

## SECURITIES AND EXCHANGE BOARD OF INDIA

## ORDER

Under Section 12(3) of SEBI Act, 1992 read with Regulation 28(2) of SEBI (Intermediaries) Regulations, 2008.

NOTICEE	SEBI REGISTRATION NO
Adroit Corporate Services Pvt. Ltd.	INR000002227

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**Background**

1. Securities and Exchange Board of India ("SEBI") granted a certificate of registration as a Registrar to an Issue and Share Transfer Agent (Category 1 RTA) to Adroit Corporate Services Pvt. Ltd. (Adroit/Noticee) in accordance with the provisions of SEBI(Registrar to an Issue and Share Transfer Agent) Regulations, 1993 (RTA Regulations).
2. SEBI conducted an inspection of the Noticee between March 16- 18, 2016 to ascertain the level of compliance with the regulations and directions issued by SEBI for the period April 01, 2013 to December 31, 2015. SEBI also appointed an auditor- Shah, Gupta and Company, to conduct an audit of the books of accounts and other records of the Noticee for the period of April 01, 2013 to March 31, 2016, to ascertain the compliance with the regulatory measures put in place by SEBI for RTAs.
3. Pursuant to the inspection and audit, it was noted that Noticee had allegedly violated SEBI regulations and circulars pertaining to maintenance of specimen signatures in relation to processing requests for dematerialization, transfer and issue of duplicate share certificate.
4. Based on the above, SEBI initiated enquiry proceedings against the Noticee under Chapter V of the SEBI (Intermediaries) Regulations, 2008 ("Intermediaries Regulations") and

appointed a Designated Authority ("DA") vide order dated June 20, 2018 to enquire into alleged violations of the Noticee.

5. Upon completion of the enquiry, an Enquiry Report dated September 27, 2019, was submitted by the DA to the Designated Member ("DM") recommending the issuance of a warning to the Noticee.
6. Pursuant to this, a post enquiry SCN(P-SCN) dated November 14, 2019 was issued to the Noticee, under Regulation 28 (1) of SEBI (Intermediaries) Regulations, 2008, to show cause as to why action, as recommended by the DA or any other action as considered appropriate should not be taken against the Noticee. A copy of the DA's Report was also forwarded to the Noticee along with an advice to file reply, if any, within 21 days from the date of receipt of the notice. The allegation raised in the P-SCN were as under, -

**Non Maintenance of Specimen signatures**

7. It was observed during the inspection conducted by SEBI that the Noticee had specimen signatures available only for 49.97% of the total physical folios of the 141 listed companies handled by it. It was further noted that specimen signature for 100% of the folios was available only in case of 45 companies. Similar observation were also made in the audit report which captured the status of availability of specimen signature as below,-

Table 1		
	% of signature available	Number of Companies
1.	0	20
2.	Above 0- less than 10	25
3.	Above 10- less than 20	12

4.	Above 20- less than 30	9
5.	Above 30- less than 40	5
6.	Above 40- less than 50	0
7.	Above 50- less than 60	2
8.	Above 60- less than 70	4
9.	Above 70- less than 80	5
10.	Above 80- less than 90	9
11.	Above 90- less than 100	5

8. In view of the above, it was alleged that Adroit did not have or only partially had specimen signatures in the folios maintained by it in respect of the majority of the companies serviced by it and thereby the Noticee had not complied with Regulation 14(3)(c) of the SEBI RTA Regulations read with RRTI circular: no.1(94-95) dated October 11, 1994 and clauses 2 and 3 of the Code of Conduct specified under Regulation 13 of the SEBI RTA Regulations.

#### **Processing of requests for dematerialisation of shares**

9. It was observed during the inspection carried out by SEBI that the Noticee had received 6390 demat requests during the inspection period.

#### **Mitshi India Limited**

10. The Noticee received 717 demat request out of which 704 were processed. It was however noted during the inspection that out of 704 requests that were processed, specimen signatures were available only in respect of 199 requests. It was therefore alleged that the Noticee had processed nearly 71% of the demat requests pertaining to this scrip without

possessing the specimen signatures. It was also noted that the Noticee had rejected 13 demat requests citing the reason “signature mismatch”. It was therefore alleged that the Noticee was following an arbitrary approach in processing demat requests in cases where specimen signatures were not available with it.

### **Transchem Limited**

11. The Noticee received 281 demat requests out of which 276 were processed and 5 were rejected. It was however noted during the inspection that out of 276 requests that were processed, specimen signatures were available only in respect of 166 requests. It was therefore alleged that the Noticee had processed nearly 39% of the demat requests pertaining to this scrip without possessing the specimen signatures.
12. In view of the above, it was alleged that the Noticee had processed 615 demat requests without having any specimen signature and without making any attempt to verify the genuineness of these requests.
13. Further, it was also observed during the inspection that the soft copies of specimen signatures shown by the Noticee were exactly the same as those on the physical copy of the DRFs. On enquiry, the Noticee admitted that this was as a result of the Noticee trying to complete its specimen signature database by scanning the signatures available in the DRFs.

### **Processing requests for transfer of shares**

14. It was noted that during the course of the inspection period, the Noticee had received 4593 transfer requests.

### **Mitshi India Limited**

15. Noticee had processed 201 transfer requests but had specimen signature for only 77 requests. 124 requests were therefore noted to be processed without having specimen

signatures on record. It was also noted that seller notices were sent in respect of 124 requests, but the company's approval was not received for the same. For the remaining 77 requests, seller notices were not sent. It was further noted that the Noticee rejected 233 transfer requests citing the reason "signature mismatch". However, the Noticee processed and approved 124 transfer requests in the same scrip even though specimen signatures were not available. It was therefore alleged that the Noticee was following an arbitrary approach in processing transfer requests in cases where specimen signatures were not available with it.

### **JK Latelier Limited**

16. Noticee had received 169 transfer requests during the inspection period and processed all of them. It was however noted that the Noticee had processed all the 169 requests without having specimen signatures on record. These requests were processed, the Noticee later admitted, by matching the signatures with a list of specimen signatures created by copying and pasting the signatures in the transfer request forms itself.
17. In view of the above, it was alleged that the Noticee processed 293 transfer requests (124 requests in the scrip of Mitshi and 169 requests in the scrip of JK Latelier) where specimen signatures were not available with it and such transfers were allowed without making any attempts to verify the genuineness of transfer requests and without sending seller notices to the transferors in many cases.
18. In view of the above, it was alleged that the Noticee had violated the provisions of point 3 of the 'Norms for Objection' prescribed under RTA circular no.1 (2000-2001) dated May 09, 2001, point no. h of Schedule 1 as given in RRTI circular in respect of instructions to Registrar to an Issue/Share Transfer Agent dated October 11, 1994 and clauses 2 and 3 of the Code of Conduct prescribed under Regulation 13 of RTA Regulations.

### **Processing requests for issue of duplicate share certificates**

19. The Noticee received 188 requests for issue of duplicate shares during the inspection period. It was noted during the inspection that specimen signatures were not available in respect of 6 such requests that were processed by the Noticee (5 request pertained to Expo Gas Containers Limited and remaining one pertained to Mitshi India Limited). It was observed that the Noticee made no attempts to confirm the genuineness of the said duplicate share requests before processing the said 6 requests. No FIR/PAN/identity proof/address proof was submitted by the investors in these cases. No advertisement was issued in a widely circulated newspaper before processing such requests even though the value of the shares involved in such requests was more than Rs. 10,000.
20. In view of the above, it was alleged that the Noticee had not complied with point No. 23 of General Norms for Processing of Documents prescribed under the RTI Circular No. 1 (2000-2001) dated May 09, 2001 and clause 3 of the Code of Conduct specified under Regulation 13 of the RTA Regulations.

### **Non-compliance with the requirement of obtaining NISM certification by staff members**

21. It was observed during the inspection that 4 staff members employed by the Noticee had not obtained the requisite NISM certification (NISM Series II-A:RTA-Corporate Certification) as mandated vide circular no. NISM/Certification/Series II-A:RTA Corp/2009/3 dated August 3, 2009.
22. It was therefore alleged that the Noticee had not complied with the mandate under the said circular read with regulation 3 of the SEBI(Certification of Associated Persons in the Securities Market)Regulations, 2009.
23. Noticee submitted its reply vide letter dated January 20, 2020. Subsequently, an opportunity of personal hearing was given to the Noticee on July 07, 2020. At the hearing,

Mr. Sadashiva Shetty, Managing Director and Mr. N. Surreash, AGM represented the Noticee and made elaborate submissions on its behalf. Summary of the submissions made are given below,-

**Alleged violation of Regulation 14(3)(c) of the RTA Regulations read with RRTI Circular No. 1(94-95) dated October 11, 1994**

- a) It is only in respect of one company that the Noticees have been acting as the RTA right from the time of IPO. In all other cases, the companies were earlier being serviced by some other RTA or carrying out such activities in-house. The full specimen signatures pertaining to these companies were not provided to the Noticee at the time these companies were onboarded.
- b) On the request of the Noticee, some of these companies have written letters to their shareholders advising them to provide their specimen signatures.
- c) In cases where specimen signatures were not available, Noticee has sent 'No Objection Letter' to the seller, and Noticee has followed up the transfer process only after obtaining confirmation from the sellers.
- d) After SEBI Notification dated 02/09/2015, in case documents are not adequate, then request is returned under objection to the buyer with a copy of the objection memo to the seller. Only on receipt of the affidavit, banker's attestation of the transferor's signature etc. along with the transfer documents, the transfers are processed.

**Alleged violation of Clause 2 and 3 of the Code of Conduct specified under Regulation 13 of the RTA Regulations. (Non-verification with specimen signatures in case of demat requests)**

Mitshi India Limited

- i. The Company vide their letter dated August 19, 2013 instructed the Noticee to confirm all demat requests even if specimen signatures are not available provided the share certificates lodged for dematerialization match the data captured in the master database. Further, the DPs, which are registered entities, also verify the signatures before sending the requests to the Noticee.

Transchem Limited

- ii. The Company vide their letter dated August 09, 2013 instructed the Noticee to confirm all demat requests even if specimen signatures are not available provided the share certificates lodged for dematerialization match the data captured in the master database. Further, the DPs, which are registered entities, also verify the signatures before sending the requests to the Noticee.
- iii. In both cases, the Noticees have taken approval from the respective companies before processing the demat request.
- iv. Regarding capturing the signature from the DRF, Noticee submitted that it was not done with any malafide intention and it was done by the staff at lower level. Disciplinary action was initiated against such employees and they have been removed from the service.

**Alleged violation of Clause 3 in “Reason for Objection- Norms of Objection” of RTI Circular No. 1 (2000-01) dated May 09, 2001.**

Mitshi India Limited

- i. SEBI had observed pursuant to the inspection conducted by it that the Noticee had transferred shares of the Company without checking the genuineness of the transfer request with specimen signatures. However, the auditor in his report has noted that



all the required records pertaining to the company were available with the Noticee. Therefore, SEBI's finding in this regard is contrary to the finding in the audit report.

JK Latelier Limited

- ii. The company shares were listed on the Delhi Stock Exchange and the dissemination Board of BSE. The Company was introduced to the Noticee by one Mr. V.N. Sharma who was known to the Managing Director of the Noticee for a long time. Mr. V.N. Sharma had brought the shares for effectuating and he had also represented that the same has approval of the directors of the Company and therefore the Noticee had no reason for doubting the transfer.
- iii. The Noticee admits the lapse on the part of their staff in capturing the signatures of the sellers. The staff involved in the said transactions were issued a notice and their services have been terminated.

**Alleged violation of Point 23 of General Norms for processing of Documents specified under RTI circular 1 (2000-2001) dated May 09, 2001. (Issue of duplicate shares)**

Mitshi India Limited

- i. Request for the duplicate issue were received from the Company vide their letter dated August 14, 2015. The letter was accompanied by 4 different duly signed affidavits of Mr. Kumar V. Shah and his family members in favour of the Company indemnifying the Company against any loss.
- ii. The said letter also requested waiver of FIR and paper advertisement formalities. Mr. Kumar V. Shah is the Chairman and Managing Director of the Company. Since the request was made by the Company and letter duly signed by its CMD, the Noticees issued the duplicate shares.

Expo Gas Containers Limited

- iii. The request for issue of duplicate shares was received from the Company vide letter dated August 19, 2015. The letter was accompanied by 5 different duly signed affidavits and indemnities from the Nathani family. The said letter also requested waiver of FIR and paper advertisement formalities.
- iv. The rate per share was Rs.6 in August 2015 when the duplicate shares were issued. Each of the affidavit and indemnity was for 50 shares each and the value as the market rate is only Rs. 300 per shareholder.
- v. Since the Company has waived the requirement of FIR and advertisement and value being Rs. 300, the Noticee agreed to the waiver request.

**Alleged violation of the provisions of the certification regulations**

- i. SEBI had in its SCN alleged that 4 employees had not obtained the requisite NISM certification. However, 2 of these employees had obtained the requisite certification on November 14, 2016. The other two, who had not obtained the mandated certification, have been removed from the functions related to the RTA activity.
24. Noticee also submitted that it had an impeccable track record and no history of non-compliance. It was also submitted that there were no complaints against the Noticee from any of the shareholders of the companies mentioned in the SCN.

**Consideration**

25. I have considered the Report submitted by the DA, the Post-Enquiry SCN issued to the Noticee, oral and written submissions of the Noticee along with the documents contained therein and other material available on record. The provisions of the law which have been alleged to have been violated by the Noticee, in the SCN, are reproduced below,-

## 26. SEBI RTA Regulations

### ***“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***

#### ***Code of Conduct***

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.*

### ***14. To maintain proper books of accounts and records, etc.—***

*(3) Every share transfer agent shall maintain the following records in respect of a body corporate on whose behalf he is carrying on the activities as share transfer agent namely:-*

*(a) list of holders of securities of such body corporate;*

*(b) the names of transferor and transferee and the dates of transfer of securities; (c) such other records as may be specified by the Board for carrying out the activities as share transfer agents.*

### ***Instructions to Registrars to an Issue / Share Transfer Agents RRTI Circular: No.1 ( 94-95), dated 11-10-1994***

*2. In pursuance of the powers conferred upon SEBI by regulation 14(2)(b) 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 STA*

*(vii) Specimen signature cards and transfer deeds.*

### ***SCHEDULE I***

#### ***1. SPECIFIC ACTIVITIES***

*After receipt of approval of transfer proposals by the transfer committee, transfer agent shall endorse on the back of the certificates authenticating the transfer of shares in the name of transferees. In case of endorsement by Transfer Agent, Companies shall authorize Transfer Agents to do so by passing a resolution in its Board Meeting.*

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

***General Norms for processing Documents***

*23. The Company/ STA shall necessarily obtain the following documents duly executed by the claimant, prior to issue of duplicate shares to him:*

*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 off 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.*

*b. 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).*

*Company/ STA to:*

*i. inform all the Stock Exchanges where the shares are traded regarding the loss of shares in lieu of which duplicate shares are being issued, if not already informed*

*ii. issue an advertisement in a widely circulated newspaper if the value of the shares is greater than Rs 10,000.*

*In case the Company/ STA issues duplicate share certificate based on any other documents, then the Company/ STA shall be solely responsible for the issue of such duplicate share certificates.*

***Norms for objection***

*3. Reason for Objection:*

*Material difference in signature/s of transferor/s on Transfer Deed/s vis-a-vis specimen signatures recorded with the Company/ STA*

*Procedure to be followed by Cos. / STAs*

*To send:*

*3.1 Objection memo alongwith documents as per General guideline 18, in the prescribed format in original marking the reason as "material signature difference" to the transferee*

*3.2 Simultaneously, a copy of the objection memo to the transferor/s with an advice to lodge documents as detailed hereunder to facilitate the Company/STA to take on record fresh specimen signature: 3.2.1 an affidavit with the Company / STA as per Annexure-07 OR 3.2.2 Where the signature difference is due to old age / sickness, to lodge an affidavit as per Annexure-07 supported with a medical certificate*

*obtained from a registered medical practitioner. Note : Procedure under 3.2 .1 and 3.2.2 above shall apply for recording fresh specimen signature for entire holding under a folio.*

*3.2.1 an affidavit with the Company / STA as per Annexure-07”*

27. Now, I move on to consider the issues on merit,-

### **Issue 1 – Non Maintenance of Specimen signatures**

28. I note that the primary allegation levelled against the Noticee is that it had failed to maintain specimen signatures of the shareholders holding shares in physical form in the companies serviced by it. As reproduced above, Regulations 14(3)(c) read with Instructions to Registrars to an Issue / Share Transfer Agents issued vide RRTI Circular: No.1 (94-95), dated 11-10-1994, required all RTAs to maintain specimen signature cards in relation to physical folios processed by it.

29. I note that it is an admitted fact that the Noticee had specimen signatures for 100% of the folios only in respect of 45 companies. The details regarding percentage of folios for which the Noticee had specimen signatures available on record is given in table 1 above.

30. I note that crosschecking with specimen signature while processing transfer/demat/duplicate share request of folios held in the physical form is an important safeguard against fraudulent transfer of securities held in the physical form.

31. Noticee in its reply has stated that all the companies for which 100% of the specimen signatures were not available with it, had become their clients subsequent to their Initial Public Offering; and these companies had not provided complete specimen signatures at the time they were onboarded.

32. I note that the SEBI Circular dated October 11, 1994 mandates the STA to maintain specimen signature cards and therefore the Noticee was bound to call for and obtain the specimen signature cards from the Company. I, therefore, find that the Noticee has

contravened this provision 14(3)(c) read with Instructions to Registrars to an Issue / Share Transfer Agents issued vide RRTI Circular: No.1 (94-95), dated 11-10-1994.

## Issue 2 – Processing of requests for dematerialisation of shares

33. I note from the SCN that it was observed during the inspection carried out by SEBI that the Noticee was processing requests for dematerialization in the scrip of Mitshi India Limited and Transchem Limited even in respect of physical folios where specimen signatures were not available. The details of the same are given below,-

Table 2					
Name of the Company	No. of requests received	No. of requests approved	No. of requests approved where signature available	No. of requests approved where signature not available	No. of requests rejected
Mitshi India Limited	714	704	199	505	13
Transchem Limited	281	276	166	110	5
Total	995	980	365	615	18

34. Noticee in its reply has not disputed the finding in the inspection report and has only stated that the issuer companies had instructed it to give effect to the demat requests where specimen signatures are not available, if the details in the share certificates lodged for dematerialisation matched with the master database of the companies. The Noticee also stated in its reply that confirmations were also obtained from the Company and the DPs before processing these requests.

35. With respect to the allegation regarding capturing the signature from the dematerialisation request forms and showing them as specimen signatures, the Noticee submitted that it was

not done with any malafide intention and it was done by the staff at lower level. It was further submitted by the Noticee that disciplinary action was initiated against such employees and they have been removed from the service.

36. As noted earlier, verifying the signatures in the request forms against specimen signatures serves as an important safeguard against fraudulent dematerialisation or transfer of securities held in physical form. However, if a database of specimen signatures is being created by copying signatures from the request forms that are being sent for processing, then it defeats the entire purpose of laying down such safeguards. Further, it could result in cases where signatures recorded in fraudulent request forms being captured in the database of the company as the specimen signature which could seriously impair the rights of the genuine shareholders. Even if the argument of the Noticee that this was done by staff at a lower level, it still raises serious questions regarding the oversight of the Noticee over these employees in ensuring compliance with regulatory norms. I further note that this practise was observed even while inspecting documents pertaining to transfer requests.
37. Clauses 2 and 3 of the Code of Code under the RTA Regulations require RTAs to fulfil its obligations in prompt, ethical and professional manner. Further, it also provides that RTAs shall at all times exercise due diligence, ensure proper care and exercise independent professional judgement. I am of the view that the conduct of the Noticee in processing dematerialisation requests as detailed in the preceding paragraphs has not been in compliance with the Code of Conduct specified under the RTA Regulations.

### **Issue 3 – Processing requests for transfer of shares**

38. I note from the SCN that it was observed during the inspection carried out by SEBI that the Noticee was processing transfer in the scrip of Mitshi India Limited and JK Latelier Limited in respect of physical folios where specimen signatures were not available. The details of the same are given below,-

Table 3					
Name of the Company	No. of requests received	No. of requests approved	No. of requests approved where signature available	No. of requests approved where signature not available	No. of requests rejected
Mitshi India Limited	434	201	77	124	233
JK Latelier Limited	169	169	0	169	0
Total	603	370	77	293	233

39. I note that as per point 3 of the 'Norms for objections' as prescribed under RTI circular No. 1 (2000-2001), in cases of material difference in signatures of transferors in the transfer deed when compared to the specimen signature, the STA needs to send an objection memo to the transferee marking the reason for objection as 'material signature difference'. A copy of the objection memo also has to be sent to the transferors with an advice to lodge documents to facilitate the STA to take on record fresh specimen signatures.
40. In this regard, I am of the view that the Noticee should have adopted the above mentioned approach and obtained specimen signatures before processing transfer requests in folios held in physical form where specimen signatures were not available with the Noticee.
41. I note from the DA's report that even though the Noticee had submitted that it had sent seller notices in case of all 124 requests which were processed without having specimen signatures, as per the records produced before him, seller notice was sent only in 44 such cases. The Noticee has not disputed this finding recorded by the DA before me. Further, as stated in table 3, Noticee had rejected 233 transfer requests in this scrip citing the reason



'signature mismatch'. I, therefore, note that the Noticee was processing transfer requests where specimen signatures were not available in an arbitrary manner.

42. I note that in the scrip of JK Latelier Ltd., as stated in table 3, Noticee had processed 169 transfer requests where specimen signatures were not available. Noticee in its reply has submitted that these requests were processed as the transferee was known to the Managing Director of the Noticee and because the transferee had claimed that requests were approved by the directors of the Company. I therefore note that the Noticee failed to take independent confirmation from the Company before processing these requests and has instead relied on the assurance given by the transferee.

43. In view of the above, I find that the Noticee has not complied with the 'Norms of Objection' prescribed under RTI circular No. 1 (2000-2001), point "h" of Schedule 1 of RRTI Circular dated October 11, 1994 and clauses 2 and 3 of the Code of Conduct under the RTA Regulations, while processing transfer requests where specimen signatures were not available in the scrips of Mitshi India Limited and JK Latelier Limited.

#### **Issue 4 – Issue of duplicate share certificates**

44. I note that during the inspection carried out by SEBI, it was observed that Noticee had processed five requests for issue of duplicate shares of Expo Gas Containers Limited and one request in the case of Mitshi India Limited, where specimen signatures were not available.

45. Noticee in its reply has detailed the procedure followed in issuing duplicate shares, mentioned above, which I note is not strictly in compliance with the procedure laid down in point 23 of the 'Norms for Objection' prescribed under RTA circular no.1 (2000-2001) dated May 09, 2001. I further note that said circular provides that *"In case the Company/ STA issues duplicate share certificate based on any other documents, then the Company/ STA shall be solely responsible for the issue of such duplicate share certificates"*.

### **Issue 5 – NISM Certification by Staff Members**

46. It was alleged in the SCN that 4 staff members employed by the Noticee had not obtained the requisite NISM certification (NISM Series II-A:RTA-Corporate Certification) as mandated vide circular no. NISM/Certification/Series II-A:RTA Corp/2009/3 dated August 3, 2009.
47. I note from the DA's report and the reply filed by the Noticee that post the inspection carried out by SEBI, the Noticee has taken steps to ensure compliance in this regard. 2 out of the 4 people have subsequently obtained NISM certification and the Noticee has removed the other 2 staff members from carrying out any functions which required certification.
48. I note that the DA in his report has taken a lenient view regarding this violation due to the post inspection compliance with the provisions by the Noticee, and I am inclined to concur with the findings of the DA in this regard.
49. I therefore, agree with the findings of the DA that the Noticee had violated the above discussed provisions as detailed in the preceding paragraphs of this Order. From the abovementioned observations and facts and circumstances of the case, I am convinced that the Noticee had not maintained high standards of integrity and fairness in the conduct of its business. The Noticee had failed to exercise due diligence and proper care and to fulfil its obligations in a prompt, ethical and professional manner.
50. I, however, also note that there has been no complaint against the Noticee by the shareholders of any of the companies mentioned in the SCN. Also, there has been no instances in the past where action has been initiated against the Noticee which has been brought out in the inspection report. Further, the Noticee has also submitted that it has

terminated the services of all the employees who were involved in falsely creating a specimen signature database by copying signatures from request forms sent to the Noticee.

**Order**

51. In view of the foregoing and considering the interests of the investors, I find that the action as recommended by the Designated Authority vide Report dated September 27, 2019 is not commensurate with the defaults, non-compliances, contraventions and violations committed by the Noticee.
52. I, therefore, in exercise of powers conferred under Section 19 of the Securities and Exchange Board of India Act, 1992 read with Regulation 28(2) of the SEBI (Intermediaries) Regulations, 2008, hereby restrain Adroit Corporate Services Private Limited (SEBI Registration No. INR000002227), from onboarding new clients for a period of 3 months from the date of this order.
53. This Order shall come into force with immediate effect.

**Place: Mumbai**

**Date: October 21 , 2020**

**G. MAHALINGAM**  
**WHOLE TIME MEMBER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**