

**IN THE SECURITIES APPELLATE TRIBUNAL
MUMBAI**

Appeal No.158 of 2007

Date of Decision: 26.10.2007

M/s. Ritedeal Trading Co. Pvt. Ltd.

..... Appellant

Versus

Securities and Exchange Board of India

.....Respondent

Present : Shri Ajay Khandhar, Advocate with Shri Jayant Gaikwad,
Advocate for Appellant

Shri Cherag Balsara, Advocate with Shri Mihir Mody, Advocate
for Respondent

CORAM

Justice N.K. Sodhi, Presiding Officer
Arun Bhargava, Member
Utpal Bhattacharya, Member

Per: Justice N.K. Sodhi, Presiding Officer (Oral)

This order will dispose of three Appeals nos.158 to 160 of 2007 all of which are directed against similar orders dated 30.7.2007 and involve identical questions of law and fact.

2. It is not in dispute that by an ex-parte order dated 24.10.2005 several entities including the appellants herein had been directed not to buy, sell or deal in securities of Mega Corporation Ltd directly or indirectly till further directions in this regard. The fact that this order was served on the appellants

Appellant in Appeal No.158 of 2007 were sold on 16.11.2005 when the ex-parte restraint order was in operation. The appellants in the other two appeals are the directors of this company who had also been debarred by the interim order. That interim order was later confirmed by the Securities and Exchange Board of India (for short “the Board”) after affording an opportunity of hearing to all the parties. Violation of the order dated 24.10.2005 is, therefore, admitted. What is contended by the learned counsel for the appellant in Appeal no.158 of 2007 is that 14,000 shares were lying with the broker in its pool account and those were sold by mistake by the punching operator of the broker who was operating the terminal. This is the explanation furnished by the broker. The appellants did not take such a stand. They did not even appear before the adjudicating officer. Why did the appellants place the order on the broker when they knew that they had been debarred. We will deal with the plea of the broker when its appeal comes up for hearing. Since the appellants had violated the order passed by the Board they will have to pay the monetary penalty as levied by the adjudicating officer.

3. In Appeal no.159 of 2007 the learned counsel for the appellant contends that Santosh Rohitdas Jagtap – the appellant herein was only one of the directors of M/s. Ritedeal Trading Company Pvt. Ltd which sold the shares and that he did not place the order on behalf of the company. This contention is being noticed only to be rejected. The company (Ritedeal Trading Company Pvt. Ltd.) in the client registration application form which had been submitted to the broker had mentioned the names of two of its directors one of whom is the appellant herein who were to deal on its behalf in the matter of making

did not appear before the adjudicating officer despite receipt of notices and at no stage prior to the filing of the present appeal did he ever dispute that he was not responsible for placing the order on behalf of the company. In this view of the matter the contention now raised is only an after thought and we cannot accept the same.

4. Lastly, the learned counsel for the appellants contended that the amount of penalty imposed by the adjudicating officer is unduly harsh and the same deserves to be reduced. We do not think so. How can market players be heard to say that the penalty is harsh when they violate knowingly the orders of the statutory regulator. We are also of the view that if market players are allowed to flout with impunity the orders of the regulator it would be difficult for the latter to carry out its statutory duties.

In the result, the appeals fail and they stand dismissed with no order as to costs.

Sd/-
Justice N.K. Sodhi
Presiding Officer

Sd/-
Arun Bhargava
Member

Sd/-
Utpal Bhattacharya
Member

