National Stock Exchange of India
Circular

Department: Investigation	
Download Ref No: NSE/INVG/56420	Date: April 19, 2023
Circular Ref. No: 98/2023	

To All NSE Members

Sub: **SEBI Order in the matter of M/s. Premium Capital Research, Prop. Sachin Chouhan**

SEBI vide its order no. WTM/AB/WRO/WRO/25829/2023-24 dated April 19, 2023 has hereby directed to debarred entity Mr. Sachin Chouhan Prop. of M/s. Premium Capital Research (PAN : BCAPC6629J) 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 6 months from the date of this order or till the expiry of 6 months from the date of completion of refunds to complainants/ investors along with depositing of balance amounts, if any, with SEBI as directed in para 16(a) and 16(e) of SEBI Order, whichever is later.

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:

Mr. Abhishek Goenka (Extension: 23449), Mr. Sandesh Sawant (Extension: 23345)
Direct No: 022-26598417/18 Fax: 022-26598195

National Stock Exchange of India

For and on behalf of
National Stock Exchange of India Limited

Sandesh Sawant
Senior Manager

ANNEXURE: - SEBI Order in the matter of M/s. Premium Capital Research, Prop. Sachin Chouhan

WTM/AB/WRO/WRO/25829/2023-24

SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

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

In respect of:

S. No.	Noticee Name	PAN
1.	Mr. Sachin Chouhan Prop. of M/s. Premium Capital Research	BCAPC6629J

In the matter of Unregistered Investment Advisory by M/s. Premium Capital Research

1. On the basis of complaints received against M/s. Premium Capital Research, Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") conducted an examination in relation to the alleged activities of unregistered investment advisory activities being carried out by M/s. Premium Capital Research. Upon examination, a show cause notice dated January 21, 2022 (hereinafter referred to as "**SCN**"), came to be issued to Mr. Sachin Chouhan, sole proprietor of M/s. Premium Capital Research (hereinafter referred to as "**the Noticee**"), whereby the Noticee was called upon to show cause as to why appropriate directions under Sections 11(1), 11(4) and 11B(1) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act, 1992**"), should not be issued against them for the alleged violation of the provisions of Section 12(1) of the SEBI Act. 1992 and Regulation 3(1) of SEBI (Investment Advisors) Regulations, 2013 (hereinafter referred to as "**IA Regulations, 2013**").

2. The service of SCN was attempted through Speed Post upon the five available addresses on record. Out the five addresses, the service of SCN was successful upon the Noticee, on one of the address at "50, Ambika Nagar, Near Velocity, Vijay Nagar, Indore, Madhya Pradesh – 452 010.". The SCN retuned undelivered for the

remaining four addresses. Thereafter, file in the matter was placed before me on February 19, 2022, for granting a hearing in the matter. An opportunity of personal hearing was granted to the Noticee on May 30, 2022. The Notice dated April 1, 2022, for the personal hearing was also delivered successfully through Speed Post on the address at "50, Ambika Nagar, Near Velocity, Vijay Nagar, Indore, Madhya Pradesh – 452 010." On the scheduled date of hearing, none appeared on behalf of the Noticee, neither any request for adjournment was received. I note that no reply has been filed by the Noticee. In view of the above, I find that sufficient opportunities were provided to the Noticee to make out his case. However, despite the successful receipt of the SCN, the Noticee has conveniently chose to ignore the present proceedings. Hence, I shall now proceed to adjudge the allegations made against the Noticee in the SCN on the basis of the material available on record.

3. The SCN alleged that the Noticee was carrying out unregistered investment advisory activities through the website 'www.premiumcapitalresearch.in. I note that the website is inactive as on date, but from the copy of the archived webpages downloaded from 'web.archive.org', as available on record, I note that the following was disclosed in the 'About Us' section of the website:

> *"ABOUT US*
>
> *Premium Capital Research is a research house and an investment advisory group carrying out operations in the Indian Equities and commodity market. We generate intraday as well as delivery calls in Stock cash and F&O in NSE & BSE, Commodities including bullions, metals & Agro- commodities traded in MCX and NCDEX. We provide recommendations Live through SMS & Chat room. 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.*
>
> *Our highly qualified research team comprising of MBAs (Finance), CFA and Engineers and they are competent and well versed with the complexities and finer details of the Indian financial market. Our main goal is to provide accurate and timely calls (tips) to our clients, where the clients can earn handsome profit. Our clients are supported by a dedicated business development team, available 24×7 to solve their queries."*

4. Services being offered by the Noticee as gathered from the contents of its website are as follows:

“Stock Tips, Stock Futures Tips, Nifty Futures Tips, Options – call and Put Tips, Delivery Pack, Equity premium tips, Commodity Tips, Agri Commodity Tips, MCX Premium Tips, NCDEX Premium Tips, PCG Pack, COMEX Tips, Currency Tips. ”

Sr. No.	***Name of Service***
1.	*Intra-day Future Tips*
2.	*Intra-day option Tips*
3.	*Future Positional*
4.	*Intra-day Cash Tips*
5.	*Nifty Future Tips*
6.	*Comodity Bullion*
7.	*Stock Future Power*

5. I note that for availing aforesaid service, payment of fees could be made in a bank account, details of which were also mentioned on the website, as under: –

“Account Name: Premium Capital Research
Account No. 004105015567
NEFT / IFSC: ICIC0000041
Branch: Malav Parisar, Indore”

6. From reading of the aforesaid contents of the website, it is abundantly clear that the owner and administrator of the website ‘www.premiumcapitalresearch.in’ was engaged in the business of offering stock tips to clients for consideration.

7. During examination by SEBI, the bank statements, KYC and Account Opening Forms of Bank A/c no. 004105015567 were procured from ICICI Bank. On perusal of the Account Opening Form, I find that M/s. Premium Capital Research is a sole proprietorship firm and Mr. Sachin Chouhan is the proprietor. The said proprietorship firm is registered under the Madhya Pradesh Shops and Establishment Act, 1958. The District Labour Officer, Indore had issued a Registration Certificate dated April 10, 2018 under the Madhya Pradesh Shops and Establishment Act, 1958, to ‘Premium Capital Research’, whose proprietor is mentioned as Mr. Sachin Chouhan. Further, from the account statement, I find that multiple credit transactions were done by various individuals into the said account. Total amount credited in the said bank account from account opening date i.e. May 05, 2018 to date of closure of account i.e. November 16, 2018, is Rs.

1,16,51,387.31/-. The narration in the remarks for the transactions read as "Investment, NSP, PayU Payments, etc."

8. Therefore, from the contents of the website 'www.premiumcapitalresearch.in', it is clear that 'Premium Capital Research' was engaged in offering investment advisory services. Further, from the bank statements of the ICICI Bank A/c, which was mentioned on the website, it is observed that there are large number of credit entries from several different individuals. SEBI's examination has also revealed that the money deposited by one of the complainant was also traced in this Bank A/c. Further, SEBI's examination has also revealed that money was being received in this Bank A/c. from PayU Money Payments, thereby indicating that the Noticee also used to accept payment through the payment gateway. In view of the above, I find that the Noticee was engaged in offering investment advisory services to clients/ investors for a consideration, without obtaining registration from SEBI. I also note that despite being asked to show cause, the Noticee has ignored to file reply and explain the source of the credit entries in the aforesaid bank accounts. Thus, I am inclined to hold that the credit entries in the said bank accounts aggregating to an amount of Rs.1,16,51,387.31/-, were funds received by the Noticee from clients/ investors while offering the unregistered investment advisory services.

9. I note that if an entity is engaged in providing 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 *in lieu* of consideration, including entities which are holding themselves out as investment advisers, are covered by the definition of "Investment Adviser" as given in Regulation 2(1)(m) of the IA Regulations, 2013. As noted above, Rs. 1,16,51,387.31/- were received in the aforesaid ICICI Bank account whose beneficiary was Mr. Sachin Chouhan. As noted in the previous paragraph, the payments received in the bank account of the Noticee, were in lieu of the investment advisory services provided by M/s. Premium Capital Research whose Proprietor is Mr.Sachin Chouhan. Hence, I find that M/s. Premium Capital

Research and its proprietor Mr. Sachin Chouhan were engaged in the business of providing investment advice to their clients, for consideration, and thus, acting as investment advisers, as defined under Regulation 2(1)(m) of the IA Regulations, 2013.

10. I also note that, it is imperative that any person carrying out investment advisory activities must necessarily obtain registration from SEBI and conduct its activities in accordance with the provisions of SEBI Act, 1992 and Regulations framed thereunder. Section 12(1) of SEBI Act, 1992 reads as under:

> *"No stock broker, sub broker, share transfer agent, banker to an issue, trustee of trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and such other intermediary who may be associated with securities market shall buy, sell or deal in securities except under, and in accordance with, the conditions of a certificate of registration obtained from the Board in accordance with the regulations made under this Act:"*

11. 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 has been framed by SEBI which 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 entering into transactions which are contrary to advice given to the clients at least for 15 days from the date of giving 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.

12. I note that for seeking a certificate of registration for acting as an investment adviser, an entity is required to satisfy *inter alia* the following requirements, as provided under IA Regulations, 2013:

(i) An application for seeking certificate of registration to be made to Local Office, Regional Office or Head Office, of SEBI, as the case may be, in Form A as specified in the First Schedule to IA Regulations, 2013 alongwith requisite non-refundable application fee;

(ii) The applicant, in case of an individual investment adviser or its principal officer in case of a non-individual investment adviser shall be appropriately qualified and certified as under:

a. A professional qualification or post-graduate degree or post graduate diploma (minimum two years in duration) in finance, accountancy, business management, commerce, economics, capital market, banking, insurance or actuarial science from a university or an institution recognized by the Central Government or any State Government or a recognised foreign university or institution or association or a professional qualification by completing a Post Graduate Program in the Securities Market (Investment Advisory) from NISM of a duration not less than one year or a professional qualification by obtaining a CFA Charter from the CFA Institute;
b. An experience of at least five years in activities relating to advice in financial products or securities or fund or asset or portfolio management;
c. Applicant in case of individual investment adviser or its principal officer in case of a non-individual investment adviser, and persons associated with investment advice shall have, at all times a certification on financial planning or fund or asset or portfolio management or investment advisory services, from (a) NISM; or (b) any other organization or institution including Financial Planning Standards Board of India or any recognized stock exchange in India provided such certification is accredited by NISM.

(iii) Individual applicant must have net worth of not less than 5 lakh rupees and non-individual applicant must have net worth of not less than 50 lakh rupees.

13. The activities engaged in by the Noticee, as brought out from the various materials described above, seen in the backdrop of the aforesaid regulatory provisions show that the Noticee was acting as an Investment Adviser, although the Noticee was not registered with SEBI in the capacity of Investment Adviser. 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 violation of Section 12(1) of SEBI Act, 1992 read with Regulation 3(1) of the IA Regulations, 2013.

14. I note that in the case of Shri C. Paranitharan and Others and Trend Market Advisory Services, SEBI had passed orders dated July 05, 2022 and July 07, 2022, respectively, inter alia directing the Noticees therein to refund the fees or consideration received from investors in respect of their unregistered investment advisory activities. In the respective appeals filed against these orders by the respective Noticees, Hon'ble SAT vide common order dated September 21, 2022 inter alia directed the appellants there into deposit the balance amount after making refunds to investors, with SEBI. It was also directed that the balance amount deposited with SEBI shall be kept in escrow account for a period of one year and be distributed to any claimants and thereafter, the remaining amount, if any, will be deposited in the Investor Protection and Education Fund.

15. From the material available on record, I note that the examination in the matter was initiated on the basis of complaints. I also note that an aggregate amount of Rs. 1,16,51,387.31/-. has been collected by the Noticee in the bank account, by providing unregistered investment advisory services, still needs to be refunded to the investors/ clients. Noticee has not filed any reply nor have they appeared for hearing in the matter, to contest the quantum of fees collected, as alleged in the SCN. However, Noticee is at liberty to provide necessary proof to the independent Chartered Accountant to indicate that the amount so collected or part thereof, was

not towards his activities as unregistered investment adviser and the same may be considered by the independent Chartered Accountant while certifying the refunds made by the Noticee, as is being directed in para 16 below.

DIRECTIONS

16. In view of the foregoing, I, in exercise of the powers conferred upon me in terms Sections 11(1), 11(4) and 11B(1) read with of Section 19 of the SEBI Act, 1992, hereby direct that:

a) The Noticee shall, within a period of three months from the date of this order, refund the money received from any clients/ complainants/ investors, as fees or consideration or in any other form, in respect of their unregistered investment advisory activities;

b) 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 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 order;

c) The repayments to the clients/ complainants/ investors shall be effected only through banking channels (and no cash transfers), which ensures audit trails to identify the beneficiaries of repayments;

d) After completing the refund as directed in para 16 (a) above, within a period of 15 days, 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), SEBI Bhavan II, Plot No. C7, G Block, Bandra Kurla Complex, Bandra (East) Mumbai - 400051. The report should be duly certified by an independent Chartered Accountant and indicate the amount, mode of payment, name of the parties refunded, communication address, mobile numbers and telephone numbers etc.;

e) The remaining balance amount that could not be refunded to the clients/ investors, 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 amount, if any, will be deposited in the Investors Protection and Education Fund maintained by SEBI;

f) The Noticee is restrained from selling their assets, properties and holding of mutual funds/shares/securities held by him in demat and physical form except for the sole purpose of making the refunds/ depositing balance amount with SEBI, as directed above. Further, the banks are directed not to allow any debits, except for the purpose of making refunds to the clients/investors/complainants who were availing the investment advisory services from the Noticee and depositing balance amount with SEBI, as directed in this order, from the bank accounts of the Noticee;

g) 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 six (6) months from the date of this order or till the expiry of six (6) months from the date of completion of refunds to complainants/ investors along with depositing of balance amounts, if any, with SEBI as directed in para 16(a) and 16(e) above, whichever is later;

h) Upon submission of report on completion of refunds to complainants/ investors to SEBI and deposit of the balance money with SEBI, if any, the direction at para 16(f) above shall cease to operate within 15 days thereafter;

i) The Noticee shall not undertake, either during or after the expiry of the period of debarment/restraint as mentioned in para 16(g) 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.

17. The direction for refund and depositing the balance amount with SEBI, as given in para 16 (a) and 16(e) 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/ authority of competent jurisdiction.

18. This order comes into force with immediate effect.

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

Sd/-

Date: April 19, 2023
Place: Mumbai

ANANTA BARUA
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA