

WTM/AB/SRO/SRO/14803/2021-22

SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

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

In respect of:

	Name of the Noticees	PAN
1.	Bullmatics Advisory Private Limited	AAGCB7496J
2.	Triloki Nath Verma	AQRPV9857H
3.	Ajitesh Kumar	DGVPK5909N

In the matter of Bullmatics Advisory Private Limited

(Aforesaid entities are hereinafter individually referred to as by their respective name or noticee number and collectively as “the Noticees”).

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1. The present proceedings emanate from a show cause notice dated June 28, 2021 (hereinafter referred to as the “**SCN**”) issued by the Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) against Bullmatics Advisory Private Limited (hereinafter referred to as “**Bullmatics**”) and its directors Shri Triloki Nath Verma and Shri Ajitesh Kumar (hereinafter also referred to as “**the Noticees**”), alleging that Bullmatics engaged in the activities of an ‘investment adviser’ as defined under Regulation 2(m) of SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as “**IA Regulations, 2013**”) without obtaining registration from SEBI, in violation of provisions of Regulation 3(1) of the IA Regulations read with Section 12(1) of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act, 1992**”). The Noticees were asked to show cause as to why suitable

directions, including refund of fees collected, debarment, non-association with listed entities, intermediaries, etc. be not issued against them under Sections 11(4) and 11B of the SEBI Act, 1992. The SCN was served on the Noticee nos 2 and 3. Vide emails dated July 12, 2021, replies were filed by the Noticee nos. 2 and 3. Further, since the SCN issued to Noticee no.1 (Bullmatics) was returned undelivered, the same was sent to its directors. The matter was placed before me for obtaining a hearing date on November 23, 2021 and an opportunity of hearing was granted to the Noticees on December 29, 2021. On the said date the Noticees appeared and made submissions and the hearing was concluded *qua* the Noticees.

2. I note that the following facts have been recorded in the SCN:

- i) SEBI received a complaint from one Kota Venkatraman against Bullmatics wherein the complainant, *inter alia*, alleged that Bullmatics had carried out the activities of investment adviser without obtaining SEBI registration. In view of the complaint received, SEBI started an examination to ascertain whether unregistered investment advisory activities are being carried out by the company. To that end, the website of the firm, www.bullmatics.com, particulars of its bank accounts and KYC details were perused to gather information. It was noted that above website was inactive as on December 10, 2020. However, the print out of the web pages of the Bullmatics website was taken when the aforesaid website was active and have been placed on record.
- ii) SEBI's examination found that Bullmatics was incorporated as a private limited company on June 09, 2016 and Triloki Nath Verma (Noticee No.2) and Ajitesh Kumar (Noticee No.3) are its directors, having shareholding of 50% each. In the KYC documents obtained from banks, the nature of business of the company is mentioned as "share market advisory services". Further, Triloki Nath Verma and Shri Ajitesh Kumar were the authorized signatories of the bank accounts held by Bullmatics.

- iii) As per the intermediary database on SEBI website, Bullmatics Advisory Private Limited, Shri Triloki Nath Verma **and** Shri Ajitesh Kumar are not registered with SEBI as investment advisers.
- iv) It was observed that Bullmatics provided investment advice through its website www.bullmatics.com.
- v) The pricing of various services offered by the company as per its website is as under:

Table 1				
Service Name	Pricing			
	Monthly	Quarterly	Half Yearly	yearly
Agri Pack	25,000	35,000	55,000	90,000
Btst /Stbt	25,000	38,000	45,000	80,000
Bullion (Base Metals)	25,000	38,000	60,000	90,000
Bullion (Precious Metals)	25,000	40,000	65,000	95,000
Bullion HNI Pack	45,000	1,00,000	1,70,000	2,60,000
Cash Delivery Pack	35,000	50,000	70,000	90,000
Combo Pack (Stock Cash + Nifty + Stock Future)	30,000	45,000	75,000	1,10,000
Commodity Combo (Base+Precious)	25,000	NA	75,000	1,10,000
Commodity Combo (Base+Precious))	NA	45,000	NA	NA
Future Delivery Pack	35,000	50,000	70,000	90,000
Inventory Call	25,000	35,000	55,000	80,000
Nifty Tips	25,000	35,000	45,000	65,000
Option Tips	25,000	45,000	60,000	90,000
Stock Cash Tips	20,000	35,000	48,000	70,000
Stock Future Tips	25,000	40,000	58,000	80,000

- vi) Three bank accounts were listed in the website – ICICI Bank (107505001536), HDFC Bank (50200020864661) and Axis Bank (917020067696869). Payumoney is the payment gateway mentioned on the website. The account details are given below:

Table 2					
Account Number & Bank	Account details	Address	Contact number	Email id	Remarks
107505001536 ICICI Bank	Bullmatics Advisory Pvt. Ltd. – AAGCB7496J	No. 1141, 1 st floor, 8 th cross, 2 nd block BTM 4 th stage Bangalore - 560076	9035841233, 9590730429	Tnvinfo.99@gmail.com, ajitesh.kr99@gmail.com	Authorized signatory – Triloki Nath Verma, Ajitesh Kumar

502000208 64661 HDFC Bank	Bullmatics Advisory Pvt. Ltd. – AAGCB7496J	No. 1141, 1 st floor, 8 th cross, 2 nd block BTM 4 th stage Bangalore - 560076	95907304 29	Tnvinfo.99 @gmail.co m	Authorized signatory – Triloki Nath Verma, Ajitesh Kumar
917020067 696869 Axis Bank	Bullmatics Advisory Pvt. Ltd. – AAGCB7496J	No. 1057/A, Ground floor, 14 th main 1 st phase, BTM 15 stage, Bangalore - 560029			Activity – stock trading
Payumone y (Linked to ICICI Bank A/c No.'107505 001536)	Bullmatics Advisory Pvt. Ltd. – AAGCB7496J	No. 1057/A, Ground floor, 14 th main 1 st phase, BTM 15 stage, Bangalore - 560029	90358412 33	-	-

vii) A total of 2,330 credits were received in the bank accounts of Bullmatics since July 25, 2016, amounting to a total of Rs. 1,70,07,802.

viii) Further, during the examination Bullmatics was asked to submit details of its activities. Vide letter dated October 17, 2019, Bullmatics *inter alia* submitted as under:

a) The objects of the company as per the Memorandum of Association of the company is as under:

- To carry on in India or elsewhere in the world the business of advisors, consultants, experts, business valuers and service providers in the area of amalgamation, mergers, de-mergers, restructuring of business, finance, accounts, marketing and management.
- To carry on in India or elsewhere in the world the business of consultancy, training, recruitment, executive search service providers, placement consultants and outsourcing of Finance, Accounts, Investment Analysts and other senior/middle and other levels of staff/executives.

b) The company is not registered with SEBI or any other regulator in India.

c) The company is engaged in the following activities since July 2016 and provides the following:

- Stock Cash Tips
- Stock Future Tips
- Option Tips
- Nifty Tips
- Future Delivery Pack
- Cash Delivery Pack

d) www.bullmatics.com was created by a freelance website developer in the year 2016 and since then, the directors of the company are responsible for hosting and maintaining the website.

3. Based on the above observations, the SCN alleged that Bullmatics was engaged in investment advisory services without obtaining a certificate of registration with SEBI as an Investment Adviser in violation of Regulation 3(1) of the IA Regulations read with Section 12(1) of the SEBI Act, 1992. Further, the SCN has alleged that the directors of Bullmatics, Shri Triloki Nath Verma and Shri Ajitesh Kumar who conduct the business are responsible for the activities of M/s. Bullmatics Advisory Private Limited. Accordingly, Shri Triloki Nath Verma and Shri Ajitesh Kumar are liable for the activities done through M/s. Bullmatics Advisory Private Limited in terms of Section 27 of the SEBI Act, and hence also alleged to have violated the provisions of Regulation 3(1) of the IA Regulations read with Section 12(1) of the SEBI Act, 1992. In view of the alleged violations, the SCN called upon the Noticees to show cause as to why directions under Sections 11(4) and 11B of the SEBI Act, 1992 be not issued against them.
4. As noted above, the Noticees filed a reply dated July 12, 2021 to the SCN and appeared for a personal hearing before me on December 29, 2021. The Noticees have *inter alia* submitted the following:
- a. The directors of the company are Engineers by profession, and graduated from VTU, Bangalore in the year 2013. They started their own company, *i.e.*, Bullmatics, after gaining knowledge of the market and doing a lot of research.
 - b. The directors were unaware about the compliance requirements of SEBI. However, on finding out about the same, they tried to comply

with the requirements with utmost urgency. Both the directors, namely, Ajitesh Kumar and Triloki Nath Verma appeared for the NISM exams and passed. Further, they obtained certification from stock market institute regarding basics of stock market, Fundamental Analysis, Portfolio Construction and Technical Analysis.

- c. The directors of the company agree to the fact that they carried out investment adviser work and violated the Regulation 3(1) of IA Regulations read with Section 12(1) of SEBI Act, 1992.
 - d. They received an amount of Rs.1,70,07,802.52 in all the bank accounts during their operation period. These amounts include the fees charges for Advisory services. They did not receive any amount for investment from their clients. They only charged advisory fees for the advice given to clients.
5. I have considered the allegations made in the SCN along with the findings of the examination by SEBI stated therein, reply received in the matter and submissions made by the Noticees during the hearing.
6. In this regard I note that the definition of Investment Adviser as given in Regulation 2(1)(m) of the IA Regulations, 2013 is as follows:

“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;”

Further, Regulation 2(1)(l) states as follows:

“investment advice means advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio containing securities or investment products, whether written, oral or through any other means of communication for the benefit of the client and shall include financial planning:

Provided that investment advice given through newspaper, magazines, any electronic or broadcasting or telecommunications medium, which is widely available to the public shall not be considered as investment advice for the purpose of these regulations;"

7. I note that, in the reply of the Notices it has been accepted that the website www.bullmatics.com was run by them. I note that on the website it has been claimed that BullMatics is the fastest growing **Investment Advisory Company**. As alleged in the SCN, the websites also stated as follows:

- a. *BullMatics Advisory is a fastest growing **Investment Advisory Company**. BullMatics provides recommendation in all segment of stock market like Capital Market, Commodity Market, Forex Market etc.*
- b. *BullMatics offers weekly & daily newsletters for you to prepare for trading. All services are provided through SMS & Instant Messenger. Our SMS facility is very efficient & fast that provides you instant delivery of Message without any loss of time So, the clients get adequate time to enter into the trade and fetch the profit. Our initial priority is our Investor and Daily Trader, thus we would like to thrill our consumer by adding additional and additional Height to their Capital and money. Bring Passion to figure, Be Disciplined, Committed & clear.*
- c. *Our Research Team consists of highly qualified and experienced analysts who use state of art skilled and impeccable in their analysis. Their aim is to provide services in accordance with the comfort levels of all traders/investors in stock market ranging. These analyst, using their experience and latest software tools, to find the right opportunities in the market with high accuracy are able to predict the movements in share market on time and with high accuracy. There analytical skill and accuracy level is our biggest strength by which we are able to satisfy our clients. We are offering free trial in stock cash, stock future, nifty/bank nifty, option, MCX, Ncdex & forex market. For getting free trial pack you can fill trial form from site or call us on + 91 9538725500 / 9620411112. For any query or feedback feel free to mail us on contactus@BullMatics.com.*
- d. *Bullions & Energy are most favorite of all traders around the world but also so much risk involve in bullion trading. We have made trading in Commodity easier for you. Whether you are an*

experienced investor, a seasoned investor or just a beginner, you can invest independently and grow your money with our strong research based advice. In this service we offer research in bullion as well as energy to intraday trader through our in-depth intraday technical calls round the clock.

- e. *Our equity research & strategy team produces investment themes and insight focused on the various market issues i.e. economy, corporate action etc, which help us to pick a right stock out of 1300 stock listed in NSE. We have analyst and strategist for each and every sector to provide clients with rigorous, well thought out and innovative research & strategy. Our Stock Cash services are specially designed for stock cash traders who trade in NSE and BSE. Stock Laxmi Financial Services provides recommendations with HIGH accuracy which creates profits for our clients.*

8. From the above, I note that Bullmatics claimed to be the fastest growing investment advisory company, and that it provided recommendation in all segment of stock market like Capital Market, Commodity Market, Forex Market etc. It claimed to have a Research Team consisting of highly qualified and experienced analysts who use state of art skills and were impeccable in their analysis. Moreover, I note that the Noticees have also admitted that they were running investment advisory services without having obtained registration from SEBI in their letter dated October 17, 2019 and submissions before me.
9. Further, Bullmatics offered various packages priced monthly, quarterly, half yearly and yearly, which ranged from Rs. 20,000 to Rs. 2,60,000. The pricing of various services offered by the company as per its website is as under:

Table 3				
Service Name	Pricing			
	Monthly	Quarterly	Half Yearly	yearly
<i>Agri Pack</i>	25,000	35,000	55,000	90,000
<i>Btst /Stbt</i>	25,000	38,000	45,000	80,000
<i>Bullion (Base Metals)</i>	25,000	38,000	60,000	90,000
<i>Bullion (Precious Metals)</i>	25,000	40,000	65,000	95,000

Table 3				
Service Name	Pricing			
	Monthly	Quarterly	Half Yearly	yearly
<i>Bullion HNI Pack</i>	45,000	1,00,000	1,70,000	2,60,000
<i>Cash Delivery Pack</i>	35,000	50,000	70,000	90,000
<i>Combo Pack (Stock Cash + Nifty + Stock Future)</i>	30,000	45,000	75,000	1,10,000
<i>Commodity Combo (Base+Precious)</i>	25,000	NA	75,000	1,10,000
<i>Commodity Combo (Base+Precious))</i>	NA	45,000	NA	NA
<i>Future Delivery Pack</i>	35,000	50,000	70,000	90,000
<i>Inventory Call</i>	25,000	35,000	55,000	80,000
<i>Nifty Tips</i>	25,000	35,000	45,000	65,000
<i>Option Tips</i>	25,000	45,000	60,000	90,000
<i>Stock Cash Tips</i>	20,000	35,000	48,000	70,000
<i>Stock Future Tips</i>	25,000	40,000	58,000	80,000

10. I note that a total of 2,330 credits were received in the bank accounts/ payment gateways mentioned in the website of Bullmatics, amounting to a total of Rs. 1,70,07,802. In their replies, the Noicees have admitted that this amount was received as fees/ charges for Advisory services. Details of the same are given below:

Table 4 – Summary of Transactions					
Account Number & Bank	Statement period	Total Credits (Rs.)	No. of Credit Transactions	Last Credit Transaction date	Closing Balance
917020067696869 Axis Bank	07/10/2017 to 12/10/2019	4,64,041.30	51	16/09/2019	0
50200020864661 HDFC Bank	10/08/2016 to 21/10/2019	22,25,445.25	433	24/09/2019	0
107505001536 ICICI Bank	25/07/2016 to 03/04/2020	72,70,962.97	794	02/04/2020	0
Payumoney (Linked to ICICI Bank A/c No.'107505001536)	16/11/2016 to 01/10/2019	70,47,353.00	1,052	01/10/2019	0
Total		1,70,07,802.52	2,330		

11. From the aforesaid facts, I find that Bullmatics was engaged in giving advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products through its website for consideration which could be paid by the investors in the bank accounts mentioned on their website or through the payment gateway mentioned on the website. I find that the Noticees have

received 2330 credits in these bank accounts and through the payment gateway, amounting to Rs. 1.7 crore (appx). Therefore, I find that in terms of Regulation 2(1)(l) of IA Regulations, 2013 Bullmatics was providing “investment advice” through its website. I also find that these services were being offered by the Noticees *in lieu* of the consideration, as noted above.

12. With respect to the liability of the directors of Bullmatics, *i.e.*, Noticee nos. 2 and 3, I note that the Noticees have admitted that they had set up the company and were each holding 50% of the shares of the company. The Noticee nos. 2 and 3 have also admitted that they hosted and managed the website of Bullmatics and that they carried out investment adviser work. They were the authorized signatories of the bank accounts of the Noticee No. 1, and have stated that they received money for the investment advice imparted by them. Moreover, they were the only two directors of the company. Further, I note that after amendments made to Section 27 of the SEBI Act with effect from March 08, 2019, by the Finance Act, 2018, vicarious liability of persons in charge of, and responsible to the company for the conduct of the business of the company, for civil liability of companies, has been introduced. As noted above, the consideration for “investment advice” was received from July 25, 2016 and as late as May 3, 2020. The directors of Bullmatics were in charge of the affairs of the company and the conduct of its business. In view of the same, I am of the opinion that Section 27 of the SEBI Act would also apply to Noticee nos. 2 and 3, and they are liable for the acts of Noticee No. 1.
13. Therefore, I find that Bullmatics and its directors, Shri Triloki Nath Verma and Shri Ajitesh Kumar were engaged in the business of providing investment advice to its clients, for consideration, and thus, acting as investment adviser/s, as defined under Regulation 2(1)(m) of the IA Regulations, 2013.
14. I also note that, 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 Act, 1992 and

Regulations framed thereunder. Section 12(1) of SEBI Act, 1992 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.”

15. I note that for seeking a certificate of registration for acting as an investment adviser, an entity is required to satisfy *inter alia* the following requirements, as provided under IA Regulations, 2013:

- (i) An application for seeking certificate of registration to be made to Local Office, Regional Office or Head Office, of SEBI, as the case may be, in Form A as specified in the First Schedule to IA Regulations, 2013 along with requisite non-refundable application fee;
- (ii) The applicant, in case of an individual investment adviser or its principal officer in case of a non-individual investment adviser shall be appropriately qualified and certified as under:
 - a. A professional qualification or post-graduate degree or post graduate diploma (minimum two years in duration) in finance, accountancy, business management, commerce, economics, capital market, banking, insurance or actuarial science from a university or an institution recognized by the Central Government or any State Government or a recognized foreign university or institution or association or a professional qualification by completing a Post Graduate Program in the Securities Market (Investment Advisory) from NISM of a duration not less than one year or a professional qualification by obtaining a CFA Charter from the CFA Institute;

- b. An experience of at least five years in activities relating to advice in financial products or securities or fund or asset or portfolio management;
 - c. Applicant in case of individual investment adviser or its principal officer in case of a non-individual investment adviser, and persons associated with investment advice shall have, at all times a certification on financial planning or fund or asset or portfolio management or investment advisory services, from (a) NISM; or (b) any other organization or institution including Financial Planning Standards Board of India or any recognized stock exchange in India provided such certification is accredited by NISM.
 - (iii) Individual applicant must have net worth of not less than 5 lakh rupees and non-individual applicant must have net worth of not less than 50 lakh rupees.
16. I note that safeguards provided under IA Regulations, 2013 requires continued minimum professional qualification and net-worth requirement for investment adviser, including disclosure of all conflict of interest, prohibition on entering into transactions which are contrary to advice given for 15 days, risk profiling of investors, maintaining documented process for selecting investment for client based on client's objective and risk profile, understanding the nature and risks of products or assets selected for clients, etc. These requirements are aimed at protection of investor interest.
17. Further, as per regulation 3(1) of IA Regulations, 2013 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"*.

18. The activities of the Bullmatics, as brought out from the various materials described above, seen in the backdrop of the aforesaid provisions show that it was acting as an investment adviser. However, it is noted that Bullmatics was not registered with SEBI in the capacity of Investment Advisor. Hence, I find that these activities were being carried out by Bullmatics without holding the certificate of registration as investment adviser and are in violation of Section 12(1) of SEBI Act, 1992 read with Regulation 3(1) of the IA Regulations, 2013. Being in charge of the conduct of the business of Bullmatics, its directors are also in violation of Section 12(1) of SEBI Act, 1992 read with Regulation 3(1) of the IA Regulations, 2013 in terms of Section 27 of the SEBI Act.
19. I note that the Noticees have collected Rs. 1.7 crore (appx.) as discussed in paras 10 and 11 above. Further, investment advisory services was the only business that Bullmatics engaged in. I also note that the Noticees have also admitted that they have collected this amount and this amount credited in their account comprises only fees received and they did not take any money from investors for making investment.

DIRECTIONS

20. In view of the foregoing, I, in exercise of the powers conferred upon me in terms Sections 11(4) and 11B read with of Section 19 of the SEBI Act, 1992, hereby direct that:
- a. The Noticee nos. 1, 2 and 3 shall within a period of three months from the date coming into force of this direction, jointly and severally, refund the money received from any complainants/ investors, as fees or consideration or in any other form, in respect of their unregistered investment advisory activities;
 - b. The Noticees 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 person such

as names, addresses and contact details, within 15 days of coming into force of this direction;

- c. The repayments to the complainants/ investors shall be effected only through Bank Demand Draft or Pay Order or electronic fund transfer or through any other appropriate banking channels, which ensures audit trails to identify the beneficiaries of repayments;
- d. The Noticees are prevented from selling their assets, properties and holding of mutual funds/shares/securities held by them in demat and physical form except for the sole purpose of making the refunds as directed above. Further, the banks are directed to allow debit only for the purpose of making refunds to the clients/ investors/ complainants who were availing the investment advisory services from the Noticees, as directed in this order, from the bank accounts of the Noticees;
- e. After completing the aforesaid repayments, the Noticees shall file a report of such completion with SEBI addressed to the Division Chief, CIS Division, Investment Management Department, SEBI Bhavan, Plot No. C4 A, G Block, Bandra Kurla Complex, Bandra (East) Mumbai –400051, within a period of 15 days, after completion of three months from the coming into force of the directions at para 20(a) and (b) above, duly certified by an independent Chartered Accountant and the direction at para 20(d) above shall cease to operate upon filing of such report on completion of refunds to complainants/ investors;
- f. The Noticees 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, for a period of 6 months from the date of this order or till the expiry of 6 months from the date of completion of refunds to complainants/ investors as directed in para 20(a) above, whichever is later;

- g. The Noticees shall not undertake, either during or after the expiry of the period of debarment/restraint as mentioned in para 20(f) above, either directly or indirectly, investment advisory services or any activity in the securities market without obtaining a certificate of registration from SEBI as required under the securities laws.
21. The direction for refund, as given in para 20(a) above, 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 before any appropriate forum of competent jurisdiction.
22. This order comes into force with immediate effect. However, in view of the exceptional circumstances emerged due to the outbreak of COVID-19 and consequential restrictions imposed in different parts of the country, the direction given in para 20 (a) and (b) above, shall come into force from February 28, 2022.
23. A copy of this order shall be sent to the Noticees, recognized Stock Exchanges, the relevant banks, Depositories and Registrar and Transfer Agents of Mutual Funds to ensure that the directions given above are strictly complied with.

Date: January 28, 2022

Place: Mumbai

**ANANTA BARUA
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA**