

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 IN THE MATTER OF SOLID CARBIDE TOOLS LIMITED

1. Solid Carbide Tools Limited (hereinafter referred to as the Company) is a company incorporated under the Companies Act, 1956 and having its registered office at Plot R 402, TTC Industrial Area, MIDC, Thane-Belapur Road, Rabale, Navi Mumbai-400701. The Securities and Exchange Board of India (hereinafter referred to as SEBI) had received several complaints against the Company from the investors. As on September 24, 2008, a total of sixty-one 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 forwarded a list of such grievances to the Company and advised it to resolve them 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 SEBI Act). 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. Thereafter, a notice dated November 6, 2009 was sent to the Company 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 prohibited in 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 the directors of the Company, namely, Mr. Dilip Suresh Shah, Mr. Narendra C Doshi and Mr. Mukhesh M Kothari. Mr. Dilip Suresh Shah acknowledged the show cause notice. The notices issued to the Company, Mr. Narendra C Doshi and Mr. Mukhesh M Kothari returned undelivered. Though, the notice was delivered on Mr. Dilip Suresh Shah, no response was received from him. Thereafter, an opportunity of hearing was granted by SEBI to the Company and the aforesaid directors on August 5, 2010. As the show cause notices issued to the Company and its other directors returned undelivered from the last known address, a copy of the same along with the notice of hearing was pasted as substitute service in the premises of their last known 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 state wide circulation including 'Loksatta' (Mumbai Edition), 'Sandesh' (Rajkot Edition) and 'Gujarat Samachar' (Vadodara Edition). Mr. Narendra C Doshi, vide letter dated July 27, 2010, *inter alia* stated that he was never attached to the Company in any manner whatsoever, at any point during the Company's existence and therefore is not in a position to give any information relating to the Company. According to him, the signature in the consent form for his directorship in the said Company was not his. He had also enclosed a copy of the letter dated February 7, 2004 addressed to the

Registrar of Companies, Mumbai *inter alia* stating he was never appointed/elected or otherwise appointed to act on behalf of the Company.

4. I note that despite taking the aforesaid steps for service of the notices, neither the Company nor the directors have attended the hearing scheduled on August 5, 2010. As Mr. Narendra C. Doshi had submitted that he was never attached with the Company in any manner, SEBI vide letter dated December 14, 2010, required him to furnish a copy of the consent form for directorship and any reply received from the Registrar of Companies with regard to the letter said to have been written by him. In response, Mr. Narendra C. Doshi vide letter dated December 20, 2010 enclosed a form (Form No. 29) of 'consent to act as a director of a company' and submitted that the same does not bear his signature. Further, as SEBI had found that he had signed in the annual report for the financial year 1999-2000 in the capacity as a director of the Company, SEBI vide letter dated February 1, 2011 advised him to furnish proof of criminal proceedings, if any, initiated by him against the Company and others and an acknowledged copy of the complaint if any, lodged with the Registrar of Companies, Mumbai, Maharashtra. Mr. Narendra Doshi, vide letter February 9, 2011 submitted a copy of the legal notice (sent through his advocate Mr. Prem Jha) sent to the Chairman of the Company, Mr Mukesh Kothari and annual reports for 1997-1998 and 1998-1999. However, he had not enclosed proof of any criminal complaints filed against the Company or its office bearers in this regard. While perusing the legal notice said to have been sent to Mr. Mukesh Kothari, I find that the same had been returned to the sender (the aforesaid advocate) with an endorsement "unclaimed". No other document has been submitted by Mr. Narendra C. Doshi in respect of him taking legal action against the company or its other directors. I also note that Mr. Narendra C. Doshi had alleged that the signature in the form for consent to act as director

was not his. It is surprising to note that he had not taken any criminal action against the Company and the persons in-charge in respect of the signature forgery made in the said form. It is relevant to note that Mr. Narendra Doshi had signed in the annual report for 1999-2000 as the director of the Company, which document has been forwarded by the Registrar of Companies, Maharashtra under its seal. For the said reasons, I am unable to afford any benefit of doubt to Mr. Narendra C. Doshi. As stated above, one of the directors of the Company, Mr. Dilip Suresh Shah did not chose to reply inspite of receiving the show cause notice issued in the matter.

5. I find that there are various complaints pending against the Company as stated in the SEBI letter dated September 25, 2008. Sufficient opportunities have been provided to the Company to redress the pending investor grievances by SEBI, since September 2008. However, it failed to respond. No Action Taken Report was submitted by the Company to SEBI, as advised. 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. In such circumstances, permitting the Company and its aforesaid directors to access or deal in the securities market would be against the interests of the investors. 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 for its 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, the

company, Solid Carbide Tools Limited (having its registered office at Plot R 402, TTC Industrial Area, MIDC, Thane-Belapur Road, Rabale, Navi Mumbai-400701) and its directors, Mr. Dilip Suresh Shah (having his address at 3, Rajhans Teen Batti, 6, Dougarin Road, Walkeshwar, Mumbai – 400 006), Mr. Mukhesh M Kothari (having his address at 43, Pushpak Apartments, Altamount Road, Mumbai – 400 026) and Mr. Narendra C Doshi (having address at 508 Chandralok B, Manav Mandir Road, Mumbai – 400 006) from accessing the securities market and are further prohibited from buying, selling or otherwise dealing in securities, with immediate effect, till all pending investor grievances against the said Company are resolved and the same is reported to and confirmed by the Securities and Exchange Board of India.

DR. K. M. ABRAHAM
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA

PLACE: MUMBAI
DATE: APRIL 08, 2011