IN THE SECURITIES APPELLATE TRIBUNAL AT MUMBAI

DATED THIS THE 3RD DAY OF AUGUST, 2026

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

Appeal No. 508 of 2025
And
Misc. Application No. 1269 of 2025
And
Misc. Application No. 81 of 2026
And
Misc. Application No. 471 of 2026

Between

1. Katalyst Software Services Ltd.
   Office No. 101, Pentagon P4,
   Magarpatta City Hadapsar,
   Pune City, Pune – 411 013.

2. Vivek Padam Ghai
   A-11, Flat-901, 9th Floor,
   Ganga Satellite, Wanoworie,
   Pune – 411 040.

3. Yogesh Agarwal
   B2 1003, Ganga Satellite
   Apartment, Wanoworie,
   Pune – 411 040.

4. Pravin Kisanrao Arote
   B-5, Songara, Kesar,
   Opp. Manlar Clinic, Kaspate
   Wasti, Wakad Pune,
   Maharashtra, India – 411 057.

5. Milind Rajaram Karandikar
   H12/172, Om Girijatmak,
   SHU Collage Road, Laxminagar

Corner, Pravati, Pune,
Maharashtra, India – 411 009. .... Appellants

By Mr. Abishek Venkatraman, Advocate with Mr. K C Jacob, Mr. Vishwajit Deb, Mr. Aarya Padhye, Advocates i/b. Economic Laws Practice for the Appellants.

And

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

2. Lakshdeep Investments and Finance
   Private Limited
   3, Narayan Building, 23, L. N. Road,
   Dadar – East, Mumbai,
   Maharashtra, India – 400 014.

3. Mackinon Enterprises Private Limited
   F. P. 145, Ram Mandir Road,
   Vile Parle (East), Mumbai,
   Maharashtra, India – 400 057. .... Respondents

By Mr. Shiraz Rustomjee, Senior Advocate with Mr. Bhushan Shah, Mr. Akash Jain, Mr. Prateek Pai, Mr. Abhishek Nair, Ms. Sayali Kshirsagar, Advocates i/b Mansukhlal Hiralal & Co. for the Respondent No. 1 (SEBI).

Mr. Saurabh Bachhawat, Advocate with Ms. Asma Khan Advocate, Advocate i/b. Corporate Pleaders for the Respondent Nos. 2 and 3 (Lakshdeep Investments & Finance Private Limited & Mackinon Enterprises Private Limited).

Mr. Kunal Katariya, Advocate i/b Mr. Raj Dani, Advocate for the Intervention Application Nos. 1269 of 2025 and 81 of 2026.

THIS APPEAL IS FILED UNDER SECTION 15T OF SEBI ACT, 1992 TO SET ASIDE ORDER DATED AUGUST 29, 2025 (EX-A) PASSED BY QJA[1], SEBI.

THIS APPEAL COMING ON FOR HEARING THIS 3RD DAY OF AUGUST 2026, THIS TRIBUNAL PASSED THE FOLLOWING:

O R D E R

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

This appeal is directed against order dated 29.08.2025 passed by QJA[2], SEBI[3] directing *inter alia* the Noticee No.1 Company to forthwith refund to investors the money collected through NCDs[4] in FY 2017-18 with interest at 15% per annum.

2. We have heard Mr. Abishek Venkatraman, learned Advocate for the appellants, Mr. Shiraz Rustomjee, learned Senior Advocate for the respondent No.1- SEBI, Mr. Saurabh Bacchawat, learned Advocate for the respondent Nos.2 and 3 and Mr. Kunal Katariya, learned Advocate for the interveners.

3. When the matter was heard for admission on 24.11.2025, it was submitted by the learned advocate for the appellants that the appellants did not desire to press this appeal on merits and only sought time to make the repayment and reduction in rate of interest. The said order reads thus:

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[1] Quasi-Judicial Authority
[2] Quasi-Judicial Authority
[3] Securities & Exchange Board of India
[4] Non - Convertible Debentures

Order

> *"There is a delay of 22 days in the filing this appeal. For the reasons stated in the application, the delay in filing this appeal is condoned. The Misc. Application No. 1227 of 2025 is disposed of.*
>
> *2. Admit.*
>
> *3. On instructions, learned advocate for the appellants submitted that the appellants do not challenge the impugned order on merits, but need extension of time till October, 2026 to pay with reduced rate of interest i.e. at 12% p.a.*
>
> *4. SEBI shall file reply within four weeks. Rejoinder, if any, be filed within two weeks thereafter.*
>
> *5. By interim order, the direction in paragraph No. 78 to pay the amount within three months shall stand extended till the next date of hearing.*
>
> *6. Call on February 13, 2026."*

4. Subsequently, the matter was adjourned from time to time. On 04.05.2026, an affidavit dated 29.04.2026 sworn by the appellant No.3 was filed stating *inter alia* that two companies, namely, M/s. Lakshdeep Investments & Finance Pvt. Ltd. and M/s. Mackinon Enterprises Pvt. Ltd. ('Lakshdeep and Mackinon' for short) had agreed to acquire the entire outstanding NCDs as part of the arrangement between the appellants and the said companies to facilitate consolidation of the debenture holdings and repayment to the existing debenture holders. The relevant portion of the affidavit reads thus:

> *"9. The Appellants submit that M/s. Lakshdeep Investments and Finance Private Limited ("Lakshdeep") is a shareholder of the Appellant No.1. It is further submitted that M/s. Mackinon Enterprises Private Limited ("Mackinon") is an entity in which Mr. Paresh Parekh, one of the shareholders of the Appellant No. 1, is a Director. In view of their existing association with the*

*Appellant No. 1, **the aforesaid entities agreed to acquire the entire outstanding Non-Convertible Debentures (NCDs), i.e. 7,50,00,000 NCDs as part of the arrangement undertaken by the Appellants to facilitate consolidation of the debenture holdings and repayment to the existing debenture holders.***

Pursuant to the consent obtained from the debenture holders, KCL, acting as the PMS provider for the said debenture holders, transferred 49,54,49,320 NCDs to Lakshdeep and Mackinon on April 23, 2026. In consideration of the above the said transfer, Lakshdeep and Mackinon remitted an amount of INR 7,31,05,665/- (Rupees Seven Crore Thirty One Lakh Five Thousand Six Hundred and Sixty Five Only) and INR 14,69,22,492/- (Rupees Fourteen Crore Sixty Nine Lakh Twenty Two Thousand Four Hundred and Ninety Two Only), respectively, aggregating to INR 22,00,28,157/- (Rupees Twenty Two Crore Twenty Eight Thousand One Hundred and Fifty Seven Only) to KCL, for onward distribution to the respective debenture holders in proportion to their holdings.

A copy of the Deal Confirmation dated April 23, 2026 issued through the BSE New Debt Segment – Reporting, Settlement and Trading (NDS-RST) platform evidencing the transfer of 16,46,15,986 NCDs of Katalyst Software Services Limited from Karvy Capital Limited A/c Demeter Portfolio to Lakshdeep along with the corresponding sale consideration of INR 7,31,05,665/- is annexed hereto and marked as Annexure "1".

A copy of the Deal Confirmation dated April 23, 2026 issued through the BSE New Debt Segment - Reporting, Settlement and Trading (NDS-RST) platform evidencing the transfer of 33,08,33,334 NCDs of Katalyst Software Services Limited from Karvy Capital Limited A/c Demeter Portfolio to Mackinon along with the corresponding sale consideration of INR 14,69,22,492/- is annexed hereto and marked as Annexure "2".

(Emphasis Supplied)

5. Mr. Shiraz Rustomjee, learned Senior Advocate for SEBI raised an objection with regard to the companies mentioned in appellants' affidavit (Lakshdeep and Mackinon) agreeing to acquire the outstanding NCDs. He submitted that all along the appellants were giving an impression to this Tribunal that refund was being made by the appellant company. He submitted that the impugned order has held that issuance of NCDs by the appellant company was in

contravention of Companies Act ILDS Regulations[5] and SEBI Act. Appellants accepted the impugned order but compounded the illegality by permitting third party entities to make payments and the said act had raised complicated legal issue. At that stage, appellants sought leave to implead the said two entities and it was permitted. On the next date of hearing i.e. 07.05.2026, Mr. Shiraz Rustomjee for SEBI again submitted that the appellants had suppressed the fact that they had involved two other entities to make the repayment. Once the appellants had accepted the impugned order, involving any third party was not permissible. Learned Advocate for the appellant sought time to file affidavit to disclose the exact amount repaid 'to whom and by which entity'. After two more adjournments, the matter is listed today.

6. Mr. Rustomjee, learned Senior Advocate for the SEBI submitted that at the time of admission, the appellants submitted before this Tribunal that they did not desire to press the appeal on merits. The NCDs have been declared void by the SEBI and could not have been transacted. The appellant company (Noticee No.1) was required to make the repayment. He adverted to a report by G S K A & Co., Chartered Accountants annexed to appellants' affidavit dated 21.11.2025 and submitted that the auditor's report gives an impression that the appellant company had resources to repay. He has made specific reference to the following paragraph in the auditor's report:

> *"Based on the procedures performed by us as referred to in paragraph 7 above and according to the information, explanation and management representations received by us,* ***nothing has come to our attention that causes us to***

[5] SEBI (Issue and Listing of Debt Securities) Regulations, 2008

> ***believe that details of principal amount of NCD and interest thereon repaid till September 30, 2025 and proposed repayment plan for the balance amount of NCDs outstanding are not in accordance with the records, books of accounts, information and other relevant supporting documents maintained by the Company**."*

7. In substance, Mr. Rustomjee submitted that the above certificate gives an impression that the appellant company was capable of making payments against the debentures, whereas the factual matrix is appellant company has transacted in the void debentures with the two companies (Lakshdeep and Mackinon). The only option to the Noticee No.1 company was to repay the money collected with 15% interest and to cancel the NCDs. No other alternative is permissible in law. He reiterated that in the initial stage, the company had sought indulgence of this Tribunal only with regard to reduction in the rate of interest and some additional time to make repayment. He prayed that since the appellants have violated the undertaking given to this Tribunal and failed to repay the value of NCDs, this Tribunal may dismiss this appeal.

8. Mr. Abhishek Venkatraman, learned Advocate for the appellant submitted that the appellant company was under financial stress and the two companies, Lakshdeep and Mackinon have come forward to assist the appellant company and in a similar case, SEBI has permitted such a course. He adverted to paragraph No. 45 in ***Bengal Artisans Craft Company Ltd. & Ors.***[6], and submitted that the SEBI's officer who has passed the order in ***Bengal Artisans Craft Company Ltd. & Ors.*** and the order impugned in this appeal are one and the same. He

[6] 2025 SCC OnLine SEBI-QJA 16

submitted that the said officer has taken two divergent stands while deciding identical issues. He prayed that appellants may also be extended similar relief.

9. We have carefully considered rival contentions and perused the records.

10. The points which arise for our consideration are:

> ***(i) In the facts of this case, having taken a position that they were not pressing the appeal on merits, can the appellants deal with the NCDs with the two companies?***
>
> ***(ii) Whether the Tribunal is bound by the order passed by the QJA?***

11. Both points are considered together. The contention raised by the appellant is that the same SEBI officer has passed divergent orders in identical cases. We may record that, as far as the appellant's case is concerned, the appellants took a specific stand that they would not challenge the order on merits. Their prayer was limited to granting time for repayment and reduction in the rate of interest. The resultant position was rendering of NCDs as void, since the impugned order had attained finality. In such circumstances, the only option available to appellant company was to make the repayment from out of its own source. The auditor's report annexed to the first[7] affidavit gave an impression that nothing had come to auditor's attention that the proposed repayment plan was not in accordance with the books of accounts and other documents maintained by the appellant company.

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[7] Dated 21.11.2025

12. As recorded hereinabove, on 04.05.2026, Mr. Rustomjee had urged that appellants' subsequent affidavit dated 29.04.2026 is a complete turnaround to the original stand taken by the appellants that appellants did not press the appeal on merit. It was also urged by him that appellants' subsequent action in dealing with the NCDs with third party entities was contrary to law, without notice to SEBI and without leave of this Tribunal.

13. In the circumstances, we are of the considered view that initially, the appellants did accept SEBI's order. That means, the NCDs were rendered void and could not have been dealt with. Therefore, appellants' contention that the two companies, Lakshdeep and Mackinon had come forward to help the appellant company by purchasing the NCDs is contrary to law and impermissible.

14. So far as the order in ***Bengal Artisans Craft Company Ltd. & Ors.*** is concerned, Mr. Rustomjee submitted that the facts of this case are different. We may record that an order passed by an AO or WTM of SEBI cannot be cited as an authority before this Tribunal. Notwithstanding the same, consideration of order in ***Bengal Artisans Craft Company Ltd. & Ors.*** is not warranted in the light of the fact that appellants accepted SEBI's order and sought only reduction in rate of interest and extension of time to make the repayment. Admittedly, after accepting the impugned order, appellants have dealt with void NCDs contrary to the undertaking given to this Tribunal. This is not permissible in law. This being the factual matrix, appellants cannot be permitted to approbate and reprobate at their whims and fancy. In the result, this appeal must fail

and both the points framed for our consideration are answered in the ***negative***.

15. Hence, the following:

ORDER

i. Appeal is ***dismissed***.

ii. Application for intervention is rendered superfluous and accordingly is disposed of.

iii. Other pending interlocutory application(s), if any, stand disposed of.

iv. No costs.

Justice P. S. Dinesh Kumar
Presiding Officer

Ms. Meera Swarup
Technical Member

Dr. Dheeraj Bhatnagar
Technical Member

03.08.2026
PTM