

BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER

(Application No. 4209/2020)

On the application submitted by

NIIT Technologies Ltd. (now known as Coforge Ltd.)

(PAN: AAACN0332P)

Settlement Order No: SO/SM/AU/2020-21/6354

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') conducted an investigation into the trading activities in the scrip of **NIIT Technologies Ltd.** (hereinafter referred to as '**NIIT**'/'**Applicant**'/'**Company**') during the period December 22, 2014 to March 23, 2015 (hereinafter referred as '**Investigation period**') and inter alia observed certain violations of the provisions of the Equity Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as '**LODR Regulations**') alleged to have been committed by NIIT.
2. Pursuant to the investigation, SEBI appointed Dr Anitha Anoop as the Adjudicating Officer (AO) vide communiqué dated May 04, 2020 under Section 23 I of the Securities Contracts (Regulation) Act 1956 (hereinafter referred to as '**SCRA**') read with Rule 3 of the Securities Contracts (Regulation) (Procedure for Holding Inquiry and Imposing Penalties) Rules, 2005 (hereinafter referred to as '**SCRA Adjudication Rules**'), to inquire into and adjudge under the provisions Section 23E of the SCRA, for the violation of the provisions of Listing agreement / LODR Regulations alleged to have been committed by NIIT. Pursuant to transfer of Dr Anitha Anoop to another department, the undersigned has been appointed as the AO in the matter, vide communiqué dated November 03, 2020.
3. In this regard, a Show Cause Notice ref.no. SEBI/EAD/AA/KL/12850/2020 dated August 06, 2020, (hereinafter referred to as '**SCN**') was issued to NIIT. Briefly, the following major observations were made against NIIT in the SCN:

- a) On March 23, 2015, NIIT made an announcement on the Stock exchanges (BSE and NSE) that a dispute has arisen between one of its subsidiaries and one of its clients, which may result in claims and counter claims and that the company has provisioned USD 10 million for the same. Further, it is noted from the annual report of NIIT for FY 2014-15 that the above mentioned dispute had a total impact of Rs. 80 crores, which in turn is 3.37% of the consolidated revenue of the company (Rs. 2,372.5 crore) for the F.Y. 2014-15.
- b) In this context, the submissions made by NIIT were perused and it is alleged that NIIT was aware of the situation regarding the dispute since December 22, 2014, when a law firm advised NIIT and its subsidiary to resolve the dispute through dispute resolution process. It was also observed that an amount equivalent to the aforesaid disputed amount viz. USD 10 million was approved in the Board meeting of the company held on January 14, 2015. Further, it is seen that the company's subsidiary received a default notice from its client on March 13, 2015, which was immediately informed to the company. However, it is alleged that the company made the corporate announcement regarding the dispute in the context of receiving default notice only on March 23, 2015.
- c) In this regard, it is observed that on the subsequent day of making the aforementioned corporate disclosure viz. March 24, 2015, the scrip price of NIIT opened at Rs. 367.1 on BSE and touched a low of Rs. 340 before closing at Rs. 350.75. Thus, the price of the scrip decreased by 6.37% on BSE on March 24, 2015 from the previous day's closing price. Similarly, the price of the scrip fell by 5.96% on NSE on March 24, 2015. Therefore, the above announcement made by the company was, *prima facie*, considered as a price sensitive information (hereinafter referred to as '**PSI**') in terms Regulation 2(ha) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as '**PIT Regulations - 2015**').
- d) As per the terms of Clause 36 of the equity listing agreement, a listed company is obligated to inform the stock exchange on an immediate basis of all the events which will have bearing on the performance/operations of the company as well as information which are considered to be price sensitive. As the dispute between its subsidiary and its client had an impact on the consolidated revenue and operations

of NIIT which makes it a price sensitive information, the company was required to make disclosures to the stock exchange immediately on receiving the default notice from its client i.e. on March 13, 2015. However, NIIT is alleged to have informed the stock exchanges about the same only on March 23, 2015 i.e with a delay of 10 days. Therefore, it was alleged that NIIT has violated *Clause 36 of the equity listing agreement read with regulation 103(2) of the LODR Regulations*.

4. Pending Adjudication Proceedings, the company (applicant) proposed to settle the instant proceedings initiated against it, without admitting or denying the findings of fact and conclusions of law, through a settlement order and filed a settlement application with SEBI bearing reference number 4209/2020 dated October 05, 2020, in terms of the provisions of SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as "**Settlement Regulations**").
5. Pursuant to the above mentioned settlement application filed by the applicant, the Authorized Representatives (ARs) of the applicant, attended a meeting with the Internal Committee on Consent (hereinafter referred to as '**IC**') on November 27, 2020. During the aforesaid meeting, the settlement terms of Rs. 19,12,500/- (Rupees Nineteen Lakh Twelve Thousand and Five Hundred Only) as settlement amount towards the alleged violation of the provisions of Clause 36 of the equity listing agreement read with Regulation 103(2) of the LODR Regulations, was communicated to the ARs of the applicant. The applicant vide its letter dated December 08, 2020, proposed the payment of Rs. 19,12,500/- (Rupees Nineteen Lakh Twelve Thousand and Five 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 its part.
6. The settlement terms were placed before the High Powered Advisory Committee (hereinafter referred to as '**HPAC**') on December 30, 2020, and the HPAC considered the facts and circumstances of the case, the proposed settlement terms offered by the applicant and other material made available before the HPAC by SEBI. The HPAC, after considering the facts and circumstances of the case, settlement terms offered by the applicant and also the material made available before it by SEBI, recommended that the aforesaid adjudication proceedings initiated against the

applicant may be settled on payment of Rs. 19,12,500/- (Rupees Nineteen Lakh Twelve Thousand and Five Hundred Only) towards the settlement terms. The Panel of Whole Time Members of SEBI approved the said recommendation of HPAC on January 11, 2021 and the same was communicated to the applicant vide email dated January 13, 2021.

7. Subsequently, the applicant, vide its email dated January 23, 2021, informed SEBI that an amount of Rs. 19,12,500/- (Rupees Nineteen Lakh Twelve Thousand and Five Hundred Only) towards the settlement terms had been transferred via online payment (RTGS) to SEBI in its account bearing account number 012210210000007 on January 22, 2021, and also submitted the transaction details of the same. Further, the receipt of the abovementioned amount was confirmed by the concerned department of SEBI on January 27, 2021.
8. In view of the above, and in terms of Regulation 23 (1) of the Settlement Regulations, it is hereby ordered that this settlement order disposes of the aforesaid adjudication proceedings initiated against the applicant viz. NIIT Technologies Ltd (now Coforge Ltd.) vide SCN ref. SEBI/EAD/AA/KL/12850/2020 dated August 06, 2020.
9. This order is without prejudice to the right of SEBI to take enforcement actions, in terms of Regulation 28 of the Settlement Regulations, 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.
10. This settlement order is passed on the **January 29, 2021** and shall come into force with immediate effect.

11. In terms of Regulation 25 of the Settlement Regulations, copies of this order are being sent to the applicant viz. NIIT Technologies Ltd (now known as Coforge Ltd.) and also to the Securities and Exchange Board of India.

Place: Mumbai

Date: January 29, 2021

SURESH B. MENON

ADJUDICATING OFFICER