

IN THE SUPREME COURT OF INDIA

*... Petitioners*

v.

*... Respondents*

**Securities and Exchange Board of India (Settlement Proceedings) Regulations 2018** — Settlement Application — Noticee 59's application disposed of under SCN — Under Regulation 27(2), Settlement Order does not preclude further proceedings against other Noticees — SEBI retains authority to initiate additional action if warranted.

**Indian Evidence Act, 1872** — Admissibility of Electronic Records — Noticees objected to electronic data seized under lawful Search-and-Seizure — Investigating Authority obtained §. 65B certificates — Compliance ensured admissibility of cloned data — Objections overruled.

**PFUTP Regulations, 2003** — Market Manipulation and Fraud — Pump-and-Dump Scheme — Noticees orchestrated misleading promotions and synchronized trades to inflate share price — Collusion established through common KYC data, call records, familial ties — Violations of §§. 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a), (d), (e), (k), (r) of PFUTP — Disgorgement, monetary penalties, and market restrictions imposed; some Noticees received relief due to lack of evidence or settlement.

**Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995** — Adjudication Proceedings — Show Cause Notice under Rule 4 and Rule 5 for alleged pump-and-dump in Sadhna Broadcast Limited — Directions invoked under §§. 11(4A), 11B(2) of SEBI Act, penalty under §. 15HA — Final Order restraining Noticees from market access, directing disgorgement with interest, and imposing penalties — Procedural objections on document inspection and cross-examination deemed non-fatal.

**Securities and Exchange Board of India Act, 1992** — Price Manipulation — Pump-and-Dump Scheme — Promoters and connected entities disseminated misleading YouTube videos, engaged in structured trades — Violations of §§. 12A(a), (b), (c) — Valid Search-and-Seizure operations and §. 65B certification upheld electronic evidence — Market bar and disgorgement with interest enforced under §§. 11(1), 11(4), 11B, and §. 15HA — Supreme Court ruling in Bhavesh Pabari applied on penalty discretion — Certain Noticees granted partial relief for insufficient proof.

**Insolvency and Bankruptcy Code (IBC)** — Pending CIRP under §. 14 — Moratorium prevents immediate monetary penalty on Noticee 8 — SEBI to issue separate order — Disgorgement direction remains enforceable.

**FACTS.** Sadhna Broadcast Limited (SBL), incorporated in 1994 and listed on the BSE in January 2018, became the subject of multiple complaints alleging share price manipulation through misleading promotional videos on YouTube. From

March 8, 2022 to November 30, 2022, the Securities and Exchange Board of India (SEBI) conducted an in-depth investigation, identifying promoters and connected entities who allegedly coordinated trades to inflate the scrip's price and offload shares at higher rates. SEBI issued an interim order on March 2, 2023, followed by a show cause notice sent to 64 entities. Search-and-seizure operations revealed evidence including YouTube channel content, WhatsApp chats, and bank records that pointed to a pump-and-dump arrangement. Several Noticees appeared at scheduled hearings or sought relief via writ petitions in various High Courts, but no court-ordered stay prevented SEBI from finalizing the proceedings. The Securities Appellate Tribunal directed SEBI to conclude the investigation by May 31, 2025. A final order dated May 29, 2025 was ultimately passed, detailing the roles of various Noticees, finding that certain connected parties orchestrated structured trades and disseminated misleading YouTube videos to attract retail investors, then disposed of their holdings at artificially inflated prices.

**PRAYER.**

**ISSUES OF LAW.**

Whether certain promoters, connected entities, and individuals orchestrated a coordinated plan to inflate SBL's share price via misleading media and trades; Whether the promotional videos and structured selling activity constituted fraudulent and unfair trade practices; Whether procedural objections on document inspection, cross-examination, and electronic evidence affected the legality of the proceedings; Whether the overlapping accounts, fund transfers, and high-volume trades confirmed a concerted attempt to manipulate share price and volume.

**SUMMARY.** Multiple notices were issued to promoters, associates, and other individuals linked to Sadhna Broadcast Limited for allegedly orchestrating a pump-and-dump scheme involving misleading YouTube promotions and structured trades. The investigation revealed that certain noticees collaborated to inflate the share price and offload shares at elevated values, attracting unsuspecting investors. Writ petitions and appeals were filed, but there was no judicial stay preventing SEBI from finalizing its action. The final order imposed market access restrictions, disgorgement with interest, and monetary penalties on most implicated noticees. Several individuals received limited relief due to settlement agreements or insufficient evidence of involvement, reflecting a strong regulatory stance on preventing manipulative market practices.

**HELD.** SEBI concluded that promoters and multiple connected Noticees engaged in misleading promotions and structured trades to inflate SBL's share price, thereby violating securities regulations. The final order imposed liability for unlawful gains, monetary penalties, and temporary bars on entering the securities market. Certain individuals were spared adverse findings where the evidence was insufficient or they settled separately. The decision underscores strict enforcement against market manipulation and clarifies that those found to have conspired are jointly and severally accountable for illicit profits.

**FINAL STATUS.** Disposed by a final order dated May 29, 2025, imposing

disgorgement, penalties, and restrictions on certain noticees.

### **CASES REFERRED**

Adjudicating Officer, SEBI vs Bhavesh Pabari (2019) SCC Online SC 294  
Appeal by Noticees 60-62 before the Hon'ble Securities Appellate Tribunal  
SCA 11463 of 2023 (Before High Court of Gujarat)  
SCA 11702 of 2023 (Before High Court of Gujarat)  
Writ Petition (L) 14100 of 2025 (Before High Court of Bombay)

### **COUNSELS**

**Judgment Pronounced on**