National Stock Exchange of India
Circular

Department: Investigation	
Download Ref No: NSE/INVG/56020	**Date: March 16, 2023**
Circular Ref. No: 70/2023	

To All NSE Members

Sub: **Final Order in the matter of M/s. E2P Services (Proprietor: Shri. Vikrant Sharma)**

SEBI vide its order no. WTM / SM/ WRO / WRO / 24650 / 2022-23 dated March 16, 2023 has hereby debarred following entity from accessing the securities market, directly or indirectly and is prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of two (2) years from the date of this order or till the expiry of two (2) years from the date of completion of refunds to complainants/ investors along with depositing of balance amounts, if any, with SEBI, as directed in sub-paragraph (i) and (v) of SEBI Order, whichever is later;

Sl. No	Name of the Entity	PAN
1	M/s. E2P Services and its Proprietor Vikrant Sharma	IYXPS4054P

Further, all open positions, if any, of the Entity in the F & O segment of the stock exchange, are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order.

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 at the below mentioned link:

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

National Stock Exchange of India

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. Rajkumar Jain (Extension: 23457), Mr. Anand Jangir (Extension: 22385)
Direct No: 022-26598417/18 Fax: 022-26598195

For and on behalf of
National Stock Exchange of India Limited

Anand Jangir
Manager

ANNEXURE: - Final Order in the matter of M/s. E2P Services (Proprietor: Shri. Vikrant Sharma)

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: S. K. MOHANTY, WHOLE TIME MEMBER

ORDER

UNDER SECTION 11(1), 11(4), 11(4A), 11B, 11B (1) AND 11B (2) OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995 IN THE MATTER OF M/S. E2P SERVICES (PROPRIETOR: SHRI VIKRANT SHARMA)

In respect of:

Sr. No.	Name of the Noticee	PAN
1.	**M/s. E2P Services and its Proprietor Vikrant Sharma**	**IYXPS4054P**

Background

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") received a complaint vide an email dated February 16, 2021 against **M/s. E2P Services** (for short ***"E2P"***) and its proprietor **Mr. Vikrant Sharma** (for short ***"Vikrant"***) (hereinafter collectively referred to as the "***Noticee***") wherein, *inter alia*, it was stated that the *Noticee* cheated the complainant by promising higher returns on investment made in the securities market as per its advisory services. It was further stated in the complaint that as per the instructions of the *Noticee*, the complainant had transferred a total amount of INR 24,500/- to the *Noticee* during November 4, 2020 to December 13, 2020. Taking into cognizance the aforesaid complaint, SEBI initiated an examination into the matter, which, *inter alia*, revealed the following facts with respect to the activities of the *Noticee:*

a) It was gathered from the examination that the *Noticee* was hosting a website, viz: www.e2pservices.live which, *inter alia*, proclaimed that "*E2P Services, a trusted name in the financial services arena, provides you with the entire gamut of financial services under one ceiling….We are here to help you to grow your financial position by Short-Term investing or Trading in Indian Stock Market. Our flexible packages are so suitable to everybody, so you can choose our packages as per your requirement. We provide trade alerts via sms every day and live tips";*

b) The *Noticee* through its website also claimed to provide investment advisory services in equity, derivatives, and commodity segments such as Stock Cash Basic, Stock Cash Golden, Stock Cash Rhodium, Stock Future Basic, Stock Future Golden, Stock Future Rhodium, Stock Future Jackpot, Stock Option Basic, Stock Option Golden, Stock Option Jackpot, Stock Option Rhodium, Nifty Futures, Nifty Options, MCX, HNI, BTST/STBT etc. The aforesaid website further contained details of various service packages of different durations which were being provided by the *Noticee* on Monthly / Quarterly/Half Yearly / Yearly basis.

c) It was gathered during the examination that a payment had been made by the complainant to the *Noticee* through Phonepe payment gateway. From further examination, it was revealed that the aforementioned Phonepe payment gateway was linked to two bank accounts of Bank of Maharashtra viz: - A/c no. 603XXXX7134 under the name of *E2P* and A/c no. 603XXXX5015 under the name of *Vikrant*. In this respect, from the Know Your Customer (KYC) and Account Opening Form (AOF) documents as provided by the Bank of Maharashtra, it was revealed that the aforementioned two bank accounts were in fact held in the name of the *Noticee*.

d) From the analysis of bank account statements of the aforementioned two bank accounts, it was observed that the various credit entries in the said bank accounts carry narration such "*Registration fees*", "*Payment for services*", "*One-time fee*", "MCX Call", "Intraday Service" etc.

e) Further analysis of the aforementioned bank account statements show that the total amount credited during the period commencing from September 29, 2020 to May 24, 2021 in the above cited 2 bank accounts stood at INR 75,68,994/-.

f) As stated above, the credit entries in the aforementioned two bank accounts carry such narrations which *prima facie* indicate that the *Noticee* has apparently received those amounts towards fees from the investors against providing stock recommendations, whereas the fact remains that the *Noticee* was not registered with SEBI in any capacity under SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as "*IA Regulations, 2013*").

Show Cause Notice, Reply and Hearing

2. On the basis of the aforesaid factual observations, the evidence gathered during the examination and considering the *prima facie* illegal nature of the activities being undertaken by the *Noticee*, a Show Cause Notice dated August 29, 2022 (hereinafter referred to as "**SCN**") was issued by SEBI to the *Noticee*. It is alleged in the SCN that the *Noticee* has carried out investment advisory activities without obtaining necessary registration from SEBI and that the *Noticee* by engaging in acts of rendering investment advisory without having SEBI's registration, has violated the provisions of Section 12(1) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred as '*SEBI Act, 1992*') read with regulation 3(1) of *IA Regulations, 2013*. SCN further calls upon the *Noticee* to show cause as to why suitable directions should not be issued to it under Section 11(1), 11(4) read with Section 11B (1) of the *SEBI Act, 1992* and further calls upon to

show cause as to why inquiry should not be held into its affairs in terms of Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 and penalty be not imposed upon it under Sections 11 (4A), 11B (2) read with Section 15EB of the *SEBI Act, 1992* for committing the aforesaid violations.

3. I note from the records available before me that the SCN was duly served upon the *Noticee* through Speed Post Acknowledgement Due (SPAD) on 07.09.2022. I note that an email dated 26.09.2022 was received by SEBI from email id '*addvikrant.sharma@gmail.com*' seeking time of 80 days to file his reply to the SCN. However, the *Noticee* did not file any reply/objections to the SCN, even till date. Nevertheless, in conformity with the principles of natural justice, an opportunity of personal hearing was provided to the *Noticee* by scheduling the hearing on 06.12.2022. I note that the hearing notice was delivered upon the *Noticee* through SPAD. I note that SEBI received an email from email *addvikrant.sharma@gmail.com* seeking an adjournment of the personal hearing. It was noted from the records that the said email id was not available in the records of SEBI as a registered email id of the *Noticee*. Therefore, in order to authenticate the veracity of the said email id and the request of adjournment made in the aforesaid email, SEBI vide a reply email dated 06.12.2022, requested for a copy of any Identification proofs (IDs) of the *Noticee*, which the *Noticee* failed to provide. Further, on the day of personal hearing, phone calls were also made to the mobile number 6260000441 (as registered with the Bank of Maharashtra A/c of the *Noticee*) of *Noticee* in order to coordinate with the *Noticee* for virtual (video conferencing) hearing. However, *Noticee* neither responded to the calls nor to the aforesaid email addressed to the email address i.e. *addvikrant.sharma@gmail.com* and no one appeared before me on the scheduled date of hearing on behalf of the *Noticee*. Under the circumstances, I observe that principles of natural justice have been adequately complied with in the present matter, and as the *Noticee* has preferred not to participate in the present proceedings before me for reasons best known to it, I am constrained to deal with the matter on merit, based on the materials available on record.

Consideration of Issues and Findings

4. Considering the factual findings from the examination and the allegations levelled against the *Noticee* in the SCN based on such findings, I find that the following issue requires consideration:

Whether the acts of the Noticee as imputed in the SCN, have resulted in the violation of the provisions of SEBI Act, 1992 read with IA Regulations, 2013 while providing the services related to Investment Advisory without having proper registration?

5. Before adverting to the facts of the case to deal with the aforesaid issue, it is apposite to refer to the relevant provisions of law, the violations of which have been alleged against the *Noticee* in the SCN. Such provisions are reproduced herein for ready reference:

SEBI Act, 1992

Section 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:"

SEBI (Investment Adviser) Regulations, 2013

Regulation 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"

6. As stated in the beginning, SEBI had received a complaint *inter alia* alleging that the *Noticee is* involved in collecting fees from investors by selling to them various investment plans and the SCN accordingly alleges that the *Noticee* was involved in unregistered Investment Advisory activities. In this regard, from

further scrutiny, it has emerged that *Noticee* was hosting a website called www.e2pservices.live to carry out its investment advisory services in an unauthorised manner. As per the information gathered from the above mentioned website of the *Noticee,* it was observed that the *Noticee, inter alia*, made the following proclamations through its website:

> ***"About Company***
> *E2P Services, a trusted name in the financial services arena, provides you with the entire gamut of financial services under one ceiling...*
> *We are here to help you to grow your financial position by Short-Term investing or Trading in Indian Stock Market. Our flexible packages are so suitable to everybody, so you can choose our packages as per your requirement. We provide trade alerts via sms every day and live tips."*

7. The *Noticee* through its website also claim to provide investment advisory services in equity, derivatives, and commodity segments such as Stock Cash Basic, Stock Cash Golden, Stock Cash Rhodium, Stock Future Basic, Stock Future Golden, Stock Future Rhodium, Stock Future Jackpot, Stock Option Basic, Stock Option Golden, Stock Option Jackpot, Stock Option Rhodium, Nifty Futures, Nifty Options, MCX, HNI, BTST/STBT etc. An illustration of one such service provided by the *Noticee* as retrieved from its website is as follows:

> *"Nifty Future*
> *Nifty Futures Tips is one of our Premium Product. This product is especially designed keeping in view the trader's focus and clients' feedback. In Nifty Futures Tips we provide you with Nifty Levels, Nifty Calls along with Bank Nifty Tips….*
> *You would be getting complete strategy along with Targets & SL much before time so as to make sure that you execute trade perfectly for Maximum Profits.*
> *………….*
> *Sample Calls*

- *<u>BUY NIFTY FUTURE</u> ABOVE 8800 TG1-8840 TG2-8900 SL BELOW 8750"*

8. The records before me also show that the *Noticee* had come out with a schedule of fees (notified through its website) that would be charged from the investors in lieu of its advisory services. In this respect, an illustrative table indicating the prices of the services being offered as per duration of such services, as mentioned on the website of the *Noticee,* is given below:

Equity Cash	
Duration	**Amount**
Quarterly	25000
Half Yearly	40000
Yearly	75000

9. As already recorded earlier in this Order, it was unearthed during the SEBI's examination that the Phonepe Gateway on which the complainant had transferred the money was linked to following two bank accounts held with Bank of Maharashtra:

S No	Name of bank	Account number	Account Type	Holder name
1	Bank of Maharashtra	603XXXX7134	Current Account	E2P Services
2	Bank of Maharashtra	603XXXX5015	Savings Account	Vikrant Sharma

10. From a further examination of the Account Opening Forms, KYC details and statements of the abovementioned bank accounts, it was revealed that the aforesaid bank accounts belonged to the *Noticee* only. From an analyses of the bank entries in the aforementioned two bank accounts, various narrations like "trade, fast track services, tips, registration fees, market call, MCX call, tips charge, intraday advice, trade fees, share market fee, investment etc. were noticed to have

been recorded against the credit entries in the abovementioned bank accounts. An illustrative list of such narrations supporting the deposits of money into the aforementioned two bank accounts on various sample dates is presented below:

For Account No: 603XXXX7134 (E2P services)

Date	Description	Amount (in INR)
09-Nov-20	UPI 031418808967 Trade services	6,000.00
12-Nov-20	UPI 031712617821 Payment for services	3,000.00
19-Nov-20	UPI 032418485697 MCX call	10,000.00
25-Nov-20	UPI 033009581638 Fee	50,000.00
26-Nov-20	UPI 033116426301 For Fast Track Tips	3,000.00
27-Nov-20	UPI 033212647546 Trade advice	5,000.00
27-Nov-20	UPI 033212123986 For Fast Track service	17,000.00

For Account No: 603XXXX5015 (Vikrant Sharma)

Date	Description	Amount (in INR)
22-Oct-20	UPI 029650570536 commodity services	11,000.00
24-Oct-20	UPI 029814127314 Fees for intraday research	1,100.00
27-Oct-20	UPI 030116310348Fees for Educational tips	10,000.00
28-Oct-20	UPI 030209344989 MCX call	3,000.00
30-Oct-20	UPI 030411422890 tipscharge	2,500.00
31-Oct-20	UPI 030514186256 Intraday advice	1,000.00
02-Nov-20	UPI 030714484751 Educational Tips Teeps	25,000.00
02-Nov-20	UPI 030714409801 Trade fees	5,000.00

11. It is noted from the aforesaid tables that on various occasions, credits have been received into the two bank accounts of the *Noticee* viz: 603XXXX7134 and

603XXXX5015 with narrations such as '*Trade services*', '*tips charge*' '*MCX call*', '*Fees for intraday research*', '*commodity services*', etc. From the aforesaid facts, it is ascertained that *E2P*, which is the proprietorship concern of *Vikrant* was definitely engaged in rendering advisory activities relating to securities market to clients/investors against monetary consideration and such activities of providing advisory services relating to investing in, purchasing, selling or otherwise dealing in securities and various other investment products of securities, as was proclaimed by the said firm through its website i.e. www.e2pservices.live, were being carried out in an unauthorized manner without having a SEBI registration. At this juncture, it is pertinent to look at the definition of Investment Adviser (or short "**IA**") as articulated in regulation 2 (1) (m) of the *IA Regulations, 2013* which states that 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, I have also perused regulation 2(1)(l) of the *IA Regulations, 2013* which defines Investment Advice as "*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."*

12. In the light of the aforesaid definitions read with the contents published and proclaimed on the website of the *Noticee* as well as the allegations imputed in the *SCN*, I note that the *Noticee*, through its website has made sufficiently clear to the public at large that it was engaged in offering investment advice as defined under regulation 2(1)(l) of the *IA Regulations, 2013* and through the said website it was offering to give investment advice related to purchasing and selling of securities as well as offering various service packages to investors at large, for subscription to

securities which were nothing but offering of investment advisory services to the public.

13. The SCN has very aptly recorded that the unregistered investment advisory services were being offered by the *Noticee* in lieu of monetary considerations which were being paid by the concerned investors into the aforementioned two bank accounts opened and maintained with the Bank of Maharashtra. I note that the bank account held in the name of *E2P* bearing account number 603XXXX7134 was credited with a total amount of INR 36,87,059 /- from the date of opening of the said account, i.e., October 29, 2020 till May 24, 2021. Similarly, bank account number 603XXXX5015 held in the name of Vikrant received an aggregate amount of INR 38,81,935 /- through various entries from the date of opening of account, i.e., September 29, 2020 till February 12, 2021. In view of the above, the examination reveals that a total amount of INR 75,68,994/- has been received in the aforementioned two bank accounts of the *Noticee* maintained with Bank of Maharashtra. I also note that the account number 603XXXX7134 and 603XXXX5015 also duly reflected the payments of INR 19,500/- made by the complainant.

14. In the light of the aforesaid findings, representations made by the *Noticee* through its website holding itself out to the public as an Investment Advisor, narrations from the credit entries in the two bank accounts of the *Noticee* supporting the fees / payments received by the *Noticee* against rendering investment advisory services as well as the allegations imputed in the SCN, I find that the *Noticee* had clearly represented itself as an investment advisory firms who caters & delivers the best stock recommendations in Equity Market and Commodity Market and offers *flexible / customization to provide trade alerts*. Considering the aforesaid factual findings that led to the commencement of the instant proceedings, it leaves no doubt in my mind that the above noted activities indulged in by the *Noticee,* squarely satisfy the conditions for identifying that *E2P* was engaged in providing investment advisory services to investors of securities

market within the meaning of regulation 2(1)(l) of the *IA Regulations, 2013*. The above observation further finds strength from the fact that the *Noticee* has till date, not placed any records / evidences contrary to the allegation made in the SCN so as to deny the above finding and allegations about it being engaged in offering investment advice as defined under regulation 2(l) of the *IA Regulations, 2013.* Thus there is nothing on record to dispute that the *Noticee* was offering advices to the investors, related to investing in, purchasing and selling of securities and was also offering various service packages to the investors for subscription into those packages for availing investment advisory services from the *Noticee* as per the terms of those packages.

15. It is important to note that before the issuance of the SCN, SEBI at the time of examination, vide letters August 03, 2021, advised the *Noticee* to provide the details of the clients who have availed its investment advisory services and the amounts collected from such clients in the aforementioned Bank of Maharashtra account nos. 603XXXX7134 and 603XXXX5015. The aforesaid letters were sent to the addresses of the proprietorship firm and to the Proprietor. However, the *Noticee* has till date, not submitted any reply with regard to information sought about the fees received against its Investment advisory activities even after receiving the letter. As pointed out above, with respect to the allegations made in the SCN, till now no submissions have been put forth by the *Noticee*. At this juncture, I find it apt to refer to and rely on the observation of the Hon'ble Securities Appellate Tribunal (for convenience "SAT") in the case of *Sanjay Kumar Tayal & Others v SEBI (Appeal No. 68 of 2013- DoD- 11.02.2014),*wherein the Hon'ble SAT has observed that–"*……As rightly contended by Mr. Rustomjee, learned senior counsel for respondents, appellants have neither filed reply to show cause notices issued to them nor have availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges levelled against them in the show cause notices…*

16. Considering the afore-discussed factual analysis about the activities engaged in/services rendered by the *Noticee* as proclaimed by it on its own website, observations from the narration of the credit entries in the bank accounts of the *Noticee,* the examination of bank accounts statements of the *Noticee* (supported by the KYC) and most importantly, the fact remains that there has been no denial or objection to the charges/allegations levelled in the SCN as the *Noticee* has not filed any reply in response to the allegations made in the SCN nor has advanced any explanations before me refuting the alleged acts. I have also noted that the *Noticee* has chosen not to avail the hearing scheduled on December 06, 2022 (which it failed to attend). Under the circumstances, having considered the materials on record, I find that the evidences are more than sufficient to bring home the allegations and there is no scope for any doubt to conclude that the alleged activities of the *Noticee* squarely fall under the category of 'investment advisory services' as defined under regulation 2 (1)(l) of the *IA Regulations, 2013*.

17. Further, considering the fact that the website of the *Noticee* clearly showed that its services were in the nature of investment advisory services coupled with the fact that the two bank accounts of the *Noticee* have received an aggregate deposits worth of INR 75,68,994/- during the period of September 2020 to May 2021, it leads to an unassailable conclusion that the said proceeds and credit entries as reflected in the two Bank of Maharashtra accounts (603XXXX7134 and 603XXXX5015) of the *Noticee* were in fact the fees that were received towards consideration for providing the advisory services offered by the *Noticee* to the public through its website. Thus, the records before me are self-evident of the fact that the *Noticee* was engaged in offering investment advice to the investors in lieu of subscriptions purchased/fees paid by the investors through its website. The *Noticee,* by preferring to abstain from the personal hearing and further by choosing not to file any reply or written submission to rebut the allegations and observations recorded against it in the SCN, and by not even making an attempt to suggest that the money received by it in the above referred bank accounts

pertained to some activities other than the investment advisory activities, has made it clear that it has no explanation to offer in its defense. Under the circumstances, I find that based on consideration of materials on record, it can be safely held that the entire amount of INR 75,68,994/- credited in the two Bank of Maharashtra accounts (603XXXX7134 and 603XXXX5015) of the *Noticee* represented nothing but the fees received by the *Noticee* from its business of investment advisory services.

18. Therefore, there is no ambiguity left that *Noticee was* engaged in the business of providing investment advice to the public, in lieu of monetary consideration and was thus, acting as an 'investment adviser', as defined under regulation 2(m) of the *IA Regulations, 2013*.

19. At this juncture, 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* provide for 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 the Investment Advisor from entering into transactions in securities himself, which are contrary to the advice given to the clients at least for 15 days from the date of giving such 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. In order to ensure protection of investors' interest who desire to receive investment advice from various Investment Advisors, it is imperative that any person carrying out investment advisory activities has to necessarily obtain registration from SEBI and has to conduct its activities in accordance with the provisions of the relevant SEBI Regulations. However, the activities engaged in by the *Noticee*, as brought out from the various materials described above including its website, bank accounts, complaint, etc. seen in the backdrop of the aforesaid regulatory provisions, show that the *Noticee* was acting as IA, although the *Noticee* was not registered with SEBI in the capacity of an IA. 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 blatant violation of Section 12(1) of *SEBI Act, 1992* read with regulation 3(1) of the *IA Regulations, 2013*.

21. Having made the observation qua the role of the *Noticee*, it is also noticed that the instant proceedings also call upon for imposing of monetary penalty in terms of relevant provisions of laws for the violation alleged in the SCN. Extracts of these penalty provisions are provided hereunder for ready reference:

> ***Section 15EB of the SEBI Act, 1992***
>
> ***"Penalty for default in case of investment adviser and research analyst***
>
> *Where an investment adviser or a research analyst fails to comply with the regulations made by the Board or directions issued by the Board, such investment adviser or research analyst shall be liable to penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees."*
>
> ***Section 15J of the SEBI Act, 1992***:

"Factors to be taken into account while adjudging quantum of penalty.

15J. While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely: —

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default.

Explanation. — For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section."

22. In my view, unregistered investment advisors, like the *Noticee* in the present case, can put the interest of the investors at great risk by misleading them or mis-utilising their funds to the detriment of the interest of the investors. Accordingly, I deem it fit to issue direction imposing monetary penalty on the *Noticee* for committing the above mentioned violations. I understand that the materials available on record do not indicate the exact amount of fees collected by the *Noticee*, as a result of providing such investment advice to investors in violation of the provisions of the *IA Regulations, 2013*. However, the SCN records that the *Noticee* has received an aggregate credits worth of INR 75,68,994/- in its two Bank of Maharashtra accounts (603XXXX7134 and 603XXXX5015). In any case, from the complaint that was received by SEBI against the *Noticee,* it is observed that the *Complainant* had claimed that he had paid money to the *Noticee*, for availing investment advisory services from the *Noticee*, which further reinforces the unauthorised investment advisory services being carried out by the *Noticee,*

holding out false promises to induce the innocent investors. Under these circumstances, I deem it fit to impose a suitable penalty on the *Noticee* for the above mentioned violations, by invoking provisions of Section 15EB of the *SEBI Act, 1992*.

23. In view of the foregoing, I, in exercise of the powers conferred upon me in terms Sections 11(4), 11B (1) and 11B (2) read with Section 15 EB and Section 19 of the *SEBI Act, 1992*, hereby direct that:

i. The *Noticee* shall, within a period of three months from the date of this Order, refund the money (approximately INR 75,68,994/- as indicated at paragraph 22 of this Order) received from the clients / investors / complainants, as fees or consideration or in any other form, in respect of its unregistered investment advisory activities;

ii. To give effect and implement the above direction, 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 its contact person such as names, addresses and contact details including email id and phone number, within 15 days of coming into force of this Order;

iii. The repayments to the clients/investors / complainants 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;

iv. After completing the refund as directed in sub-paragraph (i) above, within a further period of 15 days thereafter, the *Noticee* shall file a report detailing out the amounts so refunded by it to SEBI, addressed to the Division Chief, Division of Registration-2, Market Intermediaries Regulation and Supervision Department (MIRSD), Division of Registration-2, SEBI Bhavan II, Plot No. C7 G Block, Bandra Kurla

Complex, Bandra (East) Mumbai –400051. The said report should be duly certified by an independent Chartered Accountant indicating entity wise details to whom refunds have been issued such as name, amount refunded, communication address, mobile numbers, telephone numbers, etc. alongwith the mode of payment by banking transactions duly supported by the certified copy of bank statements;

v. The remaining balance amount, if any, (after returning to the investors / clients / complainants out of the said INR 75,68,994/-, in case claims so received fall short of the amount of INR 75,68,994/- 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 balance amount if any, which could not be returned to the clients / investors / complainants, will be deposited in the Investors Protection and Education Fund maintained by SEBI;

vi. The *Noticee* is restrained from selling its assets, properties and holding of mutual funds/shares/securities held by it in demat and physical form except for the sole purpose of making the refunds as directed above. Further, the banks are directed to allow debit only for the purpose of making refunds to the clients/investors who were availing the investment advisory services from the *Noticee* as directed above and for the purpose of depositing the balance amount with SEBI, as directed in this Order, from the bank account of the *Noticee*;

vii. The *Noticee* is debarred from accessing the securities market, directly or indirectly and is prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of 02 (two) years from the date of this Order or till the expiry of 02 (two) years from the date of completion of refunds to complainants/ investors along with depositing of balance amounts, if any, with SEBI as directed in sub-paragraph (i) and (v) above, whichever is later;

viii. Mr. Vikrant Sharma is restrained from associating with any company whose securities are listed on a recognized stock exchange and any company which intends to raise money from the public, or any intermediary registered with SEBI in any capacity for a period of 02 (two) years from the date of this Order or till the expiry of 02 (two) years from the date of completion of refunds to complainants/ investors along with depositing of balance amounts, if any, with SEBI as directed in sub-paragraph (i) and (v) above, whichever is later;

ix. The *Noticee* shall not undertake, either during or after the expiry of the period of debarment/restraint as mentioned in sub-paragraph (vii) and (viii) above, either directly or indirectly, investment advisory services or any other activity in the securities market without obtaining a certificate of registration from SEBI as required under the securities law;

x. Upon submission of report on completion of refunds to complainants/ investors to SEBI and after depositing the balance money with SEBI, if any, the direction at sub-paragraph (vi) above shall cease to operate within 15 days thereafter;

xi. The *Noticee* shall resolve all the complaints pending against it and file a report of such resolution with SEBI addressed to the Division Chief, Division of Registration-2, Market Intermediaries Regulation and Supervision Department (MIRSD), Division of Registration-2, SEBI Bhavan II, Plot No. C7 G Block, Bandra Kurla Complex, Bandra (East) Mumbai –400051. The aforesaid report shall be filed along with the report as contemplated under sub-paragraph (iv) above, within a period of 30 days, from the date of this Order;

xii. In light of my above observations and considering the factors mentioned under Section 15J of the *SEBI Act, 1992*, I, hereby imposed a monetary penalty of INR 02 (two) lacs on the *Noticee* under Section 15EB of the *SEBI Act, 1992. Noticee* shall pay the aforesaid monetary penalty within 45 days from the date of receipt of this Order. The *Noticee* shall remit / pay the said amount of penalty either by way of Demand Draft in favour of "SEBI -Penalties Remittable to Government of India", payable at Mumbai, or through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of Chairman/ Members -> PAY NOW. In case of any difficulties in online payment of penalties, the *Noticee* may contact the support at portalhelp@sebi.gov.in. The demand draft or the details/ confirmation of e-payment should be sent to "The Securities and Exchange Board of India, SEBI Bhavan II, Plot no. C-7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051" and also to e-mail id:- tad@sebi.gov.in in the format as given in table below:

Case Name	
Name of Payee	
Date of Payment	
Amount Paid	
Transaction No.	
Payment is made for : (like penalties /disgorgement /recovery/settlement amount/legal charges along with order details)	

24. The direction for refund, as given in paragraph 23 (i) and 23 (v) above, does not preclude the clients/investors of the *Noticee* from pursuing 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.

25. This Order shall come into force with immediate effect.

26. Obligation of the *Noticee*, in respect of settlement of securities, if any, purchased or sold in the cash segment of the recognized stock exchange (s), as existing on the date of this Order, can take place irrespective of the restraint/prohibition imposed by this Order, only in respect of pending unsettled transactions, if any. Further, all open positions, if any, of the *Noticee* in the F & O segment of the stock exchange, are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order.

27. It is further clarified that during the period of restraint, the existing holding of securities including the holding of units of mutual funds of the *Noticee* shall remain frozen.

28. A copy of this Order shall be served upon the *Noticee*. A copy of this Order shall also be forwarded to:

i. All the recognized Stock Exchanges, Depositories, Banks and Registrar and Transfer Agents for necessary compliance with the above directions; and

ii. The Government of Madhya Pradesh for action, if any.

Sd/-

DATE: MARCH 16, 2023 **S. K. MOHANTY**

PLACE: MUMBAI **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA