To,

**BSE Limited**

Phiroze Jeejeebhoy Towers,

Dalal Street, Fort,

Mumbai- 400 001

**Scrip Code: 501700**

**Subject: Disclosure of Order passed by the Securities Appellate Tribunal in respect of IndiaNivesh Shares and Securities Private Limited Wholly Owned Subsidiary Company**

Dear Sir/Ma'am,

Pursuant to the provisions of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform you that IndiaNivesh Shares and Securities Private Limited, a Wholly Owned Subsidiary Company of IndiaNivesh Limited ('the Company'), has received an Order dated 06th March 2026 passed by the **Securities Appellate Tribunal, Mumbai** in **Appeal No. 113 of 2022** in the matter of *IndiaNivesh Shares and Securities Private Limited vs. National Stock Exchange of India Limited*. The copy of which was received on 09th March 2026.

The Tribunal has partially allowed the appeal filed against the order dated 11th February 2022 passed by the Member and Core Settlement Guarantee Fund Committee of the National Stock Exchange of India Limited which had directed suspension of trading membership for a period of six months and imposition of a penalty of ₹1 Crore. Pursuant to the order passed on 06th March 2026, the penalty imposed on the appellant has been reduced to ₹40.39 Lakhs, as against the earlier order.

The details of the above penalty, as required under Clause 20 of Para A of Part A of Schedule III of the SEBI Listing Regulations is enclosed as an **Annexure A.**

A copy of the said order is enclosed herewith for your reference and record.

**IndiaNivesh Limited**

**Regd. Off.:** 1703, 17th Floor, Lodha Supremus, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013.

**Tel:** +91 (22) 6240 6240 | **Fax:** +91 (22) 6240 6241 | **Email:** indianivesh@indianivesh.in | **Web:** www.indianivesh.in

**CIN:** L99500MH1931PLC001493

Thanking you,

Yours faithfully,

**FOR INDIANIVESH LIMITED**

RAJESH NUWAL

Digitally signed by RAJESH NUWAL
Date: 2026.03.10 15:21:09 +05'30'

**Rajesh Nuwal**

**Managing Director**

**DIN: 00009660**

**Date: 10th March 2026**

**Place: Mumbai**

## Annexure A

**Details of Order passed by the Securities Appellate Tribunal**

| Sr. No. | Particulars | Details |
|---|---|---|
| 1 | Name of the Authority | Securities Appellate Tribunal, Mumbai |
| 2 | Name of the entity against whom the order is passed | IndiaNivesh Shares and Securities Private Limited (Subsidiary of IndiaNivesh Limited) |
| 3 | Date of order | 06th March 2026 |
| 4 | Date of receipt of copy of order by the Company | 09th March 2026 |
| 5 | Details of the violation(s)/contravention(s) committed or alleged to be committed | The matter relates to an appeal filed against the order dated 11th February 2022 passed by the Member and Core Settlement Guarantee Fund Committee of National Stock Exchange of India Limited with respect to alleged violations including misuse of client funds, use of credit balance clients' funds for margin obligations, and misuse of client securities. |
| 6 | Impact on financial, operation or other activities of the listed entity, quantifiable in monetary terms to the extent possible | The Securities Appellate Tribunal has partly allowed the appeal and modified the order of Member and Core Settlement Guarantee Fund Committee of National Stock Exchange of India |

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**CIN:** L99500MH1931PLC001493

| | | |
|---|---|---|
| | | Limited. The penalty has been reduced to ₹40.39 Lakhs as against the earlier order which had directed suspension of trading membership for a period of six months and imposition of a penalty of ₹1 Crore. There is no other material impact on the operations of IndiaNivesh Limited. |

**IN THE SECURITIES APPELLATE TRIBUNAL**
**AT MUMBAI**

**DATED THIS THE 6TH DAY OF MARCH, 2026**

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

## Appeal No.113 of 2022

IndiaNivesh Shares and Securities Pvt. Ltd.
Lodha Supremus, 17th Floor,
Senapati Bapat Marg,
Lower Parel, Mumbai – 400 013. …..Appellant

(By Mr. P.N. Modi, Senior Advocate with Mr. Neville Lashkari, Mr. Prakash Shah and Dr. Keyur Shah, Advocates i/b. Prakash Shah & Associates for the Appellants.)

National Stock Exchange of India Limited
Exchange Plaza, Plot No.C/1,
G-Block, Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051. …Respondent

(By Mr. Shiraz Rustomjee, Senior Advocate with Mr. Jai Chhabria, Ms. Vasudha Goenka, Mr. Divyansh Sharma and Irene Sarkar, Advocates i/b. Cyril Amarchand Mangaldas, Advocates for the Respondent.)

THIS APPEAL IS FILED UNDER SECTION 23L OF SECURITIES CONTRACTS (REGULATIONS) ACT, 1956 TO SET ASIDE THE ORDER DATED FEBRUARY 11, 2022, (Ex-A) PASSED BY NSE.

THIS APPEAL HAVING BEEN HEARD AND RESERVED FOR ORDERS ON, DECEMBER 11, 2025, COMING ON FOR

PRONOUNCEMENT OF ORDER THIS DAY, THE TRIBUNAL MADE THE FOLLOWING:

## ORDER

**Per: Justice P.S. Dinesh Kumar, Presiding Officer**

This appeal is directed against order dated February 11, 2022, passed by the Member and Core Settlement Guarantee Fund Committee ('Committee' for short), NSEIL[1] ('NSE' for short).

2. We have heard Mr. Pesi Modi, learned Senior Advocate for the appellant and Mr. Shiraz Rustomjee, learned Senior Advocate for the NSE.

3. Brief facts of the case are, appellant is a stock broker and a member of NSE, BSE[2], MCX[3], NCDEX[4] and ICEX[5]. During end of March 2020, NSE carried out an inspection of appellant's books of accounts and records. On March 30, 2020, appellant informed the stock exchanges about its voluntary disablement of terminals with effect from March 31, 2020, because of unprecedented market fall and financial distress. Based on the inspection, NSE issued a show cause notice[6] alleging violations of improper use of clients' funds and non-resolution of investor complaints. On July 27, 2020, NSE issued an interim direction

[1] National stock Exchange of India Limited
[2] BSE Limited
[3] The Multi Commodity Exchange of India Limited
[4] National Commodity & Derivatives Exchange Limited
[5] Indian Commodity Exchange
[6] Dated 29.4.2020

that appellant shall remain disabled across all segments until further notice and appellant shall settle investors' complaints within two months therefrom. Appellant replied stating that all complaints except 19 were resolved.

4. NSE issued a supplementary show cause notice on November 10, 2020 and appellant filed its reply. After granting an opportunity of personal hearing, the Committee has passed the impugned order directing suspension of trading membership for a period of six months and imposed a penalty of ₹1 Crore (One Crore).

5. Mr. Pesi Modi, learned Senior Advocate for the appellant submitted that none of the allegations in the impugned order are applicable to the appellant. The Committee has not examined the appellant's case in the right perspective and not exercised its discretion properly, while passing the impugned order.

6. Amplifying his submission, he submitted that appellant has never misused the clients' funds, it has always maintained the required balance. Adverting to Table-1 in the impugned order, he submitted that the Committee has incorrectly considered the ledger balance of ₹95.79 Crores of Edelweiss Custodial Services ('Edelweiss' for short) and held that the appellant had misused the clients' funds. Adverting to Table-3 in the impugned order, he submitted that NSE has utilised the 'G Value' incorrectly. In view of this, the allegation of using funds of credit balance clients for meeting settlement obligation of debit balance clients (₹93.26 Crore) and using funds of credit balance

clients for meeting the margin obligations of debit balance clients ₹99.43 Crores are not tenable.

7. With regard to allegation of sale of clients' securities worth ₹40.39 Crores, it was submitted that out of 60 clients, 14 are related to the appellant (amounting to ₹6.04 Crores), while in respect of outside clients such sale was under their instructions or knowledge (except for one client only). Further, the appellant had duly given the credit of securities sold in the client ledger. Also, the appellant had changed its risk management policy during the market crash in March 2020. He submitted that the respondent has not considered marginal debits of clients and by taking the same, the total comes down to ₹9.39 Crores and if an amount of ₹6.6 Crores is also reduced in respect of clients who had submitted 'no dues/complaint withdrawn/certificates', the balance remains at ₹2.71 Crores only.

8. Mr. Rustomjee argued opposing the appeal. In substance, NSE's case is, appellant had misused clients' funds. To substantiate this allegation, NSE has considered the figures in Table 1 contained in the impugned order which reads as follows:

| *Sr.No* | *Particulars* | *Amount (Rs. in crores)* |
|---|---|---|
| *1* | *Total of day end balance in all client bank accounts* | *2.14* |
| *2* | *Total of day end balance in all own bank accounts* | *0.08* |
| *3* | *Collateral deposited with Exchanges and Clearing Corporation in the form of cash and cash equivalents* | *34.29* |
| *4* | *Collateral deposited with Cleaning Member (Edelweiss Custodial Services Ltd-ECSL) in the form of cash and cash equivalents* | *93.21* |

| | | |
|---|---|---|
| *5* | *Total credit balance of all clients* | *127.19* |
| *6* | *Total debit balance of all clients* | *130.94* |
| *7* | *Edelweiss Custodial Services Ltd. (ECSL) ledger balance* | ***(95.79)*** |
| | *DIFFERENCE (G)* | *(93.26)* |
| | *Funds of creditor client's used for another client's in debit by the Noticee* | *93.26* |

9. With regard to alleged sale of securities of 60 clients (₹40.39 Crores), he submitted that the fact of 14 of such clients being related parties and the others having knowledge in this regard, does not imply that there was no misuse of client securities in terms of Regulation 4.5.3(e) of NSEIL Regulations (CM & F&O Segment). The said Regulation reads as under:-

> *"No Trading Member or person associated with a Trading Member shall make improper use of constituent's securities/positions in derivatives contracts or funds."*

Further, it is not correct that non-related parties did not make any complaints. Mr. Rustomjee submitted that ECSL sold clients securities worth ₹40.39 Crores as appellant did not fulfil its obligations. Thus, the appellant misused the clients' securities which cannot be utilised for any purpose other than the specified purposes, as per the sub-regulation 4.5.3(e).

10. We have carefully considered the rival contentions and perused the record.

11. NSE has imposed three penalties.

- Firstly, for using ₹93.26 Crores belonging to 'credit balance clients' to settle 'debt balance clients'.

- Secondly, using ₹99.43 Crores belonging to 'credit balance clients' to meet margin obligation.
- Thirdly, for misusing client securities.

12. Relevant facts necessary to decide this case are, while appellant is a stock broker, Edelweiss is the clearing member. According to appellant, it had arranged a fixed deposit of ₹100.75 Crores in favour of Edelweiss. As per industry's norms, the total debit balance of all clients must be more than the total credit balance. The industry also uses a concept known as 'G Value' which is equivalent to 'total day end balance minus total credit balance of all clients' and this must be positive i.e. the total money available with the trading member must be more than the credit balance of the clients, so that there shall be no difficulty in settling the payment of the clients.

13. The detailed figures of the day end balance in all the clients' accounts, day end balance in appellant's bank account, trading member's collateral with exchange and the clearing member and the total amounts payable to trading member's clients are mentioned in Table 3 in the impugned order, which reads as follows:

*(Rs. In crores)*

| *Particulars* | *Amount as per SCN* | *Amount as per Noticee's Calculation* |
|---|---|---|
| *Total of day end balance in all Client Bank Accounts* | *2.14* | *2.14* |
| *Total of day end balance in all Own Bank Accounts* | *0.08* | *0.08* |
| *Collateral deposited with Exchanges and Clearing Corporation in form of Cash and Cash Equivalents* | *34.29* | *34.29* |

| | | |
|---|---|---|
| *Collateral deposited with Clearing Member ECSL, inform of Cash and Cash Equivalents* | *93.21* | *100.75* |
| *Total Credit Balance of all clients* | *127.19* | *127.77* |
| *Total debit balance of all clients* | *130.94* | *131.25* |
| *Edelweiss Custodial Services Ltd. (ECSL) Ledger Balance* | ***(95.79)*** | - |
| *DIFFERNCE (G) G=(A+B)-C* | *(93.26)* | *9.49* |
| *Funds of one client used for another client* | *93.26* | - |

14. According to Mr. Modi, the total credit balance of all clients on March 30, 2020, was ₹129.72 Crores, whereas, the total debit balance was ₹130.94 Crores, being more than the credit balance. His main contention is, NSE has incorrectly taken into account the ledger balance of ₹95.79 Crores payable to Edelweiss and calculated the 'G Value' to be negative ₹93.26 Crores.

15. On the contrary, Mr. Rustomjee's argument on behalf of NSE is, appellant owed a sum of ₹95.79 Crores to Edelweiss. Edelweiss was settling all trades with NSE and while doing so, Edelweiss had stretched ₹95.79 Crores and this aspect cannot be lost sight of. If the said amount is taken into account, the 'G value' is negative.

16. In the facts narrated hereinabove, the points which arise for our consideration are:

***(i) Whether respondent is right in taking into account the ledger balance while calculating the 'G' value?***

***(ii) Whether 'J' value calculated by the respondent is correct?***

17. ***Re: (i) Whether respondent is right in taking into account the ledger balance while calculating the 'G' value?***

In its reply to the show cause notice, appellant has stated that funding between Edelweiss and the appellant was independent of Trading Member-Clearing Member arrangement and the Edelweiss debit balance cannot be considered for calculating the 'G' value as per the enhanced supervision circular. Appellant has next contended that it had two independent and mutually exclusive transactions with Edelweiss. Firstly, Trading Member-Clearing Member relation and secondly, the funding transaction, where under Edelweiss made settlements and charged 18% interest. Appellant's further case is, Edelweiss was claiming the fixed deposit against settlement obligation which is the subject matter of proceedings before the Hon'ble Bombay High Court and the amount claimed was subject to those proceedings and reconciliation.

18. It is an admitted position that a fixed deposit of ₹100.75 Crores with Edelweiss. It is also not in dispute that Edelweiss had provided accommodation of ₹95.79 Crores and settled appellant's dues with the stock exchange. Edelweiss has shown this amount of ₹95.79 Crores as ledger balance payable by the appellant. As noted above, appellant's stand in its reply to the show cause notice is, it had two distinct transactions with

Edelweiss. One as a TM-CM[7] relation and the other, Edelweiss as a funder.

19. It is also an admitted position that there was a litigation[8] between Edelweiss and the appellant in Hon'ble Bombay High Court, wherein Edelweiss was claiming the money in the fixed deposits against the settlements. Thus, one thing is clear Edelweiss had funded the appellant a sum of ₹95.79 Crores. The question is whether Edelweiss's claim against the fixed deposit of ₹100.75 Crores to settle amount due from the appellant could be taken into consideration while calculating the value of 'G'.

20. Mr. Modi's argument is that NSE has taken the ledger balance into account based on NSE's Circular dated May 26, 2020 (Exhibit S), whereas the appellant's transactions have taken place in March 2020, which is much prior to May 2020. We have perused the said Circular. In Annexure-A to the Circular, the method of calculating the aggregate value of the collateral deposited with the clearing member has been qualified thus:

| *Particulars* | *Remarks* |
|---|---|
| *Collateral deposited with clearing member in form of Cash and Cash Equivalents (In Rs.)* | *Aggregate value of collateral deposited with your clearing member in form of Cash & Cash Equivalents (FD, BG, etc.), <u>after adjusting the financials ledger balance if any</u>. In case of BG, only funded portion of the BG shall be considered.* |

[7] Trading Member-Clearing Member
[8] VC-LD No.47 of 2020

21. We notice that while calculating the 'G' value in Table-3, NSE has taken into account the amount of ₹95.79 Crores lent to the appellant. Mr. Rustomjee submitted that squaring of the transactions and settling with the investors (clients) and the stock exchange is a sacrosanct obligation cast upon a trading member. He argued that though the Circular is issued in May 2020, what is important to note is that a trading member is always required to maintain a 'positive' 'G' Value and he is right in his submission. It is an admitted position that Edelweiss had paid ₹95.79 Crores on behalf of the appellant while settling with the stock exchange. Therefore, the said amount is rightly shown as ledger balance, receivable from the appellant. According to the appellant, Edelweiss made a wrongful claim on the collateral given in the form of a fixed deposit of ₹100.75 Crores. It is relevant to note that the fixed deposit was in the name of NSE and there was a *lis* pending with regard to the fixed deposit in Hon'ble Bombay High Court. Suffice to note that there is no dispute with regard to the fact that as on March 30, 2020, appellant owed ₹95.79 Crores to Edelweiss. We are concerned with the respondent taking note of the ledger balance while calculating the G value based on the circular dated May 26, 2020. While there is no doubt that 'G' value is always required to be positive, the method of calculation of 'G' value was changed with effect from May 26, 2020 while the transaction has taken place in March, 2020. In our considered opinion, it is not permissible to apply a procedure or norm which comes into existence subsequently. Hence, respondent could not have applied the circular and taken note of the ledger balance in

calculating the 'G' value. Accordingly, the said point is answered in the ***negative.***

22. If 'G' value is positive, it indicates that funds belonging to 'credit balance clients' were not used for settling debit balance clients'. We have held that NSE was not right in taking into account the ledger balance while calculating 'G' value.

23. ***Re: Whether 'J' value calculated by the respondent is correct?***

If the value of 'J' is negative, it means that funds belonging to credit balance clients were not used to meet margin obligations. If the value of 'G' is positive in terms of NSE Circular No.NSE/INSP/3327 dated September 27, 2016 then the 'J' value is calculated by the formula J=(C-A)-(MC+MF), where C denotes funds belonging to credit balance clients, A is Total of clients bank balance, MC is Margin deposit utilized for granting exposure to credit balance clients, and MF is Free margin deposits with the Exchange. Using these values, in our view, the appellant has rightly calculated 'J' value as follows:

| *Sr. No* | *Particulars* | *Amount* |
|---|---|---|
| *C* | *Credit balance clients* | *127.77* |
| *A* | *Total of client bank balance (client & settlement account)* | *2.22* |
| *MC* | *Margin deposit utilized for granting exposure to credit balance clients* | *0.63* |
| *MF* | *free margin deposits with the Exchange (utilized collateral lying with the Clearing Corporation/ Clearing Member [(a) Before Haircut, (ib) After Haircut])* | *(a)156.12 or (b)126.28* |

| | | | |
|---|---|---|---|
| | *Difference (J) J= J= (C-A)-(MC+MF)* | *If (a)* | *-31.20* |
| | | *If (b)* | *-1.36* |

24. Since, we have held that the 'G' value is positive, the 'J' value works out to be -1.36 (negative). This means that as per the above formula, the funds belonging to credit balance clients were not used for meeting margin obligations. Accordingly, we hold that the 'J' value was not correctly calculated and answer the second point for consideration in the ***negative***. Consequently, the first two components of penalty are not sustainable.

25. With regard to the third allegation of sale of Client's securities for discharge of obligations of appellant, we notice that undoubtedly, there is a violation of Regulation 4.5.3(e) of the NSEIL Regulations (CM & F&O Segment) as the appellant's clearing agent ECSL had sold clients securities worth ₹40.39 Crores for discharging appellant's obligations. Appellant's submission that there was only one complaint, is refuted by Mr. Rustomjee and he submitted that there were complaints from other clients also. Moreover, there is no valid explanation for violation of the applicable regulation, which is intended to secure the client's funds and securities lying with the trading member. In view of this, penalty at the rate of 1% of ₹40.39 Crore i.e. ₹40.39 Lakhs is upheld.

26. In view of the above discussion, the following:

**ORDER**

i. Appeal is ***allowed in part***. Order dated February 11, 2022 by NSE's Member and Core Settlement Guarantee Fund Committee is modified and penalty is reduced to ₹40.39 Lakhs.
ii. Pending interlocutory application(s), if any, stand disposed of.
iii. No costs.

Justice P.S. Dinesh Kumar
Presiding Officer

Ms. Meera Swarup
Technical Member

Dr. Dheeraj Bhatnagar
Technical Member

06.03.2026
RHN

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