

**BEFORE THE ADJUDICATING OFFICER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**  
**[SETTLEMENT ORDER NO.: SO/VV/NK/2020-21/6153]**

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**SETTLEMENT ORDER**

**In respect of Settlement Application No. 4033 of 2019 submitted by Saurabh Mukherjea (PAN: AOEPM2024E)**

**In the matter of**

**INVESTIGATION IN THE SCRIP OF MANNAPURAM FINANCE LIMITED**

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1. Securities and Exchange Board of India (hereinafter referred as 'SEBI') initiated adjudication proceedings to inquire into and adjudge, under section Section 15G (ii) and 15G (iii), 15HA and 15HB of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as 'SEBI Act, 1992'), the alleged violation of provisions of Section 12A(d) and 12A(e) of SEBI Act, 1992 read with Regulation 3(ii) of SEBI (Prohibition of Insider Trading) Regulations, 1992 [hereinafter referred to as SEBI (PIT) Regulations, 1992] read with Regulation 12(2) of SEBI (Prohibition of Insider Trading) Regulations, 2015 hereinafter referred to as SEBI (PIT) Regulations, 2015), Regulation 12(1)(e) of SEBI (PIT) Regulations, 1992 read with Clause 2.1 and 2.2-1 of Part B of Schedule I read with Regulation 12(2) of SEBI (PIT) Regulations, 2015), Section 12A(c) of SEBI Act, 1992 read with Regulation 3(d) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003] [hereinafter referred to as the SEBI (PFUTP) Regulations, 2003] by, Saurabh Mukherjea (hereinafter referred to as 'Applicant') in the matter of Investigation In The Scrip Of Mannapuram Finance Limited (hereinafter referred to as Mannapuram or MFL).
2. In this regard, a Show Cause Notice No. SEBI/HO/EAD-3/JS/DJ/OW/ P/13577/1/2019 dated May 29, 2019 (hereinafter referred to as 'SCN') was issued and served on the

Applicant. The SCN stated that MFL in its minutes of the Board meeting held on March 13, 2013 has recorded that " .....there was a probability that the company may have to report negative profit for the quarter ended 31st March 2013 contrary to the expectations of stakeholders. Management said that it would seek professional advice as to what needs to be done in this regard towards making appropriate disclosures to all the stake holders." Therefore, the information of negative profit for the 4<sup>th</sup> quarter of FY2012-13 is deemed to be the price sensitive information. Further, when the information was made public, the price of the scrip declined by 14.25% on March 20, 2013. MFL announced its financial results for the quarter ended March 31, 2013 on May 15, 2013 at 17:45 hrs. On May 16, 2013 the price of the scrip on the BSE fell from a closing price of Rs.16.00 on 15/05/2013 to a closing price of Rs.15.00 on 16/05/2013 (i.e. a decrease of 6.25%)

3. Mr. Saurabh Mukherjea of Ambit Capital Private Limited (Ambit) in its meeting dated March 18, 2013 with Mr. I. Unnikrishnan and Mr. Sachin Agrawal of MFL procured the UPSI and communicated the said UPSI through research report in violation of Section 12A(d) and 12A(e) of SEBI Act, 1992 read with Regulation 3(ii) of SEBI (PIT) Regulations, 1992. Thus, Mr. Saurabh Mukherjea has not maintained the confidentiality of the price sensitive information and has thereby violated Regulation 12(1)(e) of the SEBI (PIT) Regulations, 1992 read with clause 2.1 and 2.2-1 of the Code of Conduct for Prevention of Insider Trading for Other Entities as specified in Part B of Schedule I of SEBI (PIT) Regulations, 1992. Further, the act of commission of releasing research report prior to making the information public resulted in fraud on innocent investors, who were not privy to the said price sensitive information and dealt in the scrip of MFL during 19<sup>th</sup> and 20<sup>th</sup> of March 2013 was in violation of Section 12A(c) of SEBI Act 1992 read with Regulation 3(d) of SEBI (PFUTP) Regulation, 2003.
4. Pending adjudication proceedings, the Applicant submitted an Application for Settlement dated July 23, 2019 and an undertaking in the format prescribed by SEBI in terms of SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 (hereinafter referred to as 'Settlement Regulations'). The Applicant, without admitting or denying the findings of fact and conclusions of law, proposed to settle, through a settlement order, the present proceedings initiated vide Show Cause Notice SEBI/HO/EAD-3/JS/DJ/OW/P/13577/1/2019 dated May 29, 2019.

5. Pursuant to the said settlement application, the Authorized Representatives of the Applicant attended a meeting with the Internal Committee (hereinafter referred to as 'IC') on March 11, 2020, July 22, 2020 and August 5, 2020. The settlement terms as proposed by the Applicant was placed before the High Powered Advisory Committee (HPAC) in its meeting held on September 22, 2020. After considering the facts and circumstances of the case, the HPAC recommended that the case may be settled on payment of Rs. 1,37,70,000/- (Rupees One Crore Thirty-Seven Lac Seventy Thousand only) towards settlement charges which were approved by the panel of the Whole Time Members, SEBI on September 25, 2020.
6. The Applicant has remitted the sum of Rs. 1,37,70,000/- (Rupees One Crore Thirty-Seven Lac Seventy Thousand only) through RTGS towards the terms of settlement in the matter.
7. In view of the above, in terms of Regulation 15(1) of Settlement Regulations, it is hereby ordered that this settlement order disposes of the adjudication proceedings initiated against the Applicant vide the Show Cause Notice SEBI/HO/EAD-3/JS/DJ/OW/P/13577/1/2019 dated May 29, 2019.
8. This order is without prejudice to the right of SEBI to take enforcement actions including commencing/ reopening of the proceedings against the Applicant, if SEBI finds that:
  - i. any representation made by the Applicant in the settlement proceedings are subsequently discovered to be untrue; or
  - ii. the Applicant breaches any of the clauses/conditions of undertakings/waivers filed during the current settlement proceedings.
9. In terms of Regulation 17 of Settlement Regulations, a copy of this order is being sent to the Applicant and is published on the website of SEBI.

**Date: October 29, 2020**

**Place: Mumbai**

**VIJAYANT KUMAR VERMA  
ADJUDICATING OFFICER**