

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 ISHWAR MEDICAL SERVICES LIMITED

1. Ishwar Medical Services Limited (hereinafter referred to as the Company) is a company incorporated under the Companies Act, 1956 and having its registered office at 1/A, Nirmala Apartment, Uttan Road, Murdha, Thane-401101. Mr. P.H. Shah is the director of the Company. The Securities and Exchange Board of India (hereinafter referred to as SEBI) received several complaints against the Company from investors. There were one hundred and forty three investor grievances pending unresolved by the Company as on September 24, 2008. The investor complaints received against the Company were forwarded to it for redressal and periodical reminders were also sent to it for resolving the pending complaints. 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 had also made reference to Sections 15C and 24 of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the SEBI Act). As the said letter returned undelivered, a public notice dated January 23, 2009 was given on the website of SEBI (www.sebi.gov.in) advising the Company to resolve all the pending investor grievances and to submit the Action Taken Report. Despite taking all necessary steps, the Company had failed to redress the pending investor grievances.

2. In view of the above, a show cause notice dated November 6, 2009 was

sent to the Company by SEBI under Sections 11(4)(b) and 11B of the SEBI Act requiring it to show cause as to why it should not be restrained from accessing the securities market and prohibited in dealing in securities till such time the pending investor grievances against it are resolved. A similar notice dated November 11, 2009 was also sent to the director of the Company, Mr. P.H. Shah. Thereafter, an opportunity of hearing was granted to the Company and its director, Mr. P. H. Shah by SEBI on August 5, 2010. As the show cause notices issued to the Company and its aforesaid director returned undelivered from the last known address, a copy of the same along with the notice of hearing was pasted in the premises of the Company as substituted service. A paper publication was also made by SEBI on June 13, 2010, in respect of the said show cause notice and the notice for hearing in various newspapers having nationwide and state-wide circulation including 'Hindustan Times' (Mumbai, New Delhi and Kolkata Editions), "LokSatta", Mumbai Edition. Despite taking all possible measures, the Company did not attend the hearing scheduled on August 5, 2010. On the basis of the newspaper publications, Mr. P.H. Shah, vide letter dated August 3, 2010 *inter alia* submitted that he was one of the promoter-directors of Ishwar Medical Service Private Limited, when it was formed. According to him, the Company with all its liabilities and assets was sold to Mr. Lal Goyal and Mr. Amitab Drona in 1992. Since then, he had no connection whatsoever with the Company. It was also stated in the said letter that all these facts were conveyed to the Registrar of Companies in the required form. He further stated that the Company was converted into a public company and was renamed as Ishwar Medical Services Limited. In support of the said contention, he also filed a copy of the prospectus issued by the Company for its public issue in March 1993. I note from the contents of the prospectus that the Company was originally promoted by Dr. J. M. Kapadia, friends and associates as a private limited company in 1989. Subsequently, controlling interest was takeover by Mr. Amitab Drona, friends and associates in 1992. I also note from

the letter dated May 26, 1999 written to the Registrar of Companies, Maharashtra that Mr. P.H. Shah had resigned on November 6, 1992 from the Company.

3. I have considered the facts of the case and the material available on record. There are one hundred and forty three complaints pending against the Company as stated in the letter of SEBI dated September 25, 2008. I note that sufficient opportunities have been provided by SEBI to the Company to redress the pending investor grievances. However, the Company not only failed to resolve the pending investor grievances but also failed to respond to the notices issued by SEBI. No Action Taken Report was also submitted by the Company. 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/notices issued by SEBI. It would be against the interests of the investors to permit such a company to access the securities market or deal in securities. In view of the said reasons, I find it appropriate to pass suitable directions against the Company for its failure to redress the grievances of the investors. Since Mr. P.H. Shah had resigned from the board of directors of the Company before September 25, 2008, he cannot be held responsible for the inaction of the company in redressing the investor complaints, as advised by SEBI on September 25, 2008.

4. In view of the foregoing, 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 the company, Ishwar Medical Services Limited from accessing the securities market and further prohibit it from buying, selling or otherwise dealing in securities, directly or indirectly, till all the pending investor grievances against it are resolved and the

same is reported to and confirmed by the Securities and Exchange Board of India.

5. The show cause notice dated November 11, 2009 issued to Mr. P. H. Shah in the matter is disposed of without any directions, for the reasons stated above.

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**