

BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI

CO/ID-6/2624/2012/AO/PG/EAD-05/05/2013

CONSENT ORDER

In respect of

Shri Ashish Dhawan (PAN: ADLPD9621N)

In the matter of M/s Suzlon Energy Limited

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') conducted an investigation, inter alia, with regard to the various price sensitive disclosures made by M/s Suzlon Energy Limited (hereinafter referred to as "**Suzlon**") between November 3, 2009 and December 2, 2009. During the investigation it was observed that Suzlon had amended its code of internal procedures and conduct for prevention of insider trading for listed companies ("**Code of Conduct**") in line with amendments in SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as "**PIT Regulations**") notified on November 19, 2008 only on February 4, 2011, after a delay of more than 2 years. Further no mechanism for pre-clearance of trades was incorporated in the Code of Conduct as mandated by PIT Regulations.

2. The investigation revealed that this huge delay occurred in spite of Suzlon's Board of Directors ("**Board**") being aware about the changes in PIT Regulations. The board unduly delayed the implementation of revised Code of Conduct by deferring the matter when it was discussed in the Board meetings dated May 29, 2010 and August 13, 2010 and the code was subsequently passed in the board meeting dated February 4, 2011. Shri Ashish Dhawan (hereinafter referred to as the "**Applicant**") was a Director of Suzlon and thus was a member of the Board. The applicant was

also present in the Board meetings when the issue of change in Code of Conduct was discussed.

3. It was alleged that Suzlon by delaying the amendment in the Code of Conduct and not incorporating the provisions relating to pre-clearance of trades has violated Regulation 12(1) of the PIT Regulations. Further, since the applicant as a member of the board was also responsible for overall supervision and implementation of Code of Conduct as per Clause 1.2 of Model code of Conduct in Schedule I provided under Regulation 12(1) of the PIT Regulations (**Model code of Conduct**) and as Suzlon amended its Code of Conduct after an inordinate delay, the Board failed to discharge its duty as specified in Clause 1.2 of Model code of Conduct and the applicant as a member of the Board allegedly violated Regulation 12(1) of the PIT Regulations.
4. Consequently, the undersigned was appointed as the Adjudicating Officer vide order dated April 17, 2012 for inquiring into and adjudging under section 15HB of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act**"), the alleged violations of provisions of Regulation 12(1) of PIT Regulations by the applicant in the scrip of Suzlon. A Show Cause notice no. EAD-5/ADJ/PG/AB/OW/13476/2012 dated June 19, 2012 was issued to the applicant alleging that the applicant as a member of the Board was also responsible for overall supervision and implementation of Code of Conduct as per Clause 1.2 of Model code of Conduct and as Suzlon amended its Code of Conduct after an inordinate delay, the Board has failed to discharge its duty as specified in Clause 1.2 of Model code of Conduct and the applicant as a member of the Board has violated Regulation 12(1) of the PIT Regulations. Vide the said notice, the applicant was called upon to show cause as to why an inquiry should not be held against him in terms of rule 4 (3) of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as "**Adjudication Rules**") read with section 15I of SEBI Act, 1992.

5. While the adjudication proceedings were in progress, an application for Consent Order dated August 13, 2012 in respect of the aforesaid proceedings before SEBI was submitted by the applicant along with the Undertaking / Waivers in terms of SEBI Circular No. EFD/ Cir.-1/2007 dated 20th April, 2007 as amended vide Circular no.CIR/EFD/1/2012 dated May 25, 2012. The authorised representative of the applicant, vide letter dated October 18, 2012 proposed ₹ 2,00,000/- (Rupees two lakh only) as revised consent terms.
6. The revised consent terms as proposed by the applicant were placed before the High Powered Advisory Committee (hereinafter referred to as '**HPAC**') on November 23, 2012. The HPAC, after considering the facts and circumstances of the matters under consent, consent terms offered by the applicant and the materials brought before it by SEBI, recommended that the aforesaid adjudication proceedings may be settled on payment of ₹ 2,00,000/- (Rupees two lakh only) towards settlement charges as proposed by the applicant. The Panel of Whole Time Members of SEBI approved the said recommendations of the HPAC and the same was communicated to the applicant vide letter dated January 02, 2013. Accordingly, the applicant has remitted a sum of ₹ 2,00,000/- (Rupees two lakh only), vide Demand Draft no. 017479 dated January 16, 2013 drawn on HDFC Bank towards the terms of consent in the matter.
7. In view of above, it is hereby ordered that this consent order disposes of the aforesaid adjudication proceedings initiated against Shri Ashish Dhawan vide Show Cause Notice no. EAD-5/ADJ/PG/AB/OW/13476/2012 dated June 19, 2012.
8. This order is without prejudice to the right of SEBI to take enforcement actions including commencing or reopening of the proceedings pending against the applicant, if :

- a. any representation made by the applicant in the consent proceedings is subsequently discovered to be untrue; or
- b. the applicant breaches any of the clauses / conditions of undertakings / waivers filed during the current consent proceedings.

9. This consent order is passed on January 29, 2013 and shall come into force with immediate effect.

10. In terms of rule 6 of the Adjudication Rules, copies of this order are being sent to the applicant and to Securities and Exchange Board of India.

Date : January 29, 2013
Place : Mumbai

Piyoosh Gupta
Adjudicating Officer