

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM : V. K. CHOPRA, WHOLE TIME MEMBER

In the matter of Cyberspace Ltd.

Against 1) Arvind Johari 2) G. N. Johari 3) Anand K. Johari 4) Rosewood Tradelink Pvt. Ltd. 5) Pradeepak Finance Manufacturing and Consultancy Services Pvt. Ltd. 6) Shivam Multi Services Ltd. 7) Amit Inter Chemicals Ltd. 8) Sipra Education Career Foundation P. Ltd. 9) Calculus Soft-Tel Pvt. Ltd. 10) Nucleus Soft-Tel Pvt. Ltd. 11) Octopus Soft-Tel Pvt. Ltd. 12) Kamarao Plastique Pvt. Ltd. 13) Shreeji Investments 14) Arihant Investments 15) Kamal Infosys Ltd. 16) Country Informtech Services Pvt. Ltd. 17) Tirupati Share Registry P. Ltd. 18) A. M. Johari & Co. 19) Delta Investments 20) Shri Mahesh Mistry 21) Shri Ramesh C. Shah 22) Shri Pratik R Shah 23) Shri Harshad Murlidhar Shah 24) Shri Ashok Ramchandani 25) Shri Rajendra Mehta 26) Shri Chetan Patel 27) Shri Rajeev Kumar Negia 28) Shri Ajay Prakash 29) Shri Rajnikant Shah 30) Shri Chandresh Mehta 31) Shri Anand Nathani 32) Shri Gaurav Shah 33) Ms Vandana Srivastav 34) Shri Pradeep Gupta 35) Ms Sangeeta Gupta 36) Shri Girish Malik 37) Shri Tarun Malik 38) Ms Sunita Malik 39) Shri Sanjai Kumar Verma and 40) Shri Amarendra Kumar Srivastava.

DATES OF HEARING: 28.09.2007, 10.10.2007, 05.11.2007, 19.01.2008 and 25-02-2008

APPEARANCES:

FOR THE NOTICEES:

1. Harshad Murlidhar Shah, director of Pradeepak Finance & and Management Consultants Pvt Ltd, Rosewood Tradelinks Pvt Ltd and Shivam Multi Services Pvt Ltd
2. Rajendra Mehta, director of Pradeepak Finance & and Management Consultants Pvt Ltd, Rosewood Tradelinks Pvt Ltd and Shivam Multi Services Pvt Ltd. Chandresh Mehta, represented by Rajendra Mehta.

3. Rekha Nathani for his son Anand Nathani, director of Sipra Educational Career Foundation P Ltd
4. Sunita Malik, Girish Malik and Tarun Malik directors of Amit Inter Chemicals Ltd, Lucknow.
5. Mahesh Mistry, Proprietor, M/s Delta Investments
6. Pradeep Gupta, for Pradeepak Finance & Manufacturing Consultancy Services Pvt. Ltd., Nucleus Soft-Tel Pvt. Ltd., Octopus Soft-Tel Pvt. Ltd., Calculus Soft- Tel Pvt. Ltd. and Sangeetha Gupta
7. Aravind Johari and Anand K Johari

FOR SEBI:

1. Shri Suresh Gupta, General Manager
2. Shri V R. Prasad, Dy. Legal Advisor
3. Ms. Rajani Agadi, Manager
4. Shri Mohamed Rahaz. P.M Legal Officer
5. Shri Vinay Rajneesh, Legal Officer

ORDER

Under Section 11B and 11(4) of the Securities and Exchange Board of India Act, 1992 and 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. M/s Cyberspace Ltd. was originally incorporated in 1984 as M/s Greenfield Leasing and Holdings Limited and renamed as M/s Century International Finance Ltd. in 1994. Thereafter, in 1998 the company again changed its name to M/s Cyberspace Infosys Ltd. and is presently known as M/s Cyberspace Ltd. (hereinafter referred to in short as "Cyberspace") The company came out with a public issue in December 1994 and its total equity of Rs 5.74 crores was divided into 57,40,000 equity shares of Rs 10 each. The equity shares of Cyberspace were listed on DSE, UPSE, BSE and NSE. The scrip was traded in compulsory rolling settlement. As per the distribution schedule dated May 31, 2000, the promoters and group companies were holding 42.73% and public holding was 42.88%. Cyberspace was promoted by Shri Rajendra Kumar Mohta, Shri Arjun Kumar Agarwal and Shri Anil Kumar Beejawat. In 1993-94, Shri A.K Johari and Shri Arvind Johari had taken over Cyberspace.

2. Cyberspace diversified its business into the business of software development and exports and claimed to have business partners such as Microsoft, Oracle and Nortel in India and tie up with Lotus International Development Corporation for setting up of National Authorised Support Centre for Lotus International Development Corporation at the Company's Mumbai Office. In 2000, the company issued 49,30,000 shares of Rs 2/- each at a premium of Rs 184/- on preferential basis inter alia to Financial Institutions such as UTI, GIC and others.

3. M/s Century Consultants Ltd (hereinafter referred to in short as "CCL") was one of the group company of Cyberspace and a member of NSE, BSE and OTCEI. The directors of CCL were Shri G.N Johari, Shri A.K Johari, Shri Arvind Johari and J.C Verma. Among them M/s. G N Johari, Anand Johari and Arvind Johari were common directors in Cyberspace and CCL.

4. On a preliminary enquiry BSE found that the promoters seem to be involved in activities, which may have contributed towards manipulating the price in the scrip of Cyberspace. There were media reports indicating some problem in relation to the scrip as also in the settlement relating to trades in the scrip. Subsequently, BSE and NSE withheld the payouts in the scrip for the settlement No. 242-246 and W47-W50 respectively.

5. The Securities and Exchange Board of India (hereinafter referred to in short as "SEBI") had conducted an investigation into the affairs relating to buying, selling and dealing in the shares of Cyberspace on observing unusual movement in the shares of the Cyberspace for the time period October 1999 to March 2001. Investigations revealed that the price of the Cyberspace scrip had gone up substantially in the period from October 1999 to March 2000 and thereafter started attracting large volumes from September 2000/October 2000 till March 2001. Investigations also brought out that the Cyberspace scrip was trading at around Rs. 1200/- prior to split in September, 2000 and the price was proportionally reduced to Rs. 186/- on September 26, 2000. The price moved in the range of Rs. 190/- to Rs. 147/- till February 2001.

6. Investigations also revealed that the promoters of Cyberspace and CCL had acted in concert with their twenty shell companies and circulated the shares amongst themselves with a view to raise the price and volume of the scrip artificially and they created false market. Thereafter, CCL defaulted and the price of the scrip started crashing by 16% on daily basis, which culminated into the present proceedings and forty eight show cause notices were issued to 1) Arvind Johari 2) G. N. Johari 3) A. K. Johari 4) Rosewood Tradelink Pvt. Ltd. 5) Pradeepak Finance Manufacturing and Consultancy Services Pvt. Ltd. 6) Shivam Multi Services Ltd. 7) Amit Inter Chemicals Ltd. 8) Sipra Education Career Foundation P. Ltd. 9) Calculus Soft-Tel Pvt. Ltd. 10) Nucleus Soft-Tel Pvt. Ltd. 11) Octopus Soft-Tel Pvt. Ltd. 12) Kamarao Plastique Pvt. Ltd 13) Ramesh C. Shah 14) Pratik R Shah 15) Delta Investments 16) Shreeji Investments 17) Arihant Investments 18) Kamal Infosys Ltd 19) Country Informtech Services Pvt. Ltd. 20) Tirupati Share Registry P. Ltd. 21) Harshad Murlidhar Shah (Shivam Multiservices Ltd.) 22) Harshad Murlidhar Shah (Rosewood Tradelinks P. Ltd.) 23) Harshad Murlidhar Shah (Pradeepak Finance Manufacturing and Consultancy Services P. Ltd.) 24) Ashok Ramchandani (Shivam Multi Services Ltd.) 25) Pradeep Gupta, (Pradeepak Finance Manufacturing and Consultancy Services Pvt. Ltd.) 26) Rajendra Mehta (Pradeepak Finance Manufacturing and Consultancy Services Pvt. Ltd) 27) Rajendra Mehta (Rosewood Tradelink Pvt. Ltd) 28) Rajendra Mehta (Shivam Multi Services Ltd.) 29) Amnendra Kumar Srivastav (Sipra Educational Career Foundation P. Ltd.) 30) Chetan Patel (Kamrao Plastique P. Ltd.) 31) Rajeev Kumar Negia / Ajay Prakash (Kamrao Plastique P. Ltd.) 32) Pradeep Gupta, (Octopus Soft-Tel Pvt. Ltd) 33) Sangeetha Gupta (Octopus Soft-Tel Pvt. Ltd) 34) Pradeep Gupta, (Nucleus Soft-Tel Pvt. Ltd). 35) Sangeetha Gupta (Nucleus Soft-Tel Pvt. Ltd). 36) Pradeep Gupta (Calculus Soft-Tel Pvt. Ltd). 37) Sangeetha Gupta (Calculus Soft-Tel Pvt. Ltd). 38) Rajnikant Shah, 39) Chandresh Mehta (Pradeepak Finance Manufacturing and Consultancy Services Pvt. Ltd) 40) Anand Nathani (Sipra Education Career Foundation Pvt. Ltd.) 41) Sanjai Kumar Verma, (Sipra Educational Career Foundation Pvt. Ltd.) 42) Sunita Malik(M/s Amit Interchemicals P. Ltd) 43) Girish Malik, (M/s Amit Interchemicals P. Ltd) 44) Tarun Malik (M/s Amit

Interchemicals P. Ltd) 45) Gaurav Shah (M/s Amit Interchemicals P. Ltd) 46) Mahesh Mistry (M/s Delta Investments P. Ltd) 47) A. M. Johari & Co. and 48) Vandana Srivastav (these entities/persons are hereinafter collectively referred to as 'the Noticees' and singularly by their individual name).

7. Show cause notices were issued to all the Noticees advising them to show cause as to why appropriate action under Section 11(4) read with Section 11 B of Securities and Exchange Board of India Act, 1992 including restraining them from accessing the securities market in any manner should not be taken against them for the violations of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to securities market) Regulations, 1995 (hereinafter referred to as "PFUTP Regulations"). The details of the show cause notice issued to each of the Noticees are given hereunder:

7.1 Show cause notices dated March 22, 2004 were issued to the promoters namely Arvind Johari, A. K. Johari and G. N. Johari. Since these Show Cause Notices returned undelivered, another set of show cause notices were sent on November 23, 2004 to them. Mrs. Anupma Johari, wife of Shri A. K. Johari accepted the Show Cause Notices on behalf of all of them on November 24, 2004 delivered in person by the SEBI officials.

7.2 Show cause notices dated May 26, 2004 were delivered to Pradeepak Finance and Management Consultants Pvt Ltd, Shivam Multi Services Pvt Ltd., Rosewood Tradelink Pvt Ltd, Rajendra Mehta (three separate show cause notices in his capacity as director of Pradeepak Finance Manufacturing and Consultancy Services Pvt. Ltd, Rosewood Tradelink Pvt. Ltd, Shivam Multi Services Ltd. were sent) Pradeep Gupta (Pradeepak Finance Manufacturing and Consultancy Services Pvt. Ltd.) Chandresh Mehta (Pradeepak Finance Manufacturing and Consultancy Services Pvt. Ltd) Harshad Murlidhar Shah (three show cause notices in his personal capacity as director of Shivam Multiservices Ltd., Rosewood Tradelinks P. Ltd, Pradeepak Finance Manufacturing and Consultancy Services P. Ltd. weresent).

