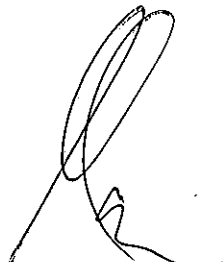
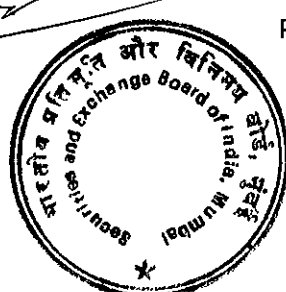


**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI
CORAM: S. RAMAN, WHOLE TIME MEMBER**

ORDER

Under Section 11(1), 11B and 11D of the Securities and Exchange Board of India Act, 1992 read with SEBI (Investment Advisers) Regulations, 2013 in respect of Moneyworld Research and Advisory Pvt. Ltd. (PAN - AAICM4895L) and its Directors Mr. Chhatrapal Singh Lodhi (PAN- ADAPL0687R) and Mr. Pradhumn Agrawal (PAN- AWKPA7684G).

1. Securities and Exchange Board of India (hereinafter referred to as "SEBI") received an application dated October 21, 2013, seeking registration as Investment Adviser (hereinafter referred as "IA") under SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as "SEBI IA Regulations") from Moneyworld Research and Advisory Pvt. Ltd. (hereinafter referred as "company"/"MRAPL").
2. While processing the application for registration of the MRAPL, SEBI noticed various shortcomings viz. failure to redress the grievance of an investor, failure to submit certain relevant documents such as CIBIL Report, Income Tax Returns for last three years, details of proposed services/write-up on existing services, declaration pertaining to compliance with Regulation 7(2) with SEBI (IA) Regulations, 2013, information about number and qualifications, experience of employees etc. Further, MRAPL failed to remove certain advertisement regarding guaranteed returns and accuracy in their tips, from their website, despite SEBI advising them to do so. All these deficiencies in their application were communicated by SEBI to MRAPL, vide several letters and e-mails dated December 12, 2013, January 29, 2014 and March 07, 2014.
- 2.1 MRAPL submitted its response vide letter dated February 03, 2014 and March 08, 2014. However, it was observed that MRAPL failed to submit the requisite documents/information and also failed to redress the said grievance forwarded by SEBI. It

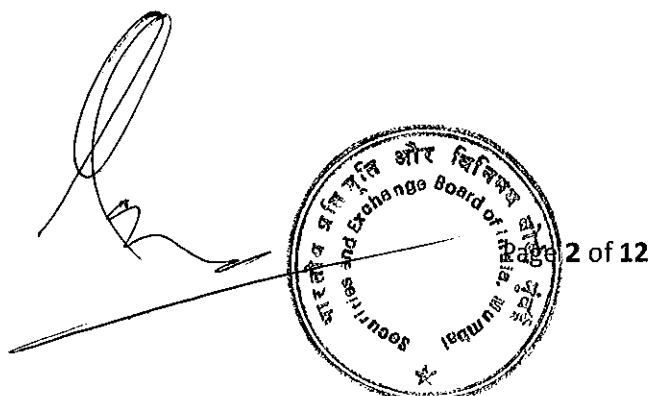
was also observed that MRAPL failed to remove the aforesaid advertisement in relation to the guaranteed returns, from its website.

2.3 In view of the above, the application of MRAPL for registration as IA was closed and the information about the closure of the application was communicated to MRAPL, vide SEBI letter dated March 27, 2014. Subsequently, no fresh application was received from the company removing deficiencies as indicated in its previous application.

3. Meanwhile, it was observed from the website of MRAPL (www.moneyworldresearch.com- which was observed to be fully functional) that the company continued to provide investment advisory services to general public without obtaining necessary registration from SEBI. It was also observed that regularly updated track sheets of advice/tips given by the company were available on the website of MRAPL.
4. Therefore, SEBI vide its letter dated May 21, 2014, sought comments/reasons from MRAPL for non-compliance with SEBI (IA) Regulations and advised the company to submit its reply within stipulated time. Mr. Chhatrapal Singh Lodhi, one of the directors of MRAPL visited SEBI Indore Local Office in June 2014, after receiving the said letter and assured that he will be re-applying for registration as IA at the earliest. However, no such application has been received from MRAPL for registration with SEBI as IA till date.
5. A perusal of the website of MRAPL revealed that the company is providing advisory services to general public and is declaring itself as an investment adviser. Following has *inter alia* been mentioned on the website of MRAPL:

"Money World Research Pvt. Ltd is an Investment Advisory Company which basically provides recommendations for Stocks- Cash and F & O traded in NSE & BSE, commodities including bullions, metals and agro-commodities traded in MCX & NCDEX".

Our Vision



"To grow along with our clients by entering into the major global exchanges by 2015 and make Moneyworld the finest Global research house."

".....Therefore 3-5 tips in a day, if the market movement on a given day is not interesting, then we will not force any tips on you and hence prevent you from taking losses. As a result, using our tips, our clients gain the most out of the share market."

- a. Activities of MRAPL are also mentioned in the FAQ section of its website wherein it is stated that,

"We provide the recommendations of Equity and Commodity Market "

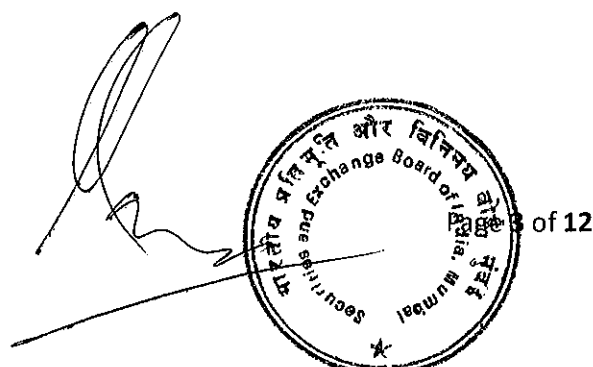
5.1 Bank account details of MRAPL as mentioned on its website are detailed below:

Table 1: Bank Accounts of MRAPL

Sr. No.	Company Bank Account No.	Type of Account	Bank Name and Branch
1.	60131220634	Current Account	Bank of Maharashtra, South Tukoganj Branch, Indore
2.	004105013442	Current Account	ICICI Bank, Malav Parisar Branch, Indore
3.	12407610000309	Current Account	HDFC Bank, Commerce House Branch, Indore
4.	913020020839049	Current Account	Axis Bank, Y. N. Road Branch, Indore

6. Subsequent to this, SEBI undertook a preliminary examination of the activities of MRAPL. One of the SEBI officer, posed as an ordinary investor, registered for free trials on the website of the company viz. www.Moneyworldresearch.com. On successful registration, a representative of MRAPL contacted at the mobile number given at the time of registration for free trials. The contents of some of the messages as received are reproduced below:

"Call :- BUY MCX ABOVE 824.00 TGT1 832.00 TGT2 842.00 SL 811.00.
www.moneyworldresearch.com



0731-6550461"

"UPDATE :- KINDLY BOOK PARTIAL PROFIT MCX BUY BUY CALL AT 830.00.
www.moneyworldresearch.com
0731-6550461"

"Call :- BUY SCHNEIDER ABOVE 166.00 TGT1 167.65 TGT2 169.65 SL 163.50.
www.moneyworldresearch.com
0731-6550461"

6.1 SEBI, vide separate letters dated July 23, 2014 and July 25, 2014 *inter alia* sought following information from ICICI Bank, Indore, Bank of Maharashtra, Tukoganj Branch; Indore and Axis Bank, Y.N. Branch; Indore:

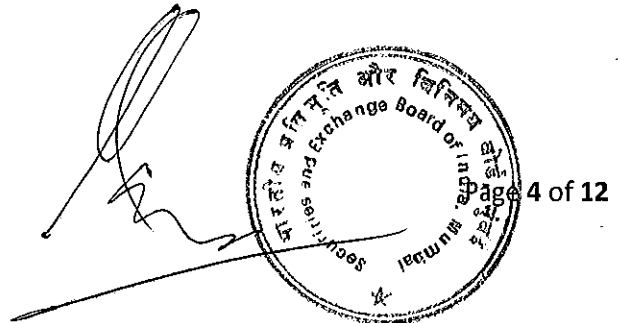
- Bank account details and statements of any accounts of MRAPL from January 01, 2014 till date,
- PAN and KYC details of MRAPL,
- Bank account statement, PAN and KYC details of account number 60131220634.

6.2 The aforesaid banks provided the information/documents as sought by SEBI, vide their letters and e-mails dated July 28, 2014, July 31, 2014 and August 22, 2014.

7. I have perused the information received by SEBI, correspondence exchanged between SEBI and MRAPL, along with the documents contained therein and information available on record. The issue for determination in the instant matter is whether MRAPL is continuing to act as an Investment Adviser and is providing Investment Advisory Services to its clients/investors, without obtaining registration from SEBI, in violation of the SEBI Act/Rules/Regulations.

7.1 On an examination of the aforementioned material/information available on record, it is *prima facie* observed that,

- i. Moneyworld Research and Advisory Pvt. Ltd. (CIN as U74140MP2013PTC030380) has been incorporated as a private limited company on March 22, 2013. It has its registered



office address at U.G. 5 and 6, Block D, U.G. - 12, Block C, Indraprastha Tower, 6 M.G. Road, Madhya Pradesh - 452001.

- ii. Mr.Chhatrpal Singh Lodhi and Mr. Pradhumn Agrawal are the directors of MRAPL. Both the said directors are having 50 % shareholding each in MRAPL. From the KYC details provided by the banks, it is observed that earlier both these directors were working as partners in a firm named "*Money World Research*", which was also offering investment advisory services.
- iii. In the Memorandum of Association of the company, one of the main objects of the company is:
"To carry on the business of Research and Advisors to Individuals, Firms, Companies, Body Corporate, Societies, Organisations.....cash management Services."
- iv. It is further observed that MRAPL in its earlier application (closed on the basis of non-submission of information) submitted to SEBI on October 21, 2013 for registration as IA admitted that it is in the business of providing advisory services since March 22, 2013 and earlier working as partners. It is observed from the establishment certificate issued by State Government of Madhya Pradesh that business of MRAPL is "*Financial Advisory Services*".
- v. On the analysis of the account opening form along with KYC documents, it is observed that:
 - a. The present directors were earlier the partners in the firm named "*Money World Research*" in the business of investment advisory Services.
 - b. PAN of MRAPL is AAICM4895L.
 - c. There is one more account in the name of the firm "*Moneyworld Research*" (with partners as Mr. Chhtrapal Singh Lodhi and Mr. Praduman Agarwal who are directors of the company) with Axis Bank having account number 912020036794674.

- vi. From the analysis of the bank account statements provided by various banks, where MRAPL has accounts, it is observed that there are several deposits into the said bank accounts from different parts of the country which are equivalent to the fees charged by MRAPL for various advisory services offered by him. Table containing the fees charged by MRAPL, for its advisory services for acting as an investment adviser, as noted from the website is placed below:

Table 2: Fee Structure for various Services offered by MRAPL

Period↓	Stock Cash	Stock Future	Option	Combo (Cash & Future)	Nifty Futures	MCX Normal	MCX Premium	NCDEX	MCX Positional
Monthly	6000	1000	7000	10000	5000	15000	25000	15000	15000
Quarterly	15000	25000	18000	25000	12000	40000	60000	35000	40000
Half Yearly	25000	40000	30000	45000	20000	70000	100000	60000	70000
Yearly	40000	70000	50000	80000	35000	125000	180000	100000	120000

Period↓	Premium Cash	Premium Option	Combo (MCX & NCDEX)	Bullions	Base Metals + Energy	Future Premium	BTST Premium
Monthly	15000	15000	22000	10000	10000	25000	51000
Quarterly	39000	39000	55000	25000	25000	66000	-
Half Yearly	69000	69000	90000	45000	45000	136000	-
Yearly	118000	118000	160000	80000	80000	241000	-

- vii. Details of credits/receipts of the bank accounts of MRAPL maintained with Axis Bank, Bank of Maharashtra (BoM) and ICICI Bank, equivalent to the fees charged by MRAPL from the investors are illustrated below:

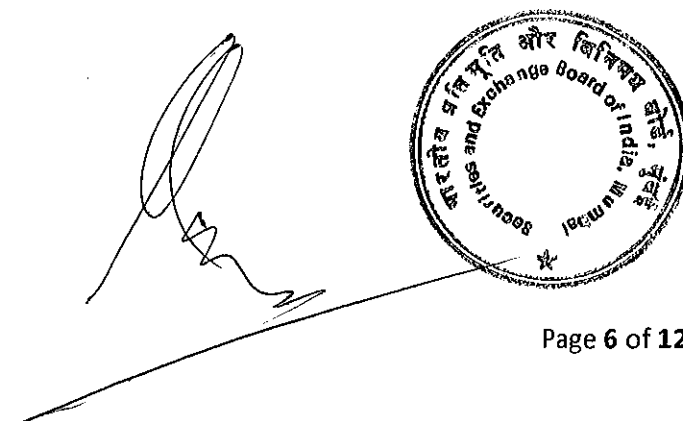


Table 3:

Fee Amount (In Rs.)	Number of credits of said amount	
	Period	
	January 01, 2014- March 31, 2014	April 01, 2014 - July 28, 2014 (Axis Bank), till July 31 (BoM) and till Jul 30, 2014 (ICICI)
1000	1	5
5000	32	80
6000	10	32
7000	6	11
10000	20	44
12000	3	4
15000	13	19
20000	5	11
22000	0	1
25000	11	12
30000	0	4
35000	0	2
39000	0	1
50000	2	1
Total	103	227

- It is observed that these funds are deposited from various places across India viz. Jaipur, Delhi, Mysore, Varanasi, Faizabad, Firozabad, Rajkot, Sumerpur, Pune, Vadodara, Aligarh, Mumbai, Deonar, Palanpur, Bareilly, Indore, Gurdaspur, Bangalore, Unjha, Kolhapur, Ghaziabad, Kishanganj, Gurgaon, Panipat, Srinagar, Haldwani, Saharanpur, Tirupati, Kanpur, Pondicherry etc.
- It is relevant to note that information about closure of application of MRAPL for obtaining registration as IA was communicated to the company vide letter dated March 27, 2014. On receipt of the said communication from SEBI, one of the directors Mr. Chhatrapal Singh Lodhi visited SEBI office and submitted that they would be re-applying for registration. However, the company has made no attempt, till date to register itself as IA with SEBI, after the closure of their initial application for various deficiencies. The fees collected towards advisory services after March 2014 (as mentioned in the table above) clearly indicates that MRAPL continued to provide

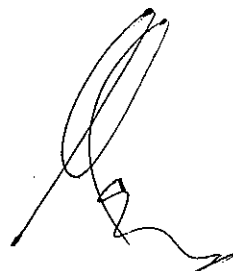
investment advisory services, knowing full well that carrying out investment advisory activity without obtaining registration from SEBI is not permitted under law.

viii. Observations on the basis of perusal of the website of MRAPL are as follows:

- a. MRAPL is collecting funds from investors for providing investment advice as evident from the credit in the bank account of the company wherein credits are being received from different individuals from throughout the country.
- b. Tips are being provided to the investors through SMS/calls as evident from the SMS tips and calls received by the SEBI Official, who had registered for free trial, as an ordinary investor.
- c. On verifying the track sheets of MRAPL available on its website, it is observed that the aforesaid tips received on September 09, 2014 as SMS, were appearing on the track sheets

ix. MRAPL is pursuing the following modus operandi:

- a. Marketing executives from MRAPL call prospective clients for registration as free trial clients. Also, some clients register for free trials after pursuing the website of MRAPL.
- b. Though, at the time for registration for free trial, it is advised by the representative that if the clients find the free trial satisfactory then they can register with the company as regular client choosing any of the services mentioned on the website of MRAPL, however, the representatives actively pursue the prospective clients to get themselves register as regular clients.
- c. MRAPL sends SMS to investors giving tips for one day for free trial and subsequently as per the service opted by the investors. Bank Account details are mentioned on the website for online payment.



8. In the light of the above analysis and examination, it is evident that the activities of MRAPL of giving trading tips, stock specific recommendations, etc. to the investors clearly indicate that they are engaged in providing investment advisory services to investors on payment of fees as discussed in the preceding paragraphs, which *prima facie* fall under the definition of "investment adviser" as defined by Regulation 2(m) of the SEBI IA Regulations, which reads as under:

"investment adviser" means any person, who for consideration, is engaged in the business of providing investment 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;"

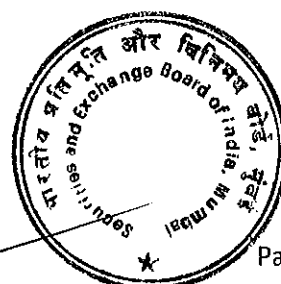
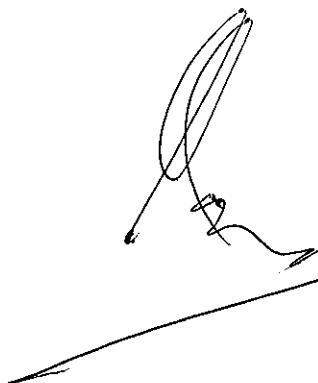
- 8.1 In order to protect the interest of investors, it is crucial that any entity carrying out the activities of a market intermediary should be registered with SEBI and conducts its activities as per the provisions of Section 12(1) the SEBI Act, which reads as under:

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

- 8.2 Further, as per Regulation 3(1) of the SEBI IA Regulations, the registration of the investment advisers is mandatory, it provides that,

"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:

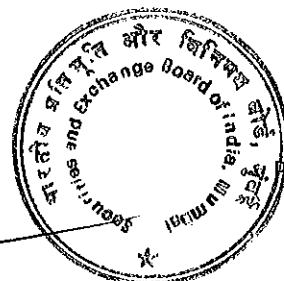
Provided that a person acting as an investment adviser immediately before the commencement of these regulations may continue to do so for a period of six months from such commencement or, if it has made an application for a certificate under sub regulation (2) within the said period of six months, till the disposal of such application."



9. Considering the facts and circumstances of the matter, I am convinced that the activities of MRAPL of giving trading tips, stock specific recommendations, etc. to the investors on a contractual basis on payment of fees falls within the definition of activities of “investment adviser” as defined under Regulation 2(m) of the SEBI Investment Advisers Regulations. MRAPL is engaged in providing investment advisory services to investors without obtaining necessary registration for the same as mandated by Section 12 (1) of the SEBI Act and Regulation 3(1) of the SEBI Investment Advisers Regulations.

9.1 I, therefore, *prima facie* find that Moneyworld Research and Advisory Pvt. Ltd. (PAN - AAICM4895L) has been acting as investment advisor without obtaining registration from SEBI to act as such and, thereby, violated section 12(1) of the SEBI Act, 1992 read with provisions of Regulation 3 (1) of the SEBI (Investment Advisers) Regulations, 2013 .

10. It is relevant to note that in case of default by unregistered entities, no redressal mechanism is presently available to investors under SEBI Act/Rules/Regulations. SEBI (Investment Advisers) Regulations, 2013 *inter alia* provide the framework for regulating the activity of entities who are in the business of providing investment advice in respect of securities and investment products. The Regulations seek to create a standardized operating structure within which investment advisers will operate and also make them duly accountable for their investment advices, by requiring investment advisers to comply with the criteria, set out in the relevant provisions of the SEBI IA Regulations, such as having the prescribed professional qualifications, certifications from competent authorities, conforming to fit and proper criteria, satisfying capital adequacy requirement, adequate infrastructure facilities, etc. In view of this, subjecting the investment advisers to the statutory requirement of registration with SEBI is imperative for the protection of interests of investors and to safeguard the integrity of securities market. In the instant case, MRAPL, has solicited and induced investors to deal in securities on the basis of their investment advices, stock trade tips, etc. guaranteeing returns, on their website even after the receipt of communication regarding the closure of their application for registration, by SEBI on March 27, 2014. SEBI, vide several letters (during the time of filing application for registration by MRAPL and also after the closure of its application) required MRAPL to remove the advertisement in



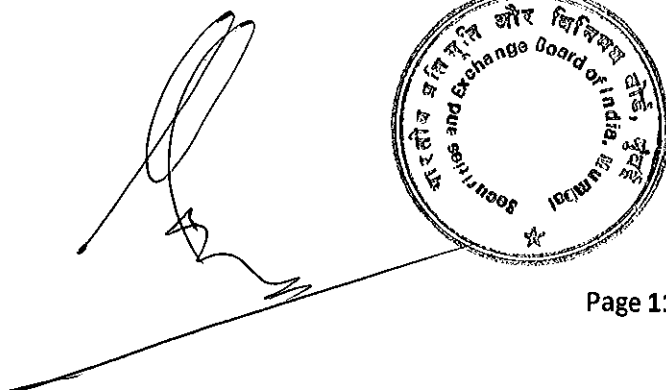
relation to its investment advisory services, including those guaranteeing returns and accuracy of their tips, from its website. Despite this, MRAPL has failed to remove the same. In view of this, it is apprehended that investors at large could be misled on account of such unauthorized activities of such unregistered entities.

10.1 SEBI has been entrusted with the duty to protect the interests of investors and protect the integrity of the securities market. Considering the facts and circumstances of the present matter and on the basis of *prima facie* findings, it is necessary to intervene in this matter to take immediate steps to prevent such persons from further misleading investors. I am convinced that this is also a case where, effective and expeditious action is required to be taken to prevent any possible harm to investors caused by the unauthorized activities of MRAPL.

11. In view of the above, I, in exercise of the powers conferred upon me by virtue of Section 19 read with sections 11(1), 11B and 11D of the SEBI Act, by way of this ad-interim ex-parte order:

i. direct Moneyworld Research and Advisory Pvt. Ltd. (PAN - AAICM4895L) and its directors Mr. Chhatrpal Singh Lodhi (PAN- ADAPL0687R) and Mr. Pradhumn Agrawal (PAN- AWKPA7684G) to:-

- a) to cease and desist from acting as investment advisers and cease to solicit or undertake such activities or any other unregistered activity in the securities market, directly or indirectly, in any manner whatsoever;*
- b) immediately withdraw and remove all advertisements, representations, literatures, brochures, materials, publications, documents, websites, etc. in relation to their investment advisory or any unregistered activity in the securities market.*



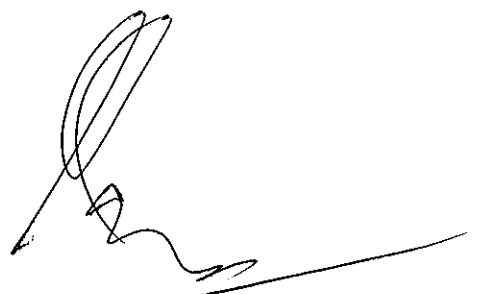
12. The above order is without prejudice to the right of SEBI to take any other action that may be initiated against Moneyworld Research and Advisory Pvt. Ltd. its directors Mr. Chhatrapal Singh Lodhi and Mr. Pradhuman Agrawal in accordance with law.

13. This Order shall be treated as a show cause notice and Moneyworld Research and Advisory Pvt. Ltd. and its promoters/directors, *viz.* Mr. Chhatrapal Singh Lodhi and Mr. Pradhuman Agrawal may show cause as to why appropriate directions, under the SEBI Act, 1992 and relevant SEBI Rules/Regulations including directions, prohibiting them from buying, selling or otherwise dealing in securities market, either directly or indirectly, in any manner whatsoever, should not be taken against them.

14. The entities against whom this order is being passed may file their objections, if any, within twenty one days from the date of this Order and, if they so desire, may avail themselves of an opportunity of personal hearing before SEBI at its Head Office at SEBI Bhavan, C4-A, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051 on a date and time to be fixed on a specific request, to be received in this behalf from the entities/persons.

15. This order shall come into force with immediate effect and the directions issued hereinabove shall continue till further orders.

Place: Mumbai
Date: December 02, 2014


S. RAMAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA

