

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER SECTION 11(1) AND SECTION 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 FOR FAILURE TO OBTAIN SCORES AUTHENTICATION FOR REDRESSAL OF INVESTOR GRIEVANCES.

IN THE MATTER OF VISHWAS STEELS LIMITED –

	ENTITY	PAN
1.	CHANDRA MOHAN GUPTA	NOT AVAILABLE

BACKGROUND –

- 1.1 Securities and Exchange Board of India (“**SEBI**”) vide Circular no. CIR/OIAE/2/2011 dated June 3, 2011, advised all listed companies and Stock Exchanges of the commencement of processing of investor complaints in an online electronic centralized database called the SEBI Complaints Redress System (“**SCORES**”), for receiving complaints and moving it online to the concerned listed companies for the purpose of resolution of complaints and uploading the action taken report by the companies so as to be accessible to the investors online. The aforementioned Circular was issued in exercise of powers conferred under Section 11(1) of the SEBI Act, 1992 (“**SEBI Act**”) to protect the interests of investors in securities market and to promote the development of, and to regulate the securities market.
- 1.2 Subsequently, vide another Circular no. CIR/OIAE/1/2012 dated August 13, 2012, SEBI advised all companies whose securities were listed on stock exchanges to obtain SCORES authentication by September 14, 2012, in terms of the said Circular. The aforementioned Circular further directed listed companies to take appropriate steps within 7 days of receipt of complaints through SCORES in terms of the aforesaid Circular, so as to resolve the complaint/s within 30 days of its receipt.
- 1.3 Vishwas Steel Limited (“**the Company/VSL**”), a listed company having its office address at 33/1A, Dhargal Village, Taluka Pernem, Goa-403001, had failed to obtain SCORES authentication and resolve pending investor complaints. In light of the same, SEBI vide an Order dated June 8, 2016, restrained VSL and its Directors including Chandra Mohan Gupta (“**Noticee**”) from accessing the securities market and from buying, selling or dealing in securities directly or indirectly, in whatsoever

manner till the Company obtained SCORES authentication in terms of SEBI Circular dated August 13, 2012 and resolved all the investor grievances pending against it.

- 1.4 SEBI received a letter dated November 18, 2017 from the Noticee, one of the Directors of VSL wherein he *inter alia* made the following submissions –
- A. He is 85 years old.
 - B. He was earlier a Non–Executive and Independent Director on the Board of VSL during the period 1997–2000.
 - C. He ceased to be a Non–Executive and Independent Director of VSL w.e.f. 2000. He has not been associated with VSL in any capacity subsequent to his aforementioned resignation.
 - D. He is not aware of whether or not VSL complied with the abovementioned SEBI Circular dated August 13, 2012 or Public Notice dated January 13, 2013 with respect to obtaining SCORES authentication.
 - E. He had not received the Show Cause Notices (“SCNs”) dated March 28, 2013 and October 22, 2014, as mentioned at paragraph 4 of the SEBI Order dated June 8, 2016.
 - F. He had also not received the hearing Notices dated October 1, 2015 and November 26, 2015, as mentioned at paragraph 5 of the SEBI Order dated June 8, 2016.
- 1.5 In view of the abovementioned submissions, Chandra Mohan Gupta has requested SEBI to vacate/revoke the restraint and prohibition from accessing the securities market and from buying, selling or dealing in securities, directly or indirectly, imposed on him vide the SEBI Order dated June 8, 2016.
- 1.6 SEBI had sought confirmation of the aforementioned submission of Chandra Mohan Gupta in respect of his Directorship in VSL from the Registrar of Companies (RoC–Mumbai) vide e–mail dated December 19, 2017 and also letter dated January 3, 2018. Vide the aforementioned correspondences, SEBI also requested RoC–Mumbai to verify if any requisite forms were submitted by Chandra Mohan Gupta during the year 1999–2000 in respect of his resignation as Director of VSL. However, no reply has been received from the RoC–Mumbai.

FINDINGS –

- 2.1 I have considered the findings contained in the SEBI Order dated June 8, 2016; letter dated November 18, 2017 from Chandra Mohan Gupta and all other relevant material obtained from the Ministry of Corporate Affairs’ website i.e. *MCA21 Portal*.

2.2 Upon scrutiny of the material available on record, I note the following –

- A. The Annual Report of VSL for the Financial Year 1999–2000 *inter alia* states: “During the year under review, the following Directors, viz. Chandra Mohan, Subhash Patil, D. N. Navar, P. G. Kakodkar and Noel Jacob, resigned from the Board.”
- B. The Annual Return filed by VSL as on December 27, 2000, reveals that Chandra Mohan Gupta was appointed as a Director of the Company on January 30, 1999 and ceased to be a Director w.e.f. January 5, 2000.

2.3 As Chandra Mohan Gupta had resigned as a Director of VSL w.e.f. January 5, 2000 (as reported by VSL in its Annual Report for the Financial Year 1999–2000 and Annual Return filed as on December 27, 2000), the violations alleged jointly against the Company and its Directors in the SEBI Order dated June 8, 2016, with respect to non-compliance of SEBI Circular dated August 13, 2012, are not maintainable as against him. Hence, I am inclined to revoke the directions contained in the SEBI Order dated June 8, 2016, as against Chandra Mohan Gupta.

ORDER –

- 3.1 I, in exercise of the powers conferred upon me under Section 19 of the Securities and Exchange Board of India Act, 1992 (“**SEBI Act**”) read with Section 11(1) and Section 11B thereof, hereby revoke the directions issued vide Order dated June 8, 2016 *qua* Chandra Mohan Gupta with immediate effect.
- 3.2 A copy of this Order shall be served on the Stock Exchanges and Depositories, for necessary action.

Place: Mumbai
Date: April 11, 2018

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