National Stock Exchange of India
Circular

Department: Investigation	
Download Ref No: NSE/INVG/54421	Date: November 14, 2022
Circular Ref. No: 169/2022	

To All NSE Members

Sub: **Final order in the matter of M/s. Global Infotech Solution, Prop. Vikash Mimrot**

SEBI vide its Order no. WTM/AB/WRO/WRO/21136/2022-23 dated November 14, 2022, has hereby directed below entity from accessing the securities market, directly or indirectly and are prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of six (6) months from the date of this order or till the expiry of six (6) months from the date of completion of refunds to complainants/ investors along with depositing of balance amounts, if any, with SEBI as directed in para 18(a) and 18(e) of the SEBI Order, whichever is later.

Sr. No.	Name of the Entity	PAN
1	M/s. Global Infotech Solution, Prop. Vikash Mimrot	EHLPM9733C

This Order shall come into force with immediate effect.

The detailed order is available on SEBI website (http://www.sebi.gov.in). Further, the consolidated list of such entities is available on the Exchange website http://www.nseindia.com home page under “Home-Regulation-Members-Action against Members-Regulatory Actions”.

Members are advised to take note of the above and ensure compliance.
In case of any further queries, members are requested to contact the following officials:

Mr. Akshit Sachdeva (Extension: 23346), Mr. Atish Agarwal (Extension: 26026)
Direct No: 022-26598417/18 Fax: 022-26598195

National Stock Exchange of India

For and on behalf of

National Stock Exchange of India Limited

Atish Agarwal
Senior Manager

National Stock Exchange of India

ANNEXURE: Final Order in the matter of M/s. Global Infotech Solution, Prop. Vikash Mimrot

WTM/AB/WRO/WRO/21136/2022-23

SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

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

In respect of:

Noticee no.	Noticee Name	PAN
1	M/s. Global Infotech Solution, Prop. Vikash Mimrot	EHLPM9733C

(The aforesaid entities are hereinafter collectively referred to as "the Noticees")

In the matter of Unregistered Investment Advisory by M/s. Global Infotech Solution.

---

1. On the basis of complaint received against M/s. Global Infotech Solution, SEBI conducted an examination in relation to the alleged activities of unregistered investment advisory being carried out by M/s. Global Infotech Solution. Upon examination, a show cause notice dated August 17, 2021 (hereinafter referred to as "**SCN**"), came to be issued to M/s. Global Infotech Solution, a sole proprietorship firm and its proprietor i.e. Shri Vikas Mimrot (hereinafter collectively referred to as "**the Noticees**"), whereby the Noticee were called upon to show cause as to why appropriate directions under Sections 11(1), 11(4) and 11B(1) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act, 1992**"), should not be issued against them for the alleged violation of the provisions of Section 12(1) of the SEBI Act. 1992 and Regulation 3(1) of SEBI (Investment Advisors) Regulations, 2013 ('**IA Regulations, 2013**').

2. The SCN was served upon the Noticees through Speed Post. An opportunity of personal hearing was granted to the Noticees on May 02, 2022. On the scheduled date of hearing, Shri Vikas Mimrot appeared in person to represent his case at the Indore Local Office, during the hearing conducted through CISCO WebEx platform between SEBI-ILO and SEBI-HO. At the personal hearing, he was advised to file

his reply/written submission within 15 days. Accordingly, Noticees have filed a reply with SEBI on May 17, 2022.

3. The SCN alleged that the Noticees were carrying out unregistered investment advisory activities through the website 'www.globalinfotechsolution.in'. I note that the website is inactive as on date, but from the copy of the cached webpages, as available on record, I note that the following was disclosed in the 'About Us' section of the website:

> *"Global Infotech Solution is amongst the most trusted names in the arena of financial services. It is a SEBI (Securities and Exchange Board of India) registered investment advisory firm, which follows all the norms framed by SEBI for investor protection. This difference from others makes us more disciplined, experienced, skillful, and quantitative to make you receive desired profit from financial market by providing recommendation on suitable segment as per your risk bearing capacity.*
>
> *We provide tips in EQUITY (Stocks, Future, Option) & COMODITY (MCX, NCDEX) Segments, based on latest research by a team of highly qualified analytical experts who are skilled and impeccable in their analysis.*
>
> *Global Infotech Solution feels proud for the role we have played in enabling and empowering self-directed and non-directed traders and investors for last long years. Since these years, our enduring individuals have put their thrust in us to score incredible success rewards and personalized service that supports their needs and helps them define their own financial success. "*

4. The following was disclosed in the 'Terms & Conditions' Section of the website.

> *"……………………..All Stock call information on globalinfotechsolution.in is the proprietary and confidential property of globalinfotechsolution.in. You agree not to repeat or rebroadcast. In any way any of the stock call information made on globalinfotechsolution.in……………………………..."*

5. From reading of the aforesaid paragraphs, it is abundantly clear that the owner of the website 'www.globalinfotechsolution.in' was engaged in the business of offering stock tips to clients for consideration.

6. During examination, the complainant had provided to SEBI, a transcript of Whatsapp Chat with representative of Global Infotech Solution, for the period from

November 9, 2020 to February 19, 2021. After perusing the transcript, I note that Global Infotech Solution was offering Stock Tips/ Calls for consideration.

7. During examination, SEBI had called for Account Opening Form, KYC Documents and bank statement of A/c. no. 39229819807 with SBI, as the complainant had claimed to deposit the fees for the services availed in the said bank account through GPay. The complainant had transferred funds into this bank account of the Noticee. On perusal of the Account Opening Form of the said SBI A/c., it is noted that Mr. Vikash Mimrot is the Proprietor of 'Global Infotech Solution'. The said proprietorship firm is registered under the Madhya Pradesh Shops and Establishment Act, 1958. The District Labour Officer, Indore had issued a Registration Certificate dated March 5, 2020 under the Madhya Pradesh Shops and Establishment Act, 1958, to 'Global Infotech Solution', whose proprietor is mentioned as Mr. Vikash Mimrot.

8. Mr. Vikash Mimrot in his reply has submitted that he is a farmer by profession and he has studied only upto 12th grade. He has submitted that he has absolutely no familiarity with the concept of share market, investment and advisory services. He has been defrauded by one Mr. Yash Dubey, who had convinced him to believe that he could earn good income by working in share market. Mr. Mimrot claims that Mr. Yash Dubey lured him to part with his documents to conduct the business of stock market. Mr. Mimrot also submits that he was not aware that a business has been opened in the name of 'Global Infotech Solution' and that he is the proprietor of that business. With regard to the funds in the bank account of Global Infotech Solution, Mr. Mimrot has stated that whatever funds used to get credited into the said bank account, Mr. Yash Dubey used to transfer those funds into his own bank A/c.

9. I am not convinced with any of the submissions of Mr. Vikash Mimrot for the following reasons. His claim that he is an Agriculturist is not supported by any evidence. Further, I note that Mr. Vikash claims that he has been defrauded by Mr. Yash Dubey, I do not find evidence of any action (civil or criminal) being taken by Mr. Vikash against Mr. Yash Dubey, despite having suffered such allegedly grave fraud of identity theft. Further, from the copy of the Account Opening Form and the

KYC documents, relating to the impugned SBI A/c. no. 39229819807, which is held in the name of the proprietorship firm ‘Global Infotech Solution’, I find that officials of SBI had carried out the Customer Identification and Customer Due Diligence at the time of opening of the said A/c. after following the procedure laid down in the RBI Master Direction - Know Your Customer (KYC) Direction, 2016. Further, upon a cursory comparison of the signature of Mr. Vikash Mimrot as appearing on the copy of his PAN Card and that on the Account Opening Form, I find that both the signatures match. Thus, I find that the claim of Mr. Vikash Mimrot that he merely tendered the documents to Mr. Yash Dubey and subsequently, was not aware of how the documents came to be misused, is untenable, since, his signatures run throughout the Account Opening Form. I also note that in his reply, Mr. Vikash Mimrot has stated that the funds which were being credited into his Bank A/c, were subsequently being transferred to Bank A/c of Mr. Yash Dubey. Strangely enough, despite being aware of this large scale movement of funds into his Bank A/c, Mr. Vikash Mimrot never raised any concern/objection or even questioned the existence of this Bank A/c. Therefore, I find that the claim of Mr. Vikash that he became aware about the alleged fraud committed upon him, only upon the receipt of the present SCN, is not tenable, since, he was aware that funds were being credited into his Bank A/c. I also find that the signature of Mr. Vikash Mimrot, on the copy of the Registration Certificate dated March 5, 2020 issued by the District Labour Officer, Indore under the Madhya Pradesh Shops and Establishment Act, 1958. Thus, I note that, Mr. Vikash was actively representing himself as the proprietor of Global Infotech Solution. In view of the above, I find that contentions of Mr. Vikash Mimrot are not tenable. On the other hand, I find that such bald claims are being made by Mr. Vikash Mimrot only to escape from the consequences of the present proceedings.

10. Therefore, from the contents of the website ‘www.globalinfotechsolution.com’, it is clear that Global Infotech Solution was engaged in offering investment advisory services. Further, from the bank statements, KYC and Account Opening Form of the SBI Bank A/c. wherein the fees of the complainant was deposited, it is evident that the said bank account belonged to Mr. Vikash Mimrot who is the proprietor of ‘Global Infotech Solution’. Further, from the various credit entries in the aforesaid bank account of the Noticee (for the period from March 24, 2020 to April 5, 2021,

it is observed that there are large number of credit entries from several individuals. In view of the above, I find that the Noticees was engaged in offering investment advisory services to clients/ investors for a consideration, without obtaining registration from SEBI. I also note that despite being asked to show cause, the Noticee has been unable to explain the source of the credit entries in the aforesaid bank accounts. Thus, I am inclined to hold that the credit entries in the said bank account aggregating to an amount of Rs. 29,74,063/-, were funds received by the Noticees from clients/ investors while offering the unregistered investment advisory services.

11. I note that if an entity is engaged in providing advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio containing securities or investment products, whether written, oral or through any other means of communication for the benefit of the client *in lieu* of consideration, including entities which are holding themselves out as investment advisers, are covered by the definition of "Investment Adviser" as given in Regulation 2(1)(m) of the IA Regulations, 2013. As noted above, Rs. 29,74,063/- were received in the aforesaid bank account whose beneficiary was Mr. Vikash Mimrot. As noted in the previous paragraph, the payments received in the bank account of the Noticees, were in lieu of the investment advisory services provided by Mr. Vikash Mimrot. Hence, I find that Global Infotech Solution and its proprietor Mr. Vikash Mimrot was engaged in the business of providing investment advice to its clients, for consideration, and thus, acting as investment advisers, as defined under Regulation 2(1)(m) of the IA Regulations, 2013.

12. I also note that, it is imperative that any person carrying out investment advisory activities must necessarily obtain registration from SEBI and conduct its activities in accordance with the provisions of SEBI Act, 1992 and Regulations framed thereunder. Section 12(1) of SEBI Act, 1992 reads as under:

> *"No stock broker, sub broker, share transfer agent, banker to an issue, trustee of trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and such other intermediary who may be associated with securities market shall buy, sell or deal in securities except under, and in accordance with, the conditions of a certificate of registration obtained from the Board in accordance with the regulations made under this Act:"*

13. It is relevant to note that in order to protect the interest of investors and to preserve the integrity of the securities market, IA Regulations, 2013 has been framed by SEBI which provide various safeguards to ensure that the interest of the investors who receive investment advice are protected. One such safeguard provided under the said Regulations is that any person carrying out investment advisory activities has to first obtain a certificate of registration from SEBI as mandated under regulation 3(1) of the IA Regulations, 2013, which, *inter alia*, provides that, no person shall act as an investment adviser or hold itself out as an investment adviser unless he has obtained a certificate of registration from SEBI and it has to conduct its activities in accordance with the provisions of IA Regulations, 2013. Further safeguards provided under IA Regulations, 2013 include continued minimum professional qualification and compliance with net-worth requirement for acting as an investment adviser, prior disclosure of all conflicts of interest, prohibition on entering into transactions which are contrary to advice given to the clients at least for 15 days from the date of giving advice to the clients, mandatory risk profiling of investors, maintaining documented process for selecting investment products for clients based on client's investment objective and risk profile and understanding of the nature and risks of products or assets selected for such client, etc.

14. I note that for seeking a certificate of registration for acting as an investment adviser, an entity is required to satisfy *inter alia* the following requirements, as provided under IA Regulations, 2013:

    (i) An application for seeking certificate of registration to be made to Local Office, Regional Office or Head Office, of SEBI, as the case may be, in Form A as specified in the First Schedule to IA Regulations, 2013 alongwith requisite non-refundable application fee;

    (ii) The applicant, in case of an individual investment adviser or its principal officer in case of a non-individual investment adviser shall be appropriately qualified and certified as under:

        a. A professional qualification or post-graduate degree or post graduate diploma (minimum two years in duration) in finance, accountancy, business management, commerce, economics, capital market, banking, insurance or actuarial science from a university or an institution recognized by the Central Government or any State Government or a recognised foreign university or institution or association or a professional qualification by completing a Post Graduate Program in the Securities Market (Investment Advisory) from NISM of a duration not less than one year or a professional qualification by obtaining a CFA Charter from the CFA Institute;

b. An experience of at least five years in activities relating to advice in financial products or securities or fund or asset or portfolio management;

c. Applicant in case of individual investment adviser or its principal officer in case of a non-individual investment adviser, and persons associated with investment advice shall have, at all times a certification on financial planning or fund or asset or portfolio management or investment advisory services, from (a) NISM; or (b) any other organization or institution including Financial Planning Standards Board of India or any recognized stock exchange in India provided such certification is accredited by NISM.

(iii) Individual applicant must have net worth of not less than 5 lakh rupees and non-individual applicant must have net worth of not less than 50 lakh rupees.

15. The activities engaged in by the Noticees, as brought out from the various materials described above, seen in the backdrop of the aforesaid regulatory provisions show that the Noticees were acting as an Investment Adviser, although the Noticees were not registered with SEBI in the capacity of Investment Adviser. Hence, I find that these activities/ representations as were being made by the Noticees without holding the mandatory certificate of registration as investment adviser, are in violation of Section 12(1) of SEBI Act, 1992 read with regulation 3(1) of the IA Regulations, 2013.

16. I note that in the case of Shri C. Paranitharan and Others and Trend Market Advisory Services, SEBI had passed orders dated July 05, 2022 and July 07, 2022,

respectively, inter alia directing the Noticees therein to refund the fees or consideration received from investors in respect of their unregistered investment advisory activities. In the respective appeals filed against these orders by the respective Noticees, Hon'ble SAT vide common order dated September 21, 2022 inter alia directed the appellants there into deposit the balance amount after making refunds to investors, with SEBI. It was also directed that the balance amount deposited with SEBI shall be kept in escrow account for a period of one year and be distributed to any claimants and thereafter, the remaining amount, if any, will be deposited in the Investor Protection and Education Fund.

17. From the material available on record, I note that the examination in the matter was initiated on the basis of a complaint. I also note that an aggregate amount of Rs. 29,74,063/-, has been collected by the Noticees in the bank account, by providing unregistered investment advisory services, still needs to be refunded to the investors/ clients.

DIRECTIONS

18. In view of the foregoing, I, in exercise of the powers conferred upon me in terms Sections11(1), 11(4) and 11B(1) read with of Section 19 of the SEBI Act, 1992, hereby direct that:

a) The Noticees shall jointly and severally, within a period of three months from the date of this order, refund the money received from any clients/ complainants/ investors, as fees or consideration or in any other form, in respect of their unregistered investment advisory activities;

b) The Noticees shall issue public notice in all editions of two National Dailies (one English and one Hindi) and in one local daily with wide circulation, detailing the modalities for refund, including the details of contact person such as names, addresses and contact details, within 15 days of coming into force of this direction;

c) The repayments to the clients/ complainants/ investors shall be effected only through banking channels (and not cash transfers), which ensures audit trails to identify the beneficiaries of repayments;

d) After completing the refund as directed in para 18 (a) above, within a period of 15 days, the Noticees shall file a report detailing the amount refunded to SEBI addressed to the Division Chief, Division of Registration-2, Market Intermediaries Regulation and Supervision Department (MIRSD), SEBI Bhavan II, Plot No. C7, G Block, Bandra Kurla Complex, Bandra (East) Mumbai - 400051. The report should be duly certified by an independent Chartered Accountant and indicate the amount, mode of payment, name of the parties refunded, communication address, mobile numbers and telephone numbers etc.;

e) The remaining balance amount shall be deposited with SEBI which will be kept in an escrow account for a period of one year for distribution to clients/ complainants/ investors who were availing the investment advisory services from the Noticees. Thereafter, remaining amount if any will be deposited in the Investors Protection and Education Fund maintained by SEBI;

f) The Noticee are restrained from selling their assets, properties and holding of mutual funds/shares/securities held by them in demat and physical form except for the sole purpose of making the refunds/ depositing balance amount with SEBI, as directed above. Further, the banks are directed not to allow any debits, except for the purpose of making refunds to the clients/investors/complainants who were availing the investment advisory services from the Noticees and depositing balance amount with SEBI, as directed in this order, from the bank accounts of the Noticees;

g) The Noticees are debarred from accessing the securities market, directly or indirectly and are prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of six (6) months from the date of this order or till the expiry of six (6) months from the date of completion of refunds to complainants/ investors along with depositing of balance amounts, if any, with SEBI as directed in para 18(a) and 18(e) above, whichever is later;

h) Upon submission of report on completion of refunds to complainants/ investors to SEBI and deposit of the balance money with SEBI, if any, the direction at para 18(f) above shall cease to operate within 15 days thereafter;

i) The Noticees shall not undertake, either during or after the expiry of the period of debarment/restraint as mentioned in para 18(g) above, either directly or indirectly, investment advisory services or any activity in the securities market without obtaining a certificate of registration from SEBI as required under the securities laws.

19. The direction for refund and depositing the balance amount with SEBI, as given in para 18 (a) and 18(e) above, does not preclude the clients/investors to pursue the other legal remedies available to them under any other law, against the Noticees for refund of money or deficiency in service before any appropriate forum/ authority of competent jurisdiction.

20. This order comes into force with immediate effect.

21. A copy of this order shall be sent to the Noticees, recognized Stock Exchanges, the relevant banks, Depositories and Registrar and Transfer Agents of Mutual Funds to ensure that the directions given above are strictly complied with.

Sd/-

Date: November 14, 2022
Place: Mumbai

ANANTA BARUA
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA