

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

**ON THE APPLICATIONS SUBMITTED BY**

**Mr. BAHUBALI SHANTILAL SHAH  
(PERMANENT ACCOUNT NUMBER: AINPS8897E)**

**LOK PRAKASHAN LIMITED  
(PERMANENT ACCOUNT NUMBER: AAACL2742F)**

**Mr. SHREYANS S SHAH  
(PERMANENT ACCOUNT NUMBER: AIIPS7279K)**

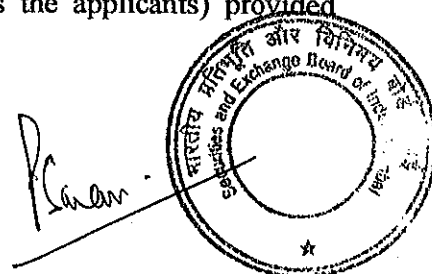
**AND**

**Mrs. SMRUTI S SHAH  
(PERMANENT ACCOUNT NUMBER: ACKPS9275P)**

**IN THE MATTER OF  
DEALINGS IN THE INITIAL PUBLIC OFFERINGS  
(CONSENT APPLICATION NOS. 2263 and 2271 of 2011,  
and 2489 and 2490 of 2012)**

1. Securities and Exchange Board of India (hereinafter referred to as SEBI) had conducted investigations into the alleged irregular trading in the Initial Public Offerings (hereinafter referred to as IPOs) of various companies including IL&FS Limited and IDFC Limited during the period 2003 - 2005. The investigations, *prima facie*, revealed that Mr. Bahubali Shantilal Shah, Lok Prakashan Limited, Mr. Shreyans S. Shah and Mrs. Smruti S. Shah (hereinafter collectively referred to as the applicants) provided

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finance to key operators for cornering of shares reserved for the Retail Individual Investors in the IPO of IL&FS Limited and IDFC Limited.

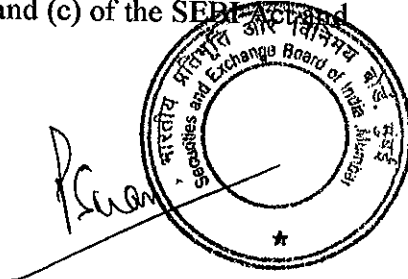
2. Pursuant to the preliminary investigations, SEBI, vide ex-parte ad-interim order bearing no. WTM/GA/43/ISD/01/06 dated January 12, 2006, directed *inter alia* the applicants herein to not to buy, sell or deal in the shares of IDFC Limited and in other ensuing future IPOs, directly or indirectly, till further directions and initiated investigations into the role of applicants herein amongst others in the abuse of IPO process.

3. Pursuant to the investigations, SEBI initiated proceedings under section 11B of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the SEBI Act) and also adjudication proceedings under Chapter VI A of the SEBI Act against the applicants. SEBI issued show cause notices under section 11B of SEBI Act for the alleged violation of section 12A (a), (b) and (c) of the SEBI Act read with regulations 3 (a), (b), (c) and (d), and 4(1) of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as the PFUTP Regulations, 2003), as to why the applicants should not be directed to restrain from buying, selling or dealing in securities in any manner for a suitable period of time and/or be directed to collectively disgorge an amount of ₹1,92,31,831/- (one crore ninety two lakh thirty one thousand eight hundred and thirty one only) with interest. The Adjudicating Officer had also issued show cause notices for the alleged violation of section 12A of the SEBI Act read with regulations 3, 4 and 6 of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995 (hereinafter referred to as the PFUTP Regulations, 1995) and regulations 3 and 4 of the PFUTP Regulations, 2003. The details of the show cause notices are enumerated hereunder:

(a). **Mr. Bahubali Shantilal Shah -**

- i. Show cause notice bearing no. ISD/SR/BJD/SM/SCN/19618/2010 dated September 9, 2010, under sections 11 and 11B of the SEBI Act, in respect of the alleged violation of section 12A(a), (b) and (c) of the SEBI Act and

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regulations 3(a), (b), (c) and (d) and 4(1) of the PFUTP Regulations, 2003;  
and

- ii. Show cause notice bearing no. A&E/BS/69580/2006 dated June 19, 2006 read with show cause notice bearing no. A&E/DRK/MD/13121/2011 dated April 21, 2011 issued by the Adjudicating Officer, in respect of the alleged violation of section 12A of the SEBI Act read with regulations 3, 4 and 6 of the PFUTP Regulations, 1995 and regulations 3 and 4 of the PFUTP Regulations, 2003.

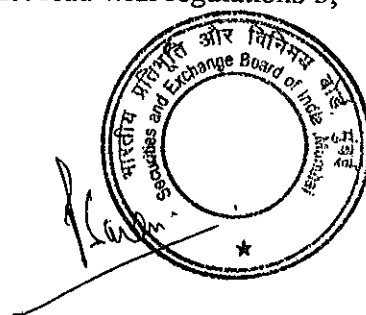
**(b). Lok Prakashan Limited -**

- i. Show cause notice bearing no. ISD/SR/BJD/SM/SCN/19619/2010 dated September 9, 2010 under sections 11 and 11B of the SEBI Act, in respect of the alleged violation of section 12A(a), (b) and (c) of the SEBI Act and regulations 3(a), (b), (c) and (d) and 4(1) of the PFUTP Regulations, 2003;  
and
- ii. Show cause notice bearing no. A&E/BS/69580/2006 dated June 19, 2006 read with show cause notice bearing no. A&E/DRK/MD/13198/2011 dated April 21, 2011 issued by the Adjudicating Officer in respect of the alleged violations of section 12A of the SEBI Act read with regulations 3, 4 and 6 of the PFUTP Regulations, 1995 and regulations 3 and 4 of the PFUTP Regulations, 2003.

**(c). Mr. Shreyans S Shah -**

- i. Show cause notice bearing no. ISD/SR/BJD/SM/SCN/19617/2010 dated September 9, 2010 under sections 11 and 11B of the SEBI Act in respect of the alleged violation of sections 12A(a), (b) and (c) of the SEBI Act and regulations 3(a), (b), (c) and (d) and 4(1) of the PFUTP Regulations, 2003;  
and
- ii. Show cause notice bearing no. A&E/BS/69580/2006 dated June 19, 2006 read with the show cause notice bearing no. A&E/DRK/MD/13166/2011 dated April 21, 2011, issued by the Adjudicating Officer in respect of the alleged violations of section 12A of the SEBI Act read with regulations 3,

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4 and 6 of the PFUTP Regulations, 1995 and regulations 3 and 4 of the PFUTP Regulations, 2003.

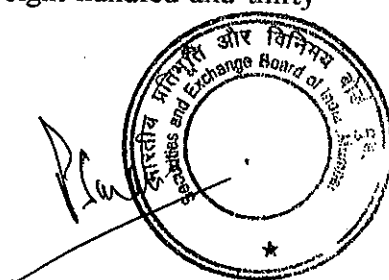
**(d). Mrs. Smruti S Shah -**

- i. Show cause notice bearing no. ISD/SR/BJD/SM/SCN/19617/2010 dated September 9, 2010 under sections 11 and 11B of the SEBI Act, in respect of the alleged violation of sections 12A(a), (b) and (c) of the SEBI Act and regulations 3(a), (b), (c) and (d) and 4(1) of the PFUTP Regulations, 2003; and
- ii. Show cause notice bearing no. A&E/BS/69580/2006 dated June 19, 2006 read with the show cause notice bearing no. A&E/DRK/MD/13161/2011 dated April 21, 2011, issued by the Adjudicating Officer in respect of the alleged violation of section 12A of the SEBI Act read with regulations 3, 4 and 6 of the PFUTP Regulations, 1995 and regulations 3 and 4 of the PFUTP Regulations, 2003.

4. While the above proceedings are in progress, the applicants proposed settlement of the aforementioned 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 April 20, 2012. The High Powered Advisory Committee, constituted by SEBI, recommended the case for settlement on payment of ₹1,34,62,282/- (one crore thirty four lakh sixty two thousand two hundred and eighty two only) towards settlement charges and ₹1,92,31,831/- (one crore ninety two lakh thirty one thousand eight hundred and thirty one only) towards disgorgement of the ill-gotten gains made by the applicants, collectively. SEBI accepted the said recommendations and communicated the same to the applicants, vide letter dated September 3, 2012.

5. Accordingly, the applicants without admitting or denying the charges have collectively remitted a sum of ₹1,34,62,282/- (one crore thirty four lakh sixty two thousand two hundred and eighty two only) towards settlement charges and ₹1,92,31,831/- (one crore ninety two lakh thirty one thousand eight hundred and thirty

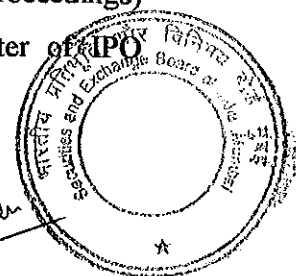
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one only) towards disgorgement of the ill-gotten gains made by the applicants. The details of the aforementioned remittances is enumerated hereunder:

- (a). **Mr. Bahubali Shantilal Shah-** ₹17,60,066/- (Rupees seventeen lakh sixty thousand and sixty six only) towards settlement charges along with ₹25,14,380/- (Rupees twenty five lakh fourteen thousand three hundred and eighty only) towards disgorgement money, vide demand draft Nos. 053192 and 053191 respectively dated September 17, 2012 drawn on HDFC Bank Ltd., payable at Mumbai;
- (b). **Lok Prakashan Limited-** ₹1,00,29,306/- (Rupees one crore twenty nine thousand three hundred and six only) towards settlement charges along with ₹1,43,27,580/- (Rupees one crore forty three lakh twenty seven thousand five hundred and eighty only) towards disgorgement money, vide demand draft Nos. 504709 and 504708 respectively dated September 17, 2012 drawn on HDFC Bank Ltd., payable at Mumbai;
- (c). **Mr. Shreyans S Shah-** ₹8,32,458/- (Rupees eight lakh thirty two thousand four hundred and fifty eight only) towards settlement charges along with ₹11,89,226/- (Rupees eleven lakh eighty nine thousand two hundred and twenty six only) towards disgorgement money, vide demand draft Nos. 733974 and 733969 respectively dated September 17, 2012 drawn on Indian Overseas Bank, payable at Mumbai; and
- (d). **Mrs. Smruti S Shah-** ₹8,40,452/- (Rupees eight lakh forty thousand four hundred and fifty two only) towards settlement charges along with ₹12,00,645/- (rupees twelve lakh six hundred and forty five only) towards disgorgement money, vide demand draft Nos. 001117 and 001118 respectively dated September 17, 2012 drawn on HDFC Bank Ltd., payable at Mumbai.

6. In view of the above, it is hereby ordered that this consent order disposes of the proceedings pending under sections 11 and 11B of the SEBI Act as well as the proceedings initiated under Chapter VI A of the SEBI Act (adjudication proceedings) against the applicants [mentioned at paragraph 3(a) to (d)] in the matter of IPO



irregularities and further revokes the directions in the ex-parte ad-interim SEBI order bearing no. WTM/GA/43/ISD/01/06 dated January 12, 2006, as against the applicants herein.

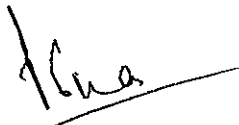
7. This order is without prejudice to the right of SEBI to initiate enforcement actions against the applicants for the abovementioned violations, if:

- a. any representation made by the applicants in this consent proceeding is subsequently discovered to be untrue; or
- b. the applicants breach any of the consent terms or undertakings filed in this consent proceeding.

8. This consent order is passed on this the 01 day of NOVEMBER 2012 and shall come into force with immediate effect.

  
**RAJEEV KUMAR AGARWAL**  
**WHOLE TIME MEMBER**



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