

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

**CONSENT ORDER**

**ON THE APPLICATION SUBMITTED BY**

**NCJ Share & Stock Brokers Limited**

**MEMBER: BOMBAY STOCK EXCHANGE LIMITED**

**(SEBI REGISTRATION No. INB 011192037)**

**IN THE MATTER OF G G AUTOMOTIVE GEARS LIMITED**

**(CONSENT APPLICATION NO.1906/2010)**

1. Securities and Exchange Board of India ('the Board') conducted investigation into the trading in the scrip of GG Automotive Gears Limited ('GGAGL') pursuant to sharp rise in price and fluctuation in the volume of the scrip during the period August 01, 2002 to October 16, 2002 ('investigation period'). The price of the scrip increased from Rs. 23/- on August 01, 2002 to Rs. 115.30 on October 16, 2002. Volume in the scrip fluctuated from 16847 shares on August 01, 2002 to 105776 shares on September 17, 2002 and from 77041 shares to 19962 shares during the period from September 18, 2002 to October 10, 2002. Gross volume traded during investigation period was 4551608 shares. It was noticed that two groups of brokers and their clients traded in the scrip in a circular pattern intra -day for 40 days and 25 days respectively. The total volume generated by way of these circular trades was about 31% of the total quantity traded during the period of investigation. NCJ Share & Stock Brokers Limited ('applicant'), who was one among the brokers who traded in the scrip of GGAGL during the investigation period, executed trades in its proprietary account, contributing approximately 2.40% of gross market volume in the scrip. Therefore, the investigation revealed that the applicant has violated provisions of Regulation 4 (a), (b), (c) and (d) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995 read with Regulation 13 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 and Clauses A (1), (2), (3), (4) and (5) of the

Code of Conduct specified in Schedule II of Regulation 7 of the SEBI (Stock Brokers and Sub-brokers) Regulations, 1992.

2. In view of the same, Enquiry Proceedings were initiated under SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 read with SEBI (Intermediaries) Regulations, 2008. Upon conclusion of the Enquiry Proceedings, the Enquiry Officer vide Enquiry Report dated February 05, 2009 recommended suspension of the certificate of registration of the applicant for a period of one month. The said Enquiry Report was forwarded to the applicant vide Show Cause Notice bearing no. IVD/ID-2/SCN/PS/BD/157270/2009 dated March 16, 2009.
3. While further proceedings in the matter were in progress, the applicant vide application dated March 02, 2010 proposed settlement of the proceedings initiated vide Show Cause Notice dated March 16, 2009 through a consent order in terms of SEBI circular no. EFD/ED/Cir-1/2007 dated April 20, 2007. The applicant proposed consent terms vide letter dated July 11, 2011 whereby the applicant undertook to pay ₹ 15,00,000/- (Rupees Fifteen Lakh only) towards settlement charges. The said proposal was placed before the High Powered Advisory Committee which, after deliberations, recommended the application for settlement. The Board accepted the said recommendation which was communicated to the applicant vide letter dated December 12, 2011. In the said letter, the applicant was also informed that SEBI circular No. EFD/ED/Cir-1/2007 dated April 20, 2007 is under challenge before the Hon'ble High Court of Delhi in Writ Petition No. 6949/2011 and in view of the interim order dated 17.10.2011 passed thereof, the consent process would be subject to the outcome of the said Writ Petition.
4. 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 forwarded a Demand Draft bearing no. 744089 dated December 20, 2011 in favour of SEBI for a sum of ₹ 15,00,000/- (Rupees Fifteen Lakh only) drawn on HDFC Bank Limited, Mumbai. The applicant has further informed that it is agreeable to the condition that the consent process would be subject to the outcome of decision in the case of Writ Petition no. 6949/2011.

5. In view of the above, it is hereby ordered that this consent order disposes of the said enquiry proceedings initiated against NCJ Share & Stock Brokers Limited (PAN. AABCN3702G).
6. This order is without prejudice to the right of the Board 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.
7. A copy of this order shall be served on the Bombay Stock Exchange Limited of which the applicant is member.
8. This consent order is passed on this day, the 14th day of Feb, 2012.

**PRASHANT SARAN**  
**WHOLE TIME MEMBER**

**RAJIV KUMAR AGARWAL**  
**WHOLE TIME MEMBER.**