

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

DIRECTIONS UNDER SECTIONS 11B AND 11(4)(b) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AGAINST PANJWANI PACKAGING LIMITED AND ITS DIRECTORS

1. Panjwani Packaging Limited (hereinafter referred to as the Company) is a company incorporated under the Companies Act, 1956 and having its registered office at 61, Keshar Bag Road, Indore, Madhya Pradesh-452001. The directors of the Company are Ms. Sujata Verma, Mr. Amarlal Chugh, Mr. Shyam Sunder Pandit and Mr. Kamal Panjwani. 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 one hundred and forty six investor grievances were pending unresolved with the Company. The investor complaints received against the Company were forwarded to the company 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. SEBI, sent a letter dated September 25, 2008 to the Company at its registered office and to the address available in SEBI's records viz. 54-C Village, Sejwaya Ghatabillod, Dhar, Madhya Pradesh-452001 and advised it 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 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 was returned undelivered. Thereafter, SEBI, vide reminder dated February 13, 2009 advised the Company to file the Action Taken Report. The same was returned undelivered. Since the letters sent to the Company 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.

3. In view of the above, a show cause notice dated November 6, 2009 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, was sent to the Company at its registered office address and also at 54-C Village, Sejwaya Ghatabillod, Dhar, Madhya Pradesh– 452001. Similar notices dated November 11, 2009 were also sent to the directors, Ms. Sujata Verma, Mr. Amarlal Chugh, Mr. Shyam Sunder Pandit and Mr. Kamal Panjwani. Ms. Sujata Verma and Mr. Shyam Sunder Pandit acknowledged the show cause notice. Mr. Shyam Sunder Pandit, vide letter dated November 19, 2009 *inter alia* stated that he had resigned from the board of the Company on August 25, 1992 and the said resignation was accepted by the Company on August 30, 1992. He had also enclosed a copy of the resolution of the board of the Company and the intimation of the Company accepting his resignation. Thereafter, an opportunity of personal hearing was granted by SEBI to the Company and its directors, viz. Ms. Sujata Verma, Mr. Amarlal Chugh, and Mr. Kamal Panjwani on August 5, 2010. As the show cause notices issued to the Company and its directors (except Ms. Sujata Verma and Mr. Shyam Sunder Pandit) had returned

undelivered from the last known address a copy of the same along with the notice of hearing was pasted at the last known address, as substituted address. A paper publication was also 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 'Hindustan Times' (Mumbai, New Delhi & Kolkata Edition) 'Sandesh' (Rajkot Edition) and 'Gujarat Samachar' (Vadodara Edition). Despite affording adequate opportunities, the Company and its directors failed to appear on August 5, 2010. I have considered the facts of the matter and the material available on record. As it was found later that the address of the Company as per the website of the Ministry of Corporate Affairs was at "61, Keshar Bag Road, Indore, Madhya Pradesh-452001", 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 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 in resolving the complaints. The Action Taken Report was also not submitted by the Company. As per the SEBI letter dated September 25, 2008, there are one hundred and forty six 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. None of the directors (except Mr. Shyam Sunder Pandit) of the Company responded 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 to access or deal in the securities market. I also note that SEBI had initiated prosecution proceedings (before the Hon'ble 37th Metropolitan Magistrate Court, Esplanade, Mumbai) *inter alia* against the Company and its then directors for non compliance of Sections 73(2A) and 113(1) of the Companies Act, 1956. Taking into account, the failure of the Company in redressing the investor grievances, I find it appropriate to issue necessary directions against the Company and its aforesaid directors who are in charge and are 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 Panjwani Packaging Limited (having its registered office at 61, Keshar Bag Road, Indore, Madhya Pradesh-452001) and its directors Ms. Sujata Verma (having her address at 17/5, Manorama Ganj, Indore, Madhya Pradesh), Mr. Amarlal Chugh (having his address at Amar Niwas, 10 Ganj Compound, Indore, Madhya Pradesh), and Mr. Kamal Panjwani (having his address at 61, Keshar Bag Road, Indore, Madhya Pradesh-452001) 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.

6. The show cause notices dated November 11, 2009 issued to Mr. Shyam Sunder Pandit 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 15, 2010**