

SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER
IN RESPECT OF SUMMARY SETTLEMENT APPLICATIONS

Summary Settlement Application Number	Name of the Applicant	PAN
SS-02/2023	Kotak Alternate Assets Fund III	AADTK5968J
SS-03/2023	Kotak Alternate Asset Managers Limited	AAACK5933H
SS-04/2023	Shobhit Mathur	ANRPM0696C
SS-05/2023	Parag Sukhija	DDDPS8579F
SS-06/2023	Gaurav Aggarwal	BHUPA5595E

IN THE MATTER OF BREACH OF INVESTMENT LIMIT BY KOTAK OPTIMUS MODERATE SCHEME

1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) observed that Kotak Optimus Moderate Scheme of Kotak Alternate Assets Fund III (hereinafter referred to as “**AIF**”) was in breach of the concentration limit of 10% of investable funds in a single investee company, Indian Railway Financial Corporation Limited, from May 13, 2022 to July 11, 2022. The said breach was in non-compliance of Regulation 15(1)(d) of the SEBI (Alternate Investment Funds) Regulations, 2012 (hereinafter referred to as the “**AIF Regulations**”) resulting in violation of Regulations 15(1)(d), 20(1), 20(5) and Clauses 2(a) and 2(c) of Code of Conduct for Managers and Key Management Personnel in Fourth Schedule of the AIF Regulations by the AIF, Manager and the Key Managerial Personnel of the AIF.
2. In terms of Regulation 16 of the SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as “**Settlement Regulations**”), SEBI issued a ‘Notice of Summary Settlement’ dated October 12, 2023

(hereinafter referred to as the “**Notice**”) to the AIF, its Manager and the Key Managerial Personnel (hereinafter collectively referred to as the “**Applicants**”) intimating them that the relevant provisions of the AIF Regulations, as mentioned in paragraph 1, have been violated, on account of the breach of the concentration limit and that, if the Applicants so desired, the enforcement proceedings to be initiated for the same may be settled and disposed of upon filing of an application under the Settlement Regulations along with remittance of the settlement amount of ₹7,87,500/- (Rupees Seven Lakh Eighty Seven Thousand Five Hundred only) to be paid jointly and severally within 30 calendar days from the date of receipt of the Notice, in terms of Chapter VII of the Settlement Regulations.

3. In response to the same, the Applicants filed applications proposing to settle the enforcement proceedings that may be initiated against them for the violation of the provisions of the AIF Regulations, mentioned in paragraph 1 above, through a settlement order and remitted the settlement amount of ₹7,87,500/- (Rupees Seven Lakh Eighty Seven Thousand Five Hundred only) on November 03, 2023. SEBI has confirmed credit of the said amount.
4. On the basis of the facts stated above, in exercise of the powers conferred under Section 15JB read with Section 19 of the SEBI Act, 1992 and in terms of Regulations 23 of the Settlement Regulations, it is hereby ordered that the specified proceedings in respect of which the Notice was issued are hereby settled in respect of the Applicants on the following terms:
 - i. SEBI shall not initiate any enforcement action against the Applicants for the said violations; and
 - ii. passing of this Settlement Order is without prejudice to the right of SEBI under Regulation 28 of the Settlement Regulations to initiate appropriate action against the Applicants, if SEBI finds that:

- (a) any representation made by the Applicants in the present settlement proceedings is subsequently found to be untrue;
- (b) the Applicants have breached any of the clauses/ conditions of undertakings/ waivers filed during the present settlement proceedings; and
- (c) there is a discrepancy while arriving at the settlement terms.

5. This Settlement Order is passed on this 30th day of January, 2024 and shall come into force with immediate effect.

6. In terms of Regulation 25 of the Settlement Regulations, a copy of this Order shall be sent to the Applicants and shall also be published on the website of SEBI.

Sd/-

KAMLESH C. VARSHNEY
WHOLE TIME MEMBER

Sd/-

AMARJEET SINGH
WHOLE TIME MEMBER