

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER
(Application No. 3168/2016)

On the application submitted by
Indiabulls Financial Services Limited
(now known as Indiabulls Housing Finance Limited)

Settlement Order No: CO/SBM/EAD-3/06/2017

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**'), vide Order dated January 29, 2016 initiated adjudication proceedings against Indiabulls Financial Services Limited (now known as Indiabulls Housing Finance Ltd. and hereinafter referred to as "**the applicant / IHFL**") to inquire into and adjudge under Section 23A(a) of the Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as '**SCR Act**') for the violation of the provisions of Section 21 of SCR Act read with Clause 35 of the Equity Listing Agreement alleged to have been committed by the applicant.
2. In this regard, a Show Cause Notice ref. A&E/EAD3/SBM-ASR/20197/2016 dated July 18, 2016 (hereinafter referred to as '**SCN**') was issued to the applicant. It was alleged in the SCN that the applicant, in its capacity as a listed company, failed to comply with the abovementioned provisions of law.
3. It was observed in the SCN that SEBI had conducted an investigation into the trading and dealings in the shares of the applicant by Indiabulls Employees Welfare Trust (hereinafter referred to as "**IEWT**") during the quarter ended December 2010 to June 2012 (hereinafter referred to as

“**investigation period**”). It was alleged that the applicant had failed to make the requisite disclosures to the National Stock Exchange of India Ltd. (NSE) and BSE Ltd. (BSE) with respect to the shareholding of IEWT in the scrip of the applicant under the provisions of the Equity Listing Agreement.

4. Specifically, the SCN had mentioned the following violations allegedly committed by the applicant during the abovementioned investigation period :

- IEWT was holding more than 1% shares in IHFL for the quarters ended December 2010 till June 2012. However, IHFL had allegedly failed to disclose the shareholding of IEWT to both NSE and BSE under the category of public shareholders holding more than 1% shares of IHFL in terms of the provisions of the listing agreement.
- In view of the alleged failure on part of IHFL, as mentioned above, it was alleged that IHFL has violated the provisions of Section 21 of the SCR Act read with Clause 35 of the Equity Listing Agreement.

5. Pending Adjudication Proceedings, the applicant submitted a Consent Application no. 3168/2016, which was received by SEBI on October 03, 2016 along with an undertaking in the format prescribed by SEBI for settlement in the matter in terms of Regulations 3(1) and 3(2) of SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 (hereinafter referred to as "**Settlement Regulations**").

6. Pursuant to the above mentioned Consent Application made by the applicant, the Authorized Representatives of the applicant, attended a meeting with the Internal Committee on Consent (hereinafter referred to as '**IC**') on August 24, 2017. During the aforesaid meeting, the settlement terms of Rs. 14,39,900/- (Rupees Fourteen Lakh Thirty Nine Thousand Nine Hundred Only) calculated as per the Settlement Regulations were communicated to the authorised representatives of the applicant. The

applicant vide letter dated August 24, 2017 proposed payment of Rs. Rs. 14,39,900/- (Rupees Fourteen Lakh Thirty Nine Thousand Nine Hundred Only) towards full and final settlement of all regulatory, civil or criminal proceedings in relation to the facts contained in the SCN without admitting or denying any violation on the part of the applicant.

7. The settlement terms were placed before the High Powered Advisory Committee on Consent (hereinafter referred to as '**HPAC**') on September 04, 2017. The HPAC, after considering the facts and circumstances of the case, settlement terms offered by the applicant and also the materials made available before it by SEBI, recommended that the aforesaid adjudication proceedings initiated against the applicant may be settled on payment of Rs. 14,39,900/- (Rupees Fourteen Lakh Thirty Nine Thousand Nine Hundred Only) towards the settlement terms. The Panel of Whole Time Members of SEBI approved the said recommendation of HPAC on October 10, 2017 and the same was communicated to the applicant vide Email dated October 12, 2017.
8. The applicant vide letter dated October 16, 2017 has remitted a sum of Rs. 14,39,900/- (Rupees Fourteen Lakh Thirty Nine Thousand Nine Hundred Only) towards the settlement charges through Demand Draft No. 014250 dated October 13, 2017 drawn on Axis Bank Ltd.
9. In view of the above, in terms of Regulation 15(1) of the Settlement Regulations, 2014, it is hereby ordered that this settlement order disposes of the aforesaid adjudication proceedings initiated against the applicant viz. Indiabulls Financial Services Ltd. (now known as Indiabulls Housing Finance Ltd.) vide SCN ref. A&E/EAD3/SBM-ASR/20197/2016 dated July 18, 2016.
10. This order is without prejudice to the right of SEBI to take enforcement actions including restoring or initiating the proceedings in respect to which the settlement order was passed against the applicant, if :

- a. any representations made by the applicant in the settlement proceedings is subsequently found to be untrue; or
 - b. the applicant breaches any of the clauses /conditions of undertakings/ waivers filed during the current settlement proceedings.
11. This settlement order is passed on the **27th day of October, 2017** and shall come into force with immediate effect.
12. In terms of Regulation 17 of the Settlement Regulations, 2014, copies of this order are being sent to the applicant viz. Indiabulls Financial Services Ltd. and also to the Securities and Exchange Board of India.

Place: Mumbai
Date: October 27, 2017

SURESH B. MENON
ADJUDICATING OFFICER