WTM/KMA/OIAE/421/07/2011

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 RESPECT OF PIONEER EMBROIDERIES LIMITED AND ITS DIRECTORS

1. Pioneer Embroideries Limited (hereinafter referred to as the Company) is a company incorporated under the Companies Act, 1956 and having its registered office at Hakoba Compound, W. E. Highway, Borivale (E), Mumbai–400066. 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 fifty seven 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, 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). Thereafter, the Company, vide letter dated January 30, 2009 requested SEBI to forward the copy of certain investor complaints which were subsequently collected by the representative of the Company, Mr. Uday Nimlekar. Despite the same, no action taken report was received from the Company.

3. Thereafter, a notice dated November 6, 2009 was issued by SEBI under Sections 11B and 11(4)(b) of the SEBI Act to the Company 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 show cause notices dated November 11, 2009 were also sent to its directors, Mr. Hemant Kumar Sethia, Mr. Vijay Hanumanmal Baid, Mr. Manak Hanumanmal Baid, Mr. Mahesh A Singhi, Mr. Dev Raj Mehta and Mr. Raj Jawaraj Sekhani. Except Mr. Hemant Kumar Sethia and Mr. Manak Hanumanmal Baid, no other directors acknowledged the receipt of the said notice. Mr. Manakchand Baid, vide letter dated November 20, 2009 informed SEBI that he had already resigned from the directorship of the Company on September 25, 2004 and that he was not working with the Company since then. In support of his resignation, Mr. Manak Hanumanmal Baid submitted copy of Form 32 submitted to the Registrar of Companies, Maharashtra, Mumbai. Thereafter, an opportunity of personal hearing was granted by SEBI to the Company, on August 5, 2010. Since the show cause notices and the personal hearing were being returned undelivered from the last know addresses, a paper publication was made by SEBI on June 13, 2010, in respect of the said show cause notices and notices for personal 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 basis of the paper publication, on June 15, 2010, a representative on behalf of the Company and its directors appeared before SEBI and collected the copy of the show cause notice and the personal hearing notices. It was observed, from the letter received on June 15, 2010, that the there was a change in the registered office address of the Company and the new address being “101-B, Abhishek Premises, Plot No. C5-6, Dalia Industrial Estate, Off New Road, Andheri (West), Mumbai-400058”.

4. Thereafter, on August 5, 2010, the Company was represented by Mr. N. K. Jain, CFO & Company Secretary, Mr. Uday Nemlekar, Senior Executive and Mr. Sanjay Dholakia, Practising Company Secretary. The representatives of the Company submitted that forty five out of the fifty seven complaints were resolved by the Company. They also stated that in the remaining twelve complaints either the folio number or the address of the shareholder was not correct and therefore, the Company was not in a position to resolve the said complaints. In view of the above, it was requested to drop the proceedings. In the meanwhile, SEBI had also received a letter dated August 2, 2010 from the Company, the contents of which are similar to the submissions made by the representative. The Company was advised by SEBI, vide letter dated March 16, 2011 to inform the current status of 14 pending complaints (pending as on the said date). In reply to the said letter, the Company, vide letter dated March 21, 2011 forwarding the action taken report of only 8 complaints. On further follow up with the Company, it had submitted the redressal report for another 3 investor complaints. Further, the Company, vide letter dated May 13, 2011 has requested for some more time to gather the current status of the remaining 3 complaints. After much pursuance, the Company has submitted the final action taken report on June 28, 2011 and according to which all the pending investor grievances has been redressed, but only after being followed up continuously from SEBI. Although the present case is not a fit one to issue any directions, in view of the above actions taken by the Company, the Company is to be advised that it shall not spare any efforts in redressing the investor grievance for a long period of time. Accordingly, I dispose of the proceedings initiated against the Company, its directors and the company secretary, as ordered here in below. Mr. Manakchand Baid, vide letter dated November 20, 2009 informed SEBI that he had already resigned from the directorship of the Company on September 25, 2004 and that he was not working with the Company since then. He also enclosed a copy of Form 32 filed with Registrar of

Companies, Maharashtra, Mumbai. In view of the above, no liability can be fixed on Mr. Manakchand Baid for the fault committed by the Company subsequent to such resignation. A copy of the Annual Report filed by the company with Registrar of Companies, Maharashtra has been received and it is observed that other than Mr. Manakchand Baid, Mr. Hemant Kumar Sethia, and Mr. Vijay Hanumanmal Baid has also resigned from the directorship.

5. In view of the above, 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 dispose of the proceedings initiated, vide show cause notices dated November 6, 2009 and November 11, 2009 issued to Pioneer Embroideries Limited and its directors namely, Mr. Mahesh A Singhi, Mr. Dev Raj Mehta, Mr. Raj Jawaraj Sekhani, Mr. Hemant Kumar Sethia, Mr. Vijay Hanumanmal Baid and Mr. Manak Hanumanmal Baid without any directions for the reasons stated above. The said company is advised to strictly redress all the investor grievances, in future, without any fail or delay and any inaction on the part of the company in redressing the investor grievances would be viewed seriously.

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

PLACE: MUMBAI
DATE: JULY 19, 2011