

**Before the Delisting Committee (“Committee”)  
Of  
National Stock Exchange of India Limited  
A Wing, Ground Floor, Exchange Plaza, Bandra Kurla Complex,  
Bandra (East), Mumbai - 400 051  
held on September 24, 2020**

**In the matter of the company  
M/s Pochiraju Industries Limited**

**Members present:**

Ms. Sunita Sharma	- Chairperson through Video Conferencing
Ms. Mona Bhide	- Committee Member through Video Conferencing
Mr. K Narasimha Murthy	- Committee Member through Video Conferencing
Mr. Ashok Dhere	- Committee Member
Ms. Priya Subbaraman	- Committee Member

**Also Present:**

Mr. Vikram Limaye	- Managing Director & CEO through Video Conferencing
Dr. Dinesh Kumar Soni	- Senior Vice President - Regulatory through Video Conferencing
Mr. Suresh Nair	- Vice President - Enforcement
Mr. Dushyant Patadiya	- Manager – Enforcement
Ms. Shubhi Kapoor	- Deputy Manager– Enforcement

**1. Background**

- 1.1 The trading in equity shares of Pochiraju Industries Limited (hereinafter referred to as “Company”) is suspended w.e.f. January 18, 2019 due to non-compliance with Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulation”) for two consecutive years i.e. March 31, 2017 and March 31, 2018 as well as non-payment of the fine amount levied for said non-compliance.
- 1.2 The Exchange, by its letter dated December 27, 2018, has informed that the entire promoter shareholding shall freeze with immediate effect.
- 1.3 An amount of Rs. 9,32,200/-, being fine for non-compliance of the requirements under Listing Regulations and Rs. 23,32,541/-\* towards listing fees for FY 2015-16 till FY 2020-21 is still pending as on September 15, 2020. (\*including interest)

**2. Show Cause Notice, Public Announcement and responses**

- 2.1 Accordingly, the Exchange issued a Show Cause Notice vide ref. no. NSE/LIST/96315 dated November 27, 2019 to the company.
- 2.2 Further, in terms of Regulation 22(3) of Delisting Regulations, 2009, a public notice dated November 26, 2019 was also issued intimating the proposed delisting of the equity share from the Exchange platform. The said Public Notice also invited representation from any person, if aggrieved by the proposed delisting of the company.

- 2.3 The Exchange vide letter dated November 28, 2019 has informed the Directors and Promoters of the Company about the proposed delisting of the Company.
- 2.4 In response to the above show cause notice, the Company, vide its e-mail dated December 04, 2019, had informed the Exchange that Company's banker has initiated the proceeding under the SARFAESI ACT, 2002 and has initiated auction of Company's assets. The Company, in response to the said proceeding by the banker, has filed a writ petition in Hon'ble High Court of Telangana. The Court has issued stay order against the auction by the banker. The matter is sub-judice.

### **3. Reference to Previous Delisting Committee meetings held on December 12, 2019 and on March 24, 2020**

- a. The Committee, while taking note of the submission of the Noticee, observed that the proceedings under SARFAESI ACT cannot be a ground for not initiating the delisting process. The Company needs to demonstrate that sufficient efforts are being taken to meet the compliances as required under the SEBI (LODR) Regulations, 2015.
- b. In view of the above, the Committee, in its meeting held on December 12, 2019 granted an opportunity to the Company to submit its final response to the Exchange in writing and directed to place the matter in the subsequent delisting Committee meeting.
- c. The Company was given another opportunity of personal hearing to appear before the Committee on March 24, 2020 vide letter issued by the Exchange dated March 04, 2020. The Committee took note that the Company had sought adjournment vide its email dated March 23, 2020 on the grounds of pandemic of Corona Virus (COVID – 19) and the order of Lock Down issued by Government of India. The Committee finds that while the Company has taken steps to comply with the requirements under other regulations, the compliance with respect to non-submission of the information under Regulation 13 (3) is the only compliance that is pending and accordingly, had requested to postpone the hearing to a later date post stabilizing the current situation. The Committee, while granting adjournment, opined that in absence of any concrete steps to revoke the suspension in trading of the equity shares, no further request of adjournment will be granted.

### **4. Present Proceedings Before Delisting Committee dated September 24, 2020**

The Company was given an opportunity of personal hearing vide a notice issued by the Exchange dated September 04, 2020 to appear before the Committee on September 24, 2020. In response to the said notice for appearance for a personal hearing, the Company, vide its email dated September 09, 2020, has submitted the below mentioned written submissions:

#### **4.1 Written submission by the company vide email dated September 09, 2020:**

- i. The Company reiterated its submission made on previous occasion including the submission that they have filed a writ petition against its lender PNB for

staying the auction process. The Company has, however, contented that presently due to the lock down since March 2020 and suspension of work in High Courts, the Judgement was delayed, and the Company is expecting the same any time once the High Court start functioning normally.

- ii. The Company is meeting all the Regulatory compliances and filings to the Exchange and if any filings were missed inadvertently, the Company is immediately complying with same once it receives notice from the exchange.
- iii. The Company has acknowledged the fact that the Company could not pay the Listing fees to the Exchange due to no operations and no revenues and ensure that it will pay the same once the operations are revived.
- iv. The Company is making all its efforts to revive the operations in the best interest of its stake holders and is hopeful of the same, once the Judgement is pronounced and NPA issue is resolved with PNB.
- v. The Company's management is hopeful and assures that once the settlement is arrived and operations are revived, the Company will pay all its outstanding dues to the Exchange in instalments. The Company has further represented that considering the present situation of the Company and the efforts that were being made by the management, the penalties levied ought to be waived and the Company should be given further time till the adjudication of the writ petition and arrival of a resolution with PNB.

#### **4.2 Oral Submission before the Committee in its meeting held on September 24, 2020:**

Mr. Pochiraju Sudhakar – Managing Director attended the meeting through Video Conferencing on behalf of the Company. The representative of the Noticee, while reiterating the written submission made by way of its email dated September 09, 2020, also made the following oral submissions before the Committee:

- i. The Company has two divisions i.e. Agriculture/ Agri Bio Sciences division and Pharmaceuticals mainly Biotechnology & Life Sciences division.
- ii. As the Company's Phase-II of Biotech Unit could not be completed for a viable commercial scale production and for launch of its full product pipeline due to the denial of the additional term loan by PNB as requested, the Company went into financial crisis resulting its debt obligations and consequently being declared as NPA on March 31, 2015.
- iii. A series of e- auction notices even to the agriculture properties of Company's Floriculture unit near Hosur was initiated by reducing the reserve price which were in violation of provisions of the SARFEASI ACT. This action of the bank severely damaged the company's longstanding reputation, market perception and its agriculture divisions' operations and hampered its efforts to raise alternative finances to resolve the NPA issue.
- iv. Interim order was passed by Hon'ble Court on April 24, 2017 directing the bank not to confirm the sale that took place on March 31, 2017.
- v. Presently, the Company does not have any operations, staff or revenues and the promoter and Managing Director of the Company is doing his best to meet all the legal and statutory compliances possible with a hope to resolve the issue with PNB and revive the operations once the Judgement

for the pending Writ with High Court of Telangana is pronounced, which is expected shortly.

- vi. It is true that the Company could not pay the listing fees to the Exchange due to close of its operations and loss of revenues and ensures that it will pay the same once the operations are revived.

## **5. Committee's Findings and Decision:**

- 5.1 The trading in the equity shares of the Company has been suspended for non-compliances of the requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 since January 18, 2019
- 5.2 The non-compliances pertain to non-submission of Investor Grievance (Regulation 13 (3) of LODR) and the Company has also not paid the outstanding listing fees and fines.
- 5.3 The provisions of Regulations 22 (1) under Chapter V of Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 provide for delisting of equity shares on any ground as prescribed under Section 21A of the Securities Contracts (Regulation) Act, 1956. The provisions of Rule 21 of the Securities Contracts (Regulation) Rules, 1957 provide for the various grounds due to which the shares of the Company can be delisted.
- 5.4 The provisions under the said SCRA Act, 1956, SCR Rules, 1957 and the Delisting Regulations, also require that no order shall be made under the Delisting Regulations, 2009 unless the Company has been given a reasonable opportunity of being heard.
- 5.5 The Exchange has given the opportunity to the Company by way of issuance of the SCN dated November 27, 2019 to explain as to why the equity shares of the Company should not be delisted and has thereafter the Delisting Committee has granted several opportunities to the Company to demonstrate the plan of action for restoration of the trading in its equity shares.
- 5.6 The Committee finds that no representation has been received by the Exchange against the proposed delisting of the Company.
- 5.7 The Committee, from the reply of the Company, finds that the non-compliance of SEBI (LODR) Regulations, 2015 and the non-payment of listing fees etc. were due to the ongoing proceedings under SARFEASI ACT against Pochiraju Industries Limited and that as submitted by the Company, they do not have any operations, staff or revenues.
- 5.8 The Committee notes that a reasonable time of more than 9 months had already been granted to the Company to ensure compliances as required under SEBI (LODR) Regulations, 2015 read with erstwhile Listing Agreement and Listing Regulations for continued listing on the Exchange Platform. The Committee finds from the submission of the Company's representative that the Company is non-operational, does not have any revenue or staff. The Committee finds that the legal proceedings initiated by the lenders since 2015 and the financial institutions are in the process of liquidating the assets for recovery of its dues. The Committee does not find any substantive grounds for considering the continuation of the Company under the "suspended category" any longer since the representative of the Company did not have

any plan of action which would give some hope of the revival of the operations of the Company vis a vis the trading of its equity shares on the trading platform of the Exchange.

- 5.9 The Committee, therefore, finds that the Company and its Directors have failed to demonstrate that any serious efforts that were being taken or were proposed to be taken for either the revival of the operations of the Company or to ensure compliances required under SEBI (LODR) Regulations, 2015 read with erstwhile Listing Agreement and Listing Regulations to revive the trading of its equity shares and be continuously listed on the Exchange Platform.
- 5.10 The Committee observes that upon delisting of a Company, the Regulation 23 of SEBI (Delisting of Equity Shares) Regulations, 2009 casts a responsibility on the promoter of the company to acquire delisted equity shares from the public shareholders within three months of the date of delisting from the recognised Stock Exchange. The value of such delisted share which is required to be acquired by promoter is determined by the independent valuer. The Committee is therefore of the view that delisting of the Company will help the investors in taking an informed decision and any further delay in delisting the Company, when no tangible efforts could be seen to be taken by the Company, will prejudice the interest of the investors.
- 5.11 The Committee also further observes that Regulation 24 of SEBI (Delisting of Equity Shares) Regulations, 2009 provides that the promoters and whole-time directors of the compulsorily delisted company shall also not be eligible to become directors of any listed company till the exit option to the public shareholders are given in compliance with sub-regulation (3) of regulation 23 of the SEBI (Delisting of Equity Shares) Regulations, 2009. The said Regulation 24 also provides that where a company has been compulsorily delisted under this Chapter, the company, its whole-time directors, its promoters and the companies which are promoted by any of them shall not directly or indirectly access the securities market or seek listing for any equity shares for a period of ten years from the date of such delisting. The Committee is therefore of the view, upon delisting of the company the consequences of delisting that follow by virtue of the provisions of Regulation 24 of the SEBI (Delisting of Equity Shares) Regulations, 2009 will be in the larger interest of the investors/shareholders.

**Decision:**

- 5.12 In view of the above findings, after taking into consideration the fact and circumstances as set out above, the Committee is of the opinion that there are no justifiable cause to allow the dealing in securities from the Exchange Platform and that no purpose would be achieved in continuing the Company as listed entity.
- 5.13 Accordingly, the Committee, directs that dealings in the securities of M/s Pochiraju Industries Limited (hereinafter referred to as the “Company”) be restrained and withdrawn in terms of Regulation 22 (1) of SEBI (Delisting of Equity Shares) Regulation, 2009 read with Rule 21 (b) of the Securities Contract Regulation Rules, 1957.



5.14 The matter was discussed in the Delisting Committee meeting held on September 24, 2020 through video conferencing and at this stage it is neither possible to sign a copy of this order nor a certified copy of the order can be issued by Exchange. Therefore, an electronic copy of this order which is sent from the Exchange's mail id shall be treated as a signed copy for all purposes.

Sd/-  
Sunita Sharma  
(Chairperson)

Sd/-  
Mona Bhide  
(Committee  
Member)

Sd/-  
K Narasimha Murthy  
(Committee Member)

Sd/-  
Ashok Dhare  
(Committee  
Member)

Sd/-  
Priya Subbaraman  
(Committee  
Member)

Date: November 27, 2020