

SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI

ORDER

UNDER SECTION 19 READ WITH SECTIONS 11(1), 11(4) AND 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992.

IN THE MATTER OF –

	NOTICEE	PAN
1.	M/S PROFICIENT RESEARCH	AAQFP1547F
2.	VIDHI SINGH PARIHAR	CDTPP2860D
3.	MOHD. SOHAIL KHAN	CODPK1444M
4.	ALTAMASH SHEIKH	CPPPS6004G

BACKGROUND:

1. Securities and Exchange Board of India (“SEBI”) had conducted an examination of complaints received against M/s Proficient Research, a partnership firm (“**Proficient Research/Noticee No. 1**”), wherein it had been alleged that the Noticee was engaged in ‘investment advisory services’ without requisite registration / certification as mandated under the SEBI (Investment Advisers) Regulations, 2013 (“**Investment Advisers Regulations**”). The findings of the aforementioned examination were as under:
 - i. The partners of Proficient Research were Vidhi Singh Parihar, Mohd. Sohail Khan and Altamash Sheikh.
 - ii. On its website i.e. www.proficientresearch.com (since inactive), the Noticee had claimed that it was providing investment advisory services.
 - iii. The Noticee had collected approximately ₹48 Lakhs during the period from July 2014 to November 2016, as advisory fees.
 - iv. In the complaints received at SEBI, the complainants therein had alleged that they had paid fees to Noticee No. 1.

SHOW CAUSE NOTICE DATED MARCH 12, 2020.

2. Upon a consideration of the aforementioned, a Show Cause Notice dated March 12, 2020 (“**SCN**”) under the provisions of Sections 11(1), 11(4) and 11B of the SEBI Act, 1992 (“**SEBI Act**”), was issued by SEBI, to Noticee No. 1 and its Partners i.e. Vidhi Singh Parihar (“**Noticee No. 2**”), Mohd. Sohail Khan (“**Mohd. Sohail / Noticee No. 3**”) and Altamash Sheikh (“**Noticee No. 4**”) alleging that they had carried out investment advisory activities without obtaining registration from SEBI in violation of the provisions of Section 12(1) of the SEBI Act and Regulation 3(1) of the Investment Advisers Regulations. The aforementioned Noticees were called upon to show cause as to why suitable directions including debarment from the securities market, refund of fees collected, prohibition from being associated with listed entities, intermediaries, etc. should not be issued against them, under Sections 11(1), 11(4) and 11B of the SEBI Act, for the violation of the aforesaid provisions of law.

HEARING.

3. Subsequent to the issuance of the SCN, opportunity of personal hearing/opportunity to file written submissions was granted to all the Noticees on various occasions and such dates along with details of appearances/responses are listed out hereunder:
 - A. **August 12, 2021:** An opportunity of personal hearing was granted to all the Noticees on the aforementioned date.
 - i. Vidhi Singh Parihar (Noticee No. 2) and Altamash Sheikh (Noticee No. 4), were granted an opportunity of hearing on July 29, 2021, wherein they had appeared through their authorised representatives and had sought for an adjournment of the hearing on the ground that they had not yet received the SCN.
 - ii. Thereafter, another opportunity of hearing was granted to the Noticees on August 12, 2021 i.e. for Vidhi Singh Parihar at 11:30am and 4pm, and for Altamash Sheikh at 4pm. The aforementioned hearing was held through video conferencing on the WebEx App. Vidhi Singh Parihar appeared in person for the hearing at 11:30am and made submissions in her defence. Besides this hearing, she also wanted her Advocate, who was not available

at that time, to enter appearance for her at 4pm; however, despite being granted further opportunity of hearing at 4pm, she failed to appear for the same. Altamash Sheikh was represented by Manish Gupta, Advocate, for the aforementioned hearings.

- iii. Noticee No. 2 denied all the allegations contained in the SCN and submitted that her PAN was wrongly used and her signature on KYC/bank account opening forms/*Partnership Deed* was forged without her knowledge or consent.
- iv. Noticee No. 4 had also adopted a stand similar to that taken by Noticee No. 2 in these proceedings. Noticee Nos. 2 and 4 were granted 10 days' time to file additional written submissions, if any. In addition, Noticee Nos. 2 and 4 were directed to submit the following documents along with their additional written submissions:
 - a. ITR filed by them for the Financial Years 2014–15, 2015–16 and 2016–17.
 - b. Account statements of all bank accounts held in their name/operated by them for the period from April 2014 till December 2016.
 - c. In addition, Noticee No. 2 was also directed to file her submissions in respect of all the amounts transferred to her from Proficient Research's ICICI Bank Account nos. 144105500445 and 144105500470 and Axis Bank Account no. 914020041205134, for the period from April 2014 till December 2016.
- v. Noticee No. 1 did not appear for the hearing.
- vi. Vide an e-mail dated August 11, 2021, Noticee No. 3 had requested for an adjournment of the hearing scheduled for August 12, 2021. The request for adjournment was granted.

B. August 25, 2021:

- i. An opportunity of personal hearing was granted to Noticee No. 3 (Mohd. Sohail) on August 25, 2021. The aforementioned hearing was held through video conferencing on the WebEx App. Noticee No. 3 had appeared in person at the SEBI Indore Local Office.

- ii. Noticee No. 3 had submitted that he was earlier employed as a partner in Noticee No. 1 but had resigned immediately thereafter, within a period of two months of partnership. Noticee No. 3 had submitted that he was merely a network engineer and was in no way related to the investment advisory services of Noticee No. 1. Noticee No. 3 was granted 7 days' time to file additional written submissions, if any.

CONSIDERATION OF ISSUES AND FINDINGS:

- 4.1 I have considered the SCN along with the replies/submissions made by the Noticees and all the relevant material on record. I note that Noticee No. 1 has not filed any reply to the SCN or made any submissions for consideration during the course of these proceedings. Further, the aforementioned Noticee had failed to appear for the personal hearing before me either by itself or through authorised representative(s). Even though the instant proceedings are *ex parte* against the aforementioned Noticee, I have nonetheless perused the documents available on record while evaluating the case against it. Accordingly, in this context, the issue for consideration is ***Whether Noticee Nos. 1 to 4 had held themselves out as 'Investment Advisers' without obtaining registration from SEBI and whether such Noticees had received consideration for the aforementioned unauthorized activity?***
- 4.2 Before examining the issues, it is necessary to refer to the relevant provisions of law which the Noticees are alleged to have violated as per the SCN, which are reproduced hereunder:

Provisions of the SEBI Act:

"Section 12 – Registration of stock brokers, sub-brokers, share transfer agents, etc.

12. (1) 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:

Provided that a person buying or selling securities or otherwise dealing with the securities market as a 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 immediately before the establishment of the Board for which no registration certificate was necessary prior to such establishment, may continue to do so for a period of three months from such establishment or, if he has made an application for such registration within the said period of three months, till the disposal of such application:

Provided further that any certificate of registration, obtained immediately before the commencement of the Securities Laws (Amendment) Act, 1995, shall be deemed to have been obtained from the Board in accordance with the regulations providing for such registration.”

Provisions of the Investment Advisers Regulations:

“3.(1) 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:

REPLIES FILED BY NOTICEES.

4.3 In her submissions, **Noticee No. 2 (Vidhi Singh Parihar – Reply dated August 21, 2021)**, had *inter alia* submitted as under:

1. *I have never been associated with Proficient Research in any way. As I have already submitted verbally before the Competent Authority during the hearing scheduled on August 12, 2021 that I have completed my MBA in Marketing and Finance in 2012–2013 and thereafter, I got a job in a SEBI registered company Epic Research as Team Manager and Client Relationship Manager. The allegation leveled against me in the SCN are totally false and all are on the basis of documents procured from website named as www.archive.com and there are no complaints on my personal name in the records available in the annexure of SCN. I have never ever signed any document related to Proficient Research and so the documents sent as Annexures i.e. Partnership Deed and other documents, must be having my forged signature which is the matter of cheating done against me, about which I was completely unaware of till March 2021 when I received the first summons from SEBI.*

2. *The investigations made by SEBI regarding Proficient Research and its bank accounts are nowhere related to me. Since it has been 7 years, it's really hard to remember if I have ever applied for some job in any such company along with other companies somewhere around June 2014, before I finally came back to my hometown Rewa and for the same purpose, if I might have submitted my details of PAN or Aadhar to HR member of any such Company if they might have asked for. I came back to Rewa around June 2014 and the entries in the accounts mentioned in the SCN are from the period of July 2014 onwards and therefore, it cannot be said that I have been anywhere involved in those activities which are narrated in the SCN.*
3. *There were no individual complaints in my name.*
4. *As told already to the Competent Authority on August 12, 2012, it is highly shocking and demeaning for me and for my late father's image to get my name dragged on the matter of fraudulency, which is something totally against my principles as honesty is everything to me being a child of an extremely honest father.*
5. *That, as told already, I got to know about this matter first time after my father received SEBI letter on March 2021 (though SCN dated March 12, 2021 and March 19, 2021, had not been received with the Summons and the SCN with annexures were received by my advocate Shri Kshitij Vyas on July 28, 2021 sent by Deputy General Manager, SEBI – Indore Local Office and thereafter, my advocate forwarded those mails to me) and informed me with great shock and grief to see my name on such matter as he knew that I can never do any wrong dishonest practice in anyway and never have been associated with Proficient Research in anyway.*
6. *In 2014 when I was about 26 years old, because of my father's concern and worry for my marriage, I finally came back to Rewa for attending marriage proposals. Since my father strictly wanted me to get settled soon in 2014, I was not allowed to continue my job in Epic Research and anywhere else and so I left Indore in 2014 May or June as far as I remember. After few marriage proposals and denials, I finally got engaged in 2015 and eventually got married to an IT engineer in early 2016 and got settled in Delhi.*
7. *That, on the basis of above mentioned facts ,there are few humble submissions which I would request Hon'ble SEBI to mark before concluding and deciding the matter, which are as under:*
 - i. *Firstly, my humble submission is since I was not even present in Indore in and after 2014, how can I be involved in any such practice and transactions during 2014/2016. Since I was in Delhi around 2015/ early 2016, how can I be held liable for transactions and complaints of Proficient Research, which was regularly on record in 2015 and continued till 2016 as per printout records sent through annexures by SEBI.*

ii. Secondly, as per some records of client complaints attached to the annexures, I can humbly quote that since I was never actually involved in working of Proficient Research in anyway. There are no complaints in my personal name in the records available in annexures.

8. In addition to above reply, as per the documents demanded by SEBI, I hereby state that -

i. I have not filed any ITR so I am unable to submit my ITR related documents of 2014 to 2016 as demanded.

ii. As far as the account statement of 2014 to 2016 is concerned, I was non-working after I left Indore in 2014, so must not be having any transaction during that phase but since it's a long time and the bank account must be inactive or dead nor do I remember my account details. I am unable to send the account statement of any bank, if any, had during that phase.

iii. As per my knowledge, consciousness and memory, I have never received any amount from Proficient Research anytime so I am also unable to give any record related to such transaction to SEBI.

4.4 In his submissions, **Noticee No. 3 (Mohd. Sohail – Reply dated August 25, 2021)**, had *inter alia* submitted as under:

1. Since the last seven years I have not been a partner of Noticee No. 1 as I had already resigned from the firm on August 1, 2014 with effect from September 1, 2014, i.e. within 2 months of working for Noticee No. 1 and from such aforesaid date, I am not liable for any of the acts and liabilities of that firm. Copy of my resignation letter dated August 1, 2014, is attached.

2. I have also received a cheque from Noticee No. 1's account on September 6, 2014, which was issued and signed by Altamash Sheikh being the authorized signatory of the firm as full and final settlement of salary and expenses. Copy of the cheque dated September 6, 2014 is annexed.

3. The Partnership Deed in the name of Proficient Research was signed by me along with two other persons i.e. Altamash Sheikh and Vidhi Singh Parihar on June 13, 2014. It is clarified that I was only made partner for name sake by Altamash Sheikh i.e. only on documents but in fact, I was only an employee of the firm.

4. I have entered into partnership only under the strong influence of Altamash Sheikh who was at that time already working in this field and has enticed me into becoming one of the partner of the

firm with rosy promises for looking after the technical aspects for the firm as I was qualified as a software and network engineer having a degree of Bachelor of Engineering in June 2012 and was looking for a job. Copy of provisional degree certificate of Bachelor of Engineering is annexed. My work in the firm was never related with advisory services whereas my work was only confined to the establishment of computers.

5. *The partnership agreement was made by Altamash Sheikh only and at the time of signing the partnership agreement, Altamash Sheikh had also pre-signed some bank account opening forms from me in normal course of working. I have signed the Partnership Deed and bank account opening forms without enquiring much and only by believing on his words and promises.*
6. *I have never been an authorised signatory to operate the bank accounts of the firm as Altamash Sheikh and Vidhi Singh Parihar.*

4.5 In his submissions, **Noticee No. 4 (Altamash Sheikh – Reply dated September 2, 2021)**, had *inter alia* submitted as under:

1. *I unequivocally deny being a Partner in Noticee No. 1. I was employed in Noticee No. 1 on May 1, 2014, for the post of Research Analyst and my job was to generate research and report to the Owner/Manager one Navneet Singh. As per Noticee No. 1's procedure, I did sign some documents and bank opening forms but I have no knowledge if the same had been misused by Navneet Singh. Further, I left the job on December 1, 2016. When I had demanded my documents back from Noticee No. 1, I was denied, to which a complaint was filed in the local police station at Central Kotwali police station on December 2, 2016 (A photocopy of this complaint is attached).*
2. *Even if the allegations were to be taken on their face value, they do not constitute the violations as alleged, as by the allegations themselves and by the definitions of Investment Adviser, Investment Advice and Research Analyst, it is amply clear that the business of said firm, if any, was that of Research Analyst and not Investment Adviser. Neither in the impugned notice nor the documents annexed thereto, there is any allegation on the present respondent or the said alleged company that they were conducting financial planning, mere allegation is that they were giving buy/sell recommendations in stock markets. A person who is providing buy/sell recommendations in stock markets and is not undertaking any financial planning falls under the category of Research Analyst and not Investment Adviser.*

3. *That, once it is established that the said business was that of a research analyst and not of an Investment Adviser and I was only an employee, the impugned SCN falls short of the allegations levelled and I cannot be implicated in such an arbitrary manner.*
4. *That, it is further alleged on the basis of some private websites such as www.icomplaints.in www.consumercomplaints.in that certain alleged customers have made complaints against the said entity. However it is to be noted that these websites are not an authorised source anybody can make any unsubstantiated complaints on such websites without any evidence whatsoever and such complaints cannot be taken cognizance off, it may further be noted that if these were actual complaints they ought to have been made on SEBI SCORES portal, which is not the case here, thus taking cognizance of such mala fide, motivated, vexatious and forged complaints cannot be permitted under any law which abides by the rules of "Fair Trial".*
5. *There are details of some bank account given in the SCN to which I have no knowledge of and cannot make any comment on. However, I submit that I used to receive a salary of ₹10,000 per month from Noticee No. 1 in cash and I had received a total of ₹3,20,000 from Noticee No. 1 including some incentive. If SEBI is of the opinion that the respondent is guilty because of being an employee in such a company, the respondent is willing to pay the penalty upto the amount of salary received in the interest of fairness and justice.*
6. *Copies of ITR and Bank Statements are also submitted with my reply.*

FINDINGS:

A. *Issue – Whether Noticee Nos. 1 to 4 had held themselves out as ‘Investment Advisers’ without obtaining registration from SEBI and whether such Noticees had received consideration for the aforementioned unauthorized activity?*

- 5.1 The SCN has alleged that Noticee Nos. 1 to 4 had carried out investment advisory activities without obtaining registration from SEBI in violation of the provisions of Section 12(1) of the SEBI Act and Regulation 3(1) of the Investment Advisers Regulations.
- 5.2 As stated in the preceding paragraphs, no reply was received from Noticee No. 1 i.e. Proficient Research.

5.3 From the material available on record, the following is noted:

- A. The archive pages of the website www.proficientresearch.com (since the aforesaid website was no longer active, pages were downloaded from www.archive.org), contained the following information/claims:
- i. *“Proficient Research Ltd. is led and managed by a team of experienced professionals who have a deep and penetrating financial and technical knowledge along with specialized skills, problems solving mentoring as well as teamwork abilities with team, have a strong academic background and expertise, ability to furnish to the needs of clients in the target.”*
 - ii. The Vision is *“to make Proficient Research as finest research house in India and all around the globe by 2015.”*
 - iii. It provided services in various categories, viz. Stock cash, Stock Future, Premium MCX, HNI Group calls, etc.
 - iv. Various packages were offered for subscription at specified rates and for specific products and the fee ranged from ₹5,500 per month to ₹6,30,000 per year.
 - v. The payment to subscribe to the services could be made directly to the bank accounts opened in the name of Noticee No. 1 with ICICI Bank and Axis Bank, the details of which were mentioned on the website and alternatively, through PayU money.
- B. From the Account Opening Forms (“AOF”), KYC documents and transaction/account statements of bank accounts of Noticee No. 1, as obtained from ICICI Bank and Axis Bank, the following is observed:
- i. **ICICI Bank (A/c Nos. 144105500445 and 144105500470).**
 - ICICI bank A/c No. 144105500445 was opened in June 2014 in the name of partnership firm, Proficient Research / Noticee No. 1, having its address at 207, Sunrise Tower, 579, M.G. Road, Indore.
 - ICICI bank A/c No. 144105500470 was opened in August 2014 in the name of partnership firm, Proficient Research / Noticee No. 1, having its address at 207, Sunrise Tower, 579, M.G. Road, Indore.

