



WTM/KV/CFD/CFD-SEC-5/31388/2025-26

**SECURITIES AND EXCHANGE BOARD OF INDIA
ORDER**

Under sub-section (3) of section 12 of the Securities and Exchange Board of India Act, 1992 read with regulation 27 of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008

In respect of: -

Name of the <i>Noticee</i>	PAN/Registration details
Expert Global Consultants Private Limited	PAN: AABCF5715E Stock Broker (SEBI Registration No.: INM000012874)

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A. BACKGROUND

1. The present proceedings have emanated from an Enquiry Report dated December 17, 2024, (hereinafter referred to as the “**Enquiry Report**”), submitted in terms of regulation 26 of the SEBI (Intermediaries) Regulations, 2008 (hereinafter referred to as “**Intermediaries Regulations**”) with respect to Expert Global Consultants Private Ltd. (hereinafter referred to as “**Noticee**”/“**Merchant Banker**”). The *Noticee* is registered with SEBI as a Merchant Banker (hereinafter referred to as “**MB**”) since November 15, 2021 having Registration no. **INM000012874**.
2. The *Noticee* was Manager to the open offer of Diggi Multitrade Ltd. Vide email dated August 21, 2023, Mr. Gaurav Jain (Director of the *Noticee*) made submissions to Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) in the matter of said open offer. Pursuant to examination of the said email, SEBI observed certain violations by the *Noticee* of the provisions of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the ‘**SEBI Act**’), SEBI (Merchant Bankers) Regulations, 1992 (hereinafter referred to as the “**MB Regulations**”) Regulations and Circulars made thereunder.

B. PROCEEDINGS BEFORE THE DESIGNATED AUTHORITY

3. Pursuant to the examination of submissions made by the *Noticee* vide email of August 21, 2023, SEBI initiated enquiry proceedings under Chapter V of the Intermediaries Regulations against the *Noticee* by appointing a Designated Authority (hereinafter referred to as “**DA**”) in the matter on February 20, 2024.
4. In terms of regulation 25 of the Intermediaries Regulations, the DA issued a show cause notice dated May 3, 2024 to the *Noticee*, for the following alleged violations:



- i) Failure to exercise proper due diligence: (i)SEBI Circular No. SEBI/CFD/DCR/SAST/3/2011/11/222 dated November 22, 2011 as amended by SEBI Circular No. SEBI/HO/CFD/DCR1/CIR/P/2017/22 dated March 15, 2017; and (ii) clauses 3,4,20,21 and 30 of schedule III read with regulation 13 of MB Regulations; and (iii) clause(e) of sub-regulation (1) of regulation 9A of the MB Regulations.
- ii) Misleading disclosures/statement on the website: clause 2 and 10 of Schedule III read with regulation 13 of MB Regulations and clause (e) of sub-regulation (1) of regulation 9A of the MB Regulations.
- iii) Failure to comply with the requirement of having mandatory NISM Series IX Certificate by KMPs: sub-regulation (1) of regulation 3 of the SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007 read with SEBI notification no. LAD-NRO/GN/2013-14/15/6319 dated August 02, 2013.
- iv) Failure to comply with requirement of having mandatory NISM Series III-A Certificate by Mr. Gaurav Jain, Designated Compliance Officer: (i)sub-regulation (1) of regulation 3 of the SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007 read with SEBI Notification no. LAD-NRO/GN/202-13/33/1103 dated March 11, 2013; (ii) clause 21 of Schedule III read with Regulation 13 of MB Regulations; and (iii) clause (e) of sub-regulation (1) of regulation 9A of the MB Regulations.
- v) Failure to make available Investor Charter on its website by MB: (i)SEBI Circular SEBI/HO/CFD/DCR2/P/CIR/2021/0661 dated November 23, 2021; (ii) clause 21



of Schedule III read with regulation 13 of MB Regulations; and (iii) clause (e) of sub-regulation (1) of regulation 9A of the MB Regulations.

- vi) Failure to intimate to SEBI change in directors and KMPs: (i) clauses (e) and (f) of sub-regulation (1) of regulation 9A of the MB Regulations and (ii) clause 21 of Schedule III read with Regulation 13 of the MB Regulations.
- vii) Failure to comply with various regulatory requirements for intermediaries under SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as “PIT Regulations”: (i) sub-regulations (1) and (3) of regulation 9 of the PIT Regulations; (ii) sub-regulation (5) of regulation 3 of the PIT Regulations; (iii) clause 21 of Schedule III read with regulation 13 of the MB Regulations; and (iv) clause (e) of sub-regulation (1) of regulation 9A of the MB Regulations.
- viii) Failure to submit periodic reports: (i) sub-regulation (2) of regulation 28 of the MB Regulations read with SEBI Circular CIR/MIRSD/6/2012 dated May 14, 2012 read with SEBI Circular SEBI/HO/MIRSD/MIRSD1/CIR/P/2017/38 dated May 02, 2017; (ii) clause 21 of Schedule III read with regulation 13 of the MB Regulations; and (iv) clause (e) of sub-regulation (1) of regulation 9A of the MB Regulations
- ix) Failure to monitor compliance of the Act, Rules and Regulations, Notifications, Circulars, etc., issued by the Board: sub-regulation (1) of regulation 28A of the MB Regulations read with clause (e) of sub-regulation (1) of regulation 9A of the MB Regulations.

5. The SCN was duly served upon the *Noticee*. However, no response to the SCN was filed by the *Noticee*. The DA through various reminders advised the *Noticee* to file a



reply to the show cause notice. Subsequently, after taking considerable time the *Noticee* filed its reply vide emails dated September 25, 2024 and November 27, 2024. Thereafter, a personal hearing was also granted to the *Noticee* by the DA on November 27, 2024. Pursuant to hearing the *Noticee* sought time to make additional submissions in the matter which was acceded. However, the *Noticee* did not file additional submissions and rather re-submitted certain documents which had been submitted earlier vide email dated September 25, 2024.

6. The DA after conducting the enquiry proceedings in terms of the Intermediaries Regulations, submitted an Enquiry Report dated December 17, 2024. In the Enquiry Report, the DA found that all the violations referred at para 4 above alleged against the *Noticee* had been established. Accordingly, the DA recommended that the *Noticee* may be prohibited from taking up any new assignment for a period of six months in terms of regulation 26 of the Intermediaries Regulations.

C. PROCEEDINGS BEFORE THE WHOLE TIME MEMBER

7. Pursuant to submission of Enquiry Report, vide letter dated January 8, 2025, the Enquiry Report was forwarded to the *Noticee* in terms of sub-regulation (1) of regulation 27 of the Intermediaries Regulations. The *Noticee* was called upon to make submissions as to why measures recommended by the DA or any other action in terms of the Intermediaries Regulations, be not taken against it. The Enquiry report was sent to the registered address of the *Noticee* and through email dated January 14, 2025. The *Noticee*, submitted its reply vide email dated January 28, 2025.



8. In terms of sub-regulation 4 of regulation 27 of the Intermediaries Regulations, personal hearing may be granted before Competent Authority when the DA has recommended cancellation of registration or the Competent Authority is of the *prime facie* view that it is a fit case for cancellation of certificate of registration. In the extant matter, the DA has recommended prohibition from taking up new assignment by *the Noticee* for a period of six months and I am also of the *prima facie* view that it is not a fit case for cancellation of certificate of registration. However, I am aware of the statutory right of principle of natural justice. In this case, Enquiry Officer has submitted his report after giving due opportunity to the *Noticee* to explain its position in writing as well as through personal hearing. I have provided due opportunity to *Noticee* to explain its position against the recommendation in the Enquiry Report in writing. *Noticee* has availed that opportunity and has not requested for personal hearing. Thus, the requirement of reasonable opportunity of being heard has been duly complied with. In view of the above, I now proceed for consideration of the matter based on the enquiry report and submissions made by the *Noticee*.
9. The summary of submissions made by the *Noticee* vide reply dated January 28, 2025 is as follows:
- i) Alleged violation on failure to exercise proper due diligence:
- The *Noticee* stated that Mr. Gaurav Jain (Director of the *Noticee*) was appointed Compliance Officer in the matter of open offer with respect to Diggi Multitrade Ltd. The *Noticee* submitted that, Mr. Gaurav Jain submitted details of Acquirer and Persons Acting in Concert (PACs) in the tabular format wherein in the column of disclosures and regulations, the *Noticee* had not mentioned sub-regulations (1) and (2) of regulation 29 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as “**SAST**”).



Regulations”) for the period from August 13, 2021 to March 31, 2022 and had not given disclosures of the said transaction as per the SAST Regulations and neither it was mentioned that the transaction is in compliance with the SAST Regulations. This lapse on the part of the *Noticee* was not done intentionally since all the public announcements have been done as per the SAST Regulations. The *Noticee* further submits that, *“The only reason was that open offer transaction would have been triggered while time to file the said disclosure is within 2 working days of acquiring the shares. Only and only intent is to not trigger the transaction the said disclosure had not been done, otherwise all other related disclosure was made, obtained and submitted and all the public announcements have been done”* The *Noticee* also submits that it has been completely transparent with all the requirements and co-operated throughout the investigation. The *Noticee* has taken corrective measures and taken care with respect to further transactions and ensures that no other non-compliant activity will be seen.

ii) Alleged misleading disclosures on the website:

The *Noticee* admits that when the website has been made, the technical outsider team, indulged in making the website had done the error of mentioning the qualification of Mr. Gaurav Jain as CFA (Chartered Financial Analyst) instead of mentioning as FCA(Fellow Chartered Accountant). Further, the *Noticee* has been mentioned as stock broker instead of Merchant Banker. This mistake has been rectified long back.

iii) Alleged failure to comply with the requirement of having mandatory NISM Series IX Certificate by Key Managerial Persons (KMPs):

The *Noticee* has submitted that its KMPs namely Mr. Gaurav Jain, Mr.Sanchit Agarwal and Mr. Harish Gupta have applied and obtained NISM Series III



Certificates and Mr. Gaurav Jain was already having NISM Series IX certificate. Further, with effect from July 1, 2024, in place of Mr. Gaurav Jain, Mr. Shobhit Agarwal was appointed as Compliance officer and he holds both NISM Series III and NISM Series IX certificates. As per the enquiry report, Ms. Anu Mittal and Ms. Nimisha Vikas Joshi, both appointed as KMPs of the *Noticee* on July 1, 2021 and September 25, 2021 respectively. Ms Nimisha Vikas Joshi was holding NISM Series IX certificate from April 30, 2021, however she resigned on December 31, 2021. Ms. Anu Mittal was being asked to get her NISM certifications done in prescribed timeline, however, she failed to do so and hence resigned from the position. The *Noticee* also submitted that since Mr. Shobhit Aggarwal was appointed as new Compliance Officer, all necessary compliances have been done timely and all KMPs are holding the required NISM series certificates. The *Noticee* also submitted that no further non-compliance will be seen in the working of the *Noticee* in future.

iv) Alleged failure to comply with the requirement of having mandatory NISM series III-A certificate by Mr. Gaurav Jain, Compliance Officer:

The *Noticee* admitted that Mr. Gaurav Jain was not having NISM Series III-A certificate, hence he resigned from his position of Compliance Officer and Mr. Shobhit Aggarwal who was holding NISM series III-A; III-B and IX certificates, was appointed w.e.f. July 1, 2024. The *Noticee* also submitted that Mr. Gaurav Jain was holding NISM series IX certificate within one year of registration of *Noticee* as Merchant Banker.

v) Alleged failure to make available Investor Charter on its website:

The *Noticee* admitted that the investor charter was not there on the official website of the *Noticee* before November 2023. However, the same was made available on the website of the *Noticee* from November 2023. The *Noticee*



further submits that, since then each and everything has been done as per the rules and regulations of Merchant Banking as prescribed by SEBI.

vi) Alleged failure to intimate SEBI with respect to change in directors and KMPs:

The *Noticee* submits that all changes in Directors and KMPs had been duly intimated in September 2023 and August 2024.

vii) Alleged failure to comply with various regulatory requirements for intermediaries under PIT Regulations:

The *Noticee* has submitted that Mr. Shobhit Aggarwal was appointed as designated compliance officer to monitor compliances under PIT Regulations and since then the Structural Digital Database (SDD) has also been duly obtained. Hence, the *Noticee* is compliant with the same.

viii) Alleged failure to submit periodic reports to SEBI:

The *Noticee* has submitted that all reports have been duly filled and the *Noticee* is in compliance with the same. The *Noticee* has further, submitted that since the appointment of Mr. Shobhit Aggarwal as Compliance Officer all necessary compliances were done in accordance with the prescribed rules and regulations of SEBI.

ix) Alleged failure to monitor compliance of the Act, Rules and Regulations, Notifications, Circulars etc. issued by the Board:

The *Noticee* has admitted to the violations committed in past years but has also submitted that all the necessary preventive and corrective measures have been done duly by the *Noticee*. Some rectifications have been done before receiving the Notice and some after receiving the Notice. The *Noticee* has further



submitted that in near future no such mistakes shall be done and investor faith will be taken care properly and all necessary actions will be taken on time.

x) In addition to the above submissions, the *Noticee* has also submitted that it agrees to act as a bridge between the companies, investors and regulator and as a SEBI Registered intermediary, it holds a position of trust, reliance and confidence in the securities market. The *Noticee* agrees that it should maintain high standards of integrity, dignity and fairness in the conduct of its business and abide by the provisions of the Act, Regulations made thereunder, circulars and guidelines issued by the SEBI which may be applicable and relevant to the activities of the *Noticee*.

xi) The *Noticee* has also provided documents in support of its above submissions.

