

**BEFORE THE SECURITIES APPELLATE TRIBUNAL
MUMBAI**

Appeal No. 130 of 2012

Date of decision: 25.06.2012

Chin Infotech Pvt. Ltd.
Flat No. 104, EMP-36,
Uranus Co-operative Housing Society Ltd.,
Thakur Village,
Kandivali (East),
Mumbai – 400 101.

... Appellant

Versus

Securities and Exchange Board of India
SEBI Bhavan, Plot No.C-4A, 'G' Block,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400 051.

... Respondent

Mr. Vinay Chauhan, Advocate for the Appellant.

Mr. Shiraz Rustomjee, Senior Advocate with Mr. Mihir Mody and Mr. Mobin Shaikh,
Advocates for the Respondent.

Coram : P. K. Malhotra, Member & Officiating Presiding Officer
S.S.N. Moorthy, Member

Per : S.S.N. Moorthy

The appellant is a company incorporated under the Companies Act, 1956 having its registered office in Mumbai. It is engaged in the business of dealing in the securities market by buying and selling shares of companies from various entities. The present appeal is directed against an order passed by the whole time member of the Securities and Exchange Board of India (for short the Board) on May 3, 2012 by which an ex-parte order dated December 28, 2011 was confirmed. By virtue of the impugned order, the appellant, along with several other entities, was prohibited from buying, selling or dealing in any securities in any manner in the securities market till further orders. The impugned direction was given in the context of an order in the case of PG Electroplast

Ltd. (the company) which came out with initial public offering (IPO). The charge against the appellant is that it was financed by the company through Wonder Wincom to the extent of Rs.94 lacs for making application in the IPO of the company.

2. On November 9, 2011, the appellant entered into a share purchase agreement with the promoters of Swadeshi Industries and Leasing Limited (target company) for acquiring 6,31,300 shares. Pursuant to a share purchase agreement, the appellant paid 90% of the consideration to the sellers. After the completion of due formalities, the appellant made a public announcement to the shareholders of the target company as per regulations 3 and 4 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter called 'takeover regulations'). As a result of the above acquisition, the appellant took over sole control of the target company. The appellant also deposited the required amount in the escrow account as per takeover regulations. On November 24, 2011, the appellant filed a letter of offer through its merchant banker to be sent to the shareholders of the target company with the Board as per the takeover regulations. The offer was slated to open on January 10, 2012 and close on January 23, 2012. In the meantime, the appellant was prohibited from transactions in the capital market by the order of the whole time member, dated December 28, 2011, mentioned supra. As a result of the restrictions imposed in the above mentioned order, the public offer made by the appellant got stalled.

3. In the present appeal the appellant challenges the restrictions placed by the whole time member on its capital market transactions and prays for vacating the restrictions. There is also a prayer for an interim relief so that the appellant could complete the process of open offer made to the shareholders of the target company. In the process, the appellant prays for dematerialization of 15 lac shares allotted to it by way of preferential allotment by the target company.

4. We have heard Shri Vinay Chauhan, counsel for the appellant and Shri Shiraz Rustomjee, Senior Counsel for the respondent Board. Keeping in view the fact that the

matter is at the advanced stage of investigation by the Board, we are not inclined to interfere on merits at this stage. During the course of hearing we were told by the learned counsel for the appellant that he has already submitted all the material and made necessary submissions in support of his case and he does not want to make any further submissions. In this view of the matter, we direct the Board to complete the investigation qua the appellant by September 30, 2012 and take further necessary action, if any, by October 31, 2012. If the Board wants any further clarification/information for the purpose of completing the investigation expeditiously, the appellant should make available the same to enable the Board to complete the investigation within the prescribed time frame.

Appeal stands disposed of as above. There shall be no order as to costs.

Sd/-
P. K. Malhotra
Member &
Presiding Officer (*Offg.*)

Sd/-
S.S.N. Moorthy
Member

25.06.2012
Prepared and compared by-ddg