IN THE HIGH COURT OF GUJARAT AT AHMEDABAD
CRIMINAL MISC.APPLICATION (FOR VACATING STAY) NO. 1 of 2026
In R/SPECIAL CRIMINAL APPLICATION NO. 2080 of 2024

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RUZAN ARIZBHAI KHAMBHATA
Versus
STATE OF GUJARAT & ORS.

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Appearance:
MR JUBIN BHARDA, LEARNED ADVOCATE WITH
MR SHAIVAL M PATEL(9950) for the PETITIONER(s) No. 1
DEVESH K SHAH(9595) for the RESPONDENT(s) No. 2,3,4
MS JIRGA JHAVERI, APP for the RESPONDENT(s) No. 1

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CORAM:**HONOURABLE MR.JUSTICE MOOL CHAND TYAGI**
Date : 04/11/2026
IA ORDER

1. By way of preferring the captioned application, the applicant has prayed for the following prayer(s), as set out in para 13 herein below:-

"A Your Lordship may be pleased to vacate the stay granted in terms of per 23(b) vide order dated 16.04.2024.

B. Pass any other order."

2. The applicant herein is the original complainant and the respondent nos.2 to 4 herein are the original petitioners.

3. Heard learned advocates for the parties.

4. Mr.Jubin Bharda, learned advocate appearing with Mr.Shaival Patel, learned advocate for the applicant submitted that the petitioners-repondents herein had falsely projected themselves on their Twitter accounts and other public platforms as "SEBI NISM Certified Research Analysts", thereby creating an impression that they were registered with SEBI as

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Research Analysts. In fact, they merely possessed NISM certificates and had not obtained registration under the SEBI (Research Analysts) Regulations, 2014. Such false representation was allegedly made to induce the respondent to repose confidence in them and pay commission linked to trading profits.

5. It is submitted that the petitioners, without obtaining registration under Regulation 3(1) of the SEBI (Research Analysts) Regulations, 2014, had held themselves out as SEBI-registered Research Analysts and issued investment recommendations to the public, thereby violating the said Regulations and attracting the provisions of the SEBI Act, 1992. Their alleged false representations and dishonest inducement also constitute offences of cheating under Section 318 of the Bharatiya Nyaya Sanhita, 2023, and other applicable provisions of law.

6. It is submitted that the applicant (original respondent), upon making inquiries with SEBI, received communications dated 27.07.2023 and 15.07.2024, categorically confirming that the petitioners were not registered as Research Analysts with SEBI. The said communications establish that the petitioners had no authority to represent themselves as SEBI-registered Research Analysts and that their representations were false and misleading.

7. It is submitted that the petitioners deliberately combined

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the terms "SEBI" and "NISM" to create a false impression of regulatory recognition and approval. Possession of an NISM certificate merely indicates successful completion of the prescribed examination and does not confer registration or statutory authority to act as a SEBI-registered Research Analyst. It is alleged that the petitioners also produced a forged NISM certificate and thereby dishonestly induced the respondent to part with money and pay commission on trading profits.

8. It is submitted that the aforesaid conduct attracts the provisions relating to cheating and cheating by personation, including Sections 419 and 420 of the Indian Penal Code / 319(2) and 318 of the Bharatiya Nyaya Sanhita, 2023, apart from other applicable provisions. The petitioners allegedly acted with dishonest intention from the inception, with a view to securing wrongful gains by making false representations regarding their regulatory credentials.

9. It is submitted that respondent No. 3 - Ms. Preeti Biju had applied for registration as a Research Analyst with SEBI vide Application No. 1032494 dated 31.03.2024. However, the said application was closed on 13.06.2024 due to non-submission of complete information. The application was submitted after registration of the FIR and filing of the quashing petition, which, according to the applicant, further demonstrates that respondent No. 3 was not registered with SEBI at the relevant time.

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10. It is submitted that the petitioners subsequently altered their social media profiles by removing the earlier representation and inserting the words "Not SEBI Registered" after becoming aware of the impending FIR and legal proceedings. Reliance is placed upon the Twitter screenshots of A2KENTERPRISES (@PREETI112019), wherein the petitioners had allegedly described themselves as "SEBI NISM CERTIFIED RA" and "SEBI Certified Approved". It is contended that the subsequent alterations were merely an afterthought intended to evade criminal liability.

11. Mr. Devesh K. Shah, learned advocate appearing for the opponent Nos. 2 to 4 – original petitioners opposed the application and submitted that the original complainant had entered appearance through her advocate on 30.09.2024, but had not filed any reply in the main writ petition disputing the contentions raised therein.

12. It is submitted that the allegation regarding production of forged NISM certificates is baseless, as their authenticity was verified pursuant to the oral directions of this Court, and the certificates were found to be genuine. It is also pointed out that the documents relied upon by the applicant themselves contain the notation "Not SEBI Reg.". He, therefore, submitted that the allegations regarding forged certificates and false representation are incorrect and that the verification of NISM certificates can be undertaken through the official NISM

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website. Accordingly, the application deserves to be rejected.

13. In rejoinder, learned advocate for the applicant-original respondent submitted that NISM certification is merely an examination certificate and does not confer registration as a Research Analyst with SEBI. Reliance was placed upon Regulation 3(1) of the SEBI (Research Analysts) Regulations, 2014, which prohibits any person from acting or holding himself out as a Research Analyst without obtaining registration from SEBI. It is submitted that such mandatory statutory requirements cannot be circumvented by inserting a disclaimer such as "Not SEBI Registered".

14. It is submitted that the two communications issued by SEBI dated 27.07.2023 and 15.07.2024 conclusively establish that the private respondents were not registered as Research Analysts. The verification of their NISM certificates merely establishes their qualification in the relevant examination and does not establish registration or approval by SEBI.

15. It is submitted that respondent No.3's subsequent application for SEBI registration and its closure for non-submission of complete information, coupled with the alleged alteration of social media profiles, substantiate the allegation that the private respondents had falsely projected themselves as SEBI-registered Research Analysts. It is contended that the present FIR concerns allegations of cheating by false

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representation and dishonest inducement, and not merely regulatory non-compliance under the SEBI Regulations.

16. It is submitted that the interim protection granted by this Court vide order dated 16.04.2024 was based on incomplete material placed by the private respondents. The applicant has now placed additional facts and documentary evidence on record, including the SEBI communications and social media screenshots, which were not brought to the notice of this Court earlier. It is, therefore, contended that continuation of the interim protection would frustrate the investigation, which is still at a nascent stage, and prejudice not only the complainant but also the interests of innocent investors. The applicant has, therefore, prayed for vacating the interim protection and permitting the investigation to proceed in accordance with law.

17. Ms. Jirga Jhaveri, learned APP appearing for the opponent-State, submitted that, vide letter dated 29.11.2023, SEBI has stated that the petitioners have successfully passed the examination conducted by NISM. However, it is also pointed out that the concerned entities are not registered with SEBI as Research Analysts or in any other capacity. In view of the aforesaid, it is submitted that the present petition deserves to be dismissed.

18. Having considered the submissions advanced by learned advocates for the parties and the material available on record,

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it emerges that the principal grievance of the applicant is that the private respondents had projected themselves as "SEBI NISM Certified Research Analysts" and had thereby created an impression that they were duly registered with the Securities and Exchange Board of India (SEBI) as Research Analysts. It is the specific case of the applicant that the private respondents, despite not having obtained registration under the SEBI (Research Analysts) Regulations, 2014, had represented themselves as SEBI-recognised Research Analysts and had issued investment recommendations to the public.

18. At this stage, it is required to be noted that obtaining a certification from the National Institute of Securities Markets (NISM) and obtaining registration as a Research Analyst with SEBI are two distinct requirements. Mere possession of an NISM certificate, by itself, cannot be construed as registration with SEBI. Regulation 3(1) of the SEBI (Research Analysts) Regulations, 2014, provides for mandatory registration before a person acts or holds himself out as a Research Analyst, subject to the applicable provisions of the said Regulations. Therefore, the question as to whether the private respondents had merely represented their educational or professional qualifications or had actually projected themselves as SEBI-registered Research Analysts requires examination in the light of the material collected during investigation.

19. It further appears from the material placed on record that the applicant had obtained communications from SEBI dated

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27.07.2023 and 15.07.2024 indicating that the private respondents were not registered as Research Analysts with SEBI. The said communications, particularly the subsequent communication dated 15.07.2024, constitute relevant material which was not available for consideration when the interim protection came to be granted vide order dated 16.04.2024. The subsequent application submitted by respondent No.3 for registration as a Research Analyst and its closure on account of non-submission of complete information are also circumstances which require appropriate consideration during investigation.

20. So far as the contention regarding verification of the NISM certificates is concerned, the genuineness of such certificates and the question of registration with SEBI are entirely different aspects. Even if the NISM certificates are found to be genuine, such verification would not, by itself, establish that the private respondents were registered with SEBI or were authorized to hold themselves out as SEBI-registered Research Analysts. Thus, the contention raised on behalf of the private respondents regarding the genuineness of the certificates would not, at this stage, completely answer the allegations levelled by the applicant.

21. Further, the allegations regarding the description appearing on the social media profiles of the private respondents, the subsequent alteration thereof, and the alleged representation made to the applicant for securing

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commission linked to trading profits involve questions of fact which require proper investigation. Whether such representations were made with dishonest intention, whether the applicant was induced to part with money on the basis thereof, and whether the ingredients of the alleged offences are attracted are matters, which cannot be conclusively determined at this interlocutory stage. The same would require examination of the relevant electronic material, documentary evidence and statements of the persons concerned by the investigating agency.

22. This Court is conscious of the fact that the grant of interim protection in the pending proceedings ought not to operate as an impediment to a fair and effective investigation, particularly when subsequent material has been brought on record, which was not available for consideration at the time of granting such protection. The material now relied upon by the applicant raises issues which warrant investigation and cannot be brushed aside merely on the ground that the NISM certificates of the private respondents have been verified. The rival contentions advanced by the parties, therefore, require consideration in the main proceedings after the relevant material is brought on record.

23. It is also required to be observed that the present application is not being considered for determining the guilt or otherwise of the private respondents. The limited question at this stage is whether the interim protection granted earlier

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deserves to be continued in the facts and circumstances brought on record. Having regard to the nature of the allegations, the subsequent material placed by the applicant, and the fact that the investigation is stated to be at an initial stage, this Court is of the view that continuation of the interim protection may not be warranted. The investigating agency deserves to be permitted to carry out the investigation independently and in accordance with law, without any impediment arising out of the interim order.

24. Though the petitioners have successfully passed the examination conducted by NISM, as stated in the communication dated 29.11.2023 issued by SEBI, the concerned entities are admittedly not registered with SEBI as Research Analysts or in any other capacity. Mere passing of the examination conducted by NISM, by itself, would not confer upon the petitioners the status of registered Research Analysts or authorize them to claim any such recognition in the absence of requisite registration with SEBI. In view of the aforesaid position, this Court is of the opinion that the petitioners have failed to make out a case for continuation of the interim protection granted earlier.

25. In view of the aforesaid discussion, this Court is of the opinion that sufficient grounds are made out by the applicant for vacating the interim protection granted vide order dated 16.04.2024. Accordingly, the present application deserves to be allowed. It is, however, clarified that the observations made hereinabove are confined to the adjudication of the present

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application and shall not prejudice the rights and contentions of either party in the pending proceedings or influence the investigating agency while carrying out the investigation.

26. The main ground for allowing this application is the distinction between the genuineness of NISM certificates and statutory registration with SEBI, coupled with the subsequent SEBI communication dated 15.07.2024. This gives a specific basis for reconsidering the interim protection rather than merely reiterating the original allegations. Also, the allegation of forgery should not be treated as established, if the certificates have already been verified as genuine.

27. In the result, the application is allowed. The interim protection granted vide order dated 16.04.2024 passed in the captioned matter stands vacated. The investigating agency is at liberty to proceed with the investigation in accordance with law.

28. It is clarified that the observations made herein above are prima facie in nature and shall not be construed as an expression of opinion on the merits of the main matter.

(MOOL CHAND TYAGI, J)

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