

**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 Mr. Vrajeshkumar R. Patel

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/-). 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 *inter-alia* issued Show Cause Notice dated July 02, 2007 (hereinafter referred to as 'SCN') to Mr. Vrajeshkumar R. Patel (hereinafter referred to as 'noticee') 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 noticee was 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 noticee were in violation of the Regulation 4 (a), (b), (c) and (d) of PFUTP Regulations. Accordingly, it called upon the noticee to show cause as to why suitable directions under Section 11B of SEBI Act read with Regulation 11 of PFUTP Regulations including restraining him from accessing the capital market in securities should not be issued.
4. The SCN was duly served on the noticee as seen from the report furnished by the Ahmedabad Stock Exchange vide its letter dated July 02, 2008. However, no reply was received from the noticee. Pursuant to this, in order to proceed with the matter an opportunity of personal hearing was granted to the noticee before me on September 16, 2009. However, the hearing notice issued to the noticee was returned undelivered. Attempt was also made to serve the hearing notice through Depository Participant but it was returned

with the reason that the account of the noticee has been closed. Pursuant to this, SEBI issued a press notification as a mode of substituted service on the noticee, requiring thereby, him to make submission if any within 15 days of publication. However, no response has been received till date. In view of this, I am compelled to proceed with the matter *ex-parte*, on the basis of material available on record, having complied with the principles of natural justice.

5. I have carefully considered the SCN and material available on record. I note that SCN has described the transactions entered by the noticee 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 note that there is an error in the SCN, wherein the noticee has been named as proprietor of Shree Parshwa Finance wrongly. In view of this, I am not considering this as against the noticee.
6. After having examined the above details, the sole issue arises for my consideration is: Whether the noticee indulged in circular/ reversal trading and was 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 including noticee 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
Total				100		100
Total Quantity traded			42,500		42,500	

From the material available, I have seen the trading details of the noticee, 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

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 the clients as mentioned in the above table including the noticee 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 note that out of 4,918 trades executed during this period, in 1,996 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 namely Anil D. Modi, Ashish P. Shah, Mona Falgun Shah, Vrajeshkumar R. Patel (noticee herein) and Nrupesh C. Shah, Rajesh N. Jhavery, Swasthik Stock Broking and Harsha Jhavery.

- d. I have seen the trading details of the noticee, 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 Jhavery	56/37	2,42,447	40.21 %	2,43,997	40.46%	4,86,444 (79.99%)	40.34%
P. Suryakant	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 Jhavery	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, the trades 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). Trades for the days on which circular trades were observed, generated 26% to 100% of the day's traded quantity and on an average 84.81% of the day's traded volume (on 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 also 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 noticee and other clients. This shows that along with artificial volume creation these clients including the noticee had also affected the price of the scrip of OMML.

- e. Upon seeing this, I find that the clients Anil D. Modi, Ashish P. Shah, Mona F. Shah, Nrupesh C. Shah, Piyush Jhaveri, Harsha Jhavery, Vrajeshkumar R. Patel (noticee herein) and Swastik Stock Broking had conducted trades, which were reversal or circular in nature, in the scrip and created volumes. I note that the noticee was a part of this group.
 - f. I further note that the noticee had traded for a total of 34 days out of the total 64 trading days during the period of investigation and out of this on 29 days his trades had matched among the group clients as stated above in reversal/ circular pattern, in a synchronized manner. Out of this on 6 days his trades had matched with Anil D. Modi, on 13 days the trades had matched with Ashish P. Shah, on 15 days the trades had matched with Nrupesh C. Shah, on 9 days the trades had matched with Swastik Stock Broking. He was also found to have traded with Mona F. Shah. On the days when circular trading was being observed the total circular trading volume of the noticee came to 87,195 shares on buy side and 85,850 shares on sell side. This is approximately 21.5% of the total buy volume and 21.2% of the total sell volume on the days when circular/ reversal trading pattern was observed. These facts points that the noticee had indulged in circular/ reversal trades.
7. I note from the findings of investigations that Anil D. Modi and Vrajesh Patel were belonging to the persons acting in concert (hereinafter referred to as 'PAC') of OMML. Further, all clients in the scrip were Ahmedabad based

entities and were connected/ related to each other. The instance of relationship as seen from the investigations have been brought out below for ready reference:

Name of the entity	Relationship	Relationship
Vrajeshkumar R. Patel	OMML	- Persons acting in concert (PAC). - DP account of Yogini V. Patel (family member of noticee) was opened at the premises of OMML. - Account opening charges were also paid (in cash) by the company along with other accounts opened.
	Shree Parshwa Finance	Client of Shree Parshwa Finance (Sub-broker)

8. I observe that the noticee has traded in the nature of reversal/ circular trades where in the trades did not result in any change of beneficial ownership and were only instrumental in creation of 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. These transactions resulted in creation of artificial volume in the scrip. 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 came 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. 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 clients including noticee 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 noticee and the group of entities to whom he belonged. Thus from the aforesaid acts of omission and commission, I am of the view that the charges against noticee 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 noticee viz. Mr. Vrajeshkumar R. Patel, 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 noticee is not allowed to undertake transactions as prohibited in Para 10 above.
12. This order shall come into force with immediate effect.

DATE : 04.03.2010
PLACE: MUMBAI

PRASHANT SARAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA