1. The Securities and Exchange Board of India (hereinafter referred to as SEBI), in the matter of Karuna Cables Limited (now known as Globus Corporation Limited), on the basis of the preliminary findings, pending investigation and passing of final order, had issued various directions vide an ex-parte ad-interim order dated November 29, 2005, including directing the promoters of the said company and others not to buy, sell or deal in securities of the company, directly or indirectly. Karuna Cables Limited, now known as Globus Corporation Limited, is hereinafter referred to as the Company. The Company was further directed, not to issue any equity shares or any other instruments convertible into equity shares in any manner. The directions issued vide the aforesaid Order against the persons/entities therein, were confirmed by SEBI, vide order dated July 25, 2006, after affording opportunities for filing their objections and personal hearing. Thereafter, SEBI issued a show cause notice dated October 16, 2007 in the matter to the Company, its Managing Director, Dr. Mahendra C. Shah, Ceetee Trading and Leasing Private Limited (hereinafter referred to as Ceetee Trading) and its Director, Mr. Sanjay B. Shah. It was alleged that the Company, Dr. Mahendra C. Shah, Ceetee Trading and Mr. Sanjay B. Shah had violated Regulations 3 (a), (b), (c), (d) and 4(1) of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter
referred to as the PFUTP Regulations). It was further alleged that the Company and Dr. Mahendra C. Shah had violated Regulation 4(2)(f) and (r) of the PFUTP Regulations and Ceetee Trading and Mr. Sanjay B. Shah also violated Regulation 4(2)(d) and (e) of the PFUTP Regulations. Pursuant to the receipt of replies from the parties, SEBI afforded opportunities of personal hearing to them. On March 17, 2009, the said parties were represented by Mr. Prakash K. Shah, advocate who made submissions. Dr. Mahendra C. Shah was also present during the hearing. Thereafter, SEBI, vide order dated June 15, 2009, restrained the Company, Dr. Mahendra C. Shah, Ceetee Trading and Mr. Sanjay B. Shah from accessing the securities market and further prohibited them from buying, selling or dealing in the securities market, directly or indirectly, for a period of six months, for the reasons stated therein.

2. Subsequently, one Sanjay Bhabutmal Shah, vide application dated November 5, 2009 under the Right to Information Act, 2005 (RTI Act), had sought certain documents like, copies of notices, acknowledgements, enquiry reports, statements recorded, authority letters submitted by the advocate of Ceetee Trading and Mr. Sanjay B. Shah, etc., in connection with the aforesaid order dated June 15, 2009. The said information was declined by the Central Public Information Officer (CPIO), SEBI, vide letter dated December 10, 2009 stating that the information sought by him related to third parties and is of commercial confidence and that the disclosure of the same would harm the competitive position of a third party. Aggrieved by the said response, Mr. Sanjay B. Shah filed an appeal dated December 16, 2009 before the Appellate Authority in SEBI under the RTI Act, on the grounds that he was one of the parties against whom SEBI had passed the order dated June 15, 2009, and that, he never appeared before any authority, tribunals, never signed any statement or authorized any person to appear before SEBI on his behalf and never received any letter from SEBI in this regard. The Appellate Authority, vide order dated January 8, 2010 directed the CPIO, SEBI to provide a copy of the authority letter indicating authorization of the advocate by Mr. Sanjay B. Shah to
appear before SEBI in the case of the Company. Thereafter, as directed by the Appellate Authority, copies of authority letters authorizing Mr. Prakash K. Shah, Advocate to appear before SEBI on behalf Mr. Sanjay B. Shah, was provided by SEBI to Mr. Sanjay B. Shah, vide letter January 13, 2010.

3. In view of the above claim that Mr. Sanjay B. Shah had not authorized anybody to appear on his behalf before SEBI and had not received any correspondence from SEBI in the matter, it was found necessary to ascertain the genuineness of the authority letters submitted on behalf of Mr. Sanjay B. Shah to SEBI. Therefore, SEBI, vide letter dated March 29, 2010 advised Mr. Sanjay B. Shah to *inter alia* confirm whether he had authorized Mr. Prakash K. Shah, Advocate to appear in the hearings before SEBI in matter. In response, Mr. Sanjay B. Shah, vide letter dated March 30, 2010 informed SEBI that he had not authorized Mr. Prakash K. Shah, Advocate to appear on his behalf in the said matter. He also submitted that he is not known to Mr. Prakash K. Shah and had not signed any authority letter and confirmed that the signatures in the authority letters submitted to SEBI were not his. In view of the said submissions of Mr. Sanjay B. Shah, an explanation in this regard was sought by SEBI from Mr. Prakash K. Shah on March 31, 2010. Mr. Prakash K. Shah stated that Dr. Mahendra C. Shah, Managing Director of the Company, who was also present during the hearing on March 17, 2009, had handed over to him the letters dated March 5, 2009 and March 14, 2009, signed by Mr. Sanjay B. Shah. He further stated that Dr. Mahendra C. Shah had given some 'original documents of Ceetee Trading' for his reference, and, he being his client since 2007, in good faith, believed him. Immediately thereafter, Dr. Mahendra C. Shah filed an affidavit dated April 3, 2010 to SEBI, *inter alia* affirming:

a. That Mr. Sanjay B. Shah and Mr. Vijay Mahajan, directors of Ceetee Trading had requested him to request his counsel Mr. Prakash K. Shah to act, appear and plead on behalf of Mr. Sanjay B. Shah and Ceetee Trading;
b. That Dr. Mahendra C. Shah advised Mr. Sanjay B. Shah to forward an authority letter/vakalatnama in favour of Mr. Prakash K. Shah;
c. That accordingly Mr. Sanjay B. Shah had sent an authority letter to Dr. Mahendra C. Shah in favour of the same Mr. Prakash K. Shah to act, appear and plead on his behalf;
d. That Dr. Mahendra C. Shah had handed over the said letter of authority to Mr. Prakash K. Shah and requested him to act, appear and plead for the said Mr. Sanjay B. Shah and his company Ceetee Trading;
e. That Dr. Mahendra C. Shah was present in the proceedings before SEBI when Mr. Prakash K. Shah appeared and argued for him and the Company and also for Mr. Sanjay B. Shah and Ceetee Trading;
f. That on account of certain differences arising later in respect of certain transactions of and relating to Mr. Sanjay B. Shah/or his company, he made a false complaint to SEBI authorities with a view to bring pressure on Dr. Mahendra C. Shah;
g. That the advocate Mr. Prakash K. Shah has not done anything wrong, or, to the prejudice of Mr. Sanjay B. Shah and/or Ceetee Trading, when he has been authorized by Mr. Sanjay B. Shah to act, appear and plead on his behalf and Ceetee Trading before SEBI.

4. In view of the contentions of Mr. Sanjay B. Shah that he had not authorized any person to represent him before SEBI and that he had not received any correspondence from SEBI pertaining to the matter, an opportunity of personal hearing was granted to him by SEBI on April 15, 2010 to make his submissions on the show cause notice dated October 16, 2007. On the said date, Mr. Sanjay B. Shah appeared before SEBI and inter alia requested forty five days time for filing his submissions on the allegations mentioned in the show cause notice dated October 16, 2007 issued in the matter of the Company. Written statements were also given by Mr. Sanjay B. Shah confirming the stand taken by him in the appeal filed before the Appellate Authority under the RTI Act. He further submitted in writing to SEBI that the authority letters dated March 5, 2009 and March 14, 2009 were never issued by him and the signature on the aforementioned letters was not his signature and did not match with the signature on his Permanent Account Number (PAN) Card. He further stated that the said authority letters were never seen by him before and were made available for the first time through an application preferred by him under RTI Act.
5. In view of the above, investigation in the matter of the Company with respect to Ceetee Trading and its director Mr. Sanjay B. Shah was reopened in order to ascertain the identity of persons who were in charge of Ceetee Trading during the relevant period. Thereafter, SEBI had recorded the statements of Dr. Mahendra C. Shah and Mr. Prakash K. Shah. Dr. Mahendra C. Shah in his statement dated April 21, 2010 stated that he has been the Managing Director of the Company since the last fifteen years and that he was also a promoter/director of Ceetee Trading till 1994-95. He also stated that, his wife Mrs. Hasu M.Shah was also a director of Ceetee Trading till 2004-05. As regards Mr. Sanjay B. Shah (the other director of Ceetee Trading), Dr. Mahendra C. Shah claimed that he had no relationship with him. Dr. Mahendra C. Shah further stated that Mr. Prakash K. Shah was his lawyer in the matter. He further stated that Mr. Prakash K. Shah had called him around March 31/ April 1, 2010 about the issue of the authority letter of Mr. Sanjay B. Shah and had advised him to file an affidavit. Dr. Mahendra C. Shah has claimed that his affidavit (mentioned above) was only to the extent that he had handed over the letter to Mr. Prakash K. Shah. Though, Dr. Mahendra C. Shah had claimed that the authority letters were received in his office at Sanjay Chambers, Opera House, Mumbai, he has not been able to recollect how the letters had been received in his office or as to who had come and delivered the same. Mr. Prakash K. Shah in his statement (to SEBI) recorded on April 29, 2010, had stated that he had never met Mr. Sanjay B. Shah, Director, Ceetee Trading, on whose behalf he appeared before SEBI. He further claimed that he represented Mr. Sanjay B. Shah in the matter, on the basis of the authority letters and made submissions on the lines of the replies filed by each of the noticees to the show cause notice, which were provided to him by Dr. Mahendra C. Shah. Mr. Prakash K. Shah has further stated that, on the date and time of hearing, Dr. Mahendra C. Shah communicated to him that Mr. Sanjay B. Shah was unable to remain present at the hearing, but, had sent the authority letters for Mr. Prakash K. Shah to represent the case. Further, Mr. Prakash K. Shah in his statement dated April 29, 2010 had stated that he could not recollect as to who
had paid the legal fees for representing Mr. Sanjay B. Shah in the matter. Though, he had stated that he would be in a position to reply to the said query after going through the books of accounts, he had not submitted any reply in that regard till date.

6. In view of the fact that Mr. Sanjay B. Shah had denied signing the authority letters submitted to SEBI, the difference in the signatures in his PAN Card and in the authority letters, and also since he had claimed that the authority letters were never seen by him before and that they were made available to him under the RTI Act, it was thought fit to carry out, in the interest of justice, a forensic handwriting analysis of the signatures on the authority letters, to decide the authenticity of the same. In order to confirm the genuineness of the claim of Mr. Sanjay B. Shah that he had not given any signature on the authority letters submitted to SEBI on his behalf, as also, to eliminate the role, if any, of Dr. Mahendra C. Shah and Mr. Prakash K. Shah in forging the signature of Mr. Sanjay B. Shah on the authority letters (presuming that the claim of Mr. Sanjay B. Shah that he had not signed on the authority letters was true), an opinion in the matter was sought by SEBI from the Office of the Government Examiner of Questioned Documents, Directorate of Forensic Science at Hyderabad. The Government Examiner of Questioned Documents, vide letter dated May 18, 2010 opined that there is no significant similarity between the questioned and the standard writings of Mr. Sanjay B. Shah. It was also opined that they (questioned documents-authority letters) show considerably higher order of movement, skill and level of muscular co-ordination which is beyond the scope of the writer of the standard writings. On a collective consideration of all those features, it had led to an opinion that there were different authors. As regards the writings of Dr. Mahendra C. Shah, it was opined that there was no fundamental divergence between the questioned and the standard writings. It was concluded that they show natural variations within the scope of one and the same writer, and that, the similarities in writing are significant and sufficient, and, there is no possibility of their accidental
coincidence. In fact, the Government Examiner has concluded his opinion with the comment that the collective consideration of all the features leads him to the opinion of their common authorship. Thus, it is *prima facie* established that Dr. Mahendra C. Shah had forged the signatures of Mr. Sanjay B. Shah on the authority letters authorizing Mr. Prakash K. Shah to appear before SEBI on March 17, 2009 on behalf of Mr. Sanjay B. Shah. This inference is further fortified by the fact that Dr. Mahendra C. Shah in his statement to SEBI could not confirm as to how the authority letters purported to be signed by Mr. Sanjay B. Shah had reached his office, and, who had actually come and delivered the same.

7. I also note that, Dr. Mahendra C. Shah, vide letter dated February 7, 2006 had informed in reply to the SEBI ex-parte interim order dated November 29, 2005, that he had resigned from the directorship of Ceetee Trading in 1994 and that his nephew, Mr. Dhiresh Chandrakant Shah was inducted as a director with the intention of taking over Ceetee Trading. He had further informed that by September 1996, he and his immediate family members had transferred their entire shareholding in Ceetee Trading to the nominees of Mr. Dhiresh Chandrakant Shah and that only his wife, Mrs. Hasu M. Shah was retained as a namesake director in the board of Ceetee Trading. He had stated that Mrs. Hasu M. Shah is only a housewife and not qualified to manage or run the business of Ceetee Trading. He had also informed that subsequently in 2003, Mr. Dhiresh Chandrakant Shah also exited Ceetee Trading, and one Sanjay B. Shah, who is not related to any of the promoters of the Company took over Ceetee Trading and that based on the request of the Mr. Sanjay B. Shah, Mrs. Hasu M. Shah had remained on the board of Ceetee Trading, although she was not holding any shares in Ceetee Trading.

8. In the Order dated June 15, 2009, Dr. Mahendra C Shah was found responsible for making premature and misleading announcements as the Managing Director of the Company and further concluded that Mr. Sanjay B. Shah had acted hand in glove with Dr. Mahendra C. Shah and had transferred
the shares of the Company held by Ceetee Trading to a group of connected clients, who used those shares for manipulation in the market. However, in view of the *prima facie* finding that Dr. Mahendra Shah had forged the signatures of Mr. Sanjay B. Shah on the authority letters authorizing Mr. Prakash K. Shah to appear before SEBI on his behalf in the said matter, it leads to an inference that Dr. Mahendra C. Shah was himself carrying out the manipulative activities of Ceetee Trading under the guise of the name of ‘Sanjay B Shah’. Further, it is also found now that the Delivery Instructions Slips (DIS) which were used to transfer the shares of the Company held by Ceetee Trading, were signed by Mrs. Hasu M. Shah, who according to Dr. Mahendra C. Shah was not qualified to run or manage Ceetee Trading and was only its namesake director. During the ongoing investigation, Mr. Sanjay B. Shah in his letter to SEBI stated that he had once signed the papers for directorship of Ceetee Trading in 1997. He contended that, he never attended Board Meetings, or, General Meetings, or, daily activities of Ceetee Trading. He further stated that he had never received any communication from the said company regarding directorship and that at he had never purchased, sold or transferred the shares of the Company. According to him, he had never signed for account opening for Ceetee Trading. He also stated that he was not aware of the address of the office of Ceetee Trading and was also not aware of the Malabar Hill address shown on the authority letter. This fact, I find, has been further confirmed by the statement of Mr. Dhiresh C. Shah, who was one of the directors of Ceetee Trading, wherein he has stated on oath that Mr. Sanjay B. Shah never visited the premises where Ceetee Trading's office was located. The role of Dr. Mahendra C Shah in making premature and misleading announcements and thereby inducing unsuspecting investors to purchase shares at high prices and creating false and artificial market in the scrip as a Managing Director of the Company was considered in the Order dated June 15, 2009. However, after receipt of the opinion of the Government Examiner of Questioned Documents, Directorate of Forensic Science at Hyderabad, it is now revealed that Dr. Mahendra C. Shah himself had indulged in manipulative activities in the shares of the Company under the
guise of Mr. Sanjay B. Shah. Further, Dr. Mahendra C. Shah and his wife Mrs. Hasu M. Shah were instrumental in transferring the shares of the Company held by Ceetee Trading to various persons and entities which were in turn utilized for the manipulation in the shares of the Company during the relevant period. As stated above, with the new facts which have emerged, it can be seen that Dr. Mahendra C. Shah was \textit{prima facie} responsible for the activities of Ceetee Trading through his wife, Mrs. Hasu M. Shah and using the name of Mr. Sanjay B. Shah as a front in the market manipulation done by Ceetee Trading in the shares of the Company. Further, the forensic report also suggests that Dr. Mahendra C. Shah had forged the signatures of Mr. Sanjay B. Shah in the authorization letters which had authorized Mr. Prakash K. Shah to appear before SEBI, supports the view that the he was behind Ceetee Trading also.

9. Mr. Prakash K. Shah in his statement recorded on April 29, 2010, had stated that he has never met Mr. Sanjay B. Shah, Director, Ceetee Trading, on whose behalf he appeared before SEBI on March 17, 2009. His contention was that, his representation was based on the authority letters and the replies of Ceetee Trading and Mr. Sanjay B. Shah to the show cause notice dated October 16, 2007, provided by Dr. Mahendra C. Shah. He further claimed that Dr. Mahendra C. Shah was known to him as his client and had told him that he would get the letters of authority from Mr. Sanjay B. Shah. According to Mr. Prakash K. Shah, it was only on the date and time of the hearing that Dr. Mahendra C. Shah communicated to him that Mr. Sanjay B. Shah was unable to remain present at the hearing, but, had sent the authority letters for Mr. Prakash K. Shah to represent his case. However, as per available records, it is seen that Mr. Prakash K. Shah had faxed to SEBI on March 9, 2009, the authority letters dated March 5, 2009 on behalf of Mr. Sanjay B. Shah and Ceetee Trading, authorizing him to appear and make necessary submissions and also file supporting documents, if required. Then, on March 11, 2009, Mr. Prakash K. Shah had faxed letter dated March 9, 2009 to SEBI for granting a short adjournment and fixing another date of hearing in the matter, which was
earlier fixed for March 12, 2009. The hearing was accordingly adjourned to March 17, 2009. The statement made by Mr. Prakash K. Shah on oath that it was only on the day and at the time of hearing that Dr. Mahendra C. Shah had communicated to him that Mr. Sanjay B. Shah had sent the authority letters for Mr. Prakash K. Shah to represent the case, thus, appears contrary to the available facts on record. This reveals that Mr. Prakash K. Shah has made false statement on oath. Though, Mr. Prakash K. Shah had enough time on hand to carry out his due diligence and take reasonable steps to verify the identity of his client, he appears to have conveniently ignored this primary responsibility. This willful disregard appears to be intentional.

10. Further, SEBI has also analysed the mobile phone call records of Dr. Mahendra C. Shah and Mr. Prakash K. Shah which indicated that they were in constant touch with each other on March 16, 2009, a day before the hearing scheduled in the matter of the Company. The call data records reveal that at 22:50 hrs. on March 16, 2009, Mr. Prakash K. Shah had received a call from Dr. Mahendra C. Shah which had lasted for 2,422 seconds (40 minutes). Before the said call, Mr. Prakash K. Shah had called Dr. Mahendra Shah at 22:23 hrs. and had spoken for 8,45 seconds (14 minutes). Even on March 17, 2009 (on the date of the hearing), Mr. Prakash K. Shah had called Dr. Mahendra Shah at 12:17 and 15:03 hrs. The details of incoming calls received by Mr. Prakash K. Shah (mobile phone no. 9820210908) from Dr. Mahendra Shah (mobile phone no. 9323715428) and the outgoing calls made by Mr. Prakash K. Shah to Dr. Mahendra C. Shah, during the period immediately prior to the hearing on March 17, 2009, is given below:

<table>
<thead>
<tr>
<th>Incoming calls received by Mr. Prakash K. Shah on his mobile no. 9820210908 from Dr. Mahendra Shah’s mobile no. 9323715428</th>
</tr>
</thead>
<tbody>
<tr>
<td>09323715428 09820210908 05-MAR-2009 19:13:05 29</td>
</tr>
<tr>
<td>09323715428 09820210908 06-MAR-2009 17:09:31 17</td>
</tr>
<tr>
<td>09323715428 09820210908 06-MAR-2009 17:49:08 38</td>
</tr>
</tbody>
</table>
11. Considering the facts and circumstances of the case and given that there were frequent conversations prior to and on the date of hearing (March 17, 2009) between Mr. Prakash K. Shah and Dr. Mahendra C. Shah as mentioned above, it is highly unbelievable that Mr. Prakash K. Shah was informed of the absence of Mr. Sanjay B. Shah for the hearing, only on the date and time of hearing. It is also pertinent to note that Mr. Prakash K. Shah has not only met his client, Mr. Sanjay B. Shah but had also not received authorization,
instructions directly from Mr. Sanjay B. Shah. This is very unusual. Besides, after Mr. Prakash K. Shah was made aware of the fact that Mr. Sanjay B. Shah had informed SEBI that he had not authorized Mr. Prakash K. Shah to represent on his behalf in the matter, Mr. Prakash K. Shah is learnt to have contacted Dr. Mahendra C. Shah and insisted that he should file a proper affidavit on oath with SEBI to put on record the true and correct facts. However, he did not appear to have made any such attempt to persuade Mr. Sanjay B. Shah, his client whom he represented, to file an affidavit for putting forth the true and correct facts to SEBI. It appears that Mr. Prakash K. Shah had not taken any efforts to confirm with his client, Mr. Sanjay B. Shah, which would have been the immediate reaction in a bonafide case. It was also brought on record that Mr. Prakash K. Shah (in his statement dated April 29, 2010) had claimed that he could not recollect as to who had paid the legal fees for representing Mr. Sanjay B. Shah in the matter of the Company. Though, he promised that he would be in a position to reply to the same after going through his books of accounts, no response was received from him in this regard, till date. An advocate is duty bound not to act on the instructions of any person other than his client or authorized agent. Having not even met his client, Mr. Prakash K. Shah should not have accepted the relevant papers from Dr. Mahendra C. Shah without a letter from Mr. Sanjay B. Shah authorizing Dr. Mahendra C. Shah to act and instruct him, on his behalf. The aforesaid facts, according to me, leads to a *prima facie* deduction that Mr. Prakash K. Shah was aware that the signatures of Mr. Sanjay B. Shah in the authority letters were forged by Dr. Mahendra C. Shah. Further, in his statement (to SEBI) dated June 4, 2010, Dr. Mahendra C. Shah stated that Mr. Prakash K. Shah was assisting him in the matter of the Company since 2005-06 i.e. immediately after the ex-parte ad-interim order dated November 29, 2005 was passed, in respect of the following:

- Drafting of replies to show cause notices issued to him;
- Replying to queries received from SEBI from time to time;
• Representing on his behalf before SEBI and before the Hon'ble Securities Appellate Tribunal;
• Representing on behalf of directors/promoters of the Company after the ex-parte ad-interim order dated November 29, 2005

12. The mutual trust and observed closeness between Mr. Prakash K. Shah and Dr. Mahendra C. Shah, as borne out from the ongoing investigation, Mr. Prakash K. Shah assisting Dr. Mahendra C. Shah in drafting his replies, together with the fact that Dr. Mahendra C Shah was *prima facie* carrying out the manipulative activities of Ceetee Trading under the guise of Mr. Sanjay B. Shah, would strongly indicate that the replies to the show cause notice/other queries in the investigation of the Company on behalf of Ceetee Trading and Mr. Sanjay B. Shah would have also been drafted by Mr. Prakash K. Shah, as advised by Dr. Mahendra C. Shah. Thus, when viewed in its entirety, Mr. Prakash K. Shah is *prima facie*, hand in gloves with Dr. Mahendra C Shah in aiding and abetting Dr. Mahendra C. Shah in the manipulative activities done in the name Ceetee Trading under the guise of Mr. Sanjay B. Shah and falsely representing him before SEBI.

13. It is one of the foremost duties of an advocate to know the client he is representing in judicial and quasi judicial proceedings. An advocate cannot take refuge under the plea that he accepted the letters of authority for his client under good faith from a third party. It would be too contrived and preposterous to lay credence on the claim of Mr. Prakash K. Shah that even though he had been involved in this case for almost three years, his client had remained incognito and faceless all through the time. It is pertinent to note here that Mr. Prakash K. Shah has appeared before SEBI in the matter of the Company right from the ex-parte order dated November 29, 2005 and therefore, he ought to have ascertained the identity of the clients represented by him. The fact that a common show cause notice was issued to four noticees including the Company, its director Dr. Mahendra C. Shah, Ceetee Trading and its director
Mr. Sanjay B. Shah, and that he was representing all of them does not absolve him of his responsibility of taking reasonable care and diligence to ascertain the true identity of such persons whom he is representing. By representing Mr. Sanjay B. Shah on the basis of a forged authority letter, Mr. Prakash K. Shah together with Dr. Mahendra C. Shah, had not only deprived Mr. Sanjay B. Shah of the reasonable opportunity available under law for just and a fair representation, but, have also subverted the quasi judicial process of SEBI which also amounts to the contempt of the same. The above acts on the part of Dr. Mahendra C. Shah, the Managing Director of the Company and Mr. Prakash K. Shah has resulted in the interruption of the sacrosanct process of justice. Such acts of these persons have resulted in denial to an affected individual of his right of fair representation provided under law and are unexceptionally reprehensible. In my opinion, this requires immediate deterrent action against the persons involved.

14. Mr. Prakash K. Shah is also the Secretary of the Investor Education and Welfare Association, an investor association recognized by SEBI, of Ghatkopar (East) Mumbai. As per the website of the Bombay Stock Exchange Limited (BSE) Mr. Prakash K. Shah is a compliance officer of the stock broker, Equi Search Stock Broking Private Limited. The same was also confirmed by BSE, vide letter dated April 19, 2010 to SEBI. One of the foremost functions of SEBI is protecting the interests of the investors in the securities market and ensuring that such interests are adequately safeguarded. The fact that Mr. Prakash K. Shah is representing an investor association recognized by SEBI is again a matter of grave concern given his role in representing persons/entities in quasi judicial proceeding on the basis of forged authorization.

15. In view of the foregoing, I, prima facie, observe as follows:

   a. Dr. Mahendra C Shah and his wife, Mrs Hasu M. Shah are in-charge of and responsible for the conduct of the business of
Ceetee Trading during the relevant period when the manipulation in the matter of the Company had taken place.

b. Dr. Mahendra C. Shah with his wife Mrs. Hasu M. Shah were responsible for transferring the shares of the Company held by Ceetee Trading to various entities/persons which were ultimately used for manipulating the shares of the Company during the relevant period.

c. Dr. Mahendra C. Shah had forged the signatures of Mr. Sanjay B. Shah in the authority letters dated March 5, 2009, March 14, 2009 and March 16, 2009 which were forwarded to SEBI through Mr. Prakash K. Shah.

d. Dr. Mahendra C. Shah along with Mr. Prakash K. Shah appeared to have prepared and filed replies on behalf of Mr. Sanjay B. Shah in the matter.

e. Dr. Mahendra C. Shah and Mrs. Hasu M. Shah had also used Ceetee Trading and the name of “Sanjay B. Shah” as fronts to carry out the manipulative acts in the shares of the Company.

f. Mr. Prakash K. Shah was aware that signatures in the authority letters and the replies of Mr. Sanjay B. Shah were forged by Dr. Mahendra C. Shah. Inspite of being aware, he had represented Mr. Sanjay B. Shah before SEBI in the matter on March 17, 2009.

Thus, the acts of Dr. Mahendra C. Shah and Mrs. Hasu M. Shah are prima facie in violation of Section 12A of the Securities and Exchange Board of India Act, 1992 and Regulations 3(a),(b),(c) & (d) and 4(1), 4(2)(a) and (e) of the PFUTP Regulations.

16. Such unhealthy practice involving forgery of authority letters and the representation based on such forged letters cannot be brooked and SEBI perforce has to view such matters very seriously. Besides, I find that Dr. Mahendra Shah in his statement recorded on June 4, 2010 has stated that the
name of Karuna Cables Limited has been changed to Globus Corporation Limited and that the object clause has been changed to enable the said company to take up infrastructure projects. I further observe that in the Annual Results of the Company dated May 3, 2010, it was declared that the Company had entered into infrastructure segment during the year. It is seen that Company in its corporate announcement dated January 22, 2010 to BSE stated that the shareholders through postal ballot had approved the amendment in the incidental and other object by altering and inserting new clauses, in terms of Section 17 of the Companies Act, 1956 and also to commence the business not germane to the existing business of the company. It is observed from the same that Company is in the process of entering into infrastructure projects. Since infrastructure projects require huge capital and have long gestation periods, I find that the persons/entities/ institutions who would be lending funds to the company, should not remain in the dark about the fact that has presently come to notice that its Managing Director has *prima facie* resorted to the act of forgery to cover his manipulative activities. Further, the Company is a listed company whose Managing Director has *prima facie* engaged himself in the act of forgery to cover his manipulative activities in the shares of the Company. I find it necessary in the interest of justice that immediate preventive action needs to be taken in the matter. Further, in view of the peculiar nature of the case where an advocate is charged with having aided and abetted Dr. Mahendra C. Shah in forging the authority letters as stated above in this Order, it becomes necessary that this case be referred to the Bar Council of Maharashtra and Goa, for a decision to be arrived by them on the said reference on Mr. Prakash K. Shah, under the rules and regulations that govern the conduct and activities of an advocate.

17. In view of the foregoing, I, in exercise of the powers conferred upon me under Section 19 of the Securities and Exchange Board of India Act, 1992 and Sections 11(1), 11(4) and 11B thereof, read with Regulation 11 of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade
Practices Relating to Securities Market) Regulations, 2003, hereby restrain Dr. Mahendra C. Shah (Permanent Account Number-AANPS7782G) and Mrs Hasu M. Shah (Permanent Account Number- AVTPS5216N) from accessing the securities market and prohibit them from buying, selling or dealing in the securities market, including in Initial Public Offerings, in any manner, either directly or indirectly, till further directions.

18. As Dr. Mahendra C. Shah had allegedly forged the signatures of Mr. Sanjay B. Shah in the authority letters, the Securities and Exchange Board of India considers him as not a fit and proper person in the securities market. Therefore, he shall not hold any managerial position (including directorship) or any other key position in any listed company in India, or an intermediary registered with the Securities and Exchange Board of India or with any securities market participant, in any capacity, till further orders.

19. A copy of this Order shall be forwarded to Karuna Cables Limited (now known as Globus Corporation Limited) for information and necessary action in this regard. Copies of this order shall also be forwarded to the stock exchanges, Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The said stock exchanges shall upload this Order on their websites for the purposes of informing the companies listed on them.

20. A copy of this Order shall also be forwarded to Bar Council of Maharashtra and Goa with a copy to the Bar Council of India, for appropriate action against Mr. Prakash K. Shah, Advocate, as may be deemed fit, with a request to furnish a copy of their action on this reference to the Securities and Exchange Board of India.

21. A copy of this Order shall also be forwarded to the Investor Education and Welfare Association, Ghatkopar (East), Mumbai and Equisearch Stock Broking Private Limited, for their information and necessary action.
22. A copy of the order shall also be sent to the Depositories for necessary action.

23. The persons against whom this Order is passed may file their objections, if any, to this order, within twenty one days. If they so desire, may avail of an opportunity of personal hearing before the Securities and Exchange Board of India, Head Office, SEBI Bhavan, Plot No: C-4 A, G Block, Bandra Kurla Complex, Bandra (East) Mumbai–400051, on a date and time to be fixed on a specific request.

24. This Order shall come into force with immediate effect.

DR. K. M. ABRAHAM
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA

PLACE: MUMBAI
DATE: JUNE 24, 2010