

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

**CONSENT ORDER**

**On The Application Submitted By**

**M/S. Kunvarji Finstock Pvt. Ltd.  
Member - Ahmedabad Stock Exchange  
Registration No : INB 021019534**

**CO/MIRSD-DPS 1/1609/AO/SD/09/2008**

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') had initiated adjudication proceedings against M/s Kunvarji Finstock Pvt. Ltd. (hereinafter referred to as 'KFPL') to inquire into and adjudge under Section 15F(a), 15F(b) and 15HB of the SEBI Act, 1992 (hereinafter referred to as the 'Act'), for the alleged violations of various Regulations of the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 (hereinafter referred to as the 'Broker Regulations'). These violations such as Regulation 26(v), 26(vi), 26(xii), 26(xv), 26(xvi), 26(xix) of the Broker Regulations were revealed during the inspection of various Books of Accounts of KFPL, for the period from 01.04.2001 to 31.03.2003, which was conducted by the R.S. Patel & Co., Chartered Accountants.
2. For this adjudication proceedings a Show Cause Notice bearing No. A&E/GBR/57382/2006 dated January 10, 2006 was issued by the then Adjudicating Officer(AO) under Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as the Adjudication Rules). Further, on her deputation, the undersigned has been appointed as AO vide order dt November 23, 2007 .
3. KFPL made a Consent Application dated March 24, 2008 and an affidavit of "Undertakings and Waivers" in the said matter in terms of SEBI Circular No. EFD/ED/Cir-1/2007 dated 20<sup>th</sup> April, 2007 by proposing to pay Rs. 1,00,000/- (Rupees One Lac only) towards consent terms in this instant present matter. Further, KFPL vide its letter dated July 03, 2008 had revised the offer to pay a sum of Rs. 1,50,000/- (Rupees One Lac and Fifty Thousand only) towards settlement charges of the above said adjudication proceedings. The terms as proposed by the KFPL were placed before the High Powered Advisory Committee (HPAC) meeting

held on September 25, 2008 and after considering the facts and circumstances of the case, the HPAC recommended that the case may be settled on payment of Rs. 1,50,000/- (Rupees One Lac and Fifty Thousand only), which has been approved by the panel of Whole Time Members of SEBI.

4. In terms of the **KFPL**'s proposal for the sole purpose of settling the matter on hand and without admission or denial of guilt on the part of the **KFPL** to the finding of fact or conclusion of law, the **KFPL** has remitted a sum of Rs. 1,50,000/- (Rupees One Lac and Fifty Thousand only), vide Demand Draft No. 023459 dated October 31, 2008 drawn on HDFC Bank Limited, Mumbai, Fort towards the settlement charges in the aforesaid matter.
5. In view of the above, it is hereby ordered that:
  - (a) this consent order disposes of the said adjudication proceedings pending against the **KFPL** under the Securities and Exchange Board of India Act, 1992 and
  - (b) passing of this order is without prejudice to the right of SEBI to take enforcement actions including commencing/ reopening of the pending proceedings against the **KFPL**, if SEBI finds that
    - I. any representations made by the **KFPL** in the consent proceedings are subsequently discovered to be untrue.
    - II. the **KFPL** has breached any of the clauses/conditions of undertakings/waivers filed during the current consent proceedings.
6. This consent order is passed on the 12<sup>th</sup> day of November, 2008 and shall come into force with immediate effect.

**SANDEEP DEORE**  
**ADJUDICATING OFFICER**