

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

DIRECTIONS UNDER SECTION 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH REGULATIONS 11 AND 13 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (PROHIBITION OF FRAUDULENT AND UNFAIR TRADE PRACTICES RELATING TO SECURITIES MARKET) REGULATIONS, 2003, IN THE MATTER OF ORACLE CREDIT LIMITED

1. On noticing unusual price rise in the shares of Oracle Credit Limited (hereinafter referred to as the Company) during the period between April 9, 2001 and February 7, 2002 at the Delhi Stock Exchange Limited (hereinafter referred to as DSE), the Securities and Exchange Board of India (hereinafter referred to as SEBI) had conducted an investigation into the trading in the shares of the Company for the aforesaid period. The investigations revealed that the share price of the Company had increased from Rs. 3.20 on April 9, 2001 to Rs. 79.90 on February 7, 2002. This increase was not supported by any fundamentals of the Company. It was found that Om Vijay Nivesh Private limited (hereinafter referred to as OVNPL) was an active client who had dealt in the shares of the Company through certain stock brokers in the month of July 2001. It was revealed that Mr. Amit Jain (director of OVNPL) and Mr. Ashok Jain (Promoter/director of the Company) are brothers. Further, as per the prospectus of the Company dated April 20, 1995, Mrs. Meena Jain, wife of Mr. Ashok Jain was also a director of OVNPL. It was alleged that OVNPL was an associate of the promoters of the Company. The investigation conducted by SEBI observed that OVNPL had purchased and sold 199 shares and squared off its transactions during the period July 17, 2001 to July 20, 2001 and was alleged to have increased the share price of the Company from Rs.36.44 to Rs.45.96. It was also found that on July 24, 2001, OVNPL had placed buy and sell orders in the shares of the company

simultaneously, through two different stock brokers. It was alleged that OVNPL had traded in the shares of the Company with the intention of increasing the share price and that it took the lead in the manipulation at the behest of the Company. OVNPL was found to be a net seller on various days during the relevant period while the price was moving up steadily. In view of the above, it was alleged that Mr. Amit Jain (director of OVNPL) had *prima facie* violated Regulations 4(a), 4(b) and 4(c) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995 (hereinafter referred to as the PFUTP Regulations). Thereafter, a show cause notice dated November 23, 2004 was issued to OVNPL and its director Mr. Amit Jain, directing them to show cause as to why they should not be restrained from accessing the securities market and prohibited from dealing in the securities market for an appropriate period. Subsequently, OVNPL vide letter dated December 10, 2004 had filed the reply. Thereafter, an opportunity of hearing was provided to OVNPL on December 12, 2008, However, as there was no representation from OVNPL or its directors another opportunity of hearing was provided to OVNPL on June 24, 2009, but none appeared on behalf of OVNPL.

2. In the totality of the facts and circumstances of the case, I do not consider it necessary to provide a further opportunity to OVNPL and the present proceeding is being considered on the basis of the show cause notice, the aforesaid reply OVNPL and other material available on record. The only issue for consideration is whether OVNPL and its director Mr. Amit Jain are liable for a direction under Section 11B of the Securities and Exchange Board of India Act, 1992 as contemplated in the show cause notice. The fact that the share price of the Company had increased from Rs.3.20 on April 9, 2001 to Rs.79.90 on February 7, 2002 is not in dispute before me. OVNPL in its reply dated December 10, 2004 *inter alia* stated that neither it nor its directors were involved in any transactions whatsoever. I note that the show cause notice dated November 23, 2004 issued to OVNPL had mentioned the details of trades executed by it in the shares of the Company during the relevant period. At the cost of repetition, the details of such trades in brief are given below:

Date	No. of Shares	Rate	Settlement No.	Counterparty
29.6.2001	150	22.83	14	Neelkanth Organics
04.07.2001	50	25.31	15	Suraj Securities
13.7.2001	100	36.00	16	Manoj Kumar
17.7.2001*	150	36.44	17	Batra Investments
19.7.2001*	49	42.44	17	Suraj Securities
20.7.2001*	1	45.56	17	Manoj Kumar
20.7.2001*	98	45.96	17	Manoj Kumar
18.7.2001*	100	39.56	17	Suraj Securities
18.7.2001	51	74.40	17	Auction
19.7.2001	51	42.18	17	
24.7.2001\$	100	49.77	18	OVNPL

* In Settlement No.17, OVNPL bought and sold 199 shares and settled the difference bill with the member. The transactions in the difference bill were matched with different clients as shown in the table above.

\$ This was a trade in which the buyer as well as seller was OVNPL

3. The share price of the Company had increased during the period when OVNPL had traded. It is pertinent to note that there were only 43 transactions involving 4,301 shares of the Company during the relevant period. These facts are not disputed. Further, on July 24, 2001, OVNPL had executed a trade for 100 shares of the Company wherein OVNPL was found on both (buy and sell) sides of the transaction. The said trade was fictitious as the buyer and seller was the same. Needless to say, the trades of OVNPL in the shares of the company created misleading appearance of trading in the securities market. As mentioned in the tables above, OVNPL traded on various instances involving sufficiently large number of shares when compared to the total traded volume during the relevant period. In the facts and circumstances, I do not have any hesitation to hold that such transactions were in contravention of Regulation 4(a), 4(b) and 4(c) of the PFUTP Regulations. OVNPL stated that Mrs. Meena Jain had resigned from its directorship on August 16, 1996 and that pursuant to the same, she was never associated with it in any manner whatsoever. According to OVNPL, Mr. Amit Jain (director) was no longer a shareholder of the Company and was not associated with it. Considering the totality

of the facts and circumstances, I dispose of the present show cause notice issued against OVNPL and its director Mr. Amit Jain, as ordered herein below.

4. In view of the foregoing, I, in exercise of powers conferred under Section 11B of the Securities and Exchange Board of India Act, 1992 read with Regulations 11 and 13 of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003, direct Om Vijay Nivesh Private limited and its director Mr. Amit Jain, to be careful and cautious while dealing in the securities market. They are further directed to strictly comply with the securities laws which govern their activities in the securities market.

**DR. K.M.ABRAHAM
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA**

**PLACE: MUMBAI
DATE: MARCH 26, 2010**