

**OFFICE OF THE
DIRECTOR OF INCOME-TAX
[INVESTIGATION]
AAYAKAR BHAVAN, 1ST FLOOR,
ASHRAM ROAD, AHMEDABAD
Tel. No. 27546031 Fax 27546192**

No.DIT/INV/AHD/RIA/2005-06

Date: 12th April 2006

To

DR. KIRIT SOMAIYA-EX MP
9/C, Neelam Nagar, Mulund (E),
Mumbai 400 081

Sir,

**Sub: Furnishing of information under Right to
Information Act, 2005 regarding IPO Demat Scam.**

Kindly refer to your application No. IGF/RT/95/06 dated 13/03/2006 to Shri N.R. Soni, Addl. Director of Income-tax (Inv) HQ, Ahmedabad filed under Right to information Act, 2005. This application was transferred to the undersigned by Shri N.R. Soni, Addl. DIT(Inv) HQ and CPIO vide letter No.DG/AHD/INV/RTI/KS/26/2005-06/252 dated 21/03/2006 which was received in the office of the undersigned on 27/03/2006 for providing information as the same was available in this office.

2. The information as desired in para 3(iii) of the application is given as under:

(a) Investigations were initiated suo moto on 19/12/2005, after downloading the order of the SEBI in the case of Yes Bank IPO. Investigations have been carried out in respect of IPOs during financial year 2004-05 and 2005-06 in which applications were made through multiple Demat accounts by Smt. Roopal N. Panchal and M/s Sugandh Estate & Investment Pvt. Ltd. to determine the income earned and tax liability arising from such IPOs and further to ensure that taxes are paid by them in accordance with the provisions of Income-tax Act, 1961. Investigations have been conducted under section 131(1A) of the Act in the cases of all other assesseees (of Ahmedabad jurisdiction) mentioned in the orders of the SEBI in the IPOs of Yes Bank Ltd and IDFC Ltd. (refer Annexure-A enclosed); for the aforesaid purpose from 01.04.2005 onward initially and financial year 2004-05 subsequently.

(b) Subsequent to the investigation initiated by the Directorate, information has been received from SEBI & RBI about multiple Demat and Bank accounts and enquiries have been conducted wherever income-tax angle is involved.

(c) Yes;

(d) Yes;

(e) Yes; the Income-tax Department has taken action by means of enquiries u/s 131(1A) of the Act, Surveys u/s 133A of the Act and Searches u/s 132 of the I.T.Act. Investigations are in progress in the cases of all persons involved in the Scam;

(f) The Income-tax Department had carried out Survey Operations under section 133A of the Income-tax Act, 1961 at the business premises of Smt. Roopalben Panchal, Sri. Deepak J. Panchal and M/s Sugandh Estate & Investments Pvt. Ltd. on 23.12.2005. Search and seizure action at the residential premises u/s 132 of the Act and Survey action in the business premises u/s 133A of the Act were carried out in the above cases and in the cases of Sri Parag P. Javeri and Sri. Tushar H. Shah on 10.02.2006. The search and seizure action at the residential premises of Shri. Has Mukh N. Vora and Sri. Bhanu Prasad O. Trivedi were carried out on 22.02.2006 u/s 132 of the Act.

(g) Yes

(h) Yes; the Department has noted that the Scam is going on since 2004. Information have been gathered and investigations are being conducted in the IPOs referred in annexure- B enclosed.

(i) Where as processing of IPO applications was not needed at present, the department has been checking the investment, flow of funds and flow of deliveries that have taken in the demat and bank accounts of the assesseees involved in the scam and having jurisdiction at Ahmedabad.

(j) The Investigation Wing of the Income-tax Department has carried out investigations to determine the unexplained investment made, income earned and tax liability arisen from IPOs and to ensure that the taxes are paid as per provisions of the I.T. Act, 1961. As a consequence of investigations made, the assesseees have admitted total income of **Rs.60.62 Crores** from 01/04/2005 till the IPO of Renuka Sugar Ltd. on 14.10.2005 and paid total tax of **Rs. 14.66 Crores**. Before the start of investigations, tax of **Rs. 3.60 Crores** only was paid on estimated income of **Rs. 13.60 Crores**. Thus, on account of investigations carried out by the

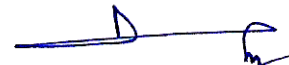
Income-tax Department, the assesseees have disclosed additional income of **Rs.47.02 Crores** and paid further tax of **Rs.11.06 Crores**. Additional tax of **Rs.1.3 Crores** have not been paid by three entities of this Scam as operations of the Demat and bank accounts have been frozen by various Government agencies. These entities have given their consent for sale of shares lying in their Demat accounts and its appropriation against tax dues. The matter has been taken up with SEBI. With regard to the persons involved from Mumbai, information may kindly be obtained from Directorate of Income-tax (Inv) Mumbai as the same is not available with this office.

(k) The enquiry report of J.S. Banking of RBI and press release draft dated 12/10/2006 of SEBI were received on 24.02.2006. Normally in determining the income and tax liability from IPOs, coordination is not required from the agencies mentioned in your application. The information available with the Investigation Wing of Income-tax Department on account of investigations carried out by the Wing was provided to (i) Subsidiary Intelligence Bureau, Ahmedabad, (ii) Economic Offence Wing CID (Crime) Gandhinagar and (iii) Directorate of Enforcement, Ahmedabad on request made by them.

(l) Information on this point is not available with the Directorate of Income-tax (Inv), Ahmedabad and hence can not be provided. The same may kindly be obtained from the authorities mentioned in your application.

Yours faithfully,

Encls: Annexure A&B



[D.S. RASTOGI]

Director of Income-tax(Inv) & CPIO
Ahmedabad.

ANNEXURE-A

Sr. No.	Name of the assessee	Action	Date
1	Roopal N. Panchal	Survey u/s.133A Search u/s.132	23/12/2005 10/02/2006
2	Deepak J. Panchal	Survey u/s.133A Search u/s.132	23/12/2005 10/02/2006
3	Sugandh Estate & Inv. Pvt. Ltd	Survey u/s.133A Survey u/s.133A	23/12/2005 10/02/2006
4	Sh. Parag P Jhaveri & Kamal P Jhaveri	Search u/s 132	23/12/2005 10/02/2006
5	Sh Tushar H Shah	Search u/s 132	10/02/2006
6	Sh Bhanuprasad O Trivedi	Search u/s 132	22/02/2006
7	Sh Hasmukh N Vora	Search u/s 132	22/02/2006
8	Seer Finlease Pvt. Ltd.	Summon u/s.131(1A)	23/12/2005 & various subsequent dates
9	Excell Multitech Ltd.	"	"
10	Zenet Software Ltd.	"	"
11	Taurus Infosys Ltd.	"	"
12	Sujal Leasing & Finance Pvt. Ltd.	"	"
14	Smt. Veenaben R. Thakkar	"	"
15	Smt. Ritaben R. Thakkar	"	"
16	Shri. Kelan A. Doshi	"	"
17	Shri. Rajan Vasudev Dapki	"	"
18	Shri. Monal Y. Thakkar	"	16/01/2006 & subsequent dates
19	Amadhi Investment Pvt. Ltd.	"	"
20	Shri. Vinodh M. Modha	"	"
21	Smt. Shilpa Rajan Dapki	"	"
22	M/s. Rajesh N. Zaveri, Prop. Shri. Gautam H. Jhaveri	"	"
23	Smt. Smita R. Panchal	"	"
24	Zealous Trading Co. Prop. Jayesh P. Khandwala (HUF)	"	"
25	Shri Bhargav Panchal (HUF/Indl.)	"	"
26	Lok Prakashan	"	"
27	Shri. Shreyansh S. Shah	"	"
28	Smt. Smruti S. Shah	"	"
29	Shri. Bahubali S. Shah	"	"
30	Walvet Financial Advisers Pvt. Ltd.	"	27/01/2006
31	Masat Texturing and Twisting P. Ltd.	"	"
32	Shri. Kantilal Jitmal	"	29/03/2006

ANNEXURE - B

**NO. OF APPLICATIONS MADE BY SMT. ROOPAL N. PANCHAL
IN IPOs DURING F.Y. 2005-06**

Sr. No	Name of the Company	Number of application
1	SAKSOFT	1,960
2	SHOPPER'S STOP	2,000
3	NANDAN EXIM LTD.	5,000
4	YES BANK LTD.	9,327
5	NECTAR LIFE SECURITY	5,857
6	SPL IND. LTD.	2,534
7	IL & FS INVESTMART LTD.	12,522
8	SYNDICATE BANK	3,561
9	IDFC	27,522
10	SASKEN	17,022
11	FCS SOFTWARE LTD.	29,522
12	AMAR REMEDIES LTD.	7,475
13	SUZLON	9,000
14	RENUKA SUGAR LTD.	150

**Name of IPOs and No. of applications made during F.Y. 2005-06
by M/s. Sugandh Estate and Investment Pvt. Ltd.**

Sr. No.	Name of the Company	No. of applications
1	NANDAN EXIM LTD	211
2	YES BANK	1900
3	ILFS	5,100
4	SYNDICATE BANK	2,050
5	IDFC	10,050
6	SASKEN	6,500
7	FCS	14,600
8	AMAR REMEDIES	2,700

**Name of IPOs and No. of applications made during F.Y. 2004-05
by Smt. Roopal N Panchal**

Sr. No	Name of the Company	No. of applications
1	ICICI	2,800
2	DISMAN PHARMACEUTICAL LTD	6,000
3	DATAMATICS LTD	2,850
4	NDTV LTD	1,300
5	VISHAL EXPORTS LTD..	1,062
6	TCS LTD.	9,000
7	INDIA BULLS LTD.	612
8	NTPC	8,140
9	BHARTI SHIPYAD LTD.	500
10	PNB	9,288
11	GATEWAY DISTRI PARKS LTD	1,400

**Name of IPOs and No. of applications made during F.Y. 2004-05
by Sugandh Estate and Investment Pvt. Ltd.**

Sr. No	Name of the Company	No. of applications
1	TCS LTD.	4,000
2	NTPC	3,700
3	PNB	7,400