



**Deputy General Manager
Enforcement Department-I
Division of Regulatory Action-IV**

SEBI/HO/EFD1/DRA4/P/OW/2024/39549/1
December 24, 2024

To,

**Amrapali Aadya Trading and Investment Pvt. Ltd
Add-13, VAishali Enclave, Pitampura,
New Delhi- 110034**

Madam/Sir,

Sub:- Post Enquiry Show Cause Notice under Regulation 27(1) of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008 in respect of Amrapali Aadya Trading and Investment Pvt. Ltd.

1. The Designated Authority ('DA') has submitted an Enquiry Report dated December 02, 2024, pursuant to an enquiry conducted against you in the subject matter (copy enclosed herewith) wherein the following action has been recommended by the DA:

"33. In view of the facts and circumstances of the case, material placed before me and the violation as brought out above, I am of the view that the violation by the Noticee are grave in nature and the acts of Noticee are detrimental to the interest of the investors in the securities market. The Noticee has failed to demonstrate the requisite standards of conduct, reliability, and ethical behaviour necessary to quality as "fit and proper" under SEBI Regulations. Allowing such an entity to remain a registered portfolio manager would pose a significant risk to integrity of the securities market and investor protection objectives.

34. Therefore, in terms of regulation 26 of Intermediary Regulations, I recommend cancellation of certificate of Registration of Noticee i.e. Amrapali Aadya Trading and Investment Pvt. Ltd (SEBI Registration No. INP000004862) as portfolio Manager"





2. You are hereby called upon to show cause as to why the action as recommended by the Designated Authority or any other action in terms of SEBI (Intermediaries) Regulations, 2008, as deemed fit by the Competent Authority, should not be taken against you.
3. Your reply to the show cause notice, along with documents, that you may choose to rely upon in support of the same, if any, should reach SEBI, at the address given below, as well as through email at email-ids bhagwand@sebi.gov.in and piyushkumarm@sebi.gov.in **within 21 days** of receipt of this notice, failing which it shall be presumed that you have no reply to submit and SEBI shall proceed in the matter on the basis of material available on record.

Securities and Exchange Board of India
Plot No. C4-A, G Block, BKC, Bandra Kurla Complex,
Bandra East,
Mumbai, Maharashtra- 400051

Bhagwandas Samariya

Encl: Copy of the Enquiry Report dated December 02, 2024.

**BEFORE THE DESIGNATED AUTHORITY
SECURITIES AND EXCHANGE BOARD OF INDIA
[ENQUIRY REPORT NO. ENQ/AS/RM/2024-25/31020]**

UNDER REGULATION 26 OF THE SEBI (INTERMEDIARIES) REGULATIONS, 2008

In respect of –

Amrapali Aadya Trading and Investment Pvt Ltd (SEBI Registration No.: INP000004862) (PAN- AAECA3909P)

In the matter of M/s Amrapali Aadya Trading and Investment Pvt Ltd

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as “SEBI”), vide Clause 5 of Master Circular for Portfolio Managers (hereinafter referred as “PMs”) mandated all SEBI registered PMs to submit the certain certificates / confirmations of compliance to SEBI annually within the timeline. However, it was observed that M/s Amrapali Aadya Trading and Investment Pvt Ltd (hereinafter referred as “**Company/Noticee**”) did not file these reports and networth certificates to SEBI for the FY 2021-2022 and 2022-23 and therefore, SEBI initiated enquiry proceedings under Regulation 25 of the SEBI (Intermediaries) Regulations, 2008 (hereinafter referred to as “**Intermediaries Regulations**”) read with Regulation 41 of SEBI PMs Regulations and Regulation 12(3) of the SEBI Act, 1992 (hereinafter referred to as “**SEBI Act**”) against Noticee for the alleged violations of Regulations 7 (j), 8, and 33 of the SEBI PMS Regulations, 2020 read with Clauses 5.2.2.4, 5.2.1.2, 5.2.1.1 and 5.3.1 of SEBI Master Circulars for Portfolio Managers issued on March 20, 2023 read with Section 12(3) of the SEBI Act.

APPOINTMENT OF DESIGNATED AUTHORITY

2. SEBI initiated enquiry proceedings against the Noticee and appointed Mr. Biju S as Designated Authority (DA) under Regulation 24(2) of the Intermediaries Regulations vide Order dated March 07, 2024, to enquire into the matter under Chapter V of the Intermediaries Regulations for the aforesaid alleged violations. Pursuant to the



transfer of the erstwhile DA, undersigned was appointed as DA in the matter vide communique dated July 29, 2024.

SHOW CAUSE NOTICE AND REPLY OF THE NOTICEE

3. Show Cause Notice No. SEBI/EAD-1/BS/16969/1/2024 dated March 15, 2024 (hereinafter be referred to as, the "SCN") was issued to the Noticee by the erstwhile DA under the provisions of Regulation 25(1) of the Intermediaries Regulations. The allegations levelled against the Noticee in the SCN are summarized as below:
4. Noticee is registered with SEBI as a Portfolio Manager (Registration No.: INP000004862). In order to have accurate and complete information/Statistics about the activities of PMS, SEBI mandate that all registered PMs submit their Compliance Reports to SEBI within the stipulated timeline in the format as prescribed in the SEBI circulars. In this regard, as per Para 5 pertaining to "Reporting Requirement" of Master Circular for PMs dated March 20, 2023, all PMs are required to submit the following compliance reports as per the timelines mentioned against them in the table below :-

Sr. No.	Name of the Reports	Timeline for submission of the Reports
1	Improvement in Corporate Governance	Within 30 days of the end of financial year
2	Certificate of compliance with PMS Regulations and circulars issued thereunder	Within 60 days of end of each financial year
3	Report on audit of firm-level performance data	Within 60 days of end of each financial year

5. Vide email dated August 17, 2022 & October 12, 2022, SEBI advised all the registered PMs to submit the aforesaid compliance reports to email addresses to which the respective reports need to be sent. The details of email ids are given in the table below.

Sr. No.	Name of the Reports	Timeline for submission of the Reports	Email addresses to which report respective report needs to be sent*
1	Improvement in Corporate Governance	Within 30 days of the end of financial year	pms_cg@sebi.gov.in



2	Certificate of compliance with PMS Regulations and circulars issued thereunder	Within 60 days of end of each financial year	pms_comp@sebi.gov.in
3	Report on audit of firm-level performance data	Within 60 days of end of each financial year	pms_perf@sebi.gov.in

6. SEBI observed that the Noticee has neither filed nor forwarded the aforesaid reports to SEBI for the FY 2021-22. In this regard, SEBI sent emails / reminders multiple times to the Noticee. The details of the emails / reminders sent are given in the table below:

S. No.	Date	Summary of action
1.	17.08.2022	Mail sent to PMSs to confirm compliance with regulatory filings requirements
2.	12.10.2022	Reminder sent to ensure compliance by 13.10.2022
3.	17.11.2022	1st Reminder letter as well as email sent to ensure compliance by 23.11.2022
4.	24.11.2022	2nd Reminder letter as well as email sent to ensure compliance by 29.11.2022
5.	13.07.2023	3rd Reminder letter as well as email sent to ensure compliance by 20.07.2023

7. It was observed that despite sending several emails / letters, the Noticee has not filed any of their compliance reports to SEBI for FY 2021-22 and efforts to reach out the Noticee did not yield any desired results. Further, all the letters sent to the Noticee were returned undelivered. Thus, vide email dated July 13, 2023, SEBI instructed Bombay Stock Exchange (BSE) to deliver the letters to the Noticee. However, BSE vide email dated July 21, 2023 informed that the letter sent by BSE also came back undelivered.
8. It is also noted that the Noticee has not submitted the Compliance reports for the FY 2022-23 and has failed to submit net worth certificate with SEBI for the FY 2021-22 and 2022-23. Therefore it was alleged that by not submitting the required regulatory filings for FY 2021-22 and FY 2022-23, the Noticee has committed the following violations :

Failure to submit Improvement in Corporate Governance Report:



- b) Failure to submit Certificate of compliance with PMS Regulations and circulars issued thereunder:
- c) Failure to submit Report on audit of firm level performance data:
- d) Failure to submit Certification of Net worth

9. In view of the above points mentioned at para 7 (a), (b), (c) and (d), the Noticee was alleged to have violated Regulations 7 (j), 8, and 33 of the SEBI PMS Regulations, 2020 read with Clauses 5.2.2.4, 5.2.1.2, 5.2.1.1 and 5.3.1 of SEBI Master Circulars for Portfolio Managers issued on March 20, 2023 and section 12 (3) of SEBI Act, 1992 and allegedly liable for action under Regulation 41 of SEBI PMs Regulations read with Section 12(3) of the SEBI Act.

10. It was also observed that Noticee was a SEBI registered stockbroker, had defaulted and was expelled from NSE and SEBI had cancelled the Certificate of registration granted to it in November 2022. Therefore, it was alleged that Noticee failed to fulfill the criteria of 'fit and proper person' as laid down in Regulation 7(j) & Regulation 8 of SEBI PMS Regulations.

11. The SCN was issued at the last known address of Noticee available on record through Speed Post Acknowledgement Due (SPAD), however the SCN returned undelivered with comments "Left without address". Subsequently, in terms of SEBI Circular No. SEBI/HO/EFD1/EFD1_DRA4/P/CIR/2022/104 dated July 29, 2022, attempts were made to serve the SCN through MIs to the Noticee. However, as per the status/action taken reports from MIs the SCN could not be delivered to the Noticee. Subsequently, the SCN and Hearing Notice dated September 06, 2024 was served on the Noticee through newspaper publication dated September 14, 2024 in Newspapers 'Hindustan'-New Delhi Edition and 'Times of India'-New Delhi Edition on lines of Rule 7(3) of Adjudication Rules. In the interest of natural justice, vide aforesaid hearing notice an opportunity of hearing on September 26, 2024 was granted to the Noticee. The Noticee neither appeared on the scheduled date of personal hearing, nor filed reply to the SCN.



12. I note that, through the SCN and the hearing notice, the Noticee was advised to furnish its reply, if any, within stipulated time, failing which, it shall be presumed that the Noticee has no reply to submit and the matter will be proceeded on the basis of the material available on record in terms of Regulation 25(7) of the Intermediaries Regulations.

13. I note that, as sufficient opportunity was given to the Noticee to submit reply and appear for hearing and no response was received from it, the enquiry proceeding against the Noticee is undertaken *ex-parte* on the basis of material available on record. I now proceed to examine the case based on the facts and circumstances and the material available on record.

CONSIDERATION OF ISSUES AND FINDINGS:

14. Before proceeding further, it is pertinent to refer to the relevant provisions of SEBI Act, 1992, SEBI Regulations and Circulars which are alleged to have been violated. The said provisions are reproduced hereunder for ease of reference:

SEBI (Portfolio Managers) Regulations 2020

Consideration of application

7.

(2) Without prejudice to the generality of the foregoing provisions, the Board shall consider whether:-

.....

(j) the applicant is a fit and proper person.

Criteria for fit and proper person:

8. For the purposes of determining whether an applicant or the portfolio manager is a fit and proper person, the Board may take into account the criteria specified in Schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008.



Disclosures to the Board

33. The Board may ask portfolio manager to disclose any information as and when required including the following:-

- (a) particulars regarding the management of a portfolio;
- (b) any change in the information or particulars previously furnished, which have a bearing on the certificate granted to him;
- (c) the names of the clients whose portfolio it has managed;
- (d) Particulars relating to the net worth requirement as specified in regulation 9.

Liability for action in case of default.

41. A portfolio manager who contravenes any of the provisions of the Act, rules or regulations framed thereunder shall be liable for one or more action specified therein including the action under Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008.

SEBI Master Circular No. SEBI/HO/IMD/IMD-POD-1/P/CIR/2023/38 dated March 20, 2023

5.2 Submission of compliance reports by Portfolio Manager

5.2.1. With effect from Financial Year 2019-20, Portfolio Managers are required to submit the following information to SEBI:

5.2.1.1. A certificate from the qualified Chartered Accountant certifying the net-worth as on March 31, every year based on audited account within 6 months from the end of Financial Year.

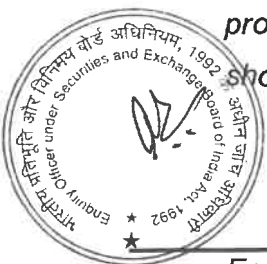
5.2.1.2. A certificate of compliance with PM Regulations and circulars issued thereunder, duly signed by the Principal Officer, within 60 days of end of each financial year. Further, details of non-compliance along with the corrective actions, if any, duly approved by Board of the Portfolio Manager.

.....

5.2.2. Submission of Corporate Governance Report:

.....

5.2.2.4. Portfolio Managers shall report to SEBI on compliance with the provisions of the above guidelines while submitting the annual reports. The report should reach SEBI within thirty days from the end of the financial year.



5.3. Firm-level performance reporting by Portfolio Managers

5.3.1 The firm-level performance data of Portfolio Managers shall be audited annually. Confirmation of compliance with paragraph 4.5.3 of this Master Circular shall be reported to SEBI within sixty days of end of each financial year. The said report to SEBI shall be certified by the Directors/Partners of the Portfolio Manager or by person(s) authorized by the Board of Directors/Partners of the Portfolio Manager.

15. Based on perusal of the material available on record, submissions of the Noticee and giving regard to the facts and circumstances of the case, I record my findings hereunder:

Findings with respect to the allegation of Noticee not filing periodical reports and certificates with SEBI for FY 2021-22 and 2022-23:

16. I note that Noticee being a Portfolio Manager, in terms of SEBI Master Circular No. SEBI/HO/IMD/IMD-POD-1/P/CIR/2023/38 dated March 20, 2023 is mandated to abide by following:

- a) As per Clause 5.2.1.1 of the SEBI Master Circular, Noticee must submit a certificate from a qualified Chartered Accountant certifying their net worth as of March 31 of each financial year, based on audited accounts, within six months from the financial year-end.
- b) As per Clause 5.2.1.2 of the SEBI Master Circular, Noticee must submit a Certificate of Compliance with PMS Regulations and Circulars within 60 days of the end of the financial year, including details of non-compliance and corrective actions.
- c) As per Clause 5.2.2.4 of the SEBI Master Circular, Noticee must submit 'Improvement in Corporate Governance Report' within 30 days from the end of the financial year.
- d) As per Clause 5.3.1 of the SEBI Master Circular, Noticee must submit 'Report on Audit of Firm-level Performance Data' within 60 days of the end of the financial year, certified by the Directors/Partners or their authorized representatives.



17. Further, the Regulation 33 of SEBI (Portfolio Managers) Regulations 2020 mandates that SEBI may ask Noticee to disclose any information as and when required *inter alia* the particulars relating to the net worth requirement, timely and complete disclosure to SEBI, including management particulars and changes in previously furnished information.

18. I have perused reminders (emails/letters) placed on the records, and note that the Noticee has failed to submit the aforesaid requisite particulars/reports/certificate for FY 2021-22 and FY 2022-23. Further, it has been noted from the records that the Noticee (a registered intermediary) is not found at the address provided to SEBI, and the communication / reminders issued by SEBI and BSE have been returned undelivered, and the Noticee has not been responding to SEBI and exchange. SEBI and exchanges require registered intermediaries to maintain updated contact details and ensure prompt communication. Regular non-response from the Noticee and failure to update contact information reflects a severe lapse in regulatory compliance. This is particularly concerning from a supervisory perspective, as it hinders effective oversight, and from an investor protection standpoint, it compromises the interests of investors who may rely on the intermediary for resolution of grievances or essential disclosures.

19. I note that such non-compliance hinders SEBI's ability to monitor the governance, operational standards, and performance of Portfolio Managers effectively, and is detrimental to the effective supervision of the Noticee who is a SEBI registered securities market intermediary.

20. I find that in view of the above, the material on record establishes that Noticee failed to adhere to the mandatory reporting and disclosure requirements prescribed under SEBI regulations and circulars. Hence, **it is established that Noticee, is in violation of Clauses 5.2.1.1, 5.2.1.2, 5.2.2.4, and 5.3.1 of SEBI Master Circulars for Portfolio Managers dated March 20, 2023 and Regulation 33 of the SEBI PMS Regulations, 2020.**



Findings with respect to the allegation that Noticee is not a fit and proper Person:

21. I note that Regulation 7(2)(j) and Regulation 8 of SEBI (Portfolio Managers) Regulations, 2020, require a Portfolio Manager to be a “fit and proper person” as per the criteria laid down in Schedule II of SEBI (Intermediaries) Regulations, 2008. The criteria include compliance history, financial soundness, integrity, and competence.
22. As noted above, Noticee as Portfolio Manager has been found to be in repeated non-compliance with the regulatory reporting and disclosure requirements, which reflects poorly on its operational integrity and governance practices. The lack of adherence to fundamental regulatory obligations undermines the Noticee’s ability to fulfill its role as a Portfolio Manager.
23. As mentioned in para 18 above Noticee is not available at the address provided to SEBI and Stock exchange.
24. Additionally, the Noticee was previously registered as a stockbroker with SEBI but defaulted in its obligations, leading to its expulsion from the National Stock Exchange (NSE). SEBI’s Order No. WTM/SM/NRO/NRO/21187/2022-23 dated November 14, 2022, outlined significant regulatory breaches committed by the Noticee during its broking operations, including:
- a) Non-submission of information sought through summons by SEBI, which demonstrated Noticee’s lack of cooperation with the regulatory authority, impeding the regulatory process.
 - b) Non-segregation of own and client securities and misuse of client securities, in breach of trust and a violation of investor protection norms.
 - c) Non-segregation and misutilization of client funds, which indicated systemic misconduct of Noticee, compromising the safety of client assets.
 - d) Falsification of records by Noticee, undermining the integrity and reliability of the securities market ecosystem.



- e) Failure to carry out running account settlement by Noticee, in clear violation of regulations intended to ensure timely and accurate client account reconciliations.
- f) Non-disclosure of demat accounts to the exchange, aimed at hiding critical information from the exchange, potentially facilitating misuse.
- g) Non-redressal of investor grievances, in complete disregard to investor interests and regulatory obligations.

25. In its aforesaid order SEBI outlined that such violations by Noticee not only contravene SEBI's regulations but also highlight a pattern of behavior inconsistent with the standards of integrity, and investor protection expected of SEBI-registered intermediaries. Recognizing the severity of these lapses, SEBI vide aforesaid order cancelled the Noticee's Stock Broker Certificate of Registration in November 2022.

26. In view of the above, SEBI's Intermediaries Regulation, Schedule II, Clause 3, is referred which specifies:

(3) For the purpose of determining as to whether any person is a 'fit and proper person', the Board may take into account any criteria as it deems fit, including but not limited to the following:

(a) integrity, honesty, ethical behaviour, reputation, fairness and character of the person;

(b) the person not incurring any of the following disqualifications:

.....
(iv) recovery proceedings have been initiated by the Board against such person and are pending
.....

27. I note that the "fit and proper" criteria, as defined by SEBI, encompass aspects such as integrity, honesty, ethical conduct, financial soundness, and compliance with legal and regulatory requirements. The Noticee's violations of SEBI's circular and Regulations established in the instant proceedings and Noticee's history as Stock Broker establishes that Noticee doesn't fulfill the "fit and proper" criteria in terms of SEBI's Intermediaries Regulations, Schedule II, Clause 3 (a).

28. Further, I note that SEBI has initiated recovery proceedings against Noticee under Recovery Certificates No. 7065 of 2023, No. 7066 of 2023 and No. 7803 of 2024,



which are pending as per the CMS ATR report dated November 21, 2024. I note that the pendency of recovery Proceedings against Noticee falls under disqualification specified under SEBI's Intermediaries Regulations, Schedule II, Clause 3(b)(iv).

29. Further, as discussed above, the Noticee has failed to demonstrate the requisite standards of conduct, reliability, and ethical behavior necessary to qualify as "fit and proper" under SEBI Intermediaries Regulations. Therefore, **I find that Noticee has failed to fulfill the criteria of 'fit and proper person' as laid down in Regulation 7(j) & Regulation 8 of SEBI PMS Regulations.**

30. Considering the facts and circumstances of the case and upon examination of the material on record as discussed in preceding paras, I find that the following violations by the Noticee have been established:

- a) Clauses 5.2.1.1, 5.2.1.2, 5.2.2.4, and 5.3.1 of SEBI Master Circulars for Portfolio Managers dated March 20, 2023 and Regulation 33 of the SEBI PMS Regulations, 2020.
- b) Regulation 7(j) & Regulation 8 of SEBI PMS Regulations.

31. Regulation 23 and 26 of the Intermediaries Regulations, Section 12(3) of SEBI Act, and Regulation 41 of SEBI PMS Regulations 2020 state the following: "

SEBI (Intermediaries) Regulations, 2008:

"Cancellation or suspension of registration and other actions.

23. Where any person who has been granted a certificate of registration under the Act or regulations made thereunder, –

(a) fails to comply with any conditions subject to which a certificate of registration has been granted to him;

(b) contravenes any of the provisions of the securities laws or directions, instructions or circulars issued thereunder;

the Board may, without prejudice to any action under the securities laws or directions, instructions or circulars issued thereunder, by order take such action in the manner provided under these regulations."



Regulation 26:- Recommendation of action

1) After considering the material available on record and the reply, if any, the designated authority may by way of a report, recommend the following measures,

- i. disposing of the proceedings without any adverse action;
- ii. cancellation of the certificate of registration;
- iii. suspension of the certificate of registration for a specified period;
- iv. prohibition of the noticee from taking up any new assignment or contract or launching a new scheme for such the period as may be specified;
- v. debarment of an officer of the noticee from being employed or associated with any registered intermediary or other person associated with the securities market for such period as may be specified;
- vi. debarment of a branch or an office of the noticee from carrying out activities for such period as may be specified;
- vii. issuance of a regulatory censure to the noticee;
- viii. Provided that in respect of the same certificate of registration, not more than five regulatory censures under these regulations may be recommended to be issued, thereafter, the action as detailed in clause (ii) to (vi) of this sub-regulation may be considered.

SEBI Act:

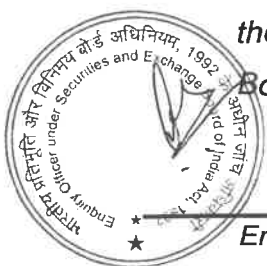
12(3). The Board may, by order, suspend or cancel a certificate of registration in such manner as may be determined by regulations:

Provided that no order under this sub-section shall be made unless the person concerned has been given a reasonable opportunity of being heard.

SEBI (Portfolio Managers) Regulations 2020

Liability for action in case of default.

41. A portfolio manager who contravenes any of the provisions of the Act, rules or regulations framed thereunder shall be liable for one or more action specified therein including the action under Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008.



RECOMMENDATION

32. It has been established that the Noticee has, contravened the following provisions:

- a) Clauses 5.2.1.1, 5.2.1.2, 5.2.2.4, and 5.3.1 of SEBI Master Circulars for Portfolio Managers dated March 20, 2023 and Regulation 33 of the SEBI PMS Regulations, 2020.
- b) Regulation 7(j) & Regulation 8 of SEBI PMS Regulations.

33. In view of the facts and circumstances of the case, material placed before me and the violations as brought out above, I am of the view that the violations by the Noticee are grave in nature and the acts of Noticee are detrimental to the interest of the investors in the securities market. The Noticee has failed to demonstrate the requisite standards of conduct, reliability, and ethical behavior necessary to qualify as "fit and proper" under SEBI regulations. Allowing such an entity to remain a registered portfolio manager would pose a significant risk to the integrity of the securities market and investor protection objectives.

34. Therefore, in terms of Regulation 26 of the Intermediaries Regulations, I recommend cancellation of certificate of Registration of Noticee i.e. Amrapali Aadya Trading and Investment Pvt Ltd (SEBI Registration No.: INP000004862) as Portfolio Manager.

DATE: December 02, 2024

PLACE: MUMBAI



ASHA SHETTY
DESIGNATED AUTHORITY