

**IN THE SECURITIES APPELLATE TRIBUNAL
AT MUMBAI**

DATED THIS THE 06th DAY OF OCTOBER, 2025.

CORAM: Justice P. S. Dinesh Kumar, Presiding Officer
Ms. Meera Swarup, Technical Member
Dr. Dheeraj Bhatnagar, Technical Member

Appeal No. 204 of 2025

[Along with Misc. Application Nos. 479 and 1093 of 2025]

BETWEEN:

Cerebra Integrated Technologies Limited
S5, Off 3rd Cross 1st Stage,
Peenya Industrial Area,
Bangalore- 560 058 ...Appellant

CS Anand Kankani, Mr. Dhruwin Timbadia, Advocate, CS
Muskan Kadiwar and Mr. Khush Padamsi and Ms. Payal Lad,
Advocates i/b A Kankani and Associates for the Appellant.

AND

Securities and Exchange Board of India
SEBI Bhavan, C4-A, G-Block,
Bandra Kurla Complex,
Bandra (E), Mumbai- 400 051 ...Respondent

Mr. Vishal Kanade, Advocate with Mr. Ratan Singh,
Mr. Rushikesh Dusane and Mr. Ankit Ujjwal, Advocates i/b.
Agama Law Associates for the Respondent.

THIS APPEAL IS FILED UNDER SECTION 15T OF THE SEBI
ACT, 1992 TO SET ASIDE THE ORDER DATED 30.01.2025
(EX-A) PASSED BY THE CGM, SEBI.

THIS APPEAL HAVING BEEN HEARD AND THE TRIBUNAL
MADE THE FOLLOWING:

ORDER

**Per: Justice P. S. Dinesh Kumar, Presiding Officer
(Oral)**

This appeal is directed against the order dated January 30, 2025 passed by CGM¹, SEBI², restraining the appellants from accessing the securities market and prohibiting them from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner for a period of 5 years and a penalty of Rs. 20 lakhs.

2. We have heard PCS Anand Kankani, learned authorised representative for the appellant and Shri Vishal Kanade, learned advocate for SEBI.

3. On the last date of hearing, the learned authorised representative for the appellant had submitted that a foreign investor is interested in investing about Rs. 400 Crores in the Company.

4. Today, he submitted that the appellant-Company accepts the findings recorded in the impugned order and seeks six weeks to deposit the penalty amount.

5. He further submitted that Mr. Ranganathan Venkatraman shall resign from the Company after two years.

6. Shri Kanade, learned advocate for SEBI, after taking instructions from SEBI, submitted that appellant's

¹ Chief General Manager

² Securities and Exchange Board of India

contention that Mr. Ranganathan Venkatraman shall resign after two years is not acceptable because syphoning of money has taken place whilst he was one of the Directors.

7. To a pointed query on the proposal of the prospective investor, Shri Kanade submitted that proposal is lacking concrete details and it is not clear as to why a prospective investor from the UK is willing to invest Rs. 400 Crores in a company with valuation of Rs. 80 Crores, as claimed by the Appellant. He submitted that the investment proposal does not appear to be reasonable.

8. Shri Kanade further submitted that as the regulator of the securities market with the objective to protect investors' interests and to promote the development of the securities market, SEBI does not interfere with the business decisions or capital raising strategies of listed companies as long as such decisions/strategies do not violate the securities laws. However, in a case such as the present one, where directions have been issued, the appellant-Company has to clearly prove as to why its revival should be by way of modifying the SEBI directions and why the appellant is pressing for equity infusion by way of combination of Debt and/ or Equity or under a JV or any other suitable model.

9. In reply, Shri Kankani submitted that the prospective investor is neither a related party nor connected to the previous management of the appellant-Company. He is not connected to Mr. Ranganathan Venkatraman and Mr. Vishwamurthy Phalanetra, who are co-noticees along with the appellant Company.

10. He also clarified that the permission to infuse funds by way of equity is being sought in order to ensure that the prospective investor has some sort of control. The investment is expected from a prospective investor having a net worth of USD One Billion and with international experience and this is in the best interests of the Appellant Company.

11. He further submitted that the Appellant Company is having Net loss of Rs. 48.32 Crores in F.Y. 2023-2024. There is risk of the Company slipping into insolvency if fresh infusion of funds is not permitted. Public shareholders now hold more than 99% shares in the Appellant Company and therefore, infusion of funds is in public interest.

12. Thus, two issues arise consideration. Firstly, whether the Company can take further investment from the prospective investor? Secondly, whether Mr. Ranganathan Venkatraman can continue as a Director for two years?

13. Shri Kankani has submitted that the impugned order prohibits Mr. Ranganathan Venkatraman and Mr. Vishwamurthy Phalanetra from being a KMP in 'other Companies' for a period of one year. Continuance of Mr. Ranganathan is required for smooth transition of management of the Company and prayed that Mr. Ranganathan Venkatraman may be permitted to continue as the Director of the appellant-Company for sometime.

14. Mr. Ranganathan Venkatraman is prohibited from being a KMP in any other Company. Appellant's case is that a new investor is interested in infusing in funds and

presence of Mr. Ranganathan Venkatraman is necessary for smooth continuance. Admittedly, 99% of the shares are held by the public. Therefore, this Tribunal is of the view that it is just and appropriate to allow the Company to revive it by considering infusion of funds, which will be in the best interest of the public shareholders and stop further losses. He also submitted that prior to the issuance of Equity Shares, the prospective investor undertakes to deposit Rs. 50 Crores by way of loan to the appellant after taking necessary regulatory approvals for External Commercial Borrowings.

15. Shri Kankani has submitted that the appellant-Company accepts all findings and undertakes to pay the penalty within six weeks from today. He prayed that acceptance of impugned order by the Company may not be treated as acceptance by the other noticees who have filed separate appeals. (i.e. Appeal No. 180 of 2025 by Noticee No. 2-Mr. Ranganathan Venkatraman; Appeal No. 179 of 2025 by Noticee No. 3-Mr. Vishwamurthy Phalanetra; Appeal No. 160 of 2025 by Noticee No. 4-Mr. Kishan S Rao; and Appeal No. 161 of 2025 by Noticee No. 5-Mr. H S Venkatesh).

16. The learned authorised representative is right in his contentions that SEBI has restrained Mr. Ranganathan Venkatraman and Mr. Vishwamurthy Phalanetra from being a KMP in "other Companies" for a period of one year. In that view of the matter, the SEBI's objection with regard to continuance of Mr. Ranganathan Venkatraman as one of the Directors on the Board of the appellant's Company is not tenable.

17. Appellant is a listed Company with public shareholding of more than 99%. It is running in losses. Therefore, prayer for infusion of funds may be in the interest of public shareholders.

18. In view of the above, the following:-

ORDER

- (i). The findings recorded in the impugned order *qua* the Appellant company are upheld on merits. Accordingly, all the directions *qua* appellant in para 22 of the impugned order are upheld except accessing the securities market for the limited purpose of permitting the appellant to issue fresh equity shares to the prospective investor, Dr. Sailesh Hiranandani and his group companies SRAM & MRAM by way of preferential allotment of fresh equity shares in accordance with the relevant applicable law.

- (ii). The appellant shall obtain an Undertaking in the form of an affidavit from the said Dr. Shailesh Hiranandani, Chairman SRAM & MRAM Group, UK stating that he or his group of Companies are neither related to nor connected, in any manner whatsoever, with the previous Management of the appellant including Mr. Ranganathan Venkatraman and Mr. Vishwamurthy Phalanetra, who are co-noticees along with appellant in the impugned order and who are still members of its Board of Directors. The said affidavit shall be filed before the SEBI within four weeks from today.

- (iii) The fresh equity investment shall remain locked-in for a period of 18 months from the date of Issue in accordance with law.
- (iv). The appellant's prayer to permit the prospective investor to undertake to deposit Rs. 50 Crores by way of loan to the appellant prior to the issuance of Equity Shares, after taking necessary regulatory approvals for External Commercial Borrowings, is allowed.
- (v) The appellant shall be bound by the restraint from accessing the securities market imposed by the impugned order except to the extent of accepting investment permitted by this order subject to compliance with all applicable extant laws and the above directions.

19. In view of the above, nothing further remains for consideration in this appeal and it is disposed of with the above directions and with liberty to pay the penalty amount within six weeks from today.

20. As prayed by the learned authorized representative it is made clear that this order shall not come in the way of the appeals presented by Noticees No. 2 to 5, mentioned above and the same shall be considered on their merits.

21. Pending interlocutory application(s), if any, stand disposed of. No costs.

Justice P. S. Dinesh Kumar
Presiding Officer

Ms. Meera Swarup
Technical Member

Dr. Dheeraj Bhatnagar
Technical Member

06.10.2025
PK