

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
(ADJUDICATION ORDER NO: Order/AK/JR/2025-26/31510 - 31514)**

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

**India Asset Growth Fund –II (PAN: AAFTA1518A)
Essel Finance Advisors and Managers LLP (PAN: AABTI0088B)
Vishnu Prakash Rathore (PAN: AIIPR6196C)
Arpan Sarkar (PAN: BLMPS9641B)
Jaykishan Kikani (PAN: CCDPK1654H)**

In the matter of India Asset Growth Fund – II

BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') had conducted an inspection of the books of accounts and other records of India Asset Growth Fund -II (SEBI Registration no: IN/AIF2/12-13/0037) (hereinafter referred to as "**Noticee 1/ Fund**") pertaining to its operations as an Alternative Investment Fund (AIF), for the period from April 01, 2021 to March 31, 2022 (hereinafter referred to as "**Inspection Period/ IP**").
2. Pursuant to the inspection, the findings of inspection were communicated to Noticee 1, vide letter dated November 3, 2023. In response, Noticee 1 submitted its comments, vide letter/s dated December 19, 2023, February 29, 2024 and March 13, 2024. Based on the analysis of response received and examination in the matter, SEBI observed certain non-compliance with the SEBI (Alternative Investment Funds) Regulations, 2012 (hereinafter referred to as "**AIF Regulations**") & circulars issued thereunder, by Noticee 1, Essel Finance Advisors and Managers LLP (hereinafter referred to as "**Noticee 2**"), Vishnu Prakash Rathore, Chief Executive Officer (hereinafter referred to as "**Noticee 3**"), Arpan

Sarkar, AVP Legal (hereinafter referred to as “**Noticee 4**”) and Jaykishan Kikani, Assistant Manager (hereinafter referred to as “**Noticee 5**”) (hereinafter collectively referred to as “**Noticees**”).

APPOINTMENT OF ADJUDICATING OFFICER

3. Upon being satisfied that there were sufficient grounds to inquire into and adjudicate upon the violations of provisions of AIF Regulations and circulars thereunder by the Noticees, SEBI, in exercise of powers u/s 19 r/w section 15-I(1) of the SEBI Act, 1992 (hereinafter referred to as “**SEBI Act**”) and rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as the “**Adjudication Rules**”) appointed Shri Shashikumar Valsakumar as Adjudicating Officer (hereinafter referred to as “**AO**”), vide order dated May 7, 2024, to inquire into and adjudge the alleged violations by the Noticees. Upon transfer of the matter, the undersigned was appointed as the AO, vide order dated November 22, 2024.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. Show Cause Notice dated June 19, 2024 (hereafter referred to as “**SCN**”) was issued to the Noticees in terms of rule 4(1) of the Adjudication Rules r/w Section 15-I of SEBI Act, requiring the Noticee to show cause as to why an inquiry should not be held against them and why penalty, if any, should not be imposed on them under the provisions of section 15EA and 15HB of SEBI Act for the alleged violations stated in the SCN.
5. A brief of alleged violations by the Noticees as per the SCN is given hereunder;
 - 5.1. **Fund had failed to ensure drawdown of full committed amount from six investors and failed to take any action as specified in the PPM of the scheme against the defaulting contributors:** The Fund has accepted from Six (06) investors, an investment of value less than one crore rupees and has failed to take any action as specified in the PPM of the scheme against the defaulting contributors. Further, the Fund has failed to ensure contribution of the whole committed amount of Investment Manager. Thereby, the Fund has also failed to ensure compliance with Code of Conduct as specified in Fourth Schedule of AIF Regulations. Therefore, the Fund, its Manager and KMPs are in non-compliance

with Regulations 10(c), 20(1), 20(2), 20(3), 20(5) and 20(6) of the AIF Regulations r/w 1(a), 2(a), 2(b) and 2(c) of Code of Conduct.

- 5.2. **Fund invested more than 25% of its investible funds in an investee company:** By investing more than 25% of its investible funds in a single investee company and by failing to ensure compliance with Code of Conduct as specified in Fourth Schedule of the AIF Regulations, the Fund, its Manager and KMPs are in non-compliance with Regulations 15(c), 20(1), 20(2) and 20(5) of the AIF Regulations r/w Clause 2(a) of Code of Conduct.
- 5.3. **Fund provided valuation of underlying assets instead of securities held by the Fund:** By valuing its units based on the assets owned by the investee companies instead of valuing the Non-Convertible Debentures (“NCDs”) of the investee companies and by failing to ensure compliance with Code of Conduct as specified in Fourth Schedule of AIF Regulations, the Fund, its Manager and KMPs are in non-compliance of 20(1), 20(2), 20(5) and 23(1) of the AIF Regulations r/w Clause 1(c) and 2(a) of Code of Conduct.
- 5.4. **Fund had failed to obtain registration from FIU-IND and failed to communicate the details of Principal Officer and Designated Director:** By not communicating the details of Principal Officer and Designated Director to FIU-IND, the Fund and its Manager and KMPs are in non-compliance of Clause 3 (m) of SEBI circular no. CIR/IMD/DF/14/ 2014 dated June 19, 2014 r/w SEBI. Circular SEBI/HO/MIRSD/DOS3 /CIR/P/2018/104 dated July 04, 2018 (“**04 July 2018 Circular**”), and r/w Regulation 20(1) & 20(2) of AIF Regulations and Clause 1(h) and 2(a) of Code of Conduct as specified in Fourth Schedule of AIF Regulations.
- 5.5. **Fund had not disclosed the Investor Charter to the investors:** By failing to disclose Investor Charter to the existing investors and by failing to ensure compliance with Code of Conduct as specified in Fourth Schedule of AIF Regulations, the Fund, its Manager and KMPs are apparently in non-compliance with Regulations 20(1) and 20(2) of AIF Regulations r/w Clause 3(a) of Circular no. SEBI/HO/MD/IMDI/DOF9/P/CIR/2021/682 dated December 10, 2021 and Clauses 1(c), 2(a) and 3(b) of Code of Conduct.
- 5.6. **Fund had filed PPM audit report with a delay and failed to ensure that the PPM is in the specified format:** By failing to submit the PPM Audit report within

6 months of end of a financial year and by failing to ensure compliance with Code of Conduct as specified in Fourth Schedule of AIF Regulations, the Fund, its Manager and KMPs are apparently in non-compliance with Regulations 20(1) and 20(2) of AIF Regulations r/w Clause 2(1) of Circular no. SEBI/HO/MD/DF/CIR/P/2020/99 dated June 12, 2020 and Clauses 1(c) and 2(a) of Code of Conduct.

- 5.7. **Fund failed to disclose distribution waterfall to the investors:** By not providing a detailed tabular example of distribution waterfall and how the fees and charges are applicable to all the classes of investors in Annuities in Senior Secured Estate Transactions 1- Asset-1 and by failing to ensure compliance with Code of Conduct as specified in the Fourth Schedule of AIF Regulations - the Fund, its Manager and KMPs have apparently violated the provisions of Clause 2(a)(1) of circular CIR/IMD/DF/ 14/2014 dated June 19, 2014 r/w Regulation 20(1) and 20(2) of AIF Regulations r/w Clauses 1(c) and 2(a) of Code of Conduct.
- 5.8. **Fund had appointed the benchmarking agency with a delay and therefore failed to provide necessary information to benchmarking:** By not providing all the necessary information including scheme-wise valuation and cash flow data to the Benchmarking Agencies in a timely manner and by failing to ensure compliance with Code of Conduct as specified in Fourth Schedule of AIF Regulations- the Fund, its Manager and KMPs has apparently violated the provisions of Clause 12(iii) of Circular SEBI/HO/IMD/DF6/ CIR/P/2020/24 dated February 05, 2020 r/w Regulation 20(1) and 20(2) of AIF Regulations r/w Clauses 1(c) and 2(a) of Code of Conduct.
- 5.9. **Role of Manager:** Regulation 20(5) of Regulations provides that Manager shall be responsible for every decision of the AIF, including ensuring that the decisions are *inter-alia* in compliance with the provisions of Regulations, fund documents and applicable laws. Further, Regulation 20(1) of Regulations *inter-alia* requires Manager of an AIF to abide by the Code of Conduct as specified in Fourth Schedule. Clause 2(a) of Code of Conduct *inter-alia* requires Manager of an AIF to abide by the Act, Rules, Regulations, Guidelines and Circulars as applicable to Alternative Investment Funds at all times. Essel Finance Advisors and Managers LLP was appointed as the Investment Manager wherein it was

responsible for day-to-day management and administration of the fund including identifying investment opportunities and making investment decisions. Thus, the Manager is also responsible for violations by the AIF as has been alleged in the Notice.

5.10.Role of the Key Management Personnel (KMPs): Vishnu Prakash Rathore, Arpan Sarkar, Jaykishan Kikani were the KMPs of the Manager. Regulation 20(1) of AIF Regulations inter-alia require Key Management Personnel of AIF and Manager to abide by the Code of Conduct as specified in Fourth Schedule. Clause 2(a) of the Code of Conduct inter-alia requires KMP of AIF and Manager to abide by the Act, Rules, Regulations, Guidelines and Circulars as applicable to Alternative Investment Funds at all times. AIF or Manager incorporated as a corporate entity cannot function on their own. The KMPs of Manager are involved in day to day operations of the AIF and the Manager. Therefore, KMPs are also responsible for the violations by the AIF as has been alleged in the Notice.

6. Vide email dated July 2, 2024, the Authorised Representative of Noticees (hereinafter referred to as “AR”) requested for inspection of documents. Acceding to their request, an opportunity of inspection of documents was given on August 14, 2024. The AR appeared on the scheduled date and inspected the relevant documents.
7. Settlement applications were filed by the Noticees on August 26, 2024. Vide email dated March 26, 2025, it was informed that the settlement applications in the matter have been rejected.
8. An opportunity of personal hearing was given to the Noticees on April 29, 2025, vide notice dated April 21, 2025.
9. Vide letter dated April 23, 2025, Noticees replied to the SCN stating, inter alia, the following:
 - 9.1. *Noticee No. 1 is set up in the nature of a trust and is registered with SEBI as a Category II Alternative Investment Fund since March 01, 2016 with registration no. IN/AIF2/15-16/0212. The Fund has only one scheme by the name of Annuities in Senior Secured Real*

Estate Transactions II ASSET-II (“Scheme”). The said Scheme was a close-ended scheme having a total scheme corpus of INR 110.92 crores.

Name of the Scheme	Type of Scheme	Target Corpus	Corpus	Investible Funds	Sponsor Contribution	No. of investors	AUM	Date of initial closing	Date of Financial Closing
Annuities in Senior Secured Estate Transactions II- Asset – II	Close Ended	Min 250	110.92	101.80	3.7	75	109.42	May 23, 2016	May 22, 2018

- 9.2. *The Fund is currently operating under winding up period as per regulation 29 of SEBI AIF Regulations, which is valid until May 21, 2025.*
- 9.3. *India Asset Growth Fund II (“Fund” / “Noticee No. 1”) (AAFTA1518A) is set up in the nature of Trust and registered with SEBI as Category II Alternative Investment Fund on March 01, 2016 with registration no. IN/AIF2/15-16/0212.*
- 9.4. *Essel Finance Advisors and Managers LLP (“EFAM” / “Noticee No. 2”/ “Manager”) (AAEFE0822E) having its registered office at 18th Floor, Marathon FutureX, Mafatlal Mills Compound, NM Joshi Marg, Lower Parel, Mumbai, Maharashtra 400 013, is the acting sponsor cum manager of the Fund.*
- 9.5. *Mr. Vishnu Prakash Rathore (“Noticee No. 3”) serves as the Chief Executive Officer of EFAM.*
- 9.6. *Mr. Arpan Sarkar (“Noticee No. 4”) was the former legal officer of EFAM. He ceased his association with EFAM after November 2022.*
- 9.7. *Mr. Jaykishan Kikani (“Noticee No. 5”) holds the position of Manager at EFAM.*
- 9.8. *Allegation A : Failure by Fund to ensure draw down of full committed amount from six investors and failure to take any action as specified in the PPM of the Scheme against defaulting contributors.*
 - *It is submitted that despite the Investment Manager’s best efforts, five investors failed to fulfil their commitment obligations. Demand-cum-drawdown notices dated July 24, 2018, were duly issued in accordance with the Private Placement Memorandum (PPM), which unequivocally empowers the Investment Manager to take appropriate action against defaulting contributors. The failure of these investors to make their*

contributions is solely attributable to their inaction and non-compliance, and the Investment Manager ought not to be held liable for their defaults.

- It is further submitted that the alleged shortfall in the Investment Manager's commitment does not constitute a breach of any statutory or regulatory provision. The Investment Manager has maintained its total committed capital above INR 1 crore and in excess of 2.5% of the aggregate capital commitments of all contributors, thereby fully complying with applicable AIF Regulations. The present Investment Manager has neither deviated from its regulatory obligations nor engaged in any conduct warranting adverse action.*
- It is lastly submitted that no loss has been caused to investors, and no wrongful gain has accrued to the Investment Manager.*

9.9. Allegation B : Fund invested more than 25% of its investible funds in an investee company

- It is submitted that the Scheme was initially planned to raise a fund of INR 250 crores. However, several unforeseen and adverse macroeconomic events like demonetization, the implementation of RERA, and the introduction of GST, all of which had a severely impacted AIFs focused on the real estate sector. Further, the PPM for the Scheme provided that Final Closing shall take place within 24 months of first closing. The first closing of the Scheme took place on May 23, 2016 and accordingly, date of final closing of the Scheme was May 21, 2018. Therefore, the Scheme was unable to achieve its targeted fund size of INR 250 crore.*
- It is further submitted that due to the investment shortfall in the target fund size, the investment in Samruddhi Realty Ltd. ("SRL"), which was initially structured to remain within 25% threshold prescribed under Regulation 15(1)(c) of the AIF Regulations, inadvertently exceeded the cap. The breach was not intentional but arose as a direct consequence of the reduction in overall investible corpus. Furthermore, within a year of the Scheme commencing its investment in SRL, the company defaulted on its repayment obligations under its non-convertible debenture documents, which continued until initiation of the corporate insolvency resolution process in December 2018. Subsequently, SRL was ordered into liquidation by the Hon'ble NCLT, Bengaluru Bench, vide order dated March 20, 2020.*

- It is submitted that the Investment Manager had no viable means to reduce its exposure under these circumstances, as the trigger for breaching the 25% limit arose due to factors beyond its control. Despite these constraints, the Investment Manager remained engaged in discussions with the investee company to mitigate exposure and actively sought to bring the investment below the regulatory threshold.

9.10. **Allegation C : Failure by Fund to provide the valuation of securities held, instead offering only the valuation of assets**

- It is submitted in this regard that the valuation provided by the Fund is in accordance with the legislative scheme prescribed under the AIF Regulations. For valuation of assets, the Manager appointed an independent valuer, and valuations were conducted every six months as per the terms specified in the AIF Regulations and Contribution Agreements. In view thereof, it is submitted that the allegation pertaining to failure to provide valuation of securities held lacks merit, as there is no reference to such a requirement under applicable law in this regard.
- It is further clarified that the Scheme invested in Real Estate/Project Companies through the subscription of senior secured unlisted unrated Non-Convertible Debentures (“NCDs”) issued by investee companies, which are fully secured by immovable assets. Additionally, it is clarified that these NCDs possess a fixed value of INR 1,00,000/- (INR One Lakh only). Given that the value of the NCDs is derived from the underlying securities, the valuation of such securities is appropriate for determining the valuation of the units of the AIF.
- The investors were always aware of the valuation risk and understood that the Fund would value the assets as per the most suitable valuation methodology. It is further submitted that the Fund has periodically provided security valuations to its investors through quarterly newsletters, statutory auditors, and other filings to Regulators, ensuring complete transparency without any intention to mislead or conceal information from its investors at any point in time.

9.11. **Allegation D: Failure by Fund to obtain registration from FIU -IND and to communicate the details of the Principal Officer and Designated Director :** It is submitted that the Fund had been consistently trying to register with FIU-IND since March 2023. However, due to persistent and unforeseen technical errors, the Fund was

unable to complete the registration process despite multiple bona fide attempts being made by the Manager. As on date, the Fund is registered with FIU-IND and details of principal officer and designated director has also been communicated.

9.12. **Allegation E : Failure by Fund to disclose the Investor Charter to the investors:**

In respect of the above charge, it is submitted that vide email dated May 07, 2022, a revised PPM was shared with SEBI in response to its queries in relation to the Manager's change in control application. The said PPM duly disclosed the investor charter on page no(s) 148 to 151 of the PPM.

9.13. **Allegation F : Delay by Fund in filing the PPM audit report and failure to ensure**

that the PPM adhered to the specified format: In respect of the above, it is submitted that there was a minor delay of merely 10 days in filing the PPM audit report. At most, this constitutes a venial breach of the regulatory framework, which lacks pervasiveness and does not warrant any adverse action. Furthermore, no material has been presented to demonstrate any negative loss sustained as a result of this 10-day breach.

9.14. **Allegation G : Failure by Fund to disclose the distribution waterfall to the**

investors: It is humbly submitted that in 2017, the PPM was revised to include a distribution waterfall in accordance with Clause 2(a)(1) of the SEBI Circular dated June 19, 2014. The said distribution waterfall was also captured in the PPM shared with SEBI on November 25, 2022. Even the PPM referred to in the Inspection Report, which was enclosed as an Annexure contained a distribution table waterfall.

9.15. **Allegation H : Delay by Fund in appointing the benchmarking agency, leading to a failure to provide the necessary information required for benchmarking :**

It is submitted that while the Manager was unable to appoint a benchmarking agency, however, SEBI may appreciate that the difficulties in ensuring compliance with the SEBI Circular dated February 05, 2020, were a universal challenge. Without prejudice to the above, and in the interest of taking active and corrective measures, the Manager appointed CRISIL as its benchmarking agency and remains committed to proactively fulfilling its obligations regarding the benchmarking process in accordance with the applicable law.

9.16. **Role of Manager**

- *Regulation 20(5) of the AIF Regulations imposes a duty on the manager to be responsible for all decisions of the Alternative Investment Fund (AIF) and to ensure compliance with the provisions of the AIF Regulations, Fund's charter documents and other applicable laws. It is submitted that in the present matter, the Manager exercised a high degree of diligence and sound business judgment in the administration and management of the Fund. The Fund had attracted substantial interest from investors, securing a corpus of approximately INR 110 crores. Conscious and calculated business decisions were made to safeguard the investors' interests, ensuring the best possible realization value for the Fund's investments.*
- *It is well-established that managers of investment funds cannot be held liable for outcomes arising from prudent business decisions made in good faith, particularly when such decisions are aimed at protecting the interests of the investors and ensuring compliance with applicable regulations. This principle aligns with the "Business Judgment Rule," which shields managers and fiduciaries from liability where decisions, taken after thorough consideration of available information, result in adverse consequences. In this instance, the Manager acted with due care and in good faith. Hence, the Manager cannot be held responsible for circumstances that were beyond their control and for the prudent business decisions taken under challenging conditions.*

9.17. **Role of Key Managerial Personnels (KMPs)**

- *The employees of the Fund, i.e., Noticee Nos. 3-5, held a limited supervisory role, with their responsibilities confined to overseeing specific operational aspects as entrusted to them. Their involvement in decision-making was restricted by their designated roles, and the decisions they did take were made with utmost care and in good faith, always prioritizing the best interests of the investors. The employees cannot be held liable for prudent decisions made within their limited capacity, particularly as these decisions were driven by the need to maximize value for investors amidst challenging circumstances. In view thereof, it is submitted that the SCN in the present matter also does not invoke Section 27 of the SEBI Act.*

10. Vide email dated April 23, 2025, Noticees sought another date of personal hearing. Acceding to their request, vide email dated April 24, 2025 the Noticees were provided with an opportunity of personal hearing on May 15, 2025. Vide email dated May 15, 2025, the Noticees sought for an adjournment. A final opportunity of personal hearing was given to the Noticees on May 21, 2025, vide email dated May 15, 2025. The Noticees appeared before the undersigned on the scheduled date and reiterated the submissions made vide email dated April 23, 2025. They made further submissions vide email dated May 30, 2025 stating, inter alia, the following:
- 10.1. *During the course of inspection by SEBI in the present matter, the Fund had furnished documentary evidence in respect of its consistent attempts at timely registration on the platform of FIU-IND.*
- 10.2. *In this regard, it is submitted that the Fund right from 2018 had an investor charter which was duly disclosed to all investors. It is further submitted that vide email dated May 07, 2022, a revised PPM was shared with SEBI in response to its queries in relation to the Manager's change in control application.*
- 10.3. *It is humbly submitted that in 2017, the PPM was revised to include a distribution waterfall in accordance with Clause 2(a)(1) of the SEBI Circular dated June 19, 2014. The said distribution waterfall was also captured in the PPM shared with SEBI on November 25, 2022. Thus, a copy of the PPM has been duly provided to SEBI.*
- 10.4. *It is submitted that Noticee Nos. 3-5, held a limited supervisory role, with their responsibilities confined to overseeing specific operational aspects as entrusted to them. The said individuals were never involved in sole/independent decision making. In fact, decisions of Noticee Nos. 3-5 at all times were guided by the Investment Committee of the Fund. Being so, their involvement in decision- making was restricted by their designated roles, and the decisions they did take were made with utmost care and in good faith, always prioritizing the best interests of the investors.*

CONSIDERATION OF ISSUES AND FINDINGS

11. I have taken into consideration the submissions of the Noticee, facts of the matter and material available on record. The issues that arise for consideration in the present case are as follows:

ISSUE No. I: Whether the Noticees violated various provisions of AIF Regulations and circulars issued thereunder, as alleged in the SCN?

ISSUE No. II: Do the violations, if any, attract monetary penalty u/s 15EA, and 15HB of SEBI Act, as applicable?

ISSUE No. III: If so, what should be the monetary penalty that should be imposed upon the Noticee, after taking into consideration the factors stipulated in Section 15J of the SEBI Act r/w Rule 5(2) of the Adjudication Rules?

12. Before moving forward, it is pertinent to refer to the relevant provisions which are alleged to have been violated by the Noticee. The said provisions are reproduced hereunder:

AIF Regulations

10. Investment in all categories of Alternative Investment Funds shall be subject to the following conditions:-

(c) the Alternative Investment Fund shall not accept from an investor, an investment of value less than one crore rupees

Provided that in case of investors who are employees or directors of the Alternative Investment Fund or employees or directors of the Manager, the minimum value of investment shall be twenty five lakh rupees

Provided further that this clause shall not apply to an accredited investor

Provided further that in case of a social impact fund which invests only in securities of Not for profit organizations registered or listed on a social stock exchange, the minimum value of investment by an individual investor shall be two lakh rupees.

General Investment Conditions

12(1) Investments by all categories of Alternative Investment Funds shall be subject to the following conditions:

(a) Category I and II of Alternative Investment Funds shall invest not more than twenty five per cent of the investable funds in an Investee Company directly or through investment in the units of other Alternative Investment Funds

Provided that large value funds for accredited investors of Category I and II may invest up to fifty percent of the investable funds in an investee company directly or through investment in the units of other Alternative Investment Funds;

20(1) *Alternative Investment Fund, key management personnel of the Alternative Investment Fund, trustee, trustee company, directors of the trustee company, designated partners or directors of the Alternative Investment Fund, as the case may be, managers and key management personnel of managers shall abide by the Code of Conduct as specified in the Fourth Schedule.*

Explanation. - For the purpose of this sub-regulation, 'key management personnel' shall have the meaning as specified by the Board from time to time.

(2) *The Manager and either the trustee or trustee company or the Board of Directors or the designated partners of the Alternative Investment Fund, as the case may be, shall ensure compliance by the Alternative Investment Fund with the Code of Conduct as specified in the Fourth Schedule.*

(3) *All Alternative Investment Funds shall have detailed policies and procedures, as approved jointly by the Manager and the trustee or trustee company or Board of Directors or designated partners of the Alternative Investment Fund, as the case may be, to ensure that all the decisions of the Alternative Investment Fund are in compliance with the provisions of these regulations, terms of the placement memorandum, agreements made with investors, other fund documents and applicable laws.*

(5) *The Manager shall be responsible for every decision of the Alternative Investment Fund, including ensuring that the decisions are in compliance with the provisions of these regulations, terms of the placement memorandum, agreements made with investors, other fund documents and applicable laws.*

(6) *The Manager shall be responsible for ensuring that every decision of the Alternative Investment Fund is in compliance with the policies and procedures laid down for the Alternative Investment Fund in terms of sub regulation (3) of this regulation and other internal policies of the Alternative Investment Fund, as applicable.*

Valuation

23.(1) *The Alternative Investment Fund shall provide to its investors, a description of its valuation procedure and of the methodology for valuing assets.*

Code of Conduct

1. Code of Conduct for Alternative Investment Funds

An Alternative Investment Fund shall:

(a) *carry out its business activities and invest in accordance with the investment*

objectives stated in the placement memorandum and other fund documents.

- (b) be operated and managed in the interest of all investors and not only in the interest of the sponsor, manager, directors or partners of the sponsor and manager or a select class of investors.*
- (c) ensure the dissemination of adequate, accurate, explicit and timely information in accordance with these Regulations to all investors*
- (d)*
- (e)*
- (f)*
- (g)*
- (h) have written policies and procedures to comply with anti-money laundering laws.*

2. Code of Conduct for the Managers of Alternative Investment Funds and key management personnel of Managers and Alternative Investment Funds

Every Manager of Alternative Investment Funds and key management personnel of the manager and Alternative Investment Funds shall:

- (a) abide by the Act, Rules, Regulations, Guidelines and Circulars as applicable to Alternative Investment Funds at all times;*
- (b) maintain integrity, highest ethical and professional standards in all its dealings;*
- (c) ensure proper care and exercise due diligence and independent professional*

3. Code of Conduct for members of the Investment Committee, trustee, Trustee Company, directors of the trustee company, directors or designated partners of the Alternative Investment Fund

Members of the Investment Committee, trustee, trustee company, directors of the trustee company, directors or designated partners of the Alternative Investment Fund shall:

- (a)*
- (b) ensure proper care and exercise due diligence and independent professional judgment in carrying out their roles;*

Circulars

- Clause 2(a)(1) and 3(m) CIR/IMD/DF/14/2014 June 19, 2014 is available at https://www.sebi.gov.in/web/?file=/sebi_data/attachdocs/1403173065618.pdf#page=1&zoom=page-width,-16,792
- Clause 2.1.4, 2.4, 13.4, 16.3.3 and Chapter 17 of the Master Circular dated July 31, 2023 is available at <https://www.sebi.gov.in/legal/master-circulars/jul-2023/master-circular-for-alternative-investment-funds-aifs-74796.html>
- SEBI Circular - SEBI/ HO/ MIRSD/ DOS3/ CIR/ P/ 2018/ 104 dated July 04, 2018 is available at https://thecompaniesact2013.com/uploads/1613470869_1530683670247.pdf
- Clause 3(a) of Circular SEBI/HO/IMD/IMD-I/DOF9/P/CIR/2021/682 dated December 10, 2021 is available at https://www.sebi.gov.in/web/?file=/sebi_data/attachdocs/dec-2021/1639138558026.pdf#page=1&zoom=page-width,-16,792
- Clause 2(1) of Circular No. SEBI/HO/IMD/DF6/CIR/P/2020/99 dated June 12, 2020 is available at https://www.sebi.gov.in/web/?file=/sebi_data/attachdocs/jun-2020/1591964614933.pdf#page=1&zoom=page-width,-15,842
- Circular No. SEBI/HO/IMD/DF6/CIR/P/2020/24 dated February 05, 2020 is available at <https://www.sebi.gov.in/legal/circulars/feb-2020/disclosure-standards-for-alternative-investment-funds-aifs-45919.html>

13. I now proceed to deal with the issues on merit in the following paras;

ISSUE No. I: Whether the Noticees violated various provisions of AIF Regulations and circulars issued thereunder, as alleged in the SCN?

13.1. Fund had failed to ensure drawdown of full committed amount from six investors and failed to take any action as specified in the PPM of the scheme against the defaulting contributors.

13.1.1. I note from the SCN that the Fund has accepted from Six (06) investors, an investment of value less than one crore rupees and has failed to take any action as specified in the PPM of the scheme against the defaulting contributors. Further, the Fund has failed to ensure contribution of the whole committed amount of Investment Manager. Thereby, the Fund has also failed to ensure compliance with Code of Conduct as specified in Fourth Schedule of AIF Regulations. Therefore, the Fund, its Manager and

KMPs are apparently in non-compliance with Regulations 10(c), 20(1), 20(2), 20(3), 20(5) and 20(6) of the AIF Regulations r/w 1(a), 2(a), 2(b) and 2(c) of Code of Conduct.

- 13.1.2. The Noticees submitted that despite their best efforts 5 investors failed to fulfill their commitment obligations. Demand-cum-drawdown notices dated July 24, 2018 were issued to them in accordance with the Private Placement Memorandum (hereinafter referred to as “PPM”). It was further submitted that the shortfall in the Investment Manager’s commitment does not constitute a breach of any statutory or regulatory provision. The Investment Manager has maintained its total committed capital above INR 1 crore and in excess of 2.5% of the aggregate capital commitments of all contributors, thereby fully complying with applicable AIF Regulations.
- 13.1.3. It was observed that six (06) investors which also included the Investment Manager i.e. Noticee 2, have not contributed the full committed amount and thus are defaulters.
- 13.1.4. Full drawdown provides an Investment Manager with a predictable and stable capital base enabling them to execute their investment strategy effectively. Managing partial drawdowns and chasing delinquent investors adds to the administrative burden and costs to the fund which indirectly affects the overall fund performance.
- 13.1.5. Section in Page 75 of the scheme PPM which enables the Manager to take action against the defaulting contributors, reads as follows- *“A Defaulting Contributor may be subject to significant financial consequences specified in the relevant Material Documents, including, among others, payment of damages and/or the withholding of distributions otherwise payable to such Defaulting Contributor. In addition, the Investment Manager may take such actions as specified in the relevant Material Documents, including but not limited to forfeiture of commitments that have already been made by the Defaulting Investor. Any exercise of any or none of the remedies set out above will not prejudice the right of the Investment Manager to pursue any other available legal remedies against the Defaulting Contributor or any other Defaulting Contributors.”*

- 13.1.6. I note that in the extant matter, apart from issuing a demand cum drawdown notice dated July 24, 2018, no other step were taken by the Investment Manager against the defaulting investors.
- 13.1.7. This was not in the interest of the other investors who have invested the committed amount in full. The failure to ensure drawdown of full committed amount and subsequent decision to not take any action as per PPM results in giving benefit to a select class of investors including the Sponsor and Manager. Thus, the Fund has failed to operate and be managed in the interest of all investors.
- 13.1.8. In view of the above, the allegation of violation of regulations 10(c), 20(1), 20(2), 20(3), 20(5) and 20(6) of the AIF Regulations r/w 1(a), 1(b), 2(a), 2(b) and 2(c) of Code of Conduct by the Noticees stands established.
- 13.2. Fund invested more than 25% of its investible funds in an investee company**
- 13.2.1. I note from the SCN that by investing more than 25% of its investible funds in a single investee company and by failing to ensure compliance with Code of Conduct as specified in Fourth Schedule of the AIF Regulations, the Fund, its Manager and KMPs are in non-compliance with Regulations 15(c), 20(1), 20(2) and 20(5) of the AIF Regulations r/w Clause 2(a) of Code of Conduct.
- 13.2.2. Noticees submitted that the Scheme initially planned to raise fund of INR 250 crore. However, it failed due to unforeseen macroeconomic events like demonetization, implementation of RERA, introduction of GST etc. The Scheme consciously decided to close without seeking the full target corpus. Due to the investment shortfall in the target fund size, the investment in Samruddhi Realty Limited (hereinafter referred to as "SRL") inadvertently exceeded the cap of 25%.
- 13.2.3. I note that the restriction on AIFs investing more than 25% in a single investee company is primarily a risk mitigation measure and aims to promote diversification. I note that the fund invested Rs. 43.38 crores in Samruddhi Realty Ltd. on November 02, 2016. The investment was 30.78% of total investible funds as on date of investment and stood at 42.61% of the total

investible funds at the end of inspection period. For various macroeconomic reasons like demonetization, Implementation of RERA and introduction of GST, the fund could not reach the full target corpus, i.e. INR 250 crore and closed the Scheme at INR 113.9 crore. I note that there is nothing on record to show that the scheme had a total commitment of INR 250 crore, which was its intended target. In the absence of any expressed commitment it was not proper on the part of Noticees to concentrate its investment beyond prescribed limit in one investee company. The various macroeconomic conditions do not justify its failure to diversify the investment.

13.2.4. In view of the above, I find that the allegation of violation of regulations 15(c), 20(1), 20(2) and 20(5) of the AIF Regulations r/w Clause 2(a) of Code of Conduct by the Noticees stands established.

13.3. Fund provided valuation of underlying assets instead of securities held by the Fund

13.3.1. I note from the SCN that by valuing its units based on the assets owned by the investee companies instead of valuing the Non-Convertible Debentures ("NCDs") of the investee companies and by failing to ensure compliance with Code of Conduct as specified in Fourth Schedule of AIF Regulations, the Fund, its Manager and KMPs are apparently in non-compliance of 20(1), 20(2), 20(5) and 23(1) of the AIF Regulations r/w Clause 1(c) and 2(a) of Code of Conduct.

13.3.2. Noticees submitted that they had appointed an Independent Valuer and the valuation exercise is done by such an Independent Valuer every six months subject to the terms contained in AIF Regulations and the Contribution Agreements. It is clarified that the scheme has invested in Real Estate Projects/Companies through subscription of senior secured unlisted unrated NCDs issued by investee companies, which are fully secured by immovable asset (i.e., land, buildings, projects, and development rights). Given that the value of the NCDs is derived from the underlying securities, accordingly, the valuation of such securities, (i.e., the land, buildings, projects, and development rights) are appropriate to use for valuation of the units of AIFs.

It is further submitted that through quarterly newsletters, the investors were kept aware of the valuations.

13.3.3. I note that the Fund holds the NCDs of the investee companies as securities. These investee companies invest the funds for developing real estate projects. The valuation reports provided by the Fund takes the value of the real estate held by the investee companies as the basis for valuation and not the NCDs. Investments for the purpose of valuation should inherently mean investments in NCDs and not the underlying assets. Further, there is a difference in valuation of underlying assets and NCDs. Valuation of NCDs takes into account the liabilities of the company, ratings, and ability of the company to repay, hence giving a true picture of the valuation of the security as compared to simply valuing the underlying asset without taking into consideration the ability to service the NCDs. Hence, the submission of the Noticees cannot be accepted.

13.3.4. In view of the above, the allegation of violation of regulations 20(1), 20(2), 20(5) and 23(1) of the AIF Regulations r/w clause 1(c) and 2(a) of the code of conduct stands established.

13.4. Fund had failed to obtain registration from FIU-IND and failed to communicate the details of Principal Officer and Designated Director.

13.4.1. I note from the SCN that by not communicating the details of Principal Officer and Designated Director to FIU-IND, the Fund and its Manager and KMPs are apparently in non-compliance of Clause 3 (m) of SEBI circular no. CIR/IMD/DF/14/2014 dated June 19, 2014 r/w SEBI. Circular SEBI/HO/ MIRSD/ DOS3/CIR/P/2018/104 dated July 04, 2018 ("**04 July 2018 Circular**"), r/w regulation 20(1) & 20(2) of AIF Regulations and Clause 1(h) and 2(a) of Code of Conduct as specified in Fourth Schedule of AIF Regulations.

13.4.2. The Noticees submitted that they had consistently been trying to register with FIU-IND since March 2023. However, due to unforeseen technical error, the registration process could not be completed.

13.4.3. I note that the Noticees have admitted that during the inspection period, they did not have registration with FIU-IND, therefore the details regarding

Principal Officer and Designated Director could not be communicated. From their submission I note that in order to address the technical issue they had sent an email dated March 27, 2023. No evidence of further follow-up was provided by the Noticees.

13.4.4. In view of the above, I find that the allegation of violation of regulation 20(1) & 20(2) of AIF Regulations and Clause 1(h) and 2(a) of Code of Conduct as specified in Fourth Schedule of AIF Regulations by the Noticees stands established.

13.5. Fund had not disclosed the Investor Charter to the investors

13.5.1. I note from the SCN that by failing to disclose Investor Charter to the existing investors and by failing to ensure compliance with Code of Conduct as specified in Fourth Schedule of AIF Regulations, the Fund, its Manager and KMPs are apparently in non-compliance with Regulations 20(1) and 20(2) of AIF Regulations r/w Clause 3(a) of Circular no. SEBI/HO/MD/IMDI/DOF9/P/CIR/2021/682 dated December 10, 2021 and Clauses 1(c), 2(a) and 3(b) of Code of Conduct.

13.5.2. Noticees submitted that vide email dated May 7, 2022, a revised PPM was shared with SEBI which disclosed the investor charter.

13.5.3. I note that the revised PPM filed by the Noticees during the change of control application submission had included the Investor Charter. However, for the period of the inspection i.e. 2021-22 the same was not part of the PPM. As per the circular SEBI/HO/MD/IMDI/DOF9/P/CIR/2021/682 dated December 10, 2021 r/w Chapter 17 of the Master Circular dated July 31, 2023, the requirement of an Investor Charter came into effect from January 01, 2022. Noticees informed that on May 07, 2022, a revised PPM was shared with SEBI which included Investor Charter. However, they confirmed, vide reply dated March 13, 2024, that the revised PPM was not shared with the investors. Therefore, Noticees did not disclose the Investor Charter to the investors.

13.5.4. In view of the above, it is established that the Noticees are in non-compliance with regulations 20(1) and 20(2) of AIF Regulations r/w clause 3(a) of Circular

no. SEBI/HO/MD/IMDI/DOF9/P/CIR/2021/682 dated December 10, 2021 r/w Chapter 17 of the Master Circular dated July 31, 2023 and Clauses 1(c), and 2(a) of Code of Conduct.

13.6. Fund had filed PPM audit report with a delay and failed to ensure that the PPM is in the specified format.

- 13.6.1. I note from the SCN that by failing to submit the PPM Audit report within 6 months of end of a financial year and by failing to ensure compliance with Code of Conduct as specified in Fourth Schedule of AIF Regulations, the Fund, its Manager and KMPs are apparently in non-compliance with Regulations 20(1) and 20(2) of AIF Regulations r/w Clause 2(1) of Circular no. SEBI/HO/MD/DF/CIR/P/2020/99 dated June 12, 2020 and Clauses 1(c) and 2(a) of Code of Conduct.
- 13.6.2. Noticees submitted that there was minor delay of 10 days in filing the PPM which does not warrant any adverse action. Further there is no material to demonstrate any negative loss sustained as a result of this 10-day breach.
- 13.6.3. Noticees admitted that there was a delay of 10 days in submitting the PPM Audit Report to SEBI. As per the circular dated July 12, 2020 r/w. Clause 2.4 of the Master Circular dated July 31, 2023, AIF have up to 6 months to file an annual audit of their PPM. Further, the PPM Audit Report highlighted that terms and conditions on which the Manager offers investment service is not incorporated in the PPM. Noticees had informed SEBI regarding update in PPM *vide* its reply dated October 13, 2023 correcting the lapses highlighted by the PPM audit report. However, revised PPM was not circulated to investors.
- 13.6.4. Therefore, the Noticees failed to submit the PPM Audit report within 6 months of end of a financial year and also failed to ensure that PPM is in line with the format specified in Circular No. SEBI/HO/IMD/DF6/CIR/P/2020/24 dated February 05, 2020.
- 13.6.5. In view of the above, it is established that the Noticees are in non-compliance with regulations 20(1) and 20(2) of AIF Regulations r/w Clause 2(1) of Circular no. SEBI/HO/MD/DF/CIR/P/2020/99 dated June 12, 2020 r/w

Circular No. SEBI/HO/IMD/DF6/CIR/P/2020/24 dated February 05, 2020 r/w Clause 2.4 of the Master Circular dated July 31, 2023 and Clauses 1(c) and 2(a) of Code of Conduct.

13.7. Fund failed to disclose distribution waterfall to the investors

13.7.1. It is noted in the SCN that by not providing a detailed tabular example of distribution waterfall and how the fees and charges are applicable to all the classes of investors in Annuities in Senior Secured Estate Transactions 1-Asset-1 and by failing to ensure compliance with Code of Conduct as specified in the Fourth Schedule of AIF Regulations - the Fund, its Manager and KMPs have apparently violated the provisions of Clause 2(a)(1) of circular CIR/IMD/DF/14/2014 dated June 19, 2014 r/w Regulation 20(1) and 20(2) of AIF Regulations r/w Clauses 1(c) and 2(a) of Code of Conduct.

13.7.2. Noticees submitted that in 2017, the PPM was revised to include a distribution waterfall in accordance with clause 2(a)(1) of the SEBI circular dated June 19, 2014. The distribution waterfall was also captured in the PPM shared with SEBI on November 25, 2022.

13.7.3. I observe from the PPM that the Distribution process has been explained in detail in Section 4 of the PPM. However, the Circular requires Noticee 1 to have a clear distribution waterfall chart for all possible economic scenarios and classes of investors along with examples. The same is not included in the PPM. Also, Noticee 1 has not shared revised PPM with the investors as per reply dated March 13, 2024.

13.7.4. In view of the above, the allegation of violation of provisions of clause 2(a)(1) of Circular CIR/IMD/DF/14/2014 dated June 19, 2014 r/w clause 2.1.4 of the Master Circular dated July 31, 2023 r/w regulation 20(1) and 20(2) of AIF Regulations r/w Clauses 1(c) and 2(a) of Code of Conduct stands established.

13.8. Fund had appointed the benchmarking agency with a delay and therefore failed to provide necessary information to benchmarking.

13.8.1. I note from the SCN that by not providing all the necessary information including scheme-wise valuation and cash flow data to the Benchmarking

Agencies in a timely manner and by failing to ensure compliance with Code of Conduct as specified in Fourth Schedule of AIF Regulations- the Fund, its Manager and KMPs has apparently violated the provisions of Clause 12(iii) of Circular SEBI/HO/IMD/DF6/CIR/P/ 2020/24 dated February 05, 2020 r/w Regulation 20(1) and 20(2) of AIF Regulations r/w Clauses 1(c) and 2(a) of Code of Conduct.

13.8.2. Noticees submitted that they were unable to appoint a benchmarking agency which SEBI acknowledged as a universal problem. In the interest of taking active corrective measures, they have now appointed CRISIL as its Benchmarking Agency.

13.8.3. I note that the Noticees admitted that they had failed to appoint a benchmarking agency and subsequently appointed CRISIL as the benchmarking agency and carrying out the benchmarking process. As seen from the Order Form of CRISIL, the start date of the benchmarking process is December 02, 2023. Thus, the Noticees appointed the benchmarking agency with a delay and therefore failed to provide necessary information to benchmarking agency in timely manner.

13.8.4. In view of the above, the allegation of violation of provisions of Clause 12(iii) of Circular SEBI/HO/IMD/DF6/ CIR/P/2020/24 dated February 05, 2020 r/w Clause 16.3.3 of the Master Circular dated July 31, 2023 r/w Regulation 20(1) and 20(2) of AIF Regulations r/w Clauses 1(c) and 2(a) of Code of Conduct stands established.

13.9. **Role of Manager**

In an AIF, a manager is the central operational entity responsible for the day-to-day management of the fund and is the “brain” behind the overall strategy. As per regulation 20(5) of AIF Regulations, the Manager is responsible for every decision of the AIF, including ensuring that the decisions are *inter-alia* in compliance with the provisions of Regulations, fund documents and applicable laws. As already seen from the preceeding paragraphs, the AIF has failed to comply with all the regulatory requirements. Therefore, it is

established that Noticee 2, being manager of Noticee 1, is responsible for such non-compliances.

13.10. Role of the Key Management Personnel (KMPs)

Noticees 3, 4 and 5 being the decision makers of Noticee 2 (the manager of Noticee 1), Noticees 3, 4 and 5 was under the statutory obligation to abide by the provisions of the AIF Regulations which they failed to do. When there is a liability imposed on the KMPs of the AIF or manager u/r 20(1) of AIF Regulations there is no need to invoke section 27 of the SEBI Act to arraign Noticees 3, 4 and 5. In this case, it is clearly seen that the KMPs have failed to abide by the Code of Conduct as specified in the Fourth Schedule. Therefore, the allegations against them stand established.

14. The Noticee also referred to the order of Hon'ble Securities Appellate Tribunal (hereinafter referred to as "**SAT**") in the matter of Religare Securities Ltd. v SEBI (order dated June 6, 2011) wherein it was held that the purpose of inspection was not punitive and every minor discrepancy cannot be converted into a violation unless there is a serious lapse. In this regard, I note that each matter is peculiar in its facts and circumstances based on which the violations are ascertained. I am of the opinion that facts and circumstances of each matter are unique in nature and are accordingly dealt with and decided. Hence, any generic parallel drawn would be devoid of merit. Further Hon'ble SAT in the same order dated June 16, 2011 referred by the Noticee stated *"This will, of course, depend on the nature of the irregularity noticed and we hasten to add a caveat that it is not being suggested that if any serious lapse is found during the course of the inspection, the Board should not proceed against the delinquent."*

ISSUE No. II: Do the violations, if any, attract monetary penalty u/s Section 15EB of SEBI Act, as applicable?

15. Hence, in view of the findings as given above, I am convinced that the Noticee 1 is liable for penalty under u/s 15EA and 15HB of the SEBI Act for violations mentioned at para 13.1, 13.2, 13.3, 13.5, 13.6, 13.7 and 13.8. Noticees 2 to 5 are liable for

penalty under u/s 15EA of the SEBI Act for violations mentioned at para 13.1, 13.2, 13.3, 13.5, 13.6, 13.7 and 13.8.

16. The provisions of Sections 15EA and 15HB of the SEBI Act read as under:

Penalty for default in case of alternative investment funds, infrastructure investment trusts and real estate investment trusts.

15EA. Where any person fails to comply with the regulations made by the Board in respect of alternative investment funds, infrastructure investment trusts and real estate investment trusts or fails to comply with the directions issued by the Board, such person shall be liable to penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees or three times the amount of gains made out of such failure, whichever is higher.

Penalty for contravention where no separate penalty has been provided.

15HB. Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.

ISSUE No. III: If so, what should be the monetary penalty that should be imposed upon the Noticee after taking into consideration the factors stipulated in Section 15J of the SEBI Act r/w Rule 5(2) of the Adjudication Rules?

17. While determining the quantum of penalty u/s 15EB of SEBI Act, the following factors stipulated in Section 15J of the SEBI Act have to be given due regard:-

SEBI Act

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

While adjudging quantum of penalty under Section 23-I, the adjudicating officer shall have due regard to the following factors, namely:-

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default.”

18. The material available on record has not quantified the amount of disproportionate gain or unfair advantage, if any, made by the Noticee and the loss, if any, suffered by the investors as a result of its non-compliance nor has it been alleged by SEBI. As regard to the repetitive nature of the default, I note that SEBI has passed an adjudication order against Noticees previously imposing penalty.

19. It is of utmost importance that every AIF takes all necessary steps to comply with all the provisions, Rules and Regulations as laid down by the Regulator. The very purpose of the said provisions is to ensure investor protection, prevent mis-selling, give fair valuation of assets and promote orderly growth of the market. Adherence to the regulations of the regulator builds trust and confidence among both domestic and international investors. This is an important ingredient for the promotion and healthy growth of securities market.

ORDER

20. After taking into consideration the facts and circumstances of the case, including the fact that corrective steps have been taken by the Noticees, in exercise of powers conferred upon me u/s 15-I of the SEBI Act r/w Rule 5 of the Adjudication Rules, I hereby impose the following penalty:

Noticee name	Penalty u/s of SEBI Act	Penalty Amount
India Asset Growth Fund - II	15EA	Rs. 6,00,000 (Rs. Six Lakh Only)
	15HB	Rs. 6,00,000 (Rs. Six Lakh Only)
<ul style="list-style-type: none">• Essel Finance Advisors and Managers LLP• Vishnu Prakash Rathore• Arpan Sarkar• Jaykishan Kikani	15 EA	Rs. 12,00,000 (Rs. Twelve Lakh Only) to be paid jointly and severally

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

21. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:

ENFORCEMENT → ORDERS → ORDERS OF AO → PAY NOW

22. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings u/s 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

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

Place: Mumbai

Date: July 03, 2025

**AMIT KAPOOR
ADJUDICATING OFFICER**