

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA**  
**ORDER**

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**Under Sections 11(1), 11(4), 11(4A) 11B(1) and 11B(2) of the Securities and Exchange Board of India Act, 1992.**

**In respect of –**

<b>Noticee</b>	<b>PAN</b>
<b>Mr. V. N. Aravind, Proprietor of Magic Mantra</b>	<b>BTOPA3202N</b>

**In the matter of Unregistered Investment Advisory Services by Mr. V. N. Aravind (Proprietor of Magic Mantra)**

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**BACKGROUND**

1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) received a complaint dated April 16, 2019 from one Mr. Gurikeri Ravikumar (hereinafter referred to as “**the complainant**”), *inter alia*, alleging that he had received a call from Magic Mantra, Proprietorship firm of Mr. V. N. Aravind (hereinafter referred to as “**Noticee**”) regarding stock market trade advice and promising higher profits. The complainant also stated that he had transferred a sum of ₹25,000 through Easebuzz payment gateway to Magic Mantra.
2. Pursuant to receipt of the above mentioned complaint, SEBI conducted an examination of the activities of the Noticee to verify the veracity of the complaint and to ascertain the violation of the provisions of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the “**SEBI Act**”) and the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 (hereinafter referred to as the “**IA Regulations**”), if any. Pursuant to the said examination, it was

noted that by collecting fees from the investors for Investment Advisory services, without having a certificate of registration from SEBI, Mr. V. N. Aravind was acting as an Investment Adviser, which is in violation of Section 12(1) of the SEBI Act and regulation 3(1) of the IA Regulations. I note from the record that during the course of the examination, twenty clients who had made payments using the Easebuzz payment gateway to the Noticee, were requested to provide the reasons for such payments and out of the twenty clients, three clients replied stating that the payments were made towards investment advisory.

### **SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING**

3. Based on the findings of the examination, a Show Cause Notice dated December 26, 2022 (hereinafter referred to as “**the SCN**”) was issued to Mr. V. N. Aravind (the sole proprietor of Magic Mantra). The relevant facts/ allegations as contained in the SCN are as under:

- i. The complainant had transferred a sum of ₹25,000 through Easebuzz gateway to the bank account of Magic Mantra, which is sole proprietorship of Mr. V. N. Aravind;
- ii. The details of payment gateway services (Easebuzz) availed by the Noticee, copy of Know Your Customer (hereinafter referred to as “**KYC**”) forms, and transaction statements were received from Easebuzz and from the same it was observed that amounts collected via payment gateway were credited in the ICICI bank account no. 343905\*\*\*272<sup>1</sup> (hereinafter referred to as “**ICICI Account**”) of Magic Mantra. Further, Mr. V.N. Aravind, being the sole proprietor was the authorized signatory and beneficial owner of the said account;
- iii. It is also noted from the certificate of Registration of Establishment (part of KYC documents provided by Easebuzz) that Magic Mantra was registered as a commercial establishment under the Karnataka Shops and Commercial

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<sup>1</sup> The account details have been masked in the interest of privacy.

Establishments Act, 1961 on September 28, 2018 (Registration no. 34/163/S/0121/2018) and Mr. V. N. Aravind is the owner of the same. The nature of the business is mentioned as “*Business advisory services*”;

- iv. Apart from the amounts received through the Easebuzz gateway, the aforesaid ICICI Account had multiple direct credit transactions, wherein, the description was fee, registration fees, trade registration, share market, etc. The list of such transactions is produced hereunder:

**Table No. 1**

Sl. No.	Date	Description	Amount Collected in (₹)
1	23-10-2018	BIL/INFT/001561586431/Fee/Anand /ICICI BANK	3000
2	05-12-2018	MMT/IMPS/833912920708/registration fe/P KARUNA K/I	5000
3	14-12-2018	BIL/INFT/001598376845/Trade Registrat/MAGICMANTR/I	1000
4	14-12-2018	BIL/INFT/001598392813/Trade registrat/MAGICMANTR/I	4000
5	18-12-2018	MMT/IMPS/835209140787/Share Fees/PALANI VEL/HDFC B	7500
6	10-01-2019	MMT/IMPS/901018143839/Market Trade/ANIL KUMAR/HDFC	25000
7	11-01-2019	UPI/901110543579/Trade/raheempt7170@ok/IDBI Bank L	2500
8	11-01-2019	MMT/IMPS/901114704327/One month servi/SANTHOSH R/I	7500
9	11-01-2019	UPI/901123753447/Trade/raheempt7170@ok/IDBI Bank L	2500
10	18-01-2019	MMT/IMPS/901816980291/MB: SERVICE/P RAMAKRIS/KOTAK	5000
11	25-01-2019	MMT/IMPS/902515383906/Market Trade Ac/ANIL KUMAR/H	15000
12	29-01-2019	NEFT-N029190736185520-JAYADHEER P-Initial service	2500
13	31-01-2019	MMT/IMPS/903110106997/FOR TRADING TIP/ULLAS N /H	20000
14	31-01-2019	BIL/INFT/001630870352/Service/ /ICICI BAN	10000
15	31-01-2019	UPI/903130429804/Registration f/9916420727@ybl/Co	5000
16	31-01-2019	MMT/IMPS/903120132867/FOR TRADING TIP/ULLAS N /H	5000
17	05-02-2019	MMT/IMPS/903622594002/MB: FEES/SHURTIN HI/KOTAK MA	5000
18	08-02-2019	MMT/IMPS/903917484927/register charge/CHETHAN K /C	5000
19	19-02-2019	MMT/IMPS/905017155297/MB: SERVICE/P RAMAKRIS/KOTAK	5000
20	26-02-2019	MMT/IMPS/905710339645/Share trading a/ANIL KUMAR/H	20000
21	27-02-2019	MMT/IMPS/905812364981/Options trading/ANIL KUMAR/H	10000

Sl. No.	Date	Description	Amount Collected in (₹)
22	07-03-2019	BIL/INFT/001658243756/registration/PROFIT MAG/ICIC	5000
23	08-03-2019	BIL/INFT/001658813275/Trade/Magicmantr/ICICI BANK	25000
24	19-03-2019	MMT/I MPS/907809350206/Registration fe/M K KUSHA /H	5000
		<b>Total</b>	<b>2,00,500</b>

- v. On an analysis of the transactions statement of credits received in the ICICI Account directly and through the Easebuzz account, it is noted that through 121 credit transactions, a total amount of ₹33,67,931.54 was credited in the ICICI Account of Mr. V. N. Aravind. The breakup of the same is as under:

**Table No. 2**

Transaction Period #	Mode of receipt	No. of identified transactions	Identified Amount (in ₹)
25.10.2018 to 05.04.2019	Easebuzz Credits to ICICI a/c no 343905000272	97	31,67,431.54
23.10.2018 to 19.03.2019	Direct Credits to ICICI a/c no 343905000272	24	2,00,500.00
	<b>Total</b>	<b>121</b>	<b>33,67,931.54</b>
‘#’ - The transaction period is from the date of first credit identified as amount collected towards investment advisory services till the date of last credit transaction to the account identified as amount collected towards investment advisory services			

4. Basis above, it was alleged that the Noticee indulged in acts of providing investment advisory services to investors at large without obtaining necessary registration in this regard from SEBI which is in violation of Section 12(1) of the SEBI Act and regulation 3(1) of the IA Regulations.
5. Accordingly, vide SCN dated December 26, 2022, the Noticee was called upon to show cause as to why suitable directions under Sections 11B(1) and 11(4) of the SEBI Act, including direction of refund of fees/ money collected from investors should not be issued against it. Further, the Noticee was also called upon to show cause as to why a penalty be not imposed upon it under Section 11B(2) and 11(4A) read with Section 15EB and 15HB of the SEBI Act for the violations as alleged in the SCN.

6. Pursuant to the same, the Noticee, vide email dated January 19, 2023, filed his reply dated January 16, 2023 in the matter.

7. The reply dated January 16, 2023, filed by the Noticee is summarized as under:

- i. Magic Mantra is involved in the core business activities of accounting, taxation advisory, financial advisory related to business, other than financial instruments and allied services to its clients and has never acted in the market as intermediary or made any kind of impression/ impersonation as an investment adviser;
- ii. Magic Mantra is known to be an accounting, tax advisory and incidental financial advisory firm and hence, it falls within the exemption under regulation 4(a) of the IA Regulations which provides as under:

*“4. The following persons shall not be required to seek registration under regulation 3 subject to the fulfillment of the conditions stipulated therefor, —  
(a) Any person who gives general comments in good faith in regard to trends in the financial or securities market or the economic situation where such comments do not specify any particular securities or investment product;”*

In view of the aforesaid regulation, Magic Mantra did not register itself as an Investment Advisor and has never given any investment advice on stock market product;

- iii. The amount credited in the ICICI Account is received towards the business advisory services like accounting, taxation advisory and incidental services.
8. After the receipt of the said reply, vide email dated March 31, 2023, the Noticee was informed that an opportunity of personal hearing has been provided to him on April 17, 2023. Mr. V. N. Aravind, vide letter dated April 15, 2023, requested adjournment of personal hearing on account of medical condition and accordingly, in the interest of natural justice, the hearing was rescheduled to May 4, 2023.
9. On May 4, 2023, the Noticee, along with Mr. Vedchetan Patil, Authorized Representative of the Noticee appeared through Webex and submitted that the

Noticee was unable to read/ access the annexures to the SCN due to certain technical issues at his end. Accordingly, the Noticee was informed that legible annexures would be provided to him in due course and the Noticee may file further written submissions in the matter on or before May 15, 2023. The Noticee was provided with the relevant documents in the matter vide email dated May 8, 2023. Since no reply to the SCN was received from the Noticee, vide an email dated May 24, 2023, a confirmation was sought from him as to whether the documents provided to him vide email dated May 8, 2023 are legible/ accessible. Mr. V. N. Aravind, vide email dated May 24, 2023, confirmed that the annexures were accessible/ legible. Pursuant to the said confirmation, the Noticee was further granted an extension till May 31, 2023 to file the written submissions in the matter.

10. Since the Noticee did not file any submissions till May 31, 2023, another extension, as a last opportunity, was provided to the Noticee and he was intimated that if no submissions are made on or before June 23, 2023, the matter shall be proceeded on the basis of material available on record. It is noted from the records that even after being granted multiple extensions to file written submissions in the matter, the Noticee has failed to avail the opportunities and has not filed any written submissions, apart from the letter dated January 16, 2023.
11. Considering the above, I am of the view that the principles of natural justice have been duly complied with and the matter is fit to be proceeded with, on the basis of material available on record.

### **CONSIDERATION OF ISSUES AND FINDINGS**

12. Before coming to the merits of the case, I note that after the hearing dated May 4, 2023, the Noticee has failed to submit written submissions, even after being provided all the relevant documents and multiple opportunities for the same. It is noteworthy that the SCN, which was sent to the Noticee on two occasions, contained all the documents which have been relied upon by SEBI for the purpose of the allegations levelled therein. In spite of the same, no specific response / explanation

has been submitted by the Noticee on merits to the allegations, except the fact that it was eligible for exemption under regulation 4(a) of the IA Regulations. It is a settled law that failure to submit any defence despite service of notice is equivalent to admission of the charge levelled in the notice. In this regard, it is relevant to advert to the following observations of Hon'ble Securities Appellate Tribunal (hereinafter referred to as "**SAT**") in the matter of *Sanjay Kumar Tayal & Others vs SEBI* (Appeal No. 68 of 2013 decided on February 11, 2014):

*"As rightly contended by Mr. Rustomjee, learned senior counsel for respondents, 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 levelled against them in the show cause notices."*

13. Similarly, Hon'ble SAT in the matter of *Shri Dave Harihar Kiritbhai vs SEBI* (Appeal No. 93, 104 of 2014 decided on December 19, 2014) refused to consider the arguments and documents submitted by the appellants therein, in light of the fact that the appellants had not filed the same before SEBI when the proceedings were ongoing before SEBI. Hon'ble SAT held the following:

*"... 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 and on basis of submissions of Appellant and Respondent, in accordance with applicable law.*

7. In view of above, the Tribunal cannot consider the submissions of Appellant nor look at the documents produced before this Tribunal, since these were not made available or produced before Ld. A.O., despite being provided ample opportunities and since fresh submissions and documents cannot be accepted in Appeal as these were not made or produced before Ld. A.O., the Tribunal will decide this matter on basis of material and evidence before Ld. A.O."

14. Accordingly, I deem it fit to proceed with the material available on record and the limited submissions made by the Noticee.
15. The SCN, *inter alia*, alleged that the Noticee had carried out investment advisory activities without obtaining the requisite registration from SEBI in violation of the provisions of Section 12(1) of the SEBI Act and regulation 3(1) of the IA Regulations.
16. I have perused the material available on record and note that money was being credited into the ICICI Account belonging to the Noticee, directly and also through Easebuzz gateway. As noted above, the complainant had stated that he had transferred an amount of ₹25,000 through the Easebuzz gateway to the ICICI Account and the said fact has not been disputed by the Noticee. Further, no justification/ explanation has been provided by the Noticee as regards the credit of the said amount. Furthermore, on an analysis of the transactions wherein money was credited directly into the ICICI Account, it is noted that an amount of ₹2,00,500 was credited into the said account. As noted at Table No. 1 earlier, the credits had descriptions such as '*Trade*', '*Options Trading*', '*Share trading*', '*For Trading Tip*', '*Market Trade*', etc. in light of the above, it is clear that the amounts received in the ICICI Account, which was in the name of Magic Mantra (the sole proprietor of which is Mr. V.N. Aravind), were in lieu of the unregistered investment advisory services provided by the Noticee. As regards the amounts credited through the Easebuzz gateway, as noted at Table No. 2, 97 transactions were identified wherein money was transferred to the ICICI Account and a total sum of ₹31,67,431.54 was credited in the said account. The Noticee has not made any submission/ justification as regards the said amount either. I also note from the record that during the course of investigation, the Noticee was specifically asked to provide an explanation as regards the rationale for the said credit transactions in the ICICI Account, but the Noticee did not provide any response/ reply to the same.
17. In the reply dated January 16, 2023, the Noticee has contended that Magic Mantra was exempted from obtaining SEBI Registration in terms of the regulation 4(a) of the IA Regulations. The said provision is produced hereunder for ready reference:



*“4. The following persons shall not be required to seek registration under regulation 3 subject to the fulfillment of the conditions stipulated therefor, —*

*(a) Any person who gives general comments in good faith in regard to trends in the financial or securities market or the economic situation where such comments do not specify any particular securities or investment product;”*

18. I have perused the submissions of the Noticee and find them to be contradictory in nature. The Noticee has, *inter alia*, submitted that “... *under the impression for the above regulation, Magic Mantra did not register itself as Investment Advisor and has never given any investment advise on stock market product to any of its client and received any fees for the services*”. While relying upon regulation 4(a) of the IA Regulations, the Noticee, on one hand, is submitting that on account of the said provision, it was not mandatory for it to register as an investment adviser and on the other hand, the Noticee has submitted that no investment advice was provided by him to the clients.

19. In my view, the aforesaid submissions cannot go hand in hand because if the Noticee did not register as an investment adviser for the reason that he was eligible (as claimed) for the exemption in terms of regulation 4(a), it can reasonably be inferred that he was, in fact, providing investment advice to his clients. Even otherwise, the Noticee has failed to adduce any evidence whatsoever to satisfy the ingredients of regulation 4(a). The Noticee has not brought any evidence/ arguments to establish that he was only providing general comments in good faith without specifying any particular securities/ investment product. On the other hand, the descriptions of the amounts credited in the ICICI Account, such as, ‘*Options Trading*’, ‘*Share trading*’, ‘*For Trading Tip*’ clearly indicate that the Noticee was involved in the activities of providing investment advice.

20. The noticee has also submitted that it was only involved in taxation advisory and accounting activities etc., and it never acted as an intermediary or made any kind of impressions in public as an investment adviser. I have perused the material available on record and I note that the noticee has not submitted any evidence to support its claim that it was only involved in accounting/ taxation activities. Further, on perusal

of the bank account statement of the ICICI Account, it is noted that no amount was credited in the said account with any description which may hint that the Noticee was involved in the accounting/ taxation activities. The absence of evidence as regards the Noticee's involvement in the accounting/ taxation activities coupled with the no explanation whatsoever as regards the credits in the ICICI Account with description such as 'Trade', 'Options Trading', 'Share trading', 'For Trading Tip', only go on to establish that the Noticee was, in fact, involved in providing unregistered investment advice.

21. At this juncture, I deem it fit to refer to the definition of the term '*investment adviser*', as defined in the IA Regulations:

*"(m) "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;"*

Further, regulation 2(1)(l) of the IA Regulations defines '*Investment Advice*' as "*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.*"

22. In light of the above definitions and the discussion, I am of the view that the Noticee was, in fact, providing investment advice in violation of regulation 3(1) of the IA Regulations read with Section 12(1) of the SEBI Act. The relevant excerpt of the provisions is produced hereunder:

**Section 12(1) of the SEBI Act**

*"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”*

**Regulation 3(1) of the IA Regulations, 2013**

*“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”*

23. The aforesaid provisions make it mandatory for any person seeking to act as an investment adviser to obtain the requisite certificate of registration from SEBI. The Noticee, having acted as an investment adviser, without obtaining the requisite certificate of registration in this regard, has clearly violated Section 12(1) of the SEBI Act read with regulation 3(1) of the IA Regulations. Accordingly, I am of the view that appropriate directions need to be issued in the matter.
24. The SCN had, *inter alia*, also called upon the Noticee to show cause as to why suitable directions for imposition of penalty under Sections 11B (2) and 11(4A) read with Sections 15HB (for violations committed prior and up to March 8, 2019) and 15EB (for violations committed after March 8, 2019), should not be issued against him.
25. In this regard, before going ahead with the determination of monetary penalty, it would be relevant to place hereunder the extracts of the appropriate penalty provisions:

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

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

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

***Section 15HB of SEBI Act, 1992.*** *“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.”*

26. For the violations which were committed prior to March 8, 2019, Section 15HB of the SEBI Act, has been invoked for imposition of monetary penalty. Further, for the violations which were committed after March 8, 2019, Section 15EB of the SEBI Act, has been invoked for imposition of monetary penalty.
27. Upon a consideration of the above penalty provisions, I find that Sections 15HB and 15EB of the SEBI Act, have been invoked for the alleged violation committed by the Noticee of holding himself out as a SEBI registered '*Investment Adviser*' without obtaining a Certificate of registration. The said allegation has been clearly established in the preceding paragraphs. I also note that the Noticee was engaged in providing investment advisory services without obtaining necessary registration from SEBI as required under Section 12(1) of the SEBI Act and Regulation 3(1) of the IA Regulations. I therefore, find that penalty under Sections 15HB and 15EB is undoubtedly attracted.
28. At this juncture, I deem it apposite to note that as per the material available on record, credit worth ₹30,000 was received in the bank account of the Noticee after March 8, 2019 and the remaining amount was credited prior to March 8, 2019 and thus, the penalty in the matter, in terms of sections 15HB and 15EB, shall be imposed accordingly.
29. It is relevant to mention that for the imposition of penalty under the provisions of the SEBI Act, guidance is provided by Section 15J of the SEBI Act. The said provision reads as under:

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

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

—

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default.

*Explanation.* —For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G,

*15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.”*

30. The SCN has not brought out the exact quantum of profit /gains made by the Noticee. The Noticee has also received amount to the tune of ₹33,67,931.54 as fee / consideration for providing unregistered services to the clients.

31. Before proceeding with the discussion pertaining to appropriate directions and imposition of penalty, which may be issued to the Noticee, I deem it important to briefly discuss the very scheme and intent of the IA Regulations. Drawing its genesis and authority from Section 30(1) of the SEBI Act, the IA Regulations were implemented to carry out the purposes of the SEBI Act. It is well-known that the SEBI Act intends to fulfill three main objectives which are, protect the interest of the investors in securities, promote the development of and regulate the securities market. In furtherance of the same, the IA Regulations, *inter alia*, intend to protect the interest of investors and maintain the integrity of the market and to provide for appropriate safeguards to ensure that the investors are saved from the claws of investment advisers who do not act within the four walls of the IA Regulations. One such basic safeguard is mandatory registration of persons who wish to act as an investment adviser and any violation of such a safeguard has to be dealt with appropriate sternness.

32. In consideration of the above, I shall now proceed with issuance of directions and imposition of monetary penalties.

### **DIRECTIONS AND MONETARY PENALTY**

33. In view of the foregoing, I, in exercise of the powers conferred upon me in terms of sections 11(1), 11(4) and 11B(1) read with section 19 of the SEBI Act, hereby direct that the following:

- (i) The Noticee shall immediately refund the amount of ₹33,67,931.54 collected / received from clients / investors, as fees or consideration, in respect of his

unregistered investment advisory activities, and in any case, within a period of three months from the date of this order;

- (ii) The Noticee shall cause to effect a public notice in all editions of two National Dailies (one English and one Hindi) and in one local daily with wide circulation, inviting claims from clients / investors within a period of fifteen (15) days from the date of this Order. The said public notice shall detail the modalities for refund, including the details of the contact persons such as names, addresses and contact details. A period of at least two (2) months from the date of the publication of the public notice shall be provided to the clients / investors for submitting their claims.
- (iii) The repayments to the clients/investors shall be effected only through electronic fund transfer, which ensures audit trails to identify the beneficiaries of repayments;
- (iv) For the purpose of refund, the Noticee shall open an escrow account with a scheduled bank and deposit therein an amount of ₹33,67,931.54, which shall be kept in the said account for a period of three months and be used only for the purpose of refund to the clients / investors who had availed the investment advisory services from the Noticee;
- (v) The banks, with whom the Noticee is holding Bank Account(s), are directed to allow debit from the bank accounts of the Noticee, only for the purpose of transferring funds to escrow account mentioned in para 33(iv) above;
- (vi) The Noticee is prohibited from selling the assets, properties and holdings of mutual funds / shares / securities held by him in demat form and in physical form except for the sole purpose of transferring funds to escrow account mentioned in para 33(iv) above;
- (vii) After ensuring compliance with the direction mentioned in para 33(iv), the

Noticee shall submit a report of such compliance to SEBI, duly certified by an independent Chartered Accountant, and on satisfaction of SEBI, the directions at para 33(v) and 33(vi) above shall cease to operate;

- (viii) At the end of three months, the balance amount, if any, remaining in the escrow amount after making refund in terms of para 33(i), shall be deposited by the Noticee with SEBI, which shall be kept in an escrow account for a period of one year for distribution to clients / investors who were availing the investment advisory services from the Noticee. Thereafter, the remaining amount, if any, shall be deposited in the Investors Protection and Education Fund, maintained by SEBI;
- (ix) After completing the repayment, as directed at para 33(i) above, 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 33(i) above, duly certified by an independent Chartered Accountant;
- (x) The Noticee 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 1 (one) year from the date of this order or till the expiry of 1 (one) year from the date of completion of refunds to investors as directed in para 33(i) above, whichever is later;
- (xi) The Noticee is also restrained from associating with any company whose securities are listed on a recognized stock exchange and any company which intends to raise money from the public, or any intermediary registered with SEBI in any capacity for a period of 1 (one) year from the date of this order or

till the expiry of 1 (one) year from the date of completion of refunds to investors as directed in para 33(i) above, whichever is later;

34. Further, in exercise of powers conferred upon me under sections 11(4A) and 11B(2) read with sections 15HB, 15EB and 15J of the SEBI Act, I hereby impose the following monetary penalty:

NAME	PROVISION OF SEBI ACT UNDER WHICH PENALTY IS BEING IMPOSED	PENALTY (IN ₹)
<b>MR. V. N. ARAVIND – PROPRIETOR, MAGIC MANTRA</b>	1. SECTION 15HB (FOR VIOLATIONS COMMITTED PRIOR TO 8.03.2019)	4,00,000
	2. SECTION 15EB (FOR VIOLATIONS AFTER 8.03.2019)	1,00,000
<b>TOTAL</b>		<b>5,00,000</b>

- (i) Noticee shall remit/ pay the aforesaid monetary penalty within forty-five 45 days from the date of receipt of this Order. The Noticee shall remit / pay the said amount of penalty only through online payment facility available on the website of SEBI, i.e. [www.sebi.gov.in](http://www.sebi.gov.in) on the following path, by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of ED/CGM (Quasi-Judicial Authorities) -> PAY NOW. In case of any difficulties in online payment of penalties, the Noticee may contact the support at [portalhelp@sebi.gov.in](mailto:portalhelp@sebi.gov.in). The details/ confirmation of e-payment should be sent to "The Securities and Exchange Board of India, SEBI Bhavan II, Plot no. C-7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai -400 051" and also to the Email ID: - [tad@sebi.gov.in](mailto:tad@sebi.gov.in) in the format as given in table below:

<b>Case Name</b>	
<b>Name of Payee</b>	
<b>Date of Payment</b>	



<b>Amount Paid</b>	
<b>Transaction No.</b>	
<b>Payment is made for : (Penalty /Disgorgement /Recovery/Settlement Amount/ Legal Charges along with order details)</b>	

35. This order comes into force with immediate effect.

36. For any non-compliance of this order, the Noticee shall be subject to strict action under the applicable provisions of the law, including prosecution.

37. The directions issued vide this order do not preclude the clients /investors to pursue 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.

38. A copy of this order shall be sent to the Noticee, recognized Stock Exchanges, the relevant Banks, Depositories and Registrar and Transfer Agents of Mutual Funds to ensure that the directions given above are strictly complied with.

39. A copy of this order shall also be sent to Bombay Stock Exchange Administration and Supervision Limited, for information.

**DATE: AUGUST 24, 2023**

**PLACE: MUMBAI**

**Sd/-**

**MANOJ KUMAR**

**EXECUTIVE DIRECTOR**

**SECURITIES AND EXCHANGE BOARD OF INDIA**