

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI

ORDER

Under sections 11, 11B and 11(4) of the Securities and Exchange Board of India Act, 1992 read with regulation 11(1) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, in respect of Sophia Growth – A Share Class of Somerset India Fund, Sub-Account (PAN: AAJCS8622A) in the matter of Market Manipulation using GDR Issues.

1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”), pending investigation, vide an *ad interim ex parte* order dated September 21, 2011 (hereinafter referred to as “**interim order**”), *inter alia*, had restrained Sophia Growth – A Share Class of Somerset India Fund, Sub-Account (hereinafter referred to as “**Sophia**”) from dealing in securities or instrument with Indian securities as underlying, in any manner whatsoever, until further orders. The said interim directions were issued based on the *prima facie* findings of fraudulent tradings by certain entities, including Sophia, in the Global Depository Receipts (hereinafter referred to as “**GDRs**”) / scrip of certain companies, namely, Asahi Infrastructure & Projects Ltd, IKF Technologies Ltd., Avon Corporation Ltd, K Sera Sera Ltd., CAT Technologies Ltd, Maars Software International Ltd. and Cals Refineries Limited (hereinafter collectively referred to as the “**Issuer Companies**”)
2. The aforesaid interim direction was modified qua Sophia by SEBI order dated May 17, 2012. Vide the said *order*, Sophia was allowed to sell the securities held by it, if any, in its demat accounts subject to the following conditions:
 - (a) Sophia shall deposit sale proceeds, in case of any sale, in a bank fixed deposit earning interest; and
 - (b) Sophia shall not withdraw and utilize funds from the said account including interest thereon without the prior permission of SEBI in this regard.
3. During the course of investigation, in order to find out Sophia’s connection in any manner with the promoters/directors of the Issuer companies or with entities controlled / influenced by one Mr. Arun Panchariya, SEBI sought information, as in the case of other entities, such as details of ultimate beneficial ownership of investors of Sophia, Ownership and

Management structure of Sophia, name of fund manager/investment manager of Sophia, details of sources of funds for dealing in the GDRs of Issuer Companies, details of dealing of Sophia in GDRs of Indian Companies, details of utilization of sale proceeds, details of any loan agreement or any other agreement Sophia might have entered for dealings in the GDRs or shares of Issuer Companies etc. from Sophia. SEBI also sought information from the Foreign Regulators of Four Countries viz. UK, Switzerland, Portugal and Mauritius.

4. From the information furnished by Sophia and the Foreign Regulators, Investigation did not find any connection of Sophia in any manner with the promoters/directors of the Issuer companies or with entities controlled / influenced by one Mr. Arun Panchariya. Thus, no evidence of any involvement of Sophia in the fraudulent scheme perpetrated by Mr. Arun Panchariya / Issuer Companies was unearthed. In view of this the *prima facie* findings against Sophia is not conclusively established.
5. Further, as stated in para 4 of this order, Investigation does not find any evidence of any involvement of Sophia in the fraudulent scheme perpetrated by Mr. Arun Panchariya. Since the *prima facie* findings are not conclusively established, the *interim order* needs to be disposed of *qua* Sophia and the restraint imposed on Sophia vide the aforesaid *interim order* as modified vide *order* dated May 17, 2012 needs to be revoked.
6. I, therefore, in exercise of the powers conferred upon me under section 19 of the Securities and Exchange Board of India Act, 1992 read with sections 11, 11(4) and 11B thereof, hereby dispose of the *interim order qua* Sophia Growth – A Share Class of Somerset India Fund, Sub-Account and revoke the directions issued vide the aforesaid *interim order* as modified vide *order* dated May 17, 2012 *qua* Sophia Growth – A Share Class of Somerset India Fund, Sub-Account with immediate effect.
7. A copy of this Order shall be served on the Stock Exchanges and Depositories, for necessary action.

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DATE: MAY 05, 2017

PLACE: MUMBAI

MADHABI PURI BUCH

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA