

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM: RAJEEV KUMAR AGARWAL, WHOLE TIME MEMBER**

ORDER

DIRECTIONS UNDER SECTIONS 11 AND 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AGAINST INTERNATIONAL HOMETEX LIMITED AND ITS DIRECTORS

1. International Hometex Limited (hereinafter referred to as 'the Company') is a company incorporated under the Companies Act, 1956, having its registered office at 401, Sumer Kendra, Pandurang Budhkar Marg, Worli, Mumbai - 400018, Maharashtra. The Company was formerly known as 'Trimbak Industries Limited'. Though the shares of the Company are listed on the Bombay Stock Exchange Limited (BSE), the Jaipur Stock Exchange Limited (JSE) and the Delhi Stock Exchange Limited (DSE), the trading has been suspended on all the said stock exchanges.
2. SEBI was receiving investors' grievances against the Company and the same were forwarded periodically to the Company for redressal. However, the Company failed to resolve such complaints and submit the Action Taken Report (ATR) on such complaints. As of March 2011, there were fifty eight (58) investors' complaints pending unresolved by the Company. Therefore, vide letter dated April 21, 2011, SEBI advised the Company to resolve those complaints within fifteen days from the date of receipt of the letter and to submit a status report. The said letter was sent to the Company at the address available on the websites of Ministry of Corporate Affairs (MCA) and BSE. The letter was returned undelivered with the remark "office shifted". SEBI, therefore, issued a public notice on July 20, 2011 in its website (www.sebi.gov.in) advising the Company to resolve the pending investors' grievances and to submit the ATR. However, SEBI did not receive any response from the Company.
3. In view of the above, SEBI issued show cause notices (SCNs) dated February 23, 2012 under sections 11 and 11B of the SEBI Act to the Company and its directors, Mr. Vinod Kumar Agarwal, Mr. Vishwinder Nath Gupta and Mr. Vineet Agarwal (noticees). The date of personal hearing on March 06, 2012 was also informed to them by the SCNs. The SCNs were sent to the noticees at the addresses given on the MCA website. A newspaper publication was also made by SEBI on March 1, 2012 in various newspapers having nation-wide and state-wide circulation, informing therein the present proceedings and the opportunity of personal hearing granted to the noticees.
4. A complaints validation exercise was conducted by SEBI during March 2012 wherein letters were sent to all those complainants whose complaints were pending on the records of SEBI asking them to confirm whether their complaints were redressed by the Company or not. Pursuant to this exercise, twelve complainants informed SEBI that their complaints are still not redressed. After this exercise, nine more complaints were received by SEBI. As per the records, as on date, twenty one (21) complaints are pending against the Company for resolution.

5. In the hearing held on March 06, 2012, the Company represented by its Chairman and Managing Director, Mr. Vineet Agrawal, filed the Company's reply to the SCN and *inter alia* submitted as follows:
- The Company did not receive the SEBI letter dated April 21, 2011 as its office was shifted. Though they left the new address at the Society's office as well as with the post office, none of them had redirected the letter of SEBI to the Company.
 - Its Registrar and Transfer Agent (RTA), Intime Spectrum Registry Limited had stopped handling the Company's registry and share transfer work from the second quarter of 2009 owing to delay in payment of their bills by the Company. The Company is now in the touch with them to settle their dues and proposes to hand over the said work to a new agent.
 - The Company had gone into liquidation on August 26, 2010 and thus was not able to handle any of its proceedings. The Company has taken efforts to get itself out of liquidation and has settled its dues, under the consent terms, with the creditor in the winding up petition and is awaiting Court's Orders.
 - The Company has also taken steps to come out of the suspended list of companies and would adhere to all the compliance requirements and one of which is addressing the investors' grievances.
 - The Company has taken steps for registering in SEBI Complaints Redress System (SCORES). It is committed to get the trading suspension revoked and to safeguard the interest of small investors and offer them an exit once trading resumes.
 - The Company sought a 90 days time to address all the complaints against it and requested not take any punitive action against it or levy penalties as it is already facing acute financial crunch and is trying to come out of the same.
6. I have considered the SCNs, the reply submitted by the Company and other material available on record. The suspension of the trading of the Company's shares in all the admitted stock exchanges is indicative of the fact that the Company is non-compliant with the requirements under the Listing Agreement.
7. Considering the submission of the Company to resolve the pending complaints, it was advised during hearing on March 06, 2012 to resolve all the pending complaints and submit ATR by July 2, 2012. It was also advised that failure to do so within the stipulated period would entail passing of enforcement directions as contemplated in the SCNs without affording any further opportunities. The Company was also advised to put in place a system to resolve investors' grievances within a definite period of time and to ensure that its correct address is displayed on the websites of the stock exchanges (where the Company's shares are listed), the MCA and SEBI Complaints Redress System (SCORES). The Company was also informed that it could submit the ATR in electronic form through SCORES by obtaining necessary authentication. SEBI also issued letters dated March 12, 2012 to the Company and its three directors reiterating the aforesaid directions made in the hearing. However, the Company failed to redress the grievances within the stipulated time. It has not even informed SEBI of the measures it has taken or proposed to take towards redressing the investors' grievances.
8. As per records, there are twenty one (21) complaints pending against the Company for redressal to date as described in the following Tables:-

Table -I - Details of the complaints

SR No	Complaint Registration No. (New)	Nature of Complaint	Date of Receipt
1.	SEBIP/MH03/9110647/10	Non-receipt of redemption amount of debt securities	21-08-2003
2.	SEBIP/MH04/9100643/10	Non-receipt of shares after Transfer	04-11-2004
3.	SEBIP/MH04/9113508/10	Non-receipt of Dividend	02-02-2004

4.	SEBIP/MH04/9114908/10	Non-receipt of Dividend	23-04-2004
5.	SEBIP/MH05/9107432/10	Non-receipt of shares after Conversion / endorsement / consolidation / splitting	07-10-2005
6.	SEBIP/MH08/9115338/10	Non-receipt of shares after Conversion / endorsement / consolidation / splitting	16-04-2008
7.	SEBIP/MH09/9101780/10	Non-receipt of shares after Transfer	12-02-2009
8.	SEBIP/MH09/9102057/10	Non-receipt of shares in Public / Rights issue (including allotment letter	25-02-2009
9.	SEBIP/MH09/9102065/10	Non-receipt of shares in Public / Rights issue (including allotment letter	04-03-2009
10.	SEBIP/MH09/9102066/10	Non-receipt of shares after Transfer	04-03-2009
11.	SEBIP/MH10/9113600/10	Non-receipt of Dividend	19-07-2010
12.	SEBIP/MH11/0002675/10	Non updation of Address/Signature or Corrections etc	11-06-2011
13.	SEBIP/MH11/9100443/10	Non-receipt of Dividend	07-04-2011
14.	SEBIP/MH11/9103183/10	Non-receipt of Dividend	20-04-2011
15.	SEBIP/MH11/9103508/10	Non-receipt of Dividend	22-04-2011
16.	SEBIP/MH11/9105605/10	Non-receipt of shares after Conversion / endorsement / consolidation / splitting	04-05-2011
17.	SEBIP/MH11/9107699/10	Non-receipt of Dividend	19-05-2011
18.	SEBIP/MH11/9108277/10	Non-receipt of shares in Public / Rights issue (including allotment letter	26-05-2011
19.	SEBIP/MH11/9108654/10	Non-receipt of shares after Transfer	06-01-2011
20.	SEBIP/MH11/9115239/10	Non-receipt of Dividend	24-03-2011
21.	SEBIP/MH12/0005758/10	Delisting of securities	13-01-2012

Table II- Categories of Complaints

Sr. no.	Nature of Complaints received	No of complaints
1.	Non-receipt of Dividend	8
2.	Non-updation of Address/Signature or Corrections	1
3.	Non-receipt of redemption amount of debt securities	1
4.	Non-receipt of shares after Conversion / endorsement / consolidation / splitting	3
5.	Non-receipt of shares after transfer	4
6.	Non-receipt of shares in Public / Rights issue (including allotment letter)	3
7.	Delisting of securities	1
	Total	21

9. From the above Tables it is noted that these complaints are pending unresolved since 2003. There are 10 complaints in the nature of non-receipt of share certificates after transfer, conversion, splitting, on allotment in rights/public issues. Seven such complaints relate to period when the Company's RTA was handling the work relating to investors' complaints but they remained unresolved. The other complaints are with respect to non-receipt of dividend, non-receipt of redemption amount of debt securities, etc. In terms of section 113 of the Companies Act, 1956, every company making an allotment of shares is obliged under to deliver to the allottee a share certificate within three months after the allotment. In the case of share transfers, the delivery of share certificate to the transferee shareholder needs to be done within two months of the date of transfer. As per section 207 of the Companies Act, a company has to

pay dividend to a shareholder who is entitled to the same, within thirty days of declaration of the dividend. If the same is not done, the directors of the company are liable for punishment (simple imprisonment and fine, as prescribed therein). Further, the company is also liable for payment of simple interest at the rate of 18% per annum during the period for which such default continues. Under section 117C, a company is duty bound to pay interest and redeem debentures in accordance with the terms and conditions of the issue. Non-compliances of these obligations are offences and thus, it is mandatory for the Company to redress the grievances/complaints in those respect within the timelines stipulated under the Companies Act. In addition to the requirements under the Companies Act, the Company was under obligation to redress all investors' complaints in terms of the advice/direction of SEBI, in view of the provisions of sections 11 and 15C of the SEBI Act. However, the Company has failed to redress the investors' complaints despite repeated advices of SEBI.

10. The Company has also not obtained the authorisation of SCORES for redressal of investors' complaints as required by SEBI circular dated June 3, 2011.
11. Failure to redress investors' grievances by a listed company adversely affects the confidence of investors in the securities market. If such defaults are not dealt with by appropriate enforcement action, the investors will not have a protected environment for their investments in the securities market. In this case, the Company has failed to redress the aforesaid investors' complaints and its directors are also responsible for such default. The noticees are thus liable for suitable enforcement action under the SEBI Act.
12. In view of the foregoing, it becomes necessary to issue directions under sections 11 and 11B of the SEBI Act against the Company and its directors Mr. Vineet Kumar Agarwal, Mr. Vinod Kumar Agarwal and Mr. Vishwinder Nath Gupta, as contemplated in the SCNs issued to them.
13. For the above reasons, I, in exercise of the powers conferred upon me under section 19 of the SEBI Act read with sections 11 and 11B thereof, hereby restrain and prohibit the Company, International Hometex Limited and its directors, Mr. Vineet Kumar Agarwal (PAN : AACPA4970F), Mr. Vinod Kumar Agarwal (PAN : AACPA4705C) and Mr. Vishwinder Nath Gupta (PAN : AAZPG5584G) from accessing the securities market and from buying, selling or dealing in securities, directly or indirectly, in whatsoever manner, till all the investor grievances pending against the Company are resolved by them. The aforesaid direction is without prejudice to any other action that may be taken against them in accordance with law.

Date: August 10th, 2012
Place: Mumbai

RAJEEV KUMAR AGARWAL
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA