भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange Board of India

DEPUTY GENERAL MANAGER
WESTERN REGIONAL OFFICE

SEBI/WRO/23915
September 14 , 2021

To

श्री सूरज कुमार राई प्रोप्राइटर: प्रोफिट मंत्रा रिसर्च, १४७-एफ, एम आई जी कोलोनी, इंदौर, मध्य प्रदेश, ४५२००१	**Shri Suraj Kumar Rai, Proprietor: Profit Mantraa Research, 147-F, MIG Colony, Indore, Madhya Pradesh - 452001 (PAN: AZIPR0640L)**
श्री सूरज कुमार राई प्रोप्राइटर: प्रोफिट मंत्रा रिसर्च, स्वदेश भवन, २ प्रैस कॉम्प्लेक्स, इंदौर, मध्य प्रदेश, ४५२००१	**Shri Suraj Kumar Rai, Proprietor: Profit Mantraa Research, Swadesh Bhawan, 2 Press Complex, Indore, Madhya Pradesh - 452001**

Sub: Show Cause Notice under sections 11(1), 11(4), 11B(1) of the Securities and Exchange Board of India Act, 1992 ("SEBI Act") in the matter of Profit Mantraa Research

1. Securities and Exchange Board of India (hereinafter referred to as "*SEBI*") had received two complaint from Shri Anadi Saran Kapoor, dated April 07, 2016 and from Shri Asit kumar Mandal, dated May 14, 2016 (hereinafter referred to as "complainants"), against Profit Mantraa Research (hereinafter referred to as "PMR") which is the sole proprietorship concern of proprietor Shri Suraj Kumar Rai (PAN: AZIPR0640L) (PMR and Shri Suraj Kumar Rai collectively referred to as the 'Noticee'). In the complaints it was, *inter alia,* alleged that the complainants received services from Noticee and paid for the service received. The complainants have also, *inter alia,* alleged that the Noticee also caused losses to the complainant. Further, the complainant Shri Anadi Saran Kapoor had submitted receipts with respect to payments made to PMR. Copies of the complaints are placed at **Annexure-A.**

2. It has been observed that the website of PMR i.e. www.profitmantraa.in is not active. The archive pages of the website was downloaded from web.archive.org, the copy of which is placed at **Annexure B.** It was observed that PMR had, *inter alia,* disclosed the following in the website:

> *" We provide recommendations for stocks, future and options (F&O) traded in NSE and BSE, commodities including bullion, agri and metals traded in MCX and NCDEX.*
> *We are experts in proving calls and recommendations by SMS and our own messenger for stock cash, Nifty, Futures & Options and commodities"*

क्षेत्रीय प्रादेशिक कार्यालय : सेबी भवन, पंचवटी पहली गली, गुलबाई टेकरा रोड, अहमदाबाद - 380 006. दूरभाष: (079) 26583633-35 फेक्स: 26583632 ई-मेल: sebiwro@sebi.gov.in
Western Regional Office : SEBI Bhavan, Panchvati 1st Lane, Gulbai Tekra Road, Ahmedabad - 380 006. Ph.: (079) 26583633-35 Fax: 26583632 E-mail: sebiwro@sebi.gov.in
सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई-400051. दूरभाष: (022) 26449000 फेक्स: 26449019 to 26449022 वेब : www.sebi.gov.in ई-मेल: sebi@sebi.gov.in
SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400051. Ph.: (022) 26449000 Fax: 26449019 to 26449022 Web : www.sebi.gov.in E-mail : sebi@sebi.gov.in

3. PMR had also disclosed the following bank accounts in its website. It has been observed that the aforementioned website was live in September, 2014, wherein following bank details was provided. Copy of the webpage is enclosed at **Annexure C.**

Name: Profit Mantraa A/C. No . 657305500290 Type of A/C : Current Branch: Indore, Saket Nagar Branch RTGS/NEFT IFSC Code: ICIC0006573

4. The examination of the aforesaid bank account of PMR revealed the following:

   a. From the analysis of the bank account statement of ICICI Bank Account 657305500290, it is noted that credit of Rs. 50,41,657.87 have been received by PMR for the period October 08, 2014 to May 18, 2017, of which, credit of Rs. 27,18,379.86 have been received through PayU Money gateway.

   b. As per the KYC document received from ICICI Bank, Shri Suraj Kumar Rai is the sole proprietor of PMR.

   c. The alleged payments made by the complainant Shri Anadi Saran Kapoor, could be traced PayU Money statement. Through the PayU Money gateway the amounts have been credited to the ICICI Bank of the Noticee. The details in this regard, are as follows:

Transaction Date (Date on which Shri. Kapoor made the payment)	**Amount Rs.**	**Paid through**	**Settlement date (i.e. the date of credit by Payu to ICICI Bank)**	**Settlement Bank**
23/03/2016	10,000	PayU Money	29/03/2016	ICICI Bank Account no. 657305500290
21/03/2016	5,000		22/03/2016	
02/03/2016	20,000		04/03/2016	
23/02/2016	5,000		24/02/2016	

The KYC document and Bank statement as received from ICICI Bank and statement received from PayU Money are enclosed at **Annexure D.**

5. It is, *prima facie*, observed that the amount paid by complainants in the bank account of the Noticee, are consideration paid for availing investment advisory products and services as depicted by the Noticee in its website viz. www.profitmantra.in. Further, based on examination of bank account statements of the Noticee, *prima facie*, it is observed that there are large number of credits from several other individual investors which are also paid towards availing various investment advisory products and services as depicted in the aforementioned website.

6. From the above, it is alleged that the Noticee is observed to have engaged in the activities of an 'investment adviser' as defined under regulation 2 (m) of SEBI (Investment Adviser) Regulations, 2013 (hereinafter referred to as "IA Regulations, 2013"), which reads as under:

> *"investment adviser means any person who for consideration, is engaged in the business of providing 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".*

7. It is further observed that the Noticee was indulged in providing unregistered investment advisory services without obtaining registration from SEBI as required under section 12(1) of SEBI Act 1992 (hereinafter referred to as ***SEBI Act***), read with regulation 3(1) of IA Regulations, 2013.

8. As per section 12(1) of SEBI Act, any person carrying out investment advisory activities has to necessarily obtain registration from SEBI and conduct its activities in accordance with the provisions of IA Regulations, 2013. Section 12(1) of SEBI Act is reproduced as under for reference:

> *"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"*

9. Regulation 3(1) of the IA Regulations, 2013 states, "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".

10. As per regulation 3(1) of IA Regulations, 2013 read with section 12(1) of SEBI Act, registration is mandatory for a person carrying out the activities of an investment adviser. From the above, it is, prima facie, observed that Noticee has carried out investment advisory activities without obtaining registration of SEBI.

11. The aforesaid examination reveals that the Noticee appears to have engaged in the activities of investment adviser without seeking any registration from SEBI, as required in terms of Section 12 (1) of SEBI Act read with regulation 3(1) of IA Regulations, 2013.

12. The above acts of the Noticee of holding themselves out as an investment adviser, without having any certificate of registration are alleged to be in violation of Section 12(1) of the SEBI Act read with Regulation 3(1) of the IA Regulations, 2013.

13. The Noticee is hereby called upon to show cause as to why suitable directions under sections 11(1), 11(4), and 11B(1) of the SEBI Act should not be issued against them for alleged violations.

14. Your reply, if any, along with relevant documents, should reach us within 21 days of the date of receipt of this notice at the following address:

Securities and Exchange Board of India
SEBI Bhavan,
Western Regional Office
Panchvati 1st Lane,
Gulbai Tekra Road,
Ahmedabad- 380006, Gujarat

15. If personal hearing before the Whole Time Member, SEBI is desired, it shall be indicated in the reply accordingly. The Noticee is advised to keep SEBI informed about the change in its/his correspondence address, if any, till the proceedings in the extant matter are complete.

Yours faithfully,

Rishi Barua

Enclosures: As above