BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. EAD-6/AO/PM/NK/003/2019-20]

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

Meuse Kara & Sungrace Mafatlal Limited (now known as MYNK1906 Industries India Limited) (PAN: Not Available)

In the matter of Non- Redressal of Investor Complaints

FACTS OF THE CASE IN BRIEF

1. Securities and Exchange Board of India (hereinafter referred to as the "**SEBI"**) had noticed that Meuse Kara & Sungrace Mafatlal Limited (now known as MYNK1906 Industries India Limited) (hereinafter referred to as **"Meuse Kara / Company / Noticee**"), a listed Company, which has taken SCORES authentication, had failed to file Action Taken Report (**ATR**) with respect to a complaint from an investor, even after the lapse of the stipulated period of thirty days since receipt of the said complaint on SCORES. The details of the pending complaint is as under:

Company Name	**Complaint Ref. No.**	**Pending with the Company since**	**Pending no. of days as on 22/07/2016**	**Complaint in brief**
Meuse Kara & Sungrace Mafatlal Limited (Now known as MYNK1906 Industries India Limited)	SEBIP/MH16 /0001706/1	May 10, 2016	73	Non redemption of debentures / non receipt of interest

2. The complaint pertained to non-redemption of debentures / non receipt of interest for an additional 15,000 debentures bearing folio nos. 709 & 710. As per the SEBI Circular No. CIR/OIAE/1/2014 dated December 18, 2014, the listed companies and SEBI registered intermediaries to whom complaints are forwarded through SCORES, shall take immediate efforts on receipt of a complaint, for its resolution, within thirty days. The listed companies and SEBI registered intermediaries shall also keep the complainant duly informed of the action taken thereon. Further, the said circular also stipulates that the listed companies and SEBI registered intermediaries shall update the ATR along with supporting documents, if any, electronically in SCORES. Clause 13 of the said SEBI Circular stipulates that ***"Failure by listed companies and SEBI registered intermediaries to file ATR under SCORES within thirty days of receipt of the grievance shall not only be treated as failure to furnish information to SEBI but shall also be deemed to constitute non-redressal of investor grievance".***
3. In view of the above, it was alleged that the Company, by failing to file the ATR with respect to the above investor complaint within the stipulated time period has violated the provisions of SEBI Circular No. CIR/OIAE/1/2014 dated December 18, 2014. It was, therefore, alleged that the Noticee had violated the provisions of SEBI Circular No. CIR/OIAE/1/2014 dated December 18, 2014, which makes the Noticee liable for imposition of penalty under section 15C and section 15HB of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "the SEBI Act").

APPOINTMENT OF ADJUDICATING OFFICER

4. Mr. D. Sura Reddy, vide order dated January 12, 2017 was appointed as the Adjudicating Officer under section 15I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "SEBI Act, 1992") read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalty by Adjudicating Officer) Rules, 1995 (hereinafter referred to as the 'Adjudication Rules') to inquire into and adjudge under section 15A(a) and 15C of the SEBI Act,1992, the alleged violations of the provisions of CIR/OIAE/1/2014 dated December 18, 2014 by the Noticee. Pursuant to the transfer of Mr. D. Sura Reddy, I was appointed as the Adjudicating Officer in the

present matter vide order dated March 27, 2018. Subsequently it was observed that section 15HB of the SEBI Act would be more appropriate than section 15A(a) of the SEBI Act for dealing with the violations of the provisions of SEBI Circular. Consequently, the charging section was modified from 15A(a) to 15HB of the SEBI Act with the approval of the competent authority.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

5. A Show Cause Notice No. EAD-2/DSR/RG/11865/2017 dated May 25, 2017 (hereinafter referred to as "SCN") was issued to the Noticee under rule 4 of the Adjudication Rules to show cause as to why an inquiry should not be held against them in terms of rule 4 of the Adjudication Rules read with section 15-I of SEBI Act and penalty be not imposed under section 15A(a) and section 15C of the SEBI Act, 1992 for the alleged violation of provisions of the SEBI Circular No. CIR/OIAE/1/2014 dated December 18, 2014. It is to be noted that the above SCN remained undelivered. Subsequently, when I was appointed as the Adjudicating Officer, another SCN, EAD/AO-PM/NK/MC/29658/2018/1 dated October 24, 2018 was issued to the Noticee under rule 4 of the Adjudication Rules to show cause as to why an inquiry should not be held against them in terms of rule 4 of the Adjudication Rules read with section 15-I of SEBI Act and penalty be not imposed under section 15HB and section 15C of the SEBI Act, 1992, for the alleged violation of provisions of the SEBI Circular No. CIR/OIAE/1/2014 dated December 18, 2014. The above SCN also remained undelivered. Subsequently, a new address was sourced from the RoC (Registrar of Companies) records available on the MCA (Ministry of Corporate Affairs) website, another SCN bearing SCN no. EAD/AO-PM/NK/MK/1775/1/2019 dated January 17, 2019 was issued to the Noticee.
6. I find that the Noticee was incorporated as Suryamukhi Trading & Finance Limited. The name of the company changed to Bio Green Industries Limited in January 2007. The name was again changed to Meuse Kara Sungrace Mafatlal Limited in March 2012. Subsequently, name of the Noticee was changed to MYNK1906 Industries India Limited in December 2013.

7. Multiple attempts were made to deliver the SCN to the Noticee at different addresses obtained from different sources. The SCN was first sent to the address, Office No. 24, Shubhadha Building, 1st Floor, Near RTO Office, Sir Pochkanwala Road, Worli, Mumbai-400030. The SCN returned undelivered from the said address with the caption “left”. It was informed that the address was false as the Noticee had never occupied the said address. Later affixture was also attempted at the saiod address, however the same was not allowed by the present occupant of the said address.
8. The SCN was then sent to another address available with SEBI at 14th Floor-G 9/11, Bhupen Chambers, Dalal Street, BSE, Fort, Mumbai – 400001. The SCN again returned undelivered from the address with the caption “incorrect address). It was informed that the said building was only 4 storied and not 14 storied (as mentioned in the address) and also that there was no person/company with the said name.
9. The SCN was subsequently, sent to another address (obtained from ROC records) of MYNK1906 Industries India Limited (present name of Meuse Kara Sungrace Mafatlal Limited) i.e. 400, 4th Floor, B-Wing, Sangeeta Ellipse, Sahakar Road, Vile Parle (East), Mumbai- 400057. The SCN again returned undelivered with the caption “consignee shifted”. Affixture of the said SCN was also attempted at the abovementioned address but was not allowed by the present occupants of the said address. The SCN was also sent by email (as per ROC records). However, the email bounced back and the SCN remained undelivered through email also. Thereafter intimation with respect to the SCN along with the date of personal hearing was published in newspaper on February 20, 2019. However, no response was received from the Noticee.
10. In view of the above, I am of the considered opinion that considerable efforts were made to deliver the SCN. The principle of natural justice has been followed in the matter, as enough opportunities/efforts were undertaken. As such I am constrained to decide the matter ex-parte taking into account the evidence / material available on record.

CONSIDERATION OF ISSUES

11. I have carefully perused the documents available on record. It is observed that the allegation against the Noticee is that it has they have failed to to file the ATR with

respect to the investor complaint within the stipulated time period. The issues, therefore, that arise for consideration in the present matter are:

a) *Whether the Noticee has violated the provisions of SEBI Circular No. CIR/OIAE/1/2014 dated December 18, 2014 by failing to file the ATR with respect to the investor complaint within the stipulated time period?*
b) *Does the violation, if any, on the part of the Noticee attract monetary penalty under section 15C and section 15 HB of the SEBI Act, 1992?*
c) *If so, what would be the monetary penalty that can be imposed duly taking into account the factors mentioned in Section 15J of SEBI Act?*

FINDINGS

12. The first issue for consideration is whether the Noticee by failing failing to file the ATR with respect to the investor complaint (as mentioned in Para 1 above) within the stipulated time period has violated the provisions of SEBI Circular No. CIR/OIAE/1/2014 dated December 18, 2014. I find from the material available on record that as per the aforesaid circular, it was obligatory on the part of all listed companies including the Noticee to file ATR with respect to the investor complaints within the stipulated time period of thirty (30) days of receipt of the investor complaints in respect of the steps taken by the company to resolve /redress the investor complaint. However, Noticee failed to file the ATR with respect to the investor complaint within the stipulated time period.
13. I find from the material available on record that the present adjudication proceedings was initiated against the Noticee, since the investor complaint was pending with the company/Noticee for more than 76 days and the Noticee did not file any ATR with respect to steps taken for resolving the said investor complaint.
14. I also find that the Noticee has frequently changed its name and address. The Noticee had changed its name on 4 occasions after its incorporation. It has also changed its address multiple times. I note that multiple efforts were made to contact the Noticee without any success. Therefore, I am constrained to proceed and decide the matter ex-parte based on the material and records presented before me.

15. In this regard, it is pertinent to note that the Hon'ble Securities Appellate Tribunal (SAT) in the matter of **Classic Credit Limited vs. SEBI (Appeal No. 68 of 2003 decided on December 08, 2006**) has inter alia, observed that *"............ the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show cause notice were admitted by them".*

16. I note that sufficient time and opportunity to appear for personal hearing have been given to the Noticee. However, the Noticee have failed to submit any reply towards the SCN and failed to appear for hearing in the instant adjudication proceedings. At this juncture, I find it relevant to refer to the order of Securities Appellate Tribunal in the matter of ***Sanjay Kumar Tayal & Ors.*** v. ***SEBI*** (Appeal No. 68 of 2013 dated February 11, 2014), wherein, it *inter alia* held that, "*...As rightly contended by Mr. Rustomjee, learned senior counsel for respondents, appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges leveled against them in the show cause notices...".* Thus, in absence of any response towards the SCN and notice of hearing from the Noticees, I am of the view that the allegations and the charges levied against the Noticees are not in dispute by them.

17. I also find it relevant to refer to the order of Hon'ble SAT in the matter of ***Dave Harihar Kiritbhai*** v. ***Securities and Exchange Board of India*** (Appeal No. 181 of 2014 dated December 19, 2014), wherein, it observed, "…*further, it is being increasingly observed by the Tribunal that many persons/entities do not appear before SEBI (Respondent) to submit reply to SCN or, even worse, do not accept notices/letters of Respondent and when orders are passed ex-parte by Respondent, appear before Tribunal in appeal and claim non-receipt of notice and do not appear and/or submit reply to SCN but claim violation of principles of natural justice due to not being provided opportunity to reply to SCN or not provided personal hearing. This leads to unnecessary and avoidable loss of time and resources on part of all concerned and should be eschewed, to say the least. Hence, this case is being decided on basis of material before this Tribunal…*".

18. It is the duty of SEBI to ensure speedy resolution of investor grievances, and for furtherance of such objective, SEBI through a centralized web based SEBI Complaints Redressal System (SCORES) has provided a platform for aggrieved investors, whose grievances pertaining to the securities market remain unresolved by the concerned listed company. It is therefore important that listed companies including the Noticee complement the regulators efforts by complying with various directives as laid down in SEBI circulars relating to investor complaints redressal mechanism and investor protection. However, it is observed from the above that the Noticee has consistently failed and neglected to comply with the SEBI Consolidated Circular CIR/OIAE/1/2014 dated December 18, 2014. I note that the provisions of consolidated circular dated December 18, 2014 shall be applicable to all listed companies irrespective of the status of trading.
19. In view of all of the above, I am of the considered view that the allegation of not filing of the ATR on SCORES with respect to the investor complaints within the stipulated time period of thirty (30) days of receipt of the investor complaints in respect of the steps taken by the company to resolve /redress the investor complaint is established against the Noticee and therefore has violated the provisions of SEBI Consolidated Circular CIR/OIAE/1/2014 dated December 18, 2014.
20. It is pertinent to note that the Hon'ble Supreme Court of India in the matter **of SEBI Vs. Shri Ram Mutual Fund [2006] 68 SCL 216(SC)** held that *"In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant…".*
21. In view of the foregoing, I am convinced that it is a fit case to impose monetary penalty on the Noticee under section 15C and 15HB of the SEBI Act, 1992 which read as under:

Securities and Exchange Board of India Act, 1992:

Liability for monetary penalty for* failure *to redress investors' grievances.

15C. *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 grievance of* *investors, fails to redress such grievance within the time specified by the Board, such company or intermediary shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees.*

Penalty for contravention where no separate penalty has been provided.

15HB*. Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.*

22. While determining the quantum of monetary penalty under Section 15HB of SEBI Act, I have considered the factors stipulated in Section 15-J of SEBI 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.

23. It is not possible in cases of such nature to quantify exactly the disproportionate gains or unfair advantage enjoyed by the Noticee. Also, it may not be possible to ascertain the exact monetary loss to the investors as a result of the default. It is also noted that no quantifiable figures are available on record to assess the disproportionate gain or unfair advantage made as a result of such default by the Noticee.

24. In the extant case, I find that the Noticee Company has failed to comply with the directions / circular of SEBI. Thus, the default of the Noticee to this extent is found to be repetitive in nature. Further, filing of ATR on the SCORES platform in respect of

the investor complaints inter alia by listed companies was one of the regulatory measures of SEBI to help in enhancing the confidence of the investors and thereby the integrity of the securities markets. Hence, wilful noncompliance of the same by the Noticee is a matter of serious concern.

25. In the matter, I find that the Hon'ble Securities Appellate Tribunal (hereinafter referred to as 'SAT') in **S. S. Forgings & Engineering Limited & Others v SEBI, Appeal No. 176 of 2014 (decided on August 28, 2014)** has inter alia observed that –

"………………the importance of complaints redressal system initiated by SEBI in June, 2011 cannot be undermined and its sanctity has to be maintained by all the listed companies……."

ORDER

26. In view of the above, after considering all the facts and circumstances of the case and exercising the powers conferred upon me under Section 15 I of the SEBI Act and Rule 5 of the Adjudication Rules, I hereby impose a penalty of Rs. 2, 00,000 /-(Rupees Two Lakh only) under section 15C of the SEBI Act, 1992 and Rs. 2, 00,000 /-(Rupees Two Lakh only) under section 15HB of the SEBI Act, 1992 (Total penalty of Rs. 4,00,000/- (Rupees Four Lakh only) on the Noticee viz. M/s Meuse Kara & Sungrace Mafatlal Limited (now known as MYNK1906 Industries India Limited).

I am of the view that the said penalty would be commensurate with the violations committed and acts as a deterrent factor for the Noticee and others in the interest of investors. This Adjudication Order shall dispose of the SCN EAD-2/DSR/RG/11865/2017 dated May 25, 2017, SCN EAD/AO-PM/NK/MC/29658/2018/1 dated October 24, 2018 and SCN EAD/AO-PM/NK/MK/1775/1/2019 dated January 17, 2019.

27. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of "SEBI – Penalties Remittable to Government of India", payable at Mumbai, OR through e-payment facility into Bank Account the details of which are given below:

Account No. for remittance of penalties levied by Adjudication Officer

Bank Name	**State Bank of India**
Branch	**Bandra - Kurla Complex**
RTGS Code	**SBIN0004380**
Beneficiary Name	**SEBI – Penalties Remittable To Government of India**
Beneficiary A/c No	**31465271959**

28. The Noticee shall forward said Demand Draft or the details / confirmation of penalty so paid through e-payment to the Deputy General Manager, DRA- II, Enforcement Department, SEBI, Mumbai as per the following format.

Case Name	
Name of Payee	
Date of payment	
Amount Paid	
Transaction No	
Bank Details in which payment is made	
Payment is made for (like penalties/disgorgement/recovery/Settlement amount and legal charges along with order details)	
Penalty	

29. In terms of rule 6 of the Adjudication Rules, copies of this order are sent to the Noticee and also to SEBI.

Date: April 26, 2019
Place: Mumbai

Prasanta Mahapatra
Adjudicating Officer