

**BEFORE THE SECURITIES APPELLATE TRIBUNAL
MUMBAI**

Appeal No.128 of 2011

Date of Decision:10.10.2011

Indu Nissan Oxo Chemical Industries Ltd.
Bhajwa Chhani Road,
Behind GSFC Complex,
Vadodara – 391 310
Gujarat.

.....Appellant

Versus

Securities and Exchange Board of India
SEBI Bhavan, Plot No. C-4A,
“G” Block, Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051.

.....Respondent

Mr. Ankit Lohia, Advocate with Ms. Shradha Vyas, Advocate for the Appellant.

Dr. Poornima Advani, Advocate with Mr. Ajay Khaire, Advocate for the Respondent.

CORAM : Justice N. K. Sodhi, Presiding Officer
P.K. Malhotra, Member

Per : Justice N. K. Sodhi, Presiding Officer (Oral)

Challenge in this appeal is to the order dated April 7, 2011 passed by the adjudicating officer imposing a monetary penalty of ₹ 10 lacs on the appellant for violating section 15C of the Securities and Exchange Board of India Act, 1992 (for short the Act) and another sum of ₹ 3 lacs for violating section 15A(a) of the Act. The gravamen of the charge levelled against the appellant is that it failed to redress the grievances of its investors. There were as many as 56 complaints received from investors which the appellant company had not redressed. Proceedings were also initiated by the whole time member of the respondent Board for issuing appropriate directions to the appellant under section 11B of the Act for non-redressal of the grievances of the investors. During the pendency of the proceedings before the whole time member the appellant was directed to issue a public notice calling upon the investors to state whether their grievances had been redressed or not. This course of action became necessary

because the appellant contended before the whole time member that the grievances of the investors had since then been redressed. Admittedly, in response to the public notice issued by the appellant company, no investor came forward to pursue his complaint. In this view of the matter, the whole time member by his order dated July 8, 2011 exonerated the appellant and disposed of the proceedings without issuing any directions. When the whole time member passed his order, the impugned order of the adjudicating officer was also there on the record imposing the aforesaid monetary penalty on the appellant. In view of the subsequent order passed by the whole time member, we would have set aside the order of the adjudicating officer and closed the proceedings. However, we are not adopting that course because the learned counsel appearing for the respondent Board informs us that subsequent to the order passed by the whole time member three complainants have come forward informing the respondent that their grievances still remain and that the appellant company has failed to redress them. The primary grievance of these complainants is that they have not been issued duplicate share certificates despite a request having been made for the same. Mr. Ankit Lohia learned counsel for the appellant informs us that these investors had been informed through letters that they were required to execute certain documents including an indemnity bond as per the requirement of law before the duplicate share certificates could be issued to them and since the complainants did not come forward to comply with the requirements of law, the share transfer agent refused to issue the duplicate share certificates. If this is so, the share transfer agent was justified in not issuing the duplicate share certificates. Be that as it may, now that the complainants have come forward let their grievances be redressed. There are only three complainants. Let the appellant issue letters to them to come forward to execute documents as per the requirement of law so that duplicate shares could be issued to them. In case they respond within two weeks from the date of receipt of the letter, duplicate shares would be issued to them within four weeks thereafter. We make it clear that in case they fail to execute the necessary documents, their complaints shall be rejected. Let this exercise be undertaken by the appellant company forthwith. Before concluding, we may mention that the appellant shall keep the respondent Board informed of all the actions taken by it in this regard.

In the result, the appeal is allowed and the impugned order set aside subject to the aforesaid directions. In case the appellant fails to comply with our directions, the impugned order shall then stand revived and the appellant would be liable to pay the monetary penalty as imposed by the adjudicating officer. No costs.

Sd/-
Justice N.K.Sodhi
Presiding Officer

Sd/-
P.K. Malhotra
Member

10.10.2011
Prepared and compared by
RHN