

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER SECTIONS 11B AND 11(4)(b) OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AGAINST JAY SHAH IN THE MATTER OF IFSL LTD. (FORMERLY INTERLINK FINANCIAL SERVICES LTD).

1. Background

1.1 On the basis of preliminary findings of analysis into the dealings in the scrip of IFSL Ltd., SEBI had vide order dated September 28, 2005 issued the following directions against the entities concerned with immediate effect:

- a) Sonal Fincap Pvt Ltd, the promoter of IFSL Ltd and directors of IFSL viz. P.K.Singh, Ramdas Kshisagar, Mukesh Vora, Dilip Kulkarni, Rishi Vashist, N.Narendra and Rakesh Singhvi were directed not to buy, sell or deal in securities of IFSL Ltd, directly or indirectly, till further directions in this regard and IFSL Ltd shall not issue any equity shares or any other instrument convertible into equity shares, in any manner, or shall not alter its capital structure in any manner, till further directions in this regard.
- b) The clients viz. New Leader Trading Co. (P) Ltd., Sharpline Trading Co Pvt Ltd Right Star Trading Co. (P) Ltd., Stockholm Mercantile Co. Pvt. Ltd, White Moon Mercantile Co.(P) Ltd., Amar Adhav, Deepak Narvekar, Umesh Choukekar, Ganesh Raut, Deepak Todkar, Rajkishore Singh and Prakash Yadav, Jay Shah, Vishalkumar Textiles Pvt. Ltd and Jayesh Waghela were directed not to buy, sell or deal in securities of IFSL LTD, directly or indirectly, till further directions in this regard.
- c) The Stock Brokers viz., Indiabulls Securities Ltd. (formerly Orbis Securities Pvt Ltd), Insight Share Brokers Pvt. Ltd., Fortis Securities Ltd, Joindre Capital Services Ltd., India Infoline Securities Pvt. Ltd., Ruchiraj Share Stock Broker, Penninsular Capital Market Ltd., Archi Shares & Stock Brokers Pvt. Ltd. were directed not to buy, sell or deal in securities of IFSL Ltd. on behalf of the promoters, directors and clients mentioned at para a) and b). directly or indirectly, till further directions in this regard.

Dealing in shares of IFSL Ltd by Jay Shah after SEBI Order

1.2 It has come to the notice of SEBI that the said Jay Shah during the period of SEBI's prohibition has been found to be dealing in the shares of IFSL Ltd. through another broker viz. Pilot Credit Capital Ltd., a member of BSE Ltd.

The following details of trading by Jay Shah in the shares of IFSL Ltd have been obtained from Pilot Credit Capital Ltd.:

Date	Shares Bought (Quantity)	Shares Sold (Quantity)
October 11, 2005	1,92,993	1,62,993
October 14, 2005	-	30,000

- 1.3 Since, Jay Shah was prohibited from trading in the shares of IFSL Ltd., the role of Pilot Credit Capital Ltd., in allowing him to trade in the same shares during the period of prohibition was in force, is being looked into.

Communication of Order to Jay Shah

- 1.4 SEBI's order was served on Jay Shah at the address provided by BSE Ltd. The order was returned undelivered with a remark as 'incomplete address'. Subsequently, the order was delivered through the broker India Infoline Securities Ltd, with whom Jay Shah is registered as a client.
- 1.5 India Infoline Securities Ltd. further informed that pursuant to the said SEBI order, on September 29, 2005, they have immediately communicated to Jay Shah over telephone, not to deal in the shares of IFSL Ltd. In addition, through their trading system, they had blocked his trading in the shares of IFSL Ltd., besides retaining Rs. 11 lakhs on his account, till further verification. The data made available by India Infoline Securities Ltd., shows that Jay Shah had very heavy dealings with India Infoline Securities Ltd., during the period September 1, 2005 to September 28, 2005 with an average daily trading volume of around Rs.3.38 crore, but had stopped dealing with them thereafter. The fact that he stopped dealing with India Infoline Securities Ltd. after the date of SEBI's Order, clearly evidences that Jay Shah was aware of the order. The said Order was posted on SEBI's web site on September 28, 2005 and also communicated to the media through press release on the same day. The extensive coverage given by the media to this order could not have been overlooked by any person trading regularly on the stock exchanges. It is therefore clear that Jay Shah was aware of the prohibitory order imposed upon him by SEBI but deliberately chose to ignore it and traded in the shares of IFSL Ltd. on October 11, 2005 and October 14, 2005 while the prohibition was in force.

2. Conclusion

- 2.1 The above sequence of events such as the availability of the said Order on SEBI's web site, the extensive media coverage as a result of which SEBI's action was widely discussed, the communication issued by India Infoline Securities Ltd to Jay Shah, the immediate stoppage of his dealings through India Infoline Securities Ltd., and his commencing dealing in the shares of IFSL Ltd, through Pilot Credit Capital Ltd., after SEBI's Order, clearly indicates that Jay Shah was fully aware of the said SEBI Order but had

willfully and knowingly dealt in the shares of IFSL Ltd. paying scant regard to SEBI's Order.

- 2.2 In the light of the above, I find that, prima-facie, the conduct of Jay Shah is not in consonance with the high standards of integrity, fairness and professionalism expected from securities market participants. Serious and deterrent penalties are called for to prevent recurrence of such acts.

3. Order

- 3.1 Therefore, in exercise of the powers delegated to me by the SEBI Board in terms of Section 19 of the Securities and Exchange Board of India Act 1992 read with Section 11B and 11(4)(b), pending investigation and passing final order, I hereby issue the following directions, by way of ad interim, ex-parte order:

- a) That the client Jay Shah is hereby directed not to buy, sell or deal in any securities, directly or indirectly, till further directions in this regard.
- b) That Pilot Credit Capital Ltd is hereby directed not to buy, sell or deal in the scrip of IFSL on behalf of Jay Shah or any of other client as mentioned in the SEBI Order dated September 28, 2005.
- c) That depositories shall not give effect to any transfer of securities lying in the beneficial owner account of Jay Shah, till further directions in this regard. The address of Jay Shah, as per the client registration from provided by Pilot Credit Capital Ltd. is 1134, Girdharlal No Khancho Lalabhat's Pole, Manek Chowk, Ahmedabad – 380001.

This order shall come into force with immediate effect.

G ANANTHARAMAN
WHOLE-TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA

Place: Mumbai
Date: 24/10/2005