

National Stock Exchange of India Circular

Department: Investigation	
Download Ref No: NSE/INVG/55731	Date: February 22, 2023
Circular Ref. No: 46/2023	

To All NSE Members,

Sub: Order in the Matter of Capital Worth Research House

SEBI vide its order no. WTM/ASB/WRO/WRO/24011/2022-23 dated February 22, 2023, has hereby debarred following entities from accessing the securities market, directly or indirectly and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in any manner whatsoever, for a three of 3 (three) years from the date of this order or till the expiry of 3 years from the date of completion of refunds to clients/investors as directed in paragraphs 6.1 (I) and 6.1.(v) of the SEBI Order, whichever is later

Sr. No.	Name of the Entity	PAN
1	Capital Worth Research House	AANFC2170Q
2	Ankit Shrivastav	FNXPS2212D
3	Mohammed Aamir Shaikh	DZDPS7841Q
4	Shahid Rangrej	CAHPR9501A
5	Sameer Memon	DBUPM4094J

This Order shall come into force with immediate effect.

The detailed order is available on SEBI website (<http://www.sebi.gov.in>).

Further, the consolidated list of such entities is available on the Exchange website <http://www.nseindia.com> home page under “Home-Regulation-Members-Action against Members-Regulatory Actions”.

Members are advised to take note of the above and ensure compliance.

National Stock Exchange of India

In case of any further queries, members are requested to contact the following officials:

Mr. Akshit Sachdeva (Extension: 23346), Mr. Sandesh Sawant (Extension: 22385)
Direct No: 022-26598417/18 Fax: 022-26598195

For and on behalf of

National Stock Exchange of India Limited

Sandesh Sawant
Senior Manager

ANNEXURE: Order in the Matter of Capital Worth Research House

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA**ORDER**

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

In respect of –

Sl. No.	Noticee	PAN
1.	Capital Worth Research House	AANFC2170Q
2.	Ankit Shrivastav	FNXPS2212D
3.	Mohammed Aamir Shaikh	DZDPS7841Q
4.	Shahid Rangrej	CAHPR9501A
5.	Sameer Memon	DBUPM4094J

(The aforesaid entities are hereinafter referred to by their respective names / Noticee numbers and collectively as the “Noticees”)

In the matter of Capital Worth Research House

1. Background –

- 1.1. The present matter emanates from a complaint of Shri. Nallu Gopi Krishna (the “**Complainant**”) received by SEBI on December 03, 2018, wherein it was stated that the Complainant had taken investment advice from Capital Worth Research House (“**Capital Worth**”). It was also informed by the Complainant that Capital Worth had taken a total of Rs. 13 lakh with GST from the Complainant and had assured him that he would get profit on his investment. The Complainant, in the said complaint, had also mentioned that he had suffered losses as a consequence of the advice rendered by Capital Worth.

1.2. Pursuant to the receipt of the said complaint, the matter was examined to verify the veracity of the information brought out in the complaint and ascertain whether there had been any violation of the provisions of the Securities and Exchange Board of India Act, 1992 (the “**SEBI Act**”), the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 (the “**IA Regulations**”) and any other Regulations or provisions of securities laws. Consequent to the completion of examination in the matter, a common Show-cause Notice dated July 31, 2021 (“**SCN**”) was issued to the entities, listed above, based on the findings of the said examination. It is in this background that the present proceeding, which is to consider the allegations made in the SCN, is before me.

2. The Show-cause Notice

2.1. As stated above, the SCN has been issued to the Noticees based on the findings of the examination. In this regard, the following facts have been *inter alia* brought out in the SCN with respect to the conduct of the Noticees:

- a. The complaint filed by Nallu Gopi Krishna against Capital Worth had *inter alia*, alleged that it was involved in providing investment advisory activities.
- b. From the information received from the Complainant, it was seen that Capital Worth had a website with the web address: www.capitalworthresearch.com. The said website was not active. So, the archived pages of the website were downloaded from web.archive.org.
- c. The web-pages of the said website disclosed various services/ packages offered by Capital Worth. The details of bank account maintained with ICICI Bank Ltd. (A/c No. 004105015470) at the Malav Parisar Branch, Indore were provided. Also, mention was made of bank accounts maintained with State Bank of India Ltd. and HDFC Bank Ltd., though the account numbers or other details were not provided.

- d. The account opening form (“**AOF**”) received from ICICI Bank, in respect of Capital Worth’s bank account, and the accompanying documents showed Capital Worth as a partnership firm, and Ankit Shrivastav (Noticee 2), Mohammed Aamir Shaikh (Noticee 3), Shahid Rangrej (Noticee 4) and Sameer Memon (Noticee 5) as its partners.
- e. Also, the bank statement with respect to the said bank account was sought from ICICI Bank. It was seen from the bank statement that during the period, March 07, 2018 to December 13, 2018, a total of Rs. 1,54,73,727 had been credited to Capital Worth’s bank account. The said bank account had been opened on March 03, 2018.
- f. Additionally, information was sought from Easebuzz, the payment gateway which was linked to the ICICI Bank account mentioned in the preceding paragraphs.

2.2. Based on the above, it has been alleged in the SCN that the Noticees namely, Capital Worth Research House, Ankit Shrivastav, Mohammed Aamir Shaikh, Shahid Rangrej and Sameer Memon were providing investment advisory services without being registered as investment advisers.

2.3. In this respect, it has also been alleged that the Noticees had violated Section 12 (1) of the SEBI Act and Regulation 3(1) of the IA Regulations.

2.4. Accordingly, the Noticees have been called upon to show cause as to why suitable directions under Sections 11(1), 11(4) and 11B (1) should not be issued against them.

3. Service of SCN, Personal Hearing, and Replies and Written Submissions from the Noticees –

3.1. Consequent to the issuance of the SCN, the same was sent to the Noticees on the addresses available on record. The Noticees were also provided opportunities of personal hearing on July 12, 2022 and October 14, 2022. It is noted from the record that at the hearing held on July 12, 2022, no appearance was entered by any of the Noticees, and Noticee 4, Shahid Rangrej had sought an adjournment. Consequently, at the hearing held on October 14, 2022 Noticees 2, 3, 4 and 5 entered appearance through their authorised representative, Mr. Manish Gupta, Advocate. The authorised representative made submissions on behalf of the above-mentioned Noticees.

3.2. The Noticees 2, 3,4 and 5 have also filed a detailed common reply dated July 31, 2021 (the same was received at SEBI on August 04, 2022) in response to the SCN.

3.3. After perusing the written reply filed by the said Noticees and considering the oral arguments made by them before me during the personal hearing, the submissions and arguments made by them are summarised hereunder:

- a. The complaints pertained to the year 2018 and the notice had been issued with a delay of 3-4 years, which was an unexplained delay.
- b. The excerpts of the website: www.capitalworthresearch.com had been taken from a website, Archive.org, which was a third party website and the contents do not disclose any link of Noticees 2,3,4 and 5 with the said website.
- c. Capital Worth was owned and controlled by one Rahul Sardiwal who was the “proprietor” and Noticees 2,3,4 and 5 were merely employees.
- d. Noticees 2,3,4 and 5 joined Capital Worth in Feb 2018 and left their jobs in Dec 2018.

- e. The said Noticees had submitted details of their PAN Cards, Aadhar Cards and signed some blank account opening form for the purposes of opening of salary account/s, but to the knowledge of Noticees 2,3,4 and 5, the said accounts were never opened.
- f. The linking of the ICICI Bank account with the payment gateway, Easebuzz again was done without the knowledge of Noticees 2, 3, 4 and 5.
- g. Noticees 2,3,4 and 5 did not have any knowledge of either existence of the Easebuzz account or the ICICI Bank account.
- h. The Complainant had not made any allegations against the Noticees 2,3,4 and 5, even though he had named other executives.
- i. Rahul Sardiwal, the individual concerned had approached the Complainant and has made refunds to him. Furthermore, Noticees 2,3,4 and 5 without prejudice to their legal rights, were willing to make further refunds to the Complainant in the interest of justice.

3.4. It is noted that Capital Worth was not specifically represented in the proceedings. Upon being queried in this regard at the personal hearing held on October 14, 2022, the authorised representative, Mr. Manish Gupta, stated that he was only representing Noticees 2, 3, 4 and 5. The said Noticees have distanced themselves from the firm. This is an issue for consideration and shall be dealt with in the subsequent paragraphs.

3.5. Relevant Provisions

a. Provisions of the SEBI Act —

Section 12 (1)

Registration of stock brokers, sub-brokers, share transfer agents, etc.

“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”

b. Provisions of the IA Regulations, 2013 —

Regulation 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”.

4. Issues –

4.1. In view of the submissions made, the issues for consideration are: –

I. Whether Capital Worth Research House–

- a) was offering services in the nature of investment advice through its website and acting as an investment adviser, and**
- b) has violated Section 12 (1) of the SEBI Act and Regulation 3(1) of the SEBI (IA) Regulations?**

II. If answer to Issue I. is in the affirmative, then whether Ankit Shrivastav, Mohammed Aamir Shaikh, Shahid Rangrej and Sameer Memon, partners in the Firm can be held liable for the actions of the Company?

III. If answer to Issue I. is in the affirmative, then what is the total amount mobilised by Capital Worth Research House through unregistered investment advisory activities?

5. Consideration and findings –

5.1. Before proceeding with the consideration of the substantive allegations made in the SCN, it shall be relevant to first deal with the preliminary issue raised by the Noticees.

Proceeding not maintainable owing to delay

5.2. It has been contended by the Noticees that the present proceeding was not maintainable owing to delay. In this regard, I note from the record that the complaint in the matter was received by SEBI on December 03, 2018. Consequently, as stated above the matter was examined to see if there had been any violation of the provisions of Securities laws. In carrying out the said examination, information was sought from ICICI Bank and Easebuzz. Upon conclusion of examination in the matter, the same was put up for necessary approval for initiating the proceeding. Pursuant to the same, an SCN was issued to the Noticees in the matter on July 31, 2021. So, it is contrary to the claim of Noticees 2,3,4 and 5 that the SCN was issued after 3-4 years. Thus upon a consideration of the above, it does not appear that there has been any delay in the initiation of proceeding in the matter and the same has been within a reasonable period of time.

5.3. In this regard, the Hon'ble Supreme Court in the case of *Adjudicating Officer, Securities and Exchange Board of India v Bhavesh Pabari*, (2019) 5 SCC 90 has opined that reasonable time, would *inter alia* depend upon the facts and circumstances of the case, nature of the default, prejudice caused etc. In the present matter, the SCN was issued within a period of two and half years from the receipt of the complaint. In the circumstances, it cannot be said that there has been inordinate delay in the initiation of proceeding. Additionally, as required under the above-mentioned judgement of the Supreme Court, the Company has not clarified any specific prejudice caused to it owing to the supposed delay. Accordingly, I find that the issuance of SCN has been within

a reasonable time and occasioned by fair reasons. Also, the concomitant facts as brought out above, give satisfactory account for any delay, if at all.

Issue I (a) – Whether services in the nature of investment advice were being offered by Capital Worth Research House through its website?

5.4. As stated above, reply has been filed by Noticees 2, 3, 4 and 5 in response to the allegations made in the SCN. In their reply the said Noticees have made averments with respect to their roles in the present matter. In addition to the same, averments have been made to state that the activity carried out was not investment advisory activity. Accordingly, I shall consider the said arguments while considering the present issue. It has been alleged in the SCN that Capital Worth through its website, www.capitalworthresearch.com was providing investment advisory services. The SCN also records that the webpages of www.capitalworthresearch.com (which is no longer active) show the various advisory services/packages being offered by it. In this regard, I note from the record that the said website had provided the details of a bank account (ICICI Bank A/c no. 004105015470) to which payments could be made. From the information/documents as received from ICICI Bank, I note that the said bank account was in the name of Capital Worth Research House. The web-pages of the said website as available on record bear the name, “Capital Worth Research” with its logo on each of those pages. Also, in the section of the said website, ‘Who we are’, it is stated that “*Capital Worth is a pioneering financial advisory firm having a team of specialized financial market having massive experience in market research.*” Additionally, the domain name (www.capitalworthresearch.com) is a clear indication of the ownership of the same. Further, in the ‘About Us’ section of the website as appearing in the screen-grabs of the webpages of www.capitalworthresearch.com, I note an introduction. The said introduction states that “*Capital Worth Financial Services since its commencement has grown in leaps and bounds providing excellent services to Stock Brokers, Full time traders and HNI. We conserve well qualified analysts, upported by a dynamic team who are expert and above*

reproach in their analysis.”(sic.) The mention of Capital Worth Financial Services instead of the legal name, Capital Worth Research House appears to have been done to suppress and camouflage the identity of the owner. Accordingly, I find that the website – www.capitalworthresearch.com belonged to Capital Worth Research House.

5.5. Reference is again made to the ‘About Us’ section of the website. The said section reads as under:

“We are introducing ourselves as an Investment advisor to help you in making graceful decisions with our high quality research.

At Capital Worth Financial Services Our ultimate aim is creating accurate value for your investment, through the necessary technical analysis of our company. In today’s unpredictable variable market, these analysts, using their experience and the latest software tools, are able to predict the actions in share market on time and with high accuracy.

....

We provide recommendations Live through SMS and Chat room. Our SMS facility is a very efficient system ensuring the instant delivery of Message without any loss of time adequate time to enter into the trade and fetch the profit.” (sic.) (emphasis supplied).

5.6. Additionally, I note from the webpages available on record that the website (www.capitalworthresearch.com) highlighted its ‘Mission’, ‘Vision’ and ‘Strength’. The stated mission was to *“provide exceptional financial services to our clients and to strive to help our clients to achieve their financial goals and dreams.”*

5.7. So, from the aforesaid, it is gathered that Capital Worth, through its website, was offering tips relating to the share market to investors so that the investors could trade in the capital markets and earn profits or generate revenue. Also, from the screen-grabs of the webpages of www.capitalworthresearch.com, it is seen that Capital Worth was offering tips relating to shares, bullion, futures

and options. Further, it is seen that the tips relating to the above-mentioned asset classes were curated into various packages/services viz., Cash, Cash Premium, Base Metal, Energy, Bullions Economy, Future Premium, Option Premium etc.

5.8. In this regard, reference is made to Regulation 2 (1) (I) of the IA Regulations, which defines investment advice. The said provision 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:*

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”.

5.9. It has been contended by the Noticees that Regulation 2 (1) (I) of the IA Regulations, which defines investment advice, specifically requires financial planning to be offered for any advice to be considered as investment advice. This is an erroneous understanding of the said provision. Regulation 2 (1) (I), as has been quoted above, is abundantly clear. It essentially has two parts: part (a) lists out the types of advice relating to investing, purchasing, selling of financial products which shall amount to investment advice; and part (b) which considers financial planning to be investment advice. So, parts (a) and (b) are independent of each other, and the satisfaction of either of them shall render any advice provided as ‘investment advice’. Thus, the contention of the Noticees is without merit.

5.10. It is gathered from the preceding paragraphs that Capital Worth was offering tips and recommendations in respect of shares, futures and options, which are securities as per the definition provided in Section 2(h) of the Securities Contract Regulation Act, 1956. It is also noted that Capital Worth was offering

tips and recommendations in respect of shares, futures and options to the investors so that they could make profits. So, I find that a) Capital Worth was offering tips and recommendations relating to securities; and b) the tips and recommendations were for the clients/investors to invest, purchase, sell or deal in securities. Thus, it is established that the services offered by Capital Worth were in the nature of investment advice.

5.11. Further, I draw reference to Regulation 2 (1)(m) of the IA Regulations, which defines an investment adviser. The said provision defines investment adviser as,

“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”.

5.12. It has been contended by the Noticees that they were Research Analysts and not Investment Advisers. In this regard, it would be instructive to reproduce hereunder Regulation 2 (u) of the SEBI (Research Analyst) Regulation, 2014. The said regulation defines a research analyst as “ a person who is primarily responsible for

- (i) preparation or publication of the content of the research report; or*
- (ii) providing research report; or*
- (iii) making ‘buy/sell/hold’ recommendation; or*
- (iv) giving price target; or*
- (v) offering an opinion concerning public offer,*

with respect to securities that are listed or to be listed in a stock exchange, whether or not any such person has the job title of 'research analyst' and includes any other entities engaged in issuance of research report or research analysis.

Explanation-The term also includes any associated person who reports directly or indirectly to such a research analyst in connection with activities provided above;”

5.13. In this regard, it is essential to state that a research analyst while carrying out the functions brought out above does not specifically charge consideration/fees from an investor, who may consider the research output brought out by the research analyst in its report for making investment decisions. This is not true for an investment adviser. An investment adviser specifically charges fees/consideration for providing investment advice to specific investors.

5.14. In this respect, it has already been brought out that Capital Worth was offering services which were in the nature of investment advice. It is stated that various packages/services offered by Capital Worth on its website viz., Cash, Cash Premium, Base Metal, Energy, Bullions Economy, Future Premium, Option Premium etc. were for specified fees depending on the tenure of such package/service. The pricing details of some of the packages/services, as gathered from the archived web-pages of Capital Worth's website, are given below:

Table – 1

S. No	Package/Service	Tenure	Fees (Rs.)
1.	Cash	Monthly	25,000
		Quarterly	51,000
		Half Yearly	91,000
		Yearly	1,50,000
2.	Basic Future	Monthly	25,000
		Quarterly	51,000
		Half Yearly	91,000

		Yearly	1,50,000
3.	Cash Premium	Monthly	81,000
		Quarterly	2,50,000
		Half Yearly	3,50,000
		Yearly	6,00,000

5.15. Additionally, it is noted from the web-pages that Capital Worth had provided a section 'Payment' on its website. The said section on the website provided details of Capital Worth's bank account maintained with ICICI Bank (A/c No. 004105015470). It is observed from the said account's bank statement that a large number of credits had been made in the bank account by several individuals. Further, details regarding transactions made through the payment gateway, Easebuzz (which was linked to the above-mentioned ICICI Bank account) were sought. It is noted from the said details that the Complainant, Nallu Gopi Krishna had made payments on multiple dates namely, April 20, April 21, April 24, April 26, April 27, May 3 of 2018. These payments were credited to the ICICI Bank account of Capital Worth. Thus, it is clear that the services/packages offered by Capital Worth were available for consideration.

5.16. Furthermore, reference is made to paragraph 5.5 of this Order. The said paragraph has clearly brought out that Capital Worth had claimed to be an investment adviser on its website. So this argument that it was a Research Analyst and not an Investment Adviser is an afterthought and not borne out from facts. Accordingly, in line with the definition of an investment adviser brought out previously, I find that Capital Worth was acting as an investment adviser.

Issue I (b) – Whether Capital Worth Research House was acting as an investment adviser in violation of the provisions of the SEBI Act and the IA Regulations?

5.17. It has already been established that Capital Worth through its website (www.capitalworthresearch.com) was carrying out investment advisory activities. I note from SEBI records that neither Capital Worth nor any of its Partners, namely, Ankit Shrivastav, Mohammed Aamir Shaikh, Shahid Rangrej and Sameer Memon were at any time registered as investment adviser with SEBI. That being the case, I find that Capital Worth through its website (www.capitalworthresearch.com) was carrying out investment advisory activities without being registered as an investment adviser with SEBI.

5.18. In this regard, reference is made to Section 12(1) of the SEBI Act and Regulation 3(1) of the IA Regulations, 2013. The said provisions mandate that any entity desirous of carrying out the activities of an investment adviser has to first get itself registered with SEBI as an investment adviser. In view of the foregoing, I find that Capital Worth by engaging in the activities of an ‘investment adviser’ as defined under Regulation 2 (m) of the IA Regulations and holding itself out as an investment adviser, without having a valid certificate of registration has violated Section 12 (1) of the SEBI Act and Regulation 3(1) of the IA Regulations.

Issue II – Whether Ankit Shrivastav, Mohammed Aamir Shaikh, Shahid Rangrej and Sameer Memon, partners in the Firm can be held liable for the actions of the Firm

5.19. It has been alleged in the SCN that Ankit Shrivastav, Mohammed Aamir Shaikh, Shahid Rangrej and Sameer Memon were partners in Capital Worth which was a partnership firm.

5.20. In this regard, reference is made to the documents received from ICICI Bank that were submitted to ICICI Bank at the time of opening of the bank account

(A/c No. 004105015470). The set of documents *inter alia* contains an unregistered Partnership deed dated February 20, 2018 (“**Partnership Deed**”). The Partnership Deed mentions Capital Worth Research House (Noticee 1) as the firm and Ankit Shrivastav, Mohammed Aamir Shaikh, Shahid Rangrej and Sameer Memon, each holding 25% stake in the firm, as the partners. Additionally, the said Partnership Deed authorises Mohammed Aamir Shaikh (Noticee 3) to open a bank account for the firm. Further, the set of documents received from ICICI Bank also contains a Business Licence dated February 09, 2018 issued by the Municipal Corporation of Indore. The said Business Licence names Capital Worth as the firm and Noticees 2,3,4 and 5 as its partners. Thus, there is no doubt that Ankit Shrivastav, Mohammed Aamir Shaikh, Shahid Rangrej and Sameer Memon are the partners of Capital Worth.

5.21. The said Noticees in their common reply have raised the following contentions:

- a. Capital Worth was owned and controlled by one Rahul Sardiwal who was the “proprietor” and Noticees 2,3,4 and 5 were merely employees;
- b. Noticees 2,3,4 and 5 joined Capital Worth in Feb 2018 and left their jobs in Dec 2018;
- c. the said Noticees had submitted details of their PAN Card, Aadhar Card and signed some blank account opening form for the purposes of opening of salary account/s, but to the knowledge of Noticees 2,3,4 and 5, the said accounts were never opened;
- d. the linking of the ICICI Bank account with the payment gateway, Easebuzz again was done without the knowledge of Noticees 2, 3, 4 and 5;
- e. Noticees 2,3,4 and 5 did not have any knowledge of either existence of the Easebuzz account or the ICICI Bank account;

- f. the Complainant had not made any allegations against the Noticees 2,3,4 and 5, even though he had named other executives; and
- g. Rahul Sardiwal, the individual concerned had approached the Complainant and has made refunds to him, and Noticees 2,3,4 and 5 without prejudice to their legal rights, were also willing to make further refunds to the Complainant in the interest of justice.

5.22. It has already been brought out in the preceding paragraphs that Noticees 2,3,4 and 5 are partners in Capital Worth. However, it has been claimed that Capital Worth was owned and controlled by one Rahul Sardiwal, and the said Noticees were merely employees. The name of Rahul Sardiwal does not appear in any of the documents on record. Additionally, Noticees 2,3,4 and 5 have not provided any details of their supposed employment with Capital Worth, except for the fact that they took up employment in February 2018 and left their jobs in December 2018. It appears too much of a coincidence that all the four Noticees were given employment by this Rahul Sardiwal in the same month (February 2018) and then the Noticees quit their jobs in unison in December 2018. The period of their supposed employment in Capital Worth is also quite revealing. It is in February 2018 that a business licence was granted to Capital Worth by the Municipal Corporation of Indore. Also, it is in December 2018 that Easebuzz, the payment gateway, blocked the account of Capital Worth. December 2018 is also the time when the last credit entry in the ICICI Bank account was made. So, it demonstrates that the four Noticees came together and started the firm in February 2018, and once the Easebuzz account was blocked in December and complaints were received, the four Noticees decided to abandon it. Therefore, their supposed period of employment matches with the period of fee mobilisation. This clearly belies the claim that Rahul Sardiwal owned and controlled Capital Worth.

5.23. Additionally, it has been claimed by Noticees 2, 3, 4 and 5 that they had given the details of their documents for the opening of a salary account, and had no knowledge whether any bank account was opened. Also that they had no knowledge of the ICICI Bank account bearing no. 004105015470.

5.24. From the AOF and the accompanying documents, it is noted that the same was signed by Mohammed Aamir Shaikh (Noticee 3). The said AOF also contains the email ID and cell-phone number of the said Noticee. The AOF has a section with the name “ALERTS ON MOBILE” and therein the phone number 990XXXX005 has been provided. Also, in the section in the AOF relating to “STATEMENT VIA E-MAIL”, the e-mail ID: aamirshaikh.com@gmail.com has been provided. It has not been denied by the present Noticee that the signatures contained in the said documents were his. In this regard, reliance is placed on *The Municipal Corporation of Greater Bombay Vs. P.S. Malvenkar and Ors.* [AIR 1978 SC 1380]. The Hon'ble Supreme Court quoting the Black's Law Dictionary (1951 Edition) has stated that “*generally when a person attaches his signature to a written document he does so in token of knowledge, approval or acceptance.*” Accordingly, the present Noticees cannot claim ignorance of the signed document or its contents. Further, since the phone number and e-mail ID of Mohammed Aamir Shaikh were provided in the AOF, the details of transactions effected through the ICICI Bank account would necessarily have been received by Mohammed Aamir Shaikh (Noticee 3) by way of email and on his phone. It is also noted from the Partnership Deed mentioned above that Mohammed Aamir Shaikh was the authorised partner for transactions through the ATM/Debit card. So, the claim that Mohammed Aamir Shaikh had no knowledge of the ICICI Bank Account is not true. Also, even for the sake of argument it is assumed that his documents were misused by this Rahul Sardival, then the information from the bank sent to Mohammed Aamir Shaikh's e-mail ID and phone number would have alerted him and he could have put a stop to it. However, evidently nothing to this effect was done by him.

5.25. With respect to Noticees 2, 4 and 5, it is noted from the record that they had submitted copies of their Aadhar Cards while opening the ICICI Bank account. The said copies of their Aadhar Cards bear their signatures with the following affixed by way of stamping: “For Capital Worth research House Partner”. In the case of Shahid Rangrej, a specific declaration has been made by him in hand regarding his Aadhar Card. The said declaration reads, “*I Declared that My*

Date of Birth is 03/01/1994 Kindly considered and Process the form” (sic.) This is because his Aadhar Card bore the year of his birth and not the specific date. The said copies of Aadhar Cards bear the signature of an ICICI Bank employee with the following affixed by way of stamping: “ *Verified With Original For ICICI Bank Limited*”. These documents clearly demonstrate that the signatures and affixing of stamp of Capital Worth was made pursuant to consultation with the ICICI Bank employee/s, who also had the original documents. This belies the claim of the Noticees that they had given details of their documents to Rahul Sardiwala who had misused them. Additionally, AOF of the ICICI Bank account contains a section, “ DECLARATION”. The same has been signed by all the four partners, including Ankit Shrivastava, Shahid Rangrej and Sameer Memon. The said declaration states that the information provided in the AOF were true and correct, and so were the documents provided. Thus, at this juncture the Noticees cannot claim that they had no knowledge or information regarding the said bank account. Accordingly, I do not find any merit in the arguments of the Noticees.

5.26. In view of the above, specific reference is made to Section 27 of the SEBI Act. The said provision reads,

“ 27. (1) Where a contravention of any of the provisions of this Act or any rule, regulation, direction or order made thereunder has been committed by a company, every person who at the time of the contravention was committed was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly: Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided in this Act, if he proves that the contravention was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such contravention.

(2) Notwithstanding anything contained in sub-section (1), where an contravention under this Act has been committed by a company and it is proved that the contravention has been committed with the consent or

connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly.

Explanation : For the purposes of this section,—

(a) “company” means any body corporate and includes a firm or other association of individuals; and

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

5.27. It is evident from the above-mentioned provision that for the contravention by a partnership firm the persons who at the time of the contravention were in charge of and were responsible to the partnership firm for the conduct of the business of the partnership firm shall be deemed to be guilty of the contraventions of the partnership firm. Therefore, the partners of the firm, namely, Ankit Shrivastav, Mohammed Aamir Shaikh, Shahid Rangrej and Sameer Memon squarely fall within the scheme of this provision. The partners, who have made submissions in response to the allegations in the SCN, have not been able to show that the contraventions were committed without their knowledge or that they had exercised all due diligence to prevent the commission of such actions. That being the case, there is no ground to exclude liability of any of the partners for the contraventions of the firm.

5.28. Further, specific reference is made to Section – 4 of the Indian Partnership Act, 1932 (**“Partnership Act”**). The said section defines a ‘partnership’ as the relation between persons who have agreed to share the profits of a business carried on by all or any of them for all. The persons entering into a partnership with one another are individually called as ‘partners’ and collectively the ‘firm’, and the name under which their business is carried out is called the ‘firm name’. Under section 2(a) of the Partnership Act, an ‘Act of Firm’ means any act or omission by all the partners, or by any partner or agent of the firm which gives rise to a right enforceable by or against the firm. Further, as per Section 25 of the Partnership Act, *“Every partner is liable jointly with all the other partners and also severally, for all acts of the firm done while he is a partner.”* Therefore,

even under the scheme of the Partnership Act, the partners of Capital Worth Research House, namely, Ankit Shrivastav, Mohammed Aamir Shaikh, Shahid Rangrej and Sameer Memon are responsible for the contraventions committed by Capital Worth Research.

5.29. Thus, from the above, it is clear that the partners namely, Ankit Shrivastav, Mohammed Aamir Shaikh, Shahid Rangrej and Sameer Memon are liable for carrying out unregistered investment advisory activities.

Issue III – What is the total amount mobilised by way of unregistered investment advisory services?

5.30. It has already been brought out that Capital Worth was carrying out unregistered investment advisory activities. It has also been established in the preceding paragraphs that the bank account of Capital Worth maintained with ICICI Bank (A/c No. 004105015470) was being used to receive fees/funds in respect of the unregistered investment advisory services carried out by Capital Worth and its partners. Noticees 2,3,4, and 5 in their reply have not made any specific averment to distinguish the entries which relate to unregistered investment advisory activities and any other purpose, if any, appearing in the above-mentioned bank account. Accordingly, it is considered that all credits in the said bank account of Capital Worth are proceeds of unregistered investment advisory services.

5.31. The details of amount mobilised, as quantified in the SCN, are provided hereunder:

Table – 2

Sr. No	Name of Bank Account Holder	Bank Account Number	Name of the Bank	Date of last Credit	Amount Mobilised (Rs.)
1.	Capital Worth Research House	004105015470	ICICI Bank	December 13, 2018	1,54,73,727
Total				Rs.	1,54,73,727

6. Directions –

6.1.I, in exercise of powers conferred upon me under sections 11(1), 11 (4) and 11B (1) of the SEBI Act and in the interest of investors do hereby pass the following directions: –

- i. Capital Worth Research House (Noticee 1), Ankit Shrivastav (Noticee 2), Mohammed Aamir Shaikh (Noticee 3), Shahid Rangrej (Noticee 4) and Sameer Memon (Noticee 5) shall within a period of three (3) months from the date of coming into force of this Order, jointly and severally, refund the money received from investors/clients, as fees or consideration or in any other form, in respect of unregistered investment advisory activities.
- ii. Capital Worth Research House (Noticee 1), Ankit Shrivastav (Noticee 2), Mohammed Aamir Shaikh (Noticee 3), Shahid Rangrej (Noticee 4) and Sameer Memon (Noticee 5) shall cause to effect a public notice in all editions of two National Dailies (one English and one Hindi) and in one local daily with wide circulation, inviting claims from investors/clients

within a period of fifteen (15) days from the date of this Order. The said public notice shall detail the modalities for refund, and include the details of the contact person viz., name, address and contact number. A period of two (2) months from the date of the publication of the public notice shall be provided to the investors/clients for submitting their claims.

- iii. The repayments to the investors/clients shall be effected only through Bank Demand Draft or Pay Order or electronic fund transfer or through any other appropriate banking channel, which ensures audit trails to identify the beneficiaries of repayments.
- iv. Within a period of 15 days from the completion of refund as directed in paragraph 6.1 (i) above, Capital Worth Research House (Noticee 1), Ankit Shrivastav (Noticee 2), Mohammed Aamir Shaikh (Noticee 3), Shahid Rangrej (Noticee 4) and Sameer Memon (Noticee 5) shall file a report of such completion with SEBI addressed to the “*Division Chief, Division of Post-Inspection Enforcement Action, Market Intermediaries Regulation and Supervision Department, SEBI Bhavan II, Plot No. C7, G Block, Bandra Kurla Complex, Bandra (East) Mumbai –400051*”. The above-mentioned report should be duly certified by an independent Chartered Accountant and should indicate the amount of refund, mode of payment by bank transactions, names of the investors, their addresses, contact details etc.
- v. The remaining balance amount shall be deposited with SEBI by Capital Worth Research House (Noticee 1), Ankit Shrivastav (Noticee 2), Mohammed Aamir Shaikh (Noticee 3), Shahid Rangrej (Noticee 4) and Sameer Memon (Noticee 5) which shall be kept in an escrow account for a period of one year for distribution to clients/investors who were availing the investment advisory services from Capital Worth Research House (Noticee 1). Thereafter, the remaining amount, if any, shall be deposited in the Investors Protection and Education Fund, maintained by SEBI.

- vi. Capital Worth Research House (Noticee 1), Ankit Shrivastav (Noticee 2), Mohammed Aamir Shaikh (Noticee 3), Shahid Rangrej (Noticee 4) and Sameer Memon (Noticee 5) are restrained from selling their assets, properties and holdings of mutual funds/shares/securities held by them in demat/physical form except for the sole purpose of making the refunds as directed above. Further, banks are directed to allow debit from the bank accounts of Capital Worth Research House (Noticee 1), Ankit Shrivastav (Noticee 2), Mohammed Aamir Shaikh (Noticee 3), Shahid Rangrej (Noticee 4) and Sameer Memon (Noticee 5), only for the purpose of making refunds to the clients/ investors who were availing the unregistered investment advisory services from them and for depositing the balance amount with SEBI, as directed in this Order.
- vii. Capital Worth Research House (Noticee 1), Ankit Shrivastav (Noticee 2), Mohammed Aamir Shaikh (Noticee 3), Shahid Rangrej (Noticee 4) and Sameer Memon (Noticee 5) are debarred from accessing the securities market, directly or indirectly and are prohibited from buying, selling or otherwise dealing in securities, directly or indirectly in any manner whatsoever, for a period of three (3) years from the date of this Order or till the expiry of three (3) years from the date of completion of refunds to clients/ investors as directed in paragraphs 6.1 (i) and 6.1.(v) above, whichever is later.
- viii. Upon submission of report on completion of refund to clients/investors to SEBI and deposit of the balance amount, if any, with SEBI as directed at 6.1. (v), the direction at paragraph 6.1 (vi) above shall cease to operate within 15 days thereafter.

The Noticees shall not undertake, either during or after the expiry of the periods of debarment/restraint, either directly or indirectly, investment advisory services or any activity in the securities market without obtaining a Certificate of Registration from SEBI, as required under securities laws.

6.2. This Order is without prejudice to any other action that SEBI may initiate.

6.3. The direction for refund, as given in paragraph 6.1(i) above, shall not act as a bar on the clients /investors to pursue any other legal remedy available to them under any other law, against the Noticees for refund of money or deficiency in service before any appropriate forum of competent jurisdiction.

6.4. The above directions shall come into force with immediate effect.

6.5. A copy of this Order shall be forwarded to:

- i. the Noticees, all the recognised Stock Exchanges, registered Depositories, Banks and Registrar and Transfer Agents for necessary compliance with the above directions; and
- ii. the Government of Madhya Pradesh for information.

Place: Mumbai

Date: February 22, 2023

ASHWANI BHATIA

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA