations provides exception to the general rule that prohibits trading by insiders when in possession of UPSI. Further, regulation 5, inter alia, states that the trading plan shall be approved by the compliance officer and shall not entail trading in securities for market abuse. In this regard, regulation 5 (3) especially states that the compliance officer shall review the trading plan to assess whether the plan would have any potential for violation of PIT Regulations and shall be entitled to seek such express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan.
  - b) In the absence of an approved trading plan, designated persons are subject to the requirements of code of conduct formulated by your company in terms of regulation 9 read with schedule B to the PIT Regulations.
5. The above position is based on the information furnished in your letter under reference. Different facts or conditions might lead to a different interpretation. Further, this letter does not express a decision of the Board on the question referred.
6. You may also note that the above views are expressed only with respect to the clarification sought in your letter under reference with respect to PIT Regulations and do not affect the applicability of any other law or requirements of any other SEBI Regulations, Guidelines and Circulars administered by SEBI<sup>of</sup> the laws administered by any other authority.

Yours faithfully,



**A Sunil Kumar**