



363
भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

DEPUTY GENERAL MANAGER
INDORE LOCAL OFFICE

SEBI/WRO/ILO/NM/OW/P/49915/1/2022
September 26, 2022

To,

M/s Sanchi Research (Proprietor-Mr. Ramgopal Set) Makan no. 51, Ward no. 13 Opposite Sarkari School, Amona, Dewas (MP)-455001	सांची रिसर्च (प्रोप्राइटर -श्री रामगोपाल सेट) मकान न. 51, वार्ड नं. 13 ऑपोजिट सरकार स्कूल, अमोना, देवास (एमपी) -455001
M/s Sanchi Research (Proprietor-Mr. Ramgopal Set) EWS-622, Vikas Nagar, Dewas (MP)-455001	सांची रिसर्च (प्रोप्राइटर -श्री रामगोपाल सेट) ईडब्ल्यूएस-622, विकास नगर, देवास (एमपी) -455001
M/s Sanchi Research (Proprietor-Mr. Ramgopal Set) 35, Main Road, Amona Dewas (MP)-455001	सांची रिसर्च (प्रोप्राइटर -श्री रामगोपाल सेट) 35, मेन रोड, अमोना देवास (एमपी) -455001

Sub: Show Cause Notice under sections 11(1), 11(4), 11(4A), 11B(1), 11(B)(2) and 11D read with sections 15HA and 15EB of SEBI Act, 1992 read with Rule 4 (1) of SEBI (Procedure for Holding Inquiry and imposing Penalties) Rules, 1995 with respect to the alleged unregistered investment advisory services activities

1. Securities and Exchange Board of India (hereinafter referred to as "SEBI") had received a complaint dated May 16, 2021 (hereinafter referred to as "complaint") from Mr. Ayush Kumar (hereinafter referred to as "complainant") against M/s Sanchi Research and its Proprietor-Mr. Ramgopal Set (hereinafter interchangeably referred to as "Sanchi Research/Noticee/IA") *inter alia* alleging that the Noticee in the guise of providing investment advisory services and on the pretext of providing assured profit had received money in the form of fee from the complainant. The complainant had also provided screenshots of payments made by him to the bank account of the Noticee (i.e. Account number 762205500029 held in ICICI Bank) through UPI transactions. Copy of the said complaint is annexed hereto and marked as Annexure 1.

स्थानीय कार्यालय-इन्दौर / Local Office - Indore

104-105, प्रथम मंजिल, सतगुरु परिणय, सी. 21 मॉल के सामने, ए.बी. रोड, इन्दौर - 452010 (म.प्र.)

दूरभाष : 0731-2557003/04/05 टेलीफेक्स : 0731- 2557002 E-mail : indore-lo@sebi.gov.in

104 & 105, 1st Floor, Satguru Parinay. Opp. C-21 Mall, A.B. Road, Indore - 452010 (M.P.)

Phone : 0731-2557003/04/05, Telefax : 0731 - 2557002 E-mail : indore-lo@sebi.gov.in



अनुषूची:
Continuation :

374

भारतीय प्रतिभूति
और विनिमय बोर्ड
**Securities and Exchange
Board of India**

2. Pursuant to the receipt of aforesaid complaint, a further examination into activities of the Noticee was undertaken by SEBI. In this regard, SEBI advised ICICI Bank to provide the documents like Account Opening Forms (AOF), Know Your Customer (KYC) details and bank account statement for the account no. 762205500029, which is held in the name of Noticee. Vide emails dated February 09, 2022 read with emails dated July 20, 2021 and May 18, 2021, ICICI Bank provided bank account statements for period March 12, 2021 to July 16, 2021 and KYC/AOF of the Noticee. Copy of KYC/AOF and Bank account statements provided by ICICI Bank are annexed hereto and marked as **Annexure-2**.
3. The details of information observed in the KYC documents, AOF and the bank account statements of account number 762205500029 of the Noticee as provided by ICICI Bank are summarized as under: The aforesaid bank account is in the name of Sanchi Research (Proprietor-Ramgopal Set), which was opened on March 10, 2021 and status of account is 'Frozen'.
4. As per aforesaid bank account, the Noticee has received **INR 42,97,386** in its bank account during the period March 12, 2021 to June 11, 2021. No amount has been credited in its above mentioned account after June 11, 2021. As per bank account statement, the complainant has paid INR 1,00,999 to the Noticee in multiple tranches (i.e. INR 4,999, INR 16,666, INR 10,834, INR 10,000, INR 37,500, INR 13,500, and INR 7,500). The said payments made by the complainant to the account of Noticee matches with the payment screenshots, which were provided by the complainant as enclosures with his complaint.
5. From bank account statement of the Noticee, certain transactions wherein Noticee had received payments from another person named Mr. Harshal Prakash Nikam (hereinafter referred to as "Harshal") were observed. In further enquiry, it was stated by Harshal that the Noticee had collected payment from him in the pretext of providing investment advisory services. Vide email dated July 29, 2021, Harshal was requested to provide certain information such as details of advisory services received, copies of receipts/invoices, details of bank account, website etc. Harshal vide email dated August 02, 2021 replied by stating that the Noticee had collected around INR 4 lacs from him in the guise of providing investment advisory services and on the pretext of providing assured returns. Harshal has also provided the screenshot of tips provided by Noticee through SMS (i.e. BUY BANKNIFTY31700-CE@560-570 TGT-620/670) and the screenshots of payments done by him (i.e. totalling Rs. 3,99,500) through UPI

Handwritten signature



अनुवर्ती:
Continuation :

373

भारतीय प्रतिभूति
और विनिमय बोर्ड
**Securities and Exchange
Board of India**

and IMPS transactions. From the bank account of the Noticee, it was revealed that the Noticee had received INR 3,99,500 through multiple transactions, which are appearing in the bank account statement and which are matching with the aforesaid screenshots provided by Harshal. Copies of email dated August 02, 2021 received from Harshal and the screenshot of tips given by entity to Harshal are enclosed as **Annexure-3**.

6. Further, it was also noticed that Noticee has another bank account with Punjab National Bank ('PNB'), hence PNB was also requested to submit KYC and AOF with respect to the bank account no. **6594000100053423**. PNB, vide its emails dated July 27, 2021 and July 29, 2021 furnished the KYC and AOF for said bank account. The details of information observed in the KYC documents and AOF of the account number 6594000100053423 provided by PNB are summarized as under:

- The Bank account is in the name of Mr. Ramgopal Set (i.e. proprietor of Sanchi Research).
- As per AOF, the mobile no. of the account holder Ramgopal Set is 7247372006.

Copy of the KYC and AOF provided by PNB is annexed hereto and marked as **Annexure-4**.

7. The examination by SEBI also revealed that the Noticee was having a website www.sanchiresearch.com. On perusal of website of Noticee www.sanchiresearch.com, following details were observed -

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

Sanchi Research Analysts: SEBI Registration Number INH100004997."

- The Noticee claimed to be a SEBI registered investment advisor;
- The Noticee claimed to provide 32 kinds of investment advisory services in equity, derivatives, and commodity segments such as Stock Cash Intraday, Stock Cash Premium, Intraday Stock Futures, Base Metals, Energy Pack, Platinum Option, Option Strategy Module, Bullion Intraday etc.;



अनुवर्ती:
Continuation :

372

भारतीय प्रतिभूति
और विनिमय बोर्ड
**Securities and Exchange
Board of India**

- The minimum amount charged by entity was INR 4,999 and the maximum amount charged was INR 1,60,000. The durations for which the aforesaid services were being provided was ranging from 1 month to 3 months / 6 months / 9 months which vary in aforesaid products;
- The contact number mentioned on the website of the Noticee is 7247372006, which pertains to the proprietor of Sanchi Research i.e. Mr. Ramgopal Set.

Copies of the website pages of website www.sanchiresearch.com mentioning the details of 32 investment advisory services provided by Noticee are enclosed as **Annexure-5**.

8. Vide letter dated August 04, 2021, the Noticee was advised to provide the details of its clients who had availed investment advisory services or to whom it had rendered services. The Noticee was also asked to provide the above information along with details of all bank accounts of investors/clients wherein amounts were collected from clients. Vide said letter, the Noticee was informed that in case no response is received from it within the timeline, it shall be construed that all the credit entries reflected in its concerned bank account are in the nature of investment advisory fees. Since no response was received from entity, reminder letter was sent to the entity on August 13, 2021. However, no response has been received from the entity till date, despite having serviced with the above mentioned letter and reminder. Copies of aforesaid letters dated August 04, 2021 and August 13, 2021 along with status of delivery- are enclosed as **Annexure-6**.
9. The Noticee has failed to provide justifications for the amount credited in their bank accounts. From the contents of the website, www.sanchiresearch.com, complaint filed by the complainants, bank account entries etc., it is *prima facie* noticed that Noticee, has held itself out as investment adviser, and has engaged in the activities of 'investment adviser', and has charged fees as consideration for such services. Therefore, it is alleged that Noticee has engaged in the activities of an 'investment adviser' as defined under regulation 2 (m) of SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as 'IA Regulations, 2013) and by providing investment advisory service without getting registration with SEBI, noticee has violated regulation 3(1) of IA Regulations, 2013. The relevant portions of regulation 2 (m) of the IA Regulations, 2013 reads as under:

"investment adviser means any person who for consideration, is engaged in the business of providing advice to clients or other persons or group of persons and includes any person who holds out himself as an investment adviser, by whatever name called".

10. As per section 12(1) of SEBI Act, any person carrying out investment advisory activities has to necessarily obtain registration from SEBI and conduct its activities in accordance with the provisions of the IA Regulations, 2013. Further, Regulation 3 (1) of the IA Regulations, 2013 also casts a prohibition on any person to act as an investment adviser or hold itself out as an investment adviser, without obtaining the



अनुवर्ती:
Continuation :

371

भारतीय प्रतिभूति
और विनिमय बोर्ड
**Securities and Exchange
Board of India**

registration from SEBI. Section 12(1) of SEBI Act, 1992 and regulation 3(1) of the IA Regulations, 2013 are reproduced below for ease of reference:

- Section 12(1) of SEBI Act, 1992

"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"

- Regulation 3(1) of the IA Regulations, 2013

"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"

11. Further, regulation 4(2)(k) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as 'PFUTP Regulations, 2003') is reproduced as under: *"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."*
12. Based on the factual details stated herein above, it is alleged that the Noticee has engaged in the activities of an investment adviser without obtaining the requisite registration from SEBI, as required in terms of Section 12 (1) of the SEBI Act, 1992 read with Regulation 3(1) of the IA Regulations, 2013. Further, as the Noticee has disseminated the false and misleading information through its website that it is a SEBI registered Investment Adviser, thereby influencing the decision of investors dealing in securities, the Noticee has violated regulation 4(2)(k) of SEBI(PFUTP) Regulations, 2003.
13. Thus, the aforesaid acts of the Noticee by holding out itself as investment advisers, without having any certificate of registration and by disseminating a false and misleading information through its website that it is a SEBI registered Investment Adviser, is alleged to be in violation of Section 12(1) of the SEBI Act, 1992 read with Regulation 3(1) of the IA Regulations, 2013 and regulation 4(2)(k) of PFUTP Regulations, 2003 and the amounts credited in the bank account of Noticee is alleged to be received as fees towards the services rendered as investment advisor.
14. In view of the allegations as stated above, the Noticee is hereby called upon to show cause as to why suitable directions, including directions under Sections 11(1), 11(4) and 11(B) (1), of the SEBI Act, 1992 including direction of refund of fees/monies collected by Noticee from the investors should not be issued against for the violations



अनुवर्ती:
Continuation :

370

भारतीय प्रतिभूति
और विनिमय बोर्ड
**Securities and Exchange
Board of India**

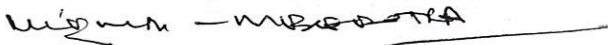
as alleged herein above. The Noticee is also called upon to show cause as to why enquiry should not be held against it in terms of Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 and why suitable directions for imposing penalty under Section 11(4A) and 11B(2) read with Section 15HA and Section 15EB of the SEBI Act, 1992 should not be issued against it for the aforesaid alleged violations.

15. Your reply, if any, along with relevant documents, should reach us within 21 days of the date of receipt of this notice at the following address:

**Securities and Exchange Board of India
Indore Local Office
104-105, 1st Floor, Satguru Parinay,
Opp. C-21 Mall, A.B. Road,
Indore - 452010, Madhya Pradesh**

16. The Noticee may also indicate whether they desire to be personally heard in this case. In case no reply is received within the above specified period, it shall be presumed that you have no further explanations/ submissions to offer in this regard and the matter would be decided based on the material available on record.
17. The Noticee is also advised to keep SEBI informed about the change in the correspondence address, if any, and provide updated email-ID and phone numbers, till the proceedings are complete. Noticee is also advised to submit a photocopy of Income Tax Permanent Account Number Card (PAN card), bank account details, demat account details, mutual fund investment details, etc. along with details of other movable and immovable assets for our record.
18. The Noticee may also note that a settlement mechanism is provided under the SEBI (Settlement Proceedings) Regulations, 2018. If the Noticee wishes to opt for the settlement process, it may apply for the same in the manner given in the aforesaid regulations under intimation to the undersigned. Further, the Noticee may note that filing of settlement application does not confer any right to seek the settlement of the proceedings.

Yours faithfully,



Nirmal Mehrotra

Enclosures: As above