

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER Ref. No. ORDER/JS/RJ/2025-26/31611-31613]

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

Noticee Nos.	Name of Noticee	PAN
1.	Landmark Opportunity Fund	AABTL1214A
2.	Landmark Capital Advisors Private Limited	AACCL4482A
3.	Mr. Ashish Joshi	AAFPJ2088L

(The Noticees are individually referred to by their respective Noticee No. as mentioned above and collectively referred to as 'Noticees')

In the matter of Landmark Opportunity Fund

BACKGROUND

1. Landmark Opportunity Fund (hereinafter referred to as “**Noticee No. 1**”) is a trust registered with SEBI as a Category II Alternative Investment Fund (hereinafter referred to as “**AIF**”) having Registration No. IN/AIF2/13-14/0068. Mr. Ashish Joshi (hereinafter referred to as “**Noticee No. 3**”) is the key managerial personnel (hereinafter referred to as “**KMP**”) of Noticee No. 1.
2. Noticee No. 1 had launched one scheme with the name Landmark Return Multiplier Fund (hereinafter referred to as “**Fund**”). Landmark Capital Advisors Private Limited (hereinafter referred to as “**Noticee No. 2**”) was acting as manager for the said Fund. The relevant details of the said Fund as on March 31, 2023 are as under:

Table 1

Name of the Scheme	Type of scheme	Corpus (in Rs. Crore)	Investable Funds (in Rs. Crore)	No. of investors	Date of Initial Close	Date of Final Close	Tenure	End date of the Scheme
Landmark Return Multiplier Fund	Close ended	82.89	73.78	67	31-08-2018	31-03-2021	5 years	31-03-2026

3. Noticee No. 1 had submitted the Private Placement Memorandum (hereinafter referred to as **"PPM"**) Audit Report for its scheme, Landmark Return Multiplier Fund for the financial year 2022-23 to SEBI. In the said PPM Audit Report, Kaytes Business and Tax Consultants (hereinafter referred to as **"Auditors"**) had, *inter alia*, made adverse observations on the breach of concentration limits by the Fund.
4. In this background, SEBI conducted an examination with regard to the observations made in the PPM Audit Report of Noticee No. 1 for the financial year 2022-23. The period of examination was from April 01, 2022 to March 31, 2023 (hereinafter referred to as **"examination period"**).
5. Pursuant to the examination, SEBI initiated adjudication proceedings against the Noticees for alleged violation of the following provisions:

Table 2

Noticee No.	Name of the Noticee	Violations
1.	Landmark Opportunity Fund Scheme: Landmark Return Multiplier Fund	Regulations 15(1)(c) and 20(1) read with clause 1(e) of the Code of Conduct specified in Fourth Schedule of the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (hereinafter referred to as "AIF Regulations").
2.	Landmark Capital Advisors Pvt. Ltd.	Regulations 15(1)(c), 20(1), 20(2) and 20(5) read with clauses 2(a), 2(c) and 2(d) of the Code of Conduct specified in Fourth Schedule of the AIF Regulations.
3.	Mr. Ashish Joshi	Regulations 15(1)(c), 20(1) and 20(2) read with clauses 2(a), 2(c) and 2(d) of the Code of Conduct specified in Fourth Schedule of the AIF Regulations read with Clause 13.1.2 of the Master Circular dated July 31, 2023.

APPOINTMENT OF ADJUDICATING OFFICER

6. Pursuant to the superannuation of the earlier Adjudicating Officer (hereinafter referred to as **"AO"**) who had been appointed so vide communique dated May 06, 2024, the undersigned was appointed as AO in this matter vide communique dated April 21, 2025 under section 15-I of SEBI Act read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as **"Rules"**), to inquire into and adjudge the aforesaid alleged violations committed by the Noticees.

SHOW CAUSE NOTICE, REPLY AND HEARING

7. Show Cause Notice (hereinafter referred to as “**SCN**”) Ref. No. SEBI/EAD2/NH/RJ/2024/17692 dated May 24, 2024, was issued to the Noticees under rule 4 of the Rules to show cause as to why an inquiry should not be held and why penalty, if any, should not be imposed against the Noticees under section 15EA of the SEBI Act for the aforesaid alleged violations.

8. The SCN dated May 24, 2024, *inter alia*, alleged the following:

8.1. It was observed in the examination report that Auditors had, *inter alia*, stated in their report as follows:

"The Fund has exceeded the limit of 25% of investible funds in one portfolio company. The Fund has appropriately disclosed this in the Quarterly Activity Report. This breach continues. Given the fact, the Fund is expecting to divest all the investment of the said portfolio company by FY24, the effect of exceeded limit shall nullify during FY24.

Management Reply:

We expect to divest all the investment of the said portfolio company during the course of current financial year."

8.2. Vistra ITCL India Ltd. (“**Trustee**”) was the Trustee to the Noticee No. 1. Accordingly, a query was sent to the Trustee to ascertain if the aforesaid observations were brought to its notice via PPM Audit Report or Compliance Test Report or otherwise. In response, vide email dated March 07, 2024, Trustee stated as follows:

"With regard to your below email dated March 05, 2024, we submit that as a Trustee to alternate investment funds, for investment /disinvestment and management of Fund, we are guided by the Investment Manager as Investors invest in the Fund due to their credibility. We as part of our monitoring role diligently review the reports submitted by the Investment Managers of the fund and in case of any breach, we coordinate with the Investment Manager for providing explanation on the breach committed and action taken / proposed to be taken by the Investment Manager. For the Fund under consideration, we had highlighted the breaches to the Investment Manager

....

Based on the response provided by the Investment Manager, we understand that despite various efforts made by the them to liquidate the investment, the same is yet pending for disposal due to various constraints. The Investment Manager is expecting to divest Sai Krishna Warehousing Private Limited tentatively at the earliest and tentatively within next 45-60 working days.

...

- 8.3. Similarly, while examining the quarterly report for December 2023 filed by Noticee No. 1, it was observed that an alert was generated for the Noticee No. 1. The said alert was generated for Noticee No. 1 as its Scheme, Landmark Return Multiplier Fund had breached the concentration limits of 25% of the investible funds as prescribed in Regulation 15(1)(c) of AIF Regulations. The relevant details in this regard are tabulated below:

AIF Name	Scheme Name	Investee Company	Amount invested (in Rs. Crore)	Investible Funds (in Rs. Crore)	Percentage
Landmark Opportunity Fund / Noticee No. 1	Landmark Return Multiplier Fund	Sai Krishna Warehousing Pvt. Ltd.	44.56	73.78	60.40%

- 8.4. In this regard, Noticee No. 1, vide email dated February 29, 2024, stated that it had invested in unlisted debt of the investee company but there has been no divestment by it in the said investee company. Noticee No. 1 submitted the following details with regard to the breach of the concentration limits:

AIF Name	Investee Company	Amount invested (in Rs. Crore)	Date of investment	Investable Funds as on date of the investment (in Rs. Crore)	%age of investible funds	Amount outstanding as on date (in Rs. Crore)
Fund: Landmark Opportunity Fund / Noticee No. 1 Scheme: Landmark Return Multiplier Fund	Sai Krishna Warehousing Pvt. Ltd.	10.00	31-07-2019	73.78	14%	10.00
		19.00	07-08-2019		39%	19.00
		5.35	08-08-2019		47%	5.35
		1.00	23-08-2019		48%	1.00
		4.64	11-09-2019		54%	4.64
		4.56	16-10-2019		60%	4.56

- 8.5. Further, Noticee No. 1 vide emails dated February 27, 2024 and March 11, 2024, *inter alia*, stated as under:

"Our fundraising activity were primarily facilitated by Karvy Private Wealth. Initially, the process was progressing smoothly, with numerous potential investors

expressing interest. This positive momentum allowed us to build a strong pipeline and allocate funds based on the investment in pipeline. However, due to the Karvy fiasco, fundraising activities came to a sudden halt. As our investment commitments were made based on the fund raising in pipeline, which did not finally materialise due to Karvy episode. Consequently, we stopped the fund raising activity. Regarding the existing investments, there have been variations in maturity timelines. While some investments have matured on schedule, others have experienced some delays. The matured investments have resulted in a temporary skewed picture of the overall portfolio. We would like to mention that we have successfully matured other investments and anticipate realizing and distributing this investment and returns to the investors at our earliest.

...Regarding Landmark Return Multiplier Fund, it is seen that you have reported in your email dated 29.02.2024 that the cumulative investments of the said scheme in Sai Krishna Warehousing as on 07.08.2019, 08.08.2019, 23.08.2019, 11.09.2019 and 16.10.2019 were Rs.29 crore, Rs. 34.35 crore, Rs.35.35 crore, Rs.39.99 crore and 44.55 crore respectively. As a percentage of Investible funds on the date of investment i.e. Rs. 73.78 crore, it is seen that the scheme has breached the 25% limit prescribed in Reg 15(1)(c) of the AIF Regulations on 07.08.2019 and continuous to be in breach till date. Thus you are in violation of is in violation of Reg 15(1)(c) of the AIF Regulations. Kindly offer your comments thereon.

We humbly submit that during the year 2019, Landmark Capital Advisors Private Limited ("Investment Manager") was acting as an investment manager of Landmark Return Multiplier Fund ("Fund"), a scheme of Landmark Opportunity Fund. The Fund was launched with a target fund size of Rs.250 crores, with Rs.250 crores as the green shoe option.

The Fund had entered into a debenture subscription agreement on May 25, 2019 ("Investment Agreement") with Sai Krishna Warehousing Private Limited ("Investee Company") for an investment of Rs.40 crores and on 16th October 2019 additional agreement of Rs. 5 crores to be made in a number of tranches. The Investment Manager had made the commitment for investment in the Investee Company on the basis of the corpus of the Fund and soft commitment letters

received from various investors, which aggregated to approximately Rs. 160 crores.

Before the Investment Manager could conclude the pending contribution agreements with the prospective investors, the Karvy Private Wealth, who primarily facilitated the fund-raising activity, encountered trouble and all commitments of investors whose contribution agreements were under the process of finalisation were withdrawn. Due to this, the corpus of the Fund was limited to Rs.83 crores and the investable funds amounted to Rs. 73.78 crores computed in line with the provisions of SEBI/ (Alternative Investment Funds) Regulations 2012 ("AIF Regulations")

As the Fund had already committed investments to the Investee Company and to fulfil its obligations in terms of the Investment Agreement, the Fund made investments aggregating to Rs.44.56 crores in the Investee Company as on October 16, 2019.

The above unforeseeable circumstances resulted into inadvertent noncompliance with Regulation 15(1)(c) of the AIF Regulations. The said information was fully, truly and duly disclosed in all quarterly reports filed with SEBI and Compliance Test Report filed with trustee for FY 2019-20.

From January 2020 onwards, as the Covid-19 pandemic set in, the fundraising activity was increasingly difficult, and the pandemic-induced lockdown prolonged Investment Manager's ability to raise funds. Due to the inability to raise further funds, the investment manager announced the final close of the Fund, with the total Fund corpus restricted to Rs.83 crores.

The Investment Manager taking into consideration the above inadvertent noncompliance, actioned and sought divestments of the investment held with the Investee Company, with an objective to ensure the compliance of Regulation 15(1)(c) of the AIF Regulations.

Based on the request of the Investment Manager, the Investee Company started the process of liquidation of its assets by finding an appropriate buyer. The Investee Company entered into an MOU with DHL Supply Chain India Pvt. Ltd. in the month of June 2020 for selling its assets; however, it was not concluded due to certain unforeseen reasons. Recently, the Investee Company has identified another buyer and entered into an MOU on 1st November 2023 for selling its

assets and expects to conclude the transaction in the coming months. There are no pending complaints against the Fund in any forum. "

- 8.6. In this context, it was alleged in the examination report that Noticee No. 1, in its scheme Landmark Return Multiplier Fund, had a cumulative investment of Rs. 29 crore (39%) in Sai Krishna Warehousing against Investible Funds of Rs. 73.78 crore as on August 07, 2019 which reached 60% on October 16, 2019 through multiple investments in the said investee company.
- 8.7. It is stated in the examination report that regulation 15(1)(c) of the AIF Regulations, *inter alia*, stipulates that Category II AIF shall not invest more than 25% of the investible funds in an investee company. Further, regulation 20(1) of the AIF Regulations, *inter alia*, requires the AIF to abide by the Code of Conduct.

Allegations against Noticee No. 1

- 8.8. It was alleged in the examination report that Noticee No. 1 should have ensured that the decision to invest the amounts in one investee company was in compliance with the provisions of the AIF Regulations. It was further alleged that the Noticee No. 1 ought to have ensured that effective risk management process and appropriate internal controls were in place to avoid such breach.
- 8.9. Accordingly, it was alleged that the Noticee No. 1, for its scheme Landmark Return Multiplier Fund, was and continues to be in breach of the concentration limit 25% as provided under regulation 15(1)(c) of the AIF Regulations. Hence, the Noticee No. 1 is alleged to be in violation of regulations 15(1)(c) and 20(1) read with clause 1(e) of the Code of Conduct specified in Fourth Schedule of the AIF Regulations for breaching the concentration limit of 25% for its scheme Landmark Return Multiplier Fund.

Allegations against Noticee No. 2

- 8.10. It is stated in the examination report that regulations 20(1) and 20(2) of the AIF Regulations require manager to abide by the Code of Conduct and to ensure that the AIF is in compliance with the Code of Conduct. Clause 2(a) of Code of Conduct of the AIF Regulations, *inter alia*, requires manager of an AIF to abide by the Act, Rules, Regulations, Guidelines and Circulars as applicable to AIF at all times. Clause 2(c) of Code of Conduct of the AIF Regulations requires manager to ensure proper

care and exercise due diligence and independent professional judgment in all the decisions. Clause 2(d) of Code of Conduct of the AIF Regulations requires manager to act in fiduciary capacity towards the investors and ensure that the decisions are taken in the interest of the investors.

- 8.11. Further, regulation 20(5) of the AIF Regulations lays the onus on manager who shall be responsible for every decision of the Alternative Investment Fund, including ensuring that the decisions are in compliance, *inter alia*, with the provisions of the AIF Regulations.
- 8.12. In this context, the examination report states that manager is responsible for every decision of the AIF and that manager is responsible for the day to day functioning of the AIF.
- 8.13. Accordingly, it was alleged in the examination report that manager, Noticee No. 2 of the Landmark Return Multiplier Fund was responsible for failure of the Noticee No. 1 to ensure that the investments in a single investee company was within the limits prescribed in regulation 15(1)(c) of AIF Regulations. It was, further, alleged that Noticee No. 2 had failed to abide by the said provisions of the AIF Regulations and to ensure proper care and exercise due diligence.
- 8.14. Therefore, Noticee No. 2 is alleged to have violated regulations 15(1)(c), 20(1), 20(2) and 20(5) read with Clauses 2(a), 2(c) and 2(d) of the Code of Conduct specified in Fourth Schedule of the AIF Regulations.

Allegations against Noticee No. 3

- 8.15. It is stated in the examination report that regulations 20(1) and 20(2) of the AIF Regulations require the KMP to abide by the Code of Conduct and to ensure that the AIF is in compliance with the Code of Conduct. Clause 2(a) of Code of Conduct of the AIF Regulations, *inter alia*, requires KMP of an AIF to abide by the Act, Rules, Regulations, Guidelines and Circulars as applicable to AIF at all times. Clause 2(c) of Code of Conduct of the AIF Regulations, *inter alia*, requires KMP to ensure proper care and exercise due diligence and independent professional judgment in all the decisions. Clause 2(d) of Code of Conduct of the AIF Regulations, *inter alia*, requires KMP to act in fiduciary capacity towards the investors and ensure that the decisions are taken in the interest of the investors.
- 8.16. In this context, it was stated that Noticee No. 3 as a KMP was involved in the day to day operations of the AIF, Noticee No. 1 and manager, Noticee No. 2. Therefore, it

was alleged that the KMP, Noticee No. 3 was also responsible for the aforesaid violations by the Noticee Nos. 1 and 2. It is, further, alleged that Noticee No. 3 had failed to abide by the said provisions of the AIF Regulations and to ensure proper care and exercise due diligence.

- 8.17. Accordingly, Noticee No. 3 was alleged to have violated regulations 15(1)(c), 20(1) and 20(2) read with Clauses 1(e), 2(a) and 2(c) of the Code of Conduct specified in Fourth Schedule of the AIF Regulations read with Clause 13.1.2 of the Master Circular dated July 31, 2023.
9. In response, Noticees vide emails dated June 07, 2024, June 21, 2024 and July 03, 2024 requested further time to submit their reply to the SCN. The said requests of the Noticees were accepted and the Noticees were advised to submit their reply by July 09, 2024.
10. Subsequently, the Noticees, vide letter dated July 09, 2024, submitted the following reply to the SCN:
- 10.1. Landmark Return Multiplier Fund ("**Fund**") is a scheme of Noticee 1. Noticee 1 has been registered with SEBI since 2013 as a category II Alternative Investment Fund under the AIF Regulations. Noticee 2 acts as the investment manager to Noticee 1 and the Fund and Vistra ITCL (India) Limited acts as the trustee of Noticee 1 and the Fund ("**Trustee**"). Noticee 2 manages and operates the Fund in accordance with the constitutive documents of the Fund, i.e., the private placement memorandum ("**PPM**"), investment management agreement and the contribution agreements (hereinafter collectively referred to as the "**Constitutive Documents**").
- 10.2. The Fund had raised a total capital commitment of INR 82,89,00,000 (Indian Rupees Eighty – Two Crore and Eighty- Nine Lakh) and has made a total of 6 (six) portfolio investments of which 3 (three) portfolio investments have been fully exited as on date and the Fund has a total of 3 (three) outstanding portfolio investments as on date. The Fund has a total of 68 investors. The Fund was launched with a target fund size of INR 2,50,00,00,000 (Indian Rupees Two Hundred and Fifty Crore), with INR 2,50,00,00,000 (Indian Rupees Two Hundred and Fifty Crore) as the green shoe option, i.e., a total of INR 5,00,00,00,000 (Indian Rupees Five Hundred Crore).
- 10.3. The first closing and final closing of the Fund was held on September 1, 2017 and March 31, 2021 respectively. In terms of the Constitutive Documents, the term of the

Fund is 5 (five) years from the date of final closing, provided the term of the Fund may be extended by two additional one-year periods with the consent of two-third majority of the contributors, obtained in accordance with the terms contained in the contribution agreements.

- 10.4. The Fund had entered into a debenture subscription agreement ("**Investment Agreements**") on May 25, 2019 and October 16, 2019 with Sai Krishna Warehousing Private Limited ("**Investee Company**") for an overall investment of INR 45,00,00,000 (Indian Rupees Forty-Five Crore) to be made by the Fund in a number of tranches. In light of the Investment Agreements, the Fund made investments in 6 (six) tranches from July 31, 2019 to October 16, 2019 amounting to INR 44,55,00,000 (Indian Rupees Forty-Four Crore and Fifty-Five Lakh) in the Investee Company. The Investment Manager had made the commitment for investment in the Investee Company on the basis of the corpus of the Fund and soft commitment letters received from various investors, which aggregated to approximately INR 1,60,00,00,000 (Indian Rupees One Hundred and Sixty Crore).
- 10.5. Before the Investment Manager could conclude the pending contribution agreements with the prospective investors, Karvy Private Wealth, who primarily facilitated the fund-raising activity, encountered trouble and all commitments of investors whose contribution agreements were under the process of finalisation were withdrawn. Due to this, the corpus of the Fund was unfortunately limited to INR 82,89,00,000 (Indian Rupees Eighty-Two Crore and Eighty- Nine Lakh) and the investable funds amounted to INR 73,78,00,000 (Indian Rupees Seventy-Three Crore and Seventy-Eight Lakh).
- 10.6. Since the Fund had already committed investments to the Investee Company and to fulfil its obligations in terms of the Investment Agreement and with an aim to minimize any loss to the Fund arising out of breach of the term so the Investment Agreements, etc., the Fund made investments aggregating to INR 44,55,00,000 (Indian Rupees Forty-Four Crore and Fifty-Five Lakh) in the Investee Company as on October 16, 2019. The same was done on the basis the bona fide assumption of raising aggregate commitments amounting to INR 1,60,00,00,000 (Indian Rupees One Hundred and Sixty Crore) as stated above.
- 10.7. The above unforeseeable circumstances resulted into inadvertent non-compliance with regulation 15(1)(c) of the AIF Regulations wherein the Fund had invested more

than 25% of its investable funds in the Investee Company. The said information was fully, truly and duly disclosed in all quarterly reports filed with SEBI and Compliance Test Report filed with Trustee, which showcases the bona fide intent of the Noticees.

- 10.8. From January 2020 onwards, as the Covid-19 pandemic set in, the fundraising activity was increasingly difficult, and the pandemic-induced lockdown prolonged Investment Manager's ability to raise funds. Due to the inability to raise further funds, the Investment Manager announced the final close of the Fund, with the total Fund corpus restricted to INR 82,89,00,000 (Indian Rupees Eighty -Two Crore and Eighty-Nine Lakh).
- 10.9. The Investment Manager taking into consideration the above inadvertent non-compliance, actioned and sought divestments of the investment held with the Investee Company, with an objective to ensure the compliance of regulation 15(1)(c) of the AIF Regulations. Based on the request of the Investment Manager, the Investee Company started the process of liquidation of its assets by finding an appropriate buyer. The Investee Company entered into a Memorandum of Understanding ("**MOU**") with DHL Supply Chain India Private Limited in the month of June 2020 for selling its assets; however, it was not concluded due to certain unforeseen reasons such as subsequent disagreement with the buyer on the commercial terms of the arrangement. Recently, the Investee Company has identified another buyer and entered into an MoU on November 1, 2023 for selling its assets and expects to conclude the transaction in the coming month. The Investment Manager is making active, bona fide and expedient efforts to liquidate the investments in the Investee Company, however the same is taking some time due to various external considerations.
- 10.10. Kaytes Business Services LLP ("**Auditor**") was appointed as an auditor to conduct the audit of the terms of the private placement memorandum of the Fund in line with the provision of paragraph 2.4 of the SEBI Master Circular for Alternative Investment Funds (AIFs) dated July 31, 2023. The Auditor had noted in its audit report for FY 2022-23 ("**Audit Report**") that the Fund had invested more than 25% of its investable funds in the Investee Company thus breaching regulation 15(1)(c) of the AIF Regulations. The Investment Manager had taken the observations on record and submitted that the Investment Manager shall divest its holding in the Investee Company to comply with the provisions of the AIF Regulations.

- 10.11. The Investment Manager is acting in good faith to achieve exit from the Investee Company and all its energies are being concentrated to ensure that the transaction is effected at the earliest and on such terms which are not detrimental to the interest of investors.

CONCLUDING SUBMISSIONS

- 10.12. The concluding submissions of the Noticees in its defence were as follows:
- i. Noticees have ensured that there are effective risk management processes in place and accordingly have been making bona fide efforts to liquidate the investment in the Investee Company since June 2020;
 - ii. Noticees have always exercised due diligence and independent professional judgement but due to unforeseeable circumstances, there was an inadvertent non-compliance;
 - iii. Noticees have always acted in fiduciary capacity towards the investors and taken decisions in the interest of the investors which is showcased by the fact that there have been no investor complaints;
 - iv. Noticees have acted in all good faith and made all efforts to exit from the portfolio investments held in the Investee Company to comply with the provisions of the AIF Regulations;
 - v. Noticees have not made any unlawful gain nor have accrued any unlawful benefit on account of the said delay in divestment in the Investee Company;
 - vi. In view of the above, the Investment Manager has been acting with utmost good faith and in the best interests of the contributors of the Fund by trying to ensure that it is able to fetch the best value for the investment held in the Investee Company;
 - vii. With respect to the default the Noticees submitted that:
 - (a) The said default is a procedural lapse and delayed compliance which was entirely inadvertent and unintentional;
 - (b) On account of the said procedural lapse, there has been no harm or loss caused to the contributors of the Fund, no unlawful gain or economic benefit has been made by the Noticees or any other person and no undue brokerage, commission or fees has been earned by the Noticees;

- (c) Noticees have neither acted deliberately in defiance of the AIF Regulations, nor have been dishonest, but have always strived to comply with the regulations, circulars and directions issued by SEBI;
- (d) Noticees are determined to prevent and minimize future defaults or lapses and has accordingly acted to strengthen its internal procedures; and
- (e) Noticees have always acted in bona fide manner in compliance with extant Indian securities laws, including any regulations issued by SEBI.

11. In consonance with the Rules, an opportunity of hearing was granted to the Noticee. On July 16, 2024, Noticee No. 3 along with the authorized representatives of the Noticees, viz., Mr. Sanchit Kapoor and Ms. Tanvi Shete attended the hearing. Meanwhile, the Noticees vide email dated July 23, 2024, informed about the filing of a settlement application in the present matter.
12. It is noted from the material on record that the settlement applications of the Noticees were withdrawn on December 02, 2024. Thereafter, pursuant to the appointment of the undersigned as AO, another opportunity of hearing was granted to the Noticees. The hearing was held on June 19, 2025. During the hearing, the Noticees reiterated the submissions made vide reply dated July 09, 2024. Further, the Noticees were granted time till July 03, 2025 to make further submissions.
13. Noticees vide email dated July 03, 2025 submitted their response wherein they highlighted the efforts undertaken by them to divest the investment to be compliant with the law.
14. Thereafter, vide email dated July 09, 2025, Noticees were given another opportunity till July 21, 2025 to submit additional replies. In their response, Noticees vide email dated July 21, 2025, emphasized the steps undertaken to divest the concerned investment and the challenges faced thereon.
15. In light of the request of Noticees, the Noticees were granted further opportunity to submit further explanations, clarifications, and submissions till July 31, 2025. However, it is noted that the Noticees chose not to file any response.

CONSIDERATION OF ISSUES AND FINDINGS

16. After careful perusal of the material on record, I note that the issues that arise for consideration in the present case are as follows:
- I. Whether Noticee No. 1 violated regulations 15(1)(c) and 20(1) read with clause 1(e) of the Code of Conduct specified in Fourth Schedule of the AIF Regulations?
 - II. Whether Noticee No. 2 violated regulations 15(1)(c), 20(1) and 20(2) read with clauses 2(a), 2(c) and 2(d) of the Code of Conduct specified in Fourth Schedule of the AIF Regulations?
 - III. Whether Noticee No. 3 violated regulations 15(1)(c), 20(1) and 20(2) read with clauses 2(a), 2(c) and 2(d) of the Code of Conduct specified in Fourth Schedule of the AIF Regulations read with clause 13.1.2 of the Master Circular dated July 31, 2023?
 - IV. Does the violation, if any, on the part of Noticees attract a monetary penalty under section 15EA of the SEBI Act?
 - V. If so, what would be the monetary penalty that can be imposed upon Noticees taking into consideration the factors stipulated in section 15J of the SEBI Act?
17. The relevant extracts of the provisions of law, allegedly violated by Noticees, are mentioned as under:

AIF Regulations

“General Investment Conditions.

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

.....

(c) 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”

General Obligations.

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.

20(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.

.....

20(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.”

Fourth Schedule

“

1. Code of Conduct for Alternative Investment Funds

An Alternative Investment Fund shall:

(e) ensure that an effective risk management process and appropriate internal controls are in place

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) ...

(c) ensure proper care and exercise due diligence and independent professional judgment in all its decisions;

(d) act in a fiduciary capacity towards investors of the Alternative Investment Fund and ensure that decisions are taken in the interest of the investors;”

Clause 13.1.2 of the Master Circular dated July 31, 2023

“For the purpose of provisions of AIF Regulations, 'key management personnel shall mean:

- 1. members of key investment team of the Manager, as disclosed in the PPM of the fund;*
- 2. employees who are involved in decision making on behalf of the AIF, including but not limited to, members of senior management team at the level of Managing Director, Chief Executive Officer, Chief Investment Officer, Whole Time Directors, or such equivalent role or position;*
- 3. any other person whom the AIF (through the Trustee, Board of Directors or Designated Partners, as the case may be) or Manager may declare as key management personnel.....”*

CONSIDERATION

I. Whether Noticee No. 1 violated regulations 15(1)(c) and 20(1) read with clause 1(e) of the Code of Conduct specified in Fourth Schedule of the AIF Regulations?

II. Whether Noticee No. 2 violated regulations 15(1)(c), 20(1) and 20(2) read with clauses 2(a), 2(c) and 2(d) of the Code of Conduct specified in Fourth Schedule of the AIF Regulations?

III. Whether Noticee No. 3 violated regulations 15(1)(c), 20(1) and 20(2) read with clauses 2(a), 2(c) and 2(d) of the Code of Conduct specified in Fourth Schedule of the AIF Regulations read with clause 13.1.2 of the Master Circular dated July 31, 2023?

18. It is alleged in the SCN that the Fund was and continues to be in breach of the concentration limit of 25% as provided under regulation 15(1)(c) of the AIF Regulations.

19. In this regard, I note the relevant details of the Fund as on March 31, 2023 as under:

Table 3

Name of the Scheme	Type of scheme	Corpus (in Rs. Crore)	Investable Funds (in Rs. crore)	No. of investors	Date of Initial Close	Date of Final Close	Tenure	End date of the Scheme
Landmark Return Multiplier Fund	Close ended	82.89	73.78	67	31-08-2018	31-03-2021	5 years	31-03-2026

20. Further, the following is observed from the submission of Noticee No.1 regarding the investment made by the Fund in Sai Krishna Warehousing Pvt. Ltd. (hereinafter referred to as “investee company”):

Table 4

AIF Name	Investee Company	Amount invested (in Rs. Crore)	Date of investment	Investable Funds as on date of the investment (in Rs. Crore)	Percentage of investible funds	Amount outstanding as on date (in Rs. Crore)
Fund: Landmark Opportunity Fund / Noticee No. 1 Scheme: Landmark Return Multiplier Fund	Sai Krishna Warehousing Pvt. Ltd.	10.00	31-07-2019	73.78	14%	10.00
		19.00	07-08-2019		39%	19.00
		5.35	08-08-2019		47%	5.35
		1.00	23-08-2019		48%	1.00
		4.64	11-09-2019		54%	4.64
		4.56	16-10-2019		60%	4.56

21. From the aforesaid Tables, it is evident that the Fund had a cumulative investment of Rs.29 crore (39%) in the investee company against investable funds of Rs.73.78 crore as on August 07, 2019. It is also noted that the investment in the investee company increased over time and it reached 60% of the investable fund on October 16, 2019.
22. I note that regulation 15(1)(c) of the AIF Regulations stipulates that Category II AIF shall not invest more than 25% of the investable funds in an investee company.
23. Noticees have not disputed the fact that the investment of the Fund in the investee company exceeded the statutory limits. The quarterly report for December 2023 filed by Noticee No. 1 also evidences this breach of the statutory threshold. Moreover, the auditors' report also corroborates the fact that the Fund had breached the stipulated threshold while investing in the investee company.
24. Noticees have contended that the breach was inadvertent due to the unexpected withdrawal of investor commitments post the troubles of Karvy Private Wealth. Noticees stated that as a result, the corpus of the Fund was limited to Rs.82.89 crore despite receiving commitments aggregating to approximately Rs.160 crore. In this regard, Noticees stated that as the Fund had already committed investments to the investee company in terms of the Investment Agreement and hence, to minimize any loss to the Fund arising out of breach of the term of the Investment Agreements, the Fund made investments aggregating to Rs.44.55 crore in the investee company as on October 16, 2019. However, as far as investment agreements

are concerned, I note that it is a cardinal rule of law that statutory provisions will override any contract/agreement between parties and a private contract cannot supersede or contravene a statutory mandate. Thus, it is not proper on the part of Noticees to justify the breach of the threshold specified in regulation 15(1)(c) of the AIF Regulations on the pretext that the investment was made as per the Investment Agreements, as the statutory compliance remains paramount. Reference is drawn to the Hon'ble Supreme Court's judgment in the matter of *P Sharif-Ud-Din v. Abdul Gani Lone*¹ wherein it was held that: *"...Whenever a statute prescribes that a particular act is to be done in a particular manner and also lays down that failure to comply with the said requirement leads to a specific consequence, it would be difficult to hold that the requirement is not mandatory and the specified consequence should not follow...."*

25. Consequently, this contention of the Noticees cannot be accepted as a ground to seek exoneration *qua* their liability regarding the failure to comply with regulatory limits.
26. Noticees also stated that they had taken consistent and proactive efforts to comply with the mandate of AIF Regulations since June 2020. However, it is a fact that the Fund is yet to comply with the mandate specified under the AIF Regulations. Further, I note that subsequent remedial measures do not negate the fact that there were infractions committed by the Noticees prior to such compliance. Accordingly, even if the Fund subsequently complies with the directive of the AIF Regulations, it in no manner condones the prior breaches. Therefore, this contention of the Noticees cannot be accepted.

Findings *qua* Noticee No. 1

27. In light of the above, it is established that the investment of the Fund in the investee company was not within the limits prescribed under the AIF Regulations. Consequently, I find that the Noticee No. 1 violated regulations 15(1)(c) and 20(1) read with clause 1(e) of the Code of Conduct specified in Fourth Schedule of the AIF Regulations.

Findings *qua* Noticee No. 2

28. In terms of regulation 20(5) of the AIF Regulations, the manager bears the responsibility for every decision of the AIF, including ensuring adherence to AIF Regulations. Further, regulations 20(1) and 20(2) of the AIF Regulations require the manager to abide by the Code

¹ 1980(1)SCC 403.

of Conduct and to ensure that the AIF is in compliance with the Code of Conduct as prescribed under the AIF Regulations.

29. As noted in the preceding paragraphs, the investments of the Fund in the investee company breached the limits prescribed under regulation 15(1)(c) of AIF Regulations. Accordingly, I find that Noticee No. 2, as the manager, has failed to discharge its duty in terms of the AIF Regulations and thereby violated regulations 15(1)(c), 20(1), 20(2) and 20(5) read with clauses 2(a), 2(c) and 2(d) of the Code of Conduct specified in Fourth Schedule of the AIF Regulations.

Findings *qua* Noticee No. 3

30. Regulations 20(1) and 20(2) of the AIF Regulations mandate the KMPs to strictly adhere to the Code of Conduct and to ensure that the AIF remains compliant with the Code of Conduct. According to clause 2(a) of the Code of Conduct of the AIF Regulations, KMP of an AIF shall abide by the Act, Rules, Regulations, Guidelines and Circulars as applicable to AIF. Clause 2(c) of the Code of Conduct of the AIF Regulations states that KMP should take proper care, exercise due diligence and make decisions with independent professional judgment. Clause 2(d) of the Code of Conduct of the AIF Regulations requires KMP to act in a fiduciary capacity and take decisions that are in the interest of the investors.
31. It is not in dispute that Noticee No. 3, as a KMP, was involved in the day to day management and operations of the AIF, as well as those of Noticee No. 1 and Noticee No. 2. Accordingly, Noticee No. 3 was in a position of significant responsibility and had to ensure compliance of the AIF with the statutory and regulatory mandates. As noted above, the Fund had breached the threshold specified under regulation 15(1)(c) of the AIF Regulations. Therefore, the Noticee No. 1 in the capacity of KMP is responsible for the violations by Noticee Nos. 1 and 2.
32. Accordingly, I conclude that Noticee No. 3 has violated regulations 15(1)(c), 20(1) and 20(2) read with clauses 2(a), 2(c) and 2(d) of the Code of Conduct specified in Fourth Schedule of the AIF Regulations read with clause 13.1.2 of the Master Circular dated July 31, 2023.

IV. Does the violation, if any, on the part of Noticees attract a monetary penalty under section 15EA of the SEBI Act?

V. If so, what would be the monetary penalty that can be imposed upon Noticee taking into consideration the factors stipulated in section 15J of the SEBI Act?

33. From the previous paragraphs, it has been established that Noticees had violated the Regulations and Circular specified in the Table below:

Table 5

Noticee No.	Name of the Noticee	Violations
1.	Landmark Opportunity Fund	Regulations 15(1)(c) and 20(1) read with Clause 1(e) of the Code of Conduct specified in Fourth Schedule of the AIF Regulations.
2.	Landmark Capital Advisors Pvt. Ltd.	Regulations 15(1)(c), 20(1), 20(2) and 20(5) read with Clauses 2(a), 2(c) and 2(d) of the Code of Conduct specified in Fourth Schedule of the AIF Regulations.
3.	Mr. Ashish Joshi	Regulations 15(1)(c), 20(1) and 20(2) read with Clauses 2(a), 2(c) and 2(d) of the Code of Conduct specified in Fourth Schedule of the AIF Regulations read with Clause 13.1.2 of the Master Circular dated July 31 , 2023.

34. Therefore, Noticees are liable for payment of a monetary penalty in terms of section 15EA of the SEBI Act.

35. The text of the aforementioned section 15EA of the SEBI Act is reproduced below:

“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.”

36. While determining the quantum of penalty under section 15EA of the SEBI Act, the following factors stipulated in section 15J of the SEBI Act have been given due regard:

“15J. While adjudging quantum of penalty under Section 15-I, the adjudicating officer shall have due regard to the following factors, namely: -

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

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

37. The available records neither specify disproportionate gains/unfair advantages made by Noticees nor the loss, if any, suffered by the investors due to such violations. As regards the repetitive nature of the default, I note that the material on record has not brought to the fore any penalty imposed by SEBI in the past against the Noticee No. 1.
38. However, I take note of the fact that SEBI had imposed monetary penalties on Noticee Nos. 2 and 3 earlier for violations of securities laws as under:

Table 6

Case Name	Date of Order	Violation of provisions of Regulations	Penalty/ Regulatory Action
Adjudication Order in the matter of Landmark Capital Advisors Private Limited	August 30, 2022	SEBI (Portfolio Managers) Regulations, 1993.	Rs. 7,00,000/- to be paid jointly and severally along with other Noticee.

39. I have taken note of the fact that the Fund continues to be in breach of the stipulated threshold.
40. The aforementioned factors have been taken into consideration while adjudging the penalty.

ORDER

41. Having considered all the facts and circumstances of the case, the material available on record, the factors mentioned in preceding paragraphs and in the exercise of powers conferred upon me under section 15-I of the SEBI Act read with rule 5 of the Rules I, hereby, impose the following penalty on Noticee:

Table 7

Noticee Name	Penalty (in Rs.)
Landmark Opportunity Fund	Rs. 5,00,000/- (Rupees Five Lakh only) under section 15EA of SEBI Act
Landmark Capital Advisors Pvt. Ltd.	Rs. 3,00,000/- (Rupees Three Lakh only) under section 15EA of SEBI Act
Mr. Ashish Joshi	Rs. 2,00,000/- (Rupees Two Lakh only) under section 15EA of SEBI Act

42. The said penalty is commensurate with the lapses/omissions on the part of Noticees.
43. Noticees shall remit/pay the said amount of penalty within 45 days of receipt of this order through the 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.
44. In terms of the provisions of rule 6 of the Rules, a copy of this order is being sent to Noticees.

Date: August 26, 2025

Place: Mumbai

**JAI SEBASTIAN
ADJUDICATING OFFICER**