



QJA/SS/MIRSD/MIRSD-SEC-2/31507/2025-26

**SECURITIES AND EXCHANGE BOARD OF INDIA
ORDER**

**UNDER SECTION 12(3) OF THE SEBI ACT, 1992 READ WITH REGULATION 27 OF THE
SECURITIES AND EXCHANGE BOARD OF INDIA (INTERMEDIARIES) REGULATIONS,
2008**

**In respect of:
Junjharji Investment Private Limited (Stock Broker)
SEBI Registration Number: INZ000291231
PAN: AAACJ8174F**

In the matter of Junjharji Investment Private Limited

Background

1. Junjharji Investment Private Limited (hereinafter referred to as 'Noticee') is a member of the National Stock Exchange of India Limited ('NSE') and a Stock Broker registered with the Securities and Exchange Board of India ('SEBI') having registration number INZ000291231.
2. Pursuant to an inspection of the Noticee for the period April 2021 to December 2022, SEBI initiated two proceedings against the Noticee. One, the Adjudication Proceedings under section 15I of the Securities and Exchange Board of India Act, 1992 ('the SEBI Act') and the other, the proceedings under section 12(3) of the SEBI Act read with SEBI (Intermediaries) Regulations, 2008 ('the Intermediaries Regulations'). Same officer was appointed by SEBI for adjudication under section 15I and for conducting proceedings in accordance with the Intermediaries Regulations. The officer so appointed by SEBI passed an Order dated February 04, 2025, levying a total penalty of Rupees Six (6) lakh on the Noticee and on the same date submitted a Report ('the Report') recommending that the Noticee may be prohibited from taking up *any new assignment or contract or launching a new scheme for a period of one month* in terms of Regulation 26(1)(iv) of the Intermediaries Regulations, making *prima facie* observations on the same allegations.



SCN, Reply and Hearing

3. The instant proceedings have commenced pursuant to the above Report and the consequent Show Cause Notice ('SCN') dated February 21, 2025 as required under the Intermediaries Regulations.
4. The Noticee submitted its reply vide letter dated March 17, 2025. The Noticee also availed the opportunity of personal hearing on May 13, 2025 when its Authorised Representative (AR) Mr. Kunal Katariya appeared on its behalf and made submissions in line with its reply and also made additional submissions.
5. The Noticee, *inter alia*, has made following submissions apart from specific submissions with regard to each allegation as dealt in later part of this order:-
 - a. The Noticee is a small broking firm with around 350 clients and only about 50-60 active clients (including 15 clients who are part of the Noticee's promoter group). It had provided documentary proof to DA showing that it is running a small/micro sized brokerage business, with gross brokerage revenue in last financial year being Rs. 15 lakh only and for last three financial years being Rs. 35.55 lakh (2021-22), Rs. 28.81 lakh (2022-23) and Rs. 8.57 lakh only (2023-24). The revenue has been decreasing because of proceedings initiated by the SEBI and NSE, which impacts the goodwill of the Noticee. Copy of the audited financial statements for 2021-2022, 2022-2023 and 2023-2024 have been provided by the Noticee in support of this submission.
 - b. Both NSE and SEBI Adjudicating Officer have already imposed penalties on the Noticee for the same set of violations, which have been challenged before the Hon'ble SAT. Further, the Noticee has stated that the Hon'ble SAT, vide Order dated June 20, 2023, has granted stay on the effect of the NSE order subject to deposit of Rs. 20 lakh to NSE. The Hon'ble SAT, vide Order dated May 06, 2025, has also stayed recovery of penalty specified under SEBI Adjudication Order dated February 04, 2025 subject to deposit of 50% of penalty amount to SEBI.
 - c. The proceedings initiated by NSE and the allegations raised therein are similar to the allegations/violations raised in the Report and for the same inspection period, i.e., from



April 2021–December 2021. The Noticee is facing similar allegations from NSE, Adjudicating Officer (‘AO’) and DA of SEBI.

- d. The Noticee will be forced to shut down its business if the recommendation of the DA is accepted.
- e. No person shall be punished twice for the same offence and every little irregularity/deficiency does not warrant imposition of penalty.
- f. Noticee has a goodwill to maintain and by way of abundant caution, it takes every step to maintain its reputation.
- g. A lenient view may be taken in the matter considering that the Noticee is a small broker, there are no client complaints for the alleged set of violations, the allegations are not serious and it has already undergone suspension for 2 days.

Consideration of Issues

- 6. I have carefully considered the Report of the DA, replies and submissions of the Noticee and material available on record.
- 7. It is admitted position that vide order dated February 04, 2025, the AO has found that the Noticee violated same set of regulatory requirements on same facts and circumstances as are the subject matter in the instant proceedings for determination of penalty under section 12(3) of the SEBI Act read with Regulation 27 of the Intermediaries Regulations.
- 8. Thus, I am faced with an obfuscated situation. In the Report, the same officer acting as DA has made *prima facie* findings which are conclusive and final findings in his above order dated February 04, 2025. In a technical sense, both proceedings are independent of each other and Authority in the instant proceedings is not bound by *prima facie* findings of the DA in the Report. I am also bound to follow the procedure specified in the Intermediaries Regulations. If, on consideration of facts and circumstances and following the procedures specified in the Intermediaries Regulations, I were to defer with any *prima facie* findings which are final and conclusive findings on same facts in the AO order, it may militate against principles of consistency on decisions of the Board. And, if I mechanically accept the *prima facie* findings in the Report, it may amount to non-compliance of specified



procedures and violation of principles of natural justice. A visible conflict between principle of public policy and rule of law, thus, emerges in such situations.

9. The scope and ambit of public policy can be assertively ascertained by applying the rule of law. At the same time the normal operation of rule of law is subject to public policy limitation. Natural Justice also demands fairness to the Noticee as matter of public policy as well as rule of law based on legal principles for ensuring fairness as envisaged in the Intermediaries Regulations. In such a delicate situation, I deem it fit to strike a balance so that no prejudice is caused to the Noticee. Since the Noticee has contested the *prima facie* findings of DA and pleaded for taking lenient view on the recommendation in the Report, I proceed to examine them for the limited purpose of deciding the fairness in findings and proportionality of the recommendation.

10. I have, therefore, examined the replies of the Noticee with regard to specific allegations.

Non-segregation of clients' funds

11. I note that as per Clause 1 of SEBI Circular SMD/SED/CIR/93/23321 dated November 18, 1993, Clause 3 of Annexure of SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016, 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 'G' is negative, the total available fund with the stock broker is less than the ledger credit balance of clients and may indicate utilisation of the funds for other purposes such as for settlement obligations of debit balance clients or for the stock brokers' own purposes.

12. In the instant case, the Principle 'G' was negative in following 38 instances during the inspection period as follows:

Sl. No	Date	G (in Rs.)
1	04/05/2021	-32,98,696.5
2	05/05/2021	-80,997.8
3	06/05/2021	-19,13,070.6
4	10/05/2021	-26,61,994.3



Sl. No	Date	G (in Rs.)
5	11/05/2021	-5,86,196.85
6	12/05/2021	-3,39,539.41
7	13/05/2021	-3,39,539.41
8	17/05/2021	-16,95,048.9
9	18/05/2021	-3,54,409.07
10	20/05/2021	-21,73,538.6
11	24/05/2021	-16,40,762.8
12	26/05/2021	-23,47,432.6
13	27/05/2021	-6,12,107.69
14	28/05/2021	-8,91,758.24
15	09/07/2021	-1,91,0878.4
16	21/07/2021	-7,35,414.23
17	26/07/2021	-1,37,7151.8
18	29/07/2021	-12,43,418.8
19	03/01/2022	-24,92,416.1
20	04/01/2022	-22,67,896.1
21	05/01/2022	-23,21,343.8
22	06/01/2022	-23,41,678.6
23	07/01/2022	-25,50,368.6
24	10/01/2022	-30,26,156.0
25	11/01/2022	-32,78,933.0
26	12/01/2022	-27,69,433.0
27	13/01/2022	-42,61,528.3
28	14/01/2022	-50,48,899.6
29	17/01/2022	-28,07,993.7
30	18/01/2022	-24,43,276.7
31	19/01/2022	-32,11,437.8
32	20/01/2022	-26,01,025.8
33	21/01/2022	-52,57,688.3
34	24/01/2022	-47,43,391.3
35	25/01/2022	-1,03,11,124
36	27/01/2022	-25,86,732
37	28/01/2022	-31,79,777.5
38	31/01/2022	-22,59,927.9

13. Before the DA the Noticee had contended that it did not misuse client's funds. Its gross brokerage revenue has been falling over the years and the Director of the Noticee had credit balance of over Rs. 2.5 crore during May 2021, July 2021 and January 2022.



14. In its reply, it has further claimed that 'G' is positive on the 7 dates for which it has been alleged that no documentary proof has been provided. Snapshots of NSE website indicating a positive 'G' has been provided by the Noticee as supporting document. I note that 7 instances of 'G' being positive as shown in the snapshots of NSE website submitted by the Noticee do not pertain to the dates when G was observed to be negative as mentioned in 38 instances in table in para 12 above. Thus, the Noticee has failed to explain and rebut the presumption that it utilised clients' funds for other purposes such as for settlement obligations of debit balance clients or for the stock brokers' own purposes.
15. Clause 3 of Annexure of SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/ P/2016 /95 dated September 26, 2016 states that positive 'J' indicates the extent of clients' funds utilised towards margin obligations of debit balance clients and proprietary margin obligations. There were 12 instances of positive 'J' as follows, in this case:

Sl. No.	Date	J (in Rs.)
1	07/05/2021	2,49,01,592
2	13/05/2021	2,89,34,482
3	14/05/2021	1,22,65,205
4	21/05/2021	1,50,72,116
5	24/05/2021	5,70,281.4
6	28/05/2021	1,41,61,468
7	02/07/2021	1,11,03,225
8	09/07/2021	1,27,68,462
9	16/07/2021	1,74,93,192
10	21/07/2021	2,92,89,835
11	23/07/2021	1,92,82,432
12	30/07/2021	1,72,14,882

16. The Noticee has submitted documents referring to debit and credit balances of certain clients to contend that it has not mis-utilised client's funds towards margin obligation of debit balance clients and proprietary margin obligations. I note that the said documents pertain to 2023 and not to the inspection period. Thus, the Noticee has failed to offer any plausible explanation.



17. Clause 2.4.2 of Annexure of SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/ 2016/95 dated September 26, 2016 requires that transfer of funds from client bank account to proprietary account and *vice versa*, is done only for legitimate purposes. In this regard, I note that there were 87 instances of transfer of funds between client account and proprietary account during April 2021 to December 2022 for reasons other than those stipulated in the said SEBI circular. The Noticee, in its reply, has merely stated that no funds have been transferred from clients' bank account to proprietary account without any evidence supporting its claim.

18. Considering the above, I agree with the DA that there were instances of negative G, positive J and transfer of funds between client account and proprietary account for reasons other than those stipulated under SEBI circulars. Hence, I find that the Noticee has violated Clause 1 of Annexure to SEBI Circular SMD/SED/CIR /93/23321 dated November 18, 1993 and Clause 2.4.2 and clause 3 of Annexure to SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016.

Non-settlement of clients' accounts

19. As per Clause 8.1 of Annexure of SEBI Circular SEBI/HO/MIRSD/MIRSD2 /CIR/P/2016/95 dated September 26, 2016 and Clause 5.1 of SEBI Circular No. SEBI/HO/MIRSD/DOP/P/CIR/2021/1577 dated June 16, 2021, brokers are required to settle clients' accounts at a gap of 90/30 days (as per the choice of client) between two settlements.

20. In this case, there are 62 instances for different clients as follows where funds were not settled by the Noticee:

Sl. No.	Date of Settlement	Non-settlement of funds (Rs.)
1	30-06-21	5,000
2	30-06-21	2,477
3	30-06-21	221,301
4	30-06-21	114,505
5	30-06-21	26,976
6	31-12-21	5,000
7	31-12-21	5,000
8	31-12-21	5,000



Sl. No.	Date of Settlement	Non-settlement of funds (Rs.)
9	31-12-21	5,000
10	31-12-21	5,000
11	31-12-21	5,000
12	31-12-21	5,000
13	31-12-21	2,000
14	31-12-21	1,331
15	31-12-21	5,000
16	31-12-21	5,000
17	31-12-21	5,000
18	31-12-21	5,131
19	31-12-21	3,435
20	31-12-21	5,000
21	31-12-21	1,24,653
22	31-12-21	7,54,647
23	31-03-22	5,000
24	31-03-22	3,503
25	31-03-22	5,000
26	31-03-22	5,000
27	31-03-22	5,000
28	31-03-22	5,000
29	31-03-22	5,000
30	31-03-22	2,000
31	31-03-22	5,000
32	31-03-22	5,000
33	31-03-22	5,000
34	31-03-22	3,599
35	31-03-22	5,000
36	31-03-22	5,000
37	31-03-22	175,000
38	31-03-22	497,519
39	30-06-22	8,016
40	30-06-22	10,757
41	30-06-22	25,642
42	30-09-21	5,000
43	30-09-21	4,941
44	30-09-21	5,000
45	30-09-21	5,000
46	30-09-21	5,000
47	30-09-21	5,000
48	30-09-21	5,000
49	30-09-21	2,000
50	30-09-21	5,000
51	30-09-21	2,542
52	30-09-21	5,000



Sl. No.	Date of Settlement	Non-settlement of funds (Rs.)
53	30-09-21	5,000
54	30-09-21	1,916
55	30-09-21	4,876
55	30-09-21	30,000
57	30-09-21	102,838
58	30-09-21	41,407
59	30-09-21	437,631
60	07-10-22	7,000
61	07-10-22	323,457
62	07-10-22	41,820

21. Further, Clause 8.1 of Annexure of SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016 and Clause 12 of Annexure of SEBI Circular SEBI/MIRSD/SE/Cir-19/2009 dated December 03, 2009, provides that brokers must send a 'Statement of accounts' explaining the retention of funds/securities within five days from the date when the account is considered to be settled. In this regard, I find that there are 123 instances during the inspection period where retention statement was not sent to client/not provided by the broker. The details are as follows:

Date of Settlement	Quarter	Number of instances for different clients
30-06-21	Q1 (21-22)	22
30-09-21	Q2 (21-22)	36
31-12-21	Q3(21-22)	29
31-03-22	Q4(21-22)	31
30-06-22	Q1(22-23)	5

22. Also, in 5 instances there was a delay of 23 days in sending the retention statement where the date of settlement was October 07, 2022 and the statement was sent on November 04, 2022 instead of October 12, 2022.

23. The Noticee has claimed that it had provided the statement of Periodic Settlement to clients in all the months/quarters and the retention statement have been provided to each client either through email or hand delivery. The documents were provided to the DA but were not considered by him as there were no copy of emails and/or hand delivery proofs of furnishing the retention statement by clients. Only in December 2021, there was a delay in



submitting the retention statement due to back office upgradation, which was not in the hands of the Noticee.

24. I note that the Noticee has not given any plausible explanation with respect to the aforesaid 62 instances wherein funds were not settled by the it. The Noticee has provided copies of 19 statements of accounts dated October 07, 2022 claiming that these were sent to clients on October 10, 2022 by email. I note that these statements pertain to Q3 (2022-23) and not to the quarters for which it is alleged that retention statements were not provided/not sent to client by the Noticee. Further, the Noticee has not provided copy of emails through which the statements were sent on October 10, 2022. Be that as it may, there was a delay in sending statements in the month of December 2021.

25. Considering the above, I agree with the DA that the Noticee has violated Clause 8.1 of Annexure of SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016, Clause 12 of Annexure of SEBI Circular SEBI/MIRSD/SE/Cir-19/2009 dated December 03, 2009 and Clause 5.1 SEBI Circular No. SEBI/HO/MIRSD/DOP/P/CIR/2021/1577 dated June 16, 2021.

Not carrying out Stock Reconciliation

26. Clause 2.3 of SEBI Circular MRD/DoP/SE/Cir-11/2008 dated April 17, 2008 read with Clause A(2) and A(5) of the code of conduct, read with regulation 9(f) of the SEBI (Stock Brokers) Regulations, 1992 requires a broker to periodically reconcile records with actual collateral deposited with the broker. In this regard, it is alleged that the Noticee uploaded incorrect holdings (by not including early pay-ins) in response to mismatch alerts sent to it. The Noticee has stated that 20 instances of the said stock mismatch occurred due to operational error on account of system upgradation and certain software error functions which were not enabled from the back office software and that the same was informed by the Noticee to SEBI vide email dated February 23, 2023. I find that the Noticee is responsible for its systems and I agree with the DA that the submission of the Noticee is in the nature of admission. Hence, I find that the Noticee violated Clause 2.3 of SEBI Circular



MRD/DoP/SE/Cir-11/2008 dated April 17, 2008 read with Clause A(2) and A(5) of the code of conduct, read with regulation 9(f) of the SEBI (Stock Brokers) Regulations, 1992.

Incorrect reporting of margin

27. Clause (iii) (a) and (b) to Annexure of SEBI Circular SEBI/HO/MRD2/DCAP/CIR /P/2020/127 dated July 20, 2020 requires brokers to report the margin collected from each client in a specified manner. It is alleged that there was incorrect reporting of margin by the Noticee in the following 7 instances:

Sl. No.	Date	Shortfall in Margin (Rs.)
1	08-06-21	7,45,725
2	08-06-21	14,542
3	17-06-21	5,730
4	18-06-21	2,02,240
5	28-06-21	1,01,210
6	29-10-21	5,393
7	18-02-22	3,27,850
		14,02,690

28. The Noticee has stated that margin reporting is done by system and in 3 instances, has listed reasons such as delay in payment by clients. Further, the Noticee has drawn reference to NSE circular NSE/INSP/61121 dated March 13, 2024 through which the reporting of client level cash and cash equivalents balances has been discontinued. I find that the broker is responsible for its system and the NSE circular is effective from the date after the inspection period. Hence, I agree with the DA that the Noticee had violated provisions of Clause (iii) (a) & (b) to Annexure of SEBI Circular SEBI/HO/MRD2/DCAP/CIR/P/2020/127 dated July 20, 2020.

Incorrect submission of data to exchange

29. Clause 6.1.1(j) of Annexure of SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR /P/2016/95 dated September 26, 2016 requires brokers to be monitored by Exchanges for sharing incomplete/wrong data or failing to submit data on time. In this regard, it is alleged that there were 5 instances where the Noticee reported incorrect data with respect to clients'



balance as on December 31, 2022. The Noticee has stated that the data upload was system-driven with no manual intervention and the difference in two instances were on account of T+1 delay recorded in client's ledger and because of amount received in the loan account of the Noticee's director. I find that the broker is responsible for its systems and the submissions are in the nature of admission. Hence, I find that the charge that the Noticee wrongly reported data to exchange in violation of Clause 6.1.1(j) of Annexure of SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016 is established.

Client Funding

30. Clause 2.6 of Annexure of SEBI Circular SEBI/HO/MIRSD/MIRSD2/CIR/P/ 2016/95 dated September 26, 2016 read with Clause 2(d) of SEBI circular CIR/HO/MIRSD/MIRSD2/CIR/P/2017/64 dated June 22, 2017 require that brokers shall not grant further exposure to clients when debit balances arise out of client's failure to pay the required amount and such debit balances continue beyond the fifth trading day from the date of pay-in. In this regard, 2 instances of client funding have been identified for Rs. 6.5 lakh and Rs. 61,700.

31. The Noticee has stated that it does not undertake margin funding and these were likely running account debits cleared the following day. Further, it has stated that one client was Director of the Noticee and sufficient funds were available in family accounts. In another instance, the amount was inadvertently overlooked and was rectified immediately. I agree with the DA that all accounts must be treated separately. The Noticee has not demonstrated with relevant details and documents that it had not funded its clients or rectified its default. Hence, I find that the Noticee violated Clause 2.6 of Annexure of SEBI Circular SEBI/HO/MIRSD/MIRSD2 /CIR/P/2016/95 dated September 26, 2016 read with Clause 2(d) of SEBI circular CIR/HO/MIRSD/MIRSD2/CIR/P/2017/64 dated June 22, 2017.

Non-disclosure of investor complaints and non-publishing of investor charter

32. Clause 2 of SEBI Circular SEBI/HO/MIRSD/DOP/P/CIR/2021/676 dated December 02, 2021 requires brokers to disclose Investor Charter on their respective websites, make it



available at prominent places in the office, provide a copy of Investor Charter as a part of account opening kit to the clients, through e-mails/ letters, etc. It is alleged that the Noticee had not published Investor Charter or disclosed investor complaint details at their office premises. The Noticee has stated that there were no pending investor grievances and that “citizen charter” has been made part of the website of the Noticee and the same is also pasted in Noticee’s office. The snapshots of the website submitted by the Noticee do not indicate that they pertain to the inspection period. Hence, I agree with the DA that the Noticee has not demonstrated with relevant details and supporting documents indicating that

it had made Investor Charter available on its website and at prominent places in the office during the inspection period. Hence, I find that the Noticee has violated Clause 2 of SEBI Circular SEBI/HO/MIRSD/DOP/P/CIR/2021/676 dated December 02, 2021.

Non-uploading of KYC information of clients with SEBI registered KRAs

33. Clause 1 (i) and (iii) of SEBI Circular MIRSD/Cir-26/2011 dated December 23, 2011 read with Clause 3 (a) of MIRSD/Cir-5/2012 dated April 13, 2012 provide for guidelines for intermediaries to upload KYC information on the system of SEBI registered KRAs. It is alleged that the Noticee had not complied with the requirement of uploading the KYC information with the SEBI registered KRAs for all the clients on a continuous basis within the prescribed time limit. In this regard, the Noticee has stated that the delays in KYC uploads with KRAs were directly attributable to KRA’s processing timelines. All active and traded clients were indeed registered with KRAs which has been confirmed during the last NSE focus inspection (2022-23) submitted to NSE and SEBI. In this regard, I agree with the DA that the Noticee has not demonstrated with relevant details and documents that it had complied with the requirements of uploading KYC details with KRAs during the inspection period. Hence, I find that the Noticee has violated Clause 1 (i) and (iii) of SEBI Circular MIRSD/Cir-26/2011 dated December 23, 2011 read with Clause 3 (a) of MIRSD/Cir-5/2012 dated April 13, 2012.



Non-recording of clients' orders

34. Clause III of SEBI Circular CIR/HO/MIRSD/MIRSD2/CIR/P/2017/108 dated September 26, 2017 requires all brokers to execute trades of clients only after keeping evidence of the client placing such order in the form of physical record written and signed by client, telephone recording and email from authorized email id, log for internet transactions, record of SMS messages or any other legally verifiable record. It is alleged that the Noticee did not have any system to record or preserve calls made by clients. In this regard, the Noticee has merely stated that it records all calls with clients and sample sets can be provided to SEBI. I agree with the DA that the contentions of the Noticee are merely statements without any supporting documents and hence, cannot be accepted. Hence, I find that the Noticee has violated Clause III of SEBI Circular CIR/HO/MIRSD/MIRSD2/CIR/P/2017/ 108 dated September 26, 2017.

Issues with Cyber Security and Cyber Resilience framework

35. Clause 16 and 17 of SEBI circular SEBI/HO/MIRSD/CIR/PB/2018/147 dated December 03, 2018 and Clause III of SEBI Circular CIR/HO/MIRSD/MIRSD2 /CIR/P/2017/108 dated September 26, 2017 require all brokers to have, *inter alia*, a comprehensive cyber security and resilience framework policy, to generate access through two factor security, to carry out Vulnerability Assessment and Penetration Test (VAPT) and to install CCTV in premises. It is alleged that the Noticee did not have any of the above 4 requirements in place during the inspection period. The Noticee has stated that there is CCTV surveillance on each and every floor of the building as well as collapsible gate at entry and that all the computers in the business premises are password protected. In this regard, I find that computers being password protected does not mean that two-factor authentication is being carried out for allowing access to the computers. Further, the supporting documents in terms of VAPT and CCTV surveillance pertain to post-inspection period. Hence, I agree with the DA that the Noticee had violated provisions of Clause 16 and 17 of SEBI circular SEBI/HO/MIRSD/CIR/PB/2018/147 on Cyber Security and Cyber Resilience dated December 03, 2018.



36. The Noticee has contended that no person shall be punished twice for the same offence and the Noticee is facing similar allegations from NSE, Adjudicating Officer ('AO') and DA of SEBI. I note that NSE conducted a regular inspection of the books of accounts and records of the Noticee from April 1, 2019 to December 31, 2019 and limited purpose inspections for different periods between May to December 2021 whereas the inspection by SEBI was for the period April 2021 to December 2022. While certain allegations may be similar and for overlapping periods, I note that the violations as observed by SEBI continued both before and after the period of NSE inspection as detailed below:

Period of inspection by NSE	Observations by NSE	Additional dates for which the said violations have been observed by SEBI
May 07, 2021 to June 11, 2021	Misuse of clients' funds/Non-segregation of clients' funds	May 04-06, 2021, July 02, 2021, July 09, 2021, July 16, 2021, July 21, 2021, July 23, 2021, July 23, 2021, July 26, 2021, July 29, 2021, July 30, 2021, several dates in January 2022 as provided in the table at para 12 and 15 of this Order.
August 13, 2021 to August 17, 2021		
November 12, 2021 to November 16, 2021		
December 2021		
May 07, 2021 to June 11, 2021	Incorrect submission towards weekly monitoring of clients' funds	Incorrect submission of data as on December 31, 2022
November 12, 2021 to November 16, 2021		
December 2021		
October 08, 2021 to October 13, 2021	Incorrect reporting of margin	June 08, 2021, June 17, 2021, June 18, 2021, June 28, 2021, October 29, 2021 and February 18, 2022
October 18, 2021		



Period of inspection by NSE	Observations by NSE	Additional dates for which the said violations have been observed by SEBI
November 26, 2021 to December 03, 2021		
December 09, 2021 and December 17, 2021		

37. It is also pertinent to mention that the NSE action against the Noticee is in respect of its capacity as member of NSE not with respect to registration granted by SEBI. Both are separate and independent actions. However, monetary penalties by NSE and SEBI for same violation could not be ignored while considering the proportionality of actions.

38. I note that the allegations and findings in the Report have been adjudicated and the Noticee has suffered penalty of Rs. 6 lakh pursuant to order dated February 04, 2025. The said order is *sub judice* before the Hon'ble SAT in appeal filed by the Noticee against the said SEBI's adjudication order wherein recovery of penalty specified under SEBI Adjudication Order dated February 04, 2025 has been stayed subject to deposit of 50% of penalty amount to SEBI.

39. Further, the Noticee has been inflicted with penalty of Rs. 44,79,300 and suspension of 2 days by NSE vide order no. NSE/INSP/MCSGFC-56/ACT/07841 dated August 24, 2022 for similar violations during April 01, 2019 to December 31, 2019 and limited purpose inspections during May 2021 to December 2021. Noticee has stated that the Hon'ble SAT, vide Order dated June 20, 2023, has granted stay on the effect of the NSE order subject to deposit of Rs. 20 lakh to NSE.

40. This is case involving several substantive violations and glaring negligence on the part of the Noticee in following the rules, regulations and circulars of SEBI. The case involves multiples instances of utilisation of the client's funds for other purposes such as for



settlement obligations of debit balance clients or for the stock brokers' own purpose, mis-utilisation of client's funds towards margin obligations of debit balance clients and proprietary margin obligations and transfer of funds between client account and proprietary account for reasons other than those stipulated under SEBI circulars. The Noticee has failed to demonstrate its *bona fide* and rebut the presumption created by the circular No. SEBI/HO/MIRSD/MIRSD2 /CIR/P/2016/95 dated September 26, 2016. The number and magnitude of instances of client funding though look miniscule at first blush but when seen in light of size and scale of operation of the Noticee it shows lack of diligence if not *mala fide*. The other defaults are also not less serious when seen keeping in view the role played by a stock broker and its obligations and duties towards its clients, stock exchange of which it is member and SEBI who regulates and supervises its activities.

41. It is pertinent to note that SEBI generally does not proceed for multiple penalties pursuant to inspection unless serious defaults are observed. In this regard, following observations in SEBI order No. WTM/AN/MIRSD/MIRSD-SEC-6/31402/2025-26 dated May 14, 2025 is worth referring:

"I note that the Adjudicating Officer has already imposed monetary penalty for the same violations which are a part of the instant proceedings and the Noticee has paid the penalty. I acknowledge that these are independent proceedings. However, any punitive/remedial directions already ordered in the context of the violations need to be considered while passing directions to ensure proportionality in punishment. I note that these proceedings were initiated pursuant to thematic inspection of the Noticee. One of the object of such inspections is to correct defaults."

42. Although, there is no allegation of any *mala fide* on the part of the Noticee, the case involves repeated instances on several counts as found hereinabove of negligence and casual approach on the part of the Noticee. The defaults in this case are not merely deviation from procedural requirements but are with regard to several substantial requirements which aim not only for investor protection but are aimed at risk management and to ensure market integrity and safety.



43. The nature of violations also need to be viewed in light of the role and responsibility of a broker, be it small or large. Stock brokers play a significantly larger part in the financial industry. They are essential to the smooth operation of the secondary market and as such they are crucial to the success of an investor's portfolio who hands over his money and securities in the hands of the stock broker with utmost good faith of proper and authorised use. The nature of violations in this case are serious and not comparable to other cases where the presumption is rebutted, mistakes are corrected and defaults are miniscule in size.
44. I note that the instant proceedings were initiated pursuant to inspection of the Noticee. One of the object of such inspections is to correct defaults. The Noticee has not demonstrated as to what corrective steps it has taken with regard to most of the defaults observed during inspection and its replies and submissions are superfluous in this regard. In this case also, there is no material available on record evidencing investor complaints against the Noticee in the context of the allegations. Further, the monetary penalty already imposed for the same violations need to be taken into account while ensuring proportionality of actions.
45. In the present case, the DA has recommended that the Noticee be prohibited from taking up any new assignment or contract or launching a new scheme for a period of one month in terms of Regulation 26(1)(iv) of SEBI (Intermediaries) Regulation, 2008. While recommendation of prohibition from launching new scheme is not relevant in respect of a stock broker, prohibition from taking new client will not cause any permanent damage to the Noticee as in the case of suspension or cancellation of registration.
46. Considering all the facts and circumstances of the case and taking into account the mitigating factors as above, in the interest of consistency and proportionality, I am of the view that prohibiting Noticee from taking new clients for a period of one month will be commensurate with the contravention in this case.

Order

47. In view of the aforesaid observations and findings, I, in exercise of the powers conferred upon me under Section 12(3) read with Section 19 of the SEBI Act and Regulation 27 of the



Intermediaries Regulations, hereby prohibit Junjharji Investment Private Limited having registration number INZ000291231 from taking any new client for a period of one month from the date of this order. The SCN dated February 21, 2025 is disposed of accordingly.

48. This Order shall come into force with immediate effect.

49. A copy of this Order shall be served upon the Noticee and NSE.

Date: June 30, 2025

Place: Mumbai

SANTOSH
HKUMAR
SHUKLA
Santosh Shukla

Digitally signed by
SANTOSH KUMAR
SHUKLA
Date: 2025.06.30
18:03:05 +05'30'

Quasi-Judicial Authority

Securities and Exchange Board of India