

**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 INDO AMERICAN OPTICS LIMITED AND ITS DIRECTORS**

1. Indo American Optics Limited (hereinafter referred to as the Company) is a company incorporated under the Companies Act, 1956, having its registered office at IOL House, Near Swati Apts., Ambavadi Bazar, Ahmedabad-380006. The directors of the Company are Mr. Yashwantraai Dhirubhai Desai, Mrs. Beena Amit Shah and Mr. Amit Naginbhai Shah. The Securities and Exchange Board of India (hereinafter referred to as SEBI) received several complaints against the Company from investors and as on September 24, 2008, a total of seventy investor grievances were pending unresolved by the Company. The said investor complaints were forwarded to the Company for redressal and periodic reminders were also sent to it for resolving the same. In spite of receiving the complaints and reminders in the registered office of the Company, it failed to redress the 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 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 sent to the Company by registered post was duly received and acknowledged. However, the Company failed to submit the status report as advised by SEBI. Therefore, a reminder dated November 21, 2008 was sent to the Company

advising it to resolve the complaints and submit the status report within seven days. It was also mentioned in the said letter that in case of failure, SEBI would initiate such action as deemed appropriate. A similar letter was also sent to Mr. Amit Naginbhai Shah, the chairman/director of the Company. Though, the said letters were acknowledged, SEBI had not received any response either from the Company or from the aforesaid director. A public notice dated March 23, 2009 was also given on the website of SEBI ([www.sebi.gov.in](http://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 neither redressed the investor complaints nor submitted the Action Taken Report to SEBI.

3. In view of the same, a show cause notice dated November 6, 2009 was issued to the Company 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 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 directors of the Company, namely, Mr. Yashwantraai Dhirubhai Desai, Mrs. Beena Amit Shah and Mr. Amit Naginbhai Shah. The said show cause notice was acknowledged by the Company. Thereafter, an opportunity of hearing was granted to the Company and the aforesaid directors by SEBI on August 5, 2010. As the show cause notices sent to the last known addresses of the directors, Mr. Yashwantraai Dhirubhai Desai, Mrs. Beena Amit Shah and Mr. Amit Naginbhai Shah returned undelivered, a copy of the same along with the notice of hearing was handed over to Mr. Ronak Patel, a representative of the Company at the address of the said company. A paper publication was also 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). Thereafter, Mr. Amit Naginbhai Shah, vide letter dated July 28, 2010, submitted that he was no

more in the board of directors of the Company and enclosed a 'search report'. The said report, prepared by M/s. Rohit Bajpai & Associates, Company Secretaries, mentioned that the same was made on the basis of a search conducted of the records of the Company maintained by the office of Registrar of Companies, Gujarat, on May 21, 2010. The said report enclosed as an annexure to the said letter, provided the date of appointment and resignation of the directors of the Company. According to the said annexure, Mr. Amit Naginbhai Shah had resigned on January 21, 2003. It was also stated therein that the details provided in the report are based on Form 32 and Annual Return filed by the Company. Despite taking all possible measures, neither the Company nor the aforesaid directors attended the hearing on August 5, 2010.

4. I have considered the facts of the case and the material available on record. There are seventy complaints pending against the Company as mentioned in the letter dated September 25, 2008. Despite affording sufficient opportunities, the Company failed to redress the said pending investor grievances. The Company also failed to apprise SEBI, of the steps taken by it, if any, in resolving the investor complaints, despite receiving notices and letters from SEBI. No Action Taken Report was 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/show cause notice issued by SEBI. Thus, the Company and its directors who are in-charge of the affairs of the Company are liable for the lapses. Since Mr. Amit Naginbhai 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 complaints as advised by SEBI on September 25, 2008. The other directors, Mr. Yashwantraai Dhirubhai Desai, Mrs. Beena Amit Shah have not responded to the notices of SEBI. Therefore, the Company and its directors, Mr. Yashwantraai Dhirubhai Desai and Mrs.

Beena Amit Shah are liable for the inaction of the Company in not redressing the pending investor grievances. In such circumstances, it would be against the interest of the investors to permit such Company and its directors who are in-charge to access or deal in the securities market. Necessary directions have to be issued against them for their failure to redress the grievances of the investors.

5. 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, Indo American Optics Limited and its directors, Mr. Yashwantraai Dhirubhai Desai and Mrs. Beena Amit Shah from accessing the securities market and further prohibit them from buying, selling or otherwise dealing in the securities market in any manner, directly or indirectly, till all the pending investor grievances are resolved by the Company and the same is reported to and confirmed by the Securities and Exchange Board of India.

6. The show cause notice dated November 10, 2009 issued to Mr. Amit Naginbhai Shah in the matter is disposed of without any directions, for the reasons stated above.

7. 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**