BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
(ADJUDICATION ORDER NO: Order/AK/RK/2025-26/31797)

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;

AFCO CAPITAL INDIA PRIVATE LIMITED
PAN: AACCF0194M

In the matter of AFCO Capital India Private Limited

BACKGROUND OF THE CASE

1. Securities and Exchange Board of India ("**SEBI**") conducted an examination of Draft Letter of Offer (**DLoF**) for acquisition of shares of Standard Shoe Sole And Mould (India) Limited(hereinafter referred to as the "**Target Company/SSSML**") by Buildox Private Limited (hereinafter referred to as the "**BPL/Acquirer**") in order to ascertain possible violation of the provisions of SEBI (Merchant Bankers) Regulations, 1992 (hereinafter referred to as the "**MB Regulations**"), SEBI (Substantial Acquisition Of Shares And Takeovers) Regulations, 2011 (hereinafter referred to as the "**SAST Regulations**") and SEBI circulars by the Manager to the offer namely, AFCO Capital India Private Limited (hereinafter referred to as the "**Noticee**"), a SEBI registered Merchant Banker bearing Registration no-INM000012555.
2. During the examination, it was observed that the Noticee allegedly violated various provisions of SAST Regulations r/w MB Regulations.

APPOINTMENT OF ADJUDICATING OFFICER

3. Upon being satisfied that there were sufficient grounds to inquire into and adjudicate upon the violations of provisions of MB Regulations, SAST 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, 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 **"SEBI Adjudication Rules"**) appointed the undersigned as Adjudicating Officer ("**AO"**), vide order dated November 22, 2024, to inquire into and adjudge u/s 15HB and 15A(a) of SEBI Act, as applicable, the alleged violations committed by the Noticee.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. A Show Cause Notice Ref. No. SEBI/HO/EAD/EAD6/P/OW/2025/000/4949/1 dated February 13, 2025 (hereinafter referred to as "**SCN"**) was issued to the Noticee in terms of Rule 4(1) of the SEBI 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 and 15A(a) of the SEBI Act, as applicable, for the alleged violation, as stated in the SCN.
5. The brief of alleged violations by the Noticee as per the SCN is given hereunder;
   5.1 Failure to open separate acquisition window in the open offer of SSSML.
   5.2 Delayed submission of Half-yearly reports.
   5.3 Delayed appointment of Compliance Officer.
   5.4 Delayed intimation to SEBI regarding the resignation and appointment of Compliance officer.
6. Vide email dated February 27, 2025, Noticee submitted that it would be opting for settlement mechanism in the matter, in terms of SEBI (Settlement Proceedings) Regulations, 2018 and accordingly applied for settlement in the matter. However, the said Settlement application was rejected by SEBI, vide letter dated September 10, 2025. The Noticee, vide letter dated September 29, 2025, replied to the SCN stating, inter alia, the following:
   6.1 That the Acquirer had acquired 13, 14,107 shares of SSSML from BG Chemicals Pvt. Ltd. by executing a Share Purchase Agreement dated August 01, 2023. Therefore, the Acquirer came up with an open offer of SSSML wherein, tendering period of shares was between December 15, 2023 to January 01, 2024.
   6.2 That out of the total public shareholding, 88.2% shareholders were holding physical shares.
   6.3 That it was its first assignment as an MB and inadvertently it had missed to open the separate acquisition window with BSE and post closure of tendering period, same came

to its knowledge and upon becoming aware of the lapse, it had suo moto approached SEBI vide its email dated January 4, 2024, seeking SEBI's guidance in the matter.

6.4 *Thereafter, SEBI vide email dated January 19, 2024, advised it to re-open the share tendering window for all shareholders following due process, after issuing a corrigendum in the newspapers, where other offer related documents had been published.*

6.5 *That it had opened the separate acquisition window for tendering of shares, and accordingly, it had issued corrigendum to open offer, which specified the re-opening of tendering period for all public shareholders of target Company and all necessary disclosures regarding the corrigendum were also made available on BSE.*

6.6 *That it had notified all public shareholders through email regarding reopening of tendering window.*

6.7 *That a total of 5 public shareholders tendered a total of 2100 shares upon reopening of the tendering window and Acquirer had duly paid interest for delay to public shareholders, who tendered their shares.*

6.8 *That its former Compliance Offiéer, Mr. Karan Dutt resigned with effect from August 30, 2022, and thereafter, it faced serious hardship in finding a suitable candidate for position of Compliance Officer.*

6.9 *That Ms. Nikita Bansal, its present compliance officer was appointed with effect from October 15, 2023, and thus between August 31, 2022 and October 14, 2023, it did not have a Compliance Offcer, and therefore, delay occurred in submission of Half yearly reports.*

6.10 *That it is fully compliant with all the relevant provisions applicable to it and that as on date, it had duly appointed Compliance Offcer.*

6.11 *That at relevant time it was not aware that, after resignation and appointment of compliance officer, it was required to intimate SEBI within 7 days.*

6.12 *That it had reported about resignation of Karan Dutt in half yearly report submitted on December 29, 2023, and it had also reported appointment of Ms. Nikita Bansal and the same was disclosed in the Half Yearly report submitted on December 28, 2023.*

7. In the interest of natural justice, an opportunity of a personal hearing was granted to the Noticee on October 08, 2025, vide Hearing Notice dated September 30, 2025.

The said hearing was attended to by the Authorised Representative (AR) of the Noticee, who reiterated the submissions made by the Noticee, vide letter dated September 29, 2025.

CONSIDERATION OF ISSUES AND FINDINGS

8. 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 and 15A(a) 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 SEBI Adjudication Rules?

9. 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 SECURITIES AND EXCHANGE BOARD OF INDIA (MERCHANT BANKERS) REGULATIONS, 1992

Conditions of registration

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

(f) *it shall intimate the Board of thedetails of any change in information submitted while seeking registration within seven working days of such change.*

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.*

(2) *The compliance officer shall immediately and independently report to the Board any non-compliance observed by him and ensure that the observations made or deficiencies pointed out by the Board on/in the draft prospectus or the letter of offer as the case may be, do not recur.*

SCHEDULE III

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

Regulation

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*

SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011

Obligations of the manager to the open offer

27(5)*The manager to the open offer shall exercise diligence, care and professional judgment to ensure compliance with these regulations.*

Relevant provisions of SEBI Circulars

SEBI/HO/CFD/PoD-1/P/CIR/2023/31 dated February 16, 2023

Chapter 4: Procedure for tendering of shares and settlement through stock exchange

Acquisition Window

1*.The facility for acquisition of shares through Stock Exchange mechanism pursuant to offer is available on the Stock Exchanges having nationwide trading terminals in the form of a separate window (the "Acquisition Window").*

2.*The Acquirer or company may choose to use the Acquisition Window provided by more than one Stock Exchange having nationwide trading terminal and, in that case, one of the exchanges shall be chosen as the "Designated Stock Exchange"(DSE).*

3*.The Recognized Stock Exchanges having nationwide trading terminals shall also facilitate acquirers to provide the platform in case of companies exclusively listed on Recognized Regional Stock Exchanges.*

__4__.In case of competing offers under Regulation 20 of the Takeover Regulations, each acquirer will apply for and use separate Acquisition Windows during the tendering period. If one acquirer chooses to use acquisition window of one Stock Exchange having nationwide trading terminal, it would not be mandatory for the other acquirer to choose the same Stock Exchange.

__5__.The acquirer/ company shall appoint a stock broker registered with the Board for the offer. Such broker may also undertake transactions on behalf of sellers

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

CHAPTER II -GENERAL OBLIGATIONS AND RESPONSIBILITIES

<u>Regulatory Compliance and Periodic Reporting</u>

__7.1__. The Merchant Bankers are required to submit half-yearly reports to SEBI in electronic form only by e-mail within three months from the expiry of the half year. The format of the report is specified in Annexure III.

<u>SEBI Circular No.CIR/MIRSD/6/2012 dated May 14, 2012</u>

__4.__ Accordingly, with effect from half year ended March 31, 2012, the Compliance Officer of the Merchant Banker shall send the report in the revised format to SEBI at mb@sebi.gov.in on half yearly basis within three months of the expiry of the half year. The other terms and conditions mentioned in the circular mentioned in Para 1 shall remain unchanged.

<u>SEBI/HO/MIRSD/MIR/SD1/CIR/P/2017/38 dated May 02, 2017</u>

__3.__It has now been decided to operationalize SEBI Intermediary Portal (https://siportal.sebi.gov.in) for the intermediaries to submit all the registration applications online. The SEBI Intermediary Portal shall include online application for registration, processing of application, grant of final registration, application, for surrender/cancellation, submission of periodical reports, requests for change of name/address/ other details, etc, Link for SEBI intermediary Portal is also available on SEBI website- www.sebi.gov.in

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

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

11. **<u>Alleged Violation 1: Failure to open separate acquisition window in the open offer of SSSML</u>**

11.1 With respect to the captioned allegation, it was observed during examination of the DLoF that a share purchase agreement dated August 01, 2023 was executed between the acquirer and the promoter of the target company, the relevant details are tabulated in table below:

Date (Tendering period)	Acquirer	Selling promoters	Target company	Number of shares to be acquired by way of SPA	% of shareholding to be acquired by way of SPA
December 15, 2023 to January 01, 2024	Buildox Private Limited	BG Chemicals Private Limited	Standard Shoe Sole and Mould(India) Ltd	13,14,107	25.36%

11.2 From the table above, it was observed that the tendering period for the open offer of SSSML was from December 15, 2023 to January 01, 2024. Noticee during the course of examination, vide its letter dated January 19, 2024 submitted that around 88% of the total public shareholding comprised physical shares and none of the shareholders had offered the shares in the open offer. It further submitted that it had inadvertently missed opening the separate acquisition window with BSE as the said open offer was its first assignment as a Merchant Banker and it came to its knowledge, post the closure of the tendering period. It added that no shares were tendered in the open offer.

11.3 It was observed that SEBI had advised the Noticee to re-open the share tendering window for all shareholders following the due process and after issuing a corrigendum in the same newspapers where the other offer related documents had been published. It was also advised by SEBI for the acquirer to pay interest for delay in such payment as per the applicable provisions of SAST Regulations. The details of the open offer carried out pursuant to SEBI advise is tabulated below:

Sr. No.	Particulars	Details
1.	Old Offer price	Rs. 5.75
2.	Interest	Rs. 0.07 per equity share (10% for delay of 39 days)
3.	Revised Offer price	Rs. 5.82
4.	Date of re-opening of tendering period	January 24, 2024
5.	Date of commencement of the tendering period	January 25, 2024
6.	Date of making payment to shareholders	February 15, 2024

7.	Number of shares tendered	2,100

11.4 Upon being queried by SEBI, vide email dated March 27, 2024 regarding the subsequent open offer carried out by the Noticee, it submitted its response, vide its email dated April 02, 2024, the extract of which is mentioned herein below:

11.4.1 We confirm that as the Merchant Banker, we have opened the separate acquisition window for tendering of shares. I have attached the Notice issued by BSE on their website in this regard.

11.4.2 A corrigendum to the open offer has been duly issued by the Merchant Banker. This corrigendum specifies the re-opening of the tendering period for all public shareholders of the Target Company along with reasons. Furthermore, this corrigendum has been submitted to SEBI also.

11.4.3 It is confirmed that interest has been paid for the delay by the acquirer to all public shareholders whose Equity Shares were validly tendered and accepted in the Offer.

11.4.4 All necessary disclosures regarding the corrigendum and the subsequent reopening of the tendering period (inclusive of the reasons behind such actions) have been made available on the BSE website.

11.4.5 *Notification regarding the reopening of the tendering period of the offer has been given to all public shareholders of the Target Company via the aforementioned corrigendum and email. An email has been sent to all public shareholders of Target Company at the email addresses registered with RTA and/or Depositories, informing them of the re-opening of the open offer tendering period along with the copy of the Corrigendum.*

11.5 Further, on being sought additional queries by SEBI from the Noticee, vide email dated April 14, 2024, Noticee, vide its email dated April 15, 2024 submitted as mentioned below:

11.5.1 We would like to inform you that 2100 shares have been tendered in the open offer. For your reference, we have attached the file received from BSE regarding the same.

11.5.2 The dispatch certificate of the letter of offer is enclosed herewith. In compliance with SEBI instructions, a Corrigendum has been sent via email *to all shareholders and has also been published in newspapers where the Detailed Public Statement (DPS) was initially published.*

11.5.3 The buying broker, Zebu Share and Wealth Managements Pvt Ltd., has confirmed that an amount of Rs. 12,234 has been deducted from their account as per the settlement procedure by the ICCL for 2100 equity shares at Rs. 5.82 per share (including interest of Rs. 0.07).

11.5.4 Yes, all the necessary details have already been submitted to SEBI. Attached herewith is the email containing all the details in the post-offer report, along with a copy of the post-offer report itself.

11.6 Thus, from the above, it was observed that the Noticee was negligent at the time of opening of share tendering window for the first time.

Based on the above, it was alleged that the Noticee has violated Regulation 27(5) of SAST Regulations r/w para titled "Acquisition Window" of Chapter 4 of SEBI Master Circular dated February 16, 2023, Clause 3 and Clause 4 of Code of Conduct for Merchant Bankers.

12 Alleged Violation 2: Delayed submission of half-yearly reports

12.1 In terms of Regulation 28(2) of MB Regulations, a merchant banker is required to submit periodic report in such manner as is specified by the board from time to time and in terms of Clause 7.1 of Chapter II of SEBI Master Circular dated September 26, 2023, they are required to submit the said half-yearly report to SEBI in electronic form only by e-mail within 3 months from the expiry of the half year in the format specified in Annexure III. Further, in terms of Clause 4 of SEBI Circular No. CIR/MIRSD/6/2012 dated May 14, 2012, compliance Officer of the Merchant Bankers with effect from half year ended March 31, 2012 are required to send the report in the revised format to SEBI at *mb@sebi.gov.in* on half yearly basis within three months of the expiry of the half year. In this regard, it was observed that on many occasions, Noticee had delayed the submission of half-yearly reports.

12.2 In view of the delayed submission of the half yearly report, SEBI had sought the comments of the Noticee for the reason of delay in the submission of the half yearly reports and Noticee, vide email dated July 29, 2024 submitted the following:

> *As previously informed to your goodself in our email dated 13/05/2024, following your query on 12/05/2024, our former Compliance Officer, Mr. Karan Dutt, resigned effective 30/08/2022. The company faced difficulties in finding a suitable replacement. Ms. Nikita Bansal was appointed as the Compliance Officer effective from 15/10/2023. Between 31/08/2022 and 14/10/2023, the company did not have a Compliance Officer on board. Due to the absence of personnel in the compliance department, the company was unable to file the half-yearly reports within the prescribed time frame.*
>
> *Information pertaining to non-compliance with the half-yearly reports for March 2021 and September 2021 is not available with Company as due to the unfortunate passing of Ms. Jugna Lodhia, the assistant who handled reporting compliances on 31/03/2023, and Mr. Karan Dutt's resigned from the company a long time ago.*

12.3 Thus, the Noticee had delayed the submission of half –yearly reports to SEBI on many occasions.

Based on the above, it was alleged that the Noticee has violated Regulation 28(2) of Merchant Bankers Regulations r/w Clause 7.1 of Chapter II of SEBI Master Circular dated September 26, 2023 and Clause 4 of SEBI Circular No. CIR/MIRSD/6/2012 dated May 14, 2012.

13 Alleged Violation 3: Delayed appointment of Compliance officer

13.1 In terms of Regulation 28A(1) of MB Regulations, an MB is required to appoint a compliance officer who should 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. It was observed from the submission of the Noticee that the Noticee had allegedly delayed the submission of half yearly reports, which resulted from the resignation of its compliance Officer, Mr. Karan Dutt on August 30, 2022 and the compliance officer in his place was appointed on October 15, 2023. Thus, it was observed that there was no compliance officer with the Noticee from August 30, 2022 to October 15, 2023 i.e., for a period of 411 days.

Based on the above, it was alleged that the Noticee has violated Regulation 28A of the MB Regulations.

14 **Alleged Violation 4: Delayed intimation to SEBI regarding the resignation and appointment of compliance officers**

14.1 In terms of Regulation 9A(1)(f) of the MB Regulations, a merchant banker is required to immediately intimate the Board with respect to the details of changes that have taken place in the information that was submitted to SEBI while seeking registration. Further, as per SEBI Circular No. SEBI/HO/MIRSD/ MIRSD1/CIR/P/ 2017/38 dated May 02, 2017, SEBI Intermediary Portal was operationalized for the intermediaries including merchant bankers to submit inter-alia requests for change of name/address/other details, etc and as per SEBI FAQ on Merchant Bankers, the application for updating the details is required to be filed on real time basis, but not later than 7 days from the date the changes being effective. In this regard, it was observed that the Noticee, vide email dated May 13, 2024, submitted that it did not make timely intimation regarding the change in compliance officer to SEBI.

14.2 Further, it was observed from submission of the Noticee that Mr. Karan Dutt resigned with effect from August 30, 2022 and Ms. Nikita Bansal was appointed as the compliance office with effect from October 15, 2023.

14.3 It was observed that the resignation of Mr Karan Dutt was reported by Noticee in the half yearly report submitted on December 29, 2023 for the half year ending on September 2022 and the appointment of Ms. Nikita Bansal was disclosed by the Noticee in the half-yearly report submitted on December 28, 2023 for the half year ending on September 2023 and thus, there was a delay by the Noticee in the intimation of necessary changes to SEBI.

Based on the above, it was alleged that the Noticee has violated Regulation 9A(1)(f) of the MB Regulations r/w Clause 3 of SEBI Circular dated May 02, 2017.

15 **Findings with respect to the alleged violations**

15.1 **Failure to open separate acquisition window in the open offer of SSSML**

15.1.1 With respect to the submission of the Noticee that it was its first assignment as an MB, and inadvertently it had missed opening the separate acquisition window with BSE and post closure of tendering period, same came to its knowledge, and its further submission that upon becoming aware of the lapse, it had suo moto approached SEBI, vide email dated January 4, 2024, seeking guidance of SEBI in the matter, I note that Noticee in its reply to the SCN and also in its submission to SEBI during the course of examination, has admitted the failure on its part to open the separate acquisition window with BSE. As a registered intermediary, Noticee was duty bound to ensure compliance with the para titled "*Acquisition Window*" of Chapter 4 of SEBI Master Circular dated February 16, 2023.

15.1.2 Thus, it is conspicuous that Noticee was required to ensure the opening of trading window with BSE, which it failed to do. Further, as regards its submission that the window was reopened after SEBI's advise, vide email dated January 19, 2024, I note that although the separate window was re-opened, however the same was done only after SEBI advised the Noticee to do so, and the same was not opened by it as per the requisite provisions.

15.1.3 In view of the above, it stands established that the Noticee has violated Regulation 27(5) of SAST Regulations r/w para titled "Acquisition Window" of Chapter 4 of SEBI Master Circular dated February 16, 2023, Clause 3 and Clause 4 of Code of Conduct for Merchant Bankers.

15.2 **<u>Delayed submission of half-yearly reports</u>**

15.2.1 As regards submission of the Noticee that its former Compliance Officer, Mr. Karan Dutt resigned with effect from August 30, 2022, and thereafter, it faced serious hardship in finding a suitable candidate for position of Compliance Officer and its further submission that Ms. Nikita Bansal, i.e. its present compliance officer was appointed with effect from October 15, 2023, and thus, between August 31, 2022 and October 14, 2023, it did not have a Compliance Officer, which ultimately led to the delay in submission of Half yearly reports, I note that admittedly Noticee had delayed the submission of half-yearly reports to SEBI. Further, I note from the material available on record that the delayed submission was not only for the period wherein, its erstwhile compliance officer Mr Karan had resigned, and new Compliance officer Ms

Nikita had joined, i.e. from August 31, 2022 to October 14, 2023, as submitted by the Noticee, rather, Noticee had delayed the submission of half -yearly reports on many instances, the details of which are tabulated as under:

Period	Due date of submission of half yearly report	Date of submission of half yearly report
March 2021	June 30, 2021	December 29, 2023
September 2021	December 31, 2021	December 29, 2023
March 2022	June 30, 2022	December 29, 2023
September 2022	December 31, 2022	December 29, 2023
March 2023	June 30, 2023	December 31, 2023
September 2023	December 31, 2023	December 29, 2023

15.2.2 Thus, from the table above, I note that the Noticee had delayed the submission on 6 occasions, and the respective reports were only submitted in December 2023.

15.2.3 In view of the above, it stands established that Noticee has violated the provisions of Regulation 28(2) of Merchant Bankers Regulations r/w Clause 7.1 of Chapter II of SEBI Master Circular dated September 26, 2023 and Clause 4 of SEBI Circular No. CIR/MIRSD/6/2012 dated May 14, 2012 by having delayed the submission of half-yearly report on various occasions as detailed above.

15.3 **<u>Delayed appointment of Compliance officer</u>**

15.3.1 With respect to the submission of the Noticee that its former Compliance Officer, Mr. Karan Dutt resigned w.e.f. August 30, 2022, and Ms. Nikita Bansal, was appointed w.e.f. October 15, 2023 and after resignation of Mr. Karan, it faced serious hardship in finding suitable candidate for position of Compliance Officer, and therefore between August 31, 2022 and October 14, 2023, it did not have Compliance Officer, I note that issue with respect to the delayed submission of half-yearly reports has already been dealt with and it has already been established in the pre-paras above that there was a delayed submission of half-yearly reports to SEBI by the Noticee. Further, I note from submission of the Noticee, that it was working without a compliance officer from August 30, 2022 to October 14, 2023, i.e. for a total period of 411 days, which it was dutybound to have all times in order to ensure compliance with the various Acts, Rules, Regulations, etc, required in terms of Regulation 28A(1) of the MB Regulations.

15.3.2 I also note that in terms of Regulation 28A(2) of the MB Regulations, Compliance officer of the Noticee was required to immediately and independently report to SEBI any non-compliance observed by him. Thus, due to the absence of the active compliance officer with the Noticee, I note that compliance with respect to submission of the half yearly reports could also not be done on time and the same was submitted in the month of December 2023, which was after appointment of Ms. Nikita Bansal in the month of October 2023. Thus, there were non-compliances, in the nature of non-submission of half-yearly reports and the same was not submitted due to non-availability of Compliance officer with the Noticee for a period of 411 days, as detailed in pre-paras above.

15.3.3 In view of the above, it stands established that the Noticee has violated Regulation 28A of the MB Regulations by having delayed the appointment of the Compliance officer.

15.4 **Delayed intimation to SEBI regarding the resignation and appointment of compliance officers**

15.4.1 With respect to the submission of the Noticee that its former Compliance Officer, Mr. Karan Dutt resigned with effect from August 30, 2022 and Ms. Nikita Bansal, was appointed as the compliance officer with effect from October 15, 2023, and its admission that it was not aware that, after resignation and appointment of a compliance officer, it was required to intimate SEBI, within 7 days, I note that the admittedly Noticee had not intimated SEBI within a timeline of 7 days regarding the resignation and appointment of its Compliance officers with effect from August 30, 2022 and October 15, 2023, rather the same was intimated to SEBI on December 28, 2023 and December 29, 2023 respectively, which being a material change, with respect to the information already submitted to SEBI by a registered intermediary, it was duty bound to inform SEBI within the said timeframe, in terms of SEBI FAQ on Merchant Bankers

15.4.2 Thus, in view of the above admission of the lapse of the delayed intimation regarding the resignation and appointment of its compliance officer, it stands established that Noticee has violated Regulation 9A(1)(f) of the MB Regulations r/w Clause 3 of SEBI Circular dated May 02, 2017

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

16 The provisions of Sections 15HB and 15A(a) 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."*

Penalty for failure to furnish information, return, etc.

15A. *If any person, who is required under this Act or any rules or regulations made thereunder,—*

(a) *to furnish any document, return or report to the Board, fails to furnish the same or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents, he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees;*

17 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 the violations 1,3 and 4 above and u/s15A(a) of the SEBI Act for violation 2 above.

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 SEBI Adjudication Rules?

18 While determining the quantum of penalty u/s 15HB and 15A(a) of SEBI Act, as applicable, 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."

19 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.

20 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. 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.

ORDER

21 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 SEBI Adjudication Rules, I hereby impose the following penalty u/s 15HB and 15A(a) of the SEBI Act, as applicable, on the Noticee for the violations as mentioned above.

Name of the Noticee	**Penal u/s**	**Penalty Amount (in Rupees)**	**Total Penalty (in Rupees)**
AFCO CAPITAL INDIA PRIVATE LIMITED	Section 15HB of SEBI Act	Rs.1,00,000 (Rs. One Lakh Only)	

	Section 15 A(a) of SEBI Act	Rs.1,00,000 (Rs. One Lakh Only)	Rs.2,00,000 (Rs. Two Lakhs Only)

22 I find that the said penalty is commensurate with the violations committed by the Noticee in this case.

23 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

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 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.

25 In terms of Rule 6 of the SEBI 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: 2025.11.24 15:57:18 +05'30'

Place: Mumbai **AMIT KAPOOR**

Date: November 24, 2025 **ADJUDICATING OFFICER**