

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER No. Order/SM/RG/2025-26/31939**

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

**In respect of:
SSRK Mohan Babu
(PAN: AKRPS5385H)**

In the matter of M/s AFCO Capital India Private Limited, Merchant Banker

A. BRIEF BACKGROUND

1. Securities and Exchange Board of India (hereinafter also referred to as 'SEBI') has initiated Adjudication Proceedings under Section 15-I of the SEBI Act, 1992, in respect of SSRK Mohan Babu (hereinafter also referred to as 'Noticee'/'Advisor') interalia for the alleged violations of the provisions of Regulation 3(a) and Regulation 4(1) read with 2(1)(c)(3) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter also referred to as "PFUTP Regulations, 2003/ SEBI PFUTP Regulations, 2003")

B. APPOINTMENT OF ADJUDICATING OFFICER

2. Whereas, the Competent Authority was *prima facie* of the view that there were sufficient grounds to adjudicate upon the alleged violations by the Noticee, as stated above and therefore, in exercise of the powers conferred under Section 15-I of the SEBI Act, 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter also referred as 'SEBI Rules') read with Section 19 of SEBI Act, 1992, the Competent Authority appointed Shri Amar Navlani as Adjudicating Officer ("erstwhile AO") vide order dated March 13, 2025 to inquire into

and adjudicate under Section 15HA of the SEBI Act, 1992, for the aforesaid alleged violations of the Noticee. Subsequently, pursuant to transfer of Shri Amar Navlani, the undersigned was appointed as Adjudicating Officer ("AO") vide communique dated September 19, 2025.

C. SHOW CAUSE NOTICE, REPLY AND HEARING

3. A Show Cause Notice bearing no. SEBI/EAD-5/AN/RG/15013/1/2025 dated June 09, 2025 ("SCN"), was served upon the Noticee by erstwhile AO through Speed Post with Acknowledgment Due ("SPAD") and digitally signed email dated June 10, 2025, under Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, to show cause as to why an inquiry should not be held and penalty not be imposed against the Noticee under Section 15HA of the SEBI Act, for the violations alleged to have been committed by the Noticee.
4. The allegations in respect of the Noticee *inter alia* brought out in the SCN are as under:

"...

4.1. Open Offer of Standard Shoe Sole and Mould (India) Limited:

SSRK Mohan Babu has knowingly misrepresented himself as Director of the MB Escrow Agreement executed in the instant open offer, while he himself knew that he was not a Director but Advisor of the MB, which is an act of concealment of a fact by a person having knowledge or belief of the fact.

4.1.1. In this regard, SEBI observed the following:

4.1.1.1. During inspection, MB was asked to provide details such as name and designation of the officials of the MB who have handled the instant open offer:

*4.1.1.2. In this regard, MB has *inter-alia* made following submission (Flag-5):*

"The following individuals have handled the aforementioned open offer assignment:

1. Nikita Bansal, Compliance Officer, +91 9849103590

(A certified true copy of the Board Resolution along with appointment letter for her appointment is enclosed. (placed as Flag-5A)

2. SSRK Mohan Babu, Advisor to the Merchant Banker and Authorized Signatory +91 9848023384

(A certified true copy of the Board Resolution appointing him as the Authorized Signatory is enclosed) placed as Flag-5B)

*4.1.1.3. In this regard, SEBI *prima-facie* *inter alia* observed that MB has outsourced its core business activities, in view of the following:*

- *SSRK Mohan Babu is not an employee on the roll of the MB but an Advisor to the MB located at Hyderabad, and vide Board Resolution dated July 25, 2023 (Flag-7), he was *inter-alia* authorized to do all acts, deeds and sign all such papers and provide documents on behalf of Managers to the Issue for the said takeover assignment and also authorized to operate the Escrow Account for the purpose of open offer, which are core activities of the MB.*
- *Even before the authorization vide the Board Resolution as aforesaid, SSRK Mohan Babu has signed the letter (Flag-8) as Authorized Signatory of the MB, which contains the quotation for providing services related to acquisition of Target Company as per SEBI Regulations, addressed to the Acquirer, which lists out Scope of*

Services of the MB, fees, timelines etc. Accordingly, it is evident that SSRK Mohan Babu was instrumental in offering the services of the MB to the Acquirer.

- SSRK Mohan Babu has submitted to SEBI, as Authorized Signatory of the MB, copy of public announcement vide letter dated August 01, 2023, which shows that Advisor was actively doing due diligence and compliance functions for the MB. (Flag-9)
- SSRK Mohan Babu has signed and submitted to SEBI, as Authorized Signatory of the MB, Due Diligence Certificate dated August 17, 2023 with respect to instant open offer on behalf of the MB, which shows that Advisor was actively doing due diligence and compliance functions for the MB. (Flag-10)
- SSRK Mohan Babu, as Authorized Signatory of the MB, has also submitted letter of offer to SEBI vide letter dated December 07, 2023, which shows that Advisor was actively doing due diligence and compliance functions for the MB. (Flag-11)
- MB has provided to SSRK Mohan Babu, access to the Regulatory Communication email id of the MB i.e. capital@afcogroup.in to carry out email communications with the SEBI while processing of the instant open offer. SSRK Mohan Babu had carried out email communication with SEBI dated October 10, 2023, September 20, 2023, August 29, 2023 etc. on behalf of the MB from email id capital@afcogroup.in replying to the queries of SEBI team processing the instant open offer, which shows that Advisor was actively doing due diligence and compliance functions for the MB. (Flag-12)
- SSRK Mohan Babu has also signed and submitted to SEBI, as Authorized Signatory of the MB, post issue report dated February 27, 2024, which shows that Advisor was actively doing due diligence and compliance functions for the MB. (Flag-13)
- SSRK Mohan Babu has also signed and submitted to SEBI, as Authorized Signatory of the MB, post issue report dated February 27, 2024, which shows that Advisor was actively doing due diligence and compliance functions for the MB. (Flag-14)
- It was also confirmed by MB vide its email dated November 28, 2024 (Flag-15), that there is no formal engagement agreement / Terms of Reference / Engagement Letter executed by the Merchant Banker with Mr. SSRK Mohan Babu for instant open offer assignment apart from the authorization by Board Resolution.
- In terms of SEBI notification dated August 02, 2013 read with Regulation 3 of SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007, SEBI regulated activities such as Open Offer, dealing with the Issuers and other intermediaries in this connection and submission of due diligence certificate to SEBI etc. are primarily to be performed by the designated Key Management Personnel (KMPs) and they are also required to obtain NISM Series IX- Merchant Banking Certification.

However, in the instant matter it is prima-facie observed that MB has outsourced all these activities primarily to be performed by KMPs of the MB having valid Series IX NISM Merchant Banking Certification, to the Advisor of the MB, who is not an employee, KMP of the MB and also not obtained any NISM certification, as confirmed by NISM vide email dated November 27, 2024 (Flag-15A) that PAN of SSRK Mohan Babu is not registered on NISM Portal.

4.1.1.4. Clause 13.5 of the SEBI Master Circular for Merchant Bankers dated September 26, 2023 inter-alia provides that, Merchant bankers desirous of outsourcing their activities shall not, however, outsource their core business activities and compliance functions.

4.1.1.5. Submission of Due Diligence Certificate, post issue report etc. to SEBI are considered as core activities of the Merchant Banker. Regulation 27(3) of the SAST Regulations requires Manager to the Open Offer to submit the Due Diligence Certificate to the Board. Also, Regulation 27(7) of the SAST Regulations require Manager to the Open Offer to submit Post Open Offer Report to the Board. However, in the instant open offer, prima-facie it is observed that MB has outsourced all these core activities and compliance functions to its Advisor, SSRK Mohan Babu.

4.1.1.6. Further, it is observed that SSRK Mohan Babu has signed the Escrow Agreement as Director of AFCO Capital India Private Limited, while he was not a Director but an Advisor to the MB and was Authorized Signatory for operating the Escrow Account, The Escrow Agreement bears the official stamp of the MB and thus MB has knowingly, misrepresented SSRK Mohan Babu as Director of the MB, in the Escrow Bank Account.

4.1.2. In this regard, the MB submitted the following:

"Mr. SSRK Mohan Babu has been associated with Promoters Group Companies for over 20 years in the capacity of an Advisor or consultant. He previously worked with one of the leading Category I Merchant Bankers.

During this time, he has played a vital role in supporting the Company on various assignments, leveraging his extensive experience and deep understanding of our operations. While he is not formally on the Company's rolls due to a potential conflict of interest with his own business activities, his association has always been in the best interest of the Company. He has remained a trusted and integral part of our team, upholding the highest standards of confidentiality and trust.

Considering that both the Acquirer and Mr. SSRK Mohan Babu are based in Hyderabad, his involvement was deemed essential for the efficient execution of this time-sensitive acquisition, governed by SEBI SAST Regulations. Due to the absence of a Compliance Officer, Mr. Babu's local presence and expertise were crucial for addressing immediate concerns and ensuring timely communication. As an interim measure, and through a Board Resolution dated July 25, 2023, Mr. Babu was authorized as the signatory to sign documents, operate the Escrow Account, and represent the Company, ensuring compliance with regulatory deadlines and facilitating smooth progress of the transaction.

We would like to emphasize that the Company has not outsourced its core activities or compliance functions. The authorization granted to Mr. SSRK Mohan Babu was for administrative purposes and did not constitute the outsourcing of core functions. The decisions and reviews remained with its Key Managerial Personnel (KMPs).

The access provided to the regulatory communication email ID was to ensure seamless communication with SEBI and the Acquirer. This was done in good faith to facilitate timely responses and effective handling of the assignment. The Acquirer has reviewed the due diligence report dated 22/03/2023, prepared by Mr. Arani Guha and shared with us, and the Company has relied on his findings, along with our own due diligence. While Mr. SSRK Mohan Babu was authorized to act as a signatory and facilitated certain processes, all critical due diligence and compliance functions were closely monitored and reviewed internally by the Company. His involvement was restricted to the specific responsibilities authorized by the Board.

After the appointment of the Compliance Officer, she became involved in the assignment. However, since Mr. Mohan Babu had been involved from the beginning, he continued to sign documents, although his role gradually diminished as the Compliance Officer took on more responsibilities.

Regarding the Escrow Agreement, Mr. SSRK Mohan Babu inadvertently signed as a Director. The designation mentioned in the agreement was an unintentional oversight, and we have duly noted this for corrective measures in future assignments. We would like to clarify that there was no intention to misrepresent Mr. SSRK Mohan Babu as a Director of the MB in the Escrow Bank Account.

Going forward, we will ensure that only Key Managerial Personnel (KMP), or the Compliance Officer or authorized personnel on roll will sign such documents.”

4.1.3. In this regard, SEBI observed the following after considering the MB's response to the findings of inspection:

“In response to our observation at Sr. no. 1.2 the response of the MB may not accepted due to the following:

1. During inspection and in response to our communication of findings MB has not produced any documentary evidence which supports the submission of the MB that all critical due diligence and compliance functions were closely monitored and reviewed internally by the Company and that the decisions and reviews remained with its Key Managerial Personnel (KMPs)

2. Also, during inspection MB has made written submission dated October 25, 2024, that only Ms. SSRK Mohan Babu, Advisor to MB (not an employee on roll or KMP of the MB) and Ms. Nikita Bansal, Compliance Officer handled the instant open offer.

3. It is pertinent to note here that Ms. Nikita Bansal was appointed as Compliance officer w.e.f. October 15, 2023, while the Due Diligence Certificate and Draft letter of offer signed and submitted to SEBI by SSRK Mohan Babu were dated August 17, 2023, i.e. much before appointment of Ms. Nikita Bansal, which means that prior to appointment of Compliance Officer, SSRK Mohan Babu (nor holding requisite NISM certifications) was solely handling the instant open offer.

4. Also, the response of the MB that authorization granted to Mr. SSRK Mohan Babu was for administrative purposes and was authorized to act as a signatory only, cannot be accepted as in Board Resolution dated July 25, 2023, MB has authorised SSRK Mohan Babu to do “all acts and deeds and deeds and sign all such papers and provide documents on behalf of the Manager to the issue as Merchant Banker for the instant takeover assignment and operating of Escrow bank account”.

Accordingly, MB has authorized SSRK Mohan Babu to handle the instant open offer in its entirety, which is also substantiated by the fact that right from the beginning i.e. providing quotations for services related to instant open offer and providing due diligence certificate to SEBI and filing of post issue monitoring report to SEBI and also operating the Escrow Bank Account, which is a crucial compliance function of the MB, SSRK Mohan Babu carried out the core functions of the MB.

Also, upon perusal of the emails communication between SEBI and SSRK Mohan Babu at the time of processing of the open offer, it is observed that SSRK Mohan Babu has provided responses to the queries of the SEBI officials on critical due diligence matters from the regulatory communication ID of the MB.

Accordingly, MB has outsourced its core activities and crucial compliance functions to SSRK Mohan Babu.

5. Further, not only MB had outsourced activities related to issue management to SSRK Mohan Babu but also allowed SSRK Mohan Babu to operate official email id of the MB. MB has not even captured the details of SSRK Mohan Babu in SDD, as it did not have SDD in place as per the requirement under PIT regulations. Hence, compliance with both PIT Regulations, MB Regulations, Circulars issued thereunder have been compromised by the MB.”

6. Also, it is pertinent to note that in terms of Regulation 17(1) of the SAST Regulations, not later than two working days prior to the date of detailed public statement of the open offer for acquiring shares, the acquirer shall create an escrow account toward security for performance of his obligations under these regulations and deposit in the escrow account the amount prescribed in the regulations. Also in terms of Regulation 17 Acquirer empowers Manager to the open offer to do the needful with regard to amount deposited in the escrow account. Accordingly, Escrow Account is crucial in the entire open offer process.

In the instant matter, SSRK Mohan Babu has signed the Escrow Agreement as Director of AFCO Capital India Private Limited, while he himself knew that he was not holding the position of Director but an Advisor to the MB. The Escrow Agreement bears the official stamp of the MB and thus response of the MB that designation of SSRK Mohan Babu

mentioned as Director in the agreement was an unintentional oversight cannot be accepted and thus, MB has knowingly, misrepresented SSRK Mohan Babu as Director of the MB, in the Escrow Agreement.

Further, SSRK Mohan Babu has also knowingly misrepresented himself as Director of the MB in Escrow Agreement executed in the instant open offer, while he himself knew that he was not a Director but Advisor of the MB and thus MB and SSRK Mohan Babu both have actively concealed and misrepresented this material fact in the Escrow Agreement. In view of the above, the act of signing the Escrow Agreement as Director by SSRK Mohan Babu, who was not Director but an Advisor of the MB, is an act of concealment of a fact by a person having knowledge or belief of the fact by MB and SSRK Mohan Babu, which is a "Fraud" as defined under Regulation 2(1)(c)(3) of the PFUTP Regulations 2003.

Accordingly, ...SSRK Mohan Babu have violated Regulation 3(a) and Regulation 4(1) read with 2(1)(c)(3) of the PFUTP Regulations, 2003."

4.1.4. In view thereof, the Noticee is alleged to have violated Regulation 3(a) and Regulation 4(1) read with 2(1)(c)(3) of the SEBI PFUTP Regulations, 2003.

...

5. Vide email dated June 23, 2025, the Noticee submitted its reply to the SCN. The key submissions made by the Noticee are as under:

...

4. The Company is a SEBI registered Merchant Banker having registration no. INM000012555. After obtaining registration, the Company took its first assignment as a Merchant Banker for an Open Offer by Standard Shoe Sole and Mould (India) Limited. SEBI alleged that, I had knowingly misrepresented myself as a Director of the Company and executed an Escrow Agreement in the Open Offer, while I allegedly knew that I was not a Director but was an Advisor of Company, which is an act of concealment of fact by a person having knowledge or belief of the fact.

5. In this regard, I submit that, I have been associated with AFCO Group Companies for over 20 years in the capacity of an Advisor or a Consultant. I had previously worked with one of the leading Category I Merchant Banker. During this time, I was playing a vital role in supporting the Company on various assignments. Due to conflict of interest, I was not officially on Company's payroll.

6. The Acquirer company was based in Hyderabad. Considering that both the Acquirer and I are based in Hyderabad, my involvement was deemed to be essential for efficient execution of the assignment. However, during the relevant time, Company was in the process of appointment of a Compliance Officer, therefore, I was appointed as an Authorized Signatory, only as an interim measure, to sign documents, operate escrow account and to represent the Company. Pertinently, said assignment was time sensitive, therefore, Company appointed me as an Authorized signatory.

7. The authority granted by the Company in my favor was administrative in nature. The rights and the decision making authority and powers were always vested with the Key Managerial Personnel of the Company. It is essential to note that, the Company had granted authority in my favour for specific responsibilities only. All critical due diligences and compliances were closely monitored and reviewed by the Company.

8. Ms. Nikita Bansal was appointed as a Compliance Officer w.e.f. October 15, 2023. After appointment of the Compliance Officer, I had handed over all the responsibilities w.r.t. said Open Offer.

9. With reference to the subject cited, I was appointed as an Advisor by AFCO Capital India Private Limited, Merchant Banker in the Board meeting held on 25.07.2023 for their assignment of Open offer of Standard Shoe Sole and Mould (India) Limited. I was authorised by the management of AFCO Capital India Private Limited to sign all such papers and documents in this regard.

I further submit that I was never appointed as a Director on the Board of AFCO Capital India Private Limited and acted only as their Advisor for the purpose of Open Offer.

During my correspondence with all the authorities involved in the process of open offer, I never presented myself as the Director of AFCO Capital India Private Limited including to the IndusInd Bank with whom the Escrow Account was opened. I am enclosing the copy of an email dated 16.06.2025 received from Mr. Sai Krishna DS, ECRM HEAD – A.P. Region, Sai Trade Centre Dwarka Nagar, 2nd Ln, Visakhapatnam, Andhra Pradesh 530016, IndusInd Bank, confirming that I was only an Advisor to the Merchant Banker.

Bank has captured me as an advisor but not as a Director, according to the the aforesaid communication received from IndusInd Bank vide its email dated 16.06.2025. Bank has also collected a Board Resolution authorizing me to sign the agreement of Escrow account as an advisor but not as a Director.

Bank has taken the KYC documents from all the Directors and also verified them with MCA documents and therefore obtained confirmation. It is humbly submitted that there is no way Bank was fraudulently induced or misrepresented by me as a Director. The IndusInd Bank has categorically, vide their mail of 16.06.2025, confirmed as follows:

"we confirm that Mr. Mohan Babu's details captured in the relationship are as below.

- Mr. S.S.R.K Mohan Babu is an advisor (Not Director) for AFCO Capital India Pvt Ltd as Per BR submitted to the bank.
- He was authorized as a signatory being an advisor of AFCO Capital India Pvt Ltd to sign on behalf of AFCO Capital India Pvt Ltd. for escrow operations in the said Escrow, attached the BR submitted to the bank.
- He is neither a director nor captured as director in any of the banking records towards the said Escrow as per BR submitted to the bank and attached the same.

Please note that the bank mandates DIN related documents if to be captured as director in the banking records.

We further confirm that Mr. S.S.R.K Mohan Babu is just nominated to authorize the Escrow operations and not captured as director in the said relationship.

Please reach out to the undersigned for any clarifications".

Further, I only signed the pre-printed Escrow agreement as provided by the Bank as an Authorised Signatory of AFCO Capital India Private Limited. I was authorised by the Board of AFCO Capital India Private Limited vide its Resolution dated 25.07.2023 and did not sign the Escrow Agreement in the capacity of the Director. Kindly note that the Round Stamp of AFCO Capital India Private Limited does not have the word "Director" engrossed on it and also I have not mentioned my DIN anywhere on the agreement which is mandatorily required for a Director of a Company signing any document on behalf of the Company as per the Companies Act, 2013. I suppose that the word Director was not replaced on the last page of the agreement with the words "Authorised Signatory" inadvertently by the Bank as it is a part of the standard format which Banks generally would follow with the words 'Director'. It is crystal clear from the above that even Bank knew that I was signing the documents as Authorised Signatory only and therefore they too did not insist me to mention my DIN anywhere on the Escrow Agreement.

I humbly submit that I have never represented myself as the Director of AFCO Capital India Private Limited on any occasion whatsoever and therefore confident that I have not committed any fraud. Moreover, I have never caused any harm to the interest of any stakeholder or gained any undue profit in this process.

Therefore, I respectfully submit that I have never committed "Fraud" as defined under the PFUTP Regulations.

10. The material available on record has not quantified the number of disproportionate gains or unfair advantage if any, made by the me and the loss, if any, suffered by the investors as a result of the failure. Thus, no penalty is ought to have been imposed under Section 15J of SEBI Act, 1992.

11. MITIGATING FACTORS:

i. I have an unblemished track record in the Securities Market. Neither SEBI nor any stock exchange has ever initiated any kind of action against me.

ii. I am a noble citizen of the Country. If your good selves draws adverse inferences against me it will cause great prejudice and same shall be a stigma to me as well as my family members.

12. DENIAL OF LAW MENTIONED IN THE SCN:

i. I deny that, I directly or indirectly, bought, sold or otherwise dealt in securities in fraudulent manner. Therefore, I have not violated Regulation 3(a) of PFUTP Regulation.

ii. I deny that, I have indulged in manipulative, fraudulent or an unfair trade practice in securities market. Therefore, I have not violated Regulation 4(1) read with 2(1)(c)(3) of the PFUTP Regulation.

..."

6. In the interest of principles of natural justice, vide Hearing Notice dated June 27, 2025, the Noticee was provided an opportunity of hearing on July 10, 2025.
7. Vide email dated July 09, 2025, the Noticee sought extension to the date of hearing. Considering the Noticee's request, the hearing in the matter was rescheduled to July 28, 2025.
8. On the rescheduled date of hearing viz., July 28, 2025, the Noticee availed the opportunity of hearing through its Authorized Representative (AR) viz., Mr. Sarweswara Reddy Sanivarapu, wherein the AR appeared in person and inter alia relied upon and reiterated the written submissions made vide letter dated June 23, 2025. Further, the AR inter alia submitted that there were no further/additional submissions to be made and the submissions made vide letter dated June 23, 2025 be taken as final and complete submissions in the matter.
9. Pursuant to appointment of the undersigned as AO, vide email dated October 07, 2025, the Noticee was advised to indicate if he required another opportunity of hearing. In this regard, the Noticee vide email dated October 10, 2025 submitted that, "*...I have submitted all the papers and presented my case before you I don't have any additional information to be submitted in this matter...*"

D. CONSIDERATION OF ISSUES AND FINDINGS

10. The issues that arise for consideration in the instant matter are:

Issue No. I: Whether the Noticee had violated the provisions of SEBI PFUTP Regulations, as alleged?

Issue No. II: If yes, whether the violations on the part of the Noticee would attract monetary penalty under Section 15HA of the SEBI Act, 1992?

Issue No. If yes, what should be the monetary penalty that can be imposed
III: upon the Noticee?

I now proceed to deal with the matter having regard to the submissions of the Noticees on merits:

Issue No. I: Whether the Noticee had violated the provisions of SEBI PFUTP Regulations, as alleged?

11. The following was *inter alia* observed and alleged in respect of the Noticee:

SSRK Mohan Babu has knowingly misrepresented himself as Director of the MB Escrow Agreement executed in the instant open offer, while he himself knew that he was not a Director but Advisor of the MB, which is an act of concealment of a fact by a person having knowledge or belief of the fact.

Accordingly, it was alleged that the Noticee had violated Regulation 3(a) and Regulation 4(1) read with 2(1)(c)(3) of the PFUTP Regulations, 2003.

12. In this regard, I would like to refer to the text of Regulations alleged to have been violated:

“...

Definitions

2. (1) *In these regulations, unless the context otherwise requires,—*

...
(c) “*fraud*” includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss, and shall also include—

...
3) an active concealment of a fact by a person having knowledge or belief of the fact;

...

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

(a) *buy, sell or otherwise deal in securities in a fraudulent manner;*

...

4. Prohibition of manipulative, fraudulent and unfair trade practices

(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a ⁶[manipulative,] fraudulent or an unfair trade practice in securities ⁷[markets].

⁸[Explanation.– For the removal of doubts, it is clarified that–

(i) any act of diversion, misutilisation or siphoning off of assets or earnings of a company whose securities are listed or any concealment of such act or any device, scheme or artifice to manipulate the books of accounts or financial statement of such a company that would directly or indirectly manipulate the price of securities of that company, or
(ii) transactions through mule accounts for indulging in manipulative, fraudulent and unfair trade practice shall be and shall always be deemed to have been included in sub-regulation (1).]

...

13. In this regard, I note from the material available on record that as regards the open offer of Standard Shoe Sole and Mould (India) Limited by Buildox Private Limited, the Noticee had signed the escrow agreement on behalf of AFCO Capital India Private Limited (“AFCO”).

However, I also note that the said escrow agreement did not mention the Director Identification Number (DIN) of the Noticee.

14. In this regard, the Noticee in its reply to the SCN has inter alia submitted the following:

“...During my correspondence with all the authorities involved in the process of open offer, I never presented myself as the Director of AFCO Capital India Private Limited including to the IndusInd Bank with whom the Escrow Account was opened. I am enclosing the copy of an email dated 16.06.2025 received from Mr. Sai Krishna DS, ECRM HEAD – A.P. Region, Sai Trade Centre Dwarka Nagar, 2nd Ln, Visakhapatnam, Andhra Pradesh 530016, IndusInd Bank, confirming that I was only an Advisor to the Merchant Banker.

Bank has captured me as an advisor but not as a Director, according to the the aforesaid communication received from IndusInd Bank vide its email dated 16.06.2025. Bank has also collected a Board Resolution authorizing me to sign the agreement of Escrow account as an advisor but not as a Director...”

15. In this regard, I note from the email dated 16.06.2025 as submitted by the Noticee that the said email was sent by IndusInd bank to Nikita Bansal, who is the compliance officer of AFCO and cc'ed to the Noticee. The said email had inter alia stated that S.S.R.K Mohan Babu was just nominated to authorize the Escrow operations and not captured as director in the said relationship.

I also note from the material available on record that AFCO had authorised the Noticee to act on behalf of AFCO for the take over assignment between Standard Shoe Sole and Mould (India) Limited with Buildox Private Limited vide board resolution dated July 25, 2023.

16. Therefore, having regard to the submissions of the Noticee and to the material available on record, I note that the alleged violation in respect of the Noticee has not been brought out clearly along with specific details. Therefore, I am inclined to allow the benefit of doubt to the Noticee. Accordingly, I note that alleged violation in respect of the Noticee does not stand established.

17. Since the alleged violation in respect of the Noticee is not established, I find that the Issue No. II and Issue No. III require no further consideration.

E. ORDER

18. In view of the above, the undersigned do not find it to be a fit case for imposition of penalty under section 15HA of SEBI Act, 1992. Hence, the SCN dated June 09, 2025 is disposed of, without imposition of penalty.

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

DATE: December 30, 2025
PLACE: MUMBAI

SUDEEP MISHRA
ADJUDICATING OFFICER