

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER

IN SETTLEMENT APPLICATION NO. 7180 OF 2023

FILED BY GSF VENTURE CAPITAL FUND

[AIF REGISTRATION NO: IN/AIF1/15-16/0152]

IN THE MATTER OF NON-COMPLIANCE OF SEBI (ALTERNATIVE INVESTMENT FUNDS) REGULATIONS, 2012

1. The present matter emanates from post enquiry show cause notice (“**Post Enquiry SCN**”) dated November 21, 2022 issued to GSF Venture Capital Fund (“**Applicant**”) under regulation 27(1) of the SEBI (Intermediaries) Regulations, 2008 (“**Intermediaries Regulations**”). *Vide* the above mentioned Post Enquiry SCN, Applicant was called upon to show cause as to why action as recommended by the Designated Authority (“**DA**”) or any other direction as deemed fit should not be issued / imposed on it in terms of the Intermediaries Regulations. The Post Enquiry SCN issued enclosed therewith the Enquiry Report of the DA (“**DA Report**”) dated September 30, 2022 submitted with respect to the Applicant.
2. The gist of the DA Report is summarized below as follows:
 - (i) Regulation 28 of the SEBI (Alternative Investment Funds) Regulations, 2012 (“**AIF Regulations**”) provides that SEBI may call upon the Alternative Investment Fund (“**AIF**”) to file such reports as it may desire with respect to the activities carried on by the AIF. In this regard, *vide* the SEBI circular no. CIR/IMD/DF/10/2013 dated July 29, 2013 (“**2013 Circular**”), SEBI had prescribed that Category I, II and III AIFs which do not undertake leverage are required to submit their report to SEBI on quarterly basis in the prescribed format. Further, it states that Category III AIFs which undertake leverage are required to submit a report to SEBI on monthly basis as per the prescribed

format. The said reports were supposed to be sent to the email ID aifreporting@sebi.gov.in within 7 calendar days from the end of the quarter / month until the online reporting system is made available. *Vide* circular no. SEBI/HO/IMD/DF1/CIR/P/2017/87 dated July 31, 2017 ("**2017 Circular**"), the compliance reports were mandated to be submitted online through the SEBI Intermediary Portal ("**SI Portal**") at <https://sipportal.sebi.gov.in> with immediate effect i.e, from July 31, 2017. The DA has noted that the Applicant failed to file the quarterly report for quarters December, 2020, March, 2021, June 2021, and September, 2021 despite several letters/emails sent to it dated September 03, 2019, November 28, 2019, February 08, 2021, May 06, 2021, October 06, 2021 and October 22, 2021.

- (ii) The Applicant submitted before the DA that it has not launched any schemes under the fund. Since the fund does not have operations, it was their understanding that they were not required to make any filing to SEBI. Further, when it tried to access the portal, it was deactivated. The DA has noted that several letters and emails were sent to the Applicant regarding non-filing of quarterly reports which remained unanswered. The DA further noted that the Applicant attempted to log into the portal after receipt of SCN. DA found the Applicant to be in violation of regulation 28 of AIF Regulations along with the 2013 Circular and the 2017 Circular read with regulation 35(1)(b) and (d) of AIF Regulations and section 12(3) of the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**").
 - (iii) In view of the above, DA recommended cancellation of registration certificate of the Applicant.
3. The Applicant filed the settlement application bearing registration no. 7180 of 2023. The said application was filed in terms of the SEBI (Settlement Proceedings) Regulations, 2018 ("**Settlement Regulations**") wherein the Applicant proposed to

SEBI to settle the instant proceedings, without admitting or denying the findings of fact and conclusions of law, through a settlement order.

4. Pursuant to the receipt of the Application, the authorised representatives of the Applicant had a meeting with the Internal Committee of SEBI on September 22, 2023. The Internal Committee deliberated on the aspect of the violation and suggested the terms of the settlement. