

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

**ORDER**

**UNDER SECTIONS 11, 11B AND 11(4) OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992, IN RESPECT OF THE STOCK BROKER, ANUGRAH STOCK & BROKING PRIVATE LIMITED**

1. Securities and Exchange Board of India (hereinafter referred to as SEBI) in the matter of Anugrah Stock & Broking Private Limited, vide order dated June 01, 2009 had issued the following directions:

*“a) Shri Suresh B. Menon, Chief General Manager, Securities and Exchange Board of India, is hereby appointed in terms of Section 11 (2) (i) of the Securities and Exchange Board of India Act, 1992 to examine the following and report on:*

- i. the compliance of Anugrah Stock & Broking Private Limited with what has been asserted by it in its submissions and the affidavit,*
- ii. the adequacy of the Risk Management System in the trading and surveillance infrastructure established by Anugrah Stock & Broking Private Limited and*
- iii. the possibility of collusion between Anugrah Stock & Broking Private Limited and Mr. Banty Dinesh Shah in assisting the latter to violate the ad interim order dated April 23, 2009, based on the assessment of the system level checks in place.*

*b) Shri Suresh B. Menon shall submit a Report on (a) (i) above within two days from the date of this order.*

*c) That the Report on items (a) (ii) and (iii) shall be submitted within two months from the date of this order.*

*d) In doing so, Shri Suresh Menon may take the assistance of the officers of Securities and Exchange Board of India, as he may deem fit.*

*e) The plea made by the stock broker to revoke the ad interim order restraining him from further activities shall be considered immediately on receipt of the Report as ordered in (b) above.*

2. In terms of the aforesaid directions, Shri Suresh B. Menon, Chief General Manager, SEBI submitted his Report dated June 03, 2009. I have perused the said Report and comments therein in brief are as follows:

- a) In order to ensure that the stock broker had carried out the necessary upgradation in their system, a test check on the system was carried out. The stock broker had suspended an active client from the CHIEF (rights only to surveillance head and directors) terminal. When an effort was made to activate the said trading account from the SUPER ADMIN terminals, the system did not allow changing the status of the suspended client. Thus, it was ensured during the test check that the trading account

of the client could be suspended / reactivated only from the CHIEF login id and not from any of the SUPER ADMINS.

- b) The software that has the feature of immediately flashing orders as and when the same are uploaded on websites of regulatory authorities has been installed by the stock broker.
- c) That on a test check basis, it was found that it has modified the message settings to differentiate between accounts which have been suspended for regulatory and those which have been deactivated for reasons other than regulatory orders.

3. In view of the above, I, in exercise of powers conferred upon me under Section 19 of Securities and Exchange Board of India Act, 1992 read with Sections 11, 11B and 11(4) of Securities and Exchange Board of India Act, 1992, hereby revoke the directions issued against Anugrah Stock and Broking Private Limited, vide Order dated May 22, 2009 of Securities and Exchange Board of India, prohibiting it from buying, selling or dealing in securities in any manner whatsoever, till further orders.

4. The matter would be considered again on receipt of the detailed report to be submitted by Shri Suresh B. Menon, Chief General Manager, Securities and Exchange Board of India as directed in Paragraph 27 (c) of Securities and Exchange Board of India order dated June 01, 2009.

5. This order shall come into force with immediate effect.

**DR. K. M. ABRAHAM**  
**WHOLE TIME MEMBER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**

**PLACE: MUMBAI**

**DATE: JUNE 04, 2009**