- 7.3** Show cause notices dated July 8, 2004 were delivered to Amit Inter Chemicals Ltd, (at Lucknow address), Rajeev Kumar Negia / Ajay Prakash (Kamrao Plastique P. Ltd.) Pradeep Gupta and Sangeeta Gupta (three each show cause notices in their capacity as directors of Octopus Soft-Tel Pvt. Ltd, Nucleus Soft-Tel Pvt. Ltd and Calculus Soft-Tel Pvt. Ltd.), Anand Nathani, (Sipra Education Career Foundation Pvt. Ltd), Sanjai Kumar Verma, (Sipra Educational Career Foundation Pvt. Ltd).; Sunita Malik (M/s Amit Interchemicals P. Ltd) Girish Malik, (M/s Amit Interchemicals P. Ltd) Tarun Malik(M/s Amit Interchemicals P. Ltd).
- 7.4** Show cause notices dated December 4, 2006 were served by way of affixture on Calculus Soft-Tel Pvt. Ltd, Nucleus Soft-Tel Pvt. Ltd. Octopus Soft-Tel Pvt. Ltd. Tirupati Share Registry P. Ltd. Chetan Patel (Kamrao Plastique P. Ltd.).
- 7.5** Show cause notice dated March 19, 2004 were delivered to Ramesh C. Shah, Pratik R Shah Delta Investments, Shreeji Investments. Arihant Investments, Gaurav Shah (M/s Amit Interchemicals P. Ltd.) Mahesh Mistry (M/s Delta Investments Pvt. Ltd.).
- 7.6** Show cause notice dated January 02, 2006 was issued to Ms Vandana Srivastav and another show cause notice dated January 03, 2006 was issued at her Lucknow address.
- 7.7** Show cause notices to Sipra Educational Career Foudation P Ltd (Lucknow address), Kamarao Plastique Pvt Ltd, Kamal Infosys Ltd, Country Informtech Services Pvt Ltd, Ashok Ramchandani (Shivam Multi Services Ltd) and Amnendra Kumar Srivastav (Sipra Educational Career Foundation P Ltd), Rajnikant Shah and A.M Johari & Co. could not be delivered/affixed since they were not available at the given address and hence the show cause notices against them were again sent and posted on the SEBI website on October 22, 2007.
- 8.** Shri A.K Shukla, counsel of Shri Arvind Johari and A.K Johari vide his letter dated December 08, 2004 submitted that since his clients were in judicial custody and have to attend court on December 13, 2004, requested to keep the

matter in abeyance till December 13, 2004. A letter was issued to Shri A. K. Shukla on December 14, 2004 asking him to submit the replies to the above show cause notices by December 29, 2004. Shri Shukla on January 11, 2005 again sought extension of time for two weeks. No reply to the said show cause notices had been received.

9. Shri Gaurav Shah vide his letter dated April 10, 2004 responded to the show cause notice stating:

9.1 That he was an employee of CCL as an Accounts Officer from September 1999 to March 2001 and Shri Arvind Johari forced him to act as the director of Amit Inter Chemicals to carry out transactions in Cyberspace scrip.

9.2 That he was not aware whether the said company was registered with ROC and some of his colleagues were already made directors/authorized signatories in other similar entities and they were also forced to take loan from some of the banks against the shares of Cyberspace.

9.3 That Shri Arvind Johari had used the entities so created and also routed the funds taken by them as loans for executing trades in Cyberspace scrip.

9.4 That Shri Arvind Johari instructed him to open a bank account of Amit Inter Chemicals Pvt Ltd with Bank of India, Stock Exchange Branch, Mumbai and also forced him to sign on cheques, account opening form of the bank as well as on the demat account opening form. Further, Shri Arvind Johari had instructed one of his colleague who was looking after demat operations of CCL, to open a demat account in the name of Amit Inter Chemicals Pvt Ltd with IL&FS.

9.5 That he was not aware of the manipulative game of Shri Arvind Johari and pleaded his innocence in the matter.

10. Amit Interchemicals Ltd, Lucknow and their directors Sunita Malik, Girish Malik and Tarun Malik vide their separate letters dated July 19, 2004 responded to the show cause notice stating:

10.1 That their company M/s Amit Inter - Chemicals P Ltd had been liquidated by the Hon'ble Allahabad High Court vide its order dated November 24, 2001.

10.2 That the person named Shri Gaurav Shah was never appointed as director in their company. Further their company did not have any office any time in Mumbai or elsewhere except the office at 3-D, Singar Nagar, Lucknow.

10.3 That they or their company did not have any relation with CCL/Cyberspace or their directors or relatives.

10.4 That they or their company never purchased or sold Cyberspace shares and in fact, their company was defunct since 1990.

10.5 That they or their company never made/received any payment to or from persons/companies/firm mentioned in the show cause notices.

10.6 That their company did not have any bank account any time anywhere in India since 1990.

10.7 That the directors of CCL and Cyberspace fraudulently used the name of their company in buying and selling Cyberspace shares.

10.8 They have also filed affidavits dated October 25, 2004 reiterating the above stands.

11. Shri Rajiv Kumar Negia vide letter dated July 19, 2004 responded to the show cause notice stating:

11.1 That their company Kamrao Plastique Pvt Ltd had been liquidated by the Hon'ble Allahabad High Court vide its order dated November 24, 2001.

11.2 That the person named Shri Chetan Patel was never appointed as director in their company. Further, their company did not have any office any time in Mumbai or elsewhere except the office at A-1083/9, Indira Nagar, Lucknow.

11.3 That they or their company did not have any relation with CCL or Cyberspace or their directors, relatives or associates.

11.4 That they or their company never purchased or sold shares of Cyberspace Ltd. Infact their company was a defunct company since its incorporation, i.e. from 11.07.1991 till the date of its liquidation.

11.5 That they or their company never made/received any payment to or from persons/companies/firms mentioned in the show cause notice.

11.6 That their company did not have any Bank account any time anywhere in India. According to them, the Directors/Promoters of CCL and Cyberspace fraudulently used the name of their company in buying and selling of shares without their knowledge.

12. Shri Pradeep Gupta and Ms Sangeeta Gupta vide their letters dated August 28, 2004 responded to the show cause notices stating that they had resigned from the directorship of Nucleus Soft-Tel Pvt Ltd, Octopus Soft-Tel Pvt Ltd and Calculus Soft -Tel Pvt Ltd w.e.f. December 12, 2000 and also produced copies of form 32. Later on, they were replaced by new directors and they stated that they may be responsible for the wrong doing. They maintained that they are not responsible for any act of the new management of the company.

13. Shri Anand Nathani, director of Sipra Education Career Foundation P Ltd, vide letter dated September 5, 2004 responded to the show cause notice stating that he was working with CCL as a Trainee NSE terminal Operator for a salary of Rs 6000/- per month and his employer fraudulently made him a director of Sipra Education Career Foundation P Ltd. He further stated that he had no connection with Sipra Education Career and had not received any director's remuneration.

14. Shri Sanjai Kumar Verma vide letter dated July 24, 2004 filed a detailed reply to the show cause notice and filed an affidavit dated October 21, 2004 stating that the company Sipra Educational Career Foundation Pvt Ltd was liquidated by the Hon'ble High Court at Allahabad vide order dated November 24, 2001 and the company or its directors never associated with Cyberspace or CCL and the company never purchased or bought any Cyberspace share.

15. Ramesh C Shah vide letter April 9, 2004 responded to the show cause notice stating that he was a victim of the conspiracy hatched by Shri Arvind Johari. He stated that a warning was given to the brokers like Parthiv Parikh, Babubhai Purshottam, K.K Jalan etc who executed structured trades in Cyberspace. Vide letter dated January 4, 2005, he sought the investigation report in full, Media reports and materials on the basis of which BSE and NSE withheld the payouts in the scrip for the settlement No 242/246 and W47-W50 respectively, which was denied since the said documents did not have any direct connection to the charges levelled against him.

16. Shri Pratik R Shah vide letter April 9, 2004 responded to the show cause notice which is similar to the reply filed by his father Shri Ramesh Shah as stated in the paragraph just above.

17. Mahesh Mistry (M/s Delta Investments P. Ltd) vide letter April 27, 2004 responded to the show cause notice stating that he was an employee of CCL since 1997 as back office staff and Shri Arvind Johari forced him to act as a proprietor of Delta Investments. Shri Mistry also stated that he had not gone to open any bank account nor any demat account and the same were opened by his employer.

18. The notices intimating the date of hearing were served personally to two of the promoters viz. Shri. Arvind Johari and Shri. A. K. Johari at District Jail, Lucknow on September 07, 2006 and the same was served personally to the other promoter Shri. G. N. Johari at his residence on September 07, 2006. While accepting the said notices, Shri. Arvind Johari and Shri. A. K. Johari had requested extension of one month time i.e. October 20, 2006 as they were in custody. Shri. G. N. Johari requested to fix the date of hearing after 4 weeks from the above date of serving of notice to him. Shri. Arvind Johari and Shri. A. K. Johari vide letter dated October 06, 2006 requested the copies of show cause notices, copies of interim orders, copies of all investigation report of SEBI, NSE

and BSE with all annexures and statement of witnesses, copies of all relevant bank statement, demat statement and other relevant documents. The relevant documents except the investigation report were furnished to Shri Arvind Johari and Shri A. K. Johari vide letter dated October 20, 2006 and they were advised to appear on November 09, 2006 for a personal hearing before me. However, Shri Arvind Johari and Shri A. K. Johari informed that they have to appear before the criminal court on the same day i.e. November 09, 2006. Considering the said request, the hearing was fixed on January 04, 2007 at 12 noon which they did not attend. Further, another opportunity of personal hearing was granted to them on September 28, 2007 and this was also not availed by them. A final opportunity was given to them on October 10, 2007 which was also not availed by them. No reply was received from Shri G. N. Johari.

19. Another opportunity of personal hearing was afforded to them before me on February 19, 2008. The hearing was attended by Arvind Johari who made his submissions before me. During the course of hearing, Shri Arvind Johari submitted that he has already undergone tremendous suffering and hardships in the last 7 years and he was in jail for nearly 4 years and requested to take lenient view on him especially when he is making serious efforts to revive his companies viz. Cyberspace Ltd. and Century Consultants Ltd. Shri Arvind Johari further denied the stand of some of the entities that they were forced to open the bank account and demat account and signed on certain papers and cheques at his behest and he added that all those persons are well versed about the market practices. I also note that Shri Arvind Johari has sent his written submission dated 19-02-2008 for consideration.

20. A letter dated February 15, 2008 of Shri Anand Johari was submitted by Shri Arvind Johari seeking adjournment of hearing on the ground that he had to personally appear before the Court of Special Judicial Magistrate, CBI and the Court of ACJ, Lucknow. Therefore, another opportunity of personal hearing was

afforded to Shri Anand Johari before me on 25-02-2008, when he attended and made his submissions. He also submitted his written submissions dated 25-02-2008 which is taken on record.

21. Opportunities for personal hearing was given to all other Noticees before me at SEBI's Head Office at Mumbai on September 28, 2007 when the following entities attended the hearing:

21.1 Shri Harshad Murlidhar Shah, director of Pradeepak Finance & and Management Consultants Pvt Ltd, Rosewood Tradelinks and Shivam Multi Services Pvt Ltd.

21.2 Smt Rekha Nathani attended hearing for her son Anand Nathani, director of Sipra Education Career Foundation P Ltd. She submitted a handwritten submission dated September 20, 2007 wherein it is reiterated that Shri Anand Nathani was working with CCL as a back office staff for a monthly salary of Rs 6000/- and he was trapped by Shri Arvind Johari.

21.3 Amit Interchemicals Ltd, Lucknow and its directors Sunita Malik, Girish Malik and Tarun Malik filed written submission wherein they have reiterated the submission they had already made in their reply to the show cause notices. They informed vide their submission dated October 04, 2007 that Allahabad High Court ordered winding up of Amit Interchemicals Pvt Ltd and official liquidator took charge of the company in the year 2001.

21.4 Shri Rajendra Mehta appeared for himself and on behalf of Shri Chandresh Mehta and their companies Pradeepak Finance Mfging and Consultancy Services Pvt. Ltd., Rosewood Tradelinks Pvt Ltd and Shivam Multi Services Pvt Ltd. on September 28, 2007.

21.5 Mahesh Mistry, Proprietor, M/s Delta Investments attended hearing on September 28, 2007.

21.6 Pradeep Gupta on his behalf as well as on behalf of his wife Sangeeta Gupta and their companies Pradeepak Finance and Mfging Consultancy Services Pvt. Ltd., Nucleus Soft-Tel Pvt Ltd, Octopus Soft-

Tel Pvt Ltd and Calculus Soft- Tel Pvt Ltd. attended hearing on September 28, 2007.

21.7 Shri Dinesh V Shah, father of Shri Gaurav Shah vide letter dated September 14, 2007 informed that his son was out of station and could not attend hearing. Shri Dinesh V Shah stated that he would arrange to send SEBI's letter intimating hearing to Gaurav Shah. However, no one attended the hearing.

22. Another opportunity of personal hearing was given to the three promoters Gaurav Shah, Pratik Shah and Ramesh C Shah before me at SEBI's Head Office at Mumbai on October 10, 2007 which was availed by Shri Ramesh C Shah and Pratik R Shah.

22.1 Shri Ramesh C Shah attended the hearing on October 10, 2007 on behalf of himself and his son Shri Pratik Shah and reiterated the submission that they had already made in their reply to show cause notices.

22.2 Shri Dinesh Shah, father of Gaurav Shah vide letter dated October 06, 2007 informed that Gaurav Shah has nothing further to depose in this matter and requested that SEBI may proceed on the basis of his reply dated April 10, 2004.

23. A final opportunity of personal hearing was given in the matter on November 05, 2007 to entities mentioned in para no. 7.7 which was not availed by the Noticees.

24. I have carefully considered the investigation report, show cause notices, submissions of Noticees and other materials on record.

25. The main charge against the promoters and their shell companies/its directors-proprietors is that they had transacted heavily in the scrip of Cyberspace with a view to create artificial volumes and manipulating / maintaining the price by rotating the shares of Cyberspace in a circular manner for which the funds were provided by the promoters and in this manner they created false market.

26. I note that the price of the scrip (Cyberspace) at NSE had gone down during the period under investigation with the price on February 25, 2000 (listing day) being Rs. 1422/- and the closing price on September 22, 2000 being Rs. 843.40. On September 25, 2000 there was a stock split of the said scrip. The face value of the share was split from Rs 10/- to Rs 2/-. The price of the scrip continued to move in the downward direction with the closing price on September 25, 2000 at Rs. 174.10 and the closing price on November 10, 2000 at Rs.131.75. However, there was an irregular pattern in the volumes traded during the period under scrutiny [(25-02-2000 to 06-10-2000) and (09-10-2000 to 10-11-2000)]. During this period, the quantity traded was on the high side at 288805 shares on October 25, 2000 and on low side, it was 2 shares on May 5, 2000.

27. The scrip of Cyberspace was also listed on the BSE where the scrip was transferred to rolling settlements with effect from May 8, 2000. The price touched a low of Rs.860.25 before closing at Rs.869.80 on September 18, 2000. The price movement was more or less between Rs.900 and Rs.830 till September 25, 2000. With effect from September 26, 2000, the stock was split in the ratio 1:5. By the end of September 2000, the price of the scrip had gone down to Rs.177. The volumes in the scrip from September 26, 2000 had increased five-fold because of the stock split. After touching a high of Rs.189 on October 9, 2000, the price fell to Rs.135 by the end of October, 2000. The month of October, 2000 saw a daily average volume of 1,91,288 shares. The highest volume of 4,39,234 shares was recorded on October 23, 2000 and the lowest volume of 4,854 shares was recorded on October 26, 2000. In the month of November 2000, the price touched a high of Rs.146.90 (30-11-2000) and a low of Rs.129 (10-11-

2000) before closing at Rs.145.75 at the end of November 2000. The daily average volume was 2,60,047 shares with the highest volume of 4,85,670 shares on November 16, 2000 and the lowest volume of 57,180 shares on November 10, 2000. During the first half of December 2000, the price was range bound between Rs.150 and Rs.140. The average daily volume in the first half of December 2000 was 2,37,139 shares. The highest volume was seen on December 5, 2000 (4,36,457 shares) and the lowest on December 6, 2000 (1,28,523 shares). During the period from September 18, 2000 to December 15, 2000, the price (adjusted for the split) was in the range of Rs.190 (27/9/2000) to Rs.129 (10/11/00).

28. The scrip opened at Rs.148.95 on December 18, 2000 at BSE. The price of the scrip was in the range of Rs.149 to Rs.139 for the rest of December 2000. The average daily volume in the second half of December was 1,99,259 shares. In the first week of January 2001, the price was in the range of Rs.155 to Rs.142. By the end of the first half of January 2001, the price had gone up to Rs.169. In the second half of January 2001, the price was hovering around Rs.160-170. The average daily volume in the month of January 2001 was 2,13,279 shares. The price range in the month of February 2001 was between Rs.150 to Rs.170. The average daily volume in the month of February 2001 was 2,53,447 shares. Till the 7th of March 2001, the price had come down to Rs.110. The average daily volume for the first week of March 2001 till March 7, 2001 was 3,69,665 shares. During the period from December 18, 2000 to March 7, 2001, the price was mainly in the range of Rs.179.25 (20/2/2001) to Rs.109/-. On March 16, 2001, the scrip touched a low of Rs 65.9 and thereafter declined continuously to close at Rs 1.15 on April 18, 2001 on BSE.

29. The trading in the scrip of the Cyberspace was suspended from April 30, 2001 on NSE and from April 19, 2001 on BSE. The said suspension is still in force.

LINKAGES AMONG THE NOTICEES

30. I note that Cyberspace and CCL are group/associate companies and have three common directors namely Shri G. N. Johari, Shri. A. K. Johari and Shri Arvind Johari. As per the annual report of CCL for the year 1999-2000, Cyberspace was holding 18,63,425 equity shares of CCL which is 47.22% of 39,46,550 equity shares. As on August 24, 2000, this holding went upto 55%. At the same time, CCL was holding 21% of the paid up capital of Cyberspace. These facts would conclusively establish that Cyberspace and CCL are related with each other.

31. Further I have examined the nexus between the promoters of Cyberspace/CCL and the entities who had executed circular trading in Cyberspace scrip and find that Kamarao Plastique Ltd., Octopus Soft-Tel Pvt Ltd, Pradeepak Finance Manufacturing & Consultancy Services Pvt. Ltd., Shreeji Investments, Nucleus Soft-Tel Pvt Ltd, Shivam Multi Services Pvt Ltd, Amit Inter Chemicals Pvt Ltd, Ramesh Shah, Pratik R Shah, Arihant Investments, Country Informtech Services Pvt Ltd, Shri Hitesh Ambalal Shah, Vinpark Securities, Shri Ashish G Shah, Sipra Education Career Foundation Pvt Ltd., Calculus Soft-Tel Pvt Ltd, Delta Investments, Kamal Infosys, Neelam Consultancy and Rosewood Tradelinks Pvt Ltd. were related and they traded in the scrip with the funds provided by promoters of Cyberspace/CCL. Further, the table below would bring out the linkages between the Noticees:

Name of the Client	Signatories / directors	Relationship with Noticee / Cyberspace
Kamarao Plastique Ltd.	Shri Chetan Patel – Director Signatories to MOA Shri Rajiv Kumar Nagia and Shri Ajay Prakash Witness to MOA is Shri R.P Tewari	Shri Chetan Patel was an employee of CCL. The address of the witness (R P Tewari) appearing in the MOA is same as that of the Lucknow branch office of Noticee. Shri Arvind Johari used this as a front company.
Octopus Soft-Tel Pvt Ltd	Shri Anil Tambe –Director. Signatories to MOA Shri Pradeep Gupta and Smt. Sangeeta Gupta. The witness to the MOA is Shri Sachin Agrawal.	Shri Anil Tambe and Shri Sachin Agrawal were employees of CCL.
Pradeepak Fin and Mgt Cons Pvt Ltd	Shri Harshad Shah and Shri Rajendra Menta – Directors	Unregistered sub-broker of Noticee, doing trading through CCL. Shri Arvind Johari used this as a front company.
Shreeji Investments	Shri Rohit Shah – Proprietor	Employee of CCL. Shri Arvind Johari used this as a front company.

Name of the Client	Signatories / directors	Relationship with Noticee / Cyberspace
Nucleus Soft-Tel Pvt Ltd	Shri Amit Singh – Director Signatories to MOA Shri Pradeep Gupta and Smt. Sangeeta Gupta. The witness to the MOA Shri Sachin Agrawal.	Shri Amit Singh as well as Shri Sachin Agrawal were employees of CCL. Amit Singh was personal assistant to Shri Arvind Johari
Shivam Multi Services Pvt Ltd	Shri Harshad shah and Shri Rajendra Mehta – Directors	Unregistered sub-broker of CCL, doing trading through Noticee. Sri Arvind Johari used this as a front company.
Amit Inter Chemicals Pvt Ltd	Shri Gaurav Shah – Director Signatories to MOA Shri Shamsunder Shri Verma, Shri Ashok Verma, Shri Anil Verma, Shri Ajai Verma, Shri Arun Verma.	Shri Gaurav Shah was an employee of CCL and the bank account opening form of Amil Interchemicals Ltd. has Century Consultants Ltd. as the introducer.
Ramesh Shah	Individual	Sub broker of Noticee on BSE. Shri Arvind Johari used him as a front.
Pratik R Shah	Individual	Son of Shri Ramesh Shah. Shri Arvind Johari used him as a front.
Arihant Investments	Shri Rakesh Giriya – Proprietor. Witness to the Member Constituent agreement is Rohit Shah	Shri Rakesh Giriya was a client of CCL and Rohit Shah was the employee of CCL. Sri Arvind Johari used this as a front company.
Country Informtech Services Pvt Ltd	Shri Raju Kapur - director. Signatories to MOA Shri Rakesh Tandon Raju Kapoor Prabal Mall	1. Shri Raju Kapur was an employee of CCL and Shri Rakesh Tandon is a relative of Shri Raju Kapoor 2. The address of the witness (Shri R P Tewari) appearing in the MOA is same as that of the Lucknow branch office of CCL Shri Arvind Johari used this as a front company.
Sipra Education Career Foundation P Ltd.	Shri Anand Nathani – Director Signatories to MOA S/ Shri Amarendra Kumar Srivastava, Srinivas Kumar Verma Amarkumar Sinha.	Employee of CCL. Shri Arvind Johari used this as a front company.
Calculus Soft-Tel Pvt Ltd	Shri Kalanath Jha – Director- Signatories to MOA Shri Pradeep Gupta and Smt. Sangeeta Gupta. The witness to the MOA is Shri Sachin Agrawal.	Shri Kalanath Jha as well as Shri Sachin Agrawal were employees of CCL.
Delta Investments	Shri Mahesh Mistry	Employee of CCL. Sri Arvind Johari used this as a front company.
Rosewood Tradelinks Pvt Ltd	Shri Rajendra Mehta – Director Signatories to MOA Shri Dilip Gupta Shri Pradeep Gupta	Unregistered sub-broker of Noticee, doing trading through Noticee. Shri Arvind Johari used this as a front company.
M/s Tirupati Share Registry Pvt Ltd	Arvind Johari - Director	Promoter's group company
Vandana Srivatava	Individual	Employee of CCL, address and telephone number same with the promoter of CCL
A.M Johari & Co	Arvind Johari - Director	Promoter's group company
Kamal Infosys Ltd.	Arvind Johari - Director	Promoter's group company
Rajnikant Shah	Individual	Transferred shares to Pratik Shah

TRADING DETAILS OF THE NOTICEES

32. The details of buy position and sell position of CCL and the Noticees in Cyberspace scrip at both BSE and NSE during the period of investigation are given in the table below:

Sl.No.	Name	Buy Position		Sale Position	
		Shares	%	Shares	%
1.	Purchases/Sales through CCL	40,85,516	11.11	1,39,269	0.38
2.	Ramesh C. Shah	28,90,011	7.86	2,32,600	0.63
3.	Rosewood Tradelinks P. Ltd.	12,70,325	3.45	12,50,800	3.41
4.	Shivam Mutli-Services P. Ltd.	11,06,750	3.01	10,50,200	2.86
5.	Tirupati Shares Registry P. Ltd.	10,45,001	2.84	9,26,608	2.52
6.	Country Informtech Services P. Ltd.	9,76,345	2.65	89,075	0.24
7.	Vandana Srivastava	9,71,796	2.64	4,29,824	1.17
8.	Amit Interchemicals P. Ltd.	9,19,297	2.50	8,04,675	2.19
9.	Pradeepak Finance & Mgmt. Con. P. Ltd.	8,53,300	2.32	7,99,100	2.17
10.	Delta Investments	7,30,305	1.99	4,62,550	1.26
11.	Nucleus Soft-Tel P. Ltd.	6,32,100	1.72	6,24,586	1.70
12.	Calculus Soft-Tel P. Ltd.	6,16,740	1.68	75,455	0.21
13.	A.M. Johari & Co.	5,67,862	1.54	8,09,536	2.20
14.	Octopus Soft-Tel P. Ltd.	4,65,100	1.26	55,000	0.15
15.	Pratik R. Shah	3,42,015	0.93	27,08,408	7.36
16.	Kamal Infosys Ltd.	3,34,677	0.91	6,92,285	1.88
17.	Arihant Investments	3,22,700	0.88	3,63,300	0.99
18.	Shreeji Investments	3,08,050	0.84	44,800	0.12
19.	Arvind Johari	3,02,260	0.82	70,550	0.19
20.	Rajnikant Shah	2,44,565	0.66	72,500	0.20
21.	S.G. Badani	1,98,100	0.54	3,67,250	1.00
22.	Jugal Kishore Barasia	1,71,755	0.47	7,22,800	1.97
23.	Sipra Educational Career Foundation	1,58,000	0.43	1,75,804	0.48
24.	M.S. Badani	1,40,780	0.38	6,56,278	1.78
25.	Prabodh Arth Sanchay P. Ltd.	1,25,100	0.34	22,02,350	5.99
26.	CCL	90,000	0.24	11,54,166	3.14
27.	Kamrao Plastique	42,600	0.12	37,000	0.10
	TOTAL	1,99,11,050	54.14	1,70,18,769	46.27

The following table shows a consolidated picture of the trades done in Cyberspace scrip:

	NSE (March 5 to 14, 2001)					BSE (March 8 to 16, 2001)				
	Gross market Volume	Purchase	(b) as % of (a)	Sales	(c) as % of (a)	Gross market Volume	Purchase	(g) as % of (f)	Sales	(i) as % of (f)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)

Trades through CCL	2680439	185963 3	69%	5492	Negl	249661 9	1905546	77%	6950	Negl
Trades through other members		634710	24%	221940 5	83%		414850	16%	230687 7	92%
Total Trades		244534 3	93%	249434 3	83%		2320396	93%	231382 7	92%

The following table shows Noticee wise buy and sell positions for the period of March 5, 2001 to March 16, 2001 at both BSE and NSE investigation.

Date of the year 2001	Name of the Client	Broker	Qty Bought	Qty Sold
05/03	Ramesh Shah	India Infoline(N)	40000	
07/03		India Infoline(N)	50000	
08/03		India Infoline(N)	50000	
08/03		Toshniwal & Co(N)	5000	
09/03		India Infoline(N)	50010	
12/03		India Infoline(N)	50500	
13/03		Monarch Project(N)		2160
14/03 16/03		Monarch Project(N) India Infoline (B)		5000 240000
08/03	Pratik Shah	Kaynet (B)		67437
12/03		Mangla Capital (N)		140000
05/03	Sipra Educational Career Foundation Pvt Ltd	Parikh and Shah Fin (N)	42500	
07/03		Angel Capital (N)	10000	
07/03		Parikh and Shah Fin (N)	5100	
08/03		Parikh and Shah Fin (N)	42600	
08/03		ASL Capital (N)	50000	
09/03		Parikh and Shah Fin (N)	15000	
12/03		Parikh and Shah Fin (N)	30000	
13/03		Mangla Capital (N)		72500
05/03	Arihant Investments	The Omniscient(N)	15500	
07/03		The Omniscient(N)	18500	
08/03		The Omniscient(N)	15000	
08/03		The Omniscient(B)	17500	
09/03		The Omniscient(B)	20000	
12/03		The Omniscient(N)	9000	
12/03		The Omniscient(B)	5500	
13/03		Mangla Capital (N)		150000
05/03	Rosewood Tradelinks P Ltd	Anagram Securities (N)	50000	
08/03		Kaynet (B)	25000	
08/03		VVL Securities(B)	16550	
09/03		VVL Securities(B)	20000	
12/03		VVL Securities(B)	30000	
14/03		Anagram (B)		70000
16/03		Anagram (B)		50000

Date of the year 2001	Name of the Client	Broker	Qty Bought	Qty Sold
05/03	Calculus Soft-Tel P Ltd	Betala Stock (N)	7000	
		Hi-Groeth(N)	7000	
07/03		Betala Stock (N)	10000	
		Hi-Groeth(N)	10000	
08/03		Hi-Groeth(N)	7500	
		G R Pandya (B)	25500	
		Betala Stock (N)	15000	
09/03		Hi-Groeth(N)	7500	
		G R Pandya (B)	25200	
		Betala Stock (N)	10000	
12/03		Hi-Groeth(N)	5000	
		G R Pandya (B)	15000	
		Betala Stock (N)	7000	
13/03		Mangla (N)		62500
07/03		Shivam Multi Services P Ltd	Mangla Capital(N)	
08/03	Prabhudas Liladhar(N)			110000
	Prabhudas Liladhar(B)			110000
09/03	Prabhudas Liladhar(N)			160000
	Prabhudas Liladhar(B)			91500
14/03		Anagram(B)		50000
16/03		Anagram(B)		80000
05/03	Prabodh Arth Sanchay P Ltd	Sajag Securities(N)		53700
07/03		Sajag Securities(N)		55175
08/03		Sajag Securities(N)		34325
		Kaynet (B)		25000
08/03		Kaynet (N)		50000
		Shailesh L Shah(B)		50000
09/03		Sajag Securities(N)		87195
		Kaynet (B)		156100
		Shailesh L Shah(B)		65000
12/03		Sajag Securities(N)		90000
		Kaynet (B)		147000
		Kaynet (N)		35000
13/03		Sajag Securities(N)		130000
	Kaynet (B)		245000	
14/03	Kaynet (B)		157000	
16/03	Kaynet (B)		83000	
05/03	Kamrao Plastique P Ltd	Mangla Capital (N)		94900
08/03		Mangla Capital (N)		43800
09/03		Mangla Capital (N)		51000
05/03	Octopus Soft-Tel P Ltd	Mangla Capital (N)		14500
07/03		Mangla Capital (N)		55000
09/03		Mangla Capital (N)		56400
12/03		Mangla Capital (N)		23800
05/03	Pradeepak Finance and Mgt Cons P Ltd	Mangla Capital (N)		177600

Date of the year 2001	Name of the Client	Broker	Qty Bought	Qty Sold
05/03	Shreeji Investments	Mangla Capital (N)		8700
07/03	Nucleus Soft-Tel P Ltd	Mangla Capital (N)		60700
08/03		Mangla Capital (N)		64400
09/03		Mangla Capital (N)		69200
12/03		Mayur M Kothari (B)		123100
12/03		Mangla Capital (N)		50350
13/03		Mayur M Kothari (B) The Omniscient (B) G r Pandya (B)	19500 10000	46400
14/03		The Omniscient (B)	19000	
08/03	Amit Inter Chem P Ltd	Nikko Stock (B) V Devendrakumar(B)	30000	110000
09/03		Nikko Stock (B) V Devendrakumar(B)	15000	118200
12/03		Mangla Capital (N) V Devendrakumar(B)	20000	79800
13/03		V Devendrakumar(B)	15000	
14/03		V Devendrakumar(B)	19500	
08/03	Country Informtech Serv P Ltd	Sonpankhi (B)	18200	
09/03		Sonpankhi (B)	18400	
12/03		Sonpankhi (B)	16400	
13/03		Mangla Capital (N)		15700
12/03	Delta Investment	PSJ Securities(N)	4785	
09/03	Jugal Kishore Barasia	The First Custodian(N)		50000
12/03				27100
12/03		ACK Capital (B)		70000
14/03		Nikko Stock(B)		65000
07/03	S G Badani	Nikko Capita (N)		78000
14/03				1135
05/03	Clients	CCL (N)	178558	3865
07/03		CCL (N)	281700	0
08/03		CCL (N) CCL	236760 227147	0
09/03		CCL (N) CCL (B)	305072 367407	1627
12/03		CCL (N) CCL (B)	359680 273150	0
13/03		CCL (N) CCL (B)	433802 258568	0
14/03		CCL (N) CCL (B)	64061 331262	

Date of the year 2001	Name of the Client	Broker	Qty Bought	Qty Sold
16/03		CCL (B)	448012	

(B = BSE, N = NSE)

33. It can be seen from the above that most of the selling Noticees were also appearing on the buying side dealing through various brokers. Thus, the same set of Noticees were found to be buying as well as selling in Cyberspace scrip constituting 93% (NSE & BSE) of the gross buy and 83%(NSE) and 92%(BSE) of gross sell.

FLOW OF FUND AMONG THE NOTICEES AND OTHER DETAILS AND FINDINGS:

34. I find on perusal of the bank statements of the client accounts maintained by CCL with Bank of India (Stock Exchange Branch), Mumbai that there were number of instances showing payments/ receipts of funds from / to Cyberspace and its director(s) by some of the Noticees. I find that the buying of securities by one of the Noticees was immediately after its receipt of funds from other related Noticee. e.g. Receipt of Rs.38,20,000 by Sipra Educational Career Foundation P Ltd from Kamarao Plastique P Ltd. on March 05, 2001 was accompanied with purchase of 42500 shares on the same date, the value being approximately the same. Similarly Calculus Soft-Tel Pvt. Ltd. had received an amount of Rs.42,92,000/- from Octopus on February 27, 2001 which was followed by purchases by Calculus Soft-Tel Pvt. Ltd. I find that there were several instances of payments / receipts made to Arvind Johari (Director of Cyberspace and CCL) and Cyberspace as also amongst the Noticees and these are explained in the succeeding paragraphs.

35. The above clearly establishes that Cyberspace and CCL and its directors had not only used their employees to float companies to trade in their name but they also provided funds to manipulate Cyberspace scrip.

Amit Inter Chemicals P Ltd, Shri Gaurav Shah, Shri Girish Malik, Shri Tarun Malik and Ms Sunita Malik.

36. Amit Inter Chemicals P Ltd was used to act as a front entity of CCL and also made payment of Rs. 4,00,000/-, Rs. 10,50,000/- on March 01, 2001 and on March 08, 2001 to Arvind Johari and Rs3,25,000/ on March 12, 2001 to CCL. Apart from the share transactions, it was observed from NSDL and CDSL accounts that the majority of the credit entries were for purchases made. The off-market transfers were to Pratik Shah, Nucleus Soft-Tel, Pradeepak Finance, Calculus Soft-Tel, Delta Investments, Country Informtech, Octopus Soft-Tel, Kamrao Plastique and Beneficiary account, Pay-in and pay out of CCL, Vinod Gupta, Sipra Education and Arihant Investments and the shares were received through off market transfers from Kamal Infosys, and Shivam Multi Services. The main debit entries were for sales made and for off-market transfers to Vinod Gupta. Some of the instances of the shares received/ given by this Noticee for meeting the delivery obligations are given hereinunder:

Settlement No	Name of the client	Deliverable Position	Name of the transferor	Qty Transferred
2001046	Nucleus Soft-Tel P Ltd	50350	Amit Inter Chem P Ltd	23500
2001050	Country Informatic	15700	Amit Inter Chem P Ltd	5000
2001048	Octopus Soft-Tel P Ltd	56400	Amit Inter	4491
2001045	Pradeepak Fin and Mgt Cons P Ltd	177600	Amit Inter	1384
2001049	Amit Inter Chem P Ltd	79800	Mkt Del CCL NSE	51256
			Mkt Del BSE Others	23500
			Mkt Del NSE Others	5000
			Delta	9535

37. Show cause notice was issued to Shri Gaurav Shah who responded that he was working as Account Officer in CCL from September 1999 to March 2001 and Shri Arvind Johari made him director of Amit Inter Chemicals to execute trades in Cyberspace. The involvement of Gaurav Shah was examined and from the copy of account opening form provided by Bank of India, it was observed that the bank account was opened with the address of "Amit Inter – Chemicals Pvt Ltd, 11, Chamunda Kripa, Cottage Lane Santacruz, Mumbai – 400 054". An extract for the resolution passed in the meeting of the Board of Directors of Amit Inter – Chemicals Pvt Ltd. allegedly held at its registered office at Pratap Nagar, Agra, Uttar Pradesh on December 16, 2000 was also provided to the bank along with account opening form. As per the said resolution, Shri Gaurav Shah was

authorized to operate the account with Bank of India. The name of the introducer in the account opening form has the seal of Century Consultants Ltd. On a further examination of the facts, I find that Shri Arvind Johari and Shri Gaurav Shah created an address at Mumbai and opened a bank account and produced a false extract of resolution to the Bank of India, with a view to enable him to transact through the bank while executing manipulative trade in Cyberspace scrip. I note that Shri Gaurav has stated that he was not aware of the manipulative game of Shri Arvind Johari. From the above facts, it is clear that Shri Gaurav Shah had acted in concert with Shri Arvind Johari. Once the game was over, Shri Gaurav Shah had taken a stand that he had been made as a scapegoat by Shri Arvind Johari. This plea is not tenable as Shri Gaurav Shah was aware that he was doing wrong from the very beginning. No one should allow others to take unfair advantage and in the instant case, Shri Gaurav Shah should have reported the concerned authority when Shri Arvind Johari forced him to do illegal things. It is thus clear that Shri Gaurav Shah had acted in concert with the promoters of CCL/Cyberspace and created artificial market in Cyberspace scrip.

38. Show Cause Notices were also sent to the original directors viz. Shri Girish Malik, Shri Tarun Malik and Ms Sunita Malik who responded that they were the erstwhile directors of Amit Inter Chemicals P Ltd. which was a defunct company since 1990 and the company was liquidated by the order dated November 24, 2001 passed by the Hon'ble High Court at Allahabad. In addition to this, Ms Sunita Malik submitted that she was not a director at the relevant time, but did not provide adequate evidence in this regard. They have also submitted that Shri Gaurav Shah was never appointed as the director of Amit Inter Chemicals P. Ltd. and also filed affidavit dated October 25, 2004 reiterating the facts stated above in Cyberspace scrip. I note that the directors of Amit Interchemicals Pvt. Ltd., Lucknow (Girish Malik, Tarun Malik and Sunita Malik) had submitted their submissions vide their letter dated October 04, 2007. The said letter also enclosed copies of

- Statutory notice u/s 433 (f) r/w Section 439 (6) of the Companies Act, 1956 issued to Amit and its directors by the Dept. of Company Affairs

- Company petition in C.P. No. 61 of 2001 filed by the Registrar of Companies, U.P. and Uttaranchal against Amit and its directors.
- Counter affidavit of Tarun Malik filed in C.P. No. 61 of 2001.
- Office order of the Official Liquidator, U.P. and Uttaranchal.

I find from the submissions of the notice that the show cause notice and the company petition mentions that Girish Malik, Tarun Malik and Sunita Malik were the directors of Amit. On perusal of the show cause notice issued by the Regional Director, DCA it was alleged that the company (Amit) made default in making payment to various investors and the running away of the directors. It also mentioned that the Central Bureau of Investigation had made serious allegations that the aforesaid directors through their company had cheated several thousands of depositors / investors, banks and financial institutions. The company petition filed by the ROC also avers that serious allegations were made by the CBI against the directors (A M Jauhair and A K Jauhari) of Century Consultants Ltd. of cheating several thousands of investors, banks and financial institution through forgery, fraud and corrupt / illegal means. The petition also states that the reply of the company to the show cause notice was thoroughly examined and was not found satisfactory. I also note that Tarun Malik vide his counter affidavit filed in the aforesaid company petition had submitted that he has no objection to the winding up of the company. The Hon'ble High Court vide order dated 24-11-2001 had allowed the company petition. It is also seen from the copy of the office order dated 03-12-2001 (annexed to the written submissions dated 04-10-2007 of M/s. Girish Malik, Tarun Malik and Sunita Malik) that Kamal Infosys, Tirupati Share Registry, Country Informatech, Sipra, Kamrao and Amit (entities who had dealt in the scrip of Cyberspace) have been ordered to be wound up by the Hon'ble High Court. This creates a ground that all the entities are related with Century Consultants whose directors were the Joharis who were also the directors of Cyberspace. Thus the argument of the directors of Amit that they had no role to play in the irregularities would not stand.

Sipra Education Career Foundation P Ltd. -

39. Show cause notices to Sipra Education Career Foundation Pvt Ltd, Shri Anand Nathani, Shri Sanjai Kumar Verma and Shri Amarendra Kumar Srivastava were issued in the matter. Shri Sanjaikumar Verma vide letter dated July 24, 2004 stated the company had never transacted in Cyberspace scrip and denied their alleged nexus with Cyberspace and CCL. It was also informed that the company was liquidated by the Hon'ble High Court at Allahabad vide order dated November 24, 2001. On examination, I find that vide order dated November 24, 2001, Allahabad High Court has liquidated 12 companies which include Amit Inter Chemicals P Ltd, Country Informtech Services Pvt. Ltd, Kamal Infosys Ltd, CCL, Tirupati Share Registry P. Ltd, Sipra Education Career Foundation P Ltd, Kamarao Plastique P Ltd among them. The list of 12 companies is given in the official liquidator's order dated December 03, 2001. Shri Sanjaikumar Verma's reply is similar to that of the reply filed by Shri Girish Malik, Shri Tarun Malik and Ms Sunita Malik and the contentions raised therein are rejected for the reasons stated in paragraph no. 36 above and the same reasoning is applicable here as well.

40. Further, the contention of Shri Anand Nathani that his name was fraudulently used by his employer and he was forced to sign the cheques and other documents etc is not tenable as the plea of ignorance of law can not be acceptable as a defense. On the other hand, sufficient evidence of fund flow and security flows are available on record against Sipra Education Career Foundation Pvt Ltd. From NSDL and CDSL account, it was found that all the credit and debit entries were off-market transfers. Among others shares have been received from Amit Interchemicals, Octopus Soft-Tel and Pratik Shah and off market transfers were made to Prabodh Arth Sanchay and Nucleus Soft-Tel. from NSDL account. There were also off-market transfers from Kamrao Plastique, Amit Inter-chemicals, Octopus Soft-Tel and Nucleus Soft-Tel. The majority of the debit entries were off-market transfers. Off-market transfers have been made to Delta Investments, the Beneficiary account of CCL, Octopus Soft-Tel, Shivam Multi Services, Nucleus Soft-Tel and Vinod Gupta.

41. Sipra Education Career Foundation P Ltd had received Rs. 38,20,000 from Kamarao Plastique P Ltd. on March 05, 2001 and made payment of Rs. 20,00,000/- to Arvind Johari on March 13, 2001 and Rs. 20,00,000/- to CCL on March 13, 2001. Some of the instances of transfer of shares for meeting its delivery obligations are given hereinunder:

Settlement No	Name of the client	Deliverable Position	Name of the transferor	Qty Transferred
2001050	Sipra Educational Career Foundation Pvt Ltd	72500	Nucleus Soft-Tel P Ltd	17960
			Mkt Del from CCL on BSE	54540
2001046	Octopus Soft-Tel P Ltd	55000	Mkt Del from CCL on NSE	34673
			Sipra Education Career Foundation	20327
2001046	Nucleus Soft-Tel P Ltd	50350	Mkt DEL BSE- CCL	4170
			Mkt DEL BSE- Others	28500
			Mkt Del Others- NSE	36900
			Ramesh Shah	35000
			Delta Investments	8965
			Sipra Edu. Career Foundation	7000
			Shivam	98523
			Amit	23500
			Octopus	11750
			Country	5500

42. The above details are enough to establish the involvement of Shri Arvind Nathani, Sanjai Kumar Verma and Shri Amarendra Kumar Srivastava and their company Sipra Education Career Foundation Pvt. Ltd in the matter and thus the charges levelled against them are established.

Kamarao Plastique P Ltd and Shri Chetan Patel, Shri Rajiv Kumar Negia and Shri Ajay Prakash

43. Kamarao Plastique P Ltd was a front company of CCL and had made few transactions in this period. It had only sold through the broker Mangla Capital.

The shares were transferred from the Noticees like Shivam, Pradeepak, Sipra etc. Kamarao Plastique P Ltd had made payment of Rs. 38,20,000/- and Rs. 7,75,000/- to Sipra Education Career Foundation P. Ltd. on March 05, 2001 and payment of Rs. 46,00,000 to CCL on March 13, 2001.

44. Shri Chetan Patel, Director of Kamarao Plastique Ltd. had given his statement on May 04, 2001 before the Investigating Authority. He was only 25 years at the time of recording his statement. He admitted that he was an employee of CCL since 1999 and also stated that Kamarao Plastique P Ltd had been floated by Shri Arvind Johari. He also informed the investigating authority that he was not aware of any transaction in the scrip of Cyberspace except the fact that he bought 10 shares of Cyberspace in February 2001. He also informed that Shri Johari used to trade on behalf of the company. He also stated that he had no idea about trading done for Kamarao Plastique Ltd. and also added that Shri Arvind Johari used to do the trading for the company and whenever required he was told to sign the papers and blank cheques and not allowed to read the said documents also. This argument of Shri Chetan Patel is not tenable and he cannot get away from the charges by merely pleading the ignorance as he was aware that Arvind Johari was using his name for transacting in Cyberspace scrip and allowed his employer to take undue advantage. After the entire episode of manipulation, he cannot take a plea that he was innocent as he was not aware of the manipulative game of his employer. Shri Rajiv Kumar Negia and Shri Ajay Prakash were also the directors of Kamrao Plastique P. Ltd. I have noted that the show cause notice was sent jointly to Shri Rajiv Negia and Ajay Prakash Shri Rajiv Negia who replied to the show cause notice and the details whereof are given in paragraph no. 11. The submissions in the said reply is similar to that of Shri Girish Malik, Shri Tarun Malik, Ms Sunita Malik and Shri Sanjaikumar Verma and their contentions which were not acceptable to the Hon'ble High Court of Allahabad should not be reiterated in the instant proceeding. I have examined the materials available on record and find that there is adequate evidence against them to prove their involvement in the matter. On the other hand, I find that Kamarao Plastique P Ltd had actively acted in concert with the promoters of CCL

and Cyberspace and created artificial market in Cyberspace scrip and thus the charges levelled against Kamarao Plastique P Ltd, Shri Chetan Patel, Shri Rajiv Kumar Nagia and Shri Ajay Prakash are established.

Arihant Investments

45. Arihant Investments, a front company of CCL, had made few transactions in this period. From the CDSL account, it was found that except for one purchase made through V. Devendrakumar, all the credit entries in the demat account were off-market transfers. The shares had been received from Delta Investments, Nucleus Soft-Tel, Pratik Shah, Amit Inter-chemicals and Shivam Multi Services. From NSDL account, it was found that it had purchased shares on BSE and NSE. There were off-market transfers from Octopus Soft-Tel (majority), Calculus Soft-Tel, Nucleus Soft-Tel, Kamal Infosys, Pratik Shah and Kamrao Plastique. The majority of shares had been transferred off-market from this account to the demat account of Prabodh Arth Sanchay Pvt Ltd. The shares have also been transferred to the Beneficiary account of CCL, Amit Interchemicals, Country Informtech, Calculus Soft-Tel, Delta Investments, Pradeepak Finance and Shivam Multi Services. The above details and following instances of transfer of shares for meeting the delivery obligations are enough to establish the role of Arihant Investments in creating the artificial market in cyberspace.

Settlement No	Name of the client	Deliverable Position	Name of the transferor	Qty Transferred
2001050	Country Informtech Services P Ltd	15700	Octopus Soft-Tel P Ltd	13050
			Amit Inter Chem P Ltd	5000
			Arihant Investments	6786
2001050	Arihant Investments	150000	Ramesh Shah	37650
			Octopus	61000
			ILFS 6244	11604
			Nucleus	25500
			Mkt Del CCL on NSE	8000

Shivam Multi Services Pvt. Ltd, Rosewood Tradelinks Pvt. Ltd. and Pradeepak Fin. & Mgmt. Cons. Pvt. Ltd, Rajendra Mehta and Ashok Ramchandani

46. Shri Rajendra Mehta, director of above three companies in his statement dated April 30, 2001 before the investigating authority stated that transactions in the shares of Cyberspace were executed at the request of Shri Arvind Johari. He further admitted that they were acting as unregistered sub-broker to CCL since 1997 and started trading in Cyberspace scrip in July 2000 in the name of above three companies through various brokers of BSE and NSE on the direct request of Arvind Johari. Funding of approx. Rs. 1 crore was made to the above three companies by Arvind Johari's group companies (A. M. Johari & Co., Tirupati Share Registry Ltd., CCL etc.). The companies again received financing to the tune of one and half crores through Arvind Johari's companies when the trading in Cyberspace shares was increased. Cyberspace shares used to come from group companies of Shri Arvind Johari such as Kamal Infosys Ltd., Tirupati Share Registry Ltd., Octopus Soft-Tel Pvt. Ltd., Nucleus Soft-Tel Ltd. They had also stated that Shri Arvind Johari requested them to continue transacting in the shares till middle of December 2000 since Shri Johari wanted to upgrade Cyberspace shares from B2 group to B1 group for which certain volume was required on BSE & NSE.

47. He had also stated that these transactions of shares were undertaken by office staff of CCL at their premises on the direct instructions of Shri Arvind Johari on their behalf and using these companies as front companies for the said purpose. The payments for the sales were credited in the respective company's account and sales proceeds were used to finance the purchases in the market. The fund flow of all the companies Pradeepak Finance, Rosewood Tradelink and Shivam Multi Services were managed by Shri Arvind Johari and his staff. Shri Ashok Ramchandani was also a director in Shivam Multi Services who did not turn up in this proceeding. The details of transactions executed by these three companies showing their involvement in creating artificial market in Cyberspace scrip are explained hereunder:

Rosewood Tradelink P Ltd.

48. The CDSL account analysis shows that the credit entries were transfers from Pay-out account and Pay-in account of CCL and from Nucleus Soft-Tel. All the debit entries were for sales made. From NSDL account it was found that the credit entries in the account were for purchases made. There was an off-market transfer from Beneficiary account of CCL. The debit entries were for sales made. There were two off-market transfers to Pradeepak Finance. Some of the instances of transfer of shares for meeting the delivery obligations are given hereinunder:

Settlement No	Name of the client	Deliverable Position	Name of the transferor	Qty Transferred
2001045	Pradeepak Fin and Mgt Cons P Ltd	177600	Rosewood Tradelinks P Ltd	27372
2001045	Pradeepak Fin and Mgt Cons P Ltd	177600	Mkt Del Others NSE	30000
			Mkt Del Others BSE	53500
			Mkt Del CCL BSE	15980
			Amit Inter	1384
			Delta Investment	68141
			Rosewood	27372

Shivam Multi Services P Ltd

49. The major credit entries in demat account were off-market transfers from Kamal Infosys. The other credit entries in the account maintained with CDSL were for purchases made. The majority of the debit entries were transfers to a broker for sales made. From NSDL account, it was found that the majority of the credit entries were for purchases made. There were off-market transfers from Pradeepak Finance, Arihant Investments, Delta Investments, Country Informtech, Kamrao Plastique and Sipra Education. The major debit entries in the account were for sales made and transfers made to Vinod Gupta. The other off-market transfers were to Amit Inter-chemicals, Beneficiary account of CCL and Nucleus Soft-Tel. Some of the instances of transfer of shares for meeting the delivery obligations are given hereinunder:

Settlement No	Name of the client	Deliverable Position	Name of the transferor	Qty Transferred
2001046	Shivam Multi Services P Ltd	167000	Delta Investments	21500
			Country Informtech Services P Ltd	5400
			Pradeepak Fin and Mgt Cons P Ltd	41000
2001046	Nucleus Soft-Tel P Ltd	50350	Shivam Multi Services P Ltd	98523

Pradeepak Finance & Management Consultants P Ltd

50. From the NSDL account, it was found that the majority of the credit entries were for purchases made. The other off-market transfers were from Nucleus Soft-Tel, Kamrao Plastique, Octopus Soft-Tel, Rosewood Tradelink, Delta Investments and Arihant Investments. The majority of the debit entries were for sales made and transfers to Vinod Gupta. The other off-market transfers were made to Arihant Investments, Beneficiary account of CCL and Shivam Multi Services. Some of the instances of transfer of shares for meeting the delivery obligations are given hereinunder:

Settlement No	Name of the client	Deliverable Position	Name of the transferor	Qty Transferred
2001046	Shivam Multi Services P Ltd	167000	Pradeepak Fin and Mgt Cons P Ltd	41000
2001045	Pradeepak Fin and Mgt Cons P Ltd.	177600	Mkt Del Others NSE	30000
			Mkt Del Others BSE	53500
			Mkt Del CCL BSE	15980
			Amit Inter	1384
			Delta Investment	68141
			Rosewood	27372

Country Informtech Services P Ltd.

51. From the NSDL account, it was found that the majority of the credit entries were for purchases made. There were some off-market transfers from Amit Inter-

chemicals, Arihant Investments and Octopus Soft-Tel. The majority of the debit entries were off-market transfers to Vinod Gupta. The other off-market transfers were to Octopus Soft-Tel, Pratik Shah, Shivam Multi Services, Nucleus Soft-Tel, Beneficiary account of CCL and Param Broking. The above details and the following instances of transfer of shares for meeting the delivery obligations are enough to establish that this Noticee like others are responsible in creating artificial market in Cyberspace scrip.

Settlement No	Name of the client	Deliverable Position	Name of the transferor	Qty Transferred
2001046	Shivam Multi Services P Ltd	167000	Delta Investments	21500
			Country Informtech Services P Ltd	5400
			Pradeepak Fin and Mgt Cons P Ltd	41000
2001046	Nucleus Soft-Tel P Ltd	50350	Delta Investments	8965
			Shivam Multi Services P Ltd	98523
			Amit Inter Chem P Ltd	23500
			Octopus Soft-Tel P Ltd	11750
			Country Informtech Services P Ltd	5500
2001050	Country Informtech Services P Ltd	15700	Octopus Soft-Tel P Ltd	13050
			Amit Inter Chem P Ltd	5000
			Arihant Investments	6786

M/s Tirupati Share Registry Pvt Ltd and A. Johari & Co

52. These companies belong to the promoters of Cyberspace and the shares and funds were provided by them to other entities for creating artificial volumes in the market. Shri Rajendra Mehta, director of Shivam Multi Services Pvt. Ltd, Rosewood Tradelinks Pvt. Ltd. and Pradeepak Fin. & Mgmt. Cons. Pvt. Ltd. had admitted that the funds used to come from the companies belonging to A.M Johari viz. Tirupati Share Registry Pvt Ltd and A. Johari & Co. As discussed in the preceding paragraphs that the promoters of Cyberspace and CCL were keypins to manipulate the Cyberspace scrip by floating the shell companies and

the shares were transferred to these companies from the account of Tirupati Share Registry Pvt Ltd, A. Johari & Co. and CCL.

Kamal Infosys Ltd.

53. This Noticee was one of the group or associate company of Cyberspace based in Lucknow. The CDSL account shows that the majority of the credit entries were off-market transfers from A.K. Johari. Off-market transfers had also been received from Lalji Kapoor and CCL, Lucknow account (1201410000002537 – 428000 shares - 1201790000001574 - 25000 shares). There were a few transfers to the Pay-in account of CCL. Other debit entries were off-market transfers to Amit Interchemicals, Pratik Shah, Octopus Soft-Tel, Shivam Multi Services, Prabodh Arth Sanchay, CCL at Lucknow and Nucleus Soft-Tel.

54. From NSDL account, it was found that there were a few credit entries for purchases made but the majority of the transfers were off-market transfers from Shivam Multi Services, Delta Investments, Calculus Soft-Tel, Country Informtech and Century Homefin. Except for one sale entry all the debit entries were off-market transfers to Pratik Shah, Rosewood Tradelink, the Beneficiary account of CCL and Arihant Investments. 240000 shares were pledged on February 19, 2001 and the pledge was cancelled on March 3, 2001. The involvement of this Noticee in creating false market in Cyberspace scrip is clear from the above facts as also its association with the promoters as this company was floated by Arvind Johari.

Delta Investment and Mahesh Mistry

55. Shri Mahesh Mistry was the proprietor of M/s. Delta Investment, a firm created by Shri Arvind Johari. The Demat account of Delta Investment reveals the following:

Settlement No	Name of the client	Deliverable Position	Name of the transferor	Qty Transferred
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Settlement No	Name of the client	Deliverable Position	Name of the transferor	Qty Transferred
2001046	Shivam Multi Services P Ltd	167000	Delta Investments	21500
			Country Informtech Services P Ltd	5400
			Pradeepak Fin and Mgt Cons P Ltd	41000
2001045	Prabodh Artha Sanchay	53700	Delta Investments	60400
2001045	Pradeepak Fin and Mgt Cons P Ltd	177600	Amit Inter Chem P Ltd	1384
			Delta Investments	68141
			Rosewood Tradelinks P Ltd	27372
2001046	Nucleus Soft-Tel P Ltd	50350	Delta Investments	8965
			Shivam Multi Services P Ltd	98523
			Amit Inter Chem P Ltd	23500
			Octopus Soft-Tel P Ltd	11750
			Country Informtech Services P Ltd	5500
2001049	Amit Inter Chem P Ltd	79800	Delta Investments	9535

56. From the above details, it is clear that Mahesh Mistry and Delta Investment were involved in the matter as they had transferred shares from their account to other Noticees. While responding to the show cause notice, Shri Mahesh Mistry submitted that he was an employee of CCL since 1997 as back office staff and Shri Arvind Johari forced him to act as a proprietor of Delta Investments. As already stated in the paragraphs above, the argument that he was not aware about the manipulative intention of his employer will not hold good and Mahesh Mistry and Delta Investment are thus responsible for the creation of artificial market in Cyberspace scrip.

Shreeji Investment and Shri Rohit Shah

57. Shri Rohit Shah, marketing manager of Cyberspace, was asked to be proprietor of Shreeji Investments to deal in the market by promising him good bonus in March 2001. Shri Rohit Shah had claimed that he was not aware about any transactions executed in the firm. He also added that Shri Arvind Johari had opened the bank account and used to operate the same on behalf of the firm. Shri Rohit Shah stated that his role was limited to signing blank cheques and

signing the documents as per instructions of the promoters. Shri Rohit Shah could not give transaction details, cash flow, DP account statement etc. as he stated that they were maintained by promoters of Cyberspace. It is clear from his statement that he was aware of the entire background as well as the manipulative intent of the promoters of Cyberspace and CCL. He has taken the similar stand of the other employees of CCL and Cyberspace and the findings against them is equally applicable to Shri Rohit Shah and Shreeji Investments and thus the charges levelled against them are established.

Ramesh C Shah

58. He was the sub-broker of CCL who had also lent his account to be handled by CCL as per his statement. It was observed that Ramesh Shah who was one of the major buyer in the Cyberspace scrip had transferred shares to other Noticees who had been sellers through various brokers during the settlements such as transferring to Pratik Shah (66000 shares on 12/03), Arihant Investments (37650 shares on 12/03), Prabodh Arth Sanchay (87025 on 5/3, 52425 on 7/3, 7715 on 8/3 and 119800 on 9/3). From the NSDL account, it was found that all the credit entries were for purchases made. The debit entries were off-market transfers to Pratik Shah, Prabodh Arth Sanchay, and Vinod Gupta and for sales made.

59. The promoters of CCL/Cyberspace had also financed the transactions of his son, Shri Pratik Shah. Shri Arvind Johari had provided finance to the tune of Rs. 6 crores in October/November 2000 for the transactions done on his son's name. Shri Arvind Johari built up purchase position in Cyberspace in his son's name and then started selling through different brokers. The funds raised by spot sales on his son's name were transferred to his account to fulfill his pay-in obligations. Shri Ramesh Shah stated before the Investigating Authority that he had not invested his money for the trades executed in Cyberspace scrip, instead all the fund requirements were met by promoters of Cyberspace. Some of the transfers of shares for meeting the delivery obligation are given hereunder:

Settlement No	Name of the client	Deliverable Position	Name of the transferor	Qty Transferred
2001049	Pratik Shah	140000	Ramesh Shah	66000
			Nucleus Soft-Tel P Ltd	69100
2001050	Arihant Investments	150000	Ramesh Shah	37650
			Octopus	61000
			ILFS 6244	11604
			Nucleus	25500
			Mkt Del CCL on NSE	8000

60. During the course of hearing as well as in his reply to show cause notices, he stated that a warning was given to the brokers like Parthiv Parikh, Babubhai Purshottam, K.K Jalan etc who executed structured trades in Cyberspace. It is pertinent to mention here that the brokers mentioned by him did not have direct link with the promoters of CCL. Instead, he acted as the sub-broker of CCL and also utilized his son to execute manipulative transactions. Sufficient evidence is available to establish that he and his son had received fund from the promoters of CCL. In view of this Shri Ramesh Shah is responsible for the manipulative trades executed in Cyberspace scrip.

Pratik R Shah

61. Shri Pratik Shah was a 20 year old individual in whose names trades were executed in the scrip since October 2000. He is the son of Shri Ramesh C Shah who was also involved in this matter and received Rs. 6 crores from Shri Arvind Johari for the transactions done on his son's name. Pratik Shah's CDSL account shows credit entries for purchases made as well as off-market transfers. The off-market transfers were from Rajnikant Shah, Calculus Soft-Tel, Pay-in account of CCL, Delta Investments, Sipra Education and Kamal Infosys. The debit entries were mainly off-market transfers to Prabodh Arth Sanchay, Sipra Education, Nucleus Soft-Tel, Arihant Investments, Pay-in account of CCL and for sales made. From the NSDL account it was also found that credit entries were for purchases made as well as for off-market transfers. The off-market transfers were from Rajnikant Shah, Beneficiary account of CCL, Amit Interchemicals, Delta Investments, Calculus Soft-Tel, Ramesh Shah, Country Informtech,

Kamrao Plastique and Nucleus Soft-Tel. The majority of the debit entries were off-market transfers to Prabodh Arth Sanchay. The other transfers were to Vinod Gupta, Beneficiary account of CCL, Nucleus Soft-Tel, Arihant Investments. There were also entries for sales made. Shri Pratik Shah claimed that Shri Arvind Johari had asked him to do some trading in the stock market for learning purposes. Later on Shri Arvind Johari commenced trading in Cyberspace by using his name. He was asked to sign cheques or other documents as per the instructions of Shri Arvind Johari who had introduced him to the brokers and had instructed his staff to trade on his behalf. On October 18, 2000, Shri Pratik Shah's bank account was credited with Rs. 34.50 lakh by Shri Johari and on October 25, 2000 his account was again credited by Rs. 34 lakhs. Further he had made payment of Rs. 5,00,000/- , Rs 29,00,000/-, Rs 83,000/- and Rs 43,50,000/- to Arvind Johari on January 08, 2001, January 22, 2001, February 05, 2001 and February 06, 2001 respectively. Further, his father and Nucleus Soft-Tel had transferred shares to him for meeting the delivery obligations, the details whereof are as under:

Settlement No	Name of the client	Deliverable Position	Name of the transferor	Qty Transferred
2001049	Pratik Shah	140000	Ramesh Shah	66000
			Nucleus Soft-Tel P Ltd	69100

62. In view of the above facts, Pratik R Shah, son of Shri Ramesh Shah, a sub-broker of CCL had indulged himself and also aided and abetted his father Shri Ramesh Shah and both of them had acted in concert with the promoters of CCL to manipulate cyberspace scrip.

Rajnikant Shah

63. He had purchased 2,44,565 shares and sold 72,500 shares on BSE during the investigation period. It was also found that on several occasions, the shares purchased by Shri Rajnikant Shah were transferred to Shri Pratik Shah who admitted that all the transactions executed in his name were actually executed by Shri Arvind Johari. The above facts and the following instances of

shares transfer from Rajnikant Shah's demat account to Shri Pratik Shah are enough to link him into the manipulative game played by the Noticees.

Date	Particulars	Quantity	Date	Particular	Quantity
27.02.01	Pur. in Sett. 226 – BSE	5,000	27.02.01	Trf. to Pratik Shah– ID 10000218	5,000
28.02.01	Pur. in Sett. 228 – BSE	4,875	28.02.01	Trf. to Pratik Shah– ID 10000218	3,732
28.02.01	Pur. in Sett. 227 – BSE	3,732	28.02.01	Trf. to Pratik Shah– ID 10000218	4,875
1.03.01	Pur. in Sett. 230 – BSE	5,000	2.03.01	Trf. to Pratik Shah– ID 10000218	5,000
2.03.01	Pur. in Sett. 231 – BSE	5,000	02.03.01	Trf. to Pratik Shah– ID 10000218	5,000
5.03.01	Auction Sett. 227-BSE	1,268	05.03.01	Trf. to Pratik Shah– ID 10000218	1,268
5.03.01	Pur. in Sett. 232 – BSE	5,000	05.03.01	Trf. to Pratik Shah– ID 10000218	5,000
7.03.01	Pur. in Sett. 233 – BSE	5,000			
7.03.01	Pur. in Sett. 234 – BSE	5,000	08.03.01	Trf. to Pratik Shah– ID 10000218	5,000
9.03.01	Pur. in Sett. 234 – BSE	5,000	09.03.01	Trf. to Pratik Shah– ID 10000218	5,000
12.03.01	Pur. in Sett. 236 – BSE	5,000	12.03.01	Trf. to Pratik Shah– ID 10000218	5,000
			12.03.01	Trf. to Pratik Shah– ID 10000218	5,000
14.03.01	Pur. in Sett. 237 – BSE	4,000			
	Auction Sett. 228 – BSE	25	19.03.01	Sold in Sett. 1054 – NSE	4025

Vandana Srivastava

64. Ms Vandana Srivastava had purchased 9,71,796 shares and sold 4,29,824 shares on BSE during the period under consideration. The shares were received from Arvind Johari. She was employed with the Arvind Johari. The address given by her in the “Know Your Client” form was Flat No 25, 2nd floor, Sneh Sadan, 163, Coloba Road, Mumbai, which was also the address of Shri Mudit Lal, one of the directors of CCL and Cyberspace. The telephone Number given by her in the said form was installed at Satnam Apts, Cuffe Parade, Mumbai, which was the residential address of the Johari family. Analysis of the demat account of BSE broker Madhukar Seth revealed that in Settlement No.169 of BSE, 1,00,000 shares delivered by her to the said broker towards the

sale of shares had come straight from CCL account. Further, Madhukar Seth had admitted that he had made advance payments aggregating to over 2.97 Crores directly to the third parties against sale of shares made by her at her request. Ms Vandana Srivastava has not responded to the show cause notices and also failed to avail the opportunity of personal hearing given to her. From the facts stated above, I find that she had acted in concert with Shri Arvind Johari and transacted in Cyberspace scrip with a view to create false market.

Nucleus Soft-Tel P Ltd. Calculus Soft-Tel P Ltd and Octopus Soft-Tel P Ltd,

65. These three companies were floated by Arvind Johari with the help of his employees. While sending the show cause notices to these companies, separate show cause notices were issued to the erstwhile directors of these companies namely Pradeep Gupta and Sangeeta Gupta who have resigned from these companies w.e.f. December 12, 2000. I have noted that they were the directors of these companies during the period of investigation and sufficient evidence is available on record to prove the involvement of their companies viz. Nucleus Soft-Tel P Ltd, Calculus Soft-Tel P Ltd and Octopus Soft-Tel P Ltd in the manipulation and creation of false market in Cyberspace scrip and some of such instances are given hereunder:

Nucleus Soft-Tel P Ltd

66. I have noted that on March 7 2001, this Noticee's deliverable position was met by other Noticees. This Noticee received shares from other Noticee Sipra Education Career Foundation Pvt Ltd on March 07, 2001 (35000 shares). From NSDL and CDSL account of this Noticee, it was observed that the majority of the credit entries were relating to purchases made. There were some off-market transfers from the Noticees like Pratik Shah, Sipra Education and Kamal Infosys, Amit Interchemicals, Shivam Multi Services, Kamrao Plastique, Delta Investments, Octopus Soft-Tel, A M Johari & Co and Country Informtech. There was one transfer of securities from the Pay-in account of CCL. The debit entries were for sales made. Apart from the sales made, the majority of transfers from

the account were to Vinod Gupta of Mangala Capital Services Ltd. There were off-market transfers made to Arihant Investments and Rosewood Tradelink, Pratik Shah, Beneficiary account of CCL, Arihant Investments, Calculus Soft-Tel, Delta Investment, Pradeepak Finance and Octopus Soft-Tel.

67. It was observed that on January 01, 2001 and January 06, 2001, this Noticee had made payment of Rs.17,50,000/- and Rs.75,000/- to Cyberspace and on March 13, 2001 made payment of Rs. 44,00,000/- to CCL. Further, this Noticee received Rs. 81,00,000/- from Shivam Multi-Services on 05/01/2001 and also received Rs. 25,00,000/- from Octopus Soft-Tel Pvt. Ltd. on 24/01/2001. Further, some of the instances of transfer of shares to and from the Noticee for meeting the delivery obligations are given hereinunder:

Settlement No	Name of the client	Deliverable Position	Name of the transferor	Qty Transferred
2001049	Pratik Shah	140000	Nucleus Soft-Tel P Ltd	69100
2001050	Sipra Educational Career Foundation P Ltd	72500	Nucleus Soft-Tel P Ltd	17960
2001050	Arihant Investments	150000	Octopus Soft-Tel P Ltd	61000
			Nucleus Soft-Tel P Ltd	25500
2001048	Octopus Soft-Tel P Ltd	56400	Nucleus Soft-Tel P Ltd	4491
			Amit Inter Chem P Ltd	4491
2001046	Nucleus Soft-Tel P Ltd	50350	Delta Investments	8965
			Shivam Multi Services P Ltd	98523
			Amit Inter Chem P Ltd	23500
			Octopus Soft-Tel P Ltd	11750
			Country Informtech Services P Ltd	5500
2001047	Nucleus Soft-Tel P Ltd	69200	Mkt Del From CCL	69200
			Mkt Del Others	18400
			Mkt Del BSE	9500
2001048	Nucleus Soft-Tel P Ltd	64400	Mkt Del From CCL	64400
			Mkt Del BSE	10500
2001049	Nucleus Soft-Tel P Ltd	60700	Mkt Del From CCL	60700

Calculus Soft-Tel P Ltd.

68. From NSDL and CDSL account, it was found that the majority of the credit entries in the account were for purchases made. The purchases were made from Samindra Ratilal Shah (ASE broker). There were also off-market transfers from

Delta Investments. There were off-market transfers to Pratik Shah, Prabodh Arth Sanchay, Delta Investments and to HDFC Bank. There were off-market transfers from Amit Interchemicals, Kamrao Plastique, Nucleus Soft-Tel and Arihant Investments. The majority of the off-market transfers had been to Vinod Gupta, Kamrao Plastique, Beneficiary account of CCL, Arihant Investments, Amit Interchemicals and Pratik Shah. Further, this entity had made Payment of Rs. 2,75,000/- to Arvind Johari on March 01, 2001 and received Rs. 42,92,000/- from Octopus on 27/02/2001

Octopus Soft-Tel P Ltd

69. From CDSL account it was found that the majority of the credit entries were received from Samindra Ratilal Shah. The transfers were made to the Pay-in account of CCL. There were off-market transfers to Sipra Education, Delta Investments, Prabodh Arth Sanchay and Arihant Investments. The NSDL account shows that the majority of the credit entries were for purchases made. The purchases have been made on BSE as well as on NSE. There were also off-market transfers from Kamal Infosys and off-market transfers to Sipra Education, Nucleus Soft-Tel, Amit Inter-chemicals and Delta Investments. All the debit entries were off-market transfers. Off-market transfers have been made to Prabodh Arth Sanchay, Pradeepak Finance, Arihant Investments, Delta Investments, Sipra Education, Vinod Gupta, the Beneficiary account of CCL and Nucleus Soft-Tel. Some of the instances of transfer of shares for meeting the delivery obligations are given hereinunder:

Settlement No	Name of the client	Deliverable Position	Name of the transferor	Qty Transferred
2001050	Arihant Investments	150000	Octopus Soft-Tel P Ltd	61000
			Nucleus Soft-Tel P Ltd	25500
2001046	Nucleus Soft-Tel P Ltd	50350	Delta Investments	8965
			Shivam Multi Services P Ltd	98523

Settlement No	Name of the client	Deliverable Position	Name of the transferor	Qty Transferred
			Amit Inter Chem P Ltd	23500
			Octopus Soft-Tel P Ltd	11750
			Country Informtech Services P Ltd	5500
2001050	Country Informtech Services P Ltd	15700	Octopus Soft-Tel P Ltd	13050
			Amit Inter Chem P Ltd	5000
			Arihant Investments	6786
2001045	Octopus Soft-Tel P Ltd	14500	Mkt Del from others on NSE	14500
2001046	Octopus Soft-Tel P Ltd	55000	Mkt Del from CCL on NSE	34673
			Sipra	20327
2001048	Octopus Soft-Tel P Ltd	56400	Mkt Del from CCL NSE	28754
			Mkt Del from CCL on BSE	23155
			Mkt Del on BSE from others	6000
			Nucleus	4491
			Amit Inter	4491
2001049	Octopus Soft-Tel P Ltd	23800	CDSL Account No 4670	6550
			Mkt Del from CCL on NSE	13309
			Mkt Del on NSE from others	5200
			Mkt Del on BSE from Others	13050

SECURITIES FLOW

70. The investigations analyzed the DP statements of the Noticees and found that some of the Noticees had transferred Cyberspace shares to other Noticees and the shares were also transferred from the Beneficiary account of CCL to the accounts of the Noticees. Further, investigating authority on analysing the beneficiary account of CCL, found that there have been transfers of Cyberspace shares to the CCL during the settlements under the investigation period from the following Noticees:

Date	Transferred from	Qty transferred
8/3/2001	Sipra Education Career Foundation P Ltd	5000

8/3/2001	Sipra Education Career Foundation P Ltd	587
8/3/2001	Octopus Soft-Tel P Ltd	325
8/3/2001	Shivam Multi Services Ltd	2597
8/3/2001	Amit Inter Chem P Ltd	12111
8/3/2001	Country Informtech P Ltd	5300
14/3/2001	Ramesh Shah	30300
14/3/2001	Amit Inter Chem P Ltd	4995
14/3/2001	Octopus Soft-Tel P Ltd	6000

71. I find that that there was inter client transfer of shares and often spot deals were made and the shares were transferred to clients to make their pay-in obligations.

- **Century Homefin Ltd.:** 4,34,000 shares were converted into demat form and were transferred to the Pay-in account of CCL (2,80,000 shares) and Kamal Infosys (1,54,000 shares).
- **A. K Johari – NSDL:** The shares received from Lalji Kapoor, CCL - Lucknow and A.K. Johari were pledged with Federal Bank.
- **Arvind Johari – NSDL:** The shares purchased through Samindra Shah (member – ASE) were transferred to the Beneficiary account of CCL and Nucleus Soft-Tel.
- **CCL – Beneficiary account – NSDL:** Except for some purchases, all the credit entries were off-market transfers. Off-market transfers were from CCL's Pay-in account (CDSL), Nucleus Soft-Tel, Pratik Shah, Pradeepak Finance, Sipra Education, Kamrao Plastique, Calculus Soft-Tel, Kamal Infosys, Rohit Shah, Octopus Soft-Tel, Shivam Multi Services, Amit Interchemicals, Country Informtech, Delta Investments, Arvind Johari, Arihant Investments, Himanshu Pandya and Kishore Shah. The majority of the debit entries were off-market transfers to Shashikant Badani and Jugal Kishore Barasia. There were other off-market transfers to Pratik Shah, Amit Interchemicals,

Rosewood Tradelink and Prabodh Arth Sanchay. The balance of 93956 shares was pledged with Bank of India on March 15, 2001.

- **CCL – Pay-in account (Principal account) – CDSL:** The Pay-in account of a broker was used for making pay-in of securities to the clearing house. The credit entries were shares received from its clients for the purpose of making pay-in as well as its own transfers. The debit entries were transfers to the clearing house for making pay-in of securities as well as its own transfers. The CCL had received shares from many entities but the majority were those belonging to its own group viz. Nucleus Soft-Tel, Octopus Soft-Tel, Delta Investments, Kamal Infosys, Amit Interchemicals, Pratik Shah and the Pay-out account of CCL. There are no entries for making pay-in of securities to the clearing house. All the debit entries are transfers to various entities viz. Shashikant Badani, Manjula S. Badani, Jugalkishore Barasia, the Beneficiary account of CCL, Prabodh Arth Sanchay, Rosewood Tradelink, Pratik Shah, Amit Interchemicals and Nucleus Soft-Tel.
- **CCL – Pay-out account (Pool account) – CDSL:** The broker received shares purchased on BSE in this account and transferred the shares to its clients who had purchased shares through the broker. All the credit entries were shares received from the clearing house. The debit entries were transfers to the Pay-in account of CCL (majority), Amit Interchemicals, Pratik Shah and Rosewood Tradelink.
- **CCL – BSE account - NSDL:** All the credit entries were for purchases made (received from the clearing house). The debit entries were transfers to various entities viz. Manjula Badani, Pratik Shah, Arihant Investments, Delta Investments, Jugalkishore Barasia, Pradeepak Finance, Prabodh Arth

Sanchay, Amit Interchemicals, Nucleus Soft-Tel, Calculus Soft-Tel, Country Informtech and the Beneficiary account of CCL.

- **CCL – NSE account - NSDL:** All the credit entries were for purchases made (received from the clearing house). The debit entries were transfers to various entities viz. the Beneficiary account of CCL, Country Informtech, Delta Investments, Arihant Investments, Jugalkishore Barasia, Shashikant Badani, Prabodh Arth Sanchay, Nucleus Soft-Tel, Octopus Soft-Tel, Amit Interchemicals. Then there was a transfer of 35000 shares to 5 employees (7000 each) and of 32000 shares to 4 employees (8000 each). The shares were transferred to the employees so that they could pledge the shares in order to get a loan against shares.
- **CCL – Non house beneficiary – with UTI Bank – NSDL:** The credit entries were transfers from the Beneficiary account of CCL, Calculus Soft-Tel and Kamrao Plastique. The shares received had been pledged with UTI Bank (77900 shares).
- **CCL at Lucknow – CDSL:** The credit entries were transfers from Kamal Infosys and Malay Finvest. The debit entries were transfers to Kamal Infosys and one unknown account (Client ID – 10056336 with IN 301516).

72. I find that the promoters of Cyberspace had carried out the transactions in scrip of cyberspace in a deceptive or fraudulent manner with some ulterior purpose or design. They had approached their employees to transact in Cyberspace shares by promising high returns and also induced the investors with instant liquidity. They circulated the shares through the shell companies in the market to create artificial volumes by using the funds raised through preferential allotment of shares. In this context, it is relevant to mention one of the observations of Central Bureau of Investigations (CBI) in the matter to the effect

that “the entire amount of approx. Rs. 32.09 crore released by UTI was not utilized for business as was stipulated in the offer document by Cyberspace, but the same was diverted to stock exchange through a circuitous route, involving large number of Banks and Bank accounts, to meet the obligations of Group Companies of Cyberspace, as well as for purchase of shares of Cyberspace, by different entities of the Johari Group i.e. Promoters of Cyberspace, to maintain the share price of Cyberspace, at higher level with a view to dispose the shares in future at a profit thus, subjecting the investors to loss.” Such a manipulative conduct of the promoters would obviously amount to violation of Regulation 3 of PFUTP Regulations, 1995 which clearly prohibits a person from buying, selling or otherwise dealing in securities in a “fraudulent manner”. Regulation 2(c) of PFUTP Regulations defined the word “fraud”. Regulation 3 of PFUTP Regulations expressly prohibits dealing in securities in a fraudulent manner. It is clearly established from the above that the transactions of the promoters viz. Arvind Johari, G. N. Johari and A. K. Johari in Cyberspace scrip were in a deceptive and fraudulent manner with some ulterior purpose or design.

73. The trading in the scrip of the Cyberspace has been suspended from April 30, 2001 on NSE and from April 19, 2001 on BSE. The said suspension is still in force. I further observe that the Board had issued an ad-interim order under Section 11 and Section 11B of Securities and Exchange Board of India Act, 1992 on April 06, 2001 restraining Shri Arvind Johari, CCL being the member of NSE and BSE, M/s Johari & Co, Member, UPSE and M/s A.M Johari & Co, member, Delhi Stock Exchange from undertaking any fresh business as brokers. Further, the Board confirmed the aforesaid interim orders vide order dated May 18, 2001. Thereafter, vide order dated December 15, 2006, a major penalty of suspension of certificates of registration of the CCL as broker of NSE, BSE and OTCEI for a further period of two years was imposed. In effect, the certificates of registration of CCL as brokers of NSE, BSE and OTCEI are suspended from April 06, 2001 upto December 15, 2008, (total almost 7 years and 7 months). Apart from this, vide order dated November 23, 2006, the company Cyberspace Ltd was restrained from buying, selling and dealing or accessing the securities market in any manner for a period of two years from November 23, 2006.

74. In view of the above, it is clearly proved that the promoters of Cyberspace viz. Arvind Johari, A. K. Johari and G. N. Johari are responsible for creating false or misleading appearance of trading in the market and also entering into trades that are not genuine trade transactions. Hence I find that the promoters have violated provisions of Regulation 3 and Regulation 4 (a), 4 (b), 4 (c) and 4 (d) of PFUTP Regulations.

75. Further, on examining the trading pattern and the statements given by the other Noticees (shell companies and its directors or proprietors whoever it may be) and based on all other relevant material, I find that Sri Arvind Johari used his own employees or clients or sub-brokers of CCL to act as front entities (Noticees herein except the promoters). The addresses of the Noticees matched with the addresses of the group companies of Cyberspace/CCL. As per the statements of some of the Noticees, Shri Arvind Johari took their signatures on various documents including blank cheques and demat instruction slips and started trading in their names (or through the companies created on behalf of them) and provided finance to them for trading in Cyberspace scrip. However, Shri Arvind Johari denied this fact and submitted that those who signed the papers must have knowledge about the same since they were having enough experience about the market practices. The collusion among the Noticees is clearly established. In fact, around 93 % (NSE) and 93% (BSE) of the gross buys, and 83 % (NSE) 92% (BSE) of gross sales during the period under investigation has been affected by the same set of Noticees who were associated with the promoters of Cyberspace and CCL. Almost 80-90% of the purchase was done through CCL only while the shares were sold mostly through other brokers. This common set of Noticees had bought and sold large quantities in the Cyberspace scrip during the period under investigation through different brokers of BSE and NSE in a circular manner. The Noticees had sold the shares on spot payment basis to meet their pay-in liability. These spot transactions were also arranged by the promoters of Cyberspace.

76. From the facts stated in the paragraphs above, I find that the shares have been transferred from one Noticee to another before delivering the same to CCL for meeting pay-in obligations. The majority of the Cyberspace shares had originally come from the promoter Shri A.K. Johari who had transferred the shares to Kamal Infosys, who in turn had transferred the shares to various group entities (Noticees herein). The shares were also transferred from the promoter entities of Tirupati Share Registry Pvt Ltd, A.M Johari & Co. and CCL and all these shares were routed to the market with the help of front entities of Cyberspace and CCL. The Noticees then executed trades among themselves in a circular manner and ultimately created artificial market in Cyberspace scrip.

77. For the sound functioning of the securities market and to protect the integrity of securities market, all practices of circular trading have to be curbed. As is sufficiently known, circular trading in particular scrip happens when a closely knit set of market entities, buy and sell shares frequently among themselves to impact the stock price. In such cases, there are no bonafide intentions to trade, and therefore, the trading volumes so generated are referred to as artificial volumes. These entities indulged in circular trading with a fraudulent or deceptive intention to create a misleading appearance of trading and to manipulate the price and volume of the scrip. Not only do such activities gravely affect the market for tampering the discovery mechanism, it invariably hurts the investors as well. Further, it is a settled position that Circular trading by itself creates artificial volumes in the market because the parties buying and selling the shares do not intend to transfer the beneficial ownership therein.

78. It is thus clear that the Noticees who are the promoters of Cyberspace together with other Noticees had artificially manipulated the price and volume of the Cyberspace scrip to unrealistic levels by indulging in fictitious and circular

trading. Their conduct is detrimental to the integrity and orderly development of securities market and the interest of investors. The charges levelled against all the Noticees are established and they have violated Regulation 4(a) to (d) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995 which read as under

4. No person shall -

(a) effect, take part in, or enter into, either directly or indirectly, transactions in securities, with the intention of artificially raising or depressing the prices of securities and thereby inducing the sale or purchase of securities by any person;

(b) indulge in any act, which is calculated to create a false or misleading appearance of trading on the securities market;

(c) indulge in any act which results in reflection of prices of securities based on transactions that are not genuine trade transactions;

(d) enter into a purchase or sale of any securities, not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress, or cause fluctuations in the market price of securities;

79. As the charges have been established against the Noticees, I hold the Noticees guilty of having violated the provisions of clauses (a), (b), (c), and (d) of Regulation 4 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995. I also find that Shri Aravind Johari, director of Cyberspace has used undue influence on many of the Noticees to yield his manipulative designs. Since Shri Arvind Johari was the key

player in the entire game plan, he should be penalized sternly as compared to the penalty to be imposed on other Noticees.

80. In view of the above, I, in exercise of powers conferred under Section 19 of the SEBI Act, 1992 and Section 11B of the SEBI Act, 1992 read with Regulation 11 and 12 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995, direct G.N Johari Shri Anand K. Johari, M/s. Rosewood Tradelink Pvt. Ltd., Pradeepak Finance Manufacturing and Consultancy Services Pvt. Ltd., Shivam Multi Services Ltd., Amit Inter Chemicals Ltd., Sipra Education Career Foundation P. Ltd., Calculus Soft-Tel Pvt. Ltd. (PAN No. AABCC4638A), Nucleus Soft-Tel Pvt. Ltd., Octopus Soft-Tel Pvt. Ltd. (PAN No. AAAC03954A), Kamarao Plastique Pvt. Ltd., Shreeji Investments (Propriator, Rohit Shah – PAN No ACQPS3067D), Arihant Investments (PAN No. ACAPG9128M), Kamal Infosys Ltd. (PAN No. AAACK37C), Country Informtech Services Pvt. Ltd., Tirupati Share Registry P. Ltd., A. M. Johari & Co., Delta Investments, Pradeep Gupta (PAN No. AAAPG7628N), Sangeeta Gupta, Mahesh Mistry, Ramesh C. Shah (PAN No. ASGPS2943G), Pratik R Shah (PAN No. AMZPS4045G), Harshad Murlidhar Shah, Ashok Ramchandani, Rajendra Mehta (PAN No. AFDPM8874L), Chetan Patel (PAN No. APKPP4966K), Rajnikant Shah, Chandresh Mehta (PAN No. AFEPM7700E), Anand Nathani (PAN No. AEGPN2947F), Gaurav Shah (PAN No. AFHPS7243F), Vandana Srivastav, Shri Girish Malik, Shri Tarun Malik, Ms Sunita Malik (PAN No. ABAPM8899C), Sanjai Kumar Verma, Shri Amarendra Kumar Srivastava, Rajeev Kumar Negia and Ajay Prakash (PAN No. ABMPP2578H) are hereby restrained from accessing the securities market and prohibited from associating with securities market to buy, sell or deal in securities in any manner for a period of 5 years.

81. Further, I direct that Shri Arvind Johari (PAN No. 19-031-PQ-8676) be restrained from accessing the securities market and prohibited from associating with securities market to buy, sell or deal in securities in any manner for a period

of 10 years. However, the period of debarment already undergone by Shri Arvind Johari vide interim order dated April 06, 2001 shall be set off.

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

DATE: March 03, 2008
PLACE: MUMBAI

V. K. CHOPRA
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA