

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM: MADHABI PURI BUCH, WHOLE TIME MEMBER**

CONFIRMATORY ORDER

**Under Sections 11, 11B (1) and 11D of the Securities and Exchange Board of
India Act, 1992**

**In Re: Securities and Exchange Board of India (Prohibition of Fraudulent and
Unfair Trade Practices Relating to Securities Market) Regulations, 2003 and
Securities and Exchange Board of India (Investment Advisers) Regulations,
2013**

In the matter of Trade India Research

In respect of:

Sr. No.	Name of the Entities/Noticees	SEBI Registration Number	PAN /Aadhar No.
1	Trade India Research (Proprietor Ms. Neha Gupta)	INA000003064	BEHPG5479R
2	Mr. Anurag Rajawat	Former / Present employees of Trade India Research	CIHPR2970R
3	Mr. Anand Siddh		-----9158
4	Ms. Sonam Jariya		Not Available
5	Ms. Vaishali Raghuwanshi		CGHPR1866C
6	Mr. Mangal Kumar Rathore		APIPR3298E

Background

1. Ms. Neha Gupta (PAN: BEHPG5479R), Proprietor of M/s Trade India Research (hereinafter interchangeably referred to as “**Trade India / IA / Ms. Neha Gupta/**

Noticee") is registered as an Investment Adviser ("IA") under the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 (hereinafter referred to as the "IA Regulations, 2013") with effect from June 17, 2015. It has its registered office at 301, 3rd Floor, Mangal City Mall, Vijay Nagar, Indore - 452010. Its website address is www.tradeindiaresearch.com.

2. SEBI received letters from the Central Economic Intelligence Bureau (CEIB) New Delhi, the Central Bureau of Investigation (CBI), Bhopal, and the Ministry of Finance (MoF), New Delhi, forwarding complaints of investors against Trade India Research. SEBI has also received a letter dated July 10, 2019, from the Special Investigation Team of Indore police informing that a First Information Report (FIR) dated July 08, 2019, has been filed against Ms. Neha Gupta, proprietor of Trade India Research and four employees of her team.

Findings in SEBI's Examination

3. The following were the preliminary observations regarding the business model of Trade India made from the details available on its website:
 - 3.1. The advisory business of Trade India is based on 'subscription model'.
 - 3.2. The fees charged is based on the product/package subscribed and the subscription period.
 - 3.3. Trade India provides tips/calls to its clients through SMS and/ or telephone support.
 - 3.4. Trade India sells to its clients packages namely Stock Cash, Stock futures, Stock/ Nifty Option, Nifty/ Bank Nifty Future, Commodity Market, NCDEX, Forex, etc., at various price points depending upon the period of subscription.
 - 3.5. The advisory fee varies from Rs. 7,000/- to Rs. 12,30,000/- as stated on its website. It is further mentioned on the website that it offers all services through fast SMS and messenger service.

4. During June 2015 to March 2016, four (04) complaints were filed against Trade India in SCORES. However, subsequently, there has been a considerable rise in the inflow of complaints against Trade India. In total, 447 complaints have been received in SCORES against Trade India from the date of its registration till June 30, 2019. After removing duplicate complaints, it was observed that 243 unique complaints have been received against Trade India. In view of the large number of complaints received against Trade India, it was decided to conduct a preliminary examination into the activities of Trade India and complaints of a few clients of Trade India viz., Ms. Shashi Kala, Mr. Khoyendra Pande, Mr. Parshuram Chaupal, Mr. Vasant Kumar Rathod and Ms. Meena Hemant Padia were taken up for preliminary examination.
5. For the purpose of examination, information/documents were gathered from various sources such as:
 - 5.1. SCORES complaints and supporting evidences submitted by complainants,
 - 5.2. Documents/ information provided by complainants (WhatsApp chats, call recordings and their transcripts, emails and other documents received by them from Trade India).
 - 5.3. Documents/ information provided by Trade India.
 - 5.4. Information available on the website of Trade India.
6. Pursuant to the examination and analysis of information/documents gathered, SEBI passed an Interim Ex Parte Order dated December 13, 2019, (herein after referred as “**Interim Order**”) against Trade India in view of the following *prima facie* findings.
 - 6.1. Charging clients unreasonable and arbitrary service fee

- 6.2. Manipulated the risk profiles of clients in order to change risk rating and sell them high risk products and generate more fees
 - 6.3. Failure to carry out due diligence for properly assessing the risk which the client would be able to bear and suitability assessment.
 - 6.4. Taken payment from the client in the name of the spouse of the client without carrying out any risk profiling/due diligence for the spouse.
 - 6.5. Not taken consent of the clients on their risk profiles and taken payment prior to carrying out risk assessment.
 - 6.6. The employees of Trade India have used fake names in dealing with clients.
 - 6.7. Lured investors by promising assured returns.
 - 6.8. Acted in a fraudulent manner with clients' viz., selling them non-existent products / services, creating fake portfolio for clients and showing profit in such a portfolio.
7. In view of the above observations, it was *prima facie*, found that Trade India has violated the respective provisions of the following as mentioned in the Interim Order
- 7.1. SEBI Act, 1992
 - 7.2. SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as “**IA Regulations**”);
 - 7.3. SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as “**PFUTP Regulations**”)

Service of the Interim Order, hearing and replies of all the Noticees

8. Copy of Interim order dated December 13, 2019, was served to Trade India Research by way of affixture on the available address vide letter dated December 16, 2019.

9. Further Mr. Anurag Rajawat, Mr. Anand Siddh, Ms. Sonam Jariya, Ms. Vaishali Raghuwanshi and Mr. Mangal Kumar Rathore (hereinafter collectively referred as **Employee-Noticees**) were also served the Interim order dated December 13, 2019, by way of affixture on the Trade India Research address on December 19, 2019.
10. In response to the Interim Order, letter dated December 14, 2019, was received from the Legal Representative of Trade India acknowledging the Interim Order passed and inter alia mentioning that, *Trade India Research registered with SEBI for Investment Advisory activities has been registered at Vijay Nagar Police Station, District Agar Indore in connection with Crime No.637/2019, under sections 420,406,417,468,474 of IPC, 66(C), 66(D), I.T. Act and 6(1) of Nikshepako Ke Hito Ka Sanrakshan Adhiniyam, 2000, along with Proprietor Ms. Neha Gupta and its employees. The letter also mentioned that filing of response as per timeline in the Interim Order is not possible as subsequent to Police action the office premises is sealed and closed. Further it mentioned that the entity has filed petition and the matter is pending before the Hon'ble High court and accordingly entity is not bound by Interim Order.* In response it was clarified vide letter dated September 29, 2020, that, *till the time the Interim Order is stayed/set-aside by the competent tribunal, the Interim Order is binding on the entity.*
11. No reply or confirmation of compliance of the Interim Order has been received from the five Employee-Noticees on the directions against them in the Interim Order.
12. Vide letter dated November 05, 2020, the Trade India requested for personal hearing and accordingly hearing was scheduled on February 11, 2021. On request of Trade India, the hearing was adjourned and rescheduled to March 17, 2021. Trade India again requested for rescheduling of the hearing and therefore the hearing was rescheduled to April 07, 2021. Further, Trade India was also given

opportunity of inspection of the relied upon documents on April 01, 2021, and provided the copies of the relied upon documents.

13. The legal representative of Trade India made submission vide letter dated April 07, 2021 and reiterated the submission during the personal hearing on April 07, 2021.

The submission are as follows;

13.1. Trade India does not have access to its office and therefore unable to counter the allegations levelled against Trade India. However, on the basis of available material obtained from SEBI the following submissions with respect to complaints received for clients are made;

a. Ms. Shashi Kala and Mr. Vasant Kumar Rathod

With respect to Ms. Shashi Kala, the matter was amicably resolved.

b. Mr. Khoyendra Pande

With respect to Mr. Khoyendra Pande, the matter is still pending for resolution and before a resolution could be arrived, the criminal proceedings were initiated.

c. Mr. Parshuram Chaupal

Does not have any relevant material on record with respect to said client to reply and comment.

d. Ms. Meena Hemant Padia

The matter is still pending for resolution and the claim of the complainant is not valid, all services as subscribed by the client were given and therefore, allegations of the complainant are denied.

13.2. Trade India has denied the declaration statement given by employees Mr. Gaurav Garg and Ms. Abhilasha Mishra.

13.3. Denies all allegation levelled against them in the Interim Order

- 13.4. In the absence of material information on hand and in the larger interest of justice, sought merciful approach
14. During the personal hearing on April 07, 2021, the legal representative of Trade India was advised to provide the response to the application made by Trade India seeking necessary documents from the Police Authority. The legal representative was also advised that if the request application has not yet been made, to make a fresh application to obtain all necessary documents from the Police Authority for submissions on merit. However, no reply or status update was received from the legal representative or Trade India till date.

Consideration of Issues:

15. I have considered the oral and written submissions made by all the Noticees. The issue to be considered at this stage is as follows:

Whether in light of the facts and circumstances of the case, the findings of the Interim Order and the submissions of the Noticee/s in response thereto, the directions issued against the Noticee/s vide the Interim Order needs to be confirmed, revoked or modified in any manner?

16. I note that, Trade India has not made any submissions on merits or placed any contrary facts/evidences with respect to the findings in the Interim Order as brought out in paragraph 6 above.
17. Further no reply or confirmation of compliance of the Interim Order has been received from the five Employee-Noticees on the directions against them in the Interim Order.

18. With respect to the reference complaints taken up for preliminary examination as detailed in paragraph 4 above, the following is noted;

- 18.1. Trade India has mentioned that, the complaints of Ms. Shashi Kala and Mr. Vasant Kumar Rathod have been amicably resolved, however, Trade India has not provided any details on the resolution of the complaints or contrary facts/evidences controverting the findings arising out of reference complaints in the Interim Order.
- 18.2. With reference to complaints of Mr. Khoyendra Pande and Mr. Parshuram Chaupal, Trade India has mentioned that the complaints could not be resolved as criminal proceeding were initiated and they do not have any relevant material on record for resolution. I note that, Trade India was given opportunity of inspection on April 01, 2021, and the documents available on record with SEBI were also provided to Trade India to make submissions on merits. Further, Trade India was also advised to provide the response to the application claimed to have been made to the Police Authority by Trade India seeking necessary documents or to make an application if not already made, to obtain all necessary documents for submissions. No reply or response has been received till date.
- 18.3. For the complaint of Ms. Meena Hemant Padia, Trade India has denied the allegations stating that '*all services as subscribed were given*'. It is noted that, complaints are only a trigger for examination of activities of IA and unearth large extent of the violations of the securities laws / regulatory provisions. Further, the underlying issue here is of compliance with regulations, code of conduct and due diligence by the IA. Trade India has not made any submission on the findings as detailed in the interim order. Therefore, without providing any reasoning/documentary evidence controverting the findings arising out of

the complaint of Ms. Meena Hemant Padia and other findings based on the examination, the contention of Trade India is not acceptable.

19. I note that Trade India has denied statement of declaration by employees, Mr. Gaurav Garg and Ms. Abhilasha Mishra, without any evidences direct or circumstantial to the effect as to why the statement of declaration cannot be relied upon and considered as declaration of the activities of Trade India. I also note here that, though Trade India has merely denied the statement of declaration of the two employees, it has not specifically denied the communications with the complainants, nor provided any contradictory facts thereto. On the contrary, the existence of the statement of declaration of Mr. Gaurav Garg, Legal and Compliance Manager and Ms. Abhilasha Mishra, Compliance Executive, of Trade India and the material available on record (official communications Trade India with complainants) substantiate that the statement of declaration and communications cannot be simply disbelieved without any attendant circumstances being shown. Thus, submission of Trade India is not acceptable. Here a reference may be drawn to the *Hon'ble Supreme Court order in the matter of SEBI v. Kishore R. Ajmera* (2016) 6 SCC 368, where it was held that, *the immediate and proximate facts and circumstances surrounding the events and the context of the communications and basis of preponderance of probability, reasonable conclusion through inferential process has been drawn, that the communication are of Noticee in this respect.*

20. Trade India has mentioned that, Police raided and sealed the office and that there is a criminal proceeding pending before the Hon'ble High Court, and accordingly Trade India is not bound by Interim Order. I note here that, Trade India has not submitted any material to indicate that this proceeding is related or dependent on the proceeding initiated before the Hon'ble High Court nor has provided any document in support that the Interim Order has been stayed/set-aside by any

competent Court/Tribunal. Therefore, the Interim order is binding on Trade India. The same was notified to Trade India vide letter dated September 29, 2020. Further, Trade India has mentioned that they do not have access to the office premises and documents as the office is sealed and closed by the Police Authority. In this respect, I note that, Trade India was given opportunity of inspection on April 01, 2021, and all the documents available on record with SEBI were provided to Trade India. Further, Trade India was instructed during the personal hearing to provide the response from the Police Authority for the application claimed to have been made seeking necessary documents, and if not already made to make an application to the Police Authority, to obtain all necessary documents for necessary submissions on merit. However, no reply or response has been received till date from Trade India. It may also be noted that, SEBI proceedings are independent of any action by the Police Authority and therefore, the prayer of Trade India for relief citing these reasons cannot be considered.

21. In view of the above and the findings in the Interim Order, I note that the submissions/contentions of Trade India are devoid of merit and therefore cannot be accepted.

22. In view of the consideration of material available on record including submissions made by Trade India, the findings in the Interim Order as mentioned in paragraph 6 above continues to stand at prima facie level. Hence, I find that Trade India is, *prima facie*, in contravention of various provisions of, SEBI Act 1992, IA Regulations and PFUTP Regulations, as outlined in the Interim Order. Further no reply or response from the Employee-Notices has been received. Hence, there is no justifiable reason to modify the findings against the Employee-Notices. In view of this, there is no justifiable reason for revocation or modifications of the directions issued against all the Notices vide the Interim Order.

Order:

23. In view of the foregoing paragraphs, I, in exercise of the powers conferred upon me by virtue of Section 19 read with Sections 11, 11B(1) and 11D of the SEBI Act, 1992, and Regulation 35 of Chapter VI of the SEBI (Intermediaries) Regulations, 2008, thereof, hereby confirm the directions against all the Noticees issued vide Interim Order dated December 13, 2019, in the matter of Trade India Research.

24. This order shall come into force with immediate effect. A copy of this order shall be served upon all the Noticees, Stock Exchanges, Depositories and Registrar and Transfer Agents for necessary action and compliance with the above directions.

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Date: July 27, 2021

Place: Mumbai

**MADHABI PURI BUCH
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA**