National Stock Exchange of India
Circular

Department: Investigation	
Download Ref No: NSE/INVG/54615	Date: November 25, 2022
Circular Ref. No: 182/2022	

To All NSE Members

Sub: Final Order in respect of Shri Murugavel Karunanidhi in the matter of Info-drive Software Ltd.

SEBI vide its order no. WTM/AB/IVD/ID19/21448/2022-23 dated November 25, 2022, has debarred Mr. Murugavel Karunanidhi (AKIPM9312K) 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 forty five (45) days, from the date of coming into force of this SEBI order.

The obligation of the entity, 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 entity, 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 the SEBI Order.

This Order shall come into force with immediate effect.

The detailed order is available on SEBI website (http://www.sebi.gov.in). Further, the consolidated list of such entities is available on the Exchange website http://www.nseindia.com home page under “Home-Regulation-Members-Action against Members-Regulatory Actions”.

Members are advised to take note of the above and ensure compliance.
In case of any further queries, members are requested to contact the following officials:

National Stock Exchange of India

Mr. Rishabh Goyal (Extension: 25508), Mr. Atish Agarwal (Extension: 26026)
Direct No: 022-26598417/18 Fax: 022-26598195

For and on behalf of

National Stock Exchange of India Limited

Atish Agarwal
Senior Manager

ANNEXURE: Final Order in respect of Shri Murugavel Karunanidhi in the matter of Info-drive Software Ltd.

WTM/AB/IVD/ID19/21448/2022-23

SECURITIES AND EXCHANGE BOARD OF INDIA
FINAL ORDER

Under Sections 11(1), 11(4), 11(4A),11A, 11B (1), 11B(2) and 15I of the Securities and Exchange Board of India Act, 1992 read with Rule 5 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 and Sections 12A(1), 12A(2) and 23I of Securities Contracts (Regulations) Act, 1956 read with Rule 5 of the Securities Contracts (Regulation) (Procedure for Holding Inquiry and Imposing Penalties) Rules, 2005.

Sr. No.	Name of Noticee	PAN
1.	Mr. Murugavel Karunanidhi	AKIPM9312K

In the matter of Info-Drive Software Limited

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1. Present Order is being passed in compliance with order dated January 10, 2022, passed by the Hon'ble Securities Appellate Tribunal, Mumbai (hereinafter referred to as "**Hon'ble SAT**") in Appeal No. 798 of 2021, whereby the Hon'ble SAT, *inter alia* directed as under:

   "2. The appellant is noticee no. 6 before the WTM. From a perusal of the impugned order, one finds that the appellant had appeared and made his submissions through its advocate. The record also indicates that the appellant had filed a reply to the show cause notice. However, in paragraph 35 of the impugned order, the WTM records that the appellant has not filed any reply to the show cause notice and accordingly has

proceeded to pass an order imposing the penalty and debarment without considering his reply.

3. We are of the view, that since the reply had already been filed it was necessary for the WTM to consider the objections raised by the appellant in his reply. Consequently, on this short ground that the impugned order is violative of the principles of natural justice. Accordingly, the impugned order in so far as the appellant is concerned is set aside. The appeal is allowed. The matter is remitted to the WTM to pass a fresh order after giving an opportunity of hearing to the appellant. In the circumstances of the case, parties shall bear their own costs."

2. Aforesaid SAT Appeal no. 798 of 2021 was filed by Mr. Murugavel Karunanidhi before Hon'ble SAT challenging the final order dated October 26, 2021 (hereinafter referred to as "**Final Order**") passed by Securities and Exchange Board of India (hereinafter referred to as "**SEBI**"). The Order dated October 26, 2021 came to be passed by SEBI in the proceedings emanated from two show cause notices dated August 10, 2020 issued to the following entities by SEBI.

Noticee No.	**Name of Noticees**	**PAN**
1.	Info-Drive Software Limited	AAACI9430R
2.	Mr. Jaffer Sadiq Ameer	AMPPJ4894A
3.	Mr. Pramod Manoharlal Jain	AFHPJ5633E
4.	Ms. Smitha Ramchandran	BCTPS0396F
5.	Ms. Lakshmi Sankarakrishnan	ADYPR6395Q
6.	Mr. Murugavel Karunanidhi	AKIPM9312K
7.	Mr. A. S. Giridhar	AFKPG7553D
8.	M/s K. S. Reddy Associates Chartered Accountants	ACMPS1019F

3. The first show cause notice (hereinafter referred to as "**SCN**") was issued to the Noticees to the SCN asking them to show cause as to why suitable directions be issued and/or penalty be not imposed, as deemed fit under Sections 11(1), 11(4),

11(4A), 11A and 11B(1), 11B(2) read with Section 15A(a), 15HA and 15HB of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act, 1992**"), Section 12A(1) and 12A(2) read with Sections 23E and 23H of Securities Contracts (Regulations) Act, 1956 (hereinafter referred to as "**SCRA, 1956**") against them. The second show cause notice was issued by SEBI to M/s K. S. Reddy Associates Chartered Accountants asking them to show cause as to why suitable directions be issued, as deemed fit under Section 11, 11B and 11D of the SEBI Act, 1992 against them. The SCN, *inter alia,* alleged that Info-Drive Software Limited (hereinafter also referred to as "**ISL**" / "**the Company**") had failed to present true and fair financial statements and had executed transactions which are non-genuine in nature tantamounting to misrepresentation of the accounts/ financials statement and misuse of account/ funds of the Company. It was further alleged that the Company had misused funds/ misrepresented books of accounts which are detrimental to the interests of genuine investors and are fraudulent in nature. It was also alleged that the directors and the Chief Financial Officer of the Company had failed to exercise duty of care, by misrepresenting the financials/misusing the funds. The SCN also alleged that the Company and its directors and the Chief Financial Officer failed to present true and fair financial statements, executed transactions which are non-genuine in nature resulting in misrepresentation of the accounts/ financials statement and misuse of account/ funds of the company and such acts were found to be fraudulent in nature as they induced the investors to trade in the securities of the company and had the potential to mislead the investors.

4. On the basis of the same, the SCN alleged that the Company had violated Section 12A (a) (b) & (c) and Section 11(2)(i) and 11(2)(ia) of the SEBI Act,1992 and Regulation 3(b), (c) & (d) and Regulation 4(1) and 4(2) (f) & (r) of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulation, 2003**"), Regulations 4(1) (a), (b), (c), (e) & (g), 4(2)(f)(ii)(6) & (7),

4(2)(f)(iii)(3),(6) & (12), 6(1), 13(3), 16(1)(b)(iv), 17(8), 18(1)(d), 27(2)(a), 30(1), 30(4)(ii), 31(1), 33(1)(d), 33(2)(a), 33(3)(a), 34(1), 46(2)(a)&(b), 46(2)(l) and 48 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 (hereinafter referred to as "**LODR Regulations, 2015**") read with Section 21 of SCRA, 1956. The SCN further alleged that the directors of the company i.e., (i) Mr. Jaffer Sadiq Ameer, (ii) Mr. Pramod Manoharlal Jain, (iii) Ms. Smitha Ramchandran, (iv) Ms. Lakshmi Sankarakrishnan, (v) Mr. Murugavel Karunanidhi, and the Chief Financial Officer (hereinafter referred to as "**CFO**") of the company i.e. (vi) Mr. A. S. Giridhar have violated Section 12A(a) (b) and (c) and Section 11(2)(i) and 11(2)(ia) of the SEBI Act, 1992 and Regulations 3(b), (c) and (d) and Regulations 4(1) and 4(2) (f) and (r) of the PFUTP Regulations, 2003, Regulations 4(1)(a),(b),(c),(e),(g), 4(2)(f)(ii)(6),(7), 4(2)(f)(iii)(2),(3),(6) and (12),Regulation 6(1) of LODR Regulations read with Section 27 of SEBI Act, 1992, Regulation 13(3), 16(1)(b)(vi), 17(8), 18(1)(d), 27(2)(a), 30(1), 30(4)(ii), 31(1), 33(1)(d), 33(2)(a), 33(3)(a), 34(1), 46(2)(a)&(b), 46(2)(l) and 48 of LODR Regulations read with Section 21 of SCRA, 1956. SCN 2 has alleged that the statutory auditor has violated Section 12A (a)(b)(c) of the SEBI Act, 1992 and Regulation 3(b) (c) and (d) and Regulations 4(1) and 4(2), (a), (e), (f) and (r) of the PFUTP Regulation, 2003.

5. The following annexures were provided with the SCN:

Annexure no.	**Particulars**
Annexure 1	Interim Order
Annexure 2	Confirmatory Order
Annexure 3	Forensic Audit Report

6. I note that vide Final Order, the Noticee no. 1 to the SCN i.e. the Company, was found to be in violation of Sections 11(2)(i), 11(2)(ia) of SEBI Act, 1992, Section 21 of SCRA, 1956, Regulation 4(1)(a), (b), (c), (e) and (g), 6(1), 13(3), 27(2)(a), 30(1), 30(4)(ii), 31(1), 33(2)(a), 33(3)(a), 33(1)(d), 34(1), 46(2)(a)&(b), 46(2)(l) and 48 of the

LODR Regulations, 2015. Further, Noticees no. 2, 3, 4, 5 and 6 to the SCN have been found to have violated Regulation 4(2)(f)(ii)(6) & (7) and 4(2)(f)(iii)(2), (3), (6) & (12) of the LODR Regulations, 2015. Furthermore, Noticee no. 7 to the SCN was found to be in violation of Regulation 17(8) read with Part B of Schedule II and Regulation 33(2)(a) of the LODR Regulations, 2015. Further, proceedings against M/s K. S. Reddy Associates Chartered Accountants were disposed of for reasons stated in paras 40 and 41 of the Final Order.

7. Subsequently, the Noticee no. 6 (i.e. Mr. Murugavel Karunanidhi) to the SCN filed an appeal against the Final Order and Hon'ble SAT for the reasons reproduced in para 1 above, vide its Order dated January 10, 2022, remanded the matter to SEBI to pass a fresh order after giving an opportunity of hearing to the Noticee no. 6. Hence, the present Order is confined to the Noticee no. 6 to the SCN i.e. Mr. Murugavel Karunanidhi (hereinafter referred to as the "**Noticee**") in the matter of Info-Drive Software Limited.

8. Pursuant to the Order of the Hon'ble SAT dated January 10, 2022, directing SEBI to pass a fresh order after giving an opportunity of hearing to the Noticee, an opportunity of personal hearing was granted to the Noticee on April 01, 2022, however, the Noticee sought an adjournment on the ground of non-availability of legal counsel and hence, the hearing in the matter was adjourned to May 18, 2022. On the scheduled date of hearing, the advocates of the Noticee appeared via videoconferencing and made submissions.

9. The Noticee, vide his reply to the SCN and written submissions has *inter alia* submitted as follows:

a) *At the outset I deny all the allegations, contentions and statements made against me in the show cause notice. I was appointed as Director of the Company with effect from Aug*

01, 2016 and I resigned from the company as a director of the Company with effect from February 17, 2017. A copy of my resignation letter submitted to the Company is enclosed.

b) *The captioned notice mostly deals with up to FY 2016, where I was neither connected with this company nor held any position, most of the allegations mentioned in SCN are much prior to my appointment with this company. Also notice relies upon a forensic audit conducted by certain forensic auditors appointed by BSE, which in turn appears to have been submitted to SEBI. I state that, I resigned much prior to this and not aware of this, also was not consulted or asked to provide any information in connection with this forensic audit. Also, nothing contained or mentioned in forensic audit during my tenure with this company.*

c) *I would further like to submit that I attended one meeting of the Board of Directors during my period that happened in August 2016 for the financial year 2016-17, beyond this I haven't attended or involved in any of the board meetings. Finally I was associated with this company for short period between August 2016 to Feb 2017 and resigned on Feb 2017. I would like to point out that, I was not a signatory in any of the bank accounts nor authorized any transactions during my tenure here, also where I have not played any role in the matters or allegations mentioned in SCN during my tenure with this company.*

d) *I would like to kindly submit that, on the allegations regarding misrepresentations in the financials and books of accounts, loans and advances, borrowings, liability and corporate guarantee etc. in SCN, nothing taken place or happened during my tenure and all these are part of the financials of previous accounting years, I have no idea or comment on this and also, I cannot be held responsible for the same.*

e) *As far as accounts and quarterly reports concerned, to best of my knowledge, company has made up audited accounts for March 31, 2016 (period prior to my joining) and quarterly results during my period of 6 moths for year FY 2016-17 were properly submitted with BSE. Regarding the long term and short term loans advanced by the Company during the financial years 2014-15 and 2015-16 in SCN, I would like to submit that, this is much prior to my tenure and I have no idea or comment on this.*

f) *Regarding the contingent liability for the corporate guarantee given to the subsidiary in Singapore, I would like to kindly submit that, none of this activity taken place during my tenure and I have neither involved nor authorized any of this, also I have no idea or in position to offer any comments on this.*

g) *Regarding alleges mismatch between the figures given to the forensic auditor on October 12, 2017, I would like to mention that I was not associated during this period and have no idea or control on this. Regarding the loans advanced to the subsidiary companies in SCN, I would like to mention that, nothing taken place during my tenure and I have no involved in this acitivity of approved. Regarding the delay in deposit of income tax dies, I would like to submit that this issue pertaining to the financial year 2014, 2015-16 as per annual report, and I have no information on this.*

h) *Regarding allegation failed to exercise duty of care by misrepresenting financial statements or misusing funds of the Company, I would like to mention that, I really deny these allegations. Since only one annual report was prepared i.e. for the year 2015-16 during my tenure which ended in Feb 2017, I cannot be held responsible for the actions of the Company prior to or following the same. Further, I was not a member of the audit committee and did not approve the financials or interact with the auditors. As a member of the Board, I attended only one meeting between August 2016 to Feb 2017. My access to records was therefore very limited, during my tenure no funds raised or misused and I was not signatory to any of the financials or accounts, and on this limited basis, I was not and am not in any position to come to a conclusion as whether any record or statement is fabricated or mis-stated.*

i) *It is humbly submitted that Noticee no. 6 was neither a member of the Audit Committee of the Company and nor approved the financials or interacted with the Auditor of the Company. None of the loan advanced by the Company was approved by Noticee no. 6. A report submitted to SEBI in lieu of the Forensic Audit contains allegations against Noticee no. 6. However, it is an accepted fact of jurisprudence that a director can only be liable for the acts that took place with his knowledge and connivance.*

Consideration of submissions and findings:

10. I have considered the SCN, reply and written submissions received, and submissions made by the Noticee during the personal hearing granted. The SCN alleges the violation of the following provisions of law by the Noticee:

Relevant extract of the provisions of SEBI Act, 1992:

"**Functions of Board.**

11. (1) Subject to the provisions of this Act, it shall be the duty of the Board to protect the interests of investors in securities and to promote the development of, and to regulate the securities market, by such measures as it thinks fit.

(2) Without prejudice to the generality of the foregoing provisions, the measures referred to therein may provide for:

……

(i) calling for information from, undertaking inspection, conducting inquiries and audits of the stock exchanges, mutual funds, other persons associated with the securities market, intermediaries and self-regulatory organisations in the securities market;

(ia) calling for information and records from any person including any bank or any other authority or board or corporation established or constituted by or under any Central or State Act which, in the opinion of the Board, shall be relevant to any investigation or inquiry by the Board in respect of any transaction in securities;

……………………………………………….

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

12A. No person shall directly or indirectly-

(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;

(b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;

(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

…………………………………………………..

Relevant extract of provisions of SCRA, 1956:

"Conditions for listing.

21. Where securities are listed on the application of any person in any recognized stock exchange, such person shall comply with the conditions of the listing agreement with that stock exchange."

Relevant extract of the provisions of PFUTP Regulations, 2003:

"3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

(a) ……..;

(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;

(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;

(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

4. Prohibition of manipulative, fraudulent and unfair trade practices

(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities

(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:-

…..

(f) publishing or causing to publish or reporting or causing to report by a person dealing in securities any information relating to securities, including financial results, financial statements, mergers and acquisitions, regulatory approvals, which is not true or which he does not believe to be true prior to or in the course of dealing in securities;

…..

(r) planting false or misleading news which may induce sale or purchase of securities.

……………………………………."

Relevant extract of the provisions of LODR Regulations:

"**Principles governing disclosures and obligations.**

4. (1) The listed entity which has listed securities shall make disclosures and abide by its obligations under these regulations, in accordance with the following principles:

(a) Information shall be prepared and disclosed in accordance with applicable standards of accounting and financial disclosure.

(b) The listed entity shall implement the prescribed accounting standards in letter and spirit in the preparation of financial statements taking into consideration the interest of all stakeholders and shall also ensure that the annual audit is conducted by an independent, competent and qualified auditor.

(c) The listed entity shall refrain from misrepresentation and ensure that the information provided to recognised stock exchange(s) and investors is not misleading.

(d) …...

(e) The listed entity shall ensure that disseminations made under provisions of these regulations and circulars made thereunder, are adequate, accurate, explicit, timely and presented in a simple language.

(f) …

(g) The listed entity shall abide by all the provisions of the applicable laws including the securities laws and also such other guidelines as may be issued from time to time by the Board and the recognised stock exchange(s) in this regard and as may be applicable.

(2) The listed entity which has listed its specified securities shall comply with the corporate governance provisions as specified in chapter IV which shall be implemented in a manner so as to achieve the objectives of the principles as mentioned below.

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(f) Responsibilities of the board of directors:

The board of directors of the listed entity shall have the following responsibilities:

…….

(ii) Key functions of the board of directors-

……

(6) Monitoring and managing potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions.

(7) Ensuring the integrity of the listed entity's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.

…

(iii) Other responsibilities:

(2) The board of directors shall set a corporate culture and the values by which executives throughout a group shall behave.

(3) Members of the board of directors shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the listed entity and the shareholders.

….

(6) The board of directors shall maintain high ethical standards and shall take into account the interests of stakeholders.

…..

(12) Members of the board of directors shall be able to commit themselves effectively to their responsibilities.

…..

Compliance Officer and his Obligations

6. (1) A listed entity shall appoint a qualified company secretary as the compliance officer.

Grievance Redressal Mechanism.

13. (3) The listed entity shall file with the recognised stock exchange(s) on a quarterly basis, within twenty one days from the end of each quarter, a statement giving the number of investor complaints pending at the beginning of the quarter, those received during the quarter, disposed of during the quarter and those remaining unresolved at the end of the quarter.

Definitions.

16.(1) For the purpose of this chapter , unless the context otherwise requires -

(b) 'independent director' means a non-executive director, other than a nominee director of the listed entity:

(i) ….

(ii)….

(iii)….

(iv)….

(V)….

(vi) who, neither himself, nor whose relative(s) —

(A) holds or has held the position of a key managerial personnel or is or has been an employee of the listed entity or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed:

(B) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —

(1) a firm of auditors or company secretaries in practice or cost auditors of the listed entity or its holding, subsidiary or associate company; or

(2) any legal or a consulting firm that has or had any transaction with the listed entity, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;

(C) holds together with his relatives two per cent or more of the total voting power of the listed entity; or

(D) is a chief executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts or corpus from the listed entity, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the listed entity;

(E) is a material supplier, service provider or customer or a lessor or lessee of the listed entity;

….

Board of Directors.

17. (8) The chief executive officer and the chief financial officer shall provide the compliance certificate to the board of directors as specified in Part B of Schedule II.

….

Audit Committee.

18.(1) Every listed entity shall constitute a qualified and independent audit committee in accordance with the terms of reference, subject to the following:

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(d) The chairperson of the audit committee shall be an independent director and he shall be present at Annual general meeting to answer shareholder queries.

…………………..

Nomination and remuneration committee.

19.(1) The board of directors shall constitute the nomination and remuneration committee as follows:

(a) the committee shall comprise of at least three directors ;

(b) all directors of the committee shall be non-executive directors; and

(c) at least fifty percent of the directors shall be independent directors.

……………………………….

Other corporate governance requirements.

27. (2) (a) The listed entity shall submit a quarterly compliance report on corporate governance in the format as specified by the Board from time to time to the recognised stock exchange(s) within 15 days from the close of the quarter.

Disclosure of events or information.

30. (1) Every listed entity shall make disclosures of any events or information which, in the opinion of the board of directors of the listed company, is material.

(4) (ii) The listed entity shall frame a policy for determination of materiality, based on criteria specified in this sub-regulation, duly approved by its board of directors, which shall be disclosed on its website.

….

Holding of specified securities and shareholding pattern.

31. (1) The listed entity shall submit to the stock exchange(s) a statement showing holding of securities and shareholding pattern separately for each class of securities, in the format specified by the Board from time to time within the following timelines -

(a) one day prior to listing of its securities on the stock exchange(s);

(b) on a quarterly basis, within twenty one days from the end of each quarter; and,

(c) within ten days of any capital restructuring of the listed entity resulting in a change exceeding two per cent of the total paid-up share capital:

Provided that in case of listed entities which have listed their specified securities on SME Exchange, the above statements shall be submitted on a half yearly basis within twenty one days from the end of each half year.

Financial results.

33. (1) While preparing financial results, the listed entity shall comply with the following:

(d) The listed entity shall ensure that the limited review or audit reports submitted to the stock exchange(s) on a quarterly or annual basis are to be given only by an auditor who has subjected himself /herself to the peer review process of Institute of Chartered Accountants of India and holds a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

……

(2) The approval and authentication of the financial results shall be done by listed entity in the following manner:

(a) The quarterly financial results submitted shall be approved by the board of directors:
Provided that while placing the financial results before the board of directors, the chief executive officer and chief financial officer of the listed entity shall certify that the financial results do not contain any false or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading.

……

(3) The listed entity shall submit the financial results in the following manner:

(a) The listed entity shall submit quarterly and year-to-date standalone financial results to the stock exchange within forty-five days of end of each quarter, other than the last quarter.

Annual Report.

34. (1) The listed entity shall submit the annual report to the stock exchange within twenty one working days of it being approved and adopted in the annual general meeting as per the provisions of the Companies Act, 2013.

Website.

46. (2) The listed entity shall disseminate the following information on its website:

(a) details of its business;

(b) terms and conditions of appointment of independent directors;

……

(l) financial information including:

(i) notice of meeting of the board of directors where financial results shall be discussed;

(ii) financial results, on conclusion of the meeting of the board of directors where the financial results were approved;

(iii) complete copy of the annual report including balance sheet, profit and loss account, directors report, corporate governance report etc;

Accounting Standards.

48. The listed entity shall comply with all the applicable and notified Accounting Standards from time to time.

11. Before proceeding on the merit of the matter, it will be relevant to discuss the background of the present proceedings.

12. SEBI received a letter no. F. No. 03/73/2017-CL-II dated June 9, 2017 from the Ministry of Corporate Affairs (hereinafter referred to as **"MCA"**) vide which MCA had annexed a list of 331 shell companies for initiating necessary action as per SEBI laws and regulations. MCA had also annexed the letter of Serious Fraud Investigation Office, dated May 23, 2017 which contained the list of shell companies along with their inputs. SEBI, vide its letter dated August 07, 2017, had advised stock exchanges i.e. BSE, NSE and MSEI to identify the companies listed on their respective exchanges from the said list and initiate the surveillance action/measures stated in the letter.

13. Thereafter, BSE vide notice dated August 7, 2017 issued to all its market participants-initiated actions envisaged in the SEBI letter dated August 7, 2017 in respect of all the listed companies, as identified by MCA and communicated by SEBI, with effect from August 8, 2017. On August 09, 2017, SEBI further advised the Exchanges to submit a report after seeking auditor's certificate, from all such listed companies, providing the status of certain aspects of these companies like compliance with Companies Act, whether company is a going concern and its business model, status of compliance with listing requirements, etc. Vide its letter dated August 17, 2017, ISL made a representation to SEBI in respect of surveillance measures initiated by BSE.

14. In the meantime, aggrieved by the aforesaid letters/notice dated August 7, 2017 issued by SEBI and BSE, ISL filed an appeal No. 197 of 2017 before Hon'ble Securities Appellate Tribunal, Mumbai (hereinafter referred to as "**SAT**"). Hon'ble SAT vide order dated August 23, 2017 directed the following:

> "2. As the appellant has already made a representation to SEBI against the said ex-parte order dated 7th August, 2017, Counsel for the appellant on instruction seeks to withdraw the appeal with liberty to pursue the representation filed before SEBI. Accordingly, we permit the appellant to withdraw the appeal with liberty to pursue the representation pending before SEBI.
> 3. SEBI is directed to dispose of the representation made by the appellant as expeditiously as possible and in any event within a period of three weeks from today. It is made clear that passing of any order on the representation made by the appellant would not preclude SEBI from further investing the matter and initiate appropriate proceedings if deemed fit."

15. Pursuant to above mentioned SEBI letter dated August 9, 2017, BSE had submitted its report on August 31, 2017. In compliance with the aforesaid order dated August 23, 2017 passed by Hon'ble SAT, after hearing ISL, SEBI passed an interim order dated September 13, 2017 (hereinafter referred to as "**interim order**") wherein following directions were issued:

"……………………………

i. The trading in securities of ISL shall be reverted to XD group of BSE with applicable price band.
ii. Exchange shall appoint an independent auditor to conduct forensic audit of ISL for verification, including the credentials/financials of ISL.
iii. The promoters and directors in ISL are permitted only to buy the securities of ISL. The shares held by the promoters and directors in ISL shall not be allowed to be transferred for sale by depositories.
iv. The other actions envisaged in SEBI's letter dated August 07, 2017 in para 1 (d) as may be applicable, and the consequential action taken by Stock Exchanges shall continue to have effect against ISL

………………………………………..."

16. A forensic auditor BDO India Limited, was appointed by BSE vide letter dated January 09, 2019 to conduct forensic audit of ISL, as directed in the interim order. Vide order dated November 30, 2018, SEBI confirmed the directions issued in the interim order and also directed that the audit shall continue. On July 04, 2019, forensic auditor appointed by BSE submitted a Forensic Audit Report (hereinafter referred to as "**FAR**") to BSE. Thereafter, based on the FAR which was forwarded by BSE to SEBI on June 17, 2019, SEBI carried out an investigation in the matter. Based on the findings of investigation, SCN was issued and subsequently, the Final Order was passed in the matter.

17. I observe that in the SCNs, the allegations against the Noticee flows from the allegations against the Company. The Noticee has been charged in his capacity as director of ISL. Therefore, various allegations made against ISL in the SCN were examined to find out as to whether the violations alleged in the SCN against ISL have been made out so as to determine liabilities of the Noticee, which is flowing from violations alleged against ISL in the SCN. The main allegations against the Company as contained in the SCN, are as given below:

    j) It is alleged in the SCN that the details of the policy for (i) determination of materiality (ii) familiarization programs to independent directors and (iii) disseminate the financial information like financial results, annual report, shareholding pattern and corporate governance for FY 2016-17 and FY 2017-18 are not available on the company website. This is alleged to be in violation of Regulation 30(4)(ii), Regulation 46(2)(a)&(b) and Regulation 46(2)(l) of LODR Regulations.
    k) It is alleged in the SCN that the management of ISL failed to submit shareholding pattern with in stipulated time of 21 days for quarter ended

December 2017. This is alleged to be in violation of regulation 31(1) of LODR Regulations.

l) It has been alleged in the SCN that the management of ISL has failed to submit annual report to stock exchange for FY 2016-17 and FY 2017-18. This is alleged to be in violation to Regulation 34(1) of LODR Regulations.

m) The SCN alleges that the management of ISL has failed to file summary of grievances to stock exchange for quarter ending Dec-17 & March-18 in the electronic form. This is alleged to be in violation to Regulation 13(3) of LODR Regulations.

n) The SCN alleges that the management of ISL has failed to file a quarterly compliance report on corporate governance for quarter ending March 2018 in the electronic form. This is alleged to be in violation to Regulation 27(2)(a) of LODR Regulations.

o) The SCN alleges that the management of ISL has failed to file Quarterly financial result for quarter ending March 2018 in the electronic form. This is alleged to be in violation to Regulation 33(3)(a) of LODR Regulations.

p) The SCN alleges that the statutory auditor of the Company M/s K.S Reddy Associates did not have valid peer review certificate as issued by peer review board of Institute of Chartered Accountants of India (ICAI). This is alleged to be in violation of Regulation 33(1)(d) of LODR Regulations.

q) The SCN alleges that it was updated on the BSE website that Mr. Ajay Mehta Kantital resigned from the post of Company Secretary on September 14, 2017. The company has not updated information regarding appointment of new compliance officer on the website of the exchange. Hence the company has not appointed compliance officer and is alleged to have violated Regulation 6(1) of LODR Regulations.

r) The SCN alleges that on analysis of cash flow for the financial year 2015-16, various inconsistencies were observed.

s) It was alleged that the Long-term & short-term loans and advances for the FY 2014-15 and the FY 2015-16 are fetching very nominal rate of interest around 1.33% (the interest income earned and other income together is Rs. 113.95 lakhs for an amount of Rs. 8553.4 lakhs) which is unusual and raises concerns over the genuineness of these loans and advances given.

t) The SCN has alleged that during the FY 2015-16 the Company had taken long-term borrowings and short-term borrowings of Rs. 11,526.20 lakhs and Rs. 275.81 lakhs from body corporates and banks respectively. However, the Company has paid very miniscule interest on these borrowings which creates suspicion on the nature of these borrowings (the rate of interest calculated based on the figures is around 0.08%). Further, the Company has not provided any disclosure in financial statements regarding the purpose of borrowings, rate of borrowings and details of lenders.

u) The SCN alleges that the Company failed to provide required supporting documents as sought by the forensic auditor.

v) The SCN alleges that the company failed to mention complete information regarding corporate guarantee under the head contingent liability in notes to accounts in consolidated financial statement. Also that the Company has not mentioned it under standalone financial statements for FY 2015-16. Hence, it is alleged that the Company has violated Accounting standard 29 Provisions, Contingent Liabilities and Contingent Assets.

w) The SCN has alleged that there were discrepancies between the consolidated cash flow statement for FY 2015-16 submitted by ISL vide its reply dated October 12, 2017 and the consolidated cash flow statement for FY 2015-16 available in public domain i.e. on BSE website.

x) It is alleged that the Company has not provided any documentary evidence such as resolutions passed by Board of Directors and/or minutes of the respective meetings, terms of loans, bank statements highlighting receipt / payment to the subsidiaries, agreements, etc., for granting the loans and advances to subsidiaries as of March 2015 and March 2016.

y) It is alleged that the Company has made misrepresentation of their claim of revival of operations of its US subsidiary in the Annual Report 2015-16 in violation of Regulation 4(1)(c) of the LODR Regulations.

z) The SCN alleges that it was observed in the reserves & surplus note (4) point (c) of consolidated financial statements that the closing surplus i.e. on March 31, 2015 & opening surplus as at April 01, 2015 are not matching.

aa) It is alleged that the financials of the Malaysian subsidiary were not consolidated for the year ended March 31, 2016 and consequently the assets and liabilities and the consequent goodwill on consolidation did not form part of the consolidated financial statements for the year ended March 31, 2016. Hence, it was alleged that the Company has failed to comply with Regulation 4(1)(a) and (c) of the LODR Regulations.

bb) The SCN alleges that Mr. V. N. Seshagiri Rao has been mentioned as director in the annual reports for FY 2012-13, and therefore, he cannot have been appointed as an independent director as he was in a "pecuniary relationship" with the Company in the FY 2012-13. Hence, it was alleged that the Company has violated Regulation 16(1)(b)(iv) of the LODR Regulations by appointing Mr. V. N. Seshagiri Rao as an Independent director in the Company for the FY 2015-16.

cc) The SCN alleges that the gross margins % for FY 2015-16 was found to be far less than the normal industry margins. This gives an impression that Company's operations are not yielding any benefit to shareholders.

18. Vide the Final Order, it was held that the Company has *inter alia* not prepared cash flow statement in accordance with Accounting standards, charged very little interest on long and short term loans, not provided supporting documents for high value bank transactions, failed to disclose the change of address, failed to mention complete

information regarding corporate guarantees under the head contingent liability in notes to accounts in its consolidated financial statements, mismatch in cash flow statements with respect to investment in subsidiaries, failed to provide supporting documents for loans given to subsidiary companies, mismatch in closing and opening balances of reserves and surplus and made contradictory statements with respect to provision for payment of gratuity. In the Final Order, the Company was found to be in violation of Sections 11(2)(i), 11(2)(ia) of SEBI Act, 1992, Section 21 of SCRA, 1956, Regulation 4(1)(a), (b), (c), (e) and (g), 6(1), 13(3), 27(2)(a), 30(1), 30(4)(ii), 31(1), 33(2)(a), 33(3)(a), 33(1)(d), 34(1), 46(2)(a)&(b), 46(2)(l) and 48 of the LODR Regulations, 2015.

19. The SCN alleged that the Noticee, as the director of the Company, has violated Section 12A(a), (b) and (c) of the SEBI Act, 1992 and Regulations 3(b), (c) and (d) and Regulations 4(1) and 4(2) (f) and (r) of the PFUTP Regulations, 2003. The Final Order observed that in view of the facts and circumstances of the case, the allegations of violation of Section 12A(a), (b) & (c) of the SEBI Act, 1992 and provisions of PFUTP Regulations, 2003 were not tenable. The same findings applies *qua* the Noticee herein also as far as allegation of violations of Section 12A(a), (b) and (c) of the SEBI Act, 1992 and Regulations 3(b), (c) and (d) and Regulations 4(1) and 4(2) (f) and (r) of the PFUTP Regulations, 2003, are concerned.

20. The SCN also alleged that the Noticee, as the director of the Company, has violated Regulations 4(1)(a),(b),(c),(e),(g), 4(2)(f)(ii)(6),(7), 4(2)(f)(iii)(2),(3),(6) and (12), Regulation 6(1) of LODR Regulations, 2015 read with Section 27 of SEBI Act, 1992, Regulations 13(3), 16(1)(b)(vi), 17(8), 18(1)(d), 27(2)(a), 30(1), 30(4)(ii), 31(1), 33(1)(d), 33(2)(a), 33(3)(a), 34(1), 46(2)(a)&(b), 46(2)(l) and 48 of LODR Regulations, 2015 read with Section 21 of SCRA, 1956. For the aforesaid violations, the Noticee has also been called upon to show cause as to why suitable directions be not issued and/or penalty be not imposed as deemed fit under Sections 11(1), 11(4), 11(4A),

11B(1) and 11B(2), read with Sections 15A(a), 15HA, 15HB of the SEBI Act. 1992, Section 12A(1) and 12A(2) of SCRA, 1956 read with Sections 23E and 23H of SCRA, 1956, upon him.

21. The Noticee, has submitted that he was appointed as director of the Company with effect from August 01, 2016 and resigned from the Company with effect from February 17, 2017. I note that both the date of joining and the date of resignation, as claimed by the Noticee, do not match with the Corporate Announcements made by ISL. I note that on July 26, 2016, ISL made an Exchange disclosure that the board of ISL by circular resolution dated July 25, 2016, have appointed the Noticee as the Additional Director with effect from July 25, 2016. Vide another disclosure dated August 31, 2016, ISL announced that its board of directors in the meeting dated August 31, 2016, have resolved to appoint the Noticee as the Executive Director and CFO of ISL with effect from August 31, 2016. Similarly, vide the Corporate Announcement dated May 30, 2017, ISL had disclosed to the stock exchange that the board of directors of ISL have accepted the resignation of the Noticee from the position of Executive Director and CFO of ISL with effect from May 30, 2017. Thus, I note that the claims of the Noticee in respect of his date of joining and date of resignation, do not match with the official records of the Company. Moreover, the Noticee fails to provide any proof in respect of his date of joining in ISL. I also note that the Noticee has alongwith his reply, enclosed a copy of the resignation letter dated February 17, 2017 which is addressed to the board of ISL, however, I do not find any proof of delivery of the said letter to the board of ISL. Thus, whether this letter was actually received by the board of ISL remains not proved. Further, it is pertinent to note that under Section 168(1) of the Companies Act, 2013 read with Rule 16 of the Companies (Appointment and Qualification of Directors) Rules, 2014, it is the obligation of the director to intimate his resignation from a company to the registrar of companies, by filling the eform DIR 11. However, I do not find any copy of eform DIR 11, being produced by the Noticee before me which mentions the date

of resignation as February 17, 2017. Nonetheless, even if presuming that the Noticee tendered his resignation on February 17, 2017, however, the same came to be accepted by the board of ISL only with effect from May 30, 2017. Thus, the Noticee continued to be the executive director and CFO of ISL upto May 30, 2017. I also note that the Noticee has not disclosed in his reply to the SCN that he was also the CFO of ISL for the period from August 31, 2016 to May 30, 2017.

22. The Noticee has contended that the SCN mostly deals with allegations up to the period of FY 2015-2016, when he was neither connected with the Company nor held any position, hence, most of the allegations mentioned in SCN are much prior to his appointment with the Company. I partly agree with this contention of the Noticee, to the extent that the allegations in respect of misrepresentation of financials and misuse of books of accounts are relating to the FY 2015-16, when the Noticee was not appointed as director in ISL. However, I note that the allegations in respect of non-compliance of provisions of disclosure under LODR Regulations, 2015, during the FY 2016-17, still remains *qua* the Noticee. I note that the Noticee was the only Executive Director on the board of ISL during the period from August 31, 2016 to May 30, 2017. As observed in the Final Order, ISL had failed to comply with the disclosure requirements. Considering the tenure of the Noticee in ISL, I note that the liability of the Noticee needs to be evaluated vis-a-vis each of the non-compliance of LODR Regulations, 2015 by the Company.

(i) The Final Order has observed that ISL has violated Regulation 30(4)(ii), 46(2)(a) & (b) and 46(2)(l) of the LODR Regulations, 2015, relating to non-disclosure on its website, the policy for determination of materiality, details of familiarization programs imparted to independent directors, financial information like financial results, annual report, shareholding pattern and corporate governance report for the FY 2016-17 and 2017-18. I note that the Noticee was the only executive director on the board of ISL and the Noticee was also the CFO of ISL during the period from September 2016 to May 2017 and these alleged non-compliance of non-disclosure were observed during his tenure.

(ii) The Final Order has observed that ISL has violated Regulation 34(1) of LODR Regulations, 2015 by failing to timely disclose the shareholding pattern within stipulated time of 21 days for the quarter ended December 2017. I note that the Noticee had resigned from the board of ISL with effect from May 30, 2017. Thus, I find that the alleged violation does not fall during the currency of his directorship, therefore, the question of the Noticee being held liable does not arise.

(iii) The Final Order has held that ISL has failed to submit the annual report to the stock exchanges for FY 2016-17 and FY 2017-18 in violation of Regulation 34(1) of LODR Regulations, 2015. I note that the Annual Report is prepared and dispatched alongwith the notice of the AGM. For the FY 2016-17, the last date for holding of the AGM was September 30, 2017. Thus, the Annual Report for FY 2016-17, should have been prepared and disclosed on the stock exchange at the last by September 09, 2017. I note that the Noticee had resigned from ISL on May 30, 2017, therefore, I find that he cannot be held responsible for this violation.

(iv) The Final Order has found that ISL has failed to file summary of grievances to stock exchange for quarter ending Dec-17 & March-18 in the electronic form, thereby violating Regulation 13(3) of LODR Regulations, 2015. I note that the Noticee had resigned from ISL in May 2017, therefore, the alleged violation is subsequent to the resignation of the Noticee from ISL. Thus, no adverse inference can be drawn.

(v) The Final Order has found that ISL has failed to file a quarterly compliance report on corporate governance for quarter ending March 2018 in the electronic form, thereby violating provision of Regulation 27(2)(a) of SEBI LODR Regulations, 2015. I note that the Noticee had resigned from ISL in May 2017, therefore, the alleged violation is subsequent to the resignation of the Noticee from ISL. Thus, no adverse inference can be drawn.

(vi) The Final Order has found that statutory auditor of ISL, M/s K.S Reddy Associates did not have valid peer review certificate as issued by peer review board of ICAI. Thus, ISL was alleged to have violated Regulation 33(1)(d) of LODR Regulations, 2015. I note that the AGM of ISL was held on September 30, 2016. In the said AGM, M/s. K.S. Reddy Associates was ratified to be the Statutory Auditor of ISL for the FY 2016-17. Thus, I note that the ratification of appointment of the Statutory Auditor took place, (despite the Statutory Auditor not possessing a valid peer review certificate) when the Noticee was the only Executive Director on the board of ISL and the CFO of ISL.

(vii) The Final Order has held that ISL has failed to appoint a Company Secretary, even after the resignation of Mr. Ajay on September 14, 2017, hence, the Final Order has concluded that ISL has violated Regulation 6(1) of LODR Regulations, 2015. I note that the aforesaid violation is subsequent to the resignation of the Noticee from ISL, thus, no adverse inference can be drawn qua the Noticee.

23. In view of the above, I note that the following violations by ISL took place during the tenure of the Noticee:

(i) Violation of Regulations 30(4)(ii), 46(2)(a) & (b) and 46(2)(l) of the LODR Regulations, 2015, relating to non-disclosure on its website, the policy for determination of materiality, details of familiarization programs imparted to independent directors, financial information like financial results, annual report, shareholding pattern and corporate governance report for the FY 2016-17.

(ii) Violation of Regulation 33(1)(d) of LODR Regulations, 2015 by ISL for failing to appoint a Statutory Auditor who possesses a peer review certificate from ICAI.

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24. I note that the Noticee was the only Executive Director on the board of ISL during the period from August 31, 2016 to May 30, 2017. Thus, I find that the Noticee has failed in his duty to act diligently and oversee that adequate disclosures are made to the stock exchange on timely basis. Therefore, I find that the Noticee has violated provisions of Regulation 4(2)(f)(iii)(3) and 4(2)(f)(iii)(12) of LODR Regulation, 2015. For the aforesaid violations, I find that the Noticee is liable for imposition of appropriate penalty under Section 15HB of the SEBI Act, 1992 and appropriate directions under Section 11B(1) of the SEBI Act, 1992.

25. I note that Noticee has claimed that he has attended only one board meeting during his tenure as the director of ISL. I note that there is no evidence available on record and neither has the Noticee produced any such evidence to prove this fact. Nonetheless, the factum of the Noticee attending only one board meeting is irrelevant for the purpose of these proceedings, since it is already brought out in the preceding paragraphs that the Noticee was the only Executive Director on the board of ISL and thus, involved in the day to day affairs of ISL.

26. For imposition of penalty under the provisions of the SEBI Act, 1992, Section 15J of the SEBI Act, 1992 provides as follows:

"Factors to be taken into account while adjudging quantum of penalty.

> 15J. While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely: —
>
> (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;
>
> (b) the amount of loss caused to an investor or group of investors as a result of the default;
>
> (c) the repetitive nature of the default.
>
> Explanation. — For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section."

27. I find that SCN does not mention the amount of disproportionate gain or unfair advantage made as a result of the default. I find that SCN does not indicate the amount of specific loss caused to investors or group of investors as a result of the default by the Noticee. I note that Noticee was the director in ISL for ten months, out of which he was the Executive Director in ISL for a period of nine months. I also note that in the Final Order, the Noticee was visited with penalty of Rs. 15 Lakhs and debarment from the securities market for a period of one year. However, I have now considered the reply of the Noticee and the tenure of the Noticee in ISL as discussed in para 21 above. I note that the Final Order was set aside qua the Noticee, by the Hon'ble SAT on January 10, 2022. Thus, effectively, the Noticee has already undergone a debarment for a period of 76 days. Therefore, I note that a penalty of Rs. Five lakhs and a further debarment from the securities market for a period of 45 days, should meet the ends of justice, in the facts and circumstances of this case.

<u>Directions:</u>

28. 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 Section 11(1), 11(4),

11(4A), 11A and 11B(1), 11B(2) of SEBI Act, 1992 and Section 12A(1) of SCRA, 1956 read with Section 19 and Rule 5 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, hereby direct that:

(i) The Noticee 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 forty five (45) days, from the date of coming into force of this order;

(ii) The Noticee is hereby imposed with, the penalty of Rs. 5 Lakhs (Rupees Five Lakhs only), under Section 15HB of the SEBI Act, 1992. The Noticees shall remit / pay the said amount of penalties within 45 days from the date of receipt of this order. The Noticee shall remit / pay the said amount of penalty through either by way of Demand Draft in favour of “SEBI - Penalties Remittable to Government of India”, payable at Mumbai, or through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of Chairman/ Members -> PAY NOW. In case of any difficulties in online payment of penalties, the said Noticee may contact the support at portalhelp@sebi.gov.in. The demand draft or the details/ confirmation of e-payment should be sent to "The Division Chief, CFID-2, Securities and Exchange Board of India, SEBI Bhavan II, Plot no. C-7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051” and also to e-mail id:- tad@sebi.gov.in in the format as given in table below:

Case Name	
Name of Payee	
Date of Payment	
Amount Paid	

Transaction No.	
Payment is made for: (like penalties/ disgorgement/ recovery/ settlement amount/ legal charges along with order details)	

29. The obligation of the Noticee, 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, 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.

30. This Order comes into force with immediate effect.

31. This Order shall be served on the Noticee, Recognized Stock Exchanges, Depositories and Registrar and Share Transfer Agents of Mutual Funds to ensure necessary compliance.

Sd/-

Place: Mumbai **ANANTA BARUA**

Date: November 25, 2022 **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA