BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO.Order/AN/SM/2024-25/31315]

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

In respect of
Nikhil Dayanand Baljekar
PAN: ABYPB7880N / SEBI Reg: Registration No. INH000009001

In the matter of Nikhil Dayanand Baljekar- Research Analyst

A. BRIEF BACKGROUND

1. Securities and Exchange Board of India (hereinafter also referred to as 'SEBI') conducted Inspection of books of accounts in respect of Nikhil Dayanand Baljekar-Research Analyst ('Noticee' / 'RA' / 'RA-NDB' / 'NDB') in the subject matter. The period of inspection was from April 01, 2022 to January 31, 2024 (Inspection period). The theme of the inspection was inter alia to check whether the RA and its associates/employees have promised and/ or is promising any assured returns to the investors and maintenance of records by the RA.

2. During the on-site visit and through reminder emails dated February 28, 2024 and March 14, 2024 information was sought from the RA, however the same was not submitted by the RA.

3. Pursuant to the inspection on the basis of available information, the findings of the inspection were communicated to the Noticee vide letter/ email dated March 20, 2024. However, RA did not respond to the findings of the inspection.

4. Pursuant to the aforesaid, SEBI observed that Noticee had allegedly violated the following:

4.1. Regulation 29(1) & (2) of SEBI (Research Analyst) Regulations 2014 (hereinafter also referred to as 'SEBI (RA) Regulations, 2014' / 'RA Regulations 2014');

4.2. Clauses 1, 2 & 7 of the Code of Conduct as specified in the Third Schedule under Regulation 24(2) of the SEBI (Research Analyst) Regulations 2014;

4.3. Regulations 3 (a - d), 4 (1) and 4 (2) (s) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 ('SEBI (PFUTP) Regulations, 2003 / 'PFUTP Regulations') read with sections 12 A (a), (b) and (c) of SEBI Act, 1992;

4.4. Clauses 1 & 2 of the Code of Conduct as specified in the Third Schedule under Regulation 15(9) of Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 ('IA Regulations, 2013);

4.5. Clause 12.5 of VI-MISCELLANEOUS of SEBI Master Circular for Investment Advisers SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023 and Clause 9.5 of IV-MISCELLANEOUS of SEBI Master Circular for Research Analysts SEBI/HO/MIRSD-PoD-2/P/CIR/2023/90 dated June 15, 2023 ('Circular dated June 15, 2023').

5. In view thereof, SEBI inter alia initiated Adjudication Proceedings in respect of Nikhil Dayanand Baljekar- Research Analyst under Section 15 I of the SEBI Act, 1992 for the alleged violations of the provisions of law, as stated.

B. APPOINTMENT OF ADJUDICATING OFFICER

6. Whereas, the Competent Authority was prima facie of the view that there were sufficient grounds to adjudicate upon the alleged violations by the Noticee, as stated above and therefore, in exercise of the powers conferred under Section 19 of SEBI Act, 1992 read with Section 15I (1) of the SEBI Act, 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995

(‘Adjudication Rules’), the Competent Authority appointed the undersigned as Adjudicating Officer (*AO*) vide order dated May 06, 2024 to inquire into and adjudicate under Section 15EB of the SEBI Act, 1992 the alleged violations by the Noticee. The said proceeding of appointment was communicated to the undersigned vide Communique dated May 08, 2024.

C. SHOW CAUSE NOTICE, REPLY AND HEARING

7. A Show Cause Notice No. SEBI/EAD5/P/OW/2024/19221/1-2 dated June 10, 2024 (‘SCN’ / ‘SCN dated June 10, 2024’) was issued to the Noticee in terms of Section 15-I of the SEBI Act, 1992 and Rule 4 of Adjudication Rules to show cause as to why an inquiry should not be held against the Noticee and why penalty be not imposed under Section 15EB of SEBI Act, 1992 for the aforesaid alleged violations. The SCN was served on the Noticees through digitally signed email dated June 11, 2024 and also through Speed Post Acknowledgement Due (SPAD).

8. The key allegations in respect of the Noticee inter alia brought out in the SCN are as under:

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6. *Considering the non-submission of information/reply to letter of observation, it was presumed by SEBI that RA-NDB has no explanation to offer in this regard. Hence, the following violations were observed:*

Findings and Observations of SEBI pursuant to Inspection and the alleged violations

6.1. RA-NDB has not provided the information sought during the inspection and thereby, hampered the inspection.

6.1.1. During the on-site visit and through reminder emails dated February 28, 2024 and March 14, 2024 (Annexure 1), following information was inter-alia sought from RA-NDB:

6.1.1.1. List of all franchises authorized by him along with contact and website details, during the period .i.e., April 01, 2022 to till the date of on-site visit and Modus operandi of franchise business.

6.1.1.2. List of all bank accounts pertaining to Real Stock Ideas.

6.1.1.3. List of all clients served during the inspection period .i.e., April 01, 2022 to January 31, 2024 for the RA activities along with details of all packages provided including amount charged for packages and duration of the plan.

6.1.1.4. Confirmation on whether records of list of clients are maintained by the RA or not, during the inspection period.

6.1.1.5. Modus operandi for providing tips along with details of WhatsApp group used for the same including the WhatsApp group namely RSI wherein persons from two franchisee are there.

6.1.1.6. Copy of Internal Audit Reports

6.1.1.7. Write-up about personal appearance in any public platform/forum during the inspection period.

6.1.1.8. Confirm whether Real Stock Ideas is a proprietary company.

6.1.2. The aforesaid information was not submitted by RA-NDB and thereby, RA-NDB has not co-operated with the inspection despite sending reminders & being provided sufficient time.

6.1.3. Therefore, as the data was not provided by RA-NDB, it could not be ascertained that whether assured returns were provided by RA-NDB and whether RA has maintained records as per Regulation 25 of RA Regulations 2014.

6.1.4. In this regard, the finding with respect to failure to provide the information, was communicated to

RA-NDB vide letter of observation dated March 20, 2024.

6.1.5. *However, RA-NDB has not responded to the letter of observation. Further, vide email dated March 26, 2024, RA-NDB has provided the copy of statement of bank account and stated that he is in process of gathering the client information and rest of information will be provided after being discussed with its consultant (Ms. Meghna). Further, it was stated that he will be able to do after April 07, 2024 and sought the additional time to submit the aforesaid information to inspection team.*

6.1.6. *In this regard, as on March 28, 2024, the aforesaid information was not submitted by RA-NDB despite after one month from the date of inspection, RA-NDB has failed to provide the complete information to SEBI.*

6.1.7. *Considering the non-submission of information/reply to letter of observation, it was presumed by SEBI that RA-NDB has no explanation to offer in this regard and thereby, hampered the inspection.*

Therefore, it is alleged that Noticee has violated the following:

Regulation 29(1) & (2) of RA Regulations 2014.

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

6.2. *RA-NDB has engaged in mis-selling of research services through third parties fraudulently by allowing usage of his license/SEBI registration (IA/RA), allowing the third parties to give recommendations on his behalf and by sharing client details to third parties devolving his role & responsibilities as an IA/RA and has outsourced his core activities as IA and RA*

6.2.1. *RA-NBD is registered with SEBI as an Investment Advisor (IA)-registration no. INA200004359 and as a Research Analyst (RA)-registration no. INH000009001.*

6.2.2. *During the inspection of RA-NDB, it was observed that he was running a franchise based model and lent his IA/RA license to other entities. Further, RA-NDB has submitted the following documents during on-site visit (Annexure 2):*

- *Agreement with Sunita Rani (369 Real Stock) along with request letter of agreement termination and colored copy of RA license of RA-NDB.*
- *Request Letter of agreement termination by Pratik Pandurang Jadhav (Stock Bazaar Expert) along with the colored copy of RA license of RA-NDB.*

6.2.3. *Upon perusal of aforesaid documents, the following were observed:*

6.2.4. *In the agreement with Sunita Rani-Franchisee (369 Real Stock), the following were inter-alia mentioned:*

6.2.4.1. *Nikhil Dayanand Baljekar (NBD) has been referred to as license holder of SEBI registered Investment Advisor (IA) and Research Analyst (RA) and proprietor of Real Stock Ideas.*

6.2.4.2. *Revenue sharing model between NBD and Sunita Rani.*

6.2.4.3. *Refundable franchise deposit of Rs. 3,00,000/-.*

6.2.4.4. *Sunita Rani to take all precautions and adhere to the SEBI (Investment Advisor) Regulations and to provide service to clients as per their financial goals and risk appetite.*

6.2.4.5. *Franchisee website and all official communication will show name of Franchise "Partner of Real Stock Ideas".*

6.2.5. *From the request letter of agreement termination of Pratik Pandurang Jadhav- Franchisee (Stock Bazaar Expert), it was inter-alia observed that he was using the franchise/license of NBD during the period of April 01, 2023 to July 30, 2023.*

6.2.6. *Website of NDB (https://realstockideas.co.in/)- The following were inter-alia mentioned on the website of NDB .i.e., Real Stock Ideas, with respect to Franchise model (Annexure 3):*

6.2.6.1. *Revenue Generation via acquiring subscribers based on Investment research ideas provided by "REAL STOCK IDEAS".*

6.2.6.2. *The franchise will maintain all KYC-related documents and follow up with the subscriber's onboarding activities, activation, renewals, etc. with the help of the Firm.*

6.2.7. *From the copy of agreement between RA-NBD and Sunita Rani obtained from RA-NDB during inspection, it was observed that Mr. Nikhil Baljekar has devolved his role and responsibilities as an IA/RA to the Franchisee. The Franchisee, Sunita Rani agreed to comply with the provisions of SEBI (Investment Advisor) Regulations and to provide the service to clients as per their financial goals and risk appetite. Further, while requesting for agreement termination, Pratik Pandurang Jadhav and Sunita Rani have returned the colored copy of RA license, which was provided by RA-NDB.*

Complaints against NDB:

6.2.8. *SCORES complaint no. SEBIE/MH23/0006418/1: The complainant had lodged a complaint on SCORES against RA-NDB, inter-alia alleging that poor services were provided to him by RA-NDB through Golden Consultancy. Further, it was also stated that Golden consultancy runs their operation with the assistance of RA-NDB. Subsequently, the complainant informed through SCORES complaint no. SEBIE/MH23/0006669/1 that he is withdrawing complaint as RA-NDB has resolved his grievance. (Annexure 4)*

In addition to above, an email complaint was received from Sh. Dileep Kumar Parmar inter-alia alleging against Golden Consultancy regarding the loss incurred due to recommendations provided by them. (Annexure 5)

6.2.9. *In addition to above, it was informed by RA-NDB that he was associated with Golden Consultancy and in this regard, details were sought from RA-NDB (Annexure 6). However, RA-NDB has not provided information in this regard. Considering above, it can be concluded that RA-NDB has also lent its IA/RA license to Golden Consultancy.*

6.2.10. *During the inspection, it was informed by RA-NDB that he provided his recommendations through WhatsApp group namely RSI group which included all the entities to whom he lent his SEBI registered IA/RA license. The aforesaid entities in turn used to forward the recommendations to his clients. In this regard, vide submissions dated February 27, 2024 (Annexure 6), RA-NDB inter-alia* *stated that two franchisee are still in the aforesaid group.*

6.2.11. It was also observed that RA-NDB has given the colored copies of his SEBI registered license to aforesaid third parties for undertaking the activities of IA/RA on his behalf. Therefore, it was concluded by SEBI that NDB has mis-used both his IA and RA registrations by lending it to third parties through agreement, by giving recommendations through third parties and by sharing client details to third parties devolving his role & responsibilities as an IA/RA.

6.2.12. Further, the RA-NDB has no control over what recommendations are being provided to the clients who have subscribed to his services. After receiving recommendations from RA-NDB, the franchisees can send a recommendation that is not same as the one sent by RA-NDB. In the absence of modus operandi of the franchise model adopted by the RA-NDB and based on the limited information provided by him, it was concluded by SEBI that RA-NDB does not have control over communications with the clients who subscribed his research services through third parties. Further, it was inferred that RA-NDB has merely lent his IA/RA registration and has given a free hand to the franchisees in running the operations. Thus, activities of franchisees are portrayed as activities of RA-NDB.

6.2.13. In view of the above, by allowing usage of his license/SEBI registration by aforesaid third parties and by allowing the third parties to give recommendations on his behalf, RA-NDB has engaged in mis-selling of research services through third parties fraudulently during the inspection period.

Further, from above, it was observed that RA-NDB has outsourced his following core activities as IA and RA–

6.2.13.1. Providing service to clients as per their financial goals and risk appetite pertaining to IA activity

6.2.13.2. Providing recommendations to clients pertaining to IA and RA activity

6.2.14. In this regard, RA-NDB has not responded to the letter of observation dated March 20, 2024. Further, with respect to observation, the following information was inter-alia sought from RA-NDB during the on-site visit and through reminder emails dated February 28, 2024 and March 14, 2024:

6.2.14.1. List of all franchises authorized by him along with contact and website details, during the period .i.e., April 01, 2022 to till the date of on-site visit and Modus operandi of franchise business.

6.2.14.2. Modus operandi for providing tips along with details of WhatsApp group used for the same including the WhatsApp group namely RSI wherein persons from two franchisee are there.

6.2.15. However, RA-NDB has not provided information despite sending reminders and letter of observation.

6.2.16. Considering the non-submission of information/reply to letter of observation, it was presumed by SEBI that RA-NDB has no explanation to offer in this regard and thereby, has engaged in mis-selling of research services through third parties and has outsourced his core activities as IA and RA.

In view thereof, it is alleged that Noticee have violated the following:

Regulations 3 (a - d), 4 (1) and 4 (2) (s) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 read with sections 12 A (a), (b) and (c) of SEBI Act, 1992.

Clauses 1 & 2 of the Code of Conduct as specified in the Third Schedule under Regulation 15(9) of Securities and Exchange Board of India (Investment Advisers) Regulations, 2013.

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

…'.

9. In this regard, no reply to the SCN was received from the Noticee within the stipulated time.

10. Having regard to the principles of Natural Justice, vide Hearing Notice dated July 03, 2024, an opportunity of personal hearing was afforded to the Noticee on July 09, 2024. Vide email dated July 05 and July 08, 2024, Noticee sought adjournment of the said hearing and requested to reschedule the hearing on July 16, 2024. Considering the request of Noticee, vide email dated July 08, 2024, hearing in the matter was rescheduled to July 16, 2024. Vide letter dated June 29, 2024, Noticee submitted its reply to the SCN.

11. On the Scheduled date of hearing viz., July 16, 2024, Noticee appeared in person. During the hearing, the Noticee relied upon and reiterated the submissions made vide letter dated June 29, 2024. The Noticee sought additional time till July 19, 2024 to make further additional submissions, if any as final and complete submissions in the matter, which was allowed. Vide letter dated July 17, 2024, Noticee made its additional submissions. Vide email dated July 18, 2024, July 24, 2024, January 07, 2025, January 17, 2025, January 20, 2025, Noticee made further submissions.

12. Key submissions of the Noticee vide its reply vide letters dated June 29, 2024 and July 17, 2024 and vide emails dated July 18, 2024, July 24, 2024, January 07, 2025, January 17, 2025, January 20, 2025, ('replies to the SCN, unless the context provides otherwise) are as under:

Submissions dated June 29, 2024:

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I am writing in response to the Show Cause Notice dated June 10, 2024 issued by the Enquiries and Adjudication Department of SEBI. I acknowledge receipt of the notice and appreciate the opportunity to present my response to the allegations raised therein.

First, I would like to apologies for delay in response to the said SCN. The Show Cause Notice asserts that certain delinquencies on my part have occurred, which SEBI believes may constitute a violation of the applicable regulations. I would like to address these allegations as follows:

My explanation to the delinquencies observed are as below-

Observation 1- RA-NDB has not provided the information sought during the inspection and thereby, hampered the inspection.

I understand the importance of cooperating fully during regulatory inspections and providing all necessary information to facilitate a thorough review. However, several exceptional circumstances significantly impacted my ability to manage the inspection process effectively. I would like to bring the following points to your attention:

1. *Primary Profession and Time Constraints:*
    - *As a consultant surgeon, my primary profession demands substantial time and attention, particularly in urgent medical situations. This professional commitment occasionally limits my ability to address other responsibilities promptly, including those related to my advisory business.*
2. *Cessation of Research Analyst Services:*
    - *It is important to note that I had ceased accepting new clients for research analyst services well before the inspection. This decision was communicated to the inspection team during their visit, indicating my intention to wind down the advisory services.*
3. *Personal and Professional Obligations:*
    - *The inspection coincided with several significant personal and professional events:*
        - *The marriage of my daughter, which required my presence and attention.*
        - *The passing of the mother of my external compliance consultant, which caused unavoidable delays in gathering and providing information.*
        - *Urgent and critical matters in my surgical practice that demanded immediate attention and could not be postponed.*
4. *Efforts to Provide Information:*
    - *Despite these challenges, I made concerted efforts to respond to the inspection team's queries. I provided all the available information that could be gathered under the circumstances, including details of the modus operandi used during the provision of research services, a copy of the franchise agreement, and a list of clients.*
    - *I was not entirely unresponsive; rather, I communicated the constraints and provided as much information as possible given the situation.*
5. *Communication with SEBI:*
    - *I have enclosed a copy of the email sent to SEBI, detailing the information provided and the explanations given during the inspection. This communication serves as evidence of my attempts to cooperate and my commitment to regulatory compliance.*

Conclusion:
Given the exceptional circumstances outlined above, I respectfully submit that the perceived non-compliance was not due to any intentional act of obstruction or negligence. I made sincere efforts to comply with the inspection requirements to the best of my ability under the given conditions.
In light of these explanations, I kindly request SEBI to consider the context and challenges faced during the inspection and to review the alleged violation with leniency. I remain committed to adhering to all regulatory requirements and am willing to provide any further clarifications or documentation as needed.
Observation 2- RA-NDB has engaged in mis-selling of research services through third parties fraudulently by allowing usage of his license/SEBI registration (IA/RA), allowing the third parties to give recommendations on his behalf and by sharing client details to third parties devolving his role & responsibilities as an IA/RA and has outsourced his core activities as IA and RA
I understand the gravity of the observation and the importance of maintaining the integrity of the advisory and research services. I would like to address the specific concerns raised and provide the following points for consideration:

1. *Engagement with Third Parties:*
    - *As a consultant surgeon with a demanding primary profession, my time and availability to manage all aspects of the advisory business are limited. To ensure that the business operations continued smoothly, I devised a franchise model where third parties were appointed primarily for marketing, client acquisition, and distribution of my Research recommendation.*
    - *These third parties, or franchisees, were not authorized to provide their own recommendations or act independently. They operated strictly under my supervision, using my research and Research recommendation. All recommendations and Research recommendation given to clients were based on my analysis and approvals.*
2. *Usage of License and SEBI Registration:*
    - *At no point did I allow third parties to use my SEBI registration (IA/RA) independently. All activities carried out by the franchisees were conducted under the framework and guidelines established by me. The franchisees were clearly informed of their roles and responsibilities, which were limited to non-core activities such as marketing and client communication.*
    - *The franchisees were prohibited from collecting any money directly from clients. All payments were routed through the account of Real Stock Ideas, ensuring transparency and proper accounting. GST was paid on the entire gross revenue from this account.*
3. *Usage of License and SEBI Registration:*
    - *I am a SEBI-registered Investment Adviser (IA) and Research Analyst (RA). However, I ceased advisory activities some time ago and have not onboarded any new clients for investment advisory services since then. This decision was communicated to SEBI, and no advisory services have been provided under my registration since that time.*
    - *The franchise agreement included clauses for advisory activities, but these clauses were never activated or implemented. The primary role of the franchisees was limited to non-core activities such as marketing and client communication.*
    - *At no point did I allow third parties to use my SEBI registration (IA/RA) independently. All activities carried out by the franchisees were conducted under the framework and guidelines established by me. The franchisees were clearly informed of their roles and responsibilities, which were limited to non-core activities.*
4. *Sharing of Client Details:*
    - *Client details were shared with franchisees solely for the purpose of performing their designated roles, such as conducting KYC, managing client communications, and distributing my Research recommendation. This was done to ensure efficient service delivery and was strictly monitored to protect client confidentiality.*
    - *The franchisees were bound by agreements to maintain the confidentiality of client information and were not permitted to use the information for any purposes other than those authorized by me.*
5. *Oversight and Control:*
    - *I maintained strict oversight of all franchisee activities. The core functions of providing trade recommendation, customer support, handling accounts, legal issues, and SEBI compliance were managed directly by my team. Franchisees were only involved in supportive roles, and their activities were regularly reviewed to ensure compliance with regulatory standards.*
    - *In the event of any client complaints that could not be resolved by the franchisee, my team and I personally intervened to address the issues and ensure client satisfaction.*
6. *Compliance with Regulatory Requirements:*
    - *I am fully committed to complying with SEBI regulations and ensuring that all activities are conducted in a transparent and ethical manner. The franchise model was designed to support the advisory business without compromising the quality and integrity of the services provided to clients.*

    Conclusion:
    The franchise model was implemented to manage non-core activities efficiently while maintaining control over the core research function. The allegations of mis-selling and outsourcing of core activities are unfounded, as all critical functions remained under my direct supervision and control. There are no supporting's to support the above said claims.
    I respectfully request SEBI to consider the above explanations and review the observation in light of the measures taken to ensure compliance and integrity in the advisory business. I remain committed to adhering to all regulatory requirements and am willing to provide any further clarifications or documentation as needed.
    Additionally, I provide a detailed explanation of the modus operandi, performance, and eventual shutdown of the franchise model to address the observations raised.

Franchise Model Explanation:

As a consultant surgeon, my primary profession demands considerable time, limiting my ability to manage all aspects of the advisory business. Consequently, I devised the franchise model to address this challenge. Here is how the model was structured and operated:

1. *Role and Responsibilities:*
   - *Franchisees: Primarily responsible for marketing, client acquisition, and distributing my Research recommendation. They facilitated digital marketing and accounting under different names and websites, all prominently displaying my credentials as a Research Analyst and my contact details.*
   - *My Role: I provided Research recommendation based on technical analysis. Each piece of Research recommendation included entry, exit, and stop-loss points, supported by relevant charts. I also handled customer support, accounts, legal issues, and SEBI compliance with my dedicated team.*
2. *Operational Workflow:*
   - *Franchisees performed digital marketing, collected KYC and ensured clients acknowledged trading risks via disclaimers on the websites.*
   - *Clients made payments to the Real Stock Ideas account, which also handled GST payments on total gross revenue. Franchisees did not have GST numbers and were prohibited from collecting money directly.*
   - *Revenue computation and franchisee payouts (75% of monthly revenue) were managed by my accounts team. My share was 25%.*
3. *Complaint Resolution:*
   - *Franchisees initially handled client complaints. If unresolved, my customer support team intervened, and I personally addressed persistent issues.*

The franchise model faced significant challenges. Consequently, I decided to shut down the franchise model between August and October 2023, ceasing new client acquisition by the end of August 2023.

Given the comprehensive explanation and the steps taken to address the issues, I request SEBI to consider the context and the efforts made to maintain compliance and ethical standards. I respectfully ask for leniency in the final decision and assure full cooperation for any further clarifications required.

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Submissions dated July 17, 2024:

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6.111- LIST OF THE FRANCHISEES IS BEING PROVIDED. TWO OF THE FRANCHISEE DOCUMENTS WERE SUBMITTED AT TIME OF INSPECTION.

- *THE AGREEMENT WHICH WAS TAKEN BY THE INSPECTION TEAM SHOWS THAT I WAS DILIGENT TO PUT CONDITIONS LIKE FOLLOWING ALL THE SEBI COMPLIANCES THIS IS PROOF THAT – I WAS IN TOTAL CONTROL OF THE OPERATION.*
- *I WAS ALSO VERY METHODICAL TO MAKE FRANCHISEES FOLLOW ALL THE COMPLIANCES, IN THE AGREEMENT IT IS ALSO ADDED, THAT IF THE FRANCHISEE DID ANYTHING AGAINST CLIENT INTEREST OR DID NOT FOLLOW SEBI COMPLIANCE THEN THEIR DEPOSIT WOULD BE FORFIETED.*
- *THIS PROVES THAT I WANTED TO FOLLOW ALL REGULATIONS ALSO IF THE AGREEMENT IS SEEN IN DETAIL THE ROLE OF THE FRANCHISEE IS LAID OUT IN DETAIL WHER IT PROVES THEY WERE ONLY TO DO DIGITAL MARKETING ALL CORE ACTIVITIES WERE TO BE HANDLED ONLY BY ME.*

6.1.1.2 – LIST OF BANK ACCOUNT AND THE BANK STATEMENTS WERE SENT BY EMAIL TO THE INSPECTORS EMAILS.

6.1.1.3- LIST OF CLIENTS WAS NOT SUBMITTED AT TIME OF INSPECTION AS I HAVE SHIFTED FROM MUMBAI TO BELGAUM IN JULY
2023. IN MUMBAI THERE ARE NO DOCUMENTS WHEN INSPECTTION HAPPENED.
I WAS COINCIDENTALLY PRESENT AS I WAS IN MUMBAI FOR AN OPERATION. I HAVE INFORMED THIS TO INSPECTION TEAM.
IT IS BEING SUBMITTED NOW. LIST OF PACKAGES AND DURATION OF PLAN IS ALSO BEING SUBMITTED NOW.

6.1.14 – RECORDS OF LIST OF CLIENTS WAS MAINTAINED BY ME I HAVE SAID THIS TO INSPECTORS BUT THEY WERE NOT AVAILABLE AT
TIME OF INSPECTION. ALL CLIENTS WERE ADDED TO MY BROADCAST GROUP IE ALL CLIENTS OF ALL FRANCHISEES.

6.1.1.5 MODUS OPERANDI – CORE ACTIVITIES OF MY STOCK ADVISORY WERE HANDLED BY ME. FRANCHISEE ONLY DID DIGITAL
MARKETING TO ACQUIRE NEW CLIENTS. I NEEDED THIS SUPPORT AS I WAS BUSY IN MY MAIN PROFESSION AS SURGEON. –

- *THE TRADE ADVICE IT SELF - MY TRADE ADVICE WAS SENT DIRECT TO EACH CLIENT BY BROADCAST GROUP THE MEMBERS OF THE GROUP ARE THE ENTIRE CLIENT LIST ACCOMPANYING THIS REPLY.*
- *EACH TRADE ADVICE WAS VERY SPECIFIC WITH LIKELY DIRECTION OF THE TRADE IE. UP / DOWN, ENTRY, EXIT, STOP LOSS LEVEL, WHSH STRIKE OPTION TO BE BOUGHT, ANS WAS ACCOMPANIED BY THE RATIONALE OF THE TRADE WITH ACCOMPANYING CHART.*
- *PROOF OF ALL THE TRADES FOR THE PERIOD FROM 1-1-22 TO 1-1- 24 I AM ENCLOSING AS PROOF THAT THE ADVICE WAS SENT DIRECTLY TO CLIENT BYPASSING FRANCHISEE VIA WHATSAPP BROADCAST GROUP. I HAVE MENTIONED THIS TO THE INSPECTORS AT TIME OF INSPECTION AND SHOWED A FEW TRADES IN MY PHONE.*
- *THE NEXT CORE ACTIVITY IS CUSTOMER SUPPORT AND GRIEVANCE REDRESSAL I HAD A TEAM FOR THIS ACTIVITY.*
- *DR SAMEER CHOWDHARY MBA, PhD. MS. POOJA PORWAL MBA RIA. BOTH WITH STOCK MARKET EXPERIENCE WERE APPOINTED TO LIASION WITH CLIENTS AND GIVE CUSTOMER SUPPORT AND IF NECESSARY I TOO WOULD GIVE SUPPORT-*

- *LEGAL ISSUES WERE HANDLED BY GOPI MOTWANI OF MOTWANI ASSOCIATES IE DOING THE AGREEMENTS ETC.2022-2023.*
- *LATER ADV. MANISH. IE BETWEEN 2030-2024*
- *INITIALLY I CONDUCTED ZOOM CLASSES FOR NEW CLIENTS -PROOF IN THE ACCOPANYING PEN DRIVE BUT ALL CLIENTS WERE NOT SAME SOME WERE HINDI SPEAKING SOME WERE NEW OTHERS WERE EXPERIENCED SO I DECIDED TO DO ONE ON ONE COUNSELLING.*
- *I REGULARLY CONDUCTED ONE ON ONE COUNSELLING WITH ALL NEW CLIENTS ON SUNDAYS BY MOBILE PHONE WHEREIN I TAUGHT THEM HOW TO INTERPRET MY TRADE ADVICE, TRADE MANAGEMENT, IMPORTANCE OF MONEY MANAGEMENT AND STOP LOSS.*
- *THOSE CLIENT WHO HAD GIEVANCE WERE ENCORAGED TO DIRECTLY CONTACT ME AND DISCUSS BUT USSUALLY I DID THIS ONLY ON SUNDAYS BEING BUSY IN MY SURGICAL PRACTICE.*
- *THE OTHER MEMBERS OF MY TEAM WERE ADAKE ASSOCIATES MY CHARTERED ACCOUNTANT WHO HAD DEPUTE 2 PERSONS FOR MAITAINING ACCOUNTS TO CALCULATE EACH FRANCHISEE AYOUT AND GST. ALL FEES WERE COLLECTED IN ONLY THE REALS TOCK IDEAS ACCOUNT AND GST PAID CENTRALLY LATER THE PAYOUT WAS CALCULATED IN 75/25 RATIO 75 TO THE FRANCHISEE.*
- *THE PROOF THAT I WAS EFFICIENT IN MY CUSTOMER SUPPORT AND GRIEVANCE DEPARTMENT WAS THAT DURING THE ENTIRE PERIOD WHEN I WAS MANAGING THE SHOW THERE WERE FEW COMPLAINTS AND NONE WERE ECSALATED TO SEBI TO REACH ENQUIRY LEVEL. IT IS ONLY AFTER I SHUT ACTIVE OPERATIONS THAT FALSE CLIENTS OR VICTIMS OF CYBER FRAUD MADE COMPLAINTS TO SEBI ON SCORES-WHICH IS AN ALGO BASED SERVICE, IT DOES NOT AND CANNOT DIFFERENTIATE BETWEEN REAL AND FRIVOLOUS COMPLAINTS, THAT THIS COMPLAINT WAS LODGED ALSO I DID NOT HAVE ACCESS TO MY SCORE PLATFORM FOR 3-4 MONTHS, I WILL SUBMIT PROOF OF THIS EMAILS TO SCORES IT DEPT. HENCE I SENT MY REPLY DIRECTLY TO SEBI STAFF BUT IT WAS DISREGARDED AND THE FRIVOLOUS COMPLAINT ENTERTAINED.*
- *THE OTHER MEMBERS WERE MEGHA KYAL ASSOCIATES MEGHA IS COMPANY SECRETARY AND LLB AND SHE IS AN ADVISOR ON ALL SEBI MATTERS TO ME SHE WOULD SUPERVISE SAMEER CHOWDHARY AND POOJA PORWAL AND KEEP ME INFORMED OF MATTERS.*
- *THE NEXT CORE ACTIVITY OF STOCK ADVISOR IS WEB SITE – IT IS INCORRECT TO SAY THAT I WAS MIS-SELLING MY SERVICES. ON THE WEBSITE THERE WAS A DISCLAIMER AND THIS WARNED EVERY CLIENT THAT TRADING IS RISKY WITH BOTH GAINS AND LOSSES. THEN HE /SHE HAD TO FILL IN AN ONLINE RISK PROFILE QUESTIONNAIRE OF 6 QUESTIONS MAXIMUM RISK TAKER BEING 6 AND LESS RISK TAKER BEING LESS THAN 4. IN ADDITON I HAD DEVISED MY VERY OWN SUITABILITY QUESSTIONAIRE WHICH I AM SUBMITTING AS EVIDENCE WHICH ASSESSED THE PYSCHOLOGICAL ASSESSMENT OF THE CLIENT.*
- *ON THE WEBSITE ALL INFORMATION WAS SAME IE ALL WEBSITES HAD SAME INFORMATION ONLY THE TITLE WAS CHANGED THIS WAS DONE TO FACILITATE DIGITAL MARKETING AND ALSO MAKE IT EASY TO CALCULATE INDIVIDUAL FRANCHISEE SHARE FOR PAYOUT IF ALL HAD SAME NAME OF REAL STOCK IDEAS THEN IT WOULD HAVE BEEN VERY CONFUSING.*
- *THE ROLE OF THE FRANCHISEE WAS ONLY AND ONLY TO MARKET MY SERVICES AND GET NEW CLIENTS. THRU DIGITAL MARKETING.*
- *A DEMO TRIAL FREE WAS GIVEN TO CLIENT, IF CLIENT MADE PROFIT, THEN IF CLIENT WANTED HE/SHE SIGNED UP BY PAYING MONEY INTO REAL STOCK IDEAS ACCOUNT .*
- *THE PROCESS OF SIGNING UP WAS FIRST TO VISIT WEB PAGE, COMPLETE CONTACT DETAILS , COMPLETE THE ASSESSMENT THEN TO PAY.*
- *WEBSITES ARE SHUT FOR SOMETIME EVEN DOMAIN NAME IS SURRENDERED.*
- *AFTER PAYMENT CLIENT WAS ADDED TO MY BROADCAST GROUP AND TRADE ADVICE COMMENECED DIRECTLY YO CLIENT AFTER THAT THERE WAS NO FURTHER CONTACT WITH FRANCHISEE.PROOF OF THIS I SHOWED THE GROUP TO INSPECTION TEAM.*
- *IT IS INCORRECT TO SAY THAT I WAS MIS-SELLING MY SERVICE, PROOF OF THAT IS THE VERY BAD REVENUES MADE BY THE FRANCHISEES AND ULTIMATELY STOPPAGE OF THE COMPANY ON 1-1-24.*
- *STOPPAGE OF ACQUIRING CLIENTS WAS BETWEEN AUGUST TO SEPTEMBER 2023 AND FULL STOPPAGE ON JANUARY 2024 AS SERVICE HAD TO BE GIVEN TO EXISTING CLIENTS.*
- *IT IS EASIER TO FOOL CLIENTS, BY GIVING FALSE PROMISES, WITH ASSURED RETURNS, BUT IF ONE DOES THE BUSINESS ETHICALLY LIKE WHAT I WAS DOING THEN MANY CLIENTS DO NOT SIGN UP FOR THE SERVICE, SO IF I WAS MIS-SELLING I WOULD HAVE DONE VERY WELL AND NOT BEEN FORCED TO CLOSE MY COMPANY.*
- *TWO FRANCHISEE NAMES WERE STILL ON BROADCAST GROUP BY OVERSIGHT THEY HAD LEFT IN SEPTEMBER 2023 ITSELF I HAVE SUBMITTED THE RESIGNATION LETTERS OF ALL THE FRANCHISEES AS PROOF OF THIS.*
- *TWO LETTERS WERE TAKEN BY THE INSPECTION TEAM AT TIME OF INSPECTION, AS THEY CAME TO MUMBAI ADDRESS BY COURIER THIS ACTUALLY PROVES THAT I HAD STARTED PROCEEDINGS TO SHUT MY COMPANY MUCH BEFORE THE INSPECTION AND REASON FOR SHUTTING WAS NO MIS-SELLING NO ASSURED RETURNS ETC. SO POOR BUSINESS.*
- *POOR BUSINESS WAS NOT DUE TO INCORRECT ADVICE, I REGULARLY GOT AUDITED MY TRADE ADVICE FROM INDEPENDENT AGENCY MY POSITIVE STRIKE RATE, FOR STOCK OPTION TRADES WERE – 70-80%, WHILE INDEX OPTIONS WAS 65-70%. I HAVE SUBMITTED THIS AS PROOF.*
- *SO IN CONCLUSION FOR THIS SEGMENT I CAN STATE THAT ALL CORE ACTIVITIES WERE DONE BY ME AND MY HIGHLY QUALIFIED PROFESSIONAL TEAM, NO MISELLING WAS DONE, CUSTOMER SUPPORT AND GREIVANCE WERE ADDRESSED PROMTLY AND ALSO VOLUNTARILY WHERE NEW CLIENTS WERE COUNSELLED REGULARLY BY ME ON SUNDAYS IN SMALL BATCHES.*

6.1.1.6 – INTERNAL AUDITS WERE DONE OF MY TRADE ADVICE AS MENTOINED ABOVE, ACCOUNT WERE AUDITED BY THE CA AND HIS TEAM. COPY OF TRADE AUDITS, I AM SENDING AS PROOF. THE COMPANY BEING A PROPRIETORY COMPANY THE ACCOUNTS WERE MERGED WITH MY INCOME FROM MEDICAL PROFESSION AND ITR FILED. I HAVE ALREADY SUBMITTED THE CURRENT ACCOUNT STATEMENTS AS REQUESTED BY INSPECTION TEAM WHICH GIVE THE INCOME OF REAL STOCK IDEAS. THIS OF COURSE IS THE TOTAL INCLOME FROM THIS GST WAS PAID I HAVE NOT ATTATCHED GST RECEIPTS IF NECESSARY WILL DO THAT. AFTER THE INSPECTION I HAVE CLOSED BOTH THE REAL STOCK IDEAS ACCOUNTS.

6.1.1.7 I HAVE A YOU TUBE CHANNEL CALLED ''SURGERY SIMPLIFIED'' WHERE I HAVE MADE VIDEOS ON SURGICAL CONDITIONS TOTAL 40

VIDEOS . REGARDING STOCK MARKET I HAVE MADE VIDEO MAINLY TO TEACH MY CLIENTS MY ''REVERSE PYRAMIDING TECHNIQUE'' OF TRADE MANGEMENT FOR INDEX – NIFTY / BANK NIFTY INTRA- DAY TRADING .

ALL CLIENTS WERE ADVISED TO SEE THIS VIDEO, PROOF SUBMITTED ALONG WITH THIS REPLY, THIS PROVES THAT I TOOK EXTRA EFFORT TO EDUCATE MY CLIENTS AND WAS PERSONALLY INVOLVED IN ALL ASPECTS OF MY COMPANY WRT CLIENTS .

6.1.2 IT IS INCORRECT TO SAY THAT I DID NOT CO-OPERATE. FIRST IT IS IMPORTANT TO UNDERSTAND THAT I HAD STOPPED THIS ACTIVITY SINCE LONG TIME, AND WAS NOW MENTALLY COMPLETELY OFF THE STOCK MARKET AND FULLY FOCUSED ON MY SURGICAL PROFESSION.

SECOND ON DAY OF INSPECTION I WAS IN AN RELATIVELY EMPTY HOUSE HAD COME FOR A SURGERY AND SO PRESENT IN MUMBAI I COME TO MUMBAI FOR OPERATIONS USUSALLY 1-2 TIMES EVERY 6-8 WEEKS AND STAY FOR 1-2 DAYS AND RETURN TO BELGAUM

I EXPLAINED THIS TO THE INSPECTION TEAM.

- *POST INSPECTION I HAVE SENT WHATEVER INFORMATION AS I GOT IT, EG. INSPECTION TEAM INFORMED ME IT IS VITAL FOR ME TO PUT A CYBER CRIME COMPLAINT AGAINST ONE OF MY EX- FRANCHISEE WHO WAS DOING IDENTITY THEFT AND CHEATING CLIENTS WHO WERE NOT MY CLIENTS BUT HIS CLIENTS BUT WAS MIS – USING MY LICENCE COPY TO SHOW HE IS WORKING FOR ME THIS ENTIRE ENQUIRY, HAS RESULTED FROM A COMPLAINT, GENERATED BY A PERSON – Ms. MANYA WHO NEVER WAS MY CLIENT BUT CLIENT OF EX- FRANCHISEE GAGANDEEP SINGH.*
- *THE CYBER CRIME COMPLAINT TOOK ME 10-12 DAYS AS ONLINE IT WAS NOT GOING AND I TRIED FOR SEVERAL DAYS TO MEET INSPECTORS IN BELGAUM, BUT COULD NOT , ALL THIS I WAS COMMUNICATING TO THE TWO INSPECTORS ON EMAIL. ALSO I GOT 2 WEBSITES OF 2 FRANCHISEES SHUT AND INFORMED THEM , SENT THE BANK STATEMENTS AS REQUESTED, HOWEVER MY ELDER DAUGHTERS MARRIAGE FROM APRIL TO MID MAY, I WAS BUSY ,SECONDLY MY SEBI ADVISOR MEGHA HER MOTHER PASSED AWAY AND SHE WAS UNAVAILABLE FOR CONSULTATAION TILL END MAY, BECAUSE OF THESE CONSTRAINS MY DETAILED REPLY GOT DEALYED I DO HOPE THAT THAT SHOULD NOT PREJUDICE SEBI TO THINK I AM NON- CO-OPERATIVE. IN JUNE BOTH OF US COMMUNICATED OVER PHONE TO GET THE REPLY READY.*
- *THIS REPLY I AM ADDITIONALLY GIVING BECAUSE THERE ARE SERIOUS FALSE ALLEGATIONS AGAINST ME AND I NEED TO POINT BY POINT REFUTE THEM.*
- *IN 40 YEARS OF SURGICAL CAREER AND OVER 25,000 SURGERIES THERE HAS NOT BEEN A SINGLE MEDICOLEGAL CASE AGAINST ME AND I BRING THE SAME HONESTY, ETHICS AND PROFESSIONALISM TO THIS BUSINESS AS WELL. I DO NOT NEED A REGULATOR TO IMPOSE RULES ON ME, I BELIEVE IN SELF REGULATION AND ALWAYS HAVE AND ALWAYS WILL TRY TO MEET THE HIGHEST STANDARDS OF PROFESSIONALISM AND HONESTY IN WHATEVER I DO. SO THIS ENTIRE ENQUIRY IS VERY DISTRSSING TO ME AND THAT TOO FOR SOMETHINFG I HAVENT DONE .*

6.1.4 – YES, I DO AGREE THAT THERE HAS BEEN A DELAY IN THE REPLY TO SEBI REGARDING THE QUESTIONS RAISED IN THE INSPECTION BUT I DID GIVE INFORMATION AS I RECEIVED IT THRU MARCH AND APRIL ONLY A CONSOLIDATED RESPONSE WAS NOT GIVEN BUT THERE WERE CERTAIN ISSUES WHICH I HAVE ALLUDED TO, HENCE IT GOT DELAYED, THAT CANNOT BE USED TO CONCLUDE THAT I WAS MIS-SELLING AND WAS DOING UNETHICAL THINGS WITH MY CLIENTS ETC.

6.1.5 – 6.2.7 - ARE OBSERVATIONS TO WHICH I HAVE ALREADY GIVEN MY REPLY.

6.2.8- THIS IS PROOF THAT MY CUSTOMER GRIEVANCE REDRESSAL WAS GOOD THE FACT THAT CLIENT WITHDREW HIS COMPLAINT PROVES THIS.

6.2.9 – THIS COMPLAINT WAS SETTLED AFTER THE ATR WAS SENT. SOMETIMES CLIENTS GET AGITATED AFTER EVEN A STOP LOSS IS HIT THINKING THAT THAT IS A LOSS. I CAN ONLY GIVE ADVICE, BUT I CANNOT TRADE FOR CLIENTS. IT MAY SO HAPPEN THAT CLIENT MAYNOT TRADE AS PER THE ADVICE GIVEN. I HAVE MY ADVICE GIVEN TO EACH CLIENT FOR EACH TRADE DAY, WHICH I HAVE SUBMITTED AS EVIDENCE. THE CLIENT NEEDS TO PROVE TO SEBI THAT HE DID INDEED FOLLOW THE ADVICE AS GVIEN BY ME EXACTLY BEFORE ALLEGING THAT LOSS IS DUE TO MY ADVCIE.

6.2.11 – I HAVE ALREADY SAID THAT THOUGH BOTH THESE FRANCHISEES WERE INACTIVE BY OVERSIGHT THEY REMAINED IN THE GROUP EVEN THE GROUP WAS STILL THERE THOUGH THERE WAS NO ACTIVITY. THIS ONLY PROVES, THAT MY TRADE ADVICE WAS SENT TO BOTH CLIENTS AND FRANCHISEES, SO THEY HAD TO USE THAT ADVICE FOR THE DEMO TRIAL TO PROSPECTIVE NEW CLIENTS. THIS PROVES THAT I HAD A ROBUST SYSTEM WHICH ENSURED THAT EVEN NEW PROSPECTIVE CLIENTS GOT THE TRADE ADVICE WHICH MY PAID CLIENTS WERE GETTING.

6.2.12 – YES, I HAD GIVEN COLOURED COPIES OF MY LICENCE TO MY FRANCHISEES, TO DISPLAY IN THEIR CALL CENTRES, THIS IS PROOF THAT THERE WAS NO MISLEADING CLIENTS OR AUTHORITIES WHO IS THE SOURCE OF THE ADVICE. THIS WAS TO PROTCET THEM, FROM POLICE INSPECTIONS,CYBER CRIME INSPECTIONS OR SEBI INSPECTIONS. I HAVE SAID EARLIER AND REITERATE HERE I AM WILLING TO TAKE FULL RESPONSIBITIY FOR MY CLIENTS AND THOSE FRANCHISEES WHO WERE ACTIVE. I AM NOT WILLING TO TAKE RESPONSIBILTY FOR AN EX- FRANCHISEE –(HE RESIGNED IN JULY 22) AND HIS CLIENT IN OCTOBER 2023 -MANYA WHO IS NOT MY CLIENT AT ALL, HER COMPLAINT HAS PRECIPITATED THIS INSPECTION / ENQUIRY, THIS DESPITE REPEATED EMAILS TO VARIOUS SEBI OFFICALS REGARDING THIS FACT, I HAVE REQUESTED THAT MANYA SHOULD PROVE SHE IS MY CLIENT WITH ANY PROOF OF PAYMENT LIKE A SCREEN SHOT BUT SEBI CHOOSES TO BELIEVE CLIENT BUT NOT RA. THIS IS VERY UNFORTUNATE. I HAVE SUBMITTED PROOF OF MY CONVESATIONS WITH MANYA, SEBI, AND GAGANDEEP SINGH RESIGNATION AS PROOF.

6.2.13 – THIS IS TOTALLY AND UTTERLY FALSE, THESE CONCLUSIONS ARE MOST UNFORTUNATE. I HAVE SHOWN YOU THAT ALL TRADE ADVICE WAS SENT VIA BORADCAST GROUPS TO CLIENTS DIRECTLY, THE INSPECTION TEAM TOO SAW THIS ON MY PHONE. I HAVE ALLUDED TO THE SAME IN EARLIER OBSERVSTIONS. STILL ALLEGING THAT I HAD NO CONTROL ON THE ADVICE GIVEN IS WRONG, I AM SUBMITTING ALL THE TRADE ADVICE FOR THE ENTIRE PERION FROM 1-1-22 TILL 1-1-24. I STRONGLY OBJECT TO THESE ALLEGATIONS.

6.2.14 - I TOTALLY REFUTE THESE CONCLUSIONS AS THE ENTIRE EARLIER OBSERVATION IS WRONG.

6.2.15 AGAIN THESE CONCLUSIONS ARE WRONG. I HAVE ALREADY DEMONSTARTED THAT ALL THE CORE

ACTVITIES OF MY OPERATION WERE ENTIRELY UNDER MY CONTORL. AS I WAS FOLLOWING ALL THE REGULATIONS, IT WAS DIFFICULT TO GET CLIENTS, IT IS EASIER TO MIS-SELL AND MAKE MORE CLIENTS. I HAD FULL CONTORL ON MY FRANCHISEES, I DID NOT ALLOW ANY ASSURANCES OR MIS-SELLING AND EVEN THE ADVICE TO ACQUIRE NEW CLIENTS WAS THRU MY ADVICE FOR PAID CLIENTS, SO TO CONCLUDE THAT I WAS NOT IN MY CONTROL, OR THAT I WAS OUTSOURCING ALL THESE ACTIVITES IS FALSE . I
I TAKE VERY STRONG OBJECTION TO SUCH CONCLUSIONS.

6.2.15-6.2.18 THHERE BEING REPITION OF THE SAME THINGS, I WOULD LIKE TO REPLY TO THESE TOGETHER. I HAVE NOW SUBMITTED THE MODUS OPERANDI, LIST OF CLIENTS, LIST OF FRANCHISEES, WITH THEIR RESIGNATION LETTERS, ALL THE TRADES SENT TO CLIENTS AND PORSPECTIVE CLIENTS, ACCOUNT STATEMENTS, CYBER CRIME COMPLAINT COPY, ETC WHATEVER INFORMSTION SOUGHT AT TIME OF THE INSPECTION I HAVE NOW SUBMITTED.
ALL THE ALLEGATIONS, CONCLUSIONS AND ACCUSATIONS MADE IN THIS SHOW CAUSE NOTICE ARE TOTALLY FALSE AND AT VARIOUS POINTS IN THIS REPLY I HAVE SHOWN PROOF OF WHAT I AM SAYING IS CORRECT AND WHAT CONCLUSIONS HAVE BEEN MADE IN THE SHOW CAUSE ARE IN CORRECT.
THE ONLY ONE POINT I DO AGREE IS THE DELAY, BUT THERE WERE UNAVOIDABLE CIRCUMSTANCES WHICH I HAVE ALLUDED TO, FROM MY SIDE ,THE DATA WAS READY IN APRIL 2024, BUT I THOUGHT I SHOULD USE THE ADVICE OF MEGHA KYAL ASSOCIATES BEFORE SUBMITITING AS A CONSOLIDATED REPORT, SHE WAS UNAVAILABLE TILL END MAY 2024, HENCE THE DELAY. HERE,
I SINCERELY APOLOGISE FOR THE DELAY.
I REQUEST THAT THIS REPLY WITH THE ACCOMPANYIIMG PROOF PROVIDED BY ME BE TAKEN IN TO CONSIDERATION AS THE PRIMARY RESPONSE TO THE NOTICE AND NOT THE REPLY I HAD SUBMIIED EARLIER.
I REQUEST THIS ENQUIRY BE CLOSED IN MY FAVOUR.
IN MY ENTIRE LIFE HAVE NEVER DONE AN UNETHICAL OR DISHONEST ACT, WHETHER IN MY PRIMARY PROFESSION AS A SURGEON OR AS A STOCK MARKET EXPERT ADVISOR.
6.2.11-AS I HAVE SAID EARLER THAT ALL RECOMMENDATIONS WERE GIVEN DIRECT TO THE CLIENT THRU MY WHATSAPP CLIENT GROUPS THIS OBSERVSTION PROVES THAT INDEED I WAS GIVING MY RECOMMENDATIONS DIRECT TO CLIENTS.
…'.

Submissions vide email dated July 18, 2024:

'…

Respected Sir,
I am just sending my WhatsApp chat as proof that i was requesting megha kyal to help me file reply. I had all the data and proof ready by April 10 and sent to her.
As I said , I put undue faith and that was reason for delay. i did not expect it to stretch till end june.
I know that ultimately responsibility is mine, but once again, i am only trying to remove the negative perception about me, that i was not co-operative with the enquiry . I was cooperating with inspection team and later as well.
All the documents in favour of my response will be couriered today

…'

Submissions vide email dated July 24, 2024:

'…

This is list of complaints out these 50% of complaints are false those in 2023-2024. None of these are my clients and they need to prove they are my clients by furnishing some proof of payment to me or my company Real Stock Ideas.
They have been victims of identity theft by some other person/ company masquerading as my employee / working for me.
One of these is Manya whose complaint has precipitated this enquiry.
My reply to SEBI in all these has been same, that they never were my clients.
The rest , I have given ATR, stating my side and were closed by SEBI without any further escalation.
I do hope you have received my courier, with my reply and the accompanying documents.

…'

Submissions vide email dated January 07, 2025:

'…

I have given a submission in detail, to all the questions, raised in the show cause notice after my personal hearing at SEBI office on July 17 2023.
In my written submission sent by courier on July 18th 2023 , I have replied to each query raised in the show cause notice with proof wherever required.
Only that reply to be considered as my reply to the SCN.
I reiterate here, that this entire enquiry is totally based on false complaints, by people who are not my

clients at all.
I have on my own closed down my Advisory - Real Stock Ideas in August 2023.(ie getting new clients however, I had to service existing clients till end of October 2023.).
SCORES platform, allows anyone to put a complaint, I have repeatedly requested that person who puts complaint, against RRA/RIA should first demonstrate proof of payment made to that RA / IA to establish a client - service provider relationship. This has been dis-regarded, none of the complainants are my clients, they need to submit screen shot of payment to me Nikhil Baljekar or my company" Real Stock Ideas" any other similar name like- " Real Stock Advisors "or "Real Stock Experts "etc are not my companies, they are someone pretending to be me, using copies of my licence, to cheat people.
I am being blamed by SEBI for their acts.
There has been no attempt by SEBI, to establish, if the complainants are indeed my clients, in the first place, this,I feel, is unfair to me.
Even now, complaints are being registered, though I am totally out of Stock Market, since long time ,hence i don't feel the need to reply to those frivolous complaints anymore.
I am fully engaged in my surgical practice.
Regarding phone , I am sorry, but my phone is always on DND as a protection against unwanted calls which can be cyber fraud , so all unsaved numbers, will not register on my phone.
I do not reply to any unsaved call since last 6 years.

…'

Submissions vide email dated January 17, 2025:

'…

Proof of courier sent on 18-07-2024
By mistake in previous email i said july 2023 it is july 2024.
At time of in person hearing, I was instructed to give my reply by 19-07-2024.
I have sent courier on 18-7-24 it should have reached by 19-7-24.
So I have followed every instruction since my initial enquiry, which too was based on false complaint by a Ms Manya , all subsequent complaints are also false, as they are victims of fraudsters doing identity theft , but Sebi has chosen to believe them, rather than believe me.
Hence I have decided, as I have repeatedly requested and informed that my stock advisory is shut since August 2023 none of the clients are mine , but sebi chooses not to take this explanation, I have decided to therefore not communicate anymore in this matter.
…
Done over 25000 surgeries in India UK and Israel , no complaints !!
Also -
MBA (Finance), PhD. (Finance).
IRDA , AMFI, RIA, RA.
Licenciate. & Associate of India Institute Insurance , Certificate from Moody's in Advanced Derivative Strategies.
NISM Certifications in
Derivatives, Currency, Commodity,
AIF, PMS.
Author of Book on Short Term Trading in NIFTY.
has researched and discovered BALJEKAR INDICATOR & BALJEKAR METHOD OF TRADING.
Trainer in Technical Analysis since 2014 over 2500 students in Mumbai Bangalore and online during pandemic.
I am also a "You Tuber" with my own channel of "Surgery Simplified" with over 40 videos on simple explanations of complex surgical diseases(please do see and subscribe)

…'

Submissions vide email dated January 20, 2025:

'…

I am in the process of putting a public notice informing all concerned about misuse of my licence and if necessary an FIR against persons unknown.
This will take 2-3 days.
Once i do it i shall email copies of these documents.
FYI
…'

Submissions vide email dated January 22, 2025:

'…
This is the public notice in Deccan Herald a news paper with a very good circulation, based on an affidavit which is a requirement for a public notice.

I am now going to put an FIR against unknown persons, based on this public notice and the affidavit.
I do hope, this will convince all concerned, that my stock advisory is shut since August 2023.
Hence all complaints m, after 31st. August 2023 are totally spurious hence do not need me to individually respond to them.
Dr Nikhil Dayanand Baljekar.
…'

D. CONSIDERATION OF ISSUES AND FINDINGS

13. The following issues arise for consideration in the instant matter:

Issue No. I:	**Whether the Noticee had violated the provisions of SEBI Act, RA Regulations, IA Regulations and Circulars, as alleged?**
Issue No. II:	**If yes, whether the violations on the part of the Noticee would attract monetary penalty under Section 15EB of the SEBI Act, 1992?**
Issue No. III:	**If yes, what should be the monetary penalty that can be imposed upon the Noticee?**

14. **It was inter alia observed and alleged that RA-NDB had not provided the information sought during the inspection and thereby, hampered the inspection.**

In view thereof, it was alleged that Noticee had violated Regulation 29(1) & (2) of RA Regulations, 2014 and Clauses 1, 2 & 7 of the Code of Conduct as specified in the Third Schedule under Regulation 24(2) of the RA Regulations, 2014.

14.1. Here it would be relevant to refer to the text of the provisions alleged to have been violated, which inter alia reads as under:

Regulation 29(1) & (2) of RA Regulations, 2014:

'…
Obligation of research analyst on inspection.

29. (1) It shall be the duty of every research analyst or research entity in respect of whom an inspection has been ordered under the regulation 27 and any other associate person who is in possession of relevant information pertaining to conduct and affairs of such research analyst or research entity including [46][partners, directors, principal officer and persons associated with research services], 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.

…'

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

'…
General responsibility.
***24.** (1)….*
(2) Research analyst or research entity shall abide by Code of Conduct as specified in Third Schedule.
…

THIRD SCHEDULE
[See sub-regulation (2) of regulation 24]
CODE OF CONDUCT FOR RESEARCH ANALYST

1.Honesty and Good Faith
Research analyst or research entity shall act honestly and in good faith.
2.Diligence
Research analyst or research entity shall act with due skill, care and diligence and shall ensure that the research report is prepared after thorough analysis
…
7.Compliance
Research analyst or research entity shall comply with all regulatory requirements applicable to the conduct of its business activities

…'

(Note: for detailed/ complete text of the provisions, relevant Acts etc., may please be referred.)

14.2. In this regard I note from material available on record that during the on-site visit and through reminder emails dated February 28, 2024 and March 14, 2024, following information was inter-alia sought from RA-NDB:

14.2.1. List of all franchises authorized by him along with contact and website details, during the period .i.e., April 01, 2022 to till the date of on-site visit and Modus operandi of franchise business.

14.2.2. List of all bank accounts pertaining to Real Stock Ideas.

14.2.3. List of all clients served during the inspection period .i.e., April 01, 2022 to January 31, 2024 for the RA activities along with details of all packages provided including amount charged for packages and duration of the plan.

14.2.4. Confirmation on whether records of list of clients are maintained by the RA or not, during the inspection period.

14.2.5. Modus operandi for providing tips along with details of WhatsApp group used for the same including the WhatsApp group namely RSI wherein persons from two franchisee are there.

14.2.6. Copy of Internal Audit Reports

14.2.7. Write-up about personal appearance in any public platform/forum during the inspection period.

14.2.8. Confirm whether Real Stock Ideas is a proprietary company.

14.3. Pursuant to the Inspection, SEBI observed that as on February 27, 2024, the aforesaid information was not submitted by RA-NDB and thereby, RA-NDB had not co-operated with the inspection despite sending reminders & being provided sufficient time. SEBI observed that as the data was not provided by RA-NDB, it could not ascertain whether assured returns were provided by RA-NDB and whether RA had maintained records as per Regulation 25 of RA Regulations, 2014.

14.4. In this regard, the findings with respect to failure to provide the information, was communicated to RA-NDB vide letter of observation dated March 20, 2024. However, RA-NDB had not responded to the letter of observation. Further, vide email dated March 26, 2024, RA-NDB had provided the copy of statement of bank account and stated that he is in process of gathering the client information and rest of information will be provided after being discussed with its consultant.

14.5. In this regard, as on March 28, 2024, the aforesaid information was not submitted by RA-NDB despite after one month from the date of inspection, RA-NDB had allegedly failed to provide the complete information to SEBI.

14.6. In this regard, I note that Noticee's submissions as part of its replies to the SCN are in nature of admission in so far as Noticee has submitted that *"YES, I DO AGREE THAT THERE HAS BEEN A DELAY IN THE REPLY TO SEBI REGARDING THE QUESTIONS RAISED IN THE INSPECTION"… "I respectfully submit that the perceived non-compliance was not due to any intentional act of obstruction or negligence…." and that '..i did not expect it to stretch till end june..I know that ultimately responsibility is mine…'*

14.7. Further in this regard, Noticee, as part of its replies to the SCN dated June 29, 2024 and July 17, 2024 has inter alia contended that *"THE DATA WAS READY IN APRIL 2024, BUT I THOUGHT I SHOULD USE THE ADVICE OF MEGHA KYAL ASSOCIATES BEFORE SUBMITITING AS A CONSOLIDATED REPORT, SHE WAS UNAVAILABLE TILL END MAY 2024, HENCE THE DELAY…"*

In this regard, I note that SEBI sought information from Noticee vide email dated February 28, 2024 and March 14, 2024. I further note from material available on record that the information sought by SEBI was with regard to its own operation and activities which ought to have been available with the Noticee. However, the aforesaid information was not submitted by Noticee even after one month from the date of inspection till March 28, 2024. In view thereof, the contentions of the Noticee in this regard are devoid of merit and hence not acceptable.

14.8. Noticee, as part of its replies to the SCN dated June 29, 2024 and July 17, 2024 has inter alia also contended that *'…As a consultant surgeon, my primary profession demands substantial time and attention,* particularly *in urgent medical situations. This professional commitment occasionally limits my ability to address other responsibilities promptly, including those related to my advisory business…'.*

In this regard, I note that the instant allegations in respect of the Noticee are in the capacity of a SEBI registered Research Analyst. In terms of Regulation 29(1) and 29(2) of RA Regulations, 2014, it is the duty of every research analyst in respect of whom an inspection has been ordered inter alia 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 and to extend all such assistance co-operation as may be required in connection with the inspection. I note that engagement in other word may not be acceptable as a justification to fulfil obligations as required in the law. In view thereof, the contentions of the Noticee in this regard are devoid of merit and hence not acceptable.

14.9. Noticee, as part of its replies to the SCN dated June 29, 2024 and July 17, 2024 has inter alia also contended that '…*The inspection coincided with several significant* personal *and professional events:*

- *The marriage of my daughter, which required my presence and attention.*
- *The passing of the mother of my external compliance consultant, which caused unavoidable delays in gathering and providing information.*
- *Urgent and critical matters in my surgical practice that demanded immediate attention and could not be postponed…'.*

In this regard, the submissions of the Noticee are in the nature of mere statements. The Noticee has not substantiate his submission along with relevant details such as dates of events and relevant documents thereto. In the absence of same, the contentions of the Noticee in this regard are devoid of merit and hence not acceptable.

14.10. Noticee, as part of its replies to the SCN dated June 29, 2024 and July 17, 2024 has inter alia also contended that *'..I had ceased accepting new clients for research analyst services well before the inspection..'*.

In this regard, I note that the contentions of the Noticee are out of context in so far as the alleged violation is with respect to not having provided the information sought during the inspection for the inspection period April 01, 2022 to January 31, 2024. I note that ceasing to accept new clients and not having provided information sought are two distinct aspects. I also note from material available on record that Noticee continued to be a SEBI registered Research Analyst during the relevant time. In view thereof, the contentions of the Noticee in this regard are devoid of merit and hence not acceptable.

14.11. Noticee, as part of its replies to the SCN dated June 29, 2024 and July 17, 2024 has inter alia also contended that *'…I HAVE NOW SUBMITTED THE MODUS OPERANDI, LIST OF CLIENTS, LIST OF FRANCHISEES, WITH THEIR RESIGNATION LETTERS, ALL THE TRADES SENT TO CLIENTS AND PORSPECTIVE CLIENTS, ACCOUNT STATEMENTS, CYBER CRIME COMPLAINT COPY, ETC WHATEVER INFORMSTION SOUGHT AT TIME OF THE INSPECTION I HAVE NOW SUBMITTED…"*

In this regard, I note that the instant allegation is with respect to Noticee not having provided information to SEBI, as sought, during the inspection then and thereby having hampered the inspection, and not about providing information during the instant proceedings. In view thereof, the contentions of the Noticee in this regard are devoid of merit and hence not acceptable.

14.12. In view thereof, I find that the allegation that Noticee had not provided the information sought during the inspection and thereby, hampered the inspection, stands established. Therefore, I hold that Noticee had violated Regulation 29(1) & (2) of RA Regulations 2014 and Clauses 1, 2 & 7 of the Code of Conduct as specified in the Third Schedule under Regulation 24(2) of the RA Regulations 2014.

15. **It was inter alia observed and alleged that RA-NDB had engaged in mis-selling of research services through third parties fraudulently by allowing usage of his license/SEBI registration (IA/RA), allowing the third parties to give recommendations on his behalf and by sharing client details to third parties devolving his role & responsibilities as an IA/RA and has outsourced his core activities as IA and RA.**

In view thereof, it was alleged that Noticee had violated Regulations 3 (a - d), 4 (1) and 4 (2) (s) of PFUTP Regulations, 2003 read with sections 12 A (a), (b) and (c) of SEBI Act, 1992; Clauses 1 & 2 of the Code of Conduct as specified in the Third Schedule under Regulation 15(9) of Securities and Exchange Board of India (Investment Advisers) Regulations, 2013; Clause 12.5 of VI-MISCELLANEOUS of SEBI Master Circular for Investment Advisers SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023 and Clause 9.5 of IV-MISCELLANEOUS of SEBI Master Circular for Research Analysts SEBI/HO/MIRSD-PoD-2/P/CIR/2023/90 dated June 15, 2023.

15.1. Here it would be relevant to refer to the text of the provisions alleged to have been violated, which inter alia reads as under:

SEBI Act, 1992:

'…

Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.
12A. No person shall directly or indirectly—
(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;
(b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;
(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

…'

PFUTP Regulations, 2003:

'…

3. ***Prohibition of certain dealings in securities***
No person shall directly or indirectly—
(a) buy, sell or otherwise deal in securities in a fraudulent manner;
(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;
(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;
(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

1. Prohibition of manipulative, fraudulent and unfair trade practices

(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a [6][manipulative,] fraudulent or an unfair trade practice in securities 7[markets].
[8][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 [9][manipulative] fraudulent or an unfair trade practice if it involves [10][any of the following]:—
…
[28][(s) [29]{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}];

…'

SEBI Circular no. SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023:

'…

12.5. Activities that shall not be Outsourced:
The intermediaries desirous of outsourcing their activities shall not, however, outsource their core business activities and compliance functions. An example of core business activity may be – execution of orders and monitoring of trading activities of clients in case of stock brokers. Regarding Know Your Client (KYC) requirements, the intermediaries shall comply with the provisions of SEBI {KYC (Know Your Client) Registration Agency} Regulations, 2011 and Guidelines issued thereunder from time to time.

…'

SEBI Circular no. SEBI/HC)/MIRSD-PoD-2/P/CIR/2023/90 dated June 15, 2023:

'…

9.5. Activities that shall not be Outsourced:
a. The intermediaries desirous of outsourcing their activities shall not, however, outsource their core business activities and compliance functions. An example of core business activity may be - execution of orders and monitoring of trading activities of clients in case of stock brokers. Regarding Know Your Client (KYC) requirements, the intermediaries shall comply with the provisions of SEBI {KYC (Know Your Client) Registration Agency} Regulations, 2011 and Guidelines issued thereunder from time to time.

…'

(Note: for detailed/ complete text of the provisions, relevant Acts etc., may please be referred.)

15.2. In this regard, I note from material available on record that SEBI observed that Noticee was running a franchise based model and lent his IA/RA license to other entities. In this regard, Noticee had submitted agreement with Sunita Rani (369 Real Stock) along with request letter of agreement termination and colored copy of RA license of RA-NDB and request Letter of agreement termination by Pratik Pandurang Jadhav (Stock Bazaar Expert) along with the colored copy of RA license of RA-NDB.

15.3. Upon perusal of aforesaid documents, SEBI observed the following:

15.3.1. In the agreement with Sunita Rani-Franchisee (369 Real Stock), the following were inter-alia mentioned:

15.3.1.1. Nikhil Dayanand Baljekar (NBD) had been referred to as license holder of SEBI registered Investment Advisor (IA) and Research Analyst (RA) and proprietor of Real Stock Ideas.

15.3.1.2. Revenue sharing model between NBD and Sunita Rani.

15.3.1.3. Refundable franchise deposit of Rs. 3,00,000/-.

15.3.1.4. Sunita Rani to take all precautions and adhere to the SEBI (Investment Advisor) Regulations and to provide service to clients as per their financial goals and risk appetite.

15.3.1.5. Franchisee website and all official communication will show name of Franchise "Partner of Real Stock Ideas".

15.3.2. From the request letter of agreement termination of Pratik Pandurang Jadhav- Franchisee (Stock Bazaar Expert), I note that it was inter-alia observed by SEBI that he was using the franchise/license of NBD during the period of April 01, 2023 to July 30, 2023.

15.3.3. Further, the following were inter-alia observed by SEBI from the website of NDB .i.e., Real Stock Ideas (https://realstockideas.co.in/)-, with respect to Franchise model:

15.3.3.1. Revenue Generation via acquiring subscribers based on Investment research ideas provided by "REAL STOCK IDEAS".

15.3.3.2. The franchise will maintain all KYC-related documents and follow up with the subscriber's onboarding activities, activation, renewals, etc. with the help of the Firm.

15.4. From the copy of agreement between RA-NBD and Sunita Rani obtained from RA-NDB during inspection, I note that it was observed by SEBI that Mr. Nikhil Baljekar had devolved his role and responsibilities as an IA/RA to the Franchisee. The Franchisee, Sunita Rani agreed to comply with the provisions of SEBI (Investment Advisor) Regulations and to provide the service to clients as per their financial goals and risk appetite. Further, while requesting for agreement termination, Pratik Pandurang Jadhav and Sunita Rani have returned the colored copy of RA license, which was provided by RA-NDB.

15.5. Further, I note from material available on record that it was observed from the SCORES complaint no. SEBIE/MH23/0006418/1 that the complainant had lodged a complaint on SCORES against RA-NDB, inter-alia alleging that poor services were provided to him by Noticee through Golden Consultancy. Further, it was also stated that Golden consultancy runs their operation with the assistance of Noticee. In addition to above, an email complaint was received from Sh. D****ep Kumar ****ar inter-alia alleging against Golden Consultancy regarding the loss incurred due to recommendations provided by them.

15.6. In addition to above, it was informed by Noticee that he was associated with Golden Consultancy and in this regard, details were sought from RA-NDB. However, RA-NDB has not provided information in this regard. Considering above, it was alleged by SEBI that RA-NDB had also lent its IA/RA license to Golden Consultancy.

15.7. During the inspection, it was informed by RA-NDB that he provided his recommendations through WhatsApp group namely *RSI group* which included all the entities to whom he lent his SEBI registered IA/RA license. The aforesaid entities in turn used to forward the recommendations to his clients. In this regard, vide submissions dated February 27, 2024, RA-NDB inter-alia stated that two franchisee were still in the aforesaid group.

15.8. It was also observed that RA-NDB had given the colored copies of his SEBI registered license to aforesaid third parties for undertaking the activities of IA/RA on his behalf. Therefore, it was alleged by SEBI that NDB had mis-used both his IA and RA registrations by lending it to third parties through agreement, by giving recommendations through third parties and by sharing client details to third parties devolving his role & responsibilities as an IA/RA.

15.9. Further, the RA-NDB had no control over what recommendations were being provided to the clients who had subscribed to his services. After receiving recommendations from RA-NDB, the franchisees could send a recommendation that was not same as the one sent by RA-NDB. In the absence of modus operandi of the franchise model adopted by the RA-NDB and based on the limited information provided by him, it was alleged by SEBI that RA-NDB did not have control over communications with the clients who subscribed his research services through third parties. Further, it was inferred that RA-NDB had lent his IA/RA registration and had given a free hand to the franchisees in running the operations. Thus, activities of franchisees were portrayed as activities of RA-NDB.

15.10. In view thereof, SEBI observed that by allowing usage of his license/SEBI registration by aforesaid third parties and by allowing the third parties to give recommendations on his behalf, RA-NDB had engaged in mis-selling of research services through third parties fraudulently during the inspection period.

15.11. Further, from above, it was observed that RA-NDB had outsourced his following core activities as IA and RA–

15.11.1. Providing service to clients as per their financial goals and risk appetite pertaining to IA activity

15.11.2. Providing recommendations to clients pertaining to IA and RA activity

15.12. In this regard, RA-NDB had not responded to the letter of observation dated March 20, 2024. Further, with respect to observation, the following information was inter-alia sought from RA-NDB during the on-site visit and through reminder emails dated February 28, 2024 and March 14, 2024:

15.12.1. List of all franchises authorized by him along with contact and website details, during the period .i.e., April 01, 2022 to till the date of on-site visit and Modus operandi of franchise business.

15.12.2. Modus operandi for providing tips along with details of WhatsApp group used for the same including the WhatsApp group namely RSI wherein persons from two franchisee are there.

15.13. However, it is noted from material available on record that RA-NDB had not provided information despite reminders and letter of observation. Considering the non-submission of information/reply to letter of observation, it was alleged by SEBI that RA-NDB had no explanation to offer in this regard and thereby, had engaged in mis-selling of research services through third parties and had outsourced his core activities as IA and RA.

15.14. I note from material available on record that as regards allowing usage of his license/SEBI registration (IA/RA) by third parties, Noticee has neither denied nor disputed that he had entered into a franchisee agreement with other entities, as observed and stated, wherein he had provided colored copy of his registered IA/RA license for undertaking the activities of IA/RA on his behalf, instead, Noticee's submission as part of its replies to the SCN, are in nature of admission in so far as Noticee has submitted that "*They facilitated digital marketing and accounting under different names and websites, all prominently displaying my credentials as a Research* Analyst *and my contact details*…".

15.15. Further, as regards sharing client details to third parties and outsourcing his core activities as IA and RA, I note from material available on record that Noticee had outsourced his core responsibilities i.e maintenance of KYC related documents etc.to other entities. In this regard, I note that Noticee has neither denied nor disputed the same, instead the submissions of the Noticee are in the nature of admission in so far as the Noticee has submitted that "…*Client details were shared with franchisees solely for the purpose of performing their designated roles, such as conducting KYC, managing client communications, and distributing my Research recommendation…".*

15.16. Further in this regard, Noticee, as part of its replies to the SCN dated June 29, 2024 and July 17, 2024 has inter alia contended that *"…MY TRADE ADVICE WAS SENT DIRECT TO EACH CLIENT BY BROADCAST GROUP …EACH TRADE ADVICE WAS VERY SPECIFIC WITH LIKELY DIRECTION OF THE TRADE IE. UP / DOWN, ENTRY, EXIT, STOP LOSS LEVEL, WHSH STRIKE OPTION TO BE BOUGHT, ANS WAS ACCOMPANIED BY THE RATIONALE OF THE TRADE WITH ACCOMPANYING CHART…THE ADVICE WAS SENT DIRECTLY TO CLIENT BYPASSING FRANCHISEE VIA WHATSAPP BROADCAST GROUP…INITIALLY I CONDUCTED ZOOM CLASSES FOR NEW CLIENT.. BUT ALL CLIENTS WERE NOT SAME SOME WERE HINDI SPEAKING SOME WERE NEW OTHERS WERE EXPERIENCED SO I DECIDED TO DO*

ONE ON ONE COUNSELLING…I REGULARLY CONDUCTED ONE ON ONE COUNSELLING WITH ALL NEW CLIENTS ON SUNDAYS BY MOBILE PHONE WHEREIN I TAUGHT THEM HOW TO INTERPRET MY TRADE ADVICE, TRADE MANAGEMENT, IMPORTANCE OF MONEY MANAGEMENT AND STOP LOSS…'.

In this regard, I note that the contentions of the Noticee are out of context in so far as the alleged violations is inter alia with respect to allowing usage of his license/SEBI registration (IA/RA) by third parties, allowing the third parties to give recommendations on his behalf and by sharing client details to third parties devolving his role & responsibilities as an IA/RA and having outsourced his core activities as IA and RA, which has admittedly neither been denied nor disputed by the Noticee., as already discussed and brought out in the foregoing. Therefore, contentions of the Noticee in this regard are devoid of merit and hence not acceptable.

15.17. I note that Noticee, as part of its replies to the SCN has inter alia also contended that *'…THE PROOF THAT I WAS EFFICIENT IN MY CUSTOMER SUPPORT AND GRIEVANCE DEPARTMENT WAS THAT DURING THE ENTIRE PERIOD WHEN I WAS MANAGING THE SHOW THERE WERE FEW COMPLAINTS AND NONE WERE ECSALATED TO SEBI TO REACH ENQUIRY LEVEL…" "…I AM NOT WILLING TO TAKE RESPONSIBILTY FOR AN EX- FRANCHISEE –(HE* RESIGNED *IN JULY 22) AND HIS CLIENT IN OCTOBER 2023 -MANYA WHO IS NOT MY CLIENT AT ALL, HER COMPLAINT HAS PRECIPITATED THIS INSPECTION / ENQUIRY, THIS DESPITE REPEATED EMAILS TO VARIOUS SEBI OFFICALS REGARDING THIS FACT, I HAVE REQUESTED THAT MANYA SHOULD PROVE SHE IS MY CLIENT WITH ANY PROOF OF PAYMENT LIKE A SCREEN SHOT BUT SEBI CHOOSES TO BELIEVE CLIENT BUT NOT RA…"* .

In this regard, I note that alleged violation in the instant matter is inter alia with respect to Noticee having engaged in allowing usage of his license/SEBI registration (IA/RA) by third parties, allowing the third parties to give recommendations on his behalf and by sharing client details to third parties devolving his role & responsibilities as an IA/RA and having outsourced his core activities as IA and RA, which Noticee has neither denied nor disputed nor demonstrated to the contrary, instead Noticee had failed to provide details and documents as were sought by SEBI during the inspection, as also brought out and dealt with in the foregoing. In view thereof, the contentions of the Noticee in this regard, being out of context are devoid of merit and hence cannot be accepted.

15.18. Noticee, as part of its replies to the SCN dated June 29, 2024 and July 17, 2024 has inter alia also contended that *"…I HAD STARTED PROCEEDINGS TO SHUT MY COMPANY MUCH BEFORE THE INSPECTION AND REASON FOR SHUTTING WAS NO MIS-*SELLING *NO ASSURED RETURNS ETC. SO POOR BUSINESS…"*

In this regard, I note that the alleged violation pertains to Noticee being a registered intermediary during the relevant time i.e Inspection Period. Therefore, Noticee submission in this regard is out of context and hence cannot be accepted.

15.19. In this regard, I note from material available on record that Noticee was running Franchise model with certain entities. For instance, in the agreement dated May 02, 2023 with Sunita Rani, Sunita Rani was referred to as Franchise and Noticee was referred as license holder of SEBI registered Investment Advisor (IA) and Research Analyst (RA) and proprietor of Real Stock Ideas. The said model was based on monthly revenue sharing and inter alia provided for Refundable franchise fee payment of Rs. 3,00,000/- by the Franchisee. In this regard, I note from material available on record that responsibility of franchisee was to inter alia maintain all KYC related documents and to follow up with the subscriber's onboarding activities, activation, renewals, etc.

15.20. Further, I also note from material available on record that *i*hw***th *at**k lodged a complaint on SCORES having reference no. SEBIE/MH23/00****8/1 against RA-NDB, inter-alia alleging that poor services were provided to him by RA-NDB through Golden Consultancy. Relevant extract of the aforesaid complaint is as under:

"…MAINE GOLDEN-CONSULTANCY JO NIKHIL DAYANAND BALJEKAR KE SAHYOG SE CHALNE WALI COMPANY HAI JISKA SEBI REGISTRATION NO INH000009001 HAI INSE *SERVICE LI THI JISKI INVOICE MAI UPLOAD KARRAHA HU …INKI EXECUTIVE…UNHONE MUJHSE 250000 RUPAY KA PAYMENT LIYA HAI..."*

15.21. I also note that an email complaint was received from Sh. ****ep Kumar ***mar inter-alia alleging against Golden Consultancy regarding the loss incurred due to recommendations provided by them. In this regard I also note from material available on record that Noticee during the inspection submitted to SEBI that he was associated inter alia with Golden Consultancy. I also note that this has neither been denied nor disputed by the Noticee. Thus it is evident that Noticee had has also lent its IA/RA license to Golden Consultancy.

15.22. In this regard, Noticee, as part of its replies to the SCN vide email dated January 20, 2025 and January 22, 2025 inter submitted that '…*I am in the process of putting a public notice informing all concerned about misuse of my licence and if necessary an FIR against persons unknown.*…' and that '…*This is the public notice in Deccan Herald a news paper with a very good circulation,..I am now going to put an FIR against unknown persons, based on this public notice and the affidavit.I do hope, this will convince all concerned, that my stock advisory is shut since August 2023. Hence all complaints m, after 31st. August 2023 are totally spurious hence do not need me to individually respond..'*

In this regard, firstly I note that Noticee has not submitted any document with regard to filing of FIR. Further, as regards copy of public notice, as submitted by the Noticee, I note that the same is dated January 22, 2025. The public notice inter alia reads that '..MY STOCK ADVISORY "REAL STOCK IDEAS' IS CLOSED FROM 31-08-2023…'. However, I note that the Noticee continues to be registered as RA bearing SEBI Registration No. INH000009001 (which has also been mentioned in the said public notice) and there is nothing on record to the contrary in this regard.

Notwithstanding the aforesaid, in my opinion, such public notice would not negate the otherwise existing agreements that Noticee had entered into with third parties prior to 31-08-2023, as available on record and that Noticee had inter alia allowed usage of his license/SEBI registration (IA/RA) by third parties, allowing the third parties to give recommendations on his behalf and by sharing client details to third parties devolving his role & responsibilities as an IA/RA and having outsourced his core activities as IA and RA, which Noticee has neither denied nor disputed nor demonstrated to the contrary, instead Noticee had failed to have provide details and documents as were sought by SEBI during the inspection, as also brought out and dealt with in the foregoing.

15.23. In view thereof, I find that the allegation that Noticee had engaged in mis-selling of research services through third parties fraudulently by allowing usage of his license/SEBI registration (IA/RA), allowing the third parties to give recommendations on his behalf and by sharing client details to third parties devolving his role & responsibilities as an IA/RA and has outsourced his core activities as IA and RA, stands established. Therefore I hold that Noticee had violated Regulations 3 (a - d), 4 (1) and 4 (2) (s) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 read with sections 12 A (a), (b) and (c) of SEBI Act, 1992; Clauses 1 & 2 of the Code of Conduct as specified in the Third Schedule under Regulation 15(9) of Securities and Exchange Board of India (Investment Advisers) Regulations, 2013; Clause 12.5 of VI-MISCELLANEOUS of SEBI Master Circular for Investment Advisers SEBI/HO/MIRSD-PoD-2/P/CIR/2023/89 dated June 15, 2023 and Clause 9.5 of IV-MISCELLANEOUS of SEBI Master Circular for Research Analysts SEBI/HO/MIRSD-PoD-2/P/CIR/2023/90 dated June 15, 2023.

Issue No. II: If yes, whether the violations on the part of the Noticee would attract monetary penalty under Section 15EB of the SEBI Act, 1992?

16. As it has been established in the foregoing paragraphs that Noticee had violated the provisions of SEBI Act, RA Regulations, IA Regulations and Circulars, as alleged, the Noticee is liable for payment of a monetary penalty in terms of Section 15EB of the SEBI Act, 1992, which inter alia reads as under:

"….

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

(Note: for detailed/ complete text of the provisions, relevant Acts etc., may please be referred.)

17. In this regard, it is also noted that the Hon'ble Supreme Court of India in the matter of SEBI v/s Shri Ram Mutual Fund [2006] 68 SCL 216(SC) inter alia held that:

" ... In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established .... "

Issue No. III: If yes, what should be the monetary penalty that can be imposed upon the Noticee?

18. While determining the quantum of penalty, it is important to consider the factors as stipulated in Section 15J of the SEBI Act, which inter alia reads as under: -

SEBI India Act, 1992:

> *"…*
>
> ***Factors to be taken into account while adjudging quantum of penalty.***
>
> ***15J.*** *While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely:—*
>
> *a. the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*
>
> *b. the amount of loss caused to an investor or group of investors as a result of the default;*
>
> *c. the repetitive nature of the default.*
>
> *Explanation.—For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.*
>
> *..."*

19. In the instant case, I note that the material available on record does not quantify any disproportionate gain or unfair advantage or consequent loss caused to investor or group of investors as a result of the violations committed by the Noticee or repetitive nature of default. However, I cannot ignore that the violations in the instant case inter alia pertain to Noticee not having provided information as sought by SEBI during the inspection and thereby, having hampered the inspection; and about allowing usage of his SEBI Registration (IA/RA) by third parties; sharing client details to third parties and having outsourced his core activities, as dealt with and brought out in the foregoing. In my opinion, such grave violations, as in the instant case may have a bearing

on the orderly functioning and integrity of the securities market and on the interest of investors. In view thereof, I am of the view that such violations accordingly need to be dealt with suitable penalty.

E. ORDER

20. After taking into consideration the facts and circumstances of the case, material available on record, submissions made by the Noticee and also the factors mentioned in the preceding paragraphs, in exercise of the powers conferred upon me under section 15-I of the SEBI Act, 1992 read with Rule 5 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 , I hereby impose penalty as per details in table below for the aforementioned violation, as discussed in this order. In my view, the said penalty will be commensurate with the violation committed by the Noticee in this case.

NOTICEE	PENALTY UNDER	PENALTY AMOUNT (Rs.)
Nikhil Dayanand Baljekar	Section 15EB of SEBI Act,1992	10,00,000/- (Rupees Ten Lakhs Only)

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

    ENFORCEMENT -> Orders -> Orders of AO -> PAY NOW

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

23. In terms of the provisions of Rule 6 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, a copy of this order is being sent to the Noticee and also to the Securities and Exchange Board of India.

PLACE: MUMBAI
DATE: MARCH 25, 2025

AMAR NAVLANI
ADJUDICATING OFICER