

**Ref: SK/CHN/2025-26/E60****March 9, 2026**

National Stock Exchange of India Limited Capital Market – Listing, Exchange Plaza, 5th Floor, Plot No. C/1 G Block, Bandra – Kurla Complex, Bandra (E), Mumbai 400 051	BSE Limited 25th Floor, Phiroze Jeejeebhoy Towers Dalal Street, Fort Mumbai 400001
EQ-SECURKLOUD – ISIN – INE650K01021	Scrip code: 512161 – ISIN – INE650K01021

**Subject: Disclosure under Regulation 30 read with Schedule III of SEBI (LODR) Regulations, 2015**

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with and Master Circular no. HO/49/14/14(7)2025-CFD-POD2/I/3762/2026 dated January 30, 2026, this is to inform you that the Securities Appellate Tribunal-Mumbai has passed the order on March 6, 2026 in respect of Appeal Nos 189 , 88 & 190 of 2023 and the signed order was available for download on March 9, 2026. The details, as required under Regulation 30 of the aforesaid Regulations, are mentioned below:

S.No.	Particulars	Securekloud Technologies Limited (the Company)	Mr. Suresh Venkatachari (Promoter/Director)	Mr. R S Ramani (Promoter)
1.	Name of the Authority	Hon'ble Securities Appellate Tribunal		
2.	Nature and details of the action(s) taken, initiated or order(s) passed	Details of order passed: The Appeal was allowed in part. The direction against the Company to recover Rs. 3.83 Crores from Mr. Suresh Venkatachari was set aside and the remaining portion of order is undisturbed.	The Appeal was dismissed	The Appeal was dismissed
3.	Date of receipt of direction or order, including ad-interim or interim orders, or any other communication from the authority	Date of order - March 6, 2026  Date of receipt of order – March 9, 2026		
4.	Details of the violation contravention(s) committed or alleged to be committed	The aforesaid Order is given to the Company by Hon'ble Securities Appellate Tribunal in the Appeal No. 189 of 2023	The aforesaid Order is given to the Promoter by Hon'ble Securities Appellate Tribunal in the Appeal No. 88 of 2023	The aforesaid Order is given to the Promoter by Hon'ble Securities Appellate Tribunal in the Appeal No. 190 of 2023

5.	Impact on financial, operation or other activities of the listed entity, quantifiable in monetary terms to the extent possible	Rs. 4 crore penalty levied by SEBI of which a sum of Rs. 2 Crore has already been paid	Not applicable	Not applicable
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A copy of the Securities Appellate Tribunal's aforesaid Order dated March 6, 2026 is enclosed herewith for your records and references.

Thanking You

For SecureKloud Technologies Limited



Jayashree Vasudevan  
Company Secretary and Compliance Officer

IN THE SECURITIES APPELLATE TRIBUNAL AT  
MUMBAI

DATED THIS THE 6<sup>TH</sup> DAY OF MARCH, 2026

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

**Appeal No. 88 of 2023**

Suresh Venkatachari  
24, GA, Rahul Apartment,  
Cenotaph Road, 1<sup>st</sup> Street,  
Teynampet, Chennai – 600018. .... Appellant

By Ms. Shruti Rajan, Advocate with Mr. Anubhav Ghosh, Mr.  
Vivek Shah, Mr. Paras Taneja, Advocates i/b Trilegal for the  
Appellant.

Securities and Exchange Board of India  
SEBI Bhavan, Plot No. C-4A, G Block,  
Bandra Kurla Complex, Bandra (East),  
Mumbai - 400 051. ... Respondent

By Pradeep Sancheti, Senior Advocate with Mr. Mihir Mody,  
Mr. Karthik K.P., Mr. Aavish Shetty, Mr. Vijay Chockalingam,  
Advocates i/b. M/s. K. Ashar & Co. for the Respondent.

**With  
Appeal No. 189 of 2023**

SecureKloud Technologies Limited  
No. 37 & 38, ASV Ramana Towers,  
5<sup>th</sup> Floor, Venkat Narayana Road,  
T. Nagar, Chennai – 600017. .... Appellant

By Mr. P.N Modi, Senior Advocate with Ms. Shruti Rajan, Mr. Anubhav Ghosh, Mr. Rushin Kapadia, Mr. Vivek Shah, Mr. Paras Taneja, Advocates i/b Trilegal for the Appellant.

Securities and Exchange Board of India  
SEBI Bhavan, Plot No. C-4A, G Block,  
Bandra Kurla Complex, Bandra (East),  
Mumbai - 400 051.

... Respondent

By Pradeep Sancheti, Senior Advocate with Mr. Mihir Mody, Mr. Karthik K.P., Mr. Aavish Shetty, Mr. Vijay Chockalingam, Advocates i/b. M/s. K. Ashar & Co. for the Respondent.

**With  
Appeal No. 190 of 2023**

Mr. R. S. Ramani  
364-b, 5<sup>th</sup> Main Road, Vijaya Nagar,  
Velachery, Chennai – 600042.

.... Appellant

By Ms. Shruti Rajan, Advocate with Mr. Anubhav Ghosh, Mr. Vivek Shah, Mr. Paras Taneja, Advocates i/b Trilegal for the Appellant.

Securities and Exchange Board of India  
SEBI Bhavan, Plot No. C-4A, G Block,  
Bandra Kurla Complex, Bandra (East),  
Mumbai - 400 051.

... Respondent

By Mr. Sumit Rai, Advocate with Mr. Mihir Mody, Mr. Karthik K.P., Mr. Aavish Shetty, Mr. Vijay Chockalingam, Advocates i/b. M/s. K. Ashar & Co. for the Respondent.

**With  
Appeal No. 191 of 2023**

1. Mr. Gurumurthi Jayaraman  
G-1, Mangalajyothi, 43,  
4<sup>th</sup> Trust Cross Street,  
Mandaivelipakkam, Raja  
Annamalaipuram, Madaiveli,  
Chennai – 600028.
2. Padmini Ravichandran  
No. 15, 6<sup>th</sup> Cross Street,  
Karapagam Garden, Adyar,  
Chennai – Tamil Nadu 600020. .... Appellants

By Ms. Shruti Rajan, Advocate with Mr. Anubhav Ghosh, Mr. Vivek Shah, Mr. Paras Taneja, Advocates i/b Trilegal for the Appellant.

Securities and Exchange Board of India  
SEBI Bhavan, Plot No. C-4A, G Block,  
Bandra Kurla Complex, Bandra (East),  
Mumbai - 400 051. ... Respondent

By Mr. Sumit Rai, Advocate with Mr. Mihir Mody, Mr. Karthik K.P., Mr. Aavish Shetty, Mr. Vijay Chockalingam, Advocates i/b. M/s. K. Ashar & Co. for the Respondent.

**With  
Appeal No. 313 of 2023**

S. Ravichandran  
No. 15, 6<sup>th</sup> Cross Street,  
Karapagam Garden, Adyar,  
Chennai – Tamil Nadu 600020. .... Appellant

By Ms. Shruti Rajan, Advocate with Mr. Anubhav Ghosh, Mr. Vivek Shah, Mr. Paras Taneja, Advocates i/b Trilegal for the Appellant.

Securities and Exchange Board of India  
SEBI Bhavan, Plot No. C-4A, G Block,  
Bandra Kurla Complex, Bandra (East),  
Mumbai - 400 051.

... Respondent

By Mr. Sumit Rai, Advocate with Mr. Mihir Mody, Mr. Karthik K.P., Mr. Aavish Shetty, Mr. Vijay Chockalingam, Advocates i/b. M/s. K. Ashar & Co. for the Respondent.

**With  
Appeal No. 314 of 2023**

Thyagarajan R.  
Kashyap Apart,  
First Floor, No. 32, Giri Road,  
T. Nagar, Chennai – 600017.

.... Appellant

By Ms. Shruti Rajan, Advocate with Mr. Anubhav Ghosh, Mr. Vivek Shah, Mr. Paras Taneja, Advocates i/b Trilegal for the Appellant.

Securities and Exchange Board of India  
SEBI Bhavan, Plot No. C-4A, G Block,  
Bandra Kurla Complex, Bandra (East),  
Mumbai - 400 051.

... Respondent

By Mr. Sumit Rai, Advocate with Mr. Mihir Mody, Mr. Karthik K.P., Mr. Aavish Shetty, Mr. Vijay Chockalingam, Advocates i/b. M/s. K. Ashar & Co. for the Respondent.

**With  
Appeal No. 315 of 2023**

G. Sri Vignesh  
No. 10/13, Norton 3<sup>rd</sup> Street,

Mandalveli,  
Chennai – 600028.

.... Appellant

By Ms. Shruti Rajan, Advocate with Mr. Anubhav Ghosh, Mr. Vivek Shah, Mr. Paras Taneja, Advocates i/b Trilegal for the Appellant.

Securities and Exchange Board of India  
SEBI Bhavan, Plot No. C-4A, G Block,  
Bandra Kurla Complex, Bandra (East),  
Mumbai - 400 051.

... Respondent

By Mr. Sumit Rai, Advocate with Mr. Mihir Mody, Mr. Karthik K.P., Mr. Aavish Shetty, Mr. Vijay Chockalingam, Advocates i/b. M/s. K. Ashar & Co. for the Respondent.

**With  
Appeal No. 316 of 2023**

Dinesh Raja Punniamurthy  
No. 125/63, Jammi Buildings,  
Royapettah, High Court,  
Mylapore, Chennai – 600004.

.... Appellant

By Ms. Shruti Rajan, Advocate with Mr. Anubhav Ghosh, Mr. Vivek Shah, Mr. Paras Taneja, Advocates i/b Trilegal for the Appellant.

Securities and Exchange Board of India  
SEBI Bhavan, Plot No. C-4A, G Block,  
Bandra Kurla Complex, Bandra (East),  
Mumbai - 400 051.

... Respondent

By Mr. Sumit Rai, Advocate with Mr. Mihir Mody, Mr. Karthik K.P., Mr. Aavish Shetty, Mr. Vijay Chockalingam, Advocates i/b. M/s. K. Ashar & Co. for the Respondent.

**With  
Appeal No. 317 of 2023**

Swasti Bhowmick  
South City Residency, Tower 2,  
24C, 375, Prince Anwar Shah Road,  
Kolkata 700068. .... Appellant

By Ms. Shruti Rajan, Advocate with Mr. Anubhav Ghosh, Mr. Vivek Shah, Mr. Paras Taneja, Advocates i/b Trilegal for the Appellant.

Securities and Exchange Board of India  
SEBI Bhavan, Plot No. C-4A, G Block,  
Bandra Kurla Complex, Bandra (East),  
Mumbai - 400 051. ... Respondent

By Mr. Sumit Rai, Advocate with Mr. Mihir Mody, Mr. Karthik K.P., Mr. Aavish Shetty, Mr. Vijay Chockalingam, Advocates i/b. M/s. K. Ashar & Co. for the Respondent.

**With  
Appeal No. 318 of 2023**

Babita Singaram  
1&2/9a, Abinav Palace, Jeth Nagar,  
1<sup>st</sup> Main Road, A Puram,  
Chennai – 600028. .... Appellant

By Ms. Shruti Rajan, Advocate with Mr. Anubhav Ghosh, Mr. Vivek Shah, Mr. Paras Taneja, Advocates i/b Trilegal for the Appellant.

Securities and Exchange Board of India  
SEBI Bhavan, Plot No. C-4A, G Block,  
Bandra Kurla Complex, Bandra (East),  
Mumbai - 400 051.

... Respondent

By Mr. Sumit Rai, Advocate with Mr. Mihir Mody, Mr. Karthik K.P., Mr. Aavish Shetty, Mr. Vijay Chockalingam, Advocates i/b. M/s. K. Ashar & Co. for the Respondent.

**THESE APPEALS ARE FILED UNDER SECTION 15T OF SEBI ACT, 1992 TO SET ASIDE ORDERS DATED SEPTEMBER 14, 2022 PASSED BY AO, DECEMBER 16, 2022 PASSED BY WTM AND JANUARY 20, 2023 PASSED BY AO, SEBI.**

**THESE APPEALS HAVING BEEN HEARD AND RESERVED FOR ORDERS ON FEBRUARY 2, 2026, COMING ON FOR PRONOUNCEMENT OF ORDER THIS 6<sup>TH</sup> DAY OF MARCH 2026, THE TRIBUNAL MADE THE FOLLOWING:**

**ORDER**

**Per : Dr. Dheeraj Bhatnagar, Technical Member**

The first group of four appeals are filed by M/s. Secure Cloud Technologies Limited, ("Company" for short) and its three KMPs. Out of this, the Appeal No. 189 of 2023 is filed by the Company. Appellant in Appeal No. 88 of 2023, Mr. Suresh Venkatachari is the promoter and CMD<sup>1</sup> of the company. The Appellant in Appeal No. 190 of 2023 Mr. R S Ramani has served as Whole Time Director and CFO of the

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<sup>1</sup> Chairman and Managing Director

company. The Appeal No. 191 of 2023 is filed by Mr. Gurumurthi Jayaraman the CEO<sup>2</sup> of the company during the inspection period and Ms. Padmini Jayaraman.

These appellants have been imposed penalty under Section 15A(a) and 15HB of the SEBI Act 1992<sup>3</sup> and all these four entities have also been charged with penalty under Section 15HA for violation of PFUTP Regulations<sup>4</sup> read with Section 12A of the SEBI Act vide the learned WTM order dated December 16, 2022.

The second set of six appeals are filed by employees of the company. Appeal No. 313 of 2023 is filed by Mr. S. Ravichandran, the CFO<sup>5</sup> of the company till 2018 (and whole-time director till 2019), who has been imposed penalty under Section 15HB. Mr. Dinesh Raja Punniamurthy, the chairperson of the Audit Committee and Mr. R. Tyagarajan, the CFO of the company have filed Appeal No. 316 of 2023 and Appeal No. 314 of 2023, respectively, against the penalty imposed under Section 15A(a) and 15HB. The Appellant in Appeal No. 317 of 2023, Swasti Bhowmick and Appellant in Appeal No. 318 of 2023, Babita Singaram have filed against levy of penalty under Section 15HB. Further, appellant in Appeal No. 315 of 2023, G. Sri Vignesh, has filed appeal against penalty under Section 15A(a). Being arising from the common impugned order, for the sake of convenience these appeals are being decided by this common order.

## 2. Brief facts of the case as under:-

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<sup>2</sup> Chief Executive Officer

<sup>3</sup> Securities & Exchange Board of India Act, 1992

<sup>4</sup> SEBI (Prohibition of Fraudulent & Unfair Trade Practices relating to Securities Market) Regulation, 2003

<sup>5</sup> Chief Financial Officer

- The appellant company is a listed tech company engaged in providing cloud-based services, blockchain services, cyber security, etc.
- On receipt of several complaints against the company alleging inflation of financial statements, the SEBI initiated investigation into the affairs of the company for Financial Year 2017-18 to 2020-21.
- Investigation revealed that the company had appointed M/s Deloitte Haskins & Sells LLP ('Deloitte' for short) as its statutory auditor on September 30, 2017. In the audit report for FY 2018-19, Deloitte pointed out serious irregularities in financial statements of the company. They filed a report with the Ministry of Corporate Affairs ('MCA' for short) on September 13, 2019. Later, Deloitte resigned on November 15, 2019. The Company thereafter appointed M/s. PKF Sridhar & Santhanam LLP ("PKF" for short) on July 23, 2019 to conduct forensic review of its books of accounts. However, before PKF could submit report, another forensic auditor namely KPSN & Associates ('KPSN' for short) was appointed.
- SEBI appointed M/s. Grant Thornton Bharat LLP ('Grant Thornton' for short) to conduct forensic audit of the company on March 25, 2021. The forensic audit report dated June 14, 2022 suggested that the company was booking fictitious revenue through three entities controlled or managed by its promoters/directors and there was no actual sale to these entities nor any payment received from them.

- Based on the findings of the investigation, an *ex-parte ad interim* order was passed on August 4, 2022, issuing certain directions against the appellants. Subsequently, appellants were allowed inspection of documents on September 13, 2022. The respondent conducted hearing on October 18, 2022 and considered replies to SCN dated October 4, 2022, following which impugned orders have been passed.
- In the impugned order, the charge of manipulation of books of accounts and financial statement was upheld and the company, its KMPs and key employees responsible for preparing the books of accounts were charged. Accordingly, penalty under Section 15A(a), 15HB and 15HA was levied.
- Being aggrieved, appellants have filed these appeals.

3. Mr. Pesi Modi, learned senior advocate made submissions on behalf of the appellants. Mr. Pradeep Sancheti, Ld. senior advocate represented the respondent.

4. With regard to the ***Allegation No. 1*** regarding overstating of revenue and receivables through booking fictitious transactions with 3 entities, namely, Ensys, Idol & Intuit, Mr. Modi submitted that the appellant had entered into a Master Service Agreement with a company by the name NSIT which was to act as a sub-contractor/vendor to provide services to the appellant company's clients. The appellant and NSIT (as Service Provider) had entered into tri-partite agreements with each of the said customers (Ensys, Idol and Intuit) to provide certain IT services such as migration from in-house storage servers to cloud storage.

There were clear division of responsibilities between the Appellant and NSIT for providing services to these customers. Invoices were raised on the customers by the appellant for services by the Appellant through NSIT. The agreements with the said customers were genuine and were signed with the said customers since 2015-16.

4.1 It was submitted that in terms of the agreements with the said customers, services were duly provided to them by the appellants. Reliance was placed on the duly executed agreements. Further, it was submitted that the total revenue from the alleged customers is only 8.5% while 91.6% pertains to overseas subsidiaries. The appellant also submitted that Mr. Suresh Venkatachari made no false submissions and cannot be held liable for false certification. Similarly, Mr. Ramani has also disclosed his interest and, therefore, there is no case made out for levy of penalty for violation of Regulation 48 of LODR Regulations.

4.2 With regard to the ***Allegation No. 2*** relating to the appellant's two overseas subsidiaries, namely, Securecloud Technologies Inc. (STI) and Blockedge Technologies Inc. (BTI) booking fictitious revenue from their customers Sutter Health, Kaiser, Medidata & Shire, Mr. Modi submitted that the aforesaid four entities are legitimate clients of the above two foreign subsidiaries, to whom services were duly provided and in lieu, some payments were made by them. These subsidiaries in the USA are duly audited, and there are no adverse findings by their respective auditors. In fact, one of the step-down subsidiaries of the Appellant, Health Care Triangle Inc., USA was listed on the NASDAQ in October 2021 and during the listing process, relevant information pertaining to group companies were reviewed

and no adverse observations were made. Further, neither SEBI nor the forensic auditors appointed by SEBI carried out audit of the said subsidiaries or the customers of the subsidiaries.

4.3 Regarding the ***Allegation No. 3*** relating to over-statement of expenses including consultancy charges that were capitalised to inflate the balance sheet, Mr. Modi submitted that there were genuine agreements with the vendors which have been ignored in the Impugned Order. Time-sheets and invoices of the vendors prove that genuine services in the nature of software development for customers based in the USA were provided by them and payments were made to them in this regard. Regarding writing-off assets or impairment of assets, it was submitted that the same was a business decision of the company. For a technology company such as the appellant, most business assets have a relatively short lifespan and hardware/software have to be regularly written off and replaced.

4.4 With regard to the ***Allegation No. 4*** of siphoning of funds from the Appellant Company by its MD&CEO Mr. Suresh Venkatachari, Mr. Modi submitted that the allegation has no basis, and on the other hand, Mr. Venkatachari is entitled to receive dues from the company. The company had availed a working capital/loan facility of Rs. 25 Crore from IFCI Ltd. (a Public Sector Undertaking) during February 27, 2017 and October 1, 2018. To secure the said loan, Mr. Venkatachari had mortgaged his own personal immovable property and also pledged 25,75,000 shares held by him in the Appellant Company. Since the market price of the shares had fallen, IFCI invoked the pledge and sold shares for about Rs. 10.99 Crore and appropriated the same

towards the Appellant's outstanding loan facility. The Board of Directors of the Appellant company at a meeting held on November 13, 2018, noted the above facts and recorded that the MD&CEO had to be compensated.

4.5 Further, the company had also hired an immoveable property from Mr Venkatachari and booked security deposit of Rs. 1.40 Crore and an amount of Rs. 2.43 Crore towards renovation cost of the premises. However, as the said property was still not fit to use, it was resolved at another Board meeting held on April 10, 2019, to adjust the aforesaid dues of Rs. 3.83 Crore from the MD&CEO against the amount of Rs 10.99 Crore payable to him. Thus, there was no siphoning off by the MD&CEO. It is completely incorrect to held in the Impugned Order that the building was not constructed and that the funds were siphoned off by the MD & CEO. In any event, on a without prejudice basis, the MD&CEO has returned the entire Rs. 3.83 Crore to the Appellant through the overseas subsidiary of the appellant.

5. The appellants in Appeal Nos. 313 to 318 of 2023 submitted as follows :-

5.1 On behalf of the appellant in Appeal No. 313 of 2023 (S. Ravichandran), it was submitted that he had acted diligently and dutifully discharging his responsibilities and he cannot be held liable for violation, if any, committed by the company. Appellant cannot be made vicariously liable for disclosure violations of the company.

5.2 On behalf of the Appellant in Appeal No. 314 of 2023 (Thyagarajan R.), it was submitted that SEBI has erred in holding that he is liable for a false CFO certificate and failed to consider that even the statutory auditors of the company

have audited the financial statements. Appellant cannot be made vicariously liable for the acts of the company. He has not made any false submissions and the SEBI has misinterpreted his letter dated April 15, 2021.

5.3 Appellant in Appeal No. 315 of 2023 (G. Sri Vignesh) submitted that he has not concealed any facts or made any false representation to the SEBI. SEBI has mis-interpreted the contents of the communication dated July 13, 2020. The company was never in receipt of the report prepared by PKF, as its services were disengaged and the same was communicated by the company. Therefore, the appellant was not in position to provide copy of report to SEBI.

5.4 On behalf of the Appellant in Appeal No. 316 of 2023 (Dinesh Raja Punniyamurthy), it was submitted that he had duly carried out independent due diligence and did not provide any false representation to the SEBI. In the present case, the allegation pertains to the subsidiaries, in which the appellant is not a director and has no control over the affairs of the said subsidiaries. Appellant has not concealed the appointment of KPSN in its letter dated February 29, 2020. It was also submitted that services of PKF were disengaged due to laxity of PKF in preparing the report. Further, the independent directors cannot be held liable for day to day affairs of the company.

5.5 On behalf of the Appellant in Appeal No. 317 of 2023 (Swasti Bhowmick), it was submitted that SEBI has erred in holding that she is liable for false 'CFO certificate' and failed to consider that even the statutory auditors of the company have audited the financial statements. Appellant cannot be made vicariously liable for the acts of the company. She has

not made any false submissions before the SEBI and it has mis-interpreted the letter dated April 15, 2021.

5.6 On behalf of the Appellant in Appeal No. 318 of 2023 (Babita Singaram), it was submitted that she had duly carried out independent due diligence and did not provide any false representation to the SEBI. In the present case, the allegation pertains to the subsidiaries where the appellant is not a director nor has any control over their affairs. Appellant has not concealed the appointment of KPSN in its letter dated February 29, 2020. The same was addressed by the company stating that the services of PKF were disengaged due to laxity in preparing the report. Further, independent directors cannot be held liable for day to day affairs of the company.

6. In response, Mr. Pradeep Sancheti, Ld. senior advocate and Mr. Sumit Rai, Ld. advocate for the respondent made detailed submissions. With regard to the *Allegation-1* regarding inflation of financial statements, it was submitted that the Tripartite Agreements said to have been signed by the company with its three customers (Ensys, Idol and Intuit) and the vendor namely NSIT, were submitted to SEBI. On metadata analysis, such agreements were found to have been created after SEBI asked for submission of such agreements. Further, on perusal of these agreements, it was found that on behalf of the company, these Agreements were signed by Mr. S. Ravichandran, Vice President– Operations of the company, who in his statement dated March 9, 2022 before SEBI has stated that he never interacted with NSIT and no vendor agreements were signed by him with NSIT, whereas he was responsible for signing of such agreements with other customers of the company.

Further, none of the said tri-partite agreements were stamped or sealed, nor registered. Therefore, the agreements were not genuine.

6.1 Regarding the alleged booking of overstated fictitious expenses and payments to Vendor (NSIT), he submitted that the company was making vendor payments to NSIT for providing services to Ensys, Idol and Intuit. However, it was found that NSIT was managed and controlled by R. S. Ramani through his employee. The company was not able to produce any documents pertaining to transactions with NSIT.

6.2 Regarding the *allegation-2* regarding booking fictitious revenues by the two foreign subsidiaries of the appellant company, namely, STI and BTI from Sutter Health, Kaiser, Medidata & Shire, Mr. Sancheti submitted that the above-mentioned transactions were not genuine and no actual services were provided to them. Fake email IDs and domain names were created in their names. Further, some of the entities were managed or controlled by Mr. Suresh Venkatachari and Mr. R. S. Ramani.

6.3. Regarding the alleged manipulation of books of accounts and financial statements by overstatement of fixed assets and consultancy charges (*allegation-3*), Mr. Sancheti submitted that the appellant company was capitalizing fictitious expenses towards development of software to portray a bigger size balance sheet. The company was booking payment to 10 vendors for "consultancy charges" or for "development of intangible assets". These vendors were fictitious or were entities managed/controlled by Suresh Venkatachari and RS Ramani. Further, Mr. Lakshmanan

Kannappan, Chief Operating Officer of the Company, in his statement to SEBI said that he was not aware about the above-mentioned vendors.

6.4 Mr. Sumit Rai, learned advocate for the SEBI submitted that in appeal Nos. 313 to 318 of 2023 filed by the six employees, the allegations are based on specific reference to the obligations cast on Board of Directors, Audit Committee, CFO, and/or Compliance Officer. The role of these individuals is particularly glaring in the present case as express red flags were raised by the Statutory Auditors of the Company but all these appellants chose to ignore the same and did not comply with express provisions of LODR Regulation and SEBI Act.

6.5 With regard to the underlying fraud in the financial accounts of the company and company's attempt to mislead SEBI about the PKF report and KPSN Report, the facts and findings being identical to the WTM Order, he submitted to adopt the submissions made by Mr. Pradeep Sancheti in other appeals. He submitted that the Appellants have clearly violated the LODR Regulations by defeating the objectives of investor protection and ensuring market integrity. Considering the role and responsibility of the appellants and obligations cast upon them under the Regulations, the violations committed by them deserve imposition of monetary penalty proportionate to the default. The penalties imposed upon the appellants are commensurate with the violations committed by them. Therefore, no interference is warranted.

7. We have carefully considered the rival submissions and perused the records placed before us.

7.1 On careful consideration, we find merit in the allegation Nos. 1, 2 and 3. The findings of the SEBI in respect of manipulation of books of accounts/ financial statements by the appellants by recognizing fictitious sales and receivables were earlier reported to MCA by Deloitte, the statutory auditors appointed by the appellant company itself. Subsequently, a forensic auditor appointed by the appellant (PKF) also proceeded ahead with the investigation. However, the appellant company discontinued with its services. Later, Grant Thornton furnished a forensic audit report to SEBI on June 14, 2022.

7.2 The forensic audit as also the findings of the statutory auditors and the SEBI, clearly establish the *modus operandi* used by the appellants for inflating its financial statements through its subsidiaries and related entities as also certain entities under control of the KMPs/Directors of the company. The genuineness of the tripartite agreements, which is the fulcrum of *allegation-1*, statedly signed for providing services to three entities, (Idle, Intuit and Ensys) through the vendor NSIT, does not stand proved. NSIT was under control of Mr. Ramani, the Whole Time Director through an employee of the Tamil FM 89.5 channel (under control of Mr. Ramani), namely, Ms. Gayatri Nurani Iyer. Allegedly, no genuine services were provided by NSIT to these three entities and no payment was made in respect of the same. The revenue recognized in the books of the appellant was eventually written off as bad debt in respect of these three entities or was set off against the amounts payable to the said NSIT for providing technical services to these three entities. Further, Mr. S. Ravichandran the VP-operations, who was responsible for signing such agreements, has

categorically denied having signed any such tripartite agreements with NSIT. When confronted, the company was not able to produce any documents relating to transactions with NSIT. The appellant did not exercise the option of his cross-examination.

7.3 With regard to the *allegation-2* of booking fictitious revenue with US subsidiaries, namely, Securecloud Technologies Inc. (STI) and Blockedge Technologies Inc. (BTI) in respect of their customers, namely, Sutter Health Group, Kaiser Research Lab, Medidata Solutions Inc. and Shire Lab Systems, the appellants could not substantiate the claim of providing services by its foreign subsidiaries.

7.4 We note that SEBI has taken into consideration overall picture, taking into account the affairs of US-based subsidiaries. It is discovered by SEBI that Sutter Health Group and M/s. Idol are one and the same. Idol was a company owned by STI, and there is a common KMP Mr. Shibuke, between Idol and STL, and therefore, Sutter Health was held as an entity owned and managed by Suresh Venkatachari and R. S. Ramani only. It was ascertained that no actual services were provided to Kaiser Research Lab, and the revenue booked in its name was fictitious. The agreements provided in the name of Medidata were also found to be not genuine, and the company was found booking fictitious revenue by creating fake domain names and email IDs in its name. Likewise, no actual services given to Shire Lab Systems, from whom fictitious revenue was booked by creating fake domain names and email IDs. None of these allegations have been effectively replied to by the appellants. Further, there are no details of the nature

of services provided to the overseas clients nor is there any independent evidence in this regard.

7.5 We find no weight in the argument of the appellants that its subsidiaries in USA are duly audited, and no adverse finding was recorded by the respective auditors, considering the connections established by SEBI in paragraph No. 7.4, which shows that the subsidiaries of the appellant company were used as a device to inflate revenues.

7.6 SEBI has also alleged that the company was booking consultancy charges to 10 vendors for development of intangible assets. These vendors were either fictitious, or were entities managed/controlled by Suresh Venkatachari and R. S. Ramani. In fact, Lakshmanan Kannappan, COO of the company had admitted in his statement that he had never heard of these vendors. The investigation suggested that in the names of these 10 entities, appellant created fictitious email IDs and domain names, through which bogus recognition of revenue was made.

7.7 In view of the above evidences on record, as supported by the evidence of the company's own KMPs, and based on extensive forensic audit by eminent audit firms such as Deloitte and Grant Thornton, and in the absence of any formidable evidence rebutting the same we find merit in the allegation that the appellants fraudulently inflated the financial results and balance sheet of the company from Rs. 44 Crores to Rs. 997 Crores within a short period of 5 years, through a well laid out web of subsidiaries and entities under control of Directors/KMPs to mislead the investors. Under the circumstances, we find the allegations of the SEBI against the company as proved. In view of the

above, the directions issued against the company and the penalty levied on it stand confirmed.

7.8 With regard to Mr. Suresh Venkatachari, it is noted that he was the key person behind the group, being the CMD and group CEO as also a member of the stakeholder relationship committee during the investigation period. Keeping in view his role and responsibility as CMD and CEO, it was his responsibility to ensure that the financial statements of the company are correct, which give accurate picture to the investors. We also note that he made false representations to SEBI, stating that no report was received from PKF while it was available with the company and failed to disclose overseas subsidiaries and his interest in such subsidiaries. Further, he is also held in violation of LODR Regulations for non-disclosure of initiation of forensic audit by SEBI. In view of the above, we uphold the directions issued by SEBI against him and also confirm the penalty levied on him for these violations.

7.9 With regard to Appellant No. 3, Mr. R S Ramani, it is noted that he was the Whole Time Director and CFO of the company and in violation of his roles and responsibilities, he played a direct role in the fraud, as evident by the emails exchanged between him and Mr. Suresh Venkatachari. He had control over NSIT through one of his employees, but failed to give correct information to SEBI about his involvement with NSIT, which was an entity intended to provide bogus billing. Under the circumstances, the directions issued against him as also the penalty levied upon him are confirmed.

8. With regard to Appellant No. 4, Mr. Gurumurthi Jayaraman, we note that he was the Chairman of the Audit

Committee. Instead of playing an important role of an independent director and as a member of the audit committee which is the watchdog for investors, he was involved in the manipulation and assisted the management in inflating the financials. Further, he raised no objection on the decision of the management of the company to write off Rs. 750 Crores from the balance sheet. Under the circumstances, we find no fault in the directions issued against him as also the penalty levied against him by the SEBI.

8.1 The six employees of the appellant have filed Appeal No. 313 to 318 of 2023, against the order of the learned AO dated January 20, 2023. We find that no directions have been issued against them and only penalties have been levied with regard to falsification of accounts under Section 15A and under Section 15HB for violation of provisions of LODR Regulations. Out of these six officials, Dinesh Raja Punniamurthy has been imposed with the penalty under Section 15AA and 15HB both. Similarly, Thyagarajan R., CFO, has also been imposed with penalty under Section 15HB and 15A(a). G. Sri Vignesh, the Compliance Officer and Company Secretary has been imposed with penalty of Rs. 5 Lakh for violation under Section 15A(a) for falsification of accounts. Similarly, Independent Director, Ms. Babita Singaram, who is also a member of Audit Committee, S. Ravichandran, Whole Time Director, and Swasti Bhowmick, CFO, have been imposed with penalty under Section 15HB for violation of LODR Regulations. In our considered view, all these officials have been rightly found to be in violation of LODR Regulations and/or SEBI Act, as the case may be, and the amount of penalty imposed is rightly determined considering their respective

roles and responsibilities. In view of this, penalty against these officials is confirmed.

8.2 The direction No. (v) calls for the appellant company to recover an amount of Rs. 3.83 Crores from Mr. Suresh Venkatachari, the CMD of the company, with whom the company had entered into an agreement for hiring an immovable property. In this regard, the SEBI's investigation found out that such property was not in a habitable state and, therefore, held that the amount of security deposit of Rs. 1.40 Crores as also and an amount of Rs. 2.43 Crores for renovation were bogus expenditures. Therefore, the company was directed to recover the same from Mr. Suresh Venkatachari.

8.3 Mr. Modi submitted that the company had borrowed a loan of Rs. 25 Crore from IFCI. Mr. Suresh Venkatachari had guaranteed the loan by pledging his shares in the Company. The Company could not repay the debt. IFCI recovered the outstanding loan by selling the shares pledged by Mr. Suresh Venkatachari. In the result, he had lost his shares and Company had to compensate him. The Company, in its Board meeting dated November 13, 2018 resolved to repay to Mr. Suresh Venkatachari. Subsequently, in the Board meeting April 10, 2019, it was resolved to adjust the sum of Rs. 3.83 Crores payable by Mr. Suresh Venkatachari to the Company with the amount payable by the Company.

8.4 Mr. Modi submitted that in addition, Mr. Venkatachari has already repaid an amount of Rs. 3.83 Crores through its overseas subsidiaries to the appellant. However, SEBI is not satisfied with the said contention and directed the Company to recover Rs. 3.83 Crore from Mr. Suresh Venkatachari.

The Board resolution dated April 19, 2019 clearly indicates that Board had decided to adjust the amount payable by Mr. Suresh Venkatachari against the sum of Rs. 13.95 Crores which the company owed to him. Thus, there is no dispute with regard to pledging of his shares by Mr. Suresh Venkatachari and the Company resolving to compensate him with Rs. 13.95 Crores. In the background, direction to recover the further sum of Rs. 3.83 Crore from Suresh Venkatachari is wholly superfluous and unnecessary and hence, the said direction is liable to be set aside.

9. Mr. Pesi Modi submitted that this Tribunal may consider the proportionality of the amount of penalty levied under various Sections. In our considered view, the *modus operandi* used by the company and its KMPs, is in utter disregard to the integrity of securities market and misleads investors. The appellant company disregarded the findings of its own statutory auditors and replaced them rather than acting on their observations. Under the circumstances, considering the grave violations of PFUTP Regulations, LODR Regulations and the provisions of SEBI Act, we uphold the quantum of penalty on the company, its three KMPs and six employees.

10. In view of the above, the following order :-

**ORDER**

- (1) Appeal No. 189 of 2023 is **allowed in part.** The direction against SecureKloud to recover Rs. 3.83 Crores from Mr. Suresh Venkatachari is set aside. Remaining portion of order is undisturbed.

- (2) The Appeal Nos. 88 of 2023, 190 of 2023, 191 of 2023, 313 of 2023, 314 of 2023, 315 of 2023, 316 of 2023, 317 of 2023 and 318 of 2023 are dismissed.
- (3) All Interlocutory Application(s) are disposed of.
- (4) No cost.

Justice P. S. Dinesh Kumar  
Presiding Officer

Ms. Meera Swarup  
Technical Member

Dr. Dheeraj Bhatnagar  
Technical Member

06.03.2026  
PTM

MRS  
PRAMILA

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