

**IN THE HIGH COURT OF JUDICATURE AT MADRAS  
WTM/KV/CFID/CFID-CORD/31338/2024-25**

Securities and Exchange Board of India

*... Petitioner*

v.

Onelife Capital Advisors Limited, Thane, Maharashtra & Ors.

*... Respondents*

**Income Tax Act, 1961 — TDS obligations — Show cause notice issued for non-payment of TDS of INR 424 Lakh on services from DSPL — Assessee, while computing tax liability, disallowed 30% of Rs. 4,24,00,000/- under §. 40(a)(ia) for non-deduction of TDS — Expense not claimed in total tax computation — Statutory disallowance upheld.**

**Ind AS 24 — Non-disclosure of Related Party Transactions — OCAL failed to report RPTs with DDEPL, promoter-director, and PFPPPL in its Annual Reports for FY2019, 2020, 2022, and 2023 — Such omissions contravened Ind AS 24's requirement for accurate disclosure of related-party dealings — Adjudicating authority held these non-disclosures as violations, emphasizing that listed entities must secure necessary approvals and maintain transparent financial statements — Monetary penalties and oversight measures imposed to uphold governance standards.**

**Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 — Corporate Governance — Related Party Transactions — Failure to obtain prior approvals from Audit Committee and shareholders, held, in violation of sub-regulations (2), (4) and (9) of regulation 23 — Misrepresentation in financial statements and non-disclosure of material RPTs, held, contravening clauses (a), (b), (c), (d), (e), (g), (h), (i) and (j) of sub-regulation (1) of regulation 4, sub-clause (i) of clause (e) of sub-regulation (2) of regulation 4, regulation 30(2) read with Part A of Schedule III, regulation 33(1)(c), regulation 34(3) read with Part A of Schedule V and regulation 48 — Non-compliance with Ind AS 24 also established — Directors and KMPs found liable for inadequate oversight — Penalties and restrictions on market access imposed, emphasizing need for transparent disclosures in listed entities.**

**Securities and Exchange Board of India Act, 1992 — PFUTP and LODR Regulations — Allegations of misrepresentation in financial statements and diversion of funds — Sub-§§. (a), (b) and (c) of §. 12A invoked — Directors and KMP held accountable under §. 27 for corporate acts — Failure to secure approvals and disclosures for Related Party Transactions — Audit Committee oversight found lacking — Restrictive directions issued under §§. 11 and 11B, with monetary penalties and suspension of market access — Held that correct disclosures and robust governance are crucial in listed entities.**

**Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 — Misrepresentation in financial statements — Alleged diversion of funds and questionable related-party transactions — Directors, CFO, and ex-MD found liable under Regulations 3(b), 3(c), 3(d), 4(1) and 4(2)(f), (k), (r)**

**read with Regulation 2(1)(b) & (c) — Violation of §. 12A of SEBI Act, 1992 established — Penalty imposed under §. 15HA — Failure to obtain required approvals and disclose material transactions — Corporate governance lapses held to contravene PFUTP Regulations.**

**Companies (Auditor's Report) (CARO) Report of FY 2021 — Auditor's observations on related-party transactions — Statutory requirement for accurate disclosures and approvals — Reference made in Para 13.8 to loan transactions and movement of funds predating Noticee's tenure — No penalty imposed on Noticee due to lack of involvement — CARO compliance underscores necessity for thorough oversight and transparent governance.**

**Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 — Inquiry under Rule 4 — Noticees called upon to show cause — Alleged violations under SEBI Act, 1992, PFUTP Regulations, and LODR Regulations — Accusations of misrepresented financial statements and unapproved related-party transactions — Monetary penalties and restricted market access imposed — Directors and officers held liable for inadequate oversight — Some audit committee members found deficient in oversight but not personally liable — Emphasizes strict adherence to disclosure obligations and governance norms in listed entities.**

**FACTS.** On October 30, 2022, SEBI initiated an investigation into Onelife Capital Advisors Limited (OCAL) after receiving a complaint alleging misrepresentation of financial statements and diversion of funds. The inquiry examined OCAL's transactions from April 1, 2018 to March 31, 2023, identifying unusual revenue spikes, intercompany dealings, and potential governance lapses. An Interim Order cum Show Cause Notice followed, imposing interim restrictions on OCAL and its promoters, who later appealed to the Securities Appellate Tribunal (SAT). The SAT provided limited relief but directed prompt disposal of the matter. Investigations subsequently explored alleged circular or inflated transactions with DSPL and DDEPL, interest-free loans to entities affiliated with the promoter group, and discrepancies in OCAL's reported financials. Show cause notices were issued to OCAL's directors, members of the audit committee, and key managerial personnel, all of whom denied intentional wrongdoing, attributing anomalies to clerical lapses, staff turnover, or unintentional errors. Over multiple hearings and document inspections, the matter proceeded to a final order dated March 28, 2025. The order addresses whether OCAL failed to disclose or obtain necessary approvals for material related-party transactions, whether it misrepresented financial statements, and whether the directors, CFO, and audit committee members breached corporate governance obligations.

**PRAYER.**

**ISSUES OF LAW.**

Whether OCAL's alleged misrepresentations of financial information and possible diversion of funds contravene the SEBI Act, 1992, the PFUTP Regulations, and the LODR Regulations; whether OCAL conducted related-party transactions without requisite approvals and disclosures; whether the directors and key managerial personnel properly fulfilled their duties to ensure accurate disclosures; and whether alleged circular revenue transactions, interest-free loans, or

misstatements violated corporate governance norms and investor protection mandates.

**SUMMARY.** SEBI investigated Onelife Capital Advisors Limited based on allegations of inflated revenue, questionable related-party transactions, and misrepresented financial statements. Interim orders imposed restrictions, and appeals to the Securities Appellate Tribunal resulted in limited relief but accelerated proceedings. OCAL and its key officials denied wrongdoing, citing mere clerical or organizational lapses without fraudulent intent. The final order determined that OCAL failed to secure necessary approvals and accurately disclose material transactions, holding certain directors and officers liable for insufficient oversight. Monetary penalties and restricted market access were imposed, underscoring the importance of correct accounting and governance practices in listed entities.

**HELD.** The adjudicating authority concluded that OCAL's financial statements were misrepresented and that the company failed to make accurate disclosures or secure required approvals for material related-party transactions. The board of directors and designated officers were held liable for inadequate oversight and governance failures, resulting in monetary penalties and market-access constraints. Some audit committee members were found to have breached their oversight functions, though they were not personally liable under section 27 of the SEBI Act, 1992. The final order reinforced the principle that listed entities must maintain transparent financial disclosures and robust governance controls.

**FINAL STATUS.** Disposed through a final order dated march 28, 2025, imposing penalties and restrictions on certain noticees for the established violations.

### **CASES REFERRED**

Commissioner of Income Tax (Central) -I, New Delhi vs. Vatika Township Private Ltd. (2014) 12 SCR 1037)

G.V. Films Limited vs. SEBI (Misc. Application No. 1634 of 2022 and Appeal No. 1043 of 2022)

Onelife Capital Advisors Limited and Ors. vs Securities and Exchange Board of India (Appeal No. 653 of 2024, SAT)

Reliance Industries Limited v. SEBI (Criminal Appeal No. 1167 of 2022)

SEBI vs Shri Kanaiyalal Baldevbhai Patel (Order dated September 20, 2017 in Civil Appeal No. 2595 of 2013)

T. Takano v. SEBI (Civil Appeal No. 487-488 of 2022)

### **COUNSELS**

### **Judgment Pronounced on**