

**BEFORE THE ADJUDICATING OFFICER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI**  
**CONSENT ORDER**

**On the Application submitted by**  
**M/s. Baljit Securities Private Limited (PAN: AABC0779P)**  
**(SEBI Registration Nos. INB 230907435 and INB 10907435)**

***CO/ERO/1782-2010/AO/SRP/RK /98/2010***

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1. Securities and Exchange Board of India (SEBI) had conducted an inspection of books of accounts, documents and other records of Baljit Securities Private Limited (hereinafter referred to as '**Noticee**') during January 14 -18, 2008 covering the financial years 2006-07, 2007-08. The inspection, prima facie, revealed that the Noticee has dealt with unregistered sub-brokers, indulged in indirect fund based activities, failed to collect margin from clients, failed to make payment of corporate benefits to the clients within stipulated time and misutilised clients' funds by meeting pay-in of other clients. Therefore, it was alleged that the Noticee has violated the following provisions:
  - a) Rules 8(1)(f) and 8(3)(f) of the Securities Contracts (Regulation) Rules, 1957.
  - b) Clause A (1), (5) and Clause B (1) of the Code of Conduct for Stock brokers as stipulated under schedule II of the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 read with regulation 7 of the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992.
  - c) SEBI Circular No.SMD/SED/1644/93 dated January 18, 1993.
  - d) SEBI Circular No.SMD/SED/Cir/93/23321 dated November 18, 1993.
  - e) Regulation 18B of the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 read with SEBI Circular No. SMD/Policy/CIR-3/98 dated January 16, 1998.

- f) SEBI Circular No. Sub-broker/Cir-02/2001 dated January 15, 2001.
  - g) SEBI Circular No. SMDRP/Policy/Cir-05/2001 dated February 1, 2001.
  - h) SEBI Circular No. SEBI/MRD/Policy/AT/Cir-19/2004 dated April 21, 2004  
and
  - i) SEBI Circular No. SMD/DoP/SE/Cir-07/2005 dated February 23, 2005.
2. Shri Tajinder Singh was appointed as Adjudicating Officer (**AO**) under section 15I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**') and section 23H of Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as '**SC(R) Act**') to inquire into and adjudge under Sections 15F and 15HB of the SEBI Act and section 23H of the SC(R) Act the aforesaid alleged violations. Consequently, Show Cause Notice No. EAD-TS/172648/2009 dated August 10, 2009 was issued by the AO to the Noticees under rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as "**the Rules**"). On relieving of Shri Tajinder Singh from the services of SEBI the undersigned has been appointed as AO vide order dated January 11, 2010.
3. While the adjudication proceedings were in progress, the Noticee made an application dated January 12, 2010 along with an affidavit of "undertakings and waivers" in terms of SEBI Circular No. EFD/ Cir.-1/2007 dated 20<sup>th</sup> April, 2007 for settlement of the proceedings through Consent Order. Subsequently, the Noticee proposed revised consent terms vide letter dated April 27, 2010, without admitting or denying the guilt and subject to clauses of the undertakings and waivers, submitting that they were willing to pay a sum of Rs.4,00,000/- (Rupees four lakh only) towards settlement charges in the matter.
4. The revised consent terms as proposed by the Noticee was placed before the High Powered Advisory Committee (hereinafter referred to as 'HPAC')

on May 31, 2010 and HPAC after deliberation recommended the case for settlement on the aforesaid revised consent terms proposed by the Noticee. The recommendations of HPAC were subsequently placed before the panel of Whole Time Members of SEBI.

5. The acceptance of consent proposal was communicated to the Noticee by SEBI vide letter dated June 25, 2010. In pursuance of the aforesaid consent terms, the Noticee has remitted a sum of Rs.4,00,000/- (Rupees four lakh only), vide demand draft No. 012255 dated July 6, 2010 drawn on HDFC Bank Ltd., Mumbai towards the terms of consent in the matter.
6. In view of above, it is hereby ordered that:
  - i) this consent order disposes of the said proceedings pending against the Noticee under SEBI Act and SC(R) Act and
  - ii) passing of this order is without prejudice to the rights of SEBI to take enforcement actions including commencing/ reopening of the pending proceedings against the Noticee, if SEBI finds that:
    - a. any representation made by the Noticee in the consent proceedings is subsequently discovered to be untrue.
    - b. the Noticee has breached any of the clauses/ conditions of undertakings/waivers filed during the current consent proceedings.
7. This consent order is passed on the 28<sup>th</sup> day of July 2010 and shall come into force with immediate effect.

**SATYA RANJAN PRASAD  
ADJUDICATING OFFICER**