WTM/KV/MIRSD/MIRSD-SEC-1/30265/2024-25

SECURITIES AND EXCHANGE BOARD OF INDIA

EX-PARTE INTERIM ORDER CUM SHOW CAUSE NOTICE

UNDER SECTIONS 11(1), 11(4)(d), 11(4A), 11B(1), 11B(2) AND 11D OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH REGULATION 11(1)(d) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (PROHIBITION OF FRAUDULENT AND UNFAIR TRADE PRACTICES RELATING TO SECURITIES MARKET) REGULATIONS, 2003

IN THE MATTER OF RAVINDRA BHARTI EDUCATION INSTITUTE PRIVATE LIMITED

In respect of:

***Noticee* Nos.**	***NOTICEE* NAMES**	***NOTICEE* PANs**
1.	**Ravindra Bharti Education Institute Private Limited**	**AAHCR6075L**
2.	**Ravindra Balu Bharti**	**AVDPB1473A**
3.	**Shubhangi Ravindra Bharti**	**BQIPB7764D**
4.	**Rahul Ananta Gosavi**	**BOPPG0317E**
5.	**Dhanashri Chandrakant Giri**	**BDCPG2078Q**

(The entities mentioned above are individually known by their respective names or Noticee No. and collectively referred to as "Noticees")

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A. BACKGROUND:

1. The present proceeding is the result of an inspection conducted by the Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") regarding the activities of Mr. Balu Motiram Bharati (hereinafter referred to as "**Balu Motiram**"), an Authorised Person of a registered Stock-Broker namely ABC Limited[1].

2. Due to certain findings that emerged during the said inspection exercise, an independent examination of activities of Ravindra Bharti Education Institute Private Limited (hereinafter referred to as "**RBEIPL**" or *Noticee no. 1*) was carried out by the SEBI for the period from March 10, 2017 to September 30, 2023 (hereinafter referred to as "**examination period**"), as it was *prima facie* noticed during the inspection of Mr. Balu Motiram, Authorised Person of stock-broker ABC Limited, that RBEIPL was engaged in providing stock buy/sell recommendations to investors. The focus of the said examination was to ascertain if the said entity, i.e. RBEIPL, was engaged in offering investment advisory services or any other services. The purpose was also to examine if the activities of rendering investment advisory services or any other services had been carried out without obtaining the mandatory registration from the SEBI, as statutorily required under the provisions of the Securities and Exchange Board of India Act 1992 (hereinafter referred to as

[1] **Note**: The actual name of the stock-broker is not used in this order as the stock-broker is not a *Noticee* in the instant proceedings at this stage. ABC Limited is a disguised name for reference purpose and actual name would be supplied to the *Noticees* during inspection and to Hon'ble SAT and Courts, during court proceedings.

the "**SEBI Act**") or the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 (hereinafter referred to as the "**IA Regulations**"). It was also examined to ascertain whether acts of RBEIPL were in violation of any other rules and regulation framed by SEBI, warranting any urgent action in the matter.

3. Description of various *Noticees*, in brief, is as under: -

   i. **Ravindra Bharti Education Institute Pvt. Ltd. (RBEIPL)**: It is a company founded by Mr. Ravindra Balu Bharti in the year 2016, along with his wife, Mrs. Shubhangi Bharti. The company claims to be primarily involved in imparting training/education related to stock market trading activities. RBEIPL is also having a functional website with the domain name: https://bhartisharemarket.com/.

   ii. **Mr. Ravindra Balu Bharti:** He was a Director of RBEIPL for the period commencing from February 03, 2016 to October 03, 2023. He is son of Mr. Balu Motiram, the aforesaid Authorised Person of stock-broker ABC Limited. He is also a finfluencer (Financial influencer) having two YouTube Channels with following details:

Table no. 1

Channel name	Link	Subscribers as on (January 01, 2024)
Bharti Share Market – Marathi	https://www.youtube.com/@BhartiShareMarketMarathi	10.8 lakh subscribers

Bharti Share Market – Hindi	https://www.youtube.com/@bhartisharemarket-hindi6474	8.33 lakh subscribers

iii. **Shubhangi Ravindra Bharti**: She is wife of Mr. Ravindra Balu Bharti and also a Director of RBEIPL for the period from February 03, 2016 to October 03, 2023.

iv. **Rahul Ananta Gosavi**: He is Director of RBEIPL appointed w.e.f September 22, 2023.

v. **Dhanashri Chandrakant Giri:** She is Director of RBEIPL appointed w.e.f September 22, 2023.

4. It is noted that SEBI on March 22, 2018 had issued a circular bearing Circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/54 (hereinafter referred to as "**2018 Circular**"). Vide the afore-stated circular, it has been mandated for Stock Brokers that for executing trade of every client, it is essential to keep evidence of mode of placement of such order(s) by the client. The evidence of order placement of each client is required to be maintained and preserved for certain specified period and such mode of placement of order could be in the form of telephone recording, written order through emails, personal visit etc. Being agents of stock brokers, the said 2018 Circular is equally applicable on the Authorised Persons of stock brokers. As stated above that an inspection of Mr. Balu Motiram, one of the Authorised Persons of the stock broker ABC Limited was carried out. During the aforesaid inspection, perusal of call recordings and emails pertaining to pre-confirmation of trades revealed that instead of clients approaching the said Authorised Person to execute the trades, the representatives of the Authorised Person were first approaching the clients, and were recommending the clients with

specific recommendation to either buy or sell the securities in their accounts. An unusual fact was noticed that instead of receiving request from client for placing orders, there were contacts and frequent calls from the office of the Authorised Person to the clients asking them to take position in the securities market on the lines of the recommendation. The above facts have led to further examination by the SEBI which led to discovery of certain facts. These facts form the foundation of consideration as to whether the instant matter requires passing of the ex-parte interim order. The examination of facts/evidence collected in the course of inspection and consideration thereof are narrated in the subsequent paragraphs.

B. RELEVENT FACTS/EVIDENCES COLLECTED

5. Both the Authorised Person (Mr. Balu Motiram) as well as RBEIPL were operating from a common premises, situated at: "*Office No 4010, 4th Floor Marvel Fuego, near Amanora Mall, opp. WeWork/ Seasons Mall, Magarpatta, Pune, Maharashtra 411028".*

6. Based on the information furnished by National Stock Exchange of India Limited (hereinafter referred to as "**NSE"**), following individuals were registered as Dealers or Approved Person of Mr. Balu Motiram:

   I. Mr. Rahul Ananta Gosavi (Dealer) (Date of terminal allotment: August 24 , 2023; date of terminal disablement: September 27, 2023)

   II. Mr. Bodhe Harshad Laxman (Dealer) (Date of terminal allotment: August 09 , 2023; date of terminal disablement: November 23, 2023);

   III. Mr. Giri Vishwas Nana (Approved Person) (Date of terminal allotment: June 17, 2022; date of terminal disablement: October 19, 2023).

7. However, it has been gathered that all the above three were also found to be employed with RBEIPL. In the case of Mr Rahul Ananta Gosavi, the salary slip for the month of August, 2023 and appointment letter dated September 22, 2023 of are reproduced herein below, which shows that he was employed and drawing his salary from RBEIPL:

Image no. 1

Ravindra Bharti Education Institute Pvt. Ltd.
4010, Marvel Fuego,
Opp Seasons Mall
Magarpatta,
Pune 411028

Payslip for the month of August 2023

Name:	Rahul Ananta Gosavi	Bank:	HDFC Bank
Joining Date:	02 Oct 2015	Bank Account No:	50100505320344
Designation:	Wealth Manager	PF No:	PU/PUN/1601047/000/0010003
Department:	Wealth Management	PF UAN:	101139382636
Location:	Head Office	ESI:	0
EMP EFFECTIVE WORKDAYS:	31	PAN Number:	BOPPG0317E
DAYS IN MONTH:	31	LOP:	0
EXTRA DAYS:	0		

Earnings	Full	Actual	Deductions	Actual
BASIC	19200	19200	PF	1800
HRA	7680	7680	PROF TAX	200
CONVEYANCE	1600	1600		
MEDICAL ALLOWANCE	1250	1250		
SPECIAL ALLOWANCE	16470	16470		
INCENTIVE	23580	23580		
Total Earnings:INR.	69780	69780	Total Deductions:INR.	2000

Net Pay for the month (Total Earnings - Total Deductions): **67780**

(Rupees Sixty Seven Thousand Seven Hundred Eighty Only)

This is a system generated payslip and does not require signature.

Image no. 2

RAVINDRA BHARTI EDUCATION INSTITUTE PVT. LTD.

Pune Office: 4010, Marvel Fuego, Opp Seasons Mall, Magarpatta Pune 411028 INDIA

Date: 22 Sep 2023 **Ref No: BI/HR/468AL/**

Rahul Ananta Gosavi,

Appointment Letter

Dear **Rahul Ananta Gosavi**,,

We are pleased to appoint you as **Executive Assistant to CMD** with effect from **02 Oct 2015.**
Your employment in our organization shall be governed by the following terms and conditions, which may be amended from time to time at the discretion of the Management.
• You shall be initially on probation for a period of 180 days, before being considered for absorption as a regular employee. However, the organisation reserves the right to extend the probation, if required.
• Unless it is communicated to you that you are confirmed in writing, you will be deemed to be under probation.
• **You shall perform with diligence such duties as the position you hold and such other duties that may be assigned to you depending on the exigencies of work.**
• You are liable for transfer or deputation to any of our offices located in India presently established or in future at the discretion of the Management.
• You shall be paid a total remuneration (CTC) of Indian Rupees **12000** /-
• Salary breakup shall be provided after joining.
• No leaves shall be taken during probation period.
• After confirmation of service you shall be entitled to leaves as per company policy.
• You shall attain superannuation at the age of 58 years.
• Termination of your services by the management without notice would arise in the event of :
• You are being found medically unfit during pre-medical test
• Any contravention of the rules mentioned in standing orders
• Any other proven misconduct as per standing orders
• You shall not disclose any confidential and proprietary information to anyone who is not authorized to obtain the same. You would be required to sign a Non-Disclosure Agreement (NDA) in this regard at the time of your joining the organization.
• The organization reserves its right to amend the grade, designation, and salary structure offered to you from time to time.
• You shall be governed by the rules and regulations of the organization as stipulated in the standing orders, employee handbook, or in any other manner that are currently in force or amended in future from time to time.
• The appointment is made on the understanding that the information given by you is correct true and complete. If found incorrect, this appointment may be withdrawn before you join service with us, or your services may be terminated at any time after you have taken up employment with us.

• If, for a period of 5 consecutive working days you are absent without sanction of leave or

overstay, you shall lose your lien on your employment, and shall be deemed to have abandoned employment voluntarily.

• You shall take excellent care of and be responsible for the work equipment, official documents, tools, and other items/materials entrusted to you.

• This offer is made in duplicate. Please return the duplicate copy duly signed by you as a tokenof your having read, understood, and accepted the terms & conditions of this appointment offer.
Ravindra Bharti Education Institute Pvt. Ltd. welcomes you and offers a pleasant

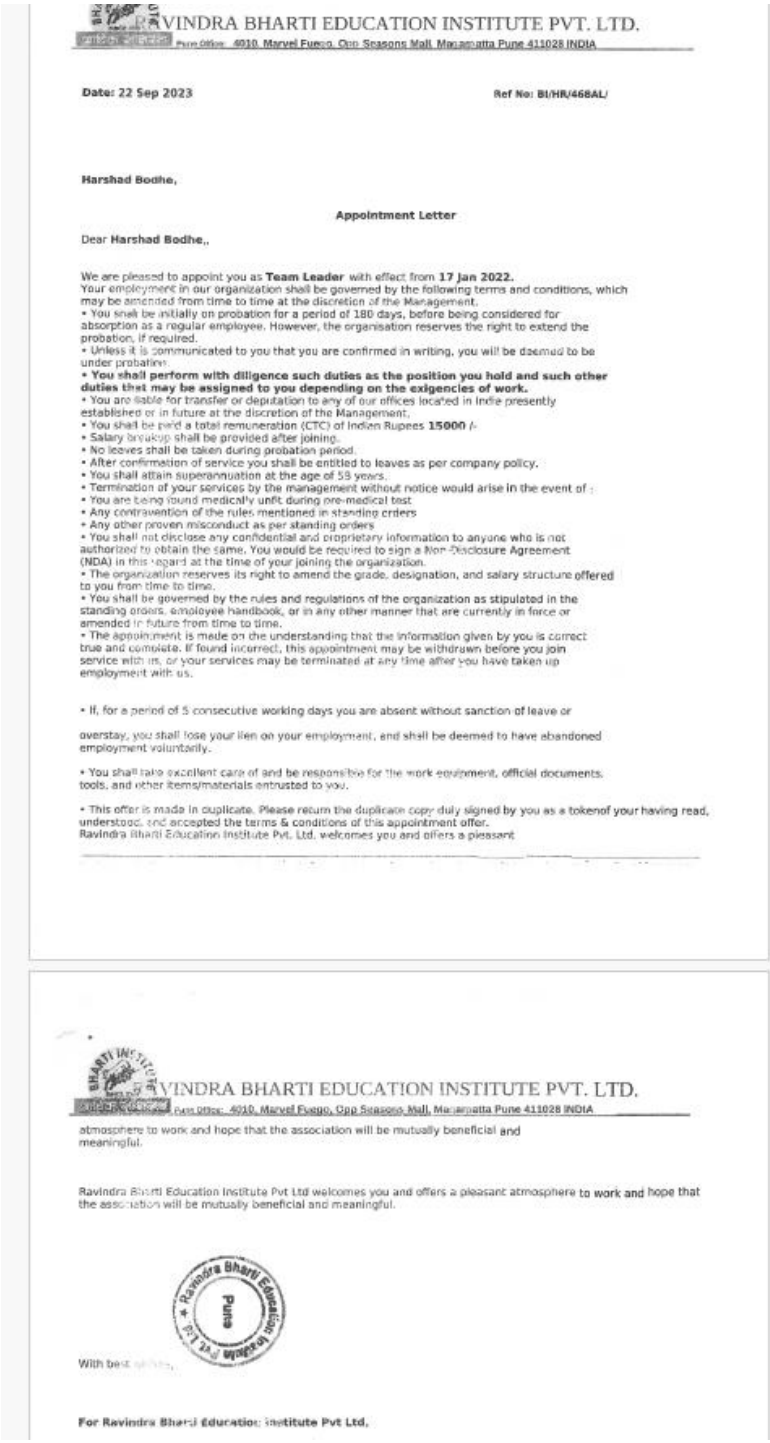
Registered office: At post Boriandi. Tal Daund Dist. Pune Maharashtra INDIA 412 214 Tel : +91 88227 87070
Email: cmd@bhartiinstitute.com www.bhartiinstitute.com GST No: 27AAHCR6075L2ZR TAN:PNER18044F

8. The aforesaid salary slip of the month of August, 2023, reflects that Mr. Rahul Ananta Gosavi was employed with *Noticee no. 1*, RBEIPL and was drawing salary from RBEIPL, where he was employed as 'Wealth Manager" w.e.f. October 02, 2015. In the appointment letter, Mr. Rahul was appointed as Executive Assistant to CMD with effect from October 02, 2015 and the said appointment letter was issued after a gap of 8 years on September 22, 2023. Interestingly, in the records of NSE, he was observed to be enrolled as a Dealer of the Authorised Person (Mr. Balu Motiram) and the terminal was allotted to him in the month of August, 2023. It is pertinent to note that both RBEIPL and the Authorised Person (Mr. Balu

Motiram) have been operating from the same premises. It has further been noticed that the said Mr. Rahul Ananta Gosavi has later on become a Director of RBEIPL.

9. Similarly, another dealer of Mr. Balu Motiram, namely Mr. Harshad Bodhe is also found to be employed with *Noticee no. 1*, RBEIPL. In this respect, the appointment letter dated September 22, 2023 of Mr Harshad Bodhe is reproduced herein below:

Image no. 3



RAVINDRA BHARTI EDUCATION INSTITUTE PVT. LTD.

Pune Office: 4010, Marvel Fuego, Opp Seasons Mall, Magarpatta Pune 411028 INDIA

Date: 22 Sep 2023

Ref No: BI/HR/468AL/

Harshad Bodhe,

Appointment Letter

Dear Harshad Bodhe,,

We are pleased to appoint you as **Team Leader** with effect from **17 Jan 2022.**
Your employment in our organization shall be governed by the following terms and conditions, which may be amended from time to time at the discretion of the Management.

- You shall be initially on probation for a period of 180 days, before being considered for absorption as a regular employee. However, the organisation reserves the right to extend the probation, if required.
- Unless it is communicated to you that you are confirmed in writing, you will be deemed to be under probation.
- **You shall perform with diligence such duties as the position you hold and such other duties that may be assigned to you depending on the exigencies of work.**
- You are liable for transfer or deputation to any of our offices located in India presently established or in future at the discretion of the Management.
- You shall be paid a total remuneration (CTC) of Indian Rupees **15000** /-
- Salary breakup shall be provided after joining.
- No leaves shall be taken during probation period.
- After confirmation of service you shall be entitled to leaves as per company policy.
- You shall attain superannuation at the age of 55 years.
- Termination of your services by the management without notice would arise in the event of :
- You are being found medically unfit during pre-medical test
- Any contravention of the rules mentioned in standing orders
- Any other proven misconduct as per standing orders
- You shall not disclose any confidential and proprietary information to anyone who is not authorized to obtain the same. You would be required to sign a Non-Disclosure Agreement (NDA) in this regard at the time of your joining the organization.
- The organization reserves its right to amend the grade, designation, and salary structure offered to you from time to time.
- You shall be governed by the rules and regulations of the organization as stipulated in the standing orders, employee handbook, or in any other manner that are currently in force or amended in future from time to time.
- The appointment is made on the understanding that the information given by you is correct true and complete. If found incorrect, this appointment may be withdrawn before you join service with us, or your services may be terminated at any time after you have taken up employment with us.

- If, for a period of 5 consecutive working days you are absent without sanction of leave or overstay, you shall lose your lien on your employment, and shall be deemed to have abandoned employment voluntarily.

- You shall take excellent care of and be responsible for the work equipment, official documents, tools, and other items/materials entrusted to you.

- This offer is made in duplicate. Please return the duplicate copy duly signed by you as a tokenof your having read, understood, and accepted the terms & conditions of this appointment offer.

Ravindra Bharti Education Institute Pvt. Ltd. welcomes you and offers a pleasant

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Pune Office: 4010, Marvel Fuego, Opp Seasons Mall, Magarpatta Pune 411028 INDIA

atmosphere to work and hope that the association will be mutually beneficial and meaningful.

Ravindra Bharti Education Institute Pvt Ltd welcomes you and offers a pleasant atmosphere to work and hope that the association will be mutually beneficial and meaningful.

Ravindra Bharti Education Institute Pvt Ltd Pune

With best wishes,

For Ravindra Bharti Education Institute Pvt Ltd,

10. From the above, it is noticed that Mr. Harshad Bodhe was employed with RBEIPL as a Team Leader w.e.f. January 17, 2022. However, the appointment letter was issued on September 23, 2023.

11. Similarly, the Approved Person of Mr Balu Motiram, namely Mr. Vishwas Nana Giri, is also employed with RBEIPL. Perusal of the appointment letter and the salary slip reveals that though Mr. Vishwas Nana Giri was employed with *Noticee no. 1*, RBEIPL, from April 18, 2017, the appointment letter was issued on May 31, 2023. By the said appointment letter, Mr. Vishwas Nana Giri was appointed as 'Senior Investment Advisor'. Copy of the relevant portion of the said salary slip and appointment letter are reproduced herein below:

Image no. 4

Ravindra Bharti Education Institute Pvt. Ltd.
4010, Marvel Fuego,
Opp Seasons Mall
Magarpatta,
Pune 411028

Payslip for the month of August 2023

Name:	Vishwas Nana Giri	Bank:	HDFC Bank
Joining Date:	18 Apr 2017	Bank Account No:	50100541770611
Designation:	Assistant Manager	PF No:	
Department:	Demat - Sales	PF UAN:	
Location:	Head Office	ESI:	0
EMP EFFECTIVE WORKDAYS:	31	PAN Number:	CEEPG6462A
DAYS IN MONTH:	31	LOP:	0
EXTRA DAYS:	0		

Earnings	Full	Actual	Deductions	Actual
BASIC	12000	12000	PROF TAX	200
HRA	4800	4800		
CONVEYANCE	1600	1600		
MEDICAL ALLOWANCE	1250	1250		
SPECIAL ALLOWANCE	10350	10350		
INCENTIVE	9750	9750		
Total Earnings:INR.	39750	39750	Total Deductions:INR.	200

Net Pay for the month (Total Earnings - Total Deductions): **39550**

(Rupees Thirty Nine Thousand Five Hundred Fifty Only)

This is a system generated payslip and does not require signature.

Image no. 5

RAVINDRA BHARTI EDUCATION INSTITUTE PVT. LTD.

Pune Office: 4010, Marvel Fuego, Opp Seasons Mall, Magarpatta Pune 411028 INDIA

Date: 31 May 2023 **Ref No: BI/HR/420AL/**

Vishwas Nana Giri,

Appointment Letter

Dear **Vishwas Nana Giri,**,

We are pleased to appoint you as **Senior Investment Advisor** with effect from **18 Apr 2017.**
Your employment in our organization shall be governed by the following terms and conditions, which may be amended from time to time at the discretion of the Management.
• You shall be initially on probation for a period of 180 days, before being considered for absorption as a regular employee. However, the organisation reserves the right to extend the probation, if required.
• Unless it is communicated to you that you are confirmed in writing, you will be deemed to be under probation.
• You shall perform with diligence such duties as the position you hold and such other duties that may be assigned to you depending on the exigencies of work.
• You are liable for transfer or deputation to any of our offices located in India presently established or in future at the discretion of the Management.
• You shall be paid a total remuneration (CTC) of Indian Rupees **16500** /-
• Salary breakup shall be provided after joining.
• No leaves shall be taken during probation period.
• After confirmation of service you shall be entitled to leaves as per company policy.
• You shall attain superannuation at the age of 58 years.
• Termination of your services by the management without notice would arise in the event of :
• You are being found medically unfit during pre-medical test
• Any contravention of the rules mentioned in standing orders
• Any other proven misconduct as per standing orders
• You shall not disclose any confidential and proprietary information to anyone who is not authorized to obtain the same. You would be required to sign a Non-Disclosure Agreement (NDA) in this regard at the time of your joining the organization.
• The organization reserves its right to amend the grade, designation, and salary structure offered to you from time to time.
• You shall be governed by the rules and regulations of the organization as stipulated in the standing orders, employee handbook, or in any other manner that are currently in force or amended in future from time to time.
• The appointment is made on the understanding that the information given by you is correct true and complete. If found incorrect, this appointment may be withdrawn before you join service with us, or your services may be terminated at any time after you have taken up employment with us.

• If, for a period of 5 consecutive working days you are absent without sanction of leave or

overstay, you shall lose your lien on your employment, and shall be deemed to have abandoned employment voluntarily.

• You shall take excellent care of and be responsible for the work equipment, official documents, tools, and other items/materials entrusted to you.

• This offer is made in duplicate. Please return the duplicate copy duly signed by you as a tokenof your having read, understood, and accepted the terms & conditions of this appointment offer.
Ravindra Bharti Education Institute Pvt. Ltd. welcomes you and offers a pleasant

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Pune Office: 4010, Marvel Fuego, Opp Seasons Mall, Magarpatta Pune 411028 INDIA

atmosphere to work and hope that the association will be mutually beneficial and meaningful.

Ravindra Bharti Education Institute Pvt. Ltd. welcomes you and offers a pleasant atmosphere to work and hope that the association will be mutually beneficial and meaningful.

Ravindra Bharti Education Institute Pvt. Ltd. Pune

With best wishes,

12. In respect of all the aforementioned three persons, it is noted that appointment letters were issued subsequent to the actual appointment. The details of common employees as discussed above are summarised in the table given below:

Table no. 2

Sr. No.	Name of employee	Designation/Department	Date of appointment	Date of issuance of appointment letter
1.	Rahul Ananta Gosavi	Executive Assistant to CMD (As per appointment letter) Wealth Manager, Wealth Management Department (as per Salary slip)	02/10/2015	22/09/2023
2.	Harshad Bobde	Team Leader (As per appointment letter) Salary slip not available	17/01/2022	22/09/2023
3.	Vishwas Nana Giri	Senior Investment Advisor (As per appointment letter) Assistant Manager, Demat Sales Department (As per Salary slip)	18/04/2017	31/05/2023

13. In view of the irregularity/abnormality as observed in the course of the examination, certain clients of the Authorised Person were contacted by SEBI in the month of October, 2023. The clients have *inter alia* confirmed that they have individually executed agreements with RBEIPL, in terms of which RBEIPL was charging monetary fee from them in lieu of rendering investment advisory services. It has also been revealed that in pursuance of the said agreement, employees of RBEIPL used to contact the clients and asked them to execute certain trades, and eventually, a call was made to the client from the office of the Authorised Person seeking pre-confirmation of the trade to show that trades were being executed on

the instruction of the clients and the records were being maintained in true compliance with the aforesaid SEBI 2018 Circular.

14. Analysis of the website of *Noticee no. 1*, RBEIPL revealed that RBEIPL is offering stock market trading related courses as well as investment advisory services (extract produced later as Image no. 10). While the fee for the trading related courses was in the range of INR 28,800 to INR 47,200, the fee for the advisory services was observed to be normally above INR 50,000.

15. Examination of details of bank statement of RBEIPL, *Noticee no. 1*, reveals that a total amount of INR 101,33,53,118.58 has been credited during the period of January, 2018 to September, 2023. As stated in the preceding paragraph, the fee for trading related courses was in the range of INR 28,800 to INR 47,200 and the fee for advisory services was normally above INR 50,000. Therefore, entries in the accounts of *Noticee no. 1* were examined to ascertain fee collected/ received out of investment advisory activities. It has also been noticed that the bank accounts of RBEIPL had certain credit entries which were observed to be transferred either: (i) from its other accounts, (ii) from its related entities, (iii) from financial institutions or (iv) were high value credits with narration not pertaining to investment advisory. Considering the above, in order to arrive at an amount which RBEIPL appears to have collected from advisory services during the period January 10, 2018 to September 30, 2023, the amount of "fees for trading courses" and the other entries listed above (i.e. from other accounts or from related entities or from financial institutions or of high value credit with narration not pertaining to investment advisory) were excluded. After such exclusion, it is observed that there were total 682 credit entries for a cumulative amount of INR 9,41,97,759.42, in the accounts of *Noticee no. 1* that can be said to be *prima facie* received against the investment

advisory services during the period January 10, 2018 to September 30, 2023. The bank account wise break-up of the afore-stated fee received towards investment advisory services pertaining to 682 credit entries is narrated in the following table:

Table no. 3

	Kotak - 8XX17XXX50		**HDFC - 5XX000289XXX11**		**Razorpay Software Private Limited - I6kXXX8KentJD**		**Easebuzz Private Limited - 14XX0**		**Total**	
	Amount (INR)	**No. of Credit**	**Amount (INR)**	**No. of Credit**	**Amount (INR)**	**No. of Credit**	**Amount (INR)**	**No. of Credit**	**Amount (INR)**	**No. of Credit**
Total Credit	38,67,39,424.14	3897	47,62,58,755.52	7193	11,63,26,285.87	17898	3,40,28,653.05	2691	**1,01,33,53,118.58**	**31679**
(Less) Credits less than INR 50,000	6,10,75,997.77	2397	8,93,24,573.16	6120	10,56,04,245.87	17748	3,28,02,151.82	2676	28,88,06,968.62	28941
(Less) Credits from Self/Related entity	14,09,64,801.00	607	31,12,46,293.17	770	-	-	-	-	45,22,11,094.17	1377
(Less) Credits from Financial Institution	12,07,52,982.03	563	2,12,11,218.34	109	-	-	-	-	14,19,64,200.37	672
(Less) High value credits with narration not indicating UIA activity	1,24,49,826.00	2	2,37,23,270.00	5	-	-	-	-	3,61,73,096.00	7
Amount collected towards UIA activity	**5,14,95,817.34**	**328**	**3,07,53,400.85**	**189**	**1,07,22,040.00**	**150**	**12,26,501.23**	**15**	**9,41,97,759.42**	**682**

16. Vide SEBI's email dated December 01, 2023, the *Noticee no. 1* was advised to provide details of its investment advisory business, i.e., list of investors, copies of agreements, copies of emails sent to the investors, details of fee collected. In response to the same, *Noticee no. 1* vide its email of even date had *inter alia* provided a list of 222 unique clients of its Wealth Management program and copy

of an agreement executed with one of its clients for Wealth Management program. Since, the complete information was not furnished, the *Noticee no. 1* (RBEIPL) was further reminded vide email dated December 12, 2023 to provide the complete details of its advisory services including copy of all emails sent to the advisory clients. However, copies of all the emails issued by the *Noticee no. 1* to its clients (email dump), were not shared despite sending reminders. Subsequently, vide its email and letter dated December 18, 2023, the *Noticee no. 1* has *inter alia* provided details of 235 active Wealth Management clients. In addition, details of 55 clients with status as "closed"; and details of 17 clients with status "refunded" were provided. However, many names were duplicate in the said list and after removing those duplicate names, a total 290 unique clients were found. Vide the aforesaid letter, RBEIPL has also furnished copies of Wealth Management agreements executed with some of the clients and copies of the payment receipts. However, the complete set of emails (email dump) pertaining to the advisory services rendered to the clients was not furnished despite reminders. For lapse of sufficient period of time and for non -furnishing the left-out information, no plausible explanation has been provided. Further, it cannot be confirmed that the list provided by RBEIPL consists of complete set of clients to whom investment advisory services were provided by it.

17. It is seen that the agreement has been executed digitally with clients. A copy of the relevant portion of one of such agreements and the corresponding payment receipt (pertaining to a client who was given advisory services) is being given below:

Image no. 6

RAVINDRA BHARTI EDUCATION INSTITUTE PVT. LTD.

Head Office: Office no 410, 4th Floor, Marvel Fuego, Magarpatta Road, Hadapsar, Pune Maharashtra 411 028 INDIA

Wealth Management Application Form Cum Agreement

Client Code: [illegible] (This field is to be filled by the company.)

Application Date: 26/11/2022 Application Type : New ☑ Account Type : Individual ☑

PERSONAL DETAILS

REFERENCE CODE: [illegible]

PAYMENT DETAILS:

Investment Amount Rs		Time Period In Years	Management Fees %	Payable Fees Rs	CGST @ 9%	SGST @ 9%	Total Payable Fees Rs	Payment Remarks
SIP	Lumpsum							
	25 LAKH	10	25%	5,50,847.4	49,576.27	49,576.27	650000	RECEIVED

PLAN SELECTED:

Management Plan	Plan Selected	Management Fees	Expected Return†	‡Profit Sharing
Lump sum For 1 Years	☐	5 %	25 %	40 %
Lump sum For 3 Years	☐	10 %	100 %	30 %
Lump sum For 5 Years	☐	15 %	200 %	20 %
Lump sum For 10 Years	☑	25 %	1000 %	10 %
SIP For 3 Years	☐	5 %	50 %	40 %
SIP For 5 Years	☐	10 %	100 %	20 %
SIP For 10 Years	☐	15 %	500 %	10 %

‡ NOTE :- The profit Sharing will be applicable on the amount above Expected Returns. † Please see clause 10 and 11 of terms and conditions.

PAYMENT DETAILS

THE DISCOUNTED AMOUNT IS 6,50,000/-

APPLICANT SIGNATURE (Please sign in the box)

Registered office: At post Boriandi. Tal Daund Dist. Pune Maharashtra INDIA 412 214 Tel : 08035241546
Email: rbwealth@bhartiinstitute.com www.bhartiinstitute.com GST No: 27AAHCR6075L2ZR TAN:PNER18044F

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Payment receipt:

Image no. 7

Ravindra Bharti Education Institute Pvt Ltd

Office No 4010, 4th Floor, Marvel Fuego, Near Amanora Mall, Opp WeWork / Seasons Mall,Magarpatta
Magarpatta, Hadapsar
Head Office Maharashtra 411028
India
GSTIN: 27AAHCR6075L2ZR

PROFORMA INVOICE

#	: INV-22-23-05038	Place Of Supply	: Maharashtra (27)
Invoice Date	: 25/11/2022		
Terms	: Due on Receipt		
Due Date	: 25/11/2022		
P.O.#	: SO-22-23-05043		

Bill To

[illegible]
Iasgaon

#	Item & Description	Qty	Rate	CGST %	CGST Amt	SGST %	SGST Amt	Amount
1	Wealth Management Wealth Management	1.00	6,50,000.00	9%	49,576.27	9%	49,576.27	6,50,000.00

Total In Words
Indian Rupee Six Lakh Fifty Thousand Only

Please note that for Share Market Courses the fees paid is non-refundable.

Terms & Conditions
refund not applicable

Sub Total (Tax Inclusive)	6,50,000.00
CGST9 (9%)	49,576.27
SGST9 (9%)	49,576.27
Total	**₹6,50,000.00**
Payment Made	(-) 6,50,000.00
Balance Due	**₹0.00**

Authorized Signature

18. From the above, it is noticed that as per terms and conditions of the agreement, a person opting for a scheme having investment limit of INR 25,00,000/- for a lump sum period of 10 years, has to pay 25% of the investment amount as fee as indicated in Image no. 6. Further, in terms of the stipulations as mentioned, a candidate opting for a plan for lump sum period of 10 years was required to pay INR 6,25,000/- (plus taxes) as fee, however, as can be noted from the payment receipt quoted under Image no. 7, the discounted amount charged from the said investor is INR 5,50,847.40 excluding the tax and INR 6,50,000 including taxes.

C. EXAMINATION OF EVIDENCES

19. These evidences have been examined and a careful perusal of the copies of the agreements, emails, payment receipts etc., indicate the following *modus operandi* engaged in for rendering investment advisory by the *Noticee no. 1*, in lieu of monetary consideration:

I. Investors have been lured to take the advisory services by projecting returns in the range of 25% to 1000%. The investors who opt for such services were required to enter into an agreement with the *Noticee no. 1*, containing detailed terms and conditions of providing investment advisory services; fee to be paid against availing investment advisory services, expected returns on investment made on the advisory of the *Noticee no. 1*, profit sharing percentage in case the returns exceed the expected returns etc.

II. The *Noticee no. 1* has come out with various schemes/plans for providing investment advisory services and details of the service plans, as culled from the said agreement is mentioned below:

Table no. 4

(1) Management Plan	(2) Management Fee	(3) Expected Return †	(4) Profit Sharing †
Lump sum For 1 year	5%	25%	40%
Lump sum For 3 years	10%	100%	30%
Lump sum For 5 years	15%	200%	20%
Lump sum For 10 years	25%	1000%	10%
SIP for 3 years	5%	50%	40%
SIP for 5 years	10%	100%	20%
SIP for 10 years	15%	500%	10%

† NOTE: The profit Sharing will be applicable on the amount above Expected returns

III. It has further been noticed that once investors get themselves enrolled in the Wealth Management program of the *Noticee no. 1*, representative of the *Noticee no. 1* approaches such investor via email, recommending transactions pertaining to the stock market to be executed in the respective account of investors. The said recommendation contains the names of the scrip/contract along with the quantities of the shares/contracts recommended to be transacted by investors.

IV. One such email issued by and on behalf of the *Noticee no. 1* to one of its Wealth Management clients containing an advice/recommendation to buy shares is given below (name, email id etc. of the client is redacted):

Image no. 8

From: **RB Wealth** <rbwealth@bhartisharemarket.com>
Date: Thu, Sep 21, 2023 at 10:35 AM
Subject: Recommendations for your PORTFOLIO
To: [illegible]

Dear Investor,

Greetings from Bharti Institute!

We have the following recommendations for your portfoli [illegible] **.umsum**

We request you to kindly execute these recommendations and share your contract note with us at rbwealth@bhartiinstitute.com This will enable us to update your records at our end.**Please reply the mail and allow us for execute the mention buying trades.**

The below recommendation is based on your current updated portfolio with us.

Please feel free to contact your Relationship manager if you need any further clarification.

RECOMMENDATIONS

Securities,

Date	20.09.2023		
Client Code	[illegible]	Investment_Plan	LUMPSUM4
Investment Amount	102,000	Invested Amount	94,866.25
Recommended Stock Name	CMP	Qty	Current_Value
ASIANPAINT	3184.2	4	12736.8
ICICIBANK	964.5	8	7716
SRF	2314.25	2	4628.5
NAVINFLUOR	4485.05	1	4485.05
RELIANCE	2375.2	3	7125.6
PERSISTENT	5770.3	0	
INFY	1482.05	3	4446.15
KOTAKBANK	1782.7	4	7130.8
MAHLOG	404.45	12	4853.4
DEEPAKNTR	2201.8	2	4403.6
PATANJALI	1287.15	3	3861.45
LTTS	4637.15	1	4637.15
M&M	1607.55	3	4822.65
ASHOKLEY	181.3	28	5076.4
JSWSTEEL	786.2	6	4717.2
RALLIS	226.55	22	4984.1
UBL	1585.85	3	4757.55
BRITANNIA	4483.85	1	4483.85

Thanks & Regards
[illegible]
Wealth Service Department
Bharti Institute
[illegible]

V. Upon receipt of the recommendation/advisory from the *Noticee no. 1*, the client either approves by sending a reply to the email or transact in securities and update the *Noticee no. 1* with details of securities transacted as per the advisory received from the *Noticee no. 1*. One such instance of recommendation is depicted herein below:

Image no. 9

From: [redacted]
Date: Thu, Sep 21, 2023 at 10:46 AM
Subject: Re: Recommendations for your PORTFOLIO
To: RB Wealth <rbwealth@bhartisharemarket.com>

Approved.

On Thu, Sep 21, 2023, 10:35 AM RB Wealth <rbwealth@bhartisharemarket.com> wrote:
Dear Investor,

Greetings from Bharti Institute!

We have the following recommendations for your portfolio [redacted] **Lumsum**

We request you to kindly execute these recommendations and share your contract note with us at rbwealth@bhartiinstitute.com This will enable us to update your records at our end.**Please reply the mail and allow us for execute the mention buying trades.**

The below recommendation is based on your current updated portfolio with us.

Please feel free to contact your Relationship manager if you need any further clarification.
RECOMMENDATIONS
Securities,

VI. From the above, it is observed that on September 21, 2023 at 10:35 a.m., a recommendation was shared with Mr. MXXXJ PXXXL advising him to execute trades in the recommended scrip and further asked to share contract note upon execution of trade so as to enable the *Noticee no. 1* to update the record of the said investor. This was approved by Mr. MXXXJ PXXXL at 10:46 a.m.

VII. The examination of the activities of the *Noticee no.1* has further revealed that apart from exchanging email communication, investors have also been contacted telephonically by employees of RBEIPL and, through the first call, the investor is given a background that some stock purchase recommendations are being made for the investor, which is being shared and investor is advised to execute trades while acting on the recommendation shared. In this regard, transcript (translated from Marathi to English from the call recording received vide email dated September 22, 2023 issued by Mr. Balu Motiram) of a call made to an investor on September 21, 2023 advising for transacting in shares is given below (name of the client redacted):

a. *Call Recording (Call from RBEIPL to the client MXXXj PXXXl (Id* BXXXXXX1) made on September 21, 2023*):*

RBEIPL - Hello Sir, good morning. This is …. from Bharti Share Market Wealth Service. I'm calling for your confirmation for purchasing some stocks in your account, BXXXXXX1 MXXXj PXXXl. I'll read the names and quantities of the shares now.

CLIENT – Is it the right time to invest? I've noticed the market is down, that's why I have told you to buy shares. Is it Right time?

RBEIPL – Yes Sir, buying now is right. I have told you that day that the market is down now and your investment is long term. That's why if you invest now there would be no issue.

CLIENT – Okay Then Please tell list of stock.

RBEIPL - I will call you again for confirmation. Sir, do you have any other doubts?

CLIENT – No. Please proceed with the list of stocks.

RBEIPL – Sir we require confirmation, recording I will call you again.

CLIENT – Okay.

VIII. Once the client agrees in principle to accept the advice, another call is made by the Office of the Authorised Person on the same day (September 21, 2023) and the details of stocks and quantities are read over to seek confirmation from the client, as the call recording is required to be maintained in terms of the 2018 Circular. The transcript of the said call (translated from Marathi to English) is given below (name of the client redacted):

*RBEIPL - Hello Sir, good morning. This is ….. from Bharti Share Market Wealth Service. I'm calling for your confirmation for purchasing some stocks in your account, BXXXXXX1 MXXXj PXXXl. I'll read the names and quantities of the shares now. (*Representative reads list of 17 shares*). We have to buy all this stock at market price in account BXXXXXX1 MXXXj PXXXl.. Should I buy this stocks?*

CLIENT – Yes please buy.

RBEIPL - Okay Sir. Thanks You.

CLIENT – Thank You.

IX. As noted above that initially a call was made on behalf of the *Noticee no. 1* informing the client that another call will be made wherein, the client has to give his approval for transacting in securities on the stocks recommended by the *Noticee no. 1*. Since, the client has given his approval in the above instance, shares of 17 companies were purchased in the account of the said client, while acting on the recommendation made on behalf of the *Noticee no. 1*.

X. Similarly, in another instance, an investor is first issued an email, and subsequently called up to give the background. After all this process, she is called again to obtain the pre-trade confirmation and verbal authorisation, which got recorded in the system of the Authorised Person in compliance with the above mentioned 2018 Circular before the execution of trades on her behalf. In this respect, it is interesting to note that the call was recorded by the Authorised Person in the compliance of the above- mentioned circular, however, the advisory to trade in securities was made on behalf of the *Noticee no.1* as both the entities were operating from the same premises and using common human resources and IT infrastructure.

XI. The illustration of the relevant set of the call recordings, as translated from Marathi to English is given below (name of the client redacted):

A. <u>Call Recording (Call from RBEIPL to MXXXa DXXXu AXXi made on September 13, 2023 issuing advice:</u>

- *CLIENT - Hello.*
- *RBEIPL - Hello Madam Namaskar … here from Bharti Share Market Wealth Service.*
- *CLIENT - Please speak.*

- *RBEIPL - Madam we need to sell some of your shares and for that I am sending you email. Give "Okay" as a reply to email. Then we will sell some of your shares. With funds received for today's sale we will buy shares again after few days as per recommendation.*

- *CLIENT - Okay Buy shares*

- *RBEIPL - No madam we are not going to buy shares, we have to sell shares.*

- *CLIENT - Okay. Do as you feel right. It's okay from my side.*

- *RBEIPL - Okay. Can you give reply on email?*

- *CLIENT - I don't know how to give reply to the email.*

- *RBEIPL - Okay. No issue, I will do one thing I will call you again and I will tell you name and quantities of shares on phone. Then we will sell the shares.*

- *CLIENT - Okay. Do as per your process.*

- *RBEIPL - Okay. I will call you again. I will tell you names and quantities of shares. You say Okay to that. Then I will sell shares from here.*

- *CLIENT - Okay.*

B. Call Recording (Call from RBEIPL to MXXXa DXXXu AXXi made on September 13, 2023 for the purpose of trade authorisation*:*

- *CLIENT - Hello.*

- *RBEIPL - Hello Madam Namaskar … here from Bharti Share Market Wealth Service. Madam we are selling some share from your portfolio ….. I will read names and quantities of share now. (*Representative reads list of 18 shares*). We are selling this share at current market price from account no. …..*

- *CLIENT - Okay*

- *RBEIPL - Okay Madam."*
  (underline supplied)

20. From the above, it is revealed that the call was made first by the *Noticee no.1* asking the investor that some transactions would be made in the account of the investor and further investor was asked to behave in a particular fashion as suggested by the representative of the *Noticee no. 1* for executing trades as per recommendations. Subsequently, the confirmation from the investor for placing the order in the trading account was secured through another call on behalf of the Authorised Person.

21. At this stage, I also note the declaration and covenants of the agreements that have been executed by the *Noticee no. 1* with its clients. Few of the relevant portion of the agreement relevant for the instant proceeding is reproduced hereunder:

> "DISCLAIMER
>
> …
>
> *Based on the information provided to Ravindra Bharti Wealth Management, my risk profile is Balanced. Based on my risk profile, the asset allocation recommended by Ravindra Bharti Wealth Management is 60% in equity, 40 % in debt, 0% in cash. However, I would like to take an exception/ deviation from the recommended asset allocation and I hereby give my consent for an asset allocation of 100% in equity, 0% in debt, 0% in cash. I understand that, due to change in asset allocation, my risk profiling and investment advisory might not be in accordance with my actual risk taking ability.*

I shall not hold Ravindra Bharti Wealth Management responsible for any direct or indirect losses due to non-disclosure of complete financial information by me and/ or partial disclosure of my portfolio by me and/ or recommendation of a revised asset allocation by Ravindra Bharti Wealth Management.

TERMS & CONDITIONS

For the purpose of this document, "Ravindra Bharti Wealth Management" refers to Ravindra Bharti Education Institute Private Limited having its head office at 4th floor, Bhosalr Shinde Arcade, JM Road, Deccan, Pune Maharashtra 411004 shall be referred to as the "Ravindra Bharti Wealth Management " in the Terms and Conditions

1 Ravindra Bharti Wealth Management provides investment research with regards to securities.

2 I have provided all the necessary KYC information and undertake to comply with the KYC requirements on a continuous basis as and when asked for.

3 Appointment of Advisor and Advisory fees.

3.1 I hereby appoint Ravindra Bharti Wealth Management as my Advisor to provide Advisory Service. I have duly filled the required information online and affirm that I agreed to all the terms and conditions. I hereby agree that I have provided true and correct details and further agree that the terms and conditions presented hereafter are binding upon me and are legally enforceable. Filing and submitting of the online information and paying the Fees to Ravindra Bharti Wealth Management would amount to entering into a legal contract by me with Ravindra Bharti Wealth Management and I agree and confirm that no separate document/Agreement will be required for the said purpose. I agree that the said form is filled by me and the terms and conditions contained therein are legally binding on me and enforceable by and against me. I agree and confirm that I have read and understood all the terms and conditions of the

contract and that I wish to enter into the said Agreement with Ravindra Bharti Wealth Management .

3.2 I agree to pay the Advisory fee as per the plan selected by me plus applicable government taxes and levies. The fixed fee shall be paid up front at the time of the start of advisory services. Thereafter, I shall be liable to pay fixed fee to Ravindra Bharti Wealth Management based on the plan selected by me at that point of time as per Ravindra Bharti Wealth Management 's fee structure. Ravindra Bharti Wealth Management shall intimate me about the same from time to time.

3.4 Performance fee: I shall be liable to pay a performance fee as per the plan selected by me plus the applicable government taxes and levies. Performance fee shall be calculated as a % of the profit less hurdle rate on the return on the dealt with securities, which shall be generated at the end of the plan duration. Performance fees shall be calculated proportionately based on the time and amount of my actual investment.

3.5 The performance fee shall be payable after the completion of the duration of the plan selected by me or termination of my contract with Ravindra Bharti Wealth Management whichever is earlier. The performance fee is payable for each duration based on the High Water Mark principle.

…

4 Powers of the Advisor

4.1 Ravindra Bharti Wealth Management may exercise the following powers on my behalf for the purpose of this contract at such time, in such manner as it may in its discretion think fit for the purpose of performing its powers, duties and responsibilities set out hereunder:

4.2 To do or omit to do all such acts and things as Ravindra Bharti Wealth Management may in its discretion consider to be necessary or desirable in order to perform its duties hereunder or to comply with any laws, orders,

rules, regulations or directions of any government or regulatory or other authorities.

5 Conflict of interests

5.1 I understand that Ravindra Bharti Wealth Management serves as investment advisor for other clients and shall continue to do so. I also understand that Ravindra Bharti Wealth Management may give advice or take action in performing its duties to other clients, or for its own accounts, that differ from advice given to or acts taken for me. Ravindra Bharti Wealth Management is not obligated to recommend for me any security that any other investment advisor may recommend for any client or for its own accounts.

5.2 This contract does not limit or restrict Ravindra Bharti Wealth Management in any way from buying, selling or trading in any security or other investments for its own accounts.

6 Risk acknowledgements and indemnities

6.1 Ravindra Bharti Wealth Management does not guarantee the future performance of the securities it advises or any specific level of performance, the success of any investment suggestion or strategy that it may use.

…

7.2 Further, I understand that the advisory service to be provided to me under this contract is confidential and shall be specific to the funds proposed to be invested by me under this contract. I shall not use this advisory out of scope of this contract.

…

8.4 Upon termination of this contract, I undertake to settle the accounts including performance fee with Ravindra Bharti Wealth Management within three (3) days of the termination. I also undertake to sell all the holdings advised by Ravindra Bharti Wealth Management during the term of this

contract and provide the sell contract notes to Ravindra Bharti Wealth Management within one month from the date of termination of this contract. I further understand that, in case I fail to provide the said sell contract notes to Ravindra Bharti Wealth Management within a said period of one month, Ravindra Bharti Wealth Management may take necessary action against me for breach of present contract.

…

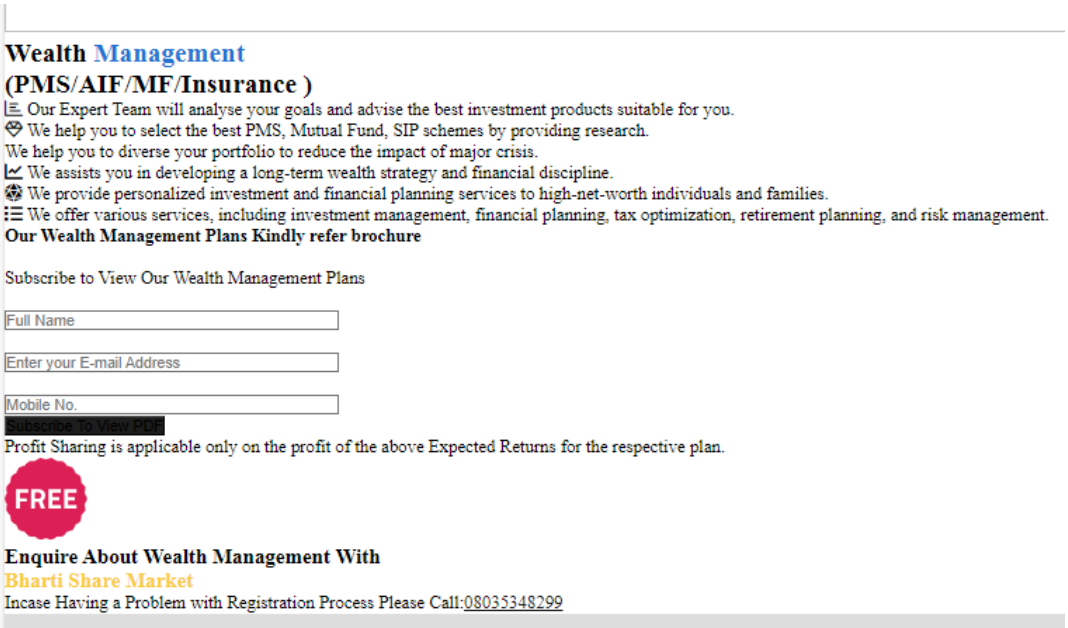
10 Miscellaneous

10.1 I hereby undertake that, I shall furnish my financial information & fill in the risk profiling questionnaire after every 2 years during the subsistence of this contract to Ravindra Bharti Wealth Management for portfolio renewal.

10.2 I hereby undertake that, I shall provide the original contract notes of the transactions done based on recommendations received from Ravindra Bharti Wealth Management and agree to register the same on Ravindra Bharti Wealth Management IT system as records of the transactions." (underline supplied)

22. Further, records before me indicate that during the relevant times, the website of the *Noticee no. 1, inter alia,* had following declarations:

Image no. 10



Wealth Management
(PMS/AIF/MF/Insurance)
Our Expert Team will analyse your goals and advise the best investment products suitable for you.
We help you to select the best PMS, Mutual Fund, SIP schemes by providing research.
We help you to diverse your portfolio to reduce the impact of major crisis.
We assists you in developing a long-term wealth strategy and financial discipline.
We provide personalized investment and financial planning services to high-net-worth individuals and families.
We offer various services, including investment management, financial planning, tax optimization, retirement planning, and risk management.
Our Wealth Management Plans Kindly refer brochure

Subscribe to View Our Wealth Management Plans

Full Name

Enter your E-mail Address

Mobile No.

Subscribe to View PDF

Profit Sharing is applicable only on the profit of the above Expected Returns for the respective plan.

FREE

Enquire About Wealth Management With
Bharti Share Market
Incase Having a Problem with Registration Process Please Call:08035348299

23. The relevant portion of the aforesaid screenshot of the website is reproduced hereunder:

> *"We provide personalized investment and financial planning services to high-net-worth individuals and families.*
>
> *We offer various services, including investment management, financial planning, tax optimization, retirement planning, and risk management.*
>
> ***Our Wealth Management Plans Kindly refer brochure…***
>
> ***Profit Sharing is applicable only on the profit of the above Expected Returns for the respective plan."***

24. It has also been confirmed that none of the *Noticees* have any registration with SEBI with respect to investment advisory.

D. FINDINGS

25. On a conjoint reading of the information furnished including a copy of the agreement, payment receipts, etc., as gathered from the *Noticee no. 1*, following *prima facie* findings are noticed:

I. The *Noticee no. 1* is acting in dual capacity of training institute and providing investment advisory services to its clients. In fact, the *Noticee no. 1* has furnished copies of the Wealth Management agreements executed with some of its clients, and the covenants of some of such agreements (reproduced above) demonstrates that the *Noticee no. 1* is engaged in the activity of an investment adviser.

II. In terms of the payment receipts provided by the *Noticee no. 1*, it is seen that he has charged hefty amount of fee from its clients and in this respect, it is seen that multiple invoices have been raised to its clients on a single day. For illustration, it is seen that fees have been raised under two different invoices, both dated September 03, 2021, from a single client. Both the said invoices are towards "Wealth Management Service" and the amount of fees charged under the said invoices are INR 76,700 (including GST) and INR 1,07,380 (including GST) from the same client. As both the invoices are carrying the name of the services as "Wealth Management", the same signifies that on a single day, the investors are being sold more than one advisory packages. The said invoices are reproduced hereunder for ready reference:

Image no. 11

Tax Invoice

Ravindra Bharti Education Institute Private Limited
A/P Borlandi, Tal - Daund,
Dist - Pune
GSTIN/UIN: 27AAHCR6075L2ZR
State Name : Maharashtra, Code : 27
E-Mail : cmd@bhartisharemarket.com

Buyer

Invoice No. BSM/21-22/18	Dated 3-Sep-2021
Delivery Note	Mode/Terms of Payment
Supplier's Ref. BSM/21-22/18	Other Reference(s)
Buyer's Order No.	Dated
Despatch Document No.	Delivery Note Date
Despatched through	Destination

Sl No.	Description of Services	HSN/SAC	Quantity	Rate	per	Amount
1	**Wealth Management Service**					**65,000.00**
2	**Output CGST @ 9%**					**5,850.00**
3	**Output SGST @ 9%**					**5,850.00**
	Total					**₹ 76,700.00**

Amount Chargeable (in words) E. & O.E

INR Seventy Six Thousand Seven Hundred Only

HSN/SAC	Taxable Value	Central Tax Rate	Central Tax Amount	State Tax Rate	State Tax Amount	Total Tax Amount
	65,000.00	9%	5,850.00	9%	5,850.00	11,700.00
Total	**65,000.00**		**5,850.00**		**5,850.00**	**11,700.00**

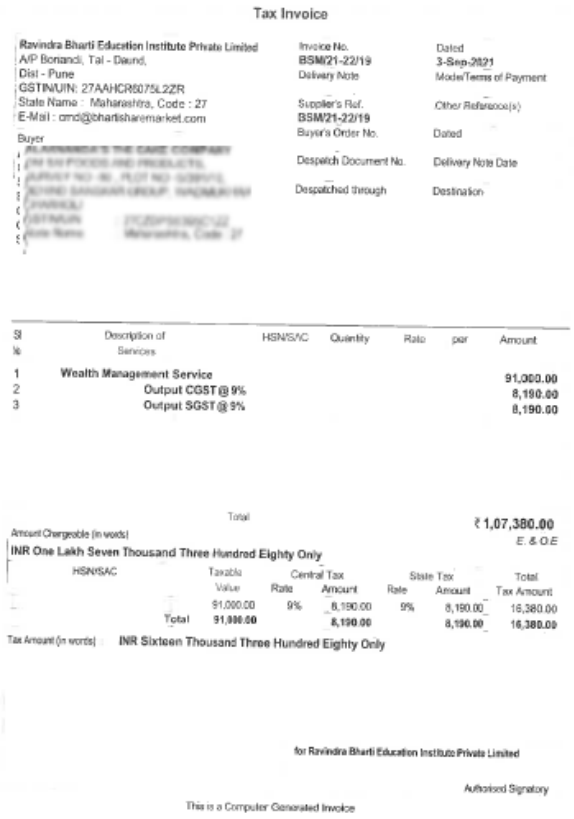
Tax Amount (in words) : **INR Eleven Thousand Seven Hundred Only**

for Ravindra Bharti Education Institute Private Limited

Authorised Signatory

This is a Computer Generated Invoice

Image no. 12



Tax Invoice

Ravindra Bharti Education Institute Private Limited
A/P Bonandi, Tal - Daund,
Dist - Pune
GSTIN/UIN: 27AAHCR5075L2ZR
State Name : Maharashtra, Code : 27
E-Mail : cmd@bhartisharemarket.com

Invoice No. BSM/21-22/19
Dated 3-Sep-2021
Delivery Note
Mode/Terms of Payment
Supplier's Ref. BSM/21-22/19
Other References(s)
Buyer's Order No.
Dated
Despatch Document No.
Delivery Note Date
Despatched through
Destination

Buyer

Sl No.	Description of Services	HSN/SAC	Quantity	Rate	per	Amount
1	Wealth Management Service					91,000.00
2	Output CGST @ 9%					8,190.00
3	Output SGST @ 9%					8,190.00
	Total					₹ 1,07,380.00

Amount Chargeable (in words)
E. & O.E
INR One Lakh Seven Thousand Three Hundred Eighty Only

HSN/SAC	Taxable Value	Central Tax Rate	Central Tax Amount	State Tax Rate	State Tax Amount	Total Tax Amount
	91,000.00	9%	8,190.00	9%	8,190.00	16,380.00
Total	91,000.00		8,190.00		8,190.00	16,380.00

Tax Amount (in words) : INR Sixteen Thousand Three Hundred Eighty Only

for Ravindra Bharti Education Institute Private Limited

Authorised Signatory

This is a Computer Generated Invoice

III. In order to induce investors to deal in securities by subscribing to the advisory services of the *Noticee no. 1*, the application form/agreements of the *Noticee no. 1* projected returns of 25 % (1 year) to 1000% (10 years) there by giving a kind of assurance that investors trading in securities based on the recommendation rendered by the *Noticee no. 1* would be successful in earning return ranging from 25 % to 1000% on its investment over the period.

IV. Regarding the investment advisory activities, *Noticee no. 1* vide its letter dated December 18, 2023 has acknowledged to have collected INR 5.44 Crore as a fee from 290 unique investors from March 11, 2020 to August 29, 2023. It is noted that the amounts received as fee from clients by the *Noticee no. 1*, out of

investment advisory were collected in the following accounts/payment gateways of the *Noticee no. 1*:

Table no. 5

(1) Sr. No.	(2) Name of the account holder	(3) Account Number and name of the banks / payment aggregators
1	RAVINDRA BHARTI EDUCATION INSTITUTE PRIV	8XXX7XX150 - Kotak Mahindra Bank
2	RAVINDRA BHARTI EDUCATION INST PVT LTD	5XXX0XX8962711 – HDFC Bank Limited
3	RAVINDRA BHARTI EDUCATION INSTITUTE	IXXXnS8KXnntJD - Razorpay Software Private Limited
4	RAVINDRA BHARTI EDUCATION INSTITUTE	14XX0 - Easebuzz Private Limited

V. The *Noticee no. 1* vide its above referred letter dated December 18, 2023 admitted to have received INR 5.44 Crore as advisory fee for the period of March 11, 2020 to August 29, 2023. However, the bank accounts of the *Noticee no. 1* indicated several transactions above the amount of INR 50,000, which *prima facie* appears to be amounts received against advisory fee. Hence, details of aforesaid amounts furnished by the *Noticee no. 1* were cross-checked with the bank account statements of the *Noticee no. 1.* The entries pertaining to substantial number of its clients have been traced and matched with the entries shown in the bank account of the *Noticee no. 1*. At para 15 of this order, total credit entries in the bank account of the *Noticee no. 1* during the period January 10, 2018 to September 30, 2023 is arrived at INR 9,41,97,759.42. After reconciling the calculation at para 15 of this order with details given by RBEIPL,

it is noticed that the total amount collected by the *Noticee no. 1* from its investment advisory services, come to INR 12,03,82,130.91, as detailed below :

Table no. 6

Column	Particulars	Amount (INR)
(A)	Fee collection as reported by the RBEIPL	5,44,50,655
(B)	Add: Credits in the bank accounts of RBEIPL in excess of Rs.50,000*, (excluding certain credits)	9,41,97,759.42
(C)	Less: Amount admittedly collected as fee and which are traced in the bank account to avoid double counting	2,82,66,283.51
(D)	Total advisory fee estimated to be collected by RBEIPL (A)+(B)-(C) during the period January 10, 2018 to September 30, 2023	12,03,82,130.91

* See the calculation of this amount at paragraph 15 of this order

VI. As can be clearly seen from the facts narrated above, the *Noticee no. 1* imparted advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products in lieu of consideration. Such acts, on the part of the *Noticee no. 1* are *prima facie* found to be in the nature of providing "investment advice" in terms of clause (i) of sub-regulation (1) of regulation 2 of the IA Regulations which defines "investment advice" as:

> *"investment advice" means advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio containing securities or investment products, whether written, oral or through any other means of communication for the benefit of the client and shall include financial planning:*
>
> *Provided that investment advice given through newspaper, magazines, any electronic or broadcasting or telecommunications*

medium, which is widely available to the public shall not be considered as investment advice for the purpose of these regulations"

VII. In terms of clause (m) of sub-regulation (1) of regulation 2 of the IA Regulations, an entity 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, and the entities holding themselves out as investment advisers, qualify as "investment adviser". In the present case, the *Noticee no. 1* has not only held itself out as investment adviser (in its agreements executed with the clients), but the evidence gathered in the course of examination also strongly demonstrate that acts engaged in by the *Noticee no. 1* are *prima facie* falling within the ambit of providing advice relating to purchasing, selling the securities in lieu of monetary consideration, as defined under the IA Regulations.

VIII. Further, it has also been noticed that the employees of the *Noticee no. 1* were not only providing recommendation for investment in securities but further seen to have requested the customer/client to update the details of trades executed in terms of the investment advice. The email communication states as: "*We request you to kindly execute these recommendations at CMP and share your contract note with us at rbwealth@bhartiinstitute.com. This will enable us to update your records at our end*."

IX. The email further reads as: "*The below recommendation is based on your current updated portfolio with us*."

X. It has been noted at para 19 (XI) above explaining as to how the representative/ employee/agent of the *Noticee no. 1* in addition to providing investment advisory, have gone to the extent of extending help and assistance in executing trades in the account of its client. In this respect, the representative of the *Noticee no. 1* has found to have spoken with the client asking her to give her instruction for the execution of trade. The records before me show that the client had no clue about the securities market. She does not seem to be experienced enough to place her trades or to even respond to the email shared by the executive/representative/agent of the *Noticee no. 1* with her, has simply gone on saying to the *Noticee no.1* that 'may go ahead as they feel right'.

XI. From the email conversation as narrated earlier, it is observed that the *Noticee no. 1* has in the name of advisory was basically taking all calls on behalf of the client so far as the investment decision pertaining to securities market was concerned. The transcript of the call record as noted above shows that the client has no role in the investment decision making and it was the *Noticee no. 1*, who was making the choice of buy as well as sell and it was also the *Noticee no.1*, who was selecting the scrip to be transacted in the accounts of its clients. Looking holistically, the evidence and acts of *Noticee no. 1*, it is apparent that the *Noticee no. 1* is providing investment advice to its clients in pursuance of the contract named as "Wealth Management". It is noted that the entity (*Noticee no. 1*) is not merely issuing advice to invest in particular securities but is also mentioning the price at which the securities are to be purchased and also the quantities of respective securities to be transacted in the respective account of its clients. Further, the *Noticee no. 1* is having full control on the buy as well as

sell transactions of the clients so that both transactions are carried out as per its recommendation.

XII. Therefore, based on the examination and analysis of facts gathered in the course of examination and as narrated in the preceding paras, I hold that activities of the *Noticee no. 1 prima facie* fall within the ambit of "investment adviser".

E. EXAMINATION OF LEGAL ISSUES TO DETERMINE IF THERE IS A VIOLATION

26. After recording *prima facie* findings on the factual aspects, the next issue that emerges for my consideration is whether the acts and omission on the part of the *Noticee no. 1* pertaining to providing investment advisory services, without obtaining registration from SEBI, are in violation of the provisions of the SEBI Act and Regulations made thereunder.

27. The text of relevant provisions of the SEBI Act, 1992, IA Regulations, and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 are reproduced below for ready reference:

SEBI *Act, 1992*

Functions of Board

11. (1) Subject to the provisions of this Act, it shall be the duty of the Board to protect the interests of investors in securities and to promote the development of, and to regulate the securities market, by such measures as it thinks fit.

(2) Without prejudice to the generality of the foregoing provisions, the measures referred to therein may provide for—

…

(ia) calling for information and records from any person including any bank or any other authority or board or corporation established or constituted by or under any Central or State Act which, in the opinion of the Board, shall be relevant to any investigation or inquiry by the Board in respect of any transaction in securities

…

(4) Without prejudice to the provisions contained in sub-sections (1), (2), (2A) and (3) and section 11B, the Board may, by an order, for reasons to be recorded in writing, in the interests of investors or securities market, take any of the following measures, either pending investigation or inquiry or on completion of such investigation or inquiry, namely:—

...

(d) impound and retain the proceeds or securities in respect of any transaction which is under investigation

(4A)Without prejudice to the provisions contained in sub-sections (1), (2), (2A), (3) and (4), section 11B and section 15-I, the Board may, by an order, for reasons to be recorded in writing, levy penalty under sections 15A, 15B, 15C, 15D, 15E, 15EA, 15EB, 15F, 15G, 15H, 15HA and 15HB after holding an inquiry in the prescribed manner.

11B(1) Save as otherwise provided in section 11, if after making or causing to be made an enquiry, the Board is satisfied that it is necessary,—

(i) in the interest of investors, or orderly development of securities market; or

(ii) to prevent the affairs of any intermediary or other persons referred to in section 12 being conducted in a manner detrimental to the interest of investors or securities market; or

(iii) to secure the proper management of any such intermediary or person, it may issue such directions,—

(a) to any person or class of persons referred to in section 12, or associated with the securities market; or

(b) to any company in respect of matters specified in section 11A, as may be appropriate in the interests of investors in securities and the securities market.

Explanation.—For the removal of doubts, it is hereby declared that the power to issue

directions under this section shall include and always be deemed to have been included the power to direct any person, who made profit or averted loss by indulging in any transaction or activity in contravention of the provisions of this Act or regulations made thereunder, to disgorge an amount equivalent to the wrongful gain made or loss averted by such contravention.

(2) Without prejudice to the provisions contained in sub-section (1), sub-section (4A) of section 11 and section 15-I, the Board may, by an order, for reasons to be recorded in writing, levy penalty under sections 15A, 15B, 15C, 15D, 15E, 15EA, 15EB, 15F, 15G, 15H, 15HA and 15HB after holding an inquiry in the prescribed manner.

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

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

Provided that a person buying or selling securities or otherwise dealing with the securities market as a stock broker, sub-broker, share transfer agent, banker to an issue, trustee of trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and such other intermediary who may be associated with securities market immediately before the establishment of the Board for which no registration certificate was necessary prior to such establishment, may continue to do so for a period of three months from such establishment or, if he has made an application for such registration within the said period of three months, till the disposal of such application:

Provided further that any certificate of registration, obtained immediately before the commencement of the Securities Laws (Amendment) Act, 1995, shall

be deemed to have been obtained from the Board in accordance with the regulations providing for such registration.

Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.

12A. *No person shall directly or indirectly—*

(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;

(b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;

(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

Penalty for failure to furnish information, return, etc.

15A. If any person, who is required under this Act or any rules or regulations made thereunder,— (a) to furnish any document, return or report to the Board, fails to furnish the same or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents, he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees.

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

15EB. Where an investment adviser or a research analyst fails to comply with the regulations made by the Board or directions issued by the Board, such investment adviser or research analyst shall be liable to penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees.

Penalty for fraudulent and unfair trade practices.

15HA.If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.

Penalty for contravention where no separate penalty has been provided.

15HB. Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.

Delegation*.*

19. The Board may, by general or special order in writing delegate to any member, officer of the Board or any other person subject to such conditions, if any, as may be specified in the order, such of its powers and functions under this Act (except the powers under section 29) as it may deem necessary.

IA Regulations

Application for grant of certificate*.*

3. (1) On and from the commencement of these regulations, no person shall act as an investment adviser or hold itself out as an investment adviser unless he has obtained a certificate of registration from the Board under these regulations:

SEBI (PFUTP) Regulations, 2003

3. ***Prohibition of certain dealings in securities***

No person shall directly or indirectly-

(a) buy, sell or otherwise deal in securities in a fraudulent manner;

(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;

(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;

(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

4. ***Prohibition of manipulative, fraudulent and unfair trade practices***

(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a manipulative, fraudulent or an unfair trade practice in securities markets.

Explanation.–

For the removal of doubts, it is clarified that any act of diversion, misutilisation or siphoning off of assets or earnings of a company whose securities are listed or any concealment of such act or any device, scheme or artifice to manipulate the books of accounts or financial statement of such a company that would directly or indirectly manipulate the price of securities of that company shall be and shall always be deemed to have been considered as manipulative, fraudulent and an unfair trade practice in the securities market.

(2) Dealing in securities shall be deemed to be a manipulative fraudulent or an unfair trade practice if it involves any of the following:—

…….

(k) disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading in a reckless or careless manner and which is designed to, or likely to influence the decision of investors dealing in securities;

(o) fraudulent inducement of any person by a market participant to deal in securities with the objective of enhancing his brokerage or commission or income;

(s) mis-selling of securities or services relating to securities market.

11. (1) The Board may, without prejudice to the provisions contained in sub-sections (1), (2), (2A) and (3) of section 11 and section 11Bof the Act, by an order, for reasons to be recorded in writing, in the interests of investors and securities market, issue or take any of the following actions or directions, either pending investigation or enquiry or on completion of such investigation or enquiry, namely:—

...

(d) impound and retain the proceeds or securities in respect of any transaction which is in violation or prima facie in violation of these regulations;

28. It is required to be examined whether the above narrated acts on the part of the *Noticee no. 1* are in *prima facie* violation of:

i. Sub-section (1) of section 12 of the SEBI Act, 1992 and sub-regulation (1) of the regulation 3 of the IA Regulations;

ii. Clauses (a), (b) and (c) of section 12A of the SEBI Act, 1992 read with Sub-regulation (a), (b), (c), (d) of regulation 3, sub-regulation (1) of regulation 4, clauses (k), (o) and (s) of sub-regulation 2 of regulation 4 of the PFUTP Regulations.

A. <u>Whether there is violation of sub-section (1) of section 12 of the SEBI Act, 1992 and sub-regulation (1) of the regulation 3 of the IA Regulations :</u>

29. The aforesaid provisions have been reproduced in the earlier paragraphs. I note that that the essence of sub-section (1) of section 12 of SEBI Act, 1992 and sub-regulation (1) of regulation 3 of IA Regulations is *inter alia* to prohibit carrying out the activity of an investment adviser without obtaining the requisite registration from the SEBI.

30. I have already elaborated in the earlier part of the order as to how the *Noticee no. 1* has executed agreement containing detailed clauses with investors and acting in pursuance of such agreements, it has *prima facie* engaged himself in providing investment advisory to its subscribers/investors. It has also been seen that evidence on record *prima facie* shows that in lieu of providing such investment advice, the *Noticee no. 1* is charging "management fee" from its clients. As can be noted from the Image no. 6 above that against a lump sum investment of an investor for an amount of INR 25,00,000 invested for a period of 10 years, the

Noticee no. 1 has charged 22% of the said amount, i.e. INR 5,50,847 (excluding taxes) as fee. This is just one of many instances.

31. The records further show that in addition to charging upfront Management Fee (as specified under Column 2 of Table no. 4) from its clients against rendering of investment advisory services, the agreement entered into by the *Noticee no. 1* with its clients, contains a clause which has additional provision to share profits earned by the investors out of the investment advisory rendered by the *Noticee no. 1*. In this respect in terms of clause 3.4 of the agreement executed with an investor (quoted in para 21 above), the investor has undertaken to pay the performance fee which is calculated as a percentage of the profit earned by the investor in excess of the hurdle rate. Similar such stipulations have also been seen under Column 4 of the Table no. 4/Image no. 6 and the Note under the Table states that the profit sharing will be applicable on the amount above Expected Returns. In the illustration quoted above in the Image no. 6, the investor has taken a lumpsum plan of investing INR 25,00,000. For the said plan, Management fee of 22% (INR 5,50,847 plus taxes) has been charged upfront. In the same plan, the Expected Return is mentioned as 1000% (Column 3 under Table no. 4) and the profit sharing is mentioned as 10% (Column 4 under Table no. 4). Further, the clause 3.4 of the Wealth Management agreement specifies that the performance fee that shall be calculated as a percentage of the profit, over and above the hurdle rate on the return. It is understood that Hurdle Rate and Expected Return are one and the same.

32. It is further noted from records that the *Noticee no. 1* has admitted providing investment advisory services to at least 290 unique investors during the period March 11, 2020 to August 29, 2023 and through these activities of providing

investor advisory for which no registration was obtained from SEBI, the *Noticee no. 1* has earned more than INR 12 Crore as fee from the clients, as discussed in para 25 (V) Table no. 6.

33. In view of the above, I hold that the *Noticee no. 1* has, *prima facie*, violated provisions of sub-section (1) of section 12 of the SEBI Act, 1992 read with sub-regulation (1) of regulation 3of the IA Regulations.

B. Whether there is violation of clauses (a), (b) and (c) of section 12A of the SEBI Act, 1992 read with sub-regulations (a), (b), (c), (d) of regulation 3, sub-regulation (1) of regulation 4, clauses (k), (o) and (s) of sub-regulation (2) of regulation 4 of the PFUTP Regulations

34. The aforesaid provisions have also been reproduced in the earlier paragraphs. In brief, these provisions prohibit:

i Buying, selling or dealing in securities in a fraudulent manner;

ii use of or employment of any manipulative or deceptive device or contrivance, in contravention of the provisions of the SEBI Act or rules or regulations;

iii employment of any device scheme or artifice to defraud in connection with dealing with securities;

iv engagement in any act, practice, course of business which operate/would operate as fraud or deceit upon any person in contravention of the provisions of the SEBI Act or rules or regulations;

v dealing in securities which is manipulative, fraudulent or an unfair trade practice;

vi disseminating information or advice through any media, which the disseminator knows to be false or misleading, or which is either designed to or likely to influence the decisions of investors;

vii fraudulently inducing any person to deal in securities to increase the income;

viii mis-selling of services relating to securities market.

35. In the preceding parts of the present order, it has been elaborated in detail as to how the *Noticee no. 1* has indulged in investment advisory services and has collected more than INR 12 Crore during the period January 10, 2018 to September 30, 2023, which is *prima facie* in violation of sub-section (1) of section 12 of the SEBI Act, 1992 read with sub-regulation (1) of regulation 3 of the IA Regulations. In addition it can be seen that the *Noticee no.1* has created a scheme/device which is apparent from the manner in which a detailed agreement is executed with investors; emails have been issued to the investors containing investment advice and the investors have been advised to provide the copy of the contract notes, so that *Noticee no.1* is always having updated knowledge of their holdings so as to be in position to provide advice in future, based on the holdings in the account of a client. Further, from a call recording, translated transcript of which has been reproduced in para 19 (XI), it is observed that the employee of the *Noticee no.1* have disseminated information which indeed has the characteristics of influencing investment decision of investor. As shown above in para 19 (XI), investors just say yes on the lines of advice and recommendation made by and on behalf of *Noticee no. 1*.

36. I observe that apart from the management fees, the *Noticee no. 1* has also kept provision of profit sharing with the investors and in order to increase the said component, the *Noticee no. 1* is inducing the investors to trade more and more in securities. The said observation finds support from the call recording as it has been seen that investor is advised to sell some shares that she holds in her Demat account. As can be noted from the said transcript, the investor was asked by the

representative of the *Noticee no. 1* to 'sell' some shares, however, for some reason, the recommendation was understood by the investor as 'buy' recommendation. Upon noticing the that the approval by the investor was contrary to the recommendation, the same representative of the *Noticee no. 1* instantly clarifies to solicit from the investor that the call has been made to recommend to 'sell' shares and finally, under the authorisation taken on a pre-recorded phone call, shares of 18 different companies have been sold from the account of that investor at the prevailing market price. It may not be wrong to *prima facie* infer here that the aforesaid recommendation to sell the stocks of 18 different companies at the prevailing market price was carried out only to achieve/increase the profit percentage of the *Noticee no. 1* as no reason was provided by the representative of the *Noticee no. 1* as to why suddenly the recommendation to 'sell' has been made to the account of that client. Thus, the *Noticee no. 1* is *prima facie* fraudulently dealing in securities to increase its income.

37. It is further noted that the disclaimer part of the agreement has a standard paragraph, as per which all the investors have not been given option and all have been asked to opt for 100% investment in equity segment only. The same is *prima facie* a mis-selling to the investor as all investors may not have equivalent risk appetite and some may need lesser exposure to equity investments.

38. In view of above discussion, I hold that the *Noticee no. 1* has violated clauses (a), (b) and (c) of section 12A of the SEBI Act, 1992 read with the provisions of sub-regulations (a) to (d) of regulation 3 as well as sub-regulation (1) of regulation 4 and clauses (k), (o) and (s) of sub-regulation 4 of PFUTP Regulations. Though any of these violation would satisfy invocation of powers to issue directions but in

this case, all the above violations have been noticed due to overlapping nature of violation.

C. Violations by *Noticees nos. 2, 3 , 4* and *5*

39. As the *prima facie* violation on the part of the *Noticee no. 1* has been established, it is to be seen as to who all are the natural persons, who are to be held liable in terms of section 27 of the SEBI Act.

40. As per section 27 of the SEBI Act,

"Where a contravention of any of the provisions of this Act or any rule, regulation, direction or order made thereunder has been committed by a company, every person who at the time the contravention was committed was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided in this Act, if he proves that the contravention was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such contravention.

41. In the paragraph 3 of the present order, the details of the present and past Directors of *Noticee no. 1* have been mentioned. It is noted that the *Noticee no. 1* was incorporated, promoted and controlled by *Noticee no. 2* (Mr. Ravindra Bharti) and *Noticee no. 3* (Mrs. Shubhangi Ravindra Bharti), who also happen to be husband and wife. Further, Mr. Ravindra Bharti held 86.33% and Mrs. Shubhangi Ravindra Bharti held 10.10% of the shareholding in RBEIPL, as on March 31, 2023

42. It is further seen that after incorporating *Noticee no. 1*, its two Promoter Directors, viz., *Noticee no. 2* and *Noticee no. 3* continued to be on the helms of its affairs till October 03, 2023, when, *Noticee no. 4* and *Noticee no. 5* had been appointed on the Board of the *Noticee no. 1* w.e.f. September 22, 2023, just few days before disassociation of *Noticee no. 2* and *Noticee no. 3*. It is of pertinence to mention here that by the time the said *Noticees* were appointed on the Board of the *Noticee no. 1*, the examination by SEBI into the present matter had already swung into motion and inspection of Authorised Person (Mr. Balu Motiram) had commenced on September 22, 2023.

43. It is already noted at Table no. 1 that the *Noticee no. 2* is having a large number of followers on his Youtube channels. The control of the *Noticee no. 2* (Mr. Ravindra Balu Bharti) over the *Noticee no. 1* is further evident from the fact that the name of the *Noticee no. 1* is kept after *Noticee no.2* himself. It is also of importance that most of the activities of the *Noticee no. 1* that have been highlighted above took place when *Noticee no. 2* and *Noticee no. 3*, being its Executive Directors, were at the helm of the affairs and responsible for the management of the business of the *Noticee no.1*. Hence, under section 27 of the SEBI Act, they are *prima facie* guilty of contravention committed by the *Noticee no 1*.

44. The activities of providing investors advisory or other activities for which registration is essential, have not stopped and are on-going. It has also noticed that the *Noticee no. 4*, Mr. Rahul Ananta Gosavi, who was employed with the *Noticee no. 1* as Executive Assistant to CMD (since October, 2015) has become its Director w.e.f September 22, 2023. Therefore, the above two persons i.e. *Noticees nos. 4* and *5* are also alleged to be liable for the acts and omissions on

part of the *Noticee no. 1*, and further making them liable for the directions to be issued which need to be complied with by the *Noticee no.1*. There is nothing on record to indicate that subsequent to the resignation of *Noticees nos. 2* and *3*, the alleged activities of providing investment advisory has stopped, as agreements entered into by the *Noticee no. 1* are long duration agreements.

45. Thus, I hold that for the violations which are observed to have been committed *prima facie* by the *Noticee no. 1*, the natural persons that need to be held responsible under section 27 of the SEBI Act are *Noticees* nos. *2, 3, 4* and *5*, for their respective period of Directorship with the *Noticee no. 1*.

F. INTERIM ORDER

46. After recording my *prima facie* observations in the previous paragraphs, I now move on to list out the reasons which are compelling enough to justify issuance of an interim order.

47. Sub-section (4) of section 11 and section 11B (reproduced at para no. 27 above) empower SEBI to issue directions to restrain persons from accessing the securities market and prohibit any person associated with the securities market to buy, sell or deal in securities and to issue "such directions as may be necessary" in the interest of investors of the securities market. Further, sub-section (4A) of section 11 and sub-section (2) of section 11B of the SEBI Act, empowers SEBI to impose penalty after holding an enquiry in the prescribed manner. Further, clause (ia) of sub section (2) of section 11 of the SEBI Act, 1992 empowers SEBI to call for information. Section 11D of the SEBI Act, 1992 empowers SEBI to pass an order directing a person to cease and desist from an activity which has violated or is likely to violate any provisions of the SEBI Act, 1992 or the rules and regulations

made thereunder. Further, clause (d) of sub-section (4) of section 11 of the SEBI Act and clause (d) of sub-regulation (1) of regulation 11 of the PFUTP Regulations, empowers SEBI to impound and retain the proceeds of securities in respect of transactions which are under investigation or which are *prima facie* in violation of PFUTP Regulations.

48. It is noted that section 19 of the SEBI Act, 1992 provides for delegation of power and functions, and in pursuance of the same, the power to issue interim directions have been delegated to Whole Time Members of the Board.

49. As discussed earlier, a *prima facie* case of violation of securities laws has been made against the *Noticee no. 1*, for which *Noticees nos. 2, 3, 4* and *5* are also liable in terms of provisions of section 27 of the SEBI Act. The violations that have been observed are not some small technical violations, but are of such a nature that they go to the roots of the need for having a regulatory framework for investment advisors. It may be stated that under the IA Regulations*, a* comprehensive framework has been laid down with the sole objective of protection of investors' interest. There are entry barriers in terms of networth requirements; educational qualification and experience. Further, after grant of registration, there are responsibilities cast upon the entity like maintaining risk profiles and issuing advice suitable to the risk profile; making disclosures to the clients etc. However, by acting as an unregistered investment advisor, the *Noticee no. 1* has been able to circumvent all the regulatory requirements pertaining to an investment adviser and has collected large amounts of fee from the investors thereby harming investors' interest.

50. The number of subscribers of the YouTube channel of *Noticee no. 2* (refer Table no. 1), who continue to be major shareholder of the *Noticee no. 1*, are increasing

further. There is a likely chance that being influenced by the social media presence and followership of the *Noticee no. 2*, gullible investors may continue to fall prey to the unregistered investment advisory activities of the *Noticee no. 1*. Another factor to infer that the unregistered activities are still being carried on emerges from the documents submitted vide aforesaid letter dated December 18, 2023. In the said letter, copy of application form of an investor has been furnished with the enrolment date of August 03, 2023 for a 3 year plan. Further, in terms of the statement of the payment gateway (Razorpay), a credit of INR 2.77 Lakh has been made in the month of September, 2023.

51. Vide email dated December 01, 2023 of the SEBI, the *Noticee no. 1* was advised to provide the following details:

    1. List of investors with whom Wealth Management agreements were executed by Ravindra Bharti Education Institute Private Limited.

    2. Copies of Wealth Management agreements executed with the clients.

    3. Copies of emails sent from the email ids rbwealth@bhartisharemarket.com and rbwealth@bhartiinstitute.com, till date.

    4. Details of Management fees collected from investors against wealth management agreement.

52. In reply thereto, vide its letter dated December 18, 2023, *Noticee no. 1* has furnished list of 290 unique clients from whom it has admitted to have taken money against investment advisory services. However, when the said details were cross checked with the bank accounts, the payment details of only 141 clients could be traced in the bank accounts, indicating that the *Noticee no. 1* might have been collecting fees towards investment advisory in other modes/bank accounts and

the information furnished are not true and complete in all sense. Further, from the analysis of character and narration of entries in the bank accounts, it is observed that the *Noticee no. 1* has received more than INR 12 Crore (Table no. 6) from the investors toward investment advisory during the period from January 10, 2018 to September 30, 2023. It is also of pertinence to mention that despite categorically seeking the email dump of the emails issued to the advisory clients, the *Noticee no. 1* has remained completely defiant and has not furnished the said email dump. By not furnishing the complete email dump, the examination of SEBI has been constrained as the complete details of advisory issued to its clients are missing which is an essential component of the present and future proceedings.

53. In view of the above discussion, it is imperative to take emergent necessary action to prevent further damage to the interest of investors that may be caused by the alleged unregistered investment advisory activity of the *Noticee no. 1*, in case the same is not stopped through urgent intervention and therefore, the same needs to be stopped immediately by regulatory intervention.

54. At this stage, I seek to place reliance on the order of the Hon'ble Securities Appellate Tribunal, passed in the matter of *Amalendu Mukherjee Vs. SEBI (Appeal (L) no. 169 of 2020),* wherein the Hon'ble Tribunal has underscored the necessity of passing impounding orders by *inter alia* observing as:

"*We are of the opinion that the WTM is empowered under the SEBI Act and the Regulations to pass an ex-parte order in order to protect the interests of securities market and the investors. If such impounding order is not passed, it may result in defeating the ultimate direction of disgorgement if any, as there would be chances of such monies being dissipated by the appellant. …*"

55. I observe that the stock market of a country is a barometer of its economic development. It is also an established fact the primary responsibility of a securities market regulator like SEBI is to protect the interest of investors and in pursuance of the said responsibility, SEBI has *inter alia* laid down detailed regulations in form of IA Regulations. India's capital market in the recent times has witnessed tremendous growth, characterized particularly by increasing participation of common public based on investors' confidence. This confidence in the capital market can be sustained largely by ensuring investors protection. Disclosure and transparency are the two pillars on which market integrity rests. However, facts of the case as narrated above glaringly disclose how the investors' confidence has been compromised and how the systems are being abused for personal gains and attainments by the entities like *Noticee no. 1* by, devising mischievous ways to circumvent the provisions of laws for their personal enrichment but in detriment to the investors. Guaranteed returns upto 1000% is a clear case of abuse of investors' confidence in the securities market.

56. Further, the Hon'ble Supreme Court of India, in the matter of *N. Narayanan Vs. Adjudicating Officer, SEBI [(2013) 12 SCC 152]* has *inter alia* observed as:

> *"…We would like to demonstrate on the facts of this case as well as law on the point that market abuse has now become a common practice in the India security market and, if not properly curbed, the same would result in defeating the very object and purpose of SEBI Act which is intended to protect the interests of investors in securities and to promote the development of securities market. Capital market, as already stated, has witnessed tremendous growth in recent times, characterized particularly by the increasing participation of the public. Investors' confidence in capital market can be sustained largely by ensuring investors protection.*
>
> *Securities Market abuse*

Prevention of market abuse and preservation of market integrity is the hallmark of Securities Law. Section 12A read with Regulations 3 and 4 of the Regulations 2003 essentially intended to preserve market integrity and to prevent Market abuse. The object of the SEBI Act is to protect the interest of investors in securities and to promote the development and to regulate the securities market, so as to promote orderly, healthy growth of securities market and to promote investors protection. Securities market is based on free and open access to information, the integrity of the market is predicated on the quality and the manner on which it is made available to market. Market abuse impairs economic growth and erodes investors confidence. Market abuse refers to the use of manipulative and deceptive devices, giving out incorrect or misleading information, so as to encourage investors to jump into conclusions, on wrong premises, which is known to be wrong to the abusers....."

57. In view of the discussion recorded above and being guided by the aforesaid order of the Hon'ble Courts, I am of the view that this is a fit case to exercise powers of passing interim impounding order so as to protect the securities market and to protect the unlawful gains, which may be siphoned off beyond regulatory reach. Accordingly, I, in exercise of the powers conferred upon me under sub-section (1) of section 11, clause (d) of sub-section (4) of section 11, sub-section (1) of section 11B, section 11D read with section 19 of the SEBI Act, 1992 read with clause (d) of sub-regulation (1) of regulation 11 of PFUTP Regulations, hereby by way of the present *interim* order cum show cause notice, issue the following directions, which shall remain in force until further orders:

I. The *Noticees* shall cease and desist from offering investment advisory services from acting as or holding themselves out to be investment advisors, whether using 'Ravindra Bharti Education Institute Private Limited' "Ravindra Bharti Wealth" or otherwise. They shall cease to solicit or undertake such activity or any other unregistered or

fraudulent activity in the securities market, directly or indirectly, in any manner whatsoever;

II. The *Noticees* are restrained from buying, selling or dealing in securities, either directly or indirectly, in any manner whatsoever until further orders. If the *Noticees* have any open position in any exchange traded derivative contracts, as on the date of the order, they can close out /square off such open positions within 3 months from the date of order or at the expiry of such contracts, whichever is earlier. The *Noticees* are permitted to settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the close of trading on the date of this order.

III. The *Noticees nos. 2 to 5* are hereby restrained from associating themselves with any intermediary registered with SEBI, in any capacity till further orders.

IV. An amount of INR 12,03,82,130.91 being the total unlawful gain earned from the alleged unregistered investment advisory business, shall be impounded from *Noticee no. 1*.

V. The *Noticee no. 1* is directed to credit/deposit the aforesaid amount of unlawful gains to an interest bearing Escrow Account created specifically for the purpose in a Nationalized Bank. The Escrow Account(s) shall create a lien in favour of SEBI and the monies kept therein shall not be released without the permission from SEBI.

VI. Banks are directed that no debits shall be made, without the permission of SEBI, in respect of the bank accounts held jointly or severally by the *Noticee no. 1*, except for the purposes of transfer of funds to the Escrow Account. Further, the Depositories are also directed that no debit shall be made,

without the permission of SEBI, in respect of the demat accounts held by *Noticee no.1*. However, credits, if any, into the accounts maybe allowed. Banks and the Depositories are directed to ensure that all the aforesaid directions are strictly enforced. Further, debits in the bank accounts may also be allowed for amounts available in the account in excess of the amount to be impounded (INR 12,03,82,130.91). Banks are allowed to debit the accounts for the purpose of complying with this Order.

VII. The Registrar and Transfer Agents are directed to ensure that, they neither permit any transfer nor redemption of the securities, including Mutual Funds units, held by the *Noticee no. 1*.

VIII. The *Noticees* are directed not to dispose of or alienate any of their assets/properties/securities, till such time the amount of unlawful gain is credited to an Escrow Account except with the prior permission of SEBI.

IX. The *Noticees* are further directed to provide a full inventory of all their assets whether movable or immovable, or any interest or investment or charge in any of such assets, including property, details of all their bank accounts, demat accounts, holdings of shares/securities if held in physical form and mutual fund investments and details of companies in which they hold substantial or controlling interest immediately but not later than 7 working days of this Order.

X. The *Noticees nos. 1, 4* and *5* are further directed not to collect any money or fee from the existing clients on account of investment advisory business.

XI. The *Noticees nos. 1, 4* and *5* are directed to immediately withdraw and remove all websites, advertisements, representations, literatures, videos, brochures, materials, publications, documents, communications, etc. in

relation to the unregistered investment advisory services activity, until further orders. The aforesaid information/ data shall continue to be retained by *Noticees nos. 1, 4* and *5* for the purpose of quasi-judicial proceedings.

58. The *prima facie* observations/findings contained in this Order are made on the basis of the material available on record. In light of the alleged violations of the provisions of the SEBI Act, 1992, IA Regulations and PFUTP Regulations by the *Noticees,* this Order shall be treated as a Show Cause Notice under sub-section (1) of section 11, clause (d) of sub-section (4) of section 11, sub-section (4A) of section 11, sub-section (1) of section 11B, and sub-section (2) of section 11B, section 11D of SEBI Act 1992, read with clause (d) of sub-regulation (1) of regulation 11 of PFUTP Regulations, read with SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 2005, calling upon *Noticees* to show cause as to why following directions shall not be passed against them:

a) Direction to disgorge an amount equivalent to the total gains made on account of alleged unregistered investment advisory along with interest;

b) Direction to restrain them from accessing the securities market and prohibiting them from buying, selling or otherwise dealing in securities for an appropriate period;

c) Directions for imposition of penalty under sub-section (4A) of section 11 and sub-section (2) of section 11B read with section 15EB and section 15HB of the SEBI Act, 1992 for carrying out unregistered investment advisory activities;

d) Directions for imposition of penalty under sub-section (4A) of section 11 and sub-section (2) of section 11B with section 15HA of the SEBI Act, 1992 for violation of provisions of PFUTP Regulations; and

e) Directions for imposition of penalty under sub-section (4A) of section 11 and sub-section (2) of section 11B read with clause (a) of section 15A of the SEBI Act, 1992 for not providing email dump

59. The *Noticees* may file their replies to SEBI within 21 days from the date of receipt of this Order and avail an opportunity of personal hearing in the matter, if they so desire.

60. This Order is without prejudice to any other action that SEBI may initiate under the securities laws, as deemed appropriate, against the above mentioned persons/entities.

61. This Order shall come into force with immediate effect and shall be in force till further Orders.

62. A copy of this Order shall be forwarded to the Stock Exchanges, Depositories, Registrar and Share Transfer Agents and Banks to ensure necessary compliance.

-Sd-

KAMLESH C. VARSHNEY

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA

PLACE: MUMBAI

DATE: APRIL 05th, 2024