

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 Top Telemedia Limited and Top Media Entertainment Limited against Coverage and Consultants Ltd., Essem Associates, Pivotal Stoxare Ltd., Prakash Ceramics Ltd., Prakash Fortran Softech Ltd., Rajesh Jain and M. M. Securities

DATE OF HEARING: 08.03.2007 and 19.06.2007

APPEARANCES:

FOR THE ENTITIES / PERSONS INVOLVED IN THIS MATTER:

1. Shri Prasad Lotlikar, Advocate, Vishwas Pathak & Co. representing M/s Pivotal Stoxare Ltd.
2. Ms. Sonal Parikh, Authorised Representative of M. M. Securities

FOR SEBI:

1. Shri Sanjiv Dutt, CGM.
2. Shri P. Bhagavathi Raja, Manager.
3. Shri Mohamed Rahaz P. M., Legal Officer.

ORDER

Under Section 11B and 11(4) of the Securities and Exchange Board of India Act, 1992 and Regulation 11 and 12 of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995.

1. Top Telemedia was incorporated as a public limited company on January 10, 1995 under the name 'Sargam Cassette Ltd'. Subsequently the name of the company was changed to 'Top Cassettes Ltd.' and then on June 01, 1996

changed to 'Top Telemedia Ltd.'. Top Media was incorporated as Navyug Electric Ltd. and in 1992, the name of the company was changed to Top Media with effect from July 31, 2001.

2. The Securities and Exchange Board of India (hereinafter referred to as "SEBI") conducted investigation into the trading in the shares of Top Telemedia Limited (hereinafter referred to as "Top Telemedia") and Top Media Entertainment Limited (hereinafter referred to as "Top Media") on observing spurt in price of the shares of both the companies. The shares of Top Telemedia had moved on BSE from Rs 12.10 on June 06, 2000 to Rs 48/- on November 10, 2000. The price of the scrip Top Media on BSE had moved from Rs 6.90 on November 13, 2000 to Rs 61/- on December 29, 2000. There were no positive corporate developments in either of the companies during the said period to justify this rise in price.

3. Investigations inter alia alleged that the entities such as Coverage and Consultants Ltd., Essem Associates, Pivotal Stoxare Ltd., Prakash Ceramics Ltd., Prakash Fortran Softech Ltd., Rajesh Jain and M. M. Securities (these entities/persons are hereinafter collectively referred to as 'the Noticees' and singularly by their individual name) were all connected with each other and with Top Telemedia and Top Media and their common director Shri Deep Trivedi and were mainly responsible for placing huge orders which impacted the price of the scrips during the period under investigation.

4. The trading in the shares of Top Telemedia (erstwhile Top Cassettes) was suspended by the Bombay Stock Exchange Ltd (BSE) from January 06, 2000 to January 10, 2000 on account of spectacular rise in the price and volumes of the scrip. BSE had levied special margin of 25% on Top Telemedia starting from July 10, 2000. The special margin was increased to 50% from September 03, 2000 and has remained the same till the end of investigation period. Similarly special margin was also levied on Top Media. It is noted that special margins are levied

on scrips which show abnormal activity. It was also observed that for a short period of time, the scrip also attracted Additional Volatility Margin (AVM). In spite of all these, the Noticees had chosen to trade heavily in the scrips.

5. Investigations also revealed that Top Telemedia had allotted 1,19,00,500 shares to Top Media for which the shares of Top Media were overvalued in a fraudulent manner. In order to get a higher valuation, the companies had given money and the common director Shri Deep Trivedi had given shares to the other Noticees who in turn created artificial market by entering into the manipulative transactions to inflate the price of the scrip. Thus, the investigations alleged that the Noticees had violated provisions of Regulation 4 (a), 4 (b) and 4 (d) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995 (hereinafter referred to as 'PFUTP Regulations').

6. Show Cause Notices dated January 25, 2005 were issued to the other Noticees viz Shri Minesh Patel, Proprietor, MM Securities, Shri Rajesh Jain, Prakash Ceramics Ltd. and Prakash Fortan Softech Ltd as also show cause notice dated October 05, 2004, March 02, 2005 and July 13, 2005 were issued to Essem Associates, Pivotal Stoxare Ltd and Coverage and Consultants Ltd respectively and advised them to show cause as to why directions under Section 11 B and 11(4) of SEBI Act, 1992 read with Regulation 11 and 12 of PFUTP Regulations should not be issued against them.

7. M/s. Essem Associates and Pivotal Stoxare Ltd. filed their replies dated October 19, 2004 and March 14, 2005 respectively through their Advocate Shri Vishwas Pathak. The contents of both the replies are almost similar in the following lines:

7.1 They denied their relation with Coverage and Consultants Ltd., Top Telemedia Ltd., Top Media Entertainment Ltd., Prakash Fortan Softech Limited and Prakash Ceramics Limited.

7.2 All these companies are separate legal entities and have no

relationship with them and the criteria of relationships cannot be established just by personal relationships of the individuals.

7.3 The trades done by them were in the normal course of business and all those trades were executed through the terminals of the broker, Mafatlal Securities Ltd. by the sub-broker Essem Associates and majority of the transactions were delivery based.

7.4 They were not aware of the transfer of shares into the pool a/c of Mafatlal by Shri Deep Trivedi, (Demat a/c. no. 30157655) who was the Director of both the companies.

7.5 They were not aware of whether Coverage and Consultants Ltd had received any money from the companies for dealing in their shares. They were also not aware of whether the companies had made payments to the brokers for dealing in their shares.

7.6 They admitted that Shri Himanshu Trivedi and Shri Gautam Trivedi are Directors in Pivotal Stoxare Ltd. and Shri Gautam Trivedi is proprietor of Essem Associates. Shri Himanshu Trivedi was a Director of Coverage and Consultants Ltd and he resigned long back in the year 1986 from Coverage and Consultants Ltd.

7.7 They stated that they had acted as a sub-broker in the normal course of business and executed trades as per the instructions of their client, Coverage and Consultants Ltd and payments were also received from them.

7.8 They have also stated that they have not violated any of the provisions of PFUTP Regulations.

8. Shri Rajesh Jain filed reply on May 20, 2005 and denied the entire charges levelled against him and submitted the following:

8.1 The transactions were carried out on BOLT terminal of BSE and BSE never wrote a single letter to him about the price manipulation.

8.2 The price rise of the scrip does not depend only on positive developments but also on several other factors.

8.3 Brokers were not made aware of names of the counter brokers nor their ultimate clients. The trades executed during the investigation period between brokers do not appear to be fictitious in nature for the simple reason that buy and sell orders in both the scrips were that of different clients of the sub-brokers / brokers.

8.4 He did not pay any role for manipulating the price of both the scrips and he has no relation in any manner with Shri Deep Trivedi, Coverage and Consultants Ltd, Mafatlal and Equisearch.

8.5 As mitigating factors, he stated that he has not done any transaction in the scrips from the fund of the companies and had not knowingly committed any irregularity or lapse as also not violated any of the provisions of law.

9. Prakash Ceramics Ltd and Prakash Fortan Softech Ltd through their Director Shri Rajesh Jain filed a reply vide letter dated May 20, 2005 which is similar to that of the reply filed by Shri Rajesh Jain in his individual capacity as stated in paragraph no. 8 above.

10. Shri Minesh Patel, the proprietor of M/s M. M. Securities and Coverage and Consultants Ltd. had also not filed any reply to the show cause notices issued to them.

11. An opportunity of personal hearing was granted to all the Noticees on March 08, 2007. Shri Prasad Lotlikar, Advocate from Vishwas Pathak & Co. representing Pivotal Stoxare Ltd. and Ms. Sonal Parikh, Authorised Representative of M. M. Securities attended the hearing on March 08, 2007. Another opportunity of personal hearing was also granted to the other Noticees on June 19, 2007 which was not availed by them.

12. I have carefully examined the show cause notices, replies thereof and other materials on record.

13. I find that all the Noticees are connected to each other and with Top Media and Top Telemedia and their connections / linkages are explained hereunder:

- Shri Sharad Gujarati, who was one of the directors of Coverage and Consultants Ltd was also on the board of Top Telemedia.
- Shri Inderjeet Singh Vaghela had placed orders on behalf of Coverage and Consultants Ltd. He was also on the board of Top Telemedia and Top Media.
- Top Telemedia had transferred money to Coverage and Consultants Ltd on several occasions, which was used by Coverage and Consultants Ltd to purchase the shares of Top Telemedia.
- Shri Deep Trivedi, one of the directors and promoters of Top Telemedia, had transferred shares sold by Coverage and Consultants Ltd (through Mafatlal and Equisearch) to the pool account of Mafatlal Securities and Equisearch Broking.
- Shri Deep Trivedi has transferred shares of Top Media Entertainment to the account of Coverage and Consultants Ltd (DP: Mafatlal Securities Ltd. Client ID:10015532).
- Shri Himanshu Trivedi, director of Pivotal Stoxare Ltd., was one of the first directors of Coverage and Consultants Ltd. He is also cousin of Shri Deep Trivedi.
- Shri Himanshu Trivedi and Shri Gautam Trivedi are partners in Pivotal Stoxare Ltd. Essem Associates is proprietary concern of Shri Gautam Trivedi.
- As per the 6th Annual Report of Top Telemedia, Shri Himanshu Trivedi had been shown as director of the company. This fact was denied by Shri Himanshu Trivedi, though he accepted that he was promised a directorship of Top Telemedia.
- The registered office address of Top Media and the administrative and corporate office address of Top Telemedia is same i.e. 703, Anand Mangal III, Ambawadi, Ahmedabad.

- The address of Coverage and Consultants Ltd is same as the correspondence address of Top Cassettes (stated in some of the communication of the said company with the Exchange).
- Top Media vide its letter dated December 20, 2000 submitted along with other documents a copy of bank statement where it had deposited call monies received from the allottees of the preferential issue of 40,00,000 shares in January 2000. From this bank statement, it was observed that funds had come from Coverage and Consultants Ltd. The Coverage and Consultatns Ltd. was not an allottee of the preferential issue.
- From the prospectus of Top Telemedia (Top Cassettes Ltd.) it was observed that this company had bought premises from Prakash Ceramics Ltd. The shares purchased by Prakash Fortran Softech Ltd. and Prakash Ceramics Ltd. were to be held by Pivotal Stoxare Ltd. and Gautam Trivedi as trustee/nominee under authority. The address of Pivotal Stoxare Ltd. was same as the Mumbai address of Top Telemedia (Top Cassettes Ltd).
- Shri Himanshu Trivedi and Shri Gautam Trivedi of Essem Associates in their statement have accepted that Essem and Pivotal Stoxare Ltd. are related to each other. Further, they have also stated that the orders for Prakash Ceramics (Director - Rajesh Jain), Prakash Fotran Softech and Mr. Rajesh Jain in his individual capacity were placed by Coverage and Consultants Ltd and that the payments were also received through Coverage and Consultants Ltd. It further establishes that Essem Associates, Pivotal Stoxare Ltd., Prakash Ceramics (Director - Rajesh Jain), Prakash Fotran Softech and Mr. Rajesh Jain were acting in concert along with Coverage and Consultants Ltd.
- Sanjay Baweja who was one of the subscribers of Coverage and Consultants Ltd and Rajeev Baweja who was one of the directors of Top Telemedia (erstwhile TopCassettes) have the same address as 35, Ravindra Nagar, Indore. Himanshu Trivedi, being one of the first

directors of Coverage was the director of Top Telemedia and Pivotal Stoxare Ltd. This proves the nexus between Top Telemedia, Coverage and Consultants Ltd. and Pivotal Stoxare Ltd.

- According to the company's website and other correspondences, the office address of Top Telemedia is found to be same as that of Coverage and Consultants Ltd. (203, Apollo Towers, M.G. Road, Indore), even though Top Telemedia was registered in Maharashtra.

14. It was observed from the bank statement of account and bank book of Coverage and Consultants Ltd that on number of occasions, it had received money from Top Tele Media and immediately the same was used to make payments to brokers/sub-brokers through whom it was trading. (Bank statements of Global Trust Bank A/c.No 2101101370 & Bank of Madura A/c. No 14321 of Coverage and Consultants Ltd). Some of the transactions of this nature are given hereunder:

Date	Particular	Debit amount (Rs.)	Credit amount (Rs.)
26.07.00	Transfer from Top Cassettes		15,00,000
26.07.00	DD favouring Pivotal (Debited Essem Associates)	11,01,000	
31.07.00	Transfer from Top Cassettes		11,00,000
31.07.00	DD favouring Pivotal (Debited Essem Associates)	11,51,000	
04.08.00	Transfer from Top Cassettes		26,00,000
04.08.00	DD favouring Pivotal (Debited Essem Associates)	25,41,080	
05.08.00	Transfer from Top Cassettes		22,50,000
05.08.00	DD favouring Pivotal (Debited Essem Associates)	12,51,000	
07.08.00	DD favouring Pivotal (Debited Essem Associates)	10,01,000	
07.08.00	Transfer from Top Cassettes		10,00,000
09.08.00	Transfer from Top Cassettes		50,00,000
09.08.00	DD (Paid to Essem)	35,01,000	
14.08.00	DD (Paid to Essem)	25,01,000	
17.08.00	Transfer from Top Cassettes		25,00,000
24.08.00	DD (Paid to Essem)	15,01,000	
28.08.00	Transfer from Top Cassettes		645,000
28.08.00	DD (Paid to Essem)	16,00,000	
05.09.00	Transfer from Top Cassettes		10,00,000
05.09.00	DD (Paid to Equisearch)	10,01,000	
22.09.00	Transfer from Top Cassettes		20,00,000

Date	Particular	Debit amount (Rs.)	Credit amount (Rs.)
22.09.00	DD (Paid to Mafatlal Sec.)	20,02,000	

15. In addition to the above, the ledger account of Top Telemedia maintained by Coverage and Consultants Ltd, revealed that Top Telemedia had made direct payments to Essem Associates by way of a demand draft. Some of such instances noticed were given hereunder:

Date	Particular	Cr. Amount
06.07.00	By Essem Associates (DD given to Essem on our behalf)	10,00,000
17.07.00	By Essem Associates (DD given to Essem on our behalf)	10,00,000
21.07.00	By Essem Associates (DD given to Mafatlal Securities)	8,00,000

16. From the above illustrations, it is clear that Top Telemedia had given money to Coverage and Consultants Ltd on number of occasions and the same has been used by Coverage and Consultants Ltd for paying the brokers/sub-brokers for the purchases made in the shares of Top Telemedia. It was also observed that Top Telemedia has also made direct payments to various brokers / sub-brokers on behalf of Coverage and Consultants Ltd.

17. It was also observed that shares of Top Telemedia were transferred from Client ID – 30157655 (DP ID – IN301276) and this beneficiary account belongs to Shri Deep Trivedi, director of Top Telemedia and Top Media. Shri Deep Trivedi had transferred shares to the pool account of Mafatlal Securities Ltd., and Equisearch Broking Pvt. Ltd. on behalf of their ultimate clients. Some of such instances noticed are given hereunder:

Date	Description	Credit	Debit
05.10.00	To CM Mafatlal Sec., Physical/0001028		25,000
05.10.00	To CM Equisearch, Physical/0001028		5,500
10.11.00	To Mafatlal Sec. Ltd. / 10015532*		1,00,000
18.11.00	To CM Mafatlal Sec. Ltd., Rolling Mkt. Lot/ 0001162		61,500
18.11.00	To CM Mafatlal Sec. Ltd., Rolling Mkt. Lot/ 0001161		80,156
22.11.00	To CM Equisearch, Physical/0001034		75,000
22.11.00	To CM Mafatlal Sec. Ltd., Rolling Mkt. Lot/ 0001164		11,000

22.11.00	To CM Equisearch Brkg. P. Ltd., Rolling Mkt. Lot/ 0001034		210,000
20.12.00	To CM Mafatlal Sec. Ltd., Rolling Mkt. Lot/ 0001183		98,461
22.12.00	To CM Mafatlal Sec. Ltd., Rolling Mkt. Lot/ 0001186		1,75,215
23.12.00	To CM Mafatlal Sec. Ltd., Rolling Mkt. Lot/ 0001187		1,26,765

18. I find that Coverage and Consultants had heavily traded in both the scrip on BSE and created artificial price and volume during the investigation period. The quantity traded by Noticee on BSE as per trade log and its comparison to the total traded quantity in the market is as under:

Trades of Coverage and Consultants Ltd in the scrip of Top Telemedia:

Name of the client	Sett. No./Spot	Buy	Sell	Net
Coverage & Consultants	14	900	0	900
	15	3,79,100	700	3,78,400
	16	68,800	0	68,800
	17	1,96,500	0	1,96,500
	18	92,100	0	92,100
	19	22,600	0	22,600
	20	2,000	0	2,000
	21	500	0	500
	22	1,46,600	2,000	1,44,600
	23	59,900	25,000	34,900
	24	20,200	13,700	6,500
	25	5,700	0	5,700
	26	1,700	0	1,700
	27	2,500	0	2,500
Total		9,99,100	41,400	9,57,700

Trades Coverage and Consultants Ltd in the scrip of Top Media:

Name of the client	Sett. No./Spot	Buy	Sell	Net
Coverage & Consultants	34	1,14,800	1,84,000	-69,200
	35	1,11,100	2,06,800	-95,700
	36	1,09,000	1,09,000	0
	37	80,520	77,620	2,900
	38	96,285	46,510	49,775
	39	1,72,130	95,100	77,030
	40	1,07,740	20,000	87,740
Total		7,91,575	7,39,030	52,545

19. From the above tables, I find that Coverage and Consultants Ltd had

transacted heavily in the scrip. Coverage and Consultants Ltd was incorporated in the state of Madhya Pradesh on November 15, 1985. The first directors of the company were Shri Sanjay Baweja, Shri Sameer Bhatt and Shri Himanshu Trivedi. Shri Sharad Chandra Gujarati was witness to the subscriber of Memorandum of Association. It was observed from the details submitted by Coverage and Consultants Ltd that it had purchased 37,10,900 Top Telemedia shares and sold 28,72,300 shares on BSE. It is relevant to mention here that approx. 1,19,35,500 shares of Top Telemedia were traded on BSE during the period under investigation. Therefore, the quantity traded by Coverage and Consultants Ltd comes to approx. 31.10% on purchase basis and 24.10% on sales basis. In addition to the above, Coverage and Consultants Ltd had purchased 18,77,400 shares and sold 2,200 shares on other exchanges and on off-market basis as admitted by it before the investigating authority. Therefore, the total quantity traded by Coverage and Consultants Ltd during the period of investigation was 55,88,300 shares purchases and 28,74,500 shares sold.

20. As regards Top Media, Coverage and Consultants Ltd had submitted that it had purchased 29,67,775 shares and sold 30,61,275 shares during the period November 13, 2000 to December 29, 2000 on BSE through different brokers and sub-brokers. In addition to the above, it was seen from the records submitted by it that it has purchased 24,33,600 shares and sold 40,000 shares in out of market deals/transactions. I find that the money and shares were received by the brokers Mafatlal and Equisearch from companies and its common director, Shri Deep Trivedi and this was utilised by Coverage and Consultants Ltd to manipulate the scrip.

The trades of Pivotal Stoxare Ltd. and Essem Associates in the matter are tabulated below:

Trades of Pivotal Stoxare Ltd & Essem Associates

Name of the client	Sett. No.	Buy	Sell	Net
Pivotal Stoxare Ltd.	15	105,800	0	105,800
	16	95,200	0	95,200
	18	198,700	0	198,700
	19	275,000	0	275,000
	20	178,200	0	178,200
	21	700	0	700
<i>Sub-Total</i>		<i>853,600</i>	<i>0</i>	<i>853,600</i>
	21	10,000	10,000	0
	24	7,000	5,000	2,000
	25	8,500	2,500	6,000
	26	10,000	1,300	8,700
	27	11,000	7,200	3,800
	28	12,000	13,000	-1,000
	29	39,800	113,800	-74,000
	30	7,700	7,700	0
	31	5,400	6,400	-1,000
	32	5,000	1,500	-3,500
<i>Sub-Total</i>		<i>116,400</i>	<i>168,400</i>	<i>-59,000</i>
Total (Pivotal)		970,000	168,400	794,600
Essem Associates	20	189,300	0	189,300
	21	42,000	0	42,000
	22	201,900	0	201,900
	23	120,600	0	120,600
	24	165,700	63,100	102,600
	25	188,800	0	188,800
	26	237,800	0	237,800
	27	477,700	50,600	427,100
	28	56,100	106,500	-50,400
	29	39,800	113,800	-74,000
	30	109,300	135,200	-25,900
	31	89,700	11,100	78,600
	32	115,200	19,900	95,300
	33	188,000	118,300	69,700
Total		2,221,900	618,500	1,603,400

Trades of Essem Associates in respect of Top Media

Name of the client	Sett. No.	Buy	Sell	Net
Essem Associates	34	4,00,400	70,200	3,30,200
	35	3,91,395	90,346	3,01,049
	36	3,22,715	1,26,150	1,96,565
	37	2,09,531	57,821	1,51,710
	38	3,51,200	76,225	2,74,975
	39	3,95,936	1,14,200	2,81,736
	40	97,270	65,520	31,750
Total		21,68,447	6,00,462	15,67,985

21. The relevant portion of the statements of Shri Himanshu Trivedi who appeared on behalf of Essem Associates and Pivotal Stoxare are quoted hereunder.

"The client (Coverage and Consultants Ltd) started trading with us sometime in July 2000. Shri Deep Trivedi, our cousin, who used to stay in Indore, knew the directors of Coverage and Consultants Ltd. In addition to above, we had done certain consultancy work for Coverage and Consultants Ltd in the past. Therefore, when they came to us with business proposal we agreed to execute transactions for them. We were getting orders from Shri Sharad Gujarati, Shri Inderjeet Singh Vaghela and Shri Bhavarlal Joshi on behalf of Coverage and Consultants Ltd."

"I confirm that I was one of the first directors of Coverage and Consultants Ltd. This directorship was offered to me by Shri Prakash Trivedi, my brother in law. I have never held any shares of Coverage and Consultants Ltd and was outside director of the company and had no financial commitment in the company and received no remuneration from the company. I have not attended any meeting of the company. Further, I wish to state that I had resigned from the directorship of Coverage and Consultants Ltd sometime in the year 1986-87".

"I was promised a directorship in Top Cassettes Ltd. by Shri Deep Trivedi and other promoters however as far as my knowledge goes this promise was not fulfilled by them. I do not recollect signing any paper appointing me as director of the company."

"Mr. Deep Trivedi, my cousin, had requested me to use my office space to save cost. I had given my consent for the same and this office was used by them as registered office for a period of 6-8 months and thereafter shifted to Pune. However, I would like to state here that the company has not paid any rentals though I was promised compensation for the same.

My office place was mainly used by junior sales staff in addition to receiving letter as it was registered office. Further, none of the senior officials/directors of the company ever visited the office.”

“From the data shown to me, it appears that we may have unknowingly aided and abetted Coverage and Consultants Ltd /Promoters of Top Telemedia and Top Media Entertainment Ltd. At the time of executing the transactions we were informed that they are picking stake/consolidating the stake in the company. All our transactions were executed on behalf of the clients only. We have not done any transactions in our own account. The only income which we have earned is brokerage income. Therefore, it is humbly submitted that if any rules or regulations of SEBI/exchange is violated, it was without any move and the same may be viewed leniently.”

22. On the basis of the above submissions of Shri Himanshu Trivedi, it can be concluded that the transactions executed by them were on behalf of Coverage and Consultants Ltd who received fund and securities from the companies and its director.

23. I note that M M Securities had traded in the scrips, details of which are tabulated below:

Trades of M. M. Securities in the scrip of Top Telemedia

Name	Sett. No.	Buy	Sell	Net
M. M. Securities	15	25,600	600	25,000
(Traded through Patel	18	2,500	2,500	0
Gandhi & Co)	21	10,000	10,000	0
	24	35,700	0	35,700
	25	39,300	0	39,300
	26	53,800	45,000	8,800
	27	1,25,000	1,10,000	15,000
	28	25,000	25,000	0
	29	1,000	0	1,000
	31	5,200	55,900	-50,700
	32	0	1,78,800	-1,78,800
	33	1,000	25,000	-24,000
Sub-Total		3,24,100	4,52,800	-1,28,700
M. M. Securities	15	35,100	8,000	27,100
(Client of Patel Gandhi)	19	2,600	3,500	-900

	21	40,600	2,000	38,600
	23	11,100	15,100	-4,000
	24	73,900	25,000	48,900
	25	25,000	0	25,000
	26	0	43,000	-43,000
	27	0	11,000	-11,000
Sub-Total		1,88,300	1,07,600	80,700
Total		5,12,400	5,60,400	-48,000

Trades of M. M. Securities in the scrip of Top Media

Name	Sett. No.	Buy	Sell	Net
M. M. Securities (Thru	34	100	100	0
Ketan Shah & Co.	35	1,00,000	1,00,000	0
	36	50	50	0
	38	0	9,000	-9,000
	39	0	9,000	-9,000
Sub-total		1,00,150	1,18,150	-18,000
M. M. Securities (Thru	34	0	65,100	-65,100
Parikh & Co.)	36	1,00,000	50,000	50,000
	37	50,000	58,700	-8,700
	38	50,000	1,85,590	-1,35,590
	39	1,72,400	1,91,500	-19,100
	40	35,000	63,500	-28,500
Sub-total		4,07,400	6,14,390	-2,06,990
M. M. Securities (Through	34	0	65,000	-65,000
Admiral Securities	35	0	1,58,000	-1,58,000
	36	50,000	64,200	-14,200
	37	50,000	0	50,000
	38	1,09,300	2,00,000	-90,700
	39	83,000	2,12,200	-1,29,200
	40	35,100	74,050	-38,950
Sub-total		3,27,400	7,73,450	-4,46,050
M. M. Securities (Through	34	100	1,14,175	-1,14,075
Patel Gandhi & Co.)	38	3,100	50,100	-47,000
Sub-total		3,200	1,64,275	1,61,075
Total		8,38,150	16,70,265	-8,32,115

24. I note that the statement of Shri Minesh Patel of M. M. Securities was recorded by the investigating authority. At the time of recording the statement, Ms. Sonal Parikh of Parikh and Co. also accompanied Shri Minesh Patel. Summary of their submissions are given hereunder:

“Ms. Bhavna Patel is the wife of Minesh Patel. Our back office work is being handled by Ms. Sonal Parikh of M/s. Parikh and Co. We work together in the stock market. Therefore, Admiral Securities, Parikh & Co.

and M. M. Securities are directly/indirectly connected to each other.

Mr. Bhavar Joshi, director of Coverage and Consultants Ltd is known to us for the last five years. I was representing an advertising agency and newspaper and during the course of business I came in touch with Mr. Bhavar Joshi who was representing M/s. Top Cassettes at that time.

Sometime in August 2000, Shri Bhavar Joshi approached us for trading in different scrips. Initially, they were trading in many scrips including A group. However, later on their trading in B group was pre-dominant. We had taken initial margin in the form of shares from the client before we started trading.

Whenever we received the orders from the client, we used to place these orders either with M/s. Patel Gandhi & Co. or with M/s. Karanjit Resources Pvt. Ltd., Member of VSE. Coverage and Consultants Ltd was generally a buyer in all the settlements except the last three settlements.

As regards payment, we have to submit that we have received all the payments from Coverage and Consultants Ltd and given all the deliveries to Coverage and Consultants Ltd only.

M/s. M. M. Securities has acted as sub-broker (for the transactions entered into by it on behalf of Coverage and Consultants Ltd).

We do not have any kind of relation/association other than normal broking transaction which we have done for him.

We have not funded the purchases of Coverage and Consultants Ltd while dealing in the scrip.”

“---- Whenever we received the orders from the client, we used to place these orders either with M/s. Patel Gandhi and Co. or with M/s. Ketan Shah & Co. In addition, we also used to punch the orders in the terminals of Parikh & Co. and Admiral Securities. Terminal No. 42 was provided to Admiral Securities (Bhavana Patel) and Terminal No. 44 was provided to Parikh & Co. (Sonal Parikh).”

“it was a mistake on our part which we realized after executing the trades.” From the delivery details submitted by M. M. Securities, it was observed that their associate entities had received shares directly from the account of Shri Deep Trivedi for the sales effected by it.”

25. From the analysis of the above statement, it can be concluded that M. M. Securities, Parikh and Co., Admiral Securities were related to each other. M. M. Securities was aware that Coverage and Consultants Ltd/Shri Bhavar Joshi was associated / related to the management of both the companies. As brought out in trade and order log analysis, M. M. Securities has entered into transactions which were fictitious in nature.

26. In view of the above, Coverage and Consultants Ltd purchased 55,88,300 shares and sold 28,74,500 shares of Top Telemedia and had also purchased 5401375 shares and sold 3101215 shares of Top Media. From the trading details it was found that initially it had picked up delivery and thereby squeezed the supply of shares and created interest in the scrip. Once the interest was created it started squaring off the transactions and in some settlements, it has been net seller as well. A series of orders/trades during the period under consideration appeared to have been put with a view to distort the market equilibrium. It is seen from the demat account of Shri Deep Trivedi that he has transferred shares of Top Media Entertainment to the pool account of Mafatlal Securities and Equisearch Broking, Shri Deep Trivedi is one of the director/promoter of the company. Coverage and Consultants Ltd, on number of occasions, had received the funds from Top Cassettes Ltd. and almost on the same day had made payments to the brokers/sub-brokers through whom it was dealing. Hence, Coverage and Consultants Ltd was manipulating the price of the scrip along with the management of the company. It was also seen that Top Telemedia has made direct payments to Mafatlal Securities Ltd. and Equisearch Broking on behalf of Coverage and Consultants Ltd. From the prospectus of Top Cassettes Ltd. it was observed that this company had bought premises from

Prakash Ceramics Ltd. Further, the members have stated that the shares purchased by Prakash Fortran Softech Ltd. and Prakash Ceramics Ltd. were to be held by Pivotal Stoxare Ltd. and Gautam Trivedi as trustee/nominee under authority. It may be noted that the address of Pivotal Stoxare Ltd. is same as the Mumbai address of Top Cassettes Ltd. Shri Himanshu Trivedi and Shri Gautam Trivedi of Essem Associates in their statement have accepted that Essem Associates and Pivotal Stoxare Ltd. are related to each other. Further, they have also stated that the orders for Prakash Ceramics (Dir: Rajesh Jain), Prakash Fotran Softech and Mr. Rajesh Jain in his individual capacity were placed by Coverage and Consultants Ltd and that the payments were also received through Coverage and Consultants Ltd. It further establishes that Essem Associates, Pivotal Stoxare Ltd., Prakash Ceramics (Dir: Rajesh Jain), Prakash Fotran Softech and Mr. Rajesh Jain were acting in concert along with Coverage and Consultants Ltd.

27. In view of what has been stated above, I find that that the Noticees connected with both the companies created artificial market in shares of Top Media and Top Telemedia at BSE by artificially raising the price with a fraudulent and deceptive intention to create a misleading appearance of trading and to manipulate the price and volume of both the scrip. The price of the shares of Top Telemedia had moved on BSE from Rs 12.10 on June 06, 2000 to Rs 48/- on November 10, 2000 and the price of the scrip Top Media on BSE had moved from Rs 6.90 on November 13, 2000 to Rs 61/- on December 29, 2000. There were no positive corporate developments in either of the companies during the said period to justify this rise in price. Hence, the rise in price can be attributed to the fraudulent and manipulative trades executed by the Noticees. Not only does this gravely affect the market by tampering the discovery mechanism, but it invariably harms the interests of investors. In light of these, it is established that the Noticees had created artificial market and entered into transaction that was intended to operate as a devise to inflate the price of the scrip and, therefore, all these entities appear to have violated provisions of Regulation 4 (a), 4 (b) and 4

(d) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995.

28. In view of the violations committed by the noticees and taking into consideration the 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 in the interest of investors and for orderly development of the securities market. Further, these directions would serve as deterrence on others for such violations.

29. Therefore, I, in exercise of the powers conferred upon me under Section 19 of the Securities and Exchange Board of India Act, 1992 read with Sections 11B and 11(4) of the Securities and Exchange Board of India Act, 1992, hereby restrain M/s. Coverage and Consultants Ltd.(PAN No.AABCC3952H), Essem Associates, Pivotal Stoxare Ltd., Prakash Ceramics Ltd., Prakash Fortran Softech Ltd., Rajesh Jain(ABAPJ2869B) and M. M. Securities from accessing the securities market and prohibit them from associating with the securities market in buying, selling or dealing in securities market in any manner for a period of three months.

30. This order shall come into force with immediate effect.

DATE: March 3, 2008

PLACE: MUMBAI

V. K. CHOPRA

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA