

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER SECTION 11(1), 11(4), 11B OF SEBI ACT, 1992 IN THE MATTER OF M/s STOCK INDICATION
IN RESPECT OF

	Noticee	PAN
1	M/s Stock Indication	ACVFS0354G
2	Mohd. Tanveer Ahmed	BAWPA2323M
3.	Sunny Gupta	BKJPG7330K

Background

1. Securities and Exchange Board of India (hereinafter referred to as “SEBI”) received a complaint on July 2, 2018, alleging that the representatives of M/s Stock Indication and its partners Mohd. Tanveer and Sunny Gupta (collectively referred to as “the Noticees”), had represented to the complainant that M/s Stock Indication was a SEBI registered entity, and offered their services for building a good portfolio of shares and promised good profits against the investments. It was further alleged that the Complainant paid Rs. 2.05 lakhs in five transactions between May 28, 2018 and June 18, 2018 to M/s Stock Indication; and the Noticees had stopped responding to Complainant sometime after the said transactions. Accordingly, SEBI conducted a preliminary examination into the activities being carried out by the Noticees.
2. During the preliminary examination, Noticee 2 and Noticee 3 were not reachable and the website of M/s Stock Indication – www.stockindication.com - was found to be not active. Therefore, the archive pages of the website was downloaded from the www.archive.org for the purpose of the examination.
3. On examining the archived pages of the website, it was observed that the Noticees were prima-facie engaged in providing investment advisory activities without obtaining registration from

SEBI in violation of provisions of SEBI Act, 1992 (hereinafter referred to as “SEBI Act”) and SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as “IA Regulations”).

4. Accordingly, in order to prevent the Noticees from continuing to act as an unregistered investment advisor, to prevent further mobilisation of funds from the public under the guise of a SEBI registered entity, and to prevent the diversion of money already collected from investors, an Interim Order dated November 28, 2018 (hereinafter referred to as “IO”) was passed, issuing the following directions to the Noticees and banks:

“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 under take 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 Stockindication (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 may be allowed.”

5. The IO also called upon the Noticees 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 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. or 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.
6. The Interim Order was forwarded to the Noticees vide SEBI letter dated August 21, 2019. However, the interim Order could be served only on M/s Stock Indication and Mohd. Tanveer Ahmed; the letter addressed to Sunny Gupta was returned as undelivered. The Interim Order was thereafter uploaded on the SEBI website (www.sebi.gov.in) under the heads: Enforcement >> Orders of Chairman/Members and Enforcement >> Orders that could not be served. Subsequently, SEBI effected substituted service of the Interim Order to Sunny Gupta through publication in two newspapers (Times of India, Lucknow edition and Dainik Jagran, Bareilly edition) on February 15, 2020.
7. Noticees 2 and 3 submitted their replies to the interim order cum show cause notice vide email dated October 25, 2018. The notices had replied on similar lines and the summary of the same is given below,-
 - a. Stock Indication is a registered website undertaken to comply with the conditions prescribed in Chapter V of the Finance Act, 1994 read with Service Tax rules, 1994. The domain was registered on March 16, 2015 and renewed till March 06, 2018.
 - b. Stock Indication functioned "as a recognised stock exchange service in relation to transactions in securities, and Market agency service". A table containing a list of people and transactions conducted with them was also provided. The table contained a list of 29

transactions with for an amount of around Rs. 2.4 lakhs. The transactions were either classified as 'Stock Cash' or 'BN Option' or 'Option'.

- c. Thereafter, the Noticees were granted an opportunity of personal hearing on July 23, 2020. SEBI effected service of the hearing notices through publication in two newspapers (Hindustan Times, New Delhi Edition and Navbharat Times, New Delhi edition) on June 26, 2020, due to the non-operation of the postal services because of the lock down imposed due to the COVID-19 pandemic.
- d. On the date of the hearing, Mr. Mukesh Kumar, Advocate, appeared on behalf of the Mohd. Tanveer Ahmed, whereas Sunny Gupta appeared in person via video conferencing from the Northern Regional Office of SEBI at New Delhi. Thereafter, Mohd. Tanveer Ahmed and Sunny Gupta submitted written submissions vide emails dated October 10, 2020 and October 20, 2020, respectively. Nobody appeared on behalf of M/s Stock Indication and neither was any reply received on its behalf.

Summary of the submissions made by Mohd. Tanveer Ahmed

- a. Noticee was not aware that the activities being carried on by the partnership firm- Stock Indication, was a regulated activity and a certificate of registration from SEBI was required to carry on such activities.
- b. As soon as the notice from SEBI was received, the partnership was wound up.
- c. Noticee has cooperated with the SEBI investigation at all times.
- d. Noticee had no intention to defraud anyone and is willing to repay money, if any, which is owed to clients.
- e. Copy of the complaint was not supplied. It is requested to supply a copy of the said complaint and provide opportunity of de novo hearing.
- f. The contents of the said complaint dated 02.07.2018 are unsubstantiated and are denied as being wrong. The Noticee, neither in his individual capacity or as the partner of the firm has made any wrongful representation to anyone.

- g. It was also submitted that the Noticee had not committed any illegality and has been implicated due to the conduct of Mr. Sunny Gupta.
- h. Noticee submitted that M/s. Stock Indication was registered as a partnership firm on 01.06.2015 for providing services of financial advisor and accordingly partnership deed was executed between him and Sunny Gupta. The services which required legal compliances were to be undertaken only after fulfilling the requisite legal formalities as per the mutual understanding of both the partners.
- i. It was further alleged that Sunny Gupta was responsible for day to day affairs of the firm as is evident from the deed. The Noticee under bonafide belief proceeded with the partnership firm.
- j. The said firm was also registered under the relevant provisions of the Shop and Establishment Act with the appropriate Government. The said firm also filed its income tax return after duly disclosing source of its income without any failure.
- k. Website was created and domain was purchased by Sunny Gupta in his own name without taking the Noticee into confidence. Further, the said website was wrongly shown to be belonging to the firm and Sunny Gupta was the sole operator of the said website. The operation of the said website was absolutely beyond the power and control of the Noticee.
- l. It is submitted that Mr. Sunny Gupta offered various packages through the said website. The modus operandi was that Sunny Gupta used to buy the research data from companies registered with SEBI as Investment Advisory or Research Analyst and then to pass on the same data to his client without any change.
- m. The bank account in which money was received has also the KYC records of Mr. Sunny Gupta and no money was received in HDFC bank being operated by the Noticee.
- n. That upon knowing the illegality committed by Mr. Sunny Gupta, Noticee decided to dissolve the partnership firm and eventually the said partnership firm was dissolved vide Dissolution Deed dated 07.08.2018.

- o. Sunny Gupta started to distance himself from the present controversy and never cooperated with the Noticee owing to which he was not able to dig out things with precision leading to the present case. However, even with limited access to data of the firm, Noticee vide email dated 25.10.2018 replied to the said letter dated 02.08.2018 and submitted requisite documents as requisitioned by the Board.
- p. Most of the data and document pertaining to the functioning of the firm are in the possession of Sunny Gupta who has illegally withheld the same.
- q. That mere use of nomenclature 'market research agency service and recognized stock exchange service in relation to transaction in securities' in Form ST-2 does not per se make the Noticee or stock indication liable under the SEBI Act.
- r. That every operation of the firm has been shut down.
- s. It was also submitted that the Noticee undertakes not to reopen the operation of the said concern without obtaining requisite certificate from the Board. All advertisements, publications, brochures, documents etc, related to the activities of the said firm has already been removed and that the website is also not in operation.

8. Summary of the submissions made by Sunny Gupta

- a. Noticee was not aware that the activities being carried on by the partnership firm- Stock Indication, was a regulated activity and a certificate of registration from SEBI was required to carry on such activities.
- b. As soon as the notice from the SEBI was received, the partnership was wound up.
- c. Noticee has cooperated with the SEBI investigation at all times.
- d. Noticee had no intention to defraud anyone and is willing to repay money, if any, which is owed to clients.
- e. The Noticee also submitted a copy of both the partnership deed and dissolution deed of M/s Stock Indication.

CONSIDERATION

9. I have considered the SCN issued to the Noticee, the replies filed and other material available on record. The issue for consideration in these proceedings is whether the Noticees have acted as unregistered investment advisers in violation of the SEBI Act, 1992 and the IA Regulations.
10. Before moving forward, it will be appropriate to refer to the relevant provisions of the SEBI Act and the IA regulations which came into force w.e.f January 21, 2013.

SEBI Act, 1992

“Registration of stock brokers, sub-brokers, share transfer agents, etc.

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:

....”

IA Regulations

“Application for grant of certificate.

3. *(1) 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.”

11. I note that the present proceedings emanate from a complaint received by SEBI stating that the Noticees are representing themselves as a SEBI registered entity, and are offering advisory services related to investments in the securities markets. It was alleged in the Complaint that the Complainant had paid Rs. 2.05 lakhs to the Noticees in five transactions between the period May 28, 2018 to June 18, 2018: two payments were made directly to Stock Indication’s ICICI Bank account no. 029705500344 and three payments were made through the online payment gateway provided on Noticee’s website -‘PayU India Payments Pvt. Ltd (“ PayU money”).
12. I note from the records that SEBI had examined the archival record of the Noticee’s website accessed from www.archive.org, and it was observed that the following claims were made on the website,-
 - 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.
 - c) Stock Indication team consists of highly qualified analysts who are skilled and impeccable in their analysis. These analysts, 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) Their services include Nifty future tips, Equity tips, Commodity tips, Agro commodity tips including equity, (cash delivery, cash intraday etc.), derivatives, (stock futures, stock options etc.) commodity (bullions, base metals, energy, oil seeds, pulses, spices etc.)
 - e) 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

- f) The payment to subscribe to the services of Stock Indication can be made through PayUmoney.
13. It is noted from the records that 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 the linked bank account for receiving payments from PayU money and Rs. 1,00,78,937.10/- was credited to the said linked bank account during this period from 889 transactions.
14. It is also noted that Stock Indication had two current accounts with ICICI Bank - 029705004279 and 029705500344 - and they have received credits aggregating to Rs. 1,02,57,556.68/- during the period August 30, 2017 to July 23, 2018 and Rs. 1,06,44,846.08/- during the period January 4, 2016 to July 17, 2018, respectively. Stock Indication also had two accounts with HDFC Bank bearing Nos 50200010950914 and 502000121944915, and it has received credits aggregating to Rs. 31,59,281.73/- and Rs.12,68,171.32/- respectively during the period January 1, 2016 to September 10, 2018. Tabular depiction of money credited into the various bank accounts held by Stock Indication (both directly and through PayU money) is as under:

Table 1				
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

15. I note that Noticee No. 2 and 3 had submitted vide their reply dated October 25, 2018, on similar lines, that they were providing advisory services related to share purchases and provided a list of 29 transactions for a cumulative amount of around Rs. 2.4 lakhs. I, however, note from the audited Income and Expenditure statement of M/s Stockindication for the year ended March 31, 2018, submitted by Noticee No. 2, that the reported income from commissions amounted to Rs. 55,54,629.00 for just this one financial year. It is further noted that the Noticees have failed to submit any proof relating to the source of the money credited or the nature of the transactions reflected in the 4 bank accounts mentioned in Table 1 above.

16. I note that as per the Deed of Partnership of Stock Indication, that it has been constituted with two partners - Noticee 2 and Noticee 3 – to carry on the business of Financial Advisory, Market Research Agency etc. Both the partners had contributed equal amount of initial capital and the

net profit of the firm was also to be divided equally between the partners in terms of the deed. Further, the authorised person as per the deed to represent on behalf of the firm before government authorities and sign leases on behalf of the firm was Noticee No. 2.

17. Noticee No. 3 during the course of the personal hearing before me had submitted that he was not aware that the investment advisory activities conducted through Noticee No. 1 was a regulated activity and required a certificate of registration from SEBI. It was further stated that the Noticees had immediately upon receipt of the notice from SEBI, dissolved the partnership and ceased carrying on investment advisory activities.

18. I further note from the submissions made on behalf of Noticee 2 vide email dated October 10, 2020, that it has been submitted that Noticee No. 3- Sunny Gupta was responsible for the day to day affairs of the firm.; the website was created and domain was purchased by Sunny Gupta in his own name without taking the Noticee into confidence. It was also submitted that the website was wrongly shown to be belonging to the firm and Sunny Gupta was the sole operator of the said website and Noticee No. 2 upon knowing the illegality committed by Sunny Gupta, decided to dissolve the partnership firm.

19. In this regard, I am constrained to hold that the submission of the Noticee No.2 that Noticee No. 3 was in charge of the day to day operations of the firm and was responsible for creating the website and indulging in investment advisory activities, is clearly an afterthought. I note that no such claim was made in the initial reply dated October 25, 2018. Further, no evidence has been presented by Noticee No. 2 to support his claims that Noticee No. 3 was in charge of the operations of the firm other than the claims made in email dated October 10, 2020.

20. It is also noted that both Noticee No.2 and 3, in their replies have stated that M/s Stockindication has been dissolved and copy of the dissolution deed dated was also submitted. In this regard, I note that it is a settled position of law that the partners remain liable for any acts done in the name of the partnership prior to its dissolution even after such dissolution of the firm.

21. In view of the discussion above, appropriate action in accordance with law needs to be initiated against Noticee 2 and Noticee 3. The interim order has contemplated issuance of directions against the Noticees including prohibiting them from buying, selling or otherwise dealing in securities market, and to refund the amount collected from the investors/clients/partners for its existing schemes.
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 and in terms of Section 11 of the SEBI Act, it has been empowered it to take such measures as it thinks fit for fulfilling its legislative mandate. The Investment Advisers Regulations have been formulated with the main objective of regulating such advisory activities to safeguard the interests of investors. Registration of investment advisers under the IA Regulations has been mandated so as to provide protection to investors trading in the securities market relying on the investment advices rendered by such entities. Registration ensures that a registered Investment Advisor will carry out its activities in compliance with the terms and conditions of the certificate of registration and by fulfilling the prudential norms, risk profiling measures, disclosure and other requirements mandated under the Regulations.
23. In view of the failure of the Noticees to provide satisfactory information related to the nature of the transactions reflected in the four bank accounts mentioned above, and taking into account the packages/fees listed out for various types of services on their websites coupled with the credit entries from the Payment gateway as detailed out in preceding paragraphs, I am constrained to hold that the amounts as alleged in the Interim Order are nothing but the amounts received by the Noticees, for rendering unauthorised investment advisory services to investors in Stock Market. Accordingly, the sum total of all the transactions/ credit entries aggregating Rs. 2,53,29,855.81/- found in the bank accounts mentioned in table 1 are held to have been paid by the clients into the accounts of Noticees through different channels in lieu of investment advisory services.

Order –

24. Therefore, I, in exercise of the powers conferred under section 19 of the SEBI Act read with sections 11(1), 11(4) and 11B of the SEBI Act, hereby issue the following directions:

- a. Noticee No. 2 and Noticee No. 3, shall forthwith refund the money received from its clients as fees/profit sharing/compensation in any other form, in respect of its unregistered investment advisory and unregistered research analyst activities.
- b. Noticee No. 2 and Noticee No. 3 shall issue public notice in all editions of two National Dailies (one English and one Hindi) and in one local daily with wide circulation, detailing the modalities for refund, including the details of contact persons such as names, addresses and contact details, within 15 days of this Order coming into effect.
- c. The repayments to the clients shall be effected only through Bank Demand Draft or Pay Order both of which should be crossed as “Non-Transferable” or through any other appropriate banking channels with clearly identified beneficiaries.
- d. Noticee No. 2 and Noticee No. 3 shall not sell their assets, properties and holding of mutual funds/shares/securities held by them in demat and physical form except for the purpose of making refunds as directed above.
- e. After completing the aforesaid repayments/refunds to the clients, Noticees no. 2 and 3 shall file a report of completion of repayment with SEBI by addressing their communication to the Division Chief, Division of Regulatory Action-4, Enforcement Department-1, SEBI Bhavan, Plot No. C4 A, G Block, Bandra Kurla Complex, Bandra (East) Mumbai – 400051, within a period of five (05) months from the date of this order. The report of repayment shall be duly certified by an independent Chartered Accountant licensed by the Institute of Chartered Accountants of India (ICAI).
- f. Noticee No. 2 and Noticee No. 3 are debarred from accessing the Securities Market, directly or indirectly, and are prohibited from buying, selling or otherwise dealing in the

Securities Market, directly or indirectly in any manner whatsoever, from the date of this order till the expiry of 3 years from the date of completion of refund to all investors. It is clarified that during the period of restraint, the existing holding of securities of the Noticees including units of mutual funds, shall remain frozen and can be utilized only for the repayment/ refund of fee to the client as directed above.

- g. During the aforesaid period of debarment or prohibition, Noticees no. 2 and 3 are also restrained from associating with any company whose securities are listed on a recognized stock exchange and any company which intends to raise money from the public, or any intermediary registered with SEBI in the capacity of Director/Promoter/Senior Management from the date of this order till the expiry of three (03) years from the date of completion of refunds to investors as directed in paragraph 24(a) of this Order.
- h. The Noticee No. 2 and Noticee No. 3 shall ensure withdrawal and removal of 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 and further ensure that no impression is created in any manner about undertaking or continuation of any activities in the Securities Market without obtaining a certificate of registration from SEBI.
- i. No direction is being issued against Noticee No.1 as a copy of the registered deed of dissolution dated August 07, 2018 was presented.

25. The above direction for refunds/repayment to clients does not preclude the clients/investors to pursue the other legal remedies available to them under any other law against the Noticees for refund of money or deficiency in service.

26. The Order shall come into force with the immediate effect.

27. A copy of this order shall be forwarded to the Noticees, all the recognized Stock Exchange, depositories and registrar and transfer agents for ensuring compliance with the above directions.

Place: Mumbai
Date: February 05, 2021

G. MAHALINGAM
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA