

**IN THE SECURITIES APPELLATE TRIBUNAL
AT MUMBAI**

DATED THIS THE 6TH DAY OF OCTOBER, 2026

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

Appeal No.239 of 2023

Dollar Advisory and Financial Services
Through its proprietor
Mr. Ravi Prakash Mohta
C-2 405, Milan Heights,
Near Agarwal Public School,
Indore, Madhya Pradesh – 452016. Appellant

(By Mr. Vedchetan Patil, Advocate with Ms. Delzeen Dastoor
and Mr. Parth Munde, Advocates for the Appellant.)

The Securities and Exchange Board of India
Plot No.C-7, G Block,
Bandra Kurla Complex, Bandra (E),
Mumbai, Maharashtra, India – 400051. Respondent

(By Mr. Pradeep Sancheti, Senior Advocate with Mr. Manish
Chhangani, Mr. Sumit Yadav, Mr. Abhay Chauhan and Mr.
Devya Shah, Advocates i/b. The Law Point for the
Respondent.)

**With
Appeal No.240 of 2023**

Dollar Advisory and Financial Services
Through its proprietor
Mr. Ravi Prakash Mohta
C-2 405, Milan Heights,
Near Agarwal Public School,
Indore, Madhya Pradesh – 452016. Appellant

(By Mr. Vedchetan Patil, Advocate with Ms. Delzeen Dastoor
and Mr. Parth Munde, Advocates for the Appellant.)

The Securities and Exchange Board of India
Plot No.C-7, G Block,
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(By Mr. Pradeep Sancheti, Senior Advocate with Mr. Manish
Chhangani, Mr. Sumit Yadav, Mr. Abhay Chauhan and Mr.
Devya Shah, Advocates i/b. The Law Point for the
Respondent.)

THESE APPEALS ARE FILED UNDER SECTION 15T OF THE SEBI
ACT, 1992 TO SET ASIDE THE ORDERS DATED NOVEMBER 24,
2022 AND NOVEMBER 30, 2022 PASSED BY THE SEBI.

THESE APPEALS ARE HAVING BEEN HEARD AND RESERVED FOR
ORDERS ON JULY 14, 2026 COMING ON FOR PRONOUNCEMENT
OF ORDER THIS DAY, THE TRIBUNAL MADE THE FOLLOWING:

ORDER

Per: Justice P.S. Dinesh Kumar, Presiding Officer

These two appeals are directed against order dated 24.11.2022 passed by the CGM¹, SEBI² cancelling appellant's registration certificate and the order dated 30.11.2022 issuing directions to resolve the complaints; and imposing monetary penalty.

2. We have heard Mr. Vedchetan Patil, learned Advocate for the appellant and Mr. Pradeep Sancheti, learned Senior Advocate for the SEBI.

3. Brief facts of the case are, appellant is a registered Investment Advisor. SEBI conducted an inspection for the period between 01.04.2018 and 02.03.2020. Based on the inspection, two parallel proceedings were initiated (i) enquiry proceedings under Regulation 23 of SEBI (Intermediaries) Regulations, 2008 read with ('Intermediaries Regulations' for short) read with Regulation 28(a), (b) and (e) of SEBI (Investment Advisers) Regulations, 2013 ('IA Regulations' for short); and (ii) proceedings under Section 11, 11B of the SEBI Act, 1992³.

¹ Chief General Manager

² Securities and Exchange Board of India

³ Securities and Exchange Board of India

4. Under the enquiry proceedings, a Designated Authority ('DA' for short) was appointed and an SCN⁴ was issued. Appellant submitted his reply. The Designated Authority submitted his report holding that the appellant had violated IA Regulations, PFTUP Regulations and SEBI Circulars; and recommended cancellation of appellant's registration certificate as Investment Adviser. After submission of the report, a fresh SCN⁵ was issued enclosing DA's enquiry report calling upon the appellant to show cause as to why the registration certificate should not be cancelled. The appellant submitted his reply stating *inter alia* that he had stopped taking new clients. Due to his parents' illness, he had decided to close down his business and requested the SEBI to consider his application for surrender of his certificate and to drop the proceedings. After conclusion of proceedings, the impugned order has been passed cancelling appellant's registration and the same is challenged in Appeal No. 239 of 2023.

5. In the second set of proceedings, based on inspection, another SCN⁶ was issued. Appellant submitted his reply stating *inter alia* that he had stopped taking new clients, he desired to close down his business and sought to surrender his registration. After adjudication, the CGM⁷ cum QJA⁸ has passed an order

⁴ Show Cause Notice dated 04.10.2021

⁵ Dated 17.05.2022

⁶ Dated 28.04.2022

⁷ Chief General Manager

⁸ Quasi-Judicial Authority

issuing various directions including a direction to refund and the said order is under challenge in Appeal No.240 of 2023.

6. Assailing the impugned orders, Mr. Patil for the appellant submitted that:

- In September 2019, an FIR⁹ was filed by one of the clients against the appellant. Based on his family's advice, appellant had decided not to on-board any further clients and to surrender his certificate. Accordingly, on 04.01.2020, he wrote to the SEBI. Thereafter, SEBI issued an SCN on 04.10.2021 calling upon him to show cause as to why his certificate should not be cancelled;
- The CGM considered 14 allegations. Out of them, he has dropped 3 allegations. The reasons recorded by the CGM, while considering the remaining 11 allegations are without proper application of mind and unsustainable in law. With regard to each allegation, he made detailed submissions, which will be considered in the course of the order.

7. In reply, Mr. Sancheti, learned Senior Advocate for the SEBI, in substance, submitted that SEBI had received 121 complaints against the appellant. Appellant had not made proper risk assessment of his clients and sold multiple packages and collected huge service charges. He argued in support of findings

⁹ First Information Report

rendered by the CGM on each allegation, which will be dealt in the course of the order.

8. The following issues have been considered by the CGM in both adjudication proceedings:

“Issue No. I: Whether the Noticee failed to submit complete information which he undertook to submit under the statement of oath latest by March 20, 2020 and April 03, 2020?”

Issue No. II: Whether Noticee engaged representatives for rendering Investment Advice without adequate qualifications and information to SEBI?

Issue No. III: Whether the Noticee failed to disclose change in registered address?

Issue No. IV: Whether the Noticee violated norms pertaining to risk profiling?

Issue No. V: Whether the Noticee has failed to maintain records pertaining to risk profiling and risk assessment of the client in terms of Regulation 19 of the IA Regulations?

Issue No. VI: Whether the Noticee has deliberately devised multiple packages which are essentially offering same service to earn huge amount of service fees from its clients and thereby failed in its responsibility to act in fiduciary capacity to its clients?

Issue No. VII: Whether the Noticee failed to communicate the risk profile and suitability assessment to clients and started investment advisory services without confirmation of client on Risk Profile?

Issue No. VIII: Whether the Noticee provided Investment Advisory services prior to risk profiling?

Issue No. IX: Whether the Noticee has selected and sold package/ product/services without any regard to the financial situation, risk tolerance level/ loss absorbing capacity of the client?

Issue No. X: Whether the Noticee was charging Advisory fees before expiry of tenure of existing service/ collecting multiple payments in short period?

Issue No. XI: Whether the Noticee failed to comply with the SEBI Circulars in relation to compliance with provisions of the Prevention of Money Laundering Act and Anti Money Laundering Guidelines?

Issue No. XII: Whether the Noticee failed to redress the grievances of investors?

Issue No. XIII: Whether the Noticee traded on behalf of its clients?

Issue No. XIV: Whether the Noticee failed to comply with SEBI Circular dated December 27, 2019?"

9. **With regard to issue No.1,** Mr. Patil submitted that appellant had endeavoured to submit maximum possible documents, however, the computer server which was shut down for prolonged period during the Covid-19 period was damaged and he could not retrieve all the information sought by the SEBI. In substance, he conceded that only a part of information was given to the SEBI.

10. **With regard to issue No.2,** he submitted that the period under consideration in appellant's case is prior to the amendment to IA Regulations on 30.09.2020. Prior to the

amendment, it was not mandatory for the sales staff and the administrative staff to hold an NISM¹⁰ certificate.

11. **The issue No.3** has been dropped.

12. **With regard to issue No.4**, he submitted that the appellant had created a detailed questionnaire and obtained clients' replies. The said questionnaire was submitted to the SEBI while obtaining the registration and the same was approved. The questionnaire contains all the necessary details to prepare risk profiling of investors. Therefore, the finding recorded in para 45 of the impugned order¹¹ is perverse.

13. **With regard to issue No.5**, he submitted that it was not mandatory to collect the documents to ascertain clients' income and other details and the same were collected through KYC¹² and KRA¹³ based on clients' replies. The CGM has misread the scope of Regulation 19(1) of IA Regulations and recorded an incorrect finding that appellant was required to maintain records such as income proof.

14. **With regard to issue No.6**, he submitted that appellant had offered various packages to suit different kinds of investors. There was no restriction in law to offer different packages. No investor has complained of offering similar or identical products.

¹⁰ National Institute of Securities Market

¹¹ Dated 24.11.2022 challenged in Appeal No.239 of 2023

¹² Know Your Customer

¹³ KYC Registration Agency

The CGM, in Table 10 of the impugned order¹⁴, has tabulated salient features of two products, 'Blue Chip' and 'Big Boys' and recorded a finding that the same products were offered under different names. He submitted that only the administrative part in all products are similar only which the CGM has compared. The 'Blue Chip' stocks normally have better history, larger market cap, less fluctuation and good profit returns, whereas shares dealt under 'Big Boys' caption are scrips trading at ₹1000 or above. Therefore, the CGM's finding that same services are offered under different names and prices is factually incorrect.

15. **With regard to issue No.7**, he submitted that the CGM has tabulated 15 cases in Table No.12 and recorded in para 81 of the impugned order¹⁵ that clients' risk profiling was done through telephone and email without obtaining supporting documents to verify the authenticity and this finding is based on CGM's appreciation of 7 out of 41 clients noted in para 80 of the impugned order¹⁶. Appellant was winding down his business and did not have supporting staff, therefore, he could not submit all details at the time of inspection. Appellant had communicated the risk profiles, however, non-availability of documents should not be construed to the contrary.

16. **With regard to issue No.8**, he submitted that the appellant had not provided any service prior to risk profiling. The

¹⁴ Dated 24.11.2022 challenged in Appeal No.239 of 2023

¹⁵ Dated 24.11.2022

¹⁶ Dated 24.11.2022

CGM has tabulated a list of 15 clients and only in one case (K Sanjeevi), it is noted that service charge was paid on 06.09.2018 and risk profiling was done on 09.07.2018. In one another case (Vikram Ahir), the CGM has noted that the risk profiling was done on 10.01.2018 and the service commenced after one year i.e.29.01.2019. He submitted that what is noted by the CGM is the renewal of services made in 2019. As a matter of fact, the risk profiling was made on 13.01.2018 and the services commenced two days later. He submitted that the appellant had 4,300 clients and a 'stray incident' in the case of K. Sanjeevi may have occurred due to logistic error and accepted the same.

17. **With regard to issue No.9**, he submitted that the CGM has considered cases of senior citizens and others to conclude that the appellant had offered services without considering clients' financial situation. Adverting to para 90 of the impugned order¹⁷, he submitted that two clients, namely Srinivasa Raghu Chakravarti and Ladli Sharn Chopra were fully satisfied with the services. They have paid the fees over a period of several months in various tranches towards different products. The CGM has proceeded based on a conservative approach that senior citizen desire to keep their money safe in low risk segments.

18. **With regard to issue No.10**, he submitted that SEBI's allegation that appellant was collecting fees before the expiry of

¹⁷ Dated 24.11.2022

the tenure of an existing service is untenable because there is no legal bar in collecting fees in advance.

19. **With regard to issue No.11**, he submitted that appellant initially did not know about the Financial Intelligence Unit (FIU) registration and as soon as he learnt about the same, he obtained the registration.

20. **The issue No.12** has been dropped.

21. **With regard to issue No.13**, Mr. Patil submitted that appellant had maintained a strict policy not to trade on behalf of the clients. He had also instructed his employees not to indulge in such activities. However, some employees may have indulged without appellant's knowledge. He submitted that there is no bar in law to trade on behalf of a third party, provided there is a clear segregation of services and trades.

22. **The issue No.14** has been dropped.

23. Mr. Sancheti for the SEBI submitted that an Investment Adviser is required to function as a trustee in strict compliance of Regulations. He has to protect the interests of the investors. Appellant has admitted that he has not submitted the documents sought during the inspection. He has submitted documents in respect of only 7 out of 41 clients. He has admitted that the fees were collected prior to commencing the services in the case of K Sanjeevi. Though these violations are under IA Regulations, the intent behind such violations being *mala fide*, it amounts to

violation of PFUTP Regulations. Appellant had written to the SEBI that he would close down the services. In the light of admitted violations and the findings recorded by the CGM, there is no error in the impugned orders in directing refund, cancellation of registration and imposing penalty.

24. We have carefully considered rival contentions and perused the records.

25. **Re: issue No.1:** This issue is about non-submission of complete information. Admitted position is, appellant had obtained Investment Adviser certificate on 09.12.2015. On 04.01.2020, he had written to the SEBI stating that he desired not to on-board any fresh clients and restrict his service to the existing clients. He had also conveyed that he was in the process of winding down his activity as an Investment Adviser. SEBI conducted an inspection in March, 2020. The first SCN was issued nearly after two years. Appellant's contention is that his computers had remained unused resulting in data loss. He had furnished whatever the data he could retrieve. Appellant was a registered Investment Adviser. Therefore, he was duty bound to maintain all the necessary records. His explanation that he has submitted only available records is **untenable**.

26. **Re: issue No.2:** This issue is about engaging representatives without necessary qualification. Admittedly, the inspection period is prior to the amendment, which came into effect from 30.09.2020, by which NISM certificate was made

mandatory. Therefore, the SEBI's charge on this issue is **not sustainable**.

27. **Re. issue No.4:** This issue is about risk profiling. It was argued that appellant had obtained clients' answers through a questionnaire. Appellant had got the questionnaire approved from SEBI. This submission is not disputed. Therefore, the CGM's finding on this issue is not tenable. Consequently, the charge is **not sustainable**.

28. **Re. issue No.5:** This issue is about maintaining records pertaining to risk profile. This subject is provided in Regulation 19 of IA Regulations and it reads thus:

"Maintenance of records.

"19. (1) An investment adviser shall maintain the following records,-

- (a) Know Your Client records of the client;*
- (b) Risk profiling and risk assessment of the client;*
- (c) Suitability assessment of the advice being provided;*
- (d) Copies of agreements with clients, if any;*
- (e) Investment advice provided, whether written or oral;*
- (f) Rationale for arriving at investment advice, duly signed and dated;*
- (g) A register or record containing list of the clients, the date of advice, nature of the advice, the products/securities in which advice was rendered and fee, if any charged for such advice.*

(2) All records shall be maintained either in physical or electronic form and preserved for a minimum period of five years:...."

29. The CGM has recorded that appellant was aware that he was required to maintain records of income proof. Regulation extracted hereinabove does not include the income proof document. Therefore, the CGM's finding on this issue is perverse and therefore, the charge is ***not sustainable***.

30. ***Re. issue No.6:*** This issue is with regard to offering or selling multiple products. We have carefully analysed Table 10 of the impugned order¹⁸ relied upon by the CGM. The CGM has held that the appellant was offering same packages with different names. Appellant's explanation is that what is contained in Table 10 is the administrative part of two products 'Blue Chips' and 'Big Boys' and the administrative part will be always same. This explanation is satisfactory. Therefore, this charge is ***not sustainable***.

31. ***Re. issue No.7 and 8:*** These issues pertain to risk profiling. Table 12 and 13 of the impugned order¹⁹ clearly show that the clients had acknowledged the risk aspect and appellant had verified the documents. Therefore, the finding in para 82 of the impugned order²⁰ that appellant had failed to ensure risk profiling is contrary to records, hence, perverse. Consequently, these two charges are ***not sustainable***.

¹⁸ Dated 24.11.2022

¹⁹ Dated 24.11.2022

²⁰ Dated 24.11.2022

32. **Re. issue No.9:** This issue is about sale of products without having regard to financial condition of the client. SEBI's contention is that the appellant had sold different services without considering the financial capacity of the clients. We have carefully gone through the findings in para 90 of the impugned order²¹. Admittedly, the clients referred in the impugned order²² are senior citizens. The tables 15 to 20 in the impugned order clearly show that appellant has collected fees without considering the financial capacity of the clients. Mr. Patil sought to justify that there is no bar in law and there were no complaints against the appellant. Appellant is an Investment Adviser and duty bound to protect the interests of his clients more particularly the senior citizen. A SEBI registered intermediary cannot be permitted to collect fees as per his whims. Therefore, we find no error in the finding recorded by the CGM on this issue and this charge stands **proved**.

33. **Re. issue No.10** This issue is with regard to charging of advisory fee before the expiry of the tenure. The CGM has relied upon Table 21 in the impugned order. It shows that one Ramakrishna Prabhu has paid renewal fee before expiry of the existing service period. Mr. Patil argued that the said client was happy with the services and given it in writing. He also submitted that there was no bar in law to receive fees in advance prior to the amendment in September 2020. Admittedly, there is no

²¹ Dated 24.11.2022

²² Dated 24.11.2022

complaint by any client and the bar to receive the fee in advance has come into force in September 2020, which is prior to the inspection period. Therefore, in these facts, the CGM's finding on this issue is perverse. Hence, this charge is ***not sustainable***.

34. ***Re. issue No.11:*** This issue is with regard to registering with Financial Intelligence Unit. Mr. Patil's submission is that appellant did not know about this aspect initially and got registered as soon as he learnt about it. Thus, the violation is ***admitted*** by the appellant.

35. ***Re. issue No.13:*** This issue is with regard to trading on behalf of the clients. Mr. Patil submitted that the appellant had a policy in place not to trade on behalf of the clients. Table 24 of the impugned order²³ contains the extracts of conversation between a client, K. Nayeem Taj and one of the employees, Ms. Garima, who has stated that "*Aapka trade apke bolne par yaha se punch ho raha hai*". Mr. Patil argued that the said conversation cannot be relied upon because there is no certificate under Section 65-B of the Indian Evidence Act, 1872. With regard to three other clients, namely Kausar Banu, Aditya Gour and Vikram Ahir, it is recorded by the CGM that those clients are residing at different locations in the country and online trading has taken place from IP address 150.129.145.78 used by the appellant. In our view, applying the principle of preponderance of probability, we find no error in CGM's finding

²³ Dated 24.11.2022

on this issue. Hence, this charge against the appellant stands ***proved***.

36. It was vehemently contended by Mr. Patil that in similar circumstances, SEBI has imposed lesser penalties or suspended the registration for some time, but not cancelled. He relied upon as many as 18 cases in which SEBI has not cancelled the registration. In reply, Mr. Sancheti, on instructions submitted that those orders are passed in the facts of those cases and not applicable to this case. We have perused those orders²⁴ and Mr. Patil is right in his submission. Hence, the direction to cancel appellant's certificate, particularly when he had sought to surrender it voluntarily is harsh and in violation of Article 21 of the Constitution of India.

37. The above analysis with respect to each charge/issue shows that issue Nos.1,9,11 and 13 have been proved and issue Nos.2,4,5,6,7,8 and 10 are not proved. For violation of IA Regulations, SEBI has imposed a penalty of ₹2 Lakhs. Keeping in view our finding with regard to the above issues and considering the factors in Section 15J of SEBI Act, 1992, in our view, ends of justice would be met by imposing a penalty of ₹1 Lakh.

²⁴ Pinnacle Market Investment Advisory Pvt. Ltd. WTM, Order dated 25.01.2023; Capitalstars Financial Research Private Limited WTM, Order dated 16.12.2022; Veerendra Gupta, Proprietor of Niveshicon Investment Advisor, WTM, Order 31.03.2023; Rajiv Kumar Singh, Proprietor of Elite Investment Advisory Services, CGM (Enquiry Order), Order dated 29.05.2024.

38. So far as violation of PFUTP Regulations is concerned, admitted position is appellant was a registered investment adviser. He had voluntarily desired to close down his business and surrender his certificate. In such circumstances, SEBI has initiated two separate proceedings and held him in violation of IA Regulations. We have upheld the violations to the extent mentioned above and modified the penalty. This Tribunal has taken a consistent view that mere violation of IA Regulations does not automatically imply violation of PFUTP (See: *Pinnacle Market Investment Advisory Pvt. Ltd. & Others v. SEBI*²⁵). Therefore, in our view, the charge of PFUTP is **not sustainable**.

39. So far as the directions contained in the impugned order in Appeal No.240 of 2022 are concerned, we may record that in paragraph 138 (A) to (F), SEBI has directed the appellant to redressal investors' grievance and to make refund. The charge with regard to redress of grievance (issue No.12) has been dropped by the SEBI. Therefore, these directions are **not sustainable**. The direction at paragraph 138(G) is debarring the appellant from accessing the securities market for a period of six months from the date of completion of refund. In view of our findings recorded hereinabove on all the issues dealt by SEBI, the debarment ordered by SEBI is **not sustainable**. The direction at 138(H) is granting liberty to the investors to pursue other legal remedies against the appellant for refund of money

²⁵ Pinnacle Market Investment Advisory Pvt. Ltd. and others v. SEBI, Appeal No.340 of 2023, decided on 06.09.2023 by the Securities Appellate Tribunal, Mumbai.

or deficiency of service before 'any appropriate forum or authority'. This amounts to abdication of SEBI's jurisdiction and authority. Therefore, the direction is ***perverse***.

40. In view of the above discussion, the following:

ORDER

- i. Appeal No.239 of 2023 is ***allowed***.
- ii. Appeal No.240 of 2023 is ***allowed in part***. Directions contained in paragraph 138 (A) to (H) are set aside. Direction at paragraph 138(I) stands modified to ₹1 Lakh under Section 15EB of the SEBI Act, 1992. Penalty imposed under Section 15HA and Section 15HB are set aside.
- iii. Pending interlocutory applications(s), if any, stand disposed of.
- iv. No costs.

Justice P.S. Dinesh Kumar
Presiding Officer

Ms. Meera Swarup
Technical Member

Dr. Dheeraj Bhatnagar
Technical Member

06.10.2026
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