National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/63085	Date: July 25, 2024
Circular Ref. No: 351/2024	

To All NSE Members,

Sub: SEBI Order in the matter of Unregistered Investment Advisory Services by Equity Mantra (Proprietor. Mr. Naresh Pal)

This is with reference to SEBI Order No. QJA/AA/NRO/NRO/30582/2024-25dated July 24, 2024, wherein SEBI has restrained following entity from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of one (1) year from the date of this order or till the expiry of one (1) year from the date of completion of refunds to complainants/investors as directed in paragraphs 47.1 and 47.6 in above SEBI order, whichever is later.

Name	PAN
Mr. Naresh Pal (Proprietor of Equity Mantra)	DPDPP1122R

Further, SEBI has directed if the Noticee has any open position in any exchange traded derivative contracts, as on the date of this order, he can close out/ square off such open positions within 3 months from the date of order or at the expiry of such contracts, whichever is earlier. The Noticee / Mr. Naresh Pal is permitted to settle the pay in and pay out obligations in respect of transactions, if any, which have taken place before the close of trading on the date of this order.

The detailed order is available on SEBI website (https://www.sebi.gov.in/enforcement.html).

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

For and on behalf of
National Stock Exchange of India Limited

Sandesh Sawant
Senior Manager

ANNEXURE: SEBI Order in the matter of Unregistered Investment Advisory Services by Equity Mantra (Proprietor. Mr. Naresh Pal)

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER SECTIONS 11(1), 11(4), 11(4A), 11B(1) AND 11B(2) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH REGULATION 3(1) OF THE SEBI (INVESTMENT ADVISERS) REGULATIONS, 2013

In respect of:

Sr. No.	Noticee Name	PAN
1.	Mr. Naresh Pal (Proprietor of Equity Mantra)	DPDPP1122R

In the matter of Unregistered Investment Advisory Services by Equity Mantra (Proprietor: Mr. Naresh Pal)

BACKGROUND:

1. The Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") was in receipt of several complaints on the SCORES platform against EQUITY MANTRA, a partnership firm, registered with SEBI as an Investment Adviser with Registration No. INA100006676 and having its registered address as *135, First floor, F.I.E. Patparganj, DELHI-110092* (hereinafter referred to as "**Firm/firm**") during the period of October 2019- August 2020. On perusal of records, it was noticed that Mr. Vijay Kumar, Mr. Nitin Sharma, Mr. Amit Chauhan and Ms. Neha Jain were the partners in the firm and that the validity of its registration as an Investment Adviser was from November 08, 2016 to November 07, 2021; contact person of the firm having an email id vijayrana2103@gmail.com.

2. In order to ascertain the veracity of the said complaints, an examination was conducted by SEBI to ascertain whether there has been any violation of the provisions of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act, 1992**"), the SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as **"IA Regulations"**) and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**").

3. Mr. Vijay Kumar, one of the partners in the firm, *vide* email dated July 22, 2020, submitted on behalf of the firm and stated that *"This is in response to your letter dated 5th June 2020 addressed to the Equity Mantra. This is to bring to your notice that Equity Mantra as a company has already been diluted in the Year 2018 and neither company nor any Partner associated is operating in its name by any means. We had also written an intimation mail in this regard to SEBI Office and requested to cancel our Registration No and we have not renewed our license thereafter. To our surprise when we received this letter we tried to investigate the possible reasons for such complaints and found that some Fraud Identity is running a fraud domain on internet with the name same as our company and displaying our SEBI Registration No that has no relation whatsoever either to our original Company or the Partners. Fraud company Domain: equitymantra.in. You are requested to take relevant actions in this regard for impersonating the Identity of Equity Mantra*". Mr. Vijay Kumar also submitted a copy of the email dated May 19, 2018 written to SEBI intimating that they have decided to wind up their Investment Adviser affairs as the firm was unable to generate revenue from the business and requested for cancellation of their Investment Adviser Registration. He also provided a screenshot of website equitymantra.in which did not belong to the registered Investment Advisory firm. The screenshot mentioned the SEBI registration number and registered address of the firm as mentioned in paragraph no. 1 above.

4. Thereafter, Mr. Amit Chauhan, another partner in the firm, vide email dated August 18, 2020, submitted that "*we have raised the complaint with Cyber Cell against the fraudulent activities committed in our company's name and SEBI reg. no. Further we shall try to make the victims of the fraud to understand that we have no association with the Fraudsters and submit the online report accordingly*".

5. Subsequently, the firm had filed ATRs in all the SCORES complaints, *inter alia,* stating that they have raised the complaint with Cyber Cell against the fraudulent activities committed in their firm's name and misuse of SEBI Registration number under the domain name equitymantra.in which is similar but different from their original domain equitymantra.co.in. It was also submitted that they have formally communicated the same to the victims of the fraud and that they have no association with the fraudsters and Equity Mantra has no role in any of the frauds committed by impersonating their firm's name and SEBI Registration Number. Copies of emails sent to the complainants and complaint lodged with the Cyber Cell were provided by the said partner in support of the submission.

6. Based on the aforesaid ATRs, submissions made by the partners of the partnership firm and upon perusal of the documents submitted by the complainants, an examination was conducted by SEBI to ascertain the veracity of the said complaints and also, whether there has been violation of any of the provisions of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act, 1992**"), the SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as **"IA Regulations"**) and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**").

7. Upon examination of the information provided by the complainants in their complaints, documents provided by the complainants' Banks, payment gateways, website, *whoislookup*, GST Registration Certificate, etc. it was, *prima facie*, observed that one Mr. Naresh Pal, Proprietor of an entity Equity Mantra (hereinafter referred to as the **"Noticee"**) was providing unregistered investment advisory through the website www.equitymantra.in in violation of the provisions of Regulation 3(1) of the IA Regulations read with Section 12(1) of the SEBI Act, 1992. It was further observed from the material provided by one of the complainants that the Noticee had guaranteed assured returns while providing the said advice and committed fraud on investors. Further, from the webpages of the website viz. www.equitymantra.in, it was observed that the Noticee had displayed the registration number and name of the aforementioned SEBI registered partnership firm and thereby, disseminated false and misleading information through its website in violation of the provisions of the PFUTP Regulations.

SHOW CAUSE NOTICE, REPLY AND HEARING

8. A Show Cause Notice dated August 24, 2023 (hereinafter referred to as "**SCN**") was issued to the Noticee calling upon him to show cause as to why suitable direction(s), including directions for debarment, refund and penalty, under Sections 11(1), 11(B)(1), 11(4), 11B(2), 11(4A) read with Section 15HA, 15HB and 15EB of the SEBI Act, 1992 should not be issued against him for the alleged violations of the provisions of Regulation 3(1) of the IA Regulations read with Section 12(1) of the SEBI Act, 1992 and Regulation 3(a), (b), (c) and (d), 4(1) and 4(2)(k), (o) & (s) of the PFUTP Regulations, 2003 read with Section 12A(a), (b) and (c) of the SEBI Act, 1992. The aforesaid SCN was issued to the Noticee at the address viz. *Tahseel Kasganj, Nagla Mohan/ Badanpur, Goyati, Kasganj, U.P-207403* and the same was duly delivered to him on August 31, 2023. I note that the following documents were enclosed as annexures along with the SCN:

Table 1

Annexures to SCN	
Annex. No.	**Particulars**
1.	Copy of partnership deed of Equity Mantra registered with SEBI
2.	List of complaints
3.	Copies of undelivered letter, email and hand delivery report
4.	Letters dated July 10, 2020
5.	Email dated 22.07.2020
6.	Email dated 18.08.2020
7.	Documents and a copy of filed ATR in one of the complaint
8.	Details of bank/payment gateway accounts
9.	Undelivered letters and email returned

9. I note that the SCN, *inter alia*, alleges the following:

9.1 "The website www.equitymantra.in is not operational at present. However, from the website 'Whois lookup', it is found that the domain has expired during October 2020. Further, the screenshots of website provided by the firm and the archived pages of the website obtained from archive.org were examined. From the extracts of the said website, it is noted that the alleged impersonator has inter-alia declared itself as Investment Adviser and research house under SEBI Reg. No. INA100006676 and name Equity Mantra offering technical and trading Analysis and tips in all fields of Commodity Market and Share Market Trading through different products namely Stock Cash, Options, HNI Cash, Stock Future, HNI Options, etc. The addresses and emails mentioned on the website are 135, 1st Floor, FIF, Patparganj, Delhi-110095 (the registered address of the firm) and Alpha One Mall Sarkari Vasahat Road, Ahmedabad 380006 and emails-support@equitymantra.in / enquiry@equitymantra.in.

9.2 From the analysis of complaints and bank/payment gateway accounts, it is observed that all the complainants who have claimed to pay Equity Mantra have indeed paid different amounts in Equity Mantra's Bank and Payment gateway A/cs. Further, all the aforesaid bank/payment gateway accounts are opened in name of Equity Mantra by its proprietor Mr. Naresh Pal. The Noticee is not registered with SEBI in any capacity as per the records available at SEBI website.

9.3 In the website of Equity Mantra i.e., www.equitymantra.in., the Noticee has provided this website address to PayU while opening the account. Further, from the screenshots provided by one of the complainant, it is observed that links of same website were sent to the complainant. Hence, it is noted that the entity, Equity Mantra, against which the SCORES complaints were received is the proprietorship firm of the Noticee with website www.equitymantra.in and accordingly, Equity Mantra proprietorship firm of the Noticee is noted to be different from the SEBI Registered Equity Mantra.

9.4 Based on the address and emails observed from the website and KYC details, SEBI vide letters dated 28.12.2021 and reminder email dated 08.03.2022 sought information from the Noticee in respect to the advisory services provided to clients, fees collected from clients etc. The said letters and email returned undelivered.

9.5 It is understood that the modus operandi of the Noticee is prima-facie noted to be that it approaches the prospective clients as SEBI registered Investment Adviser - Equity Mantra and to facilitate opening of Demat A/c and ask an initial upfront fee of Rs. 3000/-, 3500/- etc. as registration fee/service charge/commission for opening of account. The entity also provided free/trial to the clients. Once the client pays the initial amount, client is asked to deposit a relatively bigger amount viz. Rs. 10,000/-, Rs. 55,000/- etc. in their own *accounts for onward depositing in the proposed Demat Account. They assured return to the clients on investments done based on advices given by them through different plans viz. "Equity Plan". Once, the client deposits the amount in their account they either block the client or demand more money. In one of the cases it was also observed that a big amount was straight away transferred when it was said to the complainant that the initial/registration fee can be paid from the profits earned from investments made on the advice.*

9.6 The entity is not operational as on date as the website is not operational and as per the Whois lookup, the domain expired during October 2020. The last credit entry observed in the bank account is of 24.07.2020 and total amount collected by the entity is at least Rs. 1,06,67,711.30/-.

9.7 From the above, it is observed that the Noticee held themselves out as Investment Adviser and approached the complainants as SEBI registered Investment Advisor. It used and shared the details of website www.equitymantra.in which is having the details of another SEBI Registered firm with similar name and also shared its account details with their prospective clients for payment of fees. As brought out in points above, through the website they inter-alia declared itself as Investment Adviser and research house under SEBI Reg. No. INA100006676 and name Equity Mantra offering technical and trading Analysis and tips in all fields of Commodity Market and Share Market Trading through different products namely Stock Cash, Options, HNI Cash, Stock Future, HNI Options etc."

10. In view of the above observations, I note that it has been alleged in the SCN that the Noticee had indulged in investment advisory activities without obtaining the certificate of registration from SEBI in violation of the provisions of Regulation 3(1) of the IA Regulations read with Section 12(1) of the SEBI Act, 1992 and further, had committed acts covered under the definition of fraud as per Regulation 2 (1) (c) of the PFUTP Regulations by guaranteeing assured returns and disseminating on its website that Equity Mantra (*Proprietorship concern*) is a SEBI Registered entity in violation of the provisions of Sections 12 A (a), (b) and (c) of the SEBI Act, 1992 read with Regulations 3 (a), (b), (c) and (d), 4 (1) and 4 (2) (k), (o) and (s) of the PFUTP Regulations.

11. From the available records, it is noted that no reply was received from the Noticee to the SCN and hence SEBI had issued a reminder letter dated September 26, 2023 to the Noticee, *inter alia*, advising him to submit his reply to the SCN, if any, within 07 days from the date of the receipt of the said letter. However, it is noted that the aforesaid letter returned undelivered.

12. Thereafter, in compliance with the principles of natural justice, an opportunity of hearing was granted to the Noticee by the then Quasi-Judicial Authority (QJA) on November 10, 2023, vide hearing notice dated October 13, 2023. As per the India Post tracking sheet available on record, the said hearing notice was duly delivered to the Noticee at his last known address on October 26, 2023. Further, the hearing notice was also delivered by way of Newspaper publication on November 07, 2023 and the proof for the same is available on record. However, it is noted that the Noticee neither appeared on the scheduled date of hearing nor did he file any reply to the SCN in the matter.

13. I also note that a supplementary SCN dated February 01, 2024 (hereinafter referred to as the **"SSCN"**) was issued to the Noticee enclosing therewith the examination report along with the annexures thereto. However, as per the records available, the Noticee has not filed any reply to the same.

14. Thereafter, the matter was allocated to me to continue with the proceedings in the case. In order to comply with the principles of natural justice, an opportunity of oral hearing was granted before me to the Noticee on June 25, 2024 and the same was delivered to the Noticee via Newspaper publication in the Times of India (English) and Amar Ujala (Hindi) on June 20, 2024. The Noticee has neither attended the scheduled hearing before me nor did he file any reply to the SCN / SSCN till date.

15. I note that the Noticee has been provided ample opportunities to file his reply to the SCN / SSCN and to defend his case by way of providing opportunities of hearing on November 10, 2023 and June 25, 2024. Despite multiple opportunities granted to the Noticee, as detailed in the aforesaid paragraphs, the Noticee has failed to file any reply to the SCN or the SSCN. Here, I would like to place reliance on the observations made by the Hon'ble Securities Appellate Tribunal (SAT) in the case of ***Sanjay Kumar Tayal & Others Vs. SEBI (Appeal No. 68 of 2013 decided on February 11, 2014)***, wherein, the Tribunal has, *inter alia*, observed that,

"........... appellants have neither filed reply to 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 charges levelled against them in the show cause notices...".

16. In view of the same, I am constrained to proceed with passing of the order in respect of the Noticee *ex-parte*, on the basis of material available on record.

CONSIDERATION OF ISSUES AND FINDINGS

17. I have carefully considered the allegation levelled against the Noticee in the SCN, the material provided along with the SSCN and other relevant documents available on record. I note that the issue that arises for consideration in the present proceeding is whether the Noticee has provided investment advisory services without obtaining a certificate of registration from SEBI in violation of Section 12 (1) of the SEBI Act, 1992 read with Regulation 3 (1) of the IA Regulations, 2013 and further, whether by assuring guaranteed returns and disseminating a SEBI Registration Number on the website, the Noticee has misrepresented and misled the investors at large and violated the provisions of Sections 12 A (a), (b) and (c) of the SEBI Act, 1992 read with Regulations 3 (a), (b), (c) and (d), 4 (1) and 4 (2) (k), (o) and (s) of the PFUTP Regulations, 2003.

18. In this regard, I note that the definition of *'Investment Adviser'* as given under Regulation 2(1)(m) of the IA Regulations 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;"*

19. Further, Regulation 2(1)(l) of the IA Regulations, which defines *'investment advice'*, reads 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;"

20. For ease of reference, the provisions of the SEBI Act, 1992, IA Regulations and PFUTP Regulations, 2003 alleged to have been violated by the Noticee are reproduced as under:

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"*

"Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control

12A. *No person shall directly or indirectly -*

(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;

(b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;

(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;"

IA 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:

Provided that a person acting as an investment adviser immediately before the commencement of these regulations may continue to do so for a period of six months from such commencement or, if it has made an application for a certificate under sub regulation (2) within the said period of six months, till the disposal of such application".

PFUTP REGULATIONS, 2003

*"**2. Definitions***

(1) In these regulations, unless the context otherwise requires, -

(c) "fraud" includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss, and shall also include—

(1) a knowing misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment;

(2) a suggestion as to a fact which is not true by one who does not believe it to be true;

(3) an active concealment of a fact by a person having knowledge or belief of the fact;

(4) a promise made without any intention of performing it;

(5) a representation made in a reckless and careless manner whether it be true or false;

(6) any such act or omission as any other law specifically declares to be fraudulent,

(7) deceptive behavior by a person depriving another of informed consent or full participation,

(8) a false statement made without reasonable ground for believing it to be true.

(9) the act of an issuer of securities giving out misinformation that affects the market price of the security, resulting in investors being effectively misled even though they did not rely on the statement itself or anything derived from it other than the market price.

And "fraudulent" shall be construed accordingly;

Nothing contained in this clause shall apply to any general comments made in good faith in regard to—

(a) the economic policy of the government
(b) the economic situation of the country
(c) trends in the securities market or
(d) any other matter of a like nature

whether such comments are made in public or in private"

3. ***Prohibition of certain dealings in securities***
No person shall directly or indirectly—
(a) buy, sell or otherwise deal in securities in a fraudulent manner;
(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;
(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;
(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under."

4. Prohibition of manipulative, fraudulent and unfair trade practices

(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a manipulative, fraudulent or an unfair trade practice in securities markets.

Explanation.–For the removal of doubts, it is clarified that any act of diversion, misutilisation or siphoning off of assets or earnings of a company whose securities are listed or any concealment of such act or any device, scheme or artifice to manipulate the books of accounts or financial statement of such a company that would directly or indirectly manipulate the price of securities of that company shall be and shall always be deemed to have been considered as manipulative, fraudulent and an unfair trade practice in the securities market."

(2) Dealing in securities shall be deemed to be manipulative fraudulent or an unfair trade practice if it involves any of the following:-

(a)………
(b)…………
(c)…………..
(k) disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading in a reckless or careless manner and which is designed to, or likely to influence the decision of investors dealing in securities"

(o) fraudulent inducement of any person by a market participant to deal in securities with the objective of enhancing his brokerage or commission or income"

(s) mis-selling of securities or services relating to securities market;

Explanation-For the purpose of this clause, "mis-selling" means sale of securities or services relating to securities market by any person, directly or indirectly, by—
(i) knowingly making a false or misleading statement, or
(ii) knowingly concealing or omitting material facts, or
(iii) knowingly concealing the associated risk, or
(iv)not taking reasonable care to ensure suitability of the securities or service to the buyer"

21. I note that SEBI had received several complaints in respect of the trading tips given by Equity Mantra for the period October 2019- August 2020, *inter alia*, stating that the representatives of the firm reached out to the complainants representing them as SEBI Registered Investment Advisor and solicited opening of trading accounts and trading in securities promising assured returns. From the available records, the details of the Complaints in brief are as under:

Sl. No.	***Name of SCORES Complainant***	***Complaint Details in brief***
1	*Chethan R Naik*	*This company is a fraud who saw that some other advisory cheated me and then took the advantage and made me to transfer around 1 Lakh to the account in the name of Equity Mantra.*
2	*Sushant Ashok Kadam /*	*Equity Mantra is advisory company that took fees for 6 months service but 10 months have passed and I am trapped. He provided a bill dated 03.12.2019 issued by the*

		entity for Rs. 100000/- for "Stock Option Primum" service for 6 months duration.
3	*Raj Dharmendra Patel*	*I am a student and I have taken the service of Equity Mantra where the executive name ASHISH was my portfolio manager and he has told to make a minimal profit but instead he had use my fund very badly and had made a loss of 80 percent of funds and now is constantly asking me to increase my investment so that he can earn profit. so i want to register complain against him for not managing my fund accurately and making a loss of 80 percent of portfolio in just 2 weeks. So in short he has misused my fund and also not taking any responsibility and just asking me to increase my investment or to take a higher premium service. So kindly please take necessary actions for the same.*
4	*Prathamesh Matondkar*	*On 13th July one of executive Ajay yadav mob no 8349663708 called me and told me commitment plan where in first 20000 plus taxes needs to be paid and then out of the profit generated through tips need to pay balance 105000 through few installments out of the profits. On 14th July he provided me one tip on trial basis and the tip hit the tgt and generated some profits. And on this successful tip basis he connected me to Mr. Karan who was the person guiding me in my trading journey to earn profits. On 15th July I made a payment of Rs.24157 towards the same and on 16th July Karan and Ajay said that again additional Rs.10000 is required to avail this commitment plan service. I told then its cheating you said first 20k plus tax and now saying additional 20k to be paid. I told then to refund my money but they didnt agreed and said they will provide tip and generate profits and from that amount I should pay additional 10k. Till date not provided invoice and also not refunding the fees.*
5	*Mushtaq Ahmad Gaani*	*Dear Sir, Please be informed that on 27th Jan2020 I received call from Mr. Ashish Jain on behalf of Equity Mantra for assistance with respect to investment in equity portfolio. Knowing Company's investments advisory and their market reputation I responded positively and authorized them to deal my portfolio but he informed me that I have to pay registration fee & service charges to which I agreed to pay for service of Rs3000/-only and promised for registration fee of Rs 3500/ later on after gap of one month after we both agreed I gave details of my*

		Depository A/a and password etc. and Mr. Ashish started instant tradings .However, next day he suggested me to open Depository A/c with Angle broking and facilitated opening of a/c with them in the process of opening of a/c he told me transfer an amount of Rs 55000/-(rupee's fifty five thousand to Co's Current a/c for onward transfer to my Trading a/c/Depository a/c with ,Angel broking but till to day neither Mr. Ashish Jain nor Equity Mantra Co has transferred an amount of Rs 55000/- to my Depository account despite repeated reminders and phone calls In this respect Securities & Exchange Control Board of India was also informed about their assistance in the refund of amount, but with no positive response. You are as such requested to please help me to redress my grievance by taking up the matter with the said investment advisory Co for refund of amount immediately With Regards (Mushtaq Ahmad) (sic)
6	*Surajit Joardar*	*Miscommunication and wrong information provided by Equity Mantra Company. This co take 34500 for DEMAT AC opening After payment They are stop the receive call.*
7	*Pradeep Sitaram Verma*	*hi.. pradeep here.. i invested 1 lakh on name of demat account in equity mantra bank account but after opening my account zero amount is showing in my demat.and now they are which u made is our service charge u have make more payment for investment.and they refused to give my money back and not receving my call. Intially they told me their service charge is 3500 which i have to pay after profit and i have which money i will invest this will show in my demat account i can withdraw it whenever i want.but now they totally changed.and get 1 lakh from me . none of profit they make for and even not receving my call. i have call recording also in which they are said pls asking for payment on name of demat and saying u can withdraw it from your account and now they asking 25000 rs for their service charge and i refused to make this payment so they not responding my call and take my 1 lakh rs. thats why i logged complaint against them i want my money back pls help me as soon as possible*
8	*Sanjay Suman*	*Respected sir Inki company ke executive ne company ko broker farm aur advisory farm bata kar froud kar mujhse Rs 50000/- jama kara liye hai.aur kisi dusre broker (IIFL)farm se Demat khulwakar pata nahi kaun si service dene ke naam par Rs50000/- deposit kara liye. Jo ki mujhe puri*

		tarah se fraud laga. tab maine inse service na join karne ki bat kahi aur paise refund manga.jise company inkar kar rahi hai. Sir mai mansik rup se bahot pareshan hu. Kripya refund dilane ka kast kare. Transaction details de raha hu Jise maine bahot muskil se udhar lekar diya tha Credit card se 24/1/2020 Your payment(Id-298353475) of Rs 6000.0 Net Banking se 24/1/2020 Your payment(Id-298351823) of Rs 3624.0 24/1/2020 Your payment(Id-298355425) of Rs 1812.0 25/1/2020 Your payment(Id-298448111) of Rs 13564.0 29/1/2020 Your payment(Id-299333928) of Rs 25000.0 for EQUITY MANTRA is successful. Sir Bank statement ki copy submit kar raha hu.Sir meri madad kijiye.
9	*Abbasuddin Molla*	*Sir mey abbasuddin molla.Father matabuddin molla.mey ek naya Shiknewala person hu. Mey stock market mey naya hu.stock market ke bare mey jada kuch pata nahi.sir equity mantra sey mujhe phone karke ek ke baad Ek karib 1 lakh 70 hajar rupiya liya gaya hai. A kehkar 3 mahine mey 3 se 4 lakh rupiya kamake dega. A ve bola gaya Ke 2 hafte mey 1.5 lakh rupiya kamake dega. Sir mujhe jhasa diya gaya. Mey is market mey naya hu. Mujhe pata nahi thaa. Ab paise refund magne se de nahi raha hai. Mey sir bohot financially problem mey hu. Please Kuch kijiye sir. Kahi dino sey paise dene ke naam par tal raha hai. Sebi registered company dekhkar mene vorosa kiya thaa. Mere saath cheating hua hai sir. Please Kuch kijiye sir. Mere paise mujhe wapas mil jaye. Yours faithfully abbasuddin molla.*
10	*Nasiruddin*	*Fake sale done by Equitry Mantra Equity Mantra call me for Account Opening in Zerodha free of cost with Extra margin with account handling 2-3 days Researcher trial trade after satisfaction and profit charge for commission amount 3500Rs Only After transfer my document he ask for money for demat balance fake Zerodha agent by Equity Mantra call me for confirmation and say your account are open just final confirmation and for password transfer some Demat amount in behalf of company password will auto sent in your email in just 5 -10 minuts with 10K balance. when I transfer money to Equity mantra for Demat fund. Sumit (Equity Mantra) Call me and say 10K Slot are not available You need to pay 15K after 10 Minutes your account will Activated with 25K amount. Then you can Pay out 15K to your bank. I have some whatsapp screen shot in attachment with brief description and For voice record link in attached document*

11	*Sandeep Bhingle*	*equity mantra has given me trade tip without stop loss. I incurred a loss of almost Rs.135,000. If because of this loss anything happens to me. Equity mantra is responsible. If possible.*
12	*Laxman Ram Kasana*	*Got calls from Equity Mantra wherein the entity promised returns of Rs. 4000/- daily. The complainant deposited an amount of Rs. 1,23,000/- in their account and then the entity stopped calling and blocked the complainant. Pursuant to that some fraudster named Mr. Satish Sharma approached the complainant as SEBI authorized person for getting the money recovered and complainant paid the alleged fraudster.*

22. I note from the documents provided by the complainants and the bank statements of Equity Mantra that Equity Mantra had bank accounts in IndusInd Bank and Equitas SF Bank and payment gateways with PayU and Safexpay (Paygate). Further, it is noted that the Noticee has provided the website address www.equitymantra.in to PayU while opening the account. The KYC details of the aforesaid accounts are as under:

Sl. No.	Account No. and Bank	KYC Details
1	IndusInd Bank, Account number-XXXXXXXX6719	Account is noted to be in name of EQUITY MANTRA. Mr. Naresh Pal, Proprietor is the authorized signatory and the account is opened on August 02, 2019 and Dormant as on September 01, 2022. A GST registration certificate with no. 07DPDPP1122R2ZK in name of Mr. Naresh Pal Proprietor of EQUITY Mantra is also observed. G/F Old No.-1205, 2602-2603, Naya Bazar, Nai Basti, Chandani Chowk-110006 is the address of Equity Mantra. DPDPP1122R is the PAN of Mr. Naresh Pal and Tahseel Kasganj, Nagla Mohan/Badanpur, Goyati, Kasganj, U.P.-207403 is his address. Last credit entry in the account is of 14.07.2020 and total credit received in A/c is Rs. 62,73,160.3/-
2	Equitas SF Bank, Account number-XXXXXXXX7750	Account is noted to be in name of M/s EQUITY MANTRA Prop Mr NARESH PAL and the account is opened on July 07, 2019 and account is open/regular as on September 11, 2022. A GST registration certificate with no. 07DPDPP1122R2ZK

		in name of Mr. Naresh Pal Proprietor of EQUITY Mantra is also observed. G/F Old No.-1205, 2602-2603, Naya Bazar, Nai Basti, Chandani Chowk-110006 is the address of Equity Mantra. DPDPP1122R is the PAN of Mr. Naresh Pal and Tahseel Kasganj, Nagla Mohan/Badanpur, Goyati, Kasganj, U.P.-207403 is his address. Last credit entry in the account is of February 22, 2020 and total credit received in A/c is Rs. 5,72,660/-
3	Safexpay Payment gateway	A/c is in the name of Merchant EQUITY MANTRA and is already deactivated as on September 04, 2020. A GST registration certificate with no. 07DPDPP1122R2ZK in name of Mr. Naresh Pal Proprietor of EQUITY Mantra is also observed. G/F Old No.-1205, 2602-2603, Naya Bazar, Nai Basti, Chandani Chowk-110006 is the address of Equity Mantra. DPDPP1122R is the PAN of Mr. Naresh Pal and Tahseel Kasganj, Nagla Mohan/Badanpur, Goyati, Kasganj, U.P.-207403 is his address. Last credit entry in the account is of February 02, 2020 and total credit received in Safexpay is Rs. 1153157/-
4	PayU Payment gateway-	A/c is in the name of EQUITY MANTRA website- https://www.equitymantra.in/. G/F Old No.-1205, 2602-2603, Naya Bazar, Nai Basti, Chandani Chowk-110006 is the address of Equity Mantra. DPDPP1122R is the PAN of Mr. Naresh Pal. Last credit entry in the account is of September 16, 2019 and total credit received in PayU is Rs. 26,68,734/-.

23. From the above, it is noted that all the aforesaid bank/payment gateway accounts are opened in name of Equity Mantra by its proprietor Mr. Naresh Pal. From further analysis of the complaints and bank/payment gateway accounts, I find that the payments claimed to have been made by the complainants either directly or through the Payment gateway provided by the Noticee to Equity Mantra could also be traced in Equity Mantra's Bank Account. The details of payments made by the complainant and the bank / payment gateways where the said amounts were deposited are as under:

Complainant	Payment gateway, Date and Amount

Laxman Ram Kasana	Indus Ind Bank-29/11/2019-Rs. 20000, 03/12/2019-Rs. 20000, 05/12/2019-Rs. 15000, 21/12/2019-Rs.48000/- and 02/01/2020-Rs. 20000, Total-Rs. 123000/-
Chethan R Naik	PayU-04/10/2019-Rs. 8455
Sushant Ashok Kadam	Safexpay- 31/12/2019- Rs.36000/-, PayU-19/11/2019-Rs. 55000, Total-Rs. 91000/-
Prathamesh Matondkar	PayU-15/07/2020-Rs. 24157
Mushtaq Ahmad Gaani	Indus Ind Bank- 27/01/2020-Rs. 58000/-
Surajit Joardar	Indus Ind Bank- 12/02/2020-Rs. 8000/-, Safexpay-10/12/2019- Rs.34500/-
Pradeep Sitaram Verma	Safexpay- 16/12/2019- Rs.25003/-
Sanjay Suman	PayU-24.01.2020-Rs. 11436/-, 25/01/2020-Rs. 13564/- and 29/01/2020-Rs. 25000/-, Total-Rs. 50000/-
Abbasuddin Molla	Indus Ind Bank-10/12/2019-Rs. 5000, 16/12/2019-Rs. 10299, 17/12/2019-Rs. 10000/-, 19/12/2019-Rs. 20299, 24/12/2019-Re. 1, 25/12/2019-Rs. 20000, 27/12/2019-Rs. 64651. Safexpay-11/12/2019-Rs. 19326/- Total-149576/-
Nasiruddin	Safexpay- 20/12/2019-Rs. 10001/-
Sandeep Bhingle	Indus Ind Bank-26.09.2019-Rs. 3000/-

24. Further, from the screenshots of WhatsApp chats provided by one of the complainants, as noted in the SCN that links of the website www.equitymantra.in were sent to the complainant by the Noticee. On examination of the pages of the website received from the partnership firm vide email dated August 17, 2020 and also as obtained from '*archive.org*', I note that the Noticee (*Equity Mantra*) has *inter-alia* declared itself as an Investment Adviser and research house under SEBI Reg. No. INA100006676 in the name Equity Mantra offering technical and trading Analysis and tips in all fields of Commodity Market and Share Market Trading through different products namely Stock Cash, Options, HNI Cash, Stock Future, HNI Options, etc. The addresses and emails mentioned on the website are *135, 1st Floor, FIF, Patparganj, Delhi-110095* (*the registered address of the firm*) and *Alpha One Mall Sarkari Vasahat Road, Ahmedabad 380006* and emails-support@equitymantra.in and enquiry@equitymantra.in. The screenshot of the website and other details, as obtained from archive.org, are as under:

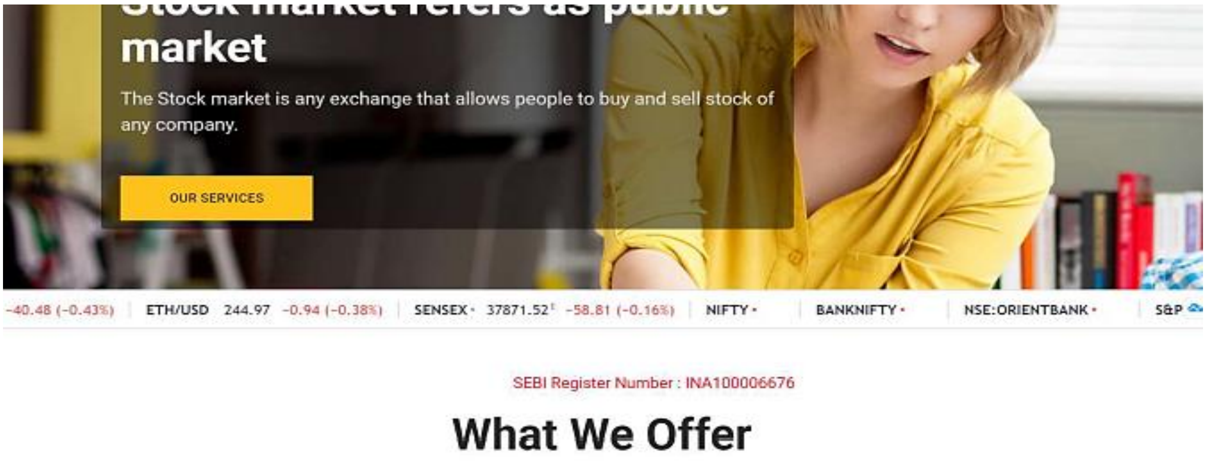
"Equity Mantra is an emerging Global Business Conglomerate incorporated by the Proficient Stocks, Commodities and Forex Market veterans after huge success in many different models of technical analysis. We provide Accurate Tips to our clients. Equity Mantra well known for its vast experience in technical Analysis for many years now has succeeded and performing exceptionally well in all fields of Commodity Market and Share Market Trading. We are a reputed Indian Trading Analysis Providing firm.

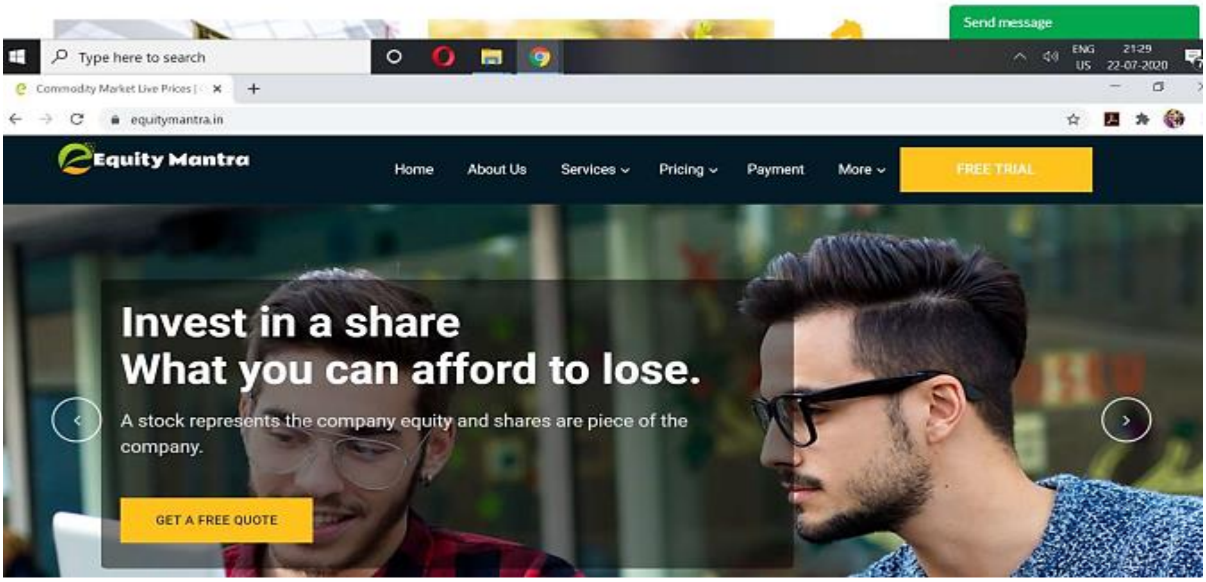
Services-Stock Cash, Options, HNI Cash, Stock Future, HNI Options

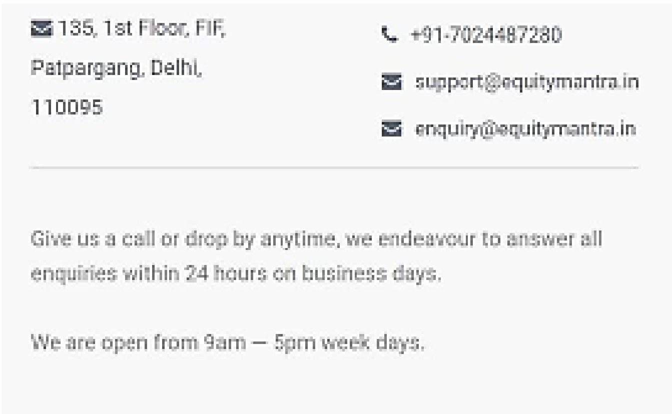
Our Vision

To be the worlds best research house in terms of quality, profitability and client satisfaction.

Corporate Office
Alpha One Mall Sarkari Vasahat Road, Ahmedabad 380006, India
Customer Care+91 7048924477 Support support@equitymantra.in"

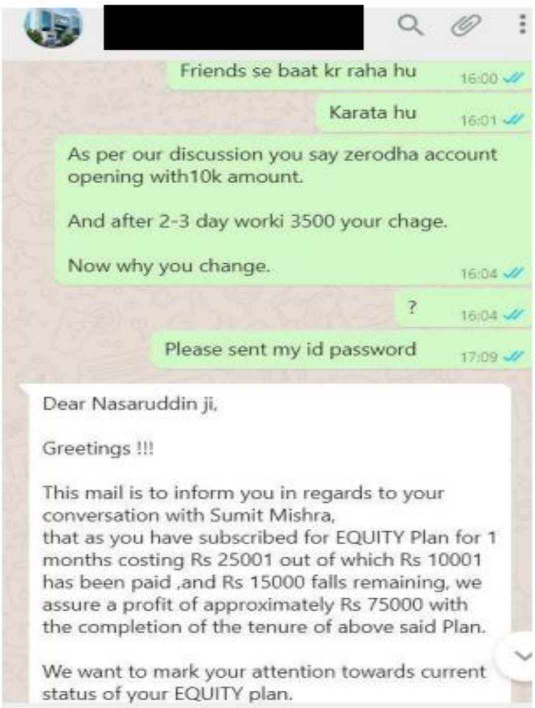






25. As per available records and upon perusing the SEBI website, I note that the Noticee is not registered with SEBI in any capacity. Hence, Equity Mantra, wherein the Noticee is a proprietor and against whom the SCORES complaints were received by SEBI is a proprietorship concern of the Noticee with website www.equitymantra.in and accordingly, I find that Equity Mantra, proprietorship concern of the Noticee, is different from the SEBI Registered entity viz. Equity Mantra, details of which are mentioned at paragraph no. 1 above. The said finding is further substantiated from the submissions made by the partners of the registered Investment Advisory firm stating that complaints have been made by them with cyber cell authorities regarding the fraudulent activities committed in their firm's name and misuse of SEBI Registration number under the domain name equitymantra.in which is similar but different from their original domain equitymantra.co.in.

26. Further, on perusal of the chats between one of the complainants and the Noticee, I find that the Noticee has even promised the complainant of assured profits on subscription to one of the schemes offered by Equity Mantra. The screenshots of text chats as provided by the complainant along with the complaint are as under:



27. In view of the foregoing, it is clearly established that the Noticee has declared himself as an Investment Adviser and research house by displaying SEBI Reg. No.

INA100006676 and the name ‘*Equity Mantra*’ on the website www.equitymantra.in offering technical and trading Analysis and tips in all fields of Commodity Market and Share Market Trading through different products namely ‘Stock Cash’, ‘Options’, ‘HNI Cash’, ‘Stock Future’, ‘HNI Options’, etc. Therefore, I conclude that in terms of Regulation 2(1)(l) of the IA Regulations, 2013, the Noticee was providing investment advice through the website www.equitymantra.in.

28. I find that the *modus operandi* of the Noticee, as can be seen from the complaints and the examination carried out by SEBI, is that it approaches the prospective clients as SEBI registered Investment Adviser - Equity Mantra and facilitates opening of Demat A/c, seeks an initial upfront fee of Rs. 3000/-, 3500/-, etc. as registration fee/service charge/commission for opening of account. The Noticee also provided free/trial to the clients. Once the client paid the initial amount, client was asked to deposit a relatively bigger amount viz. Rs. 10,000/-, Rs. 55,000/-, etc. in their own accounts for onward depositing in the proposed Demat Account. Further, the Noticee even assured return to the clients on investments done based on advices given by it/him through different plans viz. “Equity Plan”. Once, the client deposited the amount in account of the Noticee, it / he either blocked the client or demanded more money. I find from the examination report that in one of the cases, a big amount was directly transferred to the Noticee when it was advised to the complainant that the initial / registration fee can be paid from the profits earned from investments made on the advice. In this context, I also find it relevant to mention that SEBI based on the address and emails observed on the KYC details and website of Equity Mantra sent letters to the Noticee dated December 28, 2021 and reminder email dated March 08, 2022 seeking information in respect of the services provided, fees collected etc by it. However, the aforesaid letters and email returned undelivered.

29. I find it appropriate to refer to the definition of the term *‘investment adviser’* as per Regulation 2(1)(m) of IA Regulations reproduced in preceding paragraph no. 18 which defines the term to mean; 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 3(1) of the IA Regulations as reproduced in preceding paragraph no. 19 above is an unambiguous provision which clearly bars any person to 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.

30. As per paragraph 10 of the SCN dated August 24, 2023, it has been alleged that the Noticee had collected an amount of at least Rs. 1,06,67,711.30/- by way of providing investment advisory services without registration. However, on perusal of records, I observe that the above figure is a cumulative of the total credits received in the bank accounts as well as through the payment gateways which were ultimately linked to the bank account/s of the Noticee. Thus, in order to ascertain the actual amounts collected by the notice by way of providing unregistered investment advisory services, information/ clarification was sought by SEBI from the payment gateways, i.e. PayU and Safexpay. Upon receipt of clarification, I note that both the payment gateways registered by the Noticee are linked to the bank account held by the Noticee with Induslnd Bank bearing no. xxxxxxxx6719. Further, PayU, vide its email dated July 10, 2024, has shared the following information:

30.1 Revised statement for the account held in the name of the Noticee showing total amounts transacted during the period from September 14, 2019 to July 17, 2020 through the said gateway is Rs. 26,79,585/-.

30.2 That the account was suspended because of lack of KYC verification and transactions done on the payment gateway after May 13, 2024 could not be settled. Therefore, total amount of Rs. 95,581/- is on hold with the payment gateway and is yet to be settled due to the aforementioned reason.

30.3 Out of remaining amount of Rs. 25,84,004 i.e. Rs. 26,79,585/- (-) Rs. 95,581/-, charges of Rs. 60,937.41/- were deducted by PAYU as service charges and remaining amount of Rs. 25,23,066.59/- was transferred to the IndusInd bank account of the Noticee.

30.4 Therefore, the amount actually transferred by PayU in the bank account of the Noticee is ascertained and tabulated below:

Total amount transacted on PAYU	Rs. 26,79,585.00
Amount on hold with PAYU (Unsettled amount)	Rs. 95,581.00
Settled transactions amount	Rs. 25,84,004.00
Charges deducted by PAYU	Rs. 60,937.41
Amount transferred to Bank A/C of Equity Mantra	Rs. 25,23,066.59

31. With respect to the payment gateway with Safexpay held by the Noticee, I note that an amount of Rs. 11,53,157/- was transacted through the said gateway during the period from November 15, 2019 to February 21, 2020. Out of the aforesaid amount, there is a possibility that an amount of Rs. 19,574.05 has been deducted by Safexpay as service charge. Hence, the actual amount transferred to the bank account of the Noticee is Rs. 11,33,582.95/- through Safexpay.

32. On the basis of the observations made in paragraph nos. 30 and 31 above and also on analysis of the bank statements available on record, I note that the amounts credited in IndusInd bank account held in the name of the Noticee are inclusive of the amounts received through the said payment gateways. Therefore, based on the clarification / information brought on record, the breakup of fees collected by the Noticee from the investors by way of providing investment advisory services without obtaining an registration from SEBI stands revised as under:

Sr. No.	Breakup of amount of fee collected from investors	Amount
1.	Amount of fees collected through PAYU	26,79,585.00
2.	Amount of fees collected through SAFEXPAY	11,53,157.00
3.	Amount of fees collected directly in IndusInd Bank Account	26,16,510.72
4.	Amount of fee collected directly in Equitas SF Bank Account	5,72,660.00

	Total	**70,21,912.72/-**

33. From the foregoing, I find that the Noticee has collected an amount of Rs. 70,21,912.72/- instead of Rs. 1,06,67,711.30/- as alleged in the SCN dated August 24, 2023 by way of providing investment advisory services without obtaining a certification of registration from SEBI as required under the securities laws.

34. Thus, considering the facts in the instant case, I conclude that the Noticee has, by holding out to be into the business of investment advice through the website www.equitymantra.in and receiving consideration from investors, without obtaining a certificate of registration from SEBI, indeed violated the provisions of Section 12(1) of the SEBI Act, 1992 read with Regulation 3(1) of the IA Regulations.

35. 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:

35.1. 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;

35.2. 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:

35.2.1. A professional qualification or post-graduate degree or post graduate diploma (minimum two years in duration) in finance, accountancy, business management, commerce, economics, capital market, banking, insurance or actuarial science from a university or an institution recognized by the Central Government or any State

Government or a recognized foreign university or institution or association or a professional qualification by completing a Post Graduate Program in the Securities Market (Investment Advisory) from NISM of a duration not less than one year or a professional qualification by obtaining a CFA Charter from the CFA Institute;

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

35.2.3. 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.

35.3. 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.

36. I note that the safeguards provided under IA Regulations, 2013 requires continued minimum professional qualification and net-worth requirement for investment adviser, including disclosure of all conflict of interest, prohibition on entering into transactions which are contrary to advice given for 15 days, risk profiling of investors, maintaining documented process for selecting investment for client based on client's objective and risk profile, understanding the nature and risks of products or assets selected for clients, etc. These requirements are aimed at protection of investor's interest.

37. As per Regulation 3(1) of IA Regulations the registration of the investment advisers is mandatory. It provides that, "*On and from the commencement of these* *regulations, no person shall act as an investment adviser or hold itself out as an investment adviser unless he has obtained a certificate of registration from the Board under these regulations*".

38. I further find that, in order to solicit the sale of its services, the Noticee represented itself as being a SEBI Registered Investment Adviser and also assured its prospective clients of assured returns, thereby, concealing the associated risks in dealing in securities and in turn misleading the investors. I am also of the considered view that by disseminating information that the firm is registered with SEBI through its website, the Noticee has knowingly misled the investors at large thereby engaging in acts, practices, course of businesses which operated as *'fraud'* as defined under Regulation 2(1)(c) of the PFUTP Regulations. Regulation 4(2)(k) provides that dealing in securities shall be deemed to be a manipulative, fraudulent or an unfair trade practice if it involves disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading and which is designed or likely to influence the decision of investors dealing in securities. Further, Regulation 4(2)(o) of the PFUTP Regulations specifically states that fraudulent inducement of any person by a market participant to deal in securities with an objective of enhancing income / brokerage / commission also amounts to an unfair trade practice. Furthermore, Further, Regulation 4(2)(s) provides that dealing in securities shall be deemed to be a manipulative, fraudulent or an unfair trade practice if it involves mis-selling of securities or services relating to securities market by knowingly making a misleading and false statement and / or knowingly concealing or omitting material facts.

39. It is pertinent to refer to the case of ***SEBI Vs. Kishore Ajmera (2016) 6 SCC 368***, the Hon'ble Supreme Court observed that,

> *"the SEBI Act and the Regulations framed there under are intended to protect the interests of investors in the Securities Market which has seen substantial growth in tune with the parallel developments in the economy. Investors' confidence in the Capital / Securities Market is a reflection of the effectiveness*

of the regulatory mechanism in force. All such measures are intended to preempt manipulative trading and check all kinds of impermissible conduct in order to boost the investors' confidence in the Capital market. The primary purpose of the statutory enactments is to provide enactment is to provide an environment conductive to increased participation and investment in the securities market which is vital to the growth and development of the economy. The provisions of the SEBI Act and the Regulations will, therefore, have to be understood and interpreted in the above light".

40. The PFUTP Regulations, 2003 are intended to curb market abuse. The Hon'ble Supreme Court in the case of ***SEBI Vs. Kanaiyalal Baldevbhai Patel (2017) 15 SCC 1***, has observed that-

"The definition of 'fraud', which is an inclusive definition and, therefore, has to be understood to be broad and expansive, contemplates even an action or omission, as may be committed, even without any deceit if such act or omission has the effect of inducing another person to deal in securities. Certainly, the definition expands beyond what can be normally understood to be a 'fraudulent act' or a conduct amounting to 'fraud'. The emphasis is on the act of inducement and the scrutiny must, therefore, be on the meaning that must be attributed to the word "induce" ....to make inducement an offence the intention behind the representation or misrepresentation of facts must be dishonest whereas in the latter category of cases like the present the element of dishonesty need not be present or proved and established to be present. In the latter category of cases, a mere inference, rather than proof, that the person induced would not have acted in the manner that he did but for the inducement is sufficient."

41. Thus, the Noticee through the proprietorship concern, by disseminating that "Equity Mantra" is a SEBI registered Investment Advisory Firm on its website www.equitymantra.in has knowingly published false and misleading information and has knowingly made a misleading statement, thereby, defrauding the investors at large. Further, it is clearly seen that the Noticee, by promising assured return on the investments done by the clients on the investment advice provided has further defrauded the investors at large as investments in securities market is subject to market risks. In view of the above, I do not have any hesitation to conclude that the Noticee has violated the provisions of Regulations 3(a), (b), (c), (d), 4(1), 4(2)(k),(o) and (s) of the PFUTP Regulations read with Section 12A(a), (b) and (c) of the SEBI Act, 1992.

42. The SCN referred above, also calls upon the Noticee to explain as to why appropriate penalty be not imposed upon him/ it under Section 15HA, 15HB (*for the investment advisory service provided by the Noticee without obtaining certificate of registration before March 08, 2019*) and 15EB (*for the investment advisory service provided by the Noticee without obtaining certificate of registration after March 08, 2019*) of the SEBI Act, 1992 for acting as an unregistered investment advisor and further, by disseminating that it / he was a registered Investment Advisor by displaying a registration number on its website including promising assured returns to clients through chats. The relevant extracts of the penalty provisions, is reproduced, hereunder:

*"**Penalty for default in case of investment adviser and research analyst.***
***15EB.** 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."*

*"**Penalty for fraudulent and unfair trade practices***
***15HA.** If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher."*

***Penalty for contravention where no separate penalty has been provided**.*
***15HB.** Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees."*

43. Upon perusal and consideration of the preceding paragraphs, I find that the Noticee had indulged in Investment Advisory services after March 08, 2019. I note that the Complaints against Equity Mantra have been received during the period October 2019 - August 2020, the bank accounts of Equity Mantra have been opened on August 02, 2019 and July 07, 2019 and the payments made by the Complainants to the bank account of Equity Mantra are after March 08, 2019.

44. Upon consideration of the penalty provisions as reproduced in paragraph No. 42, I find that Section 15EB of the SEBI Act, 1992 would be the appropriate provision in the present case as the Noticee has carried out the business of giving investment advice after March 08, 2019 without obtaining a certificate of registration from the Board under the IA Regulations, 2013 and that Section 15HA of the SEBI Act, 1992 has been invoked for fraudulently inducing investors to deal in securities by displaying that he / it is a SEBI Registered investment Advisor and further, providing promises of assured returns in violations of provisions of PFUTP Regulations. It has been clearly established in the preceding paragraphs that the Noticee had acted as an investment adviser without obtaining a certificate of registration from SEBI and therefore, violated Regulation 3(1) of the IA Regulations read with Section 12(1) of the SEBI Act, 1992. It has also been clearly established that the Noticee, fraudulently, induced investors to deal in securities by incorrectly / fraudulently displaying a SEBI Registration Number and further by way of promising assured returns through its website / chats in violation of Regulation 3(a), (b), (c) and (d), 4(1) and 4(2)(k), (o) & (s) of the PFUTP Regulations, 2003 read with Section 12A(a), (b) and (c) of the SEBI Act, 1992. In view of the same, I find that monetary penalties under Sections 15EB and 15HA of the SEBI Act, 1992 are attracted against the Noticee in the present case.

45. It is relevant to mention here that for determining the amount of penalties to be imposed under the provisions of the SEBI Act, 1992, guidance is provided under Section 15J of the SEBI Act, 1992, which is reproduced as:

*"**15J. Factors to be taken into account while adjudging quantum of penalty.***
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."

46. As mentioned in Paragraph nos. 32 and 33 above, total amount of Rs. 70,21,912.72/- has been received / collected by the Noticee in the bank account/s for the investment advisory services provided by it. Thus, in the light of the findings in the preceding paragraphs, I am of the considered view that the Noticee is liable for a direction to refund the aforementioned amount collected by him/ it as an unregistered investment adviser in addition to monetary penalties which are attracted for the aforesaid violations under Sections 15EB and 15HA of the SEBI Act, 1992.

ORDER AND DIRECTIONS

47. In view of the foregoing, I, in exercise of the powers conferred upon me in terms Sections 11(1), 11(4), 11(4A), 11B (1) and 11B (2) read with Section 19 of the SEBI Act, 1992 and Rule 5 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, do hereby pass the following directions:

47.1. The Noticee, Mr. Naresh Pal (*Proprietor of Equity Mantra*) shall, within a period of three (3) months from the date coming into force of this direction, refund the money received from any complainants/ investors/ clients, as fees or consideration or in any other form, in respect of their unregistered investment advisory activities;

47.2. The Noticee, Mr. Naresh Pal (*Proprietor of Equity Mantra*) shall issue public notice in all editions of two National Dailies (one English and one Hindi) and in one local daily with wide circulation, detailing the modalities for refund, including the details of contact person such as names, addresses and contact details, within 15 days of coming into force of this direction;

47.3. 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;

47.4. The Noticee, Mr. Naresh Pal (*Proprietor of Equity Mantra*) is prevented from selling his / its assets, properties and holding of mutual funds / shares / securities held by him/ 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/ complainants who were availing the investment advisory services from the Noticee, as directed in this order, from the bank accounts of the Noticee / Mr. Naresh Pal;

47.5. After completing the aforesaid repayments, the Noticee shall file a report of such completion with SEBI addressed to the "Division Chief, Division of Post - Inspection Enforcement Action, Market Intermediaries Regulation and Supervision Department, SEBI Bhavan II, Plot No. C7, 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 the directions at para 47.1 and 47.2 above, duly certified by an independent Chartered Accountant and the direction at para 47.4 above shall cease to operate upon filing of such report on completion of refunds to complainants/ investors;

47.6. 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 / Mr. Naresh Pal. Thereafter, remaining amount, if any, will be deposited in the 'Investors Protection and Education Fund' maintained by SEBI;

47.7. In case of failure of the Noticee/ Mr. Naresh Pal to comply with the aforesaid directions in sub-paragraph 47.1 and 47.5 above, SEBI, on the expiry of the stipulated time period therein from the date of coming into force of this order, may recover such amounts, from the Noticee, in accordance with Section 28A of the SEBI Act, 1992 including such other provisions contained in securities laws;

47.8. The Noticee / Mr. Naresh Pal 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 one (1) year from the date of this order or till the expiry of one (1) year from the date of completion of refunds to complainants/ investors as directed in paragraphs 47.1 and 47.6 above, whichever is later;

47.9. The Noticee / Mr. Naresh Pal shall not undertake, either during or after the expiry of the period of debarment / restraint as mentioned in paragraph 47.8 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.

47.10. The Noticee / Mr. Naresh Pal is hereby imposed with monetary penalties as provided hereunder:

Name of the Noticee	**Provisions under which penalty is imposed**	**Amount of penalty (Rs.)**
Mr. Naresh Pal (Proprietor of Equity Mantra)	Section 15EB of the SEBI Act, 1992	Rs. 1,00,000/-
	Section 15HA of the SEBI Act, 1992	Rs. 5,00,000/-
TOTAL		**Rs. 6,00,000/-**

47.11. The Noticee / Mr. Naresh Pal shall remit / pay the said amounts of penalty within a period of 45 days from receipt of the order 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 EDs/CGMs -> PAY NOW. In case of any difficulties in online payment of penalties, the Noticee / Mr. Naresh Pal may contact the support at portalhelp@sebi.gov.in.

48. It is hereby clarified that if the Noticee has any open position in any exchange traded derivative contracts, as on the date of this order, he can close out/ square off such open positions within 3 months from the date of order or at the expiry of such contracts, whichever is earlier. The Noticee / Mr. Naresh Pal is permitted to settle the pay in and pay out obligations in respect of transactions, if any, which have taken place before the close of trading on the date of this order.

49. The direction for refund, as given in paragraph 47.1 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.

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

51. A copy of this order shall be sent to the Noticee / Mr. Naresh Pal, 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.

Date: July 24, 2024
Place: Mumbai

Dr. ANITHA ANOOP
CHIEF GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA