WTM/SKM/EFD1-DRAII/ 07 /2019-20

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: S K MOHANTY, WHOLE TIME MEMBER

ORDER

Under Sections 11 and 11B of the Securities and Exchange Board of India Act, 1992

In respect of:

S.No.	Names of the Noticee	PAN/CIN
1.	M/s. Kartikeya Agro Products Ltd.	PAN: Not available CIN - L15499GJ1991PLC016205

---

1. In order to dispense a better, speedy and proper redressal of investors' complaints against the listed companies, Securities and Exchange Board of India (hereinafter referred to as "SEBI") in the year 2011, came up with an online portal/mechanism called the SEBI Complaints Redress System (hereinafter referred to as "SCORES"). This mechanism enabled prompt online transmission of the complaints to the respective listed companies for redressal. The listed companies after having received the complaints are required to take appropriate steps to resolve the complaints and

upload their Action Taken Reports (hereinafter referred to as "ATR") in SCORES for the benefit of the complainant. The companies can also upload the ATR by logging in to SCORES by using their SCORES authentication (consisting of user ID and password), which can be obtained by the company after submitting the necessary details to SEBI. Similarly, investors can also upload their complaints and check the status thereof from time to time by logging into SCORES by using their ID and password which they receive after registration with SCORES. The online grievance redressal system facilitates speedy disposal and redressal of investors' grievances by the listed companies under close monitoring by SEBI.

2. In this regard, SEBI has issued circulars dated viz. June 3, 2011, August 13, 2012 and April 17, 2013, informing the listed companies about SCORES mechanism and directing them to obtain SCORES authentication and further to take necessary steps so as to be able to resolve the complaints within the stipulated days in terms of the guidance issued to them from time to time. Companies have also been directed to upload the ATR on SCORES for view by the investor and SEBI. It has also been informed that failure to obtain SCORES authentication and update the ATR in SCORES will be treated as non-redressal of investor complaint and in case of failure to comply with the above instructions, SEBI would be constrained to initiate appropriate actions as per law against such erring companies/entities.

3. In the instant case, I note that apart from the above circulars which were required to be complied with by the companies, several letters, viz: dated October 11, 2011, November 22, 2011, January 16, 2012, February 22, 2012, March 5, 2012 and May 31, 2012 have also been addressed to M/s. Kartikeya Agro Products Ltd. (hereinafter referred to as "the Company/Noticee") intimating about the pendency of complaint at its end and the steps to be taken towards seeking SCORES authentication for

resolution of the complaints through SCORES mechanism. When no compliance was forthcoming from the Noticee, it was followed up by a notice which was published in the newspaper on January 25, 2013 advising the Noticee to obtain SCORES authentication for early and effective resolution of investors complaint. I also note that a letter dated April 30, 2013 was sent to the Noticee, reminding that it had not yet obtained the SCORES authentication and that investors complaint has been pending against the Company. The letter directed the Noticee to take up steps in compliance of the above mentioned circular, failing which appropriate regulatory action against the Company would be initiated.

4. I note that despite the aforesaid circulars, letters and newspaper notice, no information has been received from the Noticee and the complaint of the investors remained un-redressed. Therefore, a Show Cause Notice (hereinafter referred to as "SCN") was issued to the Noticee dated February, 2015 asking as to why directions including restraining it from accessing the Securities Market should not be passed against it for the allegations made in the SCN.

5. The SCN could not be delivered to the Noticee by post. Subsequently, a public notice has been issued in the newspapers on January 30, 2019 informing the Noticee that a personal hearing is scheduled to be held on February 13, 2019 in the instant matter. However, till date neither the Noticee has responded to the SCN in any manner nor has it filed any reply to the SCN issued in the matter.

6. Keeping in view the facts stated above, I find that adequate opportunities have been granted to the Noticee to explain its stand, however, Noticee has not made any response to the allegations made in the SCN against it and has chosen not to even file

any written reply/submission Therefore, I proceed to deal with the matter, based on the materials available on record. I have considered the SCN, the annexures to the SCN and other material on record.

7. I note that a listed company is under an obligation to timely redress all investor complaints against it. I find nothing on record whereby it can be noticed that any action has been taken by the Noticee to take even SCORES authentication, which is the pre-requisite to receive and redress investors' complaints through SCORES. The Noticee Company has not shown any efforts for resolving the pending investor grievance, in spite of repeated reminders from SEBI. Protection of investors' interest is a key to secure a successful Securities Market, hence listed companies should not adopt such callous approach towards resolving investors' complaints despite regular interventions by SEBI. The Noticee has not even responded to show whether any efforts have been taken by it to obtain the SCORES authentication or steps so to resolve the pending investors' complaints expeditiously.

8. As regards the importance of taking SCORES authentication and resolution of investors complaints, I find it apt to refer and rely on the observation recorded by Hon'ble Securities Appellate Tribunal (hereinafter referred to as "SAT") in ***M/s. Golden Proteins Ltd. v. SEBI*** (DOD: 11.09.2015 in Appeal No. 334 of 2015), wherein Hon'ble SAT has recorded *" This Tribunal has consistently held that timely redressal of the investors' grievances by the companies is of utmost importance. Keeping this importance in mind, SEBI by circular dated August 2, 2011, SEBI introduced a system of processing investors' complaints in a centralized web based complaints redress system, which is commonly known as 'SCORES'. Under this system, a centralized database of all the complaints and their online movement to the concerned intermediaries is monitored. Similarly, online upload of action taken reports (ATR) by the*

concerned entities and its viewing by investors of the action on the complaints and their current status etc. all are displayed. Violation of such an important regulatory measure cannot be taken lightly in the facts and circumstances of the present case."

9. Further, the importance of compliance of circulars/directions issued by SEBI has also been acknowledged by Hon'ble SAT in ***Pashupati Cables Ltd. v. SEBI*** (DOD: 07/05/2018 in Appeal No.107 of 2018) by observing that *"Grievance of the appellant that the show-cause notice was not served on the appellant would not survive in the present case, because, it is admitted by the authorized representative of the appellant that SCORES authentication has not been obtained in spite of the circulars issued by SEBI from time to time. Once it is admitted that the appellant has violated SEBI Circulars, then directing issuance of a show-cause notice in that behalf would be futile and in such a case, the only question to be considered would be, whether the penalty imposed in the present case is justified or not."*

10. It may be emphasised here that in addition to the obligations under the provisions of Companies Act, the listed Company is also under an obligation to redress all investors' complaints in compliance with the directions issued by SEBI from time to time in discharge of its regulatory functions. However, Noticee has not shown any tenacity in resolving the investor grievances in spite of repeated reminders by SEBI. Failure to redress investor grievance, adversely affects the confidence of investors in the Securities Market. Therefore, I find that the charges levelled against the Noticee Company in the SCN stands established and the Company has made itself liable for directions under the provisions of SEBI Act, 1992.

11. In view thereof, in exercise of powers conferred upon me under Sections 11, 11B read with Section 19 of the SEBI Act, 1992 in order to protect the interest of investors and

the integrity of the Securities Market, I hereby restrain and prohibit the Noticee Company, from accessing the Securities Market and further prohibit it from buying, selling or otherwise dealing in securities, directly or indirectly in any manner, till the Noticee Company resolves the investor grievances pending against it. During the period of restraint, the existing holding of the Noticee including units of mutual funds, shall remain frozen.

12. The Order shall come into force with the immediate effect.

13. A copy of this order shall be forwarded to the Noticee, all the recognized stock exchange, depositories and registrar and transfer agents for ensuring compliance with the above directions.

-Sd-

DATE: JUNE 28, 2019 **S. K. MOHANTY**

PLACE: MUMBAI **WHOLE TIME MEMBER**