

**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 downward movement in the prices of four scrips, viz; Pipavav Defence and Offshore Eng. Limited, Parsvnath Developers Limited, Tulip Telecom Limited and Glodyne Technoserve Limited.

In respect of M/s White Horse Trading Company Pvt Ltd (PAN AAACW8451G)

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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 White Horse Trading Company 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 *interim* order, the noticee made submissions/objections vide its letter dated August 21, 2012. Opportunity of personal hearing was granted to the noticee on October 31, 2012. Noticee vide its e-mail dated October 31, 2012 requested SEBI to give another date for hearing and accordingly, the hearing was postponed to November 08, 2012 when Mr. Sandeep Parekh, Advocate appeared and made submissions on behalf of noticee. He sought two weeks time to file additional written

submissions which was granted. However, the noticee did not file any additional written submissions.

4. The noticee denies all the allegations against it in the *interim* order. It has submitted that it does not have any relationship with any of the entities mentioned in the *interim* order. It has submitted that it is a regular investor in the scrip *Glodyne* and on July 26, 2012, it had total 61,768 shares of *Glodyne* in its account. On July 26, 2012, it has traded only in the scrip of *Glodyne* and had sold 4064 shares on NSE and 1142 shares on BSE during the identified price fall patch. The trades were executed between the price range of ₹ 337.30 and ₹ 330.10 per share. Those trades from its account have not led to price deflation in the scrip and they were not put at the lowest circuit level price.
5. The noticee has further submitted that since the broking entity was in charge of putting the trade orders, it had no role in deciding the timing of the order. It had no intention to trade maliciously in any scrip and it is merely a coincidence that its trade in the scrip *Glodyne* were executed in the identified price fall patch. Further, the price and the quantity sold from its account shows that its trades were in normal course of trading and did not bring down the price.
6. I have carefully considered the allegations in the *interim* order against noticee and its submission. 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 them, 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.
7. I note that the *interim* order has not alleged any connection of the noticee with other entities mentioned therein and, 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 note that noticee has dealt in only one scrip i.e. *Glodyne* and had sold total 5,206 shares of *Glodyne* during the identified price fall patch. There is no evidence on record to suggest any counterparty concentration in the trades carried out by the noticee. In view of these facts and circumstance, I, therefore, *prima facie*, find merit in submissions of the noticee that it sold those shares of *Glodyne* in regular course of its transactions.
8. 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 going on. It is noted that the noticee has already undergone restraint for five 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. 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 White Horse Trading Company Pvt Ltd (PAN AAACW8451G) 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.
11. This Order shall come into force with immediate effect.

DATE: January 08, 2013
PLACE: MUMBAI

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