

WTM/AB/IVD/ID2/13652/2021-22

**SECURITIES AND EXCHANGE BOARD OF INDIA
FINAL ORDER**

Under Sections 11(1), 11(4), 11(4A), 11B (1) and 11B (2) of the Securities and Exchange Board of India Act, 1992 read with Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

In respect of:

Noticee No.	Name of the Noticee	PAN
1.	Mr. Manish Rustagi	AFXPR1746N
2.	Mr. Niraj Tyagi	AAXPT5984H
3.	Mr. Anil Mittal	ADBPM4212A
4.	Mr. Pramod Singh	BDEPS6975E
5.	Mr. Anil Malhan	AGHPM0099C
6.	Mr. Matbeer Singh	AEEPG5813P
7.	Mr. Satish Chand	ADQPC9899Q
8.	Mr. Ajit Kumar Singh	BKJPS4927C

The aforesaid entities are hereinafter individually referred to by their respective names/noticee numbers and collectively as “the Noticees”.

In the matter of Indiabulls Ventures Limited.

1. The present proceedings have emanated from a common show cause notice dated October 10, 2019 and Supplementary show cause notice dated July 02, 2020 (hereinafter collectively referred to as “**SCN**”), issued by Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”), against the Noticees, alleging violation of Section 12A (d) & (e) of the SEBI Act, 1992 and Regulation

4(1) of SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as "**PIT Regulations, 2015**") by the Noticees. The SCN called upon the Noticees to show cause as to why suitable directions under Sections 11 (1), 11(4), 11(4A), 11B(1) and 11B(2) including directions for disgorgement of unlawful gains and holding of an inquiry under Rule 4 of SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 read with Section 15I(1) & (2) of SEBI Act and the subsequent imposition of penalty under Section 15G of SEBI Act should not be issued against them.

2. As can be noted from the SCN, the aforesaid SCN came to be issued against the Noticees in view of the fact that SEBI had conducted an investigation into suspected insider trading activities of certain entities in the scrip of Indiabulls Ventures Limited (hereinafter referred to as "**IVL/ the company**") for the period January 01, 2017 to November 03, 2017 (hereinafter referred to as "**Investigation Period**") to ascertain whether or not the suspected entities had traded in the aforesaid scrip on the basis of unpublished price sensitive information (hereinafter referred to as "**UPSI**"), in contravention of the provisions of SEBI Act, 1992 read with PIT Regulations, 2015. The brief facts, as narrated in the SCN, are as under:

- (i) Indiabulls Distribution Services Limited (hereinafter referred to as "**IDSL**") (a wholly owned subsidiary of IVL) had signed a definitive agreement to sell its 100% shareholding in India Land and Properties Limited (hereinafter referred to as "**ILPL**"), at a consideration of Rs.685 Cr, to Indiabulls Infrastructure Limited (hereinafter referred to as "**IIL**"), a wholly owned subsidiary of Indiabulls Real Estate Limited hereinafter referred to as "**IREL**").
- (ii) The equity shares of IVL are listed on the National Stock Exchange of India Limited (hereinafter referred to as "**NSE**") and BSE Ltd. (hereinafter referred to as "**BSE**") and its Global Depository Receipts are listed on the Luxembourg Stock Exchange.
- (iii) The details of Directors/Managerial Personnel of IVL during the Investigation Period was as under:

[SOURCE: IVL's reply dated August 10, 2018]	
Name	Designation
Divyesh B. Shah	Whole-time Director & CEO
Aishwarya Katoch	Independent Director
Brig. Labh Singh Sitara	Independent Director
Prem Prakash Mirdha	Independent Director
Amiteshwar Choudhary	Whole-time Director
Pia Johnson	Non-Executive Director
Sameer Gehlaut	Non-Executive Chairman
Gagan Banga	Non-Executive Director
Ajit Kumar Mittal	Non-Executive Director
Pinank Jayant Shah	Executive Director
Vijayalakshmi Rajaram Iyer	Independent Director
Shyam Lal Bansal	Independent Director
Alok Kumar Misra	Independent Director
Lalit Sharma	Company Secretary
Rajeev Lochan Agrawal	Chief Financial Officer

- (iv) The Standalone Quarterly Financial Results of IVL prior to, during and subsequent to the Investigation Period is provided below:

[AMOUNT IN ₹ CRORES] [SOURCE: BSE WEBSITE]							
Particulars	Year Ended (Audited)		Quarter Ended (Unaudited)				
	2015-16	2016-17	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
Net Sales	76.34	83.60	18.62	27.42	27.31	30.44	35.38
Other Income	28.18	67.82	5.05	22.67	13.71	28.32	13.84
Total Income	104.52	151.42	23.67	50.10	41.02	58.75	49.22
Net Profit	16.87	47.09	0.27	19.16	16.09	18.42	8.30

- (v) The Company had registered profit of Rs. 47.09 crores during the financial year ended 2016-17. Further, both net sales and net profit increased during the financial year 2016-17 in comparison to financial year 2015-16.

(vi) IDSL is a wholly owned subsidiary of IVL. IDSL held 100% shareholding in ILPL, making ILPL a wholly owned subsidiary of IDSL. Thus, ILPL was indirectly owned by IVL.

(vii) IVL made the following corporate announcements with respect to sale of ILPL to IIL [a wholly owned subsidiary of IREL]/ investment of IIL in ILPL. The price and volume data for the scrip, just before and after these announcements, is tabulated below:

Sr. No	Date & Time of display on Exchange Website	Particulars	Price Impact	Remarks																				
1.	NSE 20-Jun-2016 12:01 hours	IVL informed Exchanges that the Extraordinary General Meeting (EGM) of the company will be held on 15-Jul-2016 to <i>inter alia</i> transact the following special business : Sale of investment Sale of up to 100% of shares held by IDSL, a WOS of the company, in ILPL, a WOS of IDSL.	17-Jun-2016 (NSE) <table><tr><td>Open</td><td>High</td><td>Low</td><td>Close</td><td>Traded vol.</td></tr><tr><td>22.05</td><td>22.80</td><td>21.80</td><td>21.95</td><td>1268763</td></tr></table> 20-Jun-2016 (NSE) <table><tr><td>Open</td><td>High</td><td>Low</td><td>Close</td><td>Traded vol.</td></tr><tr><td>21.70</td><td>22.15</td><td>21.20</td><td>21.70</td><td>1189250</td></tr></table>	Open	High	Low	Close	Traded vol.	22.05	22.80	21.80	21.95	1268763	Open	High	Low	Close	Traded vol.	21.70	22.15	21.20	21.70	1189250	On June 20, 2016, the price of the scrip closed at ₹21.70 i.e. 1.14% fall against the previous day closing price.
	Open	High	Low	Close	Traded vol.																			
22.05	22.80	21.80	21.95	1268763																				
Open	High	Low	Close	Traded vol.																				
21.70	22.15	21.20	21.70	1189250																				
	BSE 20-Jun-2016 12:07 hours		17-Jun-2016 (BSE) <table><tr><td>Open</td><td>High</td><td>Low</td><td>Close</td><td>Traded vol.</td></tr><tr><td>22.30</td><td>22.80</td><td>21.85</td><td>22.00</td><td>224613</td></tr></table> 20-Jun-2016 (BSE) <table><tr><td>Open</td><td>High</td><td>Low</td><td>Close</td><td>Traded vol.</td></tr><tr><td>21.15</td><td>22.15</td><td>21.15</td><td>21.75</td><td>373395</td></tr></table>	Open	High	Low	Close	Traded vol.	22.30	22.80	21.85	22.00	224613	Open	High	Low	Close	Traded vol.	21.15	22.15	21.15	21.75	373395	On June 20, 2016, the price of the scrip closed at ₹21.75 i.e. 1.14% fall against the previous day closing price. (June 18, 2016 and June 19, 2016 were trading
Open	High	Low	Close	Traded vol.																				
22.30	22.80	21.85	22.00	224613																				
Open	High	Low	Close	Traded vol.																				
21.15	22.15	21.15	21.75	373395																				

Sr. No	Date & Time of display on Exchange Website	Particulars	Price Impact	Remarks																				
				holidays)																				
2.	NSE 15-Jul-2016 15:19 hours	IVL informed Exchanges that members of company in EGM held on 15-Jul-2016 approved the following : Preferential Issue of an aggregate of up to 5.83 crores Convertible Warrants to Promoter group entities and CEO & Whole-time Director of the company.	14-Jul-2016 (NSE) <table><tr><td>Open</td><td>High</td><td>Low</td><td>Close</td><td>Traded vol.</td></tr><tr><td>31.55</td><td>33.65</td><td>29.60</td><td>33.00</td><td>5597645</td></tr></table> 15-Jul-2016 (NSE) <table><tr><td>Open</td><td>High</td><td>Low</td><td>Close</td><td>Traded vol.</td></tr><tr><td>33.25</td><td>34.00</td><td>31.50</td><td>32.55</td><td>4004040</td></tr></table>	Open	High	Low	Close	Traded vol.	31.55	33.65	29.60	33.00	5597645	Open	High	Low	Close	Traded vol.	33.25	34.00	31.50	32.55	4004040	On July 15, 2016, the price of the scrip closed at ₹32.55 i.e. 1.36% fall against the previous day closing price.
	Open	High	Low	Close	Traded vol.																			
31.55	33.65	29.60	33.00	5597645																				
Open	High	Low	Close	Traded vol.																				
33.25	34.00	31.50	32.55	4004040																				
	BSE 15-Jul-2016 15:01 hours	Sale of up to 100% of shares held by IDSL, a WOS of the company, in ILPL, a WOS of IDSL.	14-Jul-2016 (BSE) <table><tr><td>Open</td><td>High</td><td>Low</td><td>Close</td><td>Traded vol.</td></tr><tr><td>31.60</td><td>33.55</td><td>30.00</td><td>33.00</td><td>1586220</td></tr></table> 15-Jul-2016 (BSE) <table><tr><td>Open</td><td>High</td><td>Low</td><td>Close</td><td>Traded vol.</td></tr><tr><td>33.80</td><td>33.90</td><td>31.55</td><td>32.70</td><td>946263</td></tr></table>	Open	High	Low	Close	Traded vol.	31.60	33.55	30.00	33.00	1586220	Open	High	Low	Close	Traded vol.	33.80	33.90	31.55	32.70	946263	On July 15, 2016, the price of the scrip closed at ₹32.70 i.e. 0.91% fall against the previous day closing price.
Open	High	Low	Close	Traded vol.																				
31.60	33.55	30.00	33.00	1586220																				
Open	High	Low	Close	Traded vol.																				
33.80	33.90	31.55	32.70	946263																				
3.	NSE 15-Mar-2017 08:53 hours	IVL informed Exchanges that : IDSL (a WOS of IVL) has signed a definitive agreement to sell its 100% shareholding in ILPL, at a consideration of Rs.685 crores, to IIL, a WOS of IREL and the deal is expected to be completed in the current financial year. A meeting of the Board of Directors of the	14-Mar-2017 (NSE) <table><tr><td>Open</td><td>High</td><td>Low</td><td>Close</td><td>Traded vol.</td></tr><tr><td>37.00</td><td>38.75</td><td>36.80</td><td>38.15</td><td>2495800</td></tr></table> 15-Mar-2017 (NSE) <table><tr><td>Open</td><td>High</td><td>Low</td><td>Close</td><td>Traded vol.</td></tr><tr><td>39.20</td><td>41.95</td><td>39.20</td><td>41.95</td><td>11450940</td></tr></table>	Open	High	Low	Close	Traded vol.	37.00	38.75	36.80	38.15	2495800	Open	High	Low	Close	Traded vol.	39.20	41.95	39.20	41.95	11450940	On March 15, 2017, the price of the scrip opened at ₹39.20 i.e. 2.75% rise against the previous day
Open	High	Low	Close	Traded vol.																				
37.00	38.75	36.80	38.15	2495800																				
Open	High	Low	Close	Traded vol.																				
39.20	41.95	39.20	41.95	11450940																				

Sr. No	Date & Time of display on Exchange Website	Particulars	Price Impact	Remarks																				
		Company will be held on Friday the 17th March, 2017 to consider, inter alia, declaration of interim dividend, if any, on the Equity shares of the Company, for the financial year 2016-17.		closing price and closed at ₹41.95 i.e. 9.96% rise against the previous day closing price.																				
	BSE 14-Mar-2017 23:05 hours		14-Mar-2017 (BSE) <table border="1"> <tr> <th>Open</th><th>High</th><th>Low</th><th>Close</th><th>Traded vol.</th></tr> <tr> <td>36.50</td><td>38.70</td><td>36.50</td><td>38.15</td><td>750175</td></tr> </table> 15-Mar-2017 (BSE) <table border="1"> <tr> <th>Open</th><th>High</th><th>Low</th><th>Close</th><th>Traded vol.</th></tr> <tr> <td>40.00</td><td>41.95</td><td>39.30</td><td>41.95</td><td>20793277</td></tr> </table>	Open	High	Low	Close	Traded vol.	36.50	38.70	36.50	38.15	750175	Open	High	Low	Close	Traded vol.	40.00	41.95	39.30	41.95	20793277	On March 15, 2017, the price of the scrip opened at ₹40.00 i.e. 4.85% rise against the previous day closing price and closed at ₹41.95 i.e. 9.96% rise against the previous day closing price.
Open	High	Low	Close	Traded vol.																				
36.50	38.70	36.50	38.15	750175																				
Open	High	Low	Close	Traded vol.																				
40.00	41.95	39.30	41.95	20793277																				

(viii) As observed from the table above, corporate announcements dated March 14, 2017 on BSE and March 15, 2017 on NSE made by the company had a positive impact on the price of the scrip.

(ix) The determination of UPSI was made *inter alia* upon consideration of the following factors –

- a. Board of Directors of IDSL in their meeting dated May 04, 2016 accorded their consent for sale of ILPL;
- b. Board of Directors of IVL in their meeting dated June 15, 2016 accorded approval, subject to approval of shareholders, for sale of ILPL and decided to call an EGM on July 15, 2016;
- c. On June 20, 2016, IVL informed the exchanges that an EGM will be held on July 15, 2016 for seeking/enabling authorization for sale of investment by IDSL in the shares of ILPL and submitted the notice convening an EGM;
- d. The shareholders of IVL in an EGM held on July 15, 2016 approved the sale of upto 100% of shares held by IDSL in ILPL, to any prospective buyer and the same was announced on exchanges;
- e. On January 24, 2017 during a meeting between Mr. Divyesh Shah (CEO of IVL & Director of ILPL) and Mr. Gurbans Singh (CEO of IREL & Director of IIL) a request was made to Mr. Gurbans Singh, seeking loan facility of approximately Rs.500-550 crores against securities, from IIL to ILPL;
- f. On January 25, 2017, Notice for convening Board Meeting on February 03, 2017 was issued by IIL to consider convening of an EGM;
- g. In IIL's Board Meeting held on February 03, 2017, it was decided to convene an EGM on March 01, 2017 for seeking enabling authorization to the board to invest surplus funds, by way of loan which may *inter-alia* be in the form of Debentures or Non-convertible Redeemable Preference Shares of ILPL or any other security as may be offered by ILPL. Draft Notice of the proposed EGM was also placed and approved by the Board in the same Board Meeting;
- h. In IIL's EGM held on March 01, 2017 an enabling composite authorization in terms of Section 186 of the Companies Act, 2013 was approved and following special resolution was passed:
"RESOLVED THAT pursuant to the provisions of Section 186 and other applicable provisions, if any, of the Companies Act, 2013, read with the Rules framed thereunder, as may be amended from time to time, consent of the members be and is hereby accorded to the Board of Directors of the Company:

- (a) to grant loans, give guarantee(s) or provide security, in connection with a loan made by any person to or to any person, up to an aggregate value of Rs.600,00,00,000/- (Rupees Six Hundred Crore) from time to time in one or more trenches, to India Land and Properties Limited on such terms and conditions as may be considered expedient in the interest of the Company, and
- (b) to invest Company's fund by way of subscription, purchase or otherwise, in the securities of India Land and Properties Limited from time to time in one or more tranches up to the aggregate of Rs.600,00,00,000/- (Rupees Six Hundred Crore) on such terms and conditions as may be considered expedient in the interest of the Company, notwithstanding that the aggregate of loans, investment already made or to be made and the guarantees or securities already provided or to be provided, may exceed the limits prescribed under the said Section."
- i. In this regard, IIL and ILPL confirmed that no amount of surplus funds were provided as loan to ILPL by IIL pursuant to above authorization. Further, IIL has submitted that on March 07, 2017 during a meeting between Mr. Gurbans Singh and Mr. Divyesh Shah pursuant to abovementioned EGM dated March 01, 2017, the loan proposal was discussed and it was agreed in principle that IIL will rather purchase shareholding of ILPL;
- j. IVL submitted that no buyer or acquirer approached IVL/IDSL/ILPL or gave any formal/informal proposal for purchasing ILPL prior to March 07, 2017. Further, it was observed from the replies of IVL and statement recording of CEO of IVL that real estate market was sluggish and not conducive at that time;
- k. On March 14, 2017, IVL informed BSE and NSE that on March 14, 2017 IDSL has signed a definitive agreement to sell its 100% shareholding in ILPL, at a consideration of Rs.685 Crore, to IIL and the deal is expected to be completed in the current financial year;
- l. Considering the above factors, it was noted that despite the fact that IVL had announced its intention to sell ILPL on June 20, 2016, it was crucial to find a suitable buyer and finalize the consideration to execute their

intention. Hence, the information regarding identification of the buyer, finalizing the consideration and the actual event of signing of the definitive agreement to sell 100% shareholding in ILPL, to IIL, is considered to be a price sensitive information;

m. Therefore, the abovementioned information relating to the sale of ILPL to IIL / investment of IIL in ILPL, prior to being announced on March 14, 2017, was considered as UPSI in terms of Regulation 2(1)(n) of PIT Regulations, 2015.

(x) As per the information obtained from IVL, IDSL, ILPL, IIL and IREL, the chronology of events relating to the announcement of the aforesaid sale of ILPL to IIL / investment of IIL in ILPL, is as under:

DATE	PARTICULARS/EVENTS
May 04, 2016	IDSL's Board of Directors (BOD) in the meeting held on May 04, 2016 considered sale of ILPL to improve liquidity of IDSL and decided to sell the entire investment in ILPL.
June 15, 2016	IVL's BOD in the meeting held on June 15, 2016 decided to call an EGM on July 15, 2016 for seeking approval of shareholders.
June 20, 2016	IVL had sent EGM Notice dated June 15, 2016 to its Shareholders, inter-alia, for seeking / enabling authorisation for sale of investment by IDSL in the shares of ILPL, subject to the approval of shareholders. Same was informed to stock exchanges.
July 15, 2016	Shareholders of IVL in their EGM held on July 15, 2016, approved the sale of investment by IDSL, in the shares of ILPL, to any prospective buyer(s). Same was informed to stock exchanges.
July 27, 2016	In IVL's Board Meeting, Management Committee was authorized to authorise IDSL to sell its stake in ILPL. Members of the committee were Mr. Divyesh Shah, Mr. Ashok Sharma (till September 28, 2016), Mr. Aishwarya Katoch and Ms. Pia Johnson (w.e.f. September 28, 2016)
January 24, 2017	During a meeting between Mr. Divyesh Shah (CEO of IVL & Director of ILPL) and Mr. Gurbans Singh (CEO of IREL & Director of IIL) a request was made to Mr. Gurbans Singh, seeking loan facility against securities, from IIL for ILPL
January 25, 2017	Notice for convening Board Meeting on February 03, 2017 was issued by IIL to consider convening of an EGM
February 03, 2017	In IIL's Board Meeting held on February 03, 2017 it was decided to convene an EGM on March 01, 2017 for seeking enabling authorization to the board to invest

DATE	PARTICULARS/EVENTS
	surplus funds, by way of loan which may inter-alia be in the form of Debentures or Non-convertible Redeemable Preference Shares of ILPL or any other security as may be offered by ILPL. Draft Notice of the proposed EGM was also placed and approved by the Board in the same Board Meeting
March 01, 2017	In IIL's EGM enabling composite authorization in terms of Section 186 of the Companies Act, 2013 was approved
March 07, 2017	During a meeting between Mr. Gurbans Singh and Mr. Divyesh Shah pursuant to EGM dated March 01, 2017, the loan proposal was discussed and it was agreed in principle that IIL will rather purchase shareholding of ILPL
March 07, 2017 to March 14, 2017	Discussions and finalization of the terms and conditions w.r.t. sale of ILPL to IIL. The idea of IIL purchasing IDSL's 100% shareholding in ILPL was proposed and agreed to in-principle. This was subject to the price which was to be discussed further to meet with the conditions on pricing for disinvestment as proposed by the shareholders of IVL. The legal team of IREL Group prepared the documentation on behalf of IIL, as IREL's Group legal team works for IREL and all its subsidiaries.
March 14, 2017	Pursuant to IDSL, ILPL & IIL's BOD Meeting held on March 14, 2017, a definitive agreement among IDSL, ILPL and IIL was executed w.r.t. sale of ILPL by IDSL to IIL. Same was Intimated to stock exchanges.

The Period of UPSI –

- (xi) The proposal relating to grant of loan from IIL to ILPL against securities originated on January 24, 2017, i.e. the date when Mr. Divyesh Shah (CEO of IVL & Director of ILPL) approached Mr. Gurbans Singh (CEO of IREL & Director of IIL) for seeking loan facility against securities, from IIL for ILPL. The said proposal ultimately culminated in sale of ILPL to IIL / investment of IIL in ILPL. Thus, the date of abovementioned proposal for grant of loan against securities of ILPL (i.e. January 24, 2017) is considered as the origin point of the UPSI, which was published on BSE on March 14, 2017 at 23:05 hours and on NSE on March 15, 2017 at 08:53 hours. Thus, the period from January 24, 2017 to March 14, 2017 is determined as the UPSI period.
- (xii) As per the information obtained from IVL, IDSL, ILPL, IIL and IREL, there were 29 entities, who were privy to the UPSI. The details of the 29 entities are as under:

S. No.	PAN	Name	Designation / Association
1	AFAPD0331A	Divyesh B. Shah	Whole-time Director and CEO, IVL and Director, ILPL (Member of IVL working group)
2	AAIPK7955Q	Sudhir Khullar	Group Head-IB Group Corporate Secretarial Team (Member of IVL working group)
3	ADFPA7926D	Rajeev Lochan Agrawal	Chief Financial Officer, IVL & ILPL (Member of IVL working group)
4	AFXPR1746N	Manish Rustagi	Vice President-Finance & Accounts, IVL Finance Ltd. (Member of IVL working group)
5	ADXPJ2417Q	Amit Jain	Vice President-IB Group Corporate Secretarial Team (Member of IVL working group)
6	AKJPM3656K	Ram Mehar Garg	DGM-IB Group Corporate Secretarial Team (Member of IVL working group)
7	BFXPS4859C	Lalit Sharma	Company Secretary, IVL & ILPL (Member of IVL working group)
8	ALJPD6988Q	Usha Devi	Director, IDSL
9	AOC PN9555R	Naveen	Director, IDSL
10	AJHPS0701L	Brig. Labh Singh Sitara	Independent Director, IDSL
11	AGUPB4458P	Gagan Banga	Director, IDSL
12	ADAPK4434D	Aishwarya Katoch	Independent Director, IDSL & ILPL
13	AAXPT5984H	Niraj Tyagi	Executive Vice President-Legal, IB Group Corporate Secretarial Team (Member of IIL working group)
14	ATSPS1432K	Vikas Sachdeva	Senior Vice President-Legal, IB Group Corporate Secretarial Team (Member of IIL working group)
15	ANYPK9344E	Shadaan Khan	General Manager-Legal, IB Group Corporate Secretarial Team (Member of IIL working group)
16	ADBPM4212A	Anil Mittal	Chief Financial Officer, IREL (Member of IIL working group)
17	ACRPS9149M	Gurbans Singh	CEO (IREL) & Director (IIL) (Member of IIL working group)
18	AIWPR2935D	Vikram Singh Rawat	Director, IIL (Member of IIL working group)
19	BDEPS6975E	Pramod Singh	Director, IIL (Member of IIL working group)
20	AEHPV1193G	Shekhar Vishnoi	Company Secretary, IIL (Member of IIL working group)
21	ACDPT1605K	Ravi Telkar	Company Secretary, IREL (Member of IIL working group)
22	AGHPM0099C	Anil Malhan	Director, ILPL
23	AAPPG0063L	Prem Singh Gahlawat	Independent Director, ILPL
24	AWTPS2417C	Yogesh Sharma	Independent Director, ILPL
25	AHAPK3225G	Vikas Khandelwal	Shareholder (Nominee of IREL)
26	AEEPG5813P	Matbeer Singh	Shareholder (Nominee of IREL)
27	ADQPC9899Q	Satish Chand	Shareholder (Nominee of IREL)
28	BKJPS4927C	Ajit Kumar Singh	Shareholder (Nominee of IREL)
29	ASCPK6140K	Chand Kadyan	Shareholder (Nominee of IREL)

(xiii) IVL, IREL and both the exchanges (BSE & NSE) confirmed that no trading plan was received during the period from January 2016 to December 2016. It was observed from the trade log that out of above mentioned entities, eight entities, viz., Manish Rustagi, Niraj Tyagi, Anil Mittal, Pramod Singh, Anil Malhan, Matbeer Singh, Satish Chand and Ajit Kumar Singh have traded in the scrip of IVL during the UPSI period.

Manish Rustagi (Noticee no. 1):

(xiv) Noticee No. 1 was the Vice President-Finance & Accounts of IVL Finance Ltd., a member of IVL working group and he was in possession of UPSI. Also, he was a part of the list of entities connected to the company i.e. IVL. As per Noticee-1's reply during investigation, his role in the working group was to review and provide financial records of ILPL. In view of the same, it is noted that Noticee no. 1 was an insider in terms of Regulation 2(1)(g) of PIT Regulations, 2015.

(xv) The date wise trading activity of Noticee no. 1 in the scrip of IVL during April 01, 2015 to March 31, 2018 is as under:

Period	Trade date	Buy Quantity	Buy Value (Rs.)	Sell Quantity	Sell Value (Rs.)
Pre-UPSI Period (April 01, 2015 to January 23, 2017)	12/10/2015	0	0	1100	36860
	13/10/2015	0	0	1071	36039
	Total	0	0	2171	72899
During UPSI Period (January 24, 2017 to March 14, 2017)	16/02/2017	0	0	4029	137972
	21/02/2017	0	0	1000	36700
	Total	0	0	5029	174672
Post-UPSI Period (March 15, 2017 to March 31, 2018)	-	0	0	0	0

(xvi) The summary of trading activity of Noticee no. 1 in the scrip of IVL vis-à-vis gross trading across the market, is as under:

Period	Buy Value			Sell Value			Gross Traded Value		
	Total I	IV L	%	Total	IVL	%	Total	IVL	%
Pre-UPSI Period (April 01, 2015 to January 23, 2017)	40350	0	0.00 %	156869	72899	46.47 %	197219	72899	36.96%
During UPSI Period (January 24, 2017 to March 14, 2017)	0	0	0.00 %	174672	174672	100.00 %	174672	174672	100.00 %
Post-UPSI Period (March 15, 2017 to March 31, 2018)	0	0	0.00 %	0	0	0.00%	0	0	0.00%
Total	40350	0	0.00 %	331541	247571	74.67 %	371891	247571	66.57%

(xvii) As seen from the tables above, during UPSI period Noticee no.1 had sold in total 5029 shares of IVL and had not traded in any other scrip during & post UPSI period. Noticee no.1's trade concentration in IVL scrip was 36.96%, 100.00% and 0.00% respectively during pre-UPSI period from April 01, 2015, during UPSI period and post-UPSI period till March 31, 2018. Hence, it is observed that Noticee no.1, being insider, had traded (sold 5029 shares) in the shares of IVL during UPSI period when in possession of UPSI.

Niraj Tyagi (Noticee no. 2):

(xviii) Noticee no. 2 was the Executive Vice President-Legal, was part of the IB Group Corporate Secretarial Team and was also a member of the IIL working group. As per Noticee no.2's reply during investigation, his role in the working group was to provide the share purchase agreement (transaction document). In view of the same, it is observed that Noticee no. 2 being the Executive Vice President-Legal, IB Group Corporate Secretarial Team as well part of the group working on the deal of ILPL is considered to be a connected person in terms of Regulation 2(1)(d)(i) of SEBI (PIT) Regulations, 2015 and was reasonably expected to have access to UPSI. Hence, Noticee-2 is considered to be an insider in terms of in terms of Regulation 2(1)(g) of PIT Regulations, 2015.

(xix) The date wise trading activity of Noticee no. 2 in the scrip of IVL during April 01, 2015 to March 31, 2018 is as under:

Period	Trade date	Buy Quantity	Buy Value (Rs.)	Sell Quantity	Sell Value (Rs.)
Pre-UPSI Period (April 01, 2015 to January 23, 2017)	18/05/2016	1000	21800	0	0
	19/05/2016	1000	20650	0	0
	05/07/2016	10000	324430	0	0
	13/07/2016	3523	109213	3523	119782
	28/12/2016	0	0	6000	117243
	Total	15523	476093	9523	237025
During UPSI Period (January 24, 2017 to March 14, 2017)	23/02/2017	0	0	2000	80000
	Total	0	0	2000	80000
Post-UPSI Period (March 15, 2017 to March 31, 2018)	-	0	0	0	0

(xx) The summary of trading activity of Noticee no. 2 in the scrip of IVL vis-à-vis gross trading across the market is as under:

Period	Buy Value			Sell Value			Gross Traded Value		
	Total	IVL	%	Total	IVL	%	Total	IVL	%
Pre-UPSI Period (April 01, 2015 to January 23, 2017)	152673 3	47609 3	31.18 %	145021 5	23702 5	16.34 %	2976949	713117	23.95 %
During UPSI Period (January 24, 2017 to March 14, 2017)	201935	0	0.00%	287047	80000	27.87 %	488982	80000	16.36 %
Post-UPSI Period (March 15, 2017 to March 31, 2018)	285205	0	0.00%	342300	0	0.00%	627505	0	0.00%
Total	201387 4	47609 3	23.64 %	207956 2	31702 5	15.24 %	4093436	793117	19.38 %

(xxi) As seen from the tables above, Noticee no.2 had sold 2000 shares of IVL worth Rs.80,000.00 on February 23, 2017 i.e. during UPSI period. Noticee no.2's trade concentration in IVL scrip was 23.95%, 16.36% and 0.00% respectively during pre-UPSI period from April 01, 2015, during UPSI period and post-UPSI period till March 31, 2018. Hence, it is observed that Noticee no.2, being insider, had traded (sold 2000 shares on February 23, 2017) in the shares of IVL during UPSI period when in possession of UPSI.

Anil Mittal (Noticee no. 3):

(xxii) Noticee no. 3 was the Chief Financial Officer of IREL. Further, it was observed that Noticee no. 3 had executed Share Purchase Agreement dated March 14, 2017 between IDSL, IIL and ILPL, on behalf of IIL. In view of the same, Noticee no. 3 is an insider in terms of Regulation 2(1)(g) of PIT Regulations, 2015.

(xxiii) The date wise trading activity of Noticee no. 3 in the scrip of IVL during April 01, 2015 to March 31, 2018 is as under:

Period	Trade date	Buy Quantity	Buy Value (Rs.)	Sell Quantity	Sell Value (Rs.)
Pre-UPSI Period (April 01, 2015 to January 23, 2017)	09/12/2015	3000	75500	0	0
	07/01/2016	2000	49400	0	0
	21/04/2016	0	0	5000	85500
	05/07/2016	10000	335400	0	0
	11/07/2016	10000	330500	10000	330000
	12/07/2016	0	0	10000	334500
	Total	25000	790800	25000	750000
During UPSI Period (January 24, 2017 to March 14, 2017)	27/02/2017	5000	194400	0	0
	28/02/2017	5000	186000	5000	185922
	Total	10000	380400	5000	185922
Post-UPSI Period (March 15, 2017 to March 31, 2018)	15/03/2017	0	0	5000	209750
	22/03/2017	33198	1533228	30567	1435926
	23/03/2017	52500	2384808	2631	122868
	24/03/2017	0	0	2500	119000
	Total	85698	3918036	40698	1887544

(xxiv) The summary of trading activity of Noticee no. 3 in the scrip of IVL vis-à-vis gross trading across the market is as under:

Period	Buy Value			Sell Value			Gross Traded Value		
	Total	IVL	%	Total	IVL	%	Total	IVL	%
Pre-UPSI Period (April 01, 2015 to January 23, 2017)	13913572	790800	5.68%	22025142	750000	3.41%	35938714	1540800	4.29%
During UPSI Period (January 24, 2017 to March 31, 2018)	380400	380400	100.00%	185922	185922	100.00%	566322	566322	100.00%

Period	Buy Value			Sell Value			Gross Traded Value		
	Total	IVL	%	Total	IVL	%	Total	IVL	%
14, 2017)									
Post-UPSI Period (March 15, 2017 to March 31, 2018)	2409010 7	39180 36	16.26%	2498897 0	188754 4	7.55%	4907907 7	58055 80	11.83%
Total	3838407 9	50892 36	13.26%	4720003 5	282346 6	5.98%	8558411 4	79127 02	9.25%

(xxv) As seen from the tables above, during UPSI period Noticee no. 3 had bought 10000 shares and sold 5000 shares of IVL. Noticee no. 3's trade concentration in IVL scrip was 4.29%, 100.00% and 11.83% respectively during pre-UPSI period from April 01, 2015, during UPSI period and post-UPSI period till March 31, 2018. Hence, it is observed that Noticee no. 3, being insider, had traded (bought 10000 shares and sold 5000 shares) in the shares of IVL during UPSI period when in possession of UPSI.

Pramod Singh (Noticee no. 4):

(xxvi) Noticee no. 4 was the director of IIL from January 17, 2017 to July 26, 2018 and he was in possession of the UPSI. In view of the same, Noticee no. 4 is an insider in terms of Regulation 2(1)(g) of PIT Regulations, 2015.

(xxvii) The date wise trading activity of Noticee no. 4 in the scrip of IVL during April 01, 2015 to March 31, 2018 is as under:

Period	Trade date	Buy Quantity	Buy Value (Rs.)	Sell Quantity	Sell Value (Rs.)
Pre-UPSI Period (April 01, 2015 to January 23, 2017)	-	0	0	0	0
During UPSI Period (January 24, 2017 to March 14, 2017)	09/03/2017	0	0	800	29040
	Total	0	0	800	29040
Post-UPSI Period (March 15, 2017 to March 31, 2018)	15/03/2017	0	0	2000	83900
	21/04/2017	1000	108550	0	0
	12/05/2017	0	0	1200	172597
	17/05/2017	1400	198800	0	0
	16/10/2017	0	0	5000	1475272
	Total	2400	307350	8200	1731769

(xxviii) The summary of trading activity of Noticee no. 4 in the scrip of IVL vis-à-vis gross trading across the market is as under:

Period	Buy Value			Sell Value			Gross Traded Value		
	Total	IVL	%	Total	IVL	%	Total	IVL	%
Pre-UPSI Period (April 01, 2015 to January 23, 2017)	20358 1	0	0.00%	50221 4	0	0.00%	70579 5	0	0.00 %

Period	Buy Value			Sell Value			Gross Traded Value		
	Total	IVL	%	Total	IVL	%	Total	IVL	%
During UPSI Period (January 24, 2017 to March 14, 2017)	0	0	0.00%	44760	29040	64.88%	44760	29040	64.88%
Post-UPSI Period (March 15, 2017 to March 31, 2018)	307350	307350	100.00%	1747299	1731769	99.11%	2054649	2039119	99.24%
Total	510931	307350	60.15%	2294273	1760809	76.75%	2805204	2068159	73.73%

(xxix) As seen from the tables above, Noticee no. 4 had sold 800 shares of IVL worth Rs.29,040.00 on March 09, 2017 i.e. during UPSI period. Noticee no. 4 had not traded in the scrip of IVL prior to UPSI period from April 01, 2015. Noticee no. 4's trade concentration in IVL scrip was 0%, 64.88% and 99.24% respectively during pre-UPSI period from April 01, 2015, during UPSI period and post-UPSI period till March 31, 2018. Hence, it is observed that Noticee no. 4, being insider, had traded (sold 800 shares on March 09, 2017) in the shares of IVL during UPSI period when in possession of UPSI.

Anil Malhan (Noticee no. 5):

(xxx) Noticee no. 5 was the director of ILPL from October 29, 2014 to March 17, 2017 and he was in possession of the UPSI. Further, from the minutes of ILPL BOD Meeting dated March 14, 2017, it was observed that Noticee no. 5 and Divyesh B. Shah (CEO, IVL) both were Whole-time Directors of ILPL. Further, it was observed that Noticee no. 5 had executed Share Purchase Agreement dated March 14, 2017 between IDSL, IIL and ILPL, on behalf of ILPL. In view of the same, it is observed that Noticee no. 5 being the Director of ILPL (WOS of IVL) as well signatory to the Share Purchase Agreement on March 14, 2017 is considered to be a connected person in terms of Regulation 2(1)(d)(i) of PIT Regulations, 2015 and was reasonably expected to have access to UPSI. Hence, Noticee no. 5 is considered to be an insider in terms of Regulation 2(1)(g) of PIT Regulations, 2015.

(xxxi) The date wise trading activity of Noticee no. 5 in the scrip of IVL during April 01, 2015 to March 31, 2018 is as under:

Period	Trade date	Buy Quantity	Buy Value (Rs.)	Sell Quantity	Sell Value (Rs.)
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Period	Trade date	Buy Quantity	Buy Value (Rs.)	Sell Quantity	Sell Value (Rs.)
Pre-UPSI Period (April 01, 2015 to January 23, 2017)	-	0	0	0	0
During UPSI Period (January 24, 2017 to March 14, 2017)	16/02/2017	10000	322205	0	0
	17/02/2017	15000	525627	0	0
	28/02/2017	15000	567985	0	0
	07/03/2017	10000	356000	0	0
	Total	50000	1771817	0	0
Post-UPSI Period (March 15, 2017 to March 31, 2018)	12/04/2017	10000	801707	0	0
	13/11/2017	0	0	2653	775924
	14/11/2017	0	0	10000	2866385
	15/11/2017	0	0	3700	976798
	17/11/2017	0	0	9756	2641376
	20/11/2017	0	0	3800	1003318
	22/11/2017	0	0	5000	1300887
	01/12/2017	0	0	5000	1390000
	20/12/2017	0	0	2500	658806
	21/12/2017	0	0	2500	663085
	29/12/2017	0	0	5000	1314250
	Total	10000	801707	49909	13590829

(xxxii) The summary of trading activity of Noticee no. 5 in the scrip of IVL vis-à-vis gross trading across the market is as under:

Period	Buy Value			Sell Value			Gross Traded Value		
	Total	IVL	%	Total	IVL	%	Total	IVL	%
Pre-UPSI Period (April 01, 2015 to January 23, 2017)	0	0	0.00%	83201063	0	0.00%	83201063	0	0.00%
During UPSI Period (January 24, 2017 to March 14, 2017)	1771817	1771817	100.00%	41903656	0	0.00%	43675473	1771817	4.06%
Post-UPSI Period (March 15, 2017 to March 31, 2018)	16837455	801707	4.76%	82721285	13590829	16.43%	99558741	14392536	14.46%
Total	18609272	2573523	13.83%	207826004	13590829	6.54%	226435276	16164353	7.14%

(xxxiii) As seen from the tables above, Noticee no. 5 had bought in total 50000 shares of IVL during UPSI period. Noticee no. 5 had not traded in the scrip of IVL prior to UPSI period from April 01, 2015. Noticee no. 5's trade concentration in IVL scrip was 0.00%, 4.06% and 14.46% respectively during pre-UPSI period from April 01, 2015, during UPSI period and post-UPSI period till March 31, 2018. Hence, it is observed that Noticee no. 5, being insider, had traded (bought 50000 shares) in the shares of IVL during UPSI period when in possession of UPSI.

Matbeer Singh (Noticee no. 6):

(xxxiv) Noticee no. 6 being the Assistant Vice President was part of the list of entities connected to the Company, as submitted by the Company. Further, as per the information submitted by IIL and IREL Noticee no. 6 was in possession of UPSI. Considering the same, Noticee no. 6 is an insider in terms of Regulation 2(1)(g) of PIT Regulations, 2015.

(xxxv) The date wise trading activity of Noticee no. 6 in the scrip of IVL during April 01, 2015 to March 31, 2018 is as under:

Period	Trade date	Buy Quantity	Buy Value (Rs.)	Sell Quantity	Sell Value (Rs.)
Pre-UPSI Period (April 01, 2015 to January 23, 2017)	-	0	0	0	0
During UPSI Period (January 24, 2017 to March 14, 2017)	15/02/2017	0	0	500	16625
	16/02/2017	0	0	1000	34250
	Total	0	0	1500	50875
Post-UPSI Period (March 15, 2017 to March 31, 2018)	12/04/2017	0	0	1500	122250
	23/02/2018	0	0	1000	266657
	Total	0	0	2500	388907

(xxxvi) The summary of trading activity of Noticee no. 6 in the scrip of IVL vis-à-vis gross trading across the market is as under:

Period	Buy Value			Sell Value			Gross Traded Value		
	Total	IVL	%	Total	IVL	%	Total	IVL	%
Pre-UPSI Period (April 01, 2015 to January 23, 2017)	0	0	0.00 %	51000		0.00%	51000	0	0.00%
During UPSI Period (January 24, 2017 to March 14, 2017)	0	0	0.00 %	50875	50875	100.00 %	50875	50875	100.00 %
Post-UPSI Period (March 15, 2017 to March 31, 2018)	240950	0	0.00 %	613832	388907	63.36 %	854782	388907	45.50 %
Total	240950	0	0.00 %	715707	439782	61.45 %	956657	439782	45.97 %

(xxxvii) As seen from the tables above, during UPSI period Noticee no. 6 had sold 1500 shares of IVL on February 15 & 16, 2017. Noticee no. 6 had not traded in the scrip of IVL prior to UPSI period from April 01, 2015. Noticee no. 6's trade concentration in IVL scrip was 0.00%, 100.00% and 45.50% respectively during pre-UPSI period from April 01, 2015, during UPSI period and post-UPSI period till March 31, 2018. Hence, it is observed that that Noticee no. 6, being insider, had traded (sold 1500 shares) in the shares of IVL during UPSI period when in possession of UPSI.

Satish Chand (Noticee no. 7):

(xxxviii) As per the information submitted by IIL and IREL, Noticee no. 7 was a shareholder and in possession of UPSI. Considering the same, Noticee no. 7 is an insider in terms of Regulation 2(1)(g) of SEBI (PIT) Regulations, 2015.

(xxxix) The date wise trading activity of Noticee no. 7 in the scrip of IVL during April 01, 2015 to March 31, 2018 is as under:

Period	Trade date	Buy Quantity	Buy Value (Rs.)	Sell Quantity	Sell Value (Rs.)
Pre-UPSI Period (April 01, 2015 to January 23, 2017)	-	0	0	0	0
During UPSI Period (January 24, 2017 to March 14, 2017)	28/02/2017	10000	370754	0	0
	Total	10000	370754	0	0
Post-UPSI Period (March 15, 2017 to March 31, 2018)	22/03/2017	5000	231500	0	0
	10/04/2017	2000	139221	0	0
	18/04/2017	3000	284100	0	0
	Total	10000	654821	0	0

(xl) The summary of trading activity of Noticee no. 7 in the scrip of IVL vis-à-vis gross trading across the market is as under:

Period	Buy Value			Sell Value			Gross Traded Value		
	Total	IVL	%	Total	IVL	%	Total	IVL	%
Pre-UPSI Period (April 01, 2015 to January 23, 2017)	486375	0	0.00%	12906895	0	0.00%	13393270	0	0.00%
During UPSI Period (January 24, 2017 to March 14, 2017)	485354	370754	76.39%	1611373	0	0.00%	2096726	370754	17.68%
Post-UPSI Period (March 15, 2017 to March 31, 2018)	12058844	654821	5.43%	14805894	0	0.00%	26864738	654821	2.44%
Total	13030573	1025575	7.87%	29324161	0	0.00%	42354734	1025575	2.42%

(xli) As seen from the tables above, Noticee no. 7 had bought 10000 shares of IVL on February 28, 2017 i.e. during UPSI period. Noticee no. 7 had not traded in the scrip of IVL prior to UPSI period from April 01, 2015. Noticee no. 7's trade concentration in IVL scrip was 0.00%, 17.68% and 2.44% respectively during pre-UPSI period from April 01, 2015, during UPSI period and post-UPSI period till March 31, 2018. Hence, it is observed that Noticee no. 7, being insider, had traded (bought 10000 shares) in the shares of IVL during UPSI period when in possession of UPSI.

Ajit Kumar Singh (Noticee no. 8):

(xlii) As per the information submitted by IIL and IREL, Noticee no. 8 was a shareholder and in possession of UPSI. Considering the same, Noticee no. 8 is an insider in terms of Regulation 2(1)(g) of PIT Regulations, 2015.

(xliii) The date wise trading activity of Noticee no. 8 in the scrip of IVL during April 01, 2015 to March 31, 2018 is as under:

Period	Trade date	Buy Quantity	Buy Value (Rs.)	Sell Quantity	Sell Value (Rs.)
Pre-UPSI Period (April 01, 2015 to January 23, 2017)	08/07/2016	2000	62300	0	0
	Total	2000	62300	0	0
During UPSI Period (January 24, 2017 to March 14, 2017)	15/02/2017	0	0	2000	65000
	Total	0	0	2000	65000
Post-UPSI Period (March 15, 2017 to March 31, 2018)	23/05/2017	2000	278564	0	0
	Total	2000	278564	0	0

(xliv) The summary of trading activity of Noticee no. 8 in the scrip of IVL vis-à-vis gross trading across the market is as under:

Period	Buy Value			Sell Value			Gross Traded Value		
	Total	IVL	%	Total	IVL	%	Total	IVL	%
Pre-UPSI Period (April 01, 2015 to January 23, 2017)	148624	62300	41.92%	2427625	0	0.00%	2576249	62300	2.42%
During UPSI Period (January 24, 2017 to March 14, 2017)	0	0	0.00%	65000	65000	100.00%	65000	65000	100.00%
Post-UPSI Period (March 15, 2017 to March 31, 2018)	278564	278564	100.00%	30438	0	0.00%	309002	278564	90.15%
Total	427188	340864	79.79%	2523063	65000	2.58%	2950250	405864	13.76%

(xliv) As seen from the tables above, Noticee no. 8 had sold 2000 shares of IVL on February 15, 2017 i.e. during UPSI period. Noticee no. 8's trade concentration in IVL scrip was 2.42%, 100.00% and 90.15% respectively during pre-UPSI period from April 01, 2015, during UPSI period and post-UPSI period till March 31, 2018. From the above, it is observed that Noticee no. 8, being insider, had traded (sold 2000 shares) in the shares of IVL during UPSI period when in possession of UPSI.

Wrongful gains made by the Noticees

(xlvi) The wrongful gains made by the Noticees i.e. Anil Malhan, Satish Chand, Anil Mittal, Manish Rustagi, Niraj Tyagi, Pramod Singh, Matbeer Singh and

Ajit Kumar Singh by trading in the shares of IVL during UPSI period when in possession of UPSI, as discussed at previous paragraphs are as under:

- (xlvi) **In case of Buyers:** Anil Malhan and Satish Chand have bought shares of IVL during the UPSI period and the gains made by them is calculated as under:

Name	No. of shares bought	Total Buy Value (Rs.)	Average Buy Price (Rs.)	Closing Price on March 15, 2017 (Rs.)**	Wrongful gain (Rs.)#
	A	B	C=B/A	D	E = A x (D-C)
Anil Malhan (Noticee no.5)	50000	1771817	35.44	41.95	3,25,683.00
Satish Chand (Noticee no.7)	10000	370754	37.08	41.95	48,746.00
**The announcement was made on March 14, 2017 on BSE at 23:05 and on March 15, 2017 on NSE at 08:53. Therefore, the closing price of scrip on March 15, 2017 i.e. Rs.41.95 at BSE and NSE is considered.					

#**Note:** Wrongful gain has been calculated as per the following method:

Wrongful gain = (Closing price on the next day of announcement** - Average buy price) X No. of shares bought during UPSI period

- (xlviii) **In case of Net Buyer:** Anil Mittal had bought 10000 shares and sold 5000 shares of IVL during the UPSI period and the gain made by him is calculated as under:

Name	No. of shares bought	Total Buy Value (Rs.)	No. of shares sold	Total Sell Value (Rs.)	Net Buy Qty.	Notional Sell Value of Net Buy Qty**	Wrongful gain (Rs.)
	A	B	C	D	E = A - C	F = E x 41.95	G = F + D - B
Anil Mittal (Noticee no.3)	10000	380400	5000	185922	5000	209750	15,272
**The announcement was made on March 14, 2017 on BSE at 23:05 and on March 15, 2017 on NSE at 08:53. Therefore, the closing price of scrip on March 15, 2017 i.e. Rs.41.95 at BSE and NSE is taken for computation of Notional sell value on March 15, 2017.							

- (xlix) **In case of Sellers:** Manish Rustagi, Niraj Tyagi, Pramod Singh, Matbeer Singh and Ajit Kumar Singh have sold shares of IVL during the UPSI period and the gain made by them is calculated as under:

Name	No. of shares sold	Total Sell Value (Rs.)	Average Sell Price (Rs.)	Opening Price on UPSI period starting day (Jan 24, 2017) at the exchange (Rs.)*	Wrongful gain (Rs.)@
	A	B	C = B/A	D	E = A x (C-D)
Manish Rustagi (Noticee no.1)	5029	174672	34.73	21.775	65165.53
Niraj Tyagi (Noticee no. 2)	2000	80000	40.00	21.775	36450.00
Pramod Singh (Noticee no.4)	800	29040	36.30	21.775	11620.00
Matbeer Singh (Noticee no.6)	1500	50875	33.92	21.775	18212.50
Ajit Kumar Singh (Noticee no.8)	2000	65000	32.50	21.775	21450.00
*As the scrip was trading both at NSE and BSE during the investigation period, average opening price on January 24, 2017 is considered. The opening price of scrip on January 24, 2017 at NSE was Rs.21.65 and at BSE was Rs.21.90. Therefore, the average opening price of scrip on January 24, 2017 was Rs.21.775 {(21.65+21.90)/2}.					

@**Note:** Wrongful gain has been calculated as per the following method:

Wrongful gain = (Average Sell Price - Opening Price on UPSI period starting day*) X No. of shares sold during UPSI period

- (l) In view of the above, it is observed on the basis of investigation that Anil Malhan, Satish Chand, Anil Mittal, Manish Rustagi, Niraj Tyagi, Pramod Singh, Matbeer Singh and Ajit Kumar Singh traded in the scrip of IVL when in possession of UPSI pertaining to sale of ILPL to IIL / investment of IIL in ILPL and alleged to have made wrongful gains as mentioned in the above paras.
3. In view of the aforesaid, SCN dated October 10, 2019 and Supplementary show cause notice dated July 02, 2020, referred to in para 1 above, came to be issued to the Noticees, advising them to show cause as to why suitable directions under Sections 11(1), 11(4), 11(4A), 11B(1) and 11B(2) including directions for disgorgement of unlawful gains and holding of an inquiry under Rule 4 of SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as “**the Rules**”) read with Section 15I(1) and (2) of the SEBI Act and the subsequent imposition of penalty under Section 15G of the SEBI Act, should not be taken/imposed against them for the alleged violations of the provisions of Sections 12A(d) & (e) of the SEBI Act, 1992 and regulations 4(1) of PIT Regulations, 2015.

4. Upon the request of the Noticees, inspection of the documents relied upon in the SCN as Annexures were provided to the Noticees on February 12, 2020. I note that copies of the documents inspected were also provided to the Noticees in a CD. The matter was then placed before the undersigned on July 07, 2020. Noticees were provided an opportunity of hearing on November 12, 2020 and advised to file their reply to the SCN prior to the date of hearing. Thereafter, Noticees no. 1, 2, 3, 6, 7 and 8 filed a joint reply to the SCN dated August 31, 2020, Noticee no. 5 filed his reply to the SCN vide letter dated September 09, 2020 and Noticee no. 4 filed his reply to the SCN vide letter dated October 20, 2020. Noticees no. 1, 2, 3, 4, 7 and 8 appeared through common advocate via video conferencing and sought adjournment of the hearing as they had all filed settlement applications in the matter. Noticees no. 5 and 6 did not appear for the hearing on November 12, 2020 and also did not file any request for adjournment. It was noted that Noticees no. 5 and 6 had also filed settlement applications in the matter. Accordingly, a final opportunity of personal hearing was granted to all the Noticees on January 12, 2021. All the Noticees were represented through a common advocate who appeared via videoconferencing on January 12, 2021 and made submissions and sought time to file written submissions. Thereafter, a joint written submission was filed by the Noticees vide letter dated February 01, 2021. I note that the settlement applications filed by the Noticees were withdrawn by the Noticees in December 2020.
5. The Noticees in their joint replies dated August 31, 2020 and February 01, 2021 along with the individual replies of Noticee no. 4 dated October 20, 2020 and of Noticee no. 5 dated September 09, 2020 and during the personal hearing on January 12, 2021, made *inter alia* the following submissions:
 - (i) *The SCN came to be issued against the Noticees on account of the investigation team's incorrect appreciation of the fundamental fact that the discussion pertaining to sale of ILPL by IIL came into existence for the first time on March 7, 2017 as opposed to January 24, 2017, where a loan proposal was discussed, which never fructified. We respectfully submit that this is the fundamental error and incorrect appreciation of facts which has resulted in issuance of the present Notice against the Noticees.*

- (ii) *The allegation in the SCN that the Proposed Sale constituted UPSI and that the date of the UPSI was January 24, 2017, is foundationally incorrect, for the following reasons.*
- a) The decision of IDSL to sell its shareholding in ILPL was already in the public domain since June 15, 2016.*
 - b) That the consideration for the Proposed Sale would be in excess of Rs. 600 crores too was known, as it was disclosed on June 15, 2016, that the consideration would be more than the value of IDSL's investment in ILPL. The value of IDSL's investment in ILPL was generally available since November 19, 2014; and*
 - c) Even if the date of the alleged UPSI is accepted as January 24, 2017 which too is wrong, SEBI has ignored that the information ceased to be UPSI on February 3, 2017, when a Board meeting of IIL was convened with the explicit purpose of investing surplus funds in ILPL, several weeks prior to the Impugned Trades.*
- (iii) *SEBI has also wrongly conflated the discussions at the meeting on January 24, 2017 with the Proposed Sale. The meeting on January 24, 2017, between the two CEOs was about a loan and a debt investment by IIL in ILPL and not an outright purchase of IDSL's entire equity interest in ILPL. Indeed, even the alleged UPSI according to SEBI i.e. "the information regarding identification of the buyer, finalizing the consideration and the actual event of signing of the definitive agreement to sell 100% shareholding in ILPL, to IIL", came into existence only on March 7, 2017 and not January 27, 2017. Since the Impugned Transactions were completed much prior to March 7, 2017, the question of attributing liability on the Noticees for insider trading is unsustainable.*
- (iv) *As recorded in paragraph 7 of the SCN, for the first time on March 7, 2017, the proposal by IIL to buy the shareholding of ILPL rather than providing the loan to ILPL came across during the discussions between Mr. Divyesh Shah and Mr. Gurbans Singh. There could have been no concrete and conclusive decision whatsoever even on this date. Had IIL availed loan from third parties during such period or entered into any discussion for availing the loan, for the purpose of taking the shareholding of ILPL, there could have been an assumption of sensitive information being discussed. In the present case, IIL decided to purchase the shares based on the parameters which their board considered appropriate and relevant.*
- (v) *The Minutes of Meeting dated March 1, 2017 which was signed on March 7, 2017 clearly reflects that there was no decision taken on the sale of shares even on*

March 7, 2017. The Minutes does not reflect any concrete decision/ discussion pertaining to purchase of shareholding of ILPL by IIL. It is a settled law that mere proposals cannot be considered as UPSI as observed by the Whole Time Member of SEBI in the case of Polaris Software Lab Limited with respect to Arun Jain, [WTM/GM/EFD/109/2017-18].

- (vi) Further, IVL and other entities has expressly mentioned in the chronology submitted to SEBI vide their replies that the discussion with regard sale of ILPL to IIL came into existence only on March 7, 2017. This confirms the fact that there was no discussion pertaining to sale of shareholding of ILPL to IIL before March 7, 2017 and hence treating January 24, 2017 as a starting point of the purported UPSI has led to fundamental error which vitiates and cuts at the root of the SCN.
- (vii) The identity of the buyer i.e. IIL was not price sensitive at all, when the factum of the Proposed Sale and the floor price i.e. the minimum consideration payable by the prospective buyer, was generally available. The identity of the counterparty therefore cannot be said to be price sensitive. The SCN clutches at straws by first stating that the counterparty's identity was material and wrongly asserting that the consideration was material, when the minimum consideration payable was already available in the public domain.
- (viii) The SCN fails to take into account an important fact that the purchase of security is a material development for the purchaser and the UPSI could at all be stated to have existed as regards IIL and not IVL which already had seen a market reaction, when the decision to sell was announced. The identification of a counter party, cannot be yet again, considered price sensitive information as the public was made aware of the same as on June 2016. It is settled law that once the information is published and it was already digested by the public, such information ceased to be "sensitive" as is observed by the Hon'ble Securities Appellate Tribunal in the case of Hindustan Lever Limited v. SEBI [Appeal No. 1&2 of 1998] and SEBI in the case of 63 Moons Technologies Limited [Order dated January 31, 2018].
- (ix) A reading of the definition of "price sensitive information" in the PIT Regulation would make it clear that the information which relates to a company and which when published is likely to materially affect the price of its securities would be price sensitive. SEBI overlooked the fact that when the information pertaining to the decision of IVL to sell its investments and the estimate consideration of Rs. 600 Crores was already in the public domain and if this information was such that it could have had an impact on the price of the shares, then such an impact would have been visible on June 20, 2016.

- (x) *In fact, the Replies submitted by IVL, IIL, IDSL etc. makes it apparently clear that the decision to sell the shares to IIL germinated on March 7, 2017 and thereafter required approvals of all the concerned were obtained including the decision on the sale consideration. In other words, the only development that took place in relation to the entire issue of sale of investments is the identity of the purchaser.*
- (xi) *As submitted above, the SCN came to be passed against the Noticees solely on account of incorrect observation that January 24, 2017 was the starting point of UPSI period. The SCN in paragraph 8.3 itself records that the Impugned Trades were executed on February 2017, whereas the discussion pertaining to sale of shareholding of ILPL to IIL originated for the first time on March 7, 2017 and even on March 7, 2017, the meeting was not scheduled for discussing the sale purchase terms but to discuss the loan proposal.*
- (xii) *The SCN does not even mention if there were any other discussions prior to March 7, 2017 pertaining to sale of ILPL by IDSL to IIL. Further, it is clear that even the outcome of the proposal and initial decision to purchase the shares which was offered by Mr. Gurbans Singh could not have attained finality on March 7, 2017 as the essential terms of the sale and the definitive terms was to be deliberated in the respective companies and thereafter the decision would have to be made. The proposal and the initial offer on March 7, 2017 was therefore subject to various approvals which were obtained on March 14, 2017 and immediately communicated to the stock exchanges.*
- (xiii) *Further, SEBI has not indicated or even remotely suggested in the SCN as to whether the decision to sell the investment was a positive or a negative factor to impact the price of the scrip. SEBI has only observed the market movement of the scrip and held that the information was UPSI.*
- (xiv) *It is pertinent to note that the impugned purchases were executed by the Noticee No. 1 much before the decision for sale of investment was taken between the two CEO's. As is evident from the chronology of events, the alleged price sensitive information, if any was already in the public domain on July 2016 and the identity of the purchaser became concrete only in March 14, 2017. Therefore, the trades executed in February 2017 cannot be said to be motivated by any UPSI.*
- (xv) *Noticee No. 1 is the Vice President (Finance & Accounts) of IVL Finance Limited. His responsibility in the company was limited to review of financial records and date and place the same before the board. He was never involved in any decision-making process, let alone the decision with respect to sale of ILPL to IIL. Even in his reply submitted to the investigation team of SEBI, he had informed that he was*

only responsible for reviewing the financial of ILPL and had no other information with respect to the deal.

- (xvi) SEBI has incorrectly concluded that Noticee No. 1 was an insider in terms of Regulation 2(1)(g) of PIT Regulation, merely because he was a part of the IVL working group and his name appear in the list of connected entities, in complete disregard to the fact that at the time of execution of the Impugned Trade, the Noticee No. 1 was not privy to any information that was not available to the public at large.
- (xvii) Noticee no. 4 has submitted that the SCN is a product on incorrect assumptions that the information pertaining to sale including the consideration for sale of ILPL was an unpublished information. The SCN has arraigned him as a Noticee merely because he was a director of IIL, in complete disregard to the fact that such information was always in public domain and the information with respect to the buyer became concrete and final only on March 14, 2020. SEBI has without considering the documents on record, made an incorrect assertion with respect to existence of the alleged UPSI. This is the fundamental error and incorrect appreciation of facts which has resulted in issuance of the present SCN against him.
- (xviii) It is also being submitted on behalf of all Noticees that the SCN fails to substantiate that the Noticees had traded in the scrip of IVL while being in possession of UPSI, as alleged therein. In the event of charges of insider trading against the Noticees not being established, the question of any illegal notional gain or impounding thereof does not arise.
- (xix) Save and except making a sweeping and bald allegation there is nothing that indicates that the Noticees had received or had access to the alleged UPSI, at the time of execution of the Impugned trades. SEBI has singularly failed to substantiate that Noticees had access to sensitive information and that using such accessible information, Noticees purchased the shares involved in insider trading. A charge of insider trading is a serious allegation and charge to deal with. It is a settled principle of law for proving serious charges like insider trading, mere assumptions would not suffice. The charges should be backed with some minimum credible evidence, beyond assumptions, against the alleged offenders as observed by SEBI in the case of Polaris Software Lab limited and Ors and the Hon'ble SAT in Dilip Pendse vs. SEBI [SAT Appeal no. 80 of 2009]. Therefore, as is mandatorily required, there has to be a logical and plausible justification to the allegation levelled against the Noticees.

- (xx) *In order to attract the charge of insider trading as prescribed under Regulation 4 of the PIT Regulation, it is essential to establish the existence of an information which is both “unpublished” and “price sensitive”. In the present set of facts, the concrete decision with regards sale of the shareholding of ILPL was taken on March 14, 2017. Considering this fact, the question of it being not published to the general public does not even arise, in so far as the Impugned trades are concerned.*
 - (xxi) *A discussion which is uncertain cannot be an information which relates to a company and which when published is likely to materially affect the price of its securities. This very fact leads to the conclusion that the discussion with respect to sale of shareholding even on March 07, 2017 will not fall under definition of “price sensitive information” under the PIT Regulation. The Hon’ble SAT in the case of Sameer Arora has ruled that such uncertain information cannot be the basis of alleging UPSI.*
 - (xxii) *In the present case, even if it is considered whilst denying that alleged UPSI existed at the time of executing the impugned trades, it cannot be said that they were executed on basis of the alleged UPSI as the Noticees did not even acquire any knowledge about such UPSI at the time of executing the impugned trades. This fact is even confirmed from the replies submitted by IVL, IREL, ILPL and IDSL, which are a part of the record.*
 - (xxiii) *It is evident from the facts of the case that there is not common trading pattern between the Noticees. It is clear that there was no intention of deriving profit as the trades executed by the Noticees are not having any common pattern. If the intention of the Noticees was at all to derive any profit basis the alleged UPSI, the trading pattern would have been similar which is not the scenario in the present case. Further, the alleged profits are computed in the SCN dated October 10, 2019 is bare miniscule and any designated person would not jeopardise their career and livelihood for such meagre amount of profit.*
 - (xxiv) *In any event as the Noticees had no knowledge about the alleged UPSI at the time of placing the impugned trades, the question of deriving any secret profit does not even arise. Therefore, it is established beyond reasonable doubt that no secret profit has been derived by the Noticee and therefore the question of penalizing them for executing the impugned trades is unwarranted and unnecessary.*
6. I have considered the allegations made in the SCN dated October 10, 2019 and supplementary show cause notice dated July 02, 2020, submissions made by the Noticees in their replies, submissions made during the course of personal hearing and written submissions filed thereafter. Before dealing with contentions raised

by the Noticees regarding the merit of the case, it would be appropriate to deal with some preliminary issues raised by Noticees which have been dealt in the following paras.

7. Noticees have contended that SEBI has not provided them with complete inspection of the documents sought by them. In this regard, Noticees have also relied upon the order dated January 10, 2017 passed by the Hon'ble Supreme Court in *SEBI Vs. Pricewaterhouse Coopers (Civil Appeal No. 6003-6004)*.
8. I note that Noticees are entitled to inspection of all the documents relied on in the SCN. In the present case Noticees have been provided with the inspection of the documents relied on in the SCN, on February 12, 2020. SCN dated October 10, 2019 along with all its annexures were inspected by the Noticees during the inspection provided on February 12, 2020, copies of which were also provided to them in a CD. The Noticees then filed letter dated February 20, 2020, seeking inspection of the following documents:
- (i) Copy of the complete investigation report of SEBI along with Annexures (Ref to para 1 of the SCN).
 - (ii) Copy of IVL's Reply dated August 10, 2018 (Ref to para 3.1 of the SCN).
 - (iii) Statement of Mr. Gurban Singh and Mr. Divyesh Shah (Ref to para 7.3 of the SCN).
 - (iv) Share Purchase Agreement dated March 14, 2017 (Ref to para 8.3.3 of the SCN).
 - (v) Statement of all parties recorded by SEBI during the investigation.
9. In this regard, my observations on the aforesaid documents sought by the Noticees for inspection, are as under:

Sr. No.	Documents sought for inspection	Observations
1	Copy of the complete investigation report of SEBI along with Annexures (Ref to para 1 of the SCN).	The relevant findings of the investigation have been brought out in the SCN and the copies of documents relied upon in the SCN have already been provided to the Noticee along with the SCN.

		The request made by the Noticee is untenable. Further, I note that inspection was granted for all the annexures to the SCN during the inspection undertaken by the Company on February 12, 2020.
2	Copy of IVL's Reply dated August 10, 2018 (Ref to para 3.1 of the SCN).	IVL's reply dated August 10, 2018 as referred to in para 3.1 of the SCN is only with regard to the table on the details of the Management of IVL during the Investigation period. I note that the Noticees have not disputed the contents or raised any query on the same and hence, the request for the said document is untenable.
3	Statement of Mr. Gurban Singh and Mr. Divyesh Shah (Ref to para 7.3 of the SCN).	In para 7.3. of the SCN, there is no documentary reference to the statements of Mr. Gurban Singh and Mr. Divyesh Shah and hence, request for inspection of the same is untenable.
4	Share Purchase Agreement dated March 14, 2017 (Ref to para 8.3.3 of the SCN).	The Share Purchase Agreement dated March 14, 2017 has not been relied upon and hence, the request for the said inspection of the same is untenable.
5	Statement of all parties recorded by SEBI during the investigation	The request is omnibus and roving and without reference to a specific or particular document. No recorded statement of any entity/person has been relied upon or referred to in the SCN. The request made by the Noticee is untenable.

10. I note that the SCN issued in the present matter, contains all the relevant extracts of the investigation report which have been relied upon in the SCN. The Noticees have also filed detailed reply cum written submissions dated August 31, 2020, September 09, 2020, October 20, 2020 and February 01, 2021 after inspection of documents. In view of the above and the fact that the documents relied on in the SCN have been provided to the Noticees and the contentions raised by the Noticees in this regard are untenable.

11. Regarding order of the Hon'ble Supreme Court in *Pricewaterhouse Coopers* matter (*supra*) relied on by the Noticees, I note that said order by the Hon'ble Supreme Court came to be passed in the Civil Appeal Nos. 6000-6001 of 2012

and 6003-6004 of 2012, filed by SEBI before Hon'ble Supreme Court, against the order dated June 01, 2011 passed in Appeal No. 8 of 2011 and other connected appeal, by Hon'ble SAT. I note that Hon'ble SAT in its order dated June 01, 2011 passed in Appeal No. 8 of 2011 observed as under:

"17.Be that as it may, there is no rule of law which permit appellants to have access to all the material available with the Board which has not been relied upon or referred to in the show cause notice issued to the appellants.

16. We have given our thoughtful consideration to the prayer made by the appellants. After hearing both the parties and perusing the record, we are inclined to agree with learned Advocate General that in the facts and circumstances of this case, it is not appropriate nor it is the requirement of principles of natural justice that appellant should be allowed inspection of all the material that might have been collected during the course of investigation but has not been relied upon in the show cause notice. In the case law discussed above, it has been abundantly made clear that what particular rule of natural justice should apply to a given case must depend to a great extent on the facts and circumstances of the case, the framework of the law under which the inquiry is held and the constitution of the Tribunal or body of persons appointed for the purpose. There is no provision in the Act that all material collected during the course of investigation should be made available to the appellant.....

.....The present show cause notice has been issued by the Board on the basis of evidence collected by it which prima-facie shows that there might have been complicity of the auditors in manipulation of accounts and they might have aided and abetted the company in making such a large scale manipulation and that too for a number of years. If any material collected during the course of investigation has not been relied upon in the show cause notice, it will not deprive the appellant to produce its defence before the Board to show that it was not a party to the fraud. In our this view, we are supported by the judgment of the Supreme Court in the case of Natwar Singh vs Director of Enforcement (2010) 13 SCC 255 where the Apex Court has observed that even the principles of natural justice do not require supply of documents upon which no reliance has been placed by the authority to set the law into motion. Supply of relied on documents based on which the law has been set into motion would meet the requirements of the principles of natural justice. The situation may be

different in a criminal case where the investigation report is placed before the court and the accused person asks for copy of the material collected during the course of investigation. This is not so here.....”

12. Aggrieved with the other observations given in the order dated June 01, 2011 passed by Hon'ble SAT, SEBI filed Civil Appeal Nos. 6000-6001 of 2012 and 6003-6004 of 2012 before Hon'ble Supreme Court. Hon'ble Supreme Court while disposing of the aforesaid civil appeals vide its order dated January 10, 2017 directed as under:

“1. Having heard learned counsel for the rival parties, we find no justification to examine the matter in detail. We wish to dispose of this case with some simple clarifications.

2. We direct, that all statements recorded during the course of investigation shall be provided to the respondents. We further direct, that all documents collected during investigation shall be permitted to be inspected by the respondents. The authors of such statements (recorded during investigation), which are to be relied upon (against the respondents), shall be offered for cross-examination to the respondents. Only thereupon, it will be permissible to rely upon the same.

3. Since the process was initiated as far back as in the year 2010, and has remained pending since then, we consider it just and appropriate to direct the Whole Time Member, before whom the matter is pending, to conclude the same, within six months from today.

4. Disposed of in the aforesaid terms.”

13. The aforesaid directions passed by the Hon'ble Supreme Court in *Pricewaterhouse Cooper* case (*supra*) have been relied upon by the Noticees to contend that they are entitled to inspection of complete investigation report and all the documents collected by SEBI during the investigation. In this regard, I note that similar contention based on the aforesaid directions of Hon'ble Supreme Court were raised by the appellant in Appeal No. 286 of 2014 – *B. Ramalinga Raju Vs. SEBI* before Hon'ble SAT. Hon'ble SAT vide its order dated May 12, 2017 passed in the said appeal, rejected the said contention holding as under:

“21.Fourthly, Apex Court in case of Price Waterhouse has specifically recorded that the directions given in that case are general directions given as and by way of clarifications without going into the merits of the case. Therefore, directions given in the facts of Price Waterhouse cannot be said to be the ratio laid down by the Apex Court applicable to all other cases.....”

14. Therefore, the submissions that all documents and records collected by SEBI during the course of its investigations ought to be provided as it is well settled and explicit in the said order of the Hon'ble Supreme Court, is not correct, as the said order is not generally applicable to all other cases.

15. Coming to the merits of the case, I note that IVL is a company having its shares listed on NSE and BSE. The brief case, as alleged against Noticees in the SCNs is that IVL had made an announcement dated March 14, 2017, that IDSL has signed a definitive agreement to sell its 100% shareholding in ILPL, at a consideration of Rs.685 Cr, to IIL and the deal is expected to be completed in the current financial year. The said announcement had a positive impact on the price of the scrip of IVL. During March 15, 2017 to November 03, 2017, the price of IVL increased from Rs.39.20 to Rs.302.40 (increased by 671.43%) on NSE. Similar trend was observed at BSE also. In terms of Regulation 2(1)(n) of PIT Regulations, 2015, the information of the investment of IIL in ILPL was a price sensitive information which before becoming generally available through publication to the stock exchanges on March 14, 2017, was a UPSI. The said UPSI came into existence on January 24, 2017 i.e. the date when Mr. Divyesh Shah (CEO of IVL & Director of ILPL) approached Mr. Gurbans Singh (CEO of IREL & Director of IIL) for seeking loan facility against securities, from IIL for ILPL which ultimately resulted into sale of shares of ILPL by IDSL to IIL and thus, the period of UPSI was identified as January 24, 2017 to March 14, 2017. As per the SCN, Noticees were insiders of IVL and were in possession of UPSI. The SCN alleged that the Noticees had bought a total of 70,000 shares worth Rs. 25,22,971/- and sold 16,329 shares worth Rs. 5,85,509/- during the UPSI period. SCN alleges that the Noticees made unlawful gains of a total of Rs. 5,42,598.53. In view of this, SCN alleges that Noticees by trading in the shares of the

Company when in possession of UPSI, have violated Section 12A (d) and (e) and Regulation 4(1) of PIT Regulations, 2015.

16. The SCN alleges violation of Section 12A (d) and (e) of SEBI Act, 1992 and Regulation 4(1) of PIT Regulations, 2015 by the Noticees. PIT Regulations, 2015 has been framed under Section 30 read with Section 11(2)(g) and Sections 12A(d) and (e), of the SEBI Act, 1992. Section 12A(d) and (e) of the SEBI Act, 1992 and Regulation 4 of PIT Regulations, 2015, as it existed at the relevant time, provided as under:

Relevant extract of provisions of SEBI Act, 1992:

“Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.

12A.No person shall directly or indirectly—

(a).....

(b).....

(d) engage in insider trading;

(e) deal in securities while in possession of material or non-public information or communicate such material or non-public information to any other person, in a manner which is in contravention of the provisions of this Act or the rules or the regulations made thereunder;.....”

Relevant extract of provisions of PIT Regulations, 2015:

“Definitions.

2. (1) In these regulations, unless the context otherwise requires, the following words, expressions and derivations therefrom shall have the meanings assigned to them as under:

(d) "connected person" means,-

(i) any person who is or has during the six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the company or holds any position including a professional or business relationship between himself

and the company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.

(ii) Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established,-

(a). an immediate relative of connected persons specified in clause (i); or

(b).....

.....

NOTE: It is intended that a connected person is one who has a connection with the company that is expected to put him in possession of unpublished price sensitive information. Immediate relatives and other categories of persons specified above are also presumed to be connected persons but such a presumption is a deeming legal fiction and is rebuttable. This definition is also intended to bring into its ambit persons who may not seemingly occupy any position in a company but are in regular touch with the company and its officers and are involved in the know of the company's operations. It is intended to bring within its ambit those who would have access to or could access unpublished price sensitive information about any company or class of companies by virtue of any connection that would put them in possession of unpublished price sensitive information.

(f) "immediate relative" means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to trading in securities;

(g)"insider" means any person who is:

i) a connected person; or

ii) in possession of or having access to unpublished price sensitive information;

NOTE: Since "generally available information" is defined, it is intended that anyone in possession of or having access to unpublished price sensitive information should be considered an "insider" regardless of how one came in possession of or had access to such information. Various circumstances are provided for such a person to demonstrate that he

has not indulged in insider trading. Therefore, this definition is intended to bring within its reach any person who is in receipt of or has access to unpublished price sensitive information. The onus of showing that a certain person was in possession of or had access to unpublished price sensitive information at the time of trading would, therefore, be on the person leveling the charge after which the person who has traded when in possession of or having access to unpublished price sensitive information may demonstrate that he was not in such possession or that he has not traded or or he couldnot access or that his trading when in possession of such information was squarely covered by the exonerating circumstances.

Trading when in possession of unpublished price sensitive information.

4.(1) No insider shall trade in securities that are listed or proposed to be listed on a stock exchange when in possession of unpublished price sensitive information:

.....

NOTE: *When a person who has traded in securities has been in possession of unpublished price sensitive information, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession. The reasons for which he trades or the purposes to which he applies the proceeds of the transactions are not intended to be relevant for determining whether a person has violated the regulation. He traded when in possession of unpublished price sensitive information is what would need to be demonstrated at the outset to bring a charge. Once this is established, it would be open to the insider to prove his innocence by demonstrating the circumstances mentioned in the proviso, failing which he would have violated the prohibition.*

(2) In the case of connected persons the onus of establishing, that they were not in possession of unpublished price sensitive information, shall be on such connected persons and in other cases, the onus would be on the Board.

.....”

17. From the above, it is noted that Section 12A (d) of SEBI Act, 1992, provides that no person shall directly or indirectly indulge in insider trading. This clause seeks to prohibit any assistance/aiding of insider trading, by any person either directly or indirectly. Section 12A (e) provides that no person shall directly or indirectly deal in securities while in possession of material or non-public information or communicate such material or non-public information to any other person, in a

manner which is in contravention of the provisions of this Act or the rules or the regulations made thereunder. As mentioned above, the regulation referred to in Section 12A (e) is PIT Regulations, 2015. Therefore, once a person is found to be in violation of PIT Regulations, 2015, it leads to violation of Regulation 12A (d) and (e) of SEBI Act, 1992, also. Regulation 4(1) provides that no insider shall trade in the securities of a company when in possession of unpublished price sensitive information. Further, Regulation 4(2) provides that if the “insider”, as envisaged under Regulation 4(1), is a connected person then the onus of establishing that he was not in possession of UPSI, shall be on such connected persons and in other cases, the onus would be on the SEBI. The Note appended to Regulation 4(1) clarifies that when a person trades in securities when in possession of UPSI, his trades would be presumed to have been motivated by the knowledge and awareness of such UPSI in his possession. The Note further provides that once it is found that an insider being connected person has traded then reasons for which he traded and the purpose for which he applied proceeds are immaterial to contend that his trades were not on the basis of UPSI. Proviso to Regulation 4(1) provides that despite presence of all the ingredients of Regulation 4(1) of PIT Regulation, 2015, the insider may prove his innocence by demonstrating the circumstances including those which are mentioned in the said proviso. The Note to Regulation 4(1) states that once it is established that an insider traded when in possession of UPSI, it would be open to the insider to prove his innocence by demonstrating the circumstances mentioned in the proviso, failing which he would have violated the prohibition.

18. In the following paras, I would be examining whether the ingredients of Regulation 4(1) are present in the case of the Noticees, as in the SCN, there is allegation of violation of Regulation 4(1) of PIT Regulations, 2015, by these Noticees. If it is found that the Noticees have violated Regulation 4(1) of PIT Regulations, 2015, it would also lead to the violation of Section 12A (d) and (e) of the SEBI Act, 1992.

19. Whether there was a UPSI?

- a) Regarding the existence of UPSI, SCN alleges that sale of shares of ILPL to IIL/investment in ILPL by IDSL, as an UPSI. I find that IVL decided to sell “up to” 100% shares of ILPL held by IDSL, a wholly owned subsidiary of IVL for a consideration more than the amount invested by IDSL. I note that on January 24, 2017 the two CEOs of IVL and IREL held discussions regarding loan to ILPL by IIL. It is noted from the SCN that the IVL had submitted during the investigation that no buyer or acquirer approached IVL/IDSL/ILPL or gave any formal/informal proposal for purchasing ILPL prior to March 07, 2017. Further, it is stated in the SCN that real estate market was sluggish and not conducive at that time. After the said meeting a notice convening the meeting of the board of directors on February 03, 2017 was sent by IIL on January 25, 2017. On February 03, 2017, board of directors of IIL decided to convene an EGM on March 01, 2017 for seeking enabling authorization to the board to invest surplus funds, by way of loan which may *inter-alia* be in the form of Debentures or Non-convertible Redeemable Preference Shares of ILPL or any other security as may be offered by ILPL. Draft Notice of the proposed EGM was also placed and approved by the board of IIL in the same board meeting. In the EGM held on March 01, 2017, an enabling composite authorization in terms of Section 186 of the Companies Act, 2013 was approved and following special resolution was passed:

“RESOLVED THAT pursuant to the provisions of Section 186 and other applicable provisions, if any, of the Companies Act, 2013, read with the Rules framed thereunder, as may be amended from time to time, consent of the members be and is hereby accorded to the Board of Directors of the Company:

- (a) to grant loans, give guarantee(s) or provide security, in connection with a loan made by any person to or to any person, up to an aggregate value of Rs.600,00,00,000/- (Rupees Six Hundred Crore) from time to time in one or more tranches, to India Land and Properties Limited on such terms and conditions as may be considered expedient in the interest of the Company, and*
- (b) to invest Company’s fund by way of subscription, purchase or otherwise, in the securities of India Land and Properties Limited from time to time in one or more tranches up to the aggregate of Rs.600,00,00,000/- (Rupees Six Hundred Crore) on such terms and conditions as may be considered expedient in the interest of the Company, notwithstanding that the aggregate of loans, investment already made or*

to be made and the guarantees or securities already provided or to be provided, may exceed the limits prescribed under the said Section.”

- b) Pursuant to aforesaid EGM of IIL on March 01, 2017, during a meeting between Mr. Gurbans Singh and Mr. Divyesh Shah on March 07, 2017, the loan proposal was discussed and it was agreed that IIL will purchase shares of IDSL in ILPL. On March 14, 2017, a definitive agreement was executed amongst IDSL, ILPL and IIL and was intimated to the stock exchanges by IVL *inter alia* as “we wish to inform that today i.e. March 14, 2017, Indiabulls Distribution Services Limited (IDSL) (a wholly owned subsidiary of Indiabulls Ventures Limited {IVL}) has signed a definitive agreement to sell its 100% shareholding in India Land and Properties Limited (ILPL), at a consideration of Rs. 685 crores, to Indiabulls Infrastructure Limited (IIL), a wholly owned subsidiary of Indiabulls Real Estate Limited. The deal is expected to be completed in the current financial year.” Thus, the proposal relating to grant of loan from IIL to ILPL or investment by IIL in ILPL, which originated on January 24, 2017, i.e. the date when CEOs of IVL and IREL met and discussed loan facility against securities, from IIL for ILPL, ultimately, culminated in, sale of ILPL shares held by IDSL to IIL/ investment of IIL in ILPL, for a consideration of Rs. 685 crore. The said information was a price sensitive information which could likely materially affect the price of securities of IVL as IDSL was a wholly owned subsidiary of IVL. In fact, the UPSI on being made public, on March 15, 2017 had materially affected the price of the scrip of IVL i.e. an increase of 9.96% over the previous day’s closing price of Rs. 38.15/- per share (closing price on March 15, 2017 was Rs. 41.95/- per share). Therefore, I find that information regarding investment by IIL in ILPL/sale of shares ILPL was a UPSI pertaining to IVL which came into existence on January 24, 2017 and became generally available or published on March 14, 2017.
- c) The Noticees have contended that there was no UPSI during the period when they traded in the shares of IVL. Noticees have submitted that the information regarding the decision of IDSL to sell its shareholding in ILPL for a consideration in excess of Rs. 600 crore, was already in public domain since June 15, 2016 and the value of IDSL’s investment in ILPL was generally available since November 19, 2014. Further, the Noticees have contended that even if the date of the alleged UPSI is accepted as January 24, 2017, which too is wrong, SEBI

has ignored that the information ceased to be UPSI on February 03, 2017, when a Board meeting of IIL was convened with the explicit purpose of investing surplus funds in ILPL, several weeks prior to the Impugned Trades. It has further been submitted that IVL and other entities had expressly mentioned in the chronology submitted to SEBI vide their replies that the discussion with regard sale of ILPL to IIL came into existence only on March 7, 2017 and this confirms the fact that there was no discussion pertaining to sale of shareholding of ILPL to IIL before March 7, 2017 and hence treating January 24, 2017 as a starting point of the purported UPSI has led to fundamental error. Further, that even the outcome of the proposal and initial decision to purchase the shares which was offered by Mr. Gurbans Singh could not have attained finality on March 7, 2017 as the essential terms of the sale and the definitive terms was to be deliberated in the respective companies and thereafter the decision would have to be made. The proposal and the initial offer on March 7, 2017, was therefore subject to various approvals which were obtained on March 14, 2017 and immediately communicated to the stock exchanges. Further, the identity of the buyer i.e. IIL was not price sensitive at all, when the factum of the Proposed Sale and the floor price i.e. the minimum consideration payable by the prospective buyer, was generally available. The Noticees submitted that the alleged price sensitive information, if any was already in the public domain on July 2016 and the identity of the purchaser became concrete only on March 14, 2017.

- d) I note that on June 20, 2016, IVL forwarded to the stock exchanges, a notice convening EGM of its shareholders on July 15, 2016 to transact the special business as contained in the said notice. The item no. 2 in the said notice of EGM, provided as under:

“Item No. 2. Sale of Investment

To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of the Companies Act, 2013, as amended, read with applicable Rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), and applicable provisions of SEBI (Listing Obligations and Disclosure

Requirements) Regulations, 2015, approval be and is hereby accorded to the Board of Directors of the Company and of its subsidiary (hereinafter referred to as the “Board” which term shall include any committee thereof), to sell upto 100% of shares held by Indiabulls Distribution Services Limited, a wholly owned subsidiary of the Company (“IDSL”), in India Land and Properties Limited, a wholly owned subsidiary of IDSL, on the terms and conditions, including the consideration, which shall be more than the amount invested by IDSL, in such shares, as the Board may finalize.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred by above resolutions to any Director or to any Committee of Directors or any other executive(s) / officer(s) of the Company or any other person as the Board at its discretion deem appropriate; to do all such acts, deeds, matters and things as also to execute such documents, writings, etc. as may be necessary in connection therewith and incidental thereto as the Board in its absolute discretion deem fit without being required to seek any fresh approval of the shareholders of the Company and to settle all questions, difficulties or doubts that may arise in this regard and that the decisions of the Board shall be final, binding and conclusive in all respects.”

- e) The said agenda item no. 2 was approved by the shareholders of IVL in the EGM held on July 15, 2016. It is clear from the said resolution passed by the shareholders of IVL that firstly, authorisation was given to sell “upto 100% shares” of IDSL in ILPL, secondly, there was no timeline prescribed for selling the said shares and thirdly, resolution merely stated that sale consideration shall be more than the amount invested by IDSL, in such shares. However, said resolution did not mention that amount invested by the IDSL in the shares of ILPL was Rs. 600 crore. The said amount of Rs. 600 crore becomes known to the general investors from the disclosure made by the IVL on May 19, 2014 to the stock exchanges that its subsidiary IDSL had acquired 100% shares of ILPL for a consideration of Rs. 600 crore. Therefore, any investor reading the disclosure made by IVL on June 20, 2016, in order to know the minimum consideration amount expected by IVL through sale of shares of IDSL in ILPL, must also be

aware of the disclosure made by IVL on May 19, 2014 wherein it informed Rs. 600 crore, as the amount invested by IDSL in purchase of 100% shares of ILPL. Therefore, the aforesaid notice of EGM was in public domain since June 20, 2016 but it was a raw information and it could crystallise in concrete UPSI when there is an identified purchaser, ascertained number of shares to be sold, ascertained consideration amount, agreed time between buyer/seller to close the deal and other terms and condition. All these facts were not ascertained as on June 20, 2016, therefore, the contention of the Noticees that the alleged UPSI was in public domain since June 20, 2016 despite the absence of critical facts like identified purchaser, ascertained number of shares to be sold, ascertained consideration amount, agreed time between buyer/seller to close the deal and other terms and condition, is not correct. Normally in the AGM/EGM, enabling approvals like raising of capital, etc., are accorded to the board of directors of the company which are to be executed by the board of directors at appropriate time. It would not be farfetched to envisage that in some cases such resolutions passed are not acted upon for various reasons and thus lapse. The proposal relating to grant of loan from IIL to ILPL or investment by IIL in ILPL, first time originated on January 24, 2017. This was for the first time that the approval accorded by the shareholders of IVL regarding the sale of stake of IDSL in ILPL, moved from in-principle approval to actual execution stage. Further, this was on the said date when for the first time, information regarding investment by IIL in ILPL came into existence. The said proposal was different from the decision of IVL (selling the shares of ILPL held by IDSL) taken in the meeting of board of directors of IVL held on June 15, 2016 and informed to the stock exchanges on June 20, 2016 because the said loan was subject to the approval by the board of IVL. Further, on this date, a real investor in the form of IIL came forward to actually discuss the granting of loan against the shares of ILPL. As informed by IVL, prior to this date no proposal had come forward for purchase of shares of ILPL. The said proposal of loan against the shares of ILPL ultimately culminated in sale of shares ILPL held by IDSL to IIL/investment of IIL in ILPL, for a consideration of Rs. 685 crore i.e. an amount which was not known earlier at the time of in-principle given by the board of IVL on June 15, 2016. However, from January 24, 2017, the in-principle approval accorded by the board of IVL on June 15, 2016 entered into execution stage which could have resulted either into loan

(as discussed) or sale (as it actually happened). The said information was a price sensitive information which could likely materially affect the price of securities of IVL. As discussed above, in fact, the said UPSI on being made public on March 15, 2017 had materially affected the price of the scrip of IVL i.e. an increase of 9.96% over the previous day's closing price of Rs. 38.15/- per share (closing price on March 15, 2017 was Rs. 41.95/- per share). It is correct that on March 07, 2017, the two CEOs agreed in principle that instead of giving loan, IIL would be purchasing the shares in ILPL which resulted into a formal agreement amongst IDSL, ILPL and IIL, on March 14, 2017, but IIL came forward as willing investor (as lender) in ILPL, first time on January 24, 2017 and finally ended up in purchasing the shares in ILPL, on March 14, 2017. Therefore, SCN rightly alleges that UPSI came into existence on January 24, 2017 and the contention of the Noticees in this regard is untenable.

- f) Further, the Noticees have also contended that the alleged UPSI was not material or had any impact on the price of the scrip, as selling of investments by any company, as a regular market trend, is not looked upon as a positive factor for the company. In this regard, I note that Regulation 2(1)(n) of the PIT Regulations defines UPSI to mean any information relating to a company or its securities that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities. Thus, it is the "likelihood" of materially affecting the price of the securities and not the actual effect on the price itself, which is the criteria to determine UPSI. A perusal of the aforesaid definition of UPSI under Regulation 2(1)(n) shows that for an information to be termed as UPSI, it must, -(i) be relating to the company or its securities either directly or indirectly; (ii) not be generally available; and (iii) likely to materially affect the price of the securities. The UPSI involved in the present case was securing of loan from IIL against the shares of ILPL resulting into ultimate sale of the shares of ILPL by IDSL in favour of IIL, for a consideration of Rs. 685 crore. Such an information will be taken by a reasonable investor to likely have material effect on the shares of IVL though in fact it may not have any such effect. In the present case, in fact, on becoming public/generally available of said UPSI, the price of the scrip of IVL closed with an increase 9.96% at Rs. 41.95/- per share as against the previous day's closing price of Rs. 38.15/- per share. In

view of the above, I find that UPSI involved in the present case, which was securing of loan from IIL against the shares of ILPL resulting into ultimate sale of the shares of ILPL by IDSL in favour of IIL, was relating to the company or its securities directly or indirectly, was not generally available and was likely to affect the price of the securities and therefore, satisfies the conditions to be termed as UPSI under Regulation 2(1)(n) of the PIT Regulations. Thus, the contention of the Noticees that such information was not material or that it did not have any impact on the price of the scrip is not correct and hence, untenable.

20. Whether Noticees are insiders?

- (a) Before dealing with the question as to whether the Noticees are insiders or not, it would be appropriate to refer to the relevant definitions in this regard. Relevant extract of such definitions is reproduced hereunder:

“

(g) "insider" means any person who is:

i) a connected person; or

ii) in possession of or having access to unpublished price sensitive information;

NOTE: Since “generally available information” is defined, it is intended that anyone in possession of or having access to unpublished price sensitive information should be considered an “insider” regardless of how one came in possession of or had access to such information. Various circumstances are provided for such a person to demonstrate that he has not indulged in insider trading. Therefore, this definition is intended to bring within its reach any person who is in receipt of or has access to unpublished price sensitive information. The onus of showing that a certain person was in possession of or had access to unpublished price sensitive information at the time of trading would, therefore, be on the person levelling the charge after which the person who has traded when in possession of or having access to unpublished price sensitive information may demonstrate that he was not in such possession or that he has not traded or he could not access or that his trading when in possession of such information was squarely covered by the exonerating circumstances.

- (b) In terms of aforesaid definition of insider, a person can be termed as insider if he is either (i) a connected person [Regulation 2(1)(g)(i)]; or (ii) in possession of or having access to UPSI [Regulation 2(1)(g)(ii)]. Regarding the status of

Noticees, as insider, SCN observed that as per the replies of IVL, IDSL, ILPL, IIL and IREL, there were 29 entities who were privy to the UPSI. Out of the 29 entities, it was observed that eight entities have traded in the scrip of IVL during the UPSI period. The details of eight entities, who are the Noticees, are as under:

N no.	Noticee name	Status of the Noticee as Insider as alleged in the SCN
1	Manish Rustagi	Noticee No. 1 was the Vice President-Finance & Accounts of IVL Finance Ltd., a member of IVL working group and he was in possession of UPSI. Also, he was a part of the list of entities connected to the company i.e. IVL. As per Noticee-1's reply during investigation, his role in the working group was to review and provide financial records of ILPL. In view of the same, it is alleged that Noticee no. 1 was an insider in terms of Regulation 2(1)(g) of SEBI (PIT) Regulations, 2015.
2	Niraj Tyagi	Noticee no. 2 was the Executive Vice President-Legal of IB Group and a member of the IB Group Corporate Secretarial Team and IIL working group. As per Noticee no.2's reply during investigation, his role in the working group was to provide the share purchase agreement (transaction document). In view of the same, it is observed that Noticee no. 2 being the Executive Vice President-Legal of IB Group and member of IB Group Corporate Secretarial Team as well part of the group working on the deal of ILPL is considered to be a connected person in terms of Regulation 2(1)(d)(i) of SEBI (PIT) Regulations, 2015 and was reasonably expected to have access to UPSI. In view of the same, it is alleged that Noticee-2 is an insider in terms of in terms of Regulation 2(1)(g) of SEBI (PIT) Regulations, 2015.
3	Anil Mittal	Noticee no. 3 was the Chief Financial Officer of IREL. Further, it was observed that Noticee no. 3 had executed Share Purchase Agreement dated March 14, 2017 between IDSL, IIL and ILPL, on behalf of IIL. In view of the same, Noticee no. 3 is alleged to be insider in terms of Regulation 2(1)(g) of SEBI (PIT) Regulations, 2015.
4	Pramod Singh	Noticee no. 4 was the director of IIL from January 17, 2017 to July 26, 2018 and he was in possession of the UPSI. In view of the same, Noticee no. 4 is alleged to be an insider in terms of Regulation 2(1)(g) of SEBI (PIT) Regulations, 2015.
5	Anil Malhan	Noticee no. 5 was the director of ILPL from October 29, 2014 to March 17, 2017 and he was in possession of the UPSI. Further, from the minutes of ILPL BOD Meeting dated March 14, 2017, it was observed that Noticee no. 5 and Divyesh B. Shah (CEO, IVL) both were Whole-time Directors of ILPL. Further, it was observed that Noticee no. 5 had executed Share Purchase Agreement dated March 14, 2017 between IDSL, IIL and ILPL, on behalf of ILPL. In view of the same, it is observed that Noticee no. 5 being the Director of ILPL (WOS of IVL) as well signatory to the Share Purchase Agreement on March 14, 2017 is considered to be a connected

		person in terms of Regulation 2(1)(d)(i) of SEBI (PIT) Regulations, 2015 and was reasonably expected to have access to UPSI. In view of the same, Noticee no. 5 is alleged to be an insider in terms of Regulation 2(1)(g) of SEBI (PIT) Regulations, 2015.
6	Matbeer Singh	Noticee no. 6 being the Assistant Vice President was part of the list of entities connected to the Company, as submitted by the Company. Further, as per the information submitted by IIL and IREL Noticee no. 6 was in possession of UPSI. In view of the same, Noticee no. 6 is alleged to be an insider in terms of Regulation 2(1)(g) of SEBI (PIT) Regulations, 2015.
7	Satish Chand	As per the information submitted by IIL and IREL, Noticee no. 7 was a shareholder and in possession of UPSI. In view of the same, Noticee no. 7 is alleged to be an insider in terms of Regulation 2(1)(g) of SEBI (PIT) Regulations, 2015.
8	Ajit Kumar Singh	As per the information submitted by IIL and IREL, Noticee no. 8 was a shareholder and in possession of UPSI. In view of the same, Noticee no. 8 is alleged to be an insider in terms of Regulation 2(1)(g) of SEBI (PIT) Regulations, 2015.

- (c) The term “connected person” has been defined under Regulation 2(1)(d) to mean any person having certain association/position with/in the company, that allows such person, directly or indirectly, access to UPSI or is reasonably expected to allow such access. Thus, if such a person is found to be “connected person” then by virtue of their association/position with/in the company like director, officer, employee, etc., access to UPSI with such person is implied. In the present case, I note that Noticee no. 2 was an Executive Vice President-Legal of IB Group and part of the IB Group Corporate Secretarial Team as well part of the group working on the deal of ILPL. Therefore, Noticee no. 2 is a connected person within the meaning of Regulation 2(1)(d)(i) of the PIT Regulations, 2015 and thus an “insider” within the meaning of Regulation 2(1)(g)(i) of the PIT Regulations, 2015. Further, I note that Noticee no. 5 was the Whole Time Director of ILPL (a wholly owned subsidiary of IVL) along with Mr. Divyesh B. Shah (CEO, IVL) as well signatory to the Share Purchase Agreement on March 14, 2017. Therefore, Noticee no. 5 is also a connected person within the meaning of Regulation 2(1)(d)(i) of the PIT Regulations, 2015 and thus an “insider” within the meaning of Regulation 2(1)(g)(i) of the PIT Regulations, 2015.

- (d) I note that the remaining Noticees i.e. Noticees no. 1, 3, 4, 6, 7 and 8 have been alleged to be insiders by virtue of being in possession of or having access to UPSI within the meaning of Regulation 2(1)(g)(ii) of PIT Regulations. Noticee no. 1 has submitted that his responsibility in the company was limited to review of financial records and date and place the same before the board. He was never involved in any decision-making process, let alone the decision with respect to sale of ILPL to IIL. Further, that he was only responsible for reviewing the financial of ILPL and had no other information with respect to the deal. In this regard, I note that Noticee no. 1 was the Vice President-Finance & Accounts of IVL Finance Ltd. and a member of IVL working group. Further, he was a part of the list of entities connected to the company i.e. IVL and as per the Noticees own reply during investigation, he had submitted that his role in the working group was to review and provide financial records of ILPL. From the above, I note that Noticee no. 1 played a significant role in the working group of the Company by reviewing and providing financial records of ILPL. From the letter dated May 09, 2018 of IVL, I note that IVL have stated that Noticee no. 1 had access to the information since June 15, 2016. However, as discussed in para 19 above, I note that UPSI only came into existence on January 24, 2017. Hence, the Noticee could not be in possession of UPSI prior to coming of it in existence. However, from the same letter of IVL dated May 09, 2018, I note that it is mentioned that the Members of the IVL working group had discussions of the terms and conditions with respect to the sale of investment by IDSL in the shares of ILPL, from March 07, 2017 to March 14, 2017. Therefore, since Noticee no. 1 was a member of the IVL working group where he played a significant role, it is clear that he was in possession of the UPSI at least from March 07, 2017. In view of the above, I find that Noticee no. 1 was an “insider” by virtue of being in possession of or having access to UPSI within the meaning of Regulation 2(1)(g)(ii) of PIT Regulations.
- (e) Noticee no. 3 has submitted that he was the Chief Financial Officer of IREL. Being part of the working group, his responsibility was limited to conducting financial diligence. Further, that this responsibility was assigned to him only after March 7, 2017, when the discussion took place between the two CEOs for the Proposed Sale. In this regard, I note that Noticee no. 3 was the Chief

Financial Officer of IREL and it was observed that Noticee no. 3 had executed Share Purchase Agreement dated March 14, 2017 between IDSL, IIL and ILPL, on behalf of IIL. Therefore, I note that Noticee no. 3 had a significant position and role in executing the share purchase agreement between IDSL, IIL and ILPL. I also note that, as submitted by IVL and IREL, Noticee no. 3 was also one of the entities who were aware of the announcement dated March 14, 2017, which was intimated/acquired information by the Noticee no. 3 on March 07, 2017. In view of the above, I find that Noticee no. 3 was an “insider” having access to UPSI within the meaning of Regulation 2(1)(g)(ii) of PIT Regulations, 2015.

- (f) Noticee no. 4 has submitted that the SCN alleges that he was in possession of UPSI at the time of execution of the Impugned Trades solely because the replies of IVL and IREL state that he was aware about the purchase of ILPL by IIL and the SCN has completely disregarded the date mentioned therein when he acquired the information. In this regard, with regard to information regarding possession of UPSI by Noticee no. 4 provided by IVL and IREL, I note that they have submitted that Noticee no. 4 was the director of IIL from January 17, 2017 to July 26, 2018 and was aware of the subject transaction on March 07, 2017. Further, I note that the Noticee has not denied that he became aware of the UPSI on March 07, 2017. In view of the above, I find that Noticee no. 4 was an “insider” having access to UPSI within the meaning of Regulation 2(1)(g)(ii) of PIT Regulations, 2015.
- (g) I note that Noticees no. 6, 7 and 8 were nominee shareholders of IREL. Noticee no. 6 has submitted that he is a Nominee shareholder of IREL and has been employed with IVL since 2002, however, that he is neither KMP or a connected person with the KMO's of the Indiabulls group. That being a nominee shareholder, he barely had any access to the key decisions of the company, let alone the knowledge of the alleged UPSI. Noticee no. 7 has submitted that he was a Nominee shareholder of IREL and is not having employment relationship with IVL, IREL, IIL, ILPL or IDSL. Being a nominee shareholder, he barely had any access to the key decisions of the company, let alone the knowledge of the alleged UPSI. Noticee no. 8 has submitted that he was a Nominee shareholder

of IREL and is not having employment relationship with any of the Indiabulls group entity. Being a nominee shareholder, he barely had any access to the key decisions of the company, let alone the knowledge of the alleged UPSI. Further, Noticee no. 6, 7 and 8 have submitted that in the replies of IIL and IREL, there is no mention of the fact that they aware of the proposed sale or had access to the alleged UPSI. In this regard, from the information with regard to the entities connected to the Company provided by IVL, I note that Noticee no. 6, being the Assistant Vice President, was also a designated employee of the Company as per the Company's Code of Conduct for prevention of Insider Trading. Further, as per the email dated December 12, 2018 of IREL to SEBI, I note that IREL has submitted the details of persons at IREL/IIL who were in the know of information with regard to loan, in which even Noticees no. 6, 7 and 8 have been included, but have not specified any date by when this information became available to them. Thus, information provided by IREL only indicates that during UPSI period, Noticees no. 6, 7 and 8 were in possession of UPSI but it does not give any specific date as to when Noticees no. 6, 7 and 8 came in possession of UPSI, thus rendering it incapable to ascertain whether Noticees no. 6, 7 and 8 violated Regulation 4(1) of the PIT Regulations, 2015 or not.

21. Whether Noticees have traded in the securities of IVL when in possession of UPSI?

- (a) The next question to be determined is whether the Noticees being insiders of the company-IVL, traded in its securities when in possession of UPSI. SCN alleges that Noticees have traded in the scrip of IVL during the UPSI period i.e. January 24, 2017 to March 14, 2017, as follows:

Trades of Noticee no. 1 (Manish Rustagi)	
Date of trade	Sell quantity
16/02/2017	4029
21/02/2017	1000
Total	5029
Trades of Noticee no. 2 (Niraj Tyagi)	
Date of trade	Sell quantity
23/02/2017	2000

Total	2000
Trades of Noticee no. 3 (Anil Mittal)	
Date of trade	Buy quantity
27/02/2017	5000
28/02/2017	5000
Total	10000
Date of trade	Sell quantity
28/02/2017	5000
Total	5000
Trades of Noticee no. 4 (Pramod Singh)	
Date of trade	Sell quantity
09/03/2017	800
Total	800
Trades of Noticee no. 5 (Anil Malhan)	
Date of trade	Buy quantity
16/02/2017	10000
17/02/2017	15000
28/02/2017	15000
07/03/2017	10000
Total	50000
Trades of Noticee no. 6 (Matbeer Singh)	
Date of trade	Sell quantity
15/02/2017	500
16/02/2017	1000
Total	1500
Trades of Noticee no. 7 (Satish Chand)	
Date of trade	Buy quantity
28/02/2017	10000
Total	10000
Trades of Noticee no. 8 (Ajit Kumar Singh)	
Date of trade	Sell quantity
15/02/2017	2000
Total	2000

- (b) I note that the wrongful gains made by the Noticees by trading in the scrip of IVL during the UPSI period, as alleged in the SCN, are as given below:

- (i) **In case of Buyers:** Noticee no. 5 and 7 have bought shares of IVL during the UPSI period and the gains made by them is calculated as under:

Name	No. of shares bought	Total Buy Value (Rs.)	Average Buy Price (Rs.)	Closing Price on March 15, 2017 (Rs.)**	Wrongful gain (Rs.)#
	A	B	C=B/A	D	E = A x (D-C)
Anil Malhan (Noticee-5)	50000	1771817	35.44	41.95	3,25,683.00
Satish Chand (Noticee-7)	10000	370754	37.08	41.95	48,746.00
**The announcement was made on March 14, 2017 on BSE at 23:05 and on March 15, 2017 on NSE at 08:53. Therefore, the closing price of scrip on March 15, 2017 i.e. Rs.41.95 at BSE and NSE is considered.					

#Note: Wrongful gain has been calculated as per the following method:

Wrongful gain = (Closing price on the next day of announcement** - Average buy price) X No. of shares bought during UPSI period

- (ii) **In case of Net Buyer:** Noticee no. 3 had bought 10000 shares and sold 5000 shares of IVL during the UPSI period and the gain made by him is calculated as under:

Name	No. of shares bought	Total Buy Value (Rs.)	No. of shares sold	Total Sell Value (Rs.)	Net Buy Qty.	Notional Sell Value of Net Buy Qty**	Wrongful gain (Rs.)
	A	B	C	D	E = A - C	F = E x 41.95	G = F + D - B
Anil Mittal (Noticee-3)	10000	380400	5000	185922	5000	209750	15,272
**The announcement was made on March 14, 2017 on BSE at 23:05 and on March 15, 2017 on NSE at 08:53. Therefore, the closing price of scrip on March 15, 2017 i.e. Rs.41.95 at BSE and NSE is is taken for computation of Notional sell value on March 15, 2017.							

- (iii) **In case of Sellers:** Noticees no. 1, 2, 4, 6 and 8 have sold shares of IVL during the UPSI period and the gains made by them is calculated as under:

Name	No. of shares sold	Total Sell Value (Rs.)	Average Sell Price (Rs.)	Opening Price on period starting day (Jan 24, 2017) at the exchange (Rs.)*	Wrongful gain (Rs.)@
	A	B	C = B/A	D	E = A x (C-D)
Manish Rustagi (Noticee-1)	5029	174672	34.73	21.775	65165.53
Niraj Tyagi (Noticee- 2)	2000	80000	40.00	21.775	36450.00
Pramod Singh (Noticee-4)	800	29040	36.30	21.775	11620.00
Matbeer Singh (Noticee -6)	1500	50875	33.92	21.775	18212.50
Ajit Kumar Singh (Noticee-8)	2000	65000	32.50	21.775	21450.00
*As the scrip was trading both at NSE and BSE during the investigation period, average opening price on January 24, 2017 is considered. The opening price of scrip on January 24, 2017 at NSE was Rs.21.65 and at BSE was Rs.21.90. Therefore, the average opening price of scrip on					

Name	No. of shares sold	Total Sell Value (Rs.)	Average Sell Price (Rs.)	Opening Price on UPSI period starting day (Jan 24, 2017) at the exchange (Rs.)*	Wrongful gain (Rs.)@
	A	B	C = B/A	D	E = A x (C-D)
January 24, 2017 was Rs.21.775 {(21.65+21.90)/2}.					

@Note: Wrongful gain has been calculated as per the following method:

Wrongful gain = (Average Sell Price - Opening Price on UPSI period starting day*) X No. of shares sold during UPSI period

- (c) In this regard, the Noticees have submitted that even if it is considered whilst denying that alleged UPSI existed at the time of executing the impugned trades, it cannot be said that they were executed on basis of the alleged UPSI as the Noticees did not even acquire any knowledge about such UPSI at the time of executing the impugned trades. Further, that this fact is even confirmed from the replies submitted by IVL, IREL, ILPL and IDSL, which are a part of the record. Further, the Noticees have submitted that SEBI has not indicated or even remotely suggested in the SCN as to whether the decision to sell the investment was a positive or a negative factor to impact the price of the scrip. That SEBI has only observed the market movement of the scrip and held that the information was UPSI. It has been further submitted that as a regular market trend, selling of investments by any company is not looked upon as a positive factor for the company. Therefore, the cumulative purchase of shares of IVL by the Noticees at the time when it was parting away with its investment cannot in any event establish even remotely any intention to make profit.
- (d) In this regard I note that it is alleged in the SCN that during January 01, 2017 to March 14, 2017, the price of IVL increased from Rs.20.50 to Rs.38.15 at NSE (increased by 86.10%) and during March 15, 2017 to November 03, 2017 the price of IVL increased from Rs.39.20 to Rs.302.40 (increased by 671.43%) on NSE. Similar trend was observed at BSE also. Hence, I note that as per the SCN, the UPSI has been considered to be a positive factor to impact the price of the scrip. Therefore, with regard to whether the Noticees have traded in the securities of IVL when in possession of UPSI, my observations are as under:

- (i) **Noticee no. 1 (Manish Rustagi):** As found in previous para 20(d), Noticee no. 1 was an insider of IVL. As per the information provided by IVL and IREL, I note that Noticee no. 1 was Vice President-Finance & Accounts of IVL Finance Ltd. and a member of IVL working group and had access to the information since March 07, 2017. I also note that Noticee no. 1 has traded in the scrip of IVL, details of which are as under:

Trades of Noticee no. 1 (Manish Rustagi)		
Date of getting access to UPSI	Date of trade	Sell quantity
07/03/2017	16/02/2017	4029
	21/02/2017	1000
	Total	5029

- (ii) From the above, I note that Noticee no. 1 had traded prior to alleged access to UPSI on February 16 and 21, 2017 and sold 4029 shares of IVL on February 16, 2017 and 1000 shares of IVL on February 21, 2017, i.e. before March 07, 2017. Since the Noticee no. 1 has traded in the scrip of IVL on February 16 and 21, 2017, which is prior to acquiring or having access to the UPSI i.e. on March 07, 2017, I find that Noticee no. 1 has not traded in the scrip of IVL when in possession of UPSI so as to attract the violation of Regulation 4(1) of the PIT Regulations, 2015.

- (iii) **Noticee no. 2 (Niraj Tyagi):** As found in previous para 20(c), Noticee no. 2 was an insider of IVL. As per the information provided by IVL and IREL, I note that Noticee no. 2 was an Executive Vice President-Legal and was part of the IB Group Corporate Secretarial Team as well part of the group working on the deal of ILPL and had access to the UPSI since March 07, 2017. I also note that Noticee no. 2 has traded in the scrip of IVL, details of which are as under:

Trades of Noticee no. 2 (Niraj Tyagi)		
Date of getting access to UPSI	Date of trade	Sell quantity
07/03/2017	23/02/2017	2000
	Total	2000

(iv) From the above, I note that Noticee no. 2 had traded prior to alleged access to UPSI on February 23, 2017 and sold 2000 shares of IVL i.e. before March 07, 2017. Since the Noticee no. 2 has traded in the scrip of IVL on February 23, 2017, which is prior to acquiring or having access to the UPSI i.e. on March 07, 2017, I find that Noticee no. 2 has not traded in the scrip of IVL when in possession of UPSI so as to attract the violation of Regulation 4(1) of the PIT Regulations, 2015.

(v) **Noticee no. 3 (Anil Mittal):** As found in previous para 20(d), Noticee no. 3 was an insider of IVL. As per the information provided by IVL and IREL, I note that Noticee no. 3 was Chief Financial Officer of IREL and had executed the Share Purchase Agreement dated March 14, 2017 between IDSL, IIL and ILPL, on behalf of IIL and had access to the UPSI since March 07, 2017. I also note that Noticee no. 3 has traded in the scrip of IVL, details of which are as under:

Trades of Noticee no. 3 (Anil Mittal)		
Date of getting access to UPSI	Date of trade	Buy quantity
07/03/2017	27/02/2017	5000
	28/02/2017	5000
	Total	10000
	Date of trade	Sell quantity
	28/02/2017	5000
	Total	5000

(vi) From the above, I note that Noticee no. 3 had traded prior to alleged access to UPSI on February 27 and 28, 2017 and bought 10,000 shares on February 27 and 28, 2017 and sold 5000 shares of IVL on February 28, 2017 i.e. before March 07, 2017. Since the Noticee no. 3 has only traded in the scrip on February 27 and 28, 2017, which is prior to the Noticee no. 3 acquiring or having access to the UPSI i.e. on March 07, 2017, I find that the Noticee no. 3 has not traded in the scrip of IVL when in possession of UPSI so as to attract the violation of Regulation 4(1) of the PIT Regulations, 2015.

- (vii) **Noticee no. 4 (Pramod Singh):** As found in previous para 20(e), Noticee no. 4 was an insider of IVL. As per the information provided by IVL and IREL, I note that Noticee no. 4 was the director of IIL from January 17, 2017 to July 26, 2018 and had access to the UPSI since March 07, 2017. I also note that Noticee no. 4 has traded in the scrip of IVL during the UPSI period i.e. January 24, 2017 to March 14, 2017, details of which are as under:

Trades of Noticee no. 4 (Pramod Singh)		
Date of getting access to UPSI	Date of trade	Sell quantity
07/03/2017	09/03/2017	800
	Total	800

- (viii) From the above, I note that Noticee no. 4 got access to information on March 07, 2017 and traded on March 09, 2017 which was before March 14, 2017, when it became generally available. Thus Noticee no. 4 had traded i.e. sold shares, when in possession of UPSI and has therefore violated Regulation 4(1) of the PIT Regulations. I note that the SCN also calls upon Noticee no. 4 as to why penalty under Section 15G should not be imposed upon him. In this regard, I note that Section 15G provides for penalty when insider trades “on the basis” of UPSI. In the present case, I note that the SCN alleges that UPSI on becoming generally available led to rise in price of the scrip of IVL and during March 15, 2017 to November 03, 2017, the price of the scrip of IVL increased from Rs. 39.20 to Rs. 302.40 (i.e. increased by 671.43%). Thus, SCN conveys that UPSI impacted the price in a positive way. I note that an insider in order to reap benefit of positive UPSI would have or is expected to, purchase the shares during UPSI period. However, I note that the Noticee no. 4 has only sold shares during UPSI. In view of the above, it cannot be said that the Noticee no. 4 has traded on the basis of UPSI and thus, I find that the Noticee no. 4 is not liable for penalty under Section 15G of the SEBI Act, 1992.

- (ix) **Noticee no. 5 (Anil Malhan):** As found in previous para 20(c), Noticee no. 5 was an insider of IVL. As per the information provided by IVL and IREL, I note that Noticee no. 5 was the Whole Time Director of ILPL (a wholly owned subsidiary of IVL) as well as signatory to the Share Purchase

Agreement on March 14, 2017 and got possession of the UPSI only on March 14, 2017. I also note that Noticee no. 5 has traded in the scrip of IVL, details of which are as under:

Trades of Noticee no. 5 (Anil Malhan)		
Date of getting access to UPSI	Date of trade	Buy quantity
14/03/2017	16/02/2017	10000
	17/02/2017	15000
	28/02/2017	15000
	07/03/2017	10000
	Total	50000

- (x) From the above, I note that Noticee no. 5 had traded prior to alleged access to UPSI on February 16, 2017, February 17, 2017, February 28, 2017 and March 07, 2017 and bought 50,000 shares of IVL, i.e. before March 14, 2017. Since the Noticee no. 5 has traded in the scrip on the aforesaid dates which are prior to the Noticee no. 5 acquiring or having access to the UPSI i.e. on March 14, 2017, I find that the Noticee no. 5 has not traded in the scrip of IVL when in possession of UPSI so as to attract the violation of Regulation 4(1) of the PIT Regulations, 2015.

- (xi) **Noticee no. 6 (Matbeer Singh):** As found in previous para 20(f), Noticee no. 6 was an insider of IVL. As per the information provided by IVL and IREL, I note that Noticee no. 6 was the Assistant Vice President of IVL and Nominee shareholder of IREL. I also note that Noticee no. 6 has traded in the scrip of IVL, details of which are as under:

Trades of Noticee no. 6 (Matbeer Singh)		
Date of getting access to UPSI	Date of trade	Sell quantity
Not available.	15/02/2017	500
	16/02/2017	1000
	Total	1500

- (xii) From the above, I note that Noticee no. 6 had traded on February 15 and 16, 2017 and sold 1500 shares of IVL. I note that the SCN alleges that the Noticee no. 6 was in possession of UPSI on the basis of the information provided by IVL and IREL. However, as per the email dated December 27,

2018 provided by IREL, I note that IREL has not specified any date when the Noticee no. 6 got access to the UPSI. In this regard, I note that in the other emails sent by IREL/IVL with regard to the other Noticees, they have specified the date. In view of the above, there is no information or any circumstantial evidence before me as to when the Noticee no. 6 came into possession of UPSI. Hence, the allegation in the SCN that Noticee no. 6 traded when in possession of UPSI, is not made out and therefore, I find that the Noticee no. 6 has not violated Regulation 4(1) of the PIT Regulation, 2015.

- (xiii) **Noticee no. 7 (Satish Chand):** As found in previous para 20(f), Noticee no. 7 was an insider of IVL. As per the information provided by IVL and IREL, I note that Noticee no. 7 was a Nominee shareholder of IREL. I also note that Noticee no. 7 has traded in the scrip of IVL, details of which are as under:

Trades of Noticee no. 7 (Satish Chand)		
Date of getting access to UPSI	Date of trade	Buy quantity
Not available.	28/02/2017	10000
	Total	10000

- (xiv) From the above, I note that Noticee no. 7 had traded on February 28, 2017 and bought 10,000 shares of IVL. I note that the SCN alleges that the Noticee no. 7 was in possession of UPSI on the basis of the information provided by IVL and IREL. However, as per the email dated December 27, 2018 provided by IREL, I note that IREL has not specified any date when the Noticee no. 7 got access to the UPSI. In this regard, I note that in the emails sent by IREL/IVL with regard to the other Noticees, they have specified the date. In view of the above, there is no information or circumstantial evidence before me as to when the Noticee no. 7 came into possession of UPSI. Hence, the allegation in the SCN that Noticee no. 7 traded when in possession of UPSI, is not made out and therefore, I find that the Noticee no. 7 has not violated Regulation 4(1) of the PIT Regulation, 2015.

- (xv) **Noticee no. 8 (Ajit Kumar Singh):** As found in previous para 20(f), Noticee no. 8 was an insider of IVL. As per the information provided by IVL and IREL, I note that Noticee no. 8 was a Nominee shareholder of IREL. I also note that Noticee no. 8 has traded in the scrip of IVL, details of which are as under:

	Trades of Noticee no. 8 (Ajit Kumar Singh)	
Date of getting access to UPSI	Date of trade	Sell quantity
Not available.	15/02/2017	2000
	Total	2000

- (xvi) From the above, I note that Noticee no. 8 had traded on February 15, 2017 and sold 2000 shares of IVL. I note that the SCN alleges that the Noticee no. 8 was in possession of UPSI on the basis of the information provided by IVL and IREL. However, as per the email dated December 27, 2018 provided by IREL, I note that IREL has not specified any date when the Noticee no. 8 got access to the UPSI. In this regard, I note that in the emails sent by IREL/IVL with regard to the other Noticees, they have specified the date. In view of the above, there is no information or circumstantial evidence before me as to when the Noticee no. 8 came into possession of UPSI. Hence, the allegation in the SCN that Noticee no. 8 traded when in possession of UPSI, is not made out and therefore, I find that the Noticee no. 8 has not violated Regulation 4(1) of the PIT Regulation, 2015.
- (e) I note that the SCN also calls upon the Noticees to show cause as to why directions for disgorgement as alleged in the SCN should not be issued against them. However, in view of the findings in the aforesaid paras, I find that Noticees no. 1, 2, 3, 5, 6, 7 and 8 are not liable to directions for disgorgement as they have not violated Regulation 4(1) of the PIT Regulations. Regarding Noticee no. 4, I note that the SCN calls upon the Noticee no. 4 to show cause as to why directions for disgorgement of Rs. 11,620/- should not be issued against him. I note that this amount has been calculated in the SCN, as follows:

Name	No. of shares sold	Total Sell Value (Rs.)	Average Sell Price (Rs.)	Opening Price on UPSI period starting day (Jan 24, 2017) at the exchange (Rs.)*	Wrongful gain (Rs.)@
	A	B	C = B/A	D	E = A x (C-D)
Pramod Singh (Noticee no.4)	800	29040	36.30	21.775	11620.00
*As the scrip was trading both at NSE and BSE during the investigation period, average opening price on January 24, 2017 is considered. The opening price of scrip on January 24, 2017 at NSE was Rs.21.65 and at BSE was Rs.21.90. Therefore, the average opening price of scrip on January 24, 2017 was Rs.21.775 $\{(21.65+21.90)/2\}$.					

@**Note:** Wrongful gain has been calculated as per the following method:

Wrongful gain = (Average Sell Price - Opening Price on UPSI period starting day*) X No. of shares sold during UPSI period

22. As can be seen from the table above, the alleged wrongful gains made by Noticee no. 4 has been calculated by taking the average of the price of the shares of IVL at which those shares were sold by Noticee no. 4 in number of tranches. Thereafter, opening price of the shares of IVL on January 24, 2017 i.e. the start of the UPSI period i.e. Rs. 21.775 has been deducted from the average price to come to the alleged wrongful gain made by the Noticee on each share. Thus, the wrongful gains per share has been calculated at 14.525 per share in case of Noticee no. 4. The SCN does not disclose any reason for taking opening price of January 24, 2017. However, as the said date is the start of the UPSI, it appears that the SCN has proceeded on the premise that the Noticee would have sold his shares on this unaffected price of Rs. 21.755, assuming that during the UPSI period the UPSI started impacting the price because of which it increased, resulting into wrongful gains to Noticee no. 4. However, from the SCN it is clear that UPSI came into existence on January 24, 2017 and remained so till March 14, 2017 and the price started increasing after the disclosure was made by IVL to the Stock Exchanges on March 14, 2017 about sale of 100% shares of ILPL by IDSL, a wholly owned subsidiary of IVL, to IIL. In such a scenario the assumption drawn in the SCN that the prices on which shares were sold by Noticee no 4 were due to the impact of UPSI even prior to March 14, 2017 when disclosure was made, is flawed. Therefore, it cannot be said that Noticee no. 4 has made

wrongful gains by his trades before March 14, 2017 thus, there is no question of disgorgement of wrongful gains by Noticee no. 4, as alleged in the SCN.

23. The Noticee has also contended that no secret profit has been derived by the Noticee and therefore, the question of penalizing them for executing the impugned trades is unwarranted and unnecessary. In this regard, I note that for violation of Regulation 4(1) of the PIT Regulations, 2015, deriving of profit by trading when in possession of UPSI is not material. The SCN alleged that the UPSI was positive. The SCN also alleges that the Noticee no. 4 has sold the shares. In the facts and circumstances of the case, it cannot be termed as either making of profit (as the UPSI became public on March 14, 2017 i.e. after his trades) or avoidance of loss as the UPSI was positive and by selling shares he has rather incurred loss. Therefore, the allegation in the SCN is that the Noticee made profit by selling the shares at a price which was higher than the opening price on January 24, 2017 i.e. on the day of coming into existence of UPSI. If such an allegation is taken as correct, then it runs counter to the case set up in the SCN that the UPSI came into existence on January 24, 2017 and became generally available only on March 14, 2017. Therefore, in the facts and circumstances of the case, on this count also directions for disgorgement are not attracted.

24. In view of the aforesaid, I find that Noticee no. 4 has violated Section 12A (d) & (e) of SEBI Act, 1992 and Regulations 4(1) of PIT Regulations, 2015 by trading in the scrip of IVL when in possession of UPSI.

Directions:

25. In view of the aforesaid findings and having regard to the facts and circumstances of the case, I, in exercise of the powers conferred upon me under Sections, 11(1) and 11B of the SEBI Act, 1992 read with Section 19 of the SEBI Act, 1992, directs as under:

- (i) Pramod Singh (Noticee no. 4) is restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in

securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of 3 months, from the date of this order;

(ii) Pramod Singh (Noticee no. 4) is restrained from buying, selling or otherwise dealing in securities of IVL, directly or indirectly, in any manner, whatsoever, for a period of 6 months, from the date of this order;

(iii) Further, the allegations in the SCN against Manish Rustagi (Noticee no. 1), Niraj Tyagi (Noticee no. 2), Anil Mittal (Noticee no. 3), Anil Malhan (Noticee no. 5), Matbeer Singh (Noticee no. 6), Satish Chand (Noticee no. 7) and Ajit Kumar Singh (Noticee no. 8) stands disposed of for the reasons as stated in para 21 above.

26. During the period of restraint, the existing holding of securities including units of mutual funds of the Noticee no. 4 shall also remain frozen. However, the obligation of the Noticee no. 4, restrained/prohibited by this Order, in respect of settlement of securities, if any, purchased or sold in the cash segment of the recognized stock exchange(s), as existing on the date of this Order, are allowed to be discharged, irrespective of the restraint/prohibition imposed by this Order. Further, all open positions, if any, of the Noticee no. 4, restrained/prohibited in the present Order, in the F&O segment of the recognised stock exchange(s), are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order.

27. This Order shall come into force with immediate effect.

28. This Order shall be served on all Recognized Stock Exchanges, Depositories and Registrar and Share Transfer Agents and Banks to ensure necessary compliance.

Sd/

Place: Mumbai

ANANTA BARUA

Date: October 01, 2021

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA