

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

ORDER

Under Section 11(1), 11(B) and 11(D) of the Securities and Exchange Board of India Act, 1992 read with Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 in respect of Orange Rich Financials and its Proprietor, Mr. Saket Jalan (PAN: ABSPJ5836A).

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1. Securities and Exchange Board of India (hereinafter referred to as ("**SEBI**") received a complaint on August 8, 2014 against Orange Rich Financials (hereinafter referred to as "**Orange Financials**"/the entity), wherein it was alleged that *"the entity had provided tips for investment in securities market and had failed to provide proper services in that regard"*.
 2. Thereafter, SEBI examined the website of Orange Financials (www.orangerich.in). It was noted that Orange Financials is offering web-based services such as, *Equity tips, Commodity Trading tips, Nifty Trading tips, Equity Trading tips*, etc.. It was also observed that the entity is providing subscription services under various heads such as *Special Signature HNI Package with 5 benefits, Equity Cash and Equity Futures, Profit Sharing Packages*, etc. It was further observed that in order to receive such subscription amounts, Orange Financials has mentioned details of their bank accounts (Axis Bank, State Bank of India, HDFC Bank, Bank of India, ICICI Bank and Syndicate Bank) in the website.
 3. As the aforesaid information/details obtained from the website *prima facie* indicated that the activity of Orange Financials is in the nature of offering "*Financial Advisory Services*" to the clients, SEBI vide its letter dated October 13, 2014 *inter alia* advised Orange Financials to ensure compliance with SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as "**SEBI Investment Advisers Regulations**").

4. Simultaneously, SEBI vide separate letters dated October 27, 2014 advised the aforementioned Banks to furnish the following information:

- a. PAN of entity,
- b. KYC Details,
- c. Account statements from inception till date.

4.1 In response thereto, Axis Bank (vide letter dated November 3, 2014), Syndicate Bank (vide letter dated November 3, 2014), Bank of India (vide letter dated December 5, 2014), State Bank of India (vide letter dated January 17, 2015), HDFC Bank (via e-mails dated December 4 and 5, 2014) and ICICI Bank (via e-mails dated December 5 and 17, 2014) furnished the following details:

- KYC details of the entity, including the "*Registration Certificate of Establishment*", issued by Government of Karnataka, Dept. of Labour,
- Bank account Statements of the entity,
- PAN of the entity/ Mr. Saket Jalan.

5. Subsequent to this, SEBI sent a reminder, vide letter dated October 28, 2014, advising the entity to ensure compliance with the SEBI Investment Advisers Regulations. However, the entity did not reply to any of the letters (dated October 13, 2014 and October 28, 2014) issued by SEBI.

6. A site visit was also undertaken to the office of Orange Financials by SEBI Officers on December 05, 2014. It was gathered from the employees present at the office of Orange Financials that one Mr. Saket Jalan was the proprietor of Orange Financials. The employees of Orange Financials were briefed about the requirements of registration under SEBI Act, 1992 and SEBI Investment Advisers Regulations. However, no reply has been received from the entity, till date.

7. I have carefully perused the complaints received by SEBI, the information/documents obtained from the website of Orange Financials, documents received from the banks and

other material available on record. The issue for determination in the instant matter is that whether Orange Financials is providing *Investment Advisory Services* to their clients/investors, without obtaining registration from SEBI, in violation of the SEBI Investment Advisers Regulations.

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

- i Orange Rich Financials, a proprietorship business of Mr. Saket Jalan (PAN:ABSPJ5836A) was registered under Karnataka Shops and Commercial Establishment Act, 1961 on April 22, 2013 (registration is valid upto December 31, 2017) (as per the KYC details obtained from the banks).
- ii As per the “*Registration Certificate of Establishment*”, dated April 22, 2013 (issued by Government of Karnataka, Dept. of Labour), Orange Financials is observed to be carrying on "*Financial Advisory Services*".
- iii Orange Financials has its office (as per the details of the complaint), at #83, Diagonal Road, VV Puram, Bangalore- 560004. However, as observed from the visit and as seen from “*Registration Certificate of Establishment*”, the address of the entity is, 33/5, II floor, National High School Road, Bangalore-560004.
- iv As per “*Registration certificate of establishment*” the Orange Financials has 9 employees.
- v From the website of the entity (www.orangerich.in), following are observed:
 - **"About Us:** *Orange Financial is one of India's leading Advisory Company. ...with clear vision to equip with informed trades to enhance traders capital. It manages a well-rounded portfolio of products reaching to every individual Trader to meet varying their requirements.*

- ***Our Vision:*** *To be an Organization to reach all traders for the stocks and commodity advisory services to enhance their money making skills through Trading and Investment.*
- ***Our Team:*** *Consists of group of experienced technical analysts and highly professionals.*
- ***Our Goal:*** *To provide the Best & Accurate Trading Calls on all Asset Classes."*

vi As per the website, Orange Financials is seen to be providing following web-based services:

- Equity Tips:** Under the said scheme, the entity is seen to be offering tips for investment or trading in stock market and has stated on their website *"we provide 3-4 normal calls and one premium call to subscribers. Traders get trading calls before markets open from the stock market experts "*.
- Commodity Trading Tips:** *"We offer 3-4 normal calls and one premium call in order to make investments into Gold and Silver contracts traded on MCX Market. We offer intraday calls having accuracy of 85-90%."*
- Nifty Trading Tips:** *"Nifty futures trading can provide new opportunities for managing the price risks inherent in volatile stock markets as well as profiting from expected price movements in these markets. Nifty covers more than 70% of traded values of stocks in NSE and also it covers around 60% of total market capitalization.
We provide Daily 3-4 Nifty Calls with Proper targets."*
- Equity Trading Tips:** *"This service in Stock Cash is designed for the traders who deal in NSE Stock Cash and Stock Futures.
We provide maximum 3-4 calls per day with proper targets and Stop loss. We provide complete Support on Direct Mobile Number."*

vii The Orange Financials is also providing subscriptions services under various heads such as:

- a) Special signature HNI Package with 5 benefits*
- b) Equity cash and equity futures*
- c) MCX normal Package*
- d) Profit sharing packages*

- e) *Nifty futures and options*
- f) *MCX premium Package*

viii The above packages/subscriptions are being provided for periods ranging from one month to one year and the charges levied ranging from Rs.15,000/- to Rs. 10,00,000/- One such package, as given in the website is reproduced as under:

Special signature HNI Package with 5 benefits

<i>Special Star</i>	<i>Charges</i>	<i>Net Profit Returns</i>
<i>1 month</i>	<i>2 lacs</i>	<i>10 lacs</i>
<i>3 month</i>	<i>3 lacs</i>	<i>15 lacs</i>
<i>6 month</i>	<i>5 lacs</i>	<i>25 lacs</i>
<i>1 Year</i>	<i>10 lacs</i>	<i>50 lacs and above</i>

ix It is also observed that in order to receive such subscription amounts, the Orange Financials have listed several bank accounts, in its website. Following are the details of the said bank accounts:

Sr. No.	Bank Name
1.	HDFC Bank, Gandhi Bazar Branch, Bangalore
2.	Axis Bank, Electronic City Branch, Bangalore
3.	Bank of India, V.V. Puram, Bangalore.
4.	Syndicate Bank, Visweswarapuram, Bangalore
5.	State Bank of India, Banashankari, 3rd Stage, Bangalore
6.	ICICI Bank, Chamrajpet, Bangalore

x On perusal of the details of the bank statements and other related documents of the entity obtained by SEBI from the aforesaid banks, it is seen that Orange Financials have opened the Bank Accounts during September 2009 and October 2009 with Syndicate Bank and Axis Bank respectively. Similarly, in June 2010, bank accounts were opened with ICICI Bank Ltd. and HDFC Bank Ltd. It is thus observed that Orange Financials

has started its operations during 2009, *i.e* much before its registration under Karnataka Shops and Commercial Establishment Act, 1961, on April 22, 2013.

xi From the analysis of the bank account statements provided by various banks, where Orange Financials 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 it for various advisory services offered. For instance, there are entries of credit, ranging between Rs. 500 to Rs. 1,00,000/-, by way of *NEFT* from Bangalore, Vasai, Surat, Bhopal, Calcutta, Kota, Firozabad, Kancheepuram, Rajkot, Delhi, Bikaner, Ahmadabad, Katwa, Sarangpur, Suratkal, etc. This indicates that Orange Financials is collecting funds from various parts of the country for their investment advisory services.

xii A few instances of the transactions extracted from the bank statements are as under:

Date	Date	Particulars	Deposits
1.	25-05-2012	BIL/000320975631/nifty tips/NSP	5,000.00
2.	31-07-2012	BIL/000340592625/ORANGE TIPS/NSP	15,000.00
3.	01-10-2012	BIL/000359157297/tips/NSP	5,000.00
4.	09-11-2012	BIL/000372811792/Financial Tips/NSP	1,000.00
5.	16-09-2010	BIL/000176974515/niftytips/NSP	6,000.00
6.	03-11-2010	BIL/000186336312/MCX Tips Subscription/NSP	7,500.00
7.	15-11-2010	BIL/000188584122/Nifty Tips/NSP	6,000.00
8.	15-11-2010	BIL/000188590699/TIPS/NSP	6,000.00
9.	21-04-2011	BIL/000220519226/transfer for tips/NSP	5,000.00
10.	30-07-2011	BIL/000242102638/For m arket tips/NSP	9,000.00
11.	04-08-2011	BIL/000243749782/share tips/NSP	13,000.00
12.	17-09-2011	BIL/000253881545/For Market Tips/NSP	9,000.00
13.	31-10-2011	BIL/000264141329/For Mkt Tips/NSP	9,000.00
14.	02-01-2013	BIL/000390811873/Orange Tips/NSP	1,000.00

15.	04-01-2013	BIL/000391504660/1Month Tips/NSP	1,000.00
16.	04-01-2013	BIL/000391764914/m cx tips/NSP	1,000.00
17.	04-01-2013	BIL/000391776268/orange tips/NSP	1,000.00
18.	08-03-2013	BIL/000414340288/TIPS/NSP	5,000.00
19.	13-05-2013	BIL/000438943996/for com m . tips/NSP	5,000.00
20.	13-05-2013	BIL/000438993845/orange tips/NSP	5,000.00
21.	05-07-2014	BIL/000613952268/For Stocks Tips/NSP	5,000.00

xiii The aforesaid details clearly suggest that the deposits are made through *NEFT* towards tipping services provided by the entity. From the dates of such deposits, it is clear that the entity has continued to carry on the "*Investment Advisory Services*".

xiv The account statements also suggest that the salaries are being paid from such accounts to various individuals in the range of Rs.15,000/- to Rs.50,000/- indicating that the proprietor has employed individuals to work on behalf of the entity. A few instances of the transactions extracted from the bank statements, depicting payment of Salary are as under:

Sl. No.	Date	Particulars	Withdrawals
1	01-01-2013	BIL/000389874229/Vikram Salary/20071223549	15,000.00
2	01-01-2013	BIL/000389871941/Prathima Salary/0403101202624	12,000.00
3	01-01-2013	BIL/000389871940/Pinky Salary/04402190001291	25,000.00
4	01-01-2013	BIL/000389873076/Prapoorna Salary/816898304	19,000.00
5	01-01-2013	BIL/000389872536/Rajesh Salary/08771050024892	25,000.00

6	01-01-2013	BIL./000389871942/Sahana Salary/32476133566	12,000.00
7	01-01-2013	BIL./000389872850/Dilip Salary/660610100007561	15,000.00
8	01-01-2013	BIL./000389872703/Sachin Salary/024104000210706	15,000.00
9	01-01-2013	BIL./000389877159/Arbins Salary + Ince/014010500566	1,18,500.00
10	01-01-2013	BIL./000389873884/Nilesh Sir Salary/20031934810	50,000.00
11	01-01-2013	BIL./000389873883/Chinky Salary/30142529541	19,000.00
12	01-01-2013	BIL./000389872631/Archana Salary/333010100008082	15,000.00
13	18-07-2013	BIL./000463989261/Salary/2693 0100008640	33,000.00
14	13-08-2013	BIL./000474461025/Salary/0403 101202624	11,850.00
15	13-08-2013	BIL./000474461566/Salary/3247 6133566	11,850.00
16	20-08-2013	BIL./000476700082/Salary/2693 0100008640	36,000.00
17	20-09-2013	BIL./000489362527/Salary/2693 0100008640	33,000.00

xv The payment of salaries to the employees, during 2013 to 2014, coupled with the payment of moneys to the account for the tipping services provided by the entity clearly indicate that the entity is continuing with the activities of investment adviser, even after the SEBI Investment Adviser Regulations were brought into force. It is also relevant to note that the website of Orange Financials, offering investment advice, is still active.

xvi Observations on the basis of perusal of the website and bank statements of Orange Financials are as follows:

- a. Orange Financials is collecting funds from investors for providing investment advice, tips, etc. on payment of fees, 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 calls.
 - c. The clients can register for free trial and if the clients find the free trial satisfactory then they can register with the entity as regular client choosing any of the services mentioned on the website of the entity.
8. In the light of the above analysis and examination, it is evident that the activities of Orange Financials 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 Investment Advisers 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 Investment Advisers 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 Orange Financials of giving trading tips, stock specific recommendations, etc. to the investors 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. Orange Financials 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 Orange Rich Financials, Prop. Mr. Saket Jalan (PAN: ABSPJ5836A) 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. 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 advice, by requiring investment advisers to comply with the criteria, set out in the relevant provisions of the SEBI Investment Advisers 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, Orange Financials, 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 from SEBI (vide letters dated October 13, 2014, October 28, 2014), advising the entity to comply with the provisions of SEBI Act and SEBI Investment Advisers Regulations. 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 Orange Financials.

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 direct Orange Rich Financials, Prop. Mr. Saket Jalan (PAN: ABSPJ5836A):

- 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. to 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 Orange Rich Financials and its Prop. Mr. Saket Jalan in accordance with law.

13. This Order shall be treated as a show cause notice and Orange Rich Financials and its Prop. Mr. Saket Jalan 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, and requiring the investment adviser to refund any money collected as fees, charges or commissions or otherwise to the concerned clients along with the requisite interest, should not be taken against them.
14. Orange Rich Financials and its Prop. Mr. Saket Jalan 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 the entity so desire, may avail 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: July 8, 2015

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