

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

AGAINST M/s.BAGLA & CO., MEMBER - CALCUTTA STOCK EXCHANGE, SEBI REGISTRATION NO. INB030448622 UNDER REGULATION 13(4) OF SEBI (PROCEDURE FOR HOLDING ENQUIRY BY ENQUIRY OFFICER AND IMPOSING PENALTY) REGULATIONS, 2002.

1.0 BACK GROUND

1.1 M/s Bagla & Co. (hereinafter referred to as the 'broker') is a member of Calcutta Stock Exchange, (hereinafter referred to as 'CSE') and is registered with the Securities and Exchange Board of India (hereinafter referred to as 'SEBI') as a Stock broker under Section 12 of SEBI Act, 1992 with Registration Number INB030448622.

1.2 An Inspection of the Books of Accounts, Documents and other records maintained by the broker for the financial year 2002- 2003 was proposed to be carried out by SEBI pursuant to the Order dated May 19, 2003. However, the broker failed to furnish the requisite records to the inspecting team.

2.0 ENQUIRY PROCEEDINGS

2.1 The Inspection Report recording the findings of inspection was forwarded to the broker. An Enquiry Officer was appointed vide Order dated March 31, 2004 under Regulation 5(1) of SEBI (Procedure for Holding enquiry by enquiry officer and imposing penalty) Regulations, 2002 (hereinafter referred as the 'said regulations') to enquire into the alleged irregularities committed by the broker which were observed during the inspection.

2.2 A Notice dated April 30, 2004 was issued to the broker under Regulation 6 (1) of the said regulations enclosing therewith a statement of the findings of the inspection and the contraventions alleged to have been committed by the broker. Vide the said show cause notice, the Enquiry Officer had specifically advised the broker to indicate whether it desired to be heard in person. However, despite several reminders the broker failed to reply to the show cause notice and hence the Enquiry Officer proceeded with the enquiry based on the findings of the inspection report. The Enquiry officer submitted its report dated September 30, 2004 and recommended a major penalty of suspension of certificate of registration for a period of two years on the broker.

3.0 SHOW CAUSE NOTICE AND THE BROKER'S SUBMISSIONS

3.1 A copy of the Enquiry Report was sent to the broker along with a show cause notice dated October 6, 2004, in terms of Regulation 13(2) of the said Regulations calling upon it to show cause as to why appropriate penalty including the penalty as recommended by the Enquiry Officer should not be imposed on it. The broker however, failed to reply to the said show cause notice.

4.0 PERSONAL HEARING

4.1 An opportunity of personal hearing was granted to the broker on March 21, 2006 in Mumbai and again on April 12, 2006 in Kolkata. However, the broker failed to appear for the hearing on both the occasions.

5.0 CONSIDERATION OF ISSUES

5.1 I have carefully considered the findings of the Inspection and Enquiry Reports and my observations are as under :

5.2 The Enquiry Officer found that SEBI vide letter dated May 27, 2003 issued notice to the broker for conducting inspection from June 16, 2003 of its books of accounts and other records. When the inspecting team visited the broker's office on the scheduled date, an attendant handed over the details sought vide the inspection notice. Since the books of accounts were not made available, the attendant was asked to convey to the broker to keep the books of accounts and other records ready for inspection on June 30, 2003. When the inspecting team visited the broker's office on the rescheduled date, it was found closed. Subsequently, the broker was informed several times over telephone to submit the books or accounts and other records at SEBI's Office at Kolkata for inspection. Despite several reminders, the broker made no attempt to furnish the requisite records. The broker was, therefore, given a final opportunity vide letter dated August 22, 2003 to produce the necessary books for inspection at SEBI's Eastern Regional Office, Kolkata, on August 28, 2003. However, the said letter was returned undelivered, by the postal authority. The EO, therefore found that the broker violated Regulation 21(1) of the SEBI (Stock Brokers and Sub Brokers) Regulations, 1992.

5.3 The broker failed to reply to the Show Cause Notice issued by the Board and also failed to appear for the hearing scheduled before me on March 21, 2006. Also the broker did not wish to avail another date on April 12, 2006 given for hearing. I,

therefore, find that the broker has adopted a callous attitude showing utter disregard to the repeated directions issued to him by the Regulator. Such a nonchalant attitude of the broker deserves to be viewed very seriously. I, therefore, have no hesitation in agreeing with the findings of the Enquiry Officer that the broker deserves nothing less than stringent punishment which would also serve as a deterrent to all market participants seeking to disobey instructions or violate the provisions of Regulations.

6.0 ORDER

6.1 Now, therefore, in exercise of powers conferred upon me in terms of Section 19 of SEBI Act, 1992 read with Regulation 13(4) of the said Regulations, I hereby impose a major penalty of suspension of certificate of registration of M/s.Bagla & Co., Member, Calcutta Stock Exchange, bearing SEBI Registration No. INB030448622 for a period of two years.

6.2 This order shall come into force on expiry of 21 days from the date of this order.

Place: Mumbai

Date: 28/4/06

T.C.NAIR

Whole Time Member

Securities and Exchange Board of India