BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. Order/AS/DP/2024-25/31114]

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

In respect of:

Parag Salot – Research Analyst
(APEPS7000R)
(SEBI Registration No. : INH000000115)

In the matter of thematic inspection of Parag Salot – Research Analyst

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FACTS OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as **"SEBI"**) had conducted an inspection of Parag Salot (a SEBI registered Research Analyst bearing registration number INH000000115) (hereinafter referred to as **"Noticee / Parag"**) on February 27, 2024. The period of inspection was from April 01, 2022 till February 29, 2024 (hereinafter referred to as "**Inspection Period/IP**").

2. Based on the findings of inspection and reply of the Noticee, SEBI observed certain non-compliances, *inter-alia,* of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act'**), Securities and Exchange Board of India (Research Analysts) Regulations, 2014 (hereinafter referred to as "**RA Regulations**") and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**") and initiated adjudication proceedings.

APPOINTMENT OF ADJUDICATING OFFICER

3. SEBI appointed Shri Shashikumar Valsakumar as Adjudicating Officer, vide communique dated May 07, 2024, under Section 15-I (1) of the SEBI Act, 1992 read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as **'Adjudication Rules'**) to inquire into and adjudge under the provisions of the Sections 15A(a) and 15EB of the SEBI Act for the violations alleged to have been committed by the Noticee. Subsequent to his transfer, vide communique dated July 29, 2024, the undersigned has been appointed as Adjudicating Officer.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. Show Cause Notice dated July 05, 2024 (hereinafter referred to as 'SCN') was issued to the Noticee under Rule 4(1) of the Adjudication Rules to show cause as to why an inquiry should not be held and penalty be not imposed on him under Sections 15A(a) and 15 EB of the SEBI Act. The SCN, inter alia, alleged the following:

A. Failure to maintain records of the research recommendation provided to his clients

4.1 During the inspection, though Noticee had provided copies of research reports/recommendations, Noticee did not provide any document/any messages pertaining to whatsapp to show that the aforesaid research recommendations were actually provided to the clients. Regulation 25(ii) of RA Regulations mandates to keep records of research recommendation provided and therefore, merely providing copies of research reports/recommendations without any evidence to show that the same were provided to the client cannot be said in compliance with the aforesaid Regulation. Therefore, it was alleged that the Noticee has violated Regulation 25 (1)(ii) read with 25(2) of RA Regulations.

B. <u>Failure to conduct Annual Audit from 2015 till date</u>

4.2 It was observed that the Noticee had obtained registration on March 02, 2015. RA Regulations mandate that a Research Analyst shall conduct annual audit from a member of Institute of Chartered Accountants of India or Institute of Company Secretaries of India. However, Noticee did not conduct the audit annually, from 2015 till date of inspection for eight Financial Years viz; 2014-15, 2015-16, 2016-17, 2017-18, 2019-20, 2020-21, 2021-22 & 2022-23. Therefore, it was alleged that Noticee has violated Regulation 25(3) of RA Regulations.

C. <u>Failure to intimate SEBI about change of his office address</u>

4.3 It is observed that as per SEBI website, the registered office address of the Noticee is 136, Raghuleela Mall, 2nd Floor, Poisar, Kandivali (West), MUMBAI, MAHARASHTRA, 400067. However, on visit to aforesaid office on February 29, 2024, the said office was found to be closed. In this regard, Noticee, vide emails dated March 11, 2024 & March 13, 2024 stated that its office has shifted to 120, Raghuleela Mall, 2nd Floor, Poisar, Kandivali (West), Mumbai, 400067 in June 2023.

4.4 In terms of Regulation 13(ii) of RA Regulations, it is the responsibility of a Research Analyst to intimate in case of change of address. It is observed that the Noticee updated the address only after visit of SEBI officials for inspection to its registered office address with SEBI. Therefore, it was alleged that the Noticee has failed to intimate SEBI about change of its office address and thereby, violated Regulation 13(ii) of RA Regulations.

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

4.5 It is observed that in respect of research analyst activities details of all its offices, the Noticee vide email dated March 11, 2024 had submitted the following details of its offices - 120, Raghuleela Mall, 2nd Floor, Poisar, Kandivali (West), Mumbai, 400067. However, from its website viz; www.shareideas.in, it is observed that the address mentioned on the website 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 its research analyst activities.

4.6 It is observed that the screenshot of the website of the Noticee contains details such as SEBI registration no, type of registration, contact, email mentioned on the website which are proper except one parameter i.e. address. It is further observed from archives of the website www.shareideas.in of RA-Parag available on https://web.archive.org/web/20230123060710/https://shareideas.in/ for December 06, 2022 & January 23, 2023, the aforesaid address was available on the website.

4.7 Therefore, it is alleged the Noticee has 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 by providing false and incomplete information with respect to details of all offices in respect of his research analyst activities to SEBI.

E. Failure to mention details such as Name of the RA as registered office address, SEBI Registration Number in the advertisements.

4.8 It was observed that the Noticee was running advertisements on Facebook for the period November 2022 till August/September 2023. On perusal of these *advertisements provided, it was observed that details such as Name of the RA as registered with SEBI, registered office address, SEBI Registration No. were not available which is required as per clause 1(b)(i) of SEBI circular SEBI/HO/MIRSD/ MIRSD-PoD-2/P/CIR/2023/51 dated April 05, 2023. It was alleged that the Noticee has violated Clause 7.1(b)(i) of part (IV) Miscellaneous of SEBI master circular for Research Analysts SEBI/HO/MIRSD-PoD-2/P/CIR/2023/90 dated June 15, 2023 read with clause 1(b)(i) of SEBI circular SEBI/HO/MIRSD/ MIRSD-PoD-2/P/CIR/2023/51 dated April 05, 2023.*

F. <u>Failure to display investor charter as well as all complaints including SCORES complaints received by RA on his website</u>

4.9 It was alleged in the SCN that by not displaying Investor Charter as well as all complaints including SCORES complaints received by the Noticee on its website, the Noticee has violated Clause 4.2 and 4.3 of SEBI Master Circular for Research Analysts SEBI/HO/MIRSD-PoD-2/P/CIR/2023/90 dated June 15, 2023 read with Clause 2 and 3 of SEBI circular SEBI/HO/IMD/IMD-II CIS/P/CIR/2021/0685 dated December 13, 2021.

G. <u>Failure 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.</u>

4.10 In order to check whether Noticee had received any complaints pertaining to assured returns through email, Noticee was asked to provide details of all emails operated by him for research analyst activities during the inspection period. In this regard, the Noticee had stated that the data is not available . As the data was not maintained by the Noticee, it could not be ascertained as to whether any direct complaint pertaining to assured returns was received by the Noticee.

4.11 It was observed that though SEBI Regulations do not mandate retention of data of emails operated, in order to verify whether any complaint pertaining to assured returns was received by the Noticee, the details of all emails operated for research analyst activities by Noticee were required for the purpose of inspection. However, Noticee could not provide the same. Therefore, it is alleged that Noticee has failed to exercise due diligence by not maintaining aforesaid data and thereby, violated Clause 2 of the Code of Conduct as specified in the Third Schedule under Regulation 24(2) of the RA Regulations.

H. RA has not only mis-sold his services but also fraudulently collected funds from his clients/investors by misleading them with false information/assuring profit/inducing them

4.12 From the whatsapp messages of Mr. Pamod Kumar with Kusum from shareideas/ noticee (9xxxxxxxx6 / 7xxxxxxxx4), it was observed that Mr Pramod had made a payment of Rs 15,000 to Noticee and Kusum from Shareideas/ Noticee was trying to induce Mr Pramod to trade more/pay more to subscribe to the services of the Noticee by 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"

4.13 Further, from archives of the website www.shareideas.in of RA available on https://web.archive.org/web/20230123060710/https://shareideas.in/ for December 06, 2022 & January 23, 2023, it was observed that following were inter-alia mentioned on the website –

a) Share Ideas is a SEBI (Securities and Exchange Board of India) registered investment advisory firm based in Navi Mumbai

b) AUTHORISED INVESTMENT ADVISOR

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

c) *PROFIT ASSURED*
In this services we offer you for 50 Profitable recommendations, Pay only when you make profits.

4.14 From aforesaid, it was observed that Noticee had collected funds from its clients/investors for providing services/recommendations in the name of shareideas as SEBI registered Investment Advisor whereas neither shareideas nor noticee were registered as an Investment Adviser with SEBI. It is further observed from the para above that the Noticee was offering assured profit. Therefore, it is observed that the Noticee not only mis-sold services but also fraudulently collected funds from its clients/investors by misleading them with false information/assuring profit/inducing and thereby, allegedly violated Regulations 3 (a - d), 4 (1) and 4 (2)(k), (o) and (s) of PFUTP Regulations read with sections 12 A(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. <u>Carried out research analyst activities without a valid NISM certification</u>

4.15 It was alleged that the Noticee did not have a valid NISM certification since December 01, 2016 till September 06, 2022 and carried out his research analyst activities without a valid NISM certification and thereby, violated Regulation 7(2) of RA Regulations read with SEBI Research Analyst Examination: Notification dated March 24, 2015 and Clauses 1, 2 & 7 of the Code of Conduct as specified in the Third Schedule under Regulation 24(2) of the RA Regulations.

5. Vide email dated July 11, 2024, Noticee sought 14 days time to file reply to the SCN. Subsequently, vide letter dated July 24, 2024, Noticee filed reply to the SCN and made the following submissions:

A. Failure to maintain records of the research recommendation provided to his clients

5.1 Regulation 25 (1)(ii) states that the Research Analyst shall maintain the records of the research recommendation provided, which the Noticee has properly maintained alongwith its rationale, which was also submitted to the inspecting authority and its receipt was acknowledged in the inspection report. All the research recommendations were disseminated via WhatsApp to all the clients, wherein due to a technical issue, access to that data has been unfortunately blocked, and hence could not be displayed to the SEBI Inspecting Authority.

5.2 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 and hence, the allegation of the SEBI that the Noticee has not provided recommendations to the client, is baseless.

B. Failure to conduct annual audit from 2015 till date

5.3 The Noticee would like to state that he 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. However, he has now conducted the required audits. Furthermore, the Noticee would like to state that the RA Regulations do not specify a timeline for conducting the compliance audit.

C. Failure to intimate SEBI about change of his office address

5.4 The Noticee would like to state that he 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 Noticee further states that 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.*

5.5 As of March 07, 2024, the Noticee has updated the address on the SEBI Portal vide Reference No. 1034608. The Noticee hereby requests to condone this unintentional delay.

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

5.6 The Noticee would like to clarify that he did not submit any incomplete or false information to SEBI. The Noticee has never operated at this address. The incorrect address was mistakenly displayed by the website developer. This is supported by a letter from the Web Developer, which was attached to the Reply to the Observation Report.

5.7 Furthermore, there is no evidence on record to establish that the Noticee was operating from Navi Mumbai. It was merely an error by the website developer.

E. Failure to mention details such as Name of the RA as registered office address, SEBI registration number in the advertisements

5.8 In response to SEBI's allegation, the Noticee categorically denies any such claims. 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.

5.9 The Noticee further states that 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. The Noticee clarifies that the ad content was updated in accordance with the April 2023 Circular and these changes were promptly implemented. To substantiate this, few ad samples with the implemented changes for the Financial Year 2023-24 were provided in his reply dated 25th March 2024.

5.10 The Noticee hereby affirms to his statement that 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.

F. Failure to display investor charter as well as all complaints including SCORES complaints received by RA on his website

5.11 The Noticee would like to humbly state that the SEBI Circular specifies that if a Research Analyst has a website or mobile application, they are required to display the investor charter and complaint details. However, if the Research Analyst does not have a website or mobile application, they are required to send this information via email to their clients.

5.12 The Noticee states that his business operations had already closed, and the service tenure of all his existing clients was already over. Additionally, the Noticee was not taking up any new clients, thus, making it unnecessary to keep the website live. The Noticee emphasizes that business operations were closed and the website was down even before SEBI initiated the inspection.

5.13 The Noticee further states that while his website was active, he duly displayed the required data on it. 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.

G. Failure 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.

5.14 The 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.

5.15 Furthermore, 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. As a result, there are no pending complaints against the Noticee.

H. RA has not only mis-sold his services but also fraudulently collected funds from his clients/investors by misleading them with false information/ assuring profit/inducing them

5.16 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 ever encountered in the Observation Report. Therefore, the Noticee questions the authenticity of this unverified allegation, as a result of which he had not replied upon it while replying to the observation letter.

5.17 Further, 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: "<u>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</u>"

5.18 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.

5.19 With regard to the contents of investment advisory, the website developer had while developing 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. The same is nothing but a human error which was overlooked and should not be considered as fraudulent activity and be treated as genuine oversight and dealt with leniency.

5.20 Furthermore, the Noticee holds an equally prestigious Research Analyst (RA) certificate and had no incentive to misrepresent his services as an Investment Adviser (IA) instead of RA. Further, it is important to note that the Noticee has never acted as an Investment Adviser, his activities have strictly adhered to the definition of "Research Analyst" under SEBI Regulations. This includes providing buy, sell, and hold recommendations for listed securities. The Noticee has never provided investment advice, or engaged in financial planning as outlined in the SEBI Investment Advisor Regulations.

5.21 Moreover, till date none of the clients/investors has ever alleged that they have been mislead by the Noticee or the Noticee had promised them assured returns, which do support the claim of the Noticee of not providing any kind of assured returns.

I. Carried out research analyst activities without a valid NISM certification

5.22 During the period from December 2016 to September 2022, the Noticee inadvertently failed to maintain a valid NISM Certificate, as the 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. Therefore, the Noticee respectfully requests SEBI to consider his actions with leniency.*

<u>Violation of PFUTP Regulations</u>

5.23 *With regard to the allegation that the Noticee has committed fraud and have violated the PFUTP Regulations. The Noticee would like to state that if his intention was of defrauding the clients then he would not have opted SEBI registration and followed the requisite applicable compliances.*

5.24 *The definition of "fraud" under regulation 2 (c), 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. Further, there is no proof to show that the Noticee have committed fraud while "dealing in security" as contemplated under the PFUTP Regulations. Hence, the serious violations of the provisions of Section 12A(a), (b) and (c) of the SEBI Act read with Regulations 3(a) to (d) of the PFUTP Regulations shall be removed upon from the Noticee.*

5.25 *Further, the Noticee would also like to place the reliance on the following decision of the SEBI**: Order 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."*

5.26 Also, the 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 upon.*

5.27 Further, no evidence on record has been established by the SEBI which evidences any fraud committed by the Noticee. In that regard, the Noticee would like to refer the ***Order of Hon'ble Securities Appellate Tribunal*** *dated January 04, 2022 in the matter of Ms. Suhanika Chourey, wherein the findings of PFUTP violations were set aside as there was no evidence brought out on record.*

5.28 Hence, by following the principle of ***doctrine of Stare Decisis****, the SEBI shall consider its judgements issued under similar issues or facts and such allegations shall be remove upon from the Noticee.*

5.29 The SEBI itself in its Orders in the matter of Star World Research and Niveshicon Investment Advisor has stated that for construing the definition of fraud, the fraud shall be committed while "dealing in security" and in absence of that the acts will not fall within the ambit of PFUTP Regulations. In the said Orders also, SEBI did drop the allegation of PFUTP for the following acts: selling products meant for High-Risk Category clients to clients having Medium Risk profile, charging of unfair, unreasonable and exorbitant fee from the clients, selling the clients multiple products/services, improper risk profiling of the clients, promising/assuring unrealistic return to clients. 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.

6. Vide notice of hearing dated July 31, 2024, Noticee was granted an opportunity of personal hearing before the Adjudicating Officer on August 13, 2024. Vide email dated August 08, 2024, Noticee forwarded name of its Authorised Representative (AR).

7. On August 13, 2024, the AR of the Noticee appeared for the hearing and reiterated the submissions made vide letter dated July 24, 2024. The AR further submitted that the Noticee has voluntarily closed its business but has not surrendered the registration certificate. The AR also put it on record that the Noticee has filed settlement in the matter.

8. SEBI received a settlement application in the matter and registered the said application on August 19, 2024.

9. Vide email dated October 03, 2024, Noticee forwarded the compliance audit reports for the defaulted years and also submitted that he has withdrawn the settlement. The Noticee further requested 2 weeks time to file additional reply which was acceded to.

10. Vide email dated October 15, 2024, Noticee filed additional reply and reiterated all the submissions made vide reply dated July 24, 2024. Noticee also submitted that whatsapp chats cannot be relied upon unless they are coupled with a certificate under Section 65B of the Evidence Act.

11. Vide the aforesaid email the Noticee also requested another opportunity of hearing. Vide email dated October 16, 2024, Noticee was granted another opportunity of hearing on November 11, 2024.

12. The AR of the Noticee appeared for the hearing on November 11, 2024 and reiterated the submission made vide reply dated July 24, 2024 and October 15, 2024.

<u>CONSIDERATION OF ISSUES AND EVIDENCE</u>

13. I have carefully perused the allegations levelled against the Noticee in the SCN, its reply and the material / documents available on record. In the instant matter, the following issues arise for consideration and determination: -

I. ***Whether Noticee has violated the following provisions:***
   a. ***Regulation 3(a), (b), (c) and (d), 4 (1) and 4(2)(k), (o) and (s) of PFUTP Regulations read with Sections 12A(a), (b) and (c) of SEBI Act;***
   b. ***Regulation 7(2) of RA Regulations read with SEBI Research Analyst Examination Notification dated March 24, 2015;***
   c. ***Clause 4.2 and 4.3 of SEBI Master Circular for Research Analysts SEBI/HO/MIRSD-PoD-2/P/CIR/2023/90 dated June 15, 2023 read with Clause 2 and 3 of SEBI Circular SEBI/HO/IMD/IMD-II/CIS/P/CIR/2021/0685 dated December 13, 2021;***
   d. ***Clause 7.1(b)(i) of Part (IV) Miscellaneous of SEBI Master Circular for Research Analysts SEBI/HO/MIRSD-PoD-2/P/CIR/2023/90 dated June 15, 2023 read with Clause 1(b)(i) of SEBI Circular SEBI/HO/MIRSD/MIRSD-PoD-2/P/CIR/2023/51 dated April 05, 2023;***
   e. ***Regulation 13(ii), 25(1)(ii) read with 25(2), 25(3) and 29(1) and (2) of RA Regulations;***
   f. ***Clauses 1, 2 and 7 of the Code of Conduct as specified in the Third Schedule under Regulation 24(2) of RA Regulations.***

II. ***Do the violations, if any, on the part of the Noticee attract monetary penalty under Section 15A(a) and 15EB of the SEBI Act?***

III. ***If so, what would be the quantum of monetary penalty that can be imposed on the Noticee after taking into consideration the factors mentioned in Section 15J of the SEBI Act?***

14. Before proceeding with the matter on merits, it would be relevant to reproduce the provisions of law:

*"**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;

PFUTP Regulations

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

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

(b) 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.

RA Regulations

Qualification and certification requirement.

…

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

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

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

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.

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.

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

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

Issue No. 1. Whether Noticee has violated the following provisions:

- ***a. Regulation 3(a), (b), (c) and (d), 4 (1) and 4(2)(k), (o) and (s) of PFUTP Regulations read with Sections 12A(a), (b) and (c) of SEBI Act;***
- ***b. Regulation 7(2) of RA Regulations read with SEBI Research Analyst Examination Notification dated March 24, 2015;***
- ***c. Clause 4.2 and 4.3 of SEBI Master Circular for Research Analysts SEBI/HO/MIRSD-PoD-2/P/CIR/2023/90 dated June 15, 2023 read with Clause 2 and 3 of SEBI Circular SEBI/HO/IMD/IMD-II/CIS/P/CIR/2021/0685 dated December 13, 2021;***
- ***d. Clause 7.1(b)(i) of Part (IV) Miscellaneous of SEBI Master Circular for Research Analysts SEBI/HO/MIRSD-PoD-2/P/CIR/2023/90 dated June***

15, 2023 read with Clause 1(b)(i) of SEBI Circular SEBI/HO/MIRSD/MIRSD-PoD-2/P/CIR/2023/51 dated April 05, 2023;

e. Regulation 13(ii), 25(1)(ii) read with 25(2), 25(3) and 29(1) and (2) of RA Regulations;

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

15. Now I will proceed to deal with the above allegations on merits.

A. <u>Failure to maintain records of the research recommendation provided to his clients</u>

16. It was alleged in the SCN that the Noticee did not provide any document/any messages pertaining to whatsapp to show that the research recommendations prepared by the Noticee were actually provided to his clients.

17. In this regard, the Noticee has submitted that due to technical issue, the access to the data was blocked and hence he could not show the data to SEBI inspecting team. The Noticee further submitted that Regulation 25 of RA Regulations does not require maintaining records of the communication medium used for sending the recommendations.

18. I have perused the RA Regulations, on a plain reading of Regulation 25(1)(ii) read with Regulation 25(2) RA Regulations, it is noted that a Research Analyst is required to maintain “research recommendation provided” for a minimum period of five years.

19. In this regard, I note that the Noticee had provided the scanned copies of research reports/recommendations during the inspection. However, the Noticee could not provide any evidence to show that the said research recommendation was actually provided to its clients. I note that Regulation 25(1)(ii) RA Regulations clearly provides that a Research Analyst is required to keep research recommendation provided for a minimum period of five years which in my opinion that the Noticee kept the scanned

copies of the Research recommendations and provided a copy of the same during the inspection. The same is not denied by the inspection team. However, Regulation 25(1)(ii) of RA Regulations does not mandate that the mode by which the research recommendation is sent to the clients is maintained. Therefore, I accept the submission of the Notice in this regard and find that the allegation that the Noticee violated Regulation 25(1)(ii) read with Regulation 25(2) of RA Regulations does not stand established.

B. <u>Failure to conduct Annual Audit from 2015 till date</u>

20. It was alleged in the SCN that the Noticee did not conduct annual audit for 8 financial years i.e. from the year 2015 till the time SCN was issued to the Noticee in violation of Regulation 25(3) of RA Regulations.

21. In this regard, the 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 further submitted that he has now conducted the compliance audit and forwarded the audit reports.

22. I note that the Noticee obtained registration to act as Research Analyst on March 02, 2015. The SCN in the extant matter was issued in the year 2024. As per Regulation 25(3) of the RA Regulations, it is mandated that a Research Analyst shall conduct annual audit from a member of Institute of Chartered Accountants of India or Institute of Company Secretaries of India. The Regulation does not provide any distinction between the body corporates or individuals. It is a requirement for all the Research Analysts registered with SEBI. Being a registered intermediary, Noticee cannot plea ignorance of law. I note that it is a cardinal principle of law that, '*Ignorantia juris non excusat*'. In other words, ignorance of the law cannot be an excuse. Therefore, I am of the opinion that the violation of Regulation 25(3) of RA Regulations by the Noticee stands established.

C. Failure to intimate SEBI about change of his office address

23. It was alleged in the SCN that the Noticee did not intimate change of address to SEBI and thereby violated Regulation 13(ii) of RA Regulations.

24. In this regard, the Noticee has submitted that he tried to update the address under application reference no. 1019161 but due to technical difficulties and a lack of understanding of the working of the Portal, the update could not be completed.

25. As per Regulation 13(ii) of RA Regulations, it is the condition of the certificate that a research analyst shall forthwith inform the Board in writing, if there is any change in the information already submitted. From the record, it is noted 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.

26. I am of the opinion that a registered intermediary is required to adhere to the conditions of registration all the time. In the present case, the Noticee did not adhere to the condition of registration by not updating his address which is a material change. Therefore, I am of the opinion that the violation of Regulation 13(ii) of the RA Regulations by the Noticee stands established.

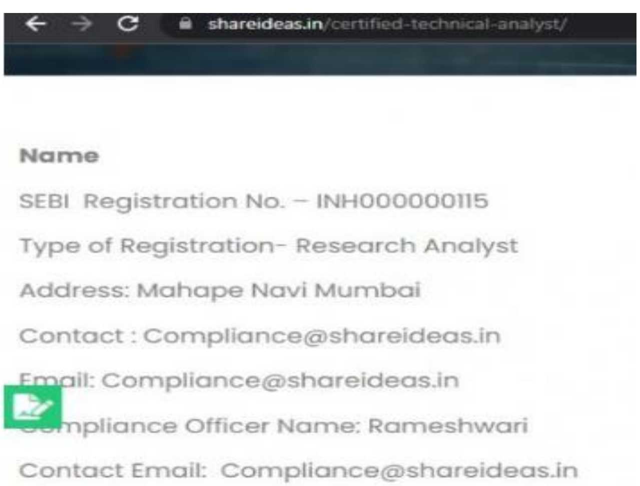
D. Provided false and incomplete information with respect to details of all offices in respect of the research analyst activities to SEBI

27. It was alleged in the SCN that the Noticee 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 by providing false and incomplete

information with respect to details of all offices in respect of his research analyst activities to SEBI.

28. In this regard, the Noticee submitted that it was an error by the website developer and Noticee has never operated from the said address. In support of his contentions, Noticee has forwarded an undated letter from the website developer wherein it had mentioned that it had copied the content from third party website which belongs to an investment Advisor, hence the same content was reflecting on the website of the Noticee.

29. I note that Noticee is a registered Research Analyst from 2015 and it is surprising that the Noticee was not aware of the misinformation on the website before the inspection took place in March 2024. 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. Therefore, I cannot accept the submissions of the Noticee in this regard especially when all the details mentioned on the website along with the address pertain to the Noticee which is reproduced below:



30. In the light of the above, I am of the opinion that the Noticee provided false with respect to details of all offices in respect of the research analyst activities to SEBI and therefore,

violation of 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 by the Noticee stands established.

E. Failure to mention details such as Name of the RA as registered office address, SEBI Registration Number in the advertisements.

31. It is alleged in the SCN that by not mentioning details such as Name of the RA as registered with SEBI, registered office address, SEBI Registration No. in the advertisements, Noticee has violated Clause 7.1(b)(i) of part (IV) Miscellaneous of SEBI master circular for Research Analysts SEBI/HO/MIRSD-PoD-2/P/CIR/2023/90 dated June 15, 2023 read with clause 1(b)(i) of SEBI circular SEBI/HO/MIRSD/MIRSD-PoD-2/P/CIR/2023/51 dated April 05, 2023.

32. In this regard, the 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.

33. In this regard, I note that Noticee vide his email dated March 11, 2024 had provided copy of the advertisements to SEBI inspection team and in his email dated March 13, 2024 he has stated that the said advertisements were run from November 2022 to Aug/ September 2023. I note that the said advertisements did not contain the name of the RA as registered with SEBI, registered office address, SEBI Registration Number. The circular on advertisements was issued on April 5, 2023 and was made applicable from May 01, 2023. If the said advertisements were running till August/ September 2023 as claimed by Noticee then the same were not in compliance with the SEBI. Therefore, the submission of the Noticee that these advertisements were prior to the issuance of SEBI circular dated April 5, 2023 cannot be accepted as Noticee has himself submitted to the inspection team that these advertisements were running till September 2023.

Thus, I am of the opinion that the violation of Clause 7.1(b)(i) of part (IV) Miscellaneous of SEBI master circular for Research Analysts SEBI/HO/MIRSD-PoD-2/P/CIR/2023/90 dated June 15, 2023 read with clause 1(b)(i) of SEBI circular SEBI/HO/MIRSD/MIRSD-PoD-2/P/CIR/2023/51 dated April 05, 2023 by the Noticee stands established.

F. **Failure to display investor charter as well as all complaints including SCORES complaints received by RA on his website**

34. It was alleged in the SCN that that by not displaying Investor Charter as well as all complaints including SCORES complaints received by the Noticee, on his website, Noticee has violated Clause 4.2 and 4.3 of SEBI Master Circular for Research Analysts SEBI/HO/MIRSD-PoD-2/P/CIR/2023/90 dated June 15, 2023 read with Clause 2 and 3 of SEBI circular SEBI/HO/IMD/IMD-II CIS/P/CIR/2021/0685 dated December 13, 2021.

35. In this regard, the Noticee has submitted the Noticee closed his business operations and thus, the website was inactive and had no active clients therefore, display of the said data through on the website was not applicable to him.

36. I note that circulars dated December 13, 2021 and June 15, 2023 require the registered Research Analyst to display details of complaints and update the Investor Charter on the website. I note 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.

37. As a registered intermediary, Noticee is mandated to comply with the applicable provisions of law, all the time. Therefore, I am of the opinion that the violation of Clause 4.2 and 4.3 of SEBI Master Circular for Research Analysts SEBI/HO/MIRSD-PoD-2/P/CIR/2023/90 dated June 15, 2023 read with Clause 2 and 3 of SEBI circular SEBI/HO/IMD/IMD-II CIS/P/CIR/2021/0685 dated December 13, 2021 against the Noticee stands established.

G. <u>Failure 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.</u>

38. It was alleged in the SCN that found that Noticee has failed to exercise due diligence by not maintaining the data of all emails operated for research analyst activities and thereby, violated Clause 2 of the Code of Conduct as specified in the Third Schedule under Regulation 24(2) of the RA Regulations.

39. It was submitted by the Noticee that since he has closed his operations as Research Analyst, 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.

40. Regulation 24(2) of RA Regulations require that a Research Analyst shall abide by the Code of Conduct. Further, Clause 2 of Code of Conduct mandates that a Research Analyst shall act with due skill, care and diligence and shall ensure that the research report is prepared after thorough analysis. I note that the Noticee, being a registered intermediary is mandated to abide by the said regulations and has to act with due shill, care and diligence which includes maintaining all records pertaining to the Research Analyst activities. Noticee cannot take a plea that he hasn't renewed his domain name and therefore the data is lost. As on the date of inspection, the Noticee was a registered intermediary therefore was required to keep all the data/communication. Therefore, I am of the opinion that the violation of Clause 2 of the Code of Conduct as specified in the Third Schedule under Regulation 24(2) of the RA Regulations by the Noticee stands established.

H. <u>RA has not only mis-sold his services but also fraudulently collected funds from his clients/investors by misleading them with false information/assuring profit/inducing them</u>

41. It was alleged in the SCN that the Noticee not only mis-sold services but also fraudulently collected funds from the clients/investors by misleading them with false information/assuring profit/inducing them.

42. In this regard, 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.

43. In this regard I note that Noticee on his website on the page "Stock recommendations Provider in India" had suggested fixed returns for each trade. The assurance given by the Noticee is provided below:

> 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.

44. From the website, it is clearly noted that the Noticee was promising the specific returns i.e. Rs. 4000 per positive trade. The said statement is used by the Noticee to solicit clients which is a misrepresentation. Further, the promise of assured returns is not followed by any disclaimer.

45. Further, with regard to misrepresentation of being Investment Advisor, Noticee has further submitted that the website developer while developing the website, had mistakenly copied content from other Investment Advisor websites. In support of his contentions, Noticee has forwarded an undated letter from the website developer wherein it had mentioned that it had copied the content from third party website which

belong to an investment Advisor, hence the same content was reflecting on the website of the Noticee.

46. The misrepresentation made by the Noticee is provided below:

AUTHORISED INVESTMENT ADVISOR

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

47. I note that Noticee is a registered Research Analyst from 2015 and it is surprising that the Noticee was never aware of the misinformation on the website before the inspection took place in March 2024. Further, the said misinformation was available on the website on the page "About Us" which gave an impression that the 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. Therefore, I cannot accept the submissions of the Noticee in this regard.

48. Further, 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. However, I note 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.

49. Further, it is noted that Section 1 of the Indian Evidence Act, 1872 categorically mentions that the Indian Evidence Act, 1872 applies to "all judicial proceedings in or before any Court". As regards the present proceedings before SEBI, it is noted that the same are quasi-judicial in nature and hence the Indian Evidence Act does not apply

thereto. Accordingly, Section 65B which relates to admissibility of electronic records before a Court of Law, is not applicable to proceedings before SEBI.

50. However, apart from the said complaint, Noticee has also promised assured return on his website. Therefore, the violation of Regulations 3 (a - d), 4 (1) and 4 (2)(k), (o) and (s) of PFUTP Regulations read with sections 12 A(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 by the Noticee is established.

I. <u>Carried out research analyst activities without a valid NISM certification</u>

51. It was alleged in the SCN that Noticee did not have a valid NISM certification since December 01, 2016 till September 06, 2022 and carried out his research analyst activities without a valid NISM certification and thereby, violated Regulation 7(2) of RA Regulations read with SEBI Research Analyst Examination: Notification dated March 24, 2015 and Clauses 1, 2 & 7 of the Code of Conduct as specified in the Third Schedule under Regulation 24(2) of the RA Regulations.

52. In this regard, the Noticee has submitted that the Noticee inadvertently failed to maintain a valid NISM Certificate.

53. The purpose of having a particular qualification for the people who are providing research analyst services is that the qualified individuals are better equipped to advise their clients regarding the investment suggestions and the risk associated with it. Therefore, from the submissions of the Noticee, it can be inferred that the Noticee has violated Regulation 7(2) of RA Regulations read with SEBI Research Analyst Examination: Notification dated March 24, 2015 and Clauses 1, 2 & 7 of the Code of Conduct as specified in the Third Schedule under Regulation 24(2) of the RA Regulations.

54. Noticee in his reply has relied upon SEBI order in Star World Research for the definition of fraud. The said order has been perused, and I note that the reliance on the said order is misplaced. In the said order, the actions which were alleged as fraud were already prescribed under various provisions of the SEBI (Investment Advisors) Regulations.

55. Noticee has submitted that the similar interpretation was undertaken by SEBI in the matter of Niveshicon Investment Advisor. The said order has been perused. At page 32 of the order, the following is mentioned:

"I note that investment in securities market are subject to market risks and an investor may end up in losing his invested money also let aside the returns. <u>Therefore, any promise of assured return is per se false and maker of such promise can be said to have been knowingly making this false representation</u>. In my view, the above-mentioned acts of the Noticee are squarely covered by the definition of 'fraud' in Regulation 2(c) of the PFUTP Regulations, 2003."

56. I note that the said order clearly mentions that the assurance of returns is indeed a fraud under PFUTP Regulations. Further, I am of the opinion that the reliance of the Noticee on the order of Hon'ble Securities Appellate Tribunal (SAT) in the matter of Suhanika Chourey. Reliance on the said order is misplaced, as in the present matter there is enough evidence on record that the Noticee has promised assured returns to its clients.

<u>Issue II:</u> Do the violations, if any, on the part of the Noticee attract monetary penalty under Sections 15 A(a) and 15EB of the SEBI Act?

57. It has been established in the aforesaid paragraphs that Noticee has violated the provisions of law as alleged in the SCN and therefore Noticee is liable for payment of monetary penalty in terms of Section 15A(a) and 15EB of SEBI Act.

58. In this context, I would also like to refer to the order of the Hon'ble Supreme Court of India in the matter of Chairman, SEBI Vs Shriram Mutual Fund {[2006]5 SCC 361} wherein Hon'ble Supreme Court of India 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 and hence the intention of the parties committing such violation becomes wholly irrelevant A breach of civil obligation which attracts penalty in the nature of fine under the provisions of the Act and the Regulations would immediately attract the levy of penalty irrespective of the fact whether contravention must made by the defaulter with guilty intention or not*.''

59. The text of Sections 15A(a) and 15EB of the SEBI Act is reproduced below:

"Penalty for failure to furnish information, return, etc.

15A. *If any person, who is required under this Act or any rules or regulations made thereunder,—*

(a) to furnish any document, return or report to the Board, fails to furnish the same or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents], he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees.

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

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

ISSUE (III): If so, what would be the quantum of monetary penalty that can be imposed on the Noticee after taking into consideration the factors mentioned in Section 15J of the SEBI Act?

60. While determining the quantum of penalty under Sections 15A(a) and 15EB of SEBI Act, it is important to consider the factors stipulated in Section 15J of SEBI Act, which reads as under:

> ***"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."*

61. The material available on record has neither quantified the amount of disproportionate gain or unfair advantage, if any, made by the Noticee nor the amount of loss, if any, caused to an investor/clients as a result of the default of the Noticee. As regard the repetitive nature of the default, the default by the Noticee is repetitive in nature as the violations continued for years.

62. As a SEBI registered Research Analyst, Noticee was under a statutory obligation to abide by the provisions of RA Regulations and act honestly and fairly in the best interests of their clients, which he has failed to do. Such disregard for the provisions of law governing the functioning of Research Analysts calls for a penalty which would act as a deterrent. However, the submission of the Noticee that he has closed his operations as Research Analyst and there are no active clients presently, can be the mitigating factor while considering quantum of penalty.

ORDER

63. Having considered all the facts and circumstances of the case, the material available on record including submissions of the Noticee as well as the factors mentioned in section 15J of SEBI Act and in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules 1995, I hereby impose following penalty on the Noticee. I am of the view that the said penalty is commensurate with the violations committed by Noticee.

Sr. No.	Penal Provision	Penalty Amount
1	Section 15A(a) of SEBI Act	Rs. 2,00,000/- (Rupees Two Lakh Only)
2	Section 15EB of SEBI Act	Rs. 15,00,000/- (Rupees Fifteen Lakh Only)
TOTAL		**Rs. 17,00, 000/- (Rupees Seventeen Lakh Only)**

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

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

65. In the event of failure to pay the said amount of penalty by Noticee within 45 days of the receipt of this Order, recovery proceedings may be initiated against Noticee 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.

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

ASHA SHETTY

Digitally signed by ASHA SHETTY
Date: 2025.01.15 16:24:41 +05'30'

Date : January 15, 2025 **Asha Shetty**
Place : Mumbai **Adjudicating Officer**