

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

**ON THE APPLICATION SUBMITTED BY
SHRI JITENDRA LALWANI**

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

(CONSENT APPLICATION NO.1512/2009)

1. SEBI had initiated an investigation 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 investigations revealed that certain entities, including Shri Jitendra Lalwani (hereinafter referred to as the 'applicant') having PAN AAFPL6026J, cornered the shares meant for retail individual investors in several IPOs, by way of financing the key operators. The applicant made unlawful profits on the sale of such shares immediately after listing. 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 initiated following actions:-

a) It 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. After granting an opportunity of personal hearing to the applicant on November 4, 2008, which was not availed by the applicant, SEBI passed confirmatory order against the applicant on November 12, 2008 confirming its earlier order dated April 27, 2006.

b) It initiated adjudication proceedings against the applicant under Chapter VIA of the SEBI Act, 1992. The adjudicating officer issued show cause notice dated June 16, 2006. The applicant filed a reply dated July 22, 2006.

c) It issued a show cause notice dated February 25, 2009 under Section 11 and 11B of the SEBI Act, 1992 and the applicant filed reply dated March 27, 2009.

d) It contemplated prosecution proceedings for the alleged violation of Section 12A of SEBI Act 1992 and Regulations 3 and 4 of the SEBI (Prohibition of Fraudulent and Unfair Trade practices relating to Securities Market) Regulations, 2003 for the irregularities committed in the IDFC IPO.

e) It filed a Protest Petition No.63 of 2008 before the Hon'ble CBI Court against findings of CBI in IDFC matter.

3. While the above proceedings were in progress, the applicant, vide letter dated August 28, 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, constituted by SEBI, considered the consent terms proposed by the applicant and recommended the case for settlement. SEBI accepted the recommendations of the Committee and communicated the same to the applicant vide letter dated December 15, 2009.

4. Accordingly, the applicant without admitting or denying the charges, has remitted a sum of Rs. 9,62,40,761 (Rupees nine crore sixty two lakh forty thousand seven hundred and sixty one only) vide demand draft dated December 28, 2009 bearing No. 730496 drawn on Syndicate Bank payable at Mumbai which includes Rs. 7,40,31,355/- (Rupees seven crore forty lakh thirty one thousand three hundred and fifty five) towards disgorgement amount and Rs. 2,22,09,406 (Rupees two crore twenty two lakh nine thousand four hundred and six only) towards settlement charges.

5. In view of the above, it is hereby ordered that this consent order disposes of the pending proceedings under Sections 11 and 11B of the SEBI Act, 1992 as well as the adjudication proceedings against the applicant.

6. It is further ordered that:

- a) No prosecution shall be launched against the applicant in respect of the alleged irregularities in the IPO of IDFC.
- b) SEBI shall file an application in the CBI Special Court, Mumbai for withdrawal of the Protest Petition No. 63/2008 against the applicant.

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

8. This consent order is passed on this day, the 31st of December, 2009 and shall come into force with immediate effect.

M. S. SAHOO
WHOLE TIME MEMBER

K. M. ABRAHAM
WHOLE TIME MEMBER