(2021) 08 SEBI CK 0161

In the Securities Appellate Tribunal Mumbai

Case No : Miscellaneous Application No. 260 Of 2019, Appeal No. 199 Of 2019

Jyoti Varij Sethi APPELLANT

Vs

BSE Ltd And Others RESPONDENT

Date of Decision : 25-08-2021

Acts Referred:

Securities And Exchange Board Of India (Delisting Of Equity Shares) Regulations, 2009 — Regulation 23(3), 24

Citation : (2021) 08 SEBI CK 0161

Hon'ble Judges : Tarun Agarwala, Presiding Officer;M. T. Joshi, J

Bench : Division Bench

Advocate : Rajesh Nagory, Sabeena Mahadik, Aayush Kothari, Sagar Hate, Tomu Francis, Arka Saha, Pradeep Sancheti, Rashid Boatwalla, Aditya Vyas, Manilal Kher Ambalal

Final Decision : Dismissed

Judgement

M. T. Joshi, J

1. Aggrieved by the refusal of the respondent Nos. 1 BSE Ltd. (hereinafter referred to as â??BSEâ??) to defreeze the beneficial owner account of

the appellant vide letter dated March 23, 2018, the present appeal is preferred.

2. There is a delay of 161 days in the filing of the appeal. For the reasons stated in the application, the delay in the filing of the appeal is hereby

condoned. Misc. Application is allowed and the appeal was heard on merit.

3. The appellant submitted that the beneficial owner account as detailed in the appeal memo was jointly held by her with her mother Lt. Mrs. Kala

Shah. The mother passed away on December 1, 2017 and as such the appellant became the sole account holder of the same. She however received a

communication from the respondent Nos. 1 BSE that in view of SEBI circular dated September 7, 2016, upon compulsorily delisting of the equity

shares of SB & T International Ltd., her account was frozen. According to the appellant the circular provides that the promoter of the companies shall

not directly or indirectly access the securities market for a period of 10 years from the date of compulsory delisting. The appellant claimed that her

husband was the promoter of said SB & T International Ltd. She however was neither a director nor a promoter and, therefore, the circular would not

apply to her. She had, therefore, applied to the exchanges for removing her name as a promoter so far as the said company is concerned. However,

the exchange failed to do the needful and on the other hand, the letter was issued. Hence the present appeal.

4. We have heard Mr. Rajesh Nagory, the learned counsel with Ms. Sabeena Mahadik, Mr. Aayush Kothari, Mr. Sagar Hate, the learned counsel for

the appellant with Mr. Tomu Francis, the learned counsel with Mr. Arka Saha, the learned counsel for the respondent Nos. 1 BSE and Mr. Pradeep

Sancheti, the learned senior counsel with Mr. Rashid Boatwalla, Mr. Aditya Vyas, the learned counsel for the respondent Nos. 3 through video

conference.

5. Respondent BSE had relied on the circular dated September 7, 2016 which provides as under :-

â??Upon delisting the following consequences would be applicable :-

1. Non transferability of any of equity shares by the company by way of sell, pledge, etc. of any of the equity shares;

2. Using of equity shares and corporate benefits thereof held by the promoters / promoter group;

3. The promoters and the whole time directors of the company shall not be eligible to become director of any listing company.â??

6. It is also provided by the Regulation 24 of Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (hereinafter

referred to as â??Delisting Regulationsâ??) that these entities would be debarred from accessing the securities market for a period of 10 years from

the date of compulsory delisting.

7. Upon hearing both the sides, in our view, there is no merit in the appeal. The appellant claims that she was not promoter of the delisted company.

She was however definitely promoter group member i.e wife of the promoter of the company which was delisted. The record would show that a long

drawn process of delisting of the company and thereafter freezing of the shares was undertaken as per the rules and regulations.

8. The reading of circular dated September 7, 2016 would show that vide clause 4(a), it is also provided that all the equity shares held by the promoters

/ promoter group shall remain frozen i.e. the depository shall not effect transfer in the promoters of such company, till they provide an exit option to the

public shareholders in compliance with sub-regulation 3 of the Regulation 23 of the Delisting Regulations. In view of the above facts, the following

order :-

ORDER

9. The appeal is hereby dismissed without any order as to costs.

10. The present matter was heard through video conference due to Covid-19 pandemic. At this stage it is not possible to sign a copy of this order nor

a certified copy of this order could be issued by the Registry. In these circumstances, this order will be digitally signed by the Private Secretary on

behalf of the bench and all concerned parties are directed to act on the digitally signed copy of this order. Parties will act on production of a digitally

signed copy sent by fax and/or email.