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National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/53637	Date: September 09, 2022
Circular Ref. No: 124/2022	

To All NSE Members,

Sub: SEBI Order in the matter of Wishworth Financial Services and its Proprietors–Pankaj Khanchandani and Dheeraj Kapoor

SEBI vide its Order No. WTM/ASB/WRO/WRO/19310/2022-23 dated September 09, 2022, has hereby debarred below entities from accessing the securities market, directly or indirectly and is prohibited from buying, selling or otherwise dealing in securities, directly or indirectly in any manner whatsoever, for a period of four (4) years from the date of the Order or till the expiry of four (4) years from the date of completion of refunds to complainants/ investors as directed in para 9 (a) of the Order, whichever is later.

Sr no.	Name of Entity	PAN
1	Pankaj Khanchandani	AXTPK1590M
2	Dheeraj Kapoor	BLZPK3322E

The Order shall come into force with immediate effect.

The detailed order is available on SEBI website (http://www.sebi.gov.in).

Further, the consolidated list of such entities is available on the Exchange website http://www.nseindia.com home page under "Home-Regulation-Members-Action against Members-Regulatory Actions".

Members are advised to take note of the above and ensure compliance.

In case of any further queries, members are requested to contact the following officials:

National Stock Exchange of India

Mr. Rohit Swami (Extension:23023), Mr. Anand Jangir (Extension:22385)
Direct No: 022-26598417/18 Fax: 022-26598195

For and on behalf of
National Stock Exchange of India Limited

Anand Jangir
Manager

ANNEXURE: SEBI Order in the matter of Wishworth Financial Services and its Proprietors–Pankaj Khanchandani and Dheeraj Kapoor

SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI

ORDER

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

IN RESPECT OF –

SR. No.	NOTICEE	PAN
1.	PANKAJ KHANCHANDANI	AXTPK1590M
2.	DHEERAJ KAPOOR	BLZPK3322E

IN THE MATTER OF WISHWORTH FINANCIAL SERVICES.

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1. Securities and Exchange Board of India ("**SEBI**") had received a complaint dated October 24, 2017, against Wishworth Financial Services and its Proprietors–Pankaj Khanchandani and Dheeraj Kapoor (hereinafter collectively referred to as "**Noticees**") from one, Naresh Maini ("**Complainant**"), wherein it was *inter alia* alleged that the Noticees were offering financial investment plans with assured returns to the complainant; as a result, the complainant had paid an amount of ₹41,499 to the Noticees but thereafter, had failed to receive any intimation /communication from the Noticees.

2. Pursuant to receipt of the above mentioned complaint, SEBI conducted an examination in the matter and thereafter, had issued a *Show Cause Notice dated January 20, 2022* ("**SCN**"), against the Noticees on the basis of findings contained in the examination report, *inter alia* alleging that:

   i. The Noticees had carried out investment advisory activities and held themselves out as *'investment advisers'* without obtaining a Certificate of registration from SEBI in violation of the provisions of Section 12(1) of the SEBI Act, 1992 ("**SEBI Act**") read with Regulation 3(1) of SEBI (Investment Advisers) Regulations, 2013 ("**Investment Advisers Regulations**").

3. Vide the SCN, the Noticees were also called upon to show cause as to why suitable directions under Sections 11(1), 11(4) and 11B of the SEBI Act, should not be issued against them for the violations alleged in the SCN.

4. The details with regard to service of SCN (effected through newspaper publications dated March 4, 2022) are provided as under:

Sr. No.	Noticee	Address	SCN No. and Date	Delivery Status	Newspaper where Public Notice was Published
1.	Wishworth Financial Services	Race Course Road, Old Palasia, Indore, Madhya Pradesh – 452001.	SEBI/WRO/19908/1 dated 17.08.2021	Not Delivered Through Postal Department	English – Times of India (Indore Edition) Hindi – Nai Dunia (Indore Edition)
2.	Pankaj Khanchandani	Race Course Road, Old Palasia, Indore, Madhya Pradesh – 452001. F– 23, Sector F, 4th Floor, Luvkush Awash Vihar Near Shiv Mandir, Shukhliya, Indore – 452010.	SEBI/WRO/19908/1 dated 17.08.2021 SEBI/WRO/ILO/NM/OW/P/02552/1/2022 dated 20.01.2022		
3.	Dheeraj Kapoor	Race Course Road, Old Palasia, Indore, Madhya Pradesh – 452001. 588 /9, Badi Bhamori Ka Ramnagar, Indore – 452001.	SEBI/WRO/19908/1 dated 17.08.2021 SEBI/WRO/ILO/NM/OW/P/02554/1/2022 dated 20.01.2022		

5. Pursuant to service of SCN, an opportunity of hearing was granted to the Noticees on July 22, 2022; however, the Noticees did not appear for the hearing nor was any request for adjournment received from them.

FINDINGS:

6. I have considered the SCN along with all the material available on record. I note that the Noticees have not filed any reply to the SCN or made any submission for consideration during the course of these proceedings despite the opportunities granted to them. Accordingly, in this context, I rely upon the observations of the Hon'ble SAT in ***Sanjay Kumar Tayal & Ors. vs. SEBI (Order dated February 11, 2014 in Appeal no. 68 of 2013)***, wherein it had observed: *"… Appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges levelled against them in the show cause notices."* Even though the Noticees have remained *ex parte*, I nonetheless find it relevant that I should be guided by the documents available on record as laid down by the Hon'ble SAT in ***Shri B. Ramalinga Raju vs. SEBI (Order dated May 12, 2017 in Appeal No. 286 of 2014)***.

7. The SCN has alleged that the Noticees had held themselves out as *'investment advisers'* without obtaining registration from SEBI in violation of the provisions of Section 12(1) of the SEBI Act read with Regulation 3(1) of the Investment Advisers Regulations. The aforementioned provisions of law read as under:

Provisions of the SEBI Act:

*"**Section 12 of the SEBI Act – Registration of stock brokers, sub-brokers, share transfer agents, etc.***

12. (1) 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:

Provided that a person buying or selling securities or otherwise dealing with the securities market as a 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 immediately before the establishment of the Board for which no registration certificate was necessary prior to such establishment, may continue to do so for a period of three months from such establishment or, if he has made an application for such registration within the said period of three months, till the disposal of such application:

Provided further that any certificate of registration, obtained immediately before the commencement of the Securities Laws (Amendment) Act, 1995, shall be deemed to have been obtained from the Board in accordance with the regulations providing for such registration."

Provisions of the Investment Advisers Regulations:

*"**Regulation 3 of the Investment Advisers Regulations – Application for grant of certificate.***

3.(1) 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:"

7.1 From the material available on record, the following is observed:

i. The Noticees through their website *www.wishworth.in (the website is no longer active; however, archive pages of the website were downloaded from web.archive.org)*, had stated that: *"(they are) a team of expert market analyst with huge experience in capital market research. We provide recommendations for stocks in cash, futures and option, traded in NSE & BSE commodities including bullions, metals and energy traded in MCX. We provide live recommendations through SMS and chat room services. Our SMS facility is a very effective system which ensures the instant message delivery without any loss of time, so the clients get sufficient time to execute their trades in order to fetch maximum profits."*

ii. Through their website, the Noticees had offered prospective clients, various subscription packages relating to recommendations for stocks in cash, futures and option, etc. details of which are reproduced below:

Subscription Package	***Subscription Amount in ₹***			
	Monthly	***Quarterly***	***Half – Yearly***	***Yearly***
Equity Cash* – "*In Equity Cash package, we provide stock cash intraday tips for traders who trade in NSE."				
Equity Cash	*7000*	*15000*	*25000*	*40000*
Premium Cash		*45000*	*75000*	*110000*
HNI Cash		*70000*	*110000*	*170000*
Positional Cash	*15000*	*35000*	*60000*	*90000*
***Stock Future* –** *"We provide stock futures calls with a high level of accuracy. …. stock future tips for our new and old clients makes sure that you make huge profits through your investment."*				
Equity Cash	*7000*	*15000*	*25000*	*40000*
Premium Cash		*45000*	*75000*	*110000*
HNI Cash		*70000*	*110000*	*170000*
Positional Cash	*15000*	*35000*	*60000*	*90000*
***Commodity* –** *"We provide intraday trading recommendation in base metal, energy and precious metals."*				
Bullions		*25000*	*40000*	*60000*
Base Metal		*15000*	*27000*	*50000*
***Stock Option* –** *"(This) service is specifically designed for option traders with low risk. Wishworth provides best tips to intraday traders for making money with minimum risk."*				
Option Call & Put		*15000*	*25000*	*40000*
Premium Option		*35000*	*60000*	*90000*
HNI Option		*45000*	*75000*	*110000*
Positional Option		*35000*	*60000*	*90000*
Positional Option		*60000*	*90000*	*120000*
BTST /STBT				
Basic Cash		*15000*	*25000*	*40000*

NIFTY SPECIAL – "Uniquely designed for NIFTY traders trading in NIFTY and Bank Nifty Futures and Options. Wishworth provides best tips to day traders for making money."				
NIFTY SPECIAL		*12000*	*20000*	*30000*
MCX				
ENERGY		*12000*	*20000*	*30000*
ALL MCX		*35000*	*60000*	*90000*
PREMIUM MCX		*60000*	*90000*	*120000*
HNI MCX		*80000*	*130000*	*200000*

iii. In addition to the above, the Noticees had also offered prospective clients, a Wishworth Special subscription package offering *'any 1 Counter @ ₹35000'* and *'any 2 Counter @ ₹50000'.*

iv. The Noticees' website mentioned eight bank account nos. for payment of consideration towards subscription for the above mentioned packages i.e. (i) ICICI Bank account no. 144101506596, (ii) ICICI Bank account no. 004101560063, (iii) Axis Bank account no. 914010023271064, (iv) SBI Bank account no. 63020204729, (v) SBI Bank account no. 20379228584, (vi) Indian Bank account no. 6383893221, (vii) HDFC Bank account no. 50100086438834 and (viii) HDFC Bank account no. 50100086438808. As noted from the material available on record, the total credits received in the aforesaid bank accounts for the period from July 15, 2017 till March 31, 2020, amounted to ₹10,00,53,951, as shown below:

BANK	***A/C OPERATED BY***	***PERIOD***	***AMOUNT IN ₹***
ICICI BANK ACCOUNT NO. 144101506596	*PANKAJ KHANCHANDANI*	*15.07.2017–04.02.2020*	*8,31,76,145*
ICICI BANK ACCOUNT NO. 004101560063	*DHEERAJ KAPOOR*	*15.07.2017–27.02.2020*	*81,99,925*
AXIS BANK ACCOUNT NO. 914010023271064	*PANKAJ KHANCHANDANI*	*15.07.2017–04.02.2020*	*27,88,989*
SBI BANK ACCOUNT NO. 63020204729	*PANKAJ KHANCHANDANI*	*15.07.2017–31.03.2020*	**5,02,769*
SBI BANK ACCOUNT NO. 20379228584	*DHEERAJ KAPOOR*	*15.07.2017–01.11.2019*	*2,55,041*
INDIAN BANK ACCOUNT NO. 6383893221	*DHEERAJ KAPOOR*	*15.07.2017–31.05.2018*	*3,28,721*
HDFC BANK ACCOUNT NO. 50100086438834	*PANKAJ KHANCHANDANI*	*15.07.2017–03.02.2020*	*38,33,716*
HDFC BANK ACCOUNT NO. 50100086438808	*DHEERAJ KAPOOR*	*15.07.2017–27.02.2020*	*12,23,686*
TOTAL			***10,00,53,951***
**THIS ALSO INCLUDES THE AMOUNT OF ₹19,999 AND ₹15000 FOR TRANSACTIONS MADE BY THE COMPLAINANT, NARESH MAINI, ON JULY 15, 2017 AND JULY 19, 2017, TOWARDS SUBSCRIPTION FOR PACKAGES OFFERED BY THE NOTICEE.*			

7.2 In the instant proceedings, it is reiterated that the Noticees have not submitted any reply nor appeared for the hearing in response to the allegations contained in the SCN. It is pertinent to note that the bank accounts mentioned on the website *www.wishworth.in* for the purpose of receiving consideration in lieu of subscription to the services advertised therein, were held in the name of the Noticees' proprietors, thereby indicating that the beneficiaries of such website, were indeed only Pankaj Khanchandani and Dheeraj Kapoor. Considering the aforesaid, I find that all such sums were nothing but consideration received by the Noticees from investors /clients, in lieu of *'Investment Advice'* offered through subscription to its investment advisory services.

7.3 The definition as given in Regulation 2(m) of the Investment Advisers Regulations states that *'Investment Adviser'* shall mean *"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, Regulation 2(l) of the Investment Advisers 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."* The aforementioned definitions when viewed in light of the observations contained in the preceding paragraphs lead me to conclude that the Noticees had indeed held themselves out as *'Investment Adviser'* by offering to give *'Investment Advice'* related to investing in, purchasing and selling of securities in lieu of consideration received through various investment packages offered for subscription on its website, to prospective investors /clients.

7.4 Section 12(1) of the SEBI Act *inter alia* provides that no investment adviser shall buy, sell or deal in securities except under, and in accordance with, the conditions of a Certificate of registration obtained from the Board. Further, Regulation 3(1) of the Investment Advisers Regulations provides that 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. It is pertinent to mention that the Noticees were never registered with SEBI, in any capacity as an intermediary. By operating as *'Investment Adviser'* as defined under Regulation 2(m) of the Investment Advisers Regulations, without obtaining registration from SEBI, I find that the Noticees had violated Section 12(1) of SEBI Act read with Regulation 3(1) of the Investment Advisers Regulations.

8. The SCN had *inter alia* called upon the Noticees to show cause as to why suitable directions under Sections 11(1), 11(4) and 11B(1) of the SEBI Act, should not be issued against them. In the instant proceedings, the amount of fees /consideration collected by the Noticees as a result of providing unregistered *'Investment Advice'* to investors, amounted to ₹10,00,53,951. In light

of the findings in the preceding paragraphs, I am of the considered view that the Noticees are liable to refund the aforementioned amount collected as fees in lieu of unregistered *'Investment Advice'* offered to their clients /investors, and accordingly, a direction to them to refund such amount will be in the interest of investors in the securities market. I however, note that the SCN does not identity any particular investor or any specific group of investors who have suffered losses due to unauthorized activity carried out by the Noticees.

ORDER:

9. In view of the foregoing, I, in exercise of the powers conferred upon me in terms Sections 11(1), 11(4) and 11B and 11D read with of Section 19 of the SEBI Act, hereby direct that:

   (a) The Noticees, Wishworth Financial Services and its Proprietors–Pankaj Khanchandani and Dheeraj Kapoor), shall within a period of three months from the date of coming into force of this Order, jointly and severally, refund the money received from any complainants /investors /clients, as fees /consideration or in any other form, in respect of their unregistered investment advisory activities;

   (b) The Noticees shall cause to effect a public notice in all editions of two National Dailies (one English and one Hindi) and in one local daily with wide circulation, inviting claims from complainants /investors /clients within a period of fifteen (15) days from the date of this Order. The said public notice shall detail the modalities for refund, including the details of the contact persons such as names, addresses and contact details. A period of two (2) months from the date of the publication of the public notice shall be provided to the complainants /investors /clients for submitting their claims;

   (c) The repayments to the complainants /investors /clients 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;

   (d) 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 complainants /investors /clients who were availing the unregistered investment advisory services from the Noticees, as directed in this Order, from the bank accounts of the Noticees;

(e) After completing the aforesaid repayments, the Noticees shall file a report of such completion with SEBI addressed to the *"Division Chief, Division of Post–Inspection Enforcement Action, Market Intermediaries Regulation and Supervision Department, SEBI Bhavan II, Plot No. C7, 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 this Order, duly certified by an independent Chartered Accountant and the direction at paragraph 9(d) above shall cease to operate upon filing of such report on completion of refunds to complainants /investors /clients;

(f) 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 **4 (four) years** from the date of this Order or till the expiry of **4 (four) years** from the date of completion of refunds to complainants /investors /clients as directed in paragraph 9(a) above, whichever is later;

(g) The Noticees shall not undertake, either during or after the expiry of the period of debarment/restraint as mentioned in paragraph 9(f) 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.

10. The above direction for refunds /repayment to clients /investors as given in paragraph 9(a) above, does not preclude such complainants /investors /clients to pursue other legal remedies available to them under any other law against the Noticees for refund of money or deficiency in service.

11. This Order shall come into force with immediate effect.

12. A copy of this Order shall be served upon the Noticees. A copy of this Order shall also be forwarded to the recognised Stock Exchanges, Depositories, Banks and Registrar and Transfer Agents for necessary compliance with the above directions and also the Government of Madhya Pradesh for its information.

Sd /-

Place: Mumbai
Date: September 9, 2022

ASHWANI BHATIA
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA