

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI

CONSENT ORDER

**ON THE APPLICATION SUBMITTED BY
SHARP INDUSTRIES LIMITED**

**IN THE MATTER OF
SHARP INDUSTRIES LIMITED
(CONSENT APPLICATION NO.907/2008)**

1. Securities and Exchange Board of India (SEBI) had conducted investigations into the dealings in the shares of Sharp Industries Limited (also the applicant) for the period May 31, 1999 - November 30, 1999. During the course of investigations, SEBI summoned the applicant to produce certain information with respect to its preferential allotment. It did not co-operate with SEBI in response to the summons issued.
2. Pursuant to the investigations, SEBI initiated adjudication proceedings under section 15A of the SEBI Act, 1992 against the applicant for failure to furnish the said information. The Adjudicating Officer issued Show Cause Notices dated August 25, 2004 and October 08, 2004 under Rule 4(1) of the SEBI (Procedure for Holding Enquiry and Imposing Penalties by the Adjudicating Officer) Rules, 1995 and subsequently passed an order dated January 31, 2005 imposing a penalty of Rs. 2,00,000 (Rupees two lakh only) on the applicant. However, it paid the penalty after considerable delay on February 04, 2008. SEBI, thereafter, vide its letter dated July 31, 2008, intimated the applicant that it would initiate prosecution proceedings under section 24(2) of the SEBI Act, 1992 for delay of about three years in payment of the penalty imposed by SEBI.

3. While further proceedings in the matter were in progress, the applicant, vide letter dated August 06, 2008, proposed settlement of the proposed prosecution through a consent order in terms of SEBI circular No. EFD/ED/Cir-1/2007 dated April 20, 2007. The High Powered Advisory Committee considered the consent terms proposed by the applicant and after deliberations, recommended the case for settlement. Accordingly, the applicant shall pay Rs.1,23,857 (Rupees one lakh twenty three thousand eight hundred and fifty seven only) consisting of Rs. 1,03,857 (Rupees one lakh three thousand eight hundred and fifty seven only) as settlement charges and Rs. 20,000 (Rupees twenty thousand only) as administrative expenses. The said terms of settlement were accepted by SEBI and communicated to the applicant vide letter dated October 23, 2008.
4. Accordingly, the applicant, without admitting or denying the charges has remitted a sum of Rs.1,23,857 (Rupees one lakh twenty three thousand eight hundred and fifty seven only) vide demand draft No. 095878 dated 24.10.2008 drawn on IDBI Bank, payable at Mumbai. This comprises of Rs. 1,03,857 (Rupees one lakh three thousand eight hundred and fifty seven only) towards settlement charges and Rs. 20,000 (Rupees twenty thousand only) towards administrative charges.
5. In view of the above, it is hereby ordered that SEBI shall not take any enforcement action against the applicant for the delay in remittance of the penalty amount.
6. This order is without prejudice to the right of SEBI to take enforcement actions, including commencement of the proposed prosecution against the applicant, if:

- a. any representation made by the applicant in this consent proceeding is subsequently discovered to be untrue.
 - b. the applicant breaches any of the consent terms or undertakings filed in this consent proceeding.
7. This consent order is passed on this day, the 28th of November, 2008 and shall come into force with immediate effect.

T. C. NAIR
WHOLE TIME MEMBER

M. S. SAHOO
WHOLE TIME MEMBER