

BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. VSS/AO- 77/2009]

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

In respect of

Roopshri Finvest Private Limited

(PAN. AAACR5068G)

FACTS OF THE CASE IN BRIEF

1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) conducted investigation in respect of buying, selling and dealing in the shares of Motorola Speciality Oils Limited (hereinafter referred to as ‘**MSOL/Company**’) for the period from January 1, 2001 to October 5, 2001 (hereinafter referred to as “**investigation period**”). The shares of MSOL are listed at Bombay Stock Exchange (hereinafter referred to as ‘**BSE**’) and Calcutta Stock Exchange (hereinafter referred to as “**CSE**”).
2. Pursuant to the investigation, it was alleged that Roopshri Finvest Private Limited (hereinafter referred to as “**Noticee**”) had failed to make the necessary disclosure in terms of regulations 7(1) and 7 (2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (hereinafter referred to as “**SAST**”) and regulations 13 (1), 13 (3) and 13

(5) of SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as “**PIT**”). Consequently, it was alleged that the Noticee was liable for penalty under section 15A(b) of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act**”).

APPOINTMENT OF ADJUDICATING OFFICER

3. The undersigned was appointed as Adjudicating Officer vide order dated May 15, 2008 under section 15 I of SEBI Act read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as ‘**Rules**’) to inquire into and adjudge the alleged violations of provisions of the aforesaid regulations.

SHOW CAUSE NOTICE, HEARING AND REPLY

4. Show Cause Notice No. EAD-5/VSS/JR/136955/2008 dated September 5, 2008 (hereinafter referred to as “**SCN**”) was issued to the Noticee under rule 4(1) of the Rules to show cause as to why an inquiry should not be held against the Noticee and penalty be not imposed under section 15A(b) of SEBI Act for the alleged violations specified in the said SCN.
5. The Noticee vide letter dated September 16, 2008 replied to the SCN denying the alleged violations.
6. In the interest of natural justice and in order to conduct an inquiry as per rule 4 (3) of the Rules, the Noticee was granted an opportunity of personal hearing on February 13, 2009 at SEBI, Head Office, Mumbai vide notice dated January 29, 2009. Mr. Rajesh Maurya, Authorized Representative, (hereinafter referred to as “**AR**”) appeared. During the hearing, the AR reiterated the submissions made vide letter dated September 16, 2008.

CONSIDERATION OF ISSUES AND FINDINGS

7. The issues that arise for consideration in the present case are :
- a) Whether the Noticee had violated regulations 7(1) and 7(2) of SAST and 13 (1), 13(3) and 13(5) of PIT?
 - b) Does the violation/s, if any, on the part of the Noticee attract monetary penalty under section 15A(b) of SEBI Act?
 - c) If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in section 15J of SEBI Act?
8. I have noted the written and oral submissions of the Noticee made during the present proceedings. I find that the Noticee had contended that the allegation against it has been made based on the trading details, whereas it ought to have been made based on the shares/voting rights held by it. In this regard, I have noted the submission of the Noticee that it had not crossed the threshold limit of 5% shares/voting rights at any time during the investigation period. The Noticee had also submitted the following:
- The transactions between 01-01-01 to 05-10-01 were done in the capacity of a sub-broker for various clients.
 - Trading was done on behalf of different clients and hence, if the same is calculated client wise, the percentage will not be as high as shown in the SCN.
 - The shares were purchased for the clients. Whenever, the payments were not received from them on time, the shares had to be sold to meet the pay-in obligations and had to be repurchased when the clients actually made payment.
 - In this process of selling and repurchasing, the holdings and turnovers are looking very high, which in reality were not.

9. In order to verify the veracity of the claim of the Noticee, it was advised to submit the transaction/holding statement from the Depository Participant, i.e., Standard Chartered Bank. The Noticee vide letter dated February 24, 2009 submitted the transaction statement in respect of MSOL for the period from September 8, 2000 to February 8, 2002.
10. I have perused the aforesaid transaction statement. Upon analysis of the same for the period from January 1, 2001 to October 5, 2001, which is the investigation period, I find that the Noticee did not hold 5% of shares/voting rights of MSOL at any point of time during the said period. The extract from the transaction statement indicating the holding of the Noticee during the aforesaid period is as under :

Date	Trans. No.	Description	Credit	Debit	Balance	Paid up capital	% to paid up capital
14/01/2001		Opening Balance			576416	29242400	
15/01/2001	127687	To CM KANTILAL MANGALDAS SECPL, PHYSICAL / 0001042		13000	563416	29242400	1.92
15/01/2001	127811	To STOCK HLDG CORP OF I LTD / 14347462		50000	513416	29242400	1.75
22/01/2001	150149	To STOCK HLDG CORP OF I LTD / 14347462		50000	463416	29242400	1.58
26/01/2001	166016	By KARVY STOCK BROKING LIMITED / 10295989	5000		468416	29242400	1.60
1/2/2001	184057	To STOCK HLDG CORP OF I LTD / 14347462		100000	368416	29242400	1.25
5/2/2001	493136	By Dematerialisation	1600		370016	29242400	1.26
8/2/2001	211747	To IL&FS SECURITIES SERVICES LIMITED / 10470235		100000	270016	29242400	0.92
10/2/2001	218201	To STOCK HLDG CORP OF I LTD / 14347462		100000	170016	29242400	0.58
12/2/2001	224473	By CM KEYNOTE CAPITALS LTD,	29325		199341	29242400	0.68

		PHYSICAL / 0001036					
12/2/2001	224474	By CM KEYNOTE CAPITALS LTD, PHYSICAL / 0001037	88210		287551	29242400	0.98
12/2/2001	224476	By CM KEYNOTE CAPITALS LTD, PHYSICAL / 0001038	120790		408341	29242400	1.39
12/2/2001	224477	By CM KEYNOTE CAPITALS LTD, PHYSICAL / 0001033	101875		510216	29242400	1.74
12/2/2001	224478	By CM KEYNOTE CAPITALS LTD, PHYSICAL / 0001041	18840		529056	29242400	1.80
12/2/2001	224479	By CM KEYNOTE CAPITALS LTD, PHYSICAL / 0001040	144100		673156	29242400	2.30
12/2/2001	224481	By CM KEYNOTE CAPITALS LTD, PHYSICAL / 0001042	45699		718855	29242400	2.45
12/2/2001	224482	By CM KEYNOTE CAPITALS LTD, PHYSICAL / 0001043	47300		766155	29242400	2.62
12/2/2001	224483	By CM KEYNOTE CAPITALS LTD, PHYSICAL / 0001032	44900		811055	29242400	2.77
12/2/2001	224484	By CM KEYNOTE CAPITALS LTD, PHYSICAL / 0001034	97451		908506	29242400	3.10
13/02/2001	230802	To STOCK HLDG CORP OF I LTD / 14347462		50000	858506	29242400	2.93
13/02/2001	232088	By CM KEYNOTE CAPITALS LTD, Rolling Mkt Lot / 0001210	90000		948506	29242400	3.24
14/02/2001	233709	To STOCK HLDG CORP OF I LTD / 14347462		200000	748506	29242400	2.55
15/02/2001	239448	To IL&FS SECURITIES SERVICES LIMITED / 10470235		75000	673506	29242400	2.30
16/02/2001	244923	To STOCK HLDG CORP OF I LTD / 14347462		50000	623506	29242400	2.13

16/02/2001	2048520	By Inter Depository transfer CDS / 1301190000009265	1560		625066	29242400	2.13
17/02/2001	250841	To STOCK HLDG CORP OF I LTD / 14347462		300000	325066	29242400	1.11
21/02/2001	261608	To IL&FS SECURITIES SERVICES LIMITED / 10470235		275000	50066	29242400	0.17
21/02/2001	267109	By CM KEYNOTE CAPITALS LTD, PHYSICAL / 0001046	44650		94716	29242400	0.32
28/02/2001	294733	By CM KEYNOTE CAPITALS LTD, PHYSICAL / 0001047	287801		382517	29242400	1.30
1/3/2001	298444	To STOCK HLDG CORP OF I LTD / 14347462		375000	7517	29242400	0.02
19/03/2001	549448	By Dematerialisation	289250		296767	29242400	1.01
30/03/2001	411939	To STOCK HLDG CORP OF I LTD / 14347462	37700		334467	29242400	1.14
31/03/2001	416667	To CM KEYNOTE CAPITALS LTD, PHYSICAL / 0102001		7696	326771	29242400	1.11
31/03/2001	416838	To STOCK HLDG CORP OF I LTD / 14226258		200000	126771	29242400	0.43
8/5/2001	526156	To SHAREKKHAN LIMITED / 10056900		51771	75000	29242400	0.25
8/5/2001	529221	To CM KEYNOTE CAPITALS LTD, PHYSICAL / 0102006		40000	35000	29242400	0.11
8/5/2001	529299	To STOCK HLDG CORP OF I LTD / 14594263		35000	0	29242400	0.00
14/06/2001	652106	By STOCK HLDG CORP OF I LTD / 14226258	306000		306000	29242400	1.04
16/06/2001	657256	To STOCK HLDG CORP OF I LTD / 14594263		10000	296000	29242400	1.01
16/06/2001	657258	To IL&FS SECURITIES SERVICES LIMITED / 10530930		96000	200000	29242400	0.68
19/06/2001	664107	To CM KANTILAL MANGALDAS SECPL, PHYSICAL /		40000	160000	29242400	0.54

		0102012					
19/06/2001	664289	To SHAREKKHAN LIMITED / 10056900		60000	100000	29242400	0.34
22/06/2001	674330	To STOCK HLDG CORP OF I LTD / 14594263		6000	94000	29242400	0.32
22/06/2001	674331	To IL&FS SECURITIES SERVICES LIMITED / 10530930		94000	0	29242400	0.00
2/8/2001	2082592	By Inter Depository Transfer CDS / 1020430000000117	1038		1038	52242400	0.01
11/8/2001	808493	By CM KEYNOTE CAPITALS LTD, PHYSICAL / 0102017	1000		2038	52242400	0.03
11/8/2001	808494	By CM KEYNOTE CAPITALS LTD, PHYSICAL / 0102018	36645		38683	52242400	0.07
11/8/2001	624411	By Dematerialisation	14300		52983	52242400	0.10
17/08/2001	2085235	By Inter Depository Transfer CDS / 1202430000000117	102000		154983	52242400	0.29
18/08/2001	823171	By CM KEYNOTE CAPITALS LTD, PHYSICAL / 0102019	60000		214983	52242400	0.41
4/9/2001	856679	To CM KEYNOTE CAPITALS LTD, PHYSICAL / 0102023		106100	108883	52242400	0.20
21/09/2001	898146	To SHAREKKHAN LIMITED / 10056900	90000		198883	52242400	0.38

11. In the light of the aforesaid and since the holding of the Noticee did not exceed 5% or more of the shares or voting rights of MSOL at any point of time during the investigation period, the provisions of regulations 7(1) and 7(2) of SAST and 13 (1), 13(3) and 13(5) of PIT were not attracted. When the regulations were not attracted, the question of their compliance or otherwise does not arise.

ORDER

12. In view of the foregoing, the alleged violation of the provisions of regulations 7(1) and 7(2) of SAST and 13 (1), 13(3) and 13(5) of PIT by the Noticee, as specified in the SCN, does not stand established and the matter is, accordingly, disposed of.
13. In terms of rule 6 of the Adjudication Rules, copies of this order are sent to the Noticee and also to the Securities and Exchange Board of India.

Date: **May 13, 2009**
Place: **Mumbai**

V.S.SUNDARESAN
ADJUDICATING OFFICER