



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

GENERAL MANAGER &
ADJUDICATING OFFICER

EAD-10/SM/AD/25028/1/2021

September 21, 2021

By SPAD / Digitally Signed E-mail

Sr. No.	Name & Address	Sr. No.	Name & Address
1	CapitalVia Global Research Ltd. (PAN: AADCC5782H) 903, B-1, 9 th Floor, NRK Business Park, Scheme No. 54, P.U.-4, Vijay Nagar Square, Indore-452010	2	Mr. Kiran Ravindra Kumar Choudhary (PAN: AAEPK1536D) 903, B-1, 9 th Floor, NRK Business Park, Scheme No. 54, P.U.-4, Vijay Nagar Square, Indore-452010
3	Mr. Rohit Gadia (PAN: AGXPG1899A) 903, B-1, 9 th Floor, NRK Business Park, Scheme No. 54, P.U.-4, Vijay Nagar Square, Indore-452010	4	Mr. Prem Prakash (PAN: AIAPP8261A) 903, B-1, 9 th Floor, NRK Business Park, Scheme No. 54, P.U.-4, Vijay Nagar Square, Indore-452010

Notice under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 in the matter of M/s. Capitalvia Global Research Limited

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') passed an Interim Order cum Show Cause notice dated November 11, 2016 against M/s. Capitalvia Global Research Limited (hereinafter referred to as '**Capitalvia/ Noticee 1/You**') and its directors, Mr. Kiran Ravindra Kumar Choudhary (hereinafter referred to as '**Noticee 2**'), Mr. Rohit Gadia (hereinafter referred to as '**Noticee 3**'), and Mr. Prem Prakash(hereinafter referred to as '**Noticee 4**') (Noticees 1 to 4 hereinafter collectively being called "**Noticees**") as under:
 - i. Not to solicit or undertake any fresh advisory business with immediate effect till further directions.

SCN in the matter of Capitalvia Global Research Limited

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सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051.
दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर.एस.), 2644 9000 / 4045 9000 फेक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in

SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.
Tel.: 2644 9950 / 4045 9950 (IVRS), 2644 9000 / 4045 9000 Fax : 2644 9019 to 2644 9022 Web : www.sebi.gov.in



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- ii. To redress the grievances received against CapitalVia and to comply with all provisions of IA regulations and submit a compliance report to SEBI within three(3) months from the date of receipt of this order.
2. Thereafter, SEBI passed a final order dated January 20, 2017 wherein the following directions were passed against Noticee 1 and its directors, i.e., Noticees 2 to 4:-
 - i. Not to solicit or undertake any fresh advisory business for another period of four months from the date of order.(i.e. till May 19,2017)
 - ii. To discontinue the acceptance of funds from clients including by way of deactivation of online remittances, with immediate effect during the aforesaid four month period.
 - iii. To disclose the contents of these directions prominently on its website(s) immediately.
3. The aforesaid order further mentioned that, *"the verification of adherence to the provisions of IA Regulations and the directions contained in this Order may be separately carried out by SEBI and in case of detection of any non-compliance, suitable action under law shall follow"*.
4. Accordingly, SEBI conducted an inspection of Capitalvia from September 11-12, 2017, at its office located at NRK Business Park, Indore. The period covered in the inspection was from April 01, 2016 till September 11, 2017 (hereinafter referred to as '**Inspection Period**').
5. The scope of the inspection was to verify the compliance of Capitalvia with regulatory requirements prescribed in SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as '**IA Regulations**') including KYC requirements, risk profiling and suitability of the advice and maintenance of records and the adherence to the directions/ observations contained in the SEBI order dated November 11, 2016 and January 20, 2017.
6. Based on the findings of Inspection conducted by SEBI and the response of Noticee dated June 19, 2018 (**Annexure 1**) and February 20, 2019 SEBI observed certain non-compliances, *inter-alia*, of IA Regulations.

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7. Vide order dated December 29, 2020, SEBI appointed the undersigned as the Adjudicating Officer (copy of the appointment order is placed as **Annexure-2**) under Section 15-I of the SEBI Act 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 Section 15HB of the SEBI Act, the various violations alleged to have been committed by Noticees.
8. Noticee 1 is a SEBI-registered Investment Adviser, having SEBI registration number as INA200001512. The non-compliances observed during the inspection and details of the violations alleged to have been committed by Noticees are given as under: -

A. Violation of the directions contained in the SEBI orders dated November 11, 2016 and January 20, 2017:

9. Vide SEBI order dated November 11, 2016, Noticees were directed not to solicit or undertake any fresh advisory business with immediate effect till further directions. Vide SEBI order dated January 20, 2017, Noticees were further directed not to solicit or undertake any fresh advisory business for another period of four months from the date of the order. During the inspection, on scrutiny of its client master (**Annexure 3**), SEBI observed that Noticee 1 had continued to receive advisory fees amounting to Rs. 2,08,66,490 for investment advisory services from 625 clients during the period November 12, 2016 to January 21, 2017.
10. SEBI observed from the Bank account statements of bank accounts at Axis Bank (A/c No. 911020035630712), HDFC (A/c No. 02812320001963 and 50200003869255), ICICI (A/c No. 024105500192) and State Bank of India (A/c No. 00000032001090962) (**Annexure 4**) of Noticee 1, that during the period from November 2016 to April 2017, funds were deposited from various places across India viz. Rohtak, Madurai, Malda, Kolhapur etc. which are almost equivalent to the fees charged by it for various advisory services offered. For instance, Noticee 1 was charging Rs. 10000 as monthly fee for various advisory services such as BTST Cash, BTST/STBT Futures, Commodity Pack etc.

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11. Few instances of the transactions extracted from the bank statements during the inspection are as under:

S. No.	Date	Bank	Particulars	Amount (Rs.)
1.	06/12/2016	Axis Bank	NEFT/VIJBH16341024170/SHASHANK MOHAN SHAH//URGENT/	15,000
2.	08/12/2016	Axis Bank	MOB/TPFT/KISHAN KANAYALA/913010047716384	10,000
3.	19/01/2017	Axis Bank	DHARMESH KUMAR	50,000
4.	27/02/2017	Axis Bank	NEFT/KKBKH17058684210/SANJIV RAIU PAI VERNEKAR/Pa	17,249
5.	21/11/2016	HDFC Bank	NEFT/KKBKH17058684210/SANJIV RAIU PAI VERNEKAR/Pa	30,000
6.	03/12/2016	HDFC Bank	FT-CR-50100056177745-Sanjay Shekhar	35,000
7.	10/03/2017	HDFC Bank	Cash Dep Begum Bazar	10,000
8.	24/04/2017	HDFC Bank	-NEFT CR-ICIC0SF0002-Krishnakant Sonawane	4,000
9.	07/12/2016	ICICI	By cash- Haridwar	10,000
10.	19/01/2017	ICICI	By cash-Dadar-Gokhale road	10,000
11.	05/01/2017	ICICI	TRFR FROM- MEERA	37,500
12.	25/11/2016	SBI	BY TRANSFERNEFT* UCBA0002004*SAA83244067*ASHA UPADHYAY	15,000
13.	28/04/2017	SBI	TRANSFERFROM 11234502049 Mr. GOPAL HARISCHANDRA /	17,250

12. SEBI further observed from reply of Noticee 1 dated February 20, 2019(**Annexure 5**) that Noticee 1 had availed the services of one Valueleaf Services India Pvt. Ltd. for sending Short Message Services (SMS) to the clients during the ban period. The details of the same are as given under:

S. No.	Invoice description	Amount
1.	Invoice dated 02.01.2017 for services availed during December 2016	2,38,914
2.	Invoice dated 01.02.2017 for services availed during January 2017	1,20,636
3.	Invoice dated 01.03.2017 for services availed during February 2017	2,11,075

13. In this regard, in response to SEBI's query, Noticee 1 in its letter to SEBI (**Annexure 6**) had submitted that they had not on-boarded any new client during the period from



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November 12, 2016 to May 19, 2017 and continued to provide advisory services to their existing clients and had received Rs. 1,92,41,787 from the existing clients as subscription fees during ban period.

14. SEBI observed that the investment advisory service provided by Noticee 1 is duration-specific i.e. the advice is being provided for specific duration. It was noted that the intent of the aforesaid direction of SEBI was to allow Noticees to complete its ongoing mandates by providing the advisory services to the clients from whom the advisory fees was collected prior to the ban period and by charging advisory fees from their existing clients for renewal of services during the ban period, Noticees had actually undertaken fresh advisory business which was against the direction contained in the SEBI orders. The same was observed by SEBI from the communications sent by Noticee 1 (**Annexure 7**). The screenshots of the same are placed below:

Dear Lalit A,

Date: 14-02-2017

Thank you for being associated with CapitalVia Global Research Limited. Your subscribed service **Bullion Pack** has expired on 14-02-2017. In order to continue our services, kindly renew the service pack.

Should you have any queries related to your transaction, please do not hesitate to contact us on number mentioned below.

We strive to serve you better as always!

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CapitalVia/2016/602427

ID : 602427

Dear Neetu,

Date: 24-11-2016

Thank you for being associated with CapitalVia Global Research Limited. Your subscribed service **Stock Cash** has expired on 24-11-2016. In order to continue our services, kindly renew the service pack.

Should you have any queries related to your transaction, please do not hesitate to contact us on number mentioned below.

We strive to serve you better as always!

Dear Shweta,

Date: 24-01-2017

Thank you for being associated with CapitalVia Global Research Limited. Your subscribed service **BTST/STBT Pack** has expired on 24-01-2017. In order to continue our services, kindly renew the service pack.

Should you have any queries related to your transaction, please do not hesitate to contact us on number mentioned below.

We strive to serve you better as always!

We insist you to go through the below points before proceeding with our services and products:

- We do not offer any assured or guaranteed returns on our services or products.
- Membership once taken, can not be cancelled, refunded or transferred. Please read refund policy.
- Please read detailed disclaimer & risk warning: [Click here](#)

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Dear RAYMOND ,

Date: 23-11-2016

CapitalVia Welcomes you to the world of professional trading. You have successfully subscribed for **Options - Call and Put** and will be able to enjoy tips and advice to make the most of your investment.

Thank you for subscribing to the services of CapitalVia Global Research Limited Please find details of your services as under:

Service Details:

- Service: Options - Call and Put
- Start Date: 24-11-2016
- Expiry Date: 24-03-2017
- Carrier: SMS,Android App

With our services, you will experience award-winning CapitalVia support, backed by proven track record for providing consistent, quality services for optimal results.

Dear Arvind ,

Date: 16-01-2017

CapitalVia Welcomes you to the world of professional trading. You have successfully subscribed for **Stock Future Plus** and will be able to enjoy tips and advice to make the most of your investment.

Thank you for subscribing to the services of CapitalVia Global Research Limited Please find details of your services as under:

Service Details:

- Service: Stock Future Plus
- Start Date: 17-01-2017
- Expiry Date: 17-04-2017
- Carrier: SMS

15. SEBI observed that Noticee 1 accepted advisory fees from the clients during the ban period. Therefore, it is alleged that Noticee 1 and its directors, i.e., Noticees 2 to 4, continued to undertake fresh subscriptions from the clients during the period from November 12, 2016 to May 19, 2017 and thereby violated the directions imposed by SEBI vide its orders dated November 11, 2016 and January 20, 2017. It is also alleged that, by



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receiving renewal advisory business fees and money for an associate in same bank account, Noticee 1 and its directors, i.e., Noticees 2 to 4 contravened the general responsibility cast under Regulation 15(3) of IA Regulations.

B. Not conducting assessment of the Risk Profile of the clients and not ensuring suitability of the advice:

16. In respect of risk profiling carried out by Noticee 1 prior to the SEBI order, SEBI observed as under:

- (a) While Noticee 1 had included the factors as prescribed under IA Regulations in the risk profiling questionnaire, the assessment of risk profile was based on only 3 factors i.e. Investment of customer, Age group and Risk Appetite.
- (b) For investment of customer, it was observed that the following scores were assigned to different range of income:
 - (i) Less than 1 Lac-2
 - (ii) 1 to 3 Lacs-3
 - (iii) 3 to 5 Lacs-5
 - (iv) 6 to 10 Lacs-5
 - (v) 10 to 30 lacs-5
 - (vi) Greater than 30 lacs-5
- (c) It was observed that the same score was assigned to all income ranges above Rs 3 lakh.
- (d) From the risk profiling questionnaire of Mr. Yarabolu Venkat (**Annexure 8**), SEBI observed that the questionnaire did not contain the question in respect of risk appetite. Therefore, SEBI observed that the claim of Noticee 1 that the assessment of risk profile is based on 3 factors i.e. Investment of customer, Age group and Risk Appetite does not hold good.
- (e) It was also observed that the same product was sold to a single client multiple times for almost same duration

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- (f) SEBI observed from Risk Profiling Methodology (herein after referred to as 'RPM') that no client could avail the advisory services for 'low risk' category as the scores were assigned in such a manner that considering minimum scores for all the factors the average was coming to be more than '2'.
- (g) SEBI further observed in respect of RPM that Noticee 1 had sold multiple packages such as HNI, Stock futures, Nifty futures etc. to a single client on the basis of different investment amount submitted in the risk profiling questionnaire.
- (h) In view of the above SEBI observed that the process employed by Noticee for risk profiling subsequent to SEBI inspection conducted in 2015, was without any rational and scientific basis.
17. During the course of inspection, Noticee 1 in its reply to SEBI (**Annexure 6**) submitted that they had revamped their Risk Profiling Methodology and had added few more evaluation points as additional feature over and above the parameters defined under IA Regulations. Noticee 1 further informed that risk profile of the client was communicated to the client after risk assessment is done.
18. In this regard, SEBI observed that while Noticee 1 had revamped the entire risk profiling methodology, any person could directly buy any product that is being offered by Noticee 1 through its website-www.capitalvia.com, without assessment of risk profile. A screenshot of the same is given hereunder:

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CapitalVia
Investment Advisor

Contact Us: +91 80 67095155

Personal Details

First Name * Middle Name Last Name/Surname *

First Name Middle Name Last Name

PAN NO. (Recommended) DOB *

PAN NUMBER DOB

Mobile * Email *

+91- Email

Product * Amount *

Stock Cash ₹ 5000

cryzj5
Enter the code above here
Can't read the image? click here to refresh.

Continue

Order Summary

Stock Cash - Monthly

Have a Promo Code?

Apply Here

Apply

Amount ₹ 5000
GST @ 18% ₹ 900

Amount Payable ₹ 5900

Paytm Payment



Personal Details

Payment Options

Paytmoney
PayuMoney

Credit Card

Debit Card

NET Banking

Cash Card

paytm Paytm

BillDesk Bill Desk

EBS EBS

CC Avenue
CC Avenue

Name on the card

Expiry

Month

Year

Make Payment

19. Thus, it is alleged that the risk assessment and risk profiling of the clients was not being done before selling of the product and therefore, risk profiling is not the basis of sale of a particular product.



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20. In terms of Regulation 16 of IA Regulations, 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.*

21. In terms of Regulation 17 of IA Regulations, Investment adviser shall ensure that:-

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- (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.*

22. SEBI alleged that Noticee 1 was carrying out risk profiling of the clients for the purpose of selling the available products without ensuring the suitability of the same. Therefore, it is alleged that by not doing risk profiling of its clients and by not ensuring suitability of advice provided to the client, Noticee 1 and its directors, i.e., Noticees 2 to 4 have violated Regulations 16 (c) and 17 of IA Regulations.

C. Charging of Excessive fees

23. During the inspection, it was observed that Noticee 1 charged advisory fees of more than Rs. 5,00,000 from 49 clients during the period August 2015 to August 2017. The details of those clients are placed at Annexure 9 .

gm 24. In this regard, Noticee 1 provided the following explanation/ clarification:



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'The issue of Higher Fees was raised in the SEBI's Interim Order & we had well presented the entire logic, mechanism and the rationale, based on which, we charge fees from our clients. We had stated that we incur substantial expenditure on skilled manpower and high end technology. It was also stated that the fee charged is based on various factors namely, experience of the analyst serving, frequency of involvement, tenure of subscription, number of products subscribed to, standard of service & support expectations of a customer and the cost-efforts of operations while serving this exclusive customer. As an annexure, the written submissions also enclose a fee matrix. However, we have demonstrated to our clients that the fees levied by us is fair and reasonable as against the advice rendered in terms of reliability, duration of advice, accuracy and suitability and nowhere in terms of expected returns. The Fee Card and the services provided per product/category is well available on the website for our clients to refer, and the same has been submitted to Hon'ble SEBI multiple times'.

25. SEBI observed that in terms of Clause 6 of Code of Conduct for Investment Advisers as stipulated in in third schedule of IA Regulations, 'an investment adviser advising a client may charge fees, subject to any ceiling as may be specified by the Board, if any. The investment adviser shall ensure that fees charged to the clients is fair and reasonable'.

26. It was observed that 4 out of 49 clients had lodged complaints on SCORES platform of SEBI. The details of the same are as under:

Name of the complainant	Registration number/Date	Status
Madan Mohan Mohta	SEBIE/KN17/0000295/1- 27.02.2017	Disposed
H Shahina Parveen /H Nadeem Ahmed	SEBIE/KN17/0000276/1- 14.05.2017	Disposed
Siddique Ali	SEBIE/KN16/0000564/1-09.12.2016 SEBIE/KN16/0000563/1-08.12.2016	Disposed
Pankaj Kumar	SEBIE/KN17/0000176/1- 06.4.2017	Disposed

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27. Since there were investor complaints in relation to charging of high fees by Noticee 1, it was observed to be lack of investor confidence in the rationale provided by Noticee 1 for such high charges.

28. On perusal of the risk profiling of one of the complainants (Client no. ACC57407) SEBI observed as follows:

- (i) Advisory fees of Rs. 31,90,000 was collected from the complainant.
- (ii) Irrespective of the investment amount, the client was considered as 'High Risk Category' client at all the times.
- (iii) The details of the services provided to the client are as under:

S. No.	Name of the service	Duration
1.	HNI Research-Equity	30.03.2016-29.04.2016
2.	Stock Future Plus	18.04.2016-17.07.2016
3.	Stock Cash Plus	18.04.2016-17.07.2016
4.	Options-Call and Put	18.04.2016-17.07.2016
5.	Nifty Options Pack	18.04.2016-17.07.2016
6.	Nifty Future tips	18.04.2016-17.07.2016
7.	Premium Stock Tips	18.04.2016-17.07.2016
8.	BTST/ STBT Pack	29.04.2016-28.07.2016
9.	Stock Cash Plus	29.04.2016-28.07.2016
10.	Stock Future Plus	29.04.2016-28.07.2016
11.	HNI Research -Equity	13.05.2016-27.07.2016
12.	HNI Research -Equity	23.05.2016-21.08.2016
13.	HNI Research -Equity	01.06.2016-30.08.2016
14.	HNI Research -Equity	27.06.2016-25.09.2016
15.	HNI Research -Equity	29.08.2016-28.09.2016
16.	HNI Research -Equity	21.09.2016-31.10.2016

- (iv) On perusal of the above-mentioned details, it was observed that the same product was sold multiple times for almost similar duration and multiple products were sold for same duration.

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29. In view of the above, it was observed that Noticee 1 charged unreasonable fee from its clients. Therefore, it is alleged that by charging un-reasonable fees to clients, Noticee 1 and its directors, i.e., Noticees 2 to 4, have violated Clause 6 of Code of Conduct as specified in third schedule of IA Regulations.
30. The aforesaid alleged violations, if established, make Noticees liable for monetary penalty under the provisions of Section 15HB of SEBI Act. The text of the afore mentioned provisions is reproduced hereunder:

Section 15HB of SEBI Act: - Penalty for contravention where no separate penalty has been provided: *Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.*

31. In view of the above, Noticees are required to show cause as to why an inquiry should not be held against them in terms of Rule 4 of the Adjudication Rules and why penalty, if any, should not be imposed on them under the provisions of Section 15HB of the SEBI Act for the aforesaid violations as alleged against them.
32. Noticees shall submit the reply to the SCN supported by such documentary evidence, which they may like to adduce in support of the reply, within fifteen days (15) from the date of receipt of this notice by them. Further, a soft copy of the reply may also be sent via email at somam@sebi.gov.in and anjalid@sebi.gov.in. In case no reply is received from Noticees within the prescribed time mentioned above, it shall be presumed that Noticees have no submissions to make and the matter shall be proceeded with on the basis of material/ facts on record.
33. Noticees are required to submit a copy of their PAN Card and contact details (contact person, phone number, email details, fax etc.) for our records. Further, in case there is any change in the address of Noticees or contact details during the period of the current Adjudication Proceedings, the same may be brought to the notice of the undersigned immediately.

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34. Noticees may also note that a settlement mechanism is provided under the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018. If Noticees wish to avail the benefit of the settlement process, they may apply for the same in the manner provided in the said regulations under intimation to the undersigned.

SOMA MAJUMDER
Adjudicating Officer

Enclosures:

Annexure-1	Copy of letter dated June 19, 2018, from CapitalVia to SEBI
Annexure-2	Copy of Communique dated December 31, 2020 appointing the undersigned as adjudicating officer
Annexure-3	Copy of Client Master of CapitalVia
Annexure-4	Copy of Bank Account Statements of CapitalVia
Annexure-5	Copy of email dated February 20, 2019 along with attachments from CapitalVia to SEBI
Annexure-6	Copy of Letter from Mr Prem Prakash , CEO, CapitalVia to SEBI
Annexure -7	Copy of Emails dated November 23,2016 and November 24,2016 sent to client, Mr Raymond, Email dated January 16, 2017 sent to client Mr Aravind , Email dated Jan 24 , 2017 sent to Mr Shwetha,email dated Jan 24, 2017 with regard to client CSN for renewal for Special Option Pack, email dated March 25, 2017 for renewal of services in Stock Future plan with regard to Rajesh.
Annexure -8	Copy of risk profiling questionnaire of Mr. Yarabolu Venkat
Annexure -9	Copy of Client details



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GENERAL MANAGER &
ADJUDICATING OFFICER

EAD-10/SM/AD/27464/2021

BY SPAD/ DIGITALLY SIGNED EMAIL

October 7, 2021

Sr. No.	Name & Address	Sr. No.	Name & Address
1	CapitalVia Global Research Ltd. (PAN: AADCC5782H) 903, B-1, 9 th Floor, NRK Business Park, Scheme No. 54, P.U.-4, Vijay Nagar Square, Indore-452010	2	Mr. Kiran Ravindra Kumar Choudhary (PAN: AAEPK1536D) 903, B-1, 9 th Floor, NRK Business Park, Scheme No. 54, P.U.-4, Vijay Nagar Square, Indore-452010
3	Mr. Rohit Gadia (PAN: AGXPG1899A) 903, B-1, 9 th Floor, NRK Business Park, Scheme No. 54, P.U.-4, Vijay Nagar Square, Indore-452010	4	Mr. Prem Prakash (PAN: AIAPP8261A) 903, B-1, 9 th Floor, NRK Business Park, Scheme No. 54, P.U.-4, Vijay Nagar Square, Indore-452010

Sub: Supplementary Show Cause Notice under Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 of the Securities and Exchange Board of India Act, 1992, in the matter of CapitalVia Global Research Limited

1. This has reference to the Show Cause Notice No. SEBI/EAD/SM/AD/25028/1/2021 dated September 21, 2021 (SCN) issued in the captioned matter.
2. In this regard, please note the following:

Paragraph 1 may be read as follows:

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') passed an Interim Order cum Show Cause Notice dated November 11, 2016 against M/s. Capitalvia Global Research Limited (hereinafter referred to as '**Capitalvia/ Noticee 1/You**') and its directors, Mr. Kiran Ravindra Kumar Choudhary (hereinafter referred to

Supplementary SCN- In the matter of Capitalvia Global Research Limited

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सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051.
दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर.एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in



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as 'Noticee 2'), Mr. Rohit Gadia (hereinafter referred to as 'Noticee 3'), and Mr. Anshul Mansingka , stating as under:

- a. Not to solicit or undertake any fresh advisory business with immediate effect till further directions.
- b. To redress the grievances received against CapitalVia and to comply with all provisions of IA regulations and submit a compliance report to SEBI within three (3) months from the date of receipt of this order.

Paragraph 2 may be read as follows:

2. Thereafter, SEBI passed a final order dated January 20, 2017 wherein the following directions were passed against Noticee 1 and its directors, i.e., Noticees 2, Noticee 3 and Mr Anshul Mansingka:-

- a. Not to solicit or undertake any fresh advisory business for another period of four months from the date of order. (i.e. till May 19, 2017)
- b. To discontinue the acceptance of funds from clients including by way of deactivation of online remittances, with immediate effect during the aforesaid four month period.
- c. To disclose the contents of these directions prominently on its website(s) immediately.

Paragraph 6 may be read as follows:

6. Based on the findings of Inspection conducted by SEBI and the response of Noticee 1 dated June 19, 2018 (**Annexure 1**) and February 20, 2019, SEBI observed certain non-compliances, inter-alia, of IA Regulations by Noticee 1 and its directors i.e Noticee 2, Noticee 3 and Mr. Prem Prakash (hereinafter referred to as "**Noticee 4**") (Noticees 1 to 4 hereinafter collectively being referred as Noticees).

3. The contents of this notice shall be read along with the previous SCN dated September 21, 2021 issued in the captioned matter, copy of which is attached herewith.

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4. Noticees shall submit their reply to the SCN supported by such documentary evidence, which they may like to adduce in support of the reply, within fifteen days (15) from the date of receipt of this notice by them. Further, a soft copy of the reply may also be sent via email at somam@sebi.gov.in and anjalid@sebi.gov.in. In case no reply is received from Noticees within the prescribed time mentioned above, it shall be presumed that Noticees have no submissions to make and the matter shall be proceeded with on the basis of material/ facts on record.

5. All other paras/details as mentioned in the aforesaid SCN shall remain unchanged.



Soma Majumder

Adjudicating Officer

Encl: Copy of SCN dated September 21, 2021



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GENERAL MANAGER &
ADJUDICATING OFFICER

EAD-10/SM/AD/25028/1/2021
September 21, 2021

By SPAD / Digitally Signed E-mail

Sr. No.	Name & Address	Sr. No.	Name & Address
1	CapitalVia Global Research Ltd. (PAN: AADCC5782H) 903, B-1, 9 th Floor, NRK Business Park, Scheme No. 54, P.U.-4, Vijay Nagar Square, Indore-452010	2	Mr. Kiran Ravindra Kumar Choudhary (PAN: AAEPK1536D) 903, B-1, 9 th Floor, NRK Business Park, Scheme No. 54, P.U.-4, Vijay Nagar Square, Indore-452010
3	Mr. Rohit Gadia (PAN: AGXPG1899A) 903, B-1, 9 th Floor, NRK Business Park, Scheme No. 54, P.U.-4, Vijay Nagar Square, Indore-452010	4	Mr. Prem Prakash (PAN: AIAPP8261A) 903, B-1, 9 th Floor, NRK Business Park, Scheme No. 54, P.U.-4, Vijay Nagar Square, Indore-452010

Notice under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 in the matter of M/s. Capitalvia Global Research Limited

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') passed an Interim Order cum Show Cause notice dated November 11, 2016 against M/s. Capitalvia Global Research Limited (hereinafter referred to as 'Capitalvia/ Noticee 1/You') and its directors, Mr. Kiran Ravindra Kumar Choudhary (hereinafter referred to as 'Noticee 2'), Mr. Rohit Gadia (hereinafter referred to as 'Noticee 3'), and Mr. Prem Prakash (hereinafter referred to as 'Noticee 4') (Noticees 1 to 4 hereinafter collectively being called "Noticees") as under:

- i. Not to solicit or undertake any fresh advisory business with immediate effect till further directions.

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SCN in the matter of Capitalvia Global Research Limited

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दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर.एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in

SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.
Tel : 2644 9950 / 4045 9950 (IVRS), 2644 9000 / 4045 9000 Fax : 2644 9019 to 2644 9022 Web : www.sebi.gov.in



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- ii. To redress the grievances received against CapitalVia and to comply with all provisions of IA regulations and submit a compliance report to SEBI within three(3) months from the date of receipt of this order.
2. Thereafter, SEBI passed a final order dated January 20, 2017 wherein the following directions were passed against Noticee 1 and its directors, i.e., Noticees 2 to 4:-
 - i. Not to solicit or undertake any fresh advisory business for another period of four months from the date of order.(i.e. till May 19,2017)
 - ii. To discontinue the acceptance of funds from clients including by way of deactivation of online remittances, with immediate effect during the aforesaid four month period.
 - iii. To disclose the contents of these directions prominently on its website(s) immediately.
3. The aforesaid order further mentioned that, *"the verification of adherence to the provisions of IA Regulations and the directions contained in this Order may be separately carried out by SEBI and in case of detection of any non-compliance, suitable action under law shall follow"*.
4. Accordingly, SEBI conducted an inspection of Capitalvia from September 11-12, 2017, at its office located at NRK Business Park, Indore. The period covered in the inspection was from April 01, 2016 till September 11, 2017 (hereinafter referred to as '**Inspection Period**').
5. The scope of the inspection was to verify the compliance of Capitalvia with regulatory requirements prescribed in SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as '**IA Regulations**') including KYC requirements, risk profiling and suitability of the advice and maintenance of records and the adherence to the directions/ observations contained in the SEBI order dated November 11, 2016 and January 20, 2017.
6. Based on the findings of Inspection conducted by SEBI and the response of Noticee dated June 19, 2018 (**Annexure 1**) and February 20, 2019 SEBI observed certain non-compliances, *inter-alia*, of IA Regulations.

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7. Vide order dated December 29, 2020, SEBI appointed the undersigned as the Adjudicating Officer (copy of the appointment order is placed as **Annexure-2**) under Section 15-I of the SEBI Act 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 Section 15HB of the SEBI Act, the various violations alleged to have been committed by Noticees.
8. Noticee 1 is a SEBI-registered Investment Adviser, having SEBI registration number as INA200001512. The non-compliances observed during the inspection and details of the violations alleged to have been committed by Noticees are given as under: -

A. Violation of the directions contained in the SEBI orders dated November 11, 2016 and January 20, 2017:

9. Vide SEBI order dated November 11, 2016, Noticees were directed not to solicit or undertake any fresh advisory business with immediate effect till further directions. Vide SEBI order dated January 20, 2017, Noticees were further directed not to solicit or undertake any fresh advisory business for another period of four months from the date of the order. During the inspection, on scrutiny of its client master (**Annexure 3**), SEBI observed that Noticee 1 had continued to receive advisory fees amounting to Rs. 2,08,66,490 for investment advisory services from 625 clients during the period November 12, 2016 to January 21, 2017.
10. SEBI observed from the Bank account statements of bank accounts at Axis Bank (A/c No. 911020035630712), HDFC (A/c No. 02812320001963 and 50200003869255), ICICI (A/c No. 024105500192) and State Bank of India (A/c No. 00000032001090962) (**Annexure 4**) of Noticee 1, that during the period from November 2016 to April 2017, funds were deposited from various places across India viz. Rohtak, Madurai, Malda, Kolhapur etc. which are almost equivalent to the fees charged by it for various advisory services offered. For instance, Noticee 1 was charging Rs. 10000 as monthly fee for various advisory services such as BTST Cash, BTST/STBT Futures, Commodity Pack etc.

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11. Few instances of the transactions extracted from the bank statements during the inspection are as under:

S. No.	Date	Bank	Particulars	Amount (Rs.)
1.	06/12/2016	Axis Bank	NEFT/VIBH16341024170/SHASHANK MOHAN SHAH//URGENT/	15,000
2.	08/12/2016	Axis Bank	MOB/TPFT/KISHAN KANAYALA/913010047716384	10,000
3.	19/01/2017	Axis Bank	DHARMESH KUMAR	50,000
4.	27/02/2017	Axis Bank	NEFT/KKBKH17058684210/SANJIV RAIU PAI VERNEKAR/Pa	17,249
5.	21/11/2016	HDFC Bank	NEFT/KKBKH17058684210/SANJIV RAIU PAI VERNEKAR/Pa	30,000
6.	03/12/2016	HDFC Bank	FT-CR-50100056177745-Sanjay Shekhar	35,000
7.	10/03/2017	HDFC Bank	Cash Dep Begum Bazar	10,000
8.	24/04/2017	HDFC Bank	-NEFT CR-ICIC0SF0002-Krishnakant Sonawane	4,000
9.	07/12/2016	ICICI	By cash- Haridwar	10,000
10.	19/01/2017	ICICI	By cash-Dadar-Gokhale road	10,000
11.	05/01/2017	ICICI	TRFR FROM- MEERA	37,500
12.	25/11/2016	SBI	BY TRANSFERNEFT* UCBA0002004*SAA83244067*ASHA UPADHYAY	15,000
13.	28/04/2017	SBI	TRANSFERFROM 11234502049 Mr. GOPAL HARISCHANDRA /	17,250

12. SEBI further observed from reply of Noticee 1 dated February 20, 2019(**Annexure 5**) that Noticee 1 had availed the services of one Valueleaf Services India Pvt. Ltd. for sending Short Message Services (SMS) to the clients during the ban period. The details of the same are as given under:

S. No.	Invoice description	Amount
1.	Invoice dated 02.01.2017 for services availed during December 2016	2,38,914
2.	Invoice dated 01.02.2017 for services availed during January 2017	1,20,636
3.	Invoice dated 01.03.2017 for services availed during February 2017	2,11,075

13. In this regard, in response to SEBI's query, Noticee 1 in its letter to SEBI (**Annexure 6**) had submitted that they had not on-boarded any new client during the period from



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November 12, 2016 to May 19, 2017 and continued to provide advisory services to their existing clients and had received Rs. 1,92,41,787 from the existing clients as subscription fees during ban period.

14. SEBI observed that the investment advisory service provided by Noticee 1 is duration-specific i.e. the advice is being provided for specific duration. It was noted that the intent of the aforesaid direction of SEBI was to allow Noticees to complete its ongoing mandates by providing the advisory services to the clients from whom the advisory fees was collected prior to the ban period and by charging advisory fees from their existing clients for renewal of services during the ban period, Noticees had actually undertaken fresh advisory business which was against the direction contained in the SEBI orders. The same was observed by SEBI from the communications sent by Noticee 1 (**Annexure 7**). The screenshots of the same are placed below:

| Dear Lalit A,

Date: 14-02-2017

Thank you for being associated with CapitalVia Global Research Limited. Your subscribed service **Bullion Pack** has expired on 14-02-2017. In order to continue our services, kindly renew the service pack.

Should you have any queries related to your transaction, please do not hesitate to contact us on number mentioned below.

We strive to serve you better as always!

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CapitalVia/2016/602427

ID 602427

| Dear Neetu,

Date: 24-11-2016

Thank you for being associated with CapitalVia Global Research Limited. Your subscribed service **Stock Cash** has expired on 24-11-2016. In order to continue our services, kindly renew the service pack.

Should you have any queries related to your transaction, please do not hesitate to contact us on number mentioned below.

We strive to serve you better as always!

| Dear Shweta,

Date: 24-01-2017

Thank you for being associated with CapitalVia Global Research Limited. Your subscribed service **BTST/STBT Pack** has expired on 24-01-2017. In order to continue our services, kindly renew the service pack.

Should you have any queries related to your transaction, please do not hesitate to contact us on number mentioned below.

We strive to serve you better as always!

We insist you to go through the below points before proceeding with our services and products:

- We do not offer any assured or guaranteed returns on our services or products.
- Membership once taken, can not be cancelled, refunded or transferred. Please read refund policy.
- Please read detailed disclaimer & risk warning: [Click here](#)

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| Dear RAYMOND ,

Date: 23-11-2016

CapitalVia Welcomes you to the world of professional trading. You have successfully subscribed for **Options - Call and Put** and will be able to enjoy tips and advice to make the most of your investment.

Thank you for subscribing to the services of CapitalVia Global Research Limited Please find details of your services as under:

Service Details:

- Service: Options - Call and Put
- Start Date: 24-11-2016
- Expiry Date: 24-03-2017
- Carrier: SMS,Android App

With our services, you will experience award-winning CapitalVia support, backed by proven track record for providing consistent, quality services for optimal results.

| Dear Arvind ,

Date: 16-01-2017

CapitalVia Welcomes you to the world of professional trading. You have successfully subscribed for **Stock Future Plus** and will be able to enjoy tips and advice to make the most of your investment.

Thank you for subscribing to the services of CapitalVia Global Research Limited Please find details of your services as under:

Service Details:

- Service: Stock Future Plus
- Start Date: 17-01-2017
- Expiry Date: 17-04-2017
- Carrier: SMS

15. SEBI observed that Noticee 1 accepted advisory fees from the clients during the ban period. Therefore, it is alleged that Noticee 1 and its directors, i.e., Noticees 2 to 4, continued to undertake fresh subscriptions from the clients during the period from November 12, 2016 to May 19, 2017 and thereby violated the directions imposed by SEBI vide its orders dated November 11, 2016 and January 20, 2017. It is also alleged that, by



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receiving renewal advisory business fees and money for an associate in same bank account, Noticee 1 and its directors, i.e., Noticees 2 to 4 contravened the general responsibility cast under Regulation 15(3) of IA Regulations.

B. Not conducting assessment of the Risk Profile of the clients and not ensuring suitability of the advice:

16. In respect of risk profiling carried out by Noticee 1 prior to the SEBI order, SEBI observed as under:

(a) While Noticee 1 had included the factors as prescribed under IA Regulations in the risk profiling questionnaire, the assessment of risk profile was based on only 3 factors i.e. Investment of customer, Age group and Risk Appetite.

(b) For investment of customer, it was observed that the following scores were assigned to different range of income:

- (i) Less than 1 Lac-2
- (ii) 1 to 3 Lacs-3
- (iii) 3 to 5 Lacs-5
- (iv) 6 to 10 Lacs-5
- (v) 10 to 30 lacs-5
- (vi) Greater than 30 lacs-5

(c) It was observed that the same score was assigned to all income ranges above Rs 3 lakh.

(d) From the risk profiling questionnaire of Mr. Yarabolu Venkat (**Annexure 8**), SEBI observed that the questionnaire did not contain the question in respect of risk appetite. Therefore, SEBI observed that the claim of Noticee 1 that the assessment of risk profile is based on 3 factors i.e. Investment of customer, Age group and Risk Appetite does not hold good.

(e) It was also observed that the same product was sold to a single client multiple times for almost same duration

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- (f) SEBI observed from Risk Profiling Methodology (herein after referred to as 'RPM') that no client could avail the advisory services for 'low risk' category as the scores were assigned in such a manner that considering minimum scores for all the factors the average was coming to be more than '2'.
- (g) SEBI further observed in respect of RPM that Noticee 1 had sold multiple packages such as HNI, Stock futures, Nifty futures etc. to a single client on the basis of different investment amount submitted in the risk profiling questionnaire.
- (h) In view of the above SEBI observed that the process employed by Noticee for risk profiling subsequent to SEBI inspection conducted in 2015, was without any rational and scientific basis.
17. During the course of inspection, Noticee 1 in its reply to SEBI (Annexure 6) submitted that they had revamped their Risk Profiling Methodology and had added few more evaluation points as additional feature over and above the parameters defined under IA Regulations. Noticee 1 further informed that risk profile of the client was communicated to the client after risk assessment is done.
18. In this regard, SEBI observed that while Noticee 1 had revamped the entire risk profiling methodology, any person could directly buy any product that is being offered by Noticee 1 through its website-www.capitalvia.com, without assessment of risk profile. A screenshot of the same is given hereunder:

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CapitalVia
Investment Advisor

Contact Us: +91 80 67095155

Personal Details

First Name *	Middle Name	Last Name/Surname *
First Name	Middle Name	Last Name

PAN NO. (Recommended) DOB *

PAN NUMBER DOB

Mobile* Email*

+91- Email

Product* Amount*

☒ Stock Cash ₹ 5000

crzj5
Enter the code above here

Can't read the image? [click here to refresh.](#)

Continue

Order Summary

Stock Cash - Monthly

Have a Promo Code? **Apply**

Amount: ₹ 5000
GST @ 18% ₹ 900

Amount Payable ₹ 5900

Paytm Payment



Personal Details

Payment Options

Paytm Paytm

Bill Desk Bill Desk

EBS EBS

CC Avenue CC Avenue

Credit Card **Debit Card** **NET Banking** **Cash Card**

Name on the card CVV

Expiry Month Year

Make Payment

19. Thus, it is alleged that the risk assessment and risk profiling of the clients was not being done before selling of the product and therefore, risk profiling is not the basis of sale of a particular product.

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20. In terms of Regulation 16 of IA Regulations, 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.*

21. In terms of Regulation 17 of IA Regulations, Investment adviser shall ensure that:-

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- (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.*
22. SEBI alleged that Noticee 1 was carrying out risk profiling of the clients for the purpose of selling the available products without ensuring the suitability of the same. Therefore, it is alleged that by not doing risk profiling of its clients and by not ensuring suitability of advice provided to the client, Noticee 1 and its directors, i.e., Noticees 2 to 4 have violated Regulations 16 (c) and 17 of IA Regulations.

C. Charging of Excessive fees

23. During the inspection, it was observed that Noticee 1 charged advisory fees of more than Rs. 5,00,000 from 49 clients during the period August 2015 to August 2017. The details of those clients are placed at Annexure 9 .

gm 24. In this regard, Noticee 1 provided the following explanation/ clarification:



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The issue of Higher Fees was raised in the SEBI's Interim Order & we had well presented the entire logic, mechanism and the rationale, based on which, we charge fees from our clients. We had stated that we incur substantial expenditure on skilled manpower and high end technology. It was also stated that the fee charged is based on various factors namely, experience of the analyst serving, frequency of involvement, tenure of subscription, number of products subscribed to, standard of service & support expectations of a customer and the cost-efforts of operations while serving this exclusive customer. As an annexure, the written submissions also enclose a fee matrix. However, we have demonstrated to our clients that the fees levied by us is fair and reasonable as against the advice rendered in terms of reliability, duration of advice, accuracy and suitability and nowhere in terms of expected returns. The Fee Card and the services provided per product/category is well available on the website for our clients to refer, and the same has been submitted to Hon'ble SEBI multiple times'.

25. SEBI observed that in terms of Clause 6 of Code of Conduct for Investment Advisers as stipulated in in third schedule of IA Regulations, 'an investment adviser advising a client may charge fees, subject to any ceiling as may be specified by the Board, if any. The investment adviser shall ensure that fees charged to the clients is fair and reasonable'.

26. It was observed that 4 out of 49 clients had lodged complaints on SCORES platform of SEBI. The details of the same are as under:

Name of the complainant	Registration number/Date	Status
Madan Mohan Mohta	SEBIE/KN17/0000295/1- 27.02.2017	Disposed
H Shahina Parveen /H Nadeem Ahmed	SEBIE/KN17/0000276/1- 14.05.2017	Disposed
Siddique Ali	SEBIE/KN16/0000564/1-09.12.2016 SEBIE/KN16/0000563/1-08.12.2016	Disposed
Pankaj Kumar	SEBIE/KN17/0000176/1- 06.4.2017	Disposed

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27. Since there were investor complaints in relation to charging of high fees by Noticee 1, it was observed to be lack of investor confidence in the rationale provided by Noticee 1 for such high charges.

28. On perusal of the risk profiling of one of the complainants (Client no. ACC57407) SEBI observed as follows:

- (i) Advisory fees of Rs. 31,90,000 was collected from the complainant.
- (ii) Irrespective of the investment amount, the client was considered as 'High Risk Category' client at all the times.
- (iii) The details of the services provided to the client are as under:

S. No.	Name of the service	Duration
1.	HNI Research-Equity	30.03.2016-29.04.2016
2.	Stock Future Plus	18.04.2016-17.07.2016
3.	Stock Cash Plus	18.04.2016-17.07.2016
4.	Options-Call and Put	18.04.2016-17.07.2016
5.	Nifty Options Pack	18.04.2016-17.07.2016
6.	Nifty Future tips	18.04.2016-17.07.2016
7.	Premium Stock Tips	18.04.2016-17.07.2016
8.	BTST/ STBT Pack	29.04.2016-28.07.2016
9.	Stock Cash Plus	29.04.2016-28.07.2016
10.	Stock Future Plus	29.04.2016-28.07.2016
11.	HNI Research -Equity	13.05.2016-27.07.2016
12.	HNI Research -Equity	23.05.2016-21.08.2016
13.	HNI Research -Equity	01.06.2016-30.08.2016
14.	HNI Research -Equity	27.06.2016-25.09.2016
15.	HNI Research -Equity	29.08.2016-28.09.2016
16.	HNI Research -Equity	21.09.2016-31.10.2016

- (iv) On perusal of the above-mentioned details, it was observed that the same product was sold multiple times for almost similar duration and multiple products were sold for same duration.

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29. In view of the above, it was observed that Noticee 1 charged unreasonable fee from its clients. Therefore, it is alleged that by charging un-reasonable fees to clients, Noticee 1 and its directors, i.e., Noticees 2 to 4, have violated Clause 6 of Code of Conduct as specified in third schedule of IA Regulations.
30. The aforesaid alleged violations, if established, make Noticees liable for monetary penalty under the provisions of Section 15HB of SEBI Act. The text of the afore mentioned provisions is reproduced hereunder:

Section 15HB of SEBI Act: - Penalty for contravention where no separate penalty has been provided: *Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.*

31. In view of the above, Noticees are required to show cause as to why an inquiry should not be held against them in terms of Rule 4 of the Adjudication Rules and why penalty, if any, should not be imposed on them under the provisions of Section 15HB of the SEBI Act for the aforesaid violations as alleged against them.
32. Noticees shall submit the reply to the SCN supported by such documentary evidence, which they may like to adduce in support of the reply, within fifteen days (15) from the date of receipt of this notice by them. Further, a soft copy of the reply may also be sent via email at somam@sebi.gov.in and anjalid@sebi.gov.in. In case no reply is received from Noticees within the prescribed time mentioned above, it shall be presumed that Noticees have no submissions to make and the matter shall be proceeded with on the basis of material/ facts on record.
33. Noticees are required to submit a copy of their PAN Card and contact details (contact person, phone number, email details, fax etc.) for our records. Further, in case there is any change in the address of Noticees or contact details during the period of the current Adjudication Proceedings, the same may be brought to the notice of the undersigned immediately.

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34. Noticees may also note that a settlement mechanism is provided under the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018. If Noticees wish to avail the benefit of the settlement process, they may apply for the same in the manner provided in the said regulations under intimation to the undersigned.

SOMA MAJUMDER
Adjudicating Officer

Enclosures:

Annexure-1	Copy of letter dated June 19, 2018, from CapitalVia to SEBI
Annexure-2	Copy of Communique dated December 31, 2020 appointing the undersigned as adjudicating officer
Annexure-3	Copy of Client Master of CapitalVia
Annexure-4	Copy of Bank Account Statements of CapitalVia
Annexure-5	Copy of email dated February 20, 2019 along with attachments from CapitalVia to SEBI
Annexure-6	Copy of Letter from Mr Prem Prakash , CEO, CapitalVia to SEBI
Annexure -7	Copy of Emails dated November 23,2016 and November 24,2016 sent to client, Mr Raymond, Email dated January 16, 2017 sent to client Mr Aravind , Email dated Jan 24 , 2017 sent to Mr Shwetha,email dated Jan 24, 2017 with regard to client CSN for renewal for Special Option Pack, email dated March 25, 2017 for renewal of services in Stock Future plan with regard to Rajesh.
Annexure -8	Copy of risk profiling questionnaire of Mr. Yarabolu Venkat
Annexure -9	Copy of Client details