

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

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SETTLEMENT ORDER

On Application No. 3011/2015

Submitted by **M/s Keynote Capitals Limited** (PAN: AAACK2618R)

In the matter of M/s Pyramid Saimira Theatre Limited

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1. M/s Keynote Capitals Limited (hereinafter referred to as '**Applicant**') having its office at 'The Ruby, 9<sup>th</sup> Floor, Senapati Bapat Marg, Dadar (West), Mumbai – 400028' a SEBI registered stock broker, vide letter dated August 04, 2015, filed Settlement Application in terms of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 ('Settlement Regulations') proposing to settle, through a settlement order, the pending enquiry proceeding initiated against it. The Enquiry proceedings were initiated in its capacity of Stock Broker/ Trading Member of the Bombay Stock Exchange Limited and National Stock Exchange of India Limited vide post enquiry show cause notice ('SCN') dated December 19, 2013, for the alleged violations of SEBI Circular no. SEBI/MRD/SE/Cir-33/2003/27/08 dated August 27, 2003 and SEBI Circular no. SMD/Policy/Cir-06/03 dated February 06, 2003.
2. SEBI investigations into the matter of M/s Pyramid Saimira Theatre Limited (hereinafter referred to as '**PSTL**') *inter-alia* alleged that the applicant/broker executed a sham deal and allowed its two clients (both promoters of PSTL namely Shri P. S. Saminathan and Shri Nirmal Kotecha) to execute dubious cross deals in the scrip of PSTL. It was also alleged that the applicant accepted third party cheque towards brokerage in violation of SEBI Circular no. SEBI/MRD/SE/Cir-33/2003/27/08 dated August 27, 2003 and also did not settle the alleged cross deal on T+2 basis in violation of SEBI Circular no. SMD/Policy/Cir-06/03 dated February 06, 2003.

3. The authorized representatives of the Applicant had a meeting with the Internal Committee of SEBI on November 24, 2016 wherein the settlement terms were deliberated. Thereafter, the Applicant vide letter November 25, 2016 proposed the revised settlement terms to settle the defaults mentioned above.
4. The High Powered Advisory Committee (hereinafter referred to as 'HPAC'), considered the settlement terms proposed by the Applicant in its meeting dated December 14, 2016 and recommended the case for settlement upon payment of ₹5,00,000/- (Rupees Five Lakhs Only Only) by the Applicant towards settlement terms for the aforementioned defaults. The Panel of Whole Time Members of SEBI had accepted the said recommendations of the HPAC and the same was communicated to the Applicant vide e-mail dated January 20, 2017.
5. Accordingly, the Applicant vide Demand Draft no. 506595 dated January 21, 2017, drawn on Axis Bank Limited, payable at Mumbai have remitted a sum of ₹5,00,000/- (Rupees Five Lakhs Only) towards the settlement charges.
6. Accordingly, the pending Enquiry Proceedings for the alleged violations, as discussed in paragraph 1 and 2 above, are settled *qua* the Applicant as per the above terms, by way of this order and SEBI shall not proceed with any enforcement action against the Applicant for the said defaults.
7. In view of the above, in terms of Regulation 15 and 19 of the Settlement Regulations, it is hereby ordered that:
  - i. this order disposes of the pending Enquiry Proceedings initiated against the Applicant vide SCN dated December 19, 2013 as discussed above and;
  - ii. passing of this order is without prejudice to the right of SEBI to take enforcement actions including recommencing/ reopening of the pending proceedings against the applicant, if SEBI finds that:
    - a. any representations made by the Applicant in the present settlement proceedings are subsequently discovered to be untrue;

b. the Applicant has breached any of the clauses/ conditions of undertakings/ waivers filed during the present settlement proceedings.

8. This settlement order passed on this 16<sup>th</sup> day of February, 2017 shall come into force with immediate effect.
9. In terms of Regulation 17 of the Settlement Regulations, a copy of this order shall be sent to the Applicant and shall also be published on the website of SEBI.

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**G. MAHALINGAM**  
**WHOLE TIME MEMBER**

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**S. RAMAN**  
**WHOLE TIME MEMBER**