

**IN THE SECURITIES APPELLATE TRIBUNAL  
AT MUMBAI**

**DATED THIS THE 22<sup>ND</sup> DAY OF JANUARY, 2026**

**CORAM: Justice P.S. Dinesh Kumar, Presiding Officer  
Ms. Meera Swarup, Technical Member**

**Appeal No.545 of 2025**  
[Along with Misc. Application No.1367  
of 2025]

1. Avadhut Sathe Trading Academy  
Private Limited  
ASTA Gurukul, At post  
Bhoiwadi, Karjat-Murbad Road,  
Karjat-410201.

2. Avadhut Dinkar Sathe  
ASTA Gurukul, At post  
Bhoiwadi, Karjat-Murbad Road,  
Karjat-410201.

3. Gouri Avadhut Sathe  
ASTA Gurukul, At post  
Bhoiwadi, Karjat-Murbad Road,  
Karjat-410201.

.....Appellant

(By Mr. Janak Dwarkadas, Senior Advocate with Mr. Gaurav Joshi, Senior Advocate, Mr. Vikram Chavan, Mr. Rompal Singh Kohli, Ms. Sejal Todkar, Mr. Ritish Desai and Ms. Shivani Bhatia, Advocates i/b. M/s. C. K. Legal for the Appellant Nos.1,2 and 3.)

Securities and Exchange Board of India  
SEBI Bhavan, Plot No.C-4A, G Block,  
Bandra Kurla Complex,  
Bandra (E), Mumbai-400051.

...Respondent

(Mr. Chetan Kapadia, Senior Advocate with Mr. Suraj Choudhary, Ms. Nidhi Singh, Ms. Komal Shah, Ms. Nidhi Faganiya and Mr. Nishin Shrikhande, Advocates i/b. Vidhii Partners for the Respondent.)

THIS APPEAL IS FILED UNDER SECTION 15T OF SEBI ACT, 1992 TO SET ASIDE THE EX-PARTE INTERIM ORDER CUM SHOW CAUSE NOTICE DATED DECEMBER 4, 2025 (Ex-A) PASSED BY WTM, SEBI.

THIS APPEAL HAVING BEEN HEARD AND RESERVED FOR ORDERS ON JANUARY 19, 2026, COMING ON FOR PRONOUNCEMENT OF ORDER THIS DAY, THE TRIBUNAL MADE THE FOLLOWING:

### **ORDER**

**Per: Justice P.S. Dinesh Kumar, Presiding Officer**

This appeal is directed against *ex parte* interim order cum show cause notice dated December 4, 2025, passed by the WTM<sup>1</sup>, SEBI<sup>2</sup> issuing various directions contained in paragraph 83 of the order.

2. We have heard Mr. Janak Dwarkadas and Mr. Gaurav Joshi, learned Senior Advocate for the appellants and Mr. Chetan Kapadia, learned Senior Advocate for the SEBI.

3. Appellants' pleaded case is, second appellant, Avadhut Dinkar Sathe established an academy in 2008 as a training

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<sup>1</sup> Whole Time Member

<sup>2</sup> Securities and Exchange Board of India

platform to impart financial knowledge in investment and trading. First appellant is the academy, appellant Nos.2 and 3 are its Directors. The academy has organised popular courses, namely, Eye Opener Seminars, Get Edge Over Others Program (GEO), Pay Attention to Price Action (PAPA), Futures & Options Made Easy (FOME), Get Ultimate Edge (GUE), Advanced Mentorship Programs. In 2025, the academy established a residential training campus known as 'ASTA Gurukul' with residential facility for advance courses.

4. On August 20 and 21, 2025, SEBI conducted search and seizure operation at ASTA Gurukul and residences of Appellant Nos.2 and 3. Appellants' Mobile phones, laptops, hard disks, CPUs, emails/cloud accounts were seized. Later, SEBI called for further information and it was furnished. On December 4, 2025, appellants learnt about the impugned order, but, they were served on December 11, 2025.

5. The crux of SEBI's allegation is, appellants, without obtaining registration, have been providing investment advisory and research analyst services under the guise of their stock market training programmes to a large number of investors. They have collected ₹601<sup>3</sup> Crores from more than 3.37 Lakh investors. They have been recklessly misleading, soliciting and inducing the investors to deal in the securities market on the basis of their advice.

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<sup>3</sup> Precisely ₹6,01,37,96,917/-

6. Mr. Janak Dwarkadas, learned Senior Advocate, assailing the legality and correctness of the impugned order submitted that SEBI has passed the impugned order in gross violation of Article 14, 19(1)(g) and Article 21 of Constitution of India. Amplifying his submission, he contended that based on a few stereotyped complaints, SEBI conducted raids and passed the impugned order directing *inter alia* to desist from offering unregistered investment advisory and research analyst services, not to use live data for any purpose and not to access securities market. Appellant Nos.1 and 2 have been directed to place a sum of ₹546.17 Crores in a fixed deposit within 15 days with lien marked in favour of SEBI. It is further ordered that the directions in sub-paragraphs (iii), (iv), (vii) and (viii) of paragraph 83 shall cease to apply upon making the deposit. He submitted that the directions are in flagrant violation of appellants' Constitutional rights because SEBI has computed the alleged unlawful gains attributable to unregistered activities from 2020 to 2025. The learned WTM has conceded<sup>4</sup> that the circular dated January 29, 2025 referred in the order would apply prospectively. Further, the Chairman, SEBI has also admitted in an interview that SEBI would soon change the rules to prohibit the usage of current live market data for investor education. Placing strong reliance on learned WTM's admission and SEBI Chairman's admission, Mr. Dwarkadas submitted that appellants have not committed any illegality. He contended that the directions in the impugned order are impossible to comply because, on one hand, SEBI has frozen all bank accounts and

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<sup>4</sup> Para 64 of impugned order

restrained the appellants from accessing the securities market, on the other hand, SEBI has directed to place a deposit of ₹546 Crores. In the light of the admitted position that the alleged activities have been going on since 2020, SEBI ought to have granted an opportunity to submit reply to the show cause notice and thereafter pass an appropriate order without resorting to passing the *ex parte* interim order. As on the date of freezing, appellants had about ₹4 Crores in their bank accounts. The direction to place a deposit of ₹546 Crores is based on the premise that appellants may siphon of the money. The order does not contain any finding as to where the said amount is traceable. The apprehension of siphoning is misconceived. He submitted that appellants have paid a total GST/service tax of ₹90.55 Crores, income tax of ₹71.71 Crores, CSR and donation of ₹3.93 Crores. They have spent ₹316.74 Crores on administrative and operational expenses and invested ₹100 Crores on the fixed assets and do not have any money. In substance, Mr. Dwarkadas submitted that appellant has been carrying on his activities since 2008. Therefore, there is no imminent urgency in passing harsh orders which have damaged appellants' reputation. SEBI ought to have heard the appellants and pass a reasoned order.

7. In reply, Mr. Chetan Kapadia, learned Senior Advocate for SEBI submitted that SEBI has observed that the academy was publishing and promoting selective profitable trades and also claiming that academy's students were earning by trading. On March 1, 2024, SEBI issued an Administrative warning to the appellants to be 'careful' and to avoid recurrence of such

instances. However, appellants did not stop their activity. The seized material includes several videos which show that Mr. Sathe<sup>5</sup> was making announcements about the stocks in which he was trading and making recommendations. After proper consideration of material on record, SEBI has issued the ex-parte interim order cum show cause notice. The seized accounts have revealed that a sum of ₹546 Crores was attributable to the fees paid for unregistered activities in respect of eight programs, therefore, SEBI has directed the appellants to secure the said amount by placing in a fixed deposit. Appellants have been given an opportunity to reply to the show cause notice and appropriate orders will be passed after considering the reply. Therefore, the contention with regard to violation of Constitutional rights are untenable. He submitted that the case on hand can be divided into four parts.

- Issuing testimonials from investors stating that they had earned large sums of money;
- Uploading videos of the classes giving tips and recommendations;
- Students enrolling in WhatsApp chat groups in which stock tips were given; and
- Trading pattern of the course participants and appellants.

8. Amplifying his submissions, he adverted to a testimonial<sup>6</sup> by a home maker claiming that she had achieved ₹1 Crore milestone by trading in 'Bank Nifty Options' in two and

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<sup>5</sup> Appellant No.2

<sup>6</sup> Table 24, page 91 of impugned order

half years and submitted that perusal of profit and loss accounts received from stock exchanges revealed that she had made a profit of only ₹4.17 lakhs. He submitted that this is a misleading and inaccurate testimonial released on the YouTube. Such testimonials give an impression to the students that they can earn huge money by following the tips given in the academy.

9. He next adverted to another testimonial of one Ms. Smruti Apte on the YouTube claiming that she had consistently earned more than her salary as an ex-banker from trading during the period from March 2020 to October 2021, whereas, the details from the stock exchange revealed that she had incurred a loss of ₹1.38 Lakhs.

10. He next adverted to another testimonial by one Mr. Rehan Shaikh on the YouTube claiming that he had bought a bike from a trading profit of ₹2.5 Lakhs, whereas, the details from the stock exchanges had revealed a loss of ₹13,256.

11. Mr. Kapadia submitted that lured by such testimonials, gullible investors enter the stock market with great expectation and lose their hard earned money. He submitted in the cumulative loss of individual trades between F.Y.2022 and F.Y.2024 has crossed about ₹1.80 Lakh loses.

12. With regard to the video recordings, a videos was played during the hearing. Mr. Kapadia pointed out that Mr. Sathe, during the live session on April 28, 2025 has stated thus:

- *"AS<sup>7</sup>: Abhi tak hua nahun hai breakout lekin ye develop ho raha hai; toh ye break karega to humare lie acha hai. This is why I picked this stock, (PFC) to buy."*
- *"AS: Aaj subah jab aaya na to maine buy kiya ye candle ke neeche mera stop loss 410...Pehla target obviously ye rahega (indicating on screen a level of 421.05)...agar iske upar breakout karega toh I may add to my position...currently itna stop loss hai (all indicating on screen)."*
- *"AS: agar iske upar jayega.. daily ke hisab se agar ye ye todega na ye pehla target hai, ye candle ka high pehla target hai 437. Agar iske bhi upar jayega toh.... bada target hai yaha, 520 bhi nahin, inverted head and shoulder ka target hai."*
- *"AS: 5.5 lakh ka buying hua hai future mai. Kon hai re. 5.5 lakh ka buying ho hai ek hi candle mei."*
- *"Participant: Sir, hum sab ne le liya. Me ne to sunte hi initiate kar diya tha."*

13. Mr. Kapadia also referred to the transcriptions of the session conducted on March 9, 2025 in respect of Natural Gas scrip and other scrips. He submitted that Mr. Sathe was, in fact, giving tips and recommendations with regard to various scrips using the live data.

14. With regard to the third aspect namely the WhatsApp communications, Mr. Kapadia submitted that the material collected during the search operations has revealed that the academy had created multiple private WhatsApp groups wherein

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<sup>7</sup> Avadhut Dinkar Sathe

course participants were admitted as members. Stock recommendations were provided in these groups on a regular basis including stop-loss levels, targets and forecasts of directional movements of specific stocks. He adverted to some of the messages in the WhatsApp.

15. With regard to the fourth aspect, namely the trading pattern he submitted that course participants were placing orders based on recommendations made by Mr. Sathe. Out of 34 instances examined by SEBI in 33 cases, the participants had traded as per the recommendations.

16. In substance, Mr. Kapadia contended that in the guise of imparting education, 'investment advice' and 'research analyst' activities were being carried out by using the live data. Stock recommendations and the tips such as stop-loss levels were also given. 'Investment Advisory' and 'Research Analyst' services are regulated activities and require registration by SEBI. Appellants were carrying on with the said activities without obtaining registration and thus violated the law.

17. Mr. Kapadia submitted that appellant in his turn had argued only with regard to violation of Constitutional rights and cited some authorities. No reference was made to the facts of the case. Therefore, this Tribunal may not permit the appellant to make any submissions with regard to the facts of the case in rejoinder.

18. In rejoinder, Mr. Janak Dwarkadas submitted that appellants have appropriate replies to each and every allegation

levelled against them. Though supporting material and documents have been placed on record, appellants do not wish to invite any finding by this Tribunal with regard to the factual aspects of the matter at this stage because appellants are yet to file their replies to the SCN. However, appellants are highly aggrieved by SEBI's direction to place in deposit ₹546<sup>8</sup> Crores while simultaneously restraining them from accessing the market and freezing all their bank accounts. He submitted that SEBI's apprehension that appellants may siphon off ₹546 Crores has eroded their reputation and it is irreparable and cannot be compensated.

19. We have carefully considered the rival contentions and perused the records.

20. Undisputed facts of the case are, appellants were conducting courses in the Academy since 2008. According to them the courses were only for educational purposes. SEBI's allegation is that while using the live data, stock recommendations were given in the course classes and the participants were trading based on such recommendations. According to SEBI, Academy's activities violate IA<sup>9</sup> Regulations and RA<sup>10</sup> Regulations.

21. In the light of rival contentious case, the point for consideration is ***whether the impugned order calls for interference?***

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<sup>8</sup> Precisely ₹5,46,16,65,367/-

<sup>9</sup> SEBI (Investment Advisers) Regulations, 2013

<sup>10</sup> SEBI (Research Analysts) Regulations, 2014

22. Appellants' strong claim is that the courses are only for educational purposes. Appellants have consciously chosen not to address any arguments with regard to the facts of the case, whereas SEBI has adverted to various facts to justify the directions in the impugned order. To a pointed query with regard to the quantum of fee collected, it was submitted by Mr. Kapadia that as per appellants' books the amount collected is ₹601 Crores. However, SEBI has found evidence of unregistered activity in respect of eight courses and the amount attributable to these courses is ₹546<sup>11</sup> Crores.

23. It is not in dispute that SEBI issued an administrative warning on March 1, 2024. Mr. Kapadia adverted to testimonials published by the Academy in Table No.24 and made reference to three cases mentioned above. The third testimonial of Rehan Shaikh was uploaded on the YouTube on July 9, 2025. The table also contains testimonials of Akash Ratnakar Warpe uploaded on February 27, 2025 and one Pavitra Anjana Nayaka uploaded on July 23, 2025. These three videos have been clearly uploaded after issuance of 'Administrative warning' by the SEBI.

24. With regard to the video clip in the scrip of 'Power Finance Corporation', we may record that it was played in the court hall to demonstrate that it contained the stock recommendations. Mr. Dwarkadas submitted that the appellants have not prepared any chart shown in the video clip. It only shows that the

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<sup>11</sup> Precisely ₹5,46,16,65,367/-

movement of share price based on historical data. All that is shown in the video clip is available in various books on the subject. He adverted to a book titled 'Technical Analysis' by Sunil Gurjar and submitted that several such charts can be found in that book and other similar books. We may record though the stock analysis is made by several analysts and there are several books on the subject the point that was made out by Mr. Kapadia was that Mr. Sathe was showing the live trading and also making stock recommendations. The allegation that the video clip screened in the court hall was the 'live data' of Power Finance Corporation scrip is not denied. However, Mr. Dwarkadas sought to justify screening the live data in the class by quoting the example of medical students and submitted that any amount of theory cannot substitute a live demonstration and hands on experience. That may be true. But what is under consideration is whether an unregistered investment advisor can screen the live data showing the movement of scrip when the market is open and make recommendations. The precise allegation against the appellants is that in the guise of imparting education stock recommendations are given. In view of the admitted position that what was screened in the court was 'live data', it is reasonable to infer that the 'live data' material was used and demonstrated in the classes.

25. So far as the WhatsApp group is concerned, it is relevant to note that it is a paid channel and participants paying ₹30,000 are enrolled in the group. Some messages containing stock recommendations are extracted in Table No.18 of the impugned order.

26. According to SEBI, out of 34 instances examined by SEBI in 33 instances the participants have traded. To support this, the alleged recommendations are extracted in Table no.20 of the impugned order.

27. Though, Mr. Kapadia adverted to several facts to bring home the point that the four aspects, namely, the misleading testimonials, video recordings, WhatsApp chats and the trading pattern conclusively establish the violation of IA Regulations and RA Regulations, in view of appellant taking a specific stand not to address on the facts of the case, we have refrained from recording any findings on the facts. However, suffice to note that the material on record leads to a *prima facie* inference that testimonials were uploaded on the YouTube after issuance of administrative warning; stock recommendation was made with regard to Power Finance Corporation scrip as noticed in the video clip; the finding in the impugned order that ₹30,000 was collected to enrol in WhatsApp is not challenged.

28. Appellant has produced a statement showing the impounded amounts and the expenditure and it reads as follows:

<b>Particulars</b>	<b>Amount Rs.</b>
Impounded Amount	546.16 Crores
GST/Service Tax	90.55 Crores
Income Tax Paid	71.71 Crores
CSR & Donation to Various Government Funds (PM Care, CM Relief)	3.93 Crores
Sub-Total paid to Govt.	166.19 Crores

Towards Taxes & CSR	
Administrative & Operation Expenses	316.74 Crores
Fixed Assets	100 Crores

29. It was argued by Mr. Dwarkadas that out of the impounded amount, ₹166 Crores was lying in the Government treasury and Academy's fixed assets are worth about ₹100 Crore and as such appellants do not have any money to place in the fixed deposit. This argument was countered by Mr. Kapadia contending that payment of tax shall not be a ground to seek exemption.

30. So far as appellants' argument with regard to learned WTM's finding (in para 64) that SEBI's circular<sup>12</sup> would apply prospectively, we may record that the WTM has qualified stating that '*what is educational activity and what is not educational activity is understood well before the issuance of this circular*'. Further, the IA Regulations are of the year are in force since 2013 and RA Regulations are in force since 2014. It is settled that Investment Advisors and Research Analysts have to get registered with the SEBI and carry on their activities, strictly in conformity with the Regulations. Further, the legality and correctness of this circular is not under challenge. Therefore, the purported admission by the WTM cannot be read in isolation.

31. The matter is at the stage of reply to the show cause notice. As noted hereinabove, appellants have consciously

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<sup>12</sup> SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2025/11 dated 29.01.2025

refrained from making any submissions on the facts of the case. It was categorically submitted by Mr. Dwarkadas that appellants do not invite any findings by this Tribunal by making arguments with reference to the facts of the case.

32. In the light of the facts narrated hereinabove and on careful perusal of the submissions made on behalf of the parties we are of the considered opinion that

- The IA Regulations and the RA Regulations were certainly in force during the period under consideration i.e. 2020 to 2025;
- Testimonials have been uploaded on the YouTube channel even after administrative warning issued by the SEBI;
- SEBI has placed on record the factual matrices of the case and the material seized during the search and seizure operation which also include the testimonials. Thus, SEBI has made out a *prima facie* case of violation of IA and RA Regulations.

33. Having held that SEBI has made out a *prima facie* case of violation of IA and RA Regulations, what remains for consideration is whether the amount sought to be impounded is justified. It is not in dispute that appellants have collected ₹601 Crores. Whether it is an unlawful gain, is yet to be decided. According to SEBI's calculation a sum of ₹546 Crores needs to be secured. As noted above, a sum of ₹166 Crores is lying in the Government treasury and there are fixed assets worth ₹100 Crores. This accounts for ₹266 Crores. If this amount is

deducted from ₹546 Crores, the remaining amount is ₹280 Crores. Mr. Dwarkadas Pleaded that the order be set aside and the appellants be permitted to file their reply. In our considered opinion, in view of our finding that SEBI has made out a *prima facie* case of violation of IA and RA Regulations, the appellants shall not be entitled for such a relief. However, in view of the fact that fixed assets are worth ₹100 Crores, taking into consideration the tax component of ₹166 Crores, in our view, ends of justice would be met by directing the appellants to deposit a sum of ₹100 Crores in the bank and restraining them from alienating the fixed assets.

34. We make it clear that we have not rendered any finding with regard to the tax component and the same is kept open for consideration in an appropriate case.

35. In the light of the above discussion, the point for consideration is answered ***partly in the affirmative***.

36. Hence, the following

#### **ORDER**

1. The appeal is ***allowed in part***;
2. The directions in para No.83(ix) is modified and ordered that directions stipulated in para Nos.(iii), (vi) and (vii) shall cease to apply, upon appellants depositing a sum of ₹100 Crores in terms of direction 83(v).
3. Appellants shall file an affidavit before the WTM, SEBI disclosing the full details of their assets with a valuation

certificate by a SEBI certified valuer and shall undertake not to alienate the fixed assets without the leave of the WTM.

4. It is made clear that any observation made in this order is only for the purpose of adjudication of this appeal and the learned WTM shall pass his final order wholly uninfluenced by this order.
5. The appellants shall file their reply within four weeks from today. All contentions of both parties are kept open. The learned WTM shall pass his final order as expeditiously as possible.
6. Pending interlocutory application(s), if any, stand disposed of.
7. No costs.

Justice P.S. Dinesh Kumar  
Presiding Officer

Ms. Meera Swarup  
Technical Member

22.01.2026  
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