BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO: Order/SS/RK/2023-24/29750]

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 BY ADJUDICATING OFFICER) RULES, 1995

In respect of

Jaykay Enterprises Limited

Registration Number: INR100000592

PAN: AAACJ4988M

In the matter of inspection of Jaykay Enterprises Limited

FACTS OF THE CASE IN BRIEF

1. The Securities and Exchange Board of India (hereinafter referred to as **"SEBI"**) carried out a comprehensive online inspection of Jaykay Enterprises Limited (hereinafter referred to as **"The Noticee"**) from January 17, 2022, to January 21, 2022, and the period of the inspection was April 01, 2020, to December 31, 2021 (hereinafter referred to as **"inspection period"**).

2. During the inspection, SEBI found certain irregularities by the Noticee in its business as Registrar to an Issue & Share Transfer Agent (Category II) such as:

2.1. The Noticee had not entered into an agreement/ tripartite agreement in respect of appointment/ change in RTA viz, Jaykay Enterprises Ltd and J K Cement Ltd.

2.2. The Noticee had not obtained an advertisement for the loss of shares while processing four requests for the issuance of duplicate shares where the value of the shares was more than INR 10,000. With respect to two requests for issuance of duplicate shares, the Noticee had not obtained address proof.

2.3. With respect to the change of address request received by the Noticee out of the 20 samples in respect to one request the Noticee had not taken a copy of ID proof.

2.4. With respect to another request for change of address request, Noticee had not collected the necessary documents and updated the address as no supporting documents to this effect were provided to the inspecting team.

2.5. With respect to the change of bank account details request received by the Noticee, out of the 20 samples in respect of two requests, the Noticee had not obtained a copy of the PAN card, original cancelled cheque containing the name of the shareholder/ bank attested statement, or passbook copy.

2.6. With respect to the transfer re-lodgment request received by the Noticee, out of 3 transfer re-lodgement requests, with respect to 2 requests, the Noticee had not maintained/ failed to provide the inspecting team the copy of the original letters received from the applicant and request or inward number associated with it and the POD of the objection letter sent to the applicant and with respect to one request the Noticee had processed the transfer request without rectification of the initial reason for rejection.

2.7. With respect to the dividend revalidation request received by the Noticee, with respect to 133 requests submitted by 41 unique investors, the Noticee had not obtained or failed to provide to the inspecting team the copy of the cancelled cheque as proof of bank details was mandatory.

2.8. With respect to the business continuity plan and disaster recovery Preparedness, Noticee did not provide the inspection team with any information regarding the address of the disaster recovery Site.

3. The findings of the inspection were forwarded to the Noticee vide letter dated June 28, 2022. The Noticee vide letter dated August 01, 2022, provided its response to the findings of the inspection report. Pursuant to the same the present adjudication proceeding was initiated and it was alleged that the Noticee has violated provisions the following provisions:

3.1. Regulation 7(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as **"SEBI LODR Regulations"**),

3.2. Regulation 9A(1)(b) of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, (hereinafter referred to as "**RTA Regulations"**)

3.3. Clause 1 of SEBI Circular dated October 11, 1994, for not entering into a Bilateral Agreement as prescribed in Annexure B of Schedule II,

3.4. Draft Agreement (Tripartite Agreement) communicated to RTAs through RAIN vide SEBI letter No. MIRSD-3/SS/RTA/32265/2016 dated November 28, 2016,

3.5. Clause 2,3,16,17, and 28 of Schedule III (Code of Conduct) read with Regulation 13 of SEBI RTA Regulations,

3.6. Regulations 14 (2) (h) and 18(1) of SEBI RTA Regulations,

3.7. Clause 20 of "General Norms for Processing of Documents" of SEBI Circular - RTI Circular No. 1 (2000-2001) Dated May 09, 2001,

3.8. Clause 2, 3, 16, 17, 18 and 20 of Schedule III read with Regulation 13 of SEBI RTA Regulations, 3.9. Clause 2 of Part I (Provisions with regard to Payment of Dividend/Interest/Redemption) of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018,

3.10. Regulations 14 (2) (h) and 18 (1) of SEBI RTA Regulations,

3.11. Clause I (4) to the Annexure to SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018,

3.12. SEBI Circular "Instructions to Registrars to an Issue/ Share Transfer Agents" dated October 11, 1994.

4. In view of the above it was alleged that the Noticee is, therefore, liable for monetary penalty under Section 15A(a) and Section 15HB of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **"SEBI Act"**).

APPOINTMENT OF ADJUDICATING OFFICER

5. SEBI, in exercise of powers under section 19 read with sub-section (1) of section 15-I of the SEBI Act and rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as the "**Adjudication Rules**"), appointed undersigned as the Adjudicating Officer **(AO)** *vide* order dated September 14, 2023, to inquire into and adjudge under Sections 15A(a) and 15HB of SEBI Act the alleged violations stated in the SCN.

SHOW CAUSE NOTICE, HEARING AND REPLY

6. The SCN No. AO/SK/VP/41100/1/2023 dated October 05, 2023, was issued to the Noticee under rule 4(1) of SEBI (Procedure for Holding Inquiry and Imposing

Penalties) Rules, 1995 (hereinafter referred to as the "**Adjudication Rules**"), to show cause as to why an inquiry should not be held and penalty be not imposed under Section 15A(a) and Section 15HB of SEBI Act for the alleged violation specified in the said SCN.

7. An opportunity for a personal hearing was granted to the Noticee on November 02, 2023; vide hearing notice dated October 25, 2023. The Company Secretary & Compliance Officer of the Noticee appeared for the hearing on November 02, 2023, and reiterated the submissions made vide reply dated October 27, 2023, and submitted to condone the lapses as they were not intentional but circumstantial due to change in business objects of the company after the new management took over.

8. The relevant portion of the replies submitted by the Noticee is summarized as under:

   <u>Reply dated October 27, 2023</u>

   i. *Noticee submitted that the alleged violations are merely inadvertent errors on the part of the Noticee, due to the recent shift in management of the Noticee in 2020.*
   ii. *Noticee submitted that Noticee's secretarial and other compliances were undertaken by the employees/ compliance officers of the erstwhile management in the past, however, owing to the shift in management, the relevant documents and information in relation to the violations contemplated in the Show Cause Notice were not readily available with the Noticee.*

   <u>Reply dated November 03, 2023</u>

   i. *Noticee submitted that it is a Listed entity whose shares are Listed on Bombay Stock Exchange.*
   ii. *Noticee submitted that it was in the business of Registrar and Transfer Agent. JKE got the RTA Registration Certificate on April 28, 2014.*

iii. Noticee submitted that during FY 19-20 & 20-21, Noticee RTA compliances were undertaken by the erstwhile employees in the past who are no longer associated with the Noticee. At that time the Noticee was part of the larger J K Cement family group. Subsequently in FY21, pursuant to a family settlement, JKE came under the fold of Mr Abhishek Singhania, who is the current Chairman and Managing Director of Noticee. The company's Board redefined its Main Objects to be Defence & Aerospace and Digital and Advanced Systems, which was duly communicated to stock exchanges from time to time.

iv. Noticee submitted that its Board Meeting held on August 13, 2021 decided to permanently close its in-house Registrar and Share Transfer Agent activities subject to completion of the necessary formalities in accordance with the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 and appointed M/S Alankit Assignments Limited as Registrar and Transfer Agent and the same is scheduled by NSDL to be carried out on October 23, 2021. It was further submitted that intimation in this regard has already been given to BSE on August 13, 2021, with the outcome of the Board Meeting.

v. Noticee submitted that in the Show Cause Notice, SEBI observed that Noticee has violated the provisions of Clause 20 of Schedule Ill (Code of Conduct) read with Regulations 13 of SEBI RTA Regulations and provisions of SEBI Circular "Instructions to Registrar to an Issue / Share Transfer Agents" dated October 11, 1994.

vi. Noticee submitted that due to change in management, the employees handling RTA activities during the period mentioned, are no longer associated with the Noticee and the relevant documents and information in relation to the violations contemplated in the Show Cause Notice are not available with the Noticee.

vii. Noticee submitted that, after much efforts, they were able to collate some of the documents and information as asked in the Show Cause Notice.

viii. Noticee submitted that Noticee would like to gives utmost importance to governance and compliance with applicable law, and Noticee endeavor to follow best governance practices.

ix. Noticee submitted that it reiterates that the gap, if any, was solely due to change in the management/ employee on a frequent basis and was not intentional and malafide.

x. Noticee submitted that without prejudice to the above, to avoid any adverse action, the Company has already started the process of surrendering of RTA *registration certificates with SEBI and as per the process the Public Notice for surrendering the RTA registration certificate is already given in the newspaper.*

xi. *Noticee submitted that in light of the above, the Noticee requests the SEBI to consider the above facts/ circumstances of the Case and condone the lapses indicated in Show Cause notice, as they were not intentional but circumstantial due to change in business objects of the company, after the new management took over.*

9. Taking into account the aforesaid facts, I am of the view that the principles of natural justice have been duly followed in the matter by granting the Noticee, an opportunity for replying to the SCN and of being heard. Therefore, I deem it appropriate to decide the matter on the basis of the facts/material available on record and reply submitted by the Noticee.

CONSIDERATION OF ISSUES AND FINDINGS

Issue No. I: Whether Noticee has violated the aforesaid provisions as mentioned at para 3 above?

Issue No. II: Does the violation, if any, on the part of the Noticee attract a monetary penalty under Section 15A(a) and Section 15HB of the SEBI Act, as applicable?

Issue No. III: If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in section 15J of the SEBI Act?

10. Before proceeding further, I would like to refer to the relevant provisions of law as under:

Provisions of SEBI LODR Regulations

Share Transfer Agent.

7.(1)…..

(2)…..

(3)…..

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

Provided that in case the existing share transfer facility is managed in-house, the agreement referred above shall be entered into between the listed entity and the new share transfer agent.

Provisions of SEBI RTA Regulations, 1993

***9A.Conditions of registration**.―(1) registration granted under regulation 8 shall be subject to the following conditions, namely:-*

(a)……

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

(c).....

CHAPTER III

GENERAL OBLIGATIONS AND RESPONSIBILITIES

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

14. To maintain proper books of accounts and records, etc.―

(1) ……

(2) Every registrar to an issue shall also maintain the following records with respect to:-

(a)….

(b)….

(c)……

(e)……

(f)……

(g)……

(h)such other records as may be specified by the Board for carrying on the activities as registrars to an issue.

(3) …..

18. Obligations of registrar to an issue and share transfer agent on inspection by the Board.―

(1) It shall be the duty of every director, proprietor, partner, officer and employee of the registrar to an issue or share transfer agent, who is being inspected, to produce to the inspecting authority such books, accounts and other documents in his custody or control and furnish him with the statements and information relating to the transactions in securities market within such time as the said officer may require.

2……

[SCHEDULE III

SECURITIES AND EXCHANGE BOARD OF INDIA
(REGISTRARS TO AN ISSUE AND SHARE TRANSFER AGENTS) REGULATIONS, 1993
[Regulation 13]
CODE OF CONDUCT

1…….
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.
4……

16.A Registrar to an Issue and Share Transfer Agent shall maintain the required level of knowledge andcompetency and abide by the provisions of the Act, rules, regulations, circulars and directions issued by the Board. The Registrar to an Issue and Share Transfer Agent shall also comply with the award of the Ombudsman passed under Securities and Exchange Board of India (Ombudsman) Regulations, 2003.
17.A Registrar to an Issue and Share Transfer Agent shall co-operate with the Board as and when required.
18.A Registrar to an Issue and Share Transfer Agent shall not neglect or fail or refuse to submit to the Board or other agencies with which he is registered, such books, documents, correspondence, and papers or any part thereof as may be demanded / requested from time to time.
19…….
20.A Registrar to an Issue and ShareTransfer Agent shall take adequate and necessary steps to ensure that continuity in data and record keeping is maintained and that the data or records are not lost or destroyed. Further, it shall ensure that for electronic records and data, up-to-date back up is always available with it.
……
28.A Registrar to an Issue and Share Transfer Agent shall ensure that good corporate policies and corporate governance are in place.
……

Provisions of SEBI Circular dated October 11, 1994, on Instructions to Registrars to an Issue/ Share Transfer Agent

Agreement to be entered into with Issuer / body corporate.

1. In terms of rule 4(1)(b) of the SEBI (Registrars to an Issue and Share Transfer Agents) Rules, 1993, all Registrars to an Issue / Share Transfer Agents are required to enter into a legally valid agreement with the Issuers / Body corporate. SEBI has evolved models of Agreement to be entered into between RTI and Issuer (Annexure A) and STA and Body corporate (Annexure B). The models have been formulated with a view to bringing about standardisation in the legal relationship between the RTI and Issuer and STA and body corporate. While the RTI / STA and the Issuer / body corporate may suitably modify the agreement depending upon the circumstances of each case, they should, as far as possible, observe the spirit behind the various clauses contained in the model agreements. While doing so, it must also be ensured that neither party should reserve for itself any rights which would have the effect of diminishing in any way its liabilities and obligations under the Companies Act, 1956 and SEBI (Registrars to an Issue and Share Transfer Agents) Rules and Regulations, 1993.

Where the Registrar to an Issue / Share Transfer agent is a company the agreement should be executed by persons authorized to execute documents in accordance with the Articles of Associations of the company; in case of partnership firms the Agreement should be executed by all the partners or the Managing partner *acting under the authority of the other partners; and in the case of a proprietary concern, by the proprietor himself.*

The Agreement must be stamped according to the Local Stamp Laws for the time being in force at the place of execution.

In the case of a large issue, the Issuer may decide to appoint / associate more than one RTI. In such a case the Agreement shall be executed by all the RTIs and the Issuer and the Lead Manager shall be a confirming party. The scope of work and responsibilities of each Registrar shall be clearly spelt out in the Agreement.

The Agreement entered into by a RTI with an Issuer shall be valid at least until the expiry of one year from the date of closing of the Issue and in the case of an Agreement entered into by a STA with a body corporate, it shall be valid for a minimum period of one year renewable if the circumstances so require.

A certified copy of the executed agreement between the RTI and the issuer shall be immediately forwarded to the Lead Managers to the Issue (Pre-issue and Post-Issue).

Provisions of SEBI Circular - RTI Circular No. 1 (2000-2001) Dated May 09, 2001

May 09, 2001
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Circulars

SECURITIES AND EXCHANGE BOARD OF INDIA
PRIMARY MARKET DEPARTMENT
MITTAL COURT, "A" WING
GROUND FLOOR
MUMBAI.

RTI CIRCULAR NO. 1 (2000-2001) DATED MAY 09, 2001

TO:
ALL REGISTERED REGISTRARS TO AN ISSUE/
SHARE TRANSFER AGENTS

Dear Sirs,
All companies listed on stock exchanges are required to do the processing of share transfers and effect transfers in accordance with the provisions of the Companies Act, 1956, listing agreement and the guidelines issued by SEBI. It has been observed that there are no uniform procedures or practices adopted by companies and their Registrars to Issue/Share Transfer Agents for handling and processing of transfer documents/bad delivery documents/stock invests etc. resulting in avoidable confusion and inconvenience to the investors. The Stock Exchange, Mumbai and National Stock Exchange had set up task forces to evolve uniform norms in these areas. The task forces submitted their recommendations to SEBI. SEBI thereafter convened meetings of representatives of Registrar Association of India, Stock Exchanges, Clearing Corporation, Depositories and Custodians to finalise these norms. After detailed deliberations uniform guidelines to be followed by RTI/STA & Companies have been agreed upon by the various market intermediaries. These guidelines have been divided into three parts:
1. *General norms for processing of documents.*
2. *Norms for processing of transfers.*

3. *Norms for objection.*
Draft of the formats to be used have also been suggested in these guidelines.
It is hereby directed that all registered Registrar to An Issue and Share Transfer Agents and Companies listed on Stock Exchanges shall mandatorialy follow these guidelines and formats with immediate effect. These directions are issued pursuant to powers conferred on SEBI under Section 11B of SEBI Act, 1992.

Procedure to be followed by Cos. / STAs

Company/ STA to:
i. inform all the Stock Exchanges where the shares are traded regarding the loss of shares in lieu of which duplicate shares are being issued, if not already informed
ii. issue an advertisement in a widely circulated newspaper if the value of the shares is greater than Rs 10,000

Provision of Clause 2 of Part I (Provisions with regard to Payment of Dividend/Interest/Redemption) of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018

Securities and Exchange Board of India
CIRCULAR SEBI/HO/MIRSD/DOP1/CIR/P/2018/73
April 20, 2018

To,All Listed entities (Through Stock Exchanges)
All Registered Bankers to an Issue(BTIs),
All Registrars to an Issue / Share Transfer Agents (RTAs) acting on behalf of listed entities
All DepositoriesAll Recognised Stock Exchanges

Dear Sir/Madam,
Subject: Strengthening the Guidelines and Raising Industry standards for RTA, Issuer Companies and Banker to an Issue

1.SEBI constituted a Committee on "Strengthening the Guidelines and Raising Industry Standards for RTAs", which included representatives from RTAs, Issuer Companies, Depositories and Bankers to Issue. The objective of the Committee was to suggest guidelines to streamline and strengthen the procedures and processes with regard to handling and maintenance of records, transfer of securities and payment of dividend/interest/redemptionby the RTAs, Issuer Companies and Bankers to Issue.
2.Based on recommendation of Committee, the guidelines as annexed to this Circular are being issued. These guidelines cover the following broad areas:
i.Provisions with respect to Payment of Dividend/interest/redemption/redemption
ii.Provisions with respect to Transfer/Transmission/ Correction of errors etc.
iii.Compulsory internal audit of RTAs
3.Unless otherwise indicated in the annexure, , the records /documents described in annexure shall be maintained for period not less than eight years after completion of the relevant transactions by Bankers to issue, Issuer Companies, and/or by RTAs on behalf of Issuer Companies

4.RTAs, BTIs and Issuer Companies shall strictly comply with guidelines (annexed). Issuer companies shall strictly monitor the activities of their RTAs and ensure compliance of provision of this circular.It is clarified that where share transfer agent activities are carried out in-house by issuer companies, the issuer companies shall ensure that their in-house share transfer activities comply with the relevant norms asapplicable to them.

5.RTAs, Bankers to issue, and the Issuer Companies can put in place more stringent internal checks and controls if they so desire.

6.These guidelines issued through this circular shall be effective with immediate effect except where a timeframe has been prescribed in the guidelines itself.

7.Stock Exchanges are advised to bring the contents of this circular to entities listed on their respective Exchange.

8.This circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

…………

AnnexureI.

I. Provisions with regard to Payment of Dividend/Interest/Redemption:

1.The Issuer Company, RTA and the dividend/interest/redemptionprocessing Bankshall ensure that the Dividend/Interest/redemptionMaster file (i.e. file containing detailed list of beneficiaries entitled for dividend/interest/redemptiondistribution by whatever name called on the record date) shall include Company Name, Folio No., DPID/Client ID, Name of thefirst securities holder, Dividend/interest/redemptionpayment date, Dividend/interest/redemptionamount, Payee details, Bank name, Bank account, Bank branch of the holder of securities, MICR number, Dividend/Interest/RedemptionWarrant number, details of payment made through electronic channels such as RTGS/NEFT. The said file shall be shared with the Banker through a secured process/procedure as per Banker's prescribed secured mechanism.Copy of the Dividend/Interest/RedemptionMaster data file containing details for each dividend/interest/redemptionpaid shall be maintained by the bank and the same shall be reconciled by the RTA and the Issuer Company.

2.In cases where bank account details of the securities holder is not available with RTA or there is change in bank account details, RTA shall obtain account details along with cancelled cheque toupdate thesecurities holder's data. The original cancelled cheque shall bear the name of the securities holder failing which securities holder shall submit copy of bank passbook /statement attested by the bank. RTA shall then update the bank details in its records after due verification. The unpaid dividend shall be paid via electronic bank transfer. In cases where either the bank details such as MICR (Magnetic Ink Character Recognition), IFSC (Indian Financial System Code), etc. that are required for making electronic payment are not available or the electronic payment instructions have failed orhave been rejected by the bank, the issuer companies or their RTA may ask the banker to make payment though physicalinstrumentsuch as banker's cheque or demand draft to such securities holderincorporating his bank account details.

3. The dividend/interest/redemptionprocessing Bankshall ensure that any dividend/interest/redemptioninstrument (such as demand drafts, dividend/interest/redemptionwarrants etc.) lying unpaid beyond the validity period of the instrument shall be cancelled and the dividend/interest/redemptionamount transferred earlier by issuer in the said account shall be credited back immediately to the relevant bank account of the IssuerCompany. Banksshould also provide the unpaidinstrument detailswhen reconciliation data is shared with IssuerCompany/ RTAs. This provision will come into effect after 30 days from the date of this circular.

4.Revalidation/Re-issue requests to the dividend/interest/redemptionprocessing bank by the RTA should containat least Name of the Company, DPID/Client ID/Folio No. (as applicable), Original Instrument Number, MICR No., Security holder's name, Payee's name, Payee's bank account Number, Bank name, reason for revalidation etc. RTA shall maintain records of the revalidation/re-issue requests.

5.The Issuer Company, RTA and the dividend/interest/redemption processing Bank shall ensure that the Banks provide reconciliation of the Paid and Unpaid details (including bank Transaction Reference Number, payee name etc.) of the Dividend/interest/redemption paid fortnightly during the initial validity of the instrument and after the expiry of validity period of the instrument, quarterly till transfer of funds to Investor Education and Protection Fund (hereinafter referred to as IEPF). Dividend/interest/redemptionreconciliation data sent by banks to RTA/Issuer Companies shall contain details of all DDs/new instruments issued/ electronic instructions sent in lieu of original dividend/interest/redemptionpayment. Details of old as well as new dividend instruments shall be provided. RTA shall also do the reconciliation and inform the Bankers/Issuer Companies in case of any discrepancies. The reconciliation files sent by the Banker shall be maintained by all the three entities, RTA,the Issuer Company, and the dividend/interest/redemptionpayment processing Banker as its recordfor a period of eight years.

6.Details of the rejection of electronic remittance, dividend/interest/redemptioninstruments undelivered, dividend/interest/redemptioninstruments expired and subsequent payment of dividend/interest/redemptionmade through new instruments including the status of payment of the same shall be linked to dividend/interest/redemptionpayment record of each of the specific folios by RTA and audit trail shall be kept in the system of the RTA.

Issue No. I: Whether Noticee has violated the aforesaid provisions as mentioned in para 3 above?

<u>Alleged Violation 1: Failure to enter agreement/ tripartite agreement in respect of change or appointment of new RTA;</u>

11. With respect to the captioned violation, I note from the SCN that it was alleged that the Noticee had not entered into the tripartite agreement in respect of Jaykay Enterprises Ltd and J K Cement Ltd as the Noticee had appointed new RTA thereby violated provisions Regulation 7(4) of SEBI (LODR Regulations 2015), Regulation 9A(1)(b) of RTA Regulations, Clause 1 of SEBI Circular dated October 11, 1994 for not entering into Bilateral Agreement as prescribed in Annexure B of Schedule II, Draft Agreement (Tripartite Agreement) communicated to RTAs through RAIN vide SEBI letter No. MIRSD-3/SS/RTA/32265/2016 dated November 28, 2016, and Clause 2, 3, and 28 of the

Code of Conduct as prescribed under Schedule III read with Regulation 13 of SEBI RTA Regulations.

12. I note from the provision of Regulation 7(4) of LODR Regulations 2015 that it provides that in case of any change or appointment of a new RTA, the listed entity shall enter into a tripartite agreement between the existing RTA, the new RTA, and the listed entity, in the manner as specified by the Board (SEBI). Further, I note that the Regulation 9A of RTA Regulations states about the conditions of registration, sub regulation (1) of Regulation 9 of RTA Regulations states that registration granted under Regulation 8 of RTA Regulations shall be subject to certain conditions including the condition that the RTA shall enter into a legally binding agreement with the body corporate or the person or group of persons for or on whose behalf it is acting as a registrar to an issue or a share transfer agent stating therein the allocation of duties and responsibilities between itself and such body corporate or person or group of persons, as the case may be.

13. Further, Clause 1 of SEBI Circular dated October 11, 1994, also provides that the Noticee is required to enter into a legally valid agreement with the new RTA. In terms of provisions of Clause 2, 3, and 28 of the Code of Conduct as prescribed under Schedule III read with Regulation 13 of RTA Regulations the Noticee was required to fulfill its obligations in a prompt, ethical, and professional manner. It was further required for the Noticee to exercise due diligence, ensure proper care, exercise independent professional judgment, and ensure that good corporate policies are in place in functioning its business as RTA and was required to comply with the above regulatory provisions.

14. In this regard, I note from the replies of the Noticee dated October 27, 2023, and November 03, 2023, that the Noticee had admitted the aforesaid alleged violations. The Noticee has further submitted to condone the lapses indicated in SCN, as the said lapses were not intentional but circumstantial due to a change in business objects of the Noticee after the new management took over.

15. In view of the specific admissions of the alleged violations I find that the Noticee has violated the provisions of Regulation 7(4) of SEBI (LODR Regulations 2015), Regulation 9A(1)(b) of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, Clause 1 of SEBI Circular dated October 11, 1994 for not entering into Bilateral Agreement as prescribed in Annexure B of Schedule II, Draft Agreement (Tripartite Agreement) communicated to RTAs through RAIN vide SEBI letter No. MIRSD-3/SS/RTA/32265/2016 dated November 28, 2016, and Clause 2, 3, and 28 of the Code of Conduct as prescribed under Schedule III read with Regulation 13 of SEBI RTA Regulations.

Alleged violation 2: Failure to comply with the provisions while processing the request for issuance of duplicate shares

16. With respect to the captioned violation I note from the SCN that out of the 39 duplicate share requests inspected by the inspection team, with respect to four requests, the value of the shares was more than INR 10,000, however, an advertisement for the loss of shares was not obtained by the Noticee. The details of the above four request is as under:

Sr No.	Issuer Company	Folio No.	Request Receive date	Name	No. of Shares in folio	Value of shares as on date of processing	Remarks
1	J K Cement Ltd	454844	23.11.2020	Hema Naren Desai	30	58177.5	Value of shares more than 10000 however, advertisement for loss of shares not obtained.
2	J K Cement Ltd	444198	14.09.2021	Seema Agarwal	19	64485.05	Value of shares more than 10000 however, advertisement for loss of shares not obtained
3	Jay Kay Enterprises Ltd	563132	15.09.2021	Binod Kumar Keyal	250	13825	Value of shares more than 10000 however, advertisement for loss of shares not obtained
4	Jay Kay Enterprises Ltd	560780	14.09.2021	Rakesh Krishna Gupta	250	13825	Value of shares more than 10000 however, advertisement for loss of shares not obtained

17. Based on the above it was alleged in the SCN that the Noticee has violated Clause 20 of "General Norms for Processing of Documents" of SEBI Circular - RTI Circular No. 1 (2000-2001) Dated May 09, 2001 and Clause 2 and 3 of Schedule III read with Regulation 13 of SEBI RTA Regulations.

18. I note from the provisions of RTI CIRCULAR No. 1 (2000-2001) DATED MAY 09, 2001 that it was mandatory for the Noticee to issue an advertisement in a widely circulated newspaper if the value of the shares was greater than Rs 10,000 before processing the request of issuance of duplicate shares. I note from the above table that there were four instances where the value of the shares was more than Rs. 10,000 and the Noticee had not issued/ obtained an advertisement in a widely circulated newspaper as required by the above provisions.

19. Further, it is pertinent to note that in terms of the provisions of Clause 2 and 3 of the Code of Conduct as prescribed under Schedule III read with Regulation 13 of RTA Regulations the Noticee was required to fulfill its obligations in a prompt, ethical, and professional manner. It was further required for the Noticee to

exercise due diligence, ensure proper care, exercise independent professional judgment, and ensure good corporate policies are in place while functioning its business as RTA and comply with the above regulatory provisions.

20. In this regard, I note from the replies of the Noticee dated October 27, 2023, and November 03, 2023, that the Noticee had admitted the aforesaid alleged violations. The Noticee has further submitted to condone the lapses indicated in SCN, as the said lapses were not intentional but circumstantial due to a change in business objects of the Noticee after the new management took over.

21. In view of the specific admissions of the alleged violations I find that, the Noticee has violated the provisions of Clause 20 of "General Norms for Processing of Documents" of SEBI Circular - RTI Circular No. 1 (2000-2001) Dated May 09, 2001 and Clause 2 and 3 of Schedule III read with Regulation 13 of SEBI RTA Regulations.

22. I further note from the SCN that with respect to two other requests received for issuance of duplicate shares, the Noticee had not obtained the proof of address while processing the said request. The details of the request are under

Sr No.	**Issuer Company**	**Folio No.**	**Request Receive date**	**Name**	**No. of Shares in folio**	**Value of shares as on date of processing**	**Remarks**
1	J K Cement Ltd	461813	24.02.2021	Sunil Kumar Gupta	10	26280	Copy of address proof not obtained/ maintained
2	Jay Kay Enterprises Ltd	562015	31/08/2021	MOHAN SHARMA	100	5530	FIR does not contain any information regarding loss of shares. Further, PAN card, address proof not obtained for MAMTA Sharma

Based on the above it was alleged in the SCN that the Noticee has violated provisions of Clause 2 and 3 of Schedule III read with Regulation 13 of SEBI RTA Regulations.

23. It is pertinent to note that in terms of the provisions of Clause 2 and 3 of the Code of Conduct as prescribed under Schedule III read with Regulation 13 of RTA Regulations the Noticee was required to fulfill its obligations in a prompt, ethical, and professional manner. It was further required for the Noticee to exercise due diligence, ensure proper care, exercise independent professional judgment, and ensure good corporate policies while functioning its business as RTA and was required to comply with the regulatory above provisions. I note that the Noticee had not obtained the proof of address while processing the above requests of the issuance of duplicate shares.

24. In this regard, I note from the replies of the Noticee dated October 27, 2023, and November 03, 2023, that the Noticee had admitted the aforesaid alleged violations. The Noticee has further submitted to condone the lapses indicated in SCN, as the said lapses were not intentional but circumstantial due to a change in business objects of the Noticee after the new management took over.

25. In view of the specific admissions of the alleged violations, I find that, the Noticee has violated the provisions of Clauses 2 and 3 of Schedule III read with Regulation 13 of SEBI RTA Regulations.

Alleged violation 3: Failure to comply with the provisions while processing the request for change of address requests

26. With respect to the captioned violation, I note from the SCN that out of the 20 samples inspected by the inspection team, with respect to two requests certain discrepancies were observed. With respect to one request, the Noticee has not taken a copy of ID proof while processing the request. The details of the request is as under:

Sr No.	Issuer Company	Folio No.	Request Receive from/ request no.	Date of Processing	No. of Shares	Value of shares as on date of processing	Remarks
1	J K Cement Ltd	457199	11455	24.06.2021	0	NA	Copy of ID proof not obtained.

With respect to the other request, it was not clear whether the Noticee had collected the necessary documents and updated the address as no supporting document where provided by the Noticee to the inspecting team. The detail of the request is as under:

Sr No.	Issuer Company	Folio No.	Request Receive from/ request no.	Date of Processing	No. of Shares	Value of shares as on date of processing	Remarks
1	J K Cement Ltd	991370	10921	03.06.2020	1	1,164,75	Request received by the Noticee on 18.04.2020 and processed on 03.06.2020 i.e. after 1.5 months after receipt of request. It is not clear if the Noticee has collected necessary documents and updated the address as no supporting document to this effect has been provided by the Noticee

27. Based on the above it was alleged in the SCN that the Noticee had violated Clause 2 and 3 of Schedule III (Code of Conduct) read with Regulation 13 of SEBI RTA Regulations.

28. It is pertinent to note that in terms of the provisions of Clause 2 and 3 of the Code of Conduct as prescribed under Schedule III read with Regulation 13 of RTA Regulations the Noticee was required to fulfill its obligations in a prompt, ethical, and professional manner. It was further required for the Noticee to exercise due diligence, ensure proper care, exercise independent professional judgment, and ensure good corporate policies while functioning its business as RTA and was required to comply with the regulatory above provisions. I note that the Noticee has not taken a copy of ID proof and had not collected the necessary documents and had not updated the address while processing the above requests for change of address.

29. In this regard, I note from the replies of the Noticee dated October 27, 2023, and November 03, 2023, that the Noticee had admitted the aforesaid alleged violations. The Noticee has further submitted to condone the lapses indicated in SCN, as they said lapses were not intentional but circumstantial due to a change in business objects of the Noticee after the new management took over.

30. In view of the specific admissions of the alleged violations I find that, the Noticee has violated the provisions of Clause 2 and 3 of Schedule III (Code of Conduct) read with Regulation 13 of SEBI RTA Regulations.

Alleged violation 4: Failure to comply with the provisions while processing the request for change of bank account details request.

31. With respect to the captioned violation, I note from the SCN that out of the total change of bank account requests processed by the Noticee, 20 requests were selected as a sample by the inspection team. Out of these 20 requests with respect to two requests, certain discrepancies were observed. Noticee had not

obtained the copy of the PAN card, original cancelled cheque containing the name of the shareholder/ bank attested statement, or passbook copy. The details of the requests is as under:

Sr No.	Issuer Company	Folio No.	Request Receive from/ request no.	Reference date	No. of Shares	Value of shares as on date of processing	Remarks
1	Jay Kay Enterprises Ltd	558133	10982	17.08.2020	NA	NA	The Noticee has not obtained a copy of PAN card, original, cheque containing the name of the shareholder/ bank attested statement, or passbook copy
2	J K Cement Ltd	467525	1594	31.07.2020	9	NA	The Noticee has not obtained a copy of PAN card, original, cheque containing the name of the shareholder/ bank attested statement, or passbook copy

32. Based on the above facts it was alleged in the SCN that the Noticee has violated provisions Clause 2 of Part I (Provisions with regard to Payment of Dividend/Interest/Redemption) of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, and Clause 2 and 3 of the Code of Conduct as prescribed under Schedule III read with Regulation 13 of SEBI RTA Regulations.

33. I note from the provisions Clause 2 of Part I (Provisions with regard to Payment of Dividend/Interest/Redemption) of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 that it provides that in cases where bank account details of the securities holder are not available with RTA or there is a change in bank account details then the Noticee was required to all obtain account details along with cancelled cheque to update the securities holder’s data. The original cancelled cheque shall bear the name of the securities holder failing which the securities holder shall submit a copy of the bank passbook /statement attested by the bank. Thereafter the Noticee was

required to update the bank details in its records after due verification. I note that it is alleged that the Noticee had not obtained the copy of the PAN card, original cancelled cheque containing the name of the shareholder/ bank attested statement, or passbook copy as required by the above provisions.

34. It is pertinent to note that in terms of the provisions of Clause 2 and 3 of the Code of Conduct as prescribed under Schedule III read with Regulation 13 of RTA Regulations the Noticee was required to fulfill its obligations in a prompt, ethical, and professional manner. It was further required for the Noticee to exercise due diligence, ensure proper care, exercise independent professional judgment, and ensure good corporate policies while functioning its business as RTA and was required to comply with the requirement of the above regulatory provisions. I note that the Noticee has not obtained the copy of the PAN card, original cancelled cheque containing the name of the shareholder/ bank attested statement, or passbook copy while processing the above requests for change in bank account details.

35. In this regard, I note from the replies of the Noticee dated October 27, 2023, and November 03, 2023, that the Noticee had admitted the aforesaid alleged violations. The Noticee has further submitted to condone the lapses indicated in SCN, as they said lapses were not intentional but circumstantial due to a change in business objects of the Noticee after the new management took over.

36. In view of the specific admissions of the alleged violations I find that, the Noticee has violated the provisions of Clause 2 of Part I (Provisions with regard to Payment of Dividend / Interest/ Redemption) of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, and Clause 2 and

3 of the Code of Conduct as prescribed under Schedule III read with Regulation 13 of SEBI RTA Regulations.

Alleged violation 5: Failure to comply with the provisions while processing the request for transfer re-lodgment request

37. With respect to the captioned violation, I note from the SCN that Noticee had processed only three transfer re-lodgement requests during the inspection period. It was observed that with respect to two requests, the Noticee has not maintained/ failed to provide the inspecting team the copy of the original letter received from the applicant and the request inward number associated with it, and the proof of delivery (POD) of the objection letter sent to the applicant. With respect to other request, the Noticee has processed transfer without rectification of initial reason for rejection. Based on the above it was alleged in the SCN that the Noticee has violated Regulation 18 (1) of SEBI RTA Regulations and Clause 2, 3, 17, and 18 of Code of Conduct as prescribed under Schedule III read with Regulation 13 of SEBI RTA Regulations.

38. I note that in terms of the provision of Regulation 18 (1) of RTA Regulations Noticee was required to provide to the inspecting team the copy of the original letter received from the applicant and the request inward number associated with it, and the POD of the objection letter sent to the applicant during the inspection period. Further in terms of clause 17 of Code of Conduct as prescribed under Schedule III read with Regulation 13 of SEBI RTA Regulations Noticee was bound to co-operate with the Board as and when required and in terms of clause 18 the Noticee is required to submit to the Board the copy of the original letter received from the applicant and the request inward number associated with it,

and the POD of the objection letter sent to the applicant during the inspection period.

39. It is pertinent to note that in terms of the provisions of Clause 2 and 3 of the Code of Conduct as prescribed under Schedule III read with Regulation 13 of RTA Regulations the Noticee was required to fulfill its obligations in a prompt, ethical, and professional manner. It was further required for the Noticee to exercise due diligence, ensure proper care, exercise independent professional judgment, and ensure good corporate policies while functioning its business as RTA and was required to comply with the requirement of the above regulatory provisions.

40. I note that the Noticee has failed to exercise due diligence by not providing the copy of the original letter received from the applicant and the request inward number associated with it, and the POD of the objection letter sent to the applicant during the inspection period and by processing the transfer without rectification of the initial reason for rejection.

41. In this regard, I note from the replies of the Noticee dated October 27, 2023, and November 03, 2023, that the Noticee had admitted the aforesaid alleged violations. The Noticee has further submitted to condone the lapses indicated in SCN, as they said lapses were not intentional but circumstantial due to a change in business objects of the Noticee after the new management took over.

42. In view of the specific admissions of the alleged violations I find that, the Noticee has violated the provisions of Regulation 18 (1) of SEBI RTA Regulations and Clause 2, 3, 17, and 18 of the Code of Conduct as prescribed under Schedule III read with Regulation 13 of SEBI RTA Regulations.

Alleged violation 6: Failure to comply with the provisions while processing the dividend revalidation request

43. With respect to the captioned violation, I note from the SCN that the Noticee had processed 1583 dividend revalidation requests during the inspection period and a few samples were examined and it was asked by the inspection team to provide a complete record with respect to the processing of 159 revalidation requests received from the 50 unique investors.

44. I note that with respect to 133 requests submitted by 41 unique investors, the Noticee has not obtained or failed to provide to the inspecting team the copy of the cancelled cheque. The Noticee had submitted before the inspection team that it maintains the KYC of investors including bank account details hence, a copy of the cancelled cheque for dividend revalidation was not obtained.

45. I note that with respect to four requests submitted by one unique investor, these requests were pending with the Noticee since 2017. Further, I note that the Noticee has not provided any response for the said observation to the inspection team

46. I note that with respect to six requests submitted by one unique investor, the Noticee has not obtained/ failed to provide the inspecting team a copy of the request letter. Further, I note that the Noticee has not provided any response for the said observation to the inspection team

47. Based on the above it was alleged in the SCN that the Noticee has violated Regulations 14 (2) (h) and 18 (1) of SEBI RTA Regulations and Clause I (4) to the Annexure to SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, and Clause 2, 3, 16, and 17 of Code of Conduct, as prescribed under Schedule III, read with Regulation 13 of SEBI RTA Regulations.

48. I note that in terms of provisions of Clause 14 (2) (h) of RTA Regulations and Clause I (4) to the Annexure to SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, the Noticee was required to maintain proper books of accounts and records and such other records as may be specified by the Board for carrying on the activities as RTA.

49. I note that in terms of the provision of Regulation 18 (1) of RTA Regulations Noticee was required to obtain the cancelled cheque from the securities holder and provide the same to the inspecting team during the inspection.

50. Further in terms of clause 16 of Code of Conduct as prescribed under Schedule III read with Regulation 13 of SEBI RTA Regulations was required to maintain the required level of knowledge and competency and abide by the provisions of the Act, rules, regulations, circulars and directions issued by the Board.

51. Further, in terms of clause 17 of the Code of Conduct as prescribed under Schedule III read with Regulation 13 of SEBI RTA Regulations Noticee was bound to co-operate with the Board as and when required by the Board.

52. Further, in terms of clause 18 of the Code of Conduct as prescribed under Schedule III read with Regulation 13 of RTA Regulations the Noticee was required to submit to SEBI the copy of the cancelled cheque.

53. It is pertinent to note that in terms of the provisions of Clause 2 and 3 of the Code of Conduct as prescribed under Schedule III read with Regulation 13 of RTA Regulations the Noticee was required to fulfill its obligations in a prompt, ethical, and professional manner. It was further required for the Noticee to exercise due diligence, ensure proper care, exercise independent professional judgment, and ensure good corporate policies while functioning its business as RTA and was required to comply with the requirement of the above regulatory provisions. However, I note that Noticee had not obtained the cancelled cheque from the securities holder and by no providing the same to the inspecting team during the inspection.

54. In this regard, I note from the replies of the Noticee dated October 27, 2023, and November 03, 2023, that the Noticee had admitted the aforesaid alleged violations. The Noticee has further submitted to condone the lapses indicated in SCN, as they said lapses were not intentional but circumstantial due to a change in business objects of the Noticee after the new management took over.

55. In view of the specific admissions of the alleged violations I find that, the Noticee has violated the provisions of Regulations 14 (2) (h) and 18 (1) of SEBI RTA Regulations and Clause I (4) to the Annexure to SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, and Clause 2, 3, 16, and 17 of Code of Conduct, as prescribed under Schedule III, read with Regulation 13 of SEBI RTA Regulations.

Alleged violation 7: Failure to comply with the requirement of Business Continuity Plan & Disaster Recovery Preparedness

56. With respect to the captioned violation, I note from the SCN that during the inspection the inspection team sought the address of the disaster recovery site to check whether the Noticee had a well-documented policy on business continuity plan and disaster recovery mechanism, however, the Noticee did not provide any information regarding business continuity plan, disaster recovery mechanism and the address of the disaster recovery site inspite of specifically asked for.

57. Based on the above it was alleged in the SCN that the Noticee has violated the provisions of Clause 20 of Schedule III (Code of Conduct) read with Regulation 13 of SEBI RTA Regulations and provisions of SEBI Circular “Instructions to Registrars to an Issue/ Share Transfer Agents” dated October 11, 1994.

58. I note in terms of provisions of Clause 20 of the Code of Conduct as prescribed under Schedule III read with Regulation 13 of RTA Regulations the Noticee is required to take adequate and necessary steps to ensure that continuity in data and record keeping is maintained i.e., Business Continuity Plan and that the data or records are not lost or destroyed. Further, Noticee is also required to ensure that for electronic records and data, up-to-date backup is always available with it i.e., Disaster Recovery Preparedness. I note from the records that the Noticee had not provided address of the disaster recovery site, hence, it is inferred that the Noticee has not met the requirement of business continuity plan & disaster recovery preparedness.

59. In this regard, I note from the replies of the Noticee dated October 27, 2023, and November 03, 2023, that the Noticee had admitted the aforesaid alleged violations. The Noticee has further submitted to condone the lapses indicated in SCN, as they said lapses were not intentional but circumstantial due to a change in business objects of the Noticee after the new management took over.

60. In view of the specific admissions of the alleged violations I find that, the Noticee has violated the provisions of Clause 20 of Schedule III (Code of Conduct) read with Regulation 13 of SEBI RTA Regulations and provisions of SEBI Circular "Instructions to Registrars to an Issue/ Share Transfer Agents" dated October 11, 1994.

Issue No. II: Does the violation, if any, on the part of the Noticee attract a monetary penalty under Section 15A (a) and Section 15HB of the SEBI Act, as applicable?

61. As it has been established in the preceding paras that the Noticee has violated the following provisions:
    i. Regulation 7(4) of SEBI LODR Regulations,
    ii. Regulation 9A(1)(b) of SEBI RTA Regulations,
    iii. Clause 1 of SEBI Circular dated October 11, 1994, for not entering into a Bilateral Agreement as prescribed in Annexure B of Schedule II, Draft Agreement (Tripartite Agreement) communicated to RTAs through RAIN vide SEBI letter No. MIRSD-3/SS/RTA/32265/2016 dated November 28, 2016,
    iv. Clause 2,3,16,17, and 28 of Schedule III (Code of Conduct) read with Regulation 13 of SEBI RTA Regulations,

v. Regulations 14 (2) (h) and 18(1) of SEBI (RTA) Regulations,

The Noticee is liable for monetary penalty under Section 15A (a) SEBI Act for the above violations.

vi. Clause 20 of "General Norms for Processing of Documents" of SEBI Circular - RTI Circular No. 1 (2000-2001) Dated May 09, 2001,

vii. Clause 2, 3, 16, 17, 18 and 20 of Schedule III read with Regulation 13 of SEBI RTA Regulations,

viii. Clause 2 of Part I (Provisions with regard to Payment of Dividend/Interest/Redemption) of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018,

ix. Regulations 14 (2) (h) and 18 (1) of SEBI RTA Regulations,

x. Clause I (4) to the Annexure to SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018,

xi. SEBI Circular "Instructions to Registrars to an Issue/ Share Transfer Agents" dated October 11, 1994.

The Noticee is liable for monetary penalty under Section 15HB of SEBI Act for the above violations.

62. Relevant provisions of SEBI Act:

Penalty for failure to furnish information, return, etc.
15A. If any person, who is required under this Act or any rules or regulations made thereunder,— (a) to furnish any document, return or report to the Board, fails to furnish the same 63[or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents], he shall be liable to 64[a penalty 65[which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees;

Penalty for contravention where no separate penalty has been provided.
***15HB**. 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.

Issue No. III: If so, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in Section 15J of the SEBI Act?

63. While determining the quantum of penalty under Section 15A(a) and 15HB of the SEBI Act, it is important to consider the factors stipulated in Section 15J of the SEBI Act which reads as under:

SEBI Act

"15J. Factors to be taken into account by the adjudicating officer
While adjudging quantum of penalty under Section 23-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."

64. I note that there is no material on record to indicate any specific disproportionate gains or unfair advantage which accrued to the Noticee, or loss suffered by the investors. Further, I note from the provisions of Section 15A(a) of the SEBI Act that it provides a minimum penalty of rupees one lakh which can be extended to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees. I note from Section 15HB of the SEBI Act that it provides a minimum penalty of one lakh rupees but which may extend to one crore rupees which is the maximum penalty that can be imposed under the said section.

ORDER

65. After taking into consideration the facts and circumstances of the case, in 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 a penalty of Rs. 5,00,000/- (Rupees Five lakhs only) under Section 15 A(a) of SEBI Act and Rs. 5,00,000/- (Rupees Five lakhs only) under Section 15HB of SEBI Act (Total Rs. 10,00,000/- (Rupees 10 lakhs only)) which will commensurate with the violations committed by the Noticee in this case.

66. The 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

67. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings under Section 28A of the SEBI Act for the realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

68. In terms of Rule 6 of the Adjudication Rules, a copy of this order is sent to the Noticees and also to the Securities and Exchange Board of India.

Date: November 9, 2023 **SANTOSH KUMAR SHARMA**
Place: Mumbai **ADJUDICATING OFFICER**