
(2021) 08 SEBI CK 0028

In the Securities Appellate Tribunal Mumbai

Case No : Miscellaneous Application No. 529 Of 2021, Appeal No. 200 Of 2021

Riddhi Kalapi Shah

APPELLANT

Vs

National Stock Exchange Of India Ltd

RESPONDENT

Date of Decision : 03-08-2021

Acts Referred:

National Stock Exchange Of India Limited (Capital Market Segment) Trading Regulations, 1994 — Regulation 2.2.1.2, 2.2.1.3

Citation : (2021) 08 SEBI CK 0028

Hon'ble Judges : Tarun Agarwala, Presiding Officer; M. T. Joshi, J

Bench : Division Bench

Advocate : Mustafa Doctor, Jaikishan Lakhwani, Pradeep Sancheti, Rashid Boatwalla, Priya Diwadkar

Final Decision : Disposed Of

Judgement

Tarun Agarwala, Presiding Officer

1. We have heard the learned senior counsel for the parties. The present appeal has been filed against the order dated 30th November, 2020 passed

by the Chairman and Committee Member of the National Stock Exchange of India Ltd (â??NSEâ?? for short) whereby the appellant and other

entities have been restrained from accessing the securities market for a period of three years.

2. The facts leading to the filing of the present appeal is, that M/s. Teji Mandi Analytics P. Ltd. (hereinafter referred to as â??Teji Mandiâ??) was an

authorized person of Anugrah Stock and Broking Pvt. Ltd. (hereinafter referred to as â??Anugrahâ??). Anugrah was declared a defaulter and was

expelled from the Exchange on 26th November, 2020. A show cause notice dated 29th September, 2020 was issued to Teji Mandi to show cause as to

why action should not be taken against the said entity in terms of Regulation 2.2.1.2 and 2.2.1.3 of the NSE (Capital Market Segment) Trading

Regulations, 1994 (â??NSE CM Regulationsâ?? for short) and Regulation 2.2.11.2 and 2.2.11.3 of the National Stock Exchange (Futures & Options

Segment) Trading Regulations, 2000 (â??NSE FO Regulationsâ?? for short). The NSE after considering the reply of Teji Mandi passed the impugned

order debarring the said entity from accessing the securities market for a period of three years. However, in the operative portion of the impugned

order the authority in addition to debarring the entity Teji Mandi has also debarred the appellant from accessing the securities market for a period of

three years holding that the said appellant as a Director was not a fit and proper person to carry on the business as an authorized person or to be

associated with a member of the exchange.

3. The appellant being aggrieved by the said order has filed the present appeal. We find that the show cause notice was only issued to the Company to

show cause why it has misused itself as the authorized person of Anugrah. Action in whatever capacity could be taken against the Company but if

any action is required to be taken against its Director in their personal capacity in which case it was incumbent upon the respondent to issue a show

cause notice to the Directors which admittedly in the instant case was not done.

4. In view of the aforesaid, we are of the opinion that in the absence of a show cause notice being issued against the appellant and without giving an

opportunity of hearing the impugned order insofar as it relates to the appellant cannot be sustained being violative of the principles of natural justice.

5. The impugned order dated 30th November, 2020 insofar as it relates to the appellant is accordingly quashed. The appeal is allowed. It will be open

to the respondent to issue a show cause notice to the appellant and proceed from there onwards. Misc. application no.529 of 2021 is also accordingly

disposed of.

6. The present matter was heard through video conference due to Covid-19 pandemic. At this stage it is not possible to sign a copy of this order nor a

certified copy of this order could be issued by the registry. In these circumstances, this order will be digitally signed by the Private Secretary on behalf

of the bench and all concerned parties are directed to act on the digitally signed

copy of this order. Parties will act on production of a digitally signed copy sent by fax and/or email.