

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI

CONSENT ORDER

ON THE APPLICATION SUBMITTED BY

UMANG R. SHAH

IN THE MATTER OF  
IRREGULARITIES RELATING TO INITIAL PUBLIC OFFERINGS  
(CONSENT APPLICATION NO.1147 /2008)

1. As a part of its on going surveillance, SEBI had launched an investigation under section 11C of the SEBI Act, 1992 into the alleged irregular dealings in the shares issued through Initial Public Offerings (IPO's) during 2003-05 before these were listed on the Stock Exchanges. The preliminary investigations, *prima facie*, revealed that a few entities, including Umang R. Shah (PAN –ACIPS7884A) (hereinafter referred to as the 'applicant'), cornered the shares meant for retail individual investors in the IPOs of Nectar Lifescience Ltd., FCS Software Ltd. and Suzlon Energy Ltd. and made ill-gotten profits on the sale of such shares. It was, therefore, alleged that the applicant 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 directing the applicant not to buy, sell or deal in the securities market, including IPO's, directly or indirectly, till further orders. SEBI also initiated adjudication proceedings against the applicant and a show cause notice dated June 15, 2006 was issued by the Adjudicating Officer. The applicant

replied to show cause notice vide letter dated November 29, 2006. An opportunity of personal hearing was granted to the applicant on March 5, 2007.

3. While the above proceedings were in progress, the applicant, vide letter dated December 8, 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 High Powered Advisory Committee, constituted by SEBI, considered the consent terms proposed by the applicant and, after taking in to account the period of prohibition already undergone by the applicant, recommended the case for settlement. Accordingly, the applicant shall disgorge the unlawful gain of Rs. 2,27,345/- (Rupees two lakh twenty seven thousand three hundred and forty five only) made by him and pay a sum of Rs.45,469/- (Rupees forty five thousand four hundred and sixty nine only) towards settlement charges. SEBI accepted the recommendations of the Committee and communicated the same to the applicant vide letter dated March 20, 2009.
4. Accordingly, the applicant without admitting or denying the charges, has remitted a sum of Rs. 2,72,814/- (Rupees two lakh seventy two thousand eight hundred and fourteen only) comprising Rs.2,27,345/- towards disgorgement and Rs.45,469/- towards settlement charges as aforesaid vide demand draft No.004652 dated March 30, 2009 drawn on HDFC Bank, payable at Mumbai.
5. In view of the above, it is hereby ordered that this consent order disposes of the pending proceedings under section 11B of the SEBI Act, 1992 as well as 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 20<sup>th</sup> of April, 2009 and shall come into force with immediate effect.

**M. S. SAHOO**  
**WHOLE TIME MEMBER**

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