

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. ORDER/SR/PP/2019-20/4731/115]

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

Akar Laminators Ltd.
(Address: 1st Floor Trade Centre, Opp. Stadium Circle
Navrangpura, Ahmedabad-380009)

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 Akkar Laminators Ltd (hereinafter referred to as the **Noticee**) having office at 1st Floor Trade Centre, Opp. Stadium Circle, Navrangpura, Ahmedabad – 380009 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 74 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 India Act, 1992 (hereinafter referred to as the **SEBI Act**) for initiation of enforcement

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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 submit the status report as advised by OD. In view of this, SEBI initiated adjudication proceedings against the Noticee for its failure to resolve investor complaints and failure to 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

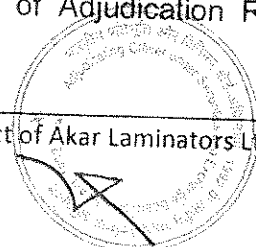
4. A Show Cause Notice No. AO/SCN/AN/ALL/2886/2010 dated February 16, 2010 (hereinafter referred to as **SCN**) was issued to the Noticee under Rule 4 of the Adjudication Rules, requiring the Noticee to show cause as to why an inquiry should not be held against it and penalty be not imposed under sections 15C and 15A(a) of the SEBI Act, for the alleged non-redressal of complaints and failure to file ATR. The said SCN was delivered to the Noticee through hand delivery as seen from available record. Noticee submitted reply to the SCN vide letter dated March 10, 2010. Vide hearing notice dated June 25, 2010, an opportunity of hearing was granted to the Noticee on July 21, 2010 by earlier AO. Noticee submitted additional reply to the SCN vide letter dated July 19, 2010. Authorized representative (AR), on behalf of the Noticee attended hearing on the scheduled date i.e. July 21, 2010 and the hearing minutes are on record. Submissions made by the Noticee are as follows:

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- a) Noticee submitted that Noticee is a sick company and registered with Board for Industrial and Financial Reconstruction (BIFR) under Sick Industrial Companies Act, 1956. Also Noticee informed that it had proposed Scheme of Compromise and Arrangement with respect to it's shareholders, statutory, secured and unsecured creditors of the company under sections 100, 391 & 392 of the Companies Act, 1956, which is pending before the Hon'ble High Court of Gujarat, for approval.
- b) Noticee submitted that the reasons behind the delay in process of dematerialization of shares is due critical financial position of and liquidity crunch, for which Noticee was unable to pay the annual custodial charges to the depositories and quarterly fees to Registrar and Transfer Agent (RTA). On account of non-payment of fees, Noticee was unable to receive beneficial position as well as control nos. for pending demat requests from Depositories. There was suspension of transfer and demat work by its RTA i.e M/s Sharepro Services (India) Private Limited. However, Noticee tried overcome from this situation and managed to pay all outstanding fees and charges of Depositories in order to resolve all investor's grievances.
- c) Noticee submitted that reason for delay in dematerialization of shares and pendency of investor grievances was due to absence of the key managerial personnel and staff responsible to handle the share transfer department. However, company is in process to assign this responsibility to a professional who can handle the physical and electronic share transfer work.
- d) Noticee submitted that it will resolve all these pending investor grievances within a short period of time and submit the ATR.

5. After my appointment as AO in the instant matter, vide hearing notice dated July 08, 2019, Noticee was granted an opportunity of personal hearing on July 24, 2019. The said notice was sent through Speed Post Registered Acknowledgement due (SPAD) and the same returned undelivered with the comment "left". Thereafter, another attempt to serve the said hearing notice upon the Noticee was made through affixture in terms of Rule 4 of Adjudication Rules and the affixture report is on record.



Thereafter, Noticee was granted another opportunity of personal hearing on September 19, 2019 vide hearing notice dated August 19, 2019 though SPAD, which returned undelivered. Both the aforementioned hearing notices were uploaded on the SEBI website under "Unserved Summons / Notices". Subsequently notice dated August 19, 2019 was served upon the Noticee by publication. Through a release of public notice vide newspaper publication dated August 26, 2019 and September 04, 2019, the said hearing notice 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. 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 the materials 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 sections 15C and 15A(a) 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, 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 SEBI Act?

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 whether the Noticee was listed on any recognized stock exchange, at the time of the alleged violations. I have noted from the website of Bombay Stock Exchange (BSE) that as on January 31, 2003, the Noticee appears to have no equity securities listed on BSE.



- 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 addition to the status on BSE and SCORES, I have perused the website of Ministry of Corporate Affairs (MCA), Government of India, i.e. <http://www.mca.gov.in/mcafoportal/companyLLPMasterData.do> and observe that the listing status of the Noticee is shown as 'unlisted'.
- d) In light of, absence of any proof of listing (at the time of alleged violations) made available on record, reading of the aforesaid Exit Policy and information available on the aforementioned websites, I am inclined to believe that the Noticee was not a listed company at the time of alleged violations. Therefore, considering the



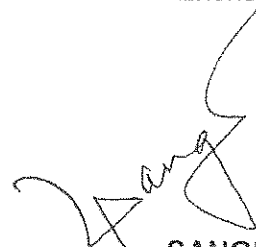
above facts, I am of the view that it is not a fit case for proceeding further and that issues (b) or (c) do not merit consideration.

ORDER

11. In view of the above findings, I hereby dispose of the adjudication proceedings initiated against the Noticee i.e. Akar Laminators Limited vide SCN dated February 16, 2010 without imposing any monetary penalty.

12. In terms of the provisions of Rule 6 of the Adjudication Rules, 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

