

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: S. K. MOHANTY, WHOLE TIME MEMBER

ORDER

Under Sections 11, 11(4) and 11B (1) of the Securities and Exchange Board of India Act, 1992

In respect of:

Noticee No.	Names of the Noticee	PAN
1.	Ms. Deepa Saurabh Shah	BBTPS6761H
2.	Mr. Sunil Jain	AEBPJ0013P
3.	Mr. Rahul Gupta	AIGPG4489H
4.	M/s. Decent Vincom Pvt Ltd	AADCD3148E
5.	Mr. Anthony Gayen	ARJPG7901L
6.	Mr. Dilip Kumar Mandal	BQCPM7585H
7.	Mr. Badri Prasad & Sons	ADUPC9547M
8.	M/s. Preamsagar Vinimay Private Limited	AAECP9297K
9.	M/s. Nityadhara Plaza Private Limited	AADCN9427C
10.	M/s. Conquer Barter Pvt Ltd	AADCC8378F
11.	M/s. Navdurga Investment Consultants Pvt Ltd	AACCN9567A

(The entities mentioned above are individually known by their respective name or Noticee no. and collectively referred to as "Noticees")

In the matter of Unisys Software and Holding Industries Limited.

Background:

1. An investigation was undertaken by Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") for the period of January 19, 2010 to November 14, 2014 (hereinafter referred to as "**Investigation Period**") into the scrip of **Unisys Software and Holding Industries Limited** (hereinafter referred to as "**Unisys**") for possible violation, if any, of the provisions of Securities and Exchange Board of India

Act, 1992 (hereinafter referred to as “SEBI Act”) and rules and regulations made thereunder.

2. During the course of investigation, the price volume data in the scrip of Unisys was analyzed and it was observed that the price of the scrip opened at ₹50.00 on January 19, 2010, reached a high of ₹313.00 on February 13, 2013 and closed at ₹81.60 on November 13, 2014. Based on the aforesaid abnormal price movement in the scrip of Unisys, it was noticed in the course of investigation that there was continuous up and down movement in the price of the scrip of Unisys. It was also observed that there were certain entities who were trading adversely in the scrip of Unisys. Therefore, based on the outcome of investigation that was conducted in the scrip of Unisys, it was noticed that out of following eight patches of trading periods, there were four patches of price rise and four patches wherein the price of the scrip witnessed fall:

Patch-1 (Price Rise): 19/01/2010 to 29/04/2011

Patch-2 (Price Fall) : 02/05/2011 to 19/10/2011

Patch-3 (Price Rise): 20/10/2011 to 22/03/2012

Patch-4 (Price Fall) : 23/03/2012 to 28/08/2012

Patch-5 (Price Rise): 29/08/2012 to 12/11/2012

Patch-6 (Price Fall) : 13/11/2012 to 22/07/2013

Patch-7 (Price Rise): 13/11/2012 to 22/07/2013

Patch-8 (Price Fall) : 03/09/2013 to 13/11/2014

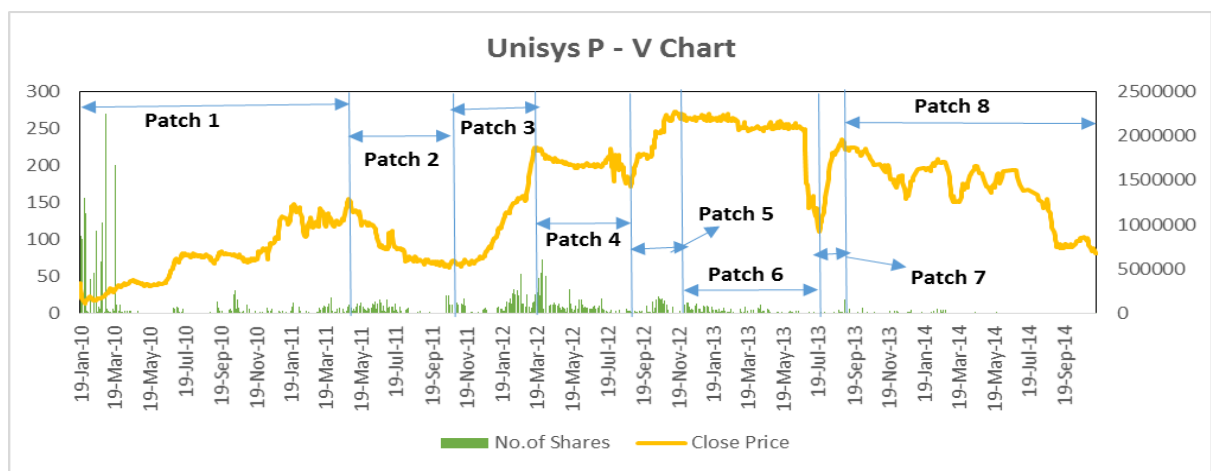
3. Details of price volume information pertaining to the aforesaid patches in the scrip of Unisys during the Investigation Period is tabulated as below:

Table No. 1
Price in the scrip of Unisys during various patches of Investigation Period

Patches	Period	Designation	Open	High	Low	Close	Avg. Traded Volume
Patch-1	19/01/2010 to 29/04/2011	Price	50.00	158.00 (29/04/2011)	10.73 (28/01/2010)	154.95	66264
		Volume	609345	2251502 (04/03/2010)	332 (10/02/2011)	105924	
30/04/2011 and 01/05/2011 were trading holidays							
Patch-2		Price	155.00	155.00 (02/05/2011)	56.00 (13/10/2011)	62.25	40526

Patches	Period	Designation	Open	High	Low	Close	Avg. Traded Volume
	02/05/2011 to 19/10/2011	Volume	60567	202503 (14/10/2011)	22 (05/10/2011)	103670	
Patch-3	20/10/2011 to 22/03/2012	Price	64.65	230.00 (22/03/2012)	58.50 (01/12/2011)	223.10	78895
		Volume	103351	452945 (21/02/2012)	100 (23/11/2011)	335462	
Patch-4	23/03/2012 to 28/08/2012	Price	212.15	229.50 (multiple dates)	160.25 (01/08/2012)	171.55	68722
		Volume	200392	612282 (28/03/2012)	234 (16/08/2012)	26030	
Patch-5	29/08/2012 to 12/11/2012	Price	161.05	300 (08/11/2012)	161 (29/08/2012)	272.00	47255
		Volume	18394	189426 (16/10/2012)	55 (03/10/2012)	1287	
Patch-6	13/11/2012 to 22/07/2013	Price	266.00	313.00 (13/02/2013)	110.45 (22/07/2013)	110.45	24007
		Volume	1201	122575 (04/12/2012)	1 (09/07/2013)	3	
Patch-7	23/07/2013 to 02/09/2013	Price	105	239 (02/09/2013)	104.95 (23/07/2013)	230.35	10091
		Volume	2432	58212 (02/09/2013)	10 (27/08/2013)	58212	
Patch-8	03/09/2013 to 13/11/2014	Price	225.75	225.75 (03/09/2013))	81.60 (Multiple dates)	81.60	6992
		Volume	157470	157470 (03/09/2013)	1 (multiple dates)	100	
		Volume	797	797 (17/11/2014)	1 (25/11/2014)	5	

4. Based on the analysis of price volume movement observed during the Investigation Period in the scrip of Unisys, a price volume chart of the scrip is demonstrated below:



5. Upon analyzing the price and trade movement in the scrip of Unisys, following findings, *inter alia*, came to light in the course of investigation conducted by SEBI:
- a) It was observed that, during Patch-2 i.e. 02/05/2011 to 19/10/2011, the price of the scrip opened at ₹155.00, reached a low of ₹56.00 and closed at ₹62.25 i.e., resulting in a fall of 59.84% from the opening price. It was observed that Noticee no. 1 contributed to 10.14% of market Negative Last Traded Price (hereinafter referred to as “negative/(-ve) LTP”). It was further observed that out of the 62 trades executed by Noticee no. 1 that contributed to market (-ve) LTP, 56 trades were self-trades that contributed to 9.6% of the market (-ve) LTP and Noticee no. 1, by repeatedly executing self-trades at prices lower than Last Traded Price (hereinafter referred to as “LTP”) for small quantities, contributed to price fall in the scrip and thereby indulged in an act which created a false or misleading appearance of trading amounting to manipulation of the price of the scrip during Patch-2 of the Investigation Period.
 - b) During Patch-4 i.e. from 23/03/2012 to 28/08/2012, the price of the scrip opened at ₹212.15, reached a low of ₹160.25 and closed at ₹171.55 i.e., resulting in a fall of 19.14% from the opening price. It was observed that Noticee no. 2, contributed to 12.17% of market (-ve) LTP. It was further observed that out of the total trades executed by the Noticee no. 2 that resulted in (-ve) LTP, 12 trades were self-trades that contributed to 7.76% of the market (-ve) LTP and Noticee no. 2, by executing self-trades at prices lower than LTP for small quantities contributed to price fall in the scrip and thereby indulged in an act which created a false or misleading appearance of trading amounting to manipulation of the price of the scrip during Patch-4 of the Investigation Period.
 - c) Further, it was observed that during Patch-5 i.e. from 29/08/2012 to 12/11/2012, the price of the scrip opened at ₹161.05, reached a high of ₹300.00 and closed at ₹272.00 i.e., registering a rise of 68.89% from the opening price. In this respect, it was noticed in the investigation that Noticee no. 3 and Noticee no. 4, by repeatedly placing buy orders for small quantities at prices higher than LTP contributed to price rise in the scrip and thereby alleged to have indulged in an act which created

false or misleading appearance of trading amounting to manipulation of the price of the scrip.

- d) It was also revealed in the investigation that based on the analysis of their UCC details, off market transactions, physical share transfers, financial transactions and MCA data etc., Noticee nos. 4 to 11 were found to be connected entities. Also, during Patch-6 i.e. from 13/11/2012 to 22/07/2013, these eight entities (Noticee nos. 4 to 11) were noticed to have executed trades, repeatedly amongst themselves at prices lower than LTP and thereby have contributed to price fall in the scrip of Unisys.
6. In view of the aforementioned factual findings during the investigation, it was alleged that Noticees nos. 1-11 have indulged in manipulative trades which created false or misleading appearance of trading in the scrip of Unisys and further have contributed to the LTP in the scrip through their trades, thereby manipulating the price of the scrip of Unisys during Patches 2, 4, 5 and 6 respectively of the Investigation Period Such acts of the Noticees have been alleged to be in breach of provisions of section 12 A (a), (b), (c) of SEBI Act, 1992 read with Regulation 3(a),(b),(c),(d) and Regulation 4(1), 4(2) (a), (e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating To Securities Market) Regulations, 2003 (hereinafter referred to as **"PFUTP Regulations"**).
7. Pursuant to the aforesaid findings during the investigation, a common Show Cause Notice dated March 26, 2018 (hereinafter referred to as **"SCN"**) was issued to all the Noticees, asking them to show cause as to why suitable direction under Section 11, 11(4) & 11 (B) SEBI Act, should not be issued against them for their alleged violations of provisions of SEBI Act and PFUTP Regulations.
8. I note that the SCN was dispatched to the Noticees through speed post in response to which Noticees nos. 4, 5, 6, 8, 9, 10 and 11 have submitted their written replies to the SCN offering their explanations in the matter. Subsequently, in compliance with the principle of natural justice, an opportunity of personal hearing was accorded to the Noticees which was scheduled on May 21.05.2019. I observe from the records that the hearing notice dated 27.02.2019 issued to the Noticees communicating about

scheduling of personal hearing was duly delivered to the Noticee no. 1, 2, 3 and 5 through the speed post, whereas the same could not be delivered to the other Noticees. Therefore, the hearing notices to those Noticees, who could not be contacted through speed post, were communicated through newspaper publications. I note that Noticee no. 2 and Noticee no. 3 appeared in person before me on the scheduled date of hearing on May 21, 2019, however, no one appeared on behalf of the other Noticees. I note that Noticee no. 2 has submitted a written reply at the time of hearing and Noticee no. 3 after his personal hearing, has submitted certain information vide email dated May 29, 2019 and certain documents on June 27, 2019. Further, I find that Noticee no. 4 to 11 (except for Noticee no. 7) have submitted their respective responses vide letters dated May 14, 2019 in response to the SCN served on them although none of them appeared for personal hearing. However, Noticees nos. 1 and 7 have neither filed any reply to the SCN issued in the matter nor have appeared before me for the personal hearing.

Submissions of the Noticee

9. After hearing the contentions advanced by the Noticees no. 2 and 3 during the personal hearing and after perusing the written replies submitted by other Noticees except for the Noticee no. 1 and 7, I summarize their arguments/submissions as under:

Reply of Noticee no. 2

- (i) The Noticee is a very small trader and has incurred losses worth of ₹19108 while trading in the scrip of Unisys, which indicates that his intention was not to contribute to (-ve) LTP in the scrip of Unisys.
- (ii) He does not have any connection with the other Noticees. He trades in very less quantity of shares and by no means he can be held to have manipulated the price of the scrip by trading in such small quantities.
- (iii) Self-trades executed by him were not intentional and he had no idea why such self-trades were not cancelled by the exchange.

Reply of Noticee no. 3

- (i) The trades were executed by his brother Mr. Naveen Gupta, under his due authorization. Similarly, Mr. Naveen Gupta had also executed trades on behalf of his father, mother and sister-in-law.

Reply of Noticee no. 4, 5, 6, 8, 9, 10 and 11

- (i) The Noticees have been investing / trading in the securities market since long through their broker in the ordinary course with an objective of maximizing profit.
- (ii) There is no means to suggest that the Noticees were connected to Unisys or traded as per the instructions of Unisys. The Noticees have denied all the allegations levelled against them in the SCN.

Consideration of Issues and Findings

10. Considering the findings of Investigation report, the allegations levelled against the Noticees in the SCN based on such findings and the explanations offered by the Noticees through their verbal and written submissions, I find that the following issues require consideration:

- (i) *Issue I: Whether the acts of the Noticee no. 1 and Noticee no. 2 during the Patch-2 and Patch-4 respectively of the Investigation Period, have resulted in violations of the provisions of Section 12 A (a), (b), (c) of SEBI Act read with Regulation 3 (a), (b), (c), (d), 4 (1) 4 (2) (a) and (g) of SEBI (PFUTP) Regulations?*
- (ii) *Issue II: Whether the acts of the Noticee no. 3 and Noticee no. 4 during the Patch-5 of the Investigation Period have resulted in violations of the provisions of Section 12 A (a), (b), (c) of SEBI Act read with Regulation 3 (a), (b), (c), (d), 4 (1) 4 (2) (a) and (g) of SEBI (PFUTP) Regulations?*
- (iii) *Issue III: Whether the Noticee nos. 4 to 11 are connected entities and whether the acts of the Noticee nos. 4 to 11 during the Patch-6 of the Investigation Period have resulted in violations of the provisions of Section 12 A (a), (b), (c) of SEBI Act read with Regulation 3 (a), (b), (c), (d), 4 (1) 4 (2) (a) and (g) of SEBI (PFUTP) Regulations?*

Issue I: Whether the acts of the Noticee no. 1 and Noticee no. 2 during the Patch-2 and Patch-4 respectively of the Investigation Period, have resulted in violations of the

provisions of Section 12 A (a), (b), (c) of SEBI Act read with Regulation 3 (a), (b), (c), (d), 4 (1) 4 (2) (a) and (e) of SEBI (PFUTP) Regulations?

11. I note that in the SCN, the acts of the Noticees of indulging in manipulative trades by contributing to negative as well as positive LTP in the scrip of Unisys repeatedly during different patches of the Investigation period have been alleged to have violated provisions of SEBI Act and various provisions of PFUTP Regulations. Therefore, before moving forward on this issue, it would be proper to visit the afore-stated provisions alleged to have been violated in the SCN. The said provisions are produced hereunder for ready reference:

Section 12 A (a) (b) (c) of SEBI Act

No person shall directly or indirectly –

(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;

(b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;

(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

Regulation 3 of SEBI (PFUTP) Regulations: - Prohibition of certain dealings in securities

3. No person shall directly or indirectly –

(a) buy, sell or otherwise deal in securities in a fraudulent manner;

(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made thereunder;

(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;

(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made thereunder.

Regulation 4 of SEBI (PFUTP) Regulations: - Prohibition of manipulative, fraudulent and unfair trade practices

(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.

(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:-

(a) indulging in an act which creates false or misleading appearance of trading in the securities market;

(e) any act or omission amounting to manipulation of the price of a security [including, influencing or manipulating the reference price or bench mark price of any securities]

12. It has been alleged in the SCN that the Noticee no. 1 and the Noticee no. 2 have executed artificial and manipulative trades including large no. of self-trades in the scrip of Unisys. The details of such trades executed by the Noticee no. 1 and their impact on the LTP of Unisys scrip are tabulated below:

Table No. 2**Trades by the Noticee no. 1 in Unisys during Patch-2**

LTP analysis in Patch-2												
Noticee Name	All trades			(+ve) LTP			(-ve) LTP			(0) LTP		% of Negative LTP to Total Market Negative LTP
	LTP impact	No of trades	QTY traded	LTP impact	No of trades	QTY traded	LTP impact	No of trades	QTY traded	No of trades	QTY traded	
Deepa Saurabh Shah	-156.25	100	1114	65.70	25	329	-221.95	62	442	11	343	10.14
Market Total	-89.95	6882	4822595	2099.65	1782	1489229	-2189.60	2407	1218242	2693	2115124	100.00

13. As already noted from table no. 1 that during the Patch-2 i.e. 02/05/2011 to 19/10/2011, the price of the scrip of Unisys registered a significant fall by 59.84% from the opening price of ₹155.00. From the trade data as mentioned in the table no. 2 above, it is noted that during the Patch-2, the Noticee no. 1 through her executed trades, has contributed significantly to market (-ve) LTP and hence is alleged to have contributed to the fall in the price of Unisys. I further note from the table no. 2 that the Noticee no. 1, by executing 62 trades contributed (-ve) LTP of ₹221.95 (10.14%) of total market (-ve) LTP. I also observe from the trade details annexed to the SCN that out of such 62 trades executed by Noticee no. 1 that contributed to market (-ve) LTP, 56 trades were self-trades which resulted into contribution of 9.6% of the total market (-ve) LTP. I also note from the said annexure to the SCN that such 56 self-trades were executed by Noticee no. 1 over a period of 28 days involving 199 shares. Thus, on an average, the Noticee no. 1 has indulged in executing trades of more than 7 shares through self-trades per day in the scrip of Unisys. The trade data annexed to the SCN further shows that in 56 self-trades executed by Noticee no. 1, the quantities were ranging from 1 – 25 shares and through such self-trades, Noticee no. 1 had contributed to (-ve) LTP of ₹210.25. Further, during the Patch-2, the volume of shares traded by Noticee no. 1, through her self-trades amounted to 17.86% (199 shares) of her total traded volume (1114 shares) in the scrip of Unisys.

14. I also note from the trade logs that out of the 56 self-trades executed by Noticee no. 1, 18 of her trades were first trades (1st trade of the trading day in the scrip by way of first placing order in the system) that contributed ₹93.45 to market (-ve) LTP (4.7% of

market (-ve) LTP). Details of such first executed by the Noticee are tabulated below:

Table No. 3
Details of first trades and self-trades executed by Noticee no. 1

Date of the trade	Trade details				Buy order details			Sell order details			Time Diff b/w Buy and Sell order
	LTP variance	Time	Price	Qty	Time	Price	Qty	Time	Price	Qty	
27/06/2011	-0.4	09:45:03	90.5	1	09:44:56	90.5	50	09:45:03	90.5	1	00:00:07
18/08/2011	-9.5	09:20:09	65	1	09:15:03	65	25	09:20:09	65	1	00:05:06
23/08/2011	-8.9	09:22:32	71	1	09:22:20	71	25	09:22:32	71	1	00:00:12
30/08/2011	-2.5	09:21:12	70	5	09:21:04	70	100	09:21:12	70	5	00:00:07
02/09/2011	-2.95	10:12:56	70	1	10:12:51	70	1	10:12:56	68.85	1	00:00:06
08/09/2011	-4.95	09:23:48	65	1	09:23:35	65	100	09:23:48	65	1	00:00:13
09/09/2011	-6.75	09:37:51	67	10	09:37:44	67	25	09:37:51	66	10	00:00:07
12/09/2011	-4.1	09:26:10	65	25	09:26:04	65	25	09:26:10	65	25	00:00:06
13/09/2011	-3.3	10:29:32	68.5	1	10:29:24	68.5	1	10:29:32	68.35	1	00:00:08
19/09/2011	-2.45	09:21:33	67.05	1	09:21:28	67.05	100	09:21:33	67.05	1	00:00:05
20/09/2011	-5	09:26:53	63	1	09:26:42	63	50	09:26:53	63	1	00:00:11
21/09/2011	-5.9	09:23:12	65	1	09:23:02	65	100	09:23:12	65	1	00:00:10
27/09/2011	-7.8	09:24:18	63	1	09:24:13	63	50	09:24:18	62.6	1	00:00:05
04/10/2011	-6.5	09:27:56	60.5	1	09:27:51	60.5	1	09:27:56	60.2	1	00:00:05
05/10/2011	-6	09:31:49	62	1	09:31:41	62	50	09:31:49	61	1	00:00:07
11/10/2011	-4.55	09:22:06	65.25	5	09:22:00	65.25	5	09:22:06	65	5	00:00:06
14/10/2011	-6	09:18:55	58	5	09:18:48	58	50	09:18:55	57.2	5	00:00:07
18/10/2011	-5.9	09:17:51	58.5	1	09:17:47	58.5	25	09:17:51	58	1	00:00:05
Total	₹93.45 (4.7% of Total market (-ve) LTP)										

15. From the above table no. 3, it is observed that in 17 out of 18 instances of first trades executed by Noticee no. 1 in the scrip of Unisys by way of self-trades, the difference in timing between buy order and sell order was within range of 5 seconds to 13 seconds. For instance, on September 27, 2011, Noticee no. 1 placed buy order at 09:24:13 for 50 shares at ₹63.00 per share and within a period of 5 seconds, a sell order was placed by her at 09:24:18 for 1 share at ₹62.60 per share. Accordingly, the trade was executed at ₹62.6 which was ₹7.80 ((-ve) LTP contribution) less than the last traded price. Again, on October 14, 2011, a buy order was placed by Noticee no. 1 at 09:18:48 for 50 shares at ₹58.00 per share and after 7 seconds a sell order was placed at 09:18:55 for 1 share at ₹57.2 per share by herself and such a self-trade was executed at ₹57.2 thereby contributing to market (-ve) LTP of ₹6.00. Similarly, Noticee apparently deliberately continued to place sell orders in smaller quantities in comparison to the quantities of her own buy orders that were available in the system and thereby continued to contribute to (-ve) LTP of the scrip. Interestingly, it is observed that Noticee no. 1 was

placing sell order at price lower than the buy order on continuous basis, which is contrary to the normal business prudence wherein buyer intends to buy at lower price and seller always strives for higher price.

16. Thus, I note from the aforesaid trading pattern that the Noticee no. 1 has first placed buy orders at a price lower than the LTP and simultaneously (within a few seconds) has placed sell orders for smaller quantities at a price lower than the buy orders placed by her a few seconds ago, which have resulted in matching of her own buy-sell orders and in execution of the trades that were lower than the LTP and in this manner, the trades executed by Noticee no.1 have resulted in contributing to (-ve) LTP on the said scrip. As stated earlier, Noticee no. 1 has neither filed any reply to the SCN, nor has preferred to make any submission by availing the opportunity of personal hearing. Effectively, no explanation has been furnished by her justifying her action in executing self-trades that too, executing such trades repeatedly at prices lower than the LTP. There is nothing on record to indicate or to suggest that Noticee no. 1 was engaged in jobbing transactions. Further, it is not the case that through such self-trades she wanted to negate / cancel the buy orders placed by her inadvertently hence, the sell orders were placed a few seconds after to nullify those buy orders. Had it been the case, the quantities of shares in both buy and sell orders would have been identical. Rather, from the records, it is evident that immediately after placing the buy orders, Noticee no. 1 has placed sell orders mostly for 1 share only, at prices lower than the buy order prices. It is beyond one's understanding for example, as to why she was interested in buying shares at ₹63.00 on 27.09.2011 when, she herself sold share at a price lower than the LTP i.e. Rs. 62.60/- per share at the same time. Indulging in such trades frequently coupled with the facts that such trades were executed at a price lower than the LTP, the Noticee no. 1 in the process has negatively contributed approx. ₹93.45 to the price of the scrip through 18 such trades and also has made an overall (-ve) LTP contribution of ₹210.25, thereby causing price fall in the scrip of Unisys through 62 of her trades. Placing orders and executing trades on a frequent basis and contributing majorly to the price fall in the scrip even at the cost of sustaining personal loss would not be viewed as trades executed prudently in the normal course of trading in securities. Resorting to such trades by Noticee no. 1 were bound to create

misleading appearances and false perceptions in the mind of innocent investors about the trades in the said scrip leading to generation of artificial volume in the scrip as well as distorting the informed decision making by genuine investors. The trades executed by Noticee no. 1 by no standard can be held as genuine trades executed in the normal course of trading in securities, as evident from trading pattern as narrated above which glaringly highlights that she (Noticee No. 1) had no intention of actually purchasing or selling the shares of Unisys with any motive to earn profit.

17. From the aforesaid, I find that through her abnormal trading pattern, the Noticee no. 1 has indulged in execution of self-trades quite frequently and by executing such trades, she has deliberately manipulated the price of the scrip. Her trading pattern of buying only 01 share in one trade on a number of occasions and her decision each time to buy the stock at a price lower than the LTP that too in the smallest possible lot, further manifests her intention that she was not interested in buying the stock as a genuine buyer or trader of the securities market, rather her trading behavior clearly indicates her intention to trade in the scrip only to distort the market equilibrium with respect to the share of Unisys.

18. Moving on to the Noticee no. 2, it has also been alleged that he has executed artificial and manipulative trades in the scrip of Unisys by way of self-trades during Patch-4 i.e. from 23/03/2012 to 28/08/2012, and the trades of Noticee no. 2 were similar to the trades executed by Noticee no. 1 in patch-2. The details of such trades executed by Noticee no. 2 and their contribution to the LTP of the scrip of Unisys are tabulated below:

Table No. 4

Trades by the Noticee no. 2 in Unisys during Patch-4

LTP analysis in Patch-4												
Noticee Name	All trades			(+ve) LTP			(-ve) LTP			(0) LTP		% of Negative LTP to Total Market Negative LTP
	LTP impact	No of trades	QTY traded	LTP impact	No of trades	QTY traded	LTP impact	No of trades	QTY traded	No of trades	QTY traded	
Sunil Jain	-142.05	232	5027	82.75	46	1459	-224.80	134	1211	52	2357	12.17
Market Total	-51.45	7203	7490698	1795.40	1030	1382132	-1846.85	1426	1038136	4747	5070430	100.00

19. From the details as highlighted in the table no. 1 of this order, it is observed that during the Patch-4, the price of the scrip opened at ₹212.15, reached a low of ₹160.25 and closed at ₹171.55 which means, during patch-4, the price of the scrip witnessed a fall of 19.14% from the opening price. As highlighted in table no. 4 above, the investigation has revealed that the Noticee no. 2 contributed significantly to such market (-ve) LTP of the scrip i.e. he contributed 12.17% of market (-ve) LTP of the scrip. It is alleged that in the SCN that out of the 134 trades executed by the Noticee no. 2 through which he contributed to market (-ve) LTP of the scrip, 12 trades were self-trades and such self-trades themselves have negatively contributed ₹143.30 that constitutes 7.76% of the market (-ve) LTP. I also note that out of 12 such self-trades executed by Noticee no. 2, 11 such self-trades were executed for quantities ranging from 1-10 shares. Details of such 12 self-trades executed by the Noticee no. 2 have been tabulated below:

Table No. 5
Details of self-trades executed by Noticee no. 2

Date of the trade	Trade details				Buy order details			Sell order details			Time Diff b/w Buy and Sell order
	LTP variance	Time	Price	Qty	Time	Price	Qty	Time	Price	Qty	
11/07/2012	-2.8	15:15:30	196.15	30	14:48:13	196.15	100	15:15:30	196.15	70	00:27:17
30/07/2012	-17.85	15:06:50	181.05	1	15:06:48	181.05	10	15:06:50	181.05	1	00:00:02
06/08/2012	-8.95	13:24:47	200.05	1	13:24:46	200.05	1	13:24:47	200.00	1	00:00:01
16/08/2012	-11.1	14:05:28	186.20	1	14:05:22	186.20	25	14:05:28	186.20	1	00:00:06
16/08/2012	-11.3	14:18:17	186.20	1	14:18:12	186.20	25	14:18:17	186.20	1	00:00:05
17/08/2012	-19.65	09:23:20	178.05	1	09:23:14	178.05	100	09:23:20	178.05	1	00:00:05
17/08/2012	-22.9	09:29:26	178.15	2	09:29:16	178.15	100	09:29:26	178.15	2	00:00:10
17/08/2012	-14.5	10:15:28	181.50	5	10:15:27	181.50	5	10:15:28	181.40	5	00:00:01
17/08/2012	-11.45	11:23:38	186.05	5	11:23:37	186.05	5	11:23:38	186.00	5	00:00:01
17/08/2012	-0.95	14:19:21	184.05	5	14:19:18	184.05	1	14:19:21	184.05	5	00:00:03
21/08/2012	-11.9	12:17:16	175.15	1	12:17:15	175.15	1	12:17:16	175.10	1	00:00:01
23/08/2012	-9.95	14:26:31	173.55	1	14:26:28	173.55	10	14:26:31	173.55	1	00:00:03
Total	₹143.3 (7.76% of Total market (-ve) LTP)			54			383			94	

20. From the above table no. 5, it is observed that in 11 out of 12 instances of self-trades executed by Noticee no. 2 in the scrip of Unisys, the time difference between placing buy order and sell order by Noticee no. 2 was within a range of 1 second to 10 seconds. In fact, in 4 such self-trades the difference between buy order and sell order was just 1 second. For instance, on August 06, 2012, Noticee no. 2 placed buy order at 13:24:46

for 1 share at ₹200.05 per share and immediately after 1 second, a sell order was placed by him at 13:24:46 for 1 share at ₹200 per share. Accordingly, the trade was executed at ₹200.05 which was ₹8.95 (LTP contribution) less than last traded price. Again, on August 21, 2012, a buy order was placed by Noticee no. 2 at 12:17:15 for 1 share at ₹175.15 per share and immediately thereafter a sell order was placed by him at 12:17:16 for 1 share at ₹175.10 per share and the said trade was executed at ₹175.15 thereby contributing to (-ve) LTP of ₹11.19. It is noted that Noticee no. 2 continued to place orders in smaller quantities (in a range of 1 to 10 shares) on both buy and sell side within a time difference of few seconds and thereby continued to contribute to (-ve) LTP to the scrip, by executing such self-trades.

21. It is observed that Noticee no. 2 has not provided any plausible justification for executing self-trades on 12 occasions nor has he explained as to why on each instance, his self-trade has resulted in contributing a price fall in the scrip of Unisys. Noticee no. 2 has submitted that these self-trades were not intentional and that he has no knowledge as to why the same were not cancelled by exchange. However, from the trades as highlighted in the above table no. 4, it can be observed that while on the one hand Noticee no. 2 has placed buy orders for 383 shares, at the same time he has taken counter party position to his own buy orders by placing sell orders in a manner that his own buy orders and sell orders matched and got executed only to contribute to (-ve) LTP of the price of the scrip of Unisys. In the aforesaid manner, Noticee no. 2 has effectively placed buy order for 383 shares against which he sold only 54 shares through the above mentioned 12 self-trades. It is also noted that such 12 self-trades were executed over a period of 7 days for selling those 54 shares. Thus, on an average, the Noticee no. 2 has indulged in executing trades of more than 7 shares through self-trades per trading day in the scrip of Unisys thereby, has contributed approximate ₹143 to the price fall in the scrip of Unisys over a period of 7 days

22. I also note from the details of trades executed by Noticee no. 2 that he has executed a large numbers of trades in Unisys shares during the Patch-4 of the investigation. In this Patch, Noticee has indulged in execution of 232 trades for a total quantity of 5027 shares although, as per the allegations made in the SCN, Noticee has traded in 1211 shares through 134 trades which have contributed (-ve) LTP to the tune of ₹224.80.

Further, as already seen in the preceding paragraph that the Noticee no. 2 has contributed (-ve) LTP of more than ₹143.00 by executing 12 self-trades, involving trade in only 54 shares. The malicious intention behind the execution of such trades that have substantially contributed to the price fall of the scrip is writ large from the facts that despite there being good trading volume, the Noticee has preferred to sell the scrip in very small quantities and on a majority of occasions has sold only 01-05 shares. Noticee has not furnished any explanation as to why majority of his trades were executed below the LTP. By placing sell orders and that too for smaller quantities to match his own buy orders at a price lower than LTP at frequent intervals, the Noticee has continuously caused the price of the scrip to fall, hence, the Noticee no. 2 cannot be said to have executed fair and genuine trades in the scrip of Unisys. As noted above, Noticee has allegedly traded in 1211 shares of Unisys in 134 trades, however, he has contributed very significantly to (-ve) LTP through his 12 self-trades, which involved only 54 shares. There cannot be any fair and prudent business reasons for the Noticee to explain as to why and under what circumstances, he had to sell shares below the LTP on a continuous basis. Such a trading pattern on the part of Noticee no. 2 highlights that he had no genuine intention of purchasing or selling the shares of Unisys.

23. Self-trades are in common parlance known as trades executed in the stock market wherein, both the buyer and the seller remain the same entity, meaning thereby, the entity in such trades is same on both the sides i.e. buy and sell side. As a result of self-trade, there is no change in beneficial ownership of the security. I have noted above the frequency and number of self-trades executed by Noticee no. 1 & Noticee no. 2 in the scrip of Unisys. As self-trades do not result in change in the beneficial ownership, consequently, no effective transfer of shares takes place in a self-trade. In such a scenario, self-trades are unscrupulously used as a tool for generating artificial volume and for creating misleading appearance of trading in a scrip. While dealing with the matter of self-trades, the Hon'ble Securities Appellate Tribunal (hereinafter referred to as "SAT") in the case of *Balwinder Singh v. SEBI (DoD- 11.02.2014)* have observed that self-trades (or wash-trades) are *per se*, not allowed under SEBI Act and regulations made thereunder. In the matter of *Chirag Tanna v. The Adjudicating Officer (DoD-*

16.06.2011), while dealing with the consequences of self-trades or trades which do not result in transfer of beneficial ownership, the Hon'ble SAT have further observed that *"such trades are admittedly fictitious and are executed merely to create artificial volume in the traded scrip. Normally, such trades are found to be fictitious and not genuine for the reason that in such trades buyer and seller remains the same. Therefore, even though there may not be an abnormal movement in the price of a scrip, entities who are alleged to have indulged in such self-trades, without assigning any bonafide reasons to explain the circumstances for resorting to execution of self-trades, it would not be proper to permit self-trades without any imputation merely on the ground that such trades had not caused any movement in the price of the scrip or the entities had no malafide intention to manipulate the scrip."* In the instant matter, it has already been found that there was significant price movement in the scrip of Unisys, caused by the self-trades executed by Noticee no. 1 & Noticee no. 2 for which no justification has been furnished by the said Noticees. I also note that the Hon'ble SAT in the case of *HJ Securities Pvt Ltd v. SEBI (DOD-11.05.2012)*, have made the observation that simply because the number of such self-trades is not large by itself cannot justify execution of self-trades.

24. I have already mentioned in the preceding paragraphs that Noticee no.1 has not filed any submission /reply and has preferred not to appear before me for personal hearing to advance any submissions in response to the allegations made in the SCN. In the absence of any documents or evidence to rebut the allegations made in the SCN, I have to deal with the matter based on the aforesaid trade analysis and other material available on record. I note that the Noticee no. 2 has contended that he has traded in very small quantities of Unisys scrip and by no means he can manipulate the price of scrip by trading in such small quantities. In this regard, through the trade data as captured in the table no. 5 above, I have already pointed out earlier how Noticee no. 2 has executed 12 self-trades mostly for very small quantities of the scrip of Unisys ranging from 1 – 10 shares and thereby has contributed (-ve) LTP of ₹143.30 i.e 7.76% of market (-ve) LTP. Therefore, the contentions of Noticee no. 2 that he has traded in very small quantities and by no means he can manipulate the price of scrip by trading in such small quantities is an untenable plea taken by him since by executing such trades in small quantities only, he has been able to significantly contribute to (-ve) LTP

of the scrip of Unisys. Regarding the contentions of Noticee that he is not connected to other Noticees, I find that in the SCN, no allegation has been made against Noticee no. 2 regarding his connection with the other Noticees. Therefore, I find that such contention is of no use during the instant proceedings. Further, Noticee no. 2 has advanced an argument that he has incurred losses of ₹19108.00 while trading in the scrip of Unisys. The argument of incurring loss while dealing in the scrip of Unisys would rather go against the Noticee. It is but natural that Noticee or any person is bound to incur loss when he/she indulges in executing trades on repeated basis, by placing orders below the LTP. The trading pattern and conduct of the Noticee do not support the submissions advanced by him. It has not been explained as to how on each time his trades got executed below LTP. Moreover, as discussed earlier, the Noticee through his 12 self-trades has contributed ₹143.30 (-ve) LTP to the price of Unisys, which implies that on an average the contribution of each of his 12 self-trades to the price fall was around ₹12.00. One has to appreciate that any transaction executed with the intention to defeat the market mechanism is itself sufficient enough to prove the *malafide* intentions behind such transactions. In the instant case, the trading pattern of Noticee no. 2 and in particular the self- trades executed by Noticee no. 2 in the scrip of Unisys have no relation with the profit / loss incurred by the Noticee no. 2 in the scrip, since such trades were consciously aimed at causing fall in the price of the scrip of Unisys.

25. In the light of the aforesaid discussion, various judicial observations highlighted above and from the records available, it leaves no doubt in my mind that the self-trades executed by the two Noticees satisfy all the ingredients to be held as trades executed with an intention to create artificial volumes as well as price fall in the scrip of Unisys. I have already made my observation relating to the self-trades executed by the two Noticees, the frequency with which such self-trades were executed and the timing between the buy and sell orders in such trades executed by the two Noticees. By executing such self-trades, the Noticee no. 1 and Noticee no. 2 have adversely influenced the price of the scrip of Unisys during the Investigation Period and have also helped in creating artificial volume and thereby, have generated a false appearance of trading in scrip of Unisys. Under the circumstances, I have no doubt in

holding that, in the present case, the trading conduct on part of Noticee no. 1 and Noticee no. 2, has been fraudulent and manipulative in nature that was designed to induce or misguide the investors in securities market by painting a misleading picture of trading in the scrip of Unisys and by pulling the price of the scrip down through their dubious and manipulative trading behavior. Therefore, I have to conclude that the Noticees no. 1 and 2 have violated regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a) and 4(2)(e) of the PFUTP Regulations, 2003.

Issue II: Whether the act of the Noticee no. 3 and Noticee no. 4 during the Patch-5 of the Investigation Period have resulted in violations of the provisions of Section 12 A (a), (b), (c) of SEBI Act read with Regulation 3 (a), (b), (c), (d), 4 (1) 4 (2) (a) and (g) of SEBI (PFUTP) Regulations?

26. I note that in the SCN, Noticee no. 3 and Noticee no. 4 have been alleged to have placed buy orders for small quantities in the scrip of Unisys repeatedly at a price higher than LTP during Patch-5 i.e. from 29/08/2012 to 12/11/2012. Accordingly, the Noticees have substantially contributed to the market Positive Last Traded Price (hereinafter referred to as “positive/(+ve) LTP”) of the scrip, hence, have been alleged to have violated section 12 A (a), (b), (c) of SEBI Act, 1992 r/w regulation 3 (a), (b), (c), (d) and 4 (1), 4 (2) (a), (e) of SEBI (PFUTP) Regulations. I have already reproduced the relevant provisions in the preceding paragraphs and I will directly proceed to deal with the issue before me.

27. During Patch-5, the price of the scrip opened at ₹161.05, reached a high of ₹300 and closed at ₹272 i.e., registering a rise of 68.89% from the opening price. The details of trades executed by the Noticee no. 3 and Noticee no. 4 during Patch-5 in the scrip of Unisys on the LTP and their impact on the price of the scrip, as alleged in the SCN, are tabulated below:

Table no. 6

Trades by the Noticee no. 3 and Noticee no. 4 in Unisys during Patch-5

LTP analysis in Patch-5												
Noticee Name	All trades			(+ve) LTP			(-ve) LTP			(0) LTP		% of Positive LTP to Total Market Positive LTP
	LTP impact	No of trades	QTY traded	LTP impact	No of trades	QTY traded	LTP impact	No of trades	QTY traded	No of trades	QTY traded	
Rahul Gupta	101.05	74	5775	202.70	39	2023	-101.65	12	2003	23	1749	14.71
Decent Vincom Pvt.Ltd	249.15	419	4469	394.55	96	941	-145.40	225	2744	98	784	28.64
Market Total	100.45	3324	2457250	1377.75	564	480800	-1277.30	597	137002	2163	1839448	100.00

28. It can be observed from the table no. 6 above that Noticee no. 3 contributed 14.71% to (+ve) LTP by executing 39 trades on 9 trading days during Patch-5. It is also noted from the trade logs annexed to the SCN that Noticee no. 3 has repeatedly placed buy orders for small quantities at prices higher than LTP and by such acts, has contributed to price rise in the scrip of Unisys. Details of such buy orders in various quantities are tabulated below:

Table No. 7

Quantity wise trades by the Noticee no. 3 during Patch-5

Entity	Buy Order Quantity	No. of (+ve) LTP trades	(+ve) LTP	(+ve) LTP as % of mkt (+ve) LTP	No. of Trading Days (+ve) LTP
Rahul Gupta	1	8	93.15	6.76	6
	2	-	-	-	
	4	1	0.40	0.03	
	5	4	19.90	1.44	
	6	1	0.10	0.01	
	9	1	0.10	0.01	
	10	3	45.35	3.29	
	Total of 1-10	18	159	11.54	6
	11-20	2	5.35	0.39	2
	21 - 50	8	12.35	0.90	2
	51-100	1	0.05	0.00	1
	>100	10	25.95	1.88	5
	Total	39	202.70	14.71	9

29. I note from the above table no. 7 that the Noticee no. 3 has placed buy orders ranging from 1 to 10 shares in 18 trades on 6 trading days and has contributed ₹159 (+ve) LTP of the scrip that constituted (11.54% of market (+ve) LTP) of the scrip. Likewise, by placing buy order quantities ranging from 11 to 20 shares and 21 to 50 shares, Noticee

no. 3 has contributed (+ve) LTP of ₹5.35 and ₹12.35 respectively (corresponding to 0.39% and 0.90% of market (+ve) LTP). I note from the table no. 6 & 7 above, that Noticee no. 3, has repeatedly entered into trades on several days (9 days) and significantly contributed to market (+ve) LTP of ₹202.70 (14.71% of total market (+ve) LTP) in the said scrip. Details of a few such trades wherein Noticee no. 3 has contributed to (+ve) LTP by executing trades of single share of the Company are tabulated below:

Table No. 8

Details of certain single share trades executed by Noticee no. 3 during Patch-5

Date of the trade	Trade details					Buy order details			Sell order details		
	Time	Price	Qty	LTP	LTP variance	Time	Price	Qty	Time	Price	Qty
10/09/2012	15:02:27	213	1	202.1	10.9	15:02:27	213	1	14:38:52	213	30
13/09/2012	09:16:34	254.90	1	214.8	40.1	09:16:34	254.90	1	09:15:02	254.9	50
22/10/2012	12:15:12	270	1	251.6	18.4	12:15:12	270	1	09:33:01	270	49
29/10/2012	14:25:30	269.1	1	261.5	7.6	14:25:30	269.1	1	14:04:09	269.1	100
11/09/2012	12:36:45	215.15	1	209	6.15	12:36:45	215.15	1	11:09:03	215.15	9
11/09/2012	15:18:08	221	1	215	6	15:18:08	221	1	14:55:46	221	150
10/09/2012	13:37:25	212.55	1	210	2.55	13:37:25	212.55	1	13:01:23	212.55	25

30. It is observed from the table no. 8 above that Noticee no. 3 has repeatedly placed buy orders above the LTP. For instance, on September 10, 2012, Noticee placed a buy order for one share at the price of ₹213 per share which was ₹10.9 away from the LTP, while the quantity available for sell at the price of ₹213 was 30 shares. Similarly, on September 13, 2012, when the LTP was ₹214.8, Noticee no. 3 placed a buy order for one share at the price of ₹254.9, whereas the counter party was ready to sell 50 shares at the price of ₹254.9. It gives a strong indication from the above that Noticee no. 3 was not acting as genuine buyer and had no *bonafide* intention to buy the shares of Unisys because, in-spite of availability of larger quantity of sell orders in the system, he was placing small quantity of buy orders, such as buy orders for 1 share in 13 trades and for 5 shares in 6 trades in order to match the sell order rates, thereby contributing to significant positive LTP of ₹202.70 (14.71% of total market positive LTP) in the scrip. It is evident from the afore stated trading pattern that the intention of Noticee no. 3 was to push the price of the scrip higher and not to enter into any actual buy transactions as a genuine investor of the securities market. I also note that the Noticee has not been able to provide any rationale / justification to suggest if any positive news / declaration or development in the affairs of the company had actually taken

place whether there were any other reasons which induced him so much so to buy the shares of Unisys at a price higher than LTP, in expectation of better gains in the future.

31. The Noticee no. 3 has tried to defend himself before me, by stating that the trades were not executed by him but were executed by his brother Mr. Naveen Gupta. Although, the Noticee no. 3 has claimed to have not executed the trades, he has not denied that, the trades executed by his brother were within his knowledge and under his authorization. Curiously enough, even after coming to know from the SCN served on him that these alleged abnormal trades were executed by his brother, he preferred to accept the same by not disputing the trades executed on his behalf. He has neither furnished any evidence / document to support his contentions that the trades were indeed carried out by his brother nor has he contended that the trades which were executed by his brother were without any authorization from him. Therefore, in the absence of any evidence contrary to rebut the allegations, I am relying on the materials available on record which strongly suggest that the trades were indeed executed by the Noticee no. 3 and were not executed as genuine trades by a person who claims that he used to trade in securities based on the material information available in the public domain. The inclination to buy the scrip repeatedly over and above the LTP does not find any support from the fundamentals of the Company, more so, when one is confronted with the small / negligible quantities of shares bought by the Noticee at prices higher than LTPs during the period as demonstrated above.

32. With regard to the trades executed by the Noticee no. 4, I note from the details mentioned in table no. 6 above that the Noticee no. 4 has also contributed 28.64% to market (+ve) LTP of the scrip by executing 96 trades on 15 trading days during Patch-5. it is further noted from the available records that the Noticee no. 4 has repeatedly placed buy orders for small quantities at a price higher than the LTP and by such acts, has contributed to price rise in the scrip of Unisys. Details of such buy orders in various quantities placed by Noticee no. 4 are tabulated below:

Table No. 9
Quantity wise trades by the Noticee no. 4 during Patch-5

Entity	Buy Order Quantity	No. of (+ve) LTP trades	(+ve) LTP	(+ve) LTP as % of mkt (+ve) LTP	No. of Trading Days (+ve) LTP
Decent Vincom Private Limited	1	10	80.45	5.84	5
	2	2	32.00	2.32	2
	3	10	41.70	3.03	4
	4	2	3.80	0.28	2
	5	19	27.80	2.02	2
	6	2	8.90	0.65	2
	7	1	3.00	0.22	1
	8	2	5.30	0.38	2
	9	-	-	-	-
	10	7	72.70	5.28	2
	Total 1-10	55	275.65	20.01	11
	11 – 20	6	36.85	2.67	5
	21 – 50	21	33.85	2.46	1
	51-100	4	20.80	1.51	1
	>100	10	27.40	1.99	3
	Total	96	394.55	28.64	15

33. I note from the above table no. 9 that Noticee no. 4 has placed buy orders for shares ranging from 1 to 10 shares in 55 trades on 11 trading days and thereby has contributed ₹275.65 constituting 20.01% of market (+ve) LTP so as to raise the market price of the scrip. Similarly, by placing buy order quantities ranging from 11 to 20 shares and from 21 to 50 shares, Noticee no. 4 has contributed (+ve) LTP of ₹36.85 and ₹33.85 respectively (corresponding to 2.67% and 2.46% of market (+ve) LTP) in the scrip of Unisys. I further note that by executing such trades, Noticee no. 4 has contributed 28.64% to the market (+ve) LTP through his 96 trades on 15 trading days during Patch-5 of the Investigation Period. Thus on the whole, I note from the table no. 6 & 9 above, that Noticee no. 4, has repeatedly entered into trades on several days (15 days) and has contributed to significant positive LTP of ₹394.55 (28.64% of total market positive LTP). In this regard, details of a few such trades wherein Noticee no. 4 has contributed to (+ve) LTP by executing trades of only single shares, are tabulated below:

Table no. 10
Details of certain single share trades executed by Noticee no. 4 during Patch-5

Date of the trade	Trade details					Buy order details			Sell order details		
	Time	Price	Qty	LTP	LTP variance	Time	Price	Qty	Time	Price	Qty
29/08/2012	11:46:29	179.2	1	166	13.2	11:46:27	179.2		11:46:29	179	
31/08/2012	14:41:24	180	1	165.05	14.95	14:41:24	180	1	14:40:24	180	1

31/08/2012	15:12:27	188.5	1	171.1	17.4	15:12:27	188.5	1	15:12:14	188.5	1
06/09/2012	13:48:32	199	1	188.2	10.8	13:48:32	199	1	12:29:12	199	20
02/11/2012	15:11:54	265.95	1	262.05	3.9	15:11:54	265.95	1	13:01:03	265.95	35

34. From the table no. 10 above, I notice that Noticee no. 4 has repeatedly placed buy orders for only 1 share of Unisys at a price higher than the LTP. For instance, on September 06, 2012, the Noticee placed a buy order for one share at the price of ₹199 per share which was ₹10.80 away from the LTP (₹188.20). It is pertinent to note here that the seller was ready to sell 20 shares at the said price but the Noticee preferred to buy only one share. Similarly, on November 02, 2012, when the LTP was ₹262.05, Noticee no. 4 again placed a buy order for one share only at the price of ₹265.95, even though the counter party was ready to sell 35 shares at the said price of ₹188.5. It is noted from the above that after a sell order was placed in the system, Noticee no. 4 with an intention to contribute to the rise in the price of the scrip has placed buy order for only one share of Unisys and thereby has succeeded in contributing to artificial price hike in the scrip. The aforesaid trading pattern of Noticee no. 4 clearly exhibits his intention of manipulating the LTP of the scrip upwards by placing his buy orders for one share only at a price higher than the LTP, despite the fact that the sellers were ready to sell more quantities at the said price. It is evident from the trading pattern of Noticee no. 4 that by placing buy orders at prices above LTP of the scrip which were subsequently matched by sell orders, it has contributed significantly to the market (+ve) LTP by ₹394.55 which constituted 28.64% of total market (+ve) LTP in the said scrip. The above discussed trading pattern signifies that the intention of Noticee no. 4 was not genuine and that it had no *bonafide* intention to buy the shares of Unisys.

35. The Noticee no. 4 has contended that it has been investing / trading in the securities market since long, through its broker, in the ordinary course of business with an objective of maximizing profit. In this regard, in my considered opinion, the normal business prudence demands that buyers always intend to buy at lowest possible price whereas a seller always wants to sell at the highest possible price. However, the trading pattern adopted by Noticee no. 4 as exhibited above, defies such common sense, business prudence and logic and raises a *bonafide* suspicion about the true intentions of the Noticee behind executing such trades. As in the case of the other Noticees (Noticee no. 1 -3), Noticee no. 4 also has indulged in the such abnormal

trading in the scrip, which did not have any market fundamental or strong financials to support such disproportionate rise in the price of the scrip. The extra exuberance displayed by the Noticee to acquire the scrip at higher price far away from LTP is not justified by the negligible quantities of shares bought by him. The malicious intent of Noticee no. 4 further becomes explicit when confronted with the trade details and the way it has conducted its trades in the scrip as highlighted above. I note from the records that on most of the occasions, Noticee has placed his buy orders above the LTP to match the pending sell order. While placing its buy orders the Noticee has never chosen to wait to watch the movement of the price so as to place its order accordingly, and instead, on most of the occasions, his trading behavior is guided by his malafide intention to contribute to the LTP and in this manner, he had traded only 941 shares in 96 trades.

36. As discussed aforesaid, I note from the trading pattern of Noticee no. 3 and Noticee no. 4 that the trades of these two Noticees had an abnormal impact on the price of the scrip. Despite sufficient sell orders being available in the market, they chose to buy only one share in many of their transactions. By these trades, they merely matched the price of prevailing sell orders which were placed at a higher price than the LTP so as to contribute to the increase in scrip price with each of their trades, and thereby have misled the investors.

37. Keeping in view the afore stated trading pattern exhibited by the Noticee no. 3 and Noticee no. 4, it may be relevant to note that Hon'ble SAT, in the matter of *Ketan Parekh v. SEBI* (Appeal No. 2 of 2004 decided on 14.07.2006) had an occasion to deal with the propriety of non-genuine trades and have made the following observations:

".....Any transaction executed with the intention to defeat the market mechanism whether negotiated or not would be illegal. Whether a transaction has been executed with the intention to manipulate the market or defeat its mechanism will depend upon the intention of the parties which could be inferred from the attending circumstances because direct evidence in such cases may not be available. The nature of the transaction executed, the frequency with which such transactions are undertaken, the value of the transactions, whether they involve circular trading and whether there is real change of beneficial ownership, the conditions then prevailing in the market are some of the factors which go

to show the intention of the parties. This list of factors, in the very nature of things, cannot be exhaustive. Any one factor may or may not be decisive and it is from the cumulative effect of these that an inference will have to be drawn.

38. Hon'ble Supreme Court of India in the case of *SEBI v. Rakhi Trading Pvt. Ltd.*, (2018) 13 SCC 753 has appreciated that fairness, integrity and transparency are the hallmarks of the stock market in India and the stock market is not a platform for any fraudulent or unfair trade practice. The Hon'ble apex Court has further observed that "*The SEBI Act, 1992 was enacted to protect the interest of the investors in securities. Protection of interest of investors should necessarily include prevention of misuse of the market.*"
39. In the light of the aforesaid observations of the Hon'ble SAT and Hon'ble Supreme Court of India, and after considering the trading pattern, and the manner and frequency with which such trades were executed by the Noticee no. 3 and Noticee no.4, it constrains me to hold that the Noticee no. 3 and Noticee no. 4 were not acting as genuine buyers and had no bona fide intention to buy the shares of Unisys. I therefore hold that the trading behavior of Noticee no. 3 and Noticee no.4 vis-à-vis the scrip of Unisys has been glaringly ill motivated, fraudulent and was intended towards manipulating the price of the shares of Unisys is in violation of Regulations 3 (a), (b), (c), (d) and 4 (1), 4 (2) (a), (e) of SEBI (PFUTP) Regulations, 2003.

Issue III: Whether the Noticees nos. 4 to 11 are connected entities and whether the act of the Noticee no. 4 to 11 during the Patch-6 of the Investigation Period have resulted in violations of the provisions of Section 12 A (a), (b), (c) of SEBI Act read with Regulation 3 (a), (b), (c), (d), 4 (1) 4 (2) (a) and (g) of SEBI (PFUTP) Regulations?

40. During the investigation in the matter, certain entities including Noticee no. 4 to 11 were identified as connected entities based on their *inter se* relationships as ascertained from their common addresses, KYC documents, UCC data received from the stock exchange, common directorship, off market transfers, their details available on MCA website and bank account statements, etc. From the materials available on record, it is noted that Noticee no. 4 & Noticee no. 10 were connected through a common Director. Similarly, Noticee no. 9 and Noticee no. 11 were also connected through two common directors. I also note that during the course of investigation, it was revealed that Noticee no. 4 had done off-market transactions in shares of Unisys with Noticee no. 6

(Mr. Dilip Kumar Mandal), while Noticee no. 6 and Noticee no. 5 (Mr. Anthony Gayen) shared common phone numbers. Besides, there are off market transfers of shares of Unisys between Noticee no. 7 (Mr. Badri Prasad & Sons) and Noticee no. 8 (M/s. Premsagar Vinimay Private Limited) with other connected entities. The Noticees nos. 4 to 11 (except Noticee no. 7) in their written replies have mentioned that there is no means to suggest that they were connected to Unisys or they have traded as per the instructions of Unisys. I note that the SCN has alleged various *inter se* relations amongst the Noticee no. 4 to 11 and Noticees in their replies have not disputed their *inter se* relations as indicated in the SCN. The Noticees have only contended that they are not associated with the Company in any manner. Considering the aforesaid *inter se* relations and particularly the common directorship among various Noticees and the fact that there were off-market transactions in shares of Unisys amongst different Noticees and importantly, there are no overt denials by the Noticees no. 4 to 11 about their *inter se* connections, in my view it can be reasonably concluded from the materials on record that the Noticee no. 4 to 11 are connected entities.

41. Before dealing with the issue as to whether the acts of the Noticee no. 4 to 11 during the Patch-6 of the Investigation Period have resulted in violations of provisions of SEBI Act or the rules or the regulations made thereunder, it is necessary to deal with the gravity of the offence and violations that have been allegedly caused by the trading in the scrip of Unisys by these 8 connected entities. I note that from the SCN that, the Investigation has revealed that there was unusual downward price movement in the scrip of Unisys, during the Patch-6 (13/11/2012 to 22/07/2013), when the price of the scrip opened at ₹266, reached a low of ₹110.45 and closed at ₹110.45 thereby witnessing a fall of 58.48% compared to the opening price.
42. It has been alleged in the SCN that amongst the entities which contributed to (-ve) market LTP in the scrip of Unisys, Noticee no. 4, Noticee no. 5 and Noticee no. 6 were amongst the top 10 entities that contributed to (-ve) LTP as sellers during Patch-6 of the Investigation Period. Details of (-ve) LTP contribution by Noticees no. 4 to 9 as sellers during Patch-6 of Investigation Period are also tabulated below:

Table No. 11

Trades by Noticee no. 4 to 9 in Unisys during Patch-6

S. No.	Noticee Name	All trades			(+ve) LTP			(-ve) LTP			(0) LTP		% of (-ve) LTP to Mkt (-ve) LTP
		Sum of LTP Diff	No of trades	Qty	Sum of LTP Diff	No of trades	Qty	Sum of LTP Diff	No of trades	Qty	No of trades	Qty	
1	Antony Gayen (Noticee no. 5)	-309.10	391	114152	36.25	20	24040	-345.35	165	5778	206	84334	23.31
2	Decent Vincom Private Limited (Noticee no. 4)	-20.35	41	16550	34.75	13	3572	-55.10	6	432	22	12546	3.72
3	Dilip Kumar Mandal (Noticee no. 6)	-13.65	37	5450	1.25	3	1590	-14.90	17	400	17	3460	1.01
4	Premasagar Vinimay Pvt Ltd (Noticee no. 8)	-3.05	7	392	-	-	-	-3.05	4	342	3	50	0.21
5	Badri Prasad & Sons (Noticee no. 7)	-0.50	21	1609	5.00	1	100	-5.50	6	200	14	1309	0.37
6	Nityadhara Plaza Pvt Ltd (Noticee no. 9)	-0.15	3	3500	0.05	1	3101	-0.20	1	350	1	49	0.01
Group Total		-346.80	500	141653	77.30	38	32403	-424.10	199	7502	263	101748	28.63
Market Total		-161.55	4486	4057097	1320.15	477	676823	-1481.7	718	180996	3291	3199278	100.00

43. As can be seen from the table no. 11 above, Noticee no. 4 to 9 contributed ₹-424.10 of (-ve) LTP constituting 28.63% of market (-ve) LTP by selling in the scrip of Unisys. I note that this 28.63% of (-ve) LTP contribution by Noticee no. 4 to 9 has been generated out of only 4.14% of market volume (7502 shares out of a total of 180996 shares traded during the period) and those 7502 shares were traded in 199 trades only. Thus, it is apparent that the Noticees nos. 4 to 9, despite trading in a very low volumes have contributed substantially to the fall in the price of the scrip of Unisys during the patch-6 of the Investigation Period.

44. In addition to the above, SCN has also alleged that by trading amongst themselves, these eight group entities (Noticee no. 4 to 11) have contributed ₹188.20 to market (-ve) LTP in 131 trades which constituted 12.70% of market (-ve) LTP. Details of such trades amongst the Noticee no. 4 to 11 during Patch-6 are placed below:

Table No. 12

Details of trades by Noticee no. 4 to 11 among themselves in Unisys during Patch-6

Buyers →	(-ve) LTP (No. of (-ve) LTP trades)						No. of (-ve) LTP trades	(-ve) LTP (% of market (-ve) LTP)
	Premasagar Vinimay Private Limited (Noticee-8)	Badri Prasad & Sons (Noticee-7)	Conquer Barter Private Limited (Noticee-10)	Decent Vincom Private Limited (Noticee-4)	Navdurga Investment Private Limited (Noticee-11)	Dilip Kumar Mandal (Noticee-6)		
Sellers ↓								
Anthony Gayen (Noticee-5)	-	-7.30 (5)	-58.25 (16)	-91.90 (81)	-	-	102	-157.45 (10.63)
Dilip Kumar Mandal (Noticee-6)	-	-	-	-13.00 (15)	-	-	15	-13.00 (0.88)
Decent Vincom Private Limited (Noticee-4)	-2.00 (1)	-	-	-1.00 (1)	-	-6.00 (1)	3	-9.00 (0.61)
Badri Prasad and Sons (Noticee-7)	-	-	-	-5.50 (6)	-	-	6	-5.50 (0.37)
Premasagar Vinimay Pvt Ltd (Noticee-8)	-	-	-	-3.05 (4)	-	-	4	-3.05 (0.21)
Nityadhara Plaza Pvt Ltd (Noticee-9)	-	-	-	-	-0.20 (1)	-	1	-0.20 (0.01)
						Total	131	188.20 (12.70%)

45. I observe from the table no. 12 above that that the six connected entities namely, Noticees no. 4 to 9 have sold the shares of Unisys at prices lower than LTP to six other connected entities from the same group namely Noticees nos. 4, 6, 7, 8, 10 & 11. In this whole scheme of mutual trades amongst themselves, Noticee no. 4, 6, 7, 8, 10 & 11, by buying the shares of Unisys from the sellers (Noticee no. 4 to 9), have aided in the process contributing to the price fall in the scrip. Further, in the course of trading amongst each other, Noticee no. 4 to 11, have repeatedly executed trades with each other (131 trades) and have contributed to significant (-ve) LTP to the tune of ₹188.20 (12.70% of total market negative LTP). In order to highlight the repeated trades executed for very less quantities of shares the trades executed for a quantity up to 20 shares per trade and the trades executed for more than 20 shares per trade, have been segregated in the table below:

Table No. 13**Bifurcated details of trades done by Noticee no. 4 to 11 amongst each other**

Buy Order Quantity	No. of trades	No. of shares traded	(-ve) LTP	(-ve) LTP as % of mkt (-ve) LTP
1-20	88	1078 (22.36%)	-125.45	66.65
20-500	43	3743 (77.64%)	-62.75	33.35
Total	131	4821 (100%)	-188.20	28.64

46. I note from the available records (annexures to the SCN) that in 88 such trades (out of 131 trades), the quantity of shares traded in every trade ranged from 2 shares to 20 shares. Such 88 trades, though contributed to 66.65% of (-ve) LTP in the scrip constituted only 22.36% of the total traded volume generated by the aforesaid Noticees out of their total number of 131 trades. On analyzing the data depicted in table 11, 12 and 13, it emerges that by placing orders on a continuous basis, Noticee no. 4 to 11 ensured the fall in the scrip price of Unisys. Therefore, it becomes clear that Noticee no. 4 to 11 were not acting as genuine buyers or sellers and had no *bona fide* intention to buy / sell the scrip. The (-ve) LTP contribution made in the scrip of Unisys through their trades gives clear indications that they were happily executing trades below the LTP as if they were pre-determined to sustain loss or were not concerned with the market mechanism and were hell bent on executing trades deliberately to cause price fall in the scrip of Unisys.
47. I find that the Noticee no. 4 to 11 in their reply, have not furnished any reasoning for executing such abnormal trades over a period of time. There is no reasoning available on record to suggest as to why these Noticees (Noticee nos. 4 – 11) executed such trades in small quantities on a regular basis in the scrip of Unisys thereby contributing a cumulative market (-ve) LTP of ₹188.20. As pointed out earlier it is a matter of common business prudence that buyers always intend to buy at the lowest possible price whereas a seller always wants to sell at the highest possible price. However, the pattern of trades adopted by the Noticees negates such universally accepted business prudence of trading in securities. Nefarious intent on the part of the Noticees for causing price fall in the scrip of Unisys is further demonstrated by the trading pattern

adopted and executed by the Noticees in an anonymous screen based trading system wherein the trades placed and executed by these Noticees got matched on a numerous occasion which cannot be mere coincidences. Moreover, keeping in view the *inter se* nexus amongst the Noticees, repeated matching of such trades suggest how these Noticees have deployed a strategy to defeat the objective of even an anonymous trading platform and have successfully ensured that their trades match with each other as per their pre-conceived strategy to pull down the price of the scrip. Further, considering the fact that Noticees have indulged in placing trades in smaller quantities over the period on a repeated basis and through their trades, have caused substantial fall in the price of Unisys without any conceivable reasons, in my considered view, the alleged trades can't by any standard be categorized as trades executed in normal course of trading in securities market. The defense taken by the Noticee no. 4 to 11 does not inspire any confidence when one is confronted with the fact that these Noticees on the one hand have claimed to have long association with securities market, while on the other hand, knowing very well the norms of market mechanism, for reasons best known to them, have indulged in such misleading and manipulative trades by repeatedly placing orders in smaller quantities at a prices lower than the LTP leading to gross abuse of the market mechanism.

48. With regard to the issue as to whether the acts of Noticees of indulging in artificial, misleading and manipulative trades as highlighted above, are sufficient to be defined as 'fraud' in terms of provisions alleged in the SCN, I prefer to refer and rely on the observations made by the Hon'ble Supreme Court of India in the case of *SEBI vs. Rakhi Trading Pvt. Ltd* (2018) 13 SCC 753, wherein the Hon'ble Supreme Court have observed that regulation 4(1) of PFUTP Regulations in clear and unmistakable terms prohibits that " *no person shall indulge in a fraudulent or an unfair trade practice in securities*". Further, the Hon'ble Supreme Court, while referring to its own judgement in the case of *SEBI vs. Kanhaiyalal Baldevbhai Patel and Ors* (2017) 15 SCC 1 wherein the Hon'ble Supreme Court has made observations while dealing with the scope, ambit and implication of 'fraud' as defined under the PFUTP Regulations, have emphasized that a trade practice would be unfair in cases where the conduct of the parties engaged in

business transactions, undermines the ethical standards and good faith. Relevant extracts of the same are placed below:

“ 31.Although unfair trade practice has not been defined under the regulation, various other legislations in India have defined the concept of unfair trade practice in different contexts. A clear cut generalized definition of the ‘unfair trade practice’ may not be possible to be culled out from the aforesaid definitions. Broadly trade practice is unfair if the conduct undermines the ethical standards and good faith dealings between parties engaged in business transactions. It is to be noted that unfair trade practices are not subject to a single definition; rather it requires adjudication on case to case basis. Whether an act or practice is unfair is to be determined by all the facts and circumstances surrounding the transaction. In the context of this regulation a trade practice may be unfair, if the conduct undermines the good faith dealings involved in the transaction. Moreover, the concept of ‘unfairness’ appears to be broader than and includes the concept of ‘deception’ or ‘fraud’.

35. Having regard to the fact that the dealings in the stock exchange are governed by the principles of fair play and transparency, one does not have to labour much on the meaning of unfair trade practices in securities. Contextually and in simple words, it means a practice which does not conform to the fair and transparent principles of trades in the stock market.

49. Moreover, while dealing with the Issue no. 2 in the preceding paragraphs, I have already highlighted and relied upon the relevant judgements / decisions of Hon’ble SAT on the issue of artificial trades / manipulative trades. Therefore, relying on the aforesaid judgements and on the basis of the discussion in the foregoing paragraphs, I find that the alleged trading behavior of the Noticees by way of trading in shares of Unisys in negligible quantities with an inherent motive to manipulate the price of the scrip, can’t by any means be held to be trades executed by a prudent trader in the normal course of trading. The trading behavior of the Noticees has certainly been very unusual and apparently lacks honesty of intent of a genuine investor of Securities Market. Instead, the pattern of trades adopted by the Noticees to place sell orders at lower price than LTP, clearly establish that their trades were executed with only a manipulative design to bring down the price of the said scrip in complete disregard

of business prudence as no seller in his right business wisdom would like to sell his shares repeatedly at a price always lower than the LTP. No one can dispute from the universal business motive that a person trades to earn profit and no one trades with an intent to suffer loss. However, if an entity indulges in trading on a regular basis and most of his / its trades are placed and executed deliberating at prices lower than the LTP and in the process is willingly incurring losses, cannot be said to be a fair and genuine trader in securities. Any attempt to use the stock exchange platform for such malicious intent to incur loss so as to fulfil a large objective of manipulation of price of a particular scrip shall always be called a non-genuine trade. In the instant case, majority of the trades executed by the Noticees have been found to be unfair and non-genuine trades. Therefore, for the reasons recorded above, the alleged trades have to be held as abnormal, deceptive, misleading, artificial and manipulative in nature and substance, which were executed with a malicious intent to fraudulently cause either drastic fall or rapid rise in the price of the scrip of Unisys against the call of market fundamentals of the scrip, financial position of the Company and against the accepted regulatory norms governing the Securities Market.

50. In view of the foregoing, I have no hesitation to conclude that the all the Noticees (1-11) have executed trades during different patches in the Investigation Period, with the intention to manipulate the market or to defeat its mechanism in a fraudulent manner and thereby have violated the provisions of Section 12 A (a) (b) (c) of SEBI Act read with Regulation 3 (a) (b) (c) (d) read with Regulation 4 (1) 4 (2) (a) and (g) of SEBI (PFUTP) Regulations, 2003.

Directions:

51. In view of the above, having found that the charges levelled against Noticees in the SCN stand established, I, in exercise of the powers conferred upon me under Sections 11(1), 11(4) and 11B(1) read with Section 19 of the Securities and Exchange Board of India Act, 1992, hereby hold that in the interest of Securities Market, it would be proper that such entities should be restrained from being associated with the Securities Market and accordingly, I restrain all the Noticees from accessing the securities market and further prohibit them from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner,

for a period of 03 years from the date of this order. During the period of restraint, the existing holding of securities including the holding of units of mutual funds of the Noticees shall remain frozen.

52. The Order shall come into force with the immediate effect.

53. A copy of this order shall be forwarded to the Noticees, all the recognized stock exchange, depositories and registrar and transfer agents for ensuring compliance with the above directions.

Date: January 16, 2020
Place: Mumbai

-Sd-
S. K. MOHANTY
WHOLE TIME MEMBER