

JHAVERY CREDITS AND CAPITAL LTD

SR. NO	TAX AUTHORITY	F.Y.	DEMAND ORDE DATED	DEMAND ORDER NO	DEMAND RS.	CURRENT STATUS			
						FINAL ORDER DATED	FINAL ORDER NO.	DEMAND RS.	REMARKS
1	INCOME TAX	F.Y. 2011-12 A.Y. 2012-13	ASSESSMENT ORDER U/S. 143(3) WAS PASSED DETERMINING THE DEMAND						APPEAL IS FILED AGAINST THE ORDER. THENAFTER OPTED FOR VIVAD SE VISWAS SCHEME. CONSEQUENSE TO VSVS APPEAL FILD IS WITHDRAWAN AND ORDER OF WITHDRAWAL PASSED U/S. 250 ON 25/05/2022. ORDER OF VSVS IS PASSED ON 02/06/2022. RECITIDACTION ORDER U/S. 154 IS PASSED ON 27/12/2023. NO OUTSTANDING DEMAND AS ON TODAY
		F.Y. 2011-12 A.Y. 2012-13	PENALTY PROCEEDING U/S. 271(1)©						PROCEEDINGS MAY BE DROPPED AS OPTED FOR VSVS
		F.Y. 2012-13 A.Y. 2013-14	NOTICE U/S. 153A ISSUED DATED 31/03/2021						PROCEEDINGS MAY BE DROPPED
		F.Y. 2014-15 A.Y. 2015-16	INCOME TAX SCRUTINY ASSESSMENT PROCEEDINGS DUE TO ACTION U/S. 132 OF IT ACT.						INCOME TAX SCRUTINY COMPLETED ACCEPTING THE RETURN INCOME VIDE ORDER U/S 153A OF IT ACT DATED 26/02/2021 AND DEMAND OF RS. 6450/- IS PAID OR ACCEPTED
		F.Y. 2015-16 A.Y. 2016-17	INCOME TAX SCRUTINY ASSESSMENT PROCEEDINGS DUE TO ACTION U/S. 132 OF IT ACT						INCOME TAX SCRUTINY COMPLETED ACCEPTING THE RETURN INCOME VIDE ORDER U/S 153A OF IT ACT DATED 26/09/2021 AND NO DEMAND
		F.Y. 2016-17 A.Y. 2017-18	INCOME TAX SCRUTINY ASSESSMENT PROCEEDINGS DUE TO ACTION U/S. 132 OF IT ACT						INCOME TAX SCRUTINY COMPLETED ACCEPTING THE RETURN INCOME VIDE ORDER U/S 153A OF IT ACT DATED 24/09/2021 AND NO DEMAND
		F.Y. 2019-20 A.Y. 2020-21	INCOME TAX SCRUTINY ASSESSMENT PROCEEDINGS						INCOME TAX SCRUTINY COMPLETED ACCEPTING THE RETURN INCOME VIDE ORDER U/S 143(3) OF IT ACT DATED 23/09/2021 AND NO DEMAND
		F.Y. 2021-22 A.Y. 2022-23	INCOME TAX SCRUTINY ASSESSMENT PROCEEDINGS						INCOME TAX SCRUTINY COMPLETED ACCEPTING THE RETURN INCOME VIDE ORDER U/S 143(3) OF IT ACT DATED 26/02/2024 AND NO DEMAND
2	TDS	F.Y. 2011-12	16-07-2021	-	30	16-07-2021	-	30	Q-3, FORM NO. 26Q SHORT DEDUCTION
		F.Y. 2014-15	16-07-2021	-	70	16-07-2021	-	70	Q-1, FORM NO. 26Q SHORT DEDUCTION

For, Jhaveri Credits and
Capital Limited

(Signature)
Director

JHAVERI CREDITS AND CAPITAL LIMITED

Regd. Office: B-2, 907-912, Palladium, B/h. Divya Bhaskar Press, Prahladnagar, Nr. Vodafone House, Ahmedabad – 380015

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Email: csjhavericredits@gmail.com | Website: www.jhavericredits.com



GOVERNMENT OF INDIA
MINISTRY OF FINANCE
INCOME TAX DEPARTMENT
OFFICE OF THE ASSISTANT
COMMISSIONER OF INCOME TAX
CENTRAL CIR 1, VADODARA

To, JHAVERI CREDITS AND CAPITAL LIMITED 301/302 301/302 ,Payal Tower - II SAYAJIGUNJ 390005,Gujarat India	
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PAN: AAACJ4725C	Date: 24/09/2021	Status: COMPANY	DIN & Notice No: ITBA/AST/S/156/2021- 22/1035851777(1)
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Subject: Notice of demand under section 156 of the Income-Tax Act, 1961

1. This is to give you notice that for the assessment year **2017-18** a sum of **Rs. 0**, details of which are given on the reverse, has been determined to be payable by you.
2. The amount should be paid to the Manager, authorised bank/State Bank of India within 30 days of the service of this notice. A challan is enclosed for the purpose of Payment.
3. If you do not pay the amount within the period specified above, you shall be liable to pay simple interest at one per cent for every month or part of a month from the date commencing after the end of the period aforesaid in accordance with section 220(2).
4. If you do not pay the amount of the tax within the period specified above, penalty (which may be as much as the amount of tax in arrear) may be imposed upon you after giving you a reasonable opportunity of being heard in accordance with section 221.
5. If you do not pay the amount within the period specified above, proceedings for the recovery thereof will be taken in accordance with sections 222 to 227, 229 and 232 of the Income-tax Act, 1961.
6. If you intend to appeal against the assessment, you may present an appeal under Part A of Chapter XX of the Income-tax Act, 1961, to the **CIT (A), Ahmedabad- 12** within thirty days of the receipt of this notice, in Form No. 35, duly stamped and verified as laid down in that form.

MANISH MAHENDRAKUMAR MEHTA
CENTRAL CIR 1, VADODARA

(In case the document is digitally signed please refer Digital Signature at the bottom of the page)

Note: If digitally signed, the date of digital signature may be taken as date of document.

,Aayakar Bhawan,Baroda, INCOME TAX OFFICE, RACE COURSE CIRCLE, BARODA, Gujarat, 390007

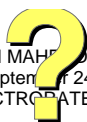
Email: BARODA.DCIT.CEN1@INCOMETAX.GOV.IN, Office Phone:02652331536

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* DIN-Documents identification No.

Signer: MANISH MAHENDRAKUMAR MEHTA
Date: Friday, September 24, 2021 12:54 PM
Location: DIRECTORATE, India





**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
INCOME TAX DEPARTMENT
OFFICE OF THE ASSISTANT COMMISSIONER OF
INCOME TAX
CENTRAL CIR 1, VADODARA**

To, JHAVERI CREDITS AND CAPITAL LIMITED 301/302 301/302 ,Payal Tower - II SAYAJIGUNJ 390005,Gujarat India	
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PAN: AAACJ4725C	AY: 2015-16	DIN & Order No: ITBA/AST/S/153A/2021- 22/1035907625(1)	Dated: 26/09/2021
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Name of the assessee	JHAVERI CREDITS AND CAPITAL LIMITED
Address of the assessee	301/302 301/302 , Payal Tower - II, SAYAJIGUNJ 390005, Gujarat, India
Status	COMPANY
Range/Circle/Ward	CENTRAL CIR 1, VADODARA
Resident/Resident but not Ordinary resident/ Non-resident	Resident
Date of Hearing	26/02/2021
Section/Sub-section under which assessment is made	153A
Date of Order	26/09/2021

ASSESSMENT ORDER

In this case, the assessee had furnished the return of income u/s. 139(1) of the Income Tax Act, 1961 on 24.09.2015 declaring total income of Rs.6,19,240/-. The same was processed under section 143(1) of the Income Tax Act, 1961.

2. Subsequently, search action u/s. 132 of the Income Tax Act, 1961 was carried out in the case of "Jhaveri Group" including the case of the assessee on 23.01.2020. Consequent to the search action, the proceedings u/s. 153A of the Act were initiated. Accordingly, notice u/s. 153A was issued on 08.12.2020. In compliance thereto, the assessee has filed its return of income on 07.01.2021 showing total income of Rs.6,19,240/-. Thereafter, notice u/s. 143(2) of the Act was

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,Aayakar Bhawan,Baroda, INCOME TAX OFFICE, RACE COURSE CIRCLE, BARODA, Gujarat, 390007
Email: BARODA.DCIT.CEN1@INCOMETAX.GOV.IN, Office Phone:02652331536

issued on 17.02.2021 which was duly served. Notice u/s. 142(1) r.w.s. 129 of the Income Tax Act along with questionnaire was also issued and served to the assessee on 19.02.2021.

3. In response to the above notices, the assessee submitted required details online through 'E-Proceedings' facility in taxpayers account in 'e-filing' website of Income Tax Department System. The details called for has been perused and kept on record.

4. The assessee is having income from House Property, Business & Profession and Other Sources and same is offered for taxation in the return of income filed for the years under consideration.

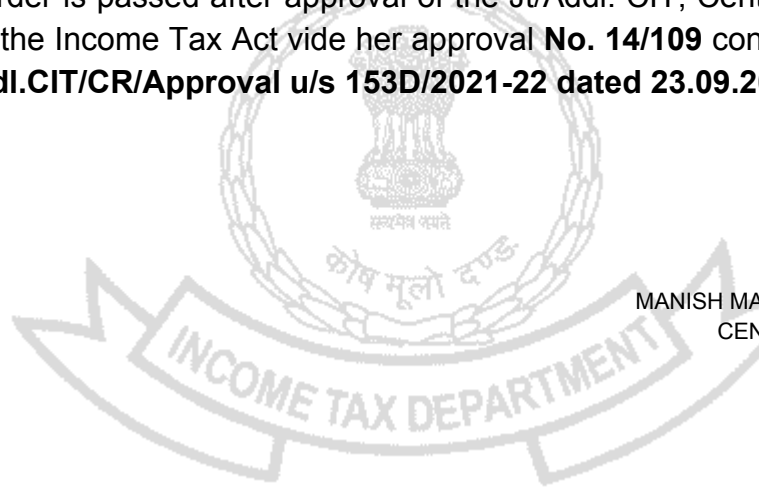
5. Considering the submissions and explanation submitted by the assessee, the total income is determined as under:

Particulars	Amount (Rs.)	Amount (Rs.)
Salary		N/A
Income from House Property		84,000
Income from business or profession		(12,42,460)
Income from capital gains		Nil
Income from other sources		17,77,695
Gross total income		6,19,235
Less:		
Deduction under Chapter VI-A	0	
Total Income		6,19,235

Rounded off u/s.288A		6,19,240
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6. Assessed u/s. 153A r.w.s. 143(3) of the Income Tax Act, 1961. Charge interest u/s. 234A, 234B, 234C, 234D of the Income Tax Act as applicable. Give credit of prepaid taxes after due verification. Issue demand notice and challan/Refund order, as the case may be.

7. This order is passed after approval of the Jt/Addl. CIT, Central Range, Baroda u/s. 153D of the Income Tax Act vide her approval **No. 14/109** contained in letter **No. No.BRD/Addl.CIT/CR/Approval u/s 153D/2021-22 dated 23.09.2021.**



MANISH MAHENDRAKUMAR MEHTA
CENTRAL CIR 1, VADODARA

Copy to:

Assessee

MANISH MAHENDRAKUMAR MEHTA
CENTRAL CIR 1, VADODARA

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Signer: MANISH MAHENDRAKUMAR MEHTA
Date: 27 September 2021 00:25
Location: DIRECTORATE, India



**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
INCOME TAX DEPARTMENT
OFFICE OF THE ASSISTANT COMMISSIONER OF
INCOME TAX
CENTRAL CIR 1, VADODARA**

To, JHAVERI CREDITS AND CAPITAL LIMITED 301/302 301/302 ,Payal Tower - II SAYAJIGUNJ 390005,Gujarat India	
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PAN: AAACJ4725C	AY: 2017-18	DIN & Order No: ITBA/AST/S/153A/2021- 22/1035851734(1)	Dated: 24/09/2021
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Name of the assessee	JHAVERI CREDITS AND CAPITAL LIMITED
Address of the assessee	301/302 301/302 , Payal Tower - II, SAYAJIGUNJ 390005, Gujarat, India
Status	COMPANY
Range/Circle/Ward	CENTRAL CIR 1, VADODARA
Resident/Resident but not Ordinary resident/ Non-resident	Resident
Date of Hearing	26/02/2021
Section/Sub-section under which assessment is made	153A
Date of Order	24/09/2021

ASSESSMENT ORDER

In this case, the assessee had furnished the return of income u/s. 139(1) of the Income Tax Act, 1961 on 02.08.2017 declaring total income of Rs.7,59,290/-. The same was processed under section 143(1) of the Income Tax Act, 1961.

2. Subsequently, search action u/s. 132 of the Income Tax Act, 1961 was carried out in the case of "Jhaveri Group" including the case of the assessee on 23.01.2020. Consequent to the search action, the proceedings u/s. 153A of the Act were initiated. Accordingly, notice u/s. 153A was issued on 08.12.2020. In compliance thereto, the assessee has filed its return of income on 07.01.2021 showing total income of Rs.7,59,290/-. Thereafter, notice u/s. 143(2) of the Act was

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issued on 17.01.2021 which was duly served. Notice u/s. 142(1) r.w.s. 129 of the Income Tax Act along with questionnaire was also issued and served to the assessee on 19.02.2021.

3. In response to the above notices, the assessee submitted required details online through 'E-Proceedings' facility in taxpayers account in 'e-filing' website of Income Tax Department System. The details called for has been perused and kept on record.

4. The assessee is having income from House Property, Business & Profession, Other Sources and same is offered for taxation in the return of income filed for the years under consideration.

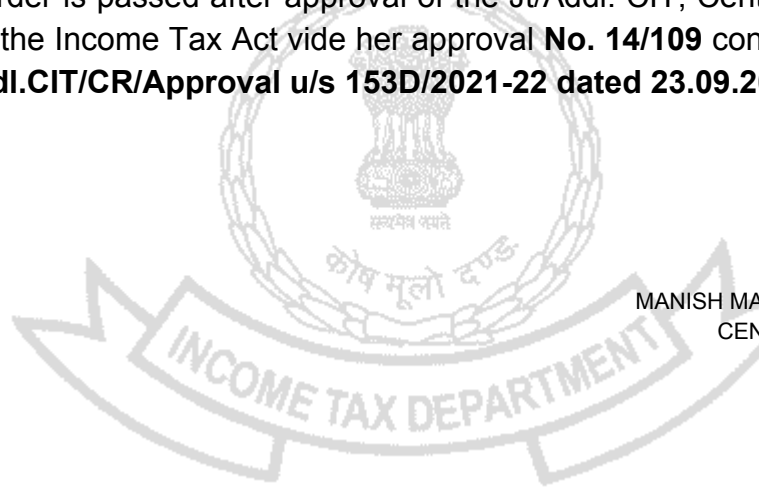
5. Considering the submissions and explanation submitted by the assessee, the total income is determined as under:

Particulars	Amount (Rs.)	Amount (Rs.)
Salary		N/A
Income from House Property		1,28,100
Income from business or profession		(19,78,461)
Income from capital gains		0
Income from other sources		26,09,650
Gross total income		7,59,289
Less:		
Deduction under Chapter VI-A	0	
Total Income		7,59,289

Rounded off u/s.288A		7,59,290
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6. Assessed u/s. 153A r.w.s. 143(3) of the Income Tax Act, 1961. Charge interest u/s. 234A, 234B, 234C, 234D of the Income Tax Act as applicable. Give credit of prepaid taxes after due verification. Issue demand notice and challan/Refund order, as the case may be.

7. This order is passed after approval of the Jt/Addl. CIT, Central Range, Baroda u/s. 153D of the Income Tax Act vide her approval **No. 14/109** contained in letter **No. No.BRD/Addl.CIT/CR/Approval u/s 153D/2021-22 dated 23.09.2021.**



MANISH MAHENDRAKUMAR MEHTA
CENTRAL CIR 1, VADODARA

Copy to:

Assessee

MANISH MAHENDRAKUMAR MEHTA
CENTRAL CIR 1, VADODARA

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Signer: MANISH MAHENDRAKUMAR MEHTA
Date: Friday, September 24, 2021 12:54 PM
Location: DIRECTORATE, India



**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
INCOME TAX DEPARTMENT
OFFICE OF THE ASSISTANT COMMISSIONER OF
INCOME TAX
CENTRAL CIR 1, VADODARA**

To, JHAVERI CREDITS AND CAPITAL LIMITED 301/302 301/302 ,Payal Tower - II SAYAJIGUNJ 390005,Gujarat India	
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PAN: AAACJ4725C	AY: 2016-17	DIN & Order No: ITBA/AST/S/153A/2021- 22/1035903679(1)	Dated: 26/09/2021
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Name of the assessee	JHAVERI CREDITS AND CAPITAL LIMITED
Address of the assessee	301/302 301/302 , Payal Tower - II, SAYAJIGUNJ 390005, Gujarat, India
Status	COMPANY
Range/Circle/Ward	CENTRAL CIR 1, VADODARA
Resident/Resident but not Ordinary resident/ Non-resident	Resident
Date of Hearing	26/02/2021, 05/03/2021
Section/Sub-section under which assessment is made	153A
Date of Order	26/09/2021

ASSESSMENT ORDER

In this case, the assessee had furnished the return of income u/s. 139(1) of the Income Tax Act, 1961 on 08.09.2016 declaring total income of Rs.92,252/-. The same was processed under section 143(1) of the Income Tax Act, 1961.

2. Subsequently, search action u/s. 132 of the Income Tax Act, 1961 was carried out in the case of "Jhaveri Group" including the case of the assessee on 23.01.2020. Consequent to the search action, the proceedings u/s. 153A of the Act were initiated. Accordingly, notice u/s. 153A was issued on 08.12.2020. In compliance thereto, the assessee has filed its return of income on 07.01.2021 showing total income of Rs.92,250/-. Thereafter, notice u/s. 143(2) of the Act was

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issued on 17.02.2021 which was duly served. Notice u/s. 142(1) r.w.s. 129 of the Income Tax Act along with questionnaire was also issued and served to the assessee on 19.02.2021.

3. In response to the above notices, the assessee submitted required details online through 'E-Proceedings' facility in taxpayers account in 'e-filing' website of Income Tax Department System. The details called for has been perused and kept on record.

4. The assessee is having income from House Property and Business & Profession and same is offered for taxation in the return of income filed for the years under consideration.

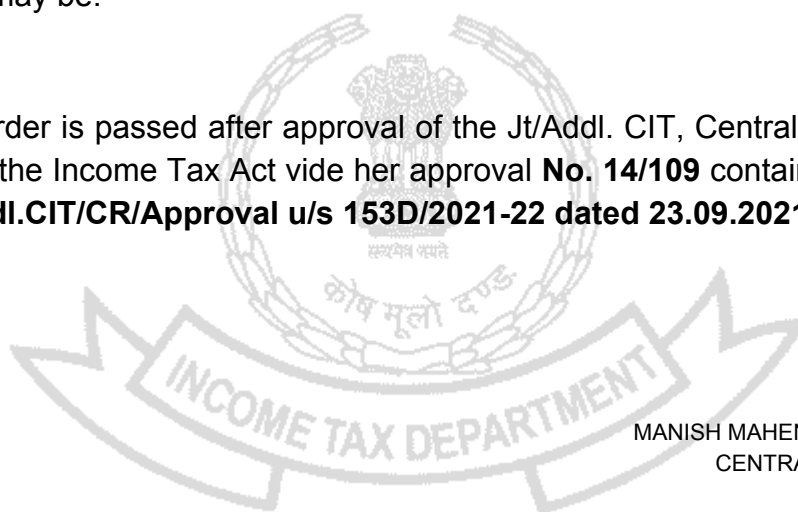
5. Considering the submissions and explanation submitted by the assessee, the total income is determined as under:

Particulars	Amount (Rs.)	Amount (Rs.)
Salary		N/A
Income from House Property		1,08,500
Income from business or profession		(16,248)
Income from capital gains		0
Income from other sources		0
Gross total income		92,252
Less:		
Deduction under Chapter VI-A	0	

Total Income		92,252
Rounded off u/s.288A		92,250

6. Assessed u/s. 153A r.w.s. 143(3) of the Income Tax Act, 1961. Charge interest u/s. 234A, 234B, 234C, 234D of the Income Tax Act as applicable. Give credit of prepaid taxes after due verification. Issue demand notice and challan/Refund order, as the case may be.

7. This order is passed after approval of the Jt/Addl. CIT, Central Range, Baroda u/s. 153D of the Income Tax Act vide her approval **No. 14/109** contained in letter **No. No.BRD/Addl.CIT/CR/Approval u/s 153D/2021-22 dated 23.09.2021.**



MANISH MAHENDRAKUMAR MEHTA
CENTRAL CIR 1, VADODARA

Copy to:

Assessee

MANISH MAHENDRAKUMAR MEHTA
CENTRAL CIR 1, VADODARA

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Signer: MANISH MAHENDRAKUMAR MEHTA
Date: Sunday, September 26, 2021 6:25 PM
Location: DIRECTORATE, India



GOVERNMENT OF INDIA
MINISTRY OF FINANCE
INCOME TAX DEPARTMENT
OFFICE OF THE COMMISSIONER OF INCOME TAX, APPEAL
CIT (A), Ahmedabad- 12

To, JHAVERI CREDITS AND CAPITAL LIMITED 301/302 301/302 ,Payal Tower - II SAYAJIGUNJ 390005 ,Gujarat India	
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PAN: AAACJ4725C	AY: 2012-13	Dated: 25/05/2022	DIN & Order No : ITBA/APL/S/250/2022-23/1043158094(1)
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Order u/s 250 of Income Tax Act,1961

Instituted on **28/01/2020** from the order of **CIRCLE 1(1)(2), VADODARA** dated 30/12/2019

Appeal No	CIT (A), Vadodara- 2/10651/2019-20
Status/Deductor Category	Company
Residential Status	Resident
Nature of Business	Others
Section under which the order appealed against was passed	143(3)r.w.s147
Date of Order under which the order appealed against was passed	30/12/2019
Income/Loss Assessed (in Rs .)	13931390
Tax/Penalty/Fine/Interest Demanded (in Rs.)	7320310
Date of Hearing(s)	As per record(s)
Present for the appellant	Not Applicable
Present for the Department	Not Applicable

The appeal was instituted on **28.01.2020** vide appeal no. **CIT(A), Vadodara- 2/10651/2019-20 (Acknowledgment No.297118141280120)** against the order dated **30.12.2019** passed under section **143(3) rws. 147** of the Income-tax Act, 1961 by the **DCIT, Circle- 1(1)(2), Vadodara** for the assessment year **2012-13**. This case is listed in the WORKLIST on ITBA wherein it is seen that the appellant had filed VSVS application. It is found from the ITBA 360 Deg profile that the jurisdictional Pr. CIT (Central), Surat has issued Form No.5 in this case and, hence it is necessary to pass an order of withdrawal of the said appeal.

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* DIN- Document identification No.

2. It is noted that the appellant opted for the Direct Taxes Vivad Se Vishwas Scheme 2020 vide application in Form 1 filed on dated **29.12.2020**. Pursuant thereto, it is found that the appellant has made full and final payment of **Rs.22,02,970/-** of the arrear tax determined. The issue date of VSVS order u/s.5(2) in Form 5 is **28.12.2021 (Acknowledgement No. 508651721281221)**. In view of the above, the appeal is treated as infructuous as per subsection 2 of section 4 of the Direct Tax Vivad Se Vishwas Act, 2020.

3. Accordingly, the appeal is treated as **dismissed as deemed withdrawn** for statistical purposes.

ANSHU PRAKASH
CIT (A), Ahmedabad- 12

Copy to:

1. The DGIT(Inv.), Ahmedabad.
2. The Pr. CIT (Central), Surat.
3. The DCIT, Central Circle-1, Vadodara.
4. The Appellant.

ANSHU PRAKASH
CIT (A), Ahmedabad- 12

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Signer: ANSHU PRAKASH
Date: Wednesday, March 25, 2022 1:51 PM
Location: AHMEDABAD, India



Office of the
Deputy Commissioner of Income-tax,
Central Circle-1, Baroda
607, 6th Floor, Aayakar Bhawan, Race Course Circle, Baroda – 390007,
Phone : (O) : (0265) - 2331536 ; Fax : (0265) – 2331536

Name of the assessee	Jhaveri Credits and Capitals Limited
Address of the assessee	301-302, Payal Towers II, Sayajiganj, Vadodara, Gujarat - 390005
PAN	AAACJ4725C
A.Y.	2012-13
Date of Order	27/12/2023
DIN No.	ITBA/REC/M/154/2023- 24/1059126768(1)

ORDER U/S 154 OF THE INCOME-TAX ACT, 1961


In this case, the assessee had furnished the return of income u/s 139(1) of the Income Tax Act on 26.09.2012 declaring total income of Rs.26,31,390/-. The same was processed under section 143(1) of the Income Tax Act. Subsequently, the assessment proceedings u/s. 147 r.w.s 143(3) was completed on 30.12.2019 determining the income at Rs.1,39,31,390/-. Thereafter, the assessee opted for VSVS and order giving effect to VSVS was passed on 02.06.2022. The said order, passed under section 5(2), has already been uploaded on the ITBA system and the demand of the assessee was reduced to NIL.

2. As per the provisions of the VSVS, the assessee has paid total demand of Rs.37,06,940/- (including Rs.22,02,970/- while applying for VSVS). Thereafter, two refunds of A.Y. 2021-22 & 2022-23 of Rs.1,44,337/- and Rs.92,090/- respectively were adjusted against the demand for A.Y. 2012-13 before giving effect of VSVS scheme. Further, the assessee requested to pass a rectification order and issue the due refund.

3. On perusal of the case records and details available on the system, the contention of the assessee is found to be correct. Hence, a rectification order u/s. 154 r.w.s 147 is hereby passed to give credit of adjusted refunds of Rs.1,44,337/- and Rs.92,090/- for A.Y. 2021-22 and A.Y. 2022-23 respectively to the assessee. The assessed income remains unchanged at Rs.1,39,31,390/-.

Rectified accordingly. Re-calculate tax, interest u/s. 234A, 234B, 234C and 234 D after giving credit of prepaid taxes. Issued revised demand notice and challan/RO.




(Lokesh Kumar Meena)
Deputy Commissioner of Income-tax,
Central Circle-1, Baroda

नियम 15 देखिए।

Jhaveri Credits and Capitals Limited
301-302, Payal Towers II, Sayajiganj,
Vadodara, Gujarat - 390005.

फॉर्म-7-

PAN: AAACJ4725C

STATUS: Company

Order u/s 154 of the Income Tax Act, 1961

This is given you notice that for the assessment year **2012-13** a sum of **Rs. 2,55,004/-** refundable to the assessee, details of which are given below, has been determined to be payable by you.

1. The amount should be paid to the Manager, authorised bank/State Bank of India, Reserve Bank of India at **Baroda** within **30 (thirty)** days of the service of this notice. The previous approval of the Joint Commissioner of Income-tax has been obtained for allowing a period less than 30 days for the payment of the above sum. A challan is enclosed for the purpose of payment.
2. If you do not pay the amount within the period specified above, you shall be liable to pay simple interest at the rate applicable for every month or part of a month from the date commencing after end of the period aforesaid in accordance with section 220(2).
3. If you do not pay the amount of the tax within the period specified above, penalty (which maybe as much as the amount of tax in arrear) may be imposed upon you after giving you a reasonable opportunity of being heard in accordance with Section 221.
4. If you do not pay the amount within the period specified above, proceedings for the recovery thereof will be taken in accordance with Section 222 to 229, 231 and 232 of the Income-tax Act, 1961.
5. If you Intend to appeal against the assessment/fine/penalty, you may present an appeal under Part A of Chapter XX of the Income-tax Act, 1961, to the Deputy Commissioner (Appeals) of Income-tax/Commissioner of Income Tax (Appeals)-12, Baroda within thirty days of the receipt of this notice, in Form No. 35, duly stamped and verified as laid down in that form.
6. The amount has become due as a result of the order of the Deputy Commissioner of (Appeals) / Commissioner of Income-tax/Commissioner of Income-tax (Appeals) /Chief Commissioner of Income-tax, under section of the Income-tax Act, 1961. If you intend to appeal against the aforesaid order, you may present an appeal under Part B of Chapter XX of the said Act to the Income-tax Appellate Tribunal within sixty days of the receipt of that order, in Form No. 36, duly stamped and verified as laid down in that form.



		Amount in Rs.
Assessed Income		13931390
Book Profit		0
Tax payable(Incl. SC and EC)		4520040
Tax Credit U/s. 115JAA/90/90A		0
Total tax		4520040
Add. Int. u/s. 234A		0
Int. u/s. 234B		11232
Int. u/s. 234C		7411
234D		0
Interest u/s. 220		0
Gross demand		4538683
Credit given		4775109
Amount refundable		236426
Interest u/s. 244A		18578
Net Refund		255004

Assessing Officer

(Lokesh Kumar Meena)

Dy. Commissioner of Income-tax
Central Circle – 1, Vadodara

CDCR no. 7 / 167 / II / 2022-23



Office of the
Asst. Commissioner of Income-tax,
Central Circle-1, Baroda
Room No.607, 6th Floor, Aayakar Bhawan, Race Course Circle, Baroda – 390007,
Phone/Fax : (0265) - 2331536 ; E-mail-baroda.dcit.ccl@incometax.gov.in

Name of the assessee : Jhaveri Credits and Capital Limited
PAN : AAACJ4725C
A.Y. : 2012-13
Status : Company

ORDER GIVING EFFECT TO THE VsVs 2020

In view of the VsVs form V issued by PCIT Central, Surat, the total income and disputed tax of the assessee is re-computed as under :

Assessed Income as per order against which appeal filled	13931390
Disputed Tax in relation to disputed Income	3706940
Interest charged on disputed tax	3611847
Penalty levied on disputed tax	-
Amount payable under DTVSV	3706940
Tax paid as per Form 3 issued by PCIT(C) Surat	1503973
Tax paid as per Form 4	2202970
Refund determined as per Form-5 issued by PCIT(C) Surat vide Ack No. 455869201271221	0

The immunity is granted by the PCIT (Central) Surat for instituting penalty and prosecution for any offence under the IT Act in respect of the abovementioned disputed income of Rs 11300000/-.

Modified accordingly. Recalculate the tax. Give credit for pre-paid taxes, if any, after due verification. Issued Demand Notice, ~~penalty notice~~ and Challan / Refund Order as the case may be.

Date : 02/06/2022

Ongkar Nath
(Ongkar Nath)
Dy. Commissioner of Income Tax
Central Circle-1, Baroda.

Copy to the Assessee

Dy. Commissioner of Income Tax
Central Circle-1, Baroda



I. T. N.S.: 65

**INCOME TAX DEPARTMENT
VADODARA**

1.	Name of the assessee	JHAVERI CREDITS AND CAPITAL LIMITED
2.	Address	301-302, PAYAL TOWER II SAYAJIGUNJ Vadodara - 390020 Gujarat
3.	PAN	AAACJ4725C
4.	Status	Individual
5.	Circle	Central Circle-1, Vadodara
6.	Previous Year	2019-20
7.	Assessment Year	2020-21
8.	Residential Status	Resident
9.	Method of accounting	Mercantile
10.	Nature of Business	Income from Business & Profession and other sources
11.	Section and sub-section under which the assessment is made	143(3) of the Income Tax Act, 1961
12.	Date(s) of hearing	As per order sheet
13.	Date of order	

ASSESSMENT ORDER

In this case, the assessee had furnished the return of income u/s. 139(1) of the Income Tax Act, 1961 on 13.02.2021 declaring total income of Rs.NIL/- with current year loss of Rs.22,20,745/-. The same was processed under section 143(1) of the Income Tax Act, 1961.

2. Subsequently, search action u/s. 132 of the Income Tax Act, 1961 was carried out in the case of “Jhaveri Group” including the case of the assessee on 23.01.2020. Since this is a search case, provisions of section 153A of the Act are applicable. Accordingly, assessment years 2014-15 to 2019-20 are being assessed u/s. 153A(b) of the Act and the year under consideration, i.e. assessment year 2020-21, being year of search is governed by the provisions of section 153B(b) of the Act.

3. In this case, the return of income declaring total income at Rs.NIL/- with current year loss of Rs.22,20,745/- was filed by the assessee on 13.02.2021 which was processed u/s. 143(1) of the Act. Thereafter, notice u/s. 143(2) of the Act was issued on 17.02.2021 which

was duly served. Notice u/s. 142(1) r.w.s. 129 of the Income Tax Act along with questionnaire was also issued and served to the assessee on 19.02.2021.

4. In response to the above notices, the assessee submitted required details online through 'E-Proceedings' facility in taxpayers account in 'e-filing' website of Income Tax Department System. The details called for has been perused and kept on record.

5. The assessee is having income from business or profession and other sources and same is offered for taxation in the return of income filed for the years under consideration.

6. Considering the submissions and explanation submitted by the assessee, the total income is determined as under:

Particulars	Amount (Rs.)	Amount (Rs.)
Salary		N/A
Income from House Property		0
Income from business or profession		(33,52,992)
Income from capital gains		0
Income from other sources		11,32,247
Losses of current year to be set off		11,32,247
Losses of current year to be carried forward		(22,20,745)

7. Assessed u/s. 153A r.w.s. 143(3) of the Income Tax Act, 1961. Charge interest u/s. 234A, 234B, 234C, 234D of the Income Tax Act as applicable. Give credit of prepaid taxes after due verification. Issue demand notice and challan/Refund order, as the case may be.

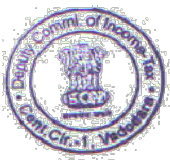
8. This order is passed after approval of the Jt/Addl. CIT, Central Range, Baroda u/s. 153D of the Income Tax Act vide her approval **No. 14/109** contained in letter **No. No.BRD/Addl.CIT/CR/Approval u/s 153D/2021-22 dated 23.09.2021.**



(Dr. Manish Mehta)

Deputy Commissioner of Income Tax,
Central Circle-1, Baroda.

Dated: 23.09.2021



Copy to the assessee

Deputy Commissioner of Income Tax,
Central Circle-1, Baroda.



**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
INCOME TAX DEPARTMENT
OFFICE OF THE ASSISTANT COMMISSIONER OF
INCOME TAX
CENTRAL CIR 1, VADODARA**

To, JHAVERI CREDITS AND CAPITAL LIMITED 301/302, Payal Tower - II , SAYAJIGUNJ VADODARA 390005, Gujarat India	
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PAN: AAACJ4725C	AY: 2022-23	DIN & Order No: ITBA/AST/S/143(3)/2023- 24/1061541640(1)	Dated: 26/02/2024
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Name of the assessee	JHAVERI CREDITS AND CAPITAL LIMITED
Address of the assessee	301/302, Payal Tower - II , SAYAJIGUNJ, VADODARA 390005, Gujarat, India
Status	COMPANY
Range/Circle/Ward	CENTRAL CIR 1, VADODARA
Resident/Resident but not Ordinary resident/ Non-resident	Resident
Date of Hearing	15/06/2023, 20/09/2023, 20/09/2023, 09/01/2024
Section/Sub-section under which assessment is made	143(3)
Date of Order	26/02/2024

ASSESSMENT ORDER

The assessee-company has e-filed its original return of income u/s.139(1) of the I.T. Act, 1961 (hereinafter to be referred as 'the Act') on 30.09.2022 declaring total income of Rs.2,20,930/- and Book profit under MAT of Rs.33,31,000/-. Thereafter, the case was selected for complete scrutiny under CASS. Accordingly, notice u/s. 143(2) of the Act was issued to the assessee on 31.05.2023 which was duly served upon the assessee.

2. Subsequently, notice u/s. 142(1) along-with questionnaire was issued to the assessee on 05.09.2023 requiring for submit the details on or before 20.09.2023, which was duly served upon the assessee. In response, the assessee has submitted the reply on 19.10.2023. Further, notice u/s. 142(1) of the Act along-with detailed questionnaire were issued to the assessee on 02.01.2024 requiring for submit the details on or before

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,Aayakar Bhawan, Baroda, INCOME TAX OFFICE, RACE COURSE CIRCLE, BARODA, Gujarat, 390007
Email: BARODA.DCIT.CEN1@INCOMETAX.GOV.IN, Office Phone:02652331536

09.01.2024 which was duly served upon the assessee. The assessee furnished its reply in response to the said notice on 11.01.2024.

3. In response to above notices u/s. 143(2) and 142(1) of the Act, the assessee submitted the details called for, online through "E-Proceedings" facility in taxpayers account in 'e-filing' website of Income Tax Department.

4. The Assessee is a company domiciled in India. During the Year under review, the assessee has Income from Securities, Income from Capital Gains, Interest Income and Commission Income from Mutual Funds and Dividend Income.

5. On the basis of the details furnished by the assessee and subject to the above observations, the total income of the assessee-company is assessed as under: -

Particulars	Particulars Amount (In Rs.)
Return of Income as per Return of Income processed u/s. 143(1) of the Act	2,20,930/-
Assessed Income	2,20,930/-
Book profit under MAT	33,31,000/-

6. Assessed u/s. 143(3) of the Act 1961. Tax and Interest u/s. 234A & 234B charged as applicable as per ITNS 150 which forms part of this order. Issued demand notice and Challan accordingly.

7. This order is passed after obtaining approval No.150/143 of Addl. CIT, Central Range, Vadodara vide letter No. No.VDR/Addl.CIT/143(3)/Jhaveri & Waa/Approval/2023-24 dated 22.02.2024.

LOKESH KUMAR MEENA
CENTRAL CIR 1, VADODARA

Copy to:

Assessee

LOKESH KUMAR MEENA
CENTRAL CIR 1, VADODARA

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Signer: LOKESH KUMAR MEENA
Date: Tuesday, February 27, 2024 2:55 PM
Location: DIRECTORATE, India



GOVERNMENT OF INDIA
MINISTRY OF FINANCE
INCOME TAX DEPARTMENT
OFFICE OF THE ASSISTANT
COMMISSIONER OF INCOME TAX
CENTRAL CIR 1, VADODARA

To, JHAVERI CREDITS AND CAPITAL LIMITED 301/302, Payal Tower - II , SAYAJIGUNJ VADODARA 390005, Gujarat India	
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PAN: AAACJ4725C	Date: 26/02/2024	Status: COMPANY	DIN & Notice No: ITBA/AST/S/156/2023- 24/1061547014(1)
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Subject: Notice of demand under section 156 of the Income-Tax Act, 1961

1. This is to give you notice that for the assessment year **2022-23** a sum of **Rs. 0**, details of which are given on the reverse, has been determined to be payable by you.
2. The amount should be paid to the Manager, authorised bank/State Bank of India within 30 days of the service of this notice. A challan is enclosed for the purpose of Payment.
3. If you do not pay the amount within the period specified above, you shall be liable to pay simple interest at one per cent for every month or part of a month from the date commencing after the end of the period aforesaid in accordance with section 220(2).
4. If you do not pay the amount of the tax within the period specified above, penalty (which may be as much as the amount of tax in arrear) may be imposed upon you after giving you a reasonable opportunity of being heard in accordance with section 221.
5. If you do not pay the amount within the period specified above, proceedings for the recovery thereof will be taken in accordance with sections 222 to 227, 229 and 232 of the Income-tax Act, 1961.
6. If you intend to appeal against the assessment, you may present an appeal under Part A of Chapter XX of the Income-tax Act, 1961, to the **CIT (A), Ahmedabad- 12** within thirty days of the receipt of this notice, in Form No. 35, duly stamped and verified as laid down in that form.

LOKESH KUMAR MEENA
CENTRAL CIR 1, VADODARA

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,Aayakar Bhawan, Baroda, INCOME TAX OFFICE, RACE COURSE CIRCLE, BARODA, Gujarat, 390007

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Signer: LOKESH KUMAR MEENA
Date: Tuesday, February 27, 2024 2:55 PM
Location: DIRECTORATE, India





GOVERNMENT OF INDIA
MINISTRY OF FINANCE
INCOME TAX DEPARTMENT
OFFICE OF THE ASSISTANT
COMMISSIONER OF INCOME TAX
CENTRAL CIR 1, VADODARA

To, JHAVERI CREDITS AND CAPITAL LIMITED 301/302 301/302 ,Payal Tower - II SAYAJIGUNJ 390005,Gujarat India	
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PAN: AAACJ4725C	Date: 26/09/2021	Status: COMPANY	DIN & Notice No: ITBA/AST/S/156/2021- 22/1035907675(1)
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Subject: Notice of demand under section 156 of the Income-Tax Act, 1961

1. This is to give you notice that for the assessment year **2015-16** a sum of **Rs. 6,450**, details of which are given on the reverse, has been determined to be payable by you.
2. The amount should be paid to the Manager, authorised bank/State Bank of India within 30 days of the service of this notice. A challan is enclosed for the purpose of Payment.
3. If you do not pay the amount within the period specified above, you shall be liable to pay simple interest at one per cent for every month or part of a month from the date commencing after the end of the period aforesaid in accordance with section 220(2).
4. If you do not pay the amount of the tax within the period specified above, penalty (which may be as much as the amount of tax in arrear) may be imposed upon you after giving you a reasonable opportunity of being heard in accordance with section 221.
5. If you do not pay the amount within the period specified above, proceedings for the recovery thereof will be taken in accordance with sections 222 to 227, 229 and 232 of the Income-tax Act, 1961.
6. If you intend to appeal against the assessment, you may present an appeal under Part A of Chapter XX of the Income-tax Act, 1961, to the **CIT (A), Ahmedabad- 12** within thirty days of the receipt of this notice, in Form No. 35, duly stamped and verified as laid down in that form.

MANISH MAHENDRAKUMAR MEHTA
CENTRAL CIR 1, VADODARA

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,Aayakar Bhawan,Baroda, INCOME TAX OFFICE, RACE COURSE CIRCLE, BARODA, Gujarat, 390007

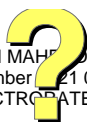
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Signer: MANISH MAHENDRAKUMAR MEHTA
Date: 27 September 2021 00:24
Location: DIRECTORATE, India





GOVERNMENT OF INDIA
MINISTRY OF FINANCE
INCOME TAX DEPARTMENT
OFFICE OF THE ASSISTANT
COMMISSIONER OF INCOME TAX
CENTRAL CIR 1, VADODARA

To, JHAVERI CREDITS AND CAPITAL LIMITED 301/302 301/302 ,Payal Tower - II SAYAJIGUNJ 390005,Gujarat India	
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PAN: AAACJ4725C	Date: 26/09/2021	Status: COMPANY	DIN & Notice No: ITBA/AST/S/156/2021- 22/1035903704(1)
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Subject: Notice of demand under section 156 of the Income-Tax Act, 1961

1. This is to give you notice that for the assessment year **2016-17** a sum of **Rs. 0**, details of which are given on the reverse, has been determined to be payable by you.
2. The amount should be paid to the Manager, authorised bank/State Bank of India within 30 days of the service of this notice. A challan is enclosed for the purpose of Payment.
3. If you do not pay the amount within the period specified above, you shall be liable to pay simple interest at one per cent for every month or part of a month from the date commencing after the end of the period aforesaid in accordance with section 220(2).
4. If you do not pay the amount of the tax within the period specified above, penalty (which may be as much as the amount of tax in arrear) may be imposed upon you after giving you a reasonable opportunity of being heard in accordance with section 221.
5. If you do not pay the amount within the period specified above, proceedings for the recovery thereof will be taken in accordance with sections 222 to 227, 229 and 232 of the Income-tax Act, 1961.
6. If you intend to appeal against the assessment, you may present an appeal under Part A of Chapter XX of the Income-tax Act, 1961, to the **CIT (A), Ahmedabad- 12** within thirty days of the receipt of this notice, in Form No. 35, duly stamped and verified as laid down in that form.

MANISH MAHENDRAKUMAR MEHTA
CENTRAL CIR 1, VADODARA

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Signer: MANISH MAHENDRAKUMAR MEHTA
Date: Sunday, September 26, 2021 6:25 PM
Location: DIRECTORATE, India

Goods and Services Tax

JHAVERI CREDITS AN

Government of India, States and Union Territories

Dashboard > Payment towards Demand

 English**GSTIN/TEMP ID:**

24AAACJ4725C1Z3

Legal Name:

JHAVERI CREDITS AND CAPITAL LIMITED

Trade Name:

JHAVERI CREDITS AND CAPITAL LIMITED

Outstanding Demand

Info: No Outstanding Demand Found.

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Goods and Services Tax

Government of India, States and Union Territories

 JHAVERI CREDITS AN
24AAACJ4725C1Z3

Dashboard > Services > User Services > Additional Notices and Orders

Notices and Orders

Additional Notices and Orders

Type of Notice/Order	Description	Ref ID	Date of Issuance	Action
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Note:

1. Following Notices/Orders issued by tax authorities are available under "Notices and Orders":
 - Notice/Orders/Intimations pertaining to registration including new registration, amendment, cancellation, revocation and other communications.
 - Notices issued by System to return defaulters in Form GSTR-3A.
 - Notices pertaining to Return module comprising GST DRC-01B and GST DRC-01C.
 - Summary of assessment orders issued in Form GST DRC-07 where notices and other proceedings were held offline.
2. Following Notices/Orders issued by tax authorities are available under "Additional Notices and Orders":
 - Notices /Orders pertaining to modules- Advance Ruling, Appeal, Assessment/ Adjudication, Audit, Enforcement, Prosecution and Compounding, Recovery, LUT etc.
3. Notices/ Orders pertaining to Refund module will be shown under case details page of respective ARN of refund. Please navigate to 'Services>User Services> My application' and select ARN under Application Type as 'REFUNDS'.



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SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

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

In respect of –

Jhaveri Credit and Capital Ltd
[Registration No. INZ000091137]

In the matter of National Spot Exchange Limited

BACKGROUND

1. Securities and Exchange Board of India (hereinafter be referred to as, the “**SEBI**”) initiated enquiry proceedings against Jhaveri Credit and Capital Ltd (hereinafter be referred to as, the “**Noticee** ”), registered with SEBI as a commodity derivatives broker under the SEBI (Stock Brokers) Regulations, 1992 (hereinafter be referred to as, the “**Stock Broker Regulations**”), for the alleged violations of Regulations 5(e), 9(b) and 9(f) read with Clause A(1), A(2) and A(5) Schedule II of the Stock Broker Regulations read with Schedule II of the SEBI (Intermediaries) Regulations, 2008 (hereinafter be referred to as, the “**Intermediaries Regulations**”).
2. The Noticee was a Trading and Clearing Member of the National Spot Exchange Limited (hereinafter be referred to as, the “**NSEL**”), which was incorporated in May 2005 as a spot exchange for trading in commodities. NSEL organised trading in commodities after it was granted exemption from provisions of Forward Contracts (Regulation) Act, 1952 (hereinafter be referred to as, the “**FCRA**”) by the Department of Consumer Affairs of the Ministry of Consumer Affairs, Food and Public Distribution, Government of India, vide Gazette Notification No. SO 906(E) dated June 05, 2007, in exercise of powers conferred by Section 27 of FCRA subject to certain conditions.

3. In September 2009, NSEL introduced the concept of 'paired contracts', i.e. buying and selling the same commodity through two different contracts at two different prices on its platform wherein investors could buy a short duration settlement contract and sell a long duration settlement contract and vice versa at the same time. It entailed occurrence of Buy Trades (T+2 /T+3) and Sell Trades (T+25 / T+36) on the same day at different prices on the platform of NSEL.
4. On February 06, 2012, the erstwhile Forward Markets Commission (hereinafter referred to as “FMC”) was appointed by the Department of Consumer Affairs, Government of India as the ‘designated agency’ as stipulated in one of the conditions prescribed under the said 2007 Exemption Notification, authorizing it to collect the trade data from the NSEL and to examine the same for taking appropriate measure, if needed, to protect investors’ interest. The FMC had accordingly called for the trade data from different Spot Exchanges, including the NSEL in the prescribed reporting formats. After analyzing the trade data received from the NSEL, the FMC passed Order No. 4/5/2013-MKT-1/B dated December 17, 2013 in the matter (hereinafter referred to as “**FMC Order**”) wherein it was inter alia observed that 55 contracts offered for trade on the NSEL platform were in violation of the relevant provisions of the FCRA and that the condition of ‘no short sale by members of the exchange shall be allowed’ was being not complied with by the NSEL and its members. FMC further observed that the ‘paired contracts’ offered for trading in the NSEL platform were in violation of the provisions of the FCRA and also in violation of the conditions specified by the Government of India in its 2007 Exemption Notification, while granting exemptions to the one day forward contract for sale and purchase of commodities traded on the NSEL, from the purview of the FCRA.
5. On perusal of the FMC Order in respect of the ‘paired contracts’, which were traded on the NSEL platform during the relevant period, I note that the FMC had inter alia, observed that the following conditions stipulated in the 2007 Exemption Notification were violated:

- a. **Short Sale**

NSEL had not made it mandatory for the seller to deposit goods in its warehouse before taking a sell position. Hence, the condition of “*no short sale by members of the NSEL shall be allowed*” was not being met by the NSEL and its trading/clearing members who traded in the paired contracts during the relevant period.

b. Contracts with Settlement Period going beyond 11 days

Some of the contracts offered for trade on NSEL had settlement periods exceeding 11 days and therefore, such contracts were “*non-transferable specific delivery*” contracts under the FCRA. As per the FCRA, the “*ready delivery contracts*” were required to be settled within 11 days of the trade and hence, the contracts traded on the NSEL which provided settlement schedule for a period exceeding 11 days were not allowed under the aforesaid Notification.

6. Hence, it was alleged that the NSEL organised trading in ‘*paired contracts*’ in violation of the Notification SO 906(E) dated June 05, 2007 issued under Section 27 of the FCRA. It was also alleged that the Trading Members and Clearing members of the NSEL facilitated and/or participated in trading in such paired contracts which were in alleged violation of the Notification dated June 05, 2007 issued under the FCRA. Thus, by participating in / facilitating trading in paired contracts, such entities, allegedly, had acted in a manner detrimental to the interest of the securities market.
7. As per information available with SEBI, the Noticee, being a Trading and Clearing member of the NSEL, participated in / facilitated trading in paired contracts on the platform of NSEL markets in alleged violation of the provisions of Regulation 9(b) and 9(f) read with Clauses A (1), A (2) and A (5) of the Schedule II of the Stock Broker Regulations. Based on this information, SEBI was *prima facie* satisfied that there were sufficient grounds to enquire into whether the Noticee, was ‘*fit and proper*’ to continue to hold certificate of registration as Trading and Clearing Member in terms of Regulation 5(e) of the Stock Broker Regulations read with Regulation 27(iv) of the Stock Broker Regulations read with Schedule II of the Intermediaries Regulations.

ENQUIRY BY DESIGNATED AUTHORITY

8. A Designated Authority (hereinafter referred to as “DA”) was appointed by SEBI vide communique dated September 21, 2018 to conduct an enquiry against the Noticee and submit a report and make recommendation/s in compliance with Regulation 27 of the Intermediaries Regulations. The DA, accordingly, issued a Show Cause Notice dated September 26, 2018 (hereinafter referred to as “Enquiry SCN) to the Noticee under Regulation 25(1) of the Intermediaries Regulations (as applicable at the relevant time) calling upon it to show cause as to why appropriate recommendation should not be made against it under Regulation 27 of

the Intermediaries Regulations (as applicable at that time) read with Section 12(3) of the SEBI Act for the alleged violation of the provisions of Regulation 9(b) and 9(f) read with Clauses A(1), A(2) and A(5) of the Schedule II of the Stock Broker Regulations and being not a *'fit and proper person'* for holding the certificate of registration as trading / clearing member in terms of Regulation 5(e) read with Regulation 27(iv) of the Broker Regulations read with Schedule II of the Intermediaries Regulations.

9. The Noticee participated in the Enquiry Proceedings before the DA and had replied to the SCN vide letters dated October 15, 2018 and April 12, 2019. Upon completion of the enquiry, the DA submitted an Enquiry Report dated July 31, 2019 (“Enquiry Report”) to the Competent Authority, inter alia, observing as under:

“43. In view of the facts and circumstances of the case and the material placed before me I am of the view that the Noticee is not a fit and proper person in terms of Regulation 5(e) read with Regulation 27(iv) of the Stock Broker Regulations read with Schedule II of the Intermediaries Regulations. Therefore, in terms of Regulation 27 of the Intermediaries Regulations, I recommend that the registration of the Noticee ie Jhaveri Credit and Capital Ltd., registered as Stock Broker [SEBI Registration No INZ000091137] as a commodities derivatives brokers may be cancelled.”

POST ENQUIRY PROCEEDINGS

Show Cause Notice, Reply and Personal Hearing

10. After considering the Enquiry Report, a post-enquiry Show Cause Notice dated September 11, 2019 (“SCN”) was issued to the Noticee under Regulation 28(1) of the Intermediaries Regulations (as applicable at the relevant time) enclosing therewith (a) a copy of the Enquiry Report, (b) Letter dated December 30, 2014 of the Department of Economic affairs (DEA), Ministry of Finance and (c) Copy of order dated August 22, 2014 passed by Hon’ble Bombay High court. The Noticee was called upon to state why action as recommended by the DA including any other action should not be taken against, as deemed fit, by the Competent Authority.
11. The Noticee replied to the said SCN vide its letters dated October 10, 2019, January 06, 2020, January 20, 2020, March 09, 2020, January 09, 2023, January 14, 2023 and made the following submissions:

- (i) Vide letter dated October 10,2019, the Noticee submitted that prima facie, it appears that the impugned inquiry is initiated under Chapter V of SEBI (Intermediaries) Regulations,2008 “Action in case of default and manner of suspension or cancellation of certificate” which necessitates the compliance of Chapter III of SEBI (Intermediaries) Regulation,2008 “Inspection and Disciplinary Proceedings”.
- (ii) The Noticee vide letter dated January 06,2020 submitted that since the initiation of proceedings, the Noticee has been asking for various documents including Trade and Order Log, Trade History, Settlement Delivery Report, etc; appeared to be relied upon and opportunity of inspection.
- (iii) The Noticee vide letter dated January 20, 2020, submitted that it is completely confused and in dilemma with respect to mode and manner in which the proceedings for ‘fit and proper’ person are being conducted against it in the year 2020 for the trades on NSEL prior to almost 8 years i.e much before the Certificate of Registration obtained from SEBI pursuant to merger of FMC and SEBI.
- (iv) The Noticee vide letter dated March 09, 2020 has stated that the ER dated July 31, 2019 by DA is not worth for further trial and the recommendation of the learned DA is not worth for further consideration as its report was improvised through new documents which were not provided to the Noticee at the time of preparation of ER and the same was provided to the Noticee.
- (v) The Noticee has referred the FMC Order, Grant Thornton Report and Bombay High Court Judgement in the matter of *63 Moons Technologies Limited vs. State of Maharashtra*.
- (vi) The Noticee submitted that it had followed the instructions of the clients for the execution of alleged paired trade/buy and sell trade. But in fact, those alleged trades were neither paired contract nor short sell in as much as that the FMC had not formed any adverse opinion after receiving the reply of NSEL but resorted to take prohibitory action.Unfortunately, SEBI had also resorted to carry on the procedure after 2015 on the basis of prohibitory direction issued by FMC, the adjudication with respect to paired contract was legal or illegal.
- (vii) The Noticee stated that DA while placing reliance on EOW proceedings and records appears to have considered list of Trading Members or Fund name and Clearing Member name and the amount mentioned against their name in the EOW interim report dated April 04,2015, who had applied/ registration with SEBI .

- (viii) The Noticee vide letter dated January 09,2023, has stated that transactions which were executed by it on behalf of the clients, was executed during the period, September 2009 to July 2013, and SEBI initiated the proceedings approximately after 6 years, in 2018. There is inordinate delay and therefore the proceedings were barred by limitation.
- (ix) The Noticee has stated that as Trading member of the NSEL it had started executing 'e-series' contract as permitted by NSEL. The said permission was based on the circulars issued by the NSEL.
- (x) The Noticee has referred to the judgments passed by the Hon'ble SAT order of SEBI wherever there was an inordinate delay.
- (xi) The Noticee has submitted that it had executed trades on the platform of the exchange, cannot automatically mean that as a broker it is closely connected to the Exchange. Further, association cannot be alleged or inferred; same has to be established, both legally and factually. It was neither closely connected to the Exchange nor was it associate of the Exchange. Merely because, as it transpires now that the trading on NSEL in alleged paired contracts were in contravention of provisions of FCRA and Central Government Notification dated June 05, 2007, it cannot be alleged that it had committed violations because it had traded on exchange platform.
- (xii) The Noticee has submitted that an FIR had been filed by SEBI against it, no adverse inferences can be drawn against it, either in terms of it being parties to alleged fraud by NSEL or in terms of not being "fit and proper person".
- (xiii) The Noticee has referred the observations of the Hon'ble Tribunal in the matter of Appeal between *Geofin Comtrade Ltd. vs. SEBI* -SAT Appeal No. 214 of 2019, wherein Hon'ble Tribunal has also expressed reservations with regard to the reliability of certain orders relied upon by SEBI for arriving at the finding of 'not fit and proper person'.
- (xiv) The Noticee has submitted that SEBI had filed FIR behind its back and the said action of SEBI was totally opposed to all norms of fair play which public authorities were under an imperative obligation. It has further submitted that SEBI cannot initiate criminal action in motion, without even seeking any say from it.
- (xv) The Noticee has stated that it had executed trades on the platform of the NSEL however no specific allegation had been made against it.

- (xvi) The Noticee has submitted that amended Schedule II of the Intermediaries Regulations are prospective in nature and the same cannot be applied retrospectively in order to erroneously brand it as no longer a “fit and proper person” for holding the certificate of registration under the Broker Regulations, in violation of Regulation 5 (e) of the Stock Brokers Regulations read with Schedule 11 of the Intermediaries Regulations
- (xvii) The Noticee has submitted that the Complaint/FIR was filed by SEBI in September 2018 and the amendments relied on pertain to November 2021. The said amended provisions which were introduced only in November 2021, cannot be relied upon for presently deciding fit and proper person criterion, whereas the impugned transactions which took place in September 2012 and for which Complaint/FIR was filed way back in 2018. The underlying basis for the Complaint/FIR does not survive in the light of the observations of the Hon’ble Tribunal.
- (xviii) The Noticee vide letter dated January 14, 2023, submitted the date wise event table which shows that the instant proceedings were not maintainable either on facts or the law.
- (xix) The Noticee has submitted that the SCN dated 11th September 2019 was issued on the basis of the recommendations given by the Designated Authority in the Enquiry Report dated 31st July 2019. By the said ER, the DA has recommended that their registration as a Commodities Derivatives Broker may be cancelled. A review of the ER clearly shows that the basis of recommending the cancellation of registration as a commodity broker was entirely based on law laid down by Hon’ble Courts and SAT including orders passed by Hon’ble SAT in the case of *Jermyn Capital LLC and Mukesh Babu Securities Ltd. Vs. SEBI* and the order passed by the Hon’ble Bombay High Court in Writ Petition Nos. 3262, 3266, 3294 and 3295 of 2018 between *Anand Rathi Commodities Ltd. Vs. SEBI* and in Writ Petition No. 2743 of 2014 in the matter of *63Moons Technologies Ltd. Vs. Union of India* etc.
- (xx) The Noticee submitted that the grounds taken by the DA is almost identical to the grounds taken by the WTM in his order dated 22nd February 2019. By the said order, the WTM held that Anand Rathi Commodities Ltd. (the other four) are not fit and proper persons to apply for registration as commodity brokers. Further, the said five brokers filed an Appeal before the Hon’ble SAT and the Hon’ble SAT passed an order dated 9th June 2022 and set aside the order of the WTM dated 22nd February 2019.

The Hon'ble SAT remanded the matter back for reconsideration to the WTM and for passing a fresh order.

- (xxi) The Noticee submitted that the WTM passed an order dated 29th November 2022 and declared that Anand Rathi Commodities Ltd. (the other four brokers) are not complying with the criteria of 'fit and proper person' and debarred them from registration as a commodity broker for 3 months. It is pertinent to note that the WTM's order dated 29th November 2022 is solely based on the amended clause 3(b) (i) of SEBI Regulations.
- (xxii) The Noticee has submitted that all the grounds taken by DA are set aside by the Hon'ble SAT therefore the ER dated 31st July 2019 is not sustainable. Therefore, the allegations contained in the captioned SCN do not survive and shall be withdrawn.
- (xxiii) The Noticee has submitted that it had executed commodity transactions only during the period 18th June 2012 to 5th July 2013 on the basis of the clients' instructions and on payment of the full amount by the client. There was neither any change of client code nor any kind of funding of transaction of the clients, as was the case of five brokers against whom orders were passed.
- (xxiv) The Noticee stated that EOW registered an FIR against us on 28th September 2018 on the basis of SEBI's complaint dated 4th September 2018. Further, it is not the correct position of law where a police authority shall register an FIR without investigation, inquiry, and recording of the statement of the accused. Filing of the complaint and registration of an FIR is a preliminary and premature stage and the same cannot be used against it as a tool that it had indulged in any criminal offence to find the Noticee as not 'fit and proper person'.

12. While the extant proceedings in the present matter were ongoing, SEBI passed five separate orders rejecting the applications filed by five other entities for registration as commodity brokers in the NSEL matter. Aggrieved by the said SEBI orders, the entities filed separate appeals before the Hon'ble Securities Appellate Tribunal (hereinafter referred to as "Hon'ble SAT"). The Hon'ble SAT, vide its common order dated June 9, 2022, remanded the aforesaid orders to SEBI to decide these matters afresh within six months from the date of the said SAT order. While remanding the aforesaid SEBI orders, the Hon'ble SAT, inter alia, held as under:

“42...The matters are remitted to the WTM to decide the matter afresh in the light of the observations made aforesaid in accordance with law after giving an opportunity of hearing to the brokers. All issues raised by the brokers for which a finality has not been reached remains open for them to be raised before the WTM. It will be open to the WTM to rely upon other material such as the complaint letters of NSEL, EOW report, EOW charge sheet, etc. provided such copies are provided to the brokers and opportunity is given to rebut the allegations. Such additional documents relied upon by the respondent should form part of the show cause notice for which purpose, it will be open to the WTM to issue a supplementary show cause notice.....”

- 13.** Thereafter, in August 2022, the present matter was allocated to me. In the light of the aforesaid SAT Order passed by the Hon’ble SAT in similar set of cases, it was felt necessary to furnish certain additional documents/material to the Noticee in the present proceedings. Accordingly, vide letters dated October 04, 2022 and November 02, 2022 and email dated December 14, 2022, certain additional documents were provided to the Noticee and the Noticee was requested to file its reply, if any, within 15 days of receipt of the said letters. In response, the Noticee, vide its letters dated November 21, 2022 and November 23, 2022 submitted that copy of FIR was not provided to him and requested to grant 4 weeks’ time to file submissions on the allegations made in the FIR. Subsequently, copy of FIR was provided to the Noticee vide email dated November 28, 2022 and 4 weeks’ time was also granted to the Noticee.
- 14.** Thereafter, in compliance with the principles of natural justice, an opportunity of personal hearing was granted to the Noticee before me on December 12, 2022. On the same date, the Noticee requested for adjournment of hearing scheduled due to non- availability of Compliance Officer and Advocate and the same was rescheduled to January 12, 2023. On the date of hearing, the Noticee was represented by Mr. Kamal Agarwal, Chartered Accountant and Ms. Kamlesh Jhaveri, Managing Director (Authorised Representatives) who reiterated the submissions made by the Noticee vide its letter dated January 09, 2023. As requested, the Noticee was granted time till January 23, 2023 to file additional submissions, if any. The Noticee vide letter dated January 14, 2023 filed the additional submissions in the instant case. The submissions have already been summarised in preceding paragraphs. Further, they are dealt in detail below while considering relevant issues.

CONSIDERATION OF ISSUES AND FINDINGS

- 15.** I have carefully perused the Enquiry Report issued to the Noticee, the replies submitted by the Noticee along with all other material / information available in public domain and also made available to the Noticee vide letters dated October 04, 2022 and November 02, 2022 and email dated December 14, 2022. After considering the allegations made/ charges levelled against the Noticee in the instant case, I note that the only issue that arises for consideration in the present proceedings is whether the Noticee satisfies the '*fit and proper person*' criteria as laid down under Schedule II of the Intermediaries Regulations.
- 16.** However, before considering the said issue, it is pertinent to refer to the common order dated June 09, 2022¹ passed by the Hon'ble SAT also referred in the preceding paragraph no. 12. The Hon'ble SAT, while setting aside the earlier WTM Orders, had made the following observations (relevant to the present case as well) while remanding the matters to SEBI:
- (a) Observations of the Bombay High Court in the matter of *63 Moons vs. Union of India*² cannot be relied upon as the said judgement has been set aside in appeal³ by the Hon'ble Supreme Court vide judgment dated April 30, 2019.
- (b) Observation from the Order dismissing the Writ Petition filed by NSEL against the invocation of the Maharashtra Protection of Interest of Depositors (in Financial Establishments) Act, 1999 ("MPID Act") (*NSEL vs. State of Maharashtra*⁴) cannot be relied upon, as in a subsequent Writ Petition⁵ moved by 63 Moons, a Division Bench of the Bombay High Court has allowed the prayer and held that NSEL is not a financial establishment and therefore, the provisions of the MPID Act are not applicable. The Division Bench also observed that the prima facie observations made by the single bench while dismissing the NSEL petition could not be relied upon as they were preliminary observations and such observation does not foreclose the issue about the applicability of the provisions of the MPID Act. The Hon'ble Tribunal, I note, was of the opinion that prima facie observations cannot be utilized to judge the reputation, character or integrity of NSEL.

¹ Appeal No. 214 of 2019 *Geofin Comtrade Ltd Vs. SEBI*, Appeal No. 217 of 2019 *Philip Commodities India Pvt. Ltd Vs. SEBI*, Appeal No. 218 of 2019 *IIFL Commodities Ltd Vs. SEBI*, Appeal No. 288 of 2019 *Anand Rathi Commodities Ltd Vs. SEBI* and Appeal No. 289 of 2019 *Motilal Oswal Commodities Pvt. Ltd Vs. SEBI*

² Writ Petition No. 2743 of 2014

³ Civil Appeal No. 4467 of 2019

⁴ Writ Petition No. 1403 of 2015

⁵ Writ Petition No. 1181 of 2018

- (c) Observations in the bail rejection order dated August 22, 2014, passed by the Hon'ble Bombay High Court in the matter of *Jignesh Prakash Shah vs. The State of Maharashtra*, cannot also be relied upon as the observations made in a bail order were limited to the fact as to whether the bail should be granted or not.
- (d) Reliance placed on decisions of the Hon'ble Tribunal in the matter of *Jermyn Capital vs. SEBI*⁶ and *Mukesh Babu Securities vs. SEBI*⁷ is misplaced as decisions in the said matters are distinguishable on facts. Jermyn Capital was held to be in relation to an Interim Order passed by SEBI, and the Tribunal was of the view that the criteria for passing an Ad Interim Order are based on a different criterion, namely prima facie case, the balance of convenience and irreparable injury which are distinct and different while considering an application for grant of Certificate of Registration. The decision in the matter of *Mukesh Babu Securities* was distinguished by the Hon'ble Tribunal on the basis that in the matter a criminal complaint was filed against the Chairman of the Company. The Tribunal noted that there is no evidence to show that any proceedings have yet been initiated against the appellants in the matter under consideration.
- (e) Reputation of the applicant cannot be lightly considered based on observations which are not directly related to the applicant.
- (f) The SEBI Order does not state for how long the rejection of application will continue. The Hon'ble Tribunal was of the view that the rejection cannot continue indefinitely, and in such cases, a time period should be provided during which the applicant will become ineligible to seek fresh registration.
- (g) Grant Thornton Forensic report commissioned by SEBI does not find any close connection between the applicant and the NSEL. This is overlooked by SEBI.
- (h) With respect to the additional material available, the Hon'ble SAT observed that,
"It will be open to the WTM to rely upon other material such as the complaint letters of NSEL, EOW report, EOW charge sheet, etc. provided such copies are provided to the brokers and opportunity is given to rebut the allegations. Such additional documents relied upon by the respondent should form part of the show cause notice for which purpose, it will be open to the WTM to issue a supplementary show cause notice. It will also be open to SEBI if it considers necessary, to conduct an independent enquiry

⁶ Appeal No. 26 of 2006 decided on September 06, 2006

⁷ Appeal No. 53 of 2007 decided on December 10, 2007

proceeding against the connected entities and persons associated with the brokers against whom evidence is available.”

17. Before considering the matter on merits and test the compliance of the Noticee with the ‘*fit and proper person*’ criteria, on the basis of the material that have been brought on record, it would be appropriate to look at the background and understand the nature of the ‘*paired contracts*’ that were offered on the exchange – which ultimately is the cause / genesis of the current proceedings. While undertaking this exercise, I will not be independently recording any finding on the nature of the contracts that were entered on the NSEL platform or commenting on the actions of any entity which is not a party to the present proceedings. I will, however, be relying on the observations made by other authorities including that of the Hon’ble Supreme Court, wherever appropriate.

Transactions in the nature of ‘paired contracts’ on NSEL:

18. NSEL was incorporated in 2005 as an electronic exchange for spot trading of commodities. On June 5, 2007, the Ministry of Consumer Affairs (“MCA”), Government of India, issued a Notification SO 906(E) under Section 27 of the FCRA granting conditional exemption from the provisions of that Act for (i) forward contracts, (ii) for sale and purchase of commodities, of one-day duration traded on NSEL. The conditions, inter alia, placed an absolute bar on short sales and stipulated that all outstanding positions at the end of the day must result in delivery. It was also stipulated that all information or returns relating to the trade as and when asked for shall be provided to the Central Government or its designated agency. The spot exchanges were envisaged as a platform for providing transparent and secure trading in commodities with a view to boost the agriculture sector in the country. Thereafter, NSEL commenced operations in October 2008.
19. As evident from the FMC order, NSEL introduced, on its platform, the concept of ‘paired contracts’, in September 2009, which involved buying and selling the same commodity through two different contracts at two different prices wherein investors could buy a short duration settlement contract and sell a long duration settlement contract or vice versa, with the same counterparty at the same time. In other words, the ‘paired contract’ involved two simultaneous transactions being undertaken at the same time with the same counterparty—one being a purchase transaction (settling at T+2 or T+3) and the other being a sale transaction (settling at T+25 or T+36), at different prices on the platform of NSEL. The transactions were

structured in a manner that buyer of the short duration contract always ended up making profits.

- 20.** Thereafter, FMC, vide an order No. 4/5/2013-MKT/B dated December 17, 2013 (“FMC Order”) observed that: “55 contracts offered for trade on NSEL were with settlement period exceeding 11 days and all such contracts traded on NSEL were in violation of provisions of FCRA” and “the condition of ‘no short sale by members of the exchange shall be allowed’ was not being met by NSEL”.
- 21.** Further, above mentioned FMC Order, *inter alia*, held that the contracts traded on NSEL violated the following conditions stipulated in the MCA Notification SO906(E) dated June 5, 2007, that granted permission to NSEL to offer spot trading in commodities which, *inter alia*, included *“no short sale by members of the exchange shall be allowed; that all outstanding positions of the trade at the end of the day shall result in delivery”* and that *“all information or returns relating to the trade as and when asked for shall be provided to the Central Government or its designated agency”*.
- 22.** It is, therefore, clear that from the order of FMC that NSEL was given permission to setup as a spot exchange for trading in commodities. It was essentially meant to only offer forward contracts having one –day duration as per the Notification dated June 05, 2007. The FMC Order had observed⁸ that the 55 contracts offered for trade on NSEL were with settlement periods exceeding 11 days and all such contracts traded on NSEL were in violation of the provisions of FCRA. I further note from the FMC Order that under the FCRA, a *“forward contract”* is defined as a *“contract for delivery of goods and which not a ready delivery contract is”*. A *‘ready delivery contract’* is defined as *“a contract which provides for the delivery of goods and the payment of a price therefor, either immediately or within such period not exceeding eleven days”*. Given the said definition contained in FCRA, FMC, I note, was of the view that all the contracts traded on NSEL which provided settlement schedule exceeding 11 days were treated as Non-Transferable Specific Delivery contracts.
- 23.** Therefore, it is noted that even though MCA had stipulated in the exemption Notification in 2007 that only contracts of one-day duration were permitted to be offered on NSEL, FMC, in

⁸ Order No. 4/5/2013-MKT-1/B dated December 17, 2013

its Order, relying on the definition of “forward contract” under FCRA held that NSEL was allowed to only trade in one day forward contracts and was obliged to ensure delivery and settlement within 11 days. It is observed in the FMC order that NSEL had permitted 55 contracts of various commodities having duration longer than 11 days and these contracts were *ex facie* in contravention of the exemption granted to NSEL.

24. I note that the Hon’ble Supreme Court in the matter of NSEL has also extensively commented on the nature of the ‘paired contracts’ traded on NSEL. The said observations by:

a. the Two-Judge Bench of the Hon’ble Supreme Court in the course of determining the validity of the amalgamation order in the matter of 63 Moons (supra) vide judgment dated April 30, 2019⁹, had observed as under:

“55. We have seen that neither FTIL nor NSEL has denied the fact that ‘paired contracts’ in commodities were going on, and by April to July, 2013, 99% (and excluding E-series contracts), at least 46% of the turnover of NSEL was made up of such ‘paired contracts’. There is no doubt that such ‘paired contracts’ were, in fact, financing transactions which are distinct from the sale and purchase transactions in commodities and were, thus, in breach of both the exemptions granted to NSEL and the FCRA.” (emphasis supplied)

b. The Hon’ble Supreme Court in the MPID matter vide judgement dated April 22, 2022¹⁰, has drawn reference to the presentations made by NSEL in respect of the ‘paired contracts’. Upon analysing the representations made, the Hon’ble Supreme Court has observed that,

*“The above representation indicates that ‘paired contracts’ were designed as a unique trading opportunity by NSEL under which a trader would, for instance, purchase a T+2 contract (with a pay-in obligation on T+2) and would simultaneously sell a T+25 contract (with a pay-out of funds on T+25). The price differential between the two settlement dates was represented to offer an annualized return of about 16%. NSEL categorically represented that all trades were backed by collaterals in the form of stocks and its management activities included selection, accreditation, quality testing, fumigation and insurance. **Therefore, NSEL represented that on receiving money and commodities, the members’ would receive assured returns and a service.** Though NSEL has been receiving deposits, it has failed to provide services as promised against the deposits and has failed*

⁹ (2019)18 SCC 401. Also available at <https://indiankanoon.org/doc/169098295/>

¹⁰ Civil Appeal No. 2748-49 of 2022. Also available at <https://indiankanoon.org/doc/184205229/>

return the deposits on demand. Therefore, the State of Maharashtra was justified in issuing the attachment notifications under Section 4 of the MPID Act." (emphasis supplied)

- 25.** I, therefore, note that the Hon'ble Supreme Court has already commented on the nature of the 'paired contracts' offered on the NSEL platform. In the case of *63 Moons Technologies Ltd. vs. UOI*, the Hon'ble Supreme Court held that these contracts were in the nature of financing transactions. In the MPID matter (*The State of Maharashtra vs. 63 Moons Technologies Ltd.*), the Hon'ble Supreme Court has held that such transactions come within the definition of 'deposits' under the MPID Act.
- 26.** It is further noted that the Hon'ble Supreme Court, in the MPID matter, had extensively referred to the claims made on the website of the NSEL and the contents of the publicity material and other investor resources. As observed by Hon'ble SC, the NSEL was advertising a uniform return of 16% p.a. for the 'paired contracts' traded on its platform. The return offered was the same across commodities. The return remained the same irrespective of the duration of the contract. For example, a T+2 & T+25 paired contract in steel had the same offered return as a T+ 2 & T + 35 paired contract in castor oil. The 'paired contracts', Hon'ble SC noted, were being marketed as an alternative to fixed deposits.
- 27.** I note that the FMC Order and both the judgments of the Hon'ble Supreme Court have discussed about the NSEL permitting short sales i.e. permitting sellers to offer contract for sale of commodities on its platform without ensuring that requisite amount of commodity is available in the warehouse. It is further noted from the judgement of the Hon'ble Supreme Court in the MPID matter that the overwhelming majority of the sale leg of the 'paired contracts' which were executed naked short sales i.e; the commodities to back such sales were not available at the designated warehouses of the NSEL.
- 28.** In addition, I note from the Enquiry Report that Economic Offences Wing, Mumbai, vide letter dated April 04, 2015, had forwarded an interim report for the investigation conducted to identify role played by broking houses in NSEL Case (EOW C.R. No. 89/2013). EOW in its report had mentioned that a settlement obligation amounting to Rs.5403, 59, 38,793/- was due on the date of closure of business of NSEL.

- 29.** The Noticee has contended that the transactions were executed by it on behalf of their clients during the period from September 2009 to July 2013, and SEBI had initiated the proceedings after 6 years and there is inordinate delay. I note that FMC, the regulator of the commodity derivatives market, under powers conferred upon it vide Notification 228(E) dated February 06, 2012, had called for trade data from the NSEL with respect to the trades being executed on its platform. On analysis of data received from NSEL, FMC observed that, “55 contracts offered for trade on NSEL were with settlement periods exceeding 11 days and all such contracts traded on NSEL were in violation of provisions of FCRA” and “the condition of ‘no short sale by members of the exchange shall be allowed’ was not being met by NSEL”. Subsequently, FMC, while dealing with the facts relating to mismanagement and poor governance of NSEL, in its order No.4/5/2013-MKT-1/B dated December 17, 2013, inter alia, observed that the conditions laid down in the Government Notification dated June 07, 2007 had been contravened by NSEL. Thereafter, in the Union Budget for the FY 2015-16 it was announced that FMC would be merged with SEBI. The Finance Act, 2015, provided that *any person dealing in commodity derivatives prior to the aforesaid merger of FMC with SEBI may continue to do so provided they have made an application for registration with SEBI within a period of three months from the date of such merger.* The merger of FMC and SEBI took effect only on September 28, 2015. The transactions on the platform of NSEL were examined by various authorities including FMC, Courts, EOW, SFIO, etc., which *prima facie* found them to be illegal.
- 30.** It is pertinent to mention here that the enquiry proceedings were initiated by SEBI by appointing the DA vide communique dated September 21, 2018 and the Enquiry SCN was issued to the Noticee on September 26, 2018. Thereafter, on considering the facts and circumstances of the case, the DA had submitted an Enquiry Report dated July 31, 2019. Based on the recommendations made in the Enquiry Report, a post enquiry SCN dated September 11, 2019 was issued. During the course of proceedings, multiple opportunities of personal hearings and inspection of documents were granted to the Noticee. While the said proceedings were ongoing, as mentioned in preceding paragraphs No. 12 and 16 above, the Hon’ble SAT passed an order dated June 09, 2022 in similar set of facts. Thereafter, in August 2022, the present matter was allocated to me. Based on the observations made by the Hon’ble SAT in the order dated June 09, 2022, additional

documents, as available with me were provided to the Noticee vide letters dated October 04, 2022 and November 02, 2022 and email dated December 14, 2022.

31. Therefore, I note that considering the various stages of proceedings above, the chronology of the present proceedings, complexity of paired contracts and the submission of delay in initiating action against the Noticee is not tenable.

32. Here, I would like to place reliance on the observations made by the Hon'ble Supreme Court in the matter of *Adjudicating Officer, SEBI Vs. Bhavesh Pabari*¹¹ wherein the Hon'ble Supreme Court, while dealing with the issue of delay in issuance of the show cause notice by the Adjudicating Officer, has observed that,

*“.... There are judgments which hold that when the period of limitation is not prescribed, such power must be exercised within a reasonable time. **What would be reasonable time, would depend upon the facts and circumstances of the case, nature of the default / statute, prejudice caused, whether the third - party rights had been created etc.....**”*

33. Further, I would like to rely upon the judgment of Hon'ble SAT in the case of *Ravi Mohan & Ors. vs. SEBI*¹² wherein it was observed that :-

*“.....Based on decision of this Tribunal in case of *HB Stockholdings Ltd. vs. SEBI* (Appeal no.114 of 2012 decided on 27.08.2013) it is contended on behalf of the appellants that in view of the delay of more than 8 years in issuing the show cause notice, the impugned order is liable to be quashed and set aside. There is no merit in this contention, because, this Tribunal while setting aside the decision of SEBI on merits has clearly held in para 20 of the order, that delay itself may not be fatal in each and every case. Moreover, the Apex Court in case of *Collector of Central Excise, New Delhi vs. Bhagsons Paint Industry (India)* reported in 2003 (158) ELT 129 (S.C) has held that if there is no statutory bar for adjudicating the matter beyond a particular date, the Tribunal cannot set aside the adjudication order merely on the ground that the adjudication order is passed after a lapse of several years from the date of issuing notice.....”*

¹¹ Civil Appeal No. 11311 of 2013 order dated February 28, 2019

¹² Appeal No. 97 of 2014 decided on December 16, 2015

34. The Noticee has submitted that the cases referred to in the Enquiry Report viz. SAT Order in Jermyn Capital LLC vs. SEBI and Mukesh Babu Securities Ltd Vs. SEBI being adversely treated by the Hon'ble SAT in its order dated June 09, 2022 and therefore, the case made out in the Enquiry Report cannot be sustained. In view of the observations of the Hon'ble SAT with respect to the said orders, I do not wish to place any reliance on the said orders while dealing with the issue in the present case in hand.
33. The Noticee has contended that certain documents were not provided to him. I note that all documents relied upon by SEBI was provided to him in the instant case.

Fit and proper person criteria

34. Now, I would be proceeding to deal with the main issue in hand in the present case which is whether the Noticee satisfies the '*fit and proper person*' criteria laid down under Schedule II of the Intermediaries Regulations. Before moving forward, it would be appropriate to take a look at the relevant provision of the SEBI Act, Broker Regulations and the Intermediaries Regulations (as they exist on date) which are reproduced as under for reference:

SEBI Act

Registration of stock brokers, sub-brokers, share transfer agents, etc.

12.(3) The Board may, by order, suspend or cancel a certificate of registration in such manner as may be determined by regulations:

Provided that no order under this sub-section shall be made unless the person concerned has been given a reasonable opportunity of being heard.

Broker Regulations

Consideration of application for grant of registration.

5. The Board shall take into account for considering the grant of a certificate, all matters relating to trading, settling or dealing in securities and in particular the following, namely, whether the applicant,

(e) is a fit and proper person based on the criteria specified in Schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008.

Conditions of registration.

9. Any registration granted by the Board under regulation 6 shall be subject to the following conditions, namely,-

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

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

Liability for action under the Enquiry Proceeding Regulations.

27. A stock broker or a sub-broker shall be liable for any action as specified in Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008 including suspension or cancellation of his certificate of registration as a stock broker or a sub-broker, as the case may be, if he—

(i)

(iv) has been found to be not a fit and proper person by the Board under these or any other regulations; ... ”

SCHEDULE II

**Securities and Exchange Board of India (Stock Brokers and Sub-brokers) Regulations,
1992**

CODE OF CONDUCT FOR STOCK BROKERS

[Regulation 9]

A. General.

(1) Integrity: A stock-broker, shall maintain high standards of integrity, promptitude and fairness in the conduct of all his business.

(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.

(3)....

(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.”

Intermediaries Regulations:

SCHEDULE II

**SECURITIES AND EXCHANGE BOARD OF INDIA (INTERMEDIARIES)
REGULATIONS, 2008**

[See regulation 7]

(1) The applicant or intermediary shall meet the criteria, as provided in the respective regulations applicable to such an applicant or intermediary including:

(a) the competence and capability in terms of infrastructure and manpower requirements; and

(b) the financial soundness, which includes meeting the net worth requirements.

(2)The 'fit and proper person' criteria shall apply to the following persons:

(a) the applicant or the intermediary;

- (b) *the principal officer, the directors or managing partners, the compliance officer and the key management persons by whatever name called; and*
- (c) *the promoters or persons holding controlling interest or persons exercising control over the applicant or intermediary, directly or indirectly:*

Provided that in case of an unlisted applicant or intermediary, any person holding twenty percent or more voting rights, irrespective of whether they hold controlling interest or exercise control, shall be required to fulfill the 'fit and proper person' criteria.

Explanation–*For the purpose of this sub-clause, the expressions “controlling interest” and “control” in case of an applicant or intermediary, shall be construed with reference to the respective regulations applicable to the applicant or intermediary.*

- (3) *For the purpose of determining as to whether any person is a 'fit and proper person', the Board may take into account any criteria as it deems fit, including but not limited to the following:*
 - (a) *integrity, honesty, ethical behaviour, reputation, fairness and character of the person;*
 - (b) *the person not incurring any of the following disqualifications:*
 - (i) *criminal complaint or information under section 154 of the Code of Criminal Procedure, 1973 (2of 1974)has been filed against such person by the Board and which is pending;*
 - (ii) *charge sheet has been filed against such person by any enforcement agency in matters concerning economic offences and is pending;*
 - (iii) *an order of restraint, prohibition or debarment has been passed against such person by the Board or any other regulatory authority or enforcement agency in any matter concerning securities laws or financial markets and such order is in force;*
 - (iv) *recovery proceedings have been initiated by the Board against such person and are pending;*
 - (v) *an order of conviction has been passed against such person by a court for any offence involving moral turpitude;*
 - (vi) *any winding up proceedings have been initiated or an order for winding up has been passed against such person;*
 - (vii) *such person has been declared insolvent and not discharged;*
 - (viii) *such person has been found to be of unsound mind by a court of competent jurisdiction and the finding is in force;*
 - (ix) *such person has been categorized as a wilful defaulter;*
 - (x) *such person has been declared a fugitive economic offender; or*
 - (xi) *any other disqualification as may be specified by the Board from time to time.*

- (4) *Where any person has been declared as not 'fit and proper person' by an order of the Board, such a person shall not be eligible to apply for any registration during*

the period provided in the said order or for a period of five years from the date of effect of the order, if no such period is specified in the order.

(5) At the time of filing of an application for registration as an intermediary, if any notice to show cause has been issued for proceedings under these regulations or under section 11(4) or section 11B of the Act against the applicant or any other person referred in clause (2), then such an application shall not be considered for grant of registration for a period of one year from the date of issuance of such notice or until the conclusion of the proceedings, whichever is earlier.

(6) Any disqualification of an associate or group entity of the applicant or intermediary of the nature as referred in sub-clause (b) of clause (3), shall not have any bearing on the 'fit and proper person' criteria of the applicant or intermediary unless the applicant or intermediary or any other person referred in clause (2), is also found to incur the same disqualification in the said matter: Provided that if any person as referred in sub-clause (b) of clause (2) fails to satisfy the 'fit and proper person' criteria, the intermediary shall replace such person within thirty days from the date of such disqualification failing which the 'fit and proper person' criteria may be invoked against the intermediary:

Provided further that if any person as referred in sub-clause (c) of clause (2) fails to satisfy the 'fit and proper person' criteria, the intermediary shall ensure that such person does not exercise any voting rights and that such person divests their holding within six months from the date of such disqualification failing which the 'fit and proper person' criteria may be invoked against such intermediary.

(7) The 'fit and proper person' criteria shall be applicable at the time of application of registration and during the continuity of registration and the intermediary shall ensure that the persons as referred in sub-clause (b) and (c) of clause (2) comply with the 'fit and proper person' criteria.

35. I note that regulation 5(e) of the Brokers Regulations provides that for the purpose of grant of Certificate of Registration, the applicant has to be a 'fit and proper person' in terms of Schedule II of the Intermediaries Regulations. I further note that the 'fit and proper person' criteria specified in Schedule II of the Intermediaries Regulations, 2008 was amended vide SEBI (Intermediaries) (Third Amendment) Regulations, 2021 with effect from November 17, 2021.

36. From the records, I note that SEBI has filed a complaint with EOW Mumbai dated September 24, 2018, against brokers who facilitated access to 'paired contracts' traded on NSEL, including the Noticee. On the basis of this complaint, an FIR dated September

28, 2018, was registered against the Noticee. I note that the Noticee is holding a certificate of registration No. INZ000091137 granted by SEBI. In order to continue to hold such Certificate of Registration from SEBI, the Noticee is also required to satisfy the conditions of eligibility, which *inter alia* included, continuance of its status as a 'fit and proper person'. The above condition to be a fit and proper is not a onetime condition applicable only at the time of seeking registration. Rather, the provisions governing the criteria show that this is a condition which each and every registered intermediary is required to fulfil on a continuous basis as long as the entity remains associated with the Securities Market as a registered intermediary.

- 37.** The Noticee has admitted to its participation in paired contracts in its reply dated January 09, 2023. I note that the act of the Noticee in offering access to 'paired contracts' by participating in and facilitating trading in such contracts, seriously calls into question the integrity, honesty and lack of ethical behaviour on the part of the Noticee. As recorded in the FMC order and the judgements of the Supreme Court, these paired contracts, as stated earlier, were *ex facie* offered in violation of the exemption Notification issued by MCA and far removed from the spot contracts in commodities which were permitted to be traded on NSEL. The 'paired contracts' were nothing but financing transactions masquerading as spot contracts in commodities. The execution of the trades in 'paired contracts' were not permitted under the 2007 Exemption Notification and were purely financial contracts promising assured returns under the garb of spot trading in commodities, as observed by FMC in its Order. Therefore, the Noticee by its conduct and as a member of the NSEL has promoted and/or dealt in 'paired contracts' which were held to be in the nature of financing transaction by the Hon'ble Supreme Court. The Noticee, by providing access for taking exposure to 'paired contracts' has exposed its clients to the risk involved in trading in a product that did not have regulatory approval thereby raising doubts on the competence of the Noticee to act as a registered Securities Market intermediary. Thus, I am of the view that the trading activities of the Noticee in 'paired contracts' for its clients on the NSEL platform have serious ingredients amounting to jeopardizing the reputation, belief in competence, fairness, honesty, integrity and character of the Noticee in the Securities Market.
- 38.** As stated above, the participation of the Noticee in 'paired contracts' is not disputed. The Noticee has even admitted that it had executed trades on the NSEL platform in paired contracts. As the paired contracts were violative of the conditions stipulated in the

Government Notification dated June 05, 2007, a complaint was filed by SEBI with Economic Offences Wing, Mumbai (EOW) on September 24, 2018, against the brokers who participated / facilitated access to 'paired contracts' traded on NSEL, including the Noticee within the time limit as specified in the aforementioned provision of the Finance Act, 2015. On the basis of the said complaint of SEBI, FIR dated September 28, 2018 was registered with MIDC Police Station, Mumbai. I note that the name of the Noticee is reflected in the complaint and the FIR.

- 39.** It is pertinent to note that the criteria of 'fit and proper person', is an ongoing requirement throughout the period during which the Noticee remains operational in the Securities Market as a registered intermediary. Pursuant to the grant of registration by SEBI, any evidence comes to the notice of SEBI that casts a doubt on the integrity, reputation and character of the registered intermediary, the SEBI is well within the powers to examine the 'fit and proper' status of such entity based on various parameters. Therefore, even if the Noticee was found to have fulfilled the 'fit and proper person' criteria when SEBI granted Certificate of Registration in 2016, such an intermediary can still be assessed on being fit and proper at a later date. Furthermore, as and when the 'fit and proper' criteria changes, the Noticee will be required to comply with the revised criteria, and in this instance, criteria as revised vide the amendments in November 2021. It is noted that parameters provided under paragraph 3(b) of the amended criteria of Schedule II of the Intermediaries Regulations lays down a list of disqualifications which includes a criminal complaint or information under section 154 of Code of Criminal Procedure filed against such an entity by the Board and which is pending. It is, therefore, noted that the Noticee attracts the disqualification provided in paragraph 3(b) (i) of the Schedule II of the Intermediaries Regulations.
- 40.** Therefore, looking holistically I find that the said conduct of the Noticee is detrimental to the Securities Market being not in conformity with the applicable code of conduct. I, therefore, note that there were enough red flags for a reasonable person to come to conclude that what was being offered as 'paired contracts' on NSEL were not spot contracts in commodities. Given the above, I am constrained to conclude that the Noticee provided a platform for its clients to access a product which raised serious questions on the ability of the Noticee to conduct proper and effective due diligence regarding the product itself.

- 41.** Furthermore, as mentioned above, the Noticee has also earned disqualification under 3(b) (i) of the amended Schedule II of the Intermediaries Regulations on account of an FIR filed by SEBI. In this regard it is pertinent to note that the said FIR was filed by SEBI on September 28, 2018 and is validly subsisting and has not been challenged, quashed or stayed by any competent court qua the Noticee. In this context, as observed above, I note that being a 'fit and proper person' is a continuing 'eligibility criteria' which must be satisfied by the Noticee including the amended criteria.
- 42.** Here it is pertinent to note that the principle of '*ignorantia juris non excusat*' or '*ignorantia legis neminem excusat*' or '*ignorance of law is no excuse*' also becomes applicable in the situation since trading in 'paired contracts' was in violation of the 2007 Exemption Notification and ignorance of the conditions of the said Exemption Notification cannot be claimed. The 'paired contracts' were nothing but financing transactions which were portrayed as spot contracts in commodities. Therefore, giving go-bye to the terms of the 2007 Exemption Notification and attempting to camouflage the nature of the transactions brings into question appropriateness and suitability of the continuance of the registration of the Noticee as a broker. Clearly, the actions of the Noticee has been detrimental to the interest of the Securities Market and accordingly the Noticee can no longer be called a 'fit and proper person' for holding the Certificate of Registration as a broker in the Securities Market, which is one of the conditions for continuance of registration as specified in regulation 5(e) of the Brokers Regulations read with the provisions of Schedule II of the Intermediaries Regulations.
- 43.** In the context of Securities Market, I note that the role of a registered intermediary including a broker is not only sensitive and predominantly fiduciary in nature but also demands from it honesty, transparency, fairness and integrity which are essentially the hallmarks of such market intermediaries. Given the fact that one of the avowed objects of the SEBI Act is the protection of interest of investors apart from promotion and development of the Securities Market, the legislature through enactment, empowers SEBI to grant registration to several class of entities including brokers, which are not only required to act as an intermediary simplicitor i.e., a bridge or a connector between the markets and investors, but also have a very important role to play in creating an ecosystem of trust and fairness so as to provide a fair and secure market

to the investors as any deviation from the above noted objective could have a cascading adverse impact on the development of the Securities Market and interests of investors. Thus, undisputedly a broker is obligated to act in a transparent manner and comply with all applicable regulatory requirements which are in the best interests of its clients and which will uphold the integrity of the Securities Market.

44. I am also aware that recently SEBI has passed 5 separate orders¹³ in the related NSEL matters where the Noticees therein have been debarred from making a fresh application seeking registration for a specified period from the date of the said order or till acquittal of the said Noticee by Courts pursuant to the charge sheet and FIR filed by/with EOW, whichever is earlier. I find that present matter at hand is different from that of those 5 cases as in the extant matter the Noticee is already holding a Certificate of Registration whereas in those 5 cases, the entities had filed applications seeking certificate of registration. Therefore, I am of the measured opinion that the present case stands at a different footing than that of those 5 cases where the applications for grant of certificate of registration were pending at the time of passing those orders whereas in the extant matter the Noticee is already having registration with SEBI. At this stage, one may argue that at the time of grant of Certificate of Registration to the Noticee, it was already adjudged as a 'fit and proper person' by SEBI and therefore the said criteria are already satisfied by the Noticee. However, as noted above 'fit and proper person' criteria is a continuing requirement under the Intermediaries Regulations which the Noticee ought to comply with at all times so long it desires to remain associated with the Securities Market as a registered intermediary. Necessity of specifying a period of time may also not arise in this order (as did arise in the case of entities desiring to be registered as market intermediaries) when dealing with an entity holding a certificate of registration which is cancelled as this forum cannot presume whether such entity wishes to reapply to be a market intermediary or not. If it chooses to do so, it will have to be assessed at such point of time if it is fit and proper as per the extant and applicable regulations.

¹³ Orders dated November 29, 2022 in respect of Motilal Oswal Commodities Brokers Pvt. Ltd.(at https://www.sebi.gov.in/enforcement/orders/nov-2022/order-in-respect-of-motilal-oswal-commodities-broker-pvt-ltd-_65602.html), Anand Rathi Commodities Ltd.(at https://www.sebi.gov.in/enforcement/orders/nov-2022/order-in-the-matter-of-anand-rathi-commodities-ltd-_65604.html), Geofin Comtrade Limited (previously known as Geojit Comtrade Limited)(at https://www.sebi.gov.in/enforcement/orders/nov-2022/order-in-the-matter-of-geofin-comtrade-limited-previously-known-as-geojit-comtrade-limited-_65597.html), India Infoline Commodities Ltd.(at https://www.sebi.gov.in/enforcement/orders/nov-2022/order-in-the-matter-of-india-infoline-commodities-ltd-_65595.html) and Phillip Commodities India Pvt. Ltd.(at https://www.sebi.gov.in/enforcement/orders/nov-2022/order-in-the-matter-of-phillip-commodities-india-pvt-ltd-_65593.html) in the matter of NSEL.

45. The limited scope of the present proceedings is to see whether the indulgence, engagement and facilitation of paired contracts could be held to be beneficial to the development of Securities Market or the same contain elements that are potentially dangerous and detrimental to the interest, integrity, safety and security of the Securities Market. In this respect, the undisputed fact recorded in FMC order and Hon'ble SC order that the scheme of 'paired contracts' traded on the NSEL ultimately has caused loss to the market to the extent of INR 5,500 Crore itself casts serious aspersion on the conduct, integrity and reputation of, inter alia, the Noticee who participated in or facilitated such 'paired contracts' and therefore, its continuing role in the Securities Market cannot be viewed as good and congenial for the interest of the investors or of the Securities Market.
46. Given the above discussions and deliberations, I am constrained to conclude that the Noticee provided access to its clients to participate in a product which raises serious questions on the ability of the Noticee to conduct proper and effective due diligence regarding the said product itself. Further, as per findings recorded above, the Noticee also attracts the disqualification provided in paragraph 3(b)(i) under the amended Schedule II of the Intermediaries Regulations insofar as SEBI has filed an FIR against the Noticee under section 154 of Cr. P C with EOW, Mumbai and the same is validly subsisting/pending as on date. Further, it is also not the case of the Noticee that said FIR filed by SEBI is either stayed or quashed by any competent court qua the Noticee or otherwise. In view of the above, I hold that the Noticee does not satisfy the 'fit and proper person' criteria specified in Schedule II of the Intermediaries Regulations and hence, the continuance of the Noticee as a broker will be detrimental to the interest of the Securities Market. Therefore, such activities on the part of the Noticee who is a registered broker now, cannot be condoned and deserve appropriate remedial measure to prevent such wrong doings from recurring to the detriment of the interest of the Securities Market.

ORDER

47. I, therefore, in exercise of powers conferred under Section 12(3) and Section 19 of the SEBI Act, 1992 read with Regulation 27 of the Intermediaries Regulations, 2008 and upon considering the gravity of the violations committed by the Noticee viz. Jhaveri Credits and Capital Limited , Certificate of Registration (bearing no. INZ000091137), is hereby cancelled.

48. The Noticee shall, after receipt of this order, immediately inform its existing clients, if any, about the aforesaid direction in paragraph 47 above.

49. Notwithstanding the direction at paragraph 47 above,

- a. The Noticee shall allow its existing clients, if any to withdraw or transfer their securities or funds held in its custody, within 15 days from the date of this order. In case of failure of any clients to withdraw or transfer their securities or funds within the said 15days, the Noticee shall transfer the funds and securities of such clients to another broker within a period of next 15 days thereon, under advise to the said clients.
- b. The Noticee shall square off open positions, if any, within 30 days from the date of this order.

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

51. It is clarified that in view of the amendment made w.e.f. January 21, 2021 in the Intermediaries Regulations, powers that were exercised under Regulation 28 of the Intermediaries Regulations, 2008 are now being exercised under Regulation 27 of the Intermediaries Regulations, 2008. It is also noted that the above Order is without prejudice to the criminal complaint filed by SEBI in the NSEL matter and/or any proceedings pending before any authority in respect of similar matter concerning the Noticee or other relevant persons.

52. A copy of this order shall be served upon the Noticee and the recognized Market Infrastructure Institutions for necessary compliance.

Date: March 28, 2023

Place: Mumbai

Dr. ANITHA ANOOP
CHIEF GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA