

SAT sets aside Rs 1-cr penalty imposed on Brickwork Ratings by Sebi

The tribunal reduced the penalty to Rs 10 lakh and held certain findings in Sebi's order cannot be sustained.

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The Securities Appellate Tribunal (SAT) has set aside the Rs 1-crore penalty imposed by the Securities and Exchange Board of India (Sebi) on Brickwork Ratings. The tribunal reduced the penalty to Rs 10 lakh and held certain findings in Sebi's order cannot be sustained.

Sebi, in an order dated September 29, 2020, had highlighted several deficiencies and lacunae at Brickwork. These included lack of surveillance mechanism (A), delay in recognition of default of non-convertible debentures (NCDs) of Diamond Power Infrastructure (B); Failure to review rating and withdrawal of rating of NCDs of Great Eastern Energy Corporation; Failure to recognize default in NCDs ratings of Essel Group entities (D); and Violations as regards structured obligation (E).

“In the circumstances, the imposition of penalty of Rs 1 crore also cannot be sustained. In view of the fact that we have upheld the finding of the learned adjudicating officer (AO) as regards ‘B’ fully and as regards ‘C’ partly only, the interference in the quantum of the penalty is also required,” SAT said in an order, adding that the findings A, D and E also cannot be sustained.