

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. Order/AK/GN/2025-26/31407-31408]

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

Noticee No.	Name of the Noticee	PAN
1	SBL Infratech Ltd	AAWCS1619N
2	Fast Track Finsec Private Limited	AABCF4818P

In the matter of SBL Infratech Ltd.

Background

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') conducted an examination, of SBL Infratech Limited (hereinafter referred to as **Noticee 1/ Issuer/Company**) and Fast Track Finsec Private Limited (hereinafter referred to as **Noticee 2/ Merchant Banker**) (Noticee 1 and Noticee 2 shall hereinafter be referred to as **Noticees**) pertaining to the compliance with the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (hereinafter referred to as **ICDR Regulations**) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as **LODR Regulations**) with respect to Initial Public Offer('IPO') of Noticee 1.

APPOINTMENT OF ADJUDICATING OFFICER

2. Upon being satisfied that there were sufficient grounds to inquire into and adjudicate upon the violations of provisions of ICDR Regulations and LODR Regulations, SEBI, in exercise of powers u/s 19 r/w sub-section (1) of section 15-I of the SEBI Act, 1992 (hereinafter referred to as **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 Shri Amar Navlani as the Adjudicating Officer, vide communiqué dated November 28, 2024, to inquire into and adjudge under provisions of Section 15HB of the SEBI Act, the following violations allegedly committed by the Noticee-

Noticee No.	Alleged Violations (summarized)	Regulatory provisions
1	(a) Wrong and misleading disclosures and declaration in the prospectus (b) Non-submission of statement of deviation to the stock exchange	(a) Regulation 245(1) of ICDR Regulations (b) Regulation 32 of LODR Regulations
2	Failure to conduct due diligence , ensure proper care and exercise independent professional judgement	Regulation 245(3) of ICDR Regulations, Regulation 13 r/w Clause 3,4 and 6 of Code of Conduct for Merchant Bankers under Schedule III of SEBI(Merchant Bankers) Regulations, 1992(hereinafter referred to as Merchant Bankers Regulations)

3. Upon transfer of the instant matter, undersigned was appointed as AO, vide communique dated December 27, 2024.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. Show Cause Notice (hereinafter being referred to as the “**SCN**”) dated December 16, 2024 was issued to Noticees in terms Rule 4(1) of Adjudication Rules to show cause as to why an inquiry should not be initiated against them and why penalty, if any, should not be imposed upon them u/s 15HB of SEBI Act for the violations.
5. The allegations made against the Noticees in the SCN are summarized below-
- 5.1. Incorrect disclosures in the prospectus regarding the business profile and achievements of the company:
- 5.1.1. As per the “Our Business” section of the prospectus, a project named Shubh Niwas was completed by the company in 2017. However, upon seeking documents regarding this claim from the merchant banker and the company, it

was found that the project was not completed and was closed on account of delay in getting the requisite approvals from the regulatory authority.

5.1.2. The supporting documents obtained by the merchant banker as a part of its due diligence contained contrary submissions by the company.

5.1.3. During inspection it was observed that there was a misstatement by the issuer company in the prospectus dated September 06, 2021 to claim execution of a project which was actually suspended in 2019.

5.1.4. With reference to another project disclosed in the prospectus by the name of “Dayal Vihar”, it is noted that as per the “Our Business” section of the prospectus, the status of the project was indicated as ongoing. However, RERA order dated December 09, 2022, stated that “project Dayal Vihar bearing registration no. RAJ/P/2019/913 lapsed on 31.03.2021.

5.1.5. The merchant banker did not carry out the necessary due diligence with respect to the said claims made in the prospectus regarding Shubh Niwas and Dayal Vihar. Further, the promoters continued to misrepresent facts before the exchange as well as before SEBI.

5.1.6. In view of the above, it was alleged that the claims made by Noticee No. 1 regarding the two projects are incorrect and misleading. Further, Noticee No. 2 completely failed to carry out the necessary due diligence and an independent verification of the facts stated in the prospectus regarding the projects of the company.

5.2. Deviation from “objects of the issue” in utilizing the IPO proceeds:

5.2.1. During inspection, it was observed that on account of non-cooperation from the company in respect of obtaining complete information and non-attendance at the meetings scheduled, the determination of the usage of IPO proceeds could not be made by SEBI. However, considering that the company had been escaping the queries by the Stock Exchange and SEBI, there appeared strong apprehension that the funds raised by the company through the IPO had not been utilised for the intended purpose.

5.2.2. The track record disclosed on the website of the Merchant Banker indicated that Rs. 226.82 lakhs had been utilised out of the total issue proceeds of Rs. 237.09 lakhs, with no explanation for deviations.

5.2.3. The cash flow statement of the company for the financial year ended March 2022 did not clearly indicate the utilization of IPO proceeds for the stated objectives.

5.2.4. In view thereof, it was alleged that Noticee 1 had violated provisions of Regulation 245(1) of ICDR Regulations; Regulation 32 of LODR Regulations and Noticee 2 had violated provisions of Regulation 245(3) of ICDR Regulations; Regulation 13 r/w Clause 3,4 and 6 of Code of Conduct for Merchant Bankers under Schedule III of Merchant Bankers Regulation.

6. The SCN was sent to Noticees through Speed Post AD and via digitally signed Email on December 16, 2024 and was duly served upon Noticee. Vide email dated December 31, 2024, Noticee 2 submitted the reply dated December 30, 2024, the same is summarized below-

6.1 Notice submitted that all actions undertaken by FTFPL in the matter of SBL Infratech Limited were performed with due diligence, in compliance with the prescribed regulatory requirements, and within the framework of law. At every stage, we have exercised reasonable care and prudence to fulfill our responsibilities in accordance with SEBI's guidelines, thereby demonstrating our commitment to maintaining the highest standards of professionalism and regulatory compliance.

6.2 The alleged violations appear to overlook the nature and extent of reliance placed on the documentation and representations provided by the promoters and management of the company, particularly during a period of unprecedented constraints due to the COVID-19 pandemic.

6.3 Noticee submitted that they had taken every possible step to verify the authenticity and accuracy of the information provided by the promoters and management of SBL Infratech Limited, as required under SEBI's regulations.

6.4 While conducting the due diligence of the Company we have gone through the all following documents which has been provided by the Promoter/Management of the Company:

For Shubh Niwas Project

- Registry and Mutation*
- Provisional allotment & Payment details*
- Transaction Statement for refund of subhniwas project*

For Dayal Vihar Projects (Mention as ongoing on prospectus)

- *Title Deeds*
- *Certified Plan*
- *Form C Registration certificate of Establishment*
- *RERA Registration*
- *RERA Extension Certificate*
- *Sales Agreement*

6.5 Owing to the Covid-19 restrictions enforced during the year 2021, they were unable to carry out the requisite physical verification at the Subh Niwas site or at the RERA office. In light of these exceptional circumstances, they have, with due diligence, relied on the documents and information furnished by the Promoter and Management of the Company for the verification process. These documents were accepted in good faith, given the constraints imposed by the pandemic and the unavailability of on-site verification during the specified period.

6.6 Noticee submitted that they uploaded the track record as disclosed by the company, indicating the utilization of Rs. 226.82 lakhs. However, the company did not provide reasons for the deviation, which was explicitly mentioned in our disclosure. This action aligns with the principles of transparency and disclosure, and at no point did FTFPL withhold or misrepresent any information.

7. Vide letter dated December 30, 2024, Noticee 1 appointed the Authorized Representative (AR) and sought inspection of documents. In view of the same, vide email dated January 27, 2025, Noticee 1 was asked to specify the documents which it wants to inspect. However, no response was received from the Noticee 1. Therefore, vide email dated February 06, 2025 Noticee 1 was once again advised to specify the documents. Vide email dated February 10, 2025 Noticee 1 submitted that it wants inspection of all the materials collected during the course of the examination in the matter. In view of the same, vide email dated February 11, 2025, Noticee 1 was advised to inspect the documents available with SEBI on February 13, 2025. Vide email dated February 11, 2025, Noticee 1 sought another date for inspection of documents. In view of the same, vide email dated February 12, 2025, inspection was scheduled on February 24, 2025. Inspection of all the documents sought along with action matrix and Examination report was completed on the scheduled day and copies of the same (annexures in CD) were provided to the Noticee 1.

8. In the interest of natural justice, opportunity of hearing was provided to Noticee 2 on February 07, 2025 vide Hearing Notice dated January 27, 2025 sent via SPAD and digitally signed email dated January 27, 2025. Notice 2 attended the hearing on the scheduled day and reiterated the submissions made, vide reply dated December 30, 2024.

9. Noticee 1 submitted its reply dated March 10, 2025, which is summarised below:

9.1 Noticee submitted that SEBI, in the SCN, has mentioned that the promoter of the Company, in the meeting held on 21 May, 2024 at SEBI Office, had acknowledged certain information in the presence of the merchant banker, as outlined in the table under Paragraph 4.3.21 of the SCN. However, the Noticee asserts that it has not been provided with any documentary evidence to substantiate SEBI's claim. Thus, any reliance on same is disputed.

9.2 In light of the above submissions, it is submitted that, at this stage, it is very difficult to prepare an effective reply to the captioned SCN in the absence of these vital documents and data. It is well-settled law that a party who is being proceeded against must be given access to the evidence that lies against him to effectively defend himself against the allegations made against him, and in the absence of such documents and without perusing these relied upon documents the Noticee cannot be forced and will not be able to meet out or answer the allegations levelled against him in the SCN.

9.3 It is submitted that such a non-provision of the basic documents has caused great prejudice to the Noticee and is in complete gross violation of the principles of natural justice. In this regard, reliance is placed on the observations passed by the Hon'ble Supreme Court in T. Takano v. SEBI, (2022) 8 SCC 162, decided on 18-02-2022.

9.4 Noticee further placed its reliance on the below mentioned Judgments/ Orders of Hon'ble Supreme Court and Hon'ble SAT:

- a. Hon'ble SAT order in the matter of Smitaben N Shah vs SEBI (decided on 30th July, 2010).*
- b. Order of Hon'ble Supreme Court in the matter of SEBI vs Price Waterhouse (decided on 10th January, 2017)*
- c. Hon'ble Supreme Court order in (1992) 3 SCC 343: AIR 1992 SC 1033)*

9.5 Noticee submitted that it has always been committed to maintaining transparency and adhering to all regulatory requirements prescribed by SEBI and the Stock Exchange. The Noticee further submits that it has provided all available and relevant information in response

to inquiries made by SEBI and the Stock Exchange and that any perceived non-cooperation was purely incidental and not deliberate. The Noticee submits that its funding requirements are dependent on a number of factors which may not be in the control of the management, including changes in the financial condition and current commercial conditions, such factors may entail rescheduling and/or revising the planned expenditure and funding requirements, leading to an increase or decrease in the expenditure for a particular purpose from the planned expenditure and the same is also indicated in the Prospectus. The Noticee submits that it has always strived to comply with all applicable laws and regulations and if there are any inadvertent lapses in providing responses within the expected timeframe, the Noticee sincerely regrets the same and assures SEBI of its full cooperation.

9.6 The Noticee submitted that SEBI's statement acknowledging the inability to determine the usage of IPO proceeds, due to alleged non-cooperation and failure to attend meetings, underscores a critical point. SEBI itself has admitted that the determination of the usage of IPO proceeds could not be made owing to the company's alleged non-cooperation. This admission implies that no factual or conclusive determination has been made regarding the alleged misuse of IPO proceeds.

9.7 Noticee submitted that it is crucial to highlight that the conclusion in the SCN is primarily based on apprehensions and suppositions rather than verified facts or objective findings. This is evident from SEBI's reliance on the term "appears" and its use of speculative language concerning the company's alleged actions. Therefore, the Noticee respectfully submits that any inference of wrongdoing, as drawn in the SCN, is not supported by sufficient evidence and is, at best, speculative in nature.

9.8 In the absence of any conclusive findings or evidence that the funds raised through the IPO were not used for the intended purposes, the Noticee submits that any action or conclusion premised upon mere apprehension is not legally sustainable. Further, it is well established that regulatory action must be based on verified facts and not on hypothetical scenarios or assumptions. Therefore, the allegations made in the SCN, grounded in mere suspicion, cannot serve as a valid basis for any further proceedings.

9.9 In the present case, the SCN suggests that the Company had purportedly evaded queries from the Stock Exchange and SEBI, leading to a presumption that the funds raised through the IPO were not utilized for the intended purpose. However, such a presumption is not supported by any tangible evidence on record. The inability of SEBI to determine the utilization of IPO proceeds cannot automatically give rise to an adverse inference against the

Company, especially in the absence of direct proof establishing misuse or misappropriation of funds.

9.10 Furthermore, the burden of proving any alleged violation rests upon the regulatory authority, and the Principles of Natural Justice mandate that an entity cannot be subjected to adverse findings based solely on perceived non-cooperation. It is pertinent to note that the Company, as a listed entity, remains bound by regulatory disclosure requirements, and any alleged non-compliance should have been substantiated with specific instances rather than broad generalizations.

9.11 In light of the foregoing, the Noticee submits that the issuance of the SCN on the basis of mere apprehensions and presumptions, without any definitive evidence to establish actual use of IPO proceeds, renders the proceedings legally untenable. The absence of conclusive findings and continuing proceedings in such circumstances would be in direct contravention of the principles of fairness, reasonableness, and due process.

9.12 The Noticee respectfully submits that there are no allegations of fraud against it, a fact that is expressly acknowledged in the Show Cause Notice.

9.13 W.r.t. quantum of penalty, Noticee submitted that SEBI vide its Order dated 17-02-2022 has imposed no Monetary Penalty against Mr. Abhinaw Kumar Sharma. Noticee also referred Hon'ble Supreme Court in its Order dated 28-02-2019 in Civil Appeal No. 11311 of 2013 in the matter of Adjudicating Officer. SEBI vs Bhavesh Pabari.

9.14 Thus, Noticee submitted that there is no bar in the SEBI Act which restrict to impose lesser penalty than Rs. 1,00,000/-. Noticee also placed reliance on the recent Order dated 31-08-2023 passed by the Hon'ble Tribunal in the matter of Kajalben Kiranbhai Trivedi vs SEBI (Appeal No. 702/2023)

10. In the interest of natural justice, opportunity of hearing was provided to Noticee 1 on March 12, 2025. The AR of the Noticee 1 attended the hearing on the scheduled day and reiterated the submission made vide reply dated March 10, 2025.

CONSIDERATION FOR ISSUES, EVIDENCE AND FINDINGS

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

ISSUE I: Whether Noticee 1 and Noticee 2 have violated the provisions as mentioned in Paragraph 5 above?

ISSUE II- Does the violation, if any, attract monetary penalty under Section 15HB of the SEBI Act, 1992?

ISSUE III- If so, how much penalty should be imposed taking into consideration the factors mentioned in Section 15J of the SEBI Act?

12. Before proceeding further, it will be appropriate to refer the provisions alleged to be violated by the Noticees-

SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018:

‘ ...

Disclosures in the draft offer document and offer document

245. (1) *The offer document shall contain all material disclosures which are true and adequate so as to enable the applicants to take an informed investment decision.*

...

(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.*

...’

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

‘ ...

Statement of deviation(s) or variation(s).

32.(1) *The listed entity shall submit to the stock exchange the following statement(s) on a quarterly basis for public issue, rights issue, preferential issue etc. , -*

(a)*indicating deviations, if any, in the use of proceeds from the objects stated in the offer document or explanatory statement to the notice for the general meeting, as applicable;*

(b)*indicating category wise variation (capital expenditure, sales and marketing, working capital etc.) between projected utilisation of funds made by it in its offer document or explanatory statement to the notice for the general meeting, as applicable and the actual utilisation of funds.*

(2) *The statement(s) specified in sub-regulation (1), shall be continued to be given till such time the issue proceeds have been fully utilised or the purpose for which these proceeds were raised has been achieved.*

(3)The statement(s) specified in sub-regulation (1), shall be placed before the audit committee for review and after such review, shall be submitted to the stock exchange(s).

(4)The listed entity shall furnish an explanation for the variation specified in sub-regulation (1), in the directors' report in the annual report.

(5)The listed entity shall prepare an annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice, certified by the statutory auditors of the listed entity, and place it before the audit committee till such time the full money raised through the issue has been fully utilized.

(6)Where the listed entity has appointed a monitoring agency to monitor utilisation of proceeds of a 235[public issue or rights issue or preferential issue or qualified institutions placement], the listed entity shall submit to the stock exchange(s) any comments or report received from the monitoring agency 236[within forty-five days from the end of each quarter].

(7)Where the listed entity has appointed a monitoring agency to monitor the utilisation of proceeds of a 237[public issue or rights issue or preferential issue or qualified institutions placement], the monitoring report of such agency shall be placed before the audit committee on 238[a quarterly basis], promptly upon its receipt.

Explanation,—239[For the purpose of sub-regulations(6) and (7), “monitoring agency” shall mean the monitoring agency as specified in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.]

240[(7A) Where an entity has raised funds through preferential allotment or qualified institutions placement, the listed entity shall disclose every year, the utilization of such funds during that year in its Annual Report until such funds are fully utilized.]

(8)For the purpose of this regulation, any reference to “quarterly/quarter” in case of listed entity which have listed their specified securities on SME Exchange shall respectively be read as “half yearly/half year”.

...

Regulation 13 read with Clause 3,4 and 6 of Code of Conduct for Merchant Bankers under Schedule III of Merchant Bankers Regulation:

‘...

CHAPTER III

GENERAL OBLIGATIONS AND RESPONSIBILITIES

Code of conduct.

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

SCHEDULE III

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

[Regulation 13]

CODE OF CONDUCT FOR MERCHANT BANKERS

...

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.

...

6.A merchant banker shall ensure that adequate disclosures are made to the investors in a timely manner in accordance with the applicable regulations and guidelines so as to enable them to make a balanced and informed decision.

...'

Note: for detailed/ complete text of the provisions, relevant Acts etc., may please be referred.

FINDINGS

13. Before proceeding further in the matter, I would like to first deal with the preliminary submissions of the Noticee 1 that it has not been provided with any documentary evidence to substantiate SEBI's claim. In this regard, I note that on February 24, 2025 opportunity of inspection was provided to the Noticee 1, wherein inspection of all the relevant and relied upon documents along with action matrix and Examination report was provided and copies of the same were also provided along with annexures in CD to the Noticee 1, as desired by Noticee 1. I note that as per the judgement in T. Takano vs SEBI & Anr all information that is relevant to the proceedings has to be disclosed in adjudication proceedings. Therefore, I note that in the instant matter all the relevant information was provided to the Noticee 1, either through SCN or inspection on February 24, 2025, as desired by Noticee 1. I note from records that the same was acknowledged by the AR of the Noticee 1 in the minutes of inspection proceedings, Hence, the contention of the Noticee 1 at this stage that it was not provided with requisite documents is nothing but an afterthought, is devoid of merits and is not tenable.

ISSUE I: Whether Noticee 1 and Noticee 2 has violated the provisions as mentioned in Paragraph 5 above?

14. It was observed that Noticee 1 made wrong and misleading disclosures and declaration in the prospectus and there was Non-submission of statement of deviation to the stock exchange. In view of the same it was alleged that Noticee 1 violated Regulation 245(1) of ICDR Regulations and Regulation 32 of LODR Regulations.
15. In reply to the SCN, Noticee 1 submitted that SEBI itself has admitted that the determination of the usage of IPO proceeds could not be made owing to the company's alleged non-cooperation, any inference of wrongdoing, as drawn in the SCN, is not supported by sufficient evidence and is, at best, speculative in nature. The inability of SEBI to determine the utilization of IPO proceeds cannot automatically give rise to an adverse inference against the Company, especially in the absence of direct proof establishing misuse or misappropriation of funds. Noticee submitted that the issuance of the SCN on the basis of mere apprehensions and presumptions, without any definitive evidence to establish actual use of IPO proceeds, renders the proceedings legally untenable.
16. I now proceed to deal with the case on merits;

16.1 Incorrect disclosures in the prospectus regarding the business profile and achievements of the company:

16.1.1 The brief details of the initial public offer of Noticee 1 are as follows:

Sr. No.	Particulars	Value
1.	Number of equity shares offered	2,13,600 shares
2.	Offer price	Rs. 111
3.	Value of the Initial Public Offer	Rs. 2,37,09,600
4.	Date of listing	September 28, 2021

16.1.2 I note that as per the “Our Business” section of the prospectus, a project named Shubh Niwas was completed by the company in 2017. However, during inspection upon seeking backing documents regarding this claim from the Noticee 2 and the Noticee 1, it was found that the project was not completed

and was closed on account of delay in getting the requisite approvals from the regulatory authority.

16.1.3 During inspection, it was observed that the supporting documents obtained by the Noticee 2 as a part of its due diligence contained contrary submissions by the Noticee 1. I note that in undertaking from the company dated February 09, 2021, it was stated that Shubh Niwas was an ongoing project. In another undertaking dated May 07, 2021, it was stated that Shubh Niwas was completed in 2017. I note that the Noticee 2 vide email dated March 18, 2024 stated that it relied on the undertaking dated May 07, 2021 obtained from the Noticee 1. Further, I note that the Noticee 1 stated the following to the exchange in this regard:

“Shubh Niwas project was started in March 2016 and closed in March 2017 which can be interpreted as date of closing of any further bookings.”

“Rs. 46 Lakhs was against the booking amount from prospective allottee(s) which was later settled by the company on account of delay of requisite approvals from regulatory authorities resulting in disposition of the said project in March 2019”

“the project Shubh Niwas” was disposed off on account of non-receipt of requisite approvals from regulatory authorities and only booking amount was received from the proposed allottee(s)”

16.1.4 Further, I note that the Noticee 1 also submitted to the exchange that the booking amounts received for this project had been refunded to the respective parties except one party i.e., Mr. Pankaj Kumar Sharma, amount of which was reserved for future projects of the company. However, no supporting document was provided by the company to the exchange showing such communication with Mr. Pankaj Kumar Sharma for reservation of amount.

16.1.5 The submission of the Noticee 2 in this regard were as follows:

“We would like to inform you that the Shubh Niwas project was initiated but unfortunately not completed due to delays in obtaining regulatory approvals. As a result, the project has encountered a dispute between the involved parties, namely SBL Infratech Private Limited and Ms. Kamla Devi, the property owners. Despite this setback, provisional allotment letters were issued to Mr. Anil Vaid & Pooja Vaid, Ms. Ishika Kaul, and Mr. Pankaj Kumar Sharma during the soft launch phase preceding the enforcement of the RERA Act.

During our due diligence process, we have obtained the following documents from the company:

i) Copies of registry and mutation records.

ii) *Provisional allotment letters.*

iii) *Payment details related to the plots allotted based on provisional allotment.*

The company did not obtain Change in Land Use (CLU) approval for the project because of a disagreement between the parties involved in the land. There is no documentation available regarding this matter because no approval application was filed due to the ongoing dispute.”

16.1.6 I note that in the prospectus dated September 06, 2021 the status of Shubh Niwas project was shown completed however, the project was disposed off in 2019.

16.1.7 Therefore, I observe that there was a misstatement by the Noticee 1 in the prospectus dated September 06, 2021 to claim execution of a project which was actually suspended in 2019.

16.1.8 I note that another project was disclosed in the prospectus by the name of “Dayal Vihar”. During inspection it was observed that as per the “Our Business” section of the prospectus, the status of the project was indicated as ongoing. However, RERA order dated December 09, 2022, stated that “*project Dayal Vihar bearing registration no. RAJ/P/2019/913 is lapsed on 31.03.2021. The promoter has miserably failed to submit completion certificate within the validity period and in case of non-completion of the project an application for extension of the validity has not been filed before the authority. The conduct and demeanor of the promoter is violative towards statutory provisions*”.

16.1.9 I note that on queries being raised by the exchange, the Noticee 1 submitted an undertaking dated May 09, 2023 on stamp paper stating that “Dayal Vihar project has been completed” which was signed by the promoter.

16.1.10 I note that the Noticee 2 submitted the following in this regard:

“In February and March 2020, an agreement of sale for a plot was executed. Subsequently, the Real Estate Regulatory Authority, Jaipur mandated the submission of a completion certificate by March 2020. However, due to the COVID-19 pandemic, the Authority extended the deadline until March 2021. Despite this extension, the company faced financial crises resulting from the global pandemic, which hindered its ability to finalize the completion certificate within the stipulated timeframe.

“During our due diligence process, we have obtained the following documents from the company:

1. *Title Deeds of Dayal Vihar*
2. *RERA Registration*
3. *RERA Extension Certificate*
4. *Registration certificate of establishment*

16.1.11 I note that the documents provided by the merchant banker during inspection in support of the claims made in the prospectus were inadequate. The merchant banker had merely obtained an undertaking from the issuer as regards the completion of the said project and not carried out any independent verification of facts stated in the prospectus. The supporting documents provided by the merchant banker contained facts that were contrary to the disclosures made in the prospectus.

16.1.12 I note that in reply to the SCN Noticee 2 submitted that while conducting the due diligence of the Company they have gone through the following documents which has been provided by the Promoter/Management of the Company:

For Shubh Niwas Project

- Registry and Mutation
- Provisional allotment & Payment details
- Transaction Statement for refund of subhniwas project

For Dayal Vihar Projects (Mention as ongoing on prospectus)

- Title Deeds
- Certified Plan
- Form C Registration certificate of Establishment
- RERA Registration
- RERA Extension Certificate
- Sales Agreement

16.1.13 I note that as per regulation 245(3) of ICDR Regulations the lead manager shall exercise due diligence and satisfy itself about all aspects of the issue including the veracity and adequacy of disclosure in the draft offer document and the offer document. However, in the instant matter Noticee 2 did not exercise sufficient due diligence and merely relied on the documents provided by the Noticee 1.

16.1.14 Therefore, I note that Noticee 2 did not carry out the necessary due diligence with respect to the claims made in the prospectus regarding Shubh Niwas and Dayal Vihar. Further, I note that the promoters continued to misrepresent facts before the exchange as well as before SEBI.

16.1.15 I note that the claims made by the Noticee 1 regarding the two projects were incorrect and misleading. Further, Noticee 2 completely failed to carry out the necessary due diligence and an independent verification of the facts stated in the prospectus regarding the projects of the company.

16.2 Deviation from “objects of the issue” in utilizing the IPO proceeds:

16.2.1 I note that as per the objects of the issue as stated in the prospectus, the amount of Rs. 237.09 lakhs to be raised via the initial public offer was supposed to be utilized as follows:

Sr. No.	Particulars	Amount (in Rs. Lakh)
1.	Working capital requirement	1,30,00,000
2.	General Corporate Purposes	55,29,000
3.	Issue Expenses	51,80,000

16.2.2 I note that vide email dated May 16, 2024, Noticee 2 submitted a fund utilization certificate obtained from the Noticee 1. As per the said certificate, the utilization of funds by the company was as follows:

Sr. No.	Particulars	Amount
1.	IPO expenses	61,47,698
2.	Advance for assets	1,13,43,400
3.	Security deposit	10,00,000
4.	Other Capital Expenses	6,20,000
5.	General Corporate Expenses	35,71,502

16.2.3 I note from the material available before me that a meeting was held in SEBI Head Office with the promoter of the Noticee 1, Mr. Ankit Sharma and the Noticee 2 on May 21, 2024. In the said meeting, various queries were raised regarding the fund utilization and operations of the Noticee 1 to which there was no response from the promoter.

16.2.4 I note from the material available that the promoter had acknowledged to the following in the presence of the merchant banker in the meeting held at SEBI Office:

- a) The corporate office (in Ahmedabad) and the registered office (in Delhi) of the company are non-operational*
- b) The company has only two employees as on date i.e., Mr. Ankit Sharma and his wife Mrs. Shefali Sharma. She is a Mass Communication professional without any knowledge of finance. However, she was the Chief Financial Officer of the company for 3 years.*
- c) There is no compliance officer on board with the company*
- d) There are no executive directors in the company and the independent directors are the friends of Mr. Ankit Sharma*
- e) No board meetings have been conducted since the listing of the company and only Annual General Meetings were conducted.*
- f) Approximately 20% of the shareholding of the promoters was transferred to a broker by the name of Mr. Manish Arora who subsequently transferred it to various public shareholders*
- g) The issue proceeds have been utilised for the purchase of land which forms part of the inventory of the company.*
- h) The company was approached by an advisor by the name of “Raj Nagpal and Company” who then approached the merchant banker for this public issue.*
- i) The advisor was given a fees of Rs. 24 Lakhs which formed part of issue expenses*

16.2.5 I note that even though during the meeting, the promoter of the company acknowledged that no meeting of the board was held from the date of listing, there were disclosures by the company regarding board meetings conducted on the website of the exchange. Further, it was stated by the promoter in the meeting that there were no Executive Directors and Independent Directors in the company and the registered/corporate offices of the company are non-operational however the disclosures available on the website of the exchange indicated otherwise. The company also had NIL revenue in the financial years ended 2022 and 2023.

- 16.2.6 I note that Noticee 1 submitted that it has not been provided with any documentary evidence to substantiate SEBI's claim regarding the aforesaid meeting. In this regard, I note that from the material available before me that the meeting was held in SEBI Head Office with the promoter of the Noticee 1, Mr. Ankit Sharma and the Noticee 2 on May 21, 2024, and the same was brought on record in the SEBI Examination Report. The copy of the Examination Report was shown to the Noticee 1 during inspection of documents and copy of the same was also provided to the Noticee 1. Therefore, I observe that the aforesaid contention of the Noticee 1 is not tenable. Nevertheless, this aspect is not being considered while adjudging whether Noticee 1 has violated any provision and while determining the quantum of penalty.
- 16.2.7 I note that in order to examine further, certain documents were sought from the promoter regarding the operations carried out by the Noticee 1, its sources of funds and usage of IPO proceeds. The merchant banker was also asked to provide the complete set of documents forming basis of the due diligence carried out in respect of the IPO.
- 16.2.8 Vide emails dated May 30, 2024, Mr. Ankit Sharma provided only partial set of documents from where the end use of issue proceeds could not be established.
- 16.2.9 I further note that during inspection, subsequent queries were raised by SEBI regarding the outflow of funds from the escrow account of the IPO. The Noticee 1 was asked to indicate the bank transactions which reflected the payment towards the objects of the issue. However, during examination it was observed that the bank entries highlighted by the Noticee 1 vide email dated August 08, 2024 were again misleading as they did not match the IPO proceeds utilization as submitted by the Noticee 1. While the funds raised through IPO amounted to Rs. 2,37,09,600, the bank entries indicating the usage of the IPO proceeds as submitted by the company amounted to Rs. 1,49,94,796 approximately. Accordingly, the actual usage of IPO proceeds could not be established.
- 16.2.10 I note from the material available before me that the company was given a last opportunity to clarify the queries regarding the utilization of the IPO proceeds and a meeting was scheduled by SEBI on August 13, 2024 for the same.

However, neither the meeting was attended by anyone from the Noticee 1 nor did it give any prior intimation of non-appearance for the said meeting.

16.2.11 I note from the material available before me that the similar non-cooperation was observed the by the exchange while examining the financials of the Noticee 1 and the usage of IPO proceeds. The comments of the exchange in this regard are as follows:

“The company has not co-operated in providing response to exchanges queries. The following are the documents not submitted by the company: on-

- a) Bank statements from 01-04-2021*
- b) Escrow Account statement*
- c) Inventory details*
- d) Amount & Party wise break up of IPO utilization along with ledgers*
- e) Agreements of short term loans & Advances given by the company*
- f) Amount & Party wise break up of loans & Advances for FY 2022-23 and half year ended September 30,2023.*
- g) Amount & party wise break up of trade receivables and trade payables for FY 2021-22, FY 2022-23 and half year ended September 30, 2023*
- h) Ledgers of Top 25 parties of Trade payables & Trade receivables*
- i) Agreements of land sold in FY 2022-23*
- j) Details of Marketing Expenses, land development expenses incurred in FY 2021-22 along with proper supporting.*
- k) Details of commission income earned.*
- l) Annual Report of FY 2020-21*

The company has only provided break up of IPO expenses of Rs 61.47 lakhs out of total IPO proceeds of Rs 237.09 lakhs. On analysis of the IPO expenses, it is observed that 6 parties have been paid Rs 21.23 lakhs as “SBL-IPO Client Reference”.

Further, the company has not provided any clarification on the utilization of the difference amount of Rs 10.26 lakhs (Total Issue- As per prospectus Rs 237.09 lakhs and as per Company's Reply- Rs 226.83)

The company has Nil revenue from operations from FY 2021-22 to six month period ended September 30,2023. Further the Unsecured loan and advances

increased from Rs. 170.81 Lakhs in FY 2021-22 to Rs 270.11 lakhs in FY 2022-23.”

16.2.12 In view of the above, I note that on account of non-cooperation from the Noticee 1 in respect of obtaining complete information and non-attendance at the meetings scheduled, the determination of the usage of IPO proceeds could not be made during inspection. I note that the Noticee 1 had been escaping the queries by the Stock Exchange and SEBI, therefore, the actual usage of IPO proceeds could not be established.

16.2.13 I also note from the track record disclosed on the website of the Merchant Banker indicates that Rs. 226.82 lakhs had been utilised out of the total issue proceeds of Rs. 237.09 lakhs, with no explanation for deviations.

16.2.14 The cash flow statement of the company for the financial year ended March 2022 did not clearly indicate the utilization of IPO proceeds for the stated objectives.

16.2.15 I note that Noticee 1 submitted that any action or conclusion premised upon mere apprehension is not legally sustainable. In this regard, I note that as per the objects of the issue as stated in the prospectus, the amount of Rs. 237.09 lakhs to be raised via the initial public offer was supposed to be utilized as follows:

Sr. No.	Particulars	Amount
1.	Working capital requirement	1,30,00,000
2.	General Corporate Purposes	55,29,000
3.	Issue Expenses	51,80,000

16.2.16 However, vide email dated May 16, 2024, the merchant banker submitted a fund utilization certificate obtained from the company. As per the said certificate, the utilization of funds by the company was as follows:

Sr. No.	Particulars	Amount
1.	IPO expenses	61,47,698
2.	Advance for assets	1,13,43,400
3.	Security deposit	10,00,000
4.	Other Capital Expenses	6,20,000
5.	General Corporate Expenses	35,71,502

16.2.17 Therefore, I note that there was deviation in the use of proceeds from IPO and Noticee 1 did not submit statement of deviation to the stock exchange.

- 17 In view of the above, it is established that Noticee 1 had violated provisions of Regulation 245(1) of ICDR Regulations; Regulation 32 of LODR Regulations and Noticee 2 had violated provisions of Regulation 245(3) of ICDR Regulations; Regulation 13 read with Clause 3,4 and 6 of Code of Conduct for Merchant Bankers under Schedule III of Merchant Bankers Regulations.

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

- 18 In view of the violations as established above, I find that this is a fit case for penalty under section 15HB of the SEBI Act, which reads as given below:

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.

ISSUE III: If so, how much penalty should be imposed on the Noticees taking into consideration the factors mentioned in Section 15J of the SEBI Act?

- 19 While determining the quantum of penalty under sections 15HB of the SEBI Act, it is important to consider the factors stipulated in section 15J of SEBI Act, which reads as under:-

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

While adjudging quantum of penalty under section 15-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.”*

20 In the present matter, I note that no quantifiable figures are available to assess the disproportionate gain or unfair advantage made as a result of the defaults by Noticees. Further, from the material available on record, it may not be possible to ascertain the exact monetary loss to the investors /clients on account of default by the Noticees. Further, as per the available records, no past action has been taken by SEBI against the Noticee 1, however, Noticee 2 has been penalized number of times earlier for various violations. Noticees was under a statutory obligation to abide by the provisions of the SEBI Act, 1992, Rules and Regulations and Circulars/directions issued thereunder etc. which they failed to do. The very purpose of the said regulations is to deter wrong doing and promote ethical conduct in the securities market. Therefore, violations, as established above, by the Noticees deserves and attracts suitable penalty.

ORDER

21 Having considered the facts and circumstances of the case, the material available on record, the submissions made by the Noticees, the factors mentioned in Section 15J of the SEBI Act, and also taking into account judgment of the Hon'ble Supreme Court in *SEBI vs. Bhavesh Pabari (2019) 5 SCC 90* and in exercise of power conferred upon the undersigned under section 15-I of the SEBI Act read with rule 5 of the Adjudication Rules, 1995, the following penalty is imposed under section 15HB of the SEBI Act on the Noticees:

Name of entity	Penalty Provisions	Penalty
SBL Infratech Ltd	Section 15HB of SEBI Act	Rs. 5,00,000/- (Rs. Five Lacs Only)
Fast Track Finsec Private Limited		Rs. 10,00,000/- (Rs. Ten Lacs Only)

I am of the view that the said penalty is commensurate with the violations by the Noticees.

- 22 The Noticees 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.

- 23 In case of any difficulties in payment of penalties, Noticees may contact the support at portalhelp@sebi.gov.in.
- 24 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 under section 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.
- 25 In terms of the provisions of rule 6 of the Adjudication Rules, 1995, a copy of this order is being sent to the Noticees and also to SEBI.

PLACE: MUMBAI

DATE: May 16, 2025

AMIT KAPOOR

ADJUDICATING OFFICER