

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

**CONSENT ORDER NO: ID-5/2394/EAD-2/DSR/RG/11/2013
ON THE APPLICATION SUBMITTED BY**

SHRI AJAY SHAH (PAN AAGPS8690G)

IN THE MATTER OF

EASTERN GASES LIMITED

1. Securities and Exchange Board of India (hereinafter referred to as SEBI) conducted an investigation into the alleged irregularities in the scrip of Eastern Gases Limited (hereinafter referred to as 'EGL'), a public limited company listed at the Bombay Stock Exchange (BSE) as well as regional stock exchanges at Kolkata, Ahmedabad and Jaipur and into the possible violation of the SEBI Act, 1992 (hereinafter referred to as the Act) and various Rules and Regulations made there under during the period from January 15, 2009 to July 15, 2009.

2. The investigation revealed that a group of connected entities, namely Shah Group, including Shri Ajay Shah (hereinafter referred to as the 'applicant'), Shri Jayesh Shah and Ms Urvi Shah had indulged in synchronized deals and reversals in the scrip of EGL. It was observed that the Shah Group had executed trades for 2,25,270 shares within themselves. Further, the applicant was observed to have indulged in reversal of trades (for 62,008 shares) and synchronized trades (for 1,02,108 shares) on 7 days, which constituted 2.99% and 4.93% respectively of the total traded quantity of the scrip during the investigation period.

3. SEBI, therefore, initiated adjudication proceedings under the SEBI Act, 1992 for the alleged violation of Regulations 3(a), 3(d), 4(1) and 4(2)(a) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as 'PFUTP Regulations').
4. In the course of the adjudication proceedings, a Show Cause Notice bearing no. EAD-2/AS/13152/2011 dated April 21, 2011 was issued to the applicant under Rule 4 of the SEBI (Procedure for holding inquiry and imposing penalties by Adjudicating Officer) Rules, 1995, for the applicant's alleged violations of the abovementioned provisions of law. Pending the adjudication proceedings, the applicant filed an application for consent vide letter dated July 28, 2011 and an affidavit of "Undertakings and Waivers" in the matter in terms of SEBI Circular No. EFD/ED/Cir-1/2007 dated April 20, 2007 by proposing to pay ₹ 50,000/- (Rupees Fifty Thousand only) towards settlement fees, in the present matter. The applicant, vide letter dated October 04, 2012, submitted the revised consent terms of ₹ 4,76,000/- (Rupees Four Lakh Seventy Six thousand only) towards the settlement of the alleged violations. The revised terms as proposed by the applicant were placed before the High Powered Advisory Committee (HPAC) meeting held on August 23, 2013 and after considering the facts and circumstances of the case, the HPAC recommended that the case may be settled on payment of ₹ 4,76,000/- (Rupees Four Lakh Seventy Six thousand only). The acceptance of the consent proposal was communicated to the applicant by SEBI vide letter dated November 06, 2013.
5. The applicant has remitted a sum of ₹ 4,76,000/- (Rupees Four Lakh Seventy Six thousand only), vide demand draft bearing no. 499197 dated November 18, 2013 drawn on Union Bank of India payable at Mumbai, towards terms of consent in the matter.

6. In view of the above, it is hereby ordered that this consent order disposes of the aforesaid adjudication proceedings initiated against Shri Ajay Shah vide Show Cause Notice No.EAD-2/AS/13152/2011 dated April 21, 2011.
7. This order is without prejudice to the right of SEBI to take enforcement actions including commencing/ reopening of the pending proceedings against the applicant, if SEBI finds that:
 - a. any representations made by the applicant in the consent proceedings are subsequently discovered to be untrue.
 - b. the applicant has breached any of the clauses/conditions of undertakings/waivers filed during the current consent proceedings.
8. This consent order is passed on the 27th day of November, 2013 and shall come into force with immediate effect.
9. In terms of rule 6 of the Adjudication Rules, a copy of this order is being sent to the applicant and to Securities and Exchange Board of India.

D SURA REDDY
ADJUDICATING OFFICER