

## BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

## SETTLEMENT ORDER

## IN RESPECT OF:

SL. NO.	ENTITY/ APPLICANT	APPLICATION	PAN
1.	Surabhi Shah	Settlement Application No. 7034 Of 2022	APQPS7611L
2.	Saumil Shah	Settlement Application No. 7035 Of 2022	AAGPS6395E

*(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

Sr. No.	Name of the applicant	Ill-gotten gains (Rs.)	Alleged violations
1	Saumil Shah	No gains, as he is alleged to have traded in the accounts of Surabhi Shah	Violation of Regulation 4(1) of SEBI (Prohibition of Insider Trading) Regulations, 2015 (" <b>PIT Regulations</b> ") read with Section 12A (d) and (e) of SEBI Act, 1992
2	Surabhi Shah	1,76,03,579.45/-	Violation of Regulation 4(1) of the PIT Regulations 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 Surabhi Shah and Saumil Shah 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, Settlement Applications dated September 17, 2022 were received from Surabhi Shah and Saumil Shah requesting for the settlement of the specified proceedings initiated vide the SCN under the SEBI (Settlement Proceedings) Regulations, 2018 ("**Settlement Regulations**"). However, by way of letters dated October 31, 2022, the said Settlement Applications were returned since requisite GST on the application fees had not been paid. Accordingly, the said Applicants paid the requisite GST and resubmitted their Settlement Applications by way of their letter dated November 07, 2022.

2.2. Pursuant to receipt of the Settlement Applications, 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 10, 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. 39,00,000 (Rupees Thirty Nine Lakh) by Saumil Shah and b) Rs. 1,71,63,490 (Rupees One Crore Seventy One Lakh Sixty Three Thousand Four Hundred and Ninety) by Surabhi Shah. Apart from the above, the terms of settlement also included the disgorgement of the already impounded ill-gotten gains of Rs. 1,76,03,579.45 (Rupees One Crore Seventy Six Lakh Three Thousand Five Hundred Seventy Nine and Forty Five Paise) on the basis of joint and several liability in respect of Surabhi Shah and Saumil Shah.

2.4. The Applicants have by way of their respective emails dated April 04, 2023 informed SEBI about the remittance of the aforesaid settlement amounts on April 03, 2023. The record shows that the said settlement amounts have been credited to SEBI's account.

### **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: April 26, 2023**

**ASHWANI BHATIA**

**WHOLE TIME MEMBER**

**SECURITIES AND EXCHANGE BOARD OF INDIA**