



**BEFORE THE ADJUDICATING OFFICER  
SECURITIES AND EXCHANGE BOARD OF INDIA  
ADJUDICATION ORDER NO. Order/SM/SM/2025-26/31989-31990**

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**UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995.**

**In respect of**

<b>Noticee No.</b>	<b>Noticee Name</b>	<b>PAN/ SEBI Regn.</b>
1.	Research Guru, Proprietor - Mrs. Veena Sharma (Investment Adviser)	CCCPS4149A / INA000005507
2.	Abhishek Sharma	BOKPS5331D

In the matter of Research Guru, Proprietor - Mrs. Veena Sharma

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**A. BRIEF BACKGROUND**

1. Securities and Exchange Board of India (hereinafter referred to as "SEBI"), had received a complaint from Mr xaxx xm xxxmx (who claimed himself to be former employee of SEBI Registered Investment Adviser – Mrs. Veena Sharma, Proprietor of M/s Research Guru, having Registration no. INA000005507 [hereinafter also referred to as 'IA' / 'Noticee 1' / 'Research Guru'] detailing various unethical practices being followed by the IA and inter alia alleged that the proprietor of the IA had never visited the office since obtaining registration. The entire operations were carried out by one Mr Abhishek Sharma ('Noticee 2') and that he had been distributing franchisees so as to allow unregistered entities to carry out investment advisory activity in the name of Research Guru. Further, during the course of hearing before the Competent Authority in the matter of Capital Vista held on July 11, 2022, the authorised representative of Capital Vista submitted that the actual person behind Capital Vista was Mr Abhishek Sharma who was running investment advisory firm in the name of Research Guru. In view of the above, SEBI conducted a surprise inspection for the period April 1, 2021 onwards, at the



registered office of Noticee 1, of the books of accounts and other records, the inspection was carried out during the period July 14, 2022 - July 18, 2022.

Pursuant to Inspection in the matter, SEBI initiated adjudication proceedings against the Noticee 1 and Noticee 2 (collectively also referred to as Noticees) under Section 15-I of SEBI Act, 1992 (hereinafter also referred as "SEBI Act") in respect of the Noticees in the subject matter for the alleged violation of following provisions:

1.1. Under Section 15A(a) of the SEBI Act, 1992 (hereinafter also referred to as 'SEBI Act') for the alleged violations of the following provisions:

1.1.1. Regulation 15(12) of SEBI (Investment Advisors) Regulations, 2013 ('IA Regulations, 2013).

1.2. Under Section 15EB of SEBI Act, for the alleged violations of the following provisions:

1.2.1. Regulation 15(1) and clauses 1, 2, 3, 4, 5, 6, 7 and 8 as specified under Third Schedule of Code of Conduct for Investment Advisers read with Regulation 15(9) of IA Regulations, 2013;  
Schedule II of SEBI (Intermediaries) Regulations, 2008 ('Intermediaries Regulations, 2008') read with regulation 7(2)(e) of Intermediaries Regulations, 2008;  
Regulations 3(a), (c) and (d), and 4(2)(o) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 ('PFUTP Regulations, 2003') read with Sections 12A(a), (b) and (c) of SEBI Act, 1992;

1.2.2. Regulation 7 of the IA Regulations, 2013;

1.2.3. Regulations 13(a) and 13(b) of the IA Regulations, 2013;

1.2.4. Regulations 15(12) of IA Regulations, 2013;

1.2.5. Regulations 16 and 17 of IA Regulations, 2013;

1.2.6. Regulation 18(1) of the IA Regulations, 2013;



1.2.7. Regulations 19(1) and 19(2) of IA Regulations, 2013 read with clause 2(vi) of SEBI Circular SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020 (SEBI Circular dated September 23, 2020);

1.2.8. Clause 1(iii) of SEBI Circular SEBI/HO/IMD/DF1/CIR/P/2019/169 dated December 27, 2019 (SEBI Circular dated December 27, 2019)

1.3. Under Section 15HA of SEBI Act, for the alleged violations of the following provisions:

1.3.1. Regulation 15(1) and clauses 1, 2, 3, 4, 5, 6, 7 and 8 as specified under Third Schedule of Code of Conduct for Investment Advisers read with Regulation 15(9) of IA Regulations, 2013; Schedule II of Intermediaries Regulation, 2008 read with regulation 7(2)(e) of Intermediaries Regulations, 2008; Regulations 3(a), (c) and (d), and 4(2)(o) of PFUTP Regulations, 2003 read with Section 12A(a), (b) and (c) of SEBI Act, 1992.

## **B. APPOINTMENT OF ADJUDICATING OFFICER**

2. Whereas, the Competent Authority was prima facie of the view that there were grounds to adjudicate the alleged violations by the Noticees, therefore, in exercise of the powers conferred under Section 15I (1) of the SEBI Act and Rule 3 of Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred as the 'SEBI Rules') read with Section 19 of the SEBI Act, the Competent Authority appointed Ms. Soma Majumder, General Manager, SEBI as the Adjudicating Officer to inquire into and adjudge under Section 15A(a), 15EB and 15HA of the SEBI Act, 1992 for the aforesaid alleged violations by the Noticees. Pursuant to the transfer of Ms. Soma Majumder, vide order dated December 07, 2023 Shri. Amar Navlani, General Manager ('erstwhile AO') was appointed



as the AO. Pursuant to the transfer of erstwhile AO, vide order dated September 11, 2025, the undersigned was appointed as the AO in the matter.

### C. SHOW CAUSE NOTICE, REPLY AND HEARING

3. A Show Cause Notice No. SEBI/HO/EAD/EAD5/P/OW/2024/20631/1-2 dated June 25, 2024 (hereinafter also referred to as 'SCN' / 'SCN dated June 25, 2024' in short) was issued to Noticees, by erstwhile AO, under Rule 4 of SEBI Adjudication Rules, 1995 to show cause as to why an inquiry should not be held against the Noticees and why penalty be not imposed under Sections 15A(a), 15EB and 15HA of the SEBI Act, 1992 for the aforesaid alleged violation. The SCN was duly served on the Noticees through Digitally Signed Email.
4. In this regard, following was inter alia observed and alleged in the SCN in respect of the Noticees:

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*Findings and Observations by SEBI and Alleged Violations thereto in respect of the Noticees are as under:*

#### **4.1. Observations from Surprise Inspection carried out by SEBI:**

- 4.1.1. Upon arrival of the Inspection Team on July 14, 2022 at the registered office address of the IA, It was noted that the operations of the IA were carried out on five different floors (including terrace) of registered office building. It was noted that a total of more than 100 people were stationed at the said location with computers, Headphones, calling EPABX etc. and were carrying out operations of the IA.
- 4.1.2. At the time of arrival of the inspection team at the registered office of the IA, the proprietor i.e., Mrs Veena Sharma was not present. Therefore, a call was made on the contact number as per SEBI records as well as the number stated on the website of the entity i.e., 7441110100 to check on her whereabouts. The phone call was answered by one Mr. Abhishek Sharma i.e., Nephew of Mrs Veena Sharma and he undertook to arrive at the registered office address along with Mrs Veena Sharma within one hour.
- 4.1.3. In the meantime, persons present in the building were gathered at one place and they were interviewed to understand the activities being carried out. The proprietor i.e. Mrs Veena Sharma with her nephew Mr. Abhishek Sharma arrived at the registered office of the IA. Thereafter, the Inspection Team along with Mrs Veena Sharma and Mr. Abhishek Sharma interviewed each person present in the building was interviewed and data in respect of basic identification, contact details, Educational Qualifications, Mode and amount of Salary were captured.
- 4.1.4. In order to carry out the inspection, both Mrs Veena Sharma and Mr Abhishek Sharma, were asked to submit the data to the Inspection team pertaining to its Clients (including the data captured in Customer Relationship Module, Call Recordings, Risk Profiling, Suitability Assessment Form, KYC documents and all other relevant documents). However, the Proprietor Mrs Veena Sharma submitted that she was unable to provide any of the information sought by the Inspection team and inter alia submitted as follows:

#### **4.2. Submissions of Mrs Veena Sharma in respect of operations-**

- 4.2.1. That the entire operations of M/s Research Guru including recruitment of employees, HR policies as well as all activities under SEBI (Investment Advisor) Regulations, 2013 (IA Regulations, 2013) are controlled by Mr Abhishek Sharma. The proprietor Mrs Veena Sharma seldom attends the office and has delegated all the tasks to be looked after by Mr Abhishek Sharma, i.e. nephew of Mrs Veena Sharma.
- 4.2.2. Contrary to the declaration provided by the IA to SEBI at the time of obtaining registration that all the operations will be carried out by Mrs Veena Sharma, the operations of the IA were left with complete authority to Mr Abhishek Sharma without any oversight by Mrs Veena Sharma.
- 4.2.3. The entire live data of clients in the customer relationship management software i.e. CRM which also include client records, payment details, Risk profile in details etc. were contained in a hard disc, which has been taken away by



some of her employees, purposefully so as to ensure that the inspection team of the board doesn't lay its hand on critical evidences contained in the hard disc.

- 4.2.4. Mrs Veena Sharma, as the Proprietor of M/s Research Guru took sole responsibility of aforesaid act of hiding the data of her clients from SEBI and failing to put any controlling mechanism in place to avoid such an act.
- 4.2.5. At the time of visit of officials of the Board, there were around 100 employees present in the office. Mrs Veena Sharma along with Mr Abhishek Sharma has provided the details of all the employees as enclosed in the Excel sheet. None of the employees are NISM certified and certain number of employees also did not even possess educational qualification as laid down in IA Regulations, 2013.
- 4.2.6. All the employees of her firm were using their own personal mobile phone during the working hours. Certain employees were also found to be indulged in recommending investment tips to the clients and also taking personal payments. Aforesaid act of employees of Research Guru is not in compliance with IA Regulations, 2013 and Mrs Veena Sharma took sole responsibility of such act of employees of Research Guru.
- 4.2.7. Further, all Google sheets and emails that were on the email id bhaskarguruinfo@gmail.com that were visible and accessible at about 9:30 p.m. were thereafter deleted by some other person without any authority. However, the files (few of them) that could be downloaded before the files and email were deleted have been emailed by proprietor to the official email ID of the inspecting authority.
- 4.2.8. Mrs Veena Sharma submitted that around 80% calls to solicit clients and take payments are being made using personal mobile sims of employees and took sole responsibility for such act. Mrs Veena Sharma also submitted that employees of Research Guru have not been provided any documents in the nature of joining letters or appointment letters.
- 4.2.9. Mrs Veena Sharma submitted that calls to solicit clients and take payments are being made by individuals with complete authority from Research Guru and she took responsibility for the same.
- 4.2.10. That she allowed employees to use personal sim cards for calling and soliciting clients and receive payments, despite being aware that using personal mobile phone for Investment advisory purposes is barred under the IA Regulations, 2013. She accepted her purposeful and deliberate act of giving such authority to the Employees.
- 4.2.11. The salary to the majority of the employees were being paid in cash by the IA on the directions of Mr. Abhishek Sharma.
- 4.2.12. Payments from the client towards advisory fees has been collected in various accounts including in the name of Arnav Enterprises, Manish Kumar Tripathi, Ghanshyam, Yogesh Kumar Vishwakarma, Beauty Raj and various other accounts. The payment receipt have also been shared by the clients on the WhatsApp of Mr. Abhishek Sharma (7441110100).

#### **4.3. Submissions of Mrs Veena Sharma in respect of distributing Franchisees-**

- 4.3.1. Mrs Veena Sharma submitted that on the basis of IA registration obtained from SEBI, she had entered into arrangements with various persons viz. Mr Sumit harod, Ms Sakshi Sisodiya, Mr Inzemam, Mr Prince Tripathi etc. As per the aforesaid arrangements the entire activities of investment advisory would be carried out by respective persons whereby the amount collected from the clients would be shared between Research Guru and the respective persons in the ratio of 30:70.
- 4.3.2. As per arrangement 30% of the total amount collected from the clients of aforesaid persons would be retained by Research Guru and 70% of the amount would be paid out to the respective persons in the form of Salaries, Incentive etc. after deducting the cost of expenses (like rent of the resources used by their respective floors, computer etc.) from the said 70% amount. Further, in case of loss on the account of expenses, same would be shared in the ratio of 30:70.
- 4.3.3. Mrs Veena Sharma submitted that these arrangement have been going based on verbal agreement and there are no written agreement entered into this regard.

#### **4.4. Submissions of Mrs Veena Sharma in respect of RPF, Suitability etc.-**

- 4.4.1. The investment advisor M/s Research Guru was operating from its registered address in four different floors and terrace. Each floor was dedicated to different Franchise owners and the Franchise owners were having their own dedicated staff. The names of these Franchise owners are Mr Inzemam Ul Haq, Mr Sumit Harod, Ms Sakshi Sisodiya (Franchise Owners) and they work along with Mr Prince Tripathi, Mr Abhishek Gupta, Mr Pankaj Narkhede, Mr Vihaan and Ms Monika Sharma etc. The employees were reporting to these Franchise Holders and were using my firms name in lieu of an arrangement in the form of 30:70 of the entire revenue earned.
- 4.4.2. Mrs Veena Sharma submitted that Franchise Owners were neither doing any risk profiling of the clients nor were doing any suitability assessment of the clients as required under the IA regulations, 2013. The KYC and other compliances under IA regulations, 2013, have also not been carried out by Franchise Owners/ Research Guru.
- 4.4.3. Their only activity was to solicit clients, take money from the clients and sharing the revenue on a monthly basis in the ratio of 30:70. Therefore, she was not in a position to provide any risk profile, invoice documents, suitability assessment document, call recording of the clients as these documents/records were neither being maintained by Mrs Veena Sharma nor by the Franchise Owners. Mrs Veena Sharma submitted that she was in complete knowledge of what is happening in the name of her firm.

#### **4.5. Submissions of Mrs Jayanti Kurmi, (HR Executive) in the matter of Research Guru - Veena Sharma**

In respect of paying salary in cash to the employees of Research Guru, Human Resource Executive of the firm viz. Mrs Jayanti Kurmi, stated as under-

- 4.5.1. She is working as HR executive in Research Guru from January 15, 2021.
- 4.5.2. She pays salary to the employees of Research Guru in cash on the directions of Mr Abhishek Sharma. She further submitted that Research Guru does not provide offer letter and joining letters to short term employees as directed by Abhishek Sharma.



4.5.3. Employment contracts are executed in the name of M/s Research Guru depicting Research Guru as a company Incorporated in Indian laws. The HR policy document is also in the name of M/s Research Guru. She also sign as proprietor of M/s Research Guru in salary slip of employees on the direction of Shri Abhishek Sharma.

4.5.4. Mrs Jayanti Kurmi submitted that Research Guru recruits people who are neither NISM certified nor even post graduate and do not have experience of financial products, as employees. She also submitted that Mrs Veena Sharma does not attend to the operations in the office and all the operations are taken care of by Mr Abhishek Sharma.

**4.6. Submissions of certain employees in the matter of Research Guru - Veena Sharma**

4.6.1. Employees viz. Mr Vishnu Prasad Jatav and Mr. Ujjawal Kukadeshwar, submitted that they are employees of Research Guru and they were using their personal Mobiles while dealing with the clients.

4.6.2. Employees Mr. Yogesh Choudhary and his teammate Chandan Kumar submitted as under-

4.6.2.1. He was an employee of SM Traders, Proprietor is Monika Sharma.

4.6.2.2. He along with other employees of SM Traders moved to Research Guru in the month of June, 2022.

4.6.2.3. The payments of clients of Research Guru are sometimes also received in the ICICI Bank A/c (A/c No. 237101506368) which belongs to Ms. Monika Sharma, Prop. SM Traders.

4.6.3. Employee Mr. Rishabh Gupta submitted as under-

4.6.3.1. He is an employee of Research Guru and reporting to Mr Inzamam ul Haq.

4.6.3.2. His job includes to call the clients and follow up with them.

4.6.3.3. All the clients in his team are in the quota of Mr Inzamam ul Haq.

4.6.3.4. The payments of clients of Research Guru are sometimes received in the Bank A/c of Arnab Enterprises.

4.6.4. Employee Mr. Ravi Parmar submitted as under-

4.6.4.1. He is an employee of Research Guru and he has been offering free trial services to clients of Research Guru.

4.6.4.2. He is falsely representing to his clients by posing as one Ms. Uravashi Munjre while pitching for business.

4.6.4.3. He had been using his personal phone for advisory purposes including soliciting clients and sharing clients data with other team members.

4.6.5. Employee Mr. Anurag Tiwari submitted that on July 14, 2022, he was working using CRM software in the morning. However, the CRM stopped working after the arrival of Inspection Team from SEBI.

**4.7. Findings of Surprise Inspection of Mrs Veena Sharma Prop. Research Guru**

**4.7.1. Misrepresentation by IA to its clients (Including Prospective clients)-**

Mrs Veena Sharma is a SEBI Registered Investment Advisor and SEBI Registration number is mentioned on home page of the website. However, it is observed that Mrs Veena Sharma seldom attends office. Admittedly, all the operations of Research Guru are controlled and looked after by her nephew Mr. Abhishek Sharma wherein they have entered into arrangements with 5 people (viz. Mr Sumit harod, Ms Sakshi Sisodiya, Mr Inzamam, Mr Prince Tripathi and Mr Abhishek Gupta) who operate from four different floors and terrace of her registered office (Franchise Holders). Employees of Research Guru were reporting to these Franchise Holders who were using name and registration of Research Guru in lieu of an arrangement of sharing the entire revenue earned in the ratio of 30:70.

4.7.2. Thus, it is observed that the SEBI registration of Research Guru is being used to add credibility and legitimise its business for the purpose of soliciting clients for IA activity while in reality, SEBI registered IA, Mrs Veena Sharma did not play any role in the operations of Research Guru. Further, day to day operations of Research Guru were being carried out by persons not registered with SEBI in any capacity. Thus, it is observed that Mrs Veena Sharma despite being SEBI Registered Intermediary didn't adhere to the applicable Rules and Regulations in relations to the operations of Research Guru. From the said conduct, it is evident that her only interest was to get her share of 30% of revenues without any regard to the interest of its clients, Regulatory framework of SEBI and integrity of the market. In view of the same, it is observed that IA has knowingly misrepresented itself to its clients and thus failed in its responsibility to act in fiduciary capacity to its client which is entrusted upon it under Regulation 15(1) of IA Regulations, 2013, and failed to abide by clauses 1 (honesty and fairness), 2 (diligence), 5 (information to its clients) and 8 (compliance) of Code of Conduct for IA as specified in Third Schedule read with regulation 15(9) of IA Regulations, 2013. Further, Research Guru has also violated various other clauses of Code of Conduct for IA as specified in Third Schedule read with regulation 15(9) of IA Regulations, 2013 stated as under-

4.7.2.1. Clause 3 (Capabilities) by failing to have certified and qualified employees,

4.7.2.2. Clause 4 (Information about Clients), by failing to carry out risk profiling, suitability, KYC of its clients,

4.7.2.3. Clause 6 (Fair and Reasonable Charges), by failing to produce invoices showing fair and reasonable charges and

4.7.2.4. Clause 7 (Conflict of interest) by failing to disclose conflict of interest on account of the franchisee arrangement.

4.7.3. In terms of Regulation 2.(1).(c) of SEBI (Prohibition of fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (PFUTP Regulations, 2003) such act of knowing misrepresentation of the truth falls in the definition of fraud. Thus, IA has devised a scheme wherein it is using identity of SEBI Registered IA to legitimise its business while carrying out activities of Investment Advisor without any participation of Mrs Veena Sharma. By using this scheme, subscribers of IA services of Research Guru were made to falsely believe that operations of IA were being carried out by SEBI Registered Investment Advisor Mrs Veena Sharma, thereby inducing them to deal in the securities by subscribing services of IA. Further, Mrs Veena Sharma is using device of Franchise business wherein it has outsourced its business to Franchise owners and getting a Franchise fees of 30% of revenue without any role or participation in operations. Further, it is observed that by using her registration with SEBI, Mrs Veena Sharma was fraudulently inducing her prospective clients to deal in securities by using her services with sole objective of enhancing her income. In view above, it is observed that IA has violated the provisions of regulation 3(a), (c), (d), 4(2)(o) of PFUTP Regulations, 2003 read with section 12A(a), (b) and (c) of SEBI Act, 1992.

4.7.4. Further, it is observed that Mrs Veena Sharma, Proprietor Research Guru is not being fair, honest and transparent in her conduct towards her employees as well as her clients. Further, IA has failed to maintain high standards of integrity, fairness in the conduct of business as a SEBI Registered IA. Therefore, Mrs Veena Sharma, Proprietor



Research Guru is not a person with integrity and character and not a fit and proper person in terms of Schedule II of SEBI (Intermediaries) Regulations, 2008 (Herein after referred to as 'Intermediaries Regulation' 2008) read with regulation 7(2)(e) of Intermediaries Regulations.

**4.8. Qualification/ certification of Employees of Research Guru is not in compliance with IA Regulations, 2013 –** It was observed during the inspection and as per submissions of Mrs Veena Sharma as well as undertaking of her HR Executive that employees of Research Guru are not NISM certified. Further, most of employees also do not possess educational qualification as required under IA Regulations, 2013. Thus, it is observed that by hiring persons associated with investment advice without educational qualification as specified in the Regulation 7 of IA Regulations, 2013, Research Guru, proprietor Mrs Veena Sharma has violated Regulation 7 of the IA Regulations, 2013.

**4.9. Failure to carry out Risk Profiling and Suitability Assessment by IA –**

Mrs Veena Sharma in her undertaking to Inspecting Authority submitted that she does not have copies of risk profiles and suitability assessment of clients of Research Guru as Franchise Owners/ Research Guru were not carrying out any Risk Profiling and suitability assessment of its clients in terms of IA Regulations, 2013. In view of the same, it is observed that Mrs Veena Sharma has violated Regulation 16 and 17 of the IA Regulations, 2013.

**4.10. Failure to disclose to the clients in respect of Franchise arrangement –**

In terms of Regulation 18(1) of IA Regulations, 2013, it is mandated that IA has to disclose all material information about itself to its prospective clients. However, IA has failed to produce any documents showing that it has disclosed in respect of its Franchise arrangement to its prospective clients. In view of the same it is observed that Mrs Veena Sharma has violated Regulation 18(1) of the IA Regulations, 2013.

**4.11. Failure to maintain records –**

Mrs Veena Sharma in her undertaking submitted that she is not in a position to provide any risk profile, invoice documents, suitability assessment document, call recording of her clients. Mrs Veena Sharma has failed to secure and provide hard drive of its system containing customer relationship management software along with data in it. Such failure to maintain records is in violation of Regulation 19(1) and (2) of IA Regulations, 2013 read with clause 2(vi) of SEBI Circular SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020.

**4.12. Receiving fees in Bank A/c other than Bank A/c of Research Guru –**

Mrs Veena Sharma submitted that as per arrangements, which she is aware of, M/s Research Guru have been receiving payments from the client towards advisory fees in various accounts including in the name of Arnav Enterprises, Manish Kumar Tripathi, Ghanshyam, Yogesh Kumar Vishwakarma, Beauty Raj and various other accounts. Receiving of fees in the Bank accounts of other entities than own bank account of IA is in violation of clause 1(iii) of SEBI Circular SEBI/HO/IMD/DF1/CIR/P/2019/169 dated December 27, 2019.

**4.13. Failure to furnish information to SEBI –**

During the course of inspection of Research Guru, Inspecting Authority sought for data from IA in respect of RPF, Suitability Assessment, KYC, CRM etc. However, IA failed to furnish the same. Thus, Mrs Veena Sharma, Proprietor Research Guru is in violation of Regulation 15(12) of IA Regulations, 2013 and Section 15A(a) of SEBI Act, 1992.

**4.14. Violations of Conditions of Certificate –**

4.14.1. It has been observed that Mrs Veena Sharma, Proprietor Research Guru is in violation of provisions of IA Regulations, 2013, PFUTP Regulations, 2003, Intermediaries Regulations, 2008 and SEBI Act, 1992. Thus, Mrs Veena Sharma, Proprietor Research Guru is in violation of first condition of certificate as stated in Regulation 13(a) of IA Regulations, 2013.

4.14.2. Mrs Veena Sharma, Proprietor Research Guru had taken registration from SEBI declaring that all the operations will be looked after by herself. However, it was observed during the inspection that entire operations being run by Mr Abhishek Sharma and Franchise Owners, without any participation and control of Mrs Veena Sharma. Further, the IA was operating on a Franchisee based business model allowing various persons to use the name of the IA. However, Mrs Veena Sharma has failed to inform SEBI in respect of aforesaid material change in the information already submitted. Thus, Mrs Veena Sharma, Proprietor Research Guru is in violation of second condition of certificate as stated in Regulation 13(b) of IA Regulations, 2013.

**4.14.3. In addition to that following is noted in respect of operations of the IA –**

4.14.3.1. Research Guru has not issued any joining or appointment letters to the employees and salaries of majority of employees are being paid in cash. At the time of inspection there were 100 employees in the premise of registered office address of Research Guru. However, it is observed from payment receipt issued by Employees' Provident Fund Organisation (EPFO) that Research Guru has paid Provident Fund for only 13 employees. Thus, no records are being created and maintained in respect of majority of employees of Research Guru and it is submitting false information to EPFO in respect of actual number of its employees.

4.14.3.2. In addition to that employees of Research Guru are using their own mobile to call and interact with the clients which makes it impossible to maintain call records.

4.14.3.3. Further, payments of fees is being received in the Bank accounts of other entities than own bank account of the IA like Arnav Enterprises, Manish Kumar Tripathi, Ghanshyam, Yogesh Kumar Vishwakarma, Beauty Raj, SM Traders and various other accounts.

Thus, it is observed that Mrs Veena Sharma, Proprietor Research Guru by not issuing any employment related documents to its employees, not registering them to EPFO, receiving fees from clients in bank accounts of other entities and paying salary in cash, trying to conceal existence of more than 85% employees altogether. Further, the IA has failed to maintain data in respect of all of its clients. Aforesaid records and data provides crucial information about scale of operations of Research Guru and by failing to maintain and share aforesaid data with SEBI, Research Guru is trying to ensure that actual scale of operations of Research Guru are never known to SEBI.

In view of the same, it is observed that Mrs Veena Sharma, Proprietor Research Guru has not only failed to comply with conditions of certificate as stated in Regulation 13(a) and 13(b) of IA Regulations, 2013 but is also not being fair, honest and transparent in her conduct towards Government Agencies, its clients as well as her employees.



Further, IA has failed to exercise due skill, care and diligence and not maintained high standards of integrity, fairness in the conduct of business as a SEBI Registered IA. It is also observed that Mrs Veena Sharma, Proprietor Research Guru is not a person with integrity and character.

#### 4.15. Role of Abhishek Sharma-

4.15.1. Mrs Veena Sharma in her undertaking, jointly signed by Mr Abhishek Sharma and Mrs Veena Sharma, has stated that entire operations of Research Guru are controlled by Mr. Abhishek Sharma including recruitment of employees HR policies and all activities under IA Regulations, 2013. In view of the same, the following non-compliances/ violations were committed jointly by Mr. Abhishek Sharma and the IA (i) Misrepresentation by Research Guru to its clients (Including Prospective clients) in respect of being SEBI Registered, (ii) Failure of IA to carry out Risk Profiling and Suitability Assessment of its clients, (iii) Failure to maintain records, (iv) Qualification/certification of Employees of Research Guru is not in compliance with IA Regulations, 2013, (v) Receiving fees in Bank A/c other than Bank A/c of Research Guru, (vi) Failure to furnish information to SEBI, (vii) Violations of Conditions of Certificate and (viii) Failure to disclose to the clients in respect of Franchise Arrangement.

#### 4.15.2. Regulation 2(1)(r) of IA Regulations, 2013 stipulate that –

“Persons associated with investment advice shall mean any member, partner, officer, director or employee or any sales staff of such investment adviser including any person occupying a similar status or performing a similar function irrespective of the nature of association with the investment adviser who is engaged in providing investment advisory services to the clients of the investment adviser”

4.15.3. As submitted by Veena Sharma and various other employees during the surprise inspection, Abhishek Sharma was directing and controlling all the operations of the entity including activities under IA Regulations, 2013. Abhishek Sharma was involved in registration of agreements for office space, renting of computers, recruitment and disbursing of salaries of staff of Research Guru. The same is observed from the service agreements of third party vendor for rented computers, record of employees list submitted by the HR executive and the submissions of Veena Sharma in her undertaking, jointly signed by Abhishek Sharma and Veena Sharma. Accordingly, it is established that Abhishek Sharma is an officer of IA and a person associated with investment advice under IA Regulations, 2013.

- 4.16. Further, as the IA is absconding, not traceable post surprise inspection and the office premises is closed, therefore, the comments of the IA could not be sought. The violations of the IA regulations as observed by the Inspection Team during the surprise inspection are summarized as under -

Sl. No.	Particulars	Remarks
1.	Name of the entity	Veena Sharma, Proprietor - Research Guru (INA000005507)
2.	Name of Proprietor	Veena Sharma
3.	Address of the entity	Plot Number 79, Ground Floor, Office Number 1, PU-03, Scheme number 53, Vijay Nagar, Indore, 452010, Madhya Pradesh  <b>Note:</b> The address has been taken from the registration details. Further, the surprise inspection was carried out at the same site. However, the entity has since vanished and the office is not functional from the address mentioned above.
4	Contact no. of the entity/ Proprietor	<b>Email Addresses:</b>  (i) <a href="mailto:researchguruinfo@gmail.com">researchguruinfo@gmail.com</a> taken from the registration details (ii) <a href="mailto:info@researchbhaskar.com">info@researchbhaskar.com</a> – taken from the footnote of the letterhead whereby the IA has made its submissions regarding its operations  <b>Contact Numbers:</b> <a href="tel:+91-7441110100">+91-7441110100</a> → taken from archives of Website <a href="http://researchbhaskar.com">researchbhaskar.com</a> . The website is now taken down by the entity
5	PAN of the concerned entities	Veena Sharma – CCCPS4149A (Investment Adviser)  Abhishek Sharma - BOKPS5331D (Person Associated with Investment Advice. Please refer para 6 below)
6	Whether the entity is registered with SEBI as an Investment Adviser?	Yes. Registration number is INA000005507
7	Whether website of the entity is still live	No. However, information about the webpages <a href="http://www.researchbhaskar.com">www.researchbhaskar.com</a> was obtained through websites <a href="http://www.archive.org">www.archive.org</a> .
8	Details of the website and extracts of relevant information regarding investment advisory services.	From the webpages of the entity <a href="http://www.researchbhaskar.com">www.researchbhaskar.com</a> , the following information about the entity in 'About Us' section was displayed  “Research Guru” is an Investment Advisory having a team consists of highly qualified analysts who are skilled and impeccable in their analysis. These analysts, using their experience and latest software tools, are able to predict the movements in share market on time and with high accuracy.  As a result, using our tips, our clients gain the most out of the share market. We provide recommendations for Stocks – Cash and F & O traded in NSE & BSE, Commodities including Bullions, Metals, Energy and Agro-commodities traded in MCX, NCDEX.....”





Sl. No.	Particulars	Remarks
		<p>iii) The entity is offering services in following categories</p> <p>a) Stock Cash</p> <p>b) Stock future</p> <p>c) Stock options</p> <p>d) INDEX</p> <p>e) MCX</p>
9.	Bank Account Details and amount collected in the bank	<p>It is observed from the submissions of Veena Sharma, Abhishek Sharma and various other employees of the entity that money from clients was collected in various accounts apart from the two bank accounts of Research Guru. There is information available about one such account submitted by the employees of the entity, which is in name of one Monika Sharma.</p> <p>Information regarding following bank accounts has been obtained wherein it is observed from the bank statements that money was collected from various accounts –</p> <p>a. Name – Research Guru (Prop. Veena Sharma) Bank – ICICI Bank Account number – 346905000066 PAN – CCCPS4149A Amount collected from the period April 1, 2022 to July 14, 2022 – Rs. 2,41,19,952/- (2.41 crores approx.)</p> <p>b. Name – Research Guru (Prop. Veena Sharma) Bank – Punjab national Bank Account number – 9856002100001284 PAN – CCCPS4149A Amount collected from the period April 1, 2022 to July 14, 2022 – Rs 6,26,11,140/- (6.26 crore approx.)</p> <p>c. Name – Monika Sharma Account number – 237101506368 Bank – ICICI Bank PAN – GKKPS1498N Amount collected from the period April 1, 2022 to July 14, 2022 – Rs 2,72,13,306.81/- (2.72 crores approx.)</p>
10	Violations observed by the surprise inspection team	<p>a. Misrepresentation by IA to clients failing to act in fiduciary capacity towards all its clients;</p> <p>b. Dealing Fraudulently with clients and violating code of conduct;</p> <p>c. Qualifications/Certifications of Employees of IA not in compliance to IA Regulations;</p> <p>d. Condition of Certificate of Registration not met;</p> <p>e. Failure to furnish Information to Board;</p> <p>f. Failure to carry out Risk Profiling and Suitability Assessment;</p> <p>g. Failure to maintain records; and</p> <p>h. Receiving fees from clients in Bank Accounts other than Bank Account of Research Guru and in personal accounts.</p>

Based on the inspection in the matter, briefly summarized findings/allegations by SEBI are inter alia given below:

**4.17. Misrepresentation by IA to clients and failing to act in fiduciary capacity towards all its clients. All the operations were run by Abhishek Sharma by distributing franchisees and investment advice was given by recruited staff and not by Veena Sharma. The archived webpages of website of Research Guru [www.researchbhaskar.com](http://www.researchbhaskar.com) inter alia state that “Research Guru is an Investment Advisory having a team consists of highly qualified analysts who are skilled and impeccable in their analysis”. However, none of the employees have qualification and certification requirement of IA Regulations. The IA is dealing fraudulently with clients to collect money from them for tips in securities market. Annexure - i. Submissions of Veena Sharma jointly signed by Veena Sharma and Abhishek Sharma**

4.17.1. Misrepresentation by IA to its clients (Including Prospective clients)- Mrs Veena Sharma is a SEBI Registered Investment Advisor and SEBI Registration number is mentioned on home page of the website. However, it is observed that Mrs Veena Sharma seldom attends office. Admittedly, all the operations of Research Guru are controlled and looked after by her nephew Mr. Abhishek Sharma wherein they have entered into arrangements with 5 people (viz. Mr Sumit harod, Ms Sakshi Sisodiya, Mr Inzamam, Mr Prince Tripathi and Mr Abhishek Gupta) who operate from four different floors and terrace of her registered office (Franchise Holders). Employees of Research Guru were reporting to these Franchise Holders who were using name and registration of Research Guru in lieu of an arrangement of sharing the entire revenue earned in the ratio of 30:70.

4.17.2. Thus, it is observed that the SEBI registration of Research Guru is being used to add credibility and legitimise its business for the purpose of soliciting clients for IA activity while in reality, SEBI registered IA, Mrs Veena Sharma did not play any role in the operations of Research Guru. Further, day to day operations of Research Guru were being carried out by persons not registered with SEBI in any capacity. Thus, it is observed that Mrs Veena Sharma despite being SEBI Registered Intermediary didn't adhere to the applicable Rules and Regulations in relations to the operations of Research Guru. From the said conduct, it is evident that her only interest was to get her share of 30% of revenues without any regard to the



interest of its clients, Regulatory framework of SEBI and integrity of the market. In view of the same, it is observed that IA has knowingly misrepresented itself to its clients and thus failed in its responsibility to act in fiduciary capacity to its client which is entrusted upon it under Regulation 15(1) of IA Regulations, 2013, and failed to abide by clauses 1 (honesty and fairness), 2 (diligence), 5 (information to its clients) and 8 (compliance) of Code of Conduct for IA as specified in Third Schedule read with regulation 15(9) of IA Regulations, 2013. Further, Research Guru has also violated various other clauses of Code of Conduct for IA as specified in Third Schedule read with regulation 15(9) of IA Regulations, 2013 stated as under-

- (i) Clause 3 (Capabilities) by failing to have certified and qualified employees,
- (ii) Clause 4 (Information about Clients), by failing to carry out risk profiling, suitability, KYC of its clients,
- (iii) Clause 6 (Fair and Reasonable Charges), by failing to produce invoices showing fair and reasonable charges and
- (iv) Clause 7 (Conflict of interest) by failing to disclose conflict of interest on account of the franchisee arrangement.

4.17.3. In terms of Regulation 2.1(c) of SEBI (Prohibition of fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (PFUTP Regulations, 2003) such act of knowing misrepresentation of the truth falls in the definition of fraud. Thus, IA has devised a scheme wherein it is using identity of SEBI Registered IA to legitimise its business while carrying out activities of Investment Advisor without any participation of Mrs Veena Sharma. By using this scheme, subscribers of IA services of Research Guru were made to falsely believe that operations of IA were being carried out by SEBI Registered Investment Advisor Mrs Veena Sharma, thereby inducing them to deal in the securities by subscribing services of IA. Further, Mrs Veena Sharma is using device of Franchise business wherein it has outsourced its business to Franchise owners and getting a Franchise fees of 30% of revenue without any role or participation in operations. Further, it is observed that by using her registration with SEBI, Mrs Veena Sharma was fraudulently inducing her prospective clients to deal in securities by using her services with sole objective of enhancing her income. In view above, it is observed that IA has violated the provisions of regulation 3(a), (c), (d), 4(2)(o) of PFUTP Regulations, 2003 read with section 12A(a), (b) and (c) of SEBI Act, 1992.

4.17.4. Further, it is observed that Mrs Veena Sharma, Proprietor Research Guru is not being fair, honest and transparent in her conduct towards her employees as well as her clients. Further, IA has failed to maintain high standards of integrity, fairness in the conduct of business as a SEBI Registered IA. Therefore, Mrs Veena Sharma, Proprietor Research Guru is not a person with integrity and character and not a fit and proper person in terms of Schedule II of SEBI (Intermediaries) Regulations, 2008 (Herein after referred to as 'Intermediaries Regulation' 2008) read with regulation 7(2)(e) of Intermediaries Regulations.

4.17.5. Qualification/ certification of Employees of Research Guru is not in compliance with IA Regulations, 2013 – It was observed during the inspection and as per submissions of Mrs Veena Sharma as well as undertaking of her HR Executive that employees of Research Guru are not NISM certified. Further, most of employees also do not possess educational qualification as required under IA Regulations, 2013. Thus, it is observed that by hiring persons associated with investment advice without educational qualification as specified in the Regulation 7 of IA Regulations, 2013, Research Guru, proprietor Mrs Veena Sharma has violated Regulation 7 of the IA Regulations, 2013.

Refer: i. Submissions of Veena Sharma jointly signed by Veena Sharma and Abhishek Sharma (Annexure A)  
ii. Submissions of various staff members of IA (Annexure B)

iii. The archived webpages of website of Research Guru i.e. [www.researchbhaskar.com](http://www.researchbhaskar.com) (Annexure C)

In view of the above, it is alleged that the Noticees have violated the following provisions:  
Regulation 15(1) and clauses 1, 2, 3, 4, 5, 6, 7 and 8 as specified under Third Schedule of Code of Conduct for Investment Advisers read with Regulation 15(9) of IA Regulations, 2013.

Schedule II of Intermediaries Regulation, 2008 read with regulation 7(2)(e) of Intermediaries Regulations, 2008.

Regulation 3(a), (c) and (d), and 4(2)(o) of PFUTP Regulations, 2003 read with Section 12A(a), (b) and (c) of SEBI Act, 1992.

**4.18. Qualification/ certification of Employees of Research Guru is not in compliance with IA Regulations, 2013.**

**During the inspection, Ms. Veena Sharma could not provide necessary qualification and certifications of recruited staff and admitted that Qualification/ certification of Employees of Research Guru is not in compliance with IA Regulations, 2013.**

4.18.1. It was observed during the inspection and as per submissions of Mrs Veena Sharma as well as undertaking of her HR Executive that employees of Research Guru are not NISM certified. Further, most of employees also do not possess educational qualification as required under IA Regulations, 2013. Thus, it is observed that by hiring persons associated with investment advice without educational qualification as specified in the Regulation 7 of IA Regulations, 2013, Research Guru, proprietor Mrs Veena Sharma has violated Regulation 7 of the IA Regulations, 2013.

**Refer: Annexure A and Annexure B**

In view of the above, it is alleged that the Noticees have violated the following provisions:

Regulation 7 of the IA Regulations, 2013



#### **4.19. Violations of Conditions of Certificate.**

***The IA failed to abide by IA Regulations by misrepresenting to clients, failing to ensure qualification of employees, not performing risk profiling, suitability, failure to maintain records.***

- 4.19.1. It has been observed that Mrs Veena Sharma, Proprietor Research Guru is in violation of provisions of IA Regulations, 2013, PFUTP Regulations, 2003, Intermediaries Regulations, 2008 and SEBI Act, 1992. Thus, Mrs Veena Sharma, Proprietor Research Guru is in violation of first condition of certificate as stated in Regulation 13(a) of IA Regulations, 2013.
- 4.19.2. Mrs Veena Sharma, Proprietor Research Guru had taken registration from SEBI declaring that all the operations will be looked after by herself. However, it was observed during the inspection that entire operations being run by Mr Abhishek Sharma and Franchise Owners, without any participation and control of Mrs Veena Sharma. Further, the IA was operating on a Franchisee based business model allowing various persons to use the name of the IA. However, Mrs Veena Sharma has failed to inform SEBI in respect of aforesaid material change in the information already submitted. Thus, Mrs Veena Sharma, Proprietor Research Guru is in violation of second condition of certificate as stated in Regulation 13(b) of IA Regulations, 2013.

**Refer:**

- i. **Annexure A,**
- ii. **Annexure B,**
- iii. **Whatsapp chats of employee group of Research Guru wherein employees are directed to solicit money from clients and complete their sales targets. (Annexure D)**
- iv. **Copy of list of various staff members recruited by Research Guru submitted by the HR of Research Guru (Annexure E)**
- v. **Service agreements with third party vendors for renting and maintenance of multiple computers wherein Mr. Abhishek Sharma has also signed. (Annexure F)**

*In view of the above, it is alleged that the Noticees have violated the following provisions:  
Regulation 13(a) and 13(b) of the IA Regulations, 2013.*

#### **4.20. Failure to furnish information to SEBI.**

***The employees of IA even removed the hard disk from computer systems and damaged records to ensure that information is not available to inspecting officers. Veena Sharma admitted this in her submissions.***

- 4.20.1. During the course of inspection of Research Guru, Inspecting Authority sought for data from IA in respect of RPF, Suitability Assessment, KYC, CRM etc. However, IA failed to furnish the same. Thus, Mrs Veena Sharma, Proprietor Research Guru is in violation of Regulation 15(12) of IA Regulations, 2013 and Section 15A(a) of SEBI Act, 1992.

**Refer: Annexure A**

*In view of the above, it is alleged that the Noticees have violated the following provisions:*

*Regulation 15(12) of IA Regulations, 2013.*

#### **4.21. Failure to carry out Risk Profiling and Suitability Assessment of clients.**

*No risk profiling and/or suitability assessment records could be submitted by the IA.*

- 4.21.1. Mrs Veena Sharma in her undertaking to Inspecting Authority submitted that she does not have copies of risk profiles and suitability assessment of clients of Research Guru as Franchise Owners/ Research Guru were not carrying out any Risk Profiling and suitability assessment of its clients in terms of IA Regulations, 2013. In view of the same, it is observed that Mrs Veena Sharma has violated Regulation 16 and 17 of the IA Regulations, 2013.

**Refer: Annexure A**

*In view of the above, it is alleged that the Noticees have violated the following provisions:  
Regulation 16 and 17 of IA Regulations.*

#### **4.22. Failure to disclose to prospective client, all material information about itself including its business, the terms and conditions on which it offers advisory services, and such other information as is necessary to take an informed decision on whether or not to avail its services.**

- 4.22.1. In terms of Regulation 18(1) of IA Regulations, 2013, it is mandated that IA has to disclose all material information about itself to its prospective clients. However, IA has failed to produce any documents showing that it has disclosed



*in respect of its Franchise arrangement to its prospective clients. In view of the same it is observed that Mrs Veena Sharma has violated Regulation 18(1) of the IA Regulations, 2013.*

**Refer: Annexure A**

*In view of the above, it is alleged that the Noticees have violated the following provisions:  
Regulation 18(1) of the IA Regulations, 2013*

**4.23. Failure to maintain records.**

***The IA failed to provide records pertaining to risk profiling, suitability assessment, invoice documents, call recordings of the clients. Further, entity admittedly damaged records when inspection team arrived at the premises of the entity.***

- 4.23.1. *Mrs Veena Sharma in her undertaking submitted that she is not in a position to provide any risk profile, invoice documents, suitability assessment document, call recording of her clients. Mrs Veena Sharma has failed to secure and provide hard drive of its system containing customer relationship management software along with data in it. Such failure to maintain records is in violation of Regulation 19(1) and (2) of IA Regulations, 2013 read with clause 2(vi) of SEBI Circular SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020.*

**Refer: Annexure A**

*In view of the above, it is alleged that the Noticees have violated the following provisions:*

*Regulation 19(1) and 19(2) of IA Regulations, 2013 read with clause 2(vi) of SEBI Circular SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020*

**4.24. Receiving fees in Bank accounts other than Bank A/c of Research Guru.**

***Money from clients towards investment advice was also collected in an account in name of one Monika Sharma.***

- 4.24.1. *Mrs Veena Sharma submitted that as per arrangements, which she is aware of, M/s Research Guru have been receiving payments from the client towards advisory fees in various accounts including in the name of Arnav Enterprises, Manish Kumar Tripathi, Ghanshyam, Yogesh Kumar Vishwakarma, Beauty Raj and various other accounts. Receiving of fees in the Bank accounts of other entities than own bank account of IA is in violation of clause 1(iii) of SEBI Circular SEBI/HO/IMD/DF1/CIR/P/2019/169 dated December 27, 2019.*

**Refer:** Bank account statements of Ms. Veena Sharma of ICICI Bank and PNB. Bank Account statement of one Ms. Monika Sharma wherein money has been collected from various clients. **(Annexure G)**

*In view of the above, it is alleged that the Noticees have violated the following provisions: Clause 1(iii) of SEBI Circular SEBI/HO/IMD/DF1/CIR/P/2019/169 dated December 27, 2019*

*... ”.*

5. Having regard to the principles of natural justice, vide Hearing Notice dated July 10, 2024, an opportunity of personal hearing was provided to the Noticees on July 18, 2025. Vide email dated July 18, 2024, Noticee 1 stated that:

*“ I just came to know that a hearing notice has been issued to me and is scheduled today. The mail was received in my spam and was missed by me.*

*Further, the SCN mentioned in the email has not been recieved by me. The email id mentioned in the notice is not working now as I have closed my business operations.*

*Hence in the interest of natural justice, I humbly request you to kindly reschedule the hearing and allow me sufficient time to file my reply to the said SCN.*



*I request you to please provide me the SCN at the below mentioned email address and the same email shall be used for all future communication:*

...

6. Vide email dated July 25, 2024, SCN was once again sent to the Noticee 1 through Digitally Signed Email on the email Id provided by Noticee 1 i.e researchguruinfo@gmail.com and through Speed Post Acknowledgement Due (SPAD) on the address 'DM 245 Sukhliya, Indore 452010' which was delivered as evidenced by the India Post tracking details dated July 29, 2024 and email delivery receipt dated July 25, 2024.
7. Vide letters dated August 15, 2024 and November 26, 2024, Noticee 1 and vide letter dated December 18, 2024, Noticee 2 submitted their respective replies to the SCN. Key submissions of the Noticees 1 and 2 as reply to the SCN are as under:

Noticee 1 reply dated August 15, 2024 to the SCN:

“ ...

Limitation

*The Noticee hereby declare that the said Show Cause Notice is dated 25th June, 2024, which was served to the Noticee vide email dated 25th July, 2024. Further, the Noticee had sought time for filing the reply till 14 August, 2024. Hence, the present reply is filed within the stipulated time*

Facts/Observations of the Notice against which the Reply is filed

*The Hon'ble SEBI had conducted a surprise inspection for the period April 1, 2021 onwards, at the registered office of the Noticee, of the books of accounts and other records, the inspection was carried out during the period July 14, 2022-July 18, 2022 and thereafter SEBI has issued the said Show Cause Notice and has sought reply from the Noticee. In that regard, the Noticee would like to give following reply/clarifications to the alleged violations as mentioned in the said SEBI Notice*

*At the outset, the Noticee would like to state that nothing contained in the said Notice shall be deemed to be admitted by virtue of it not having been specifically denied herein unless the same has been expressly admitted. Further, given the comprehensive nature of the Notice, inadvertent omissions in addressing particular allegations should not be interpreted as acquiescence to their veracity*

*Further, regarding the statements/undertakings obtained by SEBI during the inspection, the Noticee vehemently asserts that any such submissions were made under duress and undue influence exerted by the SEBI Officer.*

*The Noticee specifically alleges that the SEBI Officer had threatened Noticee and her employees that signing the statement was mandatory as part of the inspection proceedings, misled Noticee and her employees by not allowing them to read the statement before signing and exhibited a predetermined bias towards establishing allegations against Noticee. The Noticee contends that due to these actions, the content of the statement/undertaking is untrue and unreliable.*



Based on the above allegations, Noticee formally requests that the statement/undertaking be disregarded and excluded from the record. Noticee maintains that the document does not represent their true and voluntary statements due to the coercive circumstances surrounding its creation.

1. Observations from Surprise Inspection carried out by SEBI:

*In the morning of July 14, 2022, when the SEBI Inspection team arrived at the Noticee's office, the Noticee was not available at the office as she typically conducts research from home and arrives at the office post-market hours to accommodate her domestic responsibilities and household work. On the said date also, she had planned to visit the office after the market hours but since the SEBI inspection team had come to the office so she respectfully followed the orders of the inspecting authority and immediately visited the office.*

2. Submissions of Mrs. Veena Sharma in respect of operations:

*As stated earlier in the reply, the entire submission shall be disregarded as it was taken under coercion and undue influence exerted by the SEBI Officer.*

*Mr. Abhishek Sharma was employed as a Senior Manager and was handling administration and back-end work as the Noticee being a proprietor cannot single handedly control and manage all the aspects of the organization.*

*The core function viz. rendering investment advice, carrying out research, analyzing risk profile of the investors were done solely by the Noticee herself.*

*Further, with respect to the loss of data stored in the hard disk, occurred in the inspection authority's presence while the Noticee and Mr. Abhishek Sharma were enroute to the office following the call of the inspecting authority. Given the inspection authority's continual computer use, it is suspected that their actions may have inadvertently caused data corruption or loss. The Noticee cannot be held accountable for this incident as she was not even present at that point of time.*

*The Noticee would like to clarify that she is registered as an individual investment adviser and possesses the necessary NISM certifications. The Noticee's employees, however, are not involved in any aspect of investment advice for clients. Their sole responsibility was onboarding new clients. All other activities pertaining to investment advice, including risk profiling and rendering investment advice, were exclusively performed by the Noticee himself. The Noticee affirms that no employee has ever been appointed as an "Investment Advisor or any other role involving investment advice provision. Consequently, the Noticee was in of the opinion that requirement for NISM certifications for employees does not apply in this case.*

*Further, based on the clarification obtained during the inspection, the Noticee realized and had since thereafter closed down her operations as the employees were not having requisite NISM certifications.*

*The Noticee has not authorized any of the employees to collect the fees from the clients in their personal bank account and the same was also intimated to all the clients and upon the website also it was mentioned that: do not transfer any fees in any bank account except of the firm's bank account details as mentioned upon the website.*

3. Submissions of Mrs. Veena Sharma in respect of distributing Franchisees:

*The allegation that the Noticee distributed franchises is categorically false and unsubstantiated. The Noticee has neither engaged in franchise distribution nor entered into any franchise agreements. The SEBI's assertion is devoid of any evidentiary support and should therefore be dismissed as unfounded.*

4. Submissions of Mrs. Veena Sharma in respect of RPF, Suitability, etc.:

*The Noticee has consistently conducted KYC, risk profiling, and suitability assessments for all clients before providing any services. The Noticee was having in place the requisite records of the clients, but however due to loss of the data the same could not be provided to the SEBI Officers. Importantly, no client has ever disputed the completeness or accuracy of their KYC or risk profiling conducted by the Noticee, which justifies that the Noticee has done KYC and risk profiling of the clients.*

*Also, if the Noticee's intention was to maximize revenue instead of providing best services to the clients then in that scenario, many of clients would have filed complaint against the Noticee, whereas none of the complaints had stated the same and at the time of inspection not a single complaint was pending against the Noticee.*

5. Submissions of Mrs. Jayanti Kurmi (HR Executive) in the matter of Research Guru-Veena Sharma:



*This allegation is likewise unfounded and lacks evidentiary support. The Noticee has consistently disbursed salaries to all employees through electronic transfer to their respective bank accounts. Additionally, it is standard practice to engage new hires on a training or probationary basis prior to issuing formal offer letters. Upon successful completion of the training period and subsequent employment, offer letters are duly provided to the employees.*

**6. Submissions of certain employees in the matter of Research Guru Veena Sharma:**

*As stated earlier in the reply that all the submissions obtained from the employees shall be disregarded as it does not depict the true picture as all the employees were pressurized by the Inspecting authority to forcefully sign the submissions.*

**7. Findings of surprise inspection of Mrs. Veena Sharma Prop. Research Guru**

*The Noticee contends that the regulations do not mandate a physical office presence for Investment Advisers. The core function of an Investment Adviser is to provide investment advice tailored to clients' risk profiles, a duty diligently fulfilled by the Noticee*

*Research and advisory work were primarily conducted from the Noticee's home, with office visits occurring post-market hours. To manage day-to-day operations in her absence, Mr. Abhishek Sharma, the Noticee's nephew, was appointed as Senior Manager responsible for administrative and backend tasks. All investment advice was exclusively provided by the Noticee.*

*The allegation of franchise distribution is categorically false. The inspection team failed to identify any regulatory non-compliance, resorting to intimidation of employees to extract false statements,*

*The Noticee has adhered to all the applicable rules and regulations w.r.t. to her operations by doing KYC and risk profiling of the clients, entering into agreements with them, rendering suitable investment advice, keeping records of the advice and the rationales, conducting annual audit, submission of periodic data to the BASL, resolving client's grievances in a timely manner and others.*

*The Noticee has not misrepresented to her clients as all her registration details were duly informed to all the clients and also there was no franchise distributed by her and hence no such disclosure was required.*

*Furthermore, these alleged violations if in case gets established then too it is no manner related to fraudulent activity and do not invoke the provisions of the PFUTP Regulations.*

*Moreover, the Noticee by providing suitable advice to her clients and remaining faithful towards her employee by providing them suitable work environment and paying them their salary on time has always maintained high standards of integrity fairness in the conduct of business and is therefore a fit and proper person to conduct investment advisory services.*

**8. Qualification/certification of employees of Research Guru is not in compliance with IA Regulations, 2013**

*The Noticee humbly agrees to the said violation as the Noticee was of the opinion that since her employees are not involved in any aspect of investment advice for clients as their sole responsibility was onboarding new clients and all other activities pertaining to investment advice, including risk profiling and rendering investment advice, were exclusively performed by the Noticee herself, so the requirement for NISM certifications for employees does not apply in this case.*

*Further, based on the clarification obtained during the inspection, the Noticee realized and had since thereafter closed down her operations as the employees were not having requisite NISM certifications.*

**9. Failure to carry out Risk Profiling and Suitability Assessment by IA**

*The Noticee would again like to reiterate that she has consistently conducted KYC, risk profiling, and suitability assessments for all clients before providing any services. The Noticee was having in place the requisite records of the clients, but however due to loss of the data the same could not be provided to the SEBI Officers. Importantly, no client has ever disputed the completeness or accuracy of their KYC or risk profiling conducted by the Noticee, which justifies that the Noticee has done KYC and risk profiling of the clients. Further, to support the claim of the Noticee, few samples of Risk Profiling and agreements of the clients are enclosed in Exhibit-A, the said samples were recovered from the auditor as while auditing the records he had taken few samples in his record.*

*The Noticee affirms that it has complied with all relevant regulations by:*



- Performing KYC, risk profiling, and suitability assessments for every client before offering any services.
- Selling services only after completing these assessments.
- Sample Evidence for the same is duly enclosed. Furthermore, the Noticee had duly obtained registration from CVL KRA for fetching KYC of the clients, details of which is: POS Code: 2500005507, which does evidences that the Noticee was fetching the KYC data from the KRA in the manner as specified by the SEBI

The Noticee acknowledges that the data was lost due to uncontrollable circumstances which happened in front of the SEBI officer and hence were unavailable during the inspection. It does not represent widespread non-compliance, as client agreements, KYC, and assessments were properly documented for all clients

Considering the complete fulfillment of key regulatory requirements, the Noticee respectfully requests that the relevant allegation be dismissed.

10. Failure to disclose the clients in respect of Franchise arrangement

The alleged violation of failing to disclose clients in relation to a franchise arrangement is inapplicable as the Noticee has not entered into any such arrangement. Consequently, no disclosure obligation arose.

11. Failure to maintain records

The Noticee affirms that all required records were diligently maintained. Regrettably, data loss occurred during the Noticee's absence while SEBI inspection officers were present. The Noticee asserts that the data loss was attributable to the oversight of the inspecting team and cannot be imputed to the Noticee, who was not on the premises at the time.

12. Receiving fees in Bank A/C other than Bank A/C of Research Guru

The Noticee categorically denies having collected any payments from clients of Research Guru' into bank accounts other than those officially designated for the firm. This allegation is entirely baseless and unsupported by evidence. Furthermore, all clients were explicitly instructed to remit fees exclusively to the firm's bank account details as provided on the website

Moreover, the SEBI Circular dated December 27, 2019 is inapplicable in this matter. The circular specifically prohibits the collection of fees in cash or through payment gateways, mandating direct bank transfers via UPI, NEFT, IMPS, or cheque. As the Noticee has consistently adhered to these regulations, there is no non-compliance.

13. Failure to furnish information to SEBI

The Noticee was unable to provide the required information to the SEBI during the inspection due to unforeseen data loss, which occurred in the presence of SEBI officials

Subsequently, the Noticee complied with a document request from BASL, providing the necessary materials on October 31, 2022. This cooperation with BASL, unequivocally demonstrates the Noticee's willingness to disclose information and contradicts any suggestion of intent to withhold such data.

14. Violations of Conditions of Certificate

The Noticee asserts strict compliance with both Investment Adviser (IA) and Prevention of Fraudulent and Unfair Trade Practices (PFUTP) regulations. It is axiomatic that a single individual cannot effectively operate an organization a collaborative team is essential. Accordingly, the Noticee assembled a team to manage various facets of the firm. While the Noticee exclusively handled and managed all advisory operations, Abhishek Sharma, a relative, was appointed as Senior Manager to oversee administrative and backend functions

Delegating specific roles within an organization does not constitute a regulatory breach. The cornerstone of IA regulations mandates that investment advice be provided by qualified and certified individuals, a criterion unequivocally fulfilled by the Noticee, who conducted all research and rendered investment advice personally.

Furthermore, the Noticee categorically denies adopting a franchise model and, consequently, any material change.





All employee salaries were disbursed electronically through the Noticee's ICICI Bank account, as evidenced by bank statements. It is standard practice to initiate employment with a training or probationary period, during which offer letters may not be issued. Upon successful completion of the training, formal offer letters are provided.

15. Role of Abhishek Sharma

As previously stated, Mr. Abhishek Sharma's responsibilities were confined to administrative and back-office functions, and he did not oversee the entirety of the investment advisory operations. He was just an employee of the Noticee designated as Senior Manager, apparently, he being a close relative to the Noticee, the Noticee had more faith/trust upon him instead of other employees.

Moreover, the Abhishek Sharma possesses the requisite qualifications and certifications to be a person associated with investment advice, evidence of which is duly enclosed in Exhibit-B.

16. IA is absconding and not traceable

Again, a false allegation has been imposed upon the Noticee which is also not supported by any evidence. The Noticee has consistently demonstrated cooperation with both SEBI and BASL and has responded to the SEBI and BASL. emails. Moreover, post the inspection, the Noticee was called upon by the SEBI Indore Local Office on July 18, 2022, wherein the Noticee submitted that now she no longer will be operating till she recruits staff who are eligible as per the Regulations. The visit of the Noticee to the SEBI Office can be verified from the visitors register maintained by the SEBI Indore office.

Moreover, after the said surprise inspection, the Noticee has received the Pre-Inspection Questionnaire (PIQ) from the BASL, which the Noticee had duly submitted with all the requisite information/documents as sought from her on October 31, 2022. Thus, it evidences that the Noticee was duly available and had been cooperating with the SEBI and BASL

17. Misrepresentation by IA to clients and falling to act in fiduciary capacity towards all its clients. All the operations were run by Abhishek Sharma by distributing franchisees and Investment advice was given by recruited staff and not by Veena Sharma.

The accurate and lawful display of registration details on the website does not constitute misrepresentation. As previously stated, the Noticee primarily conducts research remotely and attends the office post-market hours due to domestic responsibilities. The allegation of franchise distribution is unfounded and lacks evidentiary support.

Further, allegations in the points 17 to 24 are repetitive in nature, for which the Noticee has already replied in preceding paragraphs and hence no separate reply is made.

18. Violation of PFUTP Regulations

With regard to the allegation that the Noticee has committed fraud and have violated the PFUTP Regulations. In that regard the Noticee would like to state that if his intention was of defrauding the clients then he would not have opted SEBI registration and followed the requisite applicable compliances. Also, the definition of "fraud as defined in regulation 2(1)(c) of the PFUTP Regulations which provides as under:

"(c) "fraud" includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss, and shall also include

(1) a knowing misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment;

(2) suggestion as to a fact which is not true by one who does not believe it to be true

(3) an active concealment of a fact by a person having knowledge or belief of the fact:

(4) a promise made without any intention of performing it

(5) a representation made in a reckless and careless manner whether it be true or false;

(6) any such act or omission as any other law specifically declares to be fraudulent,

(7) deceptive behaviour by a person depriving another of informed consent or full participation,



(8) a false statement made without reasonable ground for believing it to be true.

(9) the act of an issuer of securities giving out misinformation that affects the market price of the security, resulting in investors being effectively misled even though they did not rely on the statement itself or anything derived from it other than the market price.

And "fraudulent" shall be construed accordingly....."

Based upon the above definition, it can be construed that the definition of "fraud under regulation 2 (c), is very wide and general in nature. The definition of "fraud" alone does not bring an act within the purview of PFUTP Regulations. There has to be "dealing in securities as defined under regulation 2(1)(c) of PFUTP Regulations. Further, there is no proof to show that the Noticee have committed fraud while "dealing in security" as contemplated under the PFUTP Regulations. Hence, the serious violations of the provisions of Section 12A (a), (b) and (c) of the SEBI Act read with Regulations 3(a) to (d) of the PFUTP Regulations shall be removed upon from the Noticee.

Further, the Noticee would also like to place the reliance on the following decision of the SEBI: Order in the matter of Star World Research; wherein in the exact same case it was held that "With respect to the definition of "fraud" under regulation 2 (c), I am of the view that the same is very wide and general in nature. The definition of "fraud" alone does not bring an act within the purview of PFUTP Regulations. There has to be "dealing in securities" as defined under regulation 2(1)(c) of PFUTP Regulations. There is no proof to show that the IA has committed fraud while "dealing in security" as contemplated under the PFUTP Regulations. In view of this, the misleading representations made by the IA to its clients and the wrong categorisation of clients and selling high risk products to unsuitable clients or levying GST after cancellation of its GSTN, etc, would not bring the Noticee's acts within the prohibition under the PFUTP Regulations. These are violations of the prescriptions laid down in various provisions of the IA Regulations and the Code of Conduct. I am, therefore, inclined to drop the allegation of fraudulent and unfair trading in favour of the Noticee."

Also, the SEBI had in its Order in the matter of Niveshicon Investment Advisor had also held similar interpretation and the alleged violation of Regulation 3(a), (b), (c) and (d) of PFUTP Regulations read with Section 12A (a), (b) and (c) of SEBI Act, 1992 were removed upon.

Further, no evidence on record has been established by the SEBI which evidences any fraud committed by the Noticee. In that regard, the Noticee would like to refer the Order of Hon'ble Securities Appellate Tribunal dated January 04, 2022 in the matter of Ms. Suhanika Chourey, wherein the findings of PFUTP violations were set aside as there was no evidence brought out on record.

Hence, by following the principle of doctrine of Stare Decisis, the SEBI shall consider its judgements issued under similar issues or facts and such allegations shall be remove upon from the Noticee.

The SEBI itself in its Orders in the matter of Star World Research and Niveshicon Investment Advisor has stated that for construing the definition of fraud, the fraud shall be committed while "dealing in security" and in absence of that the acts will not fall within the ambit of PFUTP Regulations. In the said Orders also, SEBI did drop the allegation of PFUTP for the following acts: selling products meant for High-Risk Category clients to clients having Medium Risk profile, charging of unfair, unreasonable and exorbitant fee from the clients, selling the clients multiple products/services, improper risk profiling of the clients, promising/assuring unrealistic return to clients. Hence, by following the principle of the stare decisis, the P'FUTP violations shall be removed upon from the Noticee as the alleged violations, if established, have not been committed while dealing in security and also no material evidence has been established in this regard.

#### PRAYER

The foregoing submissions unequivocally demonstrate that the inspection was conducted in a perfunctory and unprofessional manner, resulting in unfounded allegations. The Noticee has a proven track record of serving thousands of clients, with only a negligible number of complaints, all of which were addressed promptly.

It is evident from the Show Cause Notice that the inspection's sole purpose was to substantiate predetermined, baseless accusations. The Notice is devoid of concrete evidence to support these allegations and relies solely on coerced statements obtained from the Noticee and her employees. Rather than conducting a thorough and impartial investigation, SEBI officials resorted to pressure tactics to extract self-incriminating statements. The Notice is fundamentally flawed due to its reliance on such unreliable evidence.

Also, the Noticee would like to refer the Order of Hon'ble Securities Appellate Tribunal dated 16.06.2011, in the matter of Religare Securities Limited Vs. SEBI (Appeal No. 23 of 2011), it was held that "5. It must be remembered that the purpose of currying out inspection is not punitive and the object is to make the intermediary comply with



the procedural requirements in regard to the maintenance of records. We also cannot lose sight of the fact that every minor discrepancy/irregularity found during the course of inspection is not culpable and the object of the inspection could well be achieved by pointing out the irregularities/deficiencies to the intermediary at the time of inspection and making it compliant. This will, of course, depend on the nature of the irregularity noticed and we hasten to add a caveat that it is not being suggested that if any serious lapse is found during the course of the inspection, the Board should not proceed against the delinquent. For the reasons recorded above, the appeal is allowed and the impugned order set aside with no order as to costs."

Furthermore, it is evident that the primary objective of the inspection team was to impose severe penalties on the Noticee. Unable to substantiate their allegations with concrete evidence, they resorted to coercing the Noticee into admitting fabricated violations through written submissions. Accordingly, the issuance of any stringent directives against the Noticee is unwarranted.

It is humbly submitted that the Noticee has not violated any provisions and therefore is not liable for any monetary penalty under the provisions of Sections 15A(a), 15EB and 15HA of the SEBI Act.

In view of the foregoing, the Noticee hereby submits that the Show Cause Notice suffers from the legal infirmity and therefore warrants interference and is therefore prayed that directions may please be given:

1. This Hon'ble SEBI may be pleased to not to impose any monetary penalty under the provisions of Sections 15A(a), 15EB and 15HA of the SEBI Act;
2. This Hon'ble SEBI may be pleased to consider the submissions of the Noticee and not to take any action in this matter;
3. This Hon'ble SEBI may be pleased to dispose of the proceedings without any adverse action;
4. This Hon'ble SEBI may be pleased to issue just a warning to the Noticee in respect of few non-compliances observed by the Noticee;
5. This Hon'ble SEBI may be pleased to provide an opportunity of personal hearing to present the facts and submissions prior to reaching any conclusion in this matter.

...

Noticee 2 reply dated December 18, 2024 to the SCN:

" ...

**Facts/Observations of the Notice against which the Reply is filed:**

The Hon'ble SEBI had conducted a surprise inspection for the period April 1, 2021 onwards, at the registered office of the Research Guru, where the Noticee was an employee of Research Guru, the inspection was carried out during the period July 14, 2022-July 18, 2022 and thereafter SEBI has issued the said Show Cause Notice and has sought reply from the Noticee. In that regard, the Noticee would like to give following reply/clarifications to the alleged violations as mentioned in the said SEBI Notice:

At the outset, the Noticee would like to state that nothing contained in the said Notice shall be deemed to be admitted by virtue of it not having been specifically denied herein unless the same has been expressly admitted. Further, given the comprehensive nature of the Notice, inadvertent omissions in addressing particular allegations should not be interpreted as acquiescence to their veracity.

Further, regarding the statements/undertakings obtained by SEBI during the inspection, the Noticee vehemently asserts that any such submissions were made under duress and undue influence exerted by the SEBI Officer. The Noticee specifically alleges that the SEBI Officer had threatened Noticee and other employees that signing the statement was mandatory as part of the inspection proceedings, misled Noticee and other employees by not allowing them to read the statement before signing and exhibited a predetermined bias towards establishing allegations against Noticee. The Noticee contends that due to these actions, the content of the statement/undertaking is untrue and unreliable.

Based on the above allegations, Noticee formally requests that the statement/undertaking be disregarded and excluded from the record. Noticee maintains that the document does not represent their true and voluntary statements due to the coercive circumstances surrounding its creation.



#### **1. Observations from Surprise Inspection carried out by SEBI**

*In the morning of July 14, 2022, when the SEBI Inspection team arrived at the office of Research Guru, the Noticee was not available at the office as he was engaged in some personal work. Further, the Noticee being the manager and relative of Veena Sharma, he answered the call of the SEBI and on being asked to appear in the office, they immediately arrived at the office and appeared before the inspecting authority.*

#### **2. Submissions of Mrs. Veena Sharma in respect of operations:**

*As stated earlier in the reply, the entire submission shall be disregarded as it was taken under coercion and undue influence exerted by the SEBI Officer.*

*The Noticee was employed as a Senior Manager and was just handling administration and back-end work and all the advisory related work were undertaken by Mrs. Veena Sharma.*

*The Noticee has not authorized any of the employees to collect the fees from the clients in their personal bank account and the same was also intimated to all the clients and upon the website also it was mentioned that do not transfer any fees in any bank account except of the firm's bank account details as mentioned upon the website.*

#### **3. Submissions of Mrs. Veena Sharma in respect of distributing Franchisees:**

*The Noticee has no role in this and the said alleged violation is not applicable upon him and hence no reply warranted.*

#### **4. Submissions of Mrs. Veena Sharma in respect of RPF, Suitability, etc.:**

*The Noticee has no role in this and the said alleged violation is not applicable upon him and hence no reply warranted.*

#### **5. Submissions of Mrs. Jayanti Kurmi (HR Executive) in the matter of Research Guru Veena Sharma:**

*This allegation is likewise unfounded and lacks evidentiary support. The Noticee has no role in distributing salary, it was done by Mrs. Veena Sharma and she has consistently disbursed salaries to all employees through electronic transfer to their respective bank accounts. Additionally, it is standard practice to engage new hires on a training or probationary basis prior to issuing formal offer letters. Upon successful completion of the training period and subsequent employment, offer letters are duly provided to the employees.*

#### **6. Submissions of certain employees in the matter of Research Guru-Veena Sharma:**

*As stated earlier in the reply that all the submissions obtained from the employees shall be disregarded as it does not depict the true picture as all the employees were pressurized by the Inspecting authority to forcefully sign the submissions. Moreover, the said employees shall be called upon by the SEBI for the clarification and it will get prove that all the submissions were taken forcefully.*

#### **7. Findings of surprise inspection of Mrs. Veena Sharma Prop. Research Guru**

*The Noticee contends that the research and advisory work were primarily conducted by Mrs. Veena Sharma from her home, with office visits occurring post-market hours. To manage day-to-day operations in her absence, the Noticee being the nephew of Mrs Veena Sharma, was appointed as Senior Manager-responsible for administrative and backend tasks.*

*The allegation of franchise distribution is categorically false and is not supported with any sort of evidence. The inspection team failed to identify any regulatory non-compliance, resorting to intimidation of employees to extract false statements.*

*The Noticee has no role in investment advisory operations and the rest of the alleged violation under this clause is not applicable upon him and hence no reply warranted.*

#### **8. Qualification/certification of employees of Research Guru is not in compliance with IA Regulations, 2013**

*The Noticee has no role in this and the said alleged violation is not applicable upon him and hence no reply warranted.*

#### **9. Failure to carry out Risk Profiling and Suitability Assessment by IA**

*The Noticee has no role in this and the said alleged violation is not applicable upon him and hence no reply warranted.*

#### **10. Failure to disclose the clients in respect of Franchise arrangement**



*The Noticee has no role in this and the said alleged violation is not applicable upon him and hence no reply warranted.*

**11. Failure to maintain records**

*The Noticee has no role in this and the said alleged violation is not applicable upon him and hence no reply warranted.*

**12. Receiving fees in Bank A/C other than Bank A/C of Research Guru**

*The Noticee has no role in this and the said alleged violation is not applicable upon him and hence reply warranted.*

**13. Failure to furnish information to SEBI**

*The Noticee has no role in this and the said alleged violation is not applicable upon him and hence no reply warranted.*

**14. Violations of Conditions of Certificate**

*The Noticee has no role in this and the said alleged violation is not applicable upon him and hence no reply warranted.*

**15. Role of Abhishek Sharma**

*As previously stated, the Noticee's responsibilities were confined to administrative and back-office functions, and he did not oversee the entirety of the investment advisory operations. He was just an employee of the Notice designated as Senior Manager, apparently, he being a close relative to Mrs. Veena Sharma, she had more faith/trust upon him instead of other employees.*

*Moreover, the Noticee possesses the requisite qualifications and certifications to be a person associated with investment advice.*

**16. IA is absconding and not traceable**

*The Noticee has no role in this and the said alleged violation is not applicable upon him and hence no reply warranted*

**17. Misrepresentation by IA to clients and falling in act in fiduciary capacity towards all its clients. All the operations were run by Abhishek Sharma by distributing franchisees and Investment advice was given by recruited staff and not by Veena Sharma.**

*The Noticee has no role in this and the said alleged violation is not applicable upon him and hence no reply warranted*

*Further, allegations in the points 17 to 24 are repetitive in nature. for which the Noticee has already replied in preceding paragraphs and hence no separate reply is made.*

**18. Violation of PFUTP Regulations**

*With regard to the allegation that the Noticee has committed fraud and have violated the PFUTP Regulations. In that regard the Noticee would like to state that the definition of "fraud" as defined in regulation 2(1)(c) of the PFUTP Regulations which provides as under:*

*"(c) "fraud" includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss, and shall also include -*

*(1) a knowing misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment*

*(2) suggestion as to a fact which is not true by one who does not believe it to be true*

*(3) an active concealment of a fact by a person having knowledge or belief of the fact*

*(4) a promise made without any intention of performing it:*

*(5) a representation made in a reckless and careless manner whether it be true or false,*

*(6) any such act or omission as any other law specifically declares to be fraudulent,*



- (7) deceptive behaviour by a person depriving another of informed consent or full participation,
- (8) a false statement made without reasonable ground for believing it to be true
- (9) the act of an issuer of securities giving out misinformation that affects the market price of the security, resulting in investors being effectively misled even though they did not rely on the statement itself or anything derived from it other than the market price.  
And "fraudulent" shall be construed accordingly....."

Based upon the above definition, it can be construed that the definition of "fraud" under regulation 2 (c), is very wide and general in nature. The definition of "fraud" alone does not bring an act within the purview of PFUTP Regulations. There has to be "dealing in securities as defined under regulation 2(1)(c) of PFUTP Regulations. Further, there is no proof to show that the Noticee have committed fraud while "dealing in security" as contemplated under the PFUTP Regulations. Hence, the serious violations of the provisions of Section 12A(a), (b) and (c) of the SEBI Act read with Regulations 3(a) to (d) of the PFUTP Regulations shall be removed upon from the Noticee.

Further, the Noticee would also like to place the reliance on the following decision of the SEBI: Order in the matter of Star World Research, wherein in the exact same case it was held that "With respect to the definition of "fraud" under regulation 2 (c), I am of the view that the same is very wide and general in nature. The definition of "fraud" alone does not bring an act within the purview of PFUTP Regulations. There has to be "dealing in securities" as defined under regulation 2(1)(c) of PFUTP Regulations. There is no proof to show that the IA has committed fraud while "dealing in security" as contemplated under the PFUTP Regulations. In view of this, the misleading representations made by the IA to its clients and the wrong categorisation of clients and selling high risk products to unsuitable clients or levying GST after cancellation of its GSTN, etc., would not bring the Noticee's acts within the prohibition under the PFUTP Regulations. These are violations of the prescriptions laid down in various provisions of the IA Regulations and the Code of Conduct. I am, therefore, inclined to drop the allegation of fraudulent and unfair trading in favour of the Noticee."

Also, the SEBI had in its **Order in the matter of Niveshicon Investment Advisor** had also held similar interpretation and the alleged violation of Regulation 3(a), (b), (c) and (d) of PFUTP Regulations read with Section 12A (a), (b) and (c) of SEBI Act, 1992 were removed upon.

Further, no evidence on record has been established by the SEBI which evidences any fraud committed by the Noticee. In that regard, the Noticee would like to refer the **Order of Hon'ble Securities Appellate Tribunal** dated January 04, 2022 in the matter of Ma Subhanika Chourey, wherein the findings of PFUTT violations were set aside as there was no evidence brought out on record

Hence, by following the principle of **doctrine of Stare Decisis**, the SEBI shall consider its judgements issued under similar issues or facts and such allegations shall be removed upon from the Noticee

The SEBI itself in its Orders in the matter of Star World Research and Niveshicon Investment Advisor has stated that for construing the definition of fraud, the fraud shall be committed while "dealing in security and in absence of that the acts will not fall within the ambit of PFUTP Regulations. In the said Orders also, SEBI did drop the allegation of PFUTP for the following acts: selling products meant for High-Risk Category clients to clients having Medium Risk profile, charging of unfair, unreasonable and exorbitant fee from the clients, selling the clients multiple products/services. improper risk profiling of the clients, promising/assuring unrealistic return to clients. Hence, by following the principle of the stare decisis, the PFUTP violations shall be removed upon from the Noticee as the alleged violations, if established, have not been committed while dealing in security and also no material evidence has been established in this regard.

#### **PRAYER**

The foregoing submissions unequivocally demonstrate that the inspection was conducted in a perfunctory and unprofessional manner, resulting in unfounded allegations. It is evident from the Show Cause Notice that the inspection's sole purpose was to substantiate predetermined, baseless accusations. The Notice is devoid of concrete evidence to support these allegations and relies solely on coerced statements obtained from Mrs. Veena Sharma, the Noticee and other employees. Rather than conducting thorough and impartial investigation, SEBI officials resorted to pressure tactics to extract self-incriminating statements. The Notice is fundamentally flawed due to its reliance on such unreliable evidence.

Furthermore, it is evident that the primary objective of the inspection team was to impose severe penalties on the Noticee. Unable to substantiate their allegations with concrete evidence, they resorted to coercing the Noticee into admitting fabricated violations through written submissions. Accordingly, the issuance of any stringent directives against the Noticee is unwarranted. Moreover, the Noticee was just an employee of the Research Guru

It is humbly submitted that the Noticee has not violated any provisions and therefore is not liable for any monetary penalty under the provisions of Sections 15A(a), 15EB and 15HA of the SEBI Act.

In view of the foregoing, the Noticee hereby submits that the Show Cause Notice suffers from the legal infirmity and therefore warrants interference **and is therefore prayed that directions may please be given**



1. This Hon'ble SEBI may be pleased to not to impose any monetary penalty under the provisions of Sections 15A(a), 15EB and 15HA of the SEBI Act;
2. This Hon'ble SEBI may be pleased to consider the submissions of the Noticee and not to take any action in this matter;
3. This Hon'ble SEBI may be pleased to dispose of the proceedings without any adverse action;
4. This Hon'ble SEBI may be pleased to remove the name of the Noticee from these proceedings;
5. This Hon'ble SEBI may be pleased to provide an opportunity personal hearing to present the facts and submissions prior to reaching any conclusion in this matter.

..."

## Noticee 1 submissions dated November 26, 2024

"...

### Limitation

The Noticee hereby declare that the said Show Cause Notice is dated 25th June, 2024, which was served to the Noticee vide email dated 25th July, 2024. Further, the Noticee had sought time for filing the reply till 14 August, 2024. Hence, the present reply is filed within the stipulated time

### Facts/Observations of the Notice against which the Reply is filed

The Hon'ble SEBI had conducted a surprise inspection for the period April 1, 2021 onwards, at the registered office of the Noticee, of the books of accounts and other records, the inspection was carried out during the period July 14, 2022-July 18, 2022 and thereafter SEBI has issued the said Show Cause Notice and has sought reply from the Noticee. In that regard, the Noticee would like to give following reply/clarifications to the alleged violations as mentioned in the said SEBI Notice

At the outset, the Noticee would like to state that nothing contained in the said Notice shall be deemed to be admitted by virtue of it not having been specifically denied herein unless the same has been expressly admitted. Further, given the comprehensive nature of the Notice, inadvertent omissions in addressing particular allegations should not be interpreted as acquiescence to their veracity

Further, regarding the statements/undertakings obtained by SEBI during the inspection, the Noticee vehemently asserts that any such submissions were made under duress and undue influence exerted by the SEBI Officer.

The Noticee specifically alleges that the SEBI Officer had threatened Noticee and her employees that signing the statement was mandatory as part of the inspection proceedings, misled Noticee and her employees by not allowing them to read the statement before signing and exhibited a predetermined bias towards establishing allegations against Noticee. The Noticee contends that due to these actions, the content of the statement/undertaking is untrue and unreliable.

Based on the above allegations, Noticee formally requests that the statement/undertaking be disregarded and excluded from the record. Noticee maintains that the document does not represent their true and voluntary statements due to the coercive circumstances surrounding its creation.

### **1. Observations from Surprise Inspection carried out by SEBI:**

In the morning of July 14, 2022, when the SEBI Inspection team arrived at the Noticee's office, the Noticee was not available at the office as she typically conducts research from home and arrives at the office post-market hours to accommodate her domestic responsibilities and household work. On the said date also, she had planned to visit the office after the market hours but since the SEBI inspection team had come to the office so she respectfully followed the orders of the inspecting authority and immediately visited the office.

### **2. Submissions of Mrs. Veena Sharma in respect of operations:**

As stated earlier in the reply, the entire submission shall be disregarded as it was taken under coercion and undue influence exerted by the SEBI Officer.

Mr. Abhishek Sharma was employed as a Senior Manager and was handling administration and back-end work as the Noticee being a proprietor cannot single handedly control and manage all the aspects of the organization.



The core function viz. rendering investment advice, carrying out research, analyzing risk profile of the investors were done solely by the Noticee herself.

Further, with respect to the loss of data stored in the hard disk, occurred in the inspection authority's presence while the Noticee and Mr. Abhishek Sharma were enroute to the office following the call of the inspecting authority. Given the inspection authority's continual computer use, it is suspected that their actions may have inadvertently caused data corruption or loss. The Noticee cannot be held accountable for this incident as she was not even present at that point of time.

The Noticee would like to clarify that she is registered as an individual investment adviser and possesses the necessary NISM certifications. The Noticee's employees, however, are not involved in any aspect of investment advice for clients. Their sole responsibility was onboarding new clients. All other activities pertaining to investment advice, including risk profiling and rendering investment advice, were exclusively performed by the Noticee himself. The Noticee affirms that no employee has ever been appointed as an "Investment Advisor or any other role involving investment advice provision. Consequently, the Noticee was in of the opinion that requirement for NISM certifications for employees does not apply in this case.

Further, based on the clarification obtained during the inspection, the Noticee realized and had since thereafter closed down her operations as the employees were not having requisite NISM certifications.

The Noticee has not authorized any of the employees to collect the fees from the clients in their personal bank account and the same was also intimated to all the clients and upon the website also it was mentioned that: do not transfer any fees in any bank account except of the firm's bank account details as mentioned upon the website.

### **3. Submissions of Mrs. Veena Sharma in respect of distributing Franchisees:**

The allegation that the Noticee distributed franchises is categorically false and unsubstantiated. The Noticee has neither engaged in franchise distribution nor entered into any franchise agreements. The SEBI's assertion is devoid of any evidentiary support and should therefore be dismissed as unfounded.

### **4. Submissions of Mrs. Veena Sharma in respect of RPF, Suitability, etc.:**

The Noticee has consistently conducted KYC, risk profiling, and suitability assessments for all clients before providing any services. The Noticee was having in place the requisite records of the clients, but however due to loss of the data the same could not be provided to the SEBI Officers. Importantly, no client has ever disputed the completeness or accuracy of their KYC or risk profiling conducted by the Noticee, which justifies that the Noticee has done KYC and risk profiling of the clients.

Also, if the Noticee's intention was to maximize revenue instead of providing best services to the clients then in that scenario, many of clients would have filed complaint against the Noticee, whereas none of the complaints had stated the same and at the time of inspection not a single complaint was pending against the Noticee.

### **5. Submissions of Mrs. Jayanti Kurmi (HR Executive) in the matter of Research Guru-Veena Sharma:**

This allegation is likewise unfounded and lacks evidentiary support. The Noticee has consistently disbursed salaries to all employees through electronic transfer to their respective bank accounts. Additionally, it is standard practice to engage new hires on a training or probationary basis prior to issuing formal offer letters. Upon successful completion of the training period and subsequent employment, offer letters are duly provided to the employees.

### **6. Submissions of certain employees in the matter of Research Guru Veena Sharma:**

As stated earlier in the reply that all the submissions obtained from the employees shall be disregarded as it does not depict the true picture as all the employees were pressurized by the Inspecting authority to forcefully sign the submissions.

### **7. Findings of surprise inspection of Mrs. Veena Sharma Prop. Research Guru**

The Noticee contends that the regulations do not mandate a physical office presence for Investment Advisers. The core function of an Investment Adviser is to provide investment advice tailored to clients' risk profiles, a duty diligently fulfilled by the Noticee.

Research and advisory work were primarily conducted from the Noticee's home, with office visits occurring post-market hours. To manage day-to-day operations in her absence, Mr. Abhishek Sharma, the Noticee's nephew, was appointed as Senior Manager responsible for administrative and backend tasks. All investment advice was exclusively provided by the Noticee.

The allegation of franchise distribution is categorically false. The inspection team failed to identify any regulatory non-compliance, resorting to intimidation of employees to extract false statements,





The Noticee has adhered to all the applicable rules and regulations w.r.t. to her operations by doing KYC and risk profiling of the clients, entering into agreements with them, rendering suitable investment advice, keeping records of the advice and the rationales, conducting annual audit, submission of periodic data to the BASL, resolving client's grievances in a timely manner and others.

The Noticee has not misrepresented to her clients as all her registration details were duly informed to all the clients and also there was no franchise distributed by her and hence no such disclosure was required.

Furthermore, these alleged violations if in case gets established then too it is no manner related to fraudulent activity and do not invoke the provisions of the PFUTP Regulations.

Moreover, the Noticee by providing suitable advice to her clients and remaining faithful towards her employee by providing them suitable work environment and paying them their salary on time has always maintained high standards of integrity fairness in the conduct of business and is therefore a fit and proper person to conduct investment advisory services.

**8. Qualification/certification of employees of Research Guru is not in compliance with IA Regulations, 2013**

The Noticee humbly agrees to the said violation as the Noticee was of the opinion that since her employees are not involved in any aspect of investment advice for clients as their sole responsibility was onboarding new clients and all other activities pertaining to investment advice, including risk profiling and rendering investment advice, were exclusively performed by the Noticee herself, so the requirement for NISM certifications for employees does not apply in this case.

Further, based on the clarification obtained during the inspection, the Noticee realized and had since thereafter closed down her operations as the employees were not having requisite NISM certifications.

**9. Failure to carry out Risk Profiling and Suitability Assessment by IA**

The Noticee would again like to reiterate that she has consistently conducted KYC, risk profiling, and suitability assessments for all clients before providing any services. The Noticee was having in place the requisite records of the clients, but however due to loss of the data the same could not be provided to the SEBI Officers. Importantly, no client has ever disputed the completeness or accuracy of their KYC or risk profiling conducted by the Noticee, which justifies that the Noticee has done KYC and risk profiling of the clients. Further, to support the claim of the Noticee, few samples of Risk Profiling and agreements of the clients are enclosed in Exhibit-A, the said samples were recovered from the auditor as while auditing the records he had taken few samples in his record.

The Noticee affirms that it has complied with all relevant regulations by:

- Performing KYC, risk profiling, and suitability assessments for every client before offering any services.
- Selling services only after completing these assessments.
- Sample Evidence for the same is duly enclosed. Furthermore, the Noticee had duly obtained registration from CVL KRA for fetching KYC of the clients, details of which is: POS Code: 2500005507, which does evidences that the Noticee was fetching the KYC data from the KRA in the manner as specified by the SEBI.

The Noticee acknowledges that the data was lost due to uncontrollable circumstances which happened in front of the SEBI officer and hence were unavailable during the inspection. It does not represent widespread non-compliance, as client agreements, KYC, and assessments were properly documented for all clients.

Considering the complete fulfillment of key regulatory requirements, the Noticee respectfully requests that the relevant allegation be dismissed.

**10. Failure to disclose the clients in respect of Franchise arrangement**

The alleged violation of failing to disclose clients in relation to a franchise arrangement is inapplicable as the Noticee has not entered into any such arrangement. Consequently, no disclosure obligation arose.

**11. Failure to maintain records**

The Noticee affirms that all required records were diligently maintained. Regrettably, data loss occurred during the Noticee's absence while SEBI inspection officers were present. The Noticee asserts that the data loss was attributable to the oversight of the inspecting team and cannot be imputed to the Noticee, who was not on the premises at the time.

**12. Receiving fees in Bank A/C other than Bank A/C of Research Guru**

The Noticee categorically denies having collected any payments from clients of Research Guru into bank accounts other than those officially designated for the firm. This allegation is entirely baseless and



unsupported by evidence. Furthermore, all clients were explicitly instructed to remit fees exclusively to the firm's bank account details as provided on the website

Moreover, the SEBI Circular dated December 27, 2019 is inapplicable in this matter. The circular specifically prohibits the collection of fees in cash or through payment gateways, mandating direct bank transfers via UPI, NEFT, IMPS, or cheque. As the Noticee has consistently adhered to these regulations, there is no non-compliance.

### **13. Failure to furnish information to SEBI**

The Noticee was unable to provide the required information to the SEBI during the inspection due to unforeseen data loss, which occurred in the presence of SEBI officials

Subsequently, the Noticee complied with a document request from BASL, providing the necessary materials on October 31, 2022. This cooperation with BASL, unequivocally demonstrates the Noticee's willingness to disclose information and contradicts any suggestion of intent to withhold such data.

### **14. Violations of Conditions of Certificate**

The Noticee asserts strict compliance with both Investment Adviser (IA) and Prevention of Fraudulent and Unfair Trade Practices (PFUTP) regulations. It is axiomatic that a single individual cannot effectively operate an organization a collaborative team is essential. Accordingly, the Noticee assembled a team to manage various facets of the firm. While the Noticee exclusively handled and managed all advisory operations, Abhishek Sharma, a relative, was appointed as Senior Manager to oversee administrative and backend functions

Delegating specific roles within an organization does not constitute a regulatory breach. The cornerstone of IA regulations mandates that investment advice be provided by qualified and certified individuals, a criterion unequivocally fulfilled by the Noticee, who conducted all research and rendered investment advice personally.

Furthermore, the Noticee categorically denies adopting a franchise model and, consequently, any material change.

All employee salaries were disbursed electronically through the Noticee's ICICI Bank account, as evidenced by bank statements. It is standard practice to initiate employment with a training or probationary period, during which offer letters may not be issued. Upon successful completion of the training, formal offer letters are provided.

### **15. Role of Abhishek Sharma**

As previously stated, Mr. Abhishek Sharma's responsibilities were confined to administrative and back-office functions, and he did not oversee the entirety of the investment advisory operations. He was just an employee of the Noticee designated as Senior Manager, apparently, he being a close relative to the Noticee, the Noticee had more faith/trust upon him instead of other employees.

Moreover, the Abhishek Sharma possesses the requisite qualifications and certifications to be a person associated with investment advice, evidence of which is duly enclosed in **Exhibit-B**.

### **16. IA is absconding and not traceable**

Again, a false allegation has been imposed upon the Noticee which is also not supported by any evidence. The Noticee has consistently demonstrated cooperation with both SEBI and BASL and has responded to the SEBI and BASL. emails. Moreover, post the inspection, the Noticee was called upon by the SEBI Indore Local Office on July 18, 2022, wherein the Noticee submitted that now she no longer will be operating till she recruits staff who are eligible as per the Regulations. The visit of the Noticee to the SEBI Office can be verified from the visitors register maintained by the SEBI Indore office.

Moreover, after the said surprise inspection, the Noticee has received the Pre-Inspection Questionnaire (PIQ) from the BASL, which the Noticee had duly submitted with all the requisite information/documents as sought from her on October 31, 2022. Thus, it evidences that the Noticee was duly available and had been cooperating with the SEBI and BASL

### **17. Misrepresentation by IA to clients and falling to act in fiduciary capacity towards all its clients. All the operations were run by Abhishek Sharma by distributing franchisees and Investment advice was given by recruited staff and not by Veena Sharma.**

The accurate and lawful display of registration details on the website does not constitute misrepresentation. As previously stated, the Noticee primarily conducts research remotely and attends the office post-market hours due to domestic responsibilities. The allegation of franchise distribution is unfounded and lacks evidentiary support.

Further, allegations in the points 17 to 24 are repetitive in nature, for which the Noticee has already replied in preceding paragraphs and hence no separate reply is made.



## 18. Violation of P'FUTP Regulations

With regard to the allegation that the Noticee has committed fraud and have violated the PFUTP Regulations. In that regard the Noticee would like to state that if his intention was of defrauding the clients then he would not have opted SEBI registration and followed the requisite applicable compliances. Also, the definition of "fraud as defined in regulation 2(1)(c) of the PFUTP Regulations which provides as under:

- "(c) "fraud" includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss, and shall also include
- (1) a knowing misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment;
  - (2) suggestion as to a fact which is not true by one who does not believe it to be true
  - (3) an active concealment of a fact by a person having knowledge or belief of the fact:
  - (4) a promise made without any intention of performing it
  - (5) a representation made in a reckless and careless manner whether it be true or false;
  - (6) any such act or omission as any other law specifically declares to be fraudulent,
  - (7) deceptive behaviour by a person depriving another of informed consent or full participation,
  - (8) a false statement made without reasonable ground for believing it to be true.
  - (9) the act of an issuer of securities giving out misinformation that affects the market price of the security, resulting in investors being effectively misled even though they did not rely on the statement itself or anything derived from it other than the market price.
- And "fraudulent" shall be construed accordingly....."

Based upon the above definition, it can be construed that the definition of "fraud under regulation 2 (c), is very wide and general in nature. The definition of "fraud" alone does not bring an act within the purview of PFUTP Regulations. There has to be "dealing in securities as defined under regulation 2(1)(c) of PFUTP Regulations. Further, there is no proof to show that the Noticee have committed fraud while "dealing in security" as contemplated under the PFUTP Regulations. Hence, the serious violations of the provisions of Section 12A (a), (b) and (c) of the SEBI Act read with Regulations 3(a) to (d) of the PFUTP Regulations shall be removed upon from the Noticee.

Further, the Noticee would also like to place the reliance on the following decision of the SEBI: Order in the matter of Star World Research; wherein in the exact same case it was held that "With respect to the definition of "fraud" under regulation 2 (c), I am of the view that the same is very wide and general in nature. The definition of "fraud" alone does not bring an act within the purview of PFUTP Regulations. There has to be "dealing in securities" as defined under regulation 2(1)(c) of PFUTP Regulations. There is no proof to show that the IA has committed fraud while "dealing in security" as contemplated under the PFUTP Regulations. In view of this, the misleading representations made by the IA to its clients and the wrong categorisation of clients and selling high risk products to unsuitable clients or levying GST after cancellation of its GSTN, etc, would not bring the Noticee's acts within the prohibition under the PFUTP Regulations. These are violations of the prescriptions laid down in various provisions of the IA Regulations and the Code of Conduct. I am, therefore, inclined to drop the allegation of fraudulent and unfair trading in favour of the Noticee."

Also, the SEBI had in its **Order in the matter of Niveshicon Investment Advisor** had also held similar interpretation and the alleged violation of Regulation 3(a), (b), (c) and (d) of PFUTP Regulations read with Section 12A (a), (b) and (c) of SEBI Act, 1992 were removed upon.

Further, no evidence on record has been established by the SEBI which evidences any fraud committed by the Noticee. In that regard, the Noticee would like to refer the **Order of Hon'ble Securities Appellate Tribunal** dated January 04, 2022 in the matter of Ms. Suhanika Chourey, wherein the findings of PFUTP violations were set aside as there was no evidence brought out on record.

Hence, by following the principle of **doctrine of Stare Decisis**, the SEBI shall consider its judgements issued under similar issues or facts and such allegations shall be removed upon from the Noticee.

The SEBI itself in its Orders in the matter of Star World Research and Niveshicon Investment Advisor has stated that for construing the definition of fraud, the fraud shall be committed while "dealing in security" and in absence of that the acts will not fall within the ambit of PFUTP Regulations. In the said Orders also, SEBI did drop the allegation of PFUTP for the following acts: selling products meant for High-Risk Category clients to clients having Medium Risk profile, charging of unfair, unreasonable and exorbitant fee from the clients, selling the clients multiple products/services, improper risk profiling of the clients, promising/assuring unrealistic return to clients. Hence, by following the principle of the stare decisis, the P'FUTP violations shall



be removed upon from the Noticee as the alleged violations, if established, have not been committed while dealing in security and also no material evidence has been established in this regard.

#### **PRAYER**

The foregoing submissions unequivocally demonstrate that the inspection was conducted in a perfunctory and unprofessional manner, resulting in unfounded allegations. The Noticee has a proven track record of serving thousands of clients, with only a negligible number of complaints, all of which were addressed promptly.

It is evident from the Show Cause Notice that the inspection's sole purpose was to substantiate predetermined, baseless accusations. The Notice is devoid of concrete evidence to support these allegations and relies solely on coerced statements obtained from the Noticee and her employees. Rather than conducting a thorough and impartial investigation, SEBI officials resorted to pressure tactics to extract self-incriminating statements. The Notice is fundamentally flawed due to its reliance on such unreliable evidence.

Also, the Noticee would like to refer the Order of Hon'ble Securities Appellate Tribunal dated 16.06.2011, in the matter of Religare Securities Limited Vs. SEBI (Appeal No. 23 of 2011), it was held that "5. It must be remembered that the purpose of carrying out inspection is not punitive and the object is to make the intermediary comply with the procedural requirements in regard to the maintenance of records. We also cannot lose sight of the fact that every minor discrepancy/irregularity found during the course of inspection is not culpable and the object of the inspection could well be achieved by pointing out the irregularities/deficiencies to the intermediary at the time of inspection and making it compliant. This will, of course, depend on the nature of the irregularity noticed and we hasten to add a caveat that it is not being suggested that if any serious lapse is found during the course of the inspection, the Board should not proceed against the delinquent. For the reasons recorded above, the appeal is allowed and the impugned order set aside with no order as to costs."

Furthermore, it is evident that the primary objective of the inspection team was to impose severe penalties on the Noticee. Unable to substantiate their allegations with concrete evidence, they resorted to coercing the Noticee into admitting fabricated violations through written submissions. Accordingly, the issuance of any stringent directives against the Noticee is unwarranted.

It is humbly submitted that the Noticee has not violated any provisions and therefore is not liable for any monetary penalty under the provisions of Sections 15A(a), 15EB and 15HA of the SEBI Act.

In view of the foregoing, the Noticee hereby submits that the Show Cause Notice suffers from the legal infirmity and therefore warrants interference and is therefore prayed that directions may please be given:

6. This Hon'ble SEBI may be pleased to not to impose any monetary penalty under the provisions of Sections 15A(a), 15EB and 15HA of the SEBI Act;
7. This Hon'ble SEBI may be pleased to consider the submissions of the Noticee and not to take any action in this matter;
8. This Hon'ble SEBI may be pleased to dispose of the proceedings without any adverse action;
9. This Hon'ble SEBI may be pleased to issue just a warning to the Noticee in respect of few non-compliances observed by the Noticee;
10. This Hon'ble SEBI may be pleased to provide an opportunity of personal hearing to present the facts and submissions prior to reaching any conclusion in this matter.

..."

8. Having regard to the principles of natural justice, vide Hearing Notice dated December 27, 2024, another opportunity of personal hearing was provided by erstwhile AO to the Noticees on January 07, 2025.

9. On the scheduled date of hearing viz., January 07, 2025, the Noticee 1 appeared along with common Authorised Representatives (AR of Noticees) viz. Abhishek Mishra, for the hearing held in person. During the hearing, the Noticee 1/ AR of the Noticees relied upon and reiterated the submissions made by



Noticee 1 and 2 vide letter dated August 15, 2024, November 26, 2024 and December 18, 2024 respectively. Further, the Noticee 1/AR requested further time till January 16, 2025 for making additional submission in the matter which was allowed. With respect to Noticee 2, the AR indicated that the written submissions dated December 18, 2024 were final and complete and that there were no additional/further submissions to be made in respect of the Noticee.

10. Pursuant to transfer of erstwhile AO, vide order dated September 11, 2025, the undersigned was appointed as the AO in the matter and an opportunity of hearing was provided to the Noticees on October 29, 2025 vide Hearing notice dated October 17, 2025. Vide email dated October 25, 2025, Noticees sought adjournment of the said hearing. Vide email dated November 28, 2025, another opportunity of hearing was provided to the Noticees on November 06, 2025.

On the scheduled date of hearing i.e November 06, 2025, the Noticees appeared through their common Authorized Representatives viz., Abhishek Mishra (AR) for the hearing opted to be held online viz., via video conferencing. During the hearing, the AR relied upon and reiterated the submissions made by Noticee 1 and Noticee 2 vide email dated August 15, 2024, November 26, 2024 and December 18, 2024 respectively.

#### **D. CONSIDERATION OF ISSUES AND FINDINGS:**

11. The issues that arise for consideration in the instant matter are as following:

**Issue No. I:** Whether the Noticees have violated the provisions of SEBI (Investment Advisors) Regulations, 2013, SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, Intermediaries Regulations, 2008 and SEBI Act, 1992 as alleged?



**Issue No. II:** If yes, whether the Noticees are liable for imposition of monetary penalty under Section 15A(a), 15EB, 15HA of SEBI Act, 1992?

**Issue No. III:** If yes, what should be the monetary penalty that can be imposed upon the Noticees?

12. In this regard, I note that Noticees have raised certain common preliminary issues save for being differently worded. Accordingly, before proceedings with the matter on merits, it would be pertinent to first deal with the preliminary issues raised by the Noticees which are being dealt with conjointly hereunder:

12.1. I note that Noticees as part of submissions as reply to the SCN vide letters dated August 15, 2024, November 26, 2024 and December 18, 2024 (hereinafter collectively also referred to as 'Replies' / 'Submissions') have inter alia contended that *"the statements /undertaking obtained by SEBI during the inspection... were made under duress and undue influence exerted by the SEBI Officer. The Noticee specifically alleges that the SEBI Officer had threatened Noticee and her employees that signing the statement was mandatory as part of the inspection proceedings; misled Noticee and her employees by not allowing them to read the statement before signing and exhibited a predetermined bias towards establishing allegations against Noticee. The Noticee contends that due to these actions, the content of the statement / undertaking is untrue and unreliable.*

*Based on the above allegations, Noticee formally requests that the statement / undertaking be disregarded and excluded from the record. Noticee maintains that the document does not represent their true and voluntary statements due to the coercive circumstance surrounding its creation."*

12.2. In this regard, I note that neither the Noticees nor any other employee of Noticee 1 who made the undertaking during the Inspection raised this



issue of coercion allegedly exerted by SEBI officials prior to these proceedings for such a prolonged period i.e approx. two years from the time of recording of those undertakings. Therefore, in my opinion, the Noticees are coming up with this defence as an afterthought. In my opinion, any reasonable person who has been coerced to make such undertakings is expected to raise such issue before the competent authority immediately which in the instant matter is SEBI.

- 12.3. In this regard, reference is also drawn to the decision of the Hon'ble Chattisgarh High Court in the matter of ACIT V. Hukumchad Jain, [2011 ]337ITR 238 (Chhattisgarh). In the matter, it was inter alia held that when admission was based on confessional statement of the Assessee and the Assessee did not retract his statement immediately after the search and seizure operations under Section 132 (4) of the Income Tax Act, 1961, it could be said that the Assessee had failed to discharge the onus on proving that confession made by him under Section 132 (4) was as a result of intimidation, duress, coercion or the same was made as a result of mistaken belief of law or fact. Therefore, the Assessing Officer was fully justified in assessing income of the Assessee on the basis of search on undisclosed income made under Section 132 (4).

In view thereof, Noticees' submission in this regard cannot be accepted.

13. I now proceed to deal with the matter having regard to the submissions of the Noticees on merits:

**Issue No. I:** Whether the Noticees have violated the provisions of SEBI (Investment Advisors) Regulations, 2013, SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, SEBI Act, 1992 as alleged?



**With respect to Noticee 1**

**13.1. Misrepresentation by IA to clients and failing to act in fiduciary capacity towards all its clients. All the operations were run by Abhishek Sharma by distributing franchisees and investment advice was given by recruited staff and not by Veena Sharma.**

**The archived webpages of website of Research Guru [www.researchbhaskar.com](http://www.researchbhaskar.com) inter alia state that “Research Guru is an Investment Advisory having a team consists of highly qualified analysts who are skilled and impeccable in their analysis”. However, none of the employees have qualification and certification requirement of IA Regulations. The IA is dealing fraudulently with clients to collect money from them for tips in securities market.**

13.1.1. In this regard, following was inter alia observed and alleged by SEBI:

13.1.2. Misrepresentation by Noticee 1 to its clients (Including Prospective clients)- Noticee 1 is a SEBI Registered Investment Advisor and SEBI Registration number was mentioned on home page of the website. However, it was observed by SEBI in the SCN that Noticee 1 seldom attends office. Admittedly, all the operations of Research Guru were controlled and looked after by her nephew Mr. Abhishek Sharma (Noticee 2) wherein they had entered into arrangements with 5 people (viz. Mr Sxxxt hxxxd, Ms Sxxxxi Sxxxxxxa, Mr lxxxxxm, Mr Pxxxxe Txxxxxi and Mr Axxxxxxk Gxxxa) who operate from four different floors and terrace of her registered office (Franchise Holders). Employees of Research Guru were reporting to these Franchise Holders who were using name and registration of Research Guru in lieu of an arrangement of sharing the entire revenue earned in the ratio of 30:70.





13.1.3. Thus, it was observed by SEBI that the SEBI registration of Research Guru was being used to add credibility and legitimise its business for the purpose of soliciting clients for IA activity while in reality, SEBI registered IA, Noticee 1 did not play any role in the operations of Research Guru. Further, day to day operations of Research Guru were being carried out by persons not registered with SEBI in any capacity. Thus, it was observed that Noticee 1 despite being SEBI registered intermediary didn't adhere to the applicable rules and regulations in relations to the operations of Research Guru. From the said conduct, it was evident that her only interest was to get her share of 30% of revenues without any regard to the interest of the clients, regulatory framework of SEBI and integrity of the market. In view of the same, it was observed that IA has knowingly misrepresented itself to its clients and thus failed in its responsibility to act in fiduciary capacity to its client which was entrusted upon it under Regulation 15(1) of IA Regulations, 2013, and failed to abide by clauses 1 (honesty and fairness), 2 (diligence), 5 (information to its clients) and 8 (compliance) of Code of Conduct for IA as specified in Third Schedule read with regulation 15(9) of IA Regulations, 2013. Further, Research Guru had also violated various other clauses of Code of Conduct for IA as specified in Third Schedule read with regulation 15(9) of IA Regulations, 2013 stated as under-

- (i) Clause 3 (Capabilities) by failing to have certified and qualified employees,
- (ii) Clause 4 (Information about Clients), by failing to carry out risk profiling, suitability, KYC of its clients,
- (iii) Clause 6 (Fair and Reasonable Charges), by failing to produce invoices showing fair and reasonable charges and
- (iv) Clause 7 (Conflict of interest) by failing to disclose conflict of interest on account of the franchisee arrangement.



13.1.4. In terms of Regulation 2 (1)(c) of SEBI (Prohibition of fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (PFUTP Regulations, 2003) such act of knowing misrepresentation of the truth falls in the definition of fraud. Thus, IA has devised a scheme wherein it was using identity of SEBI registered IA to legitimise its business while carrying out activities of Investment Advisor without any participation of Mrs Veena Sharma. By using this scheme, subscribers of IA services of Research Guru were made to falsely believe that operations of IA were being carried out by SEBI Registered Investment Advisor Mrs Veena Sharma, thereby inducing them to deal in the securities by subscribing services of IA. Further, Mrs Veena Sharma was using device of franchise business wherein it had outsourced its business to franchise owners and getting a franchise fees of 30% of revenue without any role or participation in operations. Further, it was observed that by using her registration with SEBI, Mrs Veena Sharma was fraudulently inducing her prospective clients to deal in securities by using her services with sole objective of enhancing her income. In view of the above, it was inter alia observed that IA had violated the provisions of regulation 3(a), (c), (d), 4(2)(o) of PFUTP Regulations, 2003 read with section 12A(a), (b) and (c) of SEBI Act, 1992.

13.1.5. Further, it was inter alia observed by SEBI that Mrs Veena Sharma, Proprietor- Research Guru was not being fair, honest and transparent in her conduct towards her employees as well as her clients. Further, IA has failed to maintain high standards of integrity, fairness in the conduct of business as a SEBI Registered IA. Therefore, Mrs Veena Sharma, Proprietor- Research Guru was not a person with integrity and character and not a fit and proper person in terms of Schedule II of SEBI (Intermediaries) Regulations, 2008 (hereinafter referred to as 'Intermediaries Regulation' 2008) read with regulation 7(2)(e) of the said Regulations.



13.1.6. Qualification/ certification of employees of Research Guru was not in compliance with IA Regulations, 2013 – It was observed by SEBI during the inspection and as per submissions of Noticee 1 as well as undertaking of her HR Executive that employees of Research Guru were not NISM certified. Further, most of the employees also did not possess educational qualification as required under IA Regulations, 2013. Thus, it was observed by SEBI that by hiring persons associated with investment advice without educational qualification as specified in the Regulation 7 of IA Regulations, 2013, Research Guru, proprietor Mrs Veena Sharma had violated Regulation 7 of the IA Regulations, 2013.

13.1.7. In this regard, I note that Noticee 1 in her submissions as part of reply to the SCN has submitted that *“the definition of “fraud” under regulation 2 (c), is very wide and general in nature. The definition of “fraud” alone does not bring an act within the purview of PFUTP Regulations. There has to be “dealing in securities” as defined under regulation 2(1)(c) of PFUTP Regulations. Further, there is no proof to show that the Noticee have committed fraud while “dealing in security” as contemplated under the PFUTP Regulations. Hence, the serious violations of the Regulations 3(a) to (d) of the PFUTP Regulations shall be removed upon from the Noticee.”* In this regard, to substantiate the aforesaid contention, Noticee has placed its reliance on SEBI Order in the matter of Star World Research, Niveshicon Investment Advisor and judgement of Hon’ble Securities Appellate Tribunal (SAT) in the matter of Ms. Suhanika Chourey.

13.1.8. In this regard, it is pertinent to refer to the provisions of Regulation 3(c) and (d), 4(2)(o) of PFUTP Regulations read with Section 12A(a), (b) and (c) of SEBI Act, 1992 which inter alia states:

SECURITIES AND EXCHANGE BOARD OF INDIA (PROHIBITION OF FRAUDULENT AND UNFAIR TRADE PRACTICES RELATING TO SECURITIES MARKET) REGULATIONS, 2003

“...

3. Prohibition of certain dealings in securities



No person shall directly or indirectly—

(a) .....;

(b) ...

(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;

(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

4. Prohibition of manipulative, fraudulent and unfair trade practices

(2) Dealing in securities shall be deemed to be a [manipulative] fraudulent or an unfair trade practice if it involves <sup>10</sup>[any of the following]:—

(o) <sup>24</sup>[fraudulent inducement of any person by a market participant to deal in securities with the objective of enhancing his brokerage or commission or income;]

...”

#### PROHIBITION OF MANIPULATIVE AND DECEPTIVE DEVICES, INSIDER TRADING AND SUBSTANTIAL ACQUISITION OF SECURITIES OR CONTROL

**Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.**

12A. No person shall directly or indirectly—

(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;

(b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;

(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

...”

13.1.9. I note that regulations 3(c) and (d) of the PFUTP Regulations, prohibit to employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange and prohibits to engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities. Further, I also note that Regulation 4(2)(o) of the PFUTP Regulations provides that dealing in securities shall be deemed to be a manipulative fraudulent or an unfair trade practice if it involves fraudulent inducement of any person by a market participant to deal in securities with the objective of enhancing his brokerage or commission or income.

13.1.10. In this regard, it is pertinent to refer the relevant extracts of definition of ‘fraud’ under Regulation 2(1)(c) of PFUTP Regulations and



definition of 'dealing in securities' under Regulation 2(1)(b)(ii) of PFUTP Regulations which are as under:

SECURITIES AND EXCHANGE BOARD OF INDIA (PROHIBITION OF FRAUDULENT AND UNFAIR TRADE PRACTICES RELATING TO SECURITIES MARKET) REGULATIONS, 2003

**Definitions**

2.(1) In these regulations, unless the context otherwise requires,—

(c) “fraud” includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss,...

2.(1) In these regulations, unless the context otherwise requires,—

(b) <sup>1</sup>“dealing in securities” includes:

(i) ...

(ii) such acts which may be knowingly designed to influence the decision of investors in securities; and

(iii) ...

13.1.11. I note from the aforesaid definition of fraud under regulation 2(1)(c) of PFUTP Regulations that fraud includes “*any act, expression, omission or concealment committed... or by his agent.... while dealing in securities in order to induce another person... to deal in securities....*”. Further, I note that the definition of “dealing in securities” under regulation 2(i)(b)(ii) of PFUTP Regulations includes “*such acts which may be knowingly designed to influence the decision of investors in securities*”.

13.1.12. Further as per Regulation 4(2) (o) of SEBI (PFUTP) Regulations, dealing in securities shall be deemed to be a [manipulative] fraudulent or an unfair trade practice if it inter alia involves fraudulent inducement of any person by a market participant to deal in securities with the objective of enhancing his brokerage or commission or income;]



13.1.13. In this regard, I note from the archives of Noticee's website wherein it was mentioned that "...*Research Guru* is an Investment Advisory having a team consists of highly qualified analysts who are skilled and impeccable in their analysis. These analysts, using their experience and latest software tools, are able to predict the movements in share market on time and with high accuracy...". Further I note from the section "Why Choose us" from the archives of the website of Noticee which stated that *"Thanks to our highly experienced research team, we have a high customer retention value."*

13.1.14. However, I note that Noticee 1 in her undertaking during the inspection stated that *"there were around 100 employees who were present during the time of visit of officials of the board and I myself along with Mr. Abhishek Sharma have provided the details of all these Employees as enclosed in an Excel sheet. None of the Employees are NISM complied and certain no. of employees also do not possess educational qualification laid down in IA Regulations."*

13.1.15. In this regard, from the combined reading of Regulation 2(1)(c) and Regulation 2(1)(b)(ii) read with Regulations 3(c) and (d) and 4(2)(o) of PFUTP Regulations, I note that such act of false disclosures with respect to qualification of employees of Noticee on website were made while dealing in securities as such false disclosures were made in order to influence the decision of investors and to collect money from them with respect to trading in securities based on the advice of the IA.

Therefore, Noticee's reliance on SEBI Order in the matter of Star World Research, Niveshicon Investment Advisor and judgement of Hon'ble Securities Appellate Tribunal (SAT) in the matter of Ms. Suhanika Chourey cannot be accepted as it has already been established in the foregoing that the fraud in the matter was committed by Noticee while dealing in the securities.



In view of the above, Noticee's submissions are not acceptable.

13.1.16. Further, I Note that Noticee 1 in her undertaking during the inspection stated that "...the entire operations of Research Guru are controlled by Mr. Abhishek Sharma including Recruitment of Employees, HR policies and all activities under the SEBI (IA Regulations). Prop. Mrs. Veena Sharma seldom attends the office and has delegated the task to be looked after by Mr. Abhishek Sharma, Nephew of Mrs. Veena Sharma.

*Mr. Abhishek Sharma is not the Prop. Of Research Guru. I had taken registration from SEBI declaring that all the Operations will be looked after by myself, which is not true and correct as per the current practice in my firm....*

*....On the basis of IA Registration obtained from SEBI I have entered into arrangements with various persons i.e Mr. Sxxxt Hxxxd, Sxxxxxi Sxxxxxxa, lxxxxxm, Pxxxxe Txxxxxxi etc. As per the aforesaid arrangements, the entire activities of Investment Advisory would be carried out by respective persons whereby the amount collected from clients would be split between Research Guru and the respective persons in the ratio of 70:30."*

13.1.17. In this regard, the provision which is alleged to have been violated is given below:

#### **THIRD SCHEDULE**

*Securities and Exchange Board of India (Investment Advisers) Regulations, 2013  
[See sub-regulation (9) of regulation 15]*

#### **CODE OF CONDUCT FOR INVESTMENT ADVISER**

**1. Honesty and fairness**

*An investment adviser shall act honestly, fairly and in the best interests of its clients and in the integrity of the market.*

**2. Diligence**

*An investment adviser shall act with due skill, care and diligence in the best interests of its clients and shall ensure that its advice is offered after thorough analysis and taking into account available alternatives.*

**3. Capabilities**

*An investment adviser shall have and employ effectively appropriate resources and procedures which are needed for the efficient performance of its business activities.*

**4. Information about clients**

*An investment adviser shall seek from its clients, information about their financial situation, investment experience and investment objectives relevant to the services to be provided and maintain confidentiality of such information.*

**5. Information to its clients**

*An investment adviser shall make adequate disclosures of relevant material information while dealing with its clients.*

**6. Fair and reasonable charges**

*An investment adviser advising a client may charge fees, subject to any ceiling as may be specified by the Board 86[\*\*\*]. The investment adviser shall ensure that fees charged to the clients is fair and reasonable.*

**7. Conflicts of interest**

*An investment adviser shall try to avoid conflicts of interest as far as possible and when they cannot be avoided, it shall ensure that appropriate disclosures are made to the clients and that the clients are fairly treated.*

**8. Compliance**

*An investment adviser including its [partners, principal officer and persons associated with investment advice] shall comply with all regulatory requirements applicable to the conduct of its business activities so as to promote the best interests of clients and the integrity of the market.*

**Consideration of application.**

*Consideration of application.*

*7.(1)...*

*(2) Any application for grant of certificate:-*

*(a) ..*

*(b)*

*(c)*

*(d)*

*(e) where the applicant is not a 'fit and proper person' as stated in Schedule II;*

*(f) ...*

*shall be rejected by the Board for reasons to be recorded by the Board in writing.*

*..."*

**SCHEDULE II**  
**SECURITIES AND EXCHANGE BOARD OF INDIA (INTERMEDIARIES)**  
**REGULATIONS, 2008**  
*[See regulation 7]*

*(2) The 'fit and proper person' criteria shall apply to the following persons:*

*(a) the applicant or the intermediary;*

*(b) the principal officer, the directors or managing partners, the compliance officer and the key management persons by whatever name called; and*

*(c) the promoters or persons holding controlling interest or persons exercising control over the applicant or intermediary, directly or indirectly:*

*Provided that in case of an unlisted applicant or intermediary, any person holding twenty percent or more voting rights, irrespective of whether they hold controlling interest or exercise control, shall be required to fulfill the 'fit and proper person' criteria.*

**SECURITIES AND EXCHANGE BOARD OF INDIA (INVESTMENT ADVISERS) REGULATIONS, 2013**

*"...*

*General responsibility.*

*15. (1) An investment adviser shall act in a fiduciary capacity towards its clients and shall disclose all conflicts of interests as and when they arise.*

*..."*





13.1.18. In this regard, I note that Regulation 15(1) states that an investment adviser shall act in a fiduciary capacity towards its clients and shall disclose all conflicts of interests as and when they arise. Clause (1) of Code of Conduct specified in IA Regulations states that an investment adviser shall act honestly, fairly and in the best interests of its clients and in the integrity of the market. Further, Clause (2) states that an investment adviser shall act with due skill, care and diligence in the best interests of its clients and shall ensure that its advice is offered after thorough analysis and taking into account available alternatives. Clause 5 of Code of Conduct specified in IA Regulations states that an investment adviser shall make adequate disclosures of relevant material information while dealing with its clients. Clause (8) of Code of Conduct specified in IA Regulations states that an investment adviser shall comply with all regulatory requirements applicable to the conduct of its business activities so as to promote the best interests of clients and the integrity of the market.

13.1.19. Considering the facts and circumstances of the present case, I find that Noticee 1 has failed to act with honesty and fairness and in the best interests of its clients as Noticee 1 did not make adequate disclosures of relevant material information while dealing with its clients with respect to qualification of employees of Noticee 1. The archived webpages of website of Research Guru [www.researchbhaskar.com](http://www.researchbhaskar.com) inter alia stated that "Research Guru is an Investment Advisory having a team consists of highly qualified analysts who are skilled and impeccable in their analysis". However, none of the employees had the requisite qualification and certification requirement of IA Regulations. Thus IA failed to make adequate disclosures of relevant material information while dealing with its clients. Such act of false disclosure substantiates that Noticee is not a fit and proper person as per Schedule II read with Regulation 7(2) of SEBI Intermediaries Regulation, 2008.



Further I note that the entire operations of Research Guru were controlled by Noticee 2 and Noticee 1 seldom attended the office. I also note that Noticee have entered into arrangements with various persons, wherein, the entire activities of Investment Advisory would be carried out by respective persons and the amount collected from clients would be split between Noticee and the respective persons in the ratio of 70:30.

In view thereof, I find that Noticee has failed to act honestly, fairly and in the best interests of its clients and in the integrity of the market.

Therefore, Noticee 1 had violated the following:

Regulation 15(1) and clauses 1, 2, 3, 4, 5, 6, 7 and 8 as specified under Third Schedule of Code of Conduct for Investment Advisers read with Regulation 15(9) of IA Regulations, 2013.

Schedule II of Intermediaries Regulation, 2008 read with regulation 7(2)(e) of Intermediaries Regulations, 2008.

Regulation 3(a), (c) and (d), and 4(2)(o) of PFUTP Regulations, 2003 read with Section 12A(a), (b) and (c) of SEBI Act, 1992.

### **13.2. Qualification/ certification of Employees of Research Guru is not in compliance with IA Regulations, 2013**

**During the inspection, Ms. Veena Sharma could not provide necessary qualification and certifications of recruited staff and admitted that Qualification/ certification of Employees of Research Guru is not in compliance with IA Regulations, 2013.**

13.2.1. In this regard, it was inter alia observed and alleged that during the inspection and as per submissions of Noticee 1 as well as undertaking of her HR Executive that employees of Research Guru were not NISM certified. Further, most of the employees also did not possess



educational qualification as required under IA Regulations, 2013. Thus, it was inter alia observed by SEBI that by hiring persons associated with investment advice without educational qualification as specified in the Regulation 7 of IA Regulations, 2013, Research Guru proprietor Mrs Veena Sharma had violated Regulation 7 of the IA Regulations, 2013.

13.2.2. In this regard, text of the relevant provisions alleged to have been violated read as under:

“ ...

*7. (1) An individual investment adviser or a principal officer of a non-individual investment adviser registered as an investment adviser under these regulations, shall have the following minimum qualification, at all times -*

*[(a) A professional qualification or <sup>36</sup>[graduate degree or] post-graduate degree or post graduate diploma (minimum two years in duration) in finance, accountancy, business management, commerce, economics, capital market, banking, insurance or actuarial science [or other financial services as may be specified] from a university or an institution recognized by the Central Government or any State Government or a recognised foreign university or institution or association or a professional qualification by completing a Post Graduate Program in the Securities Market (Investment Advisory) from NISM of a duration not less than one year or a professional qualification by obtaining a CFA Charter from the CFA Institute;]*

*(b) [\*\*\*]*

*(c) [Persons associated with investment advice shall, at all times, have a minimum qualification of graduate degree in any discipline from a university or institution recognized by the Central Government or any State Government or a recognized foreign university or institution:]*

*Provided that [the] investment advisers registered under these regulations as on the date of commencement of these regulations shall ensure that the individual investment adviser or principal officer of a non-individual investment adviser registered under these regulations and persons associated with investment advice [shall] comply with [the] qualification and experience requirements within [such time as may be specified by the Board]:*

*Provided further that the requirements at clauses (a) [\*\*\*] shall not apply to such existing individual investment advisers as may be specified by the Board. [(2) An individual investment adviser or principal officer of a non-individual investment adviser, registered under these regulations, persons associated with investment advice, and in case of investment adviser being a partnership firm, the partners thereof who are engaged in providing investment advice, shall have at all times relevant NISM certification as specified by the Board from time to time:*

*Provided that a fresh relevant NISM certification as specified by the Board from time to time shall be obtained before expiry of the validity of the existing certification to ensure continuity in compliance with certification requirements.]*

...”

13.2.3. In this regard, I note that Noticee 1 as part of reply to the SCN submitted that *“The Noticee affirms that no employee has ever been appointed as an "Investment Advisor or any other role involving investment advice provision. Consequently, the Noticee was in of the*



*opinion that requirement for NISM certifications for employees does not apply in this case”.*

- 13.2.4. In this regard, the relevant extracts of definition of ‘persons associated with investment advice’ under Regulation 2(1)(r) of RA Regulations is as under:

“ ...  
9[(r) “persons associated with investment advice” shall mean any member, partner, officer, director or employee or any sales staff of such investment adviser including any person occupying a similar status or performing a similar function irrespective of the nature of association with the investment adviser who is engaged in providing investment advisory services to the clients of the investment adviser;  
Explanation. —  
All client-facing persons such as sales staff, service relationship managers, client relationship managers, etc., by whatever name called shall be deemed to be persons associated with investment advice, but do not include persons who discharge clerical or office administrative functions where there is no client interface.]  
... ”.

- 13.2.5. I note that the aforesaid proviso of Regulation 7(1)(c) of Investment Advisers, Regulation, 2013 inter alia states that persons associated with investment advice, shall have at all times relevant NISM certification as specified by the Board from time to time.
- 13.2.6. Further, in this regard, I note from the Explanation of the definition of “persons associated with investment advice” states that all client-facing persons such as sales staff, service relationship managers, client relationship managers, etc., by whatever name called, shall be deemed to be persons associated with investment advice.
- 13.2.7. I note from material available on record that staff of 79 persons of the Noticee 1 were in the Sales department. Further, employees of IA were involved in soliciting payments from clients and were using personal mobile to call clients. In my opinion, said act of soliciting payments from clients and calling clients will fall under ‘client facing persons’ as per the Explanation of the definition of “persons associated with investment advice” and shall be deemed to be persons associated with investment advice.



- 13.2.8. In this regard, I also note that Noticee in her undertaking during the inspection admitted that *“there were around 100 employees who were present during the time of visit of officials of the board..... None of the Employees are NISM complied and certain no. of employees also do not possess educational qualification laid down in IA Regulations.”*
- 13.2.9. Further, I note that Noticee’s submission as part of reply to the SCN is in nature of admission so far as Noticee has inter alia submitted that *“The Noticee humbly agrees to the said violation”*.

Therefore, I hold that Noticee 1 had violated Regulation 7 of the IA Regulations, 2013.

### 13.3. Violations of Conditions of Certificate –

**The IA failed to abide by IA Regulations by misrepresenting to clients, failing to ensure qualification of employees, not performing risk profiling, suitability, failure to maintain records.**

- 13.3.1. It was inter alia observed and alleged by SEBI that Noticee 1, Proprietor- Research Guru was in violation of provisions of IA Regulations, 2013, PFUTP Regulations, 2003, Intermediaries Regulations, 2008 and SEBI Act, 1992. Thus, Noticee 1, Proprietor Research Guru was in violation of first condition of certificate as stated in Regulation 13(a) of IA Regulations, 2013.
- 13.3.2. Noticee 1, Proprietor Research Guru had taken registration from SEBI declaring that all the operations will be looked after by herself. However, it was observed during the inspection that entire operations were being run by Mr Abhishek Sharma and franchise owners, without participation and control of Mrs Veena Sharma.



Further, the IA was operating on a franchisee based business model allowing various persons to use the name of the IA. However, Noticee 1 had failed to inform SEBI in respect of aforesaid material change in the information already submitted. Thus, Mrs Veena Sharma, Proprietor- Research Guru was in violation of second condition of certificate as stated in Regulation 13(b) of IA Regulations, 2013.

- 13.3.3. Further, it was observed by SEBI that Research Guru had not issued any joining or appointment letters to the employees and salaries of majority of employees are being paid in cash. At the time of inspection, there were 100 employees in the premise of registered office address of Research Guru. However, it was observed from payment receipt issued by Employees' Provident Fund Organisation (EPFO) that Research Guru has paid Provident Fund for only 13 employees. Thus, no records are being created and maintained in respect of majority of employees of Research Guru and it was submitting false information to EPFO in respect of actual number of its employees.
- 13.3.4. In addition to that, employees of Research Guru were using their own mobile to call and interact with the clients which made it impossible to maintain call records.
- 13.3.5. Further, payments of fees were being received in the Bank accounts of other entities than own bank account of the IA like Arnab Enterprises, Mxxxxh Kxxxxr Txxxxxxi, Gxxxxxxxxm, Yxxxxh Kxxxxr Vxxxxxxxxxa, Bxxxxy Rxj, Sx Txxxxxs and various other accounts.
- 13.3.6. Thus, it was observed that Noticee 1, Proprietor Research Guru by not issuing any employment related documents to its employees, not registering them to EPFO, receiving fees from clients in bank accounts of other entities and paying salary in cash, tried to conceal existence of more than 85% employees altogether. Further, the IA had failed to maintain data in respect of all of its clients. Aforesaid records and data provides crucial information about scale of operations of Research Guru and by failing to maintain and share



aforesaid data with SEBI, Research Guru was trying to ensure that actual scale of operations of Research Guru was never known to SEBI.

- 13.3.7. In view of the same, it was inter alia observed by SEBI that Noticee 1, Proprietor Research Guru had not only failed to comply with conditions of certificate as stated in Regulation 13(a) and 13(b) of IA Regulations, 2013 but was also not being fair, honest and transparent in her conduct towards Government Agencies, its clients as well as her employees. Further, IA had failed to exercise due skill, care and diligence and not maintained high standards of integrity and fairness in the conduct of business as a SEBI Registered IA. It was also observed that Mrs Veena Sharma, Proprietor- Research Guru was not a person with integrity and character.
- 13.3.8. In this regard, the relevant text of provisions alleged to have been violated are reproduced below:

**SECURITIES AND EXCHANGE BOARD OF INDIA (INVESTMENT ADVISERS)  
REGULATIONS, 2013**

“ ...

**Conditions of certificate.**

13. The certificate granted under regulation 9 shall, inter alia, be subject to the following conditions:-  
(a) the investment adviser shall abide by the provisions of the Act and these regulations;  
(b) the investment adviser 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;  
...”

- 13.3.9. I note that Noticee 1 in her submissions as part of reply to the SCN has submitted that “...*The Noticee asserts strict compliance with both Investment Adviser (IA) and Prevention of Fraudulent and Unfair Trade Practices (PFUTP) regulations.*
- 13.3.10. In this regard, I note that Noticee 1 in her undertaking during Inspection has inter alia stated that “*The act of using personal sim cards for calling the Clients and soliciting payments have been*



*agreed by me. Even when I have a knowledge that using personal mobile phones for registered advisory purposes barred under the Regulations...employees have also not been provided any document in the nature of joining letter...”*

13.3.11. I also note that one of the employee of Noticee in her undertaking to SEBI (signed by the said employee, Noticee 1 and Noticee 2) admitted that “we do not provide offer letter and Joining to short term employee on the direction of Abhishek Sharma.”

13.3.12. I note that Noticee in her undertaking during the inspection had stated that payments from the clients towards advisory fee have been collected in various accounts including in the name of Axxxxv Exxxxxxxxxs, Mxxxxh Kxxxr Txxxxxi, Bxxxxy Rxx, Gxxxxxxm Jxxxxh Kxxxr Vxxxxxxxxa and various other accounts.

13.3.13. Further, I note from material available on record that money has been collected from various clients in the bank account of Ms. Mxxxxa Sxxxxa. The aforesaid bank statements of Ms. Mxxxxa Sxxxxa were provided to Noticee as part of Annexures to the SCN and the Noticee has neither denied nor disputed that the money received by Ms Mxxxxa Sxxxxa does not belong to the client of Noticee.

Therefore, Noticee 1’s submission in this regard asserting strict compliance with both Investment Adviser (IA) and Prevention of Fraudulent and Unfair Trade Practices (PFUTP) regulations cannot be accepted.

13.3.14. In view thereof, I hold that the Noticee 1, Proprietor- Research Guru has violated the provisions of IA Regulations, 2013, PFUTP Regulations, 2003, Intermediaries Regulations, 2008 and SEBI Act, 1992. Thus, Noticee 1, Proprietor Research Guru has violated the first





condition of certificate as specified in Regulation 13(a) of IA Regulations, 2013.

13.3.15. I note that Noticee 1 in its submissions as part of reply to the SCN has submitted that *“...the Noticee exclusively handled and managed all advisory operations, Abhishek Sharma, a relative, was appointed as Senior Manager to oversee administrative and backend functions...Delegating specific roles within an organisation does not constitute a regulatory breach. The cornerstone of IA regulations mandates that investment advice be provided by qualified and certified individuals, a criterion unequivocally fulfilled by the Noticee, who conducted all research and rendered investment advice personally...”*.

13.3.16. As regards Noticee 1 submission that Abhishek Sharma, a relative, was appointed as Senior Manager to oversee administrative and backend functions, I note that Noticee 1 has not demonstrated with any documentary evidence i.e appointment letter regarding appointment of Abhishek Sharma to oversee only the administrative and backend functions. Instead I note from material available on record that Noticee 1 in her undertaking during the inspection stated that *“...the entire operations of Research Guru are controlled by Mr. Abhishek Sharma including Recruitment of Employees, HR policies and all activities under the SEBI (IA Regulations). Prop. Mrs. Veena Sharma seldom attends the office and has delegated the task to be looked after by Mr. Abhishek Sharma, Nephew of Mrs. Veena Sharma.*

*Mr. Abhishek Sharma is not the Prop. Of Research Guru. I had taken registration from SEBI declaring that all the Operations will be looked after by myself, which is not true and correct as per the current practice in my firm.”*



Further, Noticee 1 in her undertaking during the inspection stated that *“the salaries to the Employees (Majority of the Employees) are being paid in cash by me on the direction of Abhishek Sharma.” ....*

13.3.17. Noticee 2 in his undertaking during the inspection stated that the Investment Advisor Research Guru was operating from Plot No. 79 having 5 floors and each floor were dedicated to franchise owners. These franchise owners were having their own staff. The employees were reporting to these franchisee owners and were using the firm name in lieu of an arrangement in the form of 70:30 of the entire revenue earned.

13.3.18. In this regard, I note that Noticee 1 has not submitted any documentary evidence to prove that Noticee 1 had informed to SEBI in respect of aforesaid material change in the information already submitted.

Therefore, Noticee's submission in this regard are not acceptable and I hold that Noticee 1 had violated Regulation 13(b) of IA Regulations, 2013.

#### **13.4. Failure to furnish information to SEBI.**

**The employees of IA even removed the hard disk from computer systems and damaged records to ensure that information is not available to inspecting officers. Veena Sharma admitted this in her submissions.**

13.4.1. In this regard, it was inter alia observed and alleged that during the course of inspection of Research Guru, Inspecting Authority sought for data from IA in respect of RPF, Suitability Assessment, KYC, CRM etc. However, IA failed to furnish the same. Therefore, it was alleged that Mrs Veena Sharma, Proprietor Research Guru was in violation of



Regulation 15(12) of IA Regulations, 2013 and Section 15A(a) of SEBI Act, 1992.

- 13.4.2. The relevant text of provisions alleged to have been violated are reproduced below:

**Securities and Exchange Board of India (Investment Advisers) Regulations, 2013**

General responsibility.

15.(1)....

(12) Investment advisers shall furnish to the Board information and reports as may be specified by the Board from time to time.

**Securities and Exchange Board of India Act, 1992**

**Penalty for failure to furnish information, return, etc.**

15A (a). If any person, who is required under this Act or any rules or regulations made thereunder,—  
(a) to furnish any document, return or report to the Board, fails to furnish the same [or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents], he shall be liable to [a 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]];

- 13.4.3. In this regard, Noticee 1 in its submissions as part of reply to the SCN submitted that *“The Noticee was unable to provide the required information to the SEBI during the inspection due to unforeseen data loss, which occurred in the presence of SEBI officials.*
- 13.4.4. *The Noticee affirms that all required records were diligently maintained. Regrettably, data loss occurred during the Noticee’s absence while SEBI inspection officers were present. The Noticee asserts that the data loss was attributable to the oversight of the inspecting team and cannot be imputed to the Noticee, who was not on the premises at the time...”.*
- 13.4.5. In this regard, I note that Noticee 1 has not submitted any documentary evidence to prove its allegation in respect of SEBI that the data loss occurred during the Noticee’s absence while SEBI inspection officers were present. Instead I note from material available on record that Noticee 1 in her undertaking (jointly signed by Noticee



1 and 2) during the inspection stated that the entire data of clients which included Client Records, Call Records, Payment Details, Risk Profiling details, etc in the hard disk had been taken away by some of her employees purposefully so as to ensure that the Inspection team of the board could not lay his hands on the crucial evidences. In this regard, I note that Noticee 1's previous undertaking then to the inspection team and the submissions as reply to the SCN during the instant proceedings are self contradictory in nature.

- 13.4.6. Further, Noticee as part of reply to the SCN has submitted that *"Subsequently, the Noticee complied with a document request from BASL, providing the necessary materials on October 31, 2022. This cooperation with BASL unequivocally demonstrates that Noticee's willingness to disclose information and contradicts any suggestion of intent to withhold such data"*. In this regard, based on the information available on record, I note that BASL had no role to play in the instant inspection of Investment Adviser - Mrs. Veena Sharma, Proprietor of Research Guru. Therefore, Noticee's submission in this regard are unrelated to the allegations made in the SCN and therefore, not acceptable.

In view thereof, I hold that Noticee has violated Regulation 15(12) of IA Regulations, 2013 and Section 15A(a) of SEBI Act, 1992.

### **13.5. Failure to carry out Risk Profiling and Suitability Assessment of clients.**

**No risk profiling and/or suitability assessment records could be submitted by the IA.**

- 13.5.1. In this regard, it was inter alia observed and alleged that Noticee 1 in her undertaking to Inspecting Authority submitted that she did not have copies of risk profiles and suitability assessment of clients of Research Guru as Franchise Owners/ Research Guru were not



carrying out any Risk Profiling and suitability assessment of its clients in terms of IA Regulations, 2013. In view of the same, it was observed that Mrs Veena Sharma had violated Regulation 16 and 17 of the IA Regulations, 2013.

13.5.2. The relevant text of provisions alleged to have been violated are reproduced below:

“ ....

*Risk profiling.*

*16. Investment adviser shall ensure that,-*

*(a) it obtains from the client, such information as is necessary for the purpose of giving investment advice, including the following:-*

*(i) age;*

*(ii) investment objectives including time for which they wish to stay invested, the purposes of the investment ;*

*(iii) income details;*

*(iv) existing investments/ assets;*

*(v) risk appetite/ tolerance;*

*(vi) liability/borrowing details.*

*(b) it has a process for assessing the risk a client is willing and able to take, including:*

*(i) assessing a client's capacity for absorbing loss;*

*(ii) identifying whether client is unwilling or unable to accept the risk of loss of capital;*

*(iii) appropriately interpreting client responses to questions and not attributing inappropriate weight to certain answers.*

*(c) where tools are used for risk profiling, it should be ensured that the tools are fit for the purpose and any limitations are identified and mitigated;*

*(d) any questions or description in any questionnaires used to establish the risk a client is willing and able to take are fair, clear and not misleading, and should ensure that:*

*(i) questionnaire is not vague or use double negatives or in a complex language that the client may not understand;*

*(ii) questionnaire is not structured in a way that it contains leading questions.*

*(e) risk profile of the client is communicated to the client after risk assessment is done;*

*(f) information provided by clients and their risk assessment is updated periodically.*

...”

“ ...

*Suitability.*

*17. Investment adviser shall ensure that,-*

*(a) All investments on which investment advice is provided is appropriate to the risk profile of the client;*

*(b) It has a documented process for selecting investments based on client's investment objectives and financial situation;*

*(c) It understands the nature and risks of products or assets selected for clients;*

*(d) It has a reasonable basis for believing that a recommendation or transaction entered into:*

*(i) meets the client's investment objectives;*

*(ii) is such that the client is able to bear any related investment risks consistent with its investment objectives and risk tolerance;*

*(iii) is such that the client has the necessary experience and knowledge to understand the risks involved in the transaction.*

*(e) Whenever a recommendation is given to a client to purchase of a particular complex financial product, such recommendation or advice is based upon a reasonable assessment that the structure and risk reward profile of financial product is consistent with clients experience, knowledge, investment objectives, risk appetite and capacity for absorbing loss.*

...”



- 13.5.3. In this regard, I note that Noticee 1 in her submissions as part of the reply to the SCN submitted that *“The Noticee was having in place the requisite records of the clients, but however due to loss of the data the same could not be provided to the SEBI Officers.”* In this regard I note that Noticee 2 in his undertaking (jointly signed by Noticee 1 and 2) during the inspection stated that the Investment Advisor Research Guru was operating from Plot No. 79 having 5 floors and each floor were dedicated to franchise owners. These franchise owners were having their own staff. The employees were reporting to these franchisee owners and were using the firm name in lieu of an arrangement in the form of 70:30 of the entire revenue earned. These people were neither doing any risk profiling of the clients nor were doing any suitability assessment of the clients in terms of IA Regulations...Accordingly, Noticee 2 was not in a position to provide any risk profiles, Invoice Documents, Suitability assessment document, call recording of clients as none were done by them and he was in complete knowledge of what was happening in the firm’s name.
- 13.5.4. In this regard, I note that Noticee 2’s undertaking (which was jointly signed by Noticee 1 and 2) to the SEBI during the inspection and Noticee 1’s reply to the SCN are contradictory in nature and hence not acceptable.
- 13.5.5. As regards Noticee’s submission that *“she has consistently conducted KYC, risk profiling, and suitability assessments for all clients before providing any services.... Further, to support the claim of the Noticee, few samples of Risk Profiling and agreements of the clients are enclosed in Exhibit-A, the said samples were recovered from the auditor as while auditing the records he had taken few samples in his record.”*, I note that Noticee has not submitted documentary evidence with details such as medium through which the said risk profiling was obtained by Noticee through its auditor. Further, Noticee has not



provided any documentary proof i.e payment receipt, KYC etc to prove whether the said client was Noticee's client. In absence of satisfactory evidence, I am inclined not to accept the submissions of Noticee in this regard.

- 13.5.6. As regards Noticee 1's submission that *"Importantly, no client has ever disputed the completeness or accuracy of their KYC or risk profiling conducted by the Noticee, which justifies that the Noticee has done KYC and risk profiling of the clients."*, I note that the instant allegation in respect of Noticee 1 is that the Noticee 1 failed to carry out Risk Profiling and Suitability Assessment of clients and therefore, Noticee 1's contention in this regard is devoid of merit being out of context and hence cannot be accepted.

In view thereof, I hold that that Noticee 1 has violated Regulation 16 and 17 of the IA Regulations, 2013.

**13.6. Failure to disclose to prospective client, all material information about itself including its business, the terms and conditions on which it offers advisory services, and such other information as is necessary to take an informed decision on whether or not to avail its services.**

- 13.6.1. In this regard, it was inter alia observed and alleged that IA had failed to produce any documents showing that it had disclosed in respect of its franchise arrangement to its prospective clients. In view of the same, it was observed that Noticee 1 had violated Regulation 18(1) of the IA Regulations, 2013.
- 13.6.2. In this regard, the relevant text of provisions alleged to have been violated are reproduced below:

**SECURITIES AND EXCHANGE BOARD OF INDIA (INVESTMENT ADVISERS) REGULATIONS, 2013**

" ...



*Disclosures to clients.*

*18.(1) An investment adviser shall disclose to a prospective client, all material information about itself including its business, disciplinary history, the terms and conditions on which it offers advisory services, affiliations with other intermediaries and such other information as is necessary to take an informed decision on whether or not to avail its services.*

...

- 13.6.3. In this regard, I note that Noticee 1 as part of reply to the SCN has submitted that *"The alleged violation of failing to disclose clients in relation to a franchise arrangement is inapplicable as the Noticee has not entered into any such arrangement. Consequently, no disclosure obligation arose"*.
- 13.6.4. In this regard I note that Noticee 2 in the undertaking submitted during the inspection (jointly signed by Noticee 1 and 2) stated to SEBI that the Investment Advisor Research Guru was operating from Plot No. 79 having 5 floors and each floor were dedicated to franchise owners. These franchise owners were having their own staff. The employees were reporting to these franchisee owners and were using the firm name in lieu of an arrangement in the form of 70:30 of the entire revenue earned.
- 13.6.5. In this regard, I note that Noticee 2's undertaking (which was jointly signed by Noticee 1 and 2) to the SEBI during the inspection and Noticee 1's reply to the SCN are contradictory in nature and hence not acceptable.
- 13.6.6. In this regard, I note that Noticee 1 has not submitted any documentary evidence to prove that it had disclosed in respect of its franchise arrangement to its prospective clients. In absence of any documentary evidence, I am inclined to conclude that IA had failed to produce any documents showing that it had disclosed in respect of its Franchise arrangement to its prospective clients.





In view thereof, I hold that Noticee 1 has violated Regulation 18(1) of the IA Regulations, 2013.

### **13.7. Failure to maintain records.**

**The IA failed to provide records pertaining to risk profiling, suitability assessment, invoice documents, call recordings of the clients. Further, entity admittedly damaged records when inspection team arrived at the premises of the entity.**

13.7.1. In this regard, it was inter alia observed and alleged by SEBI that Noticee 1 in her undertaking submitted that she was not in a position to provide any risk profile, invoice documents, suitability assessment document, call recording of her clients. Noticee 1 had failed to secure and provide hard drive of its system containing customer relationship management software along with data in it. Therefore, it was alleged that such failure to maintain records is in violation of Regulation 19(1) and (2) of IA Regulations, 2013 read with clause 2(vi) of SEBI Circular SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020.

13.7.2. In this regard, the relevant text of provisions alleged to have been violated are reproduced below:

*Maintenance of records.*

19.(1) *An investment adviser shall maintain the following records,-*

- (a) Know Your Client records of the client;*
- (b) Risk profiling and risk assessment of the client;*
- (c) Suitability assessment of the advice being provided;*
- [(d) Copies of agreements with clients, incorporating the terms and conditions as may be specified by the Board;]*
- (e) Investment advice provided, whether written or oral;*
- (f) Rationale for arriving at investment advice, duly signed and dated;*
- (g) A register or record containing list of the clients [along with PAN], the date of advice, nature of the advice, the [details of] products/securities in which advice was rendered and [fee/consideration, if any charged/received for such advice] [:]*
- [(h) Records of communication including emails, call recordings etc. with all clients including prospective clients, as may be specified.]*

*(2) All records shall be maintained either in physical or electronic form and preserved for a minimum period of five years:*



Clause 2(vi) of SEBI Circular SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020:

“ ...

(vi) Maintenance of record

Regulation 19 (1) of the SEBI (Investment Advisers) Regulations, 2013 provides that IA shall maintain records with respect to his activities as an investment adviser. In this regard, it is clarified that:

- a. IA shall maintain records of interactions, with all clients including prospective clients (prior to onboarding), where any conversation related to advice has taken place inter alia, in the form of:
  - i. Physical record written & signed by client,
  - ii. Telephone recording,
  - iii. Email from registered email id,
  - iv. Record of SMS messages,
  - v. Any other legally verifiable record.
- b. Such records shall begin with first interaction with the client and shall continue till the completion of advisory services to the client.
- c. IAs shall be required to maintain these records for a period of five years. However, in case where dispute has been raised, such records shall be kept till resolution of the dispute or if SEBI desires that specific records be preserved, then such records shall be kept till further intimation from SEBI.

”  
... .

13.7.3. I note that Noticee 1 as part of reply to the SCN has submitted that *“The Noticee affirms that all required records were diligently maintained. Regrettably, data loss occurred during the Noticee’s absence while SEBI inspection officers were present. The Noticee asserts that the loss was attributable to the oversight of the inspecting team and cannot be imputed to the Noticee, who was not on the premises at the time.”*

13.7.4. In this regard, I note that Noticee 1 has not submitted any documentary evidence to prove its allegation in respect of SEBI that the data loss occurred during the Noticee 1’s absence while SEBI inspection officers were present. Instead I note from material available on record that Noticee 1 in her undertaking during the inspection (jointly signed by Noticee 1 and 2) stated that the entire data of clients which included Client Records, Call Records, Payment Details, Risk Profiling details, etc in the hard disk had been taken away by some of her employees purposefully so as to ensure that the Inspection team of the board could not lay his hands on the crucial evidences. In this regard, I note that Noticee’s undertaking then to the inspection team



of SEBI and the submissions as reply to the SCN during the instant proceedings are self contradictory in nature.

In view thereof, Noticee 1's submission in this regard are not acceptable.

In view thereof, I hold that Noticee 1 has violated Regulation 19(1) and (2) of IA Regulations, 2013 read with clause 2(vi) of SEBI Circular SEBI/HO/IMD/DF1/CIR/P/2020/182 dated September 23, 2020.

### **13.8. Receiving fees in Bank accounts other than Bank A/c of Research Guru.**

**Money from clients towards investment advice was also collected in an account in name of one Monika Sharma.**

13.8.1. In this regard it was inter alia alleged and observed that Noticee 1 submitted that as per arrangements, which she was aware of, M/s Research Guru had been receiving payments from the client towards advisory fees in various accounts including in the name of Arnav Exxxxxxxxxs, Mxxxxh Kxxxr Txxxxxxxi, Gxxxxxxxxxm, Yxxxxh Kxxxr Vxxxxxxxxxa, Bxxxxy Rxj and various other accounts. Therefore, it was alleged that receiving of fees in the Bank accounts of other entities than own bank account of IA was in violation of clause 1(iii) of SEBI Circular SEBI/HO/ IMD/DF1/CIR/P/2019/169 dated December 27, 2019.

13.8.2. The relevant text of provisions alleged to have been violated is reproduced below:

**SEBI Circular SEBI/HO/ IMD/DF1/CIR/P/2019/169 dated December 27, 2019**

"...

(iii)Receiving fees though banking channel only

*It is observed that investment advisers are receiving advisory fee in the form of cash deposit in their bank accounts or through payment gateways which does not provide proper audit trail of fees received from the clients. To bring transparency in dealing with the clients, IAs shall accept fees strictly by account payee crossed cheques / demand draft or by way of direct credit into their bank account through NEFT/ RTGS/IMPS/UPI. It is clarified that, IAs shall not accept cash deposits.*

..."



- 13.8.3. In this regard, I note that Noticee 1 in its submissions as part of reply to the SCN submitted that *“The Noticee categorically denies having collected any payments from clients of ‘Research Guru into bank accounts other than those officially designated for the firm. This allegation is entirely baseless and unsupported by evidence. Furthermore, all clients were explicitly instructed to remit fees exclusively to the firm’s bank account details as provided on the website.*
- Moreover, the SEBI Circular dated December 27, 2019 is inapplicable in this matter. This circular specifically prohibits the collection of fees in cash or through payment gateways, mandating direct bank transfers via UPI, NEFT, IMPS, or cheque. As the Noticee has consistently adhered to these regulations, there is no non-compliance”.*
- 13.8.4. In this regard, I note from material available on record that Noticee in her undertaking during the inspection stated that payments from the clients towards advisory fee have been collected in various accounts including in the name of Axxxxv Exxxxxxxxxs, Mxxxxh Kxxxr Txxxxxi, Bxxxxy Rxx, Gxxxxxxxxm Jxxxxh Kxxxr Vxxxxxxxxxa and various other accounts. In this regard, Noticee’s submission as part of reply to the SCN during the instant proceedings are contradictory to the undertaking submitted by Noticee 1 to SEBI during Inspection and hence not acceptable.
- 13.8.5. Further, I note from material available on record that money has been collected from various clients in the bank account of Ms. Mxxxxa Sxxxxa. I note that the bank statements of Ms. Mxxxxa Sxxxxa were provided to Noticee as part of Annexures to the SCN and Noticee 1 has neither denied nor disputed that the money received by Ms Mxxxxa Sxxxxa does not belong to the client of Noticee.



In this regard, I note that as per SEBI Circular SEBI/HO/IMD/DF1/CIR/P/2019/169 dated December 27, 2019, the IAs shall accept fees strictly by account payee crossed cheques / demand draft or by way of direct credit into their bank account through NEFT/RTGS/IMPS/UPI.

In view thereof, I hold that Noticee 1 has violated clause 1(iii) of SEBI Circular SEBI/HO/IMD/DF1/CIR/P/2019/169 dated December 27, 2019.

### **Role of Abhishek Sharma (Noticee 2)**

13.9. With respect to Noticee 2, the following was inter alia observed and alleged by SEBI:

- a. Misrepresentation by IA to clients and failing to act in fiduciary capacity towards all its clients. All the operations were run by Abhishek Sharma by distributing franchisees and investment advice was given by recruited staff and not by Veena Sharma.
- b. Qualification/ certification of Employees of Research Guru is not in compliance with IA Regulations, 2013.  
During the inspection, Ms. Veena Sharma could not provide necessary qualification and certifications of recruited staff and admitted that Qualification/ certification of Employees of Research Guru is not in compliance with IA Regulations, 2013.
- c. Violations of Conditions of Certificate.  
The IA failed to abide by IA Regulations by misrepresenting to clients, failing to ensure qualification of employees, not performing risk profiling, suitability, failure to maintain records.
- d. Failure to furnish information to SEBI.



The employees of IA even removed the hard disk from computer systems and damaged records to ensure that information is not available to inspecting officers. Veena Sharma admitted this in her submissions.

- e. Failure to carry out Risk Profiling and Suitability Assessment of clients.
- f. Failure to disclose to prospective client, all material information about itself including its business, the terms and conditions on which it offers advisory services, and such other information as is necessary to take an informed decision on whether or not to avail its services.

- g. Failure to maintain records.

The IA failed to provide records pertaining to risk profiling, suitability assessment, invoice documents, call recordings of the clients. Further, entity admittedly damaged records when inspection team arrived at the premises of the entity.

- h. Receiving fees in Bank accounts other than Bank A/c of Research Guru.

Money from clients towards investment advice was also collected in an account in name of one Monika Sharma.

13.9.1. In this regard, as regards allegation i.e Misrepresentation by IA to clients and failing to act in fiduciary capacity towards all its clients. I note that Noticee 1 and 2 as part of their respective reply to the SCN had made common submissions save for being differently worded and the same has already been dealt with in detail in the foregoing. Accordingly, the same is not repeated here, for brevity.

13.9.2. As regards remaining allegations i.e Qualification/ certification of Employees of Research Guru is not in compliance with IA



Regulations, 2013; Violations of Conditions of Certificate, Failure to furnish information to SEBI; Failure to carry out Risk Profiling and Suitability Assessment of clients; Failure to disclose to prospective client, all material information about itself including its business, the terms and conditions on which it offers advisory services, and such other information as is necessary to take an informed decision on whether or not to avail its services; failure to maintain records; Receiving fees in Bank accounts other than Bank A/c of Research Guru; Failure to furnish information to SEBI, I note that Noticee 2 as part of reply to the SCN during the instant proceedings has submitted that *“The Noticee has no role in this and the said alleged violation is not applicable upon him and hence no reply warranted”*.

13.9.3. As regards these aforementioned allegations, I note that Noticee 1 in her undertaking, jointly signed by Noticee 1 and Noticee 2, has admitted that entire operations of Research Guru were controlled by Noticee 2 (Mr. Abhishek Sharma) including recruitment of employees, HR policies and all activities under IA Regulations, 2013.

13.9.4. In this regard, the relevant extracts of definition of Persons associated with investment advice under Regulation 2(1)(r) of IA Regulations, 2013 is as under –

*“Persons associated with investment advice shall mean any member, partner, officer, director or employee or any sales staff of such investment adviser including any person occupying a similar status or performing a similar function irrespective of the nature of association with the investment adviser who is engaged in providing investment advisory services to the clients of the investment adviser”*

13.9.5. In this regard, I note from material available on record that Noticee 1 and various other employees stated in their undertaking during the surprise inspection that Noticee 2 was directing and controlling all the operations of the entity including activities under IA Regulations, 2013. Noticee 2 was involved in registration of



agreements for office space, renting of computers (service agreement in this regard was provided to Noticee 2 as part of Annexures to the SCN), recruitment and disbursing of salaries of staff of Research Guru. The same was observed from the service agreements of third party vendor for rented computers, record of employees list submitted by the HR executive and the submissions of Noticee 1 in her undertaking, jointly signed by Noticee 2 and Noticee 1. Therefore, in my opinion Noticee 2 is an officer of IA and a person associated with investment advice under IA Regulations, 2013.

13.9.6. In view of the same, I hold that the following non-compliances/ violations were committed jointly by Noticee 1 and Noticee 2 (i) Misrepresentation by Research Guru to its clients (Including Prospective clients) in respect of being SEBI Registered, (ii) Failure of IA to carry out Risk Profiling and Suitability Assessment of its clients, (iii) Failure to maintain records, (iv) Qualification/certification of Employees of Research Guru is not in compliance with IA Regulations, 2013, (v) Receiving fees in Bank A/c other than Bank A/c of Research Guru, (vi) Failure to furnish information to SEBI, (vii) Violations of Conditions of Certificate and (Viii) Failure to disclose to the clients in respect of Franchise Arrangement.

**Issue No. II:** If yes, whether the Noticees are liable for imposition of monetary penalty under Section 15A(a), 15EB, 15HA of SEBI Act, 1992?

14. As it has been established in the foregoing paragraphs that Noticees had violated the provisions of SEBI Act, 1992, SEBI IA Regulations, 2013, SEBI PFUTP Regulations, 2003, Intermediaries Regulations, 2008 and SEBI Circulars as alleged, the Noticees are liable for payment of a monetary penalty





in terms of Sections 15A(a), 15EB and 15HA of the SEBI Act, 1992, which inter alia reads as under:

**Securities and Exchange Board of India Act, 1992**

“ ...

***Penalty for failure to furnish information, return, etc.***

**15A. If any person, who is required under this Act or any rules or regulations made thereunder, —**

*(a) to furnish any document, return or report to the Board, fails to furnish the same <sup>63</sup>[or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents], he shall be liable to [a penalty [which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees]];*

...”

“ ...

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

*15EB. 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.]*

...”

“ ...

**<sup>101</sup>[Penalty for fraudulent and unfair trade practices.**

*15HA. If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty <sup>102</sup>[which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher].*

...”

15. In this regard, it is also noted that the Hon'ble Supreme Court of India in the matter of SEBI v/s Shri Ram Mutual Fund [2006] 68 SCL 216(SC) inter alia held that:

*“ ... In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established .... ”*



**Issue No. III:** If yes, what should be the monetary penalty that can be imposed upon the Noticees?

16. While determining the quantum of penalty, it is important to consider the factors as stipulated in Section 15J of the SEBI Act, which reads as under: -

**Securities and Exchange Board of India Act, 1992**

“ ...

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

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

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

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

...”

17. In view of the charges as established, the facts and circumstances of the case and the judgments referred to and mentioned hereinabove, the quantum of penalty would depend on the factors referred in Section as stated above. In this regard, I note that the material available on record has not quantified the amount of disproportionate gain or unfair advantage, if any, made by the Noticees and the loss, if any, suffered by the investors. I note that the role of an investment adviser is crucial to the development of the securities market, especially for the entry of the small investors who may rely on the advice of such IAs. In this regard, the role of an IA is crucial as a facilitator of small investors into the securities market. The regulatory framework for IAs is intended to safeguard the interest of small investors and promote ethical conduct. By carrying out the activities as mentioned above, the Noticees have circumvented the accountability measures essential to the development of the securities market. Such conduct undermines the protective intent of the IA Regulations and amounts to a deceptive practice against the general public and accordingly, needs to be dealt with suitable penalty.



## E. ORDER

18. Having considered the facts and circumstances of the case, the material available on record, the factors mentioned in Section 15J of the SEBI Act, and in exercise of power conferred upon me under section 15-I of the SEBI Act, 1992 read with Rule 5 of the Adjudication Rules, 1995, I hereby impose following penalty under Section 15(A)(a), Section 15EB and 15HA of the SEBI Act on the Noticees for the above mentioned violations of provisions of SEBI Act, 1992, IA Regulations, 2013, SEBI Intermediaries Regulations, 2008 and PFUTP Regulations, 2003, SEBI Circular dated September 23, 2020 and December 27, 2019:

Noticee Name	Penalty Under Section	Penalty (Amount Rs.)
Research Guru, Proprietor - Mrs. Veena Sharma (Investment Adviser (Noticee 1))	Section 15A(a) of the SEBI Act, 1992.	7,00,000/- (Rs. Seven Lakhs Only)
	Section 15EB of the SEBI Act, 1992.	
	Section 15HA of the SEBI Act, 1992.	5,00,000/- (Rs. Five Lakhs Only)
Abhishek Sharma (Noticee 2)		
Total		12,00,000/- (Rs. Twelve Lakhs Only) *Joint and Several

19. The Noticees shall remit /pay the said amount of penalty within 45 days 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 AO -> PAY NOW

20. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings under Section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.



21. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to the Noticees and also to the Securities and Exchange Board of India.

**PLACE: MUMBAI**  
**DATE: January 22, 2026**

**SUDEEP MISHRA**  
**ADJUDICATING OFFICER**