

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/AK/DS/2025-26/31592-31594]
UNDER SECTION 15-I OF THE SECURITIES AND EXCHANGE BOARD OF INDIA
ACT, 1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY
AND IMPOSING PENALTIES) RULES, 1995, IN RESPECT OF;

Noticee Name	PAN
Eqwires Research Analyst	AAHFE7504J
Bansri Pankajbhai Thakkar	AMUPT6718L
Pranay Dineshbhai Morakhiya	BKZPM4700P

In the matter of Eqwires Research Analyst

1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) had conducted inspection of Eqwires Research Analyst (hereinafter referred to as “**Noticee 1**” / “**Eqwires**”) at its registered office to look into compliance by Noticee 1 with the provisions of SEBI (Research Analysts) Regulations, 2014 (hereinafter referred to as “**RA Regulations**”). The inspection was conducted for the period beginning April 01, 2020 to November 25, 2021 (hereinafter referred to as “**inspection period**”). Noticee 1 is a SEBI-registered Research Analyst having registration number INH000007465.
2. Based on the findings of the inspection, certain violations of SEBI Act, 1992 (hereinafter referred to as “**SEBI Act**”), RA Regulations, SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as “**PFUTP Regulations**”), and SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as “**IA Regulations**”) by Noticee 1 and its partners Ms. Bansri Pankajbhai Thakkar (hereinafter referred to as “**Noticee 2**”) and Mr. Pranay Dineshbhai Morakhiya (hereinafter referred to as

“**Noticee 3**”) were observed. (Noticees 1, 2 and 3 are hereinafter collectively referred to as “**Noticees**”)

APPOINTMENT OF ADJUDICATING OFFICER

3. Upon being satisfied that the Noticees have violated the provisions of SEBI Act, PFUTP Regulations, 2003, IA Regulations and RA Regulations, SEBI approved initiation of adjudication proceedings on October 10, 2022 and vide Order dated August 18, 2023, Mr. Amar Navlani, General Manager, was appointed as the Adjudicating Officer u/s 15-I(1) of SEBI Act r/w Section 19 of SEBI Act and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as “**SEBI Adjudication Rules**”). Subsequently, the matter was reallocated to Mr. N Hariharan, then Chief General Manager vide Order dated March 14, 2024. Subsequently, vide Order dated November 22, 2024, the matter was transferred and the undersigned was appointed as the AO to inquire into and adjudge under the provisions of Section 15EB and Section 15HA of the SEBI Act, as applicable, the alleged violations by the Noticees.

SHOW CAUSE NOTICE, REPLY OF THE NOTICEE AND HEARING

4. Show Cause Notice No. SEBI/EAD/EAD-06/AK/DS/3442/1/2025 dated January 31, 2025 (hereinafter referred to as “**SCN**”) was issued to the Noticees in terms of rule 4 of SEBI Adjudication Rules r/w Section 15-I of the SEBI Act, to show cause as to why an inquiry should not be held against them and why penalty, if any, be not imposed on them under applicable provisions.
5. The Noticees submitted their reply vide letter dated February 28, 2025. The submissions are summarized hereunder:
 - 5.1 Holding out and acting as SEBI registered Investment Adviser (IA), without complying with the requirements of IA Regulations –
 - 5.1.1 *Noticee 1 has never acted as an IA. On the website, where it was mentioned as investment adviser, just below that it was also mentioned that Eqwires is a SEBI*

registered Research Analyst and hence relying upon just half of the content of the website is not justified. Moreover, in the entire section of the website, the Noticee has tried to answer few questions that who is an investment adviser, how to find investment adviser, how to find research analyst, are all investment advisers and research analysts are reliable and others. So, in the said content, erroneously couple of times it was mentioned that Eqwires is an Investment Adviser, however it shall not be meant that the Noticee was providing any kind of investment advisory services.

5.1.2 Furthermore, the Para 4.2 of the Notice states that upon the FIU Portal, the Noticee had registered itself as an Investment Adviser. In 2019, upon the FIU Portal, the Noticee didn't find any option to register as a 'Research Analyst', so the Noticee selected 'Investment Adviser'. Also, while registering on the FIU Portal, the said portal asks for the SEBI Certificate for the verification and only after the proper verification, the entity is being registered on the FIU Portal. So, if the Noticee had selected wrong option and the SEBI certificate is of 'Research Analyst', the FIU should have raised query upon that but since there was no option to select as a 'Research Analyst' at that point of time, the portal approved the registration of the Noticee upon the FIU. Hence, it does suffice that the Noticee had not willingly selected as an 'Investment Adviser' while registering on the FIU Portal.

5.1.3 With respect to the message in the Telegram group channel, the Noticee would like to bring into your kind attention that just above the message as stated in the Para 4.3 of SCN, the Noticee has explicitly stated that 'Trade with India's top-notch SEBI registered Research Analyst'. The same can be verified from the Annexure-4 of the SCN as in every screenshot the said lines duly appear. Also, the statement uses words such as: Intraday tips, Intraday tips provider, trading tips provider, which is covered in the scope of work of the Research Analyst.

5.1.4 Further, with respect to the research report requirement, the Noticee categorically deny the same. As, the definition of the 'Research Analyst' as provided in the SEBI RA Regulations states that:

"research analyst" means a person who is primarily responsible for,-

- i. preparation or publication of the content of the research report; or*
- ii. providing research report; or*
- iii. making 'buy/sell/hold' recommendation...*

5.1.5 Whereas the Noticee solely perform the activity mentioned in clause (iii), which is providing "buy/sell/hold" recommendations and the Noticee strictly adhere to all relevant compliance requirements for this activity, including maintaining records of recommendations and their rationales.

5.1.6 Whereas the regulations define "research report" broadly, encompassing research recommendations. However, there is no explicit stipulation that providing research-based recommendations must solely be part of a research report. Further, the requisite disclosures as required by the SEBI (Research Analysts) regulations, 2014 are duly made upon the website, the same can be verified through: <https://www.eqwires.com/disclosures.html>.

5.1.7 Further, Noticee 1 does not provide, issue, or publish any research reports. Noticee 1 solely offers technical research-based recommendations and as per Regulation 25(1) of the SEBI RA Regulations, the Noticee is only obligated to maintain records of provided recommendations and their rationales, which the Noticee has demonstrably maintained and presented to SEBI officials during the inspection.

5.1.8 Moreover, that the SEBI has recently issued a Consultation Paper on August 06, 2024 titled: 'Review of Regulatory Framework for Investment Advisers and Research Analysts' which aims to provide certain clarifications regarding the activities of Investment Advisers and Research Analysts which amongst others included clarification relating to the Research report as in the clause 13 it is stated that: 'It has been argued that RA Regulations do not explicitly mention that every research service should be supported by research report that provide the necessary data and analysis. In this regard, in order to ensure the credibility of research services provided by a RA, it is proposed to also clarify that any research service by a RA shall be corroborated by research report containing the relevant data and analysis forming the basis for such research service. RA shall maintain record of such research report.'

- 5.1.9 *Thereafter, this provision has been mandated vide Circular dated January 08, 2025. Hence, the provision which is in effect from January 08, 2025 cannot be construed as a violation. Also, not preparing of research report does not qualify the Noticee as an Investment Adviser.*
- 5.1.10 *Moreover, there is a thin line difference between the Investment Adviser and the Research Analyst, which has been explained by the SEBI in its Consultation Paper dated August 06, 2024 titled: 'Review of Regulatory Framework for Investment Advisers and Research Analysts', wherein it is stated that: "If the trading call is provided after the risk profiling of the client and product suitability assessment, such trading calls are on "one to one" basis and shall come under the purview of IA Regulations. If the trading call is provided without any risk profiling of the client and product suitability assessment, such trading calls are on "one to many" basis and shall come under the purview of RA Regulations".*
- 5.1.11 *Since, the Noticee has never done any risk profiling and suitability assessment of any of the client and hence the activity of the Noticee cannot be covered under Investment Advisory. Also, no evidence has been established by the SEBI in this regard that the Noticee has conducted risk profiling and suitability assessment of the clients prior to providing its services.*
- 5.1.12 *Further, the clients while making the payment can write anything in the narration as they are not well versed with the technical terms and are not able to differentiate between research, tips, calls, advisory, etc.*
- 5.1.13 *Inadvertently, the word Adviser were used in few instances, but the Noticee has never acted as an Investment Adviser as it has never done any risk profiling, suitability assessment and personalized advice has been provided, the Noticee has just provided standardized recommendations to all of his clients. Hence, the said allegations concerning violations of provisions of Section 12(1) of the SEBI Act read with Regulation 3(1) of the IA Regulations shall be removed upon.*

5.2 Handling of trading account related activities -

5.2.1 *The RA Regulations earlier nowhere restricted a Research Analyst to obtain any such authorization letter from the client with respect to handling trading account. SEBI has come up with the amendments in recent time wherein it has been clearly stated that a Research Analyst cannot handle trading accounts of the client. However, earlier there were no such provisions and hence the Noticee shall not be held liable for the violation of the provision which was not in effect. Hence, no non-compliance has been made by the Noticee and the said allegations shall be removed upon.*

5.2.2 *Further, with respect to the online review, the Noticee would like to state that the said review was filed by the sister of the complainant which was not the client of the Noticee, so the employee of the Noticee has asked her to remove the said review as her sister was not the right person to publish the review against the notice by following the doctrine of privity of contract as she was not a party to the contract entered between the Noticee and the complainant.*

5.2.3 *Hence, the Noticee is not in violation of any clauses of the code of conduct and the said allegations shall be dismissed.*

5.3 Misrepresentation through its website

5.3.1 *With regard to the said allegation, the Noticee would like to state that the Noticee has not misrepresented the clients as the content of the website and social media platforms were managed by the marketing agency. Also, earlier there were no restrictions on publishing testimonials on the website, SEBI has restricted for publishing any misleading or deceptive testimonials vide its Circular dated April 05, 2023.*

5.3.2 *Further, the Noticee has not benefitted through this act and no client has ever complaint that he/she was deceived by the Noticee. Furthermore, the Noticee has taken corrective action and has removed such contents from its website and social media platforms.*

5.3.3 *Also, if these allegations are established then too this does not construe as fraud as the definition of “fraud” defined in regulation 2(1)(c) of the PFUTP Regulations. Based upon the above definition, it can be construed that the definition of “fraud” under regulation 2 (c), is very wide and general in nature. The definition of “fraud” alone does not bring an act within the purview of PFUTP Regulations. There has to be*

“dealing in securities” as defined under regulation 2(1)(c) of PFUTP Regulations. Further, the abovementioned act of the Noticee was not done while “dealing in security” as contemplated under the PFUTP Regulations. Hence, the serious violations of the provisions of Regulations 3(a) to (d) of the PFUTP Regulations shall be removed upon from the Noticee.

5.3.4 Noticee 1 relied on the SEBI Order in the matter of Star World Research and in the matter of Niveshicon Investment Advisor. By following the principle of doctrine of Stare Decisis, the SEBI shall consider its judgements issued under similar issues or facts and such allegations shall be remove upon from the Noticee.

5.3.5 Noticee 1 also relied upon the Order of Hon’ble Securities Appellate Tribunal dated January 04, 2022 in the matter of Ms. Suhanika Chourey ; Order dated dated 16.06.2011, in the matter of Religare Securities Limited Vs. SEBI (Appeal No. 23 of 2011); and order of the Hon’ble SAT in Piramal Enterprises Limited v. SEBI (Appeal No. 466 of 2016, date of Order – May 15, 2019)

6. In the interest of natural justice, vide notice dated March 03, 2025, the Noticees were granted personal hearing on March 20, 2025. On the scheduled date, The Noticees appeared through their Authorized Representative (“AR”) for the hearing. The AR reiterated the submissions already made vide letter dated February 28, 2025. Noticee 1 informed the undersigned, vide email dated March 28, 2025 that it has filed a settlement application with respect to the present proceedings. Subsequently, the said settlement application was rejected and Noticee 1 was informed about the same vide letter dated July 29, 2025.

CONSIDERATION OF ISSUES AND FINDINGS

7. Considering the allegations made out in the SCN and the submissions made by the Noticee, the following issues require consideration in the present case:

ISSUE I - Whether the Noticees have violated provisions of the SEBI Act, RA Regulations, IA Regulations and PFUTP Regulations, as alleged in the SCN?

ISSUE II - Do the violations, if any, attract penalty u/s 15EB and Section 15HA of SEBI Act?

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

8. The said provisions under which violations have been alleged against the Noticees are reproduced below –

Securities and Exchange Board of India 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:

Provided that a person buying or selling securities or otherwise dealing with the securities market as a 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 immediately before the establishment of the Board for which no registration certificate was necessary prior to such establishment, may continue to do so for a period of three months from such establishment or, if he has made an application for such registration within the said period of three months, till the disposal of such application:

Provided further that any certificate of registration, obtained immediately before the commencement of the Securities Laws (Amendment) Act, 1995, shall be deemed to have been obtained from the Board in accordance with the regulations providing for such registration.

Contravention by companies.

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.

Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003

2. (1) In these regulations, unless the context otherwise requires,—

(b) “dealing in securities” includes:

(ii) such acts which may be knowingly designed to influence the decision of investors in securities;

(c) “fraud” includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in

securities, whether or not there is any wrongful gain or avoidance of any loss, and shall also include—

(1) a knowing misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment

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;

(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;

(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on 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

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

(k) disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading and which is designed or likely to influence the decision of investors dealing in securities;

(r) knowingly planting false or misleading news which may induce sale or purchase of securities;

(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

SEBI (Investment Advisers) 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:

SEBI (Research Analysts) Regulations, 2014

Conditions of certificate.

13. The certificate granted under regulation 9 shall, inter alia, be subject to the following conditions:-

(i) the research analyst shall abide by the provisions of the Act and these regulations;

General responsibility.

24. (2) Research analyst or research entity shall abide by Code of Conduct as specified in Third Schedule.

THIRD SCHEDULE - CODE OF CONDUCT FOR RESEARCH ANALYST

1. Honesty and Good Faith

Research analyst or research entity shall act honestly and in good faith.

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.

9. I now proceed to deal with the issues as under.

ISSUE I - Whether the Noticees have violated provisions of the SEBI Act, RA Regulations, IA Regulations and PFUTP Regulations, as alleged in the SCN?

10. Holding out and acting as SEBI registered Investment Adviser (IA), without complying with the requirements of IA Regulations.

10.1 It was observed that following was stated on the website of Noticee, <http://www.eqwires.com>, “Eqwires Research Analyst is the best Stock tips provider in India. At Eqwires, we have high qualified research team with most advanced infrastructure with vision to deliver best services to our esteemed clients.”Eqwires is the Most successful stock advisors in India and Most successful stock advisory company in India.”

10.2 It was also observed from the Registration form of Noticee 1 for Registration with FIU (under PMLA) that it has registered itself as an Investment Adviser on November 20, 2019, which is few days after getting SEBI registration as Research Analyst on November 11, 2019.

10.3 Further, in the social media platform, Telegram, there was a group of users, named ‘**Eqwires Research Analyst (SEBI Registered)**’ with around 9800 subscribers (the number of subscribers increased to more than 10,000 subsequently). In this Telegram group, Noticee 1 frequently posts stock market related update messages. It was observed that at the bottom of these messages, it was stated that *Eqwires is best investment advisor in India*. One screenshot of such message is provided below.

<https://www.eqwires.com/>

Eqwires
Best intraday tips provider, Genuine SEBI registered advisory company, Reliable sureshot calls provider
Best SEBI registered advisory company, 100% sureshot Intraday tips, Best investment advisor in India, Genuine trading tips provider in stock market

1.7K 19:34

10.4 Following was observed from the business write-up provided by Noticee 1:

10.4.1 Noticee 1 had stated in the business write-up that it has not prepared any Stock research report and only provides only research recommendations to its clients.

Noticee 1 also submitted that research recommendations are generated based

on the price movement charts of various scrips available on websites like Zerodha.com and Investing.com etc. Further, few such research recommendations given by Eqwires to its clients are produced as under-

- *POSITIONAL SELL HINDALCO APRIL FUTURE AROUND 322-324 SL 330 CLOSING BASIS TARGET 307-295*
- *FUT BUY GLENMARK @613.5-615.5 SL 603 TGT 628 642*
- *BUY ESCORTS FUTURE AROUND 1160-1165 SL 1140 TARGET 1207-1228*
- *BUY HINDUNILVR FUTURE AROUND 2340-2345 SL2290 TARGET 2445-2490*
- *FUT BUY AXISBANK A AROUND 714-716 SL 699.5 TGT 732 750*

10.4.2 It was noted from the definition of “research report” in Regulation 2(1)(w) of RA Regulations that research recommendation is also a form of research report. Further, Regulation 19 of RA Regulations mandates certain disclosures in research reports and Regulation 20 of RA Regulations mandates certain conditions on contents of research report.

10.4.3 However, from the content of the research recommendations given by Noticee 1 to its clients, it was observed that these research recommendations do not contain any disclosures as mandated in Regulation 19 of RA Regulations. Further, abovementioned research recommendations also do not define the terms used in making recommendations as required in terms of Regulation 20(1) of RA Regulations. Further, from the content and terminology used in these recommendations, they appear more like stock trading tips rather than research recommendations. In view of the foregoing, it was observed that Noticee 1 was only providing stock trading tips rather research recommendations or research report.

10.5 Also, in the business write up submitted by Noticee 1 during the inspection, it had stated that Relationship manager of Eqwires understands risk taking ability/risk-appetite of clients after on boarding is completed by calling them and provide them tailor-made services. Thus, it was observed that Noticee 1 was giving its

clients “*client specific services*” depending on the risk taking ability of clients, which is an activity under Investment Advisor activity.

10.6 It was further observed from the bank account statement of Noticee 1 (Eqwires bank account A/c No.- 777705889900) that on multiple occasions, words like fee, market tips and advisory service were appearing in the narrations of transaction. Few such instances are mentioned in Table given below–

Sr. No	Date	Narration	Credit amount	Balance
1	01/06/2021	MMT/IMPS/115213191180/Advisory Compan/ANSHUMAN /HDFC Bank	25000	343798.08
2	24-12-2021	MMT/IMPS/135809303879/Advisory Servic/ABDUL RASH/H	33000	368133.8
3	03-01-2022	UPI/200216480646/Advisory Servic/vkumarperike@ok/S	48000	68632.8
4	17-11-2021	MMT/IMPS/132120256940/FOR MARKET TIPS/MOHAMED HU/I		
5	30-11-2021	NEFT-N334211731444468-YASH TRADING COMPANY-FEES FO	33000	132683.41

10.7 From the above, it was observed that Noticee 1 was not only holding itself out as an Investment Adviser but it was also carrying out activities of Investment Advisor only and not of Research Analyst and charging its clients for the same.

10.8 As per the provisions of Section 12(1) of SEBI Act r/w Regulation 3(1) of the IA Regulations, no person shall act as an investment adviser without obtaining certificate of registration from SEBI under the IA Regulations.

10.9 Thus, it was alleged that Noticee 1 violated the provisions of Section 12(1) of SEBI Act r/w Regulation 3(1) of IA Regulations.

10.10 In this regard, Noticee 1 has submitted that it had erroneously mentioned itself as Investment advisor, while at various other places, it had clearly stated that it is a SEBI registered Research Analyst. With respect to it stating itself as an IA on the FIU portal, Noticee 1 has submitted that there was no option on the FIU

portal for RAs, so it had selected the option as IA, and had also submitted its RA Registration Certificate on the FIU portal. As the FIU did not have the option of selecting “Research Analyst” and as FIU has approved the portal despite the mismatch, Noticee 1 should not be held responsible. Noticee 1 has explicitly stated in its Telegram channel that ‘Trade with India’s top-notch SEBI registered Research Analyst’. It has also submitted that it is not mandatory to provide research report by a RA, as Noticee 1’s activities pertain to clause iii of the definition of RA in the RA Regulations, which states “making buy / sell / hold recommendations”. There is no explicit stipulation that research recommendations must solely be part of research report. Noticee 1 has maintained records of research recommendation rationale, but it does not provide, issue or publish research reports, as it offers only technical recommendations. Vide circular dated January 08, 2025, RAs were mandated to maintain research reports with respect to the services provided by them. Noticee 1 has never done risk profiling and suitability assessment of any client. Further, the clients may write anything in the online payment narration, as they may not be well versed with technical terms.

10.11 I note the following from the material on record and the Noticees’ submissions:

10.11.1 Noticee 1 has shown itself as a ‘*stock advisory company*’, ‘*Genuine SEBI registered advisory company*’ and ‘*Best investment advisor in India*’ on its website and also in its stock recommendations on social media platform. Thus, it was holding itself out as an Investment Adviser.

10.11.2 Noticee 1 has submitted that at the time of registration, there was no category of “Research Analyst”, due to which it could not state the correct reporting entity category on the FIU portal. Therefore, the observation of selecting incorrect category on the FIU portal is not being considered adverse with respect to the allegation that Noticee 1 was holding itself out as an Investment Adviser.

10.11.3 As per Regulation 2(1)(w) of RA Regulations, the term “*research report*” means any written or electronic communication that includes research analysis or research recommendation or an opinion concerning securities or public offer, providing a basis for investment decision. Thus, the technical recommendations provided by Noticee 1 fall under the definition of Research Report. Therefore, Noticee 1 was required to comply with the disclosure requirements with respect to the Research Reports, in terms of Regulation 19 of RA Regulations, and also with content related requirements stated in Regulation 20 of RA Regulations. However, from the content of the research recommendations given by Noticee 1 to its clients, it was observed that these research recommendations do not contain any disclosures as mandated in Regulation 19 of RA Regulations. Further, the research recommendations given by Noticee 1 also do not define the terms used in making recommendations as required under Regulation 20(1) of RA Regulations.

10.11.4 Noticee 1 had stated in its business write-up that its relationship manager understands risk appetite of clients and provides them tailor made services. Contrarily, Noticee 1, in its submissions to the SCN has contended that it has never done any risk profiling and suitability assessment of any of its clients. This suggests that one of the aforesaid statements of the Noticee 1 is false. In the absence of documentary evidence in support of this statement, I am inclined to give benefit of doubt to Noticee 1, with respect to the inference that Noticee 1 was providing investment advisory services to its clients by conducting their suitability assessment and risk profiling.

10.11.5 It was observed that the payments made by Noticee 1's clients while mentioning the words “advisory company”, “advisory service” in the payment narration. These narrations indicate that Noticee 1 may be holding itself out as an investment adviser. As already observed above that Noticee 1 was showing itself as a ‘*stock advisory company*’, ‘*Genuine SEBI registered advisory company*’ and ‘*Best investment advisor in India*’ on its website and also in its stock

recommendations on social media platform, I find that Noticee 1 was holding itself out and acting as an Investment Advisor, without obtaining certificate of registration from SEBI under the IA Regulations.

10.11.6 Noticees have submitted that there is no explicit stipulation that providing research recommendations must solely be part of a research report. As also noted above, the definition of 'research report' in the RA Regulations states that research report includes research recommendations. Thus, all research recommendations provided by the RAs constitute research report. Therefore, all the RAs are required to comply with the provisions with respect to research reports stated in the RA Regulations and applicable SEBI Circulars. Therefore, Noticees' contentions in this regard are not tenable.

10.11.7 Noticees have further submitted that the above requirements were mandated vide SEBI Circular dated January 08, 2025. I note that the Noticees have referred to the SEBI Circular No. SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2025/004 dated January 08, 2025 - Guidelines for Research Analysts. The guideline in para 2(viii)(a) state that *"In terms of Regulation 20(4) of RA Regulations, research services provided by RA or research entity shall be corroborated by research report containing the relevant data and analysis forming the basis for such research service. RA or research entity shall maintain record of such research report."* Thus, these guidelines are reiterating the already existing requirements mandated under Regulation 20 of the RA Regulations. These Guidelines are tools for clarification or interpretation, and are not amendments to already existing provisions. Therefore, Noticees' submissions in this regard are not tenable.

10.12 In view of the foregoing, I find that the allegation of violation of provisions of Section 12(1) of SEBI Act r/w Regulation 3(1) of the IA Regulations, stands established.

11. Handling of trading account related activities

11.1 Upon perusal of a complaint with Registration No. SEBI/GJ23/0000442/1 dated March 16, 2023 against Noticee 1, it was observed that Noticee 1 had handled

the trading account of the complainant for 9 months. Further, vide ATR dated April 25, 2023, Noticee 1 also uploaded the authorization letter on SCORES.

11.2 From the authorization letter, it was observed that the complainant / client had shared the user id and password of her trading account with Noticee 1 willfully and had signed the authorization letter which, inter-alia, states that Noticee 1 can execute orders using her login details for her benefit and that she understands that it is in no way a PMS facility but add-on facility in order to save time in execution of trade and for her convenience.

11.3 Further, Noticee 1, vide email dated May 10, 2023, has inter-alia stated the following:

11.3.1 Trade assistance was provided to Mrs. Roy (the complainant / client) in rare circumstances because she was not able to execute the trade recommendations and she insisted multiple times for the same.

11.3.2 It does not provide any such facility to any other clients.

11.3.3 It has never executed any trades for any client, however Mrs. Roy (the complainant / client) was unavailable sometimes so just provided trading assistance.

11.3.4 It does not provide any account management or any other facilities.

11.3.5 It has not taken any authorization from other clients except Mrs. Roy (the complainant / client).

11.4 However, the complainant, has vide email dated May 2, 2023, inter alia, stated that she had in the beginning told Mr. Prithviraj (seems to a representative of Noticee 1) that she did not have time to take trade in her account and Mr. Prithviraj said that they have the ADD ON SERVICES option available and so she invested her money with them. She also stated that she was told that for add-on services of handling customer's account they would just need an authorization letter signed from the customer. She also stated that she had provided the authorization letter on email.

- 11.5 It was observed from the reply of the complainant vide email dated May 22, 2023, that the format of the authorization letter was given by the RA to the complainant and she only filled and signed the letter.
- 11.6 Further, it was observed that the complainant had not insisted for the add-on service of account handling on her behalf but on her conveying that she did not have time to trade, Noticee 1 offered these add-on services and asked her to submit the signed authorization letter. Further, the format of the authorization letter was also prepared by Noticee 1.
- 11.7 A research analyst is primarily responsible for preparation of research report and providing it and that can be his only business activity; and RA Regulations do not envisage a research analyst to handle trading accounts of clients / trade in clients' accounts' on their behalf/ operate trading accounts on behalf of clients nor handle client's money. Further, the Regulations do not lay down taking of any such authorization letters by RAs from their clients.
- 11.8 Online Review: The complainant, vide email dated June 1, 2023, stated that her sister Antara Choudhury had posted the review in the Google platform with her email address antarachoudhury17@gmail.com. From the audio recording of the telecom between the complainant and her relationship manager (RM), Saurin, sent by the complainant vide email dated May 2, 2023, it was understood that her RM conveyed to her that if she got the online review given by her sister removed, then she would get the service but the trades would have to be carried out by her on her own.
- 11.9 From the above, it was inferred that Noticee 1 had forced the complainant to remove the review posted by her sister, thus discouraging its clients from giving negative reviews on public platforms, even though they may have had bad experiences. As many clients take decisions of availing/ not availing services of any service provider, on the basis of/ by relying on the reviews available publicly, it has been alleged that the Noticee 1 has failed to maintain high standards of

service and good corporate policies by discouraging clients/ relatives of clients from giving honest opinions/ feedback on public platforms.

11.10 As per the provisions of Regulation 13(i) of RA Regulations and Clause 7 of the Code of Conduct stated under the Third Schedule of Regulation 24(2) of RA Regulations, a research analyst shall abide by the provisions of the Act and RA Regulations and comply with all the regulatory requirements applicable to the conduct of its business activities.

11.11 Thus, it was alleged that Noticee 1 violated the provisions of Regulation 13(i) of RA Regulations and Clauses 1, 7 and 8 of the Code of Conduct stated under Third Schedule of Regulation 24(2) of RA Regulations.

11.12 Noticees have submitted that during the IP, RAs were not explicitly restricted from handling trading accounts of clients. The amendment came afterwards. Further, the review was made by the complainant's sister, who was not a client of Noticee 1, and for this reason, the client was asked to get her sister's review removed from the site.

11.13 I note that Noticee 1 was handling the trading account of a client. Being a RA, Noticee 1 is not permitted to handle / operate trading accounts of its clients. The definition of RA in the RA Regulations during the IP states as follows:

“research analyst” means a person who is primarily responsible for, -

i. preparation or publication of the content of the research report; or

ii. providing research report; or

iii. making 'buy/sell/hold' recommendation; or

iv. giving price target; or

v. offering an opinion concerning public offer,

with respect to securities that are listed or to be listed in a stock exchange, whether or not any such person has the job title of 'research analyst' and includes any other entities engaged in issuance of research report or research analysis.

Explanation.- The term also includes any associated person who reports directly or indirectly to such a research analyst in connection with activities provided above.

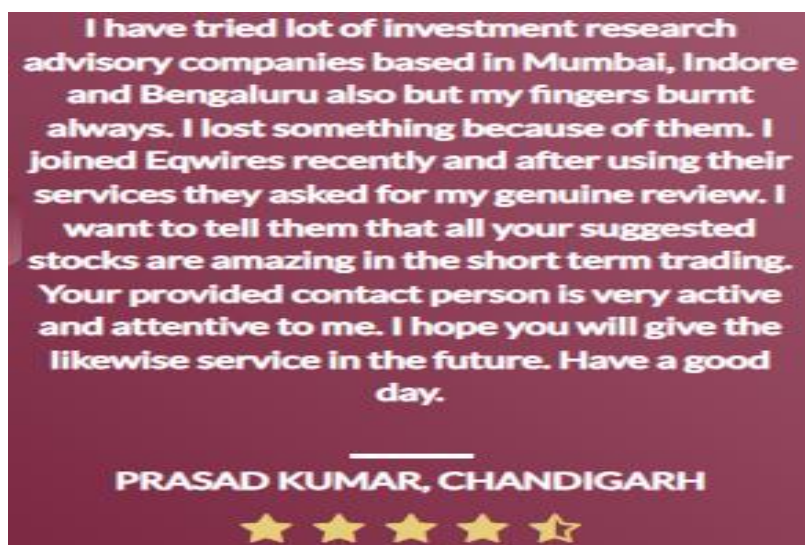
- 11.14 Thus, the definition does not mention and permit handling of trading accounts of the clients by RA. Noticees' submissions that they were not explicitly restricted from handling trading accounts of clients is not tenable, as such activity does not constitute or are similar to services provided by a Research Analyst, as is observed from its definition in the RA Regulations.
- 11.15 Irrespective of the fact that the client requested Noticee 1's representative for handling her trading account or authorisation was taken from the client or whether it was the only instance where Noticee 1 has provided handled a client's trading account, Noticee 1 should not have provided such services to anyone. By operating a client's account, Noticee 1 provided a service which do not constitute or are similar to services which can be provided by a RA. Thus, Noticee 1 has violated the provisions of Regulation 13(i) of RA Regulations and Clause 7 of the Code of Conduct stated under the Third Schedule of Regulation 24(2) of RA Regulations.
- 11.16 With respect to the observation that Noticee 1's representative has discouraged and forced its client to remove the adverse reviews posted by the client's sister, I note that client's sister was not a client of Noticee 1. Negative or positive reviews posted by persons who are not clients of Noticee 1 may lead to misrepresentation. I also note that the reviews posted by the client's sister were based on the client's experience of the research services from Noticee 1. However, Noticee 1's actions of forcing the client to remove the review posted by the client's sister cannot be considered for two reasons. Firstly, the review was not posted by the client. If the client had posted the review herself and Noticee 1 had forced to remove the review, this would have constituted non maintenance of appropriate standards of conduct. Secondly, from the SCORES complaint filed by the client, I observe from the clarification received from the client / complainant on March 28, 2023 and April 17, 2023, that the client was expecting Noticee 1 to handle / operate her account and her grievance was regarding the Noticee 1's actions of stopping to operate the client / complainant's account. As the person

who had posted the reviews was not client of Noticee 1 and as the client's complaint arose when Noticee 1 stopped operating the client's account, I do not find any violation of any of the alleged provisions, based on the observations of forcing the client to remove the online reviews posted by her sister.

11.17 From above, I find that Noticee 1 has violated the provisions of Regulation 13(i) of RA Regulations and Clause 1, 7 and 8 of the Code of Conduct stated under the Third Schedule of Regulation 24(2) of RA Regulations by operating / handling the trading account of a client.

12. Misrepresentation through its website

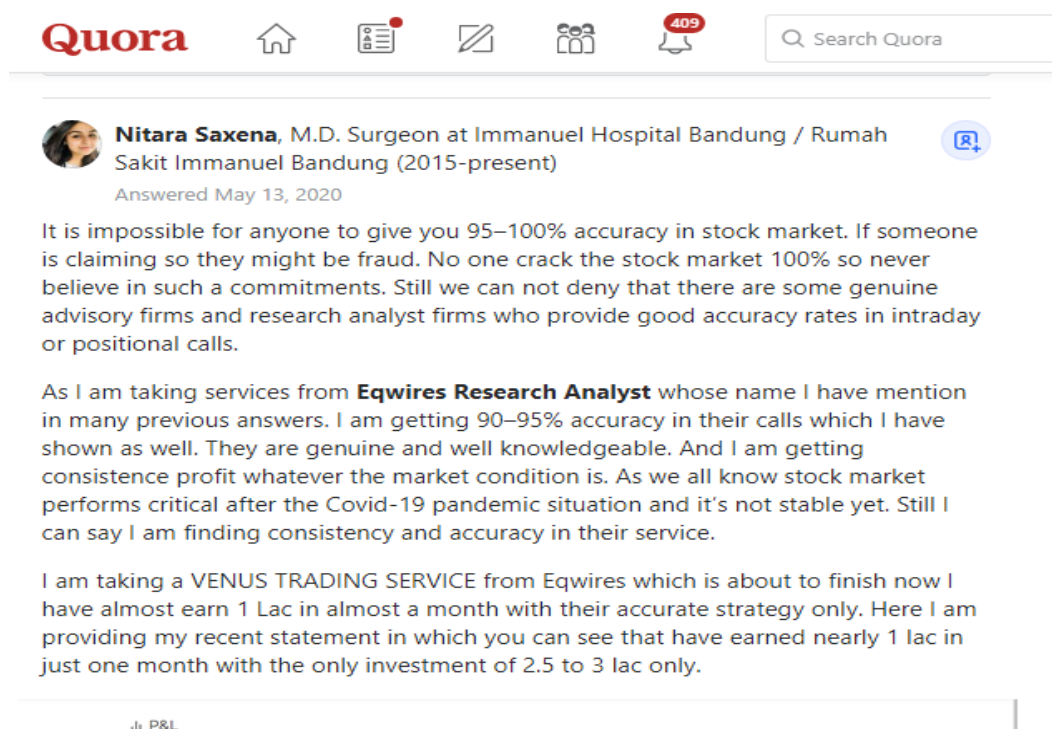
12.1 It was observed that Noticee 1 had placed customer/client reviews on its own website under the head Testimonials wherein people, depicted as clients of Noticee 1, have expressed their satisfaction with respect to the recommendations received from Noticee 1. One such testimonial is placed under-



12.2 It was observed from the Testimonials that people, depicted as clients of Noticee 1, are shown to be very highly recommending services of Eqwires. They have given 4-5 star rating to services of Noticee 1. However, during the inspection, Noticee 1 submitted that name of clients mentioned in the testimonials were

never its clients and their names as well as contents of the Testimonials mentioned on its website are bogus.

- 12.3 Further, Noticee 1 has its presence in various social media platforms, such as, Facebook, Instagram, Twitter, Quora, Telegram etc. On aforesaid social media platforms, multiple posts by Eqwires as well as reviews of customer/client are available. Upon examination of posts available on Quora regarding Eqwires, it was observed that multiple users of Quora claiming to have used services of Noticee 1 are recommending it very highly, informing other users that Noticee 1 is providing accurate recommendations and clients are getting profits. Screenshot of one such recommendation is placed as under-



- 12.4 It was observed from the above screenshot of post of one user of Quora, that the user is very highly recommending services of Noticee 1. Aforesaid, user also claimed that she has earned a profit of Rs. 1 Lakh in just one month with the only investment of Rs. 2.5 to 3 Lakh. During the inspection, Noticee 1 submitted that its presence on Social Media platforms, like Facebook, Instagram, Twitter, Quora

and Telegram are managed by its paid agents. The names of the clients have been mentioned for advertisement purpose only and they were/are not actual clients of Noticee 1.

12.5 Thus, Noticee 1 has admitted that it was well aware that people as well as contents of Testimonials mentioned on its website were false. Therefore, it was inferred that Noticee 1 had knowingly misrepresented the truth about its services to its potential clients who are visiting its website. Further, Noticee 1 has also admitted that its presence on Social Media Platform especially on Quora was not genuine and was managed by its paid agent. However, Noticee 1 had also concealed the fact that presence on social media was managed by its paid agent, from social media users.

12.6 As per the provisions of Regulation 3(a), (b), (c), (d) and Regulation 4(2)(k), (r) and (s)(i) r/w Regulation 2(1)(b)(ii) and Regulation 2(1)(c)(1) of PFUTP Regulations, 2003, fraud includes a knowing misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment; and mis-selling of securities or services by knowingly making a false or misleading statement is deemed to be fraudulent or an unfair trade practice, which is prohibited in the aforementioned provisions.

12.7 Thus, it was alleged that Noticee 1 violated the provisions of Regulation 3(a), (b), (c), (d) and Regulation 4(2)(k),(r)and(s)(i) r/w Regulation 2(1)(b)(ii) and Regulation 2(1)(c)(1) of PFUTP Regulations, 2003.

12.8 In this regard, Noticees have submitted that they have not misrepresented to the clients as the content of the website and social media platforms were managed by a marketing agency, and vide Circular dated April 05, 2023, SEBI had restricted publishing misleading or deceptive testimonials, i.e. after the inspection period. Noticee 1 has not gained and no investor was ever deceived by Noticee1. Also, Noticee 1 has taken corrective action, and has removed such contents from its website and social media platforms. Also, as there has been no 'dealing in securities' by Noticee 1, there is no violation of PFUTP Regulations. Noticees

also referred and relied upon various orders of Hon'ble SAT and SEBI in this regard.

12.9 I note that by publishing false testimonials and reviews on its website and social platforms, Noticee 1 has knowingly made misleading statements. Noticees' submissions that no client has been deceived or misled is not acceptable, as Noticee 1 had hired a marketing agency to publish such testimonials and reviews to attract potential clients.

12.10 Noticee 1's submissions that SEBI had restricted publishing misleading or deceptive testimonials vide Circular dated April 05, 2023, which is after the inspection period, are also not acceptable, and indicate carelessness of the Noticees. Noticee 1, being a SEBI registered intermediary, was required to act with honesty and in good faith. By publishing false testimonials and reviews on social media platforms, Noticee 1, knowingly influenced the decisions of its potential clients in favour of subscribing to the services provided by Noticee 1. As Noticee 1 was aware that the testimonials and reviews were not pertaining to its own clients, and as the same was not explicitly informed in those testimonials and reviews, I find that Noticee 1 has made a knowing misrepresentation of the truth and concealed material facts in order to attract potential clients.

12.11 Noticees have submitted that publishing such testimonials and reviews on social media platforms do not fall under the definition of 'fraud' under PFUTP Regulations, as there has been no 'dealing in securities'. In this regard, I note that Regulation 2(1)(b) of PFUTP Regulations defines 'dealing in securities', which inter-alia includes, "*such acts which may be knowingly designed to influence the decision of investors in securities*". As the publishing of misleading testimonials and online review was one such act, it adequately falls within the definition of 'fraud' under PFUTP Regulations.

12.12 Noticees have also referred and relied upon various past SEBI Orders in support of its submissions. I note that all these Orders pertain to Investment

Advisers and differ from the facts in the present case. For instance, in the present case, Noticee 1 has published false and deceptive testimonials on its website and reviews on social media platforms to attract potential clients, whereas the instances mentioned in the Enquiry Order in the matter of Star World Research dated January 31, 2023 pertain to *“the misleading representations made by the IA to its clients and the wrong categorisation of clients and selling high risk products to unsuitable clients or levying GST after cancellation of its GSTN”*. Therefore, the Noticees’ reliance upon the SEBI Orders quoted in its reply, are not relevant to the present case.

12.13 In view of the above, I find that the allegation of violation of provisions of Regulation 3(a), (b), (c), (d) and Regulation 4(2)(k), (r) and (s)(i) r/w Regulation 2(1)(b)(ii) and Regulation 2(1)(c)(1) of PFUTP Regulations, 2003 against Noticee 1 stand established.

13. Role of Noticees 2 and 3

13.1 Noticees 2 and 3 were partners of Noticee 1 during the inspection period. Thus, it was noted that they were in charge of, and were responsible for the conduct of the business of Noticee 1.

13.2 Section 27 of SEBI Act states that 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.

13.3 Based on the above, it was alleged that Noticees 2 and 3 have violated the following provisions:

13.3.1 Section 12(1) r/w Section 27 of SEBI Act, r/w Regulation 3(1) of the IA Regulations;

13.3.2 Regulation 13(i) of RA Regulations and Clauses 1, 7 and 8 of the Code of Conduct stated under the Third Schedule of Regulation 24(2) of RA Regulations r/w Section 27 of SEBI Act; and

13.3.3 Regulation 3(a), (b), (c), (d) and Regulation 4(2)(k), (r) and (s)(i) r/w Regulation 2(1)(b)(ii) and Regulation 2(1)(c)(1) of PFUTP Regulations, 2003 r/w Section 27 of SEBI Act.

13.4 I note that Noticees 2 and 3 were partners of Noticee 1 and were responsible for the acts and conduct of business of Noticee 1 during the inspection period. Thus, the allegation of violation of provisions, mentioned at para 13.3 above, against Noticees 2 and 3, stands established.

ISSUE II - Do the violations, if any, attract penalty u/s 15EB and Section 15HA of SEBI Act?

14. I note that since the violations are established, the Noticees are liable for monetary penalty u/s 15EB and Section 15HA of SEBI Act, the text of which is reproduced hereunder:

SEBI Act

Penalty for default in case of investment adviser and research analyst.

15EB. Where an investment adviser or a research analyst fails to comply with the regulations made by the Board or directions issued by the Board, such investment adviser or research analyst shall be liable to penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees.

Penalty for fraudulent and unfair trade practices.

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

ISSUE III - If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of SEBI Act?

15. While determining the quantum of penalty u/s 15EB and 15HA of the SEBI Act, it is important to consider the factors stipulated in Section 15J of the SEBI Act, which read as under:

SEBI Act

15J While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely

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

16. In the present matter, I note that no quantifiable figures are available to assess the disproportionate gain or unfair advantage made as a result of the violations committed by the Noticees. Further, from the material available on record, it is not possible to ascertain the exact monetary loss to the investors /clients on account of violations of the Noticees. As per the available records, I note that the Noticees have not been penalised earlier by SEBI. Thus, the violations are not repetitive in nature. However, the fact that as a SEBI registered intermediary, Noticees are under statutory obligation to comply with the applicable circulars, rules and regulations, cannot be ignored. The very purpose of the said regulations is to deter wrong doing and promote ethical conduct in the securities market. Therefore, suitable penalty must be imposed for non-compliance in order to ensure that the Noticees are more careful in conducting their operations.

ORDER

17. Having considered all the facts and circumstances of the case, the material available on record, the submissions made by Noticees and also the factors mentioned in Section 15J of the SEBI Act, in light of judgment of the Hon'ble

Supreme Court in SEBI vs. Bhavesh Pabari (2019) 5 SCC 90, in exercise of power conferred u/s 15-I of the SEBI Act, 1992 r/w Rule 5 of the SEBI Adjudication Rules, I impose the following penalty upon the Noticees for the violations committed by them;

Name of Noticees	Penalty u/s	Penalty Amount
1. Eqwires Research Analyst	15EB of SEBI Act	Rs. 1,00,000/- (Rupees One Lakh only), to be paid jointly and severally by the Noticees.
2. Bansri Pankajbhai Thakkar	15HA of SEBI Act	Rs. 5,00,000/- (Rupees Five Lakh only), to be paid jointly and severally by the Noticees.
3. Pranay Dineshbhai Morakhiya		
Total		Rs. 6,00,000/- (Rupees Five Lakh only), to be paid jointly and severally by the Noticees.

I find the above penalty to be commensurate with the violations committed by the Noticees.

18. The Noticees 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.

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

19. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings u/s 28A of the SEBI Act for realization of the said

amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties.

20. In terms of Rule 6 of the SEBI Adjudication Rules, copy of this order is sent to the Noticees and also to SEBI.

DATE: AUGUST 13, 2025

PLACE: MUMBAI

AMIT KAPOOR

ADJUDICATING OFFICER