

**IN THE SECURITIES APPELLATE TRIBUNAL
AT MUMBAI**

DATED THIS THE 18TH DAY OF SEPTEMBER, 2025

**CORAM: Justice P.S. Dinesh Kumar, Presiding Officer
Ms. Meera Swarup, Technical Member
Dr. Dheeraj Bhatnagar, Technical Member**

Appeal No.225 of 2024

Maheswari Datamatics Private Limited,
23, R.N Mukherjee Road,
5th floor, Kolkata – 700 001.Appellant

(By Mr. Kunal Kataria, Advocate with Mr. Ricky Sampat, Advocate
and Dr. S.K. Jain, PCS for the Appellant.)

Securities and Exchange Board of India (SEBI)
Plot No.C4-A, 'G' Block,
Bandra-Kurla Complex,
Bandra (E), Mumbai – 400 051,
Maharashtra.Respondent

(By Mr. Vyom Shah, Advocate with Ms. Khushbu Chhajed, Mr.
Nishit Dhruva and Ms. Rasika Ghate, Advocates i/b. MDP Legal for
the Respondent.)

THIS APPEAL IS FILED UNDER SECTION 15T OF SEBI ACT, 1992 TO
SET ASIDE ORDER DATED DECEMBER 29, 2023 PASSED BY THE
ADJUDICATING OFFICER, SEBI.

THIS APPEAL HAVING BEEN HEARD AND RESERVED FOR ORDERS ON APRIL 22, 2025 COMING ON FOR PRONOUNCEMENT OF ORDER THIS DAY, THE TRIBUNAL MADE THE FOLLOWING:

ORDER

Per : Justice P. S. Dinesh Kumar, Presiding Officer

This appeal is directed against order dated December 29, 2023 passed by the AO¹, SEBI² imposing a monetary penalty of Rs. 6 Lakhs on the appellant under section 15HB of SEBI Act, 1992³ for violation of SEBI(RTA) Regulations, 1993⁴, SEBI(LODR) Regulations, 2015⁵, SEBI(CAP) Regulations, 2007⁶ and other Notifications and Circulars of the SEBI.

2. We have heard Mr. Kunal Kataria, learned Advocate for the appellant and Mr. Vyom Shah, learned Advocate for SEBI.

3. Brief facts of the case are, appellant has been registered with SEBI as a 'Registrar to an Issue and Share Transfer Agent' ('RTA' for short). SEBI conducted an inspection for the period between April, 2021 and November, 2022 into the affairs of the appellant and found that the appellant has violated various Regulations,

¹ Adjudicating Officer, Securities and Exchange Board of India.

² Securities and Exchange Board of India.

³ Securities and Exchange Board of India Act, 1992.

⁴ Securities and Exchange Board of India (Registrars to Issue and Share Transfer Agents) Regulations, 1993.

⁵ Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

⁶ Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets) Regulations, 2007.

notifications and circulars of SEBI. SEBI issued a show cause notice dated November 22, 2023 to the appellant alleging, *inter alia*,

- a. Mr. Radhey Shyam Jhanwar, one of the Directors of appellant company did not have the requisite NISM certification during the inspection period;
- b. that the agreements entered by the appellant as RTA were not in accordance with the clauses as provided in the draft agreement;
- c. that the inward processing system of the appellant was not in consonance with the extant Circulars and Regulations;
- d. that there was delay in the issuance of duplicate share certificates;
- e. that there was delay in processing the transmission requests;
- f. that there was delay in processing the change of address requests;
- g. that the appellant was non-compliant with the prescribed time limits for processing request for change of bank account details;
- h. that the register for destroyed share certificates was not properly maintained as mandated by the Circulars and Regulation.

4. The appellant was called upon to show cause as to why an inquiry should not be held under Rule 4 of SEBI (AO)

rules read with Section 15-I of the SEBI Act and penalty not imposed under Section 15HB of the SEBI Act. The appellant submitted its reply and after adjudication, SEBI has passed the impugned order.

5. Shri Kunal Kataria, learned Advocate for the appellant submitted:

- That Mr. Radhey Shyam Jhanwar, the Director of the appellant could not complete the NISM Certification exam due to poor internet connection on the day of examination. He had inadvertently pressed the back/refresh button. There were other associated persons in the senior capacity who had NISM Certification. Therefore, SEBI ought not to have construed this as a serious violation particularly keeping in view the advanced age of Mr. Jhanwar;
- It was alleged that the two agreements with Emani Limited and Century Plyboards (India) were not in accordance with the clauses as provided in Annexure 'A' of Schedule II in SEBI Circular dated October 11, 1994. Appellant had carried out necessary amendments in the said agreements and absence of the said clauses in the said agreements has not caused any prejudice, harm or monetary loss to any shareholder;
- The inward processing system is based on the Folio Number of Shareholder and every letter sent by the

particular shareholder is given a new inward number. The inward processing system enables the appellant to get and maintain the trail of all correspondence done against that particular Folio and also to find out the total number of days consumed by the appellant to reply and process the request of the investor;

- That the delay in the issuance of duplicate share certificates in 27 cases were only 7.67% out of 353 cases handled during Covid-19, when the appellant was working with limited staff;
- That in 6 transmission cases the delay of 1-5 days had occurred due to weekend/festival/holiday/non-availability of staff at appellant's office due to Covid-19 restrictions;
- That the impugned order found that the appellant had not processed the change of address requests in 156 cases within the prescribed time limits. As per SEBI Circular dated November 3, 2021⁷ and clarification⁸ dated December 14, 2021, a time line for 15 days is required to be given for raising objection. To give complete effect, additional four days are considered which works out to 19 days. If the additional time is considered as 19 days, the number of cases will get reduced substantially;

⁷ SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655

⁸Clarification issued vide Circular No. SEBI/HO/MIRSD_RTAMB/P/CIR/2021/687

- That the appellant's delay in change of bank account details in 513 cases had occurred due to receipt of bulk KYC updation requests during the relevant period and intermittent absenteeism due to Covid-19. The delay in 513 cases was genuine, unintentional and unavoidable due to Covid-19 and has not caused any prejudice or financial loss to any shareholder. The appellant has not received a single complaint from any investor for delay in processing the change of bank details request;
- That the appellant had duly maintained the record of destruction of documents as per the observations made by the inspection team.

6. In substance, Shri Kunal Kataria submitted that the appellant has not violated any Regulations, Notifications and Circulars of SEBI and prayed to set aside the impugned order.

7. Mr. Vyom Shah, learned Advocate for SEBI submitted:

- That it is mandatory for an 'associated person' of Share Transfer Agent to obtain the requisite NISM Certification under SEBI Notification dated September 4, 2009. One of the Directors of the appellant failed to obtain the same. The appellant has not shown any evidence in support of his submission of poor internet connection and inadvertent mistake in pressing the back button. Any prudent person appearing for the exam would have informed the institute about the

technical glitch. The extant Regulations and Circulars do not exempt an 'Associated Person' from obtaining the mandatory certification if other 'Associated Person' have obtained the same. The NISM Certification was obtained by the Director on December 14, 2024, which was an afterthought when the appellant was held liable;

- That during the inspection it was found that two agreements entered into by the appellant were not in accordance with the draft agreement. The appellant has carried out the necessary amendments in the agreements only after inspection. Subsequent compliance does not entitle the appellant to be absolved from the imposition of penalty and the appellant was in violation of clauses 11, 12 and 17 of the Draft Agreement during the relevant period. Non-inclusion of the mandatory clauses which are available in the standard format raised serious doubts in the *bona fides* of the appellant;
- That the appellant's inward processing system was faulty and prone to errors and was not in line with the mandatory requirements. The system captured only the date of receipt of the original request letter from the investor and the subsequent correspondence of the investor was not captured or tagged to the original request. There was no proper system in place to identify or tag the documents which investors submitted in continuation of their earlier submission;

- That the appellant has defaulted in timely issuance (i.e., within 30 days) of duplicate share certificates in twenty-seven (27) cases and also the transmission request was not processed within the prescribed time limit in six (6) cases. The appellant has not denied these findings and took Covid-19 as a defence. SEBI has only considered those transactions which have been delayed despite the relaxation given under Circulars;
- That the appellant has failed to process the change of address requests within the prescribed timelines in 156 cases. The appellant has chosen to follow its own convenient interpretation of the timelines granted. The Circular dated November 3, 2021 came into effect on January 1, 2022 and the timelines are duly considered by the SEBI;
- That the appellant has admitted that there was delay in 513 cases in processing the change of bank account details requests. The appellant has conveniently contended that the delay was due to Covid-19. The allegation is based on delay computed post the extensions granted due to Covid-19;
- That during the inspection period, the register for destroyed share certificates maintained by the appellant did not include all the relevant details as mandated under the extant Circulars and Regulations.

The violations were admitted by the appellant and no plausible explanation has been given by the appellant as to why the relevant information was missing with respect to name of the authority to authorize the destruction and in whose presence was it destroyed along with the date of authorization of destruction. After inspection, appellant has only taken corrective steps which was an afterthought;

- That the appellant has admitted all the violations and the appellant has repeatedly violated the Regulations, Circulars and Notifications. With these submissions, SEBI has prayed to dismiss the appeal.

8. We have carefully considered the rival contentions and perused the records.

9. There are in all 8 violations alleged against the appellant. The first one is one of the Directors not having NISM Certification. It was argued that Shri Radhey Sham Jhanwar was aged about 75 years and he could not obtain the certificate as he had pressed the back button inadvertently. The second allegation is not having certain clauses in the agreement. Appellant's stand is that the same has been rectified after inspection. The third violation is about the inward processing system. Appellant claims that it is "in order" and a mistake had occurred during the inspection time due to an inadvertent error. The fourth and the fifth violation are delay in issuing duplicate share certificates and transmission of cases. It was contended by

the appellant that the delay had occurred for want of staff during Covid period. The sixth violation is with regard to processing the change of address requests. The seventh charge is with regard to delay in change of bank account details. Appellant's stand is no complaint is received by any of its clients. The eight charge is that appellant had not maintained record of destruction of documents. It was contended by the appellant that the said register was maintained.

10. Admittedly, the Director who did not have NISM Certification was aged 75 years. He would not be very tech savvy and his explanation is plausible. The other violations have occurred during Covid period. Therefore, in our considered view ends of justice would be met by reducing the quantum of penalty to Rs.2 Lakhs. The remaining portion of the order shall remain undisturbed. No costs.

Justice P.S. Dinesh Kumar
Presiding Officer

Ms. Meera Swarup
Technical Member

Dr. Dheeraj Bhatnagar
Technical Member

18.09.2025
RHN