

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA**

**SETTLEMENT ORDER
(Application No.6923/2022)**

On the application submitted by

KFin Technologies Pvt. Ltd
(PAN: AAGCK6303B)
(Formerly known as **Karvy Fintech Pvt Ltd**)

SETTLEMENT ORDER NO. SO/AS/AK/2022-23/6923

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') had conducted an inspection of the books of accounts and other records of **KFin Technologies Pvt. Ltd** (hereinafter referred to as "**Kfin**"). Kfin is registered as a registrar to an issue (hereinafter referred to as "**RTI**") and a share transfer agent (hereinafter referred to as "**STA**") with SEBI bearing registration no. INR000000221. The inspection was conducted by SEBI on sample basis at the office of Kfin located at Karvy Selenium Tower B, Plot Nos. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500 032 during December 30, 2019 to January 03, 2020 to verify whether its books of accounts, records and other documents were being maintained in the manner provided in Securities Contract (Regulation) Act, 1956, SEBI Act and the rules, regulations and circulars made thereunder. The period covered under the inspection was from January 01, 2019 till December 31, 2019 (hereinafter referred to as the "**Inspection Period/IP**").
2. The inspection findings were sent to Kfin on April 17, 2020 and comments/explanations were sought with respect to the said findings. Kfin responded to the above *vide* email sent on June 09, 2020. After analyzing the

comments/explanations given by Kfin, *interalia* the following alleged violation were observed by SEBI:

- a. Clause 2, 3 and 5 of the code of conduct stipulated under regulation 13 of the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 (hereinafter referred to as “**RTI and STA Regulations**”) due to the discrepancies observed in its inward system.
- b. Regulation 40(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “**LODR Regulations**”) read with (a) regulations 7(1), 7(2), 40(2) and 40(7) of LODR Regulations; (b) regulation 9A(1) (b), clause 2, 3 and 5 of the code of conduct under regulation 13 of the RTI and STA Regulations; (c) paragraph 2(III) of SEBI Circular No. CIR/MIRSD/10/2013 dated October 28, 2013 (hereinafter referred to as “**SEBI October 2013 Circular**”); and (d) clause 4(B), clause 6 of Annexure A and clause 8 of Annexure B of SEBI RRTI Circular: No.1 (94-95), dated October 11, 1994 (hereinafter referred to as “**SEBI October 1994 Circular**”) by delaying processing of transfer and transmission requests.
- c. Regulation 39 of the LODR Regulations read with (a) regulation 7(1) and 7(2) of the LODR Regulations; (b) regulation 9A(1)(b), clause 2 and 3 of the code of conduct under regulation 13 of the RTI and STA Regulations; and (c) clause 8 of Annexure B of SEBI October 1994 Circular by delaying issue of duplicate share certificates.
- d. Clause 23 of ‘general norms for processing of documents’ and clause 7 of the ‘norms for objection’ of SEBI circular dated May 09, 2001 (hereinafter referred to as “**SEBI May 2001 Circular**”) due to the discrepancies observed in issue of duplicate share certificates.
- e. Clause I. (2) of annexure to SEBI circular dated April 20, 2018 (hereinafter referred to as the “**SEBI April 2018 Circular**”) read with clause 3(a) and (b) of SEBI circular dated July 16, 2018 (hereinafter referred to as the “**SEBI July 2018 Circular**”) by not issuing letters to collect bank details of shareholders.

- f. Regulation 18(1) of RTI and STA Regulations read with clause 1, 17 and 18 of the code of conduct stipulated under regulation 13 of the RTI and STA Regulations by misrepresenting facts to SEBI regarding availability of specimen signature of shareholders.
3. Pursuant to the inspection and response of Kfin thereon, SEBI initiated Adjudication proceedings and in exercise of its powers under section 19 of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the “**SEBI Act**”) has appointed Shri Prasanta Mahapatra as the Adjudicating Officer vide Communiqué dated February 08, 2022. Accordingly, in terms of Rule 4(1) of the Adjudication Rules read with Section 15-I of SEBI Act, the notice to show cause no. SEBI/EAD-8/PM/PA/13968/1/2022 dated March 31, 2022 (hereinafter referred to as ‘**SCN**’) was issued to Kfin. Pursuant to transfer of Shri Prasanta Mahapatra vide Communiqué dated June 07, 2022, the matter was transferred to the undersigned as the adjudicating officer under section 15-I of the SEBI Act read with rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as the “**SEBI Adjudication Rules**”) to inquire into and adjudge against Kfin under section 15A(a) and section 15HB of the SEBI Act for the violations alleged in the paragraph above.
4. Pending adjudication proceedings, Kfin filed a Settlement Application bearing reference no. 6923/2022 with SEBI in terms of SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as ‘Settlement Regulations’) proposing to settle the pending proceedings through a Settlement Order without admitting or denying the findings of fact and conclusions of law, through a settlement order.
5. Pursuant to the above mentioned settlement application filed by Kfin, Authorized Representatives (ARs) of Kfin attended meetings with the Internal Committee (hereinafter referred to as “IC”) on August 03, 2022 and August 24, 2022, wherein the settlement terms were deliberated and the amount of Rs. 91,20,000 was communicated to Kfin. Thereafter, Kfin vide Revised Settlement

Terms ("RST") dated August 24, 2022, proposed Settlement amount payment of ₹91,20,000 /- (Rupees Ninety One Lakh Twenty Thousand Only) towards full and final settlement of alleged default contained in the SCN.

6. The High Powered Advisory Committee on Settlement ('HPAC') considered the proposed settlement terms on September 22, 2022 and recommended the settlement of instant proceedings upon payment of ₹91,20,000 /- (Rupees Ninety One Lakh Twenty Thousand Only) towards settlement charges. The Panel of Whole Time Members of SEBI approved and accepted the said recommendation of the HPAC on October 11, 2022 and the same was communicated to the Kfin vide e-mail dated October 13, 2022. Pursuant to the same, Kfin vide its e-mail dated October 14, 2022 informed SEBI about the remittance of the settlement amount and the same was confirmed by the concerned department of SEBI.
7. Accordingly, in terms of regulation 23(1) of the Settlement Regulations, it is hereby ordered that the instant adjudication proceedings initiated against Kfin vide SCN dated March 31, 2022 is disposed of in terms of the above accepted settlement terms.
8. This order is without prejudice to the right of SEBI to take any enforcement action, in terms of Regulation 28 of the Settlement Regulations, including restoring or initiating the proceedings in respect to which this settlement order is passed, against Kfin, if:
 - a. any representations made by Kfin in the Settlement Proceedings is subsequently found to be untrue; or
 - b. Kfin breaches any of the clauses /conditions of undertakings/ waivers filed during the Settlement Proceedings.
9. This settlement order passed on this 4th Day of November, 2022 shall come into force with immediate effect.

10. In terms of Regulation 25 of the Settlement Regulations, copy of this order is sent to **KFin Technologies Pvt. Ltd** and also to the Securities and Exchange Board of India.

Date: November 04, 2022
Place: Mumbai

ASHA SHETTY
ADJUDICATING OFFICER