

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 KOLAR BIOTECH LIMITED (FORMERLY KNOW AS KOLAR INFORMATION TECHNOLOGIES LIMITED) AND ITS DIRECTORS

1. Kolar Biotech Limited, formerly know as Kolar Information Technologies Limited (hereinafter referred to as the Company) is a company incorporated under the Companies Act, 1956 and having its registered office at 23 Narayan Building, Lakhamshi Napoo Road, Dadar [Central Railway], Mumbai-400014. The directors of the Company are Mr. Basantani Chinrai Rajkumar, Mr. Jain Mohanlal Vijay, Dr. Karthikswami Pravin Swami, Mr. Teckchandani R. Haresh and Mr. Hingorrani Ramchand Vinod. The Securities and Exchange Board of India (hereinafter referred to as SEBI) received several complaints against the Company from investors. As on September 24, 2008, a total of fifty eight 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. However, the complaints and reminders sent to the registered office of the company returned undelivered.

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 a 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 which was sent to the Company by registered post was returned undelivered.

Thereafter, a public notice was also given on January 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 did not receive any response from the Company or its Directors.

3. In view of the above, a show cause notice dated November 6, 2009 was sent to the Company by SEBI under Section 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. Similar notices dated November 11, 2009 were also sent to directors Mr. Basantani Chinrai Rajkumar, Mr. Jain Mohanlal Vijay, Dr. Karthikswami Pravin Swami, Mr. Teckchandani R. Haresh and Mr. Hingorrani Ramchand Vinod. The aforesaid notices were delivered on Mr. Basantani Chinrai Rajkumar, Dr. Karthikswami Pravin Swami, Mr. Teckchandani R. Haresh and Mr. Hingorrani Ramchand Vinod. However, the same returned undelivered from the Company and its director, Mr. Jain Mohanlal Vijay. Subsequently, Mr. Teckchandani R. Haresh, vide letter dated November 25, 2009 stated that he had resigned from the Company as on May 31, 2003. He had also enclosed copies of his resignation letter dated May 28, 2003 and the letter dated June 16, 2003 from the Company accepting his resignation. Besides, he had also enclosed the certified copy of Form 32 dated September 20, 2003. Mr. Vinod R. Hingorani, vide letter dated December 8, 2009 had submitted that he had resigned his directorship from the Company on October 24, 2003, which was accepted by the Company. He submitted copies of his resignation letter and Form-32. Thereafter, an opportunity of hearing was granted to the company and its directors, Mr. Basantani Chinrai Rajkumar, Mr. Jain Mohanlal Vijay and Dr. Karthikswami Pravin Swami by SEBI on August 5, 2010. As the show cause notices issued to the Company and its directors, Mr. Basantani Chinrai Rajkumar and Mr. Jain

Mohanlal Vijay returned undelivered from the last known address, a copy of the same along with the notice of hearing was pasted as a substitute service of the notice. A paper publication was also made by SEBI on June 13, 2010, in respect of the said show cause notices and the hearing in various newspapers having nationwide and statewide circulation including 'Hindustan Times' (Mumbai, New Delhi & Kolkata Edition) 'Sandesh' (Rajkot Edition) and 'Gujarat Samachar' (Vadodara Edition). On the date of hearing, Ms. Vaishali R. Shetty, Advocate represented Dr. Karthikswami Pravin Swami and submitted that he had tendered his handwritten resignation to the company on March 18, 2001 and copy of Form 32 was also submitted.

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 letters/show cause notice of SEBI, in respect of the pending investor complaints. The Action Taken Report was also not submitted by the Company. As per the letter dated September 25, 2008, there are fifty eight complaints pending against 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. Except, Mr. Teckchandani R. Haresh, Mr. Vinod R. Hingorani and Dr. Karthikswami Pravin Swami, the others have failed to respond. Therefore, it would be against the interests of the investors to permit such Company and its directors, Mr. Basantani Chinrai Rajkumar, Mr. Jain Mohanlal Vijay to access or deal in the securities market. In view of the above, I find it appropriate to issue necessary direction against the Company and its aforesaid directors who are in charge and responsible for the affairs of the Company for their failure to redress the

grievances of the investors.

5. Taking into consideration the facts and circumstances of the case, 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 do hereby restrain Kolar Biotech Limited, formerly known as Kolar Information Technologies Limited, (having its registered office at 23 Narayan Building, Lakhamshi Napoo Road, Dadar [Central Railway], Mumbai-400014) and its directors, Mr. Basantani Chinrai Rajkumar [having his address at 701, Pinky Panorama, 6th Road, Khar (West), Mumbai-400052] and Mr. Jain Mohanlal Vijay [having his address at B/12, Nandhhan Estate, Bankur Nagar, Goregaon (West), Mumbai- 400090] 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 said company are resolved and the same is reported and confirmed by the Securities and Exchange Board of India.

6. The show cause notices dated November 11, 2009 issued to Dr. Karthikswami Pravin Swami, Mr. Teckchandani R. Haresh and Mr. Hingorrani Ramchand Vinod in the matter are 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 15, 2010