WTM/AS/WRO/WRO-DIV-3/32505/2026-27

SECURITIES AND EXCHANGE BOARD OF INDIA

EX-PARTE INTERIM ORDER

UNDER SECTION 11(1), 11(4), 11B(1) AND 11D OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992

In respect of –

S. No.	Name of the Entity	PAN
1.	Surabhi Chauhan	AOFPC0570C
2.	Zahin Ismail Jessani	AGNPJ2499P
3.	Stark Investments	AEJFS2830K
4.	Starkblue Ventures LLP	AERFS0106E
5.	Shakuntala Davendra Singh	DVJPS6011Q

(The above-mentioned Entities are hereinafter referred individually by their respective names / Entity No. and collectively as "Entities")

In the matter of Unregistered Investment Advisory and Unregistered Portfolio Management Services activities by Stark Investments and others.

I. BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as **"SEBI"**) was in receipt of 16 unique complaints alleging unregistered Investment Advisory (hereinafter referred to as **"UIA"**) activities and unregistered Portfolio Management Services (hereinafter referred to as **"UPMS"**) by Ms. Surabhi Chauhan, Mr. Zahin Ismail Jessani and/or through Stark investments and Starkblue Venture LLP. Stark Investments is a partnership firm of Mr. Zahin and Ms. Shakuntala (Mother of Ms. Surabhi Chauhan) with 50% controlling interest each. Ms. Surabhi and Mr. Zahin are the designated partners and authorised signatories in Starkblue Ventures LLP.

2. On perusal of the complaints, some of which were received from the partners of Starkblue Ventures LLP, it was *prima facie* observed that the *Entities* were engaged in providing investment advice and portfolio management services

without obtaining the mandatory SEBI Registration. The matter was taken up for detailed examination. The focus and purpose of the said examination was to ascertain whether the *Entities* were engaged in offering Investment advisory / Portfolio management services without obtaining the mandatory registration from SEBI, as statutorily required under the provisions of the Securities and Exchange Board of India Act 1992 (hereinafter referred to as the "**SEBI Act**") read with the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 (hereinafter referred to as the "**IA Regulations**") and the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 (hereinafter referred to as the "**PMS Regulations**"). The said examination was also aimed at determining whether the acts of the *Entities* were in violation of provisions of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as the "**PFUTP Regulations**") or any other rules and regulations framed by SEBI.

3. The examination of complaints *prima facie* revealed a common pattern of soliciting investments by Entity No. 1 and 2 from investors by entering into Investment Advisory Agreements through Entity No. 3 and operation of UPMS, either directly by Entity No. 1 and 2 and/or through *Entities* created/operated by them *viz.* Entity No. 3 and 4. The investors were tempted to invest on the basis of representations claiming the use of proprietary quantitative models, algorithm-based trading systems, stringent risk-management protocols and assured downside protection. For supporting their claims, performance(s) of the funds recommended by the *Entities* were shared with investors on a quarterly basis indicating better returns as compared to the benchmarks such as Nifty-50. The investment recommendations to the investors relating to investment products including securities were provided on a regular basis through Whatsapp chats and Excel spreadsheets, performance reports, etc. The activities were carried out in such a way and manner that gave a reasonable impression to the investors of a formalised business activities.

4. The examination also revealed that in order to solicit investments from various investors, a purported exclusive partnership was also offered to them in Starkblue Venture LLP, which claimed to offer high returns with lower volatility. The investments were solicited and marketed under the name "SQAR" (Stark

Quantitative Absolute Return) Strategy. The investors were made as partners in the firm (Entity No. 4) and the funds were mobilised from them, which were pooled into a common corpus in the name of Starkblue Venture LLP and managed under a common investment strategy. Entity No. 1 and 2 were the designated partners of the said LLP and all material decisions relating to deployment of funds, execution of trades, risk management and operation of the investment strategy remained under their control. The investors, on the other hand, merely remained the passive contributors and had no role in the day-to-day management and control of the common investment corpus.

5. It was also noted that on several instances, investors were prompted to open their trading accounts with SEBI registered Stock Brokers such as IIFL, Zerodha, etc. and thereafter their account credentials including the user name, passwords, email access and/or OTPs details were procured by *Entities* No. 1 and 2.

6. To summarize, the following *modus operandi* (discussed in detail in later part of the Order) was adopted by entity No.1 and 2 through their *Entities* viz. *Entities* No. 3 and 4.

   a) From September 2020, prospective clients were on-boarded and UIA Services were provided to them. For allegedly providing investment advisory services, mandate agreements were signed with the clients.

   b) Allegedly, UPMS were also provided by *Entities* No.1 and 2 to their clients by offering account handling services. For providing these services, investors/clients were solicited to share their trading account login credentials including user ids, passwords and OTPs.

   c) Subsequently in February 2022, Starkblue Venture LLP was incorporated with *Entities* No. 1 and 2 as the designated partners. Through Starkblue Venture LLP, exclusive partnership(s) were allegedly offered to the clients/investors and money was mobilized from them in exchange for the purported partnership. The monies were collected in the name of Starkblue Venture LLP and invested in the securities market.

II. ISSUES FOR CONSIDERATION AND *PRIMA FACIE* FINDINGS

7. On a perusal of various agreements and marketing materials, which were gathered during the examination, particulars of bank accounts, bank statements, correspondences with the investors/clients, MCA database, and other material on record, the following issues arise for determination in the instant matter.

   A. Whether the services offered by the *Entities* constitute investment advisory activities and/or portfolio management services?

   B. If the answer to issue A is in the affirmative, whether the *Entities* have *prima facie* violated any provisions of the SEBI Act, IA Regulations, PMS Regulations and PFUTP Regulations?

   C. If the answer to issue B is in the affirmative, what directions are required to be issued against the *Entities* for the *prima facie* violations?

8. I shall now deal with the above mentioned issues in light of the material brought on record pursuant to the preliminary examination conducted in the matter.

9. Examination revealed that Surabhi Chauhan and Zahin Jessani were carrying out their activities through *Stark Investments* by executing mandate agreement(s) with their clients. On perusal of one of the said mandate agreement, the following has been noted:

   9.1. The mandate agreement was written on the purported letterhead of M/s Stark Investments. On one instance, it was noted that the said agreement was shared with one of the clients by Surabhi Chauhan through her email-id - Surabhi@stark-investments.in, which was also CCed (i.e., copy marked) to Zahin Ismail Jessani email id- zaheen@stark-investments.in.

   9.2. The subject of the said agreement was "*Mandate to act as financial advisor to XXXX ("the Client") pertaining to investment planning and management activities''.*

9.3. M/s Stark investments was referred to as the advisor in the said mandate agreement. It was, *inter alia,* mentioned that *this letter sets out the terms and conditions ("terms") of the mandate agreement ("the mandate") in terms of which M/S Stark Investments (herein after referred to as the "Advisor") will act as a financial advisor for the client.*

9.4. It had a section named as "Mandated Task" which, *inter alia,* outlines the responsibilities of Stark Investments. The said tasks are as under:

i. *To understand the client's investment objectives and constraints.*

ii. *Perform investment planning and management.*

iii. *Prepare dynamic and optimal asset allocation strategy as per risk profile.*

iv. *Regular quarterly review of investment portfolio with appropriate re-balancing Activity.*

v. *Recommend and advise in the selection of appropriate investment opportunities across asset classes.*

vi. *Real-Time resolution of queries and clarifications on the investment portfolio*.

9.5. The details of the fees along with the bank account details were mentioned on the mandate agreement along with the fact that the fees were required to be paid at the beginning of the service. It was also mentioned that the mandate would be auto-renewed every year and can be terminated by either party by giving one-month notice.

9.6. The names of both Ms. Surabhi and Mr. Zahin were mentioned as Partners and the said mandate agreement was signed by Ms. Surabhi.

10. In addition to the above, it was noted that Ms. Surabhi and Mr. Zahin had shared a document titled "*Stark Investments-Comprehensive Investment, Retirement and Tax Planning Package"* with prospective clients/investors. On perusal of the said document, which appeared to be a marketing material, the following is observed:

10.1. An overview of Stark Investments was provided, *inter alia,* mentioning that it was an investment advisory and management company catering to Indian and NRI Clientele and was driven by a team of highly experienced professionals (over 50 years of cumulative experience) comprising CFA's, CFTs and MBAs with deep domain expertise.

10.2. The document highlighted the below features of Stark Investments:

i. *Innovative Products*- Bouquet of innovative products to suit the requirements and needs of clients;

ii. *Proprietary Stock Picking Model*- Proprietary stock picking model based on quant investing complemented by in-house developed algorithms;

iii. *Multi Asset Strategy*- Multi asset allocation strategy to ensure proper portfolio diversification and exposure;

iv. *Superior Returns and Alpha*- Deliver Sustainable and consistent return over and above the benchmark;

v. *Risk management*- Active risk management processes via position sizing and active corporate governance monitoring.

10.3. The document had a section on their advisory services and fee structure. The relevant screenshot of the document is as below:

Image No. 1.

Stark Investments: Advisory Services & Fee Structure

Comprehensive Investment and Retirement Planning with Active Management (Subscription Model)	
Investment & Retirement Planning	• Managing a robust investment portfolio for an individual based on goals, income and risk profile • Undertaking a comprehensive goal setting exercise (including retirement goals) and accordingly create a dynamic and optimal asset allocation strategy • Regular advisory where assets to be selected for investments based on return characteristics, risk profile and investment horizon • Regular review of investment portfolio with appropriate re-balancing • Real-time resolution of queries and clarifications on the investment portfolio • Highly experienced and qualified team with deep domain expertise to manage and oversee the entire investment planning & management process • Recommended investment horizon of more than 1 year with no lock in
Taxation	• Access to our in-house qualified and experienced Tax Experts. • Tax Planning • Timely Tax Filings • HUFs/Trusts/LLPs/Companies formation services (at additional cost) • Estate Planning Services (at additional cost)

ADVISORY FEES		
Asset Under Advisory Bracket (INR)	**Quarterly (INR)**	**Annual (INR)**
25 Lacs - 50 Lacs	12,500 +18% GST	41,000+18% GST
50 Lacs - 1 Crore	18,000 +18% GST	60,000+18%GST
Above 1 Crore	25,000+18% GST	90,000+18%GST

10.4. As per the document, Stark investments claimed to offer advisory on varied asset and sub-asset classes with an objective to create a highly diversified portfolio to mitigate any systematic risk on any particular asset class, and at the same time ensuring higher portfolio returns. The screenshot of the document highlighting the same is as under:

Image No. 2.

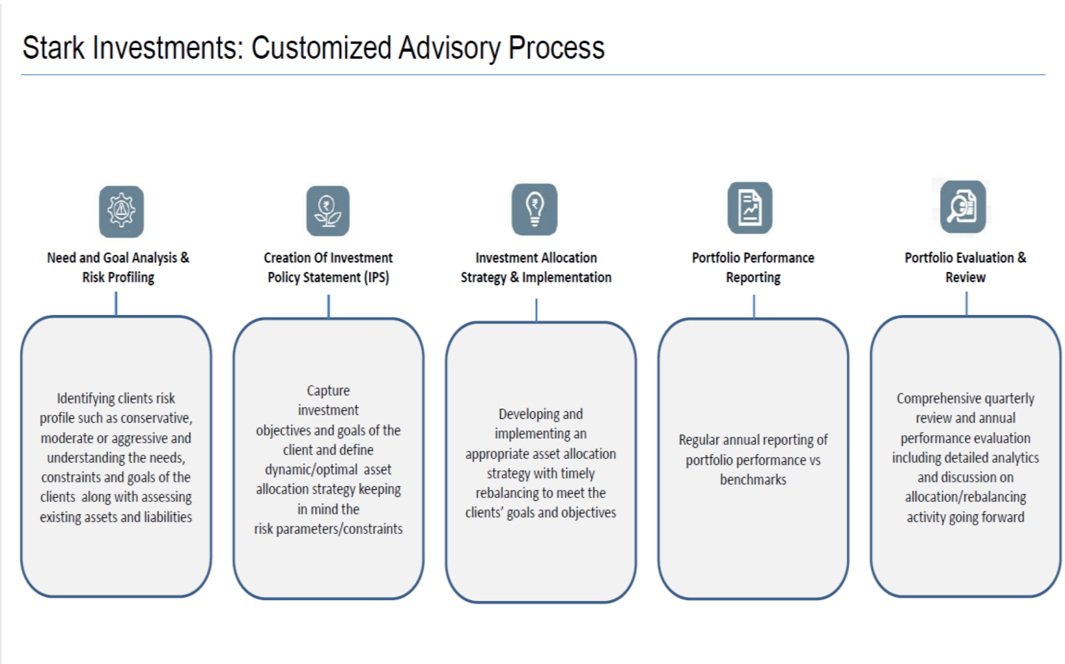
Stark Investments: Advisory On Varied Asset And Sub Asset Classes

Regular Advisory On Following Asset Classes		
Equity	**Debt**	**Alternates**
• Direct equity investing advisory • Long term equity investments • Tactical (mid term) equity investments • Positional (short term) equity investments	• Fixed Deposits • Bank fixed deposits • Corporate Fixed deposits	• Commodities • Gold ETFs • Silver ETFs • Other commodities ETFs
• Equity mutual fund & ETF advisory • ELSS tax saving funds • Market cap wise funds • Sectoral/Thematic funds/ETFs	• Bonds & NCDs • RBI bonds • PSU & tax bonds and NCDs • Private sector bonds and NCDs	• Fixed return investments • Real estate investment trusts • Infrastructure investment trusts
• Delta neutral option strategies	• High yield debt mutual funds	• Global equity investments • US equity investments – direct • Global ETF investments
• Equity Alternative Investment Funds (AIFs)	• P2P lending opportunities • Absolute Return Strategy	• Pre-IPO equity investments in India • Special situation investments • Angel/Seed Investments in early-stage startups

Objective is to create a highly diversified portfolio to mitigate any systematic risk on any particular asset class and at the same time ensuring higher portfolio returns

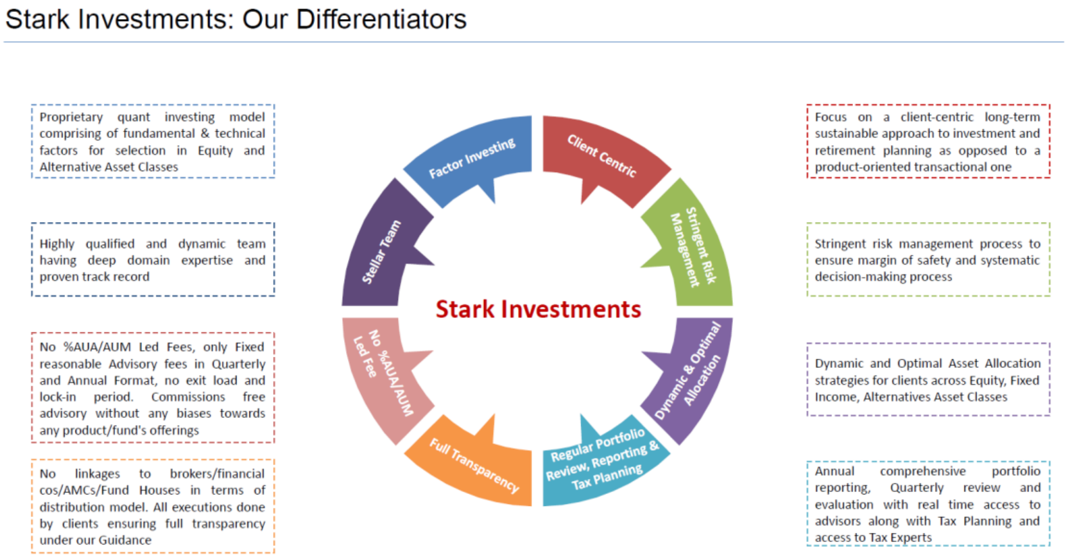
10.5. Stark Investments claimed to offer customized advisory process to its clients. The screenshot of the document highlighting the same is as below:

Image No. 3.



10.6. As per the document, Stark investments, *inter alia,* advertised itself as an entity with superior skills having a proprietary quant investing model, highly qualified team, stringent risk management process, etc. as highlighted below.

Image No. 4.



10.7. Pertinently, the said document featured both Mr. Zahin Jessani and Ms. Surabhi Chauhan as the key management team of Stark Investments. For Mr. Zahin Jessani, it was written that he had more than 10 years of experience in financial sector (investment banking, deal making, equity research) and has worked with E&Y, FirstRand Bank, Centrum Capital and HDFC Bank. For Ms. Surabhi Chauhan, it was written that she had more than 10 years of experience in financial markets with focus on equity research and asset management and she has worked with JP Morgan, Jeena Logistics (Family Office), Kotak Securities and Alchemy Capital.

11. Further, it was noted that after on-boarding of the clients, Ms. Surabhi and Mr. Zahin, through Stark Investments, provided advice in the form of buy/sell recommendations to their clients/investors through WhatsApp Chat. Few instances of giving recommendation through WhatsApp Chat are detailed in subsequent paragraphs:

Whatsapp chat with one of the client - Ankit Pipersaniya

[7/19/24, 9:06:43 AM] Ankit: Jamnaauto to buy bse or nse?
[7/19/24, 9:22:07 AM] Surabhi Stark: NSE
;
[7/19/24, 9:22:16 AM] Surabhi Stark: Also add GMR infra worth 3 lacs
[7/19/24, 9:44:55 AM] Surabhi Stark: Put at 126
[7/19/24, 11:18:49 AM] Ankit: Is it ok to proceed with above risk on gmrinfra?
[7/19/24, 11:57:25 AM] Ankit: Can you please confirm above.
[7/19/24, 12:26:21 PM] Surabhi Stark: Yes, proceed.

[9/18/24, 2:37:35 PM] Surabhi Stark: Add 2 lacs worth Ahlada engineers today
[9/18/24, 2:37:58 PM] Surabhi Stark: Add 2 lacs worth jamna auto too
[9/18/24, 2:39:09 PM] Surabhi Stark: Add 2 lacs worth reliance infra
[9/18/24, 3:05:34 PM] Surabhi Stark: Buy apollo micro system
[9/18/24, 3:05:38 PM] Surabhi Stark: 2 lacs worth.

[12/31/24, 12:10:49 PM] Surabhi Stark: Hi buy 2-3 lacs worth of IGIL
[12/31/24, 12:39:04 PM] Ankit: Done.

[8/21/24, 8:51:57 AM] Surabhi Stark: This message was deleted.
[8/21/24, 9:01:31 AM] Ankit: How much?
[8/21/24, 9:02:25 AM] Ankit: <attached: 00000391-PHOTO-2024-08-21-09-02-25.jpg>
[8/21/24, 9:05:40 AM] Surabhi Stark: Buy worth 3 lacs
[8/21/24, 9:07:51 AM] Ankit: Ok
[8/21/24, 9:13:45 AM] Surabhi Stark: Buy 500 qty
[8/21/24, 9:14:48 AM] Surabhi Stark: U can buy around 9.30/9.45 am.

11.1. From the above chats, it is noted that on July 19, 2024, Ms. Surabhi had advised Mr. Ankit to buy scrip of GMR Infra at ₹126. On September 18, 2024, she advised Mr. Ankit to purchase scrip of Ahlada Engineers, Jamna Auto, Reliance Infra and Apollo Mircrosystem. On December 31, 2024, she advised to buy scrip of IGIL worth ₹2-3 lakhs. On August 21, 2024 Ms. Surabhi was seen to be giving recommendation to buy 500 shares of Prajind during 9:30-9:45 AM.

Whatsapp chat with one of the client - Pulkit Gupta

28/09/20, 09:54 - Zaheen Equity Investment: Buy welspun
28/09/20, 09:54 - Zaheen Equity Investment: At cmp
28/09/20, 09:54 - Zaheen Equity Investment: Target of 72.

28/09/20, 11:01 - Zaheen Equity Investment: Buy Astec, Neuland and Dr Reddy for delivery
28/09/20, 11:01 - Zaheen Equity Investment: At CMP

11.2. On September 28, 2020, Mr. Zahin was seen to be giving recommendation to buy scrip of Welspun at current market price with target of ₹72. On September 28, 2020, he recommended to buy scrip of Astec, Neuland and Dr. Reddy at current market price for delivery.

11.3. Ms. Surabhi and Mr. Zahin had created a Whatsapp group for one of their client, Mr. Anurag Pandey and his wife Ms. Samidha Sharma. The group was named "FP- Anurag and Family" with its members as Mr. Anurag Pandey, Ms. Samidha Sharma, Mr. Zahin Jessani and Ms. Surabhi Chauhan. From the WhatsApp chats, it is observed that Surabhi Chauhan/Zahin Jessani were giving out recommendations to buy/sell securities. Relevant extract of the whatsapp chat is reproduced below:

12/5/22, 11:09 AM - Surabhi Chauhan: @Anurag put sell order for NLC india @95
12/5/22, 11:09 AM - Surabhi Chauhan: Current price is 91.

5/11/23, 11:39 AM - Zaheen Jesani: @Anuragplease buy UPL worth 1 to 1.25 lakhs.

8/4/23, 3:58 PM - Zaheen Jesani: Your subscription fees are due.. Request you to kindly make the payment
8/4/23, 4:26 PM - Wifey: what fee?
8/4/23, 5:13 PM - Surabhi Chauhan: Quarterly advisory fees

8/9/23, 10:39 AM - Zaheen Jesani: Can buy Mtar at current price
8/21/23, 12:46 PM - Zaheen Jesani: Can buy Campus Activewear at 315
:
:
8/24/23, 10:11 AM - Zaheen Jesani: Buy Shriram Finance at 1900-10.

11.4. It can be seen that on May 05, 2022, Ms. Surabhi gave recommendation to sell scrip of NLC India at ₹95. On May 11, 2023, she gave recommendation to buy scrip of UPL. On April 08, 2023, Mr. Zahin and Ms. Surabhi can be seen asking for payment of advisory fees.

12. During the examination, it was also noted that Ms. Surabhi Chauhan, Mr. Zahin Jessani and/or through Stark Investments were providing account handling services. Such services were offered/provided pursuant to the execution of an Investment Advisory Agreement. In the said agreement, Stark Investments claimed itself to be the 'Advisor'. The agreement(s) were executed between the advisor i.e. Stark Investments and the client(s) and it sets forth the terms and conditions with regard to the investment management services which the advisor would provide to the clients.

13. On perusal of one such 'Investment Advisory Agreement', the following salient terms and conditions have been observed:

13.1. It had various sub-sections including 1. Advisor's Responsibilities 2. Clients' Responsibilities, 3. Client's understanding, 4. Fees and Expenses, 5. Custody of assets etc.

13.2. Under Advisor's Responsibilities, *inter alia,* the following was stated:

Advisor's Responsibility

"*Client has hired the Advisor to act his investment advisor to perform the services described in the agreement. Specifically, Clients grant advisor full power to direct, manage and change the investment of the assets in the client's account, the proceeds and any additions. Advisor authority over client's investment includes discretionary authority to purchase and sell securities for client's account in accordance with client's objective as client has communicated them to advisor, to submit aggregated trade orders for client and others in order to obtain best execution, and to give instructions* *concerning these transactions to broker-dealer(s) and other custodian with which client's account(s) are held.*

Advisor will invest client's account in securities of any kind, including common or preferred stocks, warrants and rights. Advisors may hold all or a portion of clients account in cash.

The advisor has complete authority over the selection, buying and selling securities, without obtaining specific client consent as long as such activity is consistent with restrictions and conditions the client has placed on the management of client's asset. The advisor shall have complete authority to determine the numbers of securities bought or sold.

After obtaining prior consent from the client, the advisor can borrow funds from the custodian holding the account for the purpose of trading on margin and to execute such assignments…

The Advisor is authorized to receive incentive fees after mutually agreeing with the client at the end of review period."

13.3. Under Client 's Responsibilities, *inter alia,* the following was stated:

…

"Client agrees to notify advisor before making any withdrawals or transfer client's account to allow advisor to manage the impact of the withdrawal on advisor's trading in the account.

...If clients want to make a particular investment that Advisor did not recommend using funds in the ***advisor-managed account,*** *client must withdraw the funds needed before making the investment to eliminate any question of responsibility for the performance of this investment...If during the terms of this agreement, advisor purchases specific individual securities for the account at the direction of client, client acknowledge that advisor shall do so as an accommodation only and client shall maintain exclusive ongoing responsibility for monitoring these individual securities and their disposition…"*

13.4. In the *fees and expenses* section, customized fees structure was offered to various clients. The minimum amount required to start the advisory ranged from ₹15 Lacs to ₹30 Lacs with top up plans. Profit sharing model was offered which also differed from client to client. One of the sample illustration of such profit sharing model is as below.

Image No. 5.

4. Fees and Expenses

Client agrees and understand that the minimum investment amount required to start the advisory is INR 30 Lacs and agrees with the below mentioned profit sharing model.

Profit sharing model -

As per this model; net Profit sharing (after factoring brokerage cost and STT) based on MTM / unrealized profits will be done in 85:15 ratio: 85% to the Client and 15% to the Advisor to be settled on a monthly basis. If there is unrealized profit at the end of the month, the MTM value of the portfolio would become the base value for calculation of profit sharing for the next month. If there is unrealized loss at the end of the month, Advisor will have to bring the portfolio back to the base value (value as of previous month where there was profit or the initial capital invested value; whichever is higher) in order to start earning profit sharing again

Example -

Month 0 - capital invested = 30,00,000

Month 1 - MTM portfolio value = 32,00,000 - advisors share/fees = 2,00,000 * 15% = 30,000

Month 2 - MTM portfolio value = 28,00,000 - advisors share/fees = Zero

Month 3 - MTM portfolio value = 30,00,000 - advisors share/fees =Zero

Month 4 - MTM portfolio value = 33,00,000 - advisors share/fees = 1,00,000 * 15% = 15,000

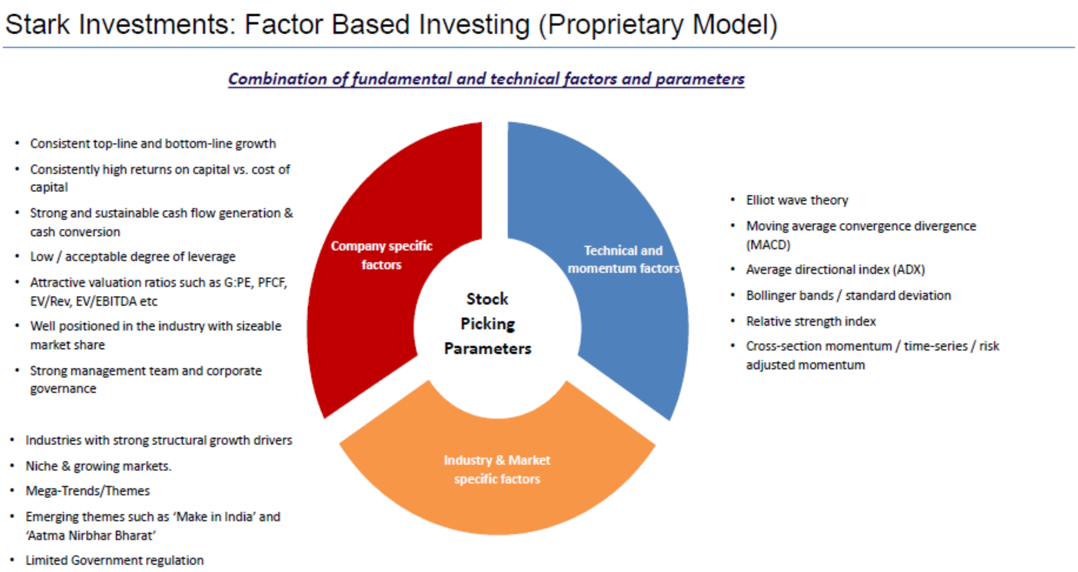
13.5. There was a stipulation in the agreement that the advisor (Stark Investments) was authorized to direct and place all order for execution of transactions with or through the client appointed custodian and would give instructions to the custodian with respect to all investment decisions regarding the assets, etc.

14. Similar to the marketing material '*Comprehensive Investment, Retirement & Tax Planning Package*' as discussed above, Stark Investments also shared another document viz. '*Profit shared managed account module'* with its clients as marketing material. The salient features of the said document are as follows:

14.1. Similar to Paragraph 10.1 (a) and (b) an overview of Stark Investments was provided, *inter alia,* mentioning that it is an investment management company driven by a team of highly experienced professionals. The document highlighted the features like Innovative Products, Proprietary Stock Picking, Model Multi Asset Strategy, Superior Returns and Alpha and Risk management.

14.2. As per the said documents, Stark investments used combination of fundamental and technical factors and parameters as can be seen below:

Image No. 6.



14.3. A description of '*profit sharing managed account*' offered by Stark Investments as mentioned in the marketing material is as below.

Image No. 7.

Stark Investments: Profit Sharing Managed Account

Investment Management (Profit Sharing Model)	
Description	Full scale equity portfolio management service involving execution of buy and sell transactions in clients account with regular quarterly portfolio review
Model	Profit sharing model based on profits earned by the client on the investment portfolio
Segments	• Equity (Consistent Compounders, Value & Growth, Potential Multi-Baggers & Tactical Strategies)
Criteria	Minimum investment portfolio value of INR 25 Lakhs
Fixed Fees	• No fixed management fees • No exit load fees • No hidden fees or indirect fees
Variable Fees	• 20% of MTM profits earned on the portfolio to be settled on a quarterly basis • Catch up provision and higher watermark structure
Custody	• No custody of clients money • No custody of clients shares • All transactions to be done in clients account
Lock-in & Brokerage	• No minimum lock-in period • Broker agnostic and no tie up with any particular broker
Risk Management	• Single stock exposure capped at 5% of AUM at time of investment • Diversified portfolio of 15-20 stocks • Implementation of portfolio wide stop loss limit of up to 10% • Focus on quality and value ensures sufficient margin of safety • Systematic process for stock selection and weighting eliminates manager biases, enabling decision making to be purely data driven • Portfolio characteristics evaluated on an absolute and benchmark relative basis to identify early signs of factor decay.

14.4. It also provided a sample portfolio performance snapshot with claims of consistent track record of delivering alpha as compared to the benchmark over a period of 5+ years. It also claimed some of their success stories by highlighting the individual stock picks and the performance of those stocks.

Image No. 8.

Stark Investments: Sample Portfolio Performance Snapshot

Portfolio 1 (Aggressive Risk Profile)	Details
Investment Amount	INR 60,00,000
Start Date	April 2018
Closing Valuation Date	December 2023
Portfolio Return (TWRR Method)	**33.3%**
Nifty 50 Return	13.6%
Mid & Small cap Avg Return	14.5%

Top Portfolio Holdings	Portfolio Weights %
Hindustan Foods	10%
Dixon Tech	6%
Amber Enterprise	5%
Deepak Nitrite	4%
KPIT Tech	4%

Portfolio 2 (Balanced Risk Profile)	Details
Investment Amount	INR 30,00,000
Start Date	February 2020
Closing Valuation Date	December 2023
Portfolio Return (TWRR Method)	**38.9%**
Nifty 50 Return	20.8%
Mid & Small cap Avg Return	21.6%

Top Portfolio Holdings	Portfolio Weights %
Dixon Tech	10%
Affle India	7%
Balaji Amines	5%
Tata Elxsi	3%
Avenue Supermarkets	2%

Portfolio 3 (Moderately Conservative Risk Profile)	Details
Investment Amount	INR 45,00,000
Start Date	November 2021
Closing Valuation Date	December 2023
Portfolio Return (TWRR Method)	**26.1%**
Nifty 50 Return	7.3%
Mid & Small cap Avg Return	12.7%

Top Portfolio Holdings	Portfolio Weights %
HAL	7%
Persistent Systems	7%
Kaynes Tech	5%
Polycab	3%
Gravita	2%

Consistent track record of delivering alpha (positive returns over benchmark) over a period of 5 years+ which incorporates time period of bear and bull market phases

Image No. 9.

Stark Investments: Select Multibagger Holdings & Exits

Some Of Our Success Stories In Wealth Generation

Stocks	Reco Date	Reco Price (INR)	Exit Price/CMP	Holding Period	Absolute Returns %
Deepak Nitrite	Jan-19	209	1,300	13 months	142%
Hindustan Foods (Adjusted Split)	Aug-19	82	574	Still holding	600%
Dixon Tech (Adjusted Split)	Aug-19	398	13,250	Still holding	3229%
Amber Enterprise	Oct-19	874	4,201	Still holding	380%
GMM Pfaudler	Nov-19	1,400	4,193	8 months	200%
Polycab	Apr-20	760	6,749	Still holding	788%
Affle India	Feb-20	330	1,254	24 months	280%
Laurus Labs	Jul-20	125	600	15 months	380%
Tata Elxsi	Oct-20	1,651	8,912	28 months	336%
Balaji Amines	Jan-21	1,100	3,433	20 months	118%
Persistent Systems (Adjusted Split)	Feb-21	850	4,885	Still holding	475%
KPIT Technologies	Apr-21	185	1,835	Still holding	892%
Data Patterns	Dec-21	750	2,252	18 months	200%
HAL (Adjusted Split)	Mar-22	750	4,825	Still holding	543%
Gravita India	June-22	288	1,133	16 months	293%
Kaynes Technology	Mar-23	890	5,065	Still holding	469%
BHEL	July-23	88	295.8	Still holding	236%

Aug 2024

15. For the purpose of managing the demat account of the clients, WhatsApp group(s) were created comprising the clients and Ms. Surabhi Chauhan and Mr. Zahin Jessani. Some of the sample chats of Ms. Surabhi / Mr. Zahin with their clients are as below:

Chats with Ankit Pipersaniya and his wife, Swati Jain

[11/6/22, 3:01:12 PM] Surabhi Stark: Surabhi Stark created this group
[11/6/22, 3:01:12 PM] MA - Ankit + Swati: Surabhi Stark added you
[
[
[11/6/22, 3:01:30 PM] Surabhi Stark: I have created a common grp
[11/6/22, 3:01:46 PM] Surabhi Stark: For communication
[
[11/6/22, 3:02:41 PM] Surabhi Stark: @Zahin Jesani Stark share the process of account opening in IIFL for Swati
[11/6/22, 3:02:56 PM] Surabhi Stark: Ankit will start with 10 lacs first and then in next 3 months he will top up
[11/6/22, 3:03:07 PM] Surabhi Stark: Ankit will share the managed account draft with u
[11/6/22, 4:45:48 PM] Swati : You added Swati
[11/6/22, 5:33:39 PM] Surabhi Stark: Ankit & Swati I have
[11/6/22, 5:33:49 PM] Surabhi Stark: Emailed the signed managed account agreement
[11/6/22, 5:34:03 PM] Surabhi Stark: You guys can go through it and send us the counter signed scan copy
[11/6/22, 5:53:07 PM] Ankit: Sure will send back the signed copy
:
:
[11/7/22, 10:34:58 AM] Zahin Jesani Stark: Please use this link to open your IIFL account
[11/7/22, 10:34:59 AM] Zahin Jesani Stark: Basic KYC details required.will not take more than 10-15 minutes
:
[11/7/22, 10:36:45 AM] Zahin Jesani Stark: My name is Zahin Jesani
[11/7/22, 10:37:51 AM] Ankit: Hi Zahin, I will create the account and will share the details in late evening today including the signed copy of agreement
[11/7/22, 10:40:53 AM] Zahin Jesani Stark: Thanks
[11/8/22, 3:12:13 PM] Zahin Jesani Stark: Hi any update on the account opening??

[11/8/22, 9:38:59 PM] Surabhi Stark: Ankit we have received the counter signed agreement .
[11/8/22, 9:39:25 PM] Surabhi Stark: For account opening please get it done by Tom. It takes 10 mins
[
[11/11/22, 9:03:52 AM] Zahin Jesani Stark: Can you shared the login id.

[11/15/22, 4:02:42 PM] Zahin Jesani Stark: Hi Ankit.. what is your login id/client code for your IIFL account:
:
[11/15/22, 4:14:52 PM] Surabhi Stark: Please share the login details
[11/15/22, 4:14:54 PM] Surabhi Stark: In the email
[11/15/22, 4:15:01 PM] Surabhi Stark: And in the grp
[11/15/22, 4:15:21 PM] Surabhi Stark: Once it's done then do top up the account with funds.

[11/15/22, 4:51:48 PM] Ankit: I already did the top up
[11/15/22, 4:51:56 PM] Ankit: Is it a problem?
[11/15/22, 4:58:02 PM] Surabhi Stark: Swati jain account
[11/15/22, 4:58:08 PM] Surabhi Stark: @Zahin Jesani Stark please confirm
[11/15/22, 4:59:32 PM] Ankit: Yes
[11/15/22, 6:08:39 PM] Zahin Jesani Stark: Ankit have you opened two accounts...
[11/15/22, 6:08:58 PM] Zahin Jesani Stark: One in your name and one in Swatis name?
[11/15/22, 6:10:08 PM] Zahin Jesani Stark: Swatis account got mapped to a wrong RM. We are re-mappining that
:
:
[11/17/22, 9:15:12 PM] Ankit: Have you got all the access needed fir the investment to start
[11/18/22, 11:27:28 AM] Zahin Jesani Stark: Swati's account should get mapped by today. The account is opened its just not mapped to our code yet
:
[11/25/22, 11:43:24 AM] Zahin Jesani Stark: Swati's account is up and running
[11/25/22, 1:11:56 PM] Zahin Jesani Stark: @Swati you would have received an SMS from IIFL with your login password
[11/25/22, 1:12:01 PM] Zahin Jesani Stark: Can you please share that
[11/25/22, 4:48:18 PM] Swati : Sorry
[11/25/22, 4:48:32 PM] Swati : Can u plz send again
[11/27/22, 12:56:52 PM] Zahin Jesani Stark: @Swati can you share the sms with password
[11/27/22, 12:56:57 PM] Zahin Jesani Stark: It would have come now from IIFL

15.1. It can be seen from the above chats that Ms. Surabhi and Mr. Zahin created a Whatsapp group for communication with the clients. The chats demonstrate the purpose of group, initiation of process of opening of demat account, investment amount, sharing of login details including password and OTPs were discussed.

Whatsapp chats with Aditya Singh

Image No. 10.

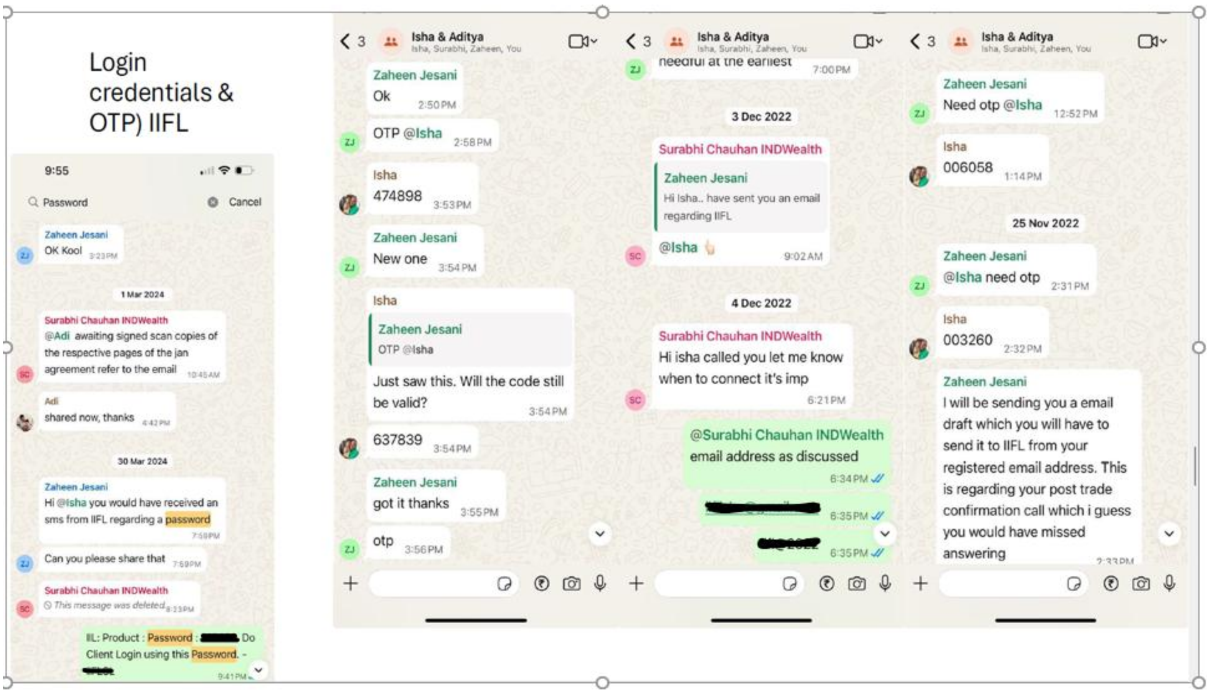
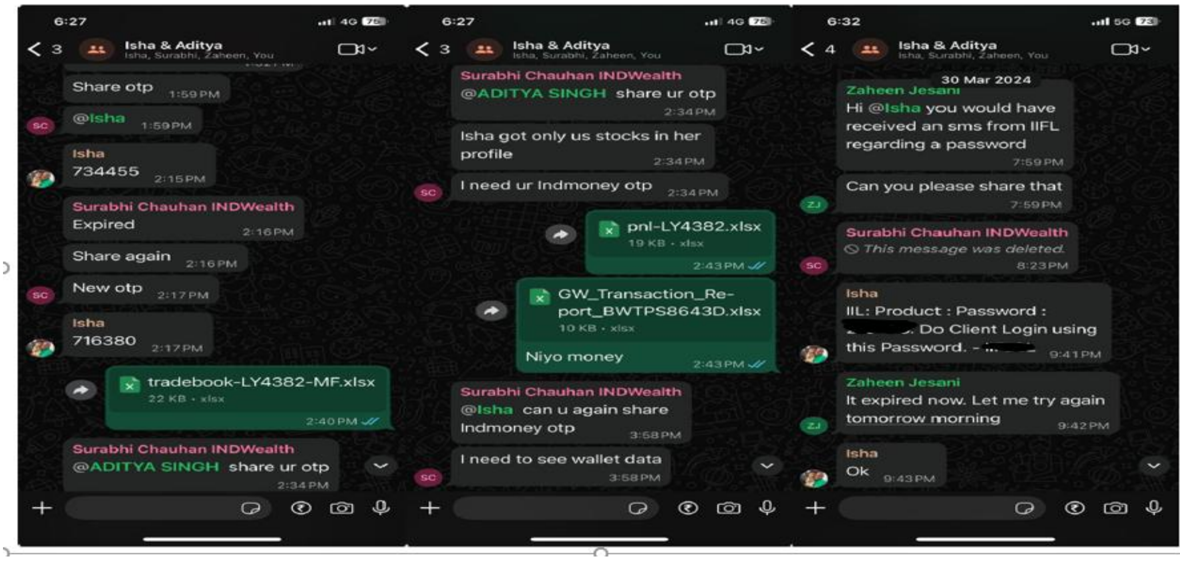


Image No. 11.



15.2. The chats above show that login details including passwords and OTPs were procured by Mr. Zahin and Ms. Surabhi.

15.3. Also, on one occasion, Ms. Surabhi, through her email-id Surabhi@stark-investments.in, was seen to be advising the client about the process of opening of demat account and further seeking the account details. Mr. Zahin was also CCed (copy marked) in the email and was the contact person for providing assistance in opening of trading account. Later, credentials of the trading account including user name and password were shared by the client with Ms. Surabhi and Mr. Zahin. The screenshot of the email extract is reproduced below:

Image No. 12.

Actions Selection Message

Mon 06/05/2024 10:46

Surabhi Chauhan <surabhi@stark-investments.in>

Managed Account - Long Equity - Agreement

To sim; Priyanka Tewari

Cc Zaheen Jessani

Managed Account - A...
0 bytes

Hi Both,

PFA the managed account - long equity strategy agreement for your reference.

To start you need to add the investor's details,full name and address along with his or her signature in the end and send us the signed scan copy for counter signature.

Kindly note @Zaheen Jessani will guide you wrt IIFL account opening process. Once the account is open , you need to share the login id and password with us over an email.

@Priyanka Tewari @sim you guys need to create a new gmail id for the new IIFL account.Once the id is created you need to share the credentials of the gmail id and password over this email and update the gmail id in the IIFL account too. This is to avoid otp hassle. Also, keep an India number only for this account.

Best Regards
Surabhi

Image No. 13.

Mon 15/02/2021 13:37

Zaheen Jesani <zaheenjesani@gmail.com>

Re: Investment Advisory Agreement

sim

Priyanka Tewari; Surabhi Chauhan

Jayasim Portfolio.xlsx
11 KB

Zaheen Jesani

On Fri, Feb 12, 2021 at 11:39 AM sim <jayasim@gmail.com> wrote:

Hi Zaheen,

Please find the credentials for your information

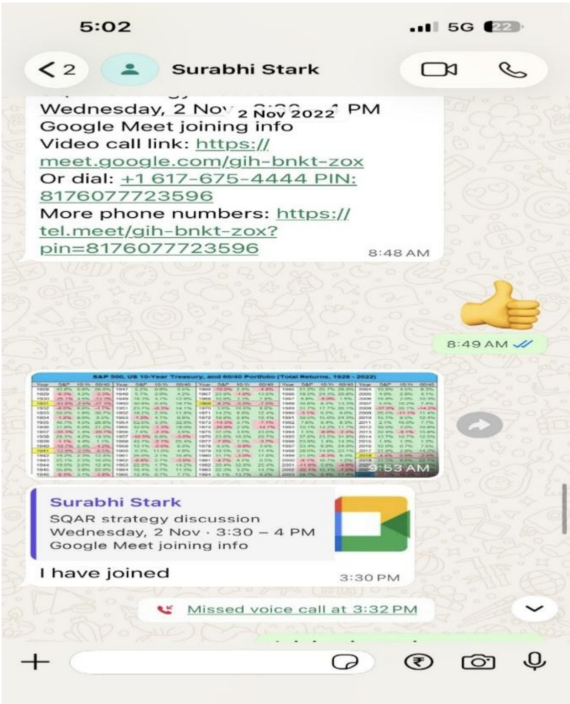
Client Id or User Id: [redacted]
Password : [redacted]
Pin: [redacted]

Best Regards,
Jayasim
+[redacted]

16. During the examination, another entity *viz.* Starkblue Ventures LLP was observed to be giving various services. In relation to the bank account details shared by the complainants, the account opening form (AOF) and KYC records for account no - 697805600839 were sought from ICICI Bank. It was noted that the said account was opened in the name of Starkblue Venture LLP with Mr. Zahin Ismail Jessani and Ms. Surabhi Chauhan being named as the Designated Partner(s) and Authorised Signatories.

17. The material gathered during the examination also revealed that Ms. Surabhi and Mr. Zahin used to conduct video conferences wherein Starkblue Venture LLP was pitched as a fund which applies a SQAR strategy that has generated good market returns. One such instance where google meet link was shared by Ms. Surabhi with one client is as given below.

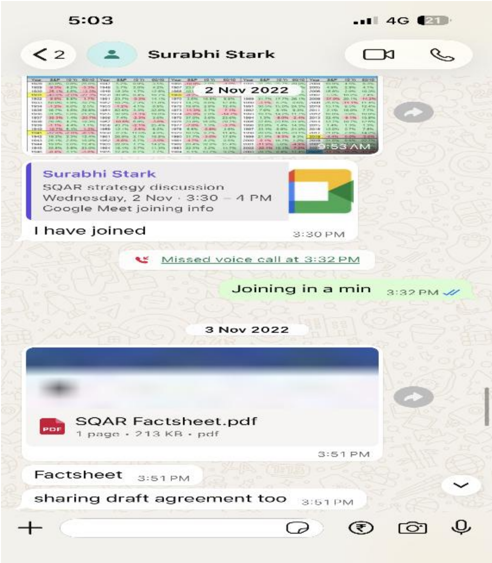
Image No. 14.



18. During such meetings, a SQAR factsheet and a draft agreement were shared with the prospective clients. Various details and strategies used by the fund and its structure including its past performance were shared and discussed with the prospective clients. The clients were offered an exclusive partnership in the said LLP with details such as minimum contribution and lock-in requirements. A

screenshot of sharing of SQAR factsheet and draft agreement shared in the WhatsApp is as placed below.

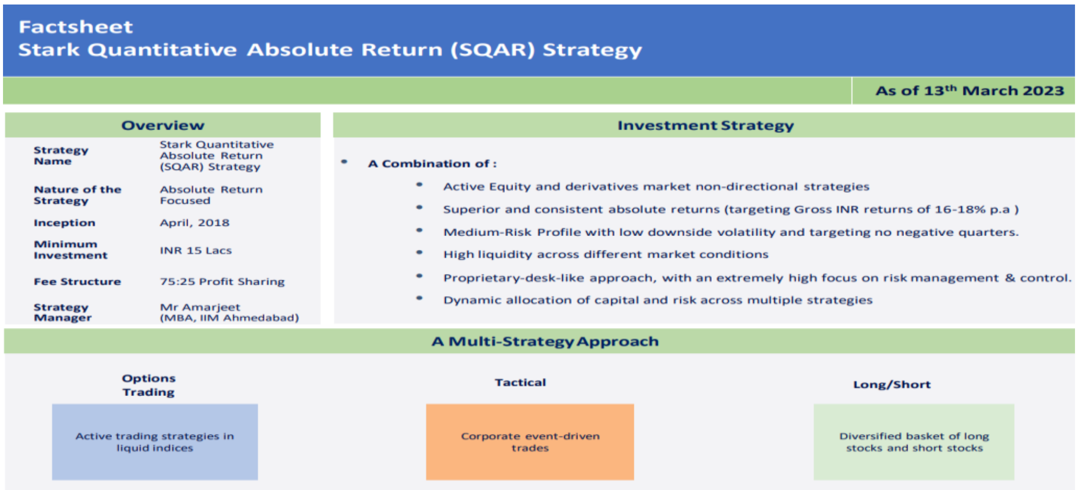
Image No. 15.



19. On perusal of the SQAR factsheet, *inter alia,* the following is noted.

19.1. "SQAR" stands for "*Stark Quantative Absolute Return Strategy*" which was, *inter alia,* marketed as active equity and derivative market non-directional strategies with superior and consistent absolute returns (targeting gross ₹ returns of 16-18%). Claims were made that it was a medium risk profile strategy with low downside volatility. Further, various details of the strategy, its overview, return analysis, track record and comparison with various benchmarks were mentioned. Few of the screenshots from the fact sheet are as below.

Image No. 16.



Factsheet
Stark Quantitative Absolute Return (SQAR) Strategy

As of 13th March 2023

Overview

Strategy Name	Stark Quantitative Absolute Return (SQAR) Strategy
Nature of the Strategy	Absolute Return Focused
Inception	April, 2018
Minimum Investment	INR 15 Lacs
Fee Structure	75:25 Profit Sharing
Strategy Manager	Mr Amarjeet (MBA, IIM Ahmedabad)

Investment Strategy

- A Combination of :
  - Active Equity and derivatives market non-directional strategies
  - Superior and consistent absolute returns (targeting Gross INR returns of 16-18% p.a)
  - Medium-Risk Profile with low downside volatility and targeting no negative quarters.
  - High liquidity across different market conditions
  - Proprietary-desk-like approach, with an extremely high focus on risk management & control.
  - Dynamic allocation of capital and risk across multiple strategies

A Multi-Strategy Approach

Options Trading	Tactical	Long/Short
Active trading strategies in liquid indices	Corporate event-driven trades	Diversified basket of long stocks and short stocks

Image No. 17.

Absolute Analysis

Returns (ITD**)	376.5%
CAGR	36.7%
Annualized Volatility Quarterly	8.8%
Risk-free rate	7.3%
Sharpe Ratio Quarterly	3.3
Sortino Ratio	NA
No. of Negative Months	4 out of the Total 59.5 Months
No. of Negative Quarter	0 out of the Total 20 Quarters
Worst Month	-3.72%
Best Month	9.98%
Worst Quarter	0.2%
Best Quarter	15.4%

 # Risk-Free Rate is considered as 7.3% (Yield of 10Y Govt. Bond)
*** ITD : Inception Till Date*

Product Risk Profile

Strategy Track- Record – Gross Returns

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annualized #
2018				3.28%	2.22%	0.64%	3.06%	3.06%	6.65%	0.77%	4.79%	0.91%	39.3%
2019	1.46%	1.47%	3.12%	2.07%	2.38%	3.10%	3.01%	1.92%	3.82%	1.71%	2.93%	1.66%	32.7%
2020	2.87%	3.24%	8.69%	4.09%	2.60%	4.64%	4.69%	3.22%	3.30%	3.75%	2.99%	4.02%	60.0%
2021	0.52%	-1.41%	4.77%	2.62%	2.46%	0.93%	2.94%	2.51%	0.58%	0.93%	0.06%	2.36%	20.9%
2022	-3.72%	0.74%	3.28%	2.91%	2.88%	-0.76%	2.34%	5.4%	6.5%	7.8%	9.98%	-2.7%	39.5%
2023	0.8%	2.09%	0.83%*										19.4%

 # Returns Annualized for less than 12 months
** Returns for Mar 23 are up to 13th March 2023.*

Exceptionally consistent annual track record with no negative quarters ...

Year	J-M	A-J	J-S	O-D
2018		6.2%	13.3%	6.6%
2019	6.2%	7.7%	9%	6.4%
2020	15.4%	11.8%	11.6%	11.1%
2021	3.8%	6.1%	6.1%	3.4%
2022	0.2%	5.1%	14.9%	15.4%
2023	3.8%*			

** Returns for CY23 Q1 are up to 13th Mar 2023.*

Strategies Co-Relation Matrix

	Strategy 1	Strategy 2	Strategy 3
Strategy 1	1	0.4	0.03
Strategy 2	0.4	1	-0.02
Strategy 3	0.03	-0.02	1

Image No. 18.

Factsheet
Stark Quantitative Absolute Return (SQAR) Strategy

SQAR having significant risk adjusted outperformance as compared to all benchmarks

Most Recent Quarterly Performance – 7th Nov 2022 to 13th March 2023

	Gross Returns %	Monthly Sharpe Ratio	Monthly Annualized Volatility
SQAR	11.0%	0.82	10.5%
NIFTY	-5.4%	-1.2	7%
CRISIL MEDIUM-TERM AAA BOND INDEX	2.9%	0.8	0.6%
CRISIL HYBRID INDEX *	0.3%	-0.5	4.2%
HYBRID ARBITRAGE FUNDS	2.6%	0.4	0.5%
CCIL T BILL INDEX	1.5%	-5.2	0.2

**Crisil Hybrid Index consists of 50% S&P BSE200 and 50% Crisil Composite Bond Index. Note that a negative Sharpe ratio is considered bad*

19.2. The screenshot indicating that the SQAR strategy was available in Starkblue Ventures LLP pool structure along with minimum contribution, lock in requirement, periodic review is placed below. It is also noted that such strategy was offered or claimed to be offered through reference only.

Image No. 19.

Structure

- The Strategy is available in StarkBlue Ventures LLP Pool Structure.
- Only till April 2023, INR 15 lacs will qualify as the minimum contribution required to participate in the strategy.
- Following the contribution, an investor will become a partner in the LLP, and his/her shareholding in the LLP will be determined by the amount contributed.
- Lock in – 6 months
- Quarterly Review for LLP Partners
- Only through references and after an investor's background-check participation is permitted in this strategy.
- Stark Investments has also contributed its own capital to the LLP pool.

19.3. It was gathered that one of the common themes noticed by all the clients/prospective investors was that they all were communicated that investment in Starkblue Venture LLP is an exclusive partnership claiming to offer high returns with lower volatility. It was claimed that their trading system was computer-driven and capable of limiting losses to not more than 10%. One such WhatsApp Communication between an investor (Mr. Avinash Hemdeva) and Ms. Surabhi Chauhan can be seen below. It is seen that assurance is being given that the money is protected up to Max 10% or the maximum drawdown is 10%.

Image No. 20.

[13/03/23, 2:49:50 PM] AviNash: Money protected up to max -10 %? Am I right in my understanding
[13/03/23, 2:50:20 PM] Surabhi Funds SQAR STARK : You mean max drawdown ?
[13/03/23, 2:50:27 PM] AviNash: Max loss
[13/03/23, 2:53:09 PM] Surabhi Funds SQAR STARK : Yes max drawdown is 10%
[13/03/23, 3:03:47 PM] Surabhi Funds SQAR STARK : 2.5- 5% is soft limit if that triggers then we reduce deployment and if 10% hard limit triggers. We stop the deployment
[13/03/23, 3:03:57 PM] Surabhi Funds SQAR STARK : That's how we are stringent in terms of risk management
[13/03/23, 3:05:31 PM] AviNash: Ok

20. Starkblue Venture LLP entered into LLP agreement(s) with the investors (partners). The following is noted from one of such LLP agreement(s):

20.1. Ms. Surabhi Chauhan and Mr. Zahin Jessani were identified as designated partners of Stark Venture LLP in the agreement.

20.2. Various clause(s) of the agreement are reproduced as below:

The primary purpose of the LLP shall be:

2. "To act as Consultants and advisors on all matters in the field of management, regulatory and secretarial activities, finance, investment,

trade, and commerce and to investigate engage in research, collection and preparation and dissemination of Information and statics relating to business or industry. Whether in India or abroad, including reports on economic, political and financial trends and the on feasibility of investments/divestment; and
*To carry on business as advisors collectively referred to as "persons or entities or both local as well as offshore including investments in shares, commodities, currencies, debentures, bonds, depository receipts, options, derivatives, government securities & financial instruments. (**Primary Business**).*

In addition to the aforesaid, the LLP shall also undertake the business activities Listed in Schedule 1 ("other Business"). The Primary Business and the Other Business of the LLP shall be collectively referred to as "Business'

The LLP shall obtain such registrations and accreditations with regulatory authorities and governing bodies as may be required by applicable Laws to carry on the Business. In addition to the above, the LIP may also engage in any and activities which are ancillary incidental to the business.

3. The LLP shall have its registered office at 301, Tideways, St. John Baptist Road, Bandra West, Mumbai 400051 and/or at such other place or places, as may be agreed to by the Majority of Partners from time to time.
…
…
7. The profits of LLP for distribution will be arrived after considering all requisite accounting treatments including 25% of profits (Plus GST, wherever applicable) as fixed fees to be paid to Stark Investments, a Partnership Firm, as professional fees for management of business of LLP.

14. On and from the Effective Date, Ms. Surabhi Chauhan and Mr. Zaheen Jessani, shall be the Designated Partners of the LLP.
The Designated Partners shall carry on the management of the LLP on behalf of all the Partners, in the name of the LLP and shall do all acts, matters and things that are required to be done by the LLP in respect of compliance with the provisions of the LLP Act or any other law for the time being in force
and shall also be responsible for the operations and conducting the affairs of the LLP. The Designated Partners shall file all documents, returns, statements and the like pursuant to the provisions of the LLP Act or any other law for the time being in force or as may be required by this Agreement and shall be subject to the penalties applicable to the Designated Partners set out in Section 8 of the LLP Act.

SCHEDULE 1 OTHER OBJECTS

9.To borrow and/or accept shares, stocks, debentures, bonds, units of mutual funds and other securities for further placement as margins from the Partners and other entities.
..

11. To trade in shares, commodities, currencies, debentures, bonds, depository receipts, options, derivatives, government securities, other securities & financial Instruments.

14. To invest and deal with moneys of the LLP in immovable properties, shares, stock, bonds, debentures, obligations or other securities of any company or association or in Government Securities or in current or deposit account with banks or on the of mortgage of immovable properties of any tenure or on the pledge of movable property of in any other manner as may from time to time be determined by the Designated Partners of the LLP for the time being and from time to time, sell or very all such investments and execute all assignments, transfer, receipts and documents that any be necessary in that behalf.

17. To undertake the business of trading in securities and engage into transaction in the nature of hedging, trading, futures, forwards, options in derivatives of securities and Indexes for the purpose of trading, investment, hedging, arbitrage, or any other purpose, whether in India or abroad.

21. It is observed that all the trades of Starkblue Venture LLP were placed through Stock Broker – IIFL Securities Ltd. Trading and KYC details of Starkblue Venture LLP were sought from IIFL Securities Ltd. which showed that both Mr. Zahin and Ms. Surabhi Chauhan were nominated as authorised persons. A brief of the trading across all segments from June 03, 2022 to June 30, 2025 is given below:

Table No. 1.

Sr. No	Segment	Buy(₹)	Sell(₹)
1	Equity	1,68,49,16,864.70	1,66,59,07,260.82
2	Equity Derivative	14,27,26,95,888.35	14,20,15,44,456.40
3	Currency Derivative	5,73,69,344.15	5,72,96,860.25
4	Commodity Derivative	18,65,65,19,177.50	18,53,21,18,595.00

Examination of Bank accounts and statement(s).

22. The payments from the clients were received by the below mentioned *Entities* in the accounts mentioned in the Table below:

Table No. 2.

Sr.No	Bank Account Number	Bank Name	Held by
1	921020009044605	Axis Bank	Stark Investments
2	912010031869909	Axis Bank	Zahin Jessani
3	40379331557	SBI	Surabhi Chauhan
4	4111140091217	HDFC Bank	Surabhi Chauhan

23. The AOF and KYC details were sought from these banks. A perusal of the bank statements revealed that terms such as “Fees”, “advisory”, “stocks”, “consult”, “consultancy”, “subscri”, “equity”, “trading”, “advi”, “portfolio” and “investment” are frequently appearing in the bank account(s). The following was specifically noted w.r.t. these accounts.

23.1. **Bank Account no – 921020009044605 held with Axis bank in the name of Stark Investments:** On perusal of the AOF and KYC documents obtained from the bank, the following has been noted.

23.1.1. Stark investments is a partnership firm with Mr. Zahin and Ms. Shakuntala Devendra Singh as the partners with 50% controlling interest held by each of them.

23.1.2. Both the partners are the authorised signatory of the said bank account.

23.1.3. The line of activity has been mentioned as *‘Financial Investment Consultant’.*

23.2. On perusal of the partnership deed provided for the opening of the said bank account, the following is noted.

23.2.1. The partnership deed was made in the month of February 2021 but for all practical purposes, the business of the partnership was deemed to have commenced from January 10, 2021. The duration of the partnership was ‘at will’

23.2.2. Both the partners shall be working partners and shall diligently attend to and carry on the business and affairs of the partnership.

23.2.3. Both the partners shall equally share the profits and losses of the firm in the ratio of 50:50.

23.2.4. The bank account(s) of the partnership shall be managed either jointly or severally by the partners, as may be mutually decided from time to time.

23.2.5. Ms. Surabhi Chauhan daughter of Ms. Shakuntala Devendra Singh was mentioned as her nominee.

23.3. For the period of March 13, 2021 (Account opening date) to June 30, 2025, after adjusting for personal transactions, an amount of ₹6,22,56,908.95 is taken as the amount collected from the UPMS/UIA activities in the bank account of Stark Investments

23.4. **Bank account no. - 912010031869909 held with Axis Bank belonging to Mr. Zahin Jessani:** After excluding personal transactions in aforesaid bank account with remarks such as salary, tax refunds, etc. an amount of ₹1,29,74,143.77 is taken as the amount collected towards UPMS/UIA activities for the period from September 01, 2020 to June 30, 2025.

23.5. **Bank Account no – 4111140091217 held with HDFC bank belonging to Ms. Surabhi Chauhan:** After excluding personal transactions with remarks such as interest, rent, etc. for the period from September 01, 2020 to June 30, 2025, an amount of ₹57,86,078.27 as the amount collected towards UPMS/UIA activities.

23.6. **Bank Account no - 40379331557 held with SBI belonging to Ms. Surabhi Chauhan:** After adjusting for personal transactions, it is observed that for the period from August 20, 2021 (Account opening date) to June 30, 2025, an amount of ₹1,11,69,616.82 was collected in its said account towards UPMS/UIA activities.

23.7. To summarize, the total amount mobilized in the aforesaid bank accounts is as per the Table below:

Table No. 3.

Sr. No	**Bank Account Number**	**Bank Name**	**Held by**	**Credit amount for unregistered services**
1	921020009044605	Axis Bank	Stark Investments	₹6,22,56,908.95
2	912010031869909	Axis Bank	Zahin Jessani	₹1,29,74, 143.77
3	40379331557	SBI Bank	Surabhi Chauhan	₹1,11,69,616.82
4	4111140091217	HDFC Bank	Surabhi Chauhan	₹57,86,078.27
Total				₹9,21,86,747.81

Analysis of the facts in light of the applicable legal Provisions

24. After going through the material gathered during the examination and the aforesaid discussion, I now proceed to examine the services/activities offered/provided by Ms. Surabhi Chauhan, Mr. Zahin Jessani and/or through Stark investments and Starkblue Ventures LLP in light of the relevant provisions of SEBI Act, IA Regulations, PMS Regulations and PFUTP Regulations, which are reproduced below:

Section 12(1) of SEBI Act;

*"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:"*

Regulation 2(1)(l) of the IA Regulations

"investment advice means advice relating to investing in, purchasing, selling or otherwise dealing in securities, and advice on investment portfolio containing securities, 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;"

Provided further that trading calls shall not be considered as investment advice for purpose of these regulations."

Regulation 2(1)(m) of the IA Regulations

"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 a part-time investment adviser or any person who holds out himself as an investment adviser, by whatever name called;

Regulation 3(1) of the IA Regulations

Application for grant of certificate.

"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:"

Regulation 2(1)(o) of PMS Regulations

"Portfolio manager" means a body corporate, which pursuant to a contract with a client, advises or directs or undertakes on behalf of the client (whether as a discretionary portfolio manager or otherwise) the management or administration of a portfolio of securities or goods or funds of the client, as the case may be:

Provided that the Portfolio Manager may deal in goods received in delivery against physical settlement of commodity derivatives."

Regulation 3(1) of the PMS Regulations

Registration as portfolio manager.

"No person shall act as a portfolio manager unless it has obtained a certificate of registration from the Board under these regulations."

***Prima facie* Violation of IA Regulations:**

25. In terms of Regulation 2(1)(l) of the IA Regulations, '*Investment advice*', *inter alia,* means advice relating to investing in, purchasing, selling or otherwise dealing in securities and includes financial planning. In context of the present case, it is noted that Ms. Surabhi Chauhan and Mr. Zahin Jessani and/through Stark investments, used to enter into '*mandate agreements'* with their clients. Some of the terms and conditions of the said agreements have already been discussed above. It is noted that as per the mandate agreement(s), stark investments claimed to act as the financial advisor of the clients. The mandated task as per the agreement was to understand client's investment objectives and to perform their investment planning. The task was also to prepare dynamic and optimal asset allocation and

recommend and advise in selection of appropriate investment opportunities across various asset classes.

26. Stark investments, claiming to be an investment advisory and management company also offered a comprehensive retirement and tax planning package to its clients. Its product offering clearly mentioned that it provided advice on varied asset and sub- asset classes. It was claimed that it had a proprietary stock picking model and advertised itself as an entity with superior skills, highly qualified team, stringent risk management process, etc. It claimed to offer customized advisory services emphasizing on unique needs of each client based on goal and risk profiling of the clients.

27. It is also noted that there is evidence in the form of Whatsapp chats with multiple clients, wherein it is clear that Ms. Surabhi Chauhan and Mr. Zahin Jessani were providing investment tips. On perusal of some of the WhatsApp chat transcripts as mentioned earlier, it is observed that specific investment recommendations were provided to the clients, including Identification of securities, exact quantities, price ranges, timing of execution and instructions to buy, sell, hold, average, or book profits.

28. Thus, from the mandate agreement, marketing material and Whatsapp chats, it *prima facie* appears that the services offered by Ms. Surabhi Chauhan, Mr. Zahin Jessani, Ms. Shakuntala Davendra Singh and their partnership firm i.e., Stark Investments were in the nature of 'investment advice' in terms of Regulation 2(1)(l) of the IA Regulations. In terms of Regulation 2(1)(m) of the IA Regulations, '*investment adviser*' means any person, who for consideration, is engaged in the business of providing investment advice to clients or any person who holds out himself as an investment adviser. Thus, for a person to be identified as an investment adviser, the essential ingredients, which are required to be established are (i) engagement in services of providing 'investment advice' (ii) consideration. As discussed above, SEBI after receiving the bank account details from the clients, sought relevant information from the Banks and examined the details. It is noted that in the mandate agreement, reference was made to Axis Bank account of Stark Investments held in Axis Bank. On perusal of the AOF Form and KYC details, it is noted that Mr. Zahin was one of authorised signatory of the bank and was mentioned as a partner in the AOF firm. The descriptions of the transactions from the bank statements were analysed and it was noted that the term 'ADVISORY' FEES and CONSULTANCY appeared multiple times. Other than the account held by Stark Investments, the personal accounts of Mr. Zahin and Ms. Surabhi were also analysed and it was noted that terms like 'fees advisory', 'stocks', 'consult', 'subscri' 'equity', etc. appeared multiple times. Thus, on the basis of the above, it can *prima facie* be inferred that the investment advice was provided for valid consideration.

29. In view of the foregoing, I *prima facie* find that the *Entities* No. 1, 2 and 3 were providing "investment advice" in terms of Regulation 2(1)(l) of IA Regulations, 2013, and were also holding themselves out as an investment adviser, as defined under Regulation 2(1)(m) of the IA Regulations. The *Entity* No. 3 (Stark Investments) is a partnership firm of *Entity* No. 2 and 5 (Mr. Zahin Jessani and Ms. Shakuntala). In terms of Regulation 3(1) of the IA Regulations read with Section 12(1) of the SEBI Act, no person shall act as an investment adviser or hold himself out as an investment adviser unless he has obtained a certificate of registration from SEBI. It is noted that none of the *Entities viz.* Ms. Surabhi Chauhan, Mr. Zahin Jessani, Ms. Shakuntala and Stark Investments had obtained registration from SEBI for carrying out Investment Advisory activities. Therefore, *prima facie* the violation of Section 12(1) of SEBI Act read with Regulation 3(1) of the IA Regulations are established against the aforesaid *Entities* No. 1, 2, 3 and 5.

***Prima facie* violation of PMS Regulations:**

30. Now I advert to the definition of 'portfolio manager' under Regulation 2(1)(o) of the PMS Regulations, which provides that portfolio manager means any body corporate, which pursuant to a contract with a client, advises or directs or undertakes on behalf of the client the management or administration of a portfolio of securities or goods or funds of the client. In the present case, it has been observed that Ms. Surabhi Chauhan, Mr. Zahin Jessani through Stark Investments claimed themselves to be an investment management company providing profit sharing managed account model. The services have been described as full scale

equity portfolio management services involving execution of buy and sell transactions in clients' account with regular quarterly portfolio review. They followed a profit sharing model based on the profits earned by the clients on the investment portfolio. They made various claims through their marketing material including claims of having a proprietary stock picking model based on various fundamental and technical factors. Claims were made that they have a customized advisory process with a sample portfolio performance and their success stories. Suffice it to say, Stark Investments marketed themselves as a portfolio management entity.

31. Stark investments also entered into an 'investment advisory agreement' with the clients for the purpose of providing account handling services. Various clauses exhibiting the same have already been discussed in earlier paragraphs. It is relevant to note that as per the agreement, the *Entities* had obtained the power to direct, manage and change the investment of the assets in the client's account(s). They obtained discretionary authority to purchase and sell securities and give instructions concerning these transactions to broker-dealer(s) with which client's account(s) were held. They assumed authority for selection, buying and selling of securities without even obtaining specific consent from the client. Even powers to borrow funds for the purpose of trading on margin were obtained.

32. For the purpose of undertaking the activities mentioned above, they assisted in opening of trading account of the clients and obtained the credentials of the clients through WhatsApp chats as noted above at Para 14. By obtaining the client's credentials, control of the trading accounts was obtained. It has been observed that a customized profit sharing arrangement was entered by Stark Investments with the clients. As per various agreements, the minimum investment amount required to start the services ranged from ₹15 lakhs onwards with customized profit sharing arrangement. One of the agreements required minimum ₹30 lakhs as the minimum investment amount with profit sharing in the ratio of 85:15.

33. It is also noted that another entity viz. Starkblue Venture LLP was incorporated in February 2022 with Ms. Surabhi Chauhan and Mr. Zahin Jessani as its designated partners. Starkblue Ventures LLP was marketed as an exclusive limited liability

partnership claiming to offer high returns with lower volatility. Pursuant to the incorporation of LLP, multiple supplementary agreements and 'deed(s) of adherence' were executed with the new clients/investors and they were made partners in the LLP. Through Starkblue Venture LLP, "SQAR" strategy was offered which was marketed as active equity and derivative market non-directional strategy aimed to generate superior and consistent returns. Various features of the SQAR Strategy, its factsheet and various clauses of the LLP agreement have been discussed in earlier paragraphs. As per the LLP agreement, the primary business of Starkblue Venture LLP was to carry on business as advisors of investments in shares, commodities, currencies, debentures, bonds, depository receipts, options, derivatives, government securities, financial instruments, etc. Contribution was solicited from the clients in the name of minimum capital contribution by partners. In the said LLP, Stark Investments (i.e., the partnership firm with Mr. Zahin and Ms. Surabhi as partners) was also named as a partner. It was also mentioned that the profits of LLP for distribution will be arrived after considering all requisite accounting treatments including 25% of profits (Plus GST, wherever applicable) as fixed fees to be paid to Stark Investments as professional fees for management of business of LLP.

34. The monies mobilised through Starkblue Venture LLP were collected in its Bank Account No- 697805600839 maintained with ICICI. The AOF, KYC details and the bank statements of the said account were examined and the following was noted:

34.1. As per the AOF, the account was opened in May 2022 with Mr. Zahin and Ms. Surabhi as the Designated Partners and Authorised Signatory(ies).

34.2. Mostly, the amount collected in the aforesaid account was transferred to the broker of Starkblue Ventures LLP, IIFL Securities Private Limited. A brief summary of the same along with some instances where funds were pooled from investors and subsequently transferred to the Broker are placed below:

Table No. 4.

Sr. No	**Date**	**Bank Statement Narration**	**Credit amount(₹)**	**Debit amount(₹)**	**Credit/ Debit by/in favour of**
1	27/10/2022	BIL/INFT/000522245960/Invest/, SUKHDEEP KAUR	1000	-	Sukhdeep Kaur

2	28/10/2022	BIL/INFT/000522688368/Invest/, SUKHDEEP KAUR	10,00,000	-	Sukhdeep Kaur
3	28/10/2022	RTGSHDFCR52022102855868740-VIVEK GROVER-501005600,88060-HDFC0000675	15,00,000	-	Vivek Grover
4	29/10/2022	MMT/IMPS/230210306209/TOWARDS INVESTM/ADIL DHIN/Citi Bank	1,000	-	Adil Dhingra
5	29/10/2022	BIL/INFT/000523459088/Invest/, SUKHDEEP KAUR	4,99,000	-	Sukhdeep Kaur
6	29/10/2022	RTGS-IDFBR52022102900417343-MR RAVI KANT SINGLA-10,046072138-IDFB0010201	15,00,000.00	-	Ravikant Singla
7	31/10/2022	BIL/INFT/000524202501/Check/, PRIYANKA TEWARI	100.00	-	Priyanka Tewari
8	31/10/2022	BIL/INFT/000524330951/Priyanka/, PRIYANKA TEWARI	5,00,000.00	-	Priyanka Tewari
9	31/10/2022	BIL/INFT/000524333283/Priyanka/, PRIYANKA TEWARI	4,00,000.00	-	Priyanka Tewari
10	31/10/2022	BIL/INFT/000524335199/Priyanka/, PRIYANKA TEWARI	99,900.00	-	Priyanka Tewari
11	31/10/2022	MMT/IMPS/230319137151/Test/ADITYA KUM/HDFC Bank,	10.00	-	Aditya Kumar
12	*31/10/2022*	*BIL/ONL/000524575481/IIFL, IIFL SECURITIES*		*55,00,000.00*	*IIFL Securities Ltd*

34.3. From the table above, it can be illustrated that Starkblue Ventures LLP had mobilised ₹55,01,010 during October 27, 2022–October 31, 2022 from the clients/investors and transferred ₹55,00,000 to IIFL Securities Ltd on October 31, 2022.

34.4. For the period from March 28, 2023 – April 03, 2023, Starkblue Venture LLP collected ₹3,08,47,135 from investors and the amount of ₹3,79,00,000 was transferred to IIFL Securities Ltd on April 03, 2023.

34.5. From January 18, 2024 – January 29, 2024, Starkblue Venture LLP collected ₹1,01,00,000 and the amount of ₹96,50,000 was transferred to IIFL Securities Ltd on January 29, 2024

34.6. From April 30, 2024 – May 15, 2024, ₹1,26,00,200 were collected and the amount of ₹1,25,00,000 was transferred to IIFL Securities Ltd during May 13, 2024 – May 15, 2024

34.7. Thus, the money mobilised by Starkblue Ventures LLP was subsequently transferred to its broker account and was invested in the securities market.

35. The name(s) of the partners/clients/investors appearing in some of the LLP agreement(s) dated March 31, 2023, May 24, 2024 and February 15, 2025 were analysed for credit and debit in the bank account no- 697805600839 for the period from May 13, 2022 to June 30, 2025. The summary of credit transactions is placed in the table below:

Table No. 5.

Sr. No	Name	Credit(₹)
1.	Tapasya and Geeta Obhrai	2,05,55,100
2.	Hiren Joshi	1,05,00,000
3.	Swati Jain	83,00,001
4.	Priyanka Tiwari	75,00,100
5.	Divya Gera	55,00,000
6.	Varsha Joshi	50,00,000
7.	Bhanu Luthra	50,00,000
8.	Eakta	41,00,001
9.	Risabh Ladha	35,00,000
10.	Ravi Singla	40,00,000
11.	Kishore Prabhudas Hemdev	33,34,086
12.	Vivek Grover	28,92,446
13.	Aditya Singh	25,00,100
14.	Simranpal Singh	25,00,001
15.	Shinu Saran	25,00,000
16.	Margi Krishna Iyer	25,00,000
17.	Subramanya K	25,00,000
18.	Sonal Khandelwal	25,00,000
19.	Epoch Sports and Gaming	25,00,000
20.	Rajni katiyar	25,00,000
21.	Sukhdeep Kaur	22,00,000
22.	Gaurav Goyal	20,00,000
23.	Kakarala Jayasri	20,00,000
24.	Himani Lohia	20,00,000
25.	MJ Finwork LLP	18,81,962
26.	KANNEGANTI NARMADA	18,11,150
27.	Sheela Satyamurthy	18,11,150

28.	Gurubharan Swaminathan	18,00,000
29.	Auronevi Pingel	17,00,000
30.	Sai Kiran Kothuri	15,00,011
31.	Adil Dhingra	15,00,000
32.	Anju Gupta	15,00,000
33.	Samidhi Sharma	15,00,000
34.	Prakash Chand Jain	15,00,000
35.	Manoj Watwani	15,00,000
36.	Nikhil Sethia	15,00,000
37.	Pinky Chopra	15,00,000
38.	Nagarajan Ganesan	15,00,000
39.	Pawan Mirchardani	15,00,000
40.	Neetu Jain	15,00,000
41.	**Total**	**13,38,86,108**

36. On identification of clients/partners from various Starkblue Ventures LLP agreements, the total amount mobilised has been identified as atleast ₹13,38,86,108. However, on further examination, it is noted that for the said period of May 13, 2022 to June 30, 2025, Starkblue Venture LLP's account was credited with an amount of ₹ 15,86,31,860.34, possibly because of involvement of other clients/partners. Thus, for the purpose of this Order, an amount of ₹ 15,86,31,860.34 has been taken as the amount mobilised by Starkblue Ventures LLP.

37. In terms of Regulation 2(1)(o) read with Regulation 3(1) of the PMS Regulations, the following conditions are required to be met by any entity desirous of engaging in portfolio management services:

    (i) Registration from SEBI as PMS
    (ii) body corporate
    (iii) advises or directs or undertakes the management or administration of a portfolio of securities or goods or funds of the client pursuant to a contract.

    It is however noted that the above requirements are for a *registered* portfolio manager. In case of an *unregistered* portfolio manager, the essential conditions are (i) the entity promises to carry on PMS or generate returns by investing in securities market on behalf of the investors and (ii) the entity actually makes investment in securities on behalf of clients.

38. In the instant case, from the material available on record, it is noted that Mr. Zahin and Ms. Surabhi, through Stark Investments, while entering into investment advisory agreement were providing account handling services to its clients. The Whatsapp chats further corroborate the fact that trading details/credentials of the clients were procured and trading decision were taken on their behalf. They had customized advisory plans for their clients with profit sharing model. On the other hand, Starkblue ventures LLP was conceptualized in year 2022 as an exclusive partnership arrangement with Mr. Zahin and Ms. Surabhi as the designated partners, and monies were mobilized from the clients in lieu of offering partnership in the firm. The money mobilized was later transferred to the trading account and investments were made from that money. The clients had no day-to-day control over the affairs of the LLP. Through the LLP agreement, Mr. Zahin and Ms. Surabhi also obtained the custody of the trading accounts of the clients and made investments.

39. It is relevant here to highlight that *Entities* No. 1 to 5 had not obtained any registration from SEBI. In view of the material discussed above, the essential ingredients of regulation 2(1)(o) are met and *prima facie* it is established that the *Entities* No. 1–5 were providing unregistered portfolio Management services in violation of Section 12(1) of SEBI Act read with regulation 3(1) of the PMS Regulations.

40. The total amount mobilized by the *Entities* through UIA and UPMS is mentioned in the Table below. It is observed that the *Entities* were simultaneously engaged in the UIA activities as well as UPMS. The operations pertaining to both activities were carried out in an integrated manner under common operational control, with no discernible segregation in terms of management, execution, or fee collection. In view of the intertwined nature of these activities and the absence of any reliable basis to distinctly identify and apportion the fees attributable to each unregistered service, it is not feasible to segregate the amounts collected under the respective heads at this stage. Accordingly, for the purposes of the present proceedings and determination in this Order, the total amount mobilized from both the unregistered activities (during the periods mentioned above at para 23 and 35) has been considered. The particulars are tabulated as under:

Table No. 6.

Sr. No	Bank Account Number	Bank Name	Held by	Credit amount for unregistered services
1	921020009044605	Axis Bank	Stark Investments	₹6,22,56,908.95
2	912010031869909	Axis Bank	Zahin Jessani	₹1,29,74, 143.77
3	40379331557	SBI Bank	Surabhi Chauhan	₹1,11,69,616.82
4	4111140091217	HDFC Bank	Surabhi Chauhan	₹57,86,078.27
5.	697805600839	ICICI Bank	Stark Ventures LLP	₹15,86,31,860.34
			Grand Total	**₹25,08,18,608.15**

***Prima facie* violation of PFUTP Regulations:**

41. It is already established that *prima facie* the *Entities* are involved in providing investment advisory services and portfolio management services without obtaining the necessary registration certificate from SEBI. Based on the material available on record, I note that there has been a common pattern of inducement of clients in the name of investment advice and portfolio management services. Clients were induced to use the services of the *Entities* on the basis of representations made through various terminologies like use of proprietary quantitative models, algorithm-based trading systems and assured downside protection, etc. Performance of the fund was shared with clients on a quarterly basis showing superior return with respect to other benchmarks. It is also observed that the prospective investors were induced to invest in their offering by portraying unique features of its investment models. Promotional material referred to various technical and fundamental concepts such as Moving Average Convergence Divergence (MACD), risk adjusted Momentums, etc. to enhance the credibility of the proposed investments. The material available on record does not suggest any basis to justify such promotional claims. In one of the Whatspp chats, it is claimed that the maximum downside in investing through them is only 10%. Thus, attempts were made by the *Entities* to demonstrate a rosy picture of their affairs, which was clearly misleading and was designed to influence the decisions of the investors dealing in its securities. In view of the same, *prima facie* the violation of Regulations 12A(a), (b) and (c) of the SEBI Act read with Regulation 3(b), (c), (d) and

Regulation 4(1), (4(2)(k) and 4(2)(s) of the PFUTP Regulations stands established against the *Entities*.

42. Thus, to conclude, *prima facie*, violation of Regulation 3(1) of the IA Regulations, Regulation 3(1) of the PMS Regulations read with Section 12(1) of the SEBI Act and Section 12A(a), (b) and (c) of the SEBI Act read with Regulation 3(b), (c), (d) and Regulation 4(1), 4(2)(k) and 4(2)(s) of the PFUTP Regulations has been established against the *Entities*.

43. The role and involvement of *Entities* No. 1, 2, 3 and 4 has been discussed at length in the earlier paragraphs. With regard to Entity No.1, it is additionally noted even though she is not a partner in Stark Investments, she was the one running its affairs. Section 28 of the Partnership Act, 1930 *inter alia* provides the principle of 'Holding Out' which states that '*anyone who by words spoken or written or by conduct represents himself, or knowingly permits himself to be represented, to be a partner in a firm, is liable as a partner in that firm to anyone who has on the faith of any such representation given credit to the firm, whether the person representing himself or represented to be a partner does or does not know that the representation has reached the person so giving credit.* In the context of the said provision, it is clear from the mandate agreement(s), investment advisory agreement(s) and the Whatsapp chats and other material available on record that Entity No. 1 held herself out as the partner in Stark Investments. Therefore, she is *prima facie* liable directly for her role in the alleged UIA activities and UPMS as well as for the affairs of Stark Investments.

44. Further, regarding the role of Entity No. 5, it is noted that although Ms. Shakuntala Devendra Singh (Mother of Ms. Surabhi) was not at the forefront of the operations of Stark Investments, she is one of the working partners in Stark Investments with 50% controlling interest (Mr. Zahin being the other partner) and also the authorized signatory of the bank account. As has been discussed above, the various clauses of the partnership deed bestow substantial roles and responsibilities on both the partners. In terms of the partnership deed, she does not appear to be a nominal or passive partner but has been vested with substantial rights, responsibilities and authority in relation to the management and operations of Stark Investments. The

deed envisages her active participation in the conduct of the partnership business, grants her equal remuneration and an equal share in profits and losses, provides unrestricted access to the firm's books of accounts, and authorizes her to operate the partnership's bank accounts either jointly or independently. Collectively, the various clauses *prima facie* demonstrate that she possessed significant managerial and financial control over the affairs of the partnership and was empowered to participate in its day-to-day operations. Also, in terms of the Partnership Act, 1932, the liabilities of the partners are unlimited and co-extensive as that of the partnership firm unless the circumstances suggest otherwise. In view thereof, Ms. Shakuntala Davendra Singh, is also *prima facie* responsible for the affairs of the partnership firm, Stark Investments.

45. Accordingly, I find that Issues A and B are answered in the affirmative. I now proceed to address issue C i.e., to determine the requirement and nature of directions, if any, to be issued in the peculiar facts and circumstances of the matter.

Need for Interim Directions:

46. Having observed the *prima facie* violations against the *Entities*, I note that a detailed investigation/examination to uncover the full extent of the operations of the *Entities*, total number of their clients/investors and the amount of total fee collected etc., is, at present, in progress. However, pending completion of such investigation/examination, it is necessary to intervene at this stage by way of interim measures to restrain the *Entities* from dealing in securities and associating with the securities market and to prevent them from, directly or indirectly, offering unregistered investment advisory and portfolio management services.

47. The material available on record indicates that the *Entities* have been carrying on activities in the nature of investment advisory and portfolio management without obtaining the requisite registration from SEBI as mandated under the Securities laws. The requirement of registration is not a mere procedural formality but a substantive regulatory safeguard intended to ensure that only fit and proper persons, subject to regulatory supervision and compliance obligations, are permitted to deal with investors and their monies. By operating outside the

regulatory framework while simultaneously holding themselves out as possessing expertise in securities markets and investment management, the *Entities* have exposed investors to risks against which the regulatory architecture seeks to provide protection. Such conduct, if permitted to continue unabated, has the potential to undermine investor confidence.

48. The material gathered during the examination further reveals that the *Entities* have continuously evolved their methods to solicit clients and mobilise funds. The activities which were started as Investment advisory and account handling through Stark Investments were modified into a more sophisticated strategy by adopting a LLP structure through Starkblue Ventures LLP. Thus, *prima facie*, the *Entities* have modified their *modus operandi,* marketing strategies, legal persona and operational structures, thereby enabling them to perpetuate their activities while reducing the likelihood of detection. The promotional and marketing content disseminated by the *Entities* appears designed to create an impression of legitimacy, expertise and assured financial success. Such representations are capable of inducing retail investors, many of whom may lack the requisite financial literacy, awareness or market sophistication, to entrust their savings to the *Entities*. The securities market increasingly attracts first-time and inexperienced investors who are particularly vulnerable to claims of superior returns, exclusive trading strategies and purported market expertise. In such circumstances, intervention of SEBI becomes imperative not merely to protect existing investors but also to prevent further inducement of unsuspecting members of the public.

49. The examination so far has *prima facie* revealed that an amount of at least ₹25,08,18,608.15 has been mobilised from investors. The material on record indicates a depletion of investor monies, giving rise to a reasonable apprehension that the remaining funds may also be dissipated, diverted, layered or otherwise rendered unavailable.

50. Also, I place reliance on the order of the Hon'ble Securities Appellate Tribunal, passed in the case of *Amalendu Mukherjee Vs. SEBI*[1], wherein the Hon'ble

[1] [Appeal (L) no. 169 of 2020]

Tribunal has underscored the necessity of passing impounding orders by inter-alia observing the following:

"We are of the opinion that the WTM is empowered under the SEBI Act and the Regulations to pass an ex-parte order in order to protect the interests of securities market and the investors. If such impounding order is not passed, it may result in defeating the ultimate direction of disgorgement if any, as there would be chances of such monies being dissipated by the appellant..."

51. Thus, based on above reasons, Interim directions are warranted in the case and I proceed accordingly.

Directions:

52. In light of the foregoing discussion, I, 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, 1992, hereby issue the following interim directions:

52.1. The *Entities* are restrained from buying, selling or dealing in securities or associating themselves with the securities market, either directly or indirectly, in any manner whatsoever until further orders.

52.2. If the *Entities* have any open position 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. The *Entities* 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.

52.3. Banks are directed that no debits shall be made, without permission of SEBI, in respect of the bank accounts held jointly or severally by the *Entities*. Further, the Depositories are directed that no debit shall be made, without permission of SEBI, in respect of the demat accounts held by the aforesaid *Entities* held jointly or severally by them. However, credits, if any, into the accounts may be allowed.

52.4. Banks and the Depositories are directed to ensure that all the aforesaid directions are strictly enforced.

52.5. The Registrar and Transfer Agents are directed to ensure that without permission of SEBI, they neither permit any transfer nor redemption of the securities, including Mutual Funds units, held by the *Entities*.

52.6. The *Entities* are further directed to provide a full inventory of all their assets whether movable or immovable, or any interest or investment or charge in/on any of such assets, including property, details of all their bank accounts, demat accounts, holdings of shares/securities, if held in physical form and mutual fund investments and details of companies in which they hold substantial or controlling interest, immediately but not later than 7 working days of this order.

52.7. The *Entities* are directed not to dispose of or alienate any of their assets/properties, except with the prior permission of SEBI.

52.8. The *Entities* shall cease and desist from, directly or indirectly, offering unregistered investment advisory and portfolio management services and from acting as or holding themselves out as investment advisors or portfolio managers. They shall cease to solicit or undertake such activity or any other unregistered activity in the securities market, directly or indirectly, in any manner whatsoever.

53. This Order shall come into force with immediate effect and shall remain in force till further Orders.

54. The *prima facie* observations contained in this Interim Order are made on the basis of the material available on record. The Noticees may, within 21 days from the date of receipt of this Order, file their reply/objections, 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 in that regard.

55. This order is without prejudice to any other action that SEBI may initiate under the securities laws, as deemed appropriate, against the above mentioned *Entities*.

56. A copy of this order shall be forwarded to the Stock Exchanges, Depositories, Registrar and Share Transfer Agents and Banks to ensure necessary compliance.

AMARJEET SINGH

Digitally signed by AMARJEET SINGH
Date: 2026.07.24 14:50:59 +05'30'

Place: Mumbai

AMARJEET SINGH
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA