

WTM/AB/SEBI/MIRSD/HO/15/2020-21

**SECURITIES AND EXCHANGE BOARD OF INDIA**  
**ORDER**

**UNDER SECTIONS 11(1), 11(4) AND 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992.**

**IN RESPECT OF:**

Noticee no.	Noticee Name	PAN No.
1.	Anugrah Stock & Broking Private Limited	AAACW2920N
2.	Paresh Mulji Kariya	AAEPK0469M
3.	Sadhana Paresh Kariya	AJHPK6018N
4.	Om Sri Sai Investments	AADFO8242K
5.	Teji Mandi Analytics Private Limited	AACCT9530H
6.	Anil Gopal Gandhi	ABWPG5141P
7.	Riddhi Kalapi Shah	AAIPS0707L

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1. Anugrah Stock & Broking Private Limited (hereinafter referred to as “**ASBPL**”/ “**Stock Broker**”/ “**Broker**”/ “**Trading Member**”) is a member of National Stock Exchange of India Limited (“NSE”), NSE Clearing Limited, BSE Limited, Indian Clearing Corporation Limited, Metropolitan Stock Exchange of India Limited and Metropolitan Clearing Corporation of India Limited and ASBPL is registered with Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”), as Stock Broker with registration number INZ000200231 and also a Depository Participant (DP) of Central Depository Services Limited (CDSL) with SEBI registration number IN-DP-93-2015.

2. SEBI, based on market intelligence about ASBPL being involved in business or activities other than securities and collecting funds from clients under assured return schemes, had advised NSE, as under:
  - (a) In April, 2020 - to appoint a forensic auditor to look into the business activities and to ascertain misappropriation of clients' funds and securities, if any, by ASBPL, pursuant to the advisory given by SEBI, NSE had appointed a forensic auditor on May 02, 2020 to look into the matter.
  - (b) On June 04, 2020 - The preliminary findings of the forensic report were discussed in the meeting held with NSE and NSE was subsequently advised to examine matter relating to the Derivative Advisory Services ("DAS") offered by ASBPL and take corrective action in time. NSE was also advised to expedite the forensic audit process.
  - (c) On July 10, 2020 - NSE was advised to consider taking action of disablement of trading terminal of ASBPL, if deemed fit in the matter.
  - (d) On July 17, 2020 – As advised by SEBI, based on the preliminary findings of the forensic audit report, NSE issued a Show Cause Notice to ASBPL on July 17, 2020 for *inter alia* potentially receiving approximately Rs. 165 crores in relation to DAS from its clients promising assured returns, shortfall of client funds, incorrect reporting of margin, etc. Vide the said SCN, ASBPL was called upon to furnish its reply by July 27, 2020.
  - (e) On August 03, 2020 - NSE disabled the trading terminal of ASBPL in derivatives segment pursuant to advice of SEBI, as mentioned in (c) above.
3. Aggrieved by the order dated August 03, 2020 of NSE, ASBPL filed an appeal before the Hon'ble Securities Appellate Tribunal (hereinafter referred to as "**Hon'ble SAT**"). In the said appeal, Hon'ble SAT passed an order dated August 17, 2020 and directed as under:

“.....10. In the meanwhile, we direct that the effect and operation of the impugned ex-parte order dated August 3, 2020 shall remain stayed with immediate effect subject to the following :-

*(i) We restrain the appellant to continue with its business of DAS as well as in its sister concern OSSl with immediate effect during the pendency of the appeal.*

*(ii) We further restrain the appellant from enrolling any fresh client in the derivatives segment during the pendency of the appeal.*

*(iii) We direct the appellant to deposit a sum of Rs. 165 crores before the respondent within two weeks from today. The amount so deposited shall be kept in an interest bearing account by the respondent and shall be subject to the result of the appeal.*

*(iv) The appellant will file a reply to the show cause notice within three weeks from today. The respondent will fix a date thereafter and, after giving an opportunity of hearing, will decide the matter in accordance with law.....”*

4. Thereafter, as ASBPL failed to deposit the sum of Rs. 165 crores by August 31, 2020, as directed by the Hon'ble SAT, the trading terminal of ASBPL in the derivatives segment was again deactivated by NSE, with effect from September 01, 2020. Further, NSE also withdrew the trading rights of ASBPL in all other segments with effect from September, 04, 2020.
5. In the meantime, various investors approached before Hon'ble Bombay High Court by filing various petitions, *inter alia*, alleging extensive financial and monetary loss caused to them by ASBPL. Hon'ble Bombay High Court, in its order dated September 18, 2020, passed in Arbitration Petition No. 30 of 2020 and other connected matters, directed as under:

“.....26. The Court Receiver accordingly will proceed to take symbolic possession of all the assets noted in the Affidavit in Reply. I am making it clear that for the present this means that while the Respondents directors may use the flats, the offices and the motor cars, clearly there are to be no transactions in respect of any of these of any nature whatsoever.

27. As regards the property in Ahmedabad, the Court Receiver will not be able to visit that city. Dr Saraf's attorneys will suggest the name of an Advocate in Ahmedabad who can be appointed as a Private Receiver. It is made clear that the appointment of a Private Receiver of the Ahmedabad properties is effective from today.....”

6. On October 06, 2020, NSE has submitted the forensic audit report (hereinafter referred to as “**FAR**”) in the matter of ASBPL to SEBI. NSE submitted its observation on the findings of FAR as advised by SEBI on October 15, 2020. The major findings of FAR are as under:

- (i) Offering of Derivatives Advisory Services (DAS) by ASBPL and declared related party- OSSI;
- (ii) Misstatement about debtors and creditors;
- (iii) Shortfall of Client Funds as on August 27, 2020;
- (iv) Shortfall of Client Securities as on August 27, 2020;
- (v) Payments made to clients having running debit balance; and
- (vi) Discrepancies in maintenance of records.

7. In view of the aforesaid and SEBI's own analysis, SEBI found ASBPL to be in *prima facie* violation of the following provisions of SEBI Act, 1992, Securities (Contracts) Regulation Rules, 1957, Regulations made and circulars issued under SEBI Act, 1992:

- (a) Clauses A (1), (2), (4) & (5) and B (6) of Code of Conduct as provided under Schedule II read with Regulation 9 of the SEBI (Stock Brokers) Regulations, 1992 and Rule 8 (3)(f) of the Securities Contracts (Regulation) Rules, 1957.
- (b) Section 12 (1) of SEBI Act, 1992 read with Regulation 3 of SEBI (Portfolio Managers) Regulations, 1993.
- (c) Rule 15 of SC(R) Rules 1957 and Regulation 17 of the SEBI (Stock-Brokers) Regulations, 1992 and SEBI circular no. SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016.

- (d) SEBI Circular no. SMD/SED/CIR/93/23321 dated November 18, 1993 and SEBI circular no. SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016.
- (e) SEBI Circular no. SMD/SED/CIR/93/23321 dated November 18, 1993 and SEBI circular no. SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016.
8. I note that NSE has disabled the trading terminal of ASBPL in the derivative segment with effect from September 01, 2020 and in all other segment September 04, 2020. I further note that various investors have approached Hon'ble Bombay High Court seeking relief against ASBPL. Hon'ble High Court vide its order dated September 18, 2020 has appointed a receiver for the properties of ASBPL. Post disablement of trading terminals of ASBPL by NSE on August 03, 2020, SEBI has received 2352 complaints under the mechanism of SCORES (SEBI Complaints Redress System) against ASBPL as on November 11, 2020.
9. In view of the aforesaid, the following enforcement actions have been approved by SEBI against ASBPL and various related entities:
- (i) Disciplinary Enquiry proceedings against ASBPL under Section 12(3) of SEBI Act, 1992 read with SEBI (Intermediaries) Regulations, 2008;
  - (ii) Proceedings for issuing regulatory directions against Shri Paresh Mulji Kariya, Ms. Sadhana Paresh Kariya - the directors of ASBPL, Om Sri Sai Investments, Teji Mandi Analytics Pvt. Ltd. (which is registered as authorized person of ASBPL, with NSE) and the directors of Teji Mandi Analytics Pvt. Ltd., namely a) Shri Anil Gopal Gandhi and b) Ms. Riddhi Kalapi Shah (hereinafter together referred to as "**the directors of Teji Mandi Analytics Pvt. Ltd.**") under Sections 11(1), 11(4), 11B(1) & 11D of SEBI Act, 1992;

- (iii) Initiation of prosecution against ASBPL, Shri Paresh Mulji Kariya, Ms. Sadhana Paresh Kariya and Om Sri Sai Investments under Section 24(1) of SEBI Act, 1992 for *prima facie* acting as unregistered portfolio manager.

10. Under the above circumstances, I, in exercise of powers conferred upon me under Sections 11(1), 11(4) and 11B read with Section 19 of the SEBI Act, 1992, hereby issue the following directions:

- (i) ASBPL is suspended till the completion of the enquiry proceedings, as referred to at para 9 ( i ) under Chapter V of the SEBI (Intermediaries) Regulations, 2008 and Regulation 27 of SEBI (Stock Brokers) Regulations.
- (ii) ASBPL, its directors, Shri Paresh Mulji Kariya and Ms. Sadhana Paresh Kariya, Teji Mandi Anlytics Pvt. Ltd. (which is registered with NSE as an Authorized Person of ASBPL), the directors of Teji Mandi Anlytics Pvt. Ltd. and Om Sri Sai Investments are directed not to dispose of or alienate any assets, whether movable or immovable, or to create or invoke or release any interest or charge in any of such assets, till the completion of proceedings referred at para 9 (i) and/or para 9 (ii), as the case may be, except with the prior permission of NSE. This direction is subject to the direction given by Hon'ble Bombay High Court vide its order dated September 18, 2020 in Arbitration Petition No. 30 of 2020 and other connected matters;
- (iii) ASBPL, its directors, Shri Paresh Mulji Kariya and Ms. Sadhana Paresh Kariya, and Om Sri Sai Investments are prohibited from providing any unregistered portfolio management services;
- (iv) ASBPL, Shri Paresh Mulji Kariya, Ms. Sadhana Paresh Kariya, Teji Mandi Anlytics Pvt. Ltd., the directors of Teji Mandi Anlytics Pvt. Ltd. and Om Sri

Sai Investments are directed to provide a full inventory of all its assets (including assets under the possession of Receiver appointed by the Hon'ble High Court of Bombay), whether movable or immovable, or any interest or investment or charge in any of such assets, including details of all its bank accounts, demat accounts and mutual fund investments, immediately, to NSE but not later than 5 working days from the date of receipt of this order;

- (v) Subject to any order/direction of Hon'ble Bombay High Court which may be issued in Arbitration Petition No. 30 of 2020 and other connected matters, the assets of the aforesaid persons shall be utilized only for the purpose of payment of money and /or delivery of securities, as the case may be, to the clients/investors under the supervision of the concerned exchanges/depositories as per its bye laws;
- (vi) The depositories are directed to ensure that no debits are made in the demat accounts, held by ASBPL (PAN: AAACW2920N), Shri Paresh Mulji Kariya (PAN: AAEPK0469M), Ms. Sadhana Paresh Kariya (PAN: AJHPK6018N), Teji Mandi Analytics Pvt. Ltd. (PAN: AACCT9530H), Shri Anil Gopal Gandhi (PAN: ABWPG5141P), Ms. Riddhi Kalapi Shah (PAN: AAIPS0707L) and Om Sri Sai Investments (PAN: AADFO8242K) except for the purpose mentioned in sub-para (iv) above, after confirmation from NSE;
- (vii) The banks are directed to ensure that no debits are made in the bank accounts held by ASBPL (PAN: AAACW2920N), Shri Paresh Mulji Kariya (PAN: AAEPK0469M), Ms. Sadhana Paresh Kariya (PAN: AJHPK6018N), Teji Mandi Analytics Pvt. Ltd. (PAN: AACCT9530H), Shri Anil Gopal Gandhi (PAN: ABWPG5141P), Ms. Riddhi Kalapi Shah (PAN: AAIPS0707L) and Om Sri Sai Investments (PAN: AADFO8242K) till the completion of proceedings referred at para 9 (i) and/or para 9 (ii), as the case may be, except for the purpose of payment of money to the clients/investors under

the written confirmation of NSE or to comply with any order/direction which may be passed by Hon'ble Bombay High Court in Arbitration Petition No. 30 of 2020 and other connected matters.

11. The proceedings as referred to in Para 9 will not come in the way of any other authority under The Banning of Unregulated Deposits Schemes Act, 2019, Maharashtra Protection of Interest of Depositors (in Financial Establishments) Act, 1999, The Prize Chits and Money Circulation Schemes (Banning) Act, 1978 etc. particularly with respect to activities other than activities under the securities laws.
12. The enquiry proceedings as mentioned at para 9(i) above and proceedings as mentioned at para 9(ii) above will be conducted by the concerned Enquiry Officer (Designated Authority) and Member respectively pursuant to issue of Show Cause Notices containing detailed findings of FAR etc., without being influenced by the observations made in this order.
13. Stock Exchanges are directed to expedite the proceedings to declare ASBPL as a defaulter. Default proceedings may be initiated by stock exchanges/ depositories as per their bye-laws and SEBI circular no. SEBI/HO/MIRSD/DPIEA/CIR/P/2020/186 dated September 28, 2020 for recovery of assets of ASBPL and debit balance clients, in order to invite the claims of investors as per the bye laws of the exchange.
14. This order comes into force with immediate effect.



15. A copy of this order shall be forwarded to ASBPL, Shri Paresh Mulji Kariya, Ms. Sadhana Paresh Kariya, Teji Mandi Analytics Pvt. Ltd., the directors of Teji Mandi Analytics Pvt. Ltd. and Om Sri Sai Investments, Stock Exchange, the relevant banks, Depositories and Registrar and Transfer Agents of Mutual Funds, to ensure that the directions given above are strictly complied with.

**Date: November 13, 2020**

**Place: Mumbai**

**ANANTA BARUA**

**WHOLE TIME MEMBER**

**SECURITIES AND EXCHANGE BOARD OF INDIA**