

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

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

In respect of: Parag Salot – Research Analyst

PAN No.: APEPS7000R

SEBI Registration No.: INH000000115

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A. BACKGROUND

1. Mr. Parag Salot ("**Noticee**") is registered with the Securities and Exchange Board of India ("**SEBI**") as a Research Analyst ("**RA**") since March 02, 2015. SEBI conducted an inspection of the Noticee for the period April 01, 2022 to February 29, 2024 ("**Inspection Period**"). The findings of the inspection were communicated to the Noticee *vide* letter dated March 18, 2024. After examining the reply submitted by the Noticee *vide* email dated March 25, 2024, SEBI *inter alia* observed violations of provisions of the SEBI Act, 1992 ("**SEBI Act**"), SEBI (Research Analysts) Regulations, 2014 ("**RA Regulations**"), and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 ("**PFUTP Regulations**").
2. Pursuant to the observations made in the course of inspection and after examining the response of the Noticee to the same, enquiry proceedings under SEBI (Intermediaries) Regulations, 2008 ("**Intermediaries Regulations**") were initiated against the Noticee and a Designated Authority ("**DA**") was appointed on May 03, 2024 to enquire into the alleged violations by the Noticee and make a recommendation in compliance with Intermediaries Regulations. The DA issued a show cause notice dated July 05, 2024 ("**DA SCN**") to the Noticee under regulation 25 of the Intermediaries regulations to show cause as to why appropriate recommendation should not be made against it in terms of regulation 26 of the Intermediaries Regulations for the alleged violations (*discussed subsequently*). In response to the DA SCN, the Noticee filed its reply *vide* letter dated July 24, 2024 and email dated October 15, 2024. Further, an opportunity of personal hearing was granted by the DA on August 13, 2024 and November 11, 2024, which was availed

of by the Noticee / his Authorized Representative (“**AR**”). The DA has recorded that during the hearing, the AR submitted that the Noticee has voluntarily closed its business but has not surrendered the registration certificate and that he has filed settlement in the matter. However, later the Noticee intimated the DA that he has withdrawn his settlement application.

3. Thereafter, the DA submitted an enquiry report dated January 17, 2025 (“**DA Report**”) wherein he recommended that the Noticee, as a RA, may be issued a regulatory censure as penalty under adjudication proceedings had also been levied for the same violations above and that the Noticee has closed its business and does not have any active clients.
4. Based on the DA Report, a post enquiry show cause notice dated January 27, 2025 (“**Post Enquiry SCN**”) was issued to the Noticee enclosing a copy of the DA Report, calling upon it to show cause in terms of regulation 27(1) of the Intermediaries Regulations as to why action as recommended by the DA or any other action in terms of the Intermediaries Regulations should not be taken against the Noticee.

B. DA REPORT, REPLY AND HEARING

5. The allegations in the Post Enquiry SCN are summarized below as follows:
 - 5.1 RA mis-sold his services and fraudulently collected funds from his clients / investors by misleading them with false information / assuring profit / inducing them.
 - (i) Noticee has submitted that SEBI has overlooked the comprehensive disclaimer at the top of website’s homepage and focused instead on content that doesn’t make explicit guarantees. With respect to complaint of Shri Pramod Kumar, Noticee has submitted that the said complaint was never officially forwarded to him. Noticee has further submitted that the WhatsApp chats relied upon in the complaint were not coupled with the certificate under Section 65B of the Evidence Act.
 - (ii) The DA held that the Noticee promised specific returns i.e. INR 4000 per positive trade on his website on the page “Stock recommendations Provider in

India". The promise of assured returns is not followed by any disclaimer. Further, the "About Us" section on the website incorrectly states that Noticee was registered as an Investment Advisor with SEBI. It was the responsibility of the Noticee to ensure that the data available on the website is correct and cannot blame a third party for the same.

- (iii) The DA held that the Noticee did not make any submission regarding the content of the WhatsApp messages shared between the complainant and the Noticee despite the said complaint being forwarded to the Noticee as a part of letter of communicating the findings of inspection. Section 65B which relates to admissibility of electronic records before a Court of Law, is not applicable to proceedings before SEBI Therefore, alleged violation stands established.

5.2 RA failed to maintain records of the research recommendation provided to his clients.

The DA noted that Noticee had provided the scanned copies of research reports / recommendations during the inspection. Noticee could not provide any evidence to show that the research recommendations were actually provided to his clients. Regulation 25(1)(ii) of RA Regulations does not mandate that the mode by which the research recommendation is sent to the clients should be maintained. Hence, alleged violation is not established.

5.3 RA failed to conduct annual audit from 2015 till date.

- (i) Noticee has submitted that he was under the belief that the compliance audits are mandatory for corporates only and not for the individuals. The Noticee has further submitted that he has now conducted the compliance audit and forwarded the audit reports.
- (ii) The DA held that as per Regulation 25(3) of the RA Regulations, a RA is required to conduct annual audit from a member of Institute of Chartered Accountants of India or Institute of Company Secretaries of India. The RA Regulation does not provide any distinction between body corporates or individuals. It is a requirement for all the RAs registered with SEBI. Being a registered intermediary, Noticee cannot plea ignorance of law. Notice did not

conduct annual audit for 8 financial years i.e, from the year 2015 till the time SCN was issued.

5.4 RA failed to intimate SEBI about change of his office address.

- (i) Noticee has submitted that he tried to update the address but due to technical difficulties and a lack of understanding of the working of the portal, the update could not be completed.
- (ii) The DA found that Noticee was operating from his new address from June 2023. In case of any technical difficulties as claimed by Noticee, he could have approached SEBI to resolve the issue. However, the new address was updated with the SEBI only in 2024, after SEBI conducted the inspection. Hence, Noticee did not adhere to the condition of registration by not updating his address which is a material change.

5.5 RA provided false and incomplete information with respect to details of all offices in respect of the RA activities to SEBI.

- (i) Noticee had submitted that he was carrying out RA activities from his office in Kandivali (West), Mumbai. However, the website of RA, www.shareideas.in mentioned his address at Mahape, Navi Mumbai. Noticee attributed this to an error by the website developer.
- (ii) The DA held that Noticee is a RA from 2015. It was the responsibility of the Noticee to ensure that the data available on the website is correct and cannot blame a third party for the same. All other details on the website pertain to the Noticee. Thus, Noticee had provided false and incomplete details of all offices in respect of his RA activities to SEBI.

5.6 RA failed to mention details such as RA is registered with SEBI, registered office address, and SEBI registration number in the advertisements.

- (i) Noticee has submitted that the advertisement images relied upon by SEBI pertain to a period prior to April 2023, i.e., before the issuance of the SEBI Circular for advertisement. Noticee has further stated that advertisements issued after the issuance of the circular include his name, registration number,

and a link to the website where all disclosures required by the circular have been duly made.

- (ii) The DA noted that the SEBI circular on advertisements was made applicable from May 01, 2023. As per his submission to the inspection team, Noticee was running the advertisements without stating that he was a RA registered with SEBI, registered office address and SEBI registration number from November 2022 to August / September 2023. Therefore, the alleged violation stands established.

5.7 RA failed to display investor charter and all complaints including SCORES complaints received by RA on his website.

- (i) The Noticee has submitted that he has closed his business operations and thus, the website was inactive and had no active clients. Therefore, display of the said data on the website was not applicable to him.
- (ii) The DA held that though the Noticee has no active clients, but he is still a registered intermediary with SEBI and therefore, it was his responsibility to display the details of complaints and update the investor charter on the website. Hence, the alleged violation stands established.

5.8 RA failed to exercise due diligence by not maintaining details of all emails operated for RA activities.

- (i) Noticee has submitted that since he has closed his operations as RA, he had not renewed his website domain and hosting, which resulted in the deactivation of the mailbox. Further, there is no provision requiring the retention of records from the mailbox.
- (ii) The DA noted that as on the date of inspection, the Noticee was a registered intermediary, and therefore, he was required to keep all the data / communication. Noticee cannot take a plea that he has not renewed his domain name and therefore the data is lost. Therefore, the alleged violation stands established.

5.9 Carried out RA activities without a valid NISM certification.

- (i) Noticee has submitted that he inadvertently failed to maintain a valid NISM certificate.
 - (ii) In view of the above, the DA held that Noticee did not have a valid NISM certification while carrying out RA activities from December 01, 2016 till September 06, 2022.
6. The reply of the Noticee submitted *vide* email dated February 17, 2025 is summarized below as follows:
- 6.1 Failed to maintain records of the research recommendation provided to his clients
- (i) Noticee denies that he has violated regulation 25(1)(ii) read with 25(2) of the RA Regulations.
 - (ii) Regulation 25 (1)(ii) states that the RA shall maintain the records of the research recommendation provided, which the Noticee has properly maintained along-with its rationale. The Noticee has submitted the research recommendation with the rationale to the inspecting authority and its receipt was acknowledged in the inspection report.
 - (iii) All the research recommendations were disseminated via WhatsApp to all the clients, wherein due to a technical issue, access to that data was unfortunately blocked, and hence could not be displayed to the SEBI inspecting authority.
 - (iv) However, it is important to note that regulation 25 does not require maintaining records of the communication medium used for sending the recommendations. It focuses solely on the research report, recommendation and its rationale – all of which the Noticee has demonstrably maintained. Also, in the 10 years of the practice of the Noticee, none of the clients have ever raised the concern that he / she has not been delivered with the research recommendations. Hence, the allegation of SEBI that the Noticee has not provided recommendations to the client, is baseless.
 - (v) The Noticee has attached screenshots of some of the WhatsApp chats that were sent to clients by the Noticee on one-to-many basis. The said screenshots prove that the respondent used to send these messages to his clients via broadcast list on WhatsApp.

- (vi) As per the adjudication order, DA is of the opinion that the violation does not stand established as per the regulation.

6.2 Failed to conduct annual audit from 2015 till date

- (i) Noticee was previously under the impression that compliance audits were mandatory for corporates only, and not for individuals. This was a misunderstanding and oversight on the part of the Noticee.
- (ii) Noticee has duly conducted the compliance audits for all the financial years since the date of his SEBI registration and is now in compliance with audits. The reports for the F.Y 2019-2020 to F.Y 2023-2024 were already submitted previously on July 24, 2024 along with SCN Reply and the reports for the F.Y 2014-15 to F.Y 2018-19 and compliance certificate were also submitted vide email dated October 03, 2024.

6.3 Failed to intimate SEBI about change of his office address

- (i) Noticee attempted to update the address, which can be found under reference no. 1019161. However, due to technical difficulties and a lack of understanding of the working of the portal, the update could not be completed. The new office, No. S120 is located in the same building/premises and on the same floor and right opposite the old office, No. S136. There was no ulterior motive or ill-intention in not updating the address, the delay was due to a genuine mistake, technical difficulties, and the Noticee's ill-health.
- (ii) As of March 07, 2024, the Noticee has updated the address on the SEBI Portal vide Reference No. 1034608.
- (iii) The Hon'ble SAT in the matter of UPSE securities Ltd. vs. SEBI, has observed that *"the object of carrying out inspection of the books of accounts and records of any intermediary including a stock exchange or its subsidiaries is to ensure compliance with the provisions of the Act, Rules, Regulations, By-laws and circulars issued from time to time which are meant to regulate the securities market. Every little irregularity/ deficiency noticed during the course of the inspection is not culpable and does not call for initiation of penalty proceedings. The purpose of inspection in quite a few cases could be better achieved if the inspecting team at the time of the inspection were to advise the erring entity."*

6.4 Provided false and incomplete information with respect to details of all offices in respect of the research analyst activities to SEBI

- (i) Noticee did not submit any incomplete or false information to SEBI. Noticee has never operated at the Mahape, Navi Mumbai address. Noticee has been working from the same building (*i.e.*, registered address at Raghuleela Mall, Kandivali, Mumbai) premises from day 1 and has shifted to other offices in same building premises only for all the possible practical reasons and convenience. The incorrect address was mistakenly displayed by the website developer during revamp of the website. This is supported by a letter from the web developer, which was attached to the reply to the observation report.
- (ii) There is no evidence on record to establish that the Noticee was operating from Navi Mumbai.
- (iii) The DA SCN in Point no 17, itself observes that *“details such as SEBI registration no, type of registration, contact, email, etc. mentioned on the website are proper and in respect of only one parameter i.e. address.”*. The Noticee has no benefit to gain by mentioning wrong or incomplete address as the SEBI database already has the detailed address of Noticee in its records and the fact that the SEBI officers personally visited the office building address which was available in SEBI’s database. From the name and registration no., clients can easily track the address of the RA.
- (iv) Regulations 29(1) and 29(2) of RA Regulations requires a person to give all those documents or information which are in his possession and co-operate with the inspection. Noticee has always co-operated and provided all information and documents available with him & in his possession to the officers in a timely manner. Therefore, the Noticee has not violated regulations 29(1) and 29(2) of RA Regulations.

6.5 Failed to mention details such as Name of the RA, registered office address, SEBI registration number in the advertisements

- (i) Noticee was asked no. of documents and queries and timeline to provide the same was less than 24 hours. Further, few requirements/queries were asked on phone instead of email.
- (ii) During the inspection, he was telephonically asked whether any advertisements were displayed and the duration of those advertisements. His response indicated that ads were run from November 2022 until August / September 2023. However, this does not imply that identical ads were run all the time. Noticee clarifies that the ad content was updated in accordance with the April 2023 Circular and these changes were promptly implemented.
- (iii) Ads were run on Facebook for period Nov 22 till Aug / Sep 23, however sample of which SEBI has considered, pertains to FY 22-23. The new ads issued post the issuance of the said circular duly complied with all the regulatory compliances.
- (iv) The advertisement images relied upon by SEBI pertain to a period prior to April 2023, *i.e.*, before the issuance of the SEBI circular for advertisement. Advertisements issued after the issuance of the circular include his name, registration number, and a link to the website where all disclosures required by the circular have been duly made. Hence, the Noticee is not in violation of the provisions of clause 1(b)(i) of SEBI circular SEBI/HO/MIRSD/MIRSD-PoD-2/P /CIR/2023/51 dated April 05, 2023.

6.6 Failed to display investor charter as well as all complaints including SCORES complaints received by RA on his website

- (i) Business operations of Noticee had already closed, and the service tenure of all his existing clients was over. Noticee was not taking up any new clients, thus, making it unnecessary to keep the website live. The business operations were closed and the website was down even before SEBI initiated the inspection.
- (ii) While his website was active, he duly displayed the required data on it, which can be verified.
- (iii) Once the website was inactive due to the closure of his business operations, he was required to send the data via email to his active clients. However, since the Noticee was no longer in operation and had no active investors/clients,

therefore, sending the said data through email was not applicable to him. Hence, this allegation is hit by doctrine of impossibility of performance.

- (iv) The case of State of Rajasthan and Anr vs. Shamsheer Singh 1985 (supp) - SCC – 416, lays down the doctrine of the impossibility of performance which indicates that however mandatory the provision may be, where it is impossible of compliance, that would be sufficient excuse for non-compliance particularly when it is a question of the time factor. In the case of Raj Kumar vs. Tarapada (1987) 4 SCC 398, a similar view was held which reads as follows:

“..... The law, in its most positive and peremptory injunctions, is understood to disclaim, as it does in its general aphorisms, all intention of compelling impossibilities and the administration of laws must adopt that general exception in consideration of all particular cases. the law does not compel a man to do that which he cannot possibly perform and an act of the Court shall prejudice no man would apply with full favour in the facts of this case”.

- (v) The Noticee undertakes to adhere to and comply with the said requisition, as and when he resumes his business activities.

6.7 Failed to exercise due diligence by not maintaining details of all emails operated for research analyst activities in order to verify whether any complaints pertaining to assured returns was received by RA

- (i) This accusation lacks merit. Noticee had not renewed his website domain and hosting, which resulted in the deactivation of the mailbox. There is no provision requiring the retention of records from the mailbox.
- (ii) SEBI has established a mechanism for investors to file their grievances through the SCORES portal. The inspecting authority could have reviewed the SCORES portal, which shows that only 9 unique complaints were received over the past 10 years, all of which were resolved in a timely manner. There are no pending complaints against the Noticee. Noticee would have been negligent and would have lacked due diligence if he would not have resolved the complaints received via the SCORES portal.
- (iii) SEBI has admitted in the para 28 itself that the regulations do not mandate maintaining records of internal emails, and it is admitted that the operations of

the company had already stopped. Thus, the allegations are devoid of any merit and are hit by doctrine of impossibility of performance as elaborated in earlier paragraph.

- (iv) Clause 2 of the Code of Conduct requires that research reports to be prepared with due skill, care, and diligence, ensuring thorough analysis. The Noticee states that there has never been any dispute or allegation regarding this aspect, and thus he has not lacked due diligence in his operations. The Noticee has not violated Clause 2 of the Code of Conduct and should not be held in violation of the same.

6.8 RA has mis-sold his services and fraudulently collected funds from his clients / investors by misleading them with false information/ assuring profit / inducing them

- (i) In response to SEBI's allegation regarding return assurances on the Noticee's website, the Noticee denies any such claims.
- (ii) With regard to the complaint filed by Mr. Pramod Kumar, the Noticee has not yet officially received a copy of the complaint from Mr. Pramod Kumar, NSE, or SEBI. The alleged complaint was first time encountered in the observation report. Therefore, the Noticee questions the authenticity of this unverified allegation, as a result of which he had not replied to it while replying to the observation letter.
- (iii) The WhatsApp communication does not display any phone number and thus, it is impossible to verify as to who has made these chats. These chats cannot be relied upon as firstly, the Noticee or any of his representative have never had any communication with any client wherein any sort of profit assurance is given. Secondly, 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 the Evidence Act because there are a number of applications on play store and apple store wherein fake WhatsApp chats can be created and they look completely like original ones. Thirdly, for the aforesaid reasons of creation of fake WhatsApp chat, it is important that their veracity be verified by a government officer, if not through forensic science laboratory report. These fake WhatsApp chat applications work exactly like original ones and any fake chat including attachments, photos etc. can be created.

- (iv) In the matter of Star World Research QJA/GG/WRO/ WRO/24160/2022-23, this Hon'ble Board held:

46. "The Noticee has denied having made the WhatsApp communication with the complainant. The Noticee has stated that the conversation does not depict a phone number and therefore cannot be verified. I am of the view that to make such serious allegations, sufficient proof is required. Hence, I am inclined to accept the submission of the Noticee. The allegation is therefore dropped in favour of the Noticee.

59. Based on the complaint of Gourish Dwivedi lodged on SCORES (complaint ref no. SEBI/MP20/0000638/1), it is alleged that the Noticee had handled the demat account of the clients. The complainant had also provided various WhatsApp communications that purportedly took place between the Noticee and the complainant. The Noticee has denied the aforesaid conversations. The Noticee also stated that the screenshot of the chats do not display the phone number of the Noticee.

60. On perusal of the copies of WhatsApp communication, it is noted that the said chat screenshots do not display the phone number of the Noticee. Hence, there is no evidence on record based on which the chats are attributable to the Noticee. In view of the same, I am inclined to accept the submission made by the Noticee in this regard and drop the allegations in this regard."

- (v) This position has been upheld in the matter of Dezire Research (Order/ AK/ AJ/2023-24/28332 dated July 26, 2023) by the learned AO therein.
- (vi) The website's homepage clearly displays a prominent disclaimer on the top of the page, written in layman's terms for easy comprehension and in easy-to-understand language, which explicitly states: *"Investing in securities market is subject to market risk we do not offer any guaranteed profit services or fixed returns. Before taking Expert Advice and any services with Shareideas Clients should read disclaimers, terms and conditions refund policy of the company, we do not accept fee in any personal Individual Bank account and any payment should be in favour of Share Ideas"*. SEBI appears to have overlooked this comprehensive disclaimer at the top of website's homepage and focused instead on content that doesn't make explicit guarantees. The board has to

give due regards to the scroll which is more visible to a common man than something written in the bottom of page.

- (vii) With regard to the contents of investment advisory, the website developer had while developing / revamping the website, had mistakenly copied content from other investment advisor websites. A letter from the developer confirming this error was already provided in the reply to the observation report.
- (viii) It can be clearly seen on the said screenshot of the website that there was a link named certified technical analyst, wherein the details of the research analyst along with registration number was clearly mentioned, which clearly shows type of registration as Research Analyst. It is thus shocking that SEBI chose to ignore its own observation and further chose to ignore the reply of the noticee which clearly stated that the website developer had committed an error of copying the content from another website and the same was nothing but a mistake of oversight on the part of Noticee as well as the web developer. If the noticee wanted to mislead and misguide the investor or his clients then he would not have mentioned his correct registration no., and correct registration type.
- (ix) Noticee has never acted as an investment advisor and was providing uniform recommendations to all the clients which can be verified from the WhatsApp messages. Noticee has never undertaken any financial planning, or risk profiling or suitability report of his services to anyone and thus, his services cannot be said to be that of an investment adviser, as he has only given services of a Research Analyst. There are no complaints stating that the respondent has mislead his clients into believing that he was an investment advisor. Thus, it cannot be said that the Noticee has collected funds from clients/investors for providing RA services in the name of ShareIdeas / RA-Parag as SEBI Registered Investment Advisor.
- (x) Till date none of the clients/investors has alleged that they have been mislead by the Noticee or the Noticee had promised them assured returns, which supports the claim of the Noticee of not providing any kind of assured returns.
- (xi) The profit assured section with the text *"In this services we offer you for 50 Profitable recommendations, Pay only when you make profits"* is mistakenly pasted randomly on website by web developer and is not associated to any

plans or packages. Noticee did not offer any such plans or package or services to any of its clients and thus no clients had ever been registered and/or subscribed for any such plans.

- (xii) In the matter of Chetan Kalubhai Dhokiya (CGM /GG /QJC2 /WRO /WRO /21929 /2022-23), para 60, it was held that: *“In this regard, I find that the Noticee has listed various plans on website of Dalal Street wherein one of the plans is ‘3X Return’. I also note that the details of clients who have subscribed to this plan is not available on record. I find that, except for displaying ‘Profit Assured’ statement and the ‘3X return’ on his websites, no other evidence is available to substantiate that the clients were indeed induced by the same or that clients subscribed to such plans, thereby, getting deceived or defrauded as a result of such declarations made on the websites operated by the Noticee.”*

- (xiii) The Hon’ble WTM in the matter of GRS Solutions has held that:

11. *“I have examined the abovementioned observations of the Order-cum-SCN and have considered the reply of the Noticee in this regard. I note that the Noticee has submitted that the accuracy levels shown on its website were just marketing /advertising tool. It has further stated that it had in no way guaranteed the returns. As per the Noticee, on its website, it was clearly mentioned that “We do not provide any guaranteed returns.” Furthermore, in the Noticee’s welcome mail, which was sent to every client while on boarding him / her, this line was mentioned: “Stock market has inherent market risk, hence we do not claim any profit guaranteed services”. It has, thus, in no way made false and misleading representation to the clients /investors. Thus, the observations made in the Order-cum-SCN in this regard are not correct. The Noticee has also provided a copy of the welcome email.*

12. *“I note from the contents of the website, as mentioned in the Order-cum-SCN, that the same refers to “80-85% accuracy” of the Noticee’s tips. The other phrases used are “high return on investment”, “high accurate 1-2 calls”, “maximize profit” and “promise of high success rates”. It appears to me that the figure of 80-85% is in the context of accuracy of tips and not the assured rate of return promised on investment made. I further note that phrases like “high*

return on investment”, “high accurate 1-2 calls”, “maximize profit” and “promise of high success rates” without mention of any specific rate of return is mere representation about quality / accuracy of his tips and does not amount to promising assured returns. In my view, promise of assured return would imply that the investor is being promised a specified rate of return on his investment, under any circumstances. I further note from the copy of the sample welcome mail which the Noticee purportedly sends to each client, as provided by the Noticee, that the same refers to investments in the securities market as being subject to risks. As regards the transcripts of the conversation between the employees of the Noticee and the clients, as quoted above from the Order-cum-SCN, I note that the same appear to be merely marketing gimmicks rather than being an actual promise of assured returns. In view of the above, I find that the allegations of offering assured returns against the Noticee are not made out.”

- (xiv) In the matter of Star World Research; wherein in the exact same case it was held that: *“With respect to the definition of “fraud” under regulation 2 (c), I am of the view that the same is very wide and general in nature. The definition of “fraud” alone does not bring an act within the purview of PFUTP Regulations. There has to be “dealing in securities” as defined under regulation 2(1)(c) of PFUTP Regulations. There is no proof to show that the IA has committed fraud while “dealing in security” as contemplated under the PFUTP Regulations. In view of this, the misleading representations made by the IA to its clients and the wrong categorisation of clients and selling high risk products to unsuitable clients or levying GST after cancellation of its GSTN, etc., would not bring the Noticee`s acts within the prohibition under the PFUTP Regulations. These are violations of the prescriptions laid down in various provisions of the IA Regulations and the Code of Conduct. I am, therefore, inclined to drop the allegation of fraudulent and unfair trading in favour of the Noticee.”* Hence, by following the principle of the stare decisis, the PFUTP violations shall be removed upon from the Noticee as the alleged violations, if established, have not been committed while dealing in security and also no material evidence has been established in this regard.

- (xv) SEBI had in its order in the matter of Niveshicon Investment Advisor had also held similar interpretation and the alleged violation of Regulation 3(a), (b), (c) and (d) of PFUTP Regulations read with Section 12A (a), (b) and (c) of SEBI Act, 1992 were removed.
- (xvi) No evidence on record shows any fraud committed by the Noticee. In the order of Hon'ble Securities Appellate Tribunal dated January 04, 2022 in the matter of Ms. Suhanika Chourey, the findings of PFUTP violations were set aside as there was no evidence brought out on record.
- (xvii) Thus, the position taken by the Hon'ble Board in similar matters, as reflected by the order of Hon'ble WTM is amply clear in the aforesaid order and thus, such mentions though mistakenly copied by web developer cannot be held against Noticee and shall be dropped.

6.9 Carried out research analyst activities without a valid NISM certification

- (i) During the period from December 2016 to September 2022, the Noticee inadvertently failed to maintain a valid NISM Certificate. Noticee mistakenly believed the certificate only required a one-time acquisition in case of a professional qualification, as in case of the Noticee and remained valid for life, with only the SEBI registration needing renewal. Upon recognizing this error, the Noticee promptly enrolled for the examination and successfully passed the NISM exam.
- (ii) The Research Analyst had already complied with certification requirements in September 2022, long ago before inspection or show cause notice and duly holds valid NISM certification as required under the regulations. Therefore, Noticee respectfully requests SEBI to view it with leniency.

6.10 Other Submissions

- (i) In the order of Hon'ble Securities Appellate Tribunal dated June 16, 2011, in the matter of Religare Securities Limited vs. SEBI (Appeal No. 23 of 2011), it was held that *"5. It must be remembered that the purpose of carrying out inspection is not punitive and the object is to make the intermediary comply with the procedural requirements in regard to the maintenance of records. We*

also cannot lose sight of the fact that every minor discrepancy/irregularity found during the course of inspection is not culpable and the object of the inspection could well be achieved by pointing out the irregularities/ deficiencies to the intermediary at the time of inspection and making it compliant. This will, of course, depend on the nature of the irregularity noticed and we hasten to add a caveat that it is not being suggested that if any serious lapse is found during the course of the inspection, the Board should not proceed against the delinquent. For the reasons recorded above, the appeal is allowed and the impugned order set aside with no order as to costs.”

- (ii) Majority of the allegations levelled are related to compliance and the same are either procedural and/or technical in nature due to human error, lack of knowledge and/or awareness of compliances, impossible to perform due to various reasons as mentioned above. The same are without any malafide intention or ulterior motive and no unlawful gains and/or monetary benefits have incurred to the Noticee. Thus, Noticee prays that the Hon’ble Board to deal with the same with leniency and grant the noticee with an opportunity to reform and resume his business activities.
7. *Vide* email dated February 17, 2025, Noticee conveyed that he does not wish to avail a hearing opportunity and requested that an appropriate order be passed based on his reply and annexures. Accordingly, the matter is being proceeded on the basis of material available on record.

C. CONSIDERATION OF ISSUES AND FINDINGS

8. I have perused the DA SCN, the DA Report, the replies of the Noticee and other material available on record. After considering the allegations levelled against the Noticee in the instant matter, the following issues arise for consideration:

Issue No 1: Whether the Noticee has mis-sold his services and fraudulently collected funds from his clients and violated provisions of the PFUTP Regulations read with the SEBI Act and the RA Regulations?

Issue No 2: Whether the Noticee has failed to comply with various provisions of RA Regulations, circulars and notifications issued thereunder?

9. Before moving forward to examine the charges, it is necessary to mention the relevant legal provisions which read as follows:

9.1 SEBI Act

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;*

9.2 PFUTP Regulations

2(1)(b) “dealing in securities” includes

- (i) an act of buying, selling or subscribing pursuant to any issue of any security or agreeing to buy, sell or subscribe to any issue of any security or otherwise transacting in any way in any security by any persons including as principal, agent, or intermediary referred to in section 12 of the Act, either by themselves or through mule accounts;*
- (ii) such acts which may be knowingly designed to influence the decision of investors in securities; and*
- (iii) any act of providing assistance to carry out the aforementioned acts.*

2(1)(c) “fraud” includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss, and shall also include—

- (1) a knowing misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment;*
- (2) a suggestion as to a fact which is not true by one who does not believe it to be true;*
- (3) an active concealment of a fact by a person having knowledge or belief of the fact;*
- (4) a promise made without any intention of performing it;*
- (5) a representation made in a reckless and careless manner whether it be true or false;*

- (6) any such act or omission as any other law specifically declares to be fraudulent,
- (7) deceptive behaviour by a person depriving another of informed consent or full participation,
- (8) a false statement made without reasonable ground for believing it to be true.
- (9) the act of an issuer of securities giving out misinformation that affects the market price of the security, resulting in investors being effectively misled even though they did not rely on the statement itself or anything derived from it other than the market price.

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-

- (i) 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, or
- (ii) transactions through mule accounts for indulging in manipulative, fraudulent and unfair trade practice shall be and shall always be deemed to have been included in sub-regulation (1).

- (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
- (o) fraudulent inducement of any person by a market participant to deal in securities with the objective of enhancing his brokerage or commission or income;
- (s) mis-selling of securities or services relating to securities market;

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

- (i) knowingly making a false or misleading statement, or
- (ii) knowingly concealing or omitting material facts, or

- (iii) knowingly concealing the associated risk, or
- (iv) not taking reasonable care to ensure suitability of the securities or service to the buyer

9.3 **RA Regulations**

Qualification and certification requirement.¹

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

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

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

Conditions of certificate.

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

(ii) the research analyst shall forthwith inform the Board in writing, if any information or particulars previously submitted to the Board are found to be false or misleading in any material particular or if there is any material change in the information already submitted;

General responsibility.

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

Maintenance of records.²

25. (1) *Research analyst or research entity shall maintain the following records:*

(ii) research recommendation provided;

(2) All records shall be maintained either in physical or electronic form and preserved for a minimum period of five years: Provided that where records are required to be duly signed and are maintained in electronic form, such records shall be digitally signed.

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

Obligation of research analyst on inspection.³

¹ As it read before its amendment with effect from December 16, 2024.

² As it read before its amendment with effect from December 16, 2024.

³ As it read before its amendment with effect from December 16, 2024.

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, 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.*

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.*

9.4 Master Circular for RAs dated June 15, 2023

4. Publishing of Investor Charter and disclosure of Investor Complaints by Research Analysts on their websites/mobile applications

4.2. *All registered Research Analysts are advised to bring to the notice of their clients the Investor Charter as provided at **Annexure A** by prominently displaying on their websites and mobile applications. Research Analysts not having websites/mobile applications shall, as a one-time measure, send Investor Charter to the investors on their registered e-mail address.*

4.3. *Additionally, in order to enhance transparency in grievance redressal, Research Analyst (RA) shall disclose on their websites/mobile applications, all complaints including SCORES complaints received by them in the format mentioned in **Annexure B** on a monthly basis. The information shall be made available by 07th of the succeeding month. Research Analysts not having websites/mobile applications shall send status of Investor Complaints to the investors on their registered email on a monthly basis.*

7. Advertisement code and usage of brand name/trade name

7.1. *Research Analysts shall ensure compliance with the advertisement code as prescribed below:*

b. Information/disclosures in the advertisement: The information/disclosures that the advertisement shall contain, include the following. Name of the RA as registered with SEBI, registered office address, SEBI Registration No., logo/brand name/trade name of RA, and CIN of the RA, if applicable.

9.5 **Research Analyst Examination: Notification under regulation 3 of the Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets) Regulations, 2007**

2. It is hereby notified that with effect from the date of this notification, any person acting or desirous of acting as research analyst under the Securities and Exchange Board of India (Research Analysts) Regulations, 2014 ("the Regulations"), shall obtain certification from the National Institute of Securities Markets (NISM) by passing the "NISM-Series-XV: Research Analyst Certification Examination", as mentioned in the NISM communique No. NISM/Certification/Series-XV: Research Analyst/2015/01 dated February 16, 2015.

3. Notwithstanding anything contained in this notification, any person acting or desirous of acting as research analyst, may also, in the alternate, obtain certification recognised by the Board from time to time, for the purpose of sub-regulation (2) of regulation 7 of the Regulations.

Issue I Whether the Noticee has mis-sold his services and fraudulently collected funds from his clients and violated provisions of the PFUTP Regulations read with the SEBI Act and the RA Regulations?

10. The DA has concluded that due to mis-selling and fraudulently collecting funds from his clients, the Noticee has violated regulations 3 (a - d), 4 (1) and 4(2)(k),(o) and (s) of PFUTP Regulations read with sections 12A(a), (b) and (c) of SEBI Act and Clause 1 of the Code of Conduct as specified in the Third Schedule under Regulation 24(2) of the RA Regulations.

I.1 **Assured Return**

11. I note that the DA Report records that on the Noticee's website (www.shareideas.in), available on <https://web.archive.org/web/20230123060710/https://shareideas.in/>, under the page "Stock recommendations Provider in India" and thereunder "Index Option", the Noticee had indicated returns for each trade as under:

Image 1

Recommendations will be given with proper Target & 'Stop Loss. Get Approx Possible Profit Upto Rs 4000 per positive trade. Get Necessary updates delivered in seconds thru Share Ideas Website. Get the best Customer Support at all times.

Therefore, according to the DA, it is clear that the Noticee was promising specific returns. Further, the promise of assured returns was not followed by any disclaimer.

12. From the website screenshots available on record, I note that the above image pertains to a service offered by the Noticee. The title of the service is "Index Option". Further, I note that another service also indicates possible profits. The service is titled "Platinum Option Service" and reads as follows:

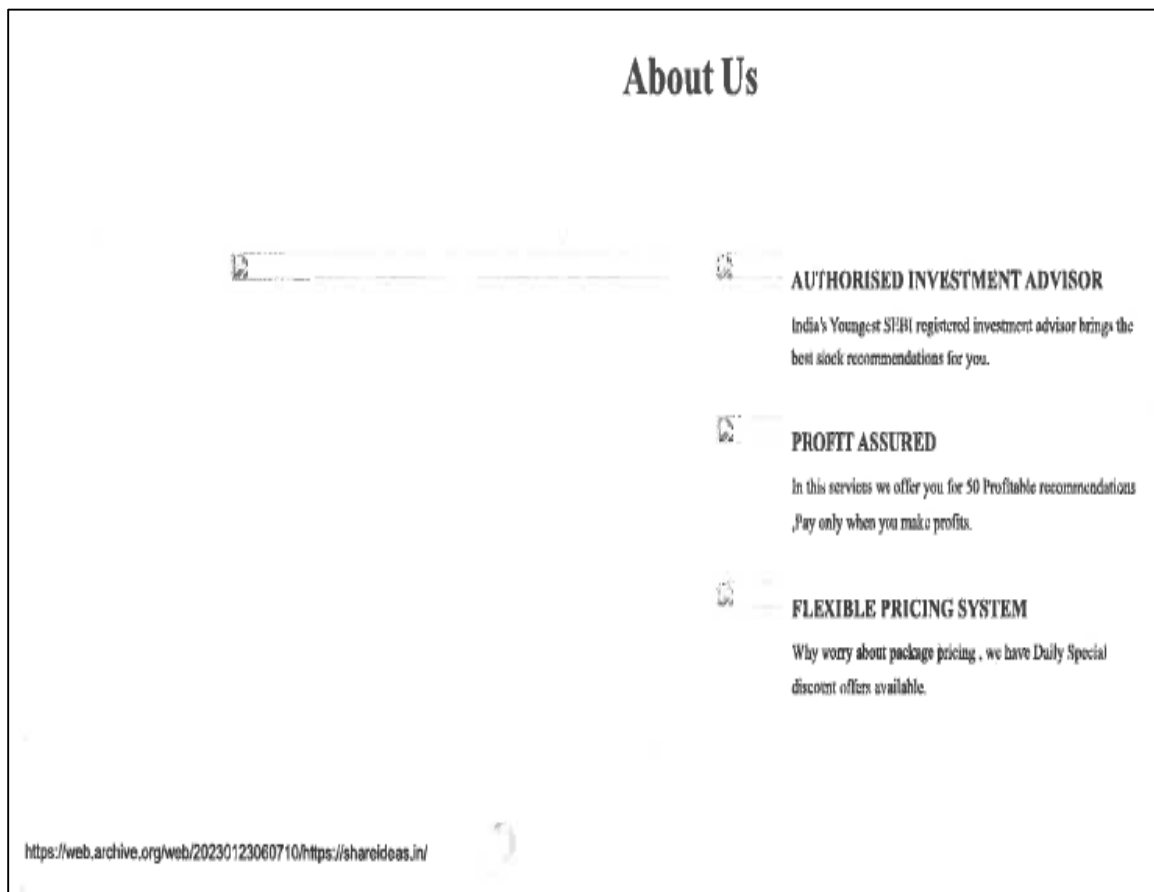
"In Platinum Option Service services Share Ideas offers Only Option Premium Ideas. Get Approx Possible Profit Upto 5k to 30k Per Trade. Get 1-2 Heavy Momentum Recommendations in these services. Recommendations will be given with proper Target & Stop Loss. Get Necessary updates delivered in seconds thru Share Ideas Website. Get the best Customer Support at all times."

(emphasis supplied)

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13. In addition to the above, I note that the “About Us” section on the website, the following was displayed:

Image 2



14. Thus, from the above, I note that the Noticee has used the heading “Profit Assured”, wherein the content beneath reads as: *“In this services we offer you for 50 Profitable recommendations, Pay only when you make profits.”*. One may argue that the phrase *“Pay only when you make profits”*, by itself, is not an assurance that profit will actually be achieved. The phrase leaves open the real possibility of no profit whatsoever as the language simply suggests that if profit arises, payment is due from the client, if not, no payment is required.
15. The Noticee has submitted that the website’s homepage displays a prominent disclaimer which explicitly states that he does not offer guaranteed profit or fixed returns. The exact language from the website is reproduced below:

"Investing in securities market is subject to market risk we do not offer any guaranteed profit services or fixed returns. Before taking Expert Advice and any services with Shareideas Clients should read disclaimers, terms and conditions refund policy of the company, we do not accept fee in any personal Individual Bank account and any payment should be in favour of Share Ideas".

According to the Noticee, SEBI has overlooked this comprehensive disclaimer and focused on content that doesn't make explicit guarantees. SEBI needs to give due regard to the scroll.

16. In this regard, I find that the Noticee has not provided any explanation for placing the following text in a ticker / scroll *"we do not offer any guaranteed profit services or fixed returns"*, whereas the information about assured profits or possible profits is placed as static text. I am of the view that the Noticee cannot absolve himself from his assured profit or indication of possible profit claims which appear at multiple places on his website by relying on a scroll. The claims clearly mentioned the amount of profit an investor would earn per trade (such as INR 5,000 to INR 30,000). The argument of the Noticee that the scroll (*i.e*, text scrolling through the screen) on the website was more visible to a common man than something written on the bottom of the page, and therefore, the scroll should be given more importance is also not tenable. An investor may be too impatient to wait for the scroll to end or they may assume that the non-visible information is unimportant. The content of the scroll is unpredictable. Hence, using a ticker / scroll is not going to impart information as effectively as a static text. If one cannot be sure that someone visiting the website will read a ticker in entirety, it is only logical that any significant or important information is not placed in the ticker. There is no justifiable reason for the disclaimer (about *investing in stock market being subject to market risks*) not being placed on a webpage which has so much space.
17. The Noticee has also submitted that the text *"In this services we offer you for 50 Profitable recommendations, Pay only when you make profits"* was inadvertently pasted on the website by the web developer and it is not associated with any plans

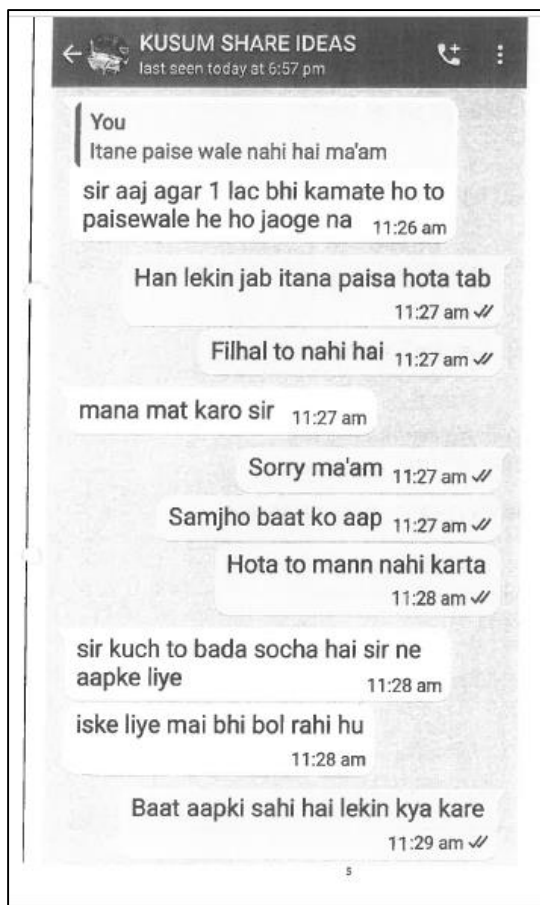
or packages. I find that the Noticee cannot outsource his responsibility over the contents of his website to a third party and shield himself from applicable regulations. If this explanation is accepted, every market intermediary would excuse themselves from their responsibilities by seeking refuge under the mistake of others.

I.2 Complaint filed by Mr. Pramod Kumar Mishra

18. I note that the DA Report alleges that one Mr. Pramod Kumar Mishra, shared his WhatsApp chats with Ms. Kusum (*a person claimed to be the Noticee's employee*) from shareideas (*Shareideas.in is the website of the Noticee.*), wherein it was observed that she was trying to induce Mr. Pramod to pay to subscribe to the services of the Noticee. Mr. Pramod had made a payment of INR 15,000 to Noticee / Kusum, wherein Ms. Kusum can be seen saying: *"sir kuch to bada socha hai sir ne aapke liye"*, *"sir aaj agar 1 lac bhi kamate ho to paisewale he ho jaoge na"* and *"sir jackpot level dekhna hai aapko sir ka"*. In this regard, the DA has concluded that apart from raising objections with respect to not receiving the complaint officially and the complaint not being coupled with certificate under section 65B of the Evidence Act, the Noticee has not made any submission on the content of the WhatsApp messages. The WhatsApp messages were forwarded to the Noticee as part of the letter communicating the inspection findings.
19. In this regard, the Noticee has submitted that he encountered the complaint of Mr. Pramod for the first time in the inspection report. Noticee has claimed that he questions the authenticity of the unverified allegation, therefore, he had not replied to it while responding to the observation letter. He has further submitted that the WhatsApp communication does not display any phone number, thus, it is impossible to verify who has made these chats and that the Noticee's representative(s) did not have any communication with a client wherein any sort of profit assurance was given. Further, according to him the WhatsApp chats cannot be relied upon in absence of section 65B of the Evidence Act.
20. I note that in the WhatsApp chats, a person whose contact is saved as "KUSUM SHARE IDEAS" has *inter alia* stated: *"sir kuch to bada socha hai sir ne aapke liye"*,

“sir aaj agar 1 lac bhi kamate ho to paisewale he ho jaoge na” and “sir jackpot level dekhna hai aapko sir ka”. A sample is reproduced below:

Image 3



21. I note that Noticee has questioned the veracity of the WhatsApp chats submitted by Mr. Pramod Kumar Mishra. He has stated that neither he nor his employee had assured profit to any client. In this regard, I note the client list furnished by the Noticee to the inspection team for the FY 23-24 (*vide* email dated March 11, 2024), includes the name of one, Mr. Pramod Kumar Mishra (refer **Image 4**). The document shows that Mr. Pramod Kumar Mishra has paid INR 22,500 (inclusive of GST) for “Index Option Regular” scheme of the Noticee starting from May 09, 2023 to June 05, 2023. I note from the complaint of Mr. Pramod Kumar Mishra submitted to SEBI, that he had paid INR 5,000 on May 05, 2023 to one Ms. Kusum as registration charges and later INR 15,000. I find that the amount involved in the complaint (INR 20,000) and the amount remitted by one Mr. Pramod Kumar Mishra (INR 22,500)

who is a client of the Noticee to be close. Further, the package of Mr. Pramod Kumar Mishra who is the client of Noticee also starts around the same time (i.e, May 09, 2023) that the complainant Mr. Pramod Kumar paid the sum to Ms. Kusum (i.e, May 05, 2023).

Image 4

09-05-2023	B Athiaman	5,500	Index Option / Index Option Classic	17-05-2023
09-05-2023	Goutam Kumar Patra	2,420	Index Option / Index Option Classic	12-05-2023
09-05-2023	Manoj Kumar Sharma	19,500	Index Option Regular / Index Option R	01-06-2023
09-05-2023	Pramod Kumar Mishra	22,500	Index Option Regular / Index Option R	05-06-2023
09-05-2023	Ramandeep Singh	56,800	Index Option Diamond	05-06-2023
09-05-2023	Sandeep Kumar So Labh Singh	4,000	Index Option / Index Option Classic	15-05-2023
09-05-2023	Vikash Kumar	5,000	Index Option / Index Option Classic	17-05-2023
10-05-2023	Akhilesh Kumar So Dhrup Sah	1,000	Index Option / Index Option Classic	11-05-2023

22. Most importantly, in the excerpt of the WhatsApp chats submitted by Mr. Pramod Kumar Mishra to SEBI, it can be seen that Ms. Kusum has sent a QR code to the recipient (refer **Image 5**). When the QR code is scanned, it redirects a user to the account of Noticee. It reads as:

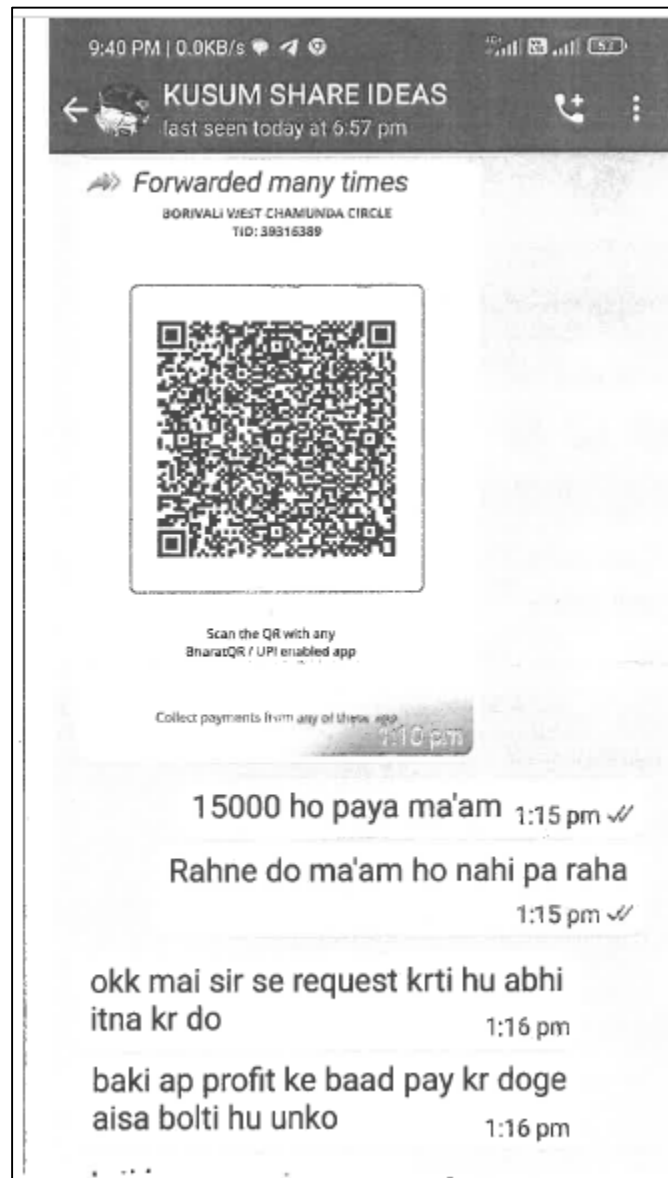
“Paying PARAG JAYSUKH SALOT

Banking name: SHARE IDEAS

UPI ID: shareideas.39316389@hdfcbank”

[Page intentionally left blank]

Image 5



23. From the above, on a preponderance of probability the complaint by Mr. Pramod Kumar Mishra appears to pertain to the activities of the Noticee. If Ms. Kusum was not representing the Noticee, there is no explanation for her to send the QR code of the Noticee to the complainant, Mr. Pramod Kumar Mishra. In the complaint, *vide* email dated June 26, 2023, Mr. Pramod Kumar Mishra has *inter alia* stated:

“3. There after on 11th May, 2023 morning she have called and forced me to pay Rs. 40000/- advanced for Jack pot. I had denied. But at last I was agree for Rs. 15000/- which is refundable basis if I did not get profit and she have promised to provide

good trade which will give profit. But instead of profit I lost total Rs. 40912/- i.e approx. Rs. 41000/-.

24. I note that earlier the Noticee kept evading from admitting the allegation of Mr. Pramod Kumar Mishra's complaint by stating that he has not received the complaint officially. In the current proceedings, Noticee has raised doubts with respect to the authenticity of the WhatsApp chats for the first time, which as shown previously, have been proved otherwise. Reliance on the cases of Star World Research (supra) and Dezire Research (supra), does not further the Noticee's contentions. In the said cases, the allegation was dropped as the WhatsApp conversation in dispute therein did not depict a phone number, therefore, the claim of the complainant therein could not be verified. However, in the present case, the QR code in the chats of the complainant leads on to the account of the Noticee. Additionally, in the client list submitted by Noticee to SEBI, name of one Mr. Pramod Kumar Mishra can be seen along with similar amounts paid and package start time as the complainant. Lastly, Noticee has submitted that the WhatsApp chats cannot be relied upon in absence of section 65B certificate under the Indian Evidence Act. In this regard, I agree with the DA that the present proceedings being quasi-judicial in nature, the provisions of Bharatiya Sakshya Adhiniyam, 2023 are not strictly applicable.

I.3 Claim of Investment Advisor on website

25. The DA Report alleges that the Noticee had misrepresented himself as an Investment Advisor without obtaining the necessary registration.
26. In this regard, Noticee has submitted that the website developer had while developing / revamping the website, mistakenly copied content from other investment advisor websites. A letter from the developer confirming this error was already provided in the reply to the observation report. It can be clearly seen on the said screenshot of the website that there was a link named "certified technical analyst", wherein the details of the research analyst along with registration number was clearly mentioned, which clearly shows type of registration as Research Analyst.

27. In this regard, I note from **Image 2** above that the “About Us” section of the website of Noticee, read as follows:

“AUTHORISED INVESTMENT ADVISOR

India’s Youngest SEBI registered investment advisor brings the best stock recommendations for you.”

28. In this regard, Noticee has submitted a letter by one “Digistan Consultant” based in Navi Mumbai which states that the said consultant / web developer had copied content from a third party website which belongs to an Investment Advisor, and hence, the same content was also reflecting on the website of Noticee. The same, according to him, was an unintentional mistake. After perusing the letter, I find it difficult to place reliance on it. The said letter is undated, and does not go into details. Even if the letter is considered to be true at face value, it was the responsibility of Noticee to ensure that incorrect claims are not appearing on his website. Noticee has further submitted that under the link “Certified Technical Analyst”, details of research analyst along with registration number was clearly mentioned. It is unreasonable to expect that the investor would want to verify the claim of Investment Advisor appearing on the website of Noticee, and when he / she only finds registration details of Noticee as a Research Analyst, he / she would assume that Noticee is only a Research Analyst and not an Investment Advisor. I note that on a conjoint reading of the “About Us” section and the “Certified Technical Analyst” section, an investor may think that the Noticee is an Investment Advisor and a Research Analyst.

29. Noticee has placed reliance on the case of Chetan Kalubhai Dhokiya (supra) wherein it was held that allegations of violation of PFUTP Regulations do not stand established *inter alia* due to absence of evidence to show that clients were indeed induced by the plans offered on the website of the noticee. In this regard, I note that in the Chetan Kalubhai Dhokiya case, the Quasi-Judicial Authority (QJA) of SEBI held that one of the plans listed on noticee’s website therein was titled “3X Return”. Also, noticee therein had used the terminology “Guarantee you 50 profitable tips”.

In the said case, the QJA found that the details of clients who had subscribed to the plan were not available on record to substantiate that the clients were indeed induced by the said plans. I find that in the present case, the profit assurance by Noticee on the website is specific and not vague as it was in the Chetan Kalubhai Dhokiya case. Noticee has claimed profits *“Upto 5k to 30k Per Trade”*. Further, post amendment with effect from February, 2019, Regulation 4(2) of PFUTP Regulations lists thereunder actions or omissions which are deemed to be fraud. I have already established above how the acts of Noticee violate regulation 4(2)(k),(o), and (s) of PFUTP Regulations. Notwithstanding the above, Noticee cannot claim that investors were not induced to invest basis the claims on his website, as the client list furnished by Noticee to the inspection team for the FY 23-24 (*vide* email dated March 11, 2024), shows that many clients of Noticee had paid for the package *“Index Option / Index Option Classic”*. As it is clear from **Image 1** above, Noticee had claimed on his website under *“Index Option”* that his recommendations will lead to *“..Possible Profit Upto Rs 4000 per positive trade..”*. Hence, it can be said that the clients of the Noticee who would have visited his website had been influenced by the profit assurance claims. Thus, reliance on this case does not help the Noticee.

30. The Noticee has also relied on the case of GRS Solutions (*supra*) wherein it was held that the claims used by the noticee therein appear to be merely marketing gimmicks rather than promising assured returns. In this regard, it is necessary to refer to the exact phrases used by the noticee therein and the Noticee in the present case. The noticee in the case above had used phrases such as *“high return on investment”, “high accurate 1-2 calls”, “maximize profit” and “promise of high success rates”*. However, in the present case, as discussed in the paragraph above, the Noticee has assured definitive profits by using phrases such as *“Upto 5k to 30k Per Trade”*. Such specific profit amounts create clear and quantifiable expectation as opposed to vague statements. Therefore, the case of GRS Solutions (*supra*) is distinguishable from the present case.
31. I note that the cumulative acts of the Noticee by assuring profits (on his website and also to one Mr. Pramod Kumar) and claiming to be an Investment Advisor without obtaining registration, shows that the Noticee made misleading representations in a

reckless manner which falls under the definition of “fraud” under regulation 2(1)(c) of PFUTP Regulations and violates regulations 4(2)(k) of PFUTP Regulations. Such acts were knowingly designed to influence the decision of investors in securities, hence it amounts to “dealing in securities” under regulation 2(1)(b) of PFUTP Regulations. Therefore, the cases of Star World Research (supra) and Niveshicon Investment Advisor (supra) which *inter alia* held that there has to be “dealing in securities” to bring an act under the definition of “fraud”, does not help the Noticee.

32. The conduct of Noticee also falls foul of regulation 4(2)(s) of PFUTP Regulations which states that sale of securities by knowingly making a false or misleading statement amounts to “mis-selling”. Further, Noticee was clearly fraudulently inducing one of his clients- Mr. Pramod Kumar, to deal in the securities with the objective of enhancing his income which is in violation of regulation 4(2)(o) of PFUTP Regulations.
33. The Noticee has relied on the case of Suhanika Chourey (supra) to submit that in the absence of evidence, findings of PFUTP violations cannot be upheld. I find that the above case is not comparable to the present case as sufficient evidence has been brought on record to demonstrate that the Noticee’s acts amounted to fraud. In this regard, I find it relevant to cite the order of Hon’ble Securities Appellate Tribunal in 24 Carat Financial Services vs. SEBI, Appeal no. 59 of 2023, decided on January 18, 2023, wherein it was held that:

“7. Insofar as the violation of Regulation 3 and 4 of the PFUTP Regulations is concerned we find that on the basis of analysis of the call records of the employees of the appellant it was found that the employees of the appellant were promising guaranteed returns to the prospective clients on investment of certain amounts. Further guaranteed returns were promised quoting profit percentage or certain amount either monthly or on a daily basis. The action of promising guaranteed returns is patently against the principles of the securities market and not only manipulative but also fraudulent and violative of Regulations 3 and 4 of the PFUTP Regulations. There is no denial of the transcript of the employees of the appellant

and consequently we do not find any error in the finding of the AO regarding violation of the Regulation 3 and 4 of the PFUTP Regulations.”

(emphasis supplied)

34. The acts of the Noticee discussed above in detail are also contrary to the mandate to act honestly and in good faith as laid down in clause 1 of the Code of Conduct under the RA Regulations. In view of the above, I find that Noticee has violated regulations 3 (a - d), 4 (1) and 4 (2)(k),(o) and (s) of PFUTP Regulations read with sections 12A(a), (b) and (c) of SEBI Act and clause 1 of the Code of Conduct as specified in the Third Schedule under Regulation 24(2) of the RA Regulations.

Issue II Whether the Noticee has failed to comply with various provisions of the RA Regulations, circulars and notifications issued thereunder?

II.1 Failed to maintain records of the research recommendation provided to clients

35. The DA SCN alleges that the Noticee did not provide any document or messages to show that the research recommendations prepared by the Noticee were actually provided to his clients. In this regard, the DA Report has concluded that regulation 25(1)(ii) of RA Regulations does not mandate that the mode by which the research recommendation is sent to the clients should be recorded and held that Noticee has not violated regulation 25(1)(ii) read with regulation 25(2) of RA Regulations.
36. The Noticee has submitted that the research recommendations were disseminated via WhatsApp to all the clients, and due to a technical issue, the access to that data was blocked. Hence, it was not provided to the inspecting authority. He has also argued that regulation 25 of the RA Regulations does not require maintaining records of the communication medium used for sending the recommendations. It focuses solely on the research report, recommendation and its rationale – all of which the Noticee has demonstrably maintained. The Noticee along with his reply has also attached screenshots of WhatsApp messages that he had sent to his clients.

37. I note that regulation 25(1)(ii) of RA Regulations states that a RA is required to maintain records of research recommendation provided. Further, regulation 25(2) of RA Regulations states that all records are required to be preserved for a minimum period of 5 years. In this regard, I find it relevant to focus on the word “provided” under regulation 25(1)(ii) of the RA Regulations. The said regulation reads as, research analyst shall *inter alia* maintain records of research recommendation “provided”. The word “provided” in the context of research recommendations is not merely about the content, but about the communication as well, including the proof of delivery. If only the research report or research recommendation is maintained by the RA, it becomes impossible to verify whether clients were actually informed of the recommendations or not. The term “provided” requires evidence that the recommendation was communicated – such as through emails, or other verifiable means. Without such evidence, it cannot be established that the recommendation was truly “provided”. Therefore, if the Noticee has been unable to provide the proof of “providing” the research recommendation to his clients, it means he has failed in keeping records of research recommendation provided.

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38. I note that the Noticee has provided screenshots of messages that he had sent to his clients on WhatsApp as proof of the recommendations being “provided”. These samples were not produced before SEBI during inspection. A sample of such WhatsApp chat is reproduced below:

Image 6



On perusing the WhatsApp chats provided by the Noticee, I note that certain recommendations were sent to a WhatsApp group titled “Index option share ideas” and that the screenshots pertain to the period May, 2023 to December, 2023. On verifying the WhatsApp screenshots provided by the Noticee *vide* his email dated February 17, 2025 with the call records provided by the Noticee *vide* his email dated March 11, 2024 on sample basis, I find that the contents are aligned and corroborate each other. The alignment confirms that the research recommendations claimed to having been provided by the Noticee to his clients, were indeed sent by the Noticee on an “as-is” basis.

39. Since the Noticee has furnished records of the correspondences as discussed above, I find that the Noticee has not violated regulation 25(1)(ii) read with regulation 25(2) of the RA Regulations.

II.2 Failed to conduct annual audit from FYs 2014-2015 until FY 2023-2024

40. The DA Report has concluded that by not conducting the annual audit, the Noticee has violated regulation 25(3) of RA Regulations. The aforesaid regulation as it existed before its amendment effective from December 16, 2024, states that a RA is required to conduct annual audit in respect of RA Regulations from a member of Institute of Chartered Accountants of India or Institute of Company Secretaries of India.
41. In this regard, the Noticee has submitted he was previously under the impression that compliance audits were mandatory for corporates only, and not for individuals. This was an oversight on the part of the Noticee. The Noticee has now conducted the compliance audit and submitted reports for FYs 2014-15 to FY 23-24.
42. I agree with the finding of the DA that the regulation does not draw any distinction between individuals and corporates and that ignorance of law cannot be used as an excuse by the Noticee. The act of conducting the audit is an ongoing obligation and is intended to identify and rectify any deficiencies in processes or documentation of the RA. By not conducting the said annual audit, the non-compliances or issues of the RA continued. I note that now the Noticee has submitted audit reports for each of the FYs from 2014-15 to 23-24. While the rectification is welcome and encouraging, the subsequent corrective action does not entirely absolve the Noticee of the prior violations.
43. In view of the above and the Noticee's admission that he had not conducted the requisite annual audit from FY 2014-15 to FY 23-24, I find that he had violated regulation 25(3) of the RA Regulations.

II.3 Failed to intimate SEBI about change of office address

44. The DA Report has concluded that the Noticee has violated regulation 13(ii) of the RA Regulations by not updating his address with SEBI which amounts to a material change. As per regulation 13(ii) of the RA Regulations, one of the conditions for granting a registration certificate is that an RA is required to forthwith inform SEBI in writing, if there is any material change in the information already submitted.
45. The DA SCN states that as per SEBI website, the registered office address of the Noticee was 136, Raghuleela Mall, 2nd Floor, Poisar, Kandivali (West), Mumbai, MAHARASHTRA, 400067. However, on visit to the aforesaid office on February 29, 2024, it was found to be closed. In this regard, the Noticee *vide* his emails dated March 11, 2024 and March 13, 2024 stated that his office was shifted to 120, Raghuleela Mall, 2nd Floor, Poisar, Kandivali (West), Mumbai, 400067 in June, 2023. In this regard, the Noticee has submitted that he attempted to update the address. However, due to technical difficulties and a lack of understanding of the working of the portal, the update could not be completed. The new office, No. S120 is located in the same building and on the same floor and right opposite the old office, No. S136. There was no ulterior motive or ill-intention in not updating the address. As of March 07, 2024, the Noticee has updated the address on the SEBI Portal *vide* reference no. 1034608.
46. I find that any change in address of the RA (whether in the same building or not), which modifies the address details or unit number, must be reported to SEBI under regulation 13(ii) of the RA Regulations as it amounts to a material change. A change in address has the potential to disrupt the flow of critical information (such as legal notices etc). Therefore, a change in address must necessarily be communicated to SEBI to ensure that all stakeholders remain informed. In light of the above, I find that the Noticee has violated regulation 13(ii) of the RA Regulations.

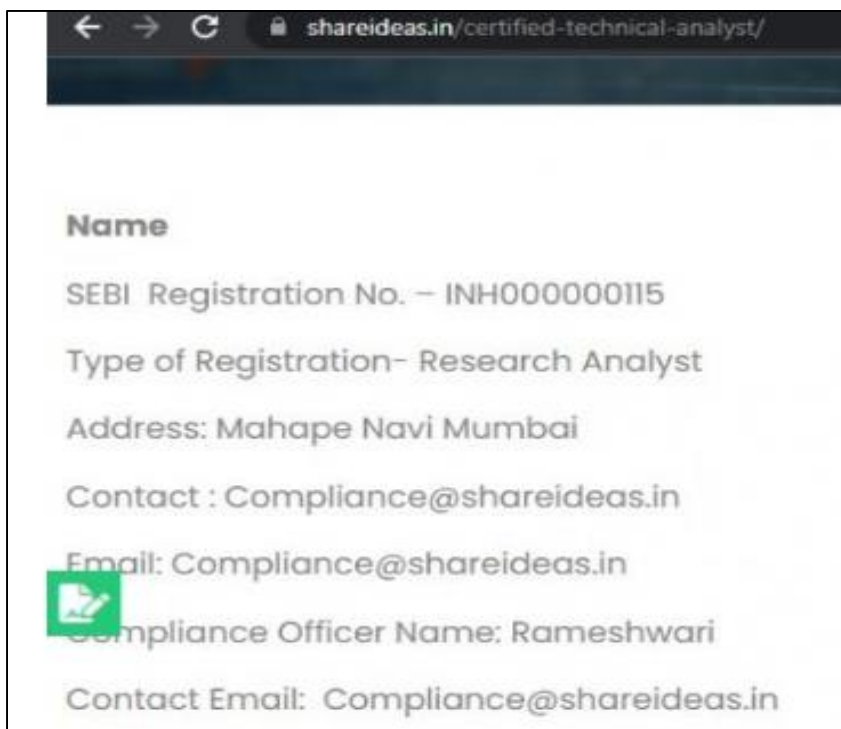
II.4 Provided false and incomplete information regarding his offices where RA activities are undertaken

47. The DA Report notes that the Noticee provided false details to SEBI regarding offices where he carried out RA activities, and therefore, violated regulations 29(1)

& (2) of RA Regulations and Clause 1 of the Code of Conduct as specified in the Third Schedule under Regulation 24(2) of the RA Regulations. Regulation 29(1) & (2) of the RA Regulations requires the RA to produce to the inspecting authority books, accounts and other documents in his custody and extend all co-operation as may be required for the purposes of inspection. Clause 1 of the Code of Conduct states that a RA shall act honestly and in good faith.

48. The DA SCN alleges that the Noticee *vide* email dated March 11, 2024 had submitted that his address was 120, Raghuleela Mall, 2nd Floor, Poisar, Kandivali (West), Mumbai, 400067. However, on his website viz; www.shareideas.in, the address mentioned was "Mahape, Navi Mumbai". In view of above, it was observed that the Noticee had provided incomplete information to SEBI and made a false submission to SEBI *vide* email dated March 15, 2024 that Noticee had already shared the details of its office from where he was carrying on RA activities. In this regard, the screenshot of the website relied upon is reproduced below which shows that his address is "Mahape Navi Mumbai":

Image 7



49. Before me, the Noticee has submitted that he did not submit any incomplete or false information to SEBI. Noticee has never operated out of the Mahape, Navi Mumbai address and he has been working at Raghuleela Mall, Kandivali, Mumbai from the start. The incorrect address was mistakenly displayed by the website developer while revamping the website and a letter from the web developer supporting the above is attached to the reply to the inspection report (reproduced below).

Image 8



50. In this regard, I agree with the view of the DA that it was the responsibility of the Noticee to ensure that the data available on the website is correct especially since it has been 9 years since he was granted registration as a RA with SEBI. The role of a web developer is typically limited to technical implementation and does not extend to content oversight or management, which remains the obligation of the RA, unless

it is independently found that the web developer has participated in or facilitated an unlawful or fraudulent activity.

51. While the web developer's letter acknowledges that incorrect content was published on the Noticee's website due to his mistake, since it was not a fraudulent act, the Noticee cannot lawfully shift his liability to a third party service provider. In view of the above, I find that Noticee has violated regulation 29(1) and (2) and Clause 1 of the Code of Conduct as specified in the Third Schedule under Regulation 24(2) of the RA Regulations.

II.5 Failed to mention details such as name of the RA, registered office address, and SEBI registration number in the advertisements

52. The Noticee *vide* his email dated March 13, 2024 stated that he ran advertisements on Facebook from November, 2022 until August or September, 2023. In this regard, the DA Report has concluded that the Noticee has violated clause 7.1(b)(i) of part (IV) of SEBI Master Circular for Research Analysts SEBI/HO/MIRSD-PoD-2/P/CIR/2023/90 dated June 15, 2023 ("**Master Circular for RAs**") read with clause 1(b)(i) of SEBI circular SEBI/HO/MIRSD/ MIRSD-PoD-2/P/CIR/2023/51 dated April 05, 2023⁴ due to not mentioning details such as name of the RA as registered with SEBI, registered office address, SEBI registration no. in the advertisements issued by the Noticee.
53. Noticee in his reply has submitted that the advertisements relied upon by SEBI pertain to a period prior to April 2023, *i.e.*, before the issuance of the SEBI circular for advertisement. He claims that the advertisements issued after the issuance of the circular include his name, registration number, and a link to the website where all disclosures required by the circular have been duly made. During the inspection, he was telephonically asked whether any advertisements were displayed and the

⁴ As per clause 3 of the Master Circular for RAs dated June 15, 2025, since the Master Circular has been issued, the circulars mentioned in the Appendix (which includes SEBI circular SEBI/HO/MIRSD/ MIRSD-PoD2/P/CIR/2023/51 dated April 05, 2023 pertaining to "Advertisement code for Investment Advisers (IA) and Research Analysts (RA)") stand rescinded. Therefore, provisions of the aforesaid circular have not been reproduced in paragraph 9 above.

duration of those advertisements. His response indicated that ads were run from November 2022 until August / September 2023. However, this does not imply that identical ads were run all the time.

54. I note that *vide* email dated March 11, 2024, the Noticee had provided copy of the advertisements to SEBI inspection team (screenshot placed below). In his email dated March 13, 2024, he has stated that the said advertisements were running from November 2022 to August / September 2023.

Image 9



In this regard, I note that clause 7.1(b)(i) of the RA Master Circular states that a RA is required to provide the following information in advertisements: (a) Name of the RA as registered with SEBI; (b) registered office address; (c) SEBI registration no.; (d) logo / brand name / trade name of the RA; (e) CIN of the RA, if applicable. The said circular was issued on April 05, 2023 and was made applicable from May 01, 2023. Thus, from May 01, 2023, the Noticee was required to comply with the advertisement norms specified by SEBI. From **Image 9**, I note that the said

advertisement does not contain the name of the RA as registered with SEBI, registered office address and SEBI registration number.

55. Now, the question remains as to the time period when such advertisements were run by the Noticee. As mentioned previously, *vide* email dated March 13, 2024, the Noticee has stated that the advertisements were run on Facebook from November, 2022 until August or September, 2023. If the said advertisements were running until August / September 2023, as claimed by Noticee then the same were not in compliance with the SEBI. However, I note that *vide* his reply dated March 25, 2024, the Noticee has claimed that the advertisement sent *vide* the March 13, 2024 email pertains to FY 2022-2023 and that after the circular came into effect, the advertisements included the required details. To supplement this, he had also attached few advertisements, one of which is reproduced below:

Image 10



I note that the above advertisement contains the name of the RA as registered with SEBI, registered office address and SEBI registration number, which is in compliance with the Master Circular for RAs. I note that the same argument was made by the Noticee before the DA and has been made before me. Thus, I find that the only material available on record regarding the timing of advertisement which determines whether the Noticee is in violation of the advertisement clause under the Master Circular for RAs, is the submission of Noticee (which he later retracted / clarified). In such circumstances, it is not possible to conclusively determine if the violation was committed. Hence, I am inclined to give benefit of doubt to the Noticee regarding the alleged violation.

II.6 Failed to display investor charter and complaints received on his website

56. The DA Report has found that the Noticee has violated clause 4.2 and 4.3 of SEBI Master Circular for RAs read with Clause 2 and 3 of SEBI circular SEBI/HO/IMD/IMD-II/CIS/P/CIR/2021/0685 dated December 13, 2021⁵ by not displaying investor charter and complaints (including SCORES complaints) on his website. Clauses 4.2 and 4.3 of the Master Circular states that a RA is required to display investor charter and all complaints including SCORES on its website and mobile application. Further, it states that if the RA does not have a website or mobile application, he / she is required to send the above on the registered email ID of the investors.
57. In this regard, the Noticee has submitted that he had closed his business and the service tenure of all his existing clients was completed even before SEBI initiated the inspection. He was not on-boarding any new clients. Thus, it was unnecessary to keep the website active. He had displayed the requisite data when his website was active, which can be verified. Since the Noticee was no longer in operation and had no active investors / clients, therefore, sending the said data through email was

⁵ As per clause 3 of the Master Circular for RAs dated June 15, 2025, since the Master Circular has been issued, the circulars mentioned in the Appendix (which includes SEBI circular SEBI/HO/IMD/IMD-II CIS/P/CIR/2021/0685 dated December 13, 2021 pertaining to "Publishing of Investor Charter and disclosure of Investor Complaints by Research Analysts on their websites/mobile applications") stand rescinded. Therefore, provisions of the aforesaid circular have not been reproduced in paragraph 9 above.

not applicable to him. This allegation is hit by doctrine of impossibility of performance. Reliance is placed on the case of Shamsher Singh (supra) wherein the Hon'ble SC held that *"....the law does not compel a man to do that which he cannot possibly perform.."*

58. Thus, I note that Noticee has argued that while his website was not active at the time of inspection, the requisite information was displayed when it was active. To support his argument, the Noticee has provided a screenshot which appears to be of his website and which contains the "Investor charter" and the "Complaints data" under the heading "Standard Do's and Dont's".
59. On a plain reading of clauses 4.1 and 4.3 of the Master Circular for RAs, two things are clear: (i) a RA is required to display the investor charter and monthly investor complaints on its website or mobile application; and (ii) if no website or mobile application exists, the above is required to be circulated on the registered email address of the client. These obligations persist as long as the RA holds SEBI registration, irrespective of whether it is on-boarding new clients or has ceased business operations. The requirement applies to both past and existing clients to ensure transparency and accountability. Assuming that the Noticee's website was not operational at the time of inspection, the justification offered—that the business was closed and there were no active clients—does not address why it was not possible for the Noticee to send the investor charter and monthly complaint data *via* email to the registered email addresses of its former clients, as required by the aforesaid SEBI circular. Thus, the Noticee's argument that the absence of active clients relieves him of the requirement to send the investor charter and complaints data —is not a correct reading of the above mandate which does not make or permit any such exemption.
60. Regarding reliance on the Shamsher Singh (supra) case, for the ratio of the said case to apply to the present case, it must be shown in the present case that uploading the investor charter and the monthly complaints data on the website of the RA was an impossible task to perform, and in its absence, sending the same by email to the registered email address of its past clients was impossible to perform.

The above has not been satisfied in the present case. Hence, this case does not help the Noticee. In view of the above, I concur with the finding of the DA that the Noticee has violated Clause 4.2 and 4.3 of Master Circular for RAs.

II.7 Failed to exercise due diligence by not maintaining details of all emails operated for RA activities

61. The DA SCN alleges that the Noticee failed to maintain records of all email addresses used for RA activities during the inspection period. As a result, it could not be determined whether any complaints regarding assured returns were received directly by the Noticee. This omission constitutes a failure to exercise due diligence, in violation of Clause 2 of the Code of Conduct as set out in the Third Schedule under regulation 24(2) of the RA Regulations. Clause 2 of the Code of Conduct *inter alia* states that a RA shall act with due skill, care and diligence.
62. In this regard, the Noticee has submitted that he had not renewed his website domain and hosting, which resulted in the deactivation of the mailbox, but regulations do not mandate retention of mailbox records. SEBI's SCORES is the main grievance redressal mechanism, which shows that only 9 unique complaints were received over the past 10 years, all of which were resolved in a timely manner. There are no pending complaints against the Noticee. SEBI has admitted that the regulations do not mandate maintaining records of internal emails. Thus, the allegations are devoid of any merit and are hit by doctrine of impossibility of performance.
63. I find that the Noticee's arguments are not acceptable for the following reasons. The duty to maintain records and exercise due diligence persists as long as the entity is registered with SEBI, irrespective of the cessation of operations or the deactivation of a website / mailbox. I find that maintaining a comprehensive list of all email addresses used for RA activities is a basic administrative measure and the inability to provide such a record creates a significant gap in the audit trail, making it difficult to ascertain whether illegal practices, such as offering assured returns, have occurred. Therefore, it is reasonable to expect that a diligent RA would maintain

these records as part of standard business practice and regulatory prudence, thereby upholding the spirit of the Code of Conduct and protecting the interests of both clients and the broader market. In view of the above, I find that the Noticee has violated Clause 2 of the Code of Conduct as specified in the Third Schedule under Regulation 24(2) of the RA Regulations.

II.8 Carried out RA activities without a valid NISM certification

64. The DA SCN alleges that the Noticee did not have a valid NISM certification since December 01, 2016 until September 06, 2022 and carried out his RA activities without a valid NISM certification. Due to absence of the said NISM certification, he violated regulation 7(2) of RA Regulations read with SEBI Research Analyst Examination: Notification dated March 24, 2015 (“**RA Examination Notification**”) and Clauses 1, 2 & 7 of the Code of Conduct as specified in the Third Schedule under Regulation 24(2) of the RA Regulations. Regulation 7(2) of the RA Regulations requires a RA to have at all times, a NISM certification for RAs and the RA Examination Notification provides the exact NISM certificate a RA is required to obtain. Further, clauses 1, 2 and 7 of the Code of Conduct under the RA Regulations explicitly requires RAs to act with due skill, care, and diligence and to comply with all regulatory requirements with respect to its business activities.
65. In this regard, the Noticee has submitted that from December 2016 to September 2022, he inadvertently failed to maintain a valid NISM certificate. He inadvertently believed that the certification was valid for life due to his professional qualification. Upon realizing the error, he promptly obtained the required NISM certification in September 2022—before any inspection or show cause notice. The Noticee now holds a valid NISM certificate as mandated.
66. I find that the above defense of the Noticee is undermined by the legal maxim *ignorantia juris non excusat*—ignorance of the law is no excuse. Since the requirement of obtaining a NISM certificate and maintaining it at all times is explicitly laid down in the law, the Noticee’s claim of being unaware of the requirement to maintain a valid NISM certificate cannot absolve him of liability for non-compliance. The law presumes knowledge of its provisions. Therefore, I find that the Noticee has

violated regulation 7(2) of RA Regulations read with RA Examination Notification and Clauses 1, 2 & 7 of the Code of Conduct as specified in the Third Schedule under Regulation 24(2) of the RA Regulations.

D. CONCLUSION

67. The Noticee has placed reliance on the order of Hon'ble SAT in the matter of Religare Securities Limited (supra) and UPSE Securities Ltd. (supra) to *inter alia* submit that the purpose of carrying out inspection is not punitive and that every minor discrepancy found is not culpable. In this regard, I note that in the both the aforesaid cases, Hon'ble SAT had added a caveat that SEBI is not precluded from taking action against a delinquent in case of serious lapses. As discussed in the preceding paragraphs, some of the violations committed by the Noticee are of serious nature. The Noticee has violated provisions of the SEBI Act, RA Regulations, Master Circular for RAs, RA Examination Notification and PFUTP Regulations by:
- (a) Assuring profit to his clients;
 - (b) Failing to conduct annual audit from FYs 2014-2015 until FY 2023-2024;
 - (c) Failing to intimate SEBI about change of his office address;
 - (d) Providing false and incomplete information regarding his offices where RA activities are carried out;
 - (e) Failing to send investor charter and complaints received to his clients by email;
 - (f) Not maintaining details of all emails operated for RA activities; and
 - (g) Carrying out RA activities without a valid NISM certification.
68. The DA has recommended that the Noticee may be issued a regulatory censure. I note that the Adjudicating Officer has imposed monetary penalty of INR 17,00,000 for the same violations *vide* order dated January 15, 2025 and the Noticee has paid the penalty. I note that the Noticee has submitted that he is not on-boarding new clients. Further, I note that the Noticee has taken corrective measures as well. Therefore, I agree with the measure recommended by the DA.

E. ORDER

69. In view of the aforesaid findings, I, in exercise of the powers conferred upon me under section 12(3) read with section 19 of the SEBI Act and regulation 27 of the Intermediaries Regulations, hereby censure Mr. Parag Salot, having SEBI Registration No. - INH000000115 and warn the Noticee to be careful and diligent in the conduct of all its business.
70. This Order shall come into force with immediate effect.
71. A copy of this Order shall be served upon the Noticee and on BSE Limited (being the Research Analyst Administration and Supervisory Body) for its information and record.

DATE: AUGUST 21, 2025

PLACE: MUMBAI

ANANTH NARAYAN G.

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA