

SECURITIES AND EXCHANGE BOARD OF INDIA

ENQUIRY ORDER

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

IN RESPECT OF:

NOTICEE	SEBI Registration No.	PAN
NIKHIL DAYANAND BALJEKAR	INH000009001	ABYPB7880N

In the matter of Nikhil Dayanand Baljekar – Research Analyst**Background:**

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') conducted inspection of books of accounts of Nikhil Dayanand Baljekar, a SEBI registered Research Analyst (hereinafter referred to as '**Noticee**' / '**NDB**'), having registration number INH000009001. The period of inspection was from April 01, 2022 to January 31, 2024 (hereinafter referred to as '**Inspection Period**'/ '**IP**'). The inspection was aimed at *inter alia* checking whether the Noticee and its associates/employees have promised and/ or is promising any assured returns to the investors and whether maintenance of records by the Noticee were proper.
2. During the on-site visit and through reminder emails dated February 28, 2024 and March 14, 2024, information was sought from the Noticee, however the same was not submitted by him. Further, pursuant to the inspection on the basis of available information, the findings of the inspection were communicated to the Noticee vide letter/ email dated March 20, 2024. However, the Noticee did not respond to the findings of the inspection.

3. Based on the above, SEBI observed the following;

3.1. The Noticee did not provide the information and documents sought during the inspection and did not cooperate, resulting in hampering of inspection, in violation of Regulation 29(1) & (2) of SEBI (Research Analyst) Regulations 2014 (hereinafter referred to as '**RA Regulations 2014**') and Clauses 1, 2 & 7 of the Code of Conduct as specified in the Third Schedule under Regulation 24(2) of the RA Regulations, 2014.

3.2. The Noticee allowed third parties to use his license/SEBI registration of Investment Adviser (IA) and Research Analyst (RA), shared client details to such third parties and allowed them to give recommendations to the clients under his name and accordingly, outsourced his core activities and engaged in mis-selling of research services through third parties, devolving his role and responsibilities as an IA/RA. These activities were alleged to be in violation of Regulations 3(a -d), 4 (1) and 4(2) (s) of PFUTP Regulations, 2003 read with sections 12A(a), (b) and (c) of SEBI Act, 1992; Clauses 1 & 2 of the Code of Conduct as specified in the Third Schedule under Regulation 15(9) of Securities and Exchange Board of India (Investment Advisers) Regulations, 2013; Clause 12.5 of VI MISCELLANEOUS of SEBI Master Circular for Investment Advisers SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023 and Clause 9.5 of IV-MISCELLANEOUS of SEBI Master Circular for Research Analysts SEBI/HO/MIRSD-PoD-2/P/CIR/2023/90 dated June 15, 2023.

4. Accordingly, a Designated Authority (DA) was appointed to inquire into the matter under the Intermediaries Regulations and submit a report pertaining to the aforesaid allegations. The DA issued a show-cause notice (hereinafter referred to as "**SCN**") dated June 10, 2024 to the Noticee under Regulation 25(1) of the Intermediaries Regulations to show cause as to why appropriate recommendation should not be made under Section 12(3) of SEBI Act, 1992 r/w Regulation 32 of RA Regulations r/w Regulation 2 and 26 of the Intermediaries Regulations for the alleged violations.

5. After taking into consideration the facts and circumstances of the case, material available on record and submissions made by the Noticee, in particular that Noticee *inter alia* has himself submitted a copy of public notice, published in Deccan Herald dated January 22, 2025, *inter alia* reading, '..... MY STOCK ADVISORY 'REAL STOCK IDEAS' IS CLOSED FROM 31-08-2023', the DA, submitted the Enquiry Report dated March 25, 2025 with the recommendation that:

"the certificate of registration of Noticee i.e., Nikhil Dayanand Baljekar- Research Analyst, SEBI Registration No: INH000009001 may be cancelled."

Post Enquiry Proceedings:

6. Thereafter, a Post-Enquiry Show Cause Notice dated April 16, 2025 (hereinafter referred to as "**Post Enquiry SCN**") was issued by the Competent Authority to the Noticee enclosing a copy of the Enquiry Report dated March 25, 2025, and calling upon him to show cause in terms of Regulation 27 of the Intermediaries Regulations as to why actions as recommended by the DA or any other action should not be taken against the Noticee in terms of the said Regulations.
7. I note that the said Post Enquiry SCN dated April 16, 2025 was issued to the Noticee through SPAD, at his two available addresses and from both the addresses, the SCN returned undelivered. The SCN was also simultaneously served in the email id of the Noticee. As no communication was received from the Noticee, the SCN was also served to him at his address through Market Infrastructure Institution. The Noticee submitted his reply vide email dated July 12, 2025. Subsequently, following principle of natural justice, the Noticee was granted an opportunity of personal hearing on July 22, 2025, vide hearing notice dated July 14, 2025, served to him by SPAD as well as email. The Noticee requested for adjournment of the said hearing, which was acceded to and the hearing was rescheduled on July 25, 2025. The Noticee attended the said hearing and requested time for additional submission and another chance of hearing. Acceding to his request, another hearing was scheduled on August 8,

2025. Meanwhile, the Noticee made the additional submissions vide email dated August 1, 2025 and letter dated August 3, 2025.

8. The summary of the replies dated July 12, 2025, August 1, 2025 and August 3, 2025 are as under:

8.1. *The Noticee had halted all operations, including research, when SEBI conducted its inspection.*

8.2. *The delay in providing the requested data was a result of unforeseen personal challenges: The individual responsible for compliance was unavailable due to the passing of her mother and concurrently, the Noticee was deeply involved in his daughter's wedding preparations.*

8.3. *He himself conducted research and it was not outsourced to any person.*

8.4. *As an individual research analyst, it's impractical to manage all aspects of the business including research, sales, compliance, follow-ups, and documentation, single-handedly. Therefore, the Noticee engaged a few individuals on a contractual basis primarily for sales generation and management support.*

8.5. *This arrangement is neither unethical nor a violation of any regulations. The term "franchise," as used by the Noticee, merely referred to these contractual sales personnel. Crucially, all research and other core functions remained solely with the Noticee.*

8.6. *Core activities such as research and fetching KYC was done by the Noticee only, dissemination of research and storing KYC documentation was done by the other individuals hired by him.*

8.7. *Copies of the SEBI certificate were provided solely for display on the office premises, as required by SEBI Regulations.*

8.8. *the Noticee personally monitored all research recommendations sent to clients.*

8.9. *Noticee has already faced the regulatory action and a penalty of Rs.10 lakhs has already been levied against the same violations. Further, cancelling his certificate of registration will be double jeopardy against the Noticee as the said cancellation will result in loss of income of the Noticee and will leave a negative remark against his image.*

8.10. *Noticee had a team of people to help him supervise the entire operation. This team had highly qualified professionals who were doing supervision, SEBI compliance issues, customer support and grievance redressal, legal, accounts and auditing.*

- 8.11. *During that period there were very few complaints with respect to number of clients serviced, and all complaints did not escalate beyond one Action Taken Report.*
- 8.12. *Noticee closed his Stock Advisory Franchise on 31-08-2023 - meaning that he stopped soliciting new clients through franchisees on that date. However, till 31-12-2024 approximately, he had to service existing clients till their service period was over.*
- 8.13. *One of his ex-partners- Gagandeep Singh (partner/ franchisee from 01-02-2022 to 18-06 -2022) and other unknown persons have illegally misused his license and cheated public falsely claiming, that they represent him, when in truth most have never worked with him. He filed cybercrime complaint against Gagandeep Singh.*
- 8.14. *Due to compliance, he had to display his License copy on my website. Any person can copy it from there and misuse it, which is what has happened.*
- 8.15. *He is a practicing consultant surgeon for over last 44 years and have done over 26,000 surgeries and treated at least 2,60,000+ patients. Without a single medico legal complaint against him. This shows that he is a thorough professional and have y ethics and honesty in performing a far more demanding profession than being an RA.*
9. The Noticee along with his AR appeared in the hearing on August 8, 2025 and made the following additional submissions:
- 9.1. Clients were approached by the partners of the Noticee/third parties.
- 9.2. Verification email and the Noticee's bank details were sent to the clients by the Noticee.
- 9.3. Clients used to send payment directly to Noticee's account.
- 9.4. Noticee had the email ids and mobile numbers of the clients and no other details of clients were with the Noticee.
- 9.5. The recommendations were shared in the WhatsApp Broadcast Group, where apart from the Noticee, his partners and the clients were the members. This was the only mode of communication to the clients.

10. I am of the view that multiple opportunities were granted to the Noticee for replying to the SCN and of being heard and the replies are also on record. Hence, the principles of natural justice were complied with respect to the Noticee and I shall now proceed to deal with the key issues involved in the instant matter.

Consideration and Findings:

11. Considering the factual findings from the inspection, the allegations levelled against the Noticee in the Post Enquiry SCN dated April 16, 2025 including the Enquiry Report dated March 25, 2025, based on such findings and the submissions made by the Noticee through oral hearing and written replies in the matter, I find that the following issue requires consideration;

Issue A: Whether the Noticee did not provide the information sought during the inspection, in violation of Regulation 29(1) & (2) of SEBI (Research Analyst) Regulations 2014 (hereinafter referred to as 'RA Regulations 2014') and Clauses 1, 2 & 7 of the Code of Conduct as specified in the Third Schedule under Regulation 24(2) of the RA Regulations, 2014?

Issue B: (i) Whether Noticee has a franchise agreement with the Partners

(ii) Whether the Noticee allowed third parties to use his license/SEBI registration of Investment Adviser (IA) and Research Analyst (RA);

(iii) Whether the Noticee shared client details to such third parties;

(iv) Whether the Noticee allowed them to give recommendations to the clients under his name; and

(v) If the answer to all of these above is in affirmative, whether it constitute mis-selling of research services through third parties in violation of Regulations 3 (a -d), 4(1) and 4(2)(s) of PFUTP Regulations, 2003 read with sections 12A(a), (b) and (c) of SEBI Act, 1992; Clauses 1 & 2 of the Code of Conduct as specified in the Third Schedule under Regulation 15(9) of IA

Regulations, 2013; Clause 12.5 of VI MISCELLANEOUS of SEBI Master Circular for Investment Advisers SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023 and Clause 9.5 of IV-MISCELLANEOUS of SEBI Master Circular for Research Analysts SEBI/HO/MIRSD-PoD-2/P/CIR/2023/90 dated June 15, 2023?

12. Before dealing with the issues framed above, it would be appropriate to refer to the relevant provisions of law alleged to have been violated in the matter, extract whereof is reproduced below:

SEBI Act, 1992

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;

SEBI (PFUTP) Regulations, 2003

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) use or employ, in connection with issue, 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, mis-utilisation 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 fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely: —

(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;

RA Regulations 2014

Obligation of research analyst on inspection.

29.(1) It shall be the duty of every research analyst or research entity in respect of whom an inspection has been ordered under the regulation 27 and any other associate person who is in possession of relevant information pertaining to conduct and affairs of such research analyst or research entity including their representative, if any, to produce to the inspecting authority such books, accounts and other documents in his custody or control and furnish him with such statements and information as the inspecting authority may require for the purposes of inspection.

(2) It shall be the duty of research analyst or research entity and any other associate person who is in possession of relevant information pertaining to conduct and affairs of the research analyst to give to the inspecting authority all such assistance and shall extend all such co-operation as may be required in connection with the inspection and shall furnish such information as sought by the inspecting authority in connection with the inspection.

General responsibility.

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

THIRD SCHEDULE

[See sub-regulation (2) of regulation 24]

CODE OF CONDUCT FOR RESEARCH ANALYST

1. Honesty and Good Faith

Research analyst or research entity shall act honestly and in good faith.

2. Diligence

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

7. Compliance

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

IA Regulations 2013

General responsibility.

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

THIRD SCHEDULE

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

[See sub-regulation (9) of regulation 15]

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 after thorough analysis and taking into account available alternatives.

13. Before proceeding to deal with the aforesaid issues in the context of allegation made / charges levelled in the SCN/DA Report, I find it appropriate to deal with the following preliminary objection / issue raised by the Noticee:

14. Noticee has contended that he has already faced the regulatory action and a penalty of Rs.10 lakhs has already been levied against him for the same violations and cancelling his certificate of registration will be double jeopardy against him. In this regard, I note that the two proceedings initiated against the Noticee, viz: adjudication proceeding and the present proceedings before me i.e. enquiry proceeding, are based on the same facts and allegations. However, it is pertinent to acknowledge that the scope and consequences of the two proceedings are distinct. The adjudication proceedings are aimed at imposition of monetary penalties for violations of securities laws. The enquiry proceedings under the SEBI (Intermediaries) Regulations, 2008, on the other hand seek to determine whether the registration of the intermediary should be suspended, cancelled, or whether other directions such as debarment or warning are warranted in the interest of investors and the securities market. Thus, while the underlying facts may overlap, the legal basis, nature of proceedings, and the consequences flowing from them are different.

The SEBI Act, 1992 expressly contemplates initiation of multiple proceedings arising from the same set of transactions, and there is no prohibition against SEBI initiating adjudication proceedings as well as enquiry proceedings for the same violations. Accordingly, I find no merit in the Noticee's plea of double jeopardy. The enquiry proceedings presently before me are legally distinct from the adjudication proceedings, and both are validly maintainable under law. The contention of the Noticee is therefore rejected.

15. Having dealt with the preliminary objection, I shall now proceed with the merits of the case.

Issue A: Whether the Noticee did not provide the information sought during the inspection, in violation of Regulation 29(1) & (2) of SEBI (Research Analyst) Regulations 2014 (hereinafter referred to as 'RA Regulations 2014')

and Clauses 1, 2 & 7 of the Code of Conduct as specified in the Third Schedule under Regulation 24(2) of the RA Regulations, 2014?

16. I note from the record that an inspection of the Noticee was conducted by SEBI for the period April 01, 2022 to January 31, 2024. During the course of inspection, information/documents were sought from the Noticee through on-site visits as well as reminder emails dated February 28, 2024 and March 14, 2024. The information inter alia included: (i) list of franchises authorized by the Noticee along with their contact and website details, (ii) list of bank accounts pertaining to Real Stock Ideas, (iii) list of all clients served during the inspection period along with details of packages/plans, (iv) confirmation of whether client records were maintained, (v) modus operandi for providing tips including details of WhatsApp groups, (vi) copy of internal audit reports, and (vii) confirmation regarding proprietary status of Real Stock Ideas.
17. From the inspection record, I note that the above information was not provided within the stipulated timelines despite reminders. Vide letter of observation dated March 20, 2024, the Noticee was again called upon to submit the requisite information. While the Noticee, vide email dated March 26, 2024, furnished copies of certain bank statements and sought further time on the ground of consulting his advisor, the complete information was not furnished even by March 28, 2024 i.e., nearly one month from the date of inspection.
18. In his submissions made during the current proceeding as well as to DA, the Noticee has admitted delay in submission of information, stating inter alia that (a) he was preoccupied with his medical profession, (b) his consultant was unavailable due to passing of her mother, and (c) certain personal circumstances such as his daughter's marriage also contributed to the delay. He has argued that the non-submission was not deliberate and that he eventually submitted some details at a later stage. The Noticee himself stated he has not given all the details of the client.

19. At this juncture, it is necessary to examine the relevant regulatory provisions. Regulation 29(1) and 29(2) of the RA Regulations, 2014 cast a clear and unequivocal obligation on every registered research analyst to produce to the inspecting authority all books, accounts and documents in his custody or control and to extend full co-operation during inspection. Clauses 1, 2 and 7 of the Code of Conduct under Regulation 24(2) further mandate that a research analyst shall act honestly and in good faith, exercise due skill, care and diligence, and comply with all regulatory requirements.

20. The information sought pertained to the Noticee's own business operations and should have been readily available. The reasons cited by the Noticee for non-submission namely, his medical practice and personal commitments, cannot absolve him from a statutory obligation arising from his registration as a SEBI-regulated intermediary. It is not the case that the information was with the custody of the consultant. While personal constancies in fit cases can be reason for taking some time, this cannot be till the time the Inspection is over. This is more so when repeated opportunities for the Noticee was available to provide the information, which is evident from the fact the information was sought during onsite visit on February 27, 2024, reminders dated February 28, 2024 and March 14, 2024 and vide letter of observation dated March 20, 2024. In the instant case the delay in providing the information is equal to non-providing of information, as for any information provided after the inspection is over is not useful for the inspection. Further, incentivising such practice may result the entities under inspection to delay the information till the inspection is over under one pretext or the other.

21. I further note that even in his replies, the Noticee has admitted that there was delay in furnishing information, albeit seeking to justify the same on personal grounds. Therefore, there was indeed non-compliance with Regulation 29(1) and 29(2) during the inspection process. SEBI as a regulator cannot be constrained in its oversight function by intermediaries failing to discharge their obligations especially when the Noticee has got ample time to provide the information.

22. In view of the above, I agree with the findings of the DA and note that the Noticee failed to furnish complete information/documents sought during inspection within the prescribed time and thereby hampered the inspection process. The said conduct amounts to violation of Regulation 29(1) & (2) of the RA Regulations, 2014. Further, by failing to act diligently, by not complying with statutory inspection requirements, and by failing to cooperate in good faith, the Noticee has also violated Clause 1 which requires Honesty and good faith, clause 2 which requires diligence, and clause 7 which requires the compliance of the clauses of regulations of the Code of Conduct under Regulation 24(2) of the RA Regulations, 2014.

Issue B: (i) Whether Noticee has a franchise agreement with the Partners

(ii) Whether the Noticee allowed third parties to use his license/SEBI registration of Investment Adviser (IA) and Research Analyst (RA);

(iii) Whether the Noticee shared client details to such third parties;

(iv) Whether the Noticee allowed them to give recommendations to the clients under his name; and

(v) If the answer to all of these above is in affirmative, whether it constitute mis-selling of research services through third parties in violation of Regulations 3 (a -d), 4(1) and 4(2)(s) of PFUTP Regulations, 2003 read with sections 12A(a), (b) and (c) of SEBI Act, 1992; Clauses 1 & 2 of the Code of Conduct as specified in the Third Schedule under Regulation 15(9) of IA Regulations, 2013; Clause 12.5 of VI MISCELLANEOUS of SEBI Master Circular for Investment Advisers SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023 and Clause 9.5 of IV-MISCELLANEOUS of SEBI Master Circular for Research Analysts SEBI/HO/MIRSD-PoD-2/P/CIR/2023/90 dated June 15, 2023?

Sub-Issue (i) Whether Noticee has a franchise agreement with the Partners

23. During the course of inspection, a copy of an Agreement dated October 13, 2022 entered into between the Noticee and Ms. Sunita Rani (operating under the name 369 Real Stock) was obtained. The agreement was titled as Franchise Agreement. The agreement specifically identified the Noticee as the SEBI-registered Research Analyst/Investment Adviser, and contemplated a revenue sharing arrangement between the Noticee and the said franchisee.
24. The agreement also annexed coloured copy of the Noticee's SEBI registration certificates, evidencing that the franchisees were authorised to display the same in connection with their client-facing activities.
25. The agreement also required the franchisees to maintain client KYC documents and perform onboarding functions "with the help of the firm," which indicates that franchisees acted as front-end operators servicing clients under the Noticee's license.
26. Further, the Noticee in his replies, has admitted that he entered into agreements with certain entities, which he described as "partners" or "franchisees". He stated that the purpose of these agreements was to facilitate marketing, client onboarding, and communication functions.
27. The Noticee further admitted that he had provided copies of his SEBI license to franchisees so that they could display them at their offices and avoid suspicion from local police or authorities.
28. The above facts clearly establish that the Noticee had entered into franchise agreements with partners/third-party entities.

Sub-Issue (ii): Whether the Noticee allowed third parties to use his SEBI registration as IA/RA?

29. From the inspection record, I note that during the onsite visit, the inspection team obtained a franchise agreement entered into between the Noticee and Ms. Sunita Rani (369 Real Stock) and a termination letter of franchise agreement from Mr. Pratik Pandurang Jadhav (Stock Bazaar Expert), both of which annexed a colour copy of the Noticee's SEBI registration certificates. The agreements specifically identified the Noticee as the holder of SEBI's IA and RA license and contemplated revenue sharing arrangements with the franchisees. I note from inspection observations that even after termination of certain franchise agreements, the franchisees continued to hold copies of the Noticee's SEBI license.
30. Further, as per the agreement, the websites operated by franchisees are required to describe themselves as "partners of Real Stock Ideas" and prominently required to display the Noticee's SEBI registration details, thereby lending regulatory legitimacy to the activities of such franchisees. I note from inspection observations that even after termination of certain franchise agreements, the franchisees continued to hold copies of the Noticee's SEBI license.
31. The Noticee, in his submissions, admitted that he had provided colour copies of his SEBI license to franchisees for "display in their call centres" to avoid suspicion from police/SEBI inspections. The said admission, in my view, establishes that the Noticee consciously allowed franchisees to hold themselves out as SEBI registered intermediaries, thereby permitting use of his registration by third parties.
32. I therefore find that the Noticee allowed third parties to use his SEBI registration as a RA. I note the current proceedings against the Noticee has been initiated against him in his capacity as Research Analyst. The SCN dated June 10, 2024 and the Enquiry Report dated March 25, 2025, accordingly are directed to the certificate of registration as the Research Analyst. Therefore, it is beyond the

purview of this proceedings to enter any findings in respect of the Noticee in his capacity as a IA.

Sub-Issue (iii): Whether the Noticee shared client details with third parties?

33. The franchise agreements obtained during inspection (e.g. with 369 Real Stock and Stock Bazaar Expert) required franchisees to undertake functions such as:

33.1. acquiring subscribers,

33.2. maintaining KYC documents, and

33.3. handling client onboarding/renewals with the help of the firm (Real Stock Ideas).

34. Further, disclosures on the website of Noticee also indicated that franchisees would “maintain all KYC-related documents and follow up with subscribers’ onboarding activities”. Also, some SCORES complaints specifically alleged being serviced through Golden Consultancy/franchisees, not directly by the Noticee.

35. It is noted that contrary to the clauses in the franchise agreement, the Noticee in his replies claimed that core activities such as research and fetching KYC was done by the Noticee only, which shows that the submission of the Noticee are not aligned with the agreements or the disclosure in his website. Noticee has not submitted any evidence that the KYC data was shared directly by the client to him.

36. From the above, I note that franchisees were directly involved in collecting client information.

37. The Noticee has also admitted that “*client details were shared with franchisees solely for the purpose of performing designated roles such as KYC, client communication, and distribution of my research recommendations.*” He also

stated that “*all clients were added to my WhatsApp broadcast group*” and that franchisees only facilitated digital marketing and onboarding.

38. From the above, it can be noted that while franchisees did the initial onboarding, the Noticee centralised client data eventually by adding them into his own group and this indicates that the client details first resided with the franchisees, not with the Noticee.

39. However, the Noticee’s claim that he later added clients to his broadcast group implies that client details were passed on to him by the franchisees (i.e., client data was “shared. It establishes a flow of sensitive client information between the Noticee and franchisees.

40. Even if franchisees initially on boarded clients, the moment those details were transferred to the Noticee for inclusion in broadcast groups, the Noticee became complicit in sharing and circulation of client information with unregistered third parties.

41. Therefore, from the material available on record, I find that franchisees were authorised to directly onboard clients and maintain KYC details. The Noticee thereafter added such clients into his system (WhatsApp groups), which necessarily involved flow of client information between the Noticee and the franchisees. Accordingly, client data, which ought to have been handled exclusively by the SEBI-registered intermediary, was made accessible to unregistered entities/franchises/third parties. Such conduct is breach of the fiduciary responsibility of the Noticee as a registered intermediary.

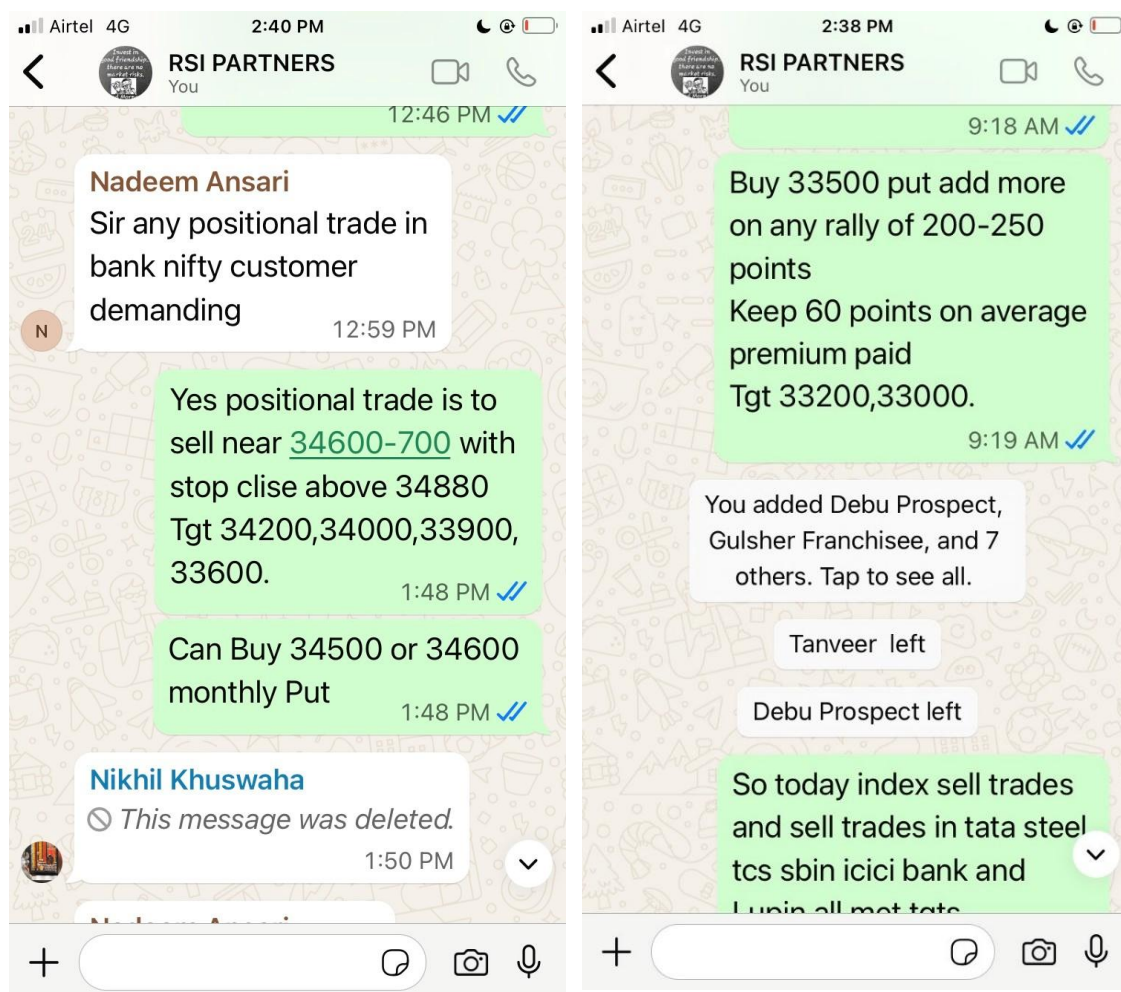
Sub-Issue (iv): Whether the Noticee allowed third parties to give recommendations to clients under his name?

42. As already discussed above, the franchise agreements executed by the Noticee with various entities explicitly required the franchisees to act as “partners” of Real Stock Ideas, display the Noticee’s SEBI registration certificate, and service clients. These agreements contemplated revenue sharing, refundable deposits, and permitted franchisees to undertake client-facing activities including onboarding, maintaining KYC, and communication with subscribers.

These agreements also required the franchise/ partner to take all precautions and adhere to the SEBI (investment Advisor) Regulations and to provide service to clients as per their financial goals and risk appetite.

43. I note that the Noticee has repeatedly claimed that he personally issued recommendations directly to clients through broadcast groups. However, he has not provided any evidence in support of this, despite the “franchisee agreement” requires direct communication of the recommendation from the Noticee. Further, he has also stated that franchisees were present in the same broadcast groups and were allowed to show the recommendations to prospective clients during free trial periods. The contradiction in his submissions (claiming both “direct-to-client” broadcasts and admitting franchisee access), demonstrates that he effectively permitted franchisees to give recommendations using his name.

The conclusion that the recommendation was sent to the franchises and not to the clients is further strengthened by analysis of the following WhatsApp screenshots submitted by the Noticee vide his email dated July 31, 2025:



44. It is noted from the above screenshots that the recommendations were shared in the WhatsApp group meant specifically for the partners or the franchise for providing the same to the clients. In the above screenshot, one Mr. Nadeem Ansari, is seeking the recommendation for Bank Nifty from the Noticee stating that the client is asking for the same. The recommendation is given to the franchisee. This clearly negates the claim of the Noticee that he directly issued recommendations to the clients. Instead, it shows that the recommendations were given to the franchisee and who in turn forwarded the same to the clients.

45. From the above facts, it is undoubtedly established that the Noticee allowed the third parties/ franchise/ partners to give recommendations to clients under his name using his SEBI registration certificate.

Sub-Issue (v) *If the answer to all of these above is in affirmative, whether it constitute mis-selling of research services through third parties in violation of Regulations 3 (a -d), 4(1) and 4(2)(s) of PFUTP Regulations, 2003 read with sections 12A(a), (b) and (c) of SEBI Act, 1992; Clauses 1 & 2 of the Code of Conduct as specified in the Third Schedule under Regulation 15(9) of IA Regulations, 2013; Clause 12.5 of VI MISCELLANEOUS of SEBI Master Circular for Investment Advisers SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023 and Clause 9.5 of IV-MISCELLANEOUS of SEBI Master Circular for Research Analysts SEBI/HO/MIRSD-PoD-2/P/CIR/2023/90 dated June 15, 2023?*

46. Having found that (i) the Noticee had a franchisee agreement as mentioned above; (ii) allowed third parties to use his SEBI registration; (iii) shared client details with them; and (iv) permitted them to disseminate recommendations to clients under his name, I proceed to examine whether such conduct amounts to mis-selling in violation of the PFUTP Regulations, IA Regulations, RA Regulations, and SEBI Master Circulars.

47. I note that using the aforesaid mechanism, franchisees had both access to client data and access to the Noticee's recommendations and the Noticee had no control to ensure that the exact recommendations issued by him were the same as those finally communicated to clients. The Noticee had no control over what recommendations are being provided to his clients, as the franchisees could forward, modify, or present the recommendations in their own manner to clients.

48. Though he claims to have “strict control” over the process with team of people helping him to supervise the operation, the very fact that the Noticee complained of fraudulent misuse of his license and client dealings by an ex-franchisee (Gagandeep) is itself evidence that the Noticee lacked control. Further, Noticee did not provide any details of such control mechanism along with the evidence which could ensure that only the recommendation of the Noticee reached the clients.
49. Therefore, I note that by permitting franchisees to display his SEBI registration and handle client onboarding, the Noticee created a framework where clients misperceived the franchisees as part of the Noticee and Noticee lacked control on the important aspect of the communication of the end product that is the research recommendation to the client. The Noticee's own grievance against a former franchisee for misusing his license and misleading clients, demonstrates that the Noticee could neither monitor nor prevent misuse of his registration or recommendations.
50. Regulation 3 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 prohibits use of deceptive devices, fraud or misleading practices in connection with dealing in securities. Regulation 4(1) read with 4(2)(s) prohibits mis-selling of securities and investment advice. Section 12A(a), (b) and (c) of the SEBI Act, 1992 also proscribe fraudulent and manipulative conduct in the securities market.
51. The franchisee model of the Noticee fragments the advisory process into multiple franchisees outside SEBI's direct oversight. It allows the Noticee to extend advisory activity through unregistered persons, defeating the fiduciary requirements under the RA Regulations. Further, the risk of the misutilisation of the confidential client's data is inherent in this franchisee model. Franchisee themselves may sell the unregulated products without the knowledge of the Noticee, thereby exposing the clients to serious risks of fraud and financial loss.

Such an arrangement raises concerns regarding accountability, as investors are unable to distinguish between services rendered by a registered or unregistered person. The clients are not informed that their personal data, risk profiles, are being handled by unregulated third parties. By outsourcing the critical activities viz. client interactions, client onboarding, KYC and delivery of RA recommendations, the franchisee reaps a commercial benefit without being directly subjected to any qualification or compliance requirements. Clients in case of disputes may have to raise the same against the franchisees who are not directly within the regulatory framework of the RA Regulations, affecting the investor grievance framework of SEBI.

The franchisee agreement puts the onus of compliance of SEBI Regulations on the Franchisees and disclaims any liability to the Noticee in case of violation of SEBI Regulations by the Franchisee, displaying the intent that the arrangement intended was not only mere administrative but delegation of core responsibilities. Such Franchisee arrangements erode the very foundation of regulatory architecture of the RA framework. The franchisee framework of this nature amounts to a unfair trade practice, fraudulent, manipulative device operating as deceit upon the clients on boarded by the franchisees.

While SEBI can conduct inspection of the Noticee, the important communications such as the research recommendations and KYC documents, when maintained by the Franchisee (like in this case), have serious ramifications for the effectiveness of the regulator's supervisory and enforcement functions.

52. Further, by lending his SEBI registration to unauthorized third parties, giving access to client data, and permitting unregulated entities to give advice under his name without having any control on the nature of the advice, the Noticee misled clients into believing that they were availing services from SEBI registered entities, when in fact they were being serviced through unregistered and unregulated franchisees. Though the franchisee agreement requires that the agreement to be disclosed on the websites of the franchises, the Noticee was not

able to provide any evidence in support of such disclosures to the clients by any of the franchisees. This amounts to mis-selling of research services through third parties while the clients are concealed from the material fact that the third parties are not part of the regulated RA ecosystem but are only franchisees.

53. I note that the current proceedings against the Noticee has been initiated against him in his capacity as Research Analyst. The SCN dated June 10, 2024 and the Enquiry Report dated March 25, 2025, accordingly are directed to the certificate of registration as the Research Analyst. Therefore, it is beyond the purview of this proceedings to enter any findings in respect of the Noticee in his capacity as a IA.

54. Clause 9.5 of the Master Circular for Research Analysts dated June 15, 2023, prohibits outsourcing of core advisory functions. I note that the Noticee's arrangement with franchisees, under which client servicing and distribution of recommendation were delegated, directly contravenes this provision.

55. In view of the above, I hold that the Noticee has violated the provisions of:

55.1. Regulations 3(a–d), 4(1) and 4(2)(s) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 read with Sections 12A(a), (b) and (c) of the SEBI Act, 1992;

55.2. Clause 9.5 of the SEBI Master Circular for Research Analysts SEBI/HO/MIRSD-PoD-2/P/CIR/2023/90 dated June 15, 2023.

56. I note that the Designated Authority (DA) has recommended cancellation of the Certificate of Registration of the Noticee under the RA Regulations, 2014, having found violations of regulatory provisions. While I have independently examined the matter and concur with the findings of violations within the purview of the current proceedings, the import of the Intermediary Regulations is to

independently consider the nature of violations and the overall facts and circumstances, before determining the appropriate measure of disciplinary action.

57. I note that the violations established in the present matter are serious in nature like permitting unregistered third parties to act under the Noticee's SEBI registration and failing to cooperate fully during inspection. These actions strike at the core of regulatory obligations of a SEBI-registered intermediary.

58. However, I also take into account the following mitigating factors that emerge from the record:

58.1. Cessation of business operations: The Noticee has placed on record that he stopped onboarding of new clients in August/September 2023 and wound up his business operations by January 2024.

58.2. Resolution of complaints: Some SCORES complaints lodged during the relevant period were subsequently withdrawn or resolved.

58.3. No prior adverse regulatory history: There is nothing on record to show that the Noticee has previously been proceeded against or penalised by SEBI for violations of securities laws.

Directions:

59. In view of the foregoing, in exercise of the powers conferred upon me in terms of Section 19 of SEBI Act, 1992 read with Regulation 23 and 27 of the Intermediaries Regulations, I, hereby issue the following directions to Nikhil Dayanand Baljekar – Research Analyst (PAN: ABYPB7880N):

59.1. The certificate of registration, bearing SEBI Registration No. INH000009001, granted to Nikhil Dayanand Baljekar as a Research Analyst is suspended for a period of eighteen (18) months from the date of this order;

60. This order comes into force with immediate effect.

61. A copy of this order shall be forwarded to the Noticee and BSE Administration and Supervision Ltd.

DATE: August 29, 2025

PLACE: MUMBAI

**N. MURUGAN
CHIEF GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA**