

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. Order/BD/AB/2020-21/9706]

UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995

In respect of:

M/s Credo India Thematic Fund Ltd.

FACTS OF THE CASE:

1. Securities and Exchange Board of India (hereinafter be referred to as, the “**SEBI**”) conducted investigation into the initial public offer of Birla Pacific Medspa Limited (hereinafter referred to as “BPML” or “the Company”), for the period from July 7, 2011 to July 15, 2011 (hereinafter be referred to as, the “**Investigation Period**”), since there was high volatility on the day of listing.
2. Based on the findings of the investigation, SEBI initiated adjudication proceedings against credo India Thematic Fund Ltd. (hereinafter be referred to as, the “**Noticee**”) under Section 15A(b) of the Securities and Exchange Board of India Act, 1992 (hereinafter be referred to as, the “**SEBI Act**”), for the alleged violation of Violation of Regulation 13(3) of the SEBI (Prohibition of Insider Trading) Regulations, 1992. (hereinafter be referred to as, the “**PIT Regulations**”)

APPOINTMENT OF ADJUDICATING OFFICER

3. SEBI appointed the Shri D. Sura Reddy as the Adjudicating Officer under section 15 I of SEBI Act, 1992 read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (“AO Rules”) to inquire into and adjudge the aforesaid allegations under Section 15A(b) of the SEBI Act on March 10, 2017. Subsequently, Shri Jeevan Sonaparote was appointed as the Adjudicating Officer in the matter after which the undersigned was appointed as the Adjudicating Officer in the matter on September 26, 2019.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

4. A Show Cause Notice dated April 20, 2017 (hereinafter be referred to as the “**SCN**”) was issued to the Noticee under Rule 4 of the AO Rules to show cause as to why an inquiry should not be initiated and penalty be not imposed under Section 15A(b) of the SEBI Act for the allegations as detailed in the said SCN.
5. The scrip of BPML was listed on BSE on July 7, 2011, after IPO which was open for subscription from June 20, 2011- June 23, 2011. It was observed that the Noticee was allotted 1,11,00,000 shares (9.9% shares) in the IPO of BPML. Subsequently, the Noticee sold 81,50,000 shares (7.27% shares) during the period July-September, 2011. However, the requisite disclosure to the exchange was not made and hence it was alleged that the Noticee failed to make appropriate disclosures under Reg. 13(3) of the PIT Regulations.
6. In terms of Regulation 13(3) read with Regulation 13(5) of PIT Regulations a disclosure in Form C has to be made to the company and to the Stock Exchange by any person who is holding more than 5% shares for any transaction which leads to a change in excess of 2% shareholding; and such disclosure has to be made within two working days of such change.
7. The Noticee vide letter dated May 2, 2017 submitted its reply to the SCN stating that it had made the appropriate disclosure on August 12, 2011.
8. Since the undersigned was appointed as AO subsequently, an opportunity of personal hearing was granted to the Noticee on November 12, 2020 through email dated October 29, 2020. The Noticee vide e-mail dated October 29, 2020 sought a copy of the SCN which was provided to the Noticee by email dated November 2, 2020. The Noticee resent its reply dated May 2, 2017 vide email dated November 6, 2020 and wanted to know if it needed to attend the hearing. Since, the submissions were made on the preliminary factual issue, the Noticee was informed by email on November 11, 2020 that it shall be intimated after examining the record.
9. In order to ascertain whether the Noticee had indeed made the disclosure, a mail was sent to BSE on November 16, 2020 wherein the disclosure of the Noticee was attached and BSE was asked to confirm if they had received the disclosure as claimed by the Noticee. BSE vide e-mail dated November 18,

2020 stated that it had received the disclosure from the Noticee on August 12, 2011.

ORDER

10. Since the disclosures were to be made to the company and the exchanges, the only remaining verification was to be done with BPML. However, BPML hasn't responded to even the SCN or hearing notice in the instant matter. Thus, it is not possible to ascertain the receipt of disclosure by BPML. In any case, since the disclosure was made to exchange, it would indicate that the information has been disseminated in the public domain.
11. As stated earlier, since the Noticee has submitted that it had made appropriate disclosures as mandated in the PIT Regulations and the same has also been confirmed by the exchange, it is clear that the allegations leveled in the SCN cannot be sustained. Accordingly, the SCN against the Noticee is disposed off.
12. Copies of this Adjudication Order are being sent to the Noticee and also to SEBI in terms of Rule 6 of the Adjudication Rules.

Date: November 27, 2020
Place: Mumbai

B.J. Dilip
Adjudicating Officer