

IN THE SECURITIES APPELLATE TRIBUNAL AT  
MUMBAI

DATED THIS THE 30<sup>TH</sup> DAY OF JUNE, 2026

**CORAM :** Justice P. S. Dinesh Kumar, Presiding Officer  
Ms. Meera Swarup, Technical Member  
Dr. Dheeraj Bhatnagar, Technical Member

**Appeal No. 105 of 2024**  
**And**  
**Misc. Application No. 1723 of 2023**  
**And**  
**Misc. Application No. 426 of 2024**

**Between**

KBS India Ltd.  
502, Commerce House, 5,140,  
Nagindas Master Road, Next to Rhythm  
House, Fort, Mumbai – 400 001. .... Appellant

By Mr. Kunal Katariya, Advocate i/b SD and Associates for  
the Appellant.

**And**

National Stock Exchange of India Limited  
Exchange Plaza, C 1, Block G,  
Bandra Kurla Complex, Bandra (East),  
Mumbai - 400 051. ... Respondent

By Mr. Anubhav Ghosh, Advocate with Mr. Vivek Shah,  
Mr. Paras Taneja, Advocates i/b Trilegal for the Respondent.

**THIS APPEAL IS FILED UNDER SECTION 23L OF SCRA,  
1956 TO SET ASIDE ORDER DATED NOVEMBER 28,  
2023 (EX-A) PASSED BY NSE.**

**THIS APPEAL COMING ON FOR HEARING THIS 30<sup>TH</sup>  
DAY OF JUNE 2026, THIS TRIBUNAL PASSED THE  
FOLLOWING:**

**O R D E R**

Per : Justice P. S. Dinesh Kumar, Presiding Officer (Oral)

This appeal is directed against order dated 28.11.2023 passed by the Enforcement Department of the National Stock Exchange of India Limited ('Respondent' / 'Exchange' for short). By the impugned order, respondent has imposed a monetary penalty of ₹5,35,000/- which included a sum of ₹5,00,000/- with a direction to submit a restructuring/ disinvestment plan and quarterly compliance reports.

2. Mr. Kunal Katariya submitted that NSE has recorded a finding that appellant had engaged as a principal in a business other than that of securities involving personal financial liability, in contravention of Rule 8(1)(f) and Rule 8(3)(f) of the Securities Contracts (Regulation) Rules, 1957 ('SCRR' for short) read with Exchange circular<sup>1</sup> dated 07.01.2022. He submitted that by the aforesaid circular, NSE, by way of clarification to Rule 8(1)(f) and 8(3)(f) of the SCRR, set out an illustrative list of twelve activities which would be construed as non-compliance with the said Rules if undertaken by a member. NSE has imposed penalty for violation of the said circular. That circular was challenged before the Hon'ble Bombay High Court, wherein the Union of India made a submission that clarification, if any, shall be issued by the Government of India.

3. Further, the Department of Economic Affairs, Ministry of Finance, by amendment published in the Gazette of India on 19.05.2025, inserted a further proviso to Rule 8(1)(f) and 8(3)(f) of the SCRR, to the effect that investments

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<sup>1</sup> NSE/COMP/50957 dated 07.01.2022

made by a member shall not be construed as business except when such investments involve client funds or client securities or relate to arrangements which are in the nature of creating a financial liability on the broker. Pursuant thereto, *vide* circular dated 10.06.2025, NSE deleted Point No.10 of the illustrative list contained in circular dated 07.01.2022.

4. Thereafter, by another circular<sup>2</sup> dated 23.06.2026, NSE modified points No.1 and 2 and deleted points No.3 to 12 of the illustrative list. In substance, Mr. Katariya submitted that non-compliance with Rule 8(1)(f) and 8(3)(f) of the SCRR now stands confined to only two activities i.e. (i) issuing corporate guarantee towards credit facilities availed by any entity, including group companies and (ii) deposit pledged with a bank for overdraft facilities availed by any entity, including group companies.

5. Mr. Katariya, on instructions, submitted that the appellant does not press this appeal *qua* the other issues and undertakes to pay the penalty of ₹35,000/- imposed under the impugned order.

6. Mr. Ghosh, learned Advocate for the NSE, on instructions, submitted that matter be remanded insofar as it relates to Rule 8(3)(f) issue is concerned, to enable the Member Committee of the Exchange to pass orders in accordance with the revised and more lenient circulars.

7. We have considered the rival contentions.

8. It is not in dispute that the allegations against the appellant are under Rule 8(3)(f) which pertain to inter-corporate deposits/advances extended by the appellant as

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<sup>2</sup> Circular No. NSE/INSP/74836 dated 23.06.2026

well as to investments made by the appellant in its group companies / subsidiaries, do not fall within either of the two clauses of the illustrative list, namely, (i) issuing corporate guarantees and (ii) deposit pledged with a bank for overdraft facilities. NSE's findings are based on clauses which now stand deleted, including Point No.10 thereof relating to investments in group companies. Therefore, the penalty imposed under Rule 8(3)(f) issues is not sustainable. Hence, NSE's prayer for remand is unnecessary.

9. In view of the above, the following:

**ORDER**

- (i) Appeal is ***allowed in part***.
- (ii) The impugned order, insofar as it relates to the Rule 8(3)(f) issue, is ***quashed and set aside*** and the penalty collected thereunder shall be refunded to the appellant within two weeks from the date of this order.
- (iii) Pending interlocutory application(s), if any, stand disposed of.
- (iv) No costs.

Justice P. S. Dinesh Kumar  
Presiding Officer

Ms. Meera Swarup  
Technical Member

Dr. Dheeraj Bhatnagar  
Technical Member

30.06.2026  
PTM