

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

Under Section 12(3) of Securities and Exchange Board of India Act, 1992 read with Regulation 23 and Regulation 27 of Securities and Exchange Board of India (Intermediaries) Regulations, 2008 and Regulation 32 of Securities and Exchange Board of India (Research Analyst) Regulation, 2014.

IN RESPECT OF:

NOTICEE	SEBI Registration No.	PAN
Harinder Kumar Sahu	INH200005753	BLPPS3144G

Background:

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") conducted an inspection of Harinder Kumar Sahu, Research Analyst (hereinafter referred to as "**Noticee**"), who is a SEBI Registered Research Analyst (hereinafter referred to as "**RA**") having SEBI Registration No. INH200005753. The inspection of the Noticee was conducted on November 30, 2022 for the period of April 01, 2021 to November 30, 2022 (hereinafter referred to as "**inspection period**"). Accordingly, the findings of the aforementioned inspection were communicated to the entity vide SEBI letter dated February 14, 2023. In response to the findings of the inspection report, Noticee filed its reply vide letter dated February 20, 2023. A post inspection analysis based on the responses of the entity vis-à-vis the findings of inspection was prepared and it was observed that Noticee had allegedly violated certain provisions of securities law, the details of which are tabulated below:

Table No. 1

S.N.	Alleged Violation	Statutory Provisions
1	Non-Compliance with SEBI Circular on Publishing of investor charter and disclosures on investor charter-	1. Regulation 24(2) of RA Regulations 2014 read with clause 7 of code of

S.N.	Alleged Violation	Statutory Provisions
	Noticee did not published investor charter and disclose the details of investor complaints on his website - www.kingresearch.co.in	conduct specified in Schedule III to the SEBI (Research Analysts) Regulations, 2014. 2. SEBI circular no. SEBI/HO/IMD/IMD-II CIS/P/2021/0685 dated December 13, 2021
2	Compliance with Qualification and Certification requirements- Noticee did not hold required NISM Certification during the period April 02, 2022 to November 10, 2022.	Regulation 7(2) read with Clause 7 of Code of Conduct for Research Analyst read with Regulation 24(2) of SEBI (Research Analysts) Regulations, 2014.
3	Discrepancies in contents of the Website- Noticee did not mentioned full address of his business place as well as adequate data was not available to support his claim about past performance on his website: - www.kingresearch.co.in	Regulation 24(2) of RA Regulations read with clause 2 of code of conduct specified in Schedule III of SEBI (Research Analysts) Regulations, 2014.
4	Establishing internal policies and procedure- Noticee did not established internal policy and control procedures to address potential conflicts of interests arising from his trading activities and research analyst activities.	Regulation 15 of SEBI (Research Analysts) Regulations, 2014.
5	Limitation on trading by research analyst- Noticee had been trading in the securities recommended by the Research Analyst during the window of 30 days prior and 5 days after publishing research report	Regulation 16 (2) of SEBI (Research Analysts) Regulations, 2014.
6	Disclosure of all material information in research report and while making public appearance- Noticee did not disclosed his SEBI registration details, business activities and his interest /beneficial ownership in securities that being reviewed/recommended in research report/video uploaded on public media	Regulation 19 and 21 of SEBI (Research Analysts) Regulations, 2014.
7	Compliance with General Responsibilities- Noticee had made unrealistic and misleading disclosure on its YouTube channel and also induce visitor on his website to open DMAT account by sharing link of various stock Brokers.	Clauses 2 and 6 of Code of Conduct for Research Analyst read with Regulation 24(2) and Regulation 13(i) of SEBI (Research Analysts) Regulations, 2014. Regulation 4(2) (k), (o) and (s) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 read with section 12A(c) of the Securities and Exchange Board of India Act, 1992 ("SEBI Act")

S.N.	Alleged Violation	Statutory Provisions
8	Maintenance of records- Noticee did not maintained research report /recommendation with digital signature and also did not conduct annual compliance audit for FY 2020-21 and 2021-22.	Regulation 25(2) and (3) of SEBI (Research Analysts) Regulations, 2014.

- Based on the above findings of examination, enquiry proceedings were initiated against the Noticee in terms of Chapter V of SEBI (Intermediaries) Regulations, 2008 (hereinafter referred to as “**Intermediaries Regulations**”) and a Designated Authority (hereinafter referred to as “**DA**”) was appointed vide communiqué dated August 21, 2023 under Regulation 24(2) of the Intermediaries Regulations to enquire into the above mentioned alleged violations against the Noticee.

Enquiry by the Designated Authority:

- The DA issued a Show Cause Notice dated September 21, 2023 (hereinafter referred to as “**DA SCN**”) under Regulation 25(1) of the Intermediaries Regulations, calling upon the Noticee to show cause as to why appropriate recommendation should not be made against it in terms of Section 12(3) of the SEBI Act read with Regulation 23 and Regulation 26 of the Intermediaries Regulations for the violations alleged to have been committed by the Noticee as enumerated in paragraph above.
- The DA SCN was sent to Noticee through Speed Post AD (“**SPAD**”) at the following address of Noticee- *Plot No. 21, Green Hills Colony, Street No. 8, Habsiguda, Hyderabad, Telangana-500007* and the same returned undelivered. Accordingly, the DA SCN was affixed at the last known address of Noticee. The proof of affixture is on record. Subsequently, in the interest of natural justice, a newspaper publication was made in 3 newspapers as mentioned below on October 26, 2023. Vide aforesaid publications, Noticee was also advised to collect the SCN dated September 21, 2023 from the Office of Designated Authority or download it from SEBI website under the *section: - Enforcement: - Unserved Summons/Noticee*. Through aforesaid publication, Noticee was also granted an opportunity of personal hearing before the DA on November 06, 2023. However, the Noticee neither

appeared for the hearing on November 06, 2023 nor submitted any reply to the DA SCN till the date of Enquiry Report.

Table No 2

SCN dated	Delivery of SCN		
	SPAD	Affixture	Newspaper Publication
September 21, 2023	Returned with the comment - 'Left'	Failed	Times of India Sakshi Daily Hindi Milap

5. As the Noticee neither filed any reply nor availed the opportunity of personal hearing despite service of notices upon him, DA proceeded in the matter and dealt with the allegation made in the SCN and subsequently submitted an Enquiry Report dated November 24, 2023 (hereinafter referred to as '**Enquiry Report/ER**') *ex-parte* on the basis of material available on record, recommending suspension of certificate of registration of Noticee as an RA for 3 months.

Post-Enquiry Proceedings:

6. A post-enquiry Show Cause Notice dated December 04, 2023 (hereinafter referred to as '**Post Enquiry SCN**') was issued to the Noticee enclosing a copy of the Enquiry Report dated November 24, 2023, submitted by the DA and calling upon the Noticee to show cause in terms of Regulation 27 of the Intermediaries Regulations as to why actions as recommended by the DA should not be taken against the Noticee in terms of the said Regulations.
7. I note that the Post Enquiry SCN was issued to the Noticee through SPAD dated December 04, 2023 to the available address, which returned undelivered with the remark 'left'. Subsequently, the SCN was served to the Noticee through Market Infrastructure Institution on December 13, 2024 at the current communication address available with them. The acknowledgement form of the same, duly signed by the Noticee, also contained his phone number, through which the email id of the Noticee was also obtained. In the interest of natural justice, Noticee was also granted an opportunity of personal hearing on February

05, 2024, by email dated January 11, 2024 to the aforesaid email id. However, vide email dated February 1, 2024, the Authorized representative (AR) of the Noticee requested for adjournment of the hearing which was acceded to and the hearing was accordingly rescheduled on February 13, 2024. The Noticee made his submissions vide reply dated February 9, 2024. The AR of the Noticee appeared in the hearing on February 13, 2024 and reiterated the submissions made vide aforesaid reply dated February 9, 2024.

8. Summary of reply of SCN submitted by Noticee is as below:

- a) *In and around April 10, 2023, Noticee had shifted to a new address. Therefore, the Noticee was not in a position to receive the SCN at its old address and therefore the speed post sent by the DA returned undelivered. Noticee is not aware of any such newspaper publications made by the DA / SEBI. It is submitted that in these circumstances, the DA / SEBI ought to have contacted the Noticee on its Email id and provided the SCN. Therefore, the Enquiry proceedings are against the well-established Principles of Natural Justice. On this ground the present SCN dated December 4, 2023 ought to be withdrawn.*
- b) *At the relevant time when the inspection was conducted, due to some technical issue on the Noticee's website, the Investor Charter and disclosure of investor complaints was not available. However, Noticee has subsequently rectified the technical issue on its website and has published the Investor charter and has disclosed the data relating to the Investor complaints.*
- c) *It is also important to consider that there are hardly any SCORES complaint(s) against the Noticee.*
- d) *The Noticee has been holding a valid NISM Certification from October 16, 2017 till April 1, 2022. Post which, multiple attempts were made by the Noticee to clear the exam which were unsuccessful. Eventually on November 11, 2022, Noticee has cleared the exam and has been issued a certificate.*
- e) *Noticee has published full registered address of the business place on the website. The Noticee has acted with due skill, care and diligence and has ensured that the research reports were prepared after thorough analysis of*

the securities market. Details relating to past performance for all services was always available on the Noticee's website and more importantly the screen shots of past performance(s) were also provided to SEBI in response to the inspection findings.

- f) Noticee always had its Internal policy and control procedures and same has been also captured in SEBI's inspection observations. However, in order to address SEBI's allegation, Noticee has updated its internal policy and control procedures. The updated policy and procedures are in compliance with Regulation 15 of the RA Regulations and the same provides sufficient safeguard and control mechanisms to prevent / address conflict of interest.*
- g) Noticee's personal trades and trades recommended are separate and not overlapping. The impugned recommendations on Noticee's Telegram channel were not published to Noticee's clients but published on a free Telegram channel for which Noticee has not received any fees or consideration. These recommendations were sent for educational purposes only. It is not SEBI's case that Noticee has made any wrongful gain on account of such trades.*
- h) The disclaimers have been updated to include SEBI Registration details, business activities as RA and any financial interest in securities being recommended as prescribed. The updates have been made on the Noticee's website as well as descriptions of its YouTube videos.*
- i) Noticee has acted with due skill, care and high professional standard while arriving at research recommendations. Till date none of Noticee's client has ever made any kind of complaint respect to Noticee's claim relating to accuracy or descriptions in the Youtube videos. The said allegation is merely an assumption and is without any basis.*
- j) Noticee only provided links to open a Trading / Demat account and the Noticee never opened any such account on behalf of the viewers. Further, it is a matter of record that Noticee has only provided a list of brokerage firms providing broking services and these were provided only for informational, educational purpose and more importantly to guide the clients about the service providers. Further, Noticee's website does not in any manner state that Noticee offers broking or demat services or any kind of account opening*

services. Therefore, it cannot be alleged that Noticee has made misleading disclosures. However, without admitting the charge, and only in order to address SEBI's allegation, Noticee has updated its website as well as video descriptions to specifically mention that it is only earning a referral income from such links and does not offer opening of Trading / Demat account.

k) Noticee has always maintained complete list of trades recommended to the clients and the details in this regard were provided to SEBI during the course of inspection. All submissions (letters / emails) made before SEBI during the period October 2022 till March 2023 were signed by Noticee, however the trade recommendations were one of the annexure to the said submissions and not separately signed while filling it with SEBI and neither did SEBI's inspecting officials ever asked for such separately signed trade recommendations.

l) Noticee was inactive during the FY 2020-2021 and had started its RA activities only w.e.f. September 1, 2021 and therefore Noticee did not carry out any compliance audit. For the FY 2021-22, the Noticee has initiated the process of compliance audit and has appointed CA Divyansh Bansal, a practising Chartered Accountant, to carry out the same.

9. Considering the aforesaid, I am of the view that the principles of natural justice have been adhered to, as the SCN and the Hearing Notices were duly served upon the Noticee, which is on record and sufficient opportunity was granted to him to reply to the SCN and appear for the personal hearing.

Consideration of Issues and Findings:

10. I have considered the allegations made in the DA SCN, Post Enquiry SCN, observations made thereon in the ER and the material available on record.
11. Before dealing with the replies of the Noticee on specific charges on merit, I deem it necessary to deal with the following preliminary objection raised by him that the present SCN ought to be withdrawn on the ground that the enquiry proceedings were against the Principles of Natural Justice as the DA SCN was not received

by the Noticee in the old address because of him shifting to the new address and that the report could have been served on his email id.

In this regard, I note that the DA-SCN was attempted to be served through SPAD as well as affixture at the available address. However, the same could not be served as the Noticee changed his address and finally the DA SCN was served through a newspaper publication made in 3 newspapers. I also note that there is nothing available on record to suggest that the Noticee has intimated SEBI about his change of address. Further, I note that though the DA SCN was not served to the Noticee, the Post Enquiry SCN enclosing the Enquiry Report was served to the Noticee and the Noticee has also submitted a para wise reply on merit. Apart from the same, the hearing in the matter was also provided to the Noticee and was concluded. In view of the same, I note that all the essentials of principles of natural justice were fulfilled qua the Noticee and accordingly, I find no merit in the above preliminary contention of the Noticee.

12. Before proceeding to deal with the allegations as recorded above against the Noticee on merit, for the purposes of easy reference, relevant provisions of the applicable sections, regulations, guidelines, etc. which have allegedly been contravened as per the SCN are reproduced hereunder:

A. SEBI Act

Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.

12A. No person shall directly or indirectly—

(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

B. PFUTP Regulations

4. Prohibition of manipulative, fraudulent and unfair trade practices

(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:—

(k) disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading and which is designed or likely to influence the decision of investors dealing in securities; (till January 24, 2022)

disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading in a reckless or careless manner and which is designed to, or likely to influence the decision of investors dealing in securities; (After January 24, 2022)

(o) Fraudulent inducement of any person by a market participant to deal in securities with the objective of enhancing his brokerage or commission or income.

(s) mis-selling of securities or services relating to securities market;

Explanation-For the purpose of this clause, "mis-selling" means sale of securities or services relating to securities market by any person, directly or indirectly, by—

- i. knowingly making a false or misleading statement, or*
- ii. knowingly concealing or omitting material facts, or*
- iii. knowingly concealing the associated risk, or*
- iv. not taking reasonable care to ensure suitability of the securities or service to the buyer;*

C. Relevant provisions of RA Regulations

i. Qualification and certification requirement:

7.(2) An individual registered as research analyst under these regulations, individuals employed as research analyst and partners of a research analyst, if any, shall have, at all times, a NISM certification for research analysts as specified by the Board or other certification recognized by the Board from time to time:

Provided that research analyst or research entity already engaged in issuance of research report or research analysis seeking registration under these regulations shall ensure that it or the individuals employed by it as research analyst and/or its partners obtain such certification within two years from the date of commencement of these regulations:

Provided further that fresh certification must be obtained before expiry of the validity of the existing certification to ensure continuity in compliance with certification requirements.

ii. Conditions of certificate:

13. *The certificate granted under regulation 9 shall, inter alia, be subject to the following conditions:-*

(i) the research analyst shall abide by the provisions of the Act and these regulations;

iii. Establishing Internal policies and procedures:

15. *(1) Research analyst or research entity shall have written internal policies and control procedures governing the dealing and trading by any research analyst for:*

(i) addressing actual or potential conflict of interest arising from such dealings or trading of securities of subject company;

(ii) promoting objective and reliable research that reflects the unbiased view of research analyst; and

(iii) preventing the use of research report or research analysis to manipulate the securities market.

(2) Research analyst or research entity shall have in place appropriate mechanisms to ensure independence of its research activities from its other business activities.

iv. Limitations on trading by research analysts:

16. *(2) Independent research analysts, individuals employed as research analyst by research entity or their associates shall not deal or trade in securities that the research analyst recommends or follows within thirty days before and five days after the publication of a research report..*

v. **Disclosures in research reports:**

19. A research analyst or research entity shall disclose all material information about itself including its business activity, disciplinary history, the terms and conditions on which it offers research report, details of associates and such other information as is necessary to take an investment decision, including the following:

(i) Research analyst or research entity shall disclose the following in research report and in public appearance with regard to ownership and material conflicts of interest:

(a) whether the research analyst or research entity or his associate or his relative has any financial interest in the subject company and the nature of such financial interest;

(b) whether the research analyst or research entity or its associates or relatives, have actual/beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance;

(c) whether the research analyst or research entity or his associate or his relative, has any other material conflict of interest at the time of publication of the research report or at the time of public appearance;

(ii) Research analyst or research entity shall disclose the following in research report with regard to receipt of compensation:

(a) whether it or its associates have received any compensation from the subject company in the past twelve months;

(b) whether it or its associates have managed or co-managed public offering of securities for the subject company in the past twelve months;

(c) whether it or its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months;

(d) whether it or its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months;

(e) whether it or its associates have received any compensation or other benefits from the subject company or third party in connection with the research report.

(iii) Research analyst or research entity shall disclose the following in public appearance with regard to receipt of compensation:

(a) whether it or its associates have received any compensation from the subject company in the past twelve months;

(b) whether the subject company is or was a client during twelve months preceding the date of distribution of the research report and the types of services provided:

Provided that research analyst or research entity shall not be required to make a disclosure as per sub-clauses (c), (d) and (e) of clause (ii) or sub-clauses (a) and (b) of clause (iii) to the extent such disclosure would reveal material non-public information regarding specific potential future investment banking or merchant banking or brokerage services transactions of the subject company.

(iv) whether the research analyst has served as an officer, director or employee of the subject company;

(v) whether the research analyst or research entity has been engaged in market making activity for the subject company;

(vi) Research analyst or research entity shall provide all other disclosures in research report and public appearance as specified by the Board under any other regulations.

vi. General responsibility:

24.(2) Research analyst or research entity shall abide by Code of Conduct as specified in Third Schedule.

vii. Maintenance of records:

25.(2) All records shall be maintained either in physical or electronic form and preserved for a minimum period of five years:

Provided that where records are required to be duly signed and are maintained in electronic form, such records shall be digitally signed.

(3) Research analyst or research entity shall conduct annual audit in respect of compliance with these regulations from a member of Institute of Chartered Accountants of India or Institute of Company Secretaries of India.

THIRD SCHEDULE
Securities and Exchange Board of India (Research Analysts) Regulations, 2014
[See Sub Regulation (2) of regulation 24]
CODE OF CONDUCT FOR RESEARCH ANALYST

2. Diligence

Research analyst or research entity shall act with due skill, care and diligence and shall ensure that the research report is prepared after thorough analysis.

6. Professional Standard

Research analyst or research entity or its employees engaged in research analysis shall observe high professional standard while preparing research report

7. Compliance:

Research analyst or research entity shall comply with all regulatory requirements applicable to the conduct of its business activities.

D. SEBI circular no. SEBI/HO/IMD/IMD-II CIS/P/2021/0685 dated December 13, 2021

Details of the above SEBI Circular can be found at the below mentioned link:

https://www.sebi.gov.in/legal/circulars/dec-2021/publishing-of-investor-charter-and-disclosure-of-investor-complaints-by-research-analysts-on-their-websites-mobile-applications_54584.html

13. Based on the ER containing recommendation of DA, in this order, I would be examining the sustainability of the findings given in the ER on the allegations made in the DA SCN.

I. Allegation w.r.t. Non-Compliance with SEBI Circular on Publishing of investor charter and disclosures on investor charter:

14. In this regard, I note from the ER that Noticee had failed to publish investor charter on his website. Further, Noticee did not disclose the details of investor complaints on its website.
15. In view of the same, it was alleged that Noticee had not complied with the SEBI circular no. SEBI/HO/IMD/IMD-II CIS/P/2021/0685 dated December 13, 2021 and allegedly violated the provisions of Regulation 24(2) of RA Regulations read with clause 7 of code of conduct specified in Schedule III to the RA Regulations
16. I note from the ER that upon examination of the website of Noticee on July 11, 2023, and thereafter on November 10, 2023, the DA noted that Investor charter and investor complaints had not been published by Noticee on his website as stipulated by the aforesaid circular. Thus, the DA found that Noticee is liable for violation of SEBI circular no. SEBI/HO/IMD/IMD-II CIS/P/2021/0685 dated December 13, 2021. Considering aforesaid, the DA also noted that the Noticee failed to comply with all the regulatory requirements applicable to the conduct of his business activities and thus, the DA found that Noticee has also violated Regulation 24(2) of RA Regulations read with clause 7 of code of conduct specified in Schedule III to the RA Regulations.
17. In this regard, the Noticee has submitted that at the relevant time when the inspection was conducted, due to some technical issue on the Noticee's website, the Investor Charter and disclosure of investor complaints was not available and that Noticee has subsequently rectified the technical issue on its website and has published the Investor charter and has disclosed the data relating to the Investor complaints. In view of the same, I note that the Noticee has admitted to the aforesaid violation.
18. Thus, in view of above, I note and concur with the DA that the Noticee has not published the Investor charter and investor complaints on his website as stipulated in the SEBI circular no. SEBI/HO/IMD/IMD-II CIS/P/2021/0685 dated

December 13, 2021 and accordingly has violated the provisions of Regulation 24(2) of RA Regulations read with clause 7 of code of conduct specified in Schedule III to the RA Regulations.

II. Allegation w.r.t. Non-Compliance with Qualification and Certification requirements:

19. I note from the ER that Noticee did not hold valid NISM certification specified for research analysts during 02.04.2022 to 10.11.2022 and accordingly it was alleged that Noticee was in violation of the provisions of Regulation 7(2) read with Clause 7 of Code of Conduct for Research Analyst read with Regulation 24(2) of RA regulations.
20. I note from the observations of DA in the ER that Regulation 7(2) of RA Regulations states that individuals registered as research analysts, individuals employed as research analysts, and partners of research analysts must hold a certification specified by SEBI or another certification recognized by SEBI. It has also been categorically mentioned that fresh certification must be obtained before expiry of the validity of the existing certification to ensure continuity in compliance with certification requirements. DA further noted from records available that Noticee failed to fulfil the aforesaid requirement of NISM certification for the period April 02, 2022 to November 10, 2022. Thus, the DA found that by not holding the required certification, Noticee is in violation of Regulation 7(2) of RA Regulations. Further, the DA also noted that Clause 7 of Code of Conduct for Research Analyst as mentioned in Schedule III of RA Regulations read with Regulation 24(2) provides that Research analyst or research entity shall comply with all regulatory requirements applicable to the conduct of its business activities. Thus, considering that Noticee did not have the required NISM certificate in terms of Regulation 7(2) of RA Regulations, the DA found that Noticee failed to comply with all regulatory requirements applicable to the conduct of its business activities and accordingly, Noticee also violated

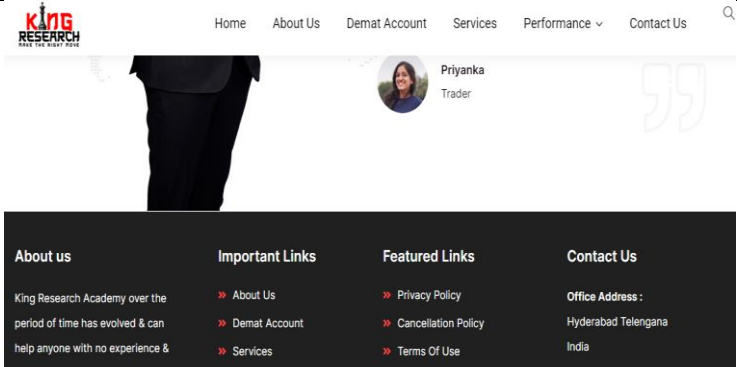
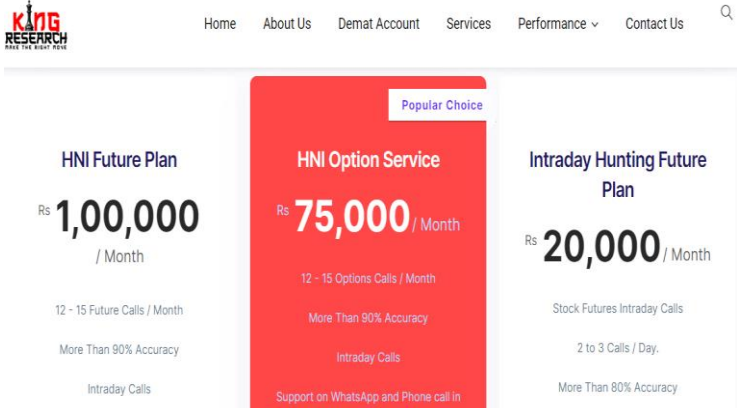
Clause 7 of Code of Conduct for Research Analyst (as mentioned in Schedule III of RA Regulations) read with Regulation 24(2) of RA Regulations.

21. In this regard, I note that the Noticee has submitted that he was holding a valid NISM Certification from October 16, 2017 till April 1, 2022, post which, multiple attempts were made by him to clear the exam which were unsuccessful and finally on November 11, 2022, Noticee cleared the exam and was issued a certificate. From the above submission it is evident that the Noticee was not holding a valid NISM certification specified for research analysts during 02.04.2022 to 10.11.2022. Also, non-clearance of a required examination cannot be a justification for non-compliance with the certification requirement.
22. Thus, in view of the above, I don't see any reason to differ from the recommendation of DA and accordingly hold that the Noticee has violated the provisions of Regulation 7(2) of RA Regulations read with Clause 7 of Code of Conduct for Research Analyst (as mentioned in Schedule III of RA Regulations) read with Regulation 24(2) of RA Regulations

III. Allegation w.r.t. discrepancies in contents of the Website:

23. I note from the ER that Noticee did not mention the full registered address of the business place from where he was doing RA activities on his website, www.kingresearch.co.in. Further, Noticee claimed on its website that there was 90% accuracy under various products viz. HNI Future Plan, HNI option services etc, however, Noticee failed to provide any data/information available which supports the claim made by Noticee on his website. Thus, it was alleged that Noticee had not complied with Regulation 24(2) of RA Regulations read with clause 2 of Code of conduct specified in Schedule III of RA Regulations.
24. I note that the DA observed in the ER that Regulation 24(2) of RA Regulations read with Clause 2 of Code of conduct specified in Schedule III of RA Regulations provides that Research analyst or research entity shall act with due skill, care

and diligence and shall ensure that the research report is prepared after thorough analysis. In the present case, the DA noted from the available records that Noticee did not mentioned the full registered address of the business place from where he was doing RA activities. Further, Noticee claimed that there is 80%/90% accuracy under various products viz. HNI Future Plan, HNI option services etc. However, the DA noted from material available that there was no data/evidence to support such claim. The screenshot of the aforesaid address and claims is shown given in the below table-

S.N.		Screenshot of website of Noticee
1	Noticee failed to mention the full registered address of the business place	
2.	Noticee claimed on its website that there was 90% accuracy under various products	

25. With regards to the allegation of not mentioning the full registered address of the business place on his website, I note that the Noticee submitted that he has published full registered address of the business place on the website. I note that in support of the said claim, Noticee has submitted the following screenshot of his website:

Get in Touch

If you have any questions regarding our courses, training programs & workshops, please fill out the form below and I'll get back to you as soon as possible.



Email us on:
support@kingresearch.co.in



King Research Academy, 406-B, Jain
Sadguru Image's Capital Park, Madhapur,
Hyderabad Telangana - 500081



Call us on:
Enquiry & Support : 84688-11500

Drop Us a Line

Full Name

Phone Number

Email Address

Your Message

Send a Message

In this regard, I note that the above screenshot submitted by the Noticee failed to show that when the said screenshot was taken i.e. whether it was taken during the inspection period or subsequently after adding detailed address. This is also evident from the following screengrab of the website of Noticee available on record which shows that it was taken on 12.12.2022 and it does not have the full address of the Noticee and only says '*Hyderabad, Telangana – India*':

12/12/22, 8:58 AM

Contact Us - King Research Academy

Get in Touch

If you have any questions regarding our courses, training programs & workshops, please fill out the form below and I'll get back to you as soon as possible.

Email us on:
support@kingresearch.co.in (mailto:support@kingresearch.co.in)

Hyderabad, Telangana - India

Call us on:
84688-11500 (tel:84688-11500)



Drop Us a Line

On the basis of the aforementioned observations, I find no merit in the submissions of the Noticee.

26. With regards to the allegation of claiming 80%/90% accuracy under various products, I note that the Noticee has submitted that he has acted with due skill, care and diligence and has ensured that the research reports were prepared after thorough analysis of the securities market. Details relating to past performance for all services was always available on the Noticee's website and the screen shots of past performance were also provided to SEBI. Noticee has also submitted the details of past performances.
27. In this regard, I note that the Noticee has not provided any basis or methodology in support of his claim of 80-90% accuracy under various products viz. HNI Future Plan, HNI Option Services etc apart from the same based on the accuracy of his past recommendations, which also could not be verified from his submission. I note that in absence of any logical research or analysis, the submission of the Noticee that this prediction was only based on the past performance of his recommendations cannot be accepted. Accordingly, I don't find any merit in the said submission of the Noticee.
28. In view of the aforesaid facts and circumstances, I note and concur with the DA that allegation with respect to the Noticee for violation of Regulation 24(2) of RA Regulations read with Clause 2 of Code of Conduct specified in Schedule III of RA Regulations stands established.

IV. Allegation w.r.t. establishing internal policies and procedure and Limitation on trading by research analyst:

29. I note from the ER that Noticee had not established internal policy and control procedures to address potential conflicts of interests arising from his trading activities and research analyst activities. It was also observed that Noticee was trading in the securities recommended by it during the window period of 30 days prior and 5 days after publishing research report. Further, on checking the recommendation made by Noticee on Telegram channel operated by him and the transaction statement of his personal trading account, it was observed that

Noticee was trading in the securities recommended by him through Telegram channels operated by him. Thus, it was alleged that Noticee has violated Regulations 15 and 16(2) of RA Regulations.

30. I note that the DA observed in the ER that Noticee, being an individual research analyst, is solely responsible for complying with the trading /dealing restrictions imposed on him. The DA noted from records that Noticee has furnished the following as his internal policy in terms of regulation 15 of RA Regulations:
- “Personal trading activities of the research analyst shall be monitored, recorded and wherever necessary, shall be subject to a formal approval process like approval from the Compliance department;*
- (a) Research Analyst shall not deal / trade in securities recommended / followed by the research analyst to the clients for a reasonable time period;*
- (b) deal / trade in securities that the research analyst reviews in a manner contrary to his given recommendation;*
- (c) purchase or receive securities of the issuer before the issuer's initial public offering, if the issuer is principally engaged in the same types of business as companies that the research analyst follows or recommends.”*
31. DA further noted that the policy mentioned above is mere reproduction of RA Regulations with minor modifications. Moreover, the aforesaid policy failed to provide any safeguard or controls to prevent/address the conflict of interest arising out of his trading in securities which he was reviewing or recommending as a research analyst. Thus, the DA hold that Noticee failed to frame internal policies and procedure as required under Regulation 15 of RA Regulations.
32. I further note that with regards to violation of Regulation 16(2) of RA Regulations by the Noticee, the DA observed that Noticee had been trading in the securities recommended by him in the Telegram channels operated by him. For the purpose of illustration, details of the some of the recommendations as given by the Noticee in its Telegram channel are stated below:

Free Telegram Channel Calls

Table No 3

S.N.	Date publishing	of Security Name	Recommendation	Trigger price (Rs)
1	02/09/2022	HAL	Buy	2344
2	05/09/2022	INDHOTEL	Buy	302
3	06/09/2022	Apollo-tyre	Sell	263

33. Noticee's aforementioned Telegram channel recommendations were compared with his trading details as available on record and the same were observed by the DA as under:

Table No 4

Date	Option Type	Symbol	Expiry Date	Strike Price	Buy Traded Qty	Buy Value	Sell Traded Qty	Sell Value	RA Call	Trigger Price
02-Sep-2022	PE	HAL	29-Sep-2022	2260	0	0	3800	183968	BUY	2344
05-Sep-2022	CE	INDHOTEL	29-Sep-2022	310	0	0	16088	116638	BUY	302
05-Sep-2022	CE	INDHOTEL	29-Sep-2022	310	0	0	0	0	BUY	302
05-Sep-2022	CE	INDHOTEL	29-Sep-2022	310	16088	125486	0	0	BUY	302
06-Sep-2022	CE	APOLLOTYRE	29-Sep-2022	265	0	0	7000	70525	Sell	263
06-Sep-2022	CE	APOLLOTYRE	29-Sep-2022	265	0	0	7000	82600	Sell	263
06-Sep-2022	CE	APOLLOTYRE	29-Sep-2022	265	21000	216300	7000	77700	Sell	263
12-Sep-2022	CE	HAL	29-Sep-2022	2500	2375	432654	0	0	SELL	2456
12-Sep-2022	CE	HAL	29-Sep-2022	2500	0	0	0	0	SELL	2456
12-Sep-2022	CE	HAL	29-Sep-2022	2500	0	0	0	0	SELL	2456

34. From the above table, DA noted that Noticee was trading in the very securities in which he had published report or recommended through Telegram channel to public. Further, it was also observed that in most of the instances, trading by

Noticee in those securities was either on the same day or within five days of the recommendation published by the Noticee on his Telegram channel. Thus, based on the above, the DA found that by trading in the securities recommended by the Noticee during the window of 30 days prior and 5 days after publishing research report, Noticee violated Regulation 16(2) of RA Regulations.

35. I note that with regards to the allegation of failing to frame internal policies and procedure, the Noticee has submitted that Noticee always had its Internal policy and control procedures and same has been also captured in SEBI's inspection observations. However, in order to address SEBI's allegation, Noticee has updated its internal policy and control procedures. The updated policy and procedures are in compliance with Regulation 15 of the RA Regulations and the same provides sufficient safeguard and control mechanisms to prevent / address conflict of interest.

From the above submission of the Noticee, it is evidently clear that the internal policy and procedure prior to updation by the Noticee, were not in compliance with Regulation 15 of the RA Regulations and accordingly, the Noticee has admitted to the alleged violation.

36. I further note that with regards to the allegation of trading in the securities recommended by him, the Noticee has submitted that his personal trades and trades recommended are separate and not overlapping and that the impugned recommendations on his Telegram channel were not published to his clients but published on a free Telegram channel for which he has not received any fees or consideration. Noticee has further submitted that these recommendations were sent for educational purposes only and it is not SEBI's case that Noticee has made any wrongful gain on account of such trades.

With regards to the aforesaid submission of the Noticee, I note that Regulation 16(2) of RA Regulations clearly restricts the Research Analysts from dealing or trading in securities that the research analyst has recommended or followed within thirty days before and five days after the publication of a research report.

I note that the said regulation does not differentiate between the recommendations provided for any consideration or provided for free. The said regulation also does not differentiate between recommendations provided to a client or to general public. In other words, Regulation 16(2) of RA Regulations also covers the securities in which the RA has made recommendation and prohibits RA from trading in the same within thirty days before and five days after the publication of a research report. I further note that the said restriction has nothing to do with the RA making any wrongful gain out of it or not. In view of the same, I find the contention made as baseless and devoid of any merit and being an individual research analyst, RA is solely responsible for complying with the trading/ dealing restrictions imposed on him.

37. In view of the aforesaid observations, I concur with the DA and find that the Noticee has violated Regulations 15 and 16(2) of RA Regulations.

V. Allegation w.r.t. disclosure of material information in research report and while making public appearance:

38. I note from the observation of ER that disclaimer page submitted by Noticee showed general disclaimer about the stock market which mentioned that “*this video is only for education purpose*”. However, the same did not contain SEBI registration details, his business activities as RA and any financial interest of Noticee or its associates in the securities being recommended in video. Thus, it was alleged that by not disclosing the material disclosures including SEBI registration number, details about his business activities in research reports, financial interest/beneficial ownership of him and his associates in securities that are being reviewed/recommended by him in research reports/videos uploaded in public media, the Noticee violated Regulation 19 and 21 of RA Regulations.
39. Further, I note from the ER that DA observed that Regulations 19 and 21 of RA Regulations make it obligatory on the part of research analyst, including its director or employee, to disclose the registration status and details of financial

interest in the subject company, if he/she makes any public appearance. From the records, the DA noted that the disclaimer page submitted by Noticee showed general disclaimer about the stock market but did not contain SEBI registration details, his business activities as RA and any financial interest of Noticee or its associates in the securities being recommended in video as required in the aforesaid regulation. Accordingly, the DA found that the Noticee is liable for violation of Regulations 19 and 21 of RA Regulations.

40. I note that the Noticee in this regard has submitted that the disclaimers are updated to include SEBI Registration details, business activities as RA and any financial interest in securities being recommended as prescribed and that the updates have been made on his website as well as descriptions of his YouTube videos. From the above submission, it is evident that the Noticee has admitted to the aforesaid allegation.
41. In view of the same, I find and concur with the DA that the Noticee has violated Regulations 19 and 21 of RA Regulations.

VI. Allegation w.r.t. compliance with General Responsibilities:

42. I note from ER that the Noticee made unrealistic and misleading disclosures with respect to profit and loss made from the trading/options strategies offered by him. It was further observed that Noticee was using phrase like “No Loss strategy, 90% accuracy ,100% accuracy, 500% profit etc. in the descriptions to his videos on YouTube which is misleading and likely to harm gullible investors.
43. Further, it was observed that Noticee was sharing link of Demat account opening of various stock broker on his website under “Demat account” tab and inducing visitor on the website to open Demat account with link on the website to access algo-premium membership and to reveal his own intraday and positional stock picks. Moreover, it was observed that Noticee had induced the viewers of its

YouTube channel by promising access to his premium stock recommendations by opening the Demat account by clicking on the link shared by him.

44. Thus, it was alleged that Noticee was making wrong disclosure with respect to offering trading/demat services and was not disclosing the referral income earnable from the links mentioned in the description of YouTube videos of Noticee in King Research Academy channel.
45. In view of above, it was alleged that Noticee did not act with due skill, care, diligence and high professional standard while arriving at research recommendation and thereby, violated the provisions of Clauses 2 and 6 of Code of Conduct for Research Analyst read with Regulation 24(2) and Regulation 13(i) of RA regulations and Regulation 4(2) (k), (o) and (s) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as “**PFUTP Regulations**”) read with section 12A (c) of the SEBI Act.
46. I note from the observations of DA in the ER that as per Regulation 24 of RA Regulations, Research Analyst shall maintain an arms-length relationship between its research activity and other activities. Further, Research Analyst or research entity shall abide by Code of Conduct as specified in Third Schedule. However, DA found from the records in the instant case that -
 - a) Noticee failed to submit any reason for using phrase like “No Loss strategy, 90% accuracy ,100% accuracy, 500% profit etc.” in the descriptions to his video on YouTube which is misleading and likely to harm gullible investors.
 - b) Noticee, who is neither a broker nor an authorized person/sub-broker of a broker, offered opening of trading and Demat account with them and gave access to premium stock recommendations by him as a research analyst. Further, DA noted that Noticee was sharing link of Demat account opening of various stock broker on his website under “Demat account” tab and earning referral income when the viewers opened Trading/Demat account using the link provided in the description of his videos. However, Noticee

failed to disclose the referral income earned from referrals. DA also noted that as on the date of the ER, the link with respect to the opening of trading and Demat account was still available on the website of Noticee.

47. In view of above, DA found that Noticee, by showing description like “No Loss strategy, 90% accuracy ,100% accuracy, 500% profit etc.” promised his client assured profits. Further, DA noted that there was no disclosure informing the investors that their investments in the securities market were subject to market risk, where there is possibility of loss of capital which showed that Noticee failed to conduct its operations with honesty and did not take due care in its dealings with his clients and failed to act in a fiduciary capacity towards his clients and thereby, Noticee failed to act with honesty, good faith, and failed to exhibit due skill, care, diligence and high professional standard while arriving at research recommendations. Therefore, the DA found that Noticee has violated the provisions of Clauses 2 and 6 of Code of Conduct for Research Analyst read with Regulation 24(2) and Regulation 13(i) of RA Regulations.
48. I note that DA further observed the following with regards to alleged violation of Regulation 4(2)(k), (o) and (s) of PFUTP Regulations -
- a) Regulation 4(2)(o) of PFUTP Regulations states that dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves any act or omission which affects or tends to affect the price of securities including spreading of rumours, which may induce the sale or purchase of securities by any person.
 - b) Regulation 4(2)(k) of PFUTP Regulations states that that dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading in a reckless or careless manner and which is designed to, or likely to influence the decision of investors dealing in securities; (emphasis supplied)

- c) Regulation 4(2)(s) of PFUTP Regulations states that that dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves mis-selling of securities or services relating to securities market;
49. On perusal of the available material, DA found that Noticee promised assured returns to his clients by using phrases like “No Loss Strategy, 90% accuracy, 100% accuracy, 500% profit” etc. in the description of his YouTube videos. DA further found that Noticee failed to provide any research or data to back this claim. In this regard, DA noted that Noticee, being a SEBI registered intermediary, is an integral part of securities market as he provides research report to the investors in the securities market i.e. to its clients or other persons or group of persons. Therefore, to repose faith in securities market, it is important that a “research analyst” should act in a professional manner and should make all the relevant due disclosure to its clients while providing its research reports to them. Thus, DA noted that the onus of due disclosure of correct information is higher on intermediaries such as the Noticee. In the instance case, Noticee had made such claims while being fully aware that return in the securities market are subject to market risks and are not guaranteed. Considering the facts and circumstances of the present case, DA found that Noticee made misleading representation in a reckless manner in his Youtube videos.
50. DA noted that the Noticee, in its reply to the inspection findings, had submitted that these were provided only for information and educational purpose and to guide the clients about the best services providers. However, the DA noted that the nature of taglines like “No Loss options strategy! 500% profitable strategy” cannot be taken as being educational in nature, instead such representations can potentially mislead investors into believing in the assured nature of returns from such recommendation. Therefore, the DA observed that by making such unrealistic and misleading disclosures, Noticee induced gullible investors and such conduct of Noticee is likely to influence the decision of investors dealing in securities. Thus, the DA found that allegation against Noticee for violation of Regulation 4(2) (k), (o) and (s) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter

referred to as “PFUTP Regulations”) read with section 12A (c) of the SEBI Act stands established.

51. I note that the Noticee in this regard has submitted that he has acted with due skill, care and high professional standard while arriving at research recommendations and that till date none of Noticee's client has ever made any kind of complaint respect to Noticee's claim relating to accuracy or descriptions in the Youtube videos. Noticee has further submitted that he only provided links to open a Trading / Demat account and the he never opened any such account on behalf of the viewers. Further, he submitted that it is a matter of record that he has only provided a list of brokerage firms providing broking services and these were provided only for informational, educational purpose and more importantly to guide the clients about the service providers and that his website does not in any manner state that he offers broking or demat services or any kind of account opening services. Therefore, the Noticee contended that it cannot be alleged that Noticee has made misleading disclosures. The Noticee however submitted that, without admitting the charge, and only in order to address SEBI's allegation, Noticee has updated its website as well as video descriptions to specifically mention that it is only earning a referral income from such links and does not offer opening of Trading / Demat account.
52. In this regard, I note that though the Noticee submitted that he acted with due skill, care and high professional standard while arriving at research recommendations, the documents provided to substantiate his recommendations were only the performance sheet of his past recommendations. The past performance alone cannot be the reason to promise assured return to the investors in absence of any other supporting research. Further, this is a fact that the return in the securities market are subject to market risks and are not guaranteed. Therefore, I note that the taglines like “No Loss options strategy! 500% profitable strategy” are misleading in nature and are used to lure gullible investors in believing the assured percentage of returns from such recommendation and becoming his potential clients. Therefore, as observed by the DA in the ER, I note that he has induced investors by influencing their

decision w.r.t. dealing in securities. In view of the same, I find no merit in the above contention of the Noticee.

53. Further, I note that in one hand the Noticee has submitted that a list of brokerage firms providing broking services were provided in his website only for informational, educational purpose and more importantly to guide the clients about the service providers, while on the other hand he has admitted that he is earning a referral income from such links. Accordingly, I note that Noticee's submission are contradictory to each other.
54. In view of the observations made in the above paragraphs, I don't see any reason to differ from the recommendation of DA and accordingly hold that the Noticee has violated the provisions of Regulation 4(2) (k), (o) and (s) of PFUTP Regulations read with section 12A(c) of the SEBI Act as well as Clauses 2 and 6 of Code of Conduct for Research Analyst read with Regulation 24(2) and Regulation 13(i) of RA Regulations.

VII. Maintenance of record

55. I note from the ER that the Noticee did not maintain the records with respect to research recommendations given through various mediums viz. WhatsApp, Telegram etc. Hence, complete data on recommendations given by Noticee was not available for inspection. Upon requesting for information for the inspection, Noticee provided data on recommendations given by him but the veracity of the same could not be verified as the records were not digitally signed or maintained in CRM or enterprise management system. Further, compliance audit report for FY 2020-2021 and 2021-2022 was also not submitted during inspection. Thus, it was alleged that Noticee has violated provisions of Regulation 25(2) and 25(3) of RA Regulations.
56. I note that the DA in the ER noted that Regulation 25(3) of RA Regulations mandates RA or research entity to conduct annual audit in respect of compliance

with these regulations from a member of Institute of Chartered Accountants of India or Institute of Company Secretaries of India. However, in the instant case, DA found that during inspection, Noticee failed to submit or produce any compliance audit report for the Financial Years 2020-2021 and 2021-2022. DA also noted that Noticee, in his reply to the inspection findings, had stated that *"We are in process of completing the compliance audit for FY 2020-21 and 2021-22."* Thus, on account of his own admission, DA found that allegation against the Noticee with respect to the violation of provisions of regulation 25(3) of RA Regulations stands established.

57. Further, from perusal of material on record, DA found that Noticee failed to submit digitally signed records /documents related to research recommendations given through various medium such as WhatsApp, Telegram etc. to the inspection authority. In view of the same, the DA found that allegation against Noticee for the violation of Regulation 25(2) and 25(3) of RA Regulations stands established.
58. I note that the Noticee has submitted that he has always maintained complete list of trades recommended to the clients and the details in this regard were provided to SEBI during the course of inspection. All submissions (letters / emails) made before SEBI during the period October 2022 till March 2023 were signed by Noticee, however the trade recommendations were one of the annexure to the said submissions and not separately signed while filling it with SEBI and neither did SEBI's inspecting officials ever asked for such separately signed trade recommendations.

In this regard, I note that the inspection found that the research recommendations given through various mediums viz. WhatsApp, Telegram etc. were not maintained by the Noticee and when provided subsequent to a request from SEBI, the veracity of the same could not be verified as the records were either not digitally signed or not maintained in CRM or enterprise management system. I note that though the Noticee has claim that all the required details were properly

maintained and provided to SEBI, no documents in support of the same were submitted. Therefore, the said contention cannot be accepted.

59. Further, with regards to the non-completion of compliance audit, the Noticee has submitted that he was inactive during the FY 2020-2021 and had started its RA activities only w.e.f. September 1, 2021 and therefore Noticee did not carry out any compliance audit. For the FY 2021-22, the Noticee has initiated the process of compliance audit and has appointed CA Divyansh Bansal, a practising Chartered Accountant, to carry out the same.

With regards to the above submission for FY 2020-2021, I note that the RA Regulations does not relax the requirement of conducting annual compliance audit in the event of being inactive. I further note that the Noticee has admittedly submitted that the compliance audit of 2021-22 has yet not completed.

60. In view of the same, I find and concur with the DA that allegation against Noticee for the violation of Regulation 25(2) and 25(3) of RA Regulations stands established.
61. In view of the aforesaid observations, I agree with the recommendation given by DA vide report dated November 24, 2023 that the registration of the Noticee (having SEBI Registration Number – INH200005753) as a Research Analyst may be suspended for 3 months.

Directions:

62. In view of the foregoing, I, in exercise of the powers conferred upon me in terms of Section 12(3) of SEBI Act, 1992 and Section 19 of SEBI Act, 1992 read with Regulation 23 and Regulation 27 of SEBI (Intermediaries) Regulations, 2008 and Regulation 32 of SEBI (Research Analyst) Regulations, 2014, hereby suspend the certificate of Registration No. – INH200005753 of Harinder Kumar Sahu, Research Analyst for a period of three months, as recommended by DA.

63. This order shall come into force with immediate effect.
64. A copy of this order shall be served on the Noticee, Banks, Depositories and Registrar and Transfer Agents, all recognized Stock Exchanges and BSE Administration & Supervision Ltd. (BASL) for ensuring compliance with the above directions.

Date: March 21, 2024
Place: Mumbai

G. Ramar
Chief General Manager
Securities and Exchange Board of India