BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

ADJUDICATION ORDER NO.-VKV/AS/AO-43/2018

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

PROLINE SOFTWARE & FINANCE LTD.

(PAN: Not Available)
F 3 / 6, PHASE 1, OKHLA INDUSTRIAL AREA,
NEW DELHI 110020
In the matter of non-redressal of investor grievance(s)

BACKGROUND

1. SEBI came out with a Circular 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. 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. It was observed that **M/s Proline Software & Finance Ltd.** (hereinafter referred to as '**Noticee/the Company**') has not submitted the details of SCORES user id and password to SEBI and could not redress the investor grievance within a stipulated time pending at SCORES, thereby violating the provisions of Section 15C and 15 HB of the SEBI Act, 1992.

Appointment of Adjudicating Officer

2. The undersigned was appointed as Adjudicating Officer, vide order dated February 13, 2015, 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 **"Adjudication Rules"**) to enquire into and adjudge under section 15C and 15HB of Securities and Exchange Board of India, Act, 1992 (hereinafter referred to as "**SEBI Act, 1992**") for the alleged violations committed by the Noticee.

Show Cause Notice, Reply and Personal Hearing

3. A Show Cause Notice (hereinafter referred to as "SCN") was issued to the Noticee under Rule 4 of Adjudication Rules to show cause as to why an inquiry be not held against it in terms of Rule 4 of the Adjudication Rules read with section 15I of SEBI Act, 1992 and penalty be not imposed under section 15C and 15HB of SEBI Act, 1992 for the violation alleged to have been committed by the Noticee. The complains pending against Noticee on the date of SCN were:

S.No.	Registration no.	Name of Complainant	Complaint against
1.	SEBIP/DH14/0000349/1	SURESH KUMAR KAPOOR	Proline Software & Finance Ltd.

4. I find from the records that the said SCN bearing No. NRO/AO/VKV/DL/SCN/1189/2017 dated July 27, 2017 was sent at the last known address(s) at "F 3 / 6, Phase 1, Okhla Industrial Area, New Delhi 110020" of the Noticee through Postal Department which was returned undelivered.

5. In the interest of natural justice and in order to conduct an inquiry in terms of Rule 4(3) of the Adjudication Rules, the undersigned issued a notice of personal hearing vide hearing notice no. NRO/OW/AO/VKV/AS/2278/2017 dated November 28, 2017 to attend the hearing in the matter on December 7, 2017 at SEBI Northern Regional Office (NRO), New Delhi. The said Notice of hearing was sent to the Noticee through the Department of Post. However, the same was also returned undelivered.

6. A Notice under Rule 4 (1) of the Adjudication Rules was published on December 30, 2017 in the national daily and regional newspaper(s) at the registered office place of the Noticee, whereby the Noticee was advised to collect the copy of the SCN issued within 07 days of publication of the aforesaid notice and to submit its reply if any, within 14 days thereafter. The Noticee, however did not collect the copy of SCN within the prescribed time.

7. As the hearing notice could not be served upon the Noticee despite the best efforts made in this regard, the present proceedings against the Noticee are undertaken based on the submissions already received from the Noticee as stated at para 6 above.

Consideration of Issues and Findings:

8. I have carefully perused the charges levelled against the Noticee, his reply and the material / documents available on record. In the instant matter, the following issues arise for consideration and determination:-
   a) *Whether the Noticee has failed to resolve investor grievances?*
   b) *Whether the Noticee is liable for monetary penalty under Section 15C and 15HB of the SEBI Act, 1992?*
   c) *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?*

9. I note that the status of the company on SEBI SCORES website (http://scores.gov.in/SebiContents.aspx?page=entitystatus#) is "Compulsory Delisted" from BSE and Suspended from DSE. Further, as per MCA website, the status of Company is 'unlisted'. In view of the above, I note that SEBI has jurisdiction and power to initiate Adjudication Proceeding on a listed companies or those companies which intend to get their securities listed on any recognized stock exchange. In the case in hand, SEBI had introduced electronic dealing of the complaints of the investors, by the respective companies (SCORES) vide Circular No. CIR/OIAE/2/2011 dated June 3, 2011 read with Circular No. CIR/OIAE/1/2012 dated August 13, 2012 read with Circular No. CIR/OIAE/1/2013 dated April 17, 2013. Thus, the present adjudication proceedings are in respect of unlisted company where SEBI has no jurisdiction.

10. Looking at the entire gamut of evidence present and taking into account facts of the case, I am of the opinion that the allegations of not taking SCORES authentication and not resolving investor grievance, as alleged in the SCN, do not stand established as the Company is not listed on any Stock Exchange.

ORDER

11. In view of my findings noted in the preceding paragraphs, I hereby dispose of the Adjudication Proceedings initiated against the Noticee vide Show Cause Notice dated July 27, 2017.

12. In terms of Rule 6 of the Adjudication Rules, copy of this order is being sent to the Noticee and also to Securities and Exchange Board of India.

DATE: MARCH 14, 2018 **VIJAYANT KUMAR VERMA**

PLACE: NEW DELHI **ADJUDICATING OFFICER**