

## Inadvertent Disclosure Defect warrants Reduction in Penalty Amount: SAT Grants Relief to NAM

### BACKGROUND

The Securities Appellate Tribunal (“SAT”), by order dated April 16, 2026, adjudicated an appeal filed by NAM Securities Limited (“**Company**”) challenging a penalty imposed by BSE Limited for alleged non-compliance with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR Regulations**”). The penalty pertained to the alleged non-submission of standalone financial results for the quarter ended March 2025 in PDF format within the prescribed timeline.

### KEY FACTS

The Company approved its audited financial results for Quarter ended March 2025 on May 30, 2025, and submitted the PDF format within 30 minutes; and XBRL format within 24 hours. BSE alleged that the quarterly results were not submitted in the prescribed format, i.e., submitted only yearly and not the quarterly figures and imposed a penalty of INR 1,77,000 including GST. It later emerged that while the PDF file had been uploaded, two pages containing quarterly figures were missing due to a technical issue; this was informed by BSE telephonically. The company rectified this on July 1, 2025 upon being informed. The company sought waiver on penalty imposed stating that the omission of the two pages was merely a technical glitch.

### SAT’S FINDINGS

SAT noted that the financial results were uploaded within the prescribed timeline, as evidenced by BSE acknowledgements. BSE’s communications initially alleged *non-submission*, not *incomplete submission*, indicating inconsistency in the basis of the penalty.

The Tribunal accepted that the omission of two pages was inadvertent and attributable to a technical glitch. There was no mala fide intent, particularly since complete disclosures were made through XBRL filings and newspaper publications.

On proportionality SAT held that the violation, if any, was technical and minor in nature. The penalty was reduced from INR 1,77,000 to INR 5,000, with directions to refund the balance amount.

Across the attached SAT rulings, the Tribunal consistently adopts a proportionality-driven approach to enforcement under the LODR framework, holding that where violations are procedural or technical in nature, absent fraud, investor harm, or wrongful gain, stringent measures such as debarment and high monetary penalties are unwarranted. In *Trinity Tradelink Ltd., Appeal No. 784 of 2022, as decided on April 26, 2023*, expressly noted that although there were lapses in LODR compliance, these were not intentional and arose from procedural deficiencies, and in the absence of any findings of fraud, misappropriation, price manipulation, or investor loss, the debarment and penalties were “harsh and excessive,” warranting reduction to the period already undergone and scaled-down penalties, with complete relief granted to independent directors not involved in day-to-day affairs.

Similarly, in the matter of *SPL Industries Ltd. vs. BSE Ltd., SCC Online SAT 151, as decided on August 20, 2019*, a fine of INR 5,54,600 was imposed on the appellant for non-compliance with Regulation 33 of the LODR Regulations, arising from its failure to upload, within 30 minutes of the board meeting on 14 December 2017, the PDF financial results together with the limited review/audit report on the BSE platform, although it had timely filed the XBRL results on BSE and the full PDF results on NSE and the company’s website and later published them in newspapers. SAT considered that SPL had promptly

disseminated the complete results (including the audit report) on NSE and its own website, and that the lapse on BSE appeared to be inadvertent and not deliberate, the Tribunal found the fine excessive and, “in the interest of justice,” reduced it from INR 5,54,600 to INR 2,50,000, payable within four weeks, while otherwise upholding the finding of violation and only partly allowing the appeal.

Taken together, these rulings underscore a settled judicial position that technical or non-material disclosure lapses under LODR do not justify disproportionate regulatory sanctions, and that enforcement must be aligned with the principles of intent, impact, and materiality.



## ELP Comments

*This ruling reinforces the principle that enforcement actions under the LODR framework must be proportionate and context-sensitive, particularly in cases involving procedural or technical lapses.*

*SAT’s approach indicates:*

- **Substance over form:** *Where disclosures are effectively made through alternate compliant channels (e.g., XBRL filings, newspaper publications), minor deficiencies in format may not justify stringent penalties.*
- **Importance of intent and materiality:** *Absence of mala fide intent and lack of investor prejudice are critical factors in assessing regulatory breaches.*
- **Regulatory consistency:** *Exchanges must ensure clarity and consistency in identifying the nature of non-compliance (non-submission vs. incomplete submission), as this directly impacts enforcement validity.*

*From a compliance standpoint, listed entities should continue to maintain robust internal checks around multi-format disclosures (PDF and XBRL), particularly given the automated and format-specific scrutiny applied by stock exchanges. At the same time, this decision provides comfort that purely technical lapses, when promptly rectified and non-prejudicial, may not warrant disproportionate penalties.*

We hope you have found this information useful. For any queries/clarifications, please write to us at [insights@elp-in.com](mailto:insights@elp-in.com) or write to our authors:

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