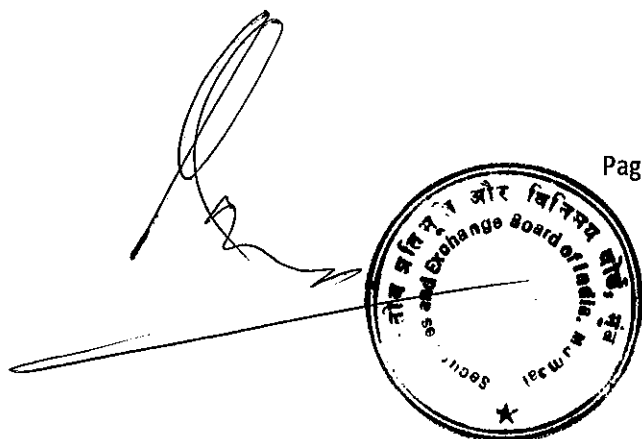


**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI
CORAM: S. RAMAN, WHOLE TIME MEMBER**

ORDER

Under Section 11(1), 11B and 11D of the Securities and Exchange Board of India Act, 1992 read with SEBI (Investment Advisers) Regulations, 2013 in respect of Mr. Ravi Chouksey, Proprietor, Gravita Research Company (PAN - ANXPC4593L).

1. Securities and Exchange Board of India (hereinafter referred to as "SEBI") received information regarding an entity based in Madhya Pradesh, viz. Gravita Research Company; Prop: Mr. Ravi Chouksey (hereinafter referred as "Gravita Research"/"entity"), wherein it was informed that the entity was offering trading tips and investment advice through its website (www.gravitaresearch.com,) to general public.
2. As a matter of preliminary enquiry into the matter, SEBI vide its letter dated August 13, 2013 *interalia* sought the following information from Gravita Research in relation to their business activities:
 - Addresses and telephone numbers of all the branches of Gravita Research,
 - Details of past/present proprietor of Gravita Research along with addresses, contact numbers and PAN Card details,
 - List of all the activities undertaken by Gravita Research including investment advice or portfolio management services, if any along with fees charged for each activity.
 - Basis of offering investment advice along with copies of few latest research reports in respect of each recommendation given as an investment advice.
 - Details of all the employees/ retainers with their qualifications and nature of services offered by them.
 - Number of clients to whom investment advice has been provided during last 6 months.



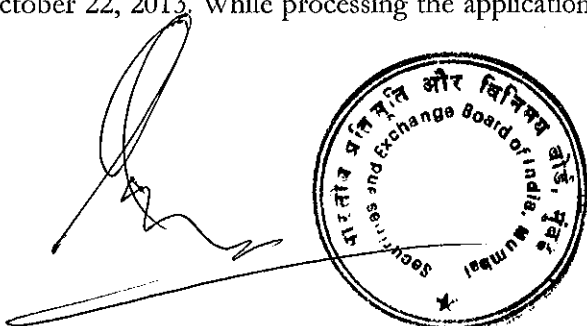
- Certified copy of audited financial statement for last three years.
- Copy of Income Tax Return and Service Tax Return filed by the entity for last three years.
- Information about registration with SEBI or any other regulators in India, if any. Details of application, in case the entity had applied with SEBI for registration as investment adviser.
- Details of any other similar activities, if any, carried out by group/associates company.

2.1 As Gravita Research failed to respond, a reminder letter dated September 25, 2013 was sent to the entity. Vide its undated letter received by SEBI on October 01, 2013, Gravita Research submitted the following information/details,

- Address of registered office and branch offices with contact numbers.
- Details of the proprietor.
- Details of activities being carried out by Gravita Research.
- Details about the basis of offering investment advice.
- Gravita Research informed that certified financial statement and income tax return are under process and the entity will be applying for the first time for registration.

2.2 On the basis of the information/details obtained from the website and the information furnished by Gravita Research, it was observed that Gravita Research was engaged in providing investment advisory services to general public on payment of fees, without obtaining registration from SEBI as mandated under Section 12 of the SEBI Act, 1992 and Regulation 3(1) of the SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as "**SEBI Investment Advisers Regulations**"). In view of this, SEBI, vide its email dated October 01, 2013 informed Gravita Research that its activities fall under the purview of SEBI (Investment Advisers) Regulations, 2013 and therefore, the entity should apply for registration with SEBI as an Investment Adviser (hereinafter referred as 'IA').

2.3 Subsequent to this, Gravita Research applied for registration as IA vide its application received at SEBI Office on October 22, 2013. While processing the application of Gravita



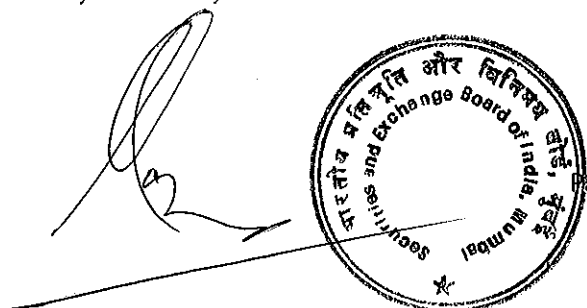
Research, various shortcomings were observed in the application *viz.* failure to submit certain documents like, CIBIL Report, Income Tax Returns for last three years, details of proposed services/write-up on existing services, declaration pertaining to compliance and continual compliance with Regulation 7(2) of SEBI Investment Advisers Regulations etc. All these deficiencies in the application were communicated to Gravita vide letters dated January 20, 2014 and February 13, 2014 and e-mails dated February 13, 2014, February 17, 2014 and March 10, 2014.

2.4 Gravita Research submitted its response vide its undated letters received by SEBI on February 04, 2014 and March 03, 2014. On examining the materials/documents furnished by Gravita Research, following shortcomings were observed,

- Gravita Research failed to provide the requisite documents/information *viz.* CIBIL report etc.
- The risk profile questionnaire did not contain all the details/information that were required to be collected as per the relevant regulations
- Guaranteed returns were being offered by Gravita Research.

2.5 In view of this, the application for registration of Gravita Research was closed by SEBI for not complying with the conditions stipulated by the SEBI Investment Advisers Regulations. The information about the closure of the application was communicated to Gravita Research, vide letter dated March 27, 2014. The said letter was received by the Prop. of Gravita Research, *viz.* Mr. Ravi Chouksey. Vide the said letter, SEBI also advised Gravita Research to remove all the advertisements, representations, phrases etc., which offers investment advice, guaranteed returns/accuracy of calls etc., from its website. It was observed that Gravita Research, vide their e-mail dated March 07, 2014 informed SEBI that they had removed the said advertisements, representations, phrases, offers of guaranteed returns etc. from their website.

2.6 Subsequent to this, it was observed from the website of Gravita Research (www.gravitarsearch.com) that the entity was fully functional and continued to provide



investment advice to general public without necessary registration for the same. It was also noted that the regularly updated track sheets of the advice given by Gravita Research were available on its website.

2.7 In view of this, SEBI vide its letter dated May 21, 2014, sought comments/reasons from Gravita Research for non-compliance with SEBI (IA) Regulations, 2013 and advised to submit its reply within stipulated time. However, the letter got returned undelivered stating that Gravita Research had shifted from the said address.

2.8 A perusal of the website of Gravita Research reveals the following information:

a. The following has *inter alia* been mentioned on the website of Gravita Research:

"Gravita Research is now a leading STOCK analysis and COMMODITY analysis advisory company which provides experts recommendations for Stock Cash and Stock Futures traded in NSE.

We Provide Share Market Recommendations through SMS and Strong and Committed Support team which helps the client in trading as well as understanding the market well.

Gravita Research is a professionally run company with a long term goal to provide maximum return on investment(ROI) on every investors money.'

In this service we provide stock tips with more than 85% accuracy which drives to profit.

We assure you 85-90% accuracy in this plan on consistent basis

b. Activities of Gravita are also mentioned in the FAQ section of its website wherein it is stated that,

' We provide the recommendations of Equity and Commodity Market '

c. Bank account details of entity as mentioned on its website are detailed below:

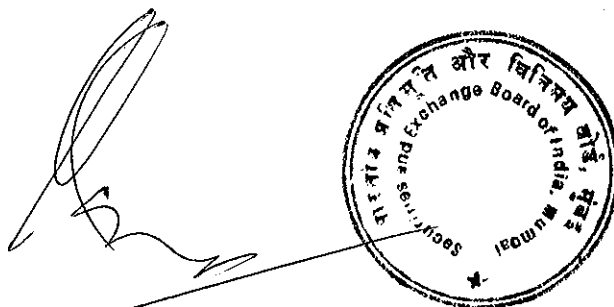


Table 1: Bank account details of Gravita Research

Sr. No.	Entity Bank Account No.	Type of Account	Bank Name and Branch	Proprietor Address
1.	004105500405	Current Account	ICICI Bank, Malav Parisar Branch, Indore	A-32, Chandra Nagar, A.B. Road, Indore, M.P.
2.	32896297583	Current Account	State Bank Of India, Scheme No.54, AB Road, Indore	A, 32-33, Chandra Nagar, A.B. Road, Indore, M.P.

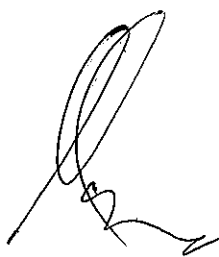
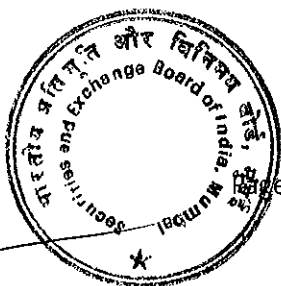
2.9 Based on the aforesaid information available from the website of Gravita Research, SEBI undertook a preliminary examination of the activities of Gravita Research. SEBI vide separate letters dated July 23, 2014, requested the aforesaid banks, viz. ICICI Bank, Malav Parisar Branch, Indore and State Bank of India, AB Road, Indore to provide the following information/material:

- Bank account details and statement of any accounts of Gravita Research and Mr. Ravi Chouksey from January 01, 2014;
- Bank statements of the account numbers as mentioned on the website of Gravita Research since January 31, 2014; and
- PAN and KYC details of Gravita Research and Mr. Ravi Chouksey.

2.9.1 ICICI Bank and SBI provided the aforesaid information sought by SEBI, vide -mail dated August 22, 2014 and letter dated July 25, 2014 respectively.

2.10 As a part of the preliminary examination, an officer from SEBI, posed as an ordinary investor, registered for free trials on the website of Gravita Research viz. www.gravitaresearch.com, on July 23, 2014. On successful registration, a representative of Gravita Research contacted at the mobile number given at the time of registration for free trials. Gravita Research, forwarded certain SMS to the SEBI officer, as a part of its free trials in the month of July 2014. The contents of the messages as received on July 24, 2014 are reproduced below:

"CEAT in NSE Cash SELL call did our first TGT please book 70% profit in it
Gravita Research

9993716323, 8827706187"

"Please book FULL profit in BIOCON in NSE Cash Buy at CMP 520.20 call.

Gravita Research

9993716323, 8827706187"

"SUN TV in NSE Cash SELL call did our first TGT please book full profit in it.

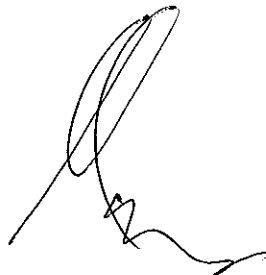
Gravita Research

9993716323, 8827706187"

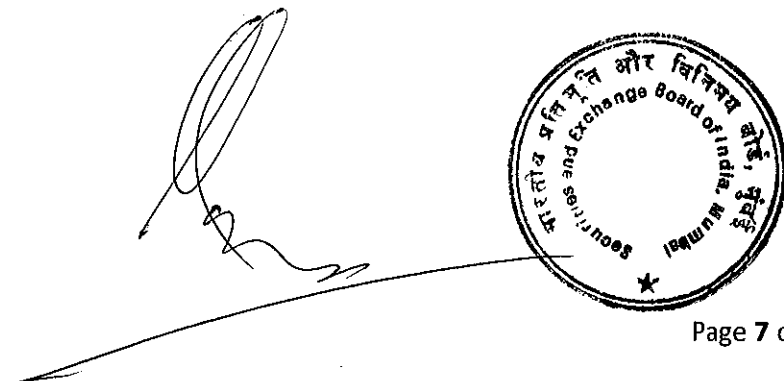
3. I have pursued the information received by SEBI, correspondence exchanged between SEBI and Gravita Research and its Proprietor, along with the documents contained therein and other information/materials available from the website maintained by Gravita Research and also those available on record. In this context, it is observed that the issue for determination in the instant matter is whether Shri Ravi Chouksey, Proprietor, M/s Gravita Research Company is providing Investment Advisory Services to his clients without obtaining registration from SEBI as an Investment Adviser as stipulated by SEBI Act and SEBI Investment Advisers Regulations.

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

- i. Gravita Research Company is a sole proprietorship concern of Mr. Ravi Chouksey established on January 10, 2013 having registered office address as A-32/33, Chandra Nagar, AB Road, Indore, Madhya Pradesh and branch office at 458, Gopal Bhawan, Sneh Nagar, Jabalpur, Madhya Pradesh. Gravita Research is running its business from Jabalpur branch.
- ii. Communication address of the proprietor, Mr. Ravi Chouksey is 701, Chouksey Kirana Stores, Jagrati Nagar, Amkhera Road, Gohalpur, Jabalpur, Madhya Pradesh.
- iii. Gravita Research is offering investment advisory services to the general public, claiming exact percentage of accuracy in their tips. They declare itself as an investment adviser.
- iv. Gravita Research is pursuing the following modus operandi:



- Marketing executives of the firm calls prospective investors for registration as free trial clients. Also, some clients register for free trials after pursuing the website of Gravita Research.
 - This indicates that Gravita Research is actively engaged in soliciting members of general public for registering with it for investment advice.
 - Though at the time for registration for free trial it is advised by the representative that if the client/investor finds the free trial satisfactory then he/she can register with Gravita Research as a regular client choosing any of the services mentioned on the website of Gravita Research. However, the representatives actively pursue the prospective clients to get themselves registered as regular clients.
 - In case of free trials, Gravita Research sends SMS to the clients/investors, giving tips for 2-3 days and subsequently as per the service opted by the client.
- v. On the analysis of the bank account opening form along with KYC documents of both the banks mentioned in Paragraph No. 2.8 (c) , it is observed that:
- The aforementioned bank accounts belonged to the Proprietor of Gravita Research viz. Mr. Ravi Chouksey (PAN -ANXPC4593L);
 - It is certified by the Chartered Accountant in the certificate issued for the purpose of opening bank account that the Gravita Research is engaged in the business of '*Advisory Share Market*'.
 - Business of Gravita Research is also mentioned as '*Share market Advisory Services*' in the SM/SO Interview sheet of KYC documents.
 - From the KYC documents, it is observed that the Establishment Certificate issued by the State Government confirm the business as '*Advisory Share Market*'.
- vi. Tabular picture of fees charged by Gravita is placed below:



The image shows a handwritten signature in black ink, which appears to be 'Ravi Chouksey', written over a circular stamp. The stamp is from the Securities and Exchange Board of India (SEBI), Mumbai. The text in the stamp includes 'Securities and Exchange Board of India, Mumbai' in English and Hindi, and a star at the bottom.

Table 2: Fee Structure of Gravita (in Rs.)

Period↓	Stock Cash	Stock Future	Option Tips	Nifty Futures	Bullion Energy	Base Metals	Agri	Bullion Metals	Bullion Metals Agri	Booster
Monthly	5000	6500	6000	5000	8500	8500	8500	9000	10000	7000
Quarterly	13500	17000	16000	13500	16000	16000	16000	25000	27000	20000
Half Yearly	25000	32000	30000	25000	30000	30000	30000	46000	48000	-
Yearly	45000	64000	58000	45000	56000	56000	56000	84000	86000	-

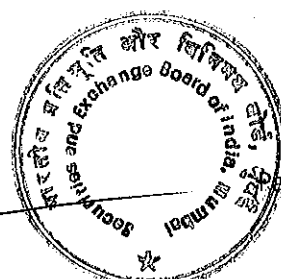
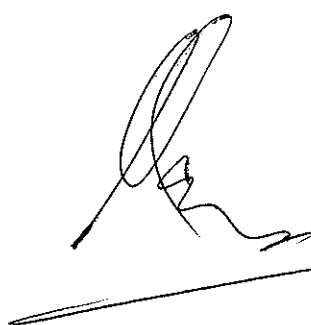
- vii. From the analysis of the bank account statement, it was observed that there are several deposits into the said bank accounts from different parts of the country which are equivalent to the fees charged by Gravita Research for various advisory services offered. Transactions in the bank account statements of Gravita Research which are equivalent to the fees charged by Gravita Research are illustrated below.

Table 3: Consolidated (Credit/Receipt) Transactions in Bank Accounts of Gravita

Fee Amount (in Rs.)	Number of credits of said amount	
	Period	
	January 01 to March 31, 2014	April 01- July 27, 2014 (SBI) and till Aug 31, 2014 (ICICI)
5000	20	33
6000	3	6
6500	3	5
7000	2	1
8500	1	4
9000	1	4
10000	10	12
12000	-	3
13000	-	1
15000	2	7
16000	-	2
17500	1	1
20000	3	2
25000	2	2
25500	-	1
30000	-	2
45000	-	1
50000	2	2
53000	-	1
60000	2	-
Total	52	90



- a) It is observed that the funds are deposited in the bank accounts from various parts of country viz. Balkeshwar, Barwah, Bhind, Jarwal Road, Maheshwar Road, Mukherjee Marg, Nalkheda, Nathnagar, Govindnagar, Kasturba Nagar, Jabalpur, Vadodara, Surat, Pune, Tilak Road, Delhi, Muzzafarnagar, Agra, Gandhinagar, Goa, Jhansi, Bikaner, Gurgaon, Nadiad, Bangalore, Mandasaur, Kanpur, Ranchi, Bikaner, Chennai etc., which indicates that there is a regular flow of funds in the said bank accounts from various individuals across the country which is equivalent to fees charged by Gravita Research for the advisory services.
- b) The aforesaid details indicates that Mr. Ravi Chouksey, Proprietor, M/s Gravita Research Company is collecting funds from investors for providing investment advice to them through SMS/calls.
- c) It is noted that information about closure of application of Gravita Research for registration as IA was communicated to Gravita Research vide letter dated March 27, 2014. In view of this, it is observed that the amounts credited to the account of Gravita Research after March 27, 2014, as mentioned in the above table, towards the fees for advisory services were collected without obtaining registration from SEBI as an IA.
- viii. On verifying the track sheets of Gravita Research available on its website, it was observed that the aforesaid tips (mentioned in Paragraph No.2.10) received on July 24, 2014 as SMS were appearing on the track sheets.
- ix. It is noted that Gravita Research in their earlier application forwarded for obtaining registration (which was closed for non-submission of information) to SEBI on October 22, 2013 for registration as IA stated that Gravita Research is in the business of providing advisory services since January 16, 2013.
- x. It is noted that Gravita Research refused to accept the letter dated May 21, 2014 sent by SEBI to the address, which remains the address displayed on their website. Therefore, it is clear that



Gravita Research is trying to evade communication from SEBI. It is also noted that till date Gravita Research has not made any attempt to register itself as IA with SEBI.

4. In the light of the above analysis and examination, it is evident that the activities of Gravita Research 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:

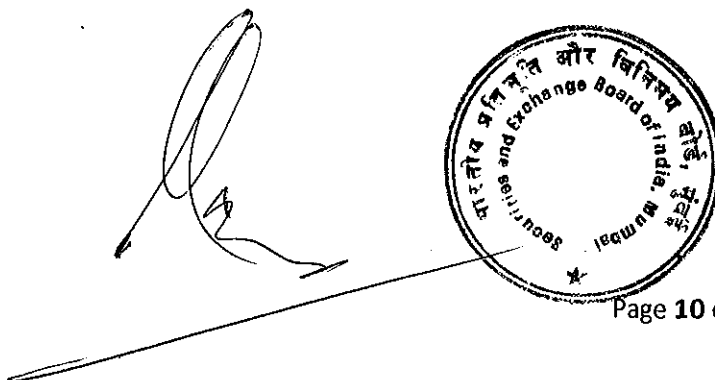
"investment adviser" means any person, who for consideration, is engaged in the business of providing investment advice to clients or other persons or group of persons and includes any person who holds out himself as an investment adviser, by whatever name called;"

5. 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.'

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

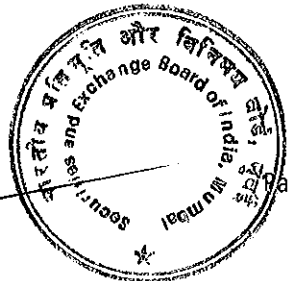
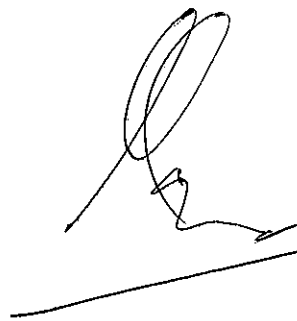
"On and from the commencement of these regulations, no person shall act as an investment adviser or hold itself out as an investment adviser unless he has obtained a certificate of registration from the Board under these regulations:



The block contains a handwritten signature in black ink, which appears to be 'R. K. Singh'. To the right of the signature is a circular official stamp of the Securities and Exchange Board of India (SEBI), Mumbai. The stamp contains the text 'Securities and Exchange Board of India, Mumbai' in English and 'सुरक्षा और वित्तिय बोर्ड, मुंबई' in Hindi. A long horizontal line is drawn across the bottom of the page, passing under the signature and the stamp.

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."

6. Considering the facts and circumstances of the matter, I am convinced that the activities of Gravita Research of giving trading tips, stock specific recommendations, etc. to the investors on a contractual basis on payment of fees falls within the definition of activities of "investment adviser" as defined under Regulation 2(m) of the SEBI Investment Advisers Regulations. Gravita Research is engaged in providing investment advisory services to investors without 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.
7. I therefore, find that Mr. Ravi Chouksey (PAN - ANXPC4593L), Prop. Gravita Research, by acting as an investment adviser without obtaining registration from SEBI has violated Section 12(1) of the SEBI Act, 1992 read with provisions of Regulation 3 of the SEBI Investment Advisers Regulations.
8. It is relevant to note that in case of default by unregistered entities, no redressal mechanism is presently available to investors under SEBI Act/Rules/Regulations. SEBI (Investment Advisers) Regulations, 2013 *inter alia* provide the framework for regulating the activity of entities who are in the business of providing investment advice in respect of securities and investment products. The Regulations seek to create a standardized operating structure within which investment advisers will operate and also make them duly accountable for their investment advices, by requiring investment advisers to comply with the criteria, set out in the relevant provisions of the SEBI IA Regulations, such as having the prescribed professional qualifications, certifications from competent authorities, conforming to fit and proper criteria, satisfying capital adequacy requirement, adequate infrastructure facilities, etc. In view of this, subjecting the investment advisers to the statutory requirement of registration with SEBI is imperative for the protection of interests of investors and to safeguard the integrity of securities market. In the instant case, Gravita Research, has solicited and induced investors to deal in securities on the basis of their



investment advices, stock trade tips, etc. guaranteeing returns, on their website even after the receipt of communication regarding the closure of their application for registration by SEBI, on March 27, 2014. SEBI, vide several letters required Gravita Research, (during the time of filing application for registration by Gravita Research and also after the closure of its application) to remove the advertisement in relation to its investment advisory services, including those guaranteeing returns and accuracy of their tips, from its website. Despite this, Gravita Research has failed to remove the same. In view of this, it is apprehended that investors at large could be misled on account of the unauthorized activities of such unregistered entities.

8.1 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 by Mr. Ravi Chouksey, Proprietor of Gravita Research.

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

i. direct Mr. Ravi Chouksey, proprietor of Gravita Research Company PAN - ANXPC4593L):

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



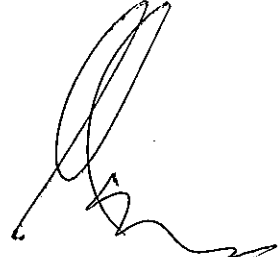
10. The above order is without prejudice to the right of SEBI to take any other action that may be initiated against Mr. Ravi Chouksey and his proprietary firm; Gravita Research Company in accordance with law.

11. This Order shall be treated as a show cause notice and Mr. Ravi Chouksey, proprietor of Gravita Research Company may show cause as to why appropriate directions, under the SEBI Act, 1992 and relevant SEBI Rules/Regulations including direction, prohibiting them from buying, selling or otherwise dealing in securities market, either directly or indirectly, in any manner whatsoever, should not be taken against them.

12. Mr. Ravi Chouksey; proprietor of Gravita Research Company, against whom this order is being passed may file his objections, if any, within twenty one days from the date of this Order and, if he so desires, 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 him.

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

Place: Mumbai
Date: December 02, 2014


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

