



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

GENERAL MANAGER
INDORE LOCAL OFFICE

SEBI/WRO/ILO/NM/OW/P/20384/1/2023
May 19, 2023

To,

Noticee No.	Noticee Name	Address
1	Zenith Research Services	<u>Address 1:</u> UG-201, Royal Glory, Sayaji Square, 220 A Bansi Trade Centre, IInd Floor, 581/5, M G Road, Indore, Madhya Pradesh – 452001.
2	Anurag Shrivastav	<u>Address 1:</u> H. No. 245, Ward No. 06, Bohare Colony, Ashoknagar, Madhya Pradesh – 473331. <u>Address 2:</u> A/31, Abhinandan Nagar, Nr. MR 10, Indore, Madhya Pradesh. <u>Address 3:</u> Bohare Colony, W N 6, AN Guna, Madhya Pradesh.
3	Preetam Singh Rajput	<u>Address 1:</u> H. No. 7, 24 Bunglow, Bajrang Nagar, Indore, Madhya Pradesh. <u>Address 2:</u> 22, Satyam Vihar Colony, Indore, Madhya Pradesh.

Subject: Show Cause Notice under Sections 11(1), 11(4), 11(4A), 11B(1) and 11B(2) read with Section 15HA, Section 15HB and Section 15E of the Securities and Exchange Board of India Act, 1992, read with Rule 4(1) of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, to Zenith Research Services, Partners - Anurag Shrivastav and Preetam Singh Rajput.

- Securities and Exchange Board of India (hereinafter referred to as "SEBI") had received complaint against Zenithvia Research Services (hereinafter referred to as "Zenithvia") on SEBI SCORES Portal. Complainant provided SMS received from the advisory regarding trading recommendations. Text of the SMS as provided by complainant is reproduced below:

Zenithvia:-

OPTION STAR 1200 CALLBUY ABOVE 62 TGT 67/72 SL 54

FOR SUPPORT CALL:-

(Call@+91-8982070512 & Visit@www.zenithvia.com)

Zenithvia:-

OPTION SUNPHARMA 1040 CALL BUY ABOVE 33 TGT 38/44 SL 28

FOR SUPPORT CALL:-

स्थानीय कार्यालय-इन्दौर / Local Office - Indore

104-105, प्रथम मंजिल, सतगुरु परिणय, सी-21 मॉल के सामने, ए.बी. रोड, इन्दौर - 452010 (म.प्र.)

दूरभाष : 0731-2557003/04/05 टेलीफैक्स : 0731-2557002 E-mail : indore-lo@sebi.gov.in

104 & 105, 1st Floor, Satguru Parinay. Opp. C-21 Mall, A.B. Road, Indore - 452010 (M.P.)



अनुषूची:
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

Zenithvia:-

OPTION NIFTY 8400 PUT BUY ABOVE 85TGT 22/114 SL 69 FOR SUPPORT CALL:-

(Call@+91-8982070512 & Visit@www.zenithvia.com)

1ST TGT DONE

FOR SUPPORT CALL:-

(Call@+91-8982070512 & Visit@www.zenithvia.com)

(Copy of the complaint along with screenshots of SMS text are enclosed as **Annexure A**)

A clarification was sought from Zenithvia regarding its unregistered investment advisory activities vide letter no. IMD-DoF 1 /ILO/DD/IA/4240/2015 dated February 05, 2015. However, letter returned undelivered from the given address (Copy of letter dated February 05, 2015 sent to Zenithvia along with copy of front side of undelivered letter are enclosed as **Annexure B**).

2. SEBI sought clarifications vide letter no. IMD-DoF 1/ILO/DD/IA/202/2016 dated January 04, 2016 (**Annexure C**), with respect to the unregistered investment advisory activities, from Zenith Research Services (hereinafter referred to as 'Noticee No. 1 / Zenith'). SEBI also sought clarifications vide letter no. IMD-DoF/ILO/DD/IA/170/2016 dated January 04, 2016 with respect to the unregistered investment advisory activities from Zenithvia. Zenithvia submitted its response vide its letter dated January 22, 2016. Zenithvia, inter-alia, gave the following response (Copy of SEBI's letter dated January 04, 2016 and Copy of letter dated January 22, 2016 received from Zenithvia are enclosed as under **Annexure D**):

".....we are accepting that we were running the business without registration certificate as required by SEBI Act 1992 and their rules and regulations."

"We are closed all our business activities, as we aware the fact that running of investment advisory business without registration is not permissible."

"Certificate of dissolution of firm, closure of bank account and closure of website is enclosed herewith"

(Copies of CA certificate regarding dissolution of the partnership firm, CA certificate regarding discontinuation of ICICI Bank account number 185905000230 along with statement of ICICI Bank account number 185905000230, CA certificate regarding discontinuation of website www.zenithvia.com, copy of dissolution deed of the partnership firm, submitted by Zenithvia along with letter dated January 22, 2016, are enclosed as **Annexure E**)



अनुवर्ती:
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

3. An ICICI Bank account bearing account no. 657005600786 was found to be mentioned on the webpages of Zenith with various securities market products mentioned on the website www.zenithresearch.co.in (Copy of webpages of the website www.zenithresearch.co.in are enclosed as **Annexure F**). Following details are noted from the documents provided by ICICI Bank for the account number 657005600786:

Account No. 657005600786	
Account Name – Zenith Research Services	
Address: 220 A Bansi Trade Centre, IInd Floor, 581/5, M G Road, Indore, Madhya Pradesh – 452001.	
Mobile - 9926100054	
PAN – AABFZ3937C	
Email: PREETAMMOURY@GMAIL.COM	
Constitution: Partnership	
Partners Name: Preetam Singh Rajput and Anurag Shrivastav	
Mobile number mentioned against Partners Names: 9926100054	
Email mentioned against Partners Names: PREETAMMOURY@GMAIL.COM	
Type of Industry and Type of Profession (as per AOF): Advisory and Finance	
Address of Preetam Singh Rajput (as per KYC) – 22, Satyam Vihar Colony, Indore, MP.	
Address of Preetam Singh Rajput (as per Partnership Deed): H. No. 7, 24 Bunglow, Bajrang Nagar, Indore (M.P.).	
Address of Anurag Shrivastav (as per KYC) – Bohare Colony W N 6 AN Guna MP.	
Address of Anurag Shrivastav (as per Partnership Deed): A/31, Abhinandan Nagar, Nr. MR 10, Indore (M.P.).	

(Copy of Account Opening Form (AOF) and KYC documents provided by ICICI Bank for account no. 657005600786 (Zenith) are enclosed as **Annexure G**.

4. From the documents provided by ICICI Bank, it is observed that the KYC documents (Copy of driving license) provided by Anurag Shrivastav is same for account nos. 657105500141 (Zenithvia) and 657005600786 (Zenith). Further, the type of industry and type of profession is mentioned as Advisory and Finance in the AOF provided by ICICI Bank. Therefore, it is observed that Anurag Shrivastav was one of the partners in both Zenithvia and Zenith.

5. Following is found to be mentioned on the webpages of the website www.zenithresearch.co.in of the entity Zenith Research Services:

Zenith Research is a company promoted by a group of highly experienced professionals dedicated towards providing an umbrella of Indian Stock Market solutions under one roof. Zenith Research



अनुवर्ती:
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

core strength lie in creativity, enriching each client relationships through disciplined services and intensive research based approach.

We are one of the accomplished hints delivering concern in India. We give Indian stock market Equity, subsidiary additionally Stocks Nifty, Options recommendations on intraday basis. We perceive needs and confinements of different sorts of traders and and investors. On the off chance that the clients suggests a profitable suggestion we will alter our service which suit's him / her and by.

We guide customer to become a successful trader in the market with affordable cost of service. We offer tips through SMS and also clarifies your valuable during market hours. We offer customer service through various modes like live chat, messenger support as week as though phone calls. So, the customer can ask his doubts in any modes during in market hours. The customer service is the one of the biggest plus of our management.

The execution of our services is distinctive and remarkable from our competitors and some of our services are investors in its own, KYS (Know Your Stock) and Live Online Support are the best example.

6. Various securities market products are also mentioned on the website www.zenithresearch.co.in along with pricing details.
7. It appears from the contents of the website that Zenith Research Services was offering tips and recommendations in respect of equity cash, futures and options, commodities, which are securities as per the definition provided in Section 2(h) of the Securities Contract Regulation Act, 1956. It is also noted that the tips and recommendations were for the clients/investors to invest, purchase, sell or deal in securities. A bank account with ICICI Bank (Account No. 657005600786) was also opened in the capacity of partnership firm, in the name of Zenith Research Services. It is, inter-alia, mentioned in paragraph 3 of the partnership deed received from ICICI Bank, that the business of the firm shall be to deal in type of Financial Advisory Services (Copy of partnership deed is enclosed as Annexure H). Further, the website also provides the details of the bank accounts where the payments can be made for investment advisory services. Thus, it is established that the services offered by Zenith Research Services are in the nature of investment advice and by offering tips and recommendations in securities market products, the entity is also holding itself as an investment adviser.
8. As per Regulation 2(1)(I) of Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 (hereinafter referred to as 'IA Regulations') investment advice is defined as under:

"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



अनुपत्ति:
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

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"

9. As per Regulation 2(1)(m) of IA Regulations, investment adviser is defined 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".

10. 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. 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"

11. Regulation 3(1) of the IA Regulations, specifies 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".

12. As per Regulation 3(1) of IA Regulations read with Section 12(1) of SEBI Act, registration is mandatory for a person carrying out the activities of an investment adviser.

13. Based on the factual details stated herein above, it is alleged that the Noticees 1, 2, and 3, engaged in the activities of an investment adviser without obtaining the requisite registration from SEBI, as required in terms of Section 12(1) of the SEBI Act, 1992; read with Regulation 3(1) of the IA Regulations and it is alleged that the following amounts credited in the bank accounts of Noticee is alleged to be received as fees towards the services rendered as investment advisor:

Account No.	Bank Name	Account Name	From	To	Credit Amount (Rs.)
657005600786	ICICI Bank	Zenith Research Services	06-05-2015	12-02-2016	3,85,202/-



अनुवर्ती:
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

(Copy of account statement of ICICI Bank account number 6570056000786 is enclosed as Annexure I.

14. It appears from the contents of the webpages of the website www.zenithresearch.co.in that the entity was advertising good profits on its website despite fully knowing that all the investments in securities market are subject to market risk. It is alleged that these misleading representations are deceptive and fraudulent in nature and are well covered within the definition of "fraud" defined under Regulation 2(1)(c) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating To Securities Market) Regulations, 2003 (hereinafter referred to as 'PFUTP Regulations'). It is alleged that fraudulent activities / conduct / act / practice of the entity, as mentioned above, are also in violation of provisions of Section 12A(c) of SEBI Act, 1992 and Regulation 3(d) and Regulation 4(1) of PFUTP Regulations. Regulation 4(2)(k) of PFUTP Regulations, provides that dealing in securities shall be deemed to be a manipulative, fraudulent or an unfair trade practice if it involves even disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading and which is designed or likely to influence the decision of investors dealing in securities and thus it is alleged that the Noticees have violated Regulation 4(2)(k) of PFUTP Regulations.

Section 12(A)(c) of SEBI Act

Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control

12A. No person shall directly or indirectly

- (c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder.*

Regulation 2(1)(c) of PFUTP Regulations

"2(1) In these regulations, unless the context otherwise

- c) "fraud" includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in Securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss,..."*

Regulation 3(d) of PFUTP Regulations

"3. No person shall directly or indirectly—

- a.*
b.
c.



अनुवर्ती:
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

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अनुवर्ती:
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

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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."

9. As per Regulation 2(1)(m) of IA Regulations, investment adviser is defined 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".

10. 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. 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"

11. Regulation 3(1) of the IA Regulations, specifies 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".

12. As per Regulation 3(1) of IA Regulations read with Section 12(1) of SEBI Act, registration is mandatory for a person carrying out the activities of an investment adviser.

13. Based on the factual details stated herein above, it is alleged that the Noticees 1, 2, and 3, engaged in the activities of an investment adviser without obtaining the requisite registration from SEBI, as required in terms of Section 12(1) of the SEBI Act, 1992; read with Regulation 3(1) of the IA Regulations and it is alleged that the following amounts credited in the bank accounts of Noticee is alleged to be received as fees towards the services rendered as investment advisor:

Account No.	Bank Name	Account Name	From	To	Credit Amount (Rs.)
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अनुवर्ती:
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
**Securities and Exchange
Board of India**

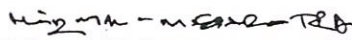
penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees.

16. Reply of the Noticees, 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
Indore Local Office
104-105, 1st Floor, Satguru Parinay,
Opp. C-21 Mall, A.B. Road,
Indore - 452010, Madhya Pradesh

17. The Noticees may also indicate whether they desire to be personally heard in this case. In case no reply is received within the above specified period, it shall be presumed that you have no further explanations/ submissions to offer in this regard and the matter would be decided based on the material available on record.
18. The Noticee is also advised to keep SEBI informed about the change in the correspondence address, if any, and provide updated email-ID and phone numbers, till the proceedings are complete. Noticee is also advised to submit a photocopy of Income Tax Permanent Account Number Card (PAN card), bank account details, demat account details, mutual fund investment details, etc. along with details of other movable and immovable assets for our record.
19. The Noticee may also note that a settlement mechanism is provided under the SEBI (Settlement Proceedings) Regulations, 2018. If the Noticee wishes to opt for the settlement process, it may apply for the same in the manner given in the aforesaid Regulations under intimation to the undersigned. Further, the Noticee may note that filing of settlement application does not confer any right to seek the settlement of the proceedings.

Yours faithfully,


Nimal Mehrotra

Enclosures: As above.



अनुपत्ति:
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

- d. engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on recognized stock exchange in contravention of the provisions of the Act.

Regulation 4(1) and 4(2) (k) of PFUTP Regulations:

4(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a manipulative, fraudulent or an unfair trade practice in securities markets. [Explanation.— For the removal of doubts, it is clarified that any act of diversion, misutilisation or siphoning off of assets or earnings of a company whose securities are listed or any concealment of such act or any device, scheme or artifice to manipulate the books of accounts or financial statement of such a company that would directly or indirectly manipulate the price of securities of that company shall be and shall always be deemed to have been considered as manipulative, fraudulent and an unfair trade practice in the securities market.]

4(2) Dealing in securities shall be deemed to be a manipulative fraudulent or an unfair trade practice if it involves any of the following:—

(k) disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading and which is designed or likely to influence the decision of investors dealing in securities

15. In light of the above, Noticees – Zenith and its partners Anurag Shrivastav and Preetam Singh Rajput, are hereby called upon to show cause as to (i) why suitable directions, under Sections 11B(1) and 11(4) read with Section 11(1) of SEBI Act, 1992, and directions for refund of fees of Rs. 3,85,202/- taken towards investment advisory activity should not be issued against them and (ii) why suitable directions for imposing penalty under Sections 11B(2) and 11(4A) read with Section 15HB, Section 15HA and Section EB of SEBI Act and SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, should not be issued against the Noticees for the aforesaid violations, which reads as under.

Penalty for fraudulent and unfair trade practices

15HA. If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty 102 [which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.

Penalty for contravention where no separate penalty has been provided.

15HB. Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.

Penalty for default in case of investment adviser and research analyst.

15EB. Where an investment adviser or a research analyst fails to comply with the regulations made by the Board or directions issued by the Board, such investment adviser or research analyst shall be liable to



अनुषूची:
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

Documents	Annexure
Copy of the complaint along with screenshots of SMS text.	A
Copy of SEBI's letter dated February 05, 2015 sent to Zenithvia along with copy of front side of undelivered letter.	B
Copy of SEBI's letter dated January 04, 2016 sent to Zenith.	C
Copy of SEBI letter dated January 04, 2016 and letter dated January 22, 2016 received from Zenithvia.	D
Copies of CA certificate regarding dissolution of the partnership firm, CA certificate regarding discontinuation of ICICI Bank account number 185905000230 along with statement of ICICI Bank account number 185905000230, CA certificate regarding discontinuation of website www.zenithvia.com , copy of dissolution deed of the partnership firm, submitted by Zenithvia.	E
Copy of webpages of the website www.zenithresearch.co.in .	F
Copy of AOF and KYC documents provided by ICICI Bank for account no. 657005600786 (Zenith).	G
Copy of partnership deed.	H
Copy of account statement of ICICI Bank account number 657005600786.	I