QJA/BS/NRO|RRD/NRONEW DELHI|RRD-NRO/32544/2026-27

SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

UNDER SECTIONS 11(1), 11(4), 11(4A), 11B(1) AND 11B(2) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992

In respect of:

Mr. Mohit Gupta (Proprietor of Safe Trading) PAN: BZIPG8092C

A. BACKGROUND

1. Securities and Exchange Board of India ("**SEBI**") had passed an order dated March 27, 2025 ("**SEBI Order**") in respect of illegal unregistered investment advisory activities carried out by Mr. Mohit Gupta (Proprietor of Safe Trading) ("**Noticee**").

2. The SEBI Order held that the Noticee was acting as an investment advisor without holding the registration certificate, which has been admitted by him. It was further held that the Noticee has collected funds from investors by fraudulently assuring guaranteed returns. The above led to the violation of Section 12(1) of SEBI Act read with regulation 3(1) of SEBI (Investment Advisers) Regulations, 2013 ("**IA Regulations**") and section 12A(a), (b), (c) of Securities and Exchange Board of India Act, 1992 ("**SEBI Act**") and regulations 3(a), (b), (c), (d), 4(2)(k), and (s) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market), 2003 ("**PFUTP Regulations**").

3. Accordingly, the SEBI Order *inter alia* issued directions against the Noticee to refund the money received from investors amounting to INR 23,94,574.50 in respect of unregistered investment advisory activities and further debarred him from accessing the securities market for a period of 1 year from the date of the order or until the date of the filing of repayment report, whichever is later. Further, a penalty of INR 5,00,000 was imposed under section 15HA of the SEBI Act and INR 1,00,000 under section 15EB of the SEBI Act.

4. The Noticee challenged the SEBI Order before the Hon'ble Securities Appellate Tribunal ("**SAT**"), *inter alia*, on the ground that the penalty imposed under Section 15HA of SEBI Act. In its order dated August 21, 2025 ("**SAT Order**"), Hon'ble SAT held as follows:

> *"2. The appellant is an unregistered investment advisor. He has been directed to refund a sum of Rs.23, 94,574.50 and pay a penalty of Rs. 1 lakhs under Section 15EB of the SEBI Act. The appellant is not challenging these two directions. The appellant is aggrieved by imposition of penalty of Rs. 5 lakh under Section 15HA of the SEBI Act for having been charged for violation of PFUTP Regulations.*
>
> *3. After arguing the matter at the considerable length of time, Ms. Shreya Parikh, learned advocate for the SEBI, on the instructions submitted that SEBI s prepared to reconsider the matter only with regard to imposition of penalty under Section 15HA.*
>
> *4. The appellant contended that in 23 other orders passed by the SEBI lesser or Nil penalty is imposed by the SEBI for violation of PFUTP Regulations. Learned advocate for the appellant is agreeable for reconsideration of the matter in the hands of SEBI so far as imposition of penalty under Section 15HA is concerned.*
>
> *5. In view of the above, while sustaining the refund of Rs. 23,94,574.50 and imposition of penalty of Rs. 1 lakh, matter is remitted to the SEBI for reconsideration only with regard to*

penalty under Section 15HA. SEBI shall reconsider the matter after granting an opportunity of hearing to the appellant."

(emphasis supplied)

5. As directed by the Hon'ble SAT, a hearing notice was sent to the Noticee and Authorized Representatives ("**ARs**") for a personal hearing before me on February 05, 2026. Further, the Noticee and ARs were also advised to submit their reply, if any. The Noticee submitted his reply dated January 19, 2026. On February 05, 2026, the ARs of the Noticee appeared before me and made their submissions. Accordingly, I find that principles of natural justice have been complied with.

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B. REPLY

6. The Noticee's reply dated January 19, 2026 reiterated during hearings are summarized below:

   a) Disproportionate and discriminatory invocation of section 15HA - SEBI had issued 55 warning letters to similar individuals running unregistered investment advisory services and the Noticee could have been let off with similar. In more than 20 matters involving unregistered investment advisory, SEBI has charged only disgorgement or and under sections 15HB or 15EB. No Noticee has been charged with section 15HA.

   b) Absence of proportionality - Section 15HA is attracted in cases involving serious and aggravated conduct of fraud or unfair trade practices.

C. CONSIDERATION OF ISSUES AND FINDINGS

C.1 Remit of this Order

7. Hon'ble SAT *vide* its order dated August 21, 2025 has directed SEBI to consider the issue of imposition of penalty of INR 5,00,000 under Section 15HA of SEBI Act. Except for this mandate, the rest of the findings and directions in the SEBI Order dated March 27, 2025 have attained finality. Therefore, my remit in the present case is –

    (a) whether the Noticee is liable for penalty under Section 15HA; and
    (b) to determine the issue of proportionality in imposition of monetary penalty under Section 15HA.

8. The erstwhile QJA in his order dated March 27, 2025 had held that the Noticee has violated the Regulation 2(1)(c) of PFUTP Regulations, which is in violation of Regulations 3(a), (b), (c), (d), 4(2) (k) and 4(2) (s) of SEBI PFUTP Regulations read with Section 12 A (a), (b) and (c) of the SEBI Act. The Noticee has not claimed in his replies before me about this issue, choosing instead to claim that he lacked formal education and was unaware of the regulatory violations. It is quite law that ignorance of law is no excuse. In this regard, it is pertinent to note that the Hon'ble Securities Appellate Tribunal (SAT) in the matter of **Classic Credit Ltd. vs. SEBI** (Appeal No. 68 of 2003 decided on December 08, 2006) has, inter alia, held that,

    "…*the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show cause notice were admitted by them".*

Therefore, I find that the Noticee is liable for having violated PFUTP Regulations and is consequently liable for penalty under Section 15HA of SEBI Act.

9. In the matter of Kotak Mahindra Trustee Company Limited Vs. Securities and Exchange Board Of India & Ors. the Hon'ble Supreme Court vide order dated July 13, 2026, *inter alia*, held as under:

> "*27. First*, the contention is, Kotak AMC was not the only fund which had invested in Essel securities. Several mutual funds in the market had also invested in Essel securities and without acting against the other market participants, SEBI has singled Kotak AMC out for action which is wholly arbitrary and incorrect.
>
> 28. This contention must be and is rejected in its entirety, as has been rightly done by the WTM and the Tribunal. Apart from the established principle that negative equality cannot be claimed, there is *ex facie* violation of the 1996 Regulations. Kotak AMC can neither seek shelter under the alleged violations of others to justify its own breach nor would existence of other violations, if at all, absolve Kotak AMC of its own liability. Illegality is not cured by numbers; a collective wrong remains illegal, regardless of majority."

10. As clearly laid down by the Hon'ble Supreme Court, the Noticee cannot claim negative equality, once the facts consequent for not complying with law must necessarily follow, independent of what SEBI may have decided in other matters. In any case, it goes without saying the nature of enforcement action is dependent on the facts and circumstances of each case. SEBI has invoked provisions of Section 15HA in matters in which such activities were undertaken without obtaining registration from SEBI.

11. **Quantum of penalty** - The contentions of the Noticee vide their reply dated January 19, 2026 are as under:

*"**<u>B. Disproportionate and Discriminatory Invocation of Section 15HA</u>***

*9. The SEBI had issued more than **55 warning letters** to individuals running unregistered investment advisory services during the period from February 2024 to January 2025. These individuals were/are operating services similar to the alleged services of the appellant.*

10. In the interest of equity and equal treatment under Article 14 of the Constitution of India, it is respectfully submitted that the Noticee, too, could have been reprimanded or let off with a warning, especially considering that at the relevant time, the Noticee was very young, lacked formal education, and was unaware of the regulatory violations under the Securities and Exchange Board of India Act, 1992, Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 , SEBI (prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 and other applicable provisions. The principle of proportionality, natural justice, and parity in legal actions should apply in such circumstances.

*11. In more than **20** matters involving unregistered investment advisory, the SEBI has charged the other noticee/s only with disgorgement or and under Sections 15HB or and 15EB of the Securities and Exchange Board of India Act, 1992. However, in referred orders, no noticee has been charged under Section 15HA of the Securities and Exchange Board of India Act, 1992."*

12. Principle of minimum penalty has been enshrined in the SEBI Act. In the following decision of Hon'ble Supreme Court this principle has been reiterated:

Vide the common order dated January 16, 2026 in the matter of **Sukhraj Kaur Rajhans vs. SEBI** and **Rashmi Mishra vs. SEBI**, Hon'ble SAT had held that "Monetary penalty can be reduced below the minimum penalty prescribed in the specific penal provision by considering mitigating factors under section 15J. Being aggrieved by the said order, SEBI has preferred an appeal under section 15Z before the Hon'ble Supreme Court. Upon hearing, the Hon'ble Supreme Court has granted a complete stay on the effect and operation of the Impugned SAT order. Accordingly, the question of law with respect to minimum penalty, as was decided by the Hon'ble SAT shall remain stayed until the final disposal of the aforesaid civil appeal.

13. I note that the Noticee has not, till date, complied with the directions of SEBI's order to refund investors. In fact, he has claimed before Hon'ble SAT that he does not wish to challenge this direction issued by SEBI. In his reply, the Noticee claimed to have acted bona-fide by issuing a public notice offering refund on November 28, 2025, i.e., 3 months after the SAT order and 8 months after the order issued by SEBI. SEBI has also advised the Noticee, vide email dated February 03, 2026 in response to his query, to open an ESCROW account for depositing the refundable amount as directed by the QJA order dated March 27, 2025. However, the Noticee failed to comply with the directions.

14. While this conduct of non-compliance can be taken as an aggravating factor to increase the penalty that the Noticee is liable for, taking a holistic view of the matter and to put a quietus to the issue, I find it sufficient to impose minimum monetary penalty on the Noticee.

Penalty for fraudulent and unfair trade practices

"15 HA - 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".

15. Despite the failure of the Noticee to refund the disgorged amount the Noticee is requesting to convert the same into a warning citing the disproportionate invocation of section 15HA. Hon'ble SAT in the matter of **Mrs. Bharti Goyal vs SEBI** (Order dated August 25, 2020 reduced the minimum penalty of ₹5 lakhs under Section 15HA to a warning. The said Order was appealed by SEBI in Supreme Court and the Hon'ble Supreme Court was pleased to grant a stay vide its Order dated January 05, 2021 while inter alia observing:

" 4. Prima facie, the direction for substituting the penalty which has been imposed under Section 15HA with a warning is contrary to the statutory provisions. The SAT is not exercising the jurisdiction Under Article 226 of the Constitution and is a creature of the statute. Even the jurisdiction under Article 226 has to be exercised in a manner consistent with law. Hence, there shall be a stay of the operation of the impugned judgment and order of the SAT dated 25 August 2020 in Appeal Nos. 159 and 160 of 2020."

16. Further, Hon'ble Tribunal vide its Order dated July 29, 2022 in the matter of **V.B. Industries Limited & Others vs SEBI** while upholding the violation of Section 15HB, reduced the penalty from Rs. 3,00,000/- to Rs. 75,000/-. The said Order was challenged by SEBI before the Hon'ble Supreme Court. The Hon'ble Supreme Court vide its Order dated February 13, 2023 while enhancing the penalty to minimum threshold inter alia observed that:

"After we have heard learned counsel for the appellant, it clearly manifests that the Tribunal has not taken into consideration the effect and mandate of Section 15HB of the SEBI Act,1992.

Taking into consideration the facts and circumstances of this case, there appears no justification in calling upon the respondent and we modify the order impugned dated 29.07.2022 and the penalty of Rs.75,000/- as inflicted upon noticee no.5 (Mr. Sandip Ray) and noticee no.6 (Mr. Rajkumar Sharma), as referred to in para no. 13 of the order impugned, is modified and substituted to Rs.1,00,000/- in terms of Section 15HB of SEBI Act, 1992 and with this modification the present appeals stand disposed of…"

D. DIRECTION

17. In view of the foregoing, I, in exercise of the powers conferred upon me under sections 11(1), 11(4), 11(4A), 11B(1) and 11B(2) read with section 19 of the SEBI Act, 1992, hereby issue the following directions:

    (a) The Noticee is hereby imposed with penalty of Rs.5,00,000/- (Rupees Five Lakh Only) under Section 15HA of the SEBI Act. 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 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.

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

19. A copy of this Order shall be sent to Mr. Mohit Gupta, recognized Stock Exchanges, Banks, Depositories and Registrar and Transfer Agents of Mutual Funds to ensure that the directions given above are strictly complied with.

Biju S

Digitally signed by Biju S
Date: 2026.07.31 18:27:44 +05'30'

DATE: JULY 31, 2026 **BIJU S.**

PLACE: MUMBAI **QUASI JUDICIAL AUTHORITY**

SECURITIES AND EXCHANGE BOARD OF INDIA