

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

**CONSENT ORDER**

**ON THE APPLICATION SUBMITTED BY  
S.P.J STOCK BROKERS PRIVATE LIMITED**

**IN THE MATTER OF  
KARUNA CABLES LIMITED  
(CONSENT APPLICATION NO.1265/2009)**

1. Securities and Exchange Board of India (SEBI) had conducted investigations into the irregular transactions in the shares of Karuna Cables Limited. These investigations completed on June 02, 2006, *prime facie*, revealed that S.P.J. Stock Brokers Private Limited, a broker, registered with SEBI having registration no. INBO11206738 (hereinafter referred to as the 'applicant') had indulged in circular trading/ reversal of trades in connivance with other clients/ brokers and thereby created artificial volumes and price rise in the shares. The applicant was alleged to have failed to exercise due skill, care and diligence while executing the trades.
2. Pursuant to the investigations, SEBI initiated enquiry proceedings under the SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 against the applicant. The Enquiry Officer issued a Show Cause Notice dated September 05, 2007 under Rule 4(1) of SEBI (Procedure for Holding Enquiry and Imposing Penalties by the Adjudicating Officer) Rules, 1995 alleging that the applicant violated provisions of Regulation 4 (1), 4(2) (a) (b) (e) (g) and (n) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 and Regulation 7 read with Clause A(1) to (5) of Code of Conduct specified under Schedule II of the SEBI (Stock Brokers & Sub-brokers)

Regulations, 1992. The applicant replied to the said show cause notice vide letter dated September 28, 2007. The applicant was also granted a personal hearing on October 15, 2007. The Enquiry Officer has submitted his report and recommended that the certificate of registration of the applicant be suspended for a period of 4 months. Thereafter, a show cause notice dated December 24, 2007 was issued to the applicant to show cause as to why the penalty as recommended by the enquiry officer should not be imposed.

3. While further proceedings in the matter were in progress, the applicant, vide letter dated March 30, 2009, proposed settlement of the pending proceedings through a consent order in terms of SEBI circular No. EFD/ED/Cir-1/2007 dated April 20, 2007. It proposed the revised consent terms vide letter dated May 28, 2009. The consent terms proposed by the applicant were placed before the High Powered Advisory Committee and the High Powered Advisory Committee, after deliberations, recommended that the case may be settled on voluntary suspension of registration of the applicant as broker for a period of four months as proposed by the applicant. The recommendations of the HPAC were accepted by SEBI. The applicant vide letter dated May 28, 2009 forwarded an undertaking that it shall undergo a voluntary suspension for a period of 4 months.
4. In view of the above, it is hereby ordered that this consent order disposes of the said Enquiry proceedings under the SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 against the applicant in the matter of Karuna Cables Limited.

5. A copy of this order shall be sent to the Bombay Stock Exchange (BSE) of which the applicant is a member to ensure the implementation of this order against the applicant (PAN No. AAHCS8124R).
6. This order is without prejudice to the right of SEBI to take enforcement actions, including commencing / 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;
  - b. the applicant breaches any of the consent terms or undertakings filed in this consent proceedings.
8. This consent order is passed on this day, the 29<sup>th</sup> of July, 2009 and shall come into force from 3<sup>rd</sup> of August, 2009.

**M. S. SAHOO**  
**WHOLE TIME MEMBER**

**K. M. ABRAHAM**  
**WHOLE TIME MEMBER**