

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM: PRASHANT SARAN, WHOLE TIME MEMBER**

IN THE MATTER OF M/S. SMR UNIVERSAL SOFTECH LTD.

In respect of Mr. Vasant H. Bissa

Date of hearing: August 26, 2009

Appearances

For Noticee: Mr. Vasant H. Bissa
Mr. Vinod Parekh, Advocate

For SEBI: Mr. Viplove Kumar Thakur, Presenting Officer
Ms. Barnali Mukherjee, General Manager
Mr. Naveen Sharma, Assistant General Manager
Mr. Pradeep Kumar, Legal Officer

ORDER

Under Section 11, 11B and 11(4) of the Securities and Exchange Board of India Act, 1992 read with Regulation 11 of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') conducted an investigation in the matter of misleading advertisements published by SMR Universal Softech Ltd. (hereinafter referred to as 'SMR') on June 26, 2002 regarding the proposed buy-back of 20,00,000 shares at the price of Rs.30 per share and subsequent withdrawal of the proposal. The investigation was conducted for the period, April 01, 2002 to July 31, 2002, *inter-alia*, to ascertain whether there was any violation of the provisions of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995 (hereinafter referred to as 'PFUTP Regulations'). During the period of investigation the scrip of SMR was listed on Bombay Stock Exchange (hereinafter referred to as 'BSE').
2. The trading pattern in the scrip of SMR, prior to and after the issuance of the advertisement, were analyzed along with other details. The investigation

revealed that the promoters and the related entities of SMR bought partly paid-up shares from the market and fraudulently converted these into fully paid-up capital of the company and further offloaded the said shares in the market through Parklight Investments Pvt. Ltd. (hereinafter referred to as 'PIPL') and its associates. The trading details of the persons who had traded in the scrip were collected and analyzed along with the data of volumes contributed by the entities traded during the relevant period of time. During the period of investigations, the price of the scrip had fallen from Rs.120 on April 01, 2002 to Rs.36.10 on May 21, 2002. Investigations found that the price of the scrip had fallen by 73% within 6 trading days. Circuit filter was reduced from 20% to 10% w.e.f. May 22, 2002, after this the scrip gradually fell down to Rs. 3.95 on July 31, 2002. It was revealed that a select group of brokers, acting for select group of clients (common/ related) traded substantially in the scrip of SMR during the relevant period and were responsible for creating large volumes and the down fall of the prices. The said group in aggregate contributed 60.08% in terms of gross purchases, 87.21% in terms of gross sales and 97.13% in terms of net sales. The trading details of the said brokers along with there major clients have been brought out as under:

Broker	BSE Clearing No.	Gross Purchase	Gross Sale	Net Trade	Major Clients
Parklight Investment Pvt. Ltd	407	13,71,480	29,98,713	-16,27,233	1. PIPL Trading A/c 2. Coverage& Consultant 3. Jhaveri Securities
Harikrishan Hiralal	267	11,51,120	1,22,7395	-76,275	Vasant Bissa
Ventura Securities Ltd.	307	7,87,025	7,20,100	+66,925	1 Dhaval V. Shah 2.Parklight Securities Ltd.
ASE Securities Ltd.	293	4,90,600	4,77,900	+12,700	Parklight Securities Ltd.
MP Securities Ltd.	296	3,85,369	4,63,569	-78,200	Coverage & Consultant
SVS Securities Pvt. Ltd.	747	1,48,600	1,45,700	+32,900	Own Account
Equisearch Broking Ltd.	653	5,105	2,59,105	-2,54,000	Tushar Jhaveri (Jhaveri Securities)

3. On completion of the investigations, *inter alia*, SEBI issued show cause notice dated November 19, 2004 (hereinafter referred to as 'SCN') to Mr. Vasant Bissa (hereinafter referred to as 'noticee') under Section 11, 11(4) and 11B of SEBI Act. The SCN alleged that the noticee was observed to be a part of the

group of clients/ brokers involved in circular trading/ synchronized trading and had traded actively in the scrip of SMR during the relevant period, created artificial volumes and false market in the scrip. The SCN therefore alleged that the acts of noticee were in violation of the provisions of Regulations 4(a), (b) & (d) and 6(a) of PFUTP Regulations. Accordingly, it called upon the noticee to show cause as to why suitable directions under Section 11, 11(4) and 11B of SEBI Act read with Regulation 11 and 13 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003, including restraining him from accessing the securities market and prohibiting from buying, selling or dealing in the securities for a specific period should not be issued against him.

4. The noticee vide his letter dated January 10, 2005 replied to the SCN and requested for a personal hearing. Accordingly, an opportunity of personal hearing was granted to the noticee on October 26, 2007 and November 20, 2007, however, on both these dates the noticee requested for adjournment. Considering the circumstances the request of noticee for adjournment was acceded to and again a date of hearing was fixed on December 10, 2007. Instead of availing the opportunity of hearing, the noticee applied for settlement of proceedings through consent order in terms of SEBI Circular dated April 20, 2007. The said consent application of the noticee was rejected as the consent terms proposed by him were not adequate. Pursuant to rejection of consent application of the noticee, again an opportunity of personal hearing was granted to the noticee before me on August 26, 2009. On the date fixed Mr. Vasant Bissa alongwith Mr. Vinod Parekh, Advocate appeared before me and made submissions. Noticee also sought three weeks time to file the written submissions which was granted to him. I note that till date no written submissions have been filed by the noticee. Hence, I am proceeding further in the matter.
5. I have carefully considered the SCN, reply of the noticee and other material available on record. The main contentions raised by the noticee in brief are:

- a. No evidence to show that the artificial rise in volumes and fall in price occurred in SMR scrip due to his concentrated trading.
 - b. He squared up his outstanding positions in SMR scrip for the day since he was jobbing.
 - c. His alleged relation with PIPL as a client and creation of volume due to his trading are baseless.
 - d. He placed orders from Ahmedabad when he was on his way to his native place in Rajasthan and pilgrimage to Nathdawara.
 - e. SCN is vague and does not clearly specify the manner in which violation has been committed.
 - f. He had not acted in concert with other brokers.
 - g. He had no intention to increase the volume and fall in prices of SMR.
6. I note that SCN has described the role and the transactions entered by the noticee clearly, along with supporting evidence of movement of shares among the client and brokers. I note that noticee has not declined or raised any doubt on the data. However, he has argued and taken defense that the SCN is vague and not clear as to the manner in which violation has been committed. Further, he has argued that he was not aware of the counter-parties. I have seen the SCN which is self explanatory, the trading pattern of the noticee and matching of his trades with others. From these, I find that there was negligible time difference in putting of the said orders at constantly lower price. Looking at the consistency of these orders, I find no merit in the arguments of noticee. Further, I find no document, which has not been provided to the noticee, is relied upon in this proceeding.
7. After having examined the above details, the issues arises for my consideration are:
- Whether the noticee indulged in circular trading and created artificial volume for influencing the price fall in the scrip?
 - Whether the noticee aided and abetted PIPL in committing a fraud on investors?

8. Whether the noticee indulged in circular trading and created artificial volume for influencing the price fall in the scrip?

a. The SCN has alleged a pattern of circular trading among a group of clients/ brokers consisting of noticee. It was found that same number of shares was rotated in a circular manner. The noticee was trading in the scrip of SMR through broker Harikrishan Hiralal (hereinafter referred to as 'HH'), I note that the proprietor of HH, Mr. Shiv Kumar Bissa is the brother of the noticee and this fact has also been accepted by the noticee. I further note that the noticee was also a registered client of broker PIPL. In the scrip of SMR, the noticee had made a gross purchase and gross sale of 11,51,120 shares and 12,27,395 shares respectively. In this context, I observe that PIPL was not only a major broker who dealt in the scrip of SMR but also its group entities were major clients in the scrip.

b. The analysis of trade and order log reveals that the noticee had placed buy and sell orders, which were executed with each other and had resulted in price fall. The investigations have found that the noticee was reversing his positions during the settlement and at the end of the settlement either there was no delivery taken or given or the quantity was negligible. On analysis of the trading pattern during the day, it is observed that the trading pattern adopted by the noticee and other counterparties among themselves was circular in nature. The instances of trades executed by the noticee through HH have been brought out herein for ready reference:

May 13, 2002													
Me m. Cd.	B/ S	Typ e	Rate (Rs.)	Qty.	Av. Qty.	A / U / D	Time	E r r C d	Order No.	Client Code	Client Name *	Execut ed Qty.	Time difference
293	B	L	129.5	1000	1000	A	10:40:46	0	29320100000578606	P089	ParkLight Sec.	1000	00.00.09
267	S	L	129.5	1000	100	A	10:40:55	0	26700600010046116	5070	V H Bissa		
293	B	L	132	1000	1000	A	10:41:06	0	29320200000175004	P089	ParkLight Sec.	1000	00.00.18
267	S	L	132	1000	100	A	10:41:22	0	26700600010046117	5070	V H Bissa		
293	B	L	133	1000	1000	A	10:41:30	0	29320100000578610	P089	ParkLight Sec.	1000	00.00.03
267	S	L	132.5	1000	100	A	10:41:33	0	26700600010046118	5070	V H Bissa		
267	S	L	133.5	1000	100	A	10:41:51	0	26700600010046119	5070	V H Bissa	1000	00.00.05

293	B	L	134	1000	1000	A	10:41:56	0	29320200000175018	P089	ParkLight Sec.		
293	B	L	135	1000	1000	A	10:42:10	0	29320200000175022	P089	ParkLight Sec.	1000	00.00.03
267	S	L	134.5	1000	100	A	10:42:13	0	26700600010046120	5070	V H Bissa		
293	S	L	135	5000	500	A	10:42:59	0	29320100000578622	P089	ParkLight Sec.	5000	00.00.16 00.00.23 00.00.34
407	B	L	136	1000	100	A	10:43:15	0	40702800000014992	P111	PIPL Ltd.		
407	B	L	136	2000	200	A	10:43:22	0	40702800000014993	P111	PIPL Ltd.		
407	B	L	135	2000	200	A	10:43:33	0	40702800000014994	P111	PIPL Ltd.		
253	S	L	129.75	1500	150	A	10:46:30	0	25308500000000132	J03	N.A.	4000	00.00.23 00.00.14
253	S	L	129.25	1500	150	A	10:46:42	0	25308500000000133	J03	N.A.		
253	S	L	129	1000	100	A	10:46:53	0	25308500000000134	J03	N.A.		
267	B	L	129.25	2000	200	A	10:46:53	0	26700600010046122	5070	V H Bissa		
267	B	L	129.75	2000	200	A	10:47:07	0	26700600010046123	5070	V H Bissa		
407	S	L	128	2000	200	A	10:57:25	0	40702800000015008	P111	PIPL	2000	00.00.01
267	B	L	129	2000	200	A	10:57:26	0	26700600010046126	5070	V H Bissa		
267	B	L	128.25	1500	150	A	10:57:45	0	26700600010046127	5070	V H Bissa	3000	00.00.04 00.00.04
407	S	L	128.25	3000	300	A	10:57:49	0	40702800000015009	P111	PIPL		
267	B	L	128.25	1500	150	A	10:57:51	0	26700600010046128	5070	V H Bissa		
407	S	L	120	10000	1000	A	11:19:46	0	40702800000015053	P111	PIPL	9905 Balance 95 shares with buy order of 267 placed at 10:36:45	00.00.07 00.00.13 00.00.17 00.00.56 00.01.10
267	B	L	120	905	100	A	11:19:53	0	26700600010046139	5070	V H Bissa		
267	B	L	120	1200	120	A	11:19:59	0	26700600010046140	5070	V H Bissa		
267	B	L	120	800	80	A	11:20:03	0	26700600010046141	5070	V H Bissa		
267	B	L	120	2000	200	A	11:20:09	0	26700600010046142	5070	V H Bissa		
267	B	L	120	3000	300	A	11:20:52	0	26700600010046143	5070	V H Bissa		
267	B	L	120	2000	200	A	11:20:56	0	26700600010046144	5070	V H Bissa		
267	S	L	116	5000	500	A	11:35:03	0	26700600010046145	5070	V H Bissa	10000	00.00.28 00.00.22
267	S	L	114	5000	500	A	11:35:09	0	26700600010046146	5070	V H Bissa		
407	B	L	116	10000	1000	A	11:35:31	0	40702800000015068	P111	PIPL		
307	S	L	103	3500	350	A	11:42:57	0	30700100010042152	D061	Dhaval Shah	3350	00.00.12
267	B	L	103	3350	500	A	11:43:09	0	26700600010046148	5070	V H Bissa		
307	B	L	102	1000	100	A	12:08:03	0	30700100010042158	D061	Dhaval Shah	3500	00.00.27 00.00.15 00.00.07
307	B	L	100	500	50	A	12:08:15	0	30700100010042159	D061	Dhaval Shah		
307	B	L	97.1	2000	200	A	12:08:23	0	30700100010042160	D061	Dhaval Shah		
267	S	L	97.1	4000	400	A	12:08:30	0	26700600010046164	5070	V H Bissa		
226	S	L	97.1	100	100	A	14:08:17	0	22600200010041339	4287	N.A.	Note Executed	
May 14, 2002													
407	S	L	114.75	2000	200	A	13:33:20	0	40702800000015437	P111	PIPL	4000	00.00.29 00.00.49
407	S	L	114	2000	200	A	13:33:29	0	40702800000015438	P111	PIPL		
267	B	L	114	3000	3000	A	13:33:49	0	26700600010046370	5070	V H Bissa		
267	B	L	114.75	1000	1000	A	13:34:18	0	26700600010046372	5070	V H Bissa		
407	S	L	114.75	200	20	A	13:35:58	0	40702800000015439	P111	PIPL	900	00.01.02 00.00.38 00.00.18
407	S	L	114.5	200	50	A	13:36:22	0	40702800000015440	P111	PIPL		
407	S	L	114.25	500	50	A	13:36:42	0	40702800000015441	P111	PIPL		
267	B	L	115	900	90	A	13:37:00	0	26700600010046373	5070	V H Bissa		
407	S	L	113.5	2000	200	A	13:37:52	0	40702800000015442	P111	PIPL	4100	00.00.38 00.00.16
407	S	L	113.25	2100	250	A	13:38:14	0	40702800000015443	P111	PIPL		

267	B	L	114	5000	500	A	13:38:30	0	26700600010046374	5070	V H Bissa		
407	S	L	113	3000	300	A	13:41:06	0	40702800000015444	P111	PIPL	5000	00.00.24 00.00.16
407	S	L	112.75	2000	200	A	13:41:14	0	40702800000015445	P111	PIPL		
267	B	L	114	5000	500	A	13:41:30	0	26700600010046376	5070	V H Bissa		
267	S	L	110.15	3000	300	A	13:50:12	0	26700600010046380	5070	V H Bissa	5000	00.00.30 00.00.19
267	S	L	101	2000	200	A	13:50:23	0	26700600010046381	5070	V H Bissa		
293	B	L	110.25	5000	500	A	13:50:42	0	29320100000582379	P089	Parklight Sec.		
293	S	L	105	2500	250	A	13:51:09	0	29320100000582383	P089	Parklight Sec.	5000	00.00.42 00.00.36
293	S	L	107	2500	250	A	13:51:15	0	29320100000582385	P089	Parklight Sec.		
407	B	L	107	5000	5000	A	13:51:51	0	40702800000015449	P111	PIPL		
136	B	L	81	50	50	A	13:53:15	0	13600100010084466	8773	N.A.	Not executed	
267	S	L	102.35	3000	300	A	13:58:54	0	26700600010046382	5070	V H Bissa	5000	00.00.25 00.00.17
267	S	L	101.05	2000	200	A	13:59:02	0	26700600010046383	5070	V H Bissa		
407	B	L	102.5	5000	500	A	13:59:19	0	40702800000015450	P111	PIPL		
267	S	L	100	1500	150	A	13:59:39	0	26700600010046384	5070	V H Bissa	4000	00.00.14 00.00.07
267	S	L	99.5	2500	250	A	13:59:46	0	26700600010046385	5070	V H Bissa		
407	B	L	100	4000	400	A	13:59:53	0	40702800000015451	P111	PIPL		
307	S	L	97	3000	300	A	14:01:09	0	30700100010042265	D061	Dhaval V Shah	5000	00.00.20 00.00.14
307	S	L	98	2000	200	A	14:01:15	0	30700100010042266	D061	Dhaval V Shah		
407	B	L	98	5000	500	A	14:01:29	0	40702800000015452	P111	PIPL		
407	S	L	92	5000	500	A	14:18:53	0	40702800000015465	P111	PIPL	5000	00.00.10 00.00.15 00.00.19
267	B	L	92	1200	120	A	14:19:03	0	26700600010046402	5070	V H Bissa		
267	B	L	92	1300	130	A	14:19:08	0	26700600010046403	5070	V H Bissa		
267	B	L	92	2500	250	A	14:19:12	0	26700600010046404	5070	V H Bissa		
267	S	L	85.25	1500	150	A	14:19:45	0	26700600010046405	5070	V H Bissa	5000	00.01.00 00.00.51 00.00.44
267	S	L	83.2	1500	150	A	14:19:54	0	26700600010046406	5070	V H Bissa		
267	S	L	80.5	2000	200	A	14:20:01	0	26700600010046407	5070	V H Bissa		
307	B	L	86	5000	500	A	14:20:45	0	30700100010042269	D061	Dhaval V Shah		
491	B	L	81	25	25	A	14:22:13	0	49104900010037116	A032	N.A.	Not Executed	
407	S	L	77.7	500	500	A	14:46:31	0	40702800000015467	C013	Coverage & Consultants Ltd.	50	00.01.06
491	S	L	95	25	25	A	14:47:21	0	49104900010037134	A032	N.A.	Not Executed	
491	B	L	77.7	50	50	A	14:47:37	0	49104900010037135	A786	N.A.		
71	S	L	105	15	30	U	14:48:43	0	7101600010017583	14015	N.A.	Not Executed	
491	S	L	82	50	50	A	14:49:30	0	49104900010037137	A786	N.A.	Note Executed	
*As mentioned in the client details submitted by the brokers.													

- c. I find from the above instances of trade details that the noticee had executed substantial number of trades through the broker HH. These trades were executed on four days i.e. on May 13, 2002, May 14, 2002, May 15, 2002 and May 16, 2002 and all the trades of the Noticee on these days were matched with the quantity and price. I note that the buy and sell orders were placed by the noticee and the counterparty at almost the same time, with difference of less than a minute on most of the occasions. I note that execution of trades in identical fashion over a period of time

between the same parties indicate that the same were structured trades which are only possible if the trades are put in the system with some prior understanding. It is unlikely in illiquid scrip to find an exact matching order on the other side within a few seconds. It is very unlikely that such happy coincidence will be repeated time and again during the day and then day after day unless these were deliberately synchronized. In such cases, prices and quantities are negotiated outside the system and orders are executed simultaneously.

- d. The noticee and the counterparties were found matching their buy and sell orders and reversing their position in the same settlement as detailed in the SCN. From the trade details, I have seen that the noticee had executed repetitive instances of execution of single order resulting into multiple trades with probable reason of creating false impression of wider participation of investing public, trading in the scrip during the relevant period. The maximum number of instances, where one single order had resulted in influencing the price downward was on the days when the price of the scrip had witnessed a sharp fall. I observe that majority of these orders were placed by the noticee and his counter parties.
- e. I note that on days May 13, 2002, May 14, 2002, May 15, 2002 and May 16, 2002, the scrip of SMR had touched its intra-day low with the last trade. The noticee along with other counterparties had placed the sell order at the lower circuit limit on these days. As there were no trades after these trades, they had resulted in the last trades and established the closing price of the scrip on such day.
- f. It is further noted that the terminal no.6 from which the broker HH was placing orders and terminal no. 28 from which PIPL was placing orders were located at the same address and had the same telephone number. This fact, raises the likelihood of prior arrangement and deliberate synchronization.

- g.** I note that the orders were placed by the noticee through his brother (HH), from the terminal kept at the office of Parklight Securities i.e. an associate entity of PIPL, at the address HN House 2nd Floor, Near Railway Crossing, Navrangpura, Ahmedabad. The noticee was also a registered client of PIPL. Further, I note that these orders resulted in trades, where the counter parties to the transactions were the group entities of PIPL. This fact points that the noticee in concert with PIPL, executed synchronized/ structured trades in a circular manner as otherwise there was no possibility of such perfect matching of quantity and price etc. The noticee has failed to give any proper explanation to his relation with PIPL. Upon specifically asking about the relevance of placing orders at Ahmedabad while he was based in Mumbai at the relevant point of time. To this, the noticee submitted that the orders were placed from Ahmedabad when he was on his way to native place in Rajasthan. The submissions made by the noticee if accepted, the significant aspect to consider will remain, that the orders were placed from the office of Parklight Securities who had executed synchronized trades and interestingly the noticee was their counter party. I note that such trades executed by the noticee had accounted for a majority of the total market volume. I find that the facts and circumstances of the case establish that the noticee by his synchronized trades brought down the prices of the scrip.
- h.** The noticee vide his reply submitted that he was doing jobbing trades in the scrip of SMR. Jobbing or day trading normally is undertaken in liquid shares where the day trader takes a view on how the stock is likely to move during the day and then takes a position (buy or sell) in the hope that the prices will move in a direction favorable to him and that he will be able to find a counterparty with whom he can square off his trades. I note from para 6 (i) of the SCN, which reads as under:

“ 6. From the trade log order log analysis it can be concluded that:
(i) On the days, when the broker Park Light Investment Pvt. Ltd., ASE Securities Ltd., Harikishan Harilal and Ventura Securities Ltd. had not traded in the scrip, there were either no

trade on those days or very few trades as compared to the days on which these brokers/ clients traded.”

In view of the pattern followed by the noticee, I am not convinced with his explanation that he was doing only jobbing.

- i. While attending the personal hearing before me, the noticee had submitted that he had incurred losses in these transactions. Upon this, he was asked to produce details relating to how much losses and gains he had made while trading in this scrip for this noticee sought time to produce the details. As an analysis of such losses and gains can give an indication whether the noticee was genuinely doing jobbing activities and reinforce the explanation given by the noticee. I note that enough time was granted to the noticee to provide the said details but he failed to provide the same. Thus, I conclude that the explanation offered by the noticee is not convincing.
- j. The intention of the parties to execute such structured/ synchronized transactions in the nature of circular trades could be inferred from the above attending circumstances especially execution of several synchronized transactions in a single day, circular nature of trading and reversal of transactions etc. The said issue has already been discussed by the Hon’ble Securities Appellate Tribunal (hereinafter referred to as ‘SAT’) in Appeal Nos. 54 to 57 of 2002 in the case of Nirmal Bang Securities (P) Ltd. Vs. SEBI. While examining the issue of synchronized trades, the Hon’ble SAT has observed:

“BEB has been charged for synchronized deals with First Global. I have examined the data provided by the parties on this issue. I find many transactions between BEB and FGSB. There are many instances of such transactions. I find the scrip, quantity and price for these orders had been synchronized by the counter party brokers. Such transactions undoubtedly create an artificial market to mislead the genuine investors. Synchronized trading is violative of all prudential and transparent norms of trading in securities. Synchronized trading on a large scale can create false volumes. The argument that

the parties had no means of knowing whether any entity controlled by the client is simultaneously entering any contra order elsewhere for the reason that in the online trading system, confidentiality of counter parties is ensured, is untenable. It was submitted by the Appellants that it was not possible for the broker to know who the counter party broker is and that trades were not synchronized but it was only a coincidence in some cases. Theoretically this is OK. But when parties decide to synchronize the transaction the story is different. There are many transactions giving an impression that these were all synchronized, otherwise there was no possibility of such perfect matching of quantity price etc. As the Respondent rightly stated it is too much of a coincidence over too long a period in too many transactions when both parties to the transaction had entered buy and sell orders for the same quantity of shares almost simultaneously. The data furnished in the show cause notice certainly goes to prove the synchronized nature of the transaction which is in violation of regulation 4 of the FUTP Regulations. The facts on record categorically establish that BEB had indulged in synchronized trading in violation of regulation 47 of the FUTP Regulations. In a synchronized trading intention is implicit.”

9. Whether the noticee aided and abetted PIPL in committing a fraud on investors?
 - a. As discussed earlier, the noticee was trading through his brother HH and was also a registered client of one of the counter party broker viz. PIPL whose group entities were major clients in the scrip. I note from the investigations, that PIPL has paid and received Rs.16.37 lakhs to/ from the noticee, however, noticee has submitted vide its reply that this payment relate to other transactions. I note that the noticee has failed to produce any evidence in support of this contention.
 - b. I note from the earlier discussion that the orders on behalf of the noticee were placed from the terminal kept at the office of Parklight Securities i.e. an associate entity of PIPL at the address HN House, 2nd Floor, Near Railway Crossing, Navrangpura, Ahmedabad. Upon specifically asking noticee submitted that orders were placed from Ahmedabad when he was on his way to his native place in Rajasthan. Even if, the submissions

made by the noticee are accepted, the significant aspect to consider will remain, that the orders were placed from the office of Parklight Securities who had executed synchronized trades and interestingly the noticee was their counter party.

c. On examination of the phone record of Mr. Uday H. Vora who was the director of PIPL, it was revealed that Uday H. Vora and Vasant H. Bissa had been talking to each other quite frequently during the period of investigation. I note that the noticee in his reply has stated that it is difficult to keep track of the calls made. However, from the investigations, I note that in their statement to the Investigating Authority both had denied of knowing each other.

d. Upon considering all these factors, showing linkages of the noticee with PIPL and the details discussed in earlier part of order, it can be concluded that the noticee has aided PIPL in its *modus operandi* as discussed earlier.

10. The *factum* of manipulation stands established as against the noticee. By the acts of the noticee the genuine investors active in the market must have been affected by the stated price difference, as discussed in detail by Hon'ble Securities Appellate Tribunal (hereinafter referred to as 'SAT') in the matter of Ketan Parekh Vs SEBI. The relevant observation made by SAT in this regard is reproduced as below:

"When a person takes part in or enters into transactions in securities with the intention to artificially raise or depress the price he thereby automatically induces the innocent investors in the market to buy / sell their stocks. The buyer or the seller is invariably influenced by the price of the stocks and if that is being manipulated the person doing so is necessarily influencing the decision of the buyer / seller thereby inducing him to buy or sell depending upon how the market has been manipulated. We are therefore of the view that inducement to any person to buy or sell securities is the necessary consequence of manipulation and flows therefrom. In other words, if the factum of manipulation is established it will necessarily follow that the investors in the market had been induced to buy or sell and that no further proof

in this regard is required. The market, as already observed, is so wide spread that it may not be humanly possible for the Board to track the persons who were actually induced to buy or sell securities as a result of manipulation and law can never impose on the Board a burden which is impossible to be discharged.”

- 11.** In view of the above stated facts, I find that that the noticee had entered the impugned trades with a view to create misleading appearance of trading which tampers with price discovery mechanism of stock exchange and is against the concept of transparency. The synchronized and circular trades entered into by the noticee facilitated the creation of artificial volumes and false market in scrip of SMR. This was likely to induce the innocent genuine investors to trade in the scrip. Further, it is established that the noticee had indulged in creating false or misleading appearance of trading on the securities market and dealt in securities, not intending to effect transfer of beneficial ownership but intending to operate only as a device to cause fluctuations in the price of the scrip and therefore is guilty of violating the provisions of Regulation 4 (a), (b) and (d) of PFUTP Regulations.
- 12.** Further, I find that the noticee was a client of PIPL and liberal funds flow from and to his bank account to Parklight Securities (associated entity of PIPL) and the numerous phone calls between Uday Vora (Director, PIPL) and the noticee were observed. Considering these facts as also the trading pattern of the noticee in this matter would show that the noticee has aided and abetted PIPL in committing fraud on innocent investors by allowing himself to be used as a conduit, thereby violating Regulation 6(a) of PFUTP Regulations.
- 13.** I note that Hon’ble SAT in the matter of Harikishan Hiralal Vs. SEBI, vide order dated November 18, 2008, has upheld the order passed by SEBI, dated February 05, 2008, suspending thereby the certificate of registration of broker Harikishan Hiralal for one month. In the said order, Hon’ble SAT has found that the trades in the illiquid scrip of SMR were matching in all respects. While considering the facts of the case, Hon’ble SAT has held that the appellant

and PIPL have played mischief while trading in the scrip of SMR and upheld the order passed by SEBI.

14. In view of this order of Hon'ble SAT and the above discussion, I find the noticee guilty of violating provision of Regulation 4 (a), (b), (d) and 6 (a) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995.
15. Now therefore, on the basis of above discussion, I in exercise of the powers conferred upon me under Sections 19, read with Sections 11, 11B of the Securities and Exchange Board of India Act, 1992 and Regulation 11 of the Securities and Exchange Board of India (Prohibition of fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003, I do hereby prohibit Mr. Vasant Harikishan Bissa (PAN No. AABPB 8108M) from buying, selling or dealing in securities in any manner, or accessing the securities market directly or indirectly in any manner whatsoever for a period of two years from the date of the order.
16. I note that the noticee has already been prohibited by SEBI vide order dated October 08, 2009 in the matter of Karuna Cables Ltd. In view of this, it is clarified that this order shall not run concurrently with the aforesaid order and shall be effective after the expiry of the term in the said matter.

DATE : 16.11.2009
PLACE: MUMBAI

PRASHANT SARAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA