BEFORE THE SECURITIES APPELLATE TRIBUNAL
MUMBAI

Appeal No. 174 of 2013

Date of decision: 11.03.2014

M/s. Valecha Engineering Ltd.
Valecha Chambers, 4th Floor,
New Link Road, Andheri (West),
Mumbai – 400 053. ….. Appellant

Versus

Securities & 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 with Mr. Prashant Ingle, Advocate for the Appellant.
Mr. Shiaz Rustomjee, Senior Advocate with Mr. Pratham V. Masurekar, Advocate for the Respondent.

CORAM : Justice J. P. Devadhar, Presiding Officer
Jog Singh, Member
A. S. Lamba, Member

Per : Justice J. P. Devadhar (Oral)

1. This appeal is filed to challenge adjudication order dated July 26, 2013 whereby penalty of ₹ 2 lac has been imposed upon the appellant under Section 15HB of the SEBI Act, 1992 for not closing the trading window prior to the meeting of the Board of Directors of the appellant company held on April 30, 2009 and November 27, 2009.

2. In para 24 of the impugned order dated July 26, 2013, the adjudicating officer has held that for not closing the trading window the Managing Director of appellant cannot be said to have violated the code of conduct for prevention of Insider Trading framed by appellant as per Regulation 12(1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 because, it is the duty of Compliance Officer to implement code of conduct. By the same yard stick, appellant company also cannot

be held liable for not closing the trading window prior to the Board meetings held on April 30, 2009 and November 27, 2009.

3. It is relevant to note that show cause notice was in fact issued to the Compliance Officer of appellant, however, in that show cause notice issue relating to failure on part of Compliance Officer in not closing the trading window has not been raised. However, in the impugned order it is held that alleged violation recorded in the show cause notice against Compliance Officer does not stand established.

4. Thus, while holding that in the facts of present case, Compliance Officer is liable for not closing the trading window, in fact it is held that Compliance Officer has not violated any of the regulations. In these circumstances, making the appellant company liable for not closing the trading window cannot be sustained.

5. Accordingly, impugned order dated July 26, 2013 which purports to hold appellant company liable for not closing the trading window prior to the meeting of Board of Directors held on April 30, 2009 and November 27, 2009 is quashed and set aside.

In the result, appeal is allowed with no order as to costs.

Sd/-
Justice J. P. Devadhar
Presiding Officer

Sd/-
Jog Singh
Member

Sd/-
A. S. Lamba
Member

11.03.2014
Prepared & Compared by
PTM