IN THE SECURITIES APPELLATE TRIBUNAL AT MUMBAI

DATED THIS THE 13TH DAY OF AUGUST, 2026

CORAM: Justice P.S. Dinesh Kumar, Presiding Officer
Ms. Meera Swarup, Technical Member
Dr. Dheeraj Bhatnagar, Technical Member

Appeal No.178 of 2024
[Along with Misc. Application No.731 of 2024]

Hindustan Foods Limited
Office No.03, Level 2,
Centrium Phoenix Market City,
15, Lal Bahadur Shastri Rd,
Kurla, Mumbai-400070. …..Appellant

(By Mr. Joby Mathew, Advocate with Mr. Aditya Joby and Ms. Uttam Jaiswal, Advocates i/b. Joby Mathew & Associates for the Appellant.)

1. BSE Limited
   14th Floor, P J Towers,
   Dalal Street, Fort,
   Mumbai – 400001.

2. Securities and Exchange Board of India
   SEBI Bhawan, C-4A, G Block,
   Bandra Kurla Complex,
   Bandra (E), Mumbai – 400051. …..Respondents

(By Mr. Manish Chhangani, Advocate with Mr. Sumit Yadav, Mr. Abhay Chauhan and Mr. Devya Shah, Advocates i/b. The

Law Point for the Respondent-BSE Ltd.)

(Mr. Sumit Rai, Advocate with Mr. Mihir Mody, Mr. Vijay Chockalingam, Mr. Karthik K.P., and Mr. Aavish Shetty, Advocates i/b. M/s. K. Ashar & Co. for the Respondent-SEBI.)

THIS APPEAL IS FILED UNDER SECTION 23L OF THE SCRA TO SET ASIDE THE ORDER DATED DECEMBER 10, 2023 PASSED BY THE BSE.

THIS APPEAL HAVING BEEN HEARD AND RESERVED FOR ORDERS ON JULY 21, 2026 COMING ON FOR PRONOUNCEMENT OF ORDER THIS DAY, THE TRIBUNAL MADE THE FOLLOWING:

ORDER

Per: Justice P.S. Dinesh Kumar, Presiding Officer

This appeal is directed against order dated 10.12.2023 passed by the BSE Limited (‘BSE’ for short) imposing a fine of ₹52,21,500 on the appellant Company for violation of SEBI (LODR) Regulations[1].

2. We have heard Mr. Joby Mathew, learned Advocate for the appellant. Mr. Sumit Rai, learned Advocate for SEBI and Mr. Manish Chhangani, learned Advocate for the BSE.

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[1] SEBI (Listing Obligations and Disclosure Requirements), 2015

3. Brief facts of the case are, appellant, Hindustan Foods Limited ('Company' for short) is a listed company. On 25.09.1999, one Shrinivas V Dempo ('Dempo' for short) was appointed as a Non-Executive Non-Independent Director and later, elected as the Chairman of the Company. In and around, July 2018, the Company issued four lakh equity shares of ₹10 each on preferential private placement basis. Dempo was identified as one of the two allottees and also as promoter.

4. As per Regulation 17(1)(b) of LODR Regulations, at least half of the Board i.e. four out of eight Directors were required to be Independent Directors. For different periods between 27.08.2018 and 08.11.2022, there was non-compliance of this requirement. During January, 2023, the Company filed an application for settlement before SEBI for the said non-compliance and a settlement order was passed on 10.10.2023. Appellant paid a settlement amount of ₹24,32,000/-.

5. Simultaneously, BSE also initiated proceedings against the Company for violation of the very same Regulation 17(1)(b) of LODR Regulations. The Company contested BSE's action *inter alia* on the ground that BSE's proceedings were hit by principles of *res judicata* and proportionality. By order dated 10.12.2023, BSE imposed a fine of ₹52,21,500/- and the Company paid it under protest.

6. Mr. Joby Mathew, learned Advocate for the appellant urged a solitary contention that the appellant had approached

the SEBI for settlement and paid ₹24.32 Lakhs. The BSE has imposed the SOP fine based on SEBI Circular dated 22.01.2020. Since the very same issue was settled with SEBI, imposition of fine by the BSE is untenable on the grounds of *res judicata* and double jeopardy.

7. In reply, Mr. Sumit Rai for the SEBI submitted that settlement of administrative and civil proceedings is provided under Section 15JB of the SEBI Act, 1992. Once the settlement order is passed, it provides immunity to the entity, strictly as per the terms of settlement. In the instant case, it is expressly stated in the settlement order that it is without prejudice to action if any, by the stock exchanges in terms of SEBI Circular dated 22.01.2020. He submitted that Regulation 98 of LODR Regulations also makes it clear that the entity contravening the LODR Regulations shall also be liable for action by the respective stock exchange. He contended that the clause 7 of SEBI's Circular dated 22.01.2020 also makes it clear that any action under the Circular is without prejudice to SEBI's power to take action under Securities laws.

8. We have carefully considered rival contentions and perused the records.

9. Undisputed facts of the case are, appellant Company entered into a settlement with the SEBI. BSE has imposed fine for violation of the very same Regulation.

10. The only point that is urged before us is that since matter has been settled between the appellant Company and the SEBI, BSE could not have imposed the SOP fine.

11. BSE has imposed fine for violation of Regulation 17(1)(b) of LODR Regulations. Regulation 98 of LODR Regulations reads thus:

> *"Liability for contravention of the Act, rules or the regulations.*
>
> *98.(1) The listed entity or any other person thereof who contravenes any of the provisions of these regulations, shall, **in addition to liability** for action in terms of the securities laws, be liable for the following actions by the respective stock exchange(s), in the manner specified in circulars or guidelines issued by the Board:*
> *(a) imposition of fines;*
> *(b) suspension of trading;*
> *(c) freezing of promoter/promoter group holding of designated securities, as may be applicable, in coordination with depositories.*
> *(d) any other action as may be specified by the Board from time to time.*
>
> *(2) The manner of revocation of actions specified in clauses (b) and (c) of sub-regulation (1), shall be as specified in circulars or guidelines issued by the Board."*
>
> *(Emphasis supplied)*

12. The above Regulation makes it clear that an entity in contravention of Regulations shall, 'in addition to the liability' under the Securities laws, be liable for action by respective stock exchanges. That includes imposition of fines. This aspect has

been made clear in clause 7 of the Circular in question and it reads thus:

> *"The above provisions are without prejudice to the power of SEBI to take action under the securities laws."*

13. Further, it is expressly recorded in the settlement order as follows:

> *"8. This Settlement Order is without prejudice to action, if any, that may be initiated by the recognized stock exchanges in terms of SEBI Circular SEBI/HO/CFD/CMD/CIR/P/2020/12 dated January 22, 2020."*

14. Being a listed Company, appellant is bound by the SEBI Act, the LODR Regulations and Circulars issued by the SEBI and stock exchanges. Appellant Company has accepted the settlement which contains an express clause that settlement is without prejudice to any action by the stock exchange.

15. In a similar case, *Alien Developers Private Limited*[2], cited by Mr. Rai, we have held thus:

> *"22. Appellant has sought to seek concession under the order passed by the Hon'ble Supreme Court of India in the suo moto proceedings. That was a case of extending the limitation. Certain concessions were given by the SEBI also. However, the point involved in this case is that the appellant gave a bank guarantee accepting fines without any demur but changed its stand once the approval was given by the BSE. The appellant has also urged the ground of double jeopardy on the premise that SEBI has also*

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[2] Alien Developers Private Limited v. BSE & Another, decided on 15.10.2025 by the Securities Appellate Tribunal, Mumbai

> *imposed penalty. We may record that regulatory compliances qua BSE and SEBI operate in different spheres therefore the said ground is meritless."*

16. In *Alien Developers Private Limited* also the appellant had raised the argument of double jeopardy and the same was not accepted by this Tribunal.

17. In view of incontrovertible facts recorded hereinabove and appellant's liability stemming out of the Securities laws and power of the exchanges to impose SOP fines; and their binding nature upon the listed entities, the solitary ground of *"res judicata* and *double jeopardy"* fails.

18. In the result, the appeal is ***dismissed.***

19. Pending interlocutory application(s), if any, stand disposed of.

20. No costs.

Justice P.S. Dinesh Kumar
Presiding Officer

Ms. Meera Swarup
Technical Member

Dr. Dheeraj Bhatnagar
Technical Member

13.08.2026
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