

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
MUMBAI

CONSENT ORDER

ON THE APPLICATIONS SUBMITTED BY

HFCL INFOTEL LTD., MR. MAHENDRA NAHATA, MR. ASHWANI GUPTA, MR.
VINAY MALOO, MR. Y.S. CHOUDHARY, , HIMACHAL FUTURISTIC
COMMUNICATIONS LTD(HFCL) & OTHER RELATED ENTITIES.

IN THE MATTER OF
M/S. HIMACHAL FUTURISTIC COMMUNICATIONS LTD. (HFCL)

(CONSENT APPLICATION NO. 739/2008, 745/2008, 747/2008, 808/2008, 809/2008,
811/2008)

1. SEBI had conducted investigation into the alleged buying, selling and dealing in the shares of Himachal Futuristic Communications Ltd. (hereinafter 'HFCL') during October 01, 1999 to March 31, 2001 ('relevant period'). The investigation *prima facie* revealed that HFCL (having its registered office at 8, Commercial Complex, Masjid North, Greater Kailash-II, New Delhi-110048), its directors, Mr. Mahendra Nahata (residing at W-48 Greater Kailash- II, New Delhi- 110048), Mr. Vinay Maloo (residing at 221 Maker Tower 'B', Cuffe Parade, Mumbai- 400005), Mr. Y.S. Choudhary (residing at E-4, 1st Floor, G.K Enclave-II, New Delhi- 110048), Mr. Ashwani Gupta (residing at C-27, Chirag Enclave, New Delhi- 110048), along with promoter/directors/associate entities of HFCL- HFCL Trade Invest Ltd.(with its office at 8, Commercial Complex, Masjid North, Greater Kailash-II, New Delhi-110048); Burlington Finance Ltd., Toplight Vinmay Pvt. Ltd., Vinson Brothers

Pvt. Ltd., Vinson Trade and Commerce Ltd., Amrit Sales Promotion Pvt Ltd., Classic Services, Sone Paper and Industries Ltd., Shankar Sales Promotions Pvt Ltd., Yashodham Merchants Pvt. Ltd., Kalyan Vyapaar Pvt Ltd., Sungrace Merchandise Pvt. Ltd. and Baldev Commercial Pvt. Ltd., all of them having their offices at 16 Netaji Subhash Road, 4th Floor, Kolkata-700001; Dr. Deepak Malhotra (EG/3-16, Garden Estate, Gurgaon- 122001) Arvind Kharabanda (residing at C-23, 1st Floor, GK-I, New Delhi-110048), Shri Sanjay Maloo (residing at 5B, Sree Niketan, 11 Ashoka Road, Alipore, Kolkata-700027), Shri Panna Lal Maloo (residing at 'Madhuvan', 8th Floor, 17/1G, Alipore Road, Kolkata-700027) Mr. Anil Kumar Nahata (residing at 12/2, ABC, Ballygunge Park Road, Ballygunge Court, Kolkata-700019), Mr. Karnidan Baheti (residing at A-5, Mandakini Enclave, GK-II, New Delhi- 110009), Shri C.K. Goushal (residing at 47, Sector-7A, Faridabad, Haryana), Shri Surajit Goswami (residing at 253, Dr. Bidhan Chandra Roy Sarani, Post: Morepukur, Hoogly- 712205), Gulnar Industries Ltd. (having its office at 16 Netaji Subhash Road, 4th Floor, Kolkata-700001), Dr. D.R. Baid (residing at 438, Sector-15, Faridabad, Haryana), Shri Sooraj Kapoor (residing at H. No. 738, Sector-14, Gurgaon- 122001), Y.L. Agarwal (residing at M-124, South City-1, Gurgaon- 122001), Dr. R.M. Kastia (residing at A-147, New Friends Colony, New Delhi- 110048), Shri Hanuman Mal Tater (residing at 25, Ram Lal Mukherjee Lane, Salkia, Howrah-711101), Shri Indramal Verma (residing at S 64, Suburban Park Road, 5th Floor, Howrah- 711101), Shri Lalit Kumar Goushal (residing at 9 Armenian Street, Kolkata-700001), Shri Tara Chand Khaitan (residing at Surya Apartment, 51/6 Rabindra Sarani, Flat No. T-2, Howrah- 711204), Shri Bijay Singh Sethia (residing at 49/1 Dr. Abani Dutta Road, Howrah- 711101), Shri Jatan Lal Bardia (residing at 64, Suburban Park Road, 5th Floor, Howrah- 711101), Shri Nirmal Kumar Patawari (residing at P-889, Lake Town A-Block, Kolkata- 700089), Shri Sundeep Sethia (residing at 43 Dobson Road, 6th Floor, 'Preetam Apartment', Howrah-711101), Shri Birdraj Bhandari (residing at 7C, Belvedere Road, Kolkata- 700027), Shri Kamal Keyal (residing at 63/1/2 Sarat Bose Road, Kolkata- 700020), Shri Fatch Chand Samsukha (residing at Rajsamand, Kankroli, Rajasthan- 313324), Shri Jatan Lal Maloo (having his postal address at 'TIMIL', Post Box No: 21, Kankroli, Rajsamand, Rajasthan- 313324) and Shri B.B.

Chadha (residing at C-14, GK-1, New Delhi- 110048); and HFCL Infotel (having its registered office at B-71, Phase-VII, Industrial Focal Point, Mohali, Punjab-160055), (hereinafter referred to as **applicants**) have violated the provisions of Regulation 4 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995.

2. Pursuant to the investigation, SEBI initiated proceedings under section 11B and 11(4)(b) of SEBI Act against the applicants. Show cause notices (hereinafter 'SCN') dated August 30, 2004 and September 17, 2004 were issued to the applicants. The applicants had replied to the show cause notices vide letter dated June 03, 2005 and June 06, 2005. Opportunities for personal hearing were granted on October 26, 2006, November 01, 2006, November 27, 2006 and December 14, 2006.
3. HFCL filed a writ petition before the Delhi High Court on December 26, 2006 seeking a stay on passing of the final order by SEBI, which was rejected by the Hon'ble High Court vide its order dated January 03, 2007. Against the aforementioned order of the High Court, a Writ Appeal (LPA 54/2007) was filed by HFCL before the Division Bench of Delhi High Court.
4. While the above proceedings were in progress, the applicants vide separate letters dated May 31, 2008, June 04, 2008 and June 05, 2008, proposed settlement of the said proceedings through a consent order in terms of SEBI circular No. EFD/ED/Cir-1/2007 dated April 20, 2007. The applicants proposed revised consent terms vide letter dated September 25, 2009. High Powered Advisory Committee constituted by SEBI considered the facts and circumstances of the case and the material brought before it by SEBI. The committee was of the view that the case may be settled if the applicants agreed to make payment of Rs. 10,00,00,000 (Rupees Ten Crore only) towards settlement charges. It was also recommended by the committee that the said amount was to be paid by the promoters of HFCL and not from the funds of HFCL. SEBI accepted the said recommendations and communicated the same to the applicants vide letter dated December 16, 2009.

5. Accordingly, the applicants, without admitting or denying the charges, have conveyed their acceptance of the aforesaid recommendations vide their letter dated December 30, 2009 and has remitted a sum of Rs.10,00,00,000/- (Rupees Ten Crore only) towards settlement charges vide demand drafts, details of which have been stated below, payable at Mumbai.

Sl. No.	Draft No., Date and Bank	Amount (in Rupee)	Name of HFCL's Promoter who has paid the settlement amount
1.	DD No. 039686 dated December 23, 2009 issued by HDFC Bank Ltd, Gurgaon, Haryana.	1,00,00,000	Shri Mahendra Nahata
2.	DD No. 039687 dated December 23, 2009 issued by HDFC Bank Ltd, Gurgaon, Haryana.	2,00,00,000	Shankar Sales Promotion Pvt Ltd.
3.	DD No. 039688 dated December 23, 2009 issued by HDFC Bank Ltd, Gurgaon, Haryana	1,00,00,000	Amrit Sales Promotion Pvt Ltd.
4.	DD No. 039689 dated December 23, 2009 issued by HDFC Bank Ltd, Gurgaon, Haryana	2,00,00,000	Vinsan Brothers Pvt. Ltd.
5.	DD No. 039690 dated December 23, 2009 issued by HDFC Bank Ltd, Gurgaon, Haryana	2,00,00,000	Burlington Finance Ltd.
6.	DD No. 039691 dated December 23, 2009 issued by HDFC Bank Ltd, Gurgaon, Haryana	2,00,00,000	Yashodham Merchants Pvt Ltd.
	Total:	10,00,00,000	

The applicants have filed the undertakings that the amount paid towards settlement charges are made out of the funds of the promoters and not HFCL.

6. The Delhi High Court vide its order dated January 11, 2010 in the Writ Appeal-LPA 54/2007 has affirmed the terms of the settlement as recommended by the HPAC and approved by SEBI.
7. In view of the above, it is hereby ordered that this consent order disposes of the above mentioned proceedings under section 11B of the SEBI Act, 1992, pending against the applicants named above in the matter of Himachal Futuristic Communications Ltd.
8. This order is without prejudice to the right of SEBI to initiate enforcement actions, including commencing or reopening of the proceedings pending against applicant, if:
 - a. any representation made by the applicant in this consent proceeding is subsequently discovered to be untrue; or
 - b. the applicant breaches any of the consent terms or undertakings filed in this consent proceeding.
8. This consent order is passed on this day, the 28th of January, 2010 and shall come into force with immediate effect.

DR. K. M. ABRAHAM
WHOLE TIME MEMBER

PRASHANT SARAN
WHOLE TIME MEMBER