

L/ENF/JB-942/IR/2024-2025/454

June 26, 2024

Swastika Investmart Ltd (Clg. No.942)

Flat No.18, Floor 2, North Wing,
Madhaveswar Co-op Hsg. Soc. Ltd.,
Madhav Nagar, 11/12
Fort, Mumbai-400023

Dear Sir/Madam,

Sub: Inspection of Books of accounts and other documents for Cash Segment for the period April 2020 – March 2021


1. After scrutiny of your books of accounts and other documents for Cash segment during Inspection for the Financial Year 2020-2021 covering period April 2019 to March 2020 and findings of inspection was forwarded to you vide letter ref. no. L/DOBS/MV-942/IR/2022-2023/83 dated May 26, 2022 for your comments and you have provided reply/clarification vide your letter dated February 14, 2023.
2. After taking into consideration of your submissions, final action letter was issued to you vide letter ref. no L/DOBS/SS-942/IR/2023-2024/2553 dated November 22, 2023, imposing penalty of Rs.3,000/- for mismatch observed in 3 Location IDs from the office PIN Code uploaded on the Exchange database as per approved penalty norms issued vide Exchange Notice No. 20180214 - 31 dated February 14, 2018.
3. You have requested for waiver of penalty vide email dated December 7, 2023.
4. You were provided an opportunity for personal hearing before the Appropriate Authority in its meeting held on May 28, 2024 and the Appropriate Authority after hearing your submissions requested you to submit additional details available with you.
5. Based on the additional submission provided by you, the Appropriate Authority decided to not accede to the request for review of penalty for violation observed during the course of inspection as per the applicable penalty norms.

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6. Post consideration of your written submissions and as per the decision of the Committee, final action letter is being issued enlisting the list of compliances as per **Annexure A**. You are also advised to take necessary steps to ensure that such non-compliances do not recur.
7. Please note that in case the similar non-compliances are observed during a subsequent inspection by the Exchange, applicable action including an escalated penalty may be imposed and pursuant to the Exchange Notice No. 20180214 - 31 dated February 14, 2018 and amendment from time to time.
8. Further, you are requested to submit a compliance certificate, from your Compliance Officer within 10 days from the receipt of this letter stating that all the recommendations made above have been implemented. Failure to furnish the compliance certificate within the timelines or submission of an incorrect compliance certificate (in case similar observations are observed by the Exchange or your internal auditor, etc. post the submission of the compliance certificate) may result in further action being initiated by the Exchange.
9. You are also required to place the letter before your Board for necessary action and the letter is to be taken into consideration by your Board for the performance appraisal of the concerned individual who is responsible for the lapse/ deficiency.

We thank you for your co-operation during the inspection.

Yours faithfully,



Hansery Cardoza
Dy. General Manager
(Enforcement)



Shaila Menon
Asst. Gen Manager
(Enforcement)

Swastika Investmart Ltd. (Clg. No.942)

a) Details of Non-Compliance observed after considering the responses provided, where no monetary penalty is applicable:

Mismatch of registered Location IDs and Office PIN Codes

Observation : It is observed that three location IDs was registered at a place other than the office PIN code.

Submission by the Member : Member vide reply dated February 14, 2023 made the following submissions :

- Incorporated the reconciliation mechanism on regular basis in order to verify all information with respect to registered terminal/CTCL to ensure correct details are uploaded on the Exchange Portal and in your records.
- In cases of mismatch observed, the same is rectified during the reconciliation process and correct details are uploaded in Exchange records.
- Mismatch of PIN in 3 Location IDs occurred due to punching error and same was rectified on immediate basis.
- Request to waive off the penalty imposed

Oral Submission by the member before the Committee in its meeting held on May 28, 2024:

Ms. Dimple Soni, Compliance Officer attended the meeting through Webex Application and made the submission as follows :-

- The member had incorporated reconciliation mechanism on regular basis to verify all information w.r.t registered terminal/CTCL.
- Any mismatch is rectified during reconciliation process
- The mismatch of PIN of 3 IDs was due to punching error
- Introduced concept of maker and checker to avoid punching error
- The changes in the PIN mismatch were done prior to the inspection and proof thereof would be provided to the Exchange.

Additional Submission by the member in its email dated May 29, 2024: From the submission, it is noted that :

- The matter is related to inspection period F.Y.2019-20 and are unable to trace the supporting documents.
- The same was submitted to the inspection team during the time of inspection.
- The said mismatch/discrepancies were not raised by the inspection team during the preliminary observation and the same has now been pointed out in the final observation.

Decision of the Appropriate Authority : After deliberating on the relevant facts, the Appropriate Authority noted that as no clarification/submission was provided towards the

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oral submission and Exchange records that errors of PIN of the location IDs had been rectified post inspection, hence no waiver was recommended for the penalty of **Rs.3,000/- (Rupees Three Thousand only)** imposed for mismatch observed in 3 Location IDs from the office PIN Code uploaded on the Exchange database.

b) Details of Non-Compliance observed after considering the responses provided, where no monetary penalty is applicable:

Sr. No.	Violation	Notice / Regulatory Requirement	Action
1	Non segregation of Own and client funds	20160927-41 dated September 27, 2016, 20161020-17 dated October 20, 2016, 20170623-14 dated June 23, 2017	Warning to ensure compliance with the relevant regulatory requirements.
2	Non-settlement of Clients' Funds	20160927-41 dated September 27, 2016, 20210616-41 dated June 16, 2021, 20210831-40 dated August 31, 2021, 20220331-53 dated March 31, 2022, 20220727-48 dated July 27, 2022	Advise to ensure compliance with the relevant regulatory requirements.
3	Non reconciliation of balances between Holding Statement and register of securities.	20160927-41 dated September 27, 2016, 20190620-37 dated June 20, 2019, 20190829-36 dated August 29, 2019, 20200114-44 dated January 14, 2020.	Advise to ensure compliance with the relevant regulatory requirements.
4	Incorrect Submission of Client Level Cash and Cash Equivalent – Weekly Monitoring of Client assets	20160927-41 dated September 27, 2016, 20161020-17 dated October 20, 2016, 20161221-20 dated December 21, 2016, 20170623-14 dated June 23, 2017, 20170925-34 dated September 25, 2017 and 20211213-49 dated December 13, 2021.	Warning to ensure compliance with the relevant regulatory requirements.

c) Details of observations closed after considering the responses provided:-

- Misuse of Clients' Securities by pledging shares of clients