**WTM/AS/WRO/WRO/31986/2025-26**

**SECURITIES AND EXCHANGE BOARD OF INDIA**

**ORDER**

**Under Section 12 (3) of the Securities and Exchange Board of India Act, 1992 read with Regulation 27 of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008**

**In respect of**

| Sr. No. | Name of the Noticee | SEBI Registration No. |
|---|---|---|
| 1. | Winway Research – Proprietor Mr. Ankur Jain | INA000007492 |

**In the matter of Winway Research – Proprietor Mr. Ankur Jain**

## BACKGROUND

1. Winway Research – Proprietor Mr. Ankur Jain (hereinafter referred to as "**Noticee**") is registered as an Investment Adviser with the Securities and Exchange Board of India (hereinafter referred to as "**SEBI**"). The present proceeding has originated from the Enquiry Report dated November 18, 2024, submitted by the Designated Authority (hereinafter referred to as "**DA**"), in terms of the applicable provisions of the SEBI (Intermediaries) Regulations, 2008 (hereinafter referred as "**Intermediaries Regulations**").

2. SEBI had received certain complaints against the Noticee on the SCORES portal and conducted an examination of the said complaints in order to ascertain compliance of the applicable regulatory requirements stipulated under, *inter alia*, Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 (hereinafter referred to as **'IA Regulations'**), Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices

relating to Securities Market) Regulations, 2003 (hereinafter referred to as **"PFUTP Regulations"**) and Circulars and Guidelines framed thereunder.

3. The summary of contraventions alleged to have been committed by the Noticee and the corresponding provisions of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **"SEBI Act"**)**,** SEBI Regulations and SEBI Circulars are given in the Table below:

**Table 1**

| S. No. | Alleged violations | Regulatory provisions |
|---|---|---|
| **1** | Noticee did not apply for registration as a non-individual Investment Adviser. | Paragraph 2(v)(a) and 2(v)(c) of SEBI Circular SEBI/HO /IMD/DF1/ CIR/P/2020/182 dated September 23, 2020 (hereinafter referred to as the **"2020 Circular"**) read with Clause 8 of Code of Conduct for Investment Advisers specified in Third Schedule of the IA Regulations |
| **2** | Noticee insisted the clients to make payments from bank account of relatives and took money from his clients in different personal bank accounts belonging to other persons.<br>Noticee charged fees from the complainant (i.e. Mr. Shyam Kumar Kandukuri) for same product for overlapping durations. | Regulation 3(d), 4(1) and 4(2)(o) of PFUTP Regulations read with Section 12A(c) of the SEBI Act<br>Regulation 15(2) of IA Regulations<br><br>Regulation 15(1) and (9) of IA Regulations read with Clause 1, 2 and 6 of Code of Conduct for Investment Advisers. |

| | | |
|---|---|---|
| **3** | Noticee issued invoices for various payments but has not mentioned the same in the agreements entered into with the complainants, and did not enter into agreements with the clients with respect to various fees charged from them. | Paragraph 2(ii)(a) and 2(ii)(c) of 2020 Circular read with terms and conditions specified in Annexure of the said SEBI circular read with Regulation 19(1)(d) of IA Regulations read with Clause 1 and 8 of Code of Conduct for Investment Advisers specified in Third Schedule of IA Regulations read with Regulation 15(9) of IA Regulations. |
| **4** | Noticee failed to submit records sought by SEBI and failed to maintain call records. | Paragraph 2(vi) of 2020 Circular read with Regulation 19(2) and Clause 8 of Code of Conduct specified in the Third Schedule read with Regulation 15(12) of IA Regulations. |
| **5** | Noticee promised assured returns to a client and induced the client to subscribe to the service packages. | Regulations 3(d), 4(1), 4(2)(k), 4(2)(o) and 4(2)(s) of PFUTP Regulations read with Section 12A(c) of SEBI Act, 1992. Regulation 15(1) and Clauses 1, 2 and 8 of the Code of Conduct as specified in the Third Schedule read with Regulation 15(9) of IA Regulations. |
| **6** | Noticee did not resolve the SCORES complaints. | SEBI Circular SEBI/HO/OIAE/ IGRD /P/CIR/2022/0150 dated November 07, 2022 (hereinafter referred to as the **"2022 Circular"**), regarding resolution of investor grievances through SCORES platform and Regulation 21(1) of IA Regulations. |

4. Based on the findings of the said examination, a Designated Authority (hereinafter referred to as **"DA"**) was appointed to inquire into and to submit a report pertaining to the aforesaid allegations. The DA issued a show-cause notice dated June 13, 2024 (hereinafter referred to as "**SCN**") to the Noticee under Regulation 25(1) of the Intermediaries Regulations to show cause as to why appropriate recommendation should not be made against him in terms of Regulation 26 of the Intermediaries Regulations. The Noticee was advised to submit his reply, if any, within 21 days of receipt of the notice.

5. In response to the allegations mentioned in Table 1 above, the Noticee, vide e-mail dated July 11, 2024, submitted his reply to the SCN. Pursuant to the receipt of the said reply, an opportunity of personal hearing was granted to the Noticee by the DA on August 20, 2024, which was availed by the Noticee through an authorized representative. Further, the Noticee filed his additional submissions vide letter dated September 22, 2024.

6. After considering the allegations levelled in the show-cause notice, reply filed by the Noticee and the material available on record, the DA found that the following charges were established against the Noticee:
   a. Charging fees for the same product for overlapping durations;
   b. Receiving money from the client in personal bank account of his employee;
   c. Failure to maintain call records and to submit call records to SEBI; and
   d. Non-resolution of SCORES complaints.

7. After taking into account the aforesaid violations, the DA submitted the Enquiry Report dated November 18, 2024 and made the following recommendation:
   *"84. Keeping in mind the facts and circumstances of the case, and considering the factors that the number of instances are few and value involved is less in the violations established, I recommend issuance of a regulatory censure to the Noticee i.e. Ankur Jain (Proprietor: Winway Research) (SEBI Registration*

*Number: INA000007492) in terms of Regulation 26 of the Intermediaries Regulations."*

8. The DA report was forwarded to the Noticee in terms of Regulation 27(1) of the Intermediaries Regulations vide a Post Enquiry Show Cause Notice dated December 18, 2024 (hereinafter referred to as **"Post Enquiry SCN"**) whereby the Noticee was advised to file his reply to the Post Enquiry SCN along with supporting documents, if any. The Noticee, vide letter dated January 3, 2025, filed his written submissions in the matter and requested for an opportunity of hearing in the matter. It is observed from the material available on record that the said submissions were filed before the DA too and have been dealt with by the DA, in detail, in the Enquiry Report. Pursuant to the receipt of the said submissions, the Noticee was granted an opportunity of hearing in the matter on February 21, 2025 which was re-scheduled to March 5, 2025. The Noticee appeared and reiterated the submissions made vide letter dated January 3, 2025. Pursuant to the hearing, the Noticee filed post-hearing submissions on March 5, 2025 itself.

9. The submissions made by the Noticee are summarized as under:

**A. Charging Fees for Overlapping Period**

i. The allegation that a client was sold services for overlapping period is due to lack of understanding of the invoicing system before the amendment of 2020 as at that point, a combined bill was raised for all the services. The client subscribed for a combination of services and thus, it does not mean that the client was charged for overlapping period;

ii. The aforesaid fact can further be verified by through the SMS details provided to the clients.

## B. Receiving Money in Personal Accounts

i. In all the invoices issued to the clients, pursuant to agreements entered by the Noticee and the clients, it was clearly mentioned that the Noticee does not take any fees in any third party bank accounts and the same is also specified in the agreements, invoices and on the website;

ii. The allegations regarding funds being received in the personal bank account of the employees are baseless as certain ex-employees of the Noticee misused the company credentials and engaged in unauthorized activities without the knowledge of the Noticee;

iii. As a responsible employer, the Noticee cannot be held liable for independent action of the former employees. There is no concept of vicarious liability in cases where an employee commits a breach of trust. The Noticee has already informed SEBI that certain individuals are using the Noticee's name and issuing fake invoices.

## C. Call record Maintenance

i. As an investment adviser, the Noticee has made all reasonable efforts to maintain and provide call recording as required by SEBI. However, due to technical failures, beyond the control of the Noticee, certain data became unavailable while shifting;

ii. SEBI's own guidelines recognize that alternative forms of evidence (emails, invoices, agreements, etc.) can be used in case of data loss. In the case of ***Nestra Capital***[1], the Adjudicating Officer has accepted the said submission and has held that no penalty shall be levied;

[1] BM/GM/2023-24/30087

iii. SEBI, in his consultation paper[2] (dated August 6, 2024) has concluded that call recording is impractical, onerous and unnecessary.

**D. Non-resolution of Investor Complaints**

i. The Noticee has taken all reasonable and necessary steps to address investor grievances in a timely manner and the delay, if any, was not intentional but due to practical constraints;

ii. As per 2022 Circular, only failure to file the ATR shall be treated as non-compliance and the Noticee has filed the ATR within the stipulated time. SEBI's interpretation of non-redressal despite filing of ATR is overly stringent;

iii. As per SEBI rules, client can avail refund only of the remaining services but in the present scenario, the client has availed the entire services without any complaint and pursuant to the completion of the services, the client has sought a refund of the amount;

iv. The Adjudication Order dated November 14, 2024 (hereinafter referred to as **"AO Order"**) has imposed a harsh penalty and is discouraging the Noticee from further carrying on the IA activities and therefore, the huge penalty may be set aside.

**CONSIDERATION AND FINDINGS:**

10. I have perused the Enquiry Report sent to the Noticee along with the Post Enquiry SCN and other material available on record. In the instant proceedings, the DA has recommended that the Noticee be issued a regulatory censure.

[2] Available at - https://www.sebi.gov.in/web/?file=https://www.sebi.gov.in/sebi_data/attachdocs/aug-2024/1722949457049.pdf#page=16&zoom=90,-33,390

11. I shall now proceed to deal with the allegations against the Noticee under the following heads:

**A. Charging Fees for Overlapping Period**

12. During the course of examination, it was observed that the Noticee was charging fees from one of his clients (i.e., Mr. Shyam Kumar Kandukuri) for the same product (Stock Option) for overlapping periods. It was observed that that 'Stock Option' was included in both the invoices dated November 19, 2020 (Period of service - November 20, 2020 to December 31, 2020) and November 23, 2020 (Period of service - November 24, 2020 to January 05, 2021) issued to Mr. Shyam Kumar Kandukuri. Accordingly, the Noticee was alleged to have violated clauses 1, 2 and 6 of Code of Conduct as specified in Third Schedule of the IA Regulations read with Regulation 15(1) of the IA Regulations.

13. The Noticee, in this regard, has submitted that the said allegation has stemmed from lack of understanding of the invoicing system before the amendment of 2020, as at that point in time, a combined bill was raised for all the services.

14. In my view, the submission put forth by the Noticee is vague, lacks a valid rationale and does not explain/ elaborate the alleged *lack of understanding* of the invoicing system. The Noticee has not explained as to why the allegation levelled in the Post Enquiry SCN is not sustainable. The facts as regards the present allegation, are crystal clear. As noted above, both the invoices dated November 19, 2020 (Period of service - November 20, 2020 to December 31, 2020) and November 23, 2020 (Period of service - November 24, 2020 to January 05, 2021) issued to Mr. Shyam contained the same service (Stock Option) for an overlapping period. The said fact has also not been disputed by the Noticee. In terms of the IA Regulations, the Noticee is expected to act with honesty, diligence and discharge his fiduciary duties towards his clients.

Additionally, a SEBI registered investment adviser is expected to charge fair and reasonable fees from the clients. In the present case, the Noticee, by selling the same product for an overlapping period, has failed to uphold the values of the fiduciary relationship that exists between the Noticee and his clients, which has been recognized under regulation 15(1) of the IA Regulations.

15. Accordingly, I find myself in agreement with the observations made by the DA in this regard and hold the Noticee to be in violation of clauses 1, 2 and 6 of Code of Conduct as specified in Third Schedule of the IA Regulations read with Regulation 15(1) of the IA Regulations.

**B. Receiving Money in Personal Accounts**

16. It has been alleged in the Post Enquiry SCN that the Noticee was receiving money from his clients in the personal bank account of his employee, Mr. Sumit Singh Duran. The said act was allegedly in violation of regulation 15(1) and 15(2) of the IA Regulations and regulation 15(9) read with Clause 1, 2 and 6 of Code of Conduct for Investment Advisers in Third Schedule of the IA Regulations.

17. In this regard, the Noticee has submitted that in the agreements, invoices etc., issued to the clients, it was clearly mentioned by the Noticee that no payment is accepted in third party bank accounts. Further, the said allegations are baseless as certain employees have misused the company credentials and engaged in unauthorized activities without the knowledge of the Noticee. The Noticee has also submitted that the Noticee cannot be held liable for independent action of the employees as there is no concept of vicarious liability in cases where an employee commits a breach of trust.

18. I have perused the submissions of the Noticee and I note that merely mentioning certain things in agreements/ invoices, etc., cannot absolve the Noticee of his liability and fiduciary duties towards his clients and investors. The Noticee, as a SEBI registered intermediary, ought to have taken sufficient care in ensuring that his employees do not enter into illegal transactions with the clients.

19. Further, I find that the argument of the Noticee that there can be no liability of the employer in cases where an employee commits a breach of trust, is also incorrect. In this regard, I deem it necessary to place my reliance on the decision of the Hon'ble Supreme Court in the matter of ***Pradeep Kumar and Anr. Vs. Post Master General and Others***[3] (hereinafter referred to as **"Pradeep Kumar"**) dated February 07, 2022, wherein the Apex Court has observed as under:

> *"…Employees, as individuals, are capable of being dishonest and committing acts of fraud or wrongs themselves or in collusion with others.*[20] *Such acts of bank/post office employees, when done during their course of employment, are binding on the bank/post office at the instance of the person who is damnified by the fraud and wrongful acts of the officers of the bank/post office. Such acts of bank/post office employees being within their course of employment will give a right to the appellants to legally proceed for injury, as this is their only remedy against the post office. Thus, the post office, like a bank, can and is entitled to proceed against the officers for the loss caused due to the fraud etc., but this would not absolve them from their liability if the employee involved was acting in the course of his employment and duties.*
>
> *…*
>
> *38. This Court in* ***State Bank of India (Successor to the Imperial Bank of India) v. Smt. Shyama Devi*** *held that for the employer to be liable, it is*

[3] Civil Appeal Nos. 8775-8776 of 2016

*not enough that the employment afforded the servant or agent an opportunity of committing the crime, but what is relevant is whether the crime, in the form of fraud etc., was perpetrated by the servant/employee during the course of his employment. Once this is established, the employer would be liable for the employee's wrongful act, even if they amount to a crime. Whether the fraud is committed during the course of employment would be a question of fact that needs to be determined in the facts and circumstances of the case."*

20. The material available on record shows that there were several credit transactions in the bank account of Mr. Sumit Duran from the Noticee, from November 2020 to December 2021 (during the course of his employment) and that Mr. Sumit left his job in December 2021. During the course of employment with the Noticee, a payment of ₹10,000/- was received in account no. 9180100******17 of Mr. Sumit Duran from one complainant Mr. Padam Singh on August 05, 2021. Further, credits of ₹50,000/- and ₹15,000/- on August 04, 2021 in the bank account no. 15900*****19 of Mr. Sumit Duran were also received from the complainant Mr. Padam Singh. The fact of these credits during the course of Mr. Sumit's employment with the Noticee, has not been disputed. Accordingly, I note that the said payments were received by Mr. Sumit Duran, employee of the Noticee, from the complainant Mr. Padam Singh, in his personal bank accounts, during the course of his employment with the Noticee.

21. An analysis of the aforesaid facts, in light of the observations of the Apex Court in the matter of *Pradeep Kumar and Anr.* (supra), unequivocally establishes the lapses on part of the Noticee. An employee of the Noticee engaged into unlawful activities, during the course of his employment with the Noticee; and the Noticee, as an employer, failed to protect his clients from his own employee. Accordingly, I hold the Noticee liable for the acts of his employee,

Mr. Sumit Duran and find that the Noticee has violated regulation 15(1) and 15(2) of the IA Regulations and failed to abide by Code of Conduct as specified under regulation 15(9) read with clauses 1, 2 and 6 of Code of Conduct for Investment Advisers as specified in Third Schedule of the IA Regulations.

**C. Call record Maintenance**

22. It is alleged in the Post Enquiry SCN that the Noticee was advised to submit call recording of certain clients who had filed complaints on the SCORES Portal. However, the Noticee failed to provide the said call recordings for the entire relevant period.

23. The Noticee, in this regard, submitted that, as an investment adviser, the Noticee has made all reasonable efforts to maintain the call recordings. However, due to technical failures, beyond the control of the Noticee, certain data became unavailable while shifting. Further, the Noticee has also submitted that, similar to stock brokers, alternative forms of evidence such as emails invoices, etc. can be used in case of data loss and has placed reliance on the adjudication order of *Nestra Capital*. Noticee has also submitted that SEBI, in its consultation paper dated August 06, 2024, has concluded that call recording is impractical, onerous and unnecessary.

24. Having perused the submissions of the Noticee, I find them to be devoid of any merit. It is not in dispute that the Noticee has failed to maintain the call recordings, as mandated under the IA Regulations and relevant circulars. In terms of the 2020 Circular, the Noticee was required to maintain records of the interactions with his clients. The submission of the Noticee that alternative forms of evidence can be used in case of data loss and the reliance on the order of Nestra Capital cannot come to the rescue of the Noticee. In the order relied upon by the Noticee, i.e., Nestra Capital, the concerned entity had provided confirmation from the server service provider as regards the issues

in the server and had also shared the requisite data with SEBI prior to crashing of the server. The 2020 Circular, *inter alia*, stipulates that the investment advisers maintain the records of interactions, with all clients (including prospective clients) till the completion of advisory services to the client. I note that neither is it within the scope of the said circular to accept alternative form of evidence to prove the maintenance of records, nor has the Noticee produced any evidence in that regard. The Noticee, apart from making unsubstantiated claims, has failed to submit any document/ evidence to establish that he was in compliance with the requisite statutory provisions. Accordingly, the Noticee's submissions in this regard cannot be accepted.

25. Also, the Noticee's submission as regards the consultation paper is misleading and incorrect. The Noticee has submitted that SEBI has concluded in the said paper that the call recordings are impractical, onerous and unnecessary. I note that the said consultation paper does not mention the call recordings being impractical, onerous and unnecessary, as alleged by the Noticee. On the contrary, the proposals in the said consultation paper were discussed in the Board Meeting dated September 30, 2024 and therein, it was noted that certain representations, in response to the consultation paper, had been received by SEBI stating that the IAs providing implementation/ execution services should not be required to maintain call recordings. However, the said representations were analyzed and the following was noted and approved in the said Board Meeting:

*"It is to be clarified that it is not mandatory for IAs to give advice/execution through telephone call. Maintenance of call recording is required only if the investment advice or execution services are provided through a call. Intent of the proposal is to capture the audit trail of the communications between the regulated entity and his clients for the recommendations being made. This forms the basis of the relationship between the investor and the intermediary."*

26. I note from the above that while it is not mandatory for IAs to give advice/ execution through telephones, they are required to maintain the call recordings if the said services are provided by calls.

27. In view of the aforesaid discussion, I find the Noticee to be in violation of provisions of Paragraph 2(vi) of 2020 Circular read with regulation 19(2) and clause 8 of Code of Conduct specified in the Third Schedule read with regulation 15(12) of IA Regulations.

**D. Non-resolution of Investor Complaints**

28. It has been alleged in the Post Enquiry SCN that four complaints were pending against the Noticee, during the course of examination, which the Noticee, failed to resolve within the specified time limit.

29. The Noticee in this regard has argued that it had taken all reasonable and necessary steps to address the investor grievances and the delay, if any, was not intentional but due to practical constraints. He has further submitted that in terms of the 2022 Circular, only failure to file the ATR shall be treated as non-compliance and the Noticee has filed the ATR within the stipulated time and thus, SEBI's interpretation of non-redressal despite filing of the ATRs is overly stringent.

30. I have perused the submissions of the Noticee vis-à-vis the allegations levelled in the Post Enquiry SCN and I note that it is not in dispute that there were certain complaints (four in number) which were not resolved by the Noticee. I note that although the Noticee has submitted that he took all reasonable steps for resolution of investor complaints, the said claim has not been backed by any evidence, documentary or otherwise. The Noticee has not elaborated or explained the steps/ efforts taken by him to resolve the pending investor complaints. Additionally, the argument that mere filing of ATR is sufficient

compliance is also factually incorrect. Clause 48 of the 2022 Circular explicitly states that mere filing of ATR will not mean that the complaint is not pending. The relevant text is as under:

> *"48. A complaint shall be treated as resolved/disposed/closed only when SEBI disposes/closes the complaint in SCORES. Hence, mere filing of ATR by a listed company or intermediary or MII with respect to a complaint will not mean that the complaint is not pending."*

31. In view of the aforesaid, I find that the Noticee has violated provisions of the 2022 Circular read with regulation 21(1) of the IA Regulations.

32. In addition to the above submissions, the Noticee has also prayed that the penalty imposed by the AO Order is harsh and is discouraging the Noticee from continuing with his activities and the same may be set aside. In this regard, it is noted that an appeal against the order of AO can be filed by the Noticee before the Hon'ble Securities Appellate Tribunal and no relief in respect of the said AO order can be granted in the present proceedings.

## CONCLUSION

33. To conclude, I find the Noticee to have committed the below-mentioned violations:
    a. Charging fees for the same product for overlapping durations;
    b. Receiving money from the client in personal bank account of his employee;
    c. Failure to maintain call records and to submit call records to SEBI; and
    d. Non-resolution of SCORES complaints.

34. Having found that the Noticee has committed the violations as aforesaid, read with the relevant legal provisions mentioned in Table 1 above, I shall now consider the recommendation made by the DA. It is noted that the allegation

of charging fees for the same product for overlapping period has been established only with regard to one client of the Noticee. Similarly, the violation as regards receiving money in the personal account of his employee, has been established with respect to one client. Further, I also take note of the AO Order, vide which, for a similar set of violations, a penalty of ₹7,00,000/- has been imposed upon the Noticee. Accordingly, considering the nature of violations established against the Noticee and the fact that a penalty has also been imposed by way of an Adjudication Order, I am of the opinion that issuance of a censure would be commensurate in the matter.

## DIRECTIONS

35. In view of the above, I, in exercise of the powers conferred upon me under Section 19 of the SEBI Act, 1992 read with Regulation 27(5) of the Intermediaries Regulations issue a regulatory censure to the Noticee, Winway Research – Proprietor Mr. Ankur Jain and warn the Noticee to be diligent and careful in his dealings as an Investment Adviser.

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

37. A copy of the Order shall be served on the Noticee and the concerned Market Infrastructure Institutions for their information and record.

AMARJEET SINGH
Digitally signed by AMARJEET SINGH
Date: 2026.01.21 17:01:40 +05'30'

**DATE: January 21, 2026** **AMARJEET SINGH**
**PLACE: MUMBAI** **WHOLE TIME MEMBER**
**SECURITIES AND EXCHANGE BOARD OF INDIA**