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

# ADJUDICATION ORDER No. Order/AN/RG/2024-25/30423

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

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**In respect of:**

**Abhipra Capital Ltd.**

(PAN: AABCA1702F / SEBI Registration Number: INR000003829)

**In the matter of Abhipra Capital Ltd.**

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## A. BRIEF BACKGROUND

1. Securities and Exchange Board of India (hereinafter also referred to as '**SEBI**') conducted an onsite inspection of the activities of Abhipra Capital Ltd. (hereinafter also referred to as '**Noticee/ Entity/ Abhipra/RTA**'), pertaining to its activities as a Registrar to an issue and share Transfer Agent ("**RTA**") on November 09, 2022 - November 24, 2022 for the Inspection period April 01, 2021 to September 19, 2022. The focus of inspection was interalia to understand the practices and systems put in place by the RTA with regards to its RTA/STA operations and to verify if the Noticee has complied with the related Regulations and circulars.

2. Pursuant to the inspection, the findings of the inspection were communicated to the Noticee by SEBI vide letter dated March 09, 2023 and comments / explanations of the Noticee were sought on the same. Noticee vide its letter dated April 01, 2023, submitted its reply / comments to the findings / observations of SEBI.

3. Pursuant to the said inspection, based on the analysis of comments / explanations received and examination in the matter by SEBI, briefly stated, it was observed by SEBI that Noticee had allegedly violated various provisions of SEBI (Certification of Associated persons in the Securities Markets) Regulations, 2007 {"SEBI Certification Regulations, 2007"}, SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 {"SEBI RTA Regulations, 1993"}, SEBI Notification and Circulars issued by SEBI viz.,

I. Section 'NISM Certification' of 'Sec III (Compliance Certification)' of Annexure to SEBI Circular No. CIR/MIRSD/7/2012 dated July 05, 2012; Regulation 3(2), 4, 5, 6, 9(2) & (3) and 10(1) of SEBI Certification Regulations, 2007 read with SEBI Notification No. LAD-NRO/GN/ 2009-10/18/175577 dated September 04, 2009 and Clause 3, 16, 29, and 30 of Schedule III read with Regulation 13 of SEBI RTA Regulations, 1993.

II. Clause 12(ii) of Part II (Provisions with regard to Transfer/ Transmission/ Correction of Errors etc.) of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018.

III. Clause 13 of Part II (Provisions with regard to Transfer / Transmission/ Correction of Errors etc.) of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 and Clauses 2, 3 and 16 of Code of Conduct (Schedule 3) of SEBI RTA Regulations, 1993.

IV. Clauses 12(ii) of Part II (Provisions with regard to Transfer / Transmission/ Correction of Errors etc.) of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018.

V. Clauses 13 and Clause 14 of Part II (Provisions with regard to Transfer / Transmission/ Correction of Errors etc.) of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018.

VI. Regulation 15A (1) of the SEBI RTA Regulations, 1993 and Clauses 2, 3 and 16 of Code of Conduct of Schedule III read with Regulation 13 of the SEBI RTA Regulations, 1993.

VII. Regulation 9A(1)(b) of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 and Draft Agreement in Annexure B of Schedule II in SEBI Circular "Instruction to Registrars to an Issue/ share Transfer Agents" dated October 11, 1994.

VIII. Clause C(2)(b) of Schedule VII read with Regulation 40(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; Regulation 40(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; Clause 2 (III) of SEBI circular no. CIR/MIRSD/10/2013 dated October 28, 2013; SEBI circular no. SEBI/HO/MIRSD3/CIR/P/2016/85 dated September 15, 2016 w.r.t. Standardization and Simplification of Procedures for Transmission of Securities; Clause 2, 3 and 16 of code of conduct specified in Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

IX. Clause 2.5.2 of the SEBI circular no: SEBI/HO/MIRSD/MIRSD_RTAMB/ P/CIR/2021/655 dated November 03, 2021; Clause 13 of Part II (Provisions with regard to Transfer / Transmission/ Correction of Errors etc.) of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018; Clauses 2, 3 and 16 of Code of Conduct (Schedule 3) of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

X. SEBI circular no: SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated November 03, 2021; Clauses 2, 3 and 16 of code of conduct specified in Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

XI. Regulation 18(1) and (4) and Clauses 2, 3 and 16 of Code of Conduct of Schedule III read with Regulation 13 of the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

XII. Clause 4.2 of the SEBI circular no: SEBI/HO/MIRSD/ MIRSD_RTAMB/P/CIR/2021/655 dated November 03, 2021; Clauses 2, 3 and 16 of code of conduct specified in Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993; Clause 20 of "General Norms for Processing of Documents" of SEBI Circular - RTI Circular No. 1 (2000-2001) Dated May 09, 2001.

Accordingly, SEBI initiated adjudication proceedings against the Noticee under Section 15-I of SEBI Act, 1992 (hereinafter also referred as "SEBI Act") for the alleged violations of the provisions, as stated.

## B. APPOINTMENT OF ADJUDICATING OFFICER

4. Whereas, the Competent Authority was prima facie of the view that there were sufficient grounds to adjudicate upon the alleged violations by the Noticee, as stated above and therefore, in exercise of the powers conferred under Section 19 read with Section 15-I of the SEBI Act, 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter also referred as 'SEBI Rules'), the Competent Authority appointed the undersigned as Adjudicating Officer ("AO") vide order dated December 06, 2023 to inquire into and adjudicate under Section 15HB of the SEBI Act, 1992 for the aforesaid alleged violations of the Noticee. The said proceedings of appointment were communicated to the undersigned vide Communique dated December 07, 2023.

## C. SHOW CAUSE NOTICE, REPLY AND HEARING

5. A Show Cause Notice No. SEBI/EAD-5/AN/RG/1383/1/2024 dated January 10, 2024 along with Annexures ("SCN") and Supplementary SCN SEBI/EAD-5/AN/RG/17361/1/2024 dated May 22, 2024 ("SSCN"), was served upon the Noticee under Rule 4 of the Adjudication Rules, to show cause as to why an inquiry should not be held and penalty not be imposed against the Noticee under Section 15HB of the SEBI Act, 1992, for the violations alleged to have been committed by the Noticee (for brevity, SCN and SSCN conjointly also referred to as SCNs, unless the context specifies or requires otherwise).

6. The allegations in respect of the Noticee inter alia brought out in the SCNs are as under:

"…

***4. Findings and Observations by SEBI and alleged violations thereto in respect of the Noticee after considering Noticee's response to the findings of inspection:***

***4.1. Certification of Associate Persons***

*4.1.1. The RTA provided relevant NISM certificate "Series-II-A: Registrar to an Issue and Share Transfer Agent- Corporate Certification Examination" of only Mr. Jeewat Rai, which was informed by the Noticee as key official dealing with RTA activities.*

*4.1.2. Vide email dated January 16, 2023 (copy placed at Annexure 1B), RTA also informed that other officials who handle the requests of investors are Abhinav Aggarwal, Ashok Kumar Sawarnkar, Deen Dayal Singh, Janan Mehta, Nitin and Umesh Chander Ijral. Vide aforesaid email, it was also submitted by the RTA that "In Absence of Mr. Jeewat Rai from Abhipra during the specified period Mr. Abhinav Aggarwal, Director of the Company kept the surveillance, monitored and management of RTA related functions."*

*4.1.3. It is seen that the employees of Abhipra handling RTA related activities namely Abhinav Aggarwal, Ashok Kumar Sawarnkar, Deen Dayal Singh, Janan Mehta, Nitin and Umesh Chander Ijral do not have valid NISM certificate.*

*4.1.4. It is also seen from the half yearly internal audit for the period April 01, 2022 to September 30, 2022 that an observation was made that the employees of the RTA require to obtain NISM certification.*

*4.1.5. Inspection team has observed that the RTA has been performing its duties through officers who did not have requisite qualifications i.e NISM certification. Further similar observation was also noted in the previous inspection conducted for the year 2018-2019.*

*4.1.6. In view thereof, the Noticee is alleged to have violated Regulation 3(2), 4, 5, 6, 9(2) & (3) and 10(1) of SEBI (Certification of Associated persons in the Securities Markets) Regulations, 2007 read with SEBI Notification No. LAD-NRO/GN/ 2009-10/18/175577 dated September 04, 2009 and Clause 3, 16, 29, and 30 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.*

***4.2. Possession and maintenance of specimen signature cards***

*4.2.1. The RTA was advised to provide exact breakup of companies that have issued letters to the clients themselves for whom signature cards were not available and the details of letters issued by the RTA directly. From the data provided by the RTA, it is seen that the RTA has not provided details regarding letters issued by them to the client for providing the details of signatures.*

*4.2.2. As per the submission of the RTA, for 44,493 folios out of the total 62,380 folios (71.28%) handled by the RTA, the signature cards are not available with the RTA. Thus, for a significant no. of folios signature cards are not available with the RTA.*

*4.2.3. Inspection team had observed that the RTA has not been sending letters to all the investors for whom signature cards were not available. Further, it was observed that the letters have been sent in plain A4 paper instead of letterhead bearing the stamp of RTA (The sample letters issued in case of non-availability of signature cards are placed as Annexure 6C).*

*4.2.4. In view thereof, the Noticee is alleged to have violated Clause 12(ii) of Part II (Provisions with regard to Transfer/ Transmission/ Correction of Errors etc.) SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018.*

***4.3. Not marking folios for enhanced due diligence:***

*4.3.1. In terms of Clause 13 of Part II (Provisions with regard to Transfer / Transmission/ Correction of Errors etc.) of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, the RTA shall inter alia, exercise enhanced due diligence in cases where PAN / bank account details not available in the folio.*

*4.3.2. The details provided by the RTA in this regard is summarized in table below:*

| *Company* | *No. of folios without PAN* | *No. of Folios without Bank Account* | *No. of Folios marked for enhanced due diligence* |
|---|---|---|---|
| *APL* | *1* | *12* | *0* |
| *ASSOCIATED* | *90* | *92* | *0* |
| *BLB* | *50* | *47* | *0* |

| | | | |
|---|---|---|---|
| *CALCOM* | *2306* | *2305* | *10* |
| *DB INTERNATIONAL* | *6* | *6* | *0* |
| *DHANUKA* | *348* | *375* | *8* |
| *DUROPACK* | *2506* | *2551* | *15* |
| *GARLON* | *6403* | *6413* | *0* |
| *KOTHARI* | *5931* | *6036* | *36* |
| *NEWAGE* | *85* | *85* | *0* |
| *ORCHID* | *172* | *216* | *0* |
| *RTCL* | *7436* | *7420* | *42* |
| *INTEGRA* | *126* | *148* | *1* |
| *OCTAVIUS* | *160* | *497* | *1* |
| *ORCHID* | *0* | *0* | *2* |
| *PAN India* | *2853* | *156* | *0* |
| *PIONEER* | *742* | *751* | *0* |

*4.3.3. As can be seen from table above, the no. of folios with missing PAN and Bank account details is much higher than the no. of folios marked for enhanced due diligence.*

*4.3.4. In view thereof, the Noticee is alleged to have violated Clause 13 of Part II (Provisions with regard to Transfer / Transmission/ Correction of Errors etc.) of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018; Clauses 2, 3 and 16 of Code of Conduct (Schedule 3) of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.*

***4.4. Issuing letters to physical shareholders (whose PAN, Bank details not available)***

*4.4.1. The sample letters of listed companies and those issued by the RTA to its investors for whom PAN, Bank details etc were not available, were also seen. It was* *observed that the letters have been issued by the RTA on plane A4 paper and not on the letter head of RTA and without any stamp. (Annexure 6C).*

*4.4.2. Vide SEBI's email dated January 11, 2023, the RTA was advised to provide exact breakup of companies that have issued letters to the clients themselves and companies wherein letters were issued by the RTA. Further, vide same email, the details such as total no. of letters, reminders etc sent by the RTA and its client companies to the folio holders seeking details of PAN and Bank details were also sought from the RTA. However, it is seen that the RTA has not provided details regarding letters issued by them to the client for providing the details of signatures.*

*4.4.3. Therefore, the RTA has failed to cooperate with the inspection team and provided incomplete information regarding letters issued in the cases where PAN, Bank details etc. are not available. Further, from the records provided by the RTA, it is observed that the RTA has not send letters under registered/Speed post seeking PAN and bank details to all the folio holders for which PAN and Bank details are unavailable with the RTA.*

*4.4.4. In view thereof, the Noticee is alleged to have violated Clauses 12(ii) of Part II (Provisions with regard to Transfer / Transmission/ Correction of Errors etc.) of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018.*

***4.5. System based alerts to exercise enhanced due diligence:***

*4.5.1. RTA has submitted that the folios for which applications are rejected due to deficiency in documents are marked for enhanced due diligence. Thereafter, when any request pertaining to such folios is received, Compliance Officer Shri Jeewat Rai check and approve the same. However, it is observed that identification of the folio that are marked for enhanced due diligence at the time of processing the requests is being done manually by the RTA and the RTA does not have an automatic "system based alert" mechanism for enhanced due diligence i.e. these folios are not flagged / marked on the system for the software to generate appropriate alerts in the concerned folios.*

*4.5.2. In view thereof, the Noticee is alleged to have violated Clauses 13 and Clause 14 of Part II (Provisions with regard to Transfer / Transmission/ Correction of Errors etc.) of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018*

***4.6. Appointment of the compliance officer***

*4.6.1. The RTA informed that it has appointed Mr. Jeewat Rai as the compliance officer for handling all the RTA related issues. However, it was observed during the course of* *inspection that the compliance officer was not available at the time of inspection as he was out of the country.*

*4.6.2. It is gathered from the oral submissions made by the employees of RTA that Mr. Rai is frequently on leave and travels out of the country. There is no written policy of the RTA regarding handling of RTA related functions in the absence of compliance officer. Mr. Abhinav Aggarwal doesn't hold the valid NISM certificate for acting as Compliance officer of the RTA. At the time of inspection, the team from SEBI interacted with Ms. Bhavna Mangal, as Mr. Jeewat Rai was absent.*

*4.6.3. During the course of inspection, it was seen that junior staff of the RTA, without having valid NISM certificates, were handling the RTA related functions. However, in absence of compliance officer for significant durations, such functions were being carried out by the employees of the RTA, without supervision of the Compliance officer.*

*4.6.4. Thus, it is observed that the Compliance officer of the RTA was not monitoring the compliance of the various Acts and Regulations, notifications, guidelines, instructions etc issued by SEBI or Central Government or redressal of investor's grievances.*

*4.6.5. Further, the inspection team has observed that the RTA has been performing its duties in the absence of Compliance Officer. Further, there was no clear evidence with respect to the attendance of the compliance officer to ascertain the work performed by him.*

*4.6.6. In view thereof, it is alleged that the Noticee has violated Regulation 15A (1) of the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 and Clauses 2, 3 and 16 of Code of Conduct of Schedule III read with Regulation 13 of the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.*

***4.7. Agreements / tripartite agreement entered into by RTA:***

*4.7.1. In the case of following companies the respective agreements did not mention the no. of shareholders for which RTA is being engaged by the Company (Annexure 4D):*

- *Integra Telecommunication and Software Ltd.*
- *Newage Marketing Ltd*
- *Orchid Pharma Ltd.*

*4.7.2. All the agreements entered by the RTA with client companies referred to SEBI (Registrars to an Issue and Share Transfer Agents) Rules, 1993, which had been rescinded on September 07, 2006.*

*4.7.3. The agreement entered between RTA and its client RTCL Limited were entered on an ordinary A4 sheet and from the documents provided by the RTA, it is seen that the agreement is not registered.*

*4.7.4. In view thereof, the Noticee is alleged to have violated Regulation 9A(1)(b) of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993; Draft Agreement in Annexure B of Schedule II in SEBI Circular "Instruction to Registrars to an Issue/ share Transfer Agents" dated October 11, 1994; Clauses 3 of Schedule III (Code of Conduct) read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.*

***4.8. Transmission requests***

*4.8.1. RTA has processed 7 transmission requests without obtaining requisite documents from the applicants (Annexure-8E):*

- *No NoC from legal heirs have been obtained in relation to the request pertaining to folio of Mr. Hxxxxx Cxxxxxx for Kothari.*
- *No valid Legal Heir Certificate, Affidavit and indemnity available on record in case of request of Pxxxxx Kxxxxx for RTCL.*
- *Non notarized Indemnity relied upon for processing request of Gxxxx Bxxxxx for Kothari.*
- *Request processed without any legal heir related documents or ISR 5 (Request for Transmission of Securities by Nominee or Legal Heir) in the case of Rxx Pxxxxxx Kxxxx.*
- *No ISR 5 (Request for Transmission of Securities by Nominee or Legal Heir) available for processing the request pertaining to folio of Ms. Hxxxxxx Kxxx.*
- *NOC from Legal heir, Indemnity bond from all legal heirs and ISR 5 (Request for Transmission of Securities by Nominee or Legal Heir) not available for processing the request of Axxxxxx Pxxxxxxx Kxxxxxxxxxx.*
- *Succession certificate, legal heirship, court decree or equivalent certificate, ISR 5 (Request for Transmission of Securities by Nominee or Legal Heir) not available in record for processing the request of Axxxxxxx Bxxxxxxxxx Gxxxxx.*

*4.8.2. Further, as per the submissions of the RTA, delay is observed in processing of 4 service requests pertaining to transmission:*

- *Axxxxxx Pxxxxx for Dhanuka (delay of 7 days),*

• *Hxxx Kxxxxxx Axxxxxxx (delay of 2 days), Sxxxxx R Hxxxx (delay of 8 days) and Rxx Gxxxx (delay of 7 days) for Calcom*

*4.8.3. In above mentioned cases, the requirements emanating from the SEBI circulars have not been complied with by the RTA.*

*4.8.4. In view thereof, the Noticee has violated Clause C(2)(b) of Schedule VII read with Regulation 40(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; Regulation 40(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; Clause 2 (III) of SEBI circular no. CIR/MIRSD/10/2013 dated October 28, 2013; SEBI circular no. SEBI/HO/MIRSD3/CIR/P/2016/85 dated September 15, 2016 w.r.t. Standardization and Simplification of Procedures for Transmission of Securities; Clause 2, 3 and 16 of code of conduct specified in Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.*

***4.9. Demat requests:***

*4.9.1. In the instance of the request submitted by Mr. Gxxxxx Axxxxxx, it is observed that the RTA has not done proper due diligence. Detail of the same is given below:*

*The RTA had received a request for dematerialization of shares from one Mr. Gxxxxx Axxxxxx for 1000 shares of Dhanuka for folio no. 301. It is seen that the folio no. 301 was in the name of Mr. Gxxxxx Kxxxx for which the demat request was submitted by Mr. Gxxxxx Axxxxxx. Mr. Gxxxxx Axxxxxx has also submitted an affidavit dated November 21, 2021 along with his request, inter alia, submitting that Mr. Gxxxxx Kxxxx and Mr. Gxxxxx Axxxxxx is the same person. The said request was rejected by the RTA vide letter dated December 20, 2021 and Mr. Gxxxxx Axxxxxx was advised to submit following additional documents:*

• *Original unsigned cancelled cheque.*
• *Address and specimen signature attested by the bank manager*
• *Contact details of the shareholder*
• *Self-attested copy of PAN Card and address proof*

*4.9.2. Subsequently, Mr. Gxxxxx Axxxxxx submitted all the above mentioned documents along with ISR1 and ISR 2 for updating his details in the records of RTA such as PAN, Bank details and Signature, Postal Address, Email Address and Mobile Number. The demat request of Mr. Gxxxxx Axxxxxx was approved by the RTA on March 01, 2022. However, as there was a major mismatch in the name of the folio holder and applicant (different surnames) and all the records of the folio holder such as*

*PAN, Bank details and Signature, Postal Address, Email Address and Mobile Number were updated on the request of the applicant by the RTA, the matter was examined further by the inspection team. It is noted that there was no specific request for name change.*

*4.9.3. Vide SEBI's email dated January 27, 2023, RTA was advised to submit the details of dividend paid to Mr. Gxxxxx Axxxxxx. The RTA replied vide its email dated January 30, 2023 that the details of unpaid dividends are available with the Company Dhanuka. Thereafter, email was send to Dhanuka to provide the details of dividends issued for the folio no. 301 and the name of beneficiary. Vide email dated February 01, 2023, Dhanuka informed that as the bank account details for the folio number 301 were not available with them, the Company was issuing DD/Cheque to the folio holder. Further, the earlier address of the folio holder available in the records of Dhanuka was 3, Kot street, Amroha, Moradabad. As confirmed by the Company vide email dated February 03, 2023, the earlier address was provided to them by RTA vide register of Member dated September 22, 2009. It is seen that the same was updated in the records of RTA in March 2022 to 8K, Sabji Mandi Mohalla, Kot, Amroha, Moradabad.*

*4.9.4. From the records submitted by Dhanuka, it is seen that dividend warrants were issued and credited for the folio number 301 from the year 2010-11. It is seen that dividend has been issued every year from 2010-11 onwards to Mr. Gxxxxx Kxxxx. Till updation of address in the records of RTA, such dividend was issued in the name of Mr. Gxxxxx Kxxxx and at the old address viz. 3, Kot street, Amroha, Moradabad. Al though most of the dividend was unclaimed, the dividend declared for the year 2015-16 was credited to the account of Mr. Gxxxxx Kxxxx on April 29, 2016 and May 04, 2016. Thus, it is clear that the bank account in the name of Mr. Gxxxxx Kxxxx was in the existence. In this regard it is observed that vide its E mail dated 03.03.2023. The company (Dhanuka) has confirmed and produced record to show that Mr. Gxxxxx Kxxxx and Mr. Gxxxxx Axxxxxx is one and same person.*

*4.9.5. The aforesaid matter was taken up with the company and vide email dated February 01, 2023, it was confirmed by the Company that the folio was marked for enhanced due diligence by the RTA. However, it is observed that despite marking the folio for enhanced due diligence, the RTA while processing the demat request of Mr. Gxxxxx Axxxxxx did not made any extra effort to confirm that the request is made by the original folio holder.*

*4.9.6. As already mentioned that the each and every detail with respect to the folio number 301 was updated by the applicant Mr. Gxxxxx Axxxxxx at the time of submitting* *his demat request. It is seen that along with his application, Mr. Gaurav Agarwal had enclosed documents such as cancelled cheque, affidavit for declaring that Mr. Gxxxxx Axxxxxx and Mr. Gxxxxx Kxxxx is same, Adhaar Card in the name of Mr. Gaurav Agarwal and PAN in the name of Mr. Gxxxxx Axxxxxx. However, in addition to the affidavit there was no other document submitted to RTA to show that Mr. Gxxxxx Axxxxxx and Mr. Gxxxxx Kxxxx was same. As part of the enhanced due diligence, the RTA should have insisted to the applicant to produce any record to show that Mr. Gxxxxx Axxxxxx was earlier known as Mr. Gxxxxx Kxxxx. The mere fact that the dividends were credited in the account of Mr. Gxxxxx Kxxxx earlier shows that it is not a case of mere error in typing name in the share certificates and there was actually bank account in the name of Mr. Gxxxxx Kxxxx. However, the RTA did not seek any such detail from the applicant. Further, the RTA did not send a letter to the old address of the Mr. Gxxxxx Kxxxx informing about request for updation of address as mandated under Clause 2.5.2 of the SEBI circular no: SEBI/HO/MIRSD/MIRSD_RTAMB/ P/CIR/2021/655 dated November 03, 2021.*

*4.9.7. Although RTA had marked the said folio for enhanced due diligence, RTA has not carried out Enhanced Due Diligence activities in the said folio while changing each and every particular of the said folio in respect of request made by Mr. Gxxxxx Axxxxxx. The details of the correspondence with RTA and Dhanuka along with the Demat request for Mr. Gxxxxx Axxxxxx are given in Annexure 9F.*

*4.9.8. In view thereof, it is alleged that the Noticee has violated:*

- *Clause 2.5.2 of the SEBI circular no: SEBI/HO/MIRSD/MIRSD_RTAMB/ P/CIR/2021/655 dated November 03, 2021.*
- *Clause 13 of Part II (Provisions with regard to Transfer / Transmission/ Correction of Errors etc.) of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018.*
- *Clauses 2, 3 and 16 of Code of Conduct (Schedule 3) of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.*

***4.10. Change of Address (COA) request:***

*4.10.1. Based on oral submission by an employee of the RTA, Inspection team has inferred that the RTA does not send letters to old address raising objections, if any, in case of a Change of Address request.*

*4.10.2. Vide SEBI's email dated November 24, 2022, RTA was advised to confirm the same and provide its comments. However, RTA did not conform or provide its comment on the same.*

*4.10.3. In response to the findings of inspection, RTA did not clearly state whether they are sending the communication to the old address on receipt of a CoA request. RTA has simply stated that they are in compliance with the rules cited in the letter of observation instead of providing any proof for the compliance of the same.*

*4.10.4. In view thereof, the Noticee is alleged to have violated SEBI circular no: SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated November 03, 2021 and Clauses 2, 3 and 16 of code of conduct specified in Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.*

***4.11. Non-cooperation with the inspection team of SEBI:***

*4.11.1. As part of the inspection conducted by SEBI, various documents/information related to the RTA functions of Abhipra were sought. The queries were raised to the RTA vide Pre-inspection Questionnaire ("PIQ") and emails dated November 24, 2022, January 11, 2023 and January 17, 2023 (The emails sent to RTA and replies received from it with regard to the above is annexed as Annexure 16-G). However, it is seen that the RTA failed to provide following information:*

- *In case of non-availability of signature cards, Pan, KYC details etc, details like total no. of issuer companies for which letters were issued by the RTA, total no. of letters issued by Abhipra to investors, reminders issued, etc were not provided.*

*4.11.2. In this regard, the RTA has not provided the accurate information regarding the number of letters sent along with the company wise breakup.*

*4.11.3. In view thereof, the Noticee is alleged to have violated Regulation 18(1) and (4) and Clauses 2, 3 and 16 of Code of Conduct of Schedule III read with Regulation 13 of the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.*

***4.12. Issuance of duplicate shares:***

*4.12.1. As per the submission of the RTA, the request of Ixx J. Dxxxxxx for issuance of duplicate shares was received by the RTA on August 13, 2022. However, on verifying it is observed that there was no inward stamp on the documents.*

*4.12.2. No advertisement was issued in the case of request made by Rxxx Sxxxxxx Vxxx and Ixx J. Dxxxxxx for Dhanukha.*

*4.12.3. In case of requests made by Sxxx Nxxxxx Rxxxxx and Nxxxxxxxx R Sxxx for Kothari, Form SH13 (Nomination details) were not obtained by the RTA.*

*4.12.4. The relevant documents in relation to the observations mentioned above are placed at Annexure 7H.*

*4.12.5. Inspection team has observed that there were few procedural inconsistencies in processing the service requests by the RTA such as lack on inward stamp, seal and mismatch in date of receipt.*

*4.12.6. In view thereof, the Noticee is alleged to have violated Clause 4.2 of the SEBI circular no: SEBI/HO/MIRSD/ MIRSD_RTAMB/P/CIR/2021/655 dated November 03, 2021; Clauses 2, 3 and 16 of code of conduct specified in Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993; Clause 20 of "General Norms for Processing of Documents" of SEBI Circular - RTI Circular No. 1 (2000-2001) Dated May 09, 2001.*

…"

"…

*2. In this regard, para 1.1 and para 4.1.6 of the SCN may be read as below instead of as was stated:*

*2.1. Para 1.1: "Section 'NISM Certification' of 'Sec III (Compliance Certification)' of Annexure to SEBI Circular No. CIR/MIRSD/7/2012 dated July 05, 2012; Regulation 3(2), 4, 5, 6, 9(2) & (3) and 10(1) of SEBI (Certification of Associated persons in the Securities Markets) Regulations, 2007 read with SEBI Notification No. LAD-NRO/GN/ 2009-10/18/175577 dated September 04, 2009 and Clause 3, 16, 29, and 30 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993."*

*2.2. Para 4.1.6: "In view thereof, the Noticee is alleged to have violated Section 'NISM Certification' of 'Sec III (Compliance Certification)' of Annexure to SEBI Circular No. CIR/MIRSD/7/2012 dated July 05, 2012; Regulation 3(2), 4, 5, 6, 9(2) & (3) and 10(1) of SEBI (Certification of Associated persons in the Securities Markets) Regulations, 2007 read with SEBI Notification No. LAD-NRO/GN/ 2009-10/18/175577 dated*

*September 04, 2009 and Clause 3, 16, 29, and 30 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.*

…"

7. Having regard to principles of natural justice, vide Hearing Notice dated February 07, 2024, the Noticee was provided an opportunity of hearing on February 14, 2024.

8. Vide letter dated February 10, 2024, the Noticee submitted the reply to the SCN as below:

*"…*

*1. **<u>Certification of Associate Person</u>***

*1.1. First and foremost, it is pertinent to consider that the inspection of RTA operations of the Company was carried out from 9th November 2022 till 24th November 2022 and the period of inspection was from 1st April 2021 till 19th September 2022 (18 months).*

*1.2. During the inspection period, the RTA operations of the Company have been limited and of very small magnitude and was being effectively managed by Mr. Jeewat Rai, who had been serving the Company for more than 19 years. Mr. Jeewat Rai had the necessary experience as well qualification to handle the RTA operations and also possessed the required NISM certification. All the other employees in the Company were working under his effective supervision.*

*1.3. The other two employees i.e. Mr. Janan Mehta (10 year experience); Mr. Ashok Kumar Sawarnkar who were also overseeing operation of RTA also possessed valid NISM certificates dated 29.03.2021 & 01.03.2021, respectively. (copies of their respective certificates are were provided to your good office vide our earlier reply dated April 1st, 2023 as Exhibit (1B) & (1C), and again being enclosed herewith as Exhibit A-1 and A-2).*

*1.4. That it was only during the end of the year 2022 Mr. Jeewat Rai expressed his desire to retire from the Company. The Company continued the discussion with him, requesting him to continue his services for a little longer. That the Company also simultaneously took steps to prepare other team members to take the helm of RTA operations, including Mr. Abhinav Aggarwal (Director);*

*1.5. Mr. Abhinav Aggarwal enrolled for NISM Certification on 8th Dec 2022, although due to some technical issues at the NISM end, the date of NISM training was received much later. He obtained his certificate in January 2023 (copy of the Certification obtained by Mr. Abhinav was produced vide our earlier reply dated April 1st, 2023 as Exhibit (1A) and again being enclosed as Exhibit A-3a and A-3b).*

*1.6. It may further be noted that work of Mr. Deen Dayal Singh, Nitin & Mr. Umesh Ijral were being supervised by Mr. Jeewat Rai and Mr. Abhinav Aggarwal. They are not carrying any activity independently as enlisted under Regulation 3(4) of SEBI (Certification of Associated Person in the Securities Market) Regulations 2007.*

*1.7. What is of utmost importance to note herein is the fact that the observation made in the SCN that Mr. Janan Mehta and Mr. Ashok Kumar Sawarnkar were not holding the NISM certification is erroneous and without consideration of the submissions made along with necessary documentary evidence vide our earlier reply.*

*1.8. Thus in light of the aforesaid, it may please be noted that the operations of the RTA business of the Company were being duly managed by the Company by person having due NISM certification.*

*1.9. It is also pertinent to draw attention of your good office towards the applicable provision of Regulation 3(2) of SEBI (certification of associated persons in securities market) regulation 2007 which reads as following:*

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

*That the applicable provision itself allows the time of "one Year" from the date of being engaged by the intermediary to obtain necessary certification. In the present case, Mr. Jeewat Rai, Mr. Janan Mehta and Mr. Ashok Sawarnkar possessed valid NISM certificates. Mr. Abhinav started getting engaged in the services of RTA from around October – November 2022 and obtained the necessary certification in January 2023 itself, i.e. well within the time of one year.*

*1.10. As far as submission made by the Company vide its email dated January 16, 2023 is concerned, it may please be noted that Mr. Deen Dayal Singh, Nitin and Umesh Chander Ijral were not handling any request independently and were only working under the supervision of their seniors. The fact is substantiated from the same submission wherein it was confirmed that Mr. Abhinav Aggarwal was overseeing all operations. It is also pertinent to note that as on date Ms. Poonam Wasan, Ms. Renu and Arun Kumar have obtained certificates and enclosed as Exhibit A-4, A-5, A-6. Mr. Kapil Bansal, newly appointed compliance officer enrolled for the NISM examination and the enrollment proof is enclosed as Exhibit A-7.*

*1.11. Therefore it is humbly put forth that the Company is not in non-compliance with the provisions of Regulation 3(2), 4, 5, 6, 9(2), 9(3) and 10(1) of SEBI (Certification of Associated Person in the Securities Market) Regulations 2007.*

*1.12. Also that the Company is in due compliance with the code of conduct under schedule III (Clauses 3, 16, 29 & 30) read with Regulation 13 of SEBI (Registrar to an Issue and Share Transfer Agents) Regulations, 1993. That the respective Clauses and submissions there are herein below:*

*1.13. Clause 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".*

*That in the present case, the Company had exercised necessary diligence and care and Mr. Abhinav Aggarwal took immediate steps to get himself certified with NISM and only delay was on account of technical issues at NISM end.*

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

*That in the present case, RTA has adequately maintained the required knowledge and competency during the inspection period with its compliance officer Mr. Jeewat Rai and other employees that is Mr. Janan and Mr Ashok. Later, Mr. Abhinav Aggarwal, Director, (with a working experience of more than 18 years in financial markets) also initiated necessary steps in obtaining a necessary certificate under NISM.*

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

*That it is submitted that all the employees of the Company are fit and proper as per SEBI regulations. So as to professional qualification, the necessary NISM certification as in compliance with requirements under Regulation 3(4) of SEBI (Certification of Associated Person in the Securities Market) Regulations 2007 was duly held by Mr. Jeewat Rai who was spearheading all operations alongwith Mr. Janan and Mr. Ashok, and other team was working under their supervision and not independently involved in operations mentioned under Regulation 3(4). After his resignation, Mr. Abhinav obtained the necessary certification in a short span and other employees are working under their supervision. Thus, the company is in due compliance with Clause 29.*

*1.16. Clause 30 "A Registrar to an Issue and Share Transfer Agent shall be responsible for the acts or omissions of its employees and agents in respect of the conduct of its business."*

*That the Company has not denied responsibility of the acts of its employees, although it is herein put forth that there is no omission on part of its employees and that the provision of this clause is not applicable hereunder.*

*1.17. Further with respect to provisions of Compliance Certification of Annexure to SEBI Circular No. CIR/MIRSD/7/2012 dated July 05, 2012; the company has duly complied with the same.*

*1.18. Thus in light of aforementioned, during the Inspection Period i.e. from 1st April 2021 till 19th September 2022 (18 months), the Company was duly compliant and had employees and compliance officer holding necessary certification (Mr. Jeewat Rai, Mr. Janan and Mr. Ashok held valid certificates, the copies of which were provided and again enclosed). Remaining staff was working only under supervision of these seniors with no action being taken by them independently.*

*2. **Possession and Maintenance of Specimen Signature Cards (Clause 4.2 of SCN) and Issuing letters to the Physical Shareholders (Whose PAN, Bank details not available (Clause 4.4 of SCN)***

*2.1. At the outset, it is herein submitted that the alleged violations under Clause 4.2 of the SCN and Clause 4.4 of the SCN are deriving from the same issue and we humbly put forth that your good office has mixed up the matter thereby drawing erroneous and untenable conclusions alleging us of violation of same provisions i.e. Clause 12(ii) of Part II of SEBI Circular bearing no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018. We are hereunder making our submissions with respect to both the alleged violations collective as the underlying issue is same in both the cases.*

*2.2. Firstly, with regard to the observation as to not providing information to the inspection team, we deny the same and detailed submission in this regard is being made under Para 9 of this reply (as against SCN Clause 4.11).*

*2.3. Further with regard to the alleged observation of signature cards not available for 44,493 folios out of total 62,380 folios handled by RTA, we herein submit that from the Inspection Period i.e. from 1st April 2021 to 19th September 2022, the Company was rendering RTA services to the 16 listed Companies and there were other 4 companies that are non responsive due to liquidation and other reasons. In these listed Companies total number of physical folios were 62168 as on 12-Jan-2024. With regard to the physical folios, the company is duly maintaining necessary information w.r.t. their details including PAN, Bank Account details and other KYC information. All this information are being maintained company wise in our software. Further as far as signature cards are concerned, we are maintaining the cards of those investors as was provided to us by the Company at the time of undertaking their services as RTA. Ever since we have again and again sent letters to the Investors (directly or through respective listed company for updation of KYC). Moreover, out of alleged 44,493 missing signature cards, around 35,700 folios belong to the Company PAN India and the said cards are not provided by the company. The company maintained the signature cards in their software and are not able to retrieve the same and provide it to us. The confirmation mail from Pan India Corporation Limited is annexed as Exhibit B-6a. The company has sent various reminders to the investors for updation of the KYC along with the requirement for Signatures through ISR-2. The confirmation for the same is also annexed as Exhibit B-6. For Orchid Pharma*

*Limited and Octavious Plantation Limited (for around 200 and 400 signature cards) were onboarded for RTA services only during Oct 2021 and Jan 2022 respectively. The said signature cards could not be obtained as the same were with their old RTA and not handed over to us. We are constantly sending letters to the shareholders for KYC updation and updating the same as and when information being obtained. All this information are being maintained company wise in our software. The soft copies of all the member registers as on 12-Jan-2024 including the physical folios information sheet are enclosed as Exhibit C.*

*2.4. We herein also put on record that although the Company is duly maintaining the information sheet of all the physical folios, updating the same is only dependent on the respective shareholder providing necessary information in this regard. For the same RTA in consultation with the respective listed companies, issued several letters and reminders (either directly or through listed companies) details of which are discussed herein below.*

*2.5. We herein also like to reproduce the provision of Clause 12(ii) of Part II of SEBI Circular bearing no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018:*

*"12. Issuer Companies through their RTAs shall take special efforts to collect copy of PAN, and bank account details of all securities holders holding securities in physical form as mentioned below. While collecting details, RTAs shall ensure that:*

*ii. They send a letter under registered/Speed post seeking PAN and bank details (a copy of the PAN card and original cancelled cheque leaf /attested bank passbook showing name of account holder) within 90 days of the circular and two reminders thereof after the gap of 30 days. All the 3 letters will have 21 days' notice period to provide the details.*

*2.6. That the aforesaid provision merely deals with the mandates to the RTA (either directly or through listed company) to collect information regarding PAN and bank account details and to send letters to the investors within the stipulated time period as provided along with reminders thereafter. The aforesaid provisions also does not mention anything about maintaining the signature cards and therefore it is erroneous to invoke such provision in this respect.*

*2.7. In regard the aforesaid, without prejudice to the submissions that all the information (as available) with regard to the physical folios was being maintained in the software by the RTA, we herein further submit that the alleged applicable provision nowhere mentions of maintaining any signature card and hence the alleged violation of provisions of referred SEBI circular is erroneous and untenable.*

*2.8. So as to observation regarding sample letter of listed companies and those issued by RTA to its investors for whom PAN, Bank details etc. were not available, we herein put forth that the SEBI Circular came in April 2018 and required dispatch of letters within 90 days (i.e. by July 2018) and then 2 reminders in next 30 days each (i.e. by August 2018 and September 2018). In this regard we at the outset submit that the said letters were duly sent either by the respective listed company or through us on behalf of the Company within the stipulated timeframe. The copies of these letters may not be made available due some* *confusion between the same not pertaining to the Inspection Period and also on account of several further reminders being sent to the shareholders subsequently.*

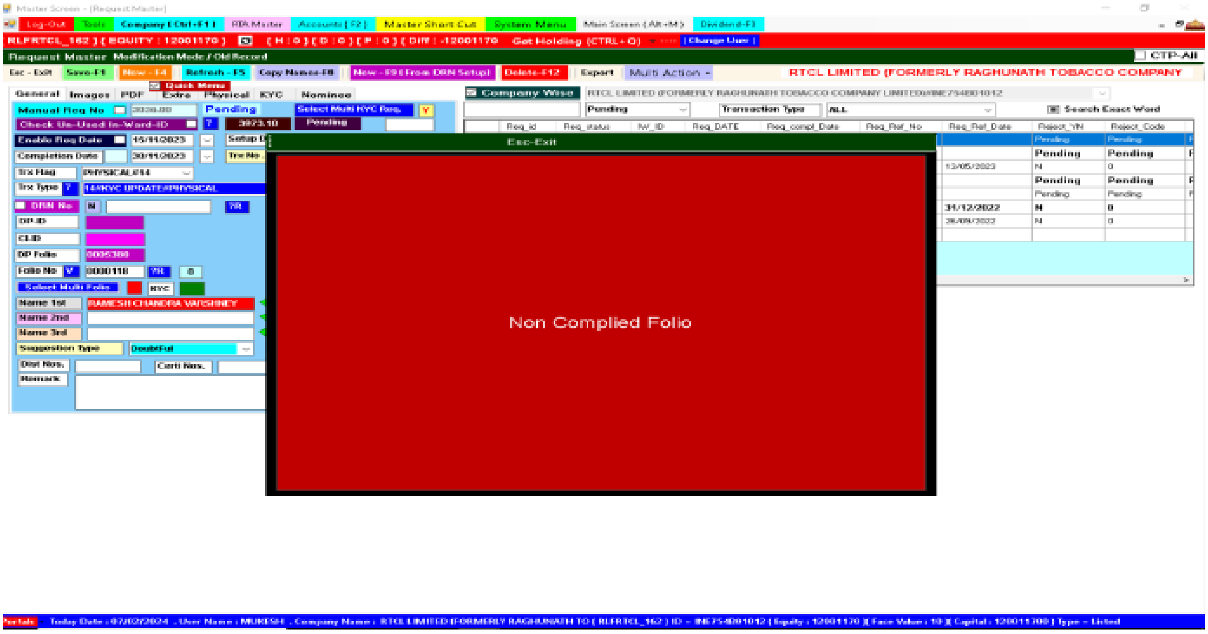
*2.9. We herein submit that time and again various reminders are being sent to the shareholders and we are herein enclosing the confirmation from the listed companies (which have sent the letters directly to the shareholders over the period) as Exhibit B-1 to B-9; and also enclosing the proof of dispatch/bills of speed post booked in our books for letters sent directly to the shareholders by us (RTA) as Exhibit B-10. Thus, from the documents so enclosed, it is apparent that we are in due compliance with the strict requirement of sending letters to the shareholders as per provisions of Clause 12(ii) of Part II of SEBI Circular bearing no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018.*

*2.10. So as to the sample letters to the investors, it is hereby submitted that the said copies are office copies and are taken on normal paper, duly signed by the concerned person for our own records. However, the original copies are sent to the investors on the letterhead, duly signed and stamped. In this regard, it is herein further submitted that the once the proof of letters being sent to the shareholders have been duly produced (either through the listed company or through RTA), the observation of the same being on plain paper or on letter head is erroneous and not relevant. That the provision of Clause 12(ii) of Part II of SEBI Circular bearing no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 also does not mandate issuance of letter on the letter head (this is without prejudice to our submission that the letters so sent were on letter heads) and hence no non-compliance of the aforesaid provision can be alleged in this regard.*

*3. **Not Marking Folios for Enhanced Due Diligence (Clause 4.3 of SCN) and System based alert to exercise enhanced Diligence (Clause 4.5 of SCN)***

*3.1. With regard to the observation regarding marking of folios for enhanced due diligence, we herein humbly put forth that we had submitted earlier and reiterate that the quantum of our RTA business is very small with us effectively managing only 16 companies. With a smaller number of companies, even the physical folio requiring attention is quite less. As a general practice and also with strict instruction to each of the team member, any request being received from any of the physical folio, the same could not be processed unless the shareholder provided updated its information and further provided ISR-1, ISR-2 and SH-13 form.*

*3.2. In this regard is may also be noted that anytime any request being received from any physical shareholder and on feeding the request, our system shows the message, the screenshot of which is produced herein below:*




*Only once the information is updated by the shareholder, the request was being processed further.*

*3.3. We herein additionally submit that as per the policy and system of the Company, each physical folio is essentially being treated as under enhanced diligence.*

*3.4. Also, though we may not have a separate system-based alert highlighting enhanced-diligence, but as shown in the screenshot above, our system did not allow further processing of request, until necessary information is duly updated.*

*3.5. In light of submissions above, we herein submit that we are in due compliance with provisions of Clause 13 and Clause 14 of Part II (Provisions with regard to Transfer/Transmission/ Correction of Errors etc.) of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 Dated April 20, 2018.*

*3.6. Further with regard to adherence to provisions of Clause 2, 3 and 16 of Code of Conduct under SEBI (Registrars to an Issue and Share Transfer Agent) Regulations, 1993 we submit as following:*

*3.6.1. That as a RTA we have always endeavored to fulfill all are obligations in prompt, ethical and professional manner. That is the reason that we had strict instructions of treating each physical folio with enhanced diligence.*

*3.6.2. We have been also exercising due diligence and have ensured proper care and exercised independent professional judgment and hence not executed any request in any physical folio before obtaining necessary updated information first.*

*3.6.3. Also, that we have abided by necessary statutory and legal requirements in all our acts and deeds.*

*4. **Appointment of Compliance Officer***

*4.1. With regard to the observation pertaining to the absence of Compliance Officer, it is at the outset submitted that the Inspection Period pertains to from April 1st 2021 till September 19th 2022. Mr. Jeewat Rai had been the Compliance Officer associated with the Company ever since 2008 and was a very senior official in the organization. He was monitoring the RTA division working with the assistance of the executives in the department. During the "Inspection period", Mr. Jeewat Rai was very much available and taking care of all his responsibilities and duties as Compliance Officer. For any times when he was not physically present in office, he was actively coordinate all operations through the remote access and over the calls. It would also not be out of place to mention that initial months of the Inspection Period was the period when 2nd wave of COVID-19 was at peak. Also at that particular time, even the Regulator as well as exchanges have allowed remote working. Mr. Jeewat Rai was being a senior citizen was allowed remote access and was rendering continued services diligently through remote access. The attendance sheet of Mr. Rai was produced to the Inspection team earlier as Exhibit 16(C) and is being again enclosed herewith as Exhibit D-2. Also the salary slips of Mr. Jeewat Rai being enclosed as Exhibit D-1. From the payment details, it will be clear that he was not absent but was rendering services through remote access.*

*4.2. During the time when Inspection was being conducted, i.e. from November 9th 2022 to November 24th 2022, Mr. Jeewat Rai was not present in the office, as at that time, he had to visit his daughter living in Canada. It may please be recalled that we had requested your good office to kindly prepone the Inspection so that the same be carried out in his able guidance and supervision vide our e-mail dated 25.10.2022. The copy of the email was enclosed is our earlier reply and again being annexed as Exhibit E.*

*4.3. What is further noteworthy is that in the absence of Mr. Jeewat Rai, i.e. during the period when Inspection was being carried out (As during the Inspection Period Mr. Jeewat Rai was very much available and acting as Compliance Officer) work was being monitored by Mr. Abhinav Aggarwal, Director of the company. Mr. Abhinav Aggarwal is actively involved in the organization since 2004 and has an experience of more than 18 years.*

*4.4. As far as Mr. Abhinav Aggarwal holding NISM certificate is concerned, it may be noted that he applied for the RTA NISM certification on 08.12.2022, but due to some technical issues, the certification could be completed only on 30.01.2023. Before the same, Mr. Abhinav Aggarwal also attended various trainings in the tenure of 15 years being conducted by NSDL and CDSL. The copy training certificate and NISM certificate are enclosed herewith as Exhibit A-3a and A-3b. Hence it would be erroneous to say that the operations of RTA were being taken care of by inexperienced staff. What is further noteworthy in this regard that as per provisions of Regulation 3(2) of SEBI (certification of associated persons in securities market) regulation 2007 itself, a period of one year is granted to obtain necessary NISM certification. The extract of the applicable provisions is reproduced herein below:*

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

*Therefore, what is of utmost importance to note is that Mr. Abhinav obtained necessary certification within 3 months of becoming actively involved in the operations of RTA.*

*4.5. W.r.t. to the observation that during the period of absence of Mr. Jeewat Rai, operations of RTA were being handled by junior officers who were not holding valid NISM certificates is also factually erroneous. In this regard it is reiterated that the said observation is made without taking into consideration the facts and submissions made by the Company. It is also reiterated that firstly, Mr. Jeewat Rai was very much present and actively involved in the operations of the Company during the "Inspection Period" through remote access. Most importantly, alongside Mr. Jeewat Rai, other two senior officers with valid NISM Certificates were overseeing the RTA operation of the Company during the "Inspection Period", namely Mr. Janan Mehta (10 year experience); Mr. Ashok Kumar Sawarnkar who possessed valid NISM certificates dated 29.03.2021 & 01.03.2021, respectively. (copies of their respective certificates are were provided to your good office vide our earlier reply and again being enclosed herewith as Exhibit A-1 and A-2)*

*4.6. During the "period when Inspection was being carried out", Ms. Bhavna Bansal, who is a qualified Chartered Accountant, was deputed with the inspection team to assist and help provide the information along with the RTA team executives and it is erroneous to say that junior officer were deployed.*

*4.7. Thus, without prejudice to the submissions made above, during the Inspection Period the Company very much had active, efficient and experienced Compliance Officer in place i.e. Mr. Jeewat Rai. Therefore, there is no non-compliance of provisions of Regulation 15A of SEBI (Registrar to the Issue and Share Transfer Agent) Regulations, 1993 and Code of Conduct thereof. The provision of Regulation 15A is reproduced herein below for ready reference.*

*15A. Appointment of a Compliance Officer*

*(1) Every registrar to an issue and share transfer agent shall appoint a compliance officer who shall be responsible for monitoring the compliance of the Act, rules and regulations, notifications, guidelines, instructions etc. issued by the Board or the Central Government and for redressal of investors' grievances*

*4.8. From the submissions and documents submitted herein above, it is reiterated and reaffirmed that the Company did have "Compliance Officer" in place during the period under Inspection.*

*5. **Agreements/ Tri Partite Agreements entered into by RTA***

*5.1. With regard to the observations pertaining to Tri Partite Agreements, we have earlier in our reply dated April 1, 2023 made detailed submissions and are again reiterating the same herein below:*

*5.2. Firstly, regarding the observation pertaining to 3 companies wherein the number of shareholders in the agreement with the Company is not filled, we submit as following:*

*i. At the outset, it may please be noted that the figure of "number of shareholders" as alleged to be left blank in merely a symbolic figure and the context of the agreement is abundantly clear from its text that the contract is with respect handling to complete shareholders including physical as well as Demat.*

*ii. It is further submitted that the figure even if filled would have indicated the number of shareholders on the specific given date of signing of contract and it is duly know fact that and the shareholders of a listed company are dynamic and changing every day. Thus, the number of shareholders on a particular signing date is not of much significance and does not affect the validity of the agreement or enforcement of the agreement.*

*iii. It is also worth submitting that as a general practice, the number of shareholders are filled in by the Company and it is only inadvertent that the field was left blank during the signing of the Agreement.*

*iv. Lastly, it is also of utmost importance to note that merely on account of not mentioning the number of shareholders, does not in any way invalidate or prejudice the contractual obligations between the Parties with respect to RTA services. The agreement is without any ambiguity amply clear that the services are being entered into w.r.t. total shareholders of the respective Company and there is no misperception in this regard. Therefore, merely for the number of shareholders being left blank, the Company cannot be alleged to have in violation of provisions of SEBI RTA Regulations and Rules and Circulars thereunder.*

*5.3. Another observation is that all the agreement entered into by the company refers to SEBI (Registrar to an Issue and Share Transfer Agents) Rules 1993, the following may please be noted:*

*i. In this regard, it is submitted that it is clearly a typographical error and done inadvertently and gone unnoticed over the years.*

*ii. Although what is of utmost importance here is that the agreement clearly mentions "including all statutory modifications(s), re-enactment(s) for the time being in force" thus as per the agreement itself, only applicable & modified provision is to be applicable. Additionally, clause 3 refers to the Rules instead of Regulation, in only a factual statement as to the requirement of entering into the said agreement, and does not in any way affect the contractual obligation and rights and duties under the Agreement.*

*iii. Therefore, the error is only typographical without impacting the validity of the Agreement at all.*

*5.4. With regard to the observation regarding the Agreement with RTCL entered into on plain sheet and not being stamped & registered, please note the following:*

*i. The agreement with RTCL was executed on 1st November 2020 and during that time lots of restrictions with respect to COVID were still in place. As we recall, the Registries were also not regularly working. Thus, the miss in stamping and registering was inadvertent and may please be ignored.*

*ii. It is further submitted that the non-stamping of an agreement does not invalidate a contract. Contracts are governed by Indian Contract Act of 1872 which even recognizes an oral agreement. In the present case, the agreement with RTCL is duly signed by both Parties and thus a valid Contract binding between the parties.*

*5.5. Thus, in light of the submissions made herein above, we put forth that we are in due compliance with the provisions of 9A(1)(b) of SEBI (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 which requires that:*

*"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;"*

*5.6. That, merely for the reason of a number of shares being left blank or mentioning of Rules instead of Regulation or non-stamping; the agreement does not become invalid or not legally binding. Henceforth, there is no non-compliance of provisions of Regulations 9A(1)(b) of the RTA Regulations, 1993.*

*5.7. Furthermore, with respect to provisions of SEBI Circular "Instructions to Registrar to an issue or share transfer agent" dated October 11, 1994 which provides the Draft of the agreement to be executed is also duly complied with and on account of aforementioned minor errors, the same does not become non-compliant of the aforesaid provisions. It is pertinent to note that none of the provision of the draft agreement is alleged to have been missed in any of the Agreement. It is also important to note that the said circular of 1994 also refers to the "Rules 1993" and not the Regulations. Hence, merely not mentioning "Regulation" does not result in violation of said Circular. Likewise, the circular also does* *not mandates the stamping and registering of the Agreement and hence again no violation. It is reiterated that the Agreements are duly legally enforceable.*

*5.8. Regarding relevant Clause of Code of Conduct, we submit as following:*

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

*With regard to Clause 3 of Schedule III of the Regulation as reproduced herein above, we herein submit that we have duly fulfilled all our obligations, exercised due diligence and proper care and abided by provisions of the act and regulations and circulars etc. as already demonstrated herein above. It is further submitted that it is well settled principal of law that a person can accept to observe only as much diligence as a man of ordinary prudence, minor typographical error cannot be alleged to be lack of diligence.*

*6. **<u>Transmission Requests</u>***

*6.1. So as to the Observations made for Transmission Requests, we had made our detailed submissions, although the same have been not been considered nor any reason provided for non-consideration of the same. It is herein requested that in case documents and submissions made/reiterated herein are not found satisfactory kindly provide the reason as well as the opportunity to justify our submission thereafter and no directions may be issued hereunder without providing the necessary opportunity.*

*6.2. Regarding NOC from legal heirs in folio of Mr. Hxxxxx Cxxxxxx, the affidavit from Kxxxxxxxx Hxxxxx is evidently clear that she is the only legal heir of her father Shri Hxxxxx Cxxxxxx and other members namely Smt. Axxxx Dxxx (Grand-mother), and Smt. Axxx Hxxxxx (Mother) were also deceased. In light of the same, no separate NOC was required or even could be obtained (in absence of any living legal heir). Thus, considering the fact that Ms. Kxxxxxxxx was the only living heir and no NOC was obtainable or needed there is no non-compliance. A copy of the Affidavit is already submitted earlier as Exhibit 6(A) to the earlier reply and is being again enclosed again as Exhibit F.*

*6.3. With regard to shares of Pxxxxx Kxxxxx , it is herein submitted that the said shares were never transmitted and are still held in name of Pxxxxx Kxxxxx. In our earlier reply as well we had submitted the snapshot of our back office software reflecting the shares in respective name as Exhibit 6(c) although the same is not considered. We are once again sharing the software screenshot as evidence herein as Exhibit G. Although the evidence is self explanatory, but in case your good office is still not satisfied with the submission, we would request to please provide the reason thereof and further opportunity to explain ourselves in said regard.*

*6.4. So as to Indemnity produced as against the request of Gxxxx Bxxxxxx, all the documents were duly in place, and only the Indemnity was not notarized, although considering the total valuation for the shares in question (1300) amounting to INR 90,000 only; the request was processed. Hence there is no non-compliance but investor was* *merely facilitated since all other documents were in order including Forms, affidavits and indemnity and the same are being enclosed herewith as Exhibit H.*

*6.5. With respect to requests pertaining to folios of Rxx Pxxxxxx Kxxxx, Ms. Hxxxxxx Kxxx and Axxxxxx Axxxxx Kxxxxxxxxxx all the documents and information as required under ISR 5 is duly available and also produced to your good office. As we recall ISR-5 was also obtained from the client although for some reason not being traceable by the team. In case of Axxxxxx Axxxxx Kxxxxxxxxxx even the registered WILL was also available. The copy of the registered WILL was is being enclosed as Exhibit I.*

*6.6. With regard to observation pertaining to folio of Axxxxxxx Bxxxxxxxxx Gxxxxx, it is herein submitted that along with the request for transmission Mr. Axxx Axxxxxxl provided a copy of Ration Card, whereby all the family members are well listed; the concerned shares were jointly held in name of Mr. Axxxxxxx Bxxxxxxxxx Gxxxxx and Jxxxxxxx Axxxxxxx Gxxxx, the shares were transmitted in the joint name of Mr. Axxx Axxxxxxl Gxxxxx and Rxxxxx Axxx Gxxxxx listed in the above mentioned Ration Card and Grandchildren Pxxxx Gxxxxx and Sxxxxxx Gxxxxx have provided Indemnity whereby renouncing their right over the mentioned shares.*

*6.7. Regarding delay in request of entities referred in clause 4.8.2., ranging between 2 to 8 days, it may please be noted that the said delay is only on account of extra diligence and surveillance on part of the team and to complete all the paper works and records. That the team took time to clarify the documents received from the investor, the clarifications being sought over the phone and other media (as per convenience of the investor) and once convinced documents for transmission were processed. It is reiterated that it was only for due care and diligence that the team was discussing/inquiring from the investors and only thereafter transmission was done. Hence there is no violation or non-compliance on the part of the Company.*

*6.8. Thus, in light of aforesaid submissions following may please be noted:*

*6.8.1. First and foremost, it may please be noted that the necessary documents including transmission request forms were duly obtained from the aforementioned personnels and it is only on account of some unforeseen circumstances the same were not traceable at the time of inspection.*

*6.8.2. It is further submitted that all the requests were processed after necessary diligence and after obtaining necessary documentation, in case any one document was not available, a substitute document is obtained and transmission was effected only after due satisfaction of the Compliance Officer.*

*6.8.3. Without prejudice to the submissions that we are in compliance of necessary applicable provisions, it is also pertinent to note that provisions of SEBI LODR Regulations 2015 are applicable to Listed Companies and not the us as Registrar and Share Transfer Agents. Thus, without contradicting that we are in due compliance to the regulatory requirements to the extent applicable, we cannot be alleged to have* *violated provisions of Clause C(2)(b) of Schedule VII read with Regulation 40(7) and Regulation 40(3) of SEBI LODR Regulations 2015.*

*6.8.4. W.r.t. compliance with provisions of SEBI circular No. SEBI/HO/MIRSD3/CIR/P/ 2016/0000000085 dated September 15, 2016 is concerned, it is herein submitted that we are in due compliance with the provisions of said circular as in all the cases we have obtained necessary documents, as submitted herein above. If any document was not available, a substitute of the same was duly obtained. Also, in each case proper diligence was carried out and after due satisfaction only, request was processed. There are no pending complaints or objection in this regard by any of the third party, thereby validating our contention of adequate diligence and care. Hence, we are in due compliance with the applicable provisions of the aforementioned circular.*

*6.8.5. In light of aforesaid submissions, we reiterate that we have been professional and diligent in our act, taken due care and have acted with necessary knowledge and competence and thus have adequately adhered to the provisions of code of conduct as applicable including Clauses 2, 3 and 16.*

*7. **Demat Request***

*7.1. With regard to the observation made in Para 4.9 of the SCN pertaining to not being diligent in addressing the Demat Request of Mr. Gxxxxx Axxxxxx, there seems to be some confusion and erroneous conclusion being drawn against us.*

*7.2. In this regard we submit that from the observations made in Para 4.9 itself it is clear that we carried out sufficient diligence as following:*

*7.2.1. It is duly accepted and acknowledged in the SCN itself that the first request was received on November 21, 2021 and the same was rejected by the RTA on December 20, 2021. This was on account of our diligence that the same was rejected.*

*7.2.2. It is duly accepted and acknowledged in the SCN that even the Company (Dhanuka) confirmed that the folio was duly marked for enhanced diligence.*

*7.2.3. It is also observed in the SCN itself that the Company (Dhanuka) confirmed and produced records to show that Mr. Gxxxxx Kxxxx and Mr. Gxxxxx Axxxxxxx is one and the same person.*

*7.3. Having considered all the above observations duly noted in the SCN and based upon the facts that all necessary diligence was observed and on receipt of necessary documents as following the request was approved:*

*7.3.1. Original unsigned cancelled cheque*

*7.3.2. Address and specimen signature attested by the bank manager*

*7.3.3. Contact details of the shareholder*

*7.3.4. Self attested copy of the PAN card and address proof.*

*7.4. In light of the aforesaid, it is herein submitted that the observation that proper diligence was not carried is erroneous and misplaced.*

*7.5. It is furthermore submitted that the issue of dividend being credited or not is a separate issue all together and has no relevance in the present matter. Moreover, dividend was being managed by Company itself (Dhanuka).*

*7.6. It is further placed on record that Annexure 9F has not been received by us and we reserve the right to make further submissions on receipt of the same.*

*7.7. Further with respect to provisions of Clause 2.5.2 of SEBI Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated November 03, 2021 the same deals with "Change in Address" and not applicable to the present case. Likewise, Clause 13 of Part II (Provisions with regard to Transfer/Transmission/ Correction of Errors etc.) of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 Dated April 20, 2018 also deals with case where enhanced diligence is required and the same does not cover the situation hereunder i.e. difference in name.*

*7.8. Thus in light of the aforesaid, there is no non-compliance and that the Company is in compliance with provisions of Code of Conduct including clause 2, 3 and 16.*

*8. **Change of Address (COA) Request***

*8.1. We have explained and submitted vide our earlier reply that the observation with respect to Change of Address is made merely on the oral submission of some staff member. It is reiterated herein that all the RTA services were being carried out under the expert and able guidance and supervision of Mr. Jeewat Rai who had been handling the RTA operations of the Company for more than 19 years. Mr. Rai had been well conversant and had on his tips the workings of the Company*

*8.2. That it is essential to note that Mr. Jeewat Rai was very much present and rendering his services during the "Inspection Period" and it was only during the period when your good office team was conducting the Inspection he was unavailable. Immediately thereof, the operations of RTA were overtaken by Mr. Abhinav Aggarwal who also had necessary experience and seniority to take care of the operations.*

*8.3. W.r.t. issue of Change of Address Request, the reliance is placed on an oral submission. Herein we put forth that as a practice, we do send confirmation letters at the old address.*

*8.4. Thus in light of aforesaid, it is herein submitted that reliance should not be placed on any random oral submission; the context, intent and validity of which is unknown and cannot be proved.*

*8.5. It is also pertinent to reiterate that no actual instance or transaction has been pointed out by the Inspection team wherein letter have not been sent to the old address in case of change of address request.*

*8.6. It is further observed in the SCN that we have not responded to the email dated November 24, although we had in our earlier reply confirmed having responded. The same was not considered. We are enclosing herewith our reply dated December 5, 2022 in* *response to your aforesaid email. The snapshot of the response email is enclosed herewith as Exhibit J.*

*8.7. Thus, in light of aforesaid submissions, we duly affirm that we are in compliance with the provisions of Clause 2.5.2 of SEBI Circular No. SEBI/HO/MIRSD/MIRSD _RTAMB/P/CIR/2021/655 dated November 03, 2021, and also with the provisions of code of conduct under clause 2, 6 and 16 being compiled.*

*9. **<u>Non-Cooperation with Inspection Team</u>***

*9.1. With regard to the allegation as to non-cooperation with the Inspection team, we at the outset submit that we have extended our cooperation to our utmost best and further seek your pardon if in any way we have missed providing any assistance to your good office.*

*9.2. In this regard it is further submitted that the observation letter so issued earlier had pointed out various replies and information allegedly not submitted by us but having due regard to the submissions made by us vide our Earlier Reply, the same have been accepted and not made part of the SCN. This in itself shows that we have been duly cooperative and responsive to your good office.*

*9.3. Further with regard to the only remaining query pertaining to availability of signature cards as well as letters and reminders issued to the Investors, we draw your attention to our reply dated 11th October 2022 wherein we have submitted all the necessary details in response to your queries. The copy of our reply is being enclosed herewith as Exhibit K. Moreover, we had submitted further information vide our Earlier Reply as well which is reiterated as herein below*

> *"The details of the letters issued to the investors for updation of the KYC details, including nomination were majorly sent by the issuer companies, and the same was also informed during the inspection. Abhipra sent around 11,000 letters to the investors for 10 companies. This year we again sent the request letters to the physical folios for Orchid Pharma Ltd, Dhanuka Agritech Ltd, and APL Apollo Tubes Ltd in Feb 2022. We also advised other issuer companies to send the letters for updation for the KYC."*

*9.4. In this regard the confirmation letters from the other companies are also enclosed as Exhibit B.*

*9.5. We herein humbly put forth that our intention had never been to not to cooperate with the Inspection team. It is only merely on account of confusion and may be some misunderstanding at our end that it felt like non-cooperation.*

*9.6. Thus in light of the aforesaid, we humbly put forth that there is due compliance with Regulation 18(1) and (4) of SEBI (Registrar to the Issue and Share Transfer Agent) Regulations and Clauses 2, 3 and 6 of Code of conduct. We also humbly put forth to kindly pardon if any information could not be produced on account of oversight or ignorance on part of the Company and its employees or on account of not possessing such information.*

*10. **Issuance of Duplicate Shares***

*10.1. With regard to the observation as to issuance of duplicate shares, we had made detailed submissions vide our earlier replies along with necessary evidences. Although the same had not been considered, nor any reason provided for such non-consideration. We are reiterating our submissions herein below and request your good office that if the same are not to your satisfaction, kindly provide the reason thereof along with opportunity to us to address your concern before issuing any directions in this regard.*

*10.2. Firstly, with regard to issuance of Duplicate Certificates to Ms. Ixx j. Dxxxxxx, wherein it is observed that Inward Stamp was not there. In this regard we duly submitted that documents by Ms. Ixx j. Dxxxxxx was received on 01.08.2022 and that the inward stamp is very well there at the back of the covering letter along with the documents received. It was inadvertently mentioned that documents were received on 13.08.2022 which only ISR-1 & ISR-4 were received since the documents received on 01.08.2022 didn't contain ISR-1 and ISR 4. Our team contacted the investor to fullfill the requirements over the phone and these documents were subsequently received on 13.08.2022. Then, we entered it into the system and processed it after punching in the system. All the documents along with inward stamp were duly annexed in the earlier reply and is being attached herein again as Exhibit L. It is also worth while to submit herein that the charges in respect the same transaction for non-putting of inward stamp in the Observation Letter under Clause III(a) has been dropped by your good office and not alleged in the SCN. This in itself substantiate our contention that the Inward stamp was in order.*

*10.3. With regard to non-publication of advertisement in newspapers for Rxxx Sxxxxxx Vxxx and Ms. Ixx j. Dxxxxxx we reiterate that on account of some confusion with regard to the valuation of the shares, inadvertently calculated below 5,00,000, that the advertisement was missed from being published. Although we have sensitized our team to be more cautious and ensuring stricter compliance. We request your good office to take a lenient view and pardon us in this regard.*

*10.4. In the case of the request for duplicate shares Nxxxxxxxx R Sxxx and Sxxx Nxxxxx Rxxxxx, the nomination details were duly sought vide SH-13 although the investors provided the blank signed SH-13. The blank signed copies form part of annexure-5 at page 60 of the Observation letter of your good office and were enclosed as Exhibit 5(A) and are again being enclosed herewith as Exhibit M.*

*10.5. Thus, in light of aforesaid submissions, we herein submit that we are by and large complying with the applicable provisions and directions being issued from time to time and it is only in marginal cases, due to operation difficulties minor procedural oversights happen. That the observations are not material in nature, nor any investor complain is received in this regard. Having due considerations of these facts, we herein submit that Company is in compliance with the provision of Clause 4.2 of SEBI Circular dated*

*November 03, 2021, as well as complying with provisions of code of conduct as applicable to it including Clauses 2, 3 and 16.*

*…"*

9. On the scheduled date of hearing i.e. on February 14, 2024, the Noticee availed the hearing opportunity through it's Authorised Representative ("AR") viz. Mr. Kunal Katariya (Advocate) during which the AR relied upon and reiterated the submissions made by the Noticee vide letter dated February 10, 2024. Further, the AR sought additional time till February 21, 2024 to make additional submissions as final and complete submissions in the matter, accordingly the same was allowed.

10. Subsequently, vide letter dated February 16, 2024, the Noticee made following additional submissions as reply to the SCN:

*"…*

*This is in furtherance to aforementioned SCNs issued by your good office and our reply dated 10.02.2024. In this regard we wish to draw your attention towards the para 1.10 vide which we have confirmed the enrolment of Mr. Kapil Bansal, newly appointed compliance officer, for NISM Series IIA examination. Now we are enclosing herewith the Mark Sheet of Mr. Kapil Bansal as he has qualified the examination on 13.02.2024.*

*…"*

## D. CONSIDERATION OF ISSUES AND FINDINGS

11. The issues that arise for consideration in the instant case are:

**Issue No. I:** Whether the Noticee had violated the provisions of SEBI Certification Regulations, 2007, SEBI RTA Regulations, 1993, SEBI LODR Regulations, 2015, SEBI Notification and SEBI Circulars, as alleged?

**Issue No. II:** If yes, whether the violations on the part of the Noticee would attract monetary penalty under Section 15HB of the SEBI Act, 1992?

**Issue No. III:** If yes, what should be the monetary penalty that can be imposed upon the Noticee?

**Issue No. I:** Whether the Noticee had violated the provisions of SEBI Certification Regulations, 2007, SEBI RTA Regulations, 1993, SEBI notification and SEBI Circulars, as alleged?

12. The following was inter alia observed and /or alleged in respect of the Noticee:

**12.1. Certification of Associate Persons:**

12.1.1. In this regard, it had inter alia been observed and alleged that the employees of Abhipra handling RTA related activities namely Abhinav Aggarwal, Ashok Kumar Sawarnkar, Deen Dayal Singh, Janan Mehta, Nitin and Umesh Chander Ijral did not have valid NISM certificate. Accordingly, it was alleged that the Noticee had violated provisions of Section 'NISM Certification' of 'Sec III (Compliance Certification)' of Annexure to SEBI Circular No. CIR/MIRSD/7/2012 dated July 05, 2012; Regulation 3(2), 4, 5, 6, 9(2) & (3) and 10(1) of SEBI (Certification of Associated persons in the Securities Markets) Regulations, 2007 read with SEBI Notification No. LAD-NRO/GN/ 2009-10/18/175577 dated September 04, 2009 and Clause 3, 16, 29, and 30 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

12.1.2. In this regard, the Noticee has submitted, "*During the inspection period, the RTA operations of the Company have been limited and of very small magnitude and was being effectively managed by Mr. Jeewat Rai, who had been serving the Company for more than 19 years. Mr. Jeewat Rai had the necessary experience as well qualification to handle the RTA operations and also possessed the required NISM certification. All the other employees in the Company were working under his effective supervision.*

*The other two employees i.e. Mr. Janan Mehta (10 year experience); Mr. Ashok Kumar Sawarnkar who were also overseeing operation of RTA also possessed valid NISM certificates dated 29.03.2021 & 01.03.2021, respectively.*"

12.1.3. In this regard, I note from the material available on record that the Noticee vide email dated January 16, 2023 replied to SEBI that the employees who handle work related to RTA functions of Noticee during the inspection period are Abhinav Aggarwal, Ashok Kumar Sawarnkar, Deen Dayal Singh, Janan Mehta, Jeewat Rai, Nitin and Umesh Chander Ijral. Therefore, the Noticee's contention, "*It may further be noted that work of Mr. Deen Dayal Singh, Nitin & Mr. Umesh Ijral were being supervised by Mr. Jeewat Rai and Mr. Abhinav Aggarwal"* is devoid of merit and not acceptable.

12.1.4. I note that the Noticee vide its email dated January 16, 2023 submitted the details of employment of above mentioned employees during the inspection period as below:

| **Sr. No.** | **Name and designation of Employee** | **Period of employment at Abhipra-RTA** |
|---|---|---|
| 1. | Abhinav Aggarwal | 01.04.2021-30.09.2022 |
| 2. | Ashok Kumar Sawarnkar | 01.04.2021-20.09.2021 |
| 3. | Deen Dayal Singh | 23.08.2021-30.09.2022 |
| 4. | Janan Mehta | 01.04.2021-25.03.2022 |
| 5. | Jeewat Rai | 01.04.2021-30.09.2022 |
| 6. | Nitin | 12.04.2021-30.09.2022 |
| 7. | Umesh Chander Ijral | 09.09.2021-30.09.2022 |

12.1.5. In this regard, I note that Section 'NISM Certification' of 'Sec III (Compliance Certification)' of Annexure to SEBI Circular No. CIR/MIRSD/7/2012 dated July 05, 2012 reads as under:

"…

***E. NISM Certification***

*Number of associated persons employed or engaged with the RTI/ STA for the purpose of performing any of the activities as enumerated under clauses (a) to (g) of Notification dated September 4, 2009 issued under Regulation 3 of the Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets) Regulations, 2007, who have obtained necessary NISM Certificate/ Continuing Professional Education (in terms of NISM communiques dated April 27, 2012), along with following details.*

| *Category of associated person* | *No. of persons who are required to comply with NISM Certification/ CPE* | *No. of persons who have obtained NISM Certificate/ CPE* |
|---|---|---|
| *Principal* | | |
| *Grandfathered person* | | |
| *Others* | | |

*Action plan for those who are yet to comply with the above requirement:*

12.1.6. In this regard, I note that Regulation 3(2), 4, 5, 6, 9(2) & (3) and 10(1) of SEBI (Certification of Associated persons in the Securities Markets) Regulations, 2007 reads as under:

"…

***3. Obligation to obtain certification***

*…*

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

*…*

***4. Manner of obtaining certificate***

*(1) Subject to the provisions of this regulation, an associated person may obtain the certificate in any of the following manners, namely:-*

*(a) by passing a certification examination conducted by any organization or self regulatory organization approved or engaged as may be specified by NISM from time to time; or*

*(b) by obtaining such number of classroom credits accumulated through attending classes on such subjects as may be specified by NISM from time to time; or*

*(c) by delivering such number of formal classroom sessions in all or specific programmes of continuing professional education as may be specified by NISM from time to time.*

*(2) An associated person being principal shall obtain the certificate in any of the manners specified in clause (a) or clause (b) or clause (c) of sub regulation (1).*

*(3) An associated person, other than a principal, who has attained the age of fifty years or who has atleast ten years experience in the securities markets in the activities mentioned in sub regulation (4) of regulation 3 on the date specified in the notification issued under sub regulation*

*(1) of regulation 3, shall obtain the certificate in the relevant category in the manner specified in clause (a) or clause (b) of sub regulation (1).*

*(4) An associated person other than those mentioned in sub regulation (2) or sub regulation (3) shall obtain the certificate in the manner specified in clause (a) of sub regulation (1).*

***Validity period of certificate***

*5.(1)The certificate granted under regulation 3 shall be valid for a period of three years from the date of the grant of the certificate or revalidation thereof as the case may be.*

*(2)Upon expiry of the validity of certificate possessed by an associated person, the certificate shall be revalidated for a period of three years at a time, provided the associated person successfully completes a programme of continuing professional education specified by NISM in accordance with Chapter IV of these regulations.*

***Associated person not to undertake certain activities without a valid certificate***

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

…

***9. Continuing Professional Education requirements for associated persons***

*…*

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

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

***Intermediary to ensure participation in continuing professional education***

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

12.1.7. Further in this regard, I note that SEBI notification no. LAD-NRO/GN/ 2009-10/18/175577 dated September 04, 2009 reads as under:

"…

*NOW THEREFORE the Board hereby specifies that an associated person engaged or employed or to be engaged or employed by a Registrar to an Issue or Share Transfer Agent for performing any of the activities as enumerated under clauses (a) to (g) above, shall obtain RTA- Corp Certification or Series-II-B: RTA-MF certification as the case may be, as stated hereinafter:*

*(a) where such associated person is engaged or employed by a Registrar to an Issue*

*or Share Transfer Agent prior to the date of this notification, he shall obtain Series-II-A: RTA- Corp Certification or Series-II-B: RTA-MF certification as the case may be within two years from the date of this notification;*

*(b) where on being employed or engaged by a Registrar to an Issue or Share Transfer Agent on or after the date of this notification such associated person does not possess Series-II-A: RTA- Corp Certification or Series-II-B: RTA-MF certification as the case may be, he shall obtain the said certification within one year from the date of being so employed or engaged.*

…"

12.1.8. Further in this regard, I note that Clause 3, 16, 29, and 30 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 reads as under:

"..

*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*

*…*

*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.*

*…*

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

*…*

*29. A Registrar to an Issue and Share Transfer Agent shall ensure that any person it employs or appoints to conduct business is fit and proper and otherwise qualified to act in the capacity so employed or appointed (including having relevant professional training or experience). 30.A Registrar to an Issue and Share Transfer Agent shall be responsible for the acts or omissions of its employees and agents in respect of the conduct of its business.*

*…"*

12.1.9. In this regard, I note that as per Regulation 3(2) of SEBI (Certification of Associated persons in the Securities Markets) Regulations, 2007, an associated person on being employed or engaged by an intermediary on or after the date specified by the Board shall obtain the certificate within one year from the date of being employed or engaged by the intermediary.

I also note that as of date of inspection all the above mentioned employees of the Noticee had been handling RTA related functions for more than a period of 1 year. I also note from the Noticee's response to the findings of inspection that Mr. Jeewat Rai, Mr. Janan Mehta and Mr. Ashok Kumar had valid NISM certificates for the period of inspection as of the date of inspection.

Therefore, I note that Mr. Abhinav Aggarwal, Mr. Deen Dayal Singh, Mr. Nitin and Mr. Umesh Chander Ijral did not possess valid NISM certificate as of the date of inspection. In view thereof, the Noticee's contention, "*Mr. Jeewat Rai had the necessary experience as well qualification to handle the RTA operations and also possessed the required NISM certification. All the other employees in the Company were working under his effective supervision"* is devoid of merit and not acceptable.

12.1.10. In view of the above, I find that the allegation that employees of Abhipra handling RTA related activities namely Mr. Abhinav Aggarwal, Mr. Deen Dayal Singh, Mr. Nitin and Mr. Umesh Chander Ijral did not have valid NISM certificate stands established. In view thereof, I hold that the Noticee had violated provisions of Section 'NISM Certification' of 'Sec III (Compliance Certification)' of Annexure to SEBI Circular No. CIR/MIRSD/7/2012 dated July 05, 2012, Regulation 3(2), 4, 5, 6, 9(2) & (3) and 10(1) of SEBI (Certification of Associated persons in the Securities Markets) Regulations, 2007 read with SEBI notification no. No. LAD-NRO/GN/ 2009-10/18/175577 dated September 04, 2009 and Clause 3, 16, 29, and 30 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

### 12.2. Possession and Maintenance of specimen signature cards

12.2.1. In this regard, it had inter alia been observed and alleged that the Noticee had not been sending letters to all the investors for whom signature cards were not available and that the letters have been sent in plain A4 paper instead of letterhead bearing the stamp of the Noticee. Accordingly, it was alleged that the Noticee had violated provisions of Clause 12(ii) of Part II(Provisions with regard to Transfer/ Transmission/ Correction of Errors etc.) SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018.

12.2.2. In this regard, the Noticee has submitted the following:

*"Further with regard to the alleged observation of signature cards not available for 44,493 folios out of total 62,380 folios handled by RTA, we herein submit that from the Inspection Period i.e. from 1st April 2021 to 19th September 2022, the Company was rendering RTA services to the 16 listed Companies and there were other 4 companies that are non responsive due to liquidation and other reasons. In these listed Companies total number of physical folios were 62168 as on 12-Jan-2024. With regard to the physical folios, the company is duly maintaining necessary information w.r.t. their details including PAN, Bank Account details and other KYC information. All this information are being maintained company wise in our software. Further as far as signature cards are concerned, we are maintaining the cards of those investors as was provided to us by the Company at the time of undertaking their services as RTA. Ever since we have again and again sent letters to the Investors (directly or through respective listed company for updation of KYC). Moreover, out of alleged 44,493 missing signature cards, around 35,700 folios belong to the Company PAN India and the said cards are not provided by the company. The company maintained the signature cards in their software and are not able to retrieve the same and provide it to us. The confirmation mail from Pan India Corporation Limited is annexed as Exhibit B-6a. The company has sent various reminders to the investors for updation of the KYC along with the requirement for Signatures through ISR-2."*

12.2.3. Further in this regard, the Noticee has submitted the following:
*"…We herein also like to reproduce the provision of Clause 12(ii) of Part II of SEBI Circular bearing no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated*

*April 20, 2018:*

*"12. Issuer Companies through their RTAs shall take special efforts to collect copy of PAN, and bank account details of all securities holders holding securities in physical form as mentioned below. While collecting details, RTAs shall ensure that:*

*ii. They send a letter under registered/Speed post seeking PAN and bank details (a copy of the PAN card and original cancelled cheque leaf /attested bank passbook showing name of account holder) within 90 days of the circular and two reminders thereof after the gap of 30 days. All the 3 letters will have 21 days' notice period to provide the details."*

*2.6. That the aforesaid provision merely deals with the mandates to the RTA (either directly or through listed company) to collect information regarding PAN and bank account details and to send letters to the investors within the stipulated time period as provided along with reminders thereafter. The aforesaid provisions also does not mention anything about maintaining the signature cards and therefore it is erroneous to invoke such provision in this respect.*

*2.7. In regard the aforesaid, without prejudice to the submissions that all the information (as available) with regard to the physical folios was being maintained in the software by the RTA, we herein further submit that the alleged applicable provision nowhere mentions of maintaining any signature card and hence the alleged violation of provisions of referred SEBI circular is erroneous and untenable…"*

12.2.4. In this regard, I note that the Noticee has inter alia contended that the provision does not mention anything about maintaining the signature cards. I note from the text of the related provision alleged to have been violated that it requires RTA to send a letter under registered/Speed post seeking PAN and bank details.

12.2.5. In this regard, having regard to the text of provisions, I note that that alleged in respect of the Noticee has not been brought out clearly. Accordingly, I am inclined to allow benefit of doubt to the Noticee.

### 12.3. Not marking folios for enhanced due diligence:

12.3.1. In this regard, it had inter alia been observed and alleged that as per the data provided by the RTA, 29,215 and 27,110 folios had no PAN and Bank account linked to them respectively, however, only 115 of these folios were marked for enhanced due diligence by the RTA. Accordingly, it was alleged that the Noticee had violated provisions of Clause 13 of Part II (Provisions with regard to Transfer / Transmission/ Correction of Errors etc.) of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 and Clauses 2, 3 and 16 of Code of Conduct (Schedule 3) of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

12.3.2. The details provided by the RTA in this regard is summarized in table below:

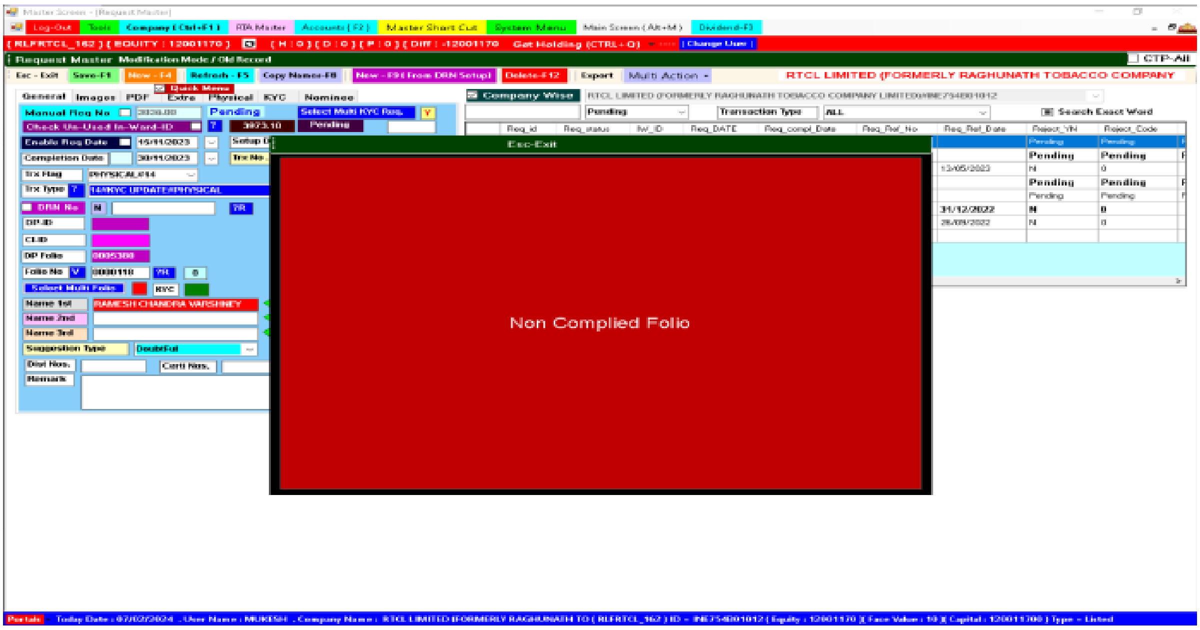
| Company | No. of folios without PAN | No. of Folios without Bank Account | No. of Folios marked for enhanced due diligence |
|---|---|---|---|
| APL | 1 | 12 | 0 |
| ASSOCIATED | 90 | 92 | 0 |
| BLB | 50 | 47 | 0 |
| CALCOM | 2306 | 2305 | 10 |
| DB INTERNATIONAL | 6 | 6 | 0 |
| DHANUKA | 348 | 375 | 8 |
| DUROPACK | 2506 | 2551 | 15 |
| GARLON | 6403 | 6413 | 0 |
| KOTHARI | 5931 | 6036 | 36 |
| NEWAGE | 85 | 85 | 0 |
| ORCHID | 172 | 216 | 0 |
| RTCL | 7436 | 7420 | 42 |
| INTEGRA | 126 | 148 | 1 |

| | | | |
|---|---|---|---|
| OCTAVIUS | 160 | 497 | 1 |
| ORCHID | 0 | 0 | 2 |
| PAN India | 2853 | 156 | 0 |
| PIONEER | 742 | 751 | 0 |

12.3.3. In this regard, the Noticee in its response as reply to the SCN has inter alia submitted the following:

*"With regard to the observation regarding marking of folios for enhanced due diligence, we herein humbly put forth that we had submitted earlier and reiterate that the quantum of our RTA business is very small with us effectively managing only 16 companies. With a smaller number of companies, even the physical folio requiring attention is quite less. As a general practice and also with strict instruction to each of the team member, any request being received from any of the physical folio, the same could not be processed unless the shareholder provided updated its information and further provided ISR-1, ISR-2 and SH-13 form.*

*In this regard is may also be noted that anytime any request being received from any physical shareholder and on feeding the request, our system shows the message, the screenshot of which is produced herein below:*



12.3.4. In this regard, I note that Clause 13 of Part II (Provisions with regard to Transfer / Transmission/ Correction of Errors etc.) of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 reads as under:

*"…*
*13.The Issuer Company and RTAs shall exercise enhanced due diligence in following cases:*
*…*
*ii. PAN / bank account details not available in the folio*
*…*
*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*
*…"*

12.3.5. In this regard, I note Clauses 2, 3 and 16 of Code of Conduct (Schedule 3) of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 reads as under:

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

12.3.6. Further in this regard, I note from the Noticee's response to the findings of inspection that the Noticee has submitted the following:

*"It is submitted for all the queries, concerned staff was instructed for updation of the KYC including all the minimum details (PAN, mobile, email, Address, Bank Account, signature). It is submitted that various records available with us are very old, and signatures often do not tally with the*

*signature cards. Hence to cope with the above, instructions are given to update the signatures vide ISR - 2 forms and update the nomination details using the SH-13 form.*

*It is submitted that as per the SEBI circular all such cases where abovementioned details are not completed, shall be marked as enhanced due diligence, but since our practice was to process requests only upon receiving the KYC details, the same was not marked on account of the above."*

12.3.7. I note that the reply of the Noticee is generic in nature and that the Noticee has not demonstrated with specific and relevant details and documents if it had marked all account folios where folios had no PAN and Bank account linked to them, for enhanced due dilligence, as per the mandate.

Further in this regard, I also note that the Noticee's submission is in nature of admission in so far the Noticee as reply to the SCN has inter alia submitted, "*the same was not marked on account of the above."*

12.3.8. In view thereof, I find that the allegation that folios with no PAN and Bank account linked were not marked for enhanced due diligence by the Noticee, stands established. Therefore, I hold that the Noticee had violated Clause 13 of Part II (Provisions with regard to Transfer / Transmission/ Correction of Errors etc.) of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 and Clauses 2, 3 and 16 of Code of Conduct (Schedule 3) of SEBI RTA Regulations, 1993.

**12.4. Not Issuing letters to physical shareholders (whose PAN, Bank details not available)**

12.4.1. In this regard, it had interalia been observed and alleged that:

- RTA failed to provide the information regarding letters sent to its shareholders for whom signature cards were not available.

- It was observed that the letters have been issued by the RTA on plane A4 paper and not on the letter head of RTA and without any stamp.
- Further, from the records provided by the RTA, it was observed that the RTA had not sent letters under registered/Speed post seeking PAN and bank details to all the folio holders for which PAN and Bank details are unavailable with the RTA.

Accordingly, it was alleged that the Noticee had violated provisions of Clauses 12(ii) of Part II (Provisions with regard to Transfer / Transmission/ Correction of Errors etc.) of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018.

12.4.2. I note that the alleged violation with respect to the letters sent to shareholders for whom signature cards were not available has already been dealt with in the foregoing and does not require further consideration.

12.4.3. As regards the alleged violation that that the RTA had not sent letters under registered/Speed post seeking PAN and bank details to all the folio holders for which PAN and Bank details are unavailable with the RTA, the Noticee has submitted that:

*"…So as to observation regarding sample letter of listed companies and those issued by RTA to its investors for whom PAN, Bank details etc. were not available, we herein put forth that the SEBI Circular came in April 2018 and required dispatch of letters within 90 days (i.e. by July 2018) and then 2 reminders in next 30 days each (i.e. by August 2018 and September 2018). In this regard we at the outset submit that the said letters were duly sent either by the respective listed company or through us on behalf of the Company within the stipulated timeframe. The copies of these letters may not be made available due some confusion between the same not pertaining to the Inspection Period and also on account of several further reminders*

*being sent to the shareholders subsequently.*

*We herein submit that time and again various reminders are being sent to the shareholders and we are herein enclosing the confirmation from the listed companies (which have sent the letters directly to the shareholders over the period) as Exhibit B-1 to B-9; and also enclosing the proof of dispatch/bills of speed post booked in our books for letters sent directly to the shareholders by us (RTA) as Exhibit B-10…."*

12.4.4. In this regard, I note that Clause 12(ii) of Part II of SEBI Circular bearing no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, which was inter alia addressed to the RTAs reads as under:

> *"…*
>
> *12. Issuer Companies through their RTAs shall take special efforts to collect copy of PAN, and bank account details of all securities holders holding securities in physical form as mentioned below. While collecting details, RTAs shall ensure that:*
>
> *…*
>
> *ii. They send a letter under registered/Speed post seeking PAN and bank details (a copy of the PAN card and original cancelled cheque leaf /attested bank passbook showing name of account holder) within 90 days of the circular and two reminders thereof after the gap of 30 days. All the 3 letters will have 21 days' notice period to provide the details.*
>
> *…"*

12.4.5. I note that the Clause 12(ii) of Part II of SEBI Circular bearing no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 requires the RTA to send a letter under registered/Speed post seeking PAN and bank details. Therefore, the Noticee's contention, "*that the said letters were duly sent either by the respective listed company or through us"* is devoid of merit and not acceptable.

12.4.6. Further in this regard, I note that the Noticee's submissions are vague in so far the Noticee as part of its submissions as reply to the SCN has inter alia stated, "*The copies of these letters may not be made available due some confusion between the same not pertaining to the Inspection Period and also on account of several further reminders being sent to the shareholders subsequently".* I also note that the Noticee has not clearly demonstrated with relevant details and documents that it had sent letters through registered/Speed post to all the such folio holders for which PAN and Bank details are unavailable with the RTA. Accordingly, the contention of the Noticee is devoid of merit.

12.4.7. Further, as regards Noticee's submission, "*We herein submit that time and again various reminders are being sent to the shareholders and we are herein enclosing the confirmation from the listed companies (which have sent the letters directly to the shareholders over the period) as Exhibit B-1 to B-9.",* I note that the alleged violation is with respect to RTA not sending letters under registered/Speed post seeking PAN and bank details to all the folio holders for which PAN and Bank details are unavailable with the RTA, however, submissions of RTA are with respect to actions taken by client companies. Therefore, the Noticee's submission is out of context and devoid of merit.

12.4.8. Further, as regards the allegation that letters have been issued by the RTA on plane A4 paper and not on the letter head of RTA and without any stamp, the Noticee has submitted that, "*So as to the sample letters to the investors, it is hereby submitted that the said copies are office copies and are taken on normal paper, duly signed by the concerned person for our own records. However, the original copies are sent to the investors on the letterhead, duly signed and stamped*."

12.4.9. In this regard, I note that the Noticee has not provided any documentary evidence to substantiate its argument, "*the original copies are sent to the investors on the letterhead, duly signed and stamped".* Further, I note form the Noticee's response to the findings of inspection that as per Exhibit-15, the Noticee has produced sample letters sent to the investors for updating the KYC, signatures, and nomination for Orchid Pharma Limited, Dhanuka Agritech Limited, and APL Apollo Tubes Limited in the month of February 2023, wherein the letters are sent on the letter head of the Noticee. However, the alleged violation is with respect to inspection period spanning from April 01, 2021 to September 19, 2022. Therefore, the submissions of the Noticee are devoid of merit and hence not acceptable.

12.4.10. In view thereof, I find that the allegations that RTA failed to provide the information regarding letters sent to its shareholders for whom signature cards were not available, the letters had been issued by the RTA on plane A4 paper and not on the letter head of RTA and without any stamp and that the RTA had not sent letters under registered/Speed post seeking PAN and bank details to all the folio holders for which PAN and Bank details were unavailable with the RTA, stands established. Therefore, I hold that the Noticee had violated Clause 12(ii) of Part II of SEBI Circular bearing no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018.

### 12.5. System based alerts to exercise enhanced due diligence:

12.5.1. In this regard, it had inter alia been observed and alleged that identification of the folios that were to be marked for enhanced due diligence requests was being done manually by the RTA and the RTA did not have an automatic "system based alert" mechanism for enhanced due diligence i.e. these folios were not flagged / marked on the system for the software to generate appropriate alerts in the concerned folios. Accordingly, it was alleged that the Noticee had violated provisions of Clauses 13 and Clause 14 of Part II (Provisions with regard to Transfer / Transmission/ Correction of Errors etc.) of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018.

12.5.2. In this regard, the Noticee has submitted that:

*"…In this regard is may also be noted that anytime any request being received from any physical shareholder and on feeding the request, our system shows the message…*

*…*

*Also, though we may not have a separate system-based alert highlighting enhanced-diligence, but as shown in the screenshot above, our system did* *not allow further processing of request, until necessary information is duly updated…"*

12.5.3. In this regard, I note that Clauses 13 and Clause 14 of Part II (Provisions with regard to Transfer / Transmission/ Correction of Errors etc.) of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 reads as under:

> *"…*
>
> *13. 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.*
>
> *14. RTAs shall have system based alerts for processing of all transactions in such account folios referred above in para 13*
>
> *…"*

12.5.4. I note that the Noticee has not demonstrated with specific and relevant details and documents if it had a system based alert for identification of all the folios that are to be marked for enhanced due diligence.

12.5.5. Further in this regard, I note that the Noticee's submission is in nature of admission, in so far the Noticee has submitted, "…*though we may not have a separate system-based alert highlighting enhanced-diligence…".*

12.5.6. I also note from the Noticee's earlier submissions to SEBI to the findings of inspection that the Noticee in this regard had submitted that, "…*As advised we are discussing with the Software developer to create logic for generating the system-based alerts …".*

12.5.7. In view thereof, I find that the allegation that the Noticee did not have an automatic “system based alert” mechanism for enhanced due diligence, stands established. Therefore, I hold that that the Noticee has violated Clauses 13 and Clause 14 of Part II (Provisions with regard to Transfer / Transmission/ Correction of Errors etc.) of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018.

**12.6. Appointment of the Compliance Officer:**

12.6.1. In this regard, it was inter alia observed and alleged that during the course of inspection, it was seen that junior staff of the RTA, without having valid NISM certificates, were handling the RTA related functions in the absence of Compliance Officer for a significant period. Thus, it was observed that the Compliance officer of the RTA was not monitoring the compliance of the various Acts and Regulations, notifications, guidelines, instructions etc issued by SEBI or Central Government or redressal of investor’s grievances.

Accordingly, it was alleged that the Noticee had violated provisions of Regulation 15A (1) of the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993, Clauses 2, 3 and 16 of Code of Conduct of Schedule III read with Regulation 13 of the SEBI Registrars to an Issue and Share Transfer Agents) Regulations 1993.

12.6.2. In this regard, I note from the material available on record that as per SEBI it was alleged that Jeewat Rai is frequently on leave and travels out of the country. In this regard, I note that the Noticee in its response to the findings of inspection to SEBI and in its submissions as reply to the SCN had provided the attendance sheet of Mr. Jeewat Rai and had inter alia submitted, “…*During the “Inspection period”, Mr. Jeewat Rai was very much available and taking care of all his responsibilities and duties as Compliance Officer. For any times when he was not physically present in office, he was actively coordinate all operations through the remote access and over the calls*…”.

In this regard, I note from the material available on record that the alleged violation in respect of the Regulation 15A of SEBI RTA Regulations, 1993, has not been brought out clearly along with specific details in respect of the Noticee in this regard. Therefore, I am inclined to allow benefit of doubt to the Noticee in this regard.

**12.7. Agreements / Tripartite agreement entered into by the RTA:**

12.7.1. In this regard, it was inter alia observed and alleged that in the case of following companies the respective agreements did not mention the no. of shareholders for which RTA was being engaged by the Company:

- Integra Telecommunication and Software Ltd.
- Newage Marketing Ltd
- Orchid Pharma Ltd.

Accordingly, it was alleged that the Noticee had violated the provisions of Regulation 9A(1)(b) of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 and Draft Agreement in Annexure B of Schedule II in SEBI Circular "Instruction to Registrars to an Issue/ share Transfer Agents" dated October 11, 1994

12.7.1.1. In this regard, I note that the Draft Agreement in Annexure B of Schedule II in SEBI Circular "Instruction to Registrars to an Issue/ share Transfer Agents" dated October 11, 1994 reads as under:

"…

*WHEREAS*

*(1) The company has ____________ No. of shareholders /folios and has to render services relating to transfer, transmission, etc., in accordance with its Article of Association.*

…"

12.7.1.2. In this regard, I note that as per the provisions of the relevant circular, draft of agreement between the share transfer agent and the company has been provided. In this regard, the Noticee has inter alia submitted, "…*that the figure even if filled would have indicated the number of shareholders on the specific given date of signing of contract and it is duly know fact that and the shareholders of a listed company are dynamic and changing every day…"*.

In this regard, I note that such details were part of the draft of agreement and leaving it blank defeats the purpose of the draft of agreement itself.

12.7.1.3. Further in this regard, I also note the Noticee's submissions are in nature of admission in so far the Noticee has submitted, "*it is only inadvertent that the field was left blank during the signing of the Agreement."*

12.7.1.4. In view thereof, I find that the allegation that in the case of Integra Telecommunication and Software Ltd., Newage Marketing Ltd, Orchid Pharma Ltd, the respective agreements did not mention the no. of shareholders for which RTA was being engaged by the Company, stands established. Therefore, I hold that that the Noticee has violated Draft Agreement in Annexure B of Schedule II in SEBI Circular "Instruction to Registrars to an Issue/ share Transfer Agents" dated October 11, 1994.

12.7.2. It was also inter alia observed and alleged that all the agreements entered by the RTA with client companies referred to SEBI (Registrars to an Issue and Share Transfer Agents) Rules, 1993, which had been rescinded on September 07, 2006.

12.7.2.1. In this regard, I note the Noticee's submissions are in nature of admission in so far the Noticee has inter alia submitted, "*it is clearly a typographical error and done inadvertently and gone unnoticed over the years.*"

12.7.3. Further, it was inter alia observed and alleged that agreement entered between RTA and its client RTCL Limited were entered on an ordinary A4 sheet and from the documents provided by the RTA, it is seen that the agreement is not registered.

12.7.3.1. In this regard, the Noticee has submitted, "…*non-stamping of an agreement does not invalidate a contract. Contracts are governed by Indian Contract Act of 1872 which even recognizes an oral agreement. In the present case, the agreement with RTCL is duly signed by both Parties and thus a valid Contract binding between the parties.*"

12.7.3.2. In this regard, I note that SEBI Circular "Instruction to Registrars to an Issue/ share Transfer Agents" dated October 11, 1994 states that, "*The Agreement must be stamped according to the Local Stamp Laws for the time being in force at the place of execution".* Therefore, the Noticee's contention is devoid of merit and hence not acceptable.

12.7.4. In view thereof, I find that the allegation that all the agreements entered by the RTA with client companies referred to SEBI (Registrars to an Issue and Share Transfer Agents) Rules, 1993, which had been rescinded on September 07, 2006 and that agreement entered between RTA and its client RTCL Limited were entered on an ordinary A4 sheet and that the agreement was not registered, stands established. Therefore, I hold that that the Noticee had violated Regulation 9A(1)(b) of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

## 12.8. Transmission requests:

12.8.1. In this regard, it was inter alia observed and alleged the RTA had processed 7 transmission requests without obtaining requisite documents from the applicants as follows:

- No NoC from legal heirs have been obtained in relation to the request pertaining to folio of Mr. Hxxxxx Cxxxxxx for Kothari.
- No valid Legal Heir Certificate, Affidavit and indemnity available on record in case of request of Pxxxxx Kxxxxx for RTCL.
- Non notarized Indemnity relied upon for processing request of Gxxxx Bxxxxxx for Kothari.
- Request processed without any legal heir related documents or ISR 5 (Request for Transmission of Securities by Nominee or Legal Heir) in the case of Rxx Pxxxxxx Kxxxx.
- No ISR 5 (Request for Transmission of Securities by Nominee or Legal Heir) available for processing the request pertaining to folio of Ms. Hxxxxxx Kxxx.
- NOC from Legal heir, Indemnity bond from all legal heirs and ISR 5 (Request for Transmission of Securities by Nominee or Legal Heir) not available for processing the request of Axxxxxx Pxxxxxxx Kxxxxxxxxxx.
- Succession certificate, legal heirship, court decree or equivalent certificate, ISR 5 (Request for Transmission of Securities by Nominee or Legal Heir) not available in record for processing the request of Axxxxxxx Bxxxxxxxxx Gxxxxx.

Accordingly, it was alleged that the Noticee had violated the provisions of Clause C(2)(b) of Schedule VII read with Regulation 40(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI circular no. SEBI/HO/MIRSD3/CIR/P/2016/85 dated September 15, 2016 w.r.t. Standardization and Simplification of Procedures for Transmission of Securities and Clause 2, 3 and 16 of code of conduct specified in

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

12.8.1.1. As regards the allegation that no NoC from legal heirs had been obtained in relation to the request pertaining to folio of Mr. Hxxxxx Cxxxxxx for Kothari, the Noticee has submitted that:

"*Regarding NOC from legal heirs in folio of Mr. Hxxxxx Cxxxxxx, the affidavit from Kxxxxxxxx Hxxxxx is evidently clear that she is the only legal heir of her father Shri Hxxxxx Cxxxxxx and other members namely Smt. Axxxx Dxxx (Grand-mother), and Smt. Axxx Hxxxxx (Mother) were also deceased. In light of the same, no separate NOC was required or even could be obtained (in absence of any living legal heir). Thus, considering the fact that Ms. Kxxxxxxxx was the only living heir and no NOC was obtainable or needed there is no non-compliance*."

In this regard, I note from the material available on record that the alleged violation in respect of the provisions alleged to have been violated has not been brought out clearly along with specific details in respect of the Noticee in this regard. Therefore, I am inclined to allow benefit of doubt to the Noticee in this regard.

12.8.1.2. As regard the allegation that no valid Legal Heir Certificate, Affidavit and indemnity were available on record in case of transmission request of Pxxxxx Kxxxxxx for RTCL, the Noticee has inter alia submitted that:

"*With regard to shares of Pxxxxx Kxxxxxx , it is herein submitted that the said shares were never transmitted and are still held in name of Pxxxxx Kxxxxxx. In our earlier reply as well we had submitted the snapshot of our back office software reflecting the shares in respective name as Exhibit 6(c)"*

In this regard, I note from the material available on record that the alleged violation in respect of the provisions alleged to have been violated has not been brought out clearly along with specific details in respect of the Noticee in this regard. Therefore, I am inclined to allow benefit of doubt to the Noticee in this regard.

12.8.1.3. As regard the allegation that non notarized Indemnity was relied upon for processing transmission request of Gxxxx Bxxxxxx for Kothari, the Noticee has submitted that:

"*So as to Indemnity produced as against the request of Gxxxx Bxxxxxx, all the documents were duly in place, and only the Indemnity was not notarized, although considering the total valuation for the shares in question (1300) amounting to INR 90,000 only; the request was processed. Hence there is no non-compliance but investor was merely facilitated since all other documents were in order including Forms, affidavits and indemnity…."*

In this regard, I note that the Noticee's submission is in nature of admission in so far the Noticee has submitted, "*So as to Indemnity produced as against the request of Gxxxx Bxxxxxx, all the documents were duly in place, and only the Indemnity was not notarized…"*

12.8.1.4. As regards the allegations:

- Request processed without any legal heir related documents or ISR 5 (Request for Transmission of Securities by Nominee or Legal Heir) in the case of Rxx Pxxxxxx Kxxxx.
- No ISR 5 (Request for Transmission of Securities by Nominee or Legal Heir) available for processing the request pertaining to folio of Ms. Hxxxxxx Kxxx.
- NOC from Legal heir, Indemnity bond from all legal heirs and ISR 5 (Request for Transmission of Securities by Nominee or

Legal Heir) not available for processing the request of Axxxxxx Pxxxxxxx Kxxxxxxxxxx.

The Noticee in this regard has submitted that:

"*With respect to requests pertaining to folios of Rxx Pxxxxxx Kxxxx, Ms. Hxxxxxx Kxxx and Axxxxxx Axxxxx Kxxxxxxxxxx under clauses V(e), V(f) and V(g) all the documents and information as required under ISR 5 is duly available and also produced to your good office. As we recall ISR-5 was also obtained from the client although for some reason not being traceable by the team*. *In case of Axxxxxx Axxxxx Kxxxxxxxxxx even the registered WILL was also available.*"

In this regard, I note that the Noticee's submission, "*all the documents and information as required under ISR 5 is duly available and also produced to your good office"* is in nature of mere statements as neither relevant details nor any documentary evidence has been provided by the Noticee in support of its contentions. Further, the Noticee's submissions are in nature of admission in so far the Noticee has inter alia submitted, "*As we recall ISR-5 was also obtained from the client although for some reason not being traceable by the team"*.

I also note that the Noticee's contention, "*In case of Axxxxxx Axxxxx Kxxxxxxxxxx even the registered WILL was also available*" is not acceptable as Duly signed transmission request form by the nominee (ISR-5) is required as per SEBI circular no. SEBI/HO/MIRSD3/CIR/P/2016/85 dated September 15, 2016, which the Noticee has failed to provide.

12.8.1.5. As regards the allegation that succession certificate, legal heirship, court decree or equivalent certificate, ISR 5 (Request for Transmission of Securities by Nominee or Legal Heir) not available in record for processing the request of Axxxxxxx Bxxxxxxxxx Gxxxxx, the Noticee has submitted, "*along with the request for transmission Mr. Axxx Axxxxxxx provided a copy of Ration Card, whereby all the family members are well listed; the concerned shares were jointly held in name of Mr. Axxxxxxx Bxxxxxxx Dxx Gxxxxx and Jxxxxxxx Axxxxxxx Gxxxxx, the shares were transmitted in the joint name of Mr. Axxx Axxxxxxxx Gxxxxx and Rxxxxx Axxx Gxxxxx listed in the above mentioned Ration Card and Grandchildren Pxxxx Gxxxxx and Sxxxxxx Gxxxxx have provided Indemnity whereby renouncing their right over the mentioned shares.*"

In this regard, I note that the Noticee's submission is out of context because as per SEBI circular no. SEBI/HO/MIRSD3/CIR/P/2016/85 dated September 15, 2016, for value of securities more than ₹2,00,000 (Rupees Two lakh only) per issuer company as on the date of application, succession certificate or probate of will or will or letter of administration or court decree is required. However, I note that the Noticee in its response to the findings of inspection to SEBI or in its submissions as reply to the SCN has not demonstrated clearly with details and documents that the documents so required were available with the Noticee for processing the transmission request.

12.8.1.6. In this regard, I note that Clause C(2)(b) of Schedule VII read with Regulation 40(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 reads as under:

"…

*C. ADITIONAL DOCUMENTATION REQUIREMENTS IN CASE OF TRANSMISSION OF SECURITIES*

*…*

*(2)In case of transmission of securities held in physical mode:*

*…*

*(b)where the securities are held in single name without a nominee, an affidavit from all legal heir(s) made on appropriate non judicial stamp paper, to the effect of identification and claim of legal ownership to the securities shall be required;*

*Provided that in case the legal heir(s)/claimant(s) is named in the succession certificate* *or probate of will or will or letter of administration, an affidavit from such legal heir(s) / claimant(s) alone would be sufficient.*

*Provided further that:*

*(i)for value of securities, threshold limit of up to rupees two lakh only, per listed entity, as on date of application, a succession certificate or probate of will or will or letter of administration or court decree, as may be applicable in terms of Indian Succession Act, 1925 may be submitted :*

*Provided that in the absence of such documents, the following documents may be submitted:*

*1.no objection certificate from all legal heir(s) who do not object to such transmission or copy of family settlement deed duly notarized and executed by all the legal heirs of the deceased holder;*

*2. an indemnity bond made on appropriate non judicial stamp paper, indemnifying the Share Transfer Agent / listed entity;*

*(ii)for value of securities, more than rupees two lakh, per listed entity, as on date of application, a succession certificate or probate of will or will or letter of administration or court decree, as may be applicable in terms of Indian Succession Act, 1925 shall be submitted;*

*(iii)the listed entity however, at its discretion, may enhance value of securities, threshold limit, of rupees two lakh.*

…"

12.8.1.7. In this regard, I note that SEBI circular no. SEBI/HO/MIRSD3/CIR/P/2016/85 dated September 15, 2016 w.r.t. Standardization and Simplification of Procedures for Transmission of Securities reads as under:

*"…*

*Documentary requirement for securities held in physical mode1.For securities held in single name with a nominee:*

*i.Duly signed transmission request form by the nominee.*

*ii.Original or Copy of death certificate duly attested by a Notary Public or by a Gazetted Officer.*

*iii.Self attested copy of PAN card of the nominee. (Copy of PAN card may be substitutedwith ID proof in case of residents of Sikkim after collecting address proof)*

*2.For securities held in single name without a nominee, the following additional documents may be sought:*

*a.) Affidavit from all the legal heirs made on appropriate non judicial stamp paper –to the effect of identification and claim of legal ownership to the securities.*

*Provided that in case the legal heir(s)/claimant(s) is named in the succession certificate or probate of will or will or letter of administration, an affidavit from such legal heir/claimant(s) alone would be sufficient.*

*b) For value of securities upto`2,00,000 (Rupees Two lakh only) per issuer company as on date of application, one or more of the following documents :i. Succession certificate or probate of will or will or letter of administration or court decree, as may be applicable in terms of Indian Succession Act, 1925.*

*ii. In the absence of the documents as mentioned at (i) above,*

*a.A No objection certificate [NOC] from all legal heir(s) executed by all the legal heirs of the deceased holder not objecting to such transmission (or) copy of Family Settlement Deed duly notarized*

*and*

*b. An Indemnity bond made on appropriate non judicial stamp paper –indemnifying the STA/Issuer Company.*

*c) For value of securities more than `2,00,000 (Rupees Two lakh only) per issuer company as on the date of application:*

*Succession certificate or probate of will or will or letter of administration or court decree, as may be applicable in terms of Indian Succession Act, 1925*

*…"*

12.8.1.8. In this regard, I note that Clauses 2, 3 and 16 of code of conduct specified in Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 reads as under:

"..

*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*

*…*

*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.*

*…*

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

*…"*

12.8.2. In this regard, it was also observed and alleged as per the submissions of the RTA, delay was observed in processing of 4 service requests pertaining to transmission.

Accordingly, it was alleged that the Noticee had violated the provisions of Regulation 40(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Clause 2 (III) of SEBI circular no. CIR/MIRSD/10/2013 dated October 28, 2013.

12.8.2.1. In this regard, I note form the material available on record the following:

| **Security holder name** | **Date of transmission request** | **Transmission date** | **No. of days taken** | **Delay (in days)** |
|---|---|---|---|---|
| P Axxxxxx Pxxxxx | 01/04/2022 | 29/04/2022 | 28 | 7 |
| Hxxx Kxxxxxx Axxxxxxx | 25/04/2022 | 05/05/2022 | 9 | 2 |
| Sxxxxx R Hxxxx | 02/05/2022 | 17/05/2022 | 15 | 8 |
| Rxx Gxxxx | 30/06/2022 | 14/07/2022 | 14 | 7 |

12.8.2.2. In this regard, I note that the Noticee's submissions are qcontradictory in nature in so far the Noticee has inter alia submitted, "…*it may please be noted that the said delay is only on account of extra diligence and surveillance on part of the team..*." and "…*there is no violation or non-compliance on the part of the Company…".*

12.8.2.3. Further in this regard, I also note that the Noticee's submissions are in nature of admission, in so far the Noticee has inter alia submitted, "*it may please be noted that the said delay is only on account of extra diligence and surveillance on part of the team..*."

12.8.2.4. In this regard, I note that Clause 2 (III) of SEBI circular no. CIR/MIRSD/10/2013 dated October 28, 2013 reads as under:

*"…*

*The timeline for processing the transmission requests for securities held in dematerialized mode and physical mode shall be 7 days and 21 days respectively, after receipt of the prescribed documents.*

*…"*

12.8.2.5. Further in this regard, I note that Regulation 40(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 reads as under:

*"…*

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

*Provided that the listed entity shall ensure that transmission requests are processed [282][***]within seven days [283][***], after receipt of the specified documents: Provided further that proper verifiable dated records of all correspondence with the investor shall be maintained by the listed entity.*

*…"*

12.8.3. In view thereof, I find that the allegations that the Noticee has processed five transmission requests without obtaining requisite documents from the applicants and that delay was observed in processing of four service requests pertaining to transmission, stands established. Therefore, I hold that the Noticee has violated Clause C(2)(b) of Schedule VII read with Regulation 40(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Regulation 40(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Clause 2 (III) of SEBI circular no. CIR/MIRSD/10/2013 dated October 28, 2013, SEBI circular no. SEBI/HO/MIRSD3/CIR/P/2016/85 dated September 15, 2016 w.r.t. Standardization and Simplification of Procedures for Transmission of Securities and Clause 2, 3 and 16 of code of conduct specified in Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

## 12.9. Demat requests:

12.9.1. In this regard, it was inter alia observed and alleged the RTA had not carried out Enhanced Due Diligence activities in one folio while changing every particular of the said folio in respect of a request made by Mr. Gxxxxx Axxxxxx. Accordingly, it was alleged that the Noticee had violated the provisions of Clause 2.5.2 of the SEBI circular no: SEBI/HO/MIRSD/MIRSD_RTAMB/ P/CIR/2021/655 dated November 03, 2021, Clause 13 of Part II (Provisions with regard to Transfer / Transmission/ Correction of Errors etc.) of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, Clauses 2, 3 and 16 of Code of Conduct (Schedule 3) of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

12.9.2. In this regard, the Noticee has inter alia submitted:

*"It is duly accepted and acknowledged in the SCN itself that the first request was received on November 21, 2021 and the same was rejected by the RTA on December 20, 2021. This was on account of our diligence that the same was rejected."*

12.9.3. In this regard, I note from the material available on record that RTA had received a request for dematerialization of shares from Mr. Gxxxxx Axxxxxx where the folio was in the name of Mr. Gxxxxx Kxxxx for which the demat request was submitted by Mr. Gxxxxx Axxxxxx. The said request was rejected by the RTA and Mr. Gxxxxx Axxxxxx was advised to submit following additional documents:

- Original unsigned cancelled cheque.
- Address and specimen signature attested by the bank manager
- Contact details of the shareholder
- Self-attested copy of PAN Card and address proof

In this regard, I note from the Noticee's email dated February 01, 2023 to SEBI that the account was marked for enhanced due diligence and the said request was rejected in the absence of supporting KYC documents.

12.9.4. Further in this regard, I note that as per SEBI, "*As part of the enhanced due diligence, the RTA should have insisted to the applicant to produce any record to show that Mr. Gxxxxx Axxxxxx was earlier known as Gxxxxx Kxxxx. The mere fact that the dividends were credited in the account of Mr. Gxxxxx Kxxxx earlier shows that it is not a case of mere error in typing name in the share certificates and there was actually bank account in the name of Mr. Gxxxxx Kxxxx. However, the RTA did not seek any such detail from the applicant. Further, the RTA did not send a letter to the old address of the Mr. Gxxxxx Kxxxx informing about request for updation of address as mandated under Clause 2.5.2 of the SEBI circular no: SEBI/HO/MIRSD/MIRSD_RTAMB/ P/CIR/2021/655 dated November 03, 2021".*

12.9.5. I note from the material available on record that there is no documentary evidence available on record apart from the affidavit submitted by Mr. Gxxxxx Axxxxxx along with his request, inter alia, submitting that Mr. Gxxxxx Kxxxx and Mr. Gxxxxx Axxxxxx is the same person.

Further in this regard, I also note from the material available on record that as per SEBI, the RTA did not even send a letter to the old address of the Mr. Gxxxxx Kxxxx informing about request for updation of address as mandated under Clause 2.5.2 of the SEBI circular no: SEBI/HO/MIRSD/MIRSD_RTAMB/ P/CIR/2021/655 dated November 03, 2021. In this regard, I note from the text of the provisions that RTAs shall send intimation about the request for change in address to the holder at both the old and new addresses by Speed post.

Clause 2.5.2 of the SEBI circular no: SEBI/HO/MIRSD/MIRSD_RTAMB/ P/CIR/2021/655 dated November 03, 2021 is reproduced below:

"…

*RTAs shall forthwith send intimation about the request for change in address to the holder at both the old and new addresses by Speed post, providing, timeline of 15 days for raising objection, if any.*

…"

12.9.6. In view thereof, I find that the allegations that the RTA had not carried out Enhanced Due Diligence activities in one folio while changing every particular of the said folio in respect of a request made by Mr. Gxxxxx Axxxxxx, stands established. Therefore, I hold that the Noticee has violated the provisions of Clause 2.5.2 of the SEBI circular no: SEBI/HO/MIRSD/MIRSD_RTAMB/ P/CIR/2021/655 dated November 03, 2021, Clause 13 of Part II (Provisions with regard to Transfer / Transmission/ Correction of Errors etc.) of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, Clauses 2, 3 and 16 of Code of Conduct (Schedule 3) of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

**12.10. Change of Address (COA) Request:**

12.10.1. In this regard, it was inter alia observed and alleged the RTA did not confirm as to whether they are sending letters to old address and new address on receipt of address change request. Further, they did not provide any evidence for such compliance, despite being sought through email dated November 24, 2022. Accordingly, it was alleged that the Noticee had violated the provisions of SEBI circular no: SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated November 03, 2021, Clauses 2, 3 and 16 of code of conduct specified in Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993

12.10.2. In this regard, I note that Clause 2.5.2 of the SEBI circular no:

SEBI/HO/MIRSD/MIRSD_RTAMB/ P/CIR/2021/655 dated November 03, 2021 reads as under:

"*2.5.2.RTAs shall forthwith send intimation about the request for change in address to the holder at both the old and new addresses by Speed post, providing, timeline of 15 days for raising objection, if any.*"

12.10.3. In this regard, I note that Clauses 2, 3 and 16 of code of conduct specified in Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 reads as under:

"..

*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*

*…*

*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.*

*…*

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

*…"*

12.10.4. In this regard, I note from the material available on record that vide SEBI's email dated November 24, 2022, the RTA was advised to confirm if in case of requests of change of address, letters are sent by it to the holder at old address for raising objections, if any. However, as per SEBI, the RTA did not conform or provide its comment on the same.

Further in this regard, I note that the RTA in its response to the findings of inspection to SEBI had inter alia mentioned, "*We also humbly request your pardon to have missed responding to your email dated November 24 in this regard".* However, even in ts response to the findings of inspection to SEBI, the RTA did not conform or provide its comment on whether in case of requests of change of address, letters are sent by it to the holder at old address for raising objections, if any.

12.10.5. In this regard, I also note that the Noticee in its submissions as reply to the SCN has inter alia submitted:

"…*W.r.t. issue of Change of Address Request, the reliance is placed on an oral submission. Herein we put forth that as a practice, we do send confirmation letters at the old address… It is also pertinent to reiterate that no actual instance or transaction has been pointed out by the Inspection team wherein letter have not been sent to the old address in case of change of address request"*

12.10.6. In this regard, I note that the Noticee's submission, "*we do send confirmation letters at the old address"* is generic and/or vague in nature as the Noticee has not demonstrated the same with relevant details and documents. Therefore, the Noticee's contention is devoid of merit and hence not acceptable.

12.10.7. In view thereof, I find that the allegation that RTA did not confirm as to whether they are sending letters to old address and new address on receipt of address change request with any evidence for such compliance, stands established. Therefore, I hold that the Noticee has violated SEBI circular no: SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated November 03, 2021 and Clauses 2, 3 and 16 of code of conduct specified in Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

**12.11. Non-cooperation with the inspection team of SEBI:**

12.11.1. In this regard, it was inter alia observed and alleged that as part of the inspection conducted by SEBI, various documents/information related to the RTA functions of Abhipra were sought. The queries were raised to the RTA vide PIQ and emails dated November 24, 2022, January 11, 2023 and January 17, 2023. However, it was seen that the RTA failed to provide various critical information w.r.t non-availability of signature cards, Pan, KYC details etc, details like total no. of issuer companies for which letters were issued by the RTA, total no. of letters issued by Abhipra to investors, reminders issued, etc were not provided. Accordingly, it was alleged that the Noticee had violated the provisions of Regulation 18(1) and (4) and Clauses 2, 3 and 16 of Code of Conduct of Schedule III read with Regulation 13 of the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

12.11.2. In this regard, I note that Regulation 18(1) and (4) of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 reads as under:

*"…*

> ***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.*
>
> *…*
>
> *(4) It shall be the duty of every director, proprietor, partner, officer or employee of the registrar to an issue and share transfer agent to give to the inspecting authority all assistance in connection with the inspection, which the registrar to an issue or share transfer agent may be reasonably be expected to give.*

*…"*

12.11.3. In this regard, In note that Clauses 2, 3 and 16 of Code of Conduct of Schedule III read with Regulation 13 of the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 reads as under:

"..

> *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*
>
> *…*
>
> *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.*

*…*

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

*…"*

12.11.4. In this regard, I note that RTA was advised to provide the details like total no. of issuer companies for which letters were issued by the RTA, total no. of letters issued by Abhipra to investors, reminders issued, etc. In this regard, the queries were raised to the RTA by SEBI vide PIQ and emails dated November 24, 2022, January 11, 2023 and January 17, 2023.

12.11.5. In this regard, I note from the Noticee's reply to SEBI to the findings of inspection and Noticee's submissions as reply to the SCN, the Noticee inter alia submitted that:

*"The details of the letters issued to the investors for updation of the KYC details, including nomination were majorly sent by the issuer companies, and the same was also informed during the inspection. Abhipra sent around 11,000 letters to the investors for 10 companies. This year we again sent the request letters to the physical folios for Orchid Pharma Ltd, Dhanuka Agritech Ltd, and APL Apollo Tubes Ltd in Feb 2022. We also advised other issuer companies to send the letters for updation for the KYC."*

12.11.6. In its regard, I note that as per SEBI, "*… they have not provided the accurate information regarding the number of letters sent along with the companywise breakup*."

12.11.7. In this regard, I note that the Noticee's submission, "*Abhipra sent around 11,000 letters to the investors for 10 companies",* is generic in nature and without specific details and documents.

12.11.8. In view thereof, I find that the allegation that RTA failed to provide various critical information w.r.t non-availability of signature cards, Pan, KYC details etc, details like total no. of issuer companies for which letters were issued by the RTA, total no. of letters issued by Abhipra to investors, reminders issued, etc were not provided, stands established. Therefore, I hold that the Noticee has violated Regulation 18(1) and (4) and Clauses 2, 3 and 16 of Code of Conduct of Schedule III read with Regulation 13 of the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

**12.12. Issuance of Duplicate Shares:**

12.12.1. In this regard, it was observed and alleged that:

a) As per the submission of the RTA, the request of Ixx J. Dxxxxxx was received by the RTA on August 13, 2022. However, on verifying it was observed that there was no inward stamp on the documents.
b) No advertisement was issued in the case of request made by Rxxx Sxxxxxx Vxxx and Ixx J. Dxxxxxx for Dhanukha.
c) In case of requests made by Sxxx Nxxxxx Rxxxxx and Nxxxxxxxx R Sxxx for Kothari, Form SH13 (Nomination details) were not obtained by the RTA.

12.12.2. In this regard, the Noticee has submitted the following:

a) As regards the alleged violation that the request of Ixx J. Dxxxxxx was received by the RTA on August 13, 2022, however, there was no inward stamp on the documents, the Noticee has submitted, "*In this regard we duly submitted that documents by Ms. Ixx J. Dxxxxxx was received on 01.08.2022 and that the inward stamp is very well there at the back of the covering letter along with the documents received. It was inadvertently mentioned that documents were received on 13.08.2022 which only ISR-1 & ISR-4 were received* *since the documents received on 01.08.2022 didn’t contain ISR-1 and ISR 4. Our team contacted the investor to fullfill the requirements over the phone and these documents were subsequently received on 13.08.2022*.”

In this regard, I note from the submissions of the Noticee as reply to the SCN and to the findings of inspection that the inward stamp dated August 01, 2022 was there at the back of the covering letter along with the documents received. Therefore, I am inclined to allow benefit of doubt to the Noticee.

b) As regards the alleged violation that no advertisement was issued in the case of request made by Rxxx Sxxxxxx Vxxx and Ixx J. Dxxxxx for Dhanukha, I note that the Noticee’s submission is in nature of admission, in so far the Noticee has submitted, “*With regard to non-publication of advertisement in newspapers for Rxxx Sxxxxxx Vxxx and Ixx J. Dxxxxxx we reiterate that on account of some confusion with regard to the valuation of the shares, inadvertently calculated below 5,00,000, that the advertisement was missed from being published*.”

In this regard, I note that Clause 4.2 of the SEBI circular no: SEBI/HO/MIRSD/ MIRSD_RTAMB/P/CIR/2021/655 dated November 03, 2021 reads as under:

*“…*

> *4.2. From the date of issue of this circular, RTAs shall obtain documents / details of PAN, KYC details and Nomination, wherever, the same is not available in the folio, while processing any service requests or complaint from the holder(s)/ claimant(s).*

*…”*

c) As regards the violation that in case of requests made by Sxxx Nxxxxx Rxxxxx and Nxxxxxxxx R Sxxx for Kothari, Form SH13

(Nomination details) were not obtained by the RTA, I note that the Noticee's submissions are in nature of admission, in so far the Noticee has inter alia submitted, "*the nomination details were duly sought vide SH-13 although the investors provided the blank signed SH-13.*"

In this regard, I note that Clause 20 of "General Norms for Processing of Documents" of SEBI Circular - RTI Circular No. 1 (2000-2001) Dated May 09, 2001 reads as under:

*"…*

> *A copy of advertisement issued for loss of shares issued by Company/ STA/registered holder.*

*…"*

d) Further in this regard, I note that Clauses 2, 3 and 16 of code of conduct specified in Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 reads as under:

"..

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

*…"*

12.12.3. In view thereof, I find that the allegation that no advertisement was issued in the case of request made by Rxxx Sxxxxxx Vxxx and Ixx J. Dxxxxxx for Dhanukha and that in case of requests made by Sxxx Nxxxxx Rxxxxxx and Nxxxxxxxx R Sxxx for Kothari, Form SH13 (Nomination details) were not obtained by the RTA, stands established. Therefore, I hold that the Noticee has violated Clause 4.2 of the SEBI circular no: SEBI/HO/MIRSD/ MIRSD_RTAMB/P/CIR/2021/655 dated November 03, 2021, Clauses 2, 3 and 16 of code of conduct specified in Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 and Clause 20 of "General Norms for Processing of Documents" of SEBI Circular - RTI Circular No. 1 (2000-2001) Dated May 09, 2001.

**Issue No. II:** If yes, whether the Noticee is liable for imposition of monetary penalty under Section 15HB SEBI Act, 1992?

14. It has been established in the foregoing paragraphs that Noticee had violated various provisions of SEBI Certification Regulations, 2007, SEBI RTA Regulations, 1993, SEBI LODR Regulations, 2015, SEBI Notification and SEBI Circulars as brought out and dealt with in the foregoing.

15. In this regard, it is noted that the Hon'ble Supreme Court of India in the matter of SEBI v/s Shri Ram Mutual Fund [2006] 68 SCL 216(SC) inter alia held that:

> *" ... In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established .... "*

16. Therefore, for the above violations, as dealt with and brought out in the foregoing paragraphs, I find that the Noticee is liable for monetary penalty under Section 15HB of SEBI Act, 1992 which read as under:

> "…
> **SEBI Act, 1992**
> ***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 [104][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 yes, what would be the monetary penalty that can be imposed upon the Noticee?

17. While determining the quantum of penalty under Section 15HB of SEBI Act, 1992 it is important to consider the factors as stipulated in Section 15J of SEBI Act, 1992, which reads as under: -

**SEBI Act, 1992**
*"………..*
***Factors to be taken into account while adjudging quantum of penalty.***
*15J. While adjudging quantum of penalty under 15- or section 11 or section 11B, the Board or 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.*
*Explanation.—For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.*
*…………..."*

18. In the instant case, I note that the material available on record does not quantify any disproportionate gain or unfair advantage or consequent loss caused to an investor or group of investors as a result of the violations committed by the Noticee. Further, there is nothing on record to show that the violations committed by the Noticee as Registrar to an issue and share Transfer Agent are repetitive in nature. I further note that the Noticee being a SEBI registered Registrar to an issue and share Transfer Agent was required to comply with the extant applicable provisions of laws, which SEBI is duty bound to enforce. The Noticee failed to comply with the provisions of law, as brought out in the foregoing, and such non-compliances accordingly need to be dealt with suitable penalty.

## E. ORDER

19. After taking into consideration the facts and circumstances of the case, material available on record, submissions made by the Noticee and also the factors mentioned in the preceding paragraphs, in exercise of the powers conferred upon me under Section 15-I of the SEBI Act, 1992 r/w Rule 5 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, I hereby impose a penalty of Rs. 7,00,000 (Rupees Seven Lakhs Only), under Section 15HB of SEBI Act, on the Noticee, for the aforementioned violations, as discussed in this order. In my view, the said penalty will be commensurate with the violations committed by the Noticee in this case.

20. The Noticee shall remit /pay the said amount of penalty within 45 days of receipt of this order through 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**

21. 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, 1992 for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

22. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to the Noticee and also to the Securities and Exchange Board of India.

**DATE: June 24, 2024**
**PLACE: MUMBAI**

**AMAR NAVLANI**
**ADJUDICATING OFFICER**