

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI

CONSENT ORDER

ON THE APPLICATION SUBMITTED BY

KELAN ATULBHAI DOSHI

IN THE MATTER OF

IRREGULARITIES RELATING TO INITIAL PUBLIC OFFERINGS

(CONSENT APPLICATION NO. 12/2007)

1. As a part of its on going surveillance, SEBI had launched an investigation under Section 11C of the SEBI Act to look into the dealings in the shares issued through Initial Public Offerings (IPOs) during 2003-05 before these were listed on the Stock Exchanges. The investigations, *prima facie*, revealed that a large number of dematerialized accounts with common addresses had been opened in benami or fictitious names with a view to cornering the shares meant for retail individual investors. A few financiers provided money for making IPO applications in fictitious/benami names. 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 entities / persons, including Mr. Kelan Atulbhai Doshi (hereinafter referred to as applicant), 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 applicant was identified as a financier and key operator in the said Order. He is alleged to have violated Regulation 3 of the SEBI (Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 and the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and to have made a notional undue gain of Rs.2,55,38,795/- in the process. An adjudication proceeding under Chapter VI of the SEBI Act, 1992 was initiated against the applicant. The Adjudicating Officer issued show cause notices to the applicant on June 7, 2006 and on June 16, 2006.
3. While further proceedings in the matter was in progress, the applicant, vide letter dated June 20, 2007 proposed settlement of the pending proceedings through a consent order. The High Powered Advisory Committee (HPAC), constituted by SEBI, considered the consent terms proposed by the applicant and, after considering the period of prohibition on buying, selling or dealing in securities undergone by the applicant since April 27, 2006, recommended the case for settlement. As per the terms of settlement, the applicant shall disgorge Rs.2,55,00,000/- (Rupees two crore fifty five lakh only) being the notional undue gain made by him in the alleged irregularity and Rs.5,00,000/- (Rupees five lakh only) as the settlement charges.

4. For the sole purpose of settling the matter on hand and without admission or denial of guilt on the part of applicant to the findings of fact or conclusion of law, the applicant has remitted a total sum of Rs.2,60,00,000/- (Rupees two crore sixty lakh only) comprising of Rs.2,55,00,000/- (Rupees two crore fifty five lakh only) towards disgorgement and Rs.5,00,000/- (Rupees five lakh only) towards settlement charges as under:

Sl. No	Demand draft No.	Date	Drawee Bank	Amount (in Rs.)
1	149842	16-09-2008	State Bank of India	2,09,00,000
2	149843	18-09-2008	State Bank of India	46,00,000
3	941052	18-09-2008	State Bank of India	5,00,000
Total				2,60,00,000

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 ad interim ex parte Order dated April 27, 2006 passed by SEBI to the extent such directions are against the applicant in the matter of 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 applicant, if:
- any representation made by the applicant in this consent proceedings is subsequently discovered to be untrue.
 - the applicant breaches any of the consent terms or undertakings filed in this consent proceedings.
7. This consent order is passed on this day, the 4th October, 2008 and shall come into force with immediate effect.

T. C. Nair
Whole Time Member

M. S. Sahoo
Whole Time Member