IN THE SECURITIES APPELLATE TRIBUNAL
AT MUMBAI

Dated this the 3rd day of July, 2025

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

Appeal No. 309 of 2025
[Along with Misc. Application No. 662 of 2025]

BETWEEN:

Rajesh Ranjan
No. 3, 2nd Floor (Above Viruksha Montessori),
Andrahalli Main Road,
Near D Ground Arch, VN Post,
Bengaluru – 560 091. … Appellant

(Mr. Saurabh Bachhawat with Mr. Yahya Batatawala, Advocates for the Appellant)

AND:

Securities and Exchange Board of India
SEBI Bhavan, Plot No. C-4A, G-Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400 051. …Respondent

(Mr. Manish Chhangani with Mr. Sumit Yadav, Mr. Abhay Chauhan, Mr. Atul Agrawal, Advocates i/b The Law Point for the Respondent – SEBI)

THIS APPEAL IS FILED UNDER SECTION 15T OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 TO QUASH AND SET ASIDE ORDER DATED 26.04.2024 PASSED BY THE WHOLE TIME MEMBER, SEBI.

THIS APPEAL COMING ON FOR HEARING THIS DAY, THE TRIBUNAL MADE THE FOLLOWING:

O R D E R

Per: Justice P.S. Dinesh Kumar, Presiding Officer (Oral)

For the reasons stated therein, the application for condonation of delay is allowed. Delay of 318 days is condoned. Misc. Application No. 662 of 2025 is disposed of.

2. The present appeal is filed against order dated 26.04.2024 passed by the WTM[1], SEBI[2] in the matter of an unregistered research analyst.

3. Shri Saurabh Bachhawat, learned Advocate for the appellant submitted that appellant is the proprietor of M/s. KM Financials which was into the business of providing research analyst services in the securities market. The appellant got registered with SEBI in October 2020. SEBI had issued a notice alleging that appellant was carrying on the profession of 'research analyst' without registration between September 2014 to September 2019 and called upon the appellant to show cause as to why appropriate action should not be taken against them. Appellant replied to the show cause notice. After adjudication, order dated 22.04.2022 has been passed directing the appellant to give an opportunity to the clients to exercise the option to take refund, and to refund the money received as fees. The

[1] Whole Time Member
[2] Securities and Exchange Board of India

appellant had collected in all sum of Rs. 37,26,800/-. In compliance with SEBI's order appellant approached his clients and refunded a sum of Rs. 1,75,500/- as per Chartered Accountant's certificate annexed to appellant's letter at Exhibit – H. Some of appellant's clients did not want the refund and such amount accounted to Rs. 7,56,000/-. Some of the clients did not respond and that amount accounted for Rs. 18,89,591/-. The Chartered Accountant's certificate shows that in all a sum of Rs. 28,21,091/- has been accounted for and the appellant has not approached the remaining clients. Accordingly, SEBI has passed the impugned order holding that appellant has not complied with the directions issued against him in the SEBI's order dated 22.04.2022 and failed to produce any document offering option to investors / clients to the extent of refund of Rs. 9,05,708.27 and therefore the direction contemplated at sub paragraph (e) of paragraph 19 of the SEBI order dated 22.04.2022 shall remain in force till the completion of compliance of refund to clients / investors which means that the appellant stands prohibited from taking new clients.

4. After hearing the learned Advocates on both sides on the last date of hearing, we had called upon the SEBI to complete instructions and to submit whether appellant can take out paper publication to intimate such clients who had not approached him and

to make the refund to those who respond to the paper publication. On instructions, Shri Manish Chhangani, submitted that appellant may takeout paper publication and refund the amount to such clients whoever seek refund and deposit the remaining amount with the SEBI.

5. Learned Advocate for the appellant submitted that direction in the original order was to issue notices to the clients and refund the fees. Therefore, the direction contained in paragraph 15 of the impugned order dated 26.04.2024 is unsustainable.

6. Shri Saurabh Bachhawat, learned Advocate for the appellant is right in his submission that there was no direction for depositing the amount with SEBI. However, the fact remains that appellant has not contacted some of the clients whose cumulative amount comes to about Rs. 9.05 lakh. He has now offered to issue paper publication. His submission is fair and accepted.

7. The appellant shall issue a paper publication in two leading newspapers, namely, Dainik Bhaskar and Times of India within 30 days from today and thereafter the appellant shall refund the amount those who respond within an outer limit of three months from the date of receiving any demand. Thereafter, the appellant shall file a compliance report with the SEBI. Admittedly there was no direction

for deposit in the original order. Therefore, the said direction in the impugned order is not sustainable and is liable to be set aside.

8. Learned Advocate for the appellant also prayed that appellant may be permitted to carry on his profession as research analyst by taking new clients. The same was strongly objected by Shri Manish Chhangani, learned Advocate for the SEBI.

9. We may record that out of Rs. 37,26,800/- the remaining amount is only Rs. 9.05 lakh and transactions are of the year 2014 to 2019. Therefore, appellants' submission is accepted and the appellant is permitted to carry on his profession as research analyst by enrolling new clients.

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

No costs.

Justice P.S. Dinesh Kumar
Presiding Officer

Ms. Meera Swarup
Technical Member

Dr. Dheeraj Bhatnagar
Technical Member

03.07.2025
msb

MADHUKAR BHALBAR

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