

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

**UNDER SECTION 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT,
1992 FOR FAILURE TO OBTAIN SCORES AUTHENTICATION FOR REDRESSAL OF
INVESTOR GRIEVANCES**

In respect of Kinjal Finance Ltd.

1. SEBI vide circular CIR/OIAE/2/2011 dated June 3, 2011 advised all listed companies and the stock exchanges about the process of investor complaints in SEBI Complaints Redress System (SCORES), it being an online electronic centralized database for receiving complaints and moving it online to the concerned listed companies and for resolution of complaints by the companies and uploading the action taken report by the companies so as to be accessible to the investors online. The said circular was issued in exercise of powers conferred under section 11(1) of the SEBI Act, 1992 to protect the interests of investors in securities market and to promote the development of, and to regulate the securities market. Subsequently, vide another circular CIR/OIAE/1/2012 dated August 13, 2012, SEBI advised all companies whose securities are listed on stock exchanges to obtain SCORES authentication by September 14, 2012 in terms of the aforesaid circular. The circular further directed listed companies to take appropriate steps within seven days of receipt of complaints through SCORES in terms of the aforesaid circular, so as to resolve the complaint/s within thirty days of its receipt.
2. Kinjal Finance Limited (hereinafter referred to as noticee / company) having its registered office at 21, Basement, Somarika Chandawadi, CP Tank, Mumbai did not obtain SCORES authentication within the time period specified in the aforementioned circular. The shares of the notice company was listed at Ahmedabad Stock Exchange (ASE).
3. As several companies, including the noticee company, did not obtain SCORES authentication within the time period specified in the aforementioned circular, a public notice was issued by SEBI, on January 13, 2013, in Times of India, advising *inter alia* companies to obtain SCORES authentication within seven days from the date of the advertisement, failing which SEBI would be constrained to initiate appropriate enforcement actions. The noticee company still failed to obtain SCORES authentication. It was also observed that three investor complaints were pending against the noticee company as not addressed

4. Since the noticee did not obtain SCORES authentication and failed to redress pending investor grievances, SEBI issued Show Cause Notice (SCN) dated December 30, 2016 to the company calling upon them to show cause as to why suitable directions including direction to restrain them from accessing the securities market for a specified period should not be passed under section 11B of the SEBI Act, 1992. The SCN issued to the company was sent on its last address available with ASE i.e. Kinjal Nagar, 1434, PO Rajpur Kalol-Mehsana Highway Mehana, through Speed Post Acknowledgement Due. However, the SCN returned undelivered.
5. Opportunity of personal hearing was granted to the company on March 15, 2017. Notices to the effect of issuance of granting of opportunity of personal hearing on March 15, 2017 were published in Times of India (English), Maharashtra Times (Marathi) and Gujarat Samachar (Gujarati) newspapers on February 27, 2017. However, the noticee chose not to appear for the personal hearing on the scheduled date.
6. I note that the noticee has not submitted any written reply to the SCN issued nor has the hearing notice elicited any response. As a result, SEBI had to resort to publication of newspaper advertisement, which has also not met with any response. Clearly the noticee has not shown any keenness to avail the opportunity of personal hearing too. In view of these facts and circumstances, I deem it appropriate to decide the matter on the basis of the material available on record.
7. The non redressal of investor grievances is a breach of the provisions of SEBI Act, 1992. It adversely affects the confidence of investors in securities market. The authentication on the electronic platform introduced specifically for this purpose as an investor protection measure by SEBI has to be meticulously followed by all the listed companies. Any lapse in the basic compliance by the listed companies in this regard would defeat the purpose of such efforts adopted by the regulator under the provisions of section 11 of the SEBI Act, 1992, to advance the interest of the investors and the securities market. The noticee is thus under an obligation to redress all investor complaints in terms of the advice/directions of SEBI. However, the noticee has not shown any inclination to resolve the investor grievances and in spite of repeated advice of SEBI, the said investor grievances are pending till date.
8. In view of the foregoing, I am of the view that it is a fit case to issue appropriate directions under section 11B of the SEBI Act, 1992 against Kinjal Finance Limited as contemplated in the SCNs. I, therefore, in exercise of the powers conferred upon me under section 19 of the SEBI Act read with sections 11 and 11B thereof, hereby restrain and prohibit Kinjal Finance Limited from accessing the securities market and from buying, selling or dealing in securities, directly or indirectly, in whatsoever manner, till the company resolve all the investor grievances pending against them.

9. This Order shall come into force with immediate effect. A copy of this Order shall also be served upon the depositories and stock exchanges for necessary action.

Date: September 21, 2017

Place: Mumbai

**G. MAHALINGAM
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA**