

BEFORE THE SECURITIES APPELLATE TRIBUNAL  
MUMBAI

**Appeal No. 197 of 2010**

**Date of decision: 4.2.2011**

Sharp Industries Limited  
Plot No.6, Survey No. 70,  
Village – Waliv, Vasai (East),  
Thane – 401208.

... Appellant

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. Ashok Mehta, Authorised Representative for the Appellant.

Ms. Daya Gupta, Advocate with Ms. Harshada Nagare, Advocate for the  
Respondent.

CORAM : Justice N. K. Sodhi, Presiding Officer  
P. K. Malhotra, Member  
S. S. N. Moorthy, Member

Per : Justice N. K. Sodhi, Presiding Officer (Oral)

This appeal is directed against the order dated October 28, 2010 passed by the adjudicating officer imposing a monetary penalty of ₹ 8 lacs on the appellant for delaying the demat requests received from its shareholders. According to the adjudicating officer, there is a delay of almost 2000 days whereas the appellant contends that the delay is only of about 1270 days. Be that as it may, all the requests for dematerialisation of the shares held in physical form have been executed and all the shares in the physical form have been dematerialized. The appellant admits that there has been a delay in dematerializing the shares and it has furnished some reasons which appear to us to be genuine. The appellant became a sick company and was before the Board for Industrial and Financial Reconstruction (BIFR) for quite sometime. We are informed that the promoters of the appellant company had taken adequate steps to comply with the conditions laid down by BIFR and that the scheme framed by BIFR has since been

implemented. The appellant is no longer a sick company. It is also on record that the company had approached the Hon'ble High Court for a scheme under Sections 391 to 394 of the Companies Act for reconstruction and also under Section 100 of the same Act for the reduction of its share capital. The proceedings remained pending in the High Court for sometime and the schemes have since been approved. It is on account of the pendency of the aforesaid proceedings that the requests from the shareholders for the dematerialisation of their shares got delayed. Now that the shares have been dematerialized, the wrong committed by the appellant is no longer continuing. In these circumstances, we are of the considered view that the amount of penalty levied on the appellant needs to be reduced considerably. Having regard to the peculiar facts and circumstances of this case and while upholding the impugned order, we reduce the penalty to ₹ 2 lacs. The impugned order stands modified accordingly.

The appeal stands disposed of as above. No costs.

Sd/-  
Justice N. K. Sodhi  
Presiding Officer

Sd/-  
P. K. Malhotra  
Member

Sd/-  
S. S. N. Moorthy  
Member

4.2.2011  
Prepared & Compared by  
ptm