

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI

CONSENT ORDER

ON THE APPLICATION SUBMITTED BY

RAJESH JHAVERI STOCK BROKERS PVT.LTD.
(SEBI REGISTRATION No. INB020849133)

IN THE MATTER OF
IRREGULARITIES RELATING TO INITIAL PUBLIC OFFERINGS
(CONSENT APPLICATION NO.1046/2008)

1. As a part of its on going surveillance, SEBI had launched an investigation under section 11C of the SEBI Act, 1992 into the alleged irregular dealings in the shares issued through Initial Public Offerings (IPO's) during 2003-05 before these were listed on the Stock Exchanges. The preliminary investigations, *prima facie*, revealed that a few entities, including Rajesh Jhaveri Stock Brokers Pvt. Ltd. (hereinafter referred to as the 'applicant'), member of the Ahmedabad Stock Exchange (SEBI Registration No.INB020849133) and sub-broker of ASE Capital Market Ltd., cornered the shares meant for retail individual investors in the IPO of National Thermal Power Corporation and made ill-gotten profits on the sale of such shares. It was, therefore, alleged that the applicant violated section 12A of the SEBI Act, 1992, Regulation 3 of the SEBI (Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 and the provisions of the SEBI (Disclosure and Investor Protection) Guidelines, 2000.
2. Based on these findings, SEBI passed an ad interim *ex parte* Order dated April 27, 2006, under sections 11 and 11B of the SEBI Act, 1992 directing the applicant not to buy, sell or deal in the securities market, including IPO's, directly or indirectly, till further orders. SEBI also initiated adjudication proceedings against the applicant and a show cause notice dated June 16, 2006 was issued by the Adjudicating Officer.

3. While the above proceedings were in progress, the applicant, vide letter dated November 5, 2008, 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 High Powered Advisory Committee, constituted by SEBI, considered the consent terms proposed by the applicant and, after taking into account the facts and circumstances of the case and the material brought before it, recommended the case for settlement. Accordingly, the applicant shall disgorge the unlawful gain of Rs.5,26,975/- (Rupees five lakh twenty six thousand nine hundred and seventy five only) made by him and pay a sum of Rs.1,05,395/- (Rupees one lakh five thousand three hundred and ninety five only) towards settlement charges. SEBI accepted the recommendations of the Committee and communicated the same to the applicant vide letter dated March 20, 2009.
4. Accordingly, the applicant without admitting or denying the charges, has remitted a sum of Rs. 6,32,370/- (Rupees six lakh thirty two thousand three hundred and seventy only) comprising Rs.5,26,975/- (Rupees five lakh twenty six thousand nine hundred and seventy five only) towards disgorgement and Rs.1,05,395/- (Rupees one lakh five thousand three hundred and ninety five only) towards settlement charges as aforesaid vide demand draft No.016920 dated May 21, 2009, drawn on Central Bank of India, payable at Mumbai.
5. In view of the above, it is hereby ordered that this consent order disposes of the pending proceedings under section 11B of the SEBI Act, 1992 as well as the adjudication proceedings against the applicant in the matter of irregularities relating to initial public offerings.
6. A copy of this order shall be served on Ahmedabad Stock Exchange of which the applicant is a broker, ASE Capital Market Ltd. of which the applicant is a sub-broker and also on NSE and BSE, of which ASE Capital Market Ltd. is a broker.

7. 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.

8. This consent order is passed on this day, the 29th of May 2009 and shall come into force with immediate effect.

M. S. SAHOO
WHOLE TIME MEMBER

K. M. ABRAHAM
WHOLE TIME MEMBER