



**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO.: Order/AK/GN/2026-27/32407]**

**UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT,
1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND
IMPOSING PENALTIES) RULES, 1995, IN RESPECT OF;**

Dwaith Advisory Private Limited

PAN: AAGCD9549J

Background

1. Securities and Exchange Board of India (hereinafter referred to as ‘SEBI’) conducted an investigation into the scrip of Rail Vikas Nigam Ltd (hereinafter referred to as **RVNL**) for the period of December 15, 2023 to February 20, 2024 (Investigation Period/IP) to ascertain violations, if any, of SEBI regulations. It was, prima facie, found that Dwaith Advisory Private Limited (hereinafter referred to as “**Noticee**”) has violated various provisions of SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as ‘**IA Regulations**’) and circulars issued therein.

Appointment of Adjudicating Officer

2. SEBI, vide communique dated December 23, 2025, appointed the undersigned as the Adjudicating Officer u/s 15-I of SEBI Act, 1992 (hereinafter referred to as ‘SEBI Act’) and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as ‘Adjudication Rules’) r/w Section 19 of the SEBI Act to inquire into and adjudge u/s 15EB of SEBI Act, the alleged violations by the Noticee.

SHOW CAUSE NOTICE, REPLY AND HEARING

3. Show Cause Notice (hereinafter being referred to as the “SCN”) dated February 04, 2026 was issued to Noticee in terms Rule 4(1) of Adjudication Rules to show cause as to why an inquiry should not be initiated against it and why penalty, if any, should not be imposed upon it u/s 15EB of SEBI Act for the alleged violations.
4. The allegations made against the Noticee in the SCN were that the Noticee charged fees more than prescribed limit as per IA Regulations and thereby allegedly violated



Clause 2(iii) of SEBI Circular SEBI/HO/ IMD/DF1/CIR/P/2020/182 dated September 23,2020 and Guideline 1 (iii) of SEBI Master Circular SEBI/HO/ MIRSD-PoD/P/CIR /2025/94 for Investment Advisers dated June 27, 2025, r/w Regulation 15A, 15(9) and Schedule III i.e. Code of conduct clause 6 of IA Regulations.

5. The SCN was sent to Noticee through Speed Post AD and email dated February 04, 2026. Vide email dated February 11, 2026, Noticee submitted its reply, the same is summarised below:-

5.1. *Mr. Sunil is very happy with the investments into good value stocks that have done very well. His client and himself had discussed when they started the engagement and since for investors falling under special category accredited investor with very large corpus, fees is taken for performance. Also, he has continued similar fee structure after getting the relevant PMS license. Mr Sunil is continuing as a client under PMS after he gave up RIA and is happy with the service and returns. The same can be also verified with Mr. Sunil.*

6. In the interest of natural justice, an opportunity of hearing was provided to Noticee on March 05, 2026, vide Hearing Notice dated February 17, 2026 sent via SPAD and email dated February 17, 2026.

7. Noticee attended the hearing on the scheduled day and reiterated the submissions already made, vide email dated February 11, 2026. Noticee sought time till end of the day for making additional submissions. Vide email dated March 05, 2026, Noticee submitted the copy of the Investment Advisor Agreement and SEBI circular dated December 21, 2021 and made the following submissions-

7.1. *Applicability of Accredited Investor Framework*

7.1.1. *As per the SEBI Circular dated 21 December 2021, in the case of accredited investors the limits and modes of fees payable to the Investment Adviser may be governed through bilaterally negotiated contractual terms. At the time the invoice was raised, Mr. Sunil Thamaran had investments exceeding ₹11 crore, which placed him well above the applicable net-worth threshold for accredited investors. Accordingly, the fee arrangement between the client and the adviser was structured based on mutually agreed contractual terms, consistent with the above circular.*

7.2. *Investment Advisory Agreement*



7.2.1. *The Investment Advisory Agreement dated 10 November 2022 executed between Mr. Sunil Thamaran and Dwaith Advisory Private Limited clearly specifies the agreed fee structure. As outlined in the agreement, the model followed was 0% management fee and a 25% performance fee above a 6% hurdle rate, along with applicable taxes and transaction charges. This structure was transparently disclosed and accepted by the client at the time of signing the agreement.*

7.3. Client Satisfaction and Continued Relationship

7.3.1. *It is important to note that Mr. Sunil Thamaran has expressed appreciation for the investment approach adopted by Noticee, particularly their focus was on identifying undervalued companies with low P/E ratios and strong dividend yields. The client has continued his association with them and further strengthened the relationship by investing additional funds when they commenced their SEBI-registered Portfolio Management Services (PMS) operations on 5 February 2024.*

7.4. Consistency of Fee Structure

7.4.1. *After obtaining PMS registration, the same performance-linked fee model has been followed for clients by Noticee, maintaining alignment with their philosophy of charging fees only when value is created for investors.*

7.5. Current Market Conditions

7.5.1. *Given the extremely volatile and war-like global environment in the markets during the current financial year, it is also likely that many clients will not pay any fees as the hurdle is not reached for performance fees, as their policy is structured with 0% management fee and a 25% performance fee only above a 6% hurdle rate. This ensures strong alignment between investor outcomes and adviser compensation.*

7.6. Commitment to Compliance

7.6.1. *Noticee submitted that they take SEBI regulations with utmost seriousness and will continue to strengthen their internal compliance framework to ensure complete adherence to all regulatory requirements.*

CONSIDERATION FOR ISSUES, EVIDENCE AND FINDINGS

8. I have taken into consideration the facts and circumstances of the case and the material available on record. The issues that arise for consideration in the present case are:



ISSUE I: Whether Noticee has violated the provisions as alleged in the SCN?

ISSUE II- Does the violation, if any, attract monetary penalty u/s 15EB of the SEBI Act, 1992?

ISSUE III- If so, how much penalty should be imposed taking into consideration the factors mentioned in Section 15J of the SEBI Act?

9. Before proceeding further, it will be appropriate to refer the provisions alleged to be violated by the Noticee-

IA Regulations

Regulation 15 – General Responsibility

(9) An investment adviser shall abide by Code of Conduct as specified in Third Schedule.

15A – Fees

Investment Adviser shall be entitled to charge fees for providing investment advice from a client [including an accredited investor] in the manner as specified by the Board.]

Schedule III

CODE OF CONDUCT FOR INVESTMENT ADVISER

6- Fair and reasonable charges - *An investment adviser advising a client may charge fees, subject to any ceiling as may be specified by the Board. The investment adviser shall ensure that fees charged to the clients is fair and reasonable.*

SEBI Circular SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020

Clause 2(iii)- Regulation 15 A of the amended IA Regulations provide that Investment Advisers shall be entitled to charge fees from a client in the manner as specified by SEBI, accordingly Investment Advisers shall charge fees from the clients in either of the two modes:

(A) Assets under Advice (AUA) mode

a. The maximum fees that may be charged under this mode shall not exceed 2.5 percent of AUA per annum per client across all services offered by IA.

b. IA shall be required to demonstrate AUA with supporting documents like demat statements, unit statements etc. of the client.

c. Any portion of AUA held by the client under any pre-existing distribution arrangement with any entity shall be deducted from AUA for the purpose of charging fee by the IA.



(B)Fixed fee mode-The maximum fees that maybe charged under this mode shall not exceed INR 1,25,000 per annum per client across all services offered by IA.

FINDINGS

10.I have taken into consideration the facts and circumstances of the case and the material available on record. The issues that arise for consideration in the present case are:

ISSUE I: Whether Noticee has violated the provisions as mentioned in SCN?

11.During examination it was observed that Noticee Charged fees more than prescribed limit as per IA Regulations thereby allegedly violated Clause 2(iii) of SEBI Circular SEBI/HO/ IMD/DF1/CIR/P/2020/182 dated September 23,2020 and Guideline 1 (iii) of SEBI Master Circular SEBI/HO/ MIRSD-PoD/P/CIR /2025/94 for Investment Advisers dated June 27, 2025, r/w Regulation 15A, 15(9) and Schedule III Code of conduct clause 6 of IA Regulations.

12.I note that in reply to the SCN, Noticee submitted that as per the SEBI Circular dated 21 December 2021, in the case of accredited investors the limits and modes of fees payable to the Investment Adviser may be governed through bilaterally negotiated contractual terms. At the time the invoice was raised, Mr. Sunil Thamaran had investments exceeding ₹11 crore, which placed him well above the applicable net-worth threshold for accredited investors.

13.I note that as per Clause 2(iii) of SEBI Circular SEBI/HO/ IMD/DF1/CIR/P/2020/182 dated September 23,2020 under Assets under Advice (AUA) mode the maximum fees that may be charged under this mode shall not exceed 2.5 percent of AUA per annum per client across all services offered by IA.

14.I note that during investigation it was observed that Sunil Thamaran has made an agreement with Noticee for receiving investment advisory services. Sunil Thamaran appointed Harsh Venkatesh (Managing Director of Noticee) as 'proxy'. Sunil Thamaran mentioned that on January 30, 2024, Harsha Venkatesh sold 1 lac quantity of RVNL shares in his trading account with HDFC Securities Ltd. (hereinafter referred as HSL) and that he paid Rs.94,81,574/- to Harsha Venkatesh towards managing his portfolio, which included fees for selling of RVNL shares on



January 30, 2024. As per investment agreement, the fee structure agreed upon between them was 25% of performance over 6% hurdle rate + 18% GST.

15. I note that during investigation, Harsha Venkatesh in his statement to SEBI submitted that he is the 'proxy' of Sunil Thamaran for executing trades in his trading account with HSL and he executed trades on behalf of Sunil Thamaran in the scrip of RVNL on January 30, 2024. He also confirmed that Noticee entered into agreement with Sunil Thamaran for providing investment advisory services on November 10, 2022 wherein it was mentioned that Asset Under Advisory (AUA) model will be followed and performance based fees will be charged @25% above 6% hurdle. He submitted calculation of fees charged i.e. Rs.94,81,574/- towards investment advisory services to Sunil Thamaran during October 2023 to June 2024. It was also confirmed by Harsha Venkatesh that fees for April 2024 to June 2024 has been waived off. Accordingly, the said fees were charged for the period October 2023 to March 2024. Apart from RVNL trade, Harsha Venkatesh executed all the trades on behalf of Sunil Thamaran by virtue of 'proxy' and investment advisor agreement during IP.

16. I note from the agreement and fees details submitted by Sunil Thamaran and confirmed by Harsha Venkatesh during statement recording that Noticee adopted AUA model for charging fees to Sunil Thamaran and the fees charged by Noticee for investment advise during IP was 25% of the performance above 6% hurdle rate. During statement recording, Harsha Venkatesh submitted details of fees charged to Sunil Thamaran which are given in the table below.

| Sr. No. | Particulars | % | Amount (Rs.) |
|---------|--|-------|----------------|
| i. | Closing value of the portfolio as on 31.03.2024 | | 11,21,08,349/- |
| ii. | Opening value of portfolio | | 7,90,27,879/- |
| iii. | Returns generated (Difference between i and ii above) | 41.90 | 3,30,80,471/- |
| iv. | Hurdle rate | 6.00 | 47,41,672/- |
| v. | Returns over hurdle rate | 35.90 | 2,83,38,798/- |
| vi. | Fees as per agreement: 25% of returns over hurdle rate (25% of 35.90%) | 9.00 | 70,84,700/- |
| vii. | Fees charged (excluding GST 18%) | 10.21 | 80,35,232/- |
| viii. | Fees @2.5% of AUA (2.5% of 11,21,08,349/-) | | 28,02,709/- |
| ix. | Excess fees charged (vii-viii) | | 52,32,523/- |



17. I note that during investigation it was observed that charging performance based fees is not allowed as per IA Regulations as Noticee has charged fees of 10.21% of AUA i.e. Rs.80,35,232/- instead of maximum allowable 2.5% i.e. Rs.28,02,709/- to Sunil Thamaran which is much more than prescribed limit of 2.5% of AUA and has charged excess fees to Sunil thamaran of Rs.52,32,523/-.
18. In this regard I note that as per SEBI Circular SEBI/HO/IMD/IMD-I DOF1/P/CIR/2021/694 dated 21 December 2021, in case of accredited investors, the limits and modes of fees payable to the IA shall be governed through bilaterally negotiated contractual terms. I further note that in the SEBI master circular dated June 27, 2025 for Investment advisers, under guidelines for investment advisers for fees i.e. Guideline 1 (iii)(i) it is provided that in case of accredited investors, fee related terms and conditions shall be governed through bilaterally negotiated contractual terms. I further note that as per Annexure B of the aforesaid circular i.e. Most Important Terms and Conditions for Investment Advisers under para 6(v) of the same it is provided that the fee limits do not apply to a non-individual client / accredited investor.
19. I further note that in IA regulation under regulation 2(1)(ab) it is provided that accredited investor shall have the same meaning as assigned to it u/r 2 (1)(ab) of the SEBI (Alternative Investment Funds) Regulations, 2012 (hereinafter referred to as **AIF regulations**).
20. On perusal Regulation 2(1)(ab) of AIF regulations, I note that accredited investor means any person who is granted a certificate of accreditation by an accreditation agency and the accreditation agency will grant the said certificate on fulfilment of the condition as prescribed under Regulation 2(1)(ab) of AIF regulations.
21. I note from the material available before me that Sunil Thamaran got registered as an accredited investor with CVL-Accredited Investors Accreditation on November 03, 2025. I further note that Noticee charged fee for the IA services to Sunil Thamaran for the period of October 2023 to June 2024 and the agreement between Noticee and Sunil Thamaran was entered on November 10, 2022 wherein it was mentioned that AUA model will be followed and performance based fees will be charged @25% above 6% hurdle.



22. Therefore, I observe that during agreement and the charging of fee by the Noticee, Sunil Thamaran was not registered as an accredited investor and got registered later on.

23. In view of the above, it is established that Noticee charged fees more than prescribed limit as per IA Regulations and thereby violated Clause 2(iii) of SEBI Circular SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020, r/w Regulation 15A, 15(9) and clause 6 of Schedule III i.e. Code of conduct of IA Regulations.

ISSUE II: Does the violation, if any, on part of the Noticee attract penalty under Section 15EB of SEBI Act?

24. In view of the violations as established above, I find that this is a fit case for penalty u/s 15EB of the SEBI Act, which reads as given below:

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.]

ISSUE III: If so, how much penalty should be imposed on the Noticee taking into consideration the factors mentioned in Section 15J of the SEBI Act?

25. While determining the quantum of penalty u/s 15EB of the SEBI Act, it is important to consider the factors stipulated in section 15J of SEBI Act, which reads as under:-

15J - Factors to be taken into account by the adjudicating officer

While adjudging quantum of penalty under section 15-I, 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.”

26. In the present matter, I note that no quantifiable figures are available to assess the disproportionate gain or unfair advantage made as a result of the defaults by



Noticee. Further, from the material available on record, it may not be possible to ascertain the exact monetary loss to the investors /clients on account of default by the Noticee. As SEBI registered intermediary, Noticee is under statutory obligation to comply with the applicable circulars, rules and regulations. The very purpose of the said regulations is to deter wrong doing and promote ethical conduct in the securities market. Therefore, non-compliances/ violations by the Noticee deserves and attracts suitable penalty. However, I note that at the time when invoice was raised, Sunil Thamaran had investments exceeding Rs. 11 crore which placed him above the applicable net-worth threshold for accredited investors. I also note that Sunil Thamaran subsequently got his registration as accredited investor and also no complaint against Noticee has been brought on record. These are being considered as mitigating factors while deciding the quantum of penalty. As per available records, no past action has been taken by SEBI against the Noticee.

ORDER

27. Having considered the facts and circumstances of the case, the material available on record, the submissions made by the Noticee, the factors mentioned in Section 15J of the SEBI Act, and also taking into account judgment of the Hon'ble Supreme Court in *SEBI vs. Bhavesh Pabari (2019) 5 SCC 90* and in exercise of power conferred upon the undersigned u/s 15-I of the SEBI Act, 1992 r/w rule 5 of the Adjudication Rules, 1995, I impose a penalty of ₹ 1,00,000/- (Rupees One lakh only) on Dwaith Advisory Private Limited (PAN- AAGCD9549J) u/s 15EB of the SEBI Act, 1992. I am of the view that the said penalty is commensurate with the lapse/omission on the part of the Noticee.

28. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:

ENFORCEMENT → Orders → Orders of AO → PAY NOW

29. In case of any difficulties in payment of penalties, Noticee may contact the support at portalhelp@sebi.gov.in.

30. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to



recovery proceedings u/s 28A of the SEBI Act, 1992 for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

31. In terms of the provisions of rule 6 of the SEBI Rules, a copy of this order is being sent to the Noticee and also to SEBI.

PLACE: MUMBAI

DATE: May 13, 2026

AMIT KAPOOR

ADJUDICATING OFFICER