

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

MUMBAI

CONSENT ORDER

ON THE APPLICATION SUBMITTED BY

WELVET FINANCIAL ADVISERS PVT. LTD.

IN THE MATTER OF

IRREGULARITIES RELATING TO INITIAL PUBLIC OFFERINGS

(CONSENT APPLICATION NO. 1957/2010)

1. The Securities and Exchange Board of India ('SEBI') had conducted investigations under section 11C of the SEBI Act, 1992, into the alleged irregular transactions in the shares issued through Initial Public Offerings (IPOs) of various companies during the years 2003-2005. The preliminary investigations prima facie revealed that Welvet Financial Advisers Pvt Ltd. (PAN-AAACW5360N) (hereinafter referred to as the 'applicant'), had acted as financiers in concert with other key operators for cornering the shares reserved for the Retail Individual Investors in the IPOs by opening a number of benami/fictitious dematerialized accounts and providing finance for multiple applications. Therefore, it was alleged that the applicant had violated section 12A of the SEBI Act, 1992, Regulation 3 and 4 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 and the Guideline 1.2.1 (xxiva) read with Guideline 7.6.1.2.1 of erstwhile SEBI (Disclosure and Investor Protection) Guidelines, 2000.
2. Based on the above, SEBI initiated the following actions against the applicant:
 - a) SEBI passed an ad-interim ex-parte order dated April 27, 2006 under Sections 11 and 11B of the SEBI Act, 1992, which was also the show cause notice, directing the applicant not to buy, sell or deal in securities market, including IPOs, directly or indirectly, till further directions. By the interim order dated December 01, 2008, the earlier order dated April 27, 2006 was confirmed. SEBI also issued a final show cause notice dated December 15, 2008 under Section 11, 11(4) and 11B of SEBI Act, 1992

- b) SEBI initiated adjudication proceedings for violation of section 15HA of the SEBI Act, 1992 against the applicant. The Adjudicating Officer issued a show cause notice to the applicant on June 14, 2006.
 - c) SEBI filed a Protest Petition (MA No. 63/2008 in Spl Case No. 47/2007) in the court of Special Judge, Mumbai against non-inclusion of certain persons, including the applicant, in the charge sheet filed by CBI.
3. While the above proceedings were in progress, the applicant vide letter dated April 03 , 2010, proposed settlement of the above 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 (HPAC), constituted by SEBI, considered the consent terms proposed by the applicant and recommended the disposal of the above proceedings through consent process on the following consent terms that,
- a) an amount of Rs.1,71,20,811/- (Rupees One Crore Seventy One Lakh Twenty Thousand Eight Hundred and Eleven only) being the profits made by the applicant shall be disgorged,
 - b) the applicant shall pay Rs.85,60,406/- (Rupees Eighty Five Lakh Sixty Thousand Four Hundred and Six only) being approximately 50% of the disgorged amount towards settlement charges,
 - c) the applicant shall also pay a sum of Rs. 1,00,000/- being the settlement charges for withdrawing the protest petition (M.A. No. 63/2008 in Spl. Case No. 47/2007) against the applicant filed by SEBI before the court of Special Judge, Mumbai, and
 - d) the applicant shall undergo voluntary debarment from buying, selling or otherwise accessing the securities market for a period of six months from the date of the order.
4. SEBI accepted these recommendations and communicated the same to the applicant vide letter dated November 08, 2010. The applicant has, vide its letter dated November 18, 2010 followed by e-mail dated December 14, 2010, without admitting or denying the charges, remitted a sum of Rs. 2,57,81,217/- (Rupees Two Crore Fifty Seven Lakh eighty One Thousand Two Hundred and Seventeen only) vide demand draft Number 117609 payable at Mumbai for the purpose of consent terms mentioned in para 3(a), (b) and (c) and has also confirmed to undergo voluntary debarment from buying, selling or otherwise accessing the securities market for a period of six months from the date of the order as per consent terms mentioned in para 3(d).

5. In view of the above consent terms accepted by the applicant, it is hereby ordered that this consent order disposes of:-
- a) the show cause notice dated December 15, 2008 issued under Section 11, 11(4) and 11B of SEBI Act, 1992 against the applicant and revokes the directions issued by the interim order dated December 01, 2008 as against the applicant. [para 2(a)]
 - b) the pending adjudication proceedings against the applicant [para 2(b)] .
6. It is further ordered that,
- a) SEBI shall file an application in the court of Special Judge, Mumbai for not pressing the Protest Petition (M.A. No. 63/2008 in Spl. Case No. 47/2007)] against the applicant, and
 - b) the applicant shall undergo debarment voluntarily from buying, selling or otherwise accessing the securities market for a period of six months from the date of the order.
7. 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.
8. This consent order is passed on this day, the 20th of Dec 2010 and shall come into force with immediate effect.

K. M. ABRAHAM

WHOLE TIME MEMBER

PRASHANT SARAN

WHOLE TIME MEMBER