

Date: 16.12.2020

To,  
The Secretary,  
Listing Department  
BSE Limited  
P.J Towers, Dalal Street, Fort,  
Mumbai - 400 001

Scrip Code: 531723 / 570005

To,  
The Manager,  
Listing Department,  
National Stock Exchange of India Limited  
Exchange Plaza. 5th Floor, Plot No. C/1, G Block  
Bandra-Kurla Complex, Bandra (E), Mumbai-400051,  
Maharashtra.  
Symbol: STAMPEDE / SCAPDVR

**Dear Sir/Madam,**

**Subject: Disclosure under Regulation 30 of The SEBI (Listing Obligation And Disclosure Requirements), Regulations, 2015 ("LODR Regulations") for Show Cause Notice received under Chapter IV of the Rules of National Stock Exchange of India Limited for the violations observed during inspection and Show Cause Notice under the Rules, Bye-laws and Regulations of National Stock Exchange of India Limited (NSEIL) for undertaking changes in shareholding & Directors without seeking Exchange approval.**

Pursuant to Regulations 30 of SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015, we inform that a Show Cause Notice **NSE/INSP/CMFOCDs/LPI/20-21/SC/13469** dated December 15, 2020 and Show Cause Notice **NSE/CRO/SCN/03** dated December 07, 2020 has been received from National Stock Exchange of India Limited (NSE) under Chapter IV of the Rules of National Stock Exchange of India Limited for the violations observed during inspection and under the Rules, Bye-laws and Regulations of National Stock Exchange of India Limited (NSEIL) for undertaking changes in shareholding & Directors without seeking Exchange approval.

We request you to take the above on your record.

Your faithfully,  
**For and on Behalf of STAMPEDE CAPITAL LIMITED**

**Abhishek Jain**  
Digitally signed by Abhishek Jain  
DN: cn=Abhishek Jain, o=Stampede Capital Limited, ou=Stampede Capital Limited, email=abhishek.jain@stampedecap.com, c=IN

**Abhishek Jain**  
**Company Secretary & Compliance Officer**

**SRINIVAS MAYA**  
Digitally signed by SRINIVAS MAYA  
DN: cn=Personal, email=SRINIVAS.MAYA@stampedecap.com, o=Stampede Capital Limited, ou=Stampede Capital Limited, c=IN

**Srinivas Maya**  
**Director**  
**DIN: 08679514**

**Place:** Hyderabad  
**Date:** 16.12.2020

**Enclosed:** as above

**Stampede Capital Ltd**

402 to 404, 4 Floor, Saptagiri Towers, Begumpet, above Pantaloons, Hyderabad-500016,  
Telangana, India. Tel: +91 40 48578444/26, Email: cs@stampedecap.com, www.stampedecap.com  
CIN: L67120TG1995PLC020170

**M/S. STAMPEDE CAPITAL LIMITED**

H.No.6-3-78, Flat No.1003 Block-A,  
Royal Pavilion Apartment, 10<sup>th</sup> Floor,  
RBI Officer's Quarters Lane, Ameerpet,  
Hyderabad-Telangana - 500016

**Kind Attn: Mr. Venkateshwarlu Ambala, Compliance Officer**

Dear Sir,

**Sub: Show Cause Notice under Chapter IV of the Rules of National Stock Exchange of India Limited for the violations observed during inspection**

1. **M/s. Stampede Capital Limited ("Noticee")**, having its registered address at Plot No. 197, A - Z Elite, 1st Floor, Guttala Begumpet Village, Kavuri Hills, Madhapur, Hyderabad-Telangana - 500081, is a registered broker of **National Stock Exchange of India Limited ("the Exchange")** as per the details below:

Sr. No.	Segment	SEBI Registration No.
1	Capital Market (CM)	INZ000247038
2	Futures & Options (F&O)	INZ000247038
3	Currency Derivatives (CD)	INZ000247038

2. The Exchange had noticed an alert pertaining to misuse of client's funds on October 09, 2020, and October 16, 2020, and shortage of client's securities on July 25, 2020, on the basis of the data submitted by the Noticee to the Exchange as a part of weekly enhanced supervision and weekly holding submissions. Noticee has declared shortage of client funds to the tune of Rs. 1.83 Crore and Rs. 1.29 Crores as on October 09, 2020 and October 16, 2020 respectively. Based on the said alerts, a limited purpose inspection of the books and records of the Noticee was conducted, across the segments.
3. The said alerts were shared with the Noticee on October 30, 2020, to which the Noticee has submitted its response on November 25, 2020.
4. Pursuant to the said limited purpose inspection, on analysis of the data submitted by the Noticee as well as the response of the Noticee to the said analysis, the Exchange came to a conclusion that the acts of the Noticee as mentioned in para 5 below, are in violation of the Exchange Rules, Bye-laws and Regulations. Since these violations are grave and serious and which may attract a penalty prescribed under the Exchange circular no. NSE/INSP/36248 dated November 06,

2017, the present show cause notice is issued to seek explanation for the observed alleged non-compliances.

5. The following violations were observed during the said inspection:

### **5.1.Misuse of Client Funds and Securities**

i. Funds of credit balance clients used for settlement obligation of debit clients or for own purpose

On verification of the Enhanced Supervision data submitted by the Noticee with respect to – Monitoring of Client Funds details as on October 09, 2020, October 16, 2020 and October 30, 2020, it was observed that the Noticee had used funds of credit balance clients for meeting pay-in obligations of other clients resulting in shortfall of creditor client’s funds to the tune of Rs. 0.87 Crores, Rs. 1.42 Crores and Rs. 3.45 Crores as on October 09, 2020, October 16, 2020 and as on October 30, 2020 respectively. The details are as per Table No. 1 below:

**Table No. 1 - Details of funds of credit balance clients used for meeting obligations of debit balance clients**

Sr.No.	Particulars	09-10-2020 (in crores)	16-10-2020 (in crores)	30-10-2020 (in crores)
1	Total of day end balance in all Client Bank Accounts (In Rs.) ( Across All Exchanges)	1.00	1.,82	0.95
2	Collateral deposited with Exchanges, Clearing corporation and Clearing member in form of Cash and Cash Equivalents (In Rs.) ( Across All Exchanges)	4.25	4.10	2.87
3	Total Credit Balance of all clients (In Rs.)	6.12	7.35	7.28
4	Total debit balance of all clients (In Rs.)	0.3	0.5	0.5
	<b>DIFFERENCE (G)</b>	<b>-0.87</b>	<b>-1.41</b>	<b>-3.45</b>

Further, the Noticee has also transferred Rs. 4.00 crores from client bank account to own bank account and subsequently to the company called M/s. “Spacenet Enterprises (India) Ltd”, towards the subscription of Compulsorily convertible Preference Shares (CCPS) on following dates:

- Rs. 2.00 crores on August 10, 2020
- Rs. 1.00 crore on October 27, 2020 and
- Rs. 1.00 crore on October 28, 2020

### Client funds and securities used for meeting proprietary margin obligations

On verification of the weekly monitoring of client funds (in accordance with the provisions of Enhanced Supervision of Stock Brokers) it is observed that the Noticee had used client funds and securities to the tune of Rs. 1.43 Lakhs and Rs. 1.34 Lakhs as on October 09, 2020 and October 16,

2020 respectively for meeting the proprietary margin obligations of the Noticee. Thus, the Noticee has violated the Principle 2 as prescribed under Enhanced Supervision of Stock Brokers. The details are as per Table no. 2 below:

**Table No. 2 - Details of client funds and securities used for meeting PRO trading obligations**

S.N	Particulars	09-10-2020 (in crores)	16-10-2020 (in crores)	30-10-2020 (in crores)
1	Excess of Funds in Client Bank and Cash Collaterals with Clearing Member / Corporation over Client Payables (Positive G)	NIL	NIL	NIL
2	Value of Own Securities Deposited as Collateral with Clearing corporation (In Rs.)	NIL	NIL	NIL
3	Value of Own Securities Deposited as Collateral with Clearing Member (In Rs.)	NIL	NIL	NIL
4	Value of None funded portion of the Bank Guarantee (In Rs.)	NIL	NIL	NIL
5	Proprietary margin Obligation (In Rs.)	0.1	0.1	NIL
	<b>Funds of clients used for Margin obligation of proprietary trading</b>	<b>0.1</b>	<b>0.1</b>	NIL

ii. Funds of credit balance clients used for Margin obligations of debit balance clients and proprietary trading

On verification of the weekly monitoring of client funds (in accordance with the provisions of Enhanced Supervision of Stock Brokers) it is observed that the Noticee had used client funds to the tune of Rs. 29.6 Lakhs, Rs. 44.79 Lakhs and Rs. 38.12 Lakhs as on October 09, 2020, October 16, 2020 and October 30, 2020 respectively for meeting the margin obligation of debit balance clients and proprietary margin obligations of the Noticee. Thus, the Noticee has violated the Principle 3 as prescribed under Enhanced Supervision of Stock Brokers. The details are as per Table no. 3 below:

**Table No. 3 - Details of client funds used for meeting margin obligation of debit balance clients and proprietary margin obligations**

S.N	Particulars	09-10-2020 (in crores)	16-10-2020 (in crores)	30-10-2020(in crores)
1	Collateral deposited with Exchanges, Clearing corporation and Clearing member in form of Cash and Cash Equivalents (In Rs.) ( Across All Exchanges)	4.25	4.10	2.88
2	Margin utilized for positions of Credit Balance Clients (In Rs.)	0.63	0.74	0.63
3	Free/unblocked Collateral deposited with Clearing corporation (In Rs.)	3.32	2.91	1.87
4	Free/unblocked Collateral deposited with Clearing Member (In Rs.)	NIL	NIL	NIL
	<b>Funds of credit balance clients used for Margin obligations of debit balance clients and proprietary trading</b>	<b>0.3</b>	<b>0.45</b>	<b>0.38</b>

**5.2. Non-reconciliation of securities in beneficiary account with back-office records**

On verification of the client-wise scrip-wise holding as per back-office records, the weekly holding statements reported to the Exchange and the stock available in the demat accounts of the Noticee as on July 25, 2020 & October 31, 2020, it is observed that the Noticee has not reconciled its back-office holdings with stocks lying in client demat accounts as per the details given below:

i. July 25, 2020

- a. Excess Securities reported in the weekly holdings - In case of 2 ISIN's amounting to a mismatch of Rs. 0.11 Crores.
- b. Short Securities reported in the weekly holdings - In case of 10 ISIN's amounting to a mismatch of Rs. 0.27 Crores. The details of the same are as per **Exhibit 1A**.

ii. October 31, 2020

- a. Excess Securities reported in the weekly holdings - In case of 1 ISIN amounting to a mismatch of Rs. 0.17 Crores
- b. Short Securities reported in the weekly holdings - In case of 15 ISIN's amounting to a mismatch of Rs. 5.26 Crores. The details of the same are as per **Exhibit 1B**.

### **5.3. Incorrect data submitted towards the weekly monitoring of client funds**

On verification of data submitted by the Noticee with respect to weekly monitoring of client funds in accordance with provisions of Enhanced Supervision of Stock Brokers, it is observed that amounts reported in respect of 6 areas w.r.t. Total of day end balance in all Client Bank Accounts, Collateral deposited with Exchanges, clearing corporation and Clearing member in form of Cash and Cash Equivalents, Total Credit Balance of all clients, Value of Own Securities Deposited as Collateral with Clearing Member, Margin utilized for positions of Credit Balance Clients and Free/unblocked Collateral deposited with Clearing corporation are not reported correctly by the Noticee as on October 09, 2020, October 16, 2020 and October 30, 2020. The details are as per **Exhibit 2**.

### **5.4. Non-compliance of ICMA Directions**

The Noticee has not adhered to ICMA Directives communicated vide action letter dated August 06, 2019 for inspection period from November 01, 2017 to October 31, 2018. The details are as follows:

*“Non-maintenance of appropriate evidences for placing orders” – The Noticee was directed to put in place appropriate system for recording the order instructions and maintain the same as part of its records and confirm their compliance to the Exchange within 1 month from the date of communication.*

However, the Noticee has not communicated the compliance of the aforesaid direction till date. Moreover, the said violation was also observed during the regular inspection conducted by the Exchange for the period October 1, 2018 to September 30, 2019 which was communicated to the Noticee vide letter of observation dated August 20, 2020 issued by the Exchange. Noticee had provided it's reply vide email dated September 02, 2020 and the matter was placed before the relevant authority of the Exchange on December 10, 2020, wherein it was decided to issue a show cause notice for non-compliance with the directives of the Exchange.

## **6. Charges and the relevant applicable provisions**

Based on the observation made out in para 5 above, the following act of the Noticee is found to violate the Byelaws, Rules and Regulation of the Exchange and circulars issued by the Exchange and SEBI:

- 6.1. The Noticee has failed to demonstrate that funds were adequately available with it to pay off its clients. Non-availability of client funds is a clear indication of shortage of client funds. The Noticee has also mis-utilized funds of credit balance clients for settlement obligation/margin obligation of debit balance clients or for own purpose. Thus, the Noticee has acted in violation of the following provisions of the NSEIL Rules/Byelaws/Regulations:
  - i. Exchange circular no. NSE/INSP/29096 dated March 11, 2015 which states that:

*“.....the funds available in the client bank accounts of the Noticee together with balances available with its clearing member and with the clearing corporation should not be less than the funds payable to the client at all times.”*

- ii. Exchange circular no. NSE/INSP//2016/33276 dated September 27, 2016 which states that:

*“ ..... total available funds i.e. cash and cash equivalents with the stock broker and the Clearing Corporation/Clearing Member should always be equal to or greater than client's funds as per ledger balance.”*

*“....The sum of Proprietary funds and securities lying with the clearing corporation/clearing member should be greater than or equal to Proprietary margin obligations.”*

*“....The clients' funds lying with the clearing corporation/clearing member should be less than or equal to sum of credit clients' margin obligations and free collateral deposits available with the clearing corporation/clearing member .”*

- iii. The Noticee has also acted in violation of Regulation 4.5.3 (e) of the NSEIL F&O and CM Regulations which states that:

*“.....No Noticee or person associated with The Noticee shall make improper use of constituent's securities or funds...”*

- 6.2. The Noticee has not carried out periodical reconciliation of its back-office holdings with that of the stocks lying in client demat accounts, which is in violation of the following provisions of the NSEIL Rules/Byelaws/Regulations:
- Exchange Circular No. 2008 NSE/INSP/10605 dated April 21, 2008
  - Exchange Circular No. NSE/INSP/29096 dated March 11, 2015
- 6.3. The Noticee has not reported correct data towards weekly monitoring of client funds under the Enhanced Supervision submissions. This act of the Noticee is in violation of the provisions of following provisions of the NSEIL Rules/Byelaws/Regulations:
- NSE Circular No. NSE/INSP/33276 dated September 27, 2016
- 6.4. The Noticee has not adhered to ICMA Directives. This act of the Noticee is not in accordance with Rule 1, 2 and 3(e) of Chapter IV of NSEIL Rules.
7. The observed alleged violations attract penalty/disciplinary action as prescribed by the Exchange Circular No. NSE/INSP/36248 dated November 06, 2017. It may also be noted that these prescribed penalties are indicative in nature and depending upon the frequency and gravity of the alleged observed offenses, the Relevant Authority of the Exchange, after considering the facts and circumstances in the present matter

may impose a penalty higher and more stringent than what is prescribed in the aforesaid Circular.

8. You (the Noticee) is, therefore, hereby called upon to show cause as to why appropriate disciplinary action under Rule 2 of Chapter IV of NSEIL Rules (which includes expulsion or suspension or withdrawal of all or any of the membership rights) and/or under Chapter XII of NSEIL Byelaws for declaration of defaulter should not be initiated against the Noticee for the violations alleged hereinabove.
9. The reply to the Show Cause Notice, along with the documentary evidence, if any, should reach the undersigned by December 25, 2020, failing which, the Exchange shall construe that the Noticee has no reply to submit, and the matter shall be proceeded based on the material available on record.
10. Further, should the Noticee be desirous of a personal hearing before the Relevant Authority of the Exchange viz. MCSGFC, the same may be indicated in its reply to the Show Cause Notice. The Exchange shall inform the personal hearing date before the MCSGFC to the Noticee in due course.
11. Please note that the present Show Cause Notice is without prejudice to the right of the Exchange to take any other action as it may deem fit under the Rules, Byelaws, or Regulations of the Exchange or any other act for the time being in force.

Yours faithfully,  
For **National Stock Exchange of India Ltd**

**Sd/-**  
**Suresh Nair**  
**VP & Head Enforcement**

Encl.: The list of documents relied upon for the purpose of this Show Cause Notice as annexed hereto.

M/s. Stampede Capital Limited  
8-2-686/8/B/1, 3 rd Floor  
Gamut Square  
Road No 12, Banjara Hills  
Hyderabad 500034

Kind Attn – Mr., VENKATESHWARLU AMBALA-Compliance officer,

**Sub: Show Cause Notice under the Rules, Bye-laws and Regulations of National Stock Exchange of India Limited (NSEIL) for undertaking changes in shareholding & Directors without seeking Exchange approval**

1. It has been observed by the Exchange that **M/s Stampede Capital Limited (“Noticee”)** has not taken approval for changes in director, on 41 occasions, since February 2012 thereby violating Exchange circulars Ref no. NSE/MEM/4299 dated July 25, 2003, NSE/MEM/18010 dated June 08, 2011 and SEBI circular Ref no. SEBI/MIRSD/Cir. No.03/2010 dated January 21, 2010. The details of such changes undertaken without Exchange approval is enclosed as Annexure-1.

Further, it has also been observed by the Exchange that the Noticee has also not taken approval for changes in its shareholding pattern, on 64 occasions, since March, 2015, thereby violating Exchange circulars Ref no. NSE/MEM/4299 dated July 25, 2003, NSE/MEM/38837 dated September 27, 2018, NSE/COMP/39726 dated December 20, 2018 and SEBI Circular Ref no. SEBI/MIRSD/Cir. No.03/2010 dated January 21, 2010. The details of such changes undertaken without Exchange approval is enclosed as Annexure-2.

2. Exchange had issued letter dated October 15, 2020 to the Noticee seeking explanation for not taking approval as mentioned in para 1 and para 2. In response to the same, Noticee vide its email dated November 04, 2020, has stated that there was a miscommunication by the team who handled the compliance then and frequent changes in regulation and employees of the company. Further, Noticee has also stated that all intimation, disclosures and other compliances with respect to listing was done in timely manner. Noticee, in its response to the SCN, has requested the Exchange for an opportunity to rectify and comply

with the observations brought out by Exchange as they are now in process to regularise the discrepancies.

3. Post receipt of above said reply, Noticee was, vide email dated November 06, 2020, asked to submit the complete documents/information to Exchange on or before November 11, 2020 to process the application of change in shareholding and change in director. However, vide their email dated November 12, 2020, Noticee has expressed their inability to submit the complete documents as sought by the Exchange. The List of documents required for processing the application marking the submitted/non-submitted documents by you are enclosed as Annexure 1 and Annexure 2.
4. Failure to seek Exchange approvals for change in director and change in shareholding is a clear violation of the Exchange and SEBI circulars as mentioned in para 1 and 2 above as well as Bye-law 2 (a) of Chapter V of NSEIL Byelaws. As per the regulatory requirements all Members are mandatorily required to seek and obtain a prior approval of the Exchange in case of any changes in their shareholding pattern and Directors. By undertaking these changes without Exchange approval on multiple occasions, Noticee has completely disregarded the regulatory stipulations and the Bye Laws, Rules and Regulations of the Exchange/SEBI. Further, in view of the Noticee's failure to submit the information sought by the Exchange as mentioned in para 4 above, Noticee is deemed guilty of misconduct under Rule 3 (e) & (g) of Chapter IV of NSEIL Rules.
5. In view of the above, you (Noticee) are hereby called upon to show cause as to why appropriate disciplinary action in terms of Rule 2 of Chapter IV of Rules of NSEIL should not be initiated for the above stated non-compliances. You (Noticee) are further advised to send your written response along with necessary documentary evidences, if any, within 10 days from the date of this Show Cause Notice.
6. You are further informed that the matter shall be placed before the Relevant Authority of the Exchange, which in this case, is the Member and Core Settlement Guarantee Fund Committee (MCSGFC) (erstwhile DAC/MSFC) constituted by the Board of Exchange for appropriate decision in this matter. You (the Noticee) will be required to appear before the said committee in person, the details of which will be communicated to you in due course.
7. Further, it may be noted that in case you fail to respond to this Notice, it would be construed that you have no further submissions to make and the Relevant Authority of the Exchange may proceed further with the matter based on the available material and facts on records.

8. Please take note that the present show cause notice is without prejudice to any other action, which may be taken under the same Rules, Bye-laws or Regulations or any other Act for the time being in force.

Yours faithfully,

**For National Stock Exchange of India Limited**

Meghana Kulkarni

Chief manager