

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM: MADHABI PURI BUCH, WHOLE TIME MEMBER
INTERIM EX PARTE ORDER**

**Under Sections 11(1), 11(4), 11B (1) and 11D of the Securities and Exchange Board
of India Act, 1992**

**In Re: Violation of provisions of Securities and Exchange Board of India (Prohibition
of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations,
2003 and Securities and Exchange Board of India (Investment Advisers) Regulations,
2013**

In respect of:

Sl. No.	Name of the Entity	PAN
1	Dalal Merchandise Advisory Pvt. Ltd.	AAGCD5267K
2	Himanshu Bharatkumar Bhavsar	AJVPB0407A
3	Maulikkumar Rajeshkumar Prajapati	FHVPP0689B
4	Pinalben Himanshubhai Bhavsar	ARLPB8324N
5	Devki Stocks Pvt. Ltd.	AAGCD5268G
6	Devang Pareshbhai Vyas	AZIPV2102K
7	Vishwas Stocks Research Pvt Ltd	AAGCV2217H
8	Javed Lalmahamad Sindhi	GMCP50364B

**In the matter of Vishwas Stocks Research Private Limited, Dalal Stocks Advisory
Private Limited and Devki Stocks Private Limited**

BACKGROUND

1. Vishwas Stocks Research Private Limited (“**Vishwas**”), Dalal Stocks Advisory Private Limited (“**Dalal**”) and Devki Stocks Private Limited (“**Devki**”) are companies registered

in Ahmedabad. Their further details were perused from MCA portal and the following are their particulars:

Company name	Vishwas Stocks Research Private Limited
Date of incorporation	21-12-2017
Registered address	10 to 13, Second Floor, Bhavya Complex, Nr. Sherdi Nagar, Visnagar-kheralu Highway, Visnagar Mahesana GJ 384315 IN
Email	himanshubhavsar7479@gmail.com
Website	www.vishwasstocksresearch.com
Website status	Active as on September 23, 2020

Company name	Dalal Stocks Advisory Private Limited
Date of incorporation	24-1-2018
Registered address	1 to 6, 4th Floor, Marutinandan Complex, Above LIC Office Visnagar Mahesana GJ 384315 IN
Email	sjp.dalalmerchandise@gmail.com
Website	www.dalalmerchandiseadvisory.com
Website status	Active as on September 23, 2020

Company name	Devki Stocks Private Limited
Date of incorporation	24-1-2018
Registered address	2nd Floor, Sun Plaza Complex, Polytechnic Road, Opp. New Bus Station Vadnagar Mahesana GJ 384355 IN
Email	sjp.dalalmerchandise@gmail.com
Website	www.devkistocks.com
Website status	Active as on September 23, 2020

- Securities and Exchange Board of India (“**SEBI**”) received a SCORES complaint dated August 5, 2020 against Mr. Himanshu Bharatkumar Bhavsar. The complainant had attached a copy of FIR lodged with Bangalore City, Cyber Crime Police Station along with his complaint. He had mentioned in the FIR that Mr. Rahul Sharma called the complainant and promised assured returns on his investment of Rs. 8,00,000/-. The complainant had transferred Rs. 8,18,550/- to various bank accounts of Vishwas.

SEBI's EXAMINATION

- In view of the complaint received, SEBI carried out a preliminary examination to ascertain whether unregistered investment advisory activities are being carried out by the aforesaid three companies. To that end the print outs of the webpages of the companies, particulars of their bank accounts and payment gateway were perused to gather information. The aforesaid websites of the companies are currently inactive. However, during the course of preliminary examination, print outs of web pages of

companies' website were taken and have been placed on record. SEBI's preliminary examination found as follows:

- 3.1. Mr. Himanshu Bharkatkar Bhavsar who is a common Director in all the 3 companies, is a SEBI registered Investment Advisor having Registration No.: INA000011501. His registered office is at 5-9-103-1, Parekh Pole, Near Ek Tower, Visnagar Mehsana, Gujarat-384315. The Certificate of Registration was granted on August 23, 2018 to Mr. Himanshu Bharkatkar Bhavsar as an individual applicant. The legal structure mentioned in application of registration is "Individual".
- 3.2. The three companies held themselves as Investment Advisors and collected subscription fees from investors for providing stock recommendations without obtaining a registration under SEBI (Investment Advisors) Regulations, 2013 ("**IA Regulations**") in their own names as required under the regulations.
- 3.3. The total credit received in the various accounts maintained by the companies during the period January, 2018 to August, 2020 is as follows:

Sl. No.	Name of the company	Total amount credited (Rs.)
1	Dalal	2,12,47,801/-
2	Devki	1,19,85,862/-
3	Vishwas	93,89,126/-

Issues for Consideration and Prima Facie Findings

4. I have perused the materials available on record, information available on the websites and information obtained from Banks and payment gateway. A preliminary examination of the material available on record was made in order to verify whether the companies have offered investment advisory services and have collected money from various investors without obtaining registration from SEBI. In this context, *prima facie*, the following issues arise for determination in the instant matter:
- 4.1. *Whether Vishwas, Dalal and Devki, are prima facie, holding themselves out and / or acting as investment advisers?*
- 4.2. *If answer to aforesaid issue is in the affirmative, whether Vishwas, Dalal and Devki have, prima facie, violated any provisions of SEBI Act read with IA Regulations and provisions of PFUTP Regulations?*

4.3. If answers to issue nos. (4.1) & (4.2) are affirmative, who are responsible for the violations?

4.4. If answer to issue no. 4.2 is in affirmative, whether urgent directions, if any, should be issued against those responsible for the prima facie, violations?

Issue No. 1: Whether Vishwas, Dalal and Devki, are prima facie, holding themselves out and / or acting as investment advisers?

5. As regards the first issue, I note the following from the material available on record:

5.1. As per the information gathered from the Memorandum of Association (“MoA”) of the companies, as available from MCA portal, the following is the object for which the said companies are incorporated:

Sl. No.	Name of the company	Objects mentioned in MoA
1	Vishwas	To carry on the business in India or any part of the world of undertaking research, investment, arbitrage, and advisory services in the field of equity, derivatives, mutual funds, commodities, money market instruments or any other financial instrument tradable in any kind of market and to provide advisory services, opinions, management services, portfolio management based on research, exchange of research for a consideration or otherwise to individuals, corporates, business houses, or any other legal entity formed within or outside the country with or without consideration.
2	Dalal	
3	Devki	

5.2. As per the information gathered from the webpages of the companies, the following is noted:

Name of the company	Details mentioned on the website
Vishwas	Under the heading “Our Goal”, the following is mentioned: “Our Goal is to achieve higher returns on our customer investments. customer's trust and provide them with the finest Indian stock market tips, services which are economically and financially beneficial to them”. Under the heading “Who We Are”, the following is mentioned: “...The company comprises of a flock of ignited brains having experience of more than 10 years in the capital market. What else do you want for sure

	<i>shot profit strategies?... We aim to achieve higher returns on our customer investments. customer's trust and provide them with the finest Indian Stock Market Tips."</i> It is observed from the content of the website that they provide 24x7 support.
Dalal	One the main page of the website the following is mentioned: <i>"Dalal Merchandise is a research house and investment advisory company carrying out operations in the Indian Equity & Commodity market. We are a trusted name in the financial services arena."</i> Under the heading "Our Goal", the following is mentioned: <i>"We want to earn and be worthy of our customer's trust and provide them with the finest Indian Stock Market Tips and achieve higher returns on our customer investments / trading capital."</i> It is observed from the content of the website that they provide provide trade alerts via SMS every day and live tips.
Devki	Under the heading "Who We Are", the following is mentioned: <i>"... On the other side we distribute Live Tips via High Speed SMS Gateway, which ensures the instant delivery of message without any loss of time so, the clients get adequate time to enter the trade and fetch the profit... As a result, using our tips our clients have been gaining excellent profits. We also throws diversified range of services as per the requirement of an investor, intraday traders and brokers with the best customer support. We believe in giving each and every client a special treatment by providing online and telephonic assistance during market hours and the performance of our Products and Services are different and unique from those of our competitors. Some of these products and services are inventions of a kind. The Unique Selling Proposition is Best quality."</i>

5.3. On a further perusal of the webpages, it is observed that the companies are providing the following products (illustrative list):

Vishwas

Sl. No.	Product	Monthly Package (Rs)	Quarterly Package (Rs)	Half Yearly Package (Rs)	Yearly Package (Rs)
1	Bulls stock cash	1,25,000/-	2,25,000/-	3,25,000/-	4,25,000/-
2	Rhino Intraday	15,000/-	50,000/-	1,50,000/-	3,60,000/-
3	Blazer Stock Future	2,50,000/-	4,50,000/-	NA	NA
4	Infinity base metal energy	60,000/-	1,20,000/-	1,80,000/-	2,40,000/-

Dalal

Sl. No.	Product	Monthly Package (Rs)	Quarterly Package (Rs)	Half Yearly Package (Rs)	Yearly Package (Rs)
1	Stock cash BTST	16,999/-	41,999/-	71,999/-	1,11,999/-
2	Intraday cash	8,999/-	21,999/-	36,999/-	51,999/-
3	Future positional	16,999/-	41,999/-	71,999/-	1,21,999/-
4	Mcx Combo pack	2,51,999/-	3,51,999/-	4,51,999/-	5,51,999/-

Devki

Sl. No	Product	Monthly Package (Rs)	Quarterly Package (Rs)	Half Yearly Package (Rs)	Yearly Package (Rs)
1	BTST-STBT Future	22,656/-	45,076/-	85,196/-	1,65,436/-
2	MCX Combo	52,156/-	1,41,836/-	2,77,536/-	5,32,416/-
3	Nifty Bank Nifty	29,736/-	82,836/-	1,53,636/-	2,95,236/-
4	Stock cash	15,576/-	29,736/-	56,876/-	1,11,156/-

5.4. It is further observed from a general internet search of the particulars of hosting of the website of the companies based on its domain name that *prima facie* the website of all the three companies was hosted for the first time on April 27, 2018 as available on www.whoisrequest.com.

5.5. From the companies' website, it is observed that, payments can be made to the company in its various bank accounts and through payment gateway. The details of the bank account, payment gateway along with the transactions observed therein, are summarized as under:

Sl. No.	Name of the company	Bank account	Amount credited from the date of account opening till date	Last available balance in account	Status of account as on date
1	Dalal	SBI A/c no: 37545795980	Rs. 30,66,134/- (17-02-2018 till 20-08-2020)	Rs. 13,70,237 as on (12-02-2020)	Active

2		HDFC Bank A/c no: 50200030950015	Rs. 12,375,265/- (01-05-2018 till 19-08-2020)	Rs. 50,606/- as on (13-08-2020)	Active
3		ICICI Bank A/c no: 140305004239	Rs. 57,71,422/- (21-08-2018 till 28-07-2020)	Rs. 1,09,719/- as on (28-07-2020)	Active
4		Paytm (7096301777)	Rs.34,980/- (17-12-2019 till 27-01-2020)	NA	Active
5		SBI A/c no: 37548038585	Rs. 31,79,248/- (20-02-2018 till 20-08-2020)	Rs. 16,61,928/- as on (28-02-2020)	Active
6	Devki	HDFC Bank A/c no: 50200032047649	Rs. 87,91,214/- (29-06-2018 till 19-08-2020)	Rs.19,300/- as on (13-08-2020)	Active
7		Paytm (7359243999)	Rs. 15,400/- (26-12-2019 till 23-01-2020)	NA	Active
8		SBI A/c no: 37492668519	Rs. 27,21,971/- (29-01-2018 till 20-08-2020)	Rs. 5,458/- as on 05-08-2020	Active
9		HDFC Bank A/c no: 50200030226288	Rs. 34,34,376/- (01-03-2018 till 19-08-2020)	Rs. 26,906/- as on 13-08-2020	Active
10	Vishwas	ICICI Bank A/c no: 140305003957	Rs. 32,31,679/- (03-03-2018 till 21-07-2020)	Rs. 1,04,565/- as on 21-07-2020	Active
11		Paytm (8140459888)	Rs. 1100/- 20-12-2019	NA	Active

5.6. From the analysis of Bank statement, the following is observed:

5.6.1. The bank accounts are active.

5.6.2. The consolidated credit received in the aforesaid accounts of the companies is approximately Rs. 2.12 crore for Dalal and Rs. 1.19 crore for Devki during the period, February, 2018 to August, 2020 and Rs. 93 .89 lakh for Vishwas during the period January, 2018 to August, 2020.

5.6.3. From the narrative of the transactions, it appears that the payments have, *prima facie*, come from various investors / clients. An illustrative list of narrations in the bank account of the companies is as under:

Transaction Date	Narration	Credit (Rs.)
Dalal (ICICI Bank)		
9/7/2019	BIL/INFT/001749562855/AdvisoryFees/	2600
16/7/2019	BIL/INFT/001754681088/For advisor/	2100
18/7/2019	NEFT-N199190879000094-VIDYA VINOD SHARMA-ADVISORY	10000
Devki (SBI)		
1/8/2018	BY TRANSFER-Share tips fee--	10000
12/9/2018	BY TRANSFER-INB IMPS825518793289/9910004548/XX2960/Stock advi--	3700
18/9/18	BY TRANSFER-INB IMPS826118833207/9910004548/XX2960/Stock advi--	6000
Vishwas (ICICI Bank)		
18/4/2018	BIL/001434435632/Investment/NSP	5500
14/5/2018	BIL/001452078215/Investment/NSP	6000
24/12/2018	BIL/INFT/001604667868/Week 1 stock ti/stockTIPS /I	5000

6. In light of the aforesaid discussions, I *prima facie* observe based on the contents of companies' website wherein various services offered by the companies have been described, that the aforesaid three companies are *prima facie*, holding themselves out as investment advisers. Further, it is also *prima facie*, observed from the companies' webpages that they offer various tips / services to their clients in the securities market through 24x7 support and SMS. Considering the above facts and circumstances, especially the content of the website of the companies coupled with the credit transactions in their bank accounts and payment gateway, *prima facie*, it is inferred that the fees / funds credited to their bank accounts, were for the purpose of availing the services indicated on their websites.
7. In this factual context, I have perused the definition of Investment Adviser as given in regulation 2(m) of IA Regulations, which states that 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, I have perused regulation 2(l) of the IA Regulations which defines Investment Advice as "*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.*"

8. In light of the aforesaid definitions, it is observed from the contents of the website of the companies that the companies are *prima facie*, holding themselves out as investment advisers by offering to provide investment advice as defined under regulation 2(l) of IA Regulations by offering to give advice related to investing in, purchasing and selling in securities and are also offering various investment packages for subscription. Further, as noted from their bank accounts that there are multiple credit entries which when seen together with the contents of the websites leads to the *prima facie* conclusion that the credit entries in their bank accounts are consideration for the investment advice given by the companies to their clients. Thus, *prima facie*, the companies are investment advisers as defined under regulation 2 (m) of IA Regulations.
9. Further, the fact that the companies in their MoU have stated carrying on business of advisory services in the field of equity, derivatives, mutual funds, commodities, etc. as one of the objects of the companies coupled with the various subscription packages offered by the companies in various segments of the market, when seen in light of the receipt of money in their bank accounts, *prima facie* shows, on preponderance of probability basis, that the credit of money is in fact the fee for the investment advisory services rendered by the companies. Therefore, the companies have not only held themselves out as investment advisers but have also acted as investment advisers for consideration.

Issue No. 2: *If answer to aforesaid issue is in the affirmative, whether Vishwas, Dalal and Devki have, prima facie, violated any provisions of SEBI Act read with IA Regulations and provisions of PFUTP Regulations?*

10. In order to ensure that investors who receive investment advice are protected, 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 Regulations. Section 12(1) of SEBI Act 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:"

Further, as per regulation 3(1) of IA 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"*.

11. The activities of the companies, as brought out from the various materials described earlier, seen in the backdrop of the aforesaid provisions show that the companies were holding themselves out as investment advisers and also have been acting as investment advisers. However, no material is available on record to indicate that the companies have certificates of registration as investment adviser in their name (body corporate). In this context, it is noted that the companies are not registered with SEBI in any capacity. However, from the material made available on record it is noted that one of the common Directors in the three companies, namely Mr. Himanshu Bharatkumar Bhavsar has a SEBI certificate of registration as an investment adviser (INA000011501; August 23, 2018). In this regard, it is *prima facie*, observed that Mr. Himanshu Bharatkumar Bhavsar was acting as an unregistered investment advisor prior to grant of registration from SEBI. As observed in preceding paragraphs, the websites of the aforesaid three companies started operating from April 27, 2018 prior to him making an application for registration to SEBI. Mr. Himanshu Bharatkumar Bhavsar has *prima facie*, provided a false declaration in Form-A to SEBI while applying for registration as IA and was *prima facie*, conducting unregistered IA activities prior to getting SEBI registration. A total amount of Rs. 9,76,298/- has been *prima facie*, collected by him from clients for offering investment advice prior to SEBI registration and the said amount has been received in the aforementioned bank accounts of the three companies.
12. In this regard, I note that the present matter is with respect to the *prima facie* unregistered investment advisory activity carried out by the three companies. As per regulation 6 (a) of IA Regulations which deals with "Consideration of application and eligibility criteria", there are two kind of applicants envisaged under IA Regulations; one

is an individual and the other is a body corporate or a firm. The same is also reflected in the Form A which is the form for application for grant of certificate of registration. In the said form, under the section “Details of Applicant (provide details of only the section applicable to you)”, the details of individual and body corporate / firm are segregated. Credence to the aforesaid differentiation is further evident from the provision of regulation 8 of IA Regulations which deals with “Capital Adequacy” requirement. For an individual the value of net tangible assets should not be less than one lakh rupees whereas for a body corporate, its net worth should not be less than twenty five lakh rupees as per the extant laws. Even the fees at the time of application and at the time of grant or renewal that has to be paid to SEBI under regulation 9 of IA Regulations is different for an individual and a body corporate. Moreover, under IA Regulations, there is a separate onus laid upon a body corporate / firm to appoint a Compliance Officer under regulation 20 of IA Regulations which is not on an individual acting as an investment adviser. Thus, from the aforesaid reading of various provisions of IA Regulations, it is clear that there is a distinct set of procedures and obligations on a body corporate, as compared to an individual if a body corporate wishes to carry out the business of investment advisory under its name and seal. In other words, it has to apply for a certificate in its own name to carry out investment advisory activities and comply with all the regulatory requirements as a body corporate investment advisor.

13. It has been discussed in the preceding issue that the characteristics and features of the business activity carried out by the companies, *prima facie*, leads to the conclusion that the companies are holding themselves out and acting as an investment adviser without a certificate of registration from SEBI in their name. In my view, these activities/ representations of the companies are, *prima facie*, in violation of Section 12(1) of SEBI Act read with regulation 3(1) of the IA Regulations.
14. Before proceeding further, I would like to refer to the provisions of Sections 12A (a), (b), (c) of Securities and Exchange Board of India Act, 1992 (“**SEBI Act**”) and regulations 3 (a), (b), (c), (d) and regulations 4(1) and 4(2)(k) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (“**PFUTP Regulations**”). The text of the aforesaid provisions is reproduced below:

SEBI Act

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

Section 12A: No person shall directly or indirectly:

(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;

(b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;

(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;

PFUTP Regulations

Regulation 3. Prohibition of certain dealings in securities

No person shall directly or indirectly-

(a) buy, sell or otherwise deal in securities in a fraudulent manner;

(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;

(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;

(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 a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

4. Prohibition of manipulative, fraudulent and unfair trade practices

(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.

(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:-

...

(k) an advertisement that is misleading or that contains information in a distorted manner and which may influence the decision of the investors”.

15. It is noted from the webpages of the companies that they have mentioned SEBI Registered No. INA000011501 therein. However, as noted in preceding paragraphs, none of the companies in their capacity as a body corporate have obtained a certificate of registration from SEBI as an investment adviser. Thus, it is *prima facie* observed that by displaying SEBI registration number on their website, which pertains to one of its Directors, the companies are *prima facie* misleading the investors by claiming to be a registered intermediary with SEBI. The information related to SEBI registration number, was not qualified; that the registration pertains to one of its Directors and not to the company. In the absence of any qualification, considering that the website belongs to the company, it is *prima facie* observed that a reasonable person / investor will understand / gather that the registration pertains to the company. In other words, the companies are claiming / representing themselves to be registered with SEBI as investment advisory companies which follow all the norms made by SEBI for corporate body investment advisors, for investor protection. Thus, *prima facie*, it appears that the companies are knowingly concealing the fact that they are not registered with SEBI as investment advisors and are also making representations knowing them to be false, thereby luring and inducing investors to deal in securities.

16. The above discussed act of the companies is *prima facie*, fraudulent and is covered under the definition of 'fraud' defined under regulation 2(1)(c) of PFUTP Regulations which reads as under:

“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, and shall also include--

- (1) a knowing misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment;
- (2) a suggestion as to a fact which is not true by one who does not believe it to be true;
- (3) an active concealment of a fact by a person having knowledge or belief of the fact;
- (4) a promise made without any intention of performing it;
- (5) a representation made in a reckless and careless manner whether it be true or false;
- (6) any such act or omission as any other law specifically declares to be fraudulent;
- (7) deceptive behavior by a person depriving another of informed consent or full participation;
- (8) a false statement made without reasonable ground for believing it to be true;
- (9) the act of an issuer of securities giving out misinformation that affects the market price of the security, resulting in investors being effectively misled even though they did not rely on the statement itself or anything derived from it other than the market price.
- And "fraudulent" shall be construed accordingly;

17. It is noted that *prima facie* fraudulent act / conduct of the companies as discussed above is *prima facie* in violation of provisions of Sections 12A (a), (b), (c) of SEBI Act, regulations 3 (a), (b), (c), (d) and regulations 4(1) and 4(2)(k) of PFUTP Regulations.

Issue No. 3: If answers to issue nos. (4.1) & (4.2) are affirmative, who are responsible for the violations?

18. I note from the details available on MCA portal that the following are the Directors of the companies:

Name of the Company	Name of the Director	Tenure
Vishwas	Himanshu Bharkatkar Bhavsar	21-12-2017 till date
	Javedbhai Lalmahamad Sindhi	21-12-2019 till date
	Pinalben Himanshubhai Bhavsar	21-12-2017 till 21-03-2020
Dalal	Himanshu Bharkatkar Bhavsar	24-01-2018 till date
	Maulikkumar Rajeshkumar Prajapat	20-12-2019 till date
	Pinalben Himanshubhai Bhavsar	24-01-2018 till 21-03-2020
Devki	Himanshu Bharkatkar Bhavsar	24-01-2018 till date
	Devangkumar Pareshbhai Vyas	20-12-2019 till date

	Pinalben Himanshubhai Bhavsar	24-01-2018 till 21-03-2020
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19. I note that any company though a legal entity cannot act by itself, it can act only through its Directors. They are expected to exercise their power on behalf of the company with utmost care, skill and diligence. In terms of Section 179 of the Companies Act, 2013, the Board of Directors of a company shall be entitled to exercise all such powers and do all such acts and things as the company is authorised to exercise and do. Therefore, the Board of Directors, being responsible for the conduct of the business of a company, are liable for any non-compliance of law and such liability shall be upon the individual Directors also.
20. I note for the contravention of law committed by the company, apart from the company, the Directors of company who at the time of contravention, were having knowledge of the said contravention or their neglect results in the said contravention of law, are also liable for said contravention of law committed by the company. The relevant provision is as follows:

SEBI Act

27. Offences by Companies

(1) Where an offence under this Act has been committed by a company, every person who at the time the offence was committed was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided in this Act, if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly.

Explanation: For the purposes of this section, — (a) “company” means any body corporate and includes a firm or other association of individuals; and
(b) “director”, in relation to a firm, means a partner in the firm.

Himanshu Bharatkumar Bhavsar and Pinalben Himanshubhai Bhavsar

21. Mr. Himanshu Bharatkumar Bhavsar and Ms. Pinalben Himanshubhai Bhavsar are common Directors in all the three companies. Mr. Himanshu Bharatkumar Bhavsar is the Director in all the said three companies since incorporation and still continues in that position in the companies. As noted in preceding paragraphs, he has, in his individual capacity a certificate of registration from SEBI to act as an investment adviser, since August 23, 2018. Thus, he is aware that in Form A which is the form of application for grant of certificate of registration, there is a separate section for body corporate / firm to fill its details. Moreover, as brought out in paragraph 12, there are separate requirements for an investment adviser who is an individual vis-à-vis investment advisers which is a body corporate. The same leads to a *prima facie*, inference that he is aware that a separate certificate of registration is required for a body corporate to act as an investment adviser.
22. In the instant matter, as per material available on record, I find that that the core activities/ objective of the three companies, is to carry on business in securities market as investment adviser. Further, as per material available on record, I also find that apart from investment advisory business, the three companies are not involved in any other business. It is already established in the preceding paragraphs that the companies are *prima facie* holding themselves out and acting as investment advisers without obtaining certificate of registration from SEBI.
23. Further, from the material available on record, it is observed that none of the Directors of the said three companies are designated as Managing Director or Executive Director or Independent Director. Moreover, it is also observed from the material available on record that the companies do not have CEO, CFO or any other officer who is designated as key managerial personnel. Thus, on a preponderance of probability basis, all the Directors who have been appointed to the Board of the said three companies, are in charge and responsible for managing the affairs / business of the company. In light of the aforesaid discussion, it is *prima facie*, observed that all Directors of the companies in

charge and responsible for the companies including Mr. Himanshu Bharatkumar Bhavsar and Ms. Pinalben Himanshubhai Bhavsar (Ms. Pinalben Himanshubhai Bhavsar was in charge and responsible till March 21, 2020 for all three companies).

24. The aforesaid discussion coupled with the fact that Mr. Himanshu Bharatkumar Bhavsar and Ms. Pinalben Himanshubhai Bhavsar were common Directors of the three companies since incorporation, on a preponderance of probability basis, indicates that *prima facie* both of them, by virtue of their being in charge, are responsible for providing investment advisory services by the companies to its clients without obtaining certificate of registration from SEBI. Further, Mr. Himanshu Bharatkumar Bhavsar had the knowledge that the SEBI registration was in his name and not in the name of the companies and Ms. Pinalben Himanshubhai Bhavsar being his wife also had on a preponderance of probability basis *prima facie* knowledge that the SEBI registration was in her husband's name. Thus, it is *prima facie* observed that Mr. Himanshu Bharatkumar Bhavsar and Ms. Pinalben Himanshubhai Bhavsar are *prima facie* liable under Section 27 (1) of SEBI Act for the offence of the companies to act as an unregistered investment adviser and for misleading and defrauding the investors.
25. I also note that the liability of the Directors also arises if the offence is attributable to any neglect on their part. There is no material on record to *prima facie* indicate that Mr. Himanshu Bharatkumar Bhavsar and Ms. Pinalben Himanshubhai Bhavsar have taken any steps to prevent the companies from running unregistered investment advisory activity by way of making application to SEBI. It shows there is a neglect attributable on the Directors.
26. Moreover, it is observed that one of the medium vide which the companies were carrying out their *prima facie* investment advisory activities and reaching their clients, was through their websites. Their websites as observed in preceding paragraphs were falsely displaying SEBI registration number (The information was unqualified as discussed in preceding issue) which was *prima facie* misleading the investors. Thus, Mr. Himanshu Bharatkumar Bhavsar and Ms. Pinalben Himanshubhai Bhavsar were *prima facie* aware that even though the companies were not a SEBI registered intermediary, they are still advertising a SEBI Registration number. Consequently, the websites of the three companies are advertising false information. Here, it will be relevant to refer to the

matter of *V. Natarajan Vs. SEBI*, Appeal No. 104 of 2011, wherein the Hon'ble Securities Appellate Tribunal observed as follows:

"... We are satisfied that the provisions of Regulations 3 and 4 of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, were violated... These regulations also prohibit persons from indulging in a fraudulent or unfair trade practice in securities which includes publishing any information which is not true or which he does not believe to be true. Any advertisement that is misleading or contains information in a distorted manner which may influence the decision of the investors is also an unfair trade practice in securities which is prohibited. The regulations also make it clear that planting false or misleading news which may induce the public for selling or purchasing securities would also come within the ambit of unfair trade practice in securities..."

27. Reference is also made to the following position of law enunciated by the Hon'ble Supreme Court of India in the matter of *N Narayanan vs. Adjudicating Officer, SEBI* decided on April 26, 2013:

"33. Company though a legal entity cannot act by itself, it can act only through its Directors. They are expected to exercise their power on behalf of the company with utmost care, skill and diligence. This Court while describing what is the duty of a Director of a company held in Official Liquidator v. P.A. Tendolkar (1973) 1 SCC 602 that a Director may be shown to be placed and to have been so closely and so long associated personally with the management of the company that he will be deemed to be not merely cognizant of but liable for fraud in the conduct of business of the company even though no specific act of dishonesty is provide against him personally. He cannot shut his eyes to what must be obvious to everyone who examines the affairs of the company even superficially."

28. In the instant matter, there is no material available on record to *prima facie* indicate that Mr. Himanshu Bharatkumar Bhavsar who continues to be associated with the companies since incorporation and Ms. Pinalben Himanshubhai Bhavsar who was associated with the companies for approximately 2.2 years to 2.3 years since their incorporation, have made any efforts or taken any steps to prevent the dissemination of false information getting advertised by taking steps to pull down the said information from the websites. Any reasonable person who is associated with a company which reaches its prospective

clients / investors primarily through its website, is expected to disseminate true and complete information to the potential clients / investors in respect of the company to enable the potential clients / investors to make their own informed investment decisions. In the present matter, it is *prima facie* observed that Mr. Himanshu Bharatkumar Bhavsar and Ms. Pinalben Himanshubhai Bhavsar have neglected to take any steps to prevent the false information from getting disseminated to the investors through the website of the companies. Thus, Mr. Himanshu Bharatkumar Bhavsar and Ms. Pinalben Himanshubhai Bhavsar are also liable under Section 27 (2) of SEBI Act for the offence of the companies to act as an unregistered investment adviser and for misleading the investors and for the fraud committed on the investors, as discussed in preceding paragraphs.

Javedbhai Lalmahamad Sindhi, Maulikkumar Rajeshkumar Prajapati and Devangkumar Pareshbhai Vyas

29. Mr. Javedbhai Lalmahamad Sindhi has been associated with Vishwas since December 21, 2019, Mr. Maulikkumar Rajeshkumar Prajapati has been associated with Dalal since December 20, 2019 and Mr. Devangkumar Pareshbhai Vyas has been associated with Devki since December 20, 2019.
30. It has been observed in preceding paragraphs that none of the Directors of the said three companies are designated as Managing Director or Executive Director or Independent Director. Moreover, it is also observed from the material available on record that the companies do not have CEO, CFO or any other officer who is designated as key managerial personnel. Thus, on a preponderance of probability basis, all the Directors who have been appointed to the Board of the said three companies, are in charge and responsible for managing the affairs / business of the company. Thus, Mr. Javedbhai Lalmahamad Sindhi for Vishwas, Mr. Maulikkumar Rajeshkumar Prajapati for Dalal and Mr. Devangkumar Pareshbhai Vyas for Devki, are in charge and responsible for managing the affairs / business of their respective companies. It has also been observed in preceding paragraphs that the three companies were *prima facie* holding themselves out and acting as investment advisers without obtaining certificate of registration from SEBI and were *prima facie* disseminating false information to the investors through their websites. Thus, Mr. Javedbhai Lalmahamad Sindhi for Vishwas, Mr. Maulikkumar

Rajeshkumar Prajapati for Dalal and Mr. Devangkumar Pareshbhai Vyas for Devki are *prima facie* liable under Section 27(1) of SEBI Act for the unregistered investment advisory activities of their companies and for misleading and defrauding the investors. The text of Section 27(1) of SEBI Act, with effect from March 8, 2019 is as follows:

Contravention by companies

27. (1) Where a contravention of any of the provisions of this Act or any rule, regulation, direction or order made thereunder has been committed by a company, every person who at the time the contravention was committed was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained provided in this in this sub-section shall render any such person liable to any punishment provided in this Act, if he proves that the contravention was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such contravention.

...

Explanation: For the purposes of this section, — (a) “company” means any body corporate and includes a firm or other association of individuals; and

(b) “director”, in relation to a firm, means a partner in the firm.

31. It is observed that a body corporate which acts as an investment adviser has to have as per regulation 13 (c) of IA Regulations, “investment adviser” in its name. Further, as per regulation 20 of IA Regulations, an investment adviser which is a body corporate shall appoint a compliance officer. Moreover, the capital adequacy requirement as per the extant laws for a body corporate had to be not less than twenty five lakh rupees. In the extant matter, there is nothing on record to show that the companies have appointed a compliance officer and also as seen from the records, the name of the companies do not have the words “investment adviser” in it. Further, there is nothing on record to show that the networth of the companies was not less than twenty five lakh rupees. These red flags should have alerted the aforesaid three Directors who were associated with the companies since December, 2019 to make meaningful inquiries with respect to the SEBI registration number that was displayed on the website of the companies. Therefore, it is

observed that the aforesaid three Directors *prima facie* neglected to make meaningful inquiries in the conduct of the business of the companies. The *prima facie* neglect on the part of Mr. Javedbhai Lalmahamad Sindhi, Mr. Maulikkumar Rajeshkumar Prajapati and Mr. Devangkumar Pareshbhai Vyas, has *prima facie* resulted in the companies carrying out unregistered investment advisory activities and investors getting misled and defrauded by the false information being disseminated on the website of the companies, as discussed in preceding paragraphs. Thus, Mr. Javedbhai Lalmahamad Sindhi, Mr. Maulikkumar Rajeshkumar Prajapati and Mr. Devangkumar Pareshbhai Vyas are also liable under Section 27 (2) of SEBI Act for the offence of the companies to act as an unregistered investment adviser and for misleading the investors and for the fraud committed on the investors. The text of Section 27(2) of SEBI Act, with effect from March 8, 2019 is as follows:

27 (2) Notwithstanding anything contained in sub-section (1), where an contravention under this Act has been committed by a company and it is proved that the contravention has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly.

Explanation: For the purposes of this section, — (a) “company” means any body corporate and includes a firm or other association of individuals; and

(b) “director”, in relation to a firm, means a partner in the firm.

32. In view of the aforesaid discussion, I am of the view that the companies as well as their Directors, are jointly and severally liable for *prima facie* contravention of provisions of Section 12(1) of SEBI Act read with regulation 3(1) of the IA Regulations. Further, the Directors of the companies in their individual capacity as Directors of the companies are liable, along with the company, for the *prima facie* contravention of provisions of Sections 12A (a), (b), (c) of SEBI Act, regulations 3 (a), (b), (c), (d) and regulations 4(1) and 4(2)(k) of PFUTP Regulations.
33. It is pertinent to mention that Section 12(1) of SEBI Act read with regulation 3(1) of the IA Regulations stipulates that no person shall act/ hold itself out as an investment adviser unless he obtains a certificate of registration from the Board in accordance with

the regulations. The SEBI Act, along with the IA Regulations, provides for various remedies in the interest of investor protection. Section 11B of the SEBI Act, being one of the pivotal measures for the purpose of investor protection, is the section under which the remedial tool of refund is envisaged. The SEBI Act has also prescribed other set of measures under Section 11B of the SEBI Act. The said measures can include direction to refund the amount collected from the investors/ clients for its services. While the primary responsibility for refund of amount collected from the investors lies on the company, it does not absolve the obligation of the Directors, who collected the money on behalf of the company by causing the company to indulge in unregistered investment advisory activities, to refund the amount collected. Therefore, the Directors who collected the money on behalf of the company are also liable under Section 11B of the SEBI Act to refund the money collected by them, during their tenure of directorship as mentioned above. Accordingly, the amounts collected are liable to be refunded jointly and severally by the company and by the Directors in their personal capacity. As stated earlier, the liability of the Directors is independent and the same can be enforced by way of direction to make refund under Section 11B of SEBI Act.

34. In the instant case, I have already *prima facie* found that the companies have indulged in investment advisory services without obtaining a certificate of registration from SEBI, thereby *prima facie* contravening the provisions of Section 12(1) of the SEBI Act and regulation 3(1) of the IA Regulations. I note that Vishawas has collected approximately Rs. 93.89 lakh, Devki has collected approximately Rs. 1.19 crore and Dalal has collected approximately Rs. 2.12 crore from investors/ clients. From the material available on record, it is noted that each company had three Directors during the period it was, *prima facie*, providing unregistered investment advisory services. Hence, I am of the view that they are liable to make refund of the amount collected from the clients/ investors during their respective tenures. I note that Ms. Pinalben Himanshubhai Bhavsar has resigned from all the three companies. However, I am of the view that she is responsible for all the deeds / acts of the companies during her period of directorship in view of her liability on the basis of Sections 27(1) and 27(2) of SEBI Act.

Issue No. 4: *If answer to issue no. 4.2 is in affirmative, whether urgent directions, if any should be issued against those responsible for the prima facie, violations?*

35. SEBI has a statutory duty to protect the interests of investors in securities and promote the development of, and to regulate, the securities market. Section 11 of the SEBI Act has empowered it to take such measures as it thinks fit for fulfilling its legislative mandate. The PFUTP Regulations and IA Regulations has been formulated with the main objective of banning fraud and regulating investment advisory activities to safeguard the interests of investors and hence registration of investment advisory activities with SEBI has been made mandatory. The IA Regulations, *inter alia*, seek to create a structure within which investment advisers will operate and also make them duly accountable for their investment advice by requiring investment advisers to comply with the criteria set out in the relevant provisions of the IA Regulations. The same is imperative for the protection of interests of investors and to safeguard the integrity of the securities market.
36. In the instant case, the three companies are soliciting and inducing investors to deal in securities market on the basis of investment advice, tips, SMS etc., *prima facie*, without having the requisite registration / certification as mandated under the IA Regulations. Similarly, the PFUTP Regulations seeks to curb fraudulent and manipulative activities in the securities market in order to boost investor confidence in the securities market and to provide an environment conducive to increased participation and investment in the securities market which is vital to the growth and development of the economy. It has been noted in preceding paragraph that *prima facie* the companies were misleading the investors by actively concealing the material fact that they are not registered with SEBI in the capacity of investment advisor as corporate bodies.
37. Considering the facts and circumstances of the present matter and on the basis of the *prima facie*, findings, it is necessary to take urgent preventive action in this matter and to take immediate steps to prevent the companies and its Directors, from collecting any more fees from the public and indulging in unauthorized investment advisory activities. It is noted from material available on record that bank accounts of the three companies are active. Moreover, the website of the firm was active in the month of September, 2020. It is noted from the particulars of hosting of the website of the companies based on its

domain name that *prima facie* their domain name is valid till April 27, 2021, as available on www.whoisrequest.com. Thus, the probability / possibility of the websites getting active is still present. Therefore, the threat of investors getting lured towards the unregistered activity of the three companies in the securities market is still in existence and imminent. The amount of money, *prima facie*, observed to have been collected by Vishawas is approximately Rs. 93.89 lakh, Devki is approximately Rs. 1.19 crore and Dalal is approximately Rs. 2.12 crore and indicates the magnitude of the prospective threat to the investors.

38. It is noted that permitting the investors to receive an investment advisory service from an unregistered entity, in effect means, the same is received from the unqualified persons. An investor receiving a service from an unregistered investment advisor vis-à-vis an investor who receives such service from a SEBI registered investment adviser stands at a disadvantageous position in respect of his protection as an investor as envisaged under the IA Regulations. An unregistered investment adviser has not satisfied the Regulator that he is a fit and proper person to hold the certificate of registration as investment adviser. Availing of service from such persons is detrimental to investors and such unqualified service results in irreparable detriment as the investors' money is invested based on unqualified and un-regulated service. Exposing investors to such service also has the effect of interfering with the development of securities market, as victim of such services tend to lose faith in the securities market. Such an injury/detriment to the development of the securities market also qualifies as an "irreparable injury". The objective of SEBI as enshrined in the SEBI Act is not only the protection of investors but also orderly development of securities market.
39. Further if an *ex-parte* order is not passed, many prospective investors may have to part with large fees and investment resulting into irreparable injury to themselves as discussed earlier. However, if an *ex-parte* order is passed, what is at stake is right of the current entity herein vis-a-vis multitude of prospective and current clients of the entity. It may be noted that one of the underlying differences between the *ex-parte* orders in the case of private suits and *ex-parte* public enforcement actions, is the identification of the injured party. In private damage suits, the injured individual, as "whole", is identifiable whereas *ex-parte* public enforcement actions, seeks to protect the floating

multitude of investing public by preventing, continuous and imminent violations of the securities laws. Though, it can be argued that a final remedy by way of refund is available, as against the step of passing an *ex-parte interim* order, the potential deployment of funds by the investors by following the advice from an unqualified person and resultant loss of investor's confidence and reliability of securities market, cannot be retrieved, if, *prima facie*, unregistered investment advice is permitted to be extended to the investors by not passing an *ex-parte interim* order at this stage. Therefore, I consider the balance of convenience is also not in favour of the entity.

40. Considering the facts and circumstances of the present matter and on the basis of the *prima facie* findings, it is necessary to take urgent preventive action in this matter and to take immediate steps to prevent the three companies from collecting any more funds from the public and indulging in unauthorized investment advisory activities. As noted in the preceding paragraphs, the bank accounts of the companies are still active. Moreover, the domain name of the website of the companies is yet to expire. The same *prima facie* demonstrates that the three companies can still lure investors to deal through it in the securities market and probability of investors reaching the three companies is still high. Therefore, the threat of investors getting lured towards the unregistered activity of the three companies in the securities market is still in existence and imminent.
41. The amount of money, *prima facie*, observed to have been collected by Vishawas is approximately Rs. 93.89 lakh, Devki is approximately Rs. 1.19 crore and Dalal is approximately Rs. 2.12 crore and indicates the magnitude of the prospective threat to the investors. In light of the same, I find that there is no other alternative but to take recourse through an *interim ex-parte* order against the three companies and its Directors for preventing them from collecting funds by indulging in unauthorized investment advisory services without obtaining the mandatory registrations from SEBI in accordance with the law. The domain of the website of the three companies is yet to expire which means that the website can become active at any time. The same *prima facie*, shows that the investors could then reach it and also their bank accounts are active, the balance of convenience demands the preventive measure of stopping the collection of money in the bank accounts of the companies from investors. The same can be

effectively achieved by an appropriate direction of stopping credit into the bank accounts of the companies. As the three companies and its Directors have already evaded the jurisdiction of SEBI by *prima facie*, acting as unregistered investment adviser, the balance of convenience also demands that the three companies and its Directors have to be prevented from diverting the funds collected from the investors through unauthorized investment advisory activity. Accordingly, an appropriate direction stopping the debit from the bank accounts of the three companies and its Directors have been incorporated.

42. With the initiation of quasi-judicial proceedings and given the fact the three companies and its Directors have already evaded the jurisdiction of SEBI by undertaking unregistered investment advisory services in the name of the companies, it is imminent that the three companies and their Directors may divert the money collected from the subscribers / clients. The same may result in defeating the effective implementation of the direction of refund, if any, to be passed after deciding the matter on merits. It therefore becomes necessary for SEBI to take urgent steps to prevent the three companies and its Directors from diverting the money collected from the subscribers / clients. It is also essential to take urgent steps to prevent them from alienating any assets, whether movable or immovable, or any interest or investment or charge in any of such assets, so that the final remedies, if any, do not become infructuous. In view of the facts and circumstances discussed hereinabove, and considering the interests of already existing clients of the three companies and also the interests of those who may fall prey to the unregistered investment advisory by reaching the three companies through its website, which can become active at any time, the balance of convenience lies against the three companies and its Directors, which requires immediate action against them including not to divert the money collected from the subscribers / clients / investors.

ORDER

43. In view of the above, pending conclusion of enquiry on granting of hearing opportunity as per this Order, to Vishwas Stocks Research Private Limited, Dalal Stocks Advisory Private Limited, Devki Stocks Private Limited and their Directors, Mr. Himanshu Bharatkumar Bhavsar, Mr. Javedbhai Lalmahamad Sindhi, Mr. Maulikkumar

Rajeshkumar Prajapati, Mr. Devangkumar Pareshbhai Vyas and Ms. Pinalben Himanshubhai Bhavsar (collectively referred to as “**Directors**”), I, in order to protect the interests of investors and integrity of the securities market, in exercise of the powers conferred upon me under Sections 11, 11(4), 11B (1) and 11D read with Section 19 of the SEBI Act hereby issue by way of this *interim ex-parte order*, the following directions:

43.1. Vishwas Stocks Research Private Limited, Dalal Stocks Advisory Private Limited, Devki Stocks Private Limited and their Directors as named above, are directed to:

43.1.1. *Cease and desist from acting as investment advisors including the activity of acting and representing through any media (physical or digital) as an investment advisor, directly or indirectly, and cease to solicit or undertake such activity or any other activities in the securities market, directly or indirectly, in any matter whatsoever, until further orders.*

43.1.2. *Not to divert any funds raised from investors, kept in bank accounts and/or in their custody until further orders.*

43.1.3. *Not to dispose of or alienate any assets, whether movable or immovable, or any interest or investment or charge on any of such assets held in their name, including money lying in bank accounts except with the prior permission of SEBI.*

43.1.4. *Immediately withdraw and remove all advertisements, representations, literatures, brochures, materials, publications, documents, communications etc., physical or digital or on their website, in relation to their investment advisory activity or any other unregistered activity in the securities market until further orders.*

43.1.5. *Not to access the securities market and buy, sell or otherwise deal in securities in any manner whatsoever, directly or indirectly, until further orders.*

43.1.6. *To provide a full inventory of all assets held in their name, whether movable or immovable, or any interest or investment or charge on any of such assets, including details of all bank accounts, demat accounts and mutual fund investments, immediately but not later than 5 working days from the date of receipt of this order.*

43.1.7. To submit the number and details of clients who have availed their investment advisory services and to submit details of fees collected from each such client, immediately but not later than 5 working days from the date of receipt of this order.

43.2. If Vishwas Stocks Research Private Limited, Dalal Stocks Advisory Private Limited, Devki Stocks Private Limited or their Directors have any open positions in any exchange traded derivative contracts, as on the date of the order, they can close out/square off such open positions within 3 months from the date of order or at the expiry of such contracts, whichever is earlier. Vishwas Stocks Research Private Limited, Dalal Stocks Advisory Private Limited, Devki Stocks Private Limited and their Directors are permitted to settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the close of trading on the date of this order.

43.3. The following Banks wherein the three companies are holding accounts are directed not to permit any debits / withdrawals and not to allow credits to the said accounts, without the permission of SEBI:

Sl. No.	Name of the company	Bank account
1	Dalal Stocks Advisory Private Limited	SBI A/c no: 37545795980
2		HDFC Bank A/c no: 50200030950015
3		ICICI Bank A/c no: 140305004239
5	Devki Stocks Private Limited	SBI A/c no: 37548038585
6		HDFC Bank A/c no: 50200032047649
8	Vishwas Stocks Research Private Limited	SBI A/c no: 37492668519
9		HDFC Bank A/c no: 50200030226288
10		ICICI Bank A/c no: 140305003957

Further, Paytm where Vishwas Stocks Research Private Limited, Dalal Stocks Advisory Private Limited and Devki Stocks Private Limited are holding an account, are directed to deactivate the said account till further orders. The aforesaid Banks and Paytm are directed to ensure that all the above directions are strictly enforced.

43.4. The Depositories are directed to ensure that they neither permit any debits nor any credits in the demat account(s) held in the name of Vishwas Stocks Research Private Limited, Dalal Stocks Advisory Private Limited and Devki Stocks Private Limited, till

further directions. The Depositories are directed to ensure that they neither permit any debits nor any credits in the demat account(s) of Mr. Himanshu Bharkatkar Bhavsar, Mr. Javedbhai Lalmahamad Sindhi, Mr. Maulikkumar Rajeshkumar Prajapati, Mr. Devangkumar Pareshbhai Vyas and Ms. Pinalben Himanshubhai Bhavsar, held jointly or individually, till further directions.

43.5. *The Registrar and Transfer Agents are also directed to ensure that till further directions the securities, including mutual fund units, held in the name of Vishwas Stocks Research Private Limited, Dalal Stocks Advisory Private Limited and Devki Stocks Private are not transferred or redeemed. Further, Registrar and Transfer Agents are also directed to ensure that till further directions the securities, including mutual fund units, held in the name of Mr. Himanshu Bharkatkar Bhavsar, Mr. Javedbhai Lalmahamad Sindhi, Mr. Maulikkumar Rajeshkumar Prajapati, Mr. Devangkumar Pareshbhai Vyas and Ms. Pinalben Himanshubhai Bhavsar, held jointly or individually, are not transferred or redeemed.*

44. This Order shall also be treated as a Show Cause Notice and Vishwas Stocks Research Private Limited, Dalal Stocks Advisory Private Limited, Devki Stocks Private Limited and their Directors are show caused as to why the representations / services offered by Vishwas Stocks Research Private Limited, Dalal Stocks Advisory Private Limited and Devki Stocks Private Limited, should not be held as "Investment Advisory Services" in terms of the IA Regulations and thereby the activity of Vishwas Stocks Research Private Limited, Dalal Stocks Advisory Private Limited and Devki Stocks Private Limited be treated as unregistered activity under the SEBI Act and relevant Regulations. Further, Vishwas Stocks Research Private Limited, Dalal Stocks Advisory Private Limited, Devki Stocks Private Limited and their Directors, are also show caused as to why the representations made by Vishwas Stocks Research Private Limited, Dalal Stocks Advisory Private Limited and Devki Stocks Private Limited in securities market may not be treated as a fraudulent practice / act / conduct, in terms of SEBI Act and PFUTP Regulations.

45. Vishwas Stocks Research Private Limited, Dalal Stocks Advisory Private Limited and Devki Stocks Private Limited and their respective Directors, are also show caused as to why appropriate directions, under Sections 11, 11(4), 11B(1) and 11D of the SEBI Act

and relevant SEBI Rules/Regulations, including directions to prohibit them from buying, selling or otherwise dealing in securities market, either directly or indirectly, in any manner whatsoever, for a particular period and directions not to be associated with any registered intermediary/ listed company and any public company which intends to raise money from public in the securities market, in any manner whatsoever, should not be issued against them. Vishwas Stocks Research Private Limited, Dalal Stocks Advisory Private Limited and Devki Stocks Private Limited and their respective Directors, are also show caused as to why they should not be directed to refund, jointly and severally, the fees collected from the investors/clients for their unregistered investment advisory activities under Sections 11 and 11B (1) of SEBI Act.

46. The *prima facie*, observations contained in this Order are made on the basis of the material available on record. In this context, Vishwas Stocks Research Private Limited, Dalal Stocks Advisory Private Limited and Devki Stocks Private Limited and their respective Directors, may, within 21 days from the date of service of this Order, file 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 to be made in that regard.
47. The above directions shall take effect immediately and shall be in force until further orders.
48. A copy of this order shall be served upon Vishwas Stocks Research Private Limited, Dalal Stocks Advisory Private Limited, Devki Stocks Private Limited and their Directors, ICICI Bank Ltd., HDFC Bank Ltd. SBI, Paytm, Stock Exchanges, Depositories and Registrar and Transfer Agents for necessary action and compliance with the above directions.

Date: January 25, 2021

MADHABI PURI BUCH

Place: Mumbai

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA