**BEFORE THE ADJUDICATING OFFICER**

**SECURITIES AND EXCHANGE BOARD OF INDIA**

**[ADJUDICATION ORDER NO. Order/AK/DS/2025-26/31800]**

**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;**

**Prithvi Finmart Private Limited**
**PAN: AAECP8502D**
**SEBI Regn No.: INZ000211637**

---

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") had conducted thematic inspection of Prithvi Finmart Private Limited (hereinafter referred to as "**the Noticee**"), a SEBI-registered Stock Broker having registration number INZ000211637, on July 30, 2024 and August 21, 2024 at the office of Noticee's Authorized Person (AP) – Rajesh Shantilal Vakharia (hereinafter referred to as "**the AP**") to look into compliance by the Noticee with respect to monitoring of use of trading terminals by the APs. The inspection was conducted for the period beginning January 01, 2024 to June 30, 2024 (hereinafter referred to as "**Inspection period**").

2. Based on the findings of the inspection communicated to the Noticee, vide letter dated December 14, 2024 and the Noticee's reply dated December 30, 2024, certain violations of SEBI (Stock Brokers) Regulations, 1992 (hereinafter referred to as "**Stock Brokers Regulations**"), and applicable SEBI and 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 April 07, 2025 and appointed

the undersigned as Adjudicating Officer (AO), vide Order dated April 28, 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.

**<u>SHOW CAUSE NOTICE, REPLY OF THE NOTICEE AND HEARING</u>**

4. Show Cause Notice No. SEBI/EAD/EAD-06/AK/DS/13501/1/2025 dated May 20, 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 May 26, 2025, the Noticee requested for provision and inspection of certain documents. The Noticee was provided inspection of documents on June 04, 2025. The Noticee submitted its reply, vide letter dated June 09, 2025.

6. In the interest of natural justice, vide notice dated June 30, 2025, the Noticee was granted personal hearing on July 11, 2025. On the scheduled date, the Noticee appeared through its Authorized Representative ("**AR**") for the hearing. The AR reiterated the submissions already made vide letter dated June 09, 2025.

**<u>CONSIDERATION OF ISSUES AND FINDINGS</u>**

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,-*

*(a) …*

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

*(c) where the stock broker proposes change in control, he shall obtain prior approval of the Board for continuing to act as such after the change;*

*(d) he shall pay fees charged by the Board in the manner provided in these regulations;*

*(e) he shall take adequate steps for redressal of grievances, of the investors within twenty-one calendar days of the date of receipt of the complaint and inform the Board as and when required by the Board;*

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

*(g) he shall at all times maintain the minimum networth as specified in Schedule VI.*

*(h) Every stock broker who act as an underwriter shall enter into a valid agreement with the body corporate on whose behalf it is acting as underwriter and shall abide by the regulations made under the Act in respect of the activities carried on by it as underwriter.*

*(i) Every Stock Broker shall be entitled to act as an underwriter only out of its own net worth/funds as may be prescribed from time to time.*

*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***

*<u>SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/54 dated March 22, 2018 - Circular on Prevention of Unauthorised Trading by Stock Brokers</u>*
*https://www.sebi.gov.in/legal/circulars/mar-2018/circular-on-prevention-of-unauthorised-trading-by-stock-brokers-_38365.html*

*<u>SEBI Circular No. MIRSD/ DR-1/ Cir- 16 /09 dated November 06, 2009 - Market Access Through Authorised Persons</u>*
*<u>Annexure 1 - Regulatory Framework for Market Access through Authorised Persons</u>*
*7. Obligations of Stock Broker*
*a) ...*
*...*
*e) Stock broker shall conduct periodic inspection of branches assigned to authorised persons and records of the operations carried out by them.*

*<u>NSE Circulars</u>*
*<u>NSE Circular No. NSE/memb/3574 dated August 29, 2002 - Guidelines for location of CTCL terminals and usage thereof</u>*
*2. The persons who handle each CTCL terminal of the Trading Member are known as Approved Persons (refer to para (c) of the CTCL agreement). Necessary prior approval of the Exchange is required to be obtained before any CTCL terminal is entrusted to an Approved Person (refer point 1 of the CTCL agreement) failing which it shall be treated as a violation.*

*<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.*

*Annexure A - INDICATIVE SCOPE OF BRANCH /AP INSPECTION BY MEMBERS –*

*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:*

*2. Adequate systems, including voice recording (wherever applicable) are put in place for recording of order placement from clients*

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

*7. Trading terminals situated at the place of inspection are operated by approved and certified users.*

*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.*

*12.The Branch/AP has not dealt with any other trading member/AP on behalf of its clients / self on the same Stock Exchange.*

*19. Proper segregation and demarcation is maintained at AP/Branch office in case terminal of a different Member is operated or any permissible activity other than the broking business is carried out.*

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

*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.*

*3.2. Trading members shall ensure that key KYC parameters of the clients are updated on a periodic basis as prescribed by SEBI and latest information of the client is updated in UCC database of the Exchange*

*NSE Circular No. NSE/ISC/48165 dated May 03, 2021 - Mandatory fields in Unique Client Code (UCC) information provided to Exchange*
*https://nsearchives.nseindia.com/content/circulars/ISC48165.pdf*

*NSE Circular No. NSE/MSD/56778 dated May 22, 2023 - Operation of Trading Terminals*
*https://nsearchives.nseindia.com/content/circulars/MSD56778.pdf*

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. Trading activity of the AP in client capacity is disproportionate to reported income or net worth

10.1. It was observed that the income range of the AP as per UCC was ranging from Rs. 5 lakhs to Rs. 10 lakhs as on August 10, 2024. However, average daily margin of the AP for the inspection period was observed to be Rs. 4.12 crores along with the highest margin for a day being Rs. 14.77 cr. (25-Jun-2024).

10.2. Thereafter, the Noticee updated the income range of the AP to more than Rs. 25 lakhs on August 26, 2024 i.e. only after query was raised by the inspection team. Therefore, it was observed that the Noticee failed to update the income details in UCC database of the exchange in due time. Thus, it was alleged that the Noticee has violated the provisions of NSE Circular no. NSE/ISC/48165 dated May 03, 2021, Clause 3.1 & 3.2 of Exchange circular NSE/SURV/48818 dated July 01, 2021 r/w the provisions of Clause A(2) and A(5) of Code of Conduct for Stock Brokers mentioned under Schedule II r/w Regulation 9 of Stock Brokers Regulations.

10.3. As per the aforesaid provisions, trading members are required to carry out due diligence of their clients on on-going basis and KYC parameters of the clients are updated on periodic basis in the UCC database of the Exchange; and stock brokers shall act with due skill, care and diligence in the conduct of all their business and shall abide by all the applicable provisions of the Government, SEBI and the Exchanges.

10.4. In this regard, the Noticee submitted that the AP had net worth of Rs. 2.11 crore as on March 31, 2024 and Rs. 8.90 crore as on July 31, 2024. Noticee has also provided Net Worth Certificates in support of its submissions. Due to inadvertent clerical oversight, incorrect income range was selected at the time of UCC submission. The error was unintentional and did not reflect any attempt to misrepresent the financial status of the AP. Upon identification of the discrepancy during the course of inspection, the UCC record was promptly rectified on August 25, 2024. Thus, there was no lapse in supervision, no failure to monitor trading activity, and no attempt to obscure or misstate the financial position of the AP.

10.5. I note that the Noticee had not maintained updated records with respect to the income range of its AP, who was also a client of the Noticee. Being a stock broker, the Noticee was required to ensure that key KYC parameters of the clients are updated on a periodic basis as prescribed by SEBI and latest information of the client is updated in UCC database of the Exchange. Thus, the Noticee has not abided by the aforesaid NSE Circulars.

10.6. Therefore, I find that the allegation of violation of provisions of NSE Circular no. NSE/ISC/48165 dated May 03, 2021, Clause 3.1 & 3.2 of Exchange circular NSE/SURV/48818 dated July 01, 2021 r/w the provisions of Clause A(2) and A(5) of Code of Conduct for Stock Brokers mentioned under Schedule II r/w Regulation 9 of Stock Brokers Regulations, against the Noticee, stands established.

11. Terminal not present at the reported location

11.1. It was observed that the location of one CTCL terminal as per Exchange records was 104- Devi Krupa Building Daftary Road, S K Patil Lane, Malad (East), however, the same was found to be actually located at the inspection site "Shop No.903, Ghanshyam Enclave Kandivali (West), MUMBAI, 400067". Thus, the Noticee failed to provide the updated information with respect to the location of terminal to the Exchange. Thus, it was alleged that the Noticee has violated the provisions of Point no 6 of Exchange circular NSE/INSP/42448 dated October 18,2019, r/w provisions of Clause A(2) and A(5) of Code of Conduct for Stock Brokers mentioned under Schedule II r/w Regulation 9 of Stock Brokers Regulations.

11.2. As per the provisions of Point no 6 of Exchange circular NSE/INSP/42448 dated October 18,2019, while undertaking the inspection of AP offices, a broker shall examine that the trading terminals at the inspection location is as per the information reported to the Exchange.

11.3. In this regard, the Noticee has submitted that the CTCL terminal in question was allotted in the name of another AP affiliated with the Noticee, *viz,* Fortune Money Control Pvt. Ltd. The inspection by SEBI, however, was carried out at the premises of a different AP, Mr. Rajesh Vakharia. On the date of inspection, due to an unforeseen and exceptional technical snag encountered by Fortune, a request was made to Mr. Vakharia to facilitate certain limited trading activity on their behalf from his premises. Both the APs are known to each other and share ongoing business relationship. Further, the volume of trades executed through the said terminal on the relevant date was negligible. There was no intention to misuse or circumvent regulatory norms, and the temporary use of the terminal was purely incidental and operational in nature, without any *mala fide* intent

11.4. I note that the CTCL terminal was found at a location other than the location as provided by the Noticee to the Exchange. I also note that the CTCL terminal was not allocated to the AP, Mr. Rajesh Vakharia, at whose location the CTCL terminal was found during the SEBI inspection. I further note that the Noticee's submissions with respect to exceptional situation due to which Fortune's CTCL terminal was found at Rajesh Vakharia's location on the date of inspection, appears to be an afterthought, as no cogent reasons have been provided for shifting the terminal, and the submissions that negligible trading was carried out using the terminal also contradict the need to shift the CTCL terminal. Also, the submissions that the two APs were known to each other and have ongoing business relationship is irrelevant, as no exceptions are provided in the Stock Brokers Regulations or NSE Circulars in this respect. Therefore, the submissions cannot be accepted.

11.5. As the CTCL terminal was not found at the location mentioned in the Exchange records, I find that the Noticee has violated the provisions of Point no 6 of Exchange circular NSE/INSP/42448 dated October 18,2019, r/w provisions of Clause A(2) and A(5) of Code of Conduct for Stock Brokers mentioned under Schedule II r/w Regulation 9 of Stock Brokers Regulations.

12. <u>Operation of terminals by other than the approved users</u>

12.1. It was observed that five CTCL terminals were used by persons other than the approved persons/users. The details are provided in the table below:

| Sr No | Login ID | Segment | CTCL_ID | User As Per Exchange Records | CTCL User as on visit date |
|---|---|---|---|---|---|
| 1 | 61406 | CM | 400067614006 | Mr. Rajesh Shantilal Vakharia | Bharat Zala |
| 2 | 61406 | FO | 400067614006 | Mr. Rajesh Shantilal Vakharia | Bharat Zala |
| 3 | 61422 | FO | 400067614022 | Jasmin Shantilal Vakharia | Nayan Pravin Soni |
| 4 | 61422 | CM | 400067614022 | Jasmin Shantilal Vakharia | Nayan Pravin Soni |
| 5 | 61405 | FO | 400067614005 | Hitasvi Rajesh Vakharia | Rajesh Vakharia |
| 6 | 61405 | CM | 400067614005 | Hitasvi Rajesh Vakharia | Rajesh Vakharia |
| 7 | 47132 | FO | 400097471032 | Palak Amit Shah | Sameer Gupte |
| 8 | 67104 | CM | 400092671004 | Mr. Sharad Chimanlal Morbia | Rakesh Shah |
| 9 | 67104 | FO | 400092671004 | Mr. Sharad Chimanlal Morbia | Rakesh Shah |

12.2. In view of the above, it was alleged that the Noticee has violated the provisions of NSE Circular no. NSE/MSD/56778 dated May 22, 2023, Point no. 07 of Clause 3 of Annexure A in the Exchange circular NSE/INSP/42448 dated October 18, 2019, Clause 2 of Exchange's circular no. NSE/MEMB/ 3574 dated August 29, 2002, r/w the provisions of Clause A(2) and A(5) of Code of Conduct for Stock Brokers mentioned under Schedule II r/w Regulation 9 of Stock Brokers Regulations.

12.3. As per the aforesaid provisions, the brokers, while undertaking the inspection of APs, shall ensure that the trading terminals situated at the place of inspection shall be operated by approved and certified users and as per Clause 2 of Exchange’s circular no. NSE/MEMB/3574 dated August 29, 2002, prior approval of the Exchange is required before entrusting CTCL terminal to the user.

12.4. In this regard, the Noticee has submitted that the individuals who operated the five (5) CTCL terminals in question were, in fact, either employees of the concerned AP or close family members directly associated with him. At no point were the terminals accessed by any third parties unrelated to the AP’s operations. Specifically, Mr. Jasmin Vakharia is the brother of the said AP and Ms. Hitasvi Vakharia is the daughter of the said AP. With respect to the remaining terminals, the users included Mr. Nayan Soni, who is an employee of the AP, and Mr. Rajesh Vakharia, the AP himself. All such individuals were engaged in the AP’s business under his direct supervision and were not unauthorized persons in the conventional sense.

12.5. I note that 5 CTCL terminals were allocated to the AP and the approved users of the terminals as per Exchange Records were different from the users of these terminals on the date of inspection at the AP’s site. The Noticee has submitted that approved users for those terminals are AP and his family members and the users on the date of inspection are the AP himself and his employees.

12.6. One of the five CTCL terminals was allocated to the AP’s daughter, and was being operated by the AP himself. I am inclined to take a lenient view in respect of this terminal. However, the Noticee has not provided any documentary evidence in support of the submissions that one of the users, Mr. Nayan Pravin Soni is an employee of the AP. Further, no specific submissions have been made in respect of the users of three CTCL terminals, namely Mr. Bharat Zala, Mr.

Sameer Gupte and Mr. Rakesh Shah. Therefore, the submissions of the Noticee cannot be accepted.

12.7. Thus, the Noticee has not ensured that the CTCL terminals allocated to the AP were being used by the approved users.

12.8. In view of the above, I find that the allegation of violation of provisions of NSE Circular no. NSE/MSD/56778 dated May 22, 2023, Point no. 07 of Clause 3 of Annexure A in the Exchange circular NSE/INSP/42448 dated October 18, 2019, Clause 2 of Exchange's circular no. NSE/MEMB/ 3574 dated August 29, 2002, r/w the provisions of Clause A(2) and A(5) of Code of Conduct for Stock Brokers mentioned under Schedule II r/w Regulation 9 of Stock Brokers Regulations, against the Noticee, stands established.

13. <u>Dealings of AP with other Stock Broker/AP in his client capacity</u>

13.1. It was observed that the AP was active client with two other Stock Brokers, viz. Pune E-Stock Broking Limited; and Rudra Shares & Stockbrokers Limited. Further, it was also observed that trades of the AP - Rajesh Shantilal Vakharia were being placed from the terminal mapped to another AP of Prithvi Finmart Private Limited i.e. Mrs. Manisha Shah (AP).

13.2. Thus, it was alleged that the Noticee has violated the provisions of Point no 12 of Exchange circular NSE/INSP/42448 dated October 18,2019, Provisions of Clause A(2) and A(5) of Code of Conduct for Stock Brokers mentioned under Schedule II r/w Regulation 9 of Stock Brokers Regulations.

13.3. As per the aforesaid provisions, the stock broker, while undertaking inspection of the APs, shall ensure that the AP has not dealt with any other trading member / AP on the same stock exchange.

13.4. In this regard, the Noticee has submitted that Mr. Rajesh Vakharia was only a client and not an AP with the other two stock brokers. Also, there exists no express restriction on an individual maintaining a client relationship with another broker. Nevertheless, in view of the observation raised and to ensure full alignment with regulatory expectations, Mr. Vakharia has closed his client accounts with the aforesaid brokers. Also, Mrs. Manisha Shah and Mr. Vakharia are APs of the Noticee and there is no regulatory restriction under Exchange Circular NSE/INSP/42448 dated October 18, 2019, which prohibits an AP of a broker from transacting through or in coordination with another AP of the same broker. All relevant activities were conducted in good faith and within the permissible operational framework

13.5. I note that the Noticee's AP, Mr. Rajesh Vakharia, is an individual, who was also registered as a client with two other stock brokers. Also, the trades of the AP, Mr. Rajesh Vakharia were being placed through the terminal of another AP of the Noticee, Mrs. Manisha Shah. While there are no restrictions on individuals to open trading accounts with multiple brokers, Clause 12 of the Exchange Circular NSE/INSP/42448 dated October 18, 2019 specifically prohibits an AP to deal with any other trading member or AP on behalf of the clients or himself on the same Stock Exchange. Noticee's submissions that he was trading with other stock brokers and APs in his individual capacity and not in AP's capacity, are not tenable, as the AP is an individual. Thus, Mr. Rajesh Vakharia, the AP, was prohibited from trading through other stock brokers and other APs on the same Exchange.

13.6. Thus, the Noticee has not ensured that its AP doesn't deal with other stock brokers and APs.

13.7. In view of the above, I find that the Noticee has violated the provisions of Point no 12 of Exchange circular NSE/INSP/42448 dated October 18,2019, and Clause A(2) and A(5) of Code of Conduct for Stock Brokers mentioned under Schedule II r/w Regulation 9 of Stock Brokers Regulations.

14. <u>No Proper segregation and demarcation at AP/Branch office</u>

14.1. The inspection team visited the AP's office premises at 6th Floor Office No 609, Aura Biplex, Borivali (W), where it was found that office of multiple APs (across

Stock Brokers) was present, viz. AP of Prithvi Finmart Private Limited i.e. Mrs. Manisha Shah and AP of J L Shah Securities Private Limited (JLSSPL) i.e. Mr. Rakesh Shah.

14.2. The terminal mapped to AP, Mrs. Manisha Shah (SB- PFPL) was operated in the premises of AP of JLSSPL. The system on which terminal was operated was kept on the same desk where other terminals of JLSSPL were present. Thus, it was observed that there was no proper segregation or demarcation between the two offices of PFPL (the Noticee) and JLSSPL.

14.3. Thus, it was alleged that the Noticee has violated the provisions of Point no 19 of clause 3 of Annexure A in the Exchange circular NSE/INSP/42448 dated October 18, 2019, Provisions of Clause A(2) and A(5) of Code of Conduct for Stock Brokers mentioned under Schedule II r/w Regulation 9 of Stock Brokers Regulations.

14.4. As per the aforesaid provisions, a stock broker, while undertaking inspection of its AP, shall ensure that proper segregation and demarcation is maintained at AP's office in case terminal of a different Member is operated or any permissible activity other than the broking business is carried out.

14.5. In this regard, the Noticee has submitted that the premises are jointly owned by Mr. Rakesh Shah and Mrs. Manisha Shah - husband and wife. The premises is divided into two separate office spaces, one office on each of the two floors. Each office has separate display boards, clearly marked "Do's and Don'ts," client registers, statutory certificates, dedicated staff, and distinct entry and exit points. These arrangements ensure clear segregation of business operations and compliance with Exchange norms. On the date of inspection, there was a temporary internet connectivity issue in Mrs. Shah's premises, and accordingly, a single staff member accessed the neighboring space —also under family ownership — for the limited purpose of diagnosing and resolving the technical and venial issue.

14.6. I note that the Noticee has confirmed the observation made during the inspection, while submitting that there was a temporary internet connectivity issue. In the absence of any supporting document, the Noticee's submissions cannot be accepted.

14.7. In view of the above, the allegation of violation of provisions of Point no 19 of clause 3 of Annexure A in the Exchange circular NSE/INSP/42448 dated October 18, 2019, and Clause A(2) and A(5) of Code of Conduct for Stock Brokers mentioned under Schedule II r/w Regulation 9 of Stock Brokers Regulations, against the Noticee, stands established.

15. <u>Proof of order placement not maintained</u>

15.1. It was observed that the Noticee did not maintain the pre order confirmations for various trades.

15.2. Thus, it was alleged that the Noticee has violated the provisions of Clause III of SEBI/HO/MIRSD/DOP1/CIR/P/2018/54 dated March 22, 2018 r/w provisions of Clause A(2) and A(5) of Code of Conduct for Stock Brokers mentioned under Schedule II r/w Regulation 9 of Stock Brokers Regulations.

15.3. As per the aforesaid provisions, all brokers shall execute trades of clients only after keeping evidence of the client placing such order, in the form prescribed therein.

15.4. In this regard, the Noticee has submitted that it has obtained clarification from Mr. Rajesh Vakharia, who has confirmed that he had authorized Mr. Rakesh Shah, who is the husband of Mrs. Manisha Rakesh Shah (an Authorized Person of the Noticee), to execute trades in his account based on technical chart analysis and his investment strategy

15.5. I note that almost all the trades in the cash and F&O segment pertain to the client, Mr. Rajesh Vakharia, who has also confirmed his knowledge and consent for the trades. However, no records of the pre-order confirmation of the trades were maintained by the Noticee for the aforesaid trades.

15.6. In view of the above, I find that the allegation of violation of provisions of Clause III of SEBI/HO/MIRSD/DOP1/CIR/P/2018/54 dated March 22, 2018 r/w Clause A(2) and A(5) of Code of Conduct for Stock Brokers mentioned under Schedule II r/w Regulation 9 of Stock Brokers Regulations, against the Noticee, stands established.

16. Noticee's supervision over the AP

16.1. In view of the alleged violations as provided above, and also observed from the Inspection report of AP- Rajesh Shantilal Vakharia, which was carried out by the Noticee on April 08, 2024, it was observed that the Noticee failed to identify the above-mentioned violations in its report. Thus, it was alleged that the Noticee failed in identification of deficiencies and failed to effectively supervise the AP, thereby violating the provisions of Clause 7 (e) of Annexure 1 of SEBI Circular no. MIRSD/DR-1/Cir-16/09 dated November 06, 2009, Points 2, 6, 7, 11 and 12 of Clause (iii) Annexure A of NSE/INSP/42448 dated October 18,2019, Clause 2.1.4 of NSE Circular NSE/SURV/48818 dated July 01, 2021, r/w provisions of Clause A(2) and A(5) of Code of Conduct for Stock Brokers mentioned under Schedule II r/w Regulation 9 of Stock Brokers Regulations.

16.2. As per the provisions of Clause 7 (e) of Annexure 1 of SEBI Circular no. MIRSD/DR-1/Cir-16/09 dated November 06, 2009, stock broker shall conduct periodic inspection of APs and operations carried out by them.

16.3. In this regard, the Noticee has submitted that it had conducted timely inspection / audit of all AP (including the said AP) and there was nothing amiss so as to escalate the observations; the allegation in the SCN pertain to a single / solitary AP out of almost 100 APs and the same ought not be generalized to extent of Noticee not have control / supervision of its business activity; and there was no movement of funds or securities between the client and the AP that would relate to the "settlement of trades on the exchange".

16.4. I note that the Noticee has carried out inspection of its AP, but it has not made the observations as have been made during the inspection conducted by SEBI. The Noticee, being a stock broker, should carry out inspection of its APs thoroughly. However, no pervasive / systematic irregularities, or any observations affecting the clients of the Noticee, were observed during the inspection of the AP. Therefore, I am inclined to take a lenient view with respect to this allegation.

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

17. I note that since the violations are established, the Noticee is liable for monetary penalty u/s 15HB of SEBI Act, the text of which is reproduced hereunder:

***SEBI Act***

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

18. While determining the quantum of penalty u/s 15HB of the SEBI Act, it is important to consider the factors stipulated in Section 15J of the SEBI Act, which read as under:

***SEBI Act***

*15J While adjudging quantum of penalty under section 15-I, 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.*

19. In the present matter, I note that no quantifiable figures are available to assess the disproportionate gain or unfair advantage made as a result of the violations committed by the Noticee. Further, from the material available on record, it is not possible to ascertain the exact monetary loss to the clients on account of violations of the Noticee. The Noticee has not been penalized earlier by SEBI and the violations are not repetitive in nature. However, the fact that as a SEBI registered intermediary, Noticee is under statutory obligation to comply with the applicable circulars, rules and regulations, cannot be ignored. The very purpose of the said regulations is to deter wrong doing and promote ethical conduct in the securities market. Therefore, suitable penalty must be imposed for non-compliance in order to ensure that the Noticee is more careful in conducting its operations.

**ORDER**

20. Having considered all the facts and circumstances of the case, the material available on record, the submissions made by the Noticee and also the factors mentioned in Section 15J of the SEBI Act, in light of judgment of the Hon'ble Supreme Court in SEBI vs. Bhavesh Pabari (2019) 5 SCC 90, in exercise of power conferred u/s 15-I of the SEBI Act r/w Rule 5 of the SEBI Adjudication Rules, I impose the following penalty upon the Noticee for the violations committed by them:

| Name of Noticee | Penalty u/s | Penalty Amount |
|---|---|---|
| M/s Prithvi Finmart Private Limited<br>PAN: AAECP8502D | 15HB of SEBI Act | Rs. 3,00,000/- (Rupees Three Lakhs only) |

I find the above penalty to be commensurate with the violations committed by the Noticee.

21. The Noticee 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.**

In case of any difficulties in payment of penalties, the Noticee may contact the support at portalhelp@sebi.gov.in

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 u/s 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. 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: 2025.11.24 16:19:35 +05'30'

**DATE: NOVEMBER 24, 2025** **AMIT KAPOOR**

**PLACE: MUMBAI** **ADJUDICATING OFFICER**