

National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/56893	Date: May 31, 2023
Circular Ref. No: 134/2023	

To All NSE Members

Sub: SEBI Order in the matter of Minance Investment Advisors Private Limited

This has reference to NSE circular no. NSE/INVG/46102 dated October 21, 2020 in respect of SEBI order no. WTM/MPB/SRO-BLO/142/2020 dated October 20, 2020 issued in the above matter.

SEBI vide its Order no. WTM/SM/SRO/SRO/26953/2023-24 dated May 31, 2023, has hereby restrained and further prohibited following entities from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of five (05) years. It is clarified that while calculating the period of debarment as directed above, the period already undergone by the respective Noticees, in pursuance of the interim order shall be taken into consideration and the same shall be set-off to give effect to the directions of restraint and prohibition as directed above. The interim order is disposed of with the above directions.

Sr. No.	Name of the Entity	PAN
1	Minance Investment Advisors Private Limited	AALCM4744M
2	Anurag Bhatia	AVEPB6967G

SEBI vide above order has directed that obligation of above entities, in respect of settlement of securities, if any, purchased or sold in the cash segment of the recognized Stock Exchange (s), as existing on the date of this Order, can take place irrespective of the restraint/prohibition imposed by this Order, only in respect of pending unsettled transactions, if any. Further, all open positions, if any, of the Noticees in the F&O segment of the stock exchange, are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order.

National Stock Exchange of India

This Order shall come into force with immediate effect.

The detailed order is available on SEBI website ([Securities and Exchange Board of India \(sebi.gov.in\)](http://sebi.gov.in))

Further, the consolidated list of such entities is available on the Exchange website <http://www.nseindia.com> home page at the below mentioned link:

<https://www.nseindia.com/regulations/member-sebi-debarred-entities>

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

In case of any further queries, members are requested to email us at dl-invsg-all@nse.co.in

For and on behalf of
National Stock Exchange of India Limited

Sandesh Sawant
Senior Manager

ANNEXURE: - SEBI Order in the matter of Minance Investment Advisors Private Limited

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER SECTIONS 11, 11B (4) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 IN RESPECT OF:

Sr. No.	Name of the Entity	PAN
1	Minance Investment Advisors Private Limited	AALCM4744M
2	Anurag Bhatia	AVEPB6967G

UNDER REGULATION 27 (5) OF THE SEBI (INTERMEDIARIES) REGULATIONS, 2008 - IN THE MATTER OF M/S MINANCE INVESTMENT ADVISORS PRIVATE LIMITED (SEBI REGISTRATION NO. INA200012434)

1. The present proceedings are emanating from an interim order dated October 20, 2020 (hereinafter referred to as the "**interim order**") passed by Securities and Exchange Board of India (hereinafter referred to as "**SEBI**"), and an Enquiry Report dated February 25, 2022 (hereinafter referred to as the "**Enquiry Report**") submitted in terms of the Regulation 27 of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008 [as it stood before the Securities and Exchange Board of India (Intermediaries) (Amendment) Regulations, 2021]. The cause of actions leading to passing of the *interim order* and initiation of the Enquiry proceedings were broadly the same (investors complaints), therefore, for the purpose of avoiding repetition and duplication in orders both the said proceedings are being concluded by way of this common order.

2. The records before me indicate that the *interim order* was passed against four entities viz., (i) Minance Investment Advisors Private Limited (hereinafter referred to as "**Noticee no.1/MIAPL**"), (ii) Mr. Anurag Bhatia, (iii) Mr. Sarbashish Basu and (iv) Mr. Pankaj Mahanty,

and directions including directions for restraining the aforesaid entities to access the securities market or to deal in securities till further directions, were passed. The *interim order* was followed by a confirmatory order dated April 20, 2021. By the said confirmatory order, all directions issued against MIAPL, Mr. Anurag Bhatia and Mr. Sarbashish Basu were confirmed, while the directions *qua* Mr. Pankaj Mahanty were revoked. Subsequently, the directions issued *qua* Mr. Sarbashish Basu were also revoked by SEBI. Therefore, as on date, the directions issued vide the *interim order* are in operation only *qua* MIAPL and Mr. Anurag Bhatia.

3. As stated earlier, the core issue involved in both the proceedings being common, I deem it fit to first adjudicate the findings recorded in the Enquiry Report wherein the Designated Authority (hereinafter referred to as "**DA**"), based on the factual findings so recorded in the said Enquiry Report, has recommended that the registration of MIAPL, as an Investment Advisor deserves cancellation.

4. It is noted that before making the aforesaid recommendation, the DA had issued a Show Cause Notice dated September 24, 2021 under Regulation 25 (1) of the Intermediaries Regulations to MIAPL alleging violation of Regulation 6(c), (e), (f), 7, 8(1), 13(a), 13(b) and Regulation 20 read with Clause 8 of Code of Conduct as specified in Third Schedule read with regulation 15(9) of SEBI Investment Advisers Regulations, 2013 (hereinafter referred to as "**IA Regulations**"). Upon appreciating the materials on record, the DA has found it fit for recommending that the certificate of MIAPL deserves cancellation.

5. The records indicate that after the submission of the Enquiry Report by the DA, MIAPL has been called upon by a Show Cause Notice dated March 17, 2022 (hereinafter referred to as the "**SCN**"), in terms of the Regulation 27 of the Intermediaries Regulations (as it stood amended by virtue of the Securities and Exchange Board of India (Intermediaries)

(Amendment) Regulations, 2021] (hereinafter referred to as the " **Intermediaries Regulations**"), asking it to respond as to why the recommendation made by the DA or any other measure be not taken against it. The said SCN was attempted to be served upon MIAPL through Registered post on the two addresses available on record, however, the SCN issued to both the said addresses were returned undelivered with the following remarks:

Table no. 1

Address of MIAPL	Delivery Status
Office at No. 35/37, Old No. 598, 11th Main Road, Jayanagar 5th Block, Bangalore, Karnataka, 560041	Returned undelivered with remarks: "firm left long back"
No. 14, Outer Ring Road, JP Nagar 4th Phase, Dollar Layout Phase 4, J P Nagar Bangalore – 560078, Karnataka.	Returned undelivered with remarks: "no such firm"

6. Apart from the postal mode, the SCN was also attempted to be served upon MIAPL via email at kumar@minance.com; however, the e-mail issued by SEBI also could not be delivered on the said email id. In view of the failure to serve the SCN through Registered post/email, the SCN was served upon MIAPL by way of affixation at the aforesaid addresses. However, despite service of SCN, no reply whatsoever has been filed by MIAPL.

7. Since, there has been no responses from the *Notices* despite the show cause notice having been sufficiently served on the *Notices*, it was thought fit to provide the *Noticee* with an opportunity of personal hearing as required under Regulation 27 of the Intermediaries Regulations. It is noted that a personal hearing in the matter was scheduled on November 10, 2022 and the hearing notice was served upon MIAPL by way of newspaper publication on October 15, 2022 considering the past experiences that the attempts to serve the SCNs through

normal mode had not yielded any result. I note that MIAPL did not avail the said opportunity to present its case as no one appeared for the hearing on the aforesaid date fixed for it. Under the circumstances, I am of the view that MIAPL has nothing to say in its defence and therefore, the present matter deserves to be proceeded with based on the material available on record. Accordingly, the allegations made/findings recorded by the DA, against MIAPL shall now be dealt with in seriatim in the following paragraphs.

8. It is noted from the records that MIAPL was granted a Certificate of Registration to operate as an Investment Advisor vide SEBI Registration no. INA200012434 with effect from February 01, 2019. It is alleged that MIAPL did not inform SEBI about the change in its address as well as about the resignation of its Directors. The Enquiry Report notes that at the time of making the application for registration as an IA, MIAPL had two Directors, namely, Mr. Anurag Bhatia and Mr. Sarbashish Basu. It is further noted that one Mr. Pankaj Mahanty came to be appointed on the Board of MIAPL as a Director w.e.f June 18, 2019. However, Mr. Sarbashish Basu and Mr. Pankaj Mahanty resigned from the Directorship of MIAPL on June 21, 2019 and September 16, 2019, respectively. For convenience and better appreciation, the aforementioned information is represented in Tabular form in the following table:

Table no. 2

Sr. No.	DIN/PAN	Name	Date of Appointment	Date of resignation
1.	7012878	Anurag Bhatia	04/12/2017	-
2.	790118	Sarbashish Basu	04/12/2017	21/06/2019
3.	8374291	Pankaj Mahanty	18/06/2019	16/09/2019

9. It is noted that consequent to the resignation of Mr. Sarbashish Basu and Mr. Pankaj Mahanty, the Board of MIAPL was having only one Director namely Mr. Anurag Bhatia. There

is no information available on the records to show that after resignation of the aforesaid two Directors, any other person was appointed as a Director of MIAPL. It is relevant to note here that in terms of the Section 149 (1)¹ of the Companies Act, 2013, every private company needs to have a minimum of two Directors.

10. I note that the situation of having only one Director is clearly in stark non-compliance with the aforesaid provision of Companies Act, 2013. However, for the purpose of the present proceedings, it is noted that the allegation on MIAPL is that it had not informed SEBI about the change in its Directors. At the time of making application with SEBI, Mr. Anurag Bhatia and Mr. Sarbashish Basu were its Directors. As can be noted from the table above, on June 18, 2019, Mr. Pankaj Mahanty joined the Board of MIAPL as Director while on June 21, 2019, Mr. Sarbashish Basu resigned from the directorship. However, both the said changes viz., appointment of Mr. Pankaj Mahanty and resignation of both Mr. Pankaj Mahanty and Mr. Sarbashish Basu from the directorship of MIAPL were not brought to the notice of SEBI.

11. I observe that the change in Directors of a registered intermediary like an Investment Adviser is an information crucial for the purposes of the ongoing registration, as it's the Directors through whom the test of fit and proper of a corporate entity is assessed/ascertained. It is also relevant to state here that the Directors are the natural persons who manage and operate the day to day functions of the legal entity, which remains completely under the control of such natural persons. They are the face of a company and transactions of public with such company are largely influenced by the persons occupying the post of directorship in that company. Therefore, it becomes pertinent and imperious for any corporate entity to inform

¹ 149. Company to have Board of Directors. — (1) Every company shall have a Board of Directors consisting of individuals as directors and shall have—

(a) a minimum number of three directors in the case of a public company, two directors in the case of a private company, and one director in the case of a One Person Company; and

immediately or within the time prescribed under the law or in the absence of any specific law, within a reasonable time period about intimating the change in the composition of its board of directors. However, in the present case, it is noted that MIAPL did not furnish the details of change of Directors to SEBI. It has further been noted that no reply has been filed by the *Notices* in response to the allegations made in the show cause and MIAPL has also not attended the personal hearing to make any oral submissions. Thus, there is no material available on record to contradict the aforesaid allegations levelled in the SCN against the *Notices* about not informing SEBI about the change in board of directorship of MIAPL.

12. From the records, it is noted that during the examination conducted by SEBI, certain letters were issued to MIAPL seeking information from it. The said letters were issued at the address of MIAPL available in the records of SEBI. However, the said letters returned undelivered and eventually, it was gathered from the internet, that MIAPL is operating from another address at: No.14, PID No.57-166-14, 100 Feet Road, 4th Phase, J. P. Nagar, Bengaluru – 560078. The Enquiry Report records that the letter issued to the afore narrated address at Bengaluru was delivered through Courier while another copy of such letter was also hand delivered at the said address.

13. The Enquiry Report further records that on a visit made to the afore-said address, MIAPL was found to be carrying out its operation from such address. However, in terms of the records of SEBI, the aforesaid address of MIAPL was not updated and in view of the above, another allegation against MIAPL was levelled stating that it had not updated SEBI with its current or changed address. I observe that the address of a registered intermediary is of vital importance, as not only the same helps an investor help to validate its registration status, but is also relevant for the purpose of addressing all communications, statutory or otherwise, from the

regulator or the investors. It is also noted that in order to conduct the inspection of a registered intermediary, SEBI visits the office premises of such intermediary as per the address given by it in its registration documents, hence any subsequent change in the address, is bound to be intimated to the Regulator and to the public as well.

14. It is to be noted that considering the aforesaid issues, particularly the interest of the investors and to achieve the regulatory mandate entrusted on SEBI, the IA Regulations make it incumbent upon a registered Investment Advisor to inform SEBI about any material change that may take place in the information submitted by it to SEBI at the time of making application and also makes it incumbent upon it to promote the best interest of the clients. The relevant provisions under the IA Regulations are reproduced hereunder:

Conditions of certificate.

13. The certificate granted under regulation 9 shall, inter alia, be subject to the following conditions:-

(a) the investment adviser shall abide by the provisions of the Act and these regulations;

(b) the investment adviser shall forthwith inform the Board in writing, if any information or particulars previously submitted to the Board are found to be false or misleading in any material particular or if there is any material change in the information already submitted;

General responsibility

15 (9) An investment adviser shall abide by Code of Conduct as specified in Third Schedule.

Third Schedule

CODE OF CONDUCT FOR INVESTMENT ADVISER

8. Compliance

An investment adviser including its representative(s) shall comply with all regulatory requirements applicable to the conduct of its business activities so as to promote the best interests of clients and the integrity of the market.

15. In this connection, I observe that MIAPL in the present case has been found to have adopted a callous attitude showing scant regard to the letter and spirit of the IA Regulations, by not informing SEBI about the change of Directors as well as the change in its address. I have already observed that, both the said factors are vital aspects of actual functioning of a registered intermediary and are not mere paper/technical formalities for compliance. It is observed that changing the location of the office and change of Directors go to the root of functioning of an intermediary in the securities Market. MIAPL has not brought anything to the table so as to explain its conduct as to why the aforesaid changes in address and Directorship were not informed to SEBI, thereby compelling me to observe that the Enquiry Report has rightly held that such acts and omissions on its part are clearly in violation of the Regulation 13(a) and 13(b) read with Clause 8 of Code of Conduct as specified in Third Schedule read with regulation 15(9) IA Regulations. The next allegation/finding made in the Enquiry Report is that MIAPL was not having an IA Representative and full time Compliance Officer. In this connection, it is noted that the Regulation 6(c) of the IA Regulations make it mandatory that representatives of an IA providing investment advice are required to be appropriately qualified and certified in terms of Regulation 7. Further, Regulation 20 of the IA Regulations mandates that an IA which is a body corporate or a partnership firm shall have essentially a compliance officer who shall be responsible for monitoring the compliance of all the regulations, guidelines etc. Before proceedings further to examine as to whether the acts of MIAPL is in contravention of the above stated regulations of IA Regulations, it is appropriate to have the relevant regulation and before me for ready reference the same are reproduced hereunder:

CHAPTER III GENERAL OBLIGATIONS AND RESPONSIBILITIES

Consideration of application and eligibility criteria.

6. For the purpose of the grant of certificate the Board shall take into account all matters which are relevant to the grant of certificate of registration and in particular the following, namely, —

(c) whether in case the applicant is a body corporate, all the representatives of the applicant who provide investment advice are appropriately qualified and certified as specified in regulation 7;

Qualification and certification requirement

7. (1) An individual registered as an investment adviser under these regulations and partners and representatives of an investment adviser registered under these regulations offering investment advice shall have the following minimum qualifications, at all times:

(a) A professional qualification or post-graduate degree or post graduate diploma in finance, accountancy, business management, commerce, economics, capital market, banking, insurance or actuarial science from a university or an institution recognized by the central government or any state government or a recognised foreign university or institution or association; or

(b) A graduate in any discipline with an experience of at least five years in activities relating to advice in financial products or securities or fund or asset or portfolio management.

(2) An individual registered as an investment adviser and partners and representatives of investment advisers registered under these regulations offering investment advice shall have, at all times, a certification on financial planning or fund or asset or portfolio management or investment advisory services:

(a) from NISM; or

(b) from any other organization or institution including Financial Planning Standards Board India or any recognized stock exchange in India provided that such certification is accredited by NISM.:

Provided that the existing investment advisers seeking registration under these regulations shall ensure that their partners and representatives obtain such certification within two years from the date of commencement of these regulations: Provided further that fresh certification must be obtained before expiry of the validity of the existing certification to ensure continuity in compliance with certification requirements.

Appointment of compliance officer.

20. An investment adviser which is a body corporate or a partnership firm shall appoint a compliance officer who shall be responsible for monitoring the compliance by the investment adviser in respect of the requirements of the Act, regulations, notifications, guidelines, instructions issued by the Board.

16. It is noticed that the Enquiry Report records that the IA representative of MIAPL viz., Mr. Gyan Prakash Chaudhary had informed SEBI vide his email dated September 14, 2020 that he has resigned from MIAPL during 3rd week of May, 2019. Further, the Compliance Officer of

the *Company* viz., Mr. Diwakar Adari, had informed that he had resigned from MIAPL w.e.f June 24, 2019. As observed earlier, MIAPL has not participated in the present proceedings nor has it filed any reply either before me or before the DA, so as to demonstrate that subsequent to the resignation of the above mentioned persons, it has appointed a qualified person on its roll to offer investment advice to its clients and further also, was having a Compliance Officer in place to ensure that its acts were in due compliances with the provisions of the IA Regulations and the guidelines etc., being issued by SEBI, from time to time.

17. I observe that the Regulation 6 (c) of the IA Regulations plainly mandates that in case the IA is a body corporate, the persons who are providing the investment advice to the clients should possess appropriate qualification and certification as mandated under Regulation 7 of the IA Regulations. The intent behind such a provision seems to be that only a certified and qualified person should be at the helm of the activities relating to the offering of the investment advice to the clients of the incorporated investment adviser. However, in the present case, as narrated above, the examination has revealed that MIAPL was not performing its activities in compliance with regulation 6 (c) of the IA Regulations and therefore, an allegation has been made against it asking it to respond on the above findings of the examination of SEBI. I also note that there is nothing on record to show that MIAPL has appointed a qualified and certified person to offer the investment advisory services to the clients after Mr. Gyan Prakash Chaudhary resigned from its services. Further, the role of the Compliance Officer is also of vital importance, since a dedicated person to do the job of a compliance officer is *sine qua non* for ensuring appropriate checks and balances in the functioning of the registered IA. As noted earlier, the Compliance Officer of MIAPL, as per the records of SEBI (Mr. Diwakar Adari), had resigned from the services of MIAPL w.e.f June 24, 2019, however, there is nothing on record to show that in the place of Mr. Diwakar, MIAPL had appointed any other person as its Compliance Officer.

Under the circumstances and in the absence of any material contrary to the findings of examination of SEBI, I see no reason to differ from the observations that have been recorded in the Enquiry Report and therefore, I have no hesitation in holding that the DA has rightly held that MIAPL has contravened Regulation 6 (c) read with Regulation 7 and Regulation 20 read with Clause 8 of the Code of Conduct as specified in Third Schedule read with regulation 15(9) of IA Regulations.

18. The next allegation against MIAPL pertains to non-adherence with networth criteria as laid down under Regulation 8 (1) read with Regulation 6 (e) of the IA Regulations. For ready reference the said regulations are reproduced hereunder:

Consideration of application and eligibility criteria

6(e) whether the applicant fulfills the capital adequacy requirements as specified in regulation 8

Capital adequacy.

8. (1) Investment advisers which are body corporate shall have a net worth of not less than twenty five lakh rupees.

19. It is noted from the Enquiry Report that while making the application seeking registration as an IA, MIAPL had furnished a networth certificate showing INR 26,87,605 as its networth as on March 20, 2018. The Enquiry Report further records that the Audited Balance sheet of MIAPL, as available at the website of MCA indicates that its net worth as on March 31, 2018 was INR 24,75,690.23. The said amount of net worth has been computed in the following manner:

Table no. 3

Particulars	Amount (INR)
Deferred Tax Asset	91,437.00
Current Investments	

Balances with Zerodha	15,09,937.23
Cash and Cash Equivalents	
Kotak Mahindra Bank	10,13,410.00
Other Current Assets	
Preliminary Expenses (Asset)	49,916.00
Receivables from Holding Company	1,00,605.00
Receivables from Shareholder	10.00
Total Assets (A)	27,65,315.23
Short Term Borrowings (Loan From Anurag Bhatia - Director)	2,84,625.00
Other Current Liabilities (Audit Fees Payable)	5,000.00
Total Liabilities (B)	2,89,625.00
Net worth	24,75,690.23

20. The aforesaid information as gathered from the Audited Balance sheet of MIAPL unequivocally indicates that its networth had fallen down from the initial disclosure of networth made by it while seeking registration from SEBI as an Investment Advisor. In this connection, it is observed that the Capital adequacy of Investment Adviser as a body corporate required a networth of not less than twenty-five lakh rupees. The above networth of INR 25 Lakh for registration as an IA has been kept so as to ensure that serious entities with strong networth/financial only enter into the arena of offering investment advice to the investors. In the present case, however, it is seen that on March 31, 2018, the networth of MIAPL had fallen down below the mandatory threshold of INR 25 Lakh. The Enquiry Report in this respect records that MIAPL had not filed its Annual Return for the year 2018-19 and as on September 08, 2020, the bank accounts of MIAPL were showing nil balances. It is of pertinence to note here that in the information quoted in the table above, the cash balances in the bank account of

MIAPL constituted a major component to the extent of INR 10 Lakh (approx.). It is also noted that MIAPL has not furnished any reply to justify its low networth at the relevant time, nor has it attempted to prove or explain that it was maintaining the requisite networth of INR 25 Lakh. Under the circumstances, I observe that MIAPL was not satisfying the condition of registration as laid down under Regulation 6 (e) read with Regulation 8 (1) and the Clause 8 of Code of Conduct as specified in Third Schedule read with Regulation 15 (9) of IA Regulations, as it has failed in maintaining the essential minimum capital adequacy norms specified under the IA Regulations.

21. Moving on further, it is noted that during the examination of the activities of the MIAPL, certain emails were issued to it and few telephonic calls were also made by the SEBI officials. However, the calls were not answered and the emails issued to it were never responded to by them. It is noted from the Enquiry Report that vide an email dated September 24, 2020, the following information/details were sought from Mr. Anurag Bhatia (Director of MIAPL):

- a) Know Your Client records of all the clients;
- b) Risk profiling and risk assessment of all the clients;
- c) Details of advice provided to your clients
- d) Suitability assessment of the advice provided;
- e) Copies of agreements with clients;
- f) Rationale for arriving at investment advice;
- g) Details of fees charged for such advice along with sample copies of the advice.
- h) Copies of Bank Statements of all the bank accounts where the advisory fees of Minance Investment Advisors Private Limited are being/were collected.

22. In this regard, it is observed that neither MIAPL nor any of its Director has furnished any relevant and important information sought from them for examination of the activities of MIAPL vide the above referred email. It is noted that Regulation 15 (12) of the IA Regulations

mandates that a registered Investment Adviser shall furnish to SEBI, the information/reports as may be asked for by SEBI. Undisputedly, in the present case, MIAPL has not furnished the information as sought from it nor any reply has been filed in response to the findings of the Enquiry Report. In view of the same, I observe that by not providing the requisite information, MIAPL has certainly acted in violation of Regulation 15 (12) read with Regulation 13 (a) and Clause 8 of the Code of Conduct as specified in Third Schedule read with regulation 15(9) of IA Regulations.

23. Having considered the above noted inactions and omissions, the Enquiry Report further makes insinuation on the 'fit and proper' status of MIAPL and its Director Mr. Anurag Bhatia. In terms of information submitted along with the application filed by MIAPL seeking registration as an IA, Mr. Anurag Bhatia was described as Promoter/Director/Key Management Person of MIAPL by stating *inter alia* as: "He has been associated with the Company since its inception as promoter. He is responsible for the overall working of the Company and instrumental in making strategic decisions for the Company"

24. Further, the majority of the shareholding of MIAPL was also held by Mr. Anurag Bhatia, directly and indirectly, in the following manner:

Table no. 4

Shareholding of MIAPL as on March 31, 2018

Sr. No.	Name of shareholder	No. of Shares	% of shareholding
1	Minance Technologies Private Limited	2,74,999	99.9996%
2	Anurag Bhatia	1	0.0004%
Total		2,75,000	100%

Table no. 5

Shareholding of Minance Technologies Private Limited as on March 31, 2018

Sr. No.	Name of shareholder	No. of Shares	% of shareholding
1	Anurag Bhatia	18,800	94%
2	Adhiraj Singh	1,200	6%
	Total	20,000	100%

25. It is noticed from the above that Minance Technologies Private Limited holds more than 99% holdings of MIAPL and further the *Noticee no. 2* holds 94 % of the holdings in Minance Technologies Private Limited. From the conjoint reading of the information provided under the above two tables, it is more than evident that that apart from being Director/KMP, Mr. Anurag Bhatia was also directly and indirectly controlling the major shareholding of MIAPL and the affairs of MIAPL was substantially controlled and managed by none other than Mr. Anurag Bhatia.

26. I note that the Enquiry Report further refers to numerous media (Print and Digital) articles which allege that Mr. Anurag Bhatia has carried out certain illegal acts leading to charges of forgery and fraud upon investors. In one of such articles, it has been *inter alia* stated that Mr. Anurag Bhatia was arrested by the Jaipur Police for a fraud of INR 92 Lakh committed by him on an investor as he (Mr. Anurag) took money from him by making a false promise of selling 500 shares of Paytm, but failed to deliver such shares of Paytm and misappropriated the money received for sell/ transfer of such shares.

27. The Enquiry Report records that multiple proceedings/FIRs/Court cases *inter alia* for dishonour of cheques, have been initiated against MIAPL and Mr. Anurag Bhatia, some of which are captured in the following Table:

Table no. 6

Sr. No.	Complainant	Particulars	Police Station/ Enforcement Agency	Complaint Against (As per complaint/FIR)	Charges
1.	Ramakrishna S and Deepa Ramakrishna	Written Complaint	1.Senior Inspector of Police Malad Police Sation, Malad west, Mumbai-400064 2.Dy. Commissioner of Police, Borivali Police Station, Borivali, (W)Mumbai 3. Additional Commissioner of Police, Samta Nagar, Kandivali (E) , Mumbai 4. Joint Commissioner of Police, Economic Offenses Wing, Office of Commissioner of Police, Opp Crawford market, Mumbai 5.Commissioner of Police, Office of Commissioner, Opp Crawford Market, Mumbai.	1.Anurag Bhatia 2.Adhiraj Singh 3.Soham Soumya Sarkar 4.Pankaj Mahanty 5.Sarbhashish Basu 6.Prayank Khare 7.Minance Technologies Pvt Ltd (Registered as Authorised Person (AP) of Angel Broking Limited on National Stock Exchange (NSE) 8.Minance Investment Advisors Pvt Ltd (SEBI registered Investment Advisor (IA) 9.Minance Resources Pvt Ltd	Criminal Breach of Trust, cheating, forgery, Misrepresentation, mischief, criminal conspiracy, offences under Information Technology Act.
2.	Unlistedkart LLP	NCR	Halasuru Police Station, Bengaluru	Mr. Anurag Bhatia	Non-receipt of unlisted shares for payment made.
3.	Rajarshi Mukhopadhyay	FIR	Durgapur Police Station, Paschim Bardhaman District, West Bengal	Anurag Bhatia and other directors of Minance Technologies Pvt Ltd and its sister organization (Minance Investment Advisors	Offence U/S 406/ 417/ 418/ 419/420 IPC and 65 & 66 Of I.T. Act for act of cheating , criminal breach of Trust , misappropriation of

				Private Limited).	amount for their own use by practicing fraud and false representation and commitment .
4.	Dipendra Singh Rathod	FIR	Vidhayakpuri Police Station, Jaipur	Anurag Bhatia	IPC Sections 420, 406, and 120
5.	Sai Akash V and Sree Devi S	Written Complaint	Coimbatore City Police	1.Mr. Anurag Bhatia 2. M/s. Minance Technologies Private Limited 3. Ms. Tista Choudary (F) 4.M/s. Minance Investment Advisors Pvt Ltd. 5. Mr. Chethan Naik N 6. Mr. Sai Sundar Hari Naryana 7. M/s. Lara Capital Private Limited 8. Mrs. Sunita Damani	Requested to register FIR under applicable sections.
Cases under Section 138 of the Negotiable Instruments Act, 1881 (Source: https://services.ecourts.gov.in/)					
Sr. No.	Court	Case Type / Case Number / Case Year	Petitioner Name Versus Respondent Name	Date of Filing	Section
1.	Chief Judicial Magistrate, TC Sundernagar, Himachal Pradesh	Complaint 138 NIA/425/2019	Yograj Versus Minance Technologies Pvt Ltd	07/11/2019	138 of NI Act
2.	Chief Judicial Magistrate, TC Sundernagar, Himachal Pradesh	Complaint 138 NIA/330/2019	Yograj Versus The Minance Technologies Pvt Ltd	11/09/2019	138 of NI Act

3.	Chief Judicial Magistrate, TC Sundernagar, Himachal Pradesh	Complaint 138 Nia/12/2020	Yograj Versus The Minance Technologies	10/01/2020	138 of NI Act
4.	Chief Metropolitan Magistrate CMM Court, Bangalore	P.C.R./14732/2019	Rohit Sharma Versus Minance Technologies Pvt., Ltd., And Another	26/11/2019	138 of NI Act
5.	Chief Metropolitan Magistrate CMM Court, Bangalore	C.C./2661/2020	Mr Rizwan Patel Versus Ms Minance Technologies Private Limited Rep by its Director Mr Anurag Bhatia	07/02/2020	U/S 200 of Code Of Criminal Procedure R/W 138 NI Act
6.	Chief Metropolitan Magistrate CMM Court, Bangalore	P.C.R./681/2020	Mr Rizwan Patel Versus Ms Minance Technologies Private Limited Rep By Its Director Mr Anurag Bhatia		138 of NI Act

28. Apart from the above quoted cases, the Enquiry Report has also mentioned that the bank account statement of MIAPL has indicated multiple instances of its cheques being dishonoured due to insufficient funds, meaning thereby, that MIAPL was not financially sound was not and in a position to honour the cheques issued by it to perform its lawful obligation. It does not require reiteration that none of the two *Notices* has filed any responses nor have made any oral submission of any nature, refuting the findings of examination and facts stated and alleged in the show cause notice, issued in under the proceedings. It has also been found above that the *Noticee no. 1* has not been able to meet the minimum required networth to remain eligible as a registered Investment Adviser. I have cited above a number of instances of initiation of civil as well as criminal proceedings against the *Notices* which reveal that majority of them pertained to and were arising out of failure of these *Notices* to meet their financial obligations. Under the

circumstances, I am left with no choice but to hold that the *Noticee no. 1* has failed to meet the criteria of financial solvency and networth as prescribed under the IA Regulations. The Enquiry Report has further mentioned that if the charges in the complaints filed under Section 138 of the Negotiable Instruments Act, 1881 are proved, Mr. Anurag Bhatia may face imprisonment upto two years.

29. I note from the Enquiry Report that SEBI has received certain complaints which allege that the registration of MIAPL as an Investment Adviser was mis-utilised to solicit funds from the investors to carry out certain unregistered/unregulated activities in the name of Minance Technologies Private Limited and Minance Resources Private Limited, i.e. the companies which did not have any IA registration to carry out any investment advisory activities.

30. I have already recorded in the present order that Mr. Anurag Bhatia is the Director/KMP of MIAPL and also exercises significant control and influence over MIAPL by virtue of his shareholding in MIAPL. In the preceding paragraphs, I have stated as to how Mr. Anurag Bhatia is facing criminal actions and other proceedings. It is also relevant to mention here that such criminal actions/proceedings some of which have been quoted above, are evident of the fact that all of them emanate from financial transactions of the *Noticee*.

31. I would like to mention here that for any incorporated entity, the overall conduct of the natural person (s) who are steering its action, would be the litmus test to ascertain as to whether such incorporated entity is “fit and proper” to deal with the investors as a securities market intermediary. The Regulation 6 (f) of the IA Regulation also mandates that for considering an application for registration as an IA, the applicant, its partners, principal officer and persons associated with investment advice should be fit and proper in terms of the criteria specified

under Schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008, which are reproduced hereunder:

For the purpose of determining as to whether an applicant or the intermediary is a 'fit and proper person' the Board may take account of any consideration 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:*
 - (i) criminal complaint or information under section 154 of the Code of Criminal Procedure, 1973 (2 of 1974) has been filed against such person by the Board and which is pending;*
 - (ii) charge sheet has been filed against such person by any enforcement agency in matters concerning economic offences and is pending;*
 - (iii) an order of restraint, prohibition or debarment has been passed against such person by the Board or any other regulatory authority or enforcement agency in any matter concerning securities laws or financial markets and such order is in force;*
 - (iv) recovery proceedings have been initiated by the Board against such person and are pending;*
 - (v) an order of conviction has been passed against such person by a court for any offence involving moral turpitude;*
 - (vi) any winding up proceedings have been initiated or an order for winding up has been passed against such person;*
 - (vii) such person has been declared insolvent and not discharged;*
 - (viii) such person has been found to be of unsound mind by a court of competent jurisdiction and the finding is in force;*
 - (ix) such person has been categorized as a wilful defaulter;*
 - (x) such person has been declared a fugitive economic offender; or*
 - (xi) any other disqualification as may be specified by the Board from time to time.*

32. At this stage, I deem it fit to refer to the following orders of the Hon'ble Securities Appellate Tribunal (SAT):

- I. *Jermyn Capital Vs. SEBI (2007 74 SCL 246 SAT)*. In the said matter, the Hon'ble SAT has underscored the importance of reputation and character of a person to determine the fit and proper status by *inter alia* observing as: “*the concept of a fit and proper person has a very wide amplitude as the name fit and proper person itself suggests. The Board can take into account any consideration as it deems fit for the purpose of determining whether an applicant or an intermediary seeking registration is a fit and proper person or not. The framers of the Regulations have consciously*

given such wide powers because of their concern to keep the market clean and free from undesirable elements. It can take into account the financial integrity of the applicant and its competence. Absence of convictions or civil liabilities would be another relevant consideration which could weigh with the Board. Good reputation and character of the applicant is a very material consideration which must necessarily weigh in the mind of the Board in this regard. Reputation is what others perceive of you. In other words, it is the subjective opinion or impression of others about a person and that, according to the Regulations, has to be good. This impression or opinion is generally formed on the basis of the association he has with others and/or on the basis of his past conduct. A person is known by the company he keeps. In the very nature of things, there cannot be any direct evidence in regard to the reputation of a person whether he be an individual or a body corporate. In the case of a body corporate or a firm, the reputation of its whole time director(s) or managing partner(s) would come into focus.”

- II. *Jignesh Shah Vs. SEBI (Appeal no. 500 of 2020; date of decision: April 15, 2021).* In the said matter, the Hon’ble SAT was confronted with the challenge made to SEBI’s finding that FTIL is not fit and proper person as its Promoter does not carry a good reputation or character. While rejecting all pleas of the appellant, the Hon’ble SAT dismissed the said appeal by inter alia observing as:

“...25. From the aforesaid, it is clear that good reputation and character is a material consideration which is gathered on the basis of the association which the incumbent has with others and/or on the basis of his past conduct. As the saying goes a person is known by the company he keeps. The evidence that has come on record in the instant case clearly indicates that reputation, integrity and character of the appellant Jignesh Shah has been heavily tarnished on account of the massive fraud which he played as is depicted in the FMC’s order. Further, Jignesh Shah continues to be the torch bearer of the Company and holds 45% stake as a shareholder. He is virtually controlling the Company and has a significant say in the Company.

26. The purity and integrity of the securities market has to be maintained at all times. It cannot be allowed to be tarnished by unscrupulous persons. Persons of doubtful character or undesirable persons should be kept out of the securities market. There is no place for them. In the instant case, there is

sufficient material for the respondent to come to a conclusion that the appellant is not a fit and proper person...”

33. In the present case, I observe that that Mr. Anurag Bhatia is the ultimate beneficial owner as well as controller of the affairs of MIAPL, and by virtue of the above noted multiple proceedings pending against him, Mr. Anurag Bhatia cannot be termed to be a person of integrity, reputation and character.

34. I observe that the Regulation 6 (f) of the IA prescribes ascertainment of fit and proper status of the entity making the application for registration as an Investment Advisor. However, going by the spirit of the IA Regulations, I observe that the said requirement is a continuous requirement which the registered intermediary needs to satisfy throughout the validity of its registration. It is noted from the order of the Hon’ble SAT passed in the matter of *Jermyn Capital Vs. SEBI (supra)*: “*The Regulations apply across to all sets of regulations and all intermediaries of the securities market including those who associate themselves with the market and they all have to satisfy the criteria of fit and proper person before they could be registered under any of the relevant regulations and this criteria they must continue to satisfy through out the period of validity of their registration and through out the period they associate with the market. The purpose of the Regulations is to achieve the aforesaid objects and make the securities market a safe place to invest.*”

35. Therefore, in light of the above discussions, I am of the clear view that MIAPL has ceased to be a “fit and proper” person for the purposes of registration as an Investment Advisor since the integrity, reputation and character of the person behind MIAPL (Mr. Anurag Bhatia) have been found to be questionable and unbecoming of a person who deserves to be allowed to continue to render investment advice to general investing public.

36. To sum up my observations recorded with respect to the Enquiry proceedings, I note that MIAPL has been found guilty of violating Regulation 13(a) and 13(b); Regulation 6(c), 7, 20; Regulation 6(e) and 8(1); Regulation 15(12); Regulation 13(a) read with Clause 8 of Code of Conduct as specified in Third Schedule read with Regulation 15(9) of IA Regulations. Further, in view of the proceedings indicating criminal charges against Mr. Anurag Bhatia, MIAPL is liable to be declared as not “fit and proper” person under the IA Regulations.

37. Moving on to the proceedings emanating from the *interim order*, it is noted from the records that MIAPL and Mr. Anurag Bhatia were given an opportunity of personal hearing on November 10, 2022. However, as stated earlier, no one has appeared in the personal hearing before me.

38. As regards the proceedings under Section 11B, I observe that the allegations/findings made against MIAPL in the Enquiry Report covers all the allegations made against MIAPL and Mr. Anurag Bhatia that have been made in the *interim order*. I have already recorded my elaborate findings with respect to the allegations/findings made against MIAPL in the Enquiry Report, therefore, there does not appear to be any need to reiterate the said findings once again to deal with the same/similar allegations made in the *interim order* moreso, due to the fact that there is no argument made by MIAPL or Mr. Anurag Bhatia in response to the *interim order* or subsequent communication issued by SEBI.

39. In view of my findings as recorded in detail in the present order, I am of the view that appropriate orders/directions need to be passed against MIAPL and Mr. Anurag Bhatia for the violation of the provisions of IA Regulations, delineated above.

DIRECTIONS

40. I, in exercise of the powers conferred upon me in terms of Section 12(3) and Section 19 of the Securities and Exchange Board of India Act, 1992 read with Regulation 27 (5) of the Intermediaries Regulations, 2008 hereby cancel the certificate of Registration as an investment adviser, granted to Minance Investment Advisors Private Limited [SEBI Registration No. INA200012434].

41. Minance Investment Advisors Private Limited and Mr. Anurag Bhatia are restrained from accessing the securities market and are further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of five (05) years. It is clarified that while calculating the period of debarment as directed above, the period already undergone by the respective *Notices*, in pursuance of the *interim order* shall be taken into consideration and the same shall be set-off to give effect to the directions of restraint and prohibition as directed above. The interim order is disposed of with the above directions.

42. The obligation of the aforesaid debarred *Notices* (Minance Investment Advisors Private Limited and Mr. Anurag Bhatia), in respect of settlement of securities, if any, purchased or sold in the cash segment of the recognized stock exchange(s), as existing on the date of this Order, can take place irrespective of the restraint/prohibition imposed by this Order only, in respect of pending unsettled transactions, if any. Further, all open positions, if any, of the *Notices* debarred in the present Order, in the F&O segment of the stock exchanges, are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order.

43. Minance Investment Advisors Private Limited is directed to resolve the complaints pending against it in the SCORES platform pertaining to investment advisory services, within the period of 30 days from the date of this order.

44. The Order shall come into force with the immediate effect.

45. A copy of this Order shall be forwarded to all the *Notices*, all the recognized Stock Exchange, depositories and registrar and transfer agents for ensuring compliance with the above directions.

DATE: MAY 31ST , 2023

PLACE: MUMBAI

-Sd-

S. K. MOHANTY

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA