

SECURITIES AND EXCHANGE BOARD OF INDIA**ORDER**

Under Section 11(1), 11(4), 11(4A), 11B (1) and 11B (2) of the Securities and Exchange Board of India Act, 1992 read with Rule 5 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995

In respect of:

Name of the Noticee	PAN
M/s. Lifeinspire Knowledge Solutions Private Limited	AAECL3050A
Shri M.S. Ahammed Ali	DDMPA2078A
Shri M S Mohammed Ali	FPKPM0819D

In the matter of unregistered investment advisory activities of Lifeinspire Knowledge Solutions Private Limited

(The aforesaid entities are hereinafter individually referred to by their respective names/ Noticee numbers and collectively as “Noticees”, unless the context specifies otherwise)

BACKGROUND IN BRIEF

1. Securities and Exchange Board of India (“**SEBI**”), while conducting examination of unregistered investment advisory activity of one M/s. Option Research Consultancy, noticed certain credits *in lieu* of investment advisory services in the HDFC Bank account of Lifeinspire Knowledge Solutions Private Limited (hereinafter referred to as “**LKSPL**” / “**Noticee No.1**” / “**the company**”). Shri M.S. Ahammed Ali (“**Noticee No.2**”), who is one of the partners of Option Research Consultancy, is also a director of LKSPL. Shri M.S. Mohammed Ali (“**Noticee No.3**”) is the other director of LKSPL. It was also observed that a website,

www.bankniftyoption.in (“the website”) was offering various packages for providing investment advisory services in the securities market and the Home Page of the website displayed an image of a news article dated 21.2.2021 which, *inter alia*, mentioned that “bankniftyoption.in is a subsidiary of LKSPL”. Therefore, a detailed examination was conducted by SEBI in respect of unregistered investment advisory activities of LKSPL.

2. On the basis of examination conducted by SEBI in the matter it was observed that the website (www.bankniftyoption.in) was used to establish market credibility and induce trust among potential clients by making claims and representations regarding the effectiveness and profitability of the trading tips or trading advisory services offered by LKSPL. Potential clients were also asked to join Telegram Channels (details discussed in subsequent paragraphs) for exclusive access to multiple promotional offers. The website displayed several packages of different duration and pricing offering investment advisory services and it also displayed contact details, viz. email ID, phone numbers. The ‘Buy Now’ tab on the investment advisory packages displayed on the website redirected to phone numbers or telegram channels operated or run by LKSPL. An investor, who contacted on these phone numbers or through the channel for availing the services offered by LKSPL would be asked to make payment into the HDFC bank account of LKSPL. LKSPL was registered as a merchant with Razorpay and payments received from this payment gateway were credited to its HDFC bank account. The activity of the LKSPL and its directors are *prima facie* in the nature of offering investment advisory services for consideration, however, they were not registered with SEBI as investment advisors. Therefore, it was alleged that the LKSPL is indulging in unregistered investment advisory services in violation of Section 12 (1) of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the “**SEBI Act**”) read with Regulation 3(1) of the SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as “**IA Regulations, 2013**”).
3. Noticee No.1 also sold its investment advisory services by making false and misleading representation to its clients through the website and telegram channels to the effect that investments made in securities market on the basis of investment advice given by them will give guaranteed returns. It was therefore alleged that Noticee No.1 have violated Section 12A(a), (b) and (c) of the SEBI Act read with regulations 3(a), (b), (c), (d), 4(1) and 4(2) (k)

of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices related to Securities Market) Regulations, 2003 (hereinafter referred to as “**PFUTP Regulations, 2003**”).

4. It was also alleged that the Noticee Nos. 2 and 3 are directors of the Noticee No. 1 and as such were in-charge of and responsible for conduct of business of the company therefore they are also liable under section 27 of the SEBI Act for the aforesaid acts of omission and commission of LKSPL.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

5. In view of the aforesaid, a show cause notice dated April 30, 2025 (hereinafter referred to as “**SCN**”) was issued to the Noticees with details of the allegations and supporting documents. The SCN called upon the Noticees to show cause as to why:
 - i) suitable directions, including directions to refund the amount collected from the investors/clients as fee or consideration for offering investment advisory services without registration should not be issued against them under sections 11(4) and 11B(1) of the SEBI Act;
 - ii) suitable directions be not issued against them under section 11(4) and 11B(1) of the SEBI Act;
 - iii) penalty be not imposed under section 15EB read with section 11(4A) and 11B(2) of the SEBI Act, 1992 for violation of section 12(1) of the SEBI Act read with Regulation 3(1) of the IA Regulations, 2013;
 - iv) penalty be not imposed under section 15HA read with section 11(4A) and 11B(2) of the SEBI Act for the alleged violation of Section 12A(a), (b) and (c) of the SEBI Act read with regulations 3(a), (b), (c), (d), 4(1) and 4(2) (k) of the PFUTP Regulations, 2003.
6. The aforesaid SCN was sent to the Noticees through speed post as well as through email on email ID bankniftyoption.in@gmail.com (used by Noticee No.2 as per the response received by SEBI from Noticee No.2 during the examination), stockmarketacademy25@gmail.com; fahoonfahad0@gmail.com (registered email ID of Noticee No. 1 as per MCA data) and bodhumohammed09@gmail.com and rafeetali34@gmail.com (belonging to Noticee No. 2 and

- 3). The SCN was delivered to Noticee No. 2 & 3 by speed post on May 10, 2025 as evidenced by the tracking status available in the website of India Post.
7. Noticee No. 2 filed reply dated August 15, 2025 to the SCN and additional reply dated September 13, 2025. No reply on behalf of other Noticees has been received in the matter. The summary of the replies filed by Noticee No. 2 is as under:
- a. He and his brother M.S Mohammed Ali (Noticee No. 3) formed the company LKSPL (Noticee No. 1) and got it incorporated on August 20, 2020 with the objective to educate people interested in share market business.
 - b. They never demanded any money from the people for the said education. Money was credited into the account of the company by the people out of their own volition.
 - c. It has been also stated that LKSPL would usually request people to submit KYC application form. This form had a declaration at the bottom that “Lifeinspire Knowledge Solution Pvt. Ltd. never demanded money for the real time advisory of investment on behalf of client. But money was only accepted for market studies and analysis that too post closure of market in order to educate clients about the market and its strategies”.
 - d. They have not committed any irregularities as alleged in the SCN.
 - e. It has been stated that some hackers were misusing the website of many companies at that time and they might have committed the violations alleged in the SCN. In the additional reply it has been stated that a complaint has been made before the Cyber Crime branch of the police.
8. An opportunity of personal hearing was provided to the Noticees on August 19, 2025 through email dated July, 31, 2025. However, the Noticees failed to appear for the said hearing. Thereafter, vide another email dated September 11, 2025, another opportunity of personal hearing was granted to the Noticees on September 22, 2025. Vide email dated September 20, 2025 it was informed by the Noticees that a common Authorised Representative (“AR”) shall be representing the Noticees in the personal hearing. The personal hearing of September 22, 2025 was adjourned and rescheduled to October 13, 2025. On the said date, the AR of the Noticees appeared and reiterated the submissions made in written reply dated August 15, 2025 and September 13, 2025.

9. In view of the above, I note that both SCN and Hearing Notices were duly served upon the Noticees and also sufficient opportunity was provided to the Noticees to respond to the charges made against them.

CONSIDERATION OF ISSUES AND FINDINGS:

10. On perusal of the SCN, material available on record and the reply of Noticee No. 2, who happens to be the Director of the Noticee No. 1, it is noted that the following issues require consideration:
- i. Whether the acts of Noticee No. 1 as imputed in the SCN, were such which were in the nature of providing Investment Advisory services? If yes, whether Noticee No.1 had taken registration from SEBI for the same; and
 - ii. Whether the acts of Noticee No.1 as imputed in the SCN, were fraudulent and have mislead investors into investing in the securities market?
 - iii. If answer to the above issues are in affirmative, then whether Noticee No. 2 & 3 are also liable for the acts of the Noticee No. 1?

Issue - I: Whether the acts of Noticee No. 1 as imputed in the SCN, were such which were in the nature of providing Investment Advisory services? If yes, whether Noticee No.1 had taken registration from SEBI for the same?

11. Before proceeding further in the matter, it is pertinent to refer to the relevant provisions of the SEBI Act and IA Regulations, 2013 as it prevailed during the relevant time. These provisions are reproduced herein after:

Relevant provisions of SEBI Act

Section 12 (1) - Registration of stock brokers, sub-brokers, share transfer agents, etc.

" No stock broker, sub-broker, share transfer agent, banker to an issue, trustee of trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and such other intermediary who may be associated with securities market shall buy, sell or deal in securities except under, and in accordance with, the conditions of a certificate of registration obtained from the Board in accordance with the regulations made under this Act: "

Relevant provisions of IA Regulations

Regulation 2(1)(g) – Definition of Consideration

"consideration" means any form of economic benefit including non-cash benefit, received or receivable for providing investment advice;

Regulation 2(1)(l) – Definition of Investment Advice

"investment advice" means advice relating to investing in, purchasing, selling or otherwise dealing in securities and investment products, and advice on investment portfolio containing securities and investment products, whether written, oral or through any other means of communication for the benefit of the client and shall include financial planning. Provided that investment advice given through newspaper, magazines, any electronic or broadcasting or telecommunications medium, which is widely available to the public shall not be considered as investment advice for the purpose of these regulations; "

Regulation 2(1)(m) – Definition of Investment Adviser

"investment adviser" means any person, who for consideration, is engaged in the business of providing investment advice to clients or other persons or group of persons and includes any person who holds out himself as an investment adviser, by whatever name called; "

Regulation 3(1) – Requirement of Registration from SEBI to act as Investment Adviser

"On and from the commencement of these regulations, no person shall act as an investment adviser or hold itself out as an investment adviser unless he has obtained a certificate of registration from the Board under these regulations: "

12. From the plain reading of the aforesaid provisions it can be said that Section 12(1) of the SEBI Act prohibits, *inter alia*, an investment advisor or any other intermediary who may be associated with the securities market from buying, selling or dealing in securities except under and in accordance with the conditions of a certificate of registration obtained from SEBI in accordance with the regulations made under the Act. Regulation 3(1) of the IA Regulations, 2013 provides that no person shall act as an investment advisor or hold himself out as an investment advisor unless he has obtained a certificate of registration from SEBI. Regulation 2(1)(m) of the IA Regulations, 2013 defines an ‘investment adviser’ to be any person who is engaged in the business of providing investment advice to other person or group of person for consideration. It also includes within its fold any person who holds himself out as an ‘investment adviser’, by whatever name called. Regulation 2(1)(m) of the IA Regulations, 2013 refer to terms ‘*consideration*’ and ‘*Investment advice*’. As per Regulation 2(1)(g) of the IA Regulations, 2013, consideration means any form of economic benefit including non-cash benefit, received or receivable for providing investment advice. As per Regulation 2(1)(l) of the IA Regulations, 2013, ‘*investment advice*’ means advice relating to investing in, purchasing, selling or otherwise dealing in securities and advice on investment portfolio containing securities for the benefit of the client and shall include financial planning. The advice could be written, oral or through any other means of communication. However, advice given through newspaper, magazines, any electronic or broadcasting or telecommunications medium, which is widely available to the public, shall not be an investment advice within the meaning of Regulation 2(1)(l) of the IA Regulations, 2013.
13. I note from the documents available on the website of MCA that LKSPL was incorporated as a company on August 20, 2020. Noticee Nos. 2 and 3 (Shri M.S. Ahammed Ali and Shri M.S. Ahammed Ali) were subscribers to all the shares issued by the company and were also directors of the company. Further, I note from the finding of investigation that around a month prior to the formation of the company, a website www.bankniftyoption.in was registered on July 1, 2020. The Noticees and this website are connected to each other as the Home page of the website displayed an image of a news article dated February 21, 2021 which *inter alia* mentioned that ‘bankniftyoption.in is a subsidiary of LifeInspire Knowledge Solutions Private Limited’. Further, Corporate Identification Number (‘CIN’) of LKSPL was also mentioned on

the website. The “Buy Now” tab on the services offered by Noticee No.1 through the website also redirected to the phone numbers or telegram channels mentioned on the website and from there for making payment for purchasing services offered by the Noticee No.1. Multiple credit entries in the HDFC bank account no. xxxxxxxxx22932 of LKSPL were observed to be matching with the fee amount (as stated in para 15 below) specified for the investment advisory services/packages offered on the website www.bankniftyoption.in. Hence, I note that the details of the said HDFC bank account no. xxxxxxxxx22932 of LKSPL was shared and used for receiving the fees which were mentioned on the website. Further, I note that none of the Noticees have disputed the above findings. In my view, the strong underlying facts of LKSPL as well as its CIN being mentioned on the website, the website having been launched simultaneously with LKSPL obtaining its registration, the matching of amounts in the LKSPL bank account with the fees mentioned on the website all point towards the conclusion that the website was operated by LKSPL. In view of the aforesaid, it is observed that the website was operated by and is connected to LKSPL.

14. With regard to the question as to whether the acts of LKSPL constitute investment advisory business it is observed that the website, www.bankniftyoption.in, made the following claim: -
- “Bank Nifty Option is technical advisory firm created to provide unbiased stock/share market technical trading tips or trading advisory with the aim of protecting the innocent traders who invest their hard earned money in the rich man’s game, i.e. stock market, without any basic knowledge and not knowing the nuances of stock market game, especially in the area of option trading. Bankniftyoption is headed by a professionally qualified and well knowledgeable independent Research Analyst in the share /stock market with 15 years investment experience and more dedicated with full time devotion in the field of technical research in the stock market since 2005.”*
15. It is noted from the above that Noticee No.1 claimed to be headed by professionally qualified persons with 15 years of experience in share/shock market and that it is an advisory firm created to provide unbiased stock/share market trading tips or trading advisory. Thus, it is noted that the website of Noticee No.1 clearly claimed that it was a trading advisory firm.

16. Further, the website displayed several packages with different durations and pricing indicating offering of securities market advice for a price. The sample details are tabulated below.

Sl.No.	Packages	Duration	Price (in Rs.)
1	OPERATOR CALL	1 month	3,00,000/-
2	STOCK OPTION	15 DAYS/ 1 month	7,500/ 15,000/-
3	NIFTY & BANKNIFTYOPTION	15 DAYS/ 1 month	6,000/ 7,500/12,000/-
4	STOCK FUTURE	1 month	10,000/-
5	HNI POSITIONAL OPTION CALLS	1 month	25,000/-
6	WORLD OF STOCK TRADING	N/a	20,000/-
7	GAP UP/GAP DOWN/BTST	1 month	25,000/-

17. It is also noted that the website lead potential clients to Telegram Channels under the heading “Join our Telegram Channel”. Through these telegram channels, multiple promotional offers and messages of claims that its clients made high profits through the investment advice given by LKSPL were posted to attract more customers for availing their service. The content posted on the said telegram channels are reproduced below on sample basis for reference.

Telegram Channel	https://t.me/+_pSCLKrnyJw2Yjk9	https://t.me/+PLj5zYvSoOvmZDZl	https://t.me/azqp09
Date of Creation	23.10.2022	31.05.2023	25.10.2023
Sample message posted on the channel	On 26 October 2022 13:31 www.Bankniftyoption.in ☐ HAPPY DEEPAVALI WISHES TO DEAR TRADERS!! GRAB OUR 1+2=3 MONTHS SURESHOT TRADE ! WITH JUST 1 MONTH SUBSCRIPTION. MAKE MONEY IN STOCK MARKET EITHER NIFTY OR BANKNIFTY. EARN 5- 8K WITH JUST 30K INVESTMENT. CONSISTENT MONEY	22 August 2023 15:11 Bankniftyoption.in STOCK OPTION !!☐☐ BUY TATACOMM PERFECT ENTRY! BUMPER GAIN IN BUY TATACOMM 1760 CE GIVEN @ 37 TARGET 49 ☐☐FULL TARGET ACHIEVED TODAY.OUR CLIENT MADE A GOOD PROFIT RS+30,000☐☐ IN JST 5 LOTS.	20 July 2024 10:28 Bankniftyoption “WEEKEND ONE TIME MAHA MEGA DEAL!! GET GOOD DEAL PAY 1 & GET 3 MONTHS OFFER! EARN MONEY CONSISTENTLY WITH RIGHT RECOMMENDATION EITHER NIFTY OR BANKNIFTY .JST RQ.ONLY 30K INVESTMENT.

	DOUBLE UP THE CAPITAL. FEEL FREE ENQ ON WHATSAPP = Hurry up WWW.BANKNIFTYOPTION.IN. offer valid till today...!!	GET SURESHOT CALLS WANNA JOIN FEEL FREE TO GET SCREENSHOT OF TRADE ENQ NOW ON WHATSAPP = WWW.BANKNIFTYOPTION.IN	START NOW GRAB OFFER!! CALL NOW OR TELEGRAM ON =□□ WWW.BANKNIFTYOPTION.IN Offer valid till tomorrow only..
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18. It is also noted that the website was offering a so-called “Share Market Insurance for Option Trades” at least since December 23, 2023, as posted through its Telegram Channel <https://t.me/azgp09> and website. The details of various plans offered are tabulated below.

SEGMENT	INSURANCE AMOUNT	LOT TRADES	APPROXIMATE DAILY RETURN	LOT SIZES	APPROXIMATE MONTHLY RETURNS
NIFTYOPTION	1 Lakh	24	Rs.5000 to Rs. 7000	5 LOTS	Rs.1.5 to 2 Lakhs
NIFTYOPTION	10 Lakh	24	Rs.50000 to Rs. 70000	50 LOTS	Rs.15 to 20 Lakhs
NIFTYOPTION	25 Lakh	24	Rs.1.25 to Rs.1.75 LAKHS	125 LOTS	Rs. 35 to 50 Lakhs
NIFTYOPTION	1 Crore	24	Rs.5 to 7 LAKHS	500 LOTS	Rs. 1.4 to 2 Crores

19. It is noted from the above that aggressive promotional content such as, limited-period offers were used employing digital Telegram platform as a medium to reach multiple investors/subscribers. Apart from the above, the website under the section “*Track Record*” made representations regarding the effectiveness and profitability of the advisory services offered by them. The website was also used to establish market credibility and induce trust among potential clients by displaying purported WhatsApp chat screenshots under the heading “Our Happy Customers”, which contained praise for the investment recommendations made by Bankniftyoption. This was made to project client satisfaction and thereby attract more subscribers. The contents of the website and the Telegram Channels leaves no doubt that Noticee No.1 were offering investment advisory services through various packages.

20. Credits into the HDFC Bank Account of LKSPL were identified towards investment advisory services mentioned on the website by matching the credit amount with the fee amount specified for the investment advisory services/packages offered by Noticee No.1. Further, credit entries which were having narration/description such as trading, tips, options, Bank nifty, subscription, advisory etc. were also identified. The summary of the credit transactions in the account based on the said approach is mentioned below.

Sr No.	Particulars	Transaction Period*	No. of identified credit transactions	Identified Amount (in Rs.)
1	Credits traced based on Package fee and narration	02.10.2020 to 25.04.2024	311	35,64,000
2	Credits traced only based on Package fee and credits admitted by clients	02.10.2020 to 16.07.2024	1005	1,15,55,001
3	Credits traced only based on narration	13.10.2020 to 15.07.2024	90	28,53,140
	Total		1,406	1,79,72,141

21. It is noted that multiple credit transactions received in the HDFC bank account no. xxxxxx2932 of LKSPL matches with the fee amount specified for the investment advisory services/packages offered on the website of LKSPL. Further, multiple entries had narration/description such as trading, tips, options, Bank nifty, subscription, advisory etc. Therefore it is concluded that these credits transactions in the HDFC bank account no. xxxxxxxxx2932 with narrations of payment towards investment advisory activities and credits (till 20.07.2024) which are matching with the fee amount specified for the investment advisory services/packages (mentioned on the website) are the consideration paid by the investors for the investment advisory services rendered by LKSPL. Therefore, it is noted that the Noticee No.1 was holding itself out as an investment adviser and advertising its services on the website and the fees mentioned on the website were being received in its HDFC bank account no. xxxxxxxxx2932. In view of the same, I find that the Noticee no 1 was providing investment advisory services *in lieu of* consideration and payment for these services were received in the HDFC bank account no. xxxxxxxxx2932 of LKSPL.

22. In addition to the aforesaid credits identified in the HDFC bank account of LKSPL, it is also noted that the IOB account no. 0049xxxxxxx6265 (account closed on 30.09.2020) of Noticee

No. 2 was used by Noticee No.1 to receive investment advisory fee before the opening of the HDFC Bank account as the credit transactions were made with narrations similar to those made for investment advisory services. An amount of Rs. 24,000/- was received by Noticee No. 2 in his Indian Overseas Bank (IOB) Bank Account in the month of September 2020 towards investment advisory services.

23. From the transaction statement submitted by Razorpay, it was observed that a sum of Rs.4,38,520/- were received from 11 unique clients/investors by LKSPL via Razorpay payment gateway connected to the HDFC bank account no. xxxxxxxxx2932. During the investigation in the matter SEBI sent email to these persons asking them to provide the reason for making the payment to LKSPL and nature of services availed from them. Two persons out of 11 replied. On the basis of those replies it is noted that payment of a sum of Rs.3,41,500/- was made to LKSPL for the trade advice. Thus, out of the total amount of Rs. 4,38,520/- received via Razorpay payment gateway, at least a sum of Rs.3,41,500/- were fees received by LKSPL towards investment advisory services.

24. Thus, it is noted that a sum of at least Rs.1,83,37,641/- (i.e.1,79,72,141+ Rs. 24,000 + Rs. 3,41,500) by way of 1413 transactions identified as advisory fee was collected in the Bank/Razorpay accounts of LKSPL and one of its directors viz., M.S. Ahammed Ali (Noticee No.2) as consideration/fee for the unregistered investment advisory activities.

25. The Noticee No. 2 in his reply has claimed that they were only educating people who were interested in share market business and have never demanded any money from them. However, this claim is contrary to the facts showing that the Noticees were soliciting investment advisory business by offering packages for subscription and through promotion and performance claims. Noticee No. 1 was registered as a merchant with Razorpay on 24.09.2020, i.e. one month after the incorporation of LKSPL and the payments received from the payment gateway were also credited to the said HDFC Bank account no. xxxxxxxxx22932. These circumstances points to the only conclusion that the LKSPL was offering investment advisory services to persons who were making investment in securities market for a consideration.

26. Noticee No.2 alongwith his additional reply had submitted two videos and presentations which he claimed were used for teaching stock market. However, the Noticee did not provide any proof to suggest that the videos and documents belong to the Noticees and the same were shared with clients upon receiving the alleged fees.
27. Noticee No.2 has failed to establish any connection between the media and documents shared by the Noticee and the allegations levelled in the instant matter. Further, I note that the logo appearing on the documents shared by Noticee No.2 titled 'SMA Day 1' and 'SMA Day 2' is different from the one appearing on the website www.bankniftyoption.in belonging to Noticee no.1. Hence, I am unable to accept the contention of Noticee No.2 that the money received from their clients were for educating stock markets.
28. The Noticee No. 2 in his reply has also claimed that some hackers were misusing the website of many companies at that time and they might have committed the violations alleged in the SCN. I note that the claim of Noticee is not specific regarding the hacking of website of Noticee No. 1 (www.bankniftyoption.in). The Noticee had only made a blanket statement without providing details as to how the purported hacking effected the interest of the Noticee. Further, in the additional reply though it was claimed that a complaint with the Cyber Crime branch of the police was filed, however no copy of the complaint or any specific information regarding it has been stated in the reply. Since no evidence has been submitted to even *prima facie* suggest that the website was hacked, therefore, the claim of Noticee No.2 appears only an afterthought and as such cannot be accepted.
29. Based on the discussion above, I find that Noticee No. 1 was offering trading tips and investment advice to the investors in securities market and charged fee for the services rendered. As per available evidence, discussed in the preceding paragraphs, at least a sum of Rs.1,83,37,641/- was collected as investment advisory fee by Noticee No.1. Therefore, I find that the Noticee No.1 was engaged in the business of providing investment advice to its clients, for consideration, and was also holding themselves out to be an 'Investment Adviser' as given in Regulation 2(1)(m) of the IA Regulations, 2013.

30. I also note that, in terms of Section 12(1) of the SEBI Act and Regulation 3(1) of the IA Regulations, 2013, registration of the investment advisers is mandatory. It is imperative that any person carrying out investment advisory activities has to necessarily obtain registration from SEBI and conduct its activities in accordance with the provisions of the SEBI Act and Regulations framed thereunder. The IA Regulations, 2013 require minimum professional qualification and prescribes mandatory net-worth. Apart from this, the regulation also provides for disclosures of any conflict of interest, risk profiling of clients, maintenance of records related to client assessments and the suitability of advice. The prescriptions in the IA Regulations, 2013 are intended to safeguard the interest of investors and to curb the perpetration of unregistered entities entering the field of investment advisory services and indulging in unscrupulous market practices.

31. Neither LKSPL nor its directors (Noticee No. 2 and 3), who are associated with the activities of the website, are registered with SEBI in any capacity as per the intermediary database maintained on the SEBI website. Moreover, no entity in the name of Bankniftyoption is registered with SEBI. There is also no case from the Noticees that LKSPL has certificate of registration as Investment Adviser issued by SEBI. Therefore, the Noticee No. 1 was not registered with SEBI in the capacity of Investment Adviser while acting as investment adviser.

Issue - II. Whether the acts of the Noticees as imputed in the SCN, were fraudulent and have mislead investors into investing in the securities market

32. The second allegation against Noticee No.1 is regarding selling their unregistered services by making false and misleading representation of guaranteed return through their website and telegram channels in order to deceive the investors to invest in the securities market by availing their services. It is pertinent to refer to the relevant provisions in this regard.

