

SECURITIES AND EXCHANGE BOARD OF INDIA
ORDER

UNDER SECTIONS 11(1), 11(4), 11(B)(1), 11(4A) AND 11(B)(2) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH REGULATION 3(1) OF THE SEBI (INVESTMENT ADVISERS) REGULATIONS, 2013 AND UNDER SECTION 15-I OF THE SEBI ACT, 1992 READ WITH RULE 5 OF THE SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995.

In respect of:

Noticee No.	Name of the Noticee(s)	PAN
1.	Zenith Research Services	AABFZ3937C
2.	Shri Anurag Shrivastav	BWTPS4387N
3.	Shri Preetam Singh Rajput	AQKPR3991H

(hereinafter collectively referred to as “**Noticees**” or individually referred to by their respective names or Noticee Number).

In the matter of Unregistered Investment Advisory Services

BACKGROUND OF THE CASE

1. The Securities and Exchange Board of India (hereinafter referred to as “SEBI”), had received complaints from one Mr. Devesh Sharma against M/s Zenithvia Research Services on the SEBI Complaints Redress System (**SCORES**) web portal. The complainant had alleged that he was getting SMS from Zenithvia Research Services which although being unregistered with SEBI was offering investment advisory services. During the examination, it was observed that one of the partners of Zenithvia Research Services i.e Shri Anurag Shrivastav (Noticee 2) was also a partner in another partnership firm by the name of Zenith Research

Services (hereinafter referred to as Zenith / partnership firm / Noticee 1) which was being run alongwith another partner Shri Preetam Singh Rajput (Noticee 3).

2. Hence, SEBI conducted an examination into activities of Zenith in order to determine whether there has been any violation of the provisions of Securities and Exchange Board of India, 1992 ("SEBI Act, 1992"), the Securities and Exchange Board of India (Investment Advisors) Regulations, 2013 ("**IA Regulations**") and any other Rules or Regulations made thereunder, by the Noticees.
3. Based on the examination of the aforesaid complaint, the website of Zenith and bank account opening documents it was, *prima facie*, found that Zenith was also providing investment advisory services without obtaining a certificate of registration from SEBI thereby violating Section 12 (1) of the SEBI Act, 1992 read with Regulation 3 (1) of the IA Regulations, 2013.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. A Show Cause Notice dated 19.05.2023 (hereinafter referred to as "**SCN**") was issued to the Noticees calling upon them to show cause as to why suitable directions under Sections 11(4) and 11B (1) read with Section 11(1) of the SEBI Act, 1992 including direction of refund of fees/monies collected from the investors should not be issued against the Noticees for the alleged violations. The Noticees were also called upon to show cause as to why inquiry should not be held against them in terms of Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 and penalty be not imposed upon them under Section 11(4A), 11B(2) read with Section 15HA, Section 15HB and Section 15EB of the SEBI Act, 1992 for the alleged violations.
5. The SCN has *inter alia* alleged the following:-

- (a) SEBI received a complaint against Zenithvia Research Services (Zenithvia) on SEBI SCORES Portal. Complainant provided SMS received from the advisory regarding trading recommendations.
- (b) SEBI vide letter dated 04.01.2016 also sought clarification from Zenith with respect to its unregistered investment advisory activities.
- (c) An ICICI Bank account bearing account No. 657xxxxxx786 was found to be mentioned on the webpages of Zenith with various securities market products mentioned on the website www.zenithresearch.co.in. Following details are noted from the documents provided by ICICI Bank for the account number 657xxxxxx786:-

Account No.657xxxxxx786
Account Name : Zenith Research Services
Address : 220, A Bansi Trade Centre, IInd Floor, 581/5, M.G.Road, Indore, Madhya Pradesh – 452001.
Mobile : 99xxxxxx54
PAN – AABFZ3937C
Constitution : Partnership
Partners Name : Preetam Singh Rajput and Anurag Shrivastav
Mobile Number registered against Partners Name : 99xxxxxx54
Email mentioned against partners name : preetammoury@gmail.com
Type of industry and type of profession (as per AOF) : Advisory and Finance
Address of Preetam Singh Rajput (as per KYC) – 22, Satyam Vihar Colony, Indore, MP. Address of Preetam Singh Rajput (as per Partnership Deed) : H.No.7, 24, Bungalow, Bajrang Nagar, Indore (M.P)
Address of Anurag Shrivastav (as per KYC) : Bohare Colony W N 6 AN Guna MP. Address of Anurag Shrivastav (as per Partnership Deed) : A/31, Abhinandan Nagar, Nr. MR 10, Indore (M.P)

- (d) From the documents provided by ICICI Bank, it was observed that the KYC documents (copy of driving license) provided by Anurag Shrivastav is the same for account Nos. 657xxxxxx141 (Zenithvia) and 657xxxxxx786 (Zenith).

Further, the type of industry and type of profession is mentioned as Advisory and Finance in the AOF provided by ICICI Bank. Therefore, it was observed that Anurag Shrivastav was one of the partners in both Zenithvia and Zenith.

- (e) Following is mentioned on the webpages of the website of Zenith www.zenithresearch.co.in:-

*“Zenith Research is a company promoted by a group of highly experienced professionals dedicated towards **providing an umbrella of Indian Stock Market solutions** under one roof. Zenith Research core strength lie in creativity, enriching each client relationship through disciplined services and intensive research based approach.*

*We are one of the accomplished hints delivering concern in India. **We give Indian stock market Equity, subsidiary additionally Stocks Nifty, Options recommendations on intraday basis**. We perceive needs and confinements of different sorts of traders and investors. On the off chance that the clients suggests a profitable suggestion we will alter our service which suit’s him/her and by.*

*We guide customer to become a successful trader in the market with affordable cost of service. **We offer tips through SMS** and also clarifies your valuable during market hours. **We offer customer service through various modes like live chat, messenger support as week as though phone calls**. So, the customer can ask his doubts in any modes during in market hours. The customer service is the one of the biggest plus of our management.*

The execution of our services is distinctive and remarkable from our competitors and some of our services are investors in its own, KYS (Know Your Stock) and Live Online Support are the best example.”

- (f) Various securities market products are also mentioned on the website www.zenithresearch.co.in alongwith pricing details.

- (g) It appears from the contents of the website that Zenith was offering tips and recommendations in respect of equity cash, futures and options, commodities, which are securities as per the definition provided in Section 2(h) of the Securities Contract Regulation Act, 1956. It was also noted that tips and

recommendations were for the clients / investors to invest, purchase, sell or deal in securities. A bank account with ICICI Bank (Account No.657xxxxxx786) was also opened in the capacity of the partnership firm, in the name of Zenith Research Services. It was, *inter alia*, mentioned in Para 3 of the partnership deed received from ICICI Bank, that the business of the firm shall be to deal in all type of Financial Advisory services. Further, the website also provided the details of the bank account where the payments could be made for investment advisory services.

- (h) The following amounts credited in the bank account of the noticee was alleged to be received as fee towards the services rendered as investment adviser:

Account No.	Bank Name	Account Name	From	To	Credit Amount (Rs.)
657xxxxxx786	ICICI Bank	Zenith Research Services	06-05-2015	12-02-2016	3,85,202/-

- (i) It appears from the contents of the webpages of the website www.zenithresearch.co.in that Zenith was advertising profits on its website despite fully knowing that all the investments in securities market are subject to market risks. These misleading representations are deceptive and fraudulent in nature and are well covered under “fraud” as defined in the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003.

6. The SCN, therefore, alleged that the Noticees were providing investment advisory services to its clients against consideration without obtaining certificate of registration from SEBI, in contravention of the alleged provisions as mentioned in Para 3 above.
7. The SCN dated 19.05.2023 was sent to the three Noticees by Speed Post with Acknowledgment Due. The SCN was delivered to Noticee No.2 through SPAD on

24.05.2023 but could not be delivered to Noticees 1 and 3. Accordingly, vide newspaper publications dated 15.06.2023, the delivery of SCN was done to these noticees.

8. Noticee 3 i.e. Preetam Singh Rajput vide email dated 21.08.2023 replied to the SCN which is summarised as follows:-

- 8.1 Zenithvia.com was the main firm owned by Mr. Anurag Shrivastav and the trading call logged as complaint by customer is given by “Zenithvia.com”.
- 8.2 Noticee 3 has a photocopy shop and it was Mr. Anurag Shrivastav who proposed to him to partner in a new firm “Zenith Research Services”. When he told Mr. Anurag Shrivastav as to how they can run a firm without SEBI registration he was told by Mr. Anurag Shrivastav not to worry as his own firm “Zenithvia Research Services” is soon going to be registered and he will give trading calls to customer via “Zenithvia.com”.
- 8.3 As per Mr. Anurag Shrivastav’s advice he had invested his money and paid staff salary for 1-2 months but soon realized that Zenithvia.com is not going to be registered and it is not right to run such advisory and they have immediately closed Zenith Research Services with loss of his own money.
- 8.4 The customer complaint was logged against “Zenithvia Research Services” and not against “Zenith Research Services”. During the 1-2 months working he never received any call or complaint from any customer”.

9. However, no reply was received from Noticees 1 and 2. Noticee 2 was given an opportunity for personal hearing on 01.08.2023, which was not attended by him. He was granted another opportunity of hearing alongwith the Noticees 1 and 3 on 24.08.2023. However, on 24.08.2023 only Noticee 3 appeared in person for the hearing which was held online through Webex. Noticees 1 and 2 did not appear for the said hearing. Vide email dated 24.08.2023, Noticee 2 stated that he could not attend the hearing on said date due to health grounds. Hence, in order to comply with the principles of natural justice, Noticees 1 and 2 were granted another opportunity of personal hearing on 07.09.2023.

10. During the personal hearing held on 24.08.2023 which was held online through Webex., Noticee 3 appeared in person for the online hearing and reiterated the submissions made by him vide email dated 21.08.2023. The Noticee 3 initially denied having any contact with Noticee 2. He further stated that he had no knowledge of the business and had himself invested around Rs.1-1.5 lakhs in the business of the firm which is evidenced from his name appearing in the firm's bank account statement. The Noticee also stated that the firm was closed as the business was not doing well. He further stated that he had not received payments but had instead made payments to the firm.
11. During the personal hearing held on 07.09.2023 which was held online through Webex, Noticee 2 appeared online in person. Further Noticee 1 i.e. Zenith was represented by both the partners i.e. Noticees 2 and 3. They reiterated their not being aware of the requirement to be registered with SEBI in order to carry out the investment advisory services. Once they became aware that it was illegal, they immediately closed the business as per the instructions received from SEBI Local Office. They further agreed to give their written submissions by 11.09.2023.
12. Accordingly, vide email dated 08.09.2023, Noticee 3 sent a reply (*in Hindi*) reiterating earlier submissions made during the hearing held on 07.09.2023. Noticee 2 was also marked a copy in this email. Noticee 3 stated, *inter alia*, that due to lack of knowledge and experience they started doing this business and had he known it was illegal, he would not have done it.
13. Further, Noticee 3 sent another email dated 08.09.2023 wherein he has stated, that he and Noticee 2 (i.e. Anurag Shrivastav) agreed that a partnership firm viz Zenith Research is to be opened. It was Noticee 2 who proposed this business and also trained them how to operate a *training of stock market (sic)*. They also opened a bank account and deposited their own money in that account. They realized in a time frame of 1 ½ months that the firm is not going to be registered with SEBI and would be incurring complete loss. Hence, they immediately closed it.

CONSIDERATION OF ISSUES AND FINDINGS

14. I have considered the SCN, the written submissions filed by the Noticees as well as submissions made during the hearings and the material available on record.

15. I note that the issue that arises for consideration in the present proceeding is whether the Noticees were providing investment advisory services without obtaining a certificate of registration from SEBI in violation of Section 12 (1) of the SEBI Act, 1992 read with Regulation 3 (1) of the IA Regulations, 2013. I note that the definition of "Investment Adviser" as given under Regulation 2(1)(m) of the IA Regulations is relevant:-

"investment adviser means any person, who for consideration, is engaged in the business of providing investment advice to clients or other persons or group of persons and includes any person who holds out himself as an investment adviser, by whatever name called;"

16. Further, Regulation 2(1)(l) of the IA Regulations defines "investment advice" as under:

"investment advice means advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio containing securities or investment products, whether written, oral or through any other means of communication for the benefit of the client and shall include financial planning:

Provided that investment advice given through newspaper, magazines, any electronic or broadcasting or telecommunications medium, which is widely available to the public shall not be considered as investment advice for the purpose of these regulations;"

17. For ease of reference, the provisions of the SEBI Act, 1992 and the IA Regulations alleged to have been violated by the Noticees are reproduced as under:

SEBI Act, 1992

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

12. (1) No stock broker, sub-broker, share transfer agent, banker to an issue, trustee of trust deed, registrar to an issue, merchant banker, underwriter, portfolio

manager, investment adviser and such other intermediary who may be associated with securities market shall buy, sell or deal in securities except under, and in accordance with, the conditions of a certificate of registration obtained from the Board in accordance with the regulations made under this Act.”

SEBI (Investment Adviser) Regulations, 2013

“Application for grant of certificate.

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

18. SEBI in its examination observed that there were webpages of Noticee 1 i.e Zenith with website www.zenithresearch.co.in which had the bank account details of ICICI Bank account bearing Account No. 657xxxxxx786. The webpages also contained various securities market products which were mentioned on the website i.e. www.zenithresearch.co.in.
19. In response to SEBI's request w.r.t details pertaining to Account No. 657xxxxxx786 which was appearing on the website of Zenith, ICICI Bank provided the AOF, KYC and account statement. From these documents submitted by ICICI Bank, it is noted that the said account was in the name of the partnership firm i.e “Zenith Research Services” (i.e Noticee 1) with Anurag Shrivastav and Preetam Singh Rajput (i.e. Noticees 2 and 3) as its partners. Further, from the driving license of Noticee 2, it was prima-facie concluded that Noticee 2 is the same person who was being examined for unregistered investment advisory services in another partnership firm by the name of Zenithvia Research Services.
20. It is also noted from the various KYC documents submitted at the time of opening the Account No. 657xxxxxx786 with ICICI Bank, such as the partnership letter dated 15.04.2015, the Establishment Certificate dated 27.03.2015 issued to Noticee No. 1, by the Office of District Labour Office, Indore under the provisions of the Madhya Pradesh Shops and Establishments Act, 1958 as well as the profile of authorized signatures to access and operate the account, the nature of business of the partnersip firm is recorded as ‘Financial Advisory / Advisory and finance’/Finance and Avisory’. The partnership deed dated 07.03.2015 also states that the business of the firm is to deal in all types of financial advisory services.

21. Additionally, I have also noted the following from the screen shots of the webpages of website www.zenithresearch.co.in (the website is currently not available):-

Mission

Successful implementation of our strategy to gain high returns with less risk consistently

Vision

To consistently develop and deliver high quality and high precision financial products and services to our customers and create wealth for our clients, employees and shareholders.

Believe

We at Zenith believe in customer satisfaction through best approaches like continue customer support. We are proud of our high conversion and retention rate of our clients.

About Us

Zenith Research is a company promoted by a group of highly experienced professionals dedicated towards providing an umbrella of stock market solutions under one roof. Zenith Research core strength lie in creativity, enriching each client relationship through disciplined service and intensive research based approach.

We are one of the accomplished firm delivering concern in India. We give Indian stock market equity, stock nifty /options recommendations on intra day basis.....

We guide customers to become successful traders in the market at affordable costs of service.



We offer tips through SMS and also clarify your valuable doubts....



We offer customer service through various modes like live chat, messenger support as well as through phone calls. So customers can ask doubts in any modes during market hours.”

The website also had various windows for Stock Tips, Nifty/Future Tips, Commodity Tips, Agri Commodity, Future Premium and Agri Premium. The

website also contained services for the various products viz commodity service, stock service, stock future service, agri commodity, nifty future, option service, future premium, agri premium, bullion premium, cash premium, cash plus service, option premium, base metal, precious metal and platinum HNI.

22. I also note the fee structure for various securities market products offered by Zenith as mentioned on the webpages of the website www.zenithresearch.co.in which is as under:-

S. No.	Service  Period 	Stock Cash	Stock Future	Options	Royal Future	Bullion Metal	Base Metal	Energy
1.	Monthly	7000	7000	7000	21000	7000	7000	5000
2.	Quarterly	15000	15000	15000	51000	15000	15000	12000
3.	Half Yearly	25000	25000	28000	90000	24000	28000	22000
4.	Yearly	50000	40000	50000	161000	30000	50000	40000

S. No.	Service  Period 	NCDEX (Agri)	Bullion Metal	Base Metal	Precious Metal	Bullion Metal Combo	BTST Commodity Combo
1.	Monthly	7000	7000	7000	7000	9000	15000
2.	Quarterly	17000	15000	15000	15000	21000	30000
3.	Half Yearly	26000	24000	28000	24000	38000	60000
4.	Yearly	38000	36000	50000	38000	65000	99000

23. I further note that Zenith's account with ICICI Bank having Account Number 657xxxxxx786 was displayed on the website i.e. www.zenithresearch.co.in.

24. I note from the various documents available on record that there is no iota of doubt that noticees were engaged in the unregistered investment advisory services. Further, the noticees during the hearings as well as through written submissions vide email dated 21.08.2023 have not disputed the fact that they were illegally running the advisory services without holding a valid SEBI registration certificate. Further, from their submissions dated 08.09.2023 it is also noted that they were aware that they were not going to be registered with SEBI and hence closed their business.

25. During preliminary examination, SEBI vide letter dated 04.01.2016 had sought comments of Zenith regarding their activities of providing various financial products / services by charging fees without taking registration under the IA Regulations. No reply was received to this letter. Further only Noticee 3 vide email dated 21.08.2023 has submitted his reply to the SCN. However, Noticee 2 appeared for himself and Noticee 1 was represented by both Noticees i.e 2 and 3 during the personal hearing held on 07.09.2023.

26. As brought out in the preceding paras, the noticees were engaged in unregistered investment advisory services and have received fees towards these services. The following account with ICICI Bank has been used for receiving the fees towards the unregistered investment advisory activities, the details of which are as follows:-

Account No.	Account Name	From	To	Credit Amount (Rs.)
657xxxxxx786	Zenith Research Services	06-05-2015	12-02-2016	3,85,202/-
Total				3,85,202/-

27. I note that Noticee 3 during the personal hearing held on 24.08.2023 had informed that he had put his own funds in the partnership firm which could be verified from the narration in the bank statement of Zenith. I note from the bank statement that out of the total credited amount of Rs.3,85,202/- the name of Noticee 3 is appearing in the narration on four different dates wherein a total sum of Rs.1,05,790/- has been transferred in the aforesaid account of the partnership firm. Hence, I am

inclined to consider that these credits of Rs.1,05,790/- are not fees /consideration received from the investors / clients but are the funds of the partners themselves and hence I am of the opinion that this amount need not be considered for refund. The other receipts in the bank account have not been refuted by them.

28. Accordingly the amount received in the account of the partnership firm which will have to be refunded to the clients / investors is arrived as follows:-

Account No.	Account Name	Total Credit as per SCN Amount (Rs.) (A)	Less Credits due to funds Transferred by Noticee 3 Amount (Rs) (B)	Final Revised Credit Amount to be refunded (Rs.) (A)-(B) = (C)
657xxxxxx786	Zenith Research Services	3,85,202/-	25,000/- (06-05-2015) 20,790/- (06-08-2015) 20,000/- (10-08-2015) 40,000/- (11-08-2015)	2,79,412/-
Total		3,85,202/-	1,05,790/-	2,79,412/-

I am of the view that the balance amount of **Rs.2,79,412/-** which has been collected are the fees received towards the unregistered investment advisory services which will have to be refunded by the noticees.

29. In order to ensure that the investors who receive investment advice are protected, it is imperative that any person carrying out investment advisory activities has to necessarily obtain registration with SEBI and conduct its activities in accordance

with the provisions of SEBI Act, 1992. Section 12(1) of the SEBI Act, 1992 reads as under:

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

30. Further, the registration of the investment advisers is mandatory as per Regulation 3(1) of the IA Regulations, 2013 which reads as under:

“3(1) On and from the commencement of these regulations, no person shall act as an investment adviser or hold itself out as an investment adviser unless he has obtained a certificate of registration from the Board under these regulations:”

31. The activities of Zenith as brought out from the various documents available on record in the light of the aforesaid provisions shows that it was holding itself out and acting as an investment adviser without complying with the requirements of IA Regulations, 2013 and SEBI Act, 1992 including seeking of registration with SEBI.

32. Further, it is also alleged in the SCN that Zenith was making claims on their website such as achieving profits, availing profits through their services, fully knowing that all the investments in securities market are subject to market risks and the same is fraud. However, there is no material provided to me or available on record to prove the charge of fraud such as noticees assuring exorbitant returns or holding themselves as SEBI registered intermediaries. In the absence of any cogent evidence, I do not find appropriate to hold the noticees guilty of a grave allegation such as fraud. Hence I do not find merit to the noticees for violation of provisions of Section 12A (c) of the SEBI Act, 1992 and Regulation 2(1)(c), Regulation 3(d) and Regulation 4(1) and 4(2)(k) of PFUTP Regulations and accordingly no penalty is being charged under section 15HA of the SEBI Act, 1992.

33. From a collective reading of (a) the webpages of Zenith (b) the bank transaction statement, (c) AOF and KYC documents submitted by the bank and (d) replies / submissions made by noticees, I find that the noticees were providing investment advice through the website, and also received consideration in lieu of the same and hence it is covered under the definition of “investment adviser” and the money received from individuals was in the nature of fees in lieu of investment advice provided by it. The definition of “investment adviser” under Regulation 2(1)(m) of the IA Regulations states that if an entity is engaged in providing advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio containing securities or investment products, whether written, oral or through any other means of communication for the benefit of the client in lieu of consideration, including those entities which are holding themselves out as investment advisers, such entity will be covered by the definition of “Investment Adviser” as given in Regulation 2(1)(m) of the IA Regulations. Therefore, I find that the Noticees 1, 2 and 3 were engaged in the business of providing investment advice to its clients, for consideration, and thus, is acting as an investment adviser, as defined under Regulation 2(1) (m) of the IA Regulations.

34. I note that in terms of Section 12 (1) of the SEBI Act and Regulation 3 (1) of the IA Regulations, no investment adviser shall act as an investment adviser or hold itself out as an investment adviser unless it has obtained a certificate of registration from SEBI.

35. I note that for seeking a certificate of registration for acting as an investment adviser, an entity is required to satisfy, *inter alia*, the following requirements, as provided under IA Regulations:

- (i) An application for seeking certificate of registration to be made to Local Office, Regional Office or Head Office, of SEBI, as the case may be, in Form A as specified in the First Schedule to IA Regulations, 2013 along with requisite non-refundable application fee;

- (ii) The applicant, in case of an individual investment adviser or its principal officer in case of a non-individual investment adviser shall be appropriately qualified and certified as under:
 - (a) A professional qualification or post-graduate degree or post graduate diploma (minimum two years in duration) in finance, accountancy, business management, commerce, economics, capital market, banking, insurance or actuarial science from a university or an institution recognized by the Central Government or any State Government or a recognized foreign university or institution or association or a professional qualification by completing a Post Graduate Program in the Securities Market (Investment Advisory) from NISM of a duration not less than one year or a professional qualification by obtaining a CFA Charter from the CFA Institute;
 - (b) An experience of at least five years in activities relating to advice in financial products or securities or fund or asset or portfolio management;
 - (c) Applicant in case of individual investment adviser or its principal officer in case of a non-individual investment adviser, and persons associated with investment advice shall have, at all times a certification on financial planning or fund or asset or portfolio management or investment advisory services, from (a) NISM; or (b) any other organization or institution including Financial Planning Standards Board of India or any recognized stock exchange in India provided such certification is accredited by NISM.
- (iii) Individual applicant must have net worth of not less than 5 lakh rupees and non-individual applicant must have net worth of not less than 50 lakh rupees.

36. I note that the safeguards provided under IA Regulations, 2013 requires continued minimum professional qualification and net-worth requirement for investment adviser, including disclosure of all conflict of interest, prohibition on entering into

transactions which are contrary to advice given for 15 days, risk profiling of investors, maintaining documented process for selecting investment for client based on client's objective and risk profile, understanding the nature and risks of products or assets selected for clients, etc. These requirements are aimed at protection of investor interest.

37. I note that the activities of the Noticees, show that they were acting as investment advisers without holding a valid registration with SEBI in the capacity of Investment Adviser. I find that these activities were being carried out by the Noticees without obtaining the necessary certificate of registration as an investment adviser and therefore, the Noticee has violated Section 12(1) of the SEBI Act along with Regulation 3 of the IA Regulations.

38. Further, the SCN referred above also called upon the Noticees to explain as to why appropriate penalty should not be imposed upon them under Sections 15HB and 15EB of the SEBI Act, 1992 for the alleged violations. However, I note from the bank statement on record (which covers the period from 06.05.2015 to 12.02.2016) as well as the submissions made by the noticees, that the violations were committed prior to the coming into effect of Section 15EB of the SEBI Act, 1992 which was made effective subsequent to March 8, 2019. Hence the charges against the noticees under Section 15EB cannot be sustained and is dropped accordingly. However, the charge for violations committed prior to this period under Section 15HB stands. I further also note that they had stopped running the unregistered business activities as soon as they became aware that it was illegal. Further, from the bank account details, it is noted that the last credit entry in the bank account was on 10.02.2016. These factors have been taken into consideration while deciding the monetary penalty to be levied in this matter. In this regard, before going ahead with the determination of monetary penalty, it would be relevant to place hereunder the extracts of the appropriate penalty

provisions for necessary reference. The relevant extract of Section 15HB of the SEBI Act, 1992, is reproduced, hereunder:

“Penalty for contravention where no separate penalty has been provided.

15HB. *Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.*

39. I note that the allegation that the Noticees has acted as an investment adviser without obtaining a certificate of registration from SEBI has been clearly established in the preceding paragraphs and therefore, the Noticees have violated Regulation 3(1) of the IA Regulations read with Section 12 of the SEBI Act. In view of the same, I find that the penalty under Section 15HB of the SEBI Act, 1992 is clearly attracted.

40. For imposition of penalties under the provisions of the SEBI Act, 1992, Section 15J of the SEBI Act, 1992 provides as follows:

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

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

- (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*
- (b) the amount of loss caused to an investor or group of investors as a result of the default;*
- (c) the repetitive nature of the default.”*

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

41. As brought out in the above paragraphs, I note that a total of ₹2,79,412/- has been received by the Noticees in the bank account for the unregistered investment advisory services provided by them. Thus, in the light of the findings in the

preceding paragraphs, I am of the considered view that the Noticees are liable to refund the aforementioned amount collected as an unregistered investment adviser.

42. Further, on a conjoint reading of Sections 2(a), 4, 18 and 25 of the Indian Partnership Act, 1932 and Section 27 of the SEBI Act, 1992, each partner is liable, jointly with all the other partners and severally, for all acts of the firm done while he is a partner. The relevant provisions are given below:

Section 2(a) of Indian Partnership Act, 1932

(a) an "act of a firm" means any act or omission by all the partners, or by any partner or agent of the firm which gives rise to a right enforceable by or against the firm;

Section 4 of Indian Partnership Act, 1932

Definition of "partnership", "partner", "firm" and "firm-name" : "Partnership" is the relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all. Persons who have entered into partnership with one another are called individually, "partners" and collectively "a firm", and the name under which their business is carried on is called the "firm-name".

Section 25 of Indian Partnership Act, 1932

Liability of a partner for acts of the firm: Every partner is liable jointly with all the other partners and also severally, for all acts of the firm done while he is a partner.

Section 27 of the SEBI Act, 1992

27. (1) Where a contravention of any of the provisions of this Act or any rule, regulation, direction or order made thereunder has been committed by a company, every person who at the time the contravention was committed was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided in this Act, if he proves that the contravention was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such contravention.

(2) Notwithstanding anything contained in sub-section (1), where an contravention under this Act has been committed by a company and it is proved that the contravention has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director,

manager, secretary or other officer shall also be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly.

Explanation : For the purposes of this section,—

(a) “company” means any body corporate and includes a firm or other association of individuals; and

(b) “director”, in relation to a firm, means a partner in the firm.

Although the Noticees have stated that they have closed the business there is no documentary evidence provided by them w.r.t dissolution of the partnership firm. Further, Noticees 2 and 3 were partners in the partnership firm i.e Noticee 1 when the violations were committed and are, therefore, responsible for the contraventions committed by Noticee no. 1.

43. I note that the proceedings in the present case have emanated during the examination of another matter viz Zenithvia Research Services which was also providing investment advisory services without having a certificate of registration to carry on such business. An order dated 27.09.2023 has been passed wherein the penalty has been imposed on the noticees as well as directions under Section 11 of the SEBI Act, 1992 have been imposed on the noticees including Noticee 2 (i.e. Anurag Shrivastav). Considering that Noticee 2 is being charged with the same violation in the present case also, I am of the opinion that additional directions need to be imposed on him as many unwary investors are gullible to such unregistered investment advisory services, which SEBI has been fighting hard to curb since long. Noticee cannot take shelter under the umbrella of ignorance of law as many investors fall victim to such unregistered services which is detrimental to the development of the securities market. The objective of SEBI as enshrined in the SEBI Act is not only the protection of investors but also orderly development of securities market.

DIRECTIONS

44. In view of the foregoing, I, in exercise of the powers conferred upon me in terms of Sections 11(1), 11(4) and 11B (1), 11B (2) read with of Section 19 of the SEBI Act, and Rule 5 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, do hereby pass the following directions:

- (a) The Noticees, viz, Zenith Research Services and its partners i.e Shri Anurag Shrivastav and Shri Preetam Singh Rajput shall, within a period of three (3) months from the date of coming into force of this direction, jointly refund the money received from any complainant/ investor/ client, as fees or consideration or in any other form, in respect of its unregistered investment advisory activities;
- (b) The Noticees, viz, Zenith Research Services and its partners i.e Shri Anurag Shrivastav and Shri Preetam Singh Rajput shall issue public notice in all editions of two National Dailies (one English and one Hindi) and in one local daily with wide circulation, detailing the modalities for refund, including the details of contact person such as names, addresses and contact details, within 15 days of coming into force of this direction;
- (c) The repayments to the complainants/ investors shall be effected only through Bank Demand Draft or Pay Order or electronic fund transfer or through any other appropriate banking channels, which ensures audit trails to identify the beneficiaries of repayments;
- (d) The Noticees, viz, Zenith Research Services and its partners i.e Shri Anurag Shrivastav and Shri Preetam Singh Rajput are prevented from selling their assets, properties and holding of mutual funds/shares/ securities held by them in demat and physical form except for the sole purpose of making the refunds as directed above. Further, the banks are directed to allow debit only for the purpose of making refunds to the clients/ investors/ complainants who were availing the investment advisory services from the Noticees, as directed in this order, from the bank accounts of the Noticees;
- (e) After completing the aforesaid repayments, The Noticees, viz, Zenith Research Services and its partners i.e Shri Anurag Shrivastav and Shri

Preetam Singh Rajput shall file a report of such completion with SEBI addressed to the “Division Chief, Division of Post-Inspection Enforcement Action, Market Intermediaries Regulation and Supervision Department (MIRSD), SEBI Bhavan II, Plot No. C7, G Block, Bandra Kurla Complex, Bandra (East) Mumbai –400051”, within a period of 15 days, after completion of three months from the coming into force of the directions at Para 44 (a) and (b) above, duly certified by an independent Chartered Accountant and the direction at Para 44 (d) above shall cease to operate upon filing of such report on completion of refunds to complainants/ investors;

- (f) The remaining balance amount shall be deposited with SEBI which will be kept in an escrow account for a period of one year for distribution to clients/complainants/investors who were availing the investment advisory services from the Noticee. Thereafter, remaining amount if any will be deposited in the ‘Investors Protection and Education Fund’ maintained by SEBI;
- (g) In case of failure of the Noticees, viz, Zenith Research Services and its partners i.e Shri Anurag Shrivastav and Shri Preetam Singh Rajput , to comply with the aforesaid directions in sub-paragraphs 44 (a) and (f), SEBI, on the expiry of the stipulated time period therein from the date of coming into force of this order, may recover such amounts, from the Noticee, in accordance with Section 28A of the SEBI Act, 1992 including such other provisions contained in securities laws;
- (h) The Noticees, viz, Zenith Research Services and its partner i.e Shri Preetam Singh Rajput are debarred from accessing the securities market, directly or indirectly and are prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of six months from the date of this order or till the expiry of six months from

the date of completion of refunds to complainants/ investors as directed in paragraph 44(a) above, whichever is later.

Further, Noticee 2 i.e Shri Anurag Shrivastav is debarred from accessing the securities market, directly or indirectly and is prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of one year from the date of this order or till the expiry of one year from the date of completion of refunds to complainants/ investors as directed in paragraph 44(a) above, whichever is later.

- (i) The Noticees, viz, Zenith Research Services and its partners i.e Shri Anurag Shrivastav and Shri Preetam Singh Rajput , are hereby imposed with a penalty of Rs. 1,00,000/- (Rupees One lakh only) under Section 15HB of the SEBI Act, 1992 and further jointly and severally directed to pay the penalty within a period of forty-five (45) days, from the date of receipt of this order;
- (j) The Noticees, viz, Zenith Research Services and its partners i.e Shri Anurag Shrivastav and Shri Preetam Singh Rajput, shall remit / pay the said amounts of penalty 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 The details/ confirmation of e-payment should be sent to "The Division Chief, Market Intermediaries Regulation and Supervision Department (MIRSD), Division of Registration-2, SEBI Bhavan II, Plot no. C-7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai -400 051" and also to e-mail id:-tad@sebi.gov.in in the format as given in table below:

Case Name	
Name of Payee	
Date of Payment	

Amount Paid	
Transaction No.	
Payment is made for: (like penalties/ disgorgement/ recovery/ settlement amount/ legal charges along with order details)	

(k) The Noticees, viz, Zenith Research Services and its partners i.e Shri Anurag Shrivastav and Shri Preetam Singh Rajput shall not undertake, either during or after the expiry of the period of debarment/restraint as mentioned in paragraph 44(h) above, either directly or indirectly, investment advisory services or any activity in the securities market without obtaining a certificate of registration from SEBI as required under the securities laws.

45. The direction for refund, as given in Para 44(a) above, does not preclude the clients/investors to pursue the other legal remedies available to them under any other law, against the Noticee for refund of money or deficiency in service before any appropriate forum of competent jurisdiction.

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

47. A copy of this order shall be sent to the Noticee, recognized Stock Exchanges, the relevant banks, Depositories and Registrar and Transfer Agents of mutual funds to ensure that the directions given above are strictly complied with.

Date: October 16, 2023

Place: Mumbai

DR. ANITHA ANOOP
CHIEF GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA