

**SECURITIES AND EXCHANGE BOARD OF INDIA
ORDER**

**UNDER SECTIONS 11B AND 11(4) (b) OF SECURITIES AND EXCHANGE
BOARD OF INDIA ACT, 1992 IN THE MATTER OF MEGA CORPORATION LTD.**

WTM/GA/24/ISD/10/05

1. Background

- 1.1 Spurt in price and trading volume of certain companies often referred to as “mid cap” or “small cap” companies, in a short period of time, have been engaging the attention of SEBI and the stock exchanges for some time. Such trading activity has been under the surveillance of SEBI and the stock exchanges to determine whether the trading volumes and price rise have been the result of unfair trade practices or market manipulation. One such company whose shares have shown a significant increase in price as well as trading volumes in a short period of time is Mega Corporation Ltd. (the Company), which was listed on BSE in February 1996.
- 1.2 The trading history of the shares of the company (after the stock split w.e.f. September 26, 2002) showed that while there was limited trading in the shares till December 2004 the volume shot up dramatically from January 2005 onwards. After the stock split in August 2002, the shares of the company were traded in the range of Rs. 1.90 to Rs. 5.72 during the period September 2002 to December 2004, and the average monthly volume in the shares was around 15,720 shares during the period September 2002 to December 2004, accounting for only around 0.016% of the total equity capital. The very low turnover ratio clearly demonstrated lack of wide spread investor interest in this shares till that time. Subsequently, during the period from January 2005 to September 16, 2005 the price of the scrip moved sharply from Rs. 5.25 to Rs. 41.10 representing a rise of around 683% accompanied by a equally sudden spurt in average monthly volume thousand times over the previous period to around 1,56,22,538 shares. The marked increase in price and trading volume during the months from January 2005 to March 2005 was not accompanied by any positive corporate developments /announcements /actions .
- 1.3 In view of the circumstances under which the price and trading volume of the shares of the company increased and the manner in which the persons connected to the promoters transacted in the shares of the company, warranted an immediate investigation by SEBI.
- 1.4 While the investigation is still in progress, the preliminary findings are given in the following paragraphs.

2. Preliminary Findings

The Company – business, board of directors, shareholding pattern

- 2.1 The company was incorporated on March 26, 1985 as a Public Limited Company with its registered address at: N-18 (Mkt.), Greater Kailash-I, New Delhi-110048 in the name of Assam Impex Ltd. The company made a public issue of 1.50 lakh equity shares of Rs.10 each for cash at par on September 8, 1986. The shares were then listed on Guwahati Stock Exchange (Regional). The name of the company was changed from Assam Impex Ltd. to Vibgyor Corporation Ltd. on December 19, 1996. In the year 1996, the company listed its securities (Rs.10 crore equity capital) and the equity shares were admitted on BSE w.e.f. February 8, 1996. At that time the company was stated to be engaged in the business of trading in securities. The name of the company was further changed from Vibgyor Corporation Ltd. to Mega Corporation Ltd. on May 10, 1999. In the year 2003, the company informed to BSE that their major business activities were service based i.e Media, Radio Taxi and others. During the years 2002-03 and 2003-04 the company was engaged in the business of Radio Taxi Services and Media Sales. On July 29, 2005 shareholders of the company by postal ballot passed a resolution for amendment of Memorandum of Association by adding a sub-clause relating to hospitality business, airways services and foreign exchange, money changer business etc.
- 2.2 The shareholding pattern filed by the company for the quarter ended June 2005, the total equity capital of the company was Rs. 10 crore comprising of 10 crores shares of Rs. 1/- each. As mentioned earlier, the face value of shares was split from Rs. 10/- each to Rs. 1/- each and the price was adjusted for stock split w.e.f. September 2002.
- 2.3 According to the disclosures of shareholding pattern made by the company to the BSE the promoter entities/individuals included Crayons Global Finance Ltd., Odyssey Corporation Ltd. Pooja Equisearch Pvt. Ltd., Vimi Investments and Finance Ltd., and Himanshu Mehta, Kunal Lalani, Beena Mehta, R.N. Mehta, Hiten Mehta,. It is also observed that Persons Acting in Concert hold 0.01% of the shareholding though their details have not been disclosed in the shareholding pattern filed by the Company with BSE.
- 2.4 The Board of Directors of the company described in the annual report for the year 2004-05 are as follows:

Table 1: Board of Directors of the Company

Kunal Lalani	Chairman & Managing Director
Hemanshu Mehta	Vice Chairman
Surendra Chhalani	Executive Director
H M Lalani	Director
N K Nayak	Director
K S Venkataraman	Director
S L Golchha	Director
Sachin Mehra	Director

- 2.5 It is evident from the quarterly shareholding pattern submitted to the stock exchanges that there was no substantial difference in the shareholding of the promoters whose shareholding was 50.55% for the quarter ended December 2004 and 50.29% for the quarter ended June 2005. However, shareholding of private corporate bodies and public holding underwent substantial change during this period. While the holding of Private Corporate Bodies has reduced from 26.97% to 10.2%, there was an increase in the holding of public from 22.48% to 30.51%. The shareholding pattern for the quarter ended December 2004 and June 2005 is given below:

Table 2: The shareholding pattern of the Company,
for the quarter ended December 2004 and June 2005

Category	As on December 31, 2004		As on June 30, 2005	
	No. of Shares	% of Share Holding	No. of Shares	% of Share Holding
Total Promoters	505,39,560	50.54	502,85,560	50.29
Persons Acting in Concert	10,000	0.01	9,000	0.01
Private Corporate Bodies	269,69,116	26.97	101,95,015	10.2
Indian Public	224,81,322	22.48	395,09,423	39.51
NRIs/OCBs	2	0	1,002	0

- 2.6 Among non promoters, who hold more than 1% of the share capital as on June 2005, is Fortis Securities Ltd., GMR Infrastructure Ltd. and Indiabulls Securities Ltd. Further it was also noticed that holdings of GMR Infrastructure Ltd. decreased by 3,78,000 shares from 2.09% (20,88,500 shares) as on March 31, 2005 to 1.71% (17,10,500) as on June 30, 2005, . Vintel Securities (P) Ltd. was holding 2.11% (21,06,245 shares) as on March 31, 2005, however its name does not appear in the list of share holders holding more than 1% of the equity capital of the company as on June 30, 2005.

Financial performance of the Company

2.7 The annual results filed by the Company for the last four years are given below:

Table 3: The annual results filed by the Company

(Figures in Rs Cr.)

Particulars	March-05	March-04	March-03	March-02
Net Sales	14.02	3.45	-	-
Interest Earned, Operating Income	-	-	5.88	5.53
Other Income	0.04	0.88	1.30	1.86
Total Income	14.06	4.32	7.18	7.39
Interest Expanded *	-	-	-0.03	-0.01
Operating Expenses	-	-	-6.08	-6.12
Expenditure	-2.83	-3.41	-	-
Operating Profit	11.23	0.91	1.07	1.25
Interest	-0.02	-0.02	-	-
Gross Profit	11.20	0.89	-	-
Depreciation	-0.73	-1.18	-1.46	-1.22
Profit before Tax	10.47	-0.29	-0.40	0.03
Tax	-1.23	0.12	0.05	-0.09
Profit after Tax	9.24	-0.17	-0.35	-0.07
Net Profit	9.24	-0.17	-0.35	-0.07
Equity Capital	10.00	10.00	10.00	10.00
Reserves	11.14	1.89	2.06	2.41
EPS (in Rs)	0.92	-0.02	-0.04	-
Nos. of Shares – Non Promoters	49704440	49495000	49495000	4863300
Percent of Shares – Non Promoters	49.7	49.5	49.5	48.63

* As given in BSE web-site

- 2.8 The analysis of the profit and loss of the Company for the financial year 2004-05 showed that income from investments was Rs.10.08 crore, accounting for around 72% of the total income of the Company in that year, as compared to nil for the financial year ended 2003-04. It is indeed surprising that the major part of the income for the year should have come from investment in shares when the Company had specifically requested BSE, vide its letter dated July 11, 2003, to make necessary change in BSE website to change its major business activities from “finance and investment” to “service based activities”. In contrast, in the two previous two years the major income of the Company (75% in 2002-03 and 82% in 2003-04) was from the business of media & radio taxi services.
- 2.9 Since the balance sheet of the Company for the year ended March 2004 did not show any investment in quoted equity shares it implied that the profit from investment in quoted shares was from trading, because the shares would have been acquired by the Company during that year only.

- 2.10 As the balance sheet of the Company as of March 31, 2005, did not given any detail of the income generated from the investments, these were obtained from the Company after vigorous follow up. It was gathered from the information submitted by the Company that the profit of around Rs 10.08 crores was resulted from the sale of shares of three companies i.e. Lakshmi Overseas Ltd., Karuna Cables Ltd and IFSL Ltd. Two of these companies viz. Karuna Cables Ltd and IFSL Ltd. were only “mid cap” or “small cap” companies. It is very peculiar for a Company, who barely managed to post operational profits for the previous 3 years, to make huge investments in a penny stocks like Karuna Cables Ltd. and IFSL Ltd., which were volatile, had very little liquidity and were trading at a very low price. It is worthwhile to mention that SEBI has already passed an interim order under section 11B and 11(4) (b) of SEBI Act, 1992, in the case of IFSL Ltd for alleged manipulation in the scrip. Clearly these shares were acquired and sold by the Company during the year within a short period. The selection of these three shares for making such a huge investment certainly raises doubt about the investment policy of the company. The non disclosure of above investment details in Annual Report or to the stock exchange further fortifies this doubt. It is gathered from the subsequent correspondence with the Company that sale consideration for the above mentioned sale of shares was received only after April 2005 but was accounted for in the previous year. The Company is yet to provide details such as nature of transaction for acquiring the shares (market or off market deal), payment made and received for purchase and sale of the shares etc.
- 2.11 It was curious enough that a company, whose major income for the previous years was from media and radio taxi services, had recorded such a high income from investments, which is not their core business activity. But the fact that the extraordinary financial results of the Company for the financial year 2004-05, was not from its main business activities, but from trading in “stocks of small and infrequently traded companies could not have been ascertained from the public disclosures or from the disclosures made available by the Company on the BSE’s web site, as no details of investments were given in their disclosures. Disguising the real cause of profit was a crafty way of misleading investors to believe that the profits generated for the year 2004-05 were from their major business activity of Radio Taxi operations.
- 2.12 In the entire process, it appears that the company and the Chartered Accountant of the company has not followed the normal accounting practices and have provided misleading information in the Balance Sheet and to the stock exchanges. A reference is being made to the Institute of Chartered Accountants of India to examine the role and practice followed by the Chartered Accountant in preparing the annual report of the Company.

Major Corporate Announcements

2.13 The major corporate announcements of the company during the period April 2005 to September, 2005 are as follows:

Table 4: Statement of corporate announcements made by the Company

Date & time	Major Announcements
Thursday, April 07, 2005 1:21:56 PM	Mega Corporation launches worldwide outbound packaged tour service provider Mega Corporation Ltd has announced that it is launching an exclusive first of its kind 24 hours 'Mega Holidays', a worldwide outbound packaged tour service provider. Mega Holidays would cover regions across the world such as Alaska-Canadian Rockies, Honolulu-USA, Russia-Scandinavia, South & East Africa, Australia-New Zealand, China, Far East, Europe etc. The company intends to operate across 25 cities in India through its marketing offices which are to be set up by the end of the year. By April 2005, the company will have 8 offices across India in Delhi, Jaipur, Chandigarh, Ludhiana, Bangalore, Chennai, Hyderabad and Kolkata. Mega Corp targets to achieve revenue of INR 1000 million in first year with Net Profit of INR 200 million. The packaged tour service is in exclusive collaboration with GEM Tours, which has over 15 years of experience in International Travel Industry and has operations across the Globe and is one of India's largest International Tour Operators. The company organizes Cruise Tours across all the continents and its tour programs spans 7-30 days, including travel, accommodation, food, sight seeing and taxes etc.
Wednesday, April 20, 2005 4:01:36 PM	Mega Corporation to enter forex service with launch of 'Mega Forex' Mega Corporation Ltd has on April 20, 2005 announced that it is entering Forex service with the launch of "Mega Forex" brand. The Company has applied with RBI for the license to operate foreign exchange business. Combined with recent initiatives and proposed plans, the Company is all set to become full service Tourism Industry player. The Forex market, which is at \$5-6 billion, is growing by at least 20% triggered by increasing international traffic. The growth in Forex business is likely to be faster than the pace of increase in traffic because spend levels of Indian going abroad is rising fast. Indians are rated among the top five spenders in markets like Singapore, Australia, New Zealand, Hong Kong, Dubai etc, especially the shopoholic holidaymakers. Outbound travel from India in 2004 was pegged at about 5.5 million, up 18%. The Company expects to grab 5-10% market share in 1-2 year time span. The Company plans to start Forex business on a nationwide

Date & time	Major Announcements
	network. To begin with, there would be 4 branches in Mumbai, 6 in Delhi, 3 each in Bangalore and Chennai, 2 each in Hyderabad and Kolkata, 1 each in Pune, Ahmedabad, Kochi, Tiruananthpuram, Vizag.
Thursday, June 30, 2005 12:50:44 PM	Mega Corporation fixes Book Closure
Tuesday, August 16, 2005 7:02:34 PM	Mega Corporation Outcome of AGM Mega Corporation Ltd has informed BSE that the members at the 20th Annual General Meeting (AGM) of the Company held on July 16, 2005, inter alia, have accorded to the following: 1. Adoption of Balance Sheet of the Company as at March 31, 2005, the Profit & Loss Account of the Company for the year ended on that date and the reports of the Board of Directors and Auditors thereon. 2. Reappointment of Mr. Himanshu Mehta, Mr. Surendra Chhalani & Mr. Hulas Mal Lalani, as Directors of the Company, liable to retire by rotation. 3. Re-appointment of M/s Sipani & Associates, Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company. 4. Appointment of Mr. Kunal Lalani as Managing Director of the Company for a period of 3 years w.e.f. June 30, 2005. 5. Increase in Authorised Share Capital from Rs 10,00,00,000/- to Rs 30,00,00,000/- by addition thereto 20,00,00,000 Equity Shares of Re 1/- each which shall rank Pari Passu in all respects with the existing Equity Shares of the Company and consequential amendment in Memorandum & Articles of Association of the Company. 6. Authority to the Board to issue, offer and allot equity Shares / Fully and / or Partly Convertible Bonds and / or Debentures / any securities convertible into Equity Shares, whether optionally or otherwise, with or without warrants convertible into equity shares and / or Depository Receipts and / or any other financial instruments / Securities convertible into equity shares ("Securities"), in India or abroad (i.e. in international markets) for an aggregate amount not exceeding Rs 5000 million, if any as may be determined by the Board by way of Public Issue through prospectus or through any other mode on preferential basis or private placement basis as the case may be at such time or times as the Board may think fit and whether, with or without premium as may be decided by the Board and on such terms

2.14 There were no major announcements by the Company in the years 2003 and 2004. There was flurry of announcements by the Company from January 2005, about diversification of business activities, accompanied by sudden rise in the

volume and the price of the shares. The ambitious new ventures included worldwide outbound packaged tour, forex service, etc. In this process the Company also made profit projections such as "Mega Corp targets to achieve revenue of INR 1000 million in first year with Net Profit of INR 200 million". Clearly for a company which had poor track record of performance and poor liquidity and trading volume on the exchange and which had sought to show high level of profitability from trading in "penny stocks" the announcements of profit projections from ventures which were yet to begin was not only too premature, but mischievously misleading and done with the sole purpose of luring the investors to buy its shares.

- 2.15 It is also noted that the Company, in its AGM held on July 16, 2005, has increased its authorized capital from Rs 10 Crore to Rs 30 Crore and authorized the board to issue, offer and allot equity Shares / Fully and / or Partly Convertible Bonds and / or Debentures / any securities convertible into Equity Shares, whether optionally or otherwise, with or without warrants convertible into equity shares and / or Depository Receipts and / or any other financial instruments / Securities convertible into equity shares ("Securities"), in India or abroad (i.e. in international markets) for an aggregate amount not exceeding Rs 500 crore, if any as may be determined by the Board by way of Public Issue through prospectus or through any other mode on preferential basis or private placement basis as the case may be at such time or times as the Board may think fit and whether, with or without premium as may be decided by the Board and on such terms. The company has not made any subsequent announcements in this regard to BSE.

3. Findings of investigations

Analysis of Trades

- 3.1 The analysis of the trade data and the trading details of top brokers dealing the shares during the period April 1, 2005 to September 16, 2005 revealed that:
- i) India Bulls Securities Ltd. (Clg.No.907) had a significant contribution in the trading of these shares and accounted for major concentration of 32.81% (25207341 shares), 28.53% (21920167 shares) and 30.43% (3287174 shares), of the gross purchase, gross sales and net purchase respectively.
 - ii) Fortis Securities Ltd. (Clg.no.3004) had a concentration of 19.17% in net purchase and
 - iii) Ruchiraj Shares and Stock Brokers (P) Ltd. (Clg.no.380) had a concentration of 12.74% in net sales.
 - iv) Analysis of trading by the clients of the top brokers during the aforesaid period revealed that some of the clients were connected to each other in terms of common address, common contact number or association though

client companies of which the individuals are directors. It is suspected that amongst these, some clients appear to have some linkages to the promoters. The details of such clients and their linkages are given below:

Table 5: Clients and their inter connectivity

Client Name	Name of broker through who, the client dealt in the scrip	Address as per the records of broker	Contact number	Connection
1. Ajit Suryavanshi	Fortis Securities Ltd. (Clg.no.3004)	Kalpataru Chamber Gr Floor, Office No 5 Nanik Matwani Marg Mumbai	56546666	- Ajit Suryavanshi appearing as common person in respect of clients at sr. no. 1, 2 & 3. - Address of clients mentioned at Sr No. 1, 8, 9, 11, 22, 29, 31 is same. - Phone number of clients mentioned at Sr No. 1,2,4,6, 8, 9,10,11, 13, 16, 19, 20, 21, 23, 24, 25, 26, 29, 30, 31, 32, 33 are same.
	Ruchiraj Shares and Stock Brokers (P) Ltd. (Clg.no.380)	Jagdari Bhaiya Chawl, Koldongri, Sahar Road, Andheri(E), Mumbai	56546666	
2. Ritedeal Trading Company Pvt Ltd (Ajit Suryavanshi)	Galaxy Broking Ltd.(Clg.No.513)	B-Wing, Flat No.11, 2nd Floor, Monani Appartment, Near Chandan Talkies, Juhu, Mumbai - 400 049	56546666	- Phone number of clients mentioned at Sr No. 1,2,4,6, 8, 9,10,11, 13, 16, 19, 20, 21, 23, 24, 25, 26, 29, 30, 31, 32, 33 are same. - Address of clients mentioned at Sr No. 2, 10 are same.
3. Vishal Kumar Textiles P Ltd (Dir:Ajit Suryavanshi)	Ruchiraj Shares and Stock Brokers (P) Ltd. (Clg.no.380)	B-102, Padmavati Palace, Nanda Patker Road, Vileparle (E), Mumbai	56546670	- Phone number of clients mentioned at Sr No. 3, 4, 13, 16, 17, 24 is same. - Address of clients mentioned at Sr No. 3, 7 are same.
4. Amar Adhav	UTI Securities Ltd. (Clg.no.767)	Sani Dayas Chawl Andheri East Mumbai	56546670	- Phone number of clients mentioned at Sr No. 1,2,4,6, 8, 9,10,11, 13, 16, 19, 20, 21, 23, 24, 25, 26, 29, 30, 31, 32, 33 are same. - Phone number of clients mentioned at Sr No. 3, 4, 13, 16, 17, 24 is same.
	India Bulls Securities Ltd. (Clg.no.907)	Saroj Hiralal Bldg Koldongari Gali No 1 Sahar Road Andheri(E) Mumbai	56546666	
	Action Financial Services (India) Ltd. (Clg.no.444)	Sadevbind Hiralal Chawl Koldongri Andheri (East) Mumbai		
5. Dadasaheb Gavhane	India Bulls Securities Ltd. (Clg.no.907)	A-12 Dhankar Chawlmani Npadapanvel Navi Mumbai		Received 20 lakh shares from promoter related entity Crayon Advertising and then transferred 10 lakh shares to client mentioned at Sr. 1 (Ajit Suryavanshi) through off market deals.
6. Dattu Shitole	India Bulls Securities Ltd. (Clg.no.907)	Room No 24 Datt Krupa Soc Plot No 44 Sec No 6 New Panvel Navi Mumbai	56546666	- Dattu Shitole appearing as common person in respect of clients at sr. no. 6 & 7. - Phone number of clients mentioned at Sr No. 1,2,4,6, 8, 9,10,11, 13, 16, 19, 20, 21, 23, 24, 25, 26, 29, 30, 31, 32, 33 are same.
	Joindre Capital Services Ltd. (Clg.no.89)	Dattu shitole- room no. 24, dattkrupa soc plot no. 44, sector no. 6, New panvel mumbai		
	K & A Securities (P) Ltd. (Clg.no.936)	Wajhnagar Panvel Raigad Mumbai-400069	022-5654678	
7. Dattu Shitole	India Bulls	B-102 Padmavati Palace, Nanda	55731000	Dattu Shitole appearing as

Client Name	Name of broker through who, the client dealt in the scrip	Address as per the records of broker	Contact number	Connection
Rightstar Trading Company Pvt Ltd	Securities Ltd. (Clg.no.907)	Patkar Road, Vile Parle (East), Mumbai		common person in respect of clients at sr. no. 6 & 7. • Address of clients mentioned at Sr No. 3, 7 are same.
8. Deepak Narvekar	UTI Securities Ltd. (Clg.no.767)	R N 5 Ballu Bhaiya Chawl Lane No 1 Koldongri Sahar Road Andheri East Mumbai.	56546666 or 56546669	- Address of clients mentioned at Sr No. 1, 8, 9, 11, 22, 29, 31 are same. - Phone number of clients mentioned at Sr No. 1,2,4,6, 8, 9,10,11, 13, 16, 19, 20, 21, 23, 24, 25, 26, 29, 30, 31, 32, 33 are same. - Phone number of clients mentioned at Sr No. 8, 16, 27, 28 are same.
	India Bulls Securities Ltd. (Clg.no.907)	No-5 Gr Flr Kalpataru Chambe Nanik Motwani Lane Opp HDFC Bank Fort Mumbai	022-56546666	
9. Deepak Todkar	UTI Securities Ltd. (Clg.no.767)	No-5gr Flr Kalpataru Chambe Nanik Motwani Lane Opp HDFC Bank Fort Mumbai	56546666 or 56546668	- Address of clients mentioned at Sr No. 1, 8, 9, 11, 22, 29, 31 are same. - Phone number of clients mentioned at Sr No. 9, 15,22, are same. - Phone number of clients mentioned at Sr No. 1,2,4,6, 8, 9,10,11, 13, 16, 19, 20, 21, 23, 24, 25, 26, 29, 30, 31, 32, 33 are same.
	India Bulls Securities Ltd. (Clg.no.907)	No-5gr Flr Kalpataru Chambe Nanik Motwani Lane Opp HDFC Bank Fort Mumbai	56546668	
10. Fine Line Mercantile Co. (P) Ltd. (Dir:Ganesh Raut)		B/2, Flat no.11 ,Monami Apartment near Chandan Talkies, Juhu Mumbai		- Ganesh Raut appearing as common person in respect of clients at sr. no. 10 & 11. - Address of clients mentioned at Sr No. 2, 10 are same. - Phone number of clients mentioned at Sr No. 1,2,4,6, 8, 9,10,11, 13, 16, 19, 20, 21, 23, 24, 25, 26, 29, 30, 31, 32, 33 are same.
	India Bulls Securities Ltd. (Clg.no.907)		56546666	
11. Ganesh Raut	India Bulls Securities Ltd. (Clg.no.907)	No-5gr Flr Kalpataru Chambe Nanik Motwani Lane Opp HDFC Bank Fort Mumbai	56546666	- Ganesh Raut appearing as common person in respect of clients at sr. no. 10 & 11. - Address of clients mentioned at Sr No. 1, 8, 9, 11, 22, 29, 31 are same. - Phone number of clients mentioned at Sr No. 1,2,4,6, 8, 9,10,11, 13, 16, 19, 20, 21, 23, 24, 25, 26, 29, 30, 31, 32, 33 are same.
	Galaxy Broking Ltd.(Clg.No.513)	Baburao Pahilvan Chawl, Lane No.1/13, Sahar Road, Koldongri, Andheri (East), Mumbai	The address updated in UCC database is the same that is above.	
12. Haresh Posnak	Peninsular Capital Market Ltd. (Clg.no.156)	118/8 ,Majestic Shopping Centre, Girgaum, Mumbai		Introduced by Vinod Khetan (Mistry Group observed in Betal Global)
13. Jagdish Parab	NNM Securities (P) Ltd.(Clg.no.539)	Jay Shriram Apts Kharegaon Kalwa West Thane)	56346666	Phone number of clients mentioned at Sr No. 1,2,4,6, 8, 9,10,11, 13, 16, 19, 20, 21, 23, 24, 25, 26, 29, 30, 31, 32, 33 are same.
	India Bulls Securities Ltd. (Clg.no.907)	404jay Sreeram Appt Phakhadi Kharegaon Kalwa (W)Mumbai Pune Rd Thane	9324055380	

Client Name	Name of broker through who, the client dealt in the scrip	Address as per the records of broker	Contact number	Connection
	Insight Share Brokers (P) Ltd.(Clg.no.946)	Jay Shriram Apts Kharegaon Kalwa West Thane)	56546670	• Phone number of clients mentioned at Sr No. 3, 4, 13, 16, 17, 24 is same.
14. Jay Shah	India Infoline Securities Ltd. (Clg.no.179)	1134 Girdharilal No Khancho Khadia Ahmedadbad	9824025952	• Found connected with promoters of IFSL who had transferred IFSL shares to clients mentioned at sr. 3,6,7,8,11,13,16,21,23.
15. Jaydeep Mane	India Bulls Securities Ltd. (Clg.no.907)	A/5 Shivshakti Rahivanshi Sangh Sambhaji Ngr Chembur Mumbai	56546668	• Phone number of clients mentioned at Sr No. 9, 15,22, are same.
16. Jayesh Waghela	India Infoline Securities Ltd. (Clg.no.179)	Room No 28 Bldg No1 Gautam Ngr Dadasaheb Phal Ke Rd Mumbai	56546670	• Phone number of clients mentioned at Sr No. 1,2,4,6, 8, 9,10,11, 13, 16, 19, 20, 21, 23, 24, 25, 26, 29, 30, 31, 32, 33 are same. • Phone number of clients mentioned at Sr No. 3, 4, 13, 16, 17, 24 is same. • Phone number of clients mentioned at Sr No. 8, 16, 27, 28 are same.
	Peninsular Capital Market Ltd. (Clg.no.156)	Gautamnagar, Dadashaebphalkeraod, Roomno.28, Bldgno.1 Dadar,Mumbai	56546669	
	India Bulls Securities Ltd. (Clg.no.907)	Room No 28 Bldg No1 Gautam Ngr Dadasaheb Phal Ke Rd Mumba	56546666	
17. Kiran Dhanavade	India Bulls Securities Ltd. (Clg.no.907)	Nagesh Wadi Ghatla Villagechembur Mumbai	56546670	• Phone number of clients mentioned at Sr No. 3, 4, 13, 16, 17, 24 is same.
18. Lokesh Kapoor	Ruchiraj Shares and Stock Brokers (P) Ltd. (Clg.no.380)	Juhu Sameep, Juhu-Versova Link Road, Andheri(W), Mumbai		• On April 13, 15 & 19, 2005, Lokesh Kapoor received 10,49,990 shares, 3,80,000 shares and 1,95,000 shares respectively in the off market from Dadasaheb Gavhane and Sandeep K Pawar (client mentioned at Sr. No. 5 & 30)
19. Mahesh Kokate	India Bulls Securities Ltd. (Clg.no.907)	100 Saldhari Chawlkoldongari Saha R Roadandheri(E) Mumbai	56546666	• Phone number of clients mentioned at Sr No. 1,2,4,6, 8, 9,10,11, 13, 16, 19, 20, 21, 23, 24, 25, 26, 29, 30, 31, 32, 33 are same.
20. Premkumar Singh	Networth Stock Broking Ltd.(Clg.No.197)	C/O New Pushpa Bihar Bldg - 159 Mumbai	56546666	• Phone number of clients mentioned at Sr No. 1,2,4,6, 8, 9,10,11, 13, 16, 19, 20, 21, 23, 24, 25, 26, 29, 30, 31, 32, 33 are same.
21. Stockholm Mercantile Co Pvt Ltd. (Rajkishore Singh)	Joindre Capital Services Ltd. (Clg.no.89)	C / 18 Asha Building Dixit Road Mumbai	56546666	• Rajkishore Singh appearing as common person in respect of clients at sr. no. 21 & 22. • Phone number of clients mentioned at Sr No. 1,2,4,6, 8, 9, 10, 11, 13, 16, 19, 20, 21, 23, 24, 25, 26, 29, 30, 31, 32, 33 are same.
22. Rajkishore Singh	Fortis Securities Ltd. (Clg.no.3004)	No-5gr Flr Kalpataru Chambe Nanik Motwani Lane Opp Hdfe Bank Fort Mumbai	56546668	• Rajkishore Singh appearing as common person in respect of clients at sr. no. 21 & 22. • Address of clients mentioned at

Client Name	Name of broker through who, the client dealt in the scrip	Address as per the records of broker	Contact number	Connection
				Sr No. 1, 8, 9, 11, 22, 29, 31 are same. Phone number of clients mentioned at Sr No. 9, 15,22, are same.
23. Sharpline Trading Co Pvt Ltd (Ramdas Kshirsagar)	Insight Share Brokers (P) Ltd.(Clg.no.946)	B Wing Flat No 2 2nd Floor Monami Apartmennt Juhu Mumbai	56546666	- Ramdas Kshirsagar appearing as common person in respect of clients at sr. no. 23, 24 & 25. - Phone number of clients mentioned at Sr No. 1,2,4,6, 8, 9, 10, 11, 13, 16, 19, 20, 21, 23, 24, 25, 26, 29, 30, 31, 32, 33 are same.
24. Ramdas Kshirsagar	Networth Stock Broking Ltd.(Clg.No.197)	Room No 229 Geeta Nagar Navy Nagar Mumbai	56546666	- Ramdas Kshirsagar appearing as common person in respect of clients at sr. no. 23, 24 & 25. - Phone number of clients mentioned at Sr No. 1,2,4,6, 8, 9, 10, 11, 13, 16, 19, 20, 21, 23, 24, 25, 26, 29, 30, 31, 32, 33 are same. - Phone number of clients mentioned at Sr No. 3, 4, 13, 16, 17, 24 is same.
	UTI Securities Ltd. (Clg.no.767)	G Floor 229 Geeta Nagar Navy Nagar Colaba Mumbai	56546670	
25. Topflag Exports Pvt Ltd (Ramdas Kshirsagar)	India Bulls Securities Ltd. (Clg.no.907)	D-708 Crystal Plazaandheri Link Rd Oppfame Adlabsandheri(W) Mumbai	56546666	- Ramdas Kshirsagar appearing as common person in respect of clients at sr. no. 23, 24 & 25. - Phone number of clients mentioned at Sr No. 1,2,4,6, 8, 9, 10, 11, 13, 16, 19, 20, 21, 23, 24, 25, 26, 29, 30, 31, 32, 33 are same.
26. Ranjan Mandal	India Bulls Securities Ltd. (Clg.no.907)	Flat 701 7th Flr Blue Mountain Bldg Andheri Mumbai	Telephone no.56546666	- Phone number of clients mentioned at Sr No. 1,2,4,6, 8, 9, 10, 11, 13, 16, 19, 20, 21, 23, 24, 25, 26, 29, 30, 31, 32, 33 are same. - Received shares in off market from Santosh Pawar and Ajit Suryavanshi,
	Ruchiraj Shares and Stock Brokers (P) Ltd. (Clg.no.380)	C-32, Blue Mountail, Flat No.701, Shastri Nagar, Andheri(W), Mumbai	-as above-	
27. Sandeep Kadam	India Infoline Securities Ltd. (Clg.no.179)	16 A Hirji Bhoj Raj Chawl Ghodap Deo 1st Floor Room No 27 Mumbai	56546669	Phone number of clients mentioned at Sr No. 8, 16, 27, 28 are same.
28. Santosh Jagtap	Ruchiraj Shares and Stock Brokers (P) Ltd. (Clg.no.380)	Mominpada, Dinkar Chawl, New Panvel, New Mumbai, Mumbai	56546669	- Phone number of clients mentioned at Sr No. 8, 16, 27, 28 are same. - Received 11.20 lakh shares from Dadasaheb Gavhane who had received the same from promoter related entity Crayon Advertising.
	K & A Securities (P) Ltd. (Clg.no.936)	Santosh Jagtap A/12,Mohin Plaza Ohankar Chawl New Panvel Naige D Mumbai-400069 Mumbai	-as above-	
29. Santosh Narvekar	India Bulls Securities Ltd. (Clg.no. 907)	Kalptaru Chamber Gr Floor Office No 5 Nanik Motwani Marg Mumbai	56546666	Phone number of clients mentioned at Sr No. 1,2,4,6, 8,

Client Name	Name of broker through who, the client dealt in the scrip	Address as per the records of broker	Contact number	Connection
	Fortis Securities Ltd. (Clg.no.3004)	Kalpitaru Chamber Gr Floor Office No 5 Nanik Motwani Marg Mumbai	56546666	9, 10, 11, 13, 16, 19, 20, 21, 23, 24, 25, 26, 29, 30, 31, 32, 33 are same. • Address of clients mentioned at Sr No. 1, 8, 9, 11, 22, 29, 31 are same.
30. Santosh Pawar	India Bulls Securities Ltd. (Clg.no.907)	8devraj Jagmohan Chawl Kaldongri Rd No 1sahar Rd Andheri(E) Mumbai	56546666	• Phone number of clients mentioned at Sr No. 1,2,4,6, 8, 9, 10, 11, 13, 16, 19, 20, 21, 23, 24, 25, 26, 29, 30, 31, 32, 33 are same.
	Fortis Securities Ltd. (Clg.no.3004)	Devraj Jagmohan Chal Sahar Road Andheri East Mumbai		
31. Umesh Choukekar	India Bulls Securities Ltd. (Clg.no.907)	No-5 Gr Flr Kalpataru Chambe Nanik Motwani Mg Opp Hdfe Bank Fort Mumbai	56546666	• Phone number of clients mentioned at Sr No. 1,2,4,6, 8, 9,10,11, 13, 16, 19, 20, 21, 23, 24, 25, 26, 29, 30, 31, 32, 33 are same. • Address of clients mentioned at Sr No. 1, 8, 9, 11, 22, 29, 31 are same.
32. Vijay Suryavanshi	CSL Stock Broking (P) Ltd.(Clg.no.323)	Room 4 Jagadhari Yadav Chawl Koldongri Sahar Road Lane No1 Andheri (East) Mumbai	56546666	• Phone number of clients mentioned at Sr No. 1,2,4,6, 8, 9, 10, 11, 13, 16, 19, 20, 21, 23, 24, 25, 26, 29, 30, 31, 32, 33 are same.
33. Vivekanand Patankar	India Bulls Securities Ltd. (Clg.no.907)	Flat No E-5 1st Flr Sai Wadi Vikas Soc Telligully N S Phadke Rd Andheri (E) Mumbai	56546666	• Phone number of clients mentioned at Sr No. 1,2,4,6, 8, 9, 10, 11, 13, 16, 19, 20, 21, 23, 24, 25, 26, 29, 30, 31, 32, 33 are same.

It is significant that the clients mentioned at serial number 3, 4, 8, 9, 11, 14, 21, 22 and 23 who appear to be interconnected have been involved in the market manipulation in the scrip of IFSL Ltd and were debarred from dealing in the shares of IFSL Ltd. The fact that their names are appearing in the trading of Mega Corporation Ltd., and have contributed to the significant volume only confirms the suspicion that they have been collectively planning operation of manipulation of shares of several companies. In the interest of the investors' protection and for ensuring the market integrity it is necessary to take urgent steps to firmly curb such concerted attempts of market manipulation.

Analysis of off market transactions

- 3.2 Larger numbers of off market trades in the share of the company were noticed in the shares of this Company during January to September, 2005. A sample analysis of the off market trades reported at NSDL for the period April 2005 and May 2005 showed that some of the above mentioned apparently connected entities had also indulged into off market trades in large quantity. The major off market deals reported at NSDL for the period April 2005 and May 2005 are given below:

Table 6: Off market deals of connected entities

Date	Transferred from	Transferred to	Shares
01-Apr-05	DEEPAK SHARMA	UMESH B CHOUKEKAR	1000000
04-Apr-05	NIRMAL JAIN	DADASAHEB N. GAVHANE	2000000
05-Apr-05	Kamla H Kathuria (1202700100008220)	VIJAY S WAPILKAR	3000000
07-Apr-05	RAYCHAND TANI	PREMKUMAR A SINGH	1070150
07-Apr-05	KHODIYAR INDUSTRIES LIMITED	RAYCHAND TANI	100000
07-Apr-05	Vintel Sec Pvt Ltd (1202700100023207)	UMESH B CHOUKEKAR	1163237
07-Apr-05	Vintel Sec Pvt Ltd (1202700100023207)	RAYCHAND TANI	649000
08-Apr-05	RAYCHAND TANI	DADASAHEB N. GAVHANE	799000
08-Apr-05	Abhayraj Shukla (1202700100003961)	RAMDAS KSHIRSAGAR	1262620
13-Apr-05	UMESH B CHOUKEKAR	AJIT S.SURYAVANSHI	5000000
13-Apr-05	AJIT S.SURYAVANSHI	FORTIS SECURITIES LTD	5000000
13-Apr-05	PRAKASH HANUMANT YADAV	LOKESH INDER KAPOOR	1049990
15-Apr-05	DADASAHEB N. GAVHANE	LOKESH INDER KAPOOR	380000
15-Apr-05	DADASAHEB N. GAVHANE	AJIT S.SURYAVANSHI	1000000
15-Apr-05	DADASAHEB N. GAVHANE	SANTOSH R. JAGTAP	1120000
15-Apr-05	FORTIS SECURITIES LTD	AJIT S.SURYAVANSHI	3550000
16-Apr-05	UTI SECURITIES LIMITED	UTI SECURITIES LIMITED	150737
18-Apr-05	UTI SECURITIES LIMITED	DEEPAK SHANKAR TODKAR	795470
18-Apr-05	UTI SECURITIES LIMITED	RAMDAS KSHIRSAGAR	256232
18-Apr-05	UTI SECURITIES LIMITED	DEEPAK ANANT NARVEKAR	625725
18-Apr-05	UTI SECURITIES LIMITED	AMAR YUVRAJ ADAV	696465
19-Apr-05	INDIABULLS FINANCIAL SERVICES LTD.	PANKAJ NARENDRA SHAH	2500000
19-Apr-05	SANDEEP K. PAWAR	LOKESH INDER KAPOOR	195000
20-Apr-05	UTI SECURITIES LIMITED	RAMDAS KSHIRSAGAR	283708
20-Apr-05	UTI SECURITIES LIMITED	DEEPAK ANANT NARVEKAR	117938
20-Apr-05	INDIABULLS FINANCIAL SERVICES LTD.	PANKAJ NARENDRA SHAH	2000000
20-Apr-05	1301190000003643 (unknown)	RANJAN MANDAL	150570
21-Apr-05	RANJAN MANDAL	RAJKISHOR SINGH	554800
21-Apr-05	INDIABULLS SECURITIES LTD.	INDIABULLS FINANCIAL SERVICES LTD.	1986500
22-Apr-05	INDIABULLS FINANCIAL SERVICES LTD.	INDIABULLS SECURITIES LTD.	2182275
25-Apr-05	TRUSTED SHARE AND INV. LTD.	KAMLESH RASIKLAL PATEL	150000
26-Apr-05	Prem Prakash Thanvi (1202020000001282)	RAYCHAND TANI	250000
26-Apr-05	SANDEEP K. PAWAR	VISHWAS KOHLI	133500
27-Apr-05	RAMDAS KSHIRSAGAR	SANTOSH K. PAWAR	300000
27-Apr-05	AJIT S.SURYAVANSHI	TEJASH JAYANTILAL THAKKAR	200000
28-Apr-05	KAMLESH RASIKLAL PATEL	KHODIYAR PIPE PVT. LTD.	150000
28-Apr-05	TEJASH JAYANTILAL THAKKAR	INDIABULLS SECURITIES LTD.	200000
29-Apr-05	INDIABULLS FINANCIAL SERVICES LTD.	INDIABULLS SECURITIES LTD.	259689
29-Apr-05	KHODIYAR PIPE PVT. LTD.	RAYCHAND TANI	150000
30-Apr-05	INDIABULLS SECURITIES LTD.	INDIABULLS FINANCIAL SERVICES LTD.	314119
04-May-05	RAYCHAND TANI	1202700100004703	100000

Date	Transferred from	Transferred to	Shares
04-May-05	INDIABULLS FINANCIAL SERVICES LTD.	INDIABULLS SECURITIES LTD.	438806
05-May-05	SUNITA BAID	ITI Financial Services Limited	260000
05-May-05	INDIABULLS FINANCIAL SERVICES LTD.	INDIABULLS SECURITIES LTD.	127050
06-May-05	RAYCHAND TANI	PREMKUMAR AJABALAL SINGH	199317
06-May-05	Abhayraj Shukla (1202700100003961)	RAMDAS KSHIRSAGAR	207875
07-May-05	INDIABULLS FINANCIAL SERVICES LTD.	INDIABULLS SECURITIES LTD.	231793
10-May-05	VIVEKANAND DAJI PATANKAR	AMBIENCE LEASEINVEST (P) LTD	200000
11-May-05	1301190000003643 (unknown)	SANTOSH R. JAGTAP	387200

Dealings in shares of Mega Corporation by the entities connected with associate company of Mega Corporation.

- 3.3 The Company had shown Crayons Advertising Ltd. as one of their associate companies its Annual Report for the year 2004-05. It was found that the following persons, who had each dematerialized around 25-30 lakh shares during the same time were having the same address as that of the associate company, evidencing a connection between them and the Company.

Table 7: Names of persons with common address as that of Crayon Advt.

Name and address	Connection with Crayons Advertising Ltd	Details of dealings in Mega Corporation.
Nirmal Jain C/o Crayons Advertising Ltd 3, Hemu Castle Dadabhai Rd, Nr Gokhlibai Sch Vile Parle, Mumbai-400056	Address same as that of Crayons Advertising	Dematerialized 25 lakh shares on 24-Mar-05 and transferred 20 lakh shares to Dadasaheb N. Gavhane on 4-Apr-05.
Laxman Singh Saijari C/o Crayons Advertising Ltd B-23, Greater Kailash-I New Delhi-110048	Address same as that of Crayons Advertising	Dematerialized 25 lakh shares on 22-Mar-05 and transferred 10 lakh shares to Umesh B Choukekar on 31-Mar-05.
Patric Xess, C/o Crayons Advertising Ltd B-23, Greater Kailash-I New Delhi-110048	Address same as that of Crayons Advertising	Dematerialized 30 lakh shares on 22-Mar-05 and transferred 20 lakh shares to Umesh B Choukekar on 31-Mar-05.
Mahendra Gopal Gorivale C/o Crayons Advertising Ltd 3, Hemu Castle Dadabhai Rd, Nr Gokhlibai Sch Vile Parle Mumbai-400056	Address same as that of Crayons Advertising	Dematerialized 25 lakh shares on 24-Mar-05 and transferred 20 lakh shares to Prakash Hanumant Yadav on 30-Mar-05.

- 3.4 The above four connected entities had maintained their beneficiary account with ICICI Bank and have collectively dematerialized 1.05 crore shares of Mega Corporation Ltd. during March 22-24, 2005 when the price of the share was around Rs 13-14/-. Subsequently, as shown in Table 7, they transferred 70 lakh shares, to the inter connected entities, named in Table 5. These entities then dealt in the shares of the company in the manner given below:
- i. On April 15, 2005 Dadasaheb Gavhane (as mentioned in serial number 5 or table 5) has transferred 10,00,000 shares in off market to Ajit S. Suryavanshi, who on the same day sold 10,00,000 shares in the market through the member Ruchiraj Shares and Stock Brokers (P) Ltd. (Clg.no.380), the major counter party to the trade was Pankaj Shah dealing through the member India Bulls Securities Ltd. (Clg.no.907).
 - ii. On April 15, 2005 Dadasaheb Gavhane transferred 11,20,000 shares in off market to Santosh Jagtap, who on the same day sold 11,20,000 shares in the market through the member Ruchiraj Shares and Stock Brokers (P) Ltd. (Clg.no.380), the major counter party to the trade was Pankaj Shah and Kajal Shah dealing through the member India Bulls Securities Ltd. (Clg.no.907).
 - iii. On April 13, 15 & 19, 2005, Lokesh Kapoor received 10,49,990 shares, 3,80,000 shares and 1,95,000 shares respectively in the off market from Prakash Yadav, Dadasaheb Gavhane and Sandeep K. It was observed that the client Lokesh Kapoor had net sell position of 10,49,990 shares, 3,80,000 shares and 1,95,000 shares. Hence, it is evident that the shares are received in off market to complete market obligations.
 - iv. Dadasaheb Gavhane, who appears to be the major coordinator in the dealing of the shares, bought only 50,000 shares in the market but has heavily dealt in off market, but he cumulatively received 61,09,000 shares and transferred 53,00,000 shares between April 4, 2005 to June 30, 2005. He had received 4,00,000 shares in off market from India Bulls Securities Ltd. (Clg.no.907) on June 8, 2005, whereas he had a purchase position of only 50,000 shares cumulative on August 29 and 30, 2005.
- 3.5 It is noticed that majority of connected clients dealing in the market have received and transferred shares in off market deals. It is also noticed that large number of shares of the company have moved to and fro between Indiabulls Financial Services Ltd and Indiabull Securities Ltd. through off market deals. The natures of such transaction are being further looked into.

Trading by the Clients Connected to each other and Promoters

- 3.6 It was seen that most of the above connected clients have dealt through more than one broker. As mentioned at paragraph no. 2.16, some of the clients had received shares directly or indirectly from the entities connected to company

Mega Corporation. The details of their trading during the period April 2005 to September 2005 is as follows:

Table 8: Details of trading by clients connected to each other and to the promoters

Client Name	Broker	Buy	Sell
1. Ajit Suryavanshi	Fortis Securities Ltd. (Clg.no.3004)	418100	1640000
	Ruchiraj Shares and Stock Brokers (P) Ltd. (Clg.no.380)	90724	1000000
2. Ajit Suryavanshi Ritedeal Trading Company Pvt Ltd	Galaxy Broking Ltd.(Clg.No.513)	817951	1065750
3. Vishal Kumar Textiles P Ltd (Dir:Ajit Suryavanshi)	Ruchiraj Shares and Stock Brokers (P) Ltd. (Clg.no.380)	1809207	1334940
4. Amar Adhav	UTI Securities Ltd. (Clg.no.767)	1738050	1800828
	India Bulls Securities Ltd. (Clg.no.907)	2767509	4293991
	Action Financial Services (India) Ltd. (Clg.no.444)	199796	193360
5. Dadasaheb Gavhane	India Bulls Securities Ltd. (Clg.no.907)	50000	
	India Bulls Securities Ltd. (Clg.no.907)	90000	
	Joindre Capital Services Ltd. (Clg.no.89)	1284762	448817
6. Dattu Shitole	K & A Securities (P) Ltd. (Clg.no.936)	250000	50000
7. Dattu Shitole Rightstar Trading Company Pvt Ltd	India Bulls Securities Ltd. (Clg.no.907)	2964530	429950
8. Deepak Narvekar	UTI Securities Ltd. (Clg.no.767)	581040	895132
	India Bulls Securities Ltd. (Clg.no.907)	970518	460300
9. Deepak Todkar	UTI Securities Ltd. (Clg.no.767)	1135577	1037880
	India Bulls Securities Ltd. (Clg.no.907)	391005	50300
10. Fine Line Mercantile Co. (P) Ltd. (Dir:Ganesh Raut)	India Bulls Securities Ltd. (Clg.no.907)	5308678	1595901
11. Ganesh Raut	India Bulls Securities Ltd. (Clg.no.907)	1397205	1015171
	Galaxy Broking Ltd.(Clg.No.513)	901000	1342085
12. Haresh Posnak	Peninsular Capital Market Ltd. (Clg.no.156)	454183	454183
13. Jagdish Parab	NNM Securities (P) Ltd.(Clg.no.539)	177902	99395
	India Bulls Securities Ltd. (Clg.no.907)	59020	224000
	Insight Share Brokers (P) Ltd.(Clg.no.946)	1583800	770565
14. Jay Shah	India Infoline Securities Ltd. (Clg.no.179)	1	179601
15. Jaydeep Mane	India Bulls Securities Ltd. (Clg.no.907)	52750	
16. Jayesh Waghela	India Infoline Securities Ltd. (Clg.no.179)	585553	612000
	Peninsular Capital Market Ltd. (Clg.no.156)	1637837	1113900
	India Bulls Securities Ltd. (Clg.no.907)	77000	480000
17. Kiran Dhanavade	India Bulls Securities Ltd. (Clg.no.907)	313400	
18. Lokesh Kapoor	Ruchiraj Shares and Stock Brokers (P) Ltd. (Clg.no.380)	398660	1705650
19. Mahesh Kokate	India Bulls Securities Ltd. (Clg.no.907)	42600	
20. Premkumar Singh	Networth Stock Broking Ltd.(Clg.No.197)	270000	99094
21. R Singh Stockholm Mercantile Co Pvt L.	Joindre Capital Services Ltd. (Clg.no.89)	1233464	2495711
22. Rajkishore Singh	Fortis Securities Ltd. (Clg.no.3004)	3156465	1702605

Client Name	Broker	Buy	Sell
23. Ramdas Kshirsagar Sharpline Trading Co Pvt Ltd	Insight Share Brokers (P) Ltd.(Clg.no.946)	1796383	3582558
24. Ramdas Kshirsagar	Networth Stock Broking Ltd.(Clg.No.197)	220000	40250
	UTI Securities Ltd. (Clg.no.767)	924868	1108428
25. Ramdas Kshirsagar Topflag Exports Pvt Ltd	India Bulls Securities Ltd. (Clg.no.907)	329000	4481439
26. Ranjan Mandal	India Bulls Securities Ltd. (Clg.no.907)		44660
	Ruchiraj Shares and Stock Brokers (P) Ltd. (Clg.no.380)	1541190	761421
27. Sandeep Kadam	India Infoline Securities Ltd. (Clg.no.179)	55000	450000
28. Santosh Jagtap	Ruchiraj Shares and Stock Brokers (P) Ltd. (Clg.no.380)	1109800	1526800
	K & A Securities (P) Ltd. (Clg.no.936)	460000	175409
29. Santosh Narvekar	India Bulls Securities Ltd. (Clg.no.907)		60600
	Fortis Securities Ltd. (Clg.no.3004)	110700	17500
30. Santosh Pawar	India Bulls Securities Ltd. (Clg.no.907)	65000	
	Fortis Securities Ltd. (Clg.no.3004)	1642000	1510000
31. Umesh Choukekar	India Bulls Securities Ltd. (Clg.no.907)	2850757	4064678
32. Vijay Suryavanshi	CSL Stock Broking (P) Ltd.(Clg.no.323)	500000	265000
33. Vivekanand Patankar	India Bulls Securities Ltd. (Clg.no.907)	505985	212000
	Total	45318970	46891852

- 3.7 Collective gross purchases and gross sales of above connected clients represent around 59% (45318970 shares) and 60% (46891852 shares) of the total market gross quantity of 768,35,415 shares during the period April 1, 2005 to September 16, 2005. Thus these entities, all connected to the promoters and to each other had accounted for major trading volume in the share for period of five and a half months.
- 3.8 It is seen that these apparently connected clients through large off market deals during the period April1, 2005 to September 16, 2005 amongst themselves and dealing through multiple brokers generated large trading volumes. Around the same period large quantities of shares were also transferred to these apparently interconnected clients by the entities connected to the company. By entering into such a large quantity of circular trading, these entities brought about a sudden spurt in the volume of the company and the average monthly volume which languished around 15,000 shares between September 2002 to December 2004 soared 1000 times to around 1,50,00,000 shares between January 2005 to September 2005. The entities connected with the promoters through a web of off market deals transferred shares amongst themselves in a bid to obfuscate the audit trail and then dealt in the stock market and were thus able to sustain an average of 59% of the trading volumes for a period of nearly five and half months. The increase in volumes and the price was supported by a flurry of corporate announcements and future profit projections - an archetypal strategy meticulously crafted by the promoters and their associates as is seen in other cases of "small cap" companies, against which SEBI has initiated action. These volumes were adequate enough to induce the investors to deal in the shares of the company. The preliminary analysis of the dealing in the shares of the company by the connected clients and the

promoters showed that they attempted to create a false market thereby violating the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Markets) Regulations, 2003

- 3.9 In case of IFSL Ltd, SEBI vide order dated September 28, 2005 had directed brokers viz. Indiabulls Securities Ltd., Insight Share Brokers Pvt. Ltd., Fortis Securities Ltd, Joindre Capital Services Ltd., India Infoline Securities Pvt. Ltd., Ruchiraj Share Stock Broker and Penninsular Capital Market Ltd. not to buy, sell or deal in securities of IFSL Ltd. on behalf of the promoters & directors of IFSL Ltd and the clients. It is pertinent to mention that the names of these brokers have again appeared as major brokers dealing in the shares of Mega Corporation Ltd. and also dealing on behalf of clients, some of whom were also found to have dealt in the shares of IFSL Ltd. Of these, Indiabulls Securities Ltd., Fortis Securities Ltd. and Ruchiraj Share Stock Broker contributed significant volume by trading in the shares of the company while dealing on behalf of the interconnected clients and same cannot be dismissed as purely fortuitous.

4. Conclusion

- 4.1 The absence of wide spread investor interest in the share of the company since September 2002 to December 2004, coupled with the sudden increase in share price and volume since January 2005, the quantum jump in profit from the income generated from non-core business activity and from dealing in selected penny stocks by the company, together with a flurry of corporate announcements (such as entering in to the business of worldwide outbound packaged tour, forex service, etc., in which the company had no apparent track record) and also managing a web of off-market deals to transfer of large quantities of shares by the entities connected to the company to a group of interconnected clients, who in turn dealt heavily in the market and thereby contributed to the sudden rise in trading volumes and the corresponding price rise, clearly indicate a careful designing and orchestration of a plan by the promoters, to make personal gains at the expense of investors by enticing them to participate in the trading of the shares of the company and by possibly churning their own holdings.
- 4.2 The preliminary findings as detailed above bring out a prima facie case of violation of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Markets) Regulations, 2003. SEBI is initiating formal investigations into the matter. In the meantime, in view of the disconcerting developments as above impacting the market and to save the investors and the securities market from further acts of the concerned entities which brooks no delay, it is highly essential to issue an interim order.

5. Order

5.1 Therefore, in exercise of the powers delegated to me by the SEBI Board in terms of Section 19 of the Securities and Exchange Board of India Act 1992 read with Section 11B and 11(4)(b), pending investigation and passing final order, I hereby issue the following directions, by way of ad interim, ex-parte order

- a) that the promoters of the company viz, Crayons Global Finance Ltd., Himanshu Mehta, Vimi Investments and Finance Ltd., Kunal Lalani, Beena Mehta, R.N. Mehta, Hiten Mehta, Odyssey Corporation Ltd. Pooja Equisearch Pvt. Ltd. and directors of the company Kunal Lalani, Hemanshu Mehta, Surendra Chhalani, H M Lalani, N K Nayak, K S Venkataraman, S L Golchha and Sachin Mehra are hereby directed not to buy, sell or deal in securities of Mega Corporation Ltd, directly or indirectly, till further directions in this regard and Mega Corporation Ltd is further directed that it shall not issue any equity shares or any other instrument convertible into equity shares, in any manner, or shall not alter its capital structure in any manner, till further directions in this regard.
- b) That the clients viz. Ajit Suryavanshi, Ritedeal Trading Company Pvt Ltd, Vishal Kumar Textiles P Ltd, Amar Adhav, Dadasaheb Gavhane, Dattu Shitole , Rightstar Trading Company Pvt Ltd, Deepak Narvekar, Deepak Todkar, Fine Line Mercantile Co. (P) Ltd., Ganesh Raut, Haresh Posnak, Jagdish Parab, Jay Shah, Jaydeep Mane, Jayesh Waghela, Kiran Dhanavade, Lokesh Kapoor, Mahesh Kokate, Premkumar Singh, Stockholm Mercantile Co Pvt L., Rajkishore Singh, Ramdas Kshirsagar, Sharpline Trading Co Pvt Ltd, Topflag Exports Pvt Ltd, Ranjan Mandal, Sandeep Kadam, Santosh Jagtap, Santosh Narvekar, Santosh Pawar, Umesh Choukekar, Vijay Suryavanshi, Vivekanand Patankar, Nirmal Jain, Mahendra Gopal Gorivale, Laxmans Singh Saijari and Patric Xess are hereby directed not to buy, sell or deal in securities of Mega Corporation Ltd, directly or indirectly, till further directions in this regard.
- c) That the clients Vishal Kumar Textiles P Ltd, Amar Adhav, , Deepak Narvekar, Deepak Todkar, Ganesh Raut, Jay Shah, Jayesh Waghela, Stockholm Mercantile Co Pvt L., Rajkishore Singh, Sharpline Trading Co Pvt Ltd, Umesh Choukekar as mentioned in para 3.1(iv) below Table 5 are hereby directed not to buy, sell or deal in any securities, directly or indirectly, till further directions in this regard.
- d) That the Stock Brokers viz., India Bulls Securities Ltd., Fortis Securities Ltd., Ruchiraj Shares and Stock Brokers (P) Ltd., who contributed significant volume in the trading of shares of the company while dealing on behalf of the interconnected clients are hereby directed not to buy, sell or deal in securities of Mega Corporation Ltd. on behalf of the promoters,

directors and clients mentioned at para No. 5.1 (a), 5.1 (b) and 5.1 (c) hereinabove, directly or indirectly, till further directions in this regard.

- e) And Further that the Depositories shall not give effect to any transfer of shares of Mega Corporation Ltd. lying in the beneficial owner accounts of the entities mentioned at paragraph 5.1 a) and 5.1 b) above
 - f) And Further that the Depositories shall not give effect to any transfer of any securities lying in the beneficial owner accounts of the entities mentioned at paragraph 5.1 c) above.
- 5.2 All the above directions shall take effect immediately and shall be in force until further orders.
- 5.3 Further the entities/persons against whom this direction is issued may file their objections, if any, to this order within 15 days from the date of this order and, if they so desire, avail themselves of an opportunity of personal hearing at the Securities and Exchange Board of India, Head Office, First Floor, Mittal Court B wing, Nariman Point, Mumbai 400 021 on a date and at a time to be fixed on a specific request, to be received in this behalf from the entities/persons within 15 days from the date of this order.

This order shall come into force with immediate effect.

Place: Mumbai
Date: 24-10-2005

G ANANTHARAMAN
WHOLE-TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA