

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

**CONSENT ORDER**

**ON THE APPLICATION SUBMITTED BY  
SHRI RAJESH R. SHAH**

**IN THE MATTER OF  
M/s. PRABHU STEEL INDUSTRIES LIMITED**

**(CONSENT APPLICATION NO. 451 OF 2008)**

1. Securities and Exchange Board of India (SEBI) had conducted investigations into the alleged irregularities in dealings in the shares of M/s. Prabhu Steel Industries Limited during September 2000 – April 2001. The investigations, *prima facie*, revealed that the applicant, Shri Rajesh R. Shah, along with other associates, allegedly bought and sold, through circular trading, the same shares of M/s. Prabhu Steel Industries Limited in the off market through the same broker and thereby created artificial volumes. It was, therefore, alleged that the applicant violated Regulation 4(a) and 4(b) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Markets) Regulations, 1995.
2. Pursuant to the said investigations, SEBI initiated proceedings under Section 11, 11B and 11D of the SEBI Act, 1992 read with Regulations 11 and 12 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Markets) Regulations, 2003. Vide order dated November 19, 2007, it debarred the applicant from buying, selling and dealing in securities or accessing the securities market in any manner for a period of three months. The applicant preferred an appeal against SEBI's order dated November 19, 2007 before the Hon'ble Securities Appellate Tribunal.
3. During the pendency of the appeal, the applicant filed this consent application on January 16, 2008 in terms of SEBI Circular No. EFD/ED/Cir.-1/2007 dated April 20, 2007 seeking settlement of the proceedings through a consent order. In the meantime, the Hon'ble Securities Appellate Tribunal vide order dated February 22, 2008, while setting aside the order dated November 19, 2007 of SEBI, remitted the case back to SEBI for a fresh decision in accordance with law.

4. While the matter was pending before SEBI for fresh consideration, the applicant, vide letter dated August 13, 2008, revised the consent terms. The High Powered Advisory Committee constituted by SEBI considered the settlement terms proposed by the applicant and recommended the case for settlement. As per the terms of settlement, the applicant shall pay Rs. 40,000/- (Rupees forty thousand only) as settlement charges. SEBI accepted the said terms of settlement and communicated the same to the applicant vide letter dated October 12, 2008.
5. For the purpose of settling the matter on hand and without admission or denial of guilt on the part of the applicant to the finding of fact or conclusion of law, the applicant has remitted a sum of Rs. 40,000/- (Rupees forty thousand only) vide demand draft No. 043336 dated October 22, 2008 drawn on Standard Chartered Bank, Mumbai towards the settlement charges.
6. In view of the above, it is hereby ordered that this consent order disposes of proceedings under Section 11, 11B and 11D of the SEBI Act, 1992 arising out of the Order dated February 22, 2008 of the Hon'ble Securities Appellate Tribunal remanding the matter to SEBI for a fresh decision.
7. This order is without prejudice to the right of SEBI to take enforcement actions, including commencing or reopening pending proceedings against the applicant, if:
  - i. any representation made by the applicant in this consent proceeding is subsequently discovered to be untrue;
  - ii. the applicant breaches any of the clauses/conditions of undertakings/ waivers filed during this consent proceeding.
8. This consent order is passed on the 31st day of October, 2008 and shall come into force with immediate effect.

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

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