

SECURITIES AND EXCHANGE BOARD OF INDIA**ORDER**

Under Section 12(3) of Securities and Exchange Board of India Act, 1992 read with Regulation 23, Regulation 27 and Regulation 35 of Securities and Exchange Board of India (Intermediaries) Regulations, 2008 and Regulation 28 of Securities and Exchange Board of India (Investment Advisers) Regulation, 2013.

IN RESPECT OF:

NOTICEE	SEBI Registration No.	PAN
Trade India Research (Proprietor- Neha Gupta)	INA000003064	BEHPG5479R

Background:

1. Trade India Research (Proprietor- Neha Gupta) (hereinafter referred to as the '**Noticee/TIR/IA**') is registered as an Investment Adviser ('**IA**') bearing Registration No. INA000003064 under the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 (hereinafter referred to as the '**IA Regulations**') with effect from June 17, 2015. As per the records, its registered office is at '87, Chattrapati Nagar, Airport Road, Indore, Madhya Pradesh, 452001'.
2. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') had conducted an examination based on the complaints received against the Noticee in SEBI Complaints Redress System (SCORES). Examination revealed that the Noticee has, prima facie, violated the provisions of SEBI Act, 1992 (hereinafter referred to as '**SEBI Act**'), SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as '**IA Regulations**'), SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as '**PFUTP Regulations**').
3. In this connection, SEBI passed an Interim order on December 13, 2019 against the Noticee as well as its employees namely Mr. Anurag Rajawat, Mr. Anand

Siddh, Ms. Sonam Jariya, Ms.Vaishali Raghuwanshi and Mr. Mangal Kumar Rathore, which was confirmed vide order dated July 27, 2021. Thereafter, a final examination was carried out based on the data/information/documents available on record as well as received from the complainant. Further, the bank accounts statements and the information available on website of the Noticee was also examined in detail. In this regard, it was observed that for the purpose of interim order, complaints till June 30, 2019 were considered. Further, post the interim order, 48 complaints were received i.e. after June 30, 2019. Accordingly, as there was no response received from the Noticee on the aforesaid complaints, details/documents were sought from the 48 complainants vide email dated February 16, 2021.

4. In respect of the aforesaid email, there were 13 response received. Out of 13 responses, 7 were examined after excluding the 4 which were already examined during the interim order and 2 did not provided complete details. The details of the 7 complaints are us under:

Sl. No	Complainant Name	SCORES Registration No	Date Of Receipt Of Complaint	Date of email seeking information from the complainant	Date of information received from the Complainant
1	Deviya Devidas Shetkar	PMOPG/E/2019/0597769 SEBIE/MP20/0000698/1	05/10/2019 12/03/2020	16/02/2021	22/03/2021
2	Joydeb Mandal	SEBIP/MP19/0000374/1	11/09/2019	16/02/2021	01/07/2022
3	Kavad Arvindhbai Chakurbhai	SEBIE/MP20/0000330/1	04/01/2020	16/02/2021	22/02/2021
4	Lokesh Kumar	SEBIE/MP19/0002039/1	23/08/2019	16/02/2021	21/02/2021
5	Rahul Warkhedkar	SEBIE/MP19/0002793/1	28/11/2019	16/02/2021	16/04/2021
6	Randhir Kumar Mishra	SEBIE/MP19/0002226/1	18/09/2019	16/02/2021	22/02/2021
7	Tarang Patel	SEBIP/MP19/0000357/1	22/08/2019	16/02/2021	20/02/2021

5. On the examination of the complaints received against the Noticee, following was observed:

- 5.1. The Noticee was charging its clients fees, which were unreasonable, arbitrary and not consistent with its pricing policy.
- 5.2. The Noticee manipulated the risk profiles of clients in order to change risk rating, sell them high-risk products, and generate more fees.

- 5.3. The Noticee carried out risk profiling and suitability assessment merely on basis of a declaration from clients.
- 5.4. The Noticee took payment from the client in the name of the spouse of the client without carrying out any risk profiling/ due diligence for the spouse.
- 5.5. The Noticee did not collect any supporting documents such as income proof, proof of investment experience, etc., to check the authenticity/ correctness of the response given by the client and to carry out its due diligence for properly assessing the risk, which the client would be able to bear.
- 5.6. The Noticee was not taking consent of the clients on their risk profiles and was taking payment prior to carrying out risk assessment.
- 5.7. The employees of the Noticee used fake names in dealing with clients.
- 5.8. The Noticee lured investors by promising assured returns.
- 5.9. The Noticee acted in a fraudulent manner with clients' viz., selling them non-existent products/ services, creating fake portfolio for clients and showing profit in such a portfolio.
6. Based on the above finding of the examination and observation, a Designated Authority (hereinafter referred to as “**DA**”) was appointed under Regulation 24 (2) of the Intermediaries Regulations to enquire into the following violations alleged against the Noticee:
- 6.1. Regulation 15(1) of the IA Regulations.
- 6.2. Clauses 1, 2, 3 and 6 of Code of Conduct specified at Schedule III read with regulation 15(9) of IA Regulations.
- 6.3. Regulation 16(a), 16(b) (ii), 17; Regulation 7(1), and 7(2) of IA Regulations.
- 6.4. Regulation 4(1), 4(2) (k) of PFUTP Regulations read with Section 12A (a), (b) and (c) of SEBI Act.
- 6.5. Regulation 13(a) read with Regulation 13(b) of IA Regulations.
- 6.6. Regulation 21(1) & 21(2) of IA Regulations.

Enquiry by the Designated Authority:

7. The DA had issued a Show Cause Notice dated July 19, 2023 (hereinafter referred to as “**DA SCN**”) under Regulation 25 of the Intermediaries Regulations,

calling upon the Noticee to show cause as to why appropriate recommendations for the alleged violations should not be made in terms of Regulation 26 of the Intermediaries Regulations. The digitally signed SCN was sent to the email IDs compliance@tradeindiaresearch.com, info@tradeindiaresearch.com, nehagupta_director@tradeindiaresearch.com and support@tradeindiaresearch.com on July 20, 2023, however, the same was not delivered. Attempts were also made to hand deliver the SCN at the last known address of the Noticee, however, as the Noticee had left the premises, the SCN could not be served. Thereafter, the SCN was put on SEBI website under the head “Unserved Summons/ Notices” and a public notice was also issued in “The Times of India” (English newspaper) and “Nai Duniya” (Hindi newspaper) on August 10, 2023 advising the Noticee to collect the SCN which was not delivered (by email/ hand delivery) from Enquiry and Adjudication Department, SEBI Bhavan, Mumbai or download the same from SEBI website or obtain a copy by sending request by email.

8. As there was no response whatsoever received from the Noticee despite the option to download the SCN from SEBI website as informed vide newspaper publication, DA proceeded to deal with the allegation made in the SCN, as ex-parte on the basis of material available on record and submitted an Enquiry Report dated August 31, 2023 (hereinafter referred to as ‘**Enquiry Report/ER**’) recommending cancellation of certificate of registration of Noticee as an IA.

Post-Enquiry Proceedings:

9. A post-enquiry Show Cause Notice dated September 12, 2023 (hereinafter referred to as ‘**Post Enquiry SCN**’) was issued to the Noticee enclosing a copy of the Enquiry Report dated August 31, 2023, submitted by the DA and calling upon the Noticee to show cause in terms of Regulation 27(1) of the Intermediaries Regulations as to why actions as recommended by the DA should not be taken against the Noticee in terms of the said Regulations.
10. I note that the Post Enquiry SCN was issued to the Noticee through SPAD as well as through email id guptaneha1990@yahoo.in and guptaneha@yahoo.in

dated October 09, 2023, which were duly delivered. Thereafter, in terms of Regulation 27(4) of the Intermediaries Regulations, vide e-mail dated September 04, 2023 an opportunity of personal hearing was granted to the Noticee on November 02, 2023, at the above mentioned e-mail ids of the Noticee. The said hearing notice was duly delivered on September 04, 2023. However, the Noticee failed to appear for the personal hearing and did not submit any reply to the Post Enquiry SCN.

11. Considering the fact that the Noticee has neither filed any reply nor has availed the opportunity of personal hearing despite service of notices upon it, I am of the view that the Noticee has nothing to submit and in terms of Rule 4(7) of the SEBI Adjudication Rules, the matter can be proceeded ex-parte on the basis of material available on record. In absence of any response from the Noticee to the Post Enquiry SCN, I presume that the Noticee has admitted the charges levelled against it. In this regard, it is pertinent to note that the Hon'ble Securities Appellate Tribunal (**SAT**) in the matter of *Classic Credit Ltd. vs. SEBI* (Appeal No. 68 of 2003 decided on December 08, 2006) has, inter alia, observed that,

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

Further, the Hon'ble SAT in the matter of *Sanjay Kumar Tayal & Others vs SEBI* (Appeal No. 68 of 2013 decided on February 11, 2014), has also, inter alia, and observed that:

"...appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges leveled against them in the show cause notices..."

12. Further, the same position is reiterated by the Hon'ble SAT in the matter of *Dave Harihar Kirtibhai Vs SEBI* (Appeal No. 181 of 214 dated December 19, 2014), wherein the Hon'ble SAT observed as under:

“...further, it is being increasingly observed by the Tribunal that many persons/entities do not appear before SEBI (Respondent) to submit reply to SCN or, even worse, do not accept notices/letters of Respondent and when orders are passed ex-parte by Respondent, appear before Tribunal in appeal and claim non-receipt of notice and do not appear and/or submit reply to SCN but claim violation of principles of natural justice due to not being provided opportunity to reply to SCN or not provided personal hearing. This leads to unnecessary and avoidable loss of time and resources on part of all concerned and should be eschewed, to say the least. Hence, this case is being decided on basis of material before this Tribunal...”

13. In view of the aforesaid observations made by the Hon’ble SAT, I find no reason to take a different view and accordingly I deem it appropriate to proceed against the Noticee ex-parte, based on the material available on record.

Consideration of Issues and Findings:

14. I have considered the allegations made in the DA SCN/ Post Enquiry SCN/ observations made thereon in the ER and the material available on record. The relevant extracts of the provisions of law allegedly violated by the Noticee are mentioned as under:

IA Regulations

Application for grant of certificate.

3. (2) An application for grant of certificate of registration shall be made in Form A as specified in the First Schedule to these regulations and shall be accompanied by a non-refundable application fee to be paid in the manner specified in Second Schedule.

First Schedule

Form A

1. GENERAL INFORMATION

a...

...

g. Whether the applicant is engaged in investment advisory services prior to making application under these regulations.

DECLARATION STATEMENT

I/We hereby agree and declare that the information supplied in the application, including the attachment sheets, is complete and true.

AND I/ we further agree that, I/we shall notify the Securities and Exchange Board of India immediately any change in the information provided in the application.

I/ We further agree that I/ we shall comply with, and be bound by the Securities and Exchange Board of India Act, 1992, and the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, guidelines/instructions as may be announced by the Securities and Exchange Board of India from time to time.

I/ We further agree that as a condition of registration, I/ we shall abide by such operational instructions/directives as may be issued by the Securities and Exchange Board of India from time to time.

For and on behalf of_____

(Name of the applicant)

Authorized signatory/ Applicant

(Signature)

(Date and Place)

Conditions of certificate.

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

- (a)the investment adviser shall abide by the provisions of the Act and these regulations;*
- (b)the investment adviser shall forthwith inform the Board in writing, if any information or particulars previously submitted to the Board are found to be false or misleading in any material particular or if there is any material change in the information already submitted;*

General responsibility.

15. (1) An investment adviser shall act in a fiduciary capacity towards its clients and shall disclose all conflicts of interests as and when they arise.

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

(12) *Investment advisers shall furnish to the Board information and reports as may be specified by the Board from time to time.*

Risk profiling.

16. Investment adviser shall ensure that,-

(a) it obtains from the client, such information as is necessary for the purpose of giving investment advice, including the following:-

(i) age;

(ii) investment objectives including time for which they wish to stay invested, the purposes of the investment ;

(iii) income details;

(iv) existing investments/ assets;

(v) risk appetite/ tolerance

(vi) liability/borrowing details.

(b) it has a process for assessing the risk a client is willing and able to take, including:

(i) assessing a client's capacity for absorbing loss;

(ii) identifying whether client is unwilling or unable to accept the risk of loss of capital;

(iii) appropriately interpreting client responses to questions and not attributing inappropriate weight to certain answers.

(c) where tools are used for risk profiling, it should be ensured that the tools are fit for the purpose and any limitations are identified and mitigated;

(d) any questions or description in any questionnaires used to establish the risk a client is willing and able to take are fair, clear and not misleading, and should ensure that:

(i) questionnaire is not vague or use double negatives or in a complex language that the client may not understand;

(ii) questionnaire is not structured in a way that it contains leading questions.

(e) risk profile of the client is communicated to the client after risk assessment is done;

(f) information provided by clients and their risk assessment is updated periodically

Suitability.

17. Investment adviser shall ensure that,-

- (a) All investments on which investment advice is provided is appropriate to the risk profile of the client;*
- (b) It has a documented process for selecting investments based on client's investment objectives and financial situation;*
- (c) It understands the nature and risks of products or assets selected for clients;*
- (d) It has a reasonable basis for believing that a recommendation or transaction entered into:*
 - (i) meets the client's investment objectives;*
 - (ii) is such that the client is able to bear any related investment risks consistent with its investment objectives and risk tolerance;*
 - (iii) is such that the client has the necessary experience and knowledge to understand the risks involved in the transaction.*
- (e) Whenever a recommendation is given to a client to purchase of a particular complex financial product, such recommendation or advice is based upon a reasonable assessment that the structure and risk reward profile of financial product is consistent with clients experience, knowledge, investment objectives, risk appetite and capacity for absorbing loss.*

Redressal of client grievances.

21. (1) An investment adviser shall redress client grievances promptly.

(2) An investment adviser shall have adequate procedure for expeditious grievance redressal.

(3) Client grievances pertaining to financial products in which investments have been made based on investment advice, shall fall within the purview of the regulator of such financial product.

(4) Any dispute between the investment adviser and his client may be resolved through arbitration or through Ombudsman authorized or appointed for the purpose by any regulatory authority, as applicable.

THIRD SCHEDULE

CODE OF CONDUCT FOR INVESTMENT ADVISER

1. Honesty and Fairness

An investment adviser shall act honestly, fairly and in the best interests of its clients and in the integrity of the market

2 Diligence

An investment adviser shall act with due skill, care and diligence in the best interests of its clients and shall ensure that its advice is offered after thorough analysis and taking into account available alternatives.

3 Capabilities

An investment adviser shall have and employ effectively appropriate resources and procedures which are needed for the efficient performance of its business activities.

6. Fair and reasonable charges

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

8. Compliance

An investment adviser including its partners, principal officer and persons associated with investment advice shall comply with all regulatory requirements applicable to the conduct of its business activities so as to promote the best interests of clients and the integrity of the market.

SEBI Act

Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.

12A. No person shall directly or indirectly—

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

fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

PFUTP Regulations

4. Prohibition of manipulative, fraudulent and unfair trade practices

(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.

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

.....

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

.....

(s) mis-selling of securities or services relating to securities market.

15. Based on the ER containing recommendation of DA, in this order, I would be examining the sustainability of the findings given in the ER on the allegations made in the DA SCN.

I. Allegation w.r.t. charging fees arbitrarily and unreasonably from clients and taking additional payment before the expiry of the service, inconsistent with its pricing policy:

16. In this regard, I note from the ER that the DA has examined the following client's complaints of the Noticee and held that the Noticee has failed in its responsibility to act in fiduciary capacity towards its clients which is entrusted upon it and has violated Regulation 15(1) and 15(9) read with clause 1, 2 and 6 of Code of Conduct specified under Schedule III of IA Regulations:

A. Mr. Lokesh Kumar

17. In respect of complaint of one Mr. Lokesh Kumar, from the mail records and supporting documents submitted by him, ER observed that the complainant paid Rs.7,89,345/- lakhs to the Noticee in 17 parts during the period December 28, 2017 to January 1, 2019 for various services and received email invoices as proof of payments from the Noticee. The details of which are as under: -

Table 1 (Payment made for various service to Noticee)

S.No.	Date of Payment	Name of Services	Service Period (days)	Amount (Rs)
1	28/12/2017	Stock Option	18	5900
2	30/12/2017	Stock Option	38	11800
3	01/01/2018	Stock Option	132	41300
4	06/01/2018	Stock Option	49	15339
5	30/01/2018	Customized Equity Option	24	127580
6	20/02/2018	Customized Equity Option	14	70800
7	20/02/2018	Customized Equity Option	4	20060
8	21/02/2018	Customized Equity Option	7	39176
9	28/02/2018	Customized Equity Option	14	83000
10	05/03/2018	Customized Equity Option	1	3000
11	02/04/2018	Stock Option	96	30090
12	03/04/2018	Customized Equity Option	10	50000
13	02/05/2018	Customized Equity Option	20	100000
14	31/08/2018	Customized Equity Option	06	25000
15	28/09/2018	Customized Equity Option	08	35000
16	29/10/2018	Customized Equity Option	19	99800
17	01/01/2019	Base Metal	79	31500
Total				7,89,345/-

Table 2 (Email Invoice as Proof of Payment received from Noticee) -

S. No.	Service	TIR Charged (In Rs.)	Payment date
1	Customized Equity Option (24 days)	1,27,580/-	30/01/2018
2	Customized Equity Option (14 days)	70,800/-	20/02/2018
3	Customized Equity Option (4 days)	20,060/-	20/02/2018
4	Customized Equity Option (7 days)	39,176/-	21/02/2018
5	Customized Equity Option (14 days)	83,000/-	28/02/2018
6	Customized Equity Option (1 days)	3,000/-	03/04/2018
7	Customized Equity Option (10 days)	50,000/-	02/05/2018
8	Customized Equity Option (20 days)	10,00,00/-	31/08/2018
9	Customized Equity Option (6 days)	25,000/-	28/09/2018
10	Customized Equity Option (8 days)	35,000/-	29/10/2018

11	Customized Equity Option (19 days)	99,800/-	03/04/2018
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18. From the emails and documents submitted by the complainant stated above, ER observed that the complainant was not provided with complete invoices in respect of the payment made to the Noticee. Further, it was also observed that the charges were taken by the Noticee arbitrarily from the payment of the complainant i.e. the charges of Customized Equity Option for 1 day mentioned in the above Table as Rs.3000/-, then accordingly for the same service for 4 days the charges should have been Rs.12,000/- , for 6 days Rs 18,000/-, for 7 days Rs. 21,000/-, for 8 days Rs 24,000/-, for 10 days Rs.30,000/-, for 14 days Rs. 42,000/-, for 19 days Rs 57,000/-, for 20 days Rs 60,000/- and for 24 days Rs. 72,000/- so on and so respect. However, it was observed that the money charged by the Noticee was more in all the 10 instances discussed in the above table and more than double in many instances.
19. Further, it was also observed from the subscription details (the proof of payments mentioned in Table 2) stated to be sent to the complainant through emails, that even before the services expired, additional payments were taken from the client. In this connection, as a specific incident, (Table 2 above) i.e. on 20.02.2018, it was observed that the payment of Rs.70,800/- was taken and email was also sent for Customized Equity Option service for 14 days and on the same day another payment of Rs.20,060/- was also taken for 4 days. Then, subsequently, within a span of one day i.e. on 21.02.2018 itself another payment of Rs.39,176/- was taken as per the subscription details service of the same Customized Equity Option service which was for another 7 days and so on. Therefore, from the above it was observed that the Noticee was only bothered about collecting as much money as possible from the client having complete disregard to clients' best interest and the fiduciary capacity in which an IA associates with its client. From the said acts of the Noticee, it is clear that the Noticee has deceived the client by selling multiple products within short span of time with the sole aim of earning maximum amount of fees for itself.

B. Mr.Joydeb Mandal

20. Similarly, in respect of the complaint of Mr.Joydeb Mandal, I note from the ER that it was observed from the summary of payment details submitted by the said complainant that the complainant paid a hefty amount of **Rs.717185.12** as a fees to the Noticee in 8 tranches, from the period August 18, 2018 to October 27, 2018, for customized services. The details of such multiple payments made to the Noticee are given below:

S.No.	Date of Payment	Date of Invoices	Name of Services	Service Period (in days)	Amount (in Rs.)
1	18.08.2018	18.08.2018	Customized Services	Not known	5900.00
2	27.08.2018	27.08.2018	Customized Services	Not known	103545.00
3	27.08.2018	27.08.2018	Customized Services	Not known	60062.00
4	29.08.2018	29.08.2018	Customized Services	Not known	100493.52
5	20.09.2018	20.09.2018	Customized Services	Not known	101002.10
6	22.09.2018	22.09.2018	Customized Services	Not known	124998.58
7	27.09.2018	27.09.2018	Customized Services	Not known	171182.60
8	27.10.2018	27.10.2018	Customized Services	Not known	50001.32
Total					717185.12

21. From the above, it was observed that within short span of just 70 days, the complainant charged an unreasonable fee for the same customized services. In other words, the same package was sold multiple times and did not provide any details regarding the service tenure i.e., the service starts date and service end date, to the complainant.

C. Mr.Kavad Arvindbhai Chakurbhai

22. Mr. Kavad Arvindbhai Chakurbhai, submitted the following payments and service details to SEBI:

S. no.	Date	Date of Invoice	Name of the Service	Period of service in date format	Invoice No.	Payment Amount (Rs.)
1	25-10-16	25-10-16	MCX	-	TI-OCT-16-369	10000/-
2	31-12-16	31-12-16	MCX	-	TI-DEC-16-678	10000/-
3	10-01-17	10-01-17	MCX	-	TI-JAN-17-128	15000/-
4	11-01-17	11-01-17	MCX	-	TI-JAN-17-177	5000/-

S. no.	Date	Date of Invoice	Name of the Service	Period of service in date format	Invoice No.	Payment Amount (Rs.)
5	14-01-17	13-01-17	MCX Normal	-	TI-JAN-17-194	30000/-
6	22-01-17	22-01-17	MCX Premium	-	TI-JAN-17-368	30000/-
7	22-01-17	22-01-17	MCX Premium	-	TI-JAN-17-368	15000/-
8	25-01-17	25-01-17	MCX Premium	-	TI-JAN-17-446	10000/-
9	17-02-17	17-02-17	MCX Premium	-	TI-FEB-17-257	25000/-
10	17-02-17	17-02-17	Stock Option Premium	-	TI-FEB-17-255	19444/-
11	17-02-17	17-02-17	Stock Option Premium	-	TI-FEB-17-255	2350/-
12	25-02-17	25-02-17	Stock Option	-	TI-FEB-17-411	5000/-
13	28-02-17	28-02-17	MCX Premium	-	TI-FEB-17-443	17000/-
14	25-03-17	25-03-17	Stock Option Premium	-	TI-MAR-17-385	21000/-
15	23-03-17	23-03-17	MCX	-	TI-MAR-17-328	21401/-
16	24-03-17	24-03-17	Stock Option Premium	-	TI-MAR-17-356	20000/-
17	31-03-17	31-03-17	Stock Cash Premium	-	TI-MAR-17-504	30000/-
18	25-04-17	25-04-17	Customized Commodity MCX	-	TI-APR-17-423	60000/-
19	25-04-17	25-04-17	Customized Commodity MCX	-	TI-APR-17-423	40000/-
20	28-04-17	28-04-17	Stock Future BTST & STBT	-	TI-APR-17-530	49200/-
21	13-05-17	13-05-17	Stock Future BTST & STBT	-	TI-MAY-17-211	22381/-
22	19-05-17		Not Received	-	-	30000/-
23	27-05-17	27-05-17	MCX Premium	-	TI-MAY-17-535	39000/-
24	21-06-17	21-06-17	Stock Future Premium	-	TI-JUN-17-305	66000/-
25	23-06-17	23-06-17	Stock Option	-	TI-JUN-17-364	3000/-
26	22-07-17	22-07-17	Stock Future BTST & STBT	-	TI-JUL-17-436	26300/-
27	16-09-17	16-09-17	Customized Commodity MCX	-	TINDIA-SEP-17-239	102577/-
28	18-09-17	18-09-17		-	TINDIA-SEP-17-297	34700/-
29	22-09-17	22-09-17		-	TINDIA-SEP-17-406	7200/-
30	22-09-17	22-09-17		-	TINDIA-SEP-17-406	800/-
31	29-09-17	29-09-17		-	TINDIA-SEP-17-587	30300/-
32	04-10-17	04-10-17		-	TINDIA-OCT-17-041	130000/-
33	05-10-17	05-10-17		-	TINDIA-OCT-17-060	70000/-
34	07-10-17	07-10-17		-	TINDIA-OCT-17-096	20000/-
35	13-10-17	13-10-17		-	TINDIA-OCT-17-264	62540/-
36	25-10-17	25-10-17		-	TINDIA-OCT-17-453	138000/-
37	26-10-17	26-10-17		-	TINDIA-OCT-17-499	20840/-
38	30-10-17	30-10-17		-	TINDIA-OCT-17-580	150000/-
39	30-10-17	30-10-17		-	TINDIA-OCT-17-580	15000/-
40	08-11-17	08-11-17		-	TINDIA-NOV-17-165	140000/-
41	29-11-17	29-11-17		-	TINDIA-NOV-17-663	124200/-
42	30-11-17	30-11-17		-	TINDIA-NOV-17-692	100001/-
43	19-11-17	19-12-17	MCX Premium	-	TINDIA-DEC-17-379	100000/-

S. no.	Date	Date of Invoice	Name of the Service	Period of service in date format	Invoice No.	Payment Amount (Rs.)
44	19-11-17	19-12-17	MCX Premium	-	TINDIA-DEC-17-379	100000/-
45	19-11-17	19-12-17	MCX Premium	-	TINDIA-DEC-17-379	100000/-
46	19-11-17	19-12-17	MCX Premium	-	TINDIA-DEC-17-379	15000/-
47	31-01-18		Not Received	-	-	130000/-
48	26-02-18		Not Received	-	-	82600/-
49	27-02-18		Not Received	-	-	23600/-
Total						23,19,434/-

23. From the table above, it was noted that within a period of around 1 year 4 months i.e., October 25, 2016, to February 02, 2018, the Noticee collected fees from the aforesaid complainant in 49 parts in lieu of multiple packages. From the analysis of details of payment submitted by the complainant, it was noted that the Noticee sold multiple packages and service to client viz. MCX, MCX Normal, MCX Premium, Stock Option Premium, Stock Option, Stock Cash Premium, Customized Commodity MCX, Stock Future BTST & STBT, Stock Future Premium, MCX Premium, etc.
24. In respect of the above, from ER, I note that the invoices raised for the payment made by the clients shows that the client was charged way above than what should have been charged. In this connection it was noted that the price of Customized Commodity MCX monthly, quarterly, half yearly and yearly subscription, as depicted on the website of TIR is Rs 2,41,000 + GST; 5,41,000+ GST; 9,41,000+ GST and 14,41,000 +GST respectively. However contrary to the above, as can be seen from the above table that the Noticee charged total of Rs.11,46,158/- for the service of Customized Commodity MCX, within a short span of just 75 days. But, as per the price of the service depicted on the website, 75 days fee for the said service it should have been around Rs.4,94,045/- + GST. However, the amount charged of Rs.11,46,158/-, was more than double to what should have been charged by the Noticee. This shows that charges taken from the client were not fair as well as unreasonable.

D. Shri Deviya Devidas shetkar

25. In the complaint of Shri Deviya Devidas Shetkar also, it was observed that the complainant paid a hefty amount of **Rs.30,33,160/-** as a fees to the Noticee in 18 tranches, from the period July 18, 2018 to November 20, 2018, for multiple services, as given below:-

S.No.	Date of Payment	Date of Invoices	Name of Services	Service Period (in days)	Amount (in Rs.)	
1	18/07/2018	19/07/2018	Stock Cash	23	5900/-	
2	21/07/2018	24/07/2018	Stock Cash Bluechip	121	100000/-	
3	21/07/2018	27/07/2018	Stock Future BTST	172	200000/-	
4	21/07/2018	12:00:00	Stock Future BTST	172	200000/-	
5	08/01/2018	08/02/2018	Stock Future BTST	19	21000/-	
6	08/06/2018	08/07/2018	Customized Equity Future	48	316228/-	
7	08/06/2018	08/07/2018		12	79872/-	
8	08/06/2018	13/08/2018		78	523000/-	
9	27/08/2018	28/08/2018		30	208500/-	
10	27/08/2018	28/08/2018		10	64000/-	
11	27/08/2018	28/08/2018		5	29500/-	
12	09/04/2018	09/05/2018		75	500000/-	
13	12/01/2018	12/01/2018		10	620000/-	
14	10/11/2018	10/12/2018		Customized Commodity	11	50000/-
15	29/10/2018	30/10/2018		MCX	14	112000/-
16	17/10/2018	17/10/2018		4	250000/-	
17	19/10/2018	20/10/2018		3	200000/-	
18	20/11/2018	21/11/2018		14	111160/-	
Total					30,33,160/-	

26. The following is observed from the Invoices provided by the Noticee to the complainant for Customized Equity Future services;

S. No.	Services	TIR Charged (Rs.)	Invoice date
1	CUSTOMIZED EQUITY FUTURE (10 DAYS)	62,000/-	12/01/2018
2	CUSTOMIZED EQUITY FUTURE (75 DAYS)	5,00,000/-	09/05/2018
3	CUSTOMIZED EQUITY FUTURE (12 DAYS)	79,872/-	08/07/2018
4	CUSTOMIZED EQUITY FUTURE (48 DAYS)	3,16,228/-	08/07/2018
5	CUSTOMIZED EQUITY FUTURE (5 DAYS)	29,500/-	28/08/2018
6	CUSTOMIZED EQUITY FUTURE (10 DAYS)	64,000/-	28/08/2018
7	CUSTOMIZED EQUITY FUTURE (30 DAYS)	2,08,500/-	28/08/2018
8	CUSTOMIZED EQUITY FUTURE (78 DAYS)	5,23,000/-	13/08/2018

27. Here also it was noted that the Noticee had taken charges arbitrarily that is for Customized Equity Future for 5 day is Rs.29,500, whereas for the same services

for 10 days it should have been Rs. 59,000; Rs 70,800 (for 12 days); Rs.1,77,000 (for 30 days); Rs.2,83,200 (for 48 days); Rs.4,42,500 (for 75 days); Rs.4,60,200 (for 78 days).

28. Further, it was noted that different fees were charged for same services with same service duration by the Noticee. As mentioned above in table at S.No.1, the Noticee charged Rs.62,000 for Customized Equity Future for 10 days. Similarly, at S.no. 6 of the table, Rs.64,000 was charged for 10 days for the same services.
29. Similarly, the details from the Invoices provided by the Noticee to the complainant for Customized Equity Future services are same as follows

S. No.	Service	TIR Charged (in Rs.)	Invoice date
1	CUSTOMIZED Commodity MCX (3 DAYS)	200000/-	20/10/2018
2	CUSTOMIZED Commodity MCX (4 DAYS)	250000/-	17/10/2018
3	CUSTOMIZED Commodity MCX (11 DAYS)	50000/-	10/12/2018
4	CUSTOMIZED Commodity MCX (14 DAYS)	111160/-	21/11/2018

30. It was noted from the above table that the fees charged for Customized Commodity MCX for 3 days is Rs.2,00,000/-, for 4 days is Rs 2,50,000/-. However, for the same services fees collected for 11 days and 14 days is less than almost half of the fees charged for 3 days and 4 days which is Rs.50,000 and Rs.1,11,160/- respectively. Hence, the money charged by the Noticee as discussed in tables above was arbitrary, unfair as well as unreasonable.
31. Further, it was also observed from the invoices that even before the service expired, additional payments were taken from the client. For instance, on 08.06.2018, 3 payments were taken for the same Customized Equity Future for 48 days, 12 days and 78 days, respectively and then on 27.08.2018 again 3 payments were taken for the same services for 5 days, 10 days and 30 days, even before the earlier services could expire.

32. Similarly, before the expiry of the tenure of Stock Cash for 23 days from 18.07.2018, the Noticee again took payment on 21.07.2018 for another service i.e. Stock Cash Bluechip for 121 days.

E. Mr. Rahul Warkherdkar

33. As regards to the complaint of Mr. Rahul Warkherdkar, it was noted from the invoices submitted that the complainant had paid Rs.2,34,787/- in 9 parts during the period September 12, 2018 to January 5, 2019 for services of Nifty Option, Stock Option Premium, Stock Future Premium and Stock Option BTST, as follows:

S.No.	Date of Invoice	Name of Services	Service Period (in days)	Amount (in Rs.)
1	12-09-2018	Nifty Option	15	3450/-
2	14-09-2018	Stock Option Premium	08	8165/-
3	19-09-2018	Stock Future Premium	18	18705/-
4	25-09-2018	Stock Option Premium	21	21062/-
5	06-10-2018	Stock Option Premium	Not given	29325/-
6	08-10-2018	Stock Option Premium	14	14064/-
7	15-11-2018	Stock Option BTST	27	31015/-
8	26-11-2018	Stock Option BTST	43	49001/-
9	05-01-2019	Stock Option BTST	52	60000/-
Total				2,34,787/-

34. Further, it was also observed from the invoices submitted by the said complainant that even before the services expired, additional payments were taken by the Noticee. In this connection it was noted that on 12.09.2018, the Noticee sold Nifty Option package for 15 days to the client and just after 2 days the Noticee again sold another service of Stock Option Premium package for 8 days i.e., before the expiry of the tenure of existing services. Further, on 14.09.2018 payment had been taken and invoice raised for Stock Option Premium for 8 days and on 19.09.2018 another payment taken for the same services even before the expiry of 8 days tenure. This shows that charges taken from the client were not fair as well as unreasonable.

F. Mr.Randhir Kumar Mishra

35. Mr. Randhir Kumar Mishra, complainant, also paid Rs.32,800/- in 4 parts from the period March 20, 2018 to March 27, 2019 for service of Bluechip Cash. The client made multiple payments to the Noticee are as under:

S.No.	Date of Invoice	Name of Services	Service Period (in days)	Amount (in Rs.)
1.	20/03/2018	Bluechip Cash	04	5000/-
2.	23/03/2018	Bluechip Cash	13	15000/-
3.	26/03/2018	Bluechip Cash	08	10000/-
4.	27/03/2018	Bluechip Cash	07	7800/-
Total				Rs. 37,800/-

36. Further, it was also observed from the invoices submitted by the complainant that even before the services expired, additional payments were taken from the client. On 23.03.2018, the Noticee sold Bluechip Cash for 13 days to the client and just with a short span of 3 days it again sold the same services of Bluechip Cash for 8 days i.e., before the expiry of the tenure of existing services. This also highlights the same that charges taken from the client were not fair as well as unreasonable.

G. Mr.Tarang Patel

37. Based on the complaint of one Mr. Tarang Patel, it was observed from the mail records and supporting documents, the complainant paid Rs.10,24,695/- lakhs to Noticee in 11 parts during the period August 28, 2018 to January 10, 2019 for various services. The details of which are as under:

S.No.	Date of Invoice	Name of Services	Service Period (in days)	Amount (in Rs.)
1	28-08-2018	Stock Cash	09	2000/-
2	30-08-2018	Stock Option BTST	20	40000/-
3	14-09-2018	Combo Basic Service	16	38250/-
4	29.09.2018	Combo Basic Service	06	14445/-
5	05.10.2018	Combo Basic Service	32	80000/-
6	06.10.2018	Combo Basic Service	80	160000/-
7	10.12.2018	Combo Basic Service	105	230000/-
8	01.11.2018	Combo Basic Service	67	210000/-

9	29.11.2018	Swing Pack	89	100000/-
10	09.01.2019	Stock Option Power	18	72000/-
11	10.01.2019	Stock Option Power	20	78000/-
Total				10,24,695/-

38. From the table above, it was noted that from 14.09.2018 to 01.11.2018, within 2 months in 6 tranches, the Noticee extorted Rs.7,32,695/- just for the Combo Basic Services.
39. The charges taken arbitrarily as the charge of Combo Basic Service for 6 days is Rs.14445, accordingly for the same service for 16 days the charges should have been Rs.38,520/- (for 16 days); Rs.77,040/- for (32 days), Rs.1,92,600/- for (80 days), Rs.2,52,787.5/- for (105 days) and Rs.1,61,302.5/- (for 67 days). It is therefore the money charged by the Noticee is more in all the 10 instances discussed which is arbitrary, unfair as well as unreasonable.
40. Further, it was also observed from the invoices submitted by the complainant that even before the services expired, additional payments were taken from the client. On 28.08.2018, the Noticee sold Stock Cash for 9 days to the client and just within a short span of 2 days it again sold the same services of another package of Stock Option BTST for 20 days. Similarly, from 14.09.2018 to 01.11.2018, the Noticee sold the same package of Combo Basic Service multiple times even before the expiry of the tenure of existing services.
41. I note that the invoices issued by the Noticee to its clients did not mention the duration for which the product/ service was being sold and thus the clients had no way of confirming whether the product/ service had been provided for the entire period or whether the same product had been sold multiple times. It is also observed t from the complaint of Mr.Joydeb Mandal that the Noticee has charged unreasonable fee for the same customized services and did not provide any details regarding the service tenure. I also find that the same package had been sold within a short span of just 70 days to the same client multiple times in less than one month. From the website of the Noticee, it is observed that the minimum

duration for the products offered by it was one month. Thus, there cannot be any explanation why the same product was being sold multiple times in less than one month to the same client. I also note that the Noticee charged different fees for the same product from the same clients as well as different clients. I also find that with respect to Mr. Joydeb Mandal, the Noticee has sold the products the returns for which were subject to market risks despite knowing that she was a retired person.

42. I also note that the ER has concluded as follows, which I am in agreement with for the reasons stated in previous paras:
- A. Noticee had charged exorbitant amount of services fees from the clients. Money charged by the Noticee was more in many instances and even more than double in some instances.
 - B. Noticee had sold multiple products to a client within a very short span of time. In case of one client, during the period of just 70 days, it sold multiple times and did not provide any service tenure i.e. service start date and end date to the complainant. Further, in case of few clients, same product was sold twice on the same day
 - C. There was huge variation for the amount of fees charged by the Noticee for the same product which were sold within a very short span of time.
43. I further note from the ER that the website of the Noticee is not active currently. However, the extracts of the webpages were retrieved from the webarchive.org. As per ER, the Noticee under the head "Payment" provided details of 7 bank accounts (i.e. accounts held in ICICI Bank, HDFC Bank, Bank of Maharashtra, Axis Bank, State Bank of India, Punjab National Bank, YES Bank) and the clients / investors may make payments in any of these bank accounts. Therefore, in order to quantify the amount of advisory fees taken by the Noticee, details of the bank accounts of the Noticee linked to the investment advisory services were sought from the banks (from the date of opening of account to till date). The details of such banks accounts including the amounts credited are given below:

S. No.	Bank Account No.	Bank	Period of Statement	Total amount credited (in Rs.)
1	915020059457250	Axis Bank	15-12-2015 to 14-11-2019	19907098.07/-
2	60219596359	Bank of Maharashtra	09-07-2015 to 10-04-2021	35154083.32/-
3	004105014307	ICICI Bank	04-06-2015 to 02-06-2022	58448911.69/-
4	50200012504450	HDFC Bank	10-06-2015 to 09-07-2019	305263,830.45/-
5	35549212707	State Bank of India	05-02-2016 to 31-03-2018 & 01-01-2019 to 10-06-2022	41408614.54/-
6	4622002100005152	PNB Bank	23-09-2016 to 03-07-2019	13183509.2/-
7	076261900000983	YES Bank	21-06-2017 to 04-10-2019	67977929/-

44. As the said bank accounts are current bank account of the Noticee and as per Account Opening Form of above mentioned banks accounts, the said banks were used by the Noticee to collect the advisory fees from the client since inception.
45. In view of the conduct of the Noticee as detailed in paragraphs above, I find that the fees charged by the Noticee was unreasonable, arbitrary and unfair. I also find that the Noticee has failed to exercise care and due diligence and also failed to act in the best interest of its clients. In view of the same, it is established that the Noticee has violated Regulation 15 (1) of IA Regulations, 2013 and Clause 1, 2 and 6 of the Code of Conduct in Schedule III read with regulation 15 (9) of IA Regulations, 2013.
46. Thus, from the aforesaid facts and the observation of DA, I note that the Noticee failed in its responsibility to act in fiduciary capacity towards its clients which is entrusted upon it and violated Regulation 15(1) and 15(9) read with clause 1, 2 and 6 of Code of Conduct specified under Schedule III of IA Regulations.

II. Allegation w.r.t. promising assured returns and misleading clients and prospective clients:

47. I note that DA SCN alleged that assured returns were promised by the Noticee to the clients. In this regard, the ER states that returns on investments in equity and derivatives markets are subject to market risk and such returns cannot be assured. The ER has also noted from several complaints against the Noticee registered on the SCORES platform that the Noticee was offering assured and unrealistic profits to its clients who had availed its services and paid advisory fees for the same. In view of the same, the ER has concluded that the Noticee has violated Regulation 15(1) and Clauses 1 and 2 of the Code of Conduct as provided in Schedule III read with Regulation 15(9) of the IA.
48. More particularly, one Mr. Lokesh Kumar complaint that the Noticee has promised assured returns and the same was communicated to him over emails. In this regard, I note from ER that during examination, the complainant submitted email correspondences held between him and the Noticee, wherein, the complainant vide email dated September 21, 2018 at 6:13 PM has sent an email to Noticee (support@tradeindiaresearch.com) stating “Hi Team, Just now I had word with aman, could you please provide me the strategy mail”. In response, vide email dated September 21, 2018 at 6:48 PM, Noticee submitted that:
- “ As per your telephonic conversation with our coordinator regarding CUSTOMIZED EQUITY OPTION for 12 months. As per the past track records mentioned services you will get 1-2 Intra-day recommendation 14-16 days in month. Per trade basis you can expect **1% target** (basis of technical analysis) movement in recommendation as per market condition.....”.*
49. Further, website page of the Noticee indicates that it provides tips/ tele-messages in the securities pertaining to various segments of securities market viz. equity cash segment, equity futures segment, stock derivatives, index derivatives, commodity derivatives, etc., which are listed/traded on the exchange platform.
50. Based on the same complaint and from one of the e-mail dated January 05, 2017 forwarded to Ms. Shashi Kala by the Noticee, it was alleged in DA SCN that the

Noticee made certain statements, which amounts to fraud under PFUTP regulations. In this regard, I note from ER that in relation to complainants' communication with the Noticee that it advertises itself by saying "Here we fulfill your dreams to make money from stock market. We are registered with SEBI", a sort of a modus operandi to garner trust in the name of SEBI registered IA as well indirectly making a profit commitment. Phrases like "here we fulfill your dreams to make money from stock market" are akin to committing assured returns and may influence the decision of the investor to invest money.

51. From the call recordings provided by the complainant Mr. Tarang Patel, it was noted that the representative of Noticee promised unrealistic/ exorbitant returns to the clients. The transcript of conversation between the representative / employee of Noticee and the client are as under:

Call recording (Call recording Sani Trade India_190513_150445)

Time: 2:50 to 3:22

*Representative of Noticee (Sani): Aap ek chiz abhi jo mail kroge uspe likhoge ki if any of the problem I'm facing during the services aur jo commitment jo bhi apko return btaya gaya wo jbt k apka nikal k aa ni jata tbtk aur dusri baat hna apki koi bhi service hna time tenure service ni hai time tenure service mein hota hai apki service khatam hojaye fir uske baad aap kuch ni kar sakte, apki service time tenure ni hai, **apki service profit tenure service hai**, samajh rahe ho aap.*

Call recording (Call recording Sani Trade India_190514_153047)

Time: 5:00 to 3:22

Representative of Noticee (Sani): Second wale point par aap ne jo refund wala point likha na wo toh applicable hi nai hai uske liye to aap bol hi ni sakte, thik hai. Uske baad mein rahi baat ap ka jo concern tha na, second wale point me mai samajh gaya hu aap kya concern raise karna chah rahe hai, ki case maan lijiye maine jo amount pay kia wo plus jo mjhe desired profit btaya gaya hai wo amount mjhe agar nikal kar ni aata hai, suke pehle agar meri services band ho gyi toh kya? Aap yi kehna chah rahe ho second point pe?

Complainant: Ha

*Representative of Noticee (Sani): Uske liye likhiye jo mai apko bta rha hu as per discussion with my market coordinator, **my services will be continued till the time of my entire service charges as well as the desired profit will be not achieved.***

52. Further, the Noticee also advertises in its website “*Currently, Trade India Research is a strong entity with 750+ team size with over 60+ people in core Research and has operational offices in India*”. Upon inquiry with the Legal & compliance manager of the Noticee, Shri Gaurav Garg and Compliance Executive Ms. Abhilasha Mishra in their statement dated June 21, 2019, submitted that the above statement is not correct. They stated that the statement of 60+ people in Core Research and many operational offices in India is also not correct. Therefore, the Noticee has misled its prospective clients/clients by making big claims in its website. It was also observed that the Noticee was operating from 301, 3rd Floor, Mangal City Mall, Vijay Nagar, Indore – 452010 and it had 200 employees as per the Gumastha Certificate.
53. From the aforesaid complaints, I note that performance/ return on investment in such securities is subject to market risk. While knowing it very well that the investment by clients based on the advice given by IA is subject to market risk, promising assured return to the clients is an act of being dishonest on the part of IA and not acting in the best interest of the clients. From the above said facts and the observation of DA, I note and concur with DA that the Noticee failed in its responsibility to act in fiduciary capacity towards its clients which is entrusted upon it and violated Regulation 15 (1) and Regulation 15(9) read with clause 1 of Code of Conduct specified under Schedule III of IA Regulations and has also violated PFUTP Regulations as such statements fall under the category of ‘fraud’ under Regulation 2(1) (c) of PFUTP Regulations.
54. In this regard, I note that the definition of ‘fraud’ as given in Regulation 2(c) of the PFUTP Regulations, 2003 is as follows:
“*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-

- a) a knowing misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment;
- b) a suggestion as to a fact which is not true by one who does not believe it to be true;
- c) an active concealment of a fact by a person having knowledge or belief of the fact;
- d) a promise made without any intention of performing it;
- e) a representation made in a reckless and careless manner whether it be true or false;
- f) any such act or omission as any other law specifically declares to be fraudulent,
- g) deceptive behavior by a person depriving another of informed consent or full participation,
- h) a false statement made without reasonable ground for believing it to be true.
- i) the act of an issuer of securities giving out misinformation that affects the market price of the security, resulting in investors being effectively misled even though they did not rely on the statement itself or anything derived from it other than the market price.

And “fraudulent” shall be construed accordingly;...”

55. The Hon'ble Supreme Court while interpreting the aforesaid definition in **SEBI Vs. Kanaiyalal Baldevbhai Patel** (2017) 15 SCC 1 held that to constitute fraud under aforesaid definition of fraud 'inducement' while dealing in securities is required. I find that the Noticee, while dealing in securities has induced its clients to invest in securities *inter alia* by promising assured returns to clients. In this regard, I note that investment in securities market are subject to market risks and an investor may end up in losing his invested money also let aside the returns. Therefore, any promise of assured return is *per se* false and maker of such promise can be said to have been knowingly making this false representation. In my view, the above-mentioned acts of the Noticee are squarely covered by the

definition of 'fraud' and that the Noticee has also violated provisions of Regulation 3 (a) and (d) of the PFUTP Regulations, 2003 read with Section 12A (c) of SEBI Act, 1992. Further, I note that the Noticee double sold the same package to the same clients for the same period. Moreover, it charged fees from clients which were higher than the fees provided in the fee schedule of the Noticee. I find that the act of double selling of same packages implied that the Noticee was concealing the applicable period of the packages already sold to the clients. I also observe that charging unreasonably high fees in contradiction to the fee schedule disclosed on its website implied that the Noticee was misrepresenting the fee structure to its clients. I find that such misrepresentation and concealment are unfair trade practices. Thus, I find that the Noticee has violated the provisions of Section 12 A (a), (b) and (c) of SEBI Act and Regulation 4(1), 4(2)(k) of PFUTP Regulations.

III. Allegation w.r.t. providing services without Risk Profiling and without consent of the client, misleading prospective clients by not giving them complete invoices, manipulating risk profiles and failing to conduct due diligence

56. It was alleged in the DA SCN that the Noticee started providing services to its clients without Risk profiling, which is the basic requirement as per applicable regulation and also without client's consent w.r.t. assessment of the risk profiling. In this regard, ER observed that in the scheme of IA Regulations, in terms of Regulation 16(a) r/w 16(b)(ii) of IA Regulations, the IA obtains supporting documents such as income proof, proof of investment experience, etc. to check the authenticity/ correctness of response to carry out its due diligence for properly assessing the risk whether the client is able to bear and identifying whether client is unwilling or unable to accept the risk of loss of capital and after that in terms of Regulation 17(a) of IA Regulations, ensure that all investment on which investment advice is provided is appropriate to the client's risk profile.
57. However, from the complaint of Mr. Lokesh Kumar, it was observed by DA that the Noticee vide e-mail dated December 28, 2017 at 4:37 p.m. welcomed the

client for Stock Option Services for 18 days and communicated the Risk Tolerance to be 320. Further, the said email also mentions *that “In case of any change in Risk Profiling, Please revert us within 2 days of the receipt of this email ...support@tradeindiaresaerch.com.”* The client would never be in position to provide his acceptance/rejection because the e-mail address at which the client’s consent/rejection is sought is *support@tradeindiaresaerch.com* and not support@tradeindiaresearch.com.

58. DA noted that prima-facie, it was a deliberate trick to provide wrong e-mail so that the client’s mail never reach within 2 days and the IA goes ahead. Further, vide email dated December 29, 2018, the KYC Form, Risk Profile Format and Risk Suitability Assessment were sent to the complainant. However, it was noted that the said KYC Form, RPFs and Suitability Assessment were signed and mailed back at the correct e-mail i.e. support@tradeindiaresearch.com on January 2, 2019 (i.e., after taking complete payment of Rs.789345/-) at 10:16 PM, by the complainant.
59. Thus, it was observed that the Noticee continued to seek more and more payments without the consent of the client for the services and created Risk Tolerance Scores without being confirmed and signed by the complainant.
60. The DA SCN further also alleged that the Noticee deliberately misled prospective clients by not giving them complete invoices, manipulating risk profiles and failed to conduct due diligence and hence failed in its responsibility to act in fiduciary capacity to its clients. In this regard, ER observed that the IA Regulations envisage that Risk profiling should be communicated to the client so that the client can assess his risk profile before agreeing to accept the advice. Further, the purpose of risk profiling can be meaningful only when the Investment adviser verifies the information necessary for risk profiling. Such a requirement is mandatory, as the requirement for risk profiling is on the Investment Adviser. In the instant case, it was noted that the Noticee was not adhering to any of above

requirements of the IA Regulations. Some of the instances are discussed as under:

61. As per ER, on perusal of the complaint of Mr. Lokesh Kumar, for Base Metal Services the risk profile signed and sent by the complainant to the Noticee vide email dated January 2, 2019, at 10:16 PM was as follows:

PAN	EEHPS3529P		
MOBILE	9844XXXX69		
SERVICES	BASE METAL		
Q. No.	Question	Answer	SCORE
1	What is your Age Group	Under 35	40
2	Investment Goal	Regular Income	10
3	Proposed Investment Amount(Current)	Upto 50K	0
4	Preferred Investment type	Intraday	20
5	Gross annual Income Details	10-25 lacs	30
6	Primary Source	Salary	0
7	Market Value of Portfolio held	<1 lacs	0
8	Investment Experience	1-3 years	0
9	Experience in Market Products	Commodity, Stock	0
10	How many dependents do you financially support	None	20
11	What % of your Emergency Fund can be allotted towards Investment	30%	30
12	What is your experience with Equity Investments	Very Less Experience	
13	what is your Experience with Commodity Investments	No Experience	
14	what is your Experience with Forex Investments	No Experience	
15	what is your Experience with Investments in Past	Bad	10
16	What is your preference w.r.t Securities with Low Risk, Low Return over high risk, high return?	Strongly do not prefer	40
17	When market is not performing well do you prefer to buy Risky investments and sell less risky investments?	Strongly prefer	40
18	Risk Tolerance Ratio	Medium	10
19	What Percentage of the monthly income allocate to pay or debt(all EMI's)	35%-50%	10
20	Occupation	Private Sector Service	
21	Are you any of the following or are directly or indirectly related to any of the following		

62. Further, the said risk profile for the same Base Metal Services was modified and mailed back to the complainant vide email dated January 02, 2019 at 10:51 PM,

wherein the Noticee had mentioned “Welcome to Trade India Research...Thanks for selecting our services, kindly go through the mail and acknowledge the same”. In case you do not agree with the Risk Profiling, Please revert us within 2 days of the receipt of this email at..support@tradeindiaresaerch.com.

63. The Risk Profiling Form (RPF) of the complainant modified by the Noticee is highlighted below in the table.

PAN	EEHPS3529P		
MOBILE	9844XXXX69		
SERVICES	BASE METAL		
Risk Appetite	Medium		
Total Score	220		
Q. No.	Question	Answer	SCORE
1	What is your Age Group	Under 35	40
2	Investment Goal	Regular Income	10
3	Proposed Investment Amount(Current)	Upto 50K	0
4	Preferred Investment type	Intraday	20
5	Gross annual Income Details	5-10 lacs	20
6	Primary Source	Salary	0
7	Market Value of Portfolio held	1-2 lacs	20
8	Investment Experience	1-3 years	10
9	Experience in Market Products	Commodity	0
10	How many dependents do you financially support	4+	0
11	What % of your Emergency Fund can be allotted towards Investment	10%	10
12	What is your experience with Equity Investments	No Experience	
13	what is your Experience with Commodity Investments	Moderate Experience	
14	what is your Experience with Forex Investments	No Experience	
15	what is your Experience with Investments in Past	Good	30
16	What is your preference w.r.t Securities with Low Risk, Low Return over high risk, high return?	Prefer	10
17	When market is not performing well do you prefer to buy Risky investments and sell less risky investments?	Do not prefer	10
18	Risk Tolerance Ratio	Medium	10
19	What Percentage of the monthly income allocate to pay or debt(all EMI's)	0%-20%	30
20	Occupation	Private Sector Service	
21	Are you any of the following or are directly or indirectly related to any of the following		

64. The significant changes between the Risk Profiling done by the client and the modified risk profiling done by the Noticee is as below:

S. No.	Question	Client	TIR
1	What is your experience with Commodity Investments?	No Experience	Moderate Experience
2	What is your experience in investments in past?	Bad	Good
3	What is your preference w.r.t securities with low risk, low return over high risk, high return?	Strongly do not prefer	Prefer
4	When market is not performing well do you prefer to buy risky investments and sell less risky investments?	Strongly prefer	Do not prefer
5	What percentage of monthly income is allocated to pay off debt (all EMIs)?	Between 35% - 50%	Between 0% -20%

65. The client was offered base metal service, which is part of a commodity service. It was observed from the above table that the Noticee changed his experience in commodity products from “*No Experience*” to “*Moderate Experience*”. The prima-facie reason for such a change in risk profile of the client could be ascribed to the fact that the Noticee manipulated the clients’ risk profile so as to meet their own parameters of delivery of a specific service i.e. commodity. In achieving its goal, it completely disregarded the risk profile which was submitted by the client, suitability of services which could have been ascribed to the client’s risk profile and more so also went ahead in changing the basis financial parameters of the client like experience in investments, indebtedness, disposable income and preference of the client while being associated in the securities market. This showed that the Noticee never acted in the best interest of the client and its goal was to offer service so as to maximize earnings in the form of fees. Thus, the Noticee modified or manipulated the risk profile of the clients in order to sell the advisory products and maximize its revenue.
66. Further, the DA observed that the complainant paid a total of Rs.7,89,345/- in 17 tranches. Further, from one of the email correspondences held between the client and Noticee, it was observed that on October 26, 2018 at 11:59 AM, the Noticee submitted as:

*“As per the telephonic conversation with our coordinator regarding amount of **Rs.99,800** is the last amount for this particular Stock option services and It would be for **next 12 months** and from here on-words Mr. Harshit will give you support.”*

67. Subsequently, after receiving the payment of Rs.99800/- from the client, on **October 29, 2018** at **2:57 AM**, Noticee sent an email to the client wherein following was mentioned:

“Thank you for subscribing with us.

Please go through your registered details of subscription as mentioned below,

Mobile: 9844958369

*Payment: **99800***

*Services: **CUSTOMIZED EQUITY OPTION***

*Services Duration: **(19 DAYS)***

Risk Tolerance: 290

In case of any change in the above mentioned details, please inform us about the same in writing through e-mail within 2 days of the receipt of this e-mail. In case you do not agree with the Risk Profiling, Please revert us within 2 days of the receipt of this email at: **support@tradeindiaresaerch.com”*

68. Thus, I note from ER that the Noticee mislead client and extorted money by initially offering Customized Equity Option services of Rs.99800/- for a period of 12 months and soon after the payment of Rs.99800/- was made by the client, the Noticee decreased the tenure for the very same services from 12 months to 19 days.
69. In the KYC form dated 27.09.2018 submitted to the Noticee, the complainant Mr. Joydeb Mandal, submitted in his occupation that he is a Retired person. Further, from the point no. 20 of the risk profiling form of the complainant, it was noted that the occupation was mentioned as Professional, Agriculturist.

70. I also note that the objective of risk profiling and suitability assessment is to determine the risk tolerance level of clients and recommend suitable asset allocation/investment commensurate with the risk tolerance level of clients, and if the same is not properly made, it can lead to unsuitable and inappropriate product or services being offered to the clients, which defeats the objective of risk profiling and suitability and due diligence by the investments adviser. I note that Regulation 17 of the IA Regulations, 2013 *inter alia* mandates that the investment adviser shall ensure that all investments on which investment advice is provided is appropriate to the risk profile of the client and that it has a reasonable basis for believing that a recommendation or transaction entered into, meets the client's investment objectives and is such that the client is able to bear any related investment risks. I find that the Noticee has failed to comply with the mandate of Regulation 17 in case of the clients mentioned above. I also note that Regulation 16 of the IA Regulations, 2013 also mandates that the investment adviser shall ensure that it has a process for assessing the risk a client is willing and able to take and the risk profile of the client is communicated to the client after risk assessment is done. I note that the Noticee has failed in both of those counts.
71. In view of the above, I note from ER that the Noticee modified or manipulated the risk profile of the clients in order to sell the advisory products and maximize its revenue and provided service without the consent of client. Thus, from the above said facts and the observation of DA, I note and concur with DA that the Noticee failed in its responsibility to act in fiduciary capacity towards its clients, which is entrusted upon it under regulation 15 (1) of IA Regulation, 2013 and has violated the provisions of Regulation 16(a), 16(b) (ii) and 17 of IA Regulations and Regulation 15(9) read with clause 1, 2, 3, 6 and 8 of the Code of Conduct specified under Schedule III of IA Regulations.

IV. Allegation w.r.t. providing services without doing KYC and suitability assessment of the client:

72. From the complaint of Mr. Tarang Patel, it was observed by DA that the client vide e-mail dated February 20, 2021, submitted the KYC documents which he had furnished to the Noticee. The date of the said KYC document is 8.10.2018. Further, the client also submitted the suitability assessment form which is dated 15.1.2019. This essentially means that the Noticee finalized the suitability assessment of the client only on 15.1.2019. So the service which could be offered to the client was freezed on 15.1.2019. However, it was observed that the Noticee had taken advisory fees from the client much before the date when his services were finalized. The total amount of money taken by Noticee before finalizing the suitability of service is as follows:

S.No.	Date of Invoice	Name of Services	Service Period (in days)	Amount (in Rs.)
1	28-08-2018	Stock Cash	09	2000/-
2	30-08-2018	Stock Option BTST	20	40000/-
3	14-09-2018	Combo Basic Service	16	38250/-
4	29.09.2018	Combo Basic Service	06	14445/-
5	05.10.2018	Combo Basic Service	32	80000/-
6	06.10.2018	Combo Basic Service	80	160000/-
7	10.12.2018	Combo Basic Service	105	230000/-
8	01.11.2018	Combo Basic Service	67	210000/-
9	29.11.2018	Swing Pack	89	100000/-
10	09.01.2019	Stock Option Power	18	72000/-
11	10.01.2019	Stock Option Power	20	78000/-
Total				10,24,695/-

73. Similarly, from the complaint of Mr. Joydeb Mandal, it was observed by DA that he also submitted the KYC documents which he had furnished to the Noticee. The date of the said signed KYC document is 27.09.2018. Further, the client also submitted the signed suitability assessment form which is dated 27.09.2018. This essentially means that the Noticee finalized the suitability assessment of the client only on 27.09.2018. So the service which could be offered to the client should have been freezed on 27.09.2018. However, it was observed that the Noticee took advisory fees from the client much before the date when his services were finalized. The total amount of money taken by Noticee before finalizing the suitability of service i.e. before 27.09.2018 is Rs.496001.20

74. In essence, this suggests that the Noticee gave pre-determined service to the aforesaid clients and the only reason which could be ascribed to such an act on the part of the Noticee was that it wanted to capture the clients by way of taking money before even deciding on to the service it could deliver. In other words, Noticee's only interest was to take money from the clients so as to maximize its revenue.
75. Thus, the entire amount of money taken by the Noticee was before suitability assessment was finalized. The Noticee continued to seek more and more payments without doing the necessary KYC and suitability assessment. Consent of the client is integral to start his services for which he will be charged the advisory services charges. From the above said facts and the observation of DA, I note and concur that the Noticee has violated the provisions of Regulation 15(1) of IA regulation and Regulation 15(9) read with clause 1, 2 and 3 of Code of Conduct specified in Schedule III of IA Regulations. Further, by taking money for a service (whose suitability had not been decided) before taking payments, The Noticee has violated provisions of Regulation 17 of IA Regulations, which ensures that all investment on which investment advice is provided is appropriate to the client's risk profile.

V. Allegation w.r.t. failure to redress investor grievance

76. In this regard, I note that Regulation 21 of IA Regulations, 2013 mandates that the investment advisor shall redress clients' grievances promptly. Further, I note that, SEBI, vide Circular CIR/OIAE/2014 dated December 18, 2014, regarding investor grievances through SEBI Complaints Redress System (SCORES) platform, advised that all SEBI registered intermediaries shall review their investors grievances redressal mechanism to further strengthen it and correct the existing shortcomings, if any. The SEBI registered intermediaries, to whom complaints are forwarded through SCORES, shall take immediate efforts on receipt of a complaint, for its resolution, within thirty days. Further, the said circular stated that in case of failure by SEBI registered intermediaries to file ATR

under SCORES within thirty days of date of receipt of the grievance, it shall be treated as failure to furnish information to SEBI and deemed to constitute non-redressal of investor grievance. As per the data obtained from the SCORES, I note from ER that as on June 27, 2022, 69 complaints were pending against the Noticee and the status of 69 complaints are tabulated below:

S.No.	Registration No	Complainant Name / Complaint Lodged by	Complaint Status	Date of Receipt	Date of Forwarding to IA	Date of Final ATR file by IA
1	SEBIE/MP21/0001337/1	Mayank Raval	Pending	17-12-21	17-12-21	ATR not filed
2	SEBIE/MP21/0000892/1	Venkatasubbaiah Venkatesha /	Pending	01-08-21	11-05-22	
3	SEBIP/MP21/0000056/1	Deviya Devidas Shetkar	Pending	14-07-21	11-05-22	
4	SEBIE/MP21/0000745/1	Sridevi	Pending	22-06-21	20-05-22	
5	SEBIE/MP21/0000306/1	Shashi Kala	Pending	20-02-21	22-02-21	
6	SEBIE/MP20/0002211/1	Rudabhai Ukabhai Dabhi	Pending	19-11-20	21-12-20	
7	SEBIE/MP20/0001887/1	Naryanbhai Mavjibhai Patel	Pending	06-09-20	08-12-20	
8	SEBIE/MP20/0001731/1	Naryanbhai Mavjibhai Patel	Pending	09-08-20	08-12-20	
9	SEBIE/MP20/0001480/1	Thaila Parambatha Ravindran /	Pending	20-07-20	08-12-20	
10	SEBIE/MP20/0001411/1	Dharmendra Kumar Mehta	Pending	04-08-20	08-12-20	
11	SEBIE/MP20/0001300/1	Naryanbhai Mavjibhai Patel	Pending	30-05-20	19-12-20	
12	SEBIE/MP20/0001299/1	Naryanbhai Mavjibhai Patel	Pending	30-05-20	21-12-20	
13	SEBIE/MP20/0001295/1	Utkarsh Gupta	Pending	23-05-20	21-12-20	
14	SEBIE/MP20/0001258/1	Yogesh Jagdish Dhusia	Pending	13-07-20	15-07-20	
15	SEBIE/MP20/0001161/1	Narayanbhai Mavjibhai Patel	Pending	20-06-20	20-06-20	
16	SEBIE/MP20/0001162/1	Naryanbhai Mavjibhai Patel	Pending	20-06-20	20-06-20	
17	SEBIE/MP20/0001112/1	Sureshchandra Pancholi	Pending	08-06-20	16-06-20	
18	SEBIE/MP20/0000957/1	Ritesh Kumar Yadav	Pending	28-04-20	29-04-20	
19	SEBIE/MP20/0000859/1	Vivek Kumar Singh	Pending	04-04-20	21-12-20	
20	SEBIE/MP20/0000786/1	Raj Kumar Chaturvedi	Pending	23-02-20	19-12-20	
21	SEBIE/MP20/0000725/1	Ajay Kumar	Pending	13-02-20	16-12-20	

22	SEBIE/MP20/0000698/1	Deviya Shetkar	Pending	12-03-20	16-12-20
23	SEBIE/MP20/0000641/1	Balinder Singh	Pending	03-02-20	16-12-20
24	SEBIP/MP20/0000094/1	Prosanto Kalipida Biswas	Pending	05-03-20	16-12-20
25	SEBIE/MP20/0000634/1	Balinder Singh	Pending	02-02-20	16-12-20
26	SEBIE/MP20/0000632/1	Balinder Singh	Pending	02-02-20	16-12-20
27	SEBIE/MP20/0000633/1	Balinder Singh	Pending	02-02-20	16-12-20
28	SEBIE/MP20/0000631/1	Balinder Singh	Pending	02-02-20	16-12-20
29	SEBIP/MP20/0000080/1	Venky Venkatesh	Pending	14-02-20	21-12-20
30	SEBIE/MP20/0000330/1	Kavad Arvindbhai Chakurbhai	Pending	04-01-20	08-12-20
31	SEBIE/MP20/0000243/1	Raj Kumar Gourav	Pending	23-12-19	04-12-20
32	SEBIE/MP20/0000051/1	Manoj Kumar	Pending	04-12-19	04-12-20
33	SEBIE/MP20/0000050/1	Manoj Kumar	Pending	04-12-19	16-12-20
34	SEBIP/MP20/0000001/1	Nirbhay Nath Das	Pending	31-12-19	04-12-20
35	SEBIE/MP19/0003179/1	Jitendra Kaurav	Pending	29-11-19	04-12-20
36	SEBIE/MP19/0002975/1	Tapan Dey	Pending	12-11-19	25-02-20
37	SEBIE/MP19/0002963/1	Naryanbhai Mavjibhai Patel	Pending	11-11-19	25-02-20
38	SEBIE/MP19/0002897/1	Naryanbhai Mavjibhai Patel	Pending	05-11-19	25-02-20
39	SEBIE/MP19/0002793/1	Rahul Warkhedkar	Pending	28-11-19	25-02-20
40	SEBIE/MP19/0002792/1	Nandan Singh Rawat	Pending	28-11-19	13-06-22
41	SEBIE/MP19/0002785/1	Kalaiyaran	Pending	27-11-19	25-02-20
42	SEBIE/MP19/0002569/1	Jayeshbhai B. Shingala	Pending	05-10-19	06-11-19
43	SEBIE/MP19/0002387/1	Naryanbhai Mavjibhai Patel	Pending	09-09-19	11-10-19
44	SEBIE/MP19/0002349/1	Piyush Mastkar	Pending	04-09-19	11-10-19
45	SEBIE/MP19/0002288/1	Prahallad Maity	Pending	26-09-19	27-09-19
46	SEBIE/MP19/0002284/1	Mohanachandran B	Pending	25-08-19	27-09-19
47	SEBIE/MP19/0002240/1	Sanjeev Dwivedi	Pending	21-09-19	27-09-19
48	SEBIE/MP19/0002226/1	Randhir Kumar Mishra	Pending	18-09-19	27-09-19
49	SEBIP/MP19/0000374/1	Joydeb Mandal	Pending	11-09-19	18-09-19
50	SEBIE/MP19/0002215/1	Naryanbhai Mavjibhai Patel	Pending	16-09-19	17-09-19
51	SEBIP/MP19/0000369/1	Radhey Shyam Sharma	Pending	09-09-19	13-09-19
52	SEBIE/MP19/0002145/1	Ganesh Kamta Prasad Pal	Pending	06-09-19	16-09-19
53	SEBIE/MP19/0002101/1	Tapan Dey /SELF	Pending	29-07-19	16-09-19
54	SEBIE/MP19/0002089/1	Sahil Saini	Pending	27-07-19	11-09-19
55	SEBIP/MP19/0000360/1	Anil Dadhich	Pending	27-08-19	11-09-19
56	SEBIE/MP19/0002078/1	Chirag Rangnani	Pending	26-08-19	11-09-19
57	SEBIE/MP19/0002070/1	Rajan Vitthal Kadu	Pending	24-07-19	11-09-19
58	SEBIE/MP19/0002039/1	Lokeshkumar	Pending	23-08-19	09-09-19

59	SEBIP/MP19/0000357/1	Tarang Patel	Pending	22-08-19	09-09-19
60	SEBIP/MP19/0000353/1	Manoj Kumar	Pending	19-08-19	09-09-19
61	SEBIE/MP19/0001979/1	Devendra Singh	Pending	19-08-19	09-09-19
62	SEBIE/MP19/0001978/1	Vivek Sv	Pending	18-07-19	09-09-19
63	SEBIE/MP19/0001977/1	Khoyendra Pande	Pending	18-08-19	09-09-19
64	SEBIE/MP19/0001973/1	Ashok Yashwant Jagtap	Pending	17-07-19	09-09-19
65	SEBIE/MP19/0001971/1	Kumar Bhagwat Mane	Pending	17-08-19	09-09-19
66	SEBIE/MP19/0001945/1	Kuldeep Kumar	Pending	11-07-19	09-09-19
67	SEBIE/MP19/0001944/1	Nigam Mahyavanshi /Self	Pending	11-07-19	09-09-19
68	SEBIE/MP19/0001947/1	Ashok Kumar Patra	Pending	11-08-19	09-09-19
69	SEBIP/MP19/0000338/1	Premangshu Mistry	Pending	06-08-19	09-09-19

77. Thus, from the above said facts and the observation of DA, I note and concur that the Noticee failed to furnish information on status of the complaint to SEBI within the time limit prescribed and accordingly is deemed to be construed as non-redressed of complaints in terms of the aforementioned circular and therefore, the Noticee has violated Regulation 21 (1) and (2) of IA Regulations.

VI. Allegation w.r.t. non submission of details of material change to SEBI:

78. I note from ER that, MCA vide its letter dated July 6, 2020 has informed SEBI that a company by the name of '*TradeIndia Research and Investment Advisory Private Limited*' has been incorporated on July 6, 2018 with shareholding of 99.90% held by Ms. Neha Gupta and 0.01% held by Mr. Bobby Chauhan. MCA has also submitted that the company is working as Investment Advisors, which comes under the IA Regulations, 2013.

79. In this regard, it was observed that the Noticee is registered with SEBI as an individual investment adviser w.e.f. June 17, 2015. Further, the Noticee has neither informed nor taken any approval from SEBI, before incorporating the company '*Trade India Research and Investment Advisory Private Limited*', in which the proprietor of the Noticee (Ms. Neha Gupta) has majority shareholding. In terms of Regulation 13(b) of SEBI (IA) Regulations, 2013, all registered IA's are, inter-alia, mandated to inform the Board in writing, if there is any material

change in the information already submitted. The Noticee had not informed with respect to formation of the company to SEBI.

80. Thus, from the above said facts and the observation of DA, I note and concur with DA that the Noticee has violated Regulation 13(b) of IA Regulations read with Regulation 28(a) & 28(b) of IA Regulations.

VII. Allegation w.r.t. manipulating and forcing the client to pay more and more fees with threat of forfeiture:

81. While examining the complaint of Mr. Kavad Arvindhbai Chakurbhai, DA observed in ER that the Noticee forced the complainant to borrow money from anyone and even incited him to sell his car so as to enable him to pay fees sought by in name of completing profile. From the WhatsApp chats shared by the complainant following was observed;

- i. In the WhatsApp transcript dated 31.01.2018 at 4:07, employee of the Noticee is telling the client *“Sir phn par bhas ho rahi, 20k bhi rakh lia accept ni kiya”*
- ii. In the WhatsApp transcript dated 31.01.2018 at 5:37, employee of the Noticee is telling the client *“Arey Sir apko bola tha ye gadhe 20,000 ke chakkar me nautanki karege... mere se bhi liya ... aur apko bhi bole kal check krege”*
- iii. In a WhatsApp screenshot at 12:51 p.m, the employee of the Noticee is telling the client *“Apko smjh ni aaraha.... Ye amount agar mera hota toh apni car bech deta abhi tak mai”*.
- iv. Similarly, in a WhatsApp screenshot at 4:01 p.m., the employee of the Noticee is telling the client *“Arvind arey lelo kisi se”*
- v. In a WhatsApp screenshot at 4:01 p.m., 5:29 p.m, the employee of the Noticee is telling the client *“Arvind kay kar rhe ho ap, 3lac arrange ni hua, Kya market value bna li hai apne, Jo aj apka sath ni de rahe hai”*

82. Thereafter, it was observed that the client made payments of Rs.3.15 lakh in 3 instalments to the Noticee on December 19, 2017. Thus, from the above

instances, it was observed by DA that the Noticee trapped the clients by initially taking small fees from them and thereupon it starts soliciting the money in name of different services/ packages. On the hope of recovering their earlier payments, the investors make the additional payments.

83. Thus, from the above said facts and the observation of DA, I note and concur with DA that the Noticee has violated the provisions of Regulations 15(1) and 15(9) read with Clause 1 and 2 of Code of Conduct for Investment Advisers specified in Schedule III of IA Regulations.

VIII. Allegation w.r.t. providing execution services to client:

84. As per ER, Ms. Shashi Kala, a complainant, submitted copy of e-mail dated June 8, 2017, vide which she had provided Noticee's number +917312XXXX07 to Angel Broking to place trades. The Noticee is a sole proprietorship firm. In terms of Regulation 22 of IA Regulations, sole proprietorship firms are not authorized to provide execution services. From the above, it was noted by DA that the Noticee provided execution services to its client. In view of the above, I note that and concur that the Noticee has violated regulation 13 (a) of IA Regulations.

IX. Allegation w.r.t. deceitfully mobilizing money and creating fake portfolio:

85. One of the complainant, Vasant Kumar Rathod, registered his complaint on SCORES bearing Registration No. SEBIE/MP18/0002139/1 on July 14, 2018. As per the documents submitted by the complainant and his wife, they had in total paid Rs.13 lakhs to the Noticee. The understanding of the complainant was that his portfolio will be managed by the Noticee. The client also submitted PAYUMONEY payment receipts from which it was observed that the Noticee took money from the client for investment, investment insurance, GST, Swatch Bharat Cess etc. However, subsequently the Noticee raised invoices in the name of advisory services. It was observed that the Noticee mobilized money from the client in a deceitful manner.

86. It was also alleged by the complainant that the employees of the Noticee created his fake portfolio in business standard and showed him his portfolio of around Rs.13,00,000/- on July 10, 2018. On examining the Holding statement of the client from his demat account, it was observed that the portfolio value of securities held by him as on July 10, 2018 was Rs.16,366.35. Thus, from the above said facts and the observation of DA, I note and concur that the Noticee by deceitfully mobilizing money and creating fake portfolio of the client and showing him profit in his portfolio amounts to 'fraud' as defined under regulation 2(1)(c) of the PFUTP Regulations and Noticee has violated the provisions of Section 12 A (a), (b) and (c) of SEBI Act and Regulation 4(1) of PFUTP Regulations.

X. Allegation w.r.t. concealment of information by Noticee in the application form for grant of registration certificate:

87. Vide Order dated December 2, 2014, SEBI had, *inter alia*, directed *Moneyworld Research and Advisory Pvt. Ltd. (AAICM4895L)* and its directors *Mr. Chhatrapal Singh Lodhi (ADAPL0687R)* and *Mr. Pradhumn Agrawal (AWKPA7684G)* to *cease and desist from acting as Investment Advisers and cease to solicit or undertake such activities or any other unregistered activity in the securities market directly or indirectly, in manner whatsoever.*

88. Ms. Neha Gupta, (proprietor of TIR), applied for registration as Investment Adviser on April 10, 2015. At para 6 (c) of the application, the applicant is asked “*whether any disciplinary action has been taken by the Board or any other regulatory authority against any person directly or indirectly connected with the applicant under the Act or the regulations made there under in the last 5 years. If yes, provide details of the action*”. In response to the above, Ms. Neha Gupta had stated “*Not Applicable, since we are not yet involved in investment advice*”.

89. Further, Ms. Neha Gupta, on June 1, 2018 had submitted an application to SEBI (Indore Local office) ILO for change in registered office address of the firm TIR Investment Adviser. Further, vide letter dated June 15, 2018, Ms. Neha Gupta also

submitted the copy of the Registered Rent Agreement in support of the said change in Address application. It was noted from said agreement that Ms. Neha Gupta is wife of Mr. Pradhumn Agrawal. Further, Mr. Pradhumn Agrawal also signed as one of the witness in the said agreement.

90. Further, to ascertain that Mr. Pradhumn Agrawal (Husband of Ms. Neha Gupta) is the same person against whom Interim Order was passed on December 2, 2014, old documents available in the files pertaining to the matter of Interim Order against Pradhumn Agrawal and Ors. were scrutinized. It was observed from the PAN Card copy of Mr. Pradhumn Agrawal available in the file that the signature of Mr. Pradhumn Agrawal exactly matches with the signature of Mr. Pradhumn Agrawal (witness and husband of Ms. Neha Gupta) available in the copy of the Registered Rent Agreement.

91. Further, in another document dated December 12, 2014, Money world Research had submitted a list of employees. In the said list, the name of Neha Gupta is figuring as an employee of the compliance department.

92. Therefore, it was observed that Pradhumn Agrawal against whom SEBI, vide order dated December 2, 2014, had, inter alia, issued directions and Mr. Pradhumn Agrawal, husband of Ms. Neha Gupta, who signed as witness in the Registered Rent Agreement are one and the same. The Interim Order against Mr. Pradhumn Agrawal (AWKPA7684G) was passed by SEBI on December 2, 2014 i.e. before Ms. Neha Gupta applied for SEBI Registration for acting as Investment Adviser. Ms. Neha Gupta applied on April 10, 2015. The applicant (i.e. the Noticee) concealed the above fact of her connection with Mr. Pradhumn Agrawal and Ms. Neha Gupta made false submission for taking Registration. In this connection, it is pertinent to note that 'integrity, reputation and character' is one of the criteria for determining a 'fit and proper' person as defined in Schedule II of the SEBI (Intermediaries) Regulations, 2008. As per regulation 6(f) of the IA Regulations, a person must be 'fit and proper' as defined in Schedule II of the SEBI (Intermediaries) Regulations, 2008. Since, Ms. Neha Gupta concealed a material

information regarding cease-and-desist order passed against her husband, she is not a 'fit and proper' person as defined SEBI (Intermediaries) Regulations, 2008.

93. Thus, from the above said facts and the observation of DA, I note and concur that the Noticee has violated Regulation 13(a) of IA Regulations.

XI. Allegation w.r.t. Noticee's employees providing investment advice without requisite qualification:

94. Regulation 7(2) of IA Regulations requires an employee or an agent of an Investment advisor who is rendering investment advice (written or oral), to have at all times, a certification on financial planning/fund/asset/portfolio management or investment advisory services either from NISM or any other recognized institute.

95. At clause 2(l)(3) of the Form A (First Schedule of IA Regulations, it is clearly mentioned to provide educational as well as certification documents in terms of Regulation 7(1) and Regulation 7(2), of all employees and agents who shall render Investment Advice on behalf of the applicant. Further, in terms of Regulation 2(l) of IA Regulations, '*Investment Advice*' means advice relating to investment 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. Therefore, all employees, representatives and agents who deal and pitch investment products to clients on behalf of the Investment Adviser shall also necessarily be compliant with Regulation 7(1) and 7(2) of IA Regulations.

96. Further, at Annexure 4 of the IA Registration application, Ms. Neha Gupta had also declared that "*I and all our representatives will comply with certification and qualification requirements under regulation 7(2) of the Securities and Exchange Board of India (Investment Advisers), 2013*". However, subsequent to the declaration made

above, other than for herself, Ms. Neha Gupta never provided any document to sufficiently show the compliance to Regulation 7(1) and 7(2) of IA Registration by the representatives and employees of the Noticee who have dealt with the clients on behalf of the Noticee. Therefore, none of the employees of the Noticee have complied with the provisions contained in Regulation 7(1) and 7(2) of IA Regulations.

97. Thus, from the above said facts and the observation of DA, I note and concur that the Noticee has violated Regulation 7(1) and Regulation 7(2) of IA Regulations.

98. Therefore, I agree with the recommendations given by DA vide report dated August 31, 2023 that the registration of the Noticee (having SEBI registration number – INA000004104) as Investment Advisor may be cancelled.

Directions:

99. In view of the foregoing, I, in exercise of the powers conferred upon me in terms of Section 12(3) of SEBI Act, 1992 and Section 19 of SEBI Act, 1992 read with Regulation 23, Regulation 27 and Regulation 35 of SEBI (Intermediaries) Regulations, 2008 and Regulation 28 of SEBI (Investment Advisers) Regulations, 2013, hereby cancel the certificate of Registration No – INA000003064 of Trade India Research, Proprietor- Neha Gupta, Investment Advisor as recommended by DA.

100. Considering that the Noticee/ its proprietor Ms. Neha Gupta was restrained from dealing in the securities market since December 13, 2019, I dispose of the directions issued against the Noticee vide Interim order dated December 13, 2019 which was confirmed vide confirmatory order dated July 27, 2021 . Further, as directed in the said order, the Noticee as well as its employees shall desist from indulging in such activities in future.

101. This order comes into force with immediate effect.

102. A copy of this order shall be served on the Noticee, aforementioned entities, Banks, Depositories and Registrar and Transfer Agents, all recognized Stock Exchanges and BSE Administration & Supervision Ltd. (BASL) for ensuring compliance with the above direction.

DATE: November 30, 2023
PLACE: MUMBAI

G. RAMAR
CHIEF GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA