

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM: MADHABI PURI BUCH, WHOLE TIME MEMBER
INTERIM EX PARTE ORDER**

**Under Sections 11(1), 11(4), 11B and 11D of the Securities and Exchange Board of
India Act, 1992**

**In Re: Securities and Exchange Board of India (Investment Advisers) Regulations,
2013**

In respect of:

S. No.	Name of the Entity	PAN
1	Stock Indication	ACVFS0354G
2	Mr. Mohd. Tanveer Ahmed	BAWPA2321M
3	Mr. Sunny Gupta	BXUPQ7330K

In the matter of Stock Indication

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1. Securities and Exchange Board of India (“**SEBI**”) received a complaint on July 2, 2018 alleging that the representatives of Stock Indication and its partners, Mr. Mohd. Tanveer Ahmed and Mr. Sunny Gupta (collectively referred to as “**Noticees**”) had convinced him that they will create a portfolio and make good profits against investment as their company is recognized by SEBI. Based on the promises made, the complainant has stated in his complaint that he paid ₹ 2.05 lakh in five transactions between the period May 28, 2018 to June 18, 2018 to Stock Indication. However, the Noticees after sometime stopped responding to the complainant.

SEBI’s EXAMINATION

2. While examining the aforesaid complaint, the website of the Noticees, www.stockindication.com was browsed for information as the Noticees were not

reachable. The aforesaid website is not currently active. However, archive pages of the website were downloaded from www.archive.org to gather information.

3. On an examination of the material available on record i.e. information available on the website of the Noticees, wherein the Noticees have claimed as follow:-
- a) Stock Indication is an investment advisory company which provides recommendations for stocks-cash and F&O trading in NSE and BSE, commodities including bullion and metals trading in MCX and NCDEX.
 - b) They provide recommendations LIVE through call. Their call facility is very efficient, ensuring instant update on market.
 - c) Stock Indication team consists of highly qualified analysts who are skilled and impeccable in their analysis. These analyst, using their experience and latest software tools, are able to predict the movements in share market on time and with high accuracy. As a result, using their tip, their clients gain the most out of the share market.
 - d) They offer a diversified range of services as per the investments of an investor, trader or a broker. They assured more than 90-95% accuracy in their recommendations and provide a second to none customer support. they believe in giving each and every client a special treatment by providing online and telephonic assistance round the clock for 24 hours in a day.
 - e) Their services include Nifty future tips, Equity tips, Commodity tips, Agro commodity tips including equity, (cash delivery, cash intra day etc.), derivatives, (stock futures, stock options etc.) commodity (bullions, base metals, energy, oil seeds, pulses, spices etc.).
 - f) Various packages were being offered for subscription at specified rates and for specific products. One such illustration is reproduced below:

Nifty
Rs 29,900/ yearly
+18-20 calls / month
+ Above 80% accuracy
+1 target, 1 SL
+24/7 Free Support
Order Now

- g) The payment to subscribe to the services of Stock Indication can be made through PayU money.
 - h) Their vision statement stated as follows: *"To be a globally respected organization which provide best financial solutions, using high-end technology and by best mind."*
 - i) Their mission statement stated as follows: *"To enhance the wealth generating capability of the Clients in a globalizing environment, delivering superior and sustainable services."*
8. It is observed from the Form-C, Acknowledgment of Registration of Firms dated June 4, 2015 that M/s Stock indication having address at No. 534, 2nd floor, 10th cross, 29th main, BTM layout, 2nd stage, Bengaluru - 560076, has been entered in the Register of Firms as No. Firm/JNR/250/2015-16. The said Form-C, has been signed by Mr. Mohd. Tanveer Ahmed and Mr. Sunny Gupta under the seal of Stock Indication as 'Partners'.
9. The complainant had stated that he had made two payments directly to Stock Indication's ICICI Bank account no. 029705500344. The acknowledgment of Registration of Firms which formed a part of ICICI Bank's KYC records shows Mr. Sunny Gupta as one of the partners of Stock Indication. During the course of examination, the hosting information of the website was verified at

<http://website.informer.com>. It is observed that the website, www.stockindication.com is owned by one Mr. Sunny. Further, the owner's email id used to create this website was gupta.sunny02@gmail.com.

10. It is noted from the complaint that, out of the five payments made by the complainant, three payments were made through the online payment gateway at Noticees website through 'PayU India Payments Pvt. Ltd (**"PayU money"**) and the remaining two payments were made directly into the Noticees ICICI Bank a/c no. 029705500344. Further, it is seen from www.archive.org that Stock Indication also has an account with HDFC Bank. In view of the same, details of KYC and transaction / account statements were sought from PayU money and from the respective Banks for all the accounts maintained by the Noticees with them.
11. ICICI Bank Ltd. has furnished the following information:
 - a. Stock Indication is a partnership firm with Mr. Mohd. Tanveer Ahmed and Mr. Sunny Gupta. They have signed under the seal of Stock Indication as 'Partners'.
 - b. Stock Indication is located at: 254, 15th cross, 29th main, JP Nagar, 9th phase, Bangalore - 560078.
 - c. Stock Indication has two current accounts with ICICI Bank viz., 029705004279 and 029705500344 and they have received credits aggregating to ₹ 1,02,57,556.68/- during the period August 30, 2017 to July 23, 2018 and ₹ 1,06,44,846.08/- during the period January 4, 2016 to July 17, 2018 respectively.
12. HDFC Bank Ltd. has furnished the following information:
 - a. Account No. 50200010950914 is held in the name of Stock Indication, with Mr. Mohd, Tanveer Ahmed as a Sole Proprietor of the firm.
 - b. Stock Indication is located at: 534, 2nd floor, 10th cross, 29th main, BTM Layout, 2nd stage, Bangalore.

- c. Stock Indication has two accounts with HDFC Bank viz., 50200010950914 and 502000121944915 and it has received credits aggregating to ₹ 31,59,281.73/- and ₹ 12,68,171.32/- respectively a during the period January 1, 2016 to September 10, 2018.

13. PayU money has furnished the details of payments processed for www.stockindication.com for the period April 30, 2016 to August 1, 2018. As per the said information, ICICI Bank a/c no. 029705004279 was linked bank account for receiving payments from PayU money and ₹ 1,00,78,937.10/-was credited to the said linked bank account from 889 transactions.

14. A tabular depiction of money credited into the various bank accounts held by Stock Indication (both directly and through PayU money) is as under:

S.No.	Name of Account Holder	PayU money/Bank A/c No.	Transaction Period	Aggregate value of Credit transactions (₹)
	Stock Indication	889 PayU money transactions which has been credited into ICICI Bank a/c no. at (1) below	30/4/2016 to 01/08/2018	1,00,78,937.10
1.	Stock Indication	ICICI Bank A/c no. 029705004279	30/08/2017 to 23/07/2018	1,02,57,556.68
2.		ICICI Bank A/c no. 02970550344	04/01/2016 to 17/07/2018	1,06,44,846.08
3.		HDFC Bank A/c no. 50200010950914	01/01/2016 to 10/09/2018	31,59,281.73
4.		HDFC Bank A/c no. 502000121944915	01/01/2016 to 10/09/2018	12,68,171.32
	Total of balances in the above 4 bank accounts			2,53,29,855.81

CONSIDERATION

15. On an examination of the material / information available on record, it is *prima facie* observed that :

- i. Mr. Mohd. Tanveer Ahmed and Mr. Sunny Gupta are the partners of the partnership firm, Stock Indication.
- ii. The complaint received by SEBI claims that the Noticees will give good profits to the complainant if he invests with Stock Indication.
- iii. From the details available on Noticees website, it is observed as under:
 - Stock Indication is providing investment advisory services to its clients for consideration.
 - Tips are being provided to the investors through calls.
 - The clients can avail the various services offered by Stock Indication in the securities market and commodities market by subscribing for a consideration to any of the services mentioned on the website of Stock Indication.

16. It is noted from the Service Tax Registration - Form ST - 2 filed by Stock Indication with Central Board of Excise and Customs, that under the category 'Taxable Services', it is mentioned as market research agency service and recognized stock exchange service in relation to transaction in securities.

17. Further, as noted in preceding paragraphs that one of the ICICI Bank accounts, account no. 029705004279 is linked to the PayU money account which is mentioned on Noticees website. It therefore, *prima facie* indicates that all the funds that have come through the PayU money account into the said ICICI Bank account (₹ 1,00,78,937.10/- through 889 transactions) is solely for the purpose of availing the services indicated on the website. Further, it is also *prima facie* inferred from the transaction statements of the other bank accounts mentioned on Stock Indication's website that the amount credited into these accounts were made for the purpose of availing the services indicated on the website.

18. In light of the above analysis and examination, it is, *prima facie*, evident that the Noticees are engaged in providing “*investment advisory services*” to investors on payment of fees as discussed in the preceding paragraphs, which *prima facie* falls under the definition of “*investment adviser*” as defined by Regulation 2(m) of the SEBI Investment Advisers Regulations, 2013 (“**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;”

19. In order to ensure that no investor is defrauded, it is imperative that any person carrying out investment advisory activities has to necessarily obtain registration from SEBI and conduct its activities in accordance with the provisions of SEBI Regulations. Section 12(1) of the Securities and Exchange Board of India Act, 1992 (“**SEBI Act**”) reads

“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:”

Further, as per Regulation 3(1) of the 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*”.

20. In this context, it is noted that none of the Noticees are registered with SEBI in the capacity as an investment advisor and the characteristics and features of the business activity carried out by the Noticees as discussed in the preceding paragraphs, *prima*

facie, leads to the conclusion that the Noticees are providing services of an investment adviser as defined under Regulation 2(m) of the IA Regulations.

21. In my view, an unregistered investment advisor like the Noticees can put investors at great risk by misleading them. Further in case of default by the Noticees in meeting of its obligation to investors, the normal remedies available to investors while dealing with SEBI registered intermediary such as invoking the grievance redressal mechanism, referring the matters to appropriate forums such as arbitration etc. are not available in this case which can put investors at peril. Thus, the activities of Stock Indication including its partners Mr. Mohd. Tanveer Ahmed and Mr. Sunny are, *prima facie*, in violation of Section 12(1) of SEBI Act read with Regulation 3 (1) of the IA Regulations.
22. SEBI has a statutory duty to protect the interests of investors in securities and promote the development of, and to regulate, the securities market. Section 11 of the SEBI Act has empowered it to take such measures as it thinks fit for fulfilling its legislative mandate. IA Regulations have been formulated with the main objective of regulating such activities to safeguard the interests of investors and hence registration of such activities with SEBI has been made mandatory. IA Regulations *inter alia* seek to create a 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 IA Regulations. The same is imperative for the protection of interests of investors and to safeguard the integrity of the securities market. In the instant case, the Noticees are soliciting and inducing the investors to deal in securities market on the basis of his investments advice, stock tips etc. *prima facie* without having the requisite registration / certification as mandated under IA Regulations. Further, it is noted from material made available on record that as recently as September 10, 2018 money is being credited to the bank account of the Noticees. This *prima facie* indicates that the Noticees are carrying on their unregistered investment advisory activity.

23. Considering the facts and circumstances of the present matter and on the basis of *prima facie* findings, it is necessary to take urgent preventive action in this matter and to take immediate steps to prevent the Noticees from collecting any more funds from the public and indulge in unauthorized investment advisory until full facts and materials are brought out. In light of the same, I find that there is no other alternative but to take recourse through an *interim ex-parte* order against the Noticees viz., Stock Indiation and its partners Mr. Mohd. Tanveer Ahmed and Mr. Sunny Gupta, for preventing them from collecting funds and indulging in unauthorized investment advisory without obtaining registration from SEBI in accordance with the law.
24. One of the directions that can be passed against the Noticees, subject to the adjudication of the allegation on the merits in the final order, under Sections 11(1) and 11B of SEBI Act is that of direction to refund the money collected by them from their clients. With the initiation of quasi-judicial proceedings, it is possible that the Noticees may divert the money collected from their clients. The same may result in defeating the effective implementation of the direction of refund, if any to be passed after deciding the matter on merits. Non-interference by the Regulator at this stage would therefore result in irreparable injury to interests of the securities market and the investors. It therefore becomes necessary for SEBI to take urgent steps of freezing the bank accounts of the Noticees.
25. In view of the foregoing, I, in exercise of the powers conferred upon me under Sections 11(1), 11(4)(b), 11B and 11D read with Section 19 of the SEBI Act hereby issue by way of this *interim ex-parte order*, the following directions –
- i. Stock indication (PAN: ACVFS0354G) and its partners, Mr. Mohd. Tanveer Ahmed (PAN: BAWPA2321M) and Mr. Sunny Gupta (PAN: BXUPQ7330K), are directed to:-
 - a. *cease and desist from acting as an investment advisor and cease to solicit or undertake such activity or any other activities in the securities market, directly or indirectly, in any matter whatsoever until further orders;*

- b. *not to access the securities market and buy, sell or otherwise deal in securities in any manner whatsoever, directly or indirectly, until further orders;*
- c. *not to divert any funds raised from investors, kept in bank account(s) and/or in their custody until further orders;*
- d. *immediately withdraw and remove all advertisements, representations, literatures, brochures, materials, publications, documents, websites, communications etc. in relation to their investment advisory activity or any other unregistered activity in the securities market until further orders.*
- ii. *Banks including ICICI Bank Ltd. and HDFC Bank Ltd. wherein Stock indication (PAN: ACVFS0354G) and its partners, Mr. Mohd. Tanveer Ahmed (PAN: BAWPA2321M) and Mr. Sunny Gupta (PAN: BXUPQ7330K) are holding bank accounts, to not allow any debits / withdrawals from the said accounts, without the permission of SEBI. The Banks are directed to ensure that all the above directions are strictly enforced. However, credits, if any, into the accounts maybe allowed.*
26. This Order is without prejudice to the right of SEBI to take any other action that may be initiated against Stock indication and its partners, Mr. Mohd. Tanveer Ahmed and Mr. Sunny Gupta in accordance with law.
27. This Order shall be treated as a show cause notice and Stock Indication and its partners, Mr. Mohd. Tanveer Ahmed and Mr. Sunny Gupta may 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 respective Regulations and thereby their activity be treated as unregistered activity under relevant SEBI Regulations and why appropriate directions, under Sections 11(1), 11B and 11D of the SEBI Act and relevant SEBI Rules/Regulations including directions to continue 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. Further why any direction to refund the amount collected from the investors/clients for its various schemes under Sections 11(1) and 11B of SEBI Act should not be issued against them.

28. The *prima facie* observations contained in this Order are made on the basis of the material available on record. In this context, Stock Indication and its partners, Mr. Mohd. Tanveer Ahmed and Mr. Sunny Gupta, may, within 21 days from the date of receipt of this Order, file their reply, if any, to this Order and may also indicate whether they desire to avail an opportunity of personal hearing on a date and time to be fixed on a specific request to be made in that regard.
29. The above directions shall take effect immediately and shall be in force until further orders.
30. A copy of this order shall be served upon all the Noticees, Banks, Stock Exchanges, Registrar and Transfer Agents and Depositories for necessary action and compliance with the above directions.

-Sd/-

Date: November 28, 2018

MADHABI PURI BUCH

Place: Mumbai

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA