

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

CONSENT ORDER

ON THE APPLICATION SUBMITTED BY

M/s. KEYNOTE CORPORATE SERVICES LIMITED

IN THE MATTER OF

M/s. MAJESTIC INDUSTRIES LIMITED

(CONSENT APPLICATION NO.1237/2009)

1. Securities and Exchange Board of India (SEBI) had conducted investigations into the alleged price manipulation in the scrip of M/s. Majestic Industries Limited (hereinafter referred to as 'MIL'). These investigations, *prima facie*, revealed certain irregularities in the Rights-cum-Public issue of MIL during February-March 1996. Keynote Corporate Services Limited (hereinafter referred to as 'the applicant'), located at 4th Floor, Balmer Lawrie Building, 5, J.N. Herdia Marg, Ballard Eastate, Mumbai, was the post issue Lead Manager. After the closure of the issue, the applicant issued a letter/certificate informing Ludhiana Stock Exchange that the issue had been subscribed to the extent of 94.35% without verifying from Registrar to Issue or the banks regarding the realization of the proceeds. Therefore, it was alleged that the applicant failed to exercise due diligence and care as expected of them by the Code of Conduct prescribed in Schedule III of the SEBI (Merchant Bankers) Regulations, 1992.
2. Pursuant to the said investigations, SEBI initiated enquiry proceedings under SEBI (Procedure for holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002. After the enquiry

officer had submitted the report dated November 29, 2004, SEBI issued a show cause notice No. IVD/NRO/03/339/RB/22618 dated January 19, 2005 to the applicant. While the proceedings pursuant to the same were in progress, the applicant, vide application dated March 4, 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 applicant proposed revised consent terms vide letter dated September 7, 2009, whereby the applicant undertook to pay Rs.5,00,000/- (Rupees Five Lakh only) towards settlement charges. The consent terms proposed by the applicant were placed before the High Powered Advisory Committee and the High Powered Advisory Committee, after deliberations, recommended that the case may be settled on the terms proposed by the applicant. SEBI accepted the said recommendations and communicated the same to the applicant vide letter dated January 15, 2010.

3. For the sole purpose of settling the matter on hand and without admission or denial of guilt on the part of the applicant, the applicant has remitted a sum of Rs.5,00,000/- (Rupees Five Lakh only) vide Demand Draft No.275819 dated January 20, 2010 drawn on Indian Bank, Service Branch, Mumbai.
4. In view of the above, it is hereby ordered that this consent order disposes of the said enquiry proceedings against the applicant in the matter.
5. 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.
6. This consent order is passed on this day, the 15th of February, 2010.

K. M. ABRAHAM
WHOLE TIME MEMBER

PRASHANT SARAN
WHOLE TIME MEMBER