

**IN THE SECURITIES APPELLATE TRIBUNAL
AT MUMBAI**

Dated this the 1st day of September, 2025

CORAM : Justice P.S. Dinesh Kumar, Presiding Officer
Ms. Meera Swarup, Technical Member
Dr. Dheeraj Bhatnagar, Technical Member

Appeal No. 406 of 2025
[Along with Misc. Application No. 1005 of 2025]

BETWEEN:

Swaraj Shares and Securities Private Limited
402, Anratiksh, Thakoor House,
Makwana Road, Marol,
Andheri (East),
Mumbai, Maharashtra – 400 059. Appellant

(By Mr. Kunal Katariya with Mr. Pratham Darad, Mr. Suyash Bhandari and Ms. Akansha Dutta, Advocates i/b IC RegFin Legal Partners for the Appellant)

AND:

Securities and Exchange Board of India
SEBI Bhavan, Plot No. C-4A, G-Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400 051. ...Respondent

(By Mr. Sumit Rai, Advocate with Mr. Rashid Boatwalla and Mr. Siddharth Yewale, Advocates i/b Manilal Kher Ambalal & Co. for the Respondent)

THIS APPEAL IS FILED UNDER SECTION 15T OF THE SECURITIES AND EXCHANGE BOARD OF INDIA TO QUASH AND SET ASIDE THE IMPUGNED ORDER DATED AUGUST 19, 2025 PASSED BY THE WHOLE TIME MEMBER, SECURITIES AND EXCHANGE BOARD OF INDIA.

THIS APPEAL COMING ON FOR HEARING THIS DAY, THE TRIBUNAL MADE THE FOLLOWING:

ORDER

Per: Justice P.S. Dinesh Kumar, Presiding Officer (Oral)

This appeal is directed against the order dated August 19, 2025 passed by the WTM, SEBI¹ suspending the appellant's certificate of registration for a period of three months from the date of the impugned order.

2. We have heard Shri Kunal Kataria, learned Advocate for the appellant and Shri Sumit Rai, learned Advocate for the Respondent.

3. Undisputed facts of the case are, that the appellant is a Merchant Banker. SEBI conducted an inspection on 5th and 6th March of 2024 and in all, nine violations were observed and eight violations have been upheld by the Designated Authority.

4. Shri Kunal Kataria, learned Advocate for the appellant submitted that violation mentioned at paragraph 77 (viii) i.e. Creation of false Records and submission to the Inspection Team is the major allegation. He submitted that appellant had, indeed, appointed a compliance officer in October 2023 who started functioning from November 1, 2023. However, her appointment was not ratified. The inspecting officials made an observation with regard to the ratification. The appellant has its offices both in Mumbai and Calcutta. One of the directors sits in Calcutta. The secretarial staff was asked to prepare a draft resolution ratifying the appointment of compliance officer. He fairly submitted that though the instructions was to prepare a draft resolution, the resolution was digitally signed by two of the directors by inadvertence and the same was made available to SEBI. He

¹ Whole Time Member, Securities and Exchange Board of India

submitted that though the resolution submitted in that form was not desirable, in fact, appellant did not have any intention of misleading or placing a non-existent fact on record. He submitted that the suspension of three months is harsh and this Tribunal may consider this appeal only on the ground of proportionality and dispose of the matter. With regard to the violations recorded in para 77 (i) to (vii) are concerned, Shri Kunal Kataria did not press the appeal seriously.

5. In reply, Shri Sumit Rai, learned Advocate for the respondent submitted that the very fact that the appellant has produced a digitally signed Board resolution exhibits appellant's intentions to mislead the authority and amounts to creating a forged document. Therefore, the learned WTM has rightly passed the order of suspension and that too for a minimum period of 3 months.

6. In reply Shri Katariya for the appellant submitted that the designated authority had recommended restraining the appellant from on boarding the new clients for a period of one month. However, the learned WTM by exercising powers under Regulation 27(5) of the Intermediaries Regulations² has passed a suspension order. He submitted that this Tribunal may take a lenient view of the matter and reduce the quantum of punishment.

7. We have considered rival contentions and perused the records.

8. The violations in paragraph 77 (i) to (vii) are not seriously contested. The main contention is with regard to the allegation of creation of false record. We have perused the resolution in question. The said resolution was drawn while the inspection was

² SEBI (Intermediaries) Regulations, 2008

in progress. But it is not in dispute that compliance officer was, indeed, working from November 1, 2023. The resolution is dated March 6, 2024 and it is for ratifying the appointment of compliance officer. This document has been admittedly sought to be brought on record based on observations made during the inspection. The appellant has fairly admitted the irregularity but pleaded only on the aspect of proportionality. Since there is no dispute with regard to the fact that the compliance officer was working since November 1, 2023, in our opinion, the penalty imposed is harsh particularly when the designated authority has recommended not to on board new clients only for the period of one month. Keeping in view, the fact that appellant has already suffered a suspension as on date, in our view, the ends of justice would be met by limiting the suspension to one month from the date of impugned order and direct not to on board the new clients for the period of two months from the date of expiry of period of suspension.

9. In the result, the appeal is allowed in part, and the penalty is modified as above.

Interlocutory application(s), if any, stand disposed of. No costs.

Justice P.S. Dinesh Kumar
Presiding Officer

Ms. Meera Swarup
Technical Member

Dr. Dheeraj Bhatnagar
Technical Member

01.09.2025
msb