(2022) 08 SEBI CK 0052

In the Securities Appellate Tribunal Mumbai

Case No : Appeal No. 431 Of 2022

Shreyas Intermediates Limited — APPELLANT

Vs

Deputy Manager, Listing Compliance — RESPONDENT

Date of Decision : 10-08-2022

Acts Referred:

Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 — Regulation 23, 23(9), 27(2), 31

Citation : (2022) 08 SEBI CK 0052

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

Bench : Full Bench

Advocate : Aarti Sathe, Aasavari Kadam, Saba Sheikh, Manish Chhangani, Samreen Fatima

Final Decision : Dismissed

Judgement

Tarun Agarwala, Presiding Officer

1. The present appeal has been filed against the communication dated April 6, 2022 whereby the appellant’s application for waiver of fine pursuant to Securities and Exchange Board of India (‘SEBI’ for short) circular dated January 22, 2020 was partly allowed and fine of Rs. 77,76,246.02 was reduced to Rs. 11,95,340/-.

2. The facts leading to the filing of the present appeal is, that the appellant is the public listed company and as part of the corporate governance, is required to make all filings and reportings as mandated by SEBI in a timely manner. It is alleged that various compliances were being under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘LODR Regulations’ for short) within the stipulated period and upto June 2020 no defaults were committed by the appellant at any given point of time.

3. On account unprecedented lockdown being declared by the Government of India due to Covid-19 pandemic the day to day working was paralyzed. There

was severe manpower crunch and accordingly certain compliances as mandated by the LODR Regulations could not be fulfilled in a timely manner.

4. As a result of non-compliance of the LODR Regulations within the stipulated period a total fine of Rs. 77,76,246.02 became outstanding and payable by the appellant.

5. The appellant through various letters, e-mails gave justification and eventually by e-mail dated November 15, 2021 requested for waiver of the fine / penalty in view of SEBI Circular dated January 22, 2020.

6. The respondent duly considered the waiver application of the appellant as well the SEBI Circular dated January 22, 2020 and thereafter the respondent reduced the fine from Rs. 77,76,246.02 to Rs. 11,95,340/.

7. The appellant being aggrieved by the aforesaid order has filed the present appeal.

8. We have heard Ms. Aarti Sathe, the learned counsel for the appellant and Shri Manish Chhangani, the learned counsel for the respondent.

9. The contention of the appellant is that even the remaining amount of Rs. 11,95,340/- was also required to be waived in view of the ensuing Covid-19 pandemic during that period and non-compliance of LODR Regulations could have been waived for the reasons stated in the waiver application.

10. The remaining fine that was communicated to the appellant under the impugned order is with regard to non-compliance of Regulation 27(2), Regulation 31 and Regulation 23(9) of the LODR Regulations. For non-compliance of Regulation 27(2) a fine of Rs. 1,07,380/- was imposed and for non-compliance of Regulation 31 a fine of Rs. 2360/- was imposed. Further, for non-compliance of Regulation 23(9) a fine of Rs. 10,85,600/- was imposed. The main grievance of the appellant is, that a fine of Rs. 10,85,600/- ought to have been waived for non-compliance of Regulation 23(9) of the LODR Regulations. It was urged that compliances had to be filed by December 12, 2020 but the same was actually done in June 2021 and therefore there was a delay of six months. It was urged that the impact of the pandemic continued even in the second quarter which multifold the impact and halted all operations of the company. It was urged that the impact of the business had been very pronounced due to the lockdown for four months and that for more than 3 months the factory could not function as only 10% of the staff was allowed to work as the company was not in the essential services sector. Regulation 23 relates to related party transactions and a transaction involving payments made to related party are required to be disclosed to the Stock Exchange within the stipulated period. We find that noting has been shown as to why related party transaction of the financial year in question could not be disclosed within the stipulated period. The lockdown restriction had eased from September 2020 and nothing prevented the company from making the filings after September 2020. We however find that filings were

done as late as on June 2021.

11. In the absence of any cogent explanation being given we find that in the given circumstances the imposition of fine by the respondent for non-compliance of Regulation 23(9) of LODR Regulations was justified.

12. In view of the aforesaid, we do not find any error in the impugned order. The appeal fails and is dismissed with no order as costs.

13. 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. Certified copy of this order is also available from the Registry on payment of usual charges.