

BEFORE THE SECURITIES APPELLATE TRIBUNAL
MUMBAI

Date : 03.03.2020

Misc. Application No. 105 of 2020
And
Appeal Lodging No. 117 of 2020

MBL & Co. Ltd.

..... Appellant

Versus

Securities and Exchange Board of India

.... Respondent

Mr. P. N. Modi, Senior Advocate with Mr. Neville Lashkari,
Mr. Prakash Shah, Advocates i/b Prakash Shah & Associates for the
Appellant.

Mr. Shyam Mehta, Senior Advocate with Mr. Abhiraj Arora,
Mr. Vivek Shah, Advocates i/b ELP for the Respondent.



ORDER :

1. The appellant was found indulging in self trades which led the Whole Time Member (hereinafter referred to as 'WTM') in passing the impugned order holding that the appellant had acted in a manner which led to misleading appearance of trading in the scrip and consequently, manipulated the price of the scrip without any

intention of ownership of the securities. Based on this finding, the WTM has accordingly prohibited the appellant from accessing the securities market either directly or indirectly for a period of four years and further directed that all the securities including the mutual funds shall remain frozen.

2. We find that the appellant's alleged contribution to the Last Traded Price (LTP) is between the period from December 15, 2011 to February 24, 2012, though the period of investigation is upto October 9, 2014. From a perusal of the impugned order, we find that the WTM found that the appellant had pushed the LTP of the scrip but we also find from a perusal of the chart at page No. 24 of the impugned order that the price of the scrip during the period of investigation went down from Rs. 27.05 to Rs. 5.7. Even during the period when the appellant had traded in the scrip, the price went down from Rs. 17 to Rs. 8.35. Thus, even though, the appellant was found indulging in self trades and pushing the LTP, but *prima-facie*, we find that the overall position is, that the price of the scrip went down during the investigation period. We also note that no connection has been established between the appellant with the promoters and / or the directors of the company nor any violation has been pointed out or has come to the knowledge of the respondent

with regard to any violation during the period 2013 till the date of passing of the order.

3. Further, The alleged violation is of the year 2011-12. More than seven years have been elapsed in the culmination of the proceedings and no illegality has been found against the appellant during this period.

4. In the light of the aforesaid, *prima-facie*, the directions contained in the impugned order appears to be excessive. Debarring the appellant for a period of four years when the appellant has 171 employees in 8 cities, seems to be unjust. We are, therefore, of the opinion that balance of convenience requires that an interim order is passed in the instant case.

5. We accordingly direct the respondent to file a reply within four weeks from today. Two weeks thereafter to the appellant to file rejoinder. This matter would be listed for admission and for final disposal on April 14, 2020.

6. In the meanwhile and until further orders, the effect and operation of the impugned order dated February 28, 2020 passed by

the WTM shall remain stayed provided the appellant deposits a sum of Rs. Two Crores with the respondent within four weeks from today. If the amount is deposited, the same shall be kept in an interest bearing account which will be subject to the result of the appeal.

Sd/-

Justice Tarun Agarwala
Presiding Officer

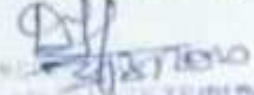
Sd/-

Dr. C. K. G. Nair
Member

Sd/-

Justice M. T. Joshi
Judicial Member

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SECRETARY APPELLATE TRIBUNAL
MUMBAI

13 MAR 2020

03.03.2020

Prepared & Compared by

PTM

