

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER SECTION 12(3) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 (SEBI ACT) READ WITH CHAPTER V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (INTERMEDIARIES) REGULATIONS, 2008

In respect of Shri Venkatesh Stock Broker Services India Private Limited

SEBI Registration No.: INZ000231135 PAN: AAPCS0953C

1. Shri Venkatesh Stock Broker Services India Private Limited ('Noticee') is a member of the Bombay Stock Exchange Limited ('BSE') and is registered with Securities and Exchange Board of India ('SEBI') as a stock broker bearing registration no. INZ000231135.
2. Pursuant to a joint inspection by SEBI and BSE for the period April 01, 2022 to July 31, 2023, SEBI initiated two proceedings against the Noticee. One, the Adjudication Proceedings under section 15I of the Securities and Exchange Board of India Act, 1992 ('SEBI Act') and the other, the proceedings under section 12(3) of the SEBI Act read with SEBI (Intermediaries) Regulations, 2008 ('Intermediaries Regulations'). Same officer was appointed by SEBI for adjudication under section 15I and for conducting proceedings in accordance with Intermediaries Regulations. The officer so appointed by SEBI passed an Order dated January 28, 2025 levying a total penalty of Rupees Five (5) Lakhs on the Noticee and on the same date submitted a Report ("the Report") making recommendations to SEBI in accordance with the provisions of the Intermediaries Regulations giving *prima facie* observations on same allegations.
3. The instant proceedings have commenced pursuant to the above Report and consequent Show Cause Notice ("SCN") dated February 21, 2025 as required under the Intermediaries Regulations. The allegations as per the Report against the Noticee are regarding: -
 - (a) Misuse of clients' funds;
 - (b) Segregation of bank accounts;
 - (c) Monthly/ Quarterly settlement of funds and securities;
 - (d) Analysis of enhanced supervision data;

(e) Net worth verification;

4. Vide letter dated March 11, 2025, the Noticee submitted its preliminary submissions, requested for inspection of documents such as the copy of full and complete inspection report, report of post inspection analysis, etc. which was denied after due consideration and it was communicated to the Noticee vide SEBI letter dated April 03, 2025 with reasons that:- *‘all the relevant and relied upon documents including the inspection report and the report of the Designated Authority has already been furnished upon you as being annexures to the SCN’s dated April 25, 2024 and February 21, 2025’*.
5. Thereafter, the Noticee filed its reply dated April 07, 2025 to the SCN and also availed the opportunity of personal hearing on April 22, 2025 when its Authorised Representatives (ARs) Keyur Prakash Shah, Advocate and Meit Vipul Shah, Advocate appeared on its behalf and made submissions based on its written reply. The Noticee filed additional written submissions vide its letter dated April 25, 2025. The Noticee has *inter alia* submitted that:
 - (a) That in respect of the alleged deficiencies as mentioned in the SCN, corrective and remedial steps have already been taken by it.
 - (b) That for similar violations as alleged in the present SCN, Adjudication Proceedings were initiated against the Noticee and vide Order dated January 28, 2025 bearing reference no. Order/AN/AK/2024-25/ 31138, SEBI had imposed a penalty of Rs. 5 Lakhs vide the said Order which has been duly paid by the Noticee and the same be considered as a mitigating factor in the present proceedings.
 - (c) With respect to the allegations on misuse of client funds, the Noticee has submitted that:
 - i. It does not have any proprietary trading account and does not carry out proprietary trading so no funds can be misutilized by the Noticee for its own benefit.
 - ii. That there are no complaints against the Noticee with respect to misutilisation of funds or securities and that corrective action by introducing/ depositing the funds has been taken. Since May 2023 till the date of submission there has not been any instance of “G” value being negative.
 - iii. That BSE vide letter dated May 30, 2023 has already levied a penalty of Rs. 1,00,000/- for value of G being negative in 5 instances which has

already been paid by the Noticee and the same be considered as a mitigating factor in the present proceedings.

(d) With respect to the allegation of non-segregation of bank accounts, the Noticee has submitted as follows:

- i. They maintain manual summary or legitimate reasons for bank transfers between client account and as the Noticee does not have proprietary trading account, there have been no instances of using creditors money for their own trading.
- ii. BSE vide letter dated May 30, 2023 has already levied a penalty of Rs. 75,000/- which has been paid by the Noticee.
- iii. That as per SEBI letter dated February 14, 2022, the interpretation of Rule 8(3)(f) of Securities Contracts (Regulation) Rules, 1957 (SCRR) is that the stock brokers are not deemed to be engaged in business other than securities market as far as they do not incur any personal financial liability.
- iv. That the loans given by the Company did not affect the Noticee's net worth, were made out of surplus funds/ reserves available with the Noticee, did not affect client's dealings and was not given out of client's funds, did not possess any business risk and have been duly repaid.
- v. That SEBI vide its Order dated October 31, 2017 passed in the matter of **Geojit BNP Paribas Financial Service Ltd.** has observed that there is no restriction on inter-corporate loans given by a SEBI registered intermediary and any inter-corporate loan given by a stock broker out of the surplus funds, which exceed the minimum net worth requirement applicable to stock broker as well as the working capital requirement for its business, as a temporary financial accommodation would not pose the risk to the business of the stock broker and affect the clients dealing with them.
- vi. That Hon'ble SAT in the matter of **Magnum Equity Broking Ltd. V. NSE** has held that investment of surplus funds generated as a consequence of securities business with an NBFC registered with RBI cannot lead to an inference of engagement as a principal in business other than that of securities involving personal financial liability.
- vii. That NSE Circular dated January 07, 2022 pertaining to clarification to the Rule 8(1)(f) and Rule 8(3)(f) is challenged before the Hon'ble Bombay High Court and the outcome of the same will have direct

bearing on the subject matter of the present proceedings and that Hon'ble SAT in the matter of Arihant Capital Markets Ltd. V. National Stock Exchange of India Ltd. adjourned the matter sine die in view of the circular being under challenge before the Hon'ble Bombay High Court.

(e) With respect to the allegation about non-settlement of monthly/ quarterly settlement of funds and securities, the Noticee has submitted that there is no observation in the Enquiry report about non-settlement of active client accounts and with respect to the 10 inactive clients having unsettled amount of Rs. 54.70 Lakh the following is submitted:

- i. That for one account the client itself requested not to transfer the amount as he intended to make fresh trading which he did within 3 working days from the end of 30 days. Accordingly, the account was not settled.
- ii. One client had requested not to transfer the fund and was placing regular orders for steel ingot but due to poor or nil volume the trades never got executed and inadvertently the Noticee failed to release the funds and settle the clients account.
- iii. The client account of other 8 clients pertain to 5 clients wherein the amount that was retained is Rs. 15,121/- only and this fund has been withheld for recovering DP Charges. Post passing of such charges were recovered from 3 accounts and remaining clients were settled subsequent to January 06, 2024.
- iv. That the funds of inactive clients were kept in a separate account which was not used for any other purpose and no complaints have been received against the Noticee for non-settlement.

(f) With respect to the allegations on the wrong reporting of data with respect to Enhanced supervision, the Noticee has submitted that the alleged incorrect reporting is merely a technical error and the Noticee has not been the beneficiary of any unfair gain/ advantage. That the incorrect reporting was since the said details were uploaded as per an auto generated statement and the same has been rectified post inspection.

(g) With respect to the allegations on Net worth verification, the Noticee submits that its Net Worth Certificate as on March 31, 2023 was verified and certified by Independent Chartered Accountant and the Noticee relied on their professional competence and judgement. That immediate corrective measures

were taken and the Noticee has also provided revised networth as on September 30, 2023.

(h) That since the Noticee has paid the penalty imposed by both SEBI as well as BSE with respect to the violations in the present proceedings, the same should be treated as mitigating factor. The Noticee has placed reliance on the following orders in this respect:

(i) Order dated April 11, 2023 passed by Hon'ble SAT in the matter of **Asit C Mehta Investment Intermediaries Ltd. V. SEBI** wherein Hon'ble SAT observed that non consideration of penalty imposed by the stock exchanges for the same violation by SEBI Adjudicating Officer (AO) and imposing of penalty by SEBI AO is an act of penalizing the appellant more than once for the same violation.

(ii) SEBI Order dated December 30, 2021 in the matter of **Monarch Networth Capital Ltd.** wherein Whole Time Member (WTM), SEBI observed that the fact that penalty has already been imposed by one authority may be taken as mitigating factor for arriving at the quantum of penalty.

(i) That Hon'ble SAT in a number of Orders has held that the object of carrying the books of accounts of any intermediary is to ensure compliance with the applicable laws and every little irregularity/ deficiency does not warrant imposition of penalty. The Noticee has relied upon the following Orders in this respect:

(i) Order dated June 16, 2011 in the matter of **Religare Securities Limited.**

(ii) Order dated July 25, 2011 in the matter of **UPSE Securities Limited.**

(iii) Order dated September 11, 2012 in the matter of **M/s DSE Financial Services Limited.**

(j) That the recommendation of DA if confirmed in the present proceedings would lead to loss of goodwill, credibility, market standing and reputation built over years and has requested to be discharged from the present proceedings.

6. I have carefully considered the Report of the Designated Authority ('DA'), replies and submissions of the Noticee and materials available on record. One of the contentions of the Noticee is that the SCN emanates from inspection observations and has relied on the decision of Hon'ble Securities Appellate Tribunal ('SAT') in **UPSE Securities Limited v. SEBI** (Appeal No. 109 of 2011 decision dated July 25, 2011), **Religare Securities Limited v. SEBI** (Appeal no. 23 of 2011 decision dated June 16, 2011) and **M/s. DSE Financial**

Services Ltd. v. SEBI (Appeal No. 153 of 2012 decision dated September 11, 2012), to contend that the purpose of carrying out inspection is not punitive. In this regard, I note that the Hon'ble SAT in **UPSE Securities Limited** (supra) and **IDBI Trusteeship Services Limited** (supra) observed that for serious lapses, it would always be open to SEBI to take penal action in accordance with law. In the matter of **DSE Financial Services** (supra), the Order of SEBI was set aside because the violations were found to be technical in nature. Further, in **Religare Securities Limited** (supra), the Hon'ble SAT observed as follows:

“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.”

7. In view of the above observations of Hon'ble SAT, I find that the SCN issued to Noticee cannot be held to be bad in law.
8. As regards the first allegation, I note that as per Clause 15.5 of SEBI Master Circular for Stock Broker No. SEBI/HO/MIRSD/MIRSD PoD-1/P/CIR/2023/71 dated May 17, 2023, the total available funds i.e. cash and cash equivalents with the stock broker and with the Clearing Corporation/Clearing Member (A + B) should always be equal to or greater than Clients' funds as per ledger balance (C). Further, Exchanges shall calculate the difference i.e. “G” as $G = (A+B)-C$ and in case of value of Principal ‘G’ being negative, the total available fund with the stock broker is less than the ledger credit balance of clients and may indicate the utilisation of the funds for other purposes such as for settlement obligations of debit balance clients or for the stock brokers' own purposes. It is admitted position that, in this case, the Principle ‘G’ was negative in 22 out of 40 sample dates as follows:

Date	G-value(in Rs.)
09/05/2022	-3795368.48
10/05/2022	-6030275.14
11/05/2022	-11462586.4
12/05/2022	-5180433.42
13/05/2022	-2754658.2
12/09/2022	-4645055.44
14/09/2022	-8149049.43
15/09/2022	-2511514.38
16/09/2022	-2924785.83
14/11/2022	-6034422.13
15/11/2022	-4233482.73

16/11/2022	-3290583.46
17/11/2022	-3791000.86
18/11/2022	-2510684.11
02/01/2023	-2922903.04
03/01/2023	-3415486.55
04/01/2023	-3863923.06
05/01/2023	-339358.39
20/03/2023	-298821.7
22/03/2023	-763063.21
23/03/2023	-2315931.28
24/03/2023	-25321.22

9. I note that BSE vide letter dated May 30, 2023 has levied a penalty of Rs. 1 Lakh for the value of 'G' being negative on following 5 instances which are in addition to the aforesaid 22 instances:

Date	G-value(in Rs.)
02/12/2022	-3795368.48
09/12/2022	-6030275.14
16/12/2022	-11462586.4
23/12/2022	-5180433.42
30/12/2022	-2754658.2

10. From a perusal of the above two tables, I note that although the 5 instances of Principal 'G' being negative therein are separate from the other 22 instances, the time period pertains to the month of December 2022, which was also within the reference period (April 01, 2022 to July 31, 2023) of inspection by SEBI.
11. On perusal of the submission of the Noticee as stated in the Report, I find that the same are in the nature of offering explanation into the reasons for the value of Principal 'G' being negative and not specifically an admission to have mis-utilized funds and securities of the clients of the Noticee. Further, a bare reading of the said clause 15.5 of the aforesaid circular shows that *"The value of G may indicate utilization of clients' funds for other purposes"*, the use of the term 'may' indicates that the negative value of Principal 'G' only point towards possibility of mis-utilization of funds and *'acts as an alert to the Stock Exchanges'*. I, thus, find that the statements of the Noticee are in the nature of clarification/

information and not an admission *per se* into mis-utilization of funds. Further, there is nothing on record to indicate that the said amount has been mis-utilized by the Noticee in any manner either for settlement obligations of debit balance clients or for the stock brokers' own purposes. It is also pertinent to note that the requirement in this regard is in the nature of rebuttable presumption and not absolute. I, therefore, do not agree with findings of the DA in para 11.1.5 of the Report. Be that as it may, it is admitted position that the same officer has, vide his Order dated January 28, 2025, imposed a penalty of Rs. 5 Lakhs upon the Noticee for the same violation. Admittedly the said amount of penalty has been paid by the Noticee. I am of the view that the imposition and payment of penalty by the Noticee can be considered as a mitigating factor in the present proceedings.

Segregation of bank accounts.

12. The allegation as stated in the said Report is ambiguous as it is based on two distinct and independent conduct but has been charged as “non-segregation of bank accounts.” The first limb is about extending loans and advances which are not in connection with or incidental to or consequential upon the securities/commodities derivative business and thus Rule 8(3) (f) of SCRR has been violated. It is unclear how this allegation amounts to non segregation of funds/bank accounts. The other limb is regarding not maintaining daily reconciliation statement for transaction between client account and own account, to the tune of 229 non-segregated transactions out of total 6223 bank book transactions. Be that as it may, I examine these two aspects independently.
13. As regards, the reply of the Noticee with regard to the first limb of allegations, the scope of language and approach of enforcement of said Rule 8(1)(f) and Rule 8(3)(f) of the SCRR and issue of pendency of Writ Petition (L) No. 32739 of 2023 before Hon’ble Bombay High Court, have already been dealt with in order dated December 31, 2024 in the matter of **Abhipra Capital Limited**. The findings in this respect have attained finality by an order dated January 17, 2025 passed in an appeal before Hon’ble SAT (Appeal No.16 of 2025) against the said order dated December 31, 2024. The said finding equally apply to this case also as the contentions on law in this case are the same as in the case of **Abhipra Capital Limited**. I do not wish to burden this order with same findings again and adopt the same legal position for the purpose of examination of legal arguments.
14. The Rule 8(3)(f) as it is enacted envisages complete ineligibility of a member to continue as such if it contravenes those eligibility requirements. However, considering the divergent approaches in enforcement as mentioned in the abovesaid order dated December 31, 2024 and further modified by Hon’ble SAT in **Abhipra Capital Limited (Supra)** vide order dated January 17, 2025, consistency needs to be followed in a similar case.

15. In this case, the basis of allegation with regard to contravention of Rule 8(3)(f) of the SCRR is that the Notice had been extending loans or giving deposits / advances amounting to Rs. 3,13,83,012.24 which was not in connection with or incidental to or consequential upon the securities business. There is no dispute that the principal business and incidental business of the Noticee remains in the securities business. The claims of the Noticee on merits also fail. Firstly, the Noticee has not given any proof of payment of penalty amount of Rs 75,000 imposed by BSE as claimed by it. Secondly, for application of said Rule 8(3) (f) of the SCRR as it stands today in statute book, it is immaterial whether the loans are given out of surplus funds/ reserves or the loans actually did not create business risk.
16. I have perused the orders relied upon by the Noticee with regard to its claim that it should also be exonerated on the same lines as in cases cited by it. I note that although the charge of violation of Rule 8(3)(f) of SCRR was one such charge (in the case of ***Phillip Capital (India) Private Limited and IIFL Securities Limited***), it is seen that the DA in the report itself stated that this charge could not be established which was accordingly accepted by the quasi-judicial authority.
17. I note that in, similar matters, different actions have been initiated and different actions have been taken in the past. Few examples are as follows: -

Details of other orders

Name of the Broker	Type of proceeding SEBI/NSE	Amount of Loans	Nature of Order
Geojit BNP Paribas Financial Services (given to subsidiary company)	Adjudication Order dated 31.10.2017	71.94 crore	No penalty imposed.
Inventure Growth and Securities ltd. (given to subsidiaries)	WTM Order dated 14.11.2022	Rs.8.76 crore	Strongly warn noticee and advise to ensure strict compliance with Rules in future
Magnum Equity Broking Ltd. (investment with NBFC)	NSE Order dated 30.05.2022	79.75 crore	NSE imposed penalty of Rs.7.5 lakhs. SAT quashed the NSE order.
Keshav Securities Pvt.Ltd. (loan given to sister concern and relatives)	Order by Executive Director SEBI	Rs.58.03 crore.	DA recommended censure. However, SEBI suspended the certificate of registration

Name of the Broker	Type of proceeding SEBI/NSE	Amount of Loans	Nature of Order
	dated 19.04.2023		of the Noticee for a period of 2 months.
Abhipra Capital Limited (NBFC and others)	Order by Quasi - Judicial Authority SEBI	Rs.12.53 crore	Prohibited from taking up any new clients as a stock broker on any segment of stock exchanges for a period of one month. SAT reduced the prohibition for a period 31.12.2024 to 17.01.2025.

18. As regards the approach of enforcement in similar cases and divergent actions taken as listed in the above order dated December 31, 2024 in **Abhipra Capital Limited** (Supra) , wherein the DA of SEBI made unique recommendation that the stock broker be prohibited from taking up any new assignment or contract or launching a new scheme for a period of one month but in the facts and circumstances of that case, the stock broker was prohibited from taking up any new clients as a stock broker on any segment of stock exchanges for a period of one month. However, in the appeal preferred by said stock broker Hon'ble SAT (Appeal No.16 of 2025), while upholding the findings recorded in the impugned order dated December 31, 2024, vide its order dated January 17, 2025 reduced the prohibition with following observations: -

“7. In view of above and the submissions made by the learned Advocate for the appellant there being no earlier incident of appellant's involvement in similar violation, in our view, ends of justice would be met by limiting the prohibition till today. Ordered accordingly

8. The appeal stands disposed of while upholding the findings recorded hereinabove in the impugned order, in our view the period of prohibition undergone till today shall meet ends of justice.”

19. I note that, in this case, the loan amount is far less than any of the above listed cases. The facts of this case are also different from all the above cases in respect of calling back the loan amounts from those to whom it had been granted. In this case, out of total Rs. 3,13,83,012.24/- of the loans granted to different entities, the Noticee has received back

total Rs. 2,87,00,000/- from those entities (supported by bank statement in this regard) as given in following table:

Sr. No.	Name	Amount of loan given (in Rs.)	Date of loan repayment	Amount of Loan Repayment (in Rs.)
1.	Anuradha Sahu	12,50,000/-	31.08.2023	12,50,000/-
2.	Bhagirath Khandelwal	5,00,000/-	18.04.2022	5,00,000/-
3.	Dynasty Merchantile Pvt. Ltd.	76,50,000/-	22.09.2022	9,50,000/-
			13.10.2022	15,00,000/-
			28.10.2022	10,00,000/-
			03.11.2022	6,50,000/-
			04.11.2022	7,50,000/-
			23.11.2022	5,00,000/-
			03.01.2023	20,00,000/-
			06.01.2023	1,00,000/-
			10.02.2023	2,00,000/-
4.	Loknath Sahu	5,00,000/-	31.03.2023	5,00,000/-
5.	Raunak Trade House	40,00,000/-	01.08.2022	20,00,000/-
			12.09.2022	15,00,000/-
			01.11.2022	5,00,000/-
6.	Gurmeet Singh	50,00,000/-	31.08.2023	10,00,000/-
			31.08.2023	10,00,000/-
			31.08.2023	1,50,000/-
			01.09.2023	10,00,000/-
			01.09.2023	10,00,000/-
			02.09.2023	8,50,000/-
7.	Sheikh Irfan	13,00,000/-	31.03.2023	4,80,000/-
			31.03.2023	5,00,000/-
			31.08.2023	3,20,000/-

8.	R R Iron and Steel Pvt Ltd (R R Industrial)	20,00,000/-	08.09.2023	10,00,000/-
			12.09.2023	10,00,000/-
9.	Harekrishna Steel Pipes Pvt Ltd	30,00,000/-	30.08.2023	20,00,000/-
			01.09.2023	10,00,000/-
10.	Vedara India Ventures Pvt Ltd	35,00,000/-	11.09.2023	10,00,000/-
			13.09.2023	6,00,000/-
			14.09.2023	8,00,000/-
			18.09.2023	10,00,000/-
			19.09.2023	1,00,000/-
Total				2,87,00,000/-

20. In the instant case, Adjudicating Officer of SEBI, vide order dated January 28, 2025, has imposed a penalty of Five (5) Lakhs rupees on the Noticee which it has paid.

21. Considering the above mitigating factors, other facts and circumstances of this case as demonstrated by the Noticee and taking into account the above observations of Hon'ble SAT in the matter of **Abhipra Capital Limited** (*Supra*), I am of the view that the penalty imposed pursuant to above adjudication order dated January 28, 2025 is commensurate with default in this case and no further penalty needs to be imposed upon the Noticee in respect of this allegation. However, Noticee should as a part of corrective step call back remaining Rs. 26,83,011.76/- outstanding loan amount within 3 months from the date of this order.

22. With regard to second aspect of this allegation, it is noted that the Noticee has reconciled the bank account transactions.

23. With respect to the allegations on net worth verification, the Noticee has demonstrated that it has taken corrective measures and the mistake in calculation as on September 30, 2023 has been corrected.

24. I further note that other allegations and finding in Report which are also the subject matter already adjudicated by the same officer are procedural requirements which the Noticee must follow strictly. I also note that other two defaults could be addressed by taking

corrective actions pointing out deficiencies. Be that as it may, the Noticee has already suffered penalty pursuant to order dated January 28, 2025. I, therefore, am not in agreement with this approach of multiplicity of actions in such cases for same procedural violations in view of several judgements and orders relied upon by the Noticee. I am also mindful of observations of Hon'ble SAT in the matter of **Reliance Industries Limited v. SEBI**¹ wherein, in the context of technical defaults, it held that: "*.. In such circumstances, the role of a regulator is to rehabilitate and bring to an end litigation.*" Further, SEBI is also mindful of getting entrapped in multiplicity of processes when parties drag the proceedings. Speaking through its Ex whole time member (Ms. Madhabi Puri Buch) in **Phillip Commodities India Pvt. Ltd.**² it has felt that multiplicity of orders in the same proceeding would clog-up the quasi-judicial and appellate forum with unwarranted litigations. In my view, same principles do also apply while exercising the choice of multiple actions for same violation. Though SEBI has power to take multiple actions, if facts and circumstances so demand, but this power may not be exercised as routine merely to increase the numbers. These aspects, in my view, could be taken into account while initiating multiple actions in such cases after taking into account actions already taken in similar cases.

25. It is also curious to note that the while the adjudicating officer gives conclusive finding after inquiry and adjudication under section 15I but he gives a *prima facie* observation on the same day for the same allegation in the Report acting as DA. More so, in such cases, the recommendation is that the stock broker concerned should be prohibited from taking any new assignment or contract or launching a new scheme for a period of one month. To my mind, this recommendation is futile as it does not apply to a stock broker who does not launch schemes like pooled investment vehicles. The choice in list provided in Regulation 26 of the Intermediaries Regulations has to be applied keeping into mind the text and context both and not as a tick box approach. I, therefore, do not agree with such unprecedented recommendation.

26. I have already held that the action taken vide adjudication order dated January 28, 2025 is commensurate with the defaults in this case considering the mitigating factors and the facts and circumstances of the case. In this regard, I note that in the matter of **Monarch Networth Capital Ltd.** Whole Time Member, SEBI vide order dated December 30, 2021 observed that the fact that penalty has already been imposed by one authority may be taken as mitigating factor for arriving at the quantum of penalty. I further Note that in another matter of **Phillip Capital (India) Private Limited** vide order dated October 04, 2024 WTM, SEBI again held that when monetary penalty has been imposed for the same

¹ Decided on 31 August, 2004

² Order No. WTM/MPB/EFD-1-DRA-II/17/2018 passed on June 06, 2018

violation and there are mitigating facts and circumstances and the corrective steps have been taken, no further action is warranted for the same violation. Further, vide an order dated July 31, 2024 passed by the Quasi-Judicial Authority of SEBI, it has been held that where mis-utilisation of clients' fund was not established no action was warranted.

27. Considering that the consistency and proportionality are paramount considerations for any enforcement action, I note that, in this case, multiple penalty is not warranted. In my view, the penalty already imposed and paid is commensurate with defaults as observed in this case.

28. While parting with this order, I would also urge SEBI to advise the BSE to ensure corrective measures to impress upon the Noticee to call back all loans and advances that are outstanding as on date.

29. The show cause notice dated February 21, 2025 bearing no. SEBI/HO/QJC/QJC-1/P/OW/2025/5700/1 is accordingly disposed of.

30. The Order shall come into force with immediate effect.

Date: May 15, 2025

Place: Mumbai

**SANTOSH SHUKLA
QUASI JUDICIAL AUTHORITY
SECURITIES AND EXCHANGE BOARD OF INDIA**