



DEPUTY GENERAL MANAGER
JAIPUR LOCAL OFFICE

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

SEBI/WRO/JLO/OW/P/1/63051/02/2022

December 20, 2022

To,

Starburst Research Ambedkar Nagar, 273 Ward No. 2 Kalyan Pura, Bhawani Mandi Jhalawar - 326502 Rajasthan	Starburst Research, Aabkari Naka, Shivalay Road, Bhawanimandi Jhalawar - 326502 Rajasthan
Mr. Mustkim (PAN: AXJPM6692G), Proprietor of Starburst Research, S/o Kallu Bhai, Ambedkar Nagar, 273 Ward No. 2, Kalyan Pura, Bhawani Mandi Jhalawar - 326502 Rajasthan	Mr. Sarfraz Ali (PAN: AULPA2242F), Proprietor of Starburst Research, S/o, Ayyub Ali Warsi, 155, Navoday Road, Warsi Maikada, Pachpahar, Jhalawar - 326512 Rajasthan

Sub: Show Cause Notice under sections 11(1), 11(4), 11(4A), 11B(1) and 11B(2) of the Securities and Exchange Board of India Act, 1992 ("SEBI Act") read with Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 ("Adjudication Rules") in the matter of M/s. Starburst Research, proprietors: Mr. Mustkim and Mr. Sarfraz Ali.

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') had received a complaint on October 21, 2020 from a complainant, against M/s. Starburst Research, (hereinafter referred to as 'Starburst') which is a proprietorship firm. The proprietors of Starburst are: Mr. Mustkim (PAN: AXJPM6692G) and Mr. Sarfraz Ali (PAN: AULPA2242F) (Starburst and its Proprietors are collectively referred to as the 'Noticee').
2. Vide complaint dated October 21, 2020, the complainant has, inter alia, alleged that Starburst is a fraud company and had committed to provide HNI calls. However, even after paying, the complainant was asked to pay more. The complainant has provided the details of payment of Rs. 16,500 along with details of Axis Bank Account of Starburst in which the money was transferred. The complainant has also provided screen shots of WhatsApp messages of orders and position details provided by the noticee and call recordings. The copy of complaint is placed at Annexure-A.
3. The website of Starburst Research i.e. www.starburstresearch.co.in is currently not active. However, on the basis of screenshots of website provided by complainant (Annexure B), it was observed that Starburst had, *inter alia*, disclosed the following on the website:

स्थानीय कार्यालय : तल मजिल, जीवन निधि-II, एल.आई.सी. बिल्डिंग, अंबेडकर सर्किल, जयपुर-302005 (राजस्थान) दूरभाष : 0141-2744212, 213 ई-मेल : lo-jaipur@sebi.gov.in
Local Office : Ground Floor, Jeeven Nidhi-II, LIC Building, Ambedkar Circle, Jaipur-302005 (Rajasthan) Ph. : 0141-2744212, 213 E-mail : lo-jaipur@sebi.gov.in
प्रदेशीय कार्यालय : सेबी भवन, पंचवटी पहली गली, गुलबार्दी टेकरा रोड, अहमदाबाद-380006, दूरभाष (079) 26583633 / 34 / 35 फैक्स : 26583632 ई-मेल : sebiwro@sebi.gov.in
Regional Office : SEBI Bhawan, Panchwati 1st Lane, Gulbardi Tekra Road, Ahmedabad-380006 Ph. : (079) 26583633 / 34 / 35 Fax : 26583632 E-mail : sebiwro@sebi.gov.in
पान कार्यालय : सेबी भवन, प्लॉट नं. 4-ए, "जी" ब्लॉक, बान्द्रा कुर्ला कॉम्प्लेक्स, बान्द्रा (पूर्व), मुंबई-400051 दूरभाष : (022) 26449000 फैक्स : 26449019 to 26449022 वेब : www.sebi.gov.in ई-मेल : sebi@sebi.gov.in
Head Office : SEBI Bhawan, 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



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- a) *"Star Burst Research Advisory, A Trusted Name in the Financial Services Arena. Provides you with the entire gamut of financial Advisory Services under one ceiling. It is one of the few organizations providing Research and Information on Indian Capital Markets Mainly based on Technical Analysis and Enjoys a strong Reputation amongst investors, brokers and Researchers. Our team is highly skilled with Experienced Analysis. Our efforts are to provide you more & more profit in every trade. Our research is based around these services: Commodity tips, Equity tips, NCDEX tips, MCX tips..."*

"Working in the competitive world of advisory companies we are following the above words and providing our clients the best possible services in the field of stock and commodity market. We give all sort of best possible training to our business development executive like soft skills, knowledge related to market analysis and how to build customer relationship and sustain it for a long time. Research house is a company where we have the best research team for each segment of the market."

- b) Risk profiling: The website also had a page on risk profiling wherein Risk Profile form to be filled by the clients was given. The page had the following details mentioned on it:

"Risk Profile Form

As Per SEBI Norms KYC Is Mandatory For All Clients. After Subscribing Us. Submit This KYC Form. Without Submitting This Agreement or KYC Form Your Service Will Not Start...."

Declaration by the client, Disclaimer and Terms by Starburst are also mentioned on this website's page.

- c) Contact details as mentioned on the website are-

Address: 301, 306 Indraprastha Tower M G Road, Indore 452001

Tel: 7300420121

Email: support@starburstresearch.co.in

info@starburstresearch.co.in

4. Further, as per screenshot of website of Starburst provided by complainant, Starburst offered various services which are, inter-alia, mentioned below:

- Low Investment services (upto 1 lakh)
- Medium Investment services (1 lakh to 3 lakhs)
- High Investment Services (Above 3 Lakhs)
- Equity Market- Intraday Cash, HNI cash, Delivery Pack, Cash Blue Chip, Jobbers Cash Pack.
- Future Markets - Intraday Future, HNI Future, Future Positional, Nifty Future, MinMax Express, Index Future, Jobbers Future.
- Option Market - Option Call & Put, Nifty Option, HNI Option, Index Option, Optional Positional.





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g. **Commodity Market** – Commodity MCX Tips, HNI MCX, Base Metal + Energy, Break Out Pack, Agri HNI.

5. The pricing details were mentioned for these packages on the website www.starburstresearch.co.in. For instance, the pricing for services ranges from Rs. 8000/- per month for Intraday cash to Rs. 2,25,000/- quarterly for Jobbers Future. The details of pricing mentioned on the website are tabulated below:

Name of Services	Monthly fee	Quarterly fee	Half Yearly fee	Yearly fee
Equity Market				
Intraday Cash	8000	8000	8000	NA
HNI Cash	45000	95000	155000	NA
Delivery Pack	15000	32000	55000	NA
Cash Blue Chip	NA	45000	75000	NA
Jobbers Cash Pack	75000	205000	505000	905000
Future Market				
Intraday Future	15000	30000	45000	NA
HNI Future	50000	125000	185000	NA
Future Positional	35000	80000	125000	NA
Nifty Future	15000	30000	45000	NA
MinMax Express	35000	85000	155000	NA
Index Future	10000	17000	25000	NA
Jobbers Future	85000	225000	NA	NA
Option Market				
Option Call & Put	12000	23000	35000	NA
Nifty option	12000	23000	35000	NA
HNI Option	45000	95000	155000	NA
Index Option	10000	17000	25000	NA
Optional Positional	30000	65000	95000	NA
Commodity Market				
Commodity MCX Tips	17000	35000	55000	NA
HNI MCX	50000	125000	205000	NA
Base Metal + Energy	12000	23000	35000	NA
Break Out Pack	35000	80000	135000	205000
Agri HNI	35000	80000	135000	205000

"Note – YEARLY PACK /CURRENTLY NOT AVAILABLE"

The payment tab on the website provides that payment can be made in the accounts maintained with Axis Bank Ltd., ICICI Bank Ltd. and Yes Bank. Further, online payment can also be made through BHIM UPI. The details of the bank accounts mentioned in the website are tabulated below:



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Sl. No.	Bank	Account Name	Account No.	IFSC Code
1.	Axis Bank Ltd.	Starburst Research	919020077693032	UTIB0004393
2.	ICICI Bank Ltd.	Starburst Research	685805500140	ICIC0006858
3.	Yes Bank	Starburst Research	083164400001002	YESB0000831

6. Based on the bank account details available on the website of the Noticee, Bank account statement, Account Opening Form (AOF) and KYC were sought and received from Axis Bank, ICICI Bank and Yes Bank. The details of the A/c 919020077693032, A/c 685805500140 and A/c 083164400001002 received from banks are placed at Annexure C, D & E respectively.

7. Pursuant to an analysis of KYC, Account Opening Form and bank account statement provided by Axis Bank Ltd., ICICI Bank Ltd. and Yes Bank, the following is noted:

S. NO	Bank Name & A/C No	Account Name	Name of proprietor or	Statement period	Date of last credit transaction considered as Advisory fee	Account Status	Amount considered as Advisory fee	No. of credit entries
1	Axis Bank 919020077693032	Starburst Research	Mustkim	14.02.2020 to 25.04.2022	02.12.2020	-	8,14,700/-	90
2	ICICI Bank 685805500140		Mustkim	10.09.2020 to 25.04.2022	26.11.2020	-	1,52,212/-	21
3	Yes Bank 083164400001002		Sarfraj Ali	17.09.2020 to 30.11.2021	29.11.2021	Closed	3,59,518/-	63

- Starburst Research is a proprietorship firm and Mr. Mustkim and Mr. Sarfraj Ali are the proprietors.
- The copy of GST certificate used by Yes Bank at the time of account opening shows that Starburst Research is a supplier of the following services:
"Other financial services (except investment banking, insurance services and pension services), deposit services, services, Brokerage and related securities and commodities services including commodity exchange services, Portfolio management services except pension funds".





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- c. The account opening form of YES Bank Account specifies the nature of business as 'Services', nature of industry as 'Consultancy Firm' and source of funds as 'Fees'. Further, the nature of business activity mentioned in the Field & Contact Verification Form of Axis Bank is 'Trader'.
- d. The first and last credit transactions considered as advisory fee obtained by Starburst Research is in Axis Bank Account on September 08, 2020 and in YES Bank Account on November 29, 2021, respectively. Accordingly, the period from September 08, 2020 to November 29, 2021 is considered as the period during which Noticee allegedly collected fee for rendering investment advisory services. The credit entries in Axis Bank Ltd., ICICI Bank Ltd. and Yes Bank account considered as advisory fee obtained by Starburst Research are placed at **Annexure F**.
- e. Pursuant to an analysis of the YES Bank account statement, the following credit entries with the narration as "Advisory" and "Advisory Registration" are observed which indicate that payments were received for "unregistered investment advisory services". Details of the same are tabulated below:

Trn Date	Value Date	Description	Dr/ Cr	Amount	Running Total
25/09/2020 12:10	25/09/2020 0:00	UPI/026912328308/FROM:PRATEEKDARGAD1988@OKHDFCBANK/TO:083164400001002@YESB0000831.IFSC.NPCI/ADVISORY REGISTRATION	C	5,000.00	9,600.18
06/10/2020 7:32	06/10/2020 0:00	UPI/028007711620/FROM:PRATEEKDARGAD1988@OKHDFCBANK/TO:083164400001002@YESB0000831.IFSC.NPCI/PRATEEK IHU051 ADVISORY 0510	C	17,112.00	17,217.18
07/10/2020 8:48	07/10/2020 0:00	UPI/028108376821/FROM:PRATEEKDARGAD1988@OKHDFCBANK/TO:083164400001002@YESB0000831.IFSC.NPCI/PRATEEK IHU051 ADVISORY	C	5,113.00	15,331.18
19/12/2020 13:16	19/12/2020 0:00	IMPS/ADVISORY STARBU/N APPALA RAJU/XXX0572/RRN:035413653488/ICICIBANK	C	55,555.00	55,653.37

8. The complainant alleged that Noticee had defrauded the complainant and the complainant had deposited Rs. 16,500/- in Noticee's Axis Bank account as advisory fee. From the analysis of Axis Bank account statement, it is observed that the same has been credited in Noticee's Axis Bank account. Details of the same are tabulated below:

Axis Bank Account of Starburst having Account No. 919020077693032		
TRAN_DATE	PARTICULARS	Credit amount
22/09/2020	NEFT/FDRLM0266534215///Info1	1500
24/09/2020	NEFT/FDRLM0268637633///Info1	4000
29/09/2020	NEFT/FDRLM0273935712///Info1	7000
29/09/2020	NEFT/FDRLM0273952651///Info1	4000





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9. Further, the screenshots of the website www.starburstresearch.co.in of the Noticee as provided by the complainant disclose that it was providing investment advisory services. The website also disclosed the Bank account details of the Noticee and UPI payment link. The transfer of funds by the complainant was made to the said bank account, details of which were available on the website. Hence, it is inferred that the above mentioned Bank accounts were used for receipt of fees from various entities for the purpose of providing advisory services.
10. M/s. Starburst Research, proprietors: Mr. Mustkim and Mr. Sarfraj Ali vide letters dated November 18, 2021 (Annexure G), were advised to provide the following information in the format mentioned below with respect to all the investors who had availed investment advisory services and had paid the fees in all the concerned bank accounts (since the date of incorporation of the firm) in order to ascertain the amount collected by them towards their unregistered investment advisory activity.

S. No.	Client Name	Amount Collected as Fees (in Rs.)	Bank A/c (s) name in which amount(s) is/was collected	Bank A/c number (s) in which amount is/was collected	Date on which amount(s) collected

The letters sent to Starburst Research and Mr. Mustkim at the address "Ambedkar Nagar, 273, Ward No. 2, Kalyan Pura, Bhawani Mandi, Jhalawar - 326502, Rajasthan" were delivered and received by Mr. Mustkim as can also be seen by SPEED Post AD. However, no response has been received from the Noticee.

11. The call recordings provided by the complainant are placed in the CD as **Annexure H** which show the conversation between Starburst Research executives and the complainant. The call recordings show Starburst officials carrying out the Risk Profile of the complainant telephonically by asking him various questions pertaining to his job profile, liabilities, dependent family members, rented or owned accommodation etc. and explaining to him that according to the Risk Profiling score, market entry and exit would be decided, profit ratio and risk capacity would be calculated. The call records also show the officials convincing the complainant to put in additional funds for trading and complainant complaining regarding the loss he has made on the trading calls provided by Noticee.
12. Considering the details provided in the website of Starburst Research and the credit transactions in its bank account, it is observed that the Noticee has acted as an 'investment adviser' for consideration, as defined under regulation 2 (m) of SEBI (Investment Adviser) Regulations, 2013 (hereinafter referred to as "IA Regulations"), 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".





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13. 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"

14. Regulation 3(1) of the IA Regulations 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".

15. 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. It is noted that the Noticee is not registered with SEBI in the capacity as an investment advisor and therefore, *prima facie*, the Noticee has carried out investment advisory activities without obtaining registration of SEBI.

16. Therefore, it is alleged that the Noticee was engaged in "investment advisory services" without obtaining a certificate of registration in violation of Section 12(1) of the SEBI Act read with Regulation 3(1) of the IA Regulations.

17. 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 the alleged violations. Further, the Noticee is also called upon to show cause as to why an inquiry should not be held against it in terms of Rule 4 of the Adjudication Rules, and why penalty should not be imposed under sections 11B(2) and 11(4A) read with section 15EB of SEBI Act for the alleged violations and why the Noticee be not directed to refund an amount of Rs 13,26,430/-, collected from the clients/investors/complainant on or after September 08, 2020, as fees or consideration or in any other form for unregistered investment advisory activities under Sections 11 and 11B(1) of SEBI Act.

18. Your reply, if any, along with relevant documents, should reach the undersigned, at the address given below, as well as through email at email-ids sksingh@sebi.gov.in and mickyk@sebi.gov.in within 21 days from the date of receipt of this notice, failing which it shall be construed that the Noticee has no reply to submit and the matter shall be proceeded ex-parte on the basis of the material available on record.





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19. 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 sincerely


Sunil Kumar Singh

Enclosures: As above

