

**SECURITIES AND EXCHANGE BOARD OF INDIA****ORDER**

**Under Sections 11(1), 11(4) and 11B of the Securities and Exchange Board of India Act, 1992 and Regulation 11 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003.**

**In the matter of Dhenu Buildcon Infra Limited**

**In respect of:**

| <b>Sr. No.</b> | <b>NOTICEE</b>               | <b>PAN</b>        |
|----------------|------------------------------|-------------------|
| <b>1.</b>      | <b>Jayant Indulal Sethna</b> | <b>AACPS9373A</b> |

**BACKGROUND:**

1. Securities and Exchange Board of India (hereinafter referred to as “SEBI”) conducted an investigation in the trading in the scrip of Dhenu Buildcon Infra Limited (DBIL) for the period from August 09, 2011 to May 27, 2015 (investigation period) to ascertain the violations of the provisions of the SEBI Act, 1992 (SEBI Act) and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (PFUTP Regulations). The findings of the investigation were as under:
2. It was observed that the price of the scrip at the Bombay Stock exchange (BSE) opened at Rs. 50.00 on August 09, 2011 and reached a high of Rs. 908.30 on October 23, 2012. On October 23, 2012, there was a subdivision of the share whereby one equity share of Rs. 10 each was divided into ten equity shares of Rs. 1 each. The scrip then opened at Rs. 93.85 on October 25, 2012, reached a high of Rs.165.1 on February 08, 2013 and thereafter started declining and closed at Rs. 2.84 on May 27, 2015. It was also noted that during the Pre-Investigation period, the scrip was not traded between September 09, 2006 and August 08, 2011. Based on the variations in quantum of trading volumes and the price movement of the scrip during the investigation period, following three phases were identified for investigation:
  - a. Patch 1 (Pre-Split Price Rise Patch) - August 09, 2011 to October 23, 2012
  - b. Patch 2 (Post Split Price Rise Patch) - October 25, 2012 to February 08, 2013
  - c. Patch 3 (Price Fall Patch) - February 11, 2013 to May 27, 2015

**Table 1**

| Patch                                          | Period                       |                   | Open                   | High                   | Low                  | Close                  | Total Vol.<br>/ (Avg.<br>Vol.) |
|------------------------------------------------|------------------------------|-------------------|------------------------|------------------------|----------------------|------------------------|--------------------------------|
| Patch 1 -<br>Pre-Split<br>Price Rise<br>Patch  | 09/08/2011 -<br>23/10/2012*  | Price<br>(in Rs.) | 50<br>(09/08/2011)     | 908.3<br>(23/10/2012)  | 50<br>(09/08/2011)   | 894<br>(23/10/2012)    | 17019                          |
|                                                |                              | Volume            | 389<br>(09/08/2011)    | 1262<br>(09/07/2012)   | 1<br>(On 36 days)    | 91<br>(23/10/2012)     | (92)                           |
| Patch 2 -<br>Post-Split<br>Price Rise<br>Patch | 25/10/2012* -<br>08/02/2013* | Price<br>(in Rs.) | 93.85<br>(25/10/2012)  | 165.1<br>(08/02/2013)  | 84.6<br>(03/12/2012) | 165.05<br>(08/02/2013) | 4197583                        |
|                                                |                              | Volume            | 500<br>(25/10/2012)    | 536701<br>(08/02/2013) | 9<br>(30/11/2012)    | 536701<br>(08/02/2013) | (62650)                        |
| Patch 3 -<br>Price Fall<br>Patch               | 11/02/2013* -<br>27/05/2015  | Price<br>(in Rs.) | 164.5<br>(11/02/2013)  | 164.85<br>(11/02/2013) | 2.64<br>(26/03/2014) | 2.84<br>(27/05/2015)   | 15414722                       |
|                                                |                              | Volume            | 273704<br>(11/02/2013) | 794120<br>(22/02/2013) | 1<br>(On 41 days)    | 400<br>(27/05/2015)    | (38633)                        |
| <b>Post I.P.</b>                               | 16/06/2015* -<br>06/10/2015  | Price<br>(in Rs.) | 2.84<br>(16/06/2015)   | 3.75<br>(10/07/2015)   | 2.84<br>(16/06/2015) | 3.67<br>(06/10/2015)   | 1056                           |
|                                                |                              | Volume            | 801<br>(16/06/2015)    | 801<br>(16/06/2015)    | 1<br>(On 4 days)     | 100<br>(06/10/2015)    | (132)                          |

\* The difference in last day of a patch and first day of subsequent patch is due to trading holiday / no trading in the scrip during that period.

3. LTP Analysis was carried out for Patch – 1 (i.e. August 09, 2011 to October 23, 2012) whereupon it was noted that the price of the scrip opened at Rs. 50, reached a high of Rs. 908.30 and closed at Rs. 894 i.e. a rise of Rs. 844 (1688%). It was also observed that within Patch 1, the steepest price rise was seen during December 12, 2011 to April 10, 2012 (75 trading days). During this period, the price of the scrip increased from Rs. 68.15 on December 12, 2011 to Rs. 451.45 on April 10, 2012 (an increase of 562%). The total market volume during this period was 2822 shares through 140 trades. Out of these 140 trades, LTP

contribution for 2 trades was negative, for 61 trades was zero and for 77 trades was positive. Further, upon analyzing the order log, investigation noted that one entity; namely Jayant Indulal Sethna (hereinafter referred to as “Noticee”) had executed a total of 38 trades during Patch 1 out of which 34 trades (contributing Rs. 177.55 to market LTP) were executed during December 12, 2011 to April 10, 2012 and 4 trades (contributing Rs. 0.4 to market LTP) were executed during July 06, 2012 to July 10, 2012. Details of said 34 trades of the Noticee, that were found to be manipulative, during December 12, 2011 to April 10, 2012 are as under:

**Table 2**

| <b>Date</b> | <b>Buy Order time</b> | <b>Sell order Time</b> | <b>Buy Order Qty.</b> | <b>Sell Order Qty.</b> | <b>Buy Order Price</b> | <b>Sell Order Price</b> | <b>Traded Qty.</b> | <b>LTP Impact (in Rs.)</b> | <b>Total market volume during the day</b> | <b>Total no. of trades during the day</b> |
|-------------|-----------------------|------------------------|-----------------------|------------------------|------------------------|-------------------------|--------------------|----------------------------|-------------------------------------------|-------------------------------------------|
| 12/12/2011  | 09:15:00              | 09:32:25               | 1500                  | 5                      | 68.15                  | 68.15                   | 5                  | 3.2                        | 5                                         | 1                                         |
| 13/12/2011  | 09:15:00              | 10:18:35               | 500                   | 1                      | 71.55                  | 71.55                   | 1                  | 3.4                        | 11                                        | 2                                         |
| 15/12/2011  | 09:15:00              | 12:12:27               | 100                   | 1                      | 75.1                   | 75.1                    | 1                  | 3.55                       | 1                                         | 1                                         |
| 16/12/2011  | 09:15:00              | 09:37:44               | 100                   | 1                      | 78.85                  | 78.85                   | 1                  | 3.75                       | 1                                         | 1                                         |
| 20/12/2011  | 09:15:00              | 10:47:25               | 450                   | 1                      | 82.75                  | 82.75                   | 1                  | 3.9                        | 1                                         | 1                                         |
| 21/12/2011  | 09:15:00              | 09:56:27               | 100                   | 1                      | 86.85                  | 86.85                   | 1                  | 4.1                        | 1                                         | 1                                         |
| 22/12/2011  | 09:15:00              | 09:20:49               | 100                   | 1                      | 91.15                  | 91.15                   | 1                  | 4.3                        | 1                                         | 1                                         |
| 26/12/2011  | 09:15:00              | 09:27:20               | 350                   | 1                      | 95.7                   | 95.7                    | 1                  | 4.55                       | 1                                         | 1                                         |
| 27/12/2011  | 09:15:00              | 09:36:23               | 1500                  | 1                      | 100.45                 | 100.45                  | 1                  | 4.75                       | 1                                         | 1                                         |
| 28/12/2011  | 09:15:00              | 09:26:17               | 250                   | 1                      | 105.45                 | 105.45                  | 1                  | 5                          | 1                                         | 1                                         |
| 29/12/2011  | 09:15:00              | 10:26:02               | 5                     | 1                      | 110.7                  | 110.7                   | 1                  | 5.25                       | 1                                         | 1                                         |
| 30/12/2011  | 09:15:00              | 10:58:13               | 5                     | 1                      | 116.2                  | 116.2                   | 1                  | 5.5                        | 1                                         | 1                                         |
| 02/01/2012  | 09:15:00              | 10:40:34               | 250                   | 1                      | 122                    | 122                     | 1                  | 5.8                        | 176                                       | 5                                         |
| 03/01/2012  | 09:15:00              | 10:17:42               | 25                    | 1                      | 128.1                  | 128.1                   | 1                  | 6.1                        | 6                                         | 2                                         |
| 30/01/2012  | 09:15:00              | 09:59:47               | 100                   | 1                      | 193.35                 | 193.35                  | 1                  | 3.75                       | 1                                         | 1                                         |
| 31/01/2012  | 09:15:00              | 10:32:37               | 50                    | 1                      | 197.2                  | 197.2                   | 1                  | 3.85                       | 1                                         | 1                                         |

| Date         | Buy Order time | Sell order Time | Buy Order Qty. | Sell Order Qty. | Buy Order Price | Sell Order Price | Traded Qty. | LTP Impact (in Rs.) | Total market volume during the day | Total no. of trades during the day |
|--------------|----------------|-----------------|----------------|-----------------|-----------------|------------------|-------------|---------------------|------------------------------------|------------------------------------|
| 01/02/2012   | 09:15:00       | 14:13:52        | 50             | 1               | 201.1           | 201.1            | 1           | 3.9                 | 1                                  | 1                                  |
| 02/02/2012   | 09:15:00       | 12:55:07        | 100            | 1               | 205.1           | 205.1            | 1           | 4                   | 1                                  | 1                                  |
| 07/02/2012   | 09:15:00       | 14:20:20        | 50             | 1               | 213.35          | 213.35           | 1           | 4.15                | 1                                  | 1                                  |
| 08/02/2012   | 09:15:00       | 14:52:14        | 75             | 1               | 217.6           | 217.6            | 1           | 4.25                | 1                                  | 1                                  |
| 09/02/2012   | 09:15:00       | 15:15:36        | 50             | 1               | 221.95          | 221.95           | 1           | 4.35                | 1                                  | 1                                  |
| 13/02/2012   | 09:15:00       | 11:00:32        | 50             | 5               | 226.35          | 226.35           | 5           | 4.4                 | 5                                  | 1                                  |
| 21/02/2012   | 09:15:00       | 15:21:22        | 200            | 5               | 244.95          | 244.95           | 5           | 4.8                 | 5                                  | 1                                  |
| 24/02/2012   | 09:15:00       | 15:12:19        | 150            | 5               | 259.8           | 259.8            | 5           | 5.05                | 5                                  | 1                                  |
| 27/02/2012   | 09:15:00       | 15:19:13        | 150            | 5               | 264.95          | 264.95           | 5           | 5.15                | 5                                  | 1                                  |
| 28/02/2012   | 09:15:00       | 10:27:25        | 150            | 1               | 270.2           | 270.2            | 1           | 5.25                | 1                                  | 1                                  |
| 07/03/2012   | 09:15:00       | 14:51:14        | 150            | 1               | 304.15          | 304.15           | 1           | 5.95                | 1                                  | 1                                  |
| 15/03/2012   | 09:15:00       | 15:02:43        | 500            | 1               | 335.7           | 335.7            | 1           | 6.55                | 2                                  | 2                                  |
| 16/03/2012   | 09:15:00       | 15:26:00        | 500            | 1               | 342.4           | 342.4            | 1           | 6.7                 | 1                                  | 1                                  |
| 29/03/2012   | 09:15:00       | 15:15:57        | 500            | 1               | 409             | 409              | 1           | 8                   | 1                                  | 1                                  |
| 03/04/2012   | 09:15:00       | 15:12:21        | 400            | 1               | 425.45          | 425.45           | 1           | 8.3                 | 1                                  | 1                                  |
| 04/04/2012   | 09:15:00       | 15:27:41        | 250            | 1               | 433.95          | 433.95           | 1           | 8.5                 | 1                                  | 1                                  |
| 09/04/2012   | 09:15:00       | 09:33:47        | 400            | 1               | 442.6           | 442.6            | 1           | 8.65                | 1                                  | 1                                  |
| 10/04/2012   | 09:15:00       | 09:59:06        | 100            | 1               | 451.45          | 451.45           | 1           | 8.85                | 55                                 | 3                                  |
| <b>TOTAL</b> |                |                 | <b>9210</b>    | <b>54</b>       |                 |                  | <b>54</b>   | <b>177.55</b>       | <b>299</b>                         | <b>43</b>                          |

4. From the above table of order log, it was observed that :

- a) In all 34 trades, buy orders already existed in the system at higher prices and the Noticee had matched those buy orders with the same price.

- b) In all 34 sell orders placed by the Noticee, order quantity ranged from 1 to 5 shares only even when buy orders at higher prices and for larger quantities were already available in the system and the said 34 trades took place during 34 different trading days and on most of the days, these were the only trades that happened during the day.
  - c) Through these 34 trades, the Noticee had contributed Rs. 177.55 to market LTP which is equivalent to 8.03% of market positive LTP during Patch 1 and 21.04% to market net LTP during Patch 1.
  - d) From the transaction statement of the Noticee provided by CDSL and NSDL, it was observed that the Noticee was holding 250 shares of DBIL in its DP account no. IN30040910127295 with NSDL from December 2005 onwards and 253 shares of DBIL in its DP account no. 1203070000017217 with CDSL from August 2006 onwards and during the investigation period, the Noticee had sold 253 shares (from its CDSL account) on market and was holding 250 shares in its NSDL account at the end of the investigation period.
  - e) Investigation noted that, within Patch 1, the steepest price rise was seen during December 12, 2011 to April 10, 2012 (75 trading days). Total market positive LTP during this period was Rs. 383.50 and the Noticee contributed Rs. 177.55 to market positive LTP during this period through 34 trades which comprises 46.30% of market positive LTP during the period December 12, 2011 to April 10, 2012.
5. The investigation alleged that by executing the abovementioned trades, the Noticee matched the price of prevailing buy orders which were placed at a higher price than the last traded price and thus contributed to the increased scrip price with each of his trades. It was also observed that these 34 trades were done on 34 different trading days across the period and each trade resulted in a higher LTP. The investigation also alleged that the Noticee was instrumental in establishing a price higher than the last traded price and thus contributed to increased scrip price with each of his trades. In view of the repeated nature of such trades by the Noticee, investigation observed that the Noticee has created a misleading appearance of trading.
6. From the transaction statements from depositories (NSDL/CDSL), investigation observed that the Noticee was holding 503 shares of DBIL from August 2006 onwards and despite this, during the period of his respective sale transactions, he has released minuscule number of shares and matched the buy orders which were above LTP with volume in small quantities as

detailed above. Thus, from the above pattern of trading and other analysis, investigation observed that there was no bona-fide intention on the part of the Noticee to sell their holdings and that the only intention of such trading was to mark the price higher than LTP and to manipulate the scrip price. Investigation observed that the Noticee was not acting as genuine seller and had no bona-fide intention to sell because in-spite of sufficient buy orders being available in the market, he released very small quantity of shares in each transaction which was above LTP and performed not more than one transaction in a day.

7. It was, therefore, alleged that the Noticee was instrumental in manipulating the price of the scrip by continuously placing sell orders for miniscule quantities even when buy orders were already existed at higher prices and for larger quantities and created a misleading appearance of trading in the scrip, thereby violating Regulations 3(a),(b),(c),(d) and Regulations 4(1), 4(2)(a) & 4(2)(e) of the PFUTP Regulations. Accordingly, a notice dated December 08, 2017 (SCN) was issued to the Noticee calling upon him to show cause as to why suitable and appropriate directions under Sections 11(4)(b) and 11B of the SEBI Act should not be issued against him.

#### **REPLIES AND PERSONAL HEARINGS AND CONSIDERATION:**

8. The SCN was served upon the Noticee through hand delivery. In response to the same, the Noticee vide email dated December 25, 2017 submitted that he had not carried out or authorized any of the abovementioned transactions and the same have been carried out fraudulently from his account without his permission. The same may be followed up with the DP Maximus Securities. He further submitted that the account was dormant for a long time as he was not operating it.
9. The Noticee was granted an opportunity of personal hearing by scheduling the same on April 02, 2019 for which the notice was served through email and newspaper publication. However, the Noticee has failed to attend the said personal hearing.
10. I have carefully gone through the charges against the Noticee, the submissions of the Noticee and the documents available on record. I note that the basic charge against the Noticee is that he had executed 34 sell trades, each with very small quantity of shares, at incremental prices during December 12, 2011 to April 10, 2012 (Patch-I), thereby selling a total of 54 shares during 34 different trading days, which contributed to positive LTP in the scrip. It is alleged

that the said trades were manipulative and fraudulent in nature since they resulted in artificial price rise and false and misleading appearance of trading in the scrip.

11. I note that while the Noticee has attempted to disown the abovementioned transactions and has denied having executed the same in his account, he has failed to substantiate his contentions with credible evidences. Further, he has not defended the transactions on merit in any manner. Nevertheless, I proceed to decide the issues at hand based on material available on record.
12. I note from the records that the scrip of DBIL had witnessed a very steep price rise during Patch-I (i.e. August 09, 2011 to October 23, 2012) of the investigation period. During this period, the steepest price rise was witnessed during December 12, 2011 to April 10, 2012 (75 trading days) wherein the price of the scrip increased from Rs.68.15 to Rs.451.45 (an increase of 562%). However, the total market volume during this period was merely 2822 shares through 140 trades. Out of these 140 trades, LTP contribution for two trades was negative, for 61 trades was zero and for 77 trades was positive. Thus, it is seen that the scrip had witnessed tremendous price rise through very thinly traded volume.
13. The Noticee is found to have executed a total of 38 trades during Patch-I out of which 34 trades were executed during the said period of steepest price rise (i.e. December 12, 2011 to April 10, 2012). I note that through the abovementioned 34 trades, the Noticee had sold a total of only 54 shares of DBIL and has contributed Rs.177.55 to market LTP. From the trade and order log details pertaining to the said 34 trades spread over 34 trading days, which are provided in the Table above, I note that on 31 out of 34 days, the Noticee had put sell orders for 1 share even though there were pending buy orders for shares ranging from 5 to 1500 shares in the trading system. I note that the Noticee, unlike a genuine investor, was attempting to match the pending buy orders put up at incremental prices with his sell orders for 1 share each, thereby driving up the price of the scrip through low volume. I further note that out of 34 trading days during which the Noticee executed his 34 trades, his trades were the lone trades on 29 such days (i.e. there was no other trade in the scrip on that date except the Noticee's single trade). I find that the said trading pattern is inherently suspect and manipulative in nature, since the same presented to the gullible investors a positive and rosy picture of the scrip which was false and misleading.

14. I note from records that DBIL's net profit for FY 2011-12 was merely Rs.60,000. Thus, I note that the company's weak fundamentals did not justify the abovementioned price rise in the scrip. Given such a scenario, the abovementioned trades of the Noticee appear to have been executed with an aim to artificially raise the price of the scrip and to create a false and misleading appearance of trading in the scrip, in order to lure gullible investors in the market. Moreover, apart from stating that the sell orders were not authorized by him, the Noticee has not brought out as to who was otherwise involved in the manipulation.
15. Taking into account the above observations, I find that the Noticee by executing the trades in the manner as explained above has indulged in fraudulent and unfair trade practices in the securities market, thereby violating the provisions of Regulations 3(a), (b), (c) & (d) and Regulations 4(1), 4(2)(a) & (e) of the PFUTP Regulations. Such manipulative and fraudulent trades by the Noticee have the potential to compromise the integrity of the securities market and the larger interests of the investors. Thus, I find that it is a fit case of issuing appropriate directions against the Noticee.

**DIRECTIONS:**

16. In view of the foregoing, I, in exercise of the powers conferred upon me by virtue of section 19 read with sections 11(1), 11(4) and 11B of the SEBI Act, 1992, hereby restrain the Noticee, namely Shri Jayant Indulal Sethna, from accessing the securities market and further prohibit him from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of 2 (two) years from the date of this order. Needless to say, in view of prohibition on sale of securities, it is clarified that during the period of restraint, the existing holding, including units of mutual funds of the Noticee, shall remain frozen.
17. The order shall come into force with immediate effect.
18. A copy of this order shall be served upon all the recognised Stock Exchanges, the Depositories and the Registrar and Share Transfer Agents to ensure compliance with the above directions.

**Place: Mumbai**  
**Date: October 16, 2019**

**G. MAHALINGAM**  
**WHOLE TIME MEMBER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**