

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

ON REPRESENTATION DATED SEPTEMBER 08, 2023, FILED BY VUSA RAVI,
PROPRIETOR OF GLOBAL ADVISORS (PAN: DMHPR1205Q)

Background:

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**"), vide its order dated April 28, 2023, had *inter alia* held that, the acts of providing investment advisory services by Global Advisors, through its proprietor Mr. Vusa Ravi etc., without having registration from SEBI, is in violation of Section 12 (1) of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act, 1992**") and Regulation 3 (1) of the SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as "**IA Regulations**").

2. The aforesaid order dated April 28, 2023 was challenged in Appeal no. 624/2023, titled as *Vusa Ravi Vs. SEBI*, before the Hon'ble Securities Appellate Tribunal (hereinafter referred to as "**SAT**"). The Hon'ble SAT, vide its order dated July 27, 2023, has dismissed the aforesaid appeal by *inter alia* observing as:

"5. Admittedly, the appellant was carrying on investment advisory services without obtaining registration under Regulation 3(1) of the IA Regulations. This resulted in violation of Section 12(1) of the SEBI Act. The only contention raised by the appellant is 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. It was urged that these facts were provided which aspect has not been considered.

6. In view of the admitted position, we are of the opinion that the appellant was lending investment advice in an unauthorized manner without getting registered under Regulation 3 of the IA Regulations, 2013. However, we find that the amount collected towards advisory services needs to be crystalized.

7. For the reasons stated aforesaid, we do not find any manifest error in the impugned order. The appeal fails and is dismissed. 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.”

3. The records before me indicate that after the aforesaid order was passed by the Hon’ble SAT, a Miscellaneous Application (MA no. 1085/2023) came to be filed by Mr. Vusa Ravi (hereinafter referred to as the “**Applicant**”) seeking extension of the timeline to comply with the order dated July 27, 2023 passed by the Hon’ble SAT. The said application came to be allowed vide order dated September 08, 2023 passed by the Hon’ble SAT, inter alia holding as:

“2. The present application has been filed seeking extension of time to file an appropriate representation. The application is allowed. Let the representation be filed on or before September 20, 2023. The miscellaneous application is disposed of.”

Representation

4. In pursuance of the aforesaid orders passed by the Hon’ble SAT, an application dated September 08, 2023 (received by SEBI on September 14, 2023), has been filed by the Applicant herein. In the said application, the Applicant has filed the following documents:

- i. Details of self-transfer made from the account of Applicant to the account of Global Advisors (including one cash deposit);
- ii. Statement of Account of Global Advisors held with Axis Bank;
- iii. Details of relatives and friends from whom the personal loan was taken along with acknowledgement letters of a few of such individuals.
- iv. CA certificate in support of the claims made above.

5. The records before me further indicate that after examination of the aforesaid documents filed by the Applicant, vide an email dated October 19, 2023, certain clarifications/information were sought and, the response thereto has been filed by the Applicant vide his email dated October 27, 2023. Further, in adherence to the principles of natural justice, the Applicant was also granted an opportunity of a personal hearing (through Video Conferencing) on November 03, 2023, wherein the Applicant appeared through his Authorised Representative.

6. After going through the records of the present matter, I observe that the limited issue that needs to be adjudged is whether the amounts claimed by the Applicant in the present application deserve to be excluded from the amount of INR 73,87,303 (INR 31,71,196 + INR 24,63,901 + INR

17,50,206) held to be the amount collected by Global Advisors by way of subscription towards its unauthorized investment advisory service.

7. The application has sought the exclusion of the following amounts from the above amount: (i) INR 6,68,900 as amounts deposited/transferred by the Applicant to the account of Global Advisors; and (ii) INR 15,77,510 as the amount credited in the account of the firm not as advisory fee but as loans taken from the friends and relatives of the Applicant. I shall now deal with the said issues in seriatim.

8. Insofar as the monies claimed to be deposited/transferred to the account of Global Advisors are concerned, the applicant has furnished the following details:

Table no. 1

Sr. No.	From Bank account	To Bank account	Date	Amount (Credit Entry) in INR
1.	Cash Deposit		03.12.2019	1,25,000
2.	ICICI Bank A/c. no. 1420XXXX0324 - Vusa Ravi	Axis Bank A/c. no 918020XXXX131840 - Global Advisors	03.02.2020	85,000
3.			05.02.2020	42,000
4.			02.03.2020	50,000
5.			12.03.2020	43,000
6.			09.06.2020	90,000
7.			09.06.2020	1,500
8.			06.07.2020	90,000
9.			25.07.2020	90,100
10.			11.09.2020	49,300
11.			10.12.2020	3,000
		Total		6,68,900

9. With respect to the transfer of funds from the ICICI Bank account of the Applicant to the Axis Bank of Global Advisors (mentioned at Serial no. 2 to 11 above), it is noted that the copy of the bank account statement of Axis Bank's account number 918020XXXX131840 as well as copy of the bank account of ICICI Bank A/c. no. 1420XXXX0324 have been furnished. The Applicant has claimed that transfer entries from ICICI Bank are already included in the calculation of amount from unregistered investment advisory service. Hence, not excluding them would amount to double counting of the amount.

10. A perusal of the said statements indicates that all the transactions enumerated at Serial no. 2 to 11 in the Table above are supported by debit entries of ICICI Bank and credit entries in the Axis Bank account on the dates mentioned above, except for the entry at Serial no. 9. It is noted

from the statements of bank accounts that, there is a slight mismatch in dates of one entry (i.e. for the debit of INR 90,100 from the ICICI Bank account on July 27, 2020, the credit in the Axis Bank is reflected in the statement on July 25, 2020). Nonetheless, I am of the view that benefit of doubt needs to be extended to the Applicant as the transaction numbers mentioned in both (Debit/Credit) entries are the same and moreover, no other infirmity in the other self transfer transactions has been noticed. It is also noted that the narration of the entry of cash deposit of INR 1,25,000 on December 03, 2019 reads as: **SAKASH DEPSAK 15781378260 SELF**. The said narration, in the absence of any evidence to the contrary, supports the claim of the Applicant that the amount of INR 1,25,000 was deposited by the Applicant in the bank account of Global Advisory, a proprietorship firm of the Applicant. Under the circumstances, I observe that the Applicant has furnished evidences to demonstrate that the amount of INR 6,68,900 is required to be excluded from the amount of INR 73,87,303/- calculated as amount of subscription towards unauthorized investment advisory services on account to double counting (INR 5,43,900) and self-deposit (INR 1,25,000).

11. The details of the loans from friends & relatives amounting to INR 15,77,510, as culled out from the Application dated September 08, 2023, are tabulated hereunder:

Table no. 2

Sr.No.	Date	Name of the Relative/ friend from whom money was received	Amount (Credit Entry) in INR	E-stamp paper attached. Yes/ No
1.	21-11-2019	Dupati Venugopal	1,61,000	Yes
2.	21-11-2019	Barakam Vishnuvardhan	1,80,000	Yes
3.	21-11-2019	S Srinivasulu	2,00,100	Yes
4.	12-08-2020	S Srinivasulu	49,000	Yes
5.	21-11-2019	Moola Ram Harshavardhan Reddy	50,000	Yes
6.	12-08-2020	Shashwath A R	43,500	Yes
7.	11-09-2020	Shashwath A R	44,500	Yes
8.	01-12-2020	Lokesh	1,60,010	Yes
9.	28-02-2020	Nithin Raj	50,000	No
10.	01-12-2020	P V Rajasekhar	6,39,400	No
	Total		15,77,510	

12. When the aforesaid details were confronted with the documentary evidence available on records, certain discrepancies were noticed. Accordingly, the Applicant was advised vide email dated October 19, 2023 to provide clarification/further information. Vide his email dated October 27, 2023, the Applicant has inter alia provided the following clarifications along with documents like copy of ICICI bank's account statement from which transfers were made to account maintained with the Axis Bank :

- I. The amount of loan received from Mr. Dupati Venugopal was wrongly mentioned as INR 1,61,000 instead of INR 1,31,000.
- II. The amount of loan received from Mr. S. Srinivasulu was wrongly mentioned as INR 2,49,000 instead of INR 2,79,000.
- III. Owing to multiple credits and contra debits in the bank account on December 01, 2020, it was erroneously mentioned that credit was received from Mr. Lokesh on December 01, 2020.
- IV. The amounts received from Mr. Nithin Raj have already been considered in the order dated April 28, 2023, as overall proceeds in the bank account of Mr. Nithin Raj.
- V. An amount of INR 6,39,000 was received from Mr. P V Rajsekhar as a refund of the security deposit pertaining to the premises taken on lease by Global Advisors.

13. It is noted that in his Application dated September 08, 2023, the Applicant has portrayed that all amounts mentioned in the Table no. 2 above have been taken as loans from friends/relatives. Further, only upon being categorically inquired/confronted, the Applicant has provided the clarifications quoted above.

14. During the personal hearing, the Authorised Representative of the Applicant candidly admitted that no loan whatsoever has been taken from Mr. Lokesh and infact the amount was paid to him. It was further admitted that Lokesh is one of the employees of Global Advisor who signed the Acknowledgment at the request of the Applicant.

15. After carefully considering the aforesaid clarifications and materials available on record, I am constrained to observe that the Applicant has filed the submissions in a very casual manner. There is no dispute to the fact that in any kind of accounting transactions, error and omissions may occur due to oversight. Hence, such mistakes in the case of loan from Mr. Dupati Venugopal and Mr. S. Srinivasulu are accepted. However, there cannot be a mistake of payment, which was claimed and characterised as a loan, and only on being confronted, it was admitted that no loan was given to Mr. Lokesh. Further, it is observed that the purported errors also occurred in the Acknowledgment letters, printed on Stamp papers and duly notarised. It may be seen that initially

it was claimed that Mr. Lokesh has paid INR 1,60,010 as personal loan and a notarised stamp paper has been filed wherein Mr. Lokesh has *inter alia* stated as: “*With regards to the above, I submit that I had given VUSA RAVI an amount of Rs. 1,60,010 (One Lakh Sixty Thousand and Ten only) in bank account no. 918020106131840 on returnable basis as personal loan and not as fees towards advisory services as claimed by Securities and Exchange Board of India.*” Now, it has been stated that this amount is not a loan but actually payment to Mr. Lokesh.

16. Admittedly, the aforesaid statement is a false statement and in view thereof, there is no loan that was extended by Mr. Lokesh to Global Advisors and the said amount of INR 1,60,010 does not deserve any consideration. Further, in view of the admitted facts, the amount towards Mr. Dupati Venugopal is reduced to INR 1,31,000 and the amount towards Mr. S. Srinivasulu is modified to INR 2,79,100. Therefore, after making the aforesaid adjustments, the total amount of loans due towards friends and relatives is arrived at INR 7,78,100.

17. Insofar as the amount of INR 6,39,000 received from Mr. P V Rajasekhar is concerned, I note that the Applicant has submitted that transactions with Mr. P V Rajasekhar related to rental payments, as the firm Global Advisors was operating from the premises of Mr. P V Rajasekhar. I further note that the above claim of the applicant has been supported by a rent agreement. Further, to give credence to the above submission, the Applicant during the personal hearing has highlighted the monthly payments, which were being made from the Axis Bank Account to Mr. P V Rajasekhar. Under the circumstances, I observe that the said amount of INR 6,39,000 received from Mr. P V Rajasekhar deserves to be excluded from the proceeds of unregistered investment advisory services.

18. In view of the discussion and findings recorded above, I observe that the amount of INR 31,71,196 as noted in the para 38.4 of the SEBI's order dated April 28, 2023 deserves to be modified to INR 10,85,196 (INR 31,71,196- INR 6,68,900- INR 7,78,100- INR 6,39,000). Consequently, the cumulative amount collected as fee by Global Advisors and others by way of subscription towards its unauthorised investment advisory services also stands modified to INR 52,99,303 (INR 10,85,196 + INR 24,63,901 + INR 17,50,206).

19. In view of the above, I note that the Applicant has not disputed its engagement in the activities of investment advisory for which no registration was ever sought/obtained from SEBI. The limited issue for consideration in the instant proceedings is to determine the liability of the firm Global Advisors and its proprietor to refund the fee collected from investors towards the investment advisory activities. I have considered the submissions made by the Applicant and have also considered the documents submitted in the support of the claim of exemption of a certain amount from being considered as investment advisory fee. Having considered that same, I see that the claim of the Applicant is supported by evidence and further the record before me also do not

suggest contrary to the claim advanced by the Applicant, except the amount of INR 1,60,010 claimed towards payment received from Mr. Lokesh.

20. In view of the facts and circumstances of the case, I, in exercise of the powers conferred upon me under Section 19 read with Sections 11(1), 11(4), 11(4A), and 11B(1) of the SEBI Act, 1992 and further in compliance with the directions of the Hon'ble SAT, pass the following directions:

- i. The amount of advisory fee for the purpose of making refund to the investors of Global Advisors shall be treated as INR 52,99,303.
 - ii. The rest of the directions as recorded in the para 40 of the SEBI's order dated April 28, 2023 shall be complied with by the respective entities, and the timelines to comply the same shall commence from the date of passing of the present Order.
21. The present Order shall always be read along with the Order dated April 28, 2023.
22. The Order shall come into force with the immediate effect.
23. A copy of this Order shall be forwarded to the Applicant, all the recognized Stock Exchange, depositories and registrar and transfer agents for ensuring compliance with the above directions.

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DATE: NOVEMBER 10TH, 2023

KAMLESH C. VARSHNEY

PLACE: MUMBAI

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA