



JAI BALAJI INDUSTRIES LIMITED

Ref: JBIL/SE/2024-25

Date: 11th February, 2025

To
The Manager
Listing Department,
National Stock Exchange of India Limited
"EXCHANGE PLAZA", C-1, Block G
Bandra-Kurla Complex,
Bandra (East), Mumbai – 400 051
(Company's Scrip Code: JAIBALAJI)

To
The Manager,
Dept. of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers, Dalal Street,
Kala Ghoda, Fort,
Mumbai – 400 001
(Company's Scrip Code: 532976)

Subject: Comments by the Board of Directors on fines levied by the Stock Exchanges
Ref: Fines levied for alleged delayed compliance under Regulation 17(1A) of the SEBI
(Listing Obligation and Disclosure Requirements) Regulation, 2015.

Dear Ma'am/Sir,

This is to inform that the National Stock Exchange of India Limited (hereinafter referred to as "NSE") and BSE Limited (hereinafter referred to as "BSE") vide their letter and e-mail dated November 21, 2024 respectively had levied a fine of Rs. 92,000/- each (excluding GST) on the Company for allegedly taking delayed approval of the shareholders for the appointment of an Independent Director aged more than 75 years under Regulation 17(1A) of the LODR Regulations. In accordance with the Master Circular no. SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024, the above matter was placed before the Board of Directors of the Company at its meeting held on 11th February, 2025. After due analysis and deliberation, the Board took note of the same and made the following comments:

- The Board of directors of the Company, in its meeting held on 29th July, 2024 had appointed Shri Rajendra Prasad Ritolia as an additional director in the category of Non-Executive Independent Director
- Regulation 17(1A) of the LODR Regulations provides that if a person who has attained the age of 75 years, then his appointment has to be made by a special resolution passed by the members and Regulation 17(1C) provides that appointment must be approved in the next general meeting or within three months from the date of the appointment whichever is earlier. In compliance with the said regulations, the Company obtained the shareholders approval through special resolution at the annual general meeting of the Company held on 13th September, 2024 i.e., within three months of the appointment as an additional director.



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- A combined reading of Regulation 17(1 A) and 17(1C) of the LODR Regulations clearly exhibits that no prior approval is intended and it would be sufficient compliance if approval of shareholders by way of Special Resolution is taken within three months from the appointment of additional director. The word 'unless' as mentioned in Regulation 17(1A), could not be interpreted to mean prior approval by way of special resolution.
- The Board noted that in similar cases of Nectar Life Sciences Ltd. and 20 Microns Ltd., adjudicated by the Securities Appellate Tribunal (SAT) wherein it was stated by SAT that "No penalties could have been imposed for violation of Regulation 17(1A) of LODR Regulations." Although the Supreme Court has stayed the 20 Microns judgment, the matter is still under consideration by the Hon'ble Supreme Court, and the final decision is awaited. The matter is currently sub-judice.

Further, attention needs to be drawn to the SEBI (LODR) (Third Amendment) Regulations, 2024 notified by SEBI on December 12, 2024 in which SEBI has inserted a new proviso after the existing sub-regulation (1A) of Regulation 17 reproduced as under:

"Provided that the listed entity shall ensure compliance with this sub-regulation at the time of appointment or re-appointment or any time prior to the non-executive director attaining the age of seventy- five years. "

The above proviso explicitly clarifies that 'prior' approval of the shareholders is required for appointment of a Non-Executive Director who has attained the age of 75 years which was not mentioned earlier. Therefore, the said amendment elucidates the clearer interpretation of Regulation 17(1A) which was missing before such insertion.

However, the Company made the payment of fines on 2nd December, 2024 as levied by both the Stock Exchange(s) under protest.

Kindly take the above information on your records.

Thanking you,

Yours Truly,
For Jai Balaji Industries Limited

Ajay Kumar Tantia
Company Secretary