

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER Ref. No. ORDER/NH/RJ/2024-25/31236]

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 Alankit Assignments Limited

A. 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 September 20, 2022 to November 30, 2023 (hereinafter referred to as '**inspection period**'). The findings of the said inspection were communicated to the Noticee vide letter dated March 31, 2024. In response to the findings in the inspection report, Noticee submitted its responses vide emails dated April 17, 2024 and April 26, 2024.
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:
 - 3.1. Clause 25.a of Annexure B and Clause II.6 of Schedule I read with Clause 8 of Annexure B of SEBI RRTI Circular no. 1(94-95) dated October 11, 1994 read with Clause 25.a of Annexure-2 (model agreement) and Clause II(6) of Schedule

I read with Clause 8 of Annexure-2 (model agreement) of SEBI Master Circular for Registrars to an Issue and Share Transfer Agents dated May 17, 2023.

- 3.2. Clause 3. III. of SEBI Circular no. SEBI/HO/MIRSD/DoP/CIR/ P/2018/119 dated August 10, 2018 read with Clause 11.4.3. of SEBI Master Circular for Registrars to an Issue and Share Transfer Agents dated May 17, 2023.
- 3.3. Clauses 2 and 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993.
- 3.4. Clause 4 read with Clause II(13) of Annexure to SEBI Circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 read with Clause 12.1 read with Clause II(12) of Annexure 6 to SEBI Master Circular for Registrars to an Issue and Share Transfer Agents dated May 17, 2023

B. APPOINTMENT OF ADJUDICATING OFFICER

4. The undersigned was appointed as the Adjudicating Officer (hereinafter referred to as '**AO**') vide communique dated July 03, 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 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.

C. SHOW CAUSE NOTICE, REPLY AND HEARING

5. Show Cause Notice (hereinafter referred to as '**SCN**') bearing No. SEBI/HO/EAD2/NH/RJ/2024/22509 dated July 09, 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 be not imposed against the Noticee under Section 15HB of SEBI Act for the aforesaid alleged violations.
6. The SCN dated July 09, 2024, *inter alia*, alleged the following:

“
...

Reconciliation of Register of Members

- 6.1. *During the inspection, it was observed that transactions executed during 2022–23 were not captured in the Register of Members (hereinafter referred to as ‘ROM’) of State Bank of India as of March 31, 2023. Further, transactions executed in April 2022 were reflected in the ROM of State Bank of India as done in March 31, 2022. It was observed that such non-capturing of the transactions has resulted in a discrepancy in the number of shares in respect of 98 folios in the ROM of SBI as of March 31, 2022 and March 31, 2023. Further, transactions executed during 2022–23 were not captured in the ROM of Indian Acrylics Limited as of March 31, 2023, which has resulted in discrepancy in the number of shares in respect of 12 folios in the ROM as of March 31, 2023.*
- 6.2. *It is alleged in the PIA that there were discrepancies in the ROM of Indian Acrylics Limited and State Bank of India. It is alleged that such discrepancies in the ROM indicate that the Noticee has not maintained accurate and up-to-date records. It is further alleged that the records were not automatically updated after transactions in the folios, which suggests lapses in the Noticee's system.*
- 6.3. *In view of the above, Noticee is alleged to have violated the following:*
- 6.3.1. *Clause 25.a of Annexure B and Clause II.6 of Schedule I read with Clause 8 of Annexure B of SEBI RRTI Circular no. 1(94-95) dated October 11, 1994 read with Clause 25.a of Annexure-2 (model agreement) and Clause II(6) of Schedule I read with Clause 8 of Annexure-2 (model agreement) of SEBI Master Circular for Registrars to an Issue and Share Transfer Agents dated May 17, 2023.*
- 6.3.2. *Clause 3. III. of SEBI Circular no. SEBI/HO/MIRSD/DoP/CIR/ P/2018/119 dated August 10, 2018 read with Clause 11.4.3. of SEBI Master Circular for Registrars to an Issue and Share Transfer Agents dated May 17, 2023.*
- 6.3.3. *Clause 2 and Clause 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993.*

Identification of folios for Enhanced Due Diligence

- 6.3.4. *During the inspection, it was observed that there were 6,05,721 folios (out of a total of 6,61,714 physical folios) in 158 issuer companies that were*

marked for Enhanced Due Diligence (hereinafter referred to as 'EDD') by the Noticee. On perusal of the list of folios marked for EDD submitted by the Noticee, it was observed that the Noticee has not marked all the folios without a PAN or bank account number for EDD.

6.3.5. *In response, the Noticee has, inter alia, stated as follows:*

“... Folios where enhance due diligence is required are marked through automatic schedule which runs automatically on weekly basis on the day and time defined in the schedule and updates the EDD flag after checking the flag of PAN and Bank detail not available. After getting inspection report our IT team checked it found that due to some technical issues and connection error EDD flag could not be updated properly in few folios. IT team has rectified the problem and now it is running properly. ...”

6.3.6. *In this regard, it is stated in the PIA that the Noticee has accepted that all the folios without a PAN or bank account number were not marked for EDD, as required under SEBI Circular dated April 20, 2018. It is stated that marking such folios for EDD is critical to preventing misuse / fraud and safeguarding the interests of investors. It is alleged that Noticee has not marked 7,604 folios without PAN and 25,267 folios without bank account details (Annexure 7) for EDD. In this context, Noticee is alleged to have violated Clause 4 read with Clause II(13) of Annexure to SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 read with Clause 12.1 read with Clause II(12) of Annexure-6 to SEBI Master Circular for Registrars to an Issue and Share Transfer Agents dated May 17, 2023.*

...”

7. The SCN was duly delivered to the Noticee by SPAD on July 15, 2024 and vide email on July 09, 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 period 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 12, 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 for 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 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. In this regard, the Noticee submitted its reply on December 18, 2024 wherein it has, *inter alia*, stated as under:

“

- 15.1. *Consequently, in our letter dated November 14, 2024, we sought an inspection of documents and an additional time of 6 weeks after the completion of inspection was requested to file the reply.*
- 15.2. *Thereafter, pursuant to an email dated November 22, 2024, an opportunity of inspection was granted on November 25, 2024.*
- 15.3. *Following the completion of the inspection, vide hearing notice dated November 25, 2024, the personal hearing in the matter was rescheduled to December 19, 2024, and we were directed to file our reply by December 16, 2024.*
- 15.4. *In compliance with the directions of the Ld. Adjudicating Officer, the Noticee is filing the present reply. We reserve the right to file additional submissions and responses, from time to time, as may be deemed necessary, to supplement this reply. It is submitted that nothing stated herein shall be deemed to be an admission on the part of the Noticee for the reason of specific non-traverse or for want of specific evidentiary corroboration. It is submitted that the contents of the SCN are vehemently denied into to by the Noticee. As such, it is submitted that the SCN are liable to be vacated at this very threshold.*
- 15.5. *Prior to responding to the allegations on substantive grounds, the Noticee would like to make the following preliminary submissions, each of which are without prejudice to the others and are all critical to the present proceedings. I tis submitted that, on consideration of these preliminary submissions alone, the Noticee is liable to be discharged from the instant proceedings.*

Preliminary Submissions

The allegations in the SCN are vague

- 15.6. *It is a settled principle of law that the fundamental purpose behind the serving of a show cause notice is to make the Noticee understand the precise case set up against them which they have to meet. The Hon'ble Supreme Court in Gorkha Securities v. NCT Delhi, stated that in order to serve its purpose an show cause notice was required to provide a statement of imputations detailing*

out the alleged breaches/default committed by the Noticee such that it gets an opportunity to rebut the same.

- 15.7. *Further, the Hon'ble Supreme Court in the matter of Indian Commodity Exchange Ltd. Vs Neptune Overseas Ltd.& Ors. [(2020) 20 SCC 106] has also held the following:*

"32. Once again, it may be stated that a large part of the documents would have been within the custody of the Respondent No. 2 herein or for that matter with Respondent No.1 herein. However, this would not encompass all the documents. Not only that, when reliance is placed on as many as 4,000 pages of documents, it would not be fair to expect that the party in question ferrets through its own record trying to locate the documents, when on basis of formation of an opinion for issuance of the show cause notice, logic and requirement of law both would dictate that the show cause notice should be comprehensive enough with full supporting documents being handed over. The answer cannot be that they are free to inspect 4,000 pages on their only." (emphasis supplied)

- 15.8. *In light of the above, it is pertinent to consider the relevant paragraphs of the SCN wherein allegations have been levelled against the Noticee:*

"4.1. Discrepancies were observed in the Register of Members of State Bank of India as of March 31, 2022 and March 31,2023 with respect to 98 folios. Further, discrepancies were observed in the Register of Members of Indian Acrylics Limited as of March 31, 2023 with respect to 12 folios ...

6.1. During the inspection, it was observed that transactions executed during 2022 - 23 were not captured in the Register of Members (hereinafter referred to as 'ROM') of State Bank of India as of March 31, 2023. Further, transactions executed in April 2022 were reflected in the ROM of State Bank of India as done in March 31, 2022. It was observed that such non-capturing of the transactions has resulted in a discrepancy in the number of shares in respect of 98 folios in the ROM of SBI as of March 31,2022 and March 31,2023. Further, transactions executed during 2022-23 were not captured in the ROM of Indian Acrylics Limited as of March 31, 2023, which has resulted in discrepancy in the number

of shares in respect of 12 folios in the ROM as of March 31, 2023. (Annexure 6)

6.2. It is alleged in the PIA that there were discrepancies in the ROM of Indian Acrylics Limited and State Bank of India. It is alleged that such discrepancies in the ROM indicate that the Noticee has not maintained accurate and up-to-date records. It is further alleged that the records were not automatically updated after transactions in the folios, which suggests lapses in the Noticee's system."

- 15.9. *After a thorough review of the aforementioned paragraphs of the SCN, it is submitted, that there is no proper determination of the allegations against the Noticee.*
- 15.10. *The SCN generally states that transactions executed during 2022-23 were not captured in the ROM of SBI and Indian Acrylics Limited and transactions executed in April 2022 were reflected as done on March 31, 2022, in the ROM of SBI. The observations are made collectively in respect of all 98 folios for SBI and 12 folios for Indian Acrylics Limited. Though, Annexure-6 of the SCN specifies the folios in respect of which there are discrepancies, it does not specify details such as the relevant dates of transactions or the exact discrepancy in respect of a particular folio.*
- 15.11. *It is submitted that upon perusal of the SCN and Annexure-6 thereto, there is no clarity as to, for which of the reasons stated above a folio has been marked. Further, the SCN even fails to specify the documents that have been relied upon to prepare Annexure-6 to the SCN.*
- 15.12. *It is accordingly submitted that the SCN, without providing any explanation as to the materials relied upon to level allegations against the Noticee, conveniently expects the Noticee to peruse the numerous documents available with it and determine for itself the details in regard to the allegations levelled in the SCN.*
- 15.13. *Therefore, it is submitted that owing to the absence of critical details in the SCN, SEBI has failed to explain the precise case set up against the Noticee which it has to meet. Accordingly, the SCN and the present proceedings emanating therefrom are liable to be quashed on this ground alone.*

- 15.14. *Without prejudice to the aforementioned, we are submitting this reply based on the document received and our interpretation of the allegations outlined in the SCN read with Annexure-6. Should there be any discrepancy in our understanding, or if the Ld. Adjudicating Officer is of the belief that we have misinterpreted the allegations, we respectfully request an additional opportunity to address and respond to the allegations accordingly.*

Submissions on Merit

Failure to Identify Folios for Enhanced Due Diligence

The alleged violation occurred on account of a technical error in the Noticee's automated systems and was promptly rectified

- 15.15. *The SCN alleges that in failing to mark the folios Jacking PAN and Bank Account details, the Noticee violated Clause 12.1 and Clause II (12) of the Annexure-6 to the Master Circular. The provisions alleged to have been violated are reproduced here in below:*

"12. The Issuer Company and RTAs shall exercise enhanced due diligence in following cases:

- i. Where dividend/interest/redemption remains unpaid for three years & above*
- ii. PAN/bank account details not available in the folio.*
- iii. Unclaimed suspense account constituted pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations.*
- iv. IEPF suspense account set up pursuant to Companies Act 2013.*
- v. Any other stringent criteria as decided by the Issuer Company and the RTAs. RTAs shall maintain a list of such account folios and share with the Issuer Company at the end of every quarter of a financial year. "*

- 15.16. *To ensure compliance with its obligation to exercise enhanced due diligence ("EDD") for certain transactions, the Noticee has put in place automated systems to flag folios that lack PAN and bank account details. Consequently, when requests are made from such folios, alerts are generated, prompting the Noticee to undertake EDD while processing transactions related to these folios.*

- 15.17. *An explanation regarding the working of the system was provided by the Noticee in the PIA Report and the same is reproduced here in below:*

"Where PAN no. of all the joint holders are updated, PAN updated flag is marked in the system. Where PAN is not available for any of the joint holders PAN not updated flag is marked in the system

In case of Bank detail where Bank account no. having more than 8 digits is available along with Bank Name, 9 digit MICR., and 11 digit IFSC code such cases are marked as Bank detail updated and other folios are marked as Bank details not updated. Folios where enhance due diligence is required are marked through automatic schedule which runs automatically on weekly basis on the day and time defined in the schedule and updates the EDD flag after checking the flag of PAN and Bank detail not available ..."

- 15.18. *The non-marking of the folios for EDD occurred as a result of the malfunctioning of the automated systems that the Noticee had in place, as explained here in below:*

"Folios where enhanced due diligence is required are marked through automatic schedule which runs automatically on weekly basis on the day and time defined in the schedule and updates the EDD flag after checking the flag of PAN and Bank detail not available. After getting inspection report our IT team checked it found that due to some technical issues and connection error EDD flag could not be updated properly in few folios. IT team has rectified the problem and now it is running properly. Current status of PAN/Bank details not available cases and folios where EDD flag is marked is given in Annexure-17.1"

- 15.19. *On the basis of the above, it is respectfully submitted that the folios were not marked due to a technical issue with the Noticee's automatic systems. The problem occurred due to an error in the functioning of the algorithm that marked accounts for EDD and the Noticee had no involvement in the occurrence of the same.*
- 15.20. *In this regard it is pertinent to take note of the observations of the Hon'ble Securities Appellate Tribunal ("SAT") in the matter of DSE Financial Services:*

“Under similar circumstances in one of the cases decided by us earlier (Religare Securities Limited vs. SEBI Appeal no. 23 of 2011 decided on 16.6.2011), we have observed that it must be remembered that the purpose of carrying out inspection is not punitive and the object is to make the intermediary comply with the procedural requirements in regard to the maintenance of records. We have also observed that every minor discrepancy/irregularity found during the course of inspection is not culpable and the object of the inspection could well be achieved by pointing out the irregularities/deficiencies to the intermediary at the time of inspection and making it compliant.”

- 15.21. *Further, the Hon'ble SAT in the case of Brickwork Ratings India Pvt. Ltd. v. SEBI made the following observations in respect of technical violations that had been escalated to enquiry proceedings:*

“19 We are further of the opinion that the violations as found by the WTM and found by us are routine operational errors which have unnecessarily been escalated to regulatory proceedings. Some of the violations are trivial in nature. Isolated instances by not meeting the rating criteria, not reviewing the rating criteria for shorter period than 3 years/5 years, not signing the minutes of the meeting, not recording the names of the attendees of the meeting of the rating committee, failure to comply with the timelines specified in the appellant's manual are such violations which do not warrant cancellation of the license of the appellant. Even the charge of conflict of interest is not that serious which by itself could warrant cancellation of the License of the appellant.”

- 15.22. *It is not the case of SEBI that the Noticee failed to exercise EDD on transactions in these folios, due to the fact that they were not marked. It is accordingly submitted that the malfunction in the system of the Noticee did not prejudice the interest of the shareholders in any manner.*

- 15.23. *In any case, as evident from Pg 5 and Pg 6 of Inspection Report there are 5,67,955 folios and 6,12,577 folios lacking PAN and Bank Account details respectively. The SCN notes that out of these, 7604 folios and 25267 folios that lack PAN and Bank Account details respectively have not been marked for EDD. Therefore, it is submitted that merely 1.33% of the folios lacking PAN*

details and 4.1 2% of the folios lacking Bank Account details have not been marked for EDD.

- 15.24. *It is accordingly submitted that the alleged violations are technical in nature and did not cause any actual loss to shareholders or lead to any adverse effects on the securities market. In fact, the Noticee immediately rectified its systems upon receiving the observations of the inspection team to ensure that the requirements of the Master Circular were complied with. It is therefore submitted that the allegation is liable to be disposed of without the imposition of any monetary penalty. The pop-up from Noticee's EDD software is attached herein as "Annexure A".*

Failure to reconcile the register of members

- 15.25. *The apparent discrepancies in the Register of Members were not due to errors within the ROM itself but rather arose from issues within the transaction register.*
- 15.26. *The SCN alleges that the transactions executed in 2022-23 did not reflect in the ROM as of March 31, 2023. Further, certain transactions that occurred on April 2022 were recorded in the ROM on March 31, 2022.*
- 15.27. *Before addressing the allegation of discrepancies in the ROM, it is pertinent to take note of the methodology followed during the inspection as recorded on Pg 22 of the inspection report:*

"1. Inspection team checked transactions such as transmission, name deletion, demat, remat etc. in sample folios as recorded in the transaction register obtained from the RTA.

2. The said transactions were then compared with data as recorded in Register of Members reported by client companies to Registrar of Companies (obtained from the concerned client companies) as on March 31, 2022 and March 31, 2023 to see that the difference between the holdings as on March 31, 2022 and that as on March

31, 2023 are explained in the transaction register."

- 15.28. *Accordingly, the relevant provisions of the Master Circular alleged to have been violated are provided here in below:*

"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. However, the following activities shall form part of the Transfer agent's functions and responsibility during the currency of this agreement.

- i. Receipt of request for transfer transmission, endorsement as fully paid-up, allotment/ call money, split, consolidation, change of address, issue of duplicate certificates in lieu of misplaced/ lost certificates.*
- ii. Processing of requests for transfer, endorsement as fully paid-up, receipt of allotment/call money and other correspondence received in connection with transfer activities.*
- iii. After verification of transfer deeds, preparation of transfer proposals for approval of the transfer committee of the company, endorsement on the certificates.*
- iv. Despatch of transferred certificates to the transferees within the mandatory period as laid down in the Companies Act/ Listing Agreement.*

6. Transfer Agents shall maintain Register of Members. It will be kept up-to-date by incorporating changes therein during the year."

15.29. *Further, the relevant provisions of the Regulations alleged to have been violated are provided here in below:*

"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.

... CODE OF CONDUCT

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."

15.30. *Before proceeding to explain the alleged discrepancies in the ROM, it is important to note that Annexure 6 to the SCN lists the entries in the ROM where discrepancies were found but does not provide specific details about the types of transactions responsible for the discrepancies. Accordingly, our*

submissions are based on the document received and our interpretation of the allegations outlined in the SCN read with Annexure-6.

15.31. *The type of transaction as retrieved from Our Client's database that occurred in respect of the folios mentioned in Annexure-6 are provided here in below:*

- a. Transmission*
- b. Name Deletion*
- c. Change of Name*
- d. Demat*

15.32. *Accordingly, the alleged discrepancies in the ROM of SBI and Indian Acrylics Limited are explained below:*

State Bank of India

Transactions executed in the FY 2022-23 but not recorded in the ROM as on March 31, 2023

15.33. *The alleged discrepancy has arisen as a result of processing requests for transmission of shares. The Noticee first receives the request for the transmission of shares and verifies all pertinent documents. Subsequently, the details are forwarded to the company to seek approval from its share transfer committee.*

15.34. *It is submitted that the transmission request is only executed pursuant to the receipt of approval from the company. It usually takes the entity some time to communicate its approval to the Noticee, leading to a time difference between the approval and the execution of the transaction.*

15.35. *For instance, transmission requests in respect of folio nos. 05108015, 05108016, 05108017, 05108018, 05108019, 05108020, 05108021, 05108023, 05108024 and 05108025 and their corresponding folios that were approved on March 28, 2023, by the company the communication was received on April 10, 2023, by Our Client/Noticee. The email from SBI in respect of approval of transmission of shares in respect of 12 folios is attached herein as "Annexure B".*

15.36. *Therefore, the Noticee had executed the transaction only on April 10, 2023, in respect of the above folios when the email communicating such approval was received from SBI (Table-1). The Noticee updated its transaction register to make sure that the recorded transfer date i.e., March 28, 2023, matched the*

approval date by the share transfer committee. To sum it up, the transmission request though processed on April 10, 2023, was recorded as March 28, 2023, in the transaction register of the Noticee. This was done to align it with the transfer date on the Letters of Confirmation issued by the Noticee to the clients, which too was the same as the approval date by the listed entity. Letters of Confirmation for transactions related to folio numbers are attached herein as "Annexure C".

- 15.37. Therefore, the Register of Members (ROM) of State Bank of India (SBI) as of March 31, 2023, available with the Registrar of Companies (ROC) rightly did not reflect the transaction as it was processed only on April 10, 2023, i.e., in FY 2023-24. However, the transaction date in the transaction register maintained by the Noticee records the date as March 28, 2023 i.e. the approval date by the Company. Consequently, when the inspection team reviewed the transaction register alongside the records available with the ROC as of March 31, 2023, the transactions recorded in the former were not visible in the latter. This discrepancy in the recording of the actual transaction date vis-a-vis the approval date created an impression that transactions executed in 2022-23 were not captured in the ROM as of March 31, 2023.

Transmission No.	Folio No. (Seller)	Folio No. (Buyer)	Reflects in the Transaction Register for FY 2022-23	Actual Date of Execution / Date of email	Reason for the DOD-capture of transaction as of March 31,2023
306279	01868834	05108015	Yes	April 10, 2023	The transactions were not captured as of March 31,2023, as they were executed in FY 2023-24.
306280	07301864	05108016	Yes	April 10, 2023	
306281	02205473	05108017	Yes	April 10, 2023	
306282	01303019	05108018	Yes	April10, 2023	
306284	02353664	05108020	Yes	April10, 2023	

306285	01991485	05108021	Yes	April 10, 2023	
306287	01463809	05108023	Yes	April 10, 2023	
306288	07201439	05108024	Yes	April 10, 2023	
306289	07528846	05108025	Yes	April 10, 2023	

Table-1 Corresponding Folios where there are discrepancies (Transmission)

Conclusion: The ROM of SBI as of March 31, 2023, is not incorrect. The transmissions executed in FY 2022-23 as per the transaction register have in fact been executed in the FY 2023-24 and therefore have not been captured in the ROM.

Transactions executed in April 2022 but recorded on March 31, 2022

- 15.38. *The alleged discrepancy has arisen as a result of name deletion/change of name transactions processed by the Noticee. In case of name deletion/change of name transactions, the Noticee, follows a practice where such transactions are first processed after the verification of relevant documents and later ratified by the operations manager of the Noticee. The date of ratification is then entered into the letter/certificate of confirmation and the transaction register as the date of transfer.*
- 15.39. *Therefore, the transaction occurs at an earlier date and is only ratified later. It is pertinent to note that transactions in respect of folio nos. 05106719 to 05106736 that were executed on March 31, 2022, were ratified only on April 1, 2022. Letters of Confirmation/certificate for transactions in respect of folio nos. 05106719 to 05106736 are attached herein as "Annexure D".*
- 15.40. *Accordingly, when the inspection team reviewed the transaction register alongside the ROM as on March 31, 2022, it was given the impression that a transaction executed on April 1, 2022, was captured in the ROM as on March 31, 2022. However, the transaction had in fact occurred on March 31, 2022 i.e. in FY 2021-22 as evidenced by the ROM and not on April 1, 2022.*

<i>Folio No. (Pre- Name Change)</i>	<i>Folio No. (Post- Name Change)</i>	<i>Reflects in the Transaction Register for FY 2022-23</i>	<i>Actual Date of Execution</i>	<i>Reason for capture of transaction as of March 31, 2022</i>
07516964	05106719	Yes	March 31, 2022	The transactions were captured as of March 31, 2022, as they were executed on that date.
01334356	05106720	Yes	March 31, 2022	
07512646	05106721	Yes	March 31, 2022	
01757503	05106722	Yes	March 31, 2022	
07116008	05106723	Yes	March 31, 2022	
00847330	05106724	Yes	March 31, 2022	
07520451	05106725	Yes	March 31, 2022	
01922766	05106726	Yes	March 31, 2022	
01174169	05106727	Yes	March 31, 2022	
00853663	05106728	Yes	March 31, 2022	
01150174	05106729	Yes	March 31, 2022	
01642258	05106730	Yes	March 31, 2022	
03112176	05106731	Yes	March 31, 2022	
02135889	05106732	Yes	March 31, 2022	
00797635	05106733	Yes	March 31, 2022	
01384764	05106734	Yes	March 31, 2022	
02135078	05106735	Yes	March 31, 2022	
02632213	05106736	Yes	March 31, 2022	

Table-2 Corresponding Folios where there are discrepancies (Name Change/Deletion)

Conclusion: The ROM of SBI as of March 31, 2022, is not incorrect. The transmissions executed in April 2022 as per the transaction register have in fact been executed on March 31, 2022, and therefore were reflected in the ROM on that date.

15.41. *It is accordingly submitted that the discrepancies in the ROM of SBI highlighted in the SCN are on account of difference in the dates entered in the transaction register of the Noticee which was the date of approval received from the company and the date of ratification by the operations manager of the Noticee and that there was no error in the ROM itself. The ROM of SBI was regularly updated in respect of the above transactions and it reflected the name of the members who were holding the shares as on March 31, 2022.*

15.42. *In light of the above, it is clear that there was no failure on the part of the Noticee to fulfil its professional obligations or exercise due diligence. It is accordingly submitted that allegations in respect of discrepancies in ROM of SBI are misplaced and therefore liable to be set aside.*

Indian Acrylics Limited

Transactions executed in the FY 2022-23 but not recorded in the ROM as on March 31, 2023

Name Deletion

15.43. *In respect of 2 folios out of the 12 highlighted in Annexure-6 of the SCN, alleged discrepancies have occurred on account of the process of name deletion, which has been detailed above.*

15.44. *Therefore, it is clear that the transaction occurs at an earlier date and is only ratified later. Accordingly, the transaction in respect of folio no. 0332868 that was executed as on March 31, 2022, was ratified only on April 11, 2022. Letter of Confirmation/certificate for transactions in respect of the folios are attached herein as "Annexure E". Further, the shares received in the folio were dematerialized, causing the number of shares in the folio to be reflected as nil as of March 31, 2023.*

15.45. *Accordingly, when the inspection team reviewed the transaction register alongside the ROM as on March 31, 2023, it appeared that the transaction*

executed on April 11, 2022, was not captured as on March 31, 2023. However, the transaction had in fact occurred in FY 2021-22.

- 15.46. *It is accordingly submitted that the discrepancies highlighted in the SCN are on account of difference in the dates entered in the transaction register of the Noticee and that there was no error in the ROM itself.*

Double Entry in the Transaction Register

- 15.47. *In respect of 2 other folios out of the 12 highlighted in Annexure-6 of the SCN, the alleged discrepancies have appeared on account of double entries in the transaction register.*
- 15.48. *In FY 2022-23, as per the transaction register, 200 shares were transmitted from folio no. 16675 to 0332876. It is submitted that there was a double entry in the transaction register on account of a technical error and only 100 shares had been transmitted. Notwithstanding the same, the ROM was correctly updated as on March 31, 2023, to reflect that only 100 shares had been transmitted from folio no. 16675 to 0332876. The screenshot of the transaction in the system of the Noticee is attached herein as "Annexure F".*
- 15.49. *However, when the inspection team reviewed the transaction register alongside ROM as of March 31, 2023, it appeared that the transmission of the additional 100 shares had not been recorded in the ROM.*
- 15.50. *Based on the above, it is submitted that the discrepancy appeared only on account of the double-entry in the transaction register and that the ROM had been updated correctly.*

Discrepancies in respect of 8 folios

- 15.51. *In respect of the remaining 8 folios, the alleged discrepancies have in fact occurred due to technical issues in processing demat requests in respect of the folios.*
- 15.52. *The Noticee processes demat requests arising from the folios in tranches and accordingly updates ROM of the company based on the data files received from the depositories. It is submitted that due to some technical issues there was a problem in running the data file received from the depositories on account of which shares in 4 folios were wrongly debited and shares in the other 4 folios were not debited, causing discrepancies in the ROM of the company.*

- 15.53. *It is submitted that upon the receipt of the inspection report the Noticee promptly rectified the issue. The screenshots of the corrections carried out by the Noticee in respect of each folio is attached herein as "Annexure G".*
- 15.54. *It is submitted that the effect of the error was restricted to the ROM alone and did not lead to any discrepancies in the demat account of the clients.*
- 15.55. *The alleged violation is technical in nature and did not have an adverse effect on the interests of investors or the securities market.*
- 15.56. *At the outset, it is submitted that the observation in the SCN of discrepancies in 98 folios of SBI and 12 folios of Indian Acrylics Limited is erroneous. It is submitted that as highlighted above, there are discrepancies only in respect of 8 folios of Indian Acrylics Limited, which have occurred on account of an error in the systems of the Noticee.*
- 15.57. *In this regard it is pertinent to take note of the observations of the Hon'ble Securities Appellate Tribunal ("SAT") in the matter of DSE Financial Services:*
"Under similar circumstances in one of the cases decided by us earlier (Religare Securities Limited vs. SEBI Appeal no. 23 of 2011 decided on 16.6.2011), we have observed that it must be remembered that the purpose of carrying out inspection is not punitive and the object is to make the intermediary comply with the procedural requirements in regard to the maintenance of records. We have also observed that every minor discrepancy/irregularity found during the course of inspection is not culpable and the object of the inspection could well be achieved by pointing out the irregularities/deficiencies to the intermediary at the time of inspection and making it compliant."
- 15.58. *Further, the Hon'ble SAT in the case of Brickwork Ratings India Pvt. Ltd. v. SEBI made the following observations in respect of technical violations that had been escalated to enquiry proceedings:*
"19. We are further of the opinion that the violations as found by the WTM and found by us are routine operational errors which have unnecessarily been escalated to regulatory proceedings. Some of the violations are trivial in nature. Isolated instances by not meeting the rating criteria, not reviewing the rating criteria for shorter period than 3 years/5 years, not signing the minutes of the meeting, not recording the names of the

attendees of the meeting of the rating committee, failure to comply with the timelines specified in the appellant's manual are such violations which do not warrant cancellation of the license of the appellant. Even the charge of conflict of interest is not that serious which by itself could warrant cancellation of the license of the appellant."

- 15.59. *Accordingly, it is therefore submitted that the discrepancies in the ROM were only of a technical nature and did not have any adverse effect on the interest of shareholders. In light of the same, it is respectfully submitted that the allegation is liable to be disposed of without the imposition of any monetary penalty.*

Imposition of Penalty

- 15.60. *The Noticee has been called upon to show cause as to why penalty under Section 15HB of the SEBI Act should not be imposed on it. It is submitted that the Noticee's stand, as set out above, is that there has been no violation on part of the Noticee, as alleged or otherwise. Even if the commission of such violation is accepted, it is only minor and technical without any adverse effects on the interests of shareholders. The submissions that follow in this part are without prejudice to the submissions set out above.*
- 15.61. *Section 15HB of the Act deals with the imposition of penalty for contraventions where no specific penalties have been provided for. This section can be invoked only in respect of a person who "fails to comply with any provision of this Act, the rules or the regulations made or the directions issued by the Board there under". As explained in detail in the paragraphs above, the Noticee has not breached any legal requirement to which it is subject.*
- 15.62. *Further, for determining the quantum of penalty under the aforesaid Section 15HB, 15J of the SEBI Act lays down that:*
"While adjudging the quantum of penalty under section 15I, 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."

- 15.63. *Without prejudice to the submissions above, assuming without admitting that there have been minor or technical violation by the Noticee as alleged in the SCN, SEBI is statutorily mandated to take into consideration the criteria specified in Section 15J of the SEBI Act while determining the quantum of penalty. In this regard, the submissions set out below clearly prove that none of the factors under Section 15J are established.*
- 15.64. *The Noticee has not obtained any disproportionate gain or advantage from its role as a listed entity. The SCN discloses no proof or evidence to suggest that the Noticee incurred disproportionate gain or unfair advantage during its conduct.*
- 15.65. *There is no evidence, direct or indirect, that would suggest that the activities of the Noticee caused any loss to a particular investor or group of investors. There was no default by the Noticee in the present case, much less a deliberate or a repetitive default. The Noticee has always acted in good faith, being in full compliance with the Indian laws and regulations applicable to them and has at all times cooperated in good faith with SEBI.*
- 15.66. *In light of the reasons cited above, under the given facts and circumstances, there is no justifiable ground or basis to impose a penalty on the Noticee as per the law prescribed under the SEBI Act.*
- 15.67. *The Hon'ble SAT in the case of Piramal Enterprises Ltd. v. SEBI [Appeal No. 406 of 2016] made the following observations:*

"25. Considering the aforesaid, we are of the opinion that the object of the Act is not only to protect the investors but also the securities market. The appellant is part of the securities market and its existence is required for the healthy growth of the securities market. SEBI is the watchdog and not a bulldog. If there is an infraction of a rule, remedial measures should be taken in the first instance and not punitive measures. In the absence of any direct or clinching evidence of insider trading or misuse of UPSf, a reasonable benefit of doubt should be extended to the PEL instead of mechanically imposing a penalty. Other factors should be considered

including those stated in Section 23J of the Act which apparently was not considered.

26. When fairness and transparency was shown by PEL in the execution of the deal and there is no evidence of lack of integrity on the part of PEL, it would be harsh to penalize PEL, howsoever small the penal amount it may be.

27. The AO has imposed a penalty upon PEL for a technical violation of the Model Code. The compliance officer has already settled the matter with SEBI. We feel that in the given situation the imposition of penalty upon PEL and its directors was unwarranted and, in any case, disproportionate ... "

15.68. *The Hon'ble SAT in the recently decided case of SRBC & Co. LLP v. SEBI [Appeal No.700 of 2022] held as follows:*

"20. Therefore, imposition of penalty is clearly unsustainable. The contention urged on behalf of SEBI that once the violation is admitted, the AO had no choice but to impose penalty is illogical and liable to be rejected. If this argument were to be accepted it would result in absurd consequences and therefore the said contention is only noted to be rejected.

15.69. *We trust and hope that while imposing the penalty, the SEBI authorities shall examine the facts in a holistic manner and exercise restraint in passing mechanical orders."*
... "

16. In the interest of natural justice, vide email dated December 19, 2024, Noticee was granted another opportunity of hearing on January 07, 2025.

17. The hearing was held on January 07, 2025. Mr. Ritvik Misra, 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.

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 December 18, 2024.
19. 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.

D. CONSIDERATION OF ISSUES AND FINDINGS

20. 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 there were discrepancies in the Register of Members (hereinafter referred to as '**ROM**') of Indian Acrylics Limited and State Bank of India as of March 31, 2023 and thereby, Noticee violated Clause 25.a of Annexure B and Clause II.6 of Schedule I read with Clause 8 of Annexure B of SEBI RRTI Circular no. 1(94-95) dated October 11, 1994 read with Clause 25.a of Annexure-2 (model agreement) and Clause II(6) of Schedule I read with Clause 8 of Annexure-2 (model agreement) of SEBI Master Circular for Registrars to an Issue and Share Transfer Agents dated May 17, 2023, Clause 3. III. of SEBI Circular no. SEBI/HO/MIRSD/DoP/CIR/ P/2018/119 dated August 10, 2018 read with Clause 11.4.3. of SEBI Master Circular for Registrars to an Issue and Share Transfer Agents dated May 17, 2023 and Clause 2 and Clause 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993?
- II. Whether Noticee has not marked 7,604 folios without PAN and 25,267 folios without bank account details for Enhanced Due Diligence (hereinafter referred to as '**EDD**') and thereby, violated Clause 4 read with Clause II(13) of Annexure to SEBI Circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73

dated April 20, 2018 read with Clause 12.1 read with Clause II(12) of Annexure 6 to SEBI Master Circular for Registrars to an Issue and Share Transfer Agents dated May 17, 2023?

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

21. The relevant extracts of the provisions of law¹, allegedly violated by Noticee, are mentioned under:

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

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.

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.

SEBI RRTI Circular no. 1(94-95) dated October 11, 1994

Annexure B

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. ...

25.a The company and Transfer Agent shall maintain following documents and records pertaining to Transfer activities by way of hard copies and if required may be stored by way of tape drives in computers:

¹SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, SEBI Circular no. SEBI/HO/MIRSD/DoP/CIR/ P/2018/119 dated August 10, 2018 and SEBI Master Circular for Registrars to an Issue and Share Transfer Agents dated May 17, 2023 are available online and are not reproduced here for the sake of brevity.

a) ..., register of member, ...

SCHEDULE I of Annexure B

II.6. Transfer Agents shall maintain Register of Members. It will be kept up-to-date by incorporating changes therein during the year....”

Preliminary Submission

22. The Noticee, in its reply, has, *inter alia*, contended that:

“... 18. The SCN generally states that transactions executed during 2022-23 were not captured in the ROM of SBI and Indian Acrylics Limited and transactions executed in April 2022 were reflected as done on March 31, 2022, in the ROM of SBI. The observations are made collectively in respect of all 98 folios for SBI and 12 folios for Indian Acrylics Limited. Though Annexure-6 of the SCN specifies the folios in respect of which there are discrepancies, it does not specify details such as the relevant dates of transactions or the exact discrepancy in respect of a particular folio.

19. It is submitted that upon perusal of the SCN and Annexure-6 thereto, there is no clarity as to, for which of the reasons stated above a folio has been marked. Further, the SCN even fails to specify the documents that have been relied upon to prepare Annexure-6 to the SCN.

20. It is accordingly submitted that the SCN, without providing any explanation as to the materials relied upon to level allegations against the Noticee, conveniently expects the Noticee to peruse the numerous documents available with it and determine for itself the details in regard to the allegations levelled in the SCN.

21. Therefore, it is submitted that owing to the absence of critical details in the SCN, SEBI has failed to explain the precise case set up against the Noticee which it has to meet. Accordingly, the SCN and the present proceedings emanating there from are liable to be quashed on this ground alone. ...”

23. In this regard, I note that the observations regarding the discrepancies in the ROM of State Bank of India and Indian Acrylics Limited were observed during the inspection of Noticee conducted for the period September 20, 2022 to November 30, 2023. I note that the methodology employed by the inspecting team as mentioned in the inspection report was as under:

“

1. *Inspection team checked transactions such as transmission, name deletion, demat, remat etc. in sample folios as recorded in the transaction register obtained from the RTA*
2. *The said transactions were then **compared with data as recorded in Register of Members reported by client companies to Registrar of Companies (obtained from the concerned client companies) as on March 31, 2022 and March 31, 2023 to see that the difference between the holdings as on March 31, 2022 and that as on March 31, 2023 are explained in the transaction register. ...*** (Emphasis supplied)

24. In this context, I note that based on the methodology mentioned above, the data regarding the discrepancy in the reconciliation of the ROM of State Bank of India and Indian Acrylics Limited were collated. It is pertinent to note that the inspection report was provided to the Noticee as Annexure 1 of the SCN.

25. From the material on record, I note that the said collated data were duly provided to the Noticee along with the finding of inspection vide letter dated March 31, 2024. At that stage, no contention whatsoever was raised by the Noticee regarding any alleged vagueness in the observations made in respect to the discrepancies observed in the ROM of State Bank of India and Indian Acrylics Limited.

26. Further, I note that Annexure 6 of the SCN, which contains the said collated data regarding the discrepancy in the reconciliation of the ROM, clearly provides the specific details of the discrepancy in the number of shares that was observed in respect of the folios of State Bank of India and Indian Acrylics Limited. Thus, it cannot be said that there is any vagueness associated with the said Annexure 6.

27. Further, I note that the judgments cited by the Noticee would not apply to the extant matter, as the SCN clearly lays out the allegations and provides details thereof, including supporting documents.
28. Therefore, this contention of the Noticee lacks merit and hence cannot be accepted.

E. CONSIDERATION

- I. **Whether there were discrepancies in the ROM of Indian Acrylics Limited and State Bank of India as of March 31, 2023 and thereby, Noticee violated Clause 25.a of Annexure B and Clause II.6 of Schedule I read with Clause 8 of Annexure B of SEBI RRTI Circular no. 1(94-95) dated October 11, 1994 read with Clause 25.a of Annexure-2 (model agreement) and Clause II(6) of Schedule I read with Clause 8 of Annexure-2 (model agreement) of SEBI Master Circular for Registrars to an Issue and Share Transfer Agents dated May 17, 2023, Clause 3. III. of SEBI Circular no. SEBI/HO/MIRSD/DoP/CIR/P/2018/119 dated August 10, 2018 read with Clause 11.4.3. of SEBI Master Circular for Registrars to an Issue and Share Transfer Agents dated May 17, 2023 and Clause 2 and Clause 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993?**
29. It is alleged in the SCN that transactions executed during 2022–23 were not captured in the ROM of State Bank of India as of March 31, 2023. In this regard, it is alleged that such non-capturing of the transactions has resulted in a discrepancy in the number of shares in respect of 98 folios in the ROM of SBI as of March 31, 2022 and March 31, 2023.
30. Further, it is alleged that the transactions executed during 2022–23 were not captured in the ROM of Indian Acrylics Limited as of March 31, 2023, which has resulted in discrepancy in the number of shares in respect of 12 folios in the ROM as of March 31, 2023.

Allegations pertaining to ROM of State Bank of India

31. As noted above, it was alleged in the SCN that there was a discrepancy in the number of shares in 98 folios in the ROM of SBI as of March 31, 2022 and March 31, 2023.
32. At the foremost, I note that the Noticee has provided reasoning/justifications for the discrepancy in the ROM of the State Bank of India for 53 folios.
33. There lies no reasoning in the submissions of Noticee whatsoever for the discrepancy in the ROM for the remaining 45 folios of the State Bank of India. In the absence of any reasoning being provided, it is noted that Noticee has admitted its lapses for the remaining 45 folios of State Bank of India.
34. In this context, I proceed to deal with the following submissions of the Noticee:

Discrepancy with respect to Transmission cases

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

“...Transactions executed in the FY 2022-23 but not recorded in the ROM as on March 31, 2023.

40. The alleged discrepancy has arisen as a result of processing requests for transmission of shares. The Noticee first receives the request for the transmission of shares and verifies all pertinent documents. Subsequently, the details are forwarded to the company to seek approval from its share transfer committee.

41. It is submitted that the transmission request is only executed pursuant to the receipt of approval from the company. It usually takes the entity some time to communicate its approval to the Noticee, leading to a time difference between the approval and the execution of the transaction.

42. For instance, transmission requests in respect of folio nos. 05108015, 05108016, 05108017, 05108018, 05108019, 05108020, 05108021,

050108023, 05108024 and 05108025 and their corresponding folios that were approved on March 28, 2023, by the company the communication was received on April 10, 2023, by Our Client/Noticee. This was done to align it with the transfer date on the Letters of Confirmation issued by the Noticee to the clients, which too was the same as the approval date by the listed entity.

Transmission No.	Folio No. (Seller)	Folio No. (Buyer)	Reflects in the Transaction Register for FY 2022-23	Actual Date of Execution / Date of email	Reason for the DOD-capture of transaction as of March 31,2023
306279	01868834	05108015	Yes	April 10, 2023	The transactions were not captured as of March 31,2023, as they were executed in FY 2023-24.
306280	07301864	05108016	Yes	April 10, 2023	
306281	02205473	05108017	Yes	April 10, 2023	
306282	01303019	05108018	Yes	April10, 2023	
306284	02353664	05108020	Yes	April 10, 2023	
306285	01991485	05108021	Yes	April10, 2023	
306287	01463809	05108023	Yes	April 10, 2023	
306288	07201439	05108024	Yes	April 10, 2023	
306289	07528846	05108025	Yes	April 10, 2023	

43. This discrepancy in the recording of the actual transaction date vis-a-vis the approval date created an impression that transactions executed in 2022-23 were not captured in the ROM as of March 31, 2023. Conclusion: The ROM of SBI as of March 31, 2023, is not incorrect. The transmissions executed in FY 2022-23 as per the transaction register have in fact been executed in the FY 2023-24 and therefore have not been captured in the ROM.

...

36. I note that the Noticee in support of its submission has provided the email dated April 10, 2023 received from the concerned personnel of the State Bank of India along with the Letter of Confirmation dated March 28, 2023 and the share certificates.
37. In this regard, I note from the said email dated April 10, 2023 that the transmission requests from the transmission nos. 306279–306291 were approved by the State Bank of India on March 28, 2023. Further, I note the following from the documents (share certificates and Letter of Confirmations) adduced by the Noticee:

Table 1

Transmission No.	Folio No. (Seller)	Folio No. (Buyer)	Share Certificate provided by Noticee	Date of Letter of Confirmation provided by Noticee
306279	01868834	05108015	Yes	March 28, 2023
306280	07301864	05108016	Yes	March 28, 2023
306281	02205473	05108017	Yes	March 28, 2023
306282	01303019	05108018	Yes	March 28, 2023
NA	NA	05108019	No	March 28, 2023
306284	02353664 ²	05108020	Yes	March 28, 2023
306285	01991485	05108021	Yes	March 28, 2023
306287	01463809	05108023	Yes	March 28, 2023
306288	07201439	05108024	Yes	March 28, 2023
306289	07528846	05108025	Yes	March 28, 2023

38. In this regard, Noticee has stated that it had received the approval from the State Bank of India only on April 10, 2023 via email. Noticee has, further, stated that *“Therefore, the Noticee had executed the transaction only on April 10, 2023, in respect of the above folios when the email communicating such approval was received from SBI. The Noticee updated its transaction register to make sure that the recorded transfer date i.e., March 28, 2023, matched the approval date by the share transfer committee. To sum it up, the transmission request though processed on April 10, 2023, was recorded as March 28, 2023, in the transaction register of the*

² The said folio is not part of the 96 folios mentioned in Annexure 6 of the SCN.

Noticee. This was done to align it with the transfer date on the Letters of Confirmation issued by the Noticee to the clients, which too was the same as the approval date by the listed entity.” In this regard, I note that there is nothing on record to show that the email dated April 10, 2023 was the first and the only communication from the State Bank of India with regard to the transmission request for the said folios mentioned in Table 1. Further, the share certificates along with the Letter of Confirmation, provided by the Noticee, clearly show that the transmission was undertaken on March 28, 2023. Therefore, I find that the transactions for the folios mentioned in Table 1 were executed in FY 2022-23 and not FY 2023-24 as contended by Noticee. Therefore, this contention of the Noticee appears to be an afterthought and bereft of any merit.

39. In this context, it is clear that the date of transmission was March 28, 2023 of the said 17 folio nos. as tabulated in Table 1. However, in spite of this, the said transmission was not reflected in the ROM of the State Bank of India for the year ending March 31, 2023.
40. Therefore, I find that there was a discrepancy in updating the ROM of the State Bank of India for the said 17 folio nos. for FY 2022-23.

Discrepancy with respect to change of name cases

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

“The alleged discrepancy has arisen as a result of name deletion/change of name transactions processed by the Noticee. In case of name deletion/change of name transactions, the Noticee, follows a practice where such transactions are first processed after the verification of relevant documents and later ratified by the operations manager of the Noticee. The date of ratification is then entered into the letter/certificate of confirmation and the transaction register as the date of transfer.

Therefore, the transaction occurs at an earlier date and is only ratified later. It is pertinent to note that transactions in respect of folio nos. 05106719 to

05106736 that were executed on March 31, 2022, were ratified only on April 1, 2022.

Accordingly, when the inspection team reviewed the transaction register alongside the ROM as on March 31, 2022, it was given the impression that a transaction executed on April 1, 2022, was captured in the ROM as on March 31, 2022....”

42. Further, the Noticee has furnished the Letter of Confirmation for folio nos. 05106719 to 05106722, 05106725, 05106727 to 05106729, 05106731 to 05106736 dated April 01, 2022. Further, physical certificate pertaining to folio nos. 07516964, 01334356, 07512646, 01757503, 07116008, 00847330, 07520451, 01922766, 01174169, 00853663, 01150174, 01642258, 03112176, 02135889, 00797635, 01384764, 02135078 and 02632213 have also been provided in support of its submission.
43. In this regard, I note that the Noticee has not adduced any material to show that the transactions in respect of folio nos. 05106719 to 05106736, 07516964, 01334356, 07512646, 01757503, 07116008, 00847330, 07520451, 01922766, 01174169, 00853663, 01150174, 01642258, 03112176, 02135889, 00797635, 01384764, 02135078 and 02632213 were executed on March 31, 2022. Rather, it is noted that the Letter of Confirmations sent for folio nos. 05106719 to 05106722, 05106725, 05106727 to 05106729, 05106731 to 05106736 were dated April 01, 2022. Further, the overleaf of the share certificates for the folio nos. 07516964, 01334356, 07512646, 01757503, 07116008, 00847330, 07520451, 01922766, 01174169, 00853663, 01150174, 01642258, 03112176, 02135889, 00797635, 01384764, 02135078 and 02632213 also mentions the date of transfer as April 01, 2022.
44. In this regard, I note that in terms of Clause II.6 of Schedule I read with Clause 8 of Annexure B of SEBI RRTI Circular no. 1(94-95) dated October 11, 1994 read with Clause 25.a of Annexure-2 (model agreement) and Clause II(6) of Schedule I read with Clause 8 of Annexure-2 (model agreement) of SEBI Master Circular for Registrars to an Issue and Share Transfer Agents dated May 17, 2023, ROM has to be kept up-to-date by incorporating changes therein during the year.

45. In this regard, I note that according to Section 95 of the Companies Act, 2013, the register of members along with the index is prima facie evidence of any matter directed or authorised to be inserted therein by or under the Companies Act.³ Therefore, the changes with regard to said folio nos. 05106719 to 05106736, 07516964, 01334356, 07512646, 01757503, 07116008, 00847330, 07520451, 01922766, 01174169, 00853663, 01150174, 01642258, 03112176, 02135889, 00797635, 01384764, 02135078 and 02632213 in the ROM were supposed to be carried out only on April 01, 2022 and not on March 31, 2022.
46. Therefore, I find this explanation of the Noticee for the folio nos. 05106719 to 05106736, 07516964, 01334356, 07512646, 01757503, 07116008, 00847330, 07520451, 01922766, 01174169, 00853663, 01150174, 01642258, 03112176, 02135889, 00797635, 01384764, 02135078 and 02632213 to be lacking merit and hence cannot be accepted.
47. In this context, I find that the Noticee has not given any justifiable reasons for the discrepancies in the ROM of State Bank of India for 98 folios in the FY 2022-23.
48. Accordingly, it is established that there were discrepancies in the ROM of State Bank of India for 98 folios in the FY 2022-23.

Allegations pertaining to ROM of Indian Acrylics Limited

49. It is alleged that there was a discrepancy in the number of shares in respect of 12 folios in the ROM as of March 31, 2023.
50. At the foremost, I note that Noticee has admitted that there was a discrepancy for eight folios in the ROM of Indian Acrylics Limited.
51. For the remaining four folios, the Noticee has provided the following submissions, which are dealt with as under:

³ A Ramaiya Sudipto Sarkar and Arvind P Datar, A Ramaiya: Guide to the Companies Act, 19th Edition - Volume 1, Chapter VII.

Discrepancy due to Name deletion

52. The Noticee has, *inter alia*, stated as under:

“... In respect of 2 folios out of the 12 highlighted in Annexure-6 of the SCN, alleged discrepancies have occurred on account of the process of name deletion, which has been detailed above.

Therefore, it is clear that the transaction occurs at an earlier date and is only ratified later. Accordingly, the transaction in respect of folio no. 0332868 that was executed as on March 31, 2022, was ratified only on April 11, 2022. Letter of Confirmation/certificate for transactions in respect of the folios are attached herein as "Annexure E". Further, the shares received in the folio were dematerialized, causing the number of shares in the folio to be reflected as nil as of March 31, 2023. ...”

53. I note that though Noticee has contended that in respect of two folios the discrepancies have occurred on account of the process of name deletion. In this regard, I note that the Noticee has adduced details of only one folio, i.e., folio no. 0332868. However, the submission of the Noticee is conspicuously silent on the details of the other folio where the delay was allegedly on account of name deletion.

54. With respect to the folio no. 0332868, it is noted that Noticee has merely adduced the Letter of Confirmation dated April 11, 2022. I note that the subject of the said letter is *“Issuance of securities in dematerialized form in case of Investor Service Requests”*. Hence, I note that Noticee has not adduced any material to show that the discrepancy was due to the process undertaken for name deletion. In the absence of any material being adduced, the submission of the Noticee for folio no. 0332868 cannot be accepted.

55. Therefore, the submission of the Noticee lacks merit and is untenable.

Discrepancy due to Double Entry

56. The Noticee has, *inter alia*, stated that:

“...In respect of 2 other folios out of the 12 highlighted in Annexure-6 of the SCN, the alleged discrepancies have appeared on account of double entries in the transaction register.

In FY 2022-23, as per the transaction register, 200 shares were transmitted from folio no. 16675 to 0332876. It is submitted that there was a double entry in the transaction register on account of a technical error and only 100 shares had been transmitted. Notwithstanding the same, the ROM was correctly updated as on March 31, 2023, to reflect that only 100 shares had been transmitted from folio no. 16675 to 0332876. The screenshot of the transaction in the system of the Noticee is attached herein as "Annexure F".

However, when the inspection team reviewed the transaction register alongside ROM as of March 31, 2023, it appeared that the transmission of the additional 100 shares had not been recorded in the ROM.

Based on the above, it is submitted that the discrepancy appeared only on account of the double-entry in the transaction register and that the ROM had been updated correctly.”

57. In support of its submission, Noticee has provided a screenshot of the transaction in the system of Noticee for the folio nos. 16675 and 0332876.
58. I note that Noticee has attributed the double entry in the folio nos. 16675 and 0332876 to a technical error without specifying the nature of the technical error. Further, I find that the contention of the Noticee is not backed by any material or documents as to the nature and impact of the said technical issue. In the absence of any supporting document/ material/details, I find this contention of the Noticee untenable.
59. Accordingly, this submission of the Noticee is liable to be rejected.

Discrepancy due to Technical issues

60. The Noticee has, *inter alia*, admitted that there were discrepancies in the remaining eight folios. In this regard, the Noticee has attributed the discrepancy to technical issues in processing demat requests in respect of the folios.

61. The Noticee has, *inter alia*, stated as under:

“... The Noticee processes demat requests arising from the folios in tranches and accordingly updates ROM of the company based on the data files received from the depositories. It is submitted that due to some technical issues there was a problem in running the data file received from the depositories on account of which shares in 4 folios were wrongly debited and shares in the other 4 folios were not debited, causing discrepancies in the ROM of the company.

It is submitted that upon the receipt of the inspection report the Noticee promptly rectified the issue. The screenshots of the corrections carried out by the Noticee in respect of each folio is attached herein as "Annexure G".

It is submitted that the effect of the error was restricted to the ROM alone and did not lead to any discrepancies in the demat account of the clients.

....”

62. I note that no supporting document/material has been provided by the Noticee in support of its contention. In the absence of any document/material being provided, this contention of the Noticee cannot be accepted.

Technical Violation

63. The Noticee has, *inter alia*, stated as under:

“... It is submitted that the effect of the error was restricted to the ROM alone and did not lead to any discrepancies in the demat account of the clients.

The alleged violation is technical in nature and did not have an adverse effect on the interests of investors or the securities market....”

64. Further, the Noticee has relied on the orders of Hon'ble SAT in the matter of **DSE Financial Services v. SEBI**⁴ and **Brickwork Ratings India Pvt. Ltd. v. SEBI**⁵ to buttress its submission.
65. In this regard, I note that the violations pertaining to the ROM can in no manner be construed as technical violations. Here, I find it pertinent to take note of the following extract of the A Ramaiya: Guide to the Companies Act⁶, which has been, *inter alia*, reproduced as under:
- “...The contents of the register of members constitute a prima facie evidence of the truth of the matter stated in it as also stated in section 95. It is therefore the duty of the company to record all changes in the particulars of the register that have come to the notice of the company so that the register may not retain any particulars which are not true. Thus, where a change occurs in the ownership of shares by transfer, transmission, forfeiture, surrender, etc. the register should be accordingly altered. ...”*
66. Thus, it is essential that the ROM is maintained properly and up to date. Further, it is evident that the violations pertaining to the ROM are of such nature that they go to the roots of the need for having a regulatory framework for RTA. It may be stated that under the RTA Regulations, a comprehensive framework has been laid down with the core objective of protecting investors' interests and proper functioning of the securities market. However, by updating the ROM without following proper process, the Noticee circumvented the regulatory requirements pertaining to RTA and put the interest of the investors in jeopardy. Therefore, the lapses by the Noticee with regard to the ROM are of grave nature and cannot be brushed aside on the ground of minor violation.
67. In this regard, I find that the reliance placed by the Noticee on the aforesaid Orders of the Hon'ble SAT is misplaced.

⁴Appeal No. 153 of 2012 dated September 11, 2012.

⁵Appeal No. 694 of 2022 dated June 06, 2023.

⁶A Ramaiya Sudipto Sarkar and Arvind P Datar, A Ramaiya: Guide to the Companies Act, 19th Edition - Volume 1, Chapter VII.

68. Therefore, this contention of the Noticee cannot be accepted.
69. Thus, it is established that there is a lapse on the part of Noticee in updating the ROM for 98 folios of State Bank of India and 12 folios of Indian Acrylics Limited.
70. In view of the above, Noticee has violated the following:
- 70.1. Clause 25.a of Annexure B and Clause II.6 of Schedule I read with Clause 8 of Annexure B of SEBI RRTI Circular no. 1(94-95) dated October 11, 1994 read with Clause 25.a of Annexure-2 (model agreement) and Clause II(6) of Schedule I read with Clause 8 of Annexure-2 (model agreement) of SEBI Master Circular for Registrars to an Issue and Share Transfer Agents dated May 17, 2023.
 - 70.2. Clause 3. III. of SEBI Circular no. SEBI/HO/MIRSD/DoP/CIR/ P/2018/119 dated August 10, 2018 read with Clause 11.4.3. of SEBI Master Circular for Registrars to an Issue and Share Transfer Agents dated May 17, 2023.
 - 70.3. Clause 2 and Clause 3 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993.

II. Whether Noticee has not marked 7,604 folios without PAN and 25,267 folios without bank account details for EDD and thereby violated Clause 4 read with Clause II(13) of Annexure to SEBI Circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 read with Clause 12.1 read with Clause II(12) of Annexure 6 to SEBI Master Circular for Registrars to an Issue and Share Transfer Agents dated May 17, 2023?

71. It is alleged in the SCN that Noticee has not marked 7,604 folios without PAN and 25,267 folios without bank account details for EDD.
72. I note that the Noticee, in its response to the finding of inspection and in its reply to the SCN, has admitted that the said folios were not marked for EDD.
73. The Noticee has, *inter alia*, submitted that:

“... On the basis of the above, it is respectfully submitted that the folios were not marked due to a technical issue with the Noticee's automatic systems. The problem occurred due to an error in the functioning of the algorithm that marked accounts for EDD and the Noticee had no involvement in the occurrence of the same. ...”

74. In this regard, I note that the Noticee has vaguely attributed the lapses to technical issues. From the submission of the Noticee, it is noted that there is no material/supporting document provided by the Noticee to substantiate its submission. Considering the vagueness in the submission and lack of supporting material, I am of the opinion that this submission of the Noticee cannot be accepted.
75. Further, the Noticee has relied on the orders of Hon'ble SAT in the matter of **DSE Financial Services v. SEBI**⁷ and **Brickwork Ratings India Pvt. Ltd. v. SEBI**⁸ to buttress its submission.
76. Here, I note that the folios without the PAN details and/or bank account details are more susceptible to fraud, manipulation, wrongful transactions and misuse by unscrupulous entities. In this regard, I note that EDD has been designed to protect the integrity of the financial system and safeguard investors' interests. In this regard, it is a fact that the Noticee has not marked 7,604 folios without PAN and 25,267 folios without bank account details for EDD during the inspection period.
77. In this regard, I am inclined to reproduce the relevant portion of the order of the Hon'ble SAT in **Religare Securities Limited v. SEBI**⁹ as under:
- “5. It must be remembered that the purpose of carrying out inspection is not punitive and the object is to make the intermediary comply with the procedural requirements in regard to the maintenance of records. We also cannot lose sight of the fact that every minor discrepancy/irregularity found during the course of inspection is not culpable and the object of the inspection could well*

⁷Appeal No. 153 of 2012 dated September 11, 2012.

⁸Appeal No. 694 of 2022 dated June 09, 2023.

⁹Appeal No. 23 of 2011 dated June 16, 2011.

*be achieved by pointing out the irregularities/deficiencies to the intermediary at the time of inspection and making it compliant. **This will, of course, depend on the nature of the irregularity noticed and we hasten to add a caveat that it is not being suggested that if any serious lapse is found during the course of the inspection, the Board should not proceed against the delinquent....***" (Emphasis supplied)

78. From the discussions in the preceding paragraphs, I note that the failure of the Noticee for not marking folios without PAN and/ or without bank account details for EDD during the inspection period cannot be considered a minor violation/ discrepancy. It is a fact that the non-marking of folios for EDD was not limited to one or two folios; rather, there were 7,604 folios without PAN and 25,267 folios without bank accounts that were not marked. Therefore, I note that the instant violation constitutes a serious violation which cannot be dealt with leniently. Accordingly, the reliance of the Noticee on the judgment of orders of Hon'ble SAT in the matter of **DSE Financial Services v. SEBI** and **Brickwork Ratings India Pvt. Ltd. v. SEBI** is misplaced.
79. In this context, I find that Noticee has not marked 7,604 folios without PAN and 25,267 folios without bank account details for EDD during the inspection period. Accordingly, the Noticee has violated Clause 4 read with Clause II(13) of Annexure to SEBI Circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 read with Clause 12.1 read with Clause II(12) of Annexure 6 to SEBI Master Circular for Registrars to an Issue and Share Transfer Agents dated May 17, 2023.
- III. **Does the violation, if any, on the part of Noticee attract a monetary penalty under Section 15HB of the SEBI Act?**
- IV. **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?**

80. From the previous paragraphs, it has been established that Noticee has violated the following provision of law:

80.1. Clause 25.a of Annexure B and Clause II.6 of Schedule I read with Clause 8 of Annexure B of SEBI RRTI Circular no. 1(94-95) dated October 11, 1994 read with Clause 25.a of Annexure-2 (model agreement) and Clause II(6) of Schedule I read with Clause 8 of Annexure-2 (model agreement) of SEBI Master Circular for Registrars to an Issue and Share Transfer Agents dated May 17, 2023.

80.2. Clause 3. III. of SEBI Circular no. SEBI/HO/MIRSD/DoP/CIR/ P/2018/119 dated August 10, 2018 read with Clause 11.4.3. of SEBI Master Circular for Registrars to an Issue and Share Transfer Agents dated May 17, 2023.

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

80.4. Clause 4 read with Clause II(13) of Annexure to SEBI Circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 read with Clause 12.1 read with Clause II(12) of Annexure 6 to SEBI Master Circular for Registrars to an Issue and Share Transfer Agents dated May 17, 2023.

81. I note that the Noticee has, *inter alia*, contended that:

“...it is submitted that not every violation warrants the automatic imposition of penalty. Given that the violations were technical in nature and did not adversely affect the interests of the shareholders it is respectfully submitted that no penalty be imposed in this regard.

82. Further, the Noticee has placed reliance on the orders of Hon'ble SAT in the matter of **Piramal Enterprises Ltd. v. SEBI**¹⁰ and **SRBC & Co. LLP v. SEBI**¹¹.

83. All the submissions of the Noticee in this regard, including case laws, have been considered. In this regard, it is noted that in the present case, violations established against the Noticee, *inter alia*, including discrepancy in the ROM and failure to mark

¹⁰Appeal No. 406 of 2016 dated October 03, 2016.

¹¹Appeal No.700 of 2022 dated December 13, 2024.

folios for EDD. From the preceding paragraphs nos. 64 to 65 and 75 to 77, it is evident that these are serious lapses by the Noticee and cannot be dismissed as a casual omission.

84. I further note that the judgment and orders relied on by the Noticee emanate from a different factual matrix and hence cannot be applied to the facts of the present matter. Moreover, the Noticee has also not been able to demonstrate as to how the cited orders were applicable in the instant matter. Therefore, the reliance placed by the Noticee in the aforementioned cases cannot be accepted in the present proceedings.

85. Therefore, I find that the Noticee is liable for payment of a monetary penalty in terms of Section 15HB of the SEBI Act.

86. 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.”

87. 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

88. The available records neither specify disproportionate gains/unfair advantage made by Noticee nor the loss, if any, suffered by the investors due to such violations.
89. However, I take note of the fact that SEBI has issued a warning against Noticee earlier for violations of securities laws.
90. 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. In this regard, I note that Hon'ble SAT in the matter of **Premchand Shah and Others v. SEBI**¹², *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...".
91. However, as discussed in the preceding paragraphs, it has been established that the Noticee has not followed the stipulated procedures with respect to the ROMs and marking of folios for EDD. The non-adherence on the part of the Noticee to the extant SEBI Regulations and Circulars as brought out in the previous paragraphs, clearly shows that the Noticee failed to comply with the mandate of the RTA Regulations and SEBI Circulars. The discrepancies in the ROM, as highlighted in the previous paragraphs, indicate that the Noticee has not maintained accurate and up-to-date records. It further points towards a lack of proper systems, processes and procedures at Noticee's end during the inspection period. Further, I note that marking of folios without PAN and/or bank account details for EDD is crucial to prevent misuse / fraud and to protect the interests of investors. It is

¹² Appeal No. 192 of 2010 dated February 21, 2011.

established that the Noticee has not marked 7,604 folios without PAN and 25,267 folios without bank account details for EDD during the inspection period.

92. In this context, I note that the actions of the Noticee as discussed in previous paragraphs were not as per the regulatory requirements and have the potential to undermine the integrity of the securities market.
93. I have noted the submission of the Noticee wherein it had stated that the technical error associated with its system with regard to the non-marking of folios for EDD has been addressed. Further, the discrepancy in the ROM of India Acrylics Limited pertaining to 10 folios has been rectified.
94. The aforementioned factors have been taken into consideration while adjudging the penalty.

F. ORDER

95. 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 3

Noticee Name	Penalty Provision	Penalty
Alankit Assignments Limited	Section 15HB of the SEBI Act	Rs. 5,00,000/- (Rupees Five Lakhs only)

96. I am of the view that the said penalty is commensurate with the lapses/omissions on the part of Noticee.
97. 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.

98. 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**