

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI**

**CONSENT ORDER**

**ON THE APPLICATIONS SUBMITTED BY SHRI RAJU B. SHAH AND SHRI ATUL H. SHAH  
IN THE MATTER OF SHALIBHADRA INFOSEC LIMITED  
(CONSENT APPLICATION NOS. 34 AND 39 OF 2007)**

1. Securities and Exchange Board of India (SEBI) had conducted investigations into the alleged irregular trading in the shares of Shalibhadra Infosec Limited (hereinafter referred to as "SIL") for the period between May 1, 2002 and July 31, 2002.
2. The investigations, *prima facie*, revealed that Shri Raju B. Shah and Shri Atul H. Shah (hereinafter referred to as the "Applicants"), who were part of the management of SIL, had issued a series of advertisements in the newspapers regarding a proposed buyback of shares at Rs. 10 per share when the ruling price was Re.1, and thereby created artificial volumes in the shares. Though the buyback of shares did not ultimately materialize, the applicants had offloaded unlisted shares of SIL fraudulently in the market.
3. Pursuant to the said investigations, separate Show Cause Notices dated February 9, 2005 under section 11 read with sections 11(4) and 11B of the SEBI Act, 1992 were issued to the applicants for violations various regulations, including that of Regulations 3, 4 (b), 5 (1) and 6 (a) of the SEBI (Prohibition of Unfair Trade Practices) Regulations, 1995. The applicants submitted replies to the Show Cause Notice. An opportunity of hearing was granted to the applicants by SEBI on May 9, 2007.
4. While further proceedings in the matter were in progress, the applicants submitted separate applications dated July 17, 2007 along with affidavits of "undertakings and waivers" for settlement of the matter in terms of SEBI Circular No. EFD/Cir-1/2007 dated 20<sup>th</sup> April, 2007. The consent terms proposed by the applicants were placed before the High Powered Advisory Committee (HPAC) and the HPAC, after deliberation, recommended that the case against Shri Raju B. Shah may be settled on payment of Rs. 10,00,000/- (Rupees ten lakh only) towards settlement charges in addition to a voluntary debarment for a period of twelve months. In the case of Shri Atul H. Shah, the HPAC recommended that the case may be settled on payment of

Rs. 5,00,000/- (Rupees five lakh only) towards settlement charges in addition to a voluntary debarment for a period of twelve months. SEBI accepted the recommendations of the HPAC and conveyed the same to the applicants vide letters dated May 8, 2008.

5. Accordingly, Shri Raju B. Shah and Shri Atul H. Shah, without admitting or denying the charges, have remitted a sum of Rs. 10,00,000/- (Rupees ten lakh only) vide demand draft No. 836495 dated May 17, 2008 drawn on Standard Chartered Bank, Ahmedabad and Rs. 5,00,000/- (Rupees five lakh only) vide demand draft No. 052334 dated May 16, 2008 drawn on Standard Chartered Bank, Ahmedabad respectively towards settlement charges. They have also furnished undertakings that they shall not buy, sell or deal in securities, in any manner whatsoever, for a period of twelve months.
6. In view of the above, it is hereby ordered that this consent order disposes of the proceedings arising out of Show Cause Notice dated February 9, 2005 against the applicants in the matter of Shalibhadra Infosec Ltd. It is also ordered that the applicants shall not buy, sell or deal in securities in any manner whatsoever, for a period of 12 months from the date of this order.
7. This order is without prejudice to the right of SEBI to take enforcement actions including commencing / reopening of the proceedings pending against the applicants, if:
  - a. any representation made by the applicants in this consent proceedings is subsequently discovered to be untrue.
  - b. the applicants breach any of the consent terms or undertakings filed in this current consent proceedings.
8. This consent order is passed on the 18<sup>th</sup> day of September, 2008 and shall come into force with immediate effect.

**Dr. T. C. Nair**  
**Whole Time Member**

**M. S. Sahoo**  
**Whole Time Member**