

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

ORDER

Under Sections 11(1), 11B and 11D of the Securities and Exchange Board of India Act, 1992, read with Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 and Securities and Exchange Board of India (Research Analysts) Regulations, 2014 in respect of-

1. M/s Indian Stock Tips (PAN: AAFFI1014H) and its partners, Mr. Girish Srichand Valecha (PAN: AIYPV3150A) and Ms. Nagma Husain Ahmed Ansari and,
 2. M/s Indira Trading Company (PAN: AAFFI0479L) and its partners Mr. Pankaj Seth (PAN: COLPS0476M), Mr. Vishal Anaji Girkar (PAN: BAHPG8679M), Mr. Mohd. Zaid Siddique, Mr. Joheph Chand Malikshaikh (PAN: BEPPM1043D), Mr. Girish Srichand Valecha (PAN: AIYPV3150A), Mr. Niwas A Kamble (PAN: BBPPK9582E) and Mr. Jagdish Lalmani Gupta (PAN: ARLPG5832C).
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1. Securities and Exchange Board of India ("**SEBI**") received a complaint alleging that Indian Stock Tips is providing unauthorized investment advisory services to investors.
- 2.1 On the basis of the bank account details available on the website of Indian Stock Tips, SEBI vide email dated August 26, 2015 sought the details of the bank account holders from ICICI Bank. ICICI Bank vide e-mail dated September 01, 2015 provided the PAN and address of Indian Stock Tips and the details of its partners, viz., Mr. Girish Srichand Valecha (**Girish Valecha**) and Ms. Nagma Husain Ahmed Ansari (**Nagma Ansari**).

- 2.2 Pursuant to this, SEBI, vide letter dated September 03, 2015, sought *inter alia* the following information along with the supporting documents from Indian Stock Tips and its partners-
- a. Registered/corporate addresses of Indian Stock Tips along with the phone numbers;
 - b. Names, addresses, PAN and phone numbers of all of its promoters/directors;
 - c. List of all the securities/investment activities undertaken by them;
 - d. Details of the business of portfolio management services carried out by them, if any;
 - e. The following details year wise in a tabular format, *viz:-*
 - i. Package/service offered to its clients;
 - ii. Number of clients to whom they have provided the package/service;
 - iii. Total amount of money collected from the aforesaid clients as fees during the year.
 - f. List of clients and fee charged for various products/services offered by them;
 - g. Details of the SEBI registration, if any;
 - h. A copy of the audited annual accounts for the last three financial years;
 - i. A copy of bank account statements of all its bank accounts for the last three financial years;
- 2.3 The letters sent to Girish Valecha and Indian Stock Tips were delivered. However, the letter sent to Nagma Ansari were returned undelivered.
- 2.4 Indian Stock Tips filed its reply vide undated letter received at SEBI office on September 11, 2015, wherein they provided the following information:
- a. Bank account statements of Indian Stock Tips (ICICI Bank, Kalyan West Branch, Mumbai) from February 01, 2015 to August 31, 2015;
 - b. Partnership Deed of Indian Stock Tips dated February 6, 2015;
 - c. PAN and address proof of Indian Stock Tips;
 - d. Copy of company letterhead;
 - e. List of clients;

- f. List of packages offered to clients and terms and conditions as listed on the website;
 - g. Identity and address proof of Girish Valecha;
 - h. Bank account statement of Girish Valecha from April 01, 2015 till September 10, 2015;
 - i. Identity and address proof of Nagma Ansari;
 - j. Bank account statements of Nagma Ansari from April 01, 2015 till September 10, 2015.
- 2.5 Since the reply was found to be incomplete, SEBI vide email dated October 06, 2015 advised Indian Stock Tips to submit the remaining information as sought in SEBI letter dated September 03, 2015.
- 2.6 Indian Stock Tips, vide its undated letter received at SEBI on October 19, 2015, submitted copies of payment receipts issued to their clients who had availed their services.
- 2.7 Vide email dated October 26, 2015 and reminder emails dated November 06, 2015 and December 02, 2015, Indian Stock Tips was advised to provide the remaining information such as list of all the securities/investment activities undertaken by them, list of clients and fees charged (year-wise) for various services offered by them in a tabular format, total amount of money collected from their clients as fees, during the year, etc., as sought earlier. However till date, no reply has been received from Indian Stock Tips.
- 2.8 On perusal of the aforesaid payment receipts issued by Indian Stock Tips, it was observed that one of the payment receipts mentions the website address as “*www.bookprofit.co.in*”. On perusal of the said website, it was observed that investors/clients were being solicited through the website by an entity named “*Indira Trading Company*” (Indira Trading). The said entity was also found to have been offering daily stock ideas in equity & future markets, intraday, short term, long term ideas, pre-market SMS etc..
- 2.9 In the meanwhile SEBI also received several complaints against *www.bookprofit.co.in* and Indira Trading on web based centralized grievance redress system of SEBI (SCORES), alleging that

Indira Trading is providing the services of an investment adviser/research analyst without SEBI registration.

- 2.10 On the basis of the bank account details available on the said website (*www.bookprofit.co.in*), SEBI vide email dated September 22, 2015 sought the details of the bank account holders from ICICI Bank.
- 2.11 In response, ICICI Bank vide e-mail dated September 29, 2015 provided the PAN and address of Indira Trading and the details of its partners, *viz.*, Mr. Pankaj Seth, Mr. Vishal Anaji Girkar, Mr. Mohd. Zaid Siddique, Mr. Joheph Chand Malikshaikh, Mr. Girish Srichand Valecha, Mr. Niwas A Kamble and Mr. Jagdish Lalmani Gupta. It was observed that Mr. Girish Srichand Valecha is a common partner in both Indian Stock Tips and Indira Trading.
- 2.12 SEBI, vide letter dated October 06, 2015 and reminder dated October 27, 2015, sought *inter alia* the following information/documents from Indira Trading –
- a. Details of registration with SEBI, if any.
 - b. Point-wise comments with respect to compliance of the provisions of Chapter - 3 and the Schedule III of the SEBI (Investment Advisers) Regulations, 2013;
 - c. Copy of bank account statements in which money is being collected from the investors, since the period it started offering the services;
 - d. Names of their clients to whom they have given advice/ recommendations and fees charged.
- 2.13 The letter dated October 06, 2015 was returned undelivered. The reminder dated October 27, 2015 was delivered. However, no reply was received from Indira Trading.
- 2.14 Subsequent to this, SEBI, vide email dated February 12, 2016 sought bank account statements of Indian Stock Tips and Indira Trading from ICICI Bank for the period from April 01, 2015

till January 10, 2016. In response, ICICI Bank vide e-mail dated February 12, 2016 provided the bank account statements.

3. On an examination of the material available on record *i.e.* information available on the websites of Indian Stock Tips and Indira Trading, information/document obtained from the complainant, ICICI Bank and the replies received from Indian Stock Tips, it is observed that-

- i. Indian Stock Tips is a partnership firm incorporated on February 6, 2015 at Ulhasnagar with Mr. Girish Srichand Valecha and Ms. Nagma Husain Ahmed Ansari as partners. The registered office is at Room No.1, Sharda Apt, A-Wing, Behind Sadhubella Girls School, Tejuma Chakki Road, Ulhasnagar, Thane - 421001;
- ii. As per the partnership deed of Indian Stock Tips, “*...the partnership shall be that of Stock Advisory and any other business as the partners decide from time to time.*”
- iii. On perusal of the website of Indian Stock Tips, it is observed that they have made the following declaration:
 - a. **Equity Packages:** *Choose from the wide range of packages available for Intraday/ Positional/ BTST trading. Pay per positive call packs is also available with us.*
 - b. **FNO Packages:** *Stock Futures & Options (Intraday & Positional) packages available for high risk high return traders. You will get up to 90% accuracy in research.*
 - c. **Index Packages:** *Nifty & Nifty packs offer high accuracy & specially designed for making profits in all market conditions. Subscribe to our packages now.*

- iv. The details of the packages offered by Indian Stock Tips to its clients and the fees charged for the same as observed from its website, have been summarized as under:

Name of package	Fee charged (Rs.)		
	1 month	3 months	6 months
Premium Combo Jackpot	45,600	68,400	1,36,800
Premium Stock Future	34,200	51,300	1,02,600
Premium Equity Cash	22,800	45,600	68,400
Premium Index Future	34,200	51,300	1,02,600
Premium Stock & Index Future	22,800	45,600	68,400
Stock Future	22,800	45,600	68,400
Equity Cash	17,100	25,650	51,300
Index Future	17,100	25,650	51,300
Stock & Index Options	11,400	22,800	34,200

- v. From the details of clients submitted by Indian Stock Tips, it is observed that during the period from April 04, 2015 to September 08, 2015, Indian Stock Tips had collected an amount of ₹5,14,200/- from 25 unique clients as fees for various advisory services offered to them.
- vi. A payment receipt in respect of the package “*Premium Stock Future/Stock & Index Option*” issued by Indian Stock Tips to one of its clients, contains the following details:

“Our package cost is Rs. 45,600 for 3 months, discounted net amount is Rs. 20,400/-

You have made a balance payment of Rs. 10,000/-

You will get 15 to 20 calls in a month in Futures & Options

You will be trading with a capital of 1,00,000+,

You can earn a decent profit of Rs. 4000-8000 per call,

Services will be given by calling, SmS and online,

You can earn a profit of Rs. 1,80,000/- during your service period,

Your support executive will be Ms. Nagma Ansari...

*If in a rare case, you are not getting committed amount in committed period your services will be extended for 3 more months without any fees,
There is no refund policy in any of our packages”*

- vii. It is observed that the clients were getting trading calls along with the number of shares to buy and *stop-loss* target. Indian Stock Tips promises profits to its clients to be achieved during the period of the services. It also states that if the client does not achieve the committed profit amount, the services to the clients would be extended for 3 more months without any further charges.
- viii. On examining the details/information available on record, in respect of the entity, *viz.* Indira Trading, it is observed that Indira Trading is a partnership firm incorporated on December 22, 2014 with its partners *viz.* Mr. Pankaj Seth, Mr. Vishal Anaji Girkar, Mr. Mohd. Zaid Siddique, Mr. Joheph Chand Malikshaikh, Mr. Girish Srichand Valecha, Mr. Niwas A Kamble and Mr. Jagdish Lalmani Gupta and its registered address at Plot No- A- 423/424/425, Ram Nagar Road No-28, Wagle Indl Estate, Thane (W) – 400604.
- ix. Mr. Girish Srichand Valecha, one of the partners of Indian Stock Tips is also a partner in Indira Trading.
- x. On perusal of the website of Indira Trading (*bookprofit.co.in*), it is observed that they have made the following declaration:

“Highlights of Services

Share market tips from our Research team and Experts

- *Daily Stock ideas in Equity and Future markets,*
- *Intraday, short term, long term ideas, pre-market SMS on market for day,*
- *Ideas delivered during market hours*

About Us

- *“Indira Trading Company offers integrated stock market recommendation and financial guidance pertaining to stock market to its clientele spread across nation. INDIRA TRADING COMPANY offers technical ideas, fundamental calls, delivery calls, financial guidance, dedicated customer service. It offers technical ideas, fundamental calls, delivery calls, financial guidance, dedicated customer service*

Subscription

- *Fill registration form with all the required details correctly*
- *After registration a unique customer ID will be assigned*
- *You will start receiving Tips via SMS on your registered mobile number*

Getting Started

- *As soon as your account gets activated, you will start receiving stock tips and ideas*
- *Pay via online payment, cheque and bank deposit”*

xi. The packages offered by Indira Trading to its clients, as observed from its website, are as under:

- a. “Equity Intraday*
- b. Delivery Short Term/BTST*
- c. Derivatives Futures*
- d. Option Package*

The cost of services varies according to the selected package and the time period of the service.”

xii. The fees for the aforesaid services ranging from Rs.10,000/- to Rs. 15,000/- are levied by Indra Trading on monthly and quarterly basis. One such package, as given in the website is reproduced as under:

“Equity Intraday

!) Get 102 ideas daily

2) Get 18-20 calls in a month

3) Cost of the package =Rs. 10,000 for 1 month”

xiii. The details of bank account of Indira Trading for the receipt of fees/charges from the investors/clients, provided in their website are as under:.

"Payment :

Cheque/DD Payment

Cheque/DD Payment in favour of Indira Trading Company

Drop the cheque in any of the ICICI Bank in your locality

Account Name: Indira Trading Company

Bank : ICIC Bank,

Bank Acct. No.: 188705000147

Bank IFSC Code: ICIC0001887"

4.1 In the light of the above analysis and examination, it is evident that:

- i. The activities of Indian Stock Tips, Indira Trading and their partners of giving trading tips, stock specific recommendations, etc. on payment of fees as discussed in the preceding paragraphs, clearly indicate that they are engaged in providing "*investment advisory services*" and *prima facie* fall under the definition of "*investment adviser*" as defined by Regulation 2(m) of the SEBI Investment Advisers Regulations, 2013 (**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;"

- ii. Further, the activities of Indian Stock Tips, Indira Trading and their partners of offering stock recommendations and technical and fundamental calls, stock market ideas, giving price target and making buy/sell/hold recommendation to investors on payment of fees as observed from their website, also indicate that they are engaged in providing the services of a "*research analyst*" and *prima facie* fall under the definition of "*research analyst*" as defined by

Regulation 2(u) of the SEBI (Research Analysts) Regulations, 2014 (**SEBI Research Analysts Regulations**), which reads as under:.

“research analyst” means a person who is primarily responsible for,-

i. preparation or publication of the content of the research report; or

ii. providing research report; or

iii. making 'buy/ sell/ hold' recommendation; or

iv. giving price target; or

v. offering an opinion concerning public offer,

with respect to securities that are listed or to be listed in a stock exchange, whether or not any such person has the job title of 'research analyst' and includes any other entities engaged in issuance of research report or research analysis.”

4.2 In order to examine the genuineness of the activities and to ensure that no investors are 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 Act and the relevant Regulations made thereunder. Section 12(1) of the 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."

4.3 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."

4.4 Similarly, as per Regulation 3(1) of the SEBI Research Analysts Regulations, the registration of the research analysts is also mandatory. It provides that,

“On and from the commencement of these regulations, no person shall act as a research analyst or research entity or hold itself out as a research analyst unless he has obtained a certificate of registration from the Board under these regulations.”

5. In this context, it is noted that the entities, *viz.* Indian Stock Tips, Indira Trading and their partners are not registered with SEBI in any capacity, neither as an *investment advisor* nor as *research analyst* and the characteristics and features of the business activity carried out by Indian Stock Tips and Indira Trading as discussed in the preceding paragraphs *prima facie* leads to the conclusion that both the entities are providing services of investment adviser as defined in Regulation 2(m) of the SEBI Investment Adviser Regulations and the services of a research analyst as defined in 2(u) of the SEBI Research Analysts Regulations.

6. Considering the facts and circumstances of the matter, I am convinced that the entities, *viz.* Indian Stock Tips, Indira Trading and their partners are *prima facie* engaged in providing investment advisory services and also services of research analysts to clients for consideration without registration with SEBI, and as a result of the aforesaid activities, they have violated Section 12(1) of SEBI Act, 1992 read with Regulation 3(1) of SEBI Investment Advisers Regulations and Regulation 3(1) of SEBI Research Analysts Regulations.

Further, the bank account statements of Indian Stock Tips and Indira Trading clearly indicate that the entities continue to solicit business despite SEBI's advise that one can provide investment advice to his clients only after obtaining registration from SEBI.

7. SEBI (Investment Advisers) Regulations, 2013 and SEBI (Research Analysts) Regulations, 2014 *inter alia* provide the framework for regulating the activity of entities who are in the business of providing investment advice, preparation or publication of the content of research report, making buy/sell/hold recommendation, etc. in respect of securities and investment products. The

Regulations seek to create a standardized operating structure within which investment advisers and research analysts will operate and also make them duly accountable for their investment advice and research reports and ideas by requiring them to comply with the criteria set out in the relevant provisions of the relevant 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 and research analysts 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, the entities, *viz.* Indian Stock Tips, Indira Trading and their partners have solicited and induced investors to deal in securities on the basis of their investment advices, stock trade tips, ideas, etc. guaranteeing returns on their website. In view of this, it is apprehended that investors at large could be misled on account of such unauthorized activities of such unregistered entities.

8. SEBI has been entrusted with the duty to protect the interests of investors and protect the integrity of the securities market. Section 11 of the SEBI Act has empowered SEBI to take such measures as it thinks fit for fulfilling its legislative mandate. 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 and prevent them indulging unauthorized investment advisory or research analyst activities without due registration from SEBI. I am convinced that this is also a case where, effective and expeditious action is required to be taken to prevent any possible harm to investors caused by the unauthorized activities of the entities *viz.* Indian Stock Tips and its partners *viz.* Mr. Girish Srichand Valecha and Ms. Nagma Ansari and Indira Trading and their partners *viz.* Mr. Pankaj Seth, Mr. Vishal Anaji Girkar, Mr. Mohd. Zaid Siddique, Mr. Joheph Chand Malikshaikh, Mr. Girish Srichand Valecha, Mr. Niwas A Kamble and Mr. Jagdish Lalmani Gupta.

9. In view of the foregoing, I, in exercise of the powers conferred upon me under Sections 11(1), 11B and 11D read with Section 19 of the SEBI Act, 1992, pending enquiry, hereby issue the following directions –

i. *Indian Stock Tips (PAN: AAFFI1014H) and its partners, Mr. Girish Srichand Valecha (PAN: AIYPV3150A) and Ms. Nagma Husain Ahmed Ansari, and Indira Trading Company (PAN: AAFFI0479L) and its partners Mr. Pankaj Seth (PAN: COLPS0476M), Mr. Vishal Anaji Girkar (PAN: BAHPG8679M), Mr. Mohd. Zaid Siddique, Mr. Jobeph Chand Malikshaikh (PAN: BEPPM1043D), Mr. Girish Srichand Valecha (PAN: AIYPV3150A), Mr. Nivas A Kamble (PAN: BBPPK9582E) and Mr. Jagdish Lalmani Gupta (PAN: ARLPG5832C), are directed to:-*

- a. *cease and desist from acting as an investment advisor or research analyst and cease to solicit or undertake such activity or any other unregistered activities in the securities market, directly or indirectly, in any matter whatsoever;*
- b. *not to divert any funds raised from investors, kept in bank account(s) and/or in their custody;*
- c. *immediately withdraw and remove all advertisements, representations, literatures, brochures, materials, publications, documents, websites, etc. in relation to their investment advisory and research analyst activity or any unregistered activity in the securities market.*

ii. *Indira Trading Company and its partners are directed to furnish all the information sought by SEBI, vide letter dated October 06, 2015,*

iii. *Indian Stock Tips and its partners are further directed to furnish complete information sought by SEBI, vide letter dated September 3, 2015 and email dated October 06, 2015.*

10. This Order is without prejudice to the right of SEBI to take any other action that may be initiated against the aforementioned entities, viz. Indian Stock Tips, Indira Trading and their partners in accordance with law.

11. This Order shall also be treated as a show cause notice and M/s. Indian Stock Tips and M/s. Indira Trading Company and its aforementioned partners may show cause as to, why the services/plans identified in this Order should not be held as "*Investment Advisory Services*" and "*Research Analyst Services*" in terms of the respective Regulations and why appropriate directions, under Section 11 and 11B of the SEBI Act, 1992 and relevant SEBI Rules/Regulations including directions, prohibiting them from buying, selling or otherwise dealing in securities market, either directly or indirectly, in any manner whatsoever, for a particular period and to refund any money collected as fees, charges or commissions collected from the investors/clients/partners to the concerned clients/investors along with the requisite interest, should not be issued against them, for the alleged violations.
12. The above directions shall take effect immediately and shall be in force until further orders.
13. The *prima facie* observations contained in this Order are made on the basis of the material available on record i.e. information available on the websites of Indian Stock Tips and Indira Trading, reply received from Indian Stock Tips and the details/documents provided by ICICI Bank. The entities, *viz.* Indian Stock Tips and its partners, Mr. Girish Srichand Valecha, and Ms. Nagma Ansari, Indira Trading and their partners, Mr. Pankaj Seth, Mr. Vishal Anaji Girkar, Mr. Mohd. Zaid Siddique, Mr. Joheph Chand Malikshaikh, Mr. Girish Srichand Valecha, Mr. Niwas A Kamble and Mr. Jagdish Lalmani 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 made in that regard.

Place: Mumbai
Date: March 17, 2016

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