BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

(ADJUDICATION ORDER NO: Order/AK/RK/2025-26/31711)

UNDER SECTION 15-I OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995, IN RESPECT OF;

Oneview Corporate Advisors Private Limited

PAN: AAHCS5232N

In the matter of inspection of Oneview Corporate Advisors Private Limited

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BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') had conducted an inspection of the books of accounts, records and other documents of Oneview Corporate Advisors Private Limited (hereinafter referred to as the "**Noticee**"), registered with SEBI as a Merchant Banker since February 29, 2012, bearing Registration No. INM000011930. The inspection was conducted on November 08, 2024 and November 12, 2024, to ascertain whether the level of due-diligence, activities and procedures followed by it, were being carried out in the manner required by it, in terms of provisions of SEBI (Merchant Bankers) Regulations, 1992 (hereinafter referred to as the "**MB Regulations**"), SEBI (Prohibition Of Insider Trading) Regulations, 2015 (hereinafter referred to as the "**PIT Regulations**"), SEBI (Certification Of Associated Persons In The Securities Markets) Regulations, 2007 (hereinafter referred to as the "**CAPSM Regulations**"), SEBI (Issue Of Capital And Disclosure Requirements) Regulations, 2018 (hereinafter referred to as the "**ICDR Regulations**") and applicable SEBI Circulars issued thereunder. The inspection was conducted for the Inspection Period from April 01, 2022 to July 31, 2024 (hereinafter referred to as **"IP"**).

APPOINTMENT OF ADJUDICATING OFFICER

2. Upon being satisfied that there were sufficient grounds to inquire into and adjudicate upon the violations of provisions of MB Regulations, PIT Regulations, CAPSM

Regulations, ICDR Regulations and applicable SEBI Circulars issued thereunder by the Noticee, SEBI, in exercise of powers u/s 19 r/w section 15-I (1) of the SEBI Act and Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as the **“Adjudication Rules”**) appointed the undersigned as Adjudicating Officer (“**AO”**), vide order dated March 25, 2025, to inquire into and adjudge the alleged violations by the Noticee.

SHOW CAUSE NOTICE, REPLY AND HEARING

3. Show Cause Notice Ref. No. SEBI/EAD/EAD6/P/OW/2025/10638/1 dated April 9, 2025 (hereinafter referred to as “**SCN”**) was issued to the Noticee in terms of Rule 4(1) of the Adjudication Rules r/w Section 15-I of SEBI Act requiring the Noticee to show cause as to why an inquiry should not be held against it and why penalty, if any, should not be imposed u/s 15HB of SEBI Act for the alleged violation, as stated in the SCN.

4. The brief of alleged violations by the Noticee as per the SCN is given hereunder;
   4.1 Failure to exercise due diligence in 3 IPOs.
   4.2 Failure to maintain Structural Digital Database(SDD).
   4.3 Failure to upload disclosure for investor complaints on its website & delayed disclosure of investor complaints.
   4.4 Failure to maintain records and documents for the due-diligence activities carried out by it.
   4.5 Failure to comply with the requirements of NISM Certifications for associated person(s) of an MB.

5. The Noticee, vide email dated May 9, 2025, replied to the SCN stating, inter alia, the following:

   Failure to exercise due diligence in 3 IPOs

   <u>IPO of Qualitek Labs Limited</u>

   5.1 We have carried out the necessary due diligence and there has been no lack on our part as far as due diligence is concerned.

   5.2 QLL came out with the IPO of Rs. 1964.40 lakhs divide into 19,64,400 equity shares of Rs. 10/- each for cash at a price of Rs 100/- per equity share. The issue opened for subscription *on January 18, 2024 and issue closed on January 22, 2024. The offer document was cleared by BSE and no adverse observation regarding any objects of the issue including Working Capital requirement etc. was given by BSE.*

5.3 *In so far as the observation regarding Object of the Issue in the SCN is concerned, we submit that we have discussed the requirements with the company, gone through their financials, checked their business model and also carried out our own workings based on the details provided by the company apart from considering the requirements approved in the Board Resolution dated August 21, 2023.*

5.4 *We have now obtained an Auditor certificate dated April 30, 2025 wherein the Auditor has certified that a sum of Rs 2.50 crore (which was mentioned as one of the objects of issue) has been utilised by the QLL. This confirms that our calculation regarding working capital requirement was correct and no fault can be found with this. Further, the Auditor has also certified that as on September 30, 2024, the funds raised in the IPO in January 2024 have been completely utilised as per objects of the issue. Therefore, we submit that there has been no deviation in the funds utilised and no fault can be found with due diligence carried out by the Noticee.*

5.5 *We had prepared a visit report incorporating / highlighting our discussion & understanding about the company and various related matters about the operations of the company, Financial performance, capital raising needs, SWOT Analysis etc.. We have clicked few photographs also for our record. The site visit report along with photographs were provided to the inspection team, however, it has been alleged that the photos were devoid of any timestamp and geo - tagging. In this connection, we submit and undertake that we have now adopted the practice of taking pictures/ images along with geo- tagging in our future assignments.*

5.6 *As regards absence of time stamps and geo-tagging on the photographs, we would like to submit that this does not necessarily indicate a lack of diligence on our part. This was merely a technical error, which did not compromise the authenticity or accuracy of the site visit and due diligence conducted by us.*

5.7 *QLL is an ongoing concern and right now the operations are in full swing. The half yearly results show that revenue from operations of QLL is Rs. 2093.33 Lakhs which certifies that the funds raised through IPO have been utilised and the same are not siphoned off.*

5.8 *As the IPO was made on the SME Exchange, the company has to comply and make disclosure as per Chapter IX of ICDR Regulations and accordingly regulation 245 (3) of ICDR Regulations would have to be complied and not regulation 24(3) of ICDR Regulations. In carrying out our duties as Merchant Banker, we have exercised adequate due diligence, independent professional judgement and satisfied ourself about all aspects of the issue including veracity as required by Regulation 245(3) of ICDR Regulations and Regulation 13 read with Clause 4 of Schedule Ill of MB Regulations, 1992.*

IPO of Storage Technologies and Automation Ltd. ('STA')

5.9 *In so far as the observation regarding Object of the Issue in the SCN is concerned, we submit that we have discussed the requirements with the company, gone through their financials, checked their business model and also carried out our own workings based on the details provided by the company apart from considering the requirements approved in the Board Resolution dated January 23, 2024.*

5.10 *At the time of carrying out due diligence, we have requested the Board of Directors of STAL to obtain certification of estimated working capital from their auditors. However, the Chartered Accountants did not provide the said certificate citing professional' standards and the said denial was communicated orally to us. Pursuant to inspection, we once again requested STAL to arrange for the working capital estimation certificate from the Chartered Accountant, however, the Chartered Accountant refused once again.*

5.11 *We have now obtained an Auditor certificate dated May 09, 2025 wherein the Auditor has certified that a sum of Rs 27.5 crore (which was mentioned as one of the objects of issue) has been utilised by the STAL. This confirms that our calculation regarding working capital requirement was correct and no fault can be found with this.*

5.12 *As regards absence of time stamps and geo-tagging on the photographs, we would like to submit that this does not necessarily indicate a lack of diligence on our part. This was merely a technical error, which did not compromise the authenticity or accuracy of the site visit and due diligence conducted by us.*

5.13 *STAL is an ongoing concern and right now the operations are in full swing. The half yearly result show that revenue from operations of STAL is Rs.4361.54 Lakhs which certifies that the funds raised through IPO have been utilised and the same are not siphoned off.*

5.14 *As the IPO was made on the SME Exchange, the company has to comply and make disclosure as per Chapter IX of ICDR Regulations and accordingly regulation 245 (3) of ICDR Regulations would have to be complied and not regulation 24(3) of ICDR Regulations. In carrying out our duties as Merchant Banker, we have exercised adequate due diligence, independent professional judgement and satisfied ourself about all aspects of the issue including veracity as required by Regulation 245(3) of ICDR Regulations and Regulation 13 read with Clause 4 of Schedule III of MB Regulations, 1992.*

IPO of Eastern Logica *Infoway Limited ('ELIL')*

5.15 *In so far as the observation regarding Object of the Issue in the SCN is concerned, we submit that we have discussed the requirements with the company, gone through their financials, checked their business model and also carried out our own workings based on the details provided by the company apart from considering the requirements approved in the Board Resolution dated November 30, 2022.*

5.16 *At the time of carrying out due diligence, we have requested the Board of Directors of ELIL to obtain certification of estimated working capital as on March 31, 2023 from their auditors. However, the Chartered Accountants did not provide the said certificate citing professional standards.*

5.17 *We had prepared a visit report incorporating / highlighting our discussion & understanding about the company and various related matters about the operations of the company, financial performance, capital raising needs, SWOT Analysis etc. We have clicked few photographs also for our record. The site visit report along with photographs were provided to the inspection team, however, it has been alleged that the photographs were devoid of any timestamp and geo - tagging. In this connection, we submit and undertake that we have now adopt the practice of taking pictures / images along with geo- tagging in our future assignments.*

5.18 *As regards absence of time stamps and geo-tagging on the photographs, we would like to submit that this does not necessarily indicate a lack of diligence on our part. This was merely a technical error, which did not compromise the authenticity or accuracy of the site visit and due diligence conducted by us.*

5.19 *The principles governing 'due diligence', the merchant banker cannot be expected to look at each and every statement and information provided by the company with suspicion unless* *the facts and circumstances at the relevant time so demand. We submit that we had carried out due diligence to the extent possible and ensured that true, fair and adequate disclosures are made, based on the documents and information made available to us by Target company.*

Failure to maintain Structural Digital Database (SDD)

5.20 *In so far as the allegation that we did not comply with requirement under Regulation 3(5) of the PIT Regulations to maintain a structured digital database ('SDD'), we submit that same was installed on November 9, 2024 and at present we are in compliance with Regulation 3(5) of PIT Regulations.*

5.21 *The delay in implementation was due to unforeseen circumstances. We had initiated discussions with the SDD software provider much prior to the installed date and the SDD service provider conducted a demo for installation on July 22, 2024. However, the software installation was delayed due to a medical emergency, as our Compliance Officer, Ms. Preeti Panchal (now known as Preeti Parikh), was hospitalized from July 29, 2024 to July 30, 2024.*

Failure to upload disclosure for investor complaints on its website and delayed disclosure of investor complaints

5.22 *That there were no investor complaints registered during the period from April 2022 to March 2023, therefore, same were not uploaded on our website.*

5.23 *There was some minor delay ranging from 2 days to 59 days in few months which occurred due to a technical glitch, however, the same has now been resolved. The website is currently functioning without any issues and there is no delay in uploading the investor complaints received.*

Failure to maintain records and documents for the due-diligence activities carried out by the notice

5.24 *The notice for inspection dated August 20, 2024 along with the Pre• Inspection Questionnaire (PIQ) was hand-delivered to us and we provided the requisite information by August 27, 2024 through our new email id mbd@oneviewadvisors.com . However, subsequent emails including emails regarding additional information were sent by SEBI to our old email ID gcapl@guinnessgroup.net which was inactive at that time. Therefore, we did not receive these communications. It was only on November 5, 2024, upon receiving a call from SEBI, that we became aware of the emails sent to the old email ID and we promptly* *provided our new email ID mbd@oneviewadvisors.com on November 5, 2024, and furnished the point wise response to the queries on the same day. Subsequently, we received a call and an email dated November 6, 2024, scheduling the inspection for November 8, 2024, which provided limited time for preparation. During the call, we informed SEBI that KMPs were travelling and currently unavailable, however, the inspection was started on November 08, 2024. Despite the short notice, we ensured our availability and cooperated with SEBI inspection.*

Failure to comply with the requirements of NISM Certifications for associated person(s) of an MB

5.25 Ms.Preeti Panchal, KMP held a certificate for NISM Series IX from February 20, 2020t0 February 16, 2023 and subsequently obtained a new Certificate valid from July 02, 2024 to June 28, 2027.

5.26 Another KMP Ms. Alka Mishra held a Certificate for NISM-Series-IX which was valid till April 01, 2022 and subsequently obtained a new certificate from December 20, 2024 to December 16, 2027.

5.27 Further, Compliance officer Ms.Preeti Panchal holds a certificate for NISM Series IIIA which is valid till April 21, 2028.

5.28 We would like to bring to your kind notice that we are team of Professionally Qualified Management / Personnel, possessing Professional Qualifications such as CA, CS, and LLB etc. Team is well versed with SEBI Regulations and have rich experience in handling various assignment related to IPO, Rights Issue, Takeovers, Delisting Buy-backs etc. The revalidation of the certificate not done may not be viewed adversely and we shall be careful in future.

6. An opportunity of a personal hearing was granted to the Noticee on May 20, 2025, vide Hearing Notice dated May 14, 2025. The Authorised Representative of the Noticee appeared on the scheduled date and reiterated the submissions made on May 9, 2025.

CONSIDERATION OF ISSUES AND FINDINGS

7. I have taken into consideration the submissions of the Noticee, facts, and material available on record. The issues that arise for consideration in the present case are as follows:

   ISSUE No. I: Whether the Noticee violated various provisions as alleged in the SCN?

   ISSUE No. II: Do the violations, if any, attract monetary penalty u/s 15HB of SEBI Act, as applicable?

   ISSUE No. III: If so, what should be the monetary penalty that should be imposed upon the Noticee, after taking into consideration the factors stipulated in Section 15J of the SEBI Act r/w Rule 5(2) of the Adjudication Rules?

8. Before moving forward, it is pertinent to refer to the relevant provisions which are alleged to have been violated by the Noticee. The said provisions are reproduced hereunder:

Relevant provisions of SEBI (Merchant Bankers) Regulations, 1992

Code of conduct.

***13**. Every merchant banker shall abide by the Code of Conduct as specified in Schedule III.*

16. Maintenance of books of account, records and other documents.

The merchant banker shall preserve the books of account and other records and documents maintained under regulation 14 for a minimum period of five years.

SCHEDULE III

Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992

[Regulation 13]

CODE OF CONDUCT FOR MERCHANT BANKERS

***(4)** A merchant banker shall at all times exercise due diligence, ensure proper care and exercise independent professional judgment.*

Relevant provisions of SEBI (Prohibition Of Insider Trading) Regulations, 2015

Communication or procurement of unpublished price sensitive information.

***3(5)** The board of directors or head(s) of the organisation of every person required to handle unpublished price sensitive information shall ensure that a structured digital database is maintained containing the nature of unpublished price sensitive information and the names of such persons who have shared the information and also the names of such persons with whom information is shared under this regulation along with the Permanent Account Number or any other identifier authorized* *by law where Permanent Account Number is not available. Such database shall not be outsourced and shall be maintained internally with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.*

Code of Conduct.

9.(1)*The board of directors of every listed company and the board of directors or head(s) of the organisation of every intermediary shall ensure that the chief executive officer or managing director shall formulate a code of conduct with their approval to regulate, monitor and report trading by its designated persons and immediate relatives of designated persons towards achieving compliance with these regulations, adopting the minimum standards set out in Schedule B in case of a listed company) and Schedule C (in case of an intermediary to these regulations, without diluting the provisions of these regulations in any manner.*

(2)*The board of directors or head(s) of the organisation, of every other person who is required to handle unpublished price sensitive information in the course of business operations shall formulate a code of conduct to regulate, monitor and report trading by their designated persons and immediate relative of designated persons towards achieving compliance with these regulations, adopting the minimum standards set out in Schedule C to these regulations, without diluting the provisions of these regulations in any manner.*

(3) *Every listed company, intermediary and other persons formulating a code of conduct shall identify and designate a compliance officer to administer the code of conduct and other requirements under these regulations.*

(4) *For the purpose of sub regulation (1) and (2), the board of directors or such other analogous authority shall in consultation with the compliance officer specify the designated persons to be covered by the code of conduct on the basis of their role and function in the organisation and the access that such role and function would provide to unpublished price sensitive information in addition to seniority and professional designation and shall include:-*

(i) *Employees of such listed company, intermediary or fiduciary designated on the basis of their functional role or access to unpublished price sensitive information in the organization by their board of directors or analogous body.*

(ii) *Employees of material subsidiaries of such listed companies designated on the basis of their functional role or access to unpublished price sensitive information in the organization by their board of directors;*

(iii) *All promoters of listed companies and promoters who are individuals or investment companies for intermediaries or fiduciaries;*

(iv) *Chief Executive Officer and employees upto two levels below Chief Executive Officer of such listed company, intermediary, fiduciary and its material subsidiaries irrespective of their functional role in the company or ability to have access to unpublished price sensitive information;*

(v) *Any support staff of listed company, intermediary or fiduciary such as IT staff or secretarial staff who have access to unpublished price sensitive information.*

SCHEDULE C

Minimum Standards for Code of Conduct for Intermediaries and Fiduciaries to Regulate, Monitor and Report Trading by Designated Persons

1. *The compliance officer shall report to the board of directors or head(s) of the organisation (or committee constituted in this regard) and in particular, shall provide reports to the Chairman of the Audit Committee or other analogous body, if any, or to the Chairman of the board of directors or head(s) of the organisation at such frequency as may be stipulated by the board of directors or head(s) of the organization but not less than once in a year.*

2. *All information shall be handled within the organisation on a need-to-know basis and no unpublished price sensitive information shall be communicated to any person except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. The code of conduct shall contain norms for appropriate Chinese Wall procedures, and processes for permitting any designated person to "cross the wall".*

3. *Designated persons and immediate relatives of designated persons in the organisation shall be governed by an internal code of conduct governing dealing in securities.*

4. *Designated persons may execute trades subject to compliance with these regulations. Trading by designated persons shall be subject to pre-clearance by the compliance officer(s), if the value of the proposed trades is above such thresholds as the board of directors or head(s) of the organisation may stipulate.*

5. *The compliance officer shall confidentially maintain a list of such securities as a "restricted list" which shall be used as the basis for approving or rejecting applications for pre-clearance of trades.*

6*. Prior to approving any trades, the compliance officer shall seek declarations to the effect that the applicant for pre-clearance is not in possession of any unpublished price sensitive information. He shall also have regard to whether any such declaration is reasonably capable of being rendered inaccurate.*

7. *The code of conduct shall specify any reasonable timeframe, which in any event shall not be more than seven trading days, within which trades that have been pre-cleared have to be executed by the designated person, failing which fresh pre-clearance would be needed for the trades to be executed.*

8. *The code of conduct shall specify the period, which in any event shall not be less than six months, within which a designated person who is a connected person of the listed company and is permitted to trade in the securities of such listed company, shall not execute a contra trade. In case of dealing in the units of mutual funds, the code of conduct shall specify the period, which in any event shall not be less than two months, within which a Designated Person who is a connected person of the mutual fund/asset management company/trustees and is permitted to trade in the units of such mutual fund, shall not execute a contra trade. The compliance officer may be empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these regulations. Should a contra trade be executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to the Board for credit to the Investor Protection and Education Fund administered by the Board under the Act.*

Provided that this shall not be applicable for trades pursuant to exercise of stock options.

9. *The code of conduct shall stipulate such formats as the board of directors or head(s) of the organisation (or committee constituted in this regard) deems necessary for making applications for pre-clearance, reporting of trades executed, reporting of decisions not to trade after securing pre-clearance, and for reporting level of holdings in securities at such intervals as may be determined as being necessary to monitor compliance with these regulations.*

10. *Without prejudice to the power of the Board under the Act, the code of conduct shall stipulate the sanctions and disciplinary actions, including wage freeze, suspension, recovery, etc., that may be imposed, by the intermediary or fiduciary required to formulate a code of conduct under sub-regulation (1) and sub-regulation(2) of regulation 9, for the contravention of the code of conduct. Any amount collected under this clause shall be remitted to the Board for credit to the Investor Protection and Education Fund administered by the Board under the Act.*

11. *The code of conduct shall specify that in case it is observed by the intermediary or fiduciary required to formulate a code of conduct under sub-regulation (1) or sub-regulation (2) of regulation 9, respectively, that there has been a violation of these regulations, such intermediary or fiduciary shall promptly inform the stock exchange(s) where the concerned securities are traded, in such form and such manner as may be specified by the Board from time to time.*

11A*. In case of dealing in the units of mutual funds, the code of conduct shall specify that in case it is observed by the intermediary or fiduciary required to formulate a code of conduct under sub-regulation (2) of regulation 5F, that there has been a violation of these regulations, such intermediary or fiduciary shall promptly inform the same to the stock exchange(s) in such form and such manner as may be specified by the Board from time to time.*

12. *All designated persons shall be required to disclose name and Permanent Account Number or any other identifier authorized by law of the following to the intermediary or fiduciary on an annual basis and as and when the information changes:*

a) *immediate relatives*

b) *persons with whom such designated person(s) shares a material financial relationship*

c) *Phone, mobile, and cell numbers which are used by them.*

In addition, names of educational institutions from which designated persons have graduated and names of their past employers shall also be disclosed on a one time basis.

13. *Intermediaries and fiduciaries shall have a process for how and when people are brought 'inside' on sensitive transactions. Individuals should be made aware of the duties and responsibilities attached to the receipt of Inside Information, and the liability that attaches to misuse or unwarranted use of such information.*

Relevant Provisions of SEBI (Issue of Capital and Disclosure requirements) Regulations, 2018

Disclosures in the draft offer document and offer document

24(3) *The lead manager(s) shall exercise due diligence and satisfy themselves about all aspects of the issue including the veracity and adequacy of disclosure in the draft offer document and the offer document.*

Relevant Provisions of SEBI Circular

SEBI/HO/CFD/PoD-1/P/CIR/2023/157 dated September 26, 2023

Publishing Investor Charter and Disclosure of Complaints by Merchant Bankers on their Websites

9.1*. With a view to provide investors an idea about the various activities pertaining to primary market issuances as well as exit options like Takeovers, Buybacks or Delistings at one single place, an Investor Charter was developed.*

9.2*. All the registered merchant bankers shall disclose on their website, Investor Charter for each of the following categories, as provided at Annexure V to this circular –*

9.2.1. Initial Public Offer (IPO) and Further Public Offer (FPO) including Offer for Sale (OFS);

9.2.2. Rights Issue;

9.2.3. Qualified Institutions Placement (QIP);

9.2.4. Preferential Issue;

9.2.5. SME IPO and FPO including OFS;

9.2.6. Buyback of Securities;

9.2.7. Delisting of Equity Shares;

9.2.8. Substantial Acquisitions of Shares and Takeovers.

__9.3.__ Additionally, in order to bring about transparency in the Investor Grievance Redressal Mechanism, all the registered Merchant Bankers shall disclose on their respective websites, the data on complaints received against them or against issues dealt by them and redressal thereof, on each of the aforesaid categories separately as well as collectively, latest by 7th of succeeding month, as per the format enclosed at Annexure VI to this circular.

SEBI Notification dated March 11, 2013

https://www.sebi.gov.in/sebi_data/commondocs/associatednotification_p.pdf

SEBI Notification dated August 02, 2013

https://www.sebi.gov.in/legal/regulations/aug-2013/notification-under-regulation-3-of-the-securities-and-exchange-board-of-india-certification-of-associated-persons-in-the-securities-markets-regulations-2007_25153.html

9. I now proceed to deal with the issues on merits.

ISSUE No. I: Whether the Noticee violated various provisions, as alleged in the SCN?

10. **Alleged Violation 1: Failure to exercise due diligence in 3 IPOs**

10.1. SME IPO of Qualitek Labs Limited (QLL)

10.1.1. I note that during the inspection of the Noticee one of the objects of the issue was funding of working capital requirement for which Rs 2.50 Crores were allocated out of the net proceeds of Rs 18.31 Crores. Based on the documents provided by the Noticee and discussions during the inspection, it was observed that the Noticee had relied upon the discussion with the issuer company (QLL) w.r.t said object of the issue, and thus had not carried out due-diligence at its end viz, obtaining certificate from the Statutory auditor of the company.

10.1.2. Further, inspection team had sought copy of site visit report from the Noticee w.r.t the IPO of QLL. In response to the same, Noticee had provided a report in the word format and some photographs of the premises of the issuer company. It was observed that the said photos were devoid of any timestamp and geo-tagging, which showed lack of diligence on the part of Noticee and owing to which the authenticity of the report could not be verified by the team.

10.1.3. The Noticee submitted that it had discussed the requirements with the company gone through their financials, checked their business model and also carried out own workings based on the details provided by the company apart from considering the requirements approved in the Board Resolution dated August 21, 2023. It has now obtained an Auditor certificate dated April 30, 2025 wherein the Auditor has certified that a sum of Rs 2.50 crore (which was mentioned as one of the objects of issue) has been utilized by the QLL. It had further prepared a visit report incorporating / highlighting its discussion & understanding about the company and various related matters about the operations of the company, Financial performance, capital raising needs, SWOT Analysis etc. Also it has now adopted the practice of taking pictures/ images along with geo- tagging in its future assignments. It also submitted that absence of time stamps and geo-tagging on the photographs does not necessarily indicate a lack of diligence on its part but a technical error, which did not compromise the authenticity or accuracy of the site visit and due diligence conducted by it.

10.1.4. Noticee further submitted as the IPO was by SME, it had to comply and make disclosure as per Chapter IX of ICDR Regulations and accordingly Regulation 245(3) of ICDR Regulations had to be complied and not 24(3) of ICDR Regulations.

10.2. SME IPO of Storage Technologies and Automation Limited (STAL)

10.2.1. Similarly, w.r.t SME IPO of Storage Technologies and Automation Ltd (STAL), it was observed that one of the objects of the issue was funding the working capital requirement of Rs 27.50 crores. Based on the documents provided by the Noticee and discussions during the on-site inspection, it was observed that for the said object of the issue, Noticee had relied only on the discussion with the issuer company and thus, Noticee had not carried out due-diligence at its end viz, obtaining certificate from the Statutory auditor of the company.

10.2.2. Further, the inspection team had sought a copy of the site visit report from the Noticee regarding the SME IPO of STAL, in response to which, Noticee had provided an unsigned site visit report in the word format and some photographs of the premises of the issuer company, wherein the photos were devoid of any timestamp and geo-tagging, owing to which the authenticity of the report could not be verified by the team.

10.2.3. Noticee submitted that it had discussed the requirements with the company, gone through their financials, checked their business model and also carried out its own workings based on the details provided by the company apart from considering the requirements approved in the Board Resolution dated January

23, 2024. Further, at the time of carrying out due diligence, it had requested the Board of Directors of STAL to obtain certification of estimated working capital from their auditors. However, the Chartered Accountants did not provide the said certificate citing professional' standards and the said denial was communicated orally to it. The Noticee has now obtained an Auditor certificate dated May 09, 2025 wherein the Auditor has certified that a sum of Rs 27.5 crore (which was mentioned as one of the objects of issue) has been utilized by the STAL.

10.2.4. It had further prepared a visit report incorporating/ highlighting its discussion & understanding about the company and various related matters about the company's business model, operations of the company, financial performance, future growth plans, etc. Also, it has now adopted the practice of taking pictures/ images along with geo- tagging in its future assignments. It also submitted that absence of time stamps and geo-tagging on the photographs does not necessarily indicate a lack of diligence on its part but a technical error which did not compromise the authenticity or accuracy of the site visit and due diligence conducted by it.

10.2.5. Noticee further submitted as the IPO was by SME, it had to comply and make disclosure as per Chapter IX of ICDR Regulations and accordingly Regulation 245(3) of ICDR Regulations had to be complied and not 24(3) of ICDR Regulations.

10.3. SME IPO of Eastern Logica Infoway Limited (ELIL)

10.3.1. Irregularities were also observed by SEBI inspection team w.r.t SME IPO of Eastern Logica Infoway Limited (ELIL), wherein it was observed that the inspection team had sought a copy of site visit report from the Noticee, to verify the business operations and actual existence of the issuer company at the designated places. This activity is generally carried out by the MBs at the initial stages itself while engaging with the management of the issuer company to apprise it about the critical issue processes and assist the company in achieving key milestones which are involved in pre-issue and post-issue activities of issue management.

10.3.2. In this regard, Noticee had submitted that it had not prepared any site visit report but had submitted a word copy of site visit report created post fact. In lieu of site visit report, Noticee had maintained certain photos of office premises of the issuer company. However, these photos did not have any time-stamping or geo-tagging to verify its authenticity.

10.3.3. Thus, Noticee claimed that it had visited the premises of the issuer. However, it was observed that there was no material to demonstrate whether actual visit to the place was undertaken by it or not as photos did not contain any timestamping/geotagging.

10.3.4. Further, in the case of the said IPO of ELIL, it was observed that the working capital requirement was the only object of the issue other than General Corporate constituting approx., 93% of the total issue size. In this regard, as per the documents maintained by the Noticee in support of the objects of the offer, it was observed that the working capital requirement was backed by estimation of the management and no other independent certification or document in support of the same was available.

10.3.5. The Noticee submitted that it had discussed the requirements with the company, gone through their financials, checked their business model and also carried out its own workings based on the details provided by the company apart from considering the requirements approved in the Board Resolution dated November 30, 2022. At the time of carrying out due diligence, the Noticee had requested the Board of Directors of ELIL to obtain certification of estimated working capital as on March 31, 2023 from their auditors. However, the Chartered Accountants did not provide the said certificate citing professional standards. It has now obtained an Auditor certificate dated April 22, 2025, wherein the Auditor has certified that a sum of Rs 13.4745 crore (which was mentioned as one of the objects of issue) has been utilised by the ELIL.

10.3.6. It had further prepared a visit report incorporating / highlighting its discussion & understanding about the company and various related matters about the company's business model, operations of the company, financial performance, capital raising needs, SWOT Analysis etc. Also it has now adopted the practice of taking pictures/ images along with geo- tagging in its future assignments. It also submitted that absence of time stamps and geo-tagging on the photographs does not necessarily indicate a lack of diligence on its part but a technical error, which did not compromise the authenticity or accuracy of the site visit and due diligence conducted by it.

10.3.7. Noticee further submitted as the IPO was by SME, it had to comply and make disclosure as per Chapter IX of ICDR Regulations and accordingly Regulation 245(3) of ICDR Regulations had to be complied and not 24(3) of ICDR Regulations.

10.4. I note that as part of due diligence, the Noticee was expected to do *"everything reasonable, not everything possible."* In this regard, I note that the Noticee, as part of taking reasonable action, should have obtained other documents from the issuer company and not solely rely on its statements/ board resolution. The Noticee did not provide any evidence to show that it had conducted independent due diligence in the aforesaid issues. Relying only on the documents provided by the issuers to determine important aspect like the working capital requirement is not enough. Further, I also note that the Auditor's certificate was obtained only after the inspection of SEBI. It is the duty of the merchant banker to conduct thorough investigation into company's financials, operations and legal status to ensure that all information is accurate and compliant with regulatory requirements. This includes determining actual existence of the issuer company at the designated places. Site visit is a crucial activity carried out by the merchant banker at the inception of due diligence. In regard to the photographs taken during site visit, I note that without time stamp and geo-tagging, it is not possible to ascertain whether the Noticee had conducted the site visit at the correct time. Therefore, I find that the Noticee failed to conduct proper due diligence in the aforesaid IPOs. However, as all the IPO were in SME segment, Noticee was supposed to comply with Regulation 245(3) of ICDR Regulations and Regulation 13 r/w Clause 4 of Schedule III of MB Regulations, which it failed to do.

10.5. However, there is no violation of Regulation 24(3) of ICDR Regulations and Regulation 13 r/w Clause 4 of Schedule III of MB Regulations, as alleged in SCN.

11. **<u>Violation 2: Failure to maintain Structural Digital Database(SDD)</u>**

11.1. I note from the SCN that In terms of Regulation 3(5) of the PIT Regulations, the board of directors or head(s) of the organisation of every person required to handle unpublished price sensitive information (UPSI) is required to ensure that a structured digital database is maintained containing the nature of UPSI and the names of such persons who have shared the information and also the names of such persons with whom information is shared under this regulation along with the PAN or any other identifier authorized by law where PAN is not available. Such database is not required to be outsourced and is to be maintained internally with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database. In this regard, it was observed during the inspection that the Noticee had installed Structured Digital Database w.e.f November 09, 2024 only and the same was subsequent to first onsite visit to its premises on November 08, 2024. Thus, it was alleged that the Noticee was non-compliant w.r.t requirement to maintain the SDD for the period from April 01, 2022 to July 31, 2024.

11.2. I note that the Noticee submitted that due to unforeseen circumstances, the SDD could not be installed before November 9, 2024.

11.3. I note that the SDD works as a vital tool to monitor how confidential information is disseminated in the market. By recording who shared UPSI in a non-tamperable format discourages the misuse of confidential information for personal gain. It was a duty of the Noticee to maintain the SDD from April 1, 2022. No justification for its failure to implement can be accepted.

11.4. In view of the above, I find that the allegation of violation of Regulation 3(5) and Regulation 9 r/w Schedule C of PIT Regulations by the Noticee stands established.

12. **Violation 3: Failure to upload disclosure for investor complaints on its website & delayed disclosure of investor complaints**

12.1. I note from the SCN that in terms of Para 9.3 of Chapter 2 of SEBI Circular SEBI/HO/CFD/PoD-1/P/CIR/2023/157 dated September 26, 2023, a Merchant Banker is required to disclose on its respective website, the data on complaints received against it or against issues dealt by it and redressal thereof, on each of the following categories separately as well as collectively, latest by 7th of succeeding month, as per the format enclosed at Annexure VI to the said circular.

12.2. It was also alleged that the disclosure of investor complaints for the months of April 2022 to March 2023 were not uploaded by it on its website. Further, following delays in uploading of disclosures of investor complaints were observed:

Month	Due Date	Date of Upload	Delay in Days
June 2023	July 07, 2023	August 14, 2023	38
July 2023	August 07, 2023	August 14, 2023	7
October 2023	November 07, 2023	November 15, 2023	8
November 2023	December 07, 2023	January 09, 2024	33
December 2023	January 07, 2024	January 09, 2024	2
January 2024	February 07, 2024	February 16, 2024	9
February 2024	March 07, 2024	March 25, 2024	18
May 2024	June 07, 2024	July 30, 2024	53
June 2024	July 07, 2024	July 30, 2024	23
July 2024	August 07, 2024	August 12, 2024	5
August 2024	September 07, 2024	November 05, 2024	59
September 2024	October 07, 2024	November 05, 2024	29

12.3. The Noticee submitted that there were no investor complaints registered during the period April 2022 to March 2023, therefore, the same was not uploaded. In regard to the delay in uploading the investor complaints, the Noticee submitted that it was due to technical glitch.

12.4. I note that in terms of Para 9.3 of Chapter 2 of SEBI Circular SEBI/HO/CFD/PoD-1/P/CIR/2023/157 dated September 26, 2023, the Noticee was required to disclose the investor complaints and redressal thereof immediately, latest by 7th of the succeeding month. There was a delay ranging from 2 days to 59 days in uploading the complaints. The Noticee cannot take a casual approach stating that the minor delay was due to technical glitch. As a SEBI registered intermediary, it was the duty of the Noticee to ensure that this was complied in a timely manner.

12.5. In view of the above, I find that the allegation of violation of Para 9 of Chapter II of Master Circular for Merchant Banker registered with SEBI bearing no.

SEBI/HO/CFD/PoD-1/P/CIR/2023/157 dated September 26, 2023 by the Noticee stands established.

13. **Violation 4: Failure to maintain records and documents for the due-diligence activities carried out by the Noticee**

13.1. I note from the SCN that the notice of inspection and Pre- Inspection Questionnaire (PIQ) were issued to the Noticee on August 20, 2024 and subsequent to the receipt of response to the PIQ on August 27, 2024, additional information was sought from the Noticee on September 09, 2024, which were furnished by it on November 5, 2024. Despite the above, it was observed that the Noticee failed to maintain the backup of all the documents related to due-diligence carried out by it and also failed to provide the same during the course of inspection on November 08, 2024. Further, it was observed that Noticee could not furnish documents to the inspection team on the next visit to its premises on November 12, 2024. For instance, the backup of following documents was not maintained and was subsequently provided through pen drive on November 19, 2024:

a) BSE Observations related to all SME IPOs handled by the Noticee during the IP namely, Easter Logica Infoway Limited, Qualitek Labs Limited and Storage Technologies and Automations Limited.

b) Engagement letter in relation to open offer of Rishab Special Yarns Limited.

c) Share Purchase Agreement related to open offer of Rishab Special Yarns Limited.

d) Invoice for purchase of SDD, etc.

13.2. The Noticee submitted that the queries raised by SEBI was sent to its inactive email id. On receiving the call from SEBI, it provided the requisite information. The Noticee took some time to arrange for all the documents and provided the same during inspection on November 8, 2024 and November 12, 2024. Pursuant to the inspection, SEBI inspection team advised it to provide all the documents at one place. Therefore, all the documents were provided to SEBI in a pen-drive on November 19, 2024.

13.3. I note that the Noticee had provided all the documents to SEBI inspection team. If for some reason, certain documents were not provided, Noticee ensured that all the requisite documents reached SEBI in few days in a pen-drive. Therefore, it cannot be alleged that the Noticee did not maintain the relevant documents.

13.4. In view of the above, I find that the allegation of violation of Regulation 16 of MB Regulations by the Noticee is not established.

14. **Violation 5: Failure to comply with the requirements of NISM Certifications for associated person(s) of an MB**

14.1. I note from the SCN that an intermediary in terms of Regulation 3(2) of CAPSM is required to ensure that an associated person on being employed or engaged by it on or after the date specified by the Board shall obtain the certificate within one year from the date of being employed or engaged by it. In this regard, it was observed that none of the Key Managerial Personnels (KMPs) was holding mandatory NISM-Series-IX: Merchant Banking Certification Examination Certification during the IP. Further, it was observed that the Compliance Officer, Ms Preeti Panchal, was not holding NISM-Series-III A: Securities Intermediaries Compliance (Non-Fund) continuing Professional Education during the IP (February 17, 2023 to July 01, 2024).

14.2. Noticee submitted that Ms. Preeti Panchal, KMP held certificate for NISM Series IX from February 20, 2020 to February 16, 2023 and subsequently obtained a new certificate valid from July 2, 2024 to June 28, 2027. Another KMP Ms. Alka Mishra held a Certificate for NISM-Series-IX which was valid till April 01, 2022 and subsequently obtained a new certificate from December 20, 2024 to December 16, 2027. Further, Compliance Officer Ms. Preeti Panchal holds a certificate for NISM Series IIIA which is valid till April 21, 2028. Noticee submitted that it has a team of professionally qualified personnel who is well versed with SEBI Regulations.

14.3. I note that SEBI mandates NISM certification to ensure that all individuals working in key roles within the securities market have a foundational understanding of the market's operations, regulations and ethical standards.

For KMPs who are responsible for the overall management and compliance of the intermediary, it is particularly important to promote professionalism and competency, risk management and ensuring regulatory compliance. I note that the KMPs of the Noticee did not hold valid NISM certification during the IP. As a SEBI registered intermediary, it was the duty of the Noticee to ensure that all its KMPs have valid certification at all times.

14.4. In view of the above, I find that the allegation of violation of notifications dated March 11, 2013 and August 02, 2013 issued under Regulation 3 of the CAPSM Regulations and Regulation 13 r/w clause 3 of Schedule III of MB Regulations by the Noticee stands established.

ISSUE No. II: Do the violations, if any, attract monetary penalty u/s 15HB of SEBI Act?

15. The provisions of Section 15HB of the SEBI Act read as under:

"Penalty for contravention where no separate penalty has been provided.

15HB. Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees."

16. Hence, in view of the findings as given above, I am convinced that the Noticee is liable for monetary penalty u/s 15HB of the SEBI Act for violation of above established provisions of ICDR Regulations, MB Regulations, PIT Regulations, CAPSM Regulations and SEBI circulars.

ISSUE No. III: If so, what should be the monetary penalty that should be imposed upon the Noticee after taking into consideration the factors stipulated in Section 15J of the SEBI Act r/w **Rule 5(2) of the Adjudication Rules?**

17. While determining the quantum of penalty u/s 15HB of SEBI Act, the following factors stipulated in Section 15J of the SEBI Act have to be given due regard:-

SEBI Act

"15J. Factors to be taken into account by the adjudicating officer

While adjudging quantum of penalty under Section 23-I, the adjudicating officer shall have due regard to the following factors, namely:-

(a)the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b)the amount of loss caused to an investor or group of investors as a result of the default;

(c)the repetitive nature of the default."

18. The material available on record has not quantified the amount of disproportionate gain or unfair advantage, if any, made by the Noticee and the loss, if any, suffered by the investors as a result of its non-compliance nor has it been alleged by SEBI. As regard to the repetitive nature of the default, there is nothing on record to show that the nature of default by the Noticee is repetitive.

19. I find that the Noticee was under a statutory obligation to abide by and comply with the provisions of the Regulations/Circulars/directions issued by SEBI, which it failed to do during the IP. The very purpose of the provisions of law is to deter wrongdoing and promote ethical conduct in securities market. Noticee being a registered intermediary is expected to take the statutory compliances seriously and take extra care to maintain a high degree of professionalism in the conduct of its business. The violations as established above certainly deserve imposition of penalty. However, I also note from the submissions of the Noticee, that it has accepted its non-compliance and taken corrective measures subsequent to the inspection.

ORDER

20. After taking into consideration the facts and circumstances of the case, including the fact that corrective steps have been taken by the Noticee, in exercise of powers conferred upon me u/s 15-I of the SEBI Act r/w Rule 5 of the Adjudication Rules, I hereby impose the penalty of Rs. 5,00,000 (Rs. Five Lakhs only) u/s 15HB of the

SEBI Act on the Noticee for the violations as mentioned above. I find that the said penalty is commensurate with the violations committed by the Noticee in this case.

21. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:

ENFORCEMENT → ORDERS → ORDERS OF AO → PAY NOW

22. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings u/s 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

23. In terms of Rule 6 of the Adjudication Rules, a copy of this order is sent to the Noticee and also to the SEBI.

AMIT KAPOOR

Digitally signed by AMIT KAPOOR
Date: 2025.10.07 16:06:19 +05'30'

Place: Mumbai **AMIT KAPOOR**

Date: October 07, 2025 **ADJUDICATING OFFICER**