

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER Ref. No. ORDER/NH/RJ/2024-25/31235]

UNDER SECTION 15-I OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995.

Alankit Assignments Limited
PAN AAACA9483E

In the matter of inspection of Alankit Assignments Limited

BACKGROUND

1. Alankit Assignments Limited (hereinafter referred to as '**Noticee**') is registered with Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') as a Registrars to an Issue and Share Transfer Agents (hereinafter referred to as '**RTA**'). It is noted that the Noticee falls under the category of Qualified Registrars and Transfer Agents (hereinafter referred to as '**QRTA**').
2. SEBI had conducted an inspection of the Noticee for the period from April 01, 2021 to September 19, 2022 (hereinafter referred to as '**inspection period**'). The findings of the said inspection were communicated to the Noticee vide letter dated January 12, 2023. In response to the findings in the inspection report, Noticee submitted a reply vide email dated February 07, 2023.
3. Based on the findings of the inspection of the Noticee and considering the reply of the Noticee, SEBI initiated adjudication proceedings against the Noticee for alleged violation of the following provisions as tabulated below:

Table 1

Sr. No.	Charges	Alleged Violations
1.	39 associated persons engaged by the Noticee did not have the NISM certification and 10 associated persons engaged by the Noticee did not have a valid NISM certification during the entire inspection period.	'NISM Certification' of 'Sec III (Compliance Certification)' of Annexure to SEBI Circular no. CIR/MIRSD/7/2012 dated July 05, 2012, Regulations 3, 6, 9 and 10 of SEBI (Certification of Associated Persons in the Securities Market) Regulations 2007, SEBI Notification no. LAD-NRO/GN/ 2009-10/18/175577 dated September 04, 2009 and Clauses 3, 16 and 29 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.
2.	Noticee did not execute tripartite agreements with seven companies.	Regulation 9A (1)(b) of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, Regulation 7 (4) of LODR Regulations and Clauses 3 and 20 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.
3.	Noticee did not have signature cards for 46% of physical folios. Further, there was, allegedly, no signature card in more than 90% of folios in respect of 67 client companies and no signature card in 100% folios in respect of 40 companies.	Clause 25(a) and 1(m) of Schedule -1 read with Clause 8 of the model agreement of "Draft of Agreement between the STA and the Company" of Annexure B of Schedule II of SEBI Circular "Instruction to Registrars to an Issue/ share Transfer Agents" dated October 11, 1994 and Clause 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.
4.	There was a delay in 123 instances with regard to the processing of the request for the issuance of duplicate shares. Noticee had not undertaken due diligence concerning the mismatch of name and addresses and partial non-availability of share details on FIR in two instances (Folio Nos. 01024288 and 51665). Noticee had issued a duplicate share certificate to an investor other than the original shareholder wherein altered PAN, Aadhaar and bank details documents were submitted by the investor in one case (Folio No.13346).	Clause 20 of "General Norms for Processing of Documents" of SEBI Circular - RTI Circular no. 1 (2000-2001) dated May 09, 2001. Clauses 12 and 13 of Clause II of Annexure to Circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, SEBI Circular no. MRD/DoP/Cir- 05/2007 dated April 27, 2007 in respect of the availability of PAN and Clauses 2 and 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

5.	<p>Noticee has not obtained the transmission form, Form ISR 4 for processing transmission request in one (Folio No. 8775) instance. Further, a wrong signature was uploaded for Folio no. Z6129 by the Noticee.</p>	<p>Clause C (2) (b) of Schedule VII prescribed under Regulation 40(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Clause 2 (II) of SEBI Circular no. CIR/MIRSD/10/2013 dated October 28, 2013 and Clauses 2 and 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.</p>
6.	<p>54 demat requests which were received after June 30, 2022 were processed by the Noticee after the stipulated time period of 15 days. In one instance (Folio No. 05103962), there was a mismatch of names.</p>	<p>Clause 2 of SEBI Circular no. SEBI/HO/MIRSD/RTAMB/CIR/P/2019/122 dated November 05, 2019, RRTI Circular no. 1(99-2000) PMD/SU/11560/99 dated May 20, 1999 and Clauses 2, 3, and 5(c) of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.</p>
7.	<p>The addressees were changed when no explicit request for an address change was made by the shareholder in four instances (Folio No. 14228, 21209, 40621, 2291). Change of address request was not processed despite a specific request from the shareholder in one instance (Folio No. 6677).</p>	<p>Clauses 2 and 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.</p>
8.	<p>Noticee has processed transfer request of shares in physical form in eight instances after the cutoff date of April 01, 2019.</p>	<p>Regulation 40 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI Circular no. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/166 dated September 07, 2020 and Clause 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.</p>
9.	<p>There was a delay in processing the transfer re-lodgment request in 14 instances. There was a mismatch of signatures in two instances. The original transfer deed was not provided and there was no signature of the transferor on copies of the deeds provided in one instance.</p>	<p>Clause A (1) of Schedule VII read with Regulation 40(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Clause B of Schedule VII read with Regulation 40(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Regulation 40(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and</p>

	Noticee did not consider the rejection points raised by the listed company in one instance. There were two transfer deeds in the records for one folio.	Clauses 2, 3, 5 (c) of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.
10.	Noticee has neither received nor processed any requests with regard to the unclaimed/undelivered shares lying with it.	Regulation 39 (4) of LODR Regulations read with Clause (5).(d) and Clauses 1.a and 1.c of Schedule I read with Clause 8 of the model agreement as prescribed by SEBI vide Circular on Instructions to Registrars to An Issue / Share Transfer Agents dated October 11, 1994 and Clause 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993.
11.	Noticee did not have an adequate system (i.e. system-based alerts) in place to identify the folios (and alert the RTA employee) requiring enhanced due diligence while processing any request in that folio.	Clauses 13 and 14 of part II to Annexure of SEBI Circular dated April 20, 2018.
12.	Noticee did not furnish copies of letters sent to the shareholders in 12 out of 14 sample cases for collecting PAN and bank details for folios where such information was not available.	Clause 12 of part II to Annexure of SEBI Circular dated April 20, 2018.
13.	Noticee did not report the changes in appointment and resignation of Directors and Key Personnel of RTA in Sections III.B and III.D. (iii) of the half-yearly reports filed in terms of SEBI Circular No. CIR/MIRSD/7/2012 dated July 05, 2012.	SEBI Circular no. CIR/MIRSD/7/2012 dated July 05, 2012 read with SEBI Circulars no. RRTI Circular no. 1(94-95) dated October 11, 1994, SEBI Circular no. CIR/MIRSD/5/2011 dated June 17, 2011 and Regulation 14 (5) and Clause 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993.

APPOINTMENT OF ADJUDICATING OFFICER

4. The undersigned was appointed as the Adjudicating Officer (hereinafter referred to as '**AO**') vide communique dated June 12, 2024 under Section 19 read with Section 15-I of Securities and Exchange Board of India, 1992 (hereinafter referred to as '**SEBI Act**') and under Rule 3 of the SEBI (Procedure for Holding Inquiry and

Imposing Penalties) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**') to inquire into and adjudge under Section 15HB of the SEBI Act for the alleged violations committed by Noticee as mentioned above.

SHOW CAUSE NOTICE, REPLY AND HEARING

5. Show Cause Notice (hereinafter referred to as '**SCN**') bearing No. SEBI/HO/EAD2/NH/RJ/2024/22744 dated July 10, 2024, was issued to the Noticee under Rule 4 of Adjudication Rules to show cause as to why an inquiry should not be held and penalty not be imposed against the Noticee under Section 15HB of SEBI Act for the aforesaid alleged violations.

6. The SCN dated July 10, 2024, *inter alia*, alleged the following:

“...

6.1. Certification of Associate Persons

6.1.1. *It was observed during the inspection that there were 55 associated persons engaged by the Noticee during the inspection period. Out of these 55 associated persons, only six had the requisite NISM certification during the inspection period. It was observed that the certificates of 10 associated persons were not valid for the entire inspection period. Furthermore, 39 associated persons did not have the NISM certification throughout the entire inspection period.*

6.1.2. *In this regard, the Noticee has, inter alia, made the following submissions:*

6.1.2.1. *55 employees categorized as associated persons of Noticee requiring NISM certification include persons who weren't involved in any of the activities mentioned in the Gazette Notification dated September 04, 2009.*

6.1.2.2. *15 employees joined in March 2022 and were required to obtain the requisite certificate within one year from the date of being employed or engaged.*

- 6.1.2.3. Noticee accepted that 10 people did not have a valid NISM certificate during the inspection period.
- 6.1.3. It is mentioned in the PIA report that Noticee has not submitted any supporting document viz. appointment letter with a job description/role along with the date of appointment, internal communication/document recording the transfer of employees to/from another department, etc. to substantiate its submissions made in paragraphs 6.1.2.1. and 6.1.2.2. Therefore, it is mentioned in the PIA report that the Noticee's reply cannot be accepted.
- 6.1.4. In view of the above, it is alleged in the PIA report that 39 associated persons engaged by the Noticee did not have the NISM certification and 10 associated persons engaged by the Noticee did not have valid NISM certification during the entire inspection period. In this regard, the Noticee is alleged to have violated the following:
- 6.1.4.1. 'NISM Certification' of 'Sec III (Compliance Certification)' of Annexure to SEBI Circular No. CIR/MIRSD/7/2012 dated July 05, 2012,
- 6.1.4.2. Regulations 3, 6, 9 and 10 of SEBI (Certification of Associated Persons in the Securities Market) Regulations, 2007,
- 6.1.4.3. SEBI Notification No. LAD-NRO/GN/ 2009-10/18/175577 dated September 04, 2009 and
- 6.1.4.4. Clauses 3, 16 and 29 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.
- 6.2. Agreements /Tripartite agreement entered into by the Noticee**
- 6.2.1. The inspection team had observed that Noticee did not sign tripartite agreements with 153 listed companies, including Jai Prakash Power Ventures Ltd.
- 6.2.2. In this regard, Noticee has made the following submissions:
- 6.2.2.1. With 146 companies, no tripartite agreement was executed, as these companies were transferred to the Noticee before the requirement of agreement came under LODR Regulations.
- 6.2.2.2. With six companies, the agreement was not executed, as the data had not been received from the previous registrar.

- 6.2.2.3. *With respect to the non-execution of the agreement with Jai Prakash Power Ventures Ltd., Noticee did not make any submission.*
- 6.2.3. *It is stated in the PIA report that submissions by the Noticee in paragraphs 6.2.2.2 and 6.2.2.3. have not been accepted. In this regard, it is alleged in the PIA report that Noticee has not executed tripartite agreements with seven companies.*
- 6.2.4. *Accordingly, Noticee is alleged to be non-compliant with the following provisions of law:*
- 6.2.4.1. *Regulation 9A (1)(b) of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 read with Regulation 7 (4) of LODR Regulations and*
- 6.2.4.2. *Clauses 3 and 20 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.*
- 6.3. Possession and Maintenance of specimen signature cards**
- 6.3.1. *It was observed during the inspection that the Noticee did not have signature cards of investors for 46% of physical folios. It was also observed that there was no signature card for more than 90% of folios for 67 client companies. Further, there was no signature card for 100% of folios with respect to 40 companies.*
- 6.3.2. *The Noticee, in its response to the inspection report, has submitted that they have updated the signature cards in the software pursuant to getting a confirmation request from the Company or mapping from the system. However, it was mentioned in the PIA report that as the Noticee has not provided any documents to support its submissions, Noticee's response cannot be accepted.*
- 6.3.3. *In view of the above, it is alleged that the Noticee did not have signature cards for 46% of the physical folios. Further, there was, allegedly, no signature card for more than 90% of folios in respect of 67 client companies and no signature card for 100% of folios in respect of 40 companies. Accordingly, Noticee is alleged to have violated:*
- 6.3.3.1. *Clause 25(a) and 1(m) of Schedule -1 read with Clause 8 of the model agreement of "Draft of Agreement between the STA and the Company"*

of Annexure B of Schedule II of SEBI Circular “Instruction to Registrars to an Issue/ share Transfer Agents” dated October 11, 1994 and

6.3.3.2. *Clause 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.*

6.4. Issuance of Duplicates Shares

6.4.1. *In the PIA report, it was mentioned that the Noticee did not process requests for the issuance of duplicate shares within the prescribed period in 123 instances. The relevant details in this regard are tabulated as follows:*

Table 2

Period	Period for processing the duplicate share request	Number of instances where the processing was delayed
<i>From April 01, 2021 to June 30, 2022</i>	<i>60 days</i>	<i>10</i>
<i>From June 30, 2022 to September 19, 2022</i>	<i>30 days</i>	<i>113</i>

6.4.2. *Accordingly, it is alleged that there was a delay in 123 instances with regard to the processing of the request for the issuance of duplicate shares.*

6.4.3. *It was, further, alleged in the PIA report that in two instances (Folio Nos. 01024288 and 51665) the Noticee had not undertaken due diligence concerning the mismatch of names and addresses and the partial non-availability of share details on the FIR filed by the applicant for the issuance of a duplicate share certificate.*

6.4.4. *Furthermore, it is alleged in the PIA report that in one case (Folio No.13346), the Noticee had issued a duplicate share certificate to an investor other than the original shareholder wherein the investor submitted altered PAN, Aadhaar or bank details documents. It is observed in the PIA that Noticee has not made any submission for non-availability of signature card, PAN, bank details and mismatch of address on documents submitted by the investor with an address recorded in the folio.*

6.4.5. *In view of the above, the Noticee is alleged to have violated:*

6.4.5.1. *Clause 20 of “General Norms for Processing of Documents” of SEBI Circular - RTI Circular No. 1 (2000-2001) Dated May 09, 2001,*

6.4.5.2. *Clauses 12 and 13 of Clause II of Annexure to Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, SEBI*

Circular No. MRD/DoP/Cir- 05/2007 dated April 27, 2007 in respect of the availability of PAN and

6.4.5.3. Clause 2 and 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

6.5. Transmission request

6.5.1. During the inspection, it was observed that the Noticee did not obtain the transmission form, Form ISR 4 for processing the transmission request in one (Folio No. 8775) instance. Noticee, in its response, stated that the claimant had requested transmission through an affidavit and had given the details of the certificate.

6.5.2. In this regard, it is noted in the PIA report that the reply of the Noticee cannot be accepted as no transmission form was obtained.

6.5.3. Further, it was observed that the wrong signature was uploaded for Folio No. Z6129. In this regard, it was mentioned in the PIA report that as Noticee has made changes to the folio pursuant to the observation of the inspection team and has submitted a screenshot of the correct signature, Noticee has admitted that it had uploaded the wrong signature Folio No. Z6129.

6.5.4. In view of the above, the Noticee was alleged to have violated:

6.5.4.1. Clause C (2) (b) of Schedule VII prescribed under Regulation 40(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015,

6.5.4.2. Clause 2 (II) of SEBI Circular No. CIR/MIRSD/10/2013 dated October 28, 2013 and

6.5.4.3. Clauses 2 and 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

6.6. Demat Request

6.6.1. It was alleged in the PIA report that 54 demat requests which were received after June 30, 2022 were processed after the stipulated period of 15 days. It is, further, mentioned that the Noticee has accepted the said delay in processing of the demat request in its submission dated February 07, 2023.

6.6.2. Further, it was observed that in one instance (Folio No. 05103962) , there was a mismatch of name. In this regard, it is alleged that the Noticee has

not undertaken due diligence in terms of the Circular dated November 05, 2019 wherein additional documents were required to be obtained in case of a mismatch of name.

6.6.3. *Accordingly, it is alleged that the reply of the Noticee for the delay in the processing of the demat request in 54 instances and for not undertaking due diligence in terms of the Circular dated November 05, 2019 with respect to the mismatch of name in one instance cannot be accepted.*

6.6.4. *In view of the above, the Noticee is alleged to have violated:*

6.6.4.1. *Clause 2 of SEBI Circular No. SEBI/HO/MIRSD/RTAMB/CIR/P/2019/122 dated November 05, 2019,*

6.6.4.2. *RRTI Circular No. 1(99-2000) PMD/SU/11560/99 dated May 20, 1999 and*

6.6.4.3. *Clause 2, 3, and 5(c) of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.*

6.7. Change of Address Request

6.7.1. *In the inspection report, it was observed that the address of the investor was changed by Noticee without a specific request for a change of address in seven instances.*

6.7.2. *In this regard, based on the response of the Noticee, the following is stated in the PIA report:*

6.7.2.1. *In one instance (Folio No. 36595), Noticee has provided a copy of the board resolution along with a request letter for address change.*

6.7.2.2. *In two instances (Folio No. 3203 and 4933), Noticee has submitted the ISR form showing that a specific request was made by the investor for an address change.*

6.7.2.3. *In four instances (Folio Nos. 14228, 21209, 40621 and 2291), the Noticee has informed that the address was changed based on the new address mentioned in the documents provided by the applicant for issuance of duplicate share certificates.*

6.7.3. *In this regard, it is stated in the PIA report that the responses of Noticee in 6.7.2.1 and 6.7.2.2. have been accepted.*

- 6.7.4. *However, concerning the response of Noticee mentioned in 6.7.2.3, it is mentioned in the PIA report that no explicit request for an address change was initiated by the applicant. Therefore, it is stated that the reply from the Noticee cannot be accepted.*
- 6.7.5. *It was observed in the inspection report that in one instance (Folio No. 6677), a change of address request was not processed despite a specific request from the shareholder. In this regard, the Noticee has stated that the applicant has never requested a change of address; instead, the applicant has requested that the new certificate be sent to the address mentioned on the voter ID card. It is stated in the PIA that upon perusal of the documents provided by the Noticee, it was observed that the applicant submitted the ISR Form 1 along with a request letter for updating the address. Therefore, it is stated in the PIA that the reply of the Noticee cannot be accepted.*
- 6.7.6. *In view of the above, Noticee was alleged to have violated Clauses 2 and 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.*

6.8. Transfer Request

- 6.8.1. *During the inspection period, it was observed that the Noticee had processed the transfer request of shares that were held in physical form during the inspection period in eight instances.*
- 6.8.2. *In response, Noticee has, inter alia, submitted that:*
- 6.8.2.1. *In six instances, Noticee had taken a copy of approval from the competent authority.*
- 6.8.2.2. *In two instances, Noticee had obtained the approval of the listed company for the transfer of shares.*
- 6.8.3. *It is stated in the PIA that the reply of the Noticee cannot be accepted for the said eight instances as the Noticee transferred the shares in physical form after the last date to fresh transfer or re-lodgment of transfer deed.*
- 6.8.4. *In view of the above, Noticee is alleged to have violated:*
- 6.8.4.1. *Regulation 40 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No.*

*SEBI/HO/MIRSD/RTAMB/CIR/P/2020/166 dated September 07, 2020
and*

*6.8.4.2. Clause 3 of Schedule III read with Regulation 13 of SEBI (Registrars to
an Issue and Share Transfer Agents) Regulations, 1993.*

6.9. Transfer Re-Lodgment Request

*6.9.1. During the inspection, certain issues regarding the processing of the
transfer re-lodgment request were observed. In this regard, the following
has been mentioned in the PIA report after consideration of the Noticee's
response:*

*6.9.1.1. It was noted that in 14 instances (Folio Nos. 51036, 16286, 16315,
10792, 16316, 5996, 02666865, 02607105, 01132018, 01707537,
406046, 405811, 406043 and 17335) the time taken for processing the
request was more than 95 days. Accordingly, it is alleged that there
was a delay in processing the transfer re-lodgment request and the
reply of Noticee cannot be accepted.*

*6.9.1.2. It was noted that with respect to two instances (Folio Nos. 01780313
and 405811) where there was a mismatch of signature, Noticee did not
make any submission.*

*6.9.1.3. It was noted that in one instance (Folio No. 5106374), the original
transfer deed was not provided and there was no signature of the
transferor on copies of the deeds provided. In this regard, it is stated
that the reply of Noticee with regard to the observation pertaining to the
transfer of shares to someone else instead of the transferee was not
clear and tenable. Accordingly, it is stated in the PIA report that the
reply of Noticee cannot be accepted.*

*6.9.1.4. It was noted that in one instance (Folio No. 5996), it was observed that
the Noticee did not consider the rejection points raised by the listed
company. Further, it was observed that the Noticee has not obtained
the ID Proof and PAN card of the seller. In this regard, it was noted in
the PIA report that the Noticee has not made any submission.*

*6.9.1.5. It was noted that in one instance (Folio No. 10792), it was observed
that there were two transfer deeds in the records for the folio. In this*

regard, it was observed that the signature of the transferor was not taken on the second deed and both deeds have different consideration amounts of Rs. 1500/- and 5500/- respectively. It was noted that the Noticee has not made any submission regarding the lack of the transferor's signature in the second deed. Further, the submissions of the Noticee regarding the differential consideration amount on the transfer deed were found to be unclear. Accordingly, it is stated that the reply of Noticee was not accepted.

6.9.2. In view of the above, Noticee is alleged to have violated:

6.9.2.1. Clause A (1) of Schedule VII read with Regulation 40(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015,

6.9.2.2. Clause B of Schedule VII read with Regulation 40(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015,

6.9.2.3. Regulation 40(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and

6.9.2.4. Clauses 2, 3, 5 (c) of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

6.10. Compliance with Regulation 39 (4) of LODR Regulations regarding the procedure to be followed in the case of unclaimed/undelivered shares

6.10.1. During the inspection, it was observed that a total of 1,20,74,662 unclaimed/undelivered shares of 35,505 shareholders in respect of 10 issuer companies were lying with the Noticee. Furthermore, it was observed that the Noticee has neither received nor processed any requests concerning the unclaimed/undelivered shares.

6.10.2. In response, the Noticee submitted that the concerned company had not given them any instructions to process cases related to unclaimed shares. However, it was observed in the PIA that the Noticee did not submit any document to validate this submission. Further, it is alleged that Noticee was under obligation to perform the procedural requirements specified in Schedule VI under Regulation 39 (4) of LODR Regulations on behalf of the company.

- 6.10.3. *In view of the above, Noticee is alleged to have violated Regulation 39 (4) of LODR Regulations read with Clause (5).(d) and Clauses 1.a and 1.c of Schedule I read with Clause 8 of the model agreement as prescribed by SEBI vide Circular on Instructions to Registrars to An Issue / Share Transfer Agents dated October 11, 1994 and Clause 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993.*
- 6.11. **System based alerts to exercise enhanced due diligence for cases as listed in Clause 13 of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018**
- 6.11.1. *During the inspection, it was noted that the Noticee lacked provision for system-based alerts to exercise enhanced due diligence on folios lacking PAN, bank details, and other requisite information. In this regard, it was observed that the request for issuance of duplicate shares of one Mr. Rakesh Kumar Verma for the folio of United Drilling Tools Ltd. was processed by the Noticee without the availability of crucial details such as PAN and Bank Account. It was observed that the system of the Noticee did not flag this folio for enhanced due diligence, as no alert was found. Additionally, it was observed that there is no provision for processing the requests received for folios lacking PAN, bank details, etc. that were marked for enhanced due diligence. Thus, it was observed that the Noticee had failed to exercise enhanced due diligence when processing requests for folios lacking PAN, bank details, etc.*
- 6.11.2. *In the submissions, Noticee provided a screenshot of the popup to SEBI generated for the folio marked for enhanced due diligence, vide email dated September 25, 2023. In addition to the above, Noticee has submitted a separate SOP related to provisions for processing requests received in regard to the folios marked for enhanced due diligence. However, it was noted in the PIA that the Noticee has not provided any documentation or responses regarding the observation of the absence of a system alert for the folio of Mr. Rakesh Kumar Verma of United Drilling Tools Ltd.*

- 6.11.3. *Accordingly, it is alleged that the Noticee has no adequate system (i.e. system-based alerts) in place to identify the folios (and alert the RTA employee) requiring enhanced due diligence while processing any request for the folio.*
- 6.11.4. *In view of the above, it is stated in the PIA that the reply of the Noticee cannot be accepted. Accordingly, the Noticee is alleged to have violated Clauses 13 and 14 of part II to Annexure of SEBI Circular dated April 20, 2018.*
- 6.12. ***Issuing letters to shareholders whose PAN and bank details were not available***
- 6.12.1. *During the inspection, it was observed that Noticee had failed to furnish copies of letters sent to the shareholders in 12 out of 14 sample cases for collecting PAN and bank details for folios where such information was not available.*
- 6.12.2. *In this regard, Noticee, had, inter alia, submitted that:*
- 6.12.2.1. *In five cases, the concerned company did not approve sending an intimation. The name and holding of shares given by the inspection team pertain to promoters of the companies.*
- 6.12.2.2. *In six cases, the company has dispatched the intimation at their end.*
- 6.12.2.3. *In one case, pertaining to the State Bank of India KYC, the intimation was not sent as the shares are under dispute and a court case is going on.*
- 6.12.3. *In the PIA, the response of the Noticee was not accepted as no material was submitted to substantiate its argument.*
- 6.12.4. *In view of the above, Noticee was alleged to have violated Clause 12 of part II to Annexure of SEBI Circular dated April 20, 2018.*
- 6.13. ***Wrong reporting was observed in Half yearly reports filed with SEBI***
- 6.13.1. *It was mentioned in the inspection report that the Noticee was required to report the changes in appointment and resignation of Directors and Key Personnel of RTA in Sections III.B and III.D. (iii) of the half yearly reports filed in terms of SEBI Circular No. CIR/MIRSD/7/2012 dated July 05, 2012. On perusal of the half-yearly reports filed by the Noticee for half year ending*

September 30, 2021, March 31, 2022 and September 30, 2022 , it was observed that the Noticee has wrongly reported 'Nil' information in the said sections.

6.13.2. In this regard, Noticee has, *inter alia*, submitted as under:

"...There is no change in Key persons of RTA during the inspection and therefore no reporting has been made. In Section III.B the change in status and/or constitution is required to be reported. Since Company has reported this information otherwise in compliance of the terms of issue of Permanent Registration of RTA for change in control and therefore it was not reported in this section. ..."

6.13.3. In this regard, it is alleged in the PIA that the Noticee has submitted an application bearing No. 983129 for post facto approval for change in control on August 28, 2021 which has not been reported in section III.B of the half-yearly reports. Further, it is alleged that the changes in the appointment and resignation of five Key Personnel of the Noticee during the inspection period were not reported in section III.D of the half-yearly reports as required in terms of SEBI Circular No. CIR/MIRSD/7/2012 dated July 05, 2012.

6.13.4. In view of the above, the Noticee has violated the provisions of:

6.13.4.1. SEBI Circular No. CIR/MIRSD/7/2012 dated July 05, 2012 read with SEBI Circulars No. RRTI Circular No. 1(94-95) dated October 11, 1994,

6.13.4.2. SEBI Circular No. CIR/MIRSD/5/2011 dated June 17, 2011 and

6.13.4.3. Regulation 14 (5) and Clauses 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993...."

7. The SCN was duly delivered to the Noticee by SPAD on July 15, 2024 and vide email on July 10, 2024. Noticee acknowledged the receipt of SCN vide email dated July 16, 2024.

8. Thereafter, the Noticee, vide email dated July 31, 2024 informed the undersigned about the filing of a settlement application in the present matter.

9. It is noted from the material on record that no reply was received within the time stipulated in the SCN for submission of reply. Accordingly, Noticee was granted an opportunity of hearing on August 12, 2024 vide Hearing Notice dated August 06, 2024. Further, Noticee was granted time till August 09, 2024 to submit a reply to the SCN. However, it is noted that the Noticee did not submit any reply to the SCN till August 09, 2024.
10. The hearing in the captioned matter was held on August 12, 2024. Mr. Harish Chandra Agrawal and Mr. Abhinav Kumar Agarwal, authorized representatives (hereinafter referred to as 'AR') of the Noticee attended the hearing on behalf of the Noticee. During the hearing, the ARs submitted that the Noticee has filed a settlement application in the present matter. Further, the Noticee was granted additional time until October 15, 2024 to make further submissions based on the request of the ARs.
11. It is noted from the material on record that the Noticee did not submit any reply to the SCN by October 15, 2024.
12. It is noted from the material on record that the settlement application of the Noticee was withdrawn on November 08, 2024.
13. Thereafter, in the interest of natural justice, one more opportunity of hearing was granted to the Noticee on November 19, 2024 vide Hearing Notice dated November 11, 2024. Further, the Noticee was given further time to make submissions till November 15, 2024.
14. In response, the Noticee requested the inspection of documents vide letter dated November 14, 2024. The Noticee was granted an opportunity for inspection of documents on November 25, 2024. The ARs of the Noticee conducted an inspection of the documents on November 25, 2024. Pursuant to the completion of the inspection, Noticee was granted another opportunity to submit its reply by December 16, 2024.

15. Thereafter, the Noticee, vide email dated December 18, 2024, *inter alia*, requested further time to submit a reply to SCN. In the interest of natural justice, vide email dated December 19, 2024, Noticee was granted time till January 04, 2025 for submitting reply and also, was granted another opportunity of hearing on January 07, 2025.
16. It is noted that the Noticee did not submit any reply even on the date of hearing, i.e., January 07, 2025. However, the hearing was held on January 07, 2025. Mr. Ritvik Mishra, AR of the Noticee attended the hearing. Further, as requested by the Noticee, another opportunity of hearing was granted to the Noticee on January 28, 2025. Further, the Noticee was granted time until January 24, 2025 to submit a reply.
17. It is noted that the Noticee had submitted its reply on January 24, 2025.
18. I note from the material on record that the hearing scheduled on January 28, 2025 was rescheduled to February 04, 2025. The hearing was held on February 04, 2025. Mr. Abhiraj Arora, Mr. Ritvik Mishra and Mr. Piyush Kaushal, ARs of the Noticee attended the hearing and reiterated the submissions made by the Noticee in its letter dated January 24, 2025. Further, at the request of the Noticee, it was granted time until February 10, 2025 for submitting an additional reply.
19. It is noted that the Noticee had submitted its revised reply on February 10, 2025.

Reply of the Noticee

20. As noted above, the Noticee had submitted its first reply on January 24, 2025.
21. However, it is noted that the Noticee, vide email dated February 10, 2025 submitted its revised reply. In its email dated February 10, 2025, the Noticee, *inter alia*, submitted as under:

“... We hereby request you to consider this as our final reply and disregard the previous replies that have been filed. ...”

22. In accordance with the request of the Noticee, only reply dated February 10, 2025 of the Noticee has been considered in the present proceedings.
23. In this context, it is noted that the Noticee has, *inter alia*, stated as under in its reply dated February 10, 2025:

“... ”

Covid Pandemic: Extenuating Circumstances during the Inspection Period

- 23.1. *Before delving into the submissions, it is pertinent to note that the period covered during the inspection, from April 1, 2021, to September 19, 2022, was marked by unparalleled hardships due to the second wave of the Covid pandemic. The entire country was gripped by a severe crisis, with lockdowns imposed nationwide to curb the rampant spread of the virus. These restrictions severely hindered the movement of people and the normal functioning of businesses.*
- 23.2. *As a result, workplaces were forced to operate with drastically reduced manpower and under stringent time constraints. The alleged delays and procedural issues in the functioning of the Noticee, as outlined in the SCN, must be viewed in light of these extraordinary and extenuating circumstances. The pandemic was a Black Swan event—a crisis of such magnitude that no one could have anticipated or adequately prepared for.*
- 23.3. *It is crucial that the submissions below be considered with this context in mind, acknowledging the immense challenges and operational constraints faced by everyone including the Noticee during this unprecedented period.*

Violation of principles of natural justice

- 23.4. *We submit that vide our letter dated November 14, 2024, we had requested for an inspection of documents that were relevant to the proceedings. Pursuant to our request, an inspection of documents was scheduled by the Ld. A.O. on November 25, 2024, and some of the documents were shared with us.*

- 23.5. *It is submitted that, during the inspection we had sought a copy of the action approval chart for the present proceedings, however the same was not provided. The minutes of inspection are attached herein as “Annexure A”.*
- 23.6. *It is submitted that the action approval chart specifies the nature of evidence relied upon in levelling allegations against the Noticee and therefore is critical for responding to the SCN. In the absence of this document, the Noticee is incapacitated to reply to the SCN.*
- 23.7. *In light of the above, it is sincerely requested that the action approval chart be furnished to us.*

Certification of Associated Persons

The allegation of lack of valid certificates is liable to be set aside

- 23.8. *The SCN in Para 6.1.1. alleges that of the 55 associated persons employed by the Noticee 39 did not have an NISM certification and 10 did not have a valid NISM certification.*
- 23.9. *In this regard it is pertinent to note Regulation 3(2) of the SEBI (Certification of Associated Person) Regulations, 2007:*
- “(2) An associated person on being employed or engaged by an intermediary on or after the date specified by the Board shall obtain the certificate within one year from the date of being employed or engaged by the intermediary.”*
- 23.10. *Accordingly, it is submitted that 15 out of the 39 individuals who did not possess NISM certification had only joined in March 2022 and therefore had time until March 2023 to obtain their respective certifications. Appointment letters of the 15 persons are attached herein as “Annexure B”.*
- 23.11. *It is therefore respectfully submitted that the allegation of unavailability of certificates, insofar as it pertains to these 15 individuals, is liable to be set aside.*
- 23.12. *It is submitted that 5 individuals were unable to get their certificates renewed for unavoidable reasons and 5 had been transferred from other departments in 2021 and could not obtain certificates on account of COVID related restrictions. Appointment letters of 5 persons transferred from other departments are attached herein as “Annexure C”.*

- 23.13. *It is submitted that, notwithstanding their lack of valid certification, the employees of the Noticee had been associated with the Noticee for a long time and had significant experience in the functioning of a Registrar and Share Transfer Agent. Accordingly, it is submitted that the day to day working of the Noticee was not impacted and it is not the case of SEBI that due to the lack of certification any loss/prejudice was caused to any investor/ client.*
- 23.14. *Without prejudice to the above, it is submitted that the alleged violation has been rectified. In fact, SEBI, in the inspection conducted for the period of September 20, 2022, to November 30, 2023 ("Subsequent Inspection"), has acknowledged that only one person did not have an NISM certification. This individual has since obtained their NISM certification. The post inspection analysis report for the Subsequent Inspection and NISM certification are attached herein as "Annexure D" and "Annexure E" respectively.*
- 23.15. *Based on the above, it is submitted that the inconsistencies in the certification status of the associated persons of the Noticee in a few instances occurred due to unavoidable reasons and were promptly rectified. In light of the above, it is requested that a lenient view be taken in respect of the alleged violations.*

Non-Execution of Tripartite Agreements

The allegation of non-execution of tripartite agreements is flawed and based on a fundamental misunderstanding of law

- 23.16. *The SCN in Para 6.2.3. alleges that the Noticee has not executed tripartite agreements in respect of seven listed entities, thereby violating Regulation 7(4) of the LODR Regulations and Regulation 9A (1) of the RTA Regulations.*
- 23.17. *Regulation 7(4) of the LODR Regulations, obligates the listed entity to enter into a tripartite agreement with its old and new share transfer agents ("STA"). in case of change in the appointment of the STA. The provision is reproduced hereinbelow:*

*"(4) In case of any change or appointment of a new share transfer agent, **the listed entity shall** enter into a tripartite agreement between the existing share transfer agent, the new share transfer agent and the listed entity, in the manner as specified by the Board from time to time:" (emphasis supplied)*

- 23.18. *It is accordingly submitted that the obligation under Regulation 7(4) of the LODR Regulations is evidently not on the STA but on the relevant listed entity. Accordingly, it is submitted that the invocation of Regulation 7(4) of LODR against the Noticee is misplaced and liable to be set aside.*
- 23.19. *Regulation 9A (1) of the RTA Regulations obligates the STA to enter into a legally binding agreement with the entity on whose behalf it is acting as a STA, dividing responsibilities between itself and the entity. The provision is reproduced hereinbelow:*
- “9A. Conditions of registration.—(1) 36[registration granted under regulation 8]] shall be subject to the following conditions, namely:-...
...(b)without prejudice to its obligations under any other law for the time being in force, it shall enter into a legally binding agreement with the body corporate or the person or group of persons for or on whose behalf it is acting as a registrar to an issue or a share transfer agent stating therein the allocation of duties and responsibilities between itself and such body corporate or person or group of persons, as the case may be;”*
- 23.20. *It is therefore clear that Regulation 9A(1)(b) applies only to agreements executed between an RTA and the entity it is providing services to. It is submitted that agreements under Regulation 9A have been executed with its client companies. The agreements are attached herein as “Annexure F”.*
- 23.21. *In any case the SCN in Para 6.2.3 has itself accepted the Noticee's response on the inapplicability of the requirement of tripartite agreements to 146 companies, as the agreements with them have been executed prior to the applicability of the LODR. Accordingly, it follows that the obligation to execute tripartite agreements only stems from the LODR and not Regulation 9A (1) of the RTA Regulations. Had the requirement of executing tripartite agreements stemmed from Regulation 9A (1) of the RTA Regulations as alleged, then the Noticee's reply with respect to the 146 companies could never have been accepted.*
- 23.22. *Notwithstanding the above, it is submitted that the allegation in respect of the violation of Regulation 9A(1)(b) is misplaced as the provision pertains only to*

the agreement between an STA and the entity it is providing services to. There is no mention of tripartite agreements anywhere in Regulation 9A(1)(b) of the RTA Regulations. It is accordingly submitted that the allegation of the violation of Regulation 9A (1) (b) is erroneous and therefore liable to be set aside.

The allegation of violation of Regulation 9A(1)(b) is erroneous

23.23. *Without prejudice to the above, it is submitted that the violation of Regulation 9A (1) cannot be alleged as the inspection team did not verify whether such agreements had been entered into. As depicted below, the verification was limited to only determining whether the Noticee had entered into tripartite agreements with its client companies.*

23.24. *In this regard it is pertinent to take note of the email dated December 13, 2022, from SEBI to the Noticee, wherein details of tripartite agreements entered into by the Noticee were sought. The relevant portion of the email is reproduced hereinbelow:*

*“1. Take note of your attached response in respect of the trailing email dated 07.11.2022. In this regard, provide the Tripartite Agreement of ONGC as mentioned in your response. Further, **it is advised to submit the information in respect of the tripartite agreements signed with all the client companies and the former STAs in the following format (give information for all 166 client companies)**” (emphasis supplied)*

23.25. *Accordingly, the Noticee vide its email dated December 20, 2023, furnished information on tripartite agreements signed with all its client companies.*

23.26. *The information on tripartite agreements provided by the Noticee in its email dated December 20, 2022, was perused by the inspection team. The inspection methodology as provided in the inspection report is reproduced hereinbelow:*

“It was checked whether:

- If it tripartite agreement then, name of new STA and issuer company*

- Whether complete data has been transferred to new RTA or not”

23.27. Further, even the observations in the inspection report are limited only to tripartite agreements:

“RTA has not signed tripartite agreements with 153 companies, including Jai Prakash Power Ventures Ltd.”

23.28. Based on the above, it is submitted that the allegation with respect to the violation of Regulation 9A(1)(b) is misconceived as the relevant agreements were not reviewed during the inspection.

The non-execution of tripartite agreements was beyond the Noticee's control

23.29. Without prejudice to the above, it is submitted that, for the reasons outlined below, the allegation of non-execution of the tripartite agreement is not applicable in two instances and beyond the control of the Noticee in other instances.

23.30. The observations regarding the non-execution of tripartite agreement were made in respect of 153 client companies including Jai Prakash Power Ventures Limited.

23.31. The Noticee in its reply to the inspection report clarified that in respect of 146 companies out of the 153, the Noticee was engaged prior to the introduction of the requirement to enter into tripartite agreements. The reply of the Noticee was accepted in the Post-Inspection Analysis Report, however it was observed that the Noticee has not made any submission regarding Jai Prakash Power Ventures Limited.

23.32. It is pertinent to note that the LODR Regulations came into force on December 1, 2015, that is 90 days from the date of its notification on September 2, 2015. The relevant provision is reproduced hereinbelow:

“1(2) They shall come into force on the **ninetieth day** from the date of their publication in the Official Gazette” (emphasis supplied)

- 23.33. *It is accordingly submitted that the share transfer facility of Jai Prakash Power Ventures Limited was transferred to the Noticee in 2014, prior to the applicability of the LODR Regulations and therefore the requirement of executing tripartite agreements was inapplicable in this instance. The agreement of the Noticee with Jai Prakash Power Ventures Limited dated March 1, 2014, is attached herein as “Annexure H”.*
- 23.34. *It is further submitted that in case of SJVN Ltd., the share transfer facility of the entity was transferred to the Noticee on September 14, 2015, prior to the applicability of the LODR Regulations on December 2, 2015. The agreement of the Noticee with SJVN Limited dated September 14, 2015, is attached herein as “Annexure I”.*
- 23.35. *In respect of the five other client companies, it is submitted that tripartite agreements could not be executed by the Noticee in the inspection period due to non-cooperation by the erstwhile RTAs of the relevant companies in providing the necessary records despite regular follow-ups by the Noticee. In 3 instances, the tripartite agreements have subsequently been executed, in 1 instance the company was transferred to another RTA and in 1 instance, the Noticee has still been communicating with the erstwhile RTA to obtain the necessary records:*

Listed Entity	Status of Execution
Bharat Heavy Electricals Limited	Tripartite Agreement executed on February 17, 2023, after receipt of records from erstwhile RTA. The agreement is attached herein as “Annexure J”.
IRCON International Limited	Tripartite Agreement executed on December 12, 2023, after receipt of records from erstwhile RTA. The agreement is attached herein as “Annexure K”.
Ecoboard Industries Limited	Tripartite Agreement executed on June 2, 2023, after receipt of records from erstwhile RTA. The agreement is attached herein as “Annexure L”.
NHPC Limited	Due to non-cooperation from the erstwhile registrar the tripartite agreement could not be executed. Share transfer facility was subsequently transferred to

	another RTA. No-objection letters to depositories are attached herein as “ Annexure M ”.
Engineers India Limited	Tripartite Agreement not executed due to non-receipt of records from erstwhile RTA. Email to RTA attached herein as “ Annexure N ”.

23.36. In this regard, it is pertinent to reproduce the relevant provisions of the Code of Conduct under the RTA Regulations, alleged to have been violated by the Noticee:

“3.A Registrar to an Issue and Share Transfer Agent shall at all times exercise due diligence, ensure proper care and exercise independent professional judgment.

*20.A Registrar to an Issue and Share Transfer Agent shall take adequate and necessary steps to ensure that continuity in data and record keeping is maintained **and that the data or records are not lost or destroyed**. Further, it shall ensure that for electronic records and data, up-to-date back up is always available with it.”*

23.37. At the outset, it is respectfully submitted that Clause 3 and Clause 20 of the Code of Conduct of the RTA Regulations do not apply to the alleged violation. The Noticee cannot be presumed to have an obligation under the Code of Conduct that exists solely on the listed company as stipulated by the LODR Regulations.

23.38. Further, even assuming without admitting that such an obligation exists under the RTA Regulations, the Noticee cannot be alleged to have violated Clause 20 in the absence of specific allegation/evidence of any loss or destruction of data or records as a result of the non-execution of tripartite agreements.

23.39. Without prejudice to the above, it is further pertinent to note that Clause 20 of Schedule III of the RTA Regulations requires an RTA to take “necessary steps” to maintain continuity in data and maintain records. It is accordingly submitted that the Noticee has been diligently communicating with the erstwhile RTAs of

client companies to obtain necessary records for the execution of tripartite agreements. This is evident from the execution of these tripartite agreement after the inspection period and emails sent to erstwhile RTAs where these agreements have not been executed.

- 23.40. *It is accordingly submitted that the allegation off violation of Clauses 3 and 20 is liable to be set aside.*

Unavailability of signature cards

The unavailability of signature cards was on account of systemic issues outside the Noticee's control

- 23.41. *The SCN in Para 6.3.1. alleges that the Noticee did not maintain signature cards for 46% of physical folios managed by it. It was further observed that no signature card was maintained for 90% of folios in the case of 67 client companies and for 100% of folios for 40 companies.*
- 23.42. *It is submitted that the Noticee could only update signature cards upon receiving them from the issuer company. Furthermore, in instances where the Noticee has obtained records from the issuer's previous RTA, the signature cards could be updated only when provided by the former RTA of the company. As the signature cards had not been received from the relevant entities, the Noticee was unable to update them. This non-provision of signature cards by listed companies and their erstwhile RTAs has led to a systemic issue, impacting the entire industry. The Noticee, despite diligent efforts, was unable to procure the necessary documents due to the lack of cooperation from these independent third parties.*
- 23.43. *It is submitted that SEBI in the Subsequent Inspection has acknowledged that the unavailability of signature cards is an industry vide issue and has dropped its observations.*
- 23.44. *It is accordingly submitted that the allegation of violation can only be levelled on account of an act/omission on the part of the Noticee. However, when a violation occurs on account of a systemic defect it is outside the control of the Noticee.*

23.45. Accordingly, it is respectfully submitted that the alleged violation stems from industry wide issues beyond the control of the Noticee. Given that SEBI has acknowledged these systemic issues, the allegation is liable to be set aside.

Issuance of Duplicate Shares

Delay in the processing of requests for duplicate shares was on account of the detailed procedure followed by the Noticee and was subsequently rectified

23.46. The SCN in Para 6.4.1. alleges that there was a delay in processing of requests for issuance of duplicate shares.

23.47. It is submitted that the process for the issuance of duplicate shares involves numerous checks and balances to ensure that the duplicate shares are delivered only to their rightful owner.

23.48. SEBI vide RTI circular No. 1 (2000-2001) date May 29, 2001, laid down certain “General Norms for processing of documents”, which stipulate the following procedure for the issuance of duplicate shares:

“23. The Company/ STA shall necessarily obtain the following documents duly executed by the claimant, prior to issue of duplicate shares to him:

Indemnity for issue of duplicate Share Certificate/s in the name of the person, in whose name the duplicates are being issued that he has not sold / disposed off the involved shares or acted in any manner by which any interest of third party would have been created, as per the applicable Annexure as detailed here under –

Annexure 8 – Indemnity by registered holder

Annexure 8A – General purpose indemnity

Annexure 9 – Indemnity by unregistered transferee/holder in due course

Annexure 10 – Affidavit by transferee

Annexure 11 – Indemnity by transferee for issue of duplicates without producing transfer deeds

Annexure 12 – Letter from buyer under provisions of Section 108 of Companies Act, 1956.

Company/ STA to:

i.inform all the Stock Exchanges where the shares are traded regarding the loss of shares in lieu of which duplicate shares are being issued, if not already informed

ii. issue an advertisement in a widely circulated newspaper if the value of the shares is greater than Rs 10,000 In case the Company/ STA issues duplicate share certificate based on any other documents, then the Company/ STA shall be solely responsible for the issue of such duplicate share certificates.”

23.49. It is submitted that the process evidently involves multiple stages wherein numerous documents are first obtained from the applicant and then verified. In cases where the value of shares exceeded a particular amount, the Noticee was mandated to circulate a newspaper advertisement regarding the issuance of duplicate shares.

23.50. It is submitted that the Noticee observed a waiting period of 15 days post the circulation of the advertisement to receive objections if any to the issuance of duplicate shares. This led to the overshooting of the mandated time period for the processing of such requests. Further, in a substantial number of cases the listed entities opted to publish newspaper advertisements themselves and published them in a delayed manner.

23.51. It is accordingly submitted that delays in processing requests for the issuance of duplicate shares were caused because of the detailed procedure followed by the Noticee to ensure that duplicate shares were not issued to the wrong person.

23.52. Without prejudice to the above, it is submitted that after receiving the observations from the inspection team the Noticee took steps to ensure that delays did not re-occur. Accordingly, in the subsequent inspection delays were observed only in 5 instances and the Noticee was issued an administrative warning.

23.53. It is accordingly requested that a lenient view be taken in regard to the said violation.

The Noticee exercised adequate due diligence in respect of folio Nos. 01024288 and 51665

- 23.54. *The SCN in Para 6.4.3. alleges that the Noticee failed to undertake necessary due diligence in respect of folio No. 01024288 where there was a mismatch in the name and addresses and for folio No. 51665 wherein only 20 of the 40 shares claimed had been specified in the FIR.*
- 23.55. *In respect of folio No. 01024288, while the name of the shareholder was “VIVEK KUMAR JAIN” as per the records of the company, the name on the PAN card submitted by the applicant was “VIVEK JAIN”. Further, the address mentioned in the shareholder’s Aadhar card differed from the address mentioned in the Noticee’s system. It was accordingly alleged that the Noticee failed to obtain the requisite documents to exercise due diligence on account of these discrepancies.*
- 23.56. *It is submitted that the allegation has been levelled erroneously, without appreciation of the facts available on record.*
- 23.57. *It is submitted that the discrepancy in the applicant’s name had already been communicated to the applicant by SBI’s erstwhile RTA, Datamatics Financial Services vide letter dated November 14, 2016. The applicant pursuant to the letter was requested to execute an affidavit stating that the name stated on the PAN and name stated in the records of the company are of the same person. The applicant vide letter dated July 7, 2017, furnished the required affidavit. The letters had been made available to the inspection team and are available as Annexure D to the inspection report. However, they are available on Pages 32 and 31 respectively of the folio documents attached here as “Annexure O”.*
- 23.58. *Regarding, the mismatch in address, it is submitted that is not mandatory for the address in the records to match with that in the Aadhar card. It is further submitted that the address in records of the Noticee has been updated based on valid documentation provided by the applicant. The applicant in his letter dated June 14, 2019, to the Noticee had provided his electricity bill and passbook as address proof for the new address. The letters had been made available to the inspection team and are available as Annexure D to the inspection report. However, the letter is available on Page 27 and the relevant documents are available as Pages 2-26 of “Annexure O”.*

- 23.59. *It is therefore submitted that requisite due diligence in respect of the inconsistencies in the name and address of the Noticee had already been conducted and necessary documents had been obtained. It is accordingly submitted that the allegations in respect of folio No. 01024288 are erroneous and accordingly liable to be set aside.*
- 23.60. *In respect of folio No. 51665, while the application was for the issuance of 40 shares, the FIR filed by the applicant only mentioned 20 shares.*
- 23.61. *In regard of the above it is submitted that the applicants initially owned 40 shares of Gujarat Propack Limited. In 2002, Gujarat Propack merged with Cosmo Films wherein one share of Cosmo Films was allotted against two shares of Gujarat Propack Limited. Accordingly, the applicant received 20 shares of Cosmo Films pursuant to the merger. Subsequently, there was a bonus issue of shares by Cosmo Films on 1:1 ratio, wherein an additional 20 bonus shares were allotted to the applicants. Accordingly, the FIR filed by the applicant mentioned 40 shares of Gujarat Propack Limited and 20 shares of Cosmo Films Ltd (together amounting to 40 shares of Cosmo Limited). The declaration of the merger on BSE, bonus declaration by Cosmo Films and FIR filed by the applicant are attached herein as “Annexure P”.*
- 23.62. *It is further submitted that all the relevant documents furnished by the applicant to the Noticee, such as the indemnity bond and affidavit, mention the loss of 40 shares. These documents are attached herein as “Annexure Q”.*
- 23.63. *It is accordingly submitted that the applicant has carried out the requisite due diligence prior to issuing duplicate shares in respect of folio No. 51665. Therefore, the above allegation is liable to be set aside.*

The Noticee has conducted adequate due diligence in respect of folio No. 13346

- 23.64. *The SCN in Para 6.4.4. alleges that the Noticee, in respect of folio Nos. 13346, has issued duplicate shares to an investor other than the shareholder. Further the SCN notes that the Noticee has made no submission regarding the observations of the inspection team on the non-availability of PAN, bank details, mismatch of address on documents submitted by investor with that in the folio.*
- 23.65. *It is pertinent to note that the investor in his application had provided numerous documents, relying upon which, the Noticee has ascertained the genuineness*

of the request. These include documents such as PAN card and Aadhar as identification and address proof; and documents such as a certificate and ISR Form-2 authenticating the applicant's signature verified by the applicant's banker. The applicant had also submitted an FIR lodged with the police station in Rajasthan.

- 23.66. Further, to ensure due diligence on account of the unavailability of the PAN card in the portfolio, the Noticee had verified the PAN card submitted by the applicant on various facilities, including that provided by the Income Tax department. Not only was the PAN card existing in the name of the applicant, but it was also linked to the Aadhar card submitted by the applicant. The process of linking one's Aadhar with PAN consists of multiple steps and is validated by the UIDAI before the linking takes place, and strongly indicates that the Aadhar and PAN belong to the same person. It is accordingly submitted that the Noticee issued duplicate shares, relying not only on the documents submitted by the applicant, but also upon the verification report generated on various platforms. The screenshots of verification report (evidencing the linking of the Aadhar with the PAN card) on the different platforms, including the income tax website, are attached herein as "Annexure R".
- 23.67. It is further submitted that the request for the issue of duplicate share certificates in respect of folio No. 13346 published as a newspaper advertisement and was disseminated by the concerned listed entity on the stock exchange. The stock exchange disclosure and newspaper advertisement are attached herein as "Annexure S" and "Annexure T".
- 23.68. It is submitted that despite publishing the advertisement and dissemination of the said request for the issuance of duplicate shares in respect of the folio on the stock exchanges, no objection was received in respect of the said shares. Further, no complaint has been received till date in respect of the folio. Finally, the allegation is based on the KYC documents obtained from the concerned depository participant, which have not been provided to the Noticee.
- 23.69. In light of the above, it is respectfully submitted that the Noticee took all the necessary steps to ensure that the duplicate shares were issued to the correct person.

23.70. *It is therefore submitted that the allegation that the duplicate shares were issued to an investor other than the shareholder is liable to be set aside.*

Violation of procedure under Regulation 39(4) of the LODR Regulations

The allegation is based on a lack of appreciation of the relevant facts and a misunderstanding of the law

23.71. *The SCN in Para 6.10.1. alleges that the Noticee neither received nor processed any requests concerning the 1,20,74,662 unclaimed/undelivered shares of 35,505 shareholders in respect of 10 issuer companies.*

23.72. *In this regard, it is pertinent to note that Regulation 39(4) of the LODR Regulation places the responsibility of processing requests for unclaimed/undelivered shares on the listed company and not on the Share Transfer Agent. Further, this responsibility may be delegated to the Share Transfer Agent by the listed entity under Clause A of Schedule VI. The relevant provisions are provided hereinbelow:*

“(4) The listed entity shall comply with the procedural requirements specified in Schedule VI while dealing with securities issued pursuant to the public issue or any other issue, physical or otherwise, which remain unclaimed and/or are lying in the escrow account, as applicable.

... SCHEDULE VI: MANNER OF DEALING WITH UNCLAIMED SHARES

[See Regulation 39(4)]

A. The listed entity may delegate the following procedural requirements to a share transfer agent.”

23.73. *It is a well-settled principle of law that the person alleging the existence of a fact has the burden of proving it.*

23.74. *It is respectfully submitted that in order to allege that the Noticee failed to process requests for unclaimed/undelivered shares, it must be established that the clients of the Noticee i.e. the listed companies had specifically delegated this function to the Noticee. In the absence of such document, no allegation can be levelled against the Noticee.*

23.75. *It is pertinent to note that the inspection report relies upon Clause 5(d) and Clause 8 read with Clauses 1(a) and 1(c) of Schedule I of the model agreement prescribed by SEBI vide circular dated October 11, 1994. The relevant provisions of the circular are being reproduced hereinbelow:*

“5(d). It shall carry out its duties/responsibilities and complete all the formalities within the specified time limits as per the relevant Statutes, SEBI Guidelines and Stock Exchange Regulations...

8. The company and the Transfer Agent agree to their functions, duties and obligations in respect of each activity relevant to the Share Transfer as specified in the Schedule I hereto...

SCHEDULE I

1.SPECIFIC ACTIVITIES

*a. STA will receive and attend promptly correspondence received from shareholders/ debenture holders / company / stock exchanges / SEBI / other bodies and will segregate the inward mail as transfer requests, request for endorsements as fully paid-up, receipt of call money, request for change of address, transmission, transposition, deletion of name, **other letters** from investors.*

*c.Transfer Agents shall process all transfer/transmission/transposition/change of address/**other requests**/complaints and generate checklist, verify the same and correction of such data.” (emphasis supplied)*

23.76. *The inspection report therefore places explicit reliance on the words “other requests/letters” to level allegations against the Noticee.*

23.77. *It is submitted that the provisions relied upon in the inspection report are general obligations which make no explicit mention of receiving or processing requests in relation to unclaimed shares. It is submitted that reading such an obligation into the clauses would lead to a contradiction between the model agreement and Regulation 39(4) read with Clause A of Schedule VI of the LODR Regulations and is therefore impermissible.*

- 23.78. *It is submitted that, in levelling the above allegation, the inspection report has erroneously reversed the burden of proof on the Noticee based on a misinterpretation of law.*
- 23.79. *It is therefore submitted that the allegation pertaining to not receiving or processing request for unclaimed shares is based on a misinterpretation of law and an erroneous standard of burden of proof, and accordingly liable to be set aside.*

No system-based alerts in respect of folios requiring enhanced due diligence

The allegation regarding the lack of system-based alerts and enhanced due diligence in respect of folio No. 13346 is liable to be set aside

- 23.80. *The SCN in Para 6.11.1. alleges that the Noticee had no proper system to identify folios for enhanced due diligence.*
- 23.81. *It is submitted that the Noticee has a system in place to detect folios in respect of which PAN or bank details are missing. The program runs on a weekly basis and flags folios based on the availability of the PAN or the lack thereof. The Noticee receives a system-based alert whenever a request is raised from any of these folios. The Noticee had provided a screenshot of such an alert during inspection and the same is attached herein as “Annexure U”.*
- 23.82. *It is pertinent to note that the allegation is based on the fact that a request for the issuance of duplicate shares in respect of folio No. 13346 was processed without the availability of crucial details such as PAN and bank details and no system-based alert with respect to the folio was found.*
- 23.83. *The screenshot provided by the Noticee was not considered as it did not pertain to the folio No. 13346 and no specific system-based alert for that folio was found.*
- 23.84. *In this regard it is submitted that while Clause 14 of the circular dated April 20, 2018, requires an RTA to have system-based alerts for certain folios there is no requirement in the Circular or otherwise, that such an alert needs to be stored. It is further submitted that the Noticee cannot reasonably be expected to preserve screenshots/records of a system-based alert each time such an alert is raised.*

- 23.85. *The SCN further alleges that the Noticee failed to exercise enhanced due diligence while processing the request for duplicate shares in respect of the said folio.*
- 23.86. *In this regard, it is pertinent to take note of the meaning of enhanced due diligence as mentioned in Clause 14 of the circular:*
- “...For the purpose of exercising enhanced due diligence, Issuer Companies and/or RTAs shall call for documents related to proof of identity/address, PAN and bank details, and such other additional procedures that would enable the Issuer Company/RTA to reasonably satisfy itself about the genuineness of the request.”*
- 23.87. *It is not the case of SEBI that documents mentioned in the clause have not been obtained. To the contrary, the applicant had provided these documents in the application itself. The documents provided by the applicant are attached herein as “Annexure V”.*
- 23.88. *Additionally, it is submitted that the Noticee verified the PAN card on the income tax website and various other platforms, confirming that the PAN card provided by the applicant was linked to the Aadhar card submitted by the applicant.*
- 23.89. *Based on the above, it is submitted that the allegation on the lack of system-based alerts and the failure of the Noticee to exercise enhanced due diligence is erroneous and liable to be set aside.*

Violation of procedure for processing of transmission requests

Adequate due diligence was observed in processing the transmission request in respect of folio No. 8775

- 23.90. *The SCN in Para 6.5.1. alleges that the Noticee processed a transmission request in respect of folio No. 8775 without obtaining a transmission form ISR-4 from the applicant.*
- 23.91. *In this regard, it is admitted that the form ISR-4 was not obtained from the applicant while processing the transmission request in respect of the folio.*
- 23.92. *Notwithstanding the above, it is submitted that the Noticee obtained various other documents from the applicant such as an affidavit, PAN card, death*

certificate, indemnity bond and guarantee prior to the processing of the transmission request. The relevant documents obtained from the applicant have been made available as Annexure 10 to the SCN, however they are being attached herein as “Annexure W”.

23.93. It is respectfully submitted that obtaining the ISR-4 form was merely a procedural requirement and the Noticee by obtaining the other documents mentioned above ensured adequate due diligence in respect of the transmission request.

23.94. It is not the case of SEBI that shares were transmitted to a person other than the applicant.

23.95. It is therefore submitted that no loss or prejudice was caused to the shareholder by not obtaining the transmission form and no complaints were received. It is accordingly requested that a lenient view be taken in respect of the violation.

Wrong signature in folio No. Z6129 was promptly rectified

23.96. The SCN in Para 6.5.3 alleges that the Noticee uploaded a wrong signature in folio No. Z6129.

23.97. The Noticee, while processing the transmission request, had mistakenly uploaded the signature of the applicant’s brother who had given a no-objection certificate instead of the applicant’s signature.

23.98. In light of the above, it is submitted that upon receiving the observations of the inspection team, the Noticee promptly uploaded the correct signature in the folio.

23.99. In light of the above, it is submitted that the wrong signature in folio No. Z6129 was rectified and accordingly no prejudice was caused to any shareholder of the client company.

23.100. It is accordingly requested that a lenient view be taken in respect of the allegation.

Violations in the processing of demat requests

The delay in processing demat requests is minimal

23.101. The SCN in Para 6.6.1 alleges that in 54 instances demat requests were processed after the stipulated time of 15 days.

23.102. Upon perusal of Annexure 11 of the SCN which provides the time taken to process each of the 54 instances, it is clear that all the demat requests have been processed within 16-17 days. Admittedly, there was only a delay of 1-2 days in processing each demat request. A screenshot from Annexure 11 of the SCN, depicting the delay is reproduced hereinbelow:

23.103. It is submitted that the delay in processing demat requests was an exceptional circumstance, primarily due to holidays. This minimal delay of merely 1-2 days did not cause any harm to investors.

23.104. It is accordingly requested that a lenient view be taken with regard to the above violation.

The allegation of failure to obtain additional documents in case of mismatch of name is based on a misunderstanding of law

23.105. The SCN in Para 6.6.2. alleges that the Noticee, before processing the request for dematerialisation, failed to obtain additional documents where there was a mismatch in name, thereby violating Clause 2 of the SEBI Circular No. SEBI/HO/MIRSD/RTAMB/CIR/P/2019/122 dated November 5, 2019 (“Circular”):

“2. To augment the integrity of the system in processing of dematerialization request in respect of the remaining physical shares, **the Depositories and the listed companies / RTAs are directed to implement the following due diligence process: ...**” (emphasis supplied)

23.106. It is therefore clear that the obligation under Clause 2 of the Circular has been imposed collectively on the depositories, listed companies and the RTA.

23.107. The Circular under Clause 2 (III) prescribes the procedure to be followed in case of mismatch of name in the share certificate vis-à-vis the name of the beneficial owner of the account:

“III. In case of mismatch of name on the share certificate(s) vis-à-vis name of the beneficial owner of demat account, **the depository system shall generate flag / alert**. In instances, where such flags / alerts have been generated, the following

additional documents explaining the difference in name, as prescribed in paragraph 2 (b) of the cited SEBI circular of November 06, 2018, shall be sought, namely:

- i. Copy of Passport*
- ii. Copy of legally recognized marriage certificate*
- iii. Copy of gazette notification regarding change in name*
- iv. Copy of Aadhar Card” (emphasis supplied)*

23.108. *Accordingly, it is clear that due diligence is to be exercised by an RTA only when the depository system has flagged a mismatch in name. Therefore, where no alert/flag has been raised by a depository participant no requirement for obtaining additional documents arises.*

23.109. *At the outset, it is pertinent to note that the Noticee received the demat request in respect of folio No. 05103962 from the concerned depository participant vide letter dated August 2, 2021. In the letter, the depository participant confirmed that it had verified the certificate that had been submitted by the applicant and certified that the security holder held an account in the same name with the depository participant. The depository participant’s letter to the Noticee and applicant are available on Page 1 and 2 of “Annexure Y” respectively.*

23.110. *Based on the above, it is submitted that in light of the confirmation by the depository participant and the lack of alert, there was no requirement to exercise due diligence in respect of the folio.*

23.111. *It is therefore submitted that the allegation of lack of due diligence in respect of folio No. 05103962 is based on a misunderstanding of the applicable law and therefore liable to be set aside.*

23.112. *Updating the address without receiving a request, as well as failing to update the address despite receiving a request.*

The addresses were updated based on new addresses provided by applicants for issuance of duplicate shares

23.113. *The SCN alleges that the Noticee in Para 6.7.4. updated addresses in respect of 4 folios without being in receipt of any request for the same.*

- 23.114. *It is submitted that the Noticee updated the addresses based on the new addresses mentioned in the documents provided by applicants for the issuance of duplicate shares.*
- 23.115. *It is submitted that the addresses were updated in order to ensure that any correspondences with shareholders could be directed to their current addresses.*
- 23.116. *Without prejudice to the above, it is respectfully submitted that such an issue has been observed merely with respect to 4 folios and there is no observation of any prejudice to any client as a result.*
- 23.117. *It is further submitted that upon the receipt of the inspection report, the Noticee discontinued the practice of prematurely updating addresses. This is evident from the fact that no such observation has been made in the Subsequent Inspection.*
- 23.118. *In light of the fact that no prejudice has been caused to any shareholder and the violation is hyper-technical, and given that the practice was immediately discontinued, it is requested that a lenient view be taken in relation to the said violation.*
- Failing to update an address after receiving a request to do so constitutes a minor infraction.*
- 23.119. *The SCN in Para 6.7.5 alleges that the Noticee failed to change the address in one instance despite being in receipt of the request for the same.*
- 23.120. *It is submitted that the failure of the Noticee to update address was based on a bona-fide belief that the applicant had only requested the delivery of a new share certificate to the address mentioned on the voter ID card and had not requested for a change in address.*
- 23.121. *It is respectfully submitted that as the default only occurred in one instance, is only a minor default and there is no observation of any prejudice caused to any client as a result.*
- 23.122. *It is submitted that no such default has been found in the subsequent inspection.*
- 23.123. *In light of the above, it is submitted that a lenient view be taken in relation to the said violation.*

In 6 instances transfer requests were processed on the receipt of directions from the Ministry of Defence

- 23.124. *The SCN in Para 6.8.1. alleges that the Noticee in 8 instances processed transfer request after April 1, 2019.*
- 23.125. *In six out of eight instances, the Noticee processed the transfer of sixty physical shares held in Mazagaon Dock Shipbuilders Limited from certain shareholders to the President of India.*
- 23.126. *In this regard, it is pertinent to note that the shareholders held the sixty shares in physical form as nominees of the President of India and not in their individual capacity.*
- 23.127. *At the outset, it is submitted that the transaction in respect of the six folios is not a transfer per se as the shares were never held by the shareholders in their personal capacity.*
- 23.128. *When the company had its Initial Public Offer in 2020, there was initially a push to dematerialize these shares to ensure compliance Regulation 31(2), however the same could not be done on account of reservations on the part of the nominees to have the shares transferred in their personal demat accounts. Accordingly, the shares were not dematerialized and a disclosure to that effect was made in the offer document filed by the company. It is therefore clear that the shares remained in their physical form for reasons outside the Noticee's control. The relevant pages of the offer document filed Mazgaon Dock Shipbuilders Ltd. dated September 19, 2020 are attached herein as "Annexure Z".*
- 23.129. *Without prejudice to the submission above, it is submitted that the client company furnished the Noticee with a formal communication from the Ministry of Defence directing the "transfer" of these physical shares from the nominee shareholders to the President of India. The correspondence between the Ministry of Defence and the company is attached herein as "Annexure AA".*
- 23.130. *Accordingly, it is submitted that the transaction was processed by the Noticee under the bona fide belief that it was obligated to comply with the request from the Ministry of Defence.*

- 23.131. *It is submitted that besides not being a transfer per se, the request was processed only at the insistence of the Ministry of Defence. Therefore, the allegation in respect of the six instance is liable to be set aside.*
In 2 instances the transfer requests were processed in exceptional circumstances upon the approval of the company
- 23.132. *Out of the 8 instances in the SCN, the transfer request in respect of folio No. 1437016 of SBI was processed in exceptional circumstances upon the receipt of approval from the concerned company.*
- 23.133. *It is submitted that the transfer deed in regard to the folio was executed in 1997 and was lodged with MCS Ltd., the erstwhile RTA of SBI. The request was first rejected in 1999 on account of signature mismatch. The transfer request could not be re-lodged for a long time, as the transferor was not traceable. The details of the execution of transfer deed and objection are available on Page 37 and 38 of “Annexure BB”.*
- 23.134. *The transferor was subsequently only found in 2021, and the transfer request was accordingly re-lodged again pursuant to a letter dated October 14, 2021. The copy of letter dated October 14, 2021, is attached herein as “Annexure CC”.*
- 23.135. *From the above, it is evident that the transferees in the present case had to wait for more than 20 years to receive the shares. Accordingly, taking account of exceptional circumstances and the hardship caused to the transferees, the transfer was processed in discussion with the client company.*
- 23.136. *It is submitted that the transfer was approved by the company in its Share and Bonds Transfer-cum-Transmission Committee meeting dated December 3, 2021. The Noticee’s transaction register and email from the client company communicating its approval in respect of the said transaction is attached herein as “Annexure DD”.*
- 23.137. *Similarly, the transfer request in respect of folio No. 01148705 of SBI was processed in exceptional circumstances upon the receipt of approval from the concerned company.*
- 23.138. *It is submitted that the transfer deed in regard to the folio was executed in 1994. The request was first rejected in 1995 and 2005 on account of signature*

mismatch. The seller of the shares could not be traced for a long time. Finally, she was found and agreed to give a no-objection certificate in respect of the said transfer. The rejection letters dated July 28, 1995, and December 20, 2005, and no-objection certificate dated January 15, 2022 are available on Pages 54, 47 and 30 respectively in “Annexure EE”.

- 23.139. *In this case too, the transferee had to wait for more than 20 years to receive the shares. Accordingly, taking account of exceptional circumstances and the hardship caused to the transferees, the transfer was processed in discussion with the client company.*
- 23.140. *It is submitted that the Noticee that the transfer request was approved by the company in its Share and Bonds Transfer-cum-Transmission Committee meeting dated February 8, 2022. The Noticee’s transaction register and email from the client company communicating its approval in respect of the said transaction is attached herein as “Annexure FF”.*
- 23.141. *It is therefore submitted that the transfer was only processed upon approval of the client company, considering the hardships caused to shareholders. Given, that no prejudice was cause to any investors/client company as a result, it is requested that a lenient view be taken in regard to the said violation.*
- 23.142. *In this regard, it is pertinent to note the observations of the Hon’ble Supreme Court in the case of SEBI v. Ajay Agarwal [(2010) 3 SCC 765]:*

“33. If we look at the legislative intent for enacting the said Act, it transpires that the same was enacted to achieve the twin purposes of promoting orderly and healthy growth of securities market and for protecting the interest of the investors. The requirement of such an enactment was felt in view of substantial growth in the capital market by increasing the participation of the investors. In fact such enactment was necessary in order to ensure the confidence of the investors in the capital market by giving them some protection.

*34. The said Act is pre-eminently a social welfare legislation seeking to protect the interests of common men who are small investors. **It is a well-known canon of construction that when***

the court is called upon to interpret provisions of a social welfare legislation the paramount duty of the court is to adopt such an interpretation as to further the purposes of law and if possible eschew the one which frustrates it...(emphasis supplied).

23.143. *It is accordingly submitted, that while the LODR regulations prescribe a deadline for processing transfer requests for physical securities, the same should be interpreted with some flexibility. Given that the purpose of these regulations is to protect investors, it is imperative that in instances of exceptional delays, the challenges encountered by investors are appropriately taken into account. In these cases, the transferees, for no fault of their own, faced significant delays of over two decades due to traceability issues. Since, the requests were processed by the Noticee to address the hardships caused to investors, imposing a stringent penalty on the Noticee would not align with the spirit of the regulations. Thus, it is respectfully submitted that an administrative warning is more appropriate to address the delay.*

Delay in processing of Transfer and Re-lodgement requests

- 23.144. *The SCN in Para 6.9.1.1 alleges that there was a delay of more than 95 days in processing transfer and re-lodgement requests in respect of 14 folios.*
- 23.145. *At the outset, it is submitted that the time for processing transmission requests during inspection has erroneously been considered as 15 days, solely relying upon Regulation 40(3) of the LODR and ignoring other relevant circulars.*
- 23.146. *It is submitted that SEBI, in its circular dated November 6, 2018, provided certain relaxations to the procedure for processing transfer requests in respect of physical securities, in case of issues such as signature mismatch and unavailability of documents. Clause 2(c)(iii) of the circular provides a timeline for processing such requests:*

“3.Companies / RTAs shall publish an advertisement in at least one English language national daily newspaper having nationwide circulation and in one regional language daily newspaper published in the place of registered office of the listed entity is situated, giving

notice of the proposed transfer and seeking objection, if any, to the same within a period of 30 days from the date of advertisement. A copy of the advertisement shall also be published on the company's website."

- 23.147. *The transfer requests in respect of the folios were received in March 2021, a period during which lockdowns were imposed on account of the COVID. During this period intermediaries and companies were functioning at a limited capacity and limited manpower, causing there to be inevitable delays in the processing of investor requests.*
- 23.148. *Accordingly, SEBI in its circular dated April 13, 2020, granted relaxation of 21 days to issuer companies and RTAs from the prescribed timeline for certain activities/processing of investor request including pending transfer requests, until the pendency of the lockdown. In case of extension of lockdown, an additional extension equal to the number of days of the lockdown was given to intermediaries. The circular is attached herein as "Annexure GG".*
- 23.149. *It is submitted that the lockdown was imposed in Delhi from April 19, 2021, to June 14, 2021 (56 days of lockdown), to tackle the spread of infections, and the same must be considered while calculating the relaxation granted to intermediaries pursuant to the circular dated April 13, 2020. The lockdown order dated June 5, 2020, is attached herein as "Annexure HH".*
- 23.150. *Subsequently, SEBI vide circular April 29, 2021, extended the application of relaxed timelines for these activities in relation to pending requests till July 31, 2021. The circular is attached herein as "Annexure II".*
- 23.151. *In light of the above, it is submitted that the relaxations must be considered while evaluating whether or not there was any delay in processing the transfer request in respect of identified folios.*

Folio No.	Date of publishing of advertisement	Relaxed Timeline (30 days+21 days+56 days= 107 days)	Date of processing of request	Within prescribed time limit
10792	April 3, 2021	July 19, 2021	June 30, 2021	Yes
17335	April 3, 2021	July 19, 2021	June 30, 2021	
16316	April 3, 2021	July 19, 2021	June 30, 2021	
16286	April 3, 2021	July 19, 2021	June 30, 2021	
16315	April 3, 2021	July 19, 2021	June 30, 2021	
51036	July 3, 2021	October 18, 2021	August 8, 2021	
405811	August 20, 2021	December 5 2021	October 1, 2021	
406043	August 20, 2021	December 5 2021	October 1, 2021	
406046	August 20, 2021	December 5 2021	October 1, 2021	
5996	April 5, 2021	July 23, 2021	June 24, 2021	

23.152. Accordingly, the allegation of delay in respect of the above folios is misplaced and liable to be set aside.

23.153. In respect folio Nos. 02607105, 01132018, 01707537 and 02666865 the SCN alleges that there was a delay of 295 days.

23.154. It is submitted that the concerned company was facing issues in holding its share transfer committee meetings on account of covid-related restrictions. It is accordingly submitted that the approval for processing of requests in respect of the said folios could only be sought on January 4, 2022, and was received in the share transfer committee meeting held on January 5, 2022. The transaction register maintained by the Noticee and email from SBI communicating approval of transfer in regard of these folios and is herein attached as "Annexure KK".

23.155. In this regard, it is pertinent to note that the Hon'ble Supreme Court took suo-motu cognizance of the difficulties faced by litigants in filing petitions/applications/suits/appeals within the period of limitation on account of the covid-outbreak. Accordingly, in an order dated January 10, 2022 [MA No. 21 of 2022], the Court directed that the period from March 15, 2020, to February 20, 2022, shall stand excluded for the purposes of limitation. The relevant excerpts of the order are reproduced hereinbelow:

“5. Taking into consideration the arguments advanced by learned counsel and the impact of the surge of the virus on public health and adversities faced by litigants in the prevailing conditions, we deem it appropriate to dispose of the M.A. No. 21 of 2022 with the following directions:

1. The order dated 23.03.2020 is restored and in continuation of the subsequent orders dated 08.03.2021, 27.04.2021 and 23.09.2021, it is **directed that the period from 15.03.2020 till 28.02.2022 shall stand excluded for the purposes of limitation as may be prescribed under any general or special laws in respect of all judicial or quasi- judicial proceedings**” (emphasis supplied)

23.156. It is submitted that the relief granted by the Hon'ble Supreme Court clearly depicts the immense hardships and unparalleled difficulties endured during the pandemic. Accordingly, given that the delay in respect of the above folios occurred due to the unprecedented restrictions imposed because of covid, it is earnestly requested that a lenient view be taken in respect of the said violations. The Noticee had preserved adequate documentation in respect of folio No. 5106734

23.157. The SCN in Para 6.9.1.3 alleges that an original copy of the transfer deed and the signature of the transferor was unavailable in respect of the folio. The SCN further states that the reply of the Noticee stating that the shares were transferred to someone else was not found to be clear and tenable.

23.158. Regarding the reply of the Noticee, it is pertinent to note that it was initially alleged in the inspection that while the shares were purchased by a Shashi Sharma, they were wrongfully transferred to her lawyer Raj Kumar Sharma. The

Noticee in its reply to the inspection report has responded to this allegation, stating that Raj Kumar Sharma was the husband of Shashi Sharma, who also happened to be an advocate. It is further submitted that various documents including the transfer deed and correspondences mention the name of Mr. Raj Kumar Sharma as the transferee and that the inspection report has erroneously solely relied on a letter from the seller, which mistook Raj Kumar Sharma as the advocate of Shashi Sharma.

- 23.159. *Regarding the unavailability of the original transfer deed and the signature of the seller, it is pertinent to take note of the SEBI Circular No. SEBI/HO/MIRSD/DOS3/CIR/P/2018/139/2018 dated November 6, 2018. The circular, provided for certain relaxations in the procedure to be followed when certain documents related to the transfer were unavailable or where seller was not traceable or not cooperating. The circular is annexed herein as “Annexure LL”.*
- 23.160. *It is submitted that clause (d) of the circular read with clause c(iii) makes it clear that a transfer may be processed even in the absence of certain documents and the signature of the transferor, given that the buyer furnishes an indemnity bond, his identity proof/address proof and an undertaking that the shares will be locked-in for six months. In addition to this, the RTA is required to issue an advertisement in the newspaper and a disclosure is to be made in the stock exchange regarding the transfer.*
- 23.161. *Based on the above, it is submitted that the unavailability of the original transfer deed or the signature of the seller is of no consequence as the applicant, in compliance with the circular has already provided the required indemnity bond, identity/address proof and an undertaking. Further, an advertisement in respect of the said shares was published on October 27, 2021, and the same was also disseminated on the stock exchange. The documents/disclosures are annexed herein as “Annexure MM”.*
- 23.162. *It is further submitted that despite the publishing of a newspaper advertisement and stock exchange dissemination, no objection has been received in regard to the transfer.*

- 23.163. *In light of the above, it is submitted that the allegations are erroneous and based on an improper appreciation of the applicable law and accordingly liable to be set aside.*
The Noticee had preserved adequate documentation in respect of folio No. 5996
- 23.164. *The SCN in Para 6.9.1.4. alleges that the Noticee had not considered the rejection points raised by the company when the transfer request was initially placed. Further SCN notes that the Noticee has not obtained the PAN card of the seller.*
- 23.165. *It is pertinent to note that the following rejection points were raised when the transfer request was first placed. -the transfer deed was time-barred, there had been an inadequate payment of stamp duty*
- 23.166. *In this regard, it is pertinent to take note of the of the SEBI Circular No. SEBI/HO/MIRSD/DOS3/CIR/P/2018/139/2018 dated November 6, 2018. The circular, provided for certain relaxations in the procedure to be followed when certain documents related to the transfer were unavailable or where seller was not traceable.*
- 23.167. *It is submitted that clause (d) of the circular read with clause c(iii) makes it clear that a transfer may be processed even in the absence of certain documents and the signature of the transferor, given that the buyer furnishes an indemnity bond, his identity proof/address proof and an undertaking that the shares will be locked-in for six months. In addition to this, the RTA is required to issue an advertisement in the newspaper and a disclosure is to be made in the stock exchange regarding the transfer.*
- 23.168. *In this regard, it is pertinent to note that on the perusal of the folio documents, it becomes clear that the applicant had addressed their request for re-lodgement to the company. The company instructed the applicant to submit the required documentation for the transfer, despite being aware of previous objections, and did not raise any further issues regarding the transfer. The letter of the applicant dated March 22, 2021, referring to the directions of the company in an earlier letter is available on Page 5 of “Annexure NN”. Further, to ensure the genuineness of the request, Noticee, in a letter dated March 31, 2021, notified*

the transferor of the transfer of shares and requested them to share their objections with the Noticee, if any. The Noticee's letter dated March 31, 2021, is available on Page 1 of "Annexure NN". The Noticee did not receive any objections from the transferor or the listed company and had conducted adequate due diligence, ensuring that the transfer was in accordance with law.

23.169. *Without prejudice to the above, it is important to set out the reason for the rejection of a transfer on account of it being time-barred. In this regard, Section 108(1A) (b) (i) of the Companies Act, 1956 provides for the time period within which an instrument of transfer of shares dealt in or quoted on a stock exchange needs to be delivered to the company for registration. The relevant portion of the section is reproduced hereinbelow:*

"(i) in the case of shares dealt in or quoted on a recognised stock exchange, at any time before the date on which the register of members is closed, in accordance with law, for the first time after the date of the presentation of the prescribed form to the prescribed authority under clause (a) or within 1 [twelve] months from the date of such presentation, whichever is later"

23.170. *Accordingly, the objection of the transfer being time-barred arises only if the instrument is not delivered within timeframe. It is submitted that this objection is of a procedural nature and currently assumes no significance owing to the repeal of the Companies Act, 1956 and the circular dated November 6, 2018, which allows for the transfer to be processed even when certain documents, including the transfer deed are unavailable.*

23.171. *In regard of the objections of payment of inadequate stamp duty is irrelevant as the request for transfer has been duly re-lodged after complying with the procedure stipulated under the circular dated November 6, 2018. The documents/disclosures are annexed herein as "Annexure NN".*

23.172. *As for as the observation on the unavailability of PAN card of the seller, it is pertinent to take note of Clause 2(a) of the circular dated November 6, 2018:*

"Non-availability of PAN of the transferor for transfer deeds executed prior to December 01, 2015: It has been brought to the

*notice of SEBI that many transfer deeds executed prior to the notification of LODR, (i.e., December 01, 2015) have not been registered due to non-availability of PAN of the transferor. **It is clarified that transfer deeds executed prior to notification of LODR may be registered with or without the PAN of the transferor as per the requirement of quoting PAN under the applicable Income Tax Rules***

- 23.173. *Rule 114B of the Income Tax Rules, 1962 lists out the transactions in respect of the PAN number needs to be quoted. It is pertinent to note that the transfer of shares listed on a recognized stock exchange are not mentioned in this list.*
- 23.174. *The Form SH-4 submitted by the applicant specifies the transfer deed to have been executed in 2000, i.e., way prior to 2015. This is further corroborated by the existence of objection memos dating back to the year 2000. It is accordingly submitted that the PAN card of the seller is not required to process this transaction. Form SH-4 as filed by the applicant and copy of the objection memo are available on Pages 38 and 22 of “Annexure NN”. [Note: These documents are part of Annexure K to the Inspection Report].*
- 23.175. *It is further submitted that despite the publishing of a newspaper advertisement and stock exchange dissemination, no objection has been received in regard to the transfer.*
- 23.176. *It is therefore submitted that the allegation of unavailability of documents and non-consideration of objections is misplaced and liable to be set aside.*
There is no discrepancy in respect of folio No. 10792
- 23.177. *The SCN in Para 6.9.1.5. states that there were two transfer deeds in the folio No. 10792 with different consideration amounts. Further, it was noted that the Noticee’s submissions on the absence of the transferor’s signature in the folio were found to be unclear.*
- 23.178. *The request for registration of transfer was first placed on May 1, 2012, and was rejected on account of the unavailability of the seller’s PAN and residence proof. The consideration in the transfer deed (Rs. 1500) was recorded on the basis of the market price prevalent at that time.*

- 23.179. *The transfer request was thereafter re-lodged on March 29, 2019, and accordingly the market price prevalent on the said date was mentioned in the deed.*
- 23.180. *It is accordingly submitted that differential consideration was recorded on account of the lodgement of request on different dates.*
- 23.181. *Regarding the absence of the transferor's signature, it is submitted that a valid seller's signature was provided when the transfer request was initially lodged and the same was available on record (Page 2 of "Annexure OO"). Therefore, there was no need to obtain the seller's signature again when the request was re-lodged in accordance with the Circular dated November 6, 2018. The documents/disclosures are annexed herein as "Annexure OO".*
- 23.182. *In light of the above, it is submitted that there was no discrepancy in relation to folio No. 10792.*
- 23.183. *It is further submitted that despite the publishing of a newspaper advertisement, no objection has been received in regard to the transfer. The newspaper advertisement is available on Page 6 of "Annexure OO".*

The Noticee exercised adequate due diligence in respect of folio Nos. 01780313 and 405811

- 23.184. *The SCN in Para 6.9.1.2. alleges that the Noticee did not make any submission with regard to the observation of mismatch of signature in respect of folio Nos. 405811 and 01780313.*
- 23.185. *At the outset, in respect of folio No. 405811, the inspection team had observed that the Noticee has rejected the application for registration of transfer stating mismatch of signature as one of the reasons, while there was no such mismatch. However, the SCN in Para 6.9.1.2, contradictorily, states that there was a mismatch of signature in respect of the folio. It is accordingly submitted that the allegation in the SCN is incorrect.*
- 23.186. *In light of the above, it is submitted that application in respect of folio No. 405811 suffered from serious defects- for instance, in this case no proof of payment had been furnished. Further, the transfer deed executed back in 2004 pertained to a certificate issued in 2009. Assuming without admitting that there was no*

mismatch in the signature, as alleged by the inspection team, it is submitted that the Noticee still rightly did not process the transfer, due to the presence of discrepancies. The letter of the Noticee dated March 10, 2021, detailing objections in regard to the transfer is available on Pages 3 and 4 of “Annexure PP”.

- 23.187. *Regarding folio No. 01780313, it was noted during the inspection that the signature of the transferor on the transfer deed did not correspond with the specimen signatures available on record with the company.*
- 23.188. *It is submitted that the Noticee highlighted the discrepancy in the signatures and notified the transferor via letter dated April 16, 2019. In this letter, the Noticee included a form to allow the applicant to record their signature afresh, thereby preventing the recurrence of such errors. The Noticee’s letter dated April 16, 2019, are available on Page 14 of “Annexure QQ”.*
- 23.189. *The applicant submitted the form along with an affidavit dated May 6, 2019, certifying that their signature has changed over a period of time and accordingly requesting for their current signature to be taken on record. The relevant form and affidavit furnished by the applicant are available on Pages 10 to 13 of “Annexure QQ”.*
- 23.190. *The transfer deed therefore was relodged on March 26, 2021, only after the change in signature form and affidavit had been furnished by the Noticee.*
- 23.191. *Accordingly, it is submitted that the Noticee has exercised adequate due diligence in relation to folio Nos. 405811 and 01780313 and the delay if any has happened due to the due diligence conducted by the Noticee to satisfy itself of the veracity of the application. The Noticee is being punished for being cautious and conservative in processing the application and ensuring that the transfer request is legitimate.*

Issuing letters to shareholders whose PAN and Bank details were unavailable

Not sending letters to shareholders where PAN and Bank details are missing in respect of the folio, was for reasons outside the Noticees control

- 23.192. *The SCN in Para 6.12.1. alleges that in 12 out of 14 instances letters were not issued to shareholders whose PAN and bank details were missing, allegedly violating Clause 12 of Part II of SEBI Circular dated April 20, 2018*
- 23.193. *In this regard, it is pertinent to reproduce hereinbelow Clause 12 of Part II of the SEBI Circular dated April 20, 2018:*
- “12.Issuer Companies through their RTAs shall take special efforts to collect copy of PAN, and bank account details of all securities holders holding securities in physical form as mentioned below.”*
- 23.194. *Upon perusal of the clause, it is clear that the collection of PAN and bank account details are the prerogative of the listed company and only facilitated by the RTA. Further, the obligation of sending these letters, besides involving cost, is not covered under the model agreement between an RTA and a listed company. It is accordingly submitted that the RTA cannot unilaterally send these letters, unless the listed company authorises it and agrees to bear the applicable costs.*
- 23.195. *It is submitted that in 5 instances the relevant companies did not approve sending intimations to such shareholders through the Noticee. In these instances, the shares belong to the promoters of the company.*
- 23.196. *It is submitted that in 6 instances, it was informed to the Noticee that the company had dispatched the intimations from their end. Therefore, there was no obligation on the Noticee to resend the letter.*
- 23.197. *It is accordingly submitted that 11 of the above instances, the concerned companies for one reason or another did not approve the sending of intimations to shareholders. The Noticee’s communication with one of the companies on a sample basis is annexed herein as “Annexure RR”.*
- 23.198. *It is finally submitted that in one instance intimation was not sent due to an ongoing court case in respect of the shares. The ‘stop transfer’ order in respect of the company is attached herein as “Annexure SS”.*
- 23.199. *Therefore, in 11 out of 12 instances letters were not sent either because the relevant listed entity disapproved of it or because it opted to send such communication by itself. In the remaining 1 instance there was a stop transfer order.*

- 23.200. *It is therefore submitted that there was a valid reason behind the non-issuance of letters to shareholders whose PAN and bank details were unavailable.*
- 23.201. *Without prejudice to the above, it is submitted that the Noticee took steps to ensure the rectification of the situation. Accordingly, in the Subsequent Inspection, the inspection team only found one instance where letters had not been issued to such shareholders.*

Wrong reporting in the half-yearly reports filed by the Noticee

The failure to report changes in key personnel was an inadvertent omission

- 23.202. *The SCN in Para 6.13.1 alleges that the Noticee did not report changes in the appointment and resignation of directors and key personnel in Sections III B and Section III D (iii) respectively of the half yearly reports filed by the Noticee for the periods ending September 30, 2021, March 31, 2022, and September 30, 2022.*
- 23.203. *It is submitted that the non-disclosure of the changes in the appointment and resignation of directors and key personnel, was an inadvertent omission. It is further submitted that the violation was technical in nature and did not adversely affect any client/ investors.*
- 23.204. *It is submitted that the Noticee has since regularly reported such changes in their half-yearly reports and that no such observation has been made in the Subsequent Inspection.*
- 23.205. *In light of the above, it is requested that a lenient view be taken in regard to the above allegation.*

... ”

24. It is noted that the SCN along with the annexures and the Hearing Notice were duly served on the Noticee. The Noticee was granted sufficient opportunities, as mentioned in previous paragraphs, to make submissions in reply to the SCN, of inspection of documents and of personal hearing.

CONSIDERATION OF ISSUES

25. After careful perusal of the material on record, I note that the issues that arise for consideration in the present case are as follows:

- I. Whether 39 associated persons engaged by the Noticee did not have the NISM certification and 10 associated persons engaged by the Noticee did not have a valid NISM certification during the entire inspection period and thereby the Noticee violated 'NISM Certification' of 'Sec III (Compliance Certification)' of Annexure to SEBI Circular No. CIR/MIRSD/7/2012 dated July 05, 2012, Regulations 3, 6, 9 and 10 of SEBI (Certification of Associated Persons in the Securities Market) Regulations 2007, SEBI Notification No. LAD-NRO/GN/2009-10/18/175577 dated September 04, 2009 and Clauses 3, 16 and 29 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993?
- II. Whether the Noticee did not execute tripartite agreements with seven companies and thereby violated Regulation 9A (1)(b) of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, Regulation 7 (4) of LODR Regulations and Clauses 3 and 20 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993?
- III. Whether there was unavailability of signature cards during the IP and thereby Noticee violated Clause 25(a) and 1(m) of Schedule -1 read with Clause 8 of the model agreement of "Draft of Agreement between the STA and the Company" of Annexure B of Schedule II of SEBI Circular "Instruction to Registrars to an Issue/ share Transfer Agents" dated October 11, 1994 and Clause 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993?
- IV. Whether there was a delay in 123 instances with regard to the processing of the request for the issuance of duplicate shares and also, lack of due diligence

concerning the mismatch of name and addresses and partial non-availability of share details on FIR in two instances and also, issuance of a duplicate share certificate to an investor other than the original shareholder wherein altered PAN, Aadhaar and bank details documents were submitted by the investor in one case and thereby Noticee has violated Clause 20 of “General Norms for Processing of Documents” of SEBI Circular - RTI Circular No. 1 (2000-2001) dated May 09, 2001, Clauses 12 and 13 of Clause II of Annexure to Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, SEBI Circular No. MRD/DoP/Cir- 05/2007 dated April 27, 2007 in respect of the availability of PAN and Clauses 2 and 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993?

- V. Whether the Noticee has not obtained the transmission form, Form ISR 4 for processing transmission request in one (Folio No. 8775) instance and also, uploaded wrong signature for Folio No. Z6129 and thereby violated Clause C (2) (b) of Schedule VII prescribed under Regulation 40(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Clause 2 (II) of SEBI Circular No. CIR/MIRSD/10/2013 dated October 28, 2013 and Clauses 2 and 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993?
- VI. Whether 54 demat requests which were received after June 30, 2022 were processed by the Noticee after the stipulated time period of 15 days and also, there was a mismatch of names in one instance (Folio No. 05103962) and thereby Noticee violated Clause 2 of SEBI Circular No. SEBI/HO/MIRSD/RTAMB/CIR/P/2019/122 dated November 05, 2019, RRTI Circular No. 1(99-2000) PMD/SU/11560/99 dated May 20, 1999 and Clauses 2, 3, and 5(c) of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993?
- VII. Whether the addressees were changed when no explicit request for an address change was made by the shareholder in four instances and also, change of

address request was not processed despite a specific request from the shareholder in one instance and thereby Noticee has violated Clauses 2 and 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993?

- VIII. Whether there was a delay in processing the transfer re-lodgment request in 14 instances, mismatch of signatures in two instances, non-consideration of the rejection points raised by the listed company in one instance, two transfer deeds in the records for one folio, original transfer deed was not provided and there was no signature of the transferor on copies of the deeds provided in one instance and thereby Noticee violated Clause A (1) of Schedule VII read with Regulation 40(7) of the LODR, Clause B of Schedule VII read with Regulation 40(7) of the LODR, Regulation 40(3) of the LODR and Clauses 2, 3, 5 (c) of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993?
- IX. Whether the Noticee has processed transfer requests of shares in physical form in eight instances after the cutoff date of April 01, 2019 and thereby violated Regulation 40 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI Circular No. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/166 dated September 07, 2020 and Clause 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993?
- X. Whether the Noticee has not received/processed requests for unclaimed/undelivered shares in respect of 10 issuer companies and thereby violated Regulation 39 (4) of LODR Regulations read with Clause (5).(d) and Clauses 1.a and 1.c of Schedule I read with Clause 8 of the model agreement as prescribed by SEBI vide Circular on Instructions to Registrars to An Issue / Share Transfer Agents dated October 11, 1994 and Clause 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993?

- XI. Whether the Noticee had not furnished letters to the shareholders in 12 out of 14 sample cases for collecting PAN and bank details for folios where such information was not available and thereby violated Clauses 13 and 14 of part II to Annexure of SEBI Circular dated April 20, 2018?
- XII. Whether the Noticee did not have an adequate system (i.e. system-based alerts) in place to identify the folios (and alert the RTA employee) requiring enhanced due diligence while processing any request in that folio and thereby violated Clause 12 of part II to Annexure of SEBI Circular dated April 20, 2018?
- XIII. Whether the Noticee has reported the changes in appointment and resignation of Directors and Key Personnel of RTA in Sections III.B and III.D. (iii) of the half-yearly reports filed in terms of SEBI Circular No. CIR/MIRSD/7/2012 dated July 05, 2012 and thereby violated SEBI Circular No. CIR/MIRSD/7/2012 dated July 05, 2012 read with SEBI Circulars No. RRTI Circular No. 1(94-95) dated October 11, 1994, SEBI Circular No. CIR/MIRSD/5/2011 dated June 17, 2011 and Regulation 14 (5) and Clause 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993?
- XIV. Does the violation, if any, on the part of Noticee attract a monetary penalty under Section 15HB of the SEBI Act?
- XV. If so, what would be the monetary penalty that can be imposed upon Noticee taking into consideration the factors stipulated in Section 15J of the SEBI Act?
26. The text of the aforementioned alleged violations¹, *inter alia*, is read as under:

¹SEBI Circular "Instruction to Registrars to an Issue/ share Transfer Agents" dated October 11, 1994, RRTI Circular No. 1(99-2000) PMD/SU/11560/99 dated May 20, 1999, "General Norms for Processing of Documents" of SEBI Circular - RTI Circular No. 1 (2000-2001) Dated May 09, 2001, SEBI Circular No. MRD/DoP/Cir- 05/2007 dated April 27, 2007, SEBI Circular No. CIR/MIRSD/7/2012 dated July 05, 2012 read with SEBI Circulars No. RRTI Circular No. 1(94-95) dated October 11, 1994, SEBI Circular No. CIR/MIRSD/10/2013 dated October 28, 2013, Clause II of Annexure to Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, SEBI

“SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993

9A. Conditions of registration.—(1) registration granted under regulation shall be subject to the following conditions, namely:-

(b) without prejudice to its obligations under any other law for the time being in force, it shall enter into a legally binding agreement with the body corporate or the person or group of persons for or on whose behalf it is acting as a registrar to an issue or a share transfer agent stating therein the allocation of duties and responsibilities between itself and such body corporate or person or group of persons, as the case may be.

13. To abide by Code of Conduct.— Every registrar to an issue and share transfer agent holding a certificate shall at all times abide by the Code of Conduct as specified in Schedule III.

14. To maintain proper books of accounts and records, etc.— (5) Without prejudice to sub-regulation (1), every registrar to an issue and share transfer agent shall, after the close of each financial year as soon as possible but not later than six months from the close of the said period furnish to the Board if so required copies of the balancesheet, profit and loss account, statement of capital adequacy requirement and such other documents as may be required by the Board under regulation 14.

Schedule III of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993,

2. A Registrar to an Issue and Share Transfer Agent shall fulfill its obligations in a prompt, ethical and professional manner.

3. A Registrar to an Issue and Share Transfer Agent shall at all times exercise due diligence, ensure proper care and exercise independent professional judgment.

5. A Registrar to an Issue and Share Transfer Agent shall always endeavor to ensure that –

...

Circular No. SEBI/HO/MIRSD/RTAMB/CIR/P/2019/122 dated November 05, 2019, SEBI Circular No. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/166 dated September 07, 2020 and SEBI Notification No. LAD-NRO/GN/ 2009-10/18/175577 dated September 04, 2009 are available online and are not reproduced here for the sake of brevity.

c. transfer of securities held in physical form and confirmation of dematerialisation / rematerialisation requests and distribution of corporate benefits and allotment of securities is done within the time specified under any law

16. A Registrar to an Issue and Share Transfer Agent shall maintain the required level of knowledge and competency and abide by the provisions of the Act, rules, regulations, circulars and directions issued by the Board. The Registrar to an Issue and Share Transfer Agent shall also comply with the award of the Ombudsman passed under Securities and Exchange Board of India (Ombudsman) Regulations, 2003.

20. A Registrar to an Issue and Share Transfer Agent shall take adequate and necessary steps to ensure that continuity in data and record keeping is maintained and that the data or records are not lost or destroyed. Further, it shall ensure that for electronic records and data, up-to-date back up is always available with it.

29. A Registrar to an Issue and Share Transfer Agent shall ensure that any person it employs or appoints to conduct business is fit and proper and otherwise qualified to act in the capacity so employed or appointed (including having relevant professional training or experience).

SEBI (Certification of Associated persons in the Securities Markets) Regulations, 2007

3. (1) The Board may by notification in the Official Gazette require such categories of associated persons to obtain requisite certificate for engagement or employment with such classes of intermediaries and from such date as may be specified in the notification:

Provided that an associated person employed or engaged by an intermediary prior to the date specified by the Board may continue to be employed or engaged by the intermediary if he obtains the certificate within two years from the said date.

(2) An associated person on being employed or engaged by an intermediary on or after the date specified by the Board shall obtain the certificate within one year from the date of being employed or engaged by the intermediary.

(3) An associated person who, as on the date specified by the Board, holds a certificate for a category as recognized by the Board shall not be required to obtain a fresh certificate for the same category during the validity of such certificate.

(4) The Board for the purpose of issuing notification under sub regulations (1) and (2) shall take into consideration:

- (a) whether the associated person as part of his work or operation deals or interacts with the investors, issuers or clients of intermediaries;*
- (b) whether the associated person deals with assets or funds of investor or clients;*
- (c) whether the associated person handles redressal of investor grievances;*
- (d) whether the associated person is responsible for internal control or risk management;*
- (e) whether the associated person is responsible for compliance of any rules or regulations;*
- (f) whether the associated person is engaged in activities that have a bearing on operational risk of the intermediary.*

6. No associated person engaged in any of the activities mentioned in clauses (a) to (f) of sub regulation (4) of regulation 3 shall continue to be so engaged after the date specified in sub regulation (1) or sub regulation (2) of regulation 3, as the case may be, unless such associated person holds a valid certificate.

9. (1) NISM may specify the requirements for continuing professional education (CPE) for associated persons holding certificate and approve the programmes of CPE that may be conducted by entities accredited and engaged in accordance with regulation 8.

(2) No intermediary shall permit any associated person to continue and no associated person shall continue to perform duties as an associated person unless such person has complied with the requirements specified by NISM under sub regulation (1) within 3 years from the date of obtaining the certificate or revalidation thereof.

(3) The requirements of sub regulations (1) and (2) shall apply to associated persons who are engaged in any of the activities mentioned in clauses (a) to (f) of sub regulation (4) of regulation 3.

10. (1) *Each intermediary shall be responsible to ensure that its associated persons participate in a programme of continuing professional education approved by NISM under sub regulation (1) of regulation 9.*

(2) *Associated persons shall take all appropriate and reasonable steps to participate in a programme of continuing professional education as required by the intermediary.*

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

7. (4) *In case of any change or appointment of a new share transfer agent, the listed entity shall enter into a tripartite agreement between the existing share transfer agent, the new share transfer agent and the listed entity, in the manner as specified by the Board from time to time:*

39. (4) *The listed entity shall comply with the procedural requirements specified in Schedule VI while dealing with securities issued pursuant to the public issue or any other issue, physical or otherwise, which remain unclaimed and/or are lying in the escrow account, as applicable*

40.(1) *Save as otherwise specified in provisions of securities laws or Companies Act, 2013 and rules made thereunder, the listed entity shall also comply with the requirements as specified in this regulation for effecting transfer of securities Provided that requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form with a depository:*

Provided further that transmission or transposition of securities held in physical or dematerialised form shall be effected only in dematerialised form.

...

(3) *On receipt of proper documentation, the listed entity shall register transfers of its securities in the name of the transferee(s) and issue certificates or receipts or advices, as applicable, of transfers; or issue any valid objection or intimation to the transferee or transferor, as the case may be, within a period of fifteen days from the date of such receipt of request for transfer:*

Provided that the listed entity shall ensure that transmission requests are processed within seven days, after receipt of the specified documents: Provided further that proper verifiable dated records of all correspondence with the investor shall be maintained by the listed entity."

PRELIMINARY SUBMISSIONS

27. The Noticee, in its reply dated February 10, 2025, has, *inter alia*, contended that:
- “... It is submitted that, during the inspection we had sought a copy of the action approval chart for the present proceedings, however the same was not provided.*
- It is submitted that the action approval chart specifies the nature of evidence relied upon in levelling allegations against the Noticee and therefore is critical for responding to the SCN. In the absence of this document, the Noticee is incapacitated to reply to the SCN. ...”*
28. In this regard, I take note of Rule 3 of the Adjudication Rules which, *inter alia*, provides as under:
- “Whenever the Board is of the opinion that there are grounds for adjudging under any of the provisions in Chapter VI-A of the Act, it may appoint any of its officers not below the rank of Division Chief to be an adjudicating officer for holding an inquiry for the said purpose.”*
29. I note that the Hon’ble Supreme Court in the matter of **Kavi Arora v. Securities And Exchange Board of India**², *inter alia*, noted as under:
- “... **There is apparently no rule which requires SEBI to furnish the opinion under Rule 3 to the noticee in its entirety.** The documents relied upon for formation of opinion under Rule 3, are not required to be disclosed to the noticee unless relied upon in the inquiry. In the event, the Petitioner is prejudiced by reason of any adverse order, based on any materials not supplied to the Petitioner, or any prejudice is demonstrated to have been caused to the Petitioner, it would be open to the Petitioner to approach the appropriate forum. ...”* (Emphasis supplied)

²2022 SCC OnLine SC 1217.

30. In this regard, based on material available on record, I note that Noticee has been provided with all the relevant and available documents in the present proceedings. Further, Noticee has not demonstrated how any prejudice has been caused to the Noticee.
31. In this background, I find that there is no merit in the submissions of the Noticee. Accordingly, the instant contention of the Noticee is rejected.

CONSIDERATION

- I. **Whether 39 associated persons engaged by the Noticee did not have the NISM certification and 10 associated persons engaged by the Noticee did not have a valid NISM certification during the entire inspection period and thereby the Noticee violated 'NISM Certification' of 'Sec III (Compliance Certification)' of Annexure to SEBI Circular No. CIR/MIRSD/7/2012 dated July 05, 2012, Regulations 3, 6, 9 and 10 of SEBI (Certification of Associated Persons in the Securities Market) Regulations 2007, SEBI Notification No. LAD-NRO/GN/2009-10/18/175577 dated September 04, 2009 and Clauses 3, 16 and 29 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993?**
32. It is alleged in the SCN that 39 associated persons engaged by the Noticee did not have the NISM certification and 10 associated persons engaged by the Noticee did not have valid NISM certification during the entire inspection period.
33. In this regard, Noticee has made the following submissions, which are dealt with as under:

15 Employees had joined in March 2022

34. In this regard, Noticee has, *inter alia*, contended that:

“it is submitted that 15 out of the 39 individuals who did not possess NISM certification had only joined in March 2022 and therefore had time until March 2023 to obtain their respective certifications.”

35. In support of its contention, I note that the Noticee has provided the appointment letters of the said 15 employees.

36. It is noted that Noticee, in its replies to the finding of the inspection, had stated that the 15 said employees joined in March 2022 and were required to obtain the requisite certificate within one year from the date of being employed or engaged in its response to the PIA. However, the submission of Noticee was not accepted for the want of documents.

37. In this regard, I note that the Noticee has adduced the appointment letters of the said 15 employees. From the perusal of the said appointment letters, it is noted that the month of joining of the said 15 employees as per the appointment letter is tabulated under:

Table 2

Month	No. of employees joined
March 2022	1
April 2022	7
May 2022	1
June 2022	1
July 2022	2
September 2022	1
October 2022	2
Total	15

38. In this regard, I note that the said 15 employees had joined the Noticee in/after March 2022. In this regard, I take note of Regulation 3(2) of the SEBI (Certification of Associated Person) Regulations, 2007 which has been reproduced below:

“(2) An associated person on being employed or engaged by an intermediary on or after the date specified by the Board shall obtain the certificate within one year from the date of being employed or engaged by the intermediary.”

39. Accordingly, I find that the said 15 employees who had joined in/after March 2022 had a one-year period to obtain the necessary NISM certification. Therefore, Noticee cannot be held liable for the said 15 employees not obtaining the NISM certification during the IP.

40. In this context, I deem it fit to accept this contention of the Noticee.

41. Now I proceed to determine the merit of Noticee’s submission for the remaining 24 associated persons engaged by the Noticee who did not have the NISM certification and 10 associated persons engaged by the Noticee who did not have valid NISM certification during the entire inspection period.

Unavoidable reasons and Transfer of Employees

42. The Noticee has, *inter alia*, contended that:

“It is submitted that 5 individuals were unable to get their certificates renewed for unavoidable reasons and 5 had been transferred from other departments in 2021 and could not obtain certificates on account of COVID related restrictions.”

43. In this regard, I note that the Noticee has admitted that the said ten employees had not obtained the NISM certification during the inspection period.

44. With regard to the contention that “5 had been transferred from other departments in 2021 and could not obtain certificates on account of COVID related restrictions”, I note that it is not the submission of the Noticee that prior to the transfer, the said five employees were engaged in an activity which was not envisaged in the SEBI Notification No. LAD-NRO/GN/2009-10/18/175577 dated September 04, 2009 and hence, were not required to obtain NISM certification. Thus, in the absence of any material to the contrary, I find that the said five persons were performing activities as contemplated under SEBI Notification No. LAD-NRO/GN/2009-10/18/175577 dated September 04, 2009 prior to the transfer and there was a requirement to obtain the necessary certificates.
45. Further, I note that Noticee has vaguely attributed the failure of the other five employees in obtaining NISM certification to “unavoidable reasons”. I note that Noticee cannot seek exoneration from the instant violation by vaguely submitting “unavoidable reasons”.
46. Therefore, I find the instant submission of Noticee bereft of any merit.

Long Association with Employees

47. Furthermore, the Noticee has, *inter alia*, submitted that:
- “... their lack of valid certification, the employees of the Noticee had been associated with the Noticee for a long time and had significant experience in the functioning of a Registrar and Share Transfer Agent. Accordingly, it is submitted that the day to day working of the Noticee was not impacted and it is not the case of SEBI that due to the lack of certification any loss/prejudice was caused to any investor/ client....”*
48. In this regard, I note that Noticee, being a registered intermediary, was under a statutory obligation to comply with the mandate of all the extant laws including the SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007 in letter and spirit. In this regard, I note that Hon’ble SAT in the matter of

Premchand Shah and Others v. SEBI³, inter alia, held as under: *"...When a law prescribes a manner in which a thing is to be done, it must be done only in that manner..."*. Therefore, this contention of Noticee lacks any merit and hence cannot be accepted.

Rectification

49. The Noticee has further contended that:

"...Without prejudice to the above, it is submitted that the alleged violation has been rectified. ..."

50. In this regard, I note that the subsequent compliance, if any, can in no manner exonerate the Noticee from the present violations. Therefore, this contention of the Noticee lacks merit and hence cannot be accepted.

51. Based on the discussions in the previous paragraphs, it is established that 24 associated persons engaged by the Noticee did not have the NISM certification, and 10 associated persons engaged by the Noticee did not have valid NISM certification during the entire inspection period.

52. Therefore, I find that the Noticee has violated the following provision of laws:

- 52.1. NISM Certification' of 'Sec III (Compliance Certification)' of Annexure to SEBI Circular No. CIR/MIRSD/7/2012 dated July 05, 2012,
- 52.2. Regulations 3, 6, 9 and 10 of SEBI (Certification of Associated Persons in the Securities Market) Regulations, 2007,
- 52.3. SEBI Notification No. LAD-NRO/GN/2009-10/18/175577 dated September 04, 2009 and
- 52.4. Clauses 3, 16 and 29 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

³ Appeal No. 192 of 2010 dated February 21, 2011.

- II. **Whether the Noticee did not execute tripartite agreements with seven companies and thereby violated Regulation 9A(1)(b) of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, Regulation 7 (4) of LODR Regulations and Clauses 3 and 20 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993?**

53. It is alleged in the SCN that the Noticee did not execute tripartite agreements with seven companies.
54. In this regard, Noticee has put forth various submissions. The said submissions are dealt with below under separate subheads for the sake of brevity.

Agreement executed prior to LODR

55. In this regard, the Noticee has, *inter alia*, stated that for two listed companies (Jai Prakash Power Ventures Limited and SJVN Ltd.), an agreement was executed prior to the applicability of the LODR Regulations and therefore the requirement of executing tripartite agreements was inapplicable in this instance. In support of its submission, the Noticee has provided the agreement of the Noticee with Jai Prakash Power Ventures Limited and SJVN Ltd. On perusal of the said agreements, I note the following *qua* the date of execution of the agreement with Jai Prakash Power Ventures Limited and SJVN Ltd.:

Table 3

Company name	Date of agreement
Jai Prakash Power Ventures Limited	February 11, 2014
SJVN Ltd.	September 14, 2015

56. Here, I, *inter alia*, take note of the following observations made in the Post Inspection Analysis (hereinafter referred to as '**PIA**') with regard to the mandate transferred to Noticee prior to LODR:

“....., no tripartite agreement was executed, as these companies were transferred to the Noticee before the requirement of agreement came under LODR Regulations.” (Emphasis supplied)

It is noted from the material on record that the above mentioned submission of the Noticee was accepted in the PIA.

57. Further, I note that LODR was notified on September 02, 2015. In this regard, I take note of Regulation 1(2) of the LODR which, *inter alia*, reads as under:

“They shall come into force on the ninetieth day from the date of their publication in the Official Gazette:

Provided that the provisions of sub-regulation (4) of regulation 23 and regulation 31A shall come into force on the date of notification of these regulations.”

58. In this context, I note from the material on record that the Noticee had entered into an STA agreement with Jai Prakash Power Ventures Limited and SJVN Ltd. prior to Regulation 7 of LODR coming into effect. Therefore, Noticee cannot be held liable for non-execution of the tripartite agreement with Jai Prakash Power Ventures Limited and SJVN Ltd.

59. Accordingly, this contention of the Noticee is accepted.

Invocation of Regulation 7(4) of the LODR Regulations

60. The Noticee has, *inter alia*, submitted as under:

“ ...

Regulation 7(4) of the LODR Regulations, obligates the listed entity to enter into a tripartite agreement with its old and new share transfer agents (“STA”). in case of change in the appointment of the STA.

... ”

It is accordingly submitted that the obligation under Regulation 7(4) of the LODR Regulations is evidently not on the STA but on the relevant listed entity.

Accordingly, it is submitted that the invocation of Regulation 7(4) of LODR against the Noticee is misplaced and liable to be set aside.”

61. The Regulation 7(4) of the LODR is, *inter alia*, reproduced below:

*“(4) In case of any change or appointment of a new share transfer agent, **the listed entity shall enter into a tripartite agreement** between the existing share transfer agent, the new share transfer agent and the listed entity, in the manner as specified by the Board from time to time.”*

62. In this regard, I note that the provision under LODR with regard to the mandate of tripartite agreements cannot be read in isolation. Rather, it has to be read in conjunction with the other extant Regulations, including RTA Regulations. In this regard, I take note of Clause 20 of the Schedule III of the RTA Regulations, which, *inter alia*, reads as under:

*“20.A Registrar to an Issue and Share Transfer Agent shall take **adequate and necessary steps to ensure that continuity in data and record keeping is maintained and that the data or records are not lost or destroyed.** Further, it shall ensure that for electronic records and data, up-to-date back up is always available with it.”*

63. In this context, I note that while the primary responsibility of entering into the tripartite agreement could be attributed to the listed entity in terms of Regulation 7(4) of the LODR, it is to be noted that the RTAs are incumbent to take adequate and necessary steps to ensure that continuity in data and record keeping is maintained and that the data or records are not lost or destroyed. In order to ensure the same, the RTA, i.e., Noticee is required to take necessary steps for entering into a tripartite agreement with the listed company and the existing RTA.

64. Here, I note from the submission of the Noticee that *“It is accordingly submitted that the Noticee has been diligently communicating with the erstwhile RTAs of client companies to obtain necessary records for the execution of tripartite agreements.”* In this regard, Noticee has, *inter alia*, stated the following:

“... In respect of the five other client companies, it is submitted that tripartite agreements could not be executed by the Noticee in the inspection period due to non-cooperation by the erstwhile RTAs of the relevant companies in providing the necessary records despite regular follow-ups by the Noticee. In 3 instances, the tripartite agreements have subsequently been executed, in 1 instance the company was transferred to another RTA and in 1 instance, the Noticee has still been communicating with the erstwhile RTA to obtain the necessary records:

Listed Entity	Status of Execution
Bharat Heavy Electricals Limited	Tripartite Agreement executed on February 17, 2023, after receipt of records from erstwhile RTA. The agreement is attached herein as “Annexure J” .
IRCON International Limited	Tripartite Agreement executed on December 12, 2023, after receipt of records from erstwhile RTA. The agreement is attached herein as “Annexure K” .
Ecoboard Industries Limited	Tripartite Agreement executed on June 2, 2023, after receipt of records from erstwhile RTA. The agreement is attached herein as “Annexure L” .
NHPC Limited	Due to non-cooperation from the erstwhile registrar the tripartite agreement could not be executed. Share transfer facility was subsequently transferred to another RTA. No-objection letters to depositories are attached herein as “Annexure M” .
Engineers India Limited	Tripartite Agreement not executed due to non-receipt of records from erstwhile RTA. Email to RTA attached herein as “Annexure N” .

...”

For Bharat Heavy Electricals Limited, IRCON International Limited and Ecoboard Industries Limited

65. From the aforesaid submission, I note that Noticee has stated that the tripartite agreements with Bharat Heavy Electricals Limited, IRCON International Limited and Ecoboard Industries Limited have been subsequently executed. For the said three instances, I note that the Noticee has not adduced any material to show that there was delay due to reluctance on the part of the erstwhile RTA to execute tripartite agreement. In the absence of any documents being adduced, the delay on the part of Noticee for execution of the tripartite agreement cannot be justified for the said three instances.

For NHPC Limited

66. Further, for NHPC Limited, even if the submission of the Noticee that *“Due to non-cooperation from the erstwhile registrar the tripartite agreement could not be executed. Share transfer facility was subsequently transferred to another RTA”* is accepted, the fact that there was no tripartite agreement during the inspection period stands uncontested. Further, it is a fact that Noticee has not provided any material to show that there was non-cooperation on the part of the erstwhile RTA despite the best efforts of Noticee. Therefore, this submission of the Noticee cannot be accepted.

For Engineers India Limited

67. Lastly, I note that Noticee has adduced the email dated August 25, 2023 sent to the erstwhile RTA for execution of tripartite agreement for Engineers India Limited. As noted above, it was imperative on the Noticee to take all the “adequate and necessary steps to ensure that continuity in data and record keeping”. I note that the said email dated August 25, 2023 was sent to the erstwhile RTA only post the inspection period. There is nothing on record to show that any email/ correspondence of any nature was undertaken by the Noticee during the inspection period. Further, merely sending one email sans any follow up or putting in any effort to ensure compliance with the directive of law cannot be deemed to be due

compliance with the law. Therefore, this contention of the Noticee cannot be accepted.

68. Therefore, I find that the Noticee has not taken adequate and necessary steps to ensure that continuity in data and record keeping is maintained and that the data or records are not lost or destroyed for five companies i.e. NHPC Ltd., Engineers India Limited, Bharat Heavy Electricals Limited, IRCON International Limited and Ecoboard Industries Limited.

Invocation of Regulation 9A(1)(b) of the RTA Regulation is erroneous

69. The Noticee has contended, *inter alia*, stated under:

“ ...

It is therefore clear that Regulation 9A(1)(b) applies only to agreements executed between an RTA and the entity it is providing services to. It is submitted that agreements under Regulation 9A have been executed with its client companies.

Notwithstanding the above, it is submitted that the allegation in respect of the violation of Regulation 9A(1)(b) is misplaced as the provision pertains only to the agreement between an STA and the entity it is providing services to. There is no mention of tripartite agreements anywhere in Regulation 9A(1)(b) of the RTA Regulations. It is accordingly submitted that the allegation of the violation of Regulation 9A (1) (b) is erroneous and therefore liable to be set aside.

Without prejudice to the above, it is submitted that the violation of Regulation 9A (1) cannot be alleged as the inspection team did not verify whether such agreements had been entered into. As depicted below, the verification was limited to only determining whether the Noticee had entered into tripartite agreements with its client companies.

....”

70. At the foremost, I take note of Regulation 9A(1)(b) of the RTA Regulations, which, *inter alia*, reads as under:

9A. Conditions of registration. — (1) registration granted under regulation shall be subject to the following conditions, namely:-...

...(b)without prejudice to its obligations under any other law for the time being in force, it shall enter into a legally binding agreement with the body corporate or the person or group of persons for or on whose behalf it is acting as a registrar to an issue or a share transfer agent stating therein the allocation of duties and responsibilities between itself and such body corporate or person or group of persons, as the case may be;"

71. It appears that Regulation 9A(1)(b) of the RTA Regulations speaks about execution of agreement between the RTA and the issuer. From the perusal of the material on record, including the PIA and inspection report, it is noted that the ambit of the instant issue is limited to the non-execution of the tripartite agreement and not the non-execution of the bipartite agreement. Therefore, I find merit in the submission of the Noticee that Regulation 9A(1)(b) of the RTA Regulations cannot be invoked in the present case.

72. In light of the discussions in the preceding paragraphs, I find that the Noticee did not execute tripartite agreements with five companies viz. NHPC Ltd., Engineers India Limited, Bharat Heavy Electricals Limited, IRCON International Limited and Ecoboard Industries Limited during the IP. Accordingly, Noticee has violated:

- 72.1. Regulation 7 (4) of LODR Regulations and
- 72.2. Clauses 3 and 20 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

III. Whether there was unavailability of signature cards during the IP and thereby, Noticee violated Clause 25(a) and 1(m) of Schedule -1 read with Clause 8 of the model agreement of “Draft of Agreement between the STA and the Company” of Annexure B of Schedule II of SEBI Circular “Instruction to Registrars to an Issue/ share Transfer Agents” dated October 11, 1994 and Clause 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993?

73. In the SCN, it is alleged that Noticee did not have signature cards for 46% of physical folios. Further, there was, allegedly, no signature card in more than 90% of folios in respect of 67 client companies and no signature card in 100% folios in respect of 40 companies.

74. Noticee has, *inter alia*, contended that:

“... It is submitted that the Noticee could only update signature cards upon receiving them from the issuer company. Furthermore, in instances where the Noticee has obtained records from the issuer’s previous RTA, the signature cards could be updated only when provided by the former RTA of the company. As the signature cards had not been received from the relevant entities, the Noticee was unable to update them. ...”

75. In this regard, I note that in terms of Clause 25(a) and 1(m) of Schedule -1 read with Clause 8 of the model agreement of “Draft of Agreement between the STA and the Company” of Annexure B of Schedule II of SEBI Circular “Instruction to Registrars to an Issue/ share Transfer Agents” dated October 11, 1994, it was incumbent on the Noticee to maintain the signature cards. It is an admitted fact that Noticee did not have the signature cards for all the folios managed by it. Further, I note that the Noticee has not provided any details or supporting material in support of its submission that failure was on the part of the issuer company and/ or former RTA. In this context, Noticee cannot shy away from its responsibility on the pretext

that it was not done by third parties. Accordingly, this submission of the Noticee cannot be accepted.

76. Further, the Noticee has, *inter alia*, stated as under:

“... It is submitted that SEBI in the Subsequent Inspection has acknowledged that the unavailability of signature cards is an industry wide issue and has dropped its observations. ...”

77. I note that observations made in the subsequent inspection which pertains to different inspection periods cannot be extrapolated to the findings in the inspection period of this proceedings. Therefore, Noticee cannot seek exoneration on the pretext of it being a systemic issue.

78. Accordingly, I find that Noticee did not have signature cards for 46% of physical folios during the IP. Further, there was no signature card in more than 90% of folios in respect of 67 client companies and no signature card in 100% folios in respect of 40 companies.

79. Accordingly, it is established that the Noticee has violated:

79.1. Clause 25(a) and 1(m) of Schedule -1 read with Clause 8 of the model agreement of “Draft of Agreement between the STA and the Company” of Annexure B of Schedule II of SEBI Circular “Instruction to Registrars to an Issue/ share Transfer Agents” dated October 11, 1994 and

79.2. Clause 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

- IV. Whether there was a delay in 123 instances with regard to the processing of the request for the issuance of duplicate shares and also, lack of due diligence concerning the mismatch of name and addresses and partial non-availability of share details on FIR in two instances and also, issuance of a duplicate share certificate to an investor other than the original shareholder wherein altered PAN, Aadhaar and bank details documents were submitted by the investor in one case and thereby, Noticee has violated Clause 20 of “General Norms for Processing of Documents” of SEBI Circular - RTI Circular No. 1 (2000-2001) dated May 09, 2001, Clauses 12 and 13 of Clause II of Annexure to Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, SEBI Circular No. MRD/DoP/Cir- 05/2007 dated April 27, 2007 in respect of the availability of PAN and Clauses 2 and 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993?

Delay in processing request for duplicate share certificates

80. It is alleged in the SCN that there was a delay in 123 instances with regard to the processing of the requests for the issuance of duplicate share certificates.
81. The Noticee has, *inter alia*, contended that:
- “... It is accordingly submitted that delays in processing requests for the issuance of duplicate shares were caused because of the detailed procedure followed by the Noticee to ensure that duplicate shares were not issued to the wrong person. ...”*
82. Here, it is reiterated that Hon’ble SAT in the matter of **Premchand Shah and Others v. SEBI**⁴ has, *inter alia*, held as under: “...When a law prescribes a manner in which a thing is to be done, it must be done only in that manner...”. I note that the extant Regulations and Circulars have provided the stipulated timelines and

⁴ Appeal No. 192 of 2010 dated February 21, 2011.

the procedures for the issuance of duplicate share certificates. Accordingly, it was incumbent on the Noticee to ensure that the duplicate share certificates were issued within the prescribed timelines in accordance with the specified procedure. I further note that it is not proper on the part of the Noticee to justify the delay in issuing the duplicate share certificates by claiming that it was undertaking an elaborate process. Further, I note that no material/document has been adduced by the Noticee to show what elaborate procedure was undertaken by the Noticee than which was provided in the extant Regulations.

83. Accordingly, Noticee was under an obligation to issue the duplicate share certificates within the stipulated time period. In the present case, the Noticee admittedly failed to issue the duplicate share certificates for the 123 instances.

No Due Diligence

84. It was, further, alleged in the SCN that in two instances (Folio Nos. 01024288 and 51665) the Noticee had not undertaken due diligence concerning the mismatch of names and addresses and the partial non-availability of share details on the FIR for the issuance of a duplicate share certificate.

Discrepancy with respect to folio No. 01024288

85. It is alleged that for folio No. 01024288, there was a “*Minor mismatch in name for which no document taken, address different in system and aadhar.*” In this regard, the Noticee has, *inter alia*, contended as under with regard to the discrepancy in the name:

“... It is submitted that the discrepancy in the applicant’s name had already been communicated to the applicant by SBI’s erstwhile RTA, Datamatics Financial Services vide letter dated November 14, 2016. The applicant pursuant to the letter was requested to execute an affidavit stating that the name stated on the PAN and name stated in the records

of the company are of the same person. The applicant vide letter dated July 7, 2017, furnished the required affidavit. ...”

86. In this regard, I note that the above mentioned letter of the applicant dated July 07, 2017, vaguely makes reference to the “4. Original affidavit”. However, the said affidavit has not been enclosed along with the documents submitted by the Noticee. In the absence of the relevant affidavit being provided, it is difficult to discern whether any affidavit mentioning that “*the name stated on the PAN and name stated in the records of the company are of the same person*” was provided or not. Accordingly, the submission of the Noticee for discrepancy in the name in folio No. 01024288 cannot be accepted.
87. Therefore, the justification tendered by the Noticee for the mismatch in name for folio No. 01024288 cannot be accepted.
88. With regard to the mismatch in the address in the said folio No. 01024288, the Noticee has, *inter alia*, submitted that:
- “... Regarding, the mismatch in address, it is submitted that is not mandatory for the address in the records to match with that in the Aadhar card. It is further submitted that the address in records of the Noticee has been updated based on valid documentation provided by the applicant. The applicant in his letter dated June 14, 2019, to the Noticee had provided his electricity bill and passbook as address proof for the new address. The letters had been made available to the inspection team and are available as Annexure D to the inspection report. However, the letter is available on Page 27 and the relevant documents are available as Pages 2-26 of “Annexure O”. ...”*
89. I find that the Noticee has provided the letter dated June 14, 2019, sent by the concerned investor along with submitted the copy of the electricity bill and bank passbook of the said investor. I note that the concerned investor had submitted the copy of the electricity bill and bank passbook as the address proof. It is also noted

that there exists a discrepancy in the address mentioned in the Aadhar card vis-a-vis electricity bill and passbook. However, I have taken note of the fact that the copy of the electricity bill and bank passbook were submitted as address proof for the new address, not the Aadhar card. Accordingly, this submission of the Noticee with respect to the discrepancy in the address for folio No. 01024288 is accepted.

90. In this context, I find that the Noticee had not undertaken due diligence concerning the mismatch in name for folio No. 01024288.

Discrepancy with respect to folio No. 51665

91. It is alleged in the SCN that for folio No. 51665:

“... It is observed that only 20 out of 40 shares have been mentioned in FIR. ...”

92. In this regard, Noticee has, *inter alia*, stated as under:

“... In regard of the above it is submitted that the applicants initially owned 40 shares of Gujarat Propack Limited. In 2002, Gujarat Propack merged with Cosmo Films wherein one share of Cosmo Films was allotted against two shares of Gujarat Propack Limited. Accordingly, the applicant received 20 shares of Cosmo Films pursuant to the merger. Subsequently, there was a bonus issue of shares by Cosmo Films on 1:1 ratio, wherein an additional 20 bonus shares were allotted to the applicants. Accordingly, the FIR filed by the applicant mentioned 40 shares of Gujarat Propack Limited and 20 shares of Cosmo Films Ltd (together amounting to 40 shares of Cosmo Limited). The declaration of the merger on BSE, bonus declaration by Cosmo Films and FIR filed by the applicant are attached herein as “Annexure P”.

It is further submitted that all the relevant documents furnished by the applicant to the Noticee, such as the indemnity bond and affidavit, mention the loss of 40 shares. These documents are attached herein as “Annexure Q”. ...”

93. I have perused the documents submitted by the Noticee. On perusal of the FIR, it is noted that the concerned investor had filed a lost complaint for 40 shares of Gujarat Propack Limited and 20 shares of Cosmo Films in 2017. From the material submitted by the Noticee, I note that Gujarat Propack Limited had merged with Cosmo Films in 2002 wherein one share of Cosmo Films was allotted against two shares of Gujarat Propack Limited. Further, bonus shares were issued by Cosmo Films in a 1:1 ratio in the year 2003. Therefore, it appears from the record that the investor had purchased 40 shares of Gujarat Propack Limited initially and subsequently 20 shares of Cosmo Films had devolved on the investor pursuant to the corporate action. In this context, I find no infirmity in the FIR filed by the investor.
94. Accordingly, the allegation with regard to infirmity in the FIR for folio No. 51665 does not stand established.

Issuance of a duplicate share certificate to an investor other than the original shareholder

95. It is alleged in the SCN that in one case (Folio No.13346), the Noticee had issued a duplicate share certificate to an investor other than the original shareholder wherein the investor submitted altered PAN, Aadhaar or bank details documents.
96. In this regard, Noticee has, *inter alia*, submitted as under:
- “... It is pertinent to note that the investor in his application had provided numerous documents, relying upon which, the Noticee has ascertained the genuineness of the request. These include documents such as PAN card and Aadhar as identification and address proof; and documents such as a certificate and ISR Form-2 authenticating the applicant’s signature verified by the applicant’s banker. The applicant had also submitted an FIR lodged with the police station in Rajasthan.*
- Further, to ensure due diligence on account of the unavailability of the PAN card in the portfolio, the Noticee had verified the PAN card submitted by the applicant on various facilities, including that provided*

by the Income Tax department. Not only was the PAN card existing in the name of the applicant, but it was also linked to the Aadhar card submitted by the applicant. The process of linking one's Aadhar with PAN consists of multiple steps and is validated by the UIDAI before the linking takes place, and strongly indicates that the Aadhar and PAN belong to the same person. It is accordingly submitted that the Noticee issued duplicate shares, relying not only on the documents submitted by the applicant, but also upon the verification report generated on various platforms.

It is further submitted that the request for the issue of duplicate share certificates in respect of folio No. 13346 published as a newspaper advertisement and was disseminated by the concerned listed entity on the stock exchange. The stock exchange disclosure and newspaper advertisement are attached herein as "Annexure S" and "Annexure T".

97. With regard to the instant submission of the Noticee, I note that the Noticee has provided the screenshots of the verification report (evidencing the linking of the Aadhar with the PAN card) on the different platforms. However, it is noted that the said verification screenshot does not bear any date and time stamp as to when the said verification was undertaken. Thus, it cannot be determined whether the said verification was undertaken when the letter was received from the concerned investor or post inspection.
98. Hence, this submission of the Noticee cannot be accepted.
99. Therefore, it cannot be ascertained from the records available whether the Noticee had undertaken necessary due diligence prior to issuing duplicate shares for folio No. 13346.
100. Therefore, it is established that:
- 100.1. There was a delay in 123 instances with regard to the processing of the request for the issuance of duplicate shares.

- 100.2. Noticee had not undertaken due diligence concerning the mismatch of name and partial non-availability of share details on FIR in two instances (Folio Nos. 01024288 and 51665).
- 100.3. The Noticee had not undertaken necessary due diligence prior to issuing duplicate shares for folio No. 13346.
101. I find that the Noticee has violated Clause 20 of “General Norms for Processing of Documents” of SEBI Circular - RTI Circular No. 1 (2000-2001) dated May 09, 2001, Clauses 12 and 13 of Clause II of Annexure to Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, SEBI Circular No. MRD/DoP/Cir- 05/2007 dated April 27, 2007 in respect of the availability of PAN and Clauses 2 and 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

V. Whether the Noticee has not obtained the transmission form, Form ISR 4 for processing transmission request in one (Folio No. 8775) instance and also, uploaded wrong signature for Folio No. Z6129 and thereby, violated Clause C (2) (b) of Schedule VII prescribed under Regulation 40(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Clause 2 (II) of SEBI Circular No. CIR/MIRSD/10/2013 dated October 28, 2013 and Clauses 2 and 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993?

Noticee did not obtain transmission form

102. It is alleged that the Noticee did not obtain the transmission form, Form ISR 4 for processing the transmission request in one (Folio No. 8775) instance.
103. In this regard, Noticee has admitted that the form ISR-4 was not obtained from the applicant while processing the transmission request in respect of the said folio. Further, the Noticee has, *inter alia*, contended as under:

“...It is respectfully submitted that obtaining the ISR-4 form was merely a procedural requirement and the Noticee by obtaining the other documents mentioned above ensured adequate due diligence in respect of the transmission request. ...”

104. Here, I take note of the judgment of the Hon’ble Supreme Court in the matter of **P. Sharif-Ud-Din v. Abdul Gani Lone**⁵ wherein it was, *inter alia*, held as under: “... Whenever a statute prescribes that a particular act is to be done in a particular manner and also lays down that failure to comply with the said requirement leads to a specific consequence, it would be difficult to hold that the requirement is not mandatory and the specified consequence should not follow....”. Therefore, I note that even if the “other documents” were allegedly obtained by the Noticee, the Noticee was under a legal obligation to comply with the mandate of the extant law in letter and spirit which includes procuring Form ISR 4 in the present case. Accordingly, Noticee cannot dismiss the mandate of Form ISR 4 on the pretext of it being a just technical requirement.

105. Therefore, this contention of the Noticee cannot be accepted.

106. In this context, I find that Noticee did not obtain the transmission form, Form ISR 4 while processing the transmission request for Folio No. 8775.

Uploaded wrong signature

107. It was alleged in the SCN that the wrong signature was uploaded for Folio No. Z6129.

108. I note that the Noticee has admitted its lapses in this regard. The Noticee’s submission that “*the Noticee promptly uploaded the correct signature in the folio*” subsequently cannot be accepted as grounds to justify its shortcoming.

⁵1980 (1) SCC 403.

109. Therefore, it is established that the Noticee has uploaded the wrong signature for folio No. Z6129.
110. In view of the above, I find that Noticee has not obtained the transmission form, Form ISR 4 for processing the transmission request in one instance and also, uploaded the wrong signature in one instance. Therefore, the Noticee has violated:
- 110.1. Clause C (2) (b) of Schedule VII prescribed under Regulation 40(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015,
- 110.2. Clause 2 (II) of SEBI Circular No. CIR/MIRSD/10/2013 dated October 28, 2013 and
- 110.3. Clauses 2 and 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

VI. Whether 54 demat requests which were received after June 30, 2022 were processed by the Noticee after the stipulated time period of 15 days and also, there was a mismatch of names in one instance (Folio No. 05103962) and thereby, Noticee violated Clause 2 of SEBI Circular No. SEBI/HO/MIRSD/RTAMB/CIR/P/2019/122 dated November 05, 2019, RRTI Circular No. 1(99-2000) PMD/SU/11560/99 dated May 20, 1999 and Clauses 2, 3, and 5(c) of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993?

Demat Requests

111. It was alleged in the SCN that 54 demat requests were processed after the stipulated period of 15 days.
112. Noticee has admitted that there was a delay in processing the demat requests. It is noted that Noticee has attributed the delay to holidays. In this regard, I note that the Noticee cannot seek condonation of lapses merely on the pretext of holidays.

For the proper functioning of the securities market, it is essential that the timelines provided in the extant Regulations and Circulars are followed in form and function. Thus, this contention of the Noticee cannot be accepted.

113. Therefore, I find that the Noticee has processed 54 demat requests after the stipulated timelines.

Mismatch of Name

114. Further, it was observed during the inspection that in one instance (Folio No. 05103962), there was a mismatch of name.
115. In this regard, it is alleged in the SCN that the Noticee has not undertaken due diligence in terms of the Circular dated November 05, 2019, wherein additional documents were required to be obtained in case of a mismatch of name.
116. In this regard, I note that the Noticee has stated that *“it is clear that due diligence is to be exercised by an RTA only when the depository system has flagged a mismatch in name. Therefore, where no alert/flag has been raised by a depository participant no requirement for obtaining additional documents arises.”* Here, I take note of Clause 2 (III) of the SEBI Circular dated November 5, 2019 which, *inter alia*, provides as under:

“Clause 2.

...

*III. In case of mismatch of name on the share certificate(s) vis-à-vis name of the beneficial owner of demat account, **the depository system shall generate flag / alert**”*

117. In this regard, I note that as per Clause 2 (III) of the SEBI Circular dated November 5, 2019, the alert for the mismatch of name has to be generated by the depository

system. In this regard, I note that there is no material on record to show that there was any flag/alert generated by the depository system for the said folio.

118. Further, the Noticee has submitted the letter sent by the depository participant to the Noticee dated August 02, 2021, in respect of folio No. 05103962 (Annexure Y to the Noticee's reply). I note that no infirmity has been highlighted in the said letter dated August 02, 2021. The said letter rather goes ahead and states that: *"...It is certified that the security holder/s hold/s beneficiary account with us in the same name..."*.
119. In the absence of any alert/flag which is a laid down procedure, it won't be appropriate to hold the Noticee liable for the mismatch of name in folio No. 05103962.
120. Therefore, I find that 54 demat requests that were received after June 30, 2022, were processed by the Noticee after the stipulated time period.
121. In view of the above, the Noticee has violated:
- 121.1. RRTI Circular No. 1(99-2000) PMD/SU/11560/99 dated May 20, 1999 and
- 121.2. Clause 2, 3, and 5(c) of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

VII. Whether the addressees were changed when no explicit request for an address change was made by the shareholder in four instances and also, change of address request was not processed despite a specific request from the shareholder in one instance and thereby Noticee has violated Clauses 2 and 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993?

Processing change of address without request

122. It is alleged in the SCN that Noticee has updated addresses in respect of four folios (Folio Nos. 14228, 21209, 40621 and 2291) without being in receipt of any request for the same.
123. From the reply of the Noticee, I note that the Noticee has admitted that it has *suo moto* changed the address sans any request from the concerned investor.
124. The Noticee has contended that “*Noticee updated the addresses based on the new addresses mentioned in the documents provided by applicants for the issuance of duplicate shares.*”. In this regard, I note that even if one accepts the contention of the Noticee, the underlying fact that the change of address was undertaken without any request of the concerned investor remains unrebutted.
125. Thus, it is established that Noticee updated the address in four folios without any request.

Failure to change the address despite request

126. In the SCN, it is alleged that the Noticee failed to change the address in one instance (Folio No. 6677) despite being in receipt of the request for the same.
127. In this regard, Noticee has, *inter alia*, stated as under:
“... It is submitted that the failure of the Noticee to update address was based on a bona-fide belief that the applicant had only requested the delivery of a new share certificate to the address mentioned on the voter ID card and had not requested for a change in address. ...”
128. I note that the Noticee has not disputed the fact that the investor had requested the change in address. It is also an admitted fact that the Noticee did not process the said request.

129. Therefore, it is established that the Noticee did not process the change of address request in one instance (Folio No. 6677) despite being in receipt of the same.
130. In this context, it is established that the addresses were changed by Noticee when no explicit request for an address change was made by the shareholder in four instances (Folio Nos. 14228, 21209, 40621, 2291). Further, the change of address request was not processed by Noticee despite a specific request from the shareholder in one instance (Folio No. 6677)
131. In these circumstances, I find that Noticee has violated Clauses 2 and 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

VIII. Whether there was a delay in processing the transfer re-lodgment request in 14 instances, mismatch of signatures in two instances, non-consideration of the rejection points raised by the listed company in one instance, two transfer deeds in the records for one folio, original transfer deed was not provided and there was no signature of the transferor on copies of the deeds provided in one instance and thereby, Noticee violated Clause A (1) of Schedule VII read with Regulation 40(7) of the LODR, Clause B of Schedule VII read with Regulation 40(7) of the LODR, Regulation 40(3) of the LODR and Clauses 2, 3, 5 (c) of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993?

Delay in processing the transfer re-lodgment request in 14 instances

132. It is alleged in the SCN that there was a delay of more than 95 days in processing transfer and re-lodgement requests in respect of 14 folios.
133. In this regard, the Noticee has, *inter alia*, contended as under:

“At the outset, it is submitted that the time for processing transmission requests during inspection has erroneously been considered as 15 days, solely relying upon Regulation 40(3) of the LODR and ignoring other relevant circulars.

It is submitted that SEBI, in its circular dated November 6, 2018, provided certain relaxations to the procedure for processing transfer requests in respect of physical securities, in case of issues such as signature mismatch and unavailability of documents.

The transfer requests in respect of the folios were received in March 2021, a period during which lockdowns were imposed on account of the COVID. During this period intermediaries and companies were functioning at a limited capacity and limited manpower, causing there to be inevitable delays in the processing of investor requests. Accordingly, SEBI in its circular dated April 13, 2020, granted relaxation of 21 days to issuer companies and RTAs from the prescribed timeline for certain activities/processing of investor request including pending transfer requests, until the pendency of the lockdown. In case of extension of lockdown, an additional extension equal to the number of days of the lockdown was given to intermediaries.

It is submitted that the lockdown was imposed in Delhi from April 19, 2021, to June 14, 2021 (56 days of lockdown), to tackle the spread of infections, and the same must be considered while calculating the relaxation granted to intermediaries pursuant to the circular dated April 13, 2020.

Subsequently, SEBI vide circular April 29, 2021, extended the application of relaxed timelines for these activities in relation to pending requests till July 31, 2021.

In light of the above, it is submitted that the relaxations must be considered while evaluating whether or not there was any delay in processing the transfer request in respect of identified folios.

Folio No.	Date of publishing of advertisement	Relaxed Timeline (30 days+21 days+56 days= 107 days)	Date of processing of request	Within prescribed time limit
10792	April 3, 2021	July 19, 2021	June 30, 2021	Yes
17335	April 3, 2021	July 19, 2021	June 30, 2021	
16316	April 3, 2021	July 19, 2021	June 30, 2021	
16286	April 3, 2021	July 19, 2021	June 30, 2021	
16315	April 3, 2021	July 19, 2021	June 30, 2021	
51036	July 3, 2021	October 18, 2021	August 8, 2021	
405811	August 20, 2021	December 5 2021	October 1, 2021	
406043	August 20, 2021	December 5 2021	October 1, 2021	
406046	August 20, 2021	December 5 2021	October 1, 2021	
5996	April 5, 2021	July 23, 2021	June 24, 2021	

Accordingly, the allegation of delay in respect of the above folios is misplaced and liable to be set aside.”

134. In this regard, it pertinent to note that the SCN has considered only those instances wherein the delay was of more than 95 days. The extended timeline for processing transfer and re-lodgement requests that has been considered in the SCN has already taken into account the difficulties faced on account of Covid (including the relaxation granted to timelines vide SEBI in its Circulars dated April 13, 2020 and April 29, 2021) along with the mandate of the Clause 2(c)(iii) of the SEBI Circular dated November 6, 2018 and the lockdown imposed in Delhi.

135. I further note that the relaxation granted vide SEBI Circulars dated April 13, 2020 and April 29, 2021 was on account of the difficulties faced due to Covid. Therefore, the extended timelines on account of Covid have to be read in conjunction with the lockdown imposed in Delhi. Hence, the said relaxation granted vide SEBI Circulars dated April 13, 2020 and April 29, 2021 for processing the transfer request cannot be considered to be in addition to the lockdown imposed, from April 19, 2021, to June 14, 2021 as submitted by the Noticee, in Delhi.
136. Accordingly, the contention of the Noticee that 107 days have to be considered for evaluating whether or not there was any delay in processing the transfer request for the abovementioned ten folios cannot be accepted.
137. Further, I note that the Order dated January 10, 2022 of the Hon'ble Supreme Court was exclusively with regard to the computation of the limitation period and hence cannot be juxtaposed to the facts of the present case. Further, I note that the hardships and the difficulty faced on account of the Covid pandemic have already been considered while calculating the timelines in the form of relaxations granted vide SEBI Circulars dated April 13, 2020 and April 29, 2021. Therefore, the submission of the Noticee is bereft of any merit and hence cannot be accepted.
138. The Noticee has, *inter alia*, further submitted that:
- “... In respect folio Nos. 02607105, 01132018, 01707537 and 02666865 the SCN alleges that there was a delay of 295 days.*
- It is submitted that the concerned company was facing issues in holding its share transfer committee meetings on account of covid-related restrictions.”*
139. In this regard, there is nothing on record to show that the concerned company was *“facing issues in holding its share transfer committee meetings on account of covid-related restrictions”*. Further, I note that it is not the submission of the Noticee that no share transfer committee meeting of the concerned company was held in this period. In absence of said document/material being provided, the contention of the

Noticee appears vague and ambiguous. Therefore, this contention of the Noticee cannot be accepted.

140. Accordingly, I find that there was a delay in processing the transfer re-lodgment request in 14 instances.

Discrepancy with respect to folio No. 5106374

141. In the SCN, it is alleged that an original copy of the transfer deed and the signature of the transferor were unavailable in respect of the folio No. 5106374. The SCN further states that the reply of the Noticee stating that the shares were transferred to someone else was not found to be clear and tenable.

142. In this regard, the Noticee has contended that:

“The Noticee in its reply to the inspection report has responded to this allegation, stating that Raj Kumar Sharma was the husband of Shashi Sharma, who also happened to be an advocate. It is further submitted that various documents including the transfer deed and correspondences mention the name of Mr. Raj Kumar Sharma as the transferee and that the inspection report has erroneously solely relied on a letter from the seller, which mistook Raj Kumar Sharma as the advocate of Shashi Sharma.

Regarding the unavailability of the original transfer deed and the signature of the seller, it is pertinent to take note of the SEBI Circular No. SEBI/HO/MIRSD/DOS3/CIR/P/2018/139/2018 dated November 6, 2018. The circular, provided for certain relaxations in the procedure to be followed when certain documents related to the transfer were unavailable or where seller was not traceable or not cooperating

It is submitted that clause (d) of the circular read with clause c(iii) makes it clear that a transfer may be processed even in the absence of certain documents and the signature of the transferor, given that the buyer

furnishes an indemnity bond, his identity proof/address proof and an undertaking that the shares will be locked-in for six months.”

143. I have taken note of the Clause 2(d) read with Clause 2(c)(iii) of the said SEBI Circular dated November 06, 2018. In this regard, I find it appropriate to reproduce Clause 2(d) of the said Circular:

*“d. In **case of non-availability of any document required for transfer and the transferor is not cooperating or not traceable**, companies/ RTA shall register the transfer by following the procedure as specified in case of major mismatch / non-availability of transferor’s signature, as specified in Para 2(c) above.”* (Emphasis supplied)

144. From the perusal of the said Clause 2(d) of the said SEBI Circular dated November 06, 2018, it appears that the said Clause 2(d) only comes into the operation if:

144.1. there is non-availability of any document required for transfer **and**

144.2. the transferor is not cooperating or not traceable.

145. Thus, it is evident that it is *sine qua non* that both the conditions are satisfied before the invocation of the said Clause 2(d) of the said SEBI Circular dated November 06, 2018. In this regard, I note that there is nothing on record to show that the transferor was not cooperating or untraceable. From the material on record, I note that the transferor, vide letter dated November 18, 2008, had asked for the “documentary proof/or documentary evidence” regarding the purchase of the share. It is a fact that no material has been provided in the submissions of the Noticee to show that the concerned investor had provided the said documents to the transferor. Furthermore, there is nothing on record to show that the Noticee had complied with the procedure envisaged in Para (B)(2) of Schedule VII of LODR in terms of Clause 2(c)(i) read with Clause 2(d) of the said SEBI Circular dated November 06, 2018.

146. In this context, I note that Clause 2(d) read with Clause 2(c)(iii) of the said SEBI Circular dated November 06, 2018 is not applicable in this instance. Accordingly, I

find that the Noticee cannot take shelter under the SEBI Circular dated November 06, 2018 for its failure to obtain original transfer deed and signature of the transferor on the deeds provided. Therefore, this contention of the Noticee cannot be accepted.

147. Further, I note from the submission of the Noticee that there existed a bill dated July 19, 1998 for the purchase of State Bank of India securities bearing distinctive No. 290308201-250. It is a matter of fact that the said bill was issued in the name of "Shashi Sharma". I note that the veracity of the said bill has not been disputed by the Noticee. Thus, it appears as per the said bill that "Shashi Sharma" was the purchaser of the said securities being distinctive No. 290308201-250.
148. Moreover, it is noted that Mr. Raj Kumar Sharma in the indemnity bond (page No. 21 of the Annexure MM of the Noticee's reply) has mentioned as under:
- "I have purchased the following securities from Pices Industries Ltd, for a consideration amount of Rs. 9950/- in the name of my wife Shashi Sharma."*
149. However, it is noted that the Noticee had transferred the said shares to "Raj Kumar Sharma" instead of "Shashi Sharma". Therefore, I find the present defense of the Noticee without any merit. Accordingly, this submission of the Noticee cannot be accepted.
150. Thus, it is established that there was no proper documentation for the processing the re-lodgement request for folio No. 5106374.

Discrepancy with respect to folio No. 5996

151. It is alleged in the SCN that Noticee had not considered the rejection points raised by the company when the transfer request was initially placed. Further, SCN has alleged that the Noticee has not obtained the PAN card of the seller.

152. In this regard, Noticee has, *inter alia*, submitted that:

“...It is pertinent to note that the following rejection points were raised when the transfer request was first placed. -the transfer deed was time-barred, there had been an inadequate payment of stamp duty.

In this regard, it is pertinent to take note of the of the SEBI Circular No. SEBI/HO/MIRSD/DOS3/CIR/P/2018/139/2018 dated November 6, 2018. The circular, provided for certain relaxations in the procedure to be followed when certain documents related to the transfer were unavailable or where seller was not traceable.

In this regard, it is pertinent to note that on the perusal of the folio documents, it becomes clear that the applicant had addressed their request for re-lodgement to the company. The company instructed the applicant to submit the required documentation for the transfer, despite being aware of previous objections, and did not raise any further issues regarding the transfer. The letter of the applicant dated March 22, 2021, referring to the directions of the company in an earlier letter is available on Page 5 of “Annexure NN”. Further, to ensure the genuineness of the request, Noticee, in a letter dated March 31, 2021, notified the transferor of the transfer of shares and requested them to share their objections with the Noticee, if any. The Noticee’s letter dated March 31, 2021, is available on Page 1 of “Annexure NN”. The Noticee did not receive any objections from the transferor or the listed company and had conducted adequate due diligence, ensuring that the transfer was in accordance with law.”

153. In this regard, I note that the subsequent response of the company, wherein it had allegedly *“instructed the applicant to submit the required documentation for the transfer, despite being aware of previous objections, and did not raise any further issues regarding the transfer”* has not been provided by the Noticee. Therefore, it cannot be said that the issuer company had not raised any issue regarding this transfer.

154. *Arguendo*, even assuming that the company had not raised any objection, it was incumbent on the part of the Noticee to undertake necessary due diligence prior to processing the transfer request. In this regard, I note that the Noticee cannot relinquish its responsibility by vaguely averring that it *“instructed the applicant to submit the required documentation for the transfer, despite being aware of previous objections, and did not raise any further issues regarding the transfer”*.
155. Further, in terms of Clause 2(d) of the said SEBI Circular dated November 06, 2018, it was mandatory for the Noticee to comply with Clause 2(c)(i) of the said SEBI Circular. It is noted that the said Clause 2(c)(i) of the said SEBI Circular dated November 06, 2018, makes it mandatory for the RTA/ company to follow the procedure as laid down in Para (B)(2) of Schedule VII of LODR. Here, I note that the Para (B)(2) (a) of Schedule VII of LODR, *inter alia*, reads as under:
- “..The listed entity shall promptly send to the transferee(s), via Speed Post, an Objection Memo along with the documents in original marking the reason as “material signature difference/ non-availability of signature” and an advice to ensure submission of requested documents of the transferor(s);”*
156. Here, I take note of the letter dated March 31, 2021, sent by the Noticee to the transferor. I note that no “document in original” was enclosed with the said letter. Further, it contains no advice whatsoever for ensuring *“submission of requested documents of the transferor(s)”*. Therefore, the said letter cannot be said to be due compliance with the mandate of Clause 2(c)(i) of the said SEBI Circular dated November 06, 2018.
157. Hence, I find that even if there were grounds for invoking Clause 2(d) of the said SEBI Circular dated November 06, 2018, Noticee has not exercised necessary due diligence and has not acted in the manner provided in the said SEBI Circular.
158. With regard to the absence of the PAN of the seller, I note that the Noticee has, *inter alia*, contended as under:

“As for as the observation on the unavailability of PAN card of the seller, it is pertinent to take note of Clause 2(a) of the circular dated November 6, 2018:

“Non-availability of PAN of the transferor for transfer deeds executed prior to December 01, 2015: It has been brought to the notice of SEBI that many transfer deeds executed prior to the notification of LODR, (i.e., December 01, 2015) have not been registered due to non-availability of PAN of the transferor. It is clarified that transfer deeds executed prior to notification of LODR may be registered with or without the PAN of the transferor as per the requirement of quoting PAN under the applicable Income Tax Rules”

Rule 114B of the Income Tax Rules, 1962 lists out the transactions in respect of the PAN number needs to be quoted. It is pertinent to note that the transfer of shares listed on a recognized stock exchange are not mentioned in this list.”

159. I have perused Clause 2(a) of the said SEBI Circular dated November 6, 2018. I note from the material on record that Form No. SH -4 was executed in the year 2000. Therefore, the said transaction falls within the ambit of the period specified under Clause 2(a) of the said SEBI Circular dated November 6, 2018. Accordingly, the Noticee cannot be held liable for the non-availability of the PAN of the seller.

160. In this regard, I find that the Noticee did not consider the rejection points raised by the listed company for folio No. 5996.

Discrepancy with respect to folio No. 10792

161. It is alleged in the SCN that there were two transfer deeds in folio No. 10792 with different consideration amounts. Further, it was noted that the Noticee's submissions on the absence of the transferor's signature in the folio were found to be unclear.

162. In response, Noticee has, *inter alia*, stated as under:

“.... The request for registration of transfer was first placed on May 1, 2012, and was rejected on account of the unavailability of the seller’s PAN and residence proof. The consideration in the transfer deed (Rs. 1500) was recorded on the basis of the market price prevalent at that time.

The transfer request was thereafter re-lodged on March 29, 2019, and accordingly the market price prevalent on the said date was mentioned in the deed.

It is accordingly submitted that differential consideration was recorded on account of the lodgement of request on different dates. ...”

163. I note that the Form No. SH-4 (Securities Transfer Form) explicitly refers to the consideration received pursuant to the transfer of securities. It is noted that the said Form No. SH - 4 does not make any mention of the share price prevailing on the date of execution. Thus, there lies no ambiguity whatsoever that the said form desires to capture the consideration involved in the transfer and not the price prevailing on the date of execution.

164. In this context, I note that the Noticee was duty bound to ensure that the Form No. SH - 4 submitted by the transferee was in order and correct. However, it is a fact that Noticee processed the request despite the discrepancy in the consideration amount. Thus, it appears that the Noticee had not taken the necessary due diligence while processing the instant request. Thus, the Noticee cannot cede its duty by claiming that the discrepancy on the transfer deeds had occurred on account of the mention of the market price of the securities in the later transfer deed.

165. Further, the Noticee has, *inter alia*, contended that:

“Regarding the absence of the transferor’s signature, it is submitted that a valid seller’s signature was provided when the transfer request was

initially lodged and the same was available on record (Page 2 of “Annexure OO”). Therefore, there was no need to obtain the seller’s signature again when the request was re-lodged in accordance with the Circular dated November 6, 2018. The documents/disclosures are annexed herein as “Annexure OO”.

166. In this regard, it is an admitted fact that the Share Transfer Form dated March 05, 2019 did not bear the signature of the transferor. In this context, I note that Noticee has contended that there was no requirement to obtain the transferor’s signature as it was re-lodged in accordance with the Circular dated November 6, 2018. Here, I note that the SEBI Circular dated November 06, 2018 in no manner exempts the mandate of affixing of the signature of transferor when a new Share Transfer Form has been enclosed with the re-lodgement request. Accordingly, I find this contention of the Noticee bereft of any merit and hence untenable. Therefore, this contention of the Noticee cannot be accepted.
167. Therefore, I find that there were transfer deeds with different amounts of consideration. Further, it is also established that there was a lack of signature of transferor on the second transfer deed.

Discrepancy with respect to folio Nos. 01780313 and 405811

168. In the SCN, it has been alleged that the Noticee did not make any submission with regard to the observation of mismatch of signature in respect of folio Nos. 405811 and 01780313.
169. For the folio No. 405811, Noticee has, *inter alia*, stated that:
- “... it is submitted that application in respect of folio No. 405811 suffered from serious defects- for instance, in this case no proof of payment had been furnished. Further, the transfer deed executed back in 2004 pertained to a certificate issued in 2009. Assuming without admitting that there was no mismatch in the signature, as alleged by the inspection*

team, it is submitted that the Noticee still rightly did not process the transfer, due to the presence of discrepancies. The letter of the Noticee dated March 10, 2021, detailing objections in regard to the transfer is available on Pages 3 and 4 of “Annexure PP”.

170. I have perused the said *Annexure PP* submitted by the Noticee. In this regard, I note that the letters dated March 10, 2021 and June 10, 2021 have eloquently elaborated the discrepancies in the re-lodgement applications in respect of folio No. 405911. In this regard, I find merit in the reasons adduced by the Noticee. Accordingly, the allegation with regard to the folio No. 405811 does not stand established.

171. The Noticee has further, *inter alia*, submitted as under:

“Regarding folio No. 01780313, it was noted during the inspection that the signature of the transferor on the transfer deed did not correspond with the specimen signatures available on record with the company.

It is submitted that the Noticee highlighted the discrepancy in the signatures and notified the transferor via letter dated April 16, 2019. In this letter, the Noticee included a form to allow the applicant to record their signature afresh, thereby preventing the recurrence of such errors. The Noticee’s letter dated April 16, 2019, are available on Page 14 of “Annexure QQ”.

The applicant submitted the form along with an affidavit dated May 6, 2019, certifying that their signature has changed over a period of time and accordingly requesting for their current signature to be taken on record. The relevant form and affidavit furnished by the applicant are available on Pages 10 to 13 of “Annexure QQ”.

The transfer deed therefore was relodged on March 26, 2021, only after the change in signature form and affidavit had been furnished by the Noticee.”

172. In this regard, it is noted from the reply of the Noticee to the SCN that the Noticee had taken necessary steps to address the issue of the discrepancy in the signature prior to the processing of the transfer request. Further, from the Annexure QQ of the Noticee, it is noted that *“transfer deed therefore was relodged on March 26, 2021, only after the change in signature form and affidavit had been furnished by the Noticee”*.
173. Thus, I find that no fault can be imputed to the Noticee for the folio No. 01780313.
174. In this regard, I find that the following violations have been established against the Noticee:
- 174.1. There was a delay in processing the transfer re-lodgment request in 14 instances.
 - 174.2. The original transfer deed was not provided, and there was no signature of the transferor on copies of the deeds provided in one instance.
 - 174.3. Noticee did not consider the rejection points raised by the listed company in one instance.
 - 174.4. There were two transfer deeds in the records for one folio. Further, there was a lack of signature of the transferor on the second transfer deed.
175. Therefore, I find that the Noticee has violated Clause A (1) of Schedule VII read with Regulation 40(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Regulation 40(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clauses 2, 3, 5 (c) of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

IX. Whether the Noticee has processed transfer requests of shares in physical form in eight instances after the cutoff date of April 01, 2019 and thereby, violated Regulation 40 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI Circular No. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/166 dated September 07, 2020 and Clause 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993?

176. It is alleged in the SCN that the Noticee in eight instances processed transfer requests after April 1, 2019.

For six transfer requests

177. In this regard, Noticee has, *inter alia*, stated that:

“.... At the outset, it is submitted that the transaction in respect of the six folios is not a transfer per se as the shares were never held by the shareholders in their personal capacity.

When the company had its Initial Public Offer in 2020, there was initially a push to dematerialize these shares to ensure compliance Regulation 31(2), however the same could not be done on account of reservations on the part of the nominees to have the shares transferred in their personal demat accounts. Accordingly, the shares were not dematerialized and a disclosure to that effect was made in the offer document filed by the company. It is therefore clear that the shares remained in their physical form for reasons outside the Noticee’s control. The relevant pages of the offer document filed Mazgaon Dock Shipbuilders Ltd. dated September 19, 2020 are attached herein as “Annexure Z”.

Without prejudice to the submission above, it is submitted that the client company furnished the Noticee with a formal communication from the Ministry of Defence directing the “transfer” of these physical shares from the nominee shareholders to the President of India. The correspondence

between the Ministry of Defence and the company is attached herein as “Annexure AA”.

178. In this regard, I take note of Clause 1 of the SEBI Circular dated September 07, 2020 which reads as under:

“... In terms of Regulation 40 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, transfer of securities held in physical mode has been discontinued w.e.f. April 01, 2019...”

179. Therefore, it is a fact that there has been a bar on the transfer of securities held in physical mode since April 01, 2019, in terms of Regulation 40(1) of the LODR, as noted in Clause 1 of the SEBI Circular dated September 07, 2020. In the present case, no exemption of any kind was granted/taken by the Noticee/issuer company for the transfer of the said six physical share certificates.

180. In this regard, I note that the Hon’ble Supreme Court in the matter of **Chandra Kishore Jha v. Mahavir Prasad & Ors.**⁶, *inter alia*, held as under: “...It is a well-settled salutary principle that if a statute provides for a thing to be done in a particular manner, then it has to be done in that manner and in no other manner....”.

181. Therefore, I find that when the extant Regulations and Circulars clearly prohibited the transfer of securities in physical mode, it was incumbent on the Noticee to comply with the said obligation of law in letter and spirit. It is also a fact that no exception was carved out or sought for the transfer of shares in physical mode in the present case.

182. Accordingly, the contention of the Noticee is bereft of merit and hence cannot be accepted.

⁶ 1999 (8) SCC 266.

Discrepancy with respect to folio Nos. 1437016 and 01148705

183. In this regard, the Noticee has, *inter alia*, stated as under:

“...Out of the 8 instances in the SCN, the transfer request in respect of folio No. 1437016 of SBI was processed in exceptional circumstances upon the receipt of approval from the concerned company.

It is submitted that the transfer deed in regard to the folio was executed in 1997 and was lodged with MCS Ltd., the erstwhile RTA of SBI. The request was first rejected in 1999 on account of signature mismatch. The transfer request could not be re-lodged for a long time, as the transferor was not traceable. The details of the execution of transfer deed and objection are available on Page 37 and 38 of “Annexure BB”.

The transferor was subsequently only found in 2021, and the transfer request was accordingly re-lodged again pursuant to a letter dated October 14, 2021.

From the above, it is evident that the transferees in the present case had to wait for more than 20 years to receive the shares. Accordingly, taking account of exceptional circumstances and the hardship caused to the transferees, the transfer was processed in discussion with the client company.

Similarly, the transfer request in respect of folio No. 01148705 of SBI was processed in exceptional circumstances upon the receipt of approval from the concerned company.

It is submitted that the transfer deed in regard to the folio was executed in 1994. The request was first rejected in 1995 and 2005 on account of signature mismatch. The seller of the shares could not be traced for a long time. Finally, she was found and agreed to give a no-objection certificate in respect of the said transfer. The rejection letters dated July 28, 1995, and December 20, 2005, and no-objection certificate dated January 15, 2022 are available on Pages 54, 47 and 30 respectively in “Annexure EE”.

In this case too, the transferee had to wait for more than 20 years to receive the shares. Accordingly, taking account of exceptional circumstances and the hardship caused to the transferees, the transfer was processed in discussion with the client company.

It is submitted that the Noticee that the transfer request was approved by the company in its Share and Bonds Transfer-cum-Transmission Committee meeting dated February 8, 2022. The Noticee's transaction register and email from the client company communicating its approval in respect of the said transaction is attached herein as "Annexure FF".

...

184. Here, I note that the Noticee has admitted that the transfer in physical form was processed after the cutoff date. In this regard, it is reiterated that Noticee, being a registered intermediary, was required to adhere to the mandate of law in form and function, especially when the existing Regulations and Circulars expressly forbade the transfer of securities in a physical manner. Even if these two instances were indeed exceptional circumstances, it was incumbent on the Noticee to ensure that its actions were in line with the regulatory requirements. However, as noted above, the actions of the Noticee were not in accordance with the mandate of law. Therefore, this contention of the Noticee lacks merit and hence cannot be accepted.
185. Therefore, I find that the Noticee had processed transfer requests of shares in physical form in eight instances after the cutoff date of April 01, 2019.
186. In this context, it is established that Noticee has violated Regulation 40 (1) of the LDOR, SEBI Circular No. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/166 dated September 07, 2020 and Clause 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

X. Whether the Noticee has not received/processed requests for unclaimed/undelivered shares in respect of 10 issuer companies and thereby, violated Regulation 39 (4) of LODR Regulations read with Clause (5).(d) and Clauses 1.a and 1.c of Schedule I read with Clause 8 of the model agreement as prescribed by SEBI vide Circular on Instructions to Registrars to An Issue / Share Transfer Agents dated October 11, 1994 and Clause 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993?

187. It is alleged in the SCN that a total of 1,20,74,662 unclaimed/undelivered shares of 35,505 shareholders in respect of 10 issuer companies were lying with the Noticee. In this regard, it is alleged that the Noticee has neither received nor processed any requests concerning the unclaimed/undelivered shares.

188. I note that the Noticee has, *inter alia*, submitted as under:

“...In this regard, it is pertinent to note that Regulation 39(4) of the LODR Regulation places the responsibility of processing requests for unclaimed/undelivered shares on the listed company and not on the Share Transfer Agent. Further, this responsibility may be delegated to the Share Transfer Agent by the listed entity under Clause A of Schedule VI.

...

It is a well-settled principle of law that the person alleging the existence of a fact has the burden of proving it.

It is respectfully submitted that in order to allege that the Noticee failed to process requests for unclaimed/undelivered shares, it must be established that the clients of the Noticee i.e. the listed companies had specifically delegated this function to the Noticee. In the absence of such document, no allegation can be levelled against the Noticee...”

189. In this regard, I find it appropriate to reproduce the relevant extract of Regulation 39(4) and Clause A of the Schedule VI of the LODR as under:

“(4) The listed entity shall comply with the procedural requirements specified in Schedule VI while dealing with securities issued pursuant to the public issue or any other issue, physical or otherwise, which remain unclaimed and/or are lying in the escrow account, as applicable.

SCHEDULE VI: MANNER OF DEALING WITH UNCLAIMED SHARES

A. The listed entity may delegate the following procedural requirements to a share transfer agent.”

190. Therefore, under the scheme of the extant LODR, the function specified in Regulation 39(4) of the LODR has to be delegated in terms of Clause A of the Schedule VI of the LODR.
191. From the material on record, I find that there is no material available before me to indicate that the responsibility of processing requests for unclaimed/undelivered shares was delegated to the Noticee in terms of Regulation 39(4) read with Clause A of the Schedule VI of the LODR Regulation. I note that the Noticee, in its submission to observations made in the inspection report and in its reply to the SCN, has stated that there was no agreement in place with the said 10 issuers, thereby delegating the responsibility of processing requests for unclaimed/undelivered shares to the Noticee. Accordingly, in view of the lack of supporting material available on record, the allegation of violation of Regulation 39(4) and Clause A of the Schedule VI of the LODR against the Noticee has not been established.
192. Further, I note that the Noticee has, *inter alia*, submitted as under:
- “...The inspection report therefore places explicit reliance on the words “other requests/letters” to level allegations against the Noticee. It is submitted that the provisions relied upon in the inspection report are general obligations which make no explicit mention of receiving or processing requests in relation to unclaimed shares. It is submitted that reading such an obligation into the clauses would lead to a contradiction between the model agreement and Regulation 39(4) read with Clause A*

of Schedule VI of the LODR Regulations and is therefore impermissible.....”

193. In this regard, the relevant provisions of Clause 5(d) and Clause 8 read with Clauses 1(a) and 1(c) of Schedule I of the model agreement prescribed by SEBI vide Circular dated October 11, 1994 are being reproduced below:

“5(d). It shall carry out its duties/responsibilities and complete all the formalities within the specified time limits as per the relevant Statutes, SEBI Guidelines and Stock Exchange Regulations...

8. The company and the Transfer Agent agree to their functions, duties and obligations in respect of each activity relevant to the Share Transfer as specified in the Schedule I hereto...

SCHEDULE I

1.SPECIFIC ACTIVITIES

*a. STA will receive and attend promptly correspondence received from shareholders/ debenture holders / company / stock exchanges / SEBI / other bodies and will segregate the inward mail as transfer requests, request for endorsements as fully paid-up, receipt of call money, request for change of address, transmission, transposition, deletion of name, **other letters** from investors.*

*c. Transfer Agents shall process all transfer/transmission/transposition/change of address/**other requests**/complaints and generate checklist, verify the same and correction of such data.” (Emphasis supplied)*

194. In this regard, I take note of the decision of the Hon’ble Supreme Court in the matter of **Santhosh Maize & Industries Ltd. v. State of Tamil Nadu**⁷, wherein it was, *inter alia*, held as under:

⁷ 2023 SCC OnLine SC 764.

“... alternatively, it can be said that where a statute contains both a general provision as well as a specific provision, the latter must prevail....”

195. Here, I note that Regulation 39(4) of the LODR is a specific provision dealing with the issue of unclaimed/undelivered shares. Further, I note that the LODR was enacted in the year 2015. In this regard, it appears that the term “other letter” of Clauses 1(a) and 1(c) of Schedule I of the model agreement prescribed by SEBI vide Circular dated October 11, 1994 cannot be interpreted so as to include the present issue of unclaimed/undelivered shares.
196. In light of the abovementioned discussions, I find that the allegation of violation of Regulation 39 (4) of LODR Regulations read with Clause (5).(d) and Clauses 1.a and 1.c of Schedule I read with Clause 8 of the model agreement as prescribed by SEBI vide Circular on Instructions to Registrars to An Issue / Share Transfer Agents dated October 11, 1994 and Clause 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993 has not been established.

XI. Whether the Noticee had not furnished letters to the shareholders in 12 out of 14 sample cases for collecting PAN and bank details for folios where such information was not available and thereby, violated Clause 12 of part II to Annexure of SEBI Circular dated April 20, 2018?

197. It is alleged in the SCN that Noticee had failed to furnish copies of letters sent to the shareholders in 12 out of 14 sample cases for collecting PAN and bank details for folios where such information was not available.
198. I note that the Noticee has not disputed the fact that it had not sent the letters to the shareholders in the said 12 sample cases for collecting PAN and bank details for folios where such information was not available.

199. In this regard, the Noticee has, *inter alia*, contended that:

“... Upon perusal of the clause, it is clear that the collection of PAN and bank account details are the prerogative of the listed company and only facilitated by the RTA. It is accordingly submitted that the letters cannot be sent unless the listed company authorises it.
It is submitted that in 11 instances the relevant companies did not approve sending intimations to such shareholders through the Noticee. The Noticee’s communication with one of the companies on a sample basis is annexed herein as “Annexure RR”....”

200. Here, I deem it appropriate to reproduce Clause 12 of Part II of the SEBI Circular dated April 20, 2018, which reads as follows:

*“12. **Issuer Companies through their RTAs** shall take special efforts to collect copy of PAN, and bank account details of all securities holders holding securities in physical form as mentioned below.”* (Emphasis supplied)

201. In this context, I note that Noticee has submitted that in 11 instances the relevant companies did not approve sending letters for collecting PAN and bank details to such shareholders through the Noticee.

202. In this regard, Noticee has submitted Noticee’s correspondence with just one of the said 11 companies. I note that the said documents provided by the Noticee merely contain the correspondence of Noticee over email with the concerned company with respect to price “quotation for dispatch of KYC letter”. There is nothing in the said correspondence which shows that the company “*did not approve sending intimations to such shareholders through the Noticee*”. Therefore, these correspondence in no manner helps the contention of the Noticee.

203. Further, I note that there is no reason on record as to why any document for the remaining 10 companies was not adduced by the Noticee.

204. Thus, in the absence of the relevant/adequate document, no inference can be made in favour of the Noticee for the said 11 companies.

205. Noticee has, *inter alia*, further stated that:

“...It is finally submitted that in one instance intimation was not sent due to an ongoing court case in respect of the shares. The ‘stop transfer’ order in respect of the company is attached herein as “Annexure SS”.”

206. I have perused the document that has been adduced by the Noticee. It is noted that Noticee has merely adduced the screenshot of its system. It is also noted that no details, including the relevant court order, has been adduced by the Noticee to show there was any stay by the concerned court or there was any ongoing dispute which prohibited the sending of intimation. Accordingly, this contention of the Noticee cannot be accepted.

207. Therefore, it is established that Noticee did not furnish copies of letters sent to the shareholders in 12 out of 14 sample cases for collecting PAN and bank details for folios where such information was not available. Accordingly, the Noticee has violated Clause 12 of part II to Annexure of the SEBI Circular dated April 20, 2018.

XII. Whether the Noticee did not have an adequate system (i.e. system-based alerts) in place to identify the folios (and alert the RTA employee) requiring enhanced due diligence while processing any request in that folio and thereby violated Clauses 13 and 14 of part II to Annexure of the SEBI Circular dated April 20, 2018?

208. It is alleged in the SCN that Noticee had no proper system to identify folios for enhanced due diligence (hereinafter referred to as ‘EDD’) during the inspection period.

209. In this regard, I note that it was observed during the inspection that the request for issuance of duplicate shares of one Mr. Rakesh Kumar Verma for the folio of United Drilling Tools Ltd. was processed by the Noticee without the availability of crucial details such as PAN and Bank Account. In this regard, it was alleged that the system of the Noticee did not flag this folio for enhanced due diligence, as no alert was found.

210. In response, Noticee has, *inter alia*, stated that:

“...It is pertinent to note that the allegation is based on the fact that a request for the issuance of duplicate shares in respect of folio No. 13346 was processed without the availability of crucial details such as PAN and bank details and no system-based alert with respect to the folio was found.

..In this regard it is submitted that while Clause 14 of the circular dated April 20, 2018, requires an RTA to have system-based alerts for certain folios there is no requirement in the Circular or otherwise, that such an alert needs to be stored. It is further submitted that the Noticee cannot reasonably be expected to preserve screenshots/records of a system-based alert each time such an alert is raised....”

211. I note that no material has been adduced by the Noticee in support of its contention that an alert was indeed generated for the abovementioned folio. In this regard, it appears that Noticee has tried to shift the blame by vaguely contending that there is no requirement for storing the alerts. It is pertinent to note that Noticee did not make any submissions related to the present allegation in its response to the finding of inspection. Therefore, in the absence of any material, this submission appears to be an afterthought and hence one cannot but reject this submission of the Noticee.

212. Further, the Noticee has, *inter alia*, contended that:

“It is not the case of SEBI that documents mentioned in the clause have not been obtained. To the contrary, the applicant had provided these documents in the application itself. The documents provided by the applicant are attached herein as “Annexure V”.

Additionally, it is submitted that the Noticee verified the PAN card on the income tax website and various other platforms, confirming that the PAN card provided by the applicant was linked to the Aadhar card submitted by the applicant.”

213. Here, I note that the present issue is limited to whether Noticee was marking the folios that required EDD. Therefore, the submission as to whether any due diligence was conducted by the Noticee for the said folio has no bearing on the present issue. Accordingly, this contention of the Noticee is bereft of merit and hence rejected.

214. In this background, it is noted that Noticee has not been able to show that the EDD alerts were indeed generated for the said folio. Therefore, I find that the Noticee has violated Clauses 13 and 14 of part II to Annexure of the SEBI Circular dated April 20, 2018.

XIII. Whether the Noticee has reported the changes in appointment and resignation of Directors and Key Personnel of RTA in Sections III.B and III.D. (iii) of the half-yearly reports filed in terms of SEBI Circular No. CIR/MIRSD/7/2012 dated July 05, 2012 and thereby violated SEBI Circular No. CIR/MIRSD/7/2012 dated July 05, 2012 read with SEBI Circulars No. RRTI Circular No. 1(94-95) dated October 11, 1994, SEBI Circular No. CIR/MIRSD/5/2011 dated June 17, 2011 and Regulation 14 (5) and Clause 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993?

215. It is alleged in the SCN that the Noticee did not report changes in the appointment and resignation of directors and key personnel in Sections III B and Section III D (iii) respectively, of the half-yearly reports filed by the Noticee for the periods ending September 30, 2021, March 31, 2022, and September 30, 2022.
216. Noticee, in its reply, has admitted the lapses in the half-yearly reports submitted by it. In this regard, Noticee has attributed the same to inadvertent omission and called the violation a technical violation. In this regard, I note that Noticee was under a legal obligation to comply with the mandate of law in form and function. Thus, the Noticee cannot skirt away from its responsibility by contending that the violation was technical in nature or it was an inadvertent omission. Therefore, this contention of the Noticee cannot be accepted.
217. Therefore, it is established that Noticee did not report changes in the appointment and resignation of directors and key personnel in Sections III B and Section III D (iii) respectively, of the half-yearly reports filed by the Noticee for the periods ending September 30, 2021, March 31, 2022, and September 30, 2022. Thus, the Noticee has violated the following:
- 217.1. SEBI Circular No. CIR/MIRSD/7/2012 dated July 05, 2012 read with SEBI Circulars No. RRTI Circular No. 1(94-95) dated October 11, 1994,
- 217.2. SEBI Circular No. CIR/MIRSD/5/2011 dated June 17, 2011 and
- 217.3. Regulation 14 (5) and Clause 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993.

XIV. Does the violation, if any, on the part of Noticee attract a monetary penalty under Section 15HB of the SEBI Act?

XV. If so, what would be the monetary penalty that can be imposed upon Noticee taking into consideration the factors stipulated in Section 15J of the SEBI Act?

218. From the previous paragraphs, it has been established that Noticee has violated the following provision of law:
- 218.1. Clause 2 (II) of SEBI Circular No. CIR/MIRSD/10/2013 dated October 28, 2013,
 - 218.2. Clause 20 of “General Norms for Processing of Documents” of SEBI Circular - RTI Circular No. 1 (2000-2001) dated May 09, 2001,
 - 218.3. Clause A (1) of Schedule VII read with Regulation 40(7) of the LODR,
 - 218.4. Clause C (2) (b) of Schedule VII prescribed under Regulation 40(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015,
 - 218.5. Clause 25(a) and 1(m) of Schedule -1 read with Clause 8 of the model agreement of “Draft of Agreement between the STA and the Company” of Annexure B of Schedule II of SEBI Circular “Instruction to Registrars to an Issue/ share Transfer Agents” dated October 11, 1994,
 - 218.6. Clauses 12, 13 and 14 of part II to Annexure of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018,
 - 218.7. NISM Certification’ of ‘Sec III (Compliance Certification)’ of Annexure to SEBI Circular No. CIR/MIRSD/7/2012 dated July 05, 2012,
 - 218.8. Regulation 14 (5) and Clauses 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993,
 - 218.9. Regulation 40(1) of the LODR,
 - 218.10. Regulation 40(3) of the LODR,
 - 218.11. Clauses 2, 3, 5 (c), 16, 20 and 29 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993,
 - 218.12. Regulation 7(4) of LODR,
 - 218.13. Regulations 3, 6, 9 and 10 of SEBI (Certification of Associated Persons in the Securities Market) Regulations, 2007,
 - 218.14. RRTI Circular No. 1(99-2000) PMD/SU/11560/99 dated May 20, 1999,
 - 218.15. SEBI Circular No. CIR/MIRSD/5/2011 dated June 17, 2011,
 - 218.16. SEBI Circular No. CIR/MIRSD/7/2012 dated July 05, 2012 read with SEBI Circulars No. RRTI Circular No. 1(94-95) dated October 11, 1994,
 - 218.17. SEBI Circular No. MRD/DoP/Cir- 05/2007 dated April 27, 2007 in respect of the availability of PAN,

- 218.18. SEBI Circular No. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/166 dated September 07, 2020 and
- 218.19. SEBI Notification No. LAD-NRO/GN/ 2009-10/18/175577 dated September 04, 2009.
219. The Noticee has, *inter alia*, contended as under:
- “... It is accordingly submitted that the technical and venial nature of violations in regard to the maintenance of documents, reporting requirements, processing of requests for dematerialization, transmission and so on is to be considered...”*
220. In this regard, the Noticee has relied on the judgments of **Brickwork Ratings India Pvt. Ltd. v. SEBI** and **DSE Financial Services v. SEBI**.
221. Here, I note that the RTAs play a crucial role in managing the interface between all the stakeholders of the securities market. RTAs by handling share-related administrative tasks and by maintaining up to date and accurate investor records ensure proper functioning of the securities market.
222. In the present case, Noticee has been found to have committed plethora of breaches, including lack of NISM certification, non-execution of tripartite agreements, not maintaining physical signature card, delay in processing requests for duplicate shares, demat and transfer re-lodgement; lack of due diligence while processing requests, etc. In this background, if we consider the violations committed by the Noticee holistically, it clearly points to the fact that there was a lack of adequate systems and supervision put in place by the Noticee.
223. I note that the violations pertaining to re-lodgement request, change of address request, demat request, transmission request, duplicate request and signature card tend to directly impinge on the rights of the common investor. Therefore, such

violations have to be viewed seriously and cannot be brushed aside merely on the grounds of ‘technical violations’.

224. It is pertinent to note that the SEBI had issued an administrative warning to the Noticee earlier for lapses found during the earlier inspection period from April 01, 2018 to December 31, 2018. In this context, I note that the conduct of the Noticee in discharging its responsibilities doesn't behave of a QRTA. The recidivism behaviour exhibited by the Noticee in the present matter outrightly points to the fact that the Noticee has paid scant heed to earlier warning.
225. Hence, the lapses committed by the Noticee, as established in the preceding paragraphs, cannot be dismissed as mere technical violation.
226. In this context, I note that the orders of the Hon'ble SAT relied upon by the Noticee emanate from a different factual matrix and, therefore, cannot be applied to the present case. Moreover, the Noticee has failed to demonstrate how the cited orders are relevant to the instant matter. Consequently, the reliance placed by the Noticee on the aforementioned cases cannot be accepted in the present proceedings.
227. Therefore, I find that the Noticee is liable for payment of a monetary penalty in terms of Section 15HB of the SEBI Act.
228. The text of the abovesaid Section 15HB of the SEBI Act is reproduced below:
- SEBI Act**
- “15HB. Penalty for contravention where no separate penalty has been provided.***
- Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.”*

229. While determining the quantum of penalty under Section 15HB of the SEBI Act, the following factors stipulated in Section 15J of the SEBI Act have to be given due regard:

SEBI Act

“15J. Factors to be taken into account by the adjudicating officer

While adjudging quantum of penalty under Section 15-I, the adjudicating officer shall have due regard to the following factors, namely: -

- (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*
- (b) the amount of loss caused to an investor or group of investors as a result of the default;*
- (c) the repetitive nature of the default.”*

Factors Considered While Imposing Penalty

230. The available records neither specify disproportionate gains/unfair advantages made by Noticee nor the loss, if any, suffered by the investors due to such violations.
231. However, I take note of the fact that SEBI has issued an administrative warning against Noticee earlier for violations of securities laws, which shows that the Noticee is a repetitive violator.
232. Noticee, being a registered intermediary, was under a statutory obligation to comply with the mandate of the RTA Regulations and the relevant Circulars in letter and spirit. Any non-compliance by the registered intermediary with the obligations under the RTA Regulations and the SEBI Circulars, tends to weaken the regulatory framework. In this regard, I note that Hon'ble SAT in the matter of **Premchand**

Shah and Others v. SEBI⁸, *inter alia*, held as under: "...When a law prescribes a manner in which a thing is to be done, it must be done only in that manner..."

233. Further, I note that RTAs are an integral part of the securities market ecosystem. The RTAs are not just responsible for keeping investors' records of a listed firm and processing requests of investors but also play a vital role in maintaining the trust of the investor in the securities market. For the listed entities, the RTAs act as the bridge between the company and the investor.
234. Therefore, it is essential that RTAs conduct their business professionally, efficiently, and with the utmost integrity. It is also a fact that the Noticee was a QRTA during the IP. Therefore, the Noticee was expected to maintain highest standards of professionalism and integrity in its dealings.
235. However, in the present case, the manner in which the Noticee has conducted its operations has raised serious concern on standards of integrity and fairness maintained by the Noticee while conducting its business.
236. As noted above, the RTAs are the key conduit between the listed entities and the investor. Therefore, it is essential that RTAs address the concern of shareholders efficiently and effectively. In the present matter, the Noticee has been found to have indulged in violations pertaining to re-lodgement request, change of address request, demat request, transmission request, duplicate request and signature card. I note that such violations have the potential to adversely affect the rights of the investors. Further, such violations can also shake the confidence of the investors in the securities market.
237. I have taken note of the Noticee's submission wherein it has, *inter alia*, contended that:

⁸ Appeal No. 192 of 2010 dated February 21, 2011.

“...it is submitted that, in keeping with the true intents and purposes of an inspection, appropriate and apposite steps have been taken by Noticee to rectify the technical issues identified. The endeavours of the Noticee in this respect are evident from the observations of the inspection team in the Post Inspection Analysis Report in the Subsequent Inspection....

Noticee has ensured compliance by promptly taking corrective measures to address the violations in the inspection report....”

238. In this regard, I note that the subsequent compliance can in no manner exonerate the Noticee from the past violations. As noted in previous paragraphs, over 12 violations have been established against the Noticee for the lapses during the inspection period. It is also a fact that inadequate/inconsistent justifications were provided for such violations. These facts irresistibly lead me to the conclusion that the Noticee had failed to exercise due diligence and proper care and to fulfill its obligations in a prompt, ethical and professional manner during the inspection period.
239. I have also taken note of the submission that the period of inspection includes the period when the pandemic Covid was in force.
240. The aforementioned factors have been taken into consideration while adjudging the penalty.

ORDER

241. Having considered all the facts and circumstances of the case, the material available on record, the factors mentioned in preceding paragraphs and in the exercise of powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules, I, hereby, impose the following penalty on Noticee:

Table 4

Noticee Name	Penalty Provision	Penalty
Alankit Assignments Limited	Section 15HB of the SEBI Act	Rs. 10,00,000/- (Rupees Ten Lakhs only)

242. I am of the view that the said penalty is commensurate with the lapses/omissions on the part of Noticee.
243. Noticee shall remit/pay the said amount of penalty within 45 days of receipt of this order through the online payment facility available on the website of SEBI, i.e., www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT > Orders > Orders of AO > PAY NOW.
244. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to Noticee and also to the Securities and Exchange Board of India.

Date: February 28, 2025

Place: Mumbai

**N HARIHARAN
ADJUDICATING OFFICER
AND CHIEF GENERAL MANAGER**