

BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. VKV/DL/AO-57/2015-16]

UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992
READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING
PENALTIES BY ADJUDICATING OFFICER) RULES, 1995

In respect of:

M/s. Dr. M. Soy General Foods Limited
(Formerly known as Dr. M. Soy Proteins Limited)
(PAN Not Available)
25/12 A, Room No.-01, Gali No. 08,
New Rohtak Road, Anand Parbat
New Delhi-110005

In the matter of:

M/s. Dr. M. Soy General Foods Limited
(Formerly known as Dr. M. Soy Proteins Limited)

BACKGROUND IN BRIEF

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") came out with a Circular No. OIAE/2/2011 dated June 03, 2011 dealing with the processing of investor complaints against listed companies through SEBI Complaints Redress System (hereinafter referred to as "**SCORES**"). In terms of said Circular, all listed companies were inter alia required to view the complaints pending against them, redress them and submit Action Taken Reports (hereinafter referred to as "**ATRs**") electronically in SCORES. The said circular also informed the listed companies that complaints received by SEBI against them will be electronically sent to them through SCORES at <http://scores.gov.in/Admin> for redressal.

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2. SEBI vide Circular No. - CIR/OIAE/1/2012 dated August 13, 2012 advised all companies whose securities were listed on stock exchanges to obtain SCORES authentication by September 14, 2012 failing which appropriate enforcement action would be initiated against them. Further Vide another Circular No. CIR/OIAE/1/2013 dated April 17, 2013 SEBI had granted further 30 days' time to obtain scores authentication and informed that any failure would not only be deemed as non redressal of investor grievances but also indicate willful avoidance of the same.
3. As the SCORES is online electronic system, therefore, for the purposes of accessing the complaints of the investors against them, as uploaded in the SCORES, listed companies were required to login to SCORES system electronically through a company specific user id and password, to be provided by SEBI. For the purpose of generating said user id and password, listed companies which were yet to obtain SCORES user id and password, were required to submit the details for authentication to SEBI, in the format annexed to the said Circular.
4. It was observed by SEBI that M/s. Dr. M. Soy General Foods Limited (Formerly known as Dr. M. Soy Proteins Limited) (hereinafter referred to as "**Noticee**") had failed to obtain SCORES authentication within the timeline stipulated and also failed to redress investor complaints under the afore-mentioned Circular dated August 13, 2012. Thereafter, SEBI issued advertisements dated October 06, 2012 and October 21, 2012 in the newspaper in respect of the companies, who have not obtained Scores Login and advised the companies to get SCORES authentication within 7 days of the advertisement. However, it was noted by SEBI that the Noticee had failed to obtain SCORES authentication as advised.

APPOINTMENT OF ADJUDICATING OFFICE

5. In view of aforesaid, the undersigned was appointed as Adjudicating Officer, vide order dated October 04, 2013, under section 15-I of SEBI Act and rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as "**Adjudicating Rules**") to enquire into and adjudge under section 15C of Securities and Exchange Board of India, Act, 1992 (hereinafter referred to as "**SEBI Act**") for the alleged violations of SEBI Circular Nos. OIAE/2/2011 dated June 03, 2011, CIR/OIAE/1/2012 dated August 13, 2012 and CIR/OIAE/1/2013 dated April 17, 2013 by the Noticee.

SHOW CAUSE NOTICE, REPLY AND HEARING

6. A Show Cause Notice (hereinafter referred to as "**SCN**") was issued to the Noticee under rule 4 of SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as '**Adjudicating Rules**') to show cause as to why an inquiry be not held against it in terms of rule 4 of the Rules read with section 15I of SEBI Act, 1992 and penalty be not imposed under section 15C of SEBI Act, 1992 for the violations alleged to have been committed by the Noticee.
7. The said SCN No. SEBI-NRO/AO/VKV/SKG/223/2015 dated January 31, 2014 was sent at the office address(s) at "16/7764, D.B Gupta Road, Dev Nagar, Karol Bagh, New Delhi-110005" of the Noticee through Postal Department.
8. Vide letter dated March 26, 2014 the Noticee had submitted its reply in the matter, which inter alia stated as under:

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- *"The Company had already completed with SCORES authentication Process and its user ID is D00271. In absence of technical guidance company was not able to use SCORES system.*
 - *The Company has redressed all the investor Grievances by sending individual replies to the aggrieved investors through post.*
 - *Certificate from RTA regarding no pendency of investor Complaints is also attached.*
 - *The name of the Company was changed from 'Dr. M. Soy & General Foods Limited' to 'Dr. M. Soy Proteins Limited' w.e.f. 29.08.2002.*
 - *The Company has been always a law abiding citizen. The above default was unintentional and there was no wilful and malafide intention behind this."*
-"*

9. Subsequent to the appointment of the undersigned, In the interest of natural justice and in order to conduct an inquiry in terms of rule 4(3) of the Rules, the Noticee was granted an opportunity of personal hearing on February 27, 2014 at SEBI, Northern Regional Office, New Delhi, vide notice of hearing no. NRO/AO/VKV/SKG/349/2014 dated February 18, 2014 through department of Post and same were also delivered.
10. I am of the view that the principles of natural justice have been conformed to, since sufficient opportunities have been provided to the Noticee to submit reply and to appear for hearing which the Noticee has failed to avail of. Therefore, the present proceedings against the Noticee are undertaken ex-parte on the basis of available documents and information.

CONSIDERATION OF ISSUES AND FINDING:

11. I have taken into consideration the facts and circumstances of the case, material available on record. In the present matter, the following issues arise for consideration and determination.
 - a) *Whether the Noticee has failed to resolve investor grievances?*
 - b) *Does the violation, if any, on part of the Noticee attract monetary penalty under Section 15 C of SEBI Act?*

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- c) *If so, what would be the quantum of monetary penalty that can be imposed taking into consideration the factors mentioned in section 15J of the SEBI Act as well as internal guidelines of SEBI issued from time to time in this regard?*

FINDINGS

12. On perusal of the material available on record and giving regard to the facts and circumstances of the case, I record my findings hereunder.

ISSUE 1: Whether the Noticee has failed to resolve investor grievances?

13. It was alleged in the SCN that the Noticee failed to obtain SCORES Authentication within the stipulated time. I note that Noticee had obtained SCORES user Id and password on February 09, 2013 and as per SEBI SCORES database four investor complaints are pending against the Noticee. Subsequently, SEBI has also confirmed that the Noticee had obtained SCORES authentication on February 09, 2013 and had failed in resolving the pending investor grievance (as mentioned in the SCN) on March 19, 2014.
14. I note that the said SEBI Circular clearly states that all listed companies are required to view the complaints pending against them and submit ATRs along with supporting documents electronically in SCORES and failure to update the ATR in SCORES will be treated as non redressal of investor complaints by the company.

ISSUE 2: Whether the Noticee is liable for monetary penalty under section 15C?

15. The provisions of Section 15C of the SEBI Act, 1992, read as under:

Section 15C Penalty for failure to redress investors' grievances: *If any listed company or any person who is registered as an intermediary, after having been called upon by the Board in writing, to redress the grievances of investors, fails to*

redress such grievances within the time specified by the Board, such company or intermediary shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.

16. A listed company is expected to comply with the extant regulatory and statutory requirements. As already observed, the Noticee failed in resolving the investor grievances pending against it, despite being called upon to do so by SEBI. Therefore, the Noticee is also liable for monetary penalty under Section 15C of the SEBI Act, 1992.

ISSUE 3: What quantum of monetary penalty should be imposed on the Noticee taking into consideration the factors mentioned in Section 15J of the SEBI Act, 1992?

17. While imposing monetary penalty it is important to consider the factors stipulated in Section 15J of the Act, which reads as under:

“15J - Factors to be taken into account by the adjudicating officer

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

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

18. In the absence of material on record, the amount of disproportionate gain or unfair advantage made as a result of the default and the amount of loss caused to the investors due to the said default cannot be quantified. However, the fact remains that the Noticee, being a listed company, failed to fulfil its duty of complying with SEBI Circulars. It is the duty of SEBI to ensure speedy resolution of investor grievances and to further the cause SEBI has come out with SCORES which is a centralized web

based complaints redress system that enable investors to lodge and follow up their complaints and track the status of redressal of such complaints from anywhere. After introduction of SCORES, all listed companies are required to view the complaints pending against them and submit ATRs along with supporting documents electronically in SCORES and SEBI Circular dated June 03, 2011 clearly states that failure to update the ATR in SCORES will be treated as non redressal of investor complaints by the company. However, listed companies like the Noticee which do not obtain SCORES authentication within stipulated time despite SEBI Circulars frustrate the entire process. It is of utmost importance that every listed company assigns high priority to investor grievances and takes all necessary steps to redress the grievances of investors at the earliest, which the Noticee has failed to do. Hence, the omission on part of the Noticee is detrimental to the interest of investors in securities market.

19. In the previous paragraphs it is now established that the Noticee failed to take SCORES authentication and to redress pending investor grievances despite being called upon to do so by SEBI. Considering the facts and circumstances of the case and the violation committed by the Noticee, I find that imposing a penalty of ₹ 2, 00,000.00/- (Rupees Two lakhs only) on the Noticee under Section 15C of the SEBI Act, 1992.

Order

20. Considering the facts and circumstances of the case, in exercise of the powers conferred under Section 15 I of the SEBI Act, 1992, and Adjudication Order in respect of M/s Dr. M. Soy General foods Ltd. Formerly known as Dr. M. Soy Proteins Ltd.) Page 08 of 08 December 18, 2015 Rule 5 of the Adjudication Rules, I hereby impose a penalty ₹ 2, 00,000.00/- (Rupees Two lakhs only) on M/s Dr. M. Soy General foods Ltd. Formerly known as Dr. M. Soy Proteins Ltd.).

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21. The Noticee shall pay the said amount of penalty by way of Demand Draft in favour of "*SEBI Penalties Remittable to Government of India*", payable at Mumbai within 45 days of receipt of this order. The said demand draft shall be forwarded to the Deputy General Manager, Office of Investor Assistance and Education, Securities and Exchange Board of India, Northern Regional Office, 5th Floor, Bank of Baroda Building, 16, Sansad Marg, New Delhi-110001.
22. In terms of the provisions of Rule 6 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules 1995, copies of this Order are being sent to M/s Dr. M. Soy General foods Ltd. Formerly known as Dr. M. Soy Proteins Ltd.) and also to Securities and Exchange Board of India.

Date: December 18, 2015

Place: New Delhi

Vijayant Kumar Verma

Adjudicating Officer

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