

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA**

**CORAM: MADHABI PURI BUCH, WHOLE TIME MEMBER**

***INTERIM ORDER***

**Under Sections 11, 11(4), 11B (1) and 11D of the Securities and Exchange Board of India  
Act, 1992**

**In Re: Securities and Exchange Board of India (Investment Advisers) Regulations, 2013**

**In respect of:**

| <b>Sr.<br/>No.</b> | <b>Name of the Entities</b>                                          | <b>PAN</b>        |
|--------------------|----------------------------------------------------------------------|-------------------|
| <b>1</b>           | <b>Agrich Traders and its Proprietor Mr. Prakash Shyamlal Rathod</b> | <b>CTLPP8213L</b> |

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1. Agrich Traders (“Agrich”) is a sole proprietorship concern of Mr. Prakash Rathod having its address at 1008, Sudama Nagar, Flat No. 203, Indore.
  2. Securities and Exchange Board of India (“SEBI”) received a complaint vide e-mail dated May 06, 2020 against Agrich alleged to be involved in unauthorized Investment Advisory activities.
  3. In view of the complaint received, SEBI carried out a preliminary examination to ascertain whether unregistered investment advisory activities are being carried out by Agrich. To that end the website of [www.agrichtraders.com](http://www.agrichtraders.com) and particulars of its bank accounts were perused to gather information. It is noted that above website is not active however, the print out of the web pages of the firm’s website were taken when it was active, and have been placed on record.

4. SEBI's preliminary examination found as follows:
- i. Neither the entity nor its proprietor is registered with SEBI.
  - ii. The entity is providing advisory services to the investors who subscribe to their packages mentioned on the website.
  - iii. As per the information received from the complainant the entity has a bank account with IDFC First Bank (Account Number: 10049018496). During the examination of Bank Statements of IDFC First Bank, it is noted that Agrich (Account number 31740200000526) has bank account in Bank of Baroda also. The total credit received in the aforesaid three accounts are Rs.1.26 crores.

#### **CONSIDERATION & PRIMA FACIE FINDINGS**

4. I have perused the material available on record such as investor complaint, information available on the website [www.agrichtraders.com](http://www.agrichtraders.com) and information obtained from IDFC First Bank and Bank of Baroda. A preliminary examination of the material available on record was made in order to verify whether Agrich and its Proprietor Prakash Rathod has offered investment advisory services and collected money from various investors without registration from SEBI. In this context, *prima facie*, the following issues arise for determination in the instant matter:

- 1) Whether Agrich is holding itself out and/or acting as an investment adviser?**
- 2) If answer to the aforesaid issue is in affirmative, whether Agrich has, *prima facie*, violated any provisions of SEBI Act, 1992 ("SEBI Act") read with SEBI (Investment Advisers) Regulations, 2013 ("IA Regulations")?**
- 3) If answers to Issue Nos. (1) & (2) are affirmative, who is responsible for the violations?**
- 4) If answer to Issue No. (2) is in affirmative, whether urgent directions, if any should be issued against those who are responsible for the violations?**

**Issue No. 1: Whether Agrich is holding itself out and/or acting as an investment adviser?**

5. As regards the first issue, I note the following from the material available on record:

5.1 As per the information gathered from the websites of Agrich, which was active during the period of examination, the following claims are noted:

*“We work with various kinds of strategies to delight the customers by providing continuous support in the market. Agrichtraders.com is the right place if you want less risky stock and commodity market tips with step by step follow up at every stage. We provide our best quality services and tips at very affordable rate. Our recommendations are highly accurate and gives consistent profit in any market because we have a team of highly experienced and knowledgeable technical analysts who provide accurate calls related to Equity and Commodity market trading. We are a one top firm for the investors because we strictly follow the basic principles of investment. We offer many services as per the investments of an investor. We are one of the most trusted and reputed stock advisory firm in Indore (India)...”*

5.2 Agrich was offering the following services through its website:

| <b>A. Commodity</b> |                                                                                                                                                |
|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| a) MCX Bullion      | In this service you will get intraday Premium and Basic trading calls in <b>GOLD</b> .<br><br><b>Recommended capital:-</b> 50-55k and above.   |
| b) MCX Base Metal   | In this service you will get intraday Basic & Premium trading calls in <b>BASE METALS</b> .<br><br><b>Recommended capital:-</b> 80k and above. |
| c) MCX Energy       | In this service you will get intraday Basic & Premium calls in <b>ENERGY</b> .<br><br><b>Recommended capital:-</b> 50k and above.              |
| <b>B. Equity</b>    |                                                                                                                                                |

|                                   |                                                                                                                                                                                                                                      |
|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a) Stock Cash                     | In this service you can get intraday Basic & Premium trading calls in <b>STOCK CASH</b><br><br><b>Recommended capital:-</b> 30k and above.                                                                                           |
| b) Stock Future                   | In this service you can get Positional Basic & Premium trading calls in <b>STOCK FUTURE</b><br><br><b>Recommended Capital:-</b> 50k and above.                                                                                       |
| c) Stock Option                   | In this service you can get intraday Basic & Premium trading calls in <b>STOCK OPTIONS</b><br><br><b>Recommended capital:-</b> 30k and above.                                                                                        |
| d) Premium Cash                   | In this service you can get intraday Basic & Premium trading calls in <b>STOCK CASH</b><br><br><b>Recommended capital:-</b> 30k and above.                                                                                           |
| e) Premium Future                 | In this service you can get Positional Basic & Premium trading calls in <b>STOCK FUTURE</b><br><br><b>Recommended Capital:-</b> 50k and above.                                                                                       |
| f) Premium option                 | In this service you can get intraday Basic & Premium trading calls in <b>STOCK OPTIONS</b><br><br><b>Recommended capital:-</b> 30k and above.                                                                                        |
| <b>C. Money Making Plan (MMP)</b> |                                                                                                                                                                                                                                      |
| a) Growth Plan                    | This service is designed for those traders who are trading in all the segments of EQUITY and MCX Market. In this pack, EQUITY/ <b>MCX</b> trading recommendations is provided.<br><br><b>Recommended capital:-</b> 30k and above.    |
| b) Master Trading Plan            | This service is designed for those traders who are trading in all the segments of EQUITY and MCX Market. In this pack, EQUITY/ <b>MCX</b> trading recommendations is provided.<br><br><b>Recommended Capital:-</b> 2 Lacs and above. |

5.3 The pricing for the products mentioned on its websites are given below:

| Product     | Monthly in Rs. | Quarterly in Rs. | Half-Yearly in Rs. | Yearly in Rs. |
|-------------|----------------|------------------|--------------------|---------------|
| MCX Bullion | 24999          | 59999            | 94999              | 149999        |

| <b>Product</b>         | <b>Monthly<br/>in Rs.</b> | <b>Quarterly<br/>in Rs.</b> | <b>Half-<br/>Yearly in<br/>Rs.</b> | <b>Yearly<br/>in Rs.</b> |
|------------------------|---------------------------|-----------------------------|------------------------------------|--------------------------|
| MCX Base Metal         | 19999                     | 44999                       | 64999                              | 99999                    |
| MCX Energy             | 14999                     | 34999                       | 59999                              | 84999                    |
| Stock Cash             | 14999                     | 34999                       | 59999                              | 74999                    |
| Stock Future           | 19999                     | 49999                       | 84999                              | 129999                   |
| Stock Option           | 14999                     | 34999                       | 59999                              | 74999                    |
| Premium Cash           | 24999                     | 54999                       | 99999                              | 149999                   |
| Premium Future         | 29999                     | 64999                       | 124999                             | 199999                   |
| Premium Option         | 24999                     | 49999                       | 74999                              | 124999                   |
| Growth Plan            | NA                        | 250000                      | NA                                 | 450000                   |
| Master Trading<br>Plan | NA                        | 450000                      | 750000                             | 1100000                  |

From the above, it is seen that the service fee charged by Agrich for its various packages ranges from Rs. 14,999/- to Rs. 11,00,000/-.

6. It is further observed from an internet search of the particulars of hosting of the website of the firm based on its domain name that *prima facie* the website of [www.agrichtraders.com](http://www.agrichtraders.com) was hosted for the first time on October 03, 2019 as available on [www.whoisrequest.com](http://www.whoisrequest.com).
7. The following information is gathered from the Banks viz., IDFC First Bank and Bank of Baroda, the KYC and Account opening forms and bank account statements:

| <b>Bank</b>            | <b>Account<br/>Name</b> | <b>Account No.</b> | <b>Account Opening<br/>date</b> |
|------------------------|-------------------------|--------------------|---------------------------------|
| <b>IDFC First Bank</b> | Agrich Traders          | 10049018496        | October 10, 2019                |
| <b>Bank of Baroda</b>  | Agrich Traders          | 31740200000526     | January 06, 2020                |

7.1 The following information is gathered from the bank account statements:

| <b>Bank Name</b> | <b>Bank Account No.</b> | <b>Account<br/>Opening<br/>Date</b> | <b>Total Credit Received for the<br/>period mentioned</b> |
|------------------|-------------------------|-------------------------------------|-----------------------------------------------------------|
| <b>IDFC Bank</b> | 10049018496             | 10.10.2019                          | <b>Rs. 99,67,269</b>                                      |

| Bank Name             | Bank Account No. | Account Opening Date | Total Credit Received for the period mentioned                        |
|-----------------------|------------------|----------------------|-----------------------------------------------------------------------|
|                       |                  |                      | (From 10.10.2019 (A/c Op. Date) to 14.12.2020)                        |
| <b>Bank of Baroda</b> | 31740200000526   | 24.12.19             | <b>Rs. 26,61,139</b><br>(From 06.01.2020 (a/c opening) to 14.12.2020) |

7.2 It is observed that there are numerous credit transactions / large number of payments received in these bank accounts. From the analysis of account statement of IDFC First Bank during the period 10.10.2019 to 26.06.2020, it has been observed that the entity received the following credits during the month of May 2020, which prima facie, appears to be in the nature of advisory fees:

| Date            | Narration                                                           | Credit Entry (Rs.) |
|-----------------|---------------------------------------------------------------------|--------------------|
| 27/05/20        | UPI/MOB/014814651924/Advisory                                       | 5,100.00           |
| 27/05/20        | UPI/MOB/014815409666/Token money                                    | 5,900.00           |
| 27/05/20        | IMPS-<br>MOB/FundTrf/014817427425/SHINDHUJA KUMAR/Ot                | 75,000.00          |
| 27/05/20        | UPI/MOB/014819352881/For advisory fees                              | 5,500.00           |
| 27/05/20        | UPI/MOB/014819080708/UPI                                            | 25,000.00          |
| 27/05/20        | IMPS-<br>INET/FundTrf/014819416648/RAVINDRA NPM/                    | 5,900.00           |
| 27/05/20        | NEFT/SBIN520148866670/RKENTERPRISES/SBIN0005221                     | 10,000.00          |
| 28/05/20        | NEFT/N149201143879552/HIMANSHUCH OUDHARY/HDFC00000                  | 5,000.00           |
| 28/05/20        | 28/05/20 10:37<br>UPI/MOB/014940025160/Payment from PhonePe         | 5,000.00           |
| 28/05/20        | 28/05/20 10:49 IMPS-<br>INET/FundTrf/014910851265/RAVINDRA NPM/     | 25,000.00          |
| 28/05/20        | 28/05/20 11:34 IMPS-<br>INET/FundTrf/014911119295/BHURKEAGENCIES/Ba | 20,000.00          |
| 28/05/20        | UPI/MOB/014911767501/UPI                                            | 4,000.00           |
| 28/05/20<br>OHD | NEFT/N149201144024401/MOHDIRSHAD /HDFC0000001                       | 22,000.00          |

|          |                                                                   |           |
|----------|-------------------------------------------------------------------|-----------|
| 28/05/20 | 28/05/20 12:35<br>NEFT/AXMB201495594154/JAYARAM<br>MP/UTIB0001448 | 9,800.00  |
| 28/05/20 | NEFT/AXMB201495655704/T<br>RSUTHAKAR/UTIB0000168                  | 40,000.00 |
| 28/05/20 | UPI/MOB/014915910260/Registration fee                             | 20,000.00 |
| 28/05/20 | IMPS-<br>INET/FundTrf/014915112722/BHURKEAG<br>ENCIES/Ba          | 56,500.00 |
| 28/05/20 | UPI/MOB/014915916114/GST                                          | 3,600.00  |
| 28/05/20 | UPI/MOB/014917419509/Remarks                                      | 5,000.00  |
| 28/05/20 | NEFT/AXMB201495789218/JAYARAM<br>MP/UTIB0001448                   | 7,000.00  |
| 28/05/20 | UPI/MOB/014919399095/Deshmukh                                     | 5,001.00  |
| 29/05/20 | UPI/MOB/015009862153/Stock                                        | 5,900.00  |

7.3 Similarly, the narrations in the credit transactions in the Bank Baroda Account also indicates that the same is also used for the investment advisory services. The illustrative list is as under:

| <b>Bank of Baroda (31740200000526) Agrich Traders</b> |             |                                                   |               |
|-------------------------------------------------------|-------------|---------------------------------------------------|---------------|
| <b>S. No</b>                                          | <b>Date</b> | <b>Narration</b>                                  | <b>Credit</b> |
| 1                                                     | 26-05-2020  | UPI/014717966299/17:17:09/UPI/9561972099@ybl/Fee  | 98,000.00     |
| 2                                                     | 26-05-2020  | NEFT-IDIBH20147220614-K ETHIRAJ                   | 3,972.00      |
| 3                                                     | 27-05-2020  | UPI/014809145591/09:40:07/UPI/sagardiwate@okhdfcb | 1,615.00      |
| 4                                                     | 27-05-2020  | UPI/014817163610/17:18:51/UPI/9561972099@ybl/Paym | 45,000.00     |
| 5                                                     | 27-05-2020  | UPI/014854603757/18:00:08/UPI/7715012053@ybl/Paym | 5,500.00      |

7.4 It is also noted from the analysis of the Bank Statements of IDFC Bank and Bank of Baroda that there are numerous credit entries to IDFC Bank from Bank of Baroda's account no. 31740200000526 and Bank of Baroda's account no. 31740200000526.

7.5 From the narrative of the credit transactions in the Bank accounts, it appears that the payments have, *prima facie*, come from various investors / clients.

8. Considering the above analysis of the details on the website of Agrich and information from the accounts opened with the Banks mentioned above, I, *prima facie*, observe that Agrich has represented that it is an investment advisory firm for advice on stocks and commodity markets.
9. Considering the above facts and circumstances, especially the contents of the website of Agrich coupled with the credit transactions in the Bank Accounts as detailed in preceding paragraphs, *prima facie*, it is inferred that the fees/ funds credited to the Bank Accounts, were for the purpose of providing the services indicated on the website of Agrich. Hence, as reflected in the bank statements referred to above, I note that Agrich has commenced with the collection of fees/ funds for the purpose of providing the services from October 2019 and has continued the same at least till the period of examination.
10. It is, *prima facie*, observed that Agrich was placing information in public domain/ advertising by using its website [www.agrichtraders.com](http://www.agrichtraders.com) about various services offered by him in the securities market. Further, it is also, *prima facie*, observed that various packages were being offered by Agrich through its website to avail its services. The website categorically mentioned “the advantages of availing its services in various fields of securities market” and the “independent advice” they offer to their clients in the securities market through telephone calls.
11. In this factual matrix, I have perused the definition of Investment Adviser as given in Regulation 2(m) of the IA Regulations, which states that Investment Adviser means “*any person, who for consideration, is engaged in the business of providing investment advice to clients or other persons or group of persons and includes any person who holds out himself as an investment adviser, by whatever name called*”. Further, I have perused Regulation 2(l) of the IA Regulations which defines Investment Advice as “*advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment*

*products, and advice on investment portfolio containing securities or investment products, whether written, oral or through any other means of communication for the benefit of the client and shall include financial planning.”*

12. In light of the aforesaid definitions, it is observed from the contents of the website of Agrich that the Agrich is holding itself out as investment adviser by *prima facie* offering to provide investment advice as defined under regulation 2(l) of IA Regulations by offering to give advice related to investing in, purchasing and selling in securities and is also offering various investment packages for subscription. Further, as noted from the bank accounts that there are multiple credit entries which when seen together with the contents of the websites lead to, on preponderance of probability basis, a *prima facie* conclusion that the credit entries in the bank accounts are consideration for the investment advice given by Agrich to its clients. Thus, *prima facie* Agrich is an investment adviser as defined under regulation 2 (m) of IA Regulations.
13. Therefore, Agrich has not only held itself out as an investment adviser but has also acted as an investment adviser for consideration.

**Issue No.2: If answer to the aforesaid issue is in affirmative, whether Agrich has, *prima facie*, violated any provisions of SEBI Act read with IA Regulations?**

14. In order to ensure that the investors who receive investment advice are protected, it is imperative that any person carrying out investment advisory activities has to necessarily obtain registration from SEBI and conduct its activities in accordance with the provisions of SEBI Regulations. Section 12(1) of the Securities and Exchange Board of India Act, 1992 (“**SEBI Act**”) reads as under:

*“No stock broker, sub-broker, share transfer agent, banker to an issue, trustee of trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, **investment adviser** and **such other intermediary** who may be associated with securities market shall*

*buy, sell or deal in securities except under, and in accordance with, **the conditions of a certificate of registration obtained from the Board** in accordance with the regulations made under this Act.”*

Further, as per Regulation 3(1) of the SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as the IA Regulations), the registration of the investment advisers is mandatory. It provides that, “*On and from the commencement of these regulations, no person shall act as an investment adviser or hold itself out as an investment adviser unless he has obtained a certificate of registration from the Board under these regulations*”.

15. The activities of Agrich, as brought out from the various materials described above, seen in the backdrop of the aforesaid provisions show that Agrich is holding itself out and acting as an investment adviser. However, no material is available on record to indicate that Agrich, or its proprietor Mr. Prakash Shyamlal Rathod are holding a certificate of registration as an investment adviser. In this context, it is noted that Agrich or its proprietor Mr. Prakash Shyamlal Rathod in their individual capacity are not registered with SEBI in any capacity. The characteristics and features of the business activity carried out by Agrich, as discussed in the preceding issue, *prima facie*, leads to the conclusion that Agrich is holding itself out and acting as an investment adviser without a certificate of registration.
16. In my view, these activities/ representations without holding the certificate of registration as investment adviser is *prima facie*, in violation of Section 12(1) of SEBI Act read with Regulation 3(1) of the IA Regulations.

**Issue No. 3: If answers to Issue Nos. (1) & (2) are affirmative, who are all responsible for the violations?**

17. I note that Mr. Prakash Shyamlal Rathod is the sole proprietor of Agrich. I note the legal status of a proprietary firm from the judgment of the Hon’ble Supreme court in *Ashok*

*Transport Agency v. Awadhesh Kumar & another*, [(1998) 5 SCC 567], wherein it was stated that:

“.....A proprietary concern is only the business name in which the proprietor of the business carries on the business. . A suit by or against a proprietary concern is by or against the proprietor of the business...”.

18. Therefore, I find that Mr. Prakash Shyamlal Rathod is liable for the acts of Agrich.

**Issue No. 4: If answer to Issue No. (2) is affirmative, whether urgent directions, if any should be issued against those responsible for the violations?**

19. SEBI has a statutory duty to protect the interests of investors in securities and promote the development of, and to regulate, the securities market. Section 11 of the SEBI Act has empowered it to take such measures as it thinks fit for fulfilling its legislative mandate. The IA Regulations have been formulated with the main objective of regulating Investment Advisory Services to safeguard the interests of investors and hence registration of such activities with SEBI has been made mandatory. The IA Regulations, *inter alia*, seek to create a structure within which investment advisers will operate and also make them duly accountable for their investment advice by requiring investment advisers to comply with the criteria set out in the relevant provisions of the IA Regulations. The same is imperative for the protection of interests of investors and to safeguard the integrity of the securities market.
20. In the instant case, Agrich is soliciting and inducing the investors to deal in securities market on the basis of investment advice, stock tips etc., *prima facie*, without having the requisite registration/certification as mandated under the IA Regulations. Further, it is noted from material available on record of that, the money has been credited to the Bank accounts of Agrich and its proprietor as recent as December 2020. Thus, the accounts are active and can continue to be used to collect fees from unsuspecting investors.

21. Considering the facts and circumstances of the present matter and on the basis of the *prima facie* findings, it is necessary to take urgent preventive action in this matter and to take immediate steps to prevent Agrich from collecting any more fees from the public and indulging in unauthorized investment advisory activities. I note that the investors can also reach Agrich (9876543210) through telephone also. Therefore, the threat of investors getting lured towards the unregistered activity of Agrich in the securities market is still in existence and imminent. The amount of money, *prima facie*, observed to have been collected by Agrich is Rs.1.26 crores and the same indicates the magnitude of the prospective threat to the investors.
22. It is noted that permitting the investors to receive an investment advisory service from an unregistered entity, in effect means, the same is received from the unqualified person without following the safeguards mentioned in the IA Regulations. An investor receiving a service from unregistered investment advisor vis-a-vis an investor who receives such service from a registered investment adviser in consonance with the IA Regulations stands at a disadvantageous position in respect of his protection as an investor as envisaged under the IA regulations. An unregistered investment adviser has not even satisfied the Regulator that he is a fit and proper person to hold the certificate of registration as investment adviser. Availing of services from such persons is detrimental to investors and such unqualified service would result in irreparable damage as the investors' money is invested based on unqualified and un-regulated service. Exposing investors to such service also has the effect of interfering with the development of securities market, as victims of such services tend to lose faith in the securities market. Such an injury/detriment to the development of the securities market also qualifies as an "irreparable injury". The objective of SEBI as enshrined in the SEBI Act is not only the protection of investors but also orderly development of securities market.
23. Further if an ex-parte order is not passed, many prospective investors may have to part with large fees and investments resulting into irreparable injury to themselves as discussed earlier. However, if an ex-parte order is passed, what is at stake is right of the current entity

herein vis-a-vis multitude of prospective and current clients of the entity. It may be noted that one of the underlying differences between the ex-parte orders in the case of private suits and ex-parte public enforcement actions, is the identification of the injured party. In private damage suits, the injured individual, as “whole”, is identifiable whereas ex-parte public enforcement actions, seeks to protect the floating multitude of investing public by preventing, continuous and imminent violations of the securities laws. Though, it can be argued that a final remedy by way of refund is available, as against the step of passing an ex-parte interim order, the potential loss of investment by the investors by following the advice from an unqualified person and resultant loss of investor’s confidence and reliability of securities market, cannot be retrieved, if *prima facie* unregistered investment advice is permitted to be extended to the investors by not passing an *exparte-interim order* at this stage. Therefore, I consider the balance of convenience is also not in favour of the entity.

24. Considering the facts and circumstances of the present matter and on the basis of the *prima facie* findings, it is necessary to take urgent preventive action in this matter and to take immediate steps to prevent Agrich and its proprietor from collecting any more fees from the public and from indulging in unauthorized investment advisory activities.
25. I note that the amount of money, *prima facie*, observed to have been collected by Agrich is Rs.1.26 crores and indicate the magnitude of the prospective threat to the investors. In light of the same, I find that there is no other alternative but to take recourse through an interim ex-parte order against Agrich and its proprietor Mr. Prakash Rathod for preventing them from collecting funds by defrauding investors and by indulging in unauthorized investment advisory services without obtaining the mandatory registrations from SEBI in accordance with the law. As the bank accounts of Agrich are active, the balance of convenience demands the preventive measure of stopping the collection of money in the bank accounts of Agrich and its Proprietor from investors. The same can be effectively achieved by an appropriate direction of stopping the credit into the bank accounts of Agrich and its proprietor. As Agrich and its proprietor have already evaded the jurisdiction of SEBI by *prima facie*, acting as unregistered investment adviser, the balance of convenience also demands that Agrich and its proprietor need to be prevented from diverting the funds

collected from the investors through the fraudulent and unauthorized investment advisory activity. Accordingly, an appropriate direction stopping the debit from the bank accounts of Agrich and its proprietor has been incorporated.

26. With the initiation of quasi-judicial proceedings, given the fact that Agrich and its proprietor have already evaded the jurisdiction of SEBI by *prima facie*, acting as unregistered investment adviser, it is imminent that the Noticee may divert the money collected from the subscribers / clients. The same may result in defeating the effective implementation of the direction of refund, if any, to be passed after deciding the matter on merits. It therefore becomes necessary for SEBI to take urgent steps to prevent Noticee from diverting the money collected from the subscribers / clients. It is also essential to take urgent steps to prevent them from alienating any assets, whether movable or immovable, or any interest or investment or charge in any of such assets, so that the final remedies, if any, do not become infructuous. In view of the facts and circumstances discussed hereinabove, and considering the interests of already existing clients of these Noticee and also the interests of those who may fall prey to the unregistered investment advisory by reaching him through the telephone calls, the balance of convenience lies against the Noticee, and requires immediate action against him including not to divert the money collected from the subscribers / clients / investors.

### **Order**

27. In view of the above, pending conclusion of enquiry on granting of hearing opportunity to Agrich and its proprietor Mr. Prakash Shyamlal Rathod, I, in exercise of the powers conferred upon me by virtue of Section 19 read with Sections 11, 11(4), 11B(1) and 11D read with Section 19 of the SEBI Act, 1992, hereby issue by way of this *interim ex-parte order*, the following directions:

*27.1 Agrich and its proprietor Mr. Prakash Shyamlal Rathod are directed to:*

- i. *Cease and desist from acting as an investment advisor including the activity of acting and representing through any media (physical or digital) as an investment advisor, directly or indirectly, and cease to solicit or undertake such activity or any other activities in the securities market, directly or indirectly, in any matter whatsoever, until further orders.*
- ii. *Not to divert any funds raised from investors, kept in bank account(s) and/or in their custody until further orders.*
- iii. *Not to dispose of or alienate any assets, whether movable or immovable, or any interest or investment or charge on any of such assets held in their name, including money lying in bank accounts except with the prior permission of SEBI.*
- iv. *Immediately withdraw and remove all advertisements, representations, literatures, brochures, materials, publications, documents, communications etc., physical or digital in relation to their investment advisory activity or any other unregistered activity in the securities market until further orders.*
- v. *Not to access the securities market and buy, sell or otherwise deal in securities in any manner whatsoever, directly or indirectly, until further orders.*
- vi. *To provide a full inventory of all assets held in his name, whether movable or immovable, or any interest or investment or charge on any of such assets, including details of all bank accounts, demat accounts and mutual fund investments, immediately but not later than 5 working days from the date of receipt of this order.*
- vii. *To submit the number and details of clients who have availed their investment advisory services and to submit details of fees collected from each such client, immediately but not later than 5 working days from the date of receipt of this order.*

*27.2 If Agrich or its proprietor Mr. Prakash Shyamlal Rathod have any open positions in any exchange traded derivative contracts, as on the date of the order, they can close out/ square off such open positions within 3 months from the date of order or at the expiry of such contracts, whichever is earlier. Agrich/its proprietor Mr. Prakash Shyamlal Rathod are permitted to settle the pay-in and pay-out obligations in respect*

*of transactions, if any, which have taken place before the close of trading on the date of this order.*

*27.3 IDFC First Bank and Bank of Baroda wherein Agrich (IDFC First Bank Account Number: 10049018496 and Bank of Baroda Account Number: 31740200000526 ) is holding bank accounts are directed not to allow any debits/ withdrawals from and not to allow any credits to the said accounts, without the permission of SEBI. The payment gateway PhonePe wherein Agrich is holding an account shall be deactivated till further directions. The Banks and payment gateway are directed to ensure that all the above directions are strictly enforced.*

*27.4 The Depositories are directed to ensure, till further directions, that they neither permit any debits nor any credits in the demat account held by:*

*➤ Mr. Prakash Shyamlal Rathod either individually or jointly.*

*27.5 The Registrar and Transfer Agents are directed to ensure, till further directions, that they neither permit any transfer nor redemption of the securities, including Mutual Fund units, held by:*

*➤ Agrich Traders,*

*➤ Mr. Prakash Shyamlal Rathod either individually or jointly.*

28. This Order shall also be treated as a Show Cause Notice and Agrich and its Proprietor Mr. Prakash Shyamlal Rathod are show caused as to why the investment advisory plans floated by them should not be held as “Investment Advisory Services” in terms of the IA Regulations and thereby the activity of Agrich be treated as unregistered activity under the SEBI Act and relevant Regulations.

29. Agrich and its Proprietor Mr. Prakash Shyamlal Rathod are also show caused as to why appropriate directions, under Sections 11, 11(4), 11B(1) and 11D of the SEBI Act and relevant SEBI Rules/Regulations, including appropriate directions for the prohibition on them from buying, selling or otherwise dealing in securities market, either directly or indirectly, in any manner whatsoever, for a particular period, and directions not to be associated with any listed public company and any public company which intends to raise

money from the public, or any intermediary registered with SEBI for a particular period should not be passed against them. Agrich and its Proprietor Mr. Prakash Shyamlal Rathod are also show caused as to why they should not be directed to refund, jointly and severally, the fees collected from the investors/clients for its unregistered IA activities under Sections 11 and 11B (1) of SEBI Act, should not be issued against them.

30. The *prima facie* observations contained in this Order are made on the basis of the material available on record. In this context, Agrich and its Proprietor Mr. Prakash Shyamlal Rathod may file its objections, if any, within 21 (twenty-one) days from the date of this Order and, if so desire, avail an opportunity of personal hearing before SEBI, on a date and time to be fixed on a specific request to be made in that regard.
31. This order shall come into force with immediate effect and shall be in force until further orders.
32. This Order is without prejudice to the right of SEBI to take any other action that may be initiated against the aforementioned entity in accordance with law.
33. A copy of the order shall be served upon Agrich and its Proprietor Mr. Prakash Shyamlal Rathod, IDFC First Bank and Bank of Baroda, Stock Exchanges, Depositories and Registrar and Transfer Agents for necessary action and compliance with the above directions.

**Date: December 15, 2020**

**Place: Mumbai**

**MADHABI PURI BUCH**

**WHOLE TIME MEMBER**

**SECURITIES AND EXCHANGE BOARD OF INDIA**