

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 TOPLINE SHOES LIMITED AND ITS DIRECTORS

1. Topline Shoes Limited (hereinafter referred to as the Company) is a company incorporated under the Companies Act, 1956 and having its registered office at 18, Jay Gayatri Nagar, VIP Road 6, Baroda, Gujarat. The directors of the Company are Mr. Duleep Singh, Mr. H.M.G. Murthy (Managing Director), Mr. H. M. B. Murthy, Mr. Vinod B. Mistry, Mr. Arun L. Kapani, Mr. C.V.S. Narayan and Mr. Sunil M. Gavaskar. 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 eighty three 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 the registered office of the Company and also to another address of the Company at Plot No. 229, Jambusar Road, Village Dabhasa, Tal. Padra, Vadodara-391440), 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).

Since the said letter which was sent by registered post was returned undelivered, a public notice was given on March 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 directors.

3. In view of the above, a show cause notice dated November 6, 2009 was issued by SEBI under Sections 11B and 11(4)(b) of the SEBI Act to the Company 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 another address at 35 Plot No. 229, Jambusar Road, Village Dabhasa, Tal. Padra, Vadodara-391440. Similar notices dated November 11, 2009 were also sent to directors, Mr. Duleep Singh, Mr. H. M. G. Murthy (Managing Director of the company), Mr. H.M.B. Murthy, Mr. Vinod B. Mistry, Mr. Arun L. Kapani, Mr. C. V. S. Narayan and Mr. Sunil M. Gavaskar. Thereafter, Mr. Sunil M. Gavaskar through his advocate, had vide letter dated December 10, 2009 *inter alia* submitted that he had resigned as a director of the Company on December 23, 1994 by tendering his resignation. In support of the same, copies of the resignation letter dated December 23, 1994 and Form 32 dated January 5, 1995 were also enclosed along with the said letter. Thereafter, an opportunity of personal hearing was also granted by SEBI to the Company and its aforesaid directors (except Mr. Sunil M. Gavaskar), on August 5, 2010. As the show cause notices issued to the Company and its directors had returned undelivered from the last known address, a copy of the same along with the notice of hearing was sent for pasting as substituted service. The show cause notice and the notice of hearing was pasted by the Vadodara Stock Exchange Limited

(VSE) at the last know address of the Company. In case of the directors, it was pasted by VSE at the last known address of Mr. H. M. G. Murthy, Mr. H.M.B. Murthy and Mr. C. V. S. Narayan while when the show cause notice and hearing notice was sent for pasting to the last known address of Mr. Vinod B. Mistry and Mr. Arun L. Kapani, it could not be effected since they were no longer staying there and the person occupying the property did not allow it to be pasted. In case of Mr. Duleep Singh it returned with the comments "Short address and so not pasted". As the show cause notices issued to the Company and its aforesaid directors had returned undelivered/could not be pasted, a paper publication was made by SEBI on June 13, 2010, in respect of the said 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 the aforesaid directors attended the said hearing on August 5, 2010.

4. I have considered the facts of the matter 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 give 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 eighty three 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. Therefore, it would be against the interests of the investors to permit such a company and its directors to access

or deal in the securities market. The Company or its directors (except Mr. Sunil M. Gavaskar) have not filed any submissions or the Action Taken Report after resolving the complaints. In the case of Mr. Sunil M. Gavaskar, I find from Form-32 submitted along with his reply that he had resigned from the company as early as December 23, 1994. In view of the submissions and the material furnished in support of the contentions, it would not be proper to fasten any liability on him as a director. I also note from a certified copy of the Annual Return of the Company made upto October 25, 1994, received from the Registrar of Companies, Gujarat, which forms part of the record in the present proceedings, that Mr. Vinod B. Mistry and Mr. Arun L. Kapani have been shown to have ceased to be the directors of the Company from July 7, 1994. Further, I note from an earlier Order of SEBI dated September 8, 2004 passed in the matter of the Company and its directors, SEBI had *inter alia* observed “*In respect of Duleep Singh, Sunil M. Gavaskar, Vinod B Mistry and Arun L Kapani, I note that while they were directors of TSL, the company had filed balance sheets and otherwise complied with requirements of the listing agreement and that they are no longer directors of the company.*” (Emphasis supplied). In view of the above reasons, I consider it appropriate to dispose of the show cause notices issued to Mr. Sunil M Gavaskar, Mr. Vinod B. Mistry, Mr. Duleep Singh and Mr. Arun L. Kapani in the matter without any directions.

5. In view of the lapses of the Company in redressing the investor grievances as advised by SEBI, I find it appropriate to issue necessary direction against the Company and its directors namely, Mr. H.M.G. Murthy, Mr. H.M.B. Murthy and Mr. C.V.S. Narayanan, who are in charge and are responsible for the affairs of the Company for their failure to redress the grievances of the investors.

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)(b) and 11B thereof, hereby restrain Topline Shoes Limited and its directors, namely, Mr. H.M.G. Murthy, Mr. H.M.B. Murthy and Mr. C.V.S. Narayanan 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 and the same is reported and confirmed by the Securities and Exchange Board of India.

7. The proceedings initiated against Mr. Sunil M. Gavaskar, Mr. Vinod B. Mistry, Mr. Duleep Singh and Mr. Arun L. Kapani, vide show cause notices dated November 11, 2009 are disposed of 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**