BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER: Order/MC/VS/2022-23/16255-16257]

UNDER SECTION 15-I (2) OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995

In respect of -

1. **Suriyanar Media Solutions Pvt. Ltd. (PAN AAPCS0792P)** having address at 13/26, Flat no. 10, Prashanthi Apartments, Postal Colony, 4^{th} Street, West Mambalam, Chennai-600033
2. **L Krishnamurthy (PAN AJFPK0907L)** having address at 13/26, Flat no. 10, Prashanthi Apartments, Postal Colony, 4^{th} Street, West Mambalam, Chennai-600033
3. **Hema Krishnamoorthy (PAN ADRPH9651A)** having address at 13/26, Flat no. 10, Prashanthi Apartments, Postal Colony, 4^{th} Street, West Mambalam, Chennai-600033

In the matter of Suriyanar Media Solutions Pvt. Ltd.

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") initiated adjudication proceedings against Suriyanar Media Solutions Pvt. Ltd. ("**Noticee 1**"), L Krishnamurthy ("**Noticee 2**") and Hema Krishnamoorthy ("**Noticee 3**") (hereinafter referred to as "**the Noticees**") under Section 15HB of the SEBI Act, 1992 ("**SEBI Act**") for alleged violation of Section 12 (1) of the SEBI Act, 1992 ("**the SEBI Act**") read with Regulation 3 (1) of the SEBI (Investment Advisers) Regulations, 2013 ("**IA Regulations**") .

APPOINTMENT OF ADJUDICATING OFFICER

2. Shri Amit Pradhan was appointed as Adjudicating Officer (hereinafter referred to as "**AO**") under Section 15-I of the SEBI Act read with Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter be referred to as the "**Adjudication Rules**") vide order dated 10.03.2021 to inquire into and adjudge under Section 15HB of the SEBI Act the aforesaid alleged violations carried out by the Noticee. Subsequently, vide order dated June 18, 2021, the undersigned was appointed as Adjudicating Officer. The appointment of the undersigned as AO was communicated vide order dated June 21, 2021.

SHOW CAUSE NOTICE, REPLY AND HEARING

3. Show Cause Notice No. EAD-2/AP-SKS/OW/10310/1-3/2021 dated 12.05.2021 (hereinafter referred to as "**SCN**") was issued to the Noticees, in terms of Rule 4 (1) of the Adjudication Rules read with Section 15-I of the SEBI Act to show cause as to why an inquiry should not be held and penalty not be imposed against the Noticee in terms of Section 15HB of the SEBI Act for the aforesaid alleged violations.

4. The allegations levelled against the Noticees in the SCN are summarized as follows:-

5. SEBI conducted an examination of illegal advisory services being provided and innocent investors being cheated through the website www.suriyanar.com. As per information collected from the website of Noticee 1, the said website was inactive as on March 24, 2020. Therefore, the cached webpages of the aforesaid webpage (Annexure-2 to SCN) were accessed through archive.org and the following was observed to be stated on the website:
   (a) *Suriyanar Media Solutions Pvt Ltd is an advisory company basically provides recommendations for stock market services equity and futures*

and options Commodity NSE & BSE, Commodities including bullion, metals, and agro-commodities trade in MCX. NCDEX.

(b) *Our team consists of highly qualified analysts who are skilled and impeccable in their analysis. These analyses, using their experience and latest software tools, are able to predict the movements in share market on time to time and with high accuracy. As a result, using our tips, our clients gain the most out of the share market. Our network spread across all the corners of the India our clientele network is expanding very rapidly.*

(c) *M/s.Suriyanar Media Solutions Private Limited is a site which gives buy and sell calls based on the technical analysis of Indian Stock Market We have services like Paid SMS service which is just few seconds away from your mobile inbox. We have a history of successfully taking care of your hard earned money with apt investment and trading recommendations related to the stock market with minimum risk.*

(d) *Equity Services – Intraday Equity, Delivery Calls, Stock Futures, Nifty Premium, Positional Call, Options Call & Put, Premium Stock, Platinum Pack and Suriyanar Combo Pack.*

(e) *Commodity Services – Intraday Bullion Pack, Intraday Base Metal Pack, Intraday Crude Pack, Intraday Agro Pack, Positional Pack and Commodity Combo Pack,*

(f) *Payment Options- Axis Bank A/c. No. – 911020005342652 and ICICI Bank A/c. No. – 168705000019 in the name of Suriyanar Media Solutions (P) Ltd.*

(g) *Contact details – phone – 044 4217 2042, 9003272341 and email – suriyanarmedia@gmail.com*

(h) *The package details are given below –*

Table 1: Package and fee details from Suriyanar website

Package	1 Month Fee in Rs.	3 Months Fee in Rs.	6 Months Fee in Rs.	12 Months Fee in Rs.
Equity Services				
Intraday Equity	8000	21000	40000	72000
Delivery Calls	12000	32000	60000	110000
Stock Futures	16000	44000	80000	132000
Nifty Premium	9000	24000	45000	81000
Positional Pack	16000	45000	81000	132000
Options Call & Put	12000	32000	55000	90000
HNI Services				
Premium Stocks	32000	81000	132000	210000
Platinum Pack	16000	39000	72000	121000
Suriyanar Combo Pack	99000	249000	399000	499000
Commodity Services				
Intraday Bullin Pack	10000	29000	55000	99000
Intraday Base Metal Pack	9000	24000	45000	81000
Intraday Crude Pack	10000	27000	51000	91000
Intraday Agro Pack	9000	24000	42000	72000
Commodity Positional Pack	16000	42000	72000	121000
Commodity Combo Pack	72000	199000	321000	448000

Information Collected from Banks

6. The account opening forms of the bank accounts mentioned in the Suriyanar website were obtained from banks and the following was observed:

Table 2: Details observed in AOF received from Banks

S.No.	Account holder	Bank Name (Account number)	Address and Contact Details	KYC and Bank Account Statement
1	M/s. Suriyanar Media Solutions (P)	Axis (911020005342652)	Regd. Office Address – 26, Flat No. – 10, Prasanthi Apartments, Postal Colony, 4th	**Annexure-3**

S.No.	Account holder	Bank Name (Account number)	Address and Contact Details	KYC and Bank Account Statement
2	Ltd (PAN – AAPCS0792P) – L Krishnamurthy (PAN – AJFPK0907L) and Hema Krishnamoorthy (PAN – ADRPH9651A) are directors	ICICI (168705000019)	Street, West Mambalam, Chennai – 600033 Email – suriyanarmedia@gmail.com Mobile - 9043512500	**Annexure-4**

7. From the bank accounts of Noticee 1, it was observed that there were multiple credits to its Axis and ICICI bank account with the description such as premium, positional pack subscr, positional package sub, FutAndOpt, positional pack, options pack, for nifty premium, future, for advisary, MIB-advise, for tips, commo tips indicating that the aforesaid bank accounts were used to receive fee towards advisory services. The summary of the transactions in the bank accounts is given as under:-

Table 3: Summary of funds collected through Suriyanar Media

Transaction Period#	Bank Name and account number	No. of Credit transactions	Amount Collected in Rs. (>= Rs. 1000)
Nov 16, 2013 to Dec 14, 2013	Credits by CCAvenue to Axis Bank Account	2	67,258
Dec 24, 2013 to Jul 04, 2019	Axis (911020005342652)	66	14,19,000
Oct 25, 2013 to Apr 26, 2018	ICICI (168705000019)	64	11,14,722
Total		132	26,00,980

'#' – The transaction period is from date of first credit transaction till date of account closure / reply from the payment gateway/bank

8. From the above Table-3, it was observed that Noticee 1 collected fees of Rs. 26 lakh (approx.) by engaging in unregistered investment advisory services. Since

relevant information was not received from Noticee 1, all the amount credited by CCAvenue through the aforesaid bank accounts and direct credits to the aforesaid bank accounts were treated as part of the fees received by the Noticee 1. In total, Noticee 1 has collected Rs.26 lakh (approx.) as fees towards providing advisory services, by providing trading tips and investment advice and soliciting clients under various plans through website of suriyanar.com.

9. Noticee 1 was advised to submit information with respect to the products/services offered by it. In response to the same, Noticee 1 vide letter dated January 27, 2020 (Annexure-5 to SCN) *inter-alia* submitted that "*…Our Concern Suriyanar Media Solutions P Ltd starting for media and Tele serial and other activities purpose. But we are not able to get chances from media sources. …Our concern stock market advisory services started just small level but no response from clients and other sources also and subscription fees wise, we are not received money, not break even monthly commitments, so we are decided to close all the services from 1st April 2019 onwards because no income earn from advisory services….".* Further, Noticee 1 submitted bank account statements of Axis bank for the period from March 01, 2019 to December 31, 2019 and no other relevant information was provided by it.

10. In view of the above, it was alleged that Suriyanar Media Solutions Pvt. Ltd. ("Noticee 1") and its directors namely, L Krishnamurthy ("Noticee 2") and Hema Krishnamurthy ("Noticee 3") were acting as Investment Advisers through the website www.suriyanar.com without having SEBI registration certificate of Investment Adviser and thus, violated the provisions of Section 12 (1) of the SEBI Act read with Regulation 3 (1) of IA Regulations.

11. The SCN was served upon the Noticees 1, 2 and 3 through SPAD on 25.05.2021.

12. Vide reply dated 30.05.2021, the Noticees submitted the following:-
    (a) The official address of Noticee 1 is 9/3, Adikesava Parumal Kovi st, OLP Mambalam Road, west Mambalam, Chennai 33. Noticee 1 runs

its office from a rental space for the last more than 8 years running, and the owner of the rented address is K Maniram.

(b) Noticee 2 is in stock market for more than 30 years with experience since 1990 when the BSE sensex traded below 1000 points. He has more involvement with stock market, account opened Madras stock Exchange Broker Vijay and Co., Murlidharan, Delivery Script, speculations, holdings, trading knowledge, self-research knowledge, additional increase the knowledge before starting NSE (1994).

(c) Anyone corporate company, buying selling total research entire activities he invested at time small money from beginning till date market more volatility up and down everything he predicted convey message to friends clients at the time of call everything success everybody making money.

(d) After this Noticees started Suriyanar Media Solutions films productions main Business MoA of Company second option only mentioned stock market advisory.

(e) All traders requested Noticee 2 to start advisory business friends and others forced him to start very successfully and all the tips succeeded more than 95% every month continuously renewal subscription and additional packs amounts paid to Noticees because every month clients were making profit 10 times profit also clients earned money from Noticees' tips.

(f) Noticees did not cheat any clients, no motivation to any wrong ideas because their talent was big success in stock market more than 10-15 clients repeated to subscription paid.

(g) Stock market business high volatility trading business sometimes losses also coming as stock market trading is very risky.

(h) Noticees tried to maintain maximum successful services to provide client satisfaction and they maintained their contact address and phone number 04442172042 mentioned on their website.

(i) Normally small private limited companies per month expenses rent, electricity bill, telephone, small expenses tea expense and two staff salary and other expenses total per month approx.. 40,000/- to 50,000/- Rupees without taking into account salary of the Noticees, their salary per annum expense was nearly 6 lakhs. This was a loss making Company.

(j) Noticees maintained Noticee 1 eight years with expenses nearly (6 lakhs multiply by 8 years) Total amount 48 lakhs. Actually subscription collection 26 lakhs average per year 3.25 lakhs (Monthly 27000). Anyone dealer or chief dealer or assistant manager working brokerage house 50k to 60k per month yearly approximately 7 lakh salary.

(k) Noticee 2 is 30 years experience person normally join to anyone brokerage house or advisory company easily 26 lakhs per annum possible to earn salary but Noticees provided services to provide to clients.

(l) Nowadays market BSE sensex traded around 51,400 level, Noticees' point of view 1990- 1000 points to 51,400 on 28.5.2021 till now. Noticee 2 is trading in stock market not earning money in advisory and trading any other source. Every time 99% loser only he is also loser.

(m) Company with address at 9/3 Adikesava perumal koil Street, West Mambalam, Chennai 60033 Office business closed 2 years back after both the Directors business no revenue, no income, no saving, no investment stock market and any model or investments.

(n) Notice's condition is very bad they are staying the above corporate office address which is rental house (Twelve Thousand only) both directors financially and health wise very poor.

(o) Noticee 1 Company is not worth taking further legal steps against as its Axis bank balance is minus 12000/- no transactions from 01.04.2020 and Nil return filed last year. This year the company is closing.

(p) Noticees 2 and 3 do not hold any shares and not saving money or invested anything.

(q) Noticees admitted that they acted as advisory company without SEBI registration and they were not qualified analysts (certified).

(r) The Noticees services were genuine tips to clients and did not involve cheating them.

13. Vide Hearing Notice dated 17.03.2022 the Noticee was granted an opportunity of hearing through videoconferencing by WebEx on 21.04.2022.

14. During the hearing conducted through videoconferencing on 21.04.2022, the Noticee-in-person reiterated submissions made vide letter dated 30.05.2021 and undertook to submit proof that Suriyanar Media Solutions Pvt. Ltd. was a loss-making company, within 2 days. Vide e-mail dated 21.04.2022 the Noticee submitted a canned copy of income tax return filed by Suriyanar for assessment year 2021-22 stating that it had no income during the 2020-21. Vide e-mail dated 22.04.2022 the Noticee was reminded to submit profit-loss accounts and balance sheets of the Company for the duration of the period when it rendered investment advice. However, the Noitcee has not provided the same.

15. In the light of the allegations contained in the SCN, reply received and relevant material available on record, I hereby proceed to decide the case on merits.

CONSIDERATION OF ISSUES AND FINDINGS

16. The issues arising for consideration in the instant proceedings before me are:-

I. Whether the provisions of Section 12 (1) of SEBI Act read with Regulation 3 (1) of IA Regulations have been violated by the Noticees?

II. If yes, whether the Noticees are liable for imposition of monetary penalty under Section 15HB of the SEBI Act?

III. If yes, what would be the monetary penalty that can be imposed upon the Noticees taking into consideration the factors stipulated in Section 15J of the SEBI Act read with Rule 5 (2) of the Adjudication Rules?

I. Whether the provisions of Section 12 (1) of SEBI Act read with Regulation 3 (1) of IA Regulations have been violated by the Noticee?

17. Noticee 1 is a private limited company and Noticees 2 and 3 are its directors. It is alleged that between 2013 and 2019, Noticee 1 rendered investment advice to clients for a total fee of approximately Rs. 26,00,980/- without obtaining SEBI registration as required in terms of Regulation 3 (1) of the SEBI Act read with Regulation 12 (1) of the IA Regulations. Various packages such as "Intraday Equity", "Premium Stocks", Options Call and Put", "Nifty Premium" and Commodity Positional Pack" were advertised alongwith their respective fees on the website of Noticee 1 during the relevant period, and details of credit of fees for investment advisory services have been obtained from the bank accounts of the Noticees.

18. The legal provisions allegedly violated are reproduced below for reference: -

<u>Section 12(1) of SEBI Act</u>

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

12. (1) No stock broker, sub-broker, share transfer agent, banker to an issue, trustee of trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and such other intermediary who may be associated with securities market shall buy, sell or deal in securities except under, and in accordance with, the conditions of a certificate of registration obtained from the Board in accordance with the regulations made under this Act:

Provided that a person buying or selling securities or otherwise dealing with the securities market as a stock broker, sub-broker, share transfer agent, banker to an issue, trustee of trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and such other intermediary who may be associated with securities market immediately before the establishment of the Board for which no registration certificate was necessary prior to such establishment, may continue to do so for a period of *three months from such establishment or, if he has made an application for such registration within the said period of three months, till the disposal of such application:*

Provided further that any certificate of registration, obtained immediately before the commencement of the Securities Laws (Amendment) Act, 1995, shall be deemed to have been obtained from the Board in accordance with the regulations providing for such registration.

<u>*Regulation 3(1) of IA Regulations*</u>

Application for grant of certificate.

3. (1) On and from the commencement of these regulations, no person shall act as an investment adviser or hold itself out as an investment adviser unless he has obtained a certificate of registration from the Board under these regulations:

Provided that a person acting as an investment adviser immediately before the commencement of these regulations may continue to do so for a period of six months from such commencement or, if it has made an application for a certificate under sub-regulation (2) within the said period of six months, till the disposal of such application.

19. "Investment advice" is defined in Regulation 2 (1) (l) of the IA Regulations (which came into force with effect from 21.01.2013) to mean "*advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio containing securities or investment products, whether written, oral or through any other means of communication for the benefit of the client and shall include financial planning*". There is sufficient material on record in the form of screenshots of archived webpages of Noticee 1 describing the nature of investment advice rendered as well as bank account statements of the Noticees to show that Noticee 1 and its directors Noticees 2 and 3 rendered investment

advice in lieu of consideration. I note from the reply of the Noticee that he has admitted to having rendered investment advice through Noticee 1.

20. In their submissions Noticees 1-3 state that they had started rendering investment advice as they had acumen and talent, and were forced by friends to do so. Noticees have made somewhat contradictory submissions on earning from their investment advisory activity, by claiming that they continued rendering investment advice on account of success of their stock tips and consistent renewal of subscription to their packages, but have at the same time insisted that they never made profits and that Noticees have no income, saving or investment. During hearing, Noticee submitted that the ICICI bank account listed on its website has since been closed.

21. Since the Noticees 1-3 have admitted to having rendered investment advice without obtaining SEBI registration as required by Regulation 3 (1) of the IA Regulations read with Section 12 (1) of the SEBI Act, and in the light of evidence on record regarding the nature of advice rendered, it it is established that Noticees 1, 2 and 3 have violated Regulation 3 (1) of the IA Regulations read with Section 12 (1) of the SEBI Act.

II. If yes, whether the Noticee is liable for imposition of monetary penalty under Section 15HB of the SEBI Act?
and
III. If yes, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in Section 15J of the SEBI Act read with Rule 5 (2) of the Adjudication Rules?

22. As it is established that the Noticees have violated Regulation 3 (1) of the IA Regulations read with Section 12 (1) of the SEBI Act by rendering investment advice without obtaining registration from SEBI, the Noticees are liable for imposition of monetary penalty in terms of Section 15HB of the SEBI Act.

23. The text of the relevant provision is reproduced as follows:-

<u>SEBI Act</u>

Penalty for contravention where no separate penalty has been provided.

*15HB. Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be [liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees].**

**Substituted for the words "liable to a penalty which may extend to one crore rupees" by the Securities Laws (Amendment) Act, 2014, w.e.f. 08-09-2014*

24. While determining the quantum of penalty under Section 15A (b) of the SCRA, the following factors stipulated in Section 15J of the SEBI Act have to be given due regard:-

"*SEBI Act*

15J. Factors to be taken into account by the adjudicating officer

While adjudging quantum of penalty under Section 23-I, the adjudicating officer shall have due regard to the following factors, namely:-

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default."

25. I note that the Noticees earned an income through fee charged for investment advice amounting to approximately Rs. 26,00,000 over a period of around 6 years. However, the material on record does not indicate profits made or unfair advantage made, or losses caused to investors due to the investment advice rendered without obtaining SEBI registration. The violations began in November 2013 after the IA Regulations had become effective in January 2013, and continued upto July 2019. As of March 2020 the website of Noticee 1 was not operational, and the website of the Ministry of Corporate Affairs mentions that

the Company is presently under the process of striking off. Further, there is no material on record to show that any investor complaints have been received regarding losses made due to investment advice provided by the Noticees during the investigation period.

26. Therefore, taking into account the facts and circumstances in the matter and mitigating factors, I am of the view that a penalty of Rs. 3,00,000/- (Three lakh only) payable jointly and severally by Noticees 1, 2 and 3 will be commensurate with the violations committed by the Noticees.

ORDER

27. Accordingly, after taking into consideration the facts and circumstances of the case, in exercise of powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules, I hereby impose the following penalty:-

Name of the Noticee	Penalty Provisions and Violations	Penalty Amount
Suriyanar Media Solutions Pvt. Ltd.	Under Section 15HB of the SEBI Act, for violation of Regulation 3 (1) of the IA Regulations read with Section 12 (1) of the SEBI Act	Rs.3,00,000 (Rupees Three Lakhs only) payable jojntly and severally by the Noticees
L. Krishnamurthy		
Hema Krishnamoorthy		

28. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, OR through online payment facility available on the SEBI website www.sebi.gov.in on the following path, by clicking on the payment link –

ENFORCEMENT → Orders → Orders of AO → PAY NOW

29. The Noticees shall forward said Demand Draft or the details / confirmation of penalty so paid to the Enforcement Department – Division of Regulatory Action – 3 of SEBI.

30. The Noticees shall provide the following details while forwarding DD/ payment information:
    a) Name and PAN of the entity (Noticee)
    b) Name of the case / matter
    c) Purpose of Payment – Payment of penalty under AO proceedings
    d) Bank Name and Account Number
    e) Transaction Number

31. Copies of this Adjudication Order are being sent to the Noticees and also to SEBI in terms of Rule 6 of the Adjudication Rules.

MANINDER CHEEMA Digitally signed by MANINDER CHEEMA Date: 2022.05.02 14:19:18 +05'30'

DATE: MAY 02, 2022

PLACE: MUMBAI

MANINDER CHEEMA

ADJUDICATING OFFICER