

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3922
ANSWERED ON:05.09.2012
CRASH OF FOUR MID CAP STOCK
Kumar Shri P.

Will the Minister of FINANCE be pleased to state:

- (a) whether the market regulator SEBI has barred 19 entities from the market and if so, the details thereof;
- (b) whether the barred entities had a role to play in the crash of four mid cap stock in July 2012 and if so, the details thereof;
- (c) whether the SEBI has conducted any investigation in this regard; and
- (d) if so, the details thereof and the present status of the investigation?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a): The securities market regulator-Securities and Exchange Board of India (SEBI) - vide its order dated August 3, 2012 passed an ad interim ex -parte order restraining 19 entities from accessing the securities market and further prohibiting them from buying, selling or dealing in securities in any manner whatsoever, till further directions. The list of the 19 entities is given at Annexure.

(b): SEBI observed abnormality in price movement of certain mid-cap stocks viz, Pipavav Defence and Offshore Engineering Company Limited, Parsvnath Developers Limited, Tulip Telecom Limited and Glodyne Technoserve Limited on July 26, 2012. In the preliminary analysis it was found, inter alia, that:

Groups of related entities were found to be trading substantially in these mid-cap stocks and their income details captured in Know Your Client (KYC) records were not found to be commensurate with their trading pattern.

These groups of related entities had placed sale orders of substantial quantities, as fully disclosed orders, at prices significantly below the Last Traded Price (LTP), thereby contributing to the fall in prices of these stocks.

(c) & (d): In the light of the preliminary findings in this matter, pending detailed investigation, SEBI issued the aforementioned Order. This was to prevent any further harm to investors and securities market and in order to protect the interest of investors and the integrity of the securities market.