

**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 Ramkripa Securities Pvt. Ltd. (PAN AADCR3436K)

Appearances:

For Noticee:

1. Mr. Suresh Kumar Sharma, Authorised Representative
2. Mr. Rohan Atul Rajadhyaksha, Counsel
3. Ms. Pragati Shetty, Advocate

For SEBI:

1. Mr. Santosh Kumar Shukla, Joint Legal Adviser
2. Mr. Manoj Kumar, General Manager
3. Ms. P. L. Leena Shree, Assistant Legal Adviser
4. Mr. Sachin Ashok Sonawane, Assistant Legal Adviser
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 (*'Pipavav'*), Parsvnath Developers Limited (*'Parsvnath'*), Tulip Telecom Limited (*'Tulip'*) 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 Ramkripa Securities Pvt. Ltd. ('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 letters dated August 21, 2012, September 27, 2012, October 17, 2012 and October 25, 2012. Opportunity of personal hearing was granted to the noticee on December 04, 2012 when Mr. Rohan Atul Rajadhyaksha, Counsel, Ms. Pragati Shetty, Advocate and Mr. Suresh Kumar Sharma, Director of the noticee, appeared and made submissions on behalf of the noticee. During the course of hearing certain information was sought from the noticee and the same was submitted by the noticee. The submissions made by the noticee are summarised as under:
 - i. The noticee has denied all the charges and allegation in the *interim* order.
 - ii. The noticee has submitted that it had traded in the scrip of *Glodyne* since March 31, 2012 through brokers namely, Networth Portfolio and Finance Pvt. Ltd. (*Networth*), Yoke Securities Limited (*Yoke*), Basant Securities Ltd. (*Basant*), Seema Securities Pvt. Ltd. (*Seema*) and A.G.Shares and Securities Ltd. (*A.G.*) It has traded through *Yoke* on March 31, 2012, April 27, 2012, April 30, 2012, May 31, 2012 and May 28, 2012 but did not trade through the said broker on July 26, 2012.
 - iii. During the period from April 18, 2012 to July 27, 2012, the noticee had purchased 67,000 shares and sold 58,103 shares of *Glodyne* through *Networth*. On July 26, 2012, the noticee sold 14,000 shares of *Glodyne* through *Networth*. The said transaction was a stop loss trade. The noticee has submitted that it had put the stop loss orders on July 23, 2012, July 24, 2012 and July 25, 2012 which ultimately led to another stop loss order that triggered on July 26, 2012.

- iv. During the period from May 11, 2012 to July 26, 2012, the noticee had purchased 86,500 shares and sold 88,500 shares of *Glodyne* through *Basant*. On July 26, 2012, it sold 4,000 shares of *Glodyne* through *Basant* as stop loss orders in order to minimise the losses.
 - v. With regard to trades executed by *Seema* and *A.G.*, the noticee has submitted that it has been cheated by them and its trading account has been misused by them to execute unauthorised trades in its account. The 40,000 shares of *Glodyne* purchased by it on July 16, 2012 were sold by *Seema* without their permission. Further, 21,000 shares of *Glodyne* purchased by it on April 27, 2012 and July 23, 2012 were sold by the *A.G.* without its permission. The brokers did not call it for the payment of differential amount though it has not availed any sort of margin funding or had any sort of financial arrangement with the broker.
 - vi. It had no intention of depressing the price of the scrip but was only interested in minimising losses and therefore it had placed the orders with stop loss.
 - vii. It was not connected to any of the 18 other entities against whom action has been taken in the order.
 - viii. There is no evidence of any counterparty concentration in the trading carried out by it.
4. I have considered the written and oral submissions of the noticee 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 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.
5. It has been alleged in the *interim* order that on July 26, 2012 the noticee had sold shares of *Gloydyne* only during the price fall patch of the said scrip. It had sold 10292 shares of *Glodyne* through *A.G.* at NSE during 9:22:17 A.M. to 9:29:46 A.M. In this regard, it is noted that out of these 10,292 shares, the noticee had sold 8292 shares though *A.G* and 2000 shares through *Basant* at NSE during the price fall patch of *Glodyne*. The *interim*

order further alleges that trading through *Networth* and *Seema*, the noticee had sold 21100 shares of *Glodyne* at BSE during 9:17:03 to 9:23:45. In this regard, it is noted that the noticee had sold 8119 shares through *Networth* and 12981 shares through *Seema* at BSE.

6. With regard to the alleged trading through *A.G.* and *Seema*, the noticee has submitted that it had been cheated by them and the alleged 8292 and 12981 shares respectively were sold by the brokers without its permission and it had complained to the respective stock exchanges for the illegal actions of *A.G.* and *Seema*. However, the noticee has not produce any evidence in support of its claim that those trades were carried out in its accounts by *A.G.* and *Seema* without its instruction/permission. I, therefore, do not find any reason to differ from the *prima facie* findings in the *interim* order with regard to this trade of the noticee.
7. With regard to alleged trading through *Basant*, the noticee, while admitting that it had sold 4000 shares of *Glodyne* through *Basant* on July 26, 2012, has contended that those trades were put as stop loss orders to avoid the losses. It has claimed that it had instructed *Basant*, the broker on July 21, 2012 to put a sell stop loss order at trigger price of ₹ 330/- executable till ₹ 300/- in order to avoid huge losses. I find that out of the said 4000 shares sold by the noticee on July 26, 2012, it had sold 2000 shares during the price fall. In the absence of any evidence in support of the claim of the noticee, I do not agree with its contentions.
8. With regard to its trading through *Networth*, the noticee has submitted that it had put the stop loss orders on July 23, 2012, July 24, 2012 and July 25, 2012 which ultimately led to another stop loss order that triggered on July 26, 2012. The noticee further submitted that in order to avoid huge losses it instructed broker to sell the shares even below ₹ 300/- at its discretion. Relying upon copy of a letter dated July 21, 2012 purported to be written by the noticee to *Networth*, the broker and the contract note -cum bill, the noticee had sold 14,000 shares on July 26, 2012. I note that the noticee has made

several contradictory submissions in its reply dated September 27, 2012 in this regard as detailed below :-

SL. NO.	PAGES 13 TO 23	PAGES 42 TO 55
1.	On July 23, 2012, directed stock broker to sell 40,000 shares of <i>Glodyne</i> with a stop loss order with a limit trigger price of ₹ 330/- per equity share and limit price of ₹ 320/- per equity share.	On July 23, 2012, instructed stock broker to sell 10,000 shares of <i>Glodyne</i> with a stop loss order with a limit trigger price of ₹ 330/- per equity share and limit price of ₹ 320/- per equity share
2.	On July 23, 2012, it has placed stop loss order for 1 equity share at a trigger price of ₹ 330/- and the limit price of ₹ 320/- per equity share at 9:32:06 a.m. on a sample basis	On July 23, 2012, it has placed stop loss order for 100 equity shares at a trigger price of ₹ 330/- and the limit price of ₹ 320/- per equity share at 9:31:39 a.m. on a sample basis
3.	On July 24, 2012, it has placed stop loss order for 1 equity share at a trigger price of ₹ 330/- and the limit price of ₹ 320/- per equity share at 9:26:09 a.m. on a sample basis	On July 24, 2012, it has placed stop loss order for 10,000 equity shares at a trigger price of ₹ 330/- and the limit price of ₹ 320/- per equity share at 9:15:23 a.m.
4.	On July 24, 2012, stock closed at a price of ₹ 356.50/- per equity share.	On July 24, 2012, stock closed at a price of ₹ 350/- per equity share.
5.	On July 25, 2012, it has	On July 25, 2012, it has placed stop loss

	placed stop loss order for 1 equity share at a trigger price of ₹ 330/- and the limit price of ₹ 320/- per equity share at 9:20:30 a.m. on a sample basis	order for 10,000 equity shares at a trigger price of ₹ 330/- and the limit price of ₹ 320/- per equity share at 9:15:20 a.m. No order for 1 share of <i>Glodyne</i> was placed by its broker.
6.	On July 25, 2012, stock closed at a price of ₹ 341.95/- per equity share.	On July 25, 2012, stock closed at a price of ₹ 342.70/- per equity share.
7.	On July 26, 2012, it has placed stop loss order for 1 equity share at a trigger price of ₹ 330/- and the limit price of ₹ 320/- per equity share at 9:17:13 a.m. on a sample basis.	On July 26, 2012, it has placed stop loss order for 10,000 equity shares at a trigger price of ₹ 328/- and the limit price of ₹ 320/- per equity share at 9:15:20 a.m.

9. I further note that the noticee has claimed that it did not want to suffer any more losses and therefore, it sold 3000 shares of *Glodyne* in part orders of 1000 and 2000 shares bearing orders no. 2012072600225824 and 20120702600227571, at a price of ₹ 315/- per equity share and ₹ 318/- per equity share, respectively. I find that these orders numbers pertain to trades placed from the account of *M/s Yashika Holdings Pvt. Ltd.* and not by the noticee.
10. I find that the copy of contract note cum bill no. 184003 dated July 26, 2012 submitted by the noticee though establishes sale of 14000 shares by the noticee at a price of ₹ 300.09/- per share, it does not prove that the alleged sale by the noticee was pursuant to a stop loss order. The purported letter dated July 21, 2012 claimed to be written by the noticee to *Networth* requesting the broker to put sell stop loss order is the statement of the noticee itself without any corroborative documentary or circumstantial evidence.

11. In my view, the fact whether the transactions in question were pursuant to a stop loss order is only within the knowledge of the noticee. Therefore, the burden of proof in this regard lies on the noticee. I, therefore, find that the submissions of the noticee do not give any plausible reason/explanation, at this stage, for its trades in the scrip of *Glodyne* as alleged in the interim order. Thus, the noticee has not been able to make out a *prima facie* case for revocation or modification of the *interim* order as against it and the material available on record justifies the continuation of the directions passed against it under the *ad interim ex-parte* order dated August 03, 2012. I also note that investigation in the matter is going on and appropriate action, in accordance with law, would be taken after completion thereof.
12. In the light of above facts and circumstances, I am of the considered view that no intervention is called for, at this stage, in either vacating the interim directions or modifying it, with respect to M/s Ramkripa Securities Pvt. Ltd.
13. 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(1), 11(4) and 11B thereof, hereby confirm the directions issued vide the *ad interim ex-parte* order dated August 03, 2012 against M/s Ramkripa Securities Pvt. Ltd. (PAN AADCR3436K)
14. A copy of this Order shall be served on all the recognized stock exchanges and depositories for necessary action.
15. This order shall remain in force till further directions.

DATE: January 18th, 2013
PLACE: MUMBAI

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