

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER NO. Order/SM/SM/2025-26/31941**

**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

Prerna Sharma (Research Analyst)

(PAN: BJEPS7547A / SEBI Registration no: INH000006819)

In the matter of Prerna Sharma (Research Analyst)

A. BRIEF BACKGROUND

1. Securities and Exchange Board of India (hereinafter also referred to as 'SEBI') conducted on-site inspection of Prerna Sharma – Research Analyst, who is registered with SEBI as a Research Analyst vide SEBI registration number INH000006819 from March 20, 2023 to March 22, 2023 for the period from April 1, 2021 to March 22, 2023 (hereinafter also referred to as 'Inspection period' / 'IP'). The Inspection findings were communicated to the Noticee vide letter dated April 10, 2023. The Noticee submitted its reply to the findings/observations of SEBI vide email dated April 28, 2023. Subsequently, post inspection analysis of the Noticee was carried out by SEBI.
2. Pursuant to Inspection findings, reply of Noticee to the findings/observations of SEBI and post inspection analysis, SEBI had initiated Adjudication Proceedings under Section 15-I of the SEBI Act, 1992 (hereinafter also referred as 'SEBI Act') in respect of Prerna Sharma (Research Analyst) ['Noticee' / 'Research Analyst' / 'RA' / 'RA-Prerna' (in short)] in the subject matter for the alleged violation of following provisions of SEBI (Research Analyst) Regulations, 2014 ('RA Regulations' / 'SEBI RA Regulations, 2014'), SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 ('PFUTP

Regulations' / 'SEBI (PFUTP) Regulations, 2003') and SEBI (Intermediaries) Regulations, 2008 ('Intermediaries Regulations'):

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

2.1.1. Regulation 13 (i) and (iii) of RA Regulations

2.1.2. Regulation 19 of RA Regulations.

2.1.3. Regulation 20 of RA Regulations.

2.1.4. Regulations 3(a), (b), (c), (d), 4(2) (k) (o), (s)(i) & (s)(iii) read with Regulation 2(1)(b)(ii) and Regulation 2(1)(c)(5) of PFUTP Regulations

2.1.5. Regulation 24(2) read with clause 1, clause 7 and clause 8 of the Schedule III of RA Regulations.

2.1.6. Regulation 25 of RA Regulations.

2.1.7. Regulation 13 (1) of Intermediaries Regulations along with Circular No. SEBI/HO/IMD/IMD-II CIS/P/CIR/2021/0685 dated December 13, 2021.

2.1.8. Regulation 7(iv) of RA Regulations, clause 1 and clause 7 of Code of Conduct under Schedule III of RA Regulations.

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

2.2.1. Regulations 3(a), (b), (c), (d), 4(2) (k) (o), (s)(i) & (s)(iii) read with Regulation 2(1)(b)(ii) and Regulation 2(1)(c)(5) of PFUTP Regulations.

2.2.2. Regulation 24(2) read with clause 1, clause 7 and clause 8 of the Schedule III of RA Regulations.

2.3. Under Section 15C of SEBI Act, for the alleged violations of the following provisions:

2.3.1. Regulation 13 (1) of Intermediaries) Regulations along with Circular No. SEBI/HO/IMD/IMD-II CIS/P/CIR/2021/0685 dated December 13, 2021

B. APPOINTMENT OF ADJUDICATING OFFICER

3. Whereas, the Competent Authority was prima facie of the view that there were grounds to adjudicate the alleged violations by the Noticee, 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 15C, 15EB and 15HA of the SEBI Act, for the aforesaid alleged violations by the Noticee. Pursuant to the transfer of the Ms. Soma Majumdar, vide order dated December 07, 2023, Sh. Amar Navlani, General Manager, SEBI ("erstwhile AO") was appointed as the AO. Pursuant to transfer of erstwhile AO vide order dated September 11, 2025, the undersigned was appointed as the AO. The said proceedings of appointment were communicated vide Communique dated September 17, 2025.

C. SHOW CAUSE NOTICE, REPLY AND HEARING

4. A Show Cause Notice No. SEBI/HO/EAD/EAD5/P/OW/2024/16040/1 dated May 06, 2024 (hereinafter also referred to as 'SCN' / 'SCN dated May 06, 2024' in short) was served upon the Noticee by erstwhile AO under Rule 4 of SEBI Adjudication Rules, 1995 to show cause as to why an inquiry should

not be held against it and why penalty be not imposed under Section 15C, 15EB and 15HA of SEBI Act, 1992 for the respective alleged violation as stated. The SCN was duly served upon the Noticee through digitally signed email dated May 06, 2024 and Speed Post Acknowledgment Due (SPAD).

5. In this regard, following was inter alia observed and alleged in respect of the Noticee:

“ ...

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

4.1 Prerna Sharma did not use the term “Research Analyst” in all her correspondences

- 4.1.1** Regulation 13- Condition of Registration: It is observed from the random sampling copies of correspondence that RA- Prerna does not use the term ‘Research Analyst’ in all the correspondences with its clients. (Annexure 9) The Noticee in its reply to the findings of Inspection report submitted that, I have used the term research analyst in all my correspondences with the clients. The same can be verified from the Annexure I. Further, upon my website, which is the main interaction point with the clients, all my registration details are properly disclosed along with the registration number. The same can be verified from Annexure II. Hence, I have not violated the said provisions.

SEBI in this regard observed that, by submitting a single copy of email correspondence dated 26.04.2023 with clients, the research Analyst – Prerna Sharma claimed that she used the term “Research Analyst” in all correspondences to the clients, which is not tenable for the simple reason that the RA is submitting only one correspondence with client and the period/time of the correspondence is outside the period of inspection. RA instead of admitting the deficiency has refuted the inspection findings by relying on the contents of its correspondence sent to its client well passed after the inspection period.

In view of the above, it is alleged that the Noticee had violated Regulation 13(i) and (iii) of RA Regulations.

4.1 Prerna Sharma has not made disclosures such as material conflict of interest with subject company, as required under Regulation 19 of RA Regulations while sending recommendations.

- 4.1.1** It was observed from the random sampling that the RA-Prerna has provided the services to its clients by sending recommendations through an algorithm named algologic based on multiple indicators and strategies. It may be noted that as per the definition of “Research Report” given in Regulation 2(w) of RA Regulations, 2014, “Research Report” means any written or electronic communication that includes research analysis or research recommendation or an opinion concerning securities or public offer, providing a basis for investment decision...”

- 4.1.2** RA-Prerna sends its research recommendation to her clients through software, which works on multiple indicators and strategies. Therefore, software based recommendation may be considered as Research report as per the definition. It was observed that no such disclosures were made in the recommendation sent through software to clients. (Annexure 14)

- 4.1.3** The Noticee in its reply to the findings of Inspection report submitted that SEBI has misinterpreted the said provisions as mere sending of research recommendation through an algorithm does not constitute to be a research report as algorithm is just used as a medium to disseminate the research recommendations to the clients just like SMS/Whatsapp. Further, research recommendations and research report are both different things and even the SEBI circular dated December 13, 2021 related to publishing of investor charter and disclosure of Investor complaints by Research Analysts on their websites/mobile applications has clearly bifurcated research report and research recommendations as different business activities.

- 4.1.4** SEBI in this regard observed that the submissions by RA that research recommendations and research report being different and her algologic recommendation being not as research report as defined in RA regulations is evasive and not specific reply to inspection finding of non-disclosures as regards conflict of interest in the recommended stock/subject company. Therefore, the same cannot be accepted.

In view of the above, it is alleged that the Noticee had violated Regulation 19 of the RA regulations.

4.2 Prerna Sharma has not provided information relied upon and has not defined/ disclosed the terms mentioned in the recommendations to its clients.

- 4.2.3** It was observed that RA-Prerna sends its research recommendations through algologic software to its clients. Further, the RA has submitted that she has not published any research reports since inception. Furthermore, it may be noted that as per the definition of “Research Report” given in Regulation 2(w) of RA Regulations, “research report” means any written or electronic communication that includes research analysis or research recommendation or an opinion concerning securities or public offer, providing a basis for investment decision....” (Annexure 15)

- 4.2.4** Therefore, the software based research recommendation are considered as publication of research report but this form of research report sent by RA-Prerna to its clients does not define the terms used in it, as required in terms of Regulation 20 of RA Regulations, 2014.

- 4.2.5** The Noticee in its reply to the findings of Inspection report submitted that: As explained above, SEBI has misinterpreted the provisions, as mere sending of research recommendation through an algorithm shall not construed to be a research report as algorithm is just used as a medium to disseminate the research recommendations to the clients just like SMS / Whatsapp. Also, the recommendations made to the clients, didn't contained any such terms for which explanation/definition

was needed. All the words used in providing the recommendations were in layman language which any investor could easily understand. Hence, providing research recommendations through an algorithm shall not be construed as research report and no such provisions is being violated.

- 4.2.6 SEBI in this regard observed that, The RA refuted the findings of the inspection by stating that research recommendation through Algologic can't be construed as "Research Report" as defined in RA regulation 2014. However, such submission is not tenable and can't be accepted as sufficient reply to the inspection findings, as RA regulations 2014 clearly stated that " research report" means any written or electronic communication that includes research analysis or research recommendation or an opinion concerning securities or public offer, providing a basis for investment decision..."

In view of the above, it is alleged that the Noticee had violated Regulation 20(1) of the RA regulations.

- 4.3 The captions of the youtube videos viz. "Earn profit upto 5000/- with Algologic" & "How to make 5000/- profit daily? Check equity cash video" are self-explanatory and self-inducing which tends to lure gullible investors expecting fixed return even though not specifically claiming assured return however it tends to imply the same. Such alluring and self-inducing captioned videos defeat the very purpose of Code of Conduct for RA.

The above act on the part of Prerna Sharma, RA falls under the definition of "Fraud" as defined under Regulation 2(1) (c) of SEBI (PFUTP) Regulations, 2003

- 4.3.3 It was observed that RA- Prerna Sharma runs a Youtube channel in the name of Algologic Live. From the contents of the videos uploaded in the said youtube channel, it is noted that she is luring investors by giving assured returns to them through the said channel. For instance, the thumbnail of one of her videos reads " Earn profit upto 5000/- with Algologic software equity cash". Another thumbnail of video states, "how to make 5000/- profit daily" Check equity cash video." Therefore RA- prerna is promising assured returns to the clients for the investment through Algologic software and in the process luring them to make higher investments.
- 4.3.4 The Noticee in its reply to the findings of Inspection report submitted that the claim of SEBI that I have lured investors by giving assured returns is factually incorrect as I have nowhere made any claim of the guaranteed return or assured return. Further, the thumbnail of video relied upon by SEBI has clearly ignored the line mentioned Profit upto which itself is self explanatory. Further, SEBI has not watched the video and merely upon a thumbnail of a video have raised such a serious allegation as I have nowhere made any claim of guaranteed return or assured return and same can be verified from the contents of the video uploaded on the Youtube. (Annexure 18)
- 4.3.5 Furthermore, the extracts of Youtube channel relied upon by the SEBI nowhere establishes that I was engaged in luring the investors. I have always acted with honesty and in good faith and have not violated any such clause of the Code of Conduct.
- 4.3.6 SEBI in this regard observed that, The captions of the youtube video viz. "Earn profit upto 5000/- with Algologic" & "How to make 5000/- profit daily? Check equity cash video" are self explanatory and self inducing which tends to lure gullible investors expecting fixed return even though not specifically claiming to imply the same. Such alluring and self inducing captioned videos defeat the very purpose of Code of Conduct for RA.

In view of the above, it is alleged that the Noticee had violated the following provisions:

Regulations 3(a), (b), (c), (d), 4(2) (k) (o), (s)(i) & (s)(iii) read with Regulation 2(1)(b)(ii) and Regulation 2(1)(c)(5) of SEBI (PFUTP) Regulations, 2003.

Regulation 24(2) read with clause 1, clause 7 and clause 8 of the Schedule III of RA Regulations, 2014.

4.4 Prerna Sharma has not maintained rationale for arriving at research recommendations.

- 4.4.3 It was observed that RA-Prerna Sharma provides its research advice to its clients through algorithm named algologic. However, the RA has submitted that she does not maintain any rationale for arriving at the research recommendations and also submitted that she has not done any compliance audit in terms of Regulation 25(3) of RA Regulations 2014. (Annexure 19)
- 4.4.4 The Noticee in its reply to the findings of Inspection report submitted that, I have not prepared any research rationale as I was not aware of the same. Further, as soon as I come to know for the same, I have started preparing the rationale for every trading calls. The mistake of not preparing the rationale is unintentional and further, it has not led to any loss to the investors. I have properly offered the services to all of my clients and hence the violations shall be dropped off.
- 4.4.5 SEBI in this regard observed that, The RA admitted to findings of the inspection of not maintaining any rationale for arriving research recommendations.

In view of the above, it is alleged that the Noticee had violated the following provision:

Regulation 25(3) of RA Regulations

4.5 The RA – Prerna Sharma, took more than 30 days to redress the complaints of viz. Mr. Hanuman Mahur and Hasmukh Patel i.e., 60 days and 154 days, respectively

- 4.5.3 It was observed from the submissions of RA-Prerna Sharma that she has obtained SCORES login ID- RANP0049 on 25/05/2021.
- 4.5.4 RA – Prerna Sharma has submitted that 5 complaints were received against her during the inspection period from April 1, 2021 to March 31, 2023 and there are no pending complaints against her. Annexure 20.
- 4.5.5 However, as per details submitted by the RA – Prerna Sharma, it is observed that out of 5 in 2 complaints viz. complaint of Mr. Hanuman Mahur and Hasmukh Patel, RA took more than 30 days i.e., 60 days and 154 days, respectively, to redress the investor grievances. The screenshot of the aforementioned complaints are placed at Annexure 21.
- 4.5.6 The Noticee in its reply to the findings of Inspection report submitted the following:

- 4.5.6.1 Regulation 13(1) of the SEBI (Intermediaries Regulations, 2008 states that: The intermediary shall make endeavors to redress investor grievances promptly but not later than forty-five days of receipt thereof and when called upon by the Board to do so it shall redress the grievances of investors within the time specified by the Board.
- 4.5.6.2 SEBI/Circular SEBI/HO/OIAE/IGRD/CIR/P/2019/96 states that the generation of SCORES user id and password has been automated for all new SEBI registered intermediaries.
- 4.5.6.3 SEBI Circular SEBI/HO/IMD/IMD-II/CIS/P/CIR/2021/0685 states that investors complaints and investor charter to be displayed by RAs.
- 4.5.6.4 I have not violated any such aforesaid provisions as I have endeavoured to redress the investor grievance within the time specified. However, few cases it took time from clients end to reach the final resolution and hence the delay beyond 30 days was on end of the client.
- 4.5.6.5 Also, I am in compliance with SEBI Circular SEBI/HO/OIAE/IGRD/CIR/P/2019/86, as I have obtained SCORES user id and password. Also, I am in compliance with the SEBI circular SEBI/HO/IMD/IMD-II/CIS/P/CIR/2021/0685, as I have duly updated my website with the Investor Charter and Complaints Table.
- 4.5.6.6 Hence, the allegations imposed by the SEBI are all baseless as I have not at all violated any of the aforesaid provisions.
- 4.5.7 SEBI in this regard observed that, the submission of the RA is self –contradictory as regards redressal of 2 complaints wherein RA admitted that it took more than 30 days to resolve the issue while at the same time submitting that it did not violate any of the provisions of SEBI Regulations regarding investor complaint.

In view of the above, it is alleged that the Noticee had violated Regulation 13 (1) of SEBI (Intermediaries) Regulations, 2008 along with Point D of Annexure – A referred in Clause 2 of Circular No. SEBI/HO/IMD/IMD-II CIS/P/CIR/2021/0685 dated December 13, 2021.

4.6 The RA admitted submitting false work experience from Motilal Oswal Financial that bears false seal of Motilal Oswal Financial Services and further admitted that she never worked in Motilal Oswal Financial Services Ltd.

- 4.6.3 In order to comply with the qualification and certification requirement of Regulation 7(iv) of Research Analyst Regulations, 2014 i.e. A graduate in any discipline with an experience of at least five years in activities relating to financial products or markets or securities or fund or asset or portfolio management, the above experience letter of Motilal Oswal were submitted by the RA-Prerna Sharma. It was observed that the working period of RA-Prerna Sharma was concurrent in Bangalore Consultancy Services and Motilal Oswal Financial Services Pvt. Ltd. Thus, the presence of the RA-Prerna Sharma at both the places raised a serious doubt on her conduct.
- 4.6.4 Therefore, in order to confirm the authenticity of the said experience letter of Motilal Oswal using which the RA obtained registration from SEBI, vide email dated March 14, 2023 (**Annexure 23**), Motilal Oswal Financial Services Limited was requested to verify whether the said experience letter (**Annexure 6**) was issued by it. In response, vide email dated March 15, 2023 (**Annexure 24**), Motilal Oswal Financial Services Limited has submitted that they have checked their employee records and are unable to find Ms. Prerna Sharma and the signatory on the experience letter bearing name Sachin S, as our employees and the said letter was not issued by Motilal Oswal Financial Services Limited.
- 4.6.5 Further, the RA was confronted during the inspection to which vide letter dated March 20, 2023, she has given a self-declaration to the inspecting authority, submitting that she was working with Bangalore Consultancy Services from 01.08.2008 to 30.09.2013 and was also working in VPS Advisory Services from 01.10.2013 to 30.12.2014. In order to get registration of RA from SEBI, she has submitted a false experience letter of having worked in Motilal Oswal Financial Services Ltd, which also bears a false seal and that she had never worked in Motilal Oswal Financial Services Ltd. Submission made by RA during onsite inspection and email from Motilal Oswal Financial Service.(**Annexures 23 & 24**)
- 4.6.6 The Noticee in its reply to the findings of Inspection report submitted that, In order to get registration of RA from SEBI, I had submitted a false experience letter of having worked in Motilal Oswal Financial Services Ltd., which also bears a false seal and that I had never worked in Motilal Oswal Financial Services Ltd.
- 4.6.7 SEBI in this regard observed that, the RA admitted submitting false work experience from Motilal Oswal Financial that bears false seal of Motilal Oswal Financial Services and further admitted that she never worked in Motilal Oswal Financial Services Ltd.

In view of the above, it is alleged that the Noticee had violated the following provision:

Regulation 7(iv) of RA Regulations, 2014, and clause 1 and clause 7 of Code of Conduct under Schedule III of RA Regulations, 2014

“ ... ”

5 Vide letter dated May 27, 2024, Noticee submitted her reply to the SCN. Key submissions of the Noticee as reply to the SCN are as under:

“ ... ”

1. *I am the Noticee in the aforementioned SCNs. I submit that I have opted for the Settlement Mechanism for the present violations alleged against me and filed an application. This reply is without prejudice to the Settlement Proceedings which are currently ongoing. I crave leave to file a further comprehensive response to the SCN, in the event the settlement proceedings are not fruitful.*
2. *I am filing this common reply for both the SCNs issued to me as referred above.*
3. *At the outset, I deny all allegations made against me in the SCN and nothing contained therein should be deemed to have been admitted by me for want of specific denial. I deny that I ought to be held liable for any alleged wrongful acts or omissions in violations of Regulation 13(i), 13(ii), 19, 20 and 25 of the SEBI (Research Analyst) Regulations, 2014 (RA Regulations), Regulation 7(iv), Regulation 24(2) read with clause 1, clause 7 and clause 8 of the Schedule to the RA Regulations; Regulations 3(a), (b), (c), (d), 4(2)(k), 4(2)(o) and 4(2)(s)(i) and (ii) of the SEBI (Prevention of Fraudulent and Unfair Trade Practices Relating to the Securities Markets) Regulations 2003 (PFUTP Regulations), as well as for the allegations made against me for violation of Regulation 13(1) of the SEBI (Intermediaries) Regulations, 2008 (Intermediaries Regulation).*
4. *The brief facts stated in the SCN are as follows:*
 - a. *That SEBI had conducted an on-site inspection in my Registered Office from March 20, 2023 to March 22, 2023. Afterward, the Report has contained the following findings as given below;*
 - b. *That I failed to use the term "Research Analyst" in my correspondence with my clients, thus violating Regulations 13(i) and 13(ii) of the RA Regulations.*
 - c. *That I have failed to disclose any conflict of interest in the Research Reports sent to clients, and hence I am in violation of Regulation 19 of the RA Regulations.*
 - d. *That I have failed to define the terms of research in the Research Reports prepared by me, and hence that I am in violation of Regulation 20 of the RA Regulations.*
 - e. *That by having certain self-explanatory and allegedly deceptive titles on videos on my YouTube channel, I have promised assured returns for investments through my software, and by having lured them to make higher investments, I am in violation of Regulations 3(a), (b), (c), (d), 4(2)(k), (o), (s)(i) & (s)(iii) read with Regulation 2(1)(b)(ii) and Regulation 2(1)(c)(5) of the PFUTP Regulations. I am also alleged to have violated Regulation 24(2) read with clause 1, clause 7 and clause 8 of Schedule III of the RA Regulations.*
 - f. *That by having failed to maintain any rationale for the research recommendations so provided, I am in violation of Regulation 25(3) of the RA Regulations.*
 - g. *That by having taken more than 30 days to redress complaints from clients within 30 days, I am in violation of Regulation 13(1) of the Intermediaries Regulation.*
5. *I state and submit that I have used the term Research Analyst in all my correspondences to my clients. SEBI has overlooked the fact that my website, which is the primary forum of interaction with my clients unequivocally sets out my role as a Research Analyst, and includes my registration number, along with other necessary credentials. A copy of my correspondences is annexed to this Reply as Exhibit A. Moreover, a copy of my website is also annexed hereto as Exhibit B. In view of the same, I deny any alleged violations of Regulations 13(i) and 13(ii) of the RA Regulations.*
6. *I state and submit that SEBI has wrongly alleged me of violations of Regulations 19 and 20 of the RA Regulations. It is submitted that SEBI has not considered my defense that I do not prepare Research Reports, but only make recommendations based on algorithmic predictions of prevailing market trends, which are distinct and separate from the issuance of a Research Report. In support of the same, I submit that Annexure A to SEBI Circular dated December 13, 2021 has distinguished between the same, a copy of which has been annexed to this reply as Exhibit C. In view of the same, I hereby deny any alleged violations of Regulation 19 and 20 of the RA Regulations, as the same would be inapplicable in the present case.*
7. *I state and submit that any charge on me with regards to violations of various Regulations of the PUFTP Regulations are baseless, based on conjecture and surmises, and are unsubstantiated allegations which have no basis in law or fact. This supposed violation stems from various titles of my YouTube channel, which SEBI has alleged constitute fraudulent practice in the present case. First, it is submitted that any such allegation must also factor in the nature of the words used on the YouTube channel. It is submitted that there were no instances of any promises made recklessly, nor were there any promises of assured returns. Any such captions were only indicative of investment advice made in light of prevailing market trends, and were in no way part of any scheme to defraud participants in the market. I additionally submit that SEBI has failed to consider the necessity of proof of knowledge on my part, for any violation of Regulations 4(2)(k), s(i) and s(iii) of the PUFTP Regulations. I submit that no statement made by me, nor any advice I tendered were made with any knowledge to the contrary, and that they were made in good faith. In view of this, I deny all allegations made against me for violations of various provisions of the PUFTP Regulations.*
8. *I submit that I did not provide rationale for arriving at any research recommendations, and since having been made aware of the same, I have been in strict compliance of the requirement for such a rationale. This mistake of not having prepared a research rationale is unintentional, and a lapse which has since been rectified. However, I submit that I have diligently provided my services to my clients with complete honesty, and any lack of such a rationale has never affected the investors. I submit that in view of this subsequent rectification, as well as due to the absence of unfortunate consequences, no action be taken against me the alleged violation of Regulation 25(3) of the RA Regulations.*
9. *I state and submit that any allegations against me with regard to any violation of Regulation 13(1) of the Intermediary Regulation is wholly unwarranted and uncalled for in view of the context in which the supposed violations have occurred. It is submitted that Regulation 13(1) of the aforesaid Regulations states that "intermediary shall make endeavors to redress investor grievances promptly but not later than forty-five days of receipt thereof...". It is my humble submission that I have always acted in strict compliance with all required SEBI bye-laws and regulations, and in the present case, out of 5 complaints registered against me, only 2 were found to have any delay in being redressed. It is submitted that such delays were caused by a lack of expediency on the side of the Client, which prolonged the final resolution of the complaints. However, the record will show that I have sought to always expeditiously resolve any such complaints as iterated above, and in view of this, I deny all allegations made against me for violations of Regulation 13(1) of the Intermediary Regulations.*
10. *I humbly submit that in view of the totality of allegations against me, they are mostly requirements of a procedural nature that have been discovered over the course of an inspection by SEBI. In the case of Religare Securities v SEBI (Appeal No. 23 of 2011, Order dated June 16, 2011), the Hon'ble Securities Appellate Tribunal has held [sic] "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." Considering that there have been a considerable number of violations alleged against me, most of which are procedural requirements, it is humbly submitted that SEBI would be acting contrary to the object of an inspection by disproportionately charging me for the same, and that they would be acting in contravention of settled law.*
11. *In view of the aforesaid submissions, it is submitted that the SCN against me is liable to be withdrawn, with no adverse inference being drawn against me, nor with any penalty being imposed upon me. I also beg to add any additional defenses in the form of responses to the allegations made against me, as and when they shall arise.*

... ”

- 6 Having regard to the principles of natural justice, vide Hearing Notice dated May 28, 2024, an opportunity of personal hearing was afforded to the Noticee by erstwhile AO on June 03, 2024. Vide email dated May 29, 2024, Noticee requested to re-schedule the hearing to any date after June 11, 2024. Considering the Noticee's request, vide email dated May 31, 2024, hearing in the matter was re-scheduled on June 12, 2024.
- 7 On the re-scheduled date of hearing viz., June 12, 2024, the Noticee availed the opportunity of hearing through her Authorized Representative (ARs) viz. Mr. Kunal Katariya and Ms. Dipanita Roy. During the hearing, the ARs of the Noticee relied upon and reiterated the submissions made by Noticee vide letter dated May 27, 2024.
- 8 Noticee vide letter dated May 27, 2024 inter alia also informed that she had opted for the Settlement Mechanism for the present alleged violations and filed an application. Vide email dated March 08, 2025, Noticee informed about withdrawal of Settlement Application filed in the matter and sought another opportunity of hearing. Vide email dated March 11, 2025 it was informed by the concerned department of SEBI that the Settlement application had been withdrawn by the applicant.
- 9 Vide email dated June 24, 2025, Noticee was allowed opportunity of making further submissions, if any, latest by June 25, 2025 EOD. Noticee vide email dated June 25, 2025 sought adjournment of one month for filing the submission in the matter. Vide email dated June 27, 2025, Noticee was allowed extension of time till July 04, 2025 for filing submissions in the matter. Noticee vide email dated July 03, 2025 again sought adjournment for filing submission. Vide email dated July 09, 2025 Noticee was again allowed opportunity for filing further submissions till July 13, 2025, if any. Vide email dated July 12, 2025, Noticee once again sought adjournment of 15 days for filing the submissions in the matter. Considering that reply to the SCN in the matter had already been filed vide letter dated May 27, 2024, one more and last opportunity was provided to Noticee vide email dated July

14, 2025 for filing further submissions by July 18, 2025. Noticee vide email dated July 17, 2025 once again sought adjournment of some days for filing the submissions in the matter. Considering that more than sufficient time was already allowed to Noticee, Noticee was given last opportunity for making further submissions, till July 21, 2025. Noticee vide email dated July 21, 2025 made its additional submissions as reply to the SCN:

Noticee's additional submissions dated July 21, 2025 are given below:

“
...

Point wise reply to SCN:

Reply to Point (1)

- (a) I am not aware of any correspondence which did not use the word "Research Analyst In my correspondence with the client. My primary point of communication is through website which very well has the word Research Analyst inscribed on the face of it. There may be some correspondence personal in nature which I am not acting as a research analyst and hence the word: Research Analyst "may have not been added to the correspondence. Also the trail mail which are not material in nature or are inadvertently send by auto reply software may have been the cause.
3. I state and submit that I have used the term Research Analyst in all my correspondences to my clients. SEBI has overlooked the fact that my website, which is the primary forum of interaction with my clients unequivocally sets out my role as a Research Analyst, and includes my registration number, along with other necessary credentials. A copy of my correspondences is annexed to this Reply as Exhibit A. Moreover, a copy of my website is also annexed hereto as Exhibit B. In view of the same, I deny any alleged violations of Regulations 13(i) and 13(a) of the RA Regulations.

Reply to Point (2 & 3)

4. I state and submit that SEBI has wrongly alleged me of violations of Regulations 19 and 20 of the RA Regulations. It is submitted that SEBI has not considered my defence that I do not prepare Research Reports, but only make recommendations based on algorithmic predictions of prevailing market trends, which are distinct and separate from the issuance of a Research Report. In support of the same, I submit that Annexure A to SEBI Circular dated December 13, 2021 has distinguished between the same, a copy of which has been annexed to this reply as Exhibit C. In view of the same, I hereby deny any alleged violations of Regulation 19 and 20 of the RA Regulations, as the same would be inapplicable in the present case.

Algorithmic prediction are totally machine based coupled with AI and no human interface is there. Such predictions are separate and hence distinct from Research Reports.

Aspect	Algorithmic Trading	Traditional Trading
Speed	Milliseconds	Minutes to hours
Analysis	Quantitative, statistical models	Mix of technical and qualitative
Risk Management	Automated, rule-based	Human judgment
Customization	Limited to programmed rules	Highly flexible
Cost	High setup, lower ongoing costs	Lower setup, higher ongoing costs

Reply to Point 4:

5. I state and submit that any charge on me with regards to violations of various Regulations of the PUFTP Regulations are baseless, based on conjecture and surmises, and are unsubstantiated allegations which have no basis in law or fact.

This supposed violation stems from various titles of my YouTube channel, which SEBI has alleged constitute fraudulent practice in the present case. First, it is submitted that any such allegation must also factor in the nature of the words used on the YouTube channel.

It is submitted that there were no instances of any promises made recklessly, nor were there any promises of assured returns. Any such captions were only indicative of investment advice made in light of prevailing market trends, and were in no way part of any scheme to defraud participants in the market. I additionally submit that SEBI has failed to consider the necessity of proof of knowledge on my part, for any violation of Regulations 4(2) (k), s (i) and s(iii) of the PUFTP Regulations.

The words used "Earn profit up to 5000" etc were titles which had educational content and not made by me acting as an research analyst and was not made by me.

I submit that no statement made by me, nor any advice I tendered were made with any knowledge to the contrary, and that they were made in good faith. In view of this, I deny all allegations made against me for violations of various provisions of the PUFTP Regulations.

Reply to Point 5

6. I submit that I did not provide rationale for arriving at any research recommendations, and since having been made aware of the same, I have been in strict compliance of the requirement for such a rationale. This mistake of not having prepared a research rationale is unintentional, and a lapse which has since been rectified. Infact it also provided more force to my argument for point No. 3 of my reply above that once I have not made any research the question of contravening any provisions of the erstwhile RA on that point does not arise.

However, I submit that I have diligently provided my services to my clients with complete honesty, and any lack of such a rationale has never affected the investors. I submit that in view of this subsequent rectification, as well as due to the absence of unfortunate consequences, no action be taken against me the alleged violation of Regulation 25(3) of the RA Regulations:

Reply to Point 6:

7. I state and submit that any allegations against me with regard to any violation of Regulation 13(1) of the Intermediary Regulation is wholly unwarranted and uncalled for in view of the context in which the supposed violations have occurred. It is submitted that Regulation 13(1) of the aforesaid Regulations states that "intermediary shall make endeavours to redress investor grievances promptly but not later than forty-five days of receipt thereof...". It is my humble submission that I have always acted in strict compliance with all required SEBI bye-laws and regulations, and in the present case, out of 5 complaints registered against me, only 2 were found to have any delay in being redressed. It is submitted that such delays were caused by a lack of expediency on the side of the Client, which prolonged the final resolution of the complaints. However, the record will show that I have sought to always expeditiously resolve any such complaints as iterated above, and in view of this, I deny all allegations made against me for violations of Regulation 13(1) of the Intermediary Regulations.

Reply to Point 7 of SCN:

8. I humbly submit that in view of the totality of allegations against me, they are mostly requirements of a procedural nature that have been discovered over the course of an inspection by SEBI. In the case of Religare Securities v SEBI (Appeal No. 23 of 2011, Order dated June 16, 2011), the Hon'ble Securities Appellate Tribunal has held [sic] "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." Considering that there have been a considerable number of violations alleged against me, most of which are procedural requirements, it is humbly submitted.

Without Prejudice to above I would like to submit that due my non-disclosure has not caused any financial loss to any investor directly or indirectly in contact with me and no adverse cognisance should be taken against procedural lapse on part of me.

... ”

10 Pursuant to transfer of erstwhile AO and appointment of the undersigned as the AO, vide email dated November 04, 2025, an opportunity to file additional submission by November 07, 2025, if any, in regard to the SCN along with the relevant supporting documents was provided to the Noticee. Further, Noticee were asked whether they desire to avail opportunity of hearing. In this regard vide email dated November 06, 2025, Noticee requested to grant personal hearing to present her case. Vide email dated November 07, 2025, Noticee was provided an opportunity of hearing on November 13, 2025. On the scheduled date of hearing i.e November 13, 2025, the Noticee appeared though her Authorized Representative viz., CA. Pragnesh Mahendra Jagasheth (Authorized Representative / 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 vide email dated May 27, 2024 and July 21, 2025.

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 Noticee has violated the provisions of the SEBI RA Regulations, 2014, SEBI (PFUTP) Regulations, 2003 and SEBI (Intermediaries) Regulations, 2008, as alleged?

Issue No. II: If yes, whether the Noticee is liable for imposition of monetary penalty under Section 15C, 15EB and 15HA of SEBI Act, 1992?

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

Issue No. I: Whether the Noticee has violated the provisions of the SEBI RA Regulations, 2014, SEBI (PFUTP) Regulations, 2003 and SEBI (Intermediaries) Regulations, 2008, as alleged?

I note that Noticee had made common submissions in its reply to the SCN vide common letter /email dated May 27, 2024 and July 21, 2025 (replies to the SCN). In this regard I note that save for being differently worded, broadly speaking, the submissions made are common. Hence the same have been dealt with conjointly and references drawn, if any, are to the text per either of the letters and submissions dealt with accordingly.

11.1 Prerna Sharma did not use the term “Research Analyst” in all her correspondences

11.1.1. In this regard it was inter alia observed by SEBI from the random sampling copies of correspondence that RA- Prerna does not use the term ‘Research Analyst’ in all the correspondences with her clients.

11.1.2. In this regard, Noticee in her reply to the findings of Inspection submitted to SEBI earlier that *“I have used the term research analyst in all my correspondences with the clients. The same can be verified from the Annexure I. Further, upon my website, which is the main interaction point with the clients, all my registration details are properly disclosed along with the registration number. The same can be verified from Annexure II. Hence, I have not violated the said provisions.”*

11.1.3. SEBI in this regard observed that by submitting a single copy of email correspondence dated 26.04.2023 with clients, the research Analyst – Prerna Sharma claimed that she used the term “Research Analyst” in all correspondences to the clients, which is not tenable for the simple reason that the RA was submitting only one correspondence with client and the period/time of the correspondence is outside the period of inspection. RA instead of admitting the deficiency has refuted the inspection findings by relying on the contents of her correspondence sent to her client well passed after the inspection period.

11.1.4. In this regard, it is pertinent to refer text of the relevant provisions alleged to have been violated by the Noticee which reads as under:

“
...
Conditions of certificate.
13. The certificate granted under regulation 9 shall, inter alia, be subject to the following conditions: -
(i) the research analyst shall abide by the provisions of the Act and these regulations;
....
(iii) research analyst registered under these regulations shall use the term ‘research analyst’ in all correspondences with its clients ²⁷[.]
...”

11.1.5. In this regard I note that Noticee as part of reply to the SCN has submitted that *“...I have used the term Research Analyst in all my correspondences to my clients. SEBI has overlooked the fact that my website, which is the primary forum of interaction with my clients*

unequivocally sets out my role as a Research Analyst, and includes my registration number, along with other necessary credentials. A copy of my correspondences is annexed to this Reply as Exhibit A. Moreover, a copy of my website is also annexed hereto as Exhibit B...”

11.1.6. I note that Noticee has provided an email dated 26-04-2023 as Exhibit A and copy of screenshot of her website as Exhibit B to substantiate her contention that she has used the term Research Analyst in all her correspondences to her clients and that her website used the term ‘Research Analyst’ along with the registration number. In this regard, I note that the date of aforesaid email (26-04-2023) falls outside the period of Inspection (April 1, 2021 to March 22, 2023) in the matter. Further, submission of mere one email and screenshot of website indicating that the term Research Analyst was used on website along with the registration number is insufficient to conclusively demonstrate that the Noticee consistently used the term Research Analyst in all correspondences to her clients.

11.1.7. Moreover, I also note from material available on record that during the Inspection, Noticee submitted random sample copies of correspondence to SEBI as response to the Pre-Inspection Questionnaire issued by SEBI. It is noted from these random sample copies of correspondence (viz., emails dated October 23, 2022, October 31, 2022 and November 23, 2022) which were addressed to to Dr. Axxnxx Uxxxlx, Mr. xahxl Kxxyxxa and Mr. xxuxxxu Txxrx, respectively, that Noticee did not use the term ‘Research Analyst’ in all these sample correspondences instead the term ‘PS Invest’ was used by Noticee.

Therefore, Noticee’s submission in this regard are not acceptable.

11.1.8. As regards Noticee's submission that *"There may be some correspondence personal in nature which I am not acting as a research analyst and hence the word: Research Analyst "may have been added to the correspondence. Also the trail mail which are not material in nature or are inadvertently send by auto reply software may have been the cause."* I note that Regulation 13(iii) of RA Regulations clearly mandates that research analyst registered under these regulations shall use the term 'research analyst' in all correspondences with its clients. Therefore, Noticee's submission in this regard cannot be accepted.

In view thereof, I hold that Noticee had violated Regulation 13(iii) of RA Regulations. Further, by failing to comply with the provisions of Regulation 13(iii) of RA Regulations, Noticee has failed to abide by the provisions of the Act and these regulations and therefore Noticee had violated Regulation 13(i) of RA Regulations, 2014.

11.2 Prerna Sharma has not made disclosures such as material conflict of interest with subject company, as required under Regulation 19 of RA Regulations while sending recommendations.

11.2.1. In this regard, it was inter alia observed and alleged by SEBI that RA-Prerna had provided the services to her clients by sending recommendations through an algorithm named algologic based on multiple indicators and strategies. It was noted by SEBI that RA-Prerna sends her research recommendation to her clients through software, which works on multiple indicators and strategies. Therefore, software based recommendation may be considered as Research report as per the definition. It was observed that no such disclosures were made in the recommendation sent through software to clients.

11.2.2. In this regard, the Noticee in her reply to the findings of Inspection submitted to SEBI earlier that, *"SEBI has misinterpreted the said*

provisions as mere sending of research recommendation through an algorithm does not constitutes to be a research report as algorithm is just used as a medium to disseminate the research recommendations to the clients just like SMS/Whatsapp. Further, research recommendations and research report are both different things and even the SEBI circular dated December 13, 2021 related to publishing of investor charter and disclosure of Investor complaints by research complaints by Research Analysts on their websites/mobile applications has clearly bifurcated research report and research recommendations as different business activities.”

11.2.3. SEBI in this regard observed that the submissions by RA that research recommendations and research report being different and her algologic recommendation being not as research report as defined in RA regulations was evasive and not specific reply to inspection finding of non-disclosures as regards conflict of interest in the recommended stock/subject company. Therefore, the reply of the Noticee was not accepted by SEBI.

11.2.4. In this regard it is pertinent to refer the text of the relevant provisions of RA Regulations, 2014 alleged to have been violated:

“...

Disclosures in research reports.

19. A research analyst or research entity shall disclose all material information about itself including its business activity, disciplinary history, the terms and conditions on which it offers research report, details of associates and such other information as is necessary to take an investment decision, including the following:

(i) Research analyst or research entity shall disclose the following in research report and in public appearance with regard to ownership and material conflicts of interest:

(a) whether the research analyst or research entity or his associate or his relative has any financial interest in the subject company and the nature of such financial interest;

(b) whether the research analyst or research entity or its associates or relatives, have actual/ beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance;

(c) whether the research analyst or research entity or his associate or his relative, has any other material conflict of interest at the time of publication of the research report or at the time of public appearance;

(ii) Research analyst or research entity shall disclose the following in research report with regard to receipt of compensation:

(a) whether it or its associates have received any compensation from the subject company in the past twelve months; (b) whether it or its associates have managed or co-managed public offering of securities for the subject company in the past twelve months;

(b) whether it or its associates have managed or co-managed public offering of securities for the subject company in the past twelve months;

(c) whether it or its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months;

(d) whether it or its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months;

(e) whether it or its associates have received any compensation or other benefits from the subject company or third party in connection with the research report.

(iii) Research analyst or research entity shall disclose the following in public appearance with regard to receipt of compensation:

(a) whether it or its associates have received any compensation from the subject company in the past twelve months;

(b) whether the subject company is or was a client during twelve months preceding the date of distribution of the research report and the types of services provided:

Provided that research analyst or research entity shall not be required to make a disclosure as per sub-clauses (c), (d) and (e) of clause (ii) or sub-clauses (a) and (b) of clause (iii) to the extent such disclosure would reveal material non-public information regarding specific potential future investment banking or merchant banking or brokerage services transactions of the subject company.

(iv) whether the research analyst has served as an officer, director or employee of the subject company;

(v) whether the research analyst or research entity has been engaged in market making activity for the subject company;

(vi) Research analyst or research entity shall provide all other disclosures in research report and public appearance as specified by the Board under any other regulations.

...”

11.2.5. In this regard I note that Noticee as part of reply to the SCN during the instant proceedings has inter alia contended that “...SEBI has not considered my defense that I do not prepare Research Reports, but only make recommendations based on algorithmic predictions of prevailing market trends, which are distinct and separate from the issuance of a Research Report. In support of the same, I submit that Annexure A to SEBI Circular dated December 13, 2021 has distinguished between the same, a copy of which has been annexed to

this reply as Exhibit C. In view of the same, I hereby deny any alleged violations of Regulation 19 and 20 of the RA Regulations, as the same would be inapplicable in the present case...

11.2.6. In this regard, it is pertinent to refer the relevant extracts of definition of 'research report' under Regulation 2(1)(w) of RA Regulations is as under:

"...

2 (1) ...

(w) "research report" means any written or electronic communication that includes research analysis or research recommendation or an opinion concerning securities or public offer, providing a basis for investment decision..."

..."

11.2.7. I note that in the instant matter the recommendations were sent through an algorithm which is a form of electronic communication. The output of the algorithm which is based on multiple indicators and strategies constitute a research recommendation or an opinion concerning securities. The recommendations are related to securities providing a basis for investment decisions and the primary purpose of the recommendations is to guide the client's investment choices.

In view thereof Noticee's contention in this regard cannot be accepted.

11.2.8. Taking the above into consideration, I hold that by not including the technical analysis and other relevant disclosures which includes material information about itself including its business activity, disciplinary history, the terms and conditions on which it offers research report, details of associates, the compensation received by the Research Analyst or research entity and such other disclosures which needs to be sent to the clients, the Noticee had violated Regulation 19 of RA Regulations.

11.3 Prerna Sharma has not provided information relied upon and has not defined/ disclosed the terms mentioned in the recommendations to its clients.

- 11.3.1. In this regard, it was inter alia observed and alleged by SEBI that RA-Prerna sends her research recommendations through algologic software to her clients. Further, the RA has submitted that she has not published any research reports since inception. However, SEBI observed that the software based research recommendation are considered as publication of research report but this form of research report sent by RA-Prerna to her clients does not define the terms used in it, as required in terms of Regulation 20 of RA Regulations, 2014.
- 11.3.2. In this regard the Noticee in her reply to the findings of Inspection report inter alia submitted to SEBI earlier that *“...SEBI has misinterpreted the provisions, as mere sending of research recommendation through an algorithm shall not construed to be a research report as algorithm is just used as a medium to disseminate the research recommendations to the clients just like SMS / Whatsapp. Also, the recommendations made to the clients, didn’t contained any such terms for which explanation/definition was needed. All the words used in providing the recommendations were in layman language which any investor could easily understand. Hence, providing research recommendations through an algorithm shall not be construed as research report and no such provisions is being violated...”*
- 11.3.3. SEBI in this regard observed that, *“The RA refuted the findings of the inspection by stating that research recommendation through Algologic can’t be construed as “Research Report” as defined in RA regulation 2014. However, such submission is not tenable and can’t be accepted as sufficient reply to the inspection findings, as RA regulations 2014 clearly stated that “research report” means any written or electronic communication that includes research analysis or research recommendation or an opinion concerning securities or public offer, providing a basis for investment decision...”*
- 11.3.4. In this regard, the provisions alleged to have been violated is reproduced below:

“ ...

Contents of research report.

20. (1) Research analyst or research entity shall take steps to ensure that facts in its research reports are based on reliable information and shall define the terms used in making recommendations, and these terms shall be consistently used.

...”

- 11.3.5. I note that Regulation 20(1) of RA Regulations, 2014 states that RA shall ensure that facts in its research reports are based on reliable information and shall define the terms used in making recommendations, and these terms shall be consistently used.
- 11.3.6. In this regard, it has already been established in the forgoing that the recommendations provided by Noticee through an algorithm named algologic constitutes Research Report as per the definition of ‘Research Report’ provided in Regulation 2(w) of RA Regulations, 2014 and the same is not being repeated here as a matter of brevity. Further, such reports have to comply with all the provisions of RA Regulations.
- 11.3.7. In this regard, I also note that Noticee as part of reply to the SCN has contended that “...*All the words used in providing the recommendations were in layman language which any investor could easily understand... the recommendations made to the clients, didn’t contained any such terms for which explanation/definition was needed. All the words used in providing the recommendations were in layman language which any investor could easily understand...*” In this regard, I note that Regulation 20(1) puts a mandate upon an RA to ensure that facts in its research reports are based on reliable information and shall define the terms used in making recommendations, and these terms shall be consistently used. I note that adherence to this regulation is mandatory, irrespective of the simplicity or common understanding of the language used. Therefore, Noticee’s submissions are not accepted in this regard.
- 11.3.8. In view thereof, I hold that Noticee has violated Regulation 20(1) of the RA Regulations.

11.4 The captions of the youtube videos viz. “Earn profit upto 5000/- with Algologic” &” How to make 5000/- profit daily? Check equity cash video” are self-explanatory and self-inducing which tends to lure gullible investors expecting fixed return even though not specifically claiming assured return however it tends to imply the same. Such alluring and self-inducing captioned videos defeat the very purpose of Code of Conduct for RA.

The above act on the part of Prerna Sharma, RA falls under the definition of “Fraud” as defined under Regulation 2(1) (c) of SEBI (PFUTP) Regulations, 2003

11.4.1. In this regard, it was inter alia observed and alleged that RA- Prerna Sharma ran a Youtube channel in the name of Algologic Live. From the contents of the videos uploaded in the said youtube channel, it was noted that she was luring investors by giving assured returns to them through the said channel. For instance, the thumbnail of one of her videos reads “Earn profit upto 5000/- with Algologic software equity cash”. Another thumbnail of video stated, “how to make 5000/- profit daily” Check equity cash video.” Therefore, RA- prerna was promising assured returns to the clients for the investment through Algologic software and in the process luring them to make higher investments.

11.4.2. The Noticee in her reply to the findings of Inspection submitted to SEBI earlier that, *“The claim of SEBI that I have lured investors by giving assured returns is factually incorrect as I have nowhere made any claim of the guaranteed return or assured return. Further, the thumbnail of video relied upon by SEBI has clearly ignored the line mentioned Profit upto which itself is self explanatory. Further, SEBI has not watched the video and merely upon a thumbnail of a video have raised such a serious allegation as I have nowhere made any claim of guaranteed*

return or assured return and same can be verified from the contents of the video uploaded on the Youtube.

Furthermore, the extracts of Youtube channel relied upon by the SEBI nowhere establishes that I was engaged in luring the investors. I have always acted with honesty and in good faith and have not violated any such clause of the Code of Conduct.”

11.4.3. SEBI in this regard observed that, the captions of the youtube video viz. “Earn profit upto 5000/- with Algologic” &” How to make 5000/- profit daily? Check equity cash video” are self explanatory and self inducing which tends to lure gullible investors expecting fixed return even though not specifically claiming to imply the same. Such alluring and self-inducing captioned videos defeat the very purpose of Code of Conduct for RA.

11.4.4. In this regard, Noticee as part of reply to the SCN has inter alia submitted that “...*This supposed violation stems from various titles of my YouTube channel, which SEBI has alleged constitute fraudulent practice in the present case. First, it is submitted that any such allegation must also factor in the nature of the words used on the YouTube channel. It is submitted that there were no instances of any promises made recklessly, nor were there any promises of assured returns. Any such captions were only indicative of investment advice made in light of prevailing market trends, and were in no way part of any scheme to defraud participants in the market. I additionally submit that SEBI has failed to consider the necessity of proof of knowledge on my part, for any violation of Regulations 4(2)(k), s(i) and s(iii) of the PUFTP Regulations. I submit that no statement made by me, nor any advice I tendered were made with any knowledge to the contrary, and that they were made in good faith...*”

11.4.5. In this regard, it is pertinent to refer to the provisions of Regulation 3(a), (b), (c) and (d), 4(1) and 4(2)(k) and (s) of PFUTP Regulations read

with Section 12A(a), (b) and (c) of SEBI Act, 1992 which inter alia states:

Regulations 3(a), (b), (c) and (d), 4(1) and 4(2)(k) and (s) of PFUTP Regulations:

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.

4. Prohibition of manipulative, fraudulent and unfair trade practices

(1) ...

(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;]

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

(s) {mis-selling of securities or services relating to securities market;

Explanation- For the purpose of this clause, "mis-selling" means sale of securities or services relating to securities market by any person, directly or indirectly, by—

(i) knowingly making a false or misleading statement, or

(ii) ...

(iii) knowingly concealing the associated risk, or

11.4.6. I note that Regulation 3 of the PFUTP Regulations, prohibits certain dealings in securities wherein manipulative or deceptive methods are used, or any entity employs any devise or scheme or artifice to defraud in connection with dealing in or issuing securities and also engage in any act, practice, course of business which 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)(k) 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 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. Also, Regulation 4(2)(s) of the PFUTP Regulations prohibits mis-selling of securities or services related to securities market. Misselling has further been explained in the said Regulations to mean "mis-selling" means sale of securities or services relating to securities market by any person, directly or indirectly, by inter alia knowingly making a false or misleading statement; knowingly concealing the associated risk.

11.4.7. In this regard, the relevant extracts of definition of 'fraud' under Regulation 2(1)(c)(5) of PFUTP Regulations and definition of 'dealing in securities' under Regulation 2(1)(b)(ii) of PFUTP Regulations are as under:

Definitions

2(1)..,

(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—

...

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

..."

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

(b) "[dealing in securities" includes:

...

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

..."

11.4.8. Further as per Regulation 4(2) 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 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;].

11.4.9. In this regard, from the combined reading of Regulation 2(1)(c)(5) and Regulation 2(1)(b)(ii) read with Regulations 3(a), (b), (c) and (d), 4(1) and 4(2)(k) and (s) of PFUTP Regulations, I note that such captions of the youtube video viz. “Earn profit upto 5000/- with Algologic” & “How to make 5000/- profit daily? Check equity cash video” were used recklessly and carelessly by Noticee to lure naive investors and the same were made to influence the decision of investors to invest in securities based on the advice of the Noticee despite fully knowing that all the investments in securities market are subject to market risk. The said captions of the youtube video were an active concealment of the material fact that every investment in the securities market is subject to market risk.

Screenshot of Noticee’s youtube videos are given below:



11.4.10. The enclosed screenshots of the Noticee's Youtube channel highlight inter alia two specific video uploads. The video titled "Earn profit upto 5000/- with Algologic software" garnered 707 views during the relevant time while the second video "How to make 5000/- Profit Daily?" accumulated 340 views. I note that these views count represent sufficient evidence that these videos were intended to make the investors believe that investment in securities market has a fixed return and thus induce investors to invest in securities market based on such misleading advice of the Noticee.

11.4.11. It is a matter of record that Noticee has neither denied nor disputed that the aforesaid videos were uploaded by her and in fact Noticee's submission is in nature of admission in so far as Noticee had inter alia submitted as part of her reply to the SCN that *"Any such captions were only indicative of investment advice made in light of prevailing market trends."* Further, I note from material available on record that the description of youtube channel 'AlgoLogic Live' inter alia mentioned registration no. of the Noticee i.e INH000006819 which sufficiently proves that the aforesaid videos were uploaded by Noticee.

11.4.12. In light of the same, the act of the Noticee to actively conceal material information, is a non-genuine and a deceptive act and has been made with an intent to influence the clients to avail of her research analyst services and deal in securities. In my view, promising assured returns/ assured loss recovery in securities market amounts to misrepresentation and misleading the investors. Such reckless conduct intended to induce investors to deal in securities constitutes 'fraud' under the PFUTP Regulations.

11.4.13. Further, 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."

11.4.14.I note that the Noticee, in its reply to the SCN had submitted "...*The words used "Earn profit up to 5000" etc were titles which had educational content and not made by me acting as an research analyst...*", However, I note that the nature of captions of the youtube video viz. "*Earn profit upto 5000/- with Algologic*" & "*How to make 5000/- profit daily? Check equity cash video*" cannot be taken as being educational in nature, instead such representations can potentially mislead investors into believing in the assured nature of returns from such recommendation. Therefore, by making such misleading disclosures, Noticee induced gullible investors and such conduct of Noticee is likely to influence the decision of investors dealing in securities. Further, I note from material available on record that the description of youtube channel 'AlgoLogic Live' inter alia mentioned registration no. of the Noticee i.e INH000006819 and therefore, Noticee's contention that "*The words used "Earn profit up to 5000" etc were titles which had educational content and not made by me acting as an research analyst.*" cannot be accepted.

11.4.15.Further, I note that on one hand, the Noticee has herself admitted as part of reply to the SCN in so far as Noticee has stated with regard to the captions of the youtube video that "*Any such captions were only indicative of investment advice made in light of prevailing market trends.*"

On the other hand, Noticee had contended that the words used were titles which had educational content and not made by me acting as a research analyst. Accordingly, I note that Noticee's submission are self contradictory.

In view thereof, Noticee's contention in this regard cannot be accepted.

11.4.16.As regards the allegation in SCN that such alluring and self-inducing captioned videos defeat the very purpose of Code of Conduct for RA. I note that Regulation 24(2) read with clause 1, clause 7 and clause 8 of the Schedule III of RA Regulations, 2014 reads as under:

THIRD SCHEDULE
[See sub-regulation (2) of regulation 24]
CODE OF CONDUCT FOR RESEARCH ANALYST

1. Honesty and Good Faith

Research analyst or research entity shall act honestly and in good faith.

7. Compliance

Research analyst or research entity shall comply with all regulatory requirements applicable to the conduct of its business activities.

8. Responsibility of senior management

The senior management of research analyst or research entity shall bear primary responsibility for ensuring the maintenance of appropriate standards of conduct and adherence to proper procedures.

11.4.17.I note that clause (1) of Code of Conduct specified in RA Regulations states that Research analyst or research entity shall act honestly and in good faith. Further, Clause (7) states Research analyst or research entity shall comply with all regulatory requirements applicable to the conduct of its business activities.

11.4.18.Noticee, being a SEBI registered intermediary, is an integral part of securities market as she provides research report to the investors in the securities market, therefore, to repose faith in securities market, it is important that a "research analyst" should act in a professional manner and should make all the relevant due disclosure to its clients while

providing its research reports to them. In the instant case, Noticee had made such claims while being fully aware that return in the securities market are subject to market risks and are not guaranteed.

11.4.19. Considering the facts and circumstances of the present case, I find that Noticee made misleading representation in a reckless manner without due care whether it be true or false which shows that Research analyst had not acted with honesty and in good faith. From the captions of the youtube videos, it is seen that the Noticee has tried to lure the Investors without giving the true picture of its business which is in violation of Regulation 24(2) read with clause 1, clause 7 and clause 8 of the Schedule III of RA Regulations, 2014.

In view thereof I hold that Noticee had violated the following:

Regulations 3(a), (b), (c), (d), 4(2) (k) (o), (s)(i) & (s)(iii) read with Regulation 2(1)(b)(ii) and Regulation 2(1)(c)(5) of SEBI (PFUTP) Regulations, 2003.

Regulation 24(2) read with clause 1, clause 7 and clause 8 of the Schedule III of RA Regulations, 2014.

11.5 Prerna Sharma has not maintained rationale for arriving at research recommendations.

11.5.1. It was inter alia observed and alleged that RA-Prerna Sharma provided her research advice to her clients through algorithm named algologic. However, the RA had submitted that she did not maintain any rationale for arriving at the research recommendations and also submitted that she has not done any compliance audit in terms of Regulation 25(3) of RA Regulations 2014.

11.5.2. In this regard, it is pertinent to refer Regulation 25(1)(iii) and Regulation 25(3) of RA Regulations which inter alia states the following:

“ ...

Maintenance of records.

25. (1) Research analyst or research entity shall maintain the following records:

(i)

(ii)

(iii) rationale for arriving at research recommendation;

(3) Research analyst or research entity shall conduct annual audit in respect of compliance with these regulations from a member of Institute of Chartered Accountants of India or Institute of Company Secretaries of India ⁴²[or Institute of Cost Accountants of India and submit the report of the same in such manner as may be specified by the Board].

...

11.5.3. In this regard I note that Noticee's reply to the findings of Inspection as well as reply to the SCN during the instant proceedings are in nature of admission save for being differently worded in so far as Noticee in reply to the findings of inspection has inter alia submitted that "*...I have not prepared any research rationale as I was not aware of the same. Further, Noticee as part of reply to the SCN has inter alia submitted that "...I did not provide rationale for arriving at any research recommendations, and since having been made aware of the same, I have been in strict compliance of the requirement for such a rationale. This mistake of not having prepared a research rationale is unintentional, and a lapse which has since been rectified...*"

In view thereof, I hold that Noticee has violated Regulation 25(1)(iii) of RA Regulations

11.5.4. As regard to compliance audit in terms of Regulation 25(3) of RA Regulations 2014, I note that Noticee has not made any submission on merits instead Noticee had made a technical submission that "*...I have diligently provided my services to my clients with complete honesty, and any lack of such a rationale has never affected the investors. I submit that in view of this subsequent rectification, as well as due to the absence of unfortunate consequences, no action be taken against me the alleged violation of Regulation 25(3) of the RA Regulations...*"

11.5.5. In this regard I note from the aforesaid contention that the Noticee has herself acknowledged the non-compliance but contended that the violation should be overlooked due to the subsequent rectification and the assertion that their services were provided diligently ensuring the absence of any adverse impact on investors. I note that the aforesaid contention of Notice is admission in nature and therefore constitutes an established violation of Regulation 25(3) of RA Regulations, 2014.

In view thereof, I hold that the Noticee has violated Regulation 25(3) of RA Regulations 2014.

11.6 The RA – Prerna Sharma, took more than 30 days to redress the complaints of viz. Mx. Hxxxxxn Mxxxr and Hxxxxxh Pxxxl i.e., 60 days and 154 days, respectively

11.6.1. In this regard, it was inter alia alleged and observed that Noticee has obtained SCORES login ID- Rxxxxxx9 on 25/05/2021. RA – Prerna Sharma has submitted that 5 complaints were received against it during the inspection period from April 1, 2021 to March 31, 2023 and there are no pending complaints against her. However, as per details submitted by the RA – Prerna Sharma, it was observed that out of 5 complaints, in the case of 2 complaints viz. complaint of Mx. Hxxxxxn Mxxxr and Hxxxxxh Pxxxl, RA took more than 30 days i.e., 60 days and 154 days, respectively, to redress the investor grievances.

11.6.2. In this regard Noticee's reply to the findings to the inspection as well as reply to the SCN during the instant proceedings were similar in nature save for being differently worded in so far as Noticee has submitted that *"...out of 5 complaints registered against me, only 2 were found to have any delay in being redressed. It is submitted that such delays were caused by a lack of expediency on the side of the Client, which prolonged the final resolution of the complaints...It is submitted that Regulation*

13(1) of the aforesaid Regulations states that “intermediary shall make endeavors to redress investor grievances promptly but not later than forty-five days of receipt thereof...”.

11.6.3. Firstly, I note that the Noticee has neither denied nor disputed that in the aforesaid 2 complaints viz. complaint of Mx. Hxxxxxn Mxxxr and Hxxxxxh Pxxxl, Noticee took more than 30 days i.e., 60 days and 154 days, respectively, to redress the investor grievances.

11.6.4. Moreover, I note that Regulation 13(1) of SEBI (Intermediaries) Regulations, 2008 mandates that the intermediary shall make endeavours to redress investor grievances promptly but not later than forty-five days of receipt thereof. Further, I also note that Point D of Annexure – A referred in Clause 2 of Circular No. SEBI/HO/IMD/IMD-II CIS/P/CIR/2021/0685 dated December 13, 2021 which is addressed to all Research Analyst states that “... In case of any grievance / complaint, an investor should approach the concerned research analyst and shall ensure that the grievance is resolved within 30 days...”.

11.6.5. I note that the applicable regulatory provisions impose a clear mandatory requirement upon all the Research Analyst to redress investor grievances within a timeline not exceeding thirty days. Therefore, in my view, it is incumbent upon the Noticee to make all necessary endeavors to redress investor grievances within the stipulated timeline.

11.6.6. In this regard, I also note that Noticee has not provided any documentary evidence along with details to substantiate that she has endeavoured to redress the investor grievance within the time specified.

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

In view thereof, I hold that Noticee had violated Regulation 13 (1) of SEBI (Intermediaries) Regulations, 2008 along with Point D of Annexure – A referred in Clause 2 of Circular No. SEBI/HO/IMD/IMD-II CIS/P/CIR/2021/0685 dated December 13, 2021.

11.7 The RA admitted submitting false work experience from Motilal Oswal Financial that bears false seal of Motilal Oswal Financial Services and further admitted that she never worked in Motilal Oswal Financial Services Ltd.

11.7.1. In this regard, it was inter alia observed and alleged that in order to comply with the qualification and certification requirement of Regulation 7(iv) of Research Analyst Regulations, 2014 i.e. a graduate in any discipline with an experience of at least five years in activities relating to financial products or markets or securities or fund or asset or portfolio management, experience letter of Motilal Oswal was submitted by the RA-Prerna Sharma. It was observed that the working period of RA-Prerna Sharma was concurrent in Bangalore Consultancy Services and Motilal Oswal Financial Services Pvt. Ltd. Thus, the presence of the RA-Prerna Sharma at both the places raised a serious doubt on her conduct. Therefore, in order to confirm the authenticity of the said experience letter of Motilal Oswal using which the RA obtained registration from SEBI, vide email dated March 14, 2023, Motilal Oswal Financial Services Limited was requested to verify whether the said experience letter was issued by it. In response, vide email dated March 15, 2023, Motilal Oswal Financial Services Limited had submitted that they have checked their employee records and were unable to find Ms. Prerna Sharma and the signatory on the experience letter bearing name Sxxxxn S, as their employees and the said letter was not issued by Motilal Oswal Financial Services Limited.

11.7.2. Further, the RA was confronted during the inspection to which vide letter dated March 20, 2023, she has given a self-declaration to the inspecting authority, submitting that she was working with Bangalore Consultancy Services from 01.08.2008 to 30.09.2013 and was also working in VPS Advisory Services from 01.10.2013 to 30.12.2014. In order to get registration of RA from SEBI, she had submitted a false experience letter of having worked in Motilal Oswal Financial Services Ltd, which also bears a false seal and that she had never worked in Motilal Oswal

Financial Services Ltd. The Noticee in her reply to the findings of Inspection submitted that *In order to get registration of RA from SEBI, she had submitted a false experience letter of having worked in Motilal Oswal Financial Services Ltd., which also bears a false seal and that she had never worked in Motilal Oswal Financial Services Ltd.*

11.7.3. In this regard it is pertinent to refer relevant regulatory provision alleged to have been violated:

Qualification and certification requirement.

7.(1) *An individual registered as research analyst under these regulations, individuals employed as research analyst and partners of a research analyst, if any, engaged in preparation and/or publication of research report or research analysis shall have the following minimum qualifications, at all times:*

“ ...

(iv) a graduate in any discipline with an experience of at least five years in activities relating to financial products or markets or securities or fund or asset or portfolio management.

...”

11.7.4. I note that Noticee has submitted as part of reply to the SCN that “I humbly submit that in view of the totality of allegations against me, they are mostly requirements of a procedural nature that have been discovered over the course of an inspection by SEBI. In the case of Religare Securities v SEBI (Appeal No. 23 of 2011, Order dated June 16, 2011), the Hon'ble Securities Appellate Tribunal has held [sic] *"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."* Considering that there have been a considerable number of violations alleged against me, most of which are procedural requirements, it is humbly submitted.

Without Prejudice to above I would like to submit that due my non-disclosure has not caused any financial loss to any investor directly or indirectly in contact with me and no adverse cognisance should be taken against procedural lapse on part of me.”

11.7.5. In this regard I note that the Noticee’s submissions are primarily directed towards the procedural nature of the matter, citing the precedent of Hon’ble SAT in the matter of Religare Securities v. SEBI regarding the purpose of carrying out an inspection being non-punitive and the object of the inspection is to ensure compliance with the necessary procedural requirements and the maintenance of records.

11.7.6. I note that the instant allegation with respect to Noticee is that the Noticee submitted false work experience from Motilal Oswal Financial that bears false seal of Motilal Oswal Financial Services and that she never worked in Motilal Oswal Financial Services Ltd. In this regard, I note that Noticee’s aforesaid submission is out of context being devoid of merit and hence cannot be accepted. I also note from material available on record that Noticee in her reply to the findings of inspection earlier to SEBI had admitted the aforesaid allegation.

In view thereof, I hold that Noticee had violated Regulation 7(iv) of RA Regulations, 2014,

I also note that Noticee had violated clause (1) of Code of Conduct under Schedule III of RA Regulations which states that Research analyst or research entity shall act honestly and in good faith and Clause (7) of Code of Conduct under Schedule III of RA Regulations which states that Research analyst or research entity shall comply with all regulatory requirements applicable to the conduct of its business activities.

Issue No. II: If yes, whether the Noticee is liable for imposition of monetary penalty under Section 15C, 15EB and 15HA of SEBI Act, 1992?

12. It has been established in the foregoing paragraphs that Noticee had violated the following regulatory provisions:

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

12.1.1. Regulation 13 (i) and (iii) of RA Regulations

12.1.2. Regulation 19 of RA Regulations.

12.1.3. Regulation 20 of RA Regulations.

12.1.4. Regulations 3(a), (b), (c), (d), 4(2) (k) (o), (s)(i) & (s)(iii) read with Regulation 2(1)(b)(ii) and Regulation 2(1)(c)(5) of PFUTP Regulations

12.1.5. Regulation 24(2) read with clause 1, clause 7 and clause 8 of the Schedule III of RA Regulations.

12.1.6. Regulation 25 of RA Regulations.

12.1.7. Regulation 13 (1) of Intermediaries Regulations along with Circular No. SEBI/HO/IMD/IMD-II CIS/P/CIR/2021/0685 dated December 13, 2021.

12.1.8. Regulation 7(iv) of RA Regulations, clause 1 and clause 7 of Code of Conduct under Schedule III of RA Regulations.

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

12.2.1. Regulations 3(a), (b), (c), (d), 4(2) (k) (o), (s)(i) & (s)(iii) read with Regulation 2(1)(b)(ii) and Regulation 2(1)(c)(5) of PFUTP Regulations.

12.2.2. Regulation 24(2) read with clause 1, clause 7 and clause 8 of the Schedule III of RA Regulations.

12.3. Under Section 15C of SEBI Act, for the alleged violations of the following provisions:

12.3.1. Regulation 13 (1) of Intermediaries) Regulations along with Circular No. SEBI/HO/IMD/IMD-II CIS/P/CIR/2021/0685 dated December 13, 2021

13. In this regard, it is 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 ”

14. Therefore, for the established violation, as brought out in the foregoing paragraphs, I find that the Noticee is liable for monetary penalty under Section 15C, 15EB and 15HA of the SEBI Act, which reads as under:

SEBI Act, 1992

“... ”

Penalty for failure to redress investors' grievances.

15C. If any listed company or any person who is registered as an intermediary, after having been called upon by the Board in writing, to redress the grievances of investors, fails to redress such grievances within the time specified by the Board, such company or intermediary 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.]

.....

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 [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].

...”

(Note: for detailed/ complete text of the provisions, relevant Acts etc., may please be referred.)

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

15. 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:

SEBI Act, 1992

“ ...

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.

...”

16. In the instant case, I note that the material available on record does not quantify any disproportionate gain or unfair advantage or loss caused to an investor or group of investors as a result of the violation committed by the Noticee. Further, there is nothing on record to show that the violation committed by the Noticee is repetitive in nature. However, I note that the Noticee being a SEBI registered Research Analyst was required to comply with the applicable provisions of securities laws, which it had failed to comply

with, as dealt with and brought out in the foregoing and which SEBI is duty bound to enforce compliance of. Such non-compliance accordingly needs to be dealt with suitable penalty.

E. ORDER

17. After taking into consideration the facts and circumstances of the case, material available on record, submissions made by the Noticee and also the factors mentioned in the preceding paragraphs, in exercise of the powers conferred upon me under section 15-I of the SEBI Act, 1992 read with Rule 5 of the SEBI Adjudication Rules, I hereby impose penalty as per the table given below. In my view, the said penalty will be commensurate with the violation committed by the Noticee in this case:

NAME OF NOTICEE	PENALTY UNDER PROVISIONS	PENALTY AMOUNT (Rs.)
Prerna Sharma (Research Analyst)	Section 15C of SEBI Act,1992	1,00,000/- (One Lakh Only)
	Section 15EB of SEBI Act,1992	9,00,000/- (Nine Lakhs Only)
	Section 15HA of SEBI Act,1992	5,00,000/- (Five Lakhs Only)
Total		15,00,000/- (Fifteen Lakhs Only)

18. The Noticee 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 on the following path, by clicking on the payment link:

ENFORCEMENT -> Orders -> Orders of AO -> PAY NOW

19. 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.

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

PLACE: MUMBAI
DATE: December 30, 2025

SUDEEP MISHRA
ADJUDICATING OFFICER