



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

Through SPAD and Email

SEBI/EAD-1/BS/16969/2024
May 15, 2024

Amrapali Aadya Trading and Investment Pvt Ltd
(PAN- AAECA3909P)
13, Vaishali Enclave,
Pitampura
New Delhi - 110034

Notice under Regulation 25(1) of Securities and Exchange Board of India
(Intermediaries) Regulations, 2008 in respect of M/s Amrapali Aadya Trading and
Investment Pvt Ltd

A. Background of the case

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 following certificates / confirmations of compliance to SEBI annually within the timeline as mentioned 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

2. However, it was observed that M/s Amrapali Aadya Trading and Investment Pvt Ltd (hereinafter referred as “Company / Noticee”) did not file the aforesaid Reports and Networth certificate to SEBI for the FY 2021-2022 and 2022-23 and therefore, had allegedly violated the provisions of the aforesaid Master Circular and SEBI Act, 1992.

SCN in the matter of Amrapali Aadya Trading and Investment Pvt Ltd

सेबी भवन, प्लॉट नं. सी 4-ए, “जी” ब्लॉक, बांद्रा-कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051.
दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर.एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in

SEBI Bhavan, Plot No. C4-A, “G” Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.
Tel : 2644 9950 / 4045 9950 (IVRS), 2644 9000 / 4045 9000 Fax : 2644 9019 to 2644 9022 Web : www.sebi.gov.in





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B. Appointment of Designated Authority

3. SEBI appointed the undersigned as the Designated Authority (hereinafter referred to as "DA") under Regulation 24(2) of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008 (hereinafter referred to as "Intermediaries Regulations 2008/ SEBI Intermediaries Regulations 2008") vide appointment order dated March 07, 2024 (copy enclosed as **Annexure - 1**) to enquire into the aforesaid violations by Noticee.

C. Facts of the case:

4. In order to have accurate and complete information / Statistics about the activities of PMS, it is essential 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





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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 had 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 (F/A)
2.	12.10.2022	Reminder sent to ensure compliance by 13.10.2022 (F/B)
3.	17.11.2022	1 st Reminder letter as well as email sent to ensure compliance by 23.11.2022 (F/C)
4.	24.11.2022	2 nd Reminder letter as well as email sent to ensure compliance by 29.11.2022 (F/D)
5.	13.07.2023	3 rd Reminder letter as well as email sent to ensure compliance by 20.07.2023 (F/E)





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7. However, it is 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.
9. It is alleged that by not submitting the required regulatory filings for FY 2021-22 and FY 2022-23, the Noticee has committed the following violations :
- a. 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:
10. In view of the above points mentioned at para 9 (a), (b), (c) and (d), the Noticee is found to have allegedly 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 is liable for action under Regulation 41 of SEBI PMs Regulations read with Section 12(3) of the SEBI Act.
11. 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 is alleged that





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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.

12. The aforementioned provisions are reproduced hereunder :-

- Regulation 7(j) of SEBI PMS Regulations 2020 states the following:

7. Consideration of application:

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

- Regulation 8 of SEBI PMS Regulations 2020 states the following:

8. Criteria for fit and proper person:

"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."

- Regulation 33 of SEBI PMS Regulations 2020 states the following:

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.*

- Regulation 41 of SEBI PMS Regulations 2020 states the following:





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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.

- 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 states the following:

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."

5.2.1.2

"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."

5.2.1.1

"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."

5.3.1

"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





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the Portfolio Manager or by person(s) authorized by the Board of Directors/Partners of the Portfolio Manager."

13. In view of the above, Noticee is, therefore, called upon in terms of Regulation 25 of SEBI (Intermediaries) Regulations to show cause as to why appropriate recommendations should not be made against it as prescribed under Regulation 26(1) of SEBI Intermediaries Regulation and Section 12(3) of SEBI Act read with Chapter V of SEBI (Intermediaries) Regulations, 2008 for aforesaid alleged violations committed by it.

14. The relevant provisions are reproduced as under:

➤ *Section 12(3) of SEBI Act, 1992:*

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

➤ *Chapter V of SEBI (Intermediaries) Regulations, 2008*

Action In Case Of Default And Manner Of Suspension Or Cancellation Of Certificate

➤ *Section 25(1) of SEBI intermediaries Regulations 2008:*

Holding of enquiry:

25.(1) The designated authority shall issue a notice to a person against whom an enquiry has been initiated, to show cause as to why the action, as contemplated against such person should not be recommended.

➤ *Section 26(1) of SEBI intermediaries Regulations 2008:*

Recommendation of action :





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26.(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:
- 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.

15. You are advised to submit your reply, if any, together with the copies of the documents that you may choose to rely upon to support your contentions, to the undersigned within 21 days of receipt of this notice, failing which it shall be presumed that you have no reply to submit and the matter shall be proceeded on the basis of the material available on record. Further, you are advised to send the soft copy of your reply via e-mail at bijus@sebi.gov.in and sunithal@sebi.gov.in. You are also required to submit a copy of your PAN card and your contact details (contact person, designation, phone numbers, e-mail ID and fax number) for our records. Your reply, if any, should reach the undersigned, at the address given below:





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'G' Block, Bandra Kurla Complex,
Bandra (E), Mumbai-400051

16. You may also indicate whether you desire a personal hearing in the matter.

17. You may also note that a settlement mechanism is provided under the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as the "**Settlement Regulations**"). If you wish to avail the benefit of the settlement process, you may apply for the same in the manner provided in the said regulations under intimation to the undersigned.

18. If there is any change in your address during the period of the current enquiry proceedings, you are required to intimate the same to the undersigned immediately.

Biju S
Designated Authority



Enclosure: - One CD containing following Annexures

Annexure 1	Communication of the order appointing DA
Flag A	Email dated August 17, 2022 sent to PMs to confirm compliance with regulatory filings requirements
Flag B	Reminder email dated 12.10.2022
Flag C	1 st Reminder Letter dated November 17, 2022
Flag D	2 nd Reminder letter November 24, 2022
Flag E	3 rd Reminder Letter dated 13.07.2023