

## National Stock Exchange of India

### Circular

Department: Investigation	
Download Ref No: NSE/INVG/57774	Date: July 31, 2023
Circular Ref. No: 180/2023	

To All NSE Members,

**Sub: SEBI Order in the matter of unregistered investment advisory by Restock Research, Proprietor –Raj Kumar Kushwah**

SEBI vide its order no. QJA/KS/WRO/WRO/28422/2023-24 dated July 31, 2023, has restrained M/s. Restock Research (Proprietor: Mr. Raj Kumar Kushwah) having PAN - BWZPK7725C from accessing the securities market, directly or indirectly and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of two years from the date of this order or till the date of filing of report, as directed in para 54(h) of SEBI order, whichever is later.

The order comes into force with immediate effect.

The detailed order is available on SEBI website (<http://www.sebi.gov.in>).

Further, the consolidated list of such entities is available on the Exchange website <http://www.nseindia.com> home page at the below mentioned link:

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

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](mailto:dl-invsg-all@nse.co.in)



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## **National Stock Exchange of India**

**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 by Restock  
Research, Proprietor –Raj Kumar Kushwah**

## SECURITIES AND EXCHANGE BOARD OF INDIA

## ORDER

Under Section 11(1), 11(4), 11(4A), 11B (1) and 11B (2) of the Securities and Exchange Board of India Act, 1992 read with Rule 4 of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995.

In respect of:

Noticee No.	Name of the Noticee	PAN
1.	M/s. Restock Research (Proprietor: Mr. Raj Kumar Kushwah)	BWZPK7725C

In the matter of unregistered Investment Advisory by Restock Research, Proprietor: Raj Kumar Kushwah.

**BACKGROUND**

1. Securities and Exchange Board of India (“SEBI”) had received an online application from M/s. Restock Research, which is the sole proprietorship concern of one Mr. Raj Kumar Kushwah (PAN: BWZPK7725C) (hereinafter referred to as “Noticee” / “Applicant”) on August 26, 2021, for grant of registration as a Research Analyst. On receipt of the aforesaid application, SEBI, vide letter dated August 30, 2021, advised the Applicant to submit certain documents/information/clarification, in terms of Regulation 5(1) of SEBI (Research Analysts) Regulations, 2014 (hereinafter ‘RA Regulations’), including *inter-alia*, a declaration with respect to purchase of website domain, along with supporting documents, if any, latest by September 15, 2021. However, no

response was received from the applicant till September 15, 2021. Therefore, vide letter dated September 16, 2021, a final opportunity was provided to the Noticee to furnish response.

2. During the course of examination of the application and associated documents, a website bearing URL [www.restock.co.in](http://www.restock.co.in) and name Restock Research was found. Further, in response to the aforesaid letters dated August 30, 2021 and September 16, 2021, the Applicant submitted a letter dated September 20, 2021. The Applicant, *inter-alia*, also submitted a payment receipt of the purchase of the website domain named www.restock.co.in. Order date mentioned in the payment receipt is December 17, 2020.
3. Vide aforesaid letters dated August 30, 2021 and September 16, 2021, the Noticee was also advised to submit bank account statements held in his name and/or operated by him. Vide letter dated September 20, 2021, the Noticee submitted that he holds/maintains in the name of Raj Kumar Kushwah, the below mentioned bank accounts:
  - A. State Bank of India Ltd. (A/c No: 30xxxxx5595)
  - B. Axis Bank Ltd. (A/c No: 917010xxxxx2487)
  - C. Bank of Baroda (A/c No: 25920xxxxx1914)
4. SEBI found that the Noticee was also holding a bank account with ICICI bank and Central bank of India, which was not disclosed to SEBI initially. SEBI conducted examination into the activities of the Noticee to ascertain whether there has been any violation of the provisions of Securities and Exchange Board of India, 1992 (“**SEBI Act**”), the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trading Practices in Securities Market) Regulations, 2003 (“**PFUTP Regulations**”), the Securities and Exchange Board of India (Investment Advisors) Regulations, 2013 (“**IA Regulations**”) and any other Regulations made thereunder by the Noticee.

5. It was alleged that, the Noticee was operating under the name and style of “Restock Research” from Bhopal, Madhya Pradesh without obtaining any registration from SEBI as an intermediary in any capacity. SEBI, vide letter dated December 24, 2021, inter-alia, stating that the Noticee appears to be engaged in carrying unregistered investment advisory activities without obtaining certificate of registration from SEBI advised the Noticee to provide information such as Client names, amounts collected as fees, details of bank accounts in which account was collected, etc.
  
6. SEBI examined the application and associated documents, Bank statements, communication(s) with the Noticee and the website bearing URL [www.restock.co.in](http://www.restock.co.in). Pursuant to the examination, it was observed that, the Noticee was alleged to have held itself as an “Investment Adviser” and had solicited clients without obtaining registration from SEBI. Further, The Noticee failed to provide the details of his ICICI Bank account held in the name ‘Restock Research’, despite being categorically asked to provide the details of all his bank accounts vide the SEBI letters dated August 30, 2021 and September 16, 2021, which suggests deliberate act by the Noticee to hide his unauthorized investment advisory activities, from SEBI. Therefore, the Noticee have been alleged to have violated section 12(1) of the SEBI Act and Regulation 3(1) of the IA Regulations. Further, the Noticee, despite having no registration from SEBI in any capacity had portrayed itself as an Investment Adviser who had obtained registration from SEBI. Apart from the above, it was also observed that the research services were based on Risk Profiling of the client. It was observed that Risk Profiling is an activity to be done by an Investment Adviser. In view of the above observation, it was alleged that the misleading representations by the Noticee are deceptive and fraudulent in nature, and falls within the purview of the definition of “**fraud**” defined under Regulation 2(1)(c) of the PFUTP Regulations. Therefore, it was alleged that the fraudulent activities / conduct / act / practice of the Noticee are in violation of Regulations 3(a),(b),(c),(d),4(1) and 4(2)(k) of PFUTP Regulations.

## **SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING**

7. On the basis of findings of the examination, SEBI issued show cause notice dated May 04, 2023 (“SCN”) to the Noticee which, inter-alia, stated as follows: -

- a. SEBI received an online application from Noticee for grant of Registration as Research Analyst. Vide letter dated August 30, 2021 and September 16, 2021, SEBI advised the Noticee to submit certain documents/information/clarification, in terms of Regulations 5(1) of RA Regulations, including *inter-alia*, a declaration with respect to purchase of website domain, along with supporting documents, if any.
- b. During the course of examination of the application and associated documents, a website bearing URL [www.restock.co.in](http://www.restock.co.in) and name Restock Research was found. The Noticee vide letter dated September 20, 2021, *inter-alia*, also submitted a payment receipt dated December 17, 2020 for purchase of the website with domain name [www.restock.co.in](http://www.restock.co.in).
- c. The website of the Noticee, [www.restock.co.in](http://www.restock.co.in) *inter-alia* claimed that:
  - i. *Restock is a prominent online trading platform for investors. An emerging digital financial services outlet that expertises in a world-class experience for the digitally willing investor and trader who are supported by personal skilled guidance. The Company furthermore has an ultra-modern technology supervision strategy for consultants and the stock plan management platform.*
  - ii. *It claimed that Restock Research is a **SEBI Registered** and **Best Investment Advisor Company**. 13+ years of extensive research in stock movements. 3,00,000+hours of research, 70000+ customers served, trusted brand 13+ years.*
  - iii. *Our Vision is to provide a fast track, **trading tips**, and secured financial solution to our clients so that they can grow. We are very responsible towards our clients and assist them to grow. We at Restock Research are experts in investment advice and are worthy of the customer’s trust and assurance and provide them with expert trading tips and updates related to the stock market.*

- iv. Under the Head – Our Services, it inter-alia claimed that:- “we are an adviser and gives the best recommendation that suits your decision.”
- v. The name of an Investment Adviser registered with SEBI is- Restock Research Registration will be valid before cancellation or suspension.
- vi. The website offered quarterly packages- under the Head- Our Best Packages:

- F& O Gold Package (2-3 intraday Future NSE F& O recommendations per day) @ Rs. 15,000/- quarter
- Platinum Package (SWING trades for positional Future recommendations) @ Rs. 15,000/- quarter
- F& O Gold Package (2-3 intraday Future NSE F& O recommendations per day) @ Rs. 45,000/- quarter
- Platinum Package (SWING trades for positional Future recommendations) @ Rs. 65,000/- quarter
- Advanced Traders Equity (3-4 short term NSE cash recommendations per day) @ Rs. 35,000/- quarter

- d. The Noticee vide his letter dated September 20, 2021 has also submitted a document mentioning that the research services will be based on clients criteria such as risk profiling. Risk profiling is an activity which has to be done by an investment adviser and there is no requirement of doing risk profiling of clients by a Research Analyst.
- e. The Noticee has initially informed about his three Bank accounts to SEBI as detailed below:-

**Table 1**

S. No.	Bank Name	Account No.
1.	State Bank of India Ltd.	30xxxxx5595
2.	Axis Bank Ltd.	917010xxxxx2487
3.	Bank of Baroda	25920xxxxx1914

- f. Upon examination of the Statement of Accounts details obtained from respective Banks and the Noticee, it was observed that, the Noticee has collected fees for investment advisory activities in the following bank accounts:

<b>Bank Name</b>	<b>Account Name</b>	<b>Account No.</b>
State Bank of India	Raj Kumar Kushwah	30xxxxx5595
Bank of Baroda	Raj Kumar Kushwah	25920xxxxx1914
ICICI Bank	Restock Research	725xxxxx0495
Central Bank of India	Raj Kumar Kushwah	3xxxxx1398

- g. As per submission of the Noticee, the website was purchased by the Noticee on December 17, 2020. It was observed that, Noticee has received following payments in these bank accounts from December 17, 2020 onwards:

<b>Bank Name</b>	<b>Account Name</b>	<b>Account No.</b>	<b>Credit Amount (Rs.)</b>	<b>From Date</b>	<b>To Date</b>
State Bank of India	Raj Kumar Kushwah	30xxxxx5595	5,19,708	17.12.2020	14.02.2022
Bank of Baroda	Raj Kumar Kushwah	25920xxxxx1914	1,21,814	17.12.2020	01.11.2021
ICICI Bank	Restock Research	725xxxxx0495	2,90,505	17.12.2020	25.10.2021
Central Bank of India	Raj Kumar Kushwah	3xxxxx1398	1,40,720	17.12.2020	11.01.2021
Total Credits (Rs)			10,72,747/-		

- h. While analyzing the aforesaid ICICI Bank account statement, for certain credit transactions words such as *tips, demat, trading, premium service, 2 months Option*, appeared in the narration.



8. Based on the facts stated in the said SCN, it was alleged that the Noticee had held itself as an “Investment Adviser” and had solicited clients without obtaining the requisite registration from SEBI. It was alleged that the amounts credited in the bank accounts of the Noticee was received as fees towards the services rendered as an investment advisor. Therefore, the Noticee has been alleged to have violated Section 12(1) of the SEBI Act and Regulation 3(1) of the IA Regulations. Further, the Noticee, inter-alia, claimed on the website that “*Restock Research is a SEBI Registered and Best Investment Advisor Company*”. The Noticee, despite having no registration from SEBI in any capacity had portrayed itself as an Investment Adviser who had obtained registration from SEBI. Apart from the above, it was also observed that the research services were based on Risk Profiling of the client. It was observed that Risk Profiling is an activity to be done by an Investment Adviser. In view of the above observation, it was alleged that the misleading representations by the Noticee are deceptive and fraudulent in nature, and falls within the purview of the definition of “**fraud**” defined under Regulation 2(1)(c) of the PFUTP Regulations. Therefore, it was alleged that the fraudulent activities / conduct / act / practice of the Noticee are in violation of Section 12A(c) of SEBI Act and Regulations 3(a),(b),(c),(d),4(1) and 4(2)(k) of PFUTP Regulations. The Noticee was called upon to show cause as to (i) why suitable directions, under Sections 11, 11B(1) and 11(4) read with Section 11(1) of SEBI Act, including directions for refund of fees of Rs. 10,72,747/- taken towards investment advisory activity without obtaining registration from SEBI, should not be issued against the Noticee and (ii) why suitable directions for imposing penalty under Sections 11B(2) and 11(4A) read with Sections 15HA and Section 15EB of SEBI Act and SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, should not be issued against the Noticee for the aforesaid violations.
9. SCN dated May 4, 2023 was duly served on the Noticee through speed post at his address R.N.12/51, New Central Jail Colony, R.G.P.V University, Huzur, Bhopal, Madhay Pradesh - 462038.

10. In the interest of natural justice, an opportunity for personal hearing was granted to the Noticee on June 14, 2023. In this regard, hearing notice dated May 22, 2023 was delivered to the Noticee through speed post and at email address i.e., rajlucky122@gmail.com, available on record.
11. In response to the SCN and hearing Notice, the Noticee submitted his reply vide undated letter which was received at SEBI on May 29, 2023. Vide the said letter the Noticee submitted copy of various bank statements and inter-alia stated the following:-
- A. During 2021 I had applied for Research Analyst, however my earlier application was shown as closed then I applied again, and when my name was shown in the SEBI processing list due to lack of knowledge and clarity I started the work after June 2021.
  - B. When I came to know about full details I stopped the work. All transactions are between June 2021 and October 2021, totaling around Rs. 2, 93, 500. In other accounts, I have received salary and work related payment and loan, insurance amounts and credits from family members.
  - C. Website domain I have registered earlier to book the domain name and protect the same, for a long time it was not live. Later a third party was hired to develop the website who copied the content from other website. i.e, experience of 13 years +, service package and pricing etc.
  - D. The website was under development and for testing purpose. Also the website does not have a digital payment link.
  - E. Before June 2021 and after October 2021, I have not collected a single rupee and I am willing to resolve the issues by processing the refund. For that I seek guidance.
12. The Noticee appeared for the scheduled hearing and reiterated his submissions made in the undated letter. The Noticee further, requested for additional time of 20 days to file additional submission to show that he had received only Rs. 2, 93,500 with respect to unregistered investment advisory activities. In this regard, the Noticee was granted time till July 04, 2023. Thereafter the Noticee filed

another undated letter received at SEBI on July 10, 2023, wherein the Noticee shared a purported customer list & refund list, account statements and certain proofs of payments made and inter-alia submitted the following:-

- A. As per previous communication, I am trying to make refunds, partial amounts I have refunded and I will make the refunds as soon as possible.
- B. I request for more time to arrange money and make refunds.
- C. For other SBI, CBI, and BOB Bank statements and transaction proof I will share till July 20, 2023.

13. As requested, vide email dated July 12, 2023 the Noticee was granted time till July 20, 2023 as last opportunity for making additional submissions. In response to which the Noticee vide email dated July 13, 2023 inter-alia submitted that:-

- A. I have made refund of Rs. 77500 to some clients, for remaining refund amount I need some extra time. I need a final timeline upto 2 and half month i.e., Till 30 September, 2023.

14. I note that sufficient opportunities of filing reply to the SCN and hearing have been given to the Noticee. Accordingly, the matter is proceeded on the basis of the documents and information available on record.

### **CONSIDERATION OF ISSUES AND FINDINGS**

15. I have considered the material available on record including application, the SCN, Bank statements, KYC documents, Account opening forms, transaction statement, client list, refund receipts etc.

16. I note that one of the allegations against the Noticee is that the Noticee acted as investment advisor without obtaining certificate of registration from SEBI, thereby the Noticee violated Section 12(1) of the SEBI Act and Regulation 3 (1) of the IA Regulations. Further, the Noticee, inter-alia, claimed on the website that “*Restock Research is a SEBI Registered and Best Investment Advisor Company*”. The Noticee, despite having no registration from SEBI in any capacity had portrayed itself as an Investment Adviser who had obtained registration from SEBI. Apart

from the above, it was also observed that the research services were based on Risk Profiling of the client. It was observed that Risk Profiling is an activity to be done by an Investment Adviser. In view of the above observation, it was alleged that the misleading representations by the Noticee are deceptive and fraudulent in nature, and falls within the purview of the definition of “**fraud**” defined under Regulation 2(1)(c) of the PFUTP Regulations. Therefore, it was alleged that the fraudulent activities / conduct / act / practice of the Noticee is/are in violation of Regulations 3(a),(b),(c),(d),4(1) and 4(2)(k) of PFUTP Regulations. I note that following issues arise for consideration in the present case: -

- A. Whether the Noticee acted as an unregistered investment advisor in contravention of Section 12(1) of the SEBI Act and Regulation 3 (1) of the IA Regulations?
  - B. Whether the alleged fraudulent activities / conduct / act / practice of the Noticee, as mentioned above, is/are in violation of provisions of Section 12A(c) of SEBI Act and Regulation 3(a), 3(b), 3(c), 3(d), 4(1) and 4(2)(k) of PFUTP Regulations?
  - C. If answers to issue no. A and/or B are in the affirmative, what penalty and/or directions should be passed against the Noticee?
17. Before proceeding further, it is pertinent to refer to the relevant provisions of the SEBI Act, the IA Regulations and PFUTP Regulations which are reproduced hereunder: -

**SEBI Act**

**Registration of stock brokers, sub-brokers, share transfer agents, etc.**

**Section 12 (1) :**

*" No stock broker, sub-broker, share transfer agent, banker to an issue, trustee of trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and such other intermediary who may be associated with securities market shall buy, sell or deal in securities except under, and in accordance with, the conditions of a certificate of registration obtained from the Board in accordance with the regulations made under this Act."*

**Section 12(A)(c)**

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

*12A. No person shall directly or indirectly*

*(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**

### **Regulation 2(1)(g)**

*“consideration” means any form of economic benefit including non-cash benefit, received or receivable for providing investment advice;*

### **Regulation 2(1)(l)**

*“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 Provided that investment advice given 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;”*

### **Regulation 2(1)(m)**

*“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;”*

### **Regulation 3(1)**

*“On and from the commencement of these regulations, no person shall act as an investment adviser or hold itself out as an investment adviser unless he has obtained a certificate of registration from the Board under these regulations.”*

## **PFUTP Regulations, 2003**

### **Regulation 2(1)(c) of PFUTP Regulations**

*“2(1) In these regulations, unless the context otherwise*

*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, ...”*

### **Regulation 3(a), (b), (c) and (d) of PFUTP Regulations**

*“3. 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 recognized stock exchange in contravention of the provisions of the Act.*

### **Regulation 4(1) and 4(2) (k) of PFUTP Regulations:**

*4(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.]*

*4(2) Dealing in securities shall be deemed to be a manipulative fraudulent or an unfair trade practice if it involves any of the following:—*

*(k) 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.*

**A. Whether the Noticee acted as an unregistered investment advisor in contravention of Section 12(1) of the SEBI Act and Regulation 3 (1) of the IA Regulations ?**

18. Regulation 2 (1)(m) of the IA Regulations defines the term 'investment adviser'. As per Regulation 2(1)(m) of the IA Regulations, investment adviser means any person, who is engaged in the business of providing investment advice to clients or other person or group of persons for consideration. Further, it includes any person who holds himself out as an 'investment adviser'. Regulation 2(1)(m) of the IA Regulations refer, to terms 'consideration' and 'Investment advice'. As per Regulation 2(1)(g) of the IA Regulations, consideration means any form of economic benefit including non-cash benefit, received or receivable for providing investment advice. As per Regulation 2(1)(l) of the IA Regulations, '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. However, advice given through newspaper, magazines, any electronic or broadcasting or telecommunications medium, which is widely available to the public, shall not be an investment advice within the meaning of Regulation 2(1)(l) of the IA Regulations.

19.I note that the Noticee through its website i.e. [www.restock.co.in](http://www.restock.co.in) claimed as follows: -

- i. *Restock is a prominent online trading platform for investors. An emerging digital financial services outlet that expertises in a world-class experience for the digitally wiling investor and trader who are supported by personal skilled guidance. The Company furthermore has an ultra-modern technology supervision strategy for consultants and the stock plan management platform.*
- ii. *It claimed that Restock Research is a **SEBI Registered** and **Best Investment Advisor Company**. 13+ years of extensive research in stock movements. 3,00,000+hours of research, 70000+ customers served, trusted brand 13+ years.*
- iii. *Our Vision is to provide a fast track, **trading tips**, and secured financial solution to our clients so that they can grow. We are very responsible towards our clients and assist them to grow. We at Restock Research are experts in investment advice and are worthy of the customer's trust and assurance and provide them with expert trading tips and updates related to the stock market.*
- iv. *Under the Head – Our Services, it inter-alia claimed that:- “we are an adviser and gives the best recommendation that suits your decision.”*
- v. *The website offered quarterly packages- under the Head- **Our Best Packages**:*
  - *F& O Gold Package (2-3 intraday Future NSE F& O recommendations per day) @ Rs. 15,000/- quarter*
  - *Platinum Package (SWING trades for positional Future recommendations) @ Rs. 15,000/- quarter*
  - *F& O Gold Package (2-3 intraday Future NSE F& O recommendations per day) @ Rs. 45,000/- quarter*
  - *Platinum Package (SWING trades for positional Future recommendations) @ Rs. 65,000/- quarter*



- *Advanced Traders Equity (3-4 short term NSE cash recommendations per day) @ Rs. 35,000/- quarter.*

Aforesaid advisory services were offered in the form of different quarterly product packages by the Noticee for different categories i.e. *intraday Future NSE F& O, SWING trades for positional Future, short term NSE cash*. The minimum fees charged for these product packages was Rs. 15,000/- per quarter and the maximum fees charged for these product packages was Rs. 65,000/- per quarter.

20. From the information provided by Noticee, I note that Noticee held following bank accounts in his name: -

**Table 4**

Bank Name	Account Name	Account No.
State Bank of India Ltd	Raj Kumar Kushwah	30xxxxx5595
Axis Bank Ltd.	Raj Kumar Kushwah	917010xxxxx2487
Bank of Baroda	Raj Kumar Kushwah	25920xxxxx1914

21. From State Bank of India A/c, it was observed that there was one transaction of the Noticee with ICICI Bank account of M/s. Restock Research. The details of transaction are as follows:

<b>Table 5</b>			
Date	Narration	Ref no./cheque no.	Debit amount
08.07.20 21, 2021	BY TRANSFER- UPI/DR/118956460638/ RESTOCK/ICIC/restockr es/Payme	TRANSFER TO 4692575162092	Rs. 1000/-

22. In view of the narration in the aforementioned transaction, vide emails dated October 05, 2021 and October 07, 2021, ICICI Bank was requested to provide the Account Opening Form (AOF), KYC documents and bank statements of all accounts linked to the PAN of the Noticee i.e. BWZPK7725C. Following was observed from the documents / details provided by ICICI Bank:

- i. The bank account linked to PAN **BWZPK7725C** is in the name of M/s. Restock Research bearing account number **725xxxxx0495**. Type of account is Current Account);
- ii. The date of opening of account is 09/06/2021;
- iii. Mr. Raj Kumar Kushwah is the proprietor of M/s. Restock Research;
- iv. The KYC documents submitted by ICICI Bank viz. PAN, AADHAAR and Gumastha Certificate are the same as that which have been provided by the Noticee along with Form 'A' for the application for registration as Research Analyst;
- v. The first transaction date is June 14, 2021;
- vi. The total amount of credit in the account during period June 14, 2021 to September 30, 2021 is Rs. 2,85,503/-.

23. Further, the following credit transactions were observed while analyzing the aforesaid ICICI Bank account statement, wherein words such as tips, demat, trading, premium service, 2 months Option, appear in the narration:

<b>S. No.</b>	<b>Date of transaction</b>	<b><u>Narration in the account statement</u></b>	<b>Credit amount</b>
1.	24.08.2021	UPI/123675073932/ <u>tips/bhavin</u> .jonh13@o/HDFC BANK LT	Rs. 10,000/-
2.	06.09.2021	UPI/124989037324/for <u>dmatt</u> <u>tradin</u> /ummittal143@oki/H	Rs. 10,000/-
3	10.09.2021	UPI/125362072086/ <u>PREMIUM</u> SERVIC/8055772848@ybl/St	Rs. 2,000/-
4	13.09.2021	UPI/125635390748/2 MONTHS <u>Option/8055772848</u> @ybl/St	Rs. 2,000/-
5	13.09.2021	UPI/125686618229/2 months <u>option</u> /8055772848@ybl/St	Rs. 1,000/-

24. Thereafter, vide letter dated December 24, 2021, information was sought from the Noticee regarding the number and details of clients who have availed of investment advisory services and details of fees collected from each such clients. The Noticee, in his response, which was received on January 07, 2022, *inter-alia*, submitted that due to lack of awareness and knowledge, he had started his

activities before the registration was granted and collected a sum of Rs. 2,93,500/- from 59 clients. Further, the Noticee also submitted that he is ready to process refund to all the respective clients.

25. From the details submitted by the Noticee regarding payments received from the clients and disclosure on his website regarding the services being offered, it is noted that the Noticee has collected fees for investment advisory activities in the following bank accounts:

<b>Table 7</b>		
<b>Bank Name</b>	<b>Account Name</b>	<b>Account No.</b>
State Bank of India	Raj Kumar Kushwah	30xxxxx5595
Bank of Baroda	Raj Kumar Kushwah	25920xxxxx1914
ICICI Bank	Restock Research	725xxxxx0495
Central Bank of India	Raj Kumar Kushwah	3xxxxx1398

26. As per the submissions of Noticee, admittedly the website [www.restock.co.in](http://www.restock.co.in) was purchased by the Noticee on December 17, 2020, in this regard a receipt dated December 17, 2020 bearing order No. 67359570 for payment of \$ 3.98 as proof of purchase from vendor 'Namecheap Inc, USA' was also submitted by the Noticee. The receipt shows Rajkumar Kushwah as the admin of the domain www.restock.co.in. It is noted that, Noticee has been receiving payments from his clients in all the below mentioned bank accounts irrespective of whether the account is in name of Restock Research or in his individual name. Following credits were observed in the bank accounts of the Noticee from December 17, 2020 onwards:

<b>Table 8</b>					
<b>Bank Name</b>	<b>Account Name</b>	<b>Account No.</b>	<b>Credit Amount (Rs.)</b>	<b>From Date</b>	<b>To Date</b>
State Bank of India	Raj Kumar Kushwah	30xxxxx5595	5,19,708	17.12.2020	14.02.2022
Bank of Baroda	Raj Kumar Kushwah	25920xxxxx1914	1,21,814	17.12.2020	01.11.2021

ICICI Bank	Restock Research	725xxxxx0495	2,90,505	17.12.2020	25.10.2021
Central Bank of India	Raj Kumar Kushwah	3xxxxx1398	1,40,720	17.12.2020	11.01.2021
<b>Total Credits (Rs)</b>			<b>10,72,747/-</b>		

27. From the website of the Noticee, I find that that the Noticee held itself to be an investment advisor engaged in the business of providing investment advisory services. I find, from fees being charged by the Noticee for different quarterly packages, detailed at para 19 (v) above that the Noticee is engaged in providing advice related to investing in, purchasing, selling or dealing in securities. Further, the narration of transactions of the Noticee's ICICI bank account, tabulated in Table 6 above and from the replies submitted by the Noticee, I find that the Noticee has admittedly provided investment advice within the meaning of the IA Regulations.

28. The Noticee failed to provide the details of his ICICI Bank account held in the name 'Restock Research', despite being categorically asked to provide the details of all his bank accounts vide the SEBI letters dated August 30, 2021 and September 16, 2021, which suggests deliberate act by the Noticee to hide his unauthorized investment advisory activities, from SEBI. It was only after the account statements were analysed and SEBI on its own accord based on one narration in the account statement, requested ICICI Bank to provide the Account Opening Form (AOF), KYC documents and bank statements of all accounts linked to the PAN of the Noticee i.e. BWZPK7725C. The details of ICICI Bank account came to light only on the details provided by ICICI Bank.

29. The Noticee has also submitted an undated reply received by SEBI on May 29, 2023. It is noted from the same that, the Noticee was well aware of the requirement of registration as Investment Advisor and Research Analyst, and despite the knowledge had admittedly rendered the services.

30. I also note that, in terms of Section 12(1) of the SEBI Act and Regulation 3(1) of the IA Regulations, it is imperative that any person carrying out investment advisory activities has to necessarily obtain registration from SEBI and conduct its activities in accordance with the provisions of the SEBI Act and Regulations framed thereunder. Section 12(1) of SEBI Act reads as under:

*“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.”*

31. 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”*.

32. 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 the IA Regulations:

- i. 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, along with requisite nonrefundable application fee;
- ii. 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:
  - a. 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;

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

- iii. 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.

33. The IA Regulations provide for the minimum professional qualification and prescribe mandatory net-worth requirement. Further, it inter-alia provides for disclosures of any conflict of interest, risk profiling of clients, maintenance of records related to client assessments and the suitability of advice. The prescriptions in the IA Regulations are intended to safeguard the interest of investors and curb the perpetration of unregistered entities entering the field of investment advisory services and indulging in unscrupulous market practices.

34. It is noted that the Noticee was not registered with SEBI in the capacity of Investment Adviser and has filed his application for getting registered as a Research Analyst. Hence, I find that the activities of the Noticee, as brought out above, were admittedly being carried out by the Noticee without holding the certificate of registration as an investment adviser resultantly in violation of Section 12(1) of the SEBI Act read with Regulation 3(1) of the IA Regulations.
35. I note that the Noticee received a total credit of Rs.10,72,747/- in the accounts detailed at Table 8 above, from December 17, 2020 onwards. The SCN, inter-alia, alleged that the amounts credited in the bank accounts of Noticee were received as fees towards the services rendered as an investment advisor. The Noticee was called upon to show cause as to (i) why suitable directions, including refund of fees of Rs. 10,72,747/-, taken towards investment advisory activity, should not be issued against the Noticee. Although the Noticee vide its undated reply received on May 29, 2023 and during the hearing dated June 14, 2023 submitted that, he had received only Rs. 2,93,500 towards unregistered investment advisory services, however, despite two extensions for filing additional submissions, first till July 04, 2023 and again till July 20, 2023, the Noticee failed to submit any credible evidence/records to substantiate his claims. Further, the Noticee Claimed that only (ICICI bank) current account was used, and no other account was used for collecting money for investment advisory services; However, the Noticee failed to substantiate his claim with credible evidences in this regard. Further, the Noticee vide email dated July 13, 2023 has also submitted that, *"I have made refund of Rs. 77500 to some clients, for remaining refund amount I need some extra time. I need a final timeline upto 2 and half month i.e., Till 30 September, 2023."* I note that the noticee has submitted a list of its clients and certain Phone pe payment proofs. Also, the noticee through his hand written narrations has mentioned certain relationships such as "Father, Brother, Friends" etc. against certain credit entries in the bank statements. In this regard, I note that the noticee has not submitted any comprehensive documentary records to establish the clientele, and consequent refund of the same. This calls for a complete audit trail. The Noticee has also,

vide its undated reply received by SEBI on May 29, 2023, pointed out certain entries in the bank statements carrying narrations such as “Maxlife Insurance Company” etc., claiming to be salary and work related payouts and not investment advisory fees. I note that this aspect also needs to be independently verified. Thus, on a totality of the submissions made by the Noticee, I note the present documents submitted by the notice, *per se*, are inconclusive to arrive at any meaningful conclusion that the noticee had indeed refunded the fees received from the clients after due adjustments for certain credits as claimed and detailed above. This aspect along with the claim of the noticee seeking extension of time for complete refund to all its clients only stubbornly stands to prove that the noticee has admittedly not refunded all fees, thus warranting a direction. In this context, the request of the noticee to grant him additional time to complete the refund has been dealt with under the section “Directions” in this order.

36. From the above discussions, I find that the Noticee by acting as an investment adviser and holding himself out as Investment Adviser within the meaning of the IA Regulations and without obtaining certificate of registration from SEBI has admittedly violated Section 12(1) of the SEBI Act and Regulation 3(1) of the IA Regulations.

**B. Whether the alleged fraudulent activities / conduct / act / practice of the Noticee, as mentioned above, is in violation of provisions of Section 12A(c) of SEBI Act and Regulation 3(a), 3(b), 3(c), 3(d), 4(1) and 4(2)(k) of PFUTP Regulations?**

37. It was alleged that the misleading representations by the Noticee are deceptive and fraudulent in nature and are well covered within the definition of “fraud” defined under Regulation 2(1)(c) of the PFUTP Regulations.

38. It is noted that, the Noticee despite having no registration from SEBI in any capacity had portrayed itself as an Investment Adviser who had obtained registration from SEBI (emphasis supplied). As noted from the screenshots of the



website ([www.restock.co.in](http://www.restock.co.in)), the Noticee, *inter-alia*, claimed on the website that “Restock Research is a SEBI Registered and Best Investment Advisor Company” with “13 + years of extensive research in stock movements” , “3,00,000+ hours of research experience” and “70,000+ customers served”. He further made a specific claim that ‘*The name of an Investment Adviser registered with SEBI is- Restock Research Registration will be valid before cancellation or suspension.*”

39. In my view, the Noticee falsely claimed itself to be a SEBI registered investment advisor, to induce gullible investors. By such false claims the Noticee represented to the world at large, that his eligibility has been tested by SEBI on suitable parameters, while granting registration. Such false claim were made to win investor confidence and to attract maximum number of clients. However, the fact is that he was not registered with SEBI in any capacity.

40. In his undated reply received in SEBI on May 29, 2023, the Noticee has claimed that, the website was under development and contents were copied from other similar website. However, admissibly he was fully aware that, the website was running live with claims including regarding his investment advisory services. The Noticee has unflinchingly claimed on the website to the world at large that it is a SEBI registered Investment Advisor with vast experience and huge clientele. The website also has his address i.e, 219, 2<sup>nd</sup> floor Chinaar Encube Business centre Hosangabad road, near vrindavan dhaba, Bhopal, Madhya Pradesh which is same as the Noticee has submitted in form A for registration as Research Analyst. Further, an email [info@restock.co.in](mailto:info@restock.co.in) was also provided for contact on the website. The Noticee has not submitted any evidence to establish that he has taken any efforts to stop such dissemination on its website. Further, the claim of the Noticee that the contents of the website were developed by a third party copied from other similar websites does not hold ground, as such details should have been verified before going live, and these submissions by Noticee are nothing but mere afterthoughts.

41. Further The website also had a section under the head : Get expert advice on your investment:

- *Enter your name*
- *Enter your email address*
- *Enter your Mobile Number*
- *Send Email*

Through this section based on the false and frivolous details portrayed on the website to the world at large, gullible investors were induced to enter their Name and contact details so that, they could be entrapped in the illegal packages offered by the Noticee.

42. The Noticee has also submitted a document along with his letter dated September 20, 2021 mentioning that the research services will be based on clients criteria such as risk profiling. It is noted that, risk profiling is the activity, which has to be done by an investment adviser, and there is no requirement of doing risk profiling of clients by a Research Analyst for which the Noticee has applied. This further buttress the fact that the Noticee was acting as an unregistered investment advisor.

43. Thus, as discussed in the forgoing paragraphs, the misleading representations by the Noticee are deceptive and fraudulent in nature and are well covered within the definition of “fraud” defined under Regulation 2(1)(c) of the SEBI PFUTP Regulations. I am of the considered view that by disseminating misleading 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.

44. It is pertinent to refer to the observations of the Hon’ble Supreme Court in the case of **SEBI Vs. Kanaiyalal Baldevbhai Patel (2017) 15 SCC 1**, which are as under-

*“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.”*

45. Further, in 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 conducive 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”.*

46. The Noticee by disseminating on its website that it is a SEBI registered Investment Advisor along with claims like *“Restock Research is a SEBI Registered and Best Investment Advisor Company”* with *“13 + years of extensive*

research in stock movements” , “3,00,000+ hours of research experience” and “70,000+ customers served etc., has knowingly published false, frivolous and misleading information through its website. Thereby defrauding the gullible investors at large by inducing them to subscribe to its illegal investment advisory services upon payment of a subscription fees and to induce them to trade in the market based on the tips provided by it. Further, the Noticee portrayed that the investment advisory shall be provided based on expert research and long standing experience, to instill false sense of security in gullible investors dealing in the securities.

47. The above said acts of fraudulent misrepresentation and unauthorized advisory services on the part of the Noticee are clearly an expression of falsehood and concealment of reality, with the sole aim to induce the gullible investors to deal in securities. I would have no hesitation to hold here that such an act on the part of the Noticee to portray itself as a SEBI registered investment adviser so as to further its illegal activities of providing investment tips without holding a bonafide registration from SEBI, has certainly caused strong inducement to the gullible investors, who would never have paid him their hard-earned money as fees, had the said misrepresentation not been made by the Noticee to them through its website or otherwise. In this regard, the observation recorded by the Hon'ble Supreme Court of India in the matter of **SEBI Vs. Kanaiyalal Baldevbhai Patel [(2017) 15 SCC 1]** is worth quoting: “...A person can be said to have induced another person to act in a particular way or not to act in a particular way if on the basis of facts and statements made by the first person the second person commits an act or omits to perform any particular act. The test to determine whether the second person had been induced to act in the manner he did or not to act in the manner that he proposed, is whether but for the representation of the facts made by the first person, the latter would not have acted in the manner he did...”. Thus, applying the aforesaid test in the present case, the investors would not have fallen trap to the aforesaid unauthorised investment advisory services indulged in by the Noticee, had the Noticee not made such false claims before them without having a proper and valid registration from SEBI. Therefore, I am

constrained to observe that the above acts of the Noticee of resorting to misrepresentation spreading falsehood about its status as an investment adviser and deliberate concealment of facts are fraudulent in nature, having the potential to fraudulently induce the investors to deal in securities by availing of the services of the Noticee.

48. As concluded above, the Noticee by disseminating false and misleading information on its website showing the firm as SEBI Registered entity with vast experience has violated the provisions of Sections 12A (c) of the SEBI Act read with Regulations 3(a), 3(b), 3(c), 3(d), 4(1) and Regulation 4(2)(k) of the PFUTP Regulations.

49. I note that the SCN has inter-alia called upon the Noticee to show cause as to why appropriate penalty should not be imposed upon it under Section 15EB and 15HA of SEBI Act for the violations alleged in the SCN. Section 15EB and 15HA of the SEBI Act are extracted 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].”*

50. I note that Section 15EB of the SEBI Act was inserted in the SEBI Act by the Finance Act, 2018 with effect from March 08, 2019. As noted above, the Noticee had continuously been receiving investment advisory fees in its bank accounts

from December 17, 2020 onwards. In view of the above, I find that the Noticee acted in violation of Section 12(1) of the SEBI Act read with Regulation 3(1) of the IA Regulations and Section 12A(c) of SEBI Act and Regulation 3(a), 3(b), 3(c), 3(d), 4(1) and 4(2)(k) of PFUTP Regulations. Thus, I find that the Noticee is liable to be imposed with penalty under both Sections 15EB and 15HA of the SEBI Act.

51. I note that Section 15J of the SEBI Act provide for factors which are required to be considered for adjudging quantum of penalty. Section 15J of the SEBI Act reads as follows: -

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

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

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

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

*(c) the repetitive nature of the default.”*

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

52. The activities of the Noticee, as brought out above, seen in the backdrop of the aforesaid provisions of law show that it was acting as an investment adviser without holding the certificate of registration as investment adviser. I find that the Noticee has violated the provisions of Section 12(1) of SEBI Act read with Regulation 3(1) of the IA Regulations. Further, Noticee by disseminating false and misleading information in its website showing the firm as SEBI Registered entity with vast experience has violated the provisions of Sections 12A (c) of the

SEBI Act read with Regulation 3(a), 3(b), 3(c), 3(d), 4(1) Regulation 4(2)(k) of the PFUTP Regulations.

53. As observed above, I note that the Noticee received total a credit for a sum of Rs. 10,72,747/- in the bank accounts from December 17, 2020 onwards as advisory fees, being the proceeds of an illegal activity and are liable to be refunded to the respective clients subject to the discussions as contained in paragraph 35 hereinabove.

#### **DIRECTIONS**

54. 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), 11B (2) and 19 of the SEBI Act, and Rule 5 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, do hereby issue the following directions:

- (a) The Noticee shall refund a sum of Rs. 10,72,747/- (Rupees Ten Lakh Seventy Two Thousand Seven Hundred Forty Seven Only) subject to verification and due certification of the claims made by the Noticee by an independent Chartered Accountant as discussed in paragraph 35 above and further as detailed at para 54(h) below. The Noticee shall proceed to refund to its clients as detailed hereinafter:
- (b) The Noticee shall issue public notice in all editions of two National Dailies (one English and one Hindi) and in one local daily with wide circulation, about this Order and shall give details of modalities for refund, including the details of contact person such as name(s), address(es) and contact detail(s) of person(s) to be approached for refund, within 15 days from the date of receipt of this order;
- (c) The Noticee shall accept refund claims/requests for a period of 3 months from the date of public notice, as directed under para 54 (b) above;
- (d) The Noticee shall within a period of four months from the date of public notice, as directed under para 54(b) above, carry out and complete the refund exercise;

- (e) Upon expiry of four months from the date of public notice, any balance amount which remains with the Noticee, due to its inability to contact the client or otherwise, as directed in para 54(d) above, shall be deposited in a dedicated escrow account, to be opened and maintained by the Noticee for a period of one year and utilized only for the purpose of refund to clients. Thereafter, the amount lying in the said escrow account shall be transferred to the Investors Protection and Education Fund maintained by SEBI;
- (f) The repayments to the claimants or clients 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;
- (g) The Noticee is hereby prohibited from selling its assets, properties including mutual funds/shares/securities held by it in demat and physical form except for the purpose of effecting refunds as directed above. Further, the banks are directed to allow debit from the bank accounts of the Noticee, only for the purpose of making refunds to the clients who were availing of the investment advisory services from the Noticee;
- (h) 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 expiry of four months from the date of public notice, as directed above, duly certified by an independent Chartered Accountant and the direction at para 54(g) above shall cease to operate upon filing of such report. In case of disbursement of any amount from the said escrow account, the Noticee shall also file a report of such disbursement with SEBI, within a period of 15 days, after expiry of one year, as directed in para 54 (e) above, duly certified by an independent Chartered Accountant;
- (i) The Noticee is restrained from accessing the securities market, directly or indirectly and prohibited from buying, selling or otherwise dealing in the



securities market, directly or indirectly in any manner whatsoever, for a period of two years from the date of this order or till the date of filing of report, as directed in para 54(h) above, whichever is later;

- (j) The Noticee is also restrained from associating itself as a director or key managerial personnel with any listed public company or any public company which intends to raise money from the public, or any intermediary registered with SEBI, for a period of two years from the date of this order;
- (k) The Noticee shall not undertake, either during or after the expiry of the period of restraint and prohibition, as mentioned in para 54(i) 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;
- (l) The Noticee is hereby imposed with penalty of Rs.5,00,000/-(Rupees Five Lakh Only) under Section 15HA of the SEBI Act and Rs.1,00,000/- (Rupees One Lakh Only) under Section 15EB of the SEBI Act;
- (m) The Noticee shall remit / pay the said amount of penalty, within a period of forty five (45) days from the date of receipt of this order, through online payment facility available on the website of SEBI, i.e. [www.sebi.gov.in](http://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 may contact the support at [portalhelp@sebi.gov.in](mailto:portalhelp@sebi.gov.in).

55. In case of failure of the Noticee to comply with the aforesaid directions in para 54(a) and 54(m), SEBI, on the expiry of the stipulated time period therein, may recover such amounts, from the Noticee, in accordance with Section 28A of the SEBI Act including such other provisions contained in securities laws;

56. The direction for refund, as given in Para 54(a) above, shall 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.

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

58. A copy of this order shall be sent to the Noticee, recognized Stock Exchanges, the relevant banks, Depositories and Registrar and Transfer Agents of Mutual Funds.

**Date: July 31, 2023**

**K SARAVANAN**

**Place: Mumbai**

**CHIEF GENERAL MANAGER**

**SECURITIES AND EXCHANGE BOARD OF INDIA**