

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 NEXUS SOFTWARE LIMITED AND ITS DIRECTORS

1. Nexus Software Limited (hereinafter referred to as the Company) is a company incorporated under the Companies Act, 1956 and having its registered office at 210 Golden Trade Centre, Station Road, Vadodara, Gujarat –390 019. The directors of the Company are Mr. Hitesh M. Panchal, Mr. Harshad Patel, Mr. Ajay Sanghavi and Mr. Dipak R. Patel. The Securities and Exchange Board of India (hereinafter referred to as SEBI) received several complaints against the Company from the investors. As on September 24, 2008, a total of fifty seven 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 the Company for resolving such pending complaints. The complaints and reminders sent to the Company were returned undelivered.

2. Thereafter, SEBI, vide letter dated September 25, 2008 (sent to its registered office and also to another address of the Company at 35 Jay Chamunda Society, Waghodia Road, Baroda 390019, available with SEBI), 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). Though, the Company had acknowledged the receipt of the said letter, it failed to submit the

status report to SEBI, as advised. Therefore, a reminder dated November 24, 2008 was sent to the Company at the same address advising it to resolve the complaints and submit the status report within seven days. As the said letter returned undelivered, a public notice dated January 23, 2009 was given 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 taking such steps, SEBI had not received any response from the company.

3. In view of the above, a show cause notice dated November 6, 2009 by SEBI under Sections 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. The said notice was sent to the Company at its registered office address and also to its premises at 35 Jay Chamunda Society, Waghodia Road, Baroda 390019. Similar notices dated November 16, 2009 were also sent to directors, Mr. Hitesh M. Panchal, Mr. Harshad Patel, Mr. Ajay Sanghavi and Mr. Dipak R. Patel. Thereafter, an opportunity of hearing was granted to the Company and the aforesaid directors by SEBI on August 5, 2010. The notice and the letter intimating the hearing were acknowledged by Mr. Hitesh M. Panchal. As the show cause notices issued to the Company and its directors (except Mr. Hitesh M. Panchal) returned undelivered from the last known address, a copy of the same along with the notice of hearing was pasted at the premises of the Company and the aforesaid directors. A paper publication was also made by SEBI on June 13, 2010, in respect of the said hearing in various newspapers having nationwide and statewide circulation including 'Sandesh' (Rajkot Edition) and 'Gujarat Samachar' (Vadodara Edition). Subsequently, Mr. Dipak R. Patel, Mr. Hitesh M. Panchal and Mr. Harshad Patel, vide letters dated July 23, 2010, July 26, 2010

and July 27, 2010 respectively, submitted that they have resigned from the Company in the year 2001. In support of the said contention, they had also filed copy of Form-32.

4. I have considered the facts of the case and material available on record. There are fifty seven complaints pending against the Company as stated in the letter dated September 25, 2008. I note that, since September 2008, sufficient opportunities have been provided to the company to redress the pending investor grievances by SEBI. The Company had not only failed to redress such complaints but also failed to respond to the notices/letters of SEBI. As advised 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/show cause notice issued by SEBI. Therefore, it would be against the interests of the investors to permit such Company and its directors who are in charge and are responsible for the affairs of the company from accessing or dealing in the securities market. In this regard, I note that Mr. Dipak R. Patel, Mr. Hitesh M. Panchal and Mr. Harshad Patel have submitted that they had resigned from the Company in the year 2001. They have also provided documents in support of their contention. From the copies of the Form-32 submitted by them, I note that they have resigned as directors from the Company in the year 2001. Therefore, no action would lie against them. However, there is no response from the Company or its director, Mr. Mr. Ajay Sanghavi. Therefore, it would be appropriate to issue necessary directions against them for non-redressal of investor grievances.

5. I also note that, SEBI had passed an Adjudication Order dated July 28, 2010 under Section 15-I of the SEBI Act against the Company and imposed a penalty of ₹10,00,000/- on it for non-redressal of investors

grievances and failure to respond to the SEBI notices in contravention of Sections 15C and 15A(a) of the SEBI Act, respectively. However, the Company has not paid the aforesaid penalty till date.

6. 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) read with 11B thereof, hereby restrain Nexus Software Limited and its director Mr. Ajay Sanghavi 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 aforesaid company are resolved.

7. The show cause notices dated November 16, 2009 issued to Mr. Dipak R Patel, Mr. Hitesh M. Panchal and Mr. Harshad Patel in the matter is disposed off without any directions, for the reasons stated above.

8. 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 13, 2010**