

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER SECTIONS 11(1), 11(4) AND 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH REGULATION 3(1) OF SEBI (INVESTMENT ADVISERS) REGULATIONS, 2013

In respect of -

Sr. No.	Name of the Entity	PAN
1.	Profit Your Trade.In (Proprietor- Mr. Patibandla Venkata Vasanta Kumar)	ADEPV8903E

In the matter of Unregistered Investment Advisory Services

BRIEF BACKGROUND:

1. Securities and Exchange Board of India (hereinafter referred to as "SEBI") had received an undated reference on August 19, 2021 (hereinafter referred to as a 'complaint') against Profit Your Trade.In and its proprietor, Mr. Patibandla Venkata Vasanta Kumar (hereinafter referred to as the "Noticee") wherein it was *inter alia* stated that the Noticee, through its proprietor, is selling *tips packages* without any SEBI license through their website www.profityourtrade.in.
2. An examination was conducted by SEBI to ascertain the veracity of the said complaint and to determine whether there has been any violation of the provisions of the Securities and Exchange Board of India Act, 1992 ("SEBI Act, 1992"), the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 ("IA Regulations") and any other Rules or Regulations made thereunder, by the Noticee. Upon examining the aforesaid complaint, the webpages of the website www.profityourtrade.in, Know Your Clients ("KYC") documents, bank account statements and the credit entries reflecting in the same, SEBI, *prima facie*, found that

Order in respect of Profit Your Trade.In (Proprietor- Mr. Patibandla Venkata Vasanta Kumar) in the matter of unregistered investment advisory activities

the Noticee, through its proprietor, is engaged in giving investment advisory services without obtaining a certificate of registration from SEBI, thereby violating the provisions of Section 12(1) of the SEBI Act, 1992 read with Regulation 3(1) of the IA Regulations.

SHOW CAUSE NOTICE, REPLY AND HEARING

3. A Show Cause Notice dated July 19, 2022 ("SCN") was issued to the Noticee calling upon it to show cause as to why suitable directions under Sections 11(4), 11(4A), 11B(1) and 11B(2) of the SEBI Act, 1992, including direction to refund fees / monies collected from investors, be not issued and why inquiry should not be held against it in terms of Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 ("Rules") and monetary penalty under Section 15EB and 15HB of the SEBI Act, 1992 be not imposed against the Noticee for the alleged violation of the provisions of Section 12(1) of the SEBI Act, 1992 read with Regulation 3(1) of the IA Regulations. The following documents were enclosed as annexures to the said SCN:

Annexures to SCN	
Annex. No.	Particulars
1.	Copy of Webpages downloaded from www.profityourtrade.in
2.	Copy of email dated October 21, 2021 sent to Atom
3.	Copy of Merchant Agreement and KYC documents received from Atom vide email dated October 25, 2021
4.	Copy of email dated November 08, 2021 sent to SBI seeking details pertaining to account no. 35xxxxxx536
5.	Copy of AoF, KYC & Bank statement received from SBI pertaining to a/c. no. 35xxxxxx536 vide email dated November 10, 2021
6.	Copy of SEBI's letter dated October 26, 2021 sent to the Noticee
7.	Copy of SEBI's email dated November 09, 2021 sent to the Noticee
8.	Copy of SEBI's email dated February 09, 2022 sent to the Noticee
9.	Copy of SEBI's email dated April 22, 2022 sent to the Noticee along with the attachments in excel
10.	Copy of letter dated November 15, 2021 of the Noticee received through email
11.	Copy of letter dated February 18, 2022 of the Noticee received through email
12.	Copy of letter dated April 27, 2022 of the Noticee received through email

13.	Email dated April 30, 2022 of the Noticee along with its attachments
14.	Email dated May 13, 2022 of the Noticee along with its attachments in excel

4. The details of the allegations made in the SCN are as under:

4.1 SEBI had received a complaint stating that the Noticee, through its proprietor, is selling tips packages without any SEBI license through their website www.profityourtrade.in. Pursuant to the receipt of the said complaint, an examination was undertaken by SEBI. The said examination revealed that the Noticee had a website with a domain name, [https:// www.profityourtrade.in](https://www.profityourtrade.in) which is currently found to be not operative. However, it was observed that the said website of the Noticee was active during the period of examination undertaken by SEBI. A web search was conducted on <https://website.informer.com> and it was found that the aforesaid website was registered / launched on November 23, 2015 and the owner's email ID was mentioned as vasanth.vasanthkumar@gmail.com.

4.2 The perusal of the said website indicates that the Noticee, through its proprietor, was offering various investment advisory services to its clients upon payment of fees through the said website. The Noticee had, *inter alia*, advertised the following on its website:

"Profit your trade.in is a Telugu financial portal that chronicles the growth of Indian stock markets. We lamented this portal with a passion to promote awareness about financial markets and make a difference to people's financial life. The portal intends to provide market news (text and videos), analysis, data and tools on investing, personal finance and many more. Our team of analysts will help in picking stocks with unbiased approach, assist you invest in mutual funds, guide you trade in derivatives, so you can create your long term wealth securely. Our market research expertise makes your journey in the complex financial markets easier."

4.3 The Noticee had further claimed in the aforesaid website that it provides services such as 'positional trades', 'fundamental research', 'combo 1' (positional & fundamental), 'small cap' select, etc. The website had a section on pricing of the various service packages offered by the Noticee. As per the website, the minimum

amount charged by the Noticee was INR 4,800/- and the maximum amount charged was INR 55,000/-. The durations for the aforesaid packages / services range from monthly, Quarterly, Half Yearly, Yearly and 2 Yearly as disclosed on the website of the Noticee. The details of various packages / services and durations as announced on the said website are as under:

“Fundamental Calls

- a. WHAT DO YOU GET? Every week you will receive one Fundamental recommendation at weekends (You will get time to analyze the stock before taking any decision).*
- b. All the recommended stocks are long-term in nature, which you need to hold for at least 2-3 years.*
- c. The company background, financial snapshot, (PE, RoE, RoCE, D/E etc. ratios as ready reckoner), Sector review, Company performance analysis, Future outlook, Rationale to pick this stock etc.*
- d. You will get a very detailed report of the prescribed stock in PDF format.*
- e. As of now, we are not giving any follow-up calls for fundamental recommendations also. It's better to track a company's performance and keep an eye on the sector to act accordingly.*

Technical Calls:

- a. WHAT DO YOU GET? Daily you will get minimum two technical calls according to the market movements. You receive one pre-market positional call before the opening of the session. Mr. Rajendra will give these stock-specific trading recommendations.*
- b. You get - Index levels, Stock Futures calls.*
- c. Time frame: Positional (1-20 days).*
- d. Receivable format: Whatsapp alerts, e-mail and Personal Login in www.profityourtrade.in & Android App to check recent and old calls.*
- e. SAMPLE TEXT MSG: {Analyst}'s Positional call by Analyst XX Buy India cement. CMP 150. Buy till 138. Tgt 170/178. SL 125 on a closing basis.*

“Subscribe” – Packages:

Packages	Charges	
POSITIONAL TRADES (TECHNICAL)	6 months	7500 6000
	12 months	12000 9000
FUNDAMENTAL RESEARCH	6 months	6000 4800
	12 months	10000 8000
COMBO 1 (POSITIONAL & FUNDAMENTAL)	6 months	10000 9001
	12 months	10000 14000
SMALLCAP SELECT	12 months	9000 7500
	24 months	18000 12000
COMBO 2 (FUNDAMENTAL & SMALLCAP SELECT)	12 months	9000 7500
	24 months	18000 12000
COMBO 3 (SMALLCAP SELECT & POSITIONAL)	12 months	15000 13001
	24 months	30000 24000
COMBO 4 (POSITIONAL, FUNDAMENTAL & SMALLCAP)	12 months	24500 19000
SQUAREUP YOUR TRADE (INTRADAY)	1 month	6000 5500
	3 months	18000 13000
	6 months	36000 24000
	12 months	60000 44000
PYT TOTAL COMBO	6 months	38000 33000
	12 months	33000 55000

4.4 It was observed that the website had a customer care telephone number “95xxxxxx43”, email id; support@profityourtrade.in and address “Profityourtrade.in C/o TV5 News, Plot No:92, Road No.1, Jubilee Hills, Near Jubilee hills check post, Hyderabad - 500 033”. Further, the name of ‘Atom Technologies Limited’ (“Atom”) was also mentioned in the said website as a payment gateway.

4.5 Vide email dated October 21, 2021, Atom was requested to provide a copy of the Merchant Agreement and KYC details. In response, Atom, vide email dated October 25, 2021, had furnished the following to SEBI:

- (i) Profit Your Trade.In is a Sole Proprietorship firm which has commenced its trade on December 21, 2015 and Mr. Patibandla Venkata Vasanta Kumar s/o Ram Prasad Patibandla is its sole proprietor.

(ii) The amount collected through the aforesaid Atom payment gateway as advertised on the website www.profityourtrade.in was credited to the State Bank of India (“**SBI**”) Bank Account No. 354xxxx2536.

4.6 Thereafter, vide email dated November 08, 2021, SBI Bank was requested to provide details of Account Opening Form (“AoF”), KYC details and bank account statements pertaining to the aforesaid SBI Bank Account. SBI Bank, vide email dated November 10, 2021, provided details, a perusal of which revealed as under:

Account Name	Holder	Profit Your Trade.In Proprietor: Mr. Patibandla Venkata Vasanta Kumar
Authorized Signatory and Beneficiary		Mr. Patibandla Venkata Vasanta Kumar
Nature of Business		Financial services consultancy
Email		pyt@tv5news.in
PAN		ADEPV8903E
IFSC		SBIN0004155
Account opening date		December 28, 2015
Branch		Pbb Jubilee Hills, Hyderabad
Address		Flat No. 303, Lotus Residency, Door No. 16-31-32 & 51, 6th Phase, K.P.H.B Colony, Hyderabad-500 072

4.7 From the aforesaid details, it was observed that the said bank account was in the name of Profit Your Trade.In and Mr. Patibandla Venkata Vasanta Kumar, being the sole proprietor, was its authorized signatory and beneficiary. Further, the analysis of the said bank account statements revealed a total of 2751 Credit entries amounting to INR 6,48,17,991/- in the said Bank Account Number 354xxxx2536 during the period from December 28, 2015 (*date of opening of the bank account*) to April 08, 2022. The summary of credit transactions in the statement of SBI account held in the name of the Noticee and Atom are given below:

Transaction Period#	Particulars	No. of credit transactions	Amount (in Rs)	Remarks
28.12.2015 to 08.04.2022	Credits received in SBI Bank a/c no. 354XXXX2536	2751	6,48,17,991	This amount includes direct credits received in SBI account as well as credits of Rs.4,33,40,537/- received from Atom
01.06.2016 to 27.10.2021	Amounts received via Atom payment gateway	9120	4,33,40,537	Last date of amount received via Atom is 27.10.2021

the transaction period is from date of first credit transaction/ credit received in Atom till 08.04.2022

4.8 The aforesaid analysis further revealed that various credit entries / transactions are appearing in the bank statement with narrations viz., 'advice', 'subscription', 'share tips', 'fees', 'recommendations', names of various packages offered by the Noticee indicating that the said bank account was used by the Noticee to receive subscription charges related to investment advisory services. An illustrative list of such credit entries / transactions are provided as under:

Date	Particulars	Amount Credited (Rs.)
24/02/2016	TRF FROM 0010248518051 /INB SUBSCRIPTION FEE	9,600.00
24/02/2016	TRF FROM 0020069683250 /INB SUBSCRIPTION FEES	9,600.00
25/02/2016	TRF FROM 0031759686563 /INB TOWARDS SUBSCRIPTION	4,000.00
25/02/2016	TRF FROM 0020012235237 /INB FROMSITARAMCOMBOSUBSCRIPT	9,600.00
26/02/2016	TRF FROM 0020120762383 /INB SHARE TIPS	4,000.00
29/02/2016	TRF FROM 0030374933131 /INB PROFIT YOUR TRADE-COMBO	9,600.00
29/02/2016	TRF FROM 0020182113530 /INB SUBSCRIPTION	5,600.00
11/04/2016	TRF FROM 0010899984495 /INB TRADING FEE	3,000.00
27/04/2016	TRF FROM 0030934986361 /INB TECHNICAL PACK 9866034174	3,000.00
26/05/2016	TRF FROM 0035553359288 /INB FOR SUBSCRIBE FUNDAMENTAL	2,400.00
31/10/2016	TRF FROM 0030369607252 /INB PAYMENT OF FEE	5,000.00

5. In view of the above observations, vide letters dated October 26, 2021 and February 09, 2022 and emails dated November 09, 2021 and April 22, 2022, SEBI had sought details / information from Mr. Patibandla Venkata Vasanta Kumar, sole proprietor of the Noticee, relating to the services offered by it. Vide letters dated November 15, 2021, February 18, 2022, April 27, 2022 and email dated April 30, 2022, Mr. Patibandla Venkata Vasanta Kumar filed replies to the said SEBI letters and emails and had *inter alia* admitted that he has provided investment advisory services and collected subscription fees through Atom payment gateway as well as direct credits in the aforementioned SBI account of the Noticee. During the examination period, the Noticee had not furnished any details to claim having registration with SEBI as an Investment Advisor.
6. Further, having observed that an amount of INR 6,48,17,991/- was credited in the above mentioned SBI Bank account of the Noticee, further details were sought by SEBI and from the examination of material such as (a) details of credits in the bank account through Atom payment gateway, (b) analysis of the break –up of revenues of the Noticee towards subscription amount for investment advisory services, (c) research report under different categories, etc., it was noted that the Noticee had not only offered investment advisory services but also conducted webinars/ workshops and provided other consultancy services through the same website www.profityourtrade.in. It was also noticed that the same payment gateway of Atom was used for receiving subscription charges for investment advisory services as well as for receiving fees towards the training / webinars / workshops / consultancy services provided by the Noticee. Vide email dated May 13, 2022, the Noticee had submitted the financial year wise and subscriber wise break up of amounts collected as subscription charges and the same are tabulated below:

Financial Year	No. of Subscribers	Amount Collected (in INR)
2015-16	393	21,20,136
2016-17	138	9,72,675
2017-18	291	19,04,580
2018-19	132	8,79,500
2019-20	77	4,88,000
2020-21	353	25,11,789
2021-22	662	51,20,053
Total		1,39,96,733

7. In view of the examination of the bank account statements of the bank account held in the name of the Noticee with SBI Bank, submissions made by Atom (payment gateway), webpages of the website www.profityourtrade.in, material provided by the Noticee during the examination, etc. it was alleged in the SCN that the Noticee, through its proprietor, was providing Investment Advisory services. Further, examination of the records available with SEBI revealed that the Noticee and / or its proprietor are not registered with SEBI in the capacity of an Investment Advisor. Therefore, it was alleged that the Noticee, through its proprietor, has engaged in the activities of an 'investment adviser' as defined under Regulation 2(m) of the IA Regulations and by not getting the registration as required under the said Regulations, the Noticee has violated the provisions of Regulation 3(1) of the IA Regulation read with Section 12(1) of SEBI Act, 1992. I note that the said SCN was duly delivered to the Noticee at the address: "Flat No. 303, Ayyanna Pearl, Road No. 07, Kakatiya Hills, Madhapur, Hyderabad – 500081". Thereafter, vide letter dated September 28, 2022, the Noticee filed its reply to the SCN and made the following submissions:

- (i) The Noticee, while referring to para 18 of the SCN, stated that the Noticee had filed an application for settlement under the SEBI (Settlement Proceedings) Regulations, 2018 on September 12, 2022 with SEBI. Further, the settlement application was returned on technical grounds and the Noticee would be filing for it shortly.
- (ii) Further, the Noticee stated that the undated reference received by SEBI on August 19, 2021, pursuant which the examination was conducted by SEBI, has not been provided to the Noticee. Also, a copy of the examination / investigation report has also not been provided.
- (iii) With respect to the allegations levelled against it in the SCN, the Noticee stated that it never intended to violate any rules / regulations pertaining to securities laws or any other law. While giving the educational background, the proprietor stated that he is a familiar name amongst the Telugu investor community because of the various investor education initiatives taken up by him over the past one and a half decade.

- (iv) The proprietor, Mr. Patibandla Venkata Vasanta Kumar stated that with an intention to educate the investors about investments in securities markets he started conducting large scale awareness programs about investments in stock market since 2016 by starting a proprietorship firm by the name profityourtrade.in. There were no major initiatives to educate the investors in Telugu state at that particular point in time and therefore, the Noticee, with the sole intention to guide the investors and make them continue with their investment journey in an effective and efficient manner, has taken this initiative of investor education primarily on his own after seeing the difficulties faced by the common investors.
- (v) The Noticee has conducted various workshops and seminars across the two Telugu states of Telangana and Andhra Pradesh. The details of the investor education initiatives undertaken by the Noticee have been stated to be provided to SEBI during the examination.
- (vi) The Noticee stated that, had it been a project to earn profit, the Noticee would have simply sold the tips / packages as were being offered. However, the Noticee has spent most of the revenues generated by the Noticee on creating facilities such as workshop meeting halls, study material, food arrangements during the seminar / workshop times, etc.
- (vii) The Noticee stated that he was genuinely not aware of the fact that the abovementioned services would fall under the purview of Investment Advisory Services Regulations as stated in the SCN and that it required registration. The non-registration has been stated to be inadvertent and without any *malafide* intention on the part of the Noticee.
- (viii) The Noticee submitted that as soon as he received the first query from SEBI, he discontinued collecting any monies whether in the nature of fees or otherwise.
- (ix) Further, it has been stated that the Noticee has already obtained NISM certification for Research Analyst position and the registration process is underway. The Noticee has stated that he is also in the process of registering himself as an Investment Advisor in terms of the SEBI Regulations.
- (x) The Noticee has stated that in his settlement application he has proposed to get himself registered with SEBI as per the applicable rules and regulations and after registration, to provide advisory service without any cost for two years to the

existing clients who wish to opt for such services and refund the amounts to other clients within two years.

8. From the available records, I note that vide letter dated November 16, 2022, as requested by the Noticee, copy of the examination report along with its annexures were provided by SEBI to the Noticee. Thereafter, in compliance with the principles of natural justice, opportunities of personal hearing were granted to the Noticee on January 04, 2023, April 11, 2023 and June 01, 2023 by the then quasi-judicial authority. It is noted that, the same were adjourned either on the request of the Noticee or due to official exigencies.
9. Further, with respect to the settlement application filed by the Noticee, it is noted that the settlement application was rejected by the High Powered Advisory Committee and the said recommendation was accepted by the Panel of Whole Time Members, SEBI as the settlement amount proposed by the Noticee was not in lines with the amount calculated as per the SEBI (Settlement Proceedings) Regulations, 2018. Accordingly, vide email dated March 15, 2023, the rejection of the settlement application was intimated to the Noticee. Thereafter, vide hearing notice dated April 17, 2023, another opportunity of hearing was granted to the Noticee on June 01, 2023 by the then quasi-judicial authority. In the meantime, vide email dated May 23, 2023 (*i.e. after rejection of the settlement application*), the Noticee submitted its additional reply in the matter and made further submissions, as summarized below:
 - (i) The Noticee stated that the settlement application filed by the Noticee has been rejected by SEBI vide email dated March 15, 2023.
 - (ii) The Noticee provided the details of Income – Expenditure of the workshops conducted by Profityourtrade.in from the year 2015 to 2021 (SEBI notice period) in excel document attached with the email which gave, (a) detailed financials of the workshops conducted by Profityourtrade.in (24 workshops in all), (b) Video highlights of workshops in respective locations, and (c) list of participants at each workshop with phone numbers.
 - (iii) Further, the Noticee provided a summary of income and expenditure for the said events during the relevant period wherein the Noticee states that the total revenue from subscription / webinars was Rs. 1,39,50,100/- and total revenue

from cash receipts from workshops was Rs. 11,92,000/- making it a total income of Rs. 1,51,42,100/-. However, the total expenditure being Rs. 1,37,27,219/-, the surplus income, over and above the expenditure, was Rs. 14,14,881/-.

- (iv) It is the case of the Noticee that no penal action should be taken against the Noticee in view of the services rendered by its team to the greater cause of Investor Education and expenditure incurred in terms of money, energy and time. More than 100 workshops / seminars in 14 years, without any support from the Government / private market participants, have been conducted by the Noticee.
- (v) Therefore, the Noticee states that the amount to be refunded may be computed from the surplus after allowing certain expenses for the time and efforts.

10. The instant case was thereafter allocated to me in June 2023. After perusing the facts of the case and the replies filed by the Noticee, it was felt that the instant case is fit for holding an inquiry and therefore, in compliance with the principles of natural justice, vide hearing notice dated June 27, 2023, an opportunity of personal hearing was granted to the Noticee on July 13, 2023 to appear before me. The AR appearing on behalf of the Noticee, vide email dated July 06, 2023, confirmed attendance for the scheduled hearing through video conferencing. However, vide email dated July 13, 2023 i.e. on the day of hearing, the AR stated that as the arguing counsel appearing on behalf of the Noticee was busy in a matter before the Hon'ble National Company Law Tribunal, Mumbai, the hearing scheduled on July 13, 2023 may be adjourned in the interest of justice and equity. Acceding to the said request, a short adjournment was granted to the Noticee and the hearing was re-scheduled on July 19, 2023. On the scheduled date, the AR for the Noticee, Ms. Sabeena Mahadik, Advocate, while reiterating the submissions made by the Noticee vide its replies dated September 28, 2022 and May 23, 2023, made the following submissions:

- (i) Mr. Patibandla Venkata Vasant Kumar is the proprietor of the Proprietorship concern namely, Profit Your Trade.In.
- (ii) He has been carrying out the said activities of giving investment advice through educational seminars primarily to spread awareness and educate Telugu speaking investors.

- (iii) The Noticee, Mr. Patibandla Venkata Vasant Kumar was unaware of the fact that the activities carried out through his website with the domain name <http://www.profityourtrade.in> were in violation of the SEBI laws.
- (iv) Further, it has been stated that there was no '*mens rea*' involved in the said activities and the monies raised out of such activities were utilized only for educational purposes. There has been no intention to make profits.
- (v) No investor complaints against the Noticee alleging fraud on investors.
- (vi) The AR, while referring to the additional submissions made by the Noticee on May 23, 2023, stated that the Noticee has even provided the summary of the income and expenditure for the said events conducted during the relevant period.
- (vii) The Noticee is in the process of getting a SEBI registration.

11. The AR for the Noticee, requested for two weeks' time to file written submissions in the case. Accordingly, time until July 26, 2023 was granted to file further submissions. The Noticee, vide letter dated July 26, 2023, made further submissions in the matter, which are summarized below:

- (i) The Noticee stated that the SCN cannot be issued to the proprietor and the proprietorship concern separately as there is no separate entity and they are one and the same.
- (ii) The funds raised out of the activities were solely utilized for educational purposes and there was no ulterior motive to generate profits. The Noticee's primary focus was always on advancing education and creating positive impact, devoid of any hidden agenda or personal gain.
- (iii) It is the case of the Noticee that had the intention been purely profit-driven, the Noticee could have simply sold tips / packages as offered by others. Instead, the Noticee utilized most of the generated revenue to create facilities for workshops, meeting halls, study materials, food arrangements during seminars, etc.
- (iv) The Noticee affirms that he never interfered with individual portfolio decisions or managed any investor's portfolio. There were no complaints of any nature before the SCN or after the SCN and during the examination period.

- (v) The Noticee genuinely lacked awareness regarding the fact that the services would fall under the purview of Investment Advisory Services Regulations as mentioned in the SCN.
- (vi) It is submitted that the Noticee has a spotless record with no prior cases or violations of any law and that he is a respected and established journalist in the States of Telangana and Andhra Pradesh.
- (vii) The Noticee states that he is in the process of registering as an Investment Advisor in compliance with SEBI regulations.
- (viii) There is no allegation of providing wrong investment advice or misleading investors.
- (ix) The Noticee has once again submitted the summary of income and expenditure for the events, as already provided in his additional submissions dated May 23, 2023.

CONSIDERATION OF ISSUES AND FINDINGS

12. I have carefully considered the allegations made against the Noticee in the SCN, the submissions made by the Noticee vide letters dated September 28, 2022, May 23, 2023 and July 26, 2023 and the documents as available on record. I note that the issue that arises for consideration in the present proceeding is whether the Noticee, through its proprietor, has acted as an unregistered investment advisor in violation of the provisions of the SEBI Act, 1992 read with the IA Regulations. In this regard, I note that the definition of '*Investment Adviser*' as given under Regulation 2(1)(m) of the IA Regulations is as follows:

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

13. Further, Regulation 2(1)(l) of the IA Regulations, which defines '*investment advice*', reads as follows:

"investment advice means advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio containing securities or investment products, whether written, oral or through

any other means of communication for the benefit of the client and shall include financial planning:

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

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

SEBI Act, 1992

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

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

SEBI (INVESTMENT ADVISER) REGULATIONS, 2013

“Application for grant of certificate.

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

15. I note that the Noticee has admitted that during the examination period, it had indulged in investment advisory activities in the name of Profit Your Trade.In, through its proprietor Mr. Patibandla Venkata Vasant Kumar. However, the Noticee has stated that he was unaware that the activities / services indulged into would fall under the purview of Investment Advisory Services Regulations as stated in the SCN and that it required SEBI registration. I find that during the examination period, the Noticee had a website with a domain name, [https:// www.profityourtrade.in](https://www.profityourtrade.in), which is currently found to be inoperative. Upon conducting a web search on <https://website.informer.com>, it was found that the aforesaid website was registered / launched on November 23, 2015 and the owner’s email ID was mentioned as vasanth.vasanthkumar@gmail.com. Further, upon perusal of the webpages available on record, I note that the Noticee was providing services such as ‘positional trades’, ‘fundamental research’, ‘combo 1’ (positional & fundamental), ‘small cap select’,

'Squareup your trade (Intraday)', etc. Further, the package details under each of the said services mentioned charges ranging from Rs. 4,800/- to Rs. 55,000/- with duration range of monthly, quarterly (3 months), half yearly (6 months), yearly (12 months) and two yearly (24 months). Screen shot of the said webpage is as under:

10/20/21, 10:03 AM Regional Telugu business and stock market updates | profityourtrade

HEADLINES Search

PROFIT YOUR TRADE
Wed Oct 20 2021

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Package Details for Positional Trades (Technical)	Package Details for Fundamental Research	Package Details for Combo 1 (Positional & Fundamental)
<input type="radio"/> ₹7500 6000 (6 months)	<input type="radio"/> ₹6000 4800 (6 months)	<input type="radio"/> ₹10000 9001 (6 months)
<input type="radio"/> ₹12000 9000 (12 months)	<input type="radio"/> ₹10000 8000 (12 months)	<input type="radio"/> ₹16000 14000 (12 months)

SMALLCAP SELECT	COMBO 2 (FUNDAMENTAL & SMALLCAP SELECT)	COMBO 3 (SMALLCAP SELECT & POSITIONAL)
Package Details for Smallcap Select	Package Details for Combo 2 (Fundamental & Smallcap Select)	Package Details for Combo 3 (Smallcap Select & Positional)
<input type="radio"/> ₹9000 7500 (12 months)	<input type="radio"/> ₹15000 12001 (12 months)	<input type="radio"/> ₹15000 13001 (12 months)
<input type="radio"/> ₹18000 12000 (24 months)	<input type="radio"/> ₹25000 21000 (24 months)	<input type="radio"/> ₹30000 24000 (24 months)

COMBO 4 (POSITIONAL, FUNDAMENTAL & SMALLCAP)	SQUAREUP YOUR TRADE (INTRADAY)	PYT TOTAL COMBO
Package Details for Combo 4 (Positional, Fundamental & Smallcap)	Package Details for Squareup Your Trade (INTRADAY)	Package Details for PYT TOTAL COMBO
<input type="radio"/> ₹24500 19000 (12 months)	<input type="radio"/> ₹6000 5500 (1 months)	<input type="radio"/> ₹38000 33000 (6 months)
	<input type="radio"/> ₹18000 13000 (3 months)	<input type="radio"/> ₹76000 55000 (12 months)
	<input type="radio"/> ₹36000 24000 (6 months)	
	<input type="radio"/> ₹60000 44000 (12 months)	

Enter Name	Email ID	Mobile Number	Re Enter Mobile Number
Enter Name	Email ID	Mobile Number	Re Enter Mobile Number
City	Postal Address	<input type="button" value="Submit"/>	
City	Postal Address		

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<https://www.profityourtrade.in/subscriptions>

16. I further note that the website had a customer care telephone number “95xxxxxx43”, email id support@profityourtrade.in and address “Profityourtrade.in C/o TV5 News, Plot No:92, Road No.1, Jubilee Hills, Near Jubilee hills check post, Hyderabad - 500 033”. Further, as mentioned in the preceding paragraph no. 4.4 and 4.5, Atom was mentioned as the payment gateway for making payments for the various investment advisory packages offered by the Noticee on its website which was stated to be connected to SBI Bank account No. 354xxxx2536. From perusal of the details as provided by SBI Bank viz. the KYC documents and bank account statements, it can clearly be seen that the said bank account was opened in the name of Profit Your Trade.In (Proprietor: Mr. Patibandla Venkata Vasant Kumar) and the authorized signatory and beneficiary for the said account is its proprietor, Mr. Patibandla Venkata Vasant Kumar. Further, it is noted that the Noticee has mentioned the nature of business to be ‘Financial Services Consultancy’. Furthermore, the analysis of the bank statements revealed credit of Rs. 6,48,17,991/- in the said bank account during the period from December 28, 2015 (date of opening of the bank account) to April 08, 2022. The said amounts included various credit entries having the narration as

'advice', 'subscription', 'share tips', 'fees', 'recommendations', names of various package offered by the Noticee indicating that the said bank account was used to receive subscription charges related to investment advisory services. In view of the documentary evidence available on record and the fact that the Noticee has admitted that he was providing investment advisory services as displayed on the website profityourtrade.in, it is established beyond doubt that the Noticee indulged in providing services which were in the nature of investment advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products. Further, I note that it is a principle of law that '*ignorantia juris non excusat*' or '*ignorantia legis neminem excusat*' or '*ignorance of law is no excuse*'. Therefore, the submission of the Noticee that he was unaware that the services offered were in the nature of investment advisory for which a certificate of registration has to be obtained from SEBI under the SEBI Rules and Regulations cannot be accepted.

17. With respect to the amounts collected towards providing the said advisory services, I note that during the examination, the Noticee had stated that he had not only offered investment advisory services but also conducted webinars/ workshops and provided other consultancy services through the website www.profityourtrade.in using the same payment gateway i.e. 'Atom'. In support of the same, the Noticee had provided a financial year wise and subscriber wise break up of amounts collected as subscription charges and the same are as under:

Financial Year	No. of Subscribers	Amount Collected (in INR)
2015-16	393	21,20,136
2016-17	138	9,72,675
2017-18	291	19,04,580
2018-19	132	8,79,500
2019-20	77	4,88,000
2020-21	353	25,11,789
2021-22	662	51,20,053
Total		1,39,96,733

18. Upon perusal of the same, it is noted that out of the total credits of Rs. 6,48,17,991/- in the SBI Bank account, Rs. 1,39,96,733/- were collected towards subscription fees for providing investment advisory services during the period from February 03, 2016

to October 26, 2021. However, vide reply dated May 23, 2023, the Noticee has made additional submissions and stated that the total revenue from subscription / webinars was Rs. 1,39,50,100/- and the total revenue from cash receipts from workshops was Rs. 11,92,000/-, making it a total income of Rs. 1,51,42,100/- for the relevant period under examination. However, the total expenditure being Rs. 1,37,27,219/-, the surplus income, over and above the expenditure, was only Rs. 14,14,881/-. The summary of the income and expenditure for the said events conducted during the relevant period as stated by the Noticee in the reply dated May 23, 2023 is reproduced as under:

Total Revenue from subscription / webinars	13,950,100
Total Revenue cash receipts from workshops	1,192,000
Total Income	15,142,100
Total Expenditure	13,727,219
Surplus (Excess of income over expenditure)	1,414,881

19. I note that the charge levelled against the Noticee is twofold viz. (i) that the Noticee indulged in activities which were in the nature of providing investment advice for consideration through its website www.profityourtrade.in, and (ii) the said activities were carried out by the Noticee without having a certificate of registration from SEBI as provided under the SEBI Act, 1992 and IA Regulations, 2013. In terms of Regulation 3(1) of the IA Regulations, 2013, “*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*”. Further, Section 12(1) of the SEBI Act, 1992 states that no investment adviser or any 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. Therefore, I note that the charge against the Noticee in the instant case is that of acting and holding itself out as an investment advisory concern through its website and otherwise without having a SEBI certificate of registration. The fact that the services offered by the

Noticee through the website www.profityourtrade.in were in the nature of providing investment advice has been already established in the above paragraphs and the same has also been admitted by the Noticee during the examination and in the replies to the SCN.

20. Further, the Noticee's submission that he was carrying out the said activities in order to educate the telugu speaking investors and that several workshops have been conducted by the Noticee by using the amounts collected towards subscription fees charged for different packages offered through the website www.profityourtrade.in is found to be misplaced and irrelevant. I note that as mentioned above, the Noticee has already accepted and admitted providing investment advisory services by taking subscription fees during the relevant period and that he did not have any SEBI registration. Further, the purpose for which the amounts so collected by way of offering various packages for giving investment advisory services to the investors were utilized by the Noticee is immaterial. Once it has been established that the Noticee has acted in that capacity, without having any certificate of registration to act as an Investment Advisor and by way of acting as an unregistered investment advisor has collected an amount of Rs. 1,39,96,733/- towards subscription fees for various packages offered as has been mentioned in paragraph nos. 17 and 18 above, the purpose for which the monies are being used by the Noticee does not mitigate and / or absolve the Noticee from the violations of the provisions of securities laws. In view of the same, I find that the said submission of the Noticee is devoid of any merit.

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

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

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

22. I further note that safeguards provided under IA Regulations requires continued minimum professional qualification and net-worth requirement for investment adviser, including disclosure of all conflict of interest, prohibition on entering into transactions which are contrary to advice given for 15 days, risk profiling of investors, maintaining documented process for selecting investment for client based on client's objective and risk profile, understanding the nature and risks of products or assets selected for clients, etc. These requirements are aimed at protection of investor's interest.

23. I find from the available records that neither the Noticee firm nor its sole proprietor Mr. Patibandla Venkata Vasant Kumar were registered with SEBI in the capacity of Investment Advisors or otherwise. Also, I note that a bald submission has been made by the Noticee that it is in the process of getting registered with SEBI as an Investment Advisory without submitting any documentary evidence in support of the same such as the NISM certification, registration application filed with SEBI, etc. The factum of filing an application cannot absolve the Noticee from the activities carried out by it without having a certificate of registration. Hence, I find that these activities were being carried out by the Noticee without obtaining the necessary certificate of registration as investment advisor and therefore, the Noticee (Proprietor – Mr. Patibandla Venkata Vasant Kumar) has violated Section 12(1) of the SEBI Act, 1992 read with Regulation 3(1) of the IA Regulations.

24. The SCN referred above, also calls upon the Noticee to explain as to why appropriate penalties be not imposed upon it under Section 15EB (for activities subsequent to March 08, 2019) and Section 15HB (for the activities prior to March 08, 2019) of the SEBI Act, 1992 for the alleged violations. Relevant extract of the penalty provisions, as existing at the time of violation, are reproduced, hereunder:

15EB. Penalty for default in case of investment adviser and research analyst.

“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.”

15HB. Penalty for contravention where no separate penalty has been provided.

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

25. Upon consideration of the above penalty provisions, I find that Sections 15EB and 15HB of the SEBI Act, 1992 have been invoked in the present case as the Noticee, through its proprietor Mr. Patibandla Venkata Vasant Kumar has carried out the business of giving investment advice without obtaining a certificate of registration

from the Board under the IA Regulations. It has been clearly established in the preceding paragraphs that the Noticee, through its proprietor, has acted as investment advisor without obtaining a certificate of registration from SEBI and therefore, violated Section 12(1) of the SEBI Act, 1992 read with Regulation 3(1) of the IA Regulations. In view of the same, I find that monetary penalties under Section 15EB (for the violations subsequent to March 08, 2019) and 15HB (for violations prior to March 08, 2019) of the SEBI Act, 1992 are clearly attracted on the Noticee in the present case.

26. It is relevant to mention here that for determining the amount of penalty to be imposed under the provisions of the SEBI Act, guidance is provided under Section 15J of the SEBI Act, 1992 which is reproduced as under:

“15J. Factors to be taken into account while adjudging quantum of penalty.
While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely:

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

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

27. I find that, as already mentioned in the previous paragraphs, the SBI Bank Account held in the name of the Noticee firm (having authorized signatory and beneficiary, Mr. Patibandla Venkata Vasant Kumar) was having credit entries totaling to Rs. 6,48,17,991/- out of which the monies admitted to have been collected towards subscription fees for the unregistered investment advisory services provided by the Noticee firm through its proprietor are Rs. 1,39,96,733/- (refer preceding para no. 17). I note that the said amount so stated to be credited and collected towards subscription fees for various packages displayed on the website www.profityourtrade.in is excluding the amounts collected towards other consultancy services and towards the

workshops / webinars conducted by the Noticee for investor education during the examination period. I note that the Noticee has admitted that he has provided investment advisory services without having a certificate of registration during the relevant period. Therefore, even though the Noticee has submitted that the amounts so collected towards investment advisory services were utilized towards investor education, I am of the considered view that the Noticee is liable to refund the aforementioned amount i.e. Rs. 1,39,96,733/- so collected by it as unregistered investment advisor in addition to the monetary penalties which are attracted for the said violations under Sections 15EB and 15HB of the SEBI Act, 1992. However, it is pertinent to note that the Noticee, after receipt of queries from SEBI during examination, has discontinued providing investment advisory services.

ORDER AND DIRECTIONS

28. In view of the foregoing, I, in exercise of the powers conferred upon me under Sections 11(1), 11(4), 11(4A), 11B(1) and 11B(2) read with Section 19 of the SEBI Act, 1992 and Rule 5 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, do hereby issue the following directions:

28.1 The Noticee i.e. Profit Your Trade.In through its proprietor Mr. Patibandla Venkata Vasant Kumar shall, within a period of three months from the date of coming into force of this direction, refund the monies received from any complainants/ investors, as fees or consideration or in any other form, in respect of the unregistered investment advisory activities carried out by the Noticee;

28.2 The Noticee i.e. Profit Your Trade.In through its proprietor Mr. Patibandla Venkata Vasant Kumar shall issue a public notice in all editions of two National Dailies (one English and one Hindi) and in one local daily with wide circulation, detailing the modalities for refund, including the details of contact person/s such as names, addresses and contact details, within 15 days of coming into force of this direction;

28.3 The repayments to the complainants/ investors shall be effected by the Noticee (Proprietor Mr. Patibandla Venkata Vasant Kumar) only through Bank Demand Draft or Pay Order or electronic fund transfer or through any other appropriate banking channels, which ensures audit trails to identify the beneficiaries of

repayments;

- 28.4** The Proprietor- Mr. Patibandla Venkata Vasant Kumar is prevented from selling his assets, properties and holding of mutual funds/shares/securities held by him in demat and physical form except for the sole purpose of making the refunds as directed above. Further, the banks are directed to allow debit only for the purpose of making refunds to the clients/ investors/ complainants who were availing the investment advisory services from the Noticee, as directed in this order, from the bank account of the Proprietor- Mr. Patibandla Venkata Vasant Kumar;
- 28.5** After completing the aforesaid repayments, the Noticee shall file a report of such completion with SEBI addressed to the “Division Chief, Division of Post-Inspection Enforcement Action, Market Intermediaries Regulation and Supervision Department, SEBI Bhavan II, Plot No. C7, G Block, Bandra Kurla Complex, Bandra (East) Mumbai –400051”, within a period of 15 days, after completion of three months from the coming into force of the directions at para 28.1 and 28.2 above, duly certified by an independent Chartered Accountant and the direction at para 28.4 above shall cease to operate upon filing of such report on completion of refunds to complainants/ investors;
- 28.6** The remaining balance amount shall be deposited by the Noticee with SEBI which will be kept in an escrow account for a period of one year for distribution to clients / complainants / investors who were availing the investment advisory services from the Noticee. Thereafter, remaining amount, if any, will be deposited in the Investors Protection and Education Fund maintained by SEBI;
- 28.7** The Proprietor- Mr. Patibandla Venkata Vasant Kumar is debarred from accessing the securities market, directly or indirectly and is prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly, in any manner whatsoever, for a period of one (1) year from the date of this order or till the expiry of one (1) year from the date of completion of refunds to complainants/ investors along with depositing of balance amounts, if any, with SEBI, as directed in paras 28.1 and 28.6 above, whichever is later;
- 28.8** The Noticee i.e. Profit Your Trade.In and its Sole Proprietor - Mr. Patibandla Venkata Vasant Kumar shall not undertake either during or after the expiry of

the period of debarment / restraint as mentioned in para 28.7 above, either directly or indirectly, investment advisory services or any activity in the securities market without obtaining a certificate of registration from SEBI as required under the securities laws;

28.9 Further, the Noticee i.e. Profit Your Trade.In and its Sole Proprietor - Mr. Patibandla Venkata Vasant Kumar is hereby imposed the following monetary penalty:

Sr. No.	Name of the Noticee	Penal provision under the SEBI Act, 1992	Amount (in Rupees)
1.	Profit Your Trade.In (Proprietor- Mr. Patibandla Venkata Vasant Kumar)	Section 15EB (for the violations subsequent to March 08, 2019)	2,00,000/-
		Section 15HB (for the violations prior to March 08, 2019)	2,00,000/-
Total Penalty			4,00,000/-

28.10 The Noticee through its proprietor shall remit / pay the aforesaid amount of penalty within 45 days of receipt of this order by using the undermentioned pathway:

www.sebi.gov.in / ENFORCEMENT → Orders → Orders of EDs / CGMs → Click on PAY NOW or by using the web link: <https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html>.

The Noticee shall forward the details / confirmation of penalty so paid through e-payment to “Division Chief, Division of Post-Inspection Enforcement Action, Market Intermediaries Regulation and Supervision Department, SEBI Bhavan II, Plot No. C7, G Block, Bandra Kurla Complex, Bandra (East) Mumbai – 400051” and also to e-mail id: tad@sebi.gov.in in the format given in the table below:

1. Case Name	
2. Name of payee:	
3. Date of payment:	
4. Amount paid:	
5. Transaction no:	
6. Bank details in which payment is made:	

7. Payment is made for: (like penalties / disgorgement / recovery / settlement amount and legal charges along with order details)	
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- 29.** The direction for refund, as given in para 28.1 above, does not preclude the clients / investors to pursue the other legal remedies available to them under any other law, against the Noticee for refund of money or deficiency in service before any appropriate forum of competent jurisdiction.
- 30.** This order shall come into force with immediate effect.
- 31.** A copy of this order shall be sent to the Noticee (Proprietor – Mr. Patibandla Venkata Vasant Kumar), recognized Stock Exchanges, the relevant Banks, Depositories and Registrar and Transfer Agents of mutual funds to ensure that the directions given above are strictly complied with.

Date: August 24, 2023

Place: Mumbai

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