

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

CONSENT ORDER

ON THE APPLICATIONS SUBMITTED BY

**SANJAY. R. SHAH, SANJAY RAMESHCHANDRA SHAH (HUF) AND
RAMESH CHIMANLAL SHAH**

IN THE MATTER OF

IRREGULARITIES RELATING TO INITIAL PUBLIC OFFERINGS

1. As a part of on going surveillance activity by SEBI into the various aspects of working of securities market, SEBI launched an investigation under Section 11C of the SEBI Act to look into the dealings in the shares issued through Initial Public Offerings (IPOs) before the shares are listed on the Stock Exchanges. The investigation revealed that a large number of dematerialized accounts with common addresses had been opened in the name of benami or fictitious entities and/or persons with a view to cornering the shares meant for retail investors. A few financiers provided money for making IPO applications in fictitious/benami names. On noticing these irregularities, SEBI had passed an ad interim ex parte Order dated April 27, 2006 directing the entities/ persons including the applicants who were alleged to have been responsible for the irregularities not to buy, sell or deal in securities market including IPOs, directly or indirectly, till further directions.

2. The applicants were identified as financiers in the said order. The applicants are alleged to have made notional undue gain of Rs.4,18,320/- in the process. Proceedings under Section 11 and 11B and adjudication under Chapter VI of the Securities and Exchange Board of India Act, 1992 were initiated against the applicants. The Adjudicating Officer issued show cause notices to the applicants on November 17, 2006. The said proceedings are pending against the applicants.

3. In the meanwhile, the applicants, vide letters dated March 21, 2008, proposed settlement of the pending proceedings through a consent order. Consent terms proposed by the applicant were placed before the High Powered Advisory Committee (HPAC) and the HPAC, after considering the period of prohibition on buying, selling or dealing in securities undergone by the applicants from April 27, 2006, recommended the case for settlement. As per the terms of settlement, the applicants shall disgorge Rs. 4,18,320/- (Rupees Four Lakh Eighteen Thousand Three Hundred and Twenty only) being the notional undue gain and pay Rs.61,680/- (Rupees Sixty One Thousand Six Hundred and Eighty only) as settlement charges. The said terms of settlement were communicated to the applicants vide letter dated July 29, 2008.

4. For the sole 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 applicants have remitted a sum of Rs.4,80,000/- (Rupees Four Lakh Eighty Thousand Only) vide Demand Draft No.076920 dated August 5, 2008 drawn on Axis Bank payable at Mumbai towards the terms of the consent in the matter.

5. In view of the above, it is hereby ordered that this consent order disposes of the proceedings under Section 11 and 11B of the SEBI Act, 1992 and revokes the directions in the Ex parte ad interim Order dated April 27, 2006 passed by SEBI to the extent such directions are against the applicants in the matter of investigations in IPO irregularities. The Adjudicating Officer will pass a separate order disposing of the adjudication proceedings.

6. This order is without prejudice to the right of SEBI to take enforcement action including commencing / reopening of the pending proceedings against the applicants, if SEBI finds that :

a. any representations made by the applicants in the consent proceedings are subsequently discovered to be untrue.

b. the applicants have breached any of the clauses / conditions of undertakings/waivers filed during the current consent proceedings.

7. This consent order is passed on this the 13th day of August 2008 and shall come into force with immediate effect.

T.C.Nair

Whole Time Member

M.S.Sahoo

Whole Time Member