

POLICY FOR EXEMPTION OF FINES LEVIED AS PER THE PROVISIONS OF SEBI SOP CIRCULAR
Reasons for Waiver / Reduction of Penalty levied under SEBI SOP circular

For considering a company's case for waiver of penalty, the company would be required to disclose to the Exchange, the events that prevent / impact filing of compliances as mentioned in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), as amended from time to time, either immediately or as soon as practically possible. Further, a case for waiver or reduction of fine shall be considered only where the applicant company has fully complied with all its compliances under the Listing Regulations, other applicable regulations and circulars issued thereunder.

The events referred to below, shall be disclosed along with the relevant supporting documents evidencing the same, including the impact assessment of the event, duly certified by the Company Secretary or the Compliance Officer. In case of impact on filing of Financials, the same shall be certified by the Statutory Auditor of the company.

Non-disclosure of the events preventing / impacting filing of compliances in a timely manner may result in rejection of request for waiver / reduction of fine.

The indicative list of events that may be considered by the Exchange for granting waiver or reduction of fine levied under SOP for compliance with Listing Regulations are mentioned below along with criteria to be considered:

1. Natural calamity (Act of GOD)

In the event of Natural calamity, the following will be considered while approving such request:

- a. Whether the event had occurred during the period under review or during the period of filing the compliances
- b. Where did the event occur and how it impacted the requisite disclosure from being made in a time bound manner.
- c. Event is notified to the Exchange as soon as possible, along with periodic updates.
- d. In order to claim the waiver/reduction of penalty, company will have to adequately demonstrate that the said Natural Calamity resulted in the company not being able to comply with the applicable Regulations.

2. Seizure / Capture of books / computers etc., by regulatory / statutory authorities

On account of seizure of documents / computer hardware / software, etc., as the case may be, by regulatory or statutory authorities:

- a. The event should have been intimated as a material event at the time of seizure / capture along with the relevant documentation evidencing the same, including the impact assessment of the event duly certified by the Company Secretary or the Compliance Officer e.g. seizure report / panchnama.
- b. The seizure / capture should have occurred during the periods under review or during the period of filing the compliances

3. Impossibility of Compliance

In case of any non-compliance arising out of inability of company to comply on account of any of the following reasons:

- a) make any appointment to the Board of Directors / of KMPs due to pending approval for appointment of Directors / KMP etc., from the Government (Ministry)/ Regulator/ Any Statutory Authority.
- b) any steps taken by Government (Ministry)/ Regulator/ Court /Tribunal/ Any Statutory Authority, resulting in the non-compliance relating to Board composition e.g. appointment of a nominee director by relevant authorities, leading to the prevailing compliance becoming a non-compliance
- c) casual vacancy caused on account of resignation/ removal/ death/ disappearance of directors or KMPs

In such cases, the company has to provide evidence that it has taken adequate steps to remedy the non-compliance within the stipulated time. Such evidence shall, inter alia, include proof of communication sent to the approving authority seeking approval for the appointment / receipt of communication from the authorities appointing a nominee director that resulted in existing compliance becoming non-compliance. In case of the former, such communication should have been sent by the company to the relevant authority, prior to the last due date of compliance. In case of extended delays, companies shall have to submit proof of follow-up communications as well. Lastly, in case of this carve-out the Exchanges may jointly (where listed at more than one Exchange) decide to withdraw fines levied earlier also.

4. Court / Regulatory directions that resulted or prevented or exempted the disclosure required to be made or fines required to be paid.

This would include companies which have obtained BIFR/NCLT order exempting the companies from paying fines or Companies where the Order of Appointment of Provisional / Official Liquidator has been issued.

5. Material events occurring that are beyond the control of the company

Accidental reasons, including those mentioned in the Listing Regulations, e.g. strikes, lockouts and other reasons. The event shall be disclosed to the Exchange as per Regulation 30 of Listing Regulations. The event should have been intimated as a material event either immediately or as soon as practically possible along with the relevant documentation evidencing the same, including the impact assessment of the event duly certified by the Company Secretary or the Compliance Officer.

Further as a general principle, waiver or exemption may be considered even for quarters in which the event has not occurred, but the impact of the event as mentioned prevents the company from complying with the disclosures required under the Listing Regulations.

PRE-CONDITIONS FOR ACCEPTING APPLICATIONS FOR FULL / PARTIAL WAIVER OF FINES

1. The above list of events may be revised from time to time by the Exchanges after joint consultation and disseminated on the Exchange websites. The Exchanges may jointly consider any event which is not mentioned in the above list that deserves full or partial exemption / waiver based on reasons recorded in writing. However, the governing principle while considering such exemption / reduction in penalty, shall be that the non-compliance has occurred due to circumstances which were beyond the control of the Company and the Company has demonstrated that it has taken sufficient steps at the earliest to rectify the non-compliance and the Company has made disclosure of such event to the Exchange at the earliest.
2. Companies should file their application in the prescribed mode as mentioned in the notice of levy of penalty, requesting for waiver of fines along with specific reasons for claiming the same, within 15 days from the date of Exchange communication intimating about levy of fines, failing which such application shall be liable for rejection.
3. Further the happening of any event listed above does not automatically confer any right or entitlement to waiver of fine and request for waiver/ reduction in penalty shall be considered only upon the company applying for the waiver with full underlying facts and evidences and after ascertaining the facts in the matter. It may be noted that the decision of the Exchange shall be final and repeated applications for waivers that are declined earlier, would not be entertained, unless there are any mitigating fresh facts. The Exchange reserves the right to accede to or deny the request for waiver/ reduction in penalty, for reasons to be recorded in writing.
4. An illustrative list of scenarios which cannot be considered to fall within the ambit of “events” entailing waiver or reduction of fine is given below
 - i. Company has applied for waiver of fine without specifying any reason for the delayed compliance.
 - ii. Company has been unable to find suitable candidate for compliance officer/Director due to ongoing financial position of company, or lack of operations or is a loss making company.
 - iii. Company has been unable to file disclosure due to non-receipt of data from RTA/Depository.
 - iv. Non-compliance / Delay in compliance due to non-availability of compliance officer/resignation of compliance officer or directors or KMPs, beyond the prescribed time available under law.
 - v. Company is under process of Corporate Debt Restructuring, declared as NPA by lenders, etc.

Applications for waiver of fines will be considered **only after the applicant company has first complied with the compliance for which it is seeking full / partial waiver of fines**, as required under the Listing Regulation. Till the time the waiver request is decided by the Exchange, further penal actions such as freezing of promoter’s holdings, shifting to Z category and suspension of trading in securities may be kept on hold **only for those companies whose requests for waivers fall under the Criteria 1 to 5 given above on Page 1 and 2.**
