National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/55946	Date: March 10, 2023
Circular Ref. No: 68/2023	

To All NSE Members

Sub: **SEBI Order in the matter of Mr. Pranay Kumar, Proprietor of M/s. Capital Gyan**

SEBI vide its order no. WTM/AB/SRO/SRO/24398/2022-23 dated March 10, 2023 has hereby debarred Mr. Pranay Kumar, Proprietor of M/s. Capital Gyan (PAN :BTFPK4872B) 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 6 months from the date of this order or till the expiry of 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 25(a) and 25(e) of SEBI Order, whichever is later.

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 at the below mentioned link.

https://www.nseindia.com/regulations/member-sebi-debarred-entities

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. Abhishek Goenka (Extension: 23449), Mr. Anand Jangir (Extension: 22385)
Direct No: 022-26598417/18 Fax: 022-26598195

National Stock Exchange of India

For and on behalf of
National Stock Exchange of India Limited

Anand Jangir
Manager

ANNEXURE: - SEBI Order in the matter of Mr. Pranay Kumar, Proprietor of M/s. Capital Gyan

WTM/AB/SRO/SRO/24398/2022-23

SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

Under Sections 11(1), 11(4) and 11B of the Securities and Exchange Board of India Act, 1992

In respect of:

Name of the Noticee	PAN
Mr. Pranay Kumar, Proprietor of M/s. Capital Gyan	**BTFPK4872B**

In the matter of Unregistered Investment Adviser

Background:

1. The present proceedings emanate from a show cause notice dated June 18, 2021 (hereinafter referred to as "**SCN**") issued by the Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") to Mr. Pranay Kumar, Proprietor of M/s. Capital Gyan (hereinafter referred to as **"Noticee"**). It was *prima facie* found that the Noticee was engaged in investment advisory services without obtaining a certificate of registration from SEBI in violation of the provisions of Section 12(1) of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act, 1992**") and Regulation 3(1) of SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as "**IA Regulations, 2013**"). The SCN called upon the Noticee to show cause as to why suitable directions should not be issued against the Noticee under Sections 11(1), 11(4) and 11B(1) of the SEBI Act, 1992.

2. The facts of the case, as mentioned in the SCN, are the following:

(i) SEBI received a complaint against the Noticee, *inter-alia* alleging that the complainant lost money based on the trading advice provided by M/s. Capital Gyan. The complainant had stated that he had made payment to the Noticee through the payment gateway Easebuzz.

(ii) As per the KYC documents of Easebuzz, the Capital Gyan, a proprietorship concern of Mr. Pranay Kumar, is registered with Government of Karnataka as Commercial Establishment under Karnataka Shops and Establishments Act, 1961. The nature of business as per the Registration Certificate of Establishment issued by Government of Karnataka is "Investment Advisory"*.*

(iii) The Noticee had provided investment advice through the website http://www.capitalgyan.com and the same is not functional as on March 06, 2020.

(iv) The following were mentioned on the website:

a) Capital Gyan is one of the leading tips provider in India. We have a specialized team of stock market analyst who study market daily, in fact minute after minute.

b) We don't mind whether market is bullish or bearish as we know how to deal with both of these in best way. Work as per our strategy and recommendations you will stay in profit.

c) Capital Gyan Advisory is a fastest growing Investment Advisory Company. Capital Gyan provides recommendation in all segment of stock market like Capital Market, Commodity Market, Forex Market etc.

d) Our vision is to provide our clients with wide-ranging, secured and finest financial solutions to achieve sustained growth. We aim to do this by being responsive towards our clients and strive relentlessly to improve. We at Dream Gains Financials-Investment Adviser want to be worthy of our customer's trust and provide them with the finest Stock and Commodity market tips.

e) Our initial priority is our Investor and Daily Trader, thus we would like to thrill our consumer by adding additional and additional Height to their Capital and money. Bring Passion to figure, Be Disciplined, Committed & clear.

f) In stock cash tips we provide our clients accurate and timely intraday best stock tips which drive them to make maximum profit from the equity market. In stock cash tips we provide our clients accurate and timely intraday best stock tips which drive them to make maximum profit from the equity market. Calls are given for NSE Stock Cash Traders. Similar such claims were made on the entity's website.

