

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER

On

1. Application No. 3472 of 2018 – filed by Mr. Rajat Narain [PAN: AHGPN3785N]
2. Application No. 3475 of 2018 – filed by Ms. Amla Narain [PAN: ADIPN4051F]

In the matter of CRISIL Limited

1. Mr. Rajat Narain and Ms. Amla Narain (“applicants”) filed respective settlement applications in terms of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 repealed and replaced with SEBI (Settlement Proceedings) Regulations, 2018 (w.e.f. January 01, 2019), without admitting the findings of fact and conclusions of law, proposing to settle, through settlement order, the pending proceedings under Section 11B read with Section 11(4) of the Securities and Exchange Board of India Act, 1992 initiated vide show cause notice dated June 23, 2017 w.r.t. Ms. Amla Narain and pending adjudication proceedings initiated vide show cause notice dated May 12, 2017 w.r.t. Mr. Rajat Narain and Ms. Amla Narain.
2. The said show cause notices were with regard to an investigation conducted by the Securities and Exchange Board of India (‘SEBI’) in the matter of CRISIL Limited. On June 03, 2013, a corporate announcement of voluntary open offer for acquisition of up to 1,56,70,372 equity shares (i.e. 22.23%) of CRISIL Limited (a credit rating agency registered with SEBI) at ₹1,210 from the public shareholders was made by one McGraw-Hill Asian Holdings (Singapore) along with its PACs namely McGraw Hill Financial Inc., S&P India LLC and Standard & Poor International LLC. The investigation observed that Ms. Amla Narain had purchased the shares of CRISIL Limited during the period when price sensitive information was not public (i.e. during May 01, 2013 to June 02, 2013) and sold the same immediately on the date of corporate announcement. The investigation has found that Ms. Amla Narain had received ₹1 crore from her son (Mr. Vishwarupe Narain), which was used for fulfilling her pay-in obligations for purchase of

shares of CRISIL Limited during May 2013. During the course of investigation, the applicant namely Mr. Rajat Narain had admitted that he had handled the trading account of Ms. Amla Narain. The investigation also observed that while trading in the scrip of CRISIL Limited during the UPSI period, Ms. Amla Narain had made a profit of ₹30,14,217.

3. The said defaults were *prima facie* found to be in violation of Regulation 3(i) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 read with Regulation 12(1) and 12(2) of the SEBI (Prohibition of Insider Trading) Regulation, 2015. The applicants in the respective settlement applications *inter alia* submitted that the trading in the scrip had no connection with the open offer in CRISIL Limited and the shares were sold to meet margin requirements for their positions in currency futures. The applicants also submitted that alleged defaults have not caused any loss to any investor or affected the securities market in any manner. Further, the alleged gains were only ₹30,14,217.
4. The authorised representatives of the applicants had a meeting with the Internal Committee of SEBI on November 01, 2018, wherein the settlement terms were deliberated. Thereafter, the applicants vide letter dated November 09, 2018, proposed the revised settlement terms to settle the defaults mentioned above.
5. The High Powered Advisory Committee ('HPAC') in its meeting held on December 19, 2018, considered the settlement terms proposed and recommended the case for settlement upon payment of ₹80,78,197 (Rupees Eighty Lakh Seventy Eight Thousand One Hundred Ninety Seven only) by Ms. Amla Narain and Mr. Rajat Narain collectively towards settlement charges; disgorgement of unlawful gains of ₹30,14,217 (Rupees Thirty Lakh Fourteen Thousand Two Hundred Seventeen only) along with an interest @ 12% per annum from the year of transaction and compliance with non-monetary settlement terms viz. voluntary debarment for a period of one year by both the applicants.
6. The Panel of Whole Time Members of SEBI accepted the said recommendation of the HPAC and the same was communicated to the applicants vide e-mail dated February 08, 2019. The applicants vide e-mail dated February 16, 2019, requested for extension

of time for complying with the settlement terms.

7. Thereafter, the applicants vide letter dated March 08, 2019, have submitted the demand draft bearing number 713214 dated March 08, 2019, drawn on IndusInd Bank remitting ₹80,78,197 (Rupees Eighty Lakh Seventy Eight Thousand One Hundred Ninety Seven only) towards the settlement charges. The applicants have also remitted ₹30,14,217 (Rupees Thirty Lakh Fourteen Thousand Two Hundred Seventeen only) towards disgorgement (vide UTR no. INDBR22019031600336129) and ₹19,58,168 (Rupees Nineteen Lakh Fifty Eighty Thousand One Hundred Sixty Eight only) towards interest @ 12% per annum on disgorgement amount from the date of default (vide UTR no. INDBR22019031600336156), respectively.
8. In view of the above, in exercise of the powers conferred under Section 15JB of the Securities and Exchange Board of India Act, 1992 and in terms of Regulations 23 and 28 read with Regulation 34 of the SEBI (Settlement Proceedings) Regulations, 2018, it is hereby ordered that:
 - i. the applicants shall voluntarily restrain themselves from accessing the securities market and also prohibit themselves from buying, selling or otherwise dealing in securities in any manner whatsoever, directly or indirectly, for a period of one year from the date of this order.
 - ii. the pending proceedings under Section 11B read with Section 11(4) of the Securities and Exchange Board of India Act, 1992 w.r.t. Ms. Amla Narain and the adjudication proceedings w.r.t. Mr. Rajat Narain and Ms. Amla Narain for the defaults as discussed in paragraph 3 above, are settled *qua* the applicants as per the above terms,
 - iii. this order disposes of the said pending proceedings in respect of the applicants for the defaults as mentioned above and;
 - iv. passing of this order is without prejudice to the right of SEBI to take enforcement actions including commencing proceedings against the applicants, if SEBI finds that:
 - a. any representation made by the applicants in the present settlement proceedings is subsequently discovered to be untrue;
 - b. the applicants have breached any of the clauses/ conditions of undertakings/ waivers filed during the present settlement proceedings.

9. This settlement order is passed on this 22nd day of March, 2019 and shall come into force with immediate effect.
10. In terms of Regulation 25 of the SEBI (Settlement Proceedings) Regulations, 2018, a copy of this Order shall be sent to the applicants and shall also be published on the website of SEBI. A copy of this Order shall also be served on the Stock Exchanges and the Depositories to ensure the necessary compliance.

-Sd-

S. K. MOHANTY
WHOLE TIME MEMBER

-Sd-

ANANTA BARUA
WHOLE TIME MEMBER