

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

**CONSENT ORDER**

**ON THE APPLICATION SUBMITTED BY**

**VINOD MODHA-HUF**

**IN THE MATTER OF  
IRREGULARITIES RELATING TO INITIAL PUBLIC OFFERINGS**

**(CONSENT APPLICATION NO.1336/2009)**

1. SEBI had conducted investigations under section 11C of the SEBI Act, 1992 into the alleged irregular transactions in the shares issued through Initial Public Offerings (IPO's) during 2003-05 before these shares were listed on the Stock Exchanges. The preliminary investigations, *prima facie*, revealed that Vinod Modha-HUF(PAN-AACHV4018B) (hereinafter referred to as the 'applicant'), had cornered shares meant for the Retail Individual Investors in the IPOs of Infrastructure Leasing & Financial Services Ltd. and Infrastructure Development Finance Co. Ltd. by opening a number of benami demat accounts and providing finance for multiple applications. Therefore, it was alleged that the applicant had violated section 12A of the SEBI Act, 1992, Regulation 3 of the SEBI (Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 and the provisions of the SEBI (Disclosure and Investor Protection) Guidelines, 2000.

2. Based on these findings, SEBI passed an ad interim ex parte Order dated April 27, 2006, under sections 11 and 11B of the SEBI Act, 1992(Act) directing the applicant among others not to buy, sell or deal in the securities market, including IPOs, directly or indirectly, till further orders. SEBI also initiated adjudication proceedings under Chapter VI A of the SEBI Act, 1992 against the applicant. The Adjudicating Officer issued a show cause notice to the applicant on June 16, 2006 and the applicant filed reply dated July 13, 2006. A show cause notice dated December 2, 2008 was issued under sections 11 and 11B of the SEBI Act, 1992. Vide letters dated December 24, 2008 and April 4, 2009, he has submitted replies to the show cause notice issued under section 11B of the SEBI Act, 1992.

3. While the above proceedings were in progress, the applicant, vide letter dated May 21, 2009, 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 High Powered Advisory Committee(HPAC), constituted by SEBI, considered the consent terms proposed by the applicant and, after taking into account the period of prohibition already undergone by the applicant, recommended the case for

settlement. Accordingly, the applicant shall disgorge an amount of Rs.25,16,427/- (Rupees twenty five lakh sixteen thousand four hundred and twenty seven only) being the unjust profits made by him and also pay a sum of Rs.9,83,573/- (Rupees nine lakh eighty three thousand five hundred and seventy three only) being approximately 40% of the disgorged amount towards settlement charges. SEBI accepted these recommendations and communicated the same to the applicant vide letter dated February 2, 2010.

4. Accordingly, the applicant without admitting or denying the charges, has remitted a sum of Rs.35,00,000/- (Rupees thirty five lakh only) vide demand draft number 107234 dated February 9, 2010 payable at Mumbai.

5. In view of the above, it is hereby ordered that this consent order disposes of the pending proceedings under section 11(4) and 11B of the SEBI Act, 1992 and the adjudication proceedings against the applicant in the matter of irregularities relating to initial public offerings.

6. This order is without prejudice to the right of SEBI to initiate enforcement actions, including commencing or reopening of the proceedings pending against the 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.

7. This consent order is passed on this day, the 22<sup>nd</sup> of February 2010 and shall come into force with immediate effect.

**K. M. ABRAHAM**  
**WHOLE TIME MEMBER**

**PRASHANT SARAN**  
**WHOLE TIME MEMBER**