

**DEPUTY GENERAL MANAGER
INVESTIGATION DEPARTMENT
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**IVD/ID4/KVRR/RA/18790/04
August 25, 2004**

**Ashok Kumar Poddar
M-34, Fortune Chamber
6, Lyons Range
Calcutta 700 001**

Ref: Show Cause Notice under Section 11 and 11B of the SEBI Act, 1992 read with Regulation 11 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.

1.0 Securities & Exchange Board of India (hereinafter to be referred as “SEBI”) had investigated the irregularities in the trading of the shares of Cyberscape Multimedia Ltd. (hereinafter referred to as “Cyberscape”), a company incorporated under the Companies Act, 1956 and listed on Bangalore Stock Exchange (BGSE), Calcutta Stock Exchange (CSE) and The Stock Exchange, Mumbai (BSE). Based on SEBI investigations into the transactions in the scrip of Cyberscape for the period September 18, 2000 to December 08, 2000 the following were found

2.0 It was noted that trading in the scrip of Cyberscape commenced from September 18, 2000 which was the first day of Period of investigation. It was also noted that during the period of investigation, the price of the scrip increased from Rs. 8.00 on 18.09.2000 to Rs. 60.00 on 08.12.2000. The details of price movements on various dates are as under:

Sr.No.	Sett. Nos./Dates	Sett. High	Sett. Low
1.	26/2000-01 18.09.2000 to 22.09.2000	9.45	7.75
2.	27/2000-01 25.09.2000 to 29.09.2000	11.10	9.25

3.	28/2000-01 03.10.2000 to 06.10.2000	14.50	10.15
4.	29/2000-01 09.10.2000 to 13.10.2000	18.15	13.45
5.	30/2000-01 16.10.2000 to 20.10.2000	14.50	11.65
6.	31/2000-01 23.10.2000 to 27.10.2000	20.00	14.80
7.	32/2000-01 30.10.2000 to 03.11.2000	21.55	16.90
8.	33/2000-01 06.11.2000 to 10.11.2000	21.00	26.75
9.	34/2000-01 13.11.2000 to 17.11.2000	26.85	20.30
10.	35/2000-01 20.11.2000 to 24.11.2000	34.00	27.00
11.	36/2000-01 27.11.2000 to 01.12.2000	42.75	36.00
12.	37/2000-01 04.12.2000 to 08.12.2000	60.00	44.30

3.0 SEBI also called for reports from BGSE, CSE and BSE regarding trading in the scrip. In its report, BSE observed that :

3.1 Persons who were allotted shares prior to the public issue by Cyberscape on March 30, 2000 and April 25, 2000 and included in the list of relatives, friends and associates of promoters were the major traders in the scrip

3.2 The said persons have through their respective brokers placed large buy orders some of which have been deleted subsequently and by this method, a buying interest was created in the scrip to attract investors. Thereafter, when the price of the scrip was sufficiently high, the said persons offloaded their shares at the higher price.

- 4.0 Based on the said report from BSE and the findings in its preliminary investigation, Chairman, SEBI vide order dated 24.10.2002 directed that a complete investigation be conducted into the matter.
- 5.0 In the course of investigations, Shri Kamal Kumar Jalan, Director of M/s. Kamal Kumar Jalan Securities Pvt. Ltd. in a statement before the investigating authority on August 21, 2003, mentioned that you were his client and a distant relative and that you have started trading in the above scrip from October 04, 2000. When asked about to give reason for placing large buy orders and later deleting them he stated that M/s. Kamal Kumar Jalan Securities Pvt. Ltd had provided a 'BOLT' terminal at your office and that all the impugned deals were done by you and that they were not aware of the trades except for the final trades settled by you in the scrip. In his statement he also mentioned that he was not aware whether there were any matching or corresponding transactions with Surendra Kumar Duggar by you on the BOLT terminal provided to you.
- 6.0 In this regard, You were summoned to appear before the Investigation Authority vide summons dated August 01, 2003. However, you failed to appear before the Investigating authority on that day.
- 7.0 It is alleged that you have placed huge buy orders and later immediately deleted them on BSE through the BOLT terminal provided to you by Kamal Kumar Jalan, Member BSE. These transactions by you created artificial buying depth in the market.

The following are the date-wise details of the orders placed by the you which were deleted immediately after placing those orders on BSE through the BOLT Terminal provided to you by Kamal Kumar Jalan, Member, BSE

09.10.2000

Member	trdid	B/S	type	Rate	qty	Avqty	aud	caccl	Date and time
361	9	B	L	15.65	100000	100000	A	30	2000-10-09:09:58:37
361	9	B	L	15.65	100000	100000	A	30	2000-10-09:09:59:32
361	9	B	L	15.65	100000	100000	A	30	2000-10-09:09:59:53
361	9	B	L	15.65	100000	100000	A	30	2000-10-09:10:00:04
361	9	B	L	15.65	100000	100000	A	30	2000-10-09:10:00:36
361	9	B	L	15.65	100000	100000	A	30	2000-10-09:10:02:07
361	9	B	L	15.65	100000	100000	A	30	2000-10-09:10:02:13
361	9	B	L	15.65	100000	100000	A	30	2000-10-09:10:15:43
361	9	B	L	15.65	100000	100000	A	30	2000-10-09:10:15:53
361	9	B	L	15.65	100000	100000	A	30	2000-10-09:10:15:59

You have placed large buy orders @ Rs. 15.65 which were not executed.

10.10.2000

Member	trdid	B/S	type	Rate	qty	Avqty	aud	caccl	Date and time
361	9	B	L	16.85	251000	251000	A	30	2000-10-10:09:57:27
361	9	B	L	16.85	90000	90000	A	30	2000-10-10:09:58:41
361	9	B	L	16.85	80000	80000	A	30	2000-10-10:09:58:46
361	9	B	L	16.85	70000	70000	A	30	2000-10-10:09:58:52
361	9	B	L	16.85	200000	200000	A	30	2000-10-10:10:04:11
361	9	B	L	16.85	200000	200000	A	30	2000-10-10:14:55:33

The total buy-orders placed on this day were for 10, 47,200 shares of which the orders placed by you amounted to 8, 91,000 shares which is around 85.08% of the total buy-orders on this day.

13.10.00

Member	trdid	B/S	type	Rate	qty	Avqty	aud	cacI	Date and time
361	9	S	L	13.45	180200	180200	A	30	2000-10-13:10:21:21
361	9	S	L	0	66600	66600	D	30	2000-10-13:10:22:41
361	9	B	L	13.45	1000000	1000000	A	30	2000-10-13:11:20:27
361	9	B	L	0	999690	999690	D	30	2000-10-13:11:48:41

25.10.00

Member	trdid	B/S	type	Rate	qty	Avqty	aud	cacI	Date and time
361	9	B	L	17.2	500000	50000 0	A	30	2000-10- 25:09:40:44
361	9	B	L	17.2	200000	70000 0	U	30	2000-10- 25:09:56:50

From the total orders was for 8, 50,000 shares on this day, and as seen above you have placed order for 7,00,000 shares which is around 82.35% of the total buy-orders on this day.

03.11.00

Member	trdid	B/S	type	Rate	qty	Avqty	aud	cacI	Date and time
361	9	B	L	21.35	50000	50000	A	30	2000-11-03:12:09:41
361	9	B	L	21.35	200000	200000	A	30	2000-11-03:12:27:35
361	9	B	L	21.35	250000	450000	U	30	2000-11-03:12:27:56

On this day you have placed large buy-orders which were not executed.

01.12.00

Member	trdid	B/S	type	Rate	qty	Avqty	aud	caccl	Date and time
361	22	B	L	41	100	100	A	30	2000-12-01:10:42:01
361	9	B	L	41.05	100000	100000	A	30	2000-12-01:10:44:20
361	9	B	L	0	46674	46674	D	30	2000-12-01:10:46:55
361	9	B	L	41.05	1674	1674	A	30	2000-12-01:10:47:25
361	9	B	L	41.05	25000	25000	A	30	2000-12-01:10:56:06
361	9	B	L	41.05	25000	25000	A	30	2000-12-01:11:07:54
361	9	B	L	41.05	25000	25000	A	30	2000-12-01:11:11:09
361	9	B	L	41.05	5000	5000	A	30	2000-12-01:13:11:54
361	9	B	L	0	21899	21899	D	30	2000-12-01:14:20:48
361	9	B	L	0	25000	25000	D	30	2000-12-01:14:20:50
361	9	B	L	0	5000	5000	D	30	2000-12-01:14:20:56
361	9	B	L	41.05	200000	200000	A	30	2000-12-01:14:48:28

1. The following are the date-wise details of the orders placed by you to which you were the counter party to M/s Surendra Kumar Dugar

October 06, 2000

Member	trdid	B/S	type	Rate	qty	Avqty	aud	caccl	Date and time
36	9	B	L	13	100000	100000	A	30	2000-10-06:10:48:45
36	9	B	L	13.3	100000	100000	A	30	2000-10-06:10:50:03
36	9	B	L	13.5	100000	100000	A	30	2000-10-06:10:50:32
36	9	B	L	0	100000	100000	D	30	2000-10-06:10:51:39
36	9	B	L	0	98470	98470	D	30	2000-10-06:10:51:41
36	9	B	L	0	96399	96399	D	30	2000-10-06:10:51:43
36	9	B	L	13	200000	200000	A	30	2000-10-06:10:52:37
36	9	B	L	13.75	200000	200000	A	30	2000-10-06:10:55:14
36	9	B	L	0	195000	195000	D	30	2000-10-06:10:56:34
36	9	B	L	0	200000	200000	D	30	2000-10-06:10:56:39
36	9	B	L	13.5	25000	25000	A	30	2000-10-06:10:57:34

36	9	B	L	13	25000	25000	A	30	2000-10-06:11:00:05
36	9	B	L	13.7	100000	100000	A	30	2000-10-06:12:44:18
36	9	B	L	13.75	200000	200000	A	30	2000-10-06:12:45:37
36	9	B	L	14	200000	200000	A	30	2000-10-06:12:46:07
36	9	B	L	0	99500	99500	D	30	2000-10-06:12:47:28
36	9	B	L	0	198450	198450	D	30	2000-10-06:12:47:30
36	9	B	L	0	189350	189350	D	30	2000-10-06:12:47:31
36	9	S	L	14.5	35000	50000	U	30	2000-10-06:12:48:31
36	9	B	L	13.75	200000	200000	A	30	2000-10-06:12:48:54
36	9	B	L	14	200000	200000	A	30	2000-10-06:12:51:18
36	9	B	L	14.25	200000	200000	A	30	2000-10-06:12:55:08
36	9	B	L	0	189800	189800	D	30	2000-10-06:12:58:39
36	9	B	L	0	185900	185900	D	30	2000-10-06:12:58:40
361	9	B	L	14.5	100000	100000	A	30	2000-10-06:12:59:48
361	9	B	L	14.5	100000	100000	A	30	2000-10-06:13:01:36
36	9	B	L	14.5	200000	200000	A	30	2000-10-06:13:16:14
36	9	B	L	0	200000	200000	D	30	2000-10-06:13:18:33
361	9	B	L	14.5	200000	200000	A	30	2000-10-06:13:18:50
361	9	B	L	14.5	100000	100000	A	30	2000-10-06:13:25:24
36	9	B	L	14.5	200000	200000	A	30	2000-10-06:14:00:01

It was also seen that for all the trades executed by M/s Surendra Kumar Dugar on 31.10.00 and 01.11.00 through the BOLT Terminal Provided by Active Finstock Pvt. Ltd., you were the counterparty broker (by trading through the BOLT terminal provided by Kamal Kumar Jalan, Member, BSE)

October 31, 2000

Member	trdid	B/S	type	Rate	qty	Avqty	aud	cacl	Date and time
36	9	S	L	17	100000	100000	A	30	2000-10-31:09:59:28
36	9	S	L	0	97200	97200	D	30	2000-10-31:10:05:41

36	9	B	L	17	30000	30000	A	30	2000-10-31:12:56:37
36	9	B	L	17.5	100000	100000	A	30	2000-10-31:12:59:02
361	9	B	L	18	100000	100000	A	30	2000-10-31:13:00:02
361	9	B	L	18.5	100000	100000	A	30	2000-10-31:13:00:39
361	9	B	L	19	100000	100000	A	30	2000-10-31:13:01:03
361	9	B	L	0	99900	99900	D	30	2000-10-31:13:01:33
361	9	B	L	0	99849	99849	D	30	2000-10-31:13:01:43
361	9	B	L	0	99800	99800	D	30	2000-10-31:13:01:52
361	9	B	L	19	500000	500000	A	30	2000-10-31:13:02:49
361	9	B	L	0	498551	498551	D	30	2000-10-31:13:03:55
36	9	S	L	18.25	30000	3000	A	30	2000-10-31:13:09:58
36	9	B	L	0	99900	99900	D	30	2000-10-31:13:10:56
36	9	S	L	0	28695	1695	D	30	2000-10-31:13:11:54
36	9	S	L	19.25	27830	27830	A	30	2000-10-31:13:12:51
36	9	B	L	17.5	500000	500000	A	30	2000-10-31:13:19:00
36	9	B	L	18	500000	500000	A	30	2000-10-31:13:19:57
36	9	B	L	0	500000	500000	D	30	2000-10-31:13:20:37
36	9	B	L	0	500000	500000	D	30	2000-10-31:13:20:41
36	9	B	L	18	500000	500000	A	30	2000-10-31:13:38:32
36	9	B	L	18.5	500000	500000	A	30	2000-10-31:13:39:40
36	9	S	L	0	27830	27830	D	30	2000-10-31:13:41:12
36	9	B	L	0	497400	497400	D	30	2000-10-31:13:41:14
36	9	B	L	0	497195	497195	D	30	2000-10-31:13:41:17
36	9	B	L	18	500000	500000	A	30	2000-10-31:13:44:29
36	9	B	L	18.5	500000	500000	A	30	2000-10-31:13:46:00
36	9	B	L	18.9	500000	500000	A	30	2000-10-31:13:47:23
36	9	B	L	19	500000	500000	A	30	2000-10-31:13:48:53
36	9	B	L	0	498100	498100	D	30	2000-10-31:13:49:48
36	9	B	L	0	499200	499200	D	30	2000-10-31:13:49:50
36	9	B	L	0	496900	496900	D	30	2000-10-31:13:49:52
36	9	B	L	0	500000	500000	D	30	2000-10-31:13:50:05
36	9	B	L	19	500000	500000	A	30	2000-10-31:13:51:15

36	9	B	L	0	497900	497900	D	30	2000-10-31:13:52:33
36	9	B	L	19	500000	500000	A	30	2000-10-31:13:53:40
36	9	B	L	0	500000	500000	D	30	2000-10-31:13:53:49
36	9	B	L	19	500000	500000	A	30	2000-10-31:13:54:56
36	9	B	L	0	499500	499500	D	30	2000-10-31:13:55:11
36	9	B	L	17.5	500000	500000	A	30	2000-10-31:13:59:32
36	9	B	L	0	500000	500000	D	30	2000-10-31:14:04:36
36	9	S	L	19.9	35425	35425	A	30	2000-10-31:14:24:44
361	9	B	L	18	500000	500000	A	30	2000-10-31:14:25:07
36	9	S	L	19.9	56000	56000	A	30	2000-10-31:14:36:19
361	9	B	L	19.9	1000000	1000000	A	30	2000-10-31:14:38:42
361	9	B	L	0	486700	486700	D	30	2000-10-31:14:57:02
361	9	B	L	0	898514	898514	D	30	2000-10-31:14:57:37

2. On December 01, 2000 there were trades between M/s Surendra Kumar Dugar on BOLT Terminal (provided by Active Finstock) and you, on BOLT Terminal (provided by Kamal Kumar Jalan, Member, BSE) and the difference between the buy and sell order was only 30 sec.
3. It is also noted that trades executed by Kamal Kumar Dugar in the scrip on CSE , you were the counter party to the most of the trades and thereby created artificial buying depth on BSE & CSE along with him.
4. From the analysis of your trade and order log on BSE and CSE and the replies to the questions put to M/s Kamal Kumar Jalan, Member BSE (who has provided you the BOLT Terminal) during the recording of statements, it has been found that you have placed large buy-orders, some of which have been deleted shortly to create artificial buying in the market.

5. The methodology adopted by you for price rise was found to be - placing large buy-orders at the upper circuit limits and not executing or deleting after a small part is executed. This created artificial buying depth in the scrip and the buying interest had attracted other investors. Your intention was to increase the price of the scrip along with creation of artificial volumes in concert with the following brokers of CSE viz. M/s Kamal Kumar Dugar, M/s Surendra Kumar Dugar, and M/s Shraddha Stock Broking Pvt. Ltd.
6. Therefore, it is clear that you have indulged in an act which has resulted in reflection of prices of securities based on transactions which are not genuine trade transactions and thereby created misleading appearance in violation of the provisions of Regulation 4 (a), (b), (c) and (d) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to securities market) Regulations, 1995 (hereinafter referred to as the "said Regulations") and you have thereby also violated the regulation 7 under Schedule II of the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992
7. Therefore, you are directed to show cause as to why appropriate direction under Regulation 11 of the said Regulations read with Section 11 and 11B of the Securities and Exchange Board of India Act, 1992, including not to deal in securities in any manner whatsoever for a particular period should not be passed against you. Your reply, if any should reach the Board within 15 days of the receipt of this show cause notice. In case no reply is received as aforesaid, within the specified period, it shall be presumed that you have no explanation / submission to offer and then SEBI shall proceed with the matter without giving you any further opportunity.

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