



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

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Ref No.: SEBI/HO/IMD/IMD-SEC-1/P/OW/2023/26751/1

July 03, 2023

Noticee No.	Name and Address of Noticee
1.	Shri Awanish Kumar Mishra 1206, Vijaya Building, Barakhamba Road, New Delhi - 110001 (PAN: AGOPM7538H)
2.	Money Mishra Financial Services 1807, Mahagun Maple, Sector-50, Noida, Gautam Buddha Nagar, Uttar Pradesh - 201301 (PAN: AAZFM1357R)
3.	Money Mishra Securities Pvt. Ltd. 53-A, IInd Floor, Pandav Nagar Main Road, New Delhi -110092 (PAN: AAKCM1468M)
4.	Shri Jitendra Kumar Tiwari Brahmvarchas Sodha Sansthan, Shantikunj, Haridwar, Uttarakhad - 249401 (PAN: ALBPT6629A)
5.	Shri Lalit Agarwal B-127 Sanjay Vihar Meerut Road, Meerut, Uttar Pradesh - 245101 (PAN: AFKPA9024P)
6.	Shri. Himanshu Arora House No A/63 Rajgarh Colony St. 7 Jheel, Delhi, India, 110031 (PAN: AUXPA3314Q)



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Subject: Show Cause Notice under Sections 11(1), 11(4), 11(4A) and 11B (1) & (2) of the Securities and Exchange Board of India Act, 1992 in the matter of unregistered portfolio management activities.

1. SEBI had conducted investigation into the fraudulent transfer of securities by Allied Financial Services Private Limited (AFSPL), a SEBI registered Broker and Depository Participant from the accounts of certain entities. During the course of the aforesaid investigation, it was observed that AFSPL and its associated persons/entities viz., Shri Awanish Kumar Mishra (AKM), Money Mishra Securities Private Limited (MMPL) and Money Mishra Financial Services (MMFS) (hereinafter collectively referred to as the "Allied Group") had entered into agreements with certain entities, viz. Vinimay Developers Pvt. Ltd. (VDPL), Cointribe Technologies Pvt. Ltd. (CTPL) and Antordaya Commercial and Holdings Pvt. Ltd. (ACHPL), (hereinafter collectively referred to as "Dalmia Group") *inter alia* to manage the trading and demat account of the Dalmia Group entities.
2. Pursuant to above, SEBI had initiated the investigation to examine whether the agreements entered into between Allied Group entities with Dalmia Group entities were in the nature of portfolio management services and whether Allied group entities had acted as unregistered portfolio manager in violation of provisions of the SEBI Act, 1992 and SEBI (Portfolio Managers) Regulations, 1993.
3. During the course of Investigation, it was observed that:
 - 3.1 AFSPL is a SEBI registered Stock broker and Depository participant. Shri Awanish Kumar Mishra (AKM) was the Managing Director in AFSPL and Director in MMPL and oversees all the activities of the said companies. He is



also the Managing Partner in MMFS and oversees all the activities of the said entity.

3.2 MMFS was started in the year 2014. Its partners are Shri AKM and Shri Jitendra Kumar Tiwari (JKT). Further, Shri AKM vide letter dated August 26, 2022, has also informed that Shri JKT and Shri AKM are the directors of MMPL. It has further been stated by AKM that MMFS, MMPL and Money Mishra Overseas Pvt Ltd. are group companies.

3.3 AFSPL, AKM, MMFS and MMPL had entered into separate agreements with Dalmia Group entities, namely, VDPL, CTP, and ACHPL. The agreements were signed by AKM, Shri Lalit Agarwal and Shri JKT on behalf of Allied Group entities. The details of the agreements are given in table below:

Date of Agreement	Entities entering into agreement for PMS services		Signatory on behalf of Allied group entities
	Allied Group entities	Dalmia Group entities	
March 24, 2017	• AFSPL • MMFS • MMPL • AKM	CTPL	• AKM (Self, MMFS) • JKT (MMPL) • Shri Lalit Agarwal (AFSPL)
May 15, 2017	• AFSPL • MMFS • MMPL • AKM	ACHPL	• AKM (Self, MMPL) • JKT (MMFS) • Shri Lalit Agarwal (AFSPL)
March 30, 2018	• AFSPL • MMFS • MMPL • AKM	VDPL	• AKM (Self, MMFS) • For MMPL, AFSPL signatory could not be identified*



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Date of Agreement	Entities entering into agreement for PMS services		Signatory on behalf of Allied group entities
	Allied Group entities	Dalmia Group entities	

**Emails and summons were sent to AKM for providing the name of signatory on behalf of MMPL and AFSPL. However, AKM failed to provide the information.*

- 3.4 Shri AKM vide letter dated August 26, 2022, vide an email dated August 26, 2022 (**Annexure 1**), has, *inter-alia*, informed that in relation to investment in securities market, AFSPL, MMFS, MMPL and AKM had entered into an agreement with CTPL on March 24, 2017, VDPL on March 30, 2018 ACHPL on May 15, 2017. Copies of the agreement entered into CTPL, VDPL and ACHPL are available on record are placed at **Annexure 2, Annexure 3 and Annexure 4** respectively.
- 3.5 It is also noted from the response submitted by Dalmia group entities viz. CTPL, VDPL and ACHPL to summons dated June 23, 2022, sent to CTPL, VDPL and ACHPL, that CTPL had entered into the said agreement on March 24, 2017, VDPL on March 30, 2018 and with ACHPL on May 15, 2017. Copy of response submitted by Dalmia group entities is enclosed at **Annexure 5**.
- 3.6 From the aforesaid agreement dated March 24, 2017 between CTPL and the Allied Group, it is noted that AKM had signed the agreement for self and on behalf of MMFS. Shri JKT had signed on behalf of MMPL and Shri Lalit Agarwal had signed on behalf of AFSPL. As per the agreement, CTPL had transferred



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a sum of Rs. 4,00,00,000/- prior to entering into the said agreement. Further, Rs. 2,00,00,000/- were transferred on January 11, 2017 and Rs. 2,00,00,000/- were transferred on February 23, 2017.

3.7 VDPL had entered into an agreement with the Allied Group entities on March 30, 2018. It is noted that AKM had signed the agreement for self and on behalf of MMFS. The signatory on behalf of AFSP and MMPL could not be identified from the agreement. Hence, AKM was advised vide emails to identify the signatory for VDPL. Further, a summon dated December 07, 2022, was also issued to AKM to provide the details of signatory on behalf of MMPL and AFSP. However, AKM did not provide the said information to SEBI. As per the agreement, VDPL had transferred a sum of Rs. 4,00,00,000/- prior to entering into the agreement on September 21, 2017.

3.8 ACHPL had entered into an agreement with the Allied group entities on May 15, 2017. AKM had signed the agreement for self and on behalf of MMPL. Shri JKT had signed on behalf of MMFS and Shri Lalit Agarwal had signed for AFSP. As per the agreement, ACHPL had agreed to transfer a sum of Rs. 20,00,00,000/-. From the information provided by ACHPL, sum of Rs. 20,00,00,000/- was transferred to AFSP in several tranches.

3.9 The relevant and common clauses of the agreements are as under:

- a) *AND WHEREAS investor had opened a demat and trading account with AFSL (Allied Financial Services Private Limited), based upon the assurance of AFSL that it shall provide the services to investor in relation to opening of demat and trading account and operation of the same.*
- b) *AND WHEREAS Money Mishra (Money Mishra Securities Private Limited) and AKM hold about 70% and 30% equity shares respectively of AFSL.*



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- c) *AND WHEREAS MFS (Money Mishra Financial Services) has represented to the investor that it is in the business of wealth management services and assured the investor that AFSL has the capability of providing services as per the terms and conditions envisaged in this Agreement.*
- d) *AND WHEREAS Money Mishra, AKM, MFS and AFSL have independently and jointly represented to and assured the investor that AFSL shall perform its obligations under this Agreement in compliance with all applicable laws.*
- e) *AND WHEREAS the investor has furnished to AFSL the duly filled in application form to open a demat account with AFSL.*
- f) *Subject to the provisions of this Agreement, the investor has already transferred a sum of Rs and in future may transfer certain sums of money over a period of time (hereinafter referred to as "Investment Amount") to MFS and/or AFSL, in one or more tranches, for the aforesaid purpose. The In-vestment Amount solely deployed by MFS for the purpose of investment into securities / trading into securities through AFSL. MMS (Money Mishra, AKM and MFS are collectively referred to as "MMS") guarantee the safety of the amount to be invested in securities. Investor has the right to recall Investment Amount by giving a notice of 5 days.*
- g) *Based on the representations of AFSL, MFS, AKM and Money Mishra that AFSL shall provide its services to the investor in respect of the demat account and shall not deal with the account without the written instructions of the investor, the investor had opened a demat account with AFSL ("Demat Account").*
- h) *In consideration of AFSL and MMS performing their obligations under this Agreement, the investor shall pay such charges to AFSL for the purpose of opening and maintaining Demat Account, for carrying out the instructions of the investor and for rendering such other services as may be agreed to from time to time between AFSL and the Investor.*
- i) *Any transfer of securities to and from the accounts of the investor shall be made by AFSL only on the basis of a written order, instruction, direction or mandate duly authorized by the Investor and that AFSL shall maintain adequate audit trail of such authorization. The Investor may also give standing instructions with regard to the creating of securities in its Demat Account and AFSL shall act according to such instructions.*



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- j) *AFSL shall not deal with the Demat Account without the instructions of investor.*
- k) *That AFSL and MMS guarantees to the Investor, the Investment Amount at maturity or at any time before.*
- l) *That AFSL and MMS has agreed to manage the trading & demat account of the investor. MFS agrees to stop all trading in trading & demat a/c of the investor, if in case the total loss in that account at any given point of time, reaches upto 1% of the total / cumulative Investment Amount.*
- m) *That AFSL and MMS has agreed that they shall transfer the money / income / funds generated, through trading activities, to the bank account designated by the investor at the request of the Investor, Irrespective to the fact whether the money / income / funds are generated in the account of AFSL or MMS.*
- n) *That MMS has agreed that they may choose to collect the money / income / funds generated at the trading and demat account of the investor and shall transfer the same to the bank account designated by the investor, at the request of the investor.*
 - a. *Money Mishra, AKM and MFS jointly and severally undertake that they shall cause AFSL to fulfill its obligations in respect of the demat account of the investor held with AFSL and in the event of default or breach of AFSL, Money Mishra, AKM, MFS and AFSL shall be jointly and severally liable for the consequences of such default / breach.*

3.10 From the clauses of the agreements mentioned above, it is observed from above clause l) and m) that agreements were entered by Allied Group entities to manage the funds transferred by CTPL, VDPL and ACHPL to AFSP / MMFS. As per the clause a) mentioned above at para 3.9, it is stated that the Investor (i.e. respective Dalmia Group entity) had opened a demat and trading account with AFSP, based upon the assurance of AFSP that it shall provide the services to investor in relation to opening of demat and trading account and



operation of the same. Further, MMFS had represented to the Investor stating that MMFS is in the business of wealth management services and that AFSPL has the capability of providing services as per the terms and conditions envisaged in this Agreement. Further, as mentioned at clause f) above para 3.9, the amount invested by the investor is to be solely deployed by MMFS for the purpose of investment into securities / trading into securities through AFSPL. MMFS has also guaranteed the safety of the amount to be invested in securities. Further, AFSPL and MMFS have also guaranteed to the Investor, the Investment Amount at maturity or at any time before. As per the agreements, AFSPL and MMFS have also agreed to manage the trading and demat account of the investor. MMFS has also agreed to stop all trading in trading and demat a/c of the investor, if in case the total loss in that account at any given point of time, reaches upto 1% of the total / cumulative Investment Amount.

3.11 During the course of investigation, information was sought from the Dalmia Group of entities, which was submitted by them vide their email dated July 04, 2022 (**Annexure - 5**). The submissions made by Dalmia group entities vide email dated July 04, 2022, are similar to the submissions made vide email dated August 07, 2020. Vide email dated August 07, 2020, received from email id finance@dalmiadelhi.com have *inter-alia* provided the following:

a) *It has been mentioned that CTPL, VDPL and ACHPL had entered into an agreement with Allied group entities for trading. Details of opening of trading account with Allied group has also been provided and the same is given hereunder:*

Date of opening trading account with Allied	CTPL	VDPL	ACHPL
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Demat Account	28-12-2016	12-12-2016	29-05-2017
Trading Account	04-01-2017	25-01-2017	29-05-2017

- b) Shri AKM of AFSPL represented to the aforesaid investors stating that MMFS is an expert in wealth management and has the capability of providing services in options / futures trading and is backed by a good team to support.
- c) CTPL entered into an agreement with AFSPL on Mar-24-2017. AFSPL started making returns on the investments made by CTPL by trading in the account of CTPL as per the agreement.
- d) ACHPL and VDPL also entered into a similar agreement with AFSPL on May 15, 2017 and March 30, 2018, respectively.
- e) GHTPL transferred sum of Rs. 6.49 crores to AFSPL to commence trading as and when they wanted. However, GHTPL did not sign any agreement with Allied group entities.
- f) No instructions for trading were ever given by CTPL, ACHPL and VDPL. Pursuant to the agreements, signed by these 3 investors, AFSPL used to carry out trading in their respective accounts and used to send contract notes / statements to the concerned three investor entities.
- g) As per the agreements while the Trading and Demat accounts were opened with AFSPL, MMFS was the wealth manager and would advise the trading strategy which would generate returns on the amount invested. It was also agreed that if the trading account would show losses of 1% the trading would be stopped immediately.
- h) The investment amount would be paid upfront, and the trading strategy would be limited to the amount invested which was to be used for margin. The entities did not provide any securities as margin.



i) Pursuant to the agreements, all payouts were made out at the request of the investor from out of the balances in the ledger account.

3.12 AKM, during the statement recording held on May 31, 2022, (**Annexure - 6**) *inter-alia*, stated that the said agreements were entered for opening of Demat account of VDPL, CTPL and ACHPL. The agreements were done to ensure that the VDPL, CTPL and ACHPL provide the fund component of the margin and returns generated by trading in the accounts of VDPL, CTPL and ACHPL are transferred to their respective bank accounts. Trading was exclusively done in the derivative segment. It has further been stated that instruction from VDPL, ACHPL and CTPL for carrying out trading in the demat account of these companies came from Puneet Dalmia, who is one of the promoters of these companies.

3.13 Accordingly, AKM, vide summon dated August 02, 2022, (**Annexure 7**) was specifically advised to provide the details of trades executed by the broker (AFSPL) for Dalmia group entities and the record of receiving instructions given to the broker (AFSPL) for each such transactions. It was also mentioned to AKM that the requirement to preserve the record of instructions for undertaking a transaction for a client is stipulated under the SEBI Circular No. SEBI/HO/MIRSD/MIRSD2 /CIR/2016/95 dated September 26, 2016. However, AKM failed to produce any documentary record of receiving instructions from Puneet Dalmia or any other person for the transactions undertaken by them in the accounts of Dalmia group entities.

3.14 Further, vide his letter dated May 30, 2022 (**Annexure 8**), AKM has submitted that as per the arrangement, AFSPL was given permission by all Dalmia group



entities to enter into trades in F&O segment etc. as per the strategies deemed proper by AFSPL. The same has also been confirmed by Dalmia group entities in their reply dated July 04, 2022 (**Annexure - 5**), wherein it was submitted that no specific authorization for any of the trade was ever given by the Dalmia group entities because pursuant to the agreement, AFSPL used to carry out trading on its own. Therefore, it is apparent that the specific decisions for trading done in the accounts of CTPL, VDPL and ACHPL were taken by Allied group entities. Therefore, it is alleged that the securities transactions in the accounts of CTPL, VDPL and ACHPL were managed/administered by Allied group entities on their behalf. Vide letter dated May 30, 2022 (**Annexure - 8**), AKM had, *inter-alia*, submitted the following:

- a) *The purpose / objective for entering into the said agreements was to generate income for different promoter held Dalmia group companies, more specifically Cointribe, through use of securities and / or mutual fund units as collateral belonging to OCL / DCEL.*
- b) *It was required by Dalmia Group Companies that AFSPL place trades in its own name and transfer the funds generated to different Dalmia Group Companies / promoter backed companies.*
- c) *As per the arrangement AFSPL was given permission by all Dalmia Group entities to enter into trades in F&O segment etc. as per the strategies deemed proper by AFSPL.*

3.15 CTPL, VDPL and ACHPL, in response to SEBI summons dated June 23, 2022, vide email dated July 4, 2022 (**Annexure - 5**), on their behalf, *inter-alia*, informed that AKM represented to the above investors that Allied Group entities are experts in wealth management and have the capability of providing services in options / futures trading and are backed by a good team to support.



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Also it was assured to the Dalmia Group entities that there would be only profits from investments. As per the agreements with regard to CTPL, VDPL and ACHPL, while the trading and demat accounts were opened with AFSPL, MMPL was the wealth manager and would advise the trading strategy which would generate returns on the amounts invested. It was also agreed that if the trading account would show losses of 1%, the trading would be stopped immediately. As per the terms of the agreements, the investment amounts would be paid upfront and the trading strategy would be solely based on the amount invested. It is also pertinent to mention that no specific authorization for trading were ever given by investors because pursuant to the agreements, AFSPL used to carry out trading on its own.

- 3.16 As noted above, AKM did not provide documentary evidence, in line with the SEBI Circular No. SEBI/HO/MIRSD/MIRSD2/CIR/2016/95 dated September 26, 2016, w.r.t. the details of instructions received from CTPL, VDPL and ACHPL for execution of the trades on their behalf. AKM in its written submission to SEBI stated that as per the arrangement AFSPL was given permission by all Dalmia Group entities to enter into trades in F&O segment etc. as per the strategies deemed proper by AFSPL. The same has also been stated by CTPL, VDPL and ACHPL. (Annexure - 8)
- 3.17 In light of the aforesaid, it is alleged that AFSPL, MMFS, MMPL and AKM had entered into an agreement with CTPL, VDPL and ACHPL to undertake management of the portfolio of securities or funds and trading in securities on behalf of the latter. Hence, AFSPL, AKM, MMFS and MMPL were providing portfolio management services, as it is observed that as per the agreement, AFSPL along with MMFS, MMSL and Shri AKM were to manage the funds of



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CTPL, VDPL and ACHPL. These entities had transferred funds to and the Allied Group and trades were executed in the futures and options segment of the stock exchange.

- 3.18 Vide email dated July 04, 2022 received from finance@dalmiadelhi.com (Annexure - 5), the Dalmia group entities have provided the details of amounts paid / received to/from the Allied Group entities. The said details are given hereunder:

Cointribe Technologies Private Limited			
Payment date	Receipt / Payment	Amount	To/from
11-Jan 17	Payment	1,00,00,000	AFSPL
11-Jan 17	Payment	1,00,00,000	AFSPL
23-Feb-17	Payment	1,00,00,000	AFSPL
23-Feb-17	Payment	1,00,00,000	AFSPL
3-Mar-17	Receipt	3,00,00,000	AFSPL
10-Mar-17	Receipt	3,00,00,000	AFSPL
17-Mar-17	Receipt	3,00,00,000	MMFS
23-Mar-17	Receipt	1,00,00,000	AFSPL
24-Mar-17*	Receipt	2,00,00,000	MMFS
31-Mar-17	Receipt	3,00,00,000	MMFS
10-Apr-17	Payment	5,75,00,000	AFSPL
19-Apr-17	Payment	6,00,00,000	AFSPL
25-Apr-17	Receipt	5,75,00,000	AFSPL
01-Jul-17	Receipt	2,00,00,000	MMFS
07-Jul-17	Receipt	3,00,00,000	AFSPL
28-Jul-17	Receipt	2,56,00,000	MMFS
29-Jul-17	Receipt	1,28,01,098	AFSPL
21-Sep-17	Receipt	14,10,00,000	AFSPL
21-Sep-17	Payment	15,00,00,000	AFSPL
04-Oct-17	Payment	25,00,000	
10-Apr-18	Receipt	20,25,00,000	AFSPL
11-Apr-18	Receipt	5,06,93,713	AFSPL

* Agreement entered with allied group entities on March 24, 2017

Vinimay Developers Private Limited



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Payment date	Receipt / Payment	Amount	To/from
21-Sep-17	Paid	4,00,00,000	AFSPL
27-Sep-17	Received	2,40,00,000	AFSPL
17-Aug-18*	Received	2,00,00,000	AFSPL
31-Aug-18	Received	50,00,000	AFSPL

* Agreement entered with allied group entities on March 30, 2018

Antordaya Commercial & Holdings Private Limited			
Payment date	Receipt / Payment	Amount	To/from
02-Jun-17*	Paid	2,50,00,000	AFSPL
05-Jun-17	Paid	2,50,00,000	AFSPL
06-Jun-17	Paid	1,50,00,000	AFSPL
08-Jun-17	Paid	3,50,00,000	AFSPL
27-Jun-17	Paid	6,75,00,000	AFSPL
05-Jul-17	Paid	3,25,00,000	AFSPL
21-Sep-17	Received	19,00,000	AFSPL
21-Sep-17	Received	18,81,00,000	AFSPL
27-Mar-18	Received	10,00,000	AFSPL
10-Apr-18	Received	19,00,00,000	AFSPL

* Agreement entered with allied group entities on May 15, 2017

3.19 Entity-wise, total amount paid to AFSPL and the total amount received from the Allied Group is given hereunder:

Entity	Total amount paid to AFSPL	Total amount received from AFSPL/MFS
CTPL	Rs. 31,00,00,000	Rs. 69,00,94,811
VDPL	Rs. 4,00,00,000	Rs. 4,90,00,000
ACHPL	Rs. 20,00,00,000	Rs. 38,10,00,000

3.20 As noted above, the agreement between Allied Group and CTPL was executed on March 24, 2017. In the said agreement, it is mentioned that the CTPL had already transferred Rs. 4,00,00,000/- and in future may transfer certain sums of money over a period of time to MMFS and/or AFSL. From the ledger of CTPL (as available from April 01, 2017 till April 11, 2018), it is noted that as on April 01, 2017, CTPL had an opening balance of Rs.6.93 lakh. Pursuant to the



execution of the agreements, funds were transferred by CTPL to AFSPL had already transferred Rs. 4,00,00,000/- and in future may transfer certain sums of money over a period of time to MMFS and/or AFSL. From the ledger of VDPL (as available from September 21, 2017 till January 16, 2019), it is noted that as on September 21, 2017, VDPL had nil opening balance. On September 21, 2017, Rs. 4,00,00,000/- were transferred to AFSPL by VDPL and the same were utilized for trading in the F&O segment. It is observed that although the agreement between VDPL and Allied group was entered on March 30, 2018, Allied group entities were trading in the F&O segment for VDPL since December 11, 2017. Further, the credit made by VDPL to AFSPL were majorly being used for trading in F&O segment. The payments were made to VDPL by AFSPL out of its credit balance available with AFSPL. Trading details of CTPL, VDPL and ACHPL is enclosed at **Annexure 9**.

- 3.21 It is observed from the aforesaid table at para 3.19 and 3.20 that returns were provided by AFSPL to its clients CTPL, VDPL and ACHPL. The trading by Allied group on behalf of Dalmia Group entities was done majorly during the period when fund transactions were done between Allied Group and Dalmia Group. The aforesaid fund transactions are also reflecting in the bank account statements of CTPL (account no. 031405003512 with ICICI Bank), VDPL (account no. 914020014731868 with Axis bank) and ACHPL (account no. 0131002107340060 with Punjab National Bank), respectively (**Annexure - 10**). The aforesaid transactions done by CTPL and VDPL with AFSPL are also reflected in the financial ledger of CTPL and VDPL, as annexed as **Annexure11**.



- 3.22 Trade details were sought from BSE, NSE and MSEI for the trades executed by AFSPL for its clients CTPL, VDPL, and ACHPL and for the period January 01, 2017 till date i.e. August 02, 2022. As per the trade details provided by NSE via email dated September 02, 2022, it is observed that trades were executed by AFSPL for CTPL, VDPL and ACHPL in the F&O segment of NSE during the said period. Trades have also been executed in the account of ACHPL in the equity segment of NSE through its broker AFSPL during the said period **(Annexure 9)**. No trades were executed at BSE.
- 3.23 In accordance with the terms mentioned in the agreement that the trades shall be executed by AFSPL for its investors CTPL, VDPL and ACHPL, trades were executed in the F&O segment of NSE by AFSPL for its investors CTPL, VDPL and ACHPL. As mentioned above, trades were also executed in the equity segment of NSE by AFSPL on behalf of ACHPL. Further, from the financial ledger of CTPL and VDPL and bank statements of CTPL, VDPL and ACHPL, it is observed that there was flow of funds from/to AFSPL or MMFS to/from CTPL, VDPL and ACHPL and the same were being used as margin in the F&O segment. Thus, CTPL, VDPL and ACHPL had transferred funds to AFSPL to trade on NSE.
- 3.24 In light of the aforesaid, it is inferred that CTPL, VDPL and ACHPL had entered into agreement with AFSPL, Shri AKM, MMFS and MMPL who are associated entities to manage their funds by trading in the F&O segment and providing returns on the same. Funds of CTPL, VDPL and ACHPL were managed by the Allied Group and the trades were executed in the F&O segment of NSE by Allied Group on behalf of CTPL, VDPL and ACHPL. Hence, AFSPL, Shri AKM, MMFS and MMPL were providing portfolio management services to CTPL, VDPL and ACHPL. It is also observed that Allied group entities viz. AFSL, AKM,



MMFS and MMPL do not have a valid certificate of registration from SEBI to offer portfolio management services.

3.25 The definition of Portfolio Manager as given in regulation 2(cb) of the SEBI (Portfolio Managers) Regulation, 1993 states that:

2(cb) "portfolio manager" means any person who pursuant to a contract or arrangement with a client, advises or directs or undertakes on behalf of the client (whether as a discretionary portfolio manager or otherwise) the management or administration of a portfolio of securities or the funds of the client, as the case may be.

3.26 The definition of portfolio manager includes undertaking of management of the portfolio of securities or funds of the clients.

3.27 Vide order dated November 4, 2022, AFSPL has been found to have carried on activities of a portfolio manager without any registration from SEBI. In light of the above, it is alleged that AKM, MMFS and MMPL also acted as portfolio manager and engaged in 'portfolio management services', which falls under the definition of portfolio manager as defined under Regulations 2(cb) of the SEBI (PM) Regulation, 1993, as they entered into an agreement with of CTPL, VDPL and ACHPL and managed funds of CTPL, VDPL and ACHPL by trading in the F&O segment of NSE through AFSPL.

3.28 The Regulation 3 of the SEBI (PM) Regulations, 1993, stipulates that "No person shall act as a portfolio manager unless he holds a certificate granted by the Board under these regulations."



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- 3.29 Section 12(1) of the SEBI Act states that “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”
- 3.30 In the agreement entered into between CTPL and AFSPL, MMFS, MMPL and Shri AKM, it is noted that Shri AKM has signed for self and on behalf of MMFS. Shri JKT has signed on behalf of MMPL and Shri Lalit Agarwal has signed on behalf of AFSPL.
- 3.31 In the agreement entered into between VDPL and AFSPL, MMFS, MMPL and Shri AKM, it is noted that Shri AKM had signed for self and on behalf of MMFS.
- 3.32 In the agreement entered into between ACHPL and AFSPL, MMFS, MMPL and Shri AKM, Shri AKM had signed for self and on behalf of MMPL. Shri JKT had signed on behalf of MMFS and Shri Lalit Agarwal had signed for AFSPL.
- 3.33 As per the Ministry of Corporate Affairs (MCA) website (**Annexure 12**), the directors of AFSPL and MMPL during the investigation period (March 15, 2017 - June 27, 2019) are as following:
- a. AFSPL:
- Shri AKM (19/07/2016 – till date)
- Shri JKT (15/07/2017 - 07/03/2019)
- Shri Lalit Agarwal (resigned on 30/08/2017)



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Shri Sheeraj Khan (07/03/2019 - 31/08/2020)

Shri Himanshu Arora (15/12/2017-17/01/2019)

b. MMPL:

Shri AKM

Shri JKT (resigned on 07/03/2019)

Shri Sheeraj Khan (07/03/2019 - 31/08/2020)

3.34 As informed by AKM during the recording of statement held before Investigation Authority (IA), the partners in MMFS are AKM and Shri JKT (Annexure - 6).

3.35 Details of agreement entered between CTPL and Allied Group entities on March 24, 2017:

Date of Agreement	Allied Group entities	Directors / Partners	Signatory on behalf of Allied group entities	Period of fund transactions between Allied Group and CTPL	Trading dates (only in F&O NSE)
March 24, 2017	AFSPL	Shri AKM Shri JKT Shri Lalit Agarwal Shri Sheeraj Khan Himanshu Arora	Shri Lalit Agarwal	11/01/2017 to 11/04/2018	13/01/2017 to 28/03/2018
	MMFS	Shri AKM Shri JKT	Shri AKM	17/03/2017 to 28/07/2017	
	MMPL	Shri AKM Shri JKT Shri Sheeraj Khan	Shri JKT	-	
	AKM	-	Shri AKM	-	

3.36 Details of agreement entered between ACHPL and Allied Group entities on May 15, 2017:



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Date of Agreement	Allied Group entities	Directors / Partners	Signatory on behalf of Allied group entities	Period of fund transactions between Allied Group and ACHPL	Trading dates (CM & F&O - NSE)
March 15, 2017	AFSPL	Shri AKM Shri JKT Shri Lalit Agarwal Shri Sheeraj Khan Shri Himanshu Arora	Shri Lalit Agarwal	21/09/2017 to 31/08/2018	12/02/2018 to 26/12/2018
	MMFS	Shri AKM Shri JKT	Shri JKT	-	
	MMPL	Shri AKM Shri JKT Shri Sheeraj Khan	Shri AKM	-	
	AKM	-	Shri AKM	-	

3.37 Details of agreement entered between VDPL and Allied Group entities on March 30, 2018:

Date of Agreement	Allied Group entities	Directors / Partners	Signatory on behalf of Allied group entities	Period of fund transactions between Allied Group and VDPL	Trading dates (only in F&O NSE)
March 30, 2018	AFSPL	Shri AKM Shri JKT Shri Lalit Agarwal Shri Sheeraj Khan Shri Himanshu Arora	Could not be identified	02/06/2017 to 10/04/2018	11/12/2017 To 27/06/2019
	MMFS	Shri AKM	Shri AKM	-	



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Date of Agreement	Allied Group entities	Directors / Partners	Signatory on behalf of Allied group entities	Period of fund transactions between Allied Group and VDPL	Trading dates (only in F&O NSE)
		Shri JKT			
	MMPL	Shri AKM	Could not be identified		
		Shri JKT			
		Shri Sheeraj Khan			
	AKM	-	Shri AKM	-	

3.38 In view of the above, following allegations were made against Shri AKM, MMFS, MMPL, Shri JKT, Shri Lalit Agarwal and Shri Himanshu Arora:

3.38.1 Shri AKM entered agreement with CTPL, VDPL and ACHPL to offer portfolio management services without obtaining certificate of Registration from SEBI. He was Director in MMPL and Managing Partner in MMFS during the investigation period. MMPL and MMFS entered into agreement with all the Dalmia Group entities to offer portfolio management services without obtaining certificate of registration from SEBI. He signed on the agreement on behalf of MMPL entered with ACHPL, which enabled MMPL to provide portfolio management services to ACHPL without obtaining certificate of registration from SEBI. He also signed on the agreement on behalf of MMFS entered with VDPL and CTPL which enabled MMFS to provide portfolio management services to VDPL and CTPL without obtaining certificate of registration from SEBI.

3.38.2 MMFS entered into agreement with CTPL, VDPL and AHCPL to offer portfolio management services without obtaining certificate of registration from SEBI.



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- 3.38.3 MMPL entered into agreement with VDPL and CTPL to offer portfolio management services without obtaining certificate of registration from SEBI.
- 3.38.4 Shri JKT was Director in MMPL and Partner in MMFS during the investigation period. MMPL and MMFS entered into agreement with all the Dalmia Group entities to offer portfolio management services without obtaining certificate of registration from SEBI. He signed on the agreement on behalf of MMPL entered with CTPL, which enabled MMPL to provide portfolio management services to CTPL without obtaining certificate of registration from SEBI. He also signed on the agreement on behalf of MMFS entered with ACHPL, which enabled MMFS to provide portfolio management services to ACHPL without obtaining certificate of registration from SEBI.
- 3.38.5 Shri Lalit Agarwal was Director in AFSPL during the Investigation period. AFSPL entered into agreement with all the Dalmia Group entities to offer portfolio management services without obtaining certificate of registration from SEBI. Therefore, as a director of AFSPL during the Investigation period, he is responsible for the default committed by AFSPL. He signed on the agreement on behalf of AFSPL entered with CTPL and ACHPL, which enabled AFSPL to provide portfolio management services to CTPL and ACHPL, without obtaining certificate of registration from SEBI.
- 3.38.6 Shri Himanshu Arora was Director in AFSPL during the investigation period. AFSPL entered into agreement with all Dalmia Group entities to offer portfolio management services without obtaining certificate of registration from SEBI. Therefore, as a director of AFSPL during the investigation period, he is responsible for the default committed by AFSPL.



3.39 Regulation 42 (1) of the SEBI (Portfolio Managers) Regulations, 2020, *inter-alia*, states that **SEBI (Portfolio Managers) Regulations, 1993, shall stand repealed from the date on which SEBI (Portfolio Managers) Regulations, 2020 regulations come into force.** Further, Regulation 42 (1) (C) of the SEBI (Portfolio Managers) Regulations, 2020, *inter-alia*, states notwithstanding such repeal the previous operation of the repealed regulations or anything duly done or suffered thereunder, any right, privilege, obligation or liability acquired, accrued or incurred under the repealed regulations, any penalty, incurred in respect of any violation committed against the repealed regulations, or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty as aforesaid, shall remain unaffected as if the repealed regulations has never been repealed.

In view of the allegations mentioned above at para 3.39, Shri AKM, MMFS and MMPL have acted as portfolio manager without obtaining certificate of registration and carried out unregistered portfolio management services, thereby violated the provisions of Section 12(1) of the SEBI Act, and regulation 3 of the SEBI (Portfolio Managers) Regulation, 1993. Further, Shri AKM, Shri JKT, Shri Lalit Agarwal, Shri Himanshu Arora are the directors / partners and are also signatories to the said agreement. By virtue of being the director / partner in AFSP / MMFS and MMPL and also by being the signatories to the agreements entered into by Allied group entities for providing portfolio management services without obtaining certificate of registration from SEBI. Hence, Shri AKM, MMFS, MMPL, Shri JKT and Shri Lalit Agarwal have also violated the provisions of Section 12(1) of the SEBI Act, and regulation 3 of the SEBI (Portfolio Managers) Regulation, 1993.



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4. During the course of investigation, IA had sought information from AKM vide summons dated December 07, 2022 (**Annexure 13**). However, AKM failed to submit following information which was sought from it vide Summon dated December 07, 2022:
- a) List of all the signatories on behalf of Allied group entities in the agreements entered with Dalmia group entities.
 - b) Contact details of Shri Jitendra Kumar Tiwari

The aforesaid summon was served on AKM through Speed Post and a copy of the summon was also hand delivered at the address of AFSPL. Further, a copy of the summon was also sent to AKM through email. However, AKM did not respond to summon issued to him by the IA. Thus, AKM failed to provide the information that was sought from it by the IA vide abovementioned summon, thereby violating the provisions of Section 11C (2) & (3) of the SEBI Act.

5. Therefore, in view of the above, Noticees at Sr. no.1 to 6 are hereby called upon to show cause, within 21 days from the receipt of this notice, as to why suitable directions (including restrained from accessing the securities market in any manner), should not be issued against you under Section 11(1), 11(4), 11(4A) and 11B (1) & (2) of SEBI Act read with provisions of SEBI (Portfolio Managers) Regulations, 1993 and circulars issued and penalty be not imposed upon you under section 15HB of the SEBI Act read with Section 11 (4A) and 11B (2) of SEBI Act for the alleged violations.
6. Further, Noticee at Sr. No.1, Shri AKM, in addition to above, hereby called upon to show cause, within 21 days from the receipt of this notice, as to why suitable



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directions (including restrained from accessing the securities market in any manner), should not be issued against you and penalty be not imposed upon you under section 15A(a), of the SEBI Act read with Section 11B (2) of SEBI Act for the alleged violations.

7. The instant SCN is being issued under Section 11(1), 11(4), 11 (4A) and 11B (1) & 11B (2) of Securities and Exchange Board of India Act, 1992 (SEBI Act) read with Rule 4(1) of Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 for holding inquiry and imposing penalty, if any, under section 15A(a) and 15HB of SEBI Act, 1992 read with provisions of SEBI (Portfolio Managers) Regulations, 1993 and circulars issued thereunder for violations as alleged herein above.
8. This show cause notice is without prejudice to right of SEBI to take any other action as it deems fit in accordance with law.
9. Your reply to the present show cause notice should reach SEBI, at the address given below, within 21 days of the receipt of this notice. In case, no reply is received within the period mentioned above, it would be presumed that you have no explanation to offer in this matter and SEBI shall proceed in the matter ex-parte on the basis of available record(s).

**Securities and Exchange Board of India
SEBI Bhavan, Plot No. C4-A, "G" Block,
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051**



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10. Further, soft copy (in word form also) of reply, if any, from noticee be sent via e-mail at chetanf@sebi.gov.in.

11. You are advised to keep SEBI informed about the change in your correspondence address, if any, till the proceedings in the extant matter are complete.

Chetan Fumakiya

Encl. Annexures

1. Reply of summons dated August 26, 2022 by Shri AKM
2. Agreement with CTPL
3. Agreement with VDPL
4. Agreement with ACHPL
5. Response submitted by Dalmia Group entities viz. CTPL, VDPL and ACHPL vide email dated July 04, 2022
6. Statement recording of Shri AKM dated May 31, 2022
7. Summon dated August 02, 2022 issued to Shri AKM
8. Letter dated May 30, 2022 submitted by Shri AKM
9. Trading details CTPL, VDPL and ACHPL
10. Bank account statement of CTPL, VDPL and ACHPL
11. Financial Ledger of CTPL and VDPL with AFSPL
12. Directors of AFSPL, MMPL
13. Summons dated December 07, 2022