

SECURITIES AND EXCHANGE BOARD OF INDIA**ORDER**

DIRECTIONS UNDER SECTIONS 11(1), 11(4), 11A AND 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 IN THE MATTER OF DEALINGS IN THE IPO OF RDB RASAYANS LTD AGAINST RDB RASAYANS LIMITED AND ITS DIRECTORS NAMELY, MR. SUNDER LAL DUGAR, MR. SHANTI LAL BAID, MR. SANDEEP BAID, MR. PRABIR KUMAR SARKAR, MR. MAHENDRA PRATAP SINGH, MR. SACHIN SHRIDHAR AND ITS COMPANY SECRETARY, MS. SWETA PUNJABI AND THE MERCHANT BANKER, CHARTERED CAPITAL AND INVESTMENT LIMITED AND CERTAIN TRADING CLIENTS

1. BACKGROUND:

1.1. SEBI decided to investigate the recently listed IPOs where wide fluctuations volatility in market price w.r.t issue price was seen. The issue of RDB Rasayans Limited (RDB) was one such issue which had seen wide fluctuations in the price. In the Initial Public Offering (IPO) of RDB, shares were allotted at ₹79. The scrip of RDB opened at ₹85 and closed at ₹26.95 on listing day. Therefore, the RDB IPO was taken up for investigation. The investigation primarily focused on the following aspects: (a) Verification of disclosures made in Offer Document (b) Examination of Bidding pattern (c) Examination of Trading on first day of Listing (d) Utilization of IPO proceeds vis-à-vis what is stated in the Offer Document

2. INITIAL PUBLIC OFFERING (IPO) OF RDB

2.1. RDB, a company based in Kolkata, came out with an IPO issue during the period 21-23 September, 2011. The details of the issue are given below:

Issue Period: Sep 21, 2011 - Sep 23, 2011

Issue Type: 100% Book Built Issue IPO

Issue Size: 4,500,000 Equity Shares of ₹10

Issue Size: ₹35.55 Crore

Face Value: ₹10 Per Equity Share

Issue Price Band: ₹72 - ₹79 Per Equity Share (Final price was ₹79/-)

Market Lot: 80 Shares

Listing At: BSE

Book Running Lead Manager: Chartered Capital and Investment Limited

Registrar to the Issue: Link Intime India Private Limited

IPO Grading: 'BWR IPO Grade 2', indicating 'Below Average Fundamentals'.

3.OBJECTS OF THE ISSUE

3.1. It is seen from the prospectus filed by the company that the main object of the issue was to utilize the net proceeds of the issue to finance the capital expenditure to enhance the production facilities of the company. The company proposed to increase its production capacity from 7,000 MT to 13,500 MT p. a. The company is a manufacturer of PP tape, PP woven sacks, woven fabrics, industrial woven fabric and PP woven bags. During visit to the company office and factory premises by SEBI officials information was collected regarding the business activities of the company. From the information collected it is seen that the major suppliers of raw material to the company are Haldia Petro Chemicals Limited and Reliance Industries Limited. The major customers of the company are Haldia Petro Chemicals Limited, Tata Chemicals Limited, Philips Carbon Black Limited, Mitsubishi Chemical Corporation etc. The three main objects of the issue are as follows:-

Sr. No.	Particulars	Amount (₹ in cr)
1	To finance the capital expenditure to enhance the manufacturing capacity by 7450 MTPA by establishing the Unit –II	27.82
2	To meet General Corporate Purpose	5.01
3	To meet Issue Expenses	2.72
	TOTAL	35.55

3.2. Out of ₹27.82 crore for expansion, ₹2 crore is the security which was to be furnished to West Bengal State Electricity Distribution Company Limited (WBSEDCL) for electricity connection at the proposed manufacturing unit.

3.3. The scheduled of implementation of the project as given in the prospectus (page 26) shows that the company proposed to place orders for Plant & Machinery during September 2011 receive delivery of the same during December 2011. Further, the company proposed to keep security deposit with West Bengal State Electricity Distribution Company Limited (WBSEDCL) during October – November 2011. RDB vide email dated December 02, 2011 has informed SEBI that the order for Plant & Machinery is yet to be placed by the company. As may be seen from discussion in the later paragraphs regarding the utilizations of IPO proceeds by the company, RDB has not kept security deposit with WBSEDCL.

4. EXAMINATION OF BIDDING FOR IPO SHARES

4.1. The IPO of RDB came during September 21-23, 2011. The no. of shares bid day-wise are given in the table below:

As on Date & Time	Qualified Institutional Buyers (QIBs)	Non Institutional Investors (NIIs)	Retail Individual Investors (RIIs)	Total
Shares Offered / Reserved	2,250,000	675,000	1,575,000	4,500,000
Day 1 - Sep 21, 2011	0.0000	0.0000	126,160 (8%)	126,160(2.8%)
Day 2 - Sep 22, 2011	0.0000	0.0000	203,360(13%)	203,360(4.5%)
Day 3 - Sep 23, 2011	0.0000	506,240 (75%)	56,86,800(362%)	61,93,040 (138%)
Total shares applied	0.0000	506,240 (75%)	60,16,320(382%)	65,22,560 (145%)

4.2. From the above table it is seen that only three percent of the total issue size was applied for on first day. Maximum bids were received on third day which led to over

subscription to the extent of 382% in the retail category. Also, all the applications in NII category were received on the third day only.

4.3. The following table shows the application status across category:

Table showing applications statuses across category

Category	No. of shares offered	No. of allottees	No. of shares applied	No. of shares allotted	Subscription Ratio
QIB	2,250,000	NIL	NIL	NIL	0
NII	675,000	9	506,240	480,240	75%
Retail	1,575,000	2,643	60,16,320	4,019,760	382%
Total	4,500,000	2,652	65,22,560	4,500,000	145%

4.4. As per the table, there were no applications in QIB category while only 10 entities had applied in NII category out of which 9 entities were allotted the shares in full. In Retail category, out of total 2677 applicants, 2643 applicants were allotted the shares.

4.5. The table below shows the details of applications made at bid price of ₹79:

	Application Details		Details of Technical Rejection / Withdrawals after close of bid / Cheque Returns/ Amount not blocked in ASBA		
Category	Total no. of applications received at ₹79	No. of shares applied	No. of applications rejected	No. of shares	Reason
QIB	NIL	NIL	NIL	NIL	NIL
NII	10	506,240	1	26000	Already applied in Retail category with same PAN
Retail	2191	5433680	14	136340	Technical
			20	36160	Withdrawals

4.6. As per the table, there was only one application which was rejected in NII category, while in Retail category, 34 applications were rejected of which 14 were rejected for technical reasons and 20 were withdrawn.

4.7. From the bidding data received from the RTI, there were a total of 2677 applicants in the retail category who applied for a total of 58,41,040 shares out of which 2643

persons were allotted 40,19,760 shares in the RDB IPO. In the NII Category, there were 9 valid applicants who applied for a total of 4,80,240 shares and all of them received full allotment.

4.8. Total no. of shares bid on NSE was about 32.6 lakh shares while on BSE it was for about 32.4 lakh shares.

5. ALLOTMENT IN NII CATEGORY:

5.1. The details of allottees in the NII Category given below:

Name of entity	PAN	No. of Shares Applied in the IPO	No. of Shares allotted in the IPO	No. of shares sold (net sale) on the date of listing	No. of shares sold (net sale) on the first 3 trading days
Alfa Fiscal Services Pvt Ltd	AABCA8192K	2,52,960	2,52,960	0	2,52,960
Sun Finlease (Gujrat) Limited	AACCS1443G	1,00,000	1,00,000	1,00,000	1,00,000
Pushpa Hirachand Jain	ACBPJ8392D	53,200	53,200	0	53,200
Jinesh Jayantilal Jain	AHLPJ9619A	31,600	31,600	3,500	31,600
Priyanka .	AYXPP8706H	26,000	26,000	26,000	26,000
Mahendra S Jain	ACBPJ8374K	5,040	5,040	0	5,040
Avisha M Jain	AGYPJ6425G	4,000	4,000	0	4,000
Kantilal Babulal Jain (Huf)	AAEHK7465B	3,760	3,760	0	3,760
Bhavna M. Jain	ACWPJ2216K	3,680	3,680	0	3,680
Total		4,80,240	4,80,240	1,29,500	4,80,240

5.2. From the above table, it is seen that Alfa Fiscal Services Private Limited (Alfa) and Sun Finlease (Gujarat) Limited were the largest allottees in the NII category and

they were allotted 2,52,960 shares and 1,00,000 shares of RDB respectively in the IPO.

6. ALLOTMENT IN RETAIL CATEGORY

- 6.1. BSE has informed SEBI that 57 allottees in the retail category had their common address as 437, Star Chamber, Harihar Chowk, Rajkot, 360001. BSE further mentioned that all the 56 allottees appear to be related to ANS Private Limited (ANS), a trading member of BSE who was having its office at 403, Star Chamber, Harihar Chowk, Rajkot, 360001.
- 6.2. SEBI obtained copies of application forms of the aforesaid allottees from the RTI. A perusal of the application forms revealed that all the applications were bearing the broker stamp “Edelweiss Broking Limited” and the sub-broker stamp “160506”. Further all the applications appear to be signed by one and same person. For instance, in the application form no. 11728948, the signature of the applicant namely Mr. Manish Jayantilal Kakad is shown as “manish”, while in the application form no. 11728954, the signature of the applicant namely Mr. Manish Manharlal Mehta is also shown as “manish” i.e. applicants in application form no. 11728948 and 11728954 had apparently the same signatures .
- 6.3. From the perusal of the bid data it is seen that the applications were bearing continuous sets of serial numbers e.g. from 11728826 to 11728836, from 11728938 to 11728980 etc. Further the Savings Bank account numbers from which the IPO application cheques were issued were having continuous serial numbers e.g. from 310310110004909 to 310310110004920, from 310310110005000 to 310310110005109 etc. All the applicants had their bank accounts with Bank of India, Panchnath Branch, Rajkot. A perusal of the bank account statements of these applicants revealed that each of them had received ₹1,12,000 from ANS Private Limited and ₹85,000 from Alfa on September 26, 2011. Thus, they had received ₹1,97,000 from Alfa and ANS Private Limited and had paid ₹1,95,920 towards application money in the RDB IPO. Further it is seen that all these retail allottees had sold all the RDB shares allotted to them on the first day of listing through the broker ANS Private Limited.

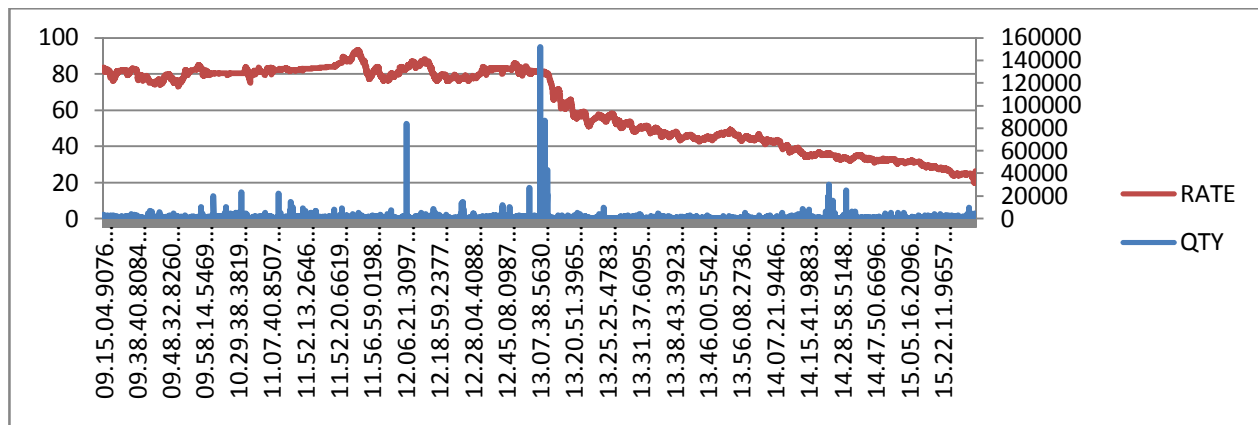
- 6.4. From the above discussions relating to bidding in retail category, it appears that some of the applicants in the retail category may not be genuine. Therefore, it appears that Alfa and ANS Private Limited have made 57 applications in the retail category using Benami names.
- 6.5. Further, it is seen that even though the IPO applications had been made in the names of various persons, the entire money for their respective IPO applications had been provided from the bank accounts of Alfa and ANS. Further, from the bank account statements of the IPO applicants, it is seen that the very same funds had been utilized to make applications in retail category of various other IPOs. This leads to the possibility that Alfa and ANS had used their funds to apply in the names of 57 IPO applicants for ensuring subscription in the retail category of IPOs.
- 6.6. Prima facie, Alfa and ANS are related to each other due to the following reasons:
- (a) The Website of ANS states that “In 1994, we acquired membership right of Saurashtra Kutch Stock Exchange in the name of M/s.Ajay Natavarlal Sheth..... The group is a result of vision and dedication of Jayesh N Sheth, Ajay N Sheth, Nilesh N Sheth and Bhavesh N Sheth.” As per the MCA data, Bhavesh Natvarlal Sheth is the director of Alfa. Thus, ANS and Alfa have common key personnel/ director.
 - (b) As per MCA data, the email ID of ANS and Alfa are the same i.e. anspl405@yahoo.com
 - (c) As per BSE data, the office of ANS is situated at 403, Star Chambers, 4th Floor, Harihar Chowk Rajkot-360001 and the office of Alfa is situated at 437 Star Chambers,4th Floor,Harihar Chowk, Rajkot Gujarat India 360001.
 - (d) ANS and Alfa have financed common IPO applicants, with part of the funds being provided by ANS and the balance being provided by Alfa.
- 6.7. Thus, prima facie, it has come to light that Alfa and ANS have used the names of various applicants for making bid in the retail category of RDB IPO. ANS and Alfa had provided the entire application money for these retail applicants. Whether there are more such applicants who were funded by Alfa and ANS and whether there are any financiers like Alfa and ANS needs further investigation.

7. OBSERVATIONS ON DATA OF BIDDING BROKER AND TERMINAL

7.1. The observations emerging from an examination of the data of bidding broker and terminal are given in **Annexure 4**.

8. TRADING ON LISTING DAY

8.1. The scrip of RDB Rasayans Ltd got listed on BSE on October 07, 2011. The listing day witnessed volumes to the tune of 3,50,09,187 shares which got traded through 2,04,524 trades. The post issue equity shares capital of the company is 1,77,14,800 shares. Thus, the number of shares traded on the first day of listing represents 1.98 times paid up capital of the company. The Price Volume chart on the listing day is presented below:



8.2. As seen from the chart, the scrip opened at a price of ₹85. The scrip reached its intraday high of ₹93.15 at 11:53 am, touched a intraday low of ₹20.5 and the scrip closed at ₹26.50 on the day of listing. Also, the following major transactions (each trade quantity >25000 shares) were seen to have taken place before the market price of RDB shares began to fall:

TRADEID	TRADE_TIME	Buy MEMBER_NAME	Buy CLIENTNAME	QTY	RATE	ORDER_TIME	CP_ORDER_TIME
98258	13.14.43	EXCEL MERCANTILE PVT.LTD.	PRAKASHBHAI ISHWARBHAI RANA	86608	81	13:11:39	13:14:43
98269	13.14.43	MARFATIA STOCK BROKING PVT.LTD.	DAVE HARIHAR KIRITBHAI	61000	81	13:14:24	13:14:43
98662	13.15.32	EXCEL MERCANTILE PVT.LTD.	EXCEL MERCANTILE PRIVATE LIMITED	43326	80	13:15:32	13:15:23
98268	13.14.43	GOLDMINE STOCKS PVT.LTD.	REKHA MUKESH SHAH	30000	81	13:14:21	13:14:43

- 8.3. For all the above trades, Techno Broking and Financial Services Private Limited (“Techno”) (PAN: AACCT3286G) trading through the broker Techno Shares & Stocks Ltd. was the selling client. The findings emerging from examination of the funding of buying clients namely Prakashbhai Ishwarbhai Rana and Dave Harihar Kiritbhai out of the RDB IPO proceeds has been narrated in the later portion of this order.
- 8.4. Out of 3.50 crore shares traded on the listing date, 40,17,005 shares were the net delivered quantity. Thus, the delivery to trade percentage was 11.48%. Further the deliverable quantity of 40,17,005 shares out of the 45 lakh shares issued through IPO represents 89.27%. Thus, a large portion of the allottees of RDB IPO had sold their shares on the day of listing.
- 8.5. Further on the listing day, out of 2191 allottees each of whom were allotted 1706 or 1707 shares the retail category, 1500 allottees had sold at a positive price difference of ₹1.25-4 per share. In the NII category, 2 out of 9 allottees had sold on listing day, six allottees sold on the 2nd day (October 10, 2011) and Alfa Fiscal Services Pvt Ltd. (Alfa), the largest allottee sold on 3rd day (October 11, 2011). Alfa sold all of the 252,960 shares allotted to it and these were bought by Prakashbhai Ishwarbhai Rana (Prakashbhai). It may be mentioned that Prakashbhai was the second highest loss making client on account of its trading in RDB shares on BSE the day of listing and he had received ₹48 lakh on October 10, 2011 out of the proceeds of RDB IPO.
- 8.6. The observations on examination of top trading clients on gross/net buy/sell basis, wash trades and synchronized trades are given at Annexure 1, 2 and 3 respectively.

9. WRONG DISCLOSURES AND NON-DISCLOSURE IN OFFER DOCUMENT

- 9.1. The corporate office of RDB situated at Kolkata and its factory premises situated at Haldia were visited by SEBI officials to ascertain the veracity of disclosures made in the offer document. During course of the visit various documents such as certified copies of the agenda and the minutes of all Board meetings and audit committee meetings since April 01, 2011, copies of investors complaints received and responses given since August 01, 2011, copies of income tax returns, electricity and

telephone bills, various other government approvals, copies of escrow agreements between company, BRLM and escrow banks etc. were obtained.

9.2. While perusing the minutes of the Board Meeting of the company held on September 12, 2011 it was observed that the company had passed a resolution to grant some of its surplus funds by way of loans to M/s RDB Reality and Infrastructure Limited (RDBRIL) upto the extent of ₹50 crores for the business purpose, the same being repayable on demand. Since the providing of the said loan to RDBRIL would require approval from shareholders, the Board resolved to give notice for convening Extra-Ordinary General Meeting of the company on September 28, 2011. The Board further resolved to obtain the approval of the members for holding the meeting at less than 21 days notice as required by Section 171 (2) of the Companies Act, 1956.

9.3. In the EGM held on September 28, 2011, the consent of the shareholders was accorded to BOD of the company to give some of the surplus funds of the company in the form of loan to an extent of ₹50 crore to RDB Realty and Infrastructure Ltd (RDBRIL). It appears that the company / BOD had deliberately reduced the notice period for EGM to 15 days because had the notice period been 21 days as stipulated in Section 171 (1), the EGM date would have fallen on October 3, 2011. Hence, the date of EGM would have been after the date of finalization the basis of allotment (September 29, 2011) and also after the date of Board Meeting where it was resolved to effect delivery of 45 lakh shares to the respective beneficiaries accounts of the successful allottees under the IPO of the company (September 30, 2011). In that case the company would have had to take approval from the public shareholders through postal ballot.

9.4. Provision of inter-corporate loans to group companies is governed by Companies Act, 1956. The relevant provisions of Section 372(A) of the Companies Act inter-alia provides that the maximum loan can be 60% of paid up capital and free reserves as per last audited balance sheet as on March 31, 2011 (which was ₹10.72 crore for the company) or 100% of free reserves as per last audited balance sheet (₹4.66 crore for the company), whichever is higher. If the loan amount exceeds the prescribed limit, then a special resolution in either the AGM or EGM was to be passed. Hence, the company held the EGM on September 28, 2011 to seek the approval.

- 9.5. Therefore, it appears that the company had already planned to use the IPO proceeds for giving the loan to RDB Realty and Infrastructure Ltd, its group entity as the special resolution as required u/s 372(A) of the Companies Act was passed in the EGM held on September 28, 2011.
- 9.6. It was noticed that the said Board Resolution dated September 12, 2011 was passed before the filing of Red Herring Prospectus with ROC on September 13, 2011. Further the EGM was held on September 28, 2011 which was after the issue closure date (September 23, 2011) but before the allotment of shares to the public shareholders for which the resolution was passed in the Board Meeting held on September 30, 2011. Thus, the company, its promoters and directors approved giving a loan of ₹50 crores to a group company when the IPO process was going on and apparently they managed to exclude the participation of public shareholders in the EGM by shortening a notice period from the normally required period of 21 days to 15 days.
- 9.7. The proposal and approval for passing on the IPO proceeds to a group company is a material development relating to the issue. However, it was neither disclosed in the prospectus of the company dated September 26, 2011 which was filed with SEBI nor any advertisement was issued in newspapers as required in terms of SEBI (ICDR) Regulations, 2009.
- 9.8. Further, in the prospectus it is mentioned that pending utilization, the issue proceeds would be invested in high quality interest bearing liquid instruments including money market mutual funds and deposits with banks. Also in the prospectus (page 76) it is stated that other than the Related Party Transactions disclosed in the prospectus no other transactions are intended.
- 9.9. However, the company had transferred the entire IPO proceeds to RDBRIL as interest bearing loan (15%p.a) repayable on demand. The company has confirmed that the interest is payable annually although it is not mentioned in the Loan agreement. It is seen that as per the audited balance sheet of RDBRIL had made the profits after tax of on a standalone basis of ₹6.13 crore during the year ended March 31, 2011(audited) and ₹1.14 crore during the year quarter ended June 30, 2011(unaudited). Also, the cash flows for the company for the year 2010-11 were negative. As per the agreement, the annual interest on the loan given by RDB to

RDBRIL on an amount of ₹31 crore works out to ₹4.65 crore. Thus it is clear that the capacity of RDBRIL to pay the annual interest, let alone repay the principal is doubtful. In any case, considering the financial condition of RDBRIL as mentioned above, the loan given to RDBRIL cannot be considered as a high quality interest bearing instrument comparable to money market mutual funds and deposits with the Bank. Thus, by giving away the entire IPO proceeds as loan to RDBRIL which has a weak financial position, RDB and its directors have violated the statements made in the prospectus.

9.10. However, as mentioned above, the company at the time of filing of prospectus was contemplating the utilization of IPO proceeds by giving it away as a loan to a group company which was involved in the unrelated business of real estate development. Further the group company, RDBRIL, had weak financial position with negative cash flows and hence cannot be considered as high quality borrower. Thus, the company and the BRLM had made wrong disclosures in the prospectus relating to related party transactions and interim utilization of IPO proceeds.

10. MISUTILIZATION OF IPO PROCEEDS

10.1. The bank account statement of the company was examined to ascertain whether the IPO proceeds were utilized for the purposes stated in the prospectus. The company had raised IPO funds primarily for purchase of Plant & Machinery and for making security deposit with WSEDCL. Perusal of the bank statements revealed that the company had received issue proceeds from the Escrow accounts held with ICICI bank and Indusind Bank into their Axis Bank Account No- 005010300020837 on October 5, 2011. Thereafter on October 07, 2011 RDB had transferred the entire issue proceeds of ₹34 crores to its current account held with Oriental Bank of Commerce (OBC), Chowringhee Branch, Kolkata. On the same day ₹19.50 crores was transferred from RDB's account to the current account of RDBRIL held with OBC. As per the confirmation of OBC, the company had transferred the funds at 14:37 pm to the account of RDBRIL.

10.2. It is seen from the minutes of the Board Meeting of the company held on October 7, 2011 that the BOD in their meeting held at 5:00 pm decided that the unutilized funds of the IPO for the time being shall be provided as secured loan to its group

company which will be repayable on demand. The Board resolved to enter into a loan agreement with RDBRIL for providing a loan upto ₹40 crore which was repayable on demand at an interest of 15% pa.

10.3. From the above discussions, it is seen that the company had utilized the IPO proceeds before obtaining Board approval. Further, the IPO proceeds were transferred to RDBRIL before entering into a Loan agreement.

10.4. The flow of these funds from RDBRIL's bank account was tracked by perusing the bank statements of the successive entities to which the funds were transferred.

10.5. RDB is having two running accounts with two different banks. One of the accounts is with AXIS Bank while the other account is with Oriental Bank of Commerce. On October 5, 2011, the IPO proceeds of ₹34.20 crore, after the payment of ₹1.29 crore to Chartered Capital and Investment Ltd, merchant banker to the issue, were credited in the Axis Bank account no. 005010300020837 from the escrow accounts maintained with ICICI bank and IndusInd Bank.

10.6. On October 7, 2011, ₹34 crore was transferred from the above Axis Bank account to another account of RDB maintained with Oriental Bank of Commerce (OBC) having account no. 10491131001443. Out of these funds, on October 8, 2011, ₹9.9 crore were credited back in the above Axis Bank account. On October 10, 2011, ₹6 crore was transferred from the above Axis bank account to another account of RDB namely Working Capital Demand Loan (WCDL) account no. 911030026045377 maintained with Axis Bank.

10.7. On October 7, 2011, RDB transferred ₹24.1 crore (₹19.5 and ₹4.6 crore) in two tranches from their above mentioned OBC account to the account of RDB Realty and Infrastructure Ltd (RDBRIL) maintained with OBC (account no. 10491131001009). Later on October 12, 2011, ₹7.5 crore was transferred in two tranches from the Axis bank account no. 005010300020837 of RDB to the account of RDBRIL held with Axis Bank (account no. 153010300000851).

10.8. On October 7, 2011, RDBRIL transferred ₹9.15 crore from their OBC account to the account of Namokar Duplicating Pvt Ltd ("Namokar") held with UCO Bank (account no. 13390200001286). Namokar is a significant shareholder of RDB Insurance Broking Services Private Limited, which is a group company of RDB, as

disclosed in the IPO prospectus of RDB. On same day, Namokar transferred ₹8.4 crore to the account of Mercury Fund Management Company Pvt Ltd (“Mercury”) (account with Bank of Maharashtra having account no. 60047104985). Kishore Jhunjhunwala, Kamal Singh Nahata and Kundan Mal Banthia are the Directors of Mercury. Later on, ₹3 crore was transferred from the account of Mercury to the Bank account of One Life Capital Advisors Ltd. held with Indian Bank (A/c. No. 90510969), which came out with its IPO during the period September 28, 2011 – October 4, 2011.

10.9. On October 8, 2011, Mercury had transferred ₹5.5 crore to the account of Deesha Tie Up Pvt Ltd (“Deesha”) held with Development Credit Bank (account no. 03622400999999), (Directors- Sanjay Shah, Ajay Kumar Shah, Kiritkumar Mohanlal Patel, Jayeshkumar Ambalal Patel).

10.10. On October 10, 2011, Deesha transferred ₹4 crore to the account of Dharamnath Shares and Services Pvt Ltd (“Dharamnath”) held with Indusind Bank (account no. 0009-M67085-060). Dharamnath later on transferred ₹4.5 crore to the account of Subodhsagar Shares and Service Pvt Ltd (“Subodhsagar”) held with AXIS Bank (account no. 728010200001366), (Directors- Kiritkumar Mohanlal Patel, Jayeshkumar Ambalal Patel).

10.11. Subodhsagar subsequently transferred ₹4 crore to the account of Sardhav Investment and Finance Pvt Ltd (“Sardhav”) held with AXIS Bank (account no. 910020018160486), (Directors- Dineshkumar Manilal Patel, Sumankumar Natvarlal Patel). Sardhav transferred the money received from Subodhsagar to four major loss making loss trading clients who had dealt in RDB shares on October 7, 2011, namely, Prakashbhai whose bank account is held with ING Vyasya (account no. 670011000640), Dave Harihar Kiritbhai whose bank account is held with Kotak Mahindra (account no. 08122090002092), BMD Exports Pvt. Ltd. whose bank account is held with Royal Bank of Scotland (account no. 1645730) and Shreyanshnath Shares and Financial Services Private Limited whose bank account is held with AXIS (account no. 728010200001380). The aforesaid flow of funds is shown as Flow Chart at Chart A.

10.12. It was found that out of the IPO proceeds ₹3.20 crores were transferred to bank accounts of four trading clients namely, Prakashbhai, Dave, BMD Exports Private Limited and Shreyasnath Shares. The amounts received by the loss making clients mentioned above were transferred to their Brokers. Examination of trading on the first day of listing revealed that the aforesaid four entities had incurred losses ranging from ₹51.13 lakh (Shreyasnath Shares) to ₹1.59 crores (Prakashbhai). As the above entities who had traded in RDB shares on October 07, 2011 and had incurred trading losses were funded by using the RDB IPO proceeds, their trading

Examination of bank account statements

10.13. The bank account statements of the four trading clients namely, Prakashbhai, Dave, BMD Exports Private Limited and Shreyasnath Shares were perused. From the bank account statement of Prakashbhai (Account No.670011000640) held with ING Vysya Bank, Maninagar branch, Ahmedabad it is seen that on September 13, 2011 the balance in the account was Rs.5,59,656.92. Thereafter on October 10, 2011, Rs.48 Lacs were received from Sardhav consequent to which the balance in the account became Rs.53,59,656.92. On the same day i.e. October 10, 2011, Rs.50 Lac was transferred from this account to Excel Mercantile Private Ltd. Thus Prakashbhai was able to make payment to Excel only due to the funds received from Sardhav. It may be mentioned that Prakashbhai had bought 3,57,405 shares of RDB through Excel on October 07,2011 and had sold the same quantity through the same broker on the same day. On account of his aforesaid trades through Excel, Prakashbhai had incurred a loss of Rs. 1,59,53,093.55.

10.14. From the bank account statement of Dave (Account No.08122090002092) held with Kotak Mahindra Bank, Navrangpura branch, Ahmedabad it is seen that on September 29, 2011 the balance in the account was Rs.7,50,538.67. Thereafter on October 10, 2011, Rs.70 Lacs were received from Sardhav consequent to which the balance in the account became Rs.77,50,538.67. On October 12, 2011, Rs.75 Lac was transferred from this account to Marfatia Stock Broking Pvt.Ltd.(“Marfatia”). Thus Dave was able to make payment to Marfatia only due to the funds received from Sardhav. It may be mentioned that Dave had bought 1,46,000 shares of RDB through Marfatia on October 07,2011 and had sold the same quantity through the same broker on the same day. On account of his aforesaid trades through Excel, Dave had incurred a loss of Rs. 77,01,101.65.

10.15. From the bank account statement of BMD (Account No. 1645730) held with Royal Bank of Scotland, Ahmedabad it is seen that on September 29, 2011 the balance in the account was Rs.3,34,060.65. Thereafter on October 10, 2011, Rs.1.45 crores were received from Sardhav consequent to which the balance in the account became Rs.1,48,34,060.65. On October 12, 2011, Rs.1.39 crores was transferred from this account to ANS Pvt.Ltd.(“ANS”). Thus BMD was able to make payment to ANS only due to the funds received from Sardhav. It may be mentioned that BMD had bought 3,30,000 shares of RDB through ANS on October 07,2011 and had sold the same quantity through the same broker on the same day. On account of his aforesaid trades through ANS, BMD had incurred a loss of Rs. 1,25,71,411.35.

10.16. From the bank account statement of Shreyansnath (Account No. 728010200001380) held with Axis Bank, it is seen that on September 19, 2011 the balance in the account was Rs.2,96,671.50. Thereafter on October 10, 2011, Rs.57 Lac were received from Sardhav consequent to which the balance in the account became Rs.59,96,671.50. On the same day i.e. October 10, 2011, Rs.56,33,242.92 was transferred from this account to Mangal Kesav Securities Ltd.(“MKSL”). Thus Shreyansnath was able to make payment to MKSL only due to the funds received from Sardhav. It may be mentioned that Shreyansnath had bought 84000 shares of RDB through MKSL on October 07, 2011 and had sold the same quantity through the same broker on the same day. On account of his aforesaid trades through MKSL, Shreyansnath had incurred a loss of Rs. 51,13,468.10.

10.17. Thus, four trading clients each of who had incurred losses of more than Rs.50 lakhs on account of their dealings in RDB shares on Oct. 7, 2011 had received a portion of RDB IPO proceeds on Oct. 10, 2011. The amount of funds received by these trading clients were approximately the amounts of losses incurred by them. It may be mentioned that under the T+2 settlement system which is being currently followed, settlement of trades done on October 7, 2011 falls on October 11, 2011 (October 8 & 9, 2011 being holidays on account of being Saturday and Sunday).

10.18. From the above narration, it may be seen that the aforesaid four trading clients had negligible balances in their bank accounts while they incurred huge losses on

account of their trading in RDB shares. The proceeds of RDB IPO was routed to the bank accounts of these loss making clients in order to enable them to make payments to their respective brokers. Thus, the company had mis-utilized the IPO proceeds to fund trading clients who had incurred losses on account of their trading in the shares of RDB on the day of listing. This needs to be investigated further to ascertain possible linkages and motives.

11. PRIMA FACIE FINDINGS IN RESPECT OF RDB IPO

11.1. Pursuant to investigations conducted so far by SEBI into the Initial Public Offering of RDB, the following prima facie findings were made:

a. Non disclosure of Material Development in the Prospectus

11.2. A board meeting of the company was held on September 12, 2011 in which consent of the board was accorded to grant some of the surplus funds by way of loans to M/s RDB Realty and Infrastructure Ltd. (RDBRIL) to an extent of ₹50 crore in one or more tranches for their business purpose which was repayable on demand. It was also resolved to hold an EGM of the members on September 28, 2011 for which notice was sent to the shareholders on September 12, 2011.

11.3. It may be noted that the IPO of RDB opened on September 21, 2011 and closed on September 23, 2011. Prior to the IPO, RDB had a paid up share capital of ₹13.21 crore and reserves of ₹4.66 crore as per annual audited balance sheet as on March 31, 2011. The profits of RDB during the past 5 years were in the range of ₹78 lakh and ₹1.8 crore. The amount of loan proposed to be given to RDBRIL was three times the net worth of RDB (₹17.8 crore). Thus it is clear that the surplus funds to an extent of ₹50 crores which was referred to in the explanatory statement to the EGM notice dated September 12, 2011 was in fact a reference to the IPO proceeds which were to be received by RDB.

11.4. The fact that RDB was proposing to provide loan to its group company which was engaged in an unrelated business (real estate) by utilizing the IPO proceeds is a material development which should have been disclosed by the company by issuing public notices in newspapers as required by Regulation 60(4)(a) of Issue of Capital and Disclosure regulations, 2009. This fact was not mentioned in the

Red Herring Prospectus dated September 13, 2011 or in the final Prospectus dated September 26, 2011. Thus the Lead Manager failed to ensure that the RHP contained all disclosures including the one relating the proposed transaction of RDB with a related party. Therefore, the Merchant Banker also failed to exercise due diligence.

b. Misutilization of IPO proceeds

11.5. In terms of the final prospectus of the company dated September 26, 2011 which was filed with SEBI and ROC, the company was proposing to place orders for plant and machinery during September, 2011 and receive delivery of the same by December 2011. The company vide Email dated December 2, 2011 confirmed that, *“We are in process to take quotation from different parties for new machineries for our new factory. We are also in process of applying to WBSEDCL for increase in power”*. Also, in terms of prospectus the company was to provide security deposit of ₹200 lakh to WBSEDCL for electricity connection at the proposed manufacturing unit by October 2011. This payment has also not been made by the company till December 02, 2011.

11.6. Thus it is seen that instead of making advances to suppliers of machineries and providing security deposit for electricity connection, the company has diverted the IPO proceeds to its group company and thereafter after passing through the bank accounts of various entities, the funds ended up in the bank accounts of certain trading clients who had incurred losses on accounts of their trading in RDB shares on the listing day. This is mis-utilization of IPO proceeds.

c. Audit committee meeting chaired by a Whole Time Director

11.7. On October 7, 2011, in the audit committee meeting which was held at 11:00 am, the audit committee decided to make recommendations to the Board for providing secured loan to its group company which will be repayable on demand. In terms of prospectus, the Audit committee of the company has three members namely Mr. Sachin Sridhar who is the Chairman and the Independent Director, Mr. Mahendra Pratap Singh who is the Independent Director and Mr. Sandeep Baid who is the Whole Time Director. Mr. Sandeep Baid belongs to the promoter group as he is the brother of Mrs. Sheetal Dugar who is the promoter of the company.

11.8. The Audit committee meeting was presided over by Mr. Sandeep Baid, the whole time director as the chairman of the Audit committee was on leave. As per Clause 49 of Listing agreement, the audit committee must be chaired by an Independent Director. However, Mr Sandeep Baid was not an Independent Director and the fact that he presided over the audit committee meeting which recommended to the Board for utilizing the IPO proceeds by giving it as a loan to its group company is in violation of requirements of Clause 49 of Listing agreement read with Section 21 of Securities Contract (Regulations) Act, 1956.

d. Mis-statement in Prospectus

11.9. With regard to the Interim use of Issues proceeds, it was mentioned in the prospectus that, *"Pending utilization of Issue proceeds for the purposes described in the objects of the Issue, we intend to invest the funds in high quality interest bearing liquid instruments including money market mutual funds and deposits with the banks for the applicable period"*. Further under the heading Monitoring of utilization of funds, it was stated in the prospectus, *"No part of the proceeds of the issue will be paid by us as consideration to our promoters, directors, key management personnel of companies promoted by our promoters except in the usual course of business"*. Also in the prospectus (page 76) it is stated that other than the Related Party Transactions disclosed in the prospectus no other transactions are intended.

11.10. However, the company at the time of filing of prospectus was contemplating the utilization of IPO proceeds by giving it away as a loan to a group company which was involved in the unrelated business of real estate development. Further the group company, RDBRIL, had weak financial position with negative cash flows and hence cannot be considered as high quality borrower. Thus, the company and the BRLM had made mis-statement in the prospectus relating to related party transactions and interim utilization of IPO proceeds. Therefore, the company RDB and the Merchant Banker Chartered Capital and Investment Limited have prima facie violated Regulation 57(2)(a) of SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009.

e. **Routing of IPO funds to Trading clients who incurred losses**

11.11. BSE had examined the trading in the scrip of RDB on October 7, 2011, the date of listing. Based on the data furnished by BSE, it is seen that certain clients had incurred substantial losses while trading in the scrip of RDB. There were 6 trading clients who had each incurred losses of more than ₹50 lakh on account of their trading in the scrip of RDB on October 7, 2011. Perusal of the bank statements of various entities was done to ascertain the further flow of IPO proceeds which had been transferred by RDB to RDBRIL. It is seen that after following a circuitous route the IPO proceeds reached four out of the aforementioned six trading clients. Thus, it is seen that RDB had utilized the IPO proceeds to fund the clients who had incurred losses. The chart depicting the flow of funds has been provided in Annexure as **Chart A**. In view of the above, the company and the trading clients who received RDB IPO proceeds have violated the Regulations 3(a), 3(b), 3(c), 3(d), 4(2)(d) and 4(2)(e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003.

11.12. At this stage, there is a *prima facie* finding that the company, its promoters and directors have made false statements in the IPO prospectus, failed to inform the prospective allottees in RDB IPO about their intention to transfer IPO proceeds to a group company having weak financials and which is involved in unrelated business. All this was done in a surreptitious manner by not disclosing the same in the prospectus, by excluding the participation of prospective public shareholders in the EGM and by not giving public notice in newspapers. The Book Running Lead Manager (BRLM) failed to exercise due diligence to ensure that the RHP dated September 13, 2011 and the final prospectus dated September 26, 2011 contained all disclosures including the one relating to the proposed utilization of IPO proceeds. Further, the company and its directors mis-utilized the IPO proceeds to fund the losses incurred by certain trading clients on the first day of listing.

12.1. One basic premise that underlies trading on the stock exchanges is that investors conform to standards of transparency and ethical behavior prescribed in the

various regulations and statutes, relevant in this regard. In the light of the preliminary findings against the entities mentioned above, it would be difficult to conclude that these entities conformed to the prescriptions even remotely. No indulgence on the part of SEBI would be justified, given the sacrosanct mandate of investor protection entrusted to it. I would have little hesitation in noting that in this instant case, the risk to investors of any fraud on the part of the promoter-operator nexus is consequently amplified and would little justify any hesitation on the part of SEBI. Therefore, this is a fit case where SEBI as the regulator needs to intervene sternly and immediately in preventing these entities from operating in the securities market to prevent further misuse and harm, until further directions.

- 12.2. The decision as to the quantum of funds to be raised and the price at which the shares are to be issued is left to the issuer company. The issuer company is considered to be the best judge to decide the same as such decisions pertain to its functioning. But once it is decided to raise funds from the public then the public interest comes into the picture and the matter is not left exclusively to the discretion of the issuer. The Issuer Company is required to maintain certain standards of disclosure relating to various matters having a bearing on the investment decision of the investors.
- 12.3. SEBI has adopted disclosure based regulatory regime. Under this framework, issuers and intermediaries disclose relevant details about themselves, the products, the market and the regulations so that the investor can take informed investment decisions based on such disclosures. SEBI has prescribed and monitors various initial and continuous disclosures. In the case of an IPO by a company, the information about the company is made available to the public/investors in the form of offer document. The public/investors make its decision based on the information provided to them in the form of disclosures in the offer document.
- 12.4. Full, fair and timely disclosures form the cornerstone of any disclosure requirement stipulated by SEBI. The guiding principle in a disclosure-based regulatory regime is the need for the issuers of securities to provide the potential investors with full, accurate and timely disclosure of all relevant information in respect of the issuer

and the security being issued to enable the potential investors to make their own informed investment decisions. It is on this premise that securities regulation is based. The access to the securities market for issuers is conditional upon such disclosures. The disclosure-based regime imposes a heavier responsibility on the issuers of securities and their Merchant Banker in respect of the accuracy and completeness of the information disclosed by them.

12.5. By virtue of the failure to make the necessary disclosures on time in this case, the fact remains that the investors were deprived of the important information at the relevant point of time. In other words, by not complying with the regulatory obligation of making the disclosures, the Company and its Directors had not provided the vital information which is detrimental to the interest of investors in securities market.

12.6. Reference is drawn to the interpretation made by Supreme Court in the matter of Chander Kanta Bansal V. Rajinder Singh Anand MANU/SC/7310/2008 : (2008) 5 SCC 117 as under :

“The words “due diligence” have not been defined in the Code of Civil Procedure, 1908. According to Oxford Dictionary (Edn. 2006), the word “diligence” means careful and persistent application or effort. “Diligent” means careful and steady in application to one’s work and duties, showing care and effort. As per Black’s law Dictionary (18th Edn), “Due Diligence” means the diligence reasonably expected from , and ordinarily exercised by, a person who seeks to satisfy a legal requirement or to discharge an obligation. According to Words and Phrases by Drain-Dyspnea (Permanent Edn. 13-A) “due diligence”, in law, means doing everything reasonable, not everything possible. “Due Diligence” means reasonable diligence; it means such diligence as a prudent man would exercise in the conduct of his own affairs.”

12.7. The role of a merchant banker in the securities market is very important in the process of issue management. The merchant banker plays a vital role in channeling the financial surplus of the society into productive investment avenues. A Merchant Banker is appointed for the purpose of managing the issue of an IPO of a Company and it plays a fiduciary role by coordinating the activities of the Company, the Regulatory Bodies, and the Investors. It is evident that the Merchant

Banker is the focal point in a public issue, without him acting diligently and complying strictly with the letter and spirit of the rules and regulations framed there under, the issue cannot be properly regulated and investors are put to grave danger, which is not in the interest of the securities market. The purpose of filing the offer document through the Merchant Banker with SEBI is not a mere ritual or formality. I am of the view that the due diligence on the part of the merchant banker does not mean passively reporting whatever is reported to it but to find out everything that is worth finding out. The due diligence process is directed towards ensuring that the offer document does not contain any statement or information that is false or misleading, or contain any material omission. It is also directed towards ensuring that the information furnished in the offer document is not in any way exaggerated or deficient and that the material facts are not suppressed to the disadvantage of the investors. Further, the due diligence is about making an active effort to find out material developments that would affect the interest of investors. It is on the faith that the Merchant Banker has conducted due diligence that an investor invests in the company. The importance of a due diligence process expected from Merchant Bankers in a disclosure regime cannot be over-emphasised. If the Merchant Banker fails to act diligently and comply strictly with the letter and spirit of the regulations, the investors are put to grave danger. Hence it is very important that the various responsibilities associated with the due diligence are discharged with care and caution. Hence only persons who follow the rules and regulations scrupulously can be entrusted with such responsibilities.

12.8. As a regulator, it is SEBI's duty to take immediate steps to prevent such persons from further misleading investors and impairing the integrity of the market. SEBI as a regulator cannot allow such entities to continue with any activity in respect of the issuing. Accordingly, in this case I feel that immediate action is called for in the interest of the investing public.

12.9. I am of the view that this is without doubt a fit case, where I need to effectively and expeditiously use the powers given to SEBI to prevent any further harm to investors. In order to protect the investors and safeguard the integrity of the securities market, it is necessary for SEBI to exercise these powers firmly, effectively and immediately to insulate the market and its investors from the actions of persons who potentially perpetrated fraud and/or mislead investors in the securities market.

13. Order

- 13.1. 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 and Sections 11(1), 11(4), 11A and 11B thereof, pending investigations, hereby issue the following directions, by way of this ad interim ex-parte Order:
- 13.2. The Company RDB Rasayans Ltd. (Pan: AABCR2313M) is prohibited from raising any further capital from the securities market, in any manner whatsoever, till further directions.
- 13.3. The company RDB (PAN: AABCR2313M) and the following persons namely Sunder Lal Dugar (Chairman) (PAN: ADRPD6905F), Mr Shanti Lal Baid (Managing Director) (PAN: AECPB8148Q), Mr. Sandeep Baid (Whole-time Director) (PAN: ADEPB3749A), Mr. Prabir Kumar Sarkar (Independent Director) (PAN: ACCPS0065P), Mr. Mahendra Pratap Singh (Independent Director) (PAN: AIGPS3833B), Mr. Sachin Shridhar (Independent Director) (PAN: AQGPS1313N) and Ms. Sweta Punjabi (Company Secretary & Compliance Officer) (PAN: AWIPP1581H) are prohibited from buying, selling or dealing in the securities market in any manner whatsoever, till further directions.
- 13.4. The Company RDB shall call back Rs. 31.60 crores from RDBRIL which has been given as inter corporate loan. These amounts shall be deposited in an interest bearing escrow account with a scheduled commercial bank, till further orders. A confirmation on compliance of this direction shall be sent by the RDB to BSE, within 7 days from the date of this order.
- 13.5. The following trading clients who incurred the losses while trading in RDB shares on October 7, 2011 and who had received funds out of RDB IPO proceeds and their directors (where the trading clients are corporate entities) are prohibited from buying, selling or dealing in the securities market in any manner whatsoever, till further directions:

Sr. No.	NAME OF ENTITY	Permanent Account Number
1.	Mr. Prakash Ishwarbhai Rana (Trading Client)	ANLPR5585P
2.	Mr. Dave Harihar Kirtibhai (Trading Client)	ALHPD4695C
3.	Bmd Exports Pvt Ltd (Trading Client)	AACCB5249H
4.	Madhavlal Bechardas Patel (Director of BMD)	ABOPP5995Q
5.	Jitendrabhai Ramanbhai Patel (Director of BMD)	BENPP0217E
6.	Shreyanshnath Shares And Financial Services Pvt Ltd (Trading Client)	AANCS1864Q
7.	Patel Kirtikumar Gopalbhai (Director of Shreyanshnath)	ARTPP1341B
8.	Chauhan Vijaykumar Babubhai (Director of Shreyanshnath)	AKSPC3392H

13.6. Chartered Capital and Investment Limited (PAN No. AAACC6247L), its Managing Director Mr. Mohib Noman Khericha (PAN: AGMPK8152H) and its Vice President- Merchant Banking & Company Secretary who has also signed the due diligence certificate provided to SEBI, Mr. Manoj Kumar Ramrakhyani (PAN: AGFPR0472E) are prohibited from taking up any new assignment or involvement in any new issue of capital including IPO, follow-on issue etc. from the securities market in any manner whatsoever, from the date of this order till further directions.

13.7. The stock exchanges and the Depositories are directed to ensure that all the above directions are strictly enforced within the powers available to them.

13.8. The stock exchanges are directed to enable squaring off, at the earliest, any existing open positions in the Futures and Options Segment, if any, for the persons/entities mentioned above. Further, the concerned stock exchanges should also ensure that said persons/entities do not take fresh positions or increase their open positions.

13.9. The above directions are without prejudice to any other action which SEBI may initiate in this matter.

13.10. This Order shall come into force with immediate effect.

13.11. The entities/persons against whom this Order is being passed may file their objections, if any, within twenty one days from the date of this Order and, if they so desire, may avail themselves of an opportunity of personal hearing before the Securities and Exchange Board of India at its Head Office at SEBI Bhavan, Plot C4-A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400051 on a date and time to be fixed on a specific request, to be received in this behalf from the entities/persons.

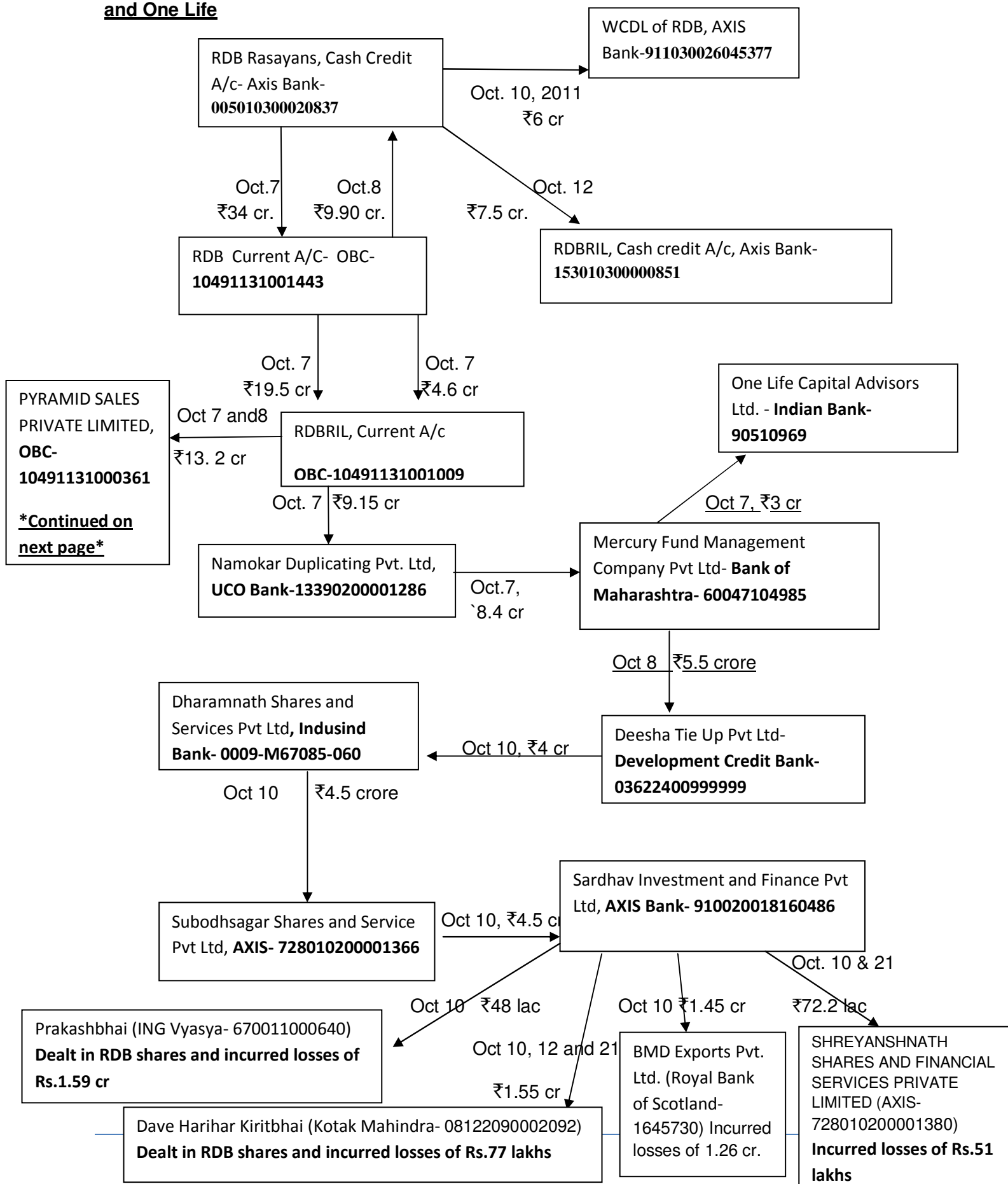
PLACE: MUMBAI

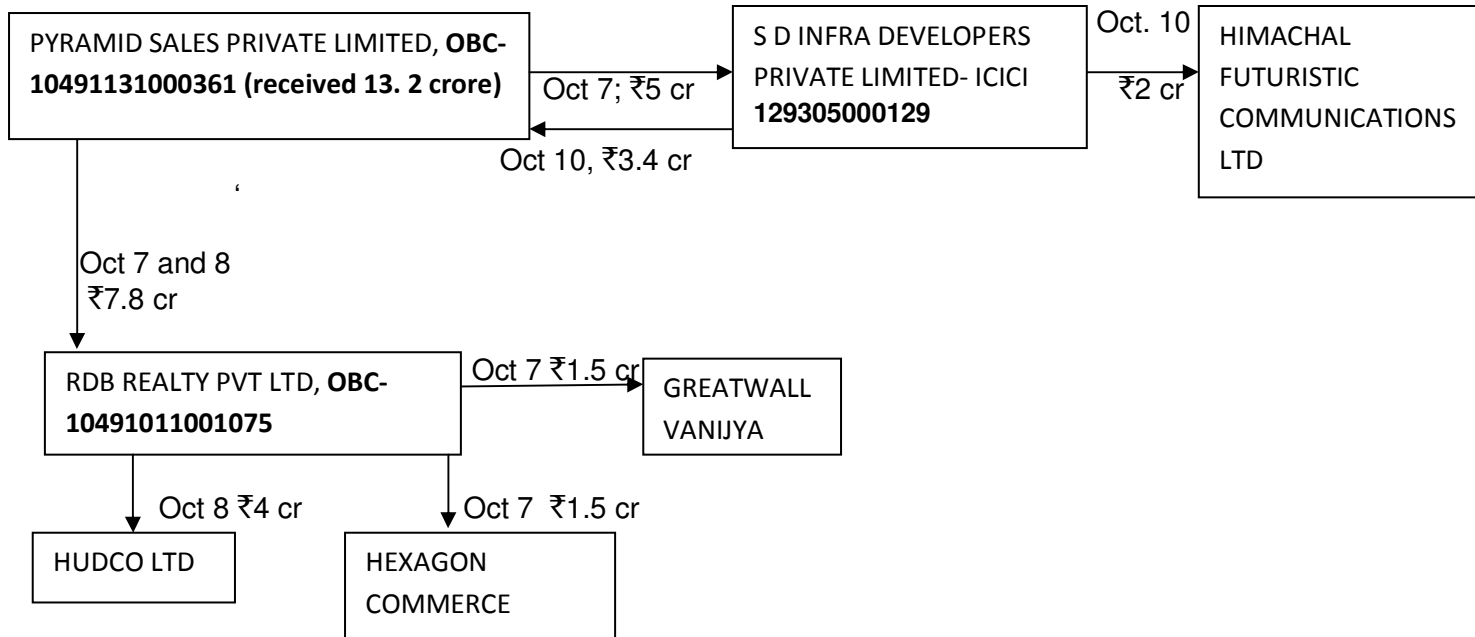
DATE: 28/DECEMBER/2011

**PRASHANT SARAN
WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA

Fundflow Chart showing IPO Funds reaching Four Major Loss Making Trading Clients and One Life





Gross buy quantity:

The details of trading by top ten trading clients on gross purchase basis in the scrip of RDB on BSE on October 07, 2011, which is the first day of trading, is given below:

Top 10 Clients By Gross Purchase Qty				
Client Name	Trading Member	GP	Buy Rate (Rs)	GP % of Market Volume
Techno Broking And Financial Services Private Limited	Techno Shares & Stocks Ltd. (718)	1735000	76.83	4.96%
Own Account.	Genuine Stock Brokers Pvt. Ltd. (3184)	868427	57.67	2.48%
Own Account.	Vijeta Broking India Pvt. Ltd. (3278)	819334	64.31	2.34%
Luminous Impex Private Limited	Ase Capital Markets Ltd. (293)	725705	79.55	2.07%
Naveen Taparia	Nine Star Broking Pvt. Ltd. (6311)	593451	68.68	1.70%
Own Account.	Marwadi Shares & Finance Ltd. (910)	563478	68.71	1.61%
A K G Securities And Consultancy Ltd	Adroit Financial Services Pvt. Ltd. (3034)	497713	53.94	1.42%
Amisha Developers Limited	Goldmine Stocks Pvt. Ltd. (3020)	461000	80.87	1.32%
Amit Manilal Gala	Vibrant Securities Pvt. Ltd. (3196)	382459	58.32	1.09%
Prakashbhai Ishwarbhai Rana	Excel Mercantile Pvt. Ltd. (3113)	357405	81.19	1.02%

From the table, it is seen that, Techno was the top trading client in terms of gross volume followed by Genuine Stock Brokers Pvt Ltd and Vijeta Broking India Pvt. Ltd.

Gross sell quantity:

The table below shows the Top 10 clients on the basis of gross sell quantity.

Top 10 Clients By Gross Sell Qty				
Client Name	Trading Member	GS	Sell Rate (Rs)	GS % of Market Volume
Techno Broking And Financial Services Private Limited	Techno Shares & Stocks Ltd. (718)	1735000	75.64	4.96%
Own Account.	Genuine Stock Brokers Pvt.Ltd. (3184)	868427	57.81	2.48%
Own Account.	Vijeta Broking India Pvt.Ltd. (3278)	816931	64.60	2.33%
Luminous Impex Private Limited	Ase Capital Markets Ltd. (293)	725705	81.18	2.07%
Naveen Taparia	Nine Star Broking Pvt. Ltd. (6311)	593451	80.17	1.70%
Own Account.	Marwadi Shares & Finance Ltd. (910)	563478	68.86	1.61%
A K G Securities And Consultancy Ltd	Adroit Financial Services Pvt.Ltd. (3034)	497663	53.95	1.42%
Amisha Developers Limited	Goldmine Stocks Pvt.Ltd. (3020)	461000	34.05	1.32%
Amit Manilal Gala	Vibrant Securities Pvt.Ltd. (3196)	382459	58.63	1.09%
Prakashbhai Ishwarbhai Rana	Excel Mercantile Pvt.Ltd. (3113)	357405	36.56	1.02%

From the table, it is seen that Techno was the top selling client on gross basis followed by Genuine Stock Brokers Pvt. Ltd and Vijeta Broking India Pvt Ltd.

Net purchase quantity:

The table below shows the Top 10 clients by Net purchases basis:

Top 10 Clients By Net Purchase Qty				
Client Name	Trading Member	NP	Buy Rate (Rs)	NP % of Market Volume
Samirkumar Dipakbhai Shah	Pace Stock Broking Services Pvt.Ltd. (3013)	170000	80.99	0.49%
Akshar Entertainment Private Ltd	Amrapali Capital & Finance Services Ltd. (934)	85000	82.00	0.24%
Vikramkumar Karanraj Sakaria Huf	Hornic Investment Pvt.Ltd. (368)	76277	70.56	0.22%
Hem Stocks And Shares Services Private Limited	Karvy Stock Broking Ltd. (917)	70594	81.00	0.20%
B M Traders	R.Wadiwala Securities Pvt.Ltd. (3096)	55809	39.02	0.16%
Deepak Jayantilal Mehta	Latin Manharlal Securities Pvt.Ltd. (405)	55000	57.54	0.16%
Sancheti Surendra Rikhabd	Latin Manharlal Securities Pvt.Ltd. (405)	50000	83.00	0.14%
Asha Chopra	Pramodkumar Jain Securities Pvt.Ltd. (552)	40000	32.43	0.11%
M Amar	Goldmine Stocks Pvt.Ltd. (3020)	36080	80.80	0.10%
Deepak Jayantilal Mehta	Latin Manharlal Securities Pvt.Ltd. (405)	35000	54.71	0.10%

As per the table above, Samirkumar Dipakbhai Shah was the top trading client on net purchase basis followed by Akshar Entertainment Private Ltd and Vikramkumar Karanraj Sakaria (HUF).

Net sell quantity:

The table below shows the Top 10 clients by Net sell basis:

Top 10 Clients by Net Sell Qty						
Client Name	Trading Member	NS	Sell Rate (Rs)	NS % of Market volume	Shares allotted	Sales as % to Shares allotted
Sun Finlease (Gujarat) Limited	Ase Capital Markets Ltd. (293)	100000	81.76	0.29%	100000	100.00%
Nawaneet Somani Securities Pvt Ltd	Jsel Securities Ltd. (287)	32375	78.77	0.09%	0.00	0.00%
Priyanka Kumari	Hem Securities Ltd. (248)	26000	82.13	0.07%	26000	100.00%
Gita Devi	T R Capital Limited (6282)	15358	80.50	0.04%	1707	Above 100%
Rajendra Agrawal	Bonanza Portfolio Ltd. (235)	13655	51.88	0.04%	1707	Above 100%
Kamal Somani	Prabhat Financial Services Ltd. (3073)	8542	56.76	0.02%	0.00	-
Maya Devi	T R Capital Limited (6282)	8535	80.50	0.02%	0.00	-
Rameshwar Yadav	T R Capital Limited (6282)	8533	83.00	0.02%	0.00	-
Dhaval Shah	Anagram Stock Broking Ltd. (27)	6827	82.75	0.02%	0.00	-
Pramod Kanda	Hem Securities Ltd. (248)	6827	83.00	0.02%	0.00	-

From the above table it is seen that Sun Finlease (Gujarat) Limited was the top client on net sell basis. It had sold 1,00,000 shares which had been allotted to it in the RDB IPO.

Analysis of Wash Trades

The table below shows the instances of Top 10 Wash Trades on the listing day:

Clnt Name	Clnt PAN	Wash Vol	Wash Val
GENUINE STOCK BROKERS PVT. LTD.	AAACG7970J	15,841	844,224
LUMINOUS IMPEX PRIVATE LIMITED	AABCL4015A	13,350	1,027,950
VIJETA BROKING INDIA PRIVATE LIMITED	AACCV6700F	7,636	572,625
A K G SECURITIES AND CONSULTANCY LTD	AAACA7549K	4,911	239,055
N B SHAH	AAHFN5961E	2,391	192,823
KETANBHAI HARKISHANBHAI MARWADI	AABCM5192K	2,046	157,594
BP FINTRADE PRIVATE LIMITED	AAACY2372G	1,017	21,070
REEMA MAHESH ASWANI	AENPA3872R	1,000	38,000
SUNAYNA SOMANI	AHXPS8641P	817	25,572
KAMAL KISHORE SOMANI HUF	AAHHK1436P	793	24,821
Total		49,802	31,43,734

As seen from the table, Genuine was the trading client which had done the highest volumes Wash Trades followed by Luminous and Vijeta. The wash trades constituted 1.9% of total traded volume of Genuine, 1.8% of total traded volume of Luminous and 1.2% of total traded volume of Vijeta.

Analysis of Synchronized Trades

The table below shows the Top 10 synchronized trades on traded volume on the day of listing:

Clnt Name	Clnt PAN	Clnt Sync Trd Vol	Clnt Sync Trd Val	Clnt Sync Trd Num
GENUINE STOCK BROKERS PVT. LTD.	AAACG7970J	59659	3620557.05	322
ASHA ASHOK CHOPRA (Asha)	AAWPC6562D	31444	1019066.85	4
GUNVANTLAL SHAH PARAS (Paras)	AULPS0328N	31444	1019066.85	4
PARAS GUNVANTLAL SHAH HUF	AAKHP6989D	27267	884789.00	3
SAROJ KISHOR CHOPRA	ACVPC8565B	27267	884789.00	3
KETANBHAI HARKISHANBHAI MARWADI	AABCM5192K	22055	1587746.50	62
SUNIL SEDHMAL GUPTA	AABCT8250H	14096	819188.85	45
AMAR MUKESH SHAH	AQEPS9060L	13720	663128.95	9
REEMA MAHESH ASWANI	AENPA3872R	13712	1016420.25	48
N B SHAH	AAHFN5961E	12492	755332.10	52
JALPA VINIT SOMAIYA	BSHPS5932H	10155	664627.50	47
MONU MUNDRA	AKPPM5305D	9615	783110.40	2
Total		272926	13717823	601

As may be seen from the table, the top clients who had executed largest synchronized trade deals were Genuine, Asha and Paras. The synchronized trades of Genuine constituted 6.8% of total traded volume of Genuine (total quantity- 8,77,054). The synchronized trades of Asha constituted 80% of her total trades of 40000 shares on listing day and the synchronized trades of Paras constituted 30% of its total trades of 1,10,364 shares.

OBSERVATIONS ON DATA OF BIDDING BROKER AND TERMINAL

From the IPO bid data obtained from the RTI, it is seen that 2131 bids were made through 19 brokers through Non ASBA route, while 660 bids were made through 24 Self Certified Syndicate Banks (SCSBs). 85% of the total bids were made from 33 terminals located in 17 different cities. The top three brokers through whom bids were received were Motilal Oswal Securities Ltd (57%), Edelweiss Broking Pvt Ltd (31%) and KIFS Securities Ltd (9%). The top three cities from which bids were received were Ahmedabad (47%), Rajkot (18%) and Jaipur (10%). Thus, it is seen that the IPO applications were received mainly through certain brokers and the applicants were concentrated in a few cities of India.