BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/BM/RK/2024-25/30594]

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

In respect of

Name of the Entity	Registration Number	PAN
Pantomath Capital Advisors Private Limited	INM000012110	AAHCP3551H

In the matter of

Inspection of Pantomath Capital Advisors Private Limited

Background

1) Securities and Exchange Board of India (hereinafter referred to as **'SEBI'**) had conducted an inspection of documents and other records of Pantomath Capital Advisers Private Limited (hereinafter referred to as the **"Pantomath/Noticee"**), a SEBI-registered Merchant Banker (**MB**), having SEBI registration number as INM000012110, to understand the due-diligence carried out by it with respect to an Initial Public Offer (IPO) and ascertain whether there was any possible violation(s) of the provisions of the Securities and Exchange Board of India Act, 1992 **("SEBI Act")**, SEBI (Merchant Bankers) Regulations, 1992 **(**hereinafter referred to as the **"MB Regulations")** and various SEBI Circulars by the Noticee. The said inspection was conducted between September 12, 2023 and September 14, 2023. The period covered in the inspection was from April 01, 2022 to July 31, 2023 (hereinafter referred to as **'Inspection Period/IP'**).

2) The inspection findings were communicated to the Noticee vide SEBI letter dated November 13, 2023. After examining the reply submitted by the Noticee vide letter & email dated November 19, 2023, it had been alleged that the Noticee contravened various provisions of the securities law in respect of the activities carried out by it. The summary of the violations alleged to have been committed by the Noticee and corresponding provision of the securities law are given in the table 1 below:-

Table 1:

Sr No.	**Alleged Violations (Summarized)**	**Regulatory Provisions**
1	Submission of wrong data in the half yearly report.	Regulation 13 read with Clause 2, 3 & 20 of Schedule III (Code of Conduct for Merchant Bankers of the MB Regulations), Regulation 28(2) of the MB Regulations read with SEBI Circular CIR/MIRSD/6/2012 dated May 14, 2012 and provisions of SEBI Circular CIR/MIRSD/6/2012 dated May 14, 2012
2.	Non Appointment of Compliance Officer.	Regulation 28A(1) of the MB Regulations and Clause 2 & 3 of Schedule III of Code of Conduct r/w Regulation 13 of MB Regulations.
3	Submission of unsigned due-diligence certificate to SEBI.	Clause 2,3,4,20,21 & 30 of Schedule III Code of Conduct r/w Regulation 13 of MB Regulations and Regulation 9A(1)(e) of the MB Regulations.

3) In view of the above, adjudication proceedings was initiated against the Noticee.

APPOINTMENT OF ADJUDICATING OFFICER

4) SEBI, vide order dated March 15, 2024, communicated vide communiqué dated March 18, 2024, appointed undersigned as the Adjudicating Officer (AO) under Section 19 of the SEBI Act read with Sub-Section (1) of Section 15I of the SEBI Act and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**SEBI Adjudication Rules'**) to inquire into and adjudge under the provisions of Section 15HB of the SEBI for the aforesaid violations alleged to have been committed by the Noticee.

SHOW CAUSE NOTICE, REPLY AND HEARING

5) A Show Cause Notice (**"SCN"**) No SEBI/HO/EAD/EAD3/P/OW/2024/000014508/1 dated April 16, 2024 was issued to the Noticee in terms Rule 4(1) of SEBI Adjudication Rules to show cause as to why an inquiry should not be initiated against it and why penalty, if any, be not imposed upon it under Section 15HB of SEBI Act for the aforesaid violations alleged to have been committed by it.

6) The said SCN was sent to the Noticee through Speed Post AD and via digitally signed email dated April 16, 2024 which was duly delivered on the same day. The proof of service is on record. Noticee vide letter dated April 24, 2024 sought inspection of relevant and relied upon documents in the matter. Accordingly, vide email dated April 30, 2024, the Noticee was granted an opportunity to inspect copies of the dcouments on May 02,2024, which was duly availed by its Authorized Representative (AR). The Noticee was further advised to file its reply in the matter by May 07, 2024 after conclusion of the said inspection.Noticee vide its email dated May 07, 2024 sought additional time to file reply in the matter subsequent to appointment of new AR. Accordingly, vide email dated May 08, 2024, the Noticee was advised to file reply in the matter latest by May 22, 2024. In response, Noticee filed its reply to the SCN vide email dated May 21, 2024.

7) In the interest of natural justice, and in order to conduct inquiry in terms of Rule 4(3) of the SEBI Adjudication Rules, vide hearing notice dated May 22, 2024, which was duly delivered, an opportunity of personal hearing was granted to the Noticee to appear on June 03, 2024. The said hearing notice was sent to the Noticee via SPAD and through digitally signed email dated May 24, 2024. The hearing was attended to by the AR of the Noticee wherein he reiterated the submissions made by the Noticee vide its letter dated May 21, 2024. The said AR sought time to make additional submission in the matter, which was accordingly granted. The Noticee made additional submission in the matter vide email dated June 10, 2024.

8) The Noticee's reply vide its letter dated May 21, 2024 and June 10, 2024 is summarized as under:

<u>Reply of the Noticee</u>

8.1 Noticee submitted that SEBI granted the inspection opportunity but it failed to provide the majority of the requested documents which was crucial for the Noticee to have access to the documents relied upon by and in possession of SEBI in the SCN to defend itself against the allegations levelled in the SCN.

8.2 In terms of SEBI Cicrular dated May 02, 2017 and SEBI Master Circular for Merchant Bankers dated September 26, 2023, half yearly report is required to be submitted through SEBI SI portal and that it had submitted the networth of Rs 50.02 crores as on March 31, 2022 in its half-yearly report on SI portal within the stipulated time i.e. on December 31, 2022 bearing report id 2717624 as per the networth endorsed by its Statutory auditors.

8.3 That the networth required to be submitted through the half-yearly reports was the Audited networth as on March 31, 2022 and the networth of Rs 22.40 crores which was provided to the inspection team should not be considered since the same was a draft report (unsigned) inadvertently given to the team along with the annexures to the Pre Inspection Questionnaire (PIQ) and the networth of Rs

59.92 crores is the networth as on Septmber 30, 2022 and not as on March 31, 2022.

8.4 It was a mere human oversight and therefore, the same ought not to be relied upon since the correct figures of net worth was already available on the SI portal and on the email id mb@sebi.gov.in.

8.5 As regards discrepancy in networth for March 31, 2023, it submitted that the half-yearly report as of March 31, 2023 (filed on June 27, 2023) bearing report id 2737271 was based on unaudited financial statements, whereas the CA Certificate submitted to SEBI was on its audited financial statements and that this distinction in the comments section of the Half-Yearly Report, specifying that the "Net worth figure is based on provisional financial statements." was already mentioned. Therefore, instead of providing figures from the previous year, i.e., March 31, 2022, it supplied a provisional net worth figure of Rs.60.89 Crores as of March 31, 2023.

8.6 It also submitted that the query raised by the Inspection Team did not pertain to the Noticee having insufficient or inappropriate net-worth. Rather, the concern was regarding the incorrect reporting of net-worth in the SEBI half-yearly submission under SEBI Merchant Bankers Regulations, which was not the case. The Noticee submitted the correct net-worth figure within the stipulated time frame.

8.7 W.r.t the stamped (duly containing initials of the authorized person of the Noticee) half-yearly report showing networth of Rs 22.40 crores provided to the inspection team, shown to the Noticee during the course of hearing and its argument that it was a draft report, Noticee submitted that said report provided to SEBI was one among numerous other documents and information submitted in response to the extensive queries in the PIQ and that particular report was a draft version, as it was never filed on the SI portal or sent to mb@sebi.gov.in. It further submitted that the draft nature of the report is evident from the language *it contained, such as "...FY ended SEPTEMBER 30, 2022…" and "...Our Networth as on SEPTEMBER 31, 2022…". whereas, a financial year does not end on September 30, and September does not have 31 days.*

8.8 *As regards non appointment of compliance officer, it submitted that the requirement of the provisions is for an appointment of a compliance officer and a temporary vacancy of 45 days (30 working days) resulting from a sudden resignation with immediate effect by the former compliance officer cannot be deemed as a failure to appoint compliance officer.*

8.9 *That the inspection team has completely ignored the bona-fides and proactive efforts made by it to appoint a compliance officer well before the resignation of the former compliance officer. Furthermore, it had extended an offer letter to the successor 5 days prior to the immediate effect resignation given by the former compliance officer on December 17, 2023.*

8.10 *That observation in the inspection report, SEBI cannot change Regulation 28 A from "appoint a compliance officer " to "appoint a compliance officer on continuous basis." Further the said Regulation stipulates the requirement to appoint a compliance officer and that was already done by it on December 12, 2022, before resignation of Ms Binal Shah.*

8.11 *It is nowhere prescribed as to what steps are required to be taken in the event of an immediate vacancy in the position of compliance officer due to sudden resignation of the incumbent.*

8.12 *That the requirement as per the law is to submit the half-yearly report within 3 months of the expiry of the half-year and therefore, half yearly report for the half-year ended on September 30, 2022 with networth of Rs 50.02 crores as at March 31, 2022 was duly submitted by Ms. Binal Shah before its board on October 08, 2022 and its board had reviewed and approved the said half-yearly* *report. Subsequently, the said report was electronically files by its Compliance team on SEBI SI portal on December 31, 2022.*

8.13 Ms Punam Thadeshwar had herself given an Undertaking that she had signed both the documents, SEBI cannot conveniently and without any reason divide the testimony, that too, without any defense or clarification obtained of Ms. Thadeshwar.

8.14 Further, it is a figment of imagination of SEBI that a computer generated signature is not a valid signature and the computer generated signatures put on DDC dated April 21, 2022 does not enable SEBI to verify the authenticity of the DDC. The authenticity of the DDC can be clearly verified by the Noticee's stamp appended along with the signature to the DDC, which is in fact the requirement under Form A of Schedule V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.Notably, Form A does not explicitly necessitate the signatures of the authorized signatory of the Lead Manager.

8.15 That the DDC was submitted on the Noticee's letterhead which not only bore the signature of Ms.Thadeshwar as the Authorized Signatory but also included her official emailaddress,punam.thadeshwar@pantomathgroup.com, along with her contact number and designation;

8.16 That DDC was submitted by Ms.Thadeshwar to SEBI vide email from her email ID and cover letter dated April 21, 2022 and the said email was thereafter acknowledged and responded to by SEBI vide email dated April 22, 2022. Further, it is pertinent to note that after April 21, 2022 also there were various communications mad by Ms Thadeshwar to SEBI w.r.t other IPOs which shows authenticity of her identity and her signature and thus, it cannot be said that the DDC was unsigned or that not properly signed.

8.17 It also submitted that as per Black Law's Dictionary, the term "signature" refers to "A person's name or mark written by that person or at the person's direction." The computer generated signature, hence,is nothing but a signature.

8.18 SEBI has not cited any provision in the SCN that prohibits the use of computer-generated signatures.

8.19 Neither the issuer, Sah Polymer Limited, nor SEBI's Corporate Finance Department, responsible for coordinating, communicating, and verifying details provided under the DRHP and RHP, including the DDC, raised any concerns regarding the authenticity of the mentioned DDC. Moreover, both the DRHP and RHP were approved without any objections in this regard.

8.20 That the DDC is not a legal Document, as it is neither an affidavit, stamped, nor reliable evidence under the Indian Evidence Act, 1872, nor is it contractually provided to an issuer and considering SEBI's own stance that their observations on compliance during DRHP are not binding legal documents and may be filed even with draft offer documents that may not culminate in a public issue-and thus, it denied that the DDC is a legal document submitted to SEBI.

8.21 That signatures in the DDC cannot be computer- generated. There is no requirement in the MB Regulations for a DDC to be either ink signed or digitally signed exclusively.

8.22 That Ms.Thadeshwar was engaged in remote work during that period and lacked access to a printer,hence rendering her unable to physically sign the DDC dated April 21,2022, with wet ink. It was solely due to extraordinary circumstances that Ms.Thadeshwar utilized a computer-generated signature on the aforementioned document to meet the statutory compliances within the applicable timeframe.

8.23 That SEBI vide email dated April 30, 2024, has confirmed that there is no record of any complaint received by them or the exchanges on the DDC submitted w.r.t. IPO of Urban Waste Management Limited and Sah Polymers Limited and that there has been no investor complaints regarding the IPO concerned which was effectively listed on the Stock Exchange.

8.24 It had filed the MGT-7 (Annual Return) on the MCA portal on November 04, 2022 which showed the networth as Rs. Rs. 500,020,000 and it had filed the Half Yearly Report on SEBI SI portal on December 31, 2022 and on July 05, 2023, Net worth certificate showing net worth of Rs. 50 crores was submitted to SEBI at mb@sebi.gov.in.

8.25 There was no requirement for SEBI to issue the present SCN and instead SEBI Inspection team could have merely sought a clarification and asked Noticee to provide the actual figures as submitted on the SI portal. In fact, the Noticee vide email and letter dated February 26, 2024 to SEBI clearly stated that after reviewing the PIQ, and accessing the SI Portal when it became accessible the correct net worth of Rs. 50.02 crore was submitted as part of the half yearly submission and downloaded report of the submission was provided as a matter of proof. Further, in the said letter the Noticee had also sought for an in-person meeting. Despite the same, the present SCN was issued by SEBI.

8.26 Noticee submitted that under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR Regulations"), the format and manner of DDC is statutorily prescribed. This requirement specifies only the description of the lead manager along with its official seal. It does not mandate that the DDC bear any signature, whether in wet ink or digital form. Furthermore, it was demonstrated that the name, designation, address, mobile number, letterhead, and email from the authorized domain, along with prior and subsequent communications between SEBI and Ms. Poonam Thadeshwar, leave no room for doubt regarding the authenticity of the DDC. In fact, given these details, *another department of the regulator, the Corporate Finance Department, cleared the IPO, leading to the successful listing of the company*

9) I note that inspection findings are based on analysis of samples and test checking of various books and other records maintained by the Noticee, as well as written/oral submissions of the Noticee & its officials to the inspection team. Consequently, the instances of irregularities/observations pointed out in inspection report are illustrative in nature and are not all-inclusive. The allegations levelled against it, its submissions and findings in respect of the same are dealt with in the subsequent paragraphs of this order.

CONSIDERATION FOR ISSUES, EVIDENCE AND FINDINGS

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

ISSUE I- Whether Noticee has violated provisions of MB Regulations and SEBI Circulars as mentioned at para 2 above?

ISSUE II- Does the violation, if any, on the part of the Noticee attract monetary penalty under Section 15HB of the SEBI Act?

ISSUE III- If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of the SEBI Act?

11) Before proceeding further, I would like to refer to the relevant provisions of law as under:

SEBI (MERCHANT BANKERS) REGULATIONS, 1992

Code of conduct.

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

Conditions of registration

9A.(1) Registration granted under regulation 8] shall be subject to the following conditions, namely:—

(e) it shall abide by the regulations made under the Act in respect of the activities carried on by it as merchant banker.

Disclosures to the Board

28(2) The merchant banker shall submit a periodic report in such manner as may be specified by the Board from time to time.

Appointment of compliance officer

28A. (1) Every merchant banker shall appoint a compliance officer who shall be responsible for monitoring the compliance of the Act, rules and regulations, notifications, guidelines, instructions, etc., issued by the Board or the Central Government and for redressal of investors' grievances.

[SCHEDULE III

Securities and Exchange Board of India

(Merchant Bankers) Regulations, 1992

[Regulation 13]

CODE OF CONDUCT FOR MERCHANT BANKERS

2. A merchant banker shall maintain high standards of integrity, dignity and fairness in the conduct of its business.

3. A merchant banker shall fulfil its obligations in a prompt, ethical, and professional manner.

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

20. A merchant banker shall not make untrue statement or suppress any material fact in any documents, reports or information furnished to the Board.

21. A merchant banker shall maintain an appropriate level of knowledge and competence and abide by the provisions of the Act, regulations made thereunder, circulars and guidelines, which may be applicable and relevant to the activities carried on by it. The merchant banker shall also comply with the award of the Ombudsman passed under the Securities and Exchange Board of India (Ombudsman) Regulations, 2003.

30. A merchant banker shall be responsible for the Acts or omissions of its employees and agents in respect of the conduct of its business.

Relevant provisions of SEBI Circulars

https://www.sebi.gov.in/legal/circulars/may-2012/review-of-regulatory-compliance-and-periodic-reporting_22759.html

FINDINGS

On perusal of the material available on record and giving regard to the facts and submission of the Noticee and circumstances of the case, I record my findings hereunder:

ISSUE I: Whether Noticee has violated provisions of MB Regulations and SEBI Circulars as mentioned at para 2 above?

12) Before I proceed to deal with the matter on merits, I would like to settle preliminary issue raised by the Noticee wherein it has contended that it was not provided the majority of the requested documents which was crucial for it to defend itself against the allegations levelled in the SCN.

13) To substantiate the said claim, the Noticee has relied upon the judgments of Hon'ble Supreme Court, High Court and Hon'ble SAT, like:

- ***Reliance Industries Limited Versus Securities And Exchange Board Of India & Ors***
- ***Sunita Agarwal v. Securities and Exchange Board of India and Another***

- ***Ashok Dayabhai Shah And Ors v. Securities And Exchange Board of India And Ors***
- ***T. Takano vs SEBI***
- ***National Stock Exchange of India Ltd. v. Securities and Exchange Board of India***

14) In respect of the above contention of the Noticee that it was not provided the majority of the requested documents which was crucial for it to defend itself against the allegations levelled in the SCN, I note that a copy of Inspection Report of the present case along with the annexures was provided to the Noticee. Further I note that the aforesaid Inspection Report is nothing but consist of the irregularities observed during the course of inspection by the Inspecting Authority and subsequent to inspection, Noticee had filed its response to the inspection findings which was provided to it along with the SCN. It is therefore, the said facts of receipt of Inspection report and other relevant documents that cannot be denied by the Noticee.

15) In view of the above, I note that all the relevant and relied upon documents were provided as Annexures to the SCN and subsequent requests made by the Noticee. Hence, I note that the principle laid by Hon'ble Supreme Court in ***T. Takano*** i.e. *"all information that is relevant to the proceedings must be disclosed in adjudication proceedings" was duly followed.*

16) Further, I note that the Noticee in his reply has merely made a bald statement that "it was not provided the majority of the requested documents which was crucial for it to defend itself against the allegations levelled in the SCN. However, in this regard, nothing specific has been brought out by it in support of the said claim and it has also not sufficiently demonstrated how this ground of non-availability of such document has caused prejudice to it. Hence, the instant contention raised by the said Noticee is not tenable.

Alleged Violation 1: Submission of wrong net-worth figure in the half yearly report and failure to record any deficiency in its half yearly report.

17) It is observed that in terms of Regulation 28(2) of MB Regulations, an MB is required to submit a periodic report in such manner as may be specified by the Board from time to time.

18) In this regard, networth figures submitted by the Noticee vide Pre Inspection Questionnaire (PIQ), Half-Yearly report and by way of Chartered Accountant (CA) Certficate are mentioned in table 2, 3 and 4 below, respectively.

Table 2: Networth submitted vide PIQ

Financial Year	Net-Worth
2021-22	Rs. 50 crores
2020-21	Rs. 41.91 crores
2019-20	Rs. 40.28 crores

Table 3: Networth submitted vide Half-Yearly Report:

Half-Year Ended	Net-Worth
31.03.2023	Rs. 60.89 crores
30.09.2022	Rs. 22.40 crores
31.03.2022	Rs. 50 crores

Table 4: Networth submitted to Inspection team by way of CA Certificate dated October 06, 2023

Half-Year ended	Net-Worth
31.03.2023	Rs 61.79 Crores
30.09.2022	Rs 59.92 Crores

19) From the above, it was alleged that the Noticee had provided wrong figures w.r.t the networth vide its half yearly report submitted to SEBI for half year as on September 30, 2022 vis-a-vis netowrth figures provided by way of CA Certificate and that the difference between the two figures was huge as is also mentioned in the table 5 below:

Table 5:

Net-worth of the MB	Half-Yearly Report submitted by MB	As per CA Certificate
September 30, 2022	Rs 22.40 Crores	Rs 59.92Crores
March 31, 2023	Rs 60.89 Crores	Rs 61.79 Crores

20) Further, it was alleged that the said Noticee had provided unaudited figures w.r.t networth in the report submitted for the half year ended on March 31, 2023.

21) In addition to the aforesaid, it was alleged that in terms of SEBI Circular CIR/MIRSD/6/2012 dated May 14, 2012, the Boards of Merchant Bankers is vested with the responsibility to review the report and record its observations on (i) the deficiencies and non-compliances (ii) corrective measures initiated to avoid such instances in future, (iii) pre-issue and post-issue due diligence process followed and whether they are satisfied and (iv) track record of past issues managed.

22) In this regard, half yearly report of the Noticee, mentioned that its Board had reviewed the half yearly report on October 08, 2022. However, the Board of the Noticee had allegedly not recorded any deficiency in the said report.

23) Accordingly, in view of the aforementioned wrong submission w.r.t Net-worth by the Noticee, it was alleged that the Noticee has violated Regulation 13 read with Clause 2, 3 & 20 of Schedule III (Code of Conduct for Merchant Bankers of the MB Regulations) read with Regulation 28(2) of the MB Regulations read with SEBI Circular CIR/MIRSD/6/2012 dated May 14, 2012 and provisions of SEBI Circular CIR/MIRSD/6/2012 dated May 14, 2012 by having failed to record any deficiency in its half yearly report.

24) Noticee submitted that in terms of SEBI Cicrular dated May 02, 2017 and SEBI Master Circular for Merchant Bankers dated September 26, 2023, half yearly report is required to be submitted through SEBI SI portal and that it had submitted the networth of Rs 50.02 crores as on March 31, 2022 in its half-yearly report on SI portal within the stipulated time i.e. on December 31, 2022 as per the networth endorsed by its Statutory auditors. It submitted that the networth required to be submitted through the half-yearly reports was the Audited networth as on March 31, 2022 and the networth of Rs 22.40 crores which was provided to the inspection team should not be considered since the same was a draft report (unsigned) inadvertently given to the team along with the annexures to the Pre Inspection Questionnaire (PIQ).

25) As regards discrepancy w.r.t networth for March 31, 2023, it submitted that the half-yearly report as of March 31, 2023 (filed on June 27, 2023) was based on unaudited financial statements, whereas the CA Certificate submitted to SEBI was on its audited financial statements and it had duly mentioned in the comments section of the Half-Yearly Report on SI Portal, that the *"Net worth figure is based on provisional financial statements"*. Therefore, instead of providing figures from the previous year, i.e., March 31, 2022, it supplied a provisional net worth figure of Rs.60.89 Crores as of March 31, 2023.

26) From the Noticee's submission and the documents, I observe that vide its half-yearly report of September 2022, it submitted on December 31, 2022 on SEBI SI portal the audited networth of Rs 50.02 crores as on March 31, 2022 . The networth of Rs 50.02 crore was also affirmed by M/s Choradiya Naveen &Co, CA, vide its certificate dated

July 05, 2023. Further, I note from the Certificate dated October 06, 2023 issued by M/s Chordiya Naveen & Co, that it had been certified that the netowrth of Rs. 59.92 crore is the networth as on September 30, 2022 based on the unaudited balance sheet and not for the half year ended on September 30, 2022. I also note from the material available on record that the Noticee had filed a networth figure of Rs 50.02 crores in its filing dated November 04, 2022 with MCA and the same networth figure was also submitted to SEBI on the SEBI SI portal for the half-year ended on September 2022. The relevant details submitted by the Noticee along with the timelines are tabulated in table 6 below:

Table 6:

Dates	**Networth**	**Amount (INR Crore)**	**Statutory Requirement**
November 04, 2022	Networth as on March 31, 2022 as per the Annual Return filed with the Ministry of Corporate Affairs(MCA) as on November 04, 2022.	50.02	Companies Act 2013-Form MGT-7
December 31, 2022	Networth as on March 31, 2022 in half-yearly report to SEBI through SEBI SI portal.	50.02	SEBI Circular dated May 02, 2017.
July 05, 2023	Networth as on March 31, 2022 as per the certificate of statutory auditors provided to SEBI at mb@sebi.govin on July 05, 2023	50.02	SEBI Circular dated May 14, 2012.
August 10, 2023	Networth as on March 31, 2022 as per the audited financial statement of the company.	50.02 (paid up capital + reserves)	Annual report submitted in response to PIQ aas required by SEBI.

27) As regards alleged discrepancy w.r.t networth for half year ended on March 2023, I note that the provisional networth figure of Rs 60.89 crores as on March 31, 2023 was submitted on June 27, 2023 on the SI portal. The material available on record also shows that the Noticee had duly mentioned *“Net worth figure is based on provisional financial statements”* in the comments section of the half-yearly report for March 2023 which shows that the audited figure of the networth for half-year ended as on March 2023 was not submitted on the SI portal as the audit of its financial statements was not done by that time. Further, I note that the Noticee has not been alleged of not having maintained the requisite networth during the IP and the material available on record shows that the Noticee has maintained the requisite networth for the merchant bankers which is Rs 5 crores for a Category I merchant bankers.

28) Further, Noticee admitted that the half-yearly report for September 2022 having networth figure of Rs 22.40 was inadvertendly submitted by it to inspection team along with all the annexures, and was an unsigned draft. However, the material available on record shows that the Noticee had submitted signed and stamped half-yearly report to the inspection team. In this regard, I note that the Noticee should have been more careful in submission of information to the Regulator. However, I also note that the Noticee had duly submitted the half-yearly report along with due disclaimers for September 2022 and March 2023 within the stipulated time and the variation w.r.t networth as alleged in the SCN does not stand established for the reasons mentioned above. Therefore, there also did not arise any need for its board to review the same as the networth figures were submitted by it on SI portal, post review by its board within the stipulated time.

<u>Alleged Violation 2: Non appointment of Compliance officer</u>

29) It was observed that one Ms. Binal Shah had resigned from the post of compliance officer of the Noticee, w.e.f 17.12.2022 vide resignation letter dated 17.12.2022. In this regard, upon on perusal of DIR-12, it was observed that the date of cessation of Ms Binal Shah was mentioned as 17.12.2022, indicating that she ceased to be its

compliance officer from 17.12.2022 and after that one Ms Bhavi Gandhi was appointed as compliance officer with effect from 30.01.2023 vide appointment letter dated 30.01.2023 and that upon perusal of DIR-12, it was observed that the date of appointment was mentioned as 30.01.2023, indicating that she was appointed as compliance officer of the Noticee with effect from 30.01.2023. Thus, allegedly there was no compliance officer on continuous basis.

30) Further, it is observed that the Noticee had submitted its periodical report for the half year ended 30.09.2022 on 31.12.2022, which was purportedly certified by a compliance officer, whereas it was functioning without a compliance officer.

31) Accordingly, in view of the above, it was alleged that the Noticee has violated Regulation 28A(1) of the MB Regulations and Clause 2 & 3 of Schedule III of Code of Conduct r/w Regulation 13 of MB Regulation by having failed to appoint the compliance officer on a continuous basis from December 18, 2022 to January 29, 2023.

32) In this regard, Noticee submitted that it had extended an offer letter to the successor (new compliance officer) 5 days prior to the resignation given by the former compliance officer on December 17, 2023. It further submitted that Regulation 28A states to *"appoint a compliance officer" and not "to appoint a compliance officer on continuous basis."* and that it is nowhere prescribed as to what steps are required to be taken in the event of an immediate vacancy in the position of compliance officer due to sudden resignation of the incumbent.

33) With regard to the Noticee's aforementioned submission and offer letter submitted by the Noticee, I note that the said offer letter dated December 12, 2023 was duly issued by it to recruit new Compliance Officer. Further, the said offer letter issued by it was issued 5 days in advance to the resignation tendered by the incumbent Compliance officer. Further, it is pertinent to note that the Regulation 28A(1) nowhere prescribes for the appointment of a Compliance officer on continuous basis.

34) The scenario has also to be practically considered. Once a senior position like a compliance officer has resigned, immediate replacement is difficult and thus, the argument that the appointment of compliance officer is to be continuous is flawed. In terms of the Regulation 6 1(A) of SEBI LODR Regulations itself recognises this practicality and prescribes that listed companies fill up vacancies of Compliance officer within 3 months. Even Section 203 of the Companies Act, allows a company to fill a vacancy in the office of KMP within a period of 6 months. I note that in the instant case, the Noticee despite not being a listed company had already issued offer letter 5 days prior to the resignation of its compliance officer, which was within the reasonable period had it been listed. Thus, it shows that the Noticee had acted well in advance to fill the vacancy of Compliance officer.

35) As regards allegation of submission of periodical report for the half year ended September 30, 2022 on December 31, 2022 in the absence of Compliance officer, I note from the submission of the Noticee and the material available on record that the said report was duly reviewed by its board in its meeting dated October 08, 2022. Further, I note from the minutes of meeting that the then compliance officer Ms Binal Shah had attended the said meeting virtually and had placed before the board statutory compliance certificate and half yearly report for six months ended on September 30, 2022 wherein the board had reviewed the half-yearly report. Thus, the half yearly report ended on September 30, 2022 was certified by the said Compliance officer when she was functioning and subsequently it was submitted to SEBI on December 31, 2022.

36) Given the above, I do not find any merit in the allegations made out in the SCN with respect to above issues.

Alleged Violation 3: Submission of unsigned due-diligence certificate to SEBI.

37) It was observed that the Due Diligence Certificate (DDC) dated June 03, 2023 with respect to IPO of Urban Enviro Waste Management Limited and DDC dated April 21, 2022 with respect to IPO of Sah Polymers Limited, submitted by the Noticee to SEBI, the signatures were bearing the name of authorized signatory Ms. Punam Thadeshwar.

However, the signatures of Ms. Punam Thadeshwar in both the said documents were found to be different from each other. Further, it was observed from the KYC documents (PAN Card) of Ms. Punam Thadeshwar, that her signature was entirely different from the signatures on the aforesaid two due diligence certificates.

38) There are some allegations of mismatch in the signatures on the due diligence certificate. It is prima facie alleged that both these due diligence certificates were actually not signed by her. In this regard, Noticee has contended that Ms. Punam Thadeshwar submitted following to the inspecting team vide her undertaking dated November 17, 2023:

"Both the due diligence certificates were signed by me. Further, I hereby state and confirm that currently I am using the signature as mentioned in the due diligence certificate dated June 03, 2023. The signature on due diligence certificate dated April 21, 2022, was computer generated. The signature appearing on my PAN card was very old hence required to be updated."

39) As regards aforesaid, it was observed that the DDC is a legal document submitted to SEBI and signatures in such documents cannot be a computer generated signature, since there is no KYC process followed in a computer generated signature. The certificate submitted to SEBI should either have been ink signed or digitally signed. Computer generated signature is not a valid signature. Owing to the above, the authenticity of the due diligence certificate submitted to SEBI with respect to IPO of Sah Polymers Limited could not be verified. Thus, it was alleged that the Noticee has submitted an unsigned DDC to SEBI.

40) Accordingly, in view of the above, it was alleged that the Noticee has violated Clause 2,3,4,20,21 & 30 of Schedule III Code of Conduct r/w Regulation 13 of MB Regulations and Regulation 9A(1)(e) of the MB Regulations by having submitted an unsigned due diligence certificate to SEBI, indicating that the Noticee had taken the due diligence aspect very lightly.

41) Noticee submitted that the authenticity of the DDC can be clearly verified by the Noticee's stamp appended along with the signature to the DDC, which is in fact the requirement under Form A of Schedule V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and Form A does not explicitly necessitate the signatures of the authorized signatory of the Lead Manager.

42) It added that the DDC was submitted on the Noticee's letterhead which not only bore the signature of Ms Thadeshwar as the Authorized Signatory but also included her official email address- punam.thadeshwar@pantomathgroup.com, along with her contact number and designation.

43) Lastly, it made a submission that there is no requirement in the MB Regulations for a DDC to be either ink signed or digitally signed exclusively.

44) As regards Noticee's submission that the DDC was on its letterhead which bore signatures of the Authorized Singatory and her official email address along with the contact number and designation, I note from the submission of the Noticee that the said DDC was duly relied upon by SEBI in the IPO of Sah Polymers Limited and no question was raised w.r.t the authenticity of the said DDC while relying upon it by SEBI and the alleged discrepancy came to the fore only during the course of inspection. In this regard, I note that the motive behind the submission of DDC is to ensure the independent due diligence being carried out by the merchant banker w.r.t an IPO and the same was never questioned by SEBI nor the same has been alleged. Further, at this juncture, I find it pertinent to refer to the Black Law's Dictionary on definition of 'signature' which defines it as "*A person's name or mark written by that person or at the person's direction".* Therefore, even if it is assumed, that the signature was not directly made by Ms.Thadeshwar, the definition of a signature encompasses a mark written under the direction of the individual irrespective of whether it is computer generated or digitally signed/handwritten. Therefore, the computer-generated signature, hence, is nothing but a signature. Further, I note that SEBI Regulation/Circular does not specify that the signature on a document/DDC to be signed digitally or in wet ink.

45) I do not want to deal with the allegation that there is any mismatch in the signatures, as it is not borne out of evidence of an expert on the matter. Thus, the issue is not being considered for adjudication.

46) In view of the above, I find that the allegation w.r.t submission of an unsigned due diligence certificate to SEBI on the part of Noticee does not stand established.

47) Since, violations are not established, ISSUE-II and III do not require any consideration.

ORDER

48) Accordingly, the Adjudication proceedings initiated against the Noticee vide the SCN dated April 16, 2024 stand disposed of without any penalty.

49) In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to the Noticee and also to the Securities and Exchange Board of India.

BARNALI MUKHERJEE

Digitally signed by BARNALI MUKHERJEE
Date: 2024.07.29 17:31:37 +05'30'

Place: Mumbai **BARNALI MUKHERJEE**

Date: July 29, 2024 **ADJUDICATING OFFICER**