IN THE SECURITIES APPELLATE TRIBUNAL
AT MUMBAI

DATED THIS THE 17TH DAY OF JUNE, 2026

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

Appeal No.96 of 2024
[Along with Misc. Application No.569 of 2024]

M/s. MI Research
(Proprietor Shri Ashish Jain)
351, Sector A, Mahalaxmi
Nagar Main Road Indore,
Madhya Pradesh - 452010. …..Appellant

(By Mr. Abhishek Mishra, PCS with Mr. Ali Asgar Tambawala, PCS for the Appellant.)

Securities and Exchange Board of India
SEBI Bhavan BKC, Plot No.C4-A,
'G' Block, Bandra-Kurla Complex,
Bandra (East), Mumbai-400051,
Maharashtra. …..Respondent

(By Mr. Vishal Kanade, Advocate with Mr. Bhushan Shah, Mr. Akash Jain and Mr. Abhishek Nair, Advocates i/b. Mansukhlal Hiralal & Co. for the Respondent)

THIS APPEAL IS FILED UNDER SECTION 15T OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 TO SET ASIDE THE ORDER DATED SEPTEMBER1 18, 2023 PASSED BY THE AO, SEBI.

THIS APPEAL HAVING BEEN HEARD AND RESERVED FOR ORDERS ON JUNE 11, 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 order dated 18.09.2023 passed by AO[1], SEBI[2] imposing a penalty of ₹35 Lakhs on the appellant under Sections 15HA and 15EB of the SEBI Act, 1992[3] for violation of SEBI (IA) Regulations, 2013[4] and SEBI (PFUTP) Regulations, 2003[5].

2. We have heard Mr. Abhishek Mishra, PCS/Authorised Representative for the appellant and Mr. Vishal Kanade, learned Advocate for the SEBI.

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[1] Adjudicating Officer
[2] Securities and Exchange Board of India
[3] Securities and Exchange Board of India Act, 1992
[4] SEBI (Investment Advisers) Regulations, 2013
[5] SEBI (Prohibition of Fraudulent and unfair Trade Practices) Regulations, 2003

3. Brief facts of the case are:

i. Appellant is a registered investment adviser. SEBI conducted an examination of his business for the period between 2.11.2017 to 31.08.2019 and found certain violations of relevant provisions of law.

ii. An SCN[6] was issued alleging that the appellant had failed to maintain records; failed to carry out KYC procedures; failed to submit information sought by SEBI during examination; failed to conduct yearly audit; assured returns to his clients and misled the investors and mis-sold his services; failed to carry out the risk profiling of his clients; failed to ensure that investment products on which investment advice was provided was appropriate to risk profile of the clients; not acted with due skill, care and diligence while deciding the suitability of advisory products sold to clients and not acted in their best interest.

iii. Appellant submitted his reply to the SCN stating that he had complied with SEBI Regulations; all documents pertaining to RPM[7] and KYC were provided during SEBI's examination; several RMP and KYC documents could not be retrieved due to technical reasons and Covid-19 pandemic; documents pertaining to several clients were

[6] Show Cause Notice dated 16.06.2023
[7] Risk Profiling Management

lost due to technical reasons and could not be produced during the examination; the fees collected from one Mr. Rinku Jakhar were refunded and he had assured that he would not raise any claim against the appellant; and only two SCORES[8] complaints were registered against the appellant and they had been disposed of.

4. Assailing the impugned order, Mr. Abhishek Mishra, Authorised Representative for the appellant submitted that appellant accepts the violations described in para 9 of the impugned order and submitted that the penalty of ₹20 Lakhs imposed for the said violations is grossly disproportionate. He prayed that this Tribunal may consider and reduce the penalty.

5. So far as the violation of PFUTP Regulations is concerned, he submitted that SEBI has incorrectly relied upon the WhatsApp chats extracted in para 23 of the impugned order. Amplifying his contention, he submitted that the alleged messages are in fact sent by one of appellant's former employees, Rajiv Malhotra. The chat shows that Rajiv was sending messages on behalf of another investment adviser by name Mr. Sunil Patel. He adverted to Exhibit – H in the memorandum of appeal and contended that Sunil Patel was running an investment advisory firm in the name and style of 'Research24'. Rajiv has mentioned the account number of 'Research24' in the WhatsApp chat. Therefore, those chats do not pertain to appellant's case.

[8] SEBI Complaints Redressal System

6. He further submitted that Mr. Jakhar has no grievance against the appellant. However, in his email produced at Exhibit – I he has mentioned that he would take legal action against Rajiv.

7. In reply, Mr. Kanade for the SEBI submitted that the appellant has not furnished any material to show that Rajiv had left his job and joined 'Research24'. A combined reading of the WhatsApp chats clearly shows that false assurances were given to the clients. With regard to the admitted violation contained in para 9 of the impugned order, he submitted that the penalty imposed is commensurate with the violations and does not call for any inference by this Tribunal.

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

9. The AO has imposed two sets of penalties. ₹15 Lakhs under Section 15HA of the SEBI Act for violation of PFUTP Regulations and ₹20 Lakhs under Section 15EB of the SEBI Act for violation of IA Regulations.

10. So far as violation under the IA Regulations are concerned, the AO has recorded them in para 9 of the impugned order and the same have been admitted by the learned authorised representative. However, he prayed that the quantum of penalty may be reduced. It was argued that the AO has not

considered the factors prescribed in Section 15J of the SEBI Act while imposing the penalty. Mr. Mishra also contended that there are no earlier violations and the violations pointed out are curable.

11. The violations noted by the AO read as follows:

> *"9. It has been alleged in the SCN that Noticee that Noticee failed to maintain records as required in terms of Regulation 19(1) of IA Regulations and therefore, violated Regulation 19(1) of IA Regulations. It has also been alleged that Noticee failed to carry out Know Your Client ('KYC') procedures in respect of its clients as specified in Regulation 15(8) of IA Regulations and thereby, violated Regulation 15(8) of IA Regulations. It has been further alleged that Noticee failed to submit the information/documents as sought by SEBI during the course of examination and thereby, violated Regulation 15(12) of IA Regulations. It has also been alleged in the SCN that Noticee failed to carry out risk profiling of its clients in terms of Regulation 16 of IA Regulations and thereby, violated Regulations 16(a) and 16(e) of IA Regulations."*

12. While considering Section 15J, the AO has recorded in para 41 of the impugned order that the fees charged by the appellant "appears to be unreasonably high" without recording any details.

13. We have carefully perused the allegations in para 9 of the impugned order extracted above. The appellant has admitted the violations. There are no previous violations. Appellant has 748 clients. Only two complaints were received against him and both have been resolved. In his email Jakhar has stated that he has no grievance against the appellant. In these circumstances, we

are persuaded to accept appellant's contention that the penalty imposed is harsh and in our view, ₹10 Lakhs would be just and appropriate under Section 15EB of the SEBI Act.

14. So far as penalty under Section 15HA of the SEBI Act is concerned, the same is imposed for violation of PFUTP Regulations. AO's conclusions on this aspect are based on WhatsApp chats between one Rajiv Malhotra and complainant Jakhar. It is admitted that Rajiv Malhotra was an employee with the appellant. Mr. Kanade strongly relied upon the excerpt No.5 of the WhatsApp chat and contended that the chat clearly indicates that the complainant was given false assurances. We have perused the said excerpt and it reads as follows:

> *"13/04/2018, 11:48 am - Rajiv Malhotra: Brother this is last amount in your investment*
> *13/04/2018, 11:48 am - Rinku: But sir aapko sab pata hi mere bare me*
> *13/04/2018, 11:50 am - Rajiv Malhotra: Agar ye nhi hoga to hamara time bhi jayega and amount bhi pending ho jayega*
> *13/04/2018, 11:51 am - Rajiv Malhotra: I know but this last and final*
> *13/04/2018, 11:51 am - Rinku: Sir mene aapko pahle hi bola tha ki me investment nhi karta*
> *13/04/2018, 11:52 am - Rinku: Fir bi maine mere khet ko girvi rkakar ye kiya*
> *13/04/2018, 11:52 am - Rinku: Or muj se nhi ho payega*
> *13/04/2018, 11:55 am - Rajiv Malhotra: Brother me samjh skta hu apka condition but agar ap Esko krte ho tabhi apna profit ka return aayega*
> *13/04/2018, 11:55 am - Rajiv Malhotra: Or bhut jldi aagya"*

15. In the above chat, Rajiv has persuaded the complainant to invest and this excerpt is in the month of April 2018.

16. It is relevant to note that subsequently, on 12.07.2018, complainant Rinku had conversation with Rajiv, in which Rajiv has mentioned a profit of ₹1,04,000/-. He has also mentioned the ICICI account number of 'Research24'. The relevant excerpt of conversation reads thus:

> '*12/07/2018, 12:09 pm -Rinku: Gm sir*
> *12/07/2018, 3:28 pm - Rajiv Malhotra: I, m waitting for your responce*
> *12/07/2018, 3:29 pm-Rajiv Malhotra: Special call today*
> *12/07/2018, 3:32 pm - Rajiv Malhotra: Buy banknifty 12july at 26 tgt 150*
> *12/07/2018, 3:32 pm - Rajiv Malhotra: Profit 104000*
> *12/07/2018, 3:43 pm – Rajiv Malhotra: Bank Name ICICI*
> *Account Name RESEARCH24*
> *Account No. 144105500674*
> *Branch ONAM PLAZA AB ROAD INDORE*
> *Type of A/C Current*
> *IFSC Code ICIC0001441*
> *12/07/2018, 3:44 pm - Rajiv Malhotra: Confirm me within a 10mnts'*
>
> *(Emphasis Supplied)*

17. The above excerpt shows that the complainant was being suggested to change the investment adviser. Exhibit – H contains the details of investment adviser downloaded from SEBI's website. The proprietor of the 'Research24' is shown as Sunil Patel. In the WhatsApp chats between Jakhar and Rajiv on 12.07.2018, Rajiv has furnished the ICICI bank account number and IFSC Code of 'Research24'. This corroborates appellant's contention that Rajiv had left his job. Suffice to note that the WhatsApp chats between Jakhar and Rajiv are not free from doubts. Hence, it is not safe to rely on those messages to conclude that false assurances were given to the complainant.

In addition, in his email (Exhibit – I), Rinku Jakhar has stated that he was satisfied with the appellant who is MI Research Company's owner. No other material was pointed out to suggest that appellant has violated the PFUTP Regulations. Therefore, in our considered view, the charge of violation of PFUTP Regulations is not sustainable.

18. In view of the above discussion, the following:

ORDER

i. Appeal is ***allowed in part***. Penalty under Section 15HA is set aside and penalty under Section 15EB is reduced to ₹10 Lakhs.

ii. Pending interlocutory application(s), if any, stand disposed of.

iii. No costs.

Justice P.S. Dinesh Kumar
Presiding Officer

Ms. Meera Swarup
Technical Member

Dr. Dheeraj Bhatnagar
Technical Member

17.06.2026
RHN

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