BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: MADHABI PURI BUCH, WHOLE TIME MEMBER

INTERIM ORDER

Under Sections 11, 11(4), 11B (1) and 11D of the Securities and Exchange Board of India Act, 1992

In Re: Violation of provisions of Securities and Exchange Board of India (Investment Advisers) Regulations, 2013

In respect of:

Name of the Entity	PAN
Eprofitzone Fincap Consultant Private Limited	AAECE4442M
Mr. Prakash Kumar	BVRPK8681G
Mr. Ajit Kumar	DBVPK6391D

---

1. SEBI was in receipt of complaint dated October 01, 2018, from Mr. Devendar Kumar Agarwal (hereinafter referred to as the **"complainant"**) against M/s. Eprofitzone Fincap Consultant Private Limited (hereinafter referred to as **"Eprofitzone/ Company"**), wherein, *inter alia*, he had alleged the following:

   1.1. He gave Rs.7.45 lakhs to the company for share trading for which the company assured him profit of Rs.1.5 lakh per month.

   1.2. After the money transfer, the company is neither replying nor providing any records for the payment made.

   1.3. No reply from the company to legal notice sent by him.

2. Thereafter, the matter was taken up for preliminary examination.

SEBI's Examination:

3. From the information available on the MCA website, it was observed that the company was incorporated on October 04, 2016, with its registered office at ICS Square, No. 57, Ground Floor, 8th Main, 3rd Phase, Near State Bank of India, JP Nagar Bangalore Bangalore-560 078. Following are the directors of the company as per MCA website:

DIN	Name	Appointment Date	Cessation Date
0007610258	Prakash Kumar	04/10/2016	Continuing
0007610806	Ajit Kumar	04/10/2016	Continuing

4. SEBI sent letters dated October 03, 2019, to the company and its directors seeking the details of various financial products/services in the nature of Investment Advisory or Research Analyst services provided by the company. The letter was delivered to the company's address on October 04, 2019. However, no reply has been received from the company till date. The letters sent to the address of the directors were returned undelivered.

5. As per the intermediary database on SEBI website, it is observed that the company is not registered with SEBI in any capacity. It is also observed that the directors are not registered with SEBI, in their individual capacity, as an investment adviser or any other intermediary. Thereafter, SEBI carried out a preliminary examination to ascertain whether unregistered investment advisory/ research analyst activities are being carried out by Eprofitzone. The website https://www.eprofitzone.in/ has been perused and is still active. The payment page of the website had listed details of its bank accounts maintained with Axis Bank and ICICI Bank. Further, the page had a live link to PayUMoney payment gateway through which payments can be made to the company. Accordingly, the AOF/ KYC and account statements of the company were obtained from the banks and the payment gateway.

CONSIDERATION & PRIMA FACIE FINDINGS

6. I have perused the material available on record such as information available on the website of Eprofitzone and the information obtained from the banks and PayUMoney. In this context, *prima facie*, the following issues arise for determination:

6.1. ***Whether Eprofitzone is holding itself out and/or acting as investment adviser?***

6.2. ***If answer to the aforesaid issue is in affirmative, whether Eprofitzone has, prima facie, violated any provisions of Securities and Exchange Board of India Act, 1992 ("SEBI Act") read with SEBI (Investment Advisers) Regulations, 2013 ("IA Regulations")?***

6.3. ***If answers to Issue Nos. (1) & (2) are affirmative, who are responsible for the violations?***

6.4. ***If answer to Issue No. (2) is in affirmative, whether urgent directions, if any, should be issued against those responsible for the violations?***

Issue No. 1: Whether Eprofitzone is holding itself out and/or acting as investment adviser?

7. As regards the first issue, I note the following from the material available on record:

7.1. The following claims are noted from the website of Eprofitzone:

7.1.1. *Eprofitzone Fincap gives you the best exchanging Solution in Intra Day and additionally positional i.e. Stock Cash, Stock Futures, Commodities including Bullions, Energy, Base Metal. We are the best securities exchange admonitory firms as far as exactness and Profit edge. eProfit Zone Fincap Services is a Growing Global Business joined by the Proficient Stock Market*

veterans after gigantic accomplishment in a wide range of models of specialized and essential investigation.

7.1.2. *eProfit Zone Fincap top comprise of exceedingly qualified and experienced investigators, who convey their mastery in giving stock calls, item calls and Nifty calls for brokers and so forth…..Our Experts extremely surely know the effect of progress in variables, for example, swelling, Bank Repo Rate, Reverse Repo Rate, GDP Rate, Global components such is Inventory level in worldwide Commodities Market, Change that acquires the development value which are area particular and Thus we anticipate the market like nobody else does.*

7.1.3. *eProfit Zone Fincap top goes for furnishing administrations as per the solace level of all brokers and speculators in securities exchange running from Small Investors to High Net worth Investors who exchange tremendous space of shares.*

7.1.4. *We give Stock Recommendation survive SMS. We likewise give premium call administration to HNI. Our SMS office is an exceptionally proficient and ensuring moment conveyance of Message with no loss of time. The customers get enough time to go into the exchange and book the benefit.*

7.1.5. *Our greatest quality today is that we are in the market since 3 years. Client base over the globe that dependably gives us their significant criticism in regards to our astounding execution, exactness, consistency, devotion, assurance, information and Strong and Committed Support group which helps the customer in exchanging and additionally understanding the market well.*

7.1.6. *Our Motto: As eProfit Zone Fincap top Services has a best group of Analyst, so we need that individuals to put cash in Shining Trading Market with least hazard and help you to develop your budgetary position by Short-Term putting or Trading in Various Market. Our Flexible Packages is so reasonable to everyone, So you can pick our bundles according to your prerequisite.*

7.1.7. Sample description of one of its service “Stock Cash” is as under:

STOCK CASH

The Stock Cash service is basically designed for the traders dealing in NSE stock cash. We provide traders with stock cash trading calls with high accuracy tips which will always lead a trader to handsome profit on their investment. Stock Cash is the most preferred trading instrument for most of the traders in India, thanks to its simplicity in understanding. This Service consist:

- *2-3 Calls / Day*
- *In an Accuracy 80-85% maintained on monthly basis.*
- *Risk reward of 1:1 in intraday Recommendation.*
- *Minimum cash investment INR 70000/-.*
- *Support provided by SMS/Telephonic.*
- *Monthly Returns 15-20% On the Investment*

Medium Calls :-

Complete Support by SMS and Telephonic will be provided. India: All Networks Covered.

Sample Calls :-

BUY SBIN ABOVE 200 Stop Loss 196 Targets 204, 208.

7.1.8. The pricing of various services offered by the company as per its website is as under:

Service Name	**Half yearly (Rs.)**	**Monthly (Rs.)**	**Quarterly (Rs.)**	**Yearly (Rs.**
Agri Commodity	38,800	12,800	26,800	50,800
Base Metal	36,800	11,800	28,800	46,800
BTST/STBT	25,000	-	15,000	40,000
Bullion	45,800	15,800	30,800	60,800

Service Name	Half yearly (Rs.)	Monthly (Rs.)	Quarterly (Rs.)	Yearly (Rs.
Delivery	20,000	-	10,000	30,000
Energy	36,800	15,800	28,800	46,800
Exclusive Pack	3,00,000	50,000	1,20,000	-
HNI	3,00,000	60,000	1,50,000	-
Index Futures	36,800	11,800	28,800	46,800
Index Options	40,800	10,800	25,800	50,800
Nifty Futures	25,000	-	15,000	40,000
Premium Pack	1,00,000	30,000	75,000	1,75,000
Stock Cash	38,800	13,800	25,800	48,800
Stock Futures	48,800	15,800	30,800	68,800
Stock Options	40,800	10,800	25,800	50,800

8. The objects of the company as per the Memorandum of Association are as under:

"1.To carry on the business as share & stock brokers, sub-brokers, dealers, agents, for subscribing to and for the sale and purchase of securities, stock, shares, debentures, debenture stock, bonds, units cash certificates, saving certificates, commercial papers, Government securities or other financial instruments or obligations and securities Issued or guaranteed by body corporate whether established in India or elsewhere, authority whether Central, State of Local, undertaking whether public or private, to act as portfolio managers, fund managers, asset managers, securities and investment consultants custodian for securities and assets and share transfer agents.

2.To undertake the activities of and act as Bill brokers, bill discounting service, foreign exchange management services, project and working capital financing and provide services relating to capital market, like underwriting, issue of shares and other related services."

9. From the complaint of the complainant, the following details are available:

9.1. Complainant has paid him Rs. 7.45 lacs to company on assurance that there will be a benefit of Rs. 1.5 lacs per month.

9.2. Company has been providing him with loss making calls.

9.3. Certain SMS received from the company were attached, which had the following text:

"As we informed yesterday Abt Assured Profit of Rs. 1.5L. Today given 45k profit in Fut."

"Don't loose money in fake Calls, To get assured Profit of Rs. 1.6 L/M, Register yourself"

"To get assured Profit Of Rs. 1.5 L/M, In F&O & MCX. Or Call/what'sapp…"

10. The following information is gathered from the bank account and payment gateway statements (upto 05/11/2020):

Account Number & Bank	Date of Account Opening	Period for which bank statement is obtained	Total Credits (Rs.)	No. of Credit transactions	Last Credit Transaction date	Closing Balance (Rs.)
916020084763543 - Axis Bank	05/12/2016	23-12-2016 to 05-11-2020	44,74,890	476	05/11/2020	21,827/-
232205000541 - ICICI Bank	15/10/2018	16-10-2018 to 06-11-2020	1,64,60,952	741	06/11/2020	24,967/-
PayUMoney	13/12/2016	13-12-2016 to 10-11-2020	1,25,77,391	1104	10/11/2020	NA
Total	**Rs. 3,35,13,232/-**			**2321**		

* Entity's PayUMoney merchant account is linked to its Axis bank account and the credits received in the Axis bank accounts from PayUMoney are excluded from amount and total number of credit transactions to avoid double counting

11. It can also be seen from the AOF/ KYC of the account opened with Axis Bank that the 'Nature of Business' has been mentioned as 'Service Provider', while the 'Customer Business Detail' has been mentioned as 'Investment Consultant Services'.

12. Considering the analysis of the details on the website of Eprofitzone and information from the accounts opened with the banks and payment gateway, I, *prima facie*, observe that Eprofitzone has represented that it is an investment advisory firm that provides tips for the stock and commodity markets.

13. Considering the above facts and circumstances, especially the contents of the website of Eprofitzone coupled with the credit transactions in the bank accounts, directly and through PayUMoney, as detailed above, *prima facie*, it is inferred that the fees/ funds credited to the bank account, were for the purpose of providing the services indicated on the website of Eprofitzone. Hence, as reflected from the bank statement, I note that Eprofitzone has commenced with the collection of fees/ funds for the purpose of providing the services from December 2016 and has continued the same, at least till the period of examination.

14. It is, *prima facie*, observed that Eprofitzone is placing information about various services offered by it in the securities market in public domain by using its website. Further, it is also, *prima facie*, observed that various packages are being offered by Eprofitzone through its website to avail its services. The website categorically mentions the "advantages of availing its services" in various fields of securities market and the advice they offer to their clients in the securities market through daily SMSs.

15. In this regard, I have perused the definition of Investment Adviser as given in Regulation 2(m) of the IA Regulations, which states that 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, I have perused Regulation 2(l) of the IA Regulations which 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."*

16. In light of the aforesaid definitions, it is, *prima facie*, observed from the contents of the website that Eprofitzone is holding itself out as investment adviser by offering to provide services related to investing in, purchasing and selling in securities and is also offering various investment packages for subscription and as such, these services fall within the definition of "Investment Advice" under Regulation 2(l) of the IA Regulations. Further, multiple credit entries have been received in the bank accounts and through PayUMoney, which when seen together with the contents of the website, leads to, on preponderance of probability basis, a, *prima facie*, conclusion that the credit entries in the bank account are for consideration for the investment advice given by Eprofitzone to its clients. Thus, *prima facie*, Eprofitzone is an investment adviser as defined under Regulation 2(m) of the IA Regulations.

17. Therefore, Eprofitzone has not only held itself out as an investment adviser but has also acted as an investment adviser for consideration.

Issue No.2: If answer to the aforesaid issue is in affirmative, whether Eprofitzone has, prima facie, violated any provisions of Securities and Exchange Board of India Act, 1992 ("SEBI Act") read with SEBI (Investment Advisers) Regulations, 2013 ("IA Regulations")?

18. In order to ensure that the investors who receive investment advice are protected, it is imperative that any person carrying out investment advisory activities has to necessarily obtain registration from SEBI and conduct its activities in accordance with the provisions of SEBI Regulations. Section 12(1) of the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**") reads as under:

"*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*:"

19. Further, as per Regulation 3(1) of the IA Regulations, the registration of the investment advisers is mandatory. It provides that, *"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".*

20. It is noted that Eprofitzone is not registered with SEBI in the capacity of an investment adviser, while the characteristics and features of the business activity carried out by it, as discussed in the preceding issue, *prima facie*, lead to the conclusion that it is holding itself out and acting as an investment adviser. However, no material is available on record to indicate that Eprofitzone or its directors, Mr. Prakash Kumar and Mr. Ajit Kumar, in their individual capacity, have a certificate of registration as investment adviser. In this context, it is also noted that Eprofitzone and its directors, Mr. Prakash Kumar and Mr. Ajit Kumar, in their individual capacity, are not registered with SEBI in any capacity.

21. In my view, these activities/ representations of Eprofitzone without holding the certificate of registration as an investment adviser is, *prima facie*, in violation of Section 12(1) of SEBI Act read with Regulation 3(1) of the IA Regulations.

Issue No.3: If answers to Issue Nos. (1) & (2) are affirmative, who are all responsible for the violations?

22. I note that as per MCA records, the directors of Eprofitzone are as below:

DIN	Name	Appointment Date	Cessation Date
0007610258	Prakash Kumar	04/10/2016	Continuing
0007610806	Ajit Kumar	04/10/2016	Continuing

23. I note that any company though a legal entity cannot act by itself, it can act only through its Directors. They are expected to exercise their power on behalf of the company with utmost care, skill and diligence. In terms of Section 179 of the Companies Act, 2013, the Board of Directors of a company shall be entitled to exercise all such powers and do all such acts and things as the company is authorized to exercise and do. Therefore, the Board of Directors, being responsible for the conduct of the business of a company, are liable for any non-compliance of law and such liability shall be upon the individual Directors also.

24. I note for the contravention of law committed by the company, apart from the company, the directors of company who at the time of contravention, were having knowledge of the said contravention or their neglect results in the said contravention of law, are also liable for said contravention of law committed by the company.

25. In the instant matter, as per material available on record, I find that that the core activities/ objective of Eprofitzone is to carry on business in securities market as investment adviser. Further, as per material available on record, I also find that apart from investment advisory business, Eprofitzone is not involved in any other business. It is already established in the preceding paragraphs that the company is carrying investment advisory activities without obtaining certificate of registration from SEBI.

26. Thus, the preponderance of the probability indicates that all directors of the company had knowledge and awareness of providing investment advisory services by the company to its clients without obtaining certificate of registration from SEBI. I also note that the liability of the directors also arises if the contravention is attributable to any neglect on the part of them. There is no material on record to indicate that the directors have taken any due diligence efforts to prevent the contravention of running un-registered investment advisory activity by way of making application to SEBI. It shows there is a neglect attributable on the directors.

27. The preponderance of probability indicates that all the directors, regarding the instant contravention, stand on the same footing as they have the knowledge or they have not taken due diligence efforts to apply for registration, i.e., they have neglected in making the application for registration. Therefore, the extent of liability of each director is same as that of the other director. The extent of the liability vested on one director is not minimized in view of the presence of the other director with similar liability. Since every director has failed to discharge its liability, their liability is not only joint but also several in the instant case.

28. Thus, I am of the view that both the directors of Eprofitzone, Mr. Prakash Kumar and Mr. Ajit Kumar, are jointly and severally liable for any contravention of law committed by the company.

29. It is pertinent to mention that Section 12(1) of SEBI Act read with Regulation 3(1) of the IA Regulations stipulates that no person shall act/ hold itself out as an investment adviser unless he obtains a certificate of registration from the Board in accordance with the regulations. The SEBI Act, along with the IA Regulations, provides for various remedies in the interest of investor protection. Section 11B of the SEBI Act, being one of the pivotal measure for the purpose of investor protection, is the section under which the remedial tool of refund is envisaged. The SEBI Act has also prescribed other set of measures under Section 11B of the SEBI Act. The said measures can include direction to refund the amount collected from the investors/ clients for its services. While the primary responsibility for refund of amount collected from the investors lies on the company, it does not absolve the obligation of the directors, who collected the money on behalf of the company by causing the company to indulge in unregistered investment advisory activities, to refund the amount collected. Therefore, the directors who collected the money on behalf of the company are also liable under Section 11B of the SEBI Act to refund the money collected by them, during their tenure of directorship as mentioned above. Accordingly, the amounts collected are liable to be refunded jointly and severally by the company and by the directors in their personal

capacity. As stated earlier, the liability of the directors is independent and the same can be enforced by way of direction to make refund under Section 11B of SEBI Act.

30. In the instant case, I have already found that Eprofitzone has indulged in investment advisory services without obtaining a certificate of registration from SEBI, thereby contravening the provisions of Section 12(1) of the SEBI Act and Regulation 3(1) of the PMS Regulations. I note that Eprofitzone has collected an amount of Rs. 3,35,13,233/- from investors/ clients. From the material available on record, it is noted that Mr. Prakash Kumar and Mr. Ajit Kumar were directors of Eprofitzone during the period it was, *prima facie*, found to be involved in providing unregistered investment advisory services. Hence, I am of the view that they are liable to make refund of the amount collected from the clients/ investors during their tenure.

31. In view of the above, I hold that the Directors of Eprofitzone, Mr. Prakash Kumar and Mr. Ajit Kumar, are responsible for the above mentioned acts of the company.

Issue No. 4: If answer to Issue No. (2) is affirmative, whether urgent directions, if any, should be issued against those responsible for the violations?

32. SEBI has a statutory duty to protect the interests of investors in securities and promote the development of, and to regulate, the securities market. Section 11 of the SEBI Act has empowered it to take such measures as it thinks fit for fulfilling its legislative mandate. The IA Regulations have been formulated with the main objective of regulating activities related to investment advice to safeguard the interests of investors and hence registration for such activities with SEBI has been made mandatory. The IA Regulations, *inter alia,* seek to create a structure within which investment advisers will operate and also make them duly accountable for their investment advice by requiring investment advisers to comply with the criteria set out in the relevant provisions of the IA Regulations. The same is imperative for the protection of interests of investors and to safeguard the integrity of the securities market.

33. In the instant case, Eprofitzone is soliciting/ inducing members of the public to deal in securities market on the basis of investment advice, stock tips etc., *prima facie*, without having the requisite registration/certification as mandated under the IA Regulations. Further, it is noted from material available on record, that the website is active as on date and money has been credited to the bank accounts even recently during the period of examination. Thus, the entity and its bank account is active and can continue to be used to collect fees from unsuspecting members of the public.

34. Considering the facts and circumstances of the present matter and on the basis of the, *prima facie*, findings, it is necessary to take urgent preventive action in this matter and to take immediate steps to prevent Eprofitzone from collecting any more fees from the public and from indulging in unauthorized investment advisory activities. I note that the website is active as on date. Therefore, the threat of investors getting lured towards the unregistered services provided by Eprofitzone in the securities market is still in existence and imminent. The amount of money, *prima facie*, observed to have been collected by Eprofitzone is Rs. 3,35,13,233/- and the same indicates the magnitude of the prospective threat to the investors.

35. It is noted that permitting the investors to receive an investment advisory service from an unregistered entity, in effect means, the same is received from an unqualified person without following the safeguards mentioned in the IA Regulations. An investor receiving a service from unregistered investment advisor vis-a-vis an investor who receives such service from a SEBI registered investment adviser stands at a disadvantageous position in respect of his protection as an investor as envisaged under the IA Regulations. An unregistered investment adviser has not even satisfied the Regulator that he is a fit and proper person to hold the certificate of registration as investment adviser. Availing such services from unregistered entities is detrimental to investors and such unregistered service would result in irreparable damage as the investors' money is invested based on unqualified and un-regulated service. Exposing investors to such service also has the effect of interfering with the development of

securities market, as victims of such services tend to lose faith in the securities market. Such an injury/ detriment to the development of the securities market also qualifies as an “irreparable injury”. The objective of SEBI as enshrined in the SEBI Act is not only the protection of investors but also orderly development of securities market.

36. Further, if an ex-parte order is not passed, many prospective investors may have to part with large fees and investments resulting into irreparable injury to themselves as discussed earlier. However, if an ex-parte order is passed, what is at stake is the right of the current entity herein vis-a-vis multitude of prospective and current clients of the entity. It may be noted that one of the underlying differences between the ex-parte orders in the case of private suits and ex-parte public enforcement actions, is the identification of the injured party. In private damage suits, the injured individual, as “whole”, is identifiable whereas ex-parte public enforcement actions, seeks to protect the floating multitude of investing public by preventing, continuous and imminent violations of the securities laws. Though, it can be argued that a final remedy by way of refund is available, as against the step of passing an ex-parte interim order, the potential deployment of funds by the investors by following the advice from an unqualified person and resultant loss of investor’s confidence and reliability of securities market, cannot be retrieved, if, *prima facie*, unregistered investment advice is permitted to be extended to the investors by not passing an *ex-parte-interim order* at this stage. Therefore, I consider the balance of convenience is also not in favor of Eprofitzone and its Directors.

37. Considering the facts and circumstances of the present matter and on the basis of the, *prima facie*, findings, it is necessary to take urgent preventive action in this matter and to take immediate steps to prevent Eprofitzone and its Directors from collecting any more fees from the public and from indulging in unauthorized investment advisory activities.

38. I note that the amount of Rs. 3,35,13,233/- has been collected in the bank accounts of Eprofitzone. In light of the same, I find that there is no other alternative but to take recourse through an interim ex-parte order against Eprofitzone and its Directors, Mr. Ajit Kumar and Mr. Prakash Kumar, for preventing them from collecting funds by indulging in unauthorized investment advisory services without obtaining the mandatory registrations from SEBI in accordance with the law. As the website and bank account is active, the balance of convenience demands the preventive measure of stopping the collection of money from investors in the bank accounts belonging to Eprofitzone, which can be achieved by an appropriate direction of stopping the credit into these bank accounts. As Eprofitzone and its Directors have already evaded the jurisdiction of SEBI by, *prima facie*, acting as unregistered investment adviser, the balance of convenience also demands that Eprofitzone and its Directors need to be prevented from diverting the funds collected from the investors through the unauthorized investment advisory activity. Accordingly, an appropriate direction stopping the debit from the bank accounts of Eprofitzone has been incorporated.

39. With the initiation of quasi-judicial proceedings, it is highly probable that Eprofitzone and its Directors may divert the money collected from the subscribers / clients. The same may result in defeating the effective implementation of the direction of refund, if any, to be passed after deciding the matter on merits. It therefore becomes necessary for SEBI to take urgent steps to prevent Eprofitzone and its Directors from diverting the money collected from the subscribers/ clients and it is also essential to take urgent steps to prevent them from alienating any assets, whether movable or immovable, or any interest or investment or charge in any of such assets, so that the final remedies, if any, do not become infructuous. In view of the facts and circumstances discussed hereinabove, and considering the interests of already existing clients of Eprofitzone and also the interests of those who may fall prey to the unregistered investment advisory by reaching Eprofitzone through the website, the balance of convenience lies against Eprofitzone and its Directors, and requires immediate action against them including not to divert the money collected from the subscribers / clients / investors.

Order

40. In view of the above, pending conclusion of enquiry on granting of hearing opportunity as per this Order, to Eprofitzone and its Directors, Mr. Ajit Kumar and Mr. Prakash Kumar, I, in exercise of the powers conferred upon me by virtue of Section 19 read with Sections 11, 11(4), 11B(1) and 11D read with Section 19 of the SEBI Act, 1992, hereby issue by way of this *interim ex-parte order*, the following directions:

40.1. *Eprofitzone (PAN: AAECE4442M) and its Directors, Mr. Ajit Kumar (PAN: DBVPK6391D) and Mr. Prakash Kumar (PAN: BVRPK8681G), are directed to:*

40.1.1. *Cease and desist from acting as an investment advisor including the activity of acting and representing through any media (physical or digital) as an investment advisor, directly or indirectly, and cease to solicit or undertake such activity or any other activities in the securities market, directly or indirectly, in any matter whatsoever, until further orders.*

40.1.2. *Not to divert any funds raised from investors, kept in bank account(s) and/or in their custody until further orders.*

40.1.3. *Not to dispose of or alienate any assets, whether movable or immovable, or any interest or investment or charge on any of such assets held in their name, including money lying in bank accounts except with the prior permission of SEBI.*

40.1.4. *Immediately withdraw and remove all advertisements, representations, literatures, brochures, materials, publications, documents, communications etc., physical or digital in relation to their investment advisory activity or any other unregistered activity in the securities market until further orders.*

40.1.5. *Not to access the securities market and buy, sell or otherwise deal in securities in any manner whatsoever, directly or indirectly, until further orders.*

40.1.6. *To provide a full inventory of all assets held in their name, whether movable or immovable, or any interest or investment or charge on any of such assets, including details of all bank accounts, demat accounts and mutual fund investments, immediately but not later than 5 working days from the date of receipt of this order.*

40.1.7. *To submit the number and details of clients who have availed their investment advisory services and to submit details of fees collected from each such client, immediately but not later than 5 working days from the date of receipt of this order.*

40.2. *If Eprofitzone or its Directors, Mr. Prakash Kumar and Mr. Ajit Kumar, have any open positions in any exchange traded derivative contracts, as on the date of the order, they can close out/ square off such open positions within 3 months from the date of this Order or at the expiry of such contracts, whichever is earlier. Eprofitzone and its Directors, Mr. Prakash Kumar and Mr. Ajit Kumar, are permitted to settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the close of trading on the date of this Order.*

40.3. *Axis Bank and ICICI Bank, wherein the Eprofitzone is holding bank account with number 916020084763543 and 232205000541, respectively, are directed not to allow any debits/ withdrawals from and not to allow any credits to the said accounts, without the permission of SEBI. PayUMoney, where Eprofitzone is holding an account, is directed to deactivate the said account till further orders. Axis Bank, ICICI Bank and PayUMoney are directed to ensure that all the above directions are strictly enforced.*

40.4. *The Depositories are directed to ensure that no debits and credits are permitted in the demat account(s) held in the name of Eprofitzone till further directions. The Depositories are also directed to ensure that no debits and credits are permitted in the demat account(s) of Mr. Prakash Kumar and Mr. Ajit Kumar, held jointly or individually, till further directions.*

40.5. *The Registrar and Transfer Agents are directed to ensure that the securities, including Mutual Fund units, held in the name of Eprofitzone are not transferred or redeemed till further directions. Further, the Registrar and Transfer Agents are also directed to ensure that the securities, including Mutual Fund units, held in the name of Mr. Prakash Kumar and Mr. Ajit Kumar, jointly or individually, are not transferred or redeemed till further directions.*

41. This Order shall also be treated as a Show Cause Notice and Eprofitzone and its Directors, Mr. Prakash Kumar and Mr. Ajit Kumar, are show caused as to why the investment advisory plans floated by them should not be held as "Investment Advisory Services" in terms of the IA Regulations and thereby the activity of Eprofitzone be treated as unregistered activity under the SEBI Act and relevant Regulations.

42. Eprofitzone and its Directors, Mr. Prakash Kumar and Mr. Ajit Kumar, are also show caused as to why appropriate directions, under Sections 11, 11(4), 11B(1) and 11D of the SEBI Act and relevant SEBI Rules/Regulations, including directions for prohibition on them from buying, selling or otherwise dealing in securities market, either directly or indirectly, in any manner whatsoever, for a particular period and directions not to be associated for a particular period with any registered intermediary/ listed company and any public company which intends to raise money from the public in the securities market, in any manner whatsoever, should not be issued against them. Eprofitzone and its Directors, Mr. Prakash Kumar and Mr. Ajit Kumar, are also show caused as to why they should not be directed to refund, jointly and severally, the fees collected from the investors/clients for its unregistered investment advisory activities under Sections 11 and 11B (1) of SEBI Act.

43. The *prima facie,* observations contained in this Order are made on the basis of the material available on record. In this context, Eprofitzone and its Directors, Mr. Prakash Kumar and Mr. Ajit Kumar, may, within 21 days from the date of service of this Order, file reply, if any, to this Order and may also indicate whether they desire to avail an opportunity of personal hearing on a date and time to be fixed on a specific request to be made in that regard.

44. The above directions shall take effect immediately and shall be in force until further orders.

45. This Order is without prejudice to the right of SEBI to take any other action that may be initiated against the aforementioned entity and its Directors in accordance with law.

46. A copy of the order shall be served upon Eprofitzone Fincap Consultant Private Limited and its Directors, Mr. Prakash Kumar and Mr. Ajit Kumar, Axis Bank, ICICI Bank, PayUMoney, Stock Exchanges, Depositories and Registrar and Transfer Agents for necessary action and compliance with the above directions.

Sd/-

Date: December 07, 2020 **MADHABI PURI BUCH**

Place: Mumbai **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA