

WTM/AB/WRO/WRO/12218/2021-22

SECURITIES AND EXCHANGE BOARD OF INDIA
FINAL ORDER

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

In respect of:

Sr. No.	Name of Noticee	PAN
1.	Prowise Capital	AASFP2716Q
2.	Prowise Consultancy	AFYPY9410M
3.	Yogendra Gangrade, Partner of Prowise Capital and Sole Proprietor of Prowise Consultancy	AFYPY9410M
4.	Swati Purwar, Partner of Prowise Capital	BLYPG4284Q
5.	Vaibhav Patil, Partner of Prowise Capital	BGLPP6889C
6.	Arun Jatav, Partner of Prowise Capital	ARDPJ0131D

(Aforesaid entities are hereinafter individually referred to by their respective name or Noticee number and collectively as “the Noticees”).

-
1. The present proceedings have emanated from an ex-parte ad-interim order cum show cause notice dated July 27, 2020 (hereinafter referred to as “**the interim order**”) passed by Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) against the Noticees, as the unregistered investment advisory activities of the Noticees were found to be in violation of the provisions of Section 12(1) of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI**

Act, 1992”) and Regulation 3(1) of SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as “**IA Regulations, 2013**”). Further, in the interim order, the activities of the Noticees were *prima facie* found to be fraudulent and manipulative and in violation of provisions of Section 12A (a), (b) & (c) of SEBI Act, 1992 and Regulations 3 (a), (b), (c) & (d) and Regulations 4(1) and 4(2)(k) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as “**PFUTP Regulations, 2003**”). By the interim order, following directions were issued against the Noticees:

“Prowise Capital (Partners: Arun Jatav, Vaibhav Patil, Swati Purwar & Yogendra Gangrade) and Prowise Consultancy (Prop: Yogendra Gangrade):

- (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., 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) If Prowise Capital and its partners and Prowise Consultancy and its proprietor 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. Prowise Capital and its partners and Prowise Consultancy and its proprietor 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.*
- (vii) To provide a full inventory of all assets held in their 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.

- (viii) ICICI Bank and Axis Bank wherein Prowise Capital (ICICI Bank Account No. 024105501391) and Prowise Consultancy (Axis Bank Account No. 918020093327341) are holding bank accounts, are directed not to allow any debits/withdrawals from and credits to the said accounts, without the permission of SEBI. The Banks are directed to ensure that all the above directions are strictly enforced.*
- (ix) The Depositories are directed to ensure that till further directions no debits are made in the demat accounts of Prowise Capital and Prowise Consultancy, Arun Jatav, Vaibhav Patil, Swati Purwar & Yogendra Gangrade, held jointly or severally.*
- (x) The Registrar and Transfer Agents are also directed to ensure that till further directions the securities, including Mutual Fund units, held in the name of Prowise Capital and Prowise Consultancy and Arun Jatav, Vaibhav Patil, Swati Purwar & Yogendra Gangrade, jointly or severally, are not transferred or redeemed.”*

2. The interim order was also in the nature of a show cause notice wherein the Noticees were provided with the opportunity to file their objections/reply, if any, within 21 days from the date of the interim order and were also provided with an opportunity of personal hearing before SEBI, on a date and time to be fixed on a specific request to be made by the Noticees, in that regard. Noticee nos. 3, 5 and 6, vide separate letters dated August 04, 2020 submitted lists of their assets. Vide letters dated August 14, 2020, Noticee nos. 3, 5 and 6 submitted that they had not intended to defraud any of their clients and were carrying out their activity with due diligence. They also submitted that they had attempted to obtain registration from SEBI on several occasions, however, the formalities could not be completed. They also stated that the complaint mentioned in the interim order had also been redressed by them. They also submitted that since SEBI registration could not be obtained, they has stopped their activity from March 05, 2020. An opportunity of hearing was granted to the Noticees on December 16, 2020 wherein the Noticee nos. 3, 5 and 6, appeared and reiterated the submissions made in their replies. A further opportunity of hearing was granted to Noticee no.4 on February 16, 2021 and the hearing notice was affixed at the last known address of Noticee no. 4, but Noticee no. 4 did not appear for hearing on the said date, nor did she make any request for adjournment or filed any reply to the interim order.

3. I find that the interim order passed in the matter contained following observations:

- a. SEBI received a complaint vide email dated February 14, 2020 against Prowise Capital (hereinafter referred to as 'Prowise capital') wherein, the complainant, *inter-alia*, alleged that the complainant paid Rs.1.90 Lakhs with 18% GST for HNI advisory services. The company allegedly committed to increase the complainant's assets to Rs.10.00 Lakhs but immediately after starting the services the complainant's funds decreased from Rs.1.20 lakhs to Rs.0.86 lakh. Further, Prowise capital had claimed to be registered with SEBI for providing Investment advisory services.
- b. In view of the complaints received, SEBI carried out a preliminary examination to ascertain whether unregistered investment advisory activities are being carried out by the firm. To that end the website of the firm, www.prowisecapital.com, and particulars of its bank accounts were perused to gather information. On visiting the website on google, the following message is displayed: "Under maintenance". However, it is noted that above website is active while clicking on the link viz., 'under maintenance'. The print out of the webpages of the firm's website are taken and have been placed on record.
- c. The entity is not registered with SEBI.
- d. The website provides information that Prowise Capital offers packages viz., Stock Tips, Stock Future Tips, Nifty Future Tips, Option Tips, Commodity Tips, MCX Tips, NCDEX Tips, Pro Pack Commodity, etc. to its clients as part of its advisory activity.
- e. Bank accounts and payment mechanisms were displayed on the website for clients who wish to subscribe to its 'advisory services'. The payment to subscribe to the services could be made directly to the ICICI bank account number 024105501391 opened in the name of Prowise Capital, the details of the same are mentioned on their website and alternatively through the payment gateway Easebuzz.
- f. The payment receipts and screenshots provided by the Complainant shows that payments were made to Prowise Consultancy through payment gateway Easebuzz. In view of this information was sought Easebuzz wherein it was noted that Prowise Consultancy has account no. 918020093327341 with Axis Bank Ltd.
- g. As per the information gathered from the website of Prowise Capital which was active as on date of interim order, the following claims were noted:

- i. *“Prowise Capital it’s a “Professional wise advisor who can help you to grow your capital”, whether it’s a Bear Market or Bull Market We build your capital. We started our Operation on 15th January 2016 with a goal to serve our Expertise to Retail Clients who trades in Indian Stocks and Commodities Markets. By the way to enhanced Team, Expertise and Confidence the founders of Prowise Capital Financials Wealth Creators have over 10 years of Combined Experience in Indian Stocks and Commodities Markets.*

Our Mission

- ii. *Our research services in Stocks and Commodities markets is our Key to Success, by delivering highest quality research services and support to our Clients. Together we can create more Money from Market.*

Our Vision

- iii. *Prowise Capital is driven by its Research Services and Client Satisfaction. We at Prowise Capital have a vision to Cover Global Markets. Where we can serve to International Clients to invest and trade in Indian as well as their domestic markets.*
- iv. *We strive towards providing highest standard services to Retail and HNI Clients. We provide Researched Calls and recommendations to our clients through SMS/Instant Messengers/Mobile Application and Phone. We use high quality and Fastest Servers and CRM for sending SMS.*
- v. *Various packages are being offered for subscription at specified rates and for specific products. On such illustration is given below.*

Stock Cash Tips

- vi. *In stock cash intraday services can buy and sell equity or shares on same day. In this service we offer stock recommendation with most accurate tips that helps our clients to make profit. Our Stock Tips services are specially designed for stock traders WHO trade NSE. Stock Cash trading inherently carries less risk than trading on margin. In stock cash there is no specific lot size so investors have liberty to make investment according to their risk and return capability.”*

- h. The following were noted from the information available on the website of

Prowise Capital:

- i) Prowise Capital has started their operation on January 15, 2016.
- ii) The advisory business of Prowise Capital is based on 'subscription model'.
- iii) The advisory fee was charged from clients based on the product subscribed and the subscription period.
- iv) Advice given by the entity is through SMS and/or telephone support.
- v) Prowise Capital offers packages viz., Stock Tips, Stock Future Tips, Nifty Future Tips, Option Tips, Commodity Tips, MCX Tips, NCDEX Tips, Pro Pack Commodity, etc. to its clients as part of its advisory activity.
- vi) The charges for the aforesaid packages depend upon the period of subscription. For instance, the advisory fee for providing Commodity tips, MCX tips for a quarter is shown as Rs.27,000/-; Similarly, fee for Pro Pack Commodity service is shown as Rs.2,50,000/-.

- i. Illustration of some of the subscription packages provided by Prowise Capital and the fees for the same are as under:

MCX Bullion

Duration	Fees
Monthly	None
Quarterly	Rs. 27,000
Half yearly	Rs.50,000
Yearly	None

HNI MCX

Duration	Fees
Monthly	None
Quarterly	Rs. 1,90,000

Half yearly	None
Yearly	None

Pro pack commodity

Duration	Fees
Monthly	None
Quarterly	Rs. 2,50,000
Half yearly	None
Yearly	None

- j. As per the information available on the website, payment to subscribe to the services could be made directly to the ICICI bank account number 024105501391 opened in the name of Prowise Capital and alternatively, through the payment gateway Easebuzz.
- k. The following information is gathered from the bank account statements and payment gateways:
- i) As per the Bank Statement of “Prowise Capital” bearing Account No- 024105501391 held with ICICI Bank Ltd., it was observed that there were multiple credit entries from payment gateways- Easebuzz and PayUmoney.
 - ii) In view of the same, SEBI vide e-mails each dated February 26, 2020, sought details of the “Prowise Capital” from Easebuzz and PayUmoney. The details received from Easebuzz with respect to the merchant “Prowise Capital” are as under:

Merchant Name: Prowise Capital
 Email: patilvaibhav029@gmail.com
 Contact no: 9165968914
 Bank Name: ICICI Bank
 Account no: 024105501391

PAN ID: AASFP2716Q

- I. The details received from PayUmoney with respect to the merchant named “Prowise Capital” are as under-

Merchant Name	Prowise Capital	Prowise Capital
Type of firm	Partnership firm	Arun Jatav, Partner)
PAN no.	AASFP2716Q	ARDPJ0131D
Bank Name	ICICI BANK	ICICI BANK
Account no.	024105501391	024105501391
Mobile no.	8770793571	9691186858

- m. It is observed that there were two merchants registered with the same name Prowise Capital for receipt of money through PayUmoney, but with the use of different PAN numbers (one with the use of PAN number of the partnership firm Prowise Capital and the other with the use of the PAN of its partner Arun Jatav). Further, the bank account number of both the merchants were same.
- n. Further, the following information was gathered from the KYC documents and bank account statements collected from the banks viz., ICICI Bank and Axis Bank :
- Prowise Capital is a partnership firm with four partners namely, Arun Jatav, Vaibhav Patil, Swati Purwar & Yogendra Gangrade. The total amount mobilized by the entity in ICICI Bank Account no-024105501391 during the period from January 30, 2016 to February 20, 2020 is Rs.1,20,44,355.11/.
 - Prowise Consultancy is a proprietorship concern of Yogendra Gangrade. It is noted that the Prop. Yogendra Gangrade is also a partner in Prowise Capital. Further, it was also noted that the account no. 918020093327341 in the name of Prowise Consultancy held with Axis Bank Ltd was receiving credits from Easebuzz in lieu of payments made to Prowise Capital. The

total amount mobilized by the entity Prowise Consultancy in Axis Bank Account no-918020093327341 during the period from October, 05, 2018 to February 13, 2020 is Rs.71,85,225.43/-.

- iii. The account statements for the period from January 30, 2016 to February 20, 2020 from the ICICI Bank Ltd and the account statement for the period from October 05, 2018 to February 13, 2020 from the Axis Bank, showed last credit entries in the accounts of Prowise Capital and Prowise Consultancy as follows-

Sr no.	A/c Name	A/c number	Last Cr entry date	Last Cr entry amt (in Rs.)	Remarks in the bank statement
1.	Prowise Capital	024105501391	20/02/2020	58,536/-	Payout received from Easebuzz
2.	Prowise Consultancy	918020093327341	12/02/2020	4,882/-	Payout received from Easebuzz

- o. Considering the above analysis of the details on the website of Prowise Capital, payment receipts, and bank statement of Prowise Capital, it was *prima facie*, observed that Prowise Capital has represented as follows:

- Prowise Capital is an investment advisory firm that provides tips for the stock and commodity markets.
- Prowise Capital offers services in investment planning and strategy for consideration.

- p. Further, the examination of payment receipts and screenshots of messages exchanged between employee of Prowise capital and the Complainant, the following were noted in the interim order:

- The representatives of Prowise Capital are using the payment links in the name of merchant Prowise Consultancy on Easebuzz.
- From the payment receipts dated November 30, 2019, December 03, 2019 and December 04, 2019 the Complainant has made the payments amounting to Rs. 47,500, 1,42,500 and 34,200 respectively.
- It is also noted from the bank account with Axis bank that amounts are

collected in the account of Prowise Consultancy and then cumulatively the funds are transferred to the account of Prowise Capital, the details of the same are as under:

S. No	Customer Name	Account Number	Date of transaction	Credit Amount
1	PROWISE CAPITAL	24105501391	25/02/2019	120000
2	PROWISE CAPITAL	24105501391	01/03/2019	50000
3	PROWISE CAPITAL	24105501391	12/03/2019	50000
4	PROWISE CAPITAL	24105501391	18/03/2019	50000
5	PROWISE CAPITAL	24105501391	27/03/2019	50000
6	PROWISE CAPITAL	24105501391	02/04/2019	80000
7	PROWISE CAPITAL	24105501391	01/05/2019	50000
8	PROWISE CAPITAL	24105501391	06/05/2019	100000
9	PROWISE CAPITAL	24105501391	03/06/2019	100000
10	PROWISE CAPITAL	24105501391	01/07/2019	50000
11	PROWISE CAPITAL	24105501391	11/09/2019	20000
12	PROWISE CAPITAL	24105501391	03/10/2019	50000
			TOTAL	770000

- Considering the fact that payments were credited to Prowise consultancy accounts as intimated by the employees of Prowise Capital to the investors and then the funds from Prowise Consultancy was transferred to Prowise Capital in several instances shows that the Prowise Cosultancy's was acting together with Prowise Capital by providing its accounts for receiving the consideration for the services

offered by Prowise Capital. Therefore, I *prima facie*, find that Prowise Consultancy together with Prowise Capital is involved in the investment advisory services.

- q. Considering the above facts and circumstances, especially the contents of the website of Prowise Capital coupled with the credit transactions in the Bank Accounts and PayUMoney and Easebuzz of Prowise Capital and Prowise Consultancy the interim order, *prima facie*, inferred that the fees/ funds credited to the Bank Accounts, were for the purpose of providing the services indicated on the website of Prowise Capital. It was also *prima facie*, observed that Prowise Capital is placing information in public domain/ advertising by using its website about various services offered by it in the securities market. Further, it was also, *prima facie*, observed that various packages are being offered by Prowise Capital through its website to avail its services. Therefore, the interim order *prima facie* concluded that Prowise Capital together with Prowise Consultancy have not only held themselves out as investment advisers but have also acted as investment advisers for consideration.

4. In addition to the above observations made in the interim order, from the copy of the printouts of the webpages of the website www.prowisecapital.com, I find that Noticees had provided the following rates for availing their investment advisory services:

Service	Quarterly	Half Yearly	Yearly
MCX Bullion	27000	50000	None
Base Metal	27000	50000	None
Energy Pack	27000	50000	None
Combo Pack	42000	70000	None
NCDEX	35000	65000	None
Commodity Premium	90000	None	None

HNI MCX	190000	None	None
HNI NCDEX	190000	None	None
Pro pack commodity	250000	None	None

5. I note that the definition of investment adviser, as given in Regulation 2(1)(m) of IA Regulations, 2013, provides 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*”. Regulation 2(1) (l) of the IA Regulations 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.*”
6. I note that Prowise Capital (Noticee no. 1) on its website i.e. www.prowisecapital.com advertised itself to be driven by its Research Services and Client Satisfaction. The website stated that “*We at Prowise Capital have a vision to Cover Global Markets. Where we can serve to International Clients to invest and trade in Indian as well as their domestic markets. We strive towards providing highest standard services to Retail and HNI Clients. We provide Researched Calls and recommendations to our clients through SMS/Instant Messengers/Mobile Application and Phone. We use high quality and Fastest Servers and CRM for sending SMS.*” I find that these services were being offered by the Noticee no. 1 in lieu of the consideration which could be paid by the investor concerned in the ICICI Bank account, mentioned on its website, in the name of “Prowise Capital” bearing Account No- 024105501391, or through the payment gateway of Easebuzz and PayUmoney. I also note that SEBI vide e-mails, all dated February 26, 2020, sought details of the “Prowise Capital” from Easebuzz and PayUmoney. The details received from Easebuzz with respect to the merchant “Prowise Capital” showed that the merchant name Prowise Capital (PAN ID: AASFP2716Q) bore email address of patilvaibhav029@gmail.com and was connected to the same ICICI Bank account

no. 024105501391 of Prowise Capital (Noticee no. 1), as mentioned on www.prowisecapital.com. The details received from PayUmoney showed that there were two merchants registered with the same name Prowise Capital for receipt of money through PayUmoney, but with the use of different PAN numbers (one with the use of PAN number of the partnership firm Prowise Capital – Noticee no. 1 and the other with the use of the PAN of its partner Arun Jatav – Noticee no. 6). Further, the bank account number of both the merchants were same which was, ICICI Bank account no. 024105501391, as mentioned on www.prowisecapital.com. Further, it was also noted that the account no. 918020093327341 in the name of Prowise Consultancy (Noticee no. 2) held with Axis Bank Ltd was also receiving credits from Easebuzz in lieu of payments made to Prowise Capital (Noticee no. 1). The payment receipts and screenshots provided by the complainant also showed that payments were made to Prowise Consultancy through payment gateway Easebuzz which was connected to account no. 918020093327341 with Axis Bank Ltd. Moreover, I also note that there were regular transfer of funds from the account no. 918020093327341 with Axis Bank Ltd of Prowise Consultancy to ICICI Bank Account no-024105501391 held in the name of Prowise Capital. The total amount mobilized by the entity Prowise Consultancy (Noticee no. 2) in Axis Bank Account no-918020093327341 during the period from October, 05, 2018 to February 13, 2020 is Rs.71,85,225.43/-. I also note that it was gathered from the KYC documents and bank account statements collected from the banks viz., ICICI Bank and Axis Bank that Prowise Capital (Noticee no. 1) is a partnership firm with four partners, namely, Arun Jatav (Noticee no. 6), Vaibhav Patil (Noticee no. 5), Swati Purwar (Noticee no. 4) and Yogendra Gangrade (Noticee no. 3) and was holding ICICI Bank Account no-024105501391 wherein the total amount collected during the period from January 30, 2016 to February 20, 2020 is Rs.1,20,44,355.11/. In this regard, I note that as per Section of the Indian Partnership Act, 1932 “Partnership” is the relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all. Further, persons who have entered into partnership with one another are called individually “partners” and collectively “a firm”, and the name under which their business is carried on is called the “firm name”. Thus, as per the said Section 4, the firm is nothing but all partners acting together. I also note that Prowise Consultancy (Noticee no. 2) is a proprietorship concern of Yogendra Gangrade (Noticee no. 3) who is a partner in Prowise Capital

(Noticee no. 1). Thus, activities of Noticee no. 1 are attributable to and in fact, are the activities of all other Noticees i.e. Noticee no. 2 to 6. Thus, I find that Noticees were providing the investment advice, in lieu of consideration, from their website - www.prowisecapital.com. In terms of Regulation 2(1) (l) of IA Regulations, 2013 such an advice is “investment advice”. Therefore, I find that Noticees were engaged in the business of providing investment advice to public, for consideration and were thus, acting as an investment adviser, as defined under Regulation 2(1) (m) of the IA Regulations, 2013.

7. In this regard, I note that Section 12(1) of the SEBI Act, 1992 provides 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.”

8. In order to protect the interest of investors and to maintain integrity of the securities market, IA Regulations, 2013 provides safeguards to ensure that the investors who receive investment advice are protected. One such safeguard is that any person carrying out investment advisory activities has to obtain registration from SEBI as required under Regulation 3(1) of the IA Regulations, 2013. Regulation 3(1) 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”* and conduct its activities in accordance with the provisions of IA Regulations. Further, safeguards provided under IA Regulations, 2013 includes continued minimum professional qualification and net-worth requirement for investment adviser, disclosure of all conflict of interest, prohibition on entering into transactions which are contrary to advice given for 15 days, risk profiling of investors, maintaining documented process for selecting investment for client based on client’s objective and risk profile, understanding the nature and risks of products or assets selected for clients, etc.

9. Noticees have not denied that they were carrying out investment advisory services. In fact, they have submitted that they were attempting to get registration, as an investment advisor, on a number of occasions from SEBI and on failing to obtain the same, stopped providing investment advisory services. This admission on the part of Noticees shows that they were not only aware that their activities were investment advisory activities but were also aware that carrying on such an activity requires prior registration from SEBI. However, Noticees did not take any prior registration for carrying on such investment advisory activities and carried on investment advisory activities without any registration from SEBI as an investment advisor. As, in terms of provisions of SEBI Act, 1992 and IA Regulations, 2013, obtaining of registration to act as an investment advisor, is pre-requisite for carrying on any investment advisory activities, therefore, applying for registration with SEBI after starting such activities, is of no consequence. Rather, it shows that Noticees carried on their investment advisory activities without holding a valid certificate of registration from SEBI in terms of Section 12(1) of SEBI Act, 1992 and Regulation 3 of IA Regulations, 2013. Therefore, the submission of the Noticees in this regard is not tenable.
10. The activities of the Noticees, as brought out from the various materials described above, seen in the backdrop of the aforesaid provisions show that the Noticees were holding themselves out and acting as an investment adviser. However, it is noted that the Noticees are not registered with SEBI in the capacity of Investment Advisor. Hence, I find that these activities/ representations as being made by the Noticees without holding the certificate of registration as investment adviser are in violation of Section 12(1) of SEBI Act, 1992 read with Regulation 3(1) of the IA Regulations, 2013.
11. In my view, unregistered investment advisors like the Noticees in the present case can put investors at great risk by misleading them. In the present case, Noticees on their website mentioned that the founders of Prowise Capital Financials Wealth Creators have over 10 years of Combined Experience in Indian Stocks and Commodities Markets and that its research services in Stocks and Commodities markets is its Key to Success, by delivering highest quality research services and support to its Clients. As stated above, SEBI Act, 1992 and IA Regulations, 2013

requires any investment advisor to hold a certificate of registration to act as such. I find that Noticees were not holding any certificate of registration from SEBI to act as investment adviser. Thus, the claims/representations made by the Noticees on their website were misleading and were made to allure investors to avail investment advisory services being offered by the Noticees. Without holding any registered Investment Advisor certificate, the Noticees have held themselves out as investment advisors and offered services through their website to investors with the objective of raising money through subscriptions to their various plans. Regulation 4(2)(k) of PFUTP Regulations, 2003, provides that dealing in securities shall be deemed to be a manipulative, fraudulent or an unfair trade practice if it involves disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading and which is designed or likely to influence the decision of investors dealing in securities. In the present case, Noticees without holding certificate of registration as investment adviser, knowingly hold themselves as investment adviser on their website. Thus, I find that Noticees have violated Regulations 4(2)(k) of PFUTP Regulations, 2003.

12. I note that the material available on record does not indicate the exact amount of fees collected by the Noticees, as a result of providing investment advice to investors, in violation of the provisions of the IA Regulations, 2013. However, I note that the total amount collected in the ICICI Bank Account no-024105501391 in the name of Prowise Capital (Noticee no. 1) during the period from January 30, 2016 to February 20, 2020 is Rs.1,20,44,355.11/ and the total amount collected by the entity Prowise Consultancy (Noticee no. 2) in Axis Bank Account no-918020093327341 during the period from October, 05, 2018 to February 13, 2020 is Rs.71,85,225.43/-. The complaint received by SEBI states that the complainant had paid Rs. 1.90 Lakh with 18% GST for HNI Services, to the Noticees.
13. In view of the foregoing, I, in exercise of the powers conferred upon me under Sections 11, 11(4), 11B(1) and 11D, read with of Section 19 of the SEBI Act, 1992 and Regulation 11 of the PFUTP Regulations, 2003, hereby direct that:
 - (i) The Noticees shall within a period of three months from the date of coming

into force of this direction, refund the money received from the clients/investors/complainant, as fees or consideration or in any other form, in respect of their unregistered investment advisory activities;

- (ii) The Noticees shall issue public notice in all editions of two National Dailies (one English and one Hindi) and in one local daily with wide circulation, detailing the modalities for refund, including the details of contact person such as names, addresses and contact details, within 15 days of coming into force of this direction;
- (iii) The repayments to the clients/investors shall be effected only through Bank Demand Draft or Pay Order or electronic fund transfer or through any other appropriate banking channels, which ensures audit trails to identify the beneficiaries of repayments;
- (iv) The Noticees are prevented from selling their assets, properties and holding of mutual funds/shares/securities held by them in demat and physical form except for the sole purpose of making the refunds as directed above. Further, the banks are directed to allow debit only for the purpose of making refunds to the clients/investors who were availing the investment advisory services from the Noticees, as directed in this order, from the bank account of the Noticees, wherein debit has been frozen by virtue of interim order dated July 27, 2020;
- (v) After completing the aforesaid repayments, the Noticees shall file a report of such completion with SEBI addressed to the Division Chief, CIS Division, Investment Management Department, SEBI Bhavan, Plot No. C4 A, G Block, Bandra Kurla Complex, Bandra (East) Mumbai – 400051, within a period of 15 days, after completion of three months from the coming into force of direction given in para 13(i) above, duly certified by an independent Chartered Accountant. The restraint contained in para 13(iv) shall cease to operate once the refund to the investors is complete and the report as contemplated herein is filed;

- (vi) In case of failure of the Noticees to comply with the aforesaid directions in sub-para (i) and (v), SEBI, on the expiry of the stipulated time period therein may recover the amounts mentioned in para 12 above or any other amount, as may be found to have been raised by the Noticees, from the Noticees, in accordance with Section 28A of the SEBI Act, 1992 including such other provisions contained in securities laws;
 - (vii) The Noticees are debarred from accessing the securities market, directly or indirectly and are prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of 2 (two) years from the date of this order or till the expiry of 2 (two) years from the date of completion of refunds to investors as directed in paragraph 13(i) above, whichever is later;
 - (viii) The Noticees are also restrained from associating with any company whose securities are listed on a recognized stock exchange and any company which intends to raise money from the public, or any intermediary registered with SEBI in any capacity for a period of 2 (two) years from the date of this order or till the expiry of 2 (two) years from the date of completion of refunds to investors as directed in paragraph 13(i) above, whichever is later; and
 - (ix) The Noticees shall not undertake, either during or after the expiry of the period of debarment/restraint as mentioned in paragraph 13(vii) and (viii) above, either directly or indirectly, investment advisory services or any activity in the securities market without obtaining a certificate of registration from SEBI as required under the securities laws.
14. The direction for refund, as given in paragraph 13(i) above, does not preclude the clients/investors to pursue the other legal remedies available to them under any other law, against the Noticees for refund of money or deficiency in service before any appropriate forum of competent jurisdiction.
15. This order comes into force with immediate effect. However, in view of the exceptional circumstances emerged due to the outbreak of a COVID-19 and

consequential lockdowns imposed in different parts of the country, the direction given in paragraph 13 (i) and (ii) above, shall come into force on July 01, 2021.

16. A copy of this order shall be sent to the Noticees, recognized Stock Exchanges, the relevant banks, Depositories and Registrar and Transfer Agents of Mutual Funds to ensure that the directions given above are strictly complied with.

-Sd-

Place: Mumbai

ANANTA BARUA

Date: June 14, 2021

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA