

**BEFORE THE ADJUDICATING OFFICER,  
SECURITIES AND EXCHANGE BOARD OF INDIA  
[Consent Order No. AP/AO- 6 / 2008-2009]**

**CONSENT ORDER**

**ON THE APPLICATIONS SUBMITTED BY  
M/s KEYNOTE CAPITALS LIMITED**

**IN THE MATTER OF  
COROMANDAL FERTILIZERS LTD.  
(CONSENT APPLICATION NO. 492 OF 2008)**

1. National Stock Exchange (hereinafter referred to as "NSE") initiated investigation in the case of Coromandal Fertilizers Ltd. (hereinafter referred to as "CFL") on the basis of internal alerts generated for rise in price and volume, volatility and member concentration. The closing price of the scrip has risen from Rs. 81.45 on October 15, 2003 to Rs. 150.25 on December 15, 2003, an increase of 84.46% during the period of investigation. The Bombay Stock Exchange (hereinafter referred to as "BSE") was also asked to conduct an investigation for the above mentioned period and submit the report. BSE submitted its report to Securities and Exchange Board of India (hereinafter referred to as "SEBI") on March 04, 2005. Upon receipt of observations of NSE and BSE, the preliminary investigation in the scrip was carried out by SEBI for the trading period October 15, 2003 to December 15, 2003. The trade and order log for the period was analyzed to uncover any instance of manipulative trades. The price volume data for the period was analyzed in conjunction with the corporate news and developments reported during the period. Explanations were sought from the brokers including M/s Keynote Capitals Ltd. (hereinafter referred as the "applicant") and their clients who were allegedly involved in daily reversal of trades on many days.
2. Pursuant to the investigations, I was appointed as Adjudicating Officer to inquire into and adjudge under Section 15 I read with Section 15 HA and 15 HB of the Securities and Exchange Board of India Act, 1992 and issued a common Show Cause Notice No. EAD/AP/ADJ/68059/06 dated May 30, 2006 under Rule 4(1) of SEBI (Procedure For Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 read with Section 15 I of the SEBI Act, 1992 to the above applicant, for the alleged violations of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 and the provisions of SEBI (Stock Brokers and Sub-brokers) Regulations, 1992 as detailed in the said Show Cause Notice. Reply to the said Show Cause Notice was received and an opportunity of personal hearing was granted to the applicant on July 25, 2006.

3. While further proceedings in the matter were in progress, the applicant vide an application dated January 21, 2008 proposed settlement of the said proceedings in terms of SEBI Circular No. EFD/Cir.-1/2007 dated April 20, 2007 through a consent order. The High Powered Advisory Committee (HPAC) considered the consent terms proposed by the applicant and recommended the case for settlement as under:

"Having regard to the said factors, the Committee recommends that the case may be settled on payment of Rs. 8,00,000/- (Rupees Eight Lakh Only) towards settlement charges, as offered by the applicant. "

The recommendations of the HPAC were accepted by SEBI and communicated to the applicant.

4. Accordingly, M/s Keynote Capital Ltd., the applicant, without admitting or denying the charges have remitted a sum of Rs 8,00,000/- (Rupees Eight Lakh only) vide Demand Draft No. 508269 dated January 14, 2009 drawn on Axis Bank, Mumbai (Fort) Branch, Mumbai towards settlement charges. The said letter alongwith the Demand Draft was sent to Division of Regulatory Action, Enforcement Department, SEBI, Head Office, Mumbai.
5. In view of the above, it is hereby ordered that this consent order disposes of Consent Application No. 492 of 2008 of M/s Keynote Capital Ltd. arising out of the Show Cause Notice dated May 30, 2006, under SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 pending against the Applicant in the matter of investigations in the scrip of Coromandal Fertilizers Ltd.
6. This order is without prejudice to the right of SEBI to take enforcement actions including commencing/ reopening of the pending proceedings against the applicant if:
- a. any representation made by the applicant in the consent proceedings are subsequently discovered to be untrue.
  - b. the applicant breaches any of the clauses/ conditions of undertakings/ waivers filed before SEBI in the current consent proceedings with SEBI.
7. This consent order is passed on, the February 16, 2009 and shall come into force with immediate effect.

**Delhi**  
**Dated: February 16, 2009**

**Amit Pradhan**