Relevant provisions of PFUTP Regulations, 2003

“Regulation 3 - Prohibition of certain dealings in securities

“No person shall directly or indirectly-

(a) buy, sell or otherwise deal in securities in a fraudulent manner

- (b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;*
- (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”.*

Regulation 4- Prohibition of manipulative, fraudulent and unfair trade practices

- (1) Without prejudice to the provisions of regulation 3, no person shall indulge in a manipulative, fraudulent or an unfair trade practice in securities markets.*
- (2) Dealing in securities shall be deemed to be a manipulative, fraudulent or an unfair trade practice if it involves any of the following: -*
 - (k) disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading in a reckless or careless manner and which is designed to or likely to influence the decision of investors dealing in securities;*

33. Regulation 3 of PFUTP Regulations, 2003 prohibits any person from dealing in securities in a fraudulent manner, either directly or indirectly. It prohibits in engaging in any act, practice or course of business which would operate as fraud or deceit upon any person in connection with any dealing in securities. Regulation 4(2)(k) of PFUTP Regulations, 2003 provides that dealing in securities shall be deemed to be manipulative, fraudulent or an unfair trade practice if it involves disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading and which is designed or likely to influence the decision of investors dealing in securities.

34. The term “fraud” has been defined under regulation 2(1)(c) of the PFUTP Regulations, 2003.

In this connection it is pertinent to refer to the observations of the Hon’ble Supreme Court in the case of **SEBI Vs. Kanaiyalal Baldevbhai Patel** (2017) 15 SCC 1, which are as under-

“The definition of 'fraud', which is an inclusive definition and, therefore, has to be understood to be broad and expansive, contemplates even an action or omission, as may be committed, even without any deceit if such act or omission has the effect of inducing another person to deal in securities. Certainly, the definition expands beyond what can be normally understood to be a 'fraudulent act' or a conduct amounting to 'fraud'. The emphasis is on the act of inducement and the scrutiny must, therefore, be on the meaning that must be attributed to the word “induce”.....to make inducement an offence the intention behind the representation or misrepresentation of facts must be dishonest whereas in the latter category of cases like the present the element of dishonesty need not be present or proved and established to be present. In the latter category of cases, a mere inference, rather than proof, that the person induced would not have acted in the manner that he did but for the inducement is sufficient.”

35. I note that LKSPL made representations through its website to the clients to the effect that investments made on the basis of their investment advice will result in guaranteed profits. In this regard, it is noted that the website made a claim for the packages it offered that their client will earn very high returns if option trading tips are followed properly. Further, for one of the packages mentioned on the website viz. Operator Call, which is priced at Rs.3,00,000/- per month following services were offered by Noticee No.1 as per screenshot of the website taken on 21.04.2023.

- Inside Information from FIIs or DIIs or Institutions.
- 200% guaranteed profit calls
- Monthly returns 30L- 1 Cr.
- Operator Based Calls doesn’t play with the Market trends whatever the market trend is there it will give profit.

36. I note that such claims of guaranteed returns were made by the Noticee No.1 with a view to induce investors to avail the unregistered investment advisory services. I also note that the Hon'ble Securities Appellate Tribunal in its order dated December 12, 2022 in the matter of ***MSS Trading System Centre & Anr Vs. SEBI*** (Appeal No.807 of 2022) has observed as follows:

“7. We also find that in addition to the aforesaid, the appellant was also giving an assured returns on the investment made by the investors. In this regard, the WTM found that the appellant was offering three types of services and in one of those agreements entered between the appellant and their clients, there was a specific clause for assured / guaranteed returns. We are of the opinion that such assurance of profit given by the appellant was totally fraudulent and in violation of Regulation 4 of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.”

37. Noticee No.1 was offering unrealistic and assured returns to the investors through its website, Telegram channels and Whatsapp messages in spite of such investment advice related to investments in stocks/derivatives, commodity derivatives, etc. being subject to market risk. Noticee No.1 dishonestly created a false narrative about the services offered by it so that the investors would be induced to avail the services offered by the LKSPL and LKPSL would gain out of it. The act of the Noticee and the course of business adopted by it was to knowingly conceal material information in a deceptive manner with an intent to influence the clients to avail its advisory services and to deal in securities market. The conduct of Noticee No.1 constitutes 'fraud' under the PFUTP Regulations, 2003. Therefore, I note that Noticee No.1 indulged in fraud as defined under PFUTP Regulations, 2003 and made false and misleading claims in violation of Section 12A(a), (b) and (c) of the SEBI Act read with regulations 3(a), (b), (c), (d), 4(1) and 4(2) (k) of the PFUTP Regulations, 2003.

Issue - III. If answer to the above issues are in affirmative, then whether Noticee No. 2 & 3 are also liable for the acts of the Noticee No. 1?

38. A company, though a legal entity, cannot act by itself, it can only act through its directors. Noticee No. 2 and 3 are 100% shareholders of LKSPL and they are also Directors of the

company since its inception. In the circumstances it can be said that they are in control of the company and are in-charge of and responsible to the company for the conduct its business. As directors, they are expected to carry on business of the company and exercise their power with utmost care and skill. They are required to ensure that business of the company is being carried out after complying with all applicable regulations.

39. In the instant case, it is noted that LKSPL not only carried out investment advisory business illegally without obtaining registration but also made fraudulent and deceptive claims about guaranteed return to the public. The Noticee No. 2 was already running a similar business illegally and adopting similar modus operandi as a partner of the partnership firm Option Research Consultancy. SEBI has already passed order dated August 27, 2024 imposing penalty against Option Research Consultancy and its partners for indulging in unregistered investment advisory activity and fraudulent activity.

40. In this connection reliance is also placed on the judgment of Hon'ble SAT in ***Sahara Asset Management Company P. Limited vs. SEBI*** (SAT Appeal 428/2018 decided on June 27, 2017) wherein it was held that:

“In the securities market, SEBI Act empowers SEBI to take actions in the interest of protecting the interest of the investors and hence lifting the corporate veil to the extent to identify who controls a regulated entity cannot be faulted. Without such a power SEBI will be a mute spectator to many of the corporate misdeeds which may jeopardize the interests of investors. Given the mandate of SEBI to protect the interests of the investors in the securities market SEBI is statutorily empowered to lift the corporate veil and find out the truth whenever interests of the investors are affected or likely to be affected.”

41. Noticee No. 2 and 3 are brothers and owner of all the shares of LKSPL and they are also Directors of the company, therefore, they controlled the manner in which the business of the company was to be conducted. The company was carrying on business illegally and was deceiving the investors. Therefore, this is a fit case for lifting the corporate veil.

42. It is noted that the entity LKSPL has carried on the business of investment advisory through its website www.bankniftyoption.in, which made false and misleading claims. A company,

though a legal person, cannot act by itself. Its mind and will are only through its directors. In the present case, Noticee Nos. 2 and 3 are not only the 100% shareholders of LKSPL but have also acted as its directors since inception. There is no evidence of any other person exercising control over the company. Therefore, the directing mind and will of the company are none other than Noticee Nos. 2 and 3. Every business decision of the company, including the establishment and operation of the website, necessarily flows from their knowledge and consent.

43. As persons in-charge of and responsible to the company for the conduct of its business, by permitting and continuing investment advisory activities without registration, Noticee Nos. 2 and 3 have not only failed in this duty but have also participated in the violations.
44. Since Noticee No. 2 and 3 the sole shareholders and directors, and hence the only persons capable of making decisions for the company, the illegal acts of the company are attributable directly to them. As mentioned above, their bank account of Noticee No.2 was also used to collect fees for the unregistered services offered by Noticee No.1. In law, a company cannot take shelter behind its corporate personality where its own directors have used it as a vehicle to commit violations. The control, knowledge, and participation of Noticee Nos. 2 and 3 in the business of the company are thus established.
45. Accordingly, it is found that carrying on of investment advisory business without registration, false and misleading claims to clients, were carried out with the knowledge, consent, and connivance of Noticee Nos. 2 and 3.
46. Accordingly, Noticee No. 2 and 3 are also liable under section 27 of SEBI Act and by virtue of lifting of corporate veil along with Noticee No. 1 for the violation of Section 12(1) of the SEBI Act and regulation 3(1) of the IA Regulations, 2013 and regulation 3(a), (b), (c) & (d) and 4(1), 4 (2)(k) of the PFUTP Regulations, 2003.
47. In view of the findings discussed in the preceding paragraphs, I note that the Noticee Nos.1, 2 and 3 are liable for penalty under Section 15EB of the SEBI Act for offering investment advisory services to the investors in securities without obtaining registration from SEBI and

under Section 15HA of the SEBI Act for indulging in fraudulent activities in the securities market such as guaranteeing returns. The provisions of Sections 15EB and 15HA of the SEBI Act are as under.

Section 15 EB - Penalty for default in case of investment adviser and research analyst

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

Section 15HA - Penalty for fraudulent and unfair trade practices

“If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty 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”.

48. I note that Section 15J of the SEBI Act, which provides factors which are required to be considered for adjudging quantum of penalty, reads as follows: -

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

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

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

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

49. The Noticees have indulged in unregistered investment advisory activity since September 2020. The Noticees have held itself out as an investment adviser and collected fees from its clients without having certificate of registration from SEBI. With regard to the repetitive nature of default, it is noted that Noticee No. 2 was also one of the partners of Option Research

Consultancy in which SEBI has passed order dated August 27, 2024 imposing penalty against the partnership firm and its partners including Noticee No. 2 herein for indulging in unregistered investment advisory activity and fraudulent activity.

50. As observed above, I note that the Noticees have received total credit of amount to the tune of **Rs. 1,83,37,641/- (One crore eighty three lakhs thirty seven thousand six hundred and forty one)** as Investment Advisory fee in their bank accounts. These being the proceeds of an illegal activity, are liable to be refunded to the respective clients.

51. Investment advice, by its very nature, involves fiduciary responsibility. In the instant case, the Noticees have acted in contravention of the mandatory regulatory framework governing investment advisers, which requires adherence to prescribed eligibility conditions, disclosure requirements, suitability requirements and codes of conduct to safeguard investors. In the absence of registration, the advice given by LKSPL goes without complying with the regulatory requirements or accountability, thereby, exposing investors to potential financial loss and an eventual loss of trust by the investors in the securities market. Such conduct cannot be addressed by a monetary penalty alone, as it strikes at the root of investor protection and undermines the integrity of the securities market. Therefore, I find that debarment is warranted in the instant case.

52. Further, I note that in the case of Shri C. Paranitharan and others and Trend Market Advisory Services, SEBI had passed orders dated July 05, 2022 and July 07, 2022, respectively, *inter alia* directing the entities therein to refund the fees or consideration received from investors in respect of their unregistered investment advisory activities. In the respective appeals filed against these orders by the respective entities, Hon'ble SAT vide common order dated September 21, 2022 *inter alia* directed the appellants therein to deposit the balance amount after making refunds to investors, with SEBI. It was also directed that the balance amount deposited with SEBI shall be kept in escrow account for a period of one year and be distributed to any claimants and thereafter, the remaining amount, if any, will be deposited in the Investor Protection and Education Fund.

DIRECTIONS:

53. In view of the foregoing, I, in exercise of the powers conferred upon me in terms Sections 11(1), 11(4), 11(4A), 11B (1), 11B (2) and Section 19 of the SEBI Act read with and Rule 5 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, do hereby issue the following directions:

- (a) The Noticees i.e. LKSPL and its directors namely, Shri. M.S. Ahammed Ali and Shri. M.S. Mohammed Ali shall refund, jointly and severally, all the money collected/received from any investors as fees or consideration as mentioned in Paragraph 50 of this Order, or in any other form, in respect of its unregistered investment advisory activities immediately, and in any case, within a period of three months from the date of this Order.
- (b) The Noticee No. 1 shall issue public notice in all editions of two National Dailies (one English and one Hindi) and in one newspaper in vernacular language with wide circulation, detailing the modalities for refund, including the details of contact person such as name(s), address(es) and contact detail(s) of person(s) to be approached for refund, within 15 days from the date of receipt of this order;
- (c) The repayments to the complainants/investors shall be effected only through electronic fund transfer or through any other appropriate banking channels, which ensures audit trails to identify the beneficiaries of repayments;
- (d) The Noticees are prohibited from selling their assets, properties including mutual funds/shares/securities held by them in demat and physical form except for the purpose of effecting refunds as directed above. Further, the concerned Depositories and RTAs in coordination with the banks are directed to ensure that the pay-outs and redemption/sale proceeds are debited from the bank accounts of the Noticees only for the purpose of compliance of this order.
- (e) After completing the aforesaid repayments, the Noticee shall file a report of such completion with SEBI addressed to the “*Division Chief, SEC-3, Market Intermediaries Regulation and Supervision Department, SEBI Bhavan II, Plot No. C7, G Block, Bandra Kurla Complex, Bandra (East) Mumbai –400051*”, within a period of 15 days of completion of refunds and not later than four months from the date of public notice, as directed above, duly certified by an independent Chartered Accountant.

- (f) The remaining balance amount, if any, shall be deposited with SEBI which will be kept in an escrow account for a period of one year for distribution to clients/complainants/investors who had availed the investment advisory services from the Noticees. Thereafter, remaining amount, if any, will be deposited in the '*Investors Protection and Education Fund*' maintained by SEBI;
- (g) In case of failure of the Noticees to comply with the aforesaid direction of refund, SEBI, on the expiry of the stipulated time period therein from the date of coming into force of this order, may recover such amounts, from the Noticees, in accordance with Section 28A of the SEBI Act, 1992 including such other provisions contained in securities laws,
- (h) The Noticees are debarred from accessing the securities market, directly or indirectly and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of **two (2) years** from the date of this order or till the date of compliance with direction issued in sub-para (e) above, whichever is later;
- (i) If the Noticees have any open position in any exchange traded derivative contracts, as on the date of the order, they can close out /square off such open positions within 3 months from the date of order or at the expiry of such contracts, whichever is earlier. The Noticees are permitted to settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the close of trading on the date of this order.
- (j) The Noticees shall not undertake, either during or after the expiry of the period of restraint and prohibition, as mentioned in sub-para (h) above, either directly or indirectly, investment advisory services or any activity in the securities market without obtaining a certificate of registration from SEBI as required under the securities laws;
- (k) The Noticees are hereby imposed with the following penalties:

Noticee	Penal Provision	Amount (in Rs.)
M/s. Lifeinspire Knowledge Solutions Private Limited	Section 15EB of SEBI Act	5,00,000/- (Five Lakhs)
	Section 15HA of SEBI Act	5,00,000/- (Five Lakhs)
Shri M.S. Ahammed Ali	Section 15EB of SEBI Act	5,00,000/- (Five Lakhs)

	Section 15HA of SEBI Act	10,00,000/- (Ten Lakhs)
Shri M S Mohammed Ali	Section 15EB of SEBI Act	5,00,000/- (Five Lakhs)
	Section 15HA of SEBI Act	5,00,000/- (Five Lakhs)

(l) The Noticees shall remit / pay the said amount of penalty, within a period of forty-five (45) days from the date of receipt of this order, through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT → Orders → Orders of EDs/CGMs → PAY NOW. In case of any difficulties in online payment of penalties, Noticees may contact the support at portalhelp@sebi.gov.in.

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

55. The direction for refund as given in above, does not preclude the complainants/investors to pursue the other legal remedies available to them under any other law, against the Noticees for refund of money or deficiency in service before any appropriate forum of competent jurisdiction.

56. This order shall come into force with immediate effect. This order is also digitally signed.

57. A copy of this order shall be sent to the Noticees, all the recognized Stock Exchanges, Depositories, Registrar and Transfer Agents of Mutual Funds and BSE Administration and Supervision Ltd., to ensure that the directions given above are strictly complied with.

Date: October 29, 2025

Place: Mumbai

N. MURUGAN

QUASI JUDICIAL AUTHORITY

SECURITIES AND EXCHANGE BOARD OF INDIA