

BEFORE THE SECURITIES APPELLATE TRIBUNAL
MUMBAI

Date : 05.05.2022

Misc. Application No. 314 of 2022
And
Misc. Application No. 315 of 2022
And
Misc. Application No. 316 of 2022
And
Appeal No. 199 of 2022

Ravi Narain ...Appellant

Versus

Securities and Exchange Board of India ...Respondent

Mr. P. N. Modi, Senior Advocate with Mr. Robin Shah, Mr. Neville Lashkari, Mr. Rushin Kapadia and Mr. Udaysingh Kashid, Advocates i/b Bodhi Legal for the Appellant.

Mr. J.J. Bhatt, Senior Advocate with Mr. Mihir Mody, Mr. Arnav Misra and Mr. Mayur Jaisingh, Advocates i/b. K. Ashar & Co. for Respondent SEBI.

ORDER:

1. We have heard Shri P.N. Modi, the learned senior counsel for the appellant and Shri J. J. Bhatt, the learned senior counsel for the respondent.

2. The present appeal has been filed against the order dated February 11, 2022 passed by the Whole Time Member ('WTM')

for short) of the Securities and Exchange Board of India ('SEBI' for short) restraining the appellant from associating himself with any Market Infrastructure Institution or any SEBI registered intermediary for a period of two years. Further a penalty of Rs. 2 crore has also been imposed.

3. Since the appeal has been taken up for hearing, the urgency application is disposed of. There is a delay in the filing of the appeal. For the reasons stated in the application, the delay is condoned. The application is allowed.

4. The appellant was the Managing Director and Chief Executive Officer (MD & CEO) of the National Stock Exchange of India Limited ('NSE' for short) till March 31, 2013 and thereafter from April 2013 till June 2017 the appellant was on the Board of Directors as Non-executive Director cum Vice Chairman.

5. The basic allegation as per the show cause notice is, that Ms. Chitra Ramkrishna who took over as MD & CEO from the appellant appointed Mr. Anand Subramanian as Personal Advisor on a huge salary when he had no special qualification. Further, substantial powers were delegated to Mr. Anand Subramanian on the behest of Ms. Chitra Ramkrishna even

though Mr. Anand Subramanian was not categorized as a 'Key Managerial Personnel' ('KMP'). It was also alleged in the show cause notice that Ms. Chitra Ramkrishna shared confidential information with unknown persons. Upon complaint being received Mr. Anand Subramanian and Ms. Chitra Ramkrishna resigned and were given excess leave encashment and her previous service was appreciated by Board of Directors. Insofar as the appellant is concerned the specific allegation against him is, that he was one of the 10 Directors who passed the resolution by which powers were delegated to Mr. Anand Subramanian and resignation of Ms. Chitra Ramkrishna was accepted and that minutes of board meeting did not record the actual discussion. Further, the appellant failed to report to SEBI about the lapses in NSE and that appellant made an incorrect statement to SEBI that the appointment of Mr. Anand Subramanian by Ms. Chitra Ramkrishna was made after he had left as MD & CEO whereas the fact remained that Mr. Anand Subramanian was appointed by Ms. Chitra Ramkrishna during his tenure as MD & CEO.

6. Having heard the learned counsel for the parties, we prima facie find that the appellant alone has been targeted for the passing of various resolutions by which powers were delegated to Mr. Anand Subramanian and acceptance of resignation of

Ms. Chitra Ramkrishna. *Prima facie*, singling out the appellant appears to be arbitrary as well as discriminatory in as much as a resolution of the Board of Directors is a collective decision of the Board of Directors and is not an individual decision of the appellant. The penalty imposed upon the appellant for the aforesaid violation also appears to be excessive.

7. In view of the aforesaid, connect this Appeal with Appeal no. 150 of 2022 (Dr. V. R. Narasimhan vs SEBI) and list on June 30, 2022. In the meanwhile, respondent may file a reply within three weeks from today. Rejoinder may be filed on or before the next date.

8. Considering the aforesaid, we direct that the effect and operation of the impugned order insofar as it relates to the appellant shall remain stayed provided the appellant deposits a sum of Rs. 50 lakh before SEBI within four weeks from today. The amount so deposited shall be kept in an interest bearing account by the respondent which would be subject to the result of the appeal. The stay application is accordingly disposed of.

9. 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. Certified copy of

this order is also available from the Registry on payment of usual charges.

Justice Tarun Agarwala
Presiding Officer

Justice M.T. Joshi
Judicial Member

Ms. Meera Swarup
Technical Member

05.05.2022
msb