

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM: V. K. CHOPRA, WHOLE TIME MEMBER

In the matter of irregularities in the trading of the shares of M/s. Oasis Media Matrix Limited against the company (1) M/s. Oasis Media Matrix Limited, (2) Shri Vasant C Shah, (3) Shri Chanderkant Mehta, (4) Shri Kamlesh Shah, (5) Shri Jatin Shah, (6) Ms Varshaben Shah, (7) Shri Manubhai Shah, (8) Shri Asif Chippa, (9) Shri Bankesh Bhavsar, (10) Shri Nirav Pandya, (11) Shri Rupesh Hasmukhlal Shah, (12) Shri Navinbhai Shah, (13) Ms Yogini Patel, (14) Shree Gayatri Shares & Services Pvt. Ltd. (15) Shri Amit Bhavsar, (16) Shri Rajesh Kantilal Shah, (17) Shri Ramesh K. Jain and (18) Shri Deepak D. Vyas

DATE OF HEARING: 06.02.2007 and 01.03.2007

APPEARANCES:

FOR THE ENTITIES / PERSONS INVOLVED IN THIS MATTER:

1. Shri Jatin Shah
2. Ms Varshaben Shah
3. Shri Manubhai Shah
4. Shri Rupesh Hasmukhlal Shah
5. Shri Navinbhai Shah
6. Shri Chirag C. Pujara, Director of M/s Shree Gayatri Shares & Services Pvt. Ltd.
7. Shri Ramesh K. Jain

FOR SEBI:

1. Mrs Barnali Mukherjee, DGM, SEBI
2. Shri Vir Sahab Singh , Manager, SEBI
3. Shri Mohamed Rahaz P. M., Legal Officer, SEBI

ORDER

{Under Section 11B and 11(4) 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 the Securities Market) Regulations, 2003}

1.0 BACKGROUND

- 1.1 The Company M/s Ratnajyot Metcast Limited promoted by Shri Mohanbhai Patel, Shri Hiteshbhai Patel and Shri Kalpesh Anilbhai Raval was incorporated on September 27, 1995. The name of the company was changed to Oasis Media Matrix Limited (hereinafter referred to as “OMML”) w.e.f. August 26, 2002. After the public issue in 1996, the shares of the company (Ratajyot Metcast Limited) were infrequently traded at BSE. Trading in the shares of OMML mainly started from April 2002 and it witnessed substantial increase in volumes and variations in price of the scrip. In fact, the price of the scrip went up from Rs 1.85 on June 12, 2003 to Rs. 3.00 on June 30, 2003, whereafter due to selling pressure it came down to Re. 0.45 on August 08, 2003, before closing at Re 0.73 on August 21, 2003. Considering this unusual price movement, Securities & Exchange Board of India (hereinafter referred to as “SEBI”) conducted investigation into the buying selling or dealing in the scrip during the period of June 12, 2003 to August 21, 2003. During the period of investigation, substantial volume of 7,39,42,818 shares were traded at BSE. OMML was originally incorporated to carry on the business of manufacturing stainless steel casting and carbon steel casting, it decided to diversify its activities to undertake and act as television entertainment channel provider and to develop entertainment serials and other related activities. The Board of directors of OMML were Shri Vasant C. Shah, Shri Chanderkant Mehta and Shri Kamlesh Shah.
- 1.2 The performance of OMML indicated that it achieved sale of Rs. 5.41 lakhs and earned a profit of Rs. 2.98 lakhs only in 2003 and did not generate any income on account of sales. The profit of the company at the end of the year March 2004 was

only Rs 3.02 lakh and that too from the interest and other income. It was observed that OMML had not performed its main business of entertainment even though it changed main object clause in April 2002. In the annual report of OMML for the year 2002-03 and 2003-04, it had been mentioned that OMML had diversified its activities and ventured into business of television entertainment. It was also stated that they were hopeful of starting commercial activities in entertainment business. However, no positive effort was made to diversify into media activities and OMML did not make any disclosure in this regard in the annual report for the year 2003-2004. It is evident that the company gave false and misleading statement in its annual reports in spite of no progress having been made in its business activities during the year 2003-2004. This has also been confirmed from the statement recorded of Shri Ravi Kapoor, Company Secretary. In his statement Shri Ravi Kapoor stated that the company could not start any activity after changing its object clause and there was no turnover in the company. At the same time, the directors report gave a wrong picture of the company to mislead the investors. Investigation brought out that Shri Chanderkant Mehta acted as CMD of OMML for name sake only as he was unaware of the functioning of the company. The company OMML and its directors thus violated Regulation 4(1), (2) (r) of SEBI (Prohibition of Fraudulent and Unfair Trade Practice relating to Securities Markets) Regulations, 2003 (hereinafter referred to as “PFUTP Regulations”) by giving misleading and false statement which induced the investors to purchase the shares and create false market.

- 1.3 Investigation revealed that the persons acting in concert namely Shri Jatin Shah, his wife Mrs Varshaben Jatin Shah and his father Shri Manubhai Shah along with other persons namely Shri Asif Chippa, Shri Bankesh Bhavsar, Nirav Pandya (Proprietor of Fair Brokerage), Shri Rupesh Hasmukhlal Shah, Shri Navinbhai Shah, Ms Yogini Patel, Shri Amit Bhavsar offloaded shares of OMML through off market deals to the clients who ultimately sold them in the market where the counterparty buyers were scattered. They have been charged for creating artificial volumes and price manipulation and for violating Regulation 4(1), 4(2) (a) and (e)

of PFUTP Regulations by creating false and misleading appearance of trading and manipulating the market.

- 1.4 Investigations also revealed that the clients Shri Rajesh Kantilal Shah, Shri Ramesh K Jain, Shri Deepak D Vyas, Shree Gayatri Shares & Services Private Limited had executed cross deals/matched deals in collusion with the directors and connected entities of OMML which led to creation of artificial volumes and also influenced the price of OMML scrip. Thus, they are alleged to have violated Regulation 4(1), 4(2) (a), (b) and (g) of PFUTP Regulations by creating false and misleading appearance of trading in the market and dealing in securities in a manipulative manner.

2.0 SHOW CAUSE NOTICE

- 2.1 Show Cause Notices dated July 10, 2006 were issued to all the above said eighteen persons/entities and they were advised to show cause as to why the action under Section 11, 11 B and 11(4) of SEBI Act, 1992 read with Regulations 11 of PFUTP Regulations including restraining them from accessing the securities market and prohibiting them from buying, selling or dealing in the securities in any manner whatsoever for a particular period should not be initiated against them.

3.0 REPLY TO THE SHOW CAUSE NOTICE.

- 3.1 In their reply vide letter dated August 10, 2006, OMML stated that this be considered as their response on behalf of the company and its directors viz. Shri Chanderkant Mehta, Shri Vasant C Shah and Shri Kamlesh Shah. While refuting all the allegations they submitted as under:

? The shareholders were well aware of the change of object clause of the company as early as in August 2002, and there was no subsequent effect on the volumes in the market.

- ? Subsequent director's reports had clarified that company was yet to commence commercial activity in the line of business. The volumes increase in the share market during June 2003 to August 2003 could not therefore be co-related with the statement in the Annual Reports which were made much after that.
- ? Similarly there had been no substantial change in volume levels during September 2004. The position regarding non commencement of the activity was clarified in the annual report for the year 2004.
- ? The statement thus made in the annual reports were clarifying the position rather than giving any false statement as alleged in the captioned letter.

3.2 **Shri Vasant C Shah:** He also filed a separate reply to the show cause notice vide his letter dated August 10, 2006 wherein he stated that he transferred 3,64,000 equity shares to Shri Nirav Pandya as he acting as sub broker was regularly dealing in the OMML shares and had agreed to give up front payment for the shares. He also stated that he wanted to avoid dealing in OMML shares in bulk mode through stock exchange to avoid wrong impression in the market.

3.3 **Shri Jatin Shah replied to the show cause notices issued to him as well as his wife Smt Varshaben Shah and his father Shri Manubhai Shah vide letter dated August 14, 2006 and submitted as under:**

- ? He stated that after 1996 market crash many of his friends who had invested in OMML had approached him with a request to get the shares liquidated and as a moral responsibility he had approached other financiers and arranged funds for the persons who invested in OMML under his advice. Finally these shares were transferred in his family member's name.
- ? With regard to relationship and friendship with the promoters of OMML he stated that since he was holding a large quantity of shares he got in

touch with the promoters over a period of time and developed some closeness.

- ? With regard to selling the shares through off market, he stated that he alongwith his family members had transferred equity shares in off market deals to the parties who were interested in dealing in OMML shares and had agreed to give up front payment for the shares. He stated that he wanted to avoid dealing in these shares in bulk mode through the stock exchange to avoid wrong impression in the market.

- 3.4 **Shri Asif Chippa:** Vide letter dated August 2, 2006, he stated that he was holding 10,32,980 shares of OMML and sold these shares during the period of investigation. He also stated that the total share capital of OMML consisted of 5,26,27,000 equity shares of Rs 1 each and the quantity of shares dealt by him was miniscule. He filed an affidavit dated August 07, 2006 to the effect that he had given earlier statements under pressure and stress.
- 3.5 **Shri Bankesh Bhavsar:** He replied to the show cause notice vide his letter dated August 14, 2006 stating that he had transferred OMML shares held by him to the entities who were regularly dealing in the above shares as shares were not easily sellable in the open market. He also stated that he wanted to avoid dealing in the shares in bulk mode through the stock exchange to avoid wrong impression in the market.
- 3.6 **Shri Nirav Pandya (Prop: M/s Fair Brokerage):** Vide letter dated August 10, 2006, he stated that he was acting as sub broker and trading in the shares of OMML and other scrips. He stated that he had no intention of creating false volumes and was dealing in OMML shares only for making a small earning. He stated that he was carrying out normal business activity of buying and selling shares and was not trying to create false and misleading trading in the scrip as alleged in the show cause notice.

- 3.7 **Shri Rupesh Hasmukhlal Shah:** Shri Rupesh Shah in his reply dated August 10, 2006 stated that he had not done any transactions in OMML scrip and he had not received any money for selling the shares to any individual, firm or other. He also stated that he did not know Shri Rajesh Kantilal Shah and Shri Ramesh Jain. He further stated that he did not receive Rs. 3,000 per month from Shri Jatin Shah for using his, his wife's and his uncle's names (However, during the recording of statement he stated that he received Rs. 3,000 per month from Shri Jatin Shah for using his name). He also stated that he did not know anything about OMML shares and denied the allegations in the show cause notice.
- 3.8 **Shri Navinbhai Shah:** Vide letter dated August 14, 2006 he denied the charges of show cause notice and stated that he had not done any transaction in OMML scrip and had not opened any demat account.
- 3.9 **Ms Yogini Patel:** Ms Yogini Patel stated that she had transferred equity shares held by her to entities who were regularly dealing in the above shares as shares were not easily sellable in the open market. She also stated that she wanted to avoid dealing in these shares in bulk mode through the stock exchange.
- 3.10 **Shree Gayatri Shares & Services Private Limited (SGSPL):** They stated that they traded in the shares of OMML and various other scrips to earn small earnings and had no intention of creating any false volumes or any type of manipulation. They added further that they were carrying out normal business of buying and selling shares and delivery of shares were taken sometimes.
- 3.11 **Shri Ramesh K Jain:** Shri Ramesh Jain replied to the show cause notice after attending the hearing and stated that he purchased OMML shares from Shri Jatin Shah and Shri Manubhai Shah and made payments against these shares.
- 3.12 Shri Amit Bhavsar, Shri Rajesh Kantilal Shah and Shri Deepak D Vyas did not reply to the show cause notices.

4.0 HEARING

4.1 Personal hearing was granted to the eighteen entities before me at SEBI's Head Office at Mumbai on February 06, 2007. Shri Jatin Shah attended the hearing on February 06, 2007 and also represented his wife Ms Varshaben Shah and his father Shri Manubhai Shah. Shri Rupesh Hasmukhlal Shah, Shri Navinbhai Shah, Shree Gayatri Shares & Services Private Limited and Shri Ramesh K Jain had also attended the hearing on February 06, 2007. After the hearing, M/s Shree Gayatri Shares & Services Private Limited and Shri Ramesh K Jain also filed a written statement dated February 20, 2007. These entities re-iterated the submissions made in their replies to show cause notices. Shri Navinbhai Shah also submitted a copy of FIR lodged by him in a police station at Ahmedabad against Shri Jatin Shah, Shri Manubhai Shah, Ms. Varsha Jatin Shah, Shri Kamlesh Shah, Shri Chanderkant Mehta and Shri Vasant C Shah for using his name for trading in the shares of OMML. Shri Vasant C Shah, Ms Yogini Patel and Shri Asif Chippa requested exemption from personal hearing.

4.2 Another opportunity of personal hearing was given to the remaining entities viz. Shri Chanderkant Mehta, Shri Kamlesh Shah, Shri Bankesh Bhavsar, Shri Nirav Pandya, Shri Amit Bhavsar, Shri Rajesh Kantilal Shah and Shri Deepak D Vyas on March 01, 2007. Shri Chanderkant Mehta, Shri Kamlesh Shah, Shri Bankesh Bhavsar requested exemption from personal hearing and other four namely Shri Nirav Pandya, Shri Amit Bhavsar, Shri Rajesh Kantilal Shah and Shri Deepak D Vyas did not avail the opportunity of hearing.

5.0 CONSIDERATION OF ISSUE AND FINDINGS

5.1 On going through facts of the case, it is observed that the scrip of OMML was trading at a price ranging between Rs. 0.45 to Rs. 3 and the daily average volume during the period of investigation (June 12, 2003 to August 21, 1003) had gone up

to 14,78,856 shares without any justifiable reason or corporate announcement or financials of OMML. A special margin of 25% on purchases was imposed by BSE w.e.f. June 23, 2003 and the scrip was transferred to 'Z' Group for trading. The mode of settlement was also changed to trade to trade basis w.e.f. September 12, 2003 on account of non compliance of the listing agreement.

5.2 Shareholding Pattern: The board of directors of the company as informed by OMML vide its letter dated April 23, 2005 were Shri Chandrakant B Mehta, Shri Kamlesh H Shah and Shri Vasant C Shah. The shareholding pattern of the company for the period of June 2003 and September 2003 was as under:

		September 2003		June 2003	
S. No.	Category	Number of Shares	Percentage of Shares	Number of shares	Percentage of Shares
I.	Promoters Holding	9165801	29.41	14072800	45.16
1.	Indian Promoters	3395000	10.89	4567390	14.66
	Shri Kamlesh H Shah	1700000	5.45	1700000	5.45
	Shri Chandrakant B Mehta	1695000	5.44	1695000	5.44
	Shri Vasant C Shah			364000	1.17
	Nirav Pandya			808390	2.59
2.	Persons acting in concert	5770801	18.52	9505410	30.50
	Ms. Varshaben Jatinkumar Shah	1700000	5.45	1700000	5.45
	Shri Anil D Modi	801200	2.57	871200	2.80
	Ms. Vaishali R Shah	1444000	4.63	1444000	4.63
	Ms. Yogini V Patel	-	-	1225000	3.93
	Shri Bankesh Bhavsar	-	-	1420000	4.56
	Shri Navinbhai Shah	-	-	500000	1.60
	Shri Amit Bhavsar	332230	1.07	1312230	4.21

		September 2003		June 2003	
S. No.	Category	Number of Shares	Percentage of Shares	Number of shares	Percentage of Shares
	Shri Ashif Chippa	-	-	1032980	3.31
	Ms. Prerna Shah	329000	1.06	-	-
	Shri Pinesh Shah	326000	1.05	-	-
	Shri Nirav Pandya	838371	2.69	-	-
II.	Non-Promoters Holding	21999899	70.59	17092900	54.85
	<i>Institutional Investors</i>				
1.	Mutual Funds and UTI	Nil	Nil	Nil	Nil
a.	Banks, FI's and Insurance Companies				
b.	FII's				
c.					
2.	<i>Others</i>	21999899	70.59	17092900	54.85
a.	<i>Indian Public</i>	16677389	53.51	17092900	54.85
b.	<i>Private Corporate Bodies</i>	5322510	17.08	-	-
	TOTAL	31165700	100	31165700	100

5.3 It is observed from the above table that the holding of promoters and persons acting in concert had declined from 1,40,72,800 shares (45.16%) to 91,65,801 (29.41%) between June 2003 and September 2003. Shri Vasant C Shah and Shri Nirav Pandya had off loaded their holding of 3,64,000 shares (1.17%) and 8,08,390 shares (2.59%) respectively. Among persons acting in concert Shri Anil D Modi had reduced his holding by 70,000 shares (0.23%), and Ms. Yogini V Patel, Shri Bankesh Bhavsar and Shri Navinbhai Shah had offloaded their entire shareholding viz. 12,25,000 shares (3.93%), 14,20,000 shares (4.56%) and

5,00,000 shares (1.60%) respectively during the period June to September 2003.

5.4 Performance of OMML: The performance of the company is given hereunder:

S. No.	Particulars	Results for the quarter ended on June 30, 2005	Results for the quarter ended on March 31, 2005	Full year audited results for the year ended on March 31, 2004	Full year audited results for the year ended on March 31, 2003
1.	Sales	Nil	Nil	Nil	5,41,852
2.	Interest Income	Nil	Nil	7,96,327	7,34,295
3.	Other Income	70,000	50,000	Nil	4,90,347
4.	PBDT	10,000	22,000	3,34,083	3,07,818
5.	Depreciation	Nil	Nil	5,840	9,732
6.	PBT	10,000	22,000	3,28,243	2,98,086
7.	PAT	10,000	22,000	3,02,394	2,98,086
8.	Equity Cap	3,11,65,700	3,11,65,700	3,11,65,700	3,49,25,200

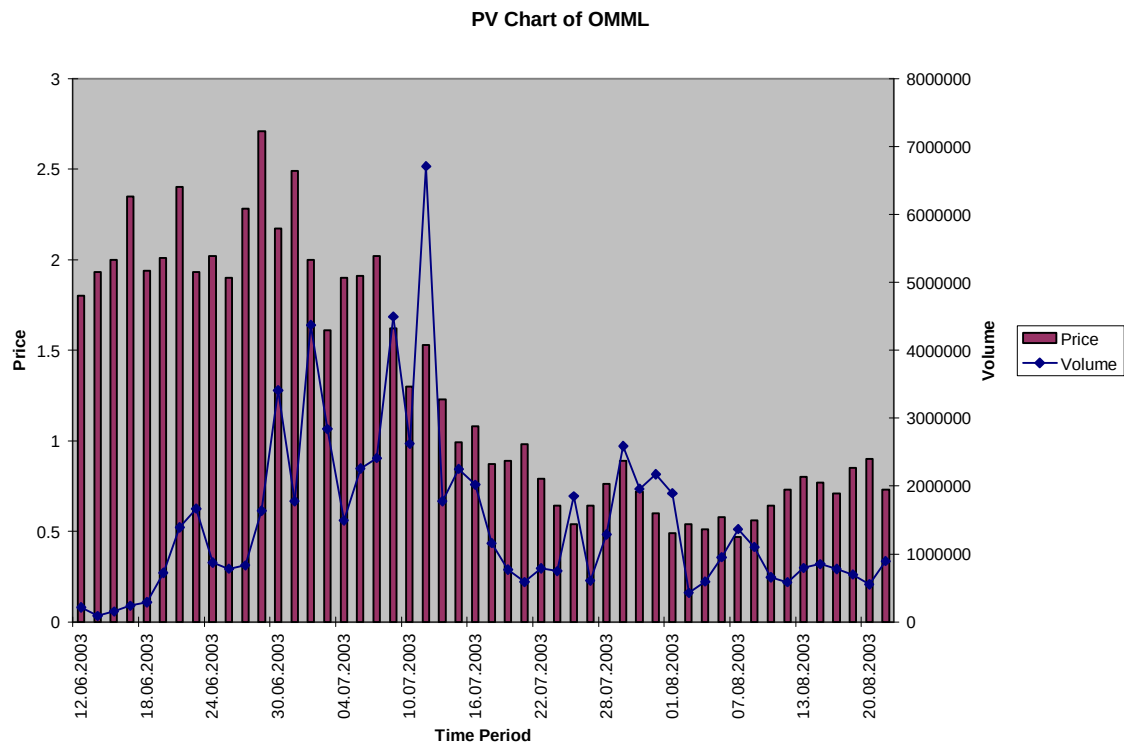
The above table indicates that the OMML achieved nominal sales of Rs. 5.41 lakh and earned a profit of Rs. 2.98 lakh in 2003. The company had not generated any income on account of core business activities from year ended March 2004 onwards and it had shown a profit of Rs 3.02 lakhs only on account of interest and other income. The quarterly profit of the company for the year 2004-05 was also very meagre. It was quite clear from the financial data given above that the company was not doing its main business of entertainment even though it had changed its main object clause in April 2002.

5.5 Trading in the scrip: After the public issue in 1996, OMML scrip (prior to 2002 it was Ratnajyot) was infrequently traded till 2002. Trading in the scrip mainly started from April 2002 and substantial volume was noticed during the investigation period. While the total trading volume in OMML scrip between June 06, 1996 to November 22, 2001 was only 7250 shares, however the total volume during the investigation period rose manifold to 7,39,42,818 shares. The scrip was traded for 50 days during investigation period and the details of the trades are given hereunder:

Date	Open	High	Low	Close	No. of Trades	Quantity	Turnover
12/06/2003	1.85	2.14	1.8	1.8	256	211953	391745
13/06/2003	1.95	1.95	1.85	1.93	279	87000	164161
16/06/2003	2.25	2.25	1.95	2	186	151450	303075
17/06/2003	1.98	2.4	1.61	2.35	393	238200	504255
18/06/2003	2.4	2.71	1.93	1.94	547	286074	601966
19/06/2003	2.2	2.32	2	2.01	899	721700	1538467
20/06/2003	2.07	2.41	2.03	2.4	1327	1389279	3097057
23/06/2003	2.74	2.74	1.93	1.93	1401	1667287	3569892
24/06/2003	1.84	2.17	1.84	2.02	932	873317	1763333
25/06/2003	2.19	2.39	1.89	1.9	768	781122	1664355
26/06/2003	1.93	2.28	1.91	2.28	510	830067	1787845
27/06/2003	2.29	2.73	2.19	2.71	1367	1635083	4047233
30/06/2003	2.79	3	2.17	2.17	1562	3409847	7996230
01/07/2003	2.17	2.54	2	2.49	1076	1774607	3987784
02/07/2003	2.6	2.98	2	2	2265	4370613	10570362
03/07/2003	2.1	2.22	1.61	1.61	1602	2839462	4737917
04/07/2003	1.62	1.92	1.62	1.9	1007	1492087	2637315
07/07/2003	2.06	2.2	1.56	1.91	1593	2258499	4298672
08/07/2003	2.05	2.07	1.69	2.02	1514	2413085	4691467
09/07/2003	2	2	1.62	1.62	1534	4497724	7453325
10/07/2003	1.55	1.78	1.3	1.3	1274	2620605	3691099
11/07/2003	1.29	1.55	1.05	1.53	2679	6707484	8677007
14/07/2003	1.67	1.68	1.23	1.23	1667	1775101	2326132
15/07/2003	1.18	1.18	0.99	0.99	1676	2250712	2267147
16/07/2003	0.99	1.18	0.99	1.08	1477	2017318	2252443
17/07/2003	1.14	1.14	0.87	0.87	1629	1156561	1058650
18/07/2003	0.99	0.99	0.81	0.89	646	768836	672478
21/07/2003	0.99	1.04	0.87	0.98	623	587252	545598
22/07/2003	1	1	0.79	0.79	658	785511	663576
23/07/2003	0.75	0.82	0.64	0.64	325	747382	510153
24/07/2003	0.56	0.57	0.52	0.54	445	1852001	986456
25/07/2003	0.58	0.64	0.54	0.64	347	603856	373218
28/07/2003	0.73	0.76	0.69	0.76	1548	1289316	958070
29/07/2003	0.83	0.91	0.61	0.89	997	2588398	1979163
30/07/2003	0.88	0.9	0.72	0.72	471	1957646	1482620
31/07/2003	0.7	0.79	0.58	0.6	1374	2173405	1310948
01/08/2003	0.58	0.63	0.49	0.49	866	1893145	970980
04/08/2003	0.52	0.56	0.5	0.54	379	427250	226341
05/08/2003	0.55	0.58	0.5	0.51	373	592946	316937
06/08/2003	0.52	0.61	0.49	0.58	684	951474	516676
07/08/2003	0.62	0.64	0.47	0.47	554	1365218	708371
08/08/2003	0.45	0.56	0.45	0.56	317	1103835	585304
11/08/2003	0.64	0.66	0.57	0.64	958	654025	413891

Date	Open	High	Low	Close	No. of Trades	Quantity	Turnover
12/08/2003	0.64	0.74	0.64	0.73	423	581672	403932
13/08/2003	0.83	0.83	0.73	0.8	579	792502	612962
14/08/2003	0.86	0.88	0.76	0.77	367	847919	701459
18/08/2003	0.87	0.9	0.7	0.71	840	778619	583182
19/08/2003	0.78	0.85	0.75	0.85	291	697951	580307
20/08/2003	0.9	1.01	0.85	0.9	427	553046	491279
21/08/2003	0.95	0.97	0.73	0.73	412	893376	712319

5.6 As is evident from the above chart, huge spurt in volumes was observed and the total volumes recorded in the scrip reached a level of 7,39,42,818 shares. The price volume chart of OMML scrip during the period of June 12, 2003 to August 21, 2003 is given hereunder:



5.7 **Role of the Company OMML, Promoters, Directors and other related entities:** During the period of investigation, the promoters and persons acting in concert were found to be offloading shares in the off market and also trading substantially in OMML shares. A change in the shareholding of

promoters/directors and person acting in concert was also observed during this period.

5.8 Shri Ravi Kapoor, Company Secretary of OMML stated that the OMML had not done any business, for which it was incorporated, since its inception. He added further that the company tried to diversify into media related activities and changed its main object clause but could not start any activity and there was no turnover and the staff strength of OMML was only 2 employees during the investigation period. In the Directors' annual report of OMML for the year 2002-03 and 2003-04, it had been mentioned that OMML had diversified its activities and ventured into business of television entertainment. Similar statement was also made by the directors viz. Shri Vasant C Shah and Shri Chanderkant B Mehta in the Directors' annual report of OMML for the years 2003 and 2004 by stating that they were hopeful of starting commercial activities in entertainment business. According to Shri Ravi Kapoor, Company Secretary, no positive efforts were made to diversify into media activities and OMML did not make any disclosure in this regard in the subsequent Director's annual report. In fact, the Directors' annual report of OMML for 2003 and 2004 mentioned that the directors were hopeful of starting commercial activities in entertainment business. This statement was wrong as evident from the submissions of Shri Kapoor as stated above and thus the Directors' annual report tried to misled the investors by giving a wrong picture that the company was going to enter into new business activities.

5.9 I observe that the trading volumes in OMML scrip increased manifold during 2003 after the misleading statement in the annual reports for 2003 and 2004. The intention behind the said statement was evidently intended to create a false market in OMML scrip since prior to this OMML shares were thinly traded and there was hardly any market for the scrip. In this context, it is pertinent to quote Section 27 of the SEBI Act, 1992 which states "where an offence under this Act has been committed by a company, every person who at the time the offence was committed was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be

guilty of the offence and shall be liable to be proceeded against and punished accordingly.....” I find that directors of OMML, Shri Vasant C Shah, Shri Chanderkant Mehta and Shri Kamlesh Shah are responsible for giving misleading and false statement in the Directors’ annual report. I have noted that pursuant to false and misleading reports, the connected entities of OMML had transferred the shares to front entities in off market. Thereafter, these front entities traded among themselves and created artificial volumes and simultaneously sold large volume of shares in the market. The price of the scrip went down when they offloaded the shares. This creation of artificial volumes coupled with false and misleading statements induced the innocent investors to invest in the scrip. This is in violation of Regulation 4(1), (2)(r) of PFUTP regulation which is extracted hereunder:

4. Prohibition of manipulative, fraudulent and unfair trade practices

- (1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.
- (2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:-
 - (r) planting false or misleading news which may induce sale or purchase of securities.

5.10 The next issue to be decided is whether the person acting in concert namely Shri Jatin Shah, his wife Mrs Varshaben Jatinkumar Shah and his father Shri Manubhai Shah along with other persons namely Shri Asif Chippa, Shri Bankesh Bhavsar, Nirav Pandya (Proprietor of Fair Brokerage), Rupesh Hasmukhlal Shah, Navinbhai Shah, Ms. Yogini Patel, Shri Amit Bhavsar had violated Regulation 4(1), 4(2) (a) and (e) of PFUTP Regulations by executing manipulative trades in OMML scrip.

5.11 **Shri Jatin Shah:** He used the above referred entities to create volume in the OMML scrip with a clear objective to offload the shares of OMML in the market at higher price. Shri Jatin Shah was holding shares of OMML along with his family members and was noticed to be connected to the OMML and its directors. He admitted that he is a good friend of Shri Hitesh Patel, promoter of OMML and at the time of public issue of the company his friends invested in the company as per his advice. It was observed from the distribution schedule of the company that Shri Jatin Shah, his wife Mrs Varshaben Jatin Shah and his father Shri Manubhai Shah were holding 5,63,000 shares (1.81%), 17,00,000 shares (5.45%) and 5,36,000 shares (1.72%) respectively. It had been observed from the demat account statement of Shri Manubhai Shah that he had transferred 5,00,000 shares in an off market transaction to Shri Ramesh Jain who in turn sold these shares in the market. Mrs. Varshaben Jatin Shah transferred 10,000 shares to Shri Ramesh Jain, 1,25,000 shares to Ms Darshana C Thakkar, 2,50,000 shares to Shri Chirag Pujara and 42,000 shares to Shri Rajesh Kantilal Shah and all these shares were sold in the market. Apart from the above, Shri Jatin shah transferred 10,32,980 shares to Shri Asif Chippa, 9,39,000 shares to Mrs Zaheda A Chippa, 3,78,000 shares to Shri Rupesh Hasmukhlal Shah, 14,44,000 shares to Ms Vaishali Shah, 5,00,000 shares to Shri Navinbhai Shah. Shri Jatin Shah stated that after 1996 market got crashed, his friends to whom he had advised to invest in the public issue of OMML could not get the return on their investments and asked for their money back. Shri Jatin Shah stated that he went to private financiers to borrow money by pledging the shares. He further stated that he borrowed money from his relatives to pay off the loan of the financiers and got back the shares which he transferred in his name and his family members. Analysis of the demat account of his own and his family members clearly revealed that they had all transferred OMML shares in off market to those who had been used as front entities to off load the shares of OMML in the market. However, Shri Jatin Shah did not submit the details of consideration received/made for the market and off market transactions executed by him. The recipients of these shares such as Shri Ramesh

Jain, Shri Chirag Pujara (Director of Shree Gayatri Shares & Services Private Limited), Shri Rajesh Kantilal Shah and Shri Deepak D Vyas had in turn sold shares in the market and they were used as front entities by Shri Jatin Shah and his family members to offload their holdings.

5.12 **Shri Asif Chippa:** He appeared among the persons acting in concert by holding 10,32,980 (3.31%) shares of OMML in June 2003 and his holding became 'Nil' in September 2003. During the period of investigation i.e. June 12, 2003 to August 21, 2003 he traded in OMML scrip through the broker Mithani Securities Private Limited and bought 17,279 shares and sold 6,05,287 shares. Out of these 6,05,287 shares, 4,76,310 shares were bought by Shri Rajesh Kantilal Shah who was also a party to the manipulation. It was observed that Shri Jatin Shah introduced Shri Asif Chippa to the promoters/directors of OMML. Shri Asif Chippa stated that Shri Jatin Shah transferred 10,32,980 shares in his name but he was not aware from where the shares had been transferred. The demat account no. 30249125 maintained with SHCIL in the name of Shri Asif Chippa was examined and it was observed that Shri Asif Chippa received 9,00,000 shares on January 08, 2003 and all of these were sold through Mithani Securities Private Limited. He was also having one more demat account no 10023445 with Khandwala Integrated Financial Services Private Limited showing 1,32,980 shares in this account. On August 09, 2003, he transferred all 1,32,980 shares in the demat account no. 17073870 maintained with HDFC Bank Limited in the name of Shri Rajesh Kantilal Shah.

5.13 Investigation revealed that Mrs Zaheda A Chippa who is the wife of Shri Asif Chippa, was holding 9,38,000 shares of OMML. Shri Asif Chippa stated that these shares were also transferred by Shri Jatin Shah in her account. It was evident from the above and also from the statement of Shri Asif Chippa that he allowed Shri Jatin Shah to use his and his wife's name for trading in the shares. Upon analysis of bank statement of Shri Asif Chippa, it was found that there were several transactions (receipts/payments) of Rs.5,00,000/-. I note that his annual

income was Rs. 48,000 only. Shri Asif Chippa was unable to give any explanation about the source of money and stated that he was unaware of such transactions. He also stated that his demat account no. 30249125 and his wife's demat account no. 30360914 maintained with SHCIL had not been opened by him or his wife and had been opened by Shri Jatin Shah. Upon scrutiny of the account opening form, it was observed that signatures of Shri Asif Chippa and Mrs. Zaheda Chippa differed which they had confirmed also. Investigation also revealed that demat account no. 30249125 was opened by using a cheque of Central Bank of India signed by Shri Asif Chippa but the signature differed. Thus, it is also established that fake demat account had been opened in the name of Shri Asif Chippa and his wife Mrs. Zaheda Chippa. I have also noted that Shri Asif Chippa had also filed an affidavit to retract his earlier statement made before the Investigating Authority. In his earlier statement he stated that Shri Jatin Shah transferred OMML shares to him and also used his name in executing manipulative transactions. If he retreated from his earlier statement, he should have given explanation for his trading in OMML. I note that he failed to give any other explanation other than his earlier statement. Apart from the above, the trading details and demat account details clearly proved his connection with Shri Jatin Shah vis-à-vis promoters. From these facts given hereinabove, it is established that Shri Asif Chippa is connected to Shri Jatin Shah and he along with Shri Rajesh Kantilal Shah had off-loaded OMML shares and created artificial volume.

- 5.14 **Shri Bankesh Bhavsar:** He was holding 14,20,000 shares (4.56%) as per the distribution schedule of June 2003 and he was appearing as one of the persons acting in concert. He traded in the scrip of OMML through the broker Mithani Securities Private Limited and he had sold all the shares in the market. He stated that he had transferred equity shares held by him to entities who were regularly dealing in the above shares as shares were not easily sellable in the open market. He also stated that he wanted to avoid dealing in OMML shares in bulk mode through the stock exchange so as to avoid wrong impression. I find that almost all persons had taken the same stand in their reply to show cause notice. This kind of

statement would only go to show that they had offloaded the shares to other entities with a pre determined plan to manipulate the market. I have also noted that he purchased 264500 shares and sold 1688826 shares during the investigation period which added to the creation of artificial volume. In this respect, he was summoned to appear in person and to furnish the details of his buying and selling and source of his shareholding of 14,20,000 shares, but he neither appeared in person nor furnished the necessary details. It can therefore be concluded that he had a definite role in creating artificial volume and manipulating the market by offloading the shares in the off market which were later sold in the market.

- 5.15 **Shri Nirav Pandya:** He appeared among the list of promoters/directors in June 2003 of OMML and he was holding 8,38,371 (2.69%) shares of OMML and his holding became 'Nil' in September 2003. He obtained 3,64,000 shares from one of the director of the company Shri Vasant C Shah in an off market transaction. It was observed that he had also traded in the scrip of OMML in the name of his firm M/s Fair Brokerage. He bought 22,78,958 shares and sold 18,53,586 shares. It was observed that his firm (M/s Fair Brokerage) traded through 4 different brokers on behalf of his clients and acted as an unregistered sub-broker and this fact was admitted by him. He was asked to furnish the details of his clients and trading but he failed to furnish the same. Investigations revealed that his clients did not trade in any other scrip through his firm M/s Fair Brokerage. He was found to be related to Shri Jatin Shah as they were friends and Shri Jatin Shah introduced Shri Rajesh Kantilal Shah and Shri Asif Chippa to him. From the analysis of his demat account, it was observed that he received 23,48,151 shares from several entities in the off market out of which he disposed 19,33,249 shares through market and off market transactions. He did not submit detail of consideration received/made for the above sale and purchase in OMML shares. It is clear that as director of OMML, he was found to have traded substantially in its scrip. In this process, Shri Nirav Pandya created artificial volumes and influenced the price of the scrip of OMML.

- 5.16 **Shri Rupesh Hasmukhlal Shah:** Shri Rupesh Hasmukhlal Shah was holding

3,78,000 (1.21%) shares of OMML in June 2003 and his holding became 'nil' in September 2003. Upon analyzing his demat account statement, it was observed that Shri Rupesh Hasmukhlal Shah sold 3,60,000 shares in the market out of which 1,79,000 has been bought by Shri Rajesh Kantilal Shah and 15,000 by Shri Ramesh Jain. Shri Rupesh Hasmukhlal Shah transferred the balance 18,000 shares through off market transaction to Shri Nirav Pandya. Mrs. Vaishali Shah wife of Shri Rupesh Hasmukhlal Shah was also holding 14,44,000 shares and appearing under persons acting in concert's category. With respect to his own shareholding and that of his wife, he stated that these shares were transferred in their account by Shri Jatin Shah. Further, he accepted Rs. 3,000 p.m. as consideration from Shri Jatin Shah for allowing him to use his and his wife's name for transacting in OMML shares. Therefore, it can be concluded that Shri Rupesh Hasmukhlal Shah colluded with Shri Jatin Shah for Rs. 3,000 p.m. and helped Shri Jatin Shah to off load OMML shares in the market after creating the liquidity of the scrip in the market and influencing the price of the scrip.

- 5.17 **Shri Navinbhai Shah:** He is the uncle of Shri Rupesh Hasmukhlal Shah and was holding 5,00,000 shares (1.60%) of OMML in June 2003. He was also appearing as one of the persons acting in concert. It was observed from his demat account statement that he was having 14,00,000 shares in his demat account as on January 08, 2003. Out of these 14,00,000 shares, 7,00,000 shares were given to Shri Ramesh Jain and 5,00,000 shares to Shri Deepak D Vyas by way of off market transactions. Shri Ramesh Jain and Shri Deepak D Vyas in turn sold these shares in the market. Shri Navinbhai Shah claimed that he never traded in the securities market and he had no idea about the 5,00,000 shares of OMML held by him in June 2003 and also he did not open any demat account. He also stated that he knew Shri Jatin Shah through Shri Rupesh Hasmukhlal Shah and Shri Jatin Shah might have opened the demat account in his name and shares might have been transferred to his account by Shri Jatin Shah. During the course of hearing, he admitted that Shri Jatin Shah had used his name in the transactions and he had lodged a criminal case against Shri Jatin Shah, Shri Manubhai Shah, Ms. Varsha

- Jatin Shah, Shri Kamlesh Shah, Shri Chanderkant Mehta and Shri Vasant C Shah for using his name for trading in the shares of OMML. It is evident from his submission that the promoters and Shri Jatin Shah alongwith other entities with a pre determined plan had executed manipulative trades in OMML scrip.
- 5.18 **Ms. Yogini Patel:** She was appearing as one of the persons acting in concert and was holding 1225000 shares (3.93%) in June 2003 and it is observed from her demat account statement that she transferred 10,00,000 shares to Shree Gayatri Shares & Services Private Limited and 2,25,000 shares to Shri Rajesh Kantilal Shah. Shree Gayatri Shares & Services Private Limited and Shri Rajesh Kantilal Shah traded in the scrip as front entities and sold these shares in the market. I have also noted that she was summoned to appear in person and to furnish the details of her buying and selling and source of her shareholding of 1225000 shares as also payment details of the off market transactions, but she chose not to appear or furnish details thereof. However, from the details given above, it can be concluded that she was instrumental in creating artificial volume and manipulating the market by offloading the shares in the off market which were later sold in the market.
- 5.19 **Shri Amit Bhavsar:** As per the distribution schedule and shareholding pattern he was holding 13,12,230 (4.21%) shares in June 2003 and in September 2003, it decreased to 3,32,230 shares. He was appearing as one of the persons acting in concert. He was summoned to appear in person and to furnish the details of his buying and selling, payment details for the transactions executed in OMML scrip and source of his shareholding of 13,12,230 shares, but he did not co-operate with the investigating authority and failed to appear or furnish the information. Clearly, he was also instrumental in creating artificial volume and manipulating the market by offloading the shares in the off market which were later sold in the market.
- 5.20 It is observed that the scrip of OMML which was infrequently traded before the period of investigation was traded frequently with very large volumes during the

investigation period in spite of the fact that it was a illiquid scrip. The directors and persons acting in concert transferred shares in the off market to some common/connected clients whose transactions have been explained in the preceding paragraphs. They sold in the market and created artificial volume and influenced the price of the scrip. The various entities have been used as the frontline by the directors/ persons acting in concert to offload the shares in the market and to create artificial volume as the shares of the company did not have any market. Through artificial creation of volumes in the scrip, they induced innocent investors to trade in the scrip and as such have violated Regulation 4(1), 4(2) (a) and (e) of PFUTP Regulations which are extracted hereunder:

4. Prohibition of manipulative, fraudulent and unfair trade practices

- (1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.
- (2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:-
 - (a) indulging in an act which creates false or misleading appearance of trading in the securities market;
 - (e) any act or omission amounting to manipulation of the price of a security;

5.21 Apart from the above, the following entities viz. Shri Asif Chippa, Shri Bankesh Bhavsar, Shri Nirav Pandya, Shri Rajesh Kantilal Shah, Shri Ramesh K Jain, Shri Deepak D Vyas and Shree Gayatri Shares & Services Private Limited entered into number of matched deals which created artificial volume and also impacted the price of the scrip. The quantity bought and sold by these entities is given hereunder:

S. No.	Clients	Quantity Bought	Quantity Sold
1.	Shri Rajesh Kantilal Shah	16049971	18869647
2.	Shri Deepak D Vyas	363199	962269
3.	Shree Gayatri Shares & Services Private Limited	4508972	5721158
4.	Shri Ramesh Jain	3561610	6206404
5.	Shri Asif Chippa	17279	605287
6.	Shri Bankesh Bhavsar	264500	1688826
7.	Fair Brokerage, Prop: Shri Nirav Pandya	2278958	1853586
	Total	27044489	35907177

The above table indicates that the aforesaid entities purchased 2,70,44,489 shares (36.57% of market volume) and sold 3,59,07,177 shares (48.56% of market volume). On net basis they sold 88,62,688 shares (28.43% equity capital of the company) by creating artificial volume in the market by buying and selling among themselves and manipulated OMML scrip. Their trades lured the innocent investors to invest in an illiquid scrip like OMML. Between them they executed 3,165 trades among themselves for 73,71,320 shares (9.96%) to maintain the price and volume in the scrip. The number of matched trades and quantity executed by these entities among themselves are given below:

S. No.	Clients	No. of Trades	Quantity
1.	Shri Rajesh Kantilal Shah	1852	4419753
2.	Shri Deepak D Vyas	53	63896
3.	Shree Gayatri Shares & Services Private Limited	374	713195
4.	Shri Ramesh Jain	590	1297402
5.	Shri Asif Chippa	3	17278
6.	Shri Bankesh Bhavsar	39	93400
7.	Fair Brokerage, Prop: Shri Nirav Pandya	254	766396
	Total	3165	7371320

5.22 I find that the details of all the 3165 trades have been furnished to these entities in a separate annexure to the show cause notice. On a perusal of the said annexure, it is clear that each of them had executed matched/synchronised deals. In such cases, prices and quantities had been negotiated outside the system and orders had been executed simultaneously. Such transactions give an impression that these were all synchronized trades to create artificial market, otherwise there was no

possibility of such perfect matching of quantity price, etc. This issue has already been discussed by the Hon'ble Securities Appellate Tribunal (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 observed as under:

“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.” (emphasis not supplied)

- 5.23 **Rajesh Kantilal Shah:** He traded in the scrip of OMML through Galaxy Broking Ltd and bought 1,60,49,971 (21.70% of volume) and sold 1,88,69,647 (25.52% of market volume) during the period of investigation. On net basis Shri Rajesh Kantilal Shah sold 28,19,676 (9.04% equity capital) of OMML. Shri Rajesh Kantilal Shah executed 133 cross deals for 7,19,295 shares for 18 days. To execute these deals, he placed 37 buy orders and 39 sell orders. The details of these deals were given along with show cause notice as annexure. Therefore, it

was observed that Shri Rajesh Kantilal Shah created artificial volume in the scrip of OMML. Demat account no. 17073870 of Shri Rajesh Kantilal Shah maintained with HDFC Bank Limited was analyzed and it was found that he received 31,79,337 shares in the off market during the investigation period from the company connected entities and the major shareholders of OMML. He had acted as front entity to off-load the shares of OMML and he was known to the entities connected to OMML who had utilized him for offloading the shares in the market. As already stated above Shri Rajesh Kantilal Shah was found to be connected with Shri Jatin Shah through off market transactions. In this respect, he was summoned to appear and furnish details of his transactions in OMML scrip and also payment details for the said transactions, but he failed to appear or furnish any detail thereof. It is clear that Shri Rajesh Kantilal Shah was in collusion with Shri Jatin Shah and other entities connected to Shri Jatin Shah and played an active role in creating artificial volume and manipulating the market.

5.24 **Shri Deepak D Vyas:** He had also traded in OMML scrip through GBL and bought 3,63,199 shares (0.49% of volume) and sold 9,62,269 shares (1.30% of market volume). On net basis, Shri Deepak D Vyas sold 5,99,070 shares (1.92% equity capital) of OMML. Shri Deepak D Vyas did not co-operate with the investigating authority and did not furnish details of market and off market transactions executed by him or details of payment received/made by him. Analysis of his demat account no. 10007225 maintained with Sahara India Finance Corporation Limited, it was observed that he acquired shares in the off market from the company connected entities and sold the same in the market. After taking shares in the off market, he along with the other the other entities traded among themselves and simultaneously sold in the market. Thus, the trading of Shri Deepak D Vyas had helped in creating artificial volume and also impacted the price of the scrip.

5.25 **Shree Gayatri Shares & Services Private Limited:** They traded in the scrip of OMML through the broker NCJ and bought 45,08,972 shares (6.09% of volume)

and sold 57,21,158 shares (7.37% of volume). On net basis Shree Gayatri Shares & Services Private Limited sold 12,12,186 shares (3.89% equity capital of the company). The demat account statement of Shree Gayatri Shares & Services Private Limited revealed that it received shares in off market from the shareholders and persons acting in concert of OMML and later on sold these shares in the market. It is therefore quite clear that Shree Gayatri Shares & Services Private Limited was also part of the group and instrumental in creating artificial volume in the market and off-loading the shares of OMML in the market.

- 5.26 **Shri Ramesh Jain:** He traded through the broker RSFPL and bought 35,61,610 shares (4.82% of the traded volume) and sold 62,06,404 shares (8.39% of volume) and appeared as major buyer and as well as seller in the scrip of OMML. He traded in the scrip of OMML through 2 different brokers' viz. GBL and RSFPL. Through GBL, he bought 3,54,870 shares and sold 3,25,731 shares. He bought 32,06,740 shares through RSFPL and sold 58,80,673 shares. Shri Ramesh Jain sold 26,44,794 (8.48% of equity capital of the company) shares on net basis which were received by him through the off market transactions from the entities connected to OMML and Shri Jatin Shah. Shri Ramesh Jain received 47,81,552 shares through off market transactions from Shri Manubhai Shah who is father of Shri Jatin Shah. Investigation has brought out that Shri Ramesh Jain made payments of Rs. 27,75,000 to Shri Manubhai Shah after selling the shares in the market. The nature of transactions executed by Shri Ramesh Jain with Shri Manubhai Shah and other entities indicated that he was connected to Shri Jatin Shah and acted in collusion with them. Upon analysis of demat account statement of Shri Ramesh Jain, it was observed that he received shares in the off market from several entities who are either connected to OMML or were major shareholder of OMML. It was also found that he received shares from different entities as per the instructions of Shri Manubhai Shah. Further, Shri Ramesh Jain also received shares in off market transactions from other clients viz. Shree Gayatri Shares and Services Private Limited and its directors. It is thus

established that Shri Ramesh Jain colluded with Shri Manubhai Shah and Shri Jatin Shah who are closely connected to OMML and its directors and created artificial volume and manipulated OMML scrip. It has been observed that RSFPL had executed 17 cross deals for 1,42,802 shares for 3 days. To execute these deals RSFPL placed 3 buy orders and 4 sell orders and the trading details had already provided in the show cause notice as annexure wherein it was clear that buy and sell client was same i.e. 4193 (Shri Ramesh Jain) on both buy and sell side.

5.27 The trading pattern of Shri Rajesh Kantilal Shah, Shri Ramesh Jain, Shri Deepak Vyas and Shree Gayatri Shares & Services Private Limited revealed that the executed cross deals and also traded among them. An analysis of the trade log order log indicated that they were the main sellers in the market and they mainly received shares in the off market from promoters/directors/ persons acting in concert of OMML which had been established by the off market transactions among them. The trading of these entities created huge volumes in the scrip in the market which in fact was not having any liquidity before their trading. This also created investor interest in the scrip and thereafter when they started selling in the market the buyers were found to be scattered. The above findings clearly indicated that the directors and Shri Jatin Shah along with the Shri Rajesh Kantilal Shah, Shri Ramesh Jain, Shri Deepak Vyas and Shree Gayatri Shares & Services Private Limited have manipulated the market and have made a concentrated effort to create interest in the scrip in the market. In the process, they enticed a large number of buyers to participate in the trading of the shares of the company with a view to offload the shares of OMML to the innocent investors.

5.28 The above pattern of trading clearly points out that the transactions were carried out with the intention that the orders of particular clients and brokers match with each other and there was a prior arrangement in respect to large number of transactions. These transactions resulted in creation of artificial volume and influenced the price of the scrip which in turn helped in off-loading the shares of

OMML since otherwise it would not have been possible without creating the liquidity in OMML shares. The pattern of trading also indicates several instances when the time difference between buy and sell orders was negligible. Creation of artificial volume/market of the shares of OMML induced the investors to buy the scrip at the prices which were not genuine. No unknown person can trade continuously by putting orders in such pattern contributing significantly to total volume in the market. This shows that all of the above entities were related/connected to each other and they were matching their trades which in fact were not indicative of genuine transactions and did not result into transfer of beneficial ownership. The increase in the volume in the scrip can be attributed to the trades done by Shri Rajesh Kantilal Shah, Shri Ramesh Jain, Shri Deepak Vyas and Shree Gayatri Shares & Services Private Limited. Thus they have violated Regulation 4(1), 4(2) (a), (b) and (g) of PFUTP Regulations. The said provisions are extracted hereunder:

4. Prohibition of manipulative, fraudulent and unfair trade practices

- (1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.
- (2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:-
 - (a) indulging in an act which creates false or misleading appearance of trading in the securities market;
 - (b) dealing in a security not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress or cause fluctuations in the price of such security for wrongful gain or avoidance of loss;
 - (g) entering into a transaction in securities without intention of

performing it or without intention of change of ownership of such security;

- 5.29 I find that the price of OMML scrip went up without any justification in spite of the fact that performance of the company during the financial year 2003-2004 was not at all satisfactory as stated in paragraph no. 5.4 above. The entities who transacted in the scrip were all connected with the company and they transferred the shares to the front entities in off-market. These shares ultimately reached the market and created artificial volume. By the time, the innocent investors started trading in the scrip, these front entities had offloaded huge shares in the market as a result of which the price of the scrip fell down from the highest level of Rs 3/- on June 30, 2003 to Re 0.73 on August 21, 2003. This would go to prove that the innocent investors in the process suffered losses. Having considered this aspect as also all other facts and circumstances of the case, I am of the view that this is a fit case to restrain the above entities from accessing the securities market with a view to protect the interest of investors since, it will act as a deterrent for such actions in the securities market in future.

6.0 ORDER

- 6.1 Therefore, taking into consideration facts and circumstances of the case, I, in exercise of the powers conferred upon me under Sections 19 of the SEBI Act read with Sections 11(4) and 11B of SEBI Act, 1992 and Regulation 11 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003, do hereby restrain M/s. Oasis Media Matrix Limited, Shri Vasant C Shah, (3) Shri Chanderkant Mehta, Shri Kamlesh Shah, Shri Jatin Shah (PAN No. AEGPS5807M), Ms. Varshaben Shah, Shri Manubhai Shah, Shri Asif Chippa, Shri Bankesh Bhavsar, Shri Nirav Pandya (PAN No. AGIPP7738A), Shri Rupesh Hasmukhlal Shah (PAN No. AQJPS6680B), Shri Navinbhai Shah, Ms. Yogini Patel, Shree Gayatri Shares & Services Pvt. Ltd. Shri Amit Bhavsar, Shri Rajesh Kantilal Shah (PAN No. AAKPS9389Q), Shri Ramesh K. Jain (PAN No. ADIPJ1942R) and Shri Deepak D. Vyas (PAN No. AAOPV9409M) from

buying, selling and dealing or accessing the securities market in any manner for a period of two years.

6.2 This order shall come into force with immediate effect.

Place: Mumbai

Date: July 31, 2007

V. K. CHOPRA
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA