<u>BEFORE THE ADJUDICATING OFFICER</u>

<u>SECURITIES AND EXCHANGE BOARD OF INDIA</u>

[ADJUDICATION ORDER NO. Order/SM/AD/2021-22/14693]

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.

In respect of

TTL Enterprises Ltd
(Formerly Trupti Twisters Ltd)
[PAN: AAACT8908K]

In the matter of
Accurate Securities and Registry Pvt Ltd.

<u>FACTS OF THE CASE IN BRIEF</u>

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') conducted an inspection of M/s. Accurate Securities and Registry Private Limited (hereinafter referred to as "**Accurate/ASRPL**") from December 17, 2018 to December 19, 2018, at its office 23, 3rd floor, Sarthik Complex, Nr. Fun Republic, Iscon Cross Road, Satellite, Ahmedabad - 380 015. The period covered in the inspection was from April 01, 2017 till December 17, 2018 (hereinafter referred to as **"Inspection Period"**).

2. Based on the findings of inspection conducted by SEBI and the response of ASRPL dated May 31, 2019, SEBI observed that TTL Enterprises Ltd. (Formerly Trupti Twisters Ltd.) (hereinafter referred to as **"Noticee/TTL"**) had not executed any tripartite agreement among its erstwhile Share Transfer Agent (hereinafter referred to as "**STA**"), ASRPL and itself.

3. Accordingly, SEBI observed certain non-compliances, *inter-alia,* of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 (hereinafter referred to as **"LODR Regulations"**) and Code of conduct as specified in SEBI (Registrars To An Issue and Share Transfer Agents) Regulations, 1993 (hereinafter referred to as **"RTI/STA Regulations"**) against Noticee. Therefore, SEBI initiated adjudication proceedings against Noticee for violation of Regulation 7(4) of LODR Regulations, 2015 and Clause 20 of Code of Conduct as specified in Schedule III of RTI/STA Regulations.

APPOINTMENT OF ADJUDICATING OFFICER

4. Vide order dated September 08, 2020, Ms. Sangeeta Rathod was appointed as Adjudicating Officer (**AO**) under Section 19 read with Section 15I of the Securities and Exchange Board of India Act,1992 (hereinafter referred to as " **SEBI Act**"), read with Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**Adjudication Rules'**) to inquire into and adjudge under the provisions of Section 15HB of the SEBI Act, the aforesaid alleged violations by Noticee. Subsequent to transfer of Ms. Sangeeta Rathod, Shri Prasanta Mahapatra was appointed as the AO in the said matter. Thereafter, the undersigned was appointed as the AO in the matter by SEBI vide its order dated December 04, 2020.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

5. Show-Cause notice no. EAD-10/ADJ/SM/DD/OW/16972/7/2021 dated July 29, 2021 (hereinafter referred to as '**SCN**') was issued to Noticee under rule 4 of the Adjudication Rules to show-cause as to why an inquiry should not be initiated against Noticee and penalty, if any, not be imposed upon it under Section 15HB of SEBI Act for the aforesaid violations alleged to have been committed by Noticee.

6. The SCN, *inter alia,* alleged the following:

(a) *During the course of inspection, it was submitted by ASRPL vide its letter dated December 19, 2018 that it had not received the previous records from the erstwhile STA such as share certificate lying undelivered, unpaid dividend data, physical share transfer, demat request forms, issuance of duplicate share certificate/conversion of shares/transposition of shares, transmission of shares, remat, split, consolidation, payment of dividend, bonus, shareholder address, no. of shareholders at the time of agreement, no. of physical shares, no. of shares in demat mode, dividend amount transferred to IEPF, share forfeiture, partly paid-up shares etc. and that no further efforts were made by them to obtain all such records from Noticee .*

(b) *It was observed that Noticee had not executed tripartite agreement between erstwhile STA and ASRPL. In view of the same it is alleged that Noticee has violated Regulation 7(4) of LODR Regulations, 2015 and Clause 20 of Code of Conduct as specified in Schedule III of RTI/STA Regulations 1993.*

7. The SCN, issued to Noticee, was sent via Speed Post Acknowledgement Due ('**SPAD**') as well as through email dated July 29, 2021 and was duly served upon Noticee and Noticee was given fifteen (15) days' time to make its submission or file its reply in respect of the allegations made in the SCN. Noticee, vide email/letter dated August 16, 2021, submitted its reply to the SCN. The relevant extracts of the submissions made by Noticee vide the aforementioned email/letter is as given under:

(a) *The company denies the charges levelled in the SCN.*
(b) *Regulation 7(4) of LODR Regulations is not applicable to them since there was no previous STA and the company had appointed ASRPL as its STA for the first time.*
(c) *After listing, the company had been suspended for around 19 years and it was revived during 2017 when the suspension was lifted by BSE. The company had not appointed any STA during that time and only during revival of the company, in compliance with the procedure of revocation of suspension of trading, had appointed ASRPL as STA during 2017.*
(d) *Since there was no previous RTA/STA, the company had executed a bipartite agreement with ASRPL.*

(e) *Since there was no previous STA, the question of execution of tripartite agreement did not arise. Therefore, Regulation 7(4) of LODR Regulations is not applicable.*

(f) *As regards non-receipt of documents/ records by ASRPL from erstwhile STA, the company submits that the same is not applicable to them since ASRPL, in their own letter dated December 19, 2018, has stated that the company did not have a former STA and the company had provided them the required data.*

(g) *As regards the Code of Conduct, it is submitted that the said Code is prescribed in Schedule III of the RTI/STA Regulations and compliance of the Code in terms of Regulation 13, of the RTI/STA Regulations is an obligation cast on the STA and the company cannot be charged for any alleged violation of the same. Therefore, this charge is denied.*

8. Thereafter, in the interest of natural justice, vide hearing notice dated September 24, 2021, served upon Noticee through email dated September 27, 2021 as well as through SPAD, an opportunity of personal hearing was provided to Noticee on October 21, 2021 through the online webex platform. The Authorized Representative of Noticee (hereinafter referred to as '**AR'**), Mr. Keyoor Bakshi, Director of Noticee, attended the hearing on the scheduled date and reiterated the contents of Noticee's earlier reply. Further, during the hearing, the AR sought additional time to submit an addendum to the reply to SCN, which was duly acceded to. Vide letter/email dated October 23, 2021, Noticee made additional submissions in the matter, the contents of which are summarized hereunder:

   a. *Attention is drawn to the proviso to Regulation 7(4) of LODR Regulations which reads as," "Provided that in case the existing share transfer facility is managed in-house, the agreement referred above shall be entered into between the listed entity and the new share transfer agent."*

   Vide the above letter/email, Noticee also furnished a copy of the Agreement executed by Noticee with ASRPL on July 03, 2017.

CONSIDERATION OF ISSUES, EVIDENCE AND FINDINGS

9. I have carefully perused the charges levelled against Noticee, replies/submissions made by Noticee and other documents/ evidence available on record. The issues that arise for consideration in the present case are:

   (a) Whether Noticee has violated the provisions of Regulation 7(4) of LODR Regulations and Clause 20 of the Code of Conduct as specified in Schedule III of RTI/STA Regulations?

   (b) If yes, then do the violations, if any, on the part of Noticee attract any monetary penalty under Section 15HB of the SEBI Act?

   (c) If yes, then what would be the quantum of monetary penalty that can be imposed upon Noticee, taking into consideration the factors mentioned in Section 15J of the SEBI Act?

10. Before moving forward, it is pertinent to refer to the relevant provisions of LODR Regulations and RTI/STA Regulations which are reproduced as under:-

Relevant provisions of LODR Regulations

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

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

Relevant provisions of RTI/STA Regulations

SCHEDULE- III

RTI/STA Regulations

Code of Conduct

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

Issue No. I - Whether Noticee has violated the provisions of Regulation 7(4) LODR Regulations and Clause 20 of the Code of Conduct as specified in Schedule III of RTI/STA Regulations

11. I note that in terms of Regulation 7(4) of LODR Regulations, an obligation is placed on a listed entity to enter into a tripartite agreement among itself, its existing STA and its new STA on change/appointment of a new STA in the manner as specified by the Board from time to time. In this regard, I note that in terms of Regulation 7(4) of LODR Regulations, SEBI, vide its letter MIRSD-3/SS/RTA/32265/2016 dated November 28, 2016 communicated to the Registrars Association of India, has framed a model tripartite agreement to be entered into between issuer company, new STA and its erstwhile STA. I note that clause 5 of the aforementioned model tripartite agreement states that "In *terms of regulation 7(4) of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Issuer is required to enter into an agreement with the Existing STA and New STA at the time of change of the existing STA.*"

12. I note that in its submissions, Noticee has contended that they had appointed ASRPL as their STA for the first time during July 2017 and since they did not have any STA previously, Noticee had not executed any tripartite agreement prescribed under Regulation 7(4) of LODR Regulations. Noticee has contended that after listing of its shares on BSE, the company had become defunct and trading in the scrip was suspended and subsequently, the suspension of trading was revoked by BSE only during 2017. Therefore, in compliance with the procedure of revocation of suspension of trading, Noticee had appointed an STA for the first time in July 2017. In light of these circumstances, Noticee has argued that Regulation 7(4) of LODR Regulations

would not be applicable since in absence of an erstwhile STA, the question of executing a tripartite agreement would not arise.

13. In this regard, I note from Noticee's submissions as well as from website of BSE that Noticee got listed on BSE in the year 1993. I further observe from Noticee's submission that trading in the scrip of Company was suspended since January 1998. I also observe from the website of BSE that the suspension in trading of equity shares of Noticee was revoked with effect from October 24, 2017. From available records and submissions of Noticee, I also note that ASRPL was appointed as STA of Noticee with effect from May 26, 2017 and Noticee had entered into a bipartite agreement with ASRPL on July 03, 2017. Further, from the submissions of Noticee as well as from available records, I note that in the letter dated December 19, 2018 submitted by ASRPL to SEBI (hereinafter referred to as December 19 letter), ASRPL stated that Noticee did not have any former STA.

14. In regard to their contention that Regulation 7(4) of LODR Regulations would not be applicable in absence of an erstwhile STA, I note from perusal of Regulation 7(4) of LODR Regulations that the same is applicable <u>when there is a change in STA or even when there is an appointment of a new STA.</u> I note from Noticee's submissions that they had an in-house share transfer facility prior to the appointment of ASRPL as their new STA and data like shareholder's address, number of shareholders and number of physical shares which was in possession of Noticee was handed to ASRPL after their appointment as Noticee's new STA. Further, I note that the proviso to Regulation 7(4) of LODR Regulations specifies that even <u>in case of an in-house share transfer facility, the agreement as specified in Regulation 7(4) of LODR Regulations shall be entered into between the listed entity and the new STA</u>. Thus, I note that in terms of aforementioned proviso, Noticee ought to have entered into an agreement in the manner specified by the SEBI under Regulation 7(4) of LODR Regulations since there was an appointment of a new STA i.e, ASRPL. Thus, I am not inclined to agree with this contention of Noticee.

15. I further note that Noticee has furnished a copy of an agreement dated July 03, 2017 executed between Noticee and ASRPL (hereinafter referred to as "**Agreement**"). On

perusal of the same, I note that the Agreement was executed in accordance with provisions of Rule 4(1)(b) of the erstwhile SEBI (Registrars to an Issue and Share Transfer Agents) Rules, 1993/ Regulation 9A (1)(b) of RTI/STA Regulations and it is not in the format of the model tripartite agreement specified by SEBI vide its letter MIRSD-3/SS/RTA/32265/2016 dated November 28, 2016 communicated to the Registrars Association of India. Therefore, I find that the Agreement is not in compliance with Regulation 7(4) of LODR Regulations.

16. In view of the above observations, I find that the agreement entered into by Noticee and ASRPL was not in the manner as specified by SEBI under Regulation 7(4) of LODR Regulations. Therefore, the allegation that Noticee has violated Regulation 7(4) of LODR Regulations stands established.

17. In its contention regarding the violation of Clause 20 of the Code of Conduct as specified in Schedule III of RTI/STA Regulations, Noticee has stated that compliance with Clause 20 of the Code of Conduct is an obligation cast on registrar to an issue (**RTI**) and STA and the company cannot be charged for any alleged violation of the same. In this context, I note that Regulation 13 of RTI/STA Regulations makes it obligatory on the part of every registrar to an issue (RTI) and STA holding a certificate of registration to abide by the Code of Conduct as specified in Schedule III of the aforesaid Regulations. Further, I note that Clause 20 of Code of Conduct requires an STA to take adequate and necessary steps to ensure that continuity in data and record keeping is maintained and that the data or records are not lost or destroyed. Therefore, I note from the wordings of aforesaid provisions that obligation under Clause 20 of the Code of Conduct as specified in Schedule III of RTI/STA Regulations is binding on RTIs and STAs and not on issuer companies. From perusal of records, I note that nothing has been brought on record to show that Clause 20 of the aforesaid Code of Conduct would be applicable to Noticee.

18. In view of the foregoing, I find that the allegation that Noticee violated Clause 20 of the Code of Conduct as specified in Schedule III of RTI/STA Regulations does not stand established.

<u>Issue No. II- Does the violation attract monetary penalty under Section 15HB of SEBI Act?</u>

19. I note that the Hon'ble Supreme Court of India in the matter of SEBI v/s Shri Ram Mutual Fund [2006] 68 SCL 216(SC) 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.….". ,

20. In view of the judgment referred above and the fact that the Noticee has violated Regulation 7(4) of LODR Regulations, I am of the view that a monetary penalty needs to be imposed upon the Noticee under Section 15HB of the SEBI Act, which reads as under:

Section 15HB of SEBI Act
"*Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees*".

<u>Issue no. III: If so, what would be the monetary penalty that can be imposed?</u>

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

SEBI Act
Factors to be taken into account by the adjudicating officer.

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

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

Explanation. — For the removal of doubts, it is clarified that the power of an adjudicating officer 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.

22. In view of the charges as established, the facts and circumstances of the case, the quantum of penalty would depend on the factors referred in Section 15-J of the SEBI Act, stated as above. In the instant case, the records do not show any repetitive default of this nature by Noticee. I also note that it is not possible from the material on record to quantify the amount of disproportionate gain or unfair advantage resulting from the default of Noticee or the consequent loss caused to investors as a result of the default. Further, I note that Noticee in his submissions have contended that certain data like "number of shareholders, number of physical shares, shareholder's address etc." as applicable have been handed over to the new STA i.e. ASRPL which I observe has been corroborated by ASPRL in their letter to SEBI dated December 19, 2018.I consider this to be a mitigating factor in this case.

ORDER

23. Having considered all the facts and circumstances of the case, the material available on record, the submissions made by Noticee and also the factors mentioned in Section 15J of the SEBI Act, as enumerated above, I, in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules, hereby impose a penalty of Rs. 2,00,000/-(Rupees Two Lakh only) on Noticee i.e. TTL

Enterprises Ltd, under the provisions of Section 15HB of SEBI Act. I am of the view that the said penalty is commensurate with the lapse/omission on the part of Noticee.

24. 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. In case of any difficulties in payment of penalties, Noticee may contact the support at portalhelp@sebi.gov.in.

25. The said confirmation of e-payment made in the format as given in table below should be sent to "The Division Chief, EFD – DRA - III, Securities and Exchange Board of India, SEBI Bhavan, Plot no. C- 7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051" and also to e-mail id:- tad@sebi.gov.in

1. Case Name:	
2. Name of payee:	
3. Date of payment:	
4. Amount paid:	
5. Transaction no.:	
6. Bank details in which payment is made:	
7. Payment is made for: (like penalties/ disgorgement/ recovery/ settlement amount and legal charges along with order	

26. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties of Noticee.

27. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to Noticee viz TTL Enterprises Ltd and also to SEBI.

Date: December 31, 2021 **SOMA MAJUMDER**

Place: Mumbai **ADJUDICATING OFFICER**