

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER

IN RESPECT OF:

SL. NO.	ENTITY/ APPLICANT	APPLICATION	PAN
1.	Mr. Rakesh Bhojgdhiya	Settlement Application No. 7032 of 2022	AKRPB5208J
2.	Rakesh Bhojgdhiya HUF	Settlement Application No. 7033 of 2022	AARHR3479R

(The aforesaid entities are hereinafter referred to by their respective names and collectively as the “Applicants”)

**IN THE MATTER OF POONAWALLA FINCORP LTD. (PREVIOUSLY KNOWN AS
MAGMA FINCORP LTD.)**

1. Background –

1.1. Poonawalla Fincorp Ltd. (previously known as Magma Fincorp Ltd.) (“**Magma**”) made a corporate announcement through the stock exchanges (NSE and BSE) on February 10, 2021 regarding the acquisition of controlling stake by Rising Sun Holdings Private Limited, a Poonawalla Group entity in Magma and the raising of fresh capital of Rs. 3,456 crore by Magma through a preferential allotment. In respect of the abovementioned corporate announcement, SEBI had received an alert pointing to insider trading by certain entities in the scrip of Magma during the month of February 2021. After an analysis of the alert, SEBI passed an Ex-Parte Interim Order dated September 15, 2021 (“**Interim Order**”) whereby *inter alia* the present Applicants were restrained from buying, selling or dealing in securities, either directly or indirectly, in any manner whatsoever, until further orders, and their bank accounts were impounded to

the extent of alleged illegal gains. Subsequently, SEBI passed an order dated March 28, 2022 whereby the directions issued against the Applicants vide the Interim Order were confirmed, subject to certain modifications.

1.2. In the intervening period, SEBI carried out an investigation in the scrip of Magma for the period, January 11, 2021 to February 10, 2021. The investigation by SEBI in the scrip of Magma *prima facie* revealed that the Applicants were insiders and were aware of the UPSI regarding Poonawalla Group's interest to invest in Magma, and that on the basis of the same the Applicants traded in the scrip of Magma and made gains. The ill-gotten gains as brought out in the investigation in respect of the Applicants are tabulated hereunder:

Table – 1

Serial No	Name of the applicant	Ill-gotten gains (Rs)	Alleged violations
1	Rakesh Bhojgdhiya	3,84,59,373/-	Violation of Regulation 4(1) of PIT Regulations 2015, read with Section 12A(d) and (e) of SEBI Act, 1992
2	Rakesh Bhojgdhiya HUF	4,40,28,566/-	Violation of Regulation 4(1) of PIT Regulations 2015, read with Section 12A(d) and (e) of SEBI Act, 1992

1.3. Pursuant to the *prima facie* findings of the investigation carried out by SEBI, enforcement proceedings *inter alia* in respect of Murlidhar Agrawal and Amit Agrawal were initiated by SEBI by way of a Show Cause Notice dated September 15, 2022 bearing no. SEBI/HO/IVD/ID1/OW/P/SD/GG/2022/48662/1 (“**SCN**”) for the alleged violation of Section 12A (d) and (e) of the SEBI Act and Regulation 4(1) of the PIT Regulations.

2. Settlement Application/s

2.1. Consequent to the issuance of the SCN, a common Settlement Application dated October 03, 2022 was received from Murlidhar Agrawal and Amit Agrawal requesting for the settlement of the specified proceedings initiated vide the SCN under the SEBI (Settlement Proceedings) Regulations, 2018 ("**Settlement Regulations**"). However, the said Settlement Application was returned due to certain infirmities. Pursuant to that, the Applicants rectified the infirmities and resubmitted their Settlement Application by way of their letter dated November 09, 2022.

2.2. Pursuant to receipt of the Settlement Application, the authorised representatives of the Applicants had a meeting with the Internal Committee of SEBI on February 06, 2023, wherein the issues detailed above were deliberated. Thereafter, the Applicants proposed revised settlement terms by way of their letters dated February 13, 2023 to settle the specified proceedings initiated by way of the SCN against them.

2.3. The High Powered Advisory Committee in its meeting held on February 22, 2023 considered the revised settlement terms proposed by the Applicants and recommended the case for settlement upon payment of – a) Rs. 3,74,97,889 (Rupees Three Crore Seventy Four Lakh Ninety Seven Thousand Eight Hundred and Eighty Nine) by Rakesh Bhojgdhiya and b) Rs. 4,29,27,852 (Rupees Four Crore Twenty Nine Lakh Twenty Seven Thousand Eight Hundred and Fifty Two) by Rakesh Bhojgdhiya HUF. Apart from the above, the terms of settlement also included the disgorgement of the already impounded ill-gotten gains of Rs. 8,32,80,941 (Rupees Eight Crore Thirty Two Lakh Eighty Thousand Nine Hundred and Forty One) on the basis of joint and several liability in respect of Rakesh Bhojgdhiya and Rakesh Bhojgdhiya HUF.

2.4. The Applicants have by way of their email dated March 23, 2023 informed SEBI about the remittance of the aforesaid settlement amounts on March 18, 2023.

The email also provides proofs of remittance of the above amounts along with copies of acknowledgements received from the SEBI Portal upon payment of above-mentioned settlement amounts.

3. Order –

3.1. In view of the acceptance of the settlement terms and receipt of settlement amounts as above by SEBI, the specified proceedings initiated against the Applicants vide Show Cause Notice dated September 15, 2022 are disposed of in terms of Section 15JB read with Section 19 of the SEBI Act and Regulation 23(1) of the Settlement Regulations on the basis of the settlement terms.

3.2. The passing of this Settlement Order is, however, without prejudice to the right of SEBI under Regulation 28 of the Settlement Regulations to initiate appropriate actions against the Applicants, if – i) any representation made by the Applicants in the present settlement proceedings is subsequently found to be untrue; ii) the Applicants have breached any of the clauses/ conditions of undertakings/ waivers filed during the present settlement proceedings; and iii) there was a discrepancy while arriving at the settlement terms.

3.3. This Settlement Order shall come into force with immediate effect.

3.4. In terms of Regulation 25 of the Settlement Regulations, a copy of this Order shall be sent to the Applicants and shall also be published on the website of SEBI.

Place: Mumbai

Date: May 17, 2023

ASHWANI BHATIA

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA