

## National Stock Exchange of India Circular

| Department: Investigation       |                         |
|---------------------------------|-------------------------|
| Download Ref No: NSE/INVG/54489 | Date: November 17, 2022 |
| Circular Ref. No: 175/2022      |                         |

To All NSE Members

### **Sub: Order in the matter of Sure Shot Future Advisory Service (Prop. L. Rexwin)**

SEBI vide its order no. CGM/GG/SRO/SRO/21305/2022-23 dated November 17, 2022, has hereby debarred following entities from accessing the securities market, directly or indirectly and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of 1 (one) year from the date of this order or till the date of filing of report, as directed in para 30(h) of the SEBI order, whichever is late

| Sr. No. | Name of the Entity                                         | PAN        |
|---------|------------------------------------------------------------|------------|
| 1       | L. Rexwin(Individual capacity and Proprietor of Sure Shot) | AYUPR7527H |
| 2       | Vinothkumar B                                              | BFIPV5112G |
| 3       | Karthikayini                                               | BORPK9951G |

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. Gaurav Damani (Extension: 22387), Mr. Sumit Loya (Extension: 22374)

Direct No: 022-26598417/18 Fax: 022-26598195



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# National Stock Exchange of India

For and on behalf of

National Stock Exchange of India Limited

Sumit Loya  
Senior Manager

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## National Stock Exchange of India

**ANNEXURE: Order in the matter of Sure Shot Future Advisory Service (Prop. L. Rexwin)**

CGM/GG/SRO/SRO/21305/2022-23

**SECURITIES AND EXCHANGE BOARD OF INDIA**

**FINAL ORDER**

**Under Sections 11(4) and 11B of the Securities and Exchange Board of India Act, 1992**

**In respect of:**

| S. No. | Noticee                                                        | PAN        |
|--------|----------------------------------------------------------------|------------|
| 1      | L. Rexwin<br>(Individual capacity and Proprietor of Sure Shot) | AYUPR7527H |
| 2      | Vinothkumar B                                                  | BFIPV5112G |
| 3      | Karthikayini                                                   | BORPK9951G |

**In the matter of Unregistered Investment Advisory Services**

*(The aforesaid entities are hereinafter individually referred to by their respective names or Noticee number and collectively as “the Noticees”.)*

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**Background**

1. Securities and Exchange Board of India (“**SEBI**”) received a reference vide email dated June 13, 2019 from Jansi S inter-alia alleging that Sure Shot Future Advisory Services (hereinafter referred to as “**Sure Shot**”) was providing advisory services without registration. Pursuant thereto, SEBI conducted examination into the affairs of Sure Shot.

**SEBI's Examination**

2. During the course of examination, SEBI vide email dated July 03, 2019, delivered to Sure Shot at the e-mail id “[support@sureshotfuture.com](mailto:support@sureshotfuture.com)”, available on website of Sure Shot, advised it to provide the information mentioned below by July 08, 2019:-
  - a) Registered corporate address of Sure Shot along with the phone numbers, email ids, legal structure, PAN and date of Incorporation;

- b) Name, address, PAN, email ids and phone numbers of Proprietor/ all Promoters/ Directors/ Partners of Sure Shot along with their educational qualifications, experience in activities relating to advice in relation to various financial products and their association with any other persons;
  - c) Information on all activities/ services/ products offered by Sure Shot along with details about the clients served, package/ service offered, fees charged, mode of payment receipts;
  - d) Registration details with SEBI or any other regulator in India;
  - e) Audited Annual Accounts and Bank account statement of Sure Shot;
  - f) Account statement of all the payment gateways (used by Sure Shot for receiving fees from clients for advisory services); and
  - g) Website details of Sure Shot and details of entity/person responsible for hosting and maintaining the website;
3. In response to SEBI email dated July 03, 2019, Sure Shot vide emails dated July 10, 2019 and July 11, 2019 *inter-alia* submitted that they have closed the website and initiated the refund. However, Sure Shot did not provide the details of number of clients, fees collected and other information sought by SEBI.
4. As information sought was not forthcoming from Sure Shot, website of Sure Shot i.e. [www.sureshotfuture.com](http://www.sureshotfuture.com) was examined, which revealed the following information:-

*"We are not only recommended stock advising we are also recommended mutual fund and Real-Estate and gold/silver investment and other investment ideas.*

*.....*

*We are here to break this type of critical situation to solve the issue and provide right information with 5 years of experience in stock broking and research analyst with media news gathering to any market scenario this talented people who provide you the best and utmost service tips to all the time to the valuable clients. We are providing advisory in Intraday Equity Plus, Stock Future Intraday Tips, Intraday Call - Put Option Tips, sureshot Future Tips, Nifty-Bank Nifty Future, Nifty-Bank Nifty Option, Positional Future Stock Tips, positional future tips, F&O; combo pack tips, Index F&O; combo pack tips, MCX bullion tips, MCX energy tips, MCX base metal tips.*

*.....*

*Our successful recommendations go beyond the normal profit booking ratios.*

.....Most of our rarely unsuccessful calls are exited before they hit stop loss levels, therefore assuring maximum returns end of each month.

.....We provide less but accurate intraday stock tips with proper follow up sms for profit booking and target achieved.

We guarantee 100% reliability on our technical analysts as they are known for inventive thinking deep industry knowledge and word class research.

.....We provide our services through SMS & Google Talk according to your convenience.

We have an exclusive support team to attend your queries and resolve your issues.

The website has the contact numbers 7530021800, 7558179066, 860833335 and email details - support@sureshotfuture.com.

Bank Account details:

| S. No. | Account Holder Name | Bank Name           | Account No.     |
|--------|---------------------|---------------------|-----------------|
| 1      | Vinoth Kumar        | ICICI Bank          | 253801501214    |
| 2      | Karthikeyini        | Bank of India       | 820910110010863 |
| 3      | Karthikeyini        | State Bank of India | 20222412356     |
| 4      | L Rexwin            | Bank of India       | 822110110001974 |
| 5      | Sure Shot           | ICICI Bank          | 322405000279    |

Sample investment advice packages mentioned in the website is given below:

| S. No. | Package                       | Two Weeks Fee (in Rs.) | One Month Fee (In Rs.) |
|--------|-------------------------------|------------------------|------------------------|
| 1      | Intraday Equity Cash Tips     | 4130                   | 8260                   |
| 2      | Intraday Stock Future Tips    | 4720                   | 9440                   |
| 3      | Intraday Call Put Option Tips | 4130                   | 8260                   |
| 4      | Index Option Tips             | 3540                   | 7080                   |
| 5      | Index Future Tips             | 4130                   | 8260                   |
| 6      | F and O Combo Pack            | 10000                  | 20000                  |
| 7      | Index F & O Combo Pack        | 9000                   | 18000                  |
| 8      | SSF Future Tips               | 9440                   | 18880                  |
| 9      | BTSTISTBT Tips                | 5900                   | 11800                  |
| 10     | Positional Future Tips        | 7080                   | 14160                  |
| 11     | Bullion MCX                   | 5900                   | 11800                  |
| 12     | EnergyMCX                     | 4720                   | 9440                   |
| 13     | Base MetalTips                | 4720                   | 9440                   |
| 14     | Full Combo                    | 14750                  | 29500                  |
| 15     | Positional MCX                | 7670                   | 15340                  |
| 16     | Royal Future                  | 8260                   | 16520                  |

5. From the aforesaid information provided by Sure Shot in its website, it was noted that Sure Shot was acting as an “investment advisor” and was offering investment advisory services for fees ranging from ₹3,540 to ₹ 29,500, on a fortnightly or a monthly basis.
6. The KYC documents, received from ICICI Bank, Bank of India, State Bank of India and Easebuzz, related to accounts mentioned on the website of Sure Shot, revealed the following details:-
  - a. The credit transactions in the bank account pertains to the period August 11, 2017 to July 03, 2019;
  - b. The proprietor of Sure Shot is shown to be one L. Rexwin (hereinafter referred to as “**Noticee No.1**”);
  - c. Around 203 credit transactions for a total sum of ₹14,98,758 were made into the ICICI bank account No. 3224050xx279 of Sure Shot and 192 credit transactions for a total sum of ₹22,47,847 were made in Bank of India account No. 822110110xx1974 of the Noticee No.1;
  - d. Around 71 credit transactions were made in the ICICI bank account No. 253801501214 of Vinothkumar (hereinafter referred to as “**Noticee No.2**”) for a total sum of ₹5,20,915. Further, 22 credit transactions were made in Bank of India account No.820910110xx0863 and State Bank of India account No. 20222xx2356 of Karthikayini (wife of the Noticee No.2) (hereinafter referred to as “**Noticee No.3**”) for total sum of ₹2,48,940;
  - e. The Noticees have received funds directly in their bank accounts, mentioned on the website of Sure Shot, for rendering investment advisory services;
  - f. The payment received through the payment gateway i.e. Easebuzz was later credited to the ICICI bank account of the Noticee No.2 during the period December 18, 2017 to April 25, 2018 and in the ICICI bank account of the Noticee No.1 during the period May 23, 2018 to July 1, 2019; and
  - g. During December 18, 2017 to July 1, 2019, it was seen that a common phone number (i.e 7530021800) was provided in the KYC documents of both Noticee Nos.1 and 2, in connection with their accounts maintained with Easebuzz.

7. On the basis of information and documents collected during the course of examination, it was noted that the Noticees were acting as Investment Advisers without obtaining certificate of registration from SEBI. The Noticees were receiving fees or consideration in their bank accounts for the advisory services run in the name of Sure Shot.

### **Show Cause Notice**

8. On the basis of findings of examination, a show cause notice dated September 28, 2021 (hereinafter referred to as “the SCN”) was issued to the Noticees, calling upon them to show cause as to why suitable directions including directions as to refund of fees collected, debarment, non-association with listed entities, intermediaries, etc. should not be issued against them under sections 11B(1) and 11(4) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act**”) for violations of section 12(1) of the SEBI Act read with regulation 3(1) of the SEBI(Investment Advisers) Regulations, 2013 (hereinafter referred to as “**IA Regulations**”).
9. The SCN was sent through speed post acknowledgement due (SPAD) to Noticee No. 1 at two addresses viz., (1) No. 19, Tiruvalluvar street, Ramapuram, Ambattur, Tiruvallur – 600056 and (2) 1/364, Vachakarapatti, Virudhunagar Dist -626204, both of which returned undelivered. Simultaneously, the SCN was also sent to the Noticee No.1 via email at support@sureshotfuture.com, from which the submission was made by Sure Shot to the SEBI during the course of examination. As no response was received from Noticee No.1, reminder emails were sent on January 19, 2022, March 09, 2022 and March 11, 2022 advising Noticee No.1 to submit his reply to the SCN. However, no response was received from Noticee No.1. Thereafter, reminder letter dated June 16, 2022 was sent by SPAD and a digitally signed SCN was sent to Noticee No. 1 via email, advising him to submit his reply to the SCN. The letter dated June 16, 2022 as well as the email got delivered to Noticee No.1. However, no response was received from Noticee No.1.
10. Separate SCNs were delivered to Noticee Nos. 2 and 3 at the addresses viz., (1) 1/5, Aandi Thottam, Ayyam Palayam, Pongupalayam PO, Perumanallur, Thirupur

- 641666 and (2) Clifton Export Private Limited, Shed no. 25, Nethaji Apparel Park, Tirupur – 641666 respectively. The reminder letters dated December 17, 2021 and January 19, 2022 were also delivered to Noticee nos. 2 and 3 advising them to submit their replies to the SCN. However, no response was received from Noticee Nos.2 and 3.

11. In view of the above, I find that the Noticees failed to file reply/response to the SCN, despite the effective service of the SCN at the addresses known to SEBI including email address in the case of Noticee No.1.

### **Opportunity of personal Hearing**

12. An opportunity of hearing was granted to the Noticees on September 20, 2022 through video conferencing. In this regard, hearing notice dated September 16, 2022 was served to the Noticees via letter and email dated September 16, 2022. In response thereto, Noticee nos. 2 and 3 sent a reply vide email dated September 20, 2022 stating that *“we have already been relieved on last 5 years, in that company not involved in future for vinothkumar & karthikayini. this is fully occupied by MR. REXWIN so we are not responsibility on vinothkumar & karthikayini please all any other queries call to MR.REXWIN.”*. However, none of the Noticees appeared for the hearing.

13. In the interest of natural justice, another opportunity of hearing was granted to the Noticees on September 30, 2022 through video conferencing, which was intimated to the Noticees vide letter and email dated September 26, 2022. However, the Noticees again failed to appear for the hearing. In the circumstances, I am constrained to proceed ex-parte against the Noticees, based on the material available on record.

### **Consideration**

14. I have considered the allegations made in the SCN, reply email dated September 20, 2022 of Noticee nos. 2 and 3, the KYC documents of Noticees, bank

statements, information provided by Eazebuzz, print outs of web-pages of the website of Sure Shot and other material available on record.

15. Before proceeding further, it is relevant to note that the definition of 'Investment Adviser' as given in Regulation 2(1)(m) of the IA Regulations is as follows:

*"(m) "investment adviser" means any person, who for consideration, is engaged in the business of providing investment advice to clients or other persons or group of persons and includes any person who holds out himself as an investment adviser, by whatever name called;"*

Further, Regulation 2(1)(l) states as follows:

*"(l) "investment advice" means 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 and shall include financial planning:*

*Provided that investment advice given through newspaper, magazines, any electronic or broadcasting or telecommunications medium, which is widely available to the public shall not be considered as investment advice for the purpose of these regulations;"*

16. From the material available on record, I note that the website of Sure Shot i.e. [www.sureshotfuture.com](http://www.sureshotfuture.com) made claims that it is not only recommending stock advices but also into mutual fund and real estate and gold/silver investment and other investment ideas. Further, it claims to provide advisory in Intraday Equity Plus, Stock Future Intraday Tips, Intraday Call - Put Option Tips, sureshot Future Tips, Nifty-Bank, Nifty Future, Nifty-Bank, Nifty Option, Positional Future Stock Tips, positional future tips, F&O; combo pack tips, Index F&O; combo pack tips, MCX bullion tips, MCX energy tips, MCX base metal tips. Further, it has made claims to the effect that it provide less but accurate intraday stock tips with proper follow up sms for profit booking and target achieved. It has claimed to provide 100% reliability on its technical analysts as they are allegedly known for inventive thinking, deep industry knowledge and word class research. It has claimed to

provide advisory services through SMS & Google Talk as per convenience of clients. It has levied fees on fortnightly or monthly basis ranging from ₹3,540 to ₹29,500. In view of the above, I find that Sure Shot is engaged in the business of investment advice for consideration/fees. Further, I find that Sure Shot has represented to the public at large that it is an experienced investment adviser.

17. The website of Sure Shot mentions 7530021800, 7558179066, 860833335 and email details - support@sureshotfuture.com in its contact details. Further, it mentions names of the Noticees and their respective bank account details under the head of bank details. Tabular representation of the Noticees and their bank details taken from the said website is as follows:-

| S. No. | Account Holder Name | Bank Name           | Account No.     |
|--------|---------------------|---------------------|-----------------|
| 1      | Vinoth Kumar        | ICICI Bank          | 253801501214    |
| 2      | Karthikeyini        | Bank of India       | 820910110010863 |
| 3      | Karthikeyini        | State Bank of India | 20222412356     |
| 4      | L Rexwin            | Bank of India       | 822110110001974 |
| 5      | Sure Shot           | ICICI Bank          | 322405000279    |

18. From the KYC documents provided by the respective banks and payment gateway i.e. Easebuzz, it is noted that the ICICI bank account no. 322405xx0279 was in the name of Sure Shot. Bank of India account No. 822110110xx1974 was in the name of Noticee No.1. ICICI bank account No. 253801xx1214 was in the name of Noticee No.2. Bank of India account No. 820910110010863 and State Bank of India account No. 20222412356 were in the name of Noticee No.3. The summary of transactions of the respective accounts of the Noticees is tabulated below:

| Name of Bank Account | Account number & Bank/payment gateway | Transaction period                   | Total Credits (₹) | Number of credit transactions |
|----------------------|---------------------------------------|--------------------------------------|-------------------|-------------------------------|
| Vinothkumar          | Easebuzz to ICICI Bank (253801501214) | December 18, 2017 to April 25, 2018  | 2,62,550.00       | 38                            |
|                      | ICICI Bank (253801501214)             | August 18, 2017 to April 09, 2018    | 2,58,365.04       | 33                            |
| Karthikayini         | Bank of India (820910110010863)       | August 11, 2017 to February 13, 2018 | 1,81,854.00       | 8                             |
|                      | State Bank of India (20222412356)     | September 25, 2017 to April 25, 2018 | 67,086.00         | 14                            |

|                            |                                       |                                 |                     |            |
|----------------------------|---------------------------------------|---------------------------------|---------------------|------------|
| Sure Shot (Prop. L Rexwin) | Easebuzz to ICICI Bank (322405000279) | May 23, 2018 to July 01, 2019   | 8,44,992.19         | 110        |
|                            | ICICI Bank (322405000279)             | May 11, 2018 to July 03, 2019   | 6,53,766.00         | 93         |
| L Rexwin                   | Bank of India (822110110001974)       | April 27, 2018 to June 28, 2019 | 22,47,847.00        | 192        |
|                            |                                       | <b>Total</b>                    | <b>45,16,460.23</b> | <b>488</b> |

19. From the above, I note that ₹45,16,460/- was received in the said bank accounts through 488 credit transactions during the period August 11, 2017 to July 03, 2019. It is noted from the email dated July 3, 2019 received from [support@easebuzz.in](mailto:support@easebuzz.in) that the beneficiary details for sureshotfuture.com is sureshot future advisory services, the contact number as 7530021800, account no. as 3224xxxx0279 of ICICI Bank, Shenoy Nagar Chennai Branch. Further, it is noted from the email dated August 1, 2019, received from [support@easebuzz.in](mailto:support@easebuzz.in), that there is another account with easebuzz for sureshotfuture.com i.e. account in the name of Vinodthkumar with the email address [support@sureshotfuture.com](mailto:support@sureshotfuture.com), the contact number as 7530021800, the bank name as ICICI Bank, Tirupur Branch and the account number as 2538xxxx1214. As per KYC documents provided by the respective banks and Easebuzz, Noticee No.1 was the proprietor and the authorised signatory of Sure Shot. Further, it is noted that both Noticee Nos.2 and 3 were receiving consideration for the advisory services rendered in the name of Sure Shot. I also note that Sure Shot had displayed phone number i.e. 7530021800 in the contact section of its website. It is noted that both Noticee Nos. 1 and 2 (husband of Noticee no. 3) had given the same phone number (i.e. 7530021800) in their KYC documents to Easebuzz. Further, the money received through the online platform of Easebuzz was credited to the separate ICICI bank accounts of Sure Shot and Noticee No. 2, details of which has been stated above. The aforesaid facts, viewed in its totality, show that Noticee Nos. 1 to 3 were engaged in the business of investment advisory services, under the name and style "Sure Shot Future Advisory Services". The account of Noticee No. 1 in which the consideration for investment advice got credited was operated by its proprietor –L. Rexwin and Noticee Nos. 2 and 3 used their individual bank accounts for the purpose of receiving consideration/fees.
20. I note that Noticee No. 1, vide email dated July 11, 2019 stated that he has closed the website and initiated the refund. Further, he stated that he will send refund

details for verification and would not collect any payment thereafter. Subsequent to the email dated July 11, 2019, he stopped communicating or responding to SEBI. Noticee No. 1 also failed to file reply to the SCN or appear for the hearing, despite effective service of the SCN and hearing notices. Further, I take note of the fact that Noticee No.1 did not submit any supporting document in respect of its claims of closure/refund, etc., made vide email dated July 11, 2019. I thus find that the assertion of Noticee No.1 regarding the closure of business and refund is not substantiated. From the response of Noticee No.1, I note that he has indirectly admitted to having conducted the alleged activity of investment advisory business, without seeking registration from SEBI.

21. I note that Noticee Nos. 2 and 3 did not file response/reply to the SCN, despite proper service of the SCN. However, in response to hearing notice, Noticee Nos.2 and 3 vide email dated September 20, 2022 submitted “we have already been relieved on last 5 years, in that company not involved in future for vinothkumar & karthikayini. this is fully occupied by MR.REXWIN so we are not responsibility on vinothkumar & karthikayini please all any other queries call to MR.REXWIN.” I note that the submissions made by Noticee Nos. 2 and 3 are bald statements without any supporting proof or evidence. I also note that reply is silent on the aspect of receipt of consideration to their individual bank accounts. Further, Noticee No. 2 has not denied having shared a common phone number along with Noticee No.1, for the purpose of KYC furnished to Easebuzz. It is noted that Noticee Nos.2 and 3 have neither denied nor disputed the allegations made against them in the SCN with respect to carrying out the investment advisory business.
22. I note that Regulation 2(1)(m) of the IA Regulations provides that an investment adviser means any person, who for consideration, is engaged in the business of providing investment advice to clients or other persons or group of persons. Further, Regulation 2(1)(m) of IA Regulations provides that any person who holds out himself to be an investment adviser, by whatever name called, shall also be included in the definition of investment adviser. As noted above, the Noticees were engaged in providing investment advice within the meaning of Regulation 2(1)(l) of the IA Regulations.

23. From the aforesaid facts, I categorically find that Noticee Nos. 1 to 3 were involved in rendering investment advice using website medium of Sure Shot. I find that the Noticees acted as “investment adviser” within the meaning of Regulation 2(1)(m) of the IA Regulations and were rendering ‘investment advice’ in terms of Regulation 2(1)(l) of the IA Regulations.

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

***Registration of stock brokers, sub-brokers, share transfer agents, etc.***

*12. (1) 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.*

25. As per regulation 3(1) of IA Regulations, the registration of the investment advisers is mandatory. It provides that, “On and from the commencement of these regulations, 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 the Board under these regulations”.

26. 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:

- (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 along with 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 recognized 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 of 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.

27. The IA Regulations provide for the minimum professional qualification and prescribes mandatory net-worth requirement. Further, it inter-alia provides for disclosures of any conflict of interest, risk profiling of clients, maintenance of records related to client-assessments and the suitability of advice. The prescriptions in the IA Regulations are intended to safeguard the interest of investors and curb the perpetration of unregistered entities entering the field of investment advisory services and indulging in unscrupulous market practices.

28. The activities of the Noticees, as brought out above, seen in the backdrop of the aforesaid provisions show that they were acting as investment advisers, without holding the requisite certificate of registration, as mandated. Thus, Noticee Nos.1, 2 and 3 have violated the provisions of Section 12(1) of SEBI Act read with Regulation 3(1) of the IA Regulations.
29. As observed above, I note that the Noticees have received ₹45,16,460/- (Rupees Forty Five Lakh Sixteen Thousand Four Hundred and Sixty) in their aforesaid bank accounts, as advisory fees and the same, being proceeds of an illegal activity is liable to be refunded to the respective clients.

### **DIRECTIONS**

30. In the above facts and circumstances, in order to protect the interest of the investors, I hereby invoke the provisions of Sections 11(4) and 11B of the SEBI Act, which have been delegated upon me under Section 19 of the SEBI Act, 1992 and directed as follows:
- a. The Noticees shall, jointly or severally, refund a sum of ₹45,16,460/- (Rupees Forty Five Lakh Sixteen Thousand Four Hundred and Sixty) to their clients as detailed hereinafter;
  - 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, about this Order and give details of modalities for refund, including the details of contact person such as names, addresses and contact details of person to be approached for refund, within 15 days from the date of this Order;
  - c. The Noticees shall accept refund claims / requests for a period of 3 (three) months from the date of public notice, as directed under para 30 (b) above.
  - d. The Noticees shall within a period of 4 (four) months from the date of public notice, as directed under para 30 (b) above, carry out and complete the refund exercise;

- e. Upon expiry of 4 (four) months from the date of public notice, any balance amount which remains with the Noticees, due to their inability to contact the investor or otherwise, as directed in para 30 (d) above, shall be deposited in a dedicated escrow account, to be maintained by the Noticees and utilized only for the purpose of refund to clients. Thereafter, the amount lying in the said escrow account shall be transferred to the Investors Protection and Education Fund maintained by SEBI;
- f. The repayments to the claimants shall be effected only through Bank Demand Draft or Pay Order or electronic fund transfer or through any other appropriate banking channels, which ensures audit trails to identify the beneficiaries of repayments;
- g. The Noticees are hereby prohibited from selling their assets, properties including mutual funds/shares/securities held by them in demat and physical form except for the purpose of effecting refunds as directed above;
- h. After completing the aforesaid repayments, the Noticees shall file a report of such completion with SEBI addressed to the Division Chief, Division of Post-Inspection Enforcement Action, Market Intermediaries Regulation and Supervision Department (MIRSD), SEBI, SEBI Bhavan II, Plot No. C7, G Block, Bandra Kurla Complex, Bandra (East) Mumbai – 400051, within a period of 15 days, after completion of expiry of 4 (four) months from the date of public notice, as directed above, duly certified by an Independent Chartered Accountant and the direction at para 30 (g) above shall cease to operate upon filing of such report on completion of refunds to clients;
- i. The Noticees are restrained from accessing the securities market, directly or indirectly and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of 1(one) year from the date of this order or till the date of filing of report, as directed in para 30(h) above, whichever is later;

- j. The Noticees shall not undertake, either during or after the expiry of the period of restraint and prohibition, as mentioned in para 30(i) 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.

31. This order shall come into force with immediate effect.

32. A copy of this order shall be sent to the Noticees, recognized Stock Exchanges, the banks, Depositories and Registrar and Transfer Agents of Mutual Funds.

**Date: November 17, 2022**

**Place: Mumbai**

**Sd/-**

**GEETHA G**

**CHIEF GENERAL MANAGER**

**SECURITIES AND EXCHANGE BOARD OF INDIA**