

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

IN THE MATTER OF ORIENT TRADE LINK LIMITED

**In respect of Mr. Gajinder Paul Dhody, Pramukh Securities Pvt. Limited and
M/s 21st Century Media Works**

Date of Hearing: October 20, 2010

Appearances

For Noticees: Mr. Gajindar Pal Dhody

For SEBI: Mr. Biswajit Choudhury, Deputy General Manager
 Mr. Sugadev Chinnakkannu, Assistant General Manager
 Mr. Pradeep Kumar, Legal Officer

ORDER

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

- 1.** Securities and Exchange Board of India (hereinafter referred to as 'SEBI') conducted investigation into the dealings in the scrip of Orient Trade Link Limited (hereinafter referred to as 'Orient'), for the period of July 01, 2002 to October 28, 2002. During the period of investigation, the scrip of Orient was listed on Bombay Stock Exchange (hereinafter referred to as 'BSE') and Ahmedabad Stock Exchange (hereinafter referred to as 'ASE').
- 2.** The trading details of different persons in the scrip of 'Orient' were collected and analyzed along with the data of volumes contributed. SEBI noticed large volumes in the scrip from August 30, 2002 to September 26, 2002 and October 16, 2002 to October 28, 2002, which was not supported by any corporate announcement or development made by the company. During the

period of investigation, the price of the scrip reduced from ₹13 as on July 01, 2002 to ₹3.45 as on October 28, 2002 at BSE.

3. Investigation revealed that Mr. Aushim Khetrpal (hereinafter referred to as 'Aushim'), the Managing Director of Orient, had traded in large volumes in the scrip of 'Orient', in his own account and on behalf of his front company, Vincomp Marketing Pvt. Limited (hereinafter referred to as 'Vincomp'). During the period of investigation, Aushim was also the Managing Director of one Divine Entertainment Limited (hereinafter referred to as 'Divine') (earlier known as Denim Enterprises Limited). It was also revealed that one Mr. Gajendar Paul Dhody (hereinafter referred to as 'Dhody') had advanced huge loans to Aushim. Aushim transferred large number of shares, in lieu of the money he owed to Dhody from time to time, during September, 2002 to October, 2002 to Dhody and one Pramukh Securities Pvt. Limited (hereinafter referred to as 'Pramukh'), where Dhody was one of the directors. The shares of Orient so received were sold in the market by Dhody and Pramukh for the recovery of the said loan. Dhody had traded in the scrip of Orient in his individual capacity and in the name of his proprietorship concern 21st Century Media Works through broker TCP Stock Brokers Limited (hereinafter referred to as 'TCP'). The shares thus sold by Dhody, Pramukh and 21st Century Media Works (hereinafter collectively referred to as the 'noticees' and individually by their names) were invariably bought by Aushim/ Vincomp.
4. Upon completion of the investigation, SEBI issued a common show cause notice dated October 29, 2008 (hereinafter referred to as 'SCN') to the noticees under Section 11B of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as 'SEBI Act') read with Regulation 11 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003. The SCN alleged that the noticees had aided and abetted Aushim in creating artificial volume through circular and matched trades in the scrip of Orient. The SCN, also alleged that the acts of the noticees were in violation of Regulations 4(b) and (c) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market)

Regulations, 1995 (hereinafter referred to as 'PFUTP Regulations') read with Regulation 13(2) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003. Accordingly, the SCN called upon the noticees to show cause as to why appropriate action under Sections 11 and 11B of the SEBI Act, including restraining the noticees from accessing the securities market and prohibiting from buying, selling or otherwise dealing in securities for a particular period, should not be initiated against them.

5. No reply was received from the noticees. An opportunity of personal hearing was granted to the noticees on July 22, 2009, before proceeding further in the matter. The hearing notices issued by SEBI to the noticees returned undelivered. Pursuant to this, a public notice was issued in the newspaper. Dhody responded to the public notice vide its letter dated August 18, 2009 and submitted that he has not received the SCN dated July 03, 2009, and is unable to attend the personal hearing. Further, Dhody replied to the SCN, vide his letter dated January 14, 2010. SEBI did not receive replies from either Pramukh or 21st Century Media Works.
6. Pursuant to this, an opportunity of personal hearing was granted to the noticees on March 19, 2010. None of the noticees turned up for the hearing. In compliance with the principles of natural justice, a further opportunity of personal hearing was granted to the noticees on September 14, 2010. However, Dhody vide an email dated September 13, 2010, explained his inability to personally appear for the hearing on grounds of old age and ailments, and requested for an opportunity for personal hearing at Delhi. The request of the noticee was acceded to and accordingly, noticees were advised to appear for the personal hearing on October 20, 2010. On the date fixed for hearing, Mr. Gajender Pal Dhody appeared for himself and on behalf of other noticees, i.e., Pramukh and 21st Century Media Works and made oral submissions before me.

7. I have carefully considered the SCN, reply of Dhody and all the material available on record. The submissions of the noticees in brief are:
- He had to recover money from Aushim.
 - All the transactions in the scrip were carried out on behalf of and at the behest of Aushim.
 - The noticees namely Pramukh and 21st Century Media Works ceased to exist and were wound up in the year 2003.
8. Considering the above, the issue that arises for my consideration is: Whether the noticees were responsible for creating artificial volumes in the scrip of Orient?
9. **Whether the noticees were responsible for creating artificial volumes in the scrip of Orient?**
- a. I note that Dhody is the common link between the two other noticees, i.e., Pramukh and 21st Century Media Works. Therefore, it can be said that the noticees were related to each other. The noticees had together bought 5,77,284 shares and also sold 20,32,716 shares of Orient.
- b. Dhody had advanced huge loans to Aushim, as stated earlier. Dhody has, in his submission accepted that he had to recover the money from Aushim. I note that Aushim had transferred large number of the shares of 'Orient' that he held, for the said purpose to Pramukh. The analysis of the demat account statement of Pramukh as given in SCN, shows an inflow of 18,28,200 shares, from time to time from various demat accounts of Aushim/ his related/ front entities. The said analysis of the demat account statement has also been extracted below:

S.No.	Transferred from	Transferred to	No. of shares
1	Prem Kumar Sharma DP A/c No.10446961	Pramukh DP A/c No.10020804	4,00,000
2	Rajesh Kumar Patel DP A/c No.10000047	Pramukh DP A/c No.10020804	9,00,700
3	Vincomp DP A/c No. 10014717	Pramukh DP A/c No.10020804	5,27,500
Total			18,28,200

I note that the noticees have not denied the receiving of such shares. Further, Dhody also had clarified that the shares were coming to the account from Aushim in lieu of the amount due from him, in his statement before the Investigating Authority on December 13, 2004. Dhody has also submitted that the transactions in the scrip were carried out on behalf and at the behest of Aushim.

- c. During the period of investigation, both Dhody and his proprietorship concern, 21st Century Media Works had traded in the scrip through broker TCP. Dhody and 21st Century Media Works bought 1,06,300 shares and sold 9,76,725 shares during the period October 16, 2002 to October 28, 2002 .
- d. I note that Pramukh, the firm where Dhody was a director, while trading in 'Orient' through Exponential Financial Services Pvt. Limited (hereinafter referred to as 'Exponential'), a sub-broker registered with SEBI through IKM Investor Services Limited (hereinafter referred to as 'IKM'), had used four different client codes. The other directors of Pramukh were Mr. Harjit Singh Bajaj and Mr. Sat Pal Babbar. Pramukh had bought 4,70,894 shares and sold 10,55,991 shares, during the period of August 30, 2002 to September 26, 2002..
- e. Therefore, during the relevant period, the noticees had bought a total of 5,77,284 shares and sold 20,32,716 shares in all. In view of the above discussion, I find that the trades of Pramukh, Dhody and 21st Century Media Works was not genuine. Rather, they entered into trades so that they could recover the amount that was due to them, from Aushim/ Vincomp. In fact, their dealings were mere reflections of the financing arrangements between the entities, outside the stock market mechanism. Thus, it can be concluded that the noticees have aided and abetted Aushim by misusing the stock exchange mechanism for their personal arrangement.
- f. I note from the SCN that, the noticees, mainly Pramukh and Dhody had entered into several matched and reversal trades in the scrip of Orient. I have seen the table relied upon in the SCN to show the matched trades. From the

same, it is seen that the trades of Pramukh had matched with one MLD Securities Pvt. Limited (hereinafter referred to as 'MLD'). It is seen that Mr. Sunil Dhuper, Director, MLD and Dhody are family friends. The SCN has alleged that MLD at the relevant point of time was acting as an unregistered sub-broker of TCP and the trades were being executed on behalf of Dhody. I note that noticees have not countered this allegation. The details of such matched trades are shown in the following table:

S. No.	Date	IKM/ Exponential		TCP/ MLD		Gross	% to total Market volume
		Pramukh		Dhody			
		Bought	Sold	Bought	Sold		
1.	September 3, 2002	10,500	10,500	10,500	10,500	42,000	25%
2.	September 4, 2002	49,100	49,100	49,100	49,100	1,96,400	25.8%
3.	September 5, 2002	52,900	52,900	52,900	52,900	2,11,600	30.7%
4.	September 6, 2002	38,200	38,200	38,200	38,200	1,52,800	27%
5.	September 9, 2002	42,800	42,800	42,800	42,800	1,71,200	15.2%
6.	September 11, 2002	40,950	40,950	40,950	40,950	1,63,800	17.5%
7.	September 12, 2002	30,620	30,600	30,600	30,600	1,22,400	17.2%
8.	September 13, 2002	39,700	38,500	38,500	38,500	1,54,000	15.10%
9.	September 16, 2002	23,600	23,600	23,600	23,600	94,400	8.37%

I note that all the transactions described in the table above are in the nature of square-off and was done on continuous basis by Dhody.

- g. Taking note of the above discussion, I note that the matched and reversal trades executed between Pramukh and Dhody had resulted in creation of artificial volumes in the scrip of Orient. Therefore, I find that the noticees are guilty of violating the provisions of Regulation 4(b) and (c) of the PFUTP Regulations read with Regulation 13(2) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003.
10. I note the submission of Dhody that Pramukh and 21st Century Media Works are no longer in existence. It is seen that no document in support of this claim has been submitted by Dhody despite being asked specifically by SEBI, during the personal hearing. SEBI has independently verified from the website of Ministry of Corporate Affairs where the status of Pramukh has been shown as 'strike off'. With respect to 21st Century Media Works, SEBI is not able to confirm the status, as the same is a proprietorship concern of Dhody.

- 11.** 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 Sections 11B of the Securities and Exchange Board of India Act, 1992 read with Regulation 11 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003, do hereby issue the following directions:
- a.** Gajinder Paul Dhody and M/s 21st Century Media Works are restrained 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.
 - b.** Dispose of the show cause notice issued to Pramukh Securities Pvt. Limited without any direction as its name has already been struck off from the register maintained by Registrar of Companies.
- 12.** The stock exchanges are hereby directed to permit the respective members to square off their existing open positions, if any, at the earliest in Futures and Options segment.
- 13.** 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 12 above.
- 14.** This order shall come into effect immediately.

DATE : 13/OCT/2011
PLACE: MUMBAI

PRASHANT SARAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA