

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM: RAJEEV KUMAR AGARWAL, WHOLE TIME MEMBER**

ORDER

Under Sections 11(1), 11(4) and 11B of the Securities And Exchange Board of India Act, 1992 read with Regulation 11 of the Securities and Exchange Board of India Prohibition of Fraudulent and Unfair Trade Practices relating to Securities market) Regulations, 2003.

In the matter of Pipavav Defence and Offshore Eng. Limited, Parsvnath Developers Limited, Tulip Telecom Limited and Glodyne Technoserve Limited

In respect of M/s Littlestar Vanijya Private Limited (PAN AABCL2630H)

Date of hearing: October 31, 2012

Appearances:

For Noticee:

1. Mr. Ravi Ramaiya, Chartered Accountant
2. Mr. Anil Tulsian, Director

For SEBI:

1. Mr. Santosh Kumar Shukla, Joint Legal Adviser
2. Mr. Manoj Kumar, General Manager
3. Mr. Amitesh Kumar, Assistant Legal Adviser
4. Mr. Rajudeen Khan, Manager
5. Mr. Manish Kumar Gupta, Assistant Manager

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1. Securities and Exchange Board of India ('SEBI'), being alerted by its surveillance systems, on July 26, 2012, noticed a downward movement in the prices of four scrips namely Pipavav Defence and Offshore Eng. Limited, Parsvnath Developers Limited, Tulip Telecom Limited and Glodyne Technoserve Limited ('Glodyne') as compared to their closing prices on July 25, 2012 at the National Stock Exchange of India ('NSE') and Bombay Stock Exchange Limited ('BSE'). It was also observed that the prices of the said four scrips had seen a sharp downward movement within the time from 09:15 to 09:49 on July 26, 2012. During 15 days prior to July 26, 2012, no corporate announcements/price sensitive information was disclosed to the stock exchanges by the aforesaid companies which could have impacted prices of their shares negatively.

2. In the above background, SEBI, vide an *ad interim ex-parte* order dated August 03, 2012 (*interim* order), amongst others restrained M/s Littlestar Vanijya Private Limited ('noticee') from accessing the securities market and further prohibited it from buying, selling or dealing in securities in any manner whatsoever, till further directions.
3. Pursuant to the aforesaid *interim* order, the noticee made submissions/ objections vide its letter dated August 08, 2012. Thereafter, vide letter dated October 16, 2012, an opportunity of personal hearing was granted to the noticee on October 31, 2012. In the meantime, Hon'ble Securities Appellate Tribunal, vide its order dated October 23, 2012 in an appeal filed by the noticee against the *interim* order, directed SEBI to pass appropriate order in the matter by November 15, 2012.
4. On October 31, 2012, Mr. Ravi Ramaiya, Chartered Accountant appeared and made submissions on behalf of the noticee. Subsequent to the hearing, the noticee vide its e-mail dated November 02, 2012 made further submissions. The submissions of the noticee *inter alia* are as under:
 - (a) The noticee is not connected with the parties mentioned in the *interim* order and the same is also evident from the fact that the *interim* order has also not identified any such relationship.
 - (b) The *interim* order has not identified any fault with respect to the noticee in any of the activity mentioned therein.
 - (c) The noticee transacted in only one scrip i.e. Glodyne after the scrip was locked at lower price band.
 - (d) The scrip of Glodyne was locked at the lower price band before 09:25:39 am but the timeslot selected for investigation was extended upto 09:29:51 am. The noticee's order was probably the last order in the time slot selected for investigation i.e. placed on 09:29:14 am which started executing on 09:29:48 and got fully executed at 09:29:51 am. Thus, there was no possibility of its orders causing a downward movement in the price of shares of Glodyne.
 - (e) It has not participated in the price movement and none of its orders were placed below LTP and as a result it was not a party to the depression in the price of the scrip of Glodyne.
 - (f) It is one of the victims of the artificial price depression wherein it has sold out the shares in fear of further downfall on the next day.
 - (g) Para 19 of the *interim* order gives a comparative analysis of income of the entities who have transacted *viz-a-viz* the turnover from January 01, 2012 to July 25, 2012. In noticee's case, it is mentioned that the detail of its income

is not available and that its turnover is ₹36.04 crore. The financial statements enclosed with the reply clearly substantiate that it has transacted from the declared source of funds, details of which have been filed with various government bodies.

- (h) It is holding stock worth ₹5,79,08,469 as per the valuations on July 26, 2012 and it is not able to transact further because of the *interim* order.
- (i) Its pay-out for the sale of shares of Glodyne worth ₹54.84 lac has been held back by NSE and it has been deprived of its rightful amount.
- (j) Due to freezing of its demat accounts, it has not been able to meet its pay-in obligations for the transactions executed on August 03, 2012.

5. I have considered the reply/objection filed by the noticee, submissions made during the hearing as well as submission made vide email dated November 02, 2012 and the relevant material available on record. The limited issue to be considered in this order is to decide whether, based on the available material on record and after considering the submissions made by the noticee, the directions issued by SEBI vide *ad interim ex-parte* order need to be continued, revoked or modified in any manner, in so far as it relates to the noticee.
6. I note that the interim order has not alleged any connection of the noticee with other entities mentioned therein. At this stage, no material is available on record to establish noticee's relation/connection with other entities mentioned in the *interim* order who contributed to the major price fall on July 26, 2012. I also note that the noticee has dealt in only one scrip i.e. Glodyne and that too only on NSE. The noticee had sold 10,000 shares of Glodyne during 09:29:48 am to 09:29:51 am i.e. after 09:25:39 am when the price of this scrip had already fallen down. I have also noted the submission of the noticee that it has sold only 20,000 shares of Glodyne on July 26, 2012 at the lower price band because it was holding 79,878 shares on that day and the sale was only to avoid the possible losses because of further reduction in the price of this scrip in the days to come.
7. It is observed that the directions issued vide *ad interim ex-parte* order against noticee were *interim* in nature and were issued on the basis of *prima facie* findings. I note that the investigation in the matter is still in progress. It is noted that the noticee has already undergone restraint for more than three months pursuant to the *interim* order. A final view with regard to the role of the noticee, if any in the matter, can be taken on

the completion of the investigation. In my view, in the facts and circumstances of the case, the balance of convenience is in favour of the noticee.

8. The facts and circumstances of the case relating to the noticee do not suggest any emergent or urgent reasons to continue with the directions issued against the noticee vide the *ad interim* order at this stage. I am therefore, of the considered view that the directions issued against the noticee vide the *ad interim* order need not continue during the continuance of the pending investigation in the matter.
9. In view of the foregoing, I, 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(1), 11(4) and 11B thereof, hereby revoke the directions issued against M/s Littlestar Vanijya Pvt. Ltd. (PAN: AABCL2630H) vide *ad-interim ex-parte* order dated August 03, 2012.
10. It is, however, made clear that this order is without prejudice to any enforcement action that SEBI may deem necessary against the aforesaid noticee in the matter, on completion of the investigation.

DATE: November 09,2012

PLACE: MUMBAI

**RAJEEV KUMAR AGARWAL
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA**