भारतीय प्रतिभूति
और विनिमय बोर्ड

Securities and Exchange Board of India

Speed Post AD

MANAGER
INVESTIGATION DEPARTMENT

IVD/ID8/BM/SGS/PSIL/91921/07
April 25, 2007

Shri Krishan Agarwal, Director,
M/s. Prabhu Steel Industries Limited
Old Motor Stand,
Itwari, Nagpur – 440 008

Dear Sir,

Sub: Personal hearing before the Whole Time Member, SEBI in the matter of Prabhu Steel Industries Ltd. (PSIL)

Please refer to your letter dated September 16, 2004 in response to our show cause notice in the captioned case.

In this connection, I am directed to inform you that you have been given an opportunity for personal hearing before The Whole Time Member (Shri V K Chopra), SEBI on 15th May 2007 at 11:00 am. at Securities and Exchange Board of India, Plot C4A, "G" Block, Bandra- Kurla Complex, Bandra(E), Mumbai, 400051. If you wish to avail of the opportunity of hearing, you may appear before WTM on the said date personally or through your authorized representative including Advocate.

If you do not appear before WTM on the said date of hearing, it will be presumed that you have nothing more to say in the matter and the WTM would go ahead with the matter and pass order as he may deem fit based on the material available on record including your submissions, if any, made earlier.

Kindly confirm your attendance for the above hearing for the said hearing by May 07, 2007.

Yours faithfully,

Sarwade

Sanjay Sarwade

Recd
27/4/07

PRABHU STEEL INDUSTRIES LTD. NAGPUR

Prabhu Steel Industries Ltd.

RE-ROLLERS & FABRICATORS

Regd. Office :

OLD MOTOR STAND, ITWARI, NAGPUR - 440 008.

PHONES PBX
2768743 TO 49
(50 EXTNS)
GRAM : HARIYANA
FAX No. : 0712-2760463
MILLS :
159-160, SMALL FACTORY AREA,
BAGADGANJ, NAGPUR-440 008.
PHONE : 2778364
FAX : 0712 - 2730303

8/5/07

To,
The Manager,
Investigation Department,
Securities and Exchange Board of India,
Bandra Kurla Complex,
Mumbai.

Ref: Your letter no.IVD/ID8/BM/SGS/PSIL/91921/07 dated April 25, 2007

We are in receipt of your above referred letter and wish to state that, we had already filed appeals with SAT against orders of the adjudicating officer with respect to the SCN issued by SEBI. Both the appeals numbered 370 and 372 of 2004 were heard by the hon'ble tribunal of 25/5/05 and an order was passed on 26/5/05. We are enclosing herewith a copy of the order passed by the hon'ble tribunal for your kind perusal.

As per the orders of the honorable tribunal, two D/Ds favoring SEBI dated 22/6/05 were deposited with SEBI.A photocopy of both the D/Ds of Rs.20,000/- each is being enclosed for your reference.

We hope the above information would close the matter at your end. Incase anything further is required, we would be happy to oblige.

Thanking You.

Yours Faithfully.

For Prabhu Steel Industries Ltd.

Director.

PRABHU STEEL INDUSTRIES LTD. NAGPUR

Prabhu Steel Industries Ltd.

RE-ROLLERS & FABRICATORS

Regd. Office :

OLD MOTOR STAND, ITWARI, NAGPUR - 440 008.

PHONES PBX 2768743 TO 49 (50 EXTNS)

GRAM : HARIYANA

FAX No. : 0712-2760463

MILLS :

159-160, SMALL FACTORY AREA, BAGADGANJ, NAGPUR-440 008.

PHONE : 2778364

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8/5/07

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The Manager,
Investigation Department,
Securities and Exchange Board of India,
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Yours Faithfully.

For Prabhu Steel Industries Ltd.

K Agarwal

Director

PRABHU STEEL INDUSTRIES LTD. ★ NAGPUR

CIMCO
CONCEPTUAL & INNOVATIVE
MERCANTILE COUNSELLING ORGANISATION
D-4, TRIMURTY APARTMENT,
67, KHARE TOWN, NORTH AMBAZARI ROAD,
DHARAMPETH, NAGPUR-440 010

DATE: 22.06.2005

REF. : CIMCO/SEBI/PSL/05-06

M/s RAVIKUMAR VARANASI & CO.
Advocates & Legal Consultants,
Room No. 27, 3rd Floor,
52, Jalan House, Walkeshwar Road,
Walkeshwar,
Mumbai – 400 006
(Tel./Fax: (022) 23696017/23696072)
(Mobile: 02233972578/09820320699)

Dear Sir,

REG : **1. Compliance of orders dated 26.04.2005 in Appeals No. 370 & 372 before The Securities Appellate Tribunal, Mumbai.**

2. Payment of out of pocket expenses for handling SEBI matters before SEBI (SCN)), SAT (Appeals) and the Court of Additional Chief Metropolitan Magistrate, 47th Court, Esplanade, Mumbai , of our clients.

REF : **SEBI V/s M/s Prabhu Steel Industries Ltd. & Others.**

As discussed with our Shri Abhishek Agrawal, C.A., we are pleased to enclose herewith two demand drafts for Rs.20,000.00 (Rs. Twenty Thousand only) each, drawn on N.N.S.B.L. Nagpur, Payable at par at Mumbai, bearing No. 247736 & 247737, both dated 22.06.2005 towards payment of penalty of Rs.40,000/- in compliance of the above cited Appellate Orders.

You are requested to kindly do the needful and send us the acknowledgement receipts for our records.

Further, we are also enclosing herewith a cheque for Rs.5,000.00 (Rs. Five Thousand Only) drawn on I.C.I.C.I. Bank, Ltd. Nagpur, Payable at par at Mumbai, bearing No. 115564 dated 22.06.2005 towards reimbursement of out of pocket expenses. Kindly note, this reimbursement is in addition to our earlier reimbursement of Rs. 5000.00.

PRABHU STEEL INDUSTRIES LTD. NAGPUR

Further, we are also enclosing herewith I.T. T.D.S. Certificates for Rs. 8750=00, Amount of which shall be adjusted against the balance fees for the matter before the Addl. Chief Metropolitan Magistrate, Mumbai.

We sincerely appreciate your professional skill and the efforts, which resulted in disposal of the above-cited appeals in a graceful manner, with the minimum possible damage/penalty.

Trust, we jointly as a team, would excel in the same manner.

Kindly acknowledge the receipt

Thanking you
With kind Regards,

Yours Sincerely,
natani

A.K. NATANI
(KHANDELWAL)

Encls- : as above.

PS: TDS Certificate sent seperately.

PRABHU STEEL INDUSTRIES LTD. NAGPUR

OR ORDER

RUPEES five thousand only

Rs. 5000/-

CABUS A/c No. ANWB 005905002028

FOR PRABHU STEEL INDUSTRIES LIMITED.

K. Agarwal

AUTHORISED SIGNATORIES

ICICI Bank

ICICI Bank Limited

Nagpur Branch
Vishnu Vaibhav, 222, Palm Road, Civil Lines,
NAGPUR - 440001.

Payable at par at all branches of ICICI Bank Limited Mentioned OverLeaf

⑈115564⑈ 440229002⑆ 002028⑈ 29

नागपूर नागरिक सहकारी बँक लि. (मल्टि-स्टेट शेड्युल्ड बँक)
NAGPUR NAGARIK SAHAKARI BANK LTD. (Multi - State Scheduled Bank)

"Sub-member of HDFC Bank Ltd., Mumbai"

PAYEE ONLY

Itwari Main Br.
(जारीकर्ता शाखा Issuing Branch)

20
22/06/2005

मांगने पर ON DEMAND PAY ~~SECURITIES AND EXCHANGE BOARD OF INDIA~~

को या उनके आदेश पर OR ORDER प्राप्त मूल्य के लिये

रुपये RUPEES TWENTY THOUSAND ONLY

रु. Rs. *******20000.00 पै. P.

अदा करें FOR VALUE RECEIVED

एड OT	दड TT		दला TL

Under Rs. *******20001.00

कृते नागपूर नागरिक सहकारी बँक लि.
For NAGPUR NAGARIK SAHAKARI BANK LTD.

नागपूर नागरिक सहकारी बँक लि. (मल्टि-स्टेट शेड्युल्ड बँक)
NAGPUR NAGARIK SAHAKARI BANK LTD. (Multi - State Scheduled Bank)
K-58, A.P.M.C. Complex, Vashi, New Mumbai. Dist. Thane

DD (अदाकर्ता शाखा Drawee Branch)

ACCOUNTANT
D L Bhandare
B-196

MANAGER
R. G. Waghmare
Code No. W-160

Valid for six months from the date of issue

9 8 7 6 5 4 3 2 1

⑈247736⑈ 400240260⑆ 16

नागपूर नागरिक सहकारी बँक लि. (मल्टि-स्टेट शेड्युल्ड बँक)
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A/c. PAYEE ONLY

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20
22/06/2005

मांगने पर ON DEMAND PAY ~~SECURITIES AND EXCHANGE BOARD OF INDIA~~

को या उनके आदेश पर OR ORDER प्राप्त मूल्य के लिये

रुपये RUPEES TWENTY THOUSAND ONLY

रु. Rs. *******20000.00 पै. P.

अदा करें FOR VALUE RECEIVED

एड OT	दड TT		दला TL

Under Rs. *******20001.00

कृते नागपूर नागरिक सहकारी बँक लि.
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9 8 7 6 5 4 3 2 1

⑈247737⑈ 400240260⑆

PRABHU STEEL INDUSTRIES LTD. NAGPUR

BEFORE THE SECURITIES APPELLATE TRIBUNAL, MUMBAI

Appeal No.370 & 372/2004

Date of Hearing : 25.4.2004
Date of Decision : 26-4-2004

In the matter of:

Appellants : 1. Krishna Kumar Aggarwal, Director, Prabhu Steel Industries Ltd., Nagpur(Appeal 370/04)

2. Ganga Ram Aggarwal, Prabhu Steel Industries Ltd., Nagpur(Appeal 372/04)

Respondent : Adjudicating Officer, Securities and Exchange Board of India, Mumbai.

Appellants by : Shri Ravikumar Varanasi, Advocate
Respondent by : Shri Ravi Hegde, Advocate

Coram:
Justice Kumar Rajaratnam, Presiding Officer

Per: Justice Kumar Rajaratnam, Presiding Officer

Since common questions of law arise in these appeals, common order is passed by consent of parties.

2. The appellant in Appeal No.370/04 being aggrieved with the order of the respondent dated 30.7.2004 , has preferred the appeal. By the impugned order, the appellant was directed to pay a penalty of Rs.1,25,000/- for delayed submission of information sought for by SEBI in connection with the affairs of Prabhu Steel Industries Ltd. (hereinafter referred to as "the company") The appellant in Appeal No.370/04 is a Director of the company.

PRABHU STEEL INDUSTRIES LTD. NAGPUR

3. Investigating Officer of SEBI by letter dated 3.9.2002 required the appellant to submit details of trading in the scrip of the company. The allegation was that there was a delay of 25 days in submitting the documents.

4. There can be no doubt that when summons is issued to any person for the purpose of asking that person to submit information with regard to any dealings that may relate to securities market, that person who has received the summons is bound to submit the information within the stipulated time. It is equally true that if the information has been submitted to the Investigating Officer before show cause notice is issued, then it is a waste of time to commence adjudication proceedings and to hold an enquiry under the provisions of rule 4 of SEBI (Procedure for Holding Enquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 and to determine whether there was any violation of section 15A of the SEBI Act.

5. In this case, admittedly, all information was furnished on or before 3.3.2003 and the show cause notice was issued on 27.1.2004. No action of the respondent should result in a long-winded enquiry and if it can be rapped up with a ~~stubborn~~ stern warning, that would, in my view, would not meet the ends of justice. At paragraph 5.17, the impugned order recognizes this difficulty of wastage of time of the Adjudicating Officer. Paragraph 5.17 of the impugned order reads as follows:

"5.17 I have duly considered the said factors enumerated

15I of SEBI Act and under Rule 5(2) of (Procedure for Holding Inquiry and Imposing Penalty by the Adjudicating Officer) Rules, 1995.

It is difficult to give a finding as to the amount of disproportionate gain and unfair advantage noticee got by delaying the submission of the documents to Investigating Authority. It can only be stated that by doing so they could effectively stall the investigation proceedings for a period of 25 days (from 07-02-03 to 03-03-2003).

I also find it difficult to give a finding as to the quantum of loss caused to any investor or investor group. However, when a regulatory action was effectively stalled for a period of 25 days and when an investigation to find out the market misdemeanor, if any, cannot be completed within time, it is theoretically possible to hold in general terms that a loss is caused to the investors at large.

Applying the criteria laid down by the Tribunal in the above cases and also the statutory criteria mentioned in Section 15 J, I find that there is nothing on record to show that the non-submission of information was with any ulterior motive. I further find that Shri Aggarwal had in fact submitted the information as required by the Investigation Officer, with 25 days delay. Though the noticee stated that their financial situation is bad, no evidence was brought on record to prove it."

6. A clear reading of this portion of the Impugned Order would indicate that there was no ulterior motive on the part of the appellant to cause the delay of 25 days in furnishing the information.

7. It was submitted by the counsel for the appellant that the show cause notice was issued after 10 months and the impugned order was passed on 30.7.2004, i.e. after six months from the date of issue of show cause notice.

PRABHU STEEL INDUSTRIES LTD. NAGPUR

8. 26 pages order has been passed in an open and shut case when it is admitted that there was a delay of 25 days in furnishing information. I consider it a sheer waste of time when the appellant has clearly pleaded that there was financial and personal difficulties in furnishing the information and the matter could have been disposed of with a reasoned short order. It is possible that the Investigation Officer also could have condoned the delay and accepted the information, rather than take the route of recommending adjudication proceedings. It is important that the respondent focuses itself on serious violations so that more time is spent on economic offences, which erode the securities market.

9. It is vehemently submitted by the counsel for the appellant that he was present at all times but the information was not available within the stipulated time on account of the impecuniosity of the company and the labour problems. Since the appellant has come forward with such a plea, it would not be in the interest of justice to impose a penalty of Rs.1,25,000/- for a short delay of 25 days.

10. It is also brought to our notice that the appellant in Appeal No.372/04, who is the Chairman and Managing Director of the company, has also been prosecuted for the same reasons in a separate adjudication proceedings on identical grounds and imposed a penalty of Rs.6,60,000/- by order dated 27.7.04.

11. For the reasons stated above, the penalty in each case is reduced to Rs.20,000/-. Accordingly the order in Appeal No.370/04 is modified to the extent that the penalty shall be Rs.20,000/-. The order in Appeal No.372/04 is modified to the extent that the penalty shall be Rs.20,000/-

11. No order as to costs.

Kumar Raj

Justice Kumar Rajaratnam
Presiding Officer

Place: Mumbai
Date: 26th April 2005

Avm

CERTIFIED TRUE COPY
BY ORDER

21/5/05
REGISTRAR
SECURITIES APPELLATE TRIBUNAL
MUMBAI.

प्रतिभूति अपीलीय न्यायाधिकरण, मुंबई
SECURITIES APPELLATE TRIBUNAL, MUMBAI

PRABHU STEEL INDUSTRIES LTD.
NAGPUR

Ravikumar Varanasi
Advocate High Court, Mumbai

Ravikumar Varanasi & Co.
Advocates & Legal Consultants
Member, Association of Certified Fraud Examiners, USA

Date: 24/08/2004

To,

Shri Ganga Ram Aggarwal
Shri. Krishna Kumar Aggarwal
Prabhu Steel Industries Ltd.
Old Motor Stand, Itwari,
Nagpur- 440 008.

Sub: **Orders received from SEBI in respect of Adjudicating Proceedings against Mr. Ganga Ram Aggarwal and Mr. Krishna Kumar Aggarwal .**

Sir,

Please find enclosed herewith two original orders received from SEBI in respect of the adjudicating proceedings initiated against Shri Ganga Ram Aggarwal and Shri Krishna Kumar Aggarwal. In terms of the said orders the penalty of Rs. 6,60000/- and 1,25000/- has been levied against Shri Ganga Ram Aggarwal and Shri Krishna Kumar Aggarwal respectively.

Please note that if you so decide to file an appeal in the Securities Appellate Tribunal the same should be filed within 45 days. Accordingly you are requested to note the above and decide the further course of action in the above matters.

Please acknowledge receipt of the above original orders.

Thanking you,

For Ravikumar Varanasi & Co.

RaviKumar Varanasi

Advocate

PRABHU STEEL INDUSTRIES LTD. NAGPUR

Encl: Original Orders of Shri Ganga Ram Aggarwal and Shri Krishna

CHAMBER : 27, 3rd Floor, 52 Jalan House, Walkeshwar Road, Walkeshwar, Mumbai. India.
(O) : 3696072 (F) : 3696017 (M) : 9820320699.
rkv_co@yahoo.com, rkv_co@rediffmail.com