10. After noting the submission of the *Noticee*, I now proceed to examine the matter on its merits. In the extant proceeding, it is required to ascertain whether the *Noticee*, by its acts and conduct, has violated the applicable provisions of securities law as mentioned in the enquiry report.

11. However, before proceeding further, it is necessary to refer to relevant provisions of law and the same are reproduced here under for reference:

SEBI Act, 1992

Registration of stock brokers, sub-brokers, share transfer agents, etc.

12(1)

12(2)

12(3) *The Board may, by order, suspend or cancel a certificate of registration in such manner as may be determined by regulations:*



Provided that no order under this sub-section shall be made unless the person concerned has been given a reasonable opportunity of being heard.

Delegation.

19. The Board may, by general or special order in writing delegate to any member, officer of the Board or any other person subject to such conditions, if any, as may be specified in the order, such of its powers and functions under this Act (except the powers under section 29) as it may deem necessary.

SEBI (Intermediaries) Regulations, 2008

Cancellation or suspension of registration and other actions.

23. Where any person who has been granted a certificate of registration under the Act or regulations made thereunder,

(a) fails to comply with any conditions subject to which a certificate of registration has been granted to him;

(b) contravenes any of the provisions of the securities laws or directions, instructions or circulars issued thereunder;

the Board may, without prejudice to any action under the securities laws or directions, instructions or circulars issued thereunder, by order take such action in the manner provided under these regulations

Recommendation of action

26. (1) After considering the material available on record and the reply, if any, the designated authority may by way of a report, recommend the following measures-

(i) disposing of the proceedings without any adverse action;

(ii) cancellation of the certificate of registration;

(iii) suspension of the certificate of registration for a specified period;



- (iv) prohibition of the noticee from taking up any new assignment or contract or launching a new scheme for such the period as may be specified;*
- (v) debarment of an officer of the noticee from being employed or associated with any registered intermediary or other person associated with the securities market for such period as may be specified;*
- (vi) debarment of a branch or an office of the noticee from carrying out activities for such period as may be specified;*
- (vii) issuance of a regulatory censure to the noticee:*

Order

27. (1)

.....

(5) After considering the facts and circumstances of the case, material on record and the written submission, if any, the competent authority shall endeavor to pass an appropriate order within one hundred and twenty days from the date of receipt of submissions under sub-regulation (2) or the date of personal hearing, whichever is later.

SEBI (Merchant Bankers) Regulations, 1992

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



Regulation 13

Code of conduct.

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

Schedule III 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.
10. A merchant banker shall not make any statement, either oral or written, which would misrepresent the services that the merchant banker is capable of performing for any client or has rendered to any client.
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.



Regulation 28 Disclosures to the Board

(1)

(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

Regulations 28 A (1)

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.*

SEBI (Certification of Associated Persons in the Securities Markets)

Regulations 2007

Obligation to obtain certificate

3. (1) *The Board may by notification in the Official Gazette require such categories of associated persons to obtain requisite certificate for engagement or employment with such classes of intermediaries and from such date as may be specified in the notification:*

Provided that an associated person employed or engaged by an intermediary prior to the date specified by the Board may continue to be employed or engaged by the intermediary if he obtains the certificate within two years from the said date.

SEBI (PIT) Regulations, 2015

Communication or procurement of unpublished price sensitive information

Reg. 3(5) *The board of directors or head(s) of the organisation of every person required to handle unpublished price sensitive information shall ensure that a structured digital*



database is maintained containing the nature of unpublished price sensitive information and the names of such persons who have shared the information and also the names of such persons with whom information is shared under this regulation along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. Such database shall not be outsourced and shall be maintained internally with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.

Code of Conduct

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

9(2).....

9(3) - *Every listed company, intermediary and other persons formulating a code of conduct shall identify and designate a compliance officer to administer the code of conduct and other requirements under these regulations.*

12. In addition to the above provisions of the SEBI Act and Regulations, provisions of the following SEBI circulars have also been violated by the Noticee:
- i) SEBI Circular No. SEBI/CFD/DCR/SAST/3/2011/11/222 dated November 22, 2011 as amended by SEBI Circular No. SEBI/HO/CFD/DCR1/CIR/P/ 2017/22 dated March 15, 2017;



https://www.sebi.gov.in/legal/circulars/nov-2011/format-for-submitting-draft-letter-of-offer-under-regulation-16-1-of-sebi-sast-regulations-2011_21136.html

<https://www.sebi.gov.in/legal/circulars/mar-2017/revised-format-for-letter-of-offer-under-sebi-substantial-acquisition-of-shares-and-takeovers-regulations-2011-sast-regulations-34366.html>

- ii) SEBI notification no. LAD-NRO/GN/2013-14/15/6319 dated August 02, 2013
https://www.sebi.gov.in/legal/regulations/aug-2013/notification-under-regulation-3-of-the-securities-and-exchange-board-of-india-certification-of-associated-persons-in-the-securities-markets-regulations-2007_25153.html
- iii) SEBI Notification no. LAD-NRO/GN/202-13/33/1103 March 11, 2013 ;
https://www.sebi.gov.in/legal/regulations/mar-2013/notification-under-regulation-3-of-the-securities-and-exchange-board-of-india-certification-of-associated-persons-in-the-securities-markets-regulations-2007_24430.html
- iv) SEBI Circular SEBI/HO/CFD/DCR2/P/CIR/2021/0661 dated November 23, 2021;
https://www.sebi.gov.in/legal/circulars/nov-2021/publishing-investor-charter-and-disclosure-of-complaints-by-merchant-bankers-on-their-websites_54147.html
- v) SEBI Circular CIR/MIRSD/6/2012 dated May 14, 2012 read with SEBI Circular SEBI/HO/MIRSD/MIRSD1/CIR/P/2017/38 dated May 02, 2017;
https://www.sebi.gov.in/legal/circulars/may-2012/review-of-regulatory-compliance-and-periodic-reporting_22759.html
https://www.sebi.gov.in/legal/circulars/may-2017/online-registration-mechanism-for-securities-market-intermediaries_34793.html

D. EXAMINATION OF EVIDENCE

13. I have carefully perused the material available on record including the Enquiry Report submitted by the DA, response of the *Noticee* and applicable provisions of law. I shall now proceed to deal with the violations alleged in the SCN *in seriatim*.



D.1. Failure to Exercise Proper Due Diligence:

14. On examination of the compliance requirements done by the *Noticee* during the open offer of Diggi Multitrade Ltd. (*the Noticee was a Manager to the Open Offer of Diggi Multitrade Ltd.*), it was noted that the *Noticee* failed to carry out proper due diligence in terms of SEBI circular no. SEBI/HO/CFD/DCR1/CIR/P/2017/22 dated March 15, 2017. It was alleged that the *Noticee* failed to exercise proper due diligence while submitting the capital build-up of the promoter and promoter group, Acquirer and PAC and also during submission of status of compliance in the aforesaid open offer.
15. In view of the above analysis, it was alleged that the *Noticee* has violated clauses 3,4,20,21 and 30 of Schedule III read with regulation 13 of the MB Regulations; sub-clause (e) of clause (1) of regulation 9A of the MB Regulations, and SEBI circular no. SEBI/CFD/DCR/SAST/3/2011/11/222 dated November 22, 2011 as amended by SEBI circular no. SEBI/HO/CFD/DCR1/CIR/P/2017/22 dated March 15, 2017.
16. Clauses 3,4,20,21 and 30 of Schedule III read with regulation 13 of the MB Regulations requires a merchant banker to fulfil its obligations in a prompt, ethical and professional manner alongwith ensuring that no untrue statement is made nor any material fact is suppressed and to maintain due diligence at all times. A merchant banker is also required to maintain appropriate level of knowledge and competence and abide by the applicable provisions of SEBI Act, regulations and circulars made thereunder. With respect to conduct of its business, a merchant banker was also responsible for the act and omissions of its employees and agents. Further, clause(e) of sub-regulation (1) of regulation 9A of MB Regulations states the conditions of registration of a MB and requires a MB to abide by the regulations made under the SEBI Act in respect of the activities carried out by it as MB.



17. SEBI vide circular no. SEBI/CFD/DCR/SAST/3/2011/11/222 dated November 22, 2011 as amended by SEBI circular no. SEBI/HO/CFD/DCR1/ CIR/P/2017/22 dated March 15, 2017, has provided the revised format for submission of the draft letter of offer in terms of SAST Regulations alongwith instructions to be followed by merchant bankers at the time of filing of draft letter of offer.
18. The DA in its report has stated that the *Noticee* was required to submit details with respect to buildup of paid up capital of target company (*in the instant matter the target company being Diggi Multitrade Ltd.*) in the format prescribed in the aforesaid circular. The *Noticee* was under an obligation to exercise proper due diligence and disclosure with respect to capital buildup of the promoter and promoter group, Acquirer and PAC. It was also responsible to disclose status of compliance in the open offer of Diggi Multitrade Ltd. The DA further stated that, the *Noticee* in its submissions provided a copy of the post offer advertisement, which was issued in compliance with sub-regulation 12 of regulation 18 of the SAST Regulations. No information was provided by the *Noticee* with regard to the buildup of paid up capital of the promoter and promoter group, Acquirer and PAC as required in the aforesaid circular. In view of the above, the DA found that the *Noticee* is in violation of regulation and circular stated at para 15 above.
19. Having gone through the above allegations and the DA report, I note that vide SEBI circular no. SEBI/HO/CFD/DCR1/CIR/P/2017/22 dated March 15, 2017, certain amendments were carried out in sub-clause (e) of clause 12 on 'General Instructions' in the format for Letter of Offer. In the General Instructions, in terms of clause 12, additional information about acquirer, target company, its promoters etc., was required to be filed by the Manager of the Offer separately with SEBI. In compliance to the



same, the information with respect to 'Buildup of current paid up capital of the Target Company', in the prescribed tabular format was required to be provided by the *Noticee* to SEBI with respect to the open offer of Diggi Multitrade Ltd.

20. The *Noticee* in its reply to the recommendations in the enquiry report has provided documents in support of it being compliant to the aforesaid MB regulations and SEBI circulars. On perusal of the same, it is noted that these documents filed by the *Noticee* do not show any evidence that the *Noticee* was compliant with the requirements of the aforesaid SEBI circular dated March 15, 2017. The documents provided by the *Noticee* are documents which were filed post completion of the open offer.
21. From the facts mentioned above, I note that the *Noticee* has failed to provide any evidence in support of its contention of being compliant with the aforesaid provisions of the MB regulations and SEBI circulars. In view of the above, I agree with the findings of the DA and hold that the *Noticee* failed to exercise proper due diligence in submitting the details of capital build-up of the promoter and promoter group, Acquirer and PAC and also during submission of status of compliance in the aforesaid open offer. The *Noticee* being the Manager to the Open Offer of Diggi Multitrade Ltd. was mandatorily required to fulfill its obligations in a prompt and professional manner. The failure on the part of the *Noticee* has resulted in violation of clause 3,4,20,21 and 30 of Schedule III read with regulation 13 of MB Regulations and sub-clause (e) of clause (1) of regulation 9A of the MB Regulations and SEBI circular no. SEBI/CFD/DCR/SAST/3/2011/11/222 dated November 22, 2011 as amended by SEBI circular no. SEBI/HO/CFD/DCR1/ CIR/P/2017/22 dated March 15, 2017.



D.2. Misleading Disclosures / Statements on the Website

22. It was observed that the *Noticee* on its website <https://www.expertglobal.in/> had mentioned the qualification of Gaurav Jain, one of the Key Managerial Persons (KMPs) as Chartered Financial Analyst (CFA), which is a globally recognised qualification in the field of finance, investment and wealth management, instead of mentioning his qualification as FCA (Fellow Chartered Accountant). Further, the *Noticee* had disclosed itself as a SEBI registered MB and Stock Broker on its website. However, the *Noticee* was not having any SEBI registration as a Stock Broker. It was also found that the *Noticee*'s website showed the name of one Mr. xxxxx xxxxx as a consultant for handling merchant banking activity in relation to an open offer. Though, Mr. xxxxx xxxxx was never employed with the *Noticee* and his name alongwith designation, 'Consultant Vice President-Marketing' was appearing under the section 'Our Team' on the *Noticee*'s website. These statements on the *Noticee*'s website is alleged to be misleading statements by the *Noticee*. It is therefore alleged that these misleading disclosures have resulted in violation of clause 2 and 10 of Schedule III read with of regulation 13 of the MB Regulations and clause (e) of sub-regulation (1) of regulation 9A of the MB Regulations.
23. Clause 2 and 10 of schedule III read with Regulation 13 MB Regulations requires a MB to maintain high standard of integrity, dignity and fairness in its conduct. Further, a MB should ensure that any statement made whether oral or written does not misrepresent its services. MB needs to abide by the SEBI Act with respect to its activity as a MB.
24. DA in its report stated that the *Noticee* in its submissions accepted that in its website, the designation of its director was shown as CFA instead of FCA. Further, the *Noticee* was shown as a Stock Broker despite it not being a registered stock broker. Thirdly,



the display of the name, Mr. xxxxx xxxxx as Consultant Vice President Marketing on its website were inadvertent errors and the same were rectified. The DA noted that such disclosures on the website of the *Noticee* are misleading. The *Noticee* being a professional MB should have refrained itself from making such misleading statements. The DA hence found the *Noticee* to have violated the regulations referred at para 22 above.

25. I note that the *Noticee*, in its submissions before me has accepted the above violations and stated that the errors were done by an outside team which was assigned the work of making the website. Further, the *Noticee* also accepted the error whereby Mr. xxxxx xxxxx was shown on the website of the *Noticee* as Consultant Vice President Marketing, though he was appointed only for one transaction. The *Noticee* further submitted that he has rectified these errors and provided documentary evidence in support of it.
26. From the submission of the *Noticee*, I note that the *Noticee* has admitted to all the three misleading statements made on its website and has also taken corrective steps for the same. I have taken note of the fact that the *Noticee* has rectified the errors. However, the fact that at the relevant point of time the *Noticee* had violated the alleged provisions of law. Therefore, I agree with the DA that the *Noticee* had violated clause (e) of sub-regulation (1) of regulation 9A of MB Regulations and clauses 2 and 10 of Schedule III read with of the regulation 13 of MB Regulations by providing misleading disclosures on its website.



D.3. Failure to comply with the requirement of having mandatory NISM Series IX Certificate by KMPs

27. It was observed that KMPs of the *Noticee* did not obtain the valid NISM Series IX Merchant Banking Certification for KMPs, in terms of SEBI notification no. LAD-NRO/GN/2013-14/15/6319 dated August 02, 2013. The non-compliance of the *Noticee* persisted despite its own submission dated August 27, 2021 to SEBI, that all its designated KMPs would obtain the said NISM certification within one year from the grant and obtaining the licence of MB.
28. In view of the aforesaid non-compliances, the *Noticee* is alleged to have violated sub-regulation (1) of regulation 3 of the SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007 read with SEBI notification no. LAD-NRO/GN/2013-14/15/6319 dated August 02, 2013.
29. Sub-regulation (1) of regulation 3 of the SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007 requires the persons associated with the intermediaries to obtain requisite certification for employment with such intermediary. Further, as per SEBI notification no. LAD-NRO/GN/2013-14/15/6319 dated August 02, 2013, a registered MB shall ensure that any person who is engaged or employed as an associated person after the date of notification of this circular shall obtain NISM Series IX Merchant Banking Certification for KMPs within one year of employment.
30. The DA in its observations found that the KMPs of the *Noticee* namely, Mr. Harish Gupta, Mr. Sanchit Agarwal and Ms. Anu Mittal did not obtain valid NISM Series IX Merchant Banking certification for KMPs. Mr. Gaurav Jain and Ms. Nimisha Vikas Joshi were holding valid NISM Series IX Certificate. Despite the admission of the *Noticee* vide its reply dated August 27, 2021, that its KMPs will obtain the above



certification within one year, the same was not complied by the *Noticee*. The DA had also sought the details from NISM with regard to the NISM Certification of the KMPs of the *Noticee*. From the details provided by the NISM, it was noted that three of the five KMPs of the *Noticee* were not holding the NISM Series IX Certificate. In view of the above findings, the DA found that the *Noticee* is in violation of sub-regulation (1) of regulation 3 of the SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007 read with SEBI notification no. LAD-NRO/GN/2013-14/15/6319 dated August 02, 2013.

31. Taking note of the observations of the DA, I note that the record shows that the *Noticee* had obtained registration as a Merchant Banker from November 15, 2021 and hence was required to ensure that all its associated persons designated as KMPs shall obtain the aforesaid certification within one year of their employment with the MB. The *Noticee* in its submissions has admitted that Mr. Gaurav Jain, being the KMP and Compliance Officer of the *Noticee* had obtained the aforesaid certification on September 28, 2022, while another KMP, namely Ms. Nimisha Vikas Joshi who held the requisite certification on April 30, 2021, had resigned on a later date. As stated in the preceding paragraph out of the five KMPs of the *Noticee* only two had the valid NISM Series IX Certificate as KMP. The *Noticee* in its submission also stated that, Mr. Shobhit Aggarwal has been appointed as Compliance Officer with effect from July 1, 2024, who holds both the certificates namely, NISM Series III A Certificate and NISM Series IX Certificate. The *Noticee* further submitted that, all necessary compliances have been carried out in a timely manner and all its KMPs are holding the required NISM series certificates. The *Noticee* has also provided documentary evidences in support of its submissions.



32. I note from the above submissions that, there is no denial by the *Noticee* that the requisite compliance to the sub-regulation (1) of regulation 3 of the SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007 read with SEBI notification no. LAD-NRO/GN/2013-14/15/6319 dated August 02, 2013 was not complied with at the relevant period of time i.e. within one year from the date of the employment of its respective KMPs. Further, I have also taken note of the fact that the *Noticee* had taken corrective measures post the above violations. However, the *Noticee* being a registered MB, is mandatorily required to comply with the SEBI regulations and notifications/circulars in timely manner. In view of the above, I agree with the findings of the DA and hold that the *Noticee* has violated the aforesaid SEBI regulation and notification dated August 2, 2013 referred at para 28 above.

D.4. Failure to comply with requirement of having mandatory NISM Series III-A Certificate by Mr. Gaurav Jain, Designated Compliance Officer:

33. It was observed that Mr. Gaurav Jain, Director and Compliance Officer of the *Noticee* did not have NISM Series III A Certificate and the same was not complied with inspite of the *Noticee* providing its submission dated August 27, 2021 that within one year all its KMPs would obtain the requisite NISM certification.
34. In view of the above, it was alleged that the *Noticee* has violated sub-regulation (1) of regulation 3 of the SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007 read with SEBI Notification no. LAD-NRO/GN/202-13/33/1103 dated March 11, 2013; (ii) clause 21 of Schedule III read with Regulation 13 of MB Regulations and (iii) clause (e) of sub-regulation (1) of regulation 9A of the MB Regulations.



35. Sub-regulation (1) of regulation 3 of the SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007 requires the notified categories of associated persons to obtain requisite certification for employment with specified intermediary. Further, as per SEBI Notification no. LAD-NRO/GN/202-13/33/1103 March 11, 2013, the associated persons functioning as compliance officers of intermediaries registered with the Board as stock broker (etc.) and employed after the date of notification, shall obtain NISM-Series-III A: Securities Intermediaries Compliance (Non-Fund) Certification within one year of employment with the Intermediary. In terms of clause (e) of sub-regulation (1) of regulation 9A of the MB Regulations, the merchant banker is required to abide by the regulations made under the Act. Further, clause 21 of Schedule III read with regulation 13 of MB Regulations, a MB is required to maintain appropriate level of knowledge and competence and abide by the applicable provisions of the SEBI Act and regulations and circulars made thereunder.
36. The DA noted that Mr. Gaurav Jain, Director and Compliance Officer of the *Noticee* was not holding a valid NISM Series III-A Certificate from the date of registration of the *Noticee* as an MB. The said certificate was not obtained inspite of the *Noticee*'s own submission dated August 27, 2021, stating that within one year all its KMPs would obtain the requisite NISM certification. Further, as a corrective measure, the *Noticee* had appointed a new Compliance Officer with the required qualification with effect from July 1, 2024. However, as the *Noticee* was non-compliant with the applicable regulations at that relevant point of time, i.e. within one year from the date of employment of the compliance officer with the MB, the DA found that the *Noticee* has violated sub-regulation (1) of regulation 3 of the SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007 read with SEBI Notification no. LAD-NRO/GN/202-13/33/1103 dated March 11, 2013; (ii) clause 21 of Schedule III



read with Regulation 13 of MB Regulations and (iii) clause (e) of sub-regulation (1) of regulation 9A of the MB Regulations.

37. I note that the *Noticee* in its submissions before me has stated that Mr. Gaurav Jain was not having NISM Series III-A Certificate, hence resigned from his position of Compliance Officer and Mr. Shobhit Agarwal who was having NISM Series III-A Certificate and NISM Series IX Certificate, was appointed as Compliance Officer with effect from July 1, 2024.
38. Having gone through the above facts and the *Noticee*'s submission before me, I note that there is no denial by the *Noticee* with respect to the alleged violations committed by it at the relevant point of time. The *Noticee* had in fact, accepted its non-compliance with the above referred regulation and notification as its Director and Compliance Officer did not have the NISM Series III-A Certificate though rectified later. In view of the above, I am in agreement with the findings of the DA and hold that the *Noticee* was in violation of the SEBI regulations and circulars referred at para 34 above.

D.5. Failure to make available Investor Charter on its website by MB

39. It was observed that the *Noticee* failed to have the Investor Charter on its website. This failure on the part of the *Noticee* resulted in the following alleged violations of the provisions of law: (i) SEBI Circular no. SEBI/HO/CFD/DCR2/ P/CIR/2021/0661 dated November 23, 2021; (ii) clause 21 of Schedule III read with regulation 13 of MB Regulations; (iii) clause (e) of sub-regulation (1) of regulation 9A of the MB Regulations.
40. In terms of clause (e) of sub-regulation (1) of regulation 9A of the MB Regulations, the merchant banker is required to abide by the regulations made under the Act. As per regulation 13 read with clause 21 of Schedule III of MB Regulations, a MB is required



to maintain appropriate level of knowledge and competence and abide by the applicable provisions of SEBI Act and regulations and circulars made thereunder. Further, SEBI Circular SEBI/HO/CFD/DCR2/P/CIR/ 2021/0661 dated November 23, 2021, inter alia requires a MB to disclose on its website the Investor Charter for each of the categories such as IPO, FPO, OFS, Rights Issue etc. The circular provides that the Investor Charter would be a brief document in an easy to understand language and contains different services to the investors at one single place for ease of reference.

41. The DA found that the *Noticee* had not displayed the investor charter on its website and it was only after the examination and intimation by SEBI to the *Noticee*, the same was updated on its website. This is also evident from the submission of the *Noticee* that the investor charter was made available from November 2023. Therefore, prior to this period, the *Noticee* did not display the Investor Charter on its website. The DA also noted that Mr. Gaurav Jain, Director of the *Noticee* had in his submission dated August 21, 2023 stated that the website of the *Noticee* was devoid of the Investor Charter. In view of the same, the DA found that the *Noticee* has violated the provisions of SEBI circular no. SEBI/HO/CFD/DCR2/P/CIR/ 2021/0661 dated November 23, 2021; and (ii) clause 21 of Schedule III read with Regulation 13 of MB Regulations; and (iii) clause (e) of sub-regulation (1) of regulation 9A of the MB Regulations.
42. I note that the *Noticee* in its submission made before me has reiterated that the Investor Charter was made part of the website of the *Noticee* from November 2023. This submission of the *Noticee* establishes that, prior to the period of November 2023, the Investor Charter was not part of the website of the *Noticee*. I also note that, after intimating this non-compliance, the *Noticee* had taken corrective steps and rectified the aforesaid non-compliance. Even though the *Noticee* admitted to the violation and



that it had taken corrective steps, there is no doubt to the fact that the *Noticee* had committed the violation and was non-compliant with the regulation and circular referred at para 39 above. In view of the same, I see no reason to differ from the observation of the DA and hold that the *Noticee* has violated the provisions of SEBI regulations and circular referred at para 39 above.

D.6. Failure to intimate SEBI about change in directors and KMPs

43. It is observed that the *Noticee* failed to intimate to SEBI, the date of appointment and cessation of its director Mr. Neeraj Jain and date of cessation Ms. Nimisha Vikas Joshi, KMP. The *Noticee* was required to intimate these changes in its KMPs through submission of periodic reports. In view of the above, it is alleged that the *Noticee* has violated clause (e) and (f) of sub-regulation (1) of regulation 9A of the MB Regulations and (ii) clause 21 of Schedule III read with regulation 13 of the MB Regulations.
44. In terms of clause (e) and (f) of sub-regulation (1) of regulation 9A of the MB Regulations, the merchant banker is required to abide by the regulations made under the Act and any change to the information submitted while seeking registration shall be intimated to the Board within seven working days of such change. Further, as per clause 21 of Schedule III read with regulation 13 of the MB Regulations, a MB is required to maintain appropriate level of knowledge and competence and abide by the applicable provisions of SEBI Act, regulations and circulars made thereunder.
45. The DA observed that the *Noticee* in support of its contention submitted to have duly intimated the change in Directors and KMPs vide its periodic reports and provided a copy of its email dated September 12, 2023 addressed to SEBI. The DA noted that the *Noticee* vide its email dated September 12, 2023 had intimated to SEBI with respect to appointment / cessation of the KMPs, but this information was submitted by the *Noticee* only when a clarification on the same was sought from SEBI. Hence,



this information provided by the *Noticee* cannot be treated as compliance to the regulations referred at para 43 above. In view of the same, the DA found that the *Noticee* has violated clause (e) and (f) of sub-regulation (1) of regulation 9A of the MB Regulation and clause 21 of Schedule III read with regulation 13 of the MB Regulations.

46. Taking note of the above facts, I now examine the submissions of the *Noticee* with regard to this violation. The *Noticee* submitted that all the changes in Directors and KMPs have been duly intimated in September 2023 and August 2024. On examination of the evidence placed by the *Noticee* before me in support of its contention, I note that vide email dated September 12, 2023, the *Noticee* has provided the details of changes in directors/KMPs from the date of registration as an MB till date, in the format provided by SEBI. In the said format, the details provided by the *Noticee* with respect to Mr. Neeraj Jain Director and Ms. Nimisha Vikas Joshi, KMP is as follows:

Name	Designation	Date of appointment	Date of cessation	Date of intimation to SEBI alongwith proof of submission
Mr. Neeraj Jain	Director	April 16, 2022	May 11, 2023	Not Intimated yet
Ms. Nimisha Vikas Joshi	KMP	September 25, 2021	December 31, 2021	Not Intimated yet

47. As seen from the table above, in the column on 'Date of intimation to SEBI...' the *Noticee* has stated '*Not intimated yet*'. This submission of the *Noticee* establishes that the *Noticee* had not intimated the changes in its directors / KMP till the date of this email, which is September 12, 2023, though the cessations had taken place on an earlier date. In view of the same, I agree with the findings of the DA that the *Noticee* had violated the MB regulations referred at para 43 above.



D.7. Failure to comply with various regulatory requirements for intermediaries under PIT Regulations, 2015:

48. It is observed that the *Noticee* had failed to adopt the code of conduct, maintenance of Structural Digital Database (SDD) and did not designate a compliance officer to monitor compliance under the PIT Regulations. These non-compliances have allegedly resulted in violation of: (i) sub-regulations (1) and (3) of regulation 9 of the PIT Regulations; (ii) sub-regulation (5) of regulation 3 of the PIT Regulations; (iii) clause 21 of Schedule III read with regulation 13 of the MB Regulations and (iv) clause (e) of sub-regulation (1) of regulation 9A of the MB Regulations.
49. Sub-regulation (5) of regulation 3 of the PIT regulations mandates the requirement to have a SDD with effect from July 17, 2020. The sub-regulation also gives details of what information needs to be stored in the database alongwith the need to have adequate internal controls for the same. Sub-regulations (1) and (3) of regulation 9 of the PIT regulations mandates the requirement of the Board of Directors to formulate a code of conduct to regulate, monitor etc. the trades of designated persons etc. Further, compliance officer to be designated to administer the code of conduct and other requirements. Clause (e) of sub-regulation (1) of regulation 9A of the MB Regulations provides that, the merchant banker is required to abide by the regulations made under the Act. As per clause 21 of Schedule III read with regulation 13 of the MB Regulations requires a MB to maintain appropriate level of knowledge and competence and abide by the applicable provisions of the SEBI Act and regulations and circulars made thereunder.
50. The DA observed that the *Noticee* had appointed Mr. Shobhit Agarwal as the Compliance Officer with effect from July 1, 2024. The *Noticee* had provided a copy of



the invoice dated August 6, 2024 towards payment made for procuring Structural Digital Database for the period from August 2, 2024 to August 1, 2025. These submissions of the *Noticee* show that the *Noticee* did not designate a compliance officer for administering code of conduct and was not maintaining any SDD at the relevant point of time (prior to August 2024) as required under the aforesaid PIT regulations. This non compliance on the part of the *Noticee* is in violations of SEBI regulations referred at para 48 above.

51. I note that the *Noticee* in its submissions made before me has also stated that with effect from July 1, 2024, Mr. Shobhit Aggarwal was appointed as designated compliance officer to monitor compliances under the PIT regulations, further the *Noticee* has provided an invoice dated August 6, 2024 with respect to procurement of SDD. The reply and documents submitted by the *Noticee* before me clearly establishes that the *Noticee* appointed a compliance office as per the mandate of SEBI regulations/circulars only in July 2024. As proof for the procurement of SDD, the *Noticee* has only provided an invoice dated August 6, 2024. There is no record which shows that the *Noticee* had complied with the requirement of Structural Digital Database as mandated in sub-regulation (1) and (3) of regulation 9 of the PIT Regulations prior to such date.
52. Considering the above facts, I am in agreement with the findings of the DA and hold the *Noticee* is liable for violations of (i) sub-regulations (1) and (3) of regulation 9 of the PIT Regulations; (ii) sub-regulation (5) of regulation 3 of the PIT Regulations; (iii) clause 21 of Schedule III read with regulation 13 of the MB Regulations and (iv) clause (e) of sub-regulation (1) of regulation 9A of the MB Regulations.



D.8. Failure to submit periodic reports

53. It is observed that the *Noticee* failed to file periodic reports for the half year ended March 2022, September 2022 and March 2023 since its registration as an MB. This failure on the part of the *Noticee* has led to the violation of: (i) sub-regulation (2) of regulation 28 of the MB Regulations read with SEBI Circular CIR/MIRSD/6/2012 dated May 14, 2012 read with SEBI Circular SEBI/HO/MIRSD/MIRSD1/CIR/P/2017/38 dated May 02, 2017; (ii) Clause 21 of Schedule III read with regulation 13 of the MB Regulation; and (iii) sub clause (e) of sub-regulation (1) of regulation 9A of the MB Regulations.
54. Sub-regulation (2) of regulation 28 of the MB Regulations mandates a MB to submit a periodic report in such manner as specified by the Board from time to time. SEBI circular dated May 14, 2012 requires a MB to file a report in the prescribed format on a half yearly basis. This report has to be filed within three months of the expiry of the half year. Further, SEBI circular dated May 2, 2017, inter alia, requires MBs to submit the aforesaid periodic reports through the SEBI Intermediary Portal. Under clause (e) of sub-regulation (1) of regulation 9A of the MB Regulations, the MB is required to abide by the regulations made under the Act. Further, regulation 13 read with clause 21 of Schedule III of MB Regulations requires a MB to maintain appropriate level of knowledge and competence and abide by the applicable provisions of the SEBI Act, regulations and circulars made thereunder.
55. The DA observed that the periodic reports for the half-year ended March 2024 had been filed by the *Noticee* on August 27, 2024. Pursuant to this observation, the DA noted that the *Noticee* had not filed the periodic reports for the half year ended March 2022, September 2022 and March 2023 since its inception. In view of the above, the



DA found that the *Noticee* violated the SEBI regulations and circulars referred at para 53 above.

56. I have taken note of the above observation of the DA. I further note that the *Noticee* in its submissions made before me stated that all the reports had been duly filed and the *Noticee* is in compliance with the same. The *Noticee* further submitted that since the appointment of Compliance Officer, Mr. Shobhit Aggarwal, all the necessary compliances were done in accordance with the prescribed rules and regulations of SEBI. The *Noticee* had filed certain documents in support of its above contention. However, on examination of the documents submitted by the *Noticee*, I note that the date of submission of the periodic reports is August 27, 2024. These documents do not show any proof that the *Noticee* had filed the periodic reports within the span of three months from the expiry of half year ended March 2022, September 2022 and March 2023, as provided under the MB Regulations. The *Noticee* has submitted three reports before me and all the three reports show the same date of submission i.e. August 27, 2024.

57. On further examination into the above violation it was noted that except for the report filed in September 2024, the *Noticee* had delayed in filing all the previous half year ended reports i.e. for the half year ended, March 2022, September 2022, March 2023, September 2023 and March 2024. The details of the delay in filing the periodic reports by the *Noticee* is provided in the table below:

Half year ended	Last date to submit the report	Date of filing report with SEBI	Delay in days
March, 2022	30-06-2022	18-09-2023	445
September, 2022	31-12-2022	24-09-2023	267
March, 2023	30-06-2023	27-08-2024	424
September, 2023	31-12-2023	27-08-2024	240
March, 2024	30-06-2024	27-08-2024	58
September, 2024	31-12-2024	31-12-2024	0



58. The above submissions alongwith the details in the table above, when read with observation of the DA, establishes that the *Noticee* is in violation of the provisions of: (i) sub-regulation (2) of regulation 28 of the MB Regulations read with SEBI Circular CIR/MIRSD/6/2012 dated May 14, 2012 read with SEBI Circular SEBI/HO/MIRSD/MIRSD1/CIR/P/2017/38 dated May 02, 2017; (ii) Clause 21 of Schedule III read with regulation 13 of the MB Regulations and; (iii) sub clause (e) of sub-regulation (1) of regulation 9A of the MB Regulations.

D.9. Failure to monitor compliance of the Act, Rules and Regulations, Notifications, Circulars, etc., issued by the Board

59. During examination, non-compliances which are referred in the preceding paragraphs were observed on the part of the *Noticee*. Further, the *Noticee* did not appoint a Compliance Officer and on query from SEBI, the Director of the *Noticee*, Mr. Gaurav Jain nominated himself as the 'Director and Compliance Officer' and the date of joining was shown as April 21, 2021.

60. DA observed that the *Noticee* failed to appoint a compliance officer who shall be responsible for monitoring the compliance of the Act, rules and regulations, guidelines etc. and therefore did not adhere to the provisions of sub-regulation (1) of regulation 28A of the MB regulations. Further, as per clause (e) of sub-regulation (1) of regulation 9A of the MB Regulations, the MB is required to abide by the regulations made under the Act. In view of the above, the DA found that the *Noticee* has violated sub-regulation (1) of regulation 28A of the MB regulations read with sub clause (e) of sub-regulation (1) of regulation 9A of the MB Regulations.



61. Taking into consideration the observations of the DA and the submissions made by the *Noticee* I have no reason to differ with the findings of the DA that the *Noticee* failed to appoint a compliance officer who shall be responsible for monitoring the compliance of the Act, rules and regulations, guidelines etc. The *Noticee* was therefore found to have violated sub-regulation (1) of regulation 28A of the MB regulations read with sub clause (e) of sub-regulation (1) of regulation 9A of the MB Regulations.
62. For the violation referred to at para 60 above, I note that the *Noticee* in its reply has not provided any specific submission before me. The *Noticee* accepted the violations committed by it in the past years and also stated that it has taken necessary preventive and corrective measures. The *Noticee* also submitted that in future no such mistakes shall be done and necessary actions will be taken on time.
63. It is pertinent to note that, the MB plays a very pivotal role in matters where a company is involved in raising capital from the market. The MB is responsible for due diligence and proper disclosures is crucial as the investors rely upon these disclosures in order to take an informed decision. The MB acts as a bridge between the companies, investors and regulators. The MB Regulations mandate the Merchant Banker to maintain high standards of integrity, dignity and fairness in the conduct of its business and abide by the provisions of the Act, Regulations and circulars made thereunder. The evidences and findings on record state that the violations committed by the *Noticee* cannot be taken leniently as the *Noticee* being a registered intermediary is expected to adhere to fair practices and maintain high degree of professionalism in the conduct of its business. The activities and non-compliances established against the *Noticee* show that the *Noticee* did not adhere to the various regulatory requirements and was not diligent about its compliance functions.



E. CONCLUSION

64. In view of my above findings, and for the reasons mentioned in the preceding paragraphs, I find that the *Noticee* has violated the provisions of law alleged in the Enquiry Report and referred at para 4 above. I note that an adjudication order dated December 17, 2024 was passed against Mr. Gaurav Jain, Director and Compliance Officer of the *Noticee*, for alleged violation of provisions of regulation 28A of the MB regulations for failure to discharge responsibilities cast on Compliance Officer. The Adjudicating Officer had imposed a penalty of INR 7 Lakhs on Mr. Gaurav Jain and the same has been paid by him. However, violations are of such a nature that there is a need for non-monetary enforcement action under the law.
65. Having regard to the facts and circumstances of the instant proceeding, I do agree with the recommendation of the DA to prohibit the *Noticee* from taking up new assignment i.e. new clients for a period of six months. In my view, in terms of clause (iv) of sub-regulation (1) of regulation 26 of the Intermediaries Regulations prohibition to the *Noticee* from taking up any new assignment i.e. new clients for a period of six months from the date of this order would be commensurated with the violations committed by the *Noticee*.
66. I note that in terms of sub-regulation (5) of regulation 27 of the Intermediaries Regulations, after considering the facts and circumstances of the case, material on record and the written submissions made by the *Noticee*, it would be endeavoured to pass the order in 120 days from the date of receipt of the submissions or personal hearing, whichever is later. Further, in terms of section 19 of the SEBI Act, 1992, the power to pass such order has been delegated to Whole Time Members of the Board.



67. In the present case, the written submissions on behalf of the *Noticee* were filed on January 28, 2025 and the present order is being passed within 120 days of receipt of said written submissions.

F. ORDER

68. I, in exercise of the powers conferred upon me under sub-section 3 of section 12 and section 19 of the SEBI Act, 1992 read with sub-regulation 5 of regulation 27 of the Intermediaries Regulations, hereby direct that the *Noticee* is prohibited from taking up new assignment i.e. new clients for a period of six months from the date of this order.
69. A copy of this order shall be forwarded to Expert Global Consultants Private Limited and all the Recognized Stock Exchanges to ensure necessary compliances.
70. This order shall come into effect with immediate effect.

DATE: April 25, 2025

PLACE: MUMBAI

KAMLESH
CHANDRA
VARSHNEY

Digitally signed by KAMLESH
CHANDRA VARSHNEY
Date: 2025.04.25 11:12:35
+05'30'

KAMLESH C. VARSHNEY

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA