

**BEFORE THE ADJUDICATING OFFICER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**  
**CO/IVD/1395/AO/PKB/17/2010**

Under section 19H of Depositories Act, 1996 read with Rule 5 of Depositories (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 2005.

In Respect Of  
**Shilpa Stock Broker Pvt. Ltd.**  
**Member : BSE, NSE, CDSL**  
**(PAN: AAEC9799R)**

1. SEBI, vide order dated March 16, 2007, initiated adjudication proceedings against Shilpa Stock Broker Pvt. Ltd. (hereinafter referred to as the 'noticee') for the alleged violation of Section 19A, 19D and 19G of the Depositories Act, 1996 read with Regulations 42(1) and 54(4) of the SEBI (Depositories and Participants) Regulations, 1996 read with Clause 1, 3, 4, 12 and 16 of Code of Conduct for Participants in Schedule III under Regulation 20A of the D P Regulations and Section 15HB of SEBI Act, 1992 read with Circular nos. MRD/DOP/Dep/Cir-29/2004 dated August 24, 2004 and SEBI/MRD/DOP/Cir-22/2004 dated July 14, 2004. A show cause notice dated June 24, 2008 was issued to the noticee by the then adjudicating officer.
2. SEBI in the course of its inspection of the applicant found various discrepancies, which were allegedly in violation of the aforesaid provisions.
3. Shri Amit Pradhan was appointed as the Adjudicating Officer vide Order dated March 16, 2007. Pursuant to the transfer of Shri Amit Pradhan, Shri D. Sura Reddy was appointed as Adjudicating Officer vide Order dated July 19, 2007. Subsequent to the transfer of Shri D. S. Reddy, the undersigned has been appointed as Adjudicating Officer vide order dated December 10, 2008.
4. Pending the adjudication proceedings, the noticee made an application dated June 24, 2009, 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 December 07, 2009 proposed to pay a consolidated amount of Rs.5,00,000/- (Rupees Five Lakh Only) towards consent terms.

5. The consent terms were placed before the High Powered Advisory Committee (hereinafter referred to as "HPAC") on January 07, 2010 and HPAC after deliberation recommended the case for settlement on the consent terms/settlement charges proposed by the applicant. Thereafter, SEBI vide letter dated February 02, 2010 conveyed to the applicant that SEBI has in principle agreed to accept the recommendations of HPAC, subject to the clauses of Undertakings/Waivers and advised the applicant, in case the noticee is in agreement with terms as approved, to pay in accordance with the consent terms.
6. 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. 5,00,000/- (Rupees Five Lakh Only), vide Demand Draft No. 547899 dated February 05, 2010 favouring SEBI, drawn on AXIS Bank, Mumbai, towards the terms of consent in the matter.
7. 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.
8. This consent order is passed on the 10<sup>th</sup> day of February, 2010 and shall come into force with immediate effect.
9. In terms of Rule 6 of the Adjudication Rules, copies of this order are sent to the Noticee and also to the Securities and Exchange Board of India.

**Date: February 10, 2010**

**Place: Mumbai**

**P. K. Bindlish**  
**Adjudicating Officer**