QJA/MK/MIRSD/DOP/27323/2023-24

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER SECTION 12(3) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH REGULATION 27 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (INTERMEDIARIES) REGULATIONS, 2008

In respect of:

NAME OF THE NOTICEE	PAN
INVESTSMART COMMODITIES LIMITED	**AAECM3447N**

In the matter of National Spot Exchange Limited

BACKGROUND

1. The present proceedings originate from the Enquiry Report dated April 26, 2019 (hereinafter referred to as the **"Enquiry Report"**), submitted by the Designated Authority (hereinafter referred to as the **"DA"**) in terms of regulation 27 of the SEBI (Intermediaries) Regulations, 2008 (hereinafter referred as the **"Intermediaries Regulations"**) as it stood at the relevant point of time prior to its amendment vide SEBI (Intermediaries) (Amendment) Regulations, 2021, w.e.f. January 21, 2021, wherein the DA, based on various factual findings and observations so recorded in the said Enquiry Report, recommended that Investsmart Commodities Limited (hereinafter referred to as the **"Noticee"**) may not be granted a certificate of registration as a commodity derivatives broker. Pursuant to the same, a Post Enquiry Show Cause Notice dated June 28, 2019 (hereinafter referred to as the **"SCN"**), along-with the copy of the aforesaid Enquiry Report was issued to the Noticee. Pursuant to that, a personal hearing in the matter was concluded on September 13, 2019 before the Ld. Whole Time Member of SEBI (hereinafter referred to as the **"WTM"**). Subsequently, a second Show Cause Notice dated September 16, 2019 highlighting the observations made by the Hon'ble Supreme Court and Hon'ble Bombay High Court in respect of paired contracts offered on the platform provided by the National Spot

Exchange Limited (hereinafter referred to as the **"NSEL")**, was also issued to the Noticee. After taking into consideration the written submissions made vide letters dated July 28, 2019, November 04, 2019 and the oral submissions made during the course of the personal hearing on September 13, 2019, the Ld. WTM, vide order dated October 21, 2021, rejected the application of the Noticee for registration as a commodity derivatives broker and prohibited the Noticee to act, directly or indirectly, as a commodity derivatives broker.

2. While the aforesaid proceedings were pending, Securities and Exchange Board of India (hereinafter referred to as the **"SEBI"**) had also passed five separate orders rejecting the applications filed by five other entities for registration as commodity brokers who were involved in NSEL matter, during February 2019. Aggrieved by the said SEBI orders, the entities filed separate appeals before the Hon'ble Securities Appellate Tribunal (hereinafter referred to as **"Hon'ble SAT"**). Hon'ble SAT vide its common order dated June 9, 2022, remanded the aforesaid SEBI orders to SEBI to decide these matters afresh within six months from the date of the said order. While remanding the aforesaid SEBI orders, Hon'ble SAT *inter alia* held as under:

> *"42…The matters are remitted to the WTM to decide the matter afresh in the light of the observations made aforesaid in accordance with law after giving an opportunity of hearing to the brokers. All issues raised by the brokers for which a finality has not been reached remains open for them to be raised before the WTM. It will be open to the WTM to rely upon other material such as the complaint letters of NSEL, EOW report, EOW charge sheet, etc. provided such copies are provided to the brokers and opportunity is given to rebut the allegations. Such additional documents relied upon by the respondent should form part of the show cause notice for which purpose, it will be open to the WTM to issue a supplementary show cause notice……"*

3. The Noticee also, aggrieved by the Order dated October 21, 2021, passed by the Ld. WTM, appealed to the Hon'ble SAT and the Hon'ble SAT, vide its order dated July 20, 2022 remitted the matter back to SEBI for deciding it afresh in light of its observations made in the order dated June 9, 2022, as noted above. The relevant excerpt from the decision of Hon'ble SAT dated July 20, 2022 is hereunder:

> *"Thus, for the reasons stated in our order dated June 9, 2022 in Appeal no. 214 of 2022 and other connected companion appeals, the impugned orders passed by the*

WTM against the brokers / appellants in the present appeals cannot be sustained and are quashed. The appeals of the brokers are allowed. The matters are remitted to the WTM to decide the matter afresh in the light of the observation made in our order dated June 9, 2022 in accordance with law after giving an opportunity of hearing to the brokers…."

4. Thereafter, the competent authority of SEBI has allocated the present matter to me for further proceedings. In light of the aforesaid SAT orders, it was felt necessary to furnish certain additional documents/ material to the Noticee and grant an opportunity of personal hearing, before concluding the present proceedings. Accordingly, SEBI vide Hearing Notice dated November 11, 2022 (hereinafter referred to as the **"Hearing Notice"**) provided certain additional documents/ material to the Noticee and advised it to submit its reply. In the interest of natural justice, an opportunity of personal hearing was scheduled on December 22, 2022.In response to the said Hearing Notice, the Noticee vide its letter dated December 16, 2022 filed a reply in the matter and *inter alia* submitted that it is not desirous to avail personal hearing scheduled on December 22, 2022. Vide email dated January 05, 2023, Noticee was advised to submit reply to certain queries. Noticee, vide letter dated January 14, 2023, submitted its reply.

5. The summary of the submissions made on behalf of the Noticee in the written submissions is given below:

   a. Proceedings, pursuant to Section 29A(2)(e) of the Forward Contract (Regulation) Act, 1952 (herein after referred to as the "FCRA"), in respect of an offence under FCRA could be initiated by SEBI under FCRA within a period of 3 years from the date of FCRA's repeal. However, it submitted that the instant enquiry proceedings under the Intermediaries Regulations do not fall within the purview of aforesaid Section 29A(2)(e) of the FCRA.
   b. The Noticee stated that the term "paired contract" has no legal significance and the shorter period contracts, i.e. T+2, T+3, T+5 settlement and longer period contracts, i.e., T+25, T+30 and T+36 settlement were contracts independent of each other.
   c. The allegation is of violation of SEBI Regulations which were not applicable to the Noticee at the relevant time when the Noticee allegedly traded in

alleged paired contracts on the trading platform provided by the erstwhile NSEL.

d. Regulation 9(b) of the SEBI (Stock Brokers) Regulations, 1992 (hereinafter referred to as the **"Stock Brokers Regulations"**) requires compliance with rules, regulations and bye-laws of the stock exchanges whereas NSEL was not a stock exchange.
e. The Noticee did not have any close association with the exchange, nor were its directors involved in any criminal activity.
f. The findings of the Economic Offence Wing (hereinafter referred to as the **"EOW"**) and Courts have no bearing on the Noticee's criteria of being fit and proper. The courts have not given any finding on the role of the Noticee, nor was it a party to those proceedings.
g. The Noticee was not a defaulting member.
h. The Noticee has not traded in proprietary account but traded on behalf of client on NSEL platform but not traded in paired contracts on NSEL. The amount receivable towards client's payout from NSEL as on date is about approx. ₹ 3.50 crores.
i. The Noticee has not received back any charges from the exchange. Hence the charge that the Noticee has benefitted in any manner whatsoever is denied.
j. Paired contracts were introduced by NSEL with the approval of its Board, and NSEL had always represented these were legal and permissible.
k. A First Information Report (herein after referred to as the **"FIR"**), is only the first instance of reporting of a complaint that is lodged with the police. This is a preliminary document based on the one-sided statement(s) of the complainant without any adjudication of the same. Such an FIR is far from being equivalent to a final determination. Any such adverse reliance on the FIR would be a gross violation of law and can cause grave prejudice to the Noticee in the event the ultimate decision is proved to be otherwise.
l. FIR and complaint has been filed both against the NSEL and brokers of NSEL. The correctness of the charges made therein is still to be adjudicated and the question regarding whether NSEL was involved in any illegal activity

is still to be determined by the competent court of law. The Noticee cannot be indicted merely based on the FIR lodged by SEBI.

m. The masterminds of the scam were NSEL and the defaulters who have duped not only the investors but trading members.

n. Hon'ble Supreme Court in its judgment dated April 22, 2022, makes certain observations/ findings which exonerate the trading members like Noticee from the allegations of any wrongdoings. In view of the same, it is inconceivable that the Noticee has duped the investors by giving false assurances as alleged by the DA. The observation of the Hon'ble Supreme Court in its judgment dated April 30, 2019 in respect of paired contracts, do not form part of the *ratio decidendi* as the same were not arrived at from any question which fell for consideration before the Hon'ble Supreme Court.

o. SEBI Regulations cannot be made applicable retrospectively. The amendment of the criteria for fit and proper person laid out in Schedule II of the Intermediaries Regulations took effect from November 17, 2021 which is much after the initiation of the present proceedings. Therefore, any retrospective reliance on such an amendment that took place later in time would be gross violation of law and principles of natural justice.

p. It is trite law that a delegated legislation cannot be retrospective unless the parent statue contains a power for the same. No power is granted to SEBI under the SEBI Act or the SCRA to make a retrospective amendment to a regulation and therefore the said amendment is inapplicable.

CONSIDERATION OF ISSUE AND FINDINGS

6. I have carefully perused the SCN and the Hearing Notice issued to the Noticee and the Enquiry Report, the replies filed by the Noticee and other material/ information available on record. After considering the allegations made/ charges levelled against the Noticee in the instant matter as spelt out in the SCN and the Hearing Notice, the limited issue which arises for my consideration in the present proceedings is whether the Noticee satisfies the 'fit and proper person' criteria as laid down under Schedule II of the Intermediaries Regulations and whether the Certificate of Registration granted to the Noticee should be cancelled, as recommended by the DA or any other action should be taken against the Noticee.

7. Before I proceed to examine the issue *vis-à-vis* the material available on record before me, it would be appropriate to refer to the relevant provisions of law applicable, which are alleged to have been violated by the Noticee and/ or are referred to in the present proceedings. The same are reproduced below for ease of reference:

SEBI Act, 1992

Registration of stock brokers, sub-brokers, share transfer agents, etc.

12.(3) The Board may, by order, suspend or cancel a certificate of registration in such manner as may be determined by regulations:

Provided that no order under this sub-section shall be made unless the person concerned has been given a reasonable opportunity of being heard.

Stock Brokers Regulations, 1992

Consideration of application for grant of registration.

5. The Board shall take into account for considering the grant of a certificate, all matters relating to trading, settling or dealing in securities and in particular the following, namely, whether the applicant,

(e) is a fit and proper person based on the criteria specified in Schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008

Liability for action under the Securities and Exchange Board of India (Intermediaries) Regulations, 2008.

27. A stock broker shall be liable for any action as specified in Chapter V of the Securities and Exchange Board of India (Intermediaries)Regulations, 2008 including suspension or cancellation of his certificate of registration as a stock broker, if he —

(iv) has been found to be not a fit and proper person by the Board under these or any other regulations;

Intermediaries Regulations, 2008

SCHEDULE II

SECURITIES AND EXCHANGE BOARD OF INDIA (INTERMEDIARIES) REGULATIONS, 2008

[See regulation 7]

(1) The applicant or intermediary shall meet the criteria, as provided in the respective regulations applicable to such an applicant or intermediary including:

(a) the competence and capability in terms of infrastructure and manpower requirements; and

(b) the financial soundness, which includes meeting the net worth requirements.

(2) The 'fit and proper person' criteria shall apply to the following persons:

(a) the applicant or the intermediary;

(b) the principal officer, the directors or managing partners, the compliance officer and the key management persons by whatever name called; and

(c) the promoters or persons holding controlling interest or persons exercising control over the applicant or intermediary, directly or indirectly:

Provided that in case of an unlisted applicant or intermediary, any person holding twenty percent or more voting rights, irrespective of whether they hold controlling interest or exercise control, shall be required to fulfil the 'fit and proper person' criteria.

***Explanation** –For the purpose of this sub-clause, the expressions "controlling interest" and "control" in case of an applicant or intermediary, shall be construed with reference to the respective regulations applicable to the applicant or intermediary.*

(3) For the purpose of determining as to whether any person is a 'fit and proper person', the Board may take into account any criteria as it deems fit, including but not limited to the following:

(a) integrity, honesty, ethical behaviour, reputation, fairness and character of the person;

(b) the person not incurring any of the following disqualifications:

(i) criminal complaint or information under section 154 of the Code of Criminal Procedure, 1973 (2 of 1974) has been filed against such person by the Board and which is pending;

(ii) charge sheet has been filed against such person by any enforcement agency in matters concerning economic offences and is pending;

(iii) an order of restraint, prohibition or debarment has been passed against such person by the Board or any other regulatory authority or enforcement agency in any matter concerning securities laws or financial markets and such order is in force;

(iv) recovery proceeding s have been initiated by the Board against such person and are pending;

(v) an order of conviction has been passed against such person by a court for any offence involving moral turpitude;

(vi) any winding up proceedings have been initiated or an order for winding up has been passed against such person;

(vii) such person has been declared insolvent and not discharged;

(viii) such person has been found to be of unsound mind by a court of competent jurisdiction and the finding is in force;

(ix) such person has been categorized as a wilful defaulter;

(x) such person has been declared a fugitive economic offender; or

(xi) any other disqualification as may be specified by the Board from time to time.

(4) Where any person has been declared as not 'fit and proper person' by an order of the Board, such a person shall not be eligible to apply for any registration during the period provided in the said order or for a period of five years from the date of effect of the order, if no such period is specified in the order.

(5) At the time of filing of an application for registration as an intermediary, if any notice to show cause has been issued for proceedings under these regulations

or under section 11(4) or section 11B of the Act against the applicant or any other person referred in clause (2), then such an application shall not be considered for grant of registration for a period of one year from the date of issuance of such notice or until the conclusion of the proceedings, whichever is earlier.

(6) Any disqualification of an associate or group entity of the applicant or intermediary of the nature as referred in sub -clause (b) of clause (3), shall not have any bearing on the 'fit and proper person' criteria of the applicant or intermediary unless the applicant or intermediary or any other person referred in clause (2), is also found to incur the same disqualification in the said matter:
Provided that if any person as referred in sub-clause (b) of clause (2) fails to satisfy the 'fit and proper person' criteria, the intermediary shall replace such person within thirty days from the date of such disqualification failing which the 'fit and proper person' criteria may be invoked against the intermediary:
Provided further that if any person as referred in sub -clause (c) of clause (2) fails to satisfy the 'fit and proper person' criteria, the intermediary shall ensure that such person does not exercise any voting rights and that such person divests their holding within six months from the date of such disqualification failing which the 'fit and proper person' criteria may be invoked against such intermediary.

(7) The 'fit and proper person' criteria shall be applicable at the time of application of registration and during the continuity of registration and the intermediary shall ensure that the persons as referred in sub -clause s (b) and (c) of clause (2) comply with the 'fit and proper person' criteria."

Recommendation of action

26. (1) After considering the material available on record and the reply, if any, the designated authority may by way of a report, recommend the following measures, –

(i) disposing of the proceedings without any adverse action;
(ii) cancellation of the certificate of registration;
(iii) suspension of the certificate of registration for a specified period;
(iv) prohibition of the noticee from taking up any new assignment or contract or launching a new scheme for such the period as may be specified;
(v) debarment of an officer of the noticee from being employed or associated with any registered intermediary or other person associated with the securities market for such period as may be specified;
(vi) debarment of a branch or an office of the noticee from carrying out activities for such period as may be specified;
(vii) issuance of a regulatory censure to the noticee:
Provided that in respect of the same certificate of registration, not more than five regulatory censures under these regulations may be recommended to be issued, thereafter, the action as detailed in clause (ii) to (vi) of this sub-regulation may be considered.

Order

27. (5) After considering the facts and circumstances of the case, material on record and the written submission, if any, the competent authority shall

endeavor to pass an appropriate order within one hundred and twenty days from the date of receipt of submissions under sub-regulation (2) or the date of personal hearing, whichever is later.

8. As noted above, taking cognizance of the orders passed by the Hon'ble SAT on June 09 2022 (hereinafter referred to as **"SAT Order"**) and July 20, 2022, in NSEL matters, a Hearing Notice dated November 11, 2022 was issued to the Noticee calling upon the Noticee to show cause as to why the following information/ material along with the Enquiry Report dated April 26, 2019 should not be considered against it for determining whether the Noticee satisfies 'fit and proper person' criteria as laid down under Schedule II of the Intermediaries Regulations:
   a. SEBI complaint dated September 24, 2018 filed with Economic Offence Wing;
   b. First Information Report dated September 28, 2018; and
   c. Amended Schedule II of the Intermediaries Regulations.

9. In this regard, I find it apposite to encapsulate and list the grounds on which the SEBI orders were set aside by the Hon'ble SAT which consequently led to issuance of the aforesaid Hearing Notice to the Noticee in the present matter:

   a. The observations of the Hon'ble Bombay High Court in the matter of 63 Moons vs. Union of India cannot be relied upon as the said judgement has been set aside in appeal by the Hon'ble Supreme Court vide judgment dated April 30, 2019.
   b. The observation from the Order dismissing the Writ Petition filed by NSEL against the invocation of the Maharashtra Protection of Interest of Depositors (in Financial Establishments) Act, 1999 (hereinafter referred to as the **"MPID Act"**) (NSEL vs. State of Maharashtra) cannot be relied upon, as in a subsequent Writ Petition moved by 63 Moons, a Division Bench of the Hon'ble Bombay High Court has allowed the prayer and held that NSEL is not a financial establishment and therefore the provisions of the MPID Act are not applicable. The Division Bench also observed that the prima facie observations made by the single bench while dismissing NSEL petition could not be relied upon as they were preliminary observations and such observations do not foreclose the issue about the applicability of the

provisions of the MPID Act. The Hon'ble Tribunal, I note, was of the opinion that prima facie observations cannot be utilized to judge the reputation, character or integrity of NSEL.

c. The observations in the bail rejection order dated August 22, 2014, passed by the Hon'ble Bombay High Court in the matter of *Jignesh Prakash Shah vs. The State of Maharashtra*, cannot also be relied upon as the observations made in a bail order were limited to the fact as to whether the bail should be granted or not.

d. Reliance on the SFIO Report, the Tribunal has held, was misplaced. The report only directs EOW/Police to initiate appropriate proceedings against NSEL and its directors/promoters. Based on the SFIO Report, the Special Sessions Judge took cognizance of the matter by an Order dated July 29, 2019. But this Order was challenged by NSEL and two other accused and has since been stayed by the Hon'ble Bombay High Court. Also, no complaint yet has been filed against the Appellants pursuant to the SFIO Report.

e. Effect of SFIO Report under the Code of Criminal Procedure, 1973, as to whether such report could be treated as evidence, was not considered by SEBI.

f. Reliance placed on decisions of the Hon'ble Tribunal in the matter of *Jermyn Capital vs. SEBI* and *Mukesh Babu Securities vs. SEBI* is misplaced as decisions in the said matters are distinguishable on facts. Jermyn Capital was held to be in relation to an Interim Order passed by SEBI, and the Tribunal was of the view that the criteria for passing an Ad Interim Order are based on a different criterion, namely prima facie case, the balance of convenience and irreparable injury which are distinct and different while considering an application for grant of Certificate of Registration. The decision in the matter of Mukesh Babu Securities was distinguished by the Hon'ble Tribunal on the basis that in the matter a criminal complaint was filed against the Chairman of the Company. The Hon'ble Tribunal noted that there is no evidence to show that any proceedings have yet been initiated against the appellants in the matter under consideration.

g. Reputation of the applicant cannot be lightly considered based on observations which are not directly related to the applicant.

h. Grant Thornton Forensic report commissioned by SEBI does not find any close connection between applicant and NSEL. This was overlooked by SEBI.

i. SEBI Order does not state for how long the rejection of application will continue. The Hon'ble Tribunal was of the view that the rejection cannot continue indefinitely, and in such cases, a time period should be provided during which the applicant will become ineligible to seek fresh registration.

10. It is also noted from the SAT Order that the matter was remanded back to SEBI, taking into consideration the contention made by the counsel appearing on behalf of SEBI that there was additional material available, which had come into existence after the SEBI orders, based on which the findings in the said order could be sustained. The Hon'ble Tribunal, taking into consideration the submissions made on behalf of SEBI, held that:

> *"It will be open to the WTM to rely upon other material such as the complaint letters of NSEL, EOW report, EOW charge sheet, etc. provided such copies are provided to the brokers and opportunity is given to rebut the allegations. Such additional documents relied upon by the respondent should form part of the show cause notice for which purpose, it will be open to the WTM to issue a supplementary show cause notice. It will also be open to SEBI if it considers necessary, to conduct an independent enquiry proceeding against the connected entities and persons associated with the brokers against whom evidence is available."*

11. Before moving forward to consider the matter on merits and test the fulfilment of the 'fit and proper person' criteria by the Noticee, on the basis of available material including the additional material as detailed at paragraph 8 above, the background facts necessary for the present proceedings are narrated in brief, hereunder:

a. NSEL was incorporated in May, 2005 as a Spot Exchange, *inter alia*, as an electronic exchange for trading in commodities. In exercise of powers conferred under Section 27 of the FCRA, the Central Government vide its 2007 Exemption Notification granted an exemption to all forward contracts of one-day duration for the sale and purchase of commodities traded on the NSEL from operations of the provisions of the FCRA subject to certain

conditions, inter alia, including *"no short sale by the members of the exchange shall be allowed"* and *"all outstanding positions of the trades at the end of the day shall result in delivery".*

b. In October 2008, NSEL commenced operations providing an electronic trading platform to its participants for spot trading of commodities, such as bullion, agricultural produce, metals, etc. It is observed that NSEL introduced the concept of 'paired contracts' in September 2009 which allowed buy and sell in same commodity through two different contracts at two different prices on the exchange platform wherein the investors could buy a short duration contract and sell a long duration contract and vice versa at the same time and at a pre-determined price. The trades for the Buy contract (T+2/ T+3) and the Sell contract (T+25/ T+36) used to happen on the NSEL on the same day at same time and at different prices, involving the same counterparties. The transactions were structured in a manner that buyer of the short duration contact always ended up making profits.

c. On February 06, 2012, FMC was appointed by the Department of Consumer Affairs, Government of India as the 'designated agency' as stipulated in one of the conditions prescribed under the said 2007 Exemption Notification, authorizing it to collect the trade data from NSEL and to examine the same for taking appropriate measures, if needed, to protect investors' interest. FMC had accordingly called for the trade data from different spot exchanges, including NSEL in the prescribed reporting formats. After analyzing the trade data received from the NSEL, FMC passed Order No. 4/5/2013-MKT-1/B dated December 17, 2013 in the matter (hereinafter referred to as the "FMC Order") wherein it was, inter alia, observed that 55 contracts offered for trade on the NSEL platform were in violation of the relevant provisions of the FCRA and that the condition of 'no short sale by members of the exchange shall be allowed' was being not complied with by the NSEL and its members. FMC further observed that the 'paired contracts' offered for trading in the NSEL platform were in violation of the provisions of the FCRA and also in violation of the conditions specified by the Government of India in its 2007 Exemption Notification, while granting exemptions to the one day forwards contract for

sale and purchase of commodities traded on the NSEL, from the purview of the FCRA.

12. The Noticee has, *inter alia*, contended that the instant enquiry proceedings do not fall within the purview of Section 29A(2)(e) of the FCRA and that the SEBI Regulations were not applicable at the relevant time when they allegedly traded in the alleged paired contracts. In this regard, I note that prior to merger of FMC with SEBI on September 28, 2015, the Noticee was required to be a member of an association recognised by the Central Government under Section 6 of the FCRA, and was not required to be registered with either FMC or any other regulatory authority under the FCRA. The Parliament, noticing that the intermediaries dealing with commodities derivatives market were not required to be registered under FCRA and were not under control of any competent authority, rectified the same through the Finance Act, 2015, as notified on May 14, 2015, by bringing them under the regulatory supervision of SEBI. With regards to the aforesaid, the Hon'ble Bombay High Court while dealing with the Writ Petition Nos. 3262, 3266, 3294 and 3295 of 2018 in the matter of *Anand Rathi Commodities Limited*, *Motilal Oswal Commodities Broker Private Limited*, *Geofin Comtrade Limited* and *IIFL Commodities Limited vs. SEBI* vide its Order dated October 04, 2018, observed the following:

> *"It is not in dispute that prior to the coming into effect of the Finance Act, 2015, the intermediaries dealing with the commodity derivatives were not required to be registered under any of the provisions of law including the FCR Act. We find that the said mischief was noticed by the Parliament. As such, by virtue of the Finance Act, 2015, the said intermediaries dealing with commodity derivatives have been brought under the control of SEBI. We find that the reason as to why by Finance Act, 2015, the said intermediaries were brought under the control of SEBI appears to be that the Parliament found that the activities of intermediaries dealing in commodity derivatives should not remain uncontrolled and they should be brought under the control of competent authority".*

13. I note that pursuant to the merger of FMC with SEBI, a commodity derivatives broker was mandatorily required to obtain a certificate of registration from SEBI in case it sought to remain associated with the securities market as a commodity derivatives broker. The Finance Act, 2015, *inter alia*, conferred the powers to

SEBI to regulate commodity derivatives brokers, which included their registration as commodity derivatives broker with SEBI. In this regard, vide Section 131B of the Finance Act, 2015, a transitory period of 3 months was provided to all the intermediaries which were associated with the commodity derivatives market under the erstwhile FCRA to continue to deal in commodity derivatives as a commodity derivatives broker, provided it made an application of registration to the SEBI within 3 months from September 28, 2015. Accordingly, the Noticee applied for a certificate of registration and was registered as a broker with effect from September 15, 2016 and since then it has been acting as a market intermediary registered with SEBI.

14. The power of SEBI to investigate/ inquire into the alleged violation of FCRA flows from the Finance Act, 2015, which amended the provisions of FCRA. I note that Section 29A of FCRA, as inserted by the Finance Act, 2015*, inter alia* provides –

"(1) The Forward Contracts (Regulation) Act, 1952 is hereby repealed.

(2) On and from the date of repeal of Forward Contracts Act–
(a)….
(b)….
(c)….
(d)….
(e) a fresh proceeding related to an offence under the Forward Contracts Act, may be initiated by the Security Board under that Act within a period of three years from the date on which that Act is repealed and be proceeded with as if that Act had not been repealed;

(f) no court shall take cognizance of any offence under the Forward Contracts Act from the date on which that Act is repealed, except as provided in clause (d) and (e);

(g) clause (d), (e), (f) shall not be held to or affect the general application of section 6 of the General Clauses Act, 1897 with regard to the effect of repeal to matters not covered under these sub-sections."

15. I note that the aforesaid provision empowers SEBI to initiate a fresh proceeding with respect to the offences within a period of three years from the date on which FCRA is repealed. Thus, pursuant to the merger of FMC with SEBI, SEBI stepped into the shoes of FMC and was well within its powers to initiate proceedings under Chapter V of FCRA i.e., filing of the criminal complaint to the

EOW. I note from the complaint dated September 24, 2018 filed by SEBI that EOW was requested to take appropriate action under Sections 20 and 21 and other provisions of FCRA against the brokers/ members of NSEL and other persons mentioned in the complaint. However, the aforesaid proceedings are different from the proceedings before me. The present proceedings pertain to adjudging the 'fit and proper person' status specified in the Broker Regulations and the Intermediaries Regulations in light of the activities undertaken by the Noticee on the NSEL platform and consequent action taken by FMC and SEBI, i.e., filing of the criminal complaint to the EOW under Section 154 of the CrPC. I note that in terms of Regulation 5(e) of the Stock Brokers Regulations, every applicant/ stock broker at the time of seeking registration, and thereafter, throughout the time it holds a valid certificate of registration, has to satisfy the "fit and proper person" criteria specified in Schedule II of the Intermediaries Regulations. I note that the Enquiry Report proceeds on the basis that the past conduct of the Noticee in facilitating access to the "paired contracts" traded on NSEL calls into question the compliance of the Noticee with 'fit and proper person' criteria. Further, SEBI while examining the compliance of an applicant, or even a registered intermediary, with the "'fit and proper person' criteria can take into consideration not just contravention of the provisions of securities laws, but also the general conduct of the Noticee which may have a bearing on its functioning as a registered intermediary. The 'fit and proper criteria including the amended criteria must be satisfied by the Noticee, at the time of making application of registration under the Stock Brokers Regulations. I am of the considered view that the due presumption on the constitutional and legal validity of the said amended Schedule II of the Intermediaries Regulations holds the field which is binding upon SEBI, and arguments to the contrary are not maintainable. To consider the application of the Noticee for the registration as a stock broker, the Noticee is required to satisfy the fit and proper person criteria, and thus, it is well within the jurisdiction and powers of SEBI to adjudge the said 'fit and proper' status of the market intermediaries in the interest of securities market.

16. Before moving forward to consider the matter on merits and test the compliance of the Noticee with the 'fit and proper person' criteria, on the basis of the

additional materials that have been brought on record post the Order dated October 21, 2021, passed by the Ld. WTM, it would be appropriate to look at the background of NSEL and understand the nature of the 'paired contracts' that were offered on the exchange which ultimately is the cause/ genesis of the current proceedings.

17. From the perusal of the FMC Order No. 4/5/2013-MKT-1/B dated December 17, 2013 (hereinafter referred to as the **"FMC Order"**) in respect of the 'paired contracts', which were traded on the NSEL platform during the relevant period, I note that the FMC had *inter alia*, observed that the following conditions stipulated in the 2007 Exemption Notification were violated:

a. Short Sale

NSEL had not made it mandatory for the seller to deposit goods in its warehouse before taking a sell position. Hence, the condition of "no short sale by members of the NSEL shall be allowed" was not being met by the NSEL and its trading/clearing members who traded in the 'paired contracts' during the relevant period.

b. Contracts with Settlement Period going beyond 11 days

Some of the contracts offered for trade on the NSEL had settlement periods exceeding 11 days and therefore, such contracts were "non-transferable specific delivery" contracts under the FCRA. As per the FCRA, the "ready delivery contracts" were required to be settled within 11 days of the trade and hence, the contracts traded on the NSEL, which provided settlement schedule for a period exceeding 11 days were not allowed and were in violation of 2007 Exemption Notification.

18. I note that NSEL was granted conditional exemption from the provisions of the FCRA by the Department of Consumer Affairs, Ministry of Consumer Affairs (hereinafter referred to as the **"MCA"**), Food and Public Distribution, Government of India, vide Gazette Notification No. S0906(E) dated June 05, 2007, in exercise of the powers conferred under Section 27 of the FCRA, for (i)

forward contracts, (ii) for sale and purchase of the commodities, of one–day duration traded on NSEL subject to certain conditions which*, inter alia*, included that 'no short sale by members of the NSEL shall be allowed' and that all 'outstanding positions of the trade at the end of the day shall result in delivery'. It was also stipulated that all information or returns relating to the trade as and when asked for shall be provided to the Central Government or its designated agency. The spot exchanges were envisaged as a platform for providing transparent and secure trading in commodities with a view to boost the agriculture sector in the country. Thereafter, NSEL commenced operations in October 2008.

19. It is observed that the NSEL was given permission to set up as a spot exchange for trading in commodities. It was essentially meant to only offer forward contracts having one-day duration as per 2007 Exemption Notification. In its order, FMC had observed that the 55 contracts offered for trade on the NSEL were with settlement periods exceeding 11 days and all such contracts traded on the NSEL were in violation of provisions of FCRA. I note from the FMC Order that under the FCRA, a "forward contract" is defined as a *"contract for delivery of goods and which is not a ready delivery contract"*. A 'ready delivery contract' is defined as *"a contract which provides for the delivery of goods and the payment of a price therefor, either immediately or within such period not exceeding eleven days"*. Given the said definition contained in the FCRA, FMC was of the view that all the contracts traded on the NSEL which provided settlement schedule exceeding 11 days were treated as Non-Transferable Specific Delivery contracts. It is, therefore, seen that even though MCA had stipulated in the 2007 Exemption Notification that only contracts of one-day duration were permitted to be offered on the NSEL, the FMC, in its order, relying on the definition of the "forward contract" under FCRA held that the NSEL was allowed to only trade in one-day forward contracts and was obliged to ensure delivery and settlement within 11 days. However, what is beyond doubt is that the NSEL had permitted 55 contracts of various commodities having duration longer than 11 days and these contracts were in contravention of the exemption granted to NSEL.

20. At this stage, it is also pertinent to refer to the judgment of the Hon'ble Supreme Court of India passed in the matter of *63 Moons Technologies Ltd. (formerly known as Financial Technologies India Ltd.) & Ors. vs. Union of India & Others* (Civil Appeal No. 4476 of 2019 decided on April 30, 2019) (hereinafter referred to as the **"merger petition"**), wherein it was, *inter alia*, held that:

> *"There is no doubt that such Paired Contracts were, in fact, financing transactions which were distinct from sale and purchase transactions in commodities and were, thus, in breach of both the exemptions granted to NSEL, and the FCRA".*

21. Noticee has submitted that the finding of the DA that the paired contracts were not contracts in commodity but in the form of financial transactions, etc., are not relevant and are devoid of any force in light of the decision of the Hon'ble Bombay High Court in the matter of *63 Moons' Technologies Limited vs. State of Maharashtra* dated August 22, 2019, wherein the Hon'ble High Court in the said matter has held that the paired contracts were not financial transactions but were trades in commodity as per regulations and bye laws of NSEL. I find this submission of Noticee untenable in light of the judgement dated April 22, 2022 passed by the Hon'ble Supreme Court in the matter of the ***State of Maharashtra vs. 63 Moons Technologies Ltd.*** (Civil Appeal No. 2748-49 of 2022) (hereinafter referred to as the **"MPID matter"**), wherein the Hon'ble Supreme Court while drawing reference to the representations made by the NSEL in respect of the paired contracts, *inter alia*, held that:

> *"The above representation indicates that 'paired contracts' were designed as a unique trading opportunity by NSEL under which a trader would, for instance, purchase a T+2 contract (with a pay-in obligation on T+2) and would simultaneously sell a T+25 contract (with a pay-out of funds on T+25). The price differential between the two settlement dates was represented to offer an annualized return of about 16%. NSEL categorically represented that all trades were backed by collaterals in the form of stocks and its management activities included selection, accreditation, quality testing, fumigation and insurance. Therefore, NSEL represented that on receiving money and commodities, the members would receive assured returns and a service. Though NSEL has been receiving deposits, it has failed to provide services as promised against the deposits and has failed return the deposits on demand. Therefore, the State of Maharashtra was justified in issuing the attachment notifications under Section 4 of the MPID Act."*

22. Thus, I note that the Hon'ble Supreme Court has already described the nature of the 'paired contracts' offered on the NSEL platform. In the merger petition (*63 Moons Technologies Ltd. vs. UOI*), it was held that these contracts were in the nature of financing transactions. In the MPID matter (*The State of Maharashtra vs. 63 Moons Technologies Ltd.*), the Hon'ble Supreme Court held that such transactions come within the definition of 'deposits' under the MPID Act. The Hon'ble Supreme Court in the MPID matter, has extensively referred to the claims made on the website of the NSEL and the contents of the publicity material and other investor resources. The Hon'ble Supreme Court has also observed that NSEL was advertising assured and uniform return of 16% p.a. for the 'paired contracts' traded on its platform where the return offered was same across the commodities. The return remained the same irrespective of the duration of the contract. At Para 45 of the said order, the Hon'ble Supreme Court has also depicted certain examples of 'paired contracts', which offered assured returns. For example, a T+2 and T+25 paired contract in steel had the same offered return as a T+5 and T+35 paired contract in castor oil. The 'paired contracts' were being marketed as an alternative to fixed deposits. It was also noted in the judgement of the Hon'ble Supreme Court in the MPID matter that the overwhelming majority of the sale leg of the 'paired contracts' which were executed were short sales i.e., commodities to back such sales were not available at the designated warehouses of the NSEL.

23. Noticee has submitted vide its reply dated January 14, 2023 that it has not traded in proprietary account but have traded on behalf of client on NSEL platform and the amount receivable towards client's pay-out from NSEL as on date is about approx. ₹ 3.50 crores. Noticee has further submitted that they have not traded in the alleged 'paired contracts' on behalf of its clients. However, I note that Noticee had earlier submitted before the Ld. WTM of SEBI, which was also recorded in the order dated October 21, 2021, that *"Noticee has only 26 clients in paired contracts, including the director of the Noticee and family members. The Noticee earned brokerage of approximately ₹ 58-68 thousand in 2012-13 and 2013-14."* Thus, I find that the submission of Noticee vide reply dated January 14, 2023 stating that it has not traded in the

alleged paired contract is an afterthought and thus cannot be relied upon. It is clear that the Noticee has indulged into trading in 'paired contracts' on behalf of its clients.

24. The Noticee has contended that mere trading on the platform of NSEL is not *per se* illegal and that the products/ contracts launched on NSEL platform were introduced by the Board of NSEL, which were represented to be legal and permissible. I note that during the period from February 2012 to April 2012, Noticee has facilitated transactions in paired contracts for its clients. Considering the deliberations and discussions recorded above and the submissions of the Noticee, the moot question is whether the Noticee while facilitating transactions in paired contracts for its clients under the *bona fide* belief that such transactions were actually spot contracts in commodities. Or, can it be said that the very fact that 'paired contracts' were offered meant that NSEL was offering contracts which were not resulting in compulsory delivery and, therefore, the Noticee should have been aware that such a product was far removed from the spot trading in commodities which was permitted on NSEL's platform. Further, as stated above, NSEL itself was advertising such contracts as an alternative to fixed deposits and the return offered was fixed (e.g. 16%) across all commodities irrespective of the nature of the contract or the duration. Also, these contracts were structured in a manner which ensured that the buyer always made pre-determined profits.

25. In the undeniable background that there was a settlement default at NSEL, it is clear that there were enough red flags which should have alerted the Noticee when these products were first offered by NSEL. With the material on record, it is further clear that any prudent person (including the Noticee) would have come to the conclusion that what was being offered were not spot contracts in commodities and rather had trappings of a financial product which offered fixed and assured returns, as has been already observed by the Hon'ble Supreme Court in the *State of Maharashtra vs. 63 Moons Technologies Ltd*. The Noticee being an intermediary was expected to do due diligence on the products which it offered for trading to its clients. An assumption as to the legality of 'paired

contracts' clearly shows that the Noticee failed to do adequate due diligence. The Notification regarding approval of contracts permitted on NSEL was in public domain. Thus, I find that Noticee failed to perform basic due diligence of the contracts offered *vis-a-vis* the conditions specified in the aforesaid Notification.

26. Noticee has contended that there is no basis on which it could be said that the Noticee was closely associated with NSEL and the fact that Noticee was a trading member of NSEL and had done trade on the platform of NSEL, cannot be relied against the Noticee. In this regard, I note that for the clients, the face of the NSEL and the 'paired contracts' was the Noticee itself and the 'paired contracts' could not have been executed in large volumes, across the several clients without the actions and facilitation of the Noticee. I find that such association of the Noticee in the 'paired contracts' has seriously questioned the reputation, fairness, honesty, integrity and character of the Noticee in the securities market. The association of the Noticee with NSEL cannot be denied since Noticee was observed to be facilitating the clients to trade in the 'paired contracts'.

27. Noticee has strongly argued that no reliance can be placed on the FIR since such an FIR is far from being equivalent to a final determination and the correctness of the charges made therein has still to be adjudicated and the question regarding whether the NSEL were involved in any illegal activity has still to be determined by the competent court of law. To such a protest, I am of the considered view that there is no assertion of guilt made in the SCNs as the present proceedings pertains to test the continuing 'eligibility criteria' of 'fit and proper criteria' of the Noticee. Besides, no material has been brought on record by the Noticee to dispute the fact that the said FIR validly subsists as on date. It is neither the case of the Noticee that the said FIR has been quashed nor a C-Summary has been filed by the authority concerned in this regard. In the absence of the above discussed factors, I am not inclined to accept the submissions put forth by the Noticee in this context. Needless to say that the relied upon case laws cited to buttress the said submissions also do not come to the rescue of the Noticee.

28. Having established that the Noticee has traded in 'paired contracts' for its clients, I now proceed to examine the allegations levelled against the Noticee in the SCNs and the Hearing Notice. It is noted that the main allegation against the Noticee, as levelled in the SCN, is that by facilitating the trading in 'paired contracts' on NSEL platform during the relevant period as a Trading Member/ Clearing Member, the continuance of the registration of the Noticee as a broker is detrimental to the interest of the Securities Market and the Noticee is no longer a 'fit and proper person' for holding the certificate of registration as a broker in the Securities Market, which is one of the conditions for continuance of registration as specified in regulation 5(e) of the Stock Brokers Regulations read with Schedule II of the Intermediaries Regulations as applicable at the relevant time. Subsequently, SEBI, on the basis of certain documents/material such as SEBI's Complaint dated September 24, 2018 and FIR dated September 28, 2018 as provided to the Noticee vide Hearing Notice, further alleged that in light of the aforesaid documents as well as observations against the Noticee in the Enquiry Report, the Noticee is not a 'fit and proper person' for holding the certificate of registration being in violation of Regulation 5(e) of the Stock Brokers Regulations read with Schedule II of the Intermediaries Regulations. I note that regulation 5(e) of the Stock Brokers Regulations provides that for the purpose of grant of Certificate of Registration, the applicant has to be a 'fit and proper person' in terms of Schedule II of the Intermediaries Regulations. I further note that the 'fit and proper person' criteria specified in Schedule II of the SEBI (Intermediaries) Regulations, 2008, was amended vide SEBI (Intermediaries) (Third Amendment) Regulations, 2021 with effect from November 17, 2021.

29. Noticee has contended that SEBI Regulations cannot be made applicable retrospectively and that the amendment of the criteria for fit and proper person laid out in Schedule II of the Intermediaries Regulations took effect from November 17, 2021 which is much after the initiation of the present proceedings. In this context, as noted above, in order to continue to be a SEBI registered intermediary, the Noticee is, *inter alia*, required to satisfy the conditions of eligibility, which included 'fit and proper person' criteria. The above condition to be a fit and proper person is a preliminary condition applicable at the time of

seeking registration. As and when the 'fit and proper' criteria changes, the Noticee will be required to comply with the revised criteria, and in this instance, criteria as revised vide the amendments in November 2021. It is noted that parameters provided under paragraph 3(b) of the amended criteria of Schedule II of the Intermediaries Regulations lays down a list of disqualifications which, *inter alia*, includes the following:

> *"(3) For the purpose of determining as to whether any person is a 'fit and proper person', the Board may take into account any criteria as it deems fit, including but not limited to the following:*
>
> *(b) the person not incurring any of the following disqualifications:*
>
> *(i) criminal complaint or information under section 154 of the Code of Criminal Procedure, 1973 (2 of 1974) has been filed against such person by the Board and which is pending;"*

30. In this regard, the Noticee has submitted that reliance on FIR is misplaced since it amounts to gross violation of law and can cause grave prejudice to the Noticee in the event the ultimate decision is proved to be otherwise. I note from the Hearing Notice that an FIR has been registered with the MIDC Police Station, Mumbai, against the Noticee under section 154 of the CrPc on September 28, 2018 and the same is pending as on date and is validly subsisting and has not been challenged, quashed or stayed by any competent court *qua* the Noticee. The disqualifications listed under paragraph 3(b) of the amended criteria of Schedule II of the Intermediaries Regulations are unambiguously clear and no exemptions from such criteria has been provided. Once the disqualification is triggered, the 'fit and proper' person criteria is open for determination by SEBI. It is, therefore, noted that the disqualification provided in paragraph 3(b)(i) under the amended Schedule II of the Intermediaries Regulations is also triggered vis-à-vis the Noticee.

31. In this regard, it is noted that the Noticee has traded in the 'paired contracts' on behalf of its clients. I note that the Noticee, as a broker and as a member of NSEL, represented NSEL to the regular investors. The execution of the trades in 'paired contracts' by the Noticee shows the participation of the Noticee in the said scheme perpetrated by NSEL to provide its platform for trading in 'paired contract' that were not permitted under the 2007 Exemption Notification and were

purely financial contracts promising assured returns under the garb of spot trading in commodities. Therefore, the Noticee by its conduct and as a member of NSEL has acted as an instrument of NSEL in promoting and/or dealing in 'paired contracts' which were in the nature of financing transactions (as held by the Hon'ble Supreme Court of India referred *supra*). The Noticee, by providing access for taking exposure to 'paired contracts' has exposed its clients to the risk involved in trading in a product that did not have regulatory approval thereby raises doubts on the competence of the Noticee to act as a registered Securities Market intermediary. Thus, I am of the view that the trading activities of the Noticee in 'paired contracts' for its clients on the NSEL platform have serious ingredients amounting jeopardizing the reputation, belief in competence, fairness, honesty, integrity and character of the Noticee in the Securities Market.

32. The scope of the instant proceeding is not to analyze the actual impact and consequences of the conduct of the Noticee but to examine as to whether or not, the Noticee has acted in a manner expected of a market intermediary and the answer to the same manifestly goes against the Noticee. The fact that is undeniably clear before me is that the involvement of the Noticee in trading/ facilitation of trading in 'paired contracts' on NSEL is certainly a conduct which was not permitted by the 2007 Exemption Notification nor by any of the applicable provisions of the FCRA and therefore, such a conduct as has been displayed by the Noticee in its trading on NSEL platform is detrimental to the interest of the Securities Market. Further, as noted above, the Noticee has also earned disqualification under Clause 3(b)(i) of the amended Schedule II of the Intermediaries Regulations on account of the complaint filed by SEBI and the FIR registered based on the same. In this context, as observed above, I note that being a 'fit and proper person' is a continuing 'eligibility criteria' which must be satisfied by the Noticee including the amended criteria. I am of the considered view that the due presumption on the constitutional and legal validity of the said amended Schedule II hold the field which are binding upon me, and arguments, if any, to the contrary are not maintainable.

33. I note that when provisions of law prescribe certain acts to be done in a particular manner, the same is required to be honoured in letter and spirit. Law does not provide any exception to anyone to perform such acts as per his whims and fancies that is not permissible under an extant legal framework. Therefore, if an exemption is granted in respect of all forward contracts of one-day duration for the sale and purchase of commodities traded on NSEL from operations of the provisions of the FCRA subject to compliance with certain conditions then it is obligatory on the part of a market intermediary to execute forward contracts of one-day duration only, subject to strict compliance with the said conditions. Further the principle of *'ignorantia juris non excusat'* or that *'ignorance of law is no excuse'* also becomes squarely applicable.

34. The limited scope of the present proceedings is to see whether the indulgence, engagement and promotion of such activities could be held to be beneficial to the development of Securities Market or the same contain elements that are potentially dangerous and detrimental to the interest, integrity, safety and security of the Securities Market. In this respect, the undisputed fact that the scheme of 'paired contracts' traded on NSEL ultimately has caused loss to the market to the extent of ₹ 5,500 Crore itself casts serious aspersion on the conduct, integrity and reputation of, *inter alia*, the Noticee who facilitated such 'paired contracts' and therefore, its continuing role in the Securities Market cannot be viewed as good and congenial for the interest of the investors or of the Securities Market.

35. Under the circumstances, I therefore note that there were enough red flags for a reasonable or prudent person to come to the conclusion that what was being offered as 'paired contracts' on NSEL were not spot contracts in commodities. Given the above discussions and deliberations, I am constrained to conclude that the Noticee, presumably driven by its desire to earn brokerage and/ or profit, provided access to its clients to participate in a product which raises serious questions on the ability of the Noticee to conduct proper and effective due diligence regarding the product itself. Further, as per findings recorded above, the Noticee also attracts the disqualification provided in paragraph 3(b)(i) under the amended Schedule II of the Intermediaries Regulations insofar an FIR

against the Noticee under section 154 of CrPC has been registered with the MIDC Police Station, Mumbai and the same is validly subsisting/ pending as on date. Further, it is also not the case of the Noticee that the aforesaid FIR is either stayed or quashed by any competent court qua the Noticee or otherwise. In view of the above, I hold that the Noticee does not satisfy the 'fit and proper person' criteria specified in Schedule II of the Intermediaries Regulations and hence, the continuance of the Noticee as a broker will be detrimental to the interest of the Securities Market. Therefore, such activities of the Noticee as a registered broker cannot be condoned and deserve appropriate measure to prevent such wrong doings from recurring to the detriment of the interest of the Securities Market.

36. Having examined and dealt with all the contentions raised by the Noticee in the preceding paragraphs, I concur with the recommendation made by the DA that the Noticee may not be granted registration as a commodity derivatives broker.

ORDER

37. I, therefore, in exercise of powers conferred under Section 19 read with Section 12(3) of the SEBI Act, 1992, and Regulation 27 of the Intermediaries Regulations, 2008, reject the application filed by the Noticee and also debar the Noticee from making a fresh application seeking registration, before SEBI, for a period of 3 months from the date of this Order or till acquittal of the Noticee by courts pursuant to the FIR filed by EOW, whichever is earlier.

38. The Order shall come into force with the immediate effect.

39. It is clarified that in view of the amendment made with effect from January 21, 2021 in the Intermediaries Regulations, the procedure for action on receipt of recommendation of a DA prescribed under Regulation 28 of the Intermediaries Regulations has now been incorporated in the amended Regulation 27 of the Intermediaries Regulations. Accordingly, this order is passed under the amended Regulation 27 of the Intermediaries Regulations, 2008.

40. A copy of this order shall be served upon the Noticee, the recognized Market Infrastructure Institutions for necessary compliance.

Sd/-

Place: Mumbai **MANOJ KUMAR**

Date: June 08, 2023 **EXECUTIVE DIRECTOR**

SECURITIES AND EXCHANGE BOARD OF INDIA