

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

IN THE MATTER OF OASIS MEDIA MATRIX LTD.

In respect of Shri Piyush Jhaveri, Shri Anil D. Modi and Shri Ashish P. Shah

Date of hearing: September 16, 2009

Appearances

For Noticees: None

For SEBI: Mr. A.S. Mithwani, Deputy General Manager
Mr. Pradeep Kumar, Legal Officer
Mr. Priyam Ray, Legal Officer

ORDER

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

1. Securities and Exchange Board of India (hereinafter referred as 'SEBI') had conducted investigation into the buying, selling and dealing in the shares of Oasis Media Matrix Ltd. (hereinafter referred as 'OMML') for the period April 8, 2002 to July 9, 2002, *inter alia*, to ascertain whether there was any violation of the provisions of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995 (hereinafter referred to as 'PFUTP Regulations'). During the period of investigations the scrip of OMML was listed on Bombay Stock Exchange (hereinafter referred to as 'BSE') and on Ahmedabad Stock Exchange. However, during the period of investigation the scrip got traded at BSE only.

2. The trading details of the persons who had traded in the scrip were collected and analyzed along with the data of the volume contributed by the entities traded during the relevant period of time. The financial performance of the company was also observed and

was found that it had incurred a loss of Rs.3.21 lacs for the financial year ended March 2001, and earned a negligible profit of Rs.2.98 lacs in the financial year ended March 2002 on a paid up capital of Rs.3.49 crore. During the year ended on March 2003, the profit of the company remained unchanged at Rs.2.98 lacs. Investigations revealed that there was no trading in the scrip in the rolling settlement during July 1, 2001 to April 8, 2002, during this period the scrip was traded just for three days in the physical segment. During the period under investigation, the price of the scrip opened at Rs.15.10 on April 8, 2002, touched a high of Rs.37.95 on July 9, 2002 and closed at Rs.35.50 on July 9, 2002. After the period of investigation the price of the scrip went down to Rs.13 as on July 26, 2002 (on face value of Rs.10). Pursuant to this, the company went for stock split of its shares from face value of Rs. 10 per share to Re.1 per share during the year 2003. The volume traded during the period of investigation was 6,45,492 shares in 64 days. During this period the Sensex index at BSE moved from 3,480 on April 8, 2002 to 3,356 on July 9, 2002.

3. On completion of the investigations, SEBI issued Show Cause Notices dated July 02, 2007 (hereinafter referred to as 'SCN') to Mr. Piyush Jhaveri, Mr. Anil D. Modi and Mr. Ashish P. Shah (hereinafter referred to as 'Noticees') under Section 11B of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as 'SEBI Act') read with Regulation 11 of PFUTP Regulations read with Regulation 13 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003. The SCN alleged that the Noticees were observed to be a part of group of clients involved in circular trading/ reversal of trades and had actively traded in the shares of OMML during the relevant period of time among themselves, created volumes and thereby contributed to the price rise in the scrip of OMML. The SCN, therefore, alleged that the acts of the Noticees were in violation of the Regulation 4 (a),(b),(c) and (d) of PFUTP Regulations. Accordingly, it called upon the Noticees to show cause as to why suitable directions under Section 11B of SEBI Act read with Regulation 11 of PFUTP Regulations including restraining them from accessing the capital market in securities should not be issued against them.

4. The SCNs were duly served on the Noticees as seen from the report furnished by the Ahmedabad Stock Exchange vide its letter dated July 02, 2008 . However, none of the Noticees replied to the SCN. They were given reminders which were also duly served but no reply was received by SEBI till date from the Noticees. Pursuant to this, in order to proceed with the matter an opportunity of personal hearing was granted to all the Noticees before me on September 16, 2009. Again, none of the Noticees appeared for the personal hearing in spite of due intimation, as seen from the acknowledgement received from the Noticees. Moreover, they have not requested for another opportunity of hearing. In view of this, I am compelled to proceed with the matter *ex-parte*, on the basis of material available on record, as against the Noticees, having complied with the principles of natural justice.

5. I have carefully considered the SCN and other material available on record. I note that SCN has described the transactions entered by the Noticees clearly, along with supporting evidence (price-volume data, order log, trade log, instances of circular/ reversal trades, relationship among the clients, etc.) of movement of shares in between the clients. I find that none of the Noticees has declined or raised doubt on the data. I also note that there is an error in the SCN and all Noticees have been named as proprietor of Shree Parshwa Finance wrongly. In view of this, I am not considering this against the Noticees except Piyush Jhaveri who is the proprietor of Shree Parshwa Finance.

6. After having examined the above details, the issue arises for my consideration is: Whether the Noticees indulged in circular/ reversal trading and were responsible for creating artificial volumes while trading in the scrip of OMML?

a. The SCN has alleged a pattern of circular/ reversal trading among the clients and as stated the same accounted for 67.13% of the gross market traded quantity. I note that the investigation period was broadly divided into two parts as under:

- i. **April 08, 2002 to April 12, 2002** – Sharp increase in price
- ii. **April 15, 2002 to July 09, 2002** – Volume creation

- b. During the first period, the scrip of OMML was traded just for 4 days for a total volume of 42,500 shares. For these 42,500 shares the entire trading was among five clients only, as detailed in the following table. I note that these trades were executed in 186 trades featuring 20 buy orders and 9 sell orders. As stated earlier the scrip opened at Rs.15.10 on April 8, 2002 and within 4 trading days it went up to Rs.23.75. I note that, during this period only limited numbers of trades were there.

Table – A

Broker	Sub-Broker	Major Ultimate Client	Gross Purchase		Gross Sales	
			Shares	%	Shares	%
P. Suryakant	Shri Parshwa Finance	Ashish P. Shah	10,000	23.53	27,500	64.71
		Vrajesh Patel	3,000	7.06	0	0.00
		Anil D. Modi	0	0.00	2,000	4.71
FMS Securities		Harsha Jhavery	2,000	4.71	13,000	30.59
Equisearch Broking		Atul B. Shah	27,500	64.71	0	0.00
				100		100
Total Quantity traded			42,500		42,500	

From the material available, I note that out of the said 186 trades, 8 trades had resulted in increase in price and all these trades were executed through FMS Securities and Shree Parshwa Finance. Out of these eight trades, three had influenced the price of the scrip by more than 10% and were also the first trade of the day and Smt. Harsha Jhavery was a party to all of these. The other clients in these three trades were Ashish P. Shah and Anil D. Modi.

I have seen the trading details of the Noticees, in the scrip during the period of investigation and find that the trades appears to be synchronized/ structured as explained hereunder:

S.No.	Date	No. of Shares traded	Seller	Buyer
1.	08/04/2002	27,500	Ashish P. Shah	Atul B. Shah
2.	09/04/2002	10,000	Harsha Jhavery	Anil D. Modi
3.	11/04/2002	2,000	Ashish P. Shah	Harsha Jhavery

4.	12/04/2002	3,000	Harsha Jhavery	Vrajesh Patel
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Investigations reveals that the trades of two connected clients viz. Ashish P. Shah and Atul B. Shah (Ashish P. Shah had signed as witness on the KYC form submitted by Atul B. Shah with broker Equisearch Broking Pvt. Ltd.) were the first trades in over a period of 9 months and for meeting the delivery obligation of these trades the shares had come to Ashish P. Shah's account from Anil D. Modi in an off-market transfer. It has been seen that the scrip was very thinly traded at the relevant time and on April 08, 2002, the time difference between the order placing was just 2 minutes.

As detailed above, on April 09, 2002, the price of the scrip was up from the last traded price by 19.21% i.e. just short of circuit filter mark. No other trades were reported on this day. The opening trade of April 11, 2002, increased the price of the scrip by 10% from the last traded price, the time difference in placing the orders was just 12 seconds and the traded quantity for the day was 2,000 shares for 10 trades. Also on April 12, 2002, the first trade of the day pushed the price by 13.64% with orders placed with a time difference of just 17 seconds. I observe from the material available that these clients were instrumental in manipulating the price and creating artificial volume of the scrip during the first period of investigation while executing trades in a synchronized manner.

- c. During the second period the price of the scrip of OMML increased from Rs.23.75 to Rs.35.50 and 6,02,992 shares were traded in 4,918 executed trades in 60 days. The details of major brokers and clients during the relevant period have been tabled as under:-

Broker	Sub-Broker	Major Ultimate Client	Gross Purchase		Gross Sales	
			Shares	%	Shares	%
P. Suryakant	Parshwa Finance	Anil Modi	65,150	10.80	65,450	10.85
		Ashish P. Shah	66,885	11.09	65,100	10.80
		Mona Falgun Shah	5,000	0.83	48,919	8.11
		Fenil M. Shah			6,500	1.08

ASE Capital Markets	Archi Shares & Stock Brokers Pvt. Ltd	Mona Falgun Shah	46,632	7.73	46,919	7.78
		Vrajesh Patel	1,05,414	17.48	1,10,155	18.27
	Jaswantlal Vadilal Shah	Piyush Jhaveri (proprietor of Parshwa Finance)	54,700	9.07	54,700	9.07
	Rajesh Jhavery	Nrupesh C. Shah	77,350	12.83	77,650	12.88
		Rajesh N. Jhavery	11,451	1.90	6,400	1.06
Active Finstock		Swasthik Stock Broking	50,100	8.31	49,600	8.23
Anagram Stock Broking		Bhavya V. Shah	24,360	4.04	24,200	4.01
Parklight Investments Pvt. Ltd.		Sanjay Talati	15,800	2.62		0.00
FMS Securities		Harsha Jhavery	7,250	1.20	7,250	1.20
Total				87.90%		93.34%
Total traded quantity			6,02,992		6,02,992	

I also note that out of 4,918 trades executed during this period, in 1996 trades (40.60% of the total number of trades during this period) the orders were placed within a time gap of only 1 minute and the total volume in these trades comes to 1,90,862 shares (31.66% to the total traded volume during this period). I note that these trades were executed between the clients Anil D. Modi, Ashish P. Shah, Mona Falgun Shah, Vrajesh Patel and Nrupesh C. Shah, Rajesh N. Jhavery, Swasthik Stock Broking and Harsha Jhavery.

- d. I have seen the trading details of the Noticees, during this period in the scrip and find that the trades appears to be reversal/ circular and also synchronized/ structured in nature as explained here under:

Broker	Client/ (sub-broker)	No. of Trading days/ No. of days circularly traded	Buy Qty.	% of market traded Qty.	Sell Qty.	% of market traded Qty.	Gross Circular traded Qty. (% to total trading of broker)	% of gross market traded Qty.

ASE Capital	Vrajesh Patel Mona F. Shah Piyush S. Jhaveri Nrupesh C. Shah Rajesh N Jhaveri	56/37	2,42,447	40.21 %	2,43,997	40.46%	4,86,444 (79.99%)	40.34%
P. Suryakanth	Anil Modi Ashish P. Shah Mona F. Shah	45/37	1,21,000	20.07 %	1,18,050	19.58%	2,39,050 (72.82%)	19.82%
Active Finstock	Swasthik Stock Broking (Pinnacle Stock Broking)	26/15	34,100	5.66 %	35,500	5.89 %	69,600 (62.99%)	5.77%
FMS Securities	Harsha Jhaveri	2/2	7,250	1.20 %	7,250	1.20 %	14,500 (100%)	1.20%
Total			4,04,797	67.13 %	4,04,797	67.13 %	8,09,594	67.13%
Market Volume on BSE			6,02,992		6,02,992			

I note from the above table that out of total 6,02,992 shares traded on BSE during second period and out of total 6,45,492 shares traded during the investigation period, 4,04,797 shares i.e. 67.13% during second period and 62.71% during the entire investigation period were in the nature of circular/ reversal. I also note that out of total 64 trading days during the period of investigation, circular/ reversal trades took place on 48 days. Due to the circular/ reversal trades by the member brokers trading on behalf of their clients, artificial volume of 8,09,594 shares (gross) was generated, it comprised 67.13% of the total gross market traded quantity out of this the clients trading through broker, ASE Capital Markets Ltd. generated 40.34% of the market gross (4,86,444 shares). For the days on which circular trades were observed, the circular trades generated 26% to 100% of the day's traded quantity and on an average 84.81% of the day's traded volume (of the days when circular trading was observed). In 10 out of these 33 days, their combined volume was same as the market traded volume i.e., 100% of the market traded volume. Since the contribution of other entities on the days of circular trading were comparatively less, the aforesaid entities were allegedly able to match the trades among them with such relative ease that the time gap between

the buy and sell orders were not relevant in matching the orders in such an illiquid scrip. I note that the price of the scrip increased daily during the entire period of investigation and the last traded price analysis shows that the price varied in the range from -9.86% to 8.08% due to the circular/ reversal nature of trades between the Noticees, while the price of the scrip increased from Rs.22.50 to Rs.35.4. This clearly points that along with artificial volume creation these clients had also affected the price of the scrip of OMML.

- e. Upon seeing this, I find that clients Anil D. Modi, Ashish P. Shah, Mona F. Shah, Nrupesh C. Shah, Piyush Jhaveri, Harsha Jhavery, Vrajesh Patel and Swasthik Stock Broking had conducted trades which were reversal or circular in nature in the scrip and created volumes. The noticees were very much a part of this group.
- f. I observe that Anil D. Modi had traded for a total of 14 days out of the total 64 trading days during the period of investigation and on all these days his trades were matched with the trades of Harsha Jhavery, Nrupesh C. Shah, Piyush Jhaveri and Vrajesh Patel in reversal/ circular pattern in a synchronized manner. Out of this on 3 days the trades of Anil D. Modi matched with the trades of Harsha Jhavery, on 4 days his trades matched with Nrupesh C. Shah. He also traded in circular/ reversal manner with Piyush Jhaveri on 11 days. It is worth noticing that Anil D. Modi was trading through sub-broker Shree Parshwa Finance i.e. a proprietary firm of Piyush Jhaveri. On 6 days, Anil D. Modi traded with Vrajesh Patel and out of this on 2 days the trades were reversal/ circular in nature. On the days when the circular trading was being observed the total circular trading volume of Anil D. Modi (arising out the trades with other circular trading clients) came to 63,500 shares on buy side and 64,100 shares on the sell side. This is approximately 15.6% of the total buy volume and 15.8% of the total sell volume on the days when circular/ reversal trading pattern was observed.
- g. Ashish P. Shah had traded for a total of 23 days out of the total 64 trading days during the period of investigation and on all these days his trades were matched

among the group clients in reversal/ circular pattern, in a synchronized manner. Out of this on 8 days the trades of Ashish P. Shah matched with the trades of Nrupesh C. Shah, on 14 days he had traded with Vrajesh Patel and out of this on 13 days the trades were found in the nature of circular/ reversal trades. He also traded with Swastik Stock Broking on 8 days and out of this on 7 days the trades were found to be circular/ reversal. On one day Ashish P. Patel was involved in circular trading with Piyush Jhaveri, the proprietor of the sub-broker through whom he was trading in the market. He was also found to have traded with Mona F. Shah. On the days when the circular trading was being observed the total circular trading volume of Ashish P. Shah (arising out the trades with other circular trading clients) came to 53,250 shares on buy side and 50,400 shares on sell side. This is approximately 13.1% of the total buy volume and 12.4% of the total sell volume on the days when circular/ reversal trading pattern was observed.

- h.** As regards Piyush Jhaveri who was trading as a client of Jaswantlal Vadilal Shah, a sub broker of ASE Capital Markets Ltd. and acting as a sub-broker to the P. Suryakant Share and Stock Brokers Pvt. Ltd. through his proprietary firm, was found to have traded for a total of 23 days out of the total 64 trading days during the period of investigation and on all these days his trades were matched among the group clients in reversal/ circular pattern, in a synchronized manner. All his trades were reversal trades with clients of his proprietary firm Shree Parshwa Finance viz. Anil D. Modi on 11 days, Ashish P. Shah on 1 day except two trades which were executed with Rajesh N. Jhavery and Vrajesh Patel (one each). It is noted that his orders were synchronized in nature as the orders were placed with minute time difference so that the trades can match with each other. On the days when the circular trading was being observed the total circular trading volume of Piyush Jhaveri (arising out the trades with other circular trading clients) comes to 54,700 shares on buy side and 54,700 shares on sell side. This is approximately 12.94% of the total buy volume and 12.94% of the total sell volume on the days when circular/ reversal trading pattern was observed. It is also important to note that where the trades were reversed between Piyush Jhaveri and the clients of

Shree Parshwa Finance, the time difference in placing the orders ranged between 0 seconds to 79 seconds. It is further seen that Piyush Jhaveri was placing the orders seconds before the orders were placed for the clients of Shree Parshwa Finance with whom all these trades got matched.

- i. All these facts clearly points that the Noticees indulged in circular/ reversal trades. The total quantity of circular/ reversal trades of the aforesaid clients as stated above comprised of 489 buy orders (out of 728 executed buy orders during the period) and 477 sell orders (out of 730 executed sell orders during the period) and that has resulted in 956 buy trades and 948 sell trades.

7. I note from the findings of investigations that Anil D. Modi and Vrajesh Patel were belonging to the persons acting in concert (PAC) of OMML. Further, all clients in the scrip were Ahmedabad based entities and were connected/ related to each other. The instances of relationship as seen from the investigations have been brought out below for ready reference:

Name of the entity	Relationship	Relationship
Anil D. Modi	OMML	Persons acting in concert (PAC). DP ID of Anil Modi was opened along with other OMML related entities at the premises of OMML. Account opening charges were paid (in cash) by the company along with other accounts opened.
	Nrupesh C. Shah	In Settlement no. 29, Nrupesh C. Shah sold 2,100 shares, however, delivery obligation was met from the demat account number 10036690, belonging to Anil D. Modi.
	Ashish P. Shah	In the first trade in rolling settlement Ashish P. Shah sold 27,500 shares to Atul B. Shah. To meet the delivery obligation, the shares came to Ashish P. Shah's DP account from Anil D. Modi's DP account by an off-market transfer. Also they were involved in more off-market deals in April, 2002.
Piyush Jhaveri	Shree Parshwa Finance	Proprietary firm.
	Anil D. Modi, Mona F. Shah, Vrajesh Patel.	Clients of sub-broker Shree Parshwa Finance. Piyush Jhaveri placed exact contra orders in capacity of client through ASE Capital Markets Ltd. seconds before his clients placed their orders through his firm Shree Parshwa Finance.
	Harsha Jhaveri	Relative of Piyush Jhaveri and was found using Piyush Jhaveri's demat account for her trades in OMML. However, she was trading through FMS securities. Placing counter party orders to the clients of Shree Parshwa Finance, the proprietary sub-broking firm of Piyush Jhaveri.

	Rajesh N. Jhaveri	The telephone no. 6308555 registered in the name of Rajesh Jhaveri is having the same address as that of Shree Parshwa Finance i.e. 113, Kamdhenu Complex, Opp. Shahjanand College, Ambawadi.
	Falgun Shah	Piyush S. Jhaveri had stated that Mr. Falgun Shah is his acquaintance, Mr. Falgun Shah was the compliance officer of the company and Mona F. Shah (client of Piyush Jhaveri) is the wife of Fagun Shah, Mona F. Shah has stated that the trades on behalf of her were done by her husband.

8. I observe that these clients were found to have traded in the nature of reversal/ circular trades where in the trades did not result in any change in their ownership and were only instrumental in creating false market. It has been observed from the pattern that the concerted buying and selling among these entities, kept the price of the scrip of OMML going up. As mentioned earlier the combined percentage of these clients comes to more than 85% approximately of the day's market volume on 33 circular/ reversal trading days. The circular/ reversal trading volume were around 67.13% to the total market volume during the second period. Out of these days, on 10 days the combined volume of clients comes to 100% of the day's volume. I also observe that once these entities stopped trading in the scrip the price of the scrip crashed back to the original levels.

9. I find from the above facts that the trading by the Noticees was in the nature of circular/ reversal trades since they were the out of the group entities who had traded amongst themselves by executing synchronised trades with the sole intention that the orders of a particular entity get matched with the other. These transactions resulted in creation of artificial volume in the scrip. The pattern of trading indicates several instances when the time difference between buy and sell orders was negligible considering the volume of the scrip. I note that no unknown persons can trade continuously by putting orders in such a pattern and by contributing significantly to the total volume in the market. The execution of circular trading repeatedly for several days by the Noticees as a group reveals that they were having nexus with each other. These entities executed trades with a pre-determined plan to match their trades which were not indicative of genuine transactions since it did not result into transfer of beneficial ownership. The increase in the volume in the scrip can primarily be attributed to the trades done by the Noticees and the group of entities to whom they belonged. Thus from the aforesaid acts of omission

and commission, I am of the view that the charges against Noticees of violation of provisions of Regulation 4(a), (b), (c) and (d) of PFUTP Regulations are established.

10. Therefore, taking into consideration the facts and circumstances of the case, I, in exercise of the powers conferred upon me under Sections 19 of the SEBI Act read with Section 11 of SEBI Act, 1992 read with Regulation 11 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995 read with Regulation 13 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003, do hereby restrain the Noticees viz. Mr. Piyush Jhaveri (PAN: AEFPJ 0864C), Mr. Anil D. Modi (PAN: AGWPM 7244E) and Mr. Ashish P. Shah (PAN: AJRPS 7737C) from buying, selling or dealing in securities market whatsoever or accessing the securities market, directly or indirectly, for a period of six months from the date of this order.

11. This order shall be served on all recognized stock exchanges and depositories to ensure that the Noticees are not allowed to undertake transactions as prohibited in Para 10 above.

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

DATE :16.11.09
PLACE: MUMBAI

PRASHANT SARAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA