



By Speed Post AD / E-mail

GENERAL MANAGER & DESIGNATED AUTHORITY
ENQUIRIES AND ADJUDICATION DEPARTMENT-5
Email: AMARN@SEBI.GOV.IN

SEBI/EAD-5/AN/RG/29102/1/2024
September 11, 2024

Noticee No.	Noticee Name	Addresses
1.	M/s Ripples Advisory Private Limited (PAN: AACCR5455P SEBI Registration Number: INA000003049) Email: support@ripplesadvisory.com info@ripplesadvisory.com	Address 1: 267-B, Sangam Nagar, Indore, Madhya Pradesh-452006 Address 2: 601-602, Shagun Arcade, U TURN Building, AB Road, Vijay Nagar Circle, Indore - 452010
2.	Nilesh Shukla (DIN: 8392131)	144, Bara Vanvasi Gram Devra Dindori, Dindori, 481880, Madhya Pradesh, India
3.	Hemant Solapurkar (DIN: 8535494)	391 Mundia Nayta, Indore, Madhya Pradesh, India, 452020
4.	Sanjiv Kumar (DIN: 7060034 PAN: DLFPK2400B)	Gram Nander Post Nander, Sehore Baktara, Sehore, 466448, Madhya Pradesh, India
5.	Anamika Pandey (DIN: 8209955 PAN: BNMPP8375B)	330, Ambedkar Nagar, Indore, 452001, Madhya Pradesh, India
6.	Hameed Khan (DIN: 8374204)	391 Mundia Naytainore, Madhya Pradesh, India, 452020
7.	Rakhi Rajput (DIN: 7067662 PAN: BXPPR5541C)	43, Abhinandan Nagar Sukhliya, Indore, 452010, Madhya Pradesh, India
8.	Amit Jaiswal (DIN: 8226566 PAN: AGAPJ4053G) Email: amit.1033@gmail.com	38, Ghatkarpar Marg, Freeganj, M.L. Nagar, Ghatiyaujjain, 456010, Madhya Pradesh, India
9.	Balvinder Dhillon (DIN: 8392135 PAN: CHCPD0925J)	27, Marimata Square Shankar Bagh Colony, Indore, 452006, Madhya Pradesh, India

Sub Show Cause Notice under Regulation 25(1) of Securities and Exchange Board of India (Intermediaries) Regulations, 2008 in the matter of Ripples Advisory Private Limited – SEBI Registered IA.

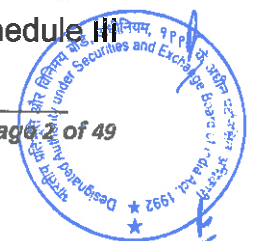
1. Securities and Exchange Board of India (hereinafter also referred to as 'SEBI') has initiated enquiry Proceedings under Regulation 23 read with Regulation 27 and





Regulation 35 of SEBI (Intermediaries) Regulations, 2008 read with Section 12(3) of the SEBI Act, 1992 in respect of M/s Ripples Advisory Private Limited (hereinafter also referred to as 'Noticee No. 1/ RAPL/ Ripples/ IA'), and under Regulation 23 read with Regulation 26(1)(v) and Regulation 35 of the SEBI (Intermediaries) Regulations, 2008 in respect of Nilesh Shukla (hereinafter also referred to as 'Noticee No. 2'), Hemant Solapurkar (hereinafter also referred to as 'Noticee No. 3'), Sanjiv Kumar (hereinafter also referred to as 'Noticee No. 4'), Anamika Pandey (hereinafter also referred to as 'Noticee No. 5'), Hameed Khan (hereinafter also referred to as 'Noticee No. 6'), Rakhi Rajput (hereinafter also referred to as 'Noticee No. 7'), Amit Jaiswal (hereinafter also referred to as 'Noticee No. 8'), Balvinder Dhillon (hereinafter also referred to as 'Noticee No. 9'), (Noticee No. 2-9 are collectively referred to as "Past and Present Directors", Noticee No. 1-9 are collectively referred to as "Noticees/ You"), for the alleged violations of the following provisions:

- 1.1. Regulation 15(1) and clauses 1, 2, 5 and 8 as specified under Third Schedule of Code of Conduct for Investment Advisers read with Regulation 15(9) of IA Regulations and Regulation 3 (a), (b), (c) and (d), 4(1) and 4(2)(o), and (s) of PFUTP Regulations read with Section 12A(a), (b) and (c) of SEBI Act, 1992.
- 1.2. Regulations 15(1), 16, 17 of IA Regulations, Regulation 15(9) read with Clauses 1 and 8 of Code of Conduct as specified in the Third Schedule of IA Regulations) and Regulation 4(2)(s) of PFUTP Regulations.
- 1.3. Regulation 15(1) of IA Regulation, Regulation 17(a) and 17(e) of IA Regulations, Regulation 15(9) read with Clauses 1 and 8 of Code of Conduct as specified in the Third Schedule of IA Regulations, Regulation 4(2)(s) of PFUTP Regulations.
- 1.4. Regulation 16(b), 16(c) and Regulation 15(9) of the IA Regulations read with Clause 2 of the Code of Conduct specified for Investment Advisers under Schedule III of the IA Regulations.
- 1.5. Regulation 15(1) of IA Regulations, Regulation 15(9) read with Clause 1, 2 & 6 of the Code of Conduct specified for Investment Advisers under Schedule III



of the IA Regulations and Regulation 3(a), (b), (c), (d), 4(2)(o) and 4(2)(s) of PFUTP Regulations read with section 12A(a), (b) and (c) of SEBI Act.

1.6. Regulation 15(12) of IA Regulations.

1.7. Non-compliance of interim order dated December 31, 2019 read with Clause 8 of the Code of Conduct specified for Investment Advisers under Regulation 15(9) as specified under Schedule III of the IA Regulations.

1.8. SEBI Circular CIR/OIAE/1/2014 dated December 18, 2014 and Regulation 21(1) read with Regulation 28(f) of IA Regulations.

2. The Competent Authority was prima facie of the view that there were sufficient grounds to initiate enquiry proceedings against the Noticees, for the violations as stated above and therefore, in exercise of the powers conferred under Section 24(2) of Chapter V of the SEBI (Intermediaries) Regulations, 2008, the Competent Authority appointed the undersigned as Designated Authority ("DA") vide order dated July 22, 2024 to submit a report and make recommendation in compliance with Regulation 23 read with Regulation 27, Regulation 26 and Regulation 35 of the SEBI (Intermediaries) Regulations, 2008, for the aforesaid alleged violations of the Noticees. The said proceedings of appointment were communicated to the undersigned vide Communique dated July 31, 2024 (copy of the Communique dated July 31, 2024 is placed as **Annexure A1**).

3. BACKGROUND

3.1. SEBI had earlier conducted examination of Ripples Advisory Private Limited (hereinafter also referred to as '**RAPL**' / '**IA**'). The examination entailed, *inter alia*, an analysis of the details available on the website of RAPL, complaints filed by the complainants against RAPL and documents attached with complaints such as Risk Profiling Form ('**RPF**'), KYC, invoices issued to clients, emails, audio call recordings and agreement etc. (Copy of Examination Report is placed at **Annexure – 1**). Based on the examination of documents / information provided by RAPL and complainants, SEBI prima facie observed and found the following:



- a. RAPL promised high returns to clients
- b. RAPL had unfair dealings with clients and is only interested in increasing its revenue
- c. RAPL has not taken due care and diligence in its dealings with the clients and upgraded their services without carrying out fresh risk profiling
- d. RAPL charged exorbitant and unfair amount of fees.
- e. RAPL didn't make adequate disclosures of relevant material information such as total fees vs. total investment
- f. RAPL didn't provide advice in sync with RPF of clients
- g. RAPL didn't consider financial situation of the client while charging fees and didn't give advice as per clients investment objectives
- h. RAPL charged fees for which advice is not provided
- i. RAPL charged money from its clients on various pretexts like GST, Reward Points and personal help etc.
- j. RAPL Employees executed trades in trading/demat account of clients of RAPL;
- k. RAPL is giving misleading information to clients

3.2. In view of the above observations, SEBI in its interim order dated December 31, 2019, against RAPL and its present and past directors found that (Paragraph 35 of the interim order)

35.1. That despite knowing the fact that the investment by clients based on the advice given by Investment Adviser is subjected to market risk, RAPL has promised assured / guaranteed returns / profits to its clients on the investments made by the clients.

35.2. That RAPL has not been fair in its dealing with the clients. The amount of fees charged by RAPL from its clients is unreasonable, arbitrary and unfair. RAPL has adopted dishonest business practices by making the client subscribe to multiple subscriptions to the same package on the same day. Further, RAPL had sold HNI services to non-HNI clients.

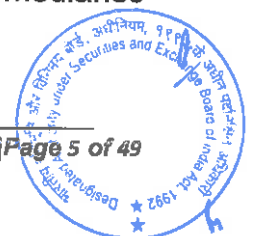
35.3. That the package/service has been decided by RAPL before the risk profiling of client was done. RAPL has failed to take due care and diligence to ascertain risk profile of the client and to offer him suitable advice.

3.3. Therefore, it was found, prima facie, that RAPL had violated provisions of -

- A. SEBI (Investment Advisers) Regulations, 2013 (hereinafter also referred to as 'IA Regulations');
- B. SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter also referred to as 'PFUTP Regulations');
- C. SEBI Act, 1992;

3.4. Based on the findings of the examination, Interim order against RAPL and its present and past directors viz. Mr. Nilesh Shukla, Mr. Hemant Solapurkar, Mr. Sanjiv Kumar, Ms. Rakhi Rajput, Mr. Hameed Khan, Ms. Anamika Pandey, Mr. Amit Jaiswal and Balvinder Dhillon Kaur under section 11B of the SEBI Act was approved and was passed on December 31, 2019. The details of the interim order are brought out in the succeeding paragraphs.

3.5. SEBI had passed the ex-parte interim order dated December 31, 2019, under Sections 11(1), 11(4), 11B and 11D of the SEBI Act, read with Regulation 35 of Securities and Exchange Board of India (Intermediaries) Regulations, 2008, (hereinafter also referred to as 'Intermediaries



Regulations') in the matter of Ripples Advisory Private Limited and its past and present directors, inter-alia, directing as under:

56.1 Ripples Advisory Private Limited (PAN: AACCR5455P) and its directors (present and past) namely, Mr. Nilesh Shukla, Mr. Hemant Solapurkar, Mr. Sanjiv Kumar, Ms. Rakhi Rajput, Mr. Hameed Khan, Ms. Anamika Pandey, Mr. Amit Jaiswal and Balvinder Dhillon Kaur are directed:-

56.1.1 to cease and desist from acting as an investment advisor including the activity of acting and representing through any media (physical or digital) as an investment advisor, directly or indirectly, and cease to solicit or undertake such activity or any other activities in the securities market, directly or indirectly, in any matter whatsoever, until further orders; cease and desist from acting as an investment advisor including the activity of acting and representing through any media (physical or digital) as an investment advisor, directly or indirectly, and cease to solicit or undertake such activity or any other activities in the securities market, directly or indirectly, in any matter whatsoever;

56.1.2 not to access the securities market and buy, sell or otherwise deal in securities or associate themselves with securities market, either directly or indirectly, in any manner whatsoever, until further orders; If Ripples Advisory Private Limited and its directors, named in this order have any open position in any exchange traded derivative contracts, they are permitted to close out/ square off such open positions within one month from the date of receipt/knowledge of this order.

56.1.3. not to divert any funds raised from investors, kept in bank account(s) and/or in their custody until further orders;

56.1.4. to provide a full inventory of all assets held in their name, whether movable or immovable, or any interest or investment or charge on any of such assets, including details of all bank accounts, demat accounts

and mutual fund investments, immediately but not later than 5 working days from the date of receipt of this order.

56.1.5. not to dispose of or alienate any assets, whether movable or immovable, or any interest or investment or charge on any of such assets held in their name, including money lying in bank accounts except with the prior permission of SEBI

3.6. The order also mentioned that Ripples Advisory Private Limited and its (present and past) directors may, within 21 days from the date of receipt of this Order, file their reply/objections, if any, to this Order and may also indicate whether they desire to avail an opportunity of personal hearing on a date and time to be fixed on a specific request to be made in that regard.

3.7. Copies of the interim ex-parte order dated December 31, 2019 passed by Whole Time Member were sent to RAPL and its past and present directors, mentioned in the order through Speed Post at their last known addresses and was duly served upon RAPL, Mr. Sanjiv Kumar, Mr. Amit Jaiswal and Balvinder Dhillon Kaur. Authorized representative of RAPL and its past and present directors, APAR and Associates, CA (hereinafter also referred to as 'AR') filed a reply vide its letter dated January 15, 2020. In the aforesaid reply, AR submitted as under-

- a) We deny allegations levelled against us;
- b) We have complied with the order and assure you that we will not take any action which against spirit of the order.

AR, vide aforesaid letter, also requested to –

- i. Allow them to use HDFC bank account (A/c. Number 502000123180899) to make payments;
- ii. Allow them to continue serving existing clients;
- iii. To grant a personal hearing.

Copy of letter of APAR and Associates dated January 15, 2020 is placed at Annexure - 3)

3.8. One of the past directors of RAPL, viz. Amit Jaiswal vide emails dated January 07, 2020 and February 04, 2020, and letter dated January 15, 2020, stated that he has neither attended any board meeting nor received salary. He also submitted copy of his letter dated September 18, 2018, addressed to RAPL and acknowledged by RAPL wherein he requested RAPL to keep the decision of appointing him as director on hold. He requested to pass a revocation order to this effect. However, it is observed from interim order of SEBI dated December 31, 2022, that Mr. Amit Jaiswal was director of RAPL from September 17, 2018 to January 06, 2019. Another director Ms. Balvinder Kaur Dhillon, vide her letter dated January 10, 2020, submitted details of property, bank accounts and demat accounts held by her. (Copies of emails dated January 07, & February 04, 2020, and letter dated January 15, 2020 from Amit Jaiswal are placed at Annexure 4).

Examination in the matter pursuant to the interim order

3.9. For further examination in the matter, SEBI vide letter dated September 01, 2020, had advised RAPL to submit information inter-alia w.r.t. compliance of SEBI's interim order dated December 31, 2019, contact details of compliance officer, copy of risk profile form submitted at the time of seeking registration, copy of revised risk profile form if any used by RAPL, bank account statements of the directors, client master data from date of registration June 09, 2015, sample copy of agreement entered into with the clients, Sample copies of invoices, details of fee structure, year wise fees collected since date of registration, copy of audited financial statements for last three years, etc.

3.10. The aforesaid letter was sent to RAPL through Speed Post at the address Ripples Advisory Private Limited, 267-B, Sangam Nagar, Indore, Madhya Pradesh-452006. However, aforesaid letter sent to RAPL could not be

delivered. Thereafter, vide emails dated June 05 & 10, 2022, RAPL was provided with list of complainants who have complaints pending against RAPL and was advised to file following information in respect of these complainants-

- a) Copies of risk profile forms and suitability assessment of Complainants,
- b) All the bank account statements of the Ripples Advisory Private Limited and present and past directors (Since date of Registration with SEBI i.e. 09/06/2015),
- c) Details of year wise fees collected since date of registration,
- d) Contact details of past directors (Since date of Registration with SEBI i.e. 09/06/2015),
- e) Client master data,
- f) Copies of audited financial statements for last three years,
- g) Sample copy of agreement entered into with the clients,
- h) Copies of invoices issued to the Complainants
- i) Copies of agreement entered into with Complainants
- j) Copies of email correspondence with complainants
- k) Copies of Whatsapp Chat with Complainants
- l) Copies of Call Recordings of calls made to Complainants
- m) Summary of Payments received, in the attached excel format, along with the payments proof
- n) Copies of evidences of communication of risk profile and suitability to Complainants
- o) Backing documents of Risk Profiling of Complainants
- p) Archives pages of your website
- q) Product details
- r) All the documents pertaining to complainants
- s) Copies of audit reports of the audits in terms of Regulation 19 of Investment Advisor Regulations.
- t) Copies of KYC documents in respect of each of complainants.

3.11. Aforesaid emails were sent at the email addresses of RAPL available on records viz. 'amit.1033@gmail.com' and 'info@ripplesadvisory.com' as well as email address 'kaushaljeet26@gmail.com', as obtained from website of Ministry of Corporate Affairs (MCA Website). Mr. Jeetendra Kaushal, through email address 'kaushaljeet26@gmail.com' replied to the emails of SEBI dated June 05 & 10, 2022, stating that he is not concerned person to provide information. Vide aforesaid email he also shared contact number of one advocate Mr. Sunil Rathore (9755814543). Mr. Sunil Rathore was contacted through this contact number. However, Mr. Sunil Rathore stated over telephonic conversation that he represented entities in this matter in a police case. However, he is not handling the matter anymore. Mr. Sunil Rathore refused to share his email addresses.

3.12. Vide email dated June 13, 2022, Mr. Jeetendra Kaushal was informed that emails are sent at this email addresses as it is mentioned on MCA website. He was also advised to furnish contact details of relevant persons in the matter. However, he neither submitted information sought for by SEBI vide emails dated June 05 & 10, 2022 nor he provided contact details of relevant persons in the matter. It has been observed from the copies of invoices submitted by complainants that multiple invoices are digitally signed by Mr. Jeetendra Kaushal.

3.13. Vide email dated June 13, 2022, replied to emails dated June 10, 2022 and stated that he is not authorized and concerned person for the information. Mr. Amit Jaiswal submitted copy of letter of RAPL dated September 17, 2018 appointing him as director. Mr. Amit Jaiswal also submitted copy of his resignation letter dated January 06, 2019 wherein he resigned from directorship. Resignation letter has seal of RAPL but date of receipt by RAPL is not mentioned.

3.14. Email dated June 05, 2022, sent to RAPL was also forwarded on June 15, 2022, to another email address of RAPL, 'support@ripplesadvisory.com' available on record. However, aforesaid email was not delivered.



3.15. Copies of emails dated June 05 & 10, 2022 and email communication with Mr. Jeetendra Kaushal and Mr. Amit Jaiswal are placed at Annexure 5. In absence of submission of information by RAPL, the final examination has been carried out on the basis of the data/information/documents, available on record and information/documents, received from the complainants, which is discussed in succeeding paragraphs.

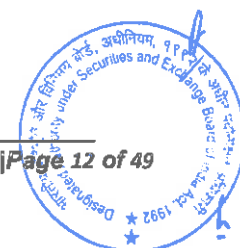
3.16. For the purpose of interim order, complaints before September 20, 2019, were considered and detailed analysis of complaints was explained in the examination report. Therefore, for the purpose of examination 41 unique pending complaints which were received post September 20, 2019, were considered (examination report attached as Annexure A2). Name of the complainant, SCORES Registration No., and date of receipt of complaints are reproduced as under:

S. No.	Registration No	Complainant Name / Complaint Lodged By	Date of Receipt
1	SEBIP/MP20/0000022/1	Ajay Singh Chavda	Pending
2	SEBIE/MP20/0000220/1	Ajmal Ram	Pending
3	SEBIE/MP20/0000199/1	Akash Bansal	Pending
4	SEBIE/MP20/0001870/1	Akshat Gupta	Pending
5	SEBIE/MP21/0000232/1	Aneesh	Pending
6	SEBIE/MP20/0000402/1	Ankur Kathiriya	Pending
7	SEBIE/MP20/0000685/1	Anshuman Singh	Pending
8	SEBIP/MP20/0000184/1	Biju Cv	Pending
9	SEBIE/MP20/0000197/1	Budhbhushan Madhav Gaikwad	Pending
10	SEBIP/MP19/0000476/1	Charanjeet Singh Meena	Pending
11	SEBIE/MP20/0001770/1	Deepak Dhananjayan	Pending
12	SEBIE/MP21/0000588/1	Divyesh Gireeshbhai Radadiya	Pending
13	SEBIE/MP19/0002368/1	Jasbir Singh	Pending
14	SEBIE/MP20/0001199/1	Jokhan Prajapati	Pending
15	SEBIE/MP20/0000189/1	M P Ravikumar	Pending
16	SEBIE/MP20/0000808/1	Mamta Kumari	Pending
17	SEBIE/MP21/0000171/1	Manoj Kumar Naik	Pending
18	SEBIE/MP20/0000713/1	Mareedu Rajyalakshmi	Pending
19	SEBIE/MP21/0000536/1	Naveen Kumar Agarwal	Pending
20	SEBIE/MP20/0000476/1	Neeraj Kumar	Pending
21	SEBIE/MP20/0000790/1	Pawan Kumar	Pending
22	SEBIE/MP19/0002962/1	Pooja Singh	Pending
23	SEBIP/MP20/0000079/1	Prakash V Menon	Pending

S. No.	Registration No.	Complainant Name / Complaint Lodged By	Date of Receipt
24	SEBIE/MP20/0000940/1	Prashant Kumar	Pending
25	SEBIE/MP20/0000298/1	Rajesh Kumar	Pending
26	SEBIE/MP20/0000218/1	Ramcharan Gurjar	Pending
27	SEBIE/MP19/0003188/1	Ritesh Bele	Pending
28	SEBIE/MP20/0000803/1	Sagar Maharana	Pending
29	SEBIE/MP19/0003065/1	Sakhiya Jitendra Dhirajlal	Pending
30	SEBIE/MP19/0002369/1	Santhosh G	Pending
31	SEBIE/MP20/0000776/1	Satyam Yadav	Pending
32	SEBIE/MP20/0000993/1	Shailesh Agarwal	Pending
33	SEBIE/MP21/0000865/1	Shri Krishna Shakya	Pending
34	SEBIE/MH20/0002288/1	Sunil Bhagwat Bharsat	Disposed
35	SEBIE/MP20/0000037/1	Surender Singh	Pending
36	SEBIE/MP19/0002416/1	Tejash Mehta	Pending
37	SEBIE/MP20/0001969/1	Uddhab Das	Pending
38	SEBIE/MP20/0000119/1	Vijay Ramrao Lokhande	Pending
39	SEBIE/MP19/0003012/1	Vinod Dhar	Pending
40	SEBIE/MP20/0001610/1	Zuber Momin	Pending
41	SEBIE/MP21/0001031/1	Dwibyendu Chutia	Pending

3.17. For detailed examination of the aforesaid complaints, following details and documents were sought by sending mails dated April 18, 2022, to the abovementioned complainants pertaining to their complaints registered in SCORES:

- Risk Profile Assessment forms received from the IA
- Suitability Assessment received from the IA
- Invoices received from the IA
- Any email correspondences with the IA
- WhatsApp Chats with IA, if any
- Call recordings, if any



- g. Whether you have shared your broking and demat account, login ID and password with IA. If yes, provide supporting evidences.
- h. Whether the IA had assured profits or guaranteed returns. If yes, provide supporting evidences.
- i. Summary of Payments made to the Investment advisor, in the attached excel format, along with the payments proof.
- j. Provide the evidence for allegations made against the IA, if any.

3.18. Following complainants submitted certain documents such as copy / screenshot of payment invoice, call recordings etc.:

S. No.	Registration No	Complainant Name / Complaint Lodged by
1	SEBIP/MP20/000022/1	Ajay Singh Chavda
2	SEBIE/MP20/0000220/1	Ajmal Ram
3	SEBIE/MP20/0000199/1	Akash Bansal
4	SEBIE/MP20/0001870/1	Akshat Gupta
5	SEBIE/MP21/0000232/1	Aneesh
7	SEBIE/MP20/0000685/1	Anshuman Singh
10	SEBIP/MP19/0000476/1	Charanjeet Singh Meena
11	SEBIE/MP20/0001770/1	Deepak Dhananjayan
12	SEBIE/MP21/0000588/1	Divyesh Gireeshbhai Radadiya
15	SEBIE/MP20/0000189/1	M P Ravikumar
18	SEBIE/MP20/0000713/1	Mareedu Rajyalakshmi
19	SEBIE/MP21/0000536/1	Naveen Kumar Agarwal
20	SEBIE/MP20/0000476/1	Neeraj Kumar
24	SEBIE/MP20/0000940/1	Prashant Kumar
25	SEBIE/MP20/0000298/1	Rajesh Kumar
26	SEBIE/MP20/0000218/1	Ramcharan Gurjar
29	SEBIE/MP19/0003065/1	Sakhiya Jitendra Dhirajlal
30	SEBIE/MP20/0000776/1	Satyam Yadav
34	SEBIE/MP19/0002416/1	Tejash Mehta
37	SEBIE/MP19/0003012/1	Vinod Dhar
38	SEBIE/MP20/0001610/1	Zuber Momin

4. Pursuant to examination, the following was inter alia observed and/ or alleged by SEBI in respect of the Noticees

4.1. Finding A: Promising High Returns to Clients on their investment

4.1.1. In reply to email of SEBI dated April 18, 2022, complainant Mr. Charanjeet Singh Meena, vide his email dated April 26, 2022 to SEBI stated that RAPL had assured him about an unbelievable profits. Another complainant Mr. Ankalu Mareedu in his reply to SEBI vide email dated April 22, 2022, stated that representatives of RAPL told him that they will provide double profits without fail.

4.1.2. Complainant Mr. Aneesh Singh in his letter to SEBI sent through email dated April 21, 2022, stated that representatives of RAPL called him and told that if he took their services he would get a profit of Rs. 10,000 to Rs. 20,000 per day.

4.1.3. Further, It is observed from call recording (Call@009173124270(00917312427077)_20190620184242) submitted by complainant Mr. Ajay Sinh Chavda that representative of RAPL is stating as under-

'...Mere sath kam karo me aapko acha return nikal k dunga. Mere sath kam kijiye kal hi return nikal k dunga...'

(Annexure 8 - Copies of replies received from the complainants Mr. Charanjeet Singh Meena, Mr. Ankalu Mareedu, Mr. Aneesh Singh and Mr. Ajay Sinh Chavda)

4.1.4. In view of the above, it is observed that RAPL, which is a SEBI registered IA, assuring profits despite being well aware that all the investments in securities market are subject to market risk and that accuracy of recommendations and high returns cannot be assured.

4.1.5. By promising assured return to its clients, RAPL has failed in its responsibility to act in fiduciary capacity to its client which is entrusted upon him under regulation 15(1) of IA Regulations and failed to abide by clauses

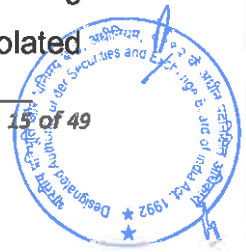
1 (honesty and fairness), 2 (diligence), 5 (information to its clients) and 8 (compliance) of Code of Conduct for IA as specified in Third Schedule read with regulation 15(9) of IA Regulations.

4.1.6. This act of assuring high returns from securities market is, prima facie, fraudulent and observed to have been done with an intention to bring in more customers and thereby increasing the income of the Investment Adviser. Further, assurance of profit of Rs. 10,000 to 20,000 per day is designed to influence the decision of investors dealing in securities. Thus, RAPL has violated the provisions of regulation 3(a), (b), (c), (d), 4(2)(o) and (s) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (herein after referred to as PFUTP Regulations) read with section 12A(a), (b) and (c) of SEBI Act.

4.2. Finding B: Failure to carry out Risk Profiling:

4.2.1. Regulation 16 of the IA Regulations; inter alia, states that an Investment Advisor shall carry out risk profiling of the clients for ascertaining client's risk tolerance and communicate it to client after risk assessment is done. In this regard vide emails dated April 18, 2022, all the complainants mentioned in the Table 1 were inter alia requested to provide copies of Risk Profile Assessment forms received from RAPL. Complainants viz. Mr. Aneesh Singh and Akshat Gupta, vide their emails dated June 14, 2022, informed that no risk profiling was carried out by RAPL. Another complainant viz. Mr. Jitendra Patel, vide his email dated June 15, 2022, also submitted that RAPL didn't provided him copy of Risk Profile carried out by it. (Annexure 9 - Copies of replies received from the complainants Mr. Akshat Gupta, Mr. Aneesh Singh and Mr. Jitendra Patel)

4.2.2. Further, vide emails dated June 05 & 10, 2022, RAPL was inter alia advised to furnish copies of Risk Profile forms of complainants. However, RAPL failed to respond. In absence of reply from RAPL and in view of the submission of complainants Mr. Aneesh Singh, Mr. Akshat Gupta and Mr. Jitendra Patel it is observed that RAPL has failed to carry out Risk Profiling of these complainants. Therefore, it is observed that RAPL has violated



Regulation 16 of the IA Regulations. (Annexure 5 - Copies of emails dated June 05 & 10, 2022 and email communication with Mr. Jeetendra Kaushal and Mr. Amit Jaiswal).

4.3. Finding C: Failure to carry out Suitability Assessment-

4.3.1. Regulation 17 of the IA Regulations, Inter alia, states that all investments on which investment advice is provided is appropriate to the risk profile of the client. It should be, inter alia, based on client's investment objectives and his financial situation. Further, the investment advice should be such that the client is able to bear any related investment risks consistent with its investment objectives and risk tolerance.

4.3.2. In respect of Suitability Assessment, vide emails dated April 18, 2022, complainants, were requested to provide copies of Suitability Assessment received from the IA. Complainants viz. Mr. Aneesh Singh and Akshat Gupta vide their emails dated June 14, 2022, informed that no risk profiling was carried out by RAPL. Another complainant viz. Mr. Jitendra Patel, vide his email dated June 15, 2022, also submitted that RAPL didn't provided him copy of suitability assessment carried out by it. (Annexure 9 - Copies of replies received from the complainants Mr. Akshat Gupta, Mr. Aneesh Singh and Mr. Jitendra Patel)

4.3.3. Vide emails dated June 05 & 10, 2022, RAPL was inter alia advised to furnish copies of Suitability Assessment of complainants. However, RAPL failed to respond. In absence of reply from RAPL and in view of the submission of complainants Mr. Aneesh Singh and Mr. Akshat Gupta, it is observed that RAPL has not carried out Suitability Assessment of its aforesaid clients and thus violated Regulation 17 of the IA Regulations. (Annexure 5 - Copies of emails dated June 05 & 10, 2022 and email communication with Mr. Jeetendra Kaushal and Mr. Amit Jaiswal)

4.4. Finding D: Selling Products and services to clients without Risk Profiling and Suitability Assessment:

4.4.1. As discussed in paragraphs 4.2 and 4.3, it is observed that RAPL has failed to carry out risk profiling and suitability assessment of some of clients. However, it is observed from the invoices submitted by these complainants that they were sold various products on multiple occasions by RAPL. Details of products sold to these complainants are given below:

Sr. No.	Name of Complainant	Products sold
1	Jitendra Patel	Option Premium, Stock Cash, Nifty Option and Option Platinum
2	Mr. Akshat Gupta	Option Premium
3	Mr. Aneesh Singh	Stock Cash, Stock Cash Circuit Call

(Copies of invoices submitted by complainants Jitendra Patel, Mr. Akshat Gupta and Mr. Aneesh Singh are placed at Annexure 10)

4.4.2. Regulation 16(e) of IA Regulation mandates that whenever a recommendation is given to a client to purchase of a particular complex financial product, such recommendation or advice is based upon a reasonable assessment that the structure and risk reward profile of financial product is consistent with clients experience, knowledge, investment objectives, risk appetite and capacity for absorbing loss.

4.4.3. However, it is observed that RAPL has failed to carry out risk profiling and Suitability Assessment of its aforesaid clients. Therefore, it has been selling products to its clients without understanding whether that particular product is suitable for that client or not.

4.4.4. These acts of RAPL are in complete disregard to the responsibility entrusted on it under the provisions of IA Regulations to act in a fiduciary capacity and in the best interest of its clients. Without carrying our Risk Profiling and suitability assessment it can be stated that RAPL has not sold products to clients as per the risk category and tolerance level of the clients.

4.4.5. In view of the above, it is observed that RAPL has (i) failed in its responsibility to act in fiduciary capacity to its client which is entrusted upon

him under regulation 15(1) of IA Regulations and (ii) failed to comply with regulation 17(a) of IA Regulations, (iii) failed to abide by Code of Conduct for IA thereby violating clauses 1 (honesty and fairness) and 8 (compliance) as specified in the Third Schedule read with regulation 15(9) of IA Regulations.

4.5. Finding E: Leading questions in the questionnaire for Risk Profiling:

4.5.1. Regulation 16(d) of IA Regulations mandates that any questions or description in any questionnaires used to establish, the risk a client is willing and able to take, has to be fair, clear and not misleading, and IA is required to ensure that (i) questionnaire is not vague or use double negatives or in a complex language that the client may not understand; (ii) questionnaire is not structured in a way that it contains leading questions.

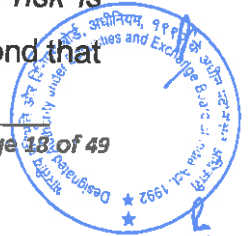
4.5.2. On perusal of the Risk Profiling Questionnaire of RAPL, it was observed that some of the questions are leading in nature. For instance –

Question 13: When market is volatile, would you like to invest in more risky investments instead of less risky investments to earn high return?/Direct questions to ascertain risk appetite.

Question 14: High risk is associated with high returns, medium risk is associated with medium returns and low risk is associated with low returns/Direct questions to ascertain risk appetite.

4.5.3. The question 13 stated above is a leading question. In the expressions '*would you like to invest in more risky investment, instead of less risky investment to earn high return*', the emphasis is on high return associated with more risky investment and leads to a positive answer. It does not states clearly about risk of loss of capital associated with risky investments.

4.5.4. Similarly, question 14 mentioned above is also observed to be a leading question. For example- the expression "*High risk is associated with high returns, medium risk is associated with medium returns and low risk is associated with low returns*" would inevitably lead the client to respond that



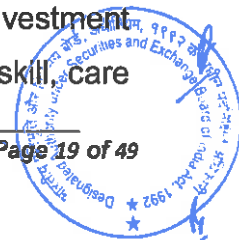
he can bear high risk as it is associated with high return. Instead of stating '*High risk is associated with high return*', the correct question should have been '*high risk involves greater chances of losses, Medium risk involves comparatively lesser chances of losses...*'. Had the IA made aware to the client that taking high risk would mean chances of large amount of losses in the investment, it would have been better for the client to understand the risks associated with a high risk product. Question number 13 and 14 are designed in such a way to put possibility of profit on prominence and conceal associated possibility of capital loss. (Copies of risk profiles submitted by complainants are placed at Annexure 11).

4.5.5. From the above, it is observed that the above mentioned questions in the Risk Profile Questionnaire are misleading. It appears that the questions mentioned in the Questionnaire have been framed in such a manner so that it would be difficult for the clients to understand and provide an appropriate response. It further appears that such questions have been framed to push its prospective clients towards taking higher risk and thus make the clients fall in the high risk category so that they can be offered complex products like derivatives.

4.5.6. In view of the above it is observed that RAPL has violated Regulation 16(d) of IA Regulations.

4.6. Finding F: Selling HNI Services to Non-HNI clients:

4.6.1. Regulation 16 (b) states that investment adviser shall ensure that it has a process for assessing the risk a client is willing and able to take, including: (i) assessing a client's capacity for absorbing loss; (ii) identifying whether the client is unwilling or unable to accept the risk of loss of capital; (iii) appropriately interpreting client's responses to questions and not attributing inappropriate weight to certain answers. Similarly, Regulation 16 (c) states that where tools are used for risk profiling, it should be ensured that the tools are fit for the purpose and any limitations are identified and mitigated. Clause 2 of the Code of Conduct for investment advisors provides that an investment adviser shall act with due skill, care



and diligence in the best interests of its clients and shall ensure that its advice is offered after thorough analysis and taking into account available alternatives.

4.6.2. It is observed that the products HNI Cash and Stock Future HNI were meant for HNIs, based on the name of the product. While there is no standard definition of HNIs, it refers to high net-worth individuals who could be expected to have investible surplus of at least Rs. 25 lakh or higher. On perusal of Risk Profiling Form of Mr. Santosh G, client of RAPL, who was provided products HNI Cash and Stock Future HNI, it is observed that he had a gross annual income of Rs. 2-5 lakh. Further, value of assets held by Mr. Santosh G (like property, FD, Shares, Mutual fund etc.) is Rs. 1-2 lakh. In view of the same it is observed that Mr. Santosh G was not an HNI client by any stretch. As a registered investment adviser, RAPL was duty bound to act in a fiduciary capacity in the best interest of his clients after understanding his risk profile but failed to do so when he sold products meant for HNI Cash and Stock Future HNI.

(Copies of RPF and invoices of Mr. Santosh G is placed at Annexure 12)

4.6.3. In view of the above it is observed that violating Regulation 16(b), 16(c) and Regulation 15(9) of the IA Regulations read with Clause 2 (Due skill, care and Diligence) of the Code of Conduct specified for Investment Advisers under Schedule III of the IA Regulations.

4.7. Finding G: Charging fees arbitrarily from its clients, selling services for future dates and selling services for overlapping periods:

4.7.1. On perusal of replies of complainant as well as documents furnished by them, following discrepancies are observed in respect of fees charged by RAPL from its clients-

4.7.2. Complainant Deepak Dhananjayan -

Sr. No.	Payment Amount	Invoice Date	Service Duration		Product Name	Duration in Days
			Start Date	End Date		
1	2000	Oct, 24 2019	05/11/2019	13/11/2019	Option	8
2	8000	Oct, 25 2019	25/11/2019	29/11/2019	Option Platinum	4
3	43000	Oct, 25 2019	05/11/2019	22/11/2019	Option Platinum	17
4	30000	Oct, 29 2019	02/12/2019	27/12/2019	Option Platinum	25
5	30300	Oct, 29 2019	30/12/2019	03/02/2020	Option Platinum	35
6	100000	Nov, 07 2019	05/02/2020	18/03/2020	Option Platinum	42
7	182000	Nov, 21 2019	19/03/2020	03/06/2020	Option Platinum	76

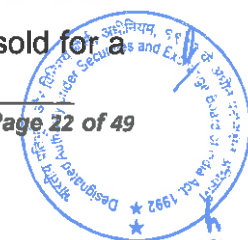
- Charging fees arbitrarily – RAPL has sold product Option Platinum to the complainant Mr Deepak Dhananjayan on multiple occasions. On October 29, 2019, RAPL sold product Option Platinum for Rs. 30,300/- for the period of 35 days and price for the same comes around Rs. 865.72 per day. Further, on November 07, 2019, RAPL has sold same product to same person for Rs. 1,00,000/- for a duration of 42 days and price for the same comes around Rs. 2380.95 per day. Similarly, on November 21, 2019, RAPL has sold same product to the complainant for Rs. 1,82,000/- for a duration of 76 days and price for the same comes around Rs. 2394.74 per day. Thus, it is observed that RAPL has charged significantly higher price (almost three times) for the same product sold within a month.
- Selling Services for future dates - It is also observed that on November 07, 2019, RAPL had sold product viz. Option Platinum for the period February 05, 2020 to March 18, 2020. Further, on November 21, 2019, RAPL had sold same product to the complainant for the period March 19, 2020 to June 03, 2020. Thus, it is observed that RAPL has sold products to complainants for the period ending after 6 months of selling date.
- Selling Services for overlapping periods – It is further, observed from the above Table that on October 24, 2019, RAPL has sold product Option to the Complainant for service duration November 05, 2019 to November 13, 2019. Subsequently, on October 25, 2019, RAPL sold product Option Platinum to the same person for service duration November 05, 2019 to

November 22, 2019, which covers period November 05, 2019 to November 13, 2019, for which plan Option is already active.

4.7.3. Complainant Akash Bansal –

Sr. No.	Payment Amount	Invoice Date	Service Duration		Product Name	Duration in Days
			Start Date	End Date		
1	6600	08/07/2017	10/07/2017	17/07/2017	Stock Cash	7
2	30000	10/07/2017	11/07/2017	21/07/2017	Stock Cash Circuit Call	10
3	40000	28/07/2017	Half Yearly Service		Option Platinum	180
4	90900	28/07/2017	15 days		Option Platinum	15
5	146000	08/09/2017	1 Month Service		Cash Platinam	30
6	38000	08/09/2017	1 Month Service		Cash Platinam	30

- Charging fees arbitrarily – RAPL has sold product Option Platinum twice to the complainant Mr. Akash Bansal on July 28, 2017. Further, RAPL has charged Rs. 40,000/- from Mr. Akash Bansal, for the product Option Platinum for the service duration of 180 days. However, on same day for same product sold to the same person, it has charged Rs. 90,900/- for the service duration of 15 days which is exorbitantly high.
- Selling Services for overlapping periods – It is observed from the above Table that on July 08, 2017, RAPL has sold product Stock Cash to the Complainant for service duration July 10, 2017 to July 17, 2017. Subsequently, on July 10, 2017, RAPL sold product Stock Cash Circuit Call to the same person for service duration July 11, 2017 to July 21, 2017, which overlaps with period July 10, 2017 to July 17, 2017, for which plan Stock Cash is already active.
- Further, on July 28, 2017, RAPL has sold half yearly service of product Option Platinum. On same day, RAPL has sold same service for 15 days. In addition to that on September 08, 2017, RAPL sold product Cash Platinum twice to the complainant Mr. Akash Bansal for the period 1 month. In absence of any specific starting dates of the periods for which these products are sold, it is considered that products are active from the date of sale. Therefore, the product Option platinum which was sold for a



duration of six months was active for the period July 28, 2017 to January 27, 2018. In view of the same it is observed that periods for which products Option Platinum which was sold for duration of 15 days and products Cash Platinum which were sold for a durations of 1 month overlaps with the period July 28, 2017 to January 27, 2018 for which half yearly plan of product Option Platinum is already active.

4.7.4. Complainant Aneesh Singh –

Sr. No.	Payment Amount	Invoice Date*	Service Duration	Product Name	Duration in Days
1	3001	Oct, 17 2017	1 Month Service	Stock Cash	30
2	7801	Oct, 17 2017	1 Month Service	Stock Cash	30
3	10001	Oct, 24 2017	1 Month Service	Stock Cash Circuit Call	30
4	20000	Oct, 24 2017	1 Month Service	Stock Cash Circuit Call	30
5	40000	Oct, 26 2017	1 Month Service	Stock Cash Circuit Call	30

- Charging fees arbitrarily – It is observed that on October 17, 2017, RAPL sold product Stock Cash twice to the complainant Mr. Aneesh Singh for the duration of 30 days. However, RAPL charged amounts of Rs. 3001/- and 7801/- for products. Similarly, on October 24, 2017, RAPL sold product Stock Cash Circuit Call twice to complainant and on October 26, 2017, RAPL sold product Stock Cash Circuit Call once to the complainant. However, prices for all three sale were significantly different and varies from Rs. 10,001/- to 40,000/- despite duration was same.
- Selling Services for overlapping periods – It is observed from the above Table that on October 17, 2017, RAPL has sold product Stock Cash twice for period of one month to the complainant Mr. Aneesh Singh. Thereafter, on October 24, 2017, RAPL has sold product Stock Cash Circuit Call twice for period of 1 month to Mr. Aneesh Singh. Two days later i.e. on October 26, 2017, RAPL again sold product Stock Cash Circuit Call to Mr. Aneesh Singh for the period 1 month. In absence of any specific starting/ending dates of the periods for which these products are sold, it is considered that products are active from the date of sale. Therefore, the product Stock Cash, mentioned at serial number 1 of Table above, which was sold on

October 17, 2017, for a duration of months was active for the period October 17, 2017, to November 16, 2017. Thus, periods for 4 products sold within 8- 10 days, by RAPL to Mr. Aneesh Singh mentioned at serial number 2 to 4 of Table above overlaps with the period October 17, 2017, to November 16, 2017, for which one month plan of product stock cash is already active.

4.7.5. Complainant Satyam Yadav –

Sr. No.	Payment Amount	Invoice Date	Service Duration		Product Name	Duration in Days
			Start Date	End Date		
1	50000	Dec, 21 2017	3 Month service		Option Platinam	90
2	50000	Dec, 21 2017	3 Month service		Supersonic Cash	90
3	25000	Dec, 20 2017	3 Month service		Supersonic Cash	90
4	11000	Dec, 20 2017	1 Month Service		Nifty Option	30

- Charging fees arbitrarily – On December 20, 2017, RAPL has sold product Supersonic Cash to Complainant Mr. Satyam Yadav for duration of 3 months for Rs. 25,000/-. On very next day i.e. on December 21, 2017, RAPL again sold same product to Mr. Satyam Yadav for same duration at a significantly higher price of Rs. 50,000/-.
- Selling Services for overlapping periods – It is observed from the above Table that on December 20, 2017, RAPL has sold two products (i) Nifty Option for a period of one month and (ii) Supersonic Cash for a period of 3 months to the complainant Mr. Satyam Yadav. Next day i.e. on December 21, 2017, RAPL has sold two more products (i) Supersonic Cash for a period of 3 months and (ii) Option Platinum for period of 3 month to Mr. Satyam Yadav. In absence of any specific starting/ending dates of the periods for which these products are sold, it is considered that products are active from the date of sale. Therefore, the product Nifty Option, mentioned at serial number 4 of Table above, which was sold on December 20, 2017, for a duration of months was active for the period December 20, 2017, to January 19, 2018. Thus, the periods for other 3 products sold by RAPL to Mr. Satyam Yadav mentioned at serial number

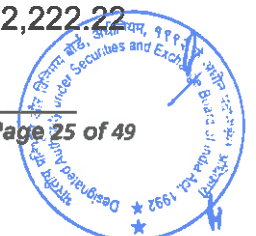
1 to 3 of Table above overlaps with the period December 20, 2017, to January 19, 2018, for which one month plan of product Nifty Option is already active.

4.7.6. Complainant Vinod Dhar –

Sr. No.	Payment Amount	Invoice Date	Service Duration		Product Name	Duration in Days
			Start Date	End Date		
1	11000	30/05/2018	05/06/2018	22/06/2018	Cash Premium	17
2	40000	03/06/2018	07/06/2018	21/06/2018	Stock Cash Circuit Call	14
3	100001	05/06/2018	22/06/2018	20/07/2018	Stock Cash Circuit Call	28
4	100001	12/06/2018	23/07/2018	22/08/2018	Stock Cash Circuit Call	30
5	250001	16/06/2018	19/06/2018	17/09/2018	Stock Future Circuit Call	90
6	250001	21/06/2018	23/08/2018	21/11/2018	Stock Cash Circuit Call	90
7	135000	22/06/2018	18/09/2018	30/11/2018	Stock Future Circuit Call	73
8	250000	29/06/2018	03/07/2018	01/10/2018	Cash Platinam	90
9	50000	11/07/2018	02/10/2018	31/10/2018	Cash Platinam	29
10	200000	12/07/2018	12/07/2018	31/12/2018	Future Platinam	172
11	90000	14/07/2018	01/01/2019	30/10/2019	Future Platinam	302
12	200000	28/07/2018	03/12/2018	31/01/2019	Stock Future Circuit Call	59
13	250000	30/07/2018	01/02/2019	29/03/2019	Future Platinam	56
14	250000	31/07/2018	01/02/2019	31/05/2019	Option Platinum	119
15	70000	26/08/2018	01/01/2019	28/02/2019	Supersonic Cash	58
16	56000	27/08/2018	01/03/2019	30/04/2019	Supersonic Future	60
17	200000	30/08/2018	01/04/2019	24/06/2019	Future Platinam	84
18	200000	31/08/2018	01/11/2018	30/01/2019	Cash Platinam	90

a. Charging fees arbitrarily –

Instance 1: RAPL has sold product Cash Platinum to the complainant Mr. Vinod Dhar on three occasions as mentioned in serial number 8, 9 and 18 of the Table above. On June 29, 2018, RAPL sold product Cash Platinum to the Complainant for a period of 90 days for an amount of Rs. 2,50,000/- which comes around Rs. 2,777.78 per day. Later on July 11, 2018, RAPL sold same product to same client for an amount of Rs. 50,000/- for a period of 29 days, which comes around Rs. 1,724.14 per day. On August 31, 2018, RAPL again sold same product to the complainant for a period of 90 days for an amount of Rs. 2,00,000/- which comes around Rs. 2,222.22



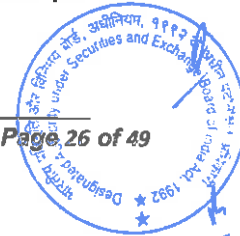
per day. Thus, it is observed that on all three occasions RAPL has charged a different price for same product from Mr. Vinod Dhar.

Instance 2: RAPL has sold product Future Platinum to the complainant Mr. Vinod Dhar on four occasions as mentioned in serial number 10, 11, 13 and 17 of the Table above. On July 12, 2018, RAPL sold product Future Platinum to the Complainant for a period of 172 days for an amount of Rs. 2,00,000/- which comes around Rs. 1,162.79 per day. Later on July 14, 2018, RAPL sold same product to same client for an amount of Rs. 90,000/- for a period of 302 days, which comes around Rs. 298.01 per day. On July 30, 2018, RAPL again sold same product to the Complainant for a period of 56 days for an amount of Rs. 2,50,000/- which is more than what RAPL has charged for same product for the period of 172 days as stated above and price of the same is around Rs. 4,464.286 per day. On August 30, 2018, RAPL again sold same product to the complainant for a period of 84 days for an amount of Rs. 2,00,000/- which comes around Rs. 2,380.95 per day and amount charged 84 days is equal to the amount charged for 172 days for same product of RAPL. Thus, it is observed that on all four occasions, RAPL has charged a different price for the product Future Platinum from the Complainant Mr. Vinod Dhar.

b. Selling Services for overlapping periods –

Instance 1: It is observed that on May 30, 2018, RAPL sold product Cash Premium to Complainant Mr. Vinod dhar for the service duration June 05 to June 22, 2018. On June 03, 2018, RAPL sold another product for the service period June 07 to June 21, 2018, for which service Cash Premium is already active.

Instance 2: On June 03, 05 and 12, 2018, RAPL sold three packages of product Stock Cash Circuit Call for the service duration June 07, 2018 to August 08, 2018. Subsequently, on June 16, 2018, RAPL sold another product Stock Future Circuit Call to the complainant for the service period



June 19, 2018 to September 17, 2018, for which product Stock Cash Circuit Call is already active.

Instance 3: On June 21, 2018, RAPL sold product Stock Cash Circuit Call for the service duration August 23, 2018 to November 21, 2018. Next day i.e. on June 22, 2018, RAPL sold another product Stock Future Circuit Call to the complainant for the service period September 18, 2018 to November 30, 2018, for which product Stock Cash Circuit Call is already active.

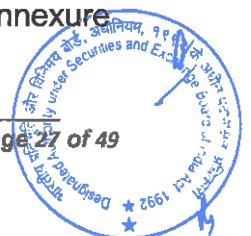
Further, on June 29 and July 11, 2018, RAPL sold two packages of product Cash Platinam for the service periods July 03 to October 01, 2018 and October 02 to 31, 2018. On July 12, 2018, RAPL sold product Future Platinum for the service period July 12 to December 31, 2018. It is observed that at the time of selling aforesaid three products for the service periods July 03, 2018 to December 31, 2018, product Stock Cash Circuit Call was already active.

Instance 4: On July 14, 2018, RAPL sold product Future Platinam for the service period January 01, 2019 to October 30, 2019. Thereafter, RAPL sold 7 other products mentioned at serial number 12 to 18 of the Table above to the complainant, for the different service periods overlapping with service period January 01, 2019 to October 30, 2019 of already sold product Future Platinam.

c. Selling Services for future dates

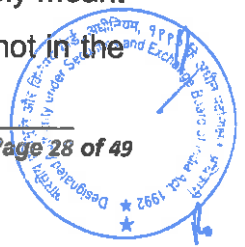
On July 14, 2018, RAPL sold product Future Platinam which was for the service period starting from January 01, 2019 and ending a year after the sale i.e. on October 30, 2019. Similarly, RAPL sold various products on July 31, August 27 and August 30, 2018 (As mentioned at serial numbers 14, 16 and 17 of the Table above) for the service durations starting after six months of sale.

(Copies of invoices issued to complainants Deepak Dhananjayan, Akash Bansal, Aneesh Singh, Satyam Yadav, Vinod Dhar are placed at Annexure 13)



Observations-

- 4.7.7. RAPL has charged a price of Rs. 865.72 per day (for 35 days) and Rs. 2394.74 per day (for 76 days) (which comes more than 2.5 times) for same product Option Platinam from same person Mr Deepak Dhananjayan. Further, RAPL has charged Rs. 40,000/- from Mr. Akash Bansal, for the product Option Platinum for the service duration of 180 days. However, on same day for same product sold to the same person, it has charged Rs. 90,900/- for the service duration of 15 days which is exorbitantly high. It is highly unreasonable on part of RAPL to charge Rs. 90,900/- for service duration of 15 days while on same day it is charging Rs. 40,000/- for service duration of 180 days for the same product.
- 4.7.8. In addition to that as discussed in pre-paragraphs RAPL has on various instances, charged fees arbitrarily from its clients. Further, RAPL has been observed to be selling multiple products in short span of time to same clients for future period and selling products for overlapping periods.
- 4.7.9. In this regard, vide emails dated emails dated June 05 & 10, 2022, RAPL was inter alia advised to furnish copies of invoices and other relevant documents. However, RAPL has failed to respond. In absence of response from RAPL and in view of the discussions held in paragraphs 12.1 to 12.8, it is observed that RAPL has (i) sold products by charging fees arbitrarily, (ii) sold products for future dates which are in some instances starting six months after the date of invoice and (iii) different products to same person for overlapping periods.
- 4.7.10. In view of the same it is observed that RAPL has adopted dishonest business practices by making the client subscribe to multiple subscriptions of the same package on the same day and charging unreasonable and arbitrary fee for the same service/products. These acts of RAPL are in the manner in which the RAPL has charged fees to its clients is purely meant to generate more and more service fees for itself and is clearly not in the



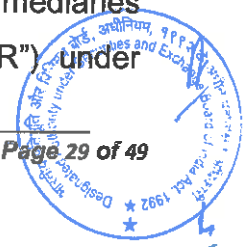
best interests of the clients. Thus, it is observed that RAPL has collected an unreasonable quantum of fees from its clients in an unfair manner.

4.7.11. It is observed that the above acts of RAPL have been carried out in a deceitful manner with the purpose of defrauding the clients and to maximize the revenues. The above acts come under the purview of 'fraud' as defined under regulation 2(1)(c) of PFUTP Regulations. Therefore, RAPL have violated regulation 3(a), (b), (c), (d), 4(2)(o) and 4(2)(s) of PFUTP Regulations read with section 12A(a), (b) and (c) of SEBI Act.

4.7.12. It is also observed that by charging an unreasonable quantum of fees from its clients in an unfair manner without having any regard to client's best interest, RAPL has failed to act in the fiduciary capacity in which an IA is supposed to be associated with its client. In light of the aforesaid, it is observed that RAPL failed to act in fiduciary capacity towards its clients and therefore violated Regulation 15(1) of IA Regulations. Further, RAPL did not act honestly, fairly, diligently and in the best interests of its clients and thus violated Regulation 15(9) read with Clause 1 (Honesty and Fairness), 2 (Diligence) & 6 (Fair and Reasonable Charges) of the Code of Conduct specified for Investment Advisers under Schedule III of the IA Regulations.

4.8. Non Redressal of investor grievances

4.8.1. SEBI, vide Circular CIR/OIAE/2014 dated December 18, 2014 on "Redressal of Investor grievances through SEBI Complaints Redress System (SCORES) Platform" has advised that all SEBI registered intermediaries are required to review their investors grievances redressal mechanism so as to further strengthen it and correct the existing shortcomings, if any. Further, SEBI registered intermediaries, to whom complaints are forwarded through SCORES, shall take immediate efforts on receipt of a complaint, for its resolution, within thirty days. The said circular has stated that in case of failure by SEBI registered intermediaries to file Action Taken Report (hereinafter referred to as "ATR") under



SCORES within thirty days of date of receipt of the grievance, it shall be treated as failure to furnish information to SEBI and deemed to constitute non-redressal of investor grievance. In addition to that Regulation 21(1) of IA Regulation mandates SEBI Registered Investment Advisor to redress client grievances promptly. Regulation 28(f) of IA Regulation states that SEBI Registered Investment Advisor will be liable for action if it fails to resolve the complaints of investors or fails to give a satisfactory reply to the Board in this behalf.

4.8.2. As on date of examination, there are total 37 unique complaints pending against RAPL. These complaints were forwarded to RAPL as mentioned in the Table below. However, it is observed that RAPL has neither redressed these complaints nor it has filed ATR. List of pending complaints are placed at Annexure 14.

S. No.	Complaint No.	Name of the complainant	Status	Date of receipt	Date of forwarding to IA	Date of Final ATR filed
1	SEBIE/MP19/0002962/1	Pooja Singh	Pending	12/12/2019	16/12/2019	ATR not filed
2	SEBIP/MP19/0000476/1	Charanjeet Singh Meena	Pending	13/12/2019	24/12/2019	ATR not filed
3	SEBIE/MP19/0003065/1	Sakhiya Jitendra Dhirajlal	Pending	23/12/2019	24/12/2019	ATR not filed
4	SEBIE/MP19/0003012/1	Vinod Dhar	Pending	19/12/2019	24/12/2019	ATR not filed
5	SEBIE/MP19/0003188/1	Ritesh Bele	Pending	31/12/2019	31/12/2019	ATR not filed
6	SEBIE/MP20/0000940/1	Prashant Kumar	Pending	25/04/2020	28/04/2020	ATR not filed
7	SEBIE/MP20/0000993/1	Shailesh Agarwal	Pending	07/05/2020	08/05/2020	ATR not filed
8	SEBIE/MP20/0001199/1	Jokhan Prajapati	Pending	28/06/2020	30/06/2020	ATR not filed
9	SEBIE/MP20/0001870/1	Akshat Gupta	Pending	03/09/2020	06/10/2020	ATR not filed
10	SEBIE/MP20/0000220/1	Ajmal Ram	Pending	21/12/2019	04/12/2020	ATR not filed
11	SEBIE/MP20/0000199/1	Akash Bansal	Pending	19/12/2019	04/12/2020	ATR not filed
12	SEBIE/MP20/0000197/1	Budhbhushan Madhav Gaikwad	Pending	18/12/2019	04/12/2020	ATR not filed
13	SEBIE/MP20/0000298/1	Rajesh Kumar	Pending	01/01/2020	04/12/2020	ATR not filed

S. No.	Complaint No.	Name of the complainant	Status	Date of receipt	Date of forwarding to IA	Date of Final ATR filed
14	SEBIE/MP20/0000218/1	Ramcharan Gurjar	Pending	21/01/2020	04/12/2020	ATR not filed
15	SEBIE/MP20/0000037/1	Surender Singh	Pending	03/01/2020	04/12/2020	ATR not filed
16	SEBIE/MP20/0000402/1	Ankur Kathiriya /SELF	Pending	12/01/2020	08/12/2020	ATR not filed
17	SEBIE/MP20/0001770/1	Deepak Dhananjayan	Pending	17/08/2020	08/12/2020	ATR not filed
18	SEBIE/MP20/0000476/1	Neeraj Kumar	Pending	17/02/2020	08/12/2020	ATR not filed
19	SEBIE/MP20/0001969/1	Uddhab Das	Pending	22/09/2020	08/12/2020	ATR not filed
20	SEBIE/MP20/0001610/1	Zuber Momin	Pending	04/09/2020	08/12/2020	ATR not filed
21	SEBIP/MP20/0000022/1	Ajay Singh Chavda	Pending	14/01/2020	16/12/2020	ATR not filed
22	SEBIE/MP20/0000713/1	Mareedu Rajyalakshmi	Pending	11/02/2020	16/12/2020	ATR not filed
23	SEBIP/MP20/0000079/1	Prakash V Menon	Pending	12/02/2020	16/12/2020	ATR not filed
24	SEBIE/MP20/0000119/1	Vijay Ramrao Lokhande	Pending	10/12/2019	16/12/2020	ATR not filed
25	SEBIP/MP20/0000184/1	Biju Cv	Pending	28/10/2020	19/12/2020	ATR not filed
26	SEBIE/MP20/0000189/1	M P Ravikumar	Pending	18/01/2020	19/12/2020	ATR not filed
27	SEBIE/MP20/0000808/1	Mamta Kumari	Pending	27/02/2020	19/12/2020	ATR not filed
28	SEBIE/MP20/0000790/1	Pawan Kumar	Pending	26/03/2020	19/12/2020	ATR not filed
29	SEBIE/MP20/0000803/1	Sagar Maharana	Pending	28/03/2020	19/12/2020	ATR not filed
30	SEBIE/MP20/0000776/1	Satyam Yadav	Pending	21/03/2020	19/12/2020	ATR not filed
31	SEBIE/MP20/0000685/1	Anshuman Singh	Pending	08/02/2020	21/12/2020	ATR not filed
32	SEBIE/MP21/0000171/1	Manoj Kumar Naik	Pending	25/12/2020	27/01/2021	ATR not filed
33	SEBIE/MP21/0000232/1	Aneesh	Pending	05/02/2021	09/02/2021	ATR not filed
34	SEBIE/MP21/0000536/1	Naveen Kumar Agarwal	Pending	19/04/2021	16/06/2021	ATR not filed
35	SEBIE/MP21/0000588/1	Divyesh Gireeshbhai Radadiya	Pending	01/05/2021	14/08/2021	ATR not filed
36	SEBIE/MP21/0001031/1	Dwibyendu Chutia	Pending	16/09/2021	11/05/2022	ATR not filed

S. No.	Complaint No.	Name of the complainant	Status	Date of receipt	Date of forwarding to IA	Date of Final ATR filed
37	SEBI/MP21/0000865/1	Shri Krishna Shakya	Pending	25/06/2021	11/05/2022	ATR not filed

4.8.3. However, it is observed that RAPL has neither addressed those complaints nor it has filed ATR to SEBI. Therefore, it is observed that the RAPL has not complied with the provision(s) of the SEBI circular CIR/OIAE/2014 dated December 18, 2014, regarding resolution of investor grievances through SCORES platform and filing ATR. Further, RAPL has also violated Regulation 21(1) read with Regulation 28(f) of IA Regulations.

4.9. Non submission of information sought by SEBI

4.9.1. Regulation 15(12) of IA Regulation mandates a SEBI Registered Investment Advisor to furnish to SEBI information and reports as may be specified by it from time to time.

4.9.2. As mentioned in paragraph 3 of this report above, SEBI vide emails dated June 05 & 10, 2022, had advised RAPL to submit information inter-alia w.r.t. pending complaints such as copy of risk profile form(s), details of all the bank accounts of RAPL and its past and present directors along with their statements, client master data, Contact details of past directors (Since date of Registration with SEBI i.e. 09/06/2015), Copies of audited financial statements for last three years, sample copy of agreement entered into with the clients, copies of invoices issued to the complainants, etc.

4.9.3. Aforesaid emails were sent to the email addresses of RAPL available on records viz. 'amit.1033@gmail.com' and 'info@ripplesadvisory.com' as well as email address 'kaushaljeet26@gmail.com', as obtained from website of Ministry of Corporate Affairs (MCA Website). Mr. Jeetendra Kaushal, through email address 'kaushaljeet26@gmail.com' replied to the emails of SEBI dated June 05 & 10, 2022, stating that he is not concern person to provide information.

- 4.9.4. Vide email dated June 13, 2022, Mr. Jeetendra Kaushal was informed that emails are sent at this email addresses as it is mentioned on MCA website. He was also advised to furnish contact details of relevant persons in the matter. However, he neither submitted information sought for by SEBI vide emails dated June 05 & 10, 2022 nor he provided contact details of relevant persons in the matter. It has been observed from the copies of invoices submitted by complainants that multiple invoices are digitally signed by Mr. Jeetendra Kaushal. In view of the facts that Mr. Jeetendra Kaushal was digitally signing invoices and his email address was furnished to MCA for communicating on behalf of RAPL, he cannot claim that he is not concerned person and thus doesn't have any information as sought for by SEBI. However, he has failed to submit any information to SEBI despite multiple reminders.
- 4.9.5. Vide email dated June 13, 2022, replied to emails dated June 10, 2022 and stated that he is not authorized and concerned person for the information. Mr. Amit Jaiswal submitted copy of letter of RAPL dated September 17, 2018 appointing him as director. Mr. Amit Jaiswal also submitted copy of his resignation letter dated January 06, 2019 wherein he resigned from directorship. Further, it is observed from the MCA Website that Mr. Amit Jaiswal was director of RAPL for the period September 17, 2018 to January 06, 2019. Thus, he was director of RAPL for more than three months when RAPL was conducting business as SEBI Registered IA. However, he has failed to provide any information to SEBI.
- 4.9.6. In view of the same it is observed that despite multiple reminders RAPL has failed to submit information as sought vide SEBI's emails dated June 05 & 10, 2022. By not submitting the information as sought by SEBI, RAPL is in violation of Regulation 15(12) of IA Regulations. (Annexure 5 - Copies of emails dated June 05 & 10, 2022 and email communication with Mr. Jeetendra Kaushal and Mr. Amit Jaiswal).

4.10. Role of Directors of RAPL

4.10.1. RAPL is registered with SEBI as a body corporate and it can neither act by itself as an Investment Advisors nor commit violations. Further, Section 27 of SEBI Act states as under-

Contravention by companies¹

¹With effect from March 08, 2019, word 'offence(s)' was replaced by word 'Contravention' in the Section 27 of SEBI Act.

27. (1) Where a contravention of any of the provisions of this Act or any rule, regulation, direction or order made thereunder has been committed by a company, every person who at the time the contravention was committed was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided in this Act, if he proves that the contravention was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such contravention.

(2) Notwithstanding anything contained in sub-section (1), where an contravention under this Act has been committed by a company and it is proved that the contravention has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly.

4.10.2. In view of the above, directors of RAPL which were in office during the period June 09, 2015 (i.e. date of registration of RAPL as an IA with SEBI) to December 31, 2019 (i.e. date of interim order) are jointly and severally responsible for the activities of the RAPL carried out during the aforesaid



period. Further, as per website <https://www.zaubacorp.com/>, RAPL had following present and past directors-

Sr. No.	DIN	Director Name	Appointment Date	Cessation Date
1	8392131	Nilesh Shukla	05-Mar-19	Existing Director
2	8535494	Hemant Solapurkar	08-Jul-19	Existing Director
3	7060034	Sanjiv Kumar	30-Dec-14	06-Mar-19
4	8209955	Anamika Pandey	30-Aug-18	06-Mar-19
5	00012711	Kunal Agrawal	20-Jan-10	05-Sep-14
6	00012796	Hemlata Agrawal	30-May-89	12-Jan-15
7	8374204	Hameed Khan	05-Mar-19	10-Jul-19
8	1605366	Jitender Kumar	24-Feb-14	12-Jan-15
9	5291444	Rajeev Singh Rajput	30-Dec-14	12-Jan-15
10	00012752	Rajendra Agarwal	08-Mar-95	25-Jan-10
11	7067662	Rakhi Rajput	11-Jan-15	30-Aug-18
12	8226566	Amit Jaiswal	17-Sep-18	06-Jan-19
13	8392135	Balvinder Dhillon Kaur	05-Mar-19	28-Jun-19

4.10.3. It is observed that entities mentioned at serial number 5, 6, 8, 9 and 10, in the Table 10 of this report, were not directors of RAPL, during the period June 09, 2015 to December 31, 2019. Further, Directorship details of past and present directors of RAPL mentioned in Interim Order dated December 31, 2019, are as under-

S. No.	Name of the Entity	DIN	Date of appointment	Date of cessation
1	Mr. Nilesh Shukla	8392131	05/03/2019	Existing Director
2	Mr. Hemant Solapurkar	8535494	08/07/2019	Existing Director
3	Mr. Sanjiv Kumar	7060034	30/12/2014	06/03/2019
4	Ms. Rakhi Rajput	7067662	11/01/2015	30/08/2018
5	Mr. Hameed Khan	8374204	05/03/2019	10/07/2019
6	Ms. Anamika Pandey	8209955	30/08/2018	06/03/2019
7	Mr. Amit Jaiswal	8226566	17/09/2018	06/01/2019
8	Balvinder Dhillon Kaur	8392135	05/03/2019	28/06/2019

Directorship details mentioned in the above Table were confirmed from the website of MCA. In addition to that it is observed that at the time of

registration with SEBI and later, during the course of business, multiple documents were filed on behalf of RAPL wherein name of some of the abovementioned directors are found to be appearing. Details of documents are as under-

Sr. No.	Name of documents	Name of person	Role in Company	Additional information
1	Grievance Redressal Mechanism	Amit Jaiswal	Compliance Officer	Signed by Amit
		Sanjeev Kumar	Director (Stated to be highest Authority)	
2	Annexure I (02/08/2017)	Sanjeev Kumar	Director	Digitally Signed by Amit Jaiswal
		Amit Jaiswal	Compliance Officer	
		Rakhi Rajput	Director	
3	Client Risk Profile (07/12/2016)			Digitally Signed by Amit Jaiswal
4	Principle Officer Registration email (13/02/2018)	Rakhi Rajput	Designated director	Signed by Rakhi
5	Details of proposed Investment Advisory Services	Sanjeev	Director	Signed by Sanjeev
		Rakhi Rajput	Research Head and Advisor	
		Nilesh Shukla	Support staff Research	
6	Letter to SEBI	Sanjeev	Director	Signed by Sanjeev
7	Gumastha Certificate (17/12/2018)	Sanjeev Kumar	Director	
		Rakhi Rajput	Director	
8	RAPL letter dated 06/05/2019	Sanjeev Kumar	Director	
		Balvinder Kaur Dhillon	Compliance Officer	Signed by Sanjeev

In view of the above, present and past directors of RAPL, as mentioned in the above tables, viz. (i) Mr. Nilesh Shukla, (ii) Mr. Hemant Solapurkar, (iii) Mr. Sanjiv Kumar, (iv) Ms. Rakhi Rajput, (v) Mr. Hameed Khan, (vi) Ms. Anamika Pandey, (vii) Mr. Amit Jaiswal and (viii) Balvinder Dhillon Kaur are jointly and severally accountable and liable for the violations/misconducts carried out by the RAPL during the period June 09, 2015 to December 31, 2019. Therefore, for all the adverse findings and non-compliances with Act, regulations, notifications, guidelines, aforesaid 8 persons are jointly and severally being charged along with RAPL

(Directorship details as available on MCA Website and documents mentioned in Table 12 are placed at Annexure 15).

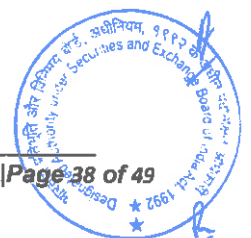
5. In view thereof, it is alleged that:

- i. **RAPL promised high returns to clients through emails and therefore, Noticee No. 1-9 violated Regulation 15(1) and clauses 1, 2, 5 and 8 as specified under Third Schedule of Code of Conduct for Investment Advisers read with Regulation 15(9) of IA Regulations and Regulation 3 (a), (b), (c) and (d), 4(1) and 4(2)(o), and (s) of PFUTP Regulations read with Section 12A(a), (b) and (c) of SEBI Act, 1992.**
- ii. **RAPL filed to carry out suitability Assessment of some of its clients. The IA didn't do proper risk profiling as was evident from the leading questions in the questionnaire for Risk Profiling. Further, RAPL sold Products and services to clients without carrying out Risk Profiling and Suitability Assessment, and selling products without proper risk profiling and suitability assessment by IA also amounts to mis-selling as stated in PFUTP Regulations, 2003. Therefore, Noticee No. 1-9 violated Regulations 15(1), 16, 17 of IA Regulations, Regulation 15(9) read with Clauses 1 and 8 of Code of Conduct as specified in the Third Schedule of IA Regulations and Regulation 4(2)(s) of PFUTP Regulations.**
- iii. **Package/ service has been decided by RAPL before the risk profiling of client was done. RAPL has failed to take due care and diligence to ascertain risk profile of the client and to offer him suitable advice. Deciding Package/ service before carrying out the risk profiling of client(s) also amounts to mis-selling as stated in PFUTP Regulations. Therefore, Noticee No. 1-9 violated Regulation 15(1) of IA Regulations, Regulation 17(a) and 17(e) of IA Regulations, Regulation 15(9) read with Clauses 1 and 8 of Code of Conduct as specified in the Third Schedule of IA Regulations and Regulation 4(2)(s) of PFUTP Regulations.**

- iv. RAPL sold HNI Services to Non-HNI clients due to improper Client Profiling and suitability assessment. Therefore, Noticee No. 1-9 violated Regulation 16(b), 16(c) and Regulation 15(9) of the IA Regulations read with Clause 2 of the Code of Conduct specified for Investment Advisers under Schedule III of the IA Regulations.
- v. RAPL charged fees arbitrarily from its clients, selling services for future dates and selling services for overlapping periods. Therefore, Noticee No. 1-9 violated Regulation 15(1) of IA Regulations, Regulation 15(9) read with Clause 1, 2 & 6 of the Code of Conduct specified for Investment Advisers under Schedule III of the IA Regulations and Regulation 3(a), (b), (c), (d), 4(2)(o) and 4(2)(s) of PFUTP Regulations read with section 12A(a), (b) and (c) of SEBI Act.
- vi. RAPL failed to submit information sought by SEBI such as client master data, Bank ac statement of RAPL and its Directors, copies of invoices and agreements. Therefore, Noticee No. 1-9 violated Regulation 15(12) of IA Regulations.
- vii. RAPL has failed to comply with the directions issued vide interim order dated December 31, 2019. Therefore, Noticee No. 1-9 did not comply with interim order dated December 31, 2019 read with Clause 8 of the Code of Conduct specified for Investment Advisers under Regulation 15(9) as specified under Schedule III of the IA Regulations.
- viii. RAPL has failed to resolve investor grievances of multiple complainants and file ATR to SEBI. Therefore, Noticee No. 1-9 violated SEBI Circular CIR/OIAE/2014 dated December 18, 2014 and Regulation 21(1) read with Regulation 28(f) of IA Regulations.
6. The text of relevant provisions which are alleged to have been violated are reproduced below:

IA Regulations

“ ...



15. General responsibility

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

...

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

...

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

...

Risk profiling.

16. *Investment adviser shall ensure that,-*

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

(i) *age;*

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

(iii) *income details;*

(iv) *existing investments/ assets;*

(v) *risk appetite/ tolerance;*

(vi) *liability/borrowing details.*

(b) *it has a process for assessing the risk a client is willing and able to take, including:*

(i) *assessing a client's capacity for absorbing loss;*



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

Suitability

17. Investment adviser shall ensure that,-

- (a) All investments on which investment advice is provided is appropriate to the risk profile of the client;*
- (b) It has a documented process for selecting investments based on client's investment objectives and financial situation;*
- (c) It understands the nature and risks of products or assets selected for clients;*
- (d) It has a reasonable basis for believing that a recommendation or transaction entered into:*
 - (i) meets the client's investment objectives;*



(ii) is such that the client is able to bear any related investment risks consistent with its investment objectives and risk tolerance;

(iii) is such that the client has the necessary experience and knowledge to understand the risks involved in the transaction.

(e) Whenever a recommendation is given to a client to purchase of a particular complex financial product, such recommendation or advice is based upon a reasonable assessment that the structure and risk reward profile of financial product is consistent with clients experience, knowledge, investment objectives, risk appetite and capacity for absorbing loss.

Redressal of client grievances.

21.(1) ⁴⁴ [The Investment Adviser shall redress investor grievances promptly but not later than twenty-one calendar days from the date of receipt of the grievance and in such manner as may be specified by the Board.]

Liability for action in case of default.

28. An investment adviser who –

...

(f) fails to resolve the complaints of investors or fails to give a satisfactory reply to the Board in this behalf,

shall be dealt with in the manner provided under the Securities and Exchange Board of India (Intermediaries) Regulations, 2008.

CODE OF CONDUCT FOR INVESTMENT ADVISER

1. Honesty and fairness

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



2. Diligence

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

5. Information to its clients

An investment adviser shall make adequate disclosures of relevant material information while dealing with its clients.

...

6. Fair and reasonable charges

*An investment adviser advising a client may charge fees, subject to any ceiling as may be specified by the Board⁹³[***]. The investment adviser shall ensure that fees charged to the clients is fair and reasonable*

...

8. Compliance

An investment adviser including its⁹⁴[partners, principal officer and persons associated with investment advice] shall comply with all regulatory requirements applicable to the conduct of its business activities so as to promote the best interests of clients and the integrity of the market.

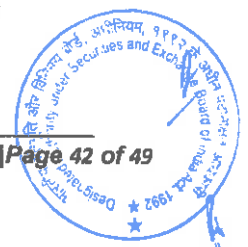
PFUTP Regulations

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 are cognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

4. Prohibition of manipulative, fraudulent and unfair trade practices

(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a ⁶[manipulative,] fraudulent or an unfair trade practice in securities ⁷[markets].

(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]:

...

(o) ²⁴[fraudulent inducement of any person by a market participant to deal in securities with the objective of enhancing his brokerage or commission or income;]

...

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 CIR/OIAE/2014 dated December 18, 2014 (Annexure A3)

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;

... ..

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

7. You are hereby called upon to show cause as to why appropriate recommendations should not be made against you as prescribed under Regulation 23 read with Regulation 27 and Regulation 26 of the SEBI (Intermediaries) Regulations, 2008. The text of the aforesaid provisions is reproduced below:

SEBI (Intermediaries) Regulations, 2008

Cancellation or suspension of registration and other actions.

23. Where any person who has been granted a certificate of registration under the Act or regulations made thereunder, –

(a) fails to comply with any conditions subject to which a certificate of registration has been granted to him;

(b) contravenes any of the provisions of the securities laws or directions, instructions or circulars issued thereunder;

the Board may, without prejudice to any action under the securities laws or directions, instructions or circulars issued thereunder, by order take such action in the manner provided under these regulations.

Cancellation or suspension of registration and other actions.

¹³[26. Recommendation of action

(1) After considering the material available on record and the reply, if any, the designated authority may by way of a report, recommend the following measures,–

(i) disposing of the proceedings without any adverse action;

(ii) cancellation of the certificate of registration;

(iii) suspension of the certificate of registration for a specified period;

(iv) prohibition of the noticee from taking up any new assignment or contract or launching a new scheme for such the period as may be specified;

(v) debarment of an officer of the noticee from being employed or associated with any registered intermediary or other person associated with the securities market for such period as may be specified;

(vi) debarment of a branch or an office of the noticee from carrying out activities for such period as may be specified;

(vii) issuance of a regulatory censure to the notice



Provided that in respect of the same certificate of registration, not more than five regulatory censures under these regulations may be recommended to be issued, thereafter, the action as detailed in clause (ii) to (vi) of this sub-regulation may be considered.

(2) The designated authority shall endeavour to submit the report within one hundred and twenty days from the date of receipt of reply to the notice or date of personal hearing, whichever is later.]

¹⁴[Order

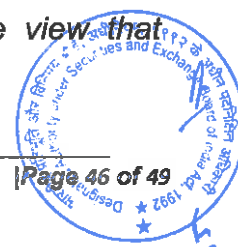
27.(1) On receipt of the report containing the measures recommended by the designated authority, the ¹⁵[competent authority] shall cause to forward a copy of the report submitted by the designated authority and call upon the noticee to make its submission, in writing, as to why the measures recommended by the designated authority or any other action as contemplated in these regulations, should not be taken.

(2) The noticee shall submit, within a period as specified in the notice, but not exceeding twenty-one days from the date of service thereof, a written submission, along with documentary evidence, if any, in support of the written submission:

Provided that upon the request of the noticee, the ¹⁵[competent authority], after recording reasons, in writing may cause to extend the time specified for submitting reply to the notice.

(3) After considering the submission of the noticee, the ¹⁵[competent authority] may if deemed fit, for reasons to be recorded by it in writing, remit the matter to the designated authority to enquire afresh or to further enquire and resubmit the report.

(4) The ¹⁵[competent authority] may grant an opportunity of personal hearing where the designated authority has recommended cancellation of certificate of registration or the ¹⁵[competent authority] is of the prima facie view that it is a fit case for cancellation of certificate of registration.



Explanation: It shall not be necessary for the ¹⁵[competent authority] to give the noticee any opportunity of personal hearing if neither the designated authority has recommended cancelation of certificate of registration nor the ¹⁵[competent authority] is of the prima facie view that it is a fit case for cancellation of certificate of registration.

(5) After considering the facts and circumstances of the case, material on record and the written submission, if any, the ¹⁵[competent authority] shall endeavor to pass an appropriate order within one hundred and twenty days from the date of receipt of submissions under sub-regulation (2) or the date of personal hearing, whichever is later.]

...

8. Your reply to the SCN, if any, along with the relevant supporting documents, should reach the undersigned at the address mentioned below, as well as through email at AMARN@SEBI.GOV.IN and RISHABHG@SEBI.GOV.IN (both in .pdf and MS-word format) within 14 days from the date of receipt of this notice, failing which it shall be presumed that you have no reply to submit and the matter would be further proceeded with on the basis of material / facts available on record.

Address for reply/correspondence:	Enquiries and Adjudication Department – EAD-5 Securities and Exchange Board of India SEBI Bhavan - II, Plot no. C-7, Block 'G', Bandra Kurla Complex, Bandra (East) Mumbai – 400 051
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9. Noticee may also indicate whether Noticee desires a personal hearing in the matter.
10. Noticee is advised to provide contact details such as phone numbers, email id's, complete correspondence addresses with pin code etc. for our records and also submit the copies of its PAN Card, Proof of Identity and Proof of Address. Noticee is also advised to keep the undersigned informed promptly /immediately about

the change in any of its contact and/or correspondence address, if any, and provide updated email-id and phone numbers, till the proceedings are complete.

11. Noticee may also note that a settlement mechanism is provided under the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018. If you wish to opt for the settlement process, you may apply for the same in the manner given in the regulations under prompt intimation to the undersigned.
12. Noticee is advised to acknowledge receipt of this Notice on prompt basis by way of email (AMARN@SEBI.GOV.IN and RISHABHG@SEBI.GOV.IN) and/or letter (at the address given under Para 9 above).


AMAR NAVLANI

DESIGNATED AUTHORITY



List of Enclosures/Annexures (in CD:18.8MB):

S. No.	Annexure No.	Particulars/Details
1	Annexure A1	Copy of the Communique dated July 31, 2024
2	Annexure A2	Copy of examination report
3	Annexure A3	SEBI Circular
4	Annexure 1	Copy of Examination Report
5	Annexure 2	Copy of Interim Order dated December 31, 2019
6	Annexure 3	Copy of letter of APAR and Associates dated January 15, 2020
7	Annexure 4	Copies of emails dated January 07, & February 04, 2020, and letter dated January 15, 2020 from Amit Jaiswal
8	Annexure 5	Copies of emails dated June 05 & 10, 2022 and email communication with Mr. Jeetendra Kaushal and Mr. Amit Jaiswal
11	Annexures 8	Copies of replies received from the complainants Mr. Charanjeet Singh Meena, Mr. Ankalu Mareedu, Mr. Aneesh Singh and Mr. Ajay Sinh Chavda
12	Annexure 9	Copies of replies received from the complainants Mr. Akshat Gupta, Mr. Aneesh Singh and Mr. Jitendra Patel
13	Annexure 10	Copies of invoices submitted by complainants Jitendra Patel, Mr. Akshat Gupta and Mr. Aneesh Singh
14	Annexure 11	Copies of risk profiles submitted by complainants

14	Annexure 12	Copies of RPF and invoices of Mr. Santosh G
15	Annexure 13	Copies of invoices issued to complainants Deepak Dhananjayan, Akash Bansal, Aneesh Singh, Satyam Yadav, Vinod Dhar
16	Annexure 14	List of pending complaints
17	Annexure 15	Directorship details as available on MCA Website and documents mentioned in Table X

