BEFORE THE SECURITIES APPELLATE TRIBUNAL MUMBAI

Appeal No. 174 of 2012

Date of decision: 29.08.2012

1. Chartered Capital and Investment Limited
   a company registered under the Companies
   Act, 1956 and having its registered office
   at 711, Mahakant, Opp.V.S. Hospital,
   Ellisbridge, Ahmedabad – 380 006.

2. Mohib Noman Khericha
   Managing Director of Appellant No.1, having his
   address at 711, Mahakant, Opp.V.S. Hospital,
   Ellisbridge, Ahmedabad – 380 006.

3. Manoj Kumar Ramrakhyani
   having his address at address at 711,
   Mahakant, Opp.V.S. Hospital,
   Ellisbridge, Ahmedabad – 380 006. … Appellants

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. D. J. Khambatta, Senior Counsel along with Mr. Ravi Hegde and Mr. Paras Parekh, Advocate for Appellants.

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

Coram : P. K. Malhotra, Member & Presiding Officer (*Offg.*)
S.S.N. Moorthy, Member

Per : P. K. Malhotra (Oral)

Securities and Exchange Board of India (for short the Board) is carrying on investigations in the initial public offer (IPO) of RDB Rasayans Limited. The

investigations primarily focused on the verification of the disclosures made in the offer documents, examination of bid pattern, examination of trading on first day of listing and utilization of IPO proceedings. The appellants before us are the merchant bankers for the said IPO. During course of investigations, the Board came to a prima facie conclusion that there was lack of due diligence on the part of the appellants in the handling of initial public offer, as a merchant banker. Therefore, the Board, vide its ex-parte ad-interim order dated December 28, 2011, restrained the appellants from taking up any new assignment or involvement in any new issue of capital including IPO, follow-on-issue, etc. from the securities market in any manner whatsoever, from the date of the impugned order till further directions. The said ex-parte ad-interim order was also treated as a show-cause notice and the appellants were given an opportunity to file their reply.

2. It is the case of the appellants that they have filed reply on January 14, 2012. A personal hearing was also granted on March 16, 2012 whereafter written submissions were filed on March 20, 2012. Although a period of more than five months have lapsed since grant of personal hearing, the respondent-Board has not passed any order thereafter and the appellants are restrained from carrying out its activities under the ex-parte ad-interim order. It is stated by the appellants that they have amply demonstrated that there is no merit in the allegations against the appellants and the impugned order and the directions against the appellants are not required. Appellants, therefore, submit that the respondent's action in not passing the final order despite lapse of more than seven months calls for setting aside the impugned order.

3. Learned senior counsel for the Board states that the Board is still looking into the matter. However, it will pass necessary order after considering reply of the appellants within a period of two weeks.

4. After hearing learned senior counsel for the parties and having perused the record, we are of the view that the matter still being at the investigation stage, it may not be appropriate for us to intervene in the matter at this stage. However, keeping in

view the statement made by the learned senior counsel, we direct the Board to complete the investigation, qua the appellants, within a period of two weeks from today. In case the Board is not able to pass appropriate order within the stipulated time, the ex-parte ad-interim order passed against the appellants shall stand vacated. We make it clear that we are not expressing any opinion on the merits of the case.

The appeal stands disposed of with above directions.

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

Sd/-
S.S.N. Moorthy
Member

29.8.2012
Prepared and compared by-ddg