

BEFORE THE SECURITIES APPELLATE TRIBUNAL
MUMBAI

Date of Decision: 3.8.2021

**Misc. Application No.529 of 2021
And
Appeal No.200 of 2021**

Riddhi Kalapi Shah
25/B, Udadhi Tarang,
Juhu Tara Road, Juhu,
Mumbai-400049.

...Appellant

Versus

National Stock Exchange of India Ltd.
Exchange Plaza, Plot no.C/1, 'G' Block,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400 051.

...Respondent

Mr. Mustafa Doctor, Senior Advocate with Mr. Jaikishan Lakhwani, Advocate i/b. J. L. Legal Advisors for the Appellant.

Mr. Pradeep Sancheti, Senior Advocate with Mr. Rashid Boatwalla and Ms. Priya Diwadkar, Advocates for the Respondent

CORAM: Justice Tarun Agarwala, Presiding Officer
Justice M.T. Joshi, Judicial Member

Per: Justice Tarun Agarwala, Presiding Officer (Oral)

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 ('NSE' 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 'Teji Mandi') was an authorized person of Anugrah Stock and Broking Pvt. Ltd. (hereinafter referred to as 'Anugrah'). 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 ('NSE CM Regulations' for short) and Regulation

2.2.11.2 and 2.2.11.3 of the National Stock Exchange (Futures & Options Segment) Trading Regulations, 2000 ('NSE FO Regulations' 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.

Justice Tarun Agarwala
Presiding Officer

Justice M.T. Joshi
Judicial Member

3.8.2021
RHN