

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

**CONSENT ORDER**

**ON THE APPLICATION SUBMITTED BY  
M/s. JAYANTILAL KHANDWALA & SONS PRIVATE LIMITED**

**IN THE MATTER OF**

**ENQUIRY PROCEEDINGS AGAINST JAYANTILAL KHANDWALA  
& SONS PRIVATE LIMITED**

**(CONSENT APPLICATION NO.473/2008)**

1. Securities and Exchange Board of India (SEBI) conducted an inspection of the books of accounts and other records of M/s. Jayantilal Khandwala & Sons Private Limited (hereinafter referred to as applicant), a broker of BSE, for the period April, 2000 - June, 2003. The inspection, prima facie, revealed that the applicant had failed to segregate clients' funds from its own funds, granted trading terminals in violation of SEBI guidelines, maintained running account without the consent of clients and transferred funds from account of one client to another, failed to redress grievances of investors promptly and allowed clients to trade without obtaining margins.
2. In view of the above findings, enquiry proceedings were initiated by SEBI under the SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002, alleging violation of provisions of the SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 and various circulars issued by SEBI. Based on the enquiry report, a show-cause notice dated November 29, 2004 was issued to the applicant. The applicant replied to the show cause notice. An opportunity of personal hearing was granted to the applicant on February 09, 2007. The applicant, however, sought an adjournment of the hearing.
3. While the further proceedings in the matter were in progress, the applicant, vide letter dated January 02, 2008, requested for settlement of the proceedings through a consent order. He submitted revised terms of consent vide letter dated May 30, 2008. The High Powered Advisory Committee,

constituted by SEBI, considered the terms proposed by the applicant and recommended the case for settlement. As per the terms of settlement, the applicant shall pay Rs.3,00,000/- (Rupees three lakh only) as settlement charges. The said terms of settlement recommended by the High Power Advisory Committee were accepted by SEBI and communicated to the Applicant vide letter dated August 20, 2008.

4. For the purpose of settling the matter without admission or denial of guilt on its part to the findings of facts or conclusion of law, the applicant has remitted a sum of Rs.3,00,000 (Rupees three lakh only) vide pay order No. 225977 dated September 06, 2008 drawn on HDFC Bank Ltd., Mumbai, towards settlement charges.
5. In view of the above, it is hereby ordered that this consent order disposes of the said enquiry proceedings pending before SEBI against the applicant for the violations mentioned above.
6. This order is without prejudice to the right of SEBI to take enforcement action, including commencing or reopening of the pending proceedings against the applicant, if:
  - a. any representation made by the applicant in this consent proceedings is subsequently discovered to be untrue.
  - b. the applicant breaches any of the clauses/ conditions of undertakings/ waivers filed during this consent proceedings with SEBI.
7. This consent order is passed on the 30<sup>th</sup> day of September, 2008 and shall come into force with immediate effect.

**T. C. NAIR**  
**WHOLE TIME MEMBER**

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