

**BEFORE THE ADJUDICATING OFFICER,
SECURITIES AND EXCHANGE BOARD OF INDIA
[Consent Order No. AP/AO- 01 / 2008-2009]**

CONSENT ORDER

**ON THE APPLICATIONS SUBMITTED BY
ISJ SECURITIES PVT. LTD. AND ARCADIA BROKERS PVT. LTD.**

**IN THE MATTER OF
KARUNA CABLES LIMITED
(CONSENT APPLICATION NOS. 425 AND 446 OF 2008)**

1. SEBI conducted investigations into the alleged irregular transactions in the scrip of Karuna Cables Limited (hereinafter referred to as “the Company”) for the period July 01, 2004 to October 29, 2004, in which the price of the scrip at BSE had risen by 110.5% from Rs. 9.50 to Rs. 20.00 during the said period. The price rise was significant between September 27, 2004 and October 19, 2004 when it rose from Rs. 12.50 to Rs. 17 i.e. almost 36% rise in 17 trading days. The investigations *prima facie* revealed that M/s ISJ Securities Pvt. Ltd. – Broker and M/s Arcadia Brokers Pvt. Ltd. – Sub-broker (hereinafter referred to as “the Applicants”) indulged in circular trading/ reversal of trades in connivance with other clients/ brokers to create artificial volumes in the scrip, and manipulated the price by way of synchronized trading in which price, order quantity and time of orders placed were matched.
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/EIF-72-82/84738/2007 and EAD/AP/ADJ/EIF-72-82/84739/2007 dated January 19, 2007 under Rule 4(1) of SEBI (Procedure For Holding Enquiry 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) Regulations, 2003 and 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 applicants on April 17, 2007.

3. While further proceedings in the matter were in progress, the broker applicant vide an application dated January 09, 2008 and the sub-broker applicant also vide an application dated January 11, 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 applicants and recommended the case for settlement as under:

- (i) Applicant M/s ISJ Securities Pvt. Ltd. shall pay Rs. 10,000/- (Rupees Ten Thousand only) in Consent Application no. 425/2008 and

- (ii) M/s Arcadia Brokers Pvt. Ltd. shall pay Rs. 15,000/- (Rupees Fifteen Thousand only) in Consent Application no. 446/2008

towards settlement charges. The recommendations of the HPAC were accepted by SEBI and communicated to both the applicants.

4. Accordingly, M/s ISJ Securities Pvt. Ltd. – Broker and M/s Arcadia Brokers Pvt. Ltd. – Sub-broker, without admitting or denying the charges have remitted a sum of Rs 10,000/- (Rupees Ten Thousand only) vide Demand Draft No. 499217 dated August 01, 2008 drawn on ICICI Bank, Mumbai and a sum of Rs. 15,000 (Rupees Fifteen Thousand only) vide Demand Draft No. 486817 dated August 04, 2008 drawn on Axis Bank Ltd., Mumbai respectively towards settlement charges.
5. In view of the above, it is hereby ordered that this consent order disposes of Consent Application No. 425 of 2008 of M/s ISJ Securities Pvt. Ltd. and Consent Application No. 446 of 2008 of M/s Arcadia Brokers Pvt. Ltd. arising out of the common Show Cause Notices dated January 19, 2007, under SEBI (Procedure for Holding Enquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 pending against the Applicants in the matter of Karuna Cables Limited.

6. This order is without prejudice to the right of SEBI to take enforcement actions including commencing/ reopening of the pending proceedings against the applicants if:
- a. any representation made by the applicants in the consent proceedings are subsequently discovered to be untrue.
 - b. the applicants 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 October 08, 2008 and shall come into force with immediate effect.

Delhi

Dated: October 08, 2008

Amit Pradhan