

SECURITIES AND EXCHANGE BOARD OF INDIA
CONFIRMATORY ORDER

UNDER SECTIONS 11(1), 11(4), 11B AND 11D OF THE SECURITIES AND
EXCHANGE BOARD OF INDIA ACT, 1992

In respect of:

S. No.	Name of the Entity	PAN
1.	Kabir Financial Services Pvt. Ltd.	AAICK9402B
2.	Sayyed Shujauddin	CZIPS9418M
3.	Farhat Perween	CUTPP6462J

(The above Entities are individually referred to by their corresponding names and collectively referred to as “Entities”)

In the matter of unregistered investment advisory activities by Kabir Financial
Services Pvt. Ltd. / Sayyed Shujauddin

A. BACKGROUND:

1. Securities and Exchange Board of India (“SEBI”) conducted a preliminary examination against Sayyed Shujauddin / Kabir Financial Services Pvt. Ltd., pursuant to receipt of a complaint, to look into possible violations of provisions of Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and various regulations framed thereunder including SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (“PFUTP Regulations”) and SEBI (Investment Advisers) Regulations, 2013 (“IA Regulations”).

B. INTERIM ORDER

2. Pursuant to SEBI's preliminary examination, an *ad-interim ex-parte* order dated June 14, 2023 (hereinafter referred to as "**Interim Order**") was passed by SEBI against 3 Entities wherein *inter alia* the following were noted.

2.1. Kabir Financial Services Pvt. Ltd. ("**Kabir**"/ "**Company**") is a company registered with RoC-Kanpur and the directors of the company are Sayyed Shujauddin ("**Sayyed**") and Farhat Perween ("**Farhat**"). The Telegram channels of the company (https://t.me/nifty_banknifty_options_Kabir, https://t.me/kabir_nifty_banknifty, https://t.me/kabir_banknifty_options, https://t.me/masterkabir_banknifty and https://t.me/kabir_banknifty) were run by Sayyed as the administrator and had a total of around 1,40,000 subscribers.

2.2. The above said Telegram channels were *prima facie* advertising and offering packages for providing calls/ tips/ securities related investment advice in exchange for a fee. The fee was received in two bank accounts linked to UPI ID (8130720500@paytm), one of which is in the name of Sayyed and the other in the name of the company.

2.3. Based on the factual matrix, it was *prima facie* concluded that the Entities were engaged in "investment advisory services" without obtaining a certificate of registration and therefore, they are *prima facie* jointly and severally liable for the fees collected through such unregistered investment advisory activities which amounted to INR 12,84,74,628.50. By carrying out unregistered investment advisory activities, the Entities had *prima facie* violated section 12(1) of SEBI Act, regulation 3(1) of IA Regulations and regulations 3(a)-(d), 4(1) and 4(2)(k) & (r) of the PFUTP Regulations read with section 12A of the SEBI Act.

3. Based on the information collected during the preliminary examination and findings as recorded in the *Interim Order*, pending further investigation in the matter, certain directions were issued against the Entities *vide* the aforesaid *Interim Order* which were, *inter alia*, as follows.

3.1. Entities were restrained from buying, selling or dealing in securities either directly or indirectly, in any manner whatsoever until further orders.

- 3.2.** Entities were required to cease and desist from acting as investment advisor, including acting and representing through any media (physical or digital) as an investment advisor, directly or indirectly. They were required to cease to solicit or undertake such activity or any other activities in the securities market, directly or indirectly, in any manner whatsoever, until further orders.
- 3.3.** The proceeds in the bank accounts of the Entities, to the extent of illegal gains, were impounded, jointly and severally. Further, Entities were directed to open an escrow account with a scheduled commercial bank and deposit the impounded amount mentioned therein within 15 days from the date of the service of the Order. The escrow account should be an interest bearing escrow account and a lien should be created in favour of SEBI. Further, the monies kept therein shall not be released without permission from SEBI.
- 3.4.** Entities were directed not to divert any funds raised from investors, kept in bank accounts(s) and / or in their custody, until further orders.
- 3.5.** Entities were directed 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, jointly or severally, including money lying in bank accounts, except with the prior permission of SEBI until the impounded amount is deposited in the escrow account.
- 3.6.** Entities were directed to provide a full inventory of all assets held in their names, jointly or severally, whether movable or immovable, or any interest or investment or charge on any of such assets, including details of all bank accounts, demat account and mutual fund investments, immediately but not later than 15 days from the date of receipt of the Order.
- 3.7.** Entities were directed to immediately withdraw all advertisements, representations, literatures, brochures, materials, publications, documents, communication etc. in relation to their investment advisory activities or any other unregistered activity in the securities market until further orders.
- 4.** *Vide* the aforesaid *Interim Order*, the Entities were also advised to submit their replies, if any, within 21 days from the date of service of the *Interim Order* and to

indicate whether they desire to avail an opportunity of personal hearing in the matter.

C. SERVICE OF *INTERIM ORDER*, REPLY AND HEARING

5. The *Interim Order* was served on the Entities *vide* email dated June 14, 2023. The Entities *vide* their interim reply dated July 05, 2023 *inter alia* sought extension of 4 weeks to submit their reply. In response, *vide* letter dated July 13, 2023, these Entities were advised to file their reply on merits at the earliest. Thereafter, the Entities *vide* their letter dated August 01, 2023 *inter alia* sought inspection of documents. The Entities inspected the documents on September 04, 2023 and additional documents sought by them was provided *vide* email dated September 07, 2023. Subsequently, the Entities filed a common reply *vide* letter dated November 28, 2023. The Entities were granted an opportunity of personal hearing on December 20, 2023. On the said date, the Authorised Representative (“AR”) of the Entities appeared before me and reiterated the submissions made *vide* their aforesaid letters. Thereafter, the AR of these Entities sought inspection of certain additional documents *vide* letter dated January 07, 2024 and inspected the documents on January 16, 2024. The soft copies of the inspected documents were provided to the Entities in a CD *vide* letter dated January 25, 2024. Subsequently, the Entities filed their additional written submissions *vide* letter dated March 04, 2024. The Entities were granted another opportunity of personal hearing on April 26, 2024. On the said date, the AR of the Entities appeared before me and reiterated the submissions made *vide* their reply dated March 04, 2024.
6. Pursuant to service of the *Interim Order*, *vide* letter dated August 01, 2023, the Entities had *inter alia* submitted that no escrow account could be opened as their bank accounts were already frozen and further, they requested SEBI to issue a direction to defreeze their bank accounts. In response, *vide* letter dated August 18, 2023, the Entities were informed that there was no need for issuance of separate directions as the *Interim Order* was self-explanatory and further, they were advised to comply with the directions in the *Interim Order*. However, I note that the Entities have failed to deposit the alleged illegal gains and also submit their inventory of

assets, as directed. Further, no material has been submitted to show that any effort was made to comply with the direction to deposit the alleged illegal gains in an escrow account.

7. The contentions raised in the Entities' written submissions dated July 05, 2023, August 01, 2023, November 28, 2023 and March 04, 2024 are summarised below.

7.1. Entities had received SEBI letter dated February 13, 2023 seeking information/ documents for examination of services offered and Entities were advised to provide the said information/ documents within 15 days. During a meeting at SEBI Lucknow Office on March 01, 2023, Entity had inter alia sought time of two weeks to provide the information/ documents. However, no response was received from SEBI and *Interim Order* was passed after 4 months.

7.2. No escrow account as directed under para 33.3 of the *Interim Order* could be opened as all the bank accounts of the Company and its Directors have already been frozen. SEBI may permit the Entities' bankers to transfer funds lying in their bank accounts to an escrow account.

7.3. Entity was engaged in providing educational services and there were no underlying activities to engage in investment advisory activities. Entities have never acted as investment advisors.

7.4. Entities have refrained from participating in any direct or indirect buying, selling or dealing in securities and there are no open positions in their name.

7.5. Due to cease and desist directions of SEBI at para 33.2 of the *Interim Order*, Entities are unable to provide any educational tutorials and lecture videos to students. SEBI is requested to modify the directions accordingly.

7.6. Entities have not been provided any opportunity of being heard before passing of the *Interim Order*, which is in violation of principles of natural justice. As Entities are not registered as any intermediary, SEBI has no locus standi in the matter.

7.7. All the 3 Telegram channels are publicly accessible and are available to all subscribers free, without any access restrictions or payment of fee to subscribe. The fee charged by the company, as mentioned in the *Interim Order*, is optional and is for joining the knowledge sessions providing education in respect of different aspects of financial literacy.

- 7.8.** As per IA Regulations, investment advice must be given to specific clients and intent of the law is to clearly demarcate between individual investment advices and generic statements pertaining to securities market. The proviso to Regulation 2(1)(l) of IA Regulations expressly provides that investment advice given through any electronic or broadcasting on telecommunications medium, which is widely available to public shall not be considered as investment advice. The telegram channels of Entities provided educational content on a widely accessible public broadcasting platform which does not fall within the definition of investment advice.
- 7.9.** The primary focus of the company has been financial literacy and education among the poor and needy. The company has also been providing various management consultancy services in relation to start-ups, internal control systems, etc.
- 7.10.** During Covid-19, the company started public channels on Telegram which are accessible to any person without payment of any charges.
- 7.11.** The two Telegram Channels (<https://t.me/kabirbanknifty> and https://t.me/masterkabir_banknifty) mentioned in the *Interim Order* do not belong to the Entity.
- 7.12.** As per Section 11(4)(e) of SEBI Act, Board shall obtain confirmation from Special Court for the attachment of bank accounts or other property beyond the period of 90 days. As no confirmation has been sought from Special Court and more than 90 days have elapsed, the attachment is infructuous.
- 7.13.** The examination against Entities for unregistered IA activities was initiated based on a complaint. However, complainant has neither confirmed the allegations nor provided any additional information or evidentiary documents. The complainant has taken back the complaint on March 06, 2023 and stated therein that he received the entire amount as refund. Therefore, there is no basis for conducting the proceedings on the basis of the said complaint.
- 7.14.** When the company started these channels, they started giving understandings on different financial concepts and posted education/ learning videos on the very basic concepts of securities markets. The Entities are only

engaged in reaching the basic concepts of indices and securities market. These channels are public channels and are not for providing one-to-one service of any kind related to securities market.

7.15. The fee charged by company is for joining the knowledge sessions providing education in respect of different aspects of financial literacy. The fee being charged is nominal and after meeting the cost of faculty, administrative staff, cost of reading materials, etc., only very nominal margins are left.

7.16. The 'investment advice' must be given to specific clients or at maximum to a group of persons. The intent of the law is to clearly demarcate between individual investment advices and generic statements pertaining to securities market hosted on public telegram channel which do not reflect upon particular investments recommended to specified people.

7.17. The mock test or other alleged posts put up by the company on public channels on Telegram about Nifty, Bank Nifty indices, etc. do not qualify as investment advice as they are available to public at large.

7.18. The proviso to Regulation 2(1)(l) of IA Regulations provides that investment advice given through any electronic or broadcasting or telecommunication medium which is widely available to public shall not be considered as investment advice.

7.19. As mentioned in *Interim Order*, Sayyed Shujauddin is solely accountable for any acts or actions that are currently under investigation. It is submitted that Farhat Perween is entirely unconnected with any of the allegations mentioned in the *Interim Order* and she is not handling any affairs relating to the said channels and has no role therein. It is earnestly requested that Ms. Perween's name is removed from the proceedings.

7.20. SEBI has added all the credits in the bank accounts without referring to its narrations and also included in the amount received. Entity has submitted a table referring to break up of amount received and submitted that the same is extracted from the audited books of accounts of company and individual ITR's of the Entities wherein all such entries are duly accounted for.

7.21. Any communication on Telegram primarily served an educational purpose, aiming to disseminate general information and opinions pertaining to

the stock market. These activities were a manifestation of their fundamental right to speech and expression.

- 7.22.** The profit mentioned in the screenshot “At the end of the month you will definitely in profit” is the profit of knowledge, professional acumen and financial literacy.
- 7.23.** Entities have been providing a disclaimer for a very long time stating that they are not SEBI registered (a screenshot of a message purportedly sent on November 30, 2022 is enclosed).
- 7.24.** There was no intention on the part of the Entity to engage in any fraudulent or deceitful conduct, nor was there any attempt to deceive or cause harm to investors or any group of investors. Entity states that the *Interim Order* has not alleged inducement by the Entity towards another person/ agent to deal in securities to come within the definition of fraud.
- 7.25.** The *Interim Order* was passed without giving an opportunity of hearing to the Entities leading to substantial and serious consequences and genuine hardship to the Company and its students.
- 7.26.** The fee is charged from the students for *video* lectures, course material and mock exercises and there is no fee for investment advice.
- 7.27.** Company does not advise on any particular securities or shares of any company, bank or otherwise, neither it prescribes or advise the buy and sell in any specific company, group of companies, etc.
- 7.28.** Talking about indices and basic knowledge of capital market, without taking the name of any security will not fall within the purview of ‘dealing in securities’.
- 7.29.** The three public Telegram channels mentioned in *Interim Order* were allegedly reported by the complainant to be run by Sayyed. The complainant had not submitted any proof that these 3 channels were run by Sayyed.
- 7.30.** Amongst the said 3 Telegram channels, only one of them (https://t.me/kabir_banknifty_options) belonged to Sayyed. Telegram does not prohibit any person to use similar names, brand names etc. in / on their channels and it will not be fair to ask Entities to answer for everyone who uses Kabir as a part of the name.

- 7.31.** Complainant has not responded to SEBI and even withdrawn the complaint. However, SEBI has continued to depend on the unidentifiable/ baseless evidences in the form of screenshots provided by the Complainant. The screenshots attached to Complainant's email to SEBI have failed to prove the authenticity, source and ownership of the screenshots. In terms of CVC rules, an unconfirmed complaint cannot be considered by SEBI.
- 7.32.** The chats in the Telegram channels allegedly *prima facie* used by SEBI to infer that the Entities are assuring false profits, etc. to the clients/ investors, do not, at all, belong to the Entities. The screenshots provided therein by SEBI do not belong to the Entities. SEBI is erroneously linking any and every channel with the tag words 'kabir', 'kabirnifty', 'kabirbanknifty' to the Entities.
- 7.33.** SEBI has not provided any source or documentary proof that any of the alleged screenshots were downloaded from the Telegram channel of the Entity (as mentioned in para 2 above).
- 7.34.** Amongst the 5 Telegram channels mentioned by SEBI in its *Interim Order*, SEBI has provided downloaded chats of only 4 Telegram Channels in a CD to Entity. These 4 Telegram channels do not belong to the Entities. The names of these 4 Telegram channels have been changed multiple times since their creation.
- 7.35.** The contents of the CD cannot be admitted as evidence in the absence of any screenshot. The details of person who downloaded the chats and source of the same have not been authenticated. The content of the chats has been tampered with and manipulated. The source and veracity of the purported screenshots is questionable as SEBI has not provided certificate under Section 65B(4) of the Indian Evidence Act.
- 7.36.** The estimated figures of amount collected by the Company or its Directors towards investment advice is baseless. SEBI has added all credits in the bank accounts without referring to its narrations and also included in the amount received.
- 7.37.** The extracts of books of accounts in respect of the amount received in the ICICI bank account of Company and ICICI & HDFC Bank accounts of Sayyed are provided as evidence of the nature of transaction as well as

detailing all transactions of specific income nature or in the nature of transactions between close relatives of the Entity and the Company/ Entity. These books of accounts are actual extract of audited books of accounts of the Company and individual notice and fully match with income tax returns and GST returns.

7.38. Duly audited financial statements have been filed by the Company with MCA as well as income tax returns have been filed on which proper tax have been paid. All our receipts are genuine course fee and consultancy fee as per aforesaid tables and no investment advice is ever given by the Company or the Directors.

7.39. The Entities have never provided assured returns to any subscriber or user of its public Telegram Channels. The screenshots attached belong to the channels which are not owned/ administered by the Entities.

7.40. SEBI must give the certificate under Section 65B of Indian Evidence Act as to the source of all the electronic documents used by SEBI for the purposes of this matter, the examination conducted herein and the *Interim Order* passed.

D. CONSIDERATION

8. The *prima facie* findings in the *Interim Order* are that the Entities were offering investment advisory services through their Telegram channels without a certificate of registration and fraudulently inducing investors to deal in securities on the basis of their investment advice. The *Interim Order* was passed to prevent the continuation of unregistered activities by these Entities.

9. I have considered the allegations levelled in the *Interim Order*, the written submissions of the Entities and other material available on record. I note that in the instant case, the directions issued against the Entities are interim in nature and have been issued based on *prima facie* findings. The present proceedings before me are in the nature of confirmatory or revocation proceedings which allow me the very limited remit of assessing whether the directions issued against the Entities based on the *prima facie* findings arrived at in the *Interim Order* need to be confirmed, revoked or modified in any manner in light of the submissions made by

them. I understand that a detailed investigation into this matter is being conducted by SEBI. The outcome of the investigation will decide the further course of action and initiation of proceedings in the matter in accordance with law. I now proceed to consider the aforesaid issue in the light of the specific contentions raised by the Entities.

10. The submissions made by the Entities have been examined in detail and the issues raised therein have been addressed in the following paragraphs.

A. Submissions on preliminary matters and compliance with principles of natural justice:

10.1. Documents not provided

10.1.1. The Entities have contended that they were not provided with certain information/ documents. The submission of the Entities in this context are dealt with in the following paragraphs:

10.1.2. Section 65B certificate: The Entities have contended that certificate under section 65B of the Indian Evidence Act must be provided by SEBI for all the electronic evidence such as screenshots, downloaded Telegram chats etc. in the matter. In support of the same, they have relied on the judgements in the cases of Anvar P.V. vs P.K. Basheer and others, Civil Appeal no. 4226 of 2012, 2014 INSC 645, Arjun Panditrao Khotkar Vs Kailash Kushanrao Gorantyal and Ors., Civil Appeal Nos. 20825-20826 of 2017, 2020 INSC 453 and Reliance Industries Limited vs. Securities and Exchange Board of India & Ors. Criminal Appeal no. 1167 of 2022, 2022 INSC 796. In this regard, I note that the present proceedings have been initiated under sections 11(1), 11(4), 11B and 11D of SEBI Act and hence are quasi-judicial in nature, as held by the Hon'ble Supreme Court in the matter of NSDL vs. SEBI and other connected appeals, civil appeal no. 5173 of 2006 decided on March 07, 2017. Here it would be appropriate to refer to the order of the Hon'ble Supreme Court of India in the matter of *Tata Consultancy Services Limited vs. Cyrus Investments Pvt. Ltd.* dated

March 26, 2021 wherein it was held as follows: *“It is true that rigors of CPC and the Evidence Act are not applicable to Tribunals/ Quasi-Judicial Authorities...”*. Quasi-Judicial proceedings are guided by the principles of Indian Evidence Act. They are not strictly subject to rules of evidence. Hence, I find the aforesaid submission of the Entities to be untenable. In any case, the Entities have been given ample opportunities to make their submissions in respect of all the documents used as evidence in respect of the allegations levelled against them.

10.1.3. Source and authentication of documents provided: The Entities have sought details such as how the documents/ evidences were recorded. Further, they have also sought authentication of documents provided to them. The material on record shows that all the relevant documents have been provided to the Entities during inspection of documents. Instead of making their submissions on merits, the Entities have sought authentication of documents while resorting to bland and unsubstantiated accusations about their veracity. The Entities have also argued that the contents of the messages have been tampered with and manipulated. I note that aside from making bland assertions, the Entities have not submitted any material to support this accusation. Therefore, such requests can only be viewed as being intended to delay the proceedings and I do not find any merit in this submission.

10.2. In view of the above, I find that all the relevant documents have been provided to the Entities and no prejudice can be said to have been caused to their ability to make written and oral submissions.

10.3. Non-compliance with principles of natural justice:

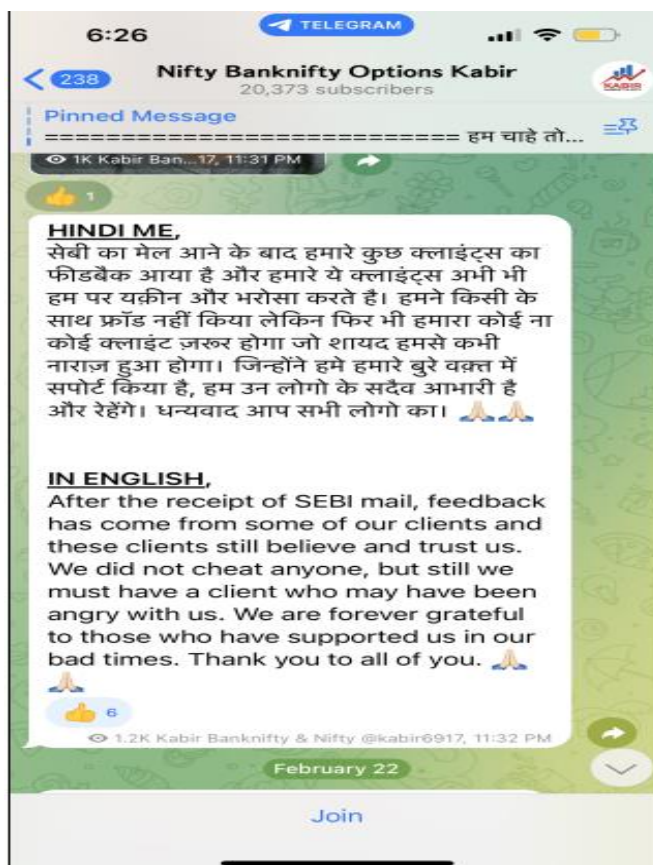
10.3.1. The Entities argued that they have not been provided any opportunity of being heard before passing of the *Interim Order* in violation of principles of natural justice.

10.3.2. I note that Sections 11 and 11B of the SEBI Act empower SEBI to pass ex-parte *Interim Order*, pending investigation, in order to prevent

further contraventions of securities law and to protect the interest of investors in securities market. While passing such directions, it is not necessary for SEBI to provide the Entities with an opportunity of pre-decisional hearing. In any case, post-decisional opportunity of hearing has been granted and availed by the Entities thereby ensuring that the principles of natural justice are complied with. The preliminary examination concluded that the Entities were *prima facie* soliciting and inducing investors to deal in securities market on the basis of investment advice without having requisite registration as mandated under the IA Regulations. Considering the continuing nature of the Entities' unlawful activity, *Interim Order* was required to be passed to ensure that the Entities would not continue to engage in carrying out unregistered IA activities. The available evidence supported the *prima facie* case against the Entities and the balance of convenience was also in favour of passing interim directions since irreparable damage would have been caused to the integrity of the securities market had such directions not been passed.

10.3.3. The Entities have submitted that they had received SEBI letter dated February 13, 2023 seeking information/ documents for examination of services offered by them and were advised to provide the said information/ documents within 15 days. Further, they have stated that during a meeting with SEBI on March 01, 2023, the Entities had *inter alia* sought time of two weeks to provide the information/ documents, however, no response was received from SEBI and *Interim Order* was passed after 4 months.

10.3.4. I note that during the course of preliminary examination, the Entities were advised to provide information with respect to the services offered by them. Though the Entities sought time of 2 weeks to provide the requested information, no information was received from the Entities for the next 4 months. As mentioned in the *Interim Order*, the Entities had discussed the query sent by SEBI to the Company/ Sayyed in these channels. Screenshots of one of the discussions is reproduced below for reference:



10.3.5. The *Interim Order* was passed after giving the Entities ample time to respond to the request for information. Even if the Entities had not received any response to their request for extension, their failure to provide the requested information even after lapse of the sought extension period is not justified. Pegging their failure to provide the requested information to the absence of a response to their request for extension is clearly an attempt to deflect attention from the core issues in this case, and the allegation of violation of securities laws.

10.4. Jurisdiction of SEBI:

10.4.1. The Entities have contended that as they are not registered as any intermediary, SEBI has no *locus standi* in the matter. I note that SEBI has the statutory duty to safeguard the interests of investors and IA Regulations have been formulated with the objective of regulating investment advisory activities. Jurisdiction is not solely with respect to registered Entities. Entities carrying on activities that can only be done by

registered Entities are subject to SEBI's jurisdiction. Therefore, SEBI not only has the jurisdiction but also the mandate to examine whether the activities of the Entities constituted investment advisory activity. Hence, I find the contention of the Entities to be untenable.

10.5. Complainant did not confirm the details of the complaint:

10.5.1. The Entities have submitted that the complainant did not confirm the complaint and had also taken back the complaint. Therefore, they have argued that SEBI has no basis for conducting the proceedings based on the said complaint. I note that the *Interim Order* was passed after consideration of the *prima facie* findings of the preliminary examination carried out by SEBI and not solely based on the complaint. In any case, the allegations therein are only on the basis of *prima facie* findings and the final outcome of the matter would be determined based on detailed investigation/ examination by SEBI. The *Interim Order* also explains the reasons for allegations levelled against the Entities substantiated with adequate supporting documents. The withdrawal of the complaint, therefore, has no bearing on the factual matrix made out pursuant to the preliminary examination conducted by SEBI. Consequently, I do not find any merit in this contention.

B. Submissions on *prima facie* conclusion:

10.6. Ownership of Telegram Channel:

Table no. 1

No. of Telegram channels alleged to be owned by Sayyed/ Kabir as per the complainant	3 (Kabir Banknifty & Nifty Options, Kabir Banknifty, Master Kabir Banknifty)
Total no. of Telegram channels alleged to be owned by the Sayeyd/ Kabir as per the <i>Interim Order</i> (including the channels mentioned by the complainant)	5 (Kabir Nifty Banknifty Options, Kabir Banknifty & Nifty, Kabir Banknifty & Nifty Options, Kabir Banknifty, Master Kabir Banknifty)

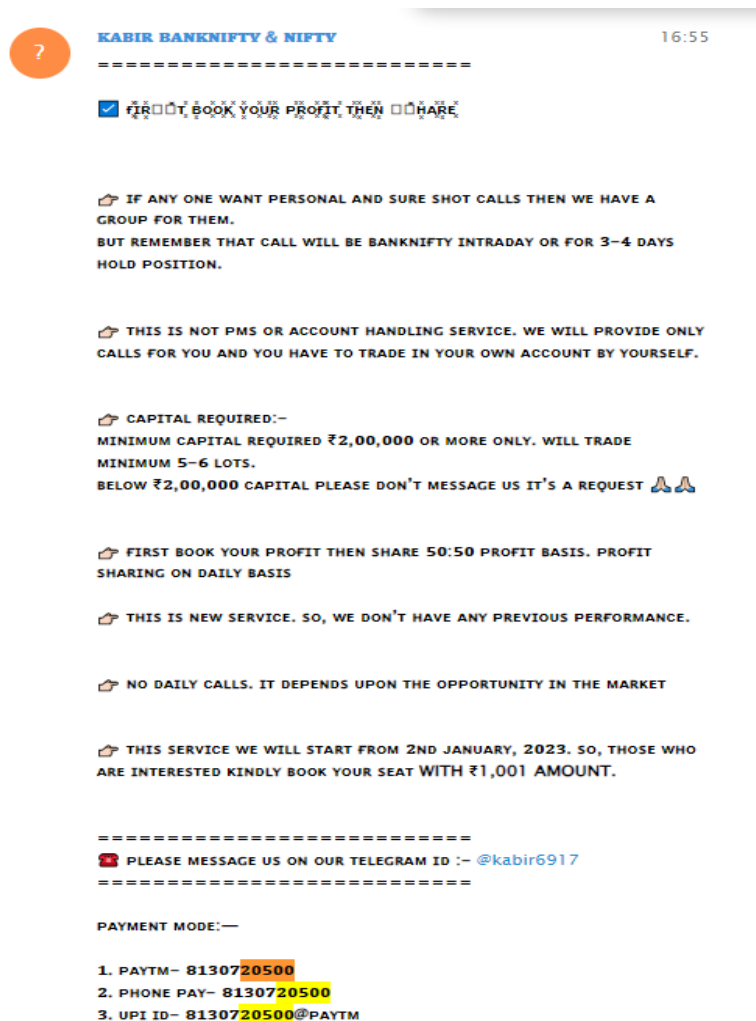
No. of Telegram channels admittedly owned by Sayyed (3 channels mentioned by the complainant as per Entities' letter dated August 01, 2023 which was retracted through subsequent replies dated November 28, 2023 and March 04, 2024)	1 (Kabir Banknifty & Nifty Options)
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10.6.1. The *Interim Order* alleges that Sayyed was the administrator of 5 Telegram Channels (*3 Channels mentioned by the Complainant and 2 Channels found during SEBI's preliminary examination*) which were used for advertising and offering unregistered investment advisory services. In this regard, I note that while the Entities, in their letter dated August 01, 2023, had admitted that the 3 Telegram channels mentioned by the complainant were in fact started by them, *vide* their letters dated November 28, 2023 and March 04, 2024, these Entities have claimed that only one Telegram channel i.e., Kabir Banknifty & Nifty Options (https://t.me/kabir_banknifty_options) belongs to them. During the course of personal hearing, this contradiction was pointed out to the ARs of the Entities. In response, the ARs submitted that due to the 'social background' of the Entities, they may not have understood the Order and made such submission. It was informed to the ARs that in their replies they themselves presented Sayyed as an 'MBA-Finance graduate, a revered and respected professional and advisor/ tutor in the society'. Therefore, the submission that the Entities did not understand the Order due to their social background is clearly contradictory. I find such contradictory submissions by the Entities to be a futile attempt to evade responsibility for their illegal actions.

10.6.2. I am informed that during the inspection of documents, the ARs were provided the downloaded Telegram messages of 4 channels namely, Kabir Banknifty & Nifty Options (https://t.me/kabir_banknifty_options), Kabir Nifty Banknifty Options (https://t.me/nifty_banknifty_options_Kabir), Kabir Banknifty & Nifty (https://t.me/kabir_nifty_banknifty) and Master

Kabir Banknifty (https://t.me/masterkabir_banknifty). Since the Entities have admitted that the Telegram channel - Kabir Banknifty & Nifty Options (https://t.me/kabir_banknifty_options) belongs to them, I have perused the messages in the remaining 3 Telegram channels and I note that 2 out of the 3 remaining Telegram channels publicized the UPI IDs belonging to Sayyed and Kabir Financial Services Pvt. Ltd., as mentioned in the Interim Order. The screenshots depicting the same are reproduced below.

Kabir Banknifty & Nifty



Kabir Nifty Banknifty Options

Kabir Nifty Banknifty Options

KABIR BANKNIFTY SURE SHOT CALLS
(6TH SERVICE)

15:47

- ✓ FOR SURE SHOT BANKNIFTY INTRADAY CALLS
- ✓ CALLS WILL BE DEPEND UPON THE MARKET CONDITIONS. WE WILL GIVE SURE SHOT CALLS WHEN WE WILL GET GOOD OPPORTUNITY IN THE CHART. FOR THIS WE HAVE SEPARATE GROUP
- ✓ SURE SHOT MEANS SURE SHOT
- ✓ CAPITAL REQUIRED:- ₹5k OR ₹15,000 FOR 1 LOT
- ✓ ₹5,999 FOR 2 MONTHS OFFER
(BUY 1 MONTH GET 1 MONTH FREE)
1. For 2 Months - ₹5,999
2. For 2 Years - ₹18,999

NOTE:- UNNECESSARY CALLS WE WILL NOT POST

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15:47

IF YOU PAY TODAY THEN YOUR
SUBSCRIPTION WILL START FROM
16th AUGUST (TUESDAY)

2 DAYS YOU WILL GET FREE PREMIUM CALLS
(11th Aug & 12th Aug)

=====

15:47

UPI
Accepted Here

ICICI Bank, Postpaid

QR CODE

Merchant Name: KABIR FINANCIAL SERVICES PRIVATE LIMITED

Mobile Number: [REDACTED]

=====

15:48

FOR PAYMENT, SCAN ABOVE QR CODE FROM ANY UPI APP

Or

UPI ID:-
kabirfinancialservicespvtltd@icici

10.6.3. I also note that the Telegram channel (Kabir Banknifty & Nifty Options) which is admittedly owned by the Entities posted a message mentioning the existence of the other two Telegram channels mentioned above. Screenshot of the said message is given below.

KABIR BANKNIFTY & NIFTY OPTIONS



KABIR BANKNIFTY & NIFTY OPTIONS

12:46

📢 WE HAVE 3 BANKNIFTY FREE PUBLIC CHANNELS WITH THE SAME NAME KABIR:-

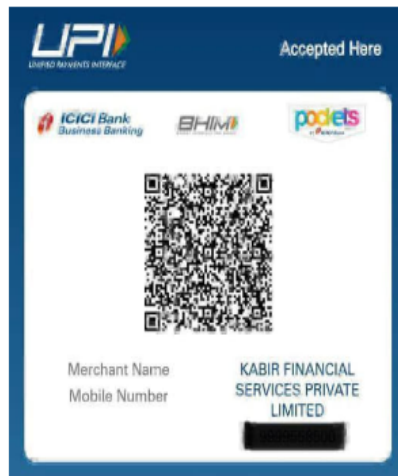
1. https://t.me/kabir_nifty_banknifty
(OLD CHANNEL SINCE DEC, 2020)
(SUBSCRIBERS – 300k PLUS)

2. https://t.me/kabir_banknifty_options
(OLD CHANNEL SINCE MAY, 2021)
(SUBSCRIBERS – 40k PLUS)

3. https://t.me/nifty_banknifty_options_kabir
(NEW CHANNEL SINCE JULY, 2022)
(SUBSCRIBERS – 16k PLUS)

10.6.4. On perusal of the messages in the Telegram channel - Kabir Banknifty & Nifty Options, I note that the UPI ID of Kabir Financial Services Pvt. Ltd. was publicized. Screenshot of one such message is provided below.

Kabir Banknifty & Nifty Options



07:12

FOR PAYMENT, SCAN ABOVE QR CODE FROM ANY UPI APP 🖐🖐 07:13
🖐🖐

Or

UPI ID:-
kabirfinancialservicespvtltd@icici

AFTER PAYMENT SEND US SCREENSHOT WITH YOUR FULL NAME ON
TELEGRAM ID @kabir6917 ONLY

IF YOU PAY TODAY THEN YOUR SUBSCRIPTION WILL START FROM 07:13
27th DECEMBER (MONDAY)

20th, 21st, 22nd, 23rd & 24th

5 DAYS YOU WILL GET FREE PREMIUM CALLS.

===== 07:13
OUR PREMIUM SERVICE CHARGES WILL BE INCREASED.

10.6.5. From the above discussion, a summary of the UPI IDs publicized in each channel is given in the Table below.

Table no. 2

Telegram Channel Name	UPI ID
Kabir Banknifty & Nifty	8130720500@paytm
Kabir Nifty Banknifty Options	kabirfinancialservicespvtltd@icici
Kabir Banknifty & Nifty Options	

10.6.6. Since the UPI IDs of Sayyed and Kabir Financial Services Pvt. Ltd. were publicized with the messages offering investment advice and also that the majority of the credit entries in the bank accounts of these Entities were similar to the packages offered, it gives me no reason to doubt that the Entities in fact did own the said Telegram channels. Therefore, I am not inclined to accept the submission of the Entities that only one Telegram channel belongs to them.

10.7. No investment advice was provided:

10.7.1. The Entities have also submitted that they were engaged in providing educational services and various management consultancy services and the fee charged was for the same. During the course of personal hearing, ARs were asked about the nature of consultancy, training or education their clients were undertaking. ARs submitted that Entities were engaged in knowledge sharing *inter alia* through booklets and *videos* published by them. It was further submitted that the consultancy services were in relation to capital markets, indexes, Nifty indexes as during Covid period, many people wanted to invest in stock market. However, ARs did not provide any details of the courses or consultancy services claimed to be provided by the Entities. In the absence of any supporting documents/ *evidence*, I am not inclined to accept the aforesaid submission of the Entities.

10.7.2. On perusal of the messages in the Telegram channel admittedly owned by the Entities, I note that messages indicating various investment advisory packages were being advertised thereby encouraging the channel subscribers to avail their services. Screenshots depicting the same are provided below.

Kabir Banknifty & Nifty Options



KABIR BANKNIFTY & NIFTY OPTIONS

21:13

TOMORROW IS BANKNIFTY WEEKLY EXPIRY. WE'LL EARN GOOD PROFIT. SO, JOIN OUR PREMIUM GROUP FAST



KABIR BANKNIFTY & NIFTY OPTIONS

07:32

Good morning friends! Have a profitable day!

IN THIS FREE PUBLIC CHANNEL YOU'LL GET CALLS ALWAYS AT HIGHER PRICE 40/50 POINTS ABOVE. WE NEVER POST OUR CALLS AT THE EXACT TIME. SO, JOIN OUR PREMIUM GROUP FOR TIMELY CALLS.

If calls are on right time in free public telegram channel then nobody will take our premium service.

Explaining in hindi,
ISS FREE PUBLIC CHANNEL ME AAPKO HAMESHA CALLS HIGH PRICE PAR HI MILEGA 40/50 POINTS UPAR. HUM KABHI HAMARI CALLS TIME PAR NAHI DETE HAI YAHA. ISLIYE AAP HAMARI PREMIUM GROUP JOIN KAR SAKTE HO TIMELY CALLS K LIYE.

=====

07:33

TODAY IS BANKNIFTY WEEKLY EXPIRY. WE'LL EARN GOOD PROFIT.

SO, JOIN OUR PREMIUM GROUP FAST



BANKNIFTY SELL CALLS (3rd SERVICE) DAILY 1 OR 2 CALLS IN A DAY

17:40

- ✓ THOSE WHO ARE INTERESTED IN BANKNIFTY SELL CALLS THEN THEY CAN TAKE OUR SERVICE. BUT IT REQUIRES MORE CAPITAL. YOU CAN CHECK WITH YOUR BROKER FOR MARGIN.
- ✓ OUR ACCURACY IS MORE THAN 95% IN BANKNIFTY SELL CALLS
- ✓ ALWAYS ADVANCE CALL- PROPER TIME FOR ENTRY
STOP LOSS - 40/50 POINTS
TARGET - 100/150 POINTS
RISK REWARD RATIO - 1:4
ACCURACY - 95%
- ✓ **₹1,399 For 3 Months Offer**
(Buy 1 Month Service Get 2 Month Service Free)
 - 1. For 3 Months- ₹1,399
 - 2. For 2 Years- ₹4,499
 - 3. For Lifetime- ₹7,499
- ✓ MAXIMUM TIME YOU WILL GET SELL CALL BETWEEN 10 AM to 11:59 AM

NOTE:- UNNECESSARY CALLS WE WILL NOT POST

Kabir
BTST CALLS (BANKNIFTY OR OPTION CALLS)
(4TH SERVICE)
CALL WILL BE DEPEND UPON THE MARKET CONDITIONS

✓ THOSE WHO ARE INTERESTED IN
BTST BANKNIFTY OR OPTION BTST CALLS THEN THEY
CAN TAKE OUR SERVICE.

✓ ALWAYS ADVANCE CALL- PROPER TIME FOR ENTRY

✓ CAPITAL REQUIRED IN 1 LOT IS ₹15,000

✓ **₹1,199 For 3 Months Offer**
(Buy 1 Month Service Get 2 Month Service Free)

1. For 3 Months- ₹1,199
2. For 2 Years- ₹4,499
3. For Lifetime- ₹7,499

✓ MAXIMUM TIME YOU WILL GET BTST CALL AFTER 3 PM.

NOTE:- UNNECESSARY CALLS WE WILL NOT POST

17:41

10.8. Credits received in the Bank accounts:

10.8.1. The preliminary examination had revealed at least 3 bank accounts (2 bank accounts in the name of Sayyed and 1 bank account in the name of the company) were used to collect fees for unregistered investment advisory services provided by the Entities. Some of the credit transactions received in the bank account of the company with narrations such as BTST call, Bank Nifty call, Positional call etc. are given below.

Table no. 3

Date of Transaction	Narration	Amount Credited
11-04-2022	UPI/210154685858/bank nifty call/yathinkanderi@o/C	2000
06-06-2022	UPI/215720097954/BNF calls 1st s/9920711178@kota/K	1999
24-06-2022	UPI/217520075914/Positional Call/sp2022@barodamp/B	3999
18-07-2022	UPI/219821258554/bank nifty call/govprasad@okhdf/H	1499

10.8.2. Further, majority of credit transactions which did not have a clear narration were amounts similar to the packages offered in the Telegram Channels. Some of such credit transactions are given below.

Table no. 4

Date of Transaction	Narration	Amount Credited
20-04-2022	UPI/211081109971/Payment from Ph/9826165843@ybl/St	1199
27-06-2022	UPI/217730391316/UPI/hardik.acharya./AU small Fina	1399
06-08-2022	UPI/221820072956/NA/8273568151@payt/HDFC BANK LTD/	4499
19-09-2022	UPI/226132690056/Payment/satyavratraunda/ICICI Ban	4499

10.8.3. The Entities have contended that SEBI added all the credits in the bank accounts without referring to its narrations and included in the amount received for investment advisory. Further, they have submitted a table referring to break up of amount received which is purportedly an extract from the audited books of accounts and individual's ITR.

10.8.4. I note that the Entities had failed to provide the requested information during the course of examination. Consequently, the total amount collected through unregistered investment advisory services in the *Interim Order* was arrived at by considering the credit transactions since December 2020 in the bank accounts which were widely publicized in the Telegram channels. While the Entities have claimed that the detailed break up provided by them are extracts of audited books of accounts, no supporting documents have been provided to verify their submissions. Notwithstanding the same, I am inclined to accept the submissions of the Entities in case the same can be verified based on the narrations available in the bank account statements of the Entities. The submissions of the Entities have been examined in detail in the following paragraphs.

10.8.5. Entries that could not be verified on the basis of narrations: The Entities have stated that certain credits were –

- received from friends/ relatives
- course fees and
- other consultancy fees.

10.8.6. However, no documentary proof has been submitted to verify the identity of the payer and these transactions cannot be verified solely based on the narration available in the bank account statement. The Entities have also claimed that certain transactions are contra entries from other banks accounts of Entities, however, corresponding bank account statements have not been provided.

10.8.7. Although the credits claimed to be cash deposited from cash in hand can be verified based on the bank account statement, the identity of the depositor cannot be verified. The possibility that these could be related to investment advisory activities cannot be ruled out. Further, certain entries were claimed to be course fees refunded, however, no documents have been submitted to verify the identity of beneficiary.

10.8.8. In view of lack of any supporting documents substantiating the claims mentioned above, I am not inclined to accept these submissions.

10.8.9. Entries that have be verified on the basis of narrations: The Entities have claimed that certain credit transactions were –

- interest income
- proceeds from sale of investments and
- failed payments showing as credits.

These claims have been verified based on the narrations available in the bank account statement.

10.8.10. The Entities have also sought to exclude contra entries between Bank accounts in their name. I have taken into consideration of this submission and not considered such credits for the purpose of computation of alleged fee earned through the *prima facie* illegal investment advisory activity, provided that the Bank account statements on both sides (i.e., credit and debit) are available in SEBI's record. Accordingly, the revised *prima facie* illegal gains are provided in the table below.

Table no. 5

Credits received (INR)	Kabir – ICICI Bank account no. 3105039337	Sayyed – ICICI Bank account no. 107001523909	Sayyed – HDFC Bank account no. 50100396406410
Illegal gain as per the Interim Order	6,46,98,992.44	5,59,66,517.73	78,09,118.33
Deductions allowed			
From company	-	1,97,84,261	7,32,206
From Sayyed	82,13,471.45	-	-
From Farhat	20,66,612	4,42,430	-
Contra entries – Sayyed HDFC/ICICI	-	35,52,957	39,45,594
Interest	-	13,788	12,492
Failed payments	19,44,882	10,09,429.97	1,57,241
Sale proceeds of securities	-	67,40,909	-
Total Deductions	1,22,24,965.45	3,15,43,774.97	48,47,533
Revised illegal gain	5,24,74,026.99	2,44,22,742.76	29,61,585.33

10.8.11. In this regard, it will be relevant to refer to the Order of the Hon'ble Securities Appellate Tribunal in the matter of *Vusa Ravi vs. SEBI* decided on July 27, 2023, wherein it was held as follows:

“...However, with regard to the direction for refund, considering the facts and circumstances that have been brought above, we direct the appellant to move an appropriate representation within three weeks from today giving details of the credit entries of the three bank accounts and indicate with precision as to which amount relates to advisory services and which amount does not relate to advisory services. The authority will consider each and every entry and there after crystalize the amount to be refunded within two months thereafter.”

10.8.12. In light of the aforesaid Order of the Hon'ble Tribunal and based on the submissions made by the Entities, a total of INR 4,86,16,273.42 has

been excluded from the total alleged illegal gains. Accordingly, *prima facie* the total illegal gains made through unregistered investment advisory stands modified to INR 7,98,58,355.08.

10.9. No assured profits were advertised

10.9.1. With respect to the allegation that the Entities guaranteed assured profits to the subscribers of their Telegram channels, the Entities in their reply dated November 28, 2023 have submitted that the profit referred to in their post was the “*profit of knowledge, professional acumen and financial literacy*”. Thereafter, in their reply dated March 04, 2024, the Entities in contradiction to the earlier submission claimed that they had never provided assured returns to any subscriber of its public channel and the screenshots in the *Interim Order* belong to the channels which are not owned by them.

10.9.2. As explained in the paragraphs above, the UPI IDs of the Entities were publicized in the messages soliciting investors to subscribe to their investment advisory services in at least 3 Telegram channels (Kabir Banknifty & Nifty Options, Kabir Nifty Banknifty Options and Kabir Banknifty & Nifty). Therefore, I do not accept the contention of the Entities that the screenshots provided in the *Interim Order* do not belong to the Telegram Channels owned by them. Further, on perusal of the messages from the Telegram channel - Kabir Banknifty & Nifty Options, which is admittedly owned by these Entities, I note that same statement assuring returns was included in the messages soliciting investors to subscribe to their investment advisory services. Screenshot of one of the message depicting the same is given below.

Kabir Banknifty & Nifty Options

Kabir BNF Options

BANKNIFTY CALLS (2nd SERVICE)
DAILY 1 OR MORE CALLS IN A DAY

✓ **WE WORK ON BANKNIFTY BUYING CALLS**

ALWAYS ADVANCE CALL- PROPER TIME FOR ENTRY
STOP LOSS - 30/40 POINTS
TARGET - 100/150 POINTS
RISK REWARD RATIO - 1:4
ACCURACY - ABOVE 85%

✓ **Profit/Loss**

Profit in 1 lot per day ₹5,000 to ₹7,500
Or
Loss in 1 lot per day ₹1,500 to ₹2,000

✓ **Capital Required for 1 lot ₹25k or ₹25,000**

✓ **₹2,999 For 3 Months Offer**
(Buy 1 Month Service Get 2 Month Service Free)

EARN ₹20,000 to ₹50,000 MONTHLY AVERAGE
PROFIT IN 1 LOT (25 Qnty.) IF YOU PROPER
FOLLOW THE DISCIPLINE

1. For 3 Months- ₹2,999
2. For 2 Years- ₹9,999
3. For Lifetime- ₹14,999

BUT AT THE END OF THE MONTH YOU WILL DEFINITELY IN PROFIT

NOTE:- UNNECESSARY CALLS WE WILL NOT POST

10.9.3. From the above image, it can be seen that the text reads as “EARN ₹20,000 TO ₹50,000 MONTHLY AVERAGE PROFIT IN 1 LOT (25 Qnty.)..... AT THE END OF THE MONTH YOU WILL DEFINITELY IN PROFIT”. Considering the context of the statement regarding profit, I find that the said statement cannot be construed as being altruistic in nature as claimed by the Entities.

10.10. No inducement:

10.10.1. The Entities have submitted that they do not advise on any particular security or shares of any company. Further, they have stated that talking about indices and basic knowledge of capital market without mentioning any security would not fall within the purview of ‘dealing in securities’. The material on record clearly indicates that the Entities were providing investment advice relating to derivatives which falls within the definition of ‘securities’ as provided under section 2(h) of Securities Contracts (Regulation) Act, 1956. Therefore, I am not inclined to accept the Entities’ submissions in this regard. Screenshot depicting the same is provided below:

KABIR BANKNIFTY & NIFTY OPTIONS



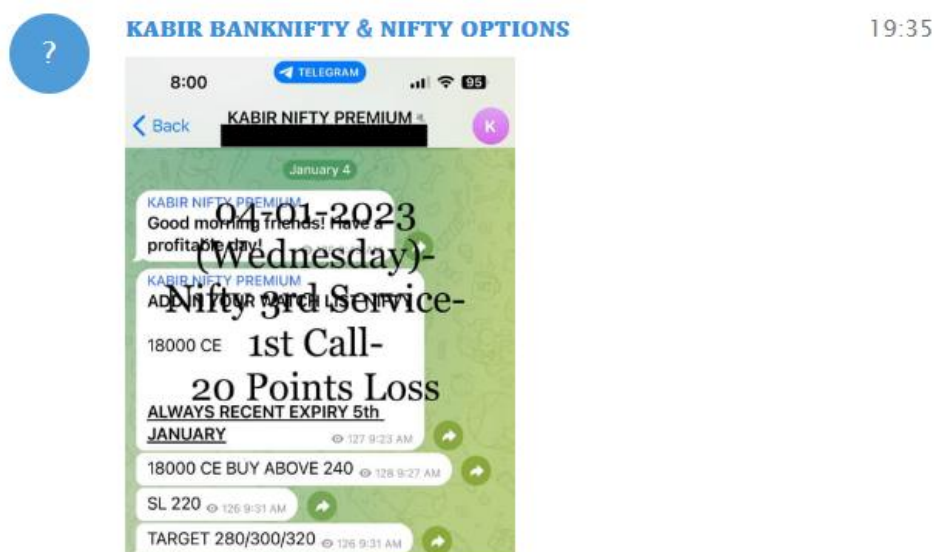
15:37

10.10.2. The Entities have also stated that the *Interim Order* does not allege inducement by Entities towards another person to deal in securities which falls within the definition of fraud. As explained in the earlier paragraphs, the Entities were found to be advertising assured profits to the subscribers of their Telegram channels. Such misleading claims appear to be intended to induce the subscribers of their Telegram channels to avail their investment advisory services and deal in securities. Accordingly, the *Interim Order* alleged that the activities of the Entities are *prima facie* fraudulent and in violation of SEBI (PFUTP) Regulations. Therefore, the contention of the Entities is without merit.

10.11. Applicability of IA Regulations:

10.11.1. The Entities have submitted that for the IA Regulations to be said to have been violated, 'investment advice' must have been given to specific clients. They contend that they made generic statements pertaining to securities market on public Telegram channels. The Entities have also contended that the Telegram Channels of the Entities are widely accessible public broadcasting platform thereby not rendering such advice within the definition of 'investment advice' as per Regulation 2(1)(I) of IA Regulations.

10.11.2. I note that Telegram app has two different types of channels: Public and Private. Public channels are accessible to anyone on Telegram but Private channels are exclusively accessible people who are invited to join. While the Telegram channels through which the Entities offered to provide investment advice are public channels, the activity of investment advice, for consideration, appears to have been carried out through private Telegram channels. Consequently, access to such private channels would be limited to people who subscribe to their investment advisory services. As explained in paragraph 10.7.2, the public Telegram channels owned by the Entities were used to lure investors to subscribe to their investment advisory services. The public Telegram channels contain some screenshots of messages disseminated on the private Telegram channels purportedly administered by the Entities, wherein investment advice was provided and subscribers were induced to deal in securities. Some examples can be seen below.





14:53

10.11.3. The screenshots provided above show that the investment advice was disseminated through private Telegram channels which would be limited to people who subscribe to their services, and hence, for consideration. Therefore, I do not find any merit in the contention that their Telegram channel is exempt from the definition given in IA Regulations.

10.12. Disclaimer was provided

10.12.1. The Entities have stated that they were providing a disclaimer for a long time that they were not registered with SEBI and submitted a screenshot of a message purportedly sent on November 30, 2022. Even if the Entities had indeed issued such a message in their Telegram channel, I note that transparency does not change the character of illegal activity. The Entities cannot hide behind the disclaimer to shift the onus of compliance with the law onto those persons who availed advisory services for consideration from the Entities.

10.13. No role of Farhat Perween

10.13.1. The Entities have submitted that Farhat Perween did not handle any affairs relating to the Telegram channels and Sayyed is solely accountable for actions under investigation. Further, they have requested removal of Farhat's name from the proceedings.

10.13.2. The *Interim Order* records that UPI ID of the company, Kabir Financial Services Pvt. Ltd. was publicized in the Telegram channels for collecting fees from investors. Farhat Perween, in her capacity as director of the company, was also authorized to operate the bank account of the company linked with the publicized UPI ID. Further, at the time of opening of the said bank account, Farhat Perween held 80% of the shareholding of the company. Being a director, who forms a part of the Board in charge of the affairs of the company, and a majority shareholder, Farhat cannot escape liability by submitting that she did not handle the affairs of the Telegram channels. The liability borne by Farhat Perween is not in personal capacity but as a director of the company which *inter alia* was *prima facie* found to have indulged in violation of securities laws.

10.14. Other submissions:

10.14.1. The Entities have submitted that SEBI should obtain confirmation from Special Court for attachment of bank accounts beyond the period of 90 days as per section 11(4)(e) of SEBI Act. Further, they have contended that no confirmation has been sought from Special Court and more than 90 days have elapsed and the attachment is infructuous.

10.14.2. Section 11B of SEBI Act empowers SEBI to issue necessary directions to persons associated with the securities market in order to protect the interest of the investors in securities market. In the instant case, Interim directions impounding the alleged illegal gains were issued to ensure that if post investigation findings warrant a direction of disgorgement at a later stage, the implementation of such a direction would not get defeated. Accordingly, Banks were also directed to allow no debits were made in the bank accounts of the Entities only to ensure that the alleged illegal gains are impounded. In this regard, I place reliance on the order of the Hon'ble High Court of Delhi in the case of ICICI Bank Limited vs. SEBI W.P.(C) 3796/2022 wherein it was *inter alia* held the following:

“69. Section 11B of the SEBI Act, 1992, explicitly provides that directions can be issued to any person or classes of persons referred to in Section 12 or persons associated with the securities market.

70. Indeed the power to direct a bank is necessary for the proper functioning of SEBI. Such powers are incidental to ensuring that the purpose of the investigation or enquiry conducted by SEBI actually fructifies. But for this power, an individual may, without more, dissipate its assets.

....

74. From the above analysis, it can be concluded that SEBI is possessed with powers under the SEBI Act, 1992 to direct the petitioner bank in specific, and banks in general, regardless of them being registered with SEBI.”

10.14.3. Since SEBI did not exercise the power to attach bank account under section 11(4)(e) of SEBI Act, I do not find any merit in this contention.

C. CONCLUSION

11. The *Interim Order* was passed based on the *prima facie* conclusions to prevent further perpetration of fraudulent activity and to prevent defalcation of the illegal gains. The messages disseminated in the public Telegram channels indicates that investment advice was being offered through private Telegram channels in return for consideration in the form of fees to be paid to the UPI IDs linked to the bank account of the Entities. The narrations of the credit entries in the bank accounts of the Entities which were advertised on the Telegram channels and the similarity of the credit entries with the amounts mentioned for the packages offered by the Entities lead to the *prima facie* conclusion that the Entities were in fact engaged in the business of providing investment advice for consideration from investors/clients. I find the submissions of the Entities to be insufficient to refute the *prima facie* conclusions drawn against them in the *Interim Order*. Consequently, the *prima facie* finding in the *Interim Order* that the Entities *prima facie* engaged in unregistered investment advisory activities resulting in *prima facie* contravention of provisions of section 12(1) of SEBI Act, regulation 3(1) of IA Regulations and

regulations 3(a)-(d), 4(1) and 4(2)(k) & (r) of the PFUTP Regulations read with section 12A of the SEBI Act, stands confirmed. Further, considering the submissions made by the Entities in respect of credit transactions considered as fees for unregistered investment advice, I find that alleged total illegal gains need to be modified. Apart from the allegation of illegal investment advisory, the Interim Order recorded that the Entities were *prima facie* offering Portfolio Management Services (PMS) based on the observations made in paragraphs 21 to 25 of the Interim Order and the Entities have not provided any response on the same. Therefore, further investigation is required to determine whether the Entities were inducing investors by offering PMS.

D. ORDER:

- 12.** Considering the material on record, replies of the Entities and findings thereupon mentioned in the preceding paragraphs, pending investigation/ detailed examination, I, in exercise of the powers conferred upon me under sections 11(1), 11(4), 11B and 11D read with Section 19 of the SEBI Act, hereby confirm all the directions of the *Interim Order* dated June 14, 2023, subject to the following modification considering Table no. 5 above – The total liability for the alleged illegal gains to be impounded stands modified to INR 7,98,58,355.08.
- 13.** The observations made in the present Order are tentative in nature and pending further investigation/ detailed examination. The investigation/ detailed examination shall be carried out without being influenced by any of the directions passed, computation of illegal gains made or any observation made either in the *Interim Order* or in the present Order. Based on the outcome of the investigation, appropriate proceedings may be initiated in accordance with law.
- 14.** This Order is without prejudice to the right of SEBI to take any other action against the Entities in accordance with law.
- 15.** This Order shall come into force with immediate effect.

16.A copy of this Order shall be served on all the Entities, recognised Stock Exchanges, Depositories, Banks and Registrar and Share Transfer Agents to ensure compliance with the above directions.

-Sd-

ANANTH NARAYAN G.

DATE:SEPTEMBER 27, 2024

WHOLE TIME MEMBER

PLACE: MUMBAI

SECURITIES AND EXCHANGE BOARD OF INDIA