(v) Several packages offered by the Noticee were displayed on the website.

(vi) The complainant has stated that he had paid money to the Noticee through online payment gateway Easebuzz and the same is reflected in the statement provided by Easebuzz.

(vii) In view of the above, it was alleged that the Noticee was engaged in the activities of an 'investment adviser' as defined under Regulation 2(1) (m) of the IA Regulations, 2013, without obtaining registration from SEBI, as required under Section 12(1) of SEBI Act, 1992 read with Regulation 3(1) of IA Regulations, 2013, thereby violating the said provisions of the SEBI Act, 1992 and the IA Regulations, 2013. The SCN had thus, called upon the Noticee to show cause as to why suitable directions under Sections 11(1), 11(4), and 11B (1) of the SEBI Act, 1992 should not be issued against him for the alleged violations.

3. The SCN was served on the Noticee vide Speed Post Acknowledgement Due. It was also forwarded by email to the email address available in the KYC form of Easebuzz. A response was received from the said email from one Mr. Praveen stating that he was not the correct recipient of the email and he provided the correct email and mobile number of Mr. Pranay Kumar, the Noticee. The SCN was then served by email to the email address of the Noticee. In response to the same, a letter dated November 06, 2021 was received from Mr. Jayant Sharma, advocate on behalf of the Noticee stating that:

a) The Noticee has never committed the offences alleged in the SCN.
b) The Noticee never demanded money for real time advisory of investment on behalf of clients, but money was only accepted for market studies and analysis that too post closure of market in order to educate clients about the market and its strategies.
c) The Noticee has not received the annexure to the SCN and therefore unable to submit an effective reply to the SCN.

In response to the said letter, vide email dated December 16, 2021 the current address of the Noticee was sought from the Noticee so that the SCN along with annexures could be forwarded therein. Vide email dated March 11, 2022 the Noticee provided his current address which was the same Jharkhand address where the SCN had been delivered by Speed Post on the previous occasion. The SCN along with annexure was again sent to the said address and was delivered by Speed Post. However, no further reply to the SCN was received from the Noticee.

4. The matter was placed before me for obtaining hearing dates on May 24, 2022 and an opportunity of hearing was granted to the Noticee on July 21, 2022. On July 21, 2022 the Authorized Representative (hereinafter referred to as '**AR**') of the Noticee appeared through video conferencing and sought adjournment due to the fact that the younger brother of the Noticee had passed away a day before, due to which the Noticee could not provide documents and information pertaining to the matter to his AR. An adjournment was granted in the matter and the hearing was scheduled on August 08, 2022. On the said dated the Noticee did not appear at the designated time. Thereafter, an email dated August 08, 2022 was received by the Southern Regional Office of SEBI from the AR of the Noticee stating that it was a non-appearance day for advocates of Rajasthan Bar association, as they had lost their former secretary and certain other reasons and the AR asked for an exemption from appearance. In view of the fact that this was the second opportunity of hearing grated to the Noticee, the Southern Regional Office of SEBI was directed to convey to the AR of the Noticee that the Noticee could make submissions in writing, if any, and no further opportunities of hearing would be granted in the matter. The hearing was concluded *qua* the Noticee. It is noted that the Noticee has not filed any further reply.

Consideration of submissions and findings

5. I have considered the allegations made in the SCN along with the findings of the examination by SEBI stated therein and reply received in the matter.

6. I note that the definition of Investment Adviser as given in Regulation 2(1)(m) of the IA Regulations, 2013 is as follows:

> "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) of IA Regulations, 2013 defines 'investment advice' as follows:

> "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;"

7. At the outset, I note that the complainant in his complaint dated November 09, 2018 has *inter alia* alleged the following:

    i. Mr. Surya from M/s Capital Gyan called him on his mobile and suggested him to register with them to get stock recommendations and earn profit in trading.
    ii. The complainant has paid Rs.1,05,000 to M/s Capital Gyan and also incurred loss of Rs.4,00,000 by trading based on the advice provided.
    iii. The complainant has contacted Mr. Surya and Mr. Pranay Kumar from M/s. Capital Gyan for refund of his money but they did not refund him his money but offered to provide stock tips to recover the loss incurred.
    iv. The complainant had paid the money to M/s. Capital Gyan through online payment gateway Easebuzz.

8. In view of the above-mentioned complaint, the KYC documents of the entity M/s. Capital Gyan were obtained from Easebuzz during the examination conducted by SEBI. From the KYC documents provided by Easebuzz payment gateway, it was observed that M/s.Capital Gyan was registered with Government of Karnataka as Commercial Establishment under Karnataka Shops and Establishments Act, 1961. The nature of business as per the Registration Certificate of Establishment issued by Government of Karnataka was 'Investment Advisory'. Mr. Pranay Kumar was mentioned as the proprietor

of M/s. Capital Gyan. Therefore, I find that Mr. Pranay Kumar was running the proprietorship firm Capital Gyan and together they are referred to as Noticee.

9. Further, during examination, the website of the Noticee, http://www.capitalgyan.com/ was accessed and *inter alia* the following content was observed on the website:

"

i. Capital Gyan is one of **the leading tips provider in India**. We have a specialized team of stock market analyst who study market daily, infact minute after minute. We don't mind whether market is bullish or bearish as we know how to deal with both of these in best way. Work as per our strategy and recommendations you will stay in profit.

ii. Capital Gyan Advisory is a fastest growing Investment Advisory Company. Capital Gyan provides recommendation in all segment of stock market like Capital Market, Commodity Market, Forex Market etc.

iii. Our vision is to provide our clients with wide-ranging, secured and finest financial solutions to achieve sustained growth. We aim to do this by being responsive towards our clients and strive relentlessly to improve. We at Dream Gains Financials- Investment Adviser want to be worthy of our customer's trust and provide them with the finest Stock and Commodity market tips.

iv. Our initial priority is our Investor and Daily Trader, thus we would like to thrill our consumer by adding additional and additional Height to their Capital and money. Bring Passion to figure, Be Disciplined, Committed & clear.

v. In stock cash tips we provide our clients accurate and timely intraday best stock tips which drive them to make maximum profit from the equity market. In stock cash tips we provide our clients accurate and timely intraday best stock tips which drive them to make maximum profit from the equity market. Calls are given for NSE Stock Cash Traders."

From the above, I note that the website claimed that Capital Gyan was an investment advisory company and provides recommendation in all segment of stock market like Capital Market, Commodity Market, Forex Market, etc.

10. I further note that the website of the Noticee was not functional as on March 06, 2020. However, the archived pages of the website (as on August 2018) were retrieved from www.archve.org and I note that the Noticee was providing investment tips specifically aimed at individual clients and their requirements. A few examples are as follows:

> "Stock Future Tips:
> In stock cash tips we provide our clients accurate and timely intraday best stock tips which drive them to make maximum profit from the equity market. In stock cash tips we provide our clients accurate and timely intraday best stock tips which drive them to make maximum profit from the equity market. Calls are given for NSE Stock Cash Traders.

Nifty Future Tips
Here we provide our client best Nifty Future and Bank Nifty future calls along with the important support & resistance levels. Nifty Futures Tips is especially designed for those traders who trade in index futures. In Nifty Futures Tips we provide our client best Nifty Future and Bank Nifty future calls along with the important support & resistance levels."

From the above, I find that the Noticee was providing recommendations or tips which were specifically designed to serve the requirement of individual clients. I also note that the Noticee on its website also mentioned HNI services, i.e. services specifically aimed at clients with high net worth. Therefore, I find that the Noticee was providing advice relating to purchasing and selling and dealing in securities for the benefit of individual clients, i.e it was providing investment advice.

11. I also find that the Noticee was offering investment advice through the the packages displayed on the website. Further, the pricing of the package was also mentioned on the website which implies that the Noticee was offering the investment advice to its clients *in lieu* of consideration. The details of the packages offered by the Noticee, as available on the website is as under

Scheme Name	***Price in Rs.***							
	Normal Service (1)				***HNI Service (2)***			
	Monthly	***Quarterly***	***Half Yearly***	***Yearly***	***Monthly***	***Quarterly***	***Half Yearly***	***Yearly***
Stock Cash	*7100*	*14300*	*21500*	*32100*	*24900*	*49900*	*76900*	*100000*
Stock Future	*7100*	*14300*	*21500*	*32100*	*24800*	*24800*	*74800*	*99800*
Nifty Future	*6100*	*12300*	*18500*	*25300*	*20800*	*41800*	*628000*	*838000*
Delivery	*5100*	*10300*	*16100*	*21500*	*N.A.*	*N.A.*	*N.A.*	*N.A.*
Nifty Options	*6700*	*13500*	*20300*	*28100*	*21800*	*43800*	*658000*	*87800*
Stock Options	*7400*	*14900*	*22400*	*29900*	*22800*	*45800*	*68800*	*91800*
Equity Combo	*13500*	*27100*	*40700*	*54700*	*59800*	*119800*	*179800*	*239800*
Bullions	*7100*	*14300*	*21500*	*32100*	*24800*	*49800*	*74800*	*99800*
Base Metals	*6700*	*13300*	*20300*	*28100*	*22800*	*45800*	*68800*	*91800*
Energy	*7100*	*14200*	*21500*	*32100*	*24800*	*49800*	*74800*	*99800*
MCX Combo	*14300*	*28700*	*43100*	*57500*	*69800*	*139800*	*209800*	*279800*
NCDEX	*16100*	*32300*	*48500*	*64700*	*N.A.*	*N.A.*	*N.A.*	*N.A.*

Scheme Name	***Price in Rs.***							
	Premium Service (3)				***Super Premium Service (4)***			
	Monthly	***Quarterly***	***Half Yearly***	***Yearly***	***Monthly***	***Quarterly***	***Half Yearly***	***Yearly***
Stock Cash	*10800*	*21800*	*32800*	*44800*	*17800*	*35800*	*53800*	*71800*
Stock Future	*10800*	*21800*	*32800*	*44800*	*17800*	*35800*	*53800*	*71800*
Nifty Future	*8800*	*17800*	*28100*	*38800*	*14800*	*29800*	*44800*	*59800*
Delivery	*7800*	*17800*	*23800*	*31800*	*N.A.*	*N.A.*	*N.A.*	*N.A.*
Nifty Options	*10100*	*20300*	*30500*	*40700*	*15800*	*31800*	*47800*	*63800*
Stock Options	*11100*	*22300*	*33500*	*44700*	*16800*	*33800*	*50800*	*67800*
Equity Combo	*20800*	*41800*	*62800*	*83800*	*39800*	*79800*	*119800*	*159800*
Bullions	*10800*	*21800*	*32800*	*48800*	*17800*	*49800*	*53800*	*71800*
Base Metals	*10100*	*20800*	*32800*	*45000*	*13800*	*35800*	*53800*	*71800*
Energy	*10800*	*21800*	*32800*	*48900*	*24800*	*49800*	*74800*	*99800*
MCX Combo	*27800*	*51900*	*77800*	*103000*	*69800*	*139800*	*209800*	*279800*
NCDEX	*22800*	*45800*	*68900*	*91800*	*39800*	*79800*	*119800*	*159800*

I note that the website of the Noticee provided payment option through the Easebuzz payment gateway.

12. From the discussion above, I find that:

A. The Noticee was holding itself out as an investment advisor, as mentioned on its website and registration certificate issued under Karnataka Shops and Establishments Act, 1961; and

B. The Noticee was providing investment advice *in lieu* of consideration.

Therefore, I find that the Noticee was acting as an investment adviser as envisaged in Regulation 2(1) (m) of the IA Regulations, 2013.

13. The KYC documents and bank account details of the Noticee was obtained from the Payment Gateway viz., Easebuzz. The bank account of the Noticee with ICICI Bank was identified from the KYC documents. The details available in the KYC form of the Noticee with Easebuzz and ICICI Bank are as follows:

Account Number & Bank	Account details	Address	Contact number and email id
004705011504 - ICICI Bank	Pranay Kumar, Proprietor of M/s. Capital Gyan PAN: BTFPK4872B AADHAR: 933827829310	No. 56, Ground floor, First Main,1st cross, behind Venkateshwara temple, Vysy bank layout, BTM 2nd stage, Bengaluru – 560076 S/o Mahesh Mishra, H.No. 16, Gandhi Road, Vidyapati Nagar, Baridhih Colony, East Singhbhum district, Jharkhand. 831017	9343555005 hkpraveen571@gmail.com
Easebuzz	Pranay Kumar, Proprietor of M/s. Capital Gyan BTFPK4872B	No. 56, Ground floor, First Main,1st cross, behind Venkateshwara temple, Vysy bank layout, BTM 2nd stage, Bengaluru - 560076	8150007654 contact@capitalgyan.com

14. A summary of transactions observed in the aforesaid ICICI bank account and payment gateway of the Noticee is tabulated as under:

Account Number & Bank	Statement period	Total Credits (Rs.)	No. of Credit Transactions	Last Credit Transaction date	Closing Balance
004705011504 - ICICI Bank	01/03/2017 to 20/11/2019	1,20,15,940	804	05/11/2019	0
Easebuzz	11/06/2018 to 27/08/2019	56,15,919	303	27/08/2019	0
	Total	**1,76,31,859**	**1,107**		
The Noticee's Easebuzz Account was connected to the ICICI Bank Account. The credit mentioned against the Easebuzz account is excluded from the total receipts in the ICICI Bank Account to avoid double counting.					

15. From the analysis of bank statements, the SCN has noted the following:

i. A total of 1107 credits were made from different sources into the said accounts since March 01, 2017.

ii. The total credits received in the aforesaid accounts is Rs. 1,76,31,859.

iii. It was also noticed from the banks statement that narration of the transactions had the terms Trading Advisory, for trading, options, futures, stock advice, tips, stocks advisory, trade advisory, professional fees etc. An illustrative list of transactions with such narrations in the ICICI Bank account of the Noticee is as under:

Date	Narration	Credit Amount (Rs.)
13-07-2017	BIL/001251059304/Trading advisary pay/NSP	4000.00

14-08-2017	BIL/001272638533/Profit share/NSP	280.00
29-08-2017	BIL/001281039280/for trade/NSP	1000.00
31-08-2017	BIL/001282372909/for trading/NSP	500.00
14-09-2017	BIL/001292635125/Future profit/NSP	5000.00
23-10-2017	BIL/001317483230/Stocks advice/NSP	5000.00
22-11-2017	BIL/001338030974/Tips/NSP	10000.00
23-11-2017	BIL/001338641999/share servises/NSP	5000.00
05-12-2017	BIL/001347002136/For Shares Reg/NSP	5000.00
22-01-2018	BIL/001378048179/Stocks advisory/NSP	11000.00
07-02-2018	BIL/001388630611/Fees paid/NSP	4680.00
01-03-2018	BIL/001402414290/Share service charge/NSP	15000.00
24-05-2018	BIL/001458011078/Trade Advisory/NSP	5500.00
01-06-2018	BIL/001462618865/Trade Advisory/NSP	100000.00
12-10-2018	BIL/INFT/001555033740/professionfees/CAPITAL GY/IC	25000.00

16. Further, the complainant has stated that he had paid money to the Noticee through online payment gateway Easebuzz. As noted in the SCN, the payment by the complainant is reflected in the statement provided by Easebuzz. The transaction details are given below:

Customer Name	Date of Transaction	Transaction Amount in Rs.	Transaction Id	Customer Email Id	Customer Contact No.
Nookala Prem Kumar	Sep 24, 2018	5000	9ZDWH2S9	Nukula.premkumar@gmail.com	7893444527
	Oct 11, 2018	60,000	284XEBD2		
	Oct 11, 2018	40,000	4L2ERYCB		
	Total	**1,05,000**			

17. In view of the aforesaid facts, I find that in terms of Regulation 2(1)(l) of IA Regulations, 2013, the Noticee was providing "investment advice" through the aforesaid website and acting as an "investments adviser", in terms of Regulation 2(1)(m) of IA Regulations, 2013. As noted above, the Noticee, while acting as investments adviser, received at least Rs. 1,76,31,859 in the bank Account No. 004705011504 with ICICI Bank which included amounts received through the Easebuzz gateway mentioned on its website.

18. I also note that, it is imperative that any person carrying out investment advisory activities has to 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:"

Regulation 3 (1) of the IA Regulations, 2013 read as follows:

> "3.(1) 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:
> …"

19. 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.

20. 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 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 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.

21. The activities engaged in by the Noticee, as brought out from the various materials described above, seen in the backdrop of the aforesaid regulatory provisions show that the Noticee was holding itself out and was acting as an investment adviser, although the Noticee was not registered with SEBI in the capacity of investment adviser. Hence, I find that these activities/ representations as were being made by the Noticee 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.

22. I note that the Noticee has collected Rs. 1,76,31,859 in bank Account No. 004705011504 with ICICI Bank, as discussed in para 14, above. The Noticee has not produced any material to show the sources of this fund. However, narrations of the remarks of most of the entries points towards fees for investment advisory services. The same may be considered by the Chartered Accountant on production of reliable proof by the Noticee while certifying the refunds made by the Noticee, as is being directed in para 24.

23. 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.

Directions

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

a) The Noticee shall within a period of three months from the date of coming into force of this order, refund the money received from any complainant/ investors, as fees or consideration or in any other form, in respect of their unregistered investment advisory activities;

b) The Noticee, 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 order;

c) The repayments to the complainants / investors 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;

d) After completing the refund as directed in para 24 (a) above, within a period of 15 days, the Noticee 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 by banking transactions, name of the parties, 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 Noticee. Thereafter, remaining amount, if any, will be deposited in the Investor Protection and Education Fund maintained by SEBI;

f) The Noticee is restrained from selling his assets, properties and holding of mutual funds/shares/securities held by him 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 to allow debit only for the purpose of making refunds to the clients/investors/complainants who were availing the investment advisory services from the Noticee and depositing balance amount with SEBI, as directed in this order, from the bank accounts of the Noticee;

g) The Noticee is 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 6 months from the date of this order or till the expiry of 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 24(a) and 24(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 24(f) above shall cease to operate within 15 days thereafter;

i) The Noticee shall not undertake, either during or after the expiry of the period of debarment/restraint as mentioned in para 24 (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.

25. The direction for refund and depositing the balance amount with SEBI, as given in para 24 (a) and (e) above, does not preclude the clients/investors to pursue the other legal remedies available to them under any other law, against the Noticee for refund of money or deficiency in service before any appropriate forum of competent jurisdiction.

26. This order comes into force with immediate effect.

27. A copy of this order shall be sent to the Noticee, 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: March 10, 2023 **ANANTA BARUA**

Place: Mumbai **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA