

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER

On Application No.3594/ 2018 and 3861/2019

filed by **Ambit Capital Private Limited (PAN AABCP6621N)**in the matter of **Manappuram Finance Ltd.**

1. Ambit Capital Private Limited (hereinafter referred to as ‘applicant’) filed two settlement applications in terms of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 which is repealed and replaced with SEBI (Settlement Proceedings) Regulations, 2018 with effect from January 01, 2019 (hereinafter referred to as ‘Settlement Regulations’). The applicant, in its applications, without admitting or denying the findings of fact and conclusions of law, proposed to settle, through a settlement order, the pending proceedings under Section 11B of the SEBI Act, 1992 which were initiated vide Show Cause Notice dated March 30, 2016 and adjudication proceedings which were initiated but show cause notice is yet to be issued. Both the proceedings under Section 11B of the SEBI Act, 1992 and adjudication were initiated for the alleged violation of Sections 12A(c), (d) (e) of SEBI Act, 1992 and Regulation 3(d) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 read with Regulations 3(i), 3(ii), 3A, 4, 12(1) and 12(3) of the SEBI (Prohibition of Insider Trading) Regulations, 1992.
2. SEBI conducted an investigation into the trading in the scrip of Manappuram Finance Ltd. (hereinafter referred to as ‘MFL’) wherein it was observed that during the financial year 2012-13 there was negative earnings per share (hereinafter referred to as ‘EPS’) during the quarter ended March 2013 wherein the company made a net loss of Rs.141.43 crore. Further, during the same financial year, there had been a substantial decline in EPS of the company as compared to FY11-12 (i.e. from Rs.7.06 to Rs.2.48, a decline of 64.73%). Therefore, the information of negative profit for the 4th quarter of FY2012-13 is deemed to be price sensitive information (hereinafter referred to as ‘UPSI’) in terms of Regulation 2 (ha) of the SEBI (Prohibition of Insider Trading) Regulations, 1992. On March 18, 2013 MFL had discussions with the applicant on the quarterly financial results. After the said meeting, on March 18, 2013 the applicant 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 (broking as well as research) on March 19, 2013 before the market

opening hours. In view of the aforesaid, it is alleged that the applicant which is a market intermediary, was in possession of UPSI and the same was circulated to its clients indirectly by way of negative research report.

3. Pursuant to the applications, the authorized representatives of the applicant had a meeting with the Internal Committee of SEBI on July 24, 2019 wherein the settlement terms were deliberated. Thereafter, the applicant, vide letter dated August 07, 2019, proposed the revised settlement terms to settle the defaults mentioned above.
4. The High Powered Advisory Committee ('HPAC') in its meeting held on September 16, 2019 considered the settlement terms proposed by the applicant and recommended the applications for settlement upon payment ₹5,99,25,000/- (Rupees Five Crore Ninety Nine Lakh Twenty Five Thousand only) as settlement amount in the matter. The Panel of Whole Time Members of SEBI accepted the said recommendation of the HPAC on October 16, 2019 and the same was communicated to the applicant vide e-mail dated October 23, 2019.
5. The applicant vide RTGS No. N310190974566245 dated November 06, 2019 has remitted an amount of ₹5,99,25,000/- (Rupees Five Crore Ninety Nine Lakh Twenty Five Thousand only) as settlement amount.
6. 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 Settlement Regulations, it is hereby ordered that:
 - i. the proceedings under Section 11B of the SEBI Act, 1992 along with the adjudication proceedings for the alleged default as discussed in paragraph 1 above, are settled *qua* the applicant as per the above terms,
 - ii. SEBI shall not initiate any enforcement action against the applicant for the said default,
 - iii. this order disposes of the said the proceedings under Sections 11B of the SEBI Act, 1992 and the adjudication proceedings in respect of the applicant 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 applicant, if SEBI finds that:

- a. any representation made by the applicant in the present settlement proceedings is subsequently discovered to be untrue;
- b. the applicant has breached any of the clauses/ conditions of undertakings/ waivers filed during the present settlement proceedings.

7. This settlement order is passed on this 13th day of December, 2019 and shall come into force with immediate effect.
8. In terms of Regulation 25 of the Settlement Regulations, a copy of this order shall be sent to the applicant and shall also be published on the website of SEBI.

Sd/-

S.K. MOHANTY

WHOLE TIME MEMBER

Sd/-

ANANTA BARUA

WHOLE TIME MEMBER