

BEFORE SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

Under Sections 11(1), 11(4), 11(4A), 11B(1) and 11B(2) of Securities and Exchange Board of India Act, 1992 read with Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995

In respect of:

Noticee No.	Noticee's Name	PAN
1	Priyanka Yadav (Proprietor of Trade Money Research)	AFWPY1505P

**In the matter of Priyanka Yadav - Proprietor of Trade Money Research**

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**Background:**

1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) had conducted an onsite inspection of books, jointly with BSE, of Priyanka Yadav, who is Proprietor of Trade Money Research (hereinafter referred to as “**Noticee/ Priyanka Yadav/ RA**”) and registered with SEBI as a Research Analyst, having registration number INH000010991, on October 8 and 9, 2024 simultaneously at Nagpur, Maharashtra and Indore, Madhya Pradesh.
2. Pursuant to the inspection, the Noticee was observed to have violated the following provisions of Securities Laws:
  - 2.1. Section 12 of SEBI Act 1992 r/w regulation 13 of SEBI (Research Analyst) Regulations, 2014 (hereinafter referred to as “**RA Regulations**”), as the activities for which certificate of registration was granted by SEBI to Noticee was being by Mr. Sandeep Yadav, a person debarred by SEBI, from dealing in securities

market.

- 2.2. Regulation 6(vii) and 6(x) read with Regulation 13(i) of RA Regulations for having association with Sandeep Yadav in contravention of the conditions for grant of registration and for not complying with the fit and proper criteria.
- 2.3. Regulation 13(ii) of RA Regulations for obtaining registration for RA activities by stating Nagpur address while carrying out actual activities from Indore with no intimation to SEBI/ Research Analyst Administration and Supervisory Body (RAASB).
- 2.4. Regulation 19 of the RA Regulations for not communicating to its clients that the operations of the entity are being run by a person debarred by SEBI.
- 2.5. Regulation 25(3) of RA Regulations for failing to conduct annual audit from the member of ICAI / ICSI.
- 2.6. Point No. 4.2 of SEBI Master Circular Ref. No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/49 dated May 21, 2024, read with Regulation 26A of RA Regulations for failing to comply with requirements relating to investor grievance mechanism and updating the same on the website.

**Show Cause Notice:**

3. Accordingly, a Show Cause Notice dated May 20, 2025 (hereinafter referred to as “**SCN**”) was issued to the Noticee, calling upon the Noticee to show cause as to why suitable directions, under Sections 11(1), 11(4) and 11B(1) of SEBI Act, should not be issued against her for the alleged violations and why inquiry should not be held against her under rule 4(1) of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995. SCN was served to the Noticee vide SPAD as well as by email.

**Hearing:**

4. Noticee, vide letter dated June 07, 2025, filed her reply to the SCN. Thereafter, in the interest of natural justice, Noticee was granted an opportunity of personal hearing on

June 27, 2025, vide hearing notice dated June 16, 2025. Since, the Noticee didn't appear for the said hearing, another opportunity of hearing was provided on July 10, 2025, vide hearing notice dated July 02, 2025. AR of the Noticee appeared in the said hearing and reiterated the submissions made vide reply dated June 07, 2025. The AR of the Noticee also submitted that he will produce signed Research Reports sent to the clients along with proof of communication of the same. However, the same is not submitted till date.

## **5. Replies:**

The submissions of the Noticee vide reply dated June 07, 2025 are summarized as below:

- a) Change in address was updated to SEBI through the Intermediary Portal and same was intimated to SEBI Indore local office through letter posted on 25th July 2024. The SCN relied upon by the SEBI pertains to the communication with the BSE and not with the SEBI. Moreover, BSE was not recognized for administration and supervision of RAs at the time of filing of change in application with the SEBI. The Noticee application was filed with the SEBI and not BSE.*
- b) The Noticee was genuinely operating the business from Nagpur, and there was no intention or plan to shift to Indore during the registration phase.*
- c) Only later, due to operational difficulties and lack of a favorable business situations in Nagpur, the Noticee decided to relocate operations to Indore.*
- d) The statement of Mr. Nitin Jain (Lessor of Noticee's Nagpur Office) relied upon by the SEBI as provided in the Annexure B of the SCN, regarding the business operations were being run by Sandeep Yadav should not be relied upon or considered conclusive as Mr. Nitin Jain, being the property owner, was not present at the premises at all times and therefore is not in a position to accurately state who was conducting operations from the said address on a*

day-today basis.

- e) *The Noticee categorically declares that Sandeep Yadav had no involvement whatsoever in the business operations, apart from assisting in documentations and lease formalities.*
- f) *On the date of SEBI's visit at Noticee's Indore office, neither the Noticee nor Sandeep Yadav were present at the office premises. Sandeep Yadav was called by the BSE officer on the day of the inspection and was asked to reach the office of Trade Money Research. Upon reaching, there was a power cut at the office premises, following which the SEBI team had taken him to the SEBI Indore Local Office.*
- g) *The email communication mentioned in Annexure C of the SCN, purportedly written and sent by Sandeep Yadav on 08th October 2024, was not authored or sent by him voluntarily. The SEBI officer asked from Sandeep Yadav for the email credentials of Trade Money Research belonging to the Noticee who then logged into the email account of the Noticee without her prior consent and sent the email to themselves. The email's content, vocabulary & professionalism reflects a professional tone that the Noticee or Sandeep Yadav does not possess or use. The Noticee requests SEBI to verify the IP address and geolocation from which the email in Annexure C of the SCN was sent.*
- h) *The compliance audit of F.Y. 2023-24 was under the process at the time of inspection and hence the report could not be submitted at the time of inspection. Regulation 25(3) mandates the conduct of an annual audit but does not specify any particular deadline/submission date for such a report.*
- i) *All complaints received through SCORES platform have been duly and promptly responded to within the prescribed timelines. Additionally, any grievance or concern raised internally by clients via email, WhatsApp, or phone has been promptly addressed and resolved.*
- j) *The Noticee would like to clarify that, at no point, Sandeep Yadav was*

*associated or involved in formulating, approving, or distributing any research services or other ancillary activities.*

*k) With respect to the display of SEBI certificate and grievance redressal mechanism at its office premises, the same was already affixed at the office premises, particularly inside the cabins where client interactions are handled.*

6. Accordingly, I note that the SCN and Hearing Notice were duly served to the Noticee. Further, an opportunity of personal hearing was also given to the Noticee, which was availed by her. Hence, the principles of natural justice were complied with respect to the Noticee and I shall now proceed to deal with the issues involved in the instant matter.

**Consideration of Issues and Findings:**

7. I have carefully perused SCN, the submissions made by the Noticee, documents available on record and the following issues require consideration:

***A. Whether the Noticee has violated the relevant provisions of RA Regulations and SEBI Master Circular Ref. No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/49 dated May 21, 2024?***

***B. If the answer to the above issue is in affirmative, what directions, if any, including monetary penalty, is required to be imposed on the Noticee?***

8. I note that for the purpose of ease and clarity, issue at “A” has been divided into six (6) sub issues. Each sub issue will be discussed below in separate headings.
9. I now proceed to consider the matter on merits.

***Issue (a): Whether the Noticee failed to intimate SEBI/RAASB regarding carrying out RA activities from Indore while obtaining RA registration from Nagpur, in violation of Regulation 13(ii) of RA Regulations?***

10. The allegation against the Noticee is that she obtained her RA registration by providing a Nagpur address while her actual business activities were conducted from Indore without providing any intimation to SEBI/ RAASB, and this was alleged to be in violation of Regulation 13(ii) of SEBI (Research Analyst) Regulations, 2014.

11. In response, Noticee has submitted that she was genuinely operating the business from Nagpur and had no intention or plan to shift to Indore during the registration phase and only later, due to operational difficulties and lack of a favorable business situations in Nagpur, she decided to relocate operations to Indore. The Noticee further submitted that she intimated SEBI of the change in address through the Intermediary portal and by post on July 25, 2024.

12. I note that the Noticee is registered with SEBI as Research Analyst with effect from December 01, 2022 having place of business as Nagpur. During the grant of registration, the Nagpur address of Noticee has been taken on record and accordingly the permission for research advisory activities was granted by SEBI.

13. In this regard, I note that Regulation 13(ii) of the RA Regulation, provides the following:

**Conditions of certificate.**

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

*(ii) the research analyst 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;*

14. As per the available records with SEBI, the correspondence address and principal place of business of the Noticee was Nagpur. I note that Indore office i.e. Building No. 26, TC Chamber, Scheme No.54-PU4, Indore - 452010 was mentioned under Business address details and there was no mention of Nagpur address in the entity's website.
15. Upon examination of the record, it is observed that the Noticee has intimated SEBI's Indore Local Office regarding the change in her address from Nagpur to Indore. Accordingly, I find that the allegation against the Noticee in this regard is not substantiated.

***Issue (b): Whether the Noticee's activity was being carried out by Mr. Sandeep Yadav, a person debarred by SEBI from dealing in securities market, in violation of Section 12 of SEBI Act 1992 r/w Regulation 13 of RA Regulations?***

16. It was alleged that the Noticee obtained registration from SEBI in her own name knowing that all activities under the said registration would be carried out by her husband, Mr. Sandeep Yadav, who has been debarred by SEBI, from dealing in securities market. It was further alleged that the Noticee knowingly permitted Mr. Sandeep Yadav to utilize her SEBI registration for the purpose of conducting activities falling within the scope of a registered Research Analyst, thereby facilitating the circumvention of regulatory restrictions imposed upon him. Accordingly, the Noticee was alleged to have violated the provisions of Section 12 of the SEBI Act, 1992 read with Regulation 13 of the SEBI (Research Analyst) Regulations, 2014.
17. I note that Mr. Sandeep Yadav is the sole proprietor of an entity named Capital Vista, which was debarred by SEBI vide order no. WTM/ASB/WRO/WRO/23248/2022-23 dated January 30, 2023, for carrying out unregistered investment advisory activities.

Under the said order, Mr. Sandeep Yadav was directed to refund a sum of ₹89.94 lakh collected from investors through such unregistered activities and was further debarred from accessing the securities market for a period of two years from the date of the order or till the completion of refund to the investors, whichever is later. It is observed that no compliance report in respect of the said directions has been submitted to SEBI by Mr. Sandeep Yadav to date.

18. In her reply to the Show Cause Notice, the Noticee has denied the involvement of Mr. Sandeep Yadav in the day-to-day operations of the Research Analyst business, except for providing assistance in documentation and lease-related formalities. The Noticee has submitted that on the date of SEBI's visit, neither she nor Mr. Sandeep Yadav was present at the office premises, and that Mr. Yadav was called to the Noticee's Indore office by a BSE official. Upon arrival and in light of a power outage at the premises, Mr. Yadav went with the SEBI team to the SEBI Indore Local Office, where he was asked to provide the email credentials of the Noticee. It is claimed that one SEBI officer, without the Noticee's prior consent, accessed her email and sent the disputed email to themselves. The Noticee has contended that the content, vocabulary & professionalism of the email shows that it was not written by either of them. She has requested SEBI to conduct a verification of the IP address and geolocation from which the email was sent.

The Noticee has further submitted that the statement of Mr. Nitin Jain (Lessor), should not be relied upon or considered conclusive as he, being the property owner of Noticee's Nagpur office, was not present at the premises at all times and therefore is not in a position to accurately state who was conducting operations from the said address on a day-to-day basis.



19. I note that during SEBI's physical inspection of the Noticee's office premises at Nagpur, the lessor of the said premises, Mr. Nitin Jain, submitted a written statement dated October 08, 2024, wherein he stated that the business activities at the aforesaid premises were being carried out by the Noticee and her husband, Mr. Sandeep Yadav. Further, during SEBI's visit to the Noticee's Indore office, although the Noticee was not present, Mr. Sandeep Yadav, her husband, confirmed the same fact vide an email dated October 08, 2024, as well as through a signed statement of even date, wherein he admitted to managing and operating the business of Trade Money Research. He also admitted that the registration was obtained in the name of the Noticee since there existed an adverse SEBI order against him.

20. In this regard, I note that Mr. Sandeep Yadav, the husband of the Noticee, not only sent an email dated October 08, 2024, wherein he admitted to managing and operating the business activities of Trade Money Research, but also furnished a separate, duly signed written statement on the same date, which was also provided to the Noticee as an annexure to the SCN. In the said signed statement, Mr. Yadav categorically acknowledged that the registration as a Research Analyst was taken in the name of his wife (i.e., the Noticee) solely because a SCN was issued against him, which precluded him from obtaining registration or operating in the securities market in his own name.

21. The Noticee has sought to dispute the credibility of the email communication, contending that neither she nor Mr. Yadav authored the email, and alleging that the same was sent by a SEBI officer using her login credentials, which were allegedly accessed without her prior consent. In support of this assertion, the Noticee argued that the email's vocabulary, tone, and structure are inconsistent with her or Mr. Yadav's usual manner of writing, and has called upon SEBI to conduct a verification of the email's IP address and geolocation.

22. I note that Noticee has not furnished any material evidence to substantiate her allegation that her credentials were misused by SEBI officials. Nothing stopped the Noticee to discredit this e-mail communication immediately, if such an email was sent without her consent. Noticee was absolutely free to either send an email or another written communication to SEBI recording the facts of her case on the aforesaid email communication. However, no such subsequent communication was made by the Noticee. The dispute on the email was made only on receipt of SCN. Even as per the case of the Noticee, the email credentials were with Mr. Yadav, which means he had access to sending and receiving emails as if it is sent by the Noticee, further diluting Noticees case of no involvement of her spouse in activities other than assisting in documentations and lease formalities. There is no case that Mr. Yadav called for this login details from his spouse i.e. the Noticee. In view of these circumstances, mere denial cannot be accepted as a valid support of the case of Noticee.

23. With regards to the same, I note that Mr Yadav has also signed a statement on the same date, wherein he has admitted to the very same facts as those stated in the email. The Noticee has not denied the existence of this signed statement. It does not stand to reason why the Noticee, who denied Mr. Yadav sending the e-mail dated October 08, 2025, has not denied the statement signed by her spouse. Therefore, even for the sake of argument, if no reliance is placed on the e-mail, the letter signed by the spouse of the Noticee, Mr. Yadav cannot be brushed aside, more particularly when the same was not denied. In light of this, the arguments raised by the Noticee appears to be an afterthought and is unconvincing. Therefore, I am not inclined to accept the submissions of the Noticee in this regard.

24. In the above context, it is relevant to note the admission of the Noticee on this issue, which are as follows:

*“I am running the operation of Trade Money Research at the aforementioned address in Indore.*

*I took registration from Nagpur address in name of my wife as obtaining registration from Indore was difficult as I was issued SCN in the matter of Capital Vista somewhere in 2016 from Indore Local Office. Further, obtaining registration of Investment Adviser was difficult due to regulatory compliances.*

*I submit that my wife has no role in the operations of the Trade Money Research which is registered with SBEI as RA and she is the proprietor of Trade Money Research just on paper.”*

25. Further, with regard to the Noticee's submission that the statement of Mr. Nitin Jain, the lessor of the premises at Nagpur, should not be relied upon or considered conclusive, I note that even in her own submission, the Noticee has stated that *Mr. Jain was not present at the premises at all times*, which by implication suggests that he was present on certain occasions. In my view, even occasional presence at the premises would have provided Mr. Jain with sufficient exposure to observe who all were involved in the business operations conducted from the said premises.

26. Noticee also did not ask for the cross examination of this statement. Further, there are no facts on record including from the reply of the Noticee to discredit the statement of Mr. Jain.

27. Therefore, while Mr. Jain's statement may not, in isolation, be conclusive, it does possess corroborative value, in my view, especially when considered in conjunction with the direct admission made by Mr. Sandeep Yadav in both the email and the signed statement.

28. Accordingly, I find no merit in the Noticee's contention to exclude or disregard the lessor's statement. On the contrary, I consider it to be a corroborative material which further substantiates the conclusion that Mr. Sandeep Yadav was actively involved in the operations of the Noticee.

29. In light of the above observations, I am of the view that Noticee obtained registration from SEBI in her own name knowing that all activities under the said registration would be carried out by her husband, Mr. Sandeep Yadav, who has been debarred by SEBI, from dealing in securities market and in essence, Noticee offered her identity for securing the registration certificate, while her husband despite his disability offered service through her registration certificate.

30. I note that Section 12 of SEBI Act, 1992, among others, states the following:

**REGISTRATION CERTIFICATE**

***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 53[regulations] made under this Act.*

Further, Regulation 13 of the RA Regulations, mentions:

***Conditions of certificate.***

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

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

*(ii) the research analyst 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;*

...

31. From the above, I note that Section 12(1) of the SEBI Act mandates that no person shall act as a Research Analyst unless he/she obtains a certificate of registration and one of the implied conditions of registration is that the registered entity must personally conduct or oversee the regulated activities in a compliant and lawful manner. By permitting the actual operation of the RA business to be managed by Mr. Sandeep Yadav, who is not only unregistered but also debarred by SEBI, the Noticee failed to uphold the fundamental condition that a SEBI registration must be used for operation by the registered individual only and accordingly, I find that the Noticee has violated the provision of Section 12 of SEBI Act 1992. Further, by not complying with Section 12 of the SEBI Act 1992, the Noticee has also violated regulation 13 of RA Regulations.

***Issue (c): Whether by having association with Mr. Sandeep Yadav, the Noticee has misdirected the consideration of SEBI for grant of certificate of registration under Regulation 6(vii) and 6(x) and contravened the conditions for grant of registration Regulation 13(i) of RA Regulations?***

32. I note that Regulation 6(vii) and 6(x) of the RA Regulations, provides that:

***Consideration of application and eligibility criteria.***

6. *For the purpose of the grant of certificate the Board shall take into account all matters which are relevant to the grant of certificate of registration and in particular the following, namely:-*

...

*(vii) whether the applicant, individuals employed as research analyst, persons associated with research services] and partners of the applicant, if any, are fit and proper persons based on the criteria as specified in Schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008;*

...

*(x) whether any disciplinary action has been taken by the Board or any other regulatory authority against the applicant or any person directly or indirectly connected to the applicant under the respective Act, rules or regulations made thereunder.*

...

Further, Regulation 13 of the RA Regulations, provides the following:

***Conditions of certificate.***

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

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

*(ii) the research analyst 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;*

...

33. I note that the 'fit and proper' criteria include considerations such as integrity, honesty, reputation, and absence of adverse regulatory findings. However, the Noticee's association with Mr. Sandeep Yadav, for the research analyst activities knowing that

he has been debarred by SEBI for unregistered investment advisory activities and whose refund obligation has not been complied with yet, is a material adverse factor.

34. In this regard, Noticee has contended that Mr. Sandeep Yadav have no association with the operations of Noticee or Trade Money Research and was merely having a personal relationship as her spouse, which does not translate to regulatory involvement. I note that it is clearly established in the preceding paras that Mr. Sandeep Yadav is not only the spouse of the Noticee but infact he was the one who was carrying out Noticee's activities as a RA, using the certificate obtained in her name. Therefore, I find no merit in the aforesaid contention of the Noticee. By having association with a debarred person for conduct of research analyst activities and concealing the same, the Noticee, effectively misdirected the consideration of SEBI under Regulation 6(x) of RA Regulations.

35. I also note that at the time of registration, the Noticee did not disclose that the business would be operated by her husband, who was already under regulatory sanction which tantamount to concealment of material fact, as the presence of a debarred person in control of RA functions would have directly impacted SEBI's decision to grant registration. It is relevant to note that there is mandatory requirement under the information to be provided at the time of filing application for grant of certificate of registration on "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 thereunder in the last 5 years" under clause 5(b) of Form A in First Schedule of RA Regulations. However, the Noticee has not given that information as Mr. Sandeep Yadav is a connected person and disciplinary action was taken against him by SEBI on January 30, 2023. Therefore, by failing to provide this necessary information, the Noticee, effectively misdirected the consideration of SEBI under Regulation 6(x) of RA Regulations.

36. These acts and omissions by the Noticee also amount to violation of Regulation 13 of RA Regulations, which requires compliance with the SEBI Act and the provisions of the RA Regulations as a condition of registration.

***Issue (d): Whether the Noticee has not communicated to its clients that Mr. Sandeep Yadav debarred by SEBI is associated in her business activities in violation of Regulation 19 of the RA Regulations?***

37. I note that Regulation 19 of the RA Regulations, provides:-

***Disclosures in research reports.***

*19. A research analyst or research entity shall disclose all material information about itself including its business activity, disciplinary history, the terms and conditions on which it offers research report, details of associates and such other information as is necessary to take an investment decision, including the following:*

...

38. I note from the aforementioned regulation that it mandates a RA to disclose all material information to its clients to take an informed investment decision. In the present case, the Noticee concealed to its clients that Mr. Sandeep Yadav, debarred by SEBI, is associated in her business activities. In essence, the investors are not aware that the service they are getting from a person, has been debarred from securities market including giving any research analyst service. I note that this constitutes a concealment of material information which is in violation of Regulation 19 of the RA Regulations.

39. In relation to the above allegation, the Noticee has submitted that Mr. Sandeep Yadav



has no role in the operations of the Noticee, and accordingly, the need to inform the client about Sandeep Yadav does not arise. As explained above, it is already established that Mr. Sandeep Yadav was the person at the helm of the RA business being conducted in the name of the Noticee. Therefore, I find no merit in the aforesaid contention of the Noticee.

40. In view of the above, I find that by concealing to its clients that the operations of the entity are being run by a person debarred by SEBI, the Noticee has violated Regulation 19 of the RA Regulations.

***Issue (e): Whether the Noticee has failed to conduct annual audit from the member of ICAI / ICSI, in violation of Regulation 25(3) of SEBI (Research Analyst) Regulations, 2014?***

41. It was observed that the Noticee, in response to the Pre Inspection Questionnaire (PIQ), had failed to submit annual audit report for the inspection period, as required in terms of RA Regulations. Therefore, it was alleged that the Noticee failed to conduct annual audit from the member of ICAI/ ICSI and thereby, violated the provision of Regulation 25(3) of RA Regulations.

42. I note that Regulation 25(3) of RA Regulations provides the following:

***Maintenance of records.***

*25(3) Research analyst or research entity shall conduct annual audit in respect of compliance with these regulations from a member of Institute of Chartered Accountants of India or Institute of Company Secretaries of India <sup>42</sup>[or Institute of Cost Accountants of India and submit the report of the same in such manner as may be specified by the Board]*

...

43. For the said allegation Noticee has contended that she has duly completed the compliance audit for the F.Y. 2022-23 and as the compliance audit of F.Y. 2023-24 was under process at the time of inspection, it could not be submitted during inspection. Noticee has further submitted that Regulation 25(3) of RA Regulations mandates the conduct of an annual audit but does not specify any particular deadline/submission date for such a report.
44. In this regard, the requirement to conduct the audit would mean conduct of an audit and preparation of report pursuant to audit. I note that while Regulation 25(3) does not lay down a specific deadline for submission of the audit report, it does impose a continuing obligation to conduct an annual audit and consequently the audit report. Without audit report the process of audit has no meaning. Therefore, the audit report should be ready within reasonable time from the end of financial year for which the audit is undertaken.
45. In the instant case, the audit report for FY 2023-24 has been submitted only subsequently, along with the reply dated June 07, 2025, in response to the SCN. The audit report does not mention the date of appointment of the auditor. Nor did the company produce any document evidencing the auditor's appointment to establish that the audit process was already underway as on the date of SEBI's inspection. These circumstances clearly indicate that the auditor was not appointed prior to the date of inspection. It points to the fact that appointment has been made only after the SEBI inspection had commenced. If the case of the Noticee is accepted, then the audit has taken almost 6 months for completion. I note that the said audit report bears the date April 10, 2025 which is more than a year after the close of the relevant financial year which cannot be considered to be reasonable period. The purported time taken to complete the audit further undermines that the audit report process was not initiated during the time of inspection.

46. In view of the above, I find that the Noticee failed to comply with the mandatory requirement under Regulation 25(3) of the RA Regulations to conduct annual audit from the member of ICAI / ICSI. Accordingly, the allegation that the Noticee has violated Regulation 25(3) of the RA Regulations stands established.

***Issue (f): Whether the Noticee has failed to comply with requirements relating to investor grievance mechanism and updation of the same on the website, in violation of Point No. 4.2 of SEBI Master Circular Ref. No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/49 May 21, 2024, read with Regulation 26A of RA Regulations?***

47. It was alleged that the Noticee failed to maintain grievance register for the complaints lodged through SCORES and complaints received directly from the clients. Also, at the time of inspection at Nagpur as well as at Indore location, it was observed that there was no display of SEBI registration certificate and grievance redressal mechanism at office premises. Further, on website of the RA, there was no display of accurate and updated investor complaints details, as required. Hence, the Noticee was alleged to have violated Point No. 4.2 of SEBI Master Circular Ref. No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/49 dated May 21, 2024 (originally introduced vide SEBI Circular No. CIR/MIRSD/3/2014 dated August 28, 2014, which has been subsumed under the said Master Circular) and Regulation 26A of SEBI Research Analysts Regulation 2014.

48. In this regard, the Noticee has submitted that there is no specific requirement under the SEBI Research Analyst Regulations, 2014, or the applicable circulars that mandates maintenance of a grievance register for the complaints. Noticee has further submitted that all complaints received through SCORES platform have been duly and promptly responded to within the prescribed timelines and any grievance or concern raised internally by clients via email, WhatsApp, or phone has been promptly

addressed and resolved. With respect to the display of SEBI certificate and grievance redressal mechanism at office premises, the Noticee has submitted that the same was already affixed at the office premises, particularly inside the cabins where client interactions are handled and no evidence on record has been brought up by the SEBI showcasing non-compliance of the same by the Noticee. Noticee submitted a photograph of SEBI registration certificate and grievance redressal mechanism, displayed at a wall.

49. I note that Regulation 26A of RA Regulations provides the following:

*26A. All claims, differences or disputes between a research analyst or research entity and its client arising out of or in relation to the activities of the research analyst or research entity in the securities market shall be submitted to a dispute resolution mechanism that includes mediation and/or conciliation and/or arbitration, in accordance with the procedure specified by the Board.]*

*...*

50. Further, Point No. 4.2 of SEBI Master Circular Ref. No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/49 May 21, 2024, states as below:

*4.2 As an additional measure and for information of all investors who deal/ invest/ transact in the market, the research analysts shall prominently display in their offices the following information about the grievance redressal mechanism available to investors.*

*Dear Investor,*

*In case of any grievance / complaint against the research analyst:*

- Please contact Compliance Officer of the research analyst (Name and Address) / email-id (xxx. @email.com) and Phone No. - 91- XXXXXXXXXX.*
- You may also approach CEO / Partner / Proprietor (Name) / email- id (xxx. @email.com) and Phone No. - 91-XXXXXXXXXX.*

- *If not satisfied with the response of the research analyst you can lodge your grievances with SEBI at <http://scores.gov.in> or you may also write to any of the offices of SEBI. For any queries, feedback or assistance, please contact SEBI Office on Toll Free Helpline at 1800 22 7575 / 1800 266 7575.*

51. I note that Regulation 26A of the SEBI (Research Analyst) Regulations, 2014 requires all disputes between a research analyst or research entity and its clients to be submitted to a dispute resolution mechanism in accordance with the procedure specified by SEBI. Master Circular dated May 21, 2024 (bearing Ref. No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/49), provides under Point No. 4.2, that research analysts shall prominently display in their offices the grievance redressal mechanism available to investors, including contact information of the compliance officer, CEO/proprietor, and SEBI's SCORES platform.

52. With regards to the same, the Noticee has submitted that the requisite information was displayed inside the office cabins where client interactions are handled. Further, the Noticee has submitted a photograph evidencing such display, including the SEBI registration certificate and the grievance redressal mechanism signage, prominently affixed to a wall.

53. In this regard, I note that no direct evidence has been brought on record to conclusively establish that the required display information was completely absent at the time of inspection, particularly in view of the submissions made by the Noticee. In light of the above, I am inclined to accept Noticee's submission that the SEBI registration certificate and grievance redressal mechanism were displayed at the office premises. Accordingly, I am of the view that the charge of non-compliance on this specific aspect does not stand established.

54. Further, I note that there is no requirement to maintain grievance register or to display investor complaints details on their website under Regulation 26A of RA Regulations or under Point No. 4.2 of SEBI Master Circular Ref. No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/49 May 21, 2024, as alleged.
55. In view of the above, I find that the allegations w.r.t. violation of Point No. 4.2 of SEBI Master Circular Ref. No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/49 dated May 21, 2024, read with Regulation 26A of RA Regulations is not established.
56. In view of the afore mentioned observations, it stands established that the Noticee, while registered as a Research Analyst under the SEBI RA Regulations, has acted in violation of various regulatory provisions above mentioned. The Noticee's association with a person debarred by SEBI from accessing the securities market is fraught with grave concern as running its business activities through debarred person puts at naught all the protections given to the recipients of research advisory service. The debarment order of SEBI in essence prevents the persons debarred, from extending any service to investors and investors are at peril when they receive their service from those persons. Further, the Noticee failed to provide this necessary information, misdirecting the consideration of SEBI. The Noticee also failed to conduct and make available the annual audit for the relevant period during the inspection and concealed to its clients that the operations of the entity are being run by a person debarred by SEBI.
57. However, with respect to the allegation regarding failure to intimate SEBI about the change in address, the same does not stand established. Similarly, the allegation concerning non-display of SEBI registration certificate and grievance redressal mechanism at the office premises is also not substantiated, in view of the evidence subsequently submitted by the Noticee and lack of contrary material to discredit evidence given by the Noticee. Accordingly, these two allegations merit the benefit of

doubt.

***B. If the answer to the above issue is in affirmative, what directions, if any, including monetary penalty, is required to be imposed on the Noticee?***

58. I note that the SCN has called upon the Noticee to show cause as to why appropriate penalty be not imposed upon her under Section 15EB of SEBI Act for the violations alleged in the SCN. Section 15 EB of the SEBI Act are extracted hereunder: -

**Section 15 EB - 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.”*

59. In view of the non-compliances of the respective regulations above found, the Noticee is liable to penalty under Section 15 EB of SEBI Act. While determining the quantum of penalty under the SEBI Act, it is important to consider among other factors, the factors specifically stipulated in section 15J of the SEBI Act which are as follows: -

- 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

60. The violations established against the Notice are serious. One of the purpose of debarment order of SEBI is to prevent the person debarred from undertaking securities market activity. It is also preventive in a sense that the prospective investors do not get exposed to the services of the persons who are debarred. If debarred persons are permitted to be sheltered behind another person, as in this case of Noticee providing shelter and acting as front in the eyes of the unsuspecting investors, the very purpose of not only the debarment order is defeated but also the purpose that such debarred entities cannot offer securities market related services also get defeated. Consequently, it is not only the investor, who are directly coming into contact with those fronts, are adversely affected but the investor confidence in market ecosystem also goes for a fall. Therefore, actions of Noticee destabilises an important part of the edifice of investor confidence on which the securities market stands. Therefore, in the interest of investors, and orderly development of securities market, which requires protection of investor confidence, appropriate directions need to be passed in the instant case.

61. While the quantified loss or gain mentioned in section 15J of SEBI Act are not on record, the erosion to investor confidence is one of the aggravating factors that should be taken into account while arriving at the penalty amount. While the association of debarred person in the Noticee's business is serious, some of the alleged violations such as failure to inform the change of office address and display of SEBI registration certificate and grievance redressed mechanism at office premises were not established. Therefore, keeping in mind the nature and gravity of the violations established and the mitigating factors discussed herein. I find that the Noticee is liable to be imposed with appropriate penalty under Section 15EB of the SEBI Act.



## DIRECTIONS

62. In view of the above, I, in exercise of powers conferred on me in terms of Section 11(4), 11(4A), 11B(1), 11B(2) and 19 of the SEBI Act, 1992, and Rule 5 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, do hereby pass the following directions, in the interest of investors and market integrity:

- a) Noticee is restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities (including units of mutual funds), directly or indirectly, or being associated with the securities market in any manner, whatsoever, including by undertaking, either directly or indirectly, any activity in the nature of research analyst services, for a period of **Two (2) years**, from the date of this order;
- b) The restraint imposed in paragraph (a) above shall be treated as pre-mature termination of Research Analyst services in terms of SEBI Master Circular Ref. No. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/9 dated June 27, 2025 and Noticee shall ensure that all clients who are entitled for proportionate fees are so refunded, corresponding to the unexpired period of service, within a period of three months from the date of receipt of this order. Further, the Noticee shall not levy any breakage fee or penalty on such clients.
- c) The Noticee, shall send electronic mail to his clients and also issue public notice in all editions of two National Dailies one in English and one newspaper in vernacular language with wide circulation, detailing the modalities for refund, including the details of contact person such as name(s), address(es) and contact detail(s) of person(s) to be approached for refund, within 15 days from the date of

receipt of this order;

- d) After completing the aforesaid refunds, the Noticee shall file a report of such completion with SEBI addressed to the “Division Chief, SEC-2, 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 expiry of four months from the date of public notice, as directed above, duly certified by a peer reviewed Chartered Accountant. The Chartered Accountant shall certify that all the entitled clients have been refunded the proportionate fees through banking channels.
- e) Noticee is hereby imposed with penalty of **Rs.10,00,000/- (Rupees Ten Lakhs Only)** under Section 15EB of the SEBI Act, 1992.
- f) The Noticees shall remit / pay the said amount of penalty, within a period of forty-five (45) days from the date of receipt of this order, 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 EDs/CGMs -> PAY NOW. In case of any difficulty in online payment of penalty, the Noticee may contact the support at [portalhelp@sebi.gov.in](mailto:portalhelp@sebi.gov.in).
- g) The Noticee shall forward details of the online payment made in compliance with the directions contained in this Order to the Division Chief, MIRSD – SEC-2, SEBI, SEBI Bhavan II, Plot no. C -7, “G” Block, Bandra Kurla Complex, Bandra(E), Mumbai-400 051” and also to e -mail id: [tad@sebi.gov.in](mailto:tad@sebi.gov.in) in the format as given in table:

Case Name	
Name of the Payee	
Date of Payment	
Amount Paid	
Transaction No.	
Bank details in which payment is made	
Payment is made for: Penalty or Disgorgement	

- h) The obligation of the Noticee, restrained/ prohibited by this Order, in respect of settlement of securities, if any, purchased or sold in the cash segment of the recognized stock exchange(s), as existing on the date of this Order, are allowed to be discharged irrespective of the restraint/prohibition imposed by this Order. Further, all open positions, if any, of such Noticee(s) in the F&O segment of the recognised stock exchange(s) are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order.

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

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

**Date: July 29, 2025**

**Place: Mumbai**

**N MURUGAN  
QUASI-JUDICIAL AUTHORITY  
SECURITIES AND EXCHANGE BOARD OF INDIA**