

BEFORE THE SECURITIES APPELLATE TRIBUNAL  
MUMBAI

**Date of Decision : 24.12.2019**

**Misc. Application No. 567 of 2019  
And  
Appeal No. 531 of 2019**

Advance Lifestyles Ltd.  
2<sup>nd</sup> Floor, West Wing,  
Electric Mansion  
Appasaheb Marathe Road,  
Worli, Mumbai – 400025.

..... Appellant

Versus

BSE Ltd.  
25<sup>th</sup> Floor, P J Towers,  
Dalal Street, Fort,  
Mumbai – 400 001.

..... Respondent

Mr. Rakesh Puri, Advocate i/b Lexvox Chambers for the Appellant.

Mr. Sagar Divekar, Advocate with Mr. Abhimanyu Mhapankar,  
Advocate for the Respondent.

CORAM : Justice Tarun Agarwala, Presiding Officer  
Dr. C.K.G. Nair, Member

Per : Justice Tarun Agarwala, Presiding Officer (Oral)

**Misc. Application No. 567 of 2019 :**

1. For the reasons stated in the application, the delay in filing the appeal is condoned.

**Appeal No. 531 of 2019 :**

1. The present appeal has been filed against the order of Bombay Stock Exchange Ltd. (hereinafter referred to as, 'BSE') dated August 19, 2019 and October 7, 2019 whereby a total penalty of Rs. 20,40,000/- has been imposed for non compliance of various provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as, 'Listing Regulations').

2. The facts leading to the filing of the present appeal is, that the appellant is a public listed company and have more than 6800 shareholders. Under the Listing Regulations, the appellant was required to comply with various provisions and upon failure penalties could be imposed for non-compliance. In this regard, SEBI issued a circular dated May 3, 2018 known as "Standard Operating Procedure" which streamlined the process and adopted an uniform approach in the matter of levy of fines for non-compliance of certain provisions of the Listing Regulations. The said circular also provided a discretion to the stock exchange to deviate from the circular dated May 3, 2018 under exceptional circumstances only after recording reasons in writing. Thus, flexibility and discretion

was provided to the stock exchange for levying penalties for non-compliance of the Listing Regulations.

3. The exceptional circumstances indicated a list of events which could be considered by the stock exchange for waiving or reducing the quantum of penalty. The exceptional events were natural calamity, seizure of books / computers by regulatory / statutory authorities, the compliances not approved by the Board, directions issued by the Court / regulator which prevented from making the requisite disclosure and accidental damage.

4. The appellants made the following violations of the Listing Regulations :-

| <b>Regulation</b> | <b>Details</b>   | <b>Fine</b> |
|-------------------|--|-------------|
| 31                | Shareholding Pattern                                       | 1000        |
| 33                | Financial results  | 35000       |
| 27(2)             | Corporate Governance Report                                | 1000        |
| 27(2)             | Corporate Governance Report                                | 22000       |
| 34                | Annual Report  | 10000       |
| 13(3)             | Adequate steps for investor complaints                     | 29000       |
| 44                | Voting rights  | 10000       |
| 17(1)             | Composition of BOD including appointment of woman Director | 460000      |
| 17(1)             | Composition of BOD including appointment of woman Director | 460000      |
| 18(1)             | Constitution of Audit Committee                            | 184000      |
| 18(1)             | Constitution of Audit Committee                            | 184000      |
| 19(1)/19(2)       | Constitution of nomination and remuneration Committee      | 184000      |
| 20(2)             | Constitution of Stakeholder relationship Committee         | 184000      |
| 20(2)             | Constitution of Stakeholder relationship                   | 184000      |

|      | Committee   |           |
|------|---|-----------|
| 6(1) | Appointment of qualified CS as Compliance Officer | 92000     |
|      | Total Basic Fine                                  | 20,40,000 |

5. The first seven violations as indicated aforesaid were complied by the appellant but the remaining violations have not been complied till date and the violation is continuing till date. In this regard, the appellant made a representation to the authorities requesting for waiver / reduction of the penalty contending that for not appointing the Company Secretary and two independent directors on the Board / audit committee, the penalty may be waived under the exceptional circumstances as carved out in the circular dated May 3, 2018. The representation was rejected and the appellant was directed to deposit a penalty of Rs. 20,40,000/-.

6. Having heard the learned counsel for the parties, we find that admittedly, the appellant has violated various provisions of the Listing Regulations. The limited prayer made before us was that due to unforeseen events, the stock exchange should have taken the events as a mitigating factor to waive or reduce the quantum of penalty. In this regard, we find that the exceptions carved out in the circular dated May 3, 2018 relates to certain events which in the instant case was not existing. Further, we find that there no justification or any reason has been given as to why a Company

Secretary and the two independent directors could not be appointed. In the absence of any cogent reasons, we do not find any justification to reduce the quantum of penalty.

7. For the reasons stated aforesaid, we do not find any merit in the appeal. Dismissed.

Sd/-  
Justice Tarun Agarwala  
Presiding Officer

Sd/-  
Dr. C. K. G. Nair  
Member

24.12.2019  
Prepared & Compared by  
PTM