

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA

[SETTLEMENT ORDER Ref No.: Order/VV/JR/2020-21/8234]

**UNDER SECTION 15JB OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992
READ WITH REGULATION 23(1) OF THE SEBI (SETTLEMENT OF ADMINISTRATIVE
AND CIVIL PROCEEDINGS) REGULATIONS, 2018.**

In respect of:
Application No. 4010/2019

Mr. Rajesh Kumar K (PAN: ALZPK3311Q)

In the matter of Manappuram Finance Limited

1. Securities and Exchange Board of India ("SEBI") conducted an investigation in the matter of selective disclosure of unpublished price sensitive information my Manappuram Finance Limited ("MFL"), wherein it was observed that:
 - a) On March 19, 2013, the price of the scrip of MFL declined by 20% coupled with the rise in volume after the company informed BSE that it expects an under recovery on certain loans due correction in the gold prices as a result of which the profit for the corresponding quarter will be reduced. It was alleged that MFL had selectively given guidance pertaining to quarterly result to certain analysts of Ambit Capital.
 - b) MFL in its Board meeting on March 13, 2013 (before making of disclosure to BSE) noted that there is a possibility of making a negative profit for the corresponding quarter, which is deemed to be UPSI as under PIT Regulations.
 - c) On March 18, 2013, analysts from Ambit Capital had a meeting with MFL, wherein allegedly the aforementioned UPSI was discussed.
 - d) After the aforesaid meeting, Ambit Capital changed its rating of MFL stock from "buy" to "Under Review" and published a research report based on its meeting with MFL which was distributed to its clients on March 19, 2013 before market opening hours.
 - e) Certain clients of Ambit Capital who had received the research report sold shares of MFL on the basis of the report.

f) Mr. Rajesh Kumar K (“applicant”) was compliance officer of MFL had failed to implement the code of conduct in violation of regulation 12(1) of SEBI (Prohibition of Insider Trading) Regulations, 1992 (“PIT Regulations”) read with clause 1.2 of the code of conduct specified under Part B of Schedule I read with regulation 12(2) of SEBI (Prohibition of Insider Trading) Regulations, 2015 (“PIT Regulations 2015”).

- 2 Pursuant to above, the competent authority in SEBI was satisfied that there are sufficient grounds to inquire into the affairs and adjudicate upon the alleged aforesaid violations. Vide a communication-order dated June 21, 2016, the competent authority had appointed an Adjudicating Officer under section 15-I of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as ‘SEBI Act’) and rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as ‘SEBI Adjudication Rules’) to inquire into and adjudge under section 15HB of the SEBI Act for the aforesaid alleged violations. Subsequently, by a communication-order dated August 13, 2019, this case has been transferred to the undersigned with an advise that except for the change of the Adjudicating Officer the other terms and conditions of the original orders ‘shall remain unchanged and shall be in full force and effect’ and that the “Adjudicating Officer shall proceed in accordance with the terms of reference made in the original orders”.
- 3 Accordingly, in terms of rule 4(1) SEBI Adjudication Rules read with section 15I of SEBI Act, the show cause notice dated May 29, 2019 (hereinafter referred to as ‘the SCN’) was issued to the Noticee, by the then Adjudicating Officer, calling upon them to show cause as to why an inquiry should not be held against them in terms of rule 4 of the SEBI Adjudication Rules and penalty be not imposed under section 15HB of the SEBI Act.
- 4 Vide application filed in August 2019, the Noticee proposed to SEBI to settle the instant proceedings, without admitting or denying the findings of fact and conclusions of law, through a settlement order and filed settlement application bearing reference no. 4010/2020 with SEBI in terms of regulations 3(1) and 3(2) of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2018 (hereinafter referred to as ‘Settlement Regulations’).
- 5 After attending meeting with the Internal Committee of SEBI on March 11, 2020, in terms of the Settlement Regulations, the Noticee vide letter dated March 20, 2020, proposed the revised settlement terms. The High Powered Advisory Committee (‘HPAC’) in its meeting held on May 29, 2020, considered the settlement terms proposed and recommended the case for settlement upon payment of ₹15,48,000/- (Rupees Fifteen Lakh and Forty Eight Thousand only) towards settlement charges.
- 6 The Panel of Whole Time Members of SEBI approved the said recommendation of the HPAC on June

8, 2020 and the same was communicated by SEBI to the Noticee vide email dated June 10, 2020. Accordingly, the applicant, vide letter dated June 23, 2020 have submitted demand draft no. 053948 dated June 23, 2020 drawn on Axis Bank for an amount of ₹15,48,000/- (Rupees Fifteen Lakh and Forty Eight Thousand only) towards settlement charges.

7. Therefore, in view of the acceptance of the settlement terms and receipt of settlement amount as above by SEBI, the instant adjudication proceedings initiated against the Noticee vide SCN dated May 29, 2019 are disposed of in terms of section 15JB of the SEBI Act read with regulation 23(1) of the Settlement Regulations on the basis of the settlement terms.
8. This order shall come into force with immediate effect. Further, in terms of regulation 28 of the Settlement Regulations, this order is without prejudice to the right of SEBI to take any enforcement action including restoring or initiating the proceedings in respect to which this settlement order is passed, if:
 - a) The Noticee fails to comply with the settlement order or at any time after the settlement order is passed,
 - b) The Noticee has not made full and true disclosure or has violated the undertakings or waivers, settlement order shall stand revoked and withdrawn and the Board shall restore or initiate the proceedings, with respect to which the settlement order was passed.
9. In terms of regulation 25 of the Settlement Regulations, a copy of this order is sent for service to the Noticee and the order is also published on the website of SEBI.

Date: July 8, 2020

Place: Mumbai

Vijayant Kumar Verma

Adjudicating Officer