



REGSTREET
— Law Advisors —

24 Notable Securities & Exchange Board of India (SEBI) Orders in 2024



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1. Final order in the matter of Basil International Limited.

(Order dated February 29, 2024)

- SEBI issued a final order against Basil International Limited (BIL) and its directors for violating securities laws by raising funds through the issuance of Redeemable Preference Shares (RPS) to more than 49 investors thereby violating Sections 56, 60, and 73 of the Companies Act, 1956, which mandate specific procedures for public issues, including filing a prospectus and obtaining stock exchange permissions.
- Consequently, SEBI directed BIL and its directors to refund the money collected from investors through the issuance of RPS, along with interest. Additionally, they were restrained from accessing the securities market for a specified period.
- This order deals with an issue of deemed public issue (DPI) having intersection between Companies Act and Securities Laws.



2. Order in the matter of Karvy Investor Services Limited. **(Order dated March 28, 2024)**

- SEBI passed an order cancelling the certificate of registration of Karvy Investor Services Limited (KISL) as a merchant banker, citing multiple regulatory violations and failure to meet the 'fit and proper' criteria.
- SEBI's inspection, revealed that KISL was non-operational at its registered and correspondence addresses. Further inquiries indicated that KISL had not conducted any operations since the 2019–2020 financial year. The company also neglected to pay the renewal fee for the period from December 13, 2022, to December 12, 2025.
- Moreover, SEBI noted that KISL's holding company, Karvy Stock Broking Limited (KSBL), and a common director were involved in litigation related to securities market violations, adversely affecting KISL's business reputation.



2. Order in the matter of Karvy Investor Services Limited. **(Order dated March 28, 2024)**

Contd.

- SEBI noted that not having necessary infrastructure like adequate office space, equipment etc. and minimum two employees having the experience to conduct the business of merchant banker and having a director who is involved in a litigation connected with the securities market which has an adverse bearing on the business of the applicant and by not being fit and proper person.
- These findings led SEBI to conclude that KISL failed to meet the eligibility criteria outlined in Regulations 6(aa), (b), (e), (f), and (gg) of the SEBI (Merchant Bankers) Regulations, 1992, and was no longer a 'fit and proper' person under Regulation 6A.



3. Final Order in the matter of LEEL Electricals Ltd. **(Order dated April 18, 2024)**

- The SEBI order against LEEL Electricals Ltd. addresses significant financial misconduct, including fund diversion and misrepresentation of financial statements. The investigation revealed that LEEL and its key managerial personnel (KMPs) diverted ₹472.11 crores through fictitious accounting practices, such as reclassifying related-party transactions into capital work-in-progress (CWIP) and creating fictitious prepaid expenses. The company also manipulated its financials by inflating profits and misreporting transactions, notably overstating inventory and misrepresenting sales and purchases to inflate turnover figures. Such actions breached SEBI's PFUTP and LODR Regulations.
- In paras 139 to 151, SEBI emphasized that the diversion of funds and manipulation of accounts indicated a systemic failure in corporate governance. It held the Board, including independent directors and members of the audit committee, responsible for lapses in oversight. The order reinforced the principle that directors and KMPs must ensure integrity in financial reporting and uphold compliance with regulatory norms.



3. Final Order in the matter of LEEL Electricals Ltd. **(Order dated April 18, 2024)**

Contd.

- SEBI directed disgorgement of unjust gains, imposed penalties, and restrained the involved entities from accessing securities markets, underscoring the regulator's intolerance toward fraudulent practices.
- The order also noted that the PFUTP Regulations explicitly define "fraud" and were clarified in 2020 to deem acts of asset diversion and financial misstatements as manipulative practices. Consequently, contraventions established in the order fall squarely under the ambit of the PFUTP Regulations and Section 12A of the SEBI Act
- The order reflects SEBI's commitment to maintaining market integrity and protecting investor interests. It reiterates the critical need for transparency and accountability in listed companies. The ruling serves as a precedent for strict enforcement actions against financial irregularities and reinforces the fiduciary responsibilities of directors and auditors under securities laws.



4. Order in the matter of Manpasand Beverages Limited. **(Order dated April 18, 2024)**

- The SEBI order against Manpasand Beverages Limited highlights significant financial mismanagement, including overstated sales and purchases, dubious transactions, and non-compliance with regulatory obligations. Investigations revealed manipulated financial statements for FY 2018-19 and 2019-20, impacting the company's stock price and misleading investors. SEBI identified failures in corporate governance, particularly by key managerial personnel and the Audit Committee, which relied excessively on management assurances without due diligence. Despite multiple summons, critical information was withheld, hindering the forensic audit.
- Exonerations: Independent directors Milind Babar and Chirag Doshi were absolved of accountability for financial manipulation, as their roles did not extend to operational oversight. Additionally, Kaushal Ameta was exonerated of all charges, as he joined after the alleged irregularities and was uninvolved in the company's financials. These findings underscore the differentiation of responsibilities between executive and non-executive directors.

5. Enquiry Order in respect of Valuevest Services Private Limited. (Order dated May 09, 2024)



- SEBI cancelled the registration of VSPL as an Investment Advisor due to non-compliance with the net worth requirement under the SEBI IA Regulations, 2013. During an inspection, SEBI found that VSPL's net worth was ₹9.87 lakhs, well below the required ₹50 lakhs. Despite VSPL's claims of ongoing restructuring and corrective measures, SEBI noted the absence of concrete steps or evidence to address the shortfall over a prolonged period.
- *SEBI's Contradictory Approach*: SEBI's stringent enforcement of the net worth requirement in this case contrasts with its recent regulatory shift. In August 2024, SEBI proposed, and in December 2024, implemented amendments removing the mandatory net worth requirement for Investment Advisors. The rationale was that advisory services rely more on expertise than infrastructure, making the net worth requirement unnecessary. SEBI's move to focus on deposit-based safeguards instead of fixed net worth emphasizes a client-centric approach. This divergence highlights inconsistency in applying transitional regulatory frameworks and underscores the need for uniformity during policy shifts.

6. Order in the matter of Corporate Governance Issues in PTC India Financial Services Ltd. (Order dated June 12, 2024)



- SEBI has imposed a penalty of Rs 35 lakh on PTC India Financial Services (PFS) chairman Rajib Kumar Mishra and former MD & CEO Pawan Singh for alleged corporate governance lapses. SEBI also barred Singh from holding any director or key managerial positions in listed companies, intermediaries, or IPO-bound firms for two years. Mishra has been restrained from holding key roles for six months. The regulatory action followed the resignation of three independent directors in January 2021, citing governance violations.
- SEBI criticized Singh for acting independently and prioritizing his authority over the company's interests. The SEBI order highlighted that senior executives, especially MD & CEOs, are expected to adhere to board decisions and cannot operate unchecked. SEBI noted that such behavior led to the resignation of multiple independent directors, negatively impacting PFS' performance, which saw a significant decline in asset value from Rs 13,193 crore in FY19 to Rs 7,634 crore in FY23. Four public sector entities—NTPC, NHPC, Power Grid, and Power Finance Corporation—hold a 16.2% stake in PFS' parent company, PTC.

6. Order in the matter of Corporate Governance Issues in PTC India Financial Services Ltd. (Order dated June 12, 2024)



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- In December 2024, the Securities Appellate Tribunal (SAT) exonerated Mishra, quashing SEBI's directive and declaring the allegations against him baseless. Following this, PTC India clarified that Mishra had ceased to be CMD of PTC India Ltd as of June 12, 2024. On December 13, 2024, PTC India's Board resolved not to induct him as a Director or CMD. PTC India owns 64.99% shares in PFS, which is a non-deposit-taking NBFC classified as an infrastructure finance company.
- As of the date of publication of this compilation of Landmark Orders, the appeal on behalf of certain other Noticees in the order, including Mr. Pawan Singh is pending before the Hon'ble Securities Appellate Tribunal (SAT).

7. Order in the matter of Mr. S Sureshkumar, Kerala Housing Finance Ltd. (Order dated June 28, 2024)



- In the case concerning Mr. S. Sureshkumar, SEBI alleged that he was a promoter of Kerala Housing Finance Limited (KHFL) and liable for violations related to securities issuances. SEBI's allegations were based on Mr. Sureshkumar's inclusion in the Memorandum of Association (MOA) and Articles of Association (AOA) of KHFL. However, Mr. Sureshkumar contested these claims, asserting that his signatures on the MOA and AOA were forged and that he had no involvement with the company. He provided supporting evidence, including bank records, tax documents, and a police complaint, indicating no financial or operational ties to KHFL. SEBI's investigation did not find additional evidence to substantiate the allegations.
- The adjudicating officer concluded that liability cannot be established solely based on the appearance of an individual's name in documents like the MOA or AOA, particularly when the authenticity of such documents is disputed. In the absence of corroborative evidence proving Mr. Sureshkumar's involvement, the order exonerated him from the allegations, noting that the available records were insufficient to establish his role as a promoter or his liability for KHFL's actions.

8. Adjudication Order in the matter of inspection of Pantomath Capital Advisors Private Limited. (Order dated June 29, 2024)



- SEBI examined allegations of regulatory lapses by Pantomath Capital Advisors Private Limited, a prominent Merchant Banker focusing on net worth disclosures, the appointment of a compliance officer, and due diligence practices. Discrepancies in reported net worth figures were attributed to a mistaken sharing of draft numbers, with Pantomath confirming its official submissions complied with statutory requirements. SEBI also raised concerns about a brief vacancy in the compliance officer position but acknowledged the firm's prompt corrective actions.
- A key contention involved the use of computer-generated signatures on due diligence certificates, which SEBI initially questioned. The adjudicating officer, however, upheld Pantomath's defense, citing legal definitions of "signature" and the absence of regulatory requirements for ink or digital signatures. Finding no evidence of intent to mislead or procedural lapses, SEBI dismissed all allegations, highlighting Pantomath's adherence to compliance and procedural justice. This case illustrates SEBI's rigorous oversight while reinforcing its commitment to fair and balanced adjudication.
- Read more at: [Link](#)

(Disclosure: Regstreet Law Advisors represented the Company)

9. Settlement Order in the matter of Piramal Enterprises Limited (Order dated July 25, 2024)



- The insider trading case involving Khushru Jijina, the former MD of Piramal Capital Housing Finance, his wife Benaifer, and their associate entity, Greatdeal Finconsult Advisors LLP, culminated in a settlement with SEBI for Rs. 43.55 crore. SEBI alleged that Khushru Jijina, who had access to unpublished price-sensitive information (UPSI) as MD of Piramal Capital, used a loan availed by Greatdeal from Piramal Welfare Trust to acquire shares of Piramal Enterprises Ltd. (PEL) worth Rs. 211.23 crore before the publication of UPSI in June 2018. The unlawful trading activities resulted in gains of Rs. 15.32 crore, prompting SEBI to issue a show cause notice in May 2023.
- Following SEBI's investigation and subsequent proceedings, the applicants proposed settlement terms under SEBI's settlement regulations. The revised terms included disgorgement of Rs. 24.74 crore (comprising unlawful gains and accrued interest) and a six-month voluntary debarment from the securities market for Greatdeal Finconsult and the Jijinas. These terms were reviewed by SEBI's High Powered Advisory Committee and approved by the regulator, leading to the settlement order issued on July 25, 2024.

9. Settlement Order in the matter of Piramal Enterprises Limited (Order dated July 25, 2024)



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- The case underscores SEBI's scrutiny of insider trading violations, particularly involving high-level corporate executives. It highlights the importance of compliance with insider trading regulations, given the critical role of corporate governance in maintaining market integrity. By securing a substantial financial settlement and imposing market abstinence, SEBI reinforced its commitment to enforcing accountability and deterring similar violations.
- This settlement order is significant for its scale and implications. The disgorgement of gains with interest and the voluntary market debarment signal a robust regulatory framework that prioritizes market transparency and investor protection. It also emphasizes SEBI's capability to address complex insider trading violations through structured investigations and equitable settlements.
- Read more at: [Link](#)

(Disclosure: Regstreet Law Advisors represented the Applicants)

10. Adjudication Order in the matter of JM Financial Mutual Fund (Order dated July 31, 2024)



- SEBI imposed penalties totaling ₹2 crore on JM Financial Asset Management Ltd (JM Financial AMC), its trustee company, and key individuals, including former CEO Bhanu Katoch, for regulatory breaches. The investigation revealed that Mr. Katoch, along with Head of Institutional Sales Deepen Doshi and their family members, invested in JMFMF schemes holding defaulted DHFL securities before a valuation change. These investments, made using unpublished information, were deemed unfair trading practices under SEBI's PIT Regulations.
- SEBI noted that these transactions resulted in a collective notional gain exceeding ₹1 crore for the individuals involved. Additionally, the AMC and trustee company were penalized for delayed and inadequate disclosures about the schemes' affairs, including reasons for the NAV increase. The order emphasized that Mr. Katoch and Mr. Doshi misused their positions of authority to prioritize personal gains over unit holders' interests, violating fiduciary duties. The case highlights SEBI's focus on preventing misuse of insider information and ensuring timely communication to protect market integrity.

(Disclosure: Regstreet Law Advisors represented some of the individuals)

11. Final Order in the matter of Reliance Housing Finance Limited (Order dated August 22, 2024)



- SEBI investigated allegations of diversion and siphoning of funds by Reliance Home Finance Ltd. (RHFL) for the financial year 2018-19. RHFL, a company engaged in providing housing loans, loans against property, and construction finance, was promoted by Reliance Capital Ltd. (RCL), with Mr. Anil Ambani serving as Promoter and Non-executive, Non-independent Director of RCL during the period. The investigation revealed a significant increase in loans disbursed by RHFL to corporates, many of which were general-purpose working capital (GPC) loans given to borrowers with extremely weak financial profiles. These borrowers lacked adequate net worth, profits, assets, or cash flows, and RHFL failed to secure collateral or assurances for these loans.
- SEBI concluded that Mr. Ambani and 24 other entities perpetrated a fraudulent scheme by disbursing GPC loans to entities directly or indirectly connected to the Reliance ADA Group. These loans led to a severe erosion of RHFL's finances as they were eventually declared non-performing assets (NPAs). The investigation highlighted that the disbursement of such loans was not aligned with sound financial practices and facilitated misappropriation of funds, resulting in significant harm to the company and its stakeholders.

11. Final Order in the matter of Reliance Housing Finance Limited (Order dated August 22, 2024)



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- As a consequence, SEBI imposed a five-year ban on Mr. Ambani from participating in the securities market or serving as a director or key managerial personnel in any listed company or SEBI-registered intermediary. Additionally, RHFL and several affiliated entities and former officials were barred from capital market activities for the same period. SEBI levied a substantial penalty of ₹25 crores on Mr. Ambani and imposed an aggregate penalty of approximately ₹655 crores on 27 entities involved in the fraudulent activities.
- Further developments in the case include the Hon'ble Securities Appellate Tribunal on October 18, 2024, granting a stay of the ₹25 crore fine imposed on Mr. Ambani, subject to 50% deposit. Thereafter, in November 2024, SEBI issued demand notices to RHFL and several individuals and entities for recovery of unpaid penalties, totalling ₹129 crores, warning of asset attachment and bank account freezes in case of non-payment.



12. Order in the matter of Rana Sugars Limited

(Order dated August 28, 2024)

- SEBI investigated Rana Sugars Limited (RSL) to examine allegations of fund diversion by its promoters and related entities, misstatements in financial statements, and siphoning of funds. The investigation revealed a scheme involving RSL's promoters, directors, and family members, who allegedly diverted ₹52.98 crore using private companies indirectly controlled by them. These entities were not disclosed as related parties, and transactions with them were omitted from related-party disclosures, violating regulatory norms.
- Following the findings, SEBI's Quasi-Judicial Authority (QJA) barred RSL's directors and promoters from accessing the securities market or holding key managerial positions in any listed company for two years. A penalty of ₹9 crore was imposed on RSL's Managing Director, with a total penalty of ₹63 crore levied across 15 entities involved.

13. Order in the matter of OPG Securities Private Limited and others (Order dated September 13, 2024)



- The OPG Securities case emanated from allegations of preferential access and unfair advantage in trading using the National Stock Exchange's (NSE) co-location facilities. SEBI's investigation revealed that OPG Securities persistently logged into the secondary server, gaining an unfair edge over other trading members. Despite warnings, OPG continued this practice, prompting SEBI to issue orders in 2019 that were later challenged before the Securities Appellate Tribunal (SAT). The SAT affirmed the violations but remanded certain issues for reassessment, including the quantum of disgorgement, the charge of connivance with NSE officials, and the impact of "crowding out" other market participants. Subsequent proceedings led SEBI to direct OPG and its directors to disgorge ₹85.25 crore, including interest, and imposed market access restrictions.
- This order marks a significant regulatory milestone as it establishes a precedent in addressing systemic issues like secondary server misuse and ensures accountability in high-profile trading practices. By methodically analyzing complex data and revisiting earlier findings, SEBI set a benchmark for thorough and transparent adjudication, reinforcing trust in market governance. The ruling underscores the importance of equitable access and the regulator's resolve to uphold fairness in India's capital markets.

14. Order in the matter of NSE and Others (Co-location)

(Order dated September 13, 2024)



- The SEBI proceedings in the NSE co-location case stemmed from the Securities Appellate Tribunal's (SAT) directive in January 2023 to reassess critical issues, including the quantum of disgorgement, allegations of collusion between OPG Securities and NSE officials, and whether OPG's activities crowded out other market participants. SEBI's inquiry reaffirmed that OPG had gained undue advantage by consistently logging into the secondary server, while 93 other trading members also accessed this server, reducing the likelihood of exclusive collusion. Despite extensive investigations and multiple expert reports, no direct evidence of conspiracy or connivance was found. Accordingly, SEBI directed OPG and its directors to disgorge ₹85.25 crore with interest while barring one director, Sanjay Gupta, from market access for six months.
- This order is landmark as it navigates complex legal and technical issues, including the nuances of server access, equity among trading members, and the burden of proof in collusion cases. By establishing a methodical approach to determining unfair gains and reaffirming the absence of evidence for collusion, it sets a significant precedent for adjudicating market misconduct cases, emphasizing procedural diligence and regulatory clarity.

15. Settlement Order in the matter of TAP Architecture & Network Connectivity of the NSE (Order dated October 04, 2024)



- SEBI conducted an investigation into the Trading Access Point (TAP) architecture implemented by the National Stock Exchange (NSE) to manage trading members' connectivity and order flows. SEBI's scrutiny aimed to determine if TAP allowed bypassing by brokers, how a 2013 complaint was managed, and if there were lapses by NSE resulting in violations of securities laws. Despite introducing alternatives like 'Direct Connect' in 2016, NSE continued using TAP for equity and lending segments until 2019 and 2020, respectively. SEBI's investigation revealed deficiencies in TAP's design, delays in addressing its vulnerabilities, and governance lapses such as the non-designation of the Chief Technology Officer as a Key Management Personnel (KMP).
- Following its findings, SEBI issued a show-cause notice in February 2023 to eleven entities, including NSE and key executives, alleging violations under SEBI's Prohibition of Fraudulent and Unfair Trade Practices (PFUTP) Regulations, Securities Contracts Regulations, and Cybersecurity Circulars. These violations included a failure to implement necessary security measures, delayed appointment of the Chief Information Security Officer, and neglect in informing the Standing Committee on Technology about TAP's deficiencies. The notice also included allegations against NSE's executives for delays in discontinuing TAP and mismanagement of related complaints.

15. Settlement Order in the matter of TAP Architecture & Network Connectivity of the NSE (Order dated October 04, 2024)



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- In response, the applicants filed settlement applications under SEBI's Settlement Regulations, 2018. After multiple internal reviews and discussions, SEBI's High-Powered Advisory Committee (HPAC) recommended a composite settlement amount of ₹643.05 crores, which NSE remitted on behalf of all applicants. Additionally, all applicants, except NSE and one executive, were mandated to undertake 14 days of pro bono community service as part of the non-monetary settlement terms. SEBI reserved the right to enforce further actions if disclosures were found incomplete or settlement conditions were breached.
- This settlement marks a pivotal development in SEBI's regulatory enforcement, emphasizing accountability and rigorous governance in stock exchange operations. It reflects SEBI's focus on ensuring technological robustness and ethical management in critical market infrastructures. Furthermore, the resolution facilitates NSE's progress toward its much-anticipated initial public offering (IPO), signalling the importance of compliance in fostering investor confidence and market integrity.

16. Enquiry Order in the matter of Berkeley Securities Limited (Order dated October 29, 2024)



- SEBI cancelled the registration of Berkeley Securities Ltd (BSL) following a November 2022 inspection that revealed grave regulatory violations. Key findings included the misuse of client funds in 23 of 44 instances, delays in settling accounts for both active and inactive clients, improper bank account naming, and cybersecurity lapses. Additionally, BSL failed to comply with client registration norms, brokerage guidelines, and reporting standards. Discrepancies were found in ledger balances, margin calculations, and demat holdings. BSL also issued contract notes with unauthorized brokerage rates, misreported net worth figures, and provided undocumented loans to related parties, further compounding its violations.
- SEBI's inspection underscored systemic failures, including incomplete client KYC processes, improper internal supervision, and technical non-compliance in areas such as cybersecurity audits. BSL's explanations, often citing clerical or system errors, lacked evidence. Citing the severity of these violations, which compromised investor interests and market integrity, SEBI cancelled BSL's registration under the SEBI Act and Intermediaries Regulations. The regulator emphasized that such actions are necessary to uphold transparency and accountability in the securities market.

17. Adjudication order in respect of 17 entities in the matter of Eros International Media Limited (Order dated October 29, 2024)



- The order pertains to SEBI's investigation into Eros International Media Limited (EIML) concerning irregularities in the utilization of content advances and trade receivables. SEBI suspected potential fund siphoning and manipulation of financial records. Summons were issued to directors of associated entities like Nextgen Films Pvt. Ltd., Spicy Entertainment & Media Ltd., and Upkar Dealtrade Pvt. Ltd. to provide information and documents regarding the production of movies funded by these advances. Many directors, however, failed to fully comply with SEBI's summons, citing reasons such as unavailability of old records, prior resignations, or inadequate notice periods.
- SEBI concluded that the failure to comply with summons impeded the investigation, violating Section 11C of the SEBI Act. Considering the nature of non-compliance and the submissions made, SEBI imposed penalties ranging from ₹2 lakh to ₹10 lakh on individual directors, amounting to a total penalty of ₹72 lakh across all 17 entities. The order emphasized the critical importance of cooperation in regulatory investigations and the deterrence of similar conduct in the future.

18. Order under section 15-I of SEBI Act 1992 in the matter of Piramal Pharma Limited (Order dated November 08, 2024)



- The SEBI WTM order addressed allegations against Piramal Pharma Limited (PPL) related to the non-disclosure of material events by Piramal Enterprises Limited (PEL). These events included a ₹8.32 crore penalty by the National Green Tribunal (NGT) in 2019 for environmental violations and the temporary closure of PEL's Digwal plant in Telangana by the Telangana State Pollution Control Board (TSPCB) in 2018. These omissions were alleged to violate SEBI's LODR Regulations. PEL's pharmaceutical business, including the Digwal plant, was demerged into PPL in 2022. While SEBI's Adjudicating Officer (AO) initially exonerated PPL, holding it not liable for pre-incorporation events, SEBI exercised its authority under Section 15-I(3) of SEBI Act to review the decision.
- In a rare outcome, the WTM upheld the AO's exoneration of PPL. It was noted that SEBI's SCN contained general allegations without specifying how these events violated Regulation 30(4)(i) or PEL's materiality policy under Regulation 30(4)(ii). A detailed analysis of PEL's disclosure framework and the demerger scheme revealed that the events were immaterial and did not necessitate disclosure. This conclusion marked a departure from SEBI's usual approach, as it historically escalates penalties or initiates further proceedings in over 99% of review cases.

18. Order under section 15-I of SEBI Act 1992 in the matter of Piramal Pharma Limited (Order dated November 08, 2024)



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- This case is particularly significant for its implications on regulatory jurisprudence. The rarity of such outcomes highlights SEBI's evolving approach to materiality and corporate disclosures. Historically, SEBI has increased penalties in almost every case reviewed post-exoneration. However, the WTM's analysis in this instance, including a review of the entity's materiality policy, clauses of the demerger scheme, and the impact of the events, led to a conclusion that the events were not material and did not warrant penalties. Such meticulous scrutiny demonstrates SEBI's commitment to evidence-based decisions rather than presumptive liability.
- Broader implications for listed entities emerge from this case. It reinforces SEBI's expectations for transparency and regulatory compliance, particularly concerning disclosures of factory shutdowns or penalties arising from environmental violations. While concerns about companies using demergers to evade liabilities remain theoretical, the WTM's analysis emphasizes that SEBI must rely on clear evidence and statutory guidance, rather than presuming intent to escape liabilities through corporate restructuring.
- Read More at: [Link](#)

(Disclosure: Regstreet Law Advisors represented the Company)



19. Final Order in the matter of unregistered investment advisory activities by Baap of Chart (Order dated December 03, 2024)

- SEBI has barred seven entities, including Mohammad Nasiruddin Ansari, the operator of 'Baap of Chart' (BoC), for offering unregistered investment advisory services disguised as educational courses. Nasir and others lured investors through social media platforms, promising high and near-certain returns, while concealing significant personal trading losses of ₹2.89 crore. SEBI directed them to refund ₹17.2 crore collected from investors and imposed penalties totaling ₹32 lakh. The regulator highlighted that the activities, marketed as educational, were in reality trading recommendations aimed at inducing investors to engage in securities transactions.
- Nasir, whose YouTube channel boasts over 443,000 subscribers and 70 million views, falsely claimed a 95% success rate for his strategies. His videos, workshops, and private groups were found to promote specific trading calls with exaggerated assurances of profitability. SEBI's order noted that these claims were unsupported by his trading record and were aimed at misleading investors. The entities are now restrained from participating in the securities market for up to one year, and SEBI has mandated the freezing of illegal proceeds from their accounts.

20. Order in the matter of Trafiksol ITS Technologies Ltd **(Order dated December 03, 2024)**



- The SEBI order concerning Trafiksol ITS Technologies Limited pertains to irregularities in its Initial Public Offering (IPO) process. Trafiksol raised Rs. 44.87 crore through its IPO. The offering, oversubscribed 345.65 times, was set to list on the SME platform of BSE but the listing was halted due to a complaint highlighting dubious financial practices. Specifically, concerns were raised over the purchase of software worth Rs. 17.7 crore from a vendor (TPV) whose credentials and financials were questionable.
- The case allegedly hinged on Trafiksol's violations of the ICDR Regulations. Under these regulations, any cost estimates in a prospectus must be backed by credible and verifiable data. Trafiksol's alleged reliance on false quotations and a shell entity constituted a breach of these norms, as it failed to exercise due diligence and provided misleading disclosures.

20. Order in the matter of Trafiksol ITS Technologies Ltd **(Order dated December 03, 2024)**



Contd.

- Accordingly, SEBI directed Trafiksol to refund all proceeds raised through the IPO, including proportionate interest earned, to the investors within one week. Depositories were instructed to transfer all allotted shares from investors to a separate demat account held by Trafiksol for cancellation. Trafiksol was barred from relaunching its IPO or accessing the capital markets until pending SEBI investigations were resolved and further directions were issued.
- At the time of publication of this compilation of Landmark Orders, the Order is under challenge before the Hon'ble Securities Appellate Tribunal (SAT) and a stay on the direction of refund of money to the investors and cancellation of shares has been granted by the Hon'ble Tribunal. The SEBI order is a significant and unique order in the SME IPO sector for reasons of being the first order where cancellation of IPO has been ordered hours before the listing of the SME IPO and more importantly after the share allotment has been done.

21. Interim Order in the matter of Mishtann Foods Limited **(Order dated December 05, 2024)**



- SEBI's Interim Order-cum-SCN against Mishtann Foods Limited (MFL) highlights severe regulatory violations, including misrepresentation of financial statements, circular flow of funds, and non-cooperation during investigations. Acting on complaints and findings from the GST Authority regarding alleged GST fraud and fictitious transactions, SEBI uncovered prima facie evidence that MFL inflated sales and purchases through transactions with related entities, many of which were non-operational or non-existent. These actions breached accounting standards such as Ind AS 1 and Ind AS 2, with misreported advances and inventory valuation further distorting the company's financials.
- SEBI's legal reasoning emphasized that MFL's deliberate financial misstatements, fictitious transactions, and circular fund flows violated the SEBI Act, PFUTP Regulations, and LODR Regulations, misleading investors and undermining market integrity. Consequently, SEBI restrained the Noticees from accessing the securities market, prohibited MFL from raising public funds, and directed the company to return approximately ₹97 crores from its rights issue proceeds. Additional directions included forming a new audit committee with enhanced oversight of related party transactions and instructing BSE to withhold rights issue approvals until further orders.

22. Order in the matter of Ravindra Bharti Education Institute Private Limited (Order dated December 10, 2024)



- The Securities and Exchange Board of India (SEBI) uncovered unregistered investment advisory activities by Ravindra Bharti Education Institute Private Limited (RBEIPL), helmed by YouTuber Ravindra Balu Bharti. Operating since 2016, RBEIPL claimed to provide stock market education and wealth management services but engaged in unregistered advisory practices, including making specific stock recommendations, managing client trades, and promising unrealistic returns of up to 1000%. SEBI identified that RBEIPL earned over ₹12 crore from these activities and violated provisions under the SEBI Act, Investment Advisers (IA) Regulations, and Prohibition of Fraudulent and Unfair Trade Practices (PFUTP) Regulations.
- SEBI's investigation revealed RBEIPL's deliberate efforts to bypass regulatory frameworks by using misleading marketing strategies and aggressive fee structures. Clients were coerced into agreements with clauses waiving risk-profiling and granting complete discretion to the company over investment decisions. Employees acted as intermediaries, executing trades without informed client consent. RBEIPL also maintained referral arrangements with its promoter's father, an Authorized Person (AP) of a stockbroker, ensuring continuous income for related parties without proper disclosure, violating fiduciary duties.

22. Order in the matter of Ravindra Bharti Education Institute Private Limited (Order dated December 10, 2024)



Contd.

- SEBI barred RBEIPL and its associates, including Ravindra Bharti and other directors, from accessing the securities market until April 2025. A disgorgement of ₹9.5 crore plus 6% interest was ordered, along with penalties amounting to ₹20 lakh imposed jointly and severally on the involved parties. SEBI's directives also required the cessation of unregistered advisory activities and compliance with regulatory norms for legitimate operations. The penalties underscored SEBI's zero-tolerance stance toward entities exploiting investor trust. SEBI's investigation revealed RBEIPL's deliberate efforts to bypass regulatory frameworks by using misleading marketing strategies and aggressive fee structures. Clients
- The order highlights the regulator's commitment to addressing the challenges posed by "finfluencers" and unregistered advisory practices in India's evolving capital market ecosystem. By reinforcing the need for compliance and fiduciary responsibility, this order serves as a deterrent against similar violations and enhances investor confidence in market regulation. The order also marks its significance in the debate of "financial education" versus "protection of investors" and finding the right balance in the world of social media financial influencers.

23. Adjudication Order in the matter of proposed IPO of Ebixcash Limited (Order dated December 19, 2024)



- The SEBI Adjudication Order pertains to allegations of disclosures and compliance with SEBI regulations in the context of the IPO and associated communications. The investigation centered on the publication of incorrect and misleading information, inadequate disclosures of material developments in the DRHP, and certain public statements made by the noticees i.e. Ebix Cash Limited and its promoters – Ebix Singapore Pte Ltd and Ebix Inc. The noticees provided detailed responses and evidence demonstrating no violation was SEBI ICDR Regulations have been committed.
- In this case, it was argued that DRHP stood withdrawn and hence SEBI did not have jurisdiction to continue. However, withdrawal it was observed by SEBI of the DRHP does not negate SEBI's jurisdiction
- Further, while the Adjudicating Officer completely exonerated one of the promoters for all the alleged violations, SEBI imposed joint penalty of INR 6,00,000/- against Ebix Cash Limited and Ebix Inc. Although, SEBI exonerated all the Noticees in relation to allegation pertaining to incorrect and biased information with respect to confidential partial arbitration ruling, it was held that for other allegations, for other allegations, violations stood established.

(Disclosure: Regstreet Law Advisors represented the companies)

24. Adjudication Order in the matter of Link Intime India Private Limited (Order dated December 30, 2024)



- The SEBI Adjudication Order pertains to an inspection of Link Intime India Private Limited's compliance with cybersecurity regulations during February 2024. The inspection revealed lapses, including delays in addressing vulnerabilities identified in Vulnerability Assessment and Penetration Testing (VAPT) reports and gaps in the review process by the Technology Committee. The company provided detailed responses and evidence demonstrating closure of the vulnerabilities and compliance with procedural requirements. However, SEBI concluded there was a technical breach of regulatory provisions.
- Despite the findings, the Adjudicating Officer considered the company's proactive remediation, absence of investor harm, and the technical nature of the violations. Consequently, a minimum penalty was imposed, reflecting SEBI's balanced approach to ensure compliance without being overly punitive.
- *Read More at: [Link](#)*

(Disclosure: Regstreet Law Advisors represented the company)