

IN THE SECURITIES APPELLATE TRIBUNAL AT
MUMBAI

DATED THIS THE 7TH DAY OF JULY, 2026

CORAM : Justice P. S. Dinesh Kumar, Presiding Officer
Ms. Meera Swarup, Technical Member
Dr. Dheeraj Bhatnagar, Technical Member

Appeal No. 365 of 2023

Between

1. Trifid Research
Saket Tower, 1st Floor,
Plot No. 3-A, Ratlam Kothi,
AB Road, Near Geeta Bhawan Square,
Indore – 452001.
 2. Vivek Tyagi
D-34, Alkapuri,
Near Gandhi School,
Ratlam – 457 001.
 3. Lidya Thomas
Quarter No. 1, Grasim Hospital,
Birlagram Nagda, Ujjain – 456331,
Madhya Pradesh.
- Appellants

By Mr. Kushal Shah, CA with Dr. Keyur Shah, Advocate i/b
Prakash Shah & Associates for the Appellants.

And

Securities and Exchange Board of India
SEBI Bhavan, Plot No. C-4A, G Block,
Bandra Kurla Complex, Bandra (East),
Mumbai - 400 051.

.... Respondent

By Mr. Sumit Rai, Advocate with Mr. Manish Chhangani, Mr. Sumit Yadav, Mr. Abhay Chauhan, Advocates i/b The Law Point for the Respondent.

THIS APPEAL IS FILED UNDER SECTION 15T OF SEBI ACT, 1992 TO SET ASIDE ORDER DATED DECEMBER 29, 2022 (EX-A) PASSED BY WTM, SEBI.

THIS APPEAL COMING ON FOR HEARING THIS 7TH DAY OF JULY 2026, THIS TRIBUNAL PASSED THE FOLLOWING:

O R D E R

Per : Justice P. S. Dinesh Kumar, Presiding Officer (Oral)

This appeal is directed against the order dated 29.12.2022 passed by the WTM¹, SEBI² debarring the appellants from accessing the securities market for five years.

2. We have heard Mr. Kushal Shah, learned authorized representative with Dr. Keyur Shah, learned advocate for the appellants and Mr. Sumit Rai, learned advocate for the respondent-SEBI.

3. Brief facts of the case are, Noticee No. 1-Trifid Research is a SEBI registered investment advisory firm. Noticee Nos. 2 and 3 are its partners.

4. During October 2019, SEBI carried out an inspection for the period between 01.04.2018 and 17.10.2019 and the

¹ Whole Time Member

² Securities & Exchange Board of India

inspection revealed the following violations of IA³ Regulations: -

- (i) Trifid had not carried out risk profiling as per the provisions of the IA Regulations;*
- (ii) Trifid had not provided investment advice in terms of suitability as per the provisions of the IA Regulations, and;*
- (iii) Trifid had not charged fair and reasonable fee from the clients as per the provisions of the IA Regulations.*

5. Accordingly, an interim order was passed against the noticees on 30.03.2021 debarring the appellants from accessing the securities market until further orders. After adjudication, the impugned order has been passed.

6. Mr. Kushal Shah, learned authorized representative submitted that the main allegations against the appellants are:

- i. Improper Risk Profiling of clients;
- ii. Failure to provide proper advice based on suitability;
- iii. Charging unreasonable / unfair fees.

7. Mr. Shah submitted that the appellants are regulated by the IA Regulations and they have been penalized with debarment for a period of five years. The debarment has commenced from the date of the interim order and it has ended on 29.03.2026. Therefore, the appeal is rendered

³ SEBI (Investment Advisory) Regulations, 2013

infructuous in that sense. However, it is directed in paragraph No. 50(c) of the impugned order that the debarment shall continue till the date of compliance with the directions contained in paragraph No. 50(b). The direction in paragraph No. 50(b) direct the appellants to resolve the complaint within 30 days from the date of the impugned order and furnish a report to SEBI. Appellants have submitted the report, but have not received any feedback from the SEBI. He further submitted that the appellants are more aggrieved with the observations with regard to the violation of the PFUTP Regulations⁴ and prayed that this Tribunal may consider expunging those observations.

8. Mr. Rai, learned advocate for the SEBI submitted that the debarment would continue so long as compliance of the direction at paragraph No. 50(b) is not fulfilled. SEBI has noticed that the compliance has not been fully done and attempted to serve with the observations. However, the observations have not served to the appellants.

9. We have considered rival contentions and perused the records.

10. With regard to PFUTP charges, the WTM has recorded thus:

“47. The above observations and findings clearly establish that the IA was not carrying out risk profiling in the prescribed manner, had indulged in selling of incompatible products and services to clients, had sold the products / services to clients prior to risk profiling, had wrongly categorized ‘High Risk’ derivative products as ‘Low Risk’, had collected unreasonable fees disproportionate to the annual income / proposed investment of the clients, had locked-in clients by collecting advance payments with a ‘No Refund Policy’ and had not

⁴ SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003

provided services to clients even after collecting fees. All the above show that the IA was working with the sole objective of maximizing his profits at the cost of gullible clients by defrauding them. I find that the IA by adopting such practices has used and employed manipulative and deceptive device / contrivance and has engaged in an act which operated as fraud and deceit upon its clients. I thus hold that the IA has violated the provisions of Section 12(a), (b) & (c) of the SEBI Act, 1992 read with Regulations 3(a), (b), (c) and (d) of the PFUTP Regulations.”

11. Admitted position is, the interim order was passed on 30.03.2021. Reckoned from that date, the debarment period of 5 years has expired on 29.03.2026. Learned authorized representative submitted that with regard to compliance of directions at paragraph No. 50(b), appellants shall abide by any further directions issued by the SEBI.

12. With regard to the PFUTP Regulations, he relied upon paragraph No. 15 in ***Capitalaim Financial Advisory Pvt. Ltd. & Anr. v. SEBI***⁵ and argued that the PFUTP allegation is very general in nature and as such no observations were called for in appellants' case.

13. Mr. Rai's contentions is, appellants were giving advice without reference to 'risk profile and assessment' and it amounts to violation of PFUTP Regulations. In ***Capitalaim Financial Advisory Pvt. Ltd. & Anr. (supra)***, we have noted the earlier view taken by this Tribunal and held that mere general allegation does not constitute violation of PFUTP Regulations. We may record that allegation of violation of PFUTP Regulations is a serious matter and no finding can be recorded on mere general allegations and individual perception. There must be specific allegation in the SCN to enable the noticee to defend.

⁵ Appeal No. 402 of 2023 decided on March 13, 2026 (paragraph No. 15).

14. The findings recorded by the WTM extracted hereinabove clearly show that he has arrived at a conclusion that appellants have violated PFUTP Regulations for having indulged in selling of incompatible products and services to clients prior to risk profiling. Admittedly, this act is in violation of IA Regulations. There is no specific allegation in the SCN with regard to violation of PFUTP Regulations. In our view, the WTM's observations are too general in nature to hold that appellants have violated PFUTP Regulations. Therefore, the said observations are unsustainable.

15. In the result, the following:-

ORDER

- i. Appeal is **allowed in part**.
- ii. The period of debarment already undergone is held sufficient. Findings/observations of the WTM with regard to PFUTP Regulations are set aside.
- iii. Pending interlocutory application(s), if any, stands disposed of.
- iv. No costs.

Justice P. S. Dinesh Kumar
Presiding Officer

Ms. Meera Swarup
Technical Member

Dr. Dheeraj Bhatnagar
Technical Member

07.07.2026
PTM