

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI
CONSENT ORDER

On the Application submitted by
L&T Investment Management Limited
(PAN: AABCC5819R)

CO/IVD-2/2018-2010/AO/SRP/RK /158/2010

1. The Securities and Exchange Board of India (SEBI) had initiated adjudication proceedings against L&T Investment Management Ltd. (AMC of L&T Mutual Fund), formerly known as DBS Cholamandalam Asset Management Limited, (hereinafter referred to as '**Noticee**') to inquire into and adjudge under section 15D(b) and 15HB of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**'), the alleged violation/contravention of the provisions of the SEBI Act and SEBI (Mutual Fund) Regulations, 1996 (hereinafter referred to as '**MF Regulations**') by the Noticee.

2. It was observed that the Noticee being an Asset Management Company had allegedly failed to exercise due diligence and care by not taking adequate measures to ensure non-leakage of information pertaining to its trading strategy to others (namely, its employee Mr. Vikas Upadhyay, who on the basis of certain advance knowledge of certain block transactions had indulged in "front running" ahead of the Noticee in certain scrips on 7 days during the period from April 1, 2008 to May 31, 2008) and thereby alleged to have violated the provisions of regulations 25(2), 25(3) and 68(h) of the MF Regulations.

3. The undersigned was appointed as Adjudicating Officer under section 15 I of the SEBI Act to inquire into and adjudge under Sections 15D (b) and 15HB of the SEBI Act for the aforesaid alleged violations. Consequently, Show Cause Notice No. EAD-1/SRP/RK/2441/2010 dated April 26, 2010 was issued to the Noticee under rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as “**the Rules**”).
4. While the adjudication proceedings were in progress, the Noticee made an application dated June 4, 2010 along with an affidavit of “undertakings and waivers” in terms of SEBI Circular No. EFD/ Cir.-1/2007 dated 20th April, 2007 for settlement of the matter through Consent Order. Subsequently, the Noticee proposed revised consent terms vide letter dated September 03, 2010, without admitting or denying the guilt and subject to clauses of the undertakings and waivers, submitting that it was willing to pay a sum of ₹ 10,00,000/- (Rupees ten lakh only) towards settlement charges in the matter.
5. The revised consent terms as proposed by the Noticee were placed before the High Powered Advisory Committee (hereinafter referred to as ‘**HPAC**’) on October 20, 2010 and HPAC after deliberation recommended the case for settlement on the terms as proposed by the Noticee. The recommendations of HPAC were subsequently placed before the panel of Whole Time Members of SEBI.
6. The acceptance of consent proposal was communicated to the Noticee by SEBI vide letter dated November 23, 2010. In pursuance of the aforesaid acceptance of consent terms, the Noticee has remitted to SEBI a sum of ₹ 10, 00, 000/- (Rupees ten lakh only), vide Demand Draft No. 556290 dated December 1, 2010 drawn on HDFC Bank Ltd., Mumbai towards the terms of consent in the matter.

7. In view of above, it is hereby ordered that:
- i) this consent order disposes of the above said adjudication proceedings pending against the Noticee under SEBI Act
 - ii) passing of this order is without prejudice to the rights of SEBI to take enforcement actions including commencing/ reopening of the pending proceedings against the Noticee, if SEBI finds that:
 - a. any representation made by the Noticee in the consent proceedings is subsequently discovered to be untrue.
 - b. the Noticee has breached any of the clauses/ conditions of undertakings/waivers filed during the current consent proceedings.
8. This consent order is passed on the 16th day of December 2010 and shall come into force with immediate effect.

SATYA RANJAN PRASAD
ADJUDICATING OFFICER