BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. Order/JS/YK/2026-27/32722]

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

In respect of
Investowryght Research Analytics Private Limited
PAN: AAGCI9545K

In the matter of Investowryght Research Analytics Private Limited

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BACKGROUND

1. Investowryght Research Analytics Private Limited (hereinafter referred to as "**Noticee**") has been registered with Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") as a research analyst. The registration number of the Noticee is INH000012157. SEBI conducted an inspection of the Noticee on September 23, 2025 for the period from April 01, 2024 to August 31, 2025 (hereinafter referred to as "**Inspection period/IP**").

2. Thereafter, SEBI communicated the findings of the said inspection to the Noticee vide letter dated April 01, 2026. In response, the Noticee submitted replies vide emails dated April 13, 2026 and April 27, 2026.

3. After analyzing the findings of the inspection vis-à-vis the response of the Noticee, a final inspection report (hereinafter referred to as "**IR**") was prepared wherein, *inter alia*, violations of the following provisions of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act**"), SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**"), Securities and Exchange Board of India (Research Analysts) Regulations, 2014 (hereinafter referred to as "**RA Regulations**") and SEBI Master Circular No. HO/38/12/11(1)2026-MIRSD-POD/I/4360/2026 dated

February 06, 2026 (hereinafter referred to as "**SEBI Master Circular dated February 06, 2026**") were alleged:

(a.) Regulations 3(a), 3(b), 3(d), 4(1), 4(2)(k), 4(2)(o) and 4(2)(s) of PFUTP Regulations read with sections 12A(a), (b) and (c) of SEBI Act and clauses 1, 2, 7 and 8 of Code of Conduct as specified in the Third Schedule under regulation 24(2) of RA Regulations;

(b.) Regulation 25(1)(v) of RA Regulations read with clause 1.13 of SEBI Master Circular dated February 06, 2026;

(c.) Regulation 15A of RA Regulations read with clause 1.9 of SEBI Master Circular dated February 06, 2026;

(d.) Clause 7.3 of SEBI Master Circular dated February 06, 2026;

(e.) Regulation 24(4) of RA Regulations read with clause 29 of section VI of SEBI Master Circular dated February 06, 2026 and regulations 24(2) of RA Regulations read with clauses 1, 2, 7 and 8 of Third Schedule to RA Regulations.

APPOINTMENT OF ADJUDICATING OFFICER

4. The undersigned was appointed as Adjudicating Officer (hereinafter referred to as ''**AO**'') in this matter vide communiqué dated August 12, 2026 under section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **"SEBI Act"**) read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as **"Rules"**), to inquire into and adjudge under sections 15HA and 15EB of the SEBI Act for the alleged violations aforementioned in paragraph 3(a) and under section 15EB of the SEBI Act for the alleged violations aforementioned in paragraphs 3(b) to 3(e).

SHOW CAUSE NOTICE, REPLY AND HEARING

5. Show Cause Notice Ref. No. DIS/21138-21139/2026 dated August 13, 2026 (hereinafter referred to as **"SCN"**) was issued to Noticee in terms of rule 4 of the Rules read with section 15-I of the SEBI Act to show cause as to why an inquiry should not

be held against it and why penalty, if any, should not be imposed on it in terms of the provisions of sections 15HA and 15EB of the SEBI Act for the aforementioned violations alleged to have been committed by Noticee.

6. The SCN dated August 13, 2026, *inter alia*, alleged the following:

A. Assurance of Returns

(a.) Complaints received against Noticee in SEBI Complaints Redress System (SCORES) portal was perused wherein the followings instances were observed:

(i.) One complaint was filed by XYZ[1] alleging that Noticee had provided assurance of returns, assurance to recover the loss/earn profit to the complainant, induced complainant to trade based on the recommendations provided by it and asked share of profit. It was further alleged that instead of charging fees to the client, the Noticee had indulged in seeking profit out of every profitable trade made by the client. Furthermore, the Noticee had also tried to settle the matter with the complainant by offering refund of the service fees paid by him;

(ii.) Two complaints were filed by PQR[1] alleging that Noticee had provided assurance of returns, assurance to recover the loss/earn profit to the complainant, induced complainant to trade based on the recommendations provided by it.

(b.) In response to the aforesaid findings, Noticee submitted to inspection team that it does not provide any assurance or guarantee of profit and did not engage in any profit-sharing arrangements. Noticee further submitted that PQR had filed a cyber-complaint against it, pursuant to which the amount paid by him was automatically debited from its account.

(c.) In this regard, it was observed from IR that Noticee did not provide any comments on the evidence shared by complainants in their SCORES Complaints wherein the Noticee's executives were assuring returns, inducing to trade more and seeking a share in profit earned by the complainant. Accordingly, it was alleged that Noticee's employees assured returns, induced its clients to trade and sought a share in profit. Therefore, it was alleged that Noticee had violated the provisions of regulations 3(a), 3(b), 3(d), 4(1), 4(2)(k), 4(2)(o) and 4(2)(s) of PFUTP Regulations read with sections 12A(a), (b) and (c) of SEBI Act and clauses 1, 2, 7 and 8 of Code of Conduct as specified in the Third Schedule under regulation 24(2) of RA Regulations.

B. Non-maintenance of Know Your Customer (KYC) records in line with the requirement of SEBI Circulars

(a.) It was observed that Noticee had obtained basic information such as name, PAN, address, email ID and mobile number as the KYC information from their clients

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[1] Name excised for the sake of confidentiality.

through a Services Agreement. However, the Noticee did not capture all the relevant KYC details that are mandated through Uniform KYC Format, i.e., CERSAI's CKYCR Template for Individual and Legal Entity as prescribed for all SEBI registered intermediaries.

(b.) In response to the aforesaid findings, Noticee submitted that it had obtained all required client data as per applicable compliance requirements. The revised KYC process has been implemented and all new clients are being onboarded accordingly. It was further submitted that KYC details of existing clients are being collected and updated to ensure full compliance.

(c.) In this regard, it was observed from IR that Noticee did not provide specific response as to what changes were made to the existing KYC system pursuant to observations noted by the inspection team and the Noticee had not provided any evidence to substantiate its claim that KYC is being collected and updated as per its revised process. Hence, it was alleged that Noticee did not maintain KYC records in line with the requirements of SEBI Circulars w.r.t. to KYC, i.e., the uniform KYC template format provided by CERSAI. Accordingly, it was alleged that Noticee had violated the provisions of regulation 25(1)(v) of RA Regulations read with clause 1.13 of SEBI Master Circular dated February 06, 2026.

C. <u>Charging of fees beyond maximum limit</u>

(a.) It was observed that Noticee had charged its clients beyond the maximum limit of fees of Rs. 1,51,000 per annum. List of clients who were charged beyond the prescribed limit was provided as an annexure to the SCN. It was further observed that several plans listed on Noticee's website also in breach of the maximum limit of fees chargeable to clients.

(b.) In response to the aforesaid findings, Noticee submitted to inspection team that it charged fees strictly within the prescribed limit of Rs. 1,51,000 plus applicable GST and the amount collected above the prescribed limit was charged prior to the implementation of the relevant regulation.

(c.) In this regard, it was observed from IR that the SEBI circular restricting maximum fees to Rs. 1,51,000 was issued on January 08, 2025 and for existing clients of research analysts, the said provision was effective from June 30, 2025. In the list of 50 clients which has been enclosed as Annexure 7, nine clients paid beyond the prescribed limit of Rs. 1,51,000 despite their date of payments was after January 08, 2025. It was further observed that the plans stated in the Noticee's website that were exceeding the prescribed limit of Rs. 1,51,000 remained active on its website as on the date of IR depicting that Noticee had not made any correction in its website. Hence, it was alleged that fees charged by Noticee to nine clients was beyond the maximum limit of Rs. 1,51,000 per annum. It was further alleged that the Noticee's website had displayed pricing of plans which was in contravention of the prescribed norms. Accordingly, it was alleged that Noticee had violated the provisions of regulation 15A of RA Regulations read with clause 1.9 of SEBI Master Circular dated February 06, 2026.

D. Failure to publish complaint redressal data within 7th of succeeding month

(a.) It was observed that Noticee had published Investor Charter as specified for research analysts on its website. However, as on April 01, 2026, Noticee had published complaint redressal data pertaining to the month of July 2025 on its website. Hence, it was alleged that Noticee had failed to publish complaint redressal data within 7th of succeeding month as specified and thereby, violated the provisions of clause 7.3 of SEBI Master Circular dated February 06, 2026.

E. Failure to submit periodic report to Research Analyst Administration and Supervisory Body (RAASB)

(a.) It was observed that Noticee had not submitted the periodic report to RAASB within 30 days from the end of the respective half-yearly period, i.e., March 31, 2025 and September 30, 2025. Hence, it was alleged that Noticee had violated the provisions of regulation 24(4) of RA Regulations read with clause 29 of section VI of SEBI Master Circular dated February 06, 2026 and regulations 24(2) of RA Regulations read with clauses 1, 2, 7 and 8 of Third Schedule to RA Regulations.

7. The SCN was duly served upon Noticee in consonance with the Rules. Noticee vide email dated August 27, 2026, submitted its reply. Subsequently, an opportunity of hearing was granted to Noticee on September 09, 2026 vide hearing notice dated August 31, 2026. Digitally signed hearing notice dated August 31, 2026 was served upon Noticee vide email dated August 31, 2026. However, the Noticee has neither submitted any response to the hearing notice nor appeared for hearing scheduled on September 09, 2026.

8. The relevant extracts of Noticee's reply is as under:

Assurance of Returns

(a.) The Noticee has been registered with SEBI as a research analyst and provides research-based recommendations to clients who voluntarily subscribe to its services. Its role is to provide research and recommendations based on its analysis, while the ultimate decision to undertake, continue, modify, or exit any investment remains with the client and all recommendations are subject to market risks. The clients are informed about the nature of the services, applicable terms and conditions and the risks associated with investment activities before onboarding/subscription. Accordingly, the services provided to the complainants namely XYZ and PQR were pursuant to the research services voluntarily opted for by them;

(b.) The Noticee submitted that it had never assured, promised, represented or guaranteed any fixed, assured, minimum or risk-free return to either of the above-mentioned clients. The terms and conditions applicable to the services clearly communicated the risks associated with investments and the absence of any assurance of returns. Both XYZ and PQR were aware of the nature of the research service and the associated risk and reward before/at the time of subscribing to the service. Therefore, any loss or adverse outcome arising due to market movements cannot, by itself, establish that any guaranteed return was promised. The Noticee reiterated that its remuneration was for providing research services and was not dependent upon guaranteeing a particular investment outcome;

(c.) In the case of both clients, the services were provided pursuant to their voluntary subscription/engagement for research recommendations. The Noticee did not undertake to guarantee the performance of any security or investment and the clients remained responsible for their respective investment decisions. Wherever any assistance was provided to a client in understanding or implementing a research recommendation, such assistance was provided in the context of the subscribed research service and was not intended to constitute any assurance of profit or guaranteed investment performance. The actual nature and extent of the services provided can be verified from the relevant client communications, service records and other documentary material available with the Noticee;

(d.) With respect to XYZ, the Noticee submitted that the amount received was towards the agreed research/service charges. Initially, XYZ paid only a partial amount towards the applicable service charges and subsequently communicated that the remaining amount would be paid in the forthcoming days. The balance amount was thereafter paid by him in accordance with his own commitment. The Noticee clarified that the balance payment made by XYZ was towards the outstanding service charges and was not linked to any profit earned by him from investments. There was no profit-sharing arrangement and there was no agreement, understanding or clause pursuant to which the Noticee's remuneration was to be calculated as a percentage or share of the profits earned by the client. Accordingly, the payment received from XYZ was stated to be payment towards the subscribed research/service charges and not profit sharing;

(e.) The Noticee further submitted that there was no arrangement whereby it was entitled to participate in or receive any percentage/share of the investment profits of XYZ or PQR. Its consideration was towards the research services opted for by the client and the amount paid by the client was therefore a service/subscription consideration and not a share of investment profits;

(f.) With regard to PQR, the Noticee submitted that the client lodged a cyber-related complaint against it, following which its bank account was frozen/restricted, materially affecting its ability to carry out its ordinary business activities and meet its operational obligations. After receiving information from the bank regarding the account restriction, the Noticee communicated with the concerned Investigating Officer to understand the matter and the steps required in relation to the complaint. During such communication, it was informed that the amount in question should

be refunded. In view of the circumstances and the operational difficulties caused by the freezing/restriction of the bank account, the Noticee proceeded with the refund of the amount to PQR;

(g.)The Noticee submitted that the refund was made as a bona fide measure to resolve the issue arising from the cyber complaint and the related bank account restriction. The decision to refund the amount was taken in the circumstances prevailing at that time, particularly considering the impact of the account restriction on its legitimate business operations. The refund was not made as an admission of fraud, misrepresentation, unauthorized activity, wrongdoing or legal liability on its part. The Noticee therefore requests that the refund transaction be considered in its complete factual context and should not, by itself, be interpreted as an admission that the allegations made in the complaint were correct;

(h.)The Noticee denied the allegations that it improperly obtained, accessed, misused, disclosed or manipulated the client's bank details, banking credentials or OTP. It submitted that, as a research analyst providing research services, there is no requirement for it to obtain a client's banking OTP for providing research recommendations or research reports and it neither requires nor has any legitimate business purpose for obtaining a client's banking OTP for the purpose of providing research services. Accordingly, the allegation that it obtained or misused the client's OTP or banking credentials is stated to be incorrect and is specifically denied;

(i.)The Noticee further submitted that the allegation concerning the alleged exposure or misuse of the client's bank details is not supported by any conduct on its part. Its engagement with the client was in relation to research services and it had no requirement or authority to operate the client's bank account or obtain sensitive banking authentication credentials for providing such services;

(j.)The Noticee reiterated that it has always intended to conduct its activities as a research analyst in accordance with the applicable SEBI regulatory framework. It had not represented that its recommendations are risk-free or that any particular return would be guaranteed. The clients were made aware of the risks associated with investments and the nature of the research services before subscribing to the services. It further submitted that its activities and remuneration in the above cases were related to the provision of research services and were not based on sharing the profits earned by the clients;

Non Maintenance of Know Your Customer (KYC) records in line with the requirement of SEBI Circulars

(k.)The Noticee submitted that it has maintained the KYC records and relevant client data for its clients and has also maintained the requisite records through CVL KRA, wherever applicable. It stated that sincere efforts were made to maintain and collect the KYC information in accordance with the prescribed format/template, including the CERSAI-related requirements. However, in a few cases, due to practical and documentation-related limitations, certain KYC details could not be maintained strictly in the prescribed template/format;

(l.)The Noticee acknowledged the importance of maintaining complete and accurate KYC records and assured that it is taking necessary corrective measures to strengthen its KYC and record-maintenance processes;

Charging of fees beyond maximum limit

(m.)The Noticee submitted that, after the introduction of the applicable regulatory fee limit, it had maintained the maximum permissible fee limit of ₹1,51,000 plus 18% GST, aggregating to ₹1,78,180 per client. It also made efforts to comply with and adopt the revised fee limit immediately upon becoming aware of the regulatory requirement. However, prior to the introduction of the said regulation, there was no prescribed fee ceiling applicable to its services. As the information regarding the revised regulation reached it with some delay, a few payments were inadvertently received from certain clients in excess of the prescribed limit during the transitional period;

(n.)The Noticee clarified that such payments were not made with any intention to circumvent or violate the regulatory requirements and that the same occurred due to the transition from the earlier regulatory framework, under which no such fee limit was prescribed, to the newly applicable limit. It further submitted that the concerned clients were fully satisfied with the services provided by it. In cases where amounts were received beyond the prescribed limit, it had provided additional/extended research and related services corresponding to the fees charged and the clients voluntarily availed such services. There was no coercion, misrepresentation or assurance of any particular investment return;

(o.)The Noticee submitted that it had subsequently taken due note of the applicable fee limit and has strengthened its internal processes to ensure strict compliance with the prescribed regulatory requirements going forward.

CONSIDERATION OF ISSUES AND FINDINGS

9. After careful perusal of the material on record, I note that the issues that arise for consideration in the present case are as follows:

I. Whether the Noticee, through its employees/executives, assured returns, induced clients to trade and sought a share in profits and thereby, violated the provisions of regulations 3(a), 3(b), 3(d), 4(1), 4(2)(k), 4(2)(o) and 4(2)(s) of PFUTP Regulations read with sections 12A(a), (b) and (c) of SEBI Act and clauses 1, 2, 7 and 8 of Code of Conduct as specified in the Third Schedule under regulation 24(2) of RA Regulations?

II. **Whether the Noticee failed to maintain KYC records in line with the requirements of SEBI Circulars and thereby, violated the provisions of regulation 25(1)(v) of RA Regulations read with clause 1.13 of SEBI Master Circular dated February 06, 2026?**

III. **Whether the Noticee charged fees beyond the maximum permissible limit and thereby, violated the provisions of regulation 15A of RA Regulations read with clause 1.9 of SEBI Master Circular dated February 06, 2026?**

IV. **Whether the Noticee failed to publish complaint redressal data within the prescribed timeline and thereby, violated the provisions of clause 7.3 of SEBI Master Circular dated February 06, 2026?**

V. **Whether the Noticee failed to submit periodic reports to RAASB within the stipulated time and thereby, violated the provisions of regulation 24(4) of RA Regulations read with clause 29 of section VI of SEBI Master Circular dated February 06, 2026 and regulations 24(2) of RA Regulations read with clauses 1, 2, 7 and 8 of Third Schedule to RA Regulations?**

VI. **Does the violation, if any, on the part of Noticee attract monetary penalty under sections 15HA and 15EB of the SEBI Act?**

VII. **If so, what would be the quantum of monetary penalty that can be imposed on Noticee after taking into consideration the factors stipulated in section 15J of the SEBI Act?**

10. Before proceeding further, it is pertinent to refer the relevant provisions of law, allegedly violated by Noticee. The same are reproduced as under:

SEBI Act
*"**Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.***
***12A.** No person shall directly or indirectly—*
(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or

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

PFUTP Regulations
*"**3. Prohibition of certain dealings in securities***
No person shall directly or indirectly—
(a) buy, sell or otherwise deal in securities in a fraudulent manner;
(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;
…………………...

(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under."

*"**4. Prohibition of manipulative, fraudulent and unfair trade practices***
(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a manipulative, fraudulent or an unfair trade practice in securities markets.
Explanation.– For the removal of doubts, it is clarified that-
(i) 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, or
(ii) transactions through mule accounts for indulging in manipulative, fraudulent and unfair trade practice shall be and shall always be deemed to have been included in sub-regulation (1).

(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 in a reckless or careless

manner and which is designed to, or likely to influence the decision of investors dealing in securities;
(o) fraudulent inducement of any person by a market participant to deal in securities with the objective of enhancing his brokerage or commission or income;
(s) mis-selling of securities or services relating to securities market;
Explanation- For the purpose of this clause, "mis-selling" means sale of securities or services relating to securities market by any person, directly or indirectly, by—
(i) knowingly making a false or misleading statement, or
(ii) knowingly concealing or omitting material facts, or
(iii)knowingly concealing the associated risk, or
(iv) not taking reasonable care to ensure suitability of the securities or service to the buyer;"

RA Regulations
*"**Fees.***
15A. Research Analyst shall be entitled to charge fees for providing research services from a client including an accredited investor in the manner as specified by the Board."

*"**General responsibility.***
***24**.*
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(2) Research analyst or research entity shall abide by Code of Conduct as specified in Third Schedule.
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(4) Research analyst or research entity shall furnish to the Board information and reports as may be specified by the Board from time to time."

*"**Maintenance of records.***
***25**. (1) Research analyst or research entity shall maintain the following records:*
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(v) Know Your Client records of the fee paying client;"

*"**THIRD SCHEDULE***
[**See sub-regulation (2) of regulation 24**]
CODE OF CONDUCT FOR RESEARCH ANALYST
1. Honesty and Good Faith
Research analyst or research entity shall act honestly and in good faith.

2. Diligence
Research analyst or research entity shall act with due skill, care and diligence and shall ensure that the research report is prepared after thorough analysis.

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7. Compliance

Research analyst or research entity shall comply with all regulatory requirements applicable to the conduct of its business activities.

8. Responsibility of senior management

The senior management of research analyst or research entity shall bear primary responsibility for ensuring the maintenance of appropriate standards of conduct and adherence to proper procedures."

SEBI Master Circular dated February 06, 2026

"1.13 ***KYC Requirements and maintenance of record***

a. As provided under Regulation 25(1) of RA Regulations, RA or research entity shall follow the KYC procedure for their fee paying clients and maintain KYC records for their clients as specified by SEBI from time to time. Regulation 25 (1) of RA Regulations also provides that RA or research entity shall maintain the records with respect to its interaction with clients. In this regard, it is clarified that-

b. RA shall maintain records of interactions, with all clients including prospective clients (prior to onboarding), where any conversation related to its services has taken place inter alia, in the form of:

(i) Physical record written & signed by client,
(ii) Telephone recordings
(iii) Email from registered email id,
(iv) Record of SMS messages,
(v) Any other legally verifiable record.
c. Such records shall begin with first interaction with the client and shall continue till the completion of research services to the client.

d. RA or research entity are required to maintain these records for a period of five years. However, in case where dispute has been raised, such records shall be kept till resolution of the dispute or if SEBI desires that specific records be preserved, then such records shall be kept till further intimation from SEBI."

"1.9 ***Fees chargeable to clients by RAs:***

Regulation 15A of RA Regulations provide that RA shall be entitled to charge fees for providing research services from client including an accredited investor in the manner as specified by SEBI. Accordingly, -
a. RAs may charge fees, subject to ceiling as may be specified by SEBI and shall ensure that fee charged to client is fair and reasonable.
b. RAs shall charge a maximum of ₹1,51,000 per annum per family in case of their clients who are individuals and Hindu Undivided Family(HUF). The fee limit shall be revised and announced by RAASB once in three years based on the Cost Inflation Index (CII) after due consultation with SEBI.
c. The fee limit does not include statutory charges.

d. The fee related provisions such as fee limit, modes of payment of fees, refund of fees, advance fee, breakage fees shall only be applicable in case of their individual and HUF clients (provided these clients are not accredited investors). These provisions shall not be applicable in case of non-individual clients, accredited investors, and in case of institutional investors seeking recommendation of proxy adviser.
e. In case of non-individual clients, accredited investors, and in case of institutional investors seeking recommendation of proxy adviser, fee related terms and conditions shall be governed through bilaterally negotiated contractual terms.
f. If agreed by the client, RA may charge fees in advance. However, such advance shall not exceed fees for a period of one year.
g. In the event of pre-mature termination of RA services in terms of the agreed terms and conditions, the client shall be refunded proportionate fees for unexpired period. RA shall not charge any breakage fee.
h. The terms and conditions to be disclosed by RA to the client shall also include fee limits, agreed fees for research services and guidance on the optional 'Centralised Fee Collection Mechanism for IA and RA' (CeFCoM)."

"7. Investor Charter for Research Analysts

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7.3. Additionally, in order to ensure transparency in the Investor Grievance Redressal Mechanism, all the Research Analysts shall continue to disclose on their respective websites and mobile applications (if any), the data on complaints received against them or against issues dealt by them and redressal thereof, latest by 7th of succeeding month, as per the format enclosed at Annexure E to this circular."

"29. Periodic reporting by RAs:

Research analysts and proxy advisers are required to submit the periodic report in the specified format. Research analysts shall submit the period report to RAASB in a format as notified by RAASB in consultation with SEBI. Proxy advisers shall submit the periodic report in a format provided at Annexure J.

RAs/PAs shall submit periodic report for half-yearly periods ending on September 30 and March 31 of every financial year, within 30 days from the end of the respective half-yearly period for which details are to be furnished."

Issue I. Whether the Noticee, through its employees/executives, assured returns, induced clients to trade and sought a share in profits and thereby, violated the provisions of regulations 3(a), 3(b), 3(d), 4(1), 4(2)(k), 4(2)(o) and 4(2)(s) of PFUTP Regulations read with sections 12A(a), (b) and (c) of SEBI Act and clauses 1, 2, 7

and 8 of Code of Conduct as specified in the Third Schedule under regulation 24(2) of RA Regulations?

11. This allegation is based on complaints lodged on SCORES portal by two complainants. The complaints alleged that the Noticee provided assurance of returns, assurance to recover losses/earn profits, induced the complainants to trade based on recommendations and in the case of one of the complainants, sought a share of profits. The IR records that the Noticee did not provide comments on the evidence shared by the complainants in support of their complaints.

12. The argument of the Noticee is that it is a SEBI registered RA and only provides research-based recommendations to clients who voluntarily subscribe to its services, that the ultimate investment decision remains with the client, that all recommendations are subject to market risk, that no assured, fixed, minimum or risk-free returns were ever promised and that its remuneration was only towards research/service charges and not linked to profits earned by clients. The Noticee has further denied any profit-sharing arrangement and in the case of the complainant - PQR, Noticee has explained the refund as a bona fide step taken in the backdrop of a cyber-complaint and consequent restriction/freezing of its bank account.

13. At the outset, I note that the allegations in the present matter are not based merely on assertions in a complaint. In respect of the complainant - XYZ, the complaint is accompanied by WhatsApp chat screenshots which reflect detailed trading instructions, repeated follow-up with the client during market hours, requests to increase position size, requests to arrange additional funds and repeated assurances that losses would be recovered and that targets would be achieved. In respect of the complainant - PQR, the complaint material records that mobile numbers allegedly allocated by the Noticee provided investment tips over WhatsApp, asked him to make payment of Rs. 2 lakh purportedly for stock market investment, induced him to take positions in large quantities and later generated invoices treating the said amount as

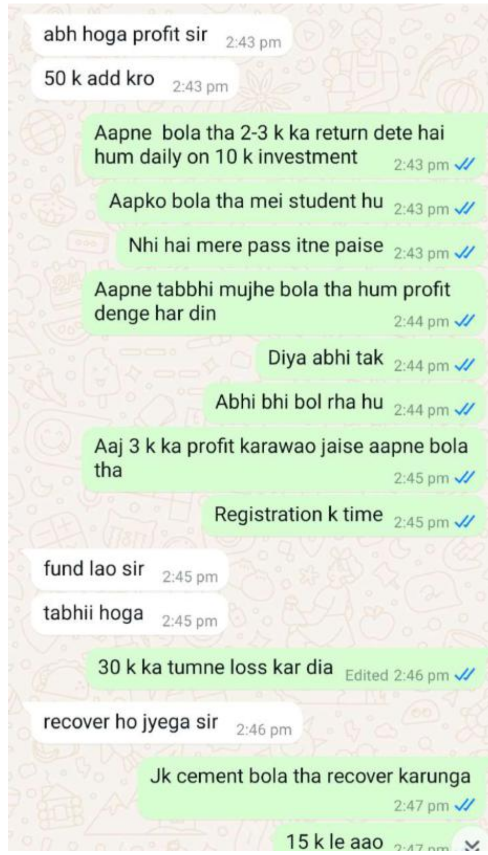
service charges. The complaint attachments also contain excerpts of WhatsApp exchanges and transaction-related material in support of these allegations which was provided to Noticee as annexure 3 of the SCN. The Noticee, in the present proceedings, has not specifically disputed the contents of the evidences shared by the complainants, particularly the WhatsApp chat communications forming part of the complaint record. Some of the snapshots of WhatsApp chats has been reproduced here for reference:

Pictorial Representation 1

Pictorial Representation 2

Pictorial Representation 3

Pictorial Representation 4



14. In the case of the complainant - XYZ, the WhatsApp chat reveals that the representative of the Noticee was not merely sharing broad research views. Rather, the representative was issuing trade-specific directions such as "*10 lot buy krke ss do*", "*Ok 3 lot aur buy krke ss do*", "*2 LOT BUY KRO*" and "*NIFTY 23900 PE BUY KRO*", coupled with demands to share screenshots after execution. Such messages indicate active inducement to place trades and at several points, to enlarge the position. The chats further show repeated suggestions to arrange or infuse more funds for continuing the trades and for purported recovery. Messages such as "*Aur arrange karo fund*", "*50 k add kro*", "*fund lao sir tabhii hoga*" and "*lao 50 k fund*" demonstrate that the client was being encouraged to bring in additional funds after losses had already been incurred. Such conduct goes well beyond permissible research

communication and has the clear effect of inducing continued trading by holding out the possibility of recovery through further exposure.

15. The most significant aspect of the chats is the tenor of certainty and recovery conveyed to the client. The messages include statements such as "*Nhi jyega loss*", "*Profit deke jyega*", "*Target aa jyega*", "*Wait kro aa jyega*", "*recover ho jyega sir*", "*toh recover kara rha hu n*", "*recover karane k bola h n maine*" and "*koi nhi sir aur kaam karata hu sb recover ho jyega*". There are also messages describing a "sure trade". These communications, read as a whole, are not in the nature of balanced research advice carrying normal market caveats. They convey to the client that losses would be recovered and that profits/targets would materialise if the client continues to follow the directions and deploy more capital.

16. It is further noted that the complainant XYZ expressly records that the Noticee had represented that daily returns/profits would be given. The client states, *inter alia*, "*Aapne bola tha 2-3 k ka return dete hai hum daily on 10 k investment*" and "*Aapne tabbhi mujhe bola tha hum profit denge har din*". Instead of denying such statements in the chat itself, the representative responds by asking the client to bring more funds and assuring recovery, including "*recover ho jyega sir*" and "*fund lao sir tabhii hoga*". These portions strongly support the allegation that representations of assured return /daily profit and recovery of losses were being made to induce trading and continued deployment of funds.

17. The Noticee has argued that any assistance provided to a client in understanding or implementing a research recommendation was within the subscribed research service and was not intended to assure profit. I am unable to accept this contention in light of the actual language reflected in the chat material. Advising a client to buy a specific quantity immediately, to add more lots, not to place stop-loss, to hold despite loss, to arrange more funds and assuring that the trade will give profit or that the losses will be recovered, cannot be characterised as mere explanation of a research view. Such

conduct has the clear tendency to induce and influence investor action through assured representations.

18. The Noticee has relied on its standard terms and conditions and the proposition that the clients were aware of market risks. However, even assuming that risk disclosures existed in onboarding documents, such disclosures cannot neutralize contrary conduct or representations made by the Noticee's personnel during the course of client interaction. A disclaimer about market risk does not cure later assurances such as "*profit deke jyega*", "*target aa jyega*", "*wait kro nhi jyega loss*" or "*recover ho jyega*", nor does it sanitize repeated inducement to add more funds or take larger positions. Where the actual conduct of the Noticee or its representatives is inconsistent with the regulatory framework, reliance on generic disclaimers is futile.

19. The contention that the client voluntarily subscribed to the service and that the final investment decision remained with the client is similarly of limited assistance. The regulatory prohibition operates precisely against misleading inducement and deceptive persuasion in relation to securities market transactions. If the client's decision-making is influenced by assurances of recovery, daily profits, certainty of target achievement or persistent exhortations to add lots and funds, the fact that the client technically executed the trade does not absolve the intermediary of responsibility.

20. In so far as the allegation relating to profit-sharing is concerned, the SCN records that the complainant – XYZ alleged that the Noticee had sought a share of profit and instead of merely charging fees, sought profit out of every profitable trade made by the client. The Noticee has denied this and submitted that all amounts received from the said complainant were only towards agreed research/service charges and that there was no arrangement for its remuneration to be calculated as a percentage or share of profits. From the presently extracted chat portions, I note messages such as "*aur profit k ss bhejo*", "*kitna aaya*" and repeated follow-up regarding profit booked by

the client. These messages show active monitoring of the client's profits and gains. However, from the chat extracts presently available on record before me, I do not find a clearly legible and direct message expressly demanding a fixed share/percentage in profit. Accordingly, the benefit of doubt has to give to Noticee for the allegation of "profit-sharing". However, as discussed in preceding paragraphs, the evidence overwhelmingly establishes the more central allegations of assurance of returns/recovery and inducement to trade.

21. As regards the second complainant - PQR, the complaint record states that the WhatsApp numbers 89XXXXXX28 and 91XXXXXX85 were numbers from which the complainant used to receive investment tips and that from those numbers he was asked to make payment of Rs. 2 lakh to the Noticee, which, according to the complainant, was promised to be invested in the share market on his behalf. The complainant has further stated that he was forced to make investments in huge quantities through WhatsApp tips, while the amount of Rs. 2 lakh was later treated as additional service charges. The complaint attachments also show requests such as "800 qty or buy kro", “1 lakh profit banega isme wait karna sir” and "send screenshot sir", indicating quantity-based trading directions and close operational involvement in the trading activity.

22. The second complainant has specifically stated that upon his questioning the treatment of Rs. 2 lakh as service charges, the executives again assured him that the amount would be used for investment in the stock market and simultaneously asked him to invest more over phone call and WhatsApp. These allegations are part of the complaint material and are consistent with the broad pattern of conduct seen in the complainant – XYZ chats, namely, use of operator numbers, trade prompting, push for higher capital deployment and representations linked to expected profit/recovery.

23. The Noticee's response to the case of the complainant – PQR is that a cyber-complaint had been lodged against it, its bank account was frozen/restricted and the

refund made to the complainant was a bona fide step in the prevailing circumstances and not an admission of wrongdoing. Although a refund, by itself, cannot be treated as conclusive proof of guilt, however, if the surrounding material otherwise indicates impermissible conduct, it also would not negate the underlying misconduct.

24. The Noticee has also categorically denied the allegations regarding misuse of bank details, banking credentials or OTP and submitted that there is no requirement for a RA to obtain such details. However, for the purposes of the present issue, the findings are confined to the aspects that are clearly borne out from the record, namely assurance of returns/recovery and inducement to trade. The other allegations relating to exposure/misuse of banking details and cyber-fraud dimensions, though part of the complaint narrative, do not fall for determination in the present proceedings.

25. A RA registered with SEBI is expected to act honestly, fairly, with due skill, care and diligence and in the best interests of clients. Such an intermediary cannot make statements or claims that are misleading, cannot represent that returns are assured or that losses will be recovered and cannot induce clients to repeatedly place trades or deploy more funds through assurance and persuasive communications. The messages extracted from the complaint records show conduct inconsistent with the standards manifested in the RA Regulations.

26. It is further noted that the the term "dealing in securities" as defined under regulation 2(1)(b) of the PFUTP Regulations includes the following:

> *"2(1)(b) "dealing in securities" includes:*
> *(i)an act of buying, selling or subscribing pursuant to any issue of any security or agreeing to buy, sell or subscribe to any issue of any security or otherwise transacting in any way in any security by any persons including as principal, agent, or intermediary referred to in section 12 of the Act;*
> *(ii)such acts which may be knowingly designed to influence the decision of investors in securities; and*
> *(iii)any act of providing assistance to carry out the aforementioned acts."*

27. From the aforesaid definition, it is noted that “dealing in securities” also includes the acts which are designed to influence investors’ decisions. Therefore, rendering RA service that influences investors to invest in securities constitutes “dealing in securities”. Moreso, any act of providing assistance to carry out the aforementioned acts also amounts to ‘dealing in securities’. It is also pertinent to note that the definition of “dealing in securities” was amended with effect from February 01, 2019 based on the recommendation of the Fair Market Conduct Committee in its report dated August 08, 2018[2] wherein the Committee had, *inter alia*, held that:

> *“Fraudulent, manipulative or unfair trade practices may be carried out with the aid and assistance of persons other than the parties who are transacting in the securities market, including intermediaries who may have contributed to such dealings. The prohibition of fraudulent and unfair trade practices is in the context of dealing in securities. Hence, the definition of ‘dealing in securities’ should also include those who assist in and indeed often orchestrate or control the dealings in securities, or those who knowingly influence the decisions to invest in securities.”*

28. In view of the above, I find that the activities of the Noticee, being those of a SEBI registered intermediary whose advice and conduct were aimed at influencing client trades, clearly fall within the meaning of “dealing in securities”.

29. Further, regulations 3 and 4 of the PFUTP Regulations, read with section 12A of the SEBI Act, prohibit use of any manipulative, fraudulent or deceptive device, scheme or artifice in connection with dealing in securities and prohibit acts, practices or courses of business which operate as fraud or deceit upon any person in connection with securities transactions. A representation that losses will be recovered, that profit will come, that the trade is "sure", that the target will certainly be achieved or that daily returns will be given, is capable of misleading an investor and inducing him to trade or continue trading in a manner he might not otherwise have done. Such conduct falls squarely within the misconduct sought to be addressed by the aforesaid provisions.

[2] https://www.sebi.gov.in/reports/reports/aug-2018/report-of-committee-on-fair-market-conduct-for-public-comments_39884.html

30. In this regard, reference is also made to the judgment of the Hon'ble Supreme Court in *Reliance Industries Limited and Others v. SEBI*[3], wherein the Hon'ble Supreme Court, *inter alia*, held as under:

> *"175. We agree with the observation in Kanhaiyalal Baldevbhai Patel (supra) that fraud is jurisprudentially very difficult to define. However, such difficulty should not result in such a legislation that would cover every act, expression, omission or concealment under the sky. In our opinion, it cannot be the intention of the PFUTP Regulations to give unfettered powers to the respondent authority to decide the question of fraud alienating it from the object of the enactment and language used in other parts of the definition itself and the provisions of the Act. We find it apposite to purposively interpret Regulation 2(1)(c). In our considered view, both mens rea and actus reus cannot be made into irrelevant factors for deciding fraud. Therefore, we may outline the following scenarios for a more purposive approach to Regulation 2(1)(c):*
>
> *i) In situations where injury due to wrongful act is established, i.e, inducement to deal in securities has caused the other person to be adversely affected and allowed the party accused of fraud to gain unlawful profits or avert ordinary losses at the former's expense, there would be no requirement on the respondent authority to prove deceitful intention. In other words, where injury is impossible to be proved, the requirement of wrongful intention becomes mandatory.*
>
> *ii) Secondly, similarly, in situations where deceitful or mala fide intention to defraud and manipulate the securities market is clear from the blatant misconduct or attending circumstances that cogently establish wrongful intention, then proving the injury would not be required.*
>
> *176. We may, with a view to obviate any confusion, clarify that inducing another person or their agent to deal in securities, remains a strict requirement for establishing fraud. This Court in SEBI v. Rakhi Trading (P) Ltd., reported in (2018) 13 SCC 753. This Court held therein that once the factum of manipulation was established, there is no requirement to establish whether other persons were induced to deal in securities, as such manipulation is deemed to have taken place because of inducement."*

31. Applying the aforesaid principles to the facts of the present case, I find that the requirement of inducement is clearly satisfied. As discussed in the preceding paragraphs, the complaint records and WhatsApp chats reveal repeated trade-specific directions, exhortations to buy more lots, repeated requests to arrange/add

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[3] *Civil Appeal No. 4015 of 2020 dated May 29, 2026*

more funds, assurances that losses would be recovered, statements that the trades would yield profit and representations that daily returns/profits would be given. Such conduct was clearly designed to influence the complainants' investment decisions and induce them to deal and continue dealing in securities.

32. I further find that the first test of injury due to wrongful act as indicated by the Hon'ble Supreme Court in Reliance Industries Limited stands satisfied in the present matter, inasmuch as injury due to the wrongful act stands established from the material on record. The complainant – XYZ was induced to continue taking positions, including larger positions and additional exposure, on the assurance that his losses would be recovered and that profits/targets would materialize. Likewise, the material on record in the complaint of PQR indicates that he was induced to make payment of Rs. 2 lakh on the representation that the said amount would be used for stock market investment, he was pushed to take positions in large quantities and was thereafter adversely affected. Therefore, once injury caused by the inducement flowing from such wrongful conduct stands established, separate proof of deceitful intention is not necessary.

33. The second test of deceitful intention indicated by the Hon'ble Supreme Court also stands satisfied in this matter. The attendant circumstances and the blatant nature of the conduct reflected in the complaint material and WhatsApp chats clearly establish wrongful intention. The repeated assurances that losses would be recovered, that profits would come, that trades were "sure", that targets would be achieved, and that daily returns/profits would be given, coupled with persistent inducement to buy more lots, infuse more funds, hold despite losses and continue market exposure, cannot be treated as mere casual communication in the course of rendering research services. Such conduct is inherently misleading and is clearly capable of luring investors into securities transactions on the basis of false comfort and false certainty. Thus, even independent of proof of injury, the attendant circumstances in the present matter cogently establish deceitful intention.

34. I also note that the inspection report records that the Noticee did not provide comments on the evidence shared by the complainants in their SCORES complaints, wherein the Noticee's executives were allegedly assuring returns and inducing clients to trade more. Even in the reply placed before me, the Noticee has made general contention regarding the nature of its business, voluntary subscription, market risk and service charges, without specifically and satisfactorily rebutting the actual communications through the WhatsApp chats appearing in the attachments of the complaints. A general denial cannot displace specific evidence.

35. On an overall consideration of the material on record, I find that the conduct of the Noticee's executives/employees, as reflected in the complaint records and WhatsApp chats, clearly establishes that clients were induced to trade and continue trading, to take larger positions and to arrange/add more funds, on the strength of representations that losses would be recovered and profits/targets would be achieved. This constitutes assurance of returns/profit recovery and misleading inducement in connection with dealing in securities.

36. Accordingly, it is established that Noticee had violated the provisions of regulations 3(a), 3(b), 3(d), 4(1), 4(2)(k), 4(2)(o) and 4(2)(s) of PFUTP Regulations read with sections 12A(a), (b) and (c) of SEBI Act and clauses 1, 2, 7 and 8 of Code of Conduct as specified in the Third Schedule under regulation 24(2) of RA Regulations.

Issue II. Whether the Noticee failed to maintain KYC records in line with the requirements of SEBI Circulars and thereby, violated the provisions of regulation 25(1)(v) of RA Regulations read with clause 1.13 of SEBI Master Circular dated February 06, 2026?

37. The SCN alleged that the Noticee had obtained only basic details such as name, PAN, address, email ID and mobile number as the KYC information from its clients through a services agreement but did not capture all relevant KYC details mandated through

the Uniform KYC Format/CKYCR Template prescribed for SEBI registered intermediaries.

38. In reply, the Noticee has submitted that it had maintained KYC records, client data and also maintained records through CVL KRA wherever applicable. However, it admitted that in a few cases certain KYC details could not be maintained strictly in the prescribed format due to practical and documentation-related limitations. The Noticee submitted that corrective measures have been undertaken. However, corrective action taken subsequent to the inspection does not cure the non-compliance during the inspection period.

39. I further note that the Noticee has not furnished any supporting document to substantiate its claim that corrective measures were undertaken. It is also noted that a similar submission was made by the Noticee before the inspection team, however, no documentary evidence was adduced even at that stage to substantiate the said claim. This deficiency was specifically recorded in the SCN. Despite being put to notice of the same, the Noticee has reiterated the said claim in the present proceedings as well, without placing any supporting material on record. Accordingly, no inference can be drawn in favour of the Noticee on the basis of such unsubstantiated assertions.

40. In view of the foregoing discussion, it is an admitted fact that Noticee failed to maintain KYC records in line with the prescribed requirements. Accordingly, it is established that the Noticee had violated the provisions of regulation 25(1)(v) of RA Regulations read with clause 1.13 of SEBI Master Circular dated February 06, 2026.

Issue III. Whether the Noticee charged fees beyond the maximum permissible limit and thereby, violated the provisions of regulation 15A of RA Regulations read with clause 1.9 of SEBI Master Circular dated February 06, 2026?

41. The SCN alleged that the Noticee had charged fees beyond the maximum limit of Rs. 1,51,000 per annum to certain clients and also displayed plans in excess of the permissible limit in its website.

42. In this regard, the inspection report notes that the SEBI circular prescribing the maximum fee limit of Rs. 1,51,000 was issued on January 08, 2025 and that, in respect of existing clients of research analysts, the said provision became effective from June 30, 2025. It is noted from the inspection report that, out of 50 clients who had made payments beyond the prescribed limit, 9 clients had made such payments after January 08, 2025. It is further noted that the plans displayed on the Noticee's website, which were priced above the permissible limit, continued to remain active even as on the date of the inspection report.

43. The Noticee has contended that it had made efforts to comply with the revised regulatory requirement and that the excess amounts, if any, were inadvertently received during the transitional period due to delayed receipt of information regarding the newly introduced fee ceiling. The Noticee has further submitted that, in such cases, additional/extended research and related services were provided corresponding to the fees charged.

44. I am unable to accept the contention of delayed awareness of the regulatory requirement. The Noticee is a SEBI-registered intermediary and is therefore expected to remain fully apprised of and compliant with, all applicable regulatory changes and circulars governing its activities. A plea of delayed awareness or delayed receipt of information cannot absolve a regulated entity of its obligation to ensure timely compliance with the prescribed norms, particularly where the entity continued to receive payments in excess of the prescribed limit.

45. I also find no merit in the Noticee's submission that additional or extended services were provided corresponding to the excess fees charged. The regulatory restriction is

on the maximum fee chargeable per annum to a client and the same cannot be circumvented on the ground that the intermediary provided proportionately more services. Once a fee ceiling has been prescribed by the regulatory framework, the intermediary is bound by such cap irrespective of the nature or duration of the services allegedly extended beyond the standard offering.

46. Further, as on the date of the inspection report, the continued display of plans priced beyond the prescribed limit on the Noticee's website indicates absence of prompt action on the part of the Noticee to align its fee-related representations with the applicable regulatory framework, despite knowledge of the revised regulatory requirements.

47. In view of the foregoing, it is established that the Noticee had charged fees beyond the maximum permissible limit from its nine clients and thereby, violated the provisions of regulation 15A of RA Regulations read with clause 1.9 of SEBI Master Circular dated February 06, 2026.

Issue IV. Whether the Noticee failed to publish complaint redressal data within the prescribed timeline and thereby, violated the provisions of clause 7.3 of SEBI Master Circular dated February 06, 2026?

48. The SCN alleged that although the Noticee had published the Investor Charter on its website, as on April 01, 2026, the complaint redressal data had been published only up to the month of July 2025, thereby resulting in failure to publish complaint redressal data within the 7th of the succeeding month, as required.

49. It is noted that the Noticee has not made any rebuttal to this allegation in its reply filed in the present proceedings. Accordingly, the fact that the complaint redressal data was not published within the stipulated timeline remains undisputed.

50. Publication of complaint redressal data within the prescribed timeline is a compliance obligation intended to keep investors informed and to ensure transparency in the investor grievance redressal mechanism. Failure to update such information in a timely manner reflects inadequate compliance systems.

51. In view of the aforesaid, it is established that the Noticee had failed to publish complaint redressal data within the prescribed timeline and thereby violated the provisions of clause 7.3 of the SEBI Master Circular dated February 06, 2026.

Issue V. Whether the Noticee failed to submit periodic reports to RAASB within the stipulated time and thereby, violated the provisions of regulation 24(4) of RA Regulations read with clause 29 of section VI of SEBI Master Circular dated February 06, 2026 and regulations 24(2) of RA Regulations read with clauses 1, 2, 7 and 8 of Third Schedule to RA Regulations?

52. The SCN alleged that the Noticee had failed to submit periodic reports to RAASB within 30 days from the end of the half-yearly periods ending March 31, 2025 and September 30, 2025.

53. It is noted that the Noticee has not made any rebuttal to this allegation in its reply filed in the present proceedings. Accordingly, the fact that the periodic reports pertaining to the half-yearly periods ending March 31, 2025 and September 30, 2025 were not submitted to RAASB within stipulated timeframe remains undisputed. Periodic reporting to RAASB is an important supervisory requirement. Failure to submit such reports within the stipulated timeline amounts to non-compliance with the regulatory and code of conduct obligations applicable to a research analyst.

54. In view of the foregoing, it is established that Noticee had failed to submit periodic reports to RAASB within the stipulated time and thereby, violated the provisions of regulation 24(4) of RA Regulations read with clause 29 of section VI of SEBI Master Circular dated February 06, 2026 and regulations 24(2) of RA Regulations read with clauses 1, 2, 7 and 8 of Third Schedule to RA Regulations.

Issue VI. Does the violation, if any, on the part of Noticee attract monetary penalty under sections 15HA and 15EB of the SEBI Act?

Issue VII. If so, what would be the quantum of monetary penalty that can be imposed on Noticee after taking into consideration the factors stipulated in section 15J of the SEBI Act?

55. In the preceding paragraphs, followings violations have been established against the Noticee:

Table 1

Findings (Summarized)	**Violation of provisions established**	**Penalty under section(s)**
Noticee, through its employees/executives, assured returns and induced clients to trade.	Regulations 3(a), 3(b), 3(d), 4(1), 4(2)(k), 4(2)(o) and 4(2)(s) of PFUTP Regulations read with sections 12A(a), (b) and (c) of SEBI Act and clauses 1, 2, 7 and 8 of Code of Conduct as specified in the Third Schedule under regulation 24(2) of RA Regulations.	Sections 15 HA and 15 EB of the SEBI Act
Failed to maintain KYC records in line with the requirements of SEBI Circulars.	Regulation 25(1)(v) of RA Regulations read with clause 1.13 of SEBI Master Circular dated February 06, 2026.	Section 15EB of the SEBI Act
Charged fees beyond the maximum permissible limit.	Regulation 15A of RA Regulations read with clause 1.9 of SEBI Master Circular dated February 06, 2026.	
Failed to publish complaint redressal data within the prescribed timeline.	Clause 7.3 of SEBI Master Circular dated February 06, 2026.	
Failed to submit periodic reports to RAASB within the stipulated time.	Regulation 24(4) of RA Regulations read with clause 29 of section VI of SEBI Master Circular dated February 06, 2026 and regulations 24(2) of RA Regulations read with clauses 1, 2, 7 and 8 of Third Schedule to RA Regulations.	

56. In this context, I would like to refer sections 15HA and 15EB of the SEBI Act:

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

*"**Penalty for 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."*

57. Further, while determining the quantum of penalty under sections 15HA and 15EB of the SEBI Act, the following factors stipulated in section 15J of the SEBI Act are taken into account:

*"**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."

58. The material available on record has neither quantified the exact amount of disproportionate gain or unfair advantage, if any, made by Noticee nor the exact amount of loss, if any, caused to an investor/clients as a result of the default of the Noticee. However, the material on record indicates that the investors were induced to trade and continue trading on the basis of assurance of returns/recovery of losses, and losses were incurred by the complainants. It is further noted from the material available on record that the Noticee had collected fees in excess of the prescribed limit from 9 clients, aggregating to approximately Rs. 6 lakh. As regards the repetitive nature of the default, there is nothing on record to show that the nature of default by Noticee is repetitive. The aforementioned factors have been taken into consideration while adjudging the penalty.

ORDER

59. Having considered all the facts and circumstances of the case, the material available on record, the factors mentioned in preceding paragraphs and the factors mentioned

in section 15J of the SEBI Act, I, in exercise of powers conferred upon me under section 15-I of the SEBI Act read with rule 5 of the Rules, hereby impose following penalty on the Noticee:

Table 2

Penalty under section	**Penalty Amount (in Rs.)**	**Total Penalty Amount (in Rs.)**
15HA of the SEBI Act	5,00,000/- (Rs. Five Lakh Only)	10,00,000/- (Rs. Ten Lakh Only)
15EB of the SEBI Act	5,00,000/- (Rs. Five Lakh Only)	

60. I am of the view that the said penalty is commensurate with the lapses/omissions on the part of Noticee.

61. 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.

62. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties of Noticee.

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

JAI SEBASTIAN
Digitally signed by JAI SEBASTIAN
Date: 2026.09.11 16:33:00 +05'30'

Date: September 11, 2026 **JAI SEBASTIAN**

Place: Mumbai **ADJUDICATING OFFICER**