

**DEPUTY GENERAL MANAGER  
INTEGRATED SURVEILLANCE DEPARTMENT**

SEBI/HO/ISD/ISD-PoD-2/P/OW/2025/4262/1  
February 7<sup>th</sup>, 2025

Century Plyboards (India) Limited  
P-15/1, Taratala Road  
Kolkata- 700088  
Email: kolkata@centuryply.com

Kind attention: Mr. Sajjan Bhajanka, Chairman and Managing Director

Sir,

**Sub: Request for interpretive letter under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003**

**Ref: Your letter dated December 13, 2024 and subsequent clarification vide email dated January 17, 2025**

1. In your letter under reference, you have *inter alia* represented as follows:

- 1.1. Equity shares of Century Plyboards (India) Limited ('the applicant/ the company') are listed on the stock exchanges.
- 1.2. In compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015 ('PIT Regulations'), the company has formulated a Code of Conduct to regulate, monitor and report trading by Designated Persons ('internal code') and a code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information. For the purpose of the applicant's internal code, promoters are classified as designated persons ('DP').
- 1.3. Mr. Sajjan Bhajanka ('SB'), promoter and designated person of the company, acquired 50,000 shares of the company on November 21, 2024 (first leg of transaction).
- 1.4. SB intends to gift 1, 00,000 shares to his daughter 'A' (who is a member of the promoter group and immediate relative of SB) through off market inter se transfer on December 10, 2024 (second leg of transaction).

1.5. SB's other daughter, 'B' (immediate relative of SB), intends to sell 20,000 shares in the open market on December 20, 2024 (third leg of transaction).

2. In view of the above, you have sought guidance in the form of an interpretive letter under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 ("Informal Guidance Scheme") from SEBI on the following queries:

2.1. **Query 1:** *Would the gift of shares by SB to his daughter 'A' on December 10, 2024, through an off-market inter-se transfer constitute a contra trade under the PIT Regulations?*

2.2. **Query 2:** *Would second leg of transaction (acquisition of shares by way of gift transaction by daughter 'A' on December 10, 2024) and the third leg (sale of shares by daughter 'B' on December 20, 2024) be considered as contra trades and thus subject to the same restrictions?*

2.3. **Query 3:** *Are members of the promoter group who are not privy to UPSI, considered to be within the ambit of Designated Persons for the purposes of the PIT Regulations?*

2.4. **Query 4:** *Would the second leg and third leg of the transaction be treated differently if SB's daughter is financially independent and does not consult him in her trading decisions? Does this affect contra trade restriction?*

2.5. **Query 5:** *Assuming that there was no purchase of shares by SB, does the gift transaction by SB to his daughter, where the donor is transferring shares and the donee is receiving them, by itself trigger the contra trade restrictions under PIT Regulations? In other words, whether a single transaction of gift, wherein a gift is made by one promoter is received by another person in his promoter group, will by itself tantamount to a contra trade.*

3. We have considered the submissions made by you in your letter and without necessarily agreeing with your analysis, our view on the queries raised in your letter are as under:

3.1. Regulation 4(1), clause 3 and clause 10 of Schedule B under Regulation 9 of PIT  
Regulations states that:

**Regulation 4(1)-** *No insider shall trade in securities that are listed or proposed to be listed on a stock exchange when in possession of unpublished price sensitive information: Explanation –When a person who has traded in securities has been in possession of unpublished price sensitive information, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession.*

*Provided that the insider may prove his innocence by demonstrating the circumstances including the following: –*

*(i) the transaction is an off-market inter-se transfer between insiders who were in possession of the same unpublished price sensitive information without being in breach of regulation 3 and both parties had made a conscious and informed trade decision.....*

**Clause 3 of Schedule B** of the PIT Regulations reads as under:

*“Designated Persons and immediate relatives of designated persons in the organization shall be governed by an internal code of conduct governing dealing in securities”*

**Clause 10 of the Schedule B** of the PIT Regulations reads as under:

*“The code of conduct shall specify the period, which in any event shall not be less than six months, within which a designated person who is permitted to trade shall not execute a contra trade. The compliance officer may be empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these regulations...”*

Thus, even if a transaction constitutes a contra trade, the compliance officer if empowered by the Board of Directors, may in appropriate cases, grant relaxation to the concerned designated person from the strict applicability of the provisions of contra trade provided that such grant of relaxation, does not result in the violation of the PIT Regulations in any other manner.

**3.2. With respect to Query 1:**

3.2.1. In the instant matter, SB intends to gift shares of the company to his daughter 'A' and both parties are part of the Promoter group. Clause 10 of Schedule B under regulation 9 of PIT Regulations places a restriction on contra trades, if the same is executed within a period less than six months. Hence, the issue under consideration is whether the proposed transaction i.e. inter se off market transfer of shares from SB to daughter 'A' would amount to contra trade.

3.2.2. It may be noted that as per FAQ 45 of Comprehensive FAQ on PIT Regulations, gift of shares constitutes dealing in shares and therefore falls within the definition of 'trading' in PIT Regulations.

3.2.3. That being said, clause 10 of Schedule B under regulation 9 of PIT Regulations also provides an avenue for relaxation from the restriction on contra trades. It states that the compliance officer of a company may be empowered to grant a relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these regulations.

3.2.4. In view of the above, it may be inferred that gift of shares to 'A' (second leg of transaction) will attract contra trade restrictions i.e. the donor (SB) in this case will attract contra trade restrictions. However, the compliance officer of the Applicant may refer to the Company's Code of Conduct framed under the PIT Regulations and act accordingly while ensuring compliance with provisions of the PIT Regulations.

**3.3. With respect to Query 2:**

3.3.1. Clause 3 read with clause 10 of Schedule B of PIT Regulations states that the designated persons and their immediate relatives are governed by an internal code of conduct inter alia specifying the contra trade restrictions for a period not less than six months. Further, FAQ no. 42 of Comprehensive

FAQs clarifies that the contra trade restrictions are applicable to designated person and their immediate relatives collectively.

3.3.2. With respect to second leg of transaction, response at paragraph 3.2 may be referred. With respect to third leg of transaction that is sale of 20,000 shares in open market by daughter 'B', it may be noted that the transaction will attract contra trade restrictions, if it is undertaken within six months of acquisition of shares by designated person and their immediate relatives collectively.

#### 3.4. With respect to Query 3:

##### 3.4.1. Regulation 9(4)(iii) of PIT Regulations reads as under:

*"(4) For the purpose of sub regulation (1) and (2), the board of directors or such other analogous authority shall in consultation with the compliance officer specify the designated persons to be covered by the code of conduct on the basis of their role and function in the organization and the access that such role and function would provide to unpublished price sensitive information in addition to seniority and professional designation and shall include: -*

....

*(iii) All promoters of listed companies and promoters who are individuals or investment companies for intermediaries or fiduciaries; "*

3.4.2. Further, FAQ 51 of Comprehensive FAQs on PIT Regulation dated December 31, 2024 clarifies that if promoter group is having access to UPSI then the same shall also be included under the ambit of designated person.

3.4.3. Reference is made to regulation 2(1)(pp) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, which defines 'promoter group' to *inter alia* include:

- (a) the promoter;
- (b) an immediate relative of the promoter i.e. any spouse of that person, or any parent, brother, sister or child of the person or of the spouse;
- (c).....

**3.4.4. Regulation 9(4)(iii) read with FAQ 51 of Comprehensive FAQs on PIT**

Regulations clarifies that all promoters of listed company shall be specified as designated persons and those members of promoter group, other than the promoter itself, who do not have access to UPSI may not be classified as designated persons.

**3.4.5. Thus, the designated persons of a listed company in relation to promoter group may include:**

- (i) all promoters of listed company;
- (ii) members of promoter group, other than (i), who have access to UPSI.

**3.5. With respect to Query 4 and 5:**

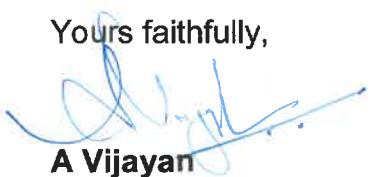
**3.5.1. Paragraph 8 of Informal Guidance Scheme *inter alia* states that SEBI does not respond to certain types of requests such as (i) requests which are general and those which do not completely and sufficiently describe factual situation; or (ii) requests which involve hypothetical situations.**

Considering that the Applicant has not provided complete details of the proposed transaction with respect to aforesaid queries and that they involve assumptions with respect to facts, no reply is warranted with respect to these queries.

**4. Vide your letter under reference, you have requested for confidentiality in respect of your letter and its content. Accordingly, it has been decided that the letter issued to you in this matter will not be made public for a period of 90 days from the date of issuance of this letter.**

5. The above position is specific and based on the information furnished in your letter under reference. Different facts or conditions may entail a different interpretation. Further, this letter does not express the decision of the Board on the queries referred in your letter.
6. It may also be noted that the above views are expressed only with respect to the clarification sought in your letter under reference with respect to the PIT Regulations and do not affect the requirements or applicability of any of the provisions of law including the Securities and Exchange Board of India Act, 1992 and the Rules, Regulations, Guidelines or Circulars framed thereunder that are administered by the Securities and Exchange Board of India or of the laws administered by any other authority.

Yours faithfully,



A. Vijayan