

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA

CO/MIRSD/1145/AO/PKB/22/2009

Under section 15-I of Securities and Exchange Board of India Act,
1992 read with Rule 5 of SEBI (Procedure for Holding Inquiry and
Imposing Penalties by Adjudicating Officer) Rules, 1995

In respect of

M/s. Keynote Corporate Services Limited

Merchant Banker, SEBI registration number INM000003606

PAN No. AAACK3234D

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1. Nissan Copper Limited (hereinafter referred to as “NCL”) came out with an Initial Public Offering (hereinafter referred to as “IPO”) in a price band of Rs. 33 to Rs. 39 during the period December 4 – 8, 2006. The issue was over-subscribed 5.25 times and the shares of Nissan were listed on BSE and NSE on December 29, 2006. Various irregularities *inter alia* instances multiple applications in the Retail category were observed.
 2. It has been observed that in the public issue of NCL, M/s. Keynote Corporate Services Ltd (hereinafter referred to as “KCSL”) was the sole Book Running Lead Manager (“BRLM”) and therefore was responsible for pre and post-issue activities. Securities and Exchange Board of India (“SEBI”) conducted inspection during March – April, 2007 of, inter alia, the due-diligence procedures undertaken by KCSL in supervising the public issue from its opening till the date of listing, of the public issue of NCL.
 3. It prima-facie appeared to SEBI that KCSL, Category – I Merchant Banker (INM000003606) has –
 - o not exercised due – diligence with reference to the certain disclosures in the offer documents pertaining to NCL;
 - o failed to fulfill their obligations in a professional and diligent matter;
 - o failed in their assigned duties as post-issue lead manager to the public issue;

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- not properly monitored the flow of applications and other matters pursuant to closure of the public issue.
4. SEBI, vide order dated May 07, 2007, initiated adjudication proceedings against KCSL for allegedly violating Clause 7.3.1, 7.4.1, 7.7.7, 16.2.2.2 of SEBI (Disclosure & Investor Protection) Guidelines, 2000, Clause 3 and 4 of the Code of Conduct under Regulation 13 of SEBI (Merchant Bankers) Regulations, 1992 to inquire into and adjudge u/s 15HB of the SEBI Act, 1992.
 5. Shri D. Sura Reddy was appointed as Adjudicating Officer to inquire into and adjudge the alleged violation by KCSL. Pursuant to the transfer of Shri. D. S. Reddy I have been appointed as Adjudicating Officer vide order dated December 10, 2008.
 6. A show cause notice dated September 09, 2008 was issued to the noticee. Pending the adjudication proceedings, the noticee made an application dated December 08, 2008, and an affidavit in the format prescribed by SEBI for settlement in the matter in terms of SEBI Circular No. EFD/Cir.-1/2007. Pursuant to the said application, the noticee vide letter dated January 16, 2009 proposed revised consent terms submitting that it was willing to pay a consolidated amount of Rs. 1,00,000/- (Rupees One Lakh only) towards settlement charges and Rs. 25,000/- (Rupees Twenty Five Thousand Only) towards administrative charges. The revised consent terms were placed before the High Powered Advisory Committee (HPAC) on February, 2009 and HPAC after deliberation recommended the case for settlement on the revised consent terms proposed by the noticee.
 7. In terms of the proposal of the noticee for the sole purpose of settling the matter on hand and without admission or denial of guilt on the part of the noticee to the finding of fact or conclusion of law, the noticee has remitted a sum of Rs. 1,00,000/- (Rupees One Lakh only) and Rs. 25,000/- (Rupees Twenty Five Thousand only) favouring SEBI, vide Demand Draft No. 727799 and 727800, respectively, dated March 24, 2009 drawn on the Indian Bank, Mumbai, towards the terms of consent in the matter.

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8. In view of the above, it is hereby ordered that:
- i) this consent order disposes of the said adjudication proceedings pending against the noticee under SEBI Act, 1992 and
 - ii) passing of this order is without prejudice to the right of SEBI to take enforcement actions including commencing / reopening of the pending proceedings against the noticee, if SEBI finds that:
 - a. any representations made by the noticee in the consent proceedings are subsequently discovered to be untrue.
 - b. the noticee has breached any of the clauses / conditions of undertakings / waivers filed during the current consent proceedings.
9. This consent order is passed on the 9th day of April, 2009 and shall come into force with immediate effect.
10. In terms of Rule 6 of the Adjudication Rules, copies of this order are sent to the M/s Keynote Corporate Services Ltd. and also to the Securities and Exchange Board of India.

Place: Mumbai

P. K. BINDLISH
Adjudicating Officer