BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER: Order/VV/AS/2022-23/24920]

Under Section 15-I of The Securities and Exchange Board of India Act, 1992 Read with Rule 5 Of The Securities and Exchange Board of India (Procedure for Holding Inquiry & Imposing Penalties) Rules, 1995

In respect of –

Skyline Financial Services Pvt. Ltd.

(SEBI Regn No: INR000003241)

In the matter of Skyline Financial Services Pvt. Ltd

A. BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") conducted inspection of **Skyline Financial Services Pvt. Ltd.** (hereinafter referred to as "**Noticee"/** "**RTA**") on June 22 to June 25, 2021 for the inspection period November 8, 2019 to March 15, 2021 (hereinafter referred as "**Inspection Period**") and the findings of Inspection had been communicated to the Noticee on August 30, 2021. Accordingly, Noticee submitted its reply to inspection report vide letter dated September 14, 2021.

2. Based on the findings of inspection and reply submitted by the Noticee to the inspection report, SEBI initiated adjudication proceedings with respect to the Noticee for violating the provisions of the Regulations and Circulars as mentioned in the table no.1 mention in the following page.

B. APPOINTMENT OF ADJUDICATING OFFICER

3. Competent Authority of SEBI, in exercise of the powers under section 19 of the SEBI Act, vide communiqué dated October 14, 2022 appointed the undersigned under section 15-I of the SEBI Act read with rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as the **"SEBI Adjudication Rules"**) to inquire into and adjudge under section 15A(a), 15A(c) and 15HB of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the **"SEBI Act"**).

C. SHOW CAUSE NOTICE, REPLY, HEARING

4. The Show Cause Notice (hereinafter referred to as "**SCN**") bearing no. EAD-EAD-9/VKV/AK/62884/1/2022 dated December 19, 2022 was served upon the Noticee under rule 4(1) of the SEBI Adjudication Rules to show cause as to why an inquiry should not be held and penalty not be imposed against it under section, 15A(a), 15A(c) and 15HB of the SEBI Act for the violation alleged in the below table:

Table No. 1

S. No	Alleged Violation	Statutory Provision
1.	Certificate of Associate Persons	i. SEBI Notification No. LAD-NRO/GN/ 2009-10/18/175577 dated September 04, 2009. ii. Section 'NISM Certification' of 'Sec III (Compliance Certification)' of Annexure to SEBI Circular No. CIR/MIRSD/7/2012 dated July 05, 2012. iii. Regulation 4 and 6 of SEBI Certification of Associated persons in the Securities Market Regulations 2007.
2.	Possession and Maintenance of specimen signature cards	i. Clause 2(vii) of "Records and documents to be maintained by STA" under "Records to be maintained by registrar to an issue 1 share transfer agent" and Clause 25(a) of "Draft of Agreement between the STA and the Company" of Annexure B of Schedule II of SEBI Circular "Instruction to Registrars to an Issue/ share Transfer Agents" dated October 11, 1994. ii. Clauses 1, 2 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.
3.	Issuance of Duplicate shares	i. Regulation 18 (2) and Regulation 18(4) of the SEBI (Registrars to an issue and share transfer agents) regulations, 1993.

S. No	Alleged Violation	Statutory Provision
		ii. Clauses 20 & 23 of general norms for processing of documents of the SEBI RTI Circular no. 1 (2000-2001) dated May 09, 2001. iii. Clauses 1, 2 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.
4.	Transmission Request	i. Clauses 1, 2, 3, 16 and 28 of code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.
5.	Demat Alert Request	i. SEBI circular no. SEBI/HO/MIRSD/RTAMB/CIR/P/2019/122, regarding “Enhanced Due Diligence for Dematerialization of Physical Securities”, dated November 5, 2019. ii. Clauses 1, 2, 3, 16 and 28 of Code of conduct Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.
6.	Change of address request	i. Clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.
7.	Change of Bank Account detail request	i. 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 and Clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993. ii. Clause 2 of Part I (Provisions with regard to Payment of Dividend/interest/Redemption) of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 and clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993. iii. clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.
8.	Transfer Request	i. Regulation 18(2) and Regulation 18(4) of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993. ii. SEBI circular no. SEBI/HO/MIRSD/ DOS3/CIR/P/2018/139, dated November 6, 2018. iii. clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

S. No	Alleged Violation	Statutory Provision
9.	Transfer Re-lodgment Request	i. SEBI circular no. SEBI/HO/MIRSD/ RTAMB/CIR/P/2020/166 dated September 7, 2020. ii. RTI circular no. 1 (2000-2001) dated May 09, 2001 iii. Clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993. iv. SEBI circular no. SEBI/HO/MIRSD/ DOS3/CIR/P/2018/139, dated November 6, 2018.
10.	Investor Grievances	i. Regulations 18(1) and 18(4) of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993. ii. clauses 1, 2, 3, 16, 17 and 18 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993. iii. SEBI Circulars No. MIRSD/DPS III/Cir-01/07 dated January 22, 2007.
11.	Non-Compliance with provisions of SEBI Circular dated April 20, 2018 & July 16, 2018	i. SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018. ii. Regulations 18(1) and 18(4) of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993. iii. Clauses 1, 2, 3, 16, 17, 18 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.
12.	Business Continuity plan & Disaster recovery preparedness	i. SEBI Circular “Instructions to Registrars to an Issue/ Share Transfer Agents” dated October 11, 1994. ii. Clauses 1,2 3, 16 and 20 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.
13.	Non-cooperation with SEBI Inspection Team	i. Regulations 18(1), 18(4) of SEBI (Registrars an Issue and Share Transfer Agents) Regulations 1993. ii. Clauses 1, 2, 3, 16, 17, 18 and 28 of Schedule Ill read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993.

5. The SCN was issued through Speed Post with Acknowledgment Due (“**SPAD**”)/e-mail and duly delivered to the Noticee in terms of rule 7 of SEBI Adjudication Rules. Subsequently, Noticee filed its reply vide letter dated February 20, 2023. The hearing was concluded on February 24, 2023. The hearing was conducted through video conferencing on WebEx platform. On the scheduled date of hearing, the authorized representative of the Noticee appeared before me through video

conference and reiterated the submission vide letter dated February 20, 2023 and requested for the filing of post hearing submission which was acceded by me in the interest of principles of natural justice. Noticee filed the post hearing submission vide letter dated February 28, 2023. The process of adjudication proceeding has been mentioned below:

Table No 2

Noticee	SCN dated	Adjournment Sought to file reply or attend hearing	Reply	Hearing Concluded
Skyline Financial Services Ltd	December 19, 2022	1. January 04, 2023, 2. January 14, 2023, 3. January 24, 2023, 4. February 06, 2023 5. February 20, 2023	Letter dated February 20, 2023 & Letter dated February 28, 2023.	February 24, 2023.

6. The details of the allegations levelled in the SCN against Noticee, its submissions and the findings in respect of the same are dealt with in the subsequent paragraphs of this order. Further, while dealing with majority of the issues, Noticee submitted that:

6.1. *We state that, the alleged non-compliance is procedural and technical in nature, and we have done alternate compliance, which infact has no impact / consequence on any investor or issuer company and neither there is any complaint as such. In view of the above, we deny that the allegation that we have violated aforesaid statutory provisions. Further, we have not made any gains or derived any unfair advantage or caused any loss to investors/clients. Again, there is no allegation to this effect.*

6.2. *the SCN is issued on the same issues which were part of the SEBI's finding/observation of inspection which have already been replied in detail alongwith all documentary proofs vide our Letter dated September 14, 2021 and till date no one has refuted or controverted the same, which ultimately deemed to have been accepted by SEBI to their satisfaction and the present proceeding is thus not maintainable technically.*

6.3. *General allegation of imposing penalty under Section 15HB, 15A(a), 15A(c) of SEBI Act for the alleged various violations, we state, there is no clarity or pin-pointing by SEBI as to which aforesaid Section of imposing penalty will apply for which specific* *violation and therefore, apparently the SCN is defective in nature and is liable to withdrawn.*

6.4. *We urge that delay in providing information/documents etc. be viewed humanely and leniently in background of the exception circumstances created by Covid-19.*

6.5. *Observation in the Notice will bear out that the alleged discrepancies pertain to exceedingly miniscule quantum of transactions. Further, on becoming aware of the stray instances of lapses pointed out during course of inspection, we have immediately taken steps to rectify the same and avoid their recurrence in future.*

6.6. *It has been submitted that the object of inspection not being punitive. In this regard Noticee placed reliance on various Hon'ble SAT orders viz UPSE Securities Ltd vs SEBI, dated 25.07.2021; Religare Securities Ltd vs SEBI, dated 16.06.2011; ACML Capital Market Limited vs SEBI dated 29.06.2022.*

6.7. *We submit that alleged lapses and their nature i.e. technical and procedural, the proceedings may be dropped and no penalty be imposed. In this regard, reliance has been placed on Hindustan Steel vs State of of Orissa (1969) 2 SCC 627.*

6.8. ***Mitigating factor:***

a) ***No complaint by any Issue Company or Investor:*** *Till date there is no complaints have been made against us by any issuer company or investor which could result in occasion for SEBI to initiate any punitive action against us.*

b) ***No non-cooperation in the past****: Details of past inspection conducted by SEBI are as under: -*

SIN.	***Date / Year of Inspection***	***Inspection Period***	***Annexures***
1.	*2010*	*April 2007 to September 2009*	*SEBI letter dated July 16, 2010 is enclosed*
2.	*June 3, 2014*	*Inspection of Books and Records.*	*SEBI communication of findings of Inspection dated October 21, 2014 and SEBI letter dated March 30, 2015 are provided.*
3.	*2017*	*March 20, 21 and 22, 2017*	*SEBI letter dated July 5, 2017 and Administrative Warning letter dated February 14, 2018 are provided.*
4.	*2018*	*November 4 — 7, 2019*	*Administrative Warning letter dated September 28, 2020*

6.9. *No inquiry / investigation pending: It needs to be noted that, there is no inquiry / investigation pending against our Company except the present proceeding. The alleged lapses as pointed out in the Noticee have already been cured.*

6.10. *Alleged technical lapses were not deliberate and intentional and in contumacious disregard of provisions of law. We have not indulged in any manipulative, fraudulent and unfair trade practice. Further, we have not made any gains or derived any unfair advantage as a result of alleged technical and minor lapses.*

D. RELEVANT PROVISION

Securities and Exchange Board of India Act, 1992

Penalty for failure to furnish information, return, etc.

15A. *If any person, who is required under this Act or any rules or regulations made thereunder, —*

(a) to furnish any document, return or report to the Board, fails to furnish the same or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents], he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees;

…….

(c) to maintain books of account or records, fails to maintain the same, he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees.

Penalty for contravention where no separate penalty has been provided.

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

SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007

CHAPTER II

Certification of Associated Persons

Obligation to obtain certificate

***3. (1)** The Board may by notification in the Official Gazette require such categories of associated persons to obtain requisite certificate for engagement or employment with such classes of intermediaries and from such date as may be specified in the notification: Provided that an associated person employed or engaged by an intermediary prior to the date specified by the Board may continue to be employed or engaged by the intermediary if he obtains the certificate within two years from the said date.*

***(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.*

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.*

SEBI Circular "Instruction to Registrars to an Issue/ share Transfer Agents" dated October 11, 1994.

Records to be maintained by registrar to an issue / share transfer agent

2. In pursuance of the powers conferred upon SEBI by regulation 14(2)(h) and regulation 14(3)(C) of the Regulations, it is hereby stipulated that in addition to the books, records and documents stipulated in regulation 14(1), 14(2) and 14(3) the following records and documents shall also be maintained by the RTI/STA in hard copy / magnetic media.

Records and Documents to be maintained by RTI

……………………………..

<u>Records and documents to be maintained by STA</u>

(vii) Specimen signature cards and transfer deeds.

SCHEDULE II

SCHEDULE OF FEES

ANNEXURE B

"Draft of Agreement between the STA and the Company"

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

a) Check-list, inward register, transfer register, buyer / sellers registers with net effect as on date of approval of transfer proposals, transfer deeds, specimen signature cards / signature captured on signature scanner, despatch register/ postal journal, objection memos, mandates, Power of Attorney/ Board Resolution, RBI Approval in case of NRI Jumbo Transfer Deeds in case of FIIs, Register of Members, Annual Returns / Return of Allotment, Interest/ Dividend Register.

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

CHAPTER III

GENERAL OBLIGATIONS AND RESPONSIBILITIES

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

SCHEDULE III

SECURITIES AND EXCHANGE BOARD OF INDIA

(REGISTRARS TO AN ISSUE AND SHARE TRANSFER AGENTS) REGULATIONS, 1993

[Regulation 13]

CODE OF CONDUCT

1. A Registrar to an Issue and Share Transfer Agent shall maintain high standards of integrity in the conduct of its business.

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.

17. A Registrar to an Issue and Share Transfer Agent shall co-operate with the Board as and when required.

18. A Registrar to an Issue and Share Transfer Agent shall not neglect or fail or refuse to submit to the Board or other agencies with which he is registered, such books, documents, correspondence, and papers or any part thereof as may be demanded / requested from time to time.

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.

28.A Registrar to an Issue and Share Transfer Agent shall ensure that good corporate policies and corporate governance are in place.

Clause 20 & 23 of "General Norms for Processing of Documents" of SEBI Circular - RTI Circular No. 1 (2000-2001) Dated May 09, 2001

SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 Dated April 20, 2018

Annexure

II. Provisions with regard to Transfer/Transmission/Correction of Errors etc.:

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.

SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018.

Annexure

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

………………………………………………………………

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

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II. Provisions with regard to Transfer/Transmission/Correction of Errors etc.:

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SECURITIES AND EXCHANGE BOARD OF INDIA (CERTIFICATION OF ASSOCIATED PERSONS IN THE SECURITIES MARKETS) REGULATIONS, 2007

CHAPTER II CERTIFICATION OF ASSOCIATED PERSONS

Obligation to obtain certificate

3. (1) The Board may by notification in the Official Gazette require such categories of associated persons to obtain requisite certificate for engagement or employment with such classes of intermediaries and from such date as may be specified in the notification:

Provided that an associated person employed or engaged by an intermediary prior to the date specified by the Board may continue to be employed or engaged by the intermediary if he obtains the certificate within two years from the said date.

(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.

E. CONSIDERATION OF ISSUES AND FINDINGS

7. As the inquiry in the matter has been completed, I now proceed to decide the case on the basis of SCN issued, reply made by the Noticees and material available on record. I also note that SCN has made specific charges with respect to the Noticee and for the same Noticee has specifically replied to each allegations. By considering this aforesaid, I note that the issues that arise for consideration in the present case are:

   Issue No I Whether Noticee is in violation of provisions mentioned under table no 1 (refer page no. 2).

   Issue No. II If yes, whether the failure, on the part of the Noticee would attract monetary penalty under Section 15A(a), 15A(c) and 15HB of the SEBI Act?

   Issue No. III If yes, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in Section 15J of the SEBI Act read with rule 5(2) of the SEBI Adjudication rules?

Issue No I Whether Noticee is in violation of provisions mentioned under table no. 1 (refer Page no. 2).

8. **Failing to Obtain the Certificate of Associate Persons**

   Allegations

   8.1. It has been observed that both the Compliance Officers *viz* Mr. Khan Mohd. Ubed and Ms. Sarita Singh did not have the required NISM certification during the inspection period. Thus, it has been alleged that Noticee violated following statutory provisions:

   a) SEBI Notification No. LAD- Adjudication NRO/GN/2009-10/18/175577 dated September 04, 2009 read with Regulation 3(1), 3(2) and Regulation 6 of SEBI Certification of Associated persons in the Securities Market Regulations, 2007.

b) Section ‘NISM Certification’ of ‘Sec III (Compliance Certification)’ of Annexure to SEBI Circular No. CIR/MIRSD/7/2012 dated July 05, 2012.

c) Clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

Reply

8.2. *We state that, Mr. Khan Mohd. Ubed and was a qualified Company Secretary and he was appointed as the Compliance officer of our company with effect from November 22, 2018 and he resigned from the post on June 8, 2020. Further, Ms. Sarita Singh was a qualified Company Secretary and was appointed as the Compliance Officer of our company with effect from July 2, 2020 and later on she resigned on December 30, 2021.*

8.3. *Though, as per Regulation 3 of SEBI (Certification of Associated Person in the Securities Market) Regulations, 2007, they were required to obtain NISM Certificate for RTA series ILA Module within 1 year, for which our company had several times advise her to get it; however, they were unable to obtain the same due to her pre-occupation in her work.*

8.4. *It is pertinent to note that at the same time Mr. Virendra Kumar Rana was the Alternate Compliance officer. The said fact was intimated by us to SEBI vide letter dated December 2, 2018. Mr. Virendra Kumar Rana was the Alternate Compliance Officer with effect from November 22, 2018 till July 4, 2021 and he was holding valid NISM during the said tenure. The said certificate was valid from May 9, 2018 to May 22, 2021. The validity of the said certificate was further extended till October 1, 2021 by NISM. Which means that the said certificate was valid even after last date of inspection i.e. June 25, 2021.*

8.5. *The current Compliance officer Mr. Alok Gautam was appointed on July 5, 2021 and he has also obtained NISM Certificate which was issued on 19th November, 2021 and is valid till 02nd January, 2025.*

Findings

8.6. I note that SEBI Notification No. LAD- Adjudication NRO/GN/2009-10/18/175577 dated September 04, 2009 read with Regulation 3(1), 3(2) of SEBI Certification of Associated persons in the Securities Market Regulations, 2007 mandates that any person 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. Further, regulation 6 of SEBI Certification of Associated persons in the Securities Market Regulations, 2007 provides that no associated person who is dealing with assets or funds of investor, redressal of investor grievances, *responsible for compliance of any rules or regulations,* shall continue to be so engaged after the expiry of aforesaid period, unless such associated person holds a valid certificate.

8.7. I find that in the present case, it is the admitted position that Mr. Khan Mohd. Ubed (Appointed: November 22, 2018; Resigned: June 8, 2020) and Ms. Sarita Singh (Appointed: July 2, 2020; Resigned; December 30, 2021) being a compliance officers did not have the required NISM certification as required under the aforementioned regulation (refer Para 8.1(a)(b)(c)). I note that, despite the fact that, compliance officers' of Noticee viz. Mr. Khan Mohd. Ubed and Ms. Sarita Singh were compliance officer of Noticee for more than a year and they did not have the required NISM certification as required under the aforementioned provisions (refer Para 8.1(a)(b)(c)).

8.8. Noticee submitted that Mr. Virendra Kumar Rana who was the Alternate Compliance officer at all-time has the NISM certification as required under the aforesaid regulation. In this regard, I note that the requirement to obtain the said NISM certification has been imposed on the person who is responsible for compliance of any rules or regulations, thus, the obligation for obtaining the said certificate is on the person who is doing day to day compliance. Further, the name of the alternate compliance officer along with compliance officer has not been mentioned in any of the half yearly report submitted to SEBI, during the inspection period as prescribed under Section 'NISM Certification' of 'Sec III (Compliance Certification)' of Annexure to SEBI Circular No. CIR/MIRSD/7/2012 dated July 05, 2012. Further, the role of the compliance officer is to check the compliances with different rule/regulation as issued by different statutory authorities and the same responsibility is vested on the compliance officer *namely*, Mr. Khan Mohd. Ubed and Ms. Sarita Singh. As already observed that the obligation has been put on the compliance officer to get a NISM certificate. In view of aforesaid circumstances, I cannot accept that having the NISM certificate by alternate compliance officer would fulfill the criteria made by aforesaid circular accordingly to which a person doing the compliance work shall have NISM certificate.

8.9. In view of the above, I note that Noticee failed to ensure that their associated person *i.e.* compliance officer of Noticee has the mandatory NISM certification. I note that the onus is on the RTA to ensure that it would conform to the higher standard of code of conduct as prescribed under RTA regulations.

8.10. Noticee submitted that present compliance officer, Mr. Alok Gautam was appointed on July 5, 2021 as compliance officer and obtained the NISM Certificate which was issued on 19th November, 2021. In this regard, I note that this can at most be treated as the mitigating factor.

8.11. In the view of the above, I note that Noticee is liable for the violation of the provisions as mentioned in the para 8.1(a)(b)(c).

9. **Possession and Maintenance of specimen signature cards**

Allegation

9.1. During inspection the signature credentials have been verified for companies on sample basis while checking various requests as processed by the RTA from the list submitted by RTA for folios with and without signature cards for the 343 companies. It is observed that the RTA did not have signature in certain folios however the request regarding dividend revalidation has been processed without the same. The summary of availability of Signature cards with RTA is mentioned below (as on March 31, 2019)

Table No. 4

A	Number of clients - listed companies	343
B	Number of Physical folios cumulatively of all A Companies	11,67,133
C	out of B, number of folios with signature card	9,01,008
D	out of B, number of folios without signature card	2,66,125

9.2. In the view of the above, it has been alleged that Noticee has violated following statutory provisions:

a) Clause 2(vii) of "Records and documents to be maintained by STA" under "Records to be maintained by registrar to an issue 1 share transfer agent" and Clause 25(a) of "Draft of Agreement between the STA and the Company" of Annexure B of Schedule II of SEBI Circular "Instruction to Registrars to an Issue/ share Transfer Agents" dated October 11, 1994.

b) Clauses 1, 2 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

Reply

9.3. *We deny the said allegation and state that, with respect to physical shareholders' data base we have signature card available in our back office. Further, with respect to alleged 2,66,125 folios, we are hereby confirming that we have already intimated to the company for providing specimen signatures of physical shareholders and further we always verify the signatures from the company whenever any transaction request received.*

9.4. *We state that, during inspection we could not provide signature cards for 2,66,125 Folios for the reason that the same were kept in their back office. Please note that, for every request relating to transaction involving physical shares, we always verify the relevant signature before processing any request. Further, with respect to revalidation of dividend, we always authenticate the signature from the date base and thereafter forward the request to the company for further processing.*

9.5. *We state that, the alleged violation technical in nature, and we have done alternate compliance, which in fact has no impact / consequence on any investor or issuer company and neither there is any complaint as such. In view of the above, we deny that the allegation that we have violated aforesaid statutory provisions.*

Findings

9.6. I note that Clause 2(vii) of "Records and documents to be maintained by STA" under "Records to be maintained by registrar to an issue / share transfer agent" and Clause 25(a) of "Draft of Agreement between the STA and the Company" of Annexure B of Schedule II of SEBI Circular "Instruction to Registrars to an Issue / share Transfer Agents" dated October 11, 1994 provide that *Specimen signature cards* and transfer deeds shall be maintained by the RTA. In the present case, The RTA in its own submission towards Post Inspection Questionnaire has provided list of folios where signature card is not available with it. Thus, RTA submission that for all database of physical shareholders, it has signature cards in its back office is contradictory to its earlier submission of not having some of the signature cards. Further the RTA has still not provided the signatures for which the observations have been made in dividend revalidation requests. Hence, the contention of the RTA is not acceptable. Noticee also submitted that we have already intimated to the company for providing specimen signatures of physical shareholders. In this instant case, the same can merely be treated as mitigating factor and nothing more

9.7. In the view of the above, I note that Noticee has violated statutory provisions as mentioned under Para 9.2.

10. **Issuance of Duplicate shares**

Allegations

10.1. It has been observed that in 1 instance the Number of shares in request documents does not match with duplicate share certificates issues (refer table no. 5). Thus, it has been alleged that Noticee has violated Clauses 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

10.2. It has been observed that in 1 instance no document was provided. (refer table no. 5). Thus, it has been alleged that Noticee has violated Regulation 18 (2) and Regulation 18(4) of the SEBI (Registrars to an issue and share transfer agents) regulations, 1993 and clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

10.3. It has been observed that in 1 instance net worth proof was not obtained for surety **(**refer table no. 5). Thus, it has been alleged that Noticee has violated Clauses 23 of general norms for processing of documents of the SEBI RTI Circular no. 1 (2000-2001) dated May 09, 2001 and Clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

10.4. It has been observed that in 1 instance FIR does not mention details of shares lost (refer table no. 5). Thus, it has been alleged that Noticee has violated Clause 20 of "General Norms for Processing of Documents" of SEBI Circular - RTI Circular No. 1 (2000-2001) Dated May 09, 2001 and clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

10.5. The details of the aforementioned instances as discussed above has been enumerated in following table:

Table No. 5

#	Company Name	Receipt Of Request For Duplicate	Duplicate Issuance Date	Folio No	Name	Shares	Comments
1	Pee Cee Cosma Sope Limited	04/11/2019	14/11/2019	7571	Mukesh Kumar Bhargav	1000	100 Shares In Documents
2	Kanpur Plastipack Limited	11/11/2019	14/11/2019	1242	Bharatbhai Ratilal Kothari	450	Documents Not Provided.
3	Eldeco Housing & Industries Limited	26/11/2019	05/12/2019	344	Manik Chand Yadav	400	Original Of Documents Not Available
4	Hindustan Urban Infrastructure Limited	09/12/2019	23/12/2019	1697	Pervez Ruttonshaw Patel	110	Net Worth Proof Not Obtained From Surety
5	Goodyear India Limited	30/12/2019	03/01/2020	79021	Mukesh Bansal	100	FIR Doesn't Mention Details Of Share Lost

Reply

10.6. *We state that, the request for Folio No. 7571 for issuance of duplicate share certificate belongs to Mr. Mukesh Kumar Bhargav for 1000 shares of "Pee Cee Cosma Sope Ltd". Whereas, request for Folio No.1061 for issuance of duplicate share certificate belongs to Mr. Mukesh Kumar Bhargav for 100 duplicate shares.*

Therefore, both the requests are totally different to each other and have been processed successfully.

10.7. *We state that, all the documents relating to the process of duplicate share certificate under Folio No. 1242 has been duly verified before processing. A copy of complete set of documents was already provided to SEBI along with our reply dated 14/9/2021.*

10.8. *It is pertinent to note that, "<u>Clause 23 of General norms for processing of document of SEBI RTI Circular No. 1 (20002001) dated May 9, 2001</u>" specifies for the standard documents to be procured for issuance of duplicate share certificate. A list of which is given below: -*

a) *Indemnity for issue of duplicate Share Certificate/s in the name of the person, in whose name the duplicates are being issued that he has not sold / disposed of the involved shares or acted in any manner by which any interest of third party would have been created, as per the applicable Annexure as detailed here under —*

Annexure 8 — Indemnity by registered holder;

Annexure 8A — General purpose indemnity;

Annexure 9 Indemnity by unregistered transferee/holder in due course; Annexure 10 — Affidavit by transferee. Annexure

11 — Indemnity by transferee for issue of duplicates without producing transfer deeds;

Annexure 12 — Letter from buyer under provisions of Section 108 of Companies Act, 1956;

Final Court order for issue of duplicate shares required in case of a third party stop transfer ('third party' does not include genuine bonafide transferee).

10.9. *The aforesaid Clause 23 does not require any "Networth certificate" to be procured from any surety.*

10.10. *We state that, though the copy of F.I.R does not specify the details of shares, but the company through its email dated September 10, 2021 has confirmed and approved the issuance of duplicate share certificate. A copy of complete set of* *request document was provided to SEBI alongwith our Reply dated September 14, 2021. The same has been attached by the Noticee as a part of post hearing submission as annexure G.*

Findings

10.11. With respect to the para 10.1, I note that Noticee submitted documents of request of issuance of duplicate share certificate which belong to the Mr. Mukesh Kumar Bhargav for 1000 shares of "Pee Cee Cosma Sope Ltd". Accordingly, Noticee issued the duplicate share certificate. I note that Noticee provided the documents in the form of Annexure E and Annexure F of the post hearing submission dated February 28, 2023 in which it has given the documentary evidence that they have processed the request for folio no.7571 for issuance of duplicate share certificate for issuance of 1000 shares of "Pee Cee Cosma Sope Ltd".

10.12. In view of above, I note that since Noticee submitted the documentary evidence with respect to the request for folio no.7571 for issuance of duplicate share certificate for issuance of 1000 shares of "Pee Cee Cosma Sope Ltd" before me, I am inclined to take a lenient view and benefit of doubt can be given to the Notice. Thus, I find that allegations as mentioned in the para 10.1 *i.e.* Noticee has violated Clauses 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, does not stand established in this regard.

10.13. With respect to the para 10.2, Noticee submitted that all the copy of complete set of documents are enclosed. In this regard, I note that when the RTA was advised to provide documents towards the sample, prior to the visit of the inspection team to the premises, even at that time, documents towards this request were not provided despite repeated reminders. If documents were provided during inspection there is no reason for the inspection team for making the observation.

10.14. Further, I note that not providing the required assistance with the SEBI inspection team regarded as the serious lapse and viewed seriously. I note that without adequate co-operation on the part of intermediaries, it is not possible for the SEBI to fulfill its statutory mandate *i.e.* protect the integrity of market and safeguard the interest of the investor.

10.15. However, I note that Noticee has submitted all the documents pertaining to the folio no. 1242 with the reply dated September 14, 2021. Further, I also note that during inspection period extraneous situations has been created due to the Covid-19. Thus, I note that by giving all the documents in response to the inspection report, Noticee has showed that he has duly complied with statutory mandate. In view of aforesaid, I note that allegation mentioned in para 10.2 does not stand established.

10.16. With respect to the para 10.3, Noticee submitted that said Clause 23 does not require any "Networth certificate" to be procured from any surety. In this regard, I note from the perusal of Clause 23 of general norms for processing of documents of the SEBI RTI Circular no. 1(2000-2001) dated May 09, 2001, that there is nowhere mentioned any criteria for any Net worth Certificate to be procured from any Surety.

10.17. In the totality of aforesaid circumstances, I note that, due to absence of any mandatory statutory requirement, I am inclined to take the lenient view and I find that Noticee cannot be held liable for the violation of Clauses 23 of general norms for processing of documents of the SEBI RTI Circular no. 1(2000-2001) dated May 09, 2001, and Clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

10.18. With respect to the para 10.4, Noticee submitted that copy of F.I.R does not specify the details of shares, but the company through its email dated September 10, 2021 has confirmed and approved the issuance of duplicate share certificate. In this regard, I note that duplicate share certificate request was already processed on January 03, 2020 by the RTA while the email communication from company took place later on September 10, 2021. I find that the violation was communicated to the RTA through findings of Inspection on August 30, 2021. Thus, I note that considering the date of email received from company to Noticee, the submission of the RTA appears to be a mere afterthought and thereby, cannot be accepted.

10.19. I note that Noticee by mentioning that the company has confirmed and approved the issuance of duplicate shares, the RTA is trying to put the onus of violation on the company and absolving its responsibility. In view of aforesaid, I note that Noticee is liable for the violation of Clause 20 of "General Norms for Processing of Documents" of SEBI Circular - RTI Circular No. 1 (2000-2001) Dated May 09, 2001 and clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

11. **Transmission Request**

Allegation

11.1. It is observed that inspection in 2 instances (*w.r.t*. requests related to orient refectories limited and Ganesha Ecoshphere limited), original documents were not given to inspection team. The details of the aforementioned 2 instances discussed below:

Table No. 6

Company Name	TRF No.	Received Date	Transfer Date	Seller Folio	Seller Name	Buyer Folio	Buyer Name	Shares
Orient Refractories Limited	56000029 5	19/12/2020	21/12/2020	S0682	Shenkarlal Naraindas Manghani	32883	Rajan Shankarlal Menghani	4000
Ganesha Ecosphere Limited	56000009 4	05/11/2019	09/11/2019	16584	Anita Gupta	39003	Darshan Kumar Gupta	200

11.2. In the view of the above, it has been alleged that Noticee has violated Clauses 1, 2, 3, 16 and 28 of code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

Reply

11.3. *We state that, original documents for transmission request of the aforesaid shares have been in our record and we had provided the same to inspection team of SEBI at the time of inspection, which was then inspected by the said team.*

Findings

11.4. I note that Noticee has not provided original documents with respect to the 2 instances (*w.r.t*. requests related to orient refectories limited and Ganesha Ecoshphere limited), during inspection. However, the scan copy of the original documents with respect to transmission requests for the aforementioned instances has now been submitted before me. Thus, in view of the same, I have accepted the contention of the Noticee in this regard.

11.5. In view of the above, I note that allegation as given in the para 11.2 with respect to the Noticee does not stand established.

12. **Demat Alert Request**

12.1. It was observed that wrong inward date as November 3, 2020 instead of March 17, 2020, with respect to receipt of Demat Alert request by Noticee of Mesco Kalinga Steel Limited for 1 Cr. shares of Misdeast Integrated Steel

Ltd. under Folio No. 1001687, and therefore, it is alleged that Noticee were not maintaining the database properly and thus, have violated Clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations.

12.2. It was observed that in 15 instances (as specified in the SCN as Annexure 4B), there was mismatch of the name and sufficient documents/CML were not obtained towards alerts. Thus, it has been alleged that Noticee has violated SEBI circular no. SEBI/HO/MIRSD/RTAMB/CIR/P/2019/122, titled "Enhanced Due Diligence for Dematerialization of Physical Securities", dated November 5, 2019 and clauses 1, 2, 3, 16 and 28 of code of conduct read with regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

Reply

12.3. *We state that, data of demat Alert request was prepared by us in excel sheet and was provided to inspection team of SEBI. While preparing the said excel, wrong inward date was entered by our official which was an error on our part. However, originally the request for Folio No. 1001687 was received by us from the shareholder on March 17, 2020 and the request was processed by us accordingly. We state that the same was unintentional error on our part, however, the records contain correct date.*

12.4. *We state that, in all instances involving demat request where there is name mismatch, we have referred to Directions issued by SEBI in its Meeting held on December 17, 1998 regarding Name Mismatch. It was decided in the meeting held by SEBI on December 17, 1998, that demat requests received from client(s) with name(s) not matching exactly with the name(s) appearing on the certificates should be processed, provided the signature(s) of the client(s) on the DRF tallies with the specimen signature(s) available with the Issuers or its R & T Agent. Additionally, Client Mater list is not required in* *case of demat request as all the details of the Client can be verified online pending request.*

Findings

12.5. With respect to the para 12.1, I note that Noticee admitted that the wrong inward date was entered by our official which was an error on our part. However, originally the request for Folio No. 1001687 was received by us from the shareholder on March 17, 2020 and the request was processed by us accordingly. Noticee further submitted that there was a clerical error while entering data in excel sheet. The same has also been communicated as a part of reply to the inspection report. Noticee has also provided the supported documentary evidence. Thus, considering the fact that, there was not much difference in the actual date of inward and incorrect date entered , I take a lenient view and thus, I note that, allegations as mentioned in the para 12.1 with respect to the Noticee does not stand established.

12.6. With respect to the para 12.2, I note that in case of mismatch alert generated, the RTA is bound to obtain proper document to establish that the physical shareholder only is demat account holder. Further, the RTA in his submission placed reliance on the relaxation as per a meeting held in 1998, however, at the same time, I note that Noticee failed to provide the documents to substantiate its aforesaid submissions. Further, I note that said SEBI circular dated November 5, 2019 provides that in case of mismatch of name on the share certificate(s) vis-à-vis name of the beneficial owner of demat account, the depository system shall generate flag / alert and for explaining the difference in name shall sought documents *namely*, copy of Passport, Copy of legally recognized marriage certificate, Copy of gazette notification regarding change in name, Copy of Aadhar Card. Thus, I find that, in the instant case, Noticee has completely ignored the provisions of the enhanced due diligence that has been introduced vide SEBI circular dated November 5, 2019.

12.7. In view of above, I find that allegations as mentioned in the para 12.2 stands established.

13. Change of address request

13.1. It was observed in inspection report that in 3 instances, no document had been provided by Noticee. The detail of the 3 instances are given below:

Table No. 7

Company Name	Date	Folio No.	Name	no. of shares
Goodyear India Limited	13/08/2020	502713	Roop Chand Samdaria	84
Kanpur Plastipack Limited	14/11/2019	1202	Vimala Raghavan	500
Kanpur Plastipack Limited	14/11/2019	1242	Bharatbhai Ratilal Kothari	450

13.2. Documents submitted by the Noticee were related to duplicate issuance and none of the shareholders has requested for change of address. Thus, it is alleged that the RTA has changed address of these shareholders unilaterally.

13.3. Further, it has been alleged that Noticee failed to provide the original document during inspection with respect to the 1 instance. The detail of the same is mentioned below:

Table No. 8

Company Name	Date	Folio No.	Name	No. of share
The Sukhjit Starch & Chemicals Limited	29/08/2020	5764	INDER MOHAN GUPTA	600

13.4. In the view of the above paras, it has been alleged that Noticee has violated Clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

Reply

13.5. We state that, the request documents of the aforesaid 3 instances are available in our records and the same were provided to inspection team of SEBI and they had inspected the same during inspection. Further, the said documents were already provided by us in our letter dated September 14, 2021.

13.6. We state that, though the request documents of shareholders pertained to issuance of duplication share certificates, but, as the said documents also mentioned proper/updated addresses in it for updation of KYC details of the said shareholders, we updated old addresses with new addresses of the said shareholder in the system for ease of procedure and all communication was sent to the shareholders as per their KYC documents.

13.7. We state that, all original documents of the said request are available in our records and the same were provided to inspection team of SEBI and they had inspected the same during inspection. Further, copies of the said documents were already provided by us in our letter dated September 14, 2021.

Findings

13.8. I note that Noticee has submitted that documents in 3 instances for Change of Address relates to 1 instance for Goodyear India Limited and 2 instance for Kanpur Plastic Packs Limited which are in our records and have been duly provided. Further, I find that all the aforementioned 3 documents submitted by the RTA are regarding duplicate issuance and none of the shareholder has requested for change of address. Thus, I note that the RTA has changed address of these shareholders unilaterally. However, I have also taken the fact into account that though the request documents of shareholders pertained to issuance of duplication share certificates, but, as the said documents also mentioned proper/updated addresses in it for updation of KYC details of the said shareholders. Therefore, Noticee updated old addresses with new addresses of the said shareholder in the system for ease of procedure and all communication was sent to the shareholders as per their KYC documents. The same has been treated as mitigating factor and I find it appropriate to take lenient view considering that Noticee has verified the veracity of other documents with respect to duplicate issue which establishes the authenticity of such request.

13.9. In view of the above I find that allegations mentioned in the para 13.4 does not stand established.

14. **Change of Bank Account detail request**

14.1. It was observed that in below mentioned 15 instances original document was not available. Further, RTA is required to obtain original cancelled cheque and not scanned. It may be noted with respect to the Indag Rubber Limited (Folio no. S02254) the copy of cancelled cheque does not mention pre-printed name of shareholder and the RTA has also not obtained any other proof towards bank details.

Table No. 9

sn	company name	tran date	folio no.	name	bank name	account no.	micr	no. of shares as on request date
	the sukhjit starch & chemicals limited	08/08/2020	8474	seema beri	icici bank	'632201542462	160229004	4,000.00
2	goodyear india limited	10/08/2020	7085	k s viswanathan	bank of baroda	24200100001313	-	682.00
3	eldeco housing & industries limited	10/03/2021	371	mahaveer prasad agarwal	bank of baroda	'77250100002022	283012104	200.00
4	the sukhjit starch & chemicals limited	08/08/2020	8049	anil kumar	hdfc bank	'18941530005969	209240002	1,600.00
5	ganesha ecosphere limited	10/09/2020	19683	anil kumar awasthi	bank of baroda	'08220100021995	208012015	500.00
6	eldeco housing & industries limited	17/03/2020	2538	saroj rani gupta	canara bank	'2379101018406	110015105	100.00
7	eldeco housing & industries limited	27/08/2020	954	t. ramesh babu	the karur vysya bank ltd	'1152172000000514	639053003	100.00
8	eldeco housing & industries limited	10/03/2021	2201	madhu agarwal	bank of baroda	'77250100009779	283012104	100.00
9	ganesha ecosphere limited	09/09/2020	5007	meena bharat mulay	corporation bank	'520101206510132	413017002	300.00
10	jamna auto industries limited	27/11/2020	900917	mala kapur	bank of india	'600710110009852	110013014	2,000.00

11	ganesha ecosphere limited	10/09/2020	18942	d k sharma	hdfc bank ltd	'07701600002393	203240003	200.00
12	the sukhjit starch & chemicals limited	08/08/2020	5134	sharda	kotak mahindra bank	'6312122867	247485002	560.00
13	goodyear india limited	30/11/2020	78700	raj kumar mendiratta	hdfc bank ltd.(hdf)	07071570001103		100.00
14	indag rubber limited	31/07/2020	s02254	sudershan mohan	icici bank	'169801503787	171229004	750.00
15	indag rubber limited	02/11/2020	s04981	shalini sethi	bank of baroda	'04050100010512	400012045	750.00

14.2. Thus, it has been alleged that Noticee has violated 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 and Clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

14.3. It was observed that in the below mentioned 2 instances, cancelled cheque copy was attached.

<u>Table No. 10</u>

Company Name	Tran Date	Folio No.	Name	Bank Name	Account No.	MICR	No. of shares as on request date
Ganesha Ecosphere Limited	06/10/2020	6487	Varsha Thakkar	Bank Of Baroda	04060100002407	400012046	200.00
Ganesha Ecosphere Limited	24/02/2021	27619	Arvind Mittal	The Vaish Co-Operative New Bank Ltd	'004100031885	110195004	200.00

14.4. Hence, it has been alleged that Noticee has violated Clause 2 of Part I (Provisions with regard to Payment of Dividend/interest/Redemption) of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 and clauses 1, 2, 3, 16 and 28 of code of conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993

14.5. It was observed that in below mentioned 2 instances, account number was not updated.

Table No. 11

Company Name	Tran Date	Folio No.	Name	Bank Name	Account No.	Micr	No. Of Shares As On Request Date
Panacea Biotec Limited	30/06/2020	724	Sudhir Kumar Rajgarhia	Bank Of India	'4442101000000207	845013102	1,000.00
Ganesha Ecosphere Limited	06/10/2020	6487	Varsha Thakkar	Bank Of Baroda	04060100002407	400012046	200.00

Further, RTA has not provided any documents towards the submission that Account number were duly updated in its database in the said 2 instances. Thus, it has been alleged that Noticee has violated clause 2 of Part I (Provisions with regard to Payment of Dividend/interest/Redemption) of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 and clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

Reply

14.6. *We state that, with respect to aforesaid 15 instances of request as stated in Table under Para 10.1 of the SCN, the same were received during Covid 19 period and therefore we had received request and documents on email on the basis of which the same were processed. The details of documents received of the aforesaid 15 instances are given below:*

Table No. 12

Sr. No.	*Company Name*	*Customer Name*	*Folio No.*	*Mode of receiving documents.*
I .	*The Sukhjit Starch & Chemicals Ltd.*	*Seema Beri*	*8474*	*Received scanned copy of original documents.*
2.	*Goodyear India Ltd.*	*K.S Viswanathan*	*7085*	*The request was received through an email.*
3.	*Edelco Housing & Industries Ltd.*	*Mahaveer Prasad A arwal*	*371*	*The request was received through an email.*
4.	*The Sukhjit Starch and Chemicals Ltd.*	*Anil Kumar*	*8049*	*Received scanned copy of original documents.*

Sr. No.	*Company Name*	*Customer Name*	*Folio No.*	*Mode of receiving documents.*
5.	*Ganesha Ecosphere Ltd.*	*Anil Kumar Awasthi*	*19683*	*The request was received through an email.*
6.	*Eldeco Housing & Industries Ltd.*	*Saroj Rani Gupta*	*2538*	*Received scanned copy of original documents.*
7.	*Eldeco Housing & Industries Ltd.*	*T. Ramesh Babu*	*954*	*Received scanned copy of original documents.*
8.	*Eldeco Housing & Industries Ltd.*	*Madhu Agarwal*	*2201*	*The request was received through an email.*
9.	*Ganesha Ecosphere Ltd.*	*Meena Bharat Mula*	*5007*	*The request was received through an email.*
10.	*Jamna Auto Industries Ltd.*	*Mala Kapur*	*900917*	*The request was received in ori inal.*
I I .	*Ganesha Ecosphere Ltd.*	*D K Sharma*	*18942*	*The request was received through an email.*
12.	*The Sukhjit Starch Chemicals Ltd.*	*Sharda*	*5134*	*Received scanned copy of original documents.*
13.	*Goodyear India Ltd.*	*Rajkumar Mendiratta*	*78700*	*The request was received through an email.*
14.	*Indag Ltd*	*Sudershan Mohan*	*S02254*	*Received scanned copy of original documents.*
15.	*Indag Ltd*	*Shalini Shethi*	*S04981*	*Received scanned copy of original documents.*

14.7. *We further state that, at the time of inspection, we have shown all the requisites documents to inspection team of SEBI and they have inspected the same. We had also provided all the request documents of aforesaid 15 instances along with our letter dated September 14, 2021.*

14.8. *With respect to general allegation that, we are required to obtain original cancelled cheque and not scanned, we state that due to Covid period at that relevant point of time all the request was received by us on email and therefore, scanned cheques were received.*

14.9. *With respect to allegation in the case of Folio No S02254 that cancelled cheque did not mentioned pre-printed name of shareholder and we have also not obtained any other proof towards bank details, we state that the said request document was received through Company Indag Rubber Ltd and therefore, the same was processed.*

14.10. *With respect to allegations mentioned under para 14.3 we state that, request documents of Ms. Varsha Thakkar for Folio No.6487 of 200 shares and Mr. Arvind Mittal for Folio No.27619, both for shares of Company Ganesha Ecosphere Ltd. were received by us through the Company and therefore, the same was processed.*

14.11. *With respect to allegations mentioned under para 14.5 we state that, in respect of aforesaid two requests, account numbers were duly updated in our data base and can be shown at any time for inspection by SEBI.*

Findings

14.12. I note that 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 prescribes that RTA is required to obtain original cancelled cheque only and not scanned one.

14.13. Noticee admitted that it is not in the possession of the original documents due to prevailing situation of COVID 19. During relevant point of time all the request was received by Noticee on email and therefore, scanned cheques were received. In this regard, I note that Noticee has violated statutory mandate from March 17, 2020 to March 10, 2021, by not obtaining original as mandated by the said circular. I am fully aware of the extraneous situation created by Covid 19, and I find that restrictions created by the Covid 19 has been eased during relevant time. However, Noticee still continued the aforesaid practice i.e. obtaining the scanned copy of the originals through emails. Further, I also note that said circular has the objective to strengthen and raise Industry standards for RTA, and any blatant disregard for the same will be taken seriously. RTA cannot start its own practice to increase the ease of doing its business while disregarding statutory mandate.

14.14. In view of the above, I note that Noticee violated provisions as mentioned in the para 14.2.

14.15. With respect to the Folio No S02254, Folio No.6487 and Folio No.27619, Noticee submitted that said request document was received through Company therefore, the same was processed. In this regard, I note that it is the responsibility of the RTA to ensure the regulatory mandate and inform the same to the Company. I note that RTA has been appointed to ensure that the record maintenance should be done as per the statutory mandate of SEBI regulations and not at the whims and fancy of the companies. Further, Noticee failed to provide documents which substantiate it claim that it is actually mandated by the company.

14.16. I note that without obtaining required documents, there is risk of misutilisation of dividend of the shareholder being credited to some other account which may not belong to the shareholder. Further, in the instant case the companies in the sample are mostly dividend paying companies, hence the RTA should have been even more cautious and follow the procedure as mandated under the said circular to ensure that the change request is received only from the genuine shareholder and the bank account mentioned actually belongs to the shareholder only.

14.17. Thus, I find that Noticee is liable for the violation of the provisions as mentioned in the para 14.4.

14.18. With respect to para 14.5, I note that Noticee again failed to provide any documents to substantiate its submission that account numbers were duly updated in our data base. Thus, I find that Noticee is liable for the violation of provisions as mentioned in the para 14.5.

15. **Transfer Request**

15.1. It was observed that in 4 instances as specified in the Annexure 5A of the SCN, Board Resolution and other related documents of seller/buyer/both were not available. Thus, it has been alleged that Noticee has violated clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

15.2. It was observed that in 15 instances as specified in the Annexure 5B of the SCN, KYC of seller/buyer/both were not available. Thus, it has been alleged that Noticee has violated Regulation 18(2) and Regulation 18(4) of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 and clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

15.3. It was observed that in 1 instance as specified in the Annexure 5C of the SCN, PAN of seller was not available and only the copy of transfer deed was available. Thus, it has been alleged that Noticee has violated SEBI circular no. SEBI/HO/MIRSD/DOS3/CIR/P/2018/139, dated November 6, 2018 and clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

15.4. It was observed that in 2 instances as specified in the Annexure 5D of the SCN, Noticee paid less Stamp duty. Thus, it has been alleged that Noticee has violated Clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

Reply

15.5. *With respect to the 14.1**,** We state that, the request documents of the aforesaid 4 instances are available in our records and infact BR of said entities were also provided to SEBI vide our letter dated September 14, 2021, as set out in table: -*

Table No. 13

S N	Compan y Name	Seller Folio	Seller Name	Buyer Folio	Buyer Name	No. of Shares	BR and other related documents status
	Jump Networks Limited	5219	Shivam Mall Management Company Pvt	5241	Puran Chand Choudhary	9867500	Request documents alongwith BR of seller is enclosed herewith as Annexure-"JJ" Since, buyer is individual, the same does not apply.
2	Jump Networks Lim ited	5234	Sally Media EnteHainme nt Private	5271	Surya Textiles Pvt Ltd	4000000	Request documents alongwith BR of seller and buyer is enclosed herewith collectively as Annexure-
3	Jump Networks Limited	5203	Jayshree Goyal	5275	Virtue Ceramics Pvt Ltd	320000	Req uest documents alongwith BR of buyer is enclosed herewith as Annexure-"LL". Since seller is individual, BR is not application
4	Jump N etworks Limited	5202	Dilip Kumar Goyal Huf	5275	Virtue Ceramics Pvt Ltd	320000	Request documents alongwith BR of buyer is enclosed herewith as Annexure-"MM" Since, seller is HUF, BR is not application.

15.6. *Hence, we deny that the allegation that BR and other related documents of seller and buyer were not available. Nevertheless, the said allegation is nothing but technical altogether and it has no impact / consequence on any investor or issuer company and neither there is any complaint as such. In view of the above, we deny that the allegations as mentioned in the para 17.1.*

15.7. *With respect to the para 14.2, we state that out of 15 instances, KYC document i.e. PAN of 1 1 instances are available in our records which was provided to SEBI vide our letter dated September 14, 2021 and for remaining 4 instances transfer was based on SEBI Circular bearing No. SEB1/HO/MIRSD/DOS3/ CIR/P/2018/139 dated November 6, 2018, as set out in table: -*

Table No. 14

SN	Company Name	Seller Folio	Seller Name	Buyer Folio	Buyer Name	No. of Shares	KYC status:-
	Jump Networks Limited	5216	Regency Commosales Private Ltd.	5264	Veer Vardhman Finance & Inves.	800000	PAN of both party enclosed herewith as Annexure-
2	Jump Networks Limited	5215	L N Polyester Ltd	5259	Ritu Bajaj	600000	PAN of both party enclosed herewith as Annexure-
3	Competent Automobiles Company Limited	13012	Abheer Ahuja U/ G. Ashish Ahuja	13108	Rohit Gogia	49900	PAN of both party enclosed herewith as Annexure-
4	J ump Networks Limited	5215	L N Polyester Ltd	5267	Bharati Shah	1800000	PAN of both party enclosed herewith as Annexure-
5	Jump Networks Limited	5200	Ankit Goyal	5283	Khanak R Budhiraja	320000	PAN of both party enclosed herewith as Annexure-
6	Garg Furnace Limited	3	Pushpa Devi	1929	Davinder Garg	134520	PAN of both party enclosed herewith as Annexure-
7	Balu Forge Industries Limited	2114	Bellad Engineers Pvt Ltd	2247	Deepak Dattatrey Tandle	17000	Transfer has been processed as per SEBI Circular bearing No. SEBVHO/MIRSD/DOS3/CIR/P/2018/139 dated November 6, 2018.
8	Eliora Trading Limited	697	Keval Ponkiya	1202	Maunesh Hargovindas Devara	40000	Transfer has been processed as per SEBI Circular bearing No. SEBVHO/MIRSD/DOS3/CIR/P/2018/139 dated November 6, 2018.
9	Best Agrolife Limited	1439	Ashok Kumar(Huf)	1959	Vivek	16500	Transfer has been processed as per SEBI Circular bearing No. SEBVHO/MIRSD/DOSYCIR/P/2018/139 dated November 6, 2018.
10	Best Agrolife Limited	1458	Manish Bhala	1965	Sweta Jain	16100	PAN of both party enclosed herewith as Annexure-

S N	Company Name	Seller Folio	Seller Name	Buyer Folio	Buyer Name	No. of Shares	KYC status:-
11	*Ellora Trading Limited*	*681*	*Rahul Agrawal*	*1204*	*Ritu Mehta*	*59500*	*PAN of both party enclosed herewith as Annexure-*
12	*Ellora Trading Limited*	*1200*	*Harishkumar Kailashchandra Panwar*	*1205*	*Chandrikaben Saija*	*59500*	*PAN of both party enclosed herewith as Annexure-*
13	*Ellora Trading Limited*	*677*	*Vijay Rajeshbhai Vasita*	*1201*	*Gaurish Shantilal Shah*	*59500*	*PAN of both party enclosed herewith as Annexure-*
14	*Superior Finlease Limited*	*1312*	*Nirmala Modi*	*2115*	*Ajay Singh Singh*	*30000*	*PAN of both party enclosed herewith as Annexure-*
15	*Superior Finlease Limited*	*1650*	*Satyawati Gupta*	*2102*	*Anita Karki*	*20000*	*Transfer has been processed as per SEBI Circular Bearing No. SEBI/HO/MIRSD/DOSYC 10/2018/139 November 6, 2018.*

15.8. *We state that, Clause 2(a) of the SEBI Circular bearing No. SEB1/HO/MIRSD/DOS3/CIR/P/2018/139 dated November 6, 2018 clearly sets out "Non-availability of PAN of the transferor for transfer deeds executed prior to December 01, 2015, which is reproduced hereunder for ready reference: -*

Clause 2(a): -Non-availability of PAN of the transferorfor transfer deeds executed prior to December 1, 2015:

It has been brought to the notice of SEBI that many transfer deeds executed prior to the notification of LODR, (i.e. December 01, 2015) have not been registered due to non-availability of PAN of the transferor. It is clarified that transfer deeds executed prior to notification of LODR may be registered with or without the PAN of the transferor as per the requirement of quoting PAN under the applicable Income Tax Rules.

15.9. *Hence, we deny the allegation that KYC of seller/buyer/both were not available. PAN of seller/buyer was provided to inspection team and infact in some cases, we have obtained indemnity cum undertakings signed by buyer. Further, as per SEBI Circular bearing No. SEB1/HO/MIRSD/DOS3/CIR/P/ 2018/139 dated November 6,* *2018 it is clearly stated that where there is a case of Major mismatch / non availability of transferor's signature, an indemnity bond in the given format is to be taken from transferee. Accordingly, we have taken indemnity bond from the transferees.*

15.10. *With respect to the para 15.3, We state that, transfer of 28000 shares of Best Agrolife Ltd. under Folio No. 1442 of seller Manoj Kumar HUF was processed as per SEBI Circular bearing No. SEB1/HO/MIRSD/DOS3/CIR/P/2018/ 139 dated November 6, 2018, which provides for taking Indemnity Bond from buyer. Accordingly, Undertaking cum Indemnity bond dated March 1, 2019 was taken from buyer Mr. Gaj Raj as per requisite format thereby indemnifying the Company and RTA. The said indemnity bond was issued in favor of Company's old name "Sahyog Multibase Ltd." and the name of subsequently on November 1, 2019 the Company's name was changed to Best Agrolife Ltd. A copy of the indemnity bond executed by the buyer Mr. Gaj Raj has enclosed with the reply as Annexure-"YY". We further state that we even verified the signature of the seller on the transfer form with the signature card available in our database.*

15.11. *Having regard to the fact, we have done alternate compliance as per applicable rule and regulations, no allegation would have been levelled considering the technicality of allegation levelled and infact it had no impact / consequence on any investor or issuer company and neither there is any complaint as such. In view of the above, we deny that the allegation that we have violated aforesaid statutory provisions.*

15.12. *With respect to para 15.4, We state that, we have paid full stamp duty in both the aforesaid cases and we hold requisite stamp duty proof as well, which was provided to SEBI vide our Reply dated September 14, 2021. A copy of said stamp duty payment documents in both the case are collectively enclosed herewith as Annexure-"ZZ".-*

Findings

15.13. With respect to Para 15.1, I note that Noticee submitted the Board Resolution in the form of Annexures (JJ, KK, LL, MM) along with the reply dated February 20, 2023. Form the perusal of aforesaid annexures, I note that

Noticee has provided the required documents *i.e.* Board Resolutions. Thus, in totality of aforesaid circumstances, I note that allegations against Noticee as mentioned in the para 15.1, does not stand established.

15.14. With respect to Para 15.2, I note that Noticee submitted that out of 15 instances, KYC document *i.e.* PAN of 1 1 instances are available in our records which was provided to SEBI vide our letter dated September 14, 2021. In this regard, I note that for the purpose of KYC, Noticee has to maintain proof of the identity and proof the address. In the present case, it has been specifically alleged that Noticee has failed to do KYC which means burden of the proof on the Noticee to show that they have done due diligence with respect to the KYC requirement. I note that, Noticee has to show that whether the proof of the identity and proof the address of its clients maintained properly. However, Noticee failed to submit the same.

15.15. Further, Noticee submitted that for remaining 4 instances transfer was based on SEBI Circular bearing No. SEB1/HO/MIRSD/DOS3/CIR/P/2018/139 dated November 6, 2018. In this regard, I note that Noticee has just referred to circular which provides exemption of PAN for seller for transfer deeds executed prior to December 01, 2015. In the instant case, transfer deed is after the said cutoff date. Thus, I find that such submission of the Noticee is not tenable.

15.16. In view of the above, I note that Noticee is liable for the allegations as mentioned in the para 15.2.

15.17. With respect to the para 15.3, I note that Noticee failed to submit PAN of seller and only submitted that the copy of transfer deed. Noticee contention that all the other alternate compliance as per the applicable rule has been done, cannot be accepted. I find that Noticee failed to do the primary due diligence by failing to obtain the PAN of seller.

15.18. Thus, I find that Noticee liable for violation of the provisions as mentioned in the Para 15.3.

15.19. With respect to the para 15.4, I note that Noticee submitted the certain pages wherein stamp is pasted. I further note that total amount from the counting of stamps exactly match with the due stamp duty. Thus, I note that benefit of doubt can be given to the Noticee. Thus, I find that allegations mentioned in the para 15.4 does not stand established.

16. **Transfer Re-Lodgment Request**

16.1. It was observed that in 2 instances as specified in Annexure 6A of SCN, Board Resolution of Buyer was not available. Thus, it has been alleged that Noticee has violated The RTA has violated Clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

16.2. It was observed that in 22 instances as specified in the Annexure 6B of the SCN, request first received on 30.11.2019, *i.e* not a genuine re-lodgment case. Further, Noticee failed to provide any document to substantiate its claim that the documents were received in 2002. It is also noted that if the RTA was not RTA of the said company it is not clear as to why the same were sent to it for processing. Thus, it has been alleged that SEBI circular no. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/166 dated September 7, 2020 and Clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

16.3. It was observed that in 22 instances as specified in Annexure 6C of SCN, consideration amount was not mentioned in the transfer deed. Thus, it has been alleged that Noticee violated RTI circular no. 1 (2000-2001) dated May 09, 2001 and clauses 1, 2, 3, 16 and 28 of Code of Conduct read with

Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

16.4. It was observed that in 1 instances (Kanpur Plastipack Limited) as specified in the Annexure 6D of SCN, number of shares in request and transfer deed do not match with back office details. Thus, it has been alleged that The RTA has violated Clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993

16.5. It was observed that seller's signature was missing in 6 instances as specified in the Annexure 6E of the SCN, on transfer deed. The SEBI circular no. SEBI/HO/MIRSD/DOS3/CIR/P/2018/139, dated November 6, 2018 provides for a procedure to be followed by the RTA in case of major mismatch or non-availability of transferor's signature. However, as per documents provided to the inspection team it is observed that the procedure has not been followed. Thus, it has been alleged that Noticee has violated SEBI circular no. SEBI/HO/MIRSD/DOS3/CIR/P/2018/139, dated November 6, 2018 and Noticee has violated Clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

Reply

16.6. *With respect to the para 15.1, we state that, the request documents including BR of buyers in the said 3 instances are available in our records and infact BR of said buyer was also provided to SEBI vide our letter dated September 14, 2021, as set out in table:*

<u>Table No. 15</u>

SN	***Company Name***	***Seller Folio***	***Seller Name***	***Buyer Folio***	***Buyer Name***	***No. of Shares***	***BR and other related documents status***

1	Globe Commercials Limited	R00006	Rekhaben J. Vaghani	POO] 0001	PCS Advisory LLP	50000	BR of buyer in all three cases collectively enclosed herewith as Annexure-"AAA".
2	Globe Commercials Limited	R00007	Rupal H Doshi	POOIOOOI	PCS Advisory LLP	3000	
3	Globe Commercials Limited	R00002	Kiritbhai N Vaghani	POO 10001	pcs Advisory LLP	8000	

16.7. *Hence, we deny that the allegation that BR and other related documents of seller and buyer were not available.*

16.8. *We deny that we received a relodgement request for said 22 instances as, it only appears that it was originally lodgement in the year 2002 on the basis of a date stamp affixed just next to Company's stamp, but it was not received by us on the said date as we were not the RTA of the said Company. We became the RTA for the said company on June 2016 and only thereafter, we received original lodgement request of the said shares on November 30, 2019 which is a genuine request. A copies of all said request bearing out acknowledgment of receipt as November 30, 2019 are collectively enclosed by the Noticee as Annexure-"BBB" as part of its reply.*

16.9. *With respect to para 15.2 of, we state that, it is admitted position that consideration amount is not mentioned in share transfer deeds but we have paid stamp duty on the same on the basis of consideration amount on the date of execution i.e. August 22, 2002, for which market value of the share on the said date of execution was taken i.e. Rs.5/- per share and the stamp duty has been paid as per rate 0.5% on the said consideration amount. For example, each request is in respect of 100 share and considering market value of Rs.5/- per share, its value comes to Rs.500/- and its stamp duty comes to Rs.2.5/-. Hence, accordingly, stap duty of Rs.3/- on each transfer deed is paid. A copy of stamp duty payment proof in all the 22 instances is collectively enclosed by the Noticee as Annexure-"CCC" as part of its reply.*

16.10. *We state that, data of re-lodgment request was prepared by us in excel and was provided to inspection team of SEBI. While preparing the said excel, due to typing* *error we mentioned 450 shares instead of 225 shares, which was an error on our part. However, originally, we had received request for only 225 shares at our office and the request was processed by us accordingly. We state that the same was unintentional error on our part, however, the records contain correct number of shares. We are therefore enclosing herewith a copy of the said request for 225 shares as Annexure- "DDD"*

16.11. *We state that, in the aforesaid 6 instances of transfer re-lodgment request (as shown in Annexure-6E of the SCN), though sellers signature was missing on transfer deed and considering the fact that transferor is not traceable and/or is not cooperating, the transfers were processed by taking undertaking cum Indemnity Bond and separate undertaking to not transfer/demat until the lock-in period is completed, board resolution, PAN and other documents of buyer, as per <u>SEBI Circular No.SEB1/HO/MIRSD/DOS3/CIR/P/2018/139 dated November 6 2018</u> which sets out "standardized norms for transfer of securities in physical mode in the case of issue of mismatch of signature", which has been reiterated by National Company Law Appellate Tribunal, New Delhi in its Judgment dated January 17, 2019 in the matter of State Bank of India & Anr. v/s. Shri Kamlesh Kalidas & Ors. In Company Appeal (AT) no.70 of 2018.*

16.12. *The Buyer, in-fact had vide letter dated February 26, 2020 pointed out the relevant Para on page 15 and 16 of the said NCLAT judgment wherein the said SEBI Circular has been relied upon and on the basis of the same directions have been given by NCLAT to transfer the shares. The relevant Para of said judgment as was point is reproduced, as under "As the Circular is itself addressed to Share Transfer Agents registered with SEBI and all listed entities the First Appellant who is a listed entity and the second Appellant who is a share transfer Agent must have received this Circular and duty bound to follow it in letter and spirit."*

16.13. *Further Noticee has reproduced the Relevant Clause "C", "D" and "E" of the said SEBI Circular No. SEB1/HO/MIRSD/DOS3/CIR/P/2018/139 dated November 6, 2018.*

16.14. *This circular is issued under Regulation 101 and 102 of LODR to address the difficulties faced by investors in transfer of physical shares. A copy of the said NCLAT Judgment dated January 1 7, 2019 is enclosed herewith as* <u>*Annexure- "EEE"*</u>*. A copy of the letter dated February 26, 2020 of the buyer referring to said NCLT order alongwith Letter date all the 6 transfer deeds are enclosed herewith as* <u>*Annexure- "FFV'.*</u>

16.15. *Based on the aforesaid judgement and SEBI Circular which is binding in such cases, we called for request with original documents from buyer, who had then vide its letter dated September 7, 2020 has submitted all requisite document and accordingly the transfer was processed. A copy of the said letter dated September 7, 2020 of the buyer is enclosed herewith as* <u>*Annexure- "GGG".*</u>

16.16. *Hence, we state that the allegation is levelled without considering the submission already made as to compliance made as per said SEBI circular and therefore, no allegation would have been levelled.*

Findings

16.17. With respect to the para 16.1, I note from the records that Noticee failed to provide the buyer's Board resolution with respect to the following transaction:

<u>Table No. 16</u>

Received Date	Transfer Date	Seller Folio	Seller Name	Buyer Folio	Buyer Name	Shares	Inward No.	Date of Execution	Value of Stamp duty	Cosideration amount
13/12/2019	14/12/2019	K00002	Kiritbhai N Vaghani	P0010001	Pcs Advisory Llp	8000	4	29.03.2019	160.00	64000.00

16.18. In view of above, I find that Noticees is liable for violation of provisions as mentioned in the para 16.1.

16.19. With respect to the para 16.2, I note that in response to the inspection report, Noticee submitted that documents were received in 2002. However, Now Noticee contends that it only appears that it was originally received in the year 2002 on the basis of a date stamp affixed just next to Company's stamp, however, it was not received by us on the said date as we were not the RTA of the said Company.

16.20. In view of above, I note that Noticee made contrary submissions. However, from the perusal of the documents, I note that date stamped by the RTA is November 30, 2019. Thus, in view of aforesaid circumstances, I am of the view that benefit of doubt can be given to the Noticee. Thus, I find that allegations mentioned under Para 16.2 does not stand established.

16.21. With respect to the para 16.3, I note that it is admitted position that consideration amount is not mentioned in share transfer deeds. Further, SCN specifically allege that Noticee failed to furnish relevant details *i.e.*, consideration amount, as mandated by Annexure 3 of General norms for processing of documents SEBI Circular RTI Circular No.1 (2000-2001) Dated May 09, 2001 dated May 09, 2021. Thus, I find that, the contention of the Noticee that they have paid the stamp duty on the same on the basis of consideration amount on the date of execution i.e. August 22, 2002, for which market value of the share on the said date of execution was taken i.e. Rs.5/- per share and the stamp duty has been paid as per rate 0.5% on the said consideration amount is not acceptable.

16.22. In view of above, I note that Noticee is liable for the violation as alleged in the para 16.3.

16.23. With respect to the para 16.4, I note that Noticee has admitted that there is clerical error while preparing the excel sheet. Noticee provided the proof that originally they have received request for only 225 shares at our office and the request was processed by us accordingly. Thus, in view of aforesaid circumstances, I am inclined to take a lenient view and accordingly, I note that allegations as mentioned in the para 16.4 does not stand established.

16.24. With respect to the para 16.5, I note that Noticee placed reliance on the NCLT order State Bank of India & Anr. v/s. Shri Kamlesh Kalidas & Ors in Company Appeal (AT) no.70 of 2018 which states the relevant circular in case of mismatch of signatures i.e. clauses “C”, "D" and "E" of the SEBI Circular No. SEB1/HO/MIRSD/DOS3/CIR/P/2018/139 dated November 6, 2018. In this regard, I note that it has clearly been provided that it is the obligation of the Noticee to publish an advertisement in at least one English language national daily newspaper having nationwide circulation and in one regional language daily newspaper published in the place of registered office of the listed entity is situated giving notice of the proposed transfer and seeking objection, if any, to the same within a period of 30 days from the date of advertisement. A copy of the advertisement shall also be published on the company’s website. However, from the perusal of record, I note that Noticee, in the instant case, failed to provide documents which can show that Noticee has follow the aforementioned procedure as prescribed by the said circular. Thus, I find that Noticee being a RTA failed to follow mandatory statuary obligation.

16.25. In view of above, I note Noticee is liable for the violation of statutory provisions as mentioned in the para 16.5.

17. **Investor Grievances**

Allegations

17.1. The RTA vide email dated March 26, 2021 was advised to provide complaint register among other data/documents. However, the same were not received despite numerous oral reminders and reminder emails dated April 29, 2021 and June 3, 2021. Thus, it has been alleged that the RTA deliberately did not provide the complaint register and allegedly did not extend full cooperation to the inspection team. Thus, it has been alleged that Noticee has violated Regulations 18(1) and 18(4) of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993 and clauses 1, 2, 3, 17 and 18 of

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

17.2. It was observed that the RTA website does not mention any exclusive email id to register investor complaints, however, the website has provision to directly register complaint. The SEBI inspection team tried to register a dummy entry through the same, however it was observed that for submitting the complaint, it requires an "email verification code". The email sebinro@sebi.gov.in was provided in the details, however, no such code was received on the email even after hours of generating the same. Further, Noticee submitted in its reply that "*Email ID for redressal of Investor Complaints is mentioned on the website- grievances@skylinerta.com.*" However, the mentioned email id grievances@skylinerta.com has been added by the RTA on its website subsequent to the communication of the inspection findings and the same was not mentioned on the website during the inspection period. Thus, it has been alleged that Noticee has violated SEBI Circulars No. MIRSD/DPS III/Cir-01/07 dated January 22, 2007 and clauses 1, 2, 3, 16 and 28 of code of conduct read with Regulation 13 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993.

Reply

17.3. *We state that, we have maintained all records / registers which are required to be maintained by RTA including the complaint register, as per Regulation 15 of the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993. A printout of the Complaint Register maintained by is during inspection period is enclosed herewith as Annexure "HHH".*

17.4. *It is pertinent to note that, at the time when SEBI sought documents vide email dated March 26, 2021, April 29, 2021 and June 3, 2021, Covid 19 pandemic was at the surge of its second wave specially in Delhi, and due to this situation and government restrictions we were unable to work with proper staff support. In fact, many staff members had migrated to their hometown due to which the said information could* *not be submitted on time. Further, on being intimated about the inspection team visit, we requested for a slight shift so that concerned technical employees can be called from their hometowns, but due to our best effort all vent in vain because of covid.*

17.5. *Noticee in its Post hearing submissions stated that we had provided the complaint register vide email dated June 23, 2021 and copy annexed as Annexure A. so no deliberate no provided complaint register.*

17.6. *We state that, the prevailing situation at that point of time was out of control of our company and due to which we could not submit information in time which was unintentional on our part. Thus, there is no question of any deliberate action on our part of not providing complaint register to SEBI. Infact there is no reason for us not to provide complaint register. Infact, the complaint data is available on our company's website in graph format setting out numbers of complaints received every month and resolved. In this regard, we are setting out the data of Complaints received and redressed by us during last Five years from April 1, 2017 to March 31, 2022 along with its graphic chart, as under:*

Table No. 17

Complaints Received and Redressal During last Five Years from 1st April, 2017 to 31.03.2022				
Period	***Previous Pending / carried Forward previous Month***	***Received***	***Redressal***	***Pending***
010.4.2017 to 30.09.2017	*15*	*237*	*242*	
01.102017 to 31.03.2018		*233*	*236*	
01.042018 to 30.09.2018		*237*	*235*	
01.10.2018 t0 31.03.2019		*231*	*228*	
01.04.2019 to 30.09.2019		*118*	*126*	
01.10.2019 t0 31.03.2020		*46*	*46*	
01.04.2020 to 30.09.2020		*34*	*31*	

01.102020 to 31.03.2021		*46*	*47*	
01.042021 to 30.092021		*62*		
01.102021 to 31.032022		*86*		
01.04.2022 to 30.09.2022		*116*	*117*	
01.10.2022 to 31.12.2023		*80*	*80*	
Total	*15*	*1526*	*1533*	*8*

17.7. *Hence, request that no adverse inference as to noncooperation be made from our side. We have always been diligent in co-operating SEBI as and when we are required to do so and infact SEBI has conducted inspections several times in past during which there was complete cooperation from us and no observation and allegation has been made against us of non-operation from SEBI. Even, in the present inspection we have provided voluminous data to SEBI which cannot be counted, which itself shows that we have co-operated with SEBI even in during covid period to our best, for which we are under obligation.*

17.8. *With respect to the 16.2, we deny the allegation that, our website does not mention any exclusive e-mail id to register complaints and also deny that provision of registering complaint directly on our webpage is not working properly or it can't generate verification code.*

17.9. *We state and submit that, our e-mail id (i.e. grievances@skylinerta.com) to register investor complaints is always mentioned on the website and is still available. Infact, during inspection period (i.e. FY's 19-20 and 20-21) we have received various complaints from investors on our said email id reflecting as "SFSPL Grievances Cell /grievances@skylinerta.com" and we have also responded to said complaints of investors. In this regard, printout of various investor complaints received on the said e-mail id prior to inspection period and during inspection period and responses given by us are enclosed herewith as Annexure- "KKK". Hence, we deny the allegation we have added the said email id on our website only after we received the communication of the inspection findings from SEBI.*

17.10. *Further, our webpage also contains online complaint form for registering investor complaints directly on our website has been also working properly, which was started long back. The said webpage contains online Complaint Form which generates verification code upon entering anyone's details and email id in order to register the complaint and send a response accordingly. We have personally verified the said complaint form by registering a dummy complaint in the name of Alok Gautam on September 13, 2021 using our email id "compliances@skylinerta.com" and we have received email verification code on the said email id at 11.08 am from email Id- admin@skylinerta.com and later upon using this verification code the new complaint came to be registered, pursuant to which we received an e-mail from noreply@skylinerta.com on compliances@skylinerta.com at 11.09 am about the said complaint being registered thereby giving detail of Complaint Ids Query, Name of complainant, Email idt Phone/Mobile, Company.t Number of shares/debentures and Description of complaint. A printout of the said email received on September 13, 2021 at 11.08 reflecting verification code is enclosed as Annexure- "LLL" of the reply dated February 20, 2023. A printout of the said email received on September 13, 2021 at 11.09 am reflecting details of new complaint registered is enclosed as Annexure "MMM" of the reply dated February 20, 2023.* .

17.11. *It is pertinent to note that, all the complaint submitted by investors on the said online complaint form are received by us on our e-mail Id grievances@skylinerta.com and we have already placed on record printout of various emails received and replied by us prior to inspection period and during the inspection period as specified in the Annexure-KKK of the reply dated February 20, 2023.*

17.12. *It is also not the case of SEBI that, there is any complaint by any investor on the issue that they are unable to lodge complaint. Infact, there are so many complaints registered/received by us during the inspection period as aforesaid.*

17.13. *Please also note that, there have been inspections conducted by SEBI in past years i.e. in 2010, 2014, 2017 and 2018, and relevant inspection letters in respect of the same are already enclosed as Annexures-"A" to "D" to this reply, but no allegation as such has been raised till date by SEBI about not mentioning of any exclusive* *email id to register complaint by us on our website, which show that we are always in compliance of SEBI Circulars No. MIRSD/DPS 111/Cir-01/07 dated January 22, 2007 whereby SEBI directed all RTA's to have a dedicated e-mail id.*

17.14. *In view of the above, we deny the allegation that we have violated SEBI Circulars No. MIRSD/DPS 111/Cir-01/07 dated January 22: 2007 and Clauses 1, 2, 3, 17 and 18 of Schedule 111 read with Regulation of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations. 1993.*

Findings

17.15. I note that Noticee has admitted that after numerous reminder from SEBI team (*dated March 26, 2021, April 29, 2021 and June 3, 2021),* it provided the complaint register on 23/06/2021 i.e. after a delay of 3 months. Further, the same has been provided to the inspection team when they visited the premises of the Noticee. Thus, in view of above. I note that even though Noticee has provided the data with significant delay, the Noticee, in fact provided the complaint register. In the backdrop of Covid 19 situation, I am taking a lenient view in this regard. Thus, in view of aforesaid, I note that Noticee is not liable for the violation as mentioned in the para 17.1.

17.16. With respect to the Para 17.2, I note that Noticee has now provided the email id (grievances@skylinerta.com) with respect to investor grievance redressal and the same is now mentioned on its website. However, during inspection, inspection team observed that Noticee’s website did not mention any exclusive email id to register investor complaints, however, the website has provision to directly register complaint. Further, when Inspection team tried to register a dummy complaint however the email verification was again not received. In this regard, I note that Noticee has provided the data wherein complaint has been filed to the grievances@skylinerta.com. Thus, in view of aforementioned circumstance it is difficult to conclusively determine whether the Noticee had taken the adequate measure with respect to grievance redressal.

17.17. Further, I note that RTA has now complied with the said circular. Thus, in view of above, I am inclined to take a lenient view and benefit of doubt has been given to the Noticee. Thus, I note that allegations as mentioned in the para 17.2 does not stand established.

18. **Non-Compliance with provisions of SEBI Circular dated April 20, 2018 & July 16, 2018.**

Allegations

18.1. It was observed that payment of revalidated dividend was not done through electronic bank transfer. Thus, it has been alleged that Noticee has violated SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 and clauses 1, 2 and 3 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

18.2. It was observed that Noticee failed to submit/update dividend claim/Unclaimed reconciliation in RTA System. Thus, it has been alleged that Noticee violated SEBI Circular No. SEBI/HO/MIRSD/ DOP1/CIR/P/2018/73 dated April 20, 2018, regulations 18(1) and 18(4) of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993 and clauses 1, 2, 3, 17 and 18 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

18.3. It was observed that there was non-availability of system based alerts to exercise enhanced due diligence for cases as listed out in clause 13 of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018. Thus, it has been alleged that Noticee violated said SEBI circular dated April 20, 2018 and clauses 1, 2, 3 and 16 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

18.4. It was observed that there were non-issuing letters to physical shareholders (whose PAN, Bank details not available). Thus, it has been alleged that Noticee violated SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 and SEBI Circular No. SEBI/HO/MIRSD/DOS3/CIR/P/2018/115 dated July 16, 2018.

18.5. It was observed that there was non-maintenance of stationery register in the format as prescribed under SEBI circular No. SEBI/HO/MIRSD/ DOP1/CIR/P/2018/73 dated April 20, 2018 and clauses 1, 2, 3 and 16 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

Reply

18.6. *With respect to the allegation made under para 17.1 we deny the said allegation and further state that the payment of revalidated dividend is made directly by the company. The Company as per its discretion and circumstances makes the payment through demand draft or bank transfer where mandates are available. It is pertinent to note that, revalidation of dividend is done directly by the company, for which below mentioned procedure is as follows: -*

- *The request for dividend revalidation is processed by us and thereafter the files are provided to the company.*
- *Upon receiving files, the company themselves forward the files to the bank for further process.*
- *Any dividend not credited in the bank after the lapse period of three months is been taken care of by the company itself.*
- *Bank provides the reconciliation to the company on regular intervals.*
- *Thus the company itself gives the instructions to the bank after proper reconciliation.*

18.7. *With respect to the Para 17.2, We deny the said allegation for being false and baseless as the same is without any documents and substance. Further, SEBI has made a general allegation without specifying as to where and when did we failed.*

Further, we state that, after regular intervals or time periods the company provides us the reconciliation statement for the paid and unpaid dividend amount. We have always given confirmation to the company for making payment of pending dividend after due reconciliation of record. Accordingly, our system is updated. We are having all updated records for dividend claims and unclaimed dividends in our system and can be inspected by SEBI and we will produce the same, as and when called by SEBI for any specific period.

18.8. *With respect to the Para 17.3, We deny the said allegation for being false, baseless and for want of any specific instance pointed out in this regard along with documents, and further state that system based alerts to exercise enhanced due diligence for case as listed out in Clause 13 of the said Circular are always in place and line with us and we periodically update the company in this regard. The said allegation is merely based on an adverse inference drawn on the basis of assumption. Infact, there is neither any complaint as such made against us nor any such complaint has been placed on record considering the same being more of procedure related issue having no impact to any investor. Hence, we deny the allegation that we have violated aforesaid statutory provisions.*

18.9. *With respect to the Para 17.4, We deny the said allegation for being false and baseless as the same is without any documents and substance. Further, SEBI has made a general allegation without specifying any instance. However, we state that, we have already submitted the sample letters as desired where the physical letters were given to the shareholders for their PAN No. and bank details updation. A copy of the sample letter is enclosed herewith as Annexure- "000" Further, the said allegation is based on assumption and if at all such noncompliance would have impacted any investor, their ought to have a complaint against us, which is not the case of SEBI. In view of the above, we deny the allegation that we have violated aforesaid statutory provisions.*

18.10. *With respect to the Para 17.5, we deny the said allegation for being false and baseless. However, we state that, stationery register is maintained by us which is in Electronic book form. This is done for better internal control at our end. We state that, we have maintained all records / registers which are required to be maintained* *by RTA including the complaint register, as per Regulation 15 of the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993. In this regard, we enclose there with Annual Internal Audit Report for Year 2021-22 as Annexure- "PPP".*

Findings

18.11. From the perusal of circular dated April 20, 2018, I note that it is mandatory on the part of the RTA to make the payment of revalidated dividend through electronic bank transfer. Further, said circular also inter-alia states that "*In cases where either the bank details such as MICR (Magnetic Ink Character Recognition), IFSC (Indian Financial System Code), etc. that are required for making electronic payment are not available or the electronic payment instructions have failed or have been rejected by the bank, the issuer companies or their RTA may ask the banker to make payment though physical instrument such as banker's cheque or demand draft to such securities holder incorporating his bank account details."*

18.12. Noticee submitted that payment of revalidated dividend is made directly by the company. In this regard, I note that from the perusal of record, Noticee being RTA being agent of the listed company has to ensure that the circular dated April 20, 2018 is complied with. The RTA cannot put onus of non-compliance of the said circular on the company and absolve from its responsibility. Further, Noticee failed to substantiate its contention through any documents. Thus, I note that such contention of the Noticee is not acceptable.

18.13. In view of above, I note that Noticee is liable for the provisions as mentioned in the para 18.1.

18.14. With respect to the para 18.2, I note that as per the observations in the inspection report, the Noticee did not had proper reconciliation statement and they fail to provide the readily available statement during inspection. Further, no relevant documents have been provided before me which can substantiate the claim of the Noticee which can prove that they have the proper reconciliation statement. Thus, I note that Noticee is liable for the violation of the provisions as mentioned in para 18.2.

18.15. With respect to the para 18.3, Noticee submitted that that system based alerts to exercise enhanced due diligence for case as listed out in Clause 13 of the said Circular are always in place and line with us and we periodically update the company in this regard. In this regard, I note that during inspection, inspection team observed that RTA has no provision for system based alerts. Further, Noticee failed to provide any document to substantiate its claim that it had put in place the system based alert in its system as per the mandate of the clause 14 of SEBI Circular dated April 20, 2018.

18.16. In view of the above, I note that Noticee is liable for the violation of the provisions as mentioned in para 18.3.

18.17. With respect to the para 18.4, I note that Noticee has submitted the sample letter before me wherein physical letter was sent to the shareholder for its PAN No. and bank details updation. The same has been replied by the shareholder with adequate document. Thus, in view of the same, I note that Noticee is not liable for the violation of the provision, as mentioned in the para 18.4.

18.18. With respect to the para 18.5, I note that Noticee submitted that, stationery register is maintained by us which is in Electronic book form. In this regard, I note that Noticee failed to submit the documents as mandated by clause 9 of the SEBI circular dated April 20, 2018. Clause 9 of the said circular stated that "*RTAs and Issuer Companies shall frame a written policy and shall maintain strict control on stationery including blank certificates, dividend/interest/redemption warrants and shall periodically check by* *physical verification. The reconciliation report shall be maintained by the RTAs and concerned Issuer Company."*

18.19. In the instant case Noticee, failed to submit any proof that he has maintained the stationary register in the prescribed format. In view of aforesaid circumstances, I note that Noticee is liable for the violation of the provisions as mentioned in the para 18.5.

19. **Business Continuity plan & Disaster recovery preparedness**

Allegation

19.1. The polices with respect to the business continuity or disaster recovery are general in nature and do not mention any specific step/procedure to be followed by the RTA. Said policies were not detailed and did not mention specific step or procedure to be followed. None of the policies mentions disaster recovery site, details of software/hardware required to be used, frequency of back up, steps to prevent unauthorized access, actual steps to be taken to business continuity and/or data protection and hence the requirements are not being complied in spirit.

19.2. In the view of the above, it is alleged that Noticee is liable for SEBI Circular "Instructions to Registrars to an Issue/ Share Transfer Agents" dated October 11, 1994 and clauses 1,2 3, 16 and 20 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

Reply

19.3. *As submitted earlier to SEBI on various inspections that we have a backup plan. The backups are taken on DAT Tapes on alternate numbering system. Eg. Tape 1 backups on Monday, Wednesday and Fridays, whereas Tape 2 backups on Tuesday, Thursday and Saturday. The backup is kept on incremental basis.*

19.4. *The executive directors keep the backup with them as per the system adopted for their safe custody. We also do have a secondary disaster recovery site. The site was taken long back (approx. 7 — 8 years) and possesses the safe keeping of documents along with the systems which can be used during any inappropriate times.*

19.5. *Further, we have been doing the impact assessment for the Business Continuity Plan in the recent times because of the sudden COVID 19 pandemic. Due to this pandemic situation and also the fast technological improvements we have been improving our strategies for the Business continuity. We also have a recovery site for remote backup and continuity of business in case of disaster. The recovery site was taken 7-8 years ago for mitigating the risk and ensure easy recovery of the business.*

19.6. *We have been working on a new software to further ensure effectiveness and efficiency of the process. Our current software is capable enough to prevent unauthorized access but due to the fast changing technological environment this calls for a need to upgrade the current system and further improve the internal control. The new software shall also ensure data integrity and shall have a strict access control to prevent unauthorized access to data.*

Findings

19.7. I note from the inspection report that policies do not mention disaster recovery site, details of software/hardware required to be used, frequency of back up, steps to prevent unauthorised access, etc. which are integral part of business continuity plan and disaster recovery plan. However, Noticee claimed that they had the business continuity plan and disaster recovery plan in place. However, I find that Noticee failed to provide any documentary evidence to support its submission that they have any specific policy with respect to the disaster recovery. Further, Noticee failed to share the details about the secondary disaster recovery site and any other material which can substantiate that it had any procedure for disaster recovery.

19.8. In view of above, I note that Noticee is liable for the violation of the provisions, as mentioned in the para 19.2

20. **Non-cooperation with SEBI Inspection Team**

Allegation

20.1. It has been alleged that Noticee had submitted reply of Post Inspection Questionnaire (PIQ) was only in printouts, running into hundreds of pages and not in MS excel or any other digital format, as was explicitly mentioned in the inspection questionnaire. The RTA instead of providing the data in MS excel provided the same by taking printout and scanning the same. It has been alleged that the submission in the unacceptable format was made intentionally to delay the inspection process. Thus, it has been alleged that Noticee has violated following provisions: regulations 18(1), 18(4) of SEBI (Registrars an Issue and Share Transfer Agents) Regulations 1993 and clauses 1, 2, 3, 16, 17, 18 and 28 of Schedule Ill read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993.

Reply

20.2. *We state and submit that, printouts for PIQ were submitted only for those cases wherein it was so desired by the inspection team of SEBI. It was practically not possible for us to provide printouts of 44000 records physically and therefore the 44000 requests were submitted in electronic format.*

20.3. *We had provided all the information as required, but on certain occasion there might be minor delay as it could be possible that the said information was not available in the desired format due to the staff obstacle due to Covid 19 and thus we did sought some time and complied with. Hence, we deny that there was any intentional act on our part to delay the inspection process.*

20.4. *It is pertinent to note that SEBI has not taken out any other errors in the data provided by us except that some data given in printouts.*

20.5. *SEBI has conducted inspections several times in past during which there was complete cooperation from us and no observation and allegation has been made against us of non-operation from SEBI. Even, in the present inspection we have provided voluminous data to SEBI which cannot be counted, which itself shows that we have co-operated with SEBI even in during covid period to our best, for which we are under obligation.*

Findings

20.6. I note that Noticee submitted that it is practically not possible to provide printouts of 44000 records physically and therefore the 44000 requests was submitted in electronic format. In this regard, I note that it has been specifically alleged that Noticee failed to submit the reply as per the prescribe format in the inspection questionnaire. In the instant case, inspection questionnaire has clearly specified the format of reply *i.e.* certain data in excel sheets. However, Noticee filed the data in scanned format. Further, I note that Noticee contention that due to Covid it had not data in easier/readily available format is not acceptable since it is easy to transfer/share the data stored electronically. I also find that Noticee instead of providing the data in MS excel provided the same by taking printout and scanning the same. I note the objective of getting the data in excel to facilitate the inspection proceedings and it is easy to process and analyse the data. Further, I note that it is duty/responsibility of RTA to extend its co-operation with inspection team. Thus, I note that Noticee is liable for the violation of the provisions as mentioned in the para 20.1.

Issue No. II If yes, whether the failure, on the part of the Noticee would attract monetary penalty under Section 15A(a), 15A(c) and 15HB of the SEBI Act?

&

Issue No. III If yes, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in Section 15J of the SEBI Act read with rule 5(2) of the SEBI Adjudication rules?

21. I find it fit to deal with the both the issue together. I note that the Noticee, being a registered intermediary is required to comply with the various Regulations/Circular/Rules as laid down by the SEBI/Exchange/Depositories, with objective of promoting prudential norms for protecting the investors in the securities market. The very purpose of the said provisions is to deter wrong doing and promote ethical conduct in the securities market. I note that Noticee has remedied the lapses in certain cases, post-inspection by SEBI, however, such non-compliance, unearthed during time of inspection deserves and attracts penalty.

22. I note that the Noticee has submitted that the purpose of inspection is not punitive and objective is to make the intermediary comply with procedural requirements. Objective of inspection can be achieved by pointing out the irregularities at the time of the inspection itself and every irregularity does not call for initiation of penalty proceedings. It has been submitted that if there is an infraction of a rule, remedial measures should be taken in the first instance and not punitive measures. As per the Noticee the object of conducting inspection of a regulated entity is not to impose penalty, especially in the instances of procedural irregularities, if any. In this regard, I note that during earlier inspection as submitted by the Noticee I found that the Noticee has already been issued warning by SEBI w.r.t. instances of procedural irregularities at their end. The previous instances are given below:

<u>Table no.18</u>

S.N.	Year	Date / Year of Inspection	Inspection Findings
1.	2017	March 20, 21 and 22, 2017	Administrative Warning vide letter dated February 14, 2017 has been issued.
2.	2018	November 4 — 7, 2019	Administrative Warning vide letter dated September 28, 2020 has been issued.

23. I have also perused the judgments cited by the Noticee and I find the following:

23.1. In the matter of *Religare Securities Ltd. vs. SEBI (*supra*)*, the Hon'ble SAT has held that "It must be remembered that the purpose of carrying out inspection is not punitive and the object is to make the intermediary comply with the procedural requirements in regard to the maintenance of records. We also cannot lose sight of the fact that every minor discrepancy/irregularity found during the course of inspection is not culpable and the object of the inspection could well be achieved by pointing out the irregularities/deficiencies to the intermediary at the time of inspection and making it compliant. <u>This will, of course, depend on the nature of the irregularity noticed and we hasten to add a caveat that it is not being suggested that if any serious lapse is found during the course of the inspection, the Board should not proceed against the delinquent." (emphasis supplied)</u>

23.2. The purpose of inspection is not punitive and the objective is to make the intermediary comply with procedural requirements. Objective of inspection can be achieved by pointing out the irregularities at the time of the inspection itself. However, the Hon'ble SAT has also held in this order that SEBI is free to proceed against the appellant if it finds serious lapses during the inspection.

23.3. In the matter of **UPSE Securities Ltd. vs. SEBI** (supra), the Hon'ble SAT has held that every irregularity/ deficiency noticed during inspection does not call for initiation of penalty proceedings. Purpose of inspection can be better served if the entity were advised at the time of the inspection itself. However, the Hon'ble SAT has also held that SEBI is free to take appropriate penal action is serious lapses are discovered.

23.4. Similarly, in the matter of ***ACML Capital Market Limited vs SEBI*** (supra)*,* court held that SEBI is free to take appropriate penal action is serious lapses are discovered. Further, in the aforesaid matter, Hon'ble SAT find that there was some lapse on the part of the appellant for non-compliances of various Circulars of SEBI within the stipulated period, and for this purpose SAT reduced the penalty from 20 lakh to 5 lakh penalty and only find the penalty imposed by concerned Adjudicaitng Authority excessive.

24. In view of the above, I find that the Hon'ble SAT has noted that where the violations are serious in nature, then SEBI is within its rights to take action as it deems fit. In the instant case due to severity of the issues *namely* non corporation with sebi inspection team, not having Business Continuity plan & Disaster recovery preparedness, failing to Obtain the Certificate of Associate Persons, not maintain original documents while processing the request of the change of bank account, not following the procedure as prescribed for transfer re-lodgment request etc. Thus, in view of aforesaid circumstances, SEBI find it necessary to initiate the adjudication proceedings with respect to the Noticee.

25. I note that Noticee submitted that alleged lapses and their nature i.e. technical and procedural, the proceedings may be dropped and no penalty be imposed. In this regard, reliance has been placed on Hindustan Steel vs State of Orissa (1969) 2 SCC 627. In this regard, I note that it has been established that as soon as violation with respect certain allegation has been established, minimum statutory penalty has to follow. For this purpose, I placed reliance on **SEBI vs. ShriRam Mutual Fund** [2006] 68 SCL 216(SC) which 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 and hence the intention of the parties committing such violation becomes wholly irrelevant..*.". Further, Hon'ble Supreme Court judgment in the matter of **SEBI v. Sandip Ray** (Civil Appeal No. 791/2023), held that as per the mandate of section 15HB of SEBI reducing the penalty less than 1 lakh (minimum penalty as prescribed by 15HB) is not permissible. Thus, I note that such contention of the Noticee is not acceptable.

26. In view of the above, I note that following violation with respect to the Noticee are established:

<u>Table No. 19</u>

Established Violations	Attracted Penalty Provisions
<u>Failing to Obtain the Certificate of Associate Persons</u> 1. SEBI Notification No. LAD- Adjudication NRO/GN/2009-10/18/175577 dated September 04, 2009 read with Regulation 3(1), 3(2) and Regulation 6 of SEBI Certification of Associated persons in the Securities Market Regulations, 2007. 2. Section 'NISM Certification' of 'Sec III (Compliance Certification)' of Annexure to SEBI Circular No. CIR/MIRSD/7/2012 dated July 05, 2012. 3. Clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.	15HB of SEBI Act
<u>Possession and Maintenance of specimen signature cards.</u> 4. Clause 2(vii) of "Records and documents to be maintained by STA" under "Records to be maintained by registrar to an issue / share transfer agent" and Clause 25(a) of "Draft of Agreement between the STA and the Company" of Annexure B of Schedule II of SEBI Circular "Instruction to Registrars to an Issue/ share Transfer Agents" dated October 11, 1994 and Clauses 1, 2 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.	15A(c) of SEBI Act,
<u>Issuance of Duplicate shares</u> 5. Clause 20 of "General Norms for Processing of Documents" of SEBI Circular - RTI Circular No. 1 (2000-2001) Dated May 09, 2001 and Clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993	Section 15HB of SEBI Act.
<u>Demat alert Request</u> 6. SEBI circular no. SEBI/HO/MIRSD/RTAMB/CIR/P/2019/122, regarding "Enhanced Due Diligence for Dematerialization of Physical Securities", dated November 5, 2019 and Clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993	Section 15A(c) of the SEBI Act.
<u>Change of Bank Account details request.</u> 7. 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 and Clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 8. Clause 2 of Part I (Provisions with regard to Payment of Dividend/interest/Redemption) of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 and Clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation	Section 15A(c) of the SEBI Act

13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 9. Clause 2 of Part I (Provisions with regard to Payment of Dividend/interest/Redemption) of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 and Clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993	
Transfer Request 10. Regulation 18(2) and Regulation 18(4) of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 and clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993. 11. SEBI circular no. SEBI/HO/MIRSD/DOS3/CIR/P/2018/139, dated November 6, 2018 and Clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.	Section 15A(a) of the SEBI Act, 1992. Section 15A(c) of the SEBI Act, 1992.
Transfer Re-Lodgment Request 12. The RTA has violated Clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 13. RTI CIRCULAR NO. 1 (2000-2001) dated May 09, 2001 and Clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 14. SEBI circular no. SEBI/HO/MIRSD/DOS3/CIR/P/2018/139, dated November 6, 2018 and Clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993	Section 15A(c) of the SEBI Act, 1992 Section 15HB of the SEBI Act, 1992 Section 15HB of the SEBI Act, 1992

<u>Non-Compliance with provisions of SEBI Circular Dated April 20, 2018 & July 16, 2018</u>	
15. SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 and Clauses 1, 2 and 3 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.	Section 15HB of the SEBI Act.
16. SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 and Regulations 18(1) and 18(4) of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993 and Clauses 1, 2, 3, 17 and 18 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.	Section 15A(a) of the SEBI Act
17. SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 and Clauses 1, 2, 3 and 16 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.	. Section 15A(c) of the SEBI Act
18. SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 and Clauses 1, 2, 3 and 16 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.	Section 15HB of the SEBI Act.
<u>Business Continuity plan & Disaster recovery preparedness</u> 19. SEBI Circular "Instructions to Registrars to an Issue/ Share Transfer Agents" dated October 11, 1994 and clauses 1,2 3, 16 and 20 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.	Section 15HB of the SEBI Act.
<u>Non-cooperation with SEBI inspection team</u> 20. Regulations 18(1) and 18(4) of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993 and Clauses 1, 2, 3, 16, 17, 18 and 28 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993.	Section 15A(a) of the SEBI Act .

F. Order

27. I note that having regard to the factors listed in section 15J of SEBI Act read with Rule 5(2) of the SEBI Adjudication Rules, which provides that factors while adjudging quantum of penalty, and in the light of Supreme Court's judgment in the matter of **SEBI vs Bhavesh Pabari** (2019) 18 SCC 246, I have taken into account the various mitigating factors as already discussed in the aforesaid paras. Further, I note from the reply of the Noticee that corrective steps have been taken and it has been considered as mitigating factor wherever these steps are backed by valid

document. I also note from the record that there is no investor complaint with respect to the alleged violation has been pending with respect to the Noticee.

28. After taking into consideration the nature and gravity of the violations established in the preceding paragraphs, the factors mentioned under 15J of SEBI Act, and the principle pronounced under the judgement of **Bhavesh Pabari** (Supra) and in exercise of the powers conferred upon me under section 15-I of the SEBI Act read with rule 5 of the Adjudication Rules, I hereby impose following penalty on the Noticee *i.e.* Skyline Financial Services Pvt. Ltd:

Table No. 20

Established Violation	Penalty under	Amount
1. Notification No. LAD- Adjudication NRO/GN/2009-10/18/175577 dated September 04, 2009 read with Regulation 3(1), 3(2) and Regulation 6 of SEBI Certification of Associated persons in the Securities Market Regulations, 2007. 2. Section 'NISM Certification' of 'Sec III (Compliance Certification)' of Annexure to SEBI Circular No. CIR/MIRSD/7/2012 dated July 05, 2012. 3. Clause 20 of "General Norms for Processing of Documents" of SEBI Circular - RTI Circular No. 1 (2000-2001) Dated May 09, 2001. 4. RTI CIRCULAR NO. 1 (2000-2001) dated May 09, 2001. 5. SEBI circular no. SEBI/HO/MIRSD/DOS3/CIR/P/2018/139, dated November 6, 2018. 6. SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018. 7. SEBI Circular "Instructions to Registrars to an Issue/ Share Transfer Agents" dated October 11, 1994	15 HB of SEBI Act	Rs 5,00,000/- (Five Lakhs Only)

8. Clauses 1, 2, 3, 16 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.		
1. SEBI Circular No. SEBI/HO/MIRSD /DOP1/CIR/P/2018/73 dated April 20, 2018. 2. Regulations 18(1), 18(2) and 18(4) of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993. 3. Clauses 1, 2, 3, 16, 17, 18 and 28 of Schedule III read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993	Section 15A(a) of the SEBI Act	Rs 1,00,000/- (One lakh Rupees Only)
1. Clause 2(vii) of "Records and documents to be maintained by STA" under "Records to be maintained by registrar to an issue / share transfer agent" and Clause 25(a) of "Draft of Agreement between the STA and the Company" of Annexure B of Schedule II of SEBI Circular "Instruction to Registrars to an Issue/ share Transfer Agents" dated October 11, 1994. 2. SEBI circular no. SEBI/HO/MIRSD /RTAMB/CIR/P/2019/122 regarding "Enhanced Due Diligence for Dematerialization of Physical Securities", dated November 5, 2019. 3. SEBI Circular No. SEBI/HO/MIRSD /DOP1/CIR/P/2018/73 dated April 20, 2018. 4. SEBI circular no. SEBI/HO/MIRSD /DOS3/CIR/P/2018/139, dated November 6, 2018. 5. 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. 6. Clause 2 of Part I (Provisions with regard to Payment of Dividend/interest/Redemption) of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 7. Clauses 1, 2, 3, 16, 17, 18 and 28 of Code of Conduct read with Regulation 13 of SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.	Section 15A(c) of the SEBI Act	Rs 2,00,000 (Two lakh Rupees Only)
Total Amount of Penalty		**Rs 8,00,000/- (Eight lakh Rupees Only)**

29. I find that aforementioned penalty is commensurate with the violation committed by the Noticee as mentioned in the above paras to meet the ends of justice in the present matter.

30. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the SEBI website www.sebi.gov.in on the following path by clicking on the payment link. **ENFORCEMENT → ORDERS → ORDERS OF AO → PAY NOW**

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

Date: March 27, 2023	**Vijayant Kumar Verma**
Place: Mumbai	**Adjudicating Officer**