



**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER No. Order/SM/RG/2025-26/31944**

**UNDER SECTION 15-I OF THE SECURITIES AND EXCHANGE BOARD OF INDIA
ACT, 1992 READ WITH RULE 5 OF THE SEBI (PROCEDURE FOR HOLDING
INQUIRY AND IMPOSING PENALTIES) RULES, 1995**

**In respect of:
Samdhyan Commodities Brokers Private Limited
PAN: AAKCS0870P**

In the matter of Samdhyan Commodities Brokers Private Limited

A. BACKGROUND

1. Securities and Exchange Board of India (hereinafter also referred to as 'SEBI') conducted an inspection of Samdhyan Commodities Brokers Private Limited (hereinafter also referred to as '**Noticee/ Samdhyan/ Entity/ SCBPL/ Member/ TM**') for the period April 01, 2023 to December 31, 2024 along with officials of the Multi Commodity Exchange of India Ltd. (MCX) on January 06, 2025. The findings of inspection were communicated to the entity vide letter dated February 05, 2025. The entity submitted its reply to the observation vide email dated February 10, 2025. Thereafter, SEBI prepared final inspection report.
2. Based on the findings arising out of its inspection, analysis of replies received and examination in the matter by SEBI, briefly stated, it was inter alia observed by SEBI that Noticee had allegedly violated provisions of Securities and Exchange Board of India (Stock Brokers) Regulations, 1992 ("SEBI Stock Broker Regulations" / "SEBI Stock Broker Regulations, 1992") and Circulars viz.,

2.1. Clause no. 6 of Annexure 1 of MCX Circular MCX/INSP/601/2019 dated October 22, 2019 read with Chapter III, Para 32.7 of SEBI Master Circular for Stock Brokers SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/53 dated August 09, 2024 and Regulation 9(b) and Clause A(5) of Code of Conduct for Stock Brokers under Schedule II of SEBI (Stock Brokers) Regulations, 1992.

B. APPOINTMENT OF ADJUDICATING OFFICER

3. Whereas, the Competent Authority was prima facie of the view that there were sufficient grounds to adjudicate upon the alleged violations by the Noticee, as stated above and therefore, in exercise of the powers conferred under Section 19 of the SEBI Act, 1992 read with Section 15-I(1) of the SEBI Act, 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter also referred as '**SEBI Adjudication Rules**'), the Competent Authority appointed Shri Amar Navlani as Adjudicating Officer ("AO") vide communique dated July 14, 2025 to inquire into and adjudicate under Section 15HB of the SEBI Act, 1992, for the aforesaid alleged violations of the Noticee. Subsequently, pursuant to the transfer of Shri Amar Navlani, the undersigned was appointed as AO vide Communique dated September 19, 2025.

C. SHOW CAUSE NOTICE, REPLY AND HEARING

4. A Show Cause Notice no. SEBI/EAD-3/SM/RG/26694/1/2025 dated October 14, 2025 ("SCN"), was served upon the Noticee under Rule 4 of the SEBI Adjudication Rules to show cause as to why an inquiry should not be held and penalty not be imposed against the Noticee under Section 15HB of the SEBI Act, 1992, for the violations alleged to have been committed by the Noticee.

5. The following was inter alia observed and alleged in respect of the Noticee:

" ...

Terminal verification at Authorized Person (“Gyana Ranjan Parida”) locations -:

4.1. In this regard, SEBI observed the following:

07 Computer-to-Computer Link (“CTCL”) Terminals registered at the inspection location were not only found connected as per the connection logs but trades were also executed from all these 07 connected terminals as on the date of inspection i.e. 06-Jan-25 (Annexure 1). However, none of the terminal(s) including the approved user(s) were found / located at the inspection location, at the time of inspection.

During the onsite visit, multiple responses were received from the AP and one of the member representative regarding whereabouts of the approved users, without any conclusive statements, such as:

1. Some of the users left early i.e. before the inspection team visited;
2. Some of the users are working from home;
3. Some of the users are on holiday;
4. Some of the users operated the terminal from member location, as AP has some family function etc.

Out of all the responses, one of the practical and feasible options was to visit the member location i.e. 2/A Heritage Bunglows, near Apang Manav Mandal b/h Atira, Vastrapur Road, Ahmedabad 380015, Gujarat as none of the users were available at the AP location and about 07 users of the AP were found to be connected as per the connection logs provided, in order to confirm whether any connected user(s) of the AP was actually operating terminal(s) from the member location or not.

Accordingly, the inspection team visited the member location. However, none of the user(s) of the AP was available at the member location at the time of inspection, as informed by the Compliance Officer, Mr. Biren Shah. Taking cognizance of the situation, the compliance officer informed the inspection team that they will be deactivating all the CTCL IDs associated with the AP within the next 24 to 48 hours.

4.2. In this regard, the Noticee submitted the following in response to the findings of inspection: The entity has submitted that the concerned official had arrived at the office and due to social function and market volatility, they left the office before inspection. Further entity has submitted that certain users had personal commitments and needed to leave office early and one user logged in from home town due to medical reasons. Additionally, entity has informed that they have deactivated all terminals associated with the AP.

4.3. In this regard, SEBI observed the following after considering Noticee’s response to the findings of inspection:

Out of 10 terminals stated to be at location, 7 were found to be connected on the date of inspection. However, during inspection, no terminal was found at location. The entity’s reply is not satisfactory regarding users leaving the office just prior to inspection etc. It is noted that all terminals have been deactivated by the entity.

In view thereof, the Noticee is alleged to have violated Clause no. 6 of Annexure 1 of MCX Circular MCX/INSP/601/2019 dated October 22, 2019 read with Chapter III, Para 32.7 of SEBI Master Circular for Stock Brokers SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/53 dated August 09, 2024 and Regulation 9(b) and Clause A(5) of Code of Conduct for Stock Brokers under Schedule II of SEBI (Stock Brokers) Regulations, 1992.

...”

6. Vide letter dated October 24, 2025, the Noticee sought 15 days' extension to submit the reply to the SCN. Subsequently, vide email dated November 07, 2025, the Noticee submitted the reply to the SCN. Key submissions made by the Noticee in reply to the SCN are as follows:

“ ...

Para 4:

Findings and Observations by SEBI and alleged violations thereto in respect of the Noticee:

Terminal verification at Authorized Person (“Gyana Ranjan Parida”) locations: -

4.1. In this regard, SEBI observed the following:

07 Computer-to-Computer Link (‘CTCL’) Terminals registered at the inspection location were not only found connected as per the connection logs but trades were also executed from all these 07 connected terminals as on the date of inspection i.e. 06-Jan-25 (Annexure 1). However, none of the terminal(s) including the approved user(s) were found / located at the inspection location, at the time of inspection.

During the onsite visit, multiple responses were received from the AP and one of the member representative regarding whereabouts of the approved users, without any conclusive statements, such as:

- 1. Some of the users left early i.e. before the inspection team visited;*
- 2. Some of the users are working from home;*
- 3. Some of the users are on holiday;*
- 4. Some of the users operated the terminal from member location, as AP has some family function etc.*

Out of all the responses, one of the practical and feasible options was to visit the member location i.e. 2/A Heritage Bunglows, near Apang Manav Mandal b/h Atira, Vastrapur Road, Ahmedabad 380015, Gujarat as none of the users were available at the AP location and about 07 users of the AP were found to be connected as per the connection logs provided, in order to confirm whether any connected user(s) of the AP was actually operating terminal(s) from the member location or not.

Accordingly, the inspection team visited the member location. However, none of the user(s) of the AP was available at the member location at the time of inspection, as informed by the Compliance Officer, Mr. Biren Shah. Taking cognizance of the situation, the compliance officer informed the inspection team that they will be deactivating all the CTCL IDs associated with the AP within the next 24 to 48 hours.

4.2. In this regard, the Noticee submitted the following in response to the findings of inspection:

The entity has submitted that the concerned official had arrived at the office and due to social function and market volatility, they left the office before inspection. Further entity has

submitted that certain users had personal commitments and needed to leave office early and one user logged in from home town due to medical reasons.

Additionally, entity has informed that they have deactivated all terminals associated with the AP.

4.3. In this regard, SEBI observed the following after considering Noticee's response to the findings of inspection:

Out of 10 terminals stated to be at location, 7 were found to be connected on the date of inspection. However, during inspection, no terminal was found at location. The entity's reply is not satisfactory regarding users leaving the office just prior to inspection etc. It is noted that all terminals have been deactivated by the entity.

4.4. In view thereof, the Noticee is alleged to have violated Clause no. 6 of Annexure 1 of MCX Circular MCX/INSP/601/2019 dated October 22, 2019 read with Chapter III, Para 32.7 of SEBI Master Circular for Stock Brokers SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/53 dated August 09, 2024 and Regulation 9(b) and Clause A(5) of Code of Conduct for Stock Brokers under Schedule 11 of SEBI (Stock Brokers) Regulations, 1992.

Our contentions:

Paragraph 4.1. For Terminal verification at Authorized Person ("Gyana Ranjan Parida") locations:

- 1. It is respectfully submitted that the CTCL terminals registered at the AP location were indeed connected and operational on the date of inspection. However, the absence of approved users at the site was due to unforeseen and legitimate circumstances, including personal commitments, medical exigencies, and social obligations of the approved users, as communicated to the inspection team.*
- 2. It is submitted that we had no intention to circumvent regulatory norms and took immediate corrective action by forthwith deactivating all CTCL terminals associated with the AP as acknowledged in the SCN. As Authorized Person, Mr. Gyana Ranjan Parida was otherwise qualified and well experienced, and we had no reason to doubt his efficiency and therefore relied on him to file proper and accurate reports. As soon as the apparent lapse came to our knowledge, we immediately rectified the same.*
- 3. It is submitted that the responses provided were in good faith and reflected the genuine circumstances prevailing at the time. We regret any perceived lack of clarity and submit that there was no deliberate attempt to mislead or obstruct the inspection process.*
- 4. We reiterate that the terminals were not misused and that no unauthorized access or trading activity was conducted in breach of SEBI or MCX regulations. The connectivity logs merely reflect technical status and do not establish any regulatory infraction in isolation.*
- 5. It is submitted that the inspection was conducted during active market hours and coincided with a period of heightened volatility, which necessitated certain users to operate remotely or leave the premises earlier than usual due to personal exigencies. We submit that out of 10 terminals stated to be at location, 7 were found to be connected on the date of inspection. However, the approved user(s) were not found / located at the inspection location, at the time of inspection for the reasons already stated.*

6. *We submit that our explanations are genuine and reflective of the individual circumstances of the approved users.*
7. *We submit that we had acted in good faith and with utmost diligence upon being apprised of the inspection findings. All CTCL terminals associated with the Authorized Person were voluntarily deactivated as a precautionary and corrective measure which is demonstrative of our commitment to regulatory compliance and its proactive approach to resolving any perceived irregularities.*
8. *We reiterate that there was no deliberate attempt to misrepresent the location of terminals or circumvent SEBI/MCX norms. The absence of approved user(s) were found / located at the inspection location, at the time of inspection was neither intentional nor indicative of any mala fide conduct. We have since reviewed and reinforced our internal monitoring protocols to ensure strict adherence to terminal location requirements going forward.*
9. *We deny that we have violated the general principles and that we have not adhered to SEBI Code of Conduct. We deny that we have failed to exercise due diligence as a member of the Exchange and has violated code of conduct or breached our fiduciary obligations we place reliance on the following citations which abundantly holds the concept of due diligence that is expected from a Stock Broker:*
 - i. *Exhibit A - Bombay High Court's Order dated 24.10.1985 in the matter of Tri-Sure India Ltd. Vs. A.F. Ferguson And Co. And Others (para 37);*
 - ii. *Exhibit B - Securities Appellate Tribunal's order dated 16.06.2011 in matter of Religare Securities Limited Vs. SEBI (para 5);*
 - iii. *Exhibit C - Securities Appellate Tribunal's order dated 25.07.2011 in matter of UPSE Securities Limited Vs. SEBI (para 5);*
 - iv. *Exhibit D - Securities Appellate Tribunal's order dated 11.09.2012 in matter of DSE Finance Services Ltd. Vs. SEBI (para 3);*
 - v. *Exhibit E - Securities Appellate Tribunal's order dated 15.05.2019 in matter of Piramal Enterprises Limited Vs. SEBI (para 23, 24 and 25);*
 - vi. *Exhibit F - Adjudicating Officer's Order dated 22.05.2017 in IFCI Financial Services Limited (para 14 and 15);*
 - vii. *Exhibit G - Adjudicating Officer's Order dated 26.02.2018 in Marfatia Stock Broking Private Limited (para 8 and 9);*

Copies of the judgment are enclosed herewith.

We submit that till date no disciplinary action has been taken by any regulatory authority against us. Further still, no disciplinary action has been taken by any regulatory authority against us or the APs'. Under the circumstances the alleged violation may kindly be treated as a technical breach and not venial.

We further submit that all the observations set out in the SCN have been either on account of inadvertent technical lapses and we are in the process of putting in place a system to detect such trades. In view of the above, we most humbly pray that the no adverse inference be drawn against us and the allegations against us be dropped.

Further, it is submitted that considering the factors mandated in Section 15 of the SEBI Act, the lapses, if any, have not translated in to any gains to us and that these are not in defiance of any Rule,

Regulation or Circular. Further there is no allegation of any loss to any investor. Further, there is no allegation that the lapse is of a repetitive nature.

...”

7. Having regard to principles of natural justice, an opportunity of hearing was afforded to the Noticee on November 20, 2025, vide Hearing Notice dated November 12, 2025. Subsequently, vide email dated November 13, 2025, the Noticee sought adjournment to the date of hearing citing that the authorised person is preoccupied with another official engagement during the originally scheduled time. Having regard to the request made by the Noticee, the hearing was rescheduled to November 21, 2025.
8. On the rescheduled date of hearing viz., November 21, 2025, the Noticee appeared for hearing through its Authorized Representatives (ARs), wherein they relied upon and reiterated the submissions made by Noticee vide letter dated November 07, 2025. Further, the ARs sought time till November 25, 2025 to make additional submissions as final and complete submissions in the matter, accordingly the same was allowed.
9. Vide email dated November 25, 2025, the Noticee made following key additional submissions as reply to the SCN:

“ ...

Further, we wish to place reliance on the following orders of the Learned Adjudicating Officer of SEBI:

- *Adjudication Order No. Order/MC/HP/2020-21/1 dated May 18, 2020 in the matter of Prabhudas Liladher Private Limited (relating to trading in the scrip of Zylog Systems Limited):*

Relevant references are set forth in paragraphs 18 and 20 (pages 6-8). A copy of the said order is enclosed herewith and marked as Annexure "A".

- *Adjudication Order No. EAD-5/BS/AO/115/2017-18 dated February 18, 2018 in the matter of Edelweiss Broking Limited:*

Relevant reference are set forth in Paragraph 36 and 38 (page 14-15). A copy of the said order is enclosed herewith and marked as Annexure "B".

...”

D. CONSIDERATION OF ISSUES AND FINDINGS

12. The issues that arise for consideration in the instant case are:

- Issue No. I:** Whether the Noticee has violated the provisions of SEBI Stock Broker Regulations, 1992 and Circulars, as alleged?
- Issue No. II:** If yes, whether the Noticee is liable for imposition of monetary penalty under Section 15HB of the SEBI Act, 1992?
- Issue No. III:** If yes, what should be the monetary penalty that can be imposed upon the Noticee?

13. I now proceed to deal with the matter having regard to the submissions of the Noticee on merits:

Issue No. I: Whether the Noticee has violated the provisions of SEBI Stock Broker Regulations, 1992 and Circulars, as alleged?

14. I note from the material available on record that the following was inter alia observed and alleged in respect of the Noticee:

Terminal verification at Authorized Person (“Gyana Ranjan Parida”)
locations –

15. In this regard, it was inter alia observed and alleged by SEBI that 07 Computer-to-Computer Link (“CTCL”) Terminals registered at the inspection location were not only found connected as per the connection logs but trades were also executed from all these 07 connected terminals as on the date of inspection i.e. 06-Jan-25. However, none of the terminal(s) including the approved user(s) were found / located at the inspection location, at the time of inspection.

Accordingly, it was alleged that the Noticee had violated the provisions of Clause no. 6 of Annexure 1 of MCX Circular MCX/INSP/601/2019 dated October 22, 2019 read with Chapter III, Para 32.7 of SEBI Master Circular for Stock Brokers SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/53 dated August 09, 2024 and

Regulation 9(b) and Clause A(5) of Code of Conduct for Stock Brokers under Schedule II of SEBI (Stock Brokers) Regulations, 1992.

16. In this regard, I note that Para 32.7 of SEBI Master Circular for Stock Brokers SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/53 dated August 09, 2024 reads as under:

“ ...

32.7 Obligations of Stock Broker

32.7.1 The stock broker shall be responsible for all acts of omission and commission of his authorised person(s) and/or their employees, including liabilities arising there from.

32.7.2 If any trading terminal is provided by the stock broker to an authorised person, the place where such trading terminal is located shall be treated as branch office of the stock broker.

...”

I also note that Clause no. 6 of Annexure 1 of MCX Circular MCX/INSP/601/2019 dated October 22, 2019 reads as under:

“ ...

Members while undertaking the inspection of Branches and AP offices shall examine that all applicable regulatory requirements have been complied with including following indicative parameters:

...

6. All terminals observed at the inspection location is as per the information reported to the Exchange.

...”

Further in this regard, I note that Regulation 9(b) of SEBI (Stock Broker) Regulations, 1992 and Clause A(5) of Schedule II for Code of Conduct reads as under:

“ ...

Conditions of registration.

9. Any registration granted by the Board under regulation 6 shall be subject to the following conditions, namely,-

...

(b) he shall abide by the rules, regulations and bye-laws of the stock exchange which are applicable to him.

...

(f) he shall at all times abide by the Code of Conduct as specified in Schedule II; and

...

Schedule II
CODE OF CONDUCT FOR STOCK BROKERS

A. General.

...

(5) *Compliance with statutory requirements: A stock-broker shall abide by all the provisions of the Act and the rules, regulations issued by the Government, the Board and the Stock Exchange from time to time as may be applicable to him.*

...”

17. In this regard, I note that during the onsite inspection of Samdhyan's AP - Gyana Ranjan Parida, SEBI observed that 07 CTCL Terminals registered at the inspection location were not only found connected as per the connection logs but trades were also executed from all these 07 connected terminals as on the date of inspection i.e. 06-Jan-25, however, none of the terminal(s) including the approved user(s) were found / located at the inspection location, at the time of inspection. The inspection team also visited the member location i.e. 2/A Heritage Bungalows, near Apang Manav Mandal b/h Atira, Vastrapur Road, Ahmedabad 380015, Gujarat, in order to confirm whether any connected user(s) of the AP was actually operating terminal(s) from the member location or not, but none of the user(s) of the AP was available even at the member location at the time of inspection.

18. In this regard, the Noticee in its reply to the SCN has inter alia submitted that, *“...CTCL terminals registered at the AP location were indeed connected and operational on the date of inspection. However, the absence of approved users at the site was due to unforeseen and legitimate circumstances, including personal commitments, medical exigencies, and social obligations of the approved users, as communicated to the inspection team...”*

In this regard, I note that the Noticee's submissions are in nature of admission in so far as the Noticee has inter alia submitted that, *“...CTCL terminals registered at the AP location were indeed connected and operational on the date of inspection...”*

Further, the Noticee's submission, *“...absence of approved users at the site was due to unforeseen and legitimate circumstances, including personal commitments,*

medical exigencies, and social obligations of the approved users, as communicated to the inspection team...” is vague in nature as the Noticee’s submission is in nature of mere statement without any specific details/ supporting documents. I also note that the Noticee’s submission is devoid of merit as not only the approved users were not found at the AP’s/ Noticee’s location but also the CTCL terminals could not be found at the AP’s/ Noticee’s location. It is also noted that while the terminals were operational, the Noticee could not provide information about the whereabouts of the terminals at the time of inspection.

19. The Noticee in its reply to the SCN has also submitted that, “... *we had no intention to circumvent regulatory norms and took immediate corrective action by forthwith deactivating all CTCL terminals associated with the AP...*”

In this regard, I note that the post inspection compliance by the Noticee does not exempt it from regulatory action for the non-compliances/ infractions identified during the inspection.

20. In view of the foregoing, I find that the allegation that 07 CTCL Terminals registered at the inspection location including the approved users were not found/located at the location at the time of inspection, but were operational at the time of inspection, stands established.

Issue No. II: If yes, whether the Noticee is liable for imposition of monetary penalty under Section 15HB of the SEBI Act, 1992?

21. The Noticee in its reply to the SCN has inter alia submitted that, “... *We deny that we have failed to exercise due diligence as a member of the Exchange and has violated code of conduct or breached our fiduciary obligations...*” and has placed reliance on the following citations:

- i. Hon’ble Bombay High Court’s Order dated 24.10.1985 in the matter of Tri-Sure India Ltd. Vs. A.F. Ferguson And Co. And Others (para 37);
- ii. Hon’ble Securities Appellate Tribunal’s order dated 16.06.2011 in matter of Religare Securities Limited Vs. SEBI (para 5);

- iii. Hon'ble Securities Appellate Tribunal's order dated 25.07.2011 in matter of UPSE Securities Limited Vs. SEBI (para 5);
- iv. Hon'ble Securities Appellate Tribunal's order dated 11.09.2012 in matter of DSE Finance Services Ltd. Vs. SEBI (para 3);
- v. Hon'ble Securities Appellate Tribunal's order dated 15.05.2019 in matter of Piramal Enterprises Limited Vs. SEBI (para 23, 24 and 25);
- vi. Adjudicating Officer's Order dated 22.05.2017 in IFCI Financial Services Limited (para 14 and 15);
- vii. Adjudicating Officer's Order dated 26.02.2018 in Marfatia Stock Broking Private Limited (para 8 and 9);

22. In this regard, I note the following:

22.1. As regards the Noticee's reliance on Hon'ble Bombay High Court's Order dated 24.10.1985 in the matter of Tri-Sure India Ltd. Vs. A.F. Ferguson And Co. And Others, I note that the facts, circumstances and regulatory frameworks in this matter are materially different from the present proceedings. Further, Noticee has also failed to demonstrate how the aforesaid case will be applicable in the instant proceedings.

22.2. As regards the Noticee's reliance on Hon'ble Securities Appellate Tribunal(SAT)'s order dated 16.06.2011 in matter of Religare Securities Limited Vs. SEBI and SAT's order dated 15.05.2019 in matter of Piramal Enterprises Limited Vs. SEBI, I note that in the matter of Religare Securities Limited Vs. SEBI, Hon'ble SAT had inter alia held that *"...This will, of course, depend on the nature of the irregularity noticed and we hasten to add a caveat that it is not being suggested that if any serious lapse is found during the course of the inspection, the Board should not proceed against the delinquent..."*.

Further in this regard, as brought out and dealt with in the foregoing, I note that not only the approved users were not found at the AP's/ Noticee's location but also the CTCL terminals could not be found at the AP's/ Noticee's location.

While the inspection findings have not brought about any misuse of the said terminals, it cannot be overlooked that the Noticee could not provide information about the whereabouts of the terminals or the approved users of the said terminals at the time of inspection, while the terminals were operational. This left open the possibility of misuse of these terminals which reflects poorly on the due diligence which the noticee is duty bound to carry out in terms of the regulatory framework. Therefore, the same has to be viewed seriously and cannot be considered as merely a technical or procedural violation on part of the Noticee.

22.3. As regards the Noticee's reliance on Hon'ble Securities Appellate Tribunal's order dated 25.07.2011 in matter of UPSE Securities Limited Vs. SEBI, I note that in the same order Hon'ble SAT had inter alia held that "*...However, if any serious lapse is discovered, it would always be open to the board to take penal action in accordance with law...*".

22.4. As regards the Noticee's reliance on Hon'ble Securities Appellate Tribunal's order dated 11.09.2012 in matter of DSE Finance Services Ltd. Vs. SEBI, I note that in the instant order, Hon'ble SAT had referred to order dated 16.06.2011 in matter of Religare Securities Limited Vs. SEBI, which has already been dealt with in para 22.2.

22.5. As regards the Noticee's reliance on Adjudicating Officer's Order dated 22.05.2017 in IFCI Financial Services Limited, Order dated 26.02.2018 in Marfatia Stock Broking Private Limited, Order dated 18.05.2020 in the matter of Prabhudas Liladher Private Limited and Order dated 18.02.2018 in the matter of Edelweiss Broking Limited, I note that as brought out and dealt with in the foregoing, not only the approved users were not found at the AP's/ Noticee's location but also the CTCL terminals could not be found at the AP's/ Noticee's location. As already brought out above, while the terminals were operational, the Noticee could not provide information about the whereabouts of the terminals or the approved users of the said terminals at the time of inspection which left open the possibility of misuse of these terminals and the same reflects poorly on the due diligence which the noticee is duty bound to

carry out in terms of the regulatory framework. Therefore, the same has to be viewed seriously and cannot be considered as merely a technical/procedural violation on part of the Noticee.

It is noted that in the present case, violations established against the Noticee pertain to the infractions committed by its APs and the Noticee's failure to effectively supervise its APs. I note that as per Para 32.7 of SEBI Master Circular for Stock Brokers SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/53 dated August 09, 2024, the stock broker is responsible for all acts of omission and commission of its APs and/or their employees, including liabilities arising therefrom. The Noticee, being a stock broker, is duty-bound to ensure that its APs abide by all applicable laws. It is a serious activity to be undertaken by the Noticee and cannot be dismissed as a casual exercise.

23. In this context, reference is drawn to the judgment of Hon'ble Supreme Court of India in the matter of SEBI v/s Shri Ram Mutual Fund [2006] 68 SCL 216(SC) inter alia held that:

"... In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established "

24. Therefore, for the above violation, as brought out in the foregoing paragraphs, I find that the Noticee is liable for monetary penalty under Section 15HB of the SEBI Act which provides as following:

" ...

Penalty for contravention where no separate penalty has been provided

15HB. Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.

..."

Issue No. III: If yes, what should be the monetary penalty that can be imposed upon the Noticee?

17. While determining the quantum of penalty under Section 15HB of the SEBI Act, it is important to consider the factors as stipulated in Section 15J of the SEBI Act, which reads as under: -

SEBI Act

“.....

Factors to be taken into account while adjudging quantum of penalty.

15J. While adjudging quantum of penalty under 15- or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely:—

- a. the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;
- b. the amount of loss caused to an investor or group of investors as a result of the default;
- c. the repetitive nature of the default.

Explanation.—For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.

.....”

18. In this regard, the Noticee in its reply to the SCN has inter alia submitted that,
“...considering the factors mandated in Section 15 of the SEBI Act, the lapses, if any, have not translated in to any gains to us and that these are not in defiance of any Rule, Regulation or Circular. Further there is no allegation of any loss to any investor. Further, there is no allegation that the lapse is of a repetitive nature...”

In this regard it is note that in the matter of SEBI v. Bhavesh Pabari, the Hon'ble Supreme Court has inter alia held that:

“...we are inclined to take the view that the provisions of clauses (a), (b) and (c) of Section 15J are illustrative in nature and have to be taken into account whenever such circumstances exist. But this is not to say that there can be no other circumstance(s) beyond those enumerated in clauses (a), (b) and (c) of Section 15J that the Adjudicating Officer is precluded in law from considering while deciding on the quantum of penalty to be imposed.⁹ A narrow view would be in direct conflict with the provisions of Section 15I(2) of the SEBI Act which vests jurisdiction in the Adjudicating Officer, who is empowered on completion of the inquiry to impose “such penalty as he thinks fit in accordance with the provisions of any of those sections...”

19. In the instant matter, I note that the material on record does not indicate the amount of disproportionate gain or unfair advantage made by the Noticee, and the amount of loss caused to an investor or group of investors as a result of the aforesaid violation, nor does it specifically indicate that the violation committed by the Noticee is repetitive in nature. However, as noted earlier, the violations committed by Noticee in the instant case have to be viewed seriously. I note that the Noticee

being a SEBI registered Stock Broker was required to comply with the applicable provisions of securities law, which it failed to, as dealt with and brought out in the foregoing. Such non-compliance accordingly needs to be dealt with suitable penalty.

E. ORDER

20. Considering the facts and circumstances of the instant case, the material available on record, the factors mentioned in preceding paragraphs and in exercise of the powers conferred upon me under section 15-I of the SEBI Act, 1992 read with Rule 5 of the SEBI Adjudication Rules, I hereby impose a penalty of Rs. 2,00,000/ (Rupees Two Lakhs Only) on the Noticee under Section 15HB of SEBI Act, 1992, for the aforementioned violation, as discussed in this order. In my view, the said penalty will be commensurate with the violations committed by the Noticee in this case.

21. The Noticees shall remit /pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:

ENFORCEMENT → ORDERS → ORDERS OF AO → PAY NOW

22. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings under section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

23. Copy of this Adjudication Order is being sent to the Noticees and also to SEBI in terms of Rule 6 of the SEBI Adjudication Rules.

DATE: December 31, 2025
PLACE: MUMBAI

SUDEEP MISHRA
ADJUDICATING OFFICER