

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

DIRECTIONS UNDER SECTIONS 11(4)(b) AND 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AGAINST AKAR LAMINATORS LIMITED AND ITS DIRECTORS

1. Akar Laminators Limited (hereinafter referred to as the Company) is a company incorporated under the Companies Act, 1956 and having its registered office at 1st Floor, Trade Centre, Opp. Stadium Circle, Navrangpura, Ahmedabad-380009. The directors of the Company are Mr. Hitesh Ravindra Shah, Mr. Vinodbhai Tarachand Sheth and Mr. Hasmukhbhai Tarachand Sheth. The Securities and Exchange Board of India (hereinafter referred to as SEBI) received several complaints against the Company from investors. As on September 24, 2008, a total of seventy four investor grievances were pending unresolved by the Company. The investor complaints received against the Company were forwarded to it for redressal. Periodical reminders were also sent to it for resolving such complaints. Though, the complaints and reminders sent to the registered office of the Company were delivered, it had failed to redress such complaints.

2. Thereafter, SEBI, vide letter dated September 25, 2008 advised the Company to resolve all the grievances within thirty days from the date of receipt of the said letter and to submit a status report. In the said letter, SEBI 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). The said letter which was sent to the Company by registered post, though acknowledged by it, had failed to file the status report with SEBI, as advised. Therefore, a reminder was

sent to the Company (addressed to its company secretary) by SEBI on November 21, 2008 advising it to resolve the pending complaints and to submit the status report within seven days. It was also mentioned in the said letter that in case of failure, SEBI would initiate such actions as deemed appropriate. A similar letter was also sent to Mr. Hasmukhbhai Tarachand Sheth, Joint Managing Director of the Company. Though, the said letters were acknowledged, SEBI had not received any response either from the Company or from Mr. Hasmukhbhai Tarachand Sheth. Thereafter, the Company and Mr. Hasmukhbhai Tarachand Sheth were again advised by SEBI, vide letters dated December 19, 2008 to resolve the investor grievances. Despite acknowledging the said letters, the Company and Mr. Hasmukhbhai Tarachand Sheth not only failed to redress the grievances but also failed to respond to the letters of SEBI. Thereafter, a public notice was also given on January 23, 2009 in the website of SEBI (www.sebi.gov.in) advising the Company to resolve the pending investor grievances and to submit the Action Taken Report. Despite such letters and public notice, SEBI had not received any response from the Company or its Joint Managing Director.

3. In view of the above, a show cause notice dated November 6, 2009 was sent to the Company by SEBI under Section 11B and 11(4)(b) of the SEBI Act requiring it to show cause as to why it should not be restrained from accessing the securities market and prohibit it from dealing in securities till such time the pending investor grievances against the Company are resolved. Similar notices dated November 10, 2009 were also sent to its directors, Mr. Hitesh Ravindra Shah, Mr. Vinodbhai Tarachand Sheth and Mr. Hasmukhbhai Tarachand Sheth. The aforesaid notices were acknowledged by the Company and its directors. Thereafter, an opportunity of personal hearing was also granted by SEBI to the Company and its aforesaid directors, on August 5, 2010. As the show cause notices issued to the Company and its directors were delivered to the last

known address and no replies were received from them, a paper publication was made by SEBI on June 13, 2010, in respect of the aforesaid show cause notice and hearing in various newspapers having nationwide and statewide circulation including 'Sandesh' (Rajkot Edition) and 'Gujarat Samachar' (Vadodara Edition). Despite taking all possible measures, neither the Company nor its directors attended the said hearing on August 5, 2010.

4. I have considered the facts of the case and the material available on record. I note that sufficient opportunities have been provided to the Company and its directors to redress the pending investor grievances by SEBI, as stated above in this Order. However, the Company not only failed to resolve the pending investor grievances but also failed to provide any response on the action taken by it, if any, in resolving the complaints. The Action Taken Report was also not submitted by the Company. There are seventy four complaints pending against the Company as stated in the letter dated September 25, 2008. The protection of the investors in the securities market is one of the paramount duties of SEBI and the present case involves a listed company that not only failed to redress the investors' grievances but also failed to respond to the letters/show cause notice issued by SEBI. None of the existing directors of the Company have also responded to the letters/show cause notice issued by SEBI. Therefore, it would be against the interest of the investors to permit such Company and its directors to access or deal in the securities market. In view of the above, I find it appropriate to pass necessary directions against the Company and its aforesaid directors who are in-charge and responsible for the affairs of the Company, for their failure to redress the grievances of the investors.

5. Taking into consideration the facts and circumstances of the case, I, in exercise of the powers conferred upon me under Section 19 of the Securities

and Exchange Board of India Act, 1992 read with Sections 11(4)(b) and 11B thereof, hereby restrain Akar Laminators Limited and its directors, Mr. Hitesh Ravindra Shah, Mr. Vinodbhai Tarachand Sheth and Mr. Hasmukhbhai Tarachand Sheth from accessing the securities market and prohibit them from buying, selling or otherwise dealing in securities, directly or indirectly, till all the pending investor grievances against the Company are resolved and the same is reported to and confirmed by the Securities and Exchange Board of India.

6. This Order shall come into force with immediate effect.

**DR. K. M. ABRAHAM
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA**

**PLACE: MUMBAI
DATE: DECEMBER 8, 2010**