

SECURITIES AND EXCHANGE BOARD OF INDIA
SETTLEMENT ORDER
IN RESPECT OF
SETTLEMENT APPLICATIONS FILED IN THE MATTER OF CLEAN MAX
RENEWABLE TRUST

SETTLEMENT APPLICATION NO.	NAME OF THE APPLICANT	PAN NUMBER
7224/2023	Clean Max Energy Ventures Private Limited	AAECC5179P
7226/2023	Clean Max Enviro Energy Solutions Private Limited	AAECC1568J

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1. Clean Max Energy Ventures Private Limited and Clean Max Enviro Energy Solutions Private Limited (hereinafter referred to as the “**Applicants**”) filed a joint *suo motu* settlement application (hereinafter referred to as “**Application**”) in terms of the SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as “**Settlement Regulations**”) proposing to settle by neither admitting nor denying any conclusions of law, the enforcement proceedings that may be initiated against them, for the violation of the Regulation 20(13) of the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (hereinafter referred to as “**AIF Regulations**”) and the relevant provisions of SEBI Circular dated June 19, 2014 on ‘Guidelines on disclosures, reporting and clarifications under AIF Regulations’ and SEBI Circular dated July 18, 2014 on clarification and extension of deadline with respect to circular on ‘Guidelines on disclosures, reporting and clarifications under AIF Regulations’.
 2. Brief facts of the case are as follows:

- 2.1 Clean Max Renewable Trust (hereinafter referred to as “AIF”) is a SEBI registered Category II AIF bearing registration no. IN/AIF2/19-20/0749. The Sponsor of the said AIF is Clean Max Enviro Energy Solutions Private Limited and Clean Max Energy Ventures Private Limited is the Investment Manager.
- 2.2 On August 20, 2021, the Sponsor entered into certain agreement whereby Augment India I Holdings, LLC, an investment firm based out of the United States of America, acquired approximately 60% of the issued and paid up share capital of the Sponsor. As a result of the said transaction, there was a change in control of Sponsor and also indirect change in control of the Investment Manager, which is a wholly owned subsidiary of the Sponsor.
- 2.3 As per Regulation 20(13) of SEBI (AIF) Regulations, 2012 (since amended), *“In case of change in control of the Alternative Investment Fund, Sponsor or Manager, prior approval from the Board shall be taken by the Alternative Investment Fund.”* The AIF is stated to have inadvertently and unintentionally failed to obtain approval from SEBI, at the relevant time, which resulted in violation of Regulation 20(13) of SEBI (AIF) Regulations, 2012. Subsequently, Applicants had requested SEBI for post-facto approval, for the direct change in control of Sponsor and the indirect change in control of the Investment Manager, which was granted on March 16, 2023.
- 2.4 Further, SEBI circular dated June 19, 2014 read with circular dated July 18, 2014 stipulates that in case of change in control of Sponsor/ Investment Manager of AIF, consent of 75% of its unit holders shall be obtained or the dissenting unit holders provided an exit. The unit holders shall be provided not less than one month for expressing their dissent. In this regard, the AIF has submitted that the consent of all the contributors has been obtained. However, the consent of the contributors was sought only on October 27, 2021, with a delay of 68 days.
3. In view of the aforesaid facts, the Applicants filed the present application for the purpose of settling the proceedings that may be initiated against them for the aforementioned delayed compliances.

4. Pursuant to the receipt of the application, the authorized representatives of the Applicants had a meeting with the Internal Committee of SEBI on August 22, 2023 wherein the issues detailed above were deliberated along with the terms of the settlement. Thereafter, vide email dated August 24, 2023, the Applicants proposed revised settlement terms to settle any enforcement proceedings that may be initiated against them for the violations as stated above at paragraph 1.
5. The High Powered Advisory Committee (hereinafter referred to as “**HPAC**”) in its meeting held on September 08, 2023, considered the revised settlement terms proposed by the Applicants and recommended the case for settlement upon payment of ₹17,40,000 (Rupees Seventeen Lakh Forty Thousand only). The recommendation of the HPAC was accepted by the Panel of Whole Time Members. Subsequently, a notice of demand was issued to the Applicants on October 19, 2023 who informed about the remittance of the aforesaid settlement amount on November 02, 2023 and SEBI has confirmed credit of the same.
6. On the basis of the facts stated above, in exercise of the powers conferred under Section 15JB read with Section 19 of the Securities and Exchange Board of India Act, 1992 and in terms of Regulations 23 of the Settlement Regulations, it is hereby ordered that any proceedings that may be initiated for the violations as mentioned in paragraph 1 above are 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 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 was a discrepancy while arriving at the settlement terms.

7. This Settlement Order is passed on this 11th day of December, 2023 and shall come into force with immediate effect.

8. 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/-

ASHWANI BHATIA
WHOLE TIME MEMBER

Sd/-

AMARJEET SINGH
WHOLE TIME MEMBER

