

IN THE SUPREME COURT OF INDIA
WTM/KV/CFID/CFID-CORD/31338/2024-25

Securities and Exchange Board of India

... Petitioner

v.

Onelife Capital Advisors Limited, Thane, Maharashtra & Ors.

... Respondents

Securities and Exchange Board of India Act, 1992 — Investigation and Show Cause — Alleged diversion of funds and misrepresentation of financial statements by Onelife Capital Advisors Limited — Violations of PFUTP Regulations and LODR Regulations, read with §§. 11 and 11B of SEBI Act — Use of deceptive device leading to deceit of investors and incorrect financials — Noticees called upon to show cause for restraining orders, monetary penalties, and directions — Company, directors, and Audit Committee members found liable for non-disclosure of RPTs and breach of governance standards — Violations of §. 12A(a), (b), (c) and liabilities under §. 27 — Monetary penalties imposed under §§. 15HA and 15HB — Underscores need for accurate disclosures, diligent audits, and strict listing compliance.

Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 — Prohibition of Fraudulent and Unfair Trade Practices — SEBI investigation into misrepresentation of financial statements, fund diversion, and non-disclosure of RPTs — Noticees called upon to show cause under regulation 3(b), (c), (d), regulation 4(1), and clauses (e), (f), (k), (r) of regulation 4(2) — Conduct held to constitute fraudulent and unfair trade practices — Show Cause Notices issued for monetary penalties under the SEBI Act and these Regulations — Company, Directors, and KMP found liable — Emphasis on accurate disclosures, robust governance, and strict adherence to regulatory obligations.

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 — Non-disclosure and delayed disclosure of Related Party Transactions — Failure to obtain prior Audit Committee approval and material RPT approvals from shareholders in violation of regulation 23 — Misrepresentation of financial statements and non-compliance with disclosure principles under regulation 4 — Audit Committee lacking due diligence (regulation 18) — Further violations found under regulations 4(1)(a), 4(1)(b), 4(1)(g), 4(2)(f), 4(2)(k), 4(2)(r), 23(2), 23(4), 23(9), 30(2), 33(1)(c), 34(3), and 48 — Monetary penalties imposed and market access restricted — Highlights transparent governance, timely disclosures, and strict listing compliance.

Companies Act, 2013 — Key Managerial Personnel — §. 203(4) mandates prompt filling of KMP vacancy; delay of 4 days amounts to violation — CFO is a KMP under the Act — Directors' interests must be disclosed as per §. 184 — Non-compliance and lack of supporting documents led to monetary penalties — Emphasizes timely appointments, accurate disclosures, and corporate governance.

Ind AS 24 — Non-disclosure of Related Party Transactions — Requires separate disclosure of RPTs in financial statements — OCAL's failure to disclose transactions with affiliated entities amounts to concealment of material information — Held to misrepresent financial statements and breach listing and regulatory obligations — Monetary sanctions imposed.

SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) (Amendment) Regulations, 2018 — Substitution of provisions from February 01, 2019 and February 01, 2022 — Previous regulations barred acts of manipulation and publishing untrue or misleading statements — SEBI's investigation into OCAL uncovered alleged fund diversion, financial misrepresentation, and RPT non-disclosure — Multiple show cause notices and appeals before SAT — Final order imposed monetary penalties on OCAL and key persons — Reinforces transparent disclosures, strong governance, and compliance with securities norms.

FACTS. A complaint was lodged with SEBI on October 30, 2022, alleging that Onelife Capital Advisors Limited (OCAL) diverted funds and misrepresented its financial statements. The National Stock Exchange examined potential listing violations, prompting SEBI to investigate possible breaches spanning FY2018 to FY2023. An interim order-cum-show cause notice restricted OCAL and certain individuals, including directors and key managerial personnel, from dealing in securities. Appeals before the Securities Appellate Tribunal led to partial relief and set timelines for proceedings. OCAL and its associates were accused of inflating revenue, engaging in circular transactions with entities such as Dealmoney Securities Private Limited (DSPL) and Dealmoney E-Marketing Private Limited (DDEPL), and failing to disclose related party transactions as required under the LODR Regulations. Show cause notices were issued and personal hearings conducted. The company ratified some transactions through shareholder resolutions and responded to various allegations regarding CFO and Audit Committee roles, interest-free loans to promoter entities, and delayed disclosures of key managerial changes. Prior instances of irregularities in an IPO were also examined. Ultimately, in March 2025, SEBI issued a final order addressing the alleged violations and imposing directions and penalties against responsible parties.

PRAYER.

ISSUES OF LAW.

Whether OCAL and its directors, key managerial personnel, and other Noticees: engaged in misleading or inflated financial practices; failed to disclose related party transactions and comply with listing and disclosure obligations; participated in circular or artificial transactions inflating revenue or expenses; misrepresented financial statements contravening SEBI regulations; advanced or received interest-free loans without requisite approvals; and otherwise violated corporate governance standards under the LODR, PFUTP Regulations, and the SEBI Act, 1992.

SUMMARY. SEBI initiated an investigation of Onelife Capital Advisors Limited (OCAL) following allegations of fund diversion, misrepresentation of financial statements, and non-disclosure of related party transactions spanning several

financial years. The inquiry revealed transactions with Dealmoney group entities that allegedly lacked contractual clarity or formal approvals, inflating OCAL's reported revenue and expenses and obscuring its true financial position. Multiple show cause notices, interim orders, and appeals before the Securities Appellate Tribunal ensued. Audit Committee reviews and shareholder ratifications were introduced for certain dealings. Ultimately, SEBI's final order imposed monetary penalties on OCAL and key individuals for contravening listing regulations and engaging in fraudulent or unfair trade practices, underscoring the importance of transparent disclosures and robust governance.

HELD. The final order concluded that OCAL and certain directors or key managerial personnel violated multiple provisions of the SEBI Act, the PFUTP Regulations, and the LODR Regulations by misrepresenting financial statements and failing to disclose related party transactions. Monetary penalties were imposed, and some individuals were restricted from accessing the securities market. The order underscores the importance of accurate financial disclosures, appropriate governance structures, and strict compliance with listing obligations.

FINAL STATUS. A final order was passed by sebi, imposing directions and monetary penalties on certain noticees and disposing of the matter.

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)
Reliance Industries Limited vs SEBI (Criminal Appeal No. 1167 of 2022)
SEBI order dated August 30, 2013 in respect of IPO of OCAL
SEBI order dated December 28, 2011 in respect of IPO of OCAL
SEBI order dated November 28, 2014
SEBI vs. Shri Kanaiyalal Baldevbhai Patel (Order dated September 20, 2017 passed in Civil Appeal No. 2595 of 2013)
Settlement order dated February 9, 2017
T. Takano vs SEBI (Civil Appeal No. 487-488 of 2022)

COUNSELS

Judgment Pronounced on