

**BEFORE THE ADJUDICATING OFFICER  
SECURITIES AND EXCHANGE BOARD OF INDIA  
SETTLEMENT ORDER No. SO/BS/DP/2023-24/7057-7064**

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**In respect of :**

<b>Sr. No.</b>	<b>Settlement Application No.</b>	<b>Name of the Applicant</b>	<b>PAN</b>
<b>1</b>	<b>7057/2022</b>	<b>Unifi Capital Private Limited</b>	<b>AAACU5196J</b>
<b>2</b>	<b>7058/2022</b>	<b>Sarath Chandra Reddy Kakani</b>	<b>AAIPC6424A</b>
<b>3</b>	<b>7059/2022</b>	<b>Krishnamurthy Narendranath</b>	<b>AAAPN1873E</b>
<b>4</b>	<b>7060/2022</b>	<b>Govindasamy Maran</b>	<b>AGWPM7938H</b>
<b>5</b>	<b>7061/2022</b>	<b>Christopher Vinod</b>	<b>AAUPC3243M</b>
<b>6</b>	<b>7062/2022</b>	<b>Sandeep Nadigadda Reddy</b>	<b>ABEPN8555E</b>
<b>7</b>	<b>7063/2022</b>	<b>M S Sundararajan</b>	<b>AAFPM4934N</b>
<b>8</b>	<b>7064/2022</b>	<b>Rajgopalan Santhanam</b>	<b>AADPS1429F</b>

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**In the matter of Unifi AIF, A Category III Alternative Investment Fund**

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1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) initiated adjudication proceedings under Section 15EA of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act**”) against Mr. Rajagopalan Santhanam, Mr. M S Sudararajan, M/s Unifi Capital Private Limited, Mr. Sarath Chandra Reddy Kakani, Mr. Sandeep Nadigadda Reddy, Mr. Krishnamurthy Narendranath, Mr. Govindasamy Maran and Mr. Christopher Vinod (hereinafter referred to as “**Noticees/applicants/by name**”) for the alleged violation of Regulations 18(a), 18(c) and 24(a) of SEBI (Alternative Investment Funds) Regulations, 2012 (hereinafter referred to as “**AIF Regulations**”) read with SEBI Circular CIR/OIAE/1/2014 dated December 18, 2014.

2. The undersigned was appointed as the Adjudicating Officer under section 15-I of SEBI Act read with Rule 3 of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as “**Adjudication Rules**”) to inquire into and adjudge under section 15EA of SEBI Act, the aforementioned alleged violation of the provisions of law by the Noticees.
3. A Show Cause Notice Ref. No. SEBI/EAD-1/SM/DP/534886 /2022 dated October 19, 2022 (hereafter referred to as “**SCN**”) was issued to Noticee in terms of the provisions of Rule 4 of the Adjudication Rules, 1995 calling upon the Noticee to show cause why an inquiry should not be held and penalty not be imposed, under Section 15EA of the SEBI Act for the following violations:
  - 3.1. Non adherence to the provision of Regulation 18(a) of the AIF Regulations which stipulates that an AIF may invest in securities listed or unlisted companies or derivatives or complex structured products. However, Unifi AIF invested in the mutual funds categorized as Large Capital Funds in violation of Regulation 18(a) of AIF Regulations.
  - 3.2. It is observed from the monthly portfolio statements of the Fund for the months ended April 2020, May 2020 and June 2020 and the communication made to the investors for the quarter ended June 2020 that the AIF had outstanding positions in derivatives for the months ended April 2020 to August 2020. It is further observed that AIF failed to disclose to the investors the level of leverage arising from position held in Futures as on June 30, 2020, thereby violating the provisions of Regulation 18(c) of AIF Regulations.
  - 3.3. There was a delay on the part of the AIF in obtaining the SCORES Login and Password.
4. Pending Adjudication Proceedings, the Noticees proposed to settle the instant proceedings initiated against it, without admitting or denying the findings of facts and conclusions of law, through a settlement order and filed settlement applications with SEBI bearing Settlement Application Nos. 7057-7064/2022 dated November 15, 2022 in terms of the

provisions of SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as “**Settlement Regulations**”).

5. Pursuant to the meeting with the Internal Committee of SEBI on September 13, 2022 in terms of the Settlement Regulations, Noticee vide email dated February 17, 2023, proposed revised settlement terms. The High Powered Advisory Committee (hereinafter referred to as '**HPAC**') in its meeting held on March 09, 2023, considered the settlement terms proposed and recommended that the case may be settled upon payment of ₹ 38,00,000/- (Rupees Thirty Eight Lakh Only) (including the amount for settlement of suo moto application filed by UNIFI AIF) by the Noticees as settlement amount towards the settlement terms.
6. The Panel of Whole Time Members of SEBI approved the said recommendation of the HPAC on March 31, 2023 and the same was communicated by SEBI to the applicants on April 12, 2023. Subsequently, the applicants vide email dated April 20, 2023 informed about the remittance of the settlement amount, the receipt of which is confirmed.
7. Therefore, in view of the acceptance of the settlement terms and the receipt of settlement amount as above by SEBI, the instant adjudication proceedings initiated against the Noticees vide SCN No. SEBI/EAD-1/SM/DP/534886 /2022 dated October 19, 2022 is disposed of in terms of section 15JB of the SEBI Act read with regulation 23(1) of the Settlement Regulations on the basis of the settlement terms.
8. This order is without prejudice to the right of SEBI to take enforcement actions, in terms of regulation 28 of the Settlement Regulations, including restoring or initiating the proceedings in respect to which the settlement order was passed against the applicant, if:
  - i. it comes to the notice of the Board that the applicant has not made full and true disclosure;
  - ii. applicant has violated the undertakings or waivers filed during the settlement proceedings:
9. This settlement order is passed on this day of **August 01, 2023** and shall come into force with immediate effect.

10. In terms of regulation 25 of the Settlement Regulations, copies of this order are being sent to the applicants viz. Mr. Rajagopalan Santhanam, Mr. M S Sudararajan, M/s Unifi Capital Private Limited, Mr. Sarath Chandra Reddy Kakani, Mr. Sandeep Nadigadda Reddy, Mr. Krishnamurthy Narendranath, Mr. Govindasamy Maran and Mr. Christopher Vinod and also to SEBI.

**Date: August 01, 2023**

**Place: Mumbai**

**BIJU S  
ADJUDICATING OFFICER**