National Stock Exchange of India
Circular

Department: Investigation	
Download Ref No: NSE/INVG/56023	**Date: March 16, 2023**
Circular Ref. No: 72/2023	

To All NSE Members

Sub: **Final Order in the matter of M/s Sanchi Research and its Proprietor: Mr. Ramgopal Set**

SEBI vide its order no WTM / SM / WRO / WRO / 24649 / 2022-23 dated March 16, 2023 has hereby debarred following entity from accessing the securities market, directly or indirectly and is prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of two (2) years from the date of this order or till the expiry of two (2) years from the date of completion of refunds to complainants/ investors along with depositing of balance amounts, if any, with SEBI, as directed in sub-paragraph (i) and (v) of SEBI Order, whichever is later;

Sl. No	Name of the Entity	PAN
1	M/s Sanchi Research Proprietor: Mr. Ramgopal Set	NSSPS1252P

Further, all open positions, if any, of the Entity in the F & O segment of the stock exchange, are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order.

This 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 at the below mentioned link:

https://www.nseindia.com/regulations/member-sebi-debarred-entities

National Stock Exchange of India

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:

Mr. Rajkumar Jain (Extension: 23457), 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: - Final Order in the matter of M/s Sanchi Research and its Proprietor: Mr. Ramgopal Set

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: S. K. MOHANTY, WHOLE TIME MEMBER

ORDER

UNDER SECTIONS 11(1), 11(4), 11B (1), 11B (2) AND 11D OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995 IN THE MATTER OF M/S SANCHI RESEARCH, PROPRIETOR – MR. RAMGOPAL SET

In respect of:

Sr. No.	Name of the Noticee	PAN
1.	**M/s Sanchi Research** **Proprietor: Mr. Ramgopal Set**	**NSSPS1252P**

<u>Background</u>

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") received a complaint dated May 16, 2021 (hereinafter referred to as 1st complaint) against M/s. Sanchi Research (for short ***"Sanchi"***) and its Proprietor Mr. Ramgopal Set (for short ***"Ramgopal"***) (hereinafter collectively referred to as the "***Noticee***"), *inter alia* stating that the *Noticee* in the guise of providing investment advisory services and on the pretext of providing assured profit had induced investors to part with their hard earned money in the form of fees. The complainant had further provided screenshots of payments made to the bank account of the *Noticee* (i.e. Account number 762XXXXXX029 held in ICICI Bank) through UPI transactions because of such inducing promises and assurances floated by the *Noticee*. Taking cognizance of the gravity of the facts stated in the aforesaid complaint, SEBI initiated an examination into the matter, which, *inter alia*, revealed the following facts with respect to the activities of the *Noticee:*

a) That *Sanchi* was hosting a website, viz: www.sanchiresearch.com which, *inter alia*, proclaimed that "*Sanchi Research Analysts Financial Research Private Limited is a SEBI registered Investment Advisory Company. We provide Investment Advisory Services in equity derivatives, commodities & mutual funds…...*" It was further noticed that *Sanchi* was claiming to have *SEBI Registration Number INH100004997.*

b) The *Noticee* through its website also claims to provide 32 kinds of investment advisory services in equity, derivatives, and commodity segments such as Stock Cash Intraday, Stock Cash Premium, Intraday Stock Futures, Base Metals, Energy Pack, Platinum Option, Option Strategy Module, Bullion Intraday etc.

c) That a payment of INR 1,00,999/- as stated in the 1st complaint was noticed to have been credited to a Bank account number 762XXXXXX029 opened with ICICI Bank in multiple tranches. From the Know Your Customer (KYC) and Account Opening Form (AOF) documents as provided by the ICICI Bank, it was revealed that the aforementioned bank account was held in the name of Sanchi Research (Proprietor-Ramgopal Set), the *Noticee* in the instant proceedings.

d) From the analysis of the account statements of the aforementioned bank account, it was observed that the total amount showing credits during the period commencing from March 12, 2021 to June 11, 2021, in the above bank account stood at INR 42,97,386/- which included the payments of INR 1,00,999/- as claimed to have been made in the 1st complaint received by SEBI in the matter.

e) From the ICICI bank account statement of the *Noticee*, certain transactions wherein *Noticee* had received payments from another person (hereinafter referred to as "2nd complainant") were observed. During further examination, it was gathered that the *Noticee* had collected payment of around INR 3,99,500/- in its ICICI bank account in multiple transactions from the 2nd complainant in the pretext of providing investment advisory services.

f) During the examination, it was unearthed that *Noticee* has another bank account no. 6594XXXXXXXXX423 maintained with Punjab National Bank ('PNB'), which is in the name of *Ramgopal* and the registered mobile number in the aforementioned PNB bank account is 7247XXXX06. The examination showed that the aforesaid mobile number was also mentioned on the website of *Sanchi*.

g) From the afore-stated Bank accounts statements of *Sanchi* and the website of *Sanchi*, it is observed that the *Noticee* has held itself out as a SEBI registered Investment Adviser and has apparently received fees from the investors against providing recommendation pertaining to trade in stock and other product related to the securities market.

h) It was observed that the *Noticee* through its website has held itself out as a SEBI registered Investment Adviser and collected fees from the investors in return of providing stock recommendations, whereas the *Noticee* was not registered with SEBI, which give rise to the fact that the above stated investment advisory services were rendered by the *Noticee* without obtaining a registration as mandatorily required under SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as "***IA Regulations, 2013***") read with relevant provision of the Securities and Exchange Board of India Act, 1992 (hereinafter referred as "***SEBI Act, 1992***").

Show Cause Notice, Reply and Hearing

2. On the basis of the aforesaid factual observations, the evidence gathered during the examination and considering the nature of the activities noticed to have been undertaken by the *Noticee*, a Show Cause Notice dated September 26, 2022 (hereinafter referred to as "**SCN**") was issued by SEBI to the *Noticee*. It is alleged in the SCN that the activities carried out by the *Noticee* are in the nature of investment advisory activities for which necessary registration from SEBI is essential,

however, the *Noticee* has not obtained any registration for the aforesaid acts and such acts of engaging in rendering investment advisory without having the necessary registration from SEBI are in violation of the provisions of Section 12(1) *SEBI Act, 1992* read with regulation 3(1) *IA Regulations, 2013.* Additionally, the SCN also alleges that the act of the *Noticee* of declaring it to be a SEBI registered investment adviser and thereby luring and inducing investors to deal in securities by availing its services fall in the category of fraudulent and manipulative acts and in violation of provisions of regulation 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***). In view of the above, *Noticee* is called upon to show cause as to why suitable direction under Section 11(1), 11(4) and 11B (1) of *SEBI Act, 1992* should not be issued. In addition to the above, the SCN further calls upon the *Noticee* to show cause as to why inquiry should not be held in terms of Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 and penalty be not imposed upon under Sections 11 (4A), 11B (2) read with Sections 15HA and 15EB of the *SEBI Act, 1992* for the aforesaid violations for the above alleged acts.

3. I note from the records available before me that the SCN was attempted to be served upon the *Noticee* through Speed Post on following addresses available with SEBI:

- Makan no. 51, Ward no. 13 Opposite Sarkari School, Amona, Dewas (MP)-455001;
- EWS-622, Vikas Nagar, Dewas (MP)-455001;
- 35, Main Road, Amona Dewas (MP)-455001

However, as the SCN returned undelivered from all the aforementioned addresses, consequently, it was serviced upon the *Noticee* through alternate mode / substituted mode of service. Accordingly, a Newspaper Publication got issued in the Times of India and Raj Express (Indore edition) on October 19, 2022, by which the *Noticee* was advised to collect the SCN from SEBI's Indore Local office (address mentioned in the newspaper publication). I also note that the aforesaid newspaper publication provided an option to the *Noticee* to download a copy of the SCN from the official website of SEBI (www.sebi.gov.in) or by writing an email to the concerned official of SEBI (email details provided in the newspaper publication). However, the *Noticee* has neither filed any reply/objections to the SCN nor has sought any personal hearing. Nevertheless, in conformity with the principles of natural justice, an opportunity of personal hearing was provided to the *Noticee* by scheduling the personal hearing on January 04, 2023. I note that the hearing notice was also serviced upon the *Noticee* through alternate mode or substituted mode of service. Accordingly, a Newspaper Publication got issued in Times of India and Raj Express (Indore edition) on December 14, 2022 by which *Noticee* was advised to collect the Hearing Notice from SEBI's Indore Local office (address mentioned in the newspaper publication). I note that the aforesaid newspaper publication also provided an option to the *Noticee* to download copy of Hearing Notice from the official website of SEBI (www. sebi.gov.in) or obtain it by writing an email to the concerned official of SEBI (email details provided in the newspaper publication). However, no one appeared before me on the scheduled date of hearing on behalf of the *Noticee*. At this juncture, I find it apt to refer to and rely on the observation of the Hon'ble Securities Appellate Tribunal (for convenience "SAT") in the case of *Sanjay Kumar Tayal & Others v SEBI (Appeal No. 68 of 2013- DoD-11.02.2014),*wherein the Hon'ble SAT has observed that–"*……As rightly contended by Mr. Rustomjee, learned senior counsel for respondents, appellants have neither filed reply to show cause notices issued to them nor have 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…*" Under the circumstances, I observe that the principles of natural justice have been adequately complied with in the present matter, and as the *Noticee* has preferred not to participate in the present proceedings before me for reasons best known to it, I am constrained to deal with the matter on merit based on the materials available on record.

Consideration of Issues and Findings

4. Considering the factual findings from the examination as highlighted earlier and the allegations levelled against the *Noticee* in the SCN based on such findings, I find that the following issue requires consideration:

Whether acts of the Noticee as imputed in the SCN, have resulted in the violation of the provisions of SEBI Act, 1992 read with IA Regulations, 2013 and PFUTP Regulations, 2003, while providing the services related to Investment Advisory without having proper registration.

5. Before adverting to the facts of the case to deal with the aforesaid issue, it is apposite to refer to the relevant provisions of law, the violations of which have been alleged against the *Noticee* in the SCN. Such provisions are reproduced herein for ready reference:

SEBI Act, 1992

Section 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:"

SEBI (Investment Adviser) Regulations, 2013

Regulation 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".

SEBI PFUTP Regulations, 2003

4. Prohibition of manipulative, fraudulent and unfair trade practices

(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:-

………………………………………..

(k) 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"

6. As stated in the beginning, SEBI had received complaints *inter alia* alleging that the *Noticee is* involved in collecting money from investors under the garb of engaging in activities of providing investment advisory services and promising assured returns on investments. In pursuance of the above acts of providing investment advisory activities, the *Noticee* has also floated various investment plans and the SCN accordingly alleges that the *Noticee* was involved in investment advisory activities without having or obtaining necessary registration as mandated under the provisions of the *SEBI Act,1992* read with regulation 3 of the *IA Regulations, 2013*. In this regard, during the examination, it has emerged that *Noticee* was hosting a website www.sanchiresearch.com where in several information pertaining to its investment advisory activities, the fees to be claimed against several products of investment advisories, bank details wherein the fee would be made and contact details, etc. were made available. As per the information gathered from the above mentioned website of the *Noticee,* it was observed that the *Noticee, inter alia*, made the following proclamations through its website:

"Sanchi Research Analysts Financial Research Private Limited is a SEBI registered Investment Advisory Company. We provide Investment Advisory Services in equity derivatives, commodities & mutual funds. We are dealing in Financial Education & Training also and providing various important educational module to enhance the financial awareness amongst investors.

Sanchi Research Analysts: SEBI Registration Number INH100004997."

7. As noted above, the records before me further show that against rendering of the alleged investment advisory services, the *Noticee* has come out with a schedule of fees that would be charged from the prospective investors in lieu of its

advisory services. In this respect, I note that the website of the *Sanchi* contained following pricing details for availing various types of services from the *Noticee*:

Name of Service	*Price (in INR)*	*Details*
STOCK CASH Intraday	*9000/Monthly*	*In this service we provide 1-3 intraday stock cash calls in NSE depends on Equity Market conditions, some time there may be less number of calls if market is very risky, range bound or sideways.*
STOCK CASH Premium	*15000/Monthly*	*In this service we provide 1-2 intraday stock cash premium calls in NSE depends on Equity Market conditions. Some time there may be less number of calls if market is very risky, range bound or sideways.*
PLATINUM STOCK Cash	*33000/Monthly*	*In this service we provide 3 to 4 Stock Cash Positional calls per week in NSE depends on Equity Market Conditions. We Provide Trading calls on the basis of Technical Analysis (Use of Candlestick Charts, Price patterns, Technical Indicators like: RSI, MACD, Stochastic, ADX etc.) and also track Live Market News& updates, Market Data's, Market Events etc.*
STOCK FUTURES Premium	*24000/Monthly*	*In this service we provide 1-2 stock Future Premium Intraday calls per day in NSE depends on Equity Market conditions. Some time there may be less number of calls if market is very risky, range bound or sideways.*
INDEX FUTURES	*9000/Monthly*	*In this service we provide 1 Index (Nifty & Bank Nifty) Future Intraday call per day in NSE depends on Equity Market conditions. Some time there may be less number of calls if market is very risky, range bound or sideways.*
BTST/STBT FUTURES	*18000/Monthly*	*We provide 1-2 BTSTT/STBTT call in Stock Future in NSE depends on Equity Market conditions. Some time there may be less number of calls if market is very risky, range bound or sideways.*
PLATINUM STOCK Futures	*35000/Monthly*	*In this service we provide 3 to 4 Stock Futures Positional calls per week in NSE depends on Equity Market conditions. We Provide Trading calls on the basis of Technical Analysis (Use of Candlestick Charts, Price Patterns, Technical Indicators like: RSI, MACD, Stochastic, ADX etc.) and also track Live Market News & updates, Market Data's, Market Events etc.*
BASE METALS	*9000/Monthly*	*In this service we provide 1-2 Intraday Base metals calls in MCX per day depends on Commodity Market*

		conditions, some time there may be less number of calls if market is very risky, range bound or sideways.
ENERGY PREMIUM PACK	*18000/Monthly*	*In this service we provide 3 TO 4 Positional Energy calls in MCX per week depends on Commodity Market conditions, some times there may be less number of calls if market is very risky, range bound or sideways.*
INDEX Option	*9000/Monthly*	*In this service we provide 1-2 Intraday or Positional calls in Nifty & Bank Nifty Option per day in NSE depends on Equity Market conditions. Some time there may be less number of calls if market is very risky, range bound or sideways.*
PLATINUM COMMODITY	*75000/Monthly*	*In this service we provide 3 TO 4 Positional calls in Bullion/Commodity in MCX per week depends on Commodity Market Conditions, some time there may be less number of calls if market is very risky, range bound or sideways.*
OPTION STRATEGY *Module*	*NA/Monthly*	*In this Module we provide Option Strategy Educational content to Investors/Traders. The core objective of this service is to increase awareness in Public about the role of Options Strategies in Trading and Investment. Important basics of Options Strategy is covered thoroughly in this module.*

8. From the aforesaid facts, it is evident that *Sanchi*, which is the proprietorship concern of *Ramgopal,* floated several packages for different kind of services related to the securities market, supposedly provided by it. A perusal of the fee structure as mentioned in the above table shows that the *Noticee* has classified or categorised its fees in different slabs depending upon the nature of services available for the respective investors. The *Noticee* through its above mentioned schedule of fee as made available on its aforementioned website has demonstrated that it was providing 32 kinds of investment advisory services pertaining to, *inter alia,* equity, derivatives, and commodity segments such as 'Stock Cash Intraday', 'Stock Cash Premium', 'Intraday Stock Futures', 'Base Metals', 'Energy Pack', 'Platinum Option', 'Option Strategy Module', 'Bullion Intraday' etc. I also note that the charges for various packages offered by the *Noticee* through its website ranged from INR 9000/- to INR 75000/-. All these packages were provided for monthly duration.

9. It has been noted above that the *Noticee* has not made any written reply in response to the allegations made in the SCN and has further not availed the opportunity of personal hearing, hence, in the absence of any documents placed before me to the contrary so as to rebut the alleged acts, I see that the above cited schedule of fees in itself on its face, is sufficient enough to come to a reasonable appreciation that the *Noticee* was engaged in activities of rendering advisory activities relating to securities market to clients/investors against monetary consideration. Further, such activities of providing advisory services relating to investing in, purchasing, selling or otherwise dealing in securities and various other investment products of securities, as was proclaimed by the said firm through its website i.e. www.sanchiresearch.com, were being carried out in an unauthorized manner without having a SEBI registration, which mandatorily calls for obtaining a registration before any person indulges in such activities. At this juncture, it is pertinent to look at the definition of Investment Adviser (or short "**IA**") as articulated in regulation 2 (1) (m) of the *IA Regulations, 2013* 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 also perused regulation 2(1)(l) of the *IA Regulations, 2013* 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.*"

10. In the light of the aforesaid definitions read with the contents published and representations made on the website of the *Noticee* as well as the allegations imputed in the *SCN*, I note that the *Noticee*, through its website has made sufficiently clear to the public at large that it was engaged in the acts of offering investment advice and the said acts of providing investment advisory fall squarely within the above-quoted definitions provided under regulation 2(1)(l) of the *IA*

Regulations, 2013. Having considering the materials on record, it is observed that the *Noticee* was indeed engaged in acts of offering advice related to investing in, purchasing and selling of securities as well as offering various service packages to investors at large, for subscription to securities which were nothing but offering of investment advisory services to the public.

11. The SCN has recorded that the aforesaid investment advisory services were being offered by the *Noticee* in lieu of monetary considerations which were being paid by the concerned investors into the ICICI Bank account number 762XXXXXX029 of the *Noticee* as per the instructions of the *Noticee*. It is gathered from the KYC of the Bank account number 762XXXXXX029 maintained with ICICI Bank that the said account was being held in the name of *Sanchi* and the proprietor of the said firm *Sanchi* was *Ramgopal*. The aforesaid Bank account was used for accepting payments from the investors of *Sanchi* who have availed its services of investment advisory relating to the securities market. It is also noted from the information collected during the examination that the aforesaid Bank account of the *Noticee* has received a total credit of amount aggregating to INR 42,97,386/- during the period commencing from March 12, 2021 to June 11, 2021. I also note that the aforesaid amount that was received in the account of the *Noticee,* included payments of INR 1,00,999/- made by the 1st complainant and the said amount was made to the *Noticee* in multiple tranches ((i.e. INR 4,999/-, INR 16,666/-, INR 10,834/-, INR 10,000/-, INR 37,500/-, INR 13,500/-, and INR 7,500/-), which, in the absence of any document and submission to the contrary, has been found to be received by the *Noticee* in lieu of its acts of rendering advisory services.

12. Examination has also revealed that *Ramgopal* was having an account (6594XXXXXXXXX423) with PNB, which has the same registered mobile number (7247XXXX06), which was floated on the website of the *Noticee* and in this regard, following was, *inter alia*, mentioned on the website of the *Noticee*:

> *"Dear Client for any type of support please contact on 7247XXXX06"*

13. It has also been noted above that SEBI has received another complaint who has also stated to have paid an amount of INR 3,99,500/- to the *Noticee* for availing investment advisory services from the *Noticee*. In this respect, from the perusal of the ICICI bank account of the *Noticee*, it was revealed that there were also credit entries of INR 3,99,500/- through multiple transactions in the above bank account of the *Noticee*. Further, it has been noticed in the course of the examination that a total sum of INR 42,97,386/- was found to be credited in the ICICI Bank account of the *Noticee* inclusive of amount of INR 3,99,500/- received from the second complainant as referred to above

14. The SCN has alleged that the *Noticee* has not only engaged in activities of rendering investment advisory tips/services in an unauthorised manner but at the same time did not hesitate in presenting itself as a SEBI registered IA on its websites, knowing well that it was not registered with SEBI in any capacity whatsoever. It further shows evidently that the *Noticee* was well cognizant of the fact and the requirement of law that for rendering such activities, it was required to possess a statutory registration. However, in a blatant show of disrespect for law and delinquent behaviour, the *Noticee* was openly soliciting customers masquerading as a SEBI registered Investment Advisor by floating a false registration number on its website claiming to the world at large that it had a valid registration number obtained from SEBI, thereby is capable and qualified to render the investment advisory services relating to the securities market. On its above mentioned website, it has been disclosed that "*Sanchi Research Analysts Financial Research Private Limited is a SEBI registered Investment Advisory Company having SEBI Registration Number INH100004997*". However, the records available before me clearly suggest that the *Noticee* is not registered with SEBI as an IA and the SEBI Registration number INH100004997, which it has used on its website pertains to some other *IA*.

15. In the light of the aforesaid findings, observations, false representations made by the *Noticee* through its website as well as the allegations imputed in the

SCN, I find that the *Noticee* has grossly indulged in falsehood by claiming on its website that it is a SEBI registered Investment Advisory firm thereby misleading the public at large by proclaiming that it has the requisite legal authority to provide investment advisory services to investors. The *Noticee* has not only claimed to be registered with SEBI but has further represented that it is one of those stock advisory firms who caters & delivers the best stock recommendations in Equity Market and Commodity Market. Considering the aforesaid factual findings that led to the commencement of the instant proceedings, it leaves no doubt in my mind that the above noted activities by the *Noticee,* squarely satisfy the conditions for identifying that the *Noticee* was engaged in providing investment advisory services to investors of securities market. The above observation further finds strength from the fact that the *Noticee* has till date not placed any records / evidences contrary to the allegation made in the SCN so as to deny the aforesaid allegations levelled against it in the SCN. Thus there is nothing on record to dispute that the *Noticee* was offering advices to the investors, related to investing in, purchasing and selling of securities and was also offering various service packages to the investors for subscription into those packages for availing investment advisory services from the *Noticee* as per the terms of those packages.

16. As pointed out above, with respect to the allegations made in the SCN, till now, no submissions have been put forth by the *Noticee*. At this juncture, I find it apt to refer to and rely on the observation of the Hon'ble SAT in the matter of *Classic Credit Ltd. vs. SEBI (Appeal No. 68 of 2003, DoD-08.12.2006),* wherein it was *inter alia*, observed that "*…....the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show-cause notice were admitted by them.*"

17. Considering the afore-discussed factual analysis about the activities engaged in/services rendered by the *Noticee* as proclaimed by it on its own website, considering the examination of bank account statements of the *Noticee* (supported by the KYC) and most importantly, the fact that there has been no

denial or objection to the charges/allegations levelled in the SCN by the *Noticee* either during the course of hearing held on January 04, 2023 (which it failed to attend) or in the form of a reply refuting such charges, it leaves no further scope for any doubt to conclude that the alleged activities indulged into by the *Noticee* squarely fall under the category of 'investment advisory services' as defined under regulation 2 (1)(l) of the *IA Regulations, 2013*.

18. Further, considering the fact that the website of the *Noticee* clearly showed that its services were in the nature of investment advisory services coupled with the fact that the Bank account of the *Noticee* has received an aggregate deposits worth of INR 42,97,386/- during the period of March 12, 2021 to June 11, 2021, it leads to an unassailable conclusion that the said proceeds and credit entries as reflected in the said ICICI Bank account number 762XXXXXX029 of the *Noticee* were in fact the fees that were received towards consideration for providing the advisory services offered by the *Noticee* to the public through its website. Thus, the records before me are self-evident of the fact that the *Noticee* was engaged in offering investment advice to the investors in lieu of subscriptions purchased/fees paid by the investors through its website. The *Noticee,* by preferring to abstain from the personal hearing and further by choosing not to file any reply or written submission to rebut the allegations and observations recorded against it in the SCN, and by not even making an attempt to suggest that the money received by it in the above referred bank account pertained to some activities other than the investment advisory activities, have made it clear that it has no explanation to offer in its defense. Under the circumstances, I find that based on consideration of materials on record, it can be safely held that the entire amount of INR 42,97,386/- credited in the ICICI bank account number 762XXXXXX029 of the *Noticee* represented nothing but the fees received by the *Noticee* from its business of investment advisory services.

19. Therefore, there is no ambiguity left that *Noticee* was engaged in the business of providing investment advice to the public, in lieu of monetary

consideration and was thus, acting as an 'investment adviser', as defined under regulation 2(m) of the *IA Regulations, 2013*.

20. At this juncture, it is relevant to note that in order to protect the interest of investors and to preserve the integrity of the securities market, *IA Regulations, 2013* provide various safeguards to ensure that the interest of the investors who receive investment advice, are protected. One such safeguard provided under the said regulations is that any person carrying out investment advisory activities has to first obtain a certificate of registration from SEBI as mandated under regulation 3(1) of the *IA Regulations, 2013*, which, *inter alia*, 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 SEBI and it has to conduct its activities in accordance with the provisions of *IA Regulations, 2013*. Further safeguards provided under *IA Regulations, 2013* include continued minimum professional qualification and compliance with net-worth requirement for acting as an investment adviser, prior disclosure of all conflicts of interest, prohibition on the Investment Advisor from entering into transactions in securities himself, which are contrary to the advice given to the clients at least for 15 days from the date of giving such advice to the clients, mandatory risk profiling of investors, maintaining documented process for selecting investment products for clients based on client's investment objective and risk profile and understanding of the nature and risks of products or assets selected for such client, etc.

21. In order to ensure protection of investors' interest who desire to receive investment advice from various Investment Advisors, it is imperative that any person carrying out investment advisory activities has to necessarily obtain registration from SEBI and has to conduct its activities in accordance with the provisions of the relevant SEBI Regulations. However, the activities engaged in by the *Noticee*, as brought out from the various materials described above including its website, bank account, complaints, etc. seen in the backdrop of the aforesaid regulatory provisions, show that the *Noticee* was acting as IA, although the *Noticee*

was not registered with SEBI in the capacity of IA. Hence, I find that these activities/ representations as were being made by the *Noticee* without holding the mandatory certificate of registration as investment adviser, are in blatant violation of Section 12(1) of *SEBI Act, 1992* read with regulation 3(1) of the *IA Regulations, 2013*.

22. In the present case, *Noticee* on its website has further represented that *Sanchi* is a SEBI registered investment advisory firm, which provides complete consultation to its clients which is best suitable to risk appetite. As stated above, *SEBI Act, 1992* and *IA Regulations, 2013* mandate that an investment advisor has to hold a certificate of registration to act as such. However, as already pointed out above, I find that the *Noticee* was not holding any certificate of registration from SEBI to act as an investment advisor. Thus, the claims/representations made by the *Noticees* on its website were blatantly misleading in defiance of law and were made only to allure the investors to avail investment advisory services being offered by the *Noticee*. The *Noticee* has knowingly misrepresented on the website floated by it and induced the investors to trade in securities by assuring them that it provides financial consultation on the basis of risk appetite of the client. Thus, the *Noticee* offered its investment advisory services through its website in an illegal manner to investors, with the sole objective of raising money from the investors by way of subscriptions to its various investment packages/plans, even though the *Noticee* was not holding any Investment Advisor registration certificate when it was making such offers to the public. Therefore, such misleading representations made by the *Noticee* is deceptive and fraudulent in nature and are well covered within the definition of "fraud" defined under regulation 2(1)(c) of the *PFUTP Regulations, 2003*. Further, 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 even 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, as seen from the foregoing discussions,

even without holding a certificate of registration as investment adviser, the *Noticee* has knowingly held themselves out as an Investment Adviser on its website. Thus, I find that the *Noticee* has violated regulation 4(2)(k) of *PFUTP Regulations, 2003.*

23. Having made the observation qua the role of the *Noticee*, it is also noticed that the instant proceedings also call upon for imposing of monetary penalty in terms of relevant provisions of laws for the violations as alleged in the SCN. Extracts of these penalty provisions are provided hereunder for facility:

Section 15HA of the SEBI Act, 1992

"Penalty for fraudulent and unfair trade practices

If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty [which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher."

Section 15EB of the SEBI Act, 1992

"Penalty for default in case of investment adviser and research analyst

Where an investment adviser or a research analyst fails to comply with the regulations made by the Board or directions issued by the Board, such investment adviser or research analyst shall be liable to penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees."

Section 15J of the SEBI Act, 1992:

"Factors to be taken into account while adjudging quantum of penalty.

15J. While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely: –

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default.

Explanation. – For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section."

24. Upon a consideration of the afore cited penalty provisions and keeping in view, the discussions held in the preceding paragraphs, in my view, unregistered investment advisors, like the *Noticee* in the present case, can put the interest of the investors at great risk by misleading them or mis-utilising their funds to the detriment of the interest of the investors. It has been held that the *Noticee* has knowingly misrepresented the investors that it is a SEBI registered IA which has led to the violation of the provisions of *PFUTP Regulations, 2003* and thereby making them liable for monetary penalty under Section 15HA and 15EB of the *SEBI Act, 1992*. I understand that the materials available on record do not indicate the exact amount of fees collected by the *Noticee*, as a result of providing such unauthorised investment advice to investors in violation of the provisions of the *IA Regulations, 2013*. However, the SCN records that the *Noticee* has received credits worth of INR 42,97,386/- in its ICICI bank account number 762XXXXXX029 from March 12, 2021 to June 11, 2021. I also note that the aforesaid amount includes money in small amounts on various occasions. Further, it is observed that the Complainant 1 had claimed that he had paid money to the *Noticee*, for availing investment advisory services from the *Noticee*, which further reinforces the unauthorised investment advisory services being rendered by the *Noticee,* holding out false promises to induce the innocent investors. In these circumstances, I deem it fit to impose a suitable penalty on the *Noticee* for the above mentioned violations under Section 15HA and 15EB of the *SEBI Act, 1992*.

25. In view of the foregoing, I, in exercise of the powers conferred upon me in terms Sections 11(4), 11B (1), 11B (2) and 11D read with Sections 15 HA, 15EB and 19 of the *SEBI Act, 1992*, hereby direct that:

i. The *Noticee* shall, within a period of three months from the date of this Order, refund the money (approximately INR 42,97,386/- as mentioned at paragraph 24 of this Order) received from the clients / investors / complainants, as fees or consideration or in any other form, in respect of its unregistered investment advisory activities;

ii. To give effect to and implement the above direction, the *Noticee* 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 out the modalities for refund, including the details of its contact persons such as names, addresses and contact details including email id and phone number, within 15 days of coming into force of this Order;

iii. The repayments to the clients/investors / complainants 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. After completing the refund as directed in sub-paragraph (i) above, within a further period of 15 days thereafter, the *Noticee* shall file a report detailing the amount refunded to SEBI addressed to the Division Chief, Division of Registration-2, Market Intermediaries Regulation and Supervision Department (MIRSD), Division of Registration-2, SEBI Bhavan II, Plot No. C7 G Block, Bandra Kurla Complex, Bandra (East) Mumbai –400051. The said report should be duly certified by an independent Chartered Accountant indicating entity wise details to whom refunds have been issued such as name, amount refunded, communication address, mobile numbers, telephone numbers, etc.

alongwith the mode of payment by banking transactions duly supported by the certified copy of bank statements;

v. The remaining balance amount, if any, (after returning to the investors / clients / complainants out of the said INR 42,97,386/-, in case claims so received fall short of the amount of INR 42,97,386/-) shall be deposited with SEBI which will be kept in an escrow account for a period of one year for distribution to clients/ complainants/ investors who were availing the investment advisory services from the *Noticee*. Thereafter, remaining balance amount if any, which could not be returned to the clients / investors / complainants, will be deposited in the Investors Protection and Education Fund maintained by SEBI;

vi. The *Noticee* is restrained from selling its assets, properties and holding of mutual funds/shares/securities held by it 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 *Noticee* as directed above and for the purpose of depositing the balance amount with SEBI, as directed in this Order, from the bank account of the *Noticee*;

vii. The *Noticee* is debarred from accessing the securities market, directly or indirectly and is prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a period of 02 (two) years from the date of this Order or till the expiry of 02 (two) years from the date of completion of refunds to complainants/ investors along with depositing of balance amounts, if any, with SEBI as directed in sub-paragraph (i) and (v) above, whichever is later;

viii. Mr. Ramgopal Set is 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 02 (two) years from the date of this Order or till the expiry of 02 (two) years from the date of completion of refunds to complainants/ investors along with depositing of balance amounts, if any, with SEBI as directed in sub-paragraph (i) and (v) above, whichever is later

ix. The *Noticee* shall not undertake, either during or after the expiry of the period of debarment/restraint as mentioned in sub-paragraph (vii) and (viii) above, either directly or indirectly, investment advisory services or any other activity in the securities market without obtaining a certificate of registration from SEBI as required under the securities law;

x. Upon submission of report on completion of refunds to complainants/ investors to SEBI and after depositing the balance money with SEBI, if any, the direction at sub-paragraph (vi) above shall cease to operate within 15 days thereafter;

xi. The *Noticee* shall resolve all the complaints pending against it and file a report of such resolution with SEBI addressed to the Division Chief, Division of Registration-2, Market Intermediaries Regulation and Supervision Department (MIRSD), Division of Registration-2, SEBI Bhavan II, Plot No. C7 G Block, Bandra Kurla Complex, Bandra (East) Mumbai –400051. The aforesaid report shall be filed along with the report as contemplated under sub-paragraph (iv) above, within a period of 30 days, from the date of this Order;

xii. In light of my above observation and considering the factors mentioned under Section 15J of the *SEBI Act, 1992*, I, hereby monetary imposed penalties on the *Noticee* as indicated hereunder:

Provisions under which penalty imposed	Amount of Penalty (INR)

Section 15HA of *SEBI Act, 1992*	Five (5) Lacs
Section 15EB of *SEBI Act, 1992*	One (1) Lac
Total	Six (6) Lacs

Noticee shall pay the aforesaid monetary penalty within 45 days from the date of receipt of this Order. The *Noticee* shall remit / pay the said amount of penalty either by way of Demand Draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, or through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of Chairman/ Members -> PAY NOW. In case of any difficulties in online payment of penalties, the *Noticee* may contact the support at portalhelp@sebi.gov.in. The demand draft or the details/ confirmation of e-payment should be sent to "The Securities and Exchange Board of India, SEBI Bhavan II, Plot no. C-7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai -400 051" and also to e-mail id:- tad@sebi.gov.in in the format as given in table below:

Case Name	
Name of Payee	
Date of Payment	
Amount Paid	
Transaction No.	
Payment is made for : (like penalties /disgorgement /recovery/settlement amount/legal charges along with order details)	

26. The direction for refund, as given in paragraph 25 (i) and 25 (v) above, does not preclude the clients/investors of the *Noticee* from pursuing the other legal remedies available to them under any other law, against the *Noticee* for refund of

money or deficiency in service before any appropriate forum of competent jurisdiction.

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

28. Obligation of the *Noticee*, in respect of settlement of securities, if any, purchased or sold in the cash segment of the recognized stock exchange (s), as existing on the date of this Order, can take place irrespective of the restraint/prohibition imposed by this Order, only in respect of pending unsettled transactions, if any. Further, all open positions, if any, of the *Noticee* in the F & O segment of the stock exchange, are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order.

29. It is further clarified that during the period of restraint, the existing holding of securities including the holding of units of mutual funds of the *Noticee* shall remain frozen.

30. A copy of this Order shall be served upon the *Noticee*. A copy of this Order shall also be forwarded to:

i. All the recognized Stock Exchanges, Depositories, Banks and Registrar and Transfer Agents for necessary compliance with the above directions; and

ii. The Government of Madhya Pradesh for action, if any.

Sd/-

DATE: MARCH 16, 2023 **S. K. MOHANTY**

PLACE: MUMBAI **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA