

**IN THE SECURITIES APPELLATE TRIBUNAL  
AT MUMBAI**

**DATED THIS THE 5<sup>TH</sup> DAY OF DECEMBER, 2025**

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

**Appeal No.647 of 2024**

Md Abubakar  
S/o Late Shri Md Omer  
No 133/A, 20<sup>th</sup> Cross,  
16<sup>th</sup> Main Road, Kaveri Residency,  
BTM Layout, 2<sup>nd</sup> Stage,  
Bangalore South, Bannerghatta Road,  
Bangalore 560076.

...Appellant

(Mr. N. Balu, Advocate for the Appellant.)

Securities and Exchange Board of India(SEBI)  
Plot No C4-A, BKC,  
Bandra Kurla Complex,  
Bandra East, Mumbai 400051.

...Respondent

(Mr. Vyom Shah, Advocate i/b. Mansukhlal Hiralal & Co. for the Respondent.)

THIS APPEAL IS FILED UNDER SECTION 15T OF SEBI ACT, 1992 TO SET ASIDE THE ORDER DATED SEPTEMBER 30, 2024 PASSED BY CGM, SEBI.

THIS APPEAL HAVING BEEN HEARD AND RESERVED FOR ORDERS ON, NOVEMBER 10, 2025, COMING ON FOR

PRONOUNCEMENT OF ORDER THIS DAY, THE TRIBUNAL MADE THE FOLLOWING:

**ORDER**

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

This appeal is directed against order dated September 30, 2024 passed by the CGM<sup>1</sup>, SEBI<sup>2</sup> directing the appellant and other noticees to refund the money collected from all investors as fees for the advisory activities within three months and to pay a penalty of ₹7 Lakhs.

2. We have heard Shri N. Balu, learned Advocate for the appellant and Shri Vyom Shah, learned Advocate for the respondent.

3. Brief facts of the case are, SEBI, based on a Suspicious Transaction Report received from Financial Intelligence Unit against one Mr. Sagar B. K. who was associated with Stock Taurus Private Limited ('Company' for short), conducted an examination and it came to light that the Company was involved in investment advisory activities without obtaining registration from the SEBI. Hence, a detailed investigation was conducted into the matter and it revealed that the Company had received a

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<sup>1</sup> Chief General Manager.

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

sum of ₹3,02,14,930/- as 'fees' in the bank accounts of the Company and its Directors.

4. SEBI issued a Show Cause Notice<sup>3</sup> alleging that the five noticees had violated the SEBI Act<sup>4</sup>, SEBI (IA) Regulations<sup>5</sup> and PFUTP Regulations<sup>6</sup>. Appellant is noticee No.3. He submitted his reply stating that he was not privy to any transactions. All transactions were carried out by Mr. Avinash (noticee No.2) and his wife Ms. Bhanupriya (noticee No.4) through the Company. That he was a 'gym trainer' by profession and Avinash was his childhood friend. He took charge as a Director on October 5, 2018 and resigned on October 10, 2019; and he had uploaded his resignation on the MCA<sup>7</sup> portal. He had also filed a complaint with the police<sup>8</sup> against the said Avinash.

5. Assailing the impugned order, Shri N. Balu, learned Advocate for the appellant vehemently contended that appellant is an innocent person. He was induced by his childhood friend Avinash to become a Director in the company. When he learnt that the Company was carrying unregistered advisory business through Avinash and his wife, appellant resigned from the Company and uploaded his resignation in the MCA portal. Appellant had entered into a settlement and issued a cheque for

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<sup>3</sup> Dated 02.07.2024.

<sup>4</sup> Securities and Exchange Board of India Act, 1992

<sup>5</sup> Securities and Exchange Board of India (Investment Advisors) Regulations, 2013

<sup>6</sup> Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003

<sup>7</sup> Ministry of Corporate Affairs

<sup>8</sup> Dated 14.10.2019 with Mico Layout Police Station, Bengaluru.

₹1,44,000/- towards full and final settlement. He further submitted that Avinash has given a statement before the police on August 24, 2024 that appellant was not responsible for the transactions and urged that appellant may be exonerated with all the charges levelled against him.

6. In sum and substance, Shri Balu contended that appellant is innocent. He has no knowledge about the securities market. He had acceded to his childhood friend's request and functioned as a Director for a short period.

7. Shri Vyom Shah argued opposing the appeal.

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

9. The points those arise for consideration are (i) whether the company violated the provisions of SEBI and Regulations alleged against it and (ii) whether the appellant being a director is liable for action?

10. In the memorandum of appeal, the appellant has admitted thus:

*"1.3 xxxxxxxxxxxx The Crux of the matter is that the company and its main promoter Mr Avinash M had in their website had presented false story about their entity and had misrepresented the matter to such an extent that the general public was absolutely misled and have become victims of such*

*unauthorised trading activity. **In this context, the Appellant was not part or otherwise privy for any such unauthorised trading activities conducted by the company and Mr Avinash M and other noticees.***

*(Emphasis supplied)*

11. It is further pleaded<sup>9</sup> that appellant had learnt that Company's activities had evoked protest from investors in large numbers. It is also pleaded<sup>10</sup> that the appellant had ascertained that Avinash and his wife were 'principal conspirators' for the unauthorised activities which were contrary to SEBI Act and Rules.

12. Learned Advocate for the appellant relied upon a statement dated August 24, 2024, given by Avinash before the Sub-Inspector of Police, Mico Layout Police Station, Bengaluru. A copy of the statement is annexed to the memorandum of appeal, wherein it is mentioned that appellant had resigned on August 10, 2019 and he would be responsible for all transactions after that date. We may record that a statement made before a police officer under Section 180 of the BNSS, 2023<sup>11</sup> has no evidentiary value in a court of law.

13. Learned Advocate for the appellant has also filed a memorandum of understanding dated October 5, 2018 between the appellant and Avinash. In substance, it is stated in paragraph No.5 of said MoU that appellant was co-opted as a Director

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<sup>9</sup> Paragraph No. II (1.2) of Memorandum of Appeal

<sup>10</sup> Paragraph No.II (1.4) of Memorandum of Appeal.

<sup>11</sup> The Bharatiya Nagarik Suraksha Sanhita, 2023

without any work allocation or responsibility and his appointment as a Director was 'only' to satisfy the statutory requirement. The said MoU is on the letter-head of the Company. The appellant has also furnished a letter dated November 22, 2019 signed by Avinash stating that appellant had resigned as a Director and had issued a cheque for ₹1.44 Lakhs towards final settlement.

14. We may record that appellant was admittedly the Director of the Company and in terms of Section 27 of the SEBI Act, 1992, every person who at the time of contravention was in-charge of the Company would be responsible for the conduct of business of the Company. Admitted position is, the Company has received a sum of ₹3.44 Crores. Having heard the learned Advocate for the appellant, we had directed SEBI to make available the quantum of money collected by the Company whilst appellant was a director. Shri Vyom Shah, on instruction has submitted that a sum of ₹45,74,420/- was collected during the period when appellant was the Director of the Company. Therefore, it would be just and appropriate to limit appellant's joint/several liability to ₹45,74,420/-.

15. So far as the penalties are concerned, SEBI has imposed minimum penalty under Section 15EB, 15HA and 15HB of SEBI Act, 1992. Though it was pleaded that appellant is not responsible for any violation, he has admitted that he was Director and resigned after he learnt about Company's illegal activities. In view of admitted factual matrix, no interference is called for with penalties.

16. In view of above discussion, the following:

**ORDER**

1. Appeal is ***allowed in part*** modifying the quantum of refund directed in paragraph 35(a) of the impugned order and restricting it to ₹45,74,420/- so far as appellant is concerned and it shall be payable jointly/severally.
2. Remaining portion of the order remains undisturbed.
3. Pending interlocutory application(s), if any, stand disposed of.
4. No costs.

Justice P.S. Dinesh Kumar  
Presiding Officer

Ms. Meera Swarup  
Technical Member

Dr. Dheeraj Bhatnagar  
Technical Member

05.12.2025

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