

Markets

Move SAT first, Bombay High Court tells Schneider Electric President

PALAK SHAH Mumbai | Updated on February 17, 2021



SEBI had directed company to list its shares on BSE, NSE

The Bombay High Court has told Schneider Electric President Systems (Schneider) that it cannot bypass the Securities and Appellate Tribunal (SAT). Schneider had approached the court for a review of a direction by market regulator SEBI asking the company to list on the BSE and the NSE as demanded by its shareholders.

‘Unfounded apprehensions’

Schneider told the court that it came to it against the SEBI dictate since SAT had already formed its opinion earlier and it would be influenced by its past judgement. The High Court said the company’s apprehensions were unfounded.

“Considering the composition of SAT, which comprises three members, two of whom are former Judges (a Judge of the Supreme Court or a Judge of High Court for at least seven years), we do not think there is any basis in the apprehension that the remedy of the appeal may not be efficacious.”

However, only to satisfy and allay the concerns of Schneider, the court said SAT should decide on the current appeal without being influenced by its earlier order, and its observations made therein shall be treated as prima facie.

In November 2019, the SAT had observed that none of the authorities, including SEBI and the stock exchanges, had discharged “any of their responsibilities”, including listing or monitoring the exit opportunity to shareholders of Schneider, which was listed on the Bengaluru and Pune regional stock exchange (RSEs) that shut down.

As per rules, Schneider failed to list on the national stock exchanges and shareholders of the company complained to SEBI that they did not get a proper exit route from the company. SEBI had not paid heed to the investor complaints earlier.

SAT had said that the treatment of the case by SEBI and the exchanges made it wonder “if public shareholders of RSE-listed companies were children of a lesser God.” SAT had asked SEBI to decide on the investor complaints against Schneider.

Against the SAT order, SEBI then approached the Supreme Court, which too told SEBI to decide the case on merits.

The Law Point, Regstreet Law Advisors and Somasekhar Sundaresan have been representing Schneider shareholders.

Published on February 17, 2021

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