भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

DEPUTY GENERAL MANAGER
INDORE LOCAL OFFICE

SEBI/WRO/ILO/NM/OW/P/ 34858 /1/2021
November 30, 2021

To

श्री जीवन लाल मारू, प्रोप्राइटर: प्रीमियम रिसर्च फ़ाइनेंष्यल सर्विसेस अँड प्रीमियम कैपिटल सर्विसेस, कार्यालय संख्या २५५, पी यू ०४, स्कीम नंबर ५४, ए बी रोड, इंदौर, मध्य प्रदेश ४५२००१	**Shri Jeevan Lal Maru,** **Proprietor: Premium Research Financial Services and Premium Capital Services,** **Ofice No. 255, PU 04, Scheme No. 54, A.B. Road,** **Indore, Madhya Pradesh 452001**

Sub: Supplementary Show Cause Notice for issue of directions under sections 11(1), 11(4), 11(4A), 11B(1) and 11(B)(2) read with Section 15HA of Securities and Exchange Board of India Act, 1992 read with Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 in the matter of Premium Research Financial Services and Premium Capital Services

1. This has reference to the Interim Ex-parte Order dated August 26, 2019 (WTM/MPB/IMD-CIS/WRO-PLO/60/2019) issued to you. Copy of the Interim Ex-parte Order dated August 26, 2019 is enclosed herewith as **Annexure-A**.

2. Securities and Exchange Board of India (hereinafter referred to as "***SEBI***") vide the Interim Ex-parte order dated August 26, 2019 had *inter alia* directed M/s. Premium Research Financial Services (hereinafter referred to as "PRFS") and M/s. Premium Capital Services (hereinafter referred to as "PCS") and their proprietor viz. Mr. Jeevan Lal Maru (hereinafter collectively referred to as "Noticee") to show cause as to why the investment plans and various schemes floated by them should not be held as "*Investment Advisory Services*" in terms of the SEBI (Investment Advisers) Regulations, 2013 and thereby their activity be treated as unregistered activity under relevant SEBI Regulations, why appropriate directions, under Sections 11, 11(4), 11B and 11D of the SEBI Act, 1992 and relevant SEBI Rules/Regulations including directions to continue

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the prohibition on them from buying, selling or otherwise dealing in securities market, either directly or indirectly, in any manner whatsoever, for a particular period and why any direction to refund the amount collected from the investors/clients for its various schemes under Section 11 and 11 B should not be issued against them.

3. Upon further examination in the matter, it has been observed from the website of M/s Premium Research Financial Services (hereinafter referred to as "PRFS") (www.premiumresearch.co.in) that the entity had *inter alia* mentioned on the website that *" Our products range from intraday stock advisors to PMS services in both BSE/NSE & MCX/NCDEX"* . Copy of the webpage is enclosed at **Annexure B**.

4. In this regard, SEBI has received a complaint dated January 23, 2018, from one Mr. Balwinder Singh, a client of PRFS, who has provided a letter dated May 16, 2017, issued by PRFS to Mr. Balwinder Singh, regarding an agreement between PRFS and Mr. Balwinder Singh. As per the said agreement, it was, *inter alia*, indicated that it would provide Portfolio Management Services to the client and assured 30% monthly return on the investment of the client. A copy of the complaint, and the letter dated May 16, 2017 with the agreement are enclosed at **Annexure C.** SEBI has received another complaint dated August 26, 2018 from Mr. Anilava Chakraborty, wherein the complainant has, *inter alia,* alleged that PRFS assured the complainant 25% return on his investments. The complainant has also provided an email dated August 19, 2017, received from PRFS with respect to Portfolio Management Services. A copy of the complaint and the said email received from PRFS are enclosed at **Annexure D**.

5. On perusal of the Bank accounts of PRFS and PCS, following have been observed:

Account Name	PAN	Account Number	Transaction Period	Total Credits
PRFS	AXUPM0503H	144105500510	06/08/2014 till 19/06/2017	Rs. 2,47,27,730/-
PRFS	AXUPM0503H	916020018557086	31/03/2016 till 17/11/2018	Rs. 1,32,44,306/-

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PRFS	AXUPM0503H	200999774603	28/01/2016 till 03/04/2017	Rs. 11,00,000/-
PCS	AXUPM0503H	201001526722	10/05/2017 till 09/07/2019	Rs. 1,10,88,500/-
			Grand Total	Rs.5,01,60,537/-

6. It is, *prima facie*, observed that the amount paid by complainants, are consideration paid for availing Portfolio Management Services, Investor Advisory Services and Research Analysts Services related to securities market as depicted by the Noticee in its website viz. www.premiumresearch.co.in. Further, based on examination of bank account statements of the Noticee, *prima facie*, it is observed that there are large number of credits from several other individual investors which are also paid towards availing Portfolio Management Services, Investor Advisory Services and Research Analysts Services as depicted in the aforementioned website.

7. As per section 12(1) of SEBI Act, any person carrying out Portfolio Management Services activities has to necessarily obtain registration from SEBI and conduct its activities in accordance with the provisions of SEBI (Portfolio Managers) Regulations, 1993. Section 12(1) of SEBI Act is reproduced as under for reference:

> "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"

8. Regulation 3 of SEBI (Portfolio Managers) Regulations, 1993 (hereinafter referred to as "PM Regulations, 1993"), which reads as under:

> *3. No person shall act as portfolio manager unless he holds a certificate granted by the Board under these regulations:*
>
> *Provided that a merchant banker acting as a portfolio manager immediately before commencement of the Securities and Exchange Board of India (Portfolio Managers) (Second Amendment) Regulations, 2006 may continue to do so for a period of six months from such commencement or, if he has made an*

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application for registration under these regulations within the said period of six months, till the disposal of such application.

9. From the above, it is alleged that PFRS is observed to have indulged in unregistered portfolio management service activity in violation of Section 12(1) of SEBI Act 1992, read with Regulation 3 of PM Regulations, 1993, read with Regulation 42 of the SEBI (Portfolio Managers) Regulations, 2020.

10. Further, based on the aforesaid complaints it has been observed that PFRS offered guaranteed returns to its clients. Such act of offering guaranteed return by PFRS was not only unrealistic and misleading but also fraudulently induced/ lured investors, which is, in violation of regulation Regulations 3(a), (b), (c) and (d) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred as "PFUTP Regulations, 2003") read with section 12A (a), (b) and (c) of SEBI Act, 1992.

11. Upon further examination of the aforesaid complaints, it is observed that along with the aforementioned letter dated May 16, 2017, issued by PRFS to Mr. Balwinder Singh, PRFS had also attached a Certificate of Registration issued by SEBI as Investment Adviser. Further, SEBI received another complaint from one Mr. Satpal Singh Bakshi, in which the complainant enclosed copy of the same registration certificate provided to him by PRFS. A copy the registration certificate provided by Mr. Satpal Singh Bakshi is enclosed at **Annexure E.** Upon examination of the said certificate, it is observed that the Registration Number (INA100003287) mentioned in the said certificate belonged to another SEBI Registered Investment Advisor, viz. PFC Capital Advisory Services. In view of the same, it is evident that PRFS has forged the SEBI Registration Certificate of another SEBI registered entity by replacing the name on the Registration Certificate with the name of PRFS, with the intention to misrepresent and to mislead the investors.

12. The above act of deliberately forging of Registration Certificate of another SEBI Registered Investment Adviser by the PRFS, so as to mislead the clients that PRFS is a

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SEBI Registered Investment Adviser is, *prima facie*, in violation of regulation 3 (d), 4 (2) (s) (i) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred as "PFUTP Regulations, 2003") read with section 12A (a), (b) and (c) of SEBI Act.

13. Therefore, in view of the above, in addition to para 13 in the Interim Ex-parte Order dated August 26, 2019, as reproduced in para 2 above, the Noticee are also called upon to show cause as to why appropriate directions under 11, 11(4), 11B and 11D of the SEBI Act, 1992 should not be issued against them for the alleged violation of Section 12 (1) of the SEBI Act, 1992, Regulation 3 of the PM Regulations, 1993, Regulations 3(a), (b), (c) and (d) of PFUTP Regulations, 2003 read with section 12A (a), (b) and (c) of SEBI Act, 1992 for acting as an unregistered portfolio manager and misleading investors by offering unrealistic guaranteed returns.

14. Further, the Noticee are also called upon to show cause as to why appropriate directions under Sections 11(4A) and 11(B)(2) of the SEBI Act and holding an inquiry under Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 read with Section 15I of the SEBI Act and the subsequent imposition of penalty under Section 15HA of the SEBI Act should not be done for the alleged violation of Regulation 3(d), 4(2)(s)(i) of PFUTP Regulations and Section 12A (a), (b) and (c) of SEBI Act, 1992 for forging the registration certificate of another SEBI registered intermediary and misleading investors that it was a SEBI registered investment adviser.

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:

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16. The Noticee is advised to keep SEBI informed about the change in its/his correspondence address, if any, till the proceedings in the extant matter are complete.

Yours faithfully,

Nirmal Mehrotra

Enclosures: As above

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