

SECURITIES AND EXCHANGE BOARD OF INDIA
ORDER

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

WTM/GA/47/ISD/01/06

1. Background

1.1 As a part of the ongoing surveillance activity, SEBI noticed a sharp increase in the price of the scrip of Millennium Cybertech Ltd. (Millennium). The scrip at BSE opened at Rs. 65.50 on June 01, 2005 and increased to Rs. 242 on 20th September 2005, (around 269.47% increase in 86 trading days). The average daily volumes traded in the scrip were 34,532 shares. The highest volume of 2,13,000 shares was observed on August 31, 2005 and the lowest volume of 135 shares was traded on September 22, 2005. The company went through a share split on September 30, 2005. The equity shares of face value of Rs. 10/- each were split into ten equity shares of Re 1/- each. Further, the price band in the scrip was reduced from 10% to 5% w.e.f. May 31, 2005. BSE also transferred the scrip to trade to trade segment as a surveillance measure. The share price is currently quoting at Rs. 3.37 after the stock split and the volume as on January 10, 2006 was 26,450 shares.

1.2 In view of the steep increase in price and volume of the scrip, during the short period June 1, 2005 to September 30, 2005 and other developments, a preliminary examination of the dealings in the scrip was conducted. What has further heightened the need for examination at this point is the continuing activity in the scrip among the promoters and interconnected clients who are active in the scrip. While the investigation is still in progress, the preliminary findings are given hereunder:

2. Preliminary Findings

The Company – Business, board of directors, shareholding pattern

2.1 Millennium Cybertech Ltd. was registered as Private Limited Company named Brahma Capital & Securities Ltd. and was incorporated in the year 1986. As per the publicly available information, the company was doing the business of Financial Services & Hire Purchase, Leasing till September 1999. In the year 1999, the company changed its name to Millennium Cybertech Ltd. In the year 1999-2000, the company reportedly diversified its business from Finance to Web-Development & Web-Hosting Services.

2.2 Shareholding of Promoters of Millennium.

Table 1(a): Shareholding of promoters of Millennium.

Promoters	No. of shares held as on Sept 30, 2004	% of share holding as on Sept 30, 2004	No. of shares held as on March 31, 2005	% of share holding as on March 31, 2005	No. of shares held as on Sept 30, 2005	% of share holding as on Sept 30, 2005
Cornhill Trading Company Ltd.	983100	19.66%	983100	19.66%	953500	19.06%
Cute Productions Pvt Ltd.	634000	12.68%	-	-	-	-
Stardom Trading Company Pvt Ltd.	115000	2.30%	-	-	-	-
Total of the above entities	1732100	34.63%	983100	19.66%	953500	19.06%
Total Promoter	1732100	34.63%	1032100	20.64%	966470	19.32%

Holding						
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Source: BSE Website

It is noticed that promoter shareholding has continuously decreased during the period September 30, 2004 to September 30, 2005.

2.3 Shareholding of Private Corporate Bodies (PCBs) of the company - Millennium Cybertech Ltd. holding more than 1% is reproduced below:

Table 1(b): Shareholding of PCBs in Millennium.

Private Corporate Bodies (PCB)	No. of shares held as on Sept 30, 2004	% of share holding as on Sept 30, 2004	No. of shares held as on March 31, 2005	% of share holding as on March 31, 2005	No. of shares held as on Sept 30, 2005	% of share holding as on Sept 30, 2005
Jupiter Securities & Properties Pvt Ltd.	168900	3.38%	168900	3.38%	101600	2.03%
Ampu Traders Pvt Ltd.	53600	1.07%	-	-	-	-
Camcon Engineers Ltd.	135100	2.70%	135100	2.70%	-	-
Insight Share Brokers Ltd.	-	-	-	-	140974	2.82%
Rajput Textiles Pvt. Ltd.	-	-	-	-	65387	1.31%
India Infoline Com Securities	-	-	-	-	56350	1.13%

Ltd.						
Total of the above PCB	357600	7.15%	304000	6.08%	364311	7.29%
Total PCB Holding	365216	7.30%	408176	8.16%	772137	15.44%

Source: BSE Website

2.4 The shareholding pattern filed by the company with BSE Ltd. for the quarters ended September 2004, March 2005 and September 2005 (Shareholding for the quarter ended December 2004 and June 2005 was not filed with BSE), shows that the shareholding of the promoters viz, Cute Productions Pvt. Ltd. and Stardom Trading Company Pvt Ltd. has been decreasing continuously between September 2004 to September, 2005. Preliminary investigation shows that a part this decrease has been through off loading from the market and partly through off market transactions to various entities. Details in this regard are discussed in ensuing pages.

2.5 The Board of Directors of the company is given below.

Table 2: Board of Directors of Millennium.

Name	Designation
Sanjeev Shukla	Chairman Cum Director
Ashok Kadam	Director
Ms. Snehal Naik	Director

Source: Annual Report, 2003-2004.

(Latest Annual Report not available)

2.6 Corporate developments informed to the stock exchanges

On July 04, 2005, company announced that on July 8, 2005 Board of Directors (BODs) shall meet to consider stock split and convene the EGM for the same. On July 8, 2005 it was informed that BODs of the company has approved stock split and an EGM for the same shall be held on Aug 8, 2005. On August 10, 2005 it was informed that EGM held on Aug 8, 2005 has approved split of equity shares. On September 19, 2005, it informed BSE that the Register of Members & Share Transfer Books of the Company will remain closed from October 08, 2005 to October 14, 2005 (both days inclusive) for the purpose of Annual General Meeting of the

Company to be held on September 30, 2005 and for split of equity shares of the Company.

Financial performance of the company

2.7 The Quarter to Quarter figures of the financial statements of the company as filed with the BSE are given below:

Table 3: Quarterly Financial Results. (Rs. Lacs)

Type	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Date Begin	1-Jul-05	1-Apr-05	1-Jan-05	1-Oct-04	1-Jul-04
Date End	30-Sep-05	30-Jun-05	31-Mar-05	31-Dec-04	30-Sep-04
Net Sales	98.3	94.3	87.1	90.8	100.1
Other Income	3.4	1.9	0.2	0.2	1
Total Income	101.8	96.2	87.3	91	101.1
Expenditure	-82.5	-82	-85	-70.8	-80.7
Operating Profit	19.3	14.2	2.3	20.2	20.4
Gross Profit	19.3	14.2	2.3	20.2	20.4
Depreciation	-0.5	-0.4	-0.4	-0.4	-0.6
Profit before Tax	18.8	13.8	2	19.9	19.8
Profit after Tax	18.8	13.8	2	19.9	19.8
Net Profit	18.8	13.8	2	19.9	19.8
Equity Capital	500.1	500.1	500.1	480.3	480.3
EPS	3.8	2.8			
Type					

Source: BSE website

2.8 The sales of Millennium have been relatively moving within a narrow range of Rs. 94 lac to Rs. 98 lac between the quarters ending June 2005 and September 2005. The unaudited quarterly results also indicate that Millennium had shown a meagre profit which was around Rs 20 lacs for the quarters ended September 2004 and December 2004 and which declined sharply to Rs 2 lacs and then increased to only Rs 13 lacs to Rs. 18 lacs in the subsequent quarters. The continued lacklustre performance of the company in 5 consecutive quarters ending September 30, 2005 hardly justified the

sharp movement in price from Rs 65.50 to Rs. 242 (around 270%) during the period June 1, 2005 to September 30, 2005.

3 Findings of Preliminary Examination:

3.1 The analysis of the trade data and the trading details of major brokers dealing in the shares during the period June 1, 2005 to September 30, 2005 revealed the following:

- The top ten brokers aggregately constituted 81.52% of the gross purchase and 81.23% of the gross sales and the following 3 brokers accounted for 40% of the gross purchase and 75% of the gross sales.
 - o Jaypee Capital Services Ltd. purchased 5,79,173 shares on gross basis, sold 1,90,242 shares on gross basis and had a net purchase position of 3,88,931 shares.
 - o Indiabulls Securities Ltd. purchased 4,37,104 shares on Gross basis, sold 10,70,024 shares on Gross basis and had a net sale position of 6,32,920 shares.
 - o Galaxy Broking Ltd. purchased 1,82,324 shares on Gross basis, sold 4,00,043 shares on Gross basis and net sale position of 2,17,719 shares

3.2 It was apparent from an analysis of trading by the clients of the major brokers during the period June 1, 2005 to September 30, 2005 that some of the clients were connected to each other either in terms of common address or common contact number. The major clients who have traded in the shares of Millennium Cybertech Ltd. during this period could be classified into interconnected clients, other than interconnected clients and promoters. The trading details are as follows:

Inter-connected Clients

3.3 The trading details of interconnected clients and their connection are given below:

Table 4: Trading details of interconnected clients.

Sr. No.	Name	Broker	Buy Qty	Sell Qty	Connection
1.	Amar Adhav	Indiabulls Securities Ltd.	2,13,517	74,600	- Amar Adhav, Umesh Choukekar, Deepak Todkar, Deepak Narvekar, Fineline Mercantile Co.Pvt.Ltd (Ganesh Raut), Sharpline Trading
2.	Umesh Choukekar		1,01,295	1,40,000	
3.	Deepak Todkar		50,000	50,000	
4.	Deepak Narvekar		46,475	48,500	
5.	New Leader Trading Co.Pvt.Ltd		-	4,13,000	

Sr. No.	Name	Broker	Buy Qty	Sell Qty	Connection
6.	Fineline Mercantile Co.Pvt.Ltd (Ganesh Raut)		-	1,66,000	Co.Pvt.Ltd(Ramdas Kshirsagar), Stockholm Mercantile Co.Pvt.Ltd (R Singh) have the same telephone number 56546666. Newleader Trading Co.Pvt.Ltd (Ramdas Kshirsagar) and Rajkishore Singh have the same telephone number 56546668. Interlink Financial Services Ltd is a listed company with the Exchange and Ramdas Kshirsagar is the Director of the company. Sandeep Kadam and Jayesh Waghela have the same telephone number 56546669 Rightstar Trading Co.Ltd (Dattu Shitole), Santosh Pawar, Ritedeal Trading Company Pvt.Ltd (Ajit Suryavanshi) seem as connected clients on the basis of Tel.No.56546666 mentioned in their KYCs submitted in the Investigation of Mega Corporation Ltd.
7.	Rightstar Trading Co.Ltd (Dattu Shitole)	Indiabulls Securities Ltd. K.A. Securities Pvt.Ltd.	19,900	1,91,620	
8.	Santosh Pawar	Fortis Securities Ltd. Fortis Securities Ltd.	2,93,600	9,750	
9.	Rajkishore Singh		50,001	-	
10.	Sharpline Trading Co.Pvt.ltd (Ramdas Kshirsagar)	Insight Share Brokers	1,92,474	52,500	
11.	Interlink Financial Services (Paras Chaplot)	Galaxy Broking Ltd.	47,867	-	
12.	Ritedeal Trading Company Pvt.Ltd (Ajit Suryavanshi)		31,953	-	
13.	Stockholm Mercantile Co.Pvt.Ltd (R. Singh)	Joindre Capital Ltd.	1,10,387	-	
14.	Sandeep Kadam	India Infoline.Co	25,000	-	
15.	Jayesh Waghela	India Infoline.Co	32,300	1,000	
		Peninsular Capital	24,551	-	
	Total		12,39,320	11,46,970	

3.4 The aforesaid inter-connected clients themselves accounted for as high as around 41.7% (12,39,320 shares) and 38.6% (11,46,970 shares) in Gross Purchase and Gross Sales respectively of the market volume during the said period. Also during this period they entered into trades for 9,31,259 shares with each other, which accounted for around 31% of the total traded volume. It is pertinent to note that out of the trades of 9,31,259 shares, buy and sell order quantity for 5,27,442 shares were synchronized i.e. placed within 1 minute of each other. Furthermore, orders for the trades for 3,67,525 shares were structured i.e. buy and sell order quantity and rates were

identical and placed within 1 minute of each other. It was further observed that brokers viz, Joindre Capital Services Ltd., Indiabulls Securities Ltd., Insight Share Brokers Pvt. Ltd., Galaxy Broking Ltd. and Fortis Securities Ltd. had entered into synchronized deals. Such structured and synchronized deals helped in the matching of buyers and sellers thereby buyers getting desired sellers and vice versa.

3.5 It is clear that the significant share of transactions of a few clients who were interconnected as well as their dealings among themselves through synchronized deals and structured deals were largely responsible for generating large trading volume in the shares of Millennium during the period June 2005 to September 2005 despite the persistent lacklustre performance of the company. The generation of high trading volume by a few clients also gave the impression of healthy trading interest and would have succeeded in luring ordinary investors to trade in the shares of the company. These clients have thus acted as conduits for offloading promoters' shareholding in the market.

3.6 The fact that the inter-connected clients mentioned in Table 4 have also figured in the market manipulation in the shares of IFSL Ltd, Mega Corporation Ltd. and Karuna Cables Ltd. against whom SEBI had recently passed orders is of no mean significance. Appearance of their names in the trading of Millennium Cybertech Ltd. and their consequential contribution to the significant trading volume only confirms the suspicion that they have been collectively and carefully masterminding the manipulation of shares of several such low-cap companies.

Top clients (Other than inter-connected clients):

3.7 Some of the top clients who do not appear to be interconnected and who had received substantial quantity of shares through off-market transfers from Ramsudhakaran Menon and Rajendra Adukia during the period June 1, 2005 to September 30, 2005 and subsequently sold them in the market are Harish Sujana, Ghanshyam Sujana, Neel

Sujan, Shantha Bai and Bernard D'Souza. The Sujans received 12,500 shares each on Aug 31, 2005 from Ramasudhakaran Menon through off-market transaction and subsequently sold these shares in the market. Similarly, Shantha Bai received 11,000 shares on Aug 23, 2005 and Bernard D'Souza had received 7000 shares during the month of August from Rajendra Adukia through off-market transaction. These shares were subsequently sold by them in the market.

3.8 Besides transferring shares through off-market, Ramasudhakaran Menon himself had also sold 72,502 shares in the market through broker Jaypee. Interestingly, although the shares were sold by Jaypee for Ramasudhakaran Menon, the sale obligation has been met by Abhayraj Rampher Shukla.

3.9 Similarly, Rajendra Adukia who had made off market transfers had purchased 3,25,829 shares through the broker Jaypee and subsequently transferred these shares through off-market route to various entities which later on sold shares in the market.

Promoter Trading:

3.10 The promoters of the company also sold their holdings in the market as well as through layers of off market deals.

- a Promoter, Cornhill Trading Company Ltd. (CornHill) was holding 9,83,100 shares i.e. 19.66% as on March 31, 2005 and 9,53,500 shares i.e. 19.06% as on September 30, 2005. On July 4, 2005, Cornhill had transferred 9,53,500 shares to broker Galaxy through off-market transactions. On August 31, 2005 it received back the same quantity (9,53,500 shares) again through off-market transactions from Galaxy i.e. entire amount of shares held by promoter Cornhill. The said transaction accounted for 19.06% of the shareholding and no disclosures were made to the Stock Exchanges in accordance with SEBI (Prohibition of Insider Trading) Regulation, 1992 and amendments thereto. It has been observed that for the period June 1, 2005 to September 30, 2005, CornHill had not entered into any market transaction. These

transactions were executed during the period July 4, 2005 to August 31, 2005 and the price of the share moved from Rs. 130 to Rs. 222. This transaction of selling of shares in an off-market manner to a broker and then getting back the same amount of shares after a period of nearly 2 months may appear curious when viewed in isolation, but when juxtaposed with the trading of broker Galaxy during the said period only hints at the possibility of the shares being used by Galaxy for meeting market obligations and the deep involvement of Galaxy in the trading of these shares of Millennium and that this trade was not in the normal manner of trading but something of a different nature.

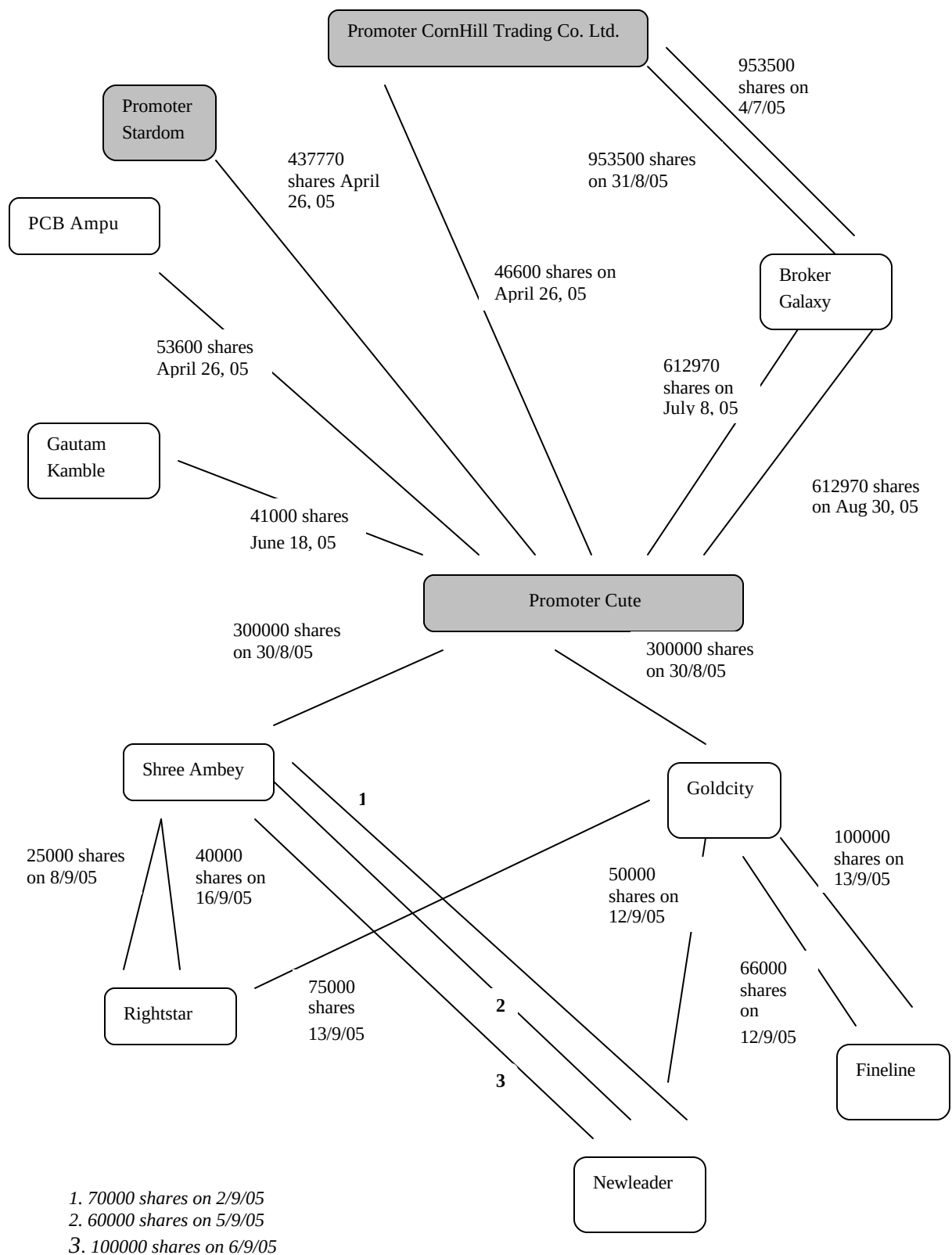
- b Promoter, Cute Productions Pvt. Ltd. (Cute) was holding 6,12,970 shares as on June 30, 2005. Curiously, this entity does not appear in the list of the shareholders who hold more than 1% for the quarter ended March 31, 2005. It is pertinent to note that out of 6,12,970 shares, Cute had received 4,37,770 shares from Stardom (promoter), 53,600 shares from Ampu (Private Corporate Body), 46,600 shares from CornHill (promoter) and 41,000 shares from Gautam Kamble through off-market transaction. Further analysis of off-market transaction revealed that Cute had transferred 6,12,970 shares (its entire shareholding) to Galaxy on July 8, 2005 and received 6,12,970 shares from Galaxy on August 30, 2005. These transactions accounted for 12.26% of the shareholding. It is important to note that the transaction of this entity has been off-market and there were no market transaction during the period June 1, 2005 to September 30, 2005. On August 30, 2005, Cute transferred nearly 98% of its holding (around 12% of the company holding) to 2 entities viz, Shree Ambey Textiles Pvt. Ltd. (Shree Ambey) 3,00,000 shares and Goldcity Exports Pvt. Ltd. (Goldcity) 3,00,000 shares, who did not deal in the shares of Millennium during the period June 1, 2005 to September 30, 2005. Shree Ambey who shares a common address / telephone number with Sharpline Trading Co. Pvt. Ltd. (Sharpline) and Goldcity share a common address with Stockholm Mercantile Co. Pvt. Ltd. (Stockholm), in turn transferred the shares through off-market to various entities Viz., Newleader, Rightstar and Fineline, who in turn sold the shares in the market through broker, Indiabulls Securities Pvt. Ltd. It is pertinent to note that Sharpline, Stockholm, Newleader, Rightstar and Fineline appear in the list of interconnected clients as

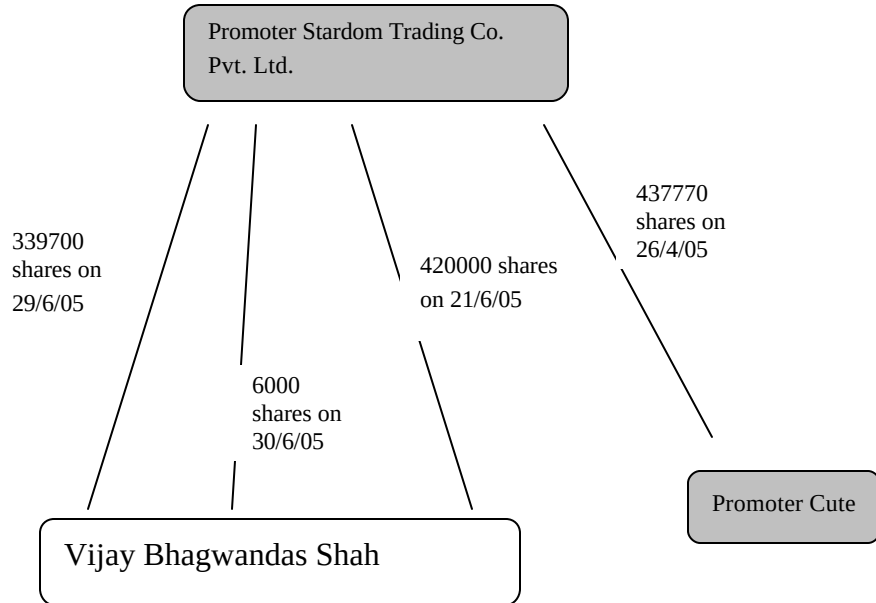
mentioned in Table 4. Thus the promoters resorted to a series of off-market transfers to sell their shareholdings possibly with the intention to obfuscate their audit trail. It is pertinent to note that relevant disclosures as per the SEBI (Prohibition of Insider Trading) Regulation, 1992 and amendments were not been made to the Stock Exchange in respect of these transactions.

c(i) On April 21, 2005, Promoter entity, Stardom Trading Company Pvt. Ltd. which was holding 8,57,770 shares (i.e 17.15% of the shareholding) transferred 4,37,770 shares to another promoter Cute on April 26, 2005. These shares eventually found its way into the market as discussed in the previous paragraph. During the period June 1, 2005 to Sept 30, 2005, Stardom Trading Company Pvt. Ltd. had sold nearly 8.46% of the shareholding partly through broker Vijay Bhagwandas & Company (74,300 shares) and partly through broker Galaxy Broking Ltd. (3,48,700 shares). There is also another curious transaction of to and fro movement of shares between Stardom and a broker namely Vijay Bhagwandas & Company as was observed in the case of Cornhill and Galaxy.

c(ii) On June 21, 2005, Promoter, Stardom has transferred 4,20,000 shares to Vijay Bhagwandas Shah, who is a director of the broking firm Vijay Bhagwandas & Co. On June 29, 2005 and June 30, 2005 promoter Stardom received back 3,39,700 shares and 6,000 shares respectively from Vijay Bhagwandas Shah.

d. The flow of the securities to and fro between the various promoters, brokers and interconnected clients becomes amply clear through the diagrammatic representation as given below and also illustrates the modus-operandi in respect of the matter.





3.11 Transaction of Private Corporate Bodies (PCB):

- a Private Corporate Body, Ampu Traders Pvt. Ltd. (Ampu) held 53,600 shares on April 6, 2005. On April 26, 2005, Ampu transferred 53,600 shares through off-market to promoter entity Cute, who in turn through off-market transaction transferred the shares to various entities who eventually sold the shares in the market.
- b Private Corporate Body, Rajput Textiles Pvt. Ltd. (Rajput) held 1.31% i.e 65,387 shares as on September 30, 2005 and received through off-market 5,000 shares from one Mr. Santosh K Pawar on Sept 23, 2005 and 1,10,387 shares from Stockholm Mercantile Co. Pvt. Ltd. on September 29, 2005 and in turn transferred 50,000 shares to Deepak Narvekar through off-market transaction.
- c Change in shareholding of other Private Corporate Bodies:

Private Corporate Body, Jupiter Securities & Properties Pvt. Ltd. (Jupiter) held 1,68,900 shares (3.38%) as on March 31, 2005 and 1,01,600 (2.03%) shares as on Sept 30, 2005. As on March 31, 2005, Private Corporate Body, Camcon Engineers Ltd. (Camcon) held 2.70% i.e. 1,35,100 shares. As on Sept 30, 2005, Camcon did not appear in the list of shareholders holding more than 1%. It also does not appear in the

list of major clients who had undertaken market transaction. Thus, it appears that these entities entered into off-market transaction.

The aforesaid analysis depicts the manner in which the promoters of Millenium sought to offload their shareholding in the market through a complex maze of off market transfer, aided and abetted by the two brokers, taking advantage of the artificial price hike.

4. Conclusion:

4.1 Millennium is a small cap company whose financial performance has consistently been lacklustre through five quarters ended September 30, 2005. Its share price which was ruling around Rs. 18 and Rs. 23 during the period June 2004 to March 2005 suddenly rose at the level of Rs. 66 during the end of May 2005. The share price suddenly exhibited a spurt which took the price from around Rs. 65 to Rs. 240 between June 1, 2005 and September 30, 2005. The rise in the share price was also accompanied by an increase in the trading volumes. The share prices are currently hovering around Rs. 2.49. The sudden transient spurt in the share price, without a backup of commensurate financial performance and absence of any positive corporate announcements makes the rise appear artificial. The manner in which the volumes was sought to be created as elucidated in the analysis supra, further fortifies this conclusion.

4.2 The promoters of the company have offloaded a total of 10,00,000 shares (around 20% of the equity of the company) during the period of the price rise. This clearly shows that creating of the artificial market was for the sole purpose of enabling promoters to off load their share holdings and make patently unfair gains at the cost of the investors who may have been lured to these shares noticing sudden rise in the price and trade volumes. The artifice employed by the promoters appears to have been a standard one followed in the case of several small cap companies viz IFSL Ltd, Mega Corporation Ltd. and Karuna Cables Ltd. against which SEBI has already passed orders. It has all the ingredients of a penny stock manipulation in all its sordidness.

4.3 It has been pointed out that the promoters have been able to off load their share holdings through a web of off market transactions in a cosy arrangement between a set of interconnected clients viz Amar Adhav, Umesh Choukekar, Deepak Todkar, Deepak Narvekar, New Leader Trading Co Pvt. Ltd., Fineline Mercantile Co. Pvt. Ltd., Rightstar Trading Co. Ltd., Santosh Pawar, Rajkishore Singh, Sharpline Trading co. Pvt. Ltd., Interlink Financial Services Ltd., Ritedeal Trading Co. Pvt. Ltd., Stockholm Mercantile Co. Pvt. Ltd., Sandeep Kadam and Jayesh Waghela, who were connected to each other either by common addresses or by common telephone numbers. All these clients have also appeared in the orders passed by SEBI in the case of IFSL Ltd, Mega Corporation Ltd. and Karuna Cables Ltd. Clearly there appears to be an elaborate and crafty scheme designed by a set of people, collectively and carefully masterminding the manipulation of shares of low cap companies at the cost of the lay investors.

4.4 The above could not be done without being guided by a few brokers. In this case several brokers such as Galaxy Broking Ltd., Vijay Bhagwandas and Company, Indiabulls Securities Ltd., Fortis Securities Ltd., Insight Share Brokers Pvt. Ltd. and Joindre Capital Services Ltd. have traded in the shares of Millennium on behalf of several clients. Out of these brokers, Galaxy Broking Ltd., Indiabulls Securities Ltd., Fortis Securities Ltd., Insight Share Brokers Pvt. Ltd. and Joindre Capital Services Ltd have also appeared in the some of the orders passed by SEBI in the case of Low cap stocks. It has been noticed that 953500 shares were moved by promoter Cornhill and Galaxy through off market transactions and another 612970 shares were moved by promoter Cute and Galaxy through off market transactions. This was also observed in the case of Broker Vijay Bhagwandas Shah. Promoter, Stardom has transferred 4,20,000 shares to Vijay Bhagwandas Shah, who is a director of the broking firm Vijay Bhagwandas & Co. On June 29, 2005 and June 30, 2005 promoter Stardom received back 3,39,700 shares and 6,000 shares respectively from Vijay Bhagwandas Shah.

4.5 Sudden increase in the price of the scrip since June 2005, along with the off loading of promoters own holding through market as well as off-market transactions to a group of interconnected clients, who in turn dealt heavily in the market clearly indicates well thought out plan and scheme by promoters to induce investors to participate in the trading of the shares of the company, thereby facilitating sale of their stake to such unsuspecting investors. The promoters took advantage of the price rise and off-loaded their shares in the market there by making gains in the process at the cost of lay investors who would have been lured into trading in the shares of the company on the price and the volume rises. This is also brought out by the volume comparison before and after the stock split. The average volume traded 20 days prior to the stock split was 41,657 shares, highest traded volume being 2,06,589, on September 13, 2005, whereas, the average shares traded 20 days after the stock split was 1,59,943 shares, the highest traded volume being 5,30,882 shares. The promoters along with the interconnected clients and broker namely Galaxy seems to have connived and colluded to create a false market thereby violating the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003. It is pertinent to note that the inter-connected clients (as mentioned in table 4) who has been dealing in the shares and have connived to create artificial volumes were also found to have traded in the shares of Mega Corporation Ltd. / IFSL Ltd. / Karuna Cables Ltd. in varying quantities. Interim orders under Section 11B and 11(4)(b) of SEBI Act, 1992 have been passed against these interconnected clients, wherein, they have been directed not to buy, sell or deal in the securities of IFSL Ltd., Mega Corporation Ltd. and Karuna Cables Ltd. directly or indirectly, till further directions in this regard. Further, in the case of Mega Corporation Ltd., some of the interconnected clients viz, Amar Adhav, Umesh Choukekar, Deepak Todkar, Deepak Narvekar, Rajkishore Singh, Sharpline Trading Co. Pvt. Ltd., Stockholm Mercantile Co. Pvt. Ltd. and Jayesh Waghela have been directed not to buy or sell or deal in any securities, directly or indirectly, till further directions in this regard.

4.6 Besides, the company has also violated provisions of the various regulations of SEBI through non disclosure of reduction in the shareholding of promoters through market /

off-market transactions. As brought out, promoters were holding more than 5% of the shares of the company Millennium Cybertech Ltd. Regulation 13(3) of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and amendments thereto states that *any person, who holds more than 5% shares of voting rights in any listed company shall disclose to the company the number of shares or voting rights, even if such change results in shareholding falling below 5%, if there has been change in such shareholdings from the last disclosure made under sub-regulation 13(1) or under sub-regulation 13(3); and such change exceeds 2% of total shareholding or voting rights in the company; the company shall then disclose such information to all the stock exchanges where it is listed*". The company has not filed any such disclosures regarding change in shareholding of the promoters to BSE. Thus material information regarding change in the promoter shareholding especially that they are off-loading shares was not informed to the public at large by the company.

4.7 It is pertinent to note that pursuant to the stock split (on September 30, 2005); there was a huge spurt in traded volumes. Further, from the list of top 25 shareholders of the company, it also appears that the promoters of the company as well as interconnected clients have undertaken substantial transactions in the shares of the company for the period October 2005 to December 2005. Thus, these entities are currently active in their dealings in the shares of the company. Detailed investigations are already ongoing in respect of the trading in the shares of Millennium Cybertech Ltd.

4.8 Having regard to the findings brought out so far in the matter in regard to the trading in the shares of Millennium and the promoters taking advantage of the artificial market which they helped to create for undue enrichment and also taking into account the repetitive nature of violation of some of the interconnected clients / brokers, it is imperative to take immediate measures to protect the investors and the securities market from further harm by these concerned entities. Clearly they have carefully masterminded this low cap stock and hence there is need to stop them from doing any

further damage to the market. It is therefore necessary to take immediate action and issue an interim order.

Order

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 company Millennium Cybertech Ltd. is hereby 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 promoters of the company Millennium Cybertech Ltd. viz, CornHill Trading Company Ltd., Cute Productions Pvt. Ltd. and Stardom Trading Company Pvt. Ltd. are hereby directed not to buy, sell or deal in securities of Millennium Cybertech Ltd. directly or indirectly, till further directions in this regard.
- c) That the Private Corporate Bodies, who are the shareholders of the company Millennium Cybertech Ltd. viz, Ampu Traders Pvt. Ltd., Rajput Textiles Ltd., Jupiter Securities & Properties Pvt. Ltd. and Camcon Engineers Ltd. are hereby directed not to buy, sell or deal in securities of Millennium Cybertech Ltd. directly or indirectly, till further directions in this regard.
- d) The clients Amar Adhav, Umesh Choukekar, Deepak Todkar, Deepak Narvekar, New Leader Trading Co Pvt. Ltd., Fineline Mercantile Co. Pvt. Ltd., Rightstar Trading Co. Ltd., Santosh Pawar, Rajkishore Singh, Sharpline Trading co. Pvt. Ltd., Interlink Financial Services Ltd., Ritedeal Trading Co. Pvt. Ltd., Stockholm Mercantile Co. Pvt. Ltd., Sandeep Kadam and Jayesh Waghela, in any securities, directly or indirectly, till further directions in this regard.
- e) The clients - Shree Ambey Textiles Pvt. Ltd. and Goldcity Exports Pvt. Ltd. are hereby directed not to buy, sell or deal in securities of Millennium Cybertech Ltd. directly or indirectly, till further directions in this regard.

- f) The clients Harish Sujan, Ghanshyam Sujan, Neel Sujan, Ramsudhakaran Menon, Shantha Bai, Bernard D'Souza, Rajendra Adukia and Abhayraj Rampher Shukla are hereby directed not to buy sell or deal in securities of Millennium Cybertech Ltd. directly or indirectly, till further directions in this regard.
- g) That the stock brokers viz. Indiabulls Securities Ltd., Jaypee Capital Services Ltd., Fortis Securities Ltd., Vijay Bhagwandas and Company, Insight Share Brokers Pvt. Ltd. and Joindre Capital Services Ltd. are hereby directed not to buy, sell or deal in securities of Millennium Cybertech Ltd. directly or indirectly, for the entities mentioned under para (b), para (c), para (d), para (e) and para (f) till further directions in this regard.
- h) Further, a separate order has been issued against the stock broker Galaxy vide order no. WTM/GA/MIRSD/46/1/06 dated January 24, 2006 for the alleged involvement in penny stocks as a whole.
- i) The Depositories, NSDL and CDSL shall not give effect to any transfer of shares of Millennium Cybertech Ltd. lying in the beneficial owner accounts of the entities mentioned in para (b), para (c), para (d), para (e) and para (f) till further directions in this regard.
- j) All the above directions shall take effect immediately and shall be in force until further orders.
- k) 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: January 24, 2006

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