

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI

SETTLEMENT ORDER NO. EAD-5/SVKM/04/2015-16

SETTLEMENT ORDER

On the Application No. 2914 of 2015

Submitted by

Manappuram Finance Limited

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1. Securities and Exchange Board of India (*hereinafter referred to as SEBI*) conducted investigation into the alleged irregularities in the trading in the shares of Manappuram Finance Limited (*hereinafter referred to as MFL/company/Applicant*) on the background of RBI's press release dated February 06, 2012 restraining the company from accepting/renewing public deposits. On February 07, 2012, the price of the scrip of the company declined by 19.95% from its previous day closing price.
 2. The investigation revealed that MFL, on February 2, 2012 announced Q3 Results & Limited Review Report for the quarter ended on December 31, 2011. Further, the Board of Directors of MFL inter alia, approved the declaration of interim dividend for Financial Year (FY) 2011-12 and fixed February 14, 2012 as record date for the said purpose.
 3. In terms of Regulation 2(ha) of PIT Regulations, periodical financial results of the company and intended declaration of dividends (both interim and final) shall be deemed to be price sensitive information. Further, as per

clause 3.2-3 of Part A of Schedule I read with regulation 12(1) of SEBI (Prohibition of Insider Trading) Regulations, 1992 (*hereinafter referred to as PIT Regulations*), the trading window shall be closed at the time of declaration of financial results (quarterly, half yearly and annually) and declaration of dividends (interim and final).

4. The investigation further revealed that during the period from January 1, 2012 to February 29, 2012, the trading window was closed once, for the period from January 27, 2012 to February 2, 2012, being the 7 (seven) days period prior to the date of declaration of the quarterly financial results of the company for the quarter ending December 31, 2011. As per Clause 3.2-4 of Part A of Schedule I read with regulation 12(1) of PIT Regulations, the trading window shall be opened 24 hours after the information is made public. MFL closed the trading window up to February 2, 2012 and not up to 24 hours after the corporate announcement as required under the said clause. Thus, it was alleged that MFL had not complied with clause 3.2-4 of Part A of Schedule I read with regulation 12(1) of PIT Regulations.
5. In view of the above, SEBI initiated adjudication proceedings against MFL e and vide order dated June 24, 2014 appointed Shri A Sunilkumar as Adjudicating Officer to inquire into and adjudge under section 15HB of the SEBI Act, 1992 (**SEBI Act**) the alleged violation of clause 3.2-4 of Part A of Schedule I read with regulation 12(1) of PIT Regulations.

6. Accordingly, a Show Cause notice no. EAD - 05/ADJ/ASK/SPV/OW/23156/2014 dated August 06, 2014 (*hereinafter referred to as SCN*) was issued to the Noticee under Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (*hereinafter referred to as “Rules”*) alleging that it has violated the aforementioned provisions of PIT Regulations.
7. While the adjudication proceedings pursuant to the said SCN were in progress, MFL, vide letter dated November 29, 2014 submitted an application with SEBI in terms of SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 (*hereinafter referred to as the “Settlement Regulations, 2014”*) proposing to settle, through settlement order, the aforementioned adjudication proceedings for the alleged violations.
8. The Authorized Representative of MFL appeared before the Internal Committee of SEBI on April 29, 2015 where the terms of settlement were deliberated upon. Thereafter, the vide letter dated May 07, 2015, MFL proposed to settle the aforesaid adjudication proceedings by offering to pay a sum of ₹ 6,80,000/-- (Rupees Six Lakhs Eighty Thousand only) towards settlement charges.
9. The settlement terms as proposed by MFL were placed before the High Powered Advisory Committee (hereinafter referred to as ‘**HPAC**’) on June 12, 2015, The HPAC, after considering the facts and circumstances of the

matter, settlement terms offered by MFL and the materials brought before it by SEBI, recommended that the aforesaid adjudication proceedings may be settled on payment of ₹. 6,80,000/- (Rupees Six Lakhs Eighty Thousand only) towards settlement charges as proposed by MFL. The Panel of Whole Time Members of SEBI approved the said recommendations of the HPAC. The same was intimated to MFL vide e-mail dated August 21, 2015.

10. Accordingly, MFL, vide letter dated September 02, 2015 remitted a sum of ₹. 6, 80,000/-- (Rupees Six Lakhs Eighty Thousand only) towards settlement charges through Demand Draft no. 063577 dated August 26, 2015 drawn on Axis Bank Limited.

11. Consequent to the transfer of Shri A. Sunil Kumar, the Competent Authority has appointed the undersigned as the Adjudicating Officer, in the present matter, on June 22, 2015 under Section 19 of the SEBI Act, 1992 read with Section 15(I) of the SEBI Act, 1992 and Rule 3 of the Rules.

12. In view of above, in terms of Regulation 15(1) of Settlement Regulations, 2014, it is hereby ordered that this settlement order disposes of the aforesaid adjudication proceedings initiated against MFL vide Show Cause Show Cause notice no. EAD -05/ADJ/ASK/SPV/OW/23151/2014 dated August 06, 2014.

13. This order is without prejudice to the right of SEBI to take enforcement actions including restoring or initiating the proceedings in respect to which this settlement order was passed against the MFL, if :
- a. any representation made by it in the settlement proceedings is subsequently found to be untrue; or
 - b. it breaches any of the clauses / conditions of undertakings / waivers filed during the current settlement proceedings.
14. This Settlement Order is passed on this **Twenty Third day of September, 2015** and shall come into force with immediate effect.

Place: Mumbai

**S. V. Krishnamohan
Chief General Manager &
Adjudicating officer**