

SECURITIES AND EXCHANGE BOARD OF INDIA

IMPOUNDING ORDER

UNDER SECTION 19 READ WITH SECTIONS 11(1), 11(4)(d), 11 (4A) AND SECTION 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH REGULATION 10 OF THE SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015

IN THE MATTER OF INFIBEAM AVENUES LIMITED.

In respect of:

Sr. No.	NOTICEE(S)	PAN
1.	Infinium Motors (Gujarat) Pvt. Ltd	AAACI9058D
2.	Shah Dhiren Mahendrakumar (HuF)	ABBHS0132B
3.	Amee Dhiren Shah	BMIPS9852B
4.	Affluence Fincon Service (P) Ltd.	AAHCA7554R

BACKGROUND:

- Securities and Exchange Board of India (“SEBI”) had conducted an investigation in the scrip of Infibeam Avenues Ltd. (“Company”/“IAL”) for the period November 22, 2016 to June 26, 2017 (“Investigation Period”) to ascertain whether suspected entities had traded in the scrip while in possession of unpublished price sensitive information (“UPSI”), in contravention of the provisions of the SEBI Act, 1992 (“SEBI Act”) read with the SEBI (Prohibition of Insider Trading) Regulations, 2015 (“Insider Trading Regulations, 2015”).
- Infibeam Avenues Ltd. (formerly known as Infibeam Incorporation Limited) is a company registered under the Companies Act, 1956 and its shares are listed on BSE Limited (“BSE”) and the National Stock Exchange of India Ltd (“NSE”).
- The details of Board of Directors during the investigation period are as follows:

Table -1 Management of the Company	
Director Name	Designation
Mr. Ajit Mehta	Chairman
Mr. Vishal Mehta	Managing Director

Mr. Malav Mehta	Non-Executive Director
Mr. Vishwas Patel	Executive Director
Mr. Keyoor Bakshi	Independent Director
Mr. Roopkishan Dave	Independent Director
Ms. Vijaylaxmi Sheth	Independent Director
Mr. Piyushkumar Sinha	Independent Director

4. The shareholding pattern of IAL for various quarters prior to, during and subsequent to the Investigation Period is provided below –

Table -2 Shareholding Pattern									
Year end	15-16			16-17			17-18		
Name of the Share Holder	No. of share holders	No. of shares held	% of total number of shares held	No. of share holders	No. of shares held	% of total number of shares held	No. of share holders	No. of shares held	% of total number of shares held
Promoters (A)	17	24455523	45.06	18	246870230	45.48	18	246888230	45.49
Public Shareholding (B)	5424	29822816	54.94	10913	295913160	54.52	13883	294405460	54.24
Non Promoter Non Public(C)	0	0	0	0	0	0	1	1489700	0.27
Total Share capital (A+B+C)	5441	54278339	100	10931	542783390	100	13902	542783390	100

Source: www.bseindia.com

5. The quarterly financial results of IAL for various quarters prior to, during and subsequent to the Investigation Period is provided below –

(In Rs. lakh)

Table-3 Financial Results									
Description	Year Ended			Quarter Ended					
	15-16	16-17	17-18	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
Net sales	33614.2	44043.70	83932.00	11437.3	10245.0	18413.0	18413.0	20141.0	21270.0
Other Income	80.80	90.40	3133.00	29.60	26.20	55.00	55.00	23.00	78.00
Total income	33695.0	44134.10	87065.00	11466.9	10271.2	18468.0	18468.0	20164.0	21348.0
Profit after tax	866.10	4353.40	8883.00	799.80	1271.20	1972.00	1972.00	2183.00	3103.00

The Company had registered profit of Rs. 8883.00 Lakh during the financial year ended 2017-18. Further, both net sales and net profit increased during the financial year 2017-18 in comparison to financial year 2015-16 and 2016-17.

6. On June 26, 2017 (exchange holiday), IAL made a corporate announcement on the stock exchange platform that a Board of Directors Meeting was to be held on July 13, 2017 to consider and approve (i) sub-division/split of equity shares of the Company and (ii) Infibeam Stock Appreciation Rights Scheme, 2017. The last trading day prior to the announcement was June 23, 2017 since June 24, 25 and 26 were trading holidays.

7. The price of the shares of IAL on June 23, 2017, i.e. the trading day prior to the date on which the announcement was made, and on June 27, 2017, i.e. the succeeding trading day were as under:

Table -4 Impact of Corporate announcement						
Exchange	Date	Opening Price (₹)	High Price (₹)	Low Price (₹)	Closing Price (₹)	Number of shares traded
BSE	23/06/17	1044.75	1045.95	1024.2	1033.95	107536
	27/06/17	1039.95	1059.4	1035.6	1049.05	120135
NSE	23/06/17	1,041.00	1,049.90	1,025.00	1,036.85	620121
	27/06/17	1,032.00	1,059.90	1,032.00	1,049.85	560521

8. It can be noted from the above table that the Corporate Announcement made by the Company had a positive price impact and the closing price of the scrip at BSE and NSE was Rs.1049.05 and Rs.1049.85 respectively on June 27, 2017 i.e. an increase by 1.46 % and 1.25% respectively. There was also an increase in trading volume at BSE by 11.71% and at NSE by 9.61% on June 27, 2017.

Unpublished Price Sensitive Information (UPSI)

9. The term "unpublished price sensitive information" has been defined in Regulation 2(1)(n) of SEBI (PIT) Regulations, 2015 as under:

"unpublished price sensitive information" means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following: –

- (i) financial results;*
- (ii) dividends;*
- (iii) change in capital structure;*
- (iv) mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;*
- (v) changes in key managerial personnel; and*
- (vi) material events in accordance with the listing agreement.*

NOTE: It is intended that information relating to a company or securities, that is not generally available would be unpublished price sensitive information if it is likely to materially affect the price upon coming into the public domain. The types of matters that would ordinarily give rise to unpublished price sensitive information have been listed above to give illustrative guidance of unpublished price sensitive information.

10. The announcement made by the Company to the stock exchanges on June 26, 2017, informing that the Board will consider a stock split of its equity shares in its meeting to be held on July 13, 2017 is considered UPSI in the present matter in terms of Regulation 2(1)(n) of SEBI (PIT) Regulations, 2015.

Chronology of Events

11. As per the information/documents provided by the Company during the investigation, the chronology of events leading up to the aforesaid corporate announcement is as under –

Table- 5 Chronology of Events		
SN	Date	Event
1.	22.11.2016	Initial introduction and understanding of stock split concept with advantages and disadvantages and with real life examples.
2.	20.03.2017	Analysed budget for next fiscal, along with sensitivity analysis to many scenarios including impact of share split. Review impact of Goods and Services Tax (“GST”) on economy and business budget.
3.	24.06.2017	It was discussed and proposed that since the Board meeting was going to be held in July, 2017 for approval of SAR Scheme and the Scheme of Merger, it would be better to include an agenda item on split of equity shares and process to be followed for discussion of split ratios and consideration of the entire Board. Main objective was to improve the liquidity of equity shares with higher floating stocks and to make the equity shares more affordable to the investors.
4.	26.06.2017	Announcement related to split of equity shares to be discussed in Board meeting.
5.	26.06.2017	Trading window closure for directors, promoters, KMP(s), employees and other connected persons
6.	27.06.2017- 15.07.2017	TRADING WINDOW CLOSURE
7.	28.06.2017	Sent the notice and agenda of meeting to directors of the company
8.	13.07.2017	1. Subject to the approval of the members of the Company: a) Split / Sub Division of Equity Shares of the Company from existing Face Value of Rs. 10/- (Rupees Ten Only) per Equity Share to Face Value of Rs. 1/- (Rupee One Only) per Equity Share.

		b) Alter the Capital Clause of Memorandum of Association, in connection with the split of shares. 2. To convene an Extra Ordinary General Meeting of the Members of the Company on Friday, August 11, 2017 at 11.30 a.m. at S – 3 & 5 Hall, Ground Floor, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, IIM – A Road, Vastrapur, Ahmedabad – 380 015 for above referred matters.
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Period of UPSI

12. Based on the chronology of events, it can be noted that the UPSI came into existence on Nov 22, 2016 i.e. the date when there was initial introduction and understanding of stock split concept with advantages and disadvantages and real life examples were presented by CFO. Thus, the UPSI period is determined to be from November 22, 2016 to June 26, 2017.

Insiders:

13. Regulation 2(1)(g) of the Insider Trading Regulations defines the term ‘insider’ as under,-

“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 he could not access or that his trading when in possession of such information was squarely covered by the exonerating circumstances.*

14. As per Regulation 2(1)(d) of the Insider Trading Regulations, “connected person” has been defined as,-

- “(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 with the following categories shall be deemed to be connected persons unless the contrary is established –*
- (a)*
 - (b)...*
 - (c)...*
 - (d)...*
 - (e)...*
 - (f)...*
 - (g)...*
 - (h)...*
 - (i)...*
 - (j) a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of a company or his immediate relative or banker of the company, has more than ten per cent. of the holding or interest;*

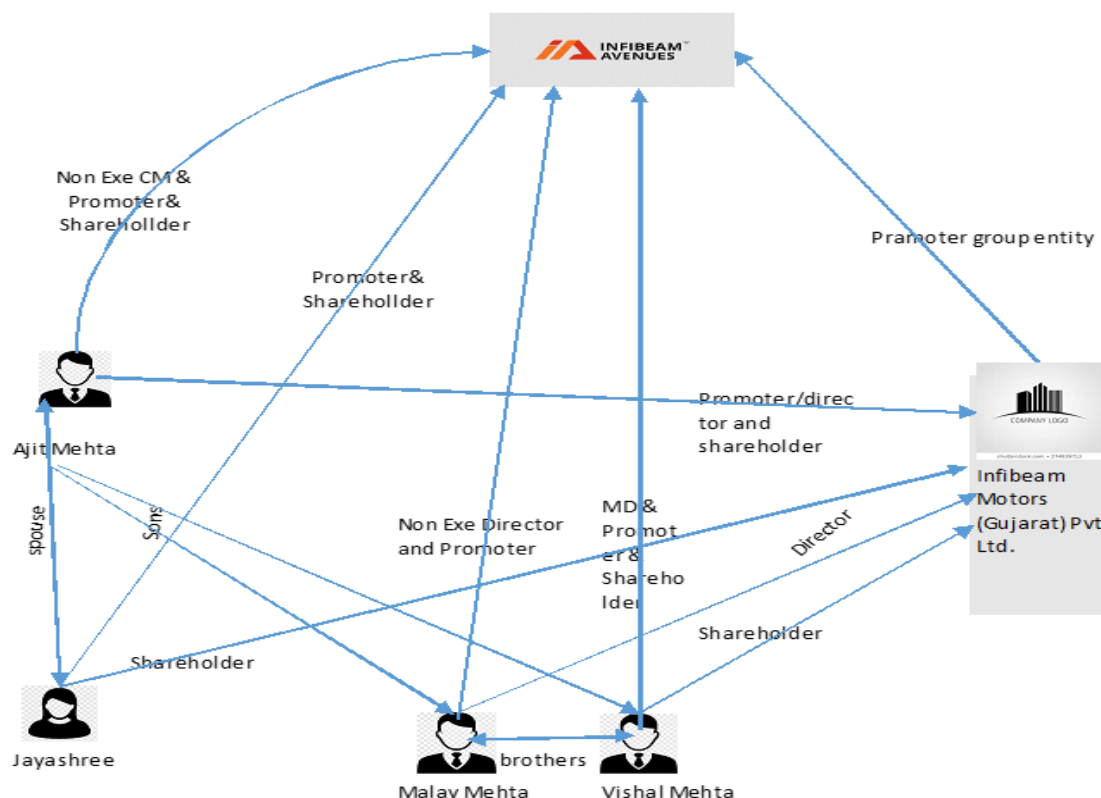
NOTE: *It is intended that a connected person is one who has a connection with the company that is expected to put him in possession of unpublished price sensitive information. Immediate relatives and other categories of persons specified above are also presumed to be connected persons but such a presumption 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.”

15. SEBI had sought information from IAL and certain other entities regarding details of persons including Promoters/Directors/Employees and/or any other persons who were having access to and/or in possession of the information pertaining to the composite scheme. On the basis of information received from the aforementioned entities and having regard to the investigation conducted by SEBI in light of the provisions of the Insider Trading Regulations, 2015, Vishal Mehta was identified as an ‘Insider’.
16. Vishal Mehta was the Managing Director of the Company during the investigation period and, as such, is connected to the Company and was reasonably expected to have access to the UPSI. Therefore, Vishal Mehta is considered to be an ‘Insider’ in terms of Regulation 2(1)(g)(ii) of the Insider Trading Regulations, 2015.
17. The Investigation noted that the suspected entities viz. Infinium Motors (Gujarat) Pvt. Ltd. (IMGPL), Shah Dhiren Mahendrakumar HUF, Amee Dhiren Shah and Affluence Fincon Service (P) Ltd. had traded in the scrip of IAL during the UPSI period.

Relationship of Infinium Motors (Gujarat) Pvt. Ltd with insider Vishal Mehta.

18. Vishal Mehta, who is a promoter and also the Managing Director of Infibeam Avenues Ltd., is the brother of Malav Mehta, who is a director of Infinium Motors (Gujarat) Pvt. Ltd. (“IMGPL”), a group company of IAL. Vishal Mehta and Malav Mehta are sons of Ajit Mehta, Chairman of IAL, and Jayashree Mehta, Promoter and shareholder of IAL and also shareholder of IMGPL. The connection is diagrammatically shown below:



19. It can be noted that IMGPL is a group company of IAL and Malav Mehta, director in IMGPL, who is authorized to trade on behalf of IMGPL, is also a non-executive director of IAL and brother of Vishal Mehta, MD of IAL and a person who was privy to the UPSI. It is, therefore, noted that by virtue of the said connections, IMGPL falls with the category of deemed to be a connected person as per Regulation 2(1)(d)(ii)(j) of SEBI(PIT) Regulations, 2015 and hence an insider as per Regulation 2(1)(g) of SEBI (PIT) Regulations, 2015.

Relationship of Shah Dhiren Mahendrakumar HUF (“Dhiren HUF”), Amee Dhiren Shah and Affluence Fincon Service (P) Ltd (“Affluence”) (together called as “Dhiren Group”) with IAL / insiders of IAL–

20. Amee D Shah is the wife of Dhiren Shah, Karta of Dhiren Mahendrakumar HUF. Dhiren Shah was a director in Affluence and the person in-charge of making investment

decisions on behalf of Affluence. Hence, Dhiren Shah, Dhiren HUF, Amee Dhiren Shah and Affluence Fincon Service (P) Ltd. were connected to each other.

21. Dhiren Shah stated that IMGPL is the client of their broking firm Affluence. Further, it is submitted that Dhiren Shah and Amee Dhiren Shah were allotted 5,88,235 shares each by IAL @ Rs.425/- during pre-IPO preferential allotment made in 2014 and they continue to hold significant shares of IAL in their accounts.
22. IAL vide its reply dated March 12, 2020, stated in relation to the query on the process followed for contacting prospective allottees for the pre-IPO preferential allotment, that *in certain cases, Mr. Vishal Mehta, Managing Director of the Company, on behalf of the Company, had approached the prospective allottees for making investment in the Company and in case of certain allottees, the prospective allottees had approached the Company for making the investments.*
23. I note that a significant amount - Rs. 49.99 Cr, had been invested by the Dhiren Group in IAL through a pre IPO preferential allotment, and this coupled with Affluence acting as the stock broker for IMGPL's trades in IAL, leads to a prima facie inference that Dhiren Group was connected to the promoters / director / KMPs of IAL and had access to the UPSI. This along with the trading pattern of the entities, i.e. buying significantly during the UPSI period and not trading in any other scrip during the period, leads to a reasonable presumption that the Dhiren Group had traded in the scrip during the investigation period while in possession of the UPSI.
24. In view of the above, it is inferred that Dhiren Mahendrakumar Shah (HUF), Amee Dhiren Shah and Affluence Fincon Service (P) Ltd. are connected persons who were reasonably expected to have access to the UPSI as per Reg. 2(1)(d) of SEBI (PIT) Regulations, 2015 and, hence, are insiders as per Regulation 2(1)(g)(i) of SEBI (PIT) Regulations, 2015 who had traded in the scrip of IAL during the UPSI period.

Trading activity of the suspected entities

25. The summary of trading activity of the suspected entities - IMGPL, Dhiren Mahendrakumar Shah (HUF), Ameer Dhiren Shah and Affluence Fincon Service (P) Ltd. is provided below,-

a) Summary of trading by IMGPL:

Table – 6 Trading of Infinium Motors (Gujarat) Pvt. Ltd				
Trade date(s)	Buy quantity	Weighted Average Purchase value (Rs.)	Sell quantity	Weighted Average Sell value (Rs.)
Prior to UPSI Period (August 1, 2016 to November 21, 2016)				
No trades observed by IMGPL				
During UPSI Period (November 22 2016 to June 26, 2017)				
12-Jun-2017	74,874	7,43,92,794.00	0	0
13-Jun-2017	80,833	8,03,36,336.00	0	0
21-Jun-2017	569	6,08,830.00	0	0
22-Jun-2017	88,000	9,21,14,706.50	0	0
23-Jun-2017	37,858	3,90,08,325.75	0	0
12- 23 Jun-2017	2,82,134	28,64,60,992.25	nil	Nil
Post UPSI period: No trades observed by IMGPL till September 30, 2017				

As seen from the tables above, during UPSI period, IMGPL had bought in a total of 2,82,134 shares of IAL within a two-week period prior to the announcement of the UPSI on the stock exchange platform. No trade by IMGPL was observed in the scrip of IAL in pre-UPSI period from August 1, 2016 to November 21, 2016 and post UPSI period till Sept 30, 2017.

b) Summary of trading by Dhiren Mahendrakumar Shah HuF, Ameer Dhiren Shah and Affluence Fincon Service (P) Ltd (Dhiren Group):

Table – 7 Trading of <u>Dhiren Mahendrakumar Shah HuF, Ameer Dhiren Shah and Affluence Fincon Service (P) Ltd (Dhiren Group)</u>

Trade date(s)	Buy quantity	Weighted Average Purchase value (Rs.)	Sell quantity	Weighted Average Sell value (Rs.)
Prior to UPSI Period (August 1, 2016 to November 21, 2016)				
No trades observed by Dhiren Mahendrakumar Shah HuF, Amee Dhiren Shah and Affluence Fincon Service (P) Ltd				
During UPSI Period (November 22 2016 to June 26, 2017)				
Dhiren Mahendrakumar Shah HuF				
01-Jun-17	40,016	3,84,13,873.55	0	0
Amee Dhiren Shah				
05-Jun-2017	50,000	4,99,94,976.45	0	0
19-Jun-2017	50,000	5,25,39,992.90	0	0
Affluence Fincon Service (P) Ltd				
03-Apr-17	3,00,000	28,05,00,000.00	0.00	0.00
04-May-17	0.00	0.00	1,00,000	10,38,94,280.50
17-May-17	0.00	0.00	2,00,000	19,80,05,585.50
07-Jun-17	2,00,000	19,70,99,995.60	0.00	0.00
09-Jun-17	42,000	4,16,45,100.00	0.00	0.00
13-Jun-17	75,000	7,48,12,500.00	0.00	0.00
15-Jun-17	25,000	2,52,74,973.20	0.00	0.00
21-Jun-17	25,000	2,63,87,500.00	0.00	0.00
22-Jun-17	25,000	2,62,75,000.00	0.00	0.00
Total (Affluence)	6,92,000	67,19,95,068.80	3,00,000	30,18,99,866.00
Total (Dhiren Group)	8,32,016	81,29,43,911.70	3,00,000	30,18,99,866.00
Post UPSI Period (June 27, 2017 to September 30, 2017)				
Nil Trading by Dhiren Mahendrakumar Shah HuF				
Amee Dhiren Shah				
14-Jul-2017	0	0	1,00,000	11,35,67,599.70
Affluence Fincon Service (P) Ltd				
03-Aug-17	0	0	1,54,996	21,62,52,913.00
Total (Dhiren Group)	0	0	2,54,996	32,98,20,512.70

26. As seen from the tables above, during UPSI period, Dhiren group had bought a total of 8,32,016 shares worth Rs.81,29,43,911.70 (Rupee eighty one crore twenty nine lakh forty three thousand nine hundred eleven and seventy paise) and sold 3,00,000 shares worth Rs.30,18,99,866/- (Rupee thirty crore eighteen lakh ninety nine thousand eight hundred sixty six only). During post UPSI period, altogether they sold 2,54,996 shares

worth of Rs.32,98,20,512/- (Rupee thirty two crore ninety eight lakh twenty thousand five hundred twelve only). However none of these entities had traded in the scrip of IAL in pre-UPSI period from August 1, 2016 to November 21, 2016.

Charges of Insider Trading

27. In view of the above, I note that it is *prima facie* established that Vishal Mehta, an insider, had passed on UPSI to Malav Mehta, who had traded in the scrip on behalf of IMGPL. Therefore, the trading in the scrip by IMGPL is *prima facie* in violation of Section 12A (d) & (e) of SEBI Act, 1992 and regulations 4(1) of Insider Trading Regulations, 2015.
28. It is also *prima facie* established that Dhiren Mahendrakumar Shah(HUF), Amee Dhiren Shah and Affluence Fincon Service (P) Ltd. are connected persons who were reasonably expected to have access to the UPSI as per Reg. 2(1)(d) of Insider Trading Regulations, 2015 and, hence, an insider as per Regulation 2(1)(g)(i) of Insider Trading Regulations, 2015. Therefore, by trading in the scrip of IAL during the UPSI period, Dhiren Mahendrakumar Shah(HUF), Amee Dhiren Shah and Affluence Fincon Service (P) Ltd. have *prima facie* violated the provisions of Section 12A (d) & (e) of SEBI Act and Regulation 4(1) of Insider Trading Regulations, 2015 by engaging in insider trading during the UPSI period.

Notional/Wrongful gain by entities while trading in the scrip of IAL

29. The formula for and the computation of wrongful gain made by trading while in possession of UPSI is as given below:

Notional gains made = No. of shares bought while in possession of UPSI x (Closing price following trading day of publishing UPSI Minus (-) Weighted Average buy Price).

30. The wrongful gain by IMGPL while trading in the scrip of IAL during the UPSI is as follows:

Table-8 Computation of notional gain by IMGPL					
Name and Trade date(s)	Buy quantity	Weighted Average Purchase value (Rs.)	Wt. Average buy price (Rs.)	Closing price of the scrip on June 27, 2020#	Wrongful gain (Rs.)@
12- 23 Jun-2017	2,82,134	28,64,60,992.25	1015.34	1049.85	97,36,444.34

the following trading day of publishing UPSI

31. In view of the above, it is observed on the basis of investigation that the wrongful gains made by IMGPL was Rs. 97,36,444.34.
32. The wrongful gain by Dhiren Mahendrakumar Shah HuF, Amee Dhiren Shah and Affluence Fincon Service (P) Ltd , all together called Dhiren Group while trading in the scrip of IAL during the UPSI is as follows

Table-9 Computation of notional gain by Dhiren Mahendrakumar Shah HuF, Amee Dhiren Shah and Affluence Fincon Service (P) Ltd					
Name and Trade date(s)	Buy quantity	Weighted Average Purchase value (Rs.)	Wt. Average buy price (Rs.)	Closing price of the scrip on June 27, 2020#	Wrongful gain (Rs.)@
Dhiren Mahendrakumar Shah HuF					
01-Jun-17	40,016	3,84,13,873.55	959.96	1049.85	35,96,924.00
Amee Dhiren Shah					
05-Jun-2017 & 19-Jun-2017	1,00,000	102534969.4	1025.35	1049.85	24,50,030.65
Affluence Fincon Service (P) Ltd*					
07-Jun-17 to 22-Jun-17	392000	391495068.8	998.71	1049.85	2,00,46,131.20
Total (Dhiren Group)	532016	532443911.7	1000.80	1049.85	2,60,93,085.85
# the following trading day of publishing UPSI					
*calculated for net purchase quantity on the basis of FIFO method (Transactions of 03-Apr-17, 04-May-17 and 17-May-17 have been removed for calculation of notional/wrongful gain)					

33. In view of the above it is observed that the wrongful gains made by Dhiren Mahendrakumar Shah HUF, Amee Dhiren Shah and Affluence Fincon Service (P) Ltd

were Rs. 35,96,924/-, Rs. 24,50,030.65 and Rs. 2,00,46,131.20 respectively. The 3 entities collectively made unlawful gains of Rs. 2,60,93,085.85.

34. Investigation has clearly brought out a case of violation of the provisions of the securities laws related to insider trading by the Noticees by presenting the connection between the 'Dhiren Group' and the Company through the substantial investment made by them in the Company through a pre-IPO preferential allotment. Moreover, the pattern of trade of all the Noticees lends strong credence to the allegations levelled by the investigation that the Noticees had traded while in possession of UPSI. Given these facts and circumstances, I am of the considered view that as an emergent measure, the illegal gains made by the Noticees need to be impounded and a non-interference by SEBI at this stage would result in irreparable injury to the interests of the securities market and the investors. It, therefore, becomes imperative, in the interest of the investors and the market, that the Board invokes the power vested on it under Section 11(4)(d) of the SEBI Act to impound and retain the illegal gains made by Dhiren Mahendrakumar Shah HuF, Ameer Dhiren Shah and Affluence Fincon Service (P) Ltd) and IMGPL, using the UPSI, I have considered the question as to whether this action should be done after hearing the Noticees on these violations or not. I am convinced that in a case like this, where the illegal gains have been quantified and the circumstances point out clearly towards an act of insider trading, the balance is in favour of the market regulator to impound and retain such gains before rather than after the initiation of a regular enforcement action, by causing a notice to be issued.

35. ORDER –

36. In view of the foregoing, I, in exercise of the powers conferred upon me in terms of Section 19 read with Sections 11(1), 11(4) (d) and Section 11B of the SEBI Act read

with Regulation 10 of the Insider Trading Regulations, 2015, hereby issue the following directions:

- A. A sum of ₹ 2,60,93,085.85 shall be impounded jointly and severally, from Dhiren Mahendrakumar Shah HUF, Amee Dhiren Shah and Affluence Fincon Service (P) Ltd, being the notional gains made on account of trades carried out by Dhiren Group in the respective trading accounts.
 - B. A sum of ₹ 97,36,444.34 shall be impounded from IMGPL being the notional gain made on account of trades carried out in the trading accounts of IMGPL.
37. The persons/entities mentioned at paragraph 35 above are directed to credit the aforesaid amounts to an Escrow Account [**“Escrow Account in Compliance with SEBI Order dated August 21, 2020 – A/c (in the name of the respective persons/entities)”**] in a Nationalized Bank, by marking a lien over it. Banks are allowed to transfer the amounts available in the bank accounts of the persons mentioned at paragraph 35, to the aforesaid Escrow Account(s), for the purpose of complying with this Order.
38. Banks shall not allow debits from the bank accounts of IMGPL, Dhiren Mahendrakumar Shah HuF, Amee Dhiren Shah and Affluence Fincon Service (P) Ltd, to the extent of the amounts impounded under paragraph 35, until the Escrow Account(s) as stated above are opened by them and the amounts as stated are transferred. Any debit beyond the said limit may be permitted without any restrictions. Credits, if any, into the accounts may be allowed. Depositories are directed that no debit shall be made, without permission of SEBI, in respect of the demat accounts held by the aforesaid persons/entities. The Banks and the Depositories are directed to ensure that all the aforementioned directions are strictly enforced.

39. Further, the persons/entities mentioned at paragraph 35 are directed not to dispose of or alienate any of their assets/properties/securities, till such time the amounts are credited to the Escrow Account(s). Further, they are directed to provide, within 7 days of this Order, a full inventory of all their assets and properties and details of all their bank accounts, demat accounts and holdings of shares/securities, if held in physical form and details of companies in which they hold substantial or controlling interest.
40. The prima facie observations/findings contained in this Order are made on the basis of the material available on record. In light of the alleged violations of the provisions of Sections 12A(d) and (e) of the SEBI Act and Regulations 4(1) read with 4(2) of the Insider Trading Regulations, 2015, by IMGPL, Dhiren Mahendrakumar Shah HuF, Amee Dhiren Shah and Affluence Fincon Service (P) Ltd, this Order shall be treated as a Notice under Sections 11(1), 11(4), 11B(1) and 11(5) of SEBI Act 1992, calling upon them to show cause as to why certain directions shall not be passed against them, as proposed hereunder:
- a. Direction to disgorge an amount equivalent to the total gains made/loss avoided on account of insider trading in the scrip of IAL along with interest;
 - b. Direction to restrain them from accessing the securities market and prohibiting them from buying, selling or otherwise dealing in securities for an appropriate period.
41. IMGPL, Dhiren Mahendrakumar Shah HuF, Amee Dhiren Shah and Affluence Fincon Service (P) Ltd, are also called upon to show cause as to why appropriate directions for imposing penalty under section 11B(2) and 11(4A) read with section 15G of the SEBI Act, 1992 should not be issued against them for the alleged violations of the aforementioned provisions of SEBI Act and PIT, 2015

42. SEBI shall serve upon the aforementioned persons/entities all the relevant documents including the Investigation Report and the annexures therein along with this Order.
43. The persons/entities against whom this Order have been passed may file their replies to SEBI within 30 days from the date of receipt of this Order and avail an opportunity of personal hearing in the matter, if they so desire.
44. This Order is without prejudice to any other action that SEBI may initiate under the securities laws, as deemed appropriate, against the above mentioned persons/entities.
45. This Order shall come into force with immediate effect and shall be in force till further Orders.
46. A copy of this Order shall be forwarded to the Stock Exchanges, Depositories, Registrar and Share Transfer Agents and Banks to ensure necessary compliance.

Place: Mumbai
Date: August 24, 2020

G.MAHALINGAM
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA