

Order In the matter of the Company: M/s Soni Soya Products Limited (SONISOYA)

1. Background

- 1.1 The equity shares of **M/s. Soni Soya Products Limited (SONISOYA)** (hereinafter referred to as the “Company”) is listed on the National Stock Exchange of India Limited (hereinafter referred to as the “Exchange”) with effect from April 12, 2018. The trading in equity shares of the Company is suspended w.e.f. October 29, 2021, due failure to comply with the requirements of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’) for two consecutive period i.e., March 31, 2021, and September 30, 2020.
- 1.2 The Company is non-compliant with Regulation 31, Regulation 33, Regulation 34, Regulation 13(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’) and Regulation 76 of SEBI (Depositories and Participants) Regulations 2018 (hereinafter referred to as the “Depository Regulations”).
- 1.3 The amount of Rs. 59,93,220/- (Fifty-Nine Lacs Ninety Three Thousand Two Hundred and twenty) towards SOP fines (including GST) levied as per SEBI SOP Circular no. SEBI/HO/CFD/CMD/CIR/P/2020/12 dated January 22, 2020, for non-compliance of the requirements under Listing Regulations including fine for non-compliance with Regulation 76 of the Depository Regulations as on July 04, 2024, and Rs. 80,074- towards Annual listing fees (including interest) as on July 04, 2024, is still due and payable by the Company to the Exchange.

2. Show Cause Notice, Public Announcement, and Responses

- 2.1 The Exchange issued a Show Cause Notice (hereinafter referred to as “SCN”) vide ref. no. NSE/LIST/DELIST/180 dated May 31, 2022, to the Company seeking an explanation as to why the equity shares of the Company listed on the Exchange should not be compulsorily delisted for the observed non-compliances.
- 2.2 In terms of Regulation 32(3) of Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, the Exchange issued a Public Notice dated July 12, 2022, intimating the proposed delisting of the equity shares of the Company on the Exchange. The said Public Notice also invited representations from any person who may be aggrieved by the proposed delisting of the Company's equity shares

2.3 In response to the Exchange's SCN, the Company vide its letter dated June 20, 2022, submitted the following:

- i. The first and second wave of Covid-19 badly affected the business of the company due to lockdown and other restrictions, labour and raw materials were not available, unit was either frequently shut down or run with very low capacity, fixed cost such as electricity bill were to be paid off.
- ii. Moreover, during Covid-19, the promoter's mother faced health issue and suffered a spinal core issue which badly disturbed the promoter, Mr. Dilip Soni. She undergone spinal cord operation twice but lately in May 2022, she passed away. Further, the promoter also suffered from health issue during the pandemic time.
- iii. At the same time USA Department of Commerce imposed heavy duty on the company amounting to 260.37% which earlier was 0% to save local manufacturers. Such duty was imposed only on 12 companies including Soni Soya Products Limited out of 100 companies. For remaining Companies duty was only 7.05%. It was submitted that the decision taken by the Department of Commerce was imposed arbitrarily only on top 12 Exporters from India.
- iv. It was submitted that only this decision of the government of USA brought the business of the company down to zero. The company along with its other associates has filed a petition against the said decision and is trying to survive in this difficult time.
- v. Further, shutting down of all the flights suddenly by the government of India leading to a lockdown in USA from the period March 2020 to September 2020 also affected the business. Moreover, due to the economic crisis many of the Employees left the company.
- vi. The company is trying to restart the production and sale in the domestic market, but the products are organic and there is no market in India. Recently, the company developed new products that is corn meal with high protein which is of a quality in USA/ CANADA and will start production from coming month and restart export. It further submitted that the company is the only one company in India which develops new products of soya and maize and start export market to USA. The Company is in receipt of a 'new product development award' in 2016 from the Government of MP.
- vii. Further, the Department of commerce USA has revived duty for all the 12 companies from 260.37% to 18.37% after looking at the efforts from the association. The company is now awaiting the new duty structure leviable on other company as per the assurance received from the department that it will be done in a month or two.
- viii. Since the company has faced so many hardships during this period, the company requested the Exchange to minimize the penalties so that it may be able to pay the penalties and survive in this difficult period.

- ix. The Company also enclosed the copy of the Audited Balance sheet for the year ended March 31, 2021, and requested to grant two months' time to complete all the pending compliances and requested to stop action relating to delisting of the shares of the company. The delisting of the shares will not only badly affect the promoters of the company but also the public at large who have invested their valuable funds in the company's shares.

2.4 Further, the Exchange did not receive any representation and/or objections in response to the Public Notice.

3. Reference to Previous Delisting Committee Meetings

3.1 The matter pertaining to the Company was placed before the Delisting Committee of the Exchange in its meetings held on December 29, 2022, February 20, 2023, June 09, 2023, October 04, 2023, January 29, 2024, March 04, 2024, and June 04, 2024.

3.2 In the Delisting Committee meeting dated December 29, 2022:

- a. The committee noted that the Exchange had served a show-cause notice (SCN) vide its email dated June 01, 2022, at the registered email address of the company and copy of the same at the last known address of the company available with the Exchange and as verified from the website of the Ministry of Corporate Affairs. The company submitted its response to the SCN vide its letter dated June 20, 2022, and requested to grant additional time to complete all the pending compliances and not to take any action relating to the delisting of the shares of the company.
- b. The Committee observed that the company continues to be non-compliant with SEBI LODR Regulations, 2015 and Depositories and Participants Regulation, 2018.
- c. Further SOP Fines amounting to Rs 43,29,420/- being fine for non-compliance of requirements under Listing Regulations as on December 09, 2022, was still due and payable to the Exchange.
- d. The committee, in view of interest of equity and justice at the request of the company, decided that an additional opportunity be granted to the company to comply with the requisite regulatory requirements and pay all outstanding fines and dues payable to the Exchange, failing which committee shall proceed based on the available records.

- e. The committee further directed that the matter be placed in the subsequent meeting of the committee for its decision. Accordingly, the committee advised the Exchange to convey its decision to the company.

3.3 In the Delisting Committee meeting dated February 20,2023:

- a. The Committee noted that the Company continues to be non-compliant with the Listing Regulations and Depository Regulations.
- b. The SOP fines amounting to Rs. 59,93,220/- including GST as on February 03, 2023, and Annual Listing Fees amounting to Rs. 19,028.69/- including interest as on February 06, 2023, is still due and payable to the Exchange by the Company.
- c. However, in the interest of equity and justice, the committee decided to grant final opportunity to the Company to comply with the requisite regulatory Requirements and pay all fines due and payable to the Exchange, failing which company shall proceed as per law and directed to place matter in subsequent meeting.

3.4 In the Delisting Committee meeting dated June 09 ,2023:

- a. The Committee noted that the Company continues to be non-compliant with the Listing Regulations and Depository Regulations.
- b. The Committee further noted that fines for non-compliance of requirements under the Listing Regulations and Depository Regulations and Annual listing fees, including interest, were still due and payable to the Exchange by the Company.
- c. The Committee, in view of interest of equity and justice and at the request of the company, decided that a final opportunity be granted to the Company to comply with the requisite regulatory requirements and pay all outstanding fines due and payable to the Exchange, failing which the Committee shall proceed based on the available records.

3.5 In the Delisting Committee meeting dated October 04, 2023:

- a. The Committee noted that the Company continues to be non-compliant of Listing Regulations and Depository Regulations and the Committee further noted that fines for non-compliance of requirements under the Listing

Regulations and Depository Regulations and Annual listing fees, including interest, were still due and payable to the Exchange by Company.

- b. The Company Representative Mr. Nitish Choudhary informed the reason for non-compliance as “Financial Crunch”.
- c. The Company Representative accepted that the Company had failed to comply with LODR Regulations for 2 years. Further, the company requested the Committee to grant 3-month time for all compliances to make good and for payment of pending dues.
- d. Further, the Committee was of an opinion that no satisfactory reply was given by the Company representative In view of interest of equity and justice and at the request of the company, the committee decided that additional opportunity be granted to the Company. The Committee further directed that the matter be placed in the subsequent meeting of the Committee.

3.6 In the Delisting Committee meeting dated January 29,2024:

- a. The Committee noted that the company continues to be non-compliant with SEBI Listing Regulations and SEBI Depositories Regulations.
- b. The SOP fines amounting to Rs. 50,79,000/- excluding GST as on January 03, 2024, and Annual Listing Fees amounting to Rs. 62,919/- including interest as on January 04, 2024, is still due and payable to the Exchange by the Company.
- c. The Exchange vide its email dated December 18, 2023, granted an opportunity of personal hearing to Mr. Dilip Soni – Promoter of the company at the registered email id (dilip.soni1977@gmail.com) available with the Exchange. However, the promoter of the Company vide his email dated January 16, 2024 informed that *“I am stuck in USA . I am expected to come last month but due debts with buyer I’m not cleared yet. They confirmed me to pay with in January. My priority is to pay your outstanding balance.”*
- d. The Committee decided to grant personal hearing opportunity to the promoter(s) in the subsequent meeting pursuant to the request for adjournment made by the promoter

3.7 In the Delisting Committee meeting dated March 04, 2024:

- a. The Committee noted that the company continues to be non-compliant with the submission of
 - Shareholding pattern (Regulation 31 of SEBI LODR Regulations 2015) from half year ended September 2021 to September 2023,

- Financial Results (Regulation 33 of SEBI LODR Regulations 2015) from half year ended September 2020 to September 2023,
 - Annual Report (Regulation 34 of SEBI LODR Regulations 2015) for year ended March 2021 to March 2023,
 - Investor Grievance (Regulation 13(3), of SEBI LODR Regulations 2015 from half year Ended September 2021 to September 2023 and
 - Reconciliation of share capital Audit (Regulation 76 of SEBI Depositories and Participants) Regulations 2018) from Quarter Ended September 2021 to September 2023.
- b. The Committee further noted that the SOP fines amounting to INR 36,69,000/- excluding GST as on February 12, 2024, and Annual Listing Fees amounting to INR 64,187/- including interest as on February 14, 2024, is still due and payable to the Exchange by the Company.
- c. The Committee was informed that the promoter of the company is hospitalized and has provided the hospital documents as per his email dated March 04, 2024. The Committee decided to grant final opportunity to the promoter(s) till the next meeting pursuant to the request placed by the promoter.

4. Proceedings before Delisting Committee meeting dated June 04, 2024:

4.1 The Committee noted that:

- a. the company continues to be non-compliant with the submission of
- Shareholding pattern (Regulation 31 of SEBI LODR Regulations 2015) from half year ended September 2021 to March 2024.
 - Financial Results Regulation 33 of SEBI LODR Regulations 2015) from half year ended September 2020 to September 2023.
 - Annual Report (Regulation 34 of SEBI LODR Regulations 2015) for year ended March 2021 to March 2023.
 - Investor Grievance (Regulation 13(3), of SEBI LODR Regulations 2015 from half year Ended September 2021 to March 2024.
 - Reconciliation of share capital Audit (Regulation 76 of SEBI Depositories and Participants) Regulations 2018) from Quarter Ended September 2021 to March 2024.

- b. The SOP fines amounting to INR 59,93,220/- including GST as on May 16, 2024, and Annual Listing Fees amounting to INR 78,346/- as on May 16, 2024, are still due and payable to the Exchange by the Company.
- c. The Committee further noted that the communication for opportunity of personal hearing was sent to the Company vide Exchange email dated May 21, 2024, at the registered email id (dilip.soni1977@gmail.com) available with the Exchange and a physical notice through courier.
- d. However, the promoter of the Company vide his email dated May 27, 2024, informed that *"I hereby request you , if you could extend this scheduled meeting till 15th June , Because i am came to Dubai from USA and my passport is expired , i am unable to travel to India because i am also resident of UAE , I have applied for renewal my passport here in Embassy , hope to get it with in week , once received will inform you . We are in contact with the NSE team for filing pending compliance, we will file pending compliance as listed within this week or max in coming week. I shall be grateful, if you allow us time till 15th June 2024."* In view of the above email, the promoter of the Company was granted an opportunity to appear before the committee through Video Conferencing.

- 4.2 The Committee heard the following representations of Mr. Dilip Soni, Promoter & Director of the Company who had appeared before the committee through video conferencing:
- i. Due to Covid, the company had incurred huge losses and one of the buyers had defaulted in payment in May 2020 due to which the financial condition of the company was affected.
 - ii. US Government had imposed 266% anti-dumping duty on the company due to highest import of Organic meal in USA.
 - iii. Further one of the buyers had filed an application of Bankruptcy against the company. Post filing of Bankruptcy, factory manager Mr Shubham along with other staff sold all his stock. The stock is in books but not physically in the company.
 - iv. The Passport Department in India had impounded his passport by mistake in October 2020, because of which he was unable to travel to USA to recover the payment from buyer.
 - v. He further stated that as on date, he is Dubai and is in the process of recovering the debt.

- vi. The promoter further informed that he has not used any of the company's funds and has paid the bank interest by selling his agricultural land and other property to save his account from becoming NPA
 - vii. The promoter's lawyer advised him to surrender the company to NCLT so that the interested buyer can takeover the company, settle the debt etc.
 - viii. The promoter informed that the company will try to complete all the pending compliance in the next 10-15 days but for outstanding dues, the company shall apply for waiver as the company is not in a position to pay the same.
- 4.3 Thereafter, the Committee advised the Company to obtain a certificate from Chartered Accountant stating that they will complete all the pending compliances within 30 days' time and the certificate to be provided to the Exchange in two (2) days.
- 4.4 The Committee further authorized Chief Regulatory Officer (CRO) to initiate the delisting process in case the Company fails to make good the pending non compliances within thirty (30) days.
- 4.5 The Exchange vide its email dated June 05, 2024, communicated the decision of the Delisting Committee meeting held on June 04, 2024 to the company on the email id of Mr. Dilip Soni, Promoter & Director of the Company (dilip.soni1977@gmail.com) available with the Exchange.
- 4.6 However, the Exchange did not receive the certificate, nor any compliances was done by the Company. The final reminder was sent by the Exchange to the company on the email id of Mr. Dilip Soni, Promoter & Director of the Company on June 28, 2024.
- 4.7 Rule 21 of the Securities Contracts (Regulation) Rules, 1957 ("SCRR"), provides for various grounds for delisting of the equity shares of the Company, which are as under:
- i. *the Company has incurred losses during the preceding three consecutive years, and it has a negative net worth.*
 - ii. *trading in the securities of the Company has remained suspended for more than six months.*
 - iii. *the securities of the Company have remained infrequently traded during the preceding three years.*
 - iv. *the Company or any of its promoters or any of its Director has been convicted for failure to comply with any of the provisions of the Act or the Securities and Exchange Board of India Act, 1992 or the Depositories Act, 1996 (22 of 1996) or rules, regulations, agreements made thereunder, as*

- the case may be and awarded a penalty of not less than rupees one crore or imprisonment of not less than three years;*
- v. the addresses of the Company or any of its promoter or any of its directors are not known, or false addresses have been furnished, or the Company has changed its registered office in contravention of the provisions of the Companies Act, 1956 (1 of 1956); or*
 - vi. shareholding of the Company held by the public has come below the minimum level applicable to the Company as per the listing agreement under the Act. The Company has failed to raise public holding to the required level within the time specified by the recognized Stock Exchange.*

4.8 It is noted that reasonable and sufficient opportunities have been granted to the Company to ensure compliances as required under Listing Regulations and Depository Regulations. Also, several emails were sent by the Exchange to the Company seeking a response. However, the Company failed to make good the non-compliances.

4.9 Regulation 33 of the SEBI (Delisting of equity shares) Regulations, 2021 casts a responsibility on the Promoter of the Company to acquire the delisted equity shares from the public shareholders within three months of the date of delisting from the recognized Stock Exchange. The value of such delisted equity shares shall be determined by an empanelled independent valuer.

4.10 It is noted that, the Company and its promoters/directors have failed to demonstrate sufficient efforts to ensure compliances required under the Listing Regulations and Depository Regulations to be continuously listed on the Exchange Platform.

DECISION

In view of the above, the Committee, in its meeting, held on June 04, 2024, authorized the Chief Regulatory Officer (CRO) to initiate the delisting process in case the Company fails to make good the pending the non-compliances within thirty (30) days i.e. on or before July 04, 2024.

It is further noted that as on July 04, 2024, the Company continues to be non - compliant with the above-mentioned regulations. Further as on date July 04, 2024, listing fees of Rs 80,074 and SOP fines of Rs 59,93,220 are also outstanding.

In view of the above and as per the decision taken by Delisting Committee in its meeting held on June 04, 2024, the equity shares of **M/s. Soni Soya Products Limited (SONISOYA)** shall be compulsorily delisted from the Exchange in terms of Regulation 32(1) of SEBI (Delisting of Equity Shares) Regulations, 2021 read with Rule 21(b) of Securities Contracts (Regulation) Rules, 1957.

As a result, the following consequences upon the compulsory delisting of equity shares shall follow:

Consequences of compulsory delisting:

Regulation 34 of Delisting Regulations states as under:

1. Where a company has been compulsorily delisted under this Chapter, the company, its whole-time directors, person(s) responsible for ensuring compliance with the securities laws, its promoters and the companies which are promoted by any of them shall not directly or indirectly access the securities market or seek listing of any equity shares or act as an intermediary in the securities market for a period of ten years from the date of such delisting.
2. In case of a company whose fair value is positive -
 - a. such a company and the depositories shall not effect transfer, by way of sale, pledge, etc., of any of the equity shares held by the promoters / promoter group and the corporate benefits like dividend, rights, bonus shares, split, etc. shall be frozen for all the equity shares held by the promoters/ promoter group, till the promoters of such company provide an exit option to the public shareholders in compliance with sub-regulation (4) of regulation 33 of these regulations, as certified by the relevant recognized Stock Exchange
 - b. the promoters, whole-time directors and person(s) responsible for ensuring compliance with the securities laws, of the compulsorily delisted company shall also not be eligible to become directors of any listed company till the exit option as mentioned in clause (a) is provided.

The dealing in equity shares of the company shall be withdrawn w.e.f. July 05, 2024.

Sd/-

Mr. Ankit Sharma

Chief Regulatory Officer - Listing and Investor Compliance

Date: July 04, 2024