National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/56901	**Date: May 31, 2023**
Circular Ref. No: 136/2023	

To All NSE Members

Sub: SEBI Final Order in the matter of Technical Stock Research

SEBI vide its Order no. WTM/SM/WRO/WRO/26994/2023-24 dated May 31, 2023, has hereby restrained below entities 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 06 months from the date of this Order or till the expiry of 06 months from the date of completion of refunds to investors as directed in paragraph 37.1 above SEBI order, whichever is later.

Sr. No.	Name of the Entity	PAN
1	Mr. Rakeshbhai Hansrajbhai Pansuriya, Partner of M/s Technical Stock Research	BBIPP8130L
2	Mr. Jaydip V Sidapara, Partner of M/s Technical Stock Research	CXPPS1622E

SEBI vide above order has directed that obligation of above entities, 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 Noticees 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 (Securities and Exchange Board of India (sebi.gov.in)

National Stock Exchange of India

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 email us at dl-invsg-all@nse.co.in

Mr. Kashish Goyal (Extension: 25187), Mr. Sandesh Sawant (Extension: 23335)
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For and on behalf of
National Stock Exchange of India Limited

Sandesh Sawant
Senior Manager

ANNEXURE: - SEBI Final Order in the matter of Technical Stock Research

SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: S. K. MOHANTY, WHOLE TIME MEMBER

ORDER

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

In respect of

Sl. No.	Name of the Noticee	PAN
1.	Mr. Rakeshbhai Hansrajbhai Pansuriya, Partner of M/s Technical Stock Research	BBIPP8130L
2.	Mr. Jaydip V Sidapara, Partner of M/s Technical Stock Research	CXPPS1622E

Background

1. Based on market intelligence received regarding possible unregistered investment advisory activities of Technical Stock Research (hereinafter referred to as '***Firm***'), Securities and Exchange Board of India (hereinafter referred to as '**SEBI**'), commenced its examination and in the process, the website of the *Firm* *www.technicalstock.in* was scrutinized and it was noticed that the above website contained information and declaration that the *Firm* was providing stock tips related services through the aforementioned website and further, it was also disclosed that its services assured high return from equity market, Futures and Options and commodities market.

2. On the basis of such prima-facie observations, SEBI carried out further examination to ascertain as to whether any unregistered investment advisory

activities are being carried out through the aforementioned website or under the name of the *Firm*.

3. Initially it was observed that the website of the *Firm* showed having a bank account opened and maintained with the State Bank of India (hereinafter referred to as '**SBI**') bearing Account Number 37XXXXXXX50 for receiving fee/consideration against providing the services that were being offered on the aforementioned website. Further examination of this account showed that it was opened at Kalvad Road, Rajkot branch of SBI.

4. From the perusal of Account Opening Form (in short '**AoF**') and KYC documents as made available from the records of SBI, it is observed that the aforesaid bank Account Number 37XXXXXXX50 is a Current Account opened in the name of the *Firm* wherein funds were being deposited in its name.

5. During the course of examination, it was also noticed that the website of the *Firm* became inactive. Therefore, an examination of cached pages of the said website of the *Firm* as recovered since 2013 onwards, was undertaken. Such examination of the cached pages of the website of the *Firm* showed that different bank accounts were displayed on its website at different periods of time for receiving funds from the clients. A list of all those bank accounts was prepared and it was noticed that the *Firm,* over a period of its operation, had opened 5 other bank accounts in its name along with the aforementioned SBI Account. In total, the *Firm* had opened the following 6 different bank accounts during the course of its operation, wherein, fee/consideration was received from investors. The list of these 6 bank accounts along with their current status is as following:

Table 1: List of Bank Accounts of the *Firm*

Name	Bank	Account No.	Current status	Authorised Signatory
Technical Stock Research	HDFC Bank	502XXXXXXXXX11	Dormant	Rakeshbhai Hansrajbhai Pansuriya
Technical Stock Research	HDFC Bank	502XXXXXXXXX86	Closed on 25.07.2017	Rakeshbhai Hansrajbhai Pansuriya
Technical Stock Research	ICICI Bank	015XXXXXXX40	Closed on 22.08.2017	Rakeshbhai Hansrajbhai Pansuriya
Technical Stock Research	SBI	33XXXXXXX81	Closed on 15.11.2018	Rakeshbhai Hansrajbhai Pansuriya and Jaydip V Sidapara
Technical Stock Research	Axis Bank	914XXXXXXXXX714	Dormant	Rakeshbhai Hansrajbhai Pansuriya and Jaydip V Sidapara
Technical Stock Research	SBI	37689022450	Active	Rakeshbhai Hansrajbhai Pansuriya

6. Along with these bank accounts, it was noticed that the *Firm* was also collecting funds through its account with PayU Money (which was eventually linked with SBI Account No. 33XXXXXXX81) and PayTM also.

7. In view of the above findings, the Account Opening Form (in short '**AoF**') and KYC documents pertaining to the above 6 bank accounts were also examined by

SEBI and it was noticed that the *Firm* was being shown as a sole proprietorship concern in some of the bank accounts with Mr. Rakeshbhai Hansrajbhai Pansuriya (hereinafter referred to as '***Noticee no. 1***') as its sole proprietor and in two bank accounts with SBI and Axis Bank, the *Firm* was shown as partnership concern with Mr. Jaydip V Sidapara (hereinafter referred to as "***Noticee no. 2***") as a partner along with *Noticee no. 1*.

8. It was further observed during the examination that neither of the *Noticees* nor the *Firm* was registered with SEBI to act as an Investment Adviser or in any other capacity in the securities markets.

9. It was observed that the *Noticees,* at the time of inviting the investors to invest in securities market as per various types of investment advisory services rendered by them through their website (of the *Firm*) viz. *www.technicalstock.in*, were also making tall claims before the public through the aforementioned website *inter alia* as '*TSR. Provide high accuracy services in a live market…*', '*The technical stock has 10* (years) *markets experience so you get the market maximum benefit and make a good profit*', '*over 90% accuracy*' etc. Such claims were supplemented with apparently false and misleading statements such as '*1000+ customers in 25+ different city's work with technical stock, with supper jackpot*' (sic) etc.

10. It is noted from the material available on record that the above mentioned website contained disclosure that the *Noticees* had provided various kinds of advisory services or investment products pertaining to the securities market against which it was charging corresponding fees/consideration, as indicated in the website of the *Firm*, which are as follows:

Table 2: Subscription plans:

S. No.	Product/Scheme	20 calls	35 calls	52 calls
1	Cash Intraday premium tips	27000	43000	64000
2	Future jackpot tips	33900	51000	69000
3	Nifty intraday premium tips	23900	34000	48500
4	Call put option premium tips	22600	31200	37300
5	MCX Gold Silver jackpot tips	36000	58000	73600
6	MCX Base metal jackpot tips	31000	46900	56800
7	MCX Energy jackpot tips	28500	38500	56500

S. No.	Product/Scheme	45 calls	65 calls	95 calls
1	Equity premium cash future nifty tips	56000	82000	110000
2	MCX combo jackpot tips	65800	91000	125000

11. The examination of the aforementioned six bank accounts along with the statement of the account of the *Firm* with PayTM showed that funds were being collected by the *Firm* through the aforementioned accounts since 2013 and in due course, a total sum of INR 35,37,192 was credited/received in the abovementioned 6 bank accounts during the period of operation of the website of the *Firm.*

12. On the basis of the aforesaid findings from the examination, the evidence so gathered during examination and considering the sensitive nature of the alleged illegal advisory activities being undertaken by the *Noticees*, a Show Cause Notice (hereinafter referred to as "**SCN**") dated September 28, 2021 was issued to the *Noticees no. 1 and 2* whereby it was alleged that by carrying out investment advisory services without being registered with SEBI, they have violated the provisions of

Regulation 3(1) of Securities and Exchange Board of India (Investment Advisors) Regulations, 2013 (hereinafter referred to as '**IA Regulations**') read with Section 12(1) of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**'). In view of this, the *Noticees* were called upon to show cause as to why suitable directions should not be issued against them under the provisions of Sections 11(1), 11B(1) and 11(4) of SEBI Act.

13. In this regard, the *Noticees* were provided with an opportunity to submit their respective replies, if any, within 21 days from the date of delivery of the SCN and they were also provided with an opportunity of personal hearing on a date and time to be fixed on a specific request to be made by them, in that regard.

14. I note from the records available before me that the SCN was delivered to the addresses of both the *Noticees* at their respective addresses in Rajkot, Gujarat, as obtained from their KYC and AoF documents submitted by various banks to SEBI. The SCN was delivered to *Noticee no. 1* on October 01, 2021 and to *Noticee no. 2* on September 30, 2021 through Speed Post and the tracking report of delivery of such SCN, as downloaded from the website of India Post is available on record. However, no reply was submitted by either of the *Noticees* to the aforementioned SCN. Subsequently, in compliance with the principles of natural justice, an opportunity of personal hearing was granted to both the *Noticees* on December 15, 2022. The date of personal hearing was intimated to the *Noticees* vide letter dated November 10, 2022 which was delivered to both the *Noticees* through Speed Post, a proof of which in form of acknowledgement of delivery is available on record. However, the *Noticees* failed to appear for the personal hearing granted to them.

15. As the SCN and hearing notice have been duly served on the *Noticees*, despite which both of them have failed to submit their respective responses as well as also have failed to appear for personal hearing granted to them in the matter, I

am compelled to proceed with the matter ex-parte on the basis of facts/material on record.

Consideration of Issues and Submission

16. I have carefully perused the allegations made against the *Noticees* and the *Firm* M/s Technical Stock Research, as recorded in the SCN and other materials available on record. I note that it is alleged in the SCN that the *Noticees* were engaged in providing Investment Advisory Services through the *Firm* and for that purpose, they were using the website namely *http://www.technicalstock.in*. The aforementioned website contained details of bank accounts that were used to collect consideration from the investors/clients and the amount so collected as fees, were being deposited in different bank accounts at different point of time, all opened in the name of M/s Technical Stock Research. In view of the aforesaid finding, it has been alleged in the SCN that the *Noticees* have violated the relevant provisions of IA Regulations, 2013 read with provisions of SEBI Act. Those relevant provisions are being reproduced hereunder, for the benefit of ready reference:

SEBI ACT, 1992

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:

SEBI (Investment Adviser) Regulations, 2013

Application for grant of certificate.

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:

17. As stated earlier, upon receipt of a phone call from the end of the *Firm* offering stock tips through the website *www.technicalstock.in,* a scrutiny of the aforementioned website of the *Firm* was undertaken and it was noticed that the *Firm* was indeed operating through this website. However, this website became inactive at the time of examination conducted by SEBI. Therefore, the cached pages of this website were obtained by SEBI and the same were examined. It was observed from examination of the website of the *Firm* that the *Noticees* were making certain irresponsible and outlandish and unsubstantiated claims about their exposure and understanding of the securities market and were enticing the investors to invest as per the investment advisory services rendered by them. Sufficient to say that the *Noticees* were luring gullible investors by making proclamations such as '*95% accuracy*', '*Rs. 8500 to Rs. 12000 Profit in each call*', '*Supper jackpot calls on this service give return in one call are 2% to 2.5% in one call*' (sic) etc. Such claims were supplemented with unsubstantiated statements such as '*1000+ customers in 25+ different city's work with technical stock with supper jackpot*' (sic) etc.

18. I note from the material available on record that 6 different bank accounts were opened in the name of the *Firm* at different period of time including two accounts with HDFC Bank Limited, two accounts with SBI and one each with ICICI Bank Limited and Axis Bank Limited, the details of which have already been mentioned in pre-paragraphs of this order. The cached pages of the website of

the *Firm* show that the said bank accounts were mentioned on the said website at one or other point of time during 2013 to 2020.

19. Therefore, I have to conclude that the funds received by the *Firm* in lieu of the services being provided by the *Noticees* through their website *www.technicalstock.in*, were being deposited in the aforementioned six bank accounts. I further find from the partnership deed of the *Firm* dated September 14, 2013 that under the heading 'type of business', the *Firm* was shown to have been described as 'stock advisor'. Similarly, in an acknowledgement of allotment of MSME dated September 23, 2013, the type of services to be rendered was mentioned as 'stock market advise'.

20. In this regard, a perusal of the bank accounts of the *Firm* show that the *Noticees* had received the following amounts in the said bank accounts during the below mentioned periods:

Bank	Account No.	Period of deposits	Total amount
HDFC Bank	502XXXXXXXXX11	01.09.2013-16.08.2020	2,29,082
SBI	33XXXXXXX81	27.12.2013-15.11.2018	14,69,693
ICICI Bank	015XXXXXXXX40	31.12.2013-04.07.2018	9,13,318
HDFC Bank	502XXXXXXXXX86	04.01.2014-25.07.2017	3,46,661
Axis Bank	914XXXXXXXXX714	16.01.2014-22.04.2016	1,50,150
SBI	37XXXXXXX50	05.05.2018-18.08.2020	3,97,588

In addition to that, it is observed that the *Firm* had also collected a total amount of INR 30,700 during the period from January 26, 2019 to May 14, 2019 in its account with PayTM.

21. Further, a perusal of bank statement of the aforementioned bank accounts of the *Firm* shows that several deposits were found wherein the names of different

persons have been mentioned in the narration of these deposits and in the absence any document to the contrary, I find that the credit in the above accounts of the *Firm* represent the money that was received towards fees etc. in lieu of the services of investment advisory offered to those persons by the *Firm*.

22. It is further noticed that the name of neither of the *Noticees* nor the *Firm* appears in the list of registered Investment Advisors available with SEBI. Having gone through the relevant provision governing the registration of an entity as Investment Advisor, it is observed that to initiate the activity of Investment Advisor, a person is required to be registered first with SEBI and needs to obtain a registration certificate, before one can initiate investment advisory services. The only liberty or relaxation granted under the IA Regulations, 2013 is related to an entity already engaged in such activity before the notification of the said regulation, to continue with the said activity, provided an application is filed with SEBI and said activity may be continued till the disposal of the application seeking registration. However, in the instant matter, I have already observed above that no such claim has been advanced by the *Noticees* so as to fall under the proviso to Regulation 3(1) of the IA Regulations, 2013, hence, the said relaxation doesn't apply to the case of the *Noticees* in the present matter.

23. From the aforesaid narration of facts and the allegations made in the SCN, I find that the *Noticees*, acting through the *Firm*, were indeed engaged in giving advice in an unauthorized manner relating to investing in, purchasing, selling or otherwise dealing in securities and various other investment products of securities, as was proclaimed by the *Noticees* through the website of the *Firm* viz. *http://www.technicalstock.in*.

24. 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 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.*"

25. In the light of the aforesaid definitions and the content published on the aforementioned website of the *Firm* as well as the other documents which clearly describe the services being offered by the *Firm* as 'stock market advisory', as well as the other allegations imputed in the SCN, I note that the *Noticees*, through the website of the *Firm* viz. *http://www.technicalstock.in* were offering investment advice as defined under regulation 2(1)(*l*) of the IA Regulations, 2013 by offering to give advice related to investing in, purchasing and selling of securities and were also offering various investment advisory service plans/packages to investors at large for subscription to securities, which were nothing but purely in the nature of the services of investment advisory.

26. Considering the fact that the website of the *Noticees* ostensibly demonstrated that the services offered by the *Noticees* were in the nature of investment advisory services coupled with the fact that the aforesaid Bank Accounts were specified in the website of the *Firm* at one or other point of time intimating the investors to deposit the fees into the aforementioned bank account, it leads me to an unassailable conclusion that the said pay-in amounts as reflected in the said Accounts with different banks, narrating the names of different individuals who have deposited different amounts into those accounts, were in fact the amounts

received towards consideration in lieu of the advisory services offered by the *Noticees* to those persons/clients.

27. Considering the above factual analysis about the activities of the *Noticees* as proclaimed by them on the website of the *Firm*, the details of payment received by the *Noticees* from various investors, the bank statement of the *Firm* (supported by the KYC records of the *Firm* along with that of the *Noticees*), followed by their failure to make any submission to refute the allegations, it constrains me to conclude that the activities indulged into by the *Firm* squarely fall under the category of investment advisory services as defined under regulation 2(1)(*l*) of the IA Regulations, 2013.

28. At this stage, I find it relevant to refer to Section 25 of the Partnership Act, 1932 which states that "*every partner is liable jointly with all the other partners and also severally, for all acts of the firm done while he is a partner*". As noted in the preceding paragraphs, credit transactions in the bank accounts of the *Firm* pertaining to rendering investment advisory services were observed during the period September 2013 to August 2020. In view of the same, the aforesaid partners of the *Firm* viz. the *Noticees*, are jointly and severally liable for the activities of the *Firm* during their respective terms as partners.

29. In this regard, multiple opportunities have been provided to the *Noticees* to explain the numerous credit entries in the aforementioned six bank accounts as well as in the PayTM account of the *Firm*, but both of them have failed to avail those opportunities and have chosen to defy the SCN as well as not to respond to the personal hearing notice. In the absence of any evidence to the contrary, it can be conclusively inferred that all the funds that have been credited to the aforementioned six bank accounts, as well as in the PayTM Account of the *Firm*, during the period of September 01, 2013 to August 18, 2020, amounting to INR

35,37,192, the details of which have been provided in the SCN, were actually received by the *Noticees* in lieu of providing investment related services as indicated on the website of the *Firm*. In this context, I note that no reply was filed by either of the *Noticees* refuting or denying the charges of engaging in rendering unauthorized investment advisory activities, nor any reply has been offered till date refuting, contradicting or clarifying the nature of amount credited in the above 6 bank accounts opened and maintained by the *Noticees*. Under the circumstances, I am constrained to observe and hold that amounts so received in the above 6 bank accounts were indeed related to or generated out of the investment advisory activities rendered by the *Firm*. In this context, I find it necessary to refer to the observations of Hon'ble Securities Appellate Tribunal (hereinafter referred to as '**SAT**') in the Order dated February 11, 2014 in the matter of Sanjay Kumar Tayal and Ors vs SEBI (Appeal No 68 of 2013), where the SAT had observed that "........................... *As rightly contended by Mr Rustomjee, the learned senior counsel for respondents, appellants have neither filed any reply to the show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted the charges leveled against them in the show cause notices* ......"

30. In view of the aforesaid discussions and the overwhelming factual findings pertaining to the advisory activities being undertaken by the *Noticees* during the relevant period, I have already held that, in terms of Regulation 2(1)(*l*) of the IA regulations, 2013, such kind of advisory services rendered by the *Noticees* in fact constituted "investment advice" and the *Noticees* were providing investment advice through the *Firm* M/s Technical Stock Research, in lieu of consideration which was received and credited into the bank and PayTM accounts of the *Firm*. Therefore, there is no ambiguity left that the *Noticees* were engaged in the business of providing investment advice to the public through the *Firm*, in lieu of

monetary consideration and were thus, acting as an 'investment adviser', as defined under regulation 2(1)(m) of the IA Regulations, 2013.

31. It is relevant to note here that in order to protect the interest of investors and to preserve the integrity of the securities market, the IA Regulations, 2013 provide various safeguards to ensure that the interests 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 obtain registration from SEBI as required 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 also has to conduct its activities in accordance with the provisions of IA Regulations, 2013. Further, various crucial safeguards provided under IA Regulations, 2013 include, continued minimum professional qualification and net-worth requirement for investment adviser, disclosure of all conflicts of interest, prohibition on investment adviser to enter into transactions on its own account which is contrary to the advice given by investment adviser to its clients for a period of 15 days from the day of such advice given, monetary risk profiling of investors, maintaining documented process for selecting investments 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.

32. The activities of the *Noticees,* executed through the *Firm*, as has been brought out from various materials described above including the website of the *Firm*, seen in the backdrop of the aforesaid regulatory provisions show that the *Noticees* were providing Investment Advisory service through the *Firm* and by this way, they were acting as Investment Advisors. However, it is noted that neither the *Noticees* nor the *Firm* is registered with SEBI as an Investment Advisor, which is

mandatory under IA Regulations, 2013. Hence, I find that these activities/representations as were being made by the *Noticees* without holding the 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.

33. In order to ensure protection of investors who receive investment advice, it is imperative that any person carrying out investment advisory activities should be competent enough to deal with investors monies and SEBI as a regulator, has made it necessary for anyone to conduct Investment Advisory service to first obtain registration after acquiring relevant qualification, as prescribed by SEBI, and such person has to conduct its activities in accordance with the provisions of the relevant SEBI Regulations.

34. In my view, unregistered investment advisors like the *Noticees* in the present case can put the interest of the common investors at great risk by misleading them or misutilising their funds to the detriment of the interest of such investors as well as others in the securities market. In the present case, the *Noticees,* on the aforementioned website has, *inter alia,* mentioned that M/s. Technical Stock Research provides recommendations for Stocks-cash and F&O, NSE & BSE, commodities including bullions, metals and energy traded in MCX and they provide calls with 95% accuracy.

35. I find it relevant to mention here that unregistered investment advisory services are a menace to the securities market and SEBI has been fighting hard to curb this evil since long. In that direction, SEBI has also enacted IA Regulations, 2013 and has been conducting investment awareness seminars throughout the country. Curbing this breed of unregistered investment advisors is a necessity to make securities market more reliable for retail investors so that they get an opportunity to approach the persons who are qualified and eligible to give such kind of advisory service to them. Permitting the investors to receive an investment

advisory service from an unregistered entity, in effect means, the same is received from the unqualified person without following the safeguards prescribed in the IA Regulations, 2013. An investor receiving a service from unregistered investment advisor *vis-a-vis* an investor who receives such service from a registered investment adviser in consonance with the IA Regulations, 2013, stands at a disadvantageous position in respect of his protection as an investor as envisaged under the IA regulations, 2013. An unregistered investment adviser has not even satisfied the Regulator that he is a fit and proper person to hold the certificate of registration as investment adviser. Availing of service from such persons is detrimental to investors and such unqualified service would result in irreparable damage as the investors' money is invested based on advice given by an unqualified and un-regulated advisor. Exposing investors to such unauthorized and unregulated services also has the effect of interfering with the development of securities market, as victims of such services as well as their close ones also tend to lose faith in the securities market. Such an injury/detriment to the development of the securities market also qualifies as an "irreparable injury". The objective of SEBI as enshrined in the SEBI Act is not only the protection of investors but also orderly development of securities market. Therefore, the investment advisory services should only be allowed to be conducted by persons who are deemed fit under the IA Regulations, 2013 after following the safeguards mentioned therein.

36. Therefore, after holding that the *Noticees* were running unauthorized Investment Advisory services through which they lured numerous gullible retail investors, who are the most vulnerable sections of participants of securities market, as the regulator, it is the duty of SEBI to protect the interest of such investors in its attempt to develop securities market. As the *Noticees* have failed to provide specific details of the funds collected by them in and credited into the six bank

accounts of the *Firm* as well as in its PayTM account, I take the entire amount of funds received by the *Firm* in the six bank accounts mentioned at Table 1 as well as in the PayTM account of the *Firm* i.e. an amount of INR 35,37,192/- treating the same as the funds collected by the *Noticees* from unauthorized Investment Advisory services only. The only method I find it feasible to redeem the investors is to direct the *Noticees* to repay such funds collected from the investors.

ORDER

37. In view of the foregoing discussions and observations/findings about the activities engaged in by the *Noticees* in rendering investment advisory in an unauthorized and illegal manner, as has been established in facts & circumstances of the case, and in order to achieve the avowed object of SEBI Act, 1992, I, in exercise of the powers conferred upon me in terms Sections 11, 11(4) and 11B(1), read with of Section 19 of the SEBI Act, 1992, while disposing of the allegations levelled in the SCN, hereby direct the following:

    37.1. The *Noticees* shall within a period of three months from the date of this Order, refund the money received from the clients/investors/complainant, as fees or consideration or in any other form, in respect of their unregistered investment advisory activities;

    37.2. To give effect and implement the above direction, the *Noticees* shall issue public notice in all editions of two National Dailies (one English and one Hindi) and in one local daily with wide circulation, detailing the modalities for refund, including the details of their contact person such as names, addresses and contact details, within 15 days of coming into force of this Order;

    37.3. The repayments to the clients/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;

37.4. The *Noticees* are prevented from selling their respective assets, properties and holding of mutual funds/shares/securities held by them, either in demat and physical form, except for the sole purpose of making the refunds as directed above;

37.5. The *Noticees* shall resolve all the complaints pending against them and *Firm* and file a report of such resolution with SEBI addressed to the Division Chief, Market Intermediaries Regulation and Supervision Department, SEBI Bhavan-II, Plot No. C-7, G Block, Bandra Kurla Complex, Bandra (East) Mumbai – 400051, within a period of 30 days from date of this Order.

37.6. After completing the aforesaid repayments, the *Noticees* shall file a report of such completion with SEBI addressed to the Division Chief, Market Intermediaries Regulation and Supervision Department, SEBI Bhavan-II, Plot No. C-7, G Block, Bandra Kurla Complex, Bandra (East) Mumbai – 400051, within a period of 15 days, after completion of three months from the coming into force of this Order, duly certified by an independent Chartered Accountant. The restraint on sale of assets in paragraph 37.4 shall cease to operate once the refund to the investors is complete and the report as contemplated herein is filed;

37.7. The remaining balance amount, if any, which could not be refunded to the investors/complainants/clients, for any reason whatsoever, shall be deposited with SEBI which will be kept in an escrow account for a period of one year for distribution to clients/complainants/investors who were availing the investment advisory services from the *Noticees*. Thereafter, remaining amount, if any, will be deposited in the Investor Protection and Education Fund maintained by SEBI;

37.8. The *Noticees* are 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 06 months from the date of this Order or till the expiry of 06 months from the date of completion of refunds to investors as directed in paragraph 37.1 above, whichever is later;

37.9. The *Noticees* are also 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 06 months from the date of this Order or till the expiry of 06 months from the date of completion of refunds to investors as directed in paragraph 37.1 above, whichever is later;

37.10. The *Noticees* shall not undertake, either during or after the expiry of the period of debarment/restraint as mentioned in paragraph 37.8 and 37.9 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 Laws.

38. The direction for refund, as given in paragraph 37.1 above, does not preclude the clients/investors of M/s Technical Stock Research or of the *Noticees* from pursuing the other legal remedies available under any other law, against the *Noticees* for refund of money or deficiency in service before any appropriate forum of competent jurisdiction.

39. 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 *Noticees* shall remain frozen.

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

41. Obligation of the *Noticees*, 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 *Noticees* in the F & O segment of the stock exchange, are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order.

42. A copy of this Order shall be served upon the *Noticees*, all the recognized Stock Exchanges, Depositories, registrar and transfer agents and Banks for necessary compliance with the above directions.

43. A copy of this Order shall also be forwarded to the Government of Gujarat, for necessary action, if any.

SD/-

DATE: MAY 31, 2023 **S. K. MOHANTY**

PLACE: MUMBAI **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA