BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
(ADJUDICATION ORDER NO: Order/AK/AJ/2023-24/28332)

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

Dezire Research
(SEBI Registration No. INA000010210)
PAN: AGXPC3196L
Proprietor Nishant Chopra,
501, 5th Floor, B Block,
Metro Tower, Scheme No. 54,
Vijay Nagar, Indore-452010.
Madhya Pradesh

In the matter of Dezire Research

BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') had conducted an inspection of Dezire Research (Proprietor: Nishant Chopra), (hereinafter referred to as **'Noticee'**), registered as Investment Adviser (**IA**) under SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as **'IA Regulations'**) with effect from February 04, 2016. The period of the inspection was from April 01, 2017 till March 11, 2019 (hereinafter referred to as the **'inspection period'**). During the inspection it was found that Noticee had violated provisions of SEBI Act, 1992 (hereinafter referred to as **'SEBI Act"**), SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as **'PFUTP Regulations'**) and IA Regulations.

APPOINTMENT OF ADJUDICATING OFFICER

2. Upon being satisfied that there were sufficient grounds to inquire into and adjudicate upon the violations of provisions of SEBI Act, PFUTP Regulations and IA Regulations by the Noticee, SEBI, in exercise of powers u/s 19 r/w sub-section (1) of section 15-I of the SEBI Act and rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as the **"Adjudication Rules"**) appointed the undersigned as Adjudicating Officer (**AO**), vide order dated January 16, 2023, to inquire into and adjudge the alleged violations by the Noticee.

SHOW CAUSE NOTICE, REPLY AND HEARING

3. Show Cause Notice Ref. No. EAD-6/AK/VP/12237/1/2023 dated March 27, 2023 (hereafter referred to as "**SCN"**) was issued to the Noticee in terms of the provisions of rule 4(1) of the Adjudication Rules r/w Section 15-I of SEBI Act requiring the Noticee to show cause as to why an inquiry should not be held against it and why penalty, if any, should not be imposed on it under the provision of Sections 15C, 15HA, 15HB and 5EB of SEBI Act, as applicable, for the alleged violation stated in the SCN.

4. The brief of alleged violations by the Noticee as per the SCN is given hereunder;
   4.1 Noticee had promised assured profit / target return to its clients.
   4.2 Noticee had not communicated risk profile to the respective clients
   4.3 Noticee had submitted fabricated risk profile to the inspection team.
   4.4 Noticee sold its advisory products and collected fees from the clients, even before it had carried out the risk profile of the clients.
   4.5 Noticee had given investment advice without assessing its appropriateness to the risk profile of the client and Noticee has not maintained and provided suitability documents to the clients
   4.6 Noticee has been selling same advisory products/ services to the clients before completion of the tenure of the previous service.
   4.7 Noticee sold same advisory product/ service more than once with overlapping subscription period and Noticee had raised invoices where in Noticee did not include the duration of service. Therefore, the clients had no means to find out whether they had received proper services for the fees they paid to the Noticee.

4.8 The Noticee had reported/ updated false performance report to show better performance track record

4.9 Noticee forced the complainants to close/ withdraw the complaints at Scores Portal.

4.10 Noticee has not maintained the records of communication with clients during risk profiling and suitability assessment of advice/ selection of advisory product/services did not maintain the true records of performance / track records.

4.11 Noticee representatives, who have dealt with clients in key functions of IA such as risk profiling, offering investment advice, etc. did not have requisite qualifications and certification.

4.12 Noticee has not made disclosure to its clients about its financial position or holding which were subject matter of advice and Noticee had not made disclosure that Proprietor of Noticee was employed with a broking firm and was also holding shares. No disclosure about such other activities

5. In view of the above it was alleged in the SCN that,

5.1 For the observations stated at para 4.1 above, Noticee and its proprietor Mr. Nishant Chopra has violated the provisions of Regulation 3 (a), (b), (c) and (d), 4(1), 4(2)(k) and 4(2)(s) of PFUTP Regulations read with Section 12A(a), (b) and (c) of SEBI Act read with Regulation 15(1) and Clauses 1 (honesty and fairness), 2 (diligence) and 8 (compliance) as specified under Third Schedule of Code of Conduct for Investment Adviser read with Regulation 15(9) of IA Regulations.

5.2 For the observations stated at para 4.2 and 4.3 above, Noticee and its proprietor Mr. Nishant Chopra has violated Regulation 3(a), (b), (c) and (d) of PFUTP Regulations read Section 12A(a), (b) and (c) of SEBI Act and Regulation 16 of IA Regulations.

5.3 For the observations stated at para 4.4 and 4.5, Noticee and its proprietor Mr. Nishant Chopra has violated Regulation 17 of the IA Regulations read with Clause 1, 2 and 6 of Code of Conduct for IA provided in Third Schedule read with Regulation 15 (9) of IA Regulations.

5.4 For the observations stated at para 4.6 and 4.7, Noticee and its proprietor Mr. Nishant Chopra has violated Regulation 3(a), (b), (c) & (d) of PFUTP Regulations read with Section 12A(a),(b) and (c) of SEBI Act read with clause 1, 2, 3 and 6 of Code of Conduct for IA provided in Third Schedule read with Regulation 15 (9) of IA Regulations.

5.5 For the observations stated at para 4.8, Noticee and its proprietor Mr. Nishant Chopra has violated Regulation 3(a), (b), (c), and (d) of PFUTP Regulations read with Section 12A(a), (b) and (c) of SEBI Act.

5.6 For the observations stated at para 4.9, Noticee and its proprietor Mr. Nishant Chopra has violated Regulation 15 (1) and 21(2) of IA Regulations read with Clause 1 of Code of Conduct as specified in the Third Schedule read with Regulation 15(9) of IA Regulations.

5.7 For the observations stated at para 4.10, Noticee and its proprietor Mr. Nishant Chopra has violated Regulation 18(6) read with Regulation 19(1) and (2) of IA Regulations and Clause 2 of Code of conduct as mentioned in Schedule III read with Regulation 15(9) of IA Regulation.

5.8 For the observations stated at para 4.11, Noticee and its proprietor Mr. Nishant Chopra has violated Regulation 7 r/w Regulation 15(13) of IA Regulations. Clause 1, 2, 3 and 8 of Code of Conduct for Investment Adviser given in Third schedule read with Regulation 15(9) of IA Regulations.

5.9 For the observations stated at para 4.12, Noticee and its proprietor Mr. Nishant Chopra has violated Regulation 15 (3), (4) and (5) read with Regulation 18 (2) and (4) of IA Regulations read with Clause 1, 5 and 7 of Code of Conduct for IA as stated in the Third Schedule of IA Regulations.

6. The Noticee, vide email dated June 19, 2023, submitted its reply to the SCN. An opportunity of a personal hearing was granted to the Noticee on June 19, 2023 and June 21, 2023, vide Hearing Notice dated May 16, 2023. Advocate Manish Gupta appeared on behalf of the Noticee and made submissions relying upon the response dated June 19, 2023.

CONSIDERATION OF ISSUES AND FINDINGS

7. I have taken into consideration the submissions of the Noticee, facts, and material available on record. The issues that arise for consideration in the present case are as follows:

   ISSUE No. I: Whether the Noticee violated various provisions of SEBI Act, PFUTP Regulations, IA Regulations and Code of Conduct for IA, as alleged in the SCN?

   ISSUE No. II: Do the violations, if any, attract monetary penalty u/s Section 15EB, 15HB, 15HA, 15C of SEBI Act, as applicable?

   ISSUE No. III: If so, what should be the monetary penalty that should be imposed upon the Noticee, after taking into consideration the factors stipulated in Section 15J of the SEBI Act read with Rule 5(2) of the Adjudication Rules?

8. Before moving forward, it is pertinent to refer to the relevant provisions which are alleged to have been violated by the Noticee.

9. The said provisions are reproduced hereunder:

   <u>SEBI Act</u>

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

   12A. No person shall directly or indirectly—

   (a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;

   (b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;

   (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;

   (d).....

Provisions of PFUTP, Regulations,

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

(a)buy, sell or otherwise deal in securities in a fraudulent manner;

(b) useoremploy, inconnectionwithissue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;

(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;

(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

4. Prohibition of manipulative, fraudulent and unfair trade practices

(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a [manipulative,] fraudulent or an unfair trade practice in securities [markets].

[Explanation.–For the removal of doubts, it is clarified that any act of diversion, misutilisation or siphoning off of assets or earnings of a company whose securities are listed or any concealment of such act or any device, scheme or artifice to manipulate the books of accounts or financial statement of such a company that would directly or indirectly manipulate the price of securities of that company shall be and shall always be deemed to have been considered as manipulative, fraudulent and an unfair trade practice in the securities market.

(2) Dealing in securities shall be deemed to be a [manipulative] fraudulent or an unfair trade practice if it involves [any of the following]: —

……

(k) 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;]

(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;

Provisions of Investment Advisers, Regulations,

Regulation 7 of IA Regulations

Qualification and certification requirement.

Qualification and certification requirement.

7(1) An individual registered as an investment adviser under these regulations and partners and representatives of an investment adviser registered under these regulations offering investment advice shall have the following minimum qualifications, at all times:

(a) A professional qualification or post-graduate degree or post graduate diploma in finance, accountancy, business management, commerce, economics, capital market, banking, insurance or actuarial science from a university or an institution recognized by the central government or any state government or a recognised foreign university or institution or association; or

(b) A graduate in any discipline with an experience of at least five years in activities relating to advice in financial products or securities or fund or asset or portfolio management.

((2) An individual registered as an investment adviser and partners and representatives of investment advisers registered under these regulations offering investment advice shall have, at all times, a certification on financial planning or fund or asset or portfolio management or investment advisory services:

(a) from NISM; or

(b) from any other organization or institution including Financial Planning Standards Board India or any recognized stock exchange in India provided that such certification is accredited by NISM.:

Provided that the existing investment advisers seeking registration under these regulations shall ensure that their partners and representatives 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."

Regulation 15 of IA Regulations

General responsibility.

15.(1) An investment adviser shall act in a fiduciary capacity towards its clients and shall disclose all conflicts of interests as and when they arise.

(2) An investment adviser shall not receive any consideration by way of remuneration or compensation or in any other form from any person other than the client being advised, in respect of the underlying products or securities for which adviceis provided.

(3) An investment adviser shall maintain an arms-length relationship between its activities as an investment adviser and other activities.

(4) An investment adviser which is also engaged in activities other than investment advisory services shall ensure that its investment advisory services are clearly segregated from all its other activities, inthe manner as prescribed hereunder.

(5) An investment adviser shall ensure that in case of any conflict of interest of the investment advisory activities with other activities, such conflict of interest shall be disclosed to the client.

(6) An investment adviser shall not divulge any confidential information about its client, which has come to its knowledge, without taking prior permission of its clients, except where such disclosures are required to be made in compliance with any law for the time being in force.

(7) An investment advisor shall notenter into transactions on its own account which is contrary to its advice given to clients for a period of fifteen days from the day of such advice. Provided that during the period of such fifteen days, if the investment adviser is of

the opinion that the situation has changed, then it may enter into such a transaction on its own account after giving such revised assessment to the client at least 24 hours in advance of entering into such transaction.

(8) An investment advisor shall follow Know Your Client procedure as specified by the Board from time to time.

(9) An investment adviser shall abide by Code of Conduct as specified in Third Schedule.

(10) An investment adviser shall not act onits own account, knowingly to sell securitiesor investment productsto or purchase securitiesor investment product from a client.

(11) In case of change in control of the investment adviser, prior approval from the Board shall be taken

(12) Investment advisers shall furnish to the Board information and reports as may be specified by the Board from time to time.

(13) It shall be the responsibility of the investment adviser to ensure compliancewith the certification and qualification requirements as specified under Regulation 7 at all times.

Regulation 15 of IA Regulations

Fees.

15A.Investment Adviser shall be entitled to charge fees for providing investment advice from a client, including an accredited investor]in the manner as specified by the Board.

Regulation 16 of IA Regulations

Risk profiling.

16.Investment advisershall ensure that,-

(a)itobtains from the client, such information as is necessary for the purpose of giving investment advice, including the following:-

(i)age;

(ii)investment objectives including time for which they wish to stay invested, the purposes of the investment;

(iii)income details;

(iv)existing investments/ assets;

(v)risk appetite/ tolerance;

(vi)liability/borrowing details.

(b)it has aprocess for assessing the risk a client is willing and able to take, including:
(i)assessing a client's capacity for absorbing loss;
(ii)identifying whether client is unwilling or unable to accept the risk of loss of capital;
(iii)appropriately interpreting client responses to questions and not attributing inappropriate weight to certain answers.
(c)where tools are used for risk profiling, it should be ensured that the tools are fit for the purpose and any limitations are identifiedand mitigated;
(d)any questions or description in any questionnaires used to establish the risk a client is willing and able to take are fair, clear and not misleading, and should ensure that:
(i)questionnaire is not vague or use double negatives or in a complex language that the client may not understand;
(ii)questionnaire is not structured in a way that it contains leading questions.
(e)risk profile of the client is communicated to the client after risk assessment is done;
(f)information provided by clients and their risk assessment is updated periodically.

Regulation 17 of IA Regulations
Suitability.
17.Investment adviser shall ensure that, -
(a)All investments on which investment advice is provided is appropriate to the risk profile of the client;
(b)It hasa documented process for selecting investments based on client's investment objectives and financial situation;
(c)Itunderstandsthe nature and risks of products or assets selected for clients;
(d)It hasa reasonable basis for believing that a recommendation or transaction entered into:
(i)meets the client's investment objectives;
(ii)is such that the client is able to bear any related investment risks consistent with itsinvestment objectives and risk tolerance;
(iii)is such that the client has the necessary experience and knowledge to understand the risks involved in the transaction.
(e)Whenever a recommendation is given to a client to purchase of a particular complex financial product, such recommendation or advice is based upona reasonable assessment

that the structure and risk reward profile of financial product is consistent with client's experience, knowledge, investment objectives, risk appetite and capacity for absorbing loss.

***Disclosures to clients*.**

18.(1) An investment adviser shall disclose to a prospective client, all material information about itself including its business, disciplinary history, the terms and conditions on which it offers advisory services, affiliations with other intermediaries and such other information as is necessary to take an informed decision on whether or not to avail its services.

(4) Aninvestment adviser shall disclose to the client its holding or position, if any, in the financial productsor securitieswhich aresubject matter of advice.

(5) An investment adviser shall disclose to the client any actual or potential conflicts of interest arising from any connection to or association with any issuer of products/ securities, including any material information or facts that might compromise its objectivity or independence in the carrying on of investment advisory services.

(6) An investment adviser shall, while making an investment advice, make adequate disclosure to the client of all material facts relating to thekey features of the productsor securities, particularly, performance track record.

(7) An investment advisershall draw the client's attention to the warnings, disclaimers in documents, advertising materials relating to an investment productwhichit isrecommending to the client.

Regulation 19 of IA Regulations

***Maintenance of records*.**

19.(1) An investment adviser shall maintain the following records, -

(a)Know Your Client records of the client;

(b)Risk profiling and risk assessment of the client;

(c)Suitability assessment of the advice being provided;

(d) Copies of agreements with clients, incorporating the terms and conditions as may be specified by the Board;

(e)Investment advice provided, whether written or oral;

(f)Rationale for arriving at investment advice, duly signed and dated;

(g)A register or record containinglist of the clients, the date of advice, nature of the advice, the products/securitiesin which advice was rendered and fee, if any charged for such advice.

(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) An investment adviser shall conduct yearly audit in respect of compliance with these regulations from a member of Institute of Chartered Accountants of IndiaorInstitute of Company Secretaries of India and submit a report of the same as may be specified by the Board.

Regulation 21 of IA Regulations

***Redressal of client grievances**.*

21.(1) An investment adviser shall redress client grievances promptly.

(2) An investment adviser shall have adequate procedure for expeditious grievance redressal.

(3) Client grievances pertaining to financial products in which investments have been made based on investment advice, shall fall withinthe purview of the regulator of such financial product.

(4) Any dispute between the investment adviser and his client may be resolved through arbitration or through Ombudsman authorized or appointed for the purpose by any regulatory authority, as applicable.

THIRD SCHEDULE

Securities and Exchange Board of India (Investment Advisers) Regulations, 2013

CODE OF CONDUCT FOR INVESTMENT ADVISER

1.Honesty and fairness

An investment adviser shall act honestly, fairly and in the best interests of its clients and in the integrity of the market.

2.Diligence

An investment adviser shall act with due skill, care and diligence in the best interests of its clients and shall ensure that its advice is offered afterthorough analysis and taking into account available alternatives.

3.Capabilities

An investment adviser shall have and employ effectively appropriate resources and procedures which are needed for the efficient performance of its business activities.

4.Information about clients

An investment adviser shall seek from its clients, information about their financialsituation, investment experience and investment objectives relevant to the services to be provided and maintain confidentiality of such information.

5.Information to its clients

An investment adviser shall make adequate disclosuresof relevant material information whiledealing with its clients.

6.Fair and reasonable charges

An investment adviser advising a client may charge fees, subject to any ceiling asmay be specified by the Board 84[***]. The investment adviser shall ensure that fees charged to the clients isfair and reasonable.

7.Conflicts of interest

An investment adviser shall try to avoid conflicts of interest as far as possible and when they cannot be avoided, it shall ensure that appropriate disclosures are made to the clients and that the clients are fairly treated.

8.Compliance

An investment adviser including its 85[partners, principal officer and personsassociated with investment advice] shall comply with all regulatory requirements applicable to the conduct of its business activities so as to promote the best interests of clients and the integrity of the market.

9.Responsibility of senior management

The senior management of a body corporate which is registered as investment adviser shall bear primary responsibility for ensuring the maintenance of appropriate standards of conduct and adherence to proper procedures by the body corporate.

Penalty provision of SEBI ACT

Penalty for failure to redress investors' grievances.

15C. If any listed company or any person who is registered as an intermediary, after having been called upon by the Board in writing including by any means of electronic communication, to redress the grievances of investors, fails to redress such grievances within the time specified by the Board, such company or intermediary shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees.

Penalty for fraudulent and unfair trade practices.

15HA.If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.

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.

Penalty for default in case of investment adviser and research analyst.

15EB. Where an investment adviser or a research analyst fails to comply with the regulations made by the Board or directions issued by the Board, such investment adviser or research analyst shall be liable to penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees.

ISSUE No. I: Whether the Noticee violated various provisions of SEBI Act, PFUTP Regulations, IA Regulations and Code of Conduct for IA, as alleged in the SCN?

10. I now proceed to deal with the allegations made in the SCN on merits as under;

10.1 **Promise of assured profit / target returns to clients**

10.1.1 I note that it is alleged that the Noticee had been promising assured profit/ returns on the investment made by the clients and luring them to avail its services. Based on the observations made by the inspection team from documents, whatsapp chat details, call records submitted by the complainants the following content has been displayed in the nature of promising assured profit:

Table No. 1

Nikhil Bharatbhai Bhuval
Nikhil Bharatbhai Bhuvad had provided a WhatsApp chat dated June 19, 2019, wherein complainant had sent the copy of the PayU payment proof of INR 20,000 to the Noticee.

Table No. 2

Ajeet Verma
In the trail of the said WhatsApp chat dated June 17, 2019, the employee of Noticee had sent a JPG. File/ photo of letter (i.e. the letterhead of Dezire Research) to its client Ajeet Verma, wherein the Noticee provided an acknowledgement for payment made by the client. The service name being HNI Cash and Option, amount being INR 1,44,000/-, return through market being INR 6.5 lakhs and that the service would cover the stock cash and option market.
Extract from letter "*Service Name – Hni Cash And Option, Amount And Costing – Inr 1,44,000/-, Return Through The Market – 6.5 Lakhs*", Extract from WhatApp "*Company ka head letter hye, Profit likhna hi guarantee hai head letter par*"

Table No. 3

Roop Singh
Issue raised in complaint: Assurance of INR 2000/- to 3000/- on a daily basis by investing INR 50000/-. Noticee assisted in opening demat account and asked the complainant to make payment of Rs. 5,750 for risk profile. Complainant made payment of Rs. 5,750. Further, service of INR 91,200 assuring profit of 2.5 times in 28 days in respect of the said service intimated to complainant. Complainant asked to make payment of INR 23,434. Complainant was asked to pay additional INR. 47,988 to buy report to complete his profile. Profit assurance of INR 8,18,875 in 55 days was given
Transcript of call records *i. Call recording (Rec_2019-02-13_12-18-30.amr) –* *a) Time: 00:20- 00:30* <u>*Complainant:*</u> *"mere pass koi demat nahi hain"* *b) Time: 5:00* <u>*Employees of Noticee:*</u> *"Rs. 50000 lga ke kaam karte hain toh daily ka profit 2000 se 3000 rahega"* *c) Time: 10:00*

<u>Complainant: :</u> *"Me appko ese kaise paisa de du"*

<u>Employees of Noticee:</u> *"Humari company SEBI se registered hain, App search kariye www.Dezireresearch.com, mene company ka website watsapp pe send kiya hain ".*

ii. Call recording (Rec_2019-02-13_15-18-21.amr) –

a) Time: 00:01- 3:30

<u>Employees of Noticee:</u> "company me doh tarike process hota hain Investment plan and services, service me ye nahi pta hoga kitta profit hoga kitta loss hota hain, Investment plan me company bta degi kitta cost hain, kitaa profit hoga and kitte din me hoga, kaise aaega kaha se aaega ye appka headache nahi hain ye company ka look out hain."

b) Time: 11:00- 13:30

<u>Employees of Noticee:</u> "Intitaly company aapse 32% ki requirement hain, baki ka 68% aapko 3,19,000 ka profit ke baad lete hain. Aapka proona payment is me adjust hoega"

c) Time: 20:00- 3:30

<u>Complainant:</u> "pehle toh btaya tah 5,750 kewal payment karna hain aur 10,000 lagana hain aur 10,000 se kaam suru hojaega"

<u>Employees of Noticee:</u> "hume profit v toh dena hain, par kaam to market ke hisab se karna hain, toh itna rahe ki hum har scrip pe kaam kare and aapka paisa badhega hi badhega. Aapki aadhar card ki copy lagegi, PAN card ki copy lagegi and passbook ki copy lagegi, aapka poora opening karwaoingi"

iii. Call recording (Rec_2019-02-13_16-05-49.amr) –Time: 00:01- 3:30

<u>Employees of Noticee:</u> "Isme aapko 3.5 guna return nikal ke aaega, total aapko profit hogs 3,20,000 in 28-30 days me"

iv. Call recording (Rec_2019-02-14_09-37-35) –

***a) Time: 1**:50 to 4:30*

<u>Employees of Noticee</u>: "AApka profile 60% complete hain and 40% baki hain, aapko market ka kitta knowledge hain"

<u>Complainant:</u> "Market ka koi knowledge nahi, mutual fund ke bare me thoda bahut janta hu"

<u>Employees of Noticee</u>: "yaha hum fund manager ko hata ke direct investment karte hainaur din ka Rs. 6,000 aaram se nikalte hain."

b) Time: 12:00 to 25:30

<u>Employees of Noticee</u>: "Aapka It and Pharma sector ka report nahi purchase hua hain, aapka technical and economical report missing hain, ye reports chahiye to complete profile, 12 ese report chahiye, ek report ka cost hain 3,999, 12 report ka hain 47,988, is pe minimum profit aaega 4,38,970, 28 days me, iska 50% aaj 3:30 se pehle pay kar dijye"

<u>Complainant:</u> "Pehle raj ne bola aapko sirf, 5,750 dena hain, fir senior adviser ne bola 23,434 aur dijye, koi sahi nahi batata hain, abb aap keh rahe aur dijye uske baad kaam suru hoha"

Table No. 4

Ankul Kumar

Transcript of call records

i. ***Call recording (****Rupanki Dzir 2019-11-20 10-14-58.amr****) –***

a) *Time: 1:30 to 3:30*

<u>*Employees of Noticee:*</u> *"Suniye meri baat 5000 ke investment pe me 250-300 hi nikal sakta bu, agar chahiye aapko 10000 ka saily profit toh mene aapko service uss level ki bta di"*

<u>*Complainant: (aaap mujh se 70000 lagwa ke 200 de rahe ho)*</u>

<u>*Employees of Noticee:*</u> *"Aapki profile complete nahi hain"*

ii. ***Call recording (****Rupanki Dzir 2019-11-20 10-21-44.amr****) –***

a) Time: 6:00 to 7:04

<u>*Employees of Noticee:*</u> *"sir Monday se aapka kaam sahi rahega, jo commitment kia gya hain vo milega, monday se aapka 2000 se 3000 nikalungi and fir 5000"*

iii. ***Call recording (****Rupanki Dzir 2019-11-13 12-38-27.amr****) –***

a) Time: 0*:00 to :30*

<u>*Employees of Noticee:*</u> *"Sir, dekhigea aapke pass ek message aayi ho gi GMGS02 karke ye aapki demat ki Id hain and aadhe ghante baad password aaegi, usko apne hisab se badal lijye ga"*

iv. ***Call recording (****Rupanki Dzir 2019-11-13 17-05-15.amr****) –***

a) Time: 0:00 to :30

<u>*Employees of Noticee:*</u> *"aapke pass jo broker se message aaya hain vo watsapp kar dena, ID and Password jo bheja hain uska screenshot lo aur mujhe bhej do"*

<u>*Complainant:*</u> *"broker ne send toh kar diya hain vo aap ko du abb me?"*

Email communication with clients of the Noticee

Table No. 5

Details of email communication with clients of the Noticee
"You are definitely going to make profits if you make investments on the basis of stock cash tips given by our team who solely work for researching the news and stocks and our services at reasonable package and then get up to intraday basis calls every day, weekly and monthly reports, chat sessions and dedicated customer service support for becoming a successful trader and make profits with small investments on a regular basis."

10.1.2 It has also been alleged that the Noticee lured clients who did not have any demat account or knowledge of the securities market. Pursuant to opening the demat account, the id and password of the account was taken from the clients. Also the Noticee lured clients by initially requesting small amounts and subsequently demanding more money on a regular basis. After every payment clients were informed that their profiles were incomplete and more money was required to complete the profile and access better services.

10.1.3 I note that the Noticee has denied the allegation pertaining to assured profit/ target as being false and frivolous and submitted as under:

10.1.3.1 The Noticee or any of his representatives has never had any communication with any client wherein any sort of profit assurance was given

10.1.3.2 The documents provided to noticee in the CD only have a payu money proof and no WhatsApp chats. Thus the noticee cannot verify the veracity of the WhatsApp chats. (Roop Singh and Ankur Kumar) Call recordings provided do not show any phone number from which such purported call were made, cannot be verified and thus without verification of call details the said recordings cannot be held against the Noticee.

10.1.3.3 It is no more a *Res-Integra* that WhatsApp chats cannot be relied upon unless they are coupled with a certificate under section 65B of Evidence Act because there are a number of applications of play store and apple store wherein fake WhatsApp chats can be created and they look completely like original ones.

10.1.3.4 Creation of fake WhatsApp chat, it is important that their veracity be verified by a government officer, if not through Forensic Science Laboratory Report. Thus any such chat unless coupled with a Certificate under section 65B of Evidence Act and verified with a FSL report cannot be relied upon.

10.1.3.5 The complainant viz. Nikhil Bharatbhai Bhuvad had sent satisfaction mail and complaint withdrawal mail to the Company and same has been sent to SEBI but the complaint is pending on SCORES. Further the Noticee has submitted that it has not unduly benefitted from any mistake or wrongdoing.

10.1.3.6 During the hearing, the Noticee specifically denied that any letter or email was sent to Ajeet Verma.

10.1.3.7 Complaints received against the Noticee are closed by SEBI on Scores except the complaint of Mr. Roop Singh and Mr. Nikhil Bharatbhai Bhuvad who have sent satisfaction mail and complaint withdrawal mail to the Company and same has been sent to SEBI. Reference is drawn to SEBI notification CIR/OIAE/1/2014 dated December 18, 2014 provision number 12 *"A complaint shall be treated as resolved/disposed/closed only when SEBI disposes/closes the complaint in SCORES. Hence, mere filing of ATR by a listed company or SEBI registered intermediary with respect to a complaint will not mean that the complaint is not pending against them."* Thus, it is clear that if the complaints have indeed been closed on SEBI SCORES it means that SEBI was satisfied with the resolution provided, and thus any further adjudication on the matter will be barred by the doctrine of Double Jeopardy/ Res-Judicata.

10.1.3.8 In respect of the email communication, Noticee submitted that the paragraph was being quoted out of context and independent of the entire mail. Noticee cited the judgement of the Honourable SAT in the matter of Bull Research Investment Advisors Pvt Ltd. Misc Application No. 1421 of 2021 dated 06/02/23 that *"Such non-consideration of the entire sentence and cherry picking a single word from the sentence in our opinion is unwarranted."*

10.1.3.9 It had never taken any demat id and password.That clients were immediately issued with invoices which contain all details of services provided, tenure, terms and conditions and immediately thereafter services are started. Further complaints of all these clients have been resolved and payments received have been refunded. Hence, Noticee has not unlawfully benefitted from such acts

10.1.3.10 It was unable to verify the WhatsApp communication with the complainant. Further in the absence of Certificate 65B of Evidence Act and verification by a Government Officer/Forensic Science Laboratory Report, such chat cannot be relied upon. Call records does not depict phone number and hence cannot be verified.

10.1.3.11 Noticee has cited the matter of Star World Research in this regard wherein it was held that such Whatsapp chat and recordings to be unreliable and has dropped the charges.

10.1.3.12 that only a part of the email communication with the client has been considered and quoted independent of the entire mail and cognizance of the entire document should be taken.

10.1.3.13 It never took any demat id passwords from the clients. The Noticee has cited the orders of Star World Research and GRS Solutions in the said matter wherein it was held that the allegations of fraud under the PFUTP Regulations are unfounded. Further, complaints of the clients have been resolved and refunds provided. The Noticee has not benefitted from the aforesaid acts.

10.1.4 With regard to reliability of Whatsapp chat and recordings, I am inclined to accept the submission of the Noticee. With regard to the issue that only a part of the email communication with the client has been considered and quoted independent of the entire mail and cognizance of the entire document should be taken, I am not inclined to agree with the contention of the Noticee since perusal of the email reflects that pertinent extracts of the email have been considered and the email focuses on assuring the client extraordinary returns from volatile markets.

10.1.5 While I agree that in the absence of Certificate 65B of Evidence Act and verification by a Government Officer/Forensic Science Laboratory Report, Whatsapp chats cannot be evidently relied upon, I do not accept the submission of the Noticee that no letter was sent by it to Ajeet Verma. I note that the letter to Ajeet Verma was on the letter head of Noticee, had a stamp of the Noticee and was also signed. The said letter mentioned the return through the market as 6.5 lakhs on the amount of 1.44 lakhs. It carried the service tenure of 3 months. I am of the considered view that any entity which comes across a fake letter, if any, would like to take some action, such as filing police complaint etc. to apprehend the perpetrators who are using its name for fraud and to contain the damage that it may cause. However, in the instant matter no such action was taken, which clearly indicates the involvement of the Noticee and points towards the genuineness of the letter.

10.1.6 Based on the above, I find that the Noticee has been promising assured profits and high returns on investment made by the clients thereby making false and misleading representations to its clients. Thus, I find that Noticee and its proprietor Mr. Nishant Chopra have violated 3(a),(b),(c) and (d), 4(1), 4(2)(k) and 4(2)(s) of PFUTP Regulations read with Section 12A (a), (b) and (c) of SEBI Act. Further, Noticee and its proprietor Mr. Nishant Chopra failed to act in a fiduciary capacity towards its clients and hence violated Regulations 15(1) and Clause 1, 2 and 8 as specified under the Third Schedule of Code of Conduct for IA read with Regulations 15(9) of IA Regulations.

10.2 **Noticee had not communicated risk profile to the respective clients**

10.2.1 I note from the SCN that the Noticee provided information to the inspection team wherein it was observed from the said information that out of 47 clients, only in 10 cases, Noticee was able to submit proofs of communication of risk profile to the clients. It was also observed that no confirmation of risk profile was taken from the client. Thus, in most of the cases risk profiles were not communicated to the clients. Thus, clients had no understanding of its risk profile done by Noticee for them.

10.2.2 It was observed that the RPF contained 22 questions to measure risk appetite/ tolerance of the clients. Each answer has been assigned a particular weight-age. Depending on the response of the client, the total score of the client is calculated. The maximum total score was 240. It was observed that Noticee had classified the clients into Risk Categories depending on the scores. Further products were offered to clients based on the risk categories as follows:

Table 6

Risk profiling questionnaire score	Risk category of client	Product Offered
0 – 50	Low	-

51 – 150	Medium	Stock cash/cash premium
150 – 240	High	All services

10.2.3 On perusal of the Risk Profiling Questionnaire of the Noticee, the following observations are made:

- Risk Profile of Noticee includes following 03 questions to ascertain risk appetite of the clients:
  i. *Would you invest where a small return is earned associated with small risk instead of a high return associated with high risk?*
  ii. *When market is not performing well would you like to invest in more risky investment instead of less risky investment to earn high return?*
  iii. *High risk is associated with high return, Medium risk is associated with medium returns and low risk is associated with low returns? What risks can you bear (not prefer)?*

10.2.4 The total weights assigned to the aforesaid 3 such questions (out of a total of 22 questions) were 60 out of 240 i.e., 25% of total. The SCN further points out that Regulation 16(b)(iii) of the IA Regulations provides that the process of assessing risk should not attribute inappropriate weight to certain answers.

10.2.5 It is observed from the SCN that it was inferred that the expression *"High Risk is associated with high returns…"* that formed part of the Risk Profiling questions, were phrased as leading questions and would inevitably lead the client to respond that he can bear high risk as it is associated with high return.

10.2.6 I also observe from the SCN, Question of Investment Goal in the risk profile, features 03 answer options, 1) Capital Appreciation, 2) Regular Income and; 3) Capital Appreciation and Regular Income. The weights assigned to such answers were 0, 20 and 10 respectively. No weights or 0 weights were assigned if a client was interested in capital appreciation. The SCN further asserts that regular income is generally associated with debt products. Any risk averse investor would choose regular income, as it is generally associated with debt products. However, as per the risk profiling methodology of the Noticee, if a particular investor opts for 'regular income', he would be assigned 20 points. Assigning higher points to an investor would enable the Noticee to categorize its client in 'High Risk' category.

10.2.7 In this regard, the Noticee submitted as under;

10.2.7.1 intitially data for 10 clients was provided and subsequently, risk profile communication of all remaining clients was provided along with reply dated 08.06.2021.

10.2.7.2 The risk profiles were sent at an appropriate time. Further, collection of ITR and income tax is not mandated under the Regulations and it is not practical to seek ITR/ Income proof of every prospect before taking payments and making him a client.

10.2.7.3 With regard to the RPF, the Noticee submitted the allegations were leveled only based on questions without considering the replies and the weightage for those replies, if the replies were to be considered it would be found that a person choosing low risk category will end-up in low risk by choosing relevant answers for these questions.

10.2.7.4 that the regulations do not provide for any specific format of Risk Profiling and the same is left on the discretion of the IA. The Risk Profile Form (RPF) is in line with the practice of industry, the formats available online, and in various books on the subject. In such a circumstances, there can always be a difference of opinion between two people.

10.2.7.5 Further, the Law does not prescribe any standard which has been violated. If 0 is allotted to a choice, it makes sure that the respondent choosing that option falls in lower risks catagory if other choices are also aligned. It is the entire RPF which when filled with individual preferences that works out the risk category of a investor. Similarly making some choice in one question will not lead to the investor ending up in higher risk category unless the other choices are aligned and thus the assumptions drawn are baseless and unfounded.

10.2.8 With regard to communication of risk profile to the clients I note that out of 47 clients, only in 10 cases the Noticee was able to submit proof for communication of risk profile to the clients and no confirmation of risk profile was obtained from the clients. With regard to remaining 37 clients, I note that these forms are undated. As the Noticee has claimed to have lost the actual emails, the attachments are not available and their contents cannot be examined. I note that prima facie no credibility can be given to the documents relating to the proof of communication of risk profiles submitted by the Noticee. Thus, the Noticee and its proprietor Mr. Nishant Chopra have violated Regulation 16 of the IA Regulations.

10.2.9 I note that the Noticee’s submission that the allegations were leveled only based on the questions without considering the replies is not tenable as the weightage applied for the three questions would be the same irrespective of the replies. Further, I am of the considered view that majority investors equate regular income with investment in debt products. Hence, I am of the view that the submissions of the Noticee are not acceptable in this regard. In view of the same I find the Noticee and its proprietor Mr. Nishant Chopra have failed to comply with Regulation 16(b)(iii) of the IA Regulations.

10.2.10 I note the SCN also alleges that the questions mentioned in the Questionnaire have been framed in such a manner so that it would be difficult for the clients to understand and provide an appropriate response.

10.2.11 The Noticee in his reply has denied the allegations on the grounds that the prosecuting officer is relying on 1 question or a part of RPF to suggest that a person falling in low risk will end up choosing High risk products.

10.2.12 I note that questions in RPF were framed to make clients fall in the high risk category so that they could be offered complex products like derivatives. I note that the questions illustrated above makes a risk averse investor who chooses “regular income” during risk profiling to trade in futures and options, even though futures and options are highly leveraged products and generally not meant for investors whose objective is to earn regular income. Thus, Noticee had misrepresented to the clients that products of the futures and options segments give regular income. I further note that the three questions, the manner in which they were framed and the undue weightage of 25% of the scores given to the same, as a result of which risk averse investors seeking regular income, were assigned high risk marks.

10.2.13 In view of the above, the submission of the Noticee as mentioned is not tenable. I therefore find the Noticee and its proprietor Mr. Nishant Chopra have failed to comply with Regulation 16 of the IA Regulations.

10.2.14 In so far as violation of Regulation 3(a), (b), (c), and (d) of the PFUTP Regulations r/w Section 12A(a), (b), and (c) of SEBI Act is concerned, I am of the considered view that for violation of PFUTP Regulation there has to be an element of "fraud" which is missing. There has to be "dealing in securities" as defined under regulation 2(1)(c) of PFUTP Regulations. There is no proof to show that Noticee has committed fraud while "dealing in security" as contemplated under the PFUTP Regulations. In view of this, the wrong categorisation of clients would not bring the Noticee`s acts within the prohibition under the PFUTP Regulations.

10.3 **Noticee had submitted fabricated risk profile to the inspection team**

10.3.1 I note from the SCN that the Noticee provided RPFs for the 47 clients which were undated. PDF files of RPFs of the ten clients, were communicated through email by the Noticee during the inspection. The SCN observed that the creation date of the RPF files indicated that the files were created after the information was sought by the Inspection Team as indicated from the table below:

Sr. No.	Client Name	Date of email when RPF was purportedly sent to client	Creation date of RPF file as per 'Document Properties'
1	Gajendra Singh	May 08, 2018	October 09, 2019
2	Jitendra Singh	July 17, 2018	October 05, 2019
3	Mahesh Waman	December 07, 2017	October 05, 2019
4	Mukesh Singh	November 14, 2017	October 05, 2019
5	Prabhakar Maheshwaram	July 17, 2018	October 05, 2019
6	Subrat Sahoo	July 19, 2018	October 05, 2019
7	Umed Chand Gidiya	July 29, 2018	October 05, 2019
8	Vikas Kumar Singh	June 20, 2018	October 05, 2019

10.3.2 The Noticee submitted that the date captured was the date on which the files were compressed and created to enable the data limit to fall within the permissible limit for email and that he still had both the files the original ones created on original date and compressed ones created on said dates, hence the allegation is denied. Based on the submission of the screenshots attached of the original and compressed files, I am inclined to accept the submission of the Noticee.

10.3.3 The SCN further notes that the Noticee had thereafter submitted screenshots of the welcome emails, (attaching the Suitability assessment of the client and Risk Profiling Form of the client), sent to 30 more clients out of the 47 clients. Noticee further submitted to have lost all the actual emails due to employee negligence and malware. The email attachments were therefore not available and their contents could not be examined.

10.3.4 I submit therefore that no credibility can be given to the documents submitted by the Noticee relating to communication of Risk Profile to the clients. In view of the above, I hold that the Noticee and its proprietor Mr. Nishant Chopra failed to comply with Regulation 16 of IA Regulations**.**

10.3.5 In so far as violation of Regulation 3(a), (b), (c), and (d) of the PFUTP Regulations r/w Section 12A(a), (b), and (c) of SEBI Act is concerned, I am of the considered view that for violation of PFUTP Regulation there has to be an element of "fraud" which is missing. There has to be "dealing in securities" as defined under regulation 2(1)(c) of PFUTP Regulations. There is no proof to show that Noticee has committed fraud while "dealing in security" as contemplated under the PFUTP Regulations. In view of this, the allegation of creation of RPF after the information was sought by SEBI would not bring the Noticee`s acts within the prohibition under the PFUTP Regulations.

10.4 **Noticee sold its advisory products and collected fees from the clients even before it had carried out the risk profile of the clients.**

10.4.1 I note from the SCN that prior to communicating the risk profile, the investment advisory services had already started and the IA charged huge amount as fees from certain clients.

10.4.2 The detail timelines for 10 sample cases are given below:

Table 8

S.No	Client name	Date on which risk profile is forwarded to the client	Date of commencement of service	Amount charged before the communication of risk profile to the client (INR)
1	Vikash kumar Singh	June 20, 2018	June 07, 2018	71,613
2	Kali Charan	March 09, 2018	Nov 21, 2017	4,73,000
3	Savita Meena / Hajarilal Meena	March 28, 2018	March 21,2018	48,000
4	Gajendra Kumar Singh	May 08, 2018	May 05, 2019	5,000
5	Subrat Sahoo	July 19, 2018	July 16, 2019	14,025
6	Jatinder Singh	July 17, 2018	July 13, 2018	50,000
7	Mahesh Waman	December 07, 2017	October 18, 2017	1,66,805
8	Umed chand	July 29, 2018	July 24, 2018	13,000
9	Mukesh singh	November 14, 2017	October 28, 2017	54,209
10	Prabhakar Sidhayya Maheshwaram	July 17, 2018	July 13, 2018	41,760

10.4.3 The SCN further notes that no dates were mentioned on the risk profile and that the risk profiles submitted by the Noticee includes image format of digital signature of proprietor of Noticee "Nishant Chopra". Such form of digital signature was suspicious and the authenticity of the risk profile is doubtful as the same was not dated.

10.4.4 It was further observed that, as the risk profile was not communicated to the clients, it was not possible for the client to assess whether client had the appetite to take high risk. Further, the client does not get any opportunity to raise any objection to the risk assessment carried out by the Noticee.

10.4.5 In this regard, the Noticee submitted as under;

10.4.5.1 *Digital signatures can be done both with and without date stamp, and sometimes there could be a manual error where without date option is selected.*

10.4.5.2 *Noticee has always suggested services after carrying out RPF over telephone which essentially accompanies the total score to be conveyed to the client and based on that score risk categorisation is done as per pre-decided standards without any intervention of the executive thereafter services which are pre-categorised are offered as per the risk appetite of the client. The client only chooses service after being satisfied that the service suits his* *investment objective, there are a few instances where the digital copy is shared on a later date, but that does not means that it was a practice as is evident from the fact that noticee had 7632 clients and there were only 190 unique complaints i.e 2.49% of the total clients. If 10 samples are taken from the complaints registered on SCORES to suggest that it was a practice the noticee can provide 100 instances where it was followed. So even the sample size chosen that too from complainants is wrong to make allegations against the entire business model.*

10.4.6 I note that the Noticee sold its advisory products and collected fees from the clients even before it had communicated the risk profile of the clients as evidenced from the Table No 8. Further, in the case of Kali Charan there was a gap of four months between the time payment was received and the risk profile communicated, and in the case of Mahesh Waman, there was a gap of almost two months between the time payment was received and the risk profile communicated. Hence, services had already been sold by the IA and advisory fees collected and services commenced even before communication of risk profiling to the client.

10.4.7 As per Regulation 17 of IA Regulations, the IA has to ensure that all investments on which investment advice is provided is appropriate to the risk profile of the client. During the inspection, from the analysis of the cases where risk profile has been sent to the clients, it is noted that prior to communicating the risk profile, the investment advisory services have already started. Also, before the communication of risk profiling, the IA charged huge amount as fee from certain clients.

10.4.8 Therefore, from the above, I note that the products sold by the Noticee to its clients could be completely inappropriate to the clients' need, as the risk profiling has not been communicated to the client before selling the product. The client had no means to verify if information related to him has been correctly included in his/her risk profile statement and whether the RAF correctly reflects the risk assessment of the client, if the risk profile statement is not sent to the client.

10.4.9 The Noticee itself has admitted that there are a few instances where the digital copy is shared on a later date, but that does not means that it was a practice as is evident from the fact that noticee had 7632 clients and there were only 190 unique complaints i.e 2.49% of the total clients. The contention of the Noticee is not tenable as it cannot be presumed that unless there is a complaint by a client, it is safe to presume that the risk profile has been sent to the clients on time. Thus, I am of the view that the Noticee has not acted with due skill, care, diligence, honesty and in the best interest of its clients while providing investment advice appropriate to the clients' risk profile.

10.4.10 In view of the same the Noticee and its proprietor Mr. Nishant Chopra have violated Regulation 17 and Clause 1, 2 and 6 of Code of Conduct for IA as given in third schedule r/w Regulation 15(9) of IA Regulations.

10.5 **Noticee gave investment advice without assessing its appropriateness to the risk profile of the client. Noticee did not maintain and provide suitability documents to the clients**

10.5.1 I note from the SCN that the suitability of the investment advice of the Noticee was analysed by considering the products/services sold by the Noticee to the clients on a sample basis. A sample of 64 clients, on the basis of top advisory fees paid by the clients and complainants were taken from the Noticee and the invoices, risk profiling, product/services sold, messages/tips sent etc with respect to these 64 clients were examined.

10.5.2 Further, I note from replies of the sample of 64 clients / complainants that the Noticee did not provide any risk profile and suitability documents to the complainants. Only in case of one complainant viz. Roop Singh, it was noted that risk profile and suitability documents were provided to the complainant. However, in the case of the same Roop Singh, Noticee had provided the communication of risk profile and suitability after taking the fees of Rs. 23,434. I note that there were instances when the package/service (suitability) was decided and sold upfront and advisory fee collected before the risk profiling or KYC was done.

10.5.3 I note the findings regarding the Risk Assessment/Suitability Assessment for few of the sample clients as under:

Table 9

Sl No.	Client Name	Finding	Inference	Source
1	Roop Singh	Noticee provided communication of Risk Profile, and suitability after taking fees of INR 23434/-		Examination of Reply; Payment Proof; Copy of Risk Profile and Suitability
2	Thimmegowd PR (TPR)	Services began from Aug 24, 2019 before Risk Assessment. After registering a complaint,TPR was guided to undertake an online Risk Assessment by the Compliance Officer. The same was undertaken on Sept 19, 2019. Risk category was assessed as medium growth, but Noticee demanded that TPR buy a HNI cash plan		Reply of TPR
3	Subrat Sahoo	Risk profile provides for a proposed investment amount of INR one Lakh by the client. However, INR 1.4 Lakhs was charged by the Noticee as Advisory Fees between the five month period of July 16, 2018 to November 23. 2018.		Copy of Risk Profile; perusal of Invoices; Document submitted by the Noticee; Invoices and SMS Logs for Advice sent for the Client
		Payment of services had been taken from the client in November 2018. However, Advisory Services were to start 2 years from the receipt of the payment		
		KYC documents fetched by the Noticee were dated July 26, 2018. Service from the Noticee commenced on July 16, 2018; Date of communication of risk profile was July 19	The client had no knowledge of his risk profile at the time of commencement of service.	
		Noticee initiated KYC procedure for opening demat/trading account with Angel Broking on July 26, 2018. It was observed that Noticee had already charged around Rs. 39,000 from the client towards service fee prior to opening of the Demat account.	In the absence of Demat account, such advisory services provided by the Noticee was of no use to the client as the client could not have traded on the basis of	

			such advices. Tips for undertaking trades in Futures have also been sent to the client. houg h the client had medium risk appetite, yet high risk services/ tips have also been sent to the clients	
4	Anoop Alex Abraham	Risk Profile provides that the the proposed investment amount by the client was Rs 1 to 2 Lakhs, and the annual income of the client was Rs 5 to 10 Lakhs Advisory fees charged by the Noticee was more than Rs 32 Lakhs		Copy of Risk Profile; Invoices
		Some Invoices for services do not mention the duration of service		
5	Xavier Nadar	Proposed investment was only Rs. 1 to 2 lakhs. However, more than Rs. 18 Lakhs have been charged as service fees Services of MCX viz., Standard MCX and Crystal MCX have been sold to the client in June, 2017. The period for rendering such service was for the period of August 31, 2017 to October 13, 2017. The amount of service fee was Rs 2 Lakh However,no advisory services Standard MCX or Crystal MCX was provided to the client.		Analysis of invoices and SMS logs; Copy of RPF

10.5.4 I note from the SCN that Research Analyst Team of the Noticee is not involved in assessing the suitability of advisory product/ service allotted to client. Rather, the Sales team, who are neither qualified or NISM certified (as required under Regulation 7(1) and 7(2) of IA Regulations) are involved in risk profiling of client and selecting and allocating advisory products/ services to the clients.

10.5.5 The SCN further alleges that amount of advisory Service fees charged to the clients was manifold compared to the proposed investment by the clients, i.e., 4 to 5 times of the proposed investment of the client. Further, in the case of client Shiva Kumar Chougule, 27 times of the proposed investment has been taken as advisory fees.

10.5.6 Based on the Risk Assessment/Suitability Assessment for few of the sample clients, it was alleged in the SCN that:

10.5.6.1 the products/services sold to the clients were not commensurate with their risk profile and that the products/services have been sold to the client with the sole purpose of generating maximum income to the Noticee while showing scant regard to the suitability of such services to the client.

10.5.6.2 Advisory services in cash segment have been sold to such clients who did not have any Demat account. Such advices did not serve any purpose to the client as the client could not undertake any trades based on such advice.

10.5.6.3 Though, advisory fees were obtained from the clients, yet no services were provided to the client.

10.5.6.4 Payments were taken for such services which were supposed to commence after 2 or 3 years from the date of payments.

10.5.6.5 Some of the moderate risk appetite clients were sent tips/messages for products suitable for high risk appetite clients.

10.5.6.6 Clients aged 20 years with an annual income of Rs.1 lakh (MOHAMMAD ZAID SHAIKH) and clients aged above 80 years (DESH CHAND SHARMA) were provided with services pertaining to products suitable for high risk category.

10.5.6.7 Huge amount of payments were taken from the clients in very short span of time without rendering any commensurate services.

10.5.7 In this regard, the Noticee has submitted as under;

10.5.7.1 *RPF documents are provided to all the clients, it can be a case that the digital copies are sent after some time but the RPF is done telephonically well in advance and score is conveyed simultaneously and thereafter as per suitability services are offered and based on the choice of client the services are sold. Hon'ble Board has relied on statements made by complainants after they entered into a settlement agreement and received their dues. These statements are completely contrary to their statements made in the said settlement agreements*

10.5.7.2 *The process of RPF and suitability is mechanised, the Form is made, and numbers are allotted by the IA him self, thereafter the total score is graded into low, medium and high risk catagory and services are also categorised accordingly and thus there is no scope for an executive to intervene moreover, where and when to invest is depended on the tips/advice given over sms.*

10.5.7.3 *With regard to various clients, information is given as under:*

Table 10

Complainant	*Particulars*
Roop Singh	*He admitted receiving 1,30,000/- (one lakh thirty thousand only) within 2 days. He made two agreements and the Noticee paid the remaining amount of 1,30,000/- within prescribed time and thereby his entire amount is refunded. Complaint not closed by SEBI.*
Thimme gowd	*His refunds were processed as per his own demands but he is asking for payments even after taking services, when entire compliance has been complied with and his satisfaction is recorded on email. He has filed a closure email with the Board viz SEBI and the Noticee.*
Subrat Sahoo	*He was provided services for almost 3 years and charges of 1.4 Lakh are for 3 years, which is still, less than what SEBI has prescribed in its 2020 amendments. Further the observation that payment was made in 2018 and services provided in 2020 is also flawed as client took services for 3 years and gave an advance payment as he was satisfied with the services and wanted to take bulk service and sought discounts which were offered, which is a general practice in business and is not barred by SEBI.* *Furthermore, observation that 39000/- were taken before his opening of Demat Account is also flawed as the client informed that he was working in family*

	member's account and was in process of opening his account, However, even if these allegations are accepted the charges for 17/07/2018 to 26/07/2018 if fairly calculated from invoices and service tenure will come to less than Rs.2000/- (Two thousand only) and thus the allegation that 39,000/- worth of service is unused is flawed in all terms. *Lastly the observation that tips undertaking Future have also been sent is also flawed as only on three occasions by human error updates of earlier Future tips and not actual tradable Tips were sent on 26/07/2018 and 07/08/2018, thus the client could not trade on such updates as the trading levels were already crossed on actual markets.*
Anoop Alex Abraham	*The client has never filed any complaint against the noticee as the client was highly satisfied with the services of the noticee and he has taken a customised service and during a specific tenure due to Bug in the CRM software the tenure of service was not reflecting in invoice, however the same was conveyed to client and is also mentioned in the XL sheet sent to SEBI, therefore the tenure of service is also not in dispute.*
Xavier Nadar	*Clients refunds are made, he intimated he was a stock broker and wanted to buy customised service and numerous services, thereafter he was provided with services he asked,* *That he purchased MCX service and was not provided services during 31/08/2017 to 13/10/2017 is right but he himself requested to delay the service and took service in March 2018 to April 2018 and thus it is not the case that his service was not provided it was delayed at the clients requests.*
Vikash Kumar Singh	*Client was provided service from 15/06/2018 to 08/02/2019 and not for 52 days only, further after he complained he requested for free services in cash segments, which was considered and thus service in cash was provided additionally apart from options and was not charged*
Gajendra Singh	*took service from 06/05/2018 to 11/03/2021, however a refund of 1 lakh was made after his requests, that too when he has already taken majority of services, further, allegation that payment was made in 2018 and service was to start in 2020 is again flawed as if client wishes to take service for multiple months or years.* *Pursuant to enquiry by noticee made it was observed that the Client had a Demat and KYC update with NSDL on 01/12/2017.* *He also informed that he usually trades in his family members account as he was in government job.*

Kamal Kishore Gupta	*His complaint is closed on SCORES and disputes resolved. Further, he has availed a customised pack with both option and cash services.*
Md. Zaid Shaikh	*Total service tenure was more than 6 months, the client has himself requested specially for option services which have been provided only for about 2 months and apart from that the entire services purchased were provided his email request for options services is already sent alongwith earlier reply dt. 08/06/2021.*
Desh Chand Sharma	*His entire amount was refunded after deducting GST, even fifty thousand excess was refunded, there is thus no undue gain made, his cash service were provided for more than 10 months and MPOS provided on his own request, despite all this as entire amount has already been refunded there remains no further dispute.*
Shiv Kumar Chougule	*Client never made any complaint to SEBI as the client was satisfied with the services of noticee, He took customised services that is a bunch of services and his service tenure was from 16/08/2017 to 31/12/2018 and thus he was charged accordingly.*

10.5.8 I note that Regulation 17(a) of IA Regulations requires that all investments on which investment advice is provided are appropriate to the risk profile of the client. It should be, inter-alia, based on the client's investment objectives and his financial situation. Further, the investment advice should be such that the client is able to bear any risks related/ associated with such investment consistent with its investment objectives and risk tolerance. Further, the advice shall be such that the client has sufficient knowledge and experience to understand the risk associated with such advice.

10.5.9 I note that the Noticee has himself submitted that RPF is done telephonically well in advance, score is conveyed simultaneously but RPF documents are provided to clients after some time. I am not inclined to accept this contention as there is no proof that the risk assessment is done telephonically. A client shall not be aware of his risk assessment till the RPF is received by him physically. I note that the complainants have submitted to SEBI inspection team that Risk profile assessment forms were not received from Noticee even though services from the Noticee had started. I note that the Noticee has submitted that Hon'ble Board has relied on statements made by complainants after they entered into a settlement agreement and received their dues. This also indicates that the services offered by the Noticee were not satisfactory, as per the provisions of IA Regulations and ultimately the Noticee had to settle with all such aggrieved clients. I note that the inspection can be carried out only of the sample but the sample gives fair assessment of the treatment meted out to the population (all clients).

10.5.10 In view of the above, it is established that the Noticee and its proprietor Mr. Nishant Chopra have violated Regulation 17 and Clause 1, 2 and 6 of Code of Conduct for IA as given in third schedule r/w Regulation 15(9) of IA Regulations.

10.6 **Noticee sold same advisory products/services to the clients before completion of the tenure of the previous service.**

10.6.1 I note that during the inspection details regarding different products/services provided by Noticee were sought and from the details of the products/services, it was noted that:

10.6.1.1 23 different types of products/ services were offered by Noticee in Equity, futures and options and commodity segments. 9 out of 23 products/services are such where monthly advisory charges are more than Rs 50,000. Further service charges for some products are as high as Rs 2,50,000 per month. All the products/ services provide tips for intraday trading. Some of the products provide features of telephonic support by the Noticee. However, when telephonic records for such advices were asked, Noticee had submitted that it did not maintain the telephone records for such advices.

10.6.1.2 Noticee had made false claims in the details of products to clients as “All our recommendations were generated in NSE”. To gain the confidence of the client they also state “We have achieved a high level of accuracy in this plan on consistent basis”.

10.6.2 Further on analysis of track record of the advices/ updated by the Noticee at its website for 4 days (May 02, 2017, August 04, 2017, October 11, 2017 and December 11, 2018) on sample basis, the following was observed:

10.6.2.1 Noticee had 06 different products in option segment with different monthly charges viz. Standard Option-7000/- Monthly, Option Premium Service-16500/- Monthly, HNI Option-50000/- Monthly, Crystal Option Pack-80000/- Monthly, Index Option-6000/- Monthly and MPOS Service-250000/- Monthly. On analysis of the performance track record updated by the Noticee under the option products, it was observed that same tips/ message containing same strike price, lot size, target and profit amount were provided to clients under all the products defined by the Noticee under option segment. It has been noted that Noticee was providing same service with different name and different charges. It has also been observed that, client has been allotted different option services and charged multiple and different advisory fees from the same clients for providing the same advisory services/message/tips under the garb of different name of services in option segment. Some of the clients which have been charged for different option services are tabulated as under:

DATE	CLIENTNAME	SERVIEC NAME	PAID AMOUNT
09-Jun-2018	ANAND SURESH GUPTA	STANDARD OPTION	3000
13-Jun-2018	ANAND SURESH GUPTA	OPTION PREMIUM SERVICE	7000
18-Jun-2018	ANAND SURESH GUPTA	HNI OPTION	25000
20-Jun-2018	ANAND SURESH GUPTA	HNI OPTION	25000
15-Jun-2018	ANIL KUMAR VERMA	HNI OPTION	10000
15-Jun-2018	ANIL KUMAR VERMA	STANDARD OPTION	2757
16-Jun-2018	ANIL KUMAR VERMA	OPTION PREMIUM SERVICE	11022
21-Jun-2018	ANIL KUMAR VERMA	HNI OPTION	12918
30-Jun-2018	ANIL KUMAR VERMA	STANDARD OPTION	200
30-Jun-2018	ANIL KUMAR VERMA	STANDARD OPTION	9000
02-Jul-2018	ANIL KUMAR VERMA	STANDARD OPTION	200
08-Oct-2018	BABU LAL JAIN	STANDARD OPTION	2000
08-Oct-2018	BABU LAL JAIN	OPTION PREMIUM SERVICE	3000
09-Oct-2018	BABU LAL JAIN	CRYSTAL OPTION	4000

11-Oct-2018	BABU LAL JAIN	CRYSTAL OPTION	2250
16-Aug-2018	MANOJ SUBIR MANDAL	STANDARD OPTION	3750
17-Aug-2018	MANOJ SUBIR MANDAL	STANDARD OPTION	15250
20-Aug-2018	MANOJ SUBIR MANDAL	STANDARD OPTION	32738
20-Aug-2018	MANOJ SUBIR MANDAL	STANDARD OPTION	15250
22-Aug-2018	MANOJ SUBIR MANDAL	STANDARD OPTION	17187
22-Aug-2018	MANOJ SUBIR MANDAL	STANDARD OPTION	11575
24-Aug-2018	MANOJ SUBIR MANDAL	STANDARD OPTION	70840
03-Sep-2018	MANOJ SUBIR MANDAL	STANDARD OPTION	12751
22-Nov-2018	MANOJ SUBIR MANDAL	HNI OPTION	44784
22-Nov-2018	MANOJ SUBIR MANDAL	CRYSTAL OPTION	43203
24-Nov-2018	MANOJ SUBIR MANDAL	STANDARD OPTION	15838
07-Dec-2018	MANOJ SUBIR MANDAL	OPTION PREMIUM SERVICE	36725
12-Dec-2018	MANOJ SUBIR MANDAL	STANDARD OPTION	6610
29-Dec-2018	MANOJ SUBIR MANDAL	STANDARD OPTION	8732
08-Jan-2019	MANOJ SUBIR MANDAL	CRYSTAL OPTION	24159
08-Jan-2019	MANOJ SUBIR MANDAL	CRYSTAL OPTION	51211
06-Feb-2019	MANOJ SUBIR MANDAL	STANDARD OPTION	10837

10.6.2.2 It was observed from the tips provided by the Noticee under different products of cash segment, i.e., PREMIUM CASH and HNI CASH were same with same price, lot size, target and assured amount. However, it has been noted that Service charges for monthly subscription of PREMIUM CASH and HNI CASH were Rs 16,500 and Rs 50,000 respectively.

10.6.3 In this regard, the Noticee submitted as under;

10.6.3.1 *Regarding records of telephonic conversation, it is submitted that, the telephonic support had nothing to do with the advice and the data would have been in tera-bites if required to be stored which is not practicable and financially feasible.*

10.6.3.2 *Most of the companies on NSE and BSE are common, in such a case in an intraday advice stoploss may get triggered if there is a difference of .05 paisa in High or Low of the day, it is very common that in certain stocks there is a price difference in NSE and BSE thus the lines quoted "All our recommendations were generated in NSE" are only to clarify that the client has to trade in NSE listed scripts and not in BSE listed ones.*

10.6.3.3 *The noticee by human/technical error updated "Standard Option" in all categories of Track Records, and the same can also be verified by the SMS delivery reports already submitted, thus it is most humbly prayed that this human/technical error be pardoned and the actual track records as per SMS delivery reports be taken on records.*

10.6.3.4 *There are no calls where both entry and exit points are same in HNI Cash and Premium cash, no incident at all and that is the reason that not a single example is quoted in the notice, the noticee is again filing the logs and sheet for reconfirmation.*

10.6.3.5 *There is no occasion for the noticee to sell same service with different name because it is not some universal name where the name has any value it is the tip that is important for the client.*

10.6.3.6 *"All our recommendations were generated in NSE" is to convey to the client that he has to trade only in NSE when a tip/advice is given and should not trade in BSE in the same script as the Tips/Advice is generated using NSE charts and not the BSE ones and there are usually price differences between the both, further it is not the case that either exchange has more credibility in the eyes of public both are robust exchanges and have similar public image. It is just out of matter of practice, furthermore no client has ever complained that he has felt deceived by the use of such a line.*

10.6.4 I note that, with regard to allegation of selling same advisory products/ services to the clients before completion of the tenure of the previous service, the response of the Noticee is not satisfactory. The Noticee submitted that it was not practical to store the data pertaining to support provided telephonically as the same was voluminous. I am not inclined to accept the submission of the Noticee in this regard as there has to be some mechanism in which the conduct of the Noticee is captured so that the same can be verified, else the IAs can carry out any act which is not in the interest of its clients and not as per the requirements of the IA Regulations.

10.6.5 I note from the details regarding track record and fees structure, that Noticee had simply changed the name of the product and sold the same services/ tips without making adequate disclosure of relevant material information to its clients and also charged different fee under the garb of different products for same service. I note that the Noticee had not been transparent and fair to its client regarding the advisory fees and had charged unreasonable fees from them. I also note that the Noticee had not acted diligently while providing tips/messages to its clients, like, *"All our recommendations are generated in NSE",* in the description of its services to lure the clients. The communication of the Noticee should be such that any client is able to understand the same, however, such communication does not convey the intent of the Noticee, as submitted by it. As a registered IA, it is the responsibility of the Noticee to abide by the Code of Conduct and act with due skill, care and diligence in the best interests of its clients.

10.6.6 Thus it is established that the Noticee and its proprietor Mr. Nishant Chopra have violated Regulation 3(a), (b), (c) & (d) of PFUTP Regulations 2003 read with Section 12A(a), (b) and (c) of SEBI Act, 1992 read with Clause 1 , 2, 3 and 6 of Code of Conduct for IA provided in Third Schedule read with Regulation 15 (9) of IA Regulations.

10.7 **Noticee sold same advisory product/ service more than once with overlapping subscription period. Noticee raised invoices where in Noticee did not include the duration of service.**

10.7.1 I note that the following was alleged in the SCN;

10.7.1.1 The Noticee has been selling same advisory products/ services to the clients before completion of the tenure of the previous service. It was observed that, in case of the few clients, during the initial months Noticee took money and sold services/ products to clients, which would commence after 2/3 years from the date of payment done by the client. Noticee also sold its products on daily basis, i.e. investment advisory services were offered to clients for a period of 1 day or 2 days. In one month itself more than 10 invoices had raised by Noticee and huge payments were taken from the clients. Some of such instances are summarized on a sample basis below:

Sl. No.	Client Name	Date of Payment / Invoice Date	Service Period	Service Name	No. of invoices raised	Total Amount Charged (INR)
1	Satish Udhav Patel	18/04/2018 to 07/12/2018	N.A.	Customized Service	48	35,47,383
2	Xavier Nadar/ Xavier Nirmal Kumar	N.A.	13/05/2017 to 24/04/2018	Customized Service	36	1,35,101
3	Gajendra Singh	05/05/2018 to 01/06/2018	06/05/2018 to 11/03/2021	Standard Cash	5	1,64,900
4	Abdul Khan	10/11/2017 to 26/12/2017	19/12/2017 to 01/03/2018	Customized Service	5	6,81,250
5	Amar Uttam Patil	13/08/2018 to 24/10/2018	25/10/2018 to 23/11/2018	Crystal Cash Pack	4	95,645
6	Deba Prasad Das	N.A.	N.A.	Customized Service	32	26,09,240
7	Kali Charan	21/11/2017 to 15/06/2018	25/11/2017 to 10/10/2018	HNI Standard MCX,HNI Option	10	4,73,000
8	Jayant Sahoo	25/11/2017 to 08/01/2018		HNI Standard MCX	13	3,69,500

10.7.2 I note that the Noticee has submitted the following with regard to the above;

10.7.2.1 *Noticee has sold services to its clients only to meet their investment objectives, further there is no bar that a client could not be served with multiple services in different segments of the market and thus there is no inconsistency with the regulations further if the client wishes to subscribe for services spread over multiple months or years there is no reason for noticee to deny such a request after all he is a service provider, and at that time there was no bar on selling service for multiple months or years.*

10.7.2.2 *In the matter of Satish Udhav Patel, his entire fees has been refunded after deducting the GST paid by company on his sales, Further the services sent to the client were different as he subscribed multiple services in different segments he was charged accordingly and there is no duplicity or overlapping if the sms logs are perused thus the allegations are unsubstantiated and as full refunds are made noticee has not made any undue gains.*

10.7.2.3 *in the matter of Xavier Nadar, firstly a refund has been made though he has not made any complaint on SEBI, as he was a stock broker and he wanted the services and has requested such services, However, only due to his request he was sold customised services which included services in different segments and thus observation that these are services with overlapping services is wrong also taking into account the fact that the refunds were made only for these reasons and thus the noticee has not made any undue gains.*

10.7.2.4 *In the matter of Gajendra Singh, again it is stated that the client was served with continuous service for 2 years before the company closed its operations and the client was refunded with one lakh rupees towards un-served services and considering his other personal requirements.*

10.7.2.5 *In the matter of Abdul Khan, firstly the client has made a complaint on SEBI and it has been closed and there is no pending complaint, Secondly, the services sold was in different segments and thus these services were not overlapping they were different services and this can be verified with the SMS logs and thus no such overlapping has been done.*

10.7.2.6 *In the matter of Amar Uttam Patil, the amount of overlapping services has been refunded to the client and the complaint has been closed on SEBI thereafter.*

10.7.2.7 *In the matter of Deba Prasad Das, it is submitted that the duration of services are mentioned in the data already provided by the noticee vide its reply dated 08/06/2021. Further it is the same duration during which there was a bug in the CRM software and there was a flaw in invoices just like Anoop Alex Abraham and the client was clarified about these issues and duration of services. client requested for services and that is why he was provided with such services and he was satisfied with the services of the company.*

10.7.2.8 *Services were being provided regularly on a continuing basis and thus there is no delay in providing the service, just because the client wishes to buy 1 or 2 or 3 years service which was nor barred by the law, Doesn't means that services are provided.*

10.7.2.9 *In case of Kali Charan, the client was provided service on another number that is 9439788189 and later service for which the observation is made was* *provided on 8882489108, also the service were provided till 03/05/2019 much beyond the period mentioned in the invoices, so even in a case if there is a delay of a month or two that is because client has requested to hold the service and still he has been provided with extended services, Furthermore the client requested a refund and did not filed any complaint on SEBI, the request was met with and he was refunded the amount he requested and he has been satisfied with the complaint.*

10.7.2.10 *In the case of Jayant Sahoo, in this specific case the invoices were wrongly raised in MCX and the client requested and was sold with HNI and Premium Option Service this error was promptly rectified and client was provided with the services he chose however new invoices were not raised to avoid GST issues. The client's consent was taken for this issue and that is why he never raised any complaint regarding this on SEBI.*

10.7.2.11 *in most of the cases if the company found any overlapping the refunds have been made or there is no overlapping as customer has chosen customised services and the segment of markets are different. The allegations that duration was not mentioned is only in 2 cases out of 7632 clients and in those cases the duration was clarified to client instantly and the same can be verified with the data already provided to SEBI.*

10.7.2.12 *Refunds have been made and it makes no sense for noticee to defraud some client for no monetary benefits and these refunds have been made before issuance of these notices*

10.7.3 I note that in a few cases invoices were raised that did not include the duration of service, therefore the clients had no means to find out whether they had received proper services for the fees they had paid to the Noticee. I also note that the advisory services were provided in a product different from the product for which fees had been charged from the client. I note that clients were unaware about what services were sold to them as communication of all the invoices was not provided by the Noticee. I note that in the case of Amar Uttam Patil, the client made 4 payments in the months of August to October 2018 for crystal cash pack service in a period of less than two and a half months the client was charged more than INR

45,000/- with an overlapping service period of October 25, 2018 to November 18, 2028. In the matter of Abdul Khan, I note that the client made 5 payments in less than 2 months for the customized service and was charged INR 681250/- with an overlapping period of a total 51 days. In the matter Satish Udhav Patel, the client made 20 payments in the month of May 2018 for the customized service in a period of 8 months client was charged more than INR 35,00,000/-. In the case of Xavier Nadar/ Xavier Nirmal Kumar, client was charged more than INR 18,00,000 though 36 invoices which included services for 1 and 2 days and service period overlap for the period 31/08/2017 to 10/09/2017. In the case of Kali Charan, multiple payments were taken from the client prior to completion of risk profile and invoices of INR 4,73,000 were raised during the period November, 2017 to December, 2017. The invoices stated service duration commencing from November 22, 2017. From the message log analysis, I note that no message or tips were provided to the client till April, 2018.

10.7.4 I note from the above that the Noticee had sold the same advisory product/service more than once with overlapping subscription period. Irrespective of the refunds provided by the Noticee to the clients, the latter i.e. the clients would have paid a high amount without receiving any commensurate benefit. Further, during the overlap period, the clients would have been receiving duplicate advise/tips, paying more than once for the same advise and such duplicate advise/tips, if any, would have been of no use to the clients. This dishonest practice of the Noticee is completely fraudulent, unprofessional and unethical and is against the interest of the clients. Further, in three of the sample cases noted above, invoices referred to as customized services without any elaboration on the nature of customization, makes it difficult for either the client or SEBI to verify the services overlapped.

10.7.5 I note that the Noticee has submitted that it has settled the matter with the clients who complained about the Noticee about selling same advisory products/ services before completion of the tenure of the previous service This also indicates that the services offered by the Noticee were not satisfactory, as per the provisions of IA Regulations and ultimately the Noticee had to settle with all such aggrieved clients. I note that the inspection can be carried out only of the sample but the sample gives fair assessment of the treatment meted out to the population (all clients). Hence, the Noticee adopted such practices with an objective to defraud the clients with the sole objective of earning maximum fees.

10.7.6 In view of the above, the modus operandi employed by the Noticee show that a scheme is knowingly employed by the Noticee to defraud its clients in connection with their dealings in securities and maximize its revenue generation at the clients' expense. Thus, the Noticee and its proprietor Mr. Nishant Chopra have acted in a non-genuine, deceptive and fraudulent manner thereby violating Regulation 3(a),(b),(c) & (d) of PFUTP Regulations read with Section 12A(a),(b) and (c) of SEBI Act and failed to abide by Clause 1, 2, 3 and 6 of Code of Conduct for IA provided in Third Schedule read with Regulation 15 (9) of IA Regulations

10.8 **Noticee reported/ updated false performance report to show better performance track record**

10.8.1 I note that message log detailed analysis in sync with record of accomplishment was undertaken for one day, i.e., May 02, 2017, only due to the voluminous nature of message log. Analysis of the message logs in sync with track record of May 02, 2017 and submissions made by the Noticee is as under:

Track Record - Products	**Remark**	**Noticee's Submission**
Standard Future-Security : Yes Bank	Message given to clients to exit in YES bank at cost, however Noticee updated the track record that profit has been achieved in the call. Thus, from the above, it is observed that there has been false disclosure by the Noticee regarding its performance on its website.	The employee may have made a mistake while updating as the same employee also made a mistake while updating in the case of Nickle where loss was reported instead

		of profit. Therefore, this is a human
Standard Future- Security: SAIL	Message given to short SAIL to various clients, and no update of target achieved or stoploss was given to clients. However, in the track record it was updated that the target in said tip has been achieved. Thus, from the above, it was observed that there has been false disclosure regarding its performance on its website.	If the day's highs and lows are perused the call did achieve the target and thus the update was not false.
Standard Future- Security: Godrej Industries	Message of Godrej to buy was given only to 7 clients but message of target achieved was given to 37 clients. Thus, message of target achieved was also given to such clients to whom no advice/tips were provided. Thus, from the above, it was observed that there has been false disclosures by the Noticee regarding its performance on its website.	It must be an SMS delivery fault.
Future HNI- Security: PNB	Message given to clients to exit in PNB at below cost however, in the track record it was updated that profit has been achieved. Thus, from the above, it was observed that there has been false disclosure by the Noticee regarding its performance on its website.	No submission by Noticee
Cash- Security: Bajaj Electronics	Buy call in the Bajaj electronics was given to clients; however no record/update of the call was made in the track record.Thus, from the above, it was observed that there has been false disclosure by the Noticee regarding its performance on its website.	The call given was above/below call and the call did not activated and thus there was no update later.
Premium metal- Security: Copper	Message was given in copper to sell, however, no message was given to clients for achievement of target. In the track record, it was noted that profit was achieved.Thus, from the above, it was observed that there has been false disclosure by the Noticee regarding its performance on its website.	No submission by Noticee
HNI MCX and Bullions- Security: Gold	No message was given to any client in the contract of Gold, however, in track record profit in the account of GOLD was updated.Thus, from the above, it was observed that there has been false disclosure by the Noticee regarding its performance on its website.	No submission by Noticee
Metal- Security: Nickle	No message was given to any client in the contract of Nickle, however in track record profit in the account of Nickle was updated.Thus, from the above, it was observed that there has been false disclosure by the Noticee regarding its performance on its website.	The same executive (Yes Bank) updated loss by mistake and not profit, if a person was to have a malafide intension he will not update a loss, specially when there is no loss thus there is no malicious intent.

10.8.2 As observed from above, the Noticee has accepted human error in two products viz. Standard Future- Security: Yes Bank and Metal- Security: Nickle. Noticee accepted SMS delivery fault in case of Standard Future- Security: Godrej Industries. Further, the Noticee did not make any submissions regarding the error observed in the three cases viz. Future HNI- Security: PNB, Premium metal- Security: Copper and HNI MCX and Bullions- Security: Gold.

10.8.3 From the above, it is established that the Noticee and its proprietor Mr. Nishant Chopra have violated Regulation 3(a), (b), (c), and (d) of PFUTP Regulations read with Section 12A(a), (b) and (c) of SEBI Act.

10.9 **Noticee forced the complainants to close/ withdraw the complaints at Scores Portal**

10.9.1 It has been alleged in the SCN that;

10.9.1.1 SEBI had received 592 complaints against the Noticee at SCORES portal. SEBI vide circular CIR/OIAE/2014 dated December 18, 2014 had advised all SEBI registered intermediaries to whom complaints are forwarded through SCOREs shall take immediate effort on receipt of a complaint for its resolution within thirty days. It was observed from the SCN that Noticee had adopted a procedure to force the complainants to close/ withdraw the complaints by making part payment of fees. Although complainants were not willing to withdraw the complaint in the hope of getting a small amount of their payment, they accept the part payments.

10.9.1.2 The cheque issued w.r.t the settlement amount of INR 2,50,000, issued by the Noticee to the complainant, Roop Singh bounced. Thereafter, in the second settlement complainant was forced to accept the settlement amount of INR 1,50,000 and if not accepted no amount will be refunded. But till the expiry of the promised time period only INR 60,000 was paid to the complainant. The Noticee not only forced the client to give withdrawal mail but also forced the client to write the content of the withdrawal mail as per the discretion of Noticee. Pursuant to analysis of the complaints it was alleged that all the complaints have been dealt by Noticee in the dubious manner to get them resolved. Some of the instances of forceful closure of the complaints were also forwarded to the Noticee along with SCN.

10.9.2 The Noticee submitted that the above allegations are false and frivolous being based on the statement of a single client, Mr. Roop Singh. The Noticee submits that the complainant Mr. Roop Singh backtracked on his sworn statements. An agreement before a notary is an agreement which shows the free and fair consent and the allegation as mentioned in the SCN is completely against the provisions of Section 8 of The Notaries Act, 1952. The Noticee further contends that the client while complaining to SEBI said that if he is paid 1,30,000/- (One lakh thirty thousand only) instantly SEBI must close his complaint and even in that case the complaint is not closed.

10.9.3 Even if I consider the contention of the Noticee regarding Roop Singh favorably, I note that the Noticee has not submitted anything regarding the other complaints forwarded to it.

10.9.4 Thus, it is established that by forcing the clients to close the complaints and not abiding with the terms and conditions of the closure of the complaints Noticee and its proprietor Mr. Nishant Chopra have violated Regulation 15 (1) and 21 (2) of IA Regulations read with Clause 1 of Code of Conduct as specified in the Third Schedule read with Regulation 15 (9) of IA Regulations.

10.10 **Noticee did not maintain records of communication with clients during risk profiling and suitability assessment of advice/ selection of advisory product/services did not maintain the true records of performance / track records**

10.10.1 The following was observed by the inspection team as brought out in SCN;

10.10.1.1 Employees in Sales and Risk Profiling Department, interact with clients telephonically and the Risk Profiling Team completes the risk profile by asking the questions over telephone to the clients. Sales Consulting Team advises clients over telephone about selection of services of the Noticee. Core activity of investment advice was done by sales team as they deal with the clients pertaining to securities market. Thereafter, messages to the client were sent as per the type of service/product selected by the client based on the advice given by the sales consulting team. Further, it was observed that Noticee did not provide any telephonic records of such communication to the inspection team.

10.10.1.2 The provisions of Regulation 19(1)(g) of IA Regulations provides that Noticee shall maintain proper register for the nature of advices rendered and fees collected thereon. Further Regulation 18(6) provides that an investment adviser shall, while making an investment advice, make adequate disclosure to the client of all material facts relating to the key features of the products or securities, particularly, performance track record.

10.10.1.3 To comply with the above, Noticee has adopted the business model whereby all the advices/tips were sent to the client through messages and message logs for each product were maintained on a daily basis and track records of each product of Noticee were uploaded at the website of the Noticee on daily basis.

10.10.1.4 23 types of services/ products were sold to the clients and fees were collected from the clients during the inspection period of FY 2017-18 and FY 2018-19 (till February 2019). From the track records obtained from the Noticee, it was observed that services messages/ tips sent to the clients under the product, CUSTOMIZED SERVICE, PREMIUM ENERGY, PREMIUM STANDARD MCX AND STANDARD MCX, were not maintained by the Noticee. It has been alleged that Noticee has not maintained the proper performance / track record for all of its products.

10.10.2 The Noticee submitted the following in its reply;

10.10.2.1 *Risk Profile Form and questions therein are pre-decided and the employee has no authority to intervene in that also the forms were prepared by the IA himself, furthermore the answers therein are also pre-decided and the numbers are also pre-allotted the entire process is mechanised so that there is no arbitrariness and the Risk is ascertained in a professional manner, in todays age of Artificial Intelligence it cannot be a case of SEBI that the noticee is not allowed to ascertain Risk in that way specially when the RPF was provided by the noticee alongwith his Form A at the time of application for registration as Investment Advisor, thereafter the services are pre-categorised into medium risk and high* *risk and the client choses the service he likes from the said list as per his Risk Category, and thus the employee does not intervene or applies his mind he is just a help the application of mind is done by the IA also the real service is provided by SMS by the IA himself and there is no interference by the sales team in that, thus not keeping telephonic records would not fall in violation of regulation 19(2) and these allegations must be dropped.*

10.10.2.2 *The allegations that there was no data provided for Customised service is false as the pack was a mix of several services and these services were provided also the corresponding data is provided in respective heads, further, in the case of Premium Energy the noticee only had two clients and they were not in service during the period for which data was demanded, Furthermore Premium MCX (Premium Metal) and Standard MCX (Bullion and Base Metal) service are provided & the data of services is already provided.*

10.10.3 I note from the above, that risk profiling is completed on the basis of telephonic conversations with the clients. I note that the risk assessment involves objective assessment of the client's risk capacity which includes the maximum level of risk that a client can take based on their financial situation and would require the Noticee to maintain the records pertaining to the same.

10.10.4 I note that the message logs for each product were maintained on a daily basis and track records of each product were uploaded at the website of the Noticee on daily basis. Regulation 19(1)(g) stipulates that *"A register or record containing list of the clients, the date of advice, nature of the advice, the products/securities in which advice was rendered and fee, if any charged for such advice."* while Regulation 19(2) stipulates that *"all records shall be maintained either in physical or electronic form and preserved for a minimum period of five years"*

10.10.5 I note that the Noticee in its reply has stated that the entire process of risk profiling is mechanized and there is no intervention of the sales team and thus not keeping telephonic records is not a violation of the aforesaid Regulations.

10.10.6 I note that under Regulation 19(2) of the IA Regulations, the Noticee is obligated to maintain all records either in physical or electronic form and preserved for a minimum period of five years. Hence the contention of the Noticee in this regard is not tenable. With regard to the allegation that there was no data provided for CUSTOMIZED SERVICE, PREMIUM ENERGY, PREMIUM STANDARD MCX AND STANDARD MCX, I am inclined to accept the findings of the inspection team as the data, if available with the Noticee, should have been provided and explained to the team at the time of inspection. At this point in time it is not possible to verify the submission of the Noticee.

10.10.7 In view of the above, I conclude that the Noticee was not maintaining records pertaining to risk profiling and risk assessment of its clients in the manner prescribed in the IA Regulations and therefore I find that the Noticee and its proprietor Mr. Nishant Chopra have violated Regulation 18(6) read with Regulation 19(1) and (2) of IA Regulations and Clause 2 of Code of conduct as mentioned in Schedule III read with Regulation 15(9) of IA Regulation.

10.11 **Representatives of the Noticee, who dealt with clients in key functions of IA such as risk profiling, offering investment advice, etc. did not have requisite qualifications and certification**

10.11.1 The following was alleged in the SCN;

10.11.1.1 The Noticee operated its advisory activities/ business by selling advisory products/ services in the form of 23 packages pertaining to cash and Future & Options segment of equity and commodity derivatives segments. The Noticee sends tips/ messages, which were same for the subscribers of a specific package. The Noticee had adopted a mechanism whereby a set of telesales team forming part of sales department of Noticee was soliciting clients by pitching the products of the Noticee. The employees of the Noticee used to get in touch with the clients to fill Risk Profile Questionnaire over telephone and sell the products offered by the Noticee. These tele-callers were heavily incentivized and awarded to maximize the revenue of the Noticee. To get better incentives, these tele-callers had made random calls and lure the clients by assuring them high return from the market. There were 1034 employees worked for the Noticee during the period April, 2017 to February, 2019.

10.11.1.2 Out of 1034 employees, 980 employees worked for the Sales Team, 49 in Back-office, 4 for Recruitment, 1 for compliance purpose. Out of 1034 employees, 141 were post-graduates, 877 were graduates and 15 were under- graduates. As per Noticee, out of 1034 employees, 730 employees left the organizations without informing the Noticee. Noticee did not submit certification on financial planning or fund or asset or portfolio management or investment advisory services from NISM or from any other organization, as required under Regulation 7 of IA Regulation, for any of its 1034 employees. None of the employees/ representatives fulfilled the eligibility criteria as applicable to a registered investment adviser.

10.11.2 The Noticee has submitted the following in its response;

10.11.2.1 *As held in orders of Capresearch, money rise research, capproin research and in Globex securities, the Board has interpreted that providing tips in markets falls squarely in the category of Investment Advisor and thus the allegations are totally capricious and arbitrary.*

10.11.2.2 *The detailed business plan is provided beforehand at the time of application. The salaries and incentive systems are always as per industry standards and cannot be structured in an arbitrary manner, as the company will not get any employees, further there has never been any regulation with that regard and it does not violates any regulations of SEBI, to try to insinuate that only because some one is incentivised he is doing illegal act without even a single instance mentioned in the SCN where such a incentive scheme has led to any illegal act is only surmises and assumptions which is not tenable in the eyes of Law.*

10.11.2.3 *Just because the noticee had 1034 employee all are needed to have a NISM certification and all must meet qualifications as per regulations 7 of IA regulations does not stand since it must be noted that such a requirement has* *only be added after amendment in 2020 and the noticee has closed his companies operations in December 2019 and thus such a requirement has never arose for noticee and such a allegation is totally false and frivolous.*

10.11.3 I note that the term "persons associated with investment advice", is defined under regulation 2(1)(r) of the IA Regulations as any member, partner, officer, director or employee or any sales staff of such investment adviser including any person occupying a similar status or performing a similar function irrespective of the nature of association with the investment adviser who is engaged in providing investment advisory services to the clients of the investment adviser.

10.11.4 I note that as per regulation 7(1) of IA Regulations, the representatives of an IA are required to fulfil the eligibility criteria of a registered investment adviser while rendering investment advice services. Regulation 7(2) of IA Regulations require a representative of an Investment Advisor who is rendering investment advice to have at all times, a certification on financial planning/fund/asset/portfolio management or investment advisory services either from NISM or any other recognized institute.

10.11.5 I note that the definition of the term "investment advice" under regulation 2(1)(l) of IA Regulations also includes "financial planning". The term "financial planning" inter alia, includes assessing financial situation, identification of financial goals, developing, and recommending financial strategies. From the above provisions of IA Regulations, it is clear that risk profiling, through which financial situation is assessed and investment strategies are recommended, constitutes a vital part of the investment advice. I note from the SCN that the employees of the Noticee were filling the Risk Profile Questionnaire over telephone for the clients and selling the products offered by Noticee. The said activity performed by the employees of the Noticee falls under the meaning of "financial planning" and thereby falls under the definition of "investment advice".

10.11.6 The Noticee has submitted that it had closed its operations in December 2019 and the requirement of all employees having an NISM certification came into effect only in 2020. I note that even prior to the amendment in 2020, the requirement of certification was there. I note that even prior to the said amendment, Regulation 7(2) of IA Regulations, inter alia, provided that *"An individual registered as an investment adviser and partners and representatives of investment advisers registered under these regulations offering investment advice shall have, at all times, a certification on financial planning or fund or asset or portfolio management or investment advisory services"*.

10.11.7 As per regulation 15(13) of the IA Regulations, it shall be the responsibility of the investment adviser to ensure that its representatives comply with the certification requirements as prescribed under regulation 7 of IA Regulations. In view of the above, I find that the Noticee and its proprietor Mr. Nishant Chopra have violated Regulation 7 read with provisions of Regulation 15(13) of IA Regulations and Clauses 1, 2, 3 and 8 of Code of conduct for Investment Adviser provided in third Schedule read with Regulation 15(9) of IA Regulations.

10.12 **Noticee did not make disclosure to its clients about its financial position or holding which were subject matter of advice and Noticee had not made disclosure that Proprietor of Noticee was employed with a broking firm and was also holding shares. No disclosure about such other activities.**

10.12.1 The following was alleged in the SCN;

10.12.1.1 Noticee has not made disclosure to its clients about its financial position or holding which were subject matter of advice and Noticee had not made disclosure that Proprietor of Noticee was employed with a broking firm and was also holding shares. No disclosure about such other activities, whether Noticee has violated Regulation 15(3) (4) and (5) read with Regulation 18(2) and (4) of IA Regulations read with Clause 1, 5 and 7 of Code of Conduct for IA as stated in the Third Schedule of IA Regulations.

10.12.1.2 On examination of Income Tax Return, Form No. 3 CD and Form 26 AS for FY 2017-18 of Nishant Chopra (proprietor Dezire Research) and from the Form 26 AS, it was observed that Indra Securities Pvt. Ltd. (broking firm) had credited salary Rs. 1,47,435 to Nishant Chopra (proprietor of Dezire) and TDS was deducted under Section 192 of the Income Tax Act, 1961.

10.12.1.3 Further, from the computation of ITR for FY 2017-18 provides that total salary of Rs. 4,50,343 was paid by Indra Securities Pvt. Limited to Nishant Chopra. Further, from the Capital Account statement of the Balance sheet of M/s Dezire Research, it has been noted that Noticee had invested in the securities market and was in receipt of dividend Income of amount RS 11194. Based on the above it was inferred that Nishant Chopra (Proprietor of Dezire) was employed with Indra Securities Pvt. Limited, had received salary/ remuneration from Indra Securities and was also holding shares. No proof of disclosure was made to the clients about such other activities has been provided by Noticee during the inspection.

10.12.2 The Noticee in it response to the SCN submitted that *"The noticee already informed about his job with Indra securities at the time of application of IA registration, The noticee worked as Trainer in Fundamental Analyst for Indra Securities and there is no Bar or no regulation for Training or educational courses and there is no violation, Furthermore, the allegation that noticee received Rs. 11194/- as dividend is also false because there is a computation error by the accounting team out of 11194/- only 1237/- was dividend as the noticee used to buy and keep 1-2 shares of several companies so that he keeps getting their quarterly results, balance sheets and accounting books for his analysis purposes and there is no inconsistency or undue gains made by such acts."*

10.12.3 I note that as per Regulations 15 (3) (4) and (5) read with Regulation 18 (2) and (4) of IA Regulations, if any IA is engaged in any activities other than IA, arms- length distance shall be maintained. Further, if there is any conflict of interest, the same shall be disclosed to the clients. Further, if any consideration/ remuneration is received for any execution services, same shall be disclosed to the clients. Investment Advisor shall also disclose about its financial position or holding which are subject matter of advice. I note that, Proprietor of Noticee was employed with a broking firm and was also holding shares. I note that no proof of disclosure made to the clients about such other activities was provided by Noticee during the inspection and his reply to the SCN does not give any convincing reply to any of the allegations stated above.

10.12.4 In view of the same, I find the Noticee has violated Regulation 15 (3), 15 (4) and 15 (5) read with Regulation 18 (2) and 18 (4) of IA Regulations read with Clause 1, 5 and 7 of Code of Conduct for IA as stated in the Third Schedule of IA Regulations.

ISSUE No. II: Do the violations, if any, attract monetary penalty u/s Section 15HA, 15HB, 15C 15EB, of SEBI Act, as applicable?

11. In view of the foregoing, I am convinced that the Noticee is liable for monetary penalty under Sections 15HA, 15HB,15C and 15EB of SEBI Act for violation of the above mentioned provisions.

ISSUE No. III: If so, what should be the monetary penalty that should be imposed upon the Noticee, after taking into consideration the factors stipulated in Section 15J of the SEBI Act read with Rule 5(2) of the Adjudication Rules?

12. While determining the quantum of penalty under section 15C, 15EB, 15HB and under section 15HA of SEBI Act, 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."

13. I note that there is no material on record to indicate any specific disproportionate gains or unfair advantage which accrued to the Noticee, or loss suffered by the investors. The role of an investment advisor is crucial to the development of the securities market, especially for the entry of the small investors who may rely on the advice of such IAs. The misconduct of the Noticee as brought out in the preceding paragraphs clearly shows that he has failed in its fiduciary duties owed to its clients.

ORDER

14. 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 on the Noticee;

Name of the Noticee (PAN)	Provisions Violated	Penalty u/s of SEBI Act	Penalty
Dezire Research and its proprietor Mr. Nishant Chopra (AGXPC3196L)	Regulation 3 (a), (b), (c), (d), 4(1), 4(2)(k) and 4(2)(s) of PFUTP Regulations, read with Section 12A(a), (b) and (c) of SEBI Act. Regulation 7, 15(1), 15(3), 15(4), 15(5), 15(13), 16, 17, 18(2), 18(4), 18(6), 19(1), 19(2) 21(2) and clauses 1, 2, 3, 5, 6, 7 and 8 as specified under III Schedule of Code of Conduct for Investment Advisers read with Regulation 15(9) of IA Regulations	Section 15HA, 15HB, 15C and 15EB of SEBI Act.	INR 10,00,000/- (Indian Rupees Ten Lakhs Only)

I find that the said penalty is commensurate with the violations committed by the Noticee in this case.

15. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:

ENFORCEMENT → ORDERS → ORDERS OF AO → PAY NOW

16. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings under Section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

17. In terms of Rule 6 of the Adjudication Rules, a copy of this order is sent to the Noticee and also to the Securities and Exchange Board of India.

Place: Mumbai	**AMIT KAPOOR**
Date: July 26, 2023	**ADJUDICATING OFFICER**