

National Stock Exchange of India Circular

Department: Investigation	
Download Ref No: NSE/INVG/60473	Date: January 30, 2024
Circular Ref. No: 277/2024	

To All NSE Members,

Sub: SEBI Order in the matter of Mr. Nishaan Singh, Proprietor of Sanbun Investments.

SEBI vide its order no. QJA/AA/NRO/NRO/29993/2023-24 dated January 30, 2024, has debarred Mr. Nishaan Singh (PAN-HCCPS6377H) 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 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 as directed in paragraph 51 (b) of above SEBI order, whichever is later.

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>

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

In case of any further queries, members are requested to email us at dl-invsg-all@nse.co.in

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

**For and on behalf of
National Stock Exchange of India Limited**

National Stock Exchange of India

Sandesh Sawant
Senior Manager

ANNEXURE: SEBI Order in the matter of Mr. Nishaan Singh, Proprietor of Sanbun Investments.

SECURITIES AND EXCHANGE BOARD OF INDIA

QJA/AA/NRO/NRO/29993/2023-24

ORDER

UNDER SECTIONS 11 (1), 11 (4), 11B (1) AND 11D READ WITH SECTION 12 (1) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND REGULATION 3 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (PORTFOLIO MANAGERS) REGULATIONS, 2020

In respect of

Name of the Noticee	PAN
Mr. Nishaan Singh Proprietor of Sanbun Investments Proprietor of Sanbun Capital Hedge Fund	HCCPS6377H

In the matter of Unregistered Portfolio Management Services by Mr. Nishaan Singh, Proprietor of Sanbun Investments

A. BACKGROUND OF THE CASE

1. The Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) had received a complaint vide email dated October 6, 2022 (hereinafter referred to as ‘**Complaint**’) from one Mr. Kaif Khan (hereinafter referred to as “**Complainant**”) against M/s. Sanbun Investments, which is the sole proprietorship concern of Mr. Nishaan Singh (hereinafter referred to as “**Sanbun/ Nishaan / Noticee**”).
2. The Complaint *interalia* alleged the following:
 - (a) Mr. Nishaan Singh, approached him and introduced himself as founder of Sanbun Investments, further he was informed that Sanbun, is a registered Investment Advisory and Portfolio Management firm. Mr. Nishaan Singh falsely and fraudulently represented himself as registered with SEBI and National Stock Exchange of India Ltd. (hereinafter referred to as “**NSE**”) and duped him of Rs. 1.21 Crore.
 - (b) Mr. Nishaan Singh informed that he, through Sanbun Investments, manages Investment Portfolio of the clients and the minimum funds for securities required to

avail such services is Rs. 1 cr. Further, he was informed that Mr. Nishaan Singh would charge 50% of profit as professional fees. Mr. Nishaan Singh sought login details of demat accounts of complainant for client ID 4BBQSK with RSKV Securities India Ltd at client ID RQ7929 with Zerodha Broking to execute trade as part of its services. The said details were shared by him on March 9, 2022.

(c) He has been duped by Sanbun Investments and Mr. Nishaan Singh by making false and fraudulent representation that they are SEBI registered Portfolio Manager. He has become a victim of the fraudulent activities of the Noticee.

(d) On April 24, 2022, an agreement was executed with Mr. Nishaan Singh. The said agreement mentions Mr. Nishaan Singh as a registered portfolio manager regulated by SEBI. Around May 2022, his holdings amounting to Rs.1.2 Cr., were reduced to approximately 20% of initial holdings.

3. Pursuant to the receipt of the Complaint against the Noticee, SEBI conducted an examination into his activities, to ascertain the veracity of the Complaint and to determine whether there has been any contravention of provisions of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act**”), the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 (hereinafter referred to as “**PMS Regulations**”) and any other Rules or Regulations made thereunder, by the Noticee.

4. Based on the examination it was alleged that the Noticee has carried out the activities of Portfolio Management Services (hereinafter referred to as “**PMS**”) without obtaining the requisite registration from SEBI, as required in terms of Section 12(1) of the SEBI Act, 1992 read with Regulation 3 of the PMS Regulations.

B. SHOW CAUSE NOTICE, REPLY AND HEARING

I. Show Cause Notice

5. A Show Cause Notice No. SEBI/NRO/NRO/NRO/OW/P/2023/32925/1,2 dated August 16, 2023 (hereinafter referred to as “**SCN**”) was issued to the Noticee calling upon him to show

cause as to why suitable directions under Sections 11(1), 11(4), 11B (1) and 11D of the SEBI Act, should not be issued against the Noticee for the alleged violations of the provisions of Section 12(1) of the SEBI Act read with Regulation 3 of the PMS Regulations. The following annexures were enclosed with the SCN.

Table 1: List of Annexures	
Annexure no.	Particulars
1	Complaint received by SEBI vide email dated October 6, 2022 from Mr. Kaif Khan.
2	SEBI's letter and email dated October 7, 2022 seeking information from the Noticee.
3	SEBI's reminder letter dated December 20, 2022 seeking information sought vide letter and email dated October 7, 2022.
4	SEBI's email dated October 7, 2022 seeking information from the complainant
5	Complainant's reply to SEBI's email dated October 7, 2022
6	SEBI's emails dated October 7, 2022, November 25, 2022, and December 02, 2023 seeking KYC documents, account opening forms and latest bank statements of the bank accounts of the Noticee.
7	HDFC Bank provided the documents sought by SEBI vide emails dated October 11, 2022, December 02, 2022 and January 11, 2023.
8	SEBI's email dated December 20, 2022 addressed to NSE, BSE and MSEI
9	BSE's email dated December 21, 2022 to SEBI.
10	BSE's email dated October 21, 2022 providing details of trades executed by the complainant and Mr. Nishaan Singh.
11	NSE's email dated October 27, 2022 providing details of trades executed by the complainant and Mr. Nishaan Singh.
12	Angel One Ltd.'s email dated January 12, 2023 providing details of Noticee as an Authorized Person of Angel One Ltd.
13	Screenshots of website www.sanbuninvestments.in
14	Agreement dated April 22, 2022 executed between the Noticee and the complainant.

6. The SCN *inter alia* stated as follows:

6.1. SEBI received a complaint vide an email dated October 6, 2022 from Mr. Kaif Khan *inter alia* alleging that Mr. Nishaan Singh (Prop: Sanbun Investments), falsely and fraudulently represented himself as being registered SEBI and NSE as an Investment Advisory and Portfolio Management firm and duped him of Rs. 1.21 Crore. The Noticee informed the Complainant that he manages Investment Portfolio and the minimum funds required to avail such services is Rs. 1 Crore. Further, it was informed that Noticee would charge 50% of profit as professional fees. The Noticee had also sought login details of demat

accounts of Complainant to execute trade as part of its services and details were shared on March 9, 2022. The Complainant had also executed an agreement with Noticee which mentions the Noticee as a registered portfolio manager regulated by SEBI.

- 6.2. SEBI vide letter and email dated October 7, 2022 sought certain information from the Noticee and a reminder letter/email dated December 20, 2022 was also sent. However, no reply was received from Noticee.
- 6.3. SEBI vide letter and email dated October 7, 2022 sought certain information from the Complainant, the complainant vide email dated October 12, 2022 provided the details including the bank details of Noticee with HDFC Bank Ltd. (hereinafter referred to as **“HDFC Bank”**).
- 6.4. SEBI vide letter and email dated October 7, 2022 November 25, 2022, and December 02, 2023 sought Know Your Customer (hereinafter referred to as **“KYC”**) documents, account opening forms (hereinafter referred to as **“AOF”**) and latest bank statements of the bank accounts of the Noticee from HDFC bank which was provided vide emails dated October 11, 2022, December 02, 2022 and January 11, 2023.
- 6.5. SEBI vide email dated December 20, 2022, sought from NSE, BSE Ltd. (hereinafter referred to as **“BSE”**) and Metropolitan Stock Exchange of India Limited (hereinafter referred to as **“MSEI”**) information regarding the registration of Noticee with them as Authorized Person (hereinafter referred to as **“AP”**) or in any other capacity. In response, BSE provided that the Noticee is a registered AP affiliated with Angel One Ltd. and also provided trade details of Complainant and Noticee. NSE also provided details of trades executed by the Complainant and Noticee.
- 6.6. SEBI vide email dated January 12, 2023, sought details of Noticee from Angel One Ltd. In response thereto, Angel One Ltd. vide email dated January 12, 2023, provided details of Noticee as an AP of Angel One Ltd.
- 6.7. Upon examination, the website www.sanbuninvestments.in was found to be active and *inter-alia* mentioned as follows :

“Sanbun Investments is an Investment Advisory Firm, specializing in consulting, training, and mentoring and portfolio management.

The firm has been delivering consistent returns over years and helped over thousands of students achieve their aspiration of becoming a full-time trader.

They offer their services through online sessions and also provide personal assistance. The training is reliable, effective, and helpful for those who see Stock Market as a career option.”

Email: jaspreet.sanbun@gmail.com

Address: 403, Imperial Tower, Naraina Vihar, New Delhi-110028

Mobile: 9999080035

RECOMMENDATIONS:

Basic Membership
Intraday Calls
Equity Cash
Silver Membership
Intraday Calls
Equity Cash
Stock Options
Index Options
Gold Membership
Intraday Calls
Equity Cash
Live Assistance
Stock Options
Stock Futures
Index Options
Personal Membership
Intraday Calls
Equity Cash
Live Assistance
Stock Options
Stock Futures
Index Options
BTST,STBT
Index Futures

- 6.8. Upon examination of information, documents provided by the complainant, HDFC Bank, exchanges, depositories and Angel One Limited, SEBI observed that the Noticee used two banking accounts held with HDFC Bank Ltd. bearing no. 592xx20000010 in the name of Sanbun Investments and 501xx321994395 in his name for collecting fees related to his PMS activities.
- 6.9. The Noticee had entered into an agreement dated April 22, 2023 with the Complainant. The said agreement *inter-alia* mentioned “Mr. Nishaan Singh is a Portfolio Manager regulated by SEBI”. Further, the said agreement executed by the Noticee with the complainant in the name of Sanbun Capital Hedge Funds. However, neither Sanbun Investments/Sanbun Capital Hedge Funds nor the Noticee are registered with SEBI in

any capacity, but was only registered as an Authorised person of Angel One Ltd through NSE and BSE.

- 6.10. The Complainant has alleged that a total amount of Rs. 52,83,799/- was paid as fees to Noticee and Sanbun Investments and has provided details of such transactions.
- 6.11. Based on the facts stated in the SCN, it was alleged that the Noticee was holding himself out as a Portfolio Manager, and it was *alleged* that the Noticee was carrying out the Business as Portfolio Manager without obtaining the requisite registration from SEBI. Therefore, the Noticee was alleged to have violated Section 12(1) of the SEBI Act and Regulation 3(1) of the PMS Regulations.
- 6.12. Further, the Noticee through the website viz. www.sanbuninvestments.in, knowingly misrepresented that *“Sanbun Investments is an Investment Advisory Firm, specializing in consulting, training, and mentoring and portfolio management. The firm has been delivering consistent returns over years and helped over thousands of students achieve their aspiration of becoming a full-time trader. They offer their services through online sessions and also provide personal assistance.”*
7. Therefore, the Noticee was called upon to show cause as to, why suitable directions, under Sections 11(1), 11(4), 11B (1) and 11D of SEBI Act, should not be issued against the Noticee for the aforesaid violations.

II. Reply of the Noticee

8. The SCN dated August 16, 2023 was served on the Noticee through speed post at his address and Noticee through Advocate Mr. Vinayak Marwah as his Authorized Representative (hereinafter referred to as ‘AR’) submitted a response vide letter dated September 07, 2023, requesting additional time to file a reply to SCN, which was acceded to. Thereafter, the AR vide letter dated September 26, 2023, submitted the reply to the SCN and *inter-alia* made the following submissions:
- (i) *The Notice is based on false and frivolous complaint of Mr. Kaif Khan which has misled in issuing the SCN.*
 - (ii) *The Noticee has interest in stock market and has studied its nuances and also trades in shares for past few years in his personal account, however, the Noticee has never*

- advised or directed or undertaken on behalf of any person, any kind of services involving management or administration of portfolios, securities of funds.*
- (iii) *Annexure 5 to the SCN is a brochure prepared by the Noticee, based on experience and has been compiled for his reference. The same is generic and in no manner could be considered as advisory or investing in particular share.*
- (iv) *The Noticee never approached the Complainant for investing in portfolio services, as Noticee does not provide such services. As per SEBI (PMS) Regulations, such services are to be provided only by Company/Body Corporate. The Complainant being an experienced trader was aware of the same. The Complainant has filed the false and frivolous complaint in order to cover up his losses which he incurred in the Stock market, however, Noticee is not responsible for the same, as he has not provided any such services to the Complainant.*
- (v) *Contents of Para 1 regarding Complaint of Mr. Kaif Khan is false and frivolous. The Complaint alleged that, Noticee has falsely and fraudulently represented that Sanbun Investment is a registered Investment Advisory and Portfolio Management firm and is registered with SEBI and NSE and has duped Mr Kaif Khan of Rs. 1.21 Crore, the said allegations are completely false and Noticee neither approached the Complainant nor represented to be registered with SEBI. Noticee is an Authorised person who is authorized by NSE as informed by Angel One Ltd.*
- (vi) *The Complainant did not give the Noticee any money to manage in stock exchanges nor handed over any charge of his portfolio of shares to the Noticee. The Complainant has not alleged that in the Complaint.*
- (vii) *It is falsely alleged that the Noticee duped the Complainant by making false and fraudulent misrepresentation.*
- (viii) *Annexure 10 and Annexure 11 shows the respective shares purchased by Noticee and Complainant and the same cannot be termed as portfolio management and cannot be linked to the Noticee.*
- (ix) *Regarding the allegation that the Noticee entered into an agreement with the Complainant it is stated that, there was a draft agreement exchanged with the Complainant, which was a proposal. The Complainant wanted the Noticee to help him by providing advice on shares, which proposal was not acceptable to the Noticee and the said Agreement was never executed, nor was acted upon either by*

Noticee or the Complainant, which is evident from the fact that the Complainant did not give the Noticee any amount under the Agreement proposed by him.

- (x) Details of trades mentioned are done by the Complainant and not by Noticee, there is no material evidence to suggest that these trades were executed by the Noticee on behalf of the Complainant.*
- (xi) The Bank account details mentioned at para 7(c) of the SCN do not reflect that the Noticee was providing Portfolio Management Service, monies received in the account of the Noticee are not towards providing any such services, the reply of Angel One Ltd confirms the same.*
- (xii) Paras 3-5 refer to emails sent by SEBI to the Complainant and details provided by him. From the Annexures referred in the para it can in no manner be said that the Noticee has provided any portfolio management service or administration of portfolios, securities or funds.*
- (xiii) It is admitted that bank account of Sanbun Capital was being operated by the Noticee, however, Sanbun Capital was never in the business of providing portfolio management services.*
- (xiv) For contents of para 7(a-b) regarding website, it is stated that the said website is no more active and my client has never provided portfolio management services to any person.*
- (xv) For contents of para 7(c), the Bank accounts mentioned are of the Noticee and its Proprietorship concern Sanbun Investments, through which the Noticee did personal trading.*
- (xvi) For contents of para 7(d), the draft agreement exchanged with the Complainant, which was a proposal. The Complainant wanted the Noticee to advice on shares, which was not acceptable to the Noticee. The Complainant did not give any money to the Noticee under the agreement proposed by him.*
- (xvii) It is denied that the Noticee has carried out the activity of portfolio management services without obtaining registration from SEBI, or that the Noticee has violated Section 12(1) of the SEBI act, read with Regulation 3 of the PMS Regulations.*

9. The Noticee submitted another reply dated January 05, 2024 received by SEBI through email on January 09, 2024 wherein the Noticee has stated the following:

- (i) *When the Noticee was 18 years old he started reading books on personal finance based on which he opened an account with Zerodha, a Stock Broker.*
- (ii) *The Noticee is not a stock broker and in his capacity as an Authorized Personnel of Angel One Ltd., a stock broker he would introduce investors who would then invest through the company. Angel One would send incentives to my banking account for the said job.*
- (iii) *Sanbun Investments provides educational services through online mode.*
- (iv) *The Complainant, Mr. Kaif Khan had access to the password and received OTP on his own mobile number. The Complainant opened the demat account with Zerodha on his own and completed the relevant formalities.*
- (v) *The Noticee did not trade on behalf of the Complainant. He was only a technical coach and the Whatsapp Chat relate to the Technical Analysis only.*
- (vi) *The Noticee used the website Trading View for coaching his students and the Complainant was trading on the basis. For the technical analysis rendered by him, Mr. Kaif Khan paid him an incentive for a period of about 12 months.*
- (vii) *Although the Noticee has stated on his website that he offered Investment Advisory/ Portfolio Management Services, he never acted upon the same.*
- (viii) *Neither was he registered with SEBI nor he had any client willing to invest Rs. 1 Crore.*
- (ix) *The Agreement signed between him and the Complainant was never acted upon, since he was not competent or qualified to provide Investment Advisory/ Portfolio Management Services.*
- (x) *For carrying on PMS, a minimum investment of one crore is mandatory.*

10. The Noticee in his reply dated January 15, 2024 has submitted the following:

- (i) *All the transactions in the Noticee's bank accounts are truthful.*
- (ii) *The first Transaction dated March 11, 2020 relates to the deposit of Rs. 3,000/- which pertains to the basic course fees paid by Syed Abdul Razack, taught by him, online. There are several such receipts towards the fees paid by students for online teaching, towards incentive by students, where there were major gains arising out of teaching and tutoring.*
- (iii) *The transactions can be divided in 4 parts, which are: (a) Receipt of Fees from the students (b) Receipt of Rental from the Property (c) Receipt of Incentive from*

the students (d) Receipt from investment in stocks by him from his account in Zerodha.

(iv) All the submissions made hereinabove are a part of the Income tax returns filed by him.

11. In this regard, the Noticee has provided copy of the trading account, Balance Sheet and the Income Tax Return (hereinafter referred to as “ITR”) for FY 2021-2022 and FY 2022-2023. The Noticee in his reply has also referred to the bank account statement wherein he stated that the fields relating to receipt of fees from the students are color coded in “white” color, receipt of rental from the Goa property owned by the Noticee are color coded in “green” color, receipts of incentive from the students are color coded in “orange” color and receipt from investment in stocks from my account in Zerodha are color coded in “yellow” color. The said bank account statement was forwarded vide email dated January 15, 2024. I note that the statement was in the “.numbers” format. The Noticee was advised to provide the document in a readable format on January 23, 2024. The Noticee provided the PDF and Excel file of the said “.numbers” file on January 25, 2024 which has been duly considered.

III. Opportunity of Hearing

12. The Noticee vide his reply dated September 26, 2023, *inter-alia* sought hearing and also requested for cross examination of the Complainant. In the interest of natural justice, an opportunity for personal hearing was granted to the Noticee on October 18, 2023. However, with respect to the Noticee’s request for an opportunity to cross examine the Complainant, the same was not acceded to as the allegations levelled against the Noticee in the SCN were not based on any of the statements of Complainant, but were based on an examination conducted by SEBI and on evidence/ records/documents/findings of such examination, which were already provided to the Noticee. I also note that SEBI vide letter and email dated October 7, 2022 sought certain information from the Noticee and a reminder letter/email dated December 20, 2022 was also sent. However, the Noticee did not submit a response to the said letters and did not participate in the examination. Therefore, the question of cross-examination of the Complainant did not arise and the same was informed to the Noticee vide email dated October 16, 2023. The Noticee was granted an

opportunity to make submissions regarding cross-examination during hearing scheduled on October 18, 2023.

13. The AR of the Noticee, Mr. Vinayak Marwah vide email dated October 15, 2023 *inter alia* submitted that, he is suffering from the medical condition of slip/bulge disc and has been advised rest, and requested that the hearing be rescheduled after 4 weeks. The AR further submitted supporting documents with respect to his medical condition vide email dated October 17, 2023. In the interest of natural justice, an opportunity for personal hearing was granted to the Noticee on November 15, 2023. On November 15, 2023, the father of the Noticee, Mr. Arvinder Singh appeared as an AR for the Noticee and requested that the hearing may be rescheduled on account of poor health of the Noticee as well as his advocate. The request was acceded to and hearing was rescheduled to November 22, 2023. However, due to an internal reallocation of cases, the present matter was handed over to the undersigned and the hearing scheduled on November 22, 2023 was adjourned. The Noticee was granted an opportunity of hearing on December 27, 2023. Mrs. Sanjana Singh the Noticee's mother, appeared on behalf of him and submitted that he is suffering from jaundice. The relevant proof was provided to SEBI through email. On this ground, the Noticee's mother sought an adjournment and requested that the hearing in the matter may be scheduled after two weeks. In the interest of justice, the Noticee's mother was informed that a last and final opportunity of hearing was being given to the Noticee and that the hearing was scheduled on January 10, 2024. The Noticee was also advised to produce an Authority Letter in favour of his mother, Mrs. Sanjana Singh along with her Aadhar Card or any other identity proof for the hearing scheduled on January 10, 2024.

14. On January 10, 2024, the Noticee did not appear for the hearing. Instead, Mrs. Sanjana Singh again appeared and stated that she will be representing the Noticee. During the hearing, Mrs. Sanjana Singh neither made any submission nor pressed for cross examination of the complainant. Mrs. Sanjana Singh was informed that the Noticee will have to provide an Authority Letter in her favour, and the same was provided subsequently. During the hearing, Mrs. Sanjana Singh reiterated the submissions made by the Noticee vide his reply received on January 09, 2024. She submitted that the SCN has been issued based on the complaint of Mr. Kaif Khan. It was clarified that SEBI has conducted an independent examination of the Noticee's activities *inter alia* based on material published

on the website, his bank account statements, after receipt of complaint. While referring to the bank account details indicating the amount collected by the Noticee at paragraph no. 7 (page no. 5) of the SCN, it was directed that a copy of the bank account statements (although the same are available with the Noticee) may be provided to him. The Noticee was allowed to file a further reply in connection with the bank account statements within one week from January 10, 2024, if he so desires. As stated hereinabove, the Noticee's reply with respect to the bank statements has been taken on record.

CONSIDERATION OF ISSUES

15. I have considered the material available on record including the SCN, the annexures to the SCN, oral and written submissions, the Noticee's reply dated September 26, 2023 and January 09, 2024 and based on the aforesaid frame the following issues for consideration:

Issue I: Whether the Noticee acted as an unregistered Portfolio Manager in contravention of Section 12(1) of the SEBI Act and Regulation 3 of the PMS Regulations?

Issue II: If answer to issue no. I is in the affirmative, what directions should be passed against the Noticee?

16. Before proceeding further, it is pertinent to refer to the relevant provisions of the SEBI Act and the PMS Regulations which are reproduced hereunder: -

SEBI Act

Registration of stock brokers, sub-brokers, share transfer agents, etc.

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:"

PMS Regulations

Regulation 2 (o)

“(o) ‘‘portfolio manager’’ means a body corporate, which pursuant to a contract with a client, advises or directs or undertakes on behalf of the client (whether as a discretionary portfolio manager or otherwise) the management or administration of a portfolio of securities or goods or funds of the client, as the case may be:

Provided that the Portfolio Manager may deal in goods received in delivery against physical settlement of commodity derivatives.’’

Regulation 3

‘‘No person shall act as a portfolio manager unless it has obtained a certificate of registration from the Board under these regulations.’’

Issue I: Whether the Noticee acted as a Portfolio Manager in contravention of Section 12(1) of the SEBI Act and Regulation 3 of the PMS Regulations?

17. I note from the SCN that the website of the Noticee (which is no longer active) with the domain name www.sanbaninvestments.in *inter alia* mentioned the following:

‘‘Sanbun Investments is an Investment Advisory Firm, specializing in consulting, training, and mentoring and portfolio management.

The firm has been delivering consistent returns over years and helped over thousands of students achieve their aspiration of becoming a full-time trader.

They offer their services through online sessions and also provide personal assistance. The training is reliable, effective, and helpful for those who see Stock Market as a career option.’’

Email: jaspreet.sanbun@gmail.com

Address: 403, Imperial Tower, Naraina Vihar, New Delhi-110028

Mobile: 9999080035

RECOMMENDATIONS:

Basic Membership
Intraday Calls
Equity Cash
Silver Membership
Intraday Calls
Equity Cash

Stock Options
Index Options
Gold Membership
Intraday Calls
Equity Cash
Live Assistance
Stock Options
Stock Futures
Index Options
Personal Membership
Intraday Calls
Equity Cash
Live Assistance
Stock Options
Stock Futures
Index Options
BTST,STBT
Index Futures

18. Annexure 13 to the SCN contains screenshots captured from the Noticee's website www.sanbuninvestments.in which shows that the website hosted a cover from 'The CEO Magazine'. The screenshot of the said cover is provided as under:



19. I note that the said cover page contains a QR code which directs the user to the website of 'The CEO Magazine'. The said 'The CEO Magazine' published an article/ interview of the

Noticee in its May 2021 issue titled “The young entrepreneur Nishaan Singh, CEO, Sanbun Investment on his Journey as multi-asset trader & investor”.

*“.... With a sought after firm in his own right, Nishaans savours his positions as a multi-asset trader, **portfolio manager**, stock market trainer and mentor to anyone fascinated to learn about the industry.*

In an exclusive interview with The CEO Magazine's Editor Purnima Narang, Nishaan unveiled various his success story including challenge of acceptance, his young team, industry, and advice for the next generation.”

20. In response to the interviewer’s question about the Noticee’s target clientele and what services are offered by him, the Noticee responded as follows:

“We are not targeting any particular segment of the society, because our focus is on ‘change’. And we are well aware that change comes only when people from all classes and age groups work together. So, we aim to give guidance, knowledge, and skills to those who aspire to participate with us. We boast as a company which has been the first choice of an established list of businesses and individuals.

*Currently, **Sanbun Investments enjoys the status of a renowned stock advisory firm offering services including PMS, online courses, advisory services and mentorships.** We equip our clientele with 4-6 swing recommendations every month, at the same time, the aspiring stock traders with online courses encompassing information on everything related to financial markets & assisting them to become a profitable stock market trader and investor. Sanbun Investments’ FTTP program is well-tailored to comprehensively assist anyone who aspires to create a career in the stock market.”*

21. I find that the article can be accessed from the website of the Sanbun Investments and that the article/ interview contains the information that the Noticee is offering PMS indicates that the Noticee was endorsing/ advertising the PMS offered by him.

22. In addition to the above, the Complainant had forwarded screenshots of the LinkedIn profile of Sanbun Investments which shows that the Noticee through his proprietorship firm held himself as a Portfolio Manager. The said profile is no longer available on LinkedIn. The “About” section of Sanbun Investments states as under:

*“Sanbun Investments is an NSE registered Investment Advisory firm founded in 2015 and based in New Delhi. We offer Online Courses on Trading & Investing, **Portfolio Management Services**, Open Demat Accounts and **Membership Plans for Intraday and Swing Signals**....”*

23. The Noticee in his reply received on January 09, 2024 has submitted that although on his website it is stated that he offers Investment Advisory/ Portfolio Management Services, he never acted upon the same. The Noticee in his reply dated September 26, 2023 while denying the allegations made in the complaint has submitted that he has never advised, directed or undertaken on behalf of any person, any kind of services involving management or administration of portfolios, securities or funds. I note from paragraph no. 7 of the SCN that following two bank accounts were mentioned on the website of the Noticee, and details of the same are as follows:

Table 2

Sl. No.	Account No. and Bank	KYC Details and Statement analysis
1	Bank Name- HDFC Bank A/c Holder's Name- Nishaan Singh A/c no. - 592xx20000010 IFSC - HDFC0004711	Trade Name: Sanbun Investments Legal Name: Nishaan Singh Constitution of Business: Proprietorship Details of Activity: Investments and Trading Nature of Industry: Broking Date of Incorporation: 16.05.2019 Statement period: September 26, 2020 (Account opening date) to January 09, 2023. Credit amount received during the statement period: Rs. 1,50,28,707/-. Email ID: nishaansingh007@gmail.com
2	Bank Name- HDFC Bank A/c Holder's Name - Nishaan Singh A/c no.- 501xx321994395 IFSC - HDFC0001069	Name: Mr. Nishaan Singh Statement period: March 11, 2020 (Account opening date) to January 09, 2023 Credit amount received during the statement period: Rs. 15,00,82,904/- Email ID: sanbuninvestments@gmail.com

24. I note from the Bank account AOF, that account No. 592xx20000010 was in the name of M/s Sanbun Investments and Noticee was the sole proprietor of the firm and the Account No. 501xx321994395 was in the name of the Noticee. I also note from the details of email IDs, that email ID in the name of the Noticee i.e. nishaansingh007@gmail.com was used for the account held in the name of Sanbun Investments and email ID in the name of Sanbun Investments was used for the account held in the name of the Noticee, Mr. Nishaan Singh.

25. The Noticee in his reply has stated that the said bank accounts are the Noticee's through which he undertook personal trading. In this regard, I note from the bank account statement of Mr. Nishaan Singh bearing account no. 501xx321994395 held with HDFC Bank that the

Noticee received money from several people and those credit entries carried narrations such as “PMS”, “PMS Nishan”, “PMS fees”, “Portfolio Management”, “Portfolio Management Fees”, “Portfolio Pack”, “Account Management”, “Installment”, “DMAT Profit Sharing”, “Calls Fee” and “Account Handling” which indicate that the account was used to collect fees for the Noticee’s portfolio management services. Some of the transactions are captured in the following table:

Table 3

Sr. No.	Narrations
1	UPI-RANVIR SINGH-SINGHRAN*****@OKSBI-SBIN0050163-016217*****-PMS
2	UPI-KARAN ASHWINKUMAR SH-KARAN*****@OKAXIS-IBKL0000533-01901*****-PMS 75K FEES
3	IMPS-0271134*****-G BOOBESH GUPTHA-HDFC-XXXXXXXXXXXX6342-PMS NISHAN
4	UPI-RAHULKUMAR KAMALESHK-BAFNA*****@OKHDFCBANK-HDFC0000335-02591*****-PORTFOLIO
5	UPI-RISHABH GUPTA-RISHABHG*****@OKHDFCBANK-HDFC0001919-12528*****-PORTFOLIO PACK
6	5010030***** -TPT-MONTHY PORTFOLIO MANAGEMENT FEES-VIJAYA S THAKUR
7	UPI-AMAL A A-RIGH*****@OKAXIS-FDRL0001512-02361*****-ACCOUNT MANAGEMENT
8	UPI-ARGHYA HAZRA-9567*****@SBI-SBIN0012428-01071*****-ACCOUNT HANDLING S
9	UPI-HIMANSHU SARAF-SARAFHIM@OKICICI-ICIC00000004-110016391033-DMAT PROFIT SHARE

Therefore, I am unable to agree with the Noticee’s submission that he never acted upon the claims made on his website or that the said bank account was used for his personal trading.

26. The SCN also states that SEBI received a complaint dated October 6, 2022 from one Mr. Kaif Khan who submitted that the Noticee had approached him and offered portfolio management services. The Complainant also submitted an agreement dated April 24, 2022 entered into between the Noticee and the Complainant wherein it stated that the Complainant has appointed the Noticee as a Portfolio Manager. The following has also been stated in the agreement dated April 24, 2022:

- (i) Noticee has entered into an agreement dated April 24, 2022 with the complainant (referred to as “Investor” in the said agreement).
- (ii) Nishaan Singh is a Portfolio Manager regulated with SEBI.
- (iii) Nishaan Singh is a member of National Stock Exchange of India with registration No. AP2513012281.
- (iv) The Investor is desirous of appointing Nishaan Singh as his agent for managing the investment of his funds and avail of investment advisory and portfolio management services from Nishaan Singh for investment to be made in securities in the capital markets in India.
- (v) The investor hereby appoints and authorizes Nishaan Singh as a Portfolio Manager. (Discretionary Portfolio Management) with absolute and unfettered discretion under the terms of this agreement, to act as his agent *inter alia*, for the purpose of managing the Funds by investing it in capital/money market instruments as Nishaan Singh may deem fit from time to time including in those enumerated in Annexure 1 A hereto and hold all or any of such investments in the name of Nishaan Singh on behalf of the Investor, including any undivided interest share in one or more mutual fund units and /or capital/money market investment.
- (vi) Nishaan Singh shall be authorized to execute in the name and on behalf of the Investor.
- (vii) Nishaan Singh shall not be responsible for any loss or damage occasioned including but not limited to market conditions etc.
- (viii) The investor agrees and understands that the services being provided by Nishaan Singh under this agreement involves certain risks and considerations generally associated with making investments in securities and that there can be no assurance that Nishaan Singh can achieve the investment objectives stated herein.
- (ix) Nishaan Singh shall be authorized by the Investor to do anything which Nishaan Singh considers necessary or appropriate in order to provide the services or to comply with any applicable laws or regulations as may reasonably be appropriate. The investor agrees to ratify and confirm everything lawfully done in the exercise of such discretion by Nishaan Singh.
- (x) The Portfolio Manager shall not accept from the clients, funds or securities worth less than Once Crore Rupees where the client is a resident Indian or Non Resident Indian.

- (xi) This agreement shall commence from the date of its execution and shall be effective perpetually till withdrawal of portfolio from the date of its execution unless it is specifically terminated by the parties.
- (xii) Notwithstanding anything contained herein or elsewhere a Portfolio Management fee as specified in the scheme agreed to be payable on initial corpus amount including any additional placement of funds which would be 50% of the net profits per month, if any during the tenor of this agreement shall be paid by the investor to Nishaan Singh. In addition to the Portfolio Management fees, the investor shall pay to Nishaan Singh such transaction fees, brokerage charges, safe custody fees, demat fees, and /or disbursement, made in respect of the investment, made under this agreement.
- (xiii) Nishaan Singh shall debit the investor account at the end of each month for the amount of remuneration due and payable to it which is 50% (including all applicable government taxes) of the net profits made per month.
- (xiv) The Agreement is made in compliance of the Securities and Exchange Board of India (Portfolio Managers) Amendment Regulations 2002.
- (xv) Signed and Delivered by Investor and Nishaan Singh on April 25, 2022.
- (xvi) Both the Investor and Nishaan Singh have appended their respective signatures dated April 24, 2022
- (xvii) The said agreement between the Noticee with the complainant as investor was titled as Sanbun Capital Hedge Funds.

27. I note that although the letterhead of the agreement is in the name of Sanbun Capital Hedge Fund, the agreement clearly identifies the Noticee, Mr. Nishaan Singh as the other party. The agreement also clearly states that the Noticee is a Portfolio Manager regulated by SEBI. Clause 8 of the agreement stipulates that the agreement is made in compliance with the SEBI (Portfolio Managers) Amendment Regulations, 2002. I note that the SEBI (Portfolio Managers) Regulations were issued in the year 1993 and have been amended from time to time. The Noticee has referred to the SEBI (Portfolio Managers) Amendment Regulations, 2002 which is an amendment to the SEBI (Portfolio Managers) Regulations, 1993. The said 1993 Regulations have now been repealed and the law governing portfolio managers is the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020. Having said so, I note that the reference to the SEBI Regulations shows that the Noticee was aware

of the said regulations and despite this knowledge offered portfolio management services in contravention of the same.

28. As regards the agreement, the Noticee in his reply dated September 26, 2023 has stated that the Complainant wanted his help with respect to advice on shares which was not acceptable to the Noticee. He has also submitted that the said agreement has never been executed nor acted upon either by the Noticee or the Complainant. I note from the chats between the Noticee and the Complainant on an instant messaging application that the Noticee made the offer to the Complainant by sharing the agreement signed by him. The relevant entries were made by the Complainant into the agreement including signing the document and later sent to the Noticee over the instant messaging application communicating the Complainant's acceptance of the Noticee's offer. I note that offer and acceptance are the essentials of any valid contract. I also note that the Noticee has not denied the signatures affixed to the agreement provided as Annexure 14 to the SCN.

29. Further, I note from the Complainant's email dated October 12, 2022 (Annexure 5 to the SCN) that the Complainant paid certain Rs. 52,83,799/- as fees to the Noticee. Of the said amount, a sum of Rs. 43,57,799/- is traceable into the bank account of the Noticee bearing account number 50100321994395. The same has been confirmed by the HDFC Bank (Annexure 7 of the SCN). The details of the payment are as under:

Table 4

Date	Narration	Deposit Amt.
04/11/21	NEFT CR-PUNB0339300-KAIF LIYAQAT KHAN-NISHAN SINGH-PUNBH21308553238	80000
13/03/22	NEFT CR-PUNB0339300-KAIF LIYAQAT KHAN-NISHAN SINGH-PUNBH22072467526	204140
18/03/22	NEFT CR-PUNB0339300-KAIF LIYAQAT KHAN-NISHAN SINGH-PUNBH22077280049	493359
26/03/22	NEFT CR-PUNB0339300-KAIF LIYAQAT KHAN-NISHAN SINGH-PUNBH22085461439	419100
26/03/22	NEFT CR-PUNB0339300-KAIF LIYAQAT KHAN-NISHAN SINGH-PUNBH22085466008	1
26/03/22	NEFT CR-PUNB0339300-KAIF LIYAQAT KHAN-NISHAN SINGH-PUNBH22085465906	499999
27/03/22	NEFT CR-PUNB0339300-KAIF LIYAQAT KHAN-NISHAN SINGH-PUNBH22086515127	273000
02/04/22	IMPS-209216394941-KAIF LIYAQAT KHAN-HDFC-XXXXXXXXXX7740-TRF	50000
03/04/22	50100504367740-TPT-TRF-KAIF LIYAQAT KHAN	670000
03/04/22	50100504367740 -TPT-TRF-KAIF LIYAQAT KHAN	500000

04/04/22	50100504367740-TPT-TRF-KAIF LIYAQAT KHAN	469092
10/04/22	50100504367740-TPT-TRR-KAIF LIYAQAT KHAN	221480
16/04/22	50100504367740-TPT-TRF-KAIF LIYAQAT KHAN	190293
25/04/22	50100504367740-TPT-TRF-KAIF LIYAQAT KHAN	239176
02/05/22	IMPS-212222342883-KAIF LIYAQAT KHAN-HDFC-XXXXXXXXXX7740-TRD	48159
TOTAL		43,57,799

30. The Complainant has also provided screenshots of his chats with the Noticee on mobile no. “9717760895”. The aforesaid mobile number belongs to the Noticee and has been mentioned in the Noticee’s KYC records and Account Opening Form with HDFC Bank. I note that the screenshots of the chats were provided as Annexure 5 to the SCN. In one of the chats shared by the Complainant, I find that the Noticee has advised the Complainant to buy and sell certain quantities of shares. The relevant chat is reproduced as under:

Chat no. 1:

*Noticee: 500 qty buy kro ek bari 14600 pe ki
Fir dekho fund aya ki nhi*

*Complainant: Haa
Hogya*

*Noticee: Ab becho 300 qty
450 ki
Try*

*Complainant: Kya
Cheez*

*Noticee: 15450
Qty 300 sell*

Complainant: insufficient funds

Noticee: 100 try

31. The Noticee in his reply has stated that for PMS, a minimum investment of Rs. One Crore is mandatory, and that the Complainant never invested the said sum with him nor handed over any charge of his portfolio of shares. In this regard, I refer to two conversations between the Noticee and the Complainant, screenshots of which have been provided as Annexure 5 to the SCN and reproduced below.

Chat No. 2

Noticee: *All big players arw (sic) adjusting their positions in bse
Kaif
Capital kitna hai
Tumhara?*

Complainant: *Sir total bataun*

Noticee: *Total bolo*

Complainant: *Jitna kar sakta hun*

Noticee: ***I can help u (sic) make money***

Complainant: *1.2 cr tak*

Noticee: *With me
Call me*

Chat No. 3

Noticee: *Kal gapup hoga shayad*

Complainant: *Election?*

Noticee: *Yes
Toh kal book krke
Start krte hai fir
Total kitna capital
Hai
Batao thora*

Complainant: ***1.2 cr ke aas paas***

Noticee: ***Next year tak 2.4 cr. krne ki koshish krvalu hu***

32. I find from the said chats that the Noticee asked the Complainant about the total capital available for investment and in response, the Complainant replied that he has Rs. 1.2 Crore. The Noticee, thereafter, asked the Complainant to call him. In another conversation, in response to the Complainant, the Noticee said that he would try to double the investment. Having held himself out as a Portfolio Manager, and having contacted the Complainant after coming to know that the Complainant has a capital of Rs. 1.2 Crore for investment, it can be said that *prima facie* the Noticee was aware of the minimum investment requirement under the PMS Regulations. It also shows that the Noticee had agreed to manage the sum of Rs. 1.2 Cr. for the Complainant.

33. I note that during one of the conversations, the Noticee asked the Complainant for the User ID and Password of the Complainant's trading account. During another conversation, the Noticee advised the Complainant to change the User ID and Password of his trading account with Zerodha, and even provided the new ID and Password. The relevant chats are reproduced as under:

Chat no. 4:

(complainant shares an image of price of certain scrips)

Noticee:	<i>Book this 15700</i>
Complainant:	<i>Okay</i>
Noticee:	<i>Ko book kro Jaldi se Mereko id pw do</i>
Complainant:	<i>Done</i>
Noticee:	<i>Jaldi karna hoga Hedge change kro Give id pw ill get it done Fast send</i>
Complainant:	<i>rq****9 Tra***** ***** is the pin</i>

Chat No. 5:

Complainant:	<i>ab kra dekhte hai reply</i>
Noticee:	<i>Ok lmk bhai Important hai Aur ek baari Id pw change krdo zerodha St*****4 1***** Ye krdo</i>

34. The Noticee in his reply dated September 26, 2023 has submitted that the Portfolio Management services are to be provided only by a body corporate and the Noticee, is not a body corporate, and has not offered any services. In this regard, I note that, the requirement of a portfolio manager being a body corporate is one of the requirements for its registration with SEBI. However, in the instant matter the Noticee has offered Portfolio Management Services without obtaining a certificate of registration from SEBI and hence, the allegation is that he acted in violation of the SEBI Act and the PMS Regulations. Therefore, the Noticee cannot escape liability for carrying on unregistered PMS activity, just by making an excuse that he is not a body corporate.

35. I also note that, in terms of Section 12(1) of the SEBI Act and Regulation 3 of the PMS Regulations, it is imperative that any person carrying out portfolio management activities has to necessarily obtain registration from SEBI and conduct its activities in accordance with the provisions of the SEBI Act and Regulations framed thereunder. Section 12(1) of SEBI Act reads as under:

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

36. As per Regulation 3 of PMS Regulations, the registration as Portfolio Manager is mandatory. It provides that: *“No person shall act as a portfolio manager unless it has obtained a certificate of registration from the Board under these regulations.”* Regulation 2 (o) of the PMS Regulations defines a portfolio manager as follows: *“A portfolio manager is a body corporate who, pursuant to a contract or arrangement with a client, advises or directs or undertakes on behalf of the client (whether as a discretionary portfolio manager or otherwise), the management or administration of a portfolio of securities or the funds of the client.”*

37. I note that there are two types of portfolio management services. In discretionary portfolio management service, the portfolio manager individually and independently manages the

funds and securities of each client in accordance with the needs of the client. Under the non-discretionary portfolio management service, the portfolio manager manages the securities or goods or funds in accordance with the directions of the client. I note from the chats between the Noticee and the complainant that the Noticee would render advice to the complainant. I also note that the Noticee has asked the complainant to share the login ID and password of his trading account, on another occasion the Noticee instructed the complainant to set the password as suggested by him. Further, based on the narrations in the bank account such as “DMAT PROFIT SHARING”, “PMS”, “ACCOUNT MANAGEMENT” and “ACCOUNT HANDLING”, I note that there has been a prior arrangement of the Noticee with his clients wherein the Noticee would render advice or operate the trading account of the clients and exercised discretion with respect to the investments or management of portfolio of securities or the funds of the client thereby making him a discretionary portfolio manager/ non-discretionary portfolio manager.

38. I note that for seeking a certificate of registration for acting as a Portfolio Manager, the Entity is required to satisfy, *inter alia*, the following requirements, as provided under the PMS Regulations:

- (i) An application for seeking certificate of registration to be made to SEBI, in Form A as specified in the Schedule I to PMS Regulations, along with requisite non-refundable application fee;
- (ii) For considering the grant of certificate of registration to the applicant, Board shall consider the following:
 - (a) whether, the applicant is a body corporate;
 - (b) the applicant has the necessary infrastructure like adequate office space, equipment and the manpower to effectively discharge the activities of a portfolio manager;
 - (c) the applicant has appointed a compliance officer;
 - (d) the principal officer of the applicant has—
 - a professional qualification in finance, law, accountancy or business management from a university or an institution recognized by the Central Government or any State Government or a foreign university or a professional qualification by completing a Post Graduate Program in the Securities Market (Portfolio

Management) from NISM of a duration not less than one year or a professional qualification by obtaining a CFA charter from the CFA institute;

- experience of at least five years in related activities in the securities market including in a portfolio manager, stock broker, investment advisor, research analyst or as a fund manager; and
- the relevant NISM certification as specified by the Board from time to time
- Provided that at least 2 years of relevant experience is in portfolio management or investment advisory services or in the areas related to fund management
- Provided further that a fresh NISM certification shall be obtained before expiry of the validity of the existing certification to ensure continuity in compliance with the certification requirements.

(e) In addition to the Principal Officer and Compliance Officer, the applicant has in its employment at least one person with the following qualifications:

- Graduation from a university or an institution recognized by the Central Government or any State Government or a foreign university; and
- an experience of at least two years in related activities in the securities market including in a portfolio manager, stock broker, investment advisor or as a fund manager: Provided that any employee of the Portfolio Manager who has decision making authority related to fund management shall have the same minimum qualifications, experience and certification as specified for the Principal Officer in clause (d) of sub-regulation (2) of regulation.

(f) any disciplinary action has been taken by the Board against a person directly or indirectly connected with the applicant under the Act or the rules or the regulations made there under;

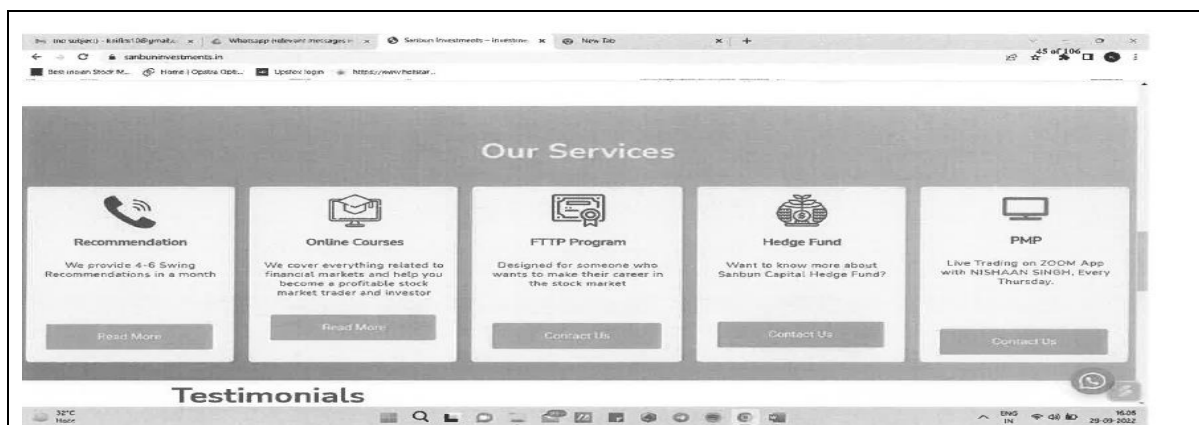
(g) Applicant must have net worth of not less than 5 crore rupees.

39. The PMS Regulations provide for the minimum professional qualification and prescribe mandatory net-worth requirement. Further, it *inter-alia* provides for criteria for fit and proper person, Code of Conduct, Contract with clients and disclosures, disclosures of any conflict of interest, maintenance of books of accounts and records. The prescriptions in the PMS Regulations are intended to safeguard the interest of investors and curb the

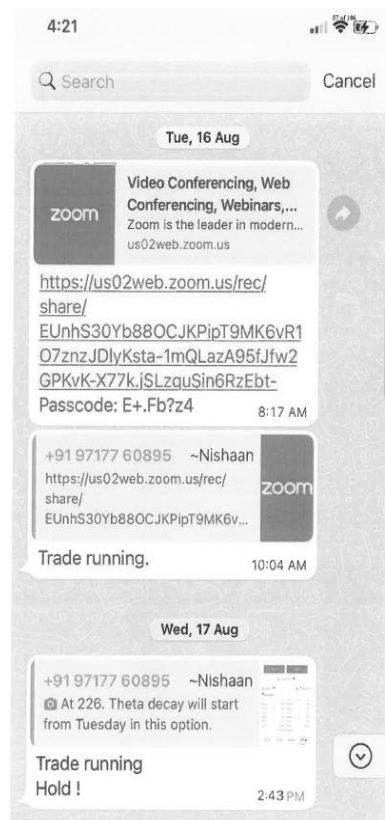
perpetration of unregulated entities entering the field of portfolio management services and indulging in unscrupulous market practices.

40. The complainant has also provided screenshots from the Noticee's website and chats from an instant messaging application which show the services offered by the Noticee:

Screenshot 1



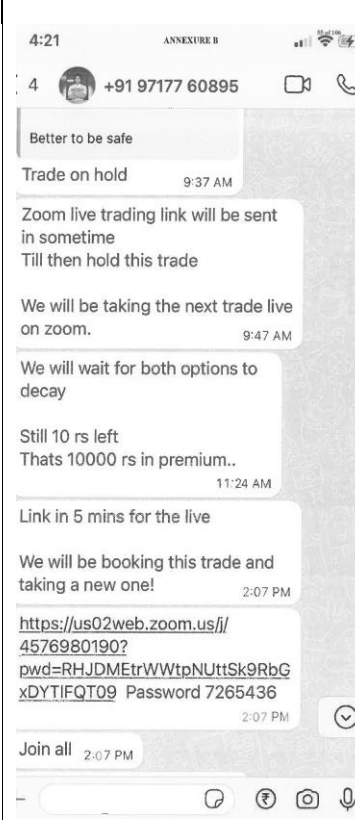
Screenshot 2



Screenshot 3



Screenshot 4



41. From the aforesaid screenshots, it is observed that Noticee was inducing clients/ investors by offering ‘swing recommendations’, online courses, FTTP Programme, Hedge Fund and Live trading and promising positive returns. Further, in the garb of providing ‘courses’, the Noticee was advising clients personally for live market transactions. In view of the above, I note that under the garb of providing courses related to securities market, Noticee has been offering Portfolio Management Services and providing recommendations to the clients in private groups and luring investors/ clients to invest in securities market by assuring positive returns.

42. I note from the screenshots of the website, copies of various social media pages, narrations in the bank account statements, instant messaging chats between the Noticee and the Complainant and the agreement dated April 24, 2022 wherein it is stated that Mr. Nishaan Singh is a Portfolio Manager regulated by SEBI allow me no doubt in holding that the Noticee has been offering Portfolio Management Services without obtaining the relevant registration from SEBI in violation of Section 12 (1) of the SEBI Act read with Reg. 3 of the SEBI (Portfolio Manager) Regulations, 2020.

43. The total credits received in the bank accounts of Noticee, as per the bank statements received from HDFC, are tabulated below-

Table 5

S. No.	A/c Name	A/c Number	Period of statement	Credits received (in INR)	Closing Balance as on January 09, 2023 (in INR)
1.	Mr. Nishaan Singh	501xx321994395 (HDFC Bank)	March 11, 2020 (Account opening date) to January 09, 2023	15,00,82,904	1,02,49,670/-
2.	Sanbun Investments	592xx000000010 (HDFC Bank)	July 15, 2014 to December 02, 2015	1,50,28,707	17,11, 869/-
Total				16,51,11,611	1,19,61,539

44. At this juncture, it will be relevant to quote the Order of the Hon’ble Securities Appellate Tribunal in the matter of **Vusa Ravi v. SEBI** decided on July 27, 2023, wherein it was argued by the Appellant that the direction to refund is patently erroneous in as much as the

entire amount shown in the bank accounts was not towards advisory services but was for other services. Hon'ble Tribunal while upholding the order held as follows:

"...However, with regard to the direction for refund, considering the facts and circumstances that have been brought above, we direct the appellant to move an appropriate representation within three weeks from today giving details of the credit entries of the three bank accounts and indicate with precision as to which amount relates to advisory services and which amount does not relate to advisory services. The authority will consider each and every entry and thereafter crystalize the amount to be refunded within two months thereafter."

45. The Noticee was provided the bank account statements of A/c no. 501xx321994395 and 592xx000000010 held with HDFC Bank to explain the funds received therein. The Noticee has submitted that the credits in the bank account no. 501xx321994395 can be classified into (a) Receipt of Fees from the students (b) Receipt of Rental from the Property (c) Receipt of Incentive from the students (d) Receipt from investment in stocks from his trading account in Zerodha. He also submitted that the fields relating to receipt of fees from the students are coded in "white" color, receipt of rental from the Goa property owned by the Noticee are coded in "green" color, receipts of incentive from the students are coded in "orange" color and receipt from investment in stocks from my account in Zerodha are coded in "yellow" color. Accordingly, the amounts received by him are tabulated as under:

Table 6

Sr. No.	Particulars	Amount (in Rs.)
1	Receipt of Fees from students	13,47,16,895
2	Receipt of Rental from property	14,20,000
3	Receipt of Incentive from students	43,57,799
4	Receipt from investment in stocks from his trading account in Zerodha	17,08,296.39

46. As regards the above table, I have already noted that under the garb of providing courses related to securities market, Noticee has been giving Portfolio Management Services, giving recommendations to the clients in private groups and luring investors/ clients to invest in securities market by assuring positive returns. Furthermore, the Noticee has not produced any evidence such as invoices issued to students to show that these payments were indeed received for educational courses. Upon perusal of the credit entries shown as "receipt of incentive from students", I note that these are nothing but payments received from the complainant as shown in Table 4 in lieu of portfolio management services offered

by the Noticee. The amount mentioned in Table 4 i.e. Rs. 43,57,799/- is same as that appearing at sr. no. 3 of Table 6. Therefore, I am unable to consider the payments at sr. no. 1 and 3 at Table no. 6 as payments unrelated to the Noticee's PMS activity.

47. As regards rental income at sr. no. 2 of Table no. 6, I note from the bank account statements that there are recurring credits of Rs. 70,000/- and later Rs. 80,000/- from April 2021 to January 2023, every month with the narration "rent". Further, Rs. 17,08,296/- have been received from Zerodha account indicating that it may not be related to the PMS activity. Therefore, the amount received as rental income i.e. Rs. 14,20,000/- and that received from the Zerodha account i.e. Rs. 17,08,296/- has been considered as amount unrelated to the Noticee's PMS activity. I note that the Noticee has not made any submissions in respect of the account held in the name of Sanbun Investments bearing no. 592xx000000010 with HDFC Bank. Further, there are no credit entries with the narration "rent" in the said account. However, there were credit entries with the narration "investment", "fees" etc. Therefore, the amount received in bank account bearing no. 592xx000000010 with HDFC Bank has been considered as amount collected by the Noticee towards PMS activity.

48. Accordingly, the computation of amount collected would be as under:

Table 7: Computation of amount Collected

Account Name & No.	Total Credits (INR)	Unrelated credits (INR)	Amount Collected w.r.t PMS activity
Mr. Nishaan Singh (501xx321994395)	15,00,82,904	31,28,296.39	14,65,54,507.61
Sanbun Investments (592xx000000010)	1,50,28,707	-	1,50,28,707
Total	16,51,11,611	28,08,296.39	16,19,83,314.61

Issue No. II: If answer to issue no. I is in the affirmative, what directions should be passed against the Noticee?

49. The activities of the Noticees, as brought out in aforementioned paragraphs, show that Noticee was acting as Portfolio Manager and holding himself out as a Portfolio Manager, obtaining a certificate of registration with SEBI as a Portfolio Manager.

50. As observed above at paragraph 48, I note that the Noticee has received a total credit for a sum of Rs. 16,19,83,314.61/- in his two bank accounts towards the portfolio management services offered by him, and are liable to be refunded to the respective clients.

DIRECTIONS

51. In view of the foregoing, I, in exercise of the powers conferred upon me in terms Sections 11(1), 11(4), 11B (1) and 11D of the SEBI Act, and Rule 5 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, do hereby issue the following directions:

- (a) The Noticee shall cease and desist from acting as or holding himself out to be a Portfolio Manager, whether using 'Sanbun Investment' or otherwise. He shall cease to solicit or undertake such activity or any other unregistered activity in the securities market, directly or indirectly, in any manner whatsoever;
- (b) The Noticee shall within a period of three months from the date of coming into force of this order refund Rs. 16,19,83,314.61/- received from clients and/or investors, as fees or consideration or in any other form, in respect of their unregistered portfolio management activities;
- (c) 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 name(s), address(es) and contact detail(s) of person(s) to be approached for refund, within 15 days from the date of receipt of this order;
- (d) The repayments to the complainants and/or 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 trail to identify the beneficiaries of repayments;
- (e) The Noticee is prevented 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 as directed above. Further, the banks are directed to allow debit only for the purpose of making refunds to the clients/ investors/ complainants who were availing the portfolio management services from the Noticee, as directed in this Order, from the bank accounts of the Noticee;

- (f) After completing the aforesaid repayments, the Noticee shall file a report of such completion with SEBI addressed to the Division Chief, Division of Registration 2, Market Intermediaries Regulation and Supervision Department (Division of Registration 2, 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 that all repayments have been made to the clients/ investors of the Noticee by taking into account directions given at paragraph 51 (d) and the direction at paragraph 51 (e) above shall cease to operate upon filing of such report on completion of refunds to complainants/ investors;
- (g) The remaining balance amount shall be deposited with SEBI which shall be kept in an interest bearing escrow account for a period of 1 (one) year for distribution to clients/investors who were availing the portfolio manager services from the Noticee. Thereafter, the remaining amount, if any, shall be deposited in the Investors Protection and Education Fund, maintained by SEBI.
- (h) The Noticee is 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 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 as directed in paragraph paragraph 51 (b) above, whichever is later;
- (i) The Noticee shall not undertake, either during or after the expiry of the period of debarment/restraint as mentioned in paragraph 51 (h) above, either directly or indirectly, portfolio management services or any activity in the securities market without obtaining a certificate of registration from SEBI as required under the securities laws.
- (j) Upon submission of report on completion of refund to clients/investors to SEBI and deposit of the balance amount, if any, with SEBI as directed at paragraph 51 (g) the direction at paragraph 51 (e) above shall cease to operate.

52. This Order is without prejudice to any other action that SEBI may initiate.

53. The direction for refund, as given in paragraph 51 (b) above, shall not act as a bar on the clients /investors to pursue any other legal remedy 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.

54. The Order shall come into force with the immediate effect.

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

Date: January 30, 2024
Place: Mumbai

Sd/-
DR. ANITHA ANOOP
CHIEF GENERAL MANAGER
QUASI JUDICIAL CELL 1
SECURITIES AND EXCHANGE BOARD OF INDIA