

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

**ON THE APPLICATIONS SUBMITTED BY
PRABHUDAS LILLADHER PVT. LTD.**

**BROKER, NSE (INB 230597738),
TRADING MEMBER, F&O SEGMENT, NSE (INF 230597738),
BROKER, BSE (INB 010502855),
TRADING MEMBER, F&O SEGMENT, BSE (INF 010502855) AND
DEPOSITORY PARTICIPANT, CDSL (IN-DP-CDSL-14-99)**

**IN THE MATTERS OF
DSQ SOFTWARE LIMITED AND DSQ BIOTECH LIMITED**

(CONSENT APPLICATION NOS. 72 AND 73 OF 2007)

1. Securities and Exchange Board of India (SEBI) had conducted investigations into the alleged irregular trading in the shares of DSQ Software Limited and DSQ Biotech Limited during October, 1999 – March, 2001 and December, 1999 – January, 2001 respectively. The investigations, *prima facie*, revealed that Prabhudas Lilladher Pvt. Ltd. (PAN – AAACP2733Q), a trading member of Bombay Stock Exchange and National Stock Exchange of India Ltd. and a Depository Participant of Central Depository Services Ltd. with registered office at 3rd Floor, Sadhana House, 570, P. B. Marg, Behind Mahindra Tower, Worli, Mumbai (hereinafter referred to as the ‘applicant’) had created a misleading appearance of trading by executing synchronized transactions on behalf of other entities and failed to exercise due skill, care and diligence while dealing in the securities market.

2. Pursuant to the investigations, an Enquiry Officer was appointed vide order dated November 08, 2002 and July 24, 2003 in respect of dealings in DSQ Software Ltd. Similarly, an Enquiry Officer was appointed in respect of dealings in DSQ Biotech Ltd. vide order dated July 07, 2005. The Enquiry Officer submitted his report on August 22, 2006 in the matter of DSQ Software Ltd. and recommended suspension of certificate of registration of the applicant for a period of 12 months. In the matter of DSQ Biotech Ltd., the Enquiry Officer submitted his report dated September 21, 2006 and recommended suspension of certificate of registration for a period of 3 months. SEBI issued a show cause notice dated September 13, 2006 in the matter of DSQ Software Ltd. for the violation of regulation 4 (b), (c), and (d) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003. It issued another show cause notice dated September 29, 2006 in the matter of DSQ Biotech Ltd. for the violation of clauses A (2) and A (5) of the code of conduct as specified in schedule II of regulation 7 of the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 read with SEBI Circular No. SMD/PLOICY/CIRCULAR/5-97 dated April 11, 1997. The applicant replied to the aforesaid show cause notices vide letters dated October 03, 2006 and October 19, 2006 respectively. An opportunity of personal hearing was granted to the applicant on March 26, 2007 and the same was availed by the applicant.
3. While the above proceedings were in progress, the applicant, vide letters dated August 09, 2007, 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. It proposed revised consent terms vide letter dated September 17, 2008.
4. The High Powered Advisory Committee constituted by SEBI considered the consent terms proposed by the applicant and recommended the case for settlement. Accordingly, the applicant shall pay Rs. 2,05,00,000 (Rupees two crore five lakh only) towards settlement charges. SEBI accepted the said recommendations and communicated the same to the applicant vide letter dated December 05, 2008.

5. Accordingly, the applicant, without admitting or denying the charges, has remitted a sum of Rs. 2,05,00,000 (Rupees two crore five lakh only) towards settlement charges vide demand draft no. 156721 dated December 29, 2008 drawn on ICICI Bank payable at Mumbai.
6. In view of the above, it is hereby ordered that this consent order disposes of the said enquiry proceedings pending against the applicant in the matters of DSQ Software Limited and DSQ Biotech Limited.
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. A copy of this order shall be sent on National Stock Exchange of India Ltd. and Bombay Stock Exchange Ltd. of which the applicant is a trading member and on Central Depository Services Ltd. of which the applicant is a depository participant.
9. This consent order is passed on this day, the 16th of February, 2009 and shall come into force with immediate effect.

M. S. SAHOO
WHOLE TIME MEMBER

K. M. ABRAHAM
WHOLE TIME MEMBER