BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/AK/DS/2025-26/31827]

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

ANS Private Limited

PAN: AACCA4841J

SEBI Regn No.: INZ000196431

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1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") had conducted thematic inspection of ANS Private Limited (hereinafter referred to as "**the Noticee**"), a SEBI-registered Stock Broker having registration number INZ000196431, on July 30, 2024 at the office of Noticee's Authorized Person (AP) – M/s Soham Fincare India LLP (hereinafter referred to as "**Soham**" / "**the AP**") to look into compliance by the Noticee with applicable provisions. The inspection was conducted for the period from January 01, 2024 to June 30, 2024 (hereinafter referred to as "**Inspection period**").

2. Based on the findings of the inspection and the Noticee's reply received on December 20, 2024, prima facie, certain violations of SEBI (Stock Brokers) Regulations, 1992 (hereinafter referred to as "**Stock Brokers Regulations**"), and applicable SEBI and Stock Exchanges' Circulars by the Noticee were observed.

APPOINTMENT OF ADJUDICATING OFFICER

3. Upon being satisfied that the Noticee has, prima facie, violated various provisions of Stock Brokers Regulations and SEBI and Stock Exchange Circulars, SEBI approved initiation of adjudication proceedings on June 02, 2025 and appointed the undersigned as Adjudicating Officer (AO), vide Order dated June 16, 2025 u/s 15-I(1) of SEBI Act, 1992 (hereinafter referred to as "**SEBI Act**") and Rule 3 of

SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as "**SEBI Adjudication Rules**") to inquire into and adjudge u/s 15HB of SEBI Act, the alleged violations committed by the Noticee.

SHOW CAUSE NOTICE, REPLY OF THE NOTICEE AND HEARING

4. Show Cause Notice No. SEBI/HO/EAD/EAD1/P/OW/2025/19049/1 dated July 16, 2025 (hereinafter referred to as **"SCN"**) was issued to the Noticee in terms of rule 4 of SEBI Adjudication Rules r/w Section 15-I of the SEBI Act, to show cause as to why an inquiry should not be held against it and why penalty, if any, be not imposed on it under applicable provisions.

5. Vide letter dated July 21, 2025, the Noticee requested for provision and inspection of certain documents. The Noticee was provided inspection of documents on August 14, 2025. Thereafter, vide email dated August 19, 2025, the Noticee requested for provision of certain documents including correspondence of SEBI with Exchanges and the Noticee itself, Observation reports from the Exchanges and any other additional documents referred and relied upon in the SCN. Vide email dated August 28, 2025, the Noticee was informed that all relevant and relied upon documents have already been provided to the Noticee, The Noticee was also advised to submit its response by September 04, 2025. Vide email dated August 29, 2025, the Noticee requested for two weeks' additional time to submit its response, which was granted to it vide email dated September 01, 2025. Vide email dated September 10, 2025, the Noticee again requested for one week's additional time to submit its response. However, no submissions were made by the Noticee till September 19, 2025. The Noticee submitted its reply, vide email dated September 24, 2025 and submitted the annexures to its reply vide email dated September 25, 2025.

6. In the interest of natural justice, vide notice dated September 26, 2025, the Noticee was granted personal hearing on October 16, 2025. On the scheduled date, the

Noticee appeared through its Authorized Representative ("**AR**") for the hearing. The AR reiterated the submissions already made vide emails dated September 24 and 25, 2025.

CONSIDERATION OF ISSUES AND FINDINGS

7. Considering the allegations made out in the SCN and the submissions made by the Noticee, the following issues require consideration in the present case:

   ISSUE I - Whether the Noticee has violated provisions of Stock Brokers Regulations and SEBI and Exchange Circulars, as stated in the SCN?

   ISSUE II - Do the violations, if any, attract penalty u/s Section 15HB of SEBI Act?

   ISSUE III - If so, what should be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of SEBI Act?

8. The provisions allegedly violated by the Noticee are reproduced below –

   Securities and Exchange Board of India (Stock Brokers) Regulations 1992

   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

   Power to specify procedures, etc. and issue clarifications

   30. For the purposes of implementation of these regulations and matters incidental thereto, the Board may specify norms, procedures, processes, manners or guidelines as specified in these regulations, by way of circulars to recognised stock exchange(s) and recognised clearing corporation(s).

   SCHEDULE II - CODE OF CONDUCT FOR STOCK BROKERS –

   A. General.

(2) Exercise of due skill and care: A stock-broker shall act with due skill, care and diligence in the conduct of all his business.

(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.

SEBI Circulars

SEBI Circular No. MIRSD/ DR-1/ Cir- 16 /09 dated November 06, 2009 - Market Access Through Authorised Persons

Annexure 1 - Regulatory Framework for Market Access through Authorised Persons

5. Conditions of Appointment The following are the conditions of appointment of an authorised person:

a) The stock broker shall be responsible for all acts of omission and commission of the authorized person.

b) All acts of omission and commission of the authorized person shall be deemed to be those of the stock broker.

c) The authorized person shall not receive or pay any money or securities in its own name or account. All receipts and payments of securities and funds shall be in the name or account of stock broker.

7. Obligations of Stock Broker

a) 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.

e) Stock broker shall conduct periodic inspection of branches assigned to authorised persons and records of the operations carried out by them.

f) The client shall be registered with stock broker only. The funds and securities of the clients shall be settled directly between stock broker and client and all documents like contract note, statement of funds and securities would be issued to client by stock broker. Authorised person may provide administrative assistance in procurement of documents *and settlement, but shall not issue any document to client in its own name. No fund/securities of clients shall go to account of authorized person.*

<u>NSE Circulars</u>

<u>NSE Circular No. NSE/INSP/42448 dated October 18, 2019 - Framework for Supervision of Authorised Persons (APs) & Branches by Members</u>

In order to enhance the effectiveness of the supervision and ensure uniformity & standardisation across all Members, the following guidelines, framed in joint consultation with SEBI & other Exchanges, are being issued:

i. ...

ii. ...

iii. The indicative scope of the Inspection to be carried out is outlined in Annexure A.

<u>Annexure A - INDICATIVE SCOPE OF BRANCH /AP INSPECTION BY MEMBERS –</u>

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:

3. There is no movement of Funds and securities between the client and AP/branch official for settlement of trades on the Exchange. Demat statement and bank accounts of the AP to be examined to verify such instances.

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

11.The Authorised Person/Branch is not involved in any fund based activities / collecting deposits from investors / dabba trading / chit funds or any other such schemes.

14.The AP/Branch is not involved in accepting deposits from the public and giving assured returns.

<u>NSE Circular No. NSE/COMP/48536 dated June 09, 2021 - Market Access through Authorised Persons</u>

An Authorised Person is a person/entity who, as an agent of a Member, provides access to the clients of the Member to trading platform of a stock exchange. While doing so, the

Authorised Person is prohibited from:

1. Accepting any receipt or payment/delivery of funds & securities of the clients. Authorised Person shall not collect or receive any funds or securities from the clients and shall not charge any amount from the clients, directly or indirectly, for the services rendered on behalf of the Member as an agent.

2. Employing any device, scheme or artifice or engage in any act or practice, including operating assured return schemes, unauthorised portfolio management & investment schemes etc, in contravention of the provisions of various SEBI/Exchange Rules & Regulation and circulars issued from time to time.

<u>*NSE Circular No. NSE/SURV/48818 dated July 01, 2021 - Surveillance Obligations for Trading Members - Update*</u>

1. Obligation of Trading Members to frame Surveillance Policy:

Trading members may have different types of business models and may offer different types and combination of services to different types of clients including retail, institutional, HNI through various modes like Call and Trade, Mobile based trading, Internet based trading, Portfolio Management Services (PMS), in addition to proprietary trading (including Algorithmic trading). For effective monitoring, trading member shall frame a surveillance policy covering all such applicable business models/ services they offer. The said surveillance policy shall, inter alia, cover the following:

1.1. Generation of suitable surveillance alerts which may be guided by indicative themes (the list is inclusive and not exhaustive) given in Para 2 below as well as for transactional alerts downloaded by the Exchanges. (Transactional alerts downloaded by the Exchange are based on some thresholds or parameters. Trading members may have their own different thresholds or parameters so as to detect any suspicious trading activity). As Trading Members have closer supervision and are in possession of considerably more information about their clients, they may consider suitable parameters.

1.2. Processing of alerts within 45 days from the date of alerts downloaded by the Exchanges as well as alerts generated at member's end

1.3. Documentation of reasons for any delay in disposition of any of the alerts

1.4. Suspicious / Manipulative activity identification

1.5. Framework of appropriate actions, that can be taken by the Trading member. In addition to the obligations under Prevention of Money Laundering Aet (PMLA), actions may include suspension of the trading activity of the suspect client, or any other action as may be deemed appropriate.

1.6. Record Maintenance for the period as stipulated under applicable statutes

The surveillance policy of the Trading member shall be approved by its Board (in case of corporate trading member), Partners (in case oft partnership firms) or Proprietor (in case of sole proprietorship firm) as the case may be.

This policy needs to be reviewed on a periodic basis to keep it in line with the market trends.

2. Obligation of Trading Members to generate additional Surveillance alerts:

2.1 The indicative themes applicable to ALL Trading Members

2.1.4 Disproportionate trading activity vs reported income / Net worth

3. Obligation of Trading Members w.r.t. client due diligence:

The following activities required to be carried out by the trading members for client due diligence is being reiterated:

3.1. Trading members are required to carry out the Due Diligence of their client(s) on an on-going basis.

4. Obligation of Trading Members w.r.t. processing of alerts:

4,1 Trading Member shall obtain trading rationale and necessary documentation including bank statements, demat statements for analysing / processing the alerts.

4.2 After analyzing the documentary evidences, Trading member shall record its observations for such identified transactions of its Client / Group of Clients .

4.3 With respect to the transactional alerts downloaded by the Exchange, Trading member shall ensure that all alerts are analyzed and status thereof (Verified & Closed / Verified &

Sent to Exchange) including action taken is updated within 45days, in the Member Surveillance Dashboard.

4.4 With respect to the alerts generated at the Trading Members end, Trading members shall report instances with adverse observation, along with details of action taken, to the Exchange within 45 days of the alert generation.

NSE Circular No. NSE/INVG/55347 dated January 25, 2023 - Client due diligence

https://nsearchives.nseindia.com/content/circulars/INVG55347.pdf

SEBI Master Circular No. SEBI/HO/MIRSD/MIRSD-SEC-5/P/CIR/2023/022 dated February 03, 2023 - Guidelines on Anti-Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT) /Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act, 2002 and Rules framed there under

Client Due Diligence (CDD)

11.The CDD measures comprise the following:

i. ...

...

vi. Conduct ongoing due diligence and scrutiny, i.e. Perform ongoing scrutiny of the transactions and account throughout the course of the business relationship to ensure that the transactions being conducted are consistent with the registered intermediary's knowledge of the client, its business and risk profile, taking into account, where necessary, the client's source of funds;

NSE Circular No. NSE/COMP/ 56947 dated June 02, 2023 - Market Access through Authorised Persons

9. For the purpose of ensuring compliance and risk management practices in accordance with the regulatory requirements, Trading Members are advised to monitor their existing and newly onboarded APs based on the indicative scope as defined in the Exchange circular no. NSE/INSP/42448 dated October 18, 2019, which is re-iterated below:

vi. All AP terminals are as per the information reported to the Exchange.

xvii. Trading activities/Turnover of APs are monitored, and necessary actions/investigations are undertaken on a timely basis. Trading Member shall de-activate all trading terminals extended to AP which are inactive for more than 6 months and update the Exchange records. Appropriate due diligence to be undertaken in case of re-activation of such terminals.

<u>SEBI Master Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/53 dated May 22, 2024</u>

32.Market Access through Authorised Persons

The framework governing the market access through authorised persons is prescribed below. This framework provides the minimum requirements and the Stock Exchanges and stockbrokers may prescribe additional requirements, as they may deem appropriate, in the interest of investors and market.

Regulatory Framework for Market Access through Authorised Persons

32.5Conditions of Appointment

32.5.1The following are the conditions of appointment of an authorised person:

a. The stock broker shall be responsible for all acts of omission and commission of the authorized person.

b. All acts of omission and commission of the authorized person shall be deemed to be those of the stock broker.

c. The authorized person shall not receive or pay any money or securities in its own name or account. All receipts and payments of securities and funds shall be in the name or account of stock broker.

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.

32.7.5 Stock Broker shall conduct periodic inspection of branches assigned to authorised persons and records of the operations carried out by them.

32.7.6 The client shall be registered with stock broker only. The funds and securities of the clients shall be settled directly between stock broker and client and all documents like contract note, statement of funds and securities would be issued to client by stock broker. Authorised person may provide administrative assistance in procurement of documents and settlement but shall not issue any document to client in its own name. No fund/securities of clients shall go to account of authorized person.

9. I now proceed to deal with the issues as under.

ISSUE I - Whether the Noticee has violated provisions of Stock Brokers Regulations and SEBI and Exchange Circulars, as stated in SCN?

10. <u>Trading activity of AP in client capacity is disproportionate to reported income or net worth</u>

10.1 It was observed that the trading activity of the AP was disproportionate to reported income/net worth as stated below:

10.1.1 The average daily margin requirement of the AP (Rs.10.55 crores) exceeded the net worth of the AP (Rs.7.69 crores) during the inspection period.

10.1.2 The total turnover of the AP during the inspection period is Rs. 1,767.61 crores (Rs.1740.91 in Cash segment and Rs.26.70 crores in F&O segment), however, despite the turnover of the AP being 229.86 times its net worth during the inspection period but no alerts were generated by the Noticee.

10.1.3 The highest EoD Margin requirement and peak margin requirement of the AP during the inspection period being Rs.22.72 crores (23-Jan-2024) and Rs. 23.85 crores (24-Jan-2024) which is about 3 times the net worth of the AP (Rs.7.69 crores).

10.2 The Noticee in its reply to the inspection findings had submitted that no alert was generated for the AP during the inspection period for disproportionate trading. The Noticee also submitted that the threshold for generation of alert for EoD Margin requirements was set at 15 times the net-worth. In this regard, it was observed that the Noticee kept the threshold arbitrarily high which resulted in no alert being generated. The Noticee's periodic inspection of the AP also failed to raise any observations in respect of disproportionate trading activity of the AP.

10.3 Thus, it was observed that the Noticee did not have proper alerts system in place to monitor and review the disproportionate trading activity of the AP/Client. Further, the Noticee also failed to examine and take appropriate action in respect of the disproportionate trading activity of the AP during the periodic inspections of AP undertaken by the Noticee. Thus, it was alleged that the Noticee had violated the provisions of Clause 11(vi) under Client Due Diligence (CDD) of SEBI Master Circular No. SEBI/HO/MIRSD/MIRSD-SEC-5/P/CIR/2023/022 dated February 03, 2023; Exchange Circular No. NSE/INVG/55347 dated January 25, 2023 r/w Regulation 9(b) of Stock Brokers Regulations; Clause 1, 2.1.4, 3.1 and 4 of Exchange circular no. NSE/SURV/48818 dated July 01, 2021 r/w Regulation 9(b) of Stock Brokers Regulations; and Para 9(xvii) of Exchange circular no. NSE/COMP/56947 dated June 02, 2023 r/w Regulation 9(b) of Stock Brokers Regulations.

10.4 As per the provisions of Clause 11 (vi) under Client Due Diligence (CDD) of SEBI Master Circular No. SEBI/HO/MIRSD/MIRSD-SEC-5/P/CIR/2023/ 022 dated February 03, 2023 and Exchange Circular No. NSE/INVG/55347 dated January 25, 2023, stock brokers shall closely examine the transactions of the clients to ensure that the transactions are consistent with their knowledge of the clients, their business and risk profile and where necessary, the source of funds. As per Clauses 1, 2.1.4, 3.1 and 4 of Exchange circular no. NSE/SURV/48818 dated July 01, 2021, the stock brokers shall frame a surveillance policy, which shall be approved by the Board / proprietor, and surveillance alerts shall be generated for specified themes, including disproportionate trading activity vs reported income / net worth. Further, the stock brokers shall carry out due diligence of their clients on an on-going basis. The alerts generated shall be processed, and the same, along with actions taken shall be updated within 45 days in the Member Surveillance Dashboard. The provisions of Para 9(xvii) of Exchange circular no. NSE/COMP/56947 dated June 02, 2023 state that the trading activities/ Turnover of APs shall be monitored, and necessary actions/ investigations to be undertaken on a timely basis. The Trading Member shall de-activate all trading terminals extended to AP which are inactive for more than 6 months and update the Exchange records. Appropriate due diligence should be undertaken in case of re-activation of such terminals.

10.5 In its response to the SCN, the Noticee submitted the following:

10.5.1 The AP was client of the Noticee since 2012, and was AP of the Noticee in from May 09, 2023 till May 07, 2025. The AP had pledged fully paid shares to the Noticee and the Noticee was fully secured in respect to the AP's outstanding obligations.

10.5.2 The Noticee has regularly reported daily and upfront margins of all clients, including Soham, and the same has also been verified during inspection and no adverse instances were observed.

10.5.3 The observation of AP's total turnover during IP being 229.86 times of its net-worth is due to the AP's activities of arbitrage, jobbing and scalping, which requires high volume and value of transactions for earning through tiny price movements, such that the small frequent gains accumulate as significant profit. As numerous trades are being executed within seconds and minutes, the consequent high turnover is not comparable to the net worth. Further, net pay-in to be done by Soham on most of the days remains Nil.

10.5.4 Noticee uses Trackwizz software for alerts generation of EOD margin requirements, and it has set the threshold of 15 times for its long associated clients. No alerts were generated for the trades executed by the AP.

10.5.5 In last 12-13 years of relationship with Soham, the Noticee has not received extraordinary alerts from the Exchanges. Therefore, the threshold for EOD and Peak Margin was kept at 15 times of their net-worth.

10.6 I note that the Noticee had kept very high alerts threshold for EoD margin requirements at 15 times with respect to its AP, Soham. During the inspection period, the highest EoD and peak margin requirement was about 3 times the net-worth of the AP. For keeping such high thresholds, the Noticee has submitted that Soham was a client of the Noticee since 2012, and became its AP in May 09, 2023.

10.7 I note from the Noticee's reply to the inspection findings that the AP is a partnership firm and its partners are sons of Directors of the Noticee. The AP, Soham has traded as a client of the Noticee, and not on behalf of the Noticee's other clients. Also, there is no observation with respect to non-maintenance of adequate and required margins by the Noticee with respect to Soham.

10.8 As the AP's partners were immediate relatives of the Noticee's directors, and the AP was also a client of the Noticee since 2012, the Noticee was aware of the AP's business and risk profile and its sources of funds. Also, the trading activities were in AP's personal capacity (as client of the Noticee), not involving any of the Noticee's other clients. In view of the same, I am inclined to take a lenient view with respect to this allegation.

11. <u>Incorrect / incomplete reporting of terminal details to Stock Exchange</u>

11.1 It was observed that the Noticee had reported incorrect/ incomplete Trading Terminals data for below mentioned 4 terminals to Stock Exchange during the inspection period, due to which there was mismatch between the actual terminal data and in information reported to Stock Exchange in respect of these four AP terminals.

S.No.	CTCL Terminal ID
1	360001121071
2	360001121074
3	360001121076
4	360001121081

11.2 Thus, it was alleged that the Noticee has violated the provisions of Clause 9(vi) of NSE Circular No. NSE/COMP/ 56947 dated June 02, 2023 r/w Regulation 9 (b) of Stock Brokers Regulations; Point No. 6 of Annexure A to NSE Circular no. NSE/INSP/42448 dated October 18, 2019 r/w Regulation 9 (b) of Stock Brokers Regulations; Clauses A(2) and A(5) of Schedule II - Code of Conduct r/w Regulation 9(f) of Stock Brokers Regulations.

11.3 As per the provisions of Clause 9(vi) of NSE Circular No. NSE/COMP/56947 dated June 02, 2023 and Point No. 6 of Annexure A to NSE Circular no. NSE/INSP/42448 dated October 18, 2019, the trading members are inter-alia advised to ensure that all AP terminals are as per the information reported to the Stock Exchange.

11.4 In this regard, the Noticee has submitted the following:

11.4.1 The terminals were allocated to the following persons:

S.No.	CTCL Terminal ID	Date	Dealer Name
1	360001121071	27/03/2024	Manishkumar Sureshchandra Bhatt
2	360001121074	27/03/2024	Rijvan Hameedbhai Bloch
3	360001121076	27/03/2024	Rashminbhai Haridasbhai Bakori
4	360001121081	02/04/2024	Rijvan Hameedbhai Bloch

11.4.2 The aforementioned three persons are jobbers and they worked with one of the Noticee's AP, Bhavesh Natvarlal Sheth till 28/03/2024. They shifted to another AP, Soham from 29/03/2024.

11.4.3 Manishkumar Bhatt was allotted the terminal 360001121071 of Sonal Bhatt on 27/03/2024. Rijvan was allotted the terminal 360001121074 of Sachin Taili on 27/03/2024. Rashminbhai was allotted the terminal 360001121076 of Rinkuben Bakori on 27/03/2024. As these terminals were already mapped to the AP, Bhavesh Natvarlal Sheth, the Noticee was of the view that as there is no change in the AP, and only the dealers allotted to the terminals are changed, re-entering the name of the AP is not required. Thereafter, these three jobbers were shifted to Soham with effect from 29/03/2024, and accordingly, Soham's name was correctly updated in the ENIT system.

11.4.4 Initially, when Rijvan joined Soham, he was allotted the terminal 360001121074 on 29/03/2024. Later, Soham's terminal 360001121081 was vacated, and therefore Rijvan was shifted to this terminal, and the same was updated in the ENIT portal. However, while reporting the change to the NSE, the mobile number was inadvertently mentioned with only 9 digits. While correcting the same, as there were no other changes to be made in the ENIT portal and all other fields were auto-populated, the AP's name, i.e. Soham, was not mentioned for Rijvan, while updating the mobile number.

11.4.5 Thus, the observations made during the inspection were only because the name of the AP was appearing blank, which was due to inadvertent errors. However, during the inspection, all the terminals were physically verified, and no adverse observations were reported.

11.5 I note from the CTCL ID reports submitted by the Noticee that while making the updates in the NSE's ENIT portal with respect to the change in the dealer name or the mobile phone number, the Noticee had updated the fields which it had intended to update, but left the fields blank, which were not to be updated, i.e. AP's name. Due to this, the AP's name was appearing blank with respect to the 4 CTCL terminals. Being a stock broker, the Noticee is responsible for ensuring that correct information is reported to the Exchanges. Thus, the Noticee should have been aware regarding updating complete details on the ENIT portal.

11.6 However, from the Terminal ID reports submitted by the Noticee, I note that the Noticee was not intending to miss or hide the details, as the missing fields were reported to the Exchange either previously or in the next couple of working days, on the ENIT portal. For instance, terminal 360001121071 was reallocated from Sonal M Bhatt to Manishkumar Sureshchandra Bhatt on March 27, 2024, and the same was updated on the ENIT portal, but the AP's name was not entered while updating the Dealer name. Later, when the dealer, Manishkumar

Sureshchandra Bhatt, shifted from the previous AP to Soham on March 29, 2024, the AP's name was updated on the same day by the Noticee.

11.7 In view of the above, I find that the deficiencies with respect to submitting terminal details to the Exchange are technical / procedural in nature and have caused no harm to anyone. Therefore, I am inclined to take a lenient view with respect to this allegation.

12. Not maintained adequate supervision of Authorized Persons

12.1 It was observed that the Noticee's periodic inspection failed to detect the following:

12.1.1 Disproportionate trading activity of the AP vis-à-vis its reported net-worth - as was alleged above.

12.1.2 Fund/deposit collection of Rs.103 crores by AP from 48 entities (both clients and non-clients) – The AP collected following funds and deposits during the inspection period:

Particulars	**Opening balance as on 01-Jan-24**	**Loan taken (Jan-Jun'24)**	**Loan repaid (Jan-Jun'24)**	**Closing balance as on 30-06-24 (Basis Balance Sheet)**	**No. of parties from whom loans/ deposits taken**
Loans taken	9.34	97.39	92.38	14.35	26
Deposits taken	5.56	5.53	4.68	6.41	22
Total	**14.90**	**102.92**	**97.06**	**20.76**	**48**

12.1.3 The AP at the time of inspection failed to provide any documentary proof such as loan agreement, etc. related to these fund/deposit collections at the time of inspection and submitted a declaration that they are not having any agreement or formal writing arrangement with the parties from whom funds/deposits were obtained as all the parties are relatives/family friends of the AP. However, the Noticee, in its reply, provided the loan agreements of the AP with the following 7 entities:

- Alfa Fiscal Private Ltd.,
- Mr. Bhavesh Natvarlal Sheth and Mr. Pravin Balachandran who are other APs of the SB viz. ANS Pvt. Ltd.
- Arham Dreams Homes Pvt. Ltd.; Zarana Vishal Shah; Pinkesh Jayasukhlal Bavishi; Nirav Sunil Shah who are clients/employee of the Noticee

12.1.4 However, all the loan agreements except with Alfa Fiscal Private Limited were not executed on stamp papers, which suggests that the AP had obtained funds from the entities and the AP is subsequently submitting the unregistered loan agreements as an afterthought to hide the aforesaid fund raising activities.

12.1.5 Further, the Noticee, in its reply informed that at the time of collection of funds/deposit, AP had no relationship with the entities. However, the date of collection of fund/deposit from the entities and the beginning of the client relationship with the said entities differs only by a period of 12 to 39 days. Further, based on the general ledgers for the said clients submitted by the AP, the funds collected were not been returned by the AP before commencement of the relationship with 3 entities as a Client. Hence, it is observed that the AP had ongoing fund based relationship with the clients.

12.1.6 Funds of Rs. 47 lakhs were received by the AP from Arham Dreams Homes Pvt. Ltd., Zarana Vishal Shah and Pinkesh Jayasukhlal Bavishi, who were clients of the Noticee.

12.2 Thus, it was alleged that the Noticee failed to detect the aforestated activities of the AP and also failed to supervise and monitor the AP's activities, thereby violating the provisions of Clauses 5(c), 7(e), 7(f) r/w Clauses 5(a), 5(b), 7(a) of Annexure 1 of SEBI Circular no. MIRSD/DR-1/Cir-16/09 dated November 06, 2009, and Clauses 32.5.1(c), 32.7.5 and 32.7.6 r/w 32.5.1(a), 32.5.1(b) and 32.7.1 of SEBI Master Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/ 2024/53 dated May 22, 2024 r/w Regulation 30 of Stock Brokers Regulations;

Clause nos.1 & 2 of Exchange Circular No. NSE/COMP/48536 dated June 09, 2021 and Clause nos.3, 11, 14 of Annexure A to Exchange Circular No. NSE/INSP/42448 dated October 18,2019 r/w Regulation 9(b) of Stock Brokers Regulations, 1992; and Clause A(2) and A(5) of Schedule II - Code of Conduct r/w Regulation 9(f) of Stock Brokers Regulations.

12.3 As per the aforesaid provisions, a stock broker shall be responsible for all acts of commission and omission of its APs, and all their acts shall be deemed to be the acts of stock brokers. Further, the APs shall not receive or pay any securities or funds in their own name or account. Also, stock brokers shall conduct periodic inspection of APs and operations carried out by them.

12.4 In this regard, the Noticee has submitted the following:

12.4.1 Clubbing of amount of Rs. 103 crores from 48 entities is not tenable, as at any point of time during the IP, the value of loans / deposits was below Rs. 30 crores. The month-wise figures of Soham are provided below:

Sr. No.	Date	Unsecured Loan/ Loan & Advances (In Crores)	Deposits (In Crores)	Total (In Crores)
1	31.12.2023	13.03	3.09	16.12
2	31.01.2024	12.60	2.99	15.59
3	29.02.2024	22.35	2.59	24.94
4	31.03.2024	28.20	0.89	29.10
5	30.04.2024	22.05	1.28	23.33
6	31.05.2024	18.88	1.52	20.40
7	30.06.2024	14.35	1.87	16.22

12.4.2 It was alleged that initially, the declaration was given by Soham that there was no written agreement of loans/ deposit, which was subsequently submitted by the Noticee to SEBI. One of the partners of Soham who resides in Rajkot had given the declaration. Later, the partner residing at Mumbai, who was aware about the loan agreement copies, submitted the same, with no malafide intent.

12.4.3 Soham had clarified that the loans were taken from family and friends, and the interest was pre-decided and TDS was also deducted on the interest.

12.4.4 It has also been alleged that the AP had ongoing fund based relationship with Arham Dreams Homes Pvt. Ltd., Zarana Vishal Shah and Pinkesh Jayasukhlal Bavishi, and the loans have not been repaid even after the three entities became clients of the Noticee. However, the loans have already been repaid, along with interest, after deducting TDS, even before the issuance of the SCN.

12.4.5 In fact, Zarana Vishal Shah and Pinkesh Jaysukhlal Bavishi were never clients introduced by Soham, as they were clients of the Noticee since 2005 and December 2022 respectively. Arham Dreams Homes Pvt. Ltd. was not a client of the Noticee when the loan was taken by Soham. It became client of the Noticee afterwards.

12.5 I note that the AP had taken loans and deposits from 48 persons and entities. The Noticee has submitted copies of loan agreements executed between the AP and some of these entities. All the loan agreements have not been executed on a stamp paper, and the authenticity of the same is not verifiable at this stage. However, from the loan details and the ledger copies provided by the Noticee, I note that interest was paid to these entities and TDS was also deducted and deposited by the AP.

12.6 It was observed that the AP had earlier submitted that no agreements were signed and later provided copy of some of the agreements in response to the inspection findings. The Noticee has submitted that the AP's partner in Rajkot was not aware regarding the loan agreements, and subsequently, the partner in Mumbai, who was aware, provided the loan agreements. While it cannot be ascertained whether the loan agreements were existing earlier, or an afterthought, benefit of doubt may be given to the Noticee.

12.7 I note the following in respect of the observation that Rs. 47 lakhs were received by the AP from Arham Dreams Homes Pvt. Ltd., Zarana Vishal Shah and Pinkesh Jayasukhlal Bavishi, who were clients of the Noticee:

12.7.1 Arham Dreams Homes Pvt Limited was not client of the Noticee when the loan was taken from the entity by the AP.

12.7.2 Zarana Vishal Shah was a client of the Noticee since 2005, and was not introduced by the AP.

12.7.3 Pinkesh Bavishi was a client of the Noticee through another AP of the Noticee, and not Soham.

12.7.4 Loans were repaid to these entities, along with interest, after deducting and depositing the TDS on the interest paid.

12.8 In view of the above and in the absence of evidence substantiating fund raising activities between the AP and the clients and the purpose of the same, I find that the loans and deposits taken cannot be considered as fund based activities or collecting deposits from investors or any such schemes.

12.9 As also noted in the previous paragraphs, the AP's partners were immediate relatives of the directors of the Noticee. In light of this fact and the above findings, it cannot be concluded that the Noticee was not maintaining adequate supervision over the AP. Therefore, the allegation of violation of provisions of Clauses 5(c), 7(e), 7(f) r/w Clauses 5(a), 5(b), 7(a) of Annexure 1 of SEBI Circular no. MIRSD/DR-1/Cir-16/09 dated November 06, 2009, and Clauses 32.5.1(c), 32.7.5 and 32.7.6 r/w 32.5.1(a), 32.5.1(b) and 32.7.1 of SEBI Master Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/53 dated May 22, 2024 r/w Regulation 30 of Stock Brokers Regulations; Clause nos.1 & 2 of Exchange Circular No. NSE/COMP/48536 dated June 09, 2021 and Clause nos.3, 11, 14 of Annexure A to Exchange Circular No. NSE/INSP/42448 dated October 18,2019 r/w Regulation 9(b) of Stock Brokers Regulations, 1992; and Clause A(2) and A(5) of Schedule II - Code of Conduct r/w Regulation 9(f) of Stock Brokers Regulations, against the Noticee, does not stand established.

13. In light of the above, Issues II and III do not require any consideration.

14. Accordingly, the SCN dated July 16, 2025 qua the Noticee is disposed of without imposition of penalty.

15. In terms of Rule 6 of the SEBI Adjudication Rules, copy of this order is sent to the Noticee and also to SEBI.

AMIT KAPOOR Digitally signed by AMIT KAPOOR Date: 2025.12.09 17:40:16 +05'30'

DATE: DECEMBER 09, 2025 **AMIT KAPOOR**

PLACE: MUMBAI **ADJUDICATING OFFICER**