

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

CONSENT ORDER

ON THE APPLICATION SUBMITTED BY

Shri S.C. KHANEJA AND Smt. RAJNI KHANEJA

**IN THE MATTER OF
M/s. SHIVALIK LOHA MILLS LIMITED**

(CONSENT APPLICATION NO.1185/2009)

1. Securities and Exchange Board of India (SEBI) had conducted investigations into the buying, selling and dealing in the shares of Shivalik Loha Mills Limited (SLML) during the period August - December, 1994. Based on the findings of investigation, Shri S.C. Khaneja, residing at A-103, Madhuban, Near Vikas Marg, Delhi, ex-director of SLML was charged along with SLML and the other directors of SLML, belonging to promoter group for :

- (a) Price rigging and siphoning of issue proceeds
- (b) Liquidation of nominee holdings by promoters of SLML at rigged prices
- (c) Misstatements and non-disclosures in prospectus and letter of offer of SLML in violation of Regulation 5 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995 (hereinafter referred to as 'PFUTP Regulations') and Section 63 and 68 of Companies Act, 1956.

It may be mentioned that Shri S.C. Khaneja was a non-executive/independent director of SLML for a short while from November, 1993 to August, 1994. Investigations also found that prima facie, M/s. Rajni & Co., proprietary firm of Smt. Rajni Khaneja, wife of Shri S.C. Khaneja, had acted as a significant conduit for off loading the promoters holdings in SLML at rigged prices and had also acted



as unregistered sub-broker in violation of Section 12(1) of SEBI Act, 1992 read with Rule 3 of SEBI (Stock Brokers and Sub-Brokers) Rules, 1992.

2. Pursuant to the said investigations, show cause notice dated March 17, 1999 was issued to Shri S.C. Khaneja under Section 11(1) read with 11B of SEBI Act, 1992. After re-investigation, a subsequent show cause notice dated July 9, 2004 was issued to Shri S.C. Khaneja under Section 11(1) read with 11B of SEBI Act, 1992 and Regulation 11 of PFUTP Regulations. A separate show cause notice dated January 27, 2000 was issued to Smt. Rajni Khaneja to show cause as to why criminal prosecution should not be launched against her for alleged violation of Section 12(1) of SEBI Act, 1992 by M/s. Rajni & Co. Subsequently, another show cause notice dated July 8, 2004 under Section 11(1) read with 11B of SEBI Act, 1992 was issued to M/s. Rajni & Co and Smt. Rajni Khaneja for allegedly acting as significant conduit for off loading the promoters holdings in SLML at rigged prices and for acting as unregistered sub-broker in violation of Section 12(1) of SEBI Act, 1992 read with Rule 3 of SEBI (Stock Brokers and Sub-Brokers) Rules, 1992. While the proceedings pursuant to the above mentioned show cause notices were in progress, Shri S.C. Kaneja and Smt. Rajni Khaneja (hereinafter referred to as "the applicants"), vide joint application dated January 3, 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 applicants proposed revised consent terms vide letter dated June 25, 2009, whereby the applicants undertook to pay Rs.4,00,000/- (Rupees Four Lakh only) towards settlement charges. The consent terms proposed by the applicants 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 applicants. SEBI accepted the said recommendations and



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communicated the same to the applicants vide letter dated April 7, 2010.

3. For the sole purpose of settling the matter on hand and without admission or denial of guilt on the part of the applicants, the applicants have remitted a sum of Rs.4,00,000/- (Rupees Four Lakh only) vide Demand Draft No.471655 dated April 13, 2010 drawn on HDFC Bank Ltd., Mumbai.
4. In view of the above, it is hereby ordered that this consent order disposes of the said proceedings initiated against Shri S.C. Khaneja, Smt. Rajni Khaneja and her firm M/s. Rajni & Co. vide the show cause notices detailed in Para 2 above.
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 applicants, if:
 - a. any representation made by the applicants in this consent proceeding is subsequently discovered to be untrue; or
 - b. the applicants breach any of the consent terms or undertakings filed in this consent proceeding.
6. This consent order is passed on this day, the 26th of April, 2010.



K. M. ABRAHAM

WHOLE TIME MEMBER

PRASHANT SARAN

WHOLE TIME MEMBER