

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 CREDIT CORPORATION LIMITED

1. Indo American Credit Corporation Limited (hereinafter referred to as the Company) is a company incorporated under the Companies Act, 1956 and having its registered office at IOL House, Nr. Swati Apartment, Opp. C.B.I. Lane, UR Ahmedabad, Ambawadi Bazar, Ambawadi, Ahmedabad, Gujarat. The Securities and Exchange Board of India (hereinafter referred to as SEBI) received several complaints against the Company from investors. There were eighty five 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 (sent to the address of the Company at 1574/1, Moti Baluchawad, Opp. Mais Otlā Dariapur, Ahmedabad, Gujarat-380006) 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 March 23, 2009 was given in 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 such 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 issued 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. Thereafter, an opportunity of hearing was granted to the Company on August 5, 2010. As the show cause notice issued to the Company 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. However, one A. A. Mewati, who was residing in the premises of the Company and claiming to be residing there for the past 60 years, did not allow the notices to be pasted in the premises. Thereafter, a paper publication was 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 failed to attend the hearing scheduled on August 5, 2010.

3. As it was found later that the address of the Company as per the website of the Ministry of Corporate Affairs was "IOL House, Nr. Swati Apartment, Opp. C.B.I. Lane, UR Ahmedabad, Ambawadi Bazar, Ambawadi, Ahmedabad, Gujarat", SEBI issued a letter dated November 8, 2010 to the Company enclosing therewith a copy of the show cause notice dated November 6, 2009 and the notice for personal hearing. The said letter required the Company to respond to the show cause notice latest by November 28, 2010. The Company was also informed that further action would be taken as mentioned in the said show cause notice. However, the said letter also returned undelivered. Since the show cause notice has been published in various newspapers as stated above and also in the website of SEBI and since the Company failed to respond despite affording sufficient opportunities, I proceed to consider the issues in the matter on the basis of the material placed before me on record.

4. I have considered the facts of the case and the material available on record. As per the letter of SEBI dated September 25, 2008, there are eighty five complaints pending unresolved by the Company. I note that sufficient opportunities have been provided by SEBI to the Company to redress the pending investor grievances. In spite of paper publication and uploading the notices in the SEBI website and affording sufficient time, the Company not only failed to resolve the pending investor grievances but also failed to respond to the notices issued by SEBI. Further, 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. I also note that SEBI had initiated prosecution proceedings before the Hon'ble Additional Chief Metropolitan Magistrate Court, Ahmedabad in respect of the alleged violation of Sections 113 and 207 of the Companies Act, 1956. The Company had pleaded guilty and accordingly, the Hon'ble Court had imposed a fine of ₹1,000/- As the investor grievances are pending unresolved by the Company, 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. In view of the same, I find it appropriate to issue suitable direction against the Company and its directors who are in charge and responsible for the 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 Credit Corporation Limited [having its registered office at IOL House, Nr. Swati Apartment, Opp. C.B.I. Lane, UR Ahmedabad, Ambawadi Bazar, Ambawadi, Ahmedabad, Gujarat] 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.

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 15, 2010**