

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. ORDER/SR/PP/2019-20/4732/116]

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

In respect of

Indo American Optics Ltd.
PAN: AAACI4390L

Address: IOL House, Near Swati Apts.,
Opp. Central Bank Lane, Ambavadi Bazar
Ahmedabad- 380006

In the matter of

Failure to redress investor complaints and file action taken report

BACKGROUND

1. A Department of Securities and Exchange Board of India (hereinafter referred to as **SEBI**) (**OD**) observed that Indo American Optics Limited (hereinafter referred to as the **Noticee**) having office at IOL House, Near Swati Apts., Ambavadi Bazar, Ahmedabad-380006 had failed to redress investor complaints received by SEBI and failed to file action taken report (**ATR**) with SEBI. OD forwarded several investor complaints to the Noticee vide letter dated September 25, 2008 alongwith details of 70 investor grievances which were pending unresolved by the Noticee. OD sent reminders on November 21, 2008 and December 19, 2008. The said investor complaints were forwarded to the Noticee for redressal and reminders were also sent to it for resolving the same. OD noted that inspite of receiving the said complaints and reminders in the registered office of the Company, Noticee failed to redress the said complaints.
2. In the aforementioned letter dated September 25, 2008 and reminders, OD made a reference to sections 15C and 24 of the Securities and Exchange Board of

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India Act, 1992 (hereinafter referred to as the **SEBI Act**) for initiation of enforcement actions, such that in case of failure to redress the said complaints and file ATRs, SEBI would initiate such action as deemed appropriate. However, the Noticee failed to redress investor complaints and submit ATR.

APPOINTMENT OF ADJUDICATING OFFICER

3. In view of this, OD initiated adjudication proceedings against the Noticee for its failure to resolve investor complaints and failure to submit action taken report. Vide an order dated July 07, 2009, Shri Amar Navlani was appointed Adjudicating Officer (hereinafter referred to as **AO**) under section 15-I of the SEBI Act read with rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as **Adjudication Rules**) to inquire into and adjudge under sections 15C and 15A(a) of the SEBI Act, the alleged non-redressal of investor grievances by the Noticee and alleged failure to furnish the ATR. On transfer of Shri Amar Navlani, the Adjudication Proceedings was transferred to the undersigned and I was appointed as AO vide order dated June 07, 2019.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

4. A Show Cause Notice No. AO/SCN/AN/IAOL/2888/2010 dated February 16, 2010 (hereinafter referred to as **SCN**) was issued to the Noticee under Rule 4(1) of the Adjudication Rules, requiring the Noticee to show cause as to why an inquiry should not be held against it and penalty be not imposed under sections 15C and 15A(a) of the SEBI Act, 1992 for the alleged non-redressal of complaints and filing of status report. Vide hearing notice dated June 25, 2010, an opportunity of hearing was granted to the Noticee on July 21, 2010. Vide letter dated July 21, 2010, Noticee has sought adjournment of hearing scheduled on July 21, 2010. Acceding to the request of the Noticee, previous AO vide letter dated July 22, 2010 had granted another date of hearing on July 28, 2010. Mr. Ronak V. Patel, Director, Indo American Optics Ltd. appeared for the hearing scheduled on July 28, 2010, *interalia* submitted that "*the Company listed in BSE and NSE, however, it is now delisted...The complaints*

mentioned in the SCN have been resolved and I undertake to file complaint wise status along with documentary evidence in respect of the same within 15 days".

5. After my appointment as AO in the instant matter, vide hearing notice (HN) dated July 08, 2019, Noticee was granted an opportunity of personal hearing on July 24, 2019. The HN sent through Speed post Acknowledgement due and the same was returned undelivered with the comment "refused". Thereafter, another attempt to serve the HN upon the Noticee was made through affixture in terms of rule 4 of Adjudication Rules. However, affixture report also returned back with the comment "address change of the entity" as affixture could not be done. Thereafter, HN was uploaded on the SEBI website under "Unserved Summons / Notices". Subsequently, by way of release of public notice vide newspaper publication dated August 26, 2019 and September 04, 2019, the HN was served on the Noticee by way of publication in terms of rule 7(d) of the Adjudication Rules and the paper clippings is on record. The Noticee was provided with an opportunity of hearing on September 19, 2019. Newspaper publication were released in the newspapers detailed hereunder-

S.No	Name of the newspaper	Language	Edition	Published on
1.	The Times of India	English	Ahmedabad Edition	August 26, 2019
2.	Gujarat Vaibhav	Hindi	Ahmedabad Edition	August 26, 2019
3.	Gujarat Samachar	Gujarati	Ahmedabad Edition	September 04, 2019

6. However, the Noticee has not availed of the opportunities of personal hearing given.
7. After taking into account, the allegations levelled in the SCN, reply received to the said SCN, and other material available on record, I hereby proceed to decide the case on merit.

CONSIDERATION OF ISSUES, EVIDENCES AND FINDINGS

8. I have carefully perused the charges levelled against the Noticee in the SCN and other material available on record. In the instant matter, the following issues arise for consideration and determination:-

- a. **Whether the Noticee has violated the provisions of sections 15C and 15A(a) of SEBI Act?**
- b. **Do the violations, if any, on the part of the Noticee attract monetary penalty under section 15C and 15A(b) of the SEBI Act, for the alleged violations by the Noticee?**
- c. **If yes, then what would be the monetary penalty that can be imposed upon the Noticee, taking into consideration the factors mentioned in section 15J of the SEBI Act, r/w rule 5(2) of the Adjudication Rules?**

9. Before proceeding further, it will be appropriate to refer to the provisions of sections 15C and 15A(a) of the SEBI Act, 1992, which read as under:-

Penalty for failure to furnish information, return, etc.

15A. *If any person, who is required under this Act or any rules or regulations made thereunder,*

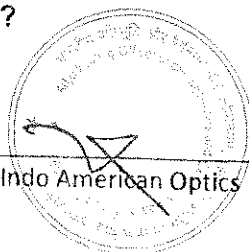
- (a) to furnish any document, return or report to the Board, fails to furnish the same, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.*

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 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.*

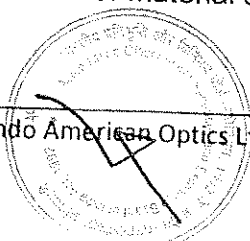
10. On perusal of the material available on record and giving regard to the facts and circumstances of the case, I record my findings hereunder:

Issue (a): Whether the Noticee has violated the provisions of sections 15C and 15A(a) of the SEBI Act?



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- a) I note that the section 15C of the SEBI Act directs listed companies whose securities are listed on the recognized Stock Exchanges to redress investor grievances within the time specified by SEBI. Therefore, it is pertinent to examine if the Noticee was listed on any recognized stock exchange, at the time of the alleged violations. I have noted from the available record that the Noticee was delisted from of Bombay Stock Exchange (BSE) that as on July 02, 2004.
- b) Record maintained on SCORES shows status of the Noticee as placed on dissemination board. Therefore, a relevant question before me is whether the Noticee's existence on dissemination board of any recognized Stock Exchange can be considered as listed on a recognized Stock Exchange. In this regard, I note from the circular no. CIR/MRD/DSA/14/2012 dated May 30, 2012 regarding Exit Policy for De-recognized/ Non-operational Stock Exchanges (herein after referred to as Exit policy and it is available at <https://www.sebi.gov.in/legal/circulars/may-2012/exit-policy-for-de-recognized-non-operational-stock-exchanges-22825.html>) issued by SEBI that, "...the exclusively listed companies, which fail to obtain listing on any other stock exchange, will cease to be a listed company and will be moved to the dissemination board by the exiting stock exchange. Therefore, in the interest of investors of exclusively listed companies, a mechanism of dissemination board will be set-up by stock exchanges having nationwide trading terminals." Further, I note from the Exit Policy that, "...Exchanges having nationwide trading terminal will not have listing agreement with these companies" refers to the companies on the dissemination board. So, in terms of the Exit Policy the companies placed on dissemination board cannot be said to be listed, unless said companies specifically enter into a listing agreement with any recognized Stock Exchange. As regards Noticee, no such information is made available on record.
- c) In light of, absence of any proof of listing made available on record, reading of the aforesaid Exit Policy and other material on record, I am inclined to believe that the



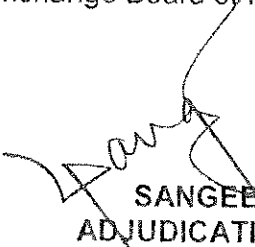
Noticee was not listed at the time of alleged violations. Therefore, considering the above facts, I am of the view that it is not a fit case for proceeding further and that issues (b) or (c) do not merit consideration.

ORDER

11. In view of the above findings, I hereby dispose of the adjudication proceedings initiated against Indo American Optics Limited vide SCN dated February 16, 2010 without imposing any monetary penalty.

12. In terms of the provisions of Rule 6 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules 1995, a copy of this Order is being sent to the Noticee and also to Securities and Exchange Board of India.

Date: September 30, 2019
Place: Mumbai


SANGEETA RATHOD
ADJUDICATING OFFICER