- The e-mail provided for opening the above mentioned bank accounts was *altamash4575@gmail.com*.
- As per the *Partnership Deed* submitted to the Bank, the partners of Proficient Research were indicated as Vidhi Singh Parihar (PAN: CDTPP2860D), Mohd Sohail Khan (PAN: CODPK1444M) and Altamash Sheikh (PAN: CPPPS6004G).
- As per the AOF, the type of industry of the applicant therein i.e. Noticee No. 1, was Advisory firm/share trading.
- As per the *Partnership Deed* dated June 13, 2014, the business of Noticee No. 1 was to carry advisory services under capital market i.e. advisory which enables a person to invest in share market and/or commodity market.
- In the bank A/c No. **144105500445**, Noticee No. 1 had received credits amounting to ₹2.15 Lakh during the period from July 2014 to August 2014.
- Further, in the bank A/c No. **144105500470**, Noticee No. 1 had received credits amounting to ₹43.30 Lakh during the period from September 2014 to December 2016. An analysis of the aforementioned bank account revealed that there were 216 credit transactions which ranged from ₹700 to ₹48,000.
- The credits as reflected in the bank statements for the aforementioned bank accounts were amounts collected by Noticee No. 1, as *advisory fees*.
- Debit transactions from the aforementioned bank accounts were mainly in the form of cash withdrawals and payments to third parties and to the partners, viz. Noticee Nos. 2, 3 and 4.
- As on December 13, 2018, the aforementioned bank accounts had zero balance.

ii. Axis Bank (A/c No. 914020041205134).

- The A/c of partnership firm, Proficient Research / Noticee No. 1 (PAN: AAAQFP1547F), was opened in September 2014 having its address at 207, Sunrise Tower, 579, M.G. Road – 452001.
- The e-mail provided for opening the bank account was *altamash4575@gmail.com*.
- As per the *Partnership Deed* submitted to the Bank, the partners of Proficient Research were indicated as Vidhi Singh Parihar (PAN: CDTPP2860D), Mohd Sohail Khan (PAN: CODPK1444M) and Altamash Sheikh (PAN: CPPPS6004G).

- In the aforesaid bank A/c, Noticee No. 1 had received credits amounting to ₹1.78 Lakh during the period from September 2014 to November 2016. An analysis of the aforementioned bank account revealed that there were 25 credit transactions which were in the range of ₹2,000 to ₹40,000.
 - The credits as reflected in the bank statements for the aforementioned bank accounts were amounts collected as *advisory fees*, by Noticee No. 1.
 - Debit transactions from the aforementioned bank accounts were mainly in the form of cheque payments to third parties and to the partners, viz. Noticee Nos. 2, 3 and 4.
 - As on November 19, 2016, the aforementioned bank account had zero balance.
- iii. From the amounts credited into the various bank accounts held by Noticee No. 1, it is observed that the Noticee had collected approximately ₹48 Lakhs as advisory fees, during the period from July 2014 to November 2016.

TABLE I – AMOUNTS RECEIVED AS ADVISORY FEES BY PROFICIENT RESEARCH			
No.	BANK ACCOUNT NO.	TRANSACTION PERIOD	TOTAL VALUE OF CREDIT TRANSACTIONS (IN ₹)
1.	ICICI BANK A/C NO. 144105500445	JULY 2014 TO AUG 2014	2,15,144
2.	ICICI BANK A/C NO. 144105500470	SEP 2014 TO DEC 2016	43,30,226
3.	AXIS BANK. A/C NO. 914020041205134	SEP 2014 TO NOV 2016	1,78,014
TOTAL			47,23,384

- iv. Further, several complaints alleging irregular/fraudulent practices by Noticee No. 1 were found on www.consumercomplaints.in and www.icomplaints.in, which upon examination revealed the following:
- One complainant had *inter-alia*, alleged that he was asked to pay money to open a demat account by Altamash Sheikh and to transfer money through PayU money. Subsequently, upon making such payment, no response was received from either Noticee No. 1 or Noticee No. 4, Altamash Sheikh.
 - Another complainant had *inter alia*, alleged that an employee of Noticee No. 1 had repeatedly asked for money to trade in the commodity segment and additionally, payment was sought towards tax and promised profit. Subsequently, upon making such payment, no response was received from Noticee No. 1.

5.4 In addition to the above, as per the documents provided by Axis Bank, it is observed that Noticee No. 1 had been granted a Registration Certificate under the provisions of the Madhya Pradesh Shops and Establishments Act, 1958 by the District Labour Office, Indore, on June 11, 2014. As per the said Certificate, the owner/main partner of Noticee No. 1 was indicated as Altamash Sheikh while the partners in such firm were indicated as Vidhi Singh Parihar and Mohd. Sohail.

5.5 Accordingly, upon a consideration of the above, I find that:

- A. Noticee No. 1 had claimed on its website that it was providing investment advisory services.
- B. It had been declared in the KYC carried out at the time of bank account opening that Noticee No. 1 was in the advisory business/ share trading.
- C. Noticee No. 1 had collected approximately ₹48 Lakh, in the name of advisory fees during the period from July 2014 to November 2016.
- D. As per the *Partnership Deed* of Noticee No. 1, its business was to carry out advisory services under capital market.
- E. In the complaints received at SEBI, the complainants therein had alleged that they had paid fees to Noticee No. 1.

5.8.1 I note that Noticee No. 2 has denied being associated in any capacity with Noticee No. 1. Contrary to her submissions, it is noted from the material available on record that the aforesaid Noticee was indeed a partner in Noticee No. 1. From the KYC documents and AOF, it is also noted that Noticee No. 2 was authorised to operate two bank accounts of Noticee No. 1 i.e. ICICI bank A/c no. 144105500445 and Axis bank A/c no. 914020041205134. Noticee No. 2 was also the authorised signatory for Noticee No. 1 in respect of the aforementioned bank accounts. It is reiterated that in the ICICI bank A/c no. 144105500445, Noticee No. 1 had received credits aggregating to approximately ₹2.15 Lakh during the period from July 2014 to August 2014 while in the Axis bank A/c no. 914020041205134, Noticee No. 1 had received credits aggregating to approximately ₹1.78 Lakh during the period from September 2014 to November 2016.

5.8.2 From the bank account statements of Noticee No. 1 (ICICI bank A/c nos. 144105500445 and 144105500470 and Axis bank A/c no. 914020041205134), it is observed that Noticee No. 2 had deposited/received certain amounts from Proficient Research for the period from July 4, 2014 to February 27, 2015, as under:

TABLE II – BANK A/C STATEMENT OF NOTICEE NO. 1				
	ACCOUNT NO.	DATE	AMOUNT DEPOSITED BY NOTICEE NO. 2 (₹)	AMOUNT CREDITED TO NOTICEE NO. 2 (₹)
1.	ICICI BANK A/C NO. 144105500445	4.07.2014	1000	–
2.	ICICI BANK A/C NO. 144105500470	2.09.2014	1000	–
3.	AXIS BANK A/C NO. 914020041205134	4.12.2014	–	2000
4.	ICICI BANK A/C NO. 144105500470	6.01.2015	–	20000
5.	AXIS BANK A/C NO. 914020041205134	3.02.2015	–	45000
6.	ICICI BANK A/C NO. 144105500470	27.02.2015	–	50000
TOTAL			2000	115000

5.8.3 It is also noted from the PAN Card of Noticee No. 2 that her father is Dhruv Singh Parihar, who was a recipient of funds transferred from the ICICI bank A/c no. 144105500470 of Noticee No. 1, details of which are provided as under:

TABLE III – BANK A/C STATEMENT OF NOTICEE NO. 1			
	ACCOUNT NO.	DATE	AMOUNT CREDITED TO NOTICEE NO. 2'S FATHER (₹)
1.	ICICI BANK A/C NO. 144105500470	10.11.2014	95000
2.	ICICI BANK A/C NO. 144105500470	8.12.2014	125000
3.	ICICI BANK A/C NO. 144105500470	12.01.2015	40000
4.	ICICI BANK A/C NO. 144105500470	11.02.2015	145000
TOTAL			405000

5.8.4 In the instant proceedings, Noticee No. 2 had failed to submit any explanation regarding the above mentioned amounts transferred to her father and her, from Proficient Research's ICICI Bank Account nos. 144105500445 and 144105500470 and Axis Bank Account no. 914020041205134 (the information was sought from her during the hearing held on August 12, 2021). Further, Noticee No. 2 had failed to submit the following information, viz.:

- ITR filed by her for the Financial Years 2014–15, 2015–16 and 2016–17.
- Account statements of all bank accounts held in her name/operated by her for the period from April 2014 till December 2016.

5.8.5 Upon a consideration of the above, I am not inclined to accept the submissions of Noticee No. 2.

- 5.9.1 In his submissions, Noticee No. 4 has contended that he was merely an employee of Noticee No. 1. Contrary to his submissions, it is noted from the material available on record that the aforesaid Noticee was indeed a partner in Noticee No. 1. Further, from the KYC documents and AOF, it is noted that Noticee No. 4 was authorised to operate the ICICI bank A/c no. 144105500470 of Noticee No. 1. Noticee No. 4 was also the authorised signatory for Noticee No. 1 in respect of the aforementioned bank account. It is reiterated that in the ICICI bank A/c no. 144105500470, Noticee No. 1 had received credits aggregating to approximately ₹43.30 Lakh during the period from September 2014 to December 2016.
- 5.9.2 Noticee No. 4 has submitted that *“(he) used to receive a salary of ₹10,000 per month from Noticee No. 1 in cash and (he) had received a total of ₹3,20,000 from Noticee No. 1 including some incentive”*. As per the *Partnership Deed* of Noticee No. 1, the *“Total Remuneration payable to working partners shall be a minimum of ₹1,50,000 and maximum ₹12,00,000 for each accounting year as: (a) In case of loss or book profit not exceeding ₹3,00,000 for the year, (remuneration shall be) 90% of the book profit or ₹1,50,000, whichever is more and (b) On the amount of book profit exceeding ₹3,00,000 for the year, (remuneration shall be) 60% of the book profit.”* Further, *“the remuneration payable to the working partners, as above, shall be credited to their respective accounts on ascertainment of book profits.”* Upon a consideration of the aforementioned, it is observed that the minimum amount payable as remuneration to any of the partners of Noticee No. 1 including Noticee No. 4 was ₹1,50,000 per accounting year. Accordingly, the submissions made by Noticee No. 4 of having only received a salary of ₹10,000 per month cannot be accepted.
- 5.9.3 Noticee No. 4 has also submitted that the activities carried out by him were in the nature of research analyst. In light of the findings in the preceding paragraphs, I am not inclined to accept the contentions of Noticee No. 4. However, even if it were to be accepted that Noticee No. 4 was indeed carrying on activities in the nature of a research analyst in Noticee No. 1, I find that the same were carried out without obtaining a Certificate of registration from SEBI, which is a violation of the provisions of SEBI Act and the Investment Advisers Regulations. I therefore, find no merit in the contentions raised by Noticee No. 4.
- 5.6 As noted above, the website of Noticee No. 1 had offered advisory services to investors who subscribe to the packages mentioned on the website. The bank accounts mentioned on the website for the purpose of receiving consideration for the services advertised on the website

were held in the name of Noticee No. 1 but the bank accounts were operated by Noticee Nos. 2 and 4. Further, the amounts from the said bank accounts were subsequently *inter alia* transferred to the partners i.e. Noticee Nos. 2 and 4. Hence, it is apparent that the beneficiaries of the website, viz. www.proficientresearch.com, were Noticee Nos. 2 and 4.

5.7 The definition as given in Regulation 2(m) of the Investment Advisers Regulations, states that '*Investment Adviser*' shall mean "any person, who for consideration, is engaged in the business of providing investment advice to clients or other persons or group of persons and includes any person who holds out himself as an investment adviser, by whatever name called". Further, Regulation 2(l) of the Investment Advisers Regulations defines '*Investment Advice*' as "advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio containing securities or investment products, whether written, oral or through any other means of communication for the benefit of the client and shall include financial planning." Upon a consideration of the aforementioned definitions in light of the preceding paragraphs, I find that Noticee Nos. 1, 2 and 4 had indeed held themselves out as '*Investment Advisers*' by offering to give investment advice (as defined under Regulation 2(l) of Investment Advisers Regulations) related to investing in, purchasing and selling of securities and were also offering various investment packages for subscription, without obtaining registration from SEBI. In this context, I note that Section 12(1) of the SEBI Act *inter alia* provides that no investment adviser shall buy, sell or deal in securities except under, and in accordance with, the conditions of a Certificate of registration obtained from the Board. Further, Regulation 3(1) of the Investment Advisers Regulations provides that 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. By operating as '*Investment Advisers*' as defined under Regulation 2(m) of the Investment Advisers Regulations without obtaining registration from SEBI, I find that Noticee Nos. 1, 2 and 4 had violated Section 12(1) of SEBI Act read with Regulation 3(1) of the Investment Advisers Regulations.

5.10 As per the material available on record, the amount of fees collected by Noticee Nos. 1, 2 and 4 in the bank accounts indicated on the website of Proficient Research, as a result of providing '*Investment Advice*' to investors, amounted to ₹47,23,384. In light of the findings in the preceding paragraphs, I am of the considered view that Noticee Nos. 1, 2 and 4, are jointly and severally liable to refund the aforementioned amount to the clients/investors. I however, note that the SCN

does not identify any particular investor or any specific group of investors who have suffered losses due to unauthorized activity carried out by Noticee Nos. 1, 2 and 4.

FINDINGS AGAINST NOTICEE NO. 3:

- 5.11 As regards Noticee No. 3, I note that he was a partner in Noticee No. 1 for a period of *only* two months and thereafter, had resigned from the partnership firm with effect from September 1, 2014, as is evident from his resignation letter dated August 1, 2014, which was received and accepted on behalf of Noticee No. 1, by Noticee No. 4 i.e. Altamash Sheikh. I also note that Noticee No. 3 had received a payment of ₹92400 from Noticee No. 1's ICICI bank A/c no. 144105500470 on September 6, 2014 (ICICI Bank Cheque no. 104529 signed by Altamash Sheikh as the authorised signatory of Noticee No. 1). It is observed that no other payments were made to Noticee No.3 from any of Noticee No. 1's other bank accounts. The aforementioned leads me to believe that such payment was indeed a full and final settlement of salary and expenses of Noticee No. 3, by Noticee No. 1, as submitted by him. Having considered the submissions along with the documents provided by Noticee No. 3 to substantiate his defence, I am of the view that no directions are warranted against him in light of his stated employment as a network manager/IT specialist in Noticee No. 1.

DIRECTIONS:

- 6.1 I, in exercise of powers conferred upon me under Section 19 of the SEBI Act read with Sections 11(1), 11 (4) and 11B thereof and in the interest of investors, hereby pass the following directions:
- a. Noticee Nos. 1 (Proficient Research), 2 (Vidhi Singh Parihar) and 4 (Altamash Sheikh), shall be restrained from accessing the securities market, and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, and associating with the securities market in any manner, whatsoever, for a period of **four years**.
 - b. Noticee Nos. 2 and 4 shall also be restrained for a period of **four years** from holding any position of Director or key managerial personnel in any listed company or any intermediary registered with SEBI, and during the said period, shall also be restrained from associating

themselves with any listed public company or a public company which intends to raise money from the public or any intermediary registered with SEBI.

- c. Noticee Nos. 1, 2 and 4 shall, within a period of three months, from the date of this Order, refund the money received from the clients/investors, as fees or consideration or in any other form, in respect of their unregistered investment advisory activities carried out in the name of Proficient Research.
- d. The Noticees shall issue public notice in all editions of two National Dailies (one English and one Hindi) and in one local daily with wide circulation, detailing the modalities for refund, including the details of contact person such as names, addresses and contact details, within 15 days of coming into force of this Order.
- e. The repayments to the clients/investors shall be effected only through Bank Demand Draft or Pay Order or electronic fund transfer or through any other appropriate banking channels, which ensures audit trails to identify the beneficiaries of repayments.
- f. Noticee Nos. 1, 2 and 4 are prohibited from selling their assets, properties and holding of mutual funds/shares/securities held by them in demat and physical form except for the sole purpose of making the refunds as directed above.
- g. After completing the aforesaid repayments, Noticee Nos. 1, 2 and 4 shall file a report of such completion with SEBI addressed to the Division Chief, Investment Management Department, SEBI Bhavan, Plot No. C4-A, G Block, Bandra Kurla Complex, Bandra (East) Mumbai-400051, within a period of 15 days, after the completion of refunds in the stipulated period of three months, duly certified by an independent Chartered Accountant. The restraint on sale of assets in sub-paragraph (f) above shall cease to operate once the refund to the investors is complete and the report as contemplated herein is filed.
- h. The Banks shall not allow debits from the bank accounts (joint or otherwise) of Noticee Nos. 1, 2 and 4 except for the purposes of compliance with the direction at sub-paragraph (c) above. Credits however, if any, into the accounts of the aforementioned Noticees may be allowed.

- i.* The Depositories shall not allow debits from the demat accounts (joint or otherwise) of Noticee Nos. 1, 2 and 4 except for the purposes of compliance with the direction at subparagraph (c) above. This restraint shall cease to operate once the refund to the investors is complete and the report referred to in paragraph (g) above is filed.
- 6.2 The proceedings initiated vide the SCN dated March 12, 2020, against Noticee No. 3 (Mohd. Sohail), are disposed of without any directions.
- 6.3 The above direction for refunds/repayment to clients does not preclude the clients/investors to pursue other legal remedies available to them under any other law against the Noticees for refund of money or deficiency in service.
- 6.4 This Order shall come into force with immediate effect.
- 6.5 A copy of this Order shall be served upon the Noticees.
- 6.6 A copy of this Order shall also be forwarded to the recognised Stock Exchanges, Depositories, Banks and Registrar and Transfer Agents for necessary compliance with the above directions and also the Government of Madhya Pradesh for its information.

Place: Mumbai
Date: November 1, 2021

G. MAHALINGAM
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA