

BEFORE THE SECURITIES APPELLATE TRIBUNAL
MUMBAI

Appeal No. 183 of 2011

Date of decision: 18.10.2011

Mentor Capital Ltd.
Having its Registered Office at 713,
Raheja Centre,
Nariman Point,
Mumbai – 400 021.

.....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. Pesi Modi, Advocate with Mr. Neville Lashkari, Ms. Amrita Nandgaonkar,
Ms. Akshaya Bhansali, Advocates for the Appellant.

Mr. Shiraz Rustomjee, Senior Advocate with Ms. Harshada Nagare,
Advocate for the Respondent.

CORAM : Justice N. K. Sodhi, Presiding Officer
P. K. Malhotra, Member
S. S. N. Moorthy, Member

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

This appeal is directed against the order dated July 19, 2011 passed by the whole time member of the Securities and Exchange Board of India (for short the Board) confirming the ad-interim ex-parte order dated December 2, 2010 by which the appellant, among others, has been restrained from accessing the securities market and has also been prohibited from buying, selling or dealing in securities till further orders. Admittedly, the investigations in the matter are still in progress and the Board found that the scrip of five companies had been manipulated and that a large number of entities had joined hands together in the manipulation. Since the investigations are still pending, it may not be appropriate for us to examine the merits of the contentions now sought to be urged before us. In this view of the matter, we dispose of the appeal with a direction to the Board to conclude the investigations expeditiously and, in any case, before the end of

this year. It will be open to the Board to proceed against the appellant in accordance with law on the basis of the findings as recorded in the investigations.

2. The learned counsel for the appellant informs us that the appellant is an investment company and that it had purchased shares of a large number of companies by way of investment, the details of which are given in Exhibit H to the appeal. A prayer is made that the Board should permit the shares in regard to which the purchase is complete to come into the demat account of the appellant as set out in prayer 7(c) of the memorandum of appeal. The prayer appears to be reasonable and the same is granted. It is further pointed out that the appellant is also holding shares of a large number of companies by way of investment and in view of the falling market, the appellant may be allowed to dispose of those shares with a view to reduce their losses. This prayer is also reasonable and hence granted. We, therefore, direct that the appellant may sell the shares which it is presently holding to safeguard against the erosion in the value of its portfolio. The details of the sales shall be furnished to the Board within 24 hours of the sale and the sale proceeds shall be kept in a separate escrow account. The appellant wants to utilize the sale proceeds to meet with its outstanding liabilities including government dues. It may in this regard approach the Board and seek its permission. If such an application is made to the Board, the same should be considered expeditiously within a reasonable time. No costs.

Sd/-
Justice N. K. Sodhi
Presiding Officer

Sd/-
P. K. Malhotra
Member

Sd/-
S. S. N. Moorthy
Member