

**BEFORE THE ADJUDICATING OFFICER**

**SECURITIES AND EXCHANGE BOARD OF INDIA**

[ADJUDICATION ORDER NO. Order/GR/AE/2019-20/6494-6496]

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UNDER SECTION 15-I OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995

In respect of:

1. Ms.Manjusha Lodha (PAN: AAEPL8572A)
2. M/s ABL Infrastructure Pvt Ltd (PAN: AADCA2637B)
3. Col.Surinder Singh Kadyan(Retd.) (PAN: AMUPK2039D)

In the matter of Indiabulls Integrated Services Limited (formerly known as SORIL Holdings and Ventures Limited)

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(The aforesaid entities are hereinafter referred to by their respective names/ or collectively as “the Noticees”)

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**BACKGROUND**

1. Securities and Exchange Board of India (*hereinafter referred to as “SEBI”*) carried out an investigation with regard to the dealings in the scrip of Indiabulls Integrated Services Limited (Formerly known as SORIL Holdings and Ventures Ltd) (*hereinafter referred to as “ISL”/“Company”*) for the period from September 06, 2017 to November 24, 2017 (*hereinafter referred to as “examination period”*).
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2. It was observed that during the examination period two entities viz. Late Mr. Anil B Lodha, and his wife, Ms. Manjusha Lodha (hereinafter referred to as “**Noticee 1**”) and also were Directors in M/s ABL Infrastructure Private Limited (hereinafter referred to as “**Noticee 2**”), and accordingly all of them were deemed to be Person Acting in Concert (**PAC**). On perusal of their trading activities, it was observed that the combined shareholding of the PAC in IISL was 61,91,905 shares (12.21%) as on 31/07/2017, and the same reduced to as follows –

- i. 4603726 shares (9.08%) on 09/10/2017
- ii. 3408371 shares (6.72%) on 27/10/2017
- iii. 1238371 shares (2.44%) on 03/11/2017

As the aforesaid changes in shareholding was more than 2%, the PAC were required to make disclosures for such changes to the company and the Stock Exchanges within 2 working days of the transactions under Regulation 29(2) read with 29(3) of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 (**SAST Regulations, 2011**). However, it was alleged that they failed to do so, and accordingly adjudication proceedings were initiated against Noticee 1 and 2 for alleged violation of Regulation 29(2) read with 29(3) of SAST Regulations, 2011.

3. During the examination, it was further observed that Col. Surinder Singh Kadyan, (Retd) who was a Whole Time Director of IISL (hereinafter referred to as “**Noticee 3**”) had traded in the scrip of IISL as below –

| Exchg | Date       | Gr Buy Vol | Gr Sell Vol |
|-------|------------|------------|-------------|
| NSE   | 22/09/2017 | 0          | 1000        |
| NSE   | 28/09/2017 | 500        | 0           |
| NSE   | 29/09/2017 | 500        | 0           |
| NSE   | 24/10/2017 | 0          | 500         |
| NSE   | 26/10/2017 | 0          | 300         |

Noticee 3 being a ‘designated person’ under the Code of Conduct was not supposed to carry out contra trades (i.e. buy trades after sell trades and sell trades after buy trades) within a period of 6 months. However, as shown above, the aforesaid trades of

Noticee 3 are in the nature of contra trades. It is thus alleged that Noticee 3 had executed contra trades within a period of 6 months and accordingly adjudication proceedings was initiated against Noticee 3 for alleged violation of Code of Conduct as prescribed in Clause 10 of Schedule B of Regulation 9 (1) of SEBI (Prohibition of Insider Trading Regulations, 2015) (**PIT Regulations, 2015**).

#### **APPOINTMENT OF ADJUDICATING OFFICER**

4. The undersigned was appointed as the Adjudicating Officer in the present matter by SEBI vide communique dated August 28, 2019 to inquire into and adjudge under Section 15A(b) and 15HB of the SEBI Act, 1992, the aforesaid violations alleged to have been committed by the Noticees.

#### **SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING**

5. Show Cause Notices dated November 28, 2019 (*hereinafter referred to as 'SCN'*) were issued to the Noticees in terms of Section 15I of the SEBI Act, 1992 read with Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (*hereinafter referred to as "**Rules**"*) for the violations as specified in the SCN.
6. Noticee 1 and 2 vide their letter dated December 11, 2019 requested for additional time to file detailed reply in the matter. Subsequently, vide letter dated December 21, 2019, the aforesaid Noticees submitted their reply to the SCN, and the main contentions made therein are summarized as follows –
  - i. *Disclosures have been made under Regulation 29(1) of SAST Regulations, 2011 and the same are identical in all details as required under Regulation 29(2) of SAST Regulations, 2011. Hence the stated compliance should not be treated as a substantive violation.*
  - ii. *The legal and share dealing activities and all related compliance work of ABL Infrastructure Pvt Ltd and of the family members were handled by the head of the family, Late Mr. Anil B Lodha.*
  - iii. *During the relevant period of the transactions, Mr. Anil B Lodha was diagnosed with serious illness of cancer. He was under extensive treatment*

*and hospitalization. His earlier track record regarding compliance is without blemish.*

- iv. The very extraordinary circumstances deserve lenient treatment.*
- v. Not each and every case of violation of provision should necessarily result in penalty.*
- vi. They have not made any gain or advantage whatsoever, quantifiable or not on account of the delayed disclosure. No loss has been caused to any investor or group of investor on account of delayed disclosure.*
- vii. They are a non-controlling group of shareholders. They were not directors or promoters or part of the Promoter Group of IISL.*
- viii. Sale of shares was not on account of any negative factors in the company but on account of need of finance due to the obvious reasons of serious illness and expensive medical treatment.*
- ix. There have not been any repetitive defaults. They have made due disclosures wherever required in the past or later. They also made a prompt disclosure on coming to know.*
- x. No malafide intent was involved.*

7. Noticee 3 vide email dated December 13, 2019 requested a weeks' time to submit detailed reply in the matter. Subsequently, vide letter dated December 18, 2019 the Noticee submitted his reply to the SCN, and the main contentions made therein are summarized as follows –

- i. The contra trades executed by him were done inadvertently and due to oversight by him.*
  - ii. Since the trades were below the the threshold limit of Rs. 10 lakhs in a calendar quarter, neither was he required to take any pre-clearance (permission to trade) nor any reporting with the Company and/or exchange was required.*
  - iii. The trades were executed during the trading window open period and he was not in any possession of any price sensitive information or insider information.*
  - iv. Therefore to his mind the said trades executed by him were not contrary to PIT Regulations, 1992 and did not violate the aforesaid regulations.*
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*However, if the aforementioned trades were in violation of PIT Regulations, 1992, and/or Company's Insider Trading Code, such non-compliance of the Regulations, was purely due to oversight, which is sincerely regretted and there was no malafide intention, as there were inadvertent trades.*

- v. The transaction is of very small and insignificant amount and there was no intention to take undue advantage or gain significant profit and due to his action there is no quantifiable loss suffered by any other investor.*
- vi. It may also be appreciated that there has been no other violation or repetition of similar mistakes earlier or thereafter.*
- vii. It is humbly requested that this inadvertent mistake may please be condoned. He further undertakes and ensures that in future the laid down compliances / guidelines / regulations would be followed in letter and spirit.*
- viii. As a result of his mistake, the entire profit earned of Rs. 52,980.25 has been remitted by him through Demand Draft on 08 March 2019 in favour of SEBI – Investor Protection and Education Fund.*
- ix. Considering into the very small quantum of shares and the value of contra trades inadvertently executed by him resulting in a meagre profit of Rs.52,980.25/-, it is requested to take a lenient view of the matter and oblige.*
- x. It is also requested that an opportunity for personal hearing may please be accorded.*

8. An opportunity of personal hearing was granted to the Noticees on January 08, 2020. The Authorized Representative of Noticee 1 and 2 appeared in the said hearing and reiterated the submissions made by the said Noticees vide their reply dated December 21, 2019. As regards Noticee 3, the Noticee himself appeared in person for the hearing and reiterated his submissions made vide reply dated December 18, 2019.

9. Noticee 1 and 2, pursuant to their abovementioned hearing, submitted additional submissions vide their letter dated January 08, 2020. The additional submissions made therein are summarized below –

- i. Mr. Anil B Lodha was the person in charge of the affairs at Noticee 2. He himself personally was holder of 8.17% of the 12.32% (entire PAC holding) shares in IISL. 3.64% was held by ABL Infrastructure Pvt Ltd, and Ms. Manjusha Lodha herself held only 0.31%.*

- ii. *At all the three stages of reporting requirement under SAST Regulations, shares were sold by Mr. Anil Lodha and ABL Infrastructure Pvt Ltd, and not a single share was sold by Ms. Manjusha Lodha. The meagre shares held by Manjusha Lodha were sold much after the triggering events/dates and such sale did not require any disclosure.*
- iii. *Mr. Anil Lodha was responsible for disclosures on behalf of the PACs. He was in charge of all affairs at Noticee 2. Under the extraordinary circumstances of his ill health, the non-disclosures happened. It is requested that the proceedings against Noticee 1 and 2 be dropped.*

### **CONSIDERATION OF ISSUES AND FINDINGS**

10. I have carefully examined the material available on record, and the submissions made by the Noticees. The issues that arise for consideration in the present case are :
  - I. Whether the Noticee 1 and 2 violated the provisions of Regulation 29(2) read with 29(3) of SAST Regulations, 2011, and whether Noticee 3 violated Code of Conduct as prescribed in Clause 10 of Schedule B of Regulation 9(1) of PIT Regulations, 2015?
  - II. Does the violations, if established, attract monetary penalty under Section 15A(b) and 15HB of SEBI Act, 1992?
  - III. Quantum of penalty.

### **FINDINGS**

11. Before I proceed with the matter, it is pertinent to mention the relevant legal provisions alleged to have been violated by the Noticees and the same is reproduced below:

#### ***SAST Regulations, 2011***

##### ***Disclosure of acquisition and disposal.***

*29.(1)...*

*(2) Any person, who together with persons acting in concert with him, holds shares or voting rights entitling them to five per cent or more of the shares or voting rights in a target company, shall disclose the number of shares or voting rights held and change in shareholding or voting*

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*rights, even if such change results in shareholding falling below five per cent, if there has been change in such holdings from the last disclosure made under sub-regulation (1) or under this subregulation; and such change exceeds two per cent of total shareholding or voting rights in the target company, in such form as may be specified*

*(3) The disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within two working days of the receipt of intimation of allotment of shares, or the acquisition of shares or voting rights in the target company to,—*

*(a) every stock exchange where the shares of the target company are listed; and*

*(b) the target company at its registered office.*

### **PIT Regulations, 2015**

#### **SCHEDULE B**

*[See sub-regulation (1) and sub-regulation (2) of regulation 9]*

#### ***Minimum Standards for Code of Conduct to Regulate, Monitor and Report Trading by Insiders***

10. *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. Should a contra trade be executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to the Board for credit to the Investor Protection and Education Fund administered by the Board under the Act.*

### **Alleged Violation of Regulation 29(2) read with Regulation 29(3) of SAST Regulations, 2011 by Noticee 1 and 2**

12. It is observed that Noticee 1 and 2 along with Late Mr. Anil B Lodha were deemed PAC. I note that the allegation against the Noticee 1 and 2 is mainly to the effect that with regards to the decrease in shareholding of PAC in the shares of IISL, there was non-compliance of the disclosure requirements under the provisions of Regulation

29(2) read with 29(3) of SAST Regulations, 2011. The trading activity of the aforesaid PAC is detailed at table below –

| Sr No                                                   | Date of Transaction | Name of the Entity                 | Buy Quantity | Sale Quantity | Net Quantity   | Cumulative holding of PAC after transaction | % Cumulative holding after transaction |
|---------------------------------------------------------|---------------------|------------------------------------|--------------|---------------|----------------|---------------------------------------------|----------------------------------------|
| <b>Cumulative shareholding of PACs as on 31/07/2017</b> |                     |                                    |              |               |                | 6191905                                     | 12.21%                                 |
| 1                                                       | 02/08/2017          | ABL INFRASTRUCTURE PRIVATE LIMITED | 4465         | 0             | 4465           | 6196370                                     | 12.22%                                 |
| 2                                                       | 03/08/2017          | ABL INFRASTRUCTURE PRIVATE LIMITED | 5500         | 0             | 5500           | 6201870                                     | 12.23%                                 |
| 3                                                       | 04/08/2017          | ABL INFRASTRUCTURE PRIVATE LIMITED | 8311         | 0             | 8311           | 6210181                                     | 12.24%                                 |
| 4                                                       | 08/08/2017          | ABL INFRASTRUCTURE PRIVATE LIMITED | 0            | 2126          | -2126          | 6208055                                     | 12.24%                                 |
| 5                                                       | 11/08/2017          | ABL INFRASTRUCTURE PRIVATE LIMITED | 29409        | 0             | 29409          | 6237464                                     | 12.30%                                 |
| 6                                                       | 18/08/2017          | ABL INFRASTRUCTURE PRIVATE LIMITED | 480          | 0             | 480            | 6237944                                     | 12.30%                                 |
| 7                                                       | 22/08/2017          | ABL INFRASTRUCTURE PRIVATE LIMITED | 1003         | 0             | 1003           | 6238947                                     | 12.30%                                 |
| 8                                                       | 24/08/2017          | ABL INFRASTRUCTURE PRIVATE LIMITED | 361          | 0             | 361            | 6239308                                     | 12.30%                                 |
| 9                                                       | 28/08/2017          | ABL INFRASTRUCTURE PRIVATE LIMITED | 500          | 0             | 500            | 6239808                                     | 12.30%                                 |
| 10                                                      | 29/08/2017          | ABL INFRASTRUCTURE PRIVATE LIMITED | 507          | 0             | 507            | 6240315                                     | 12.30%                                 |
| 11                                                      | 31/08/2017          | ABL INFRASTRUCTURE PRIVATE LIMITED | 1300         | 0             | 1300           | 6241615                                     | 12.31%                                 |
| 12                                                      | 01/09/2017          | ABL INFRASTRUCTURE PRIVATE LIMITED | 1486         | 0             | 1486           | 6243101                                     | 12.31%                                 |
| 13                                                      | 05/09/2017          | ABL INFRASTRUCTURE PRIVATE LIMITED | 611          | 0             | 611            | 6243712                                     | 12.31%                                 |
| 14                                                      | 06/09/2017          | ABL INFRASTRUCTURE PRIVATE LIMITED | 2300         | 0             | 2300           | 6246012                                     | 12.32%                                 |
| 15                                                      | 07/09/2017          | ABL INFRASTRUCTURE PRIVATE LIMITED | 100          | 0             | 100            | 6246112                                     | 12.32%                                 |
| 16                                                      | 14/09/2017          | ABL INFRASTRUCTURE PRIVATE LIMITED | 0            | 150000        | -150000        | 6096112                                     | 12.02%                                 |
| 17                                                      | 18/09/2017          | ABL INFRASTRUCTURE PRIVATE LIMITED | 0            | 150000        | -150000        | 5946112                                     | 11.72%                                 |
| 18                                                      | 19/09/2017          | ABL INFRASTRUCTURE PRIVATE LIMITED | 0            | 50000         | -50000         | 5896112                                     | 11.63%                                 |
| 19                                                      | 21/09/2017          | ABL INFRASTRUCTURE PRIVATE LIMITED | 0            | 50000         | -50000         | 5846112                                     | 11.53%                                 |
| 20                                                      | 03/10/2017          | ABL INFRASTRUCTURE PRIVATE LIMITED | 0            | 15000         | -15000         | 5646112                                     | 11.13%                                 |
|                                                         | 03/10/2017          | ANIL BANSILAL LODHA                | 0            | 185000        | -185000        |                                             |                                        |
| 21                                                      | 04/10/2017          | ANIL BANSILAL LODHA                | 0            | 100000        | -100000        | 5546112                                     | 10.94%                                 |
| 22                                                      | 05/10/2017          | ANIL BANSILAL LODHA                | 0            | 139386        | -139386        | 5406726                                     | 10.66%                                 |
| 23                                                      | 06/10/2017          | ANIL BANSILAL LODHA                | 0            | 103000        | -103000        | 5303726                                     | 10.46%                                 |
| 24                                                      | <b>09/10/2017</b>   | <b>ANIL BANSILAL LODHA</b>         | <b>0</b>     | <b>700000</b> | <b>-700000</b> | <b>4603726</b>                              | <b>9.08%</b>                           |
| 25                                                      | 10/10/2017          | ANIL BANSILAL LODHA                | 0            | 695355        | -695355        | 3908371                                     | 7.71%                                  |
| 26                                                      | 26/10/2017          | ABL INFRASTRUCTURE PRIVATE LIMITED | 0            | 100000        | -100000        | 3808371                                     | 7.51%                                  |



|    |            |                                    |   |        |         |         |       |
|----|------------|------------------------------------|---|--------|---------|---------|-------|
| 27 | 27/10/2017 | ABL INFRASTRUCTURE PRIVATE LIMITED | 0 | 165000 | -165000 | 3408371 | 6.72% |
|    | 27/10/2017 | ANIL BANSILAL LODHA                | 0 | 235000 | -235000 |         |       |
| 28 | 30/10/2017 | ANIL BANSILAL LODHA                | 0 | 500000 | -500000 | 2908371 | 5.73% |
| 29 | 31/10/2017 | ANIL BANSILAL LODHA                | 0 | 200000 | -200000 | 2708371 | 5.34% |
| 30 | 01/11/2017 | ANIL BANSILAL LODHA                | 0 | 200000 | -200000 | 2508371 | 4.95% |
| 31 | 03/11/2017 | ABL INFRASTRUCTURE PRIVATE LIMITED | 0 | 595000 | -595000 | 1238371 | 2.44% |
|    | 03/11/2017 | ANIL BANSILAL LODHA                | 0 | 675000 | -675000 |         |       |
| 32 | 10/11/2017 | ABL INFRASTRUCTURE PRIVATE LIMITED | 0 | 110684 | -110684 | 838371  | 1.65% |
|    | 10/11/2017 | MANJUSHA ANIL LODHA                | 0 | 156150 | -156150 |         |       |
|    | 10/11/2017 | ANIL BANSILAL LODHA                | 0 | 133166 | -133166 |         |       |
| 33 | 13/11/2017 | ABL INFRASTRUCTURE PRIVATE LIMITED | 0 | 400000 | -400000 | 438371  | 0.86% |
| 34 | 21/11/2017 | ABL INFRASTRUCTURE PRIVATE LIMITED | 0 | 60144  | -60144  | 100050  | 0.20% |
| 35 | 21/11/2017 | ANIL BANSILAL LODHA                | 0 | 278177 | -278177 |         |       |

13. Based on the above table, it was alleged that Noticee 1 and 2 were required to make disclosures under Regulation 29(2) read with 29(3) of SAST Regulations, 2011 in the following 3 instances when the combined shareholding of the PACs which was 61,91,905 shares (12.21%) as on 31/07/2017, reduced as follows –

- i. 4603726 shares (9.08%) on 09/10/2017
- ii. 3408371 shares (6.72%) on 27/10/2017
- iii. 1238371 shares (2.44%) on 03/11/2017

14. In this regard, the Noticee 1 and 2, have mainly contended that Late Mr. Anil B Lodha who was the husband of Noticee 1 and the person in charge of Noticee 2, was diagnosed with serious illness of cancer, hospitalized for extensive treatment during the relevant period and passed away on 18/12/2017. It is the contention of the Noticee 1 and 2 that the alleged non-compliances occurred due to the said extra-ordinary circumstances. They have also contended that they have made disclosures under Regulation 29(1) read with 29(3) of SAST Regulations for all the above three instances. However, it is noted that the said disclosures have been made on 19/02/2019 i.e. these are delayed disclosures, and further these disclosures have been made post receipt of SEBI's communication dated 14/02/2019.

15. Further, it is observed that in the present matter on the above said three instances the reduction of holding of PAC has happened due to their sale in the market. It is therefore at this juncture, it is pertinent to mentioned that the Hon'ble Securities Apellate Tribunal (**SAT**) vide Order dated December 16, 2015 in the case of **Ravi Mohan and others vs. SEBI in Appeal No.97 of 2014**, and Order dated May 27, 2019 in the case of **Mr. Rakesh Kathotia & Ors. vs. SEBI**, has observed that in case of selling of shares, entities cannot be charged and penalized for alleged violations of Regulations 7(1A) read with 7(2) of SEBI SAST Regulations 1997 on the grounds that Regulation 7(2) of SEBI (SAST) Regulations 1997 does not contemplate for disclosure relating to sale of shares. Further, the Hon'ble SAT vide its order dated July 02, 2019 in the case of **Murali Srinivasan Venkatraman and others vs. SEBI** has also similarly observed that in case of selling of shares, entities cannot be penalized for alleged violations of Regulations 29(2) read with 29(3) of SEBI SAST Regulations 2011. Thus, considering the observations of the Hon'ble SAT's aforesaid orders, I find that penalty may not be warranted on the Noticee 1 and 2 in the present case for the alleged violation of Regulation 29(2) read with 29(3) Regulations, 2011, as a result of decrease in their shareholding due to sale of shares.

**Alleged Violation of Code of Conduct as prescribed in Clause 10 of Schedule B of Regulation 9(1) of PIT Regulations, 2015 by Noticee 3**

16. I note that the allegation against the Noticee 3 who was Whole Time Director of IISL during the Examination Period had carried out contra trades (i.e. buy trades after sell trades and sell trades after buy trades) within 6 months in the shares of IISL.
17. The trading activity of Noticee 3 is summarized as under –

| CInt PAN   | CInt Name             | Exchg | Date       | Gr Buy Vol | Gr Sell Vol |
|------------|-----------------------|-------|------------|------------|-------------|
| AMUPK2039D | Surinder Singh Kadyan | NSE   | 22/09/2017 | 0          | 1000        |
| AMUPK2039D | Surinder Singh Kadyan | NSE   | 28/09/2017 | 500        | 0           |
| AMUPK2039D | Surinder Singh Kadyan | NSE   | 29/09/2017 | 500        | 0           |
| AMUPK2039D | Surinder Singh Kadyan | NSE   | 24/10/2017 | 0          | 500         |
| AMUPK2039D | Surinder Singh Kadyan | NSE   | 26/10/2017 | 0          | 300         |

18. From the above, I note that the Noticee 3 post selling of 1000 shares on 22/09/2017, has bought 1000 shares i.e. 500 shares each on 28/09/2017 and 29/09/2017 respectively. Subsequently, the said Noticee has also sold 1000 shares i.e. 500 shares each on 24/10/2017 and 26/10/2017 respectively. Thus, I note that the aforesaid trades by Noticee 3 are in the nature of contra trades.
19. Further, I note that Noticee 3 has not disputed the transactions carried out or the allegations levelled against him. Noticee 3 being a 'designated person' under the Code of Conduct was not supposed to carry out contra trades. Having done so, Noticee 3 has violated Code of Conduct as prescribed in Clause 10 of Schedule B of Regulation 9(1) of PIT Regulations, 2015 which inter alia stipulated that the 'designated persons' shall not carry out contra trades within a period of six months.
20. In this connection, the Noticee 3 has inter alia submitted that he was not aware that the trades executed by him were contrary to PIT Regulations, 1992, and that the non-compliance was inadvertent, purely due to oversight, and that there was no *mala fide* intention. It was further submitted by the Noticee 3 that the trades were executed during the trading window open period and he was not in any possession of any price sensitive information or insider information. From the material available, I note that vide letter dated March 08, 2019, a Demand draft dated March 08, 2019 of Rs.52,980.25 was received by SEBI from the company in favour of SEBI-IPEF remitting amount of profit earned from contra trades by Noticee 3. I also note that the Noticee 3 has submitted that there has been no other violation or repetition of similar mistakes earlier or thereafter.
21. As per the records, aforesaid trade details are the only transactions done by the Noticee 3 during the examination period. Further, the Noticee 3 stated that he was not in possession of any price sensitive information or insider information. It has also been confirmed by the company that the trading window was not closed during the dates of the trades done by Noticee 3. I note that there is no material available on record to indicate any design that the Noticee 3 has indulged in any market manipulation or made wrongful gain or caused any wrongful loss to other investors due
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to his trading in the shares of IISL. The Noticee 3 has further undertaken that such kind of violation will not be repeated in future and would ensure that in future the laid down compliances / guidelines / regulations would be followed in letter and spirit. From the letter dated March 06, 2019 of IISL to SEBI, I note that, apart from recovering the profits earned by the Noticee 3 and transferring them to SEBI-IPEF, IISL has advised the Noticee 3 to forthwith ensure complete compliance of the code of conduct. Considering the volume and instances of the transactions, the small amount of profit earned, and the action taken by the company in respect of Noticee 3, I am of the view that the Noticee 3 has been adequately sanctioned/penalized by IISL for his defaults which resulted in the violation of the Model Code of Conduct prescribed under Clause 10 of Schedule B of Regulation 9(1) of PIT Regulations, 2015. Considering the facts and circumstances, I am of the view that the action already been taken by IISL on Noticee 3 herein is commensurate with the violations committed by him and accordingly, no penalty is warranted to be imposed upon Noticee 3 under Section 15HB of the SEBI Act, 1992.

### **ORDER**

22. Accordingly, taking into account the aforesaid observations and in exercise of power conferred upon me under Section 15I of the SEBI Act read with Rule 5 of the Adjudication Rules, I am of the view that no penalty is warranted in respect of the Noticees under Section 15A(b) and 15HB of the SEBI Act, 1992 in the matter and accordingly the SCN issued to the Noticees is disposed of.
23. In terms of rule 6 of the Rules, copy of this order is sent to the Noticees and also to the Securities and Exchange Board of India

**Date: January 22, 2020**  
**Place: Mumbai**

**G Ramar**  
**Adjudicating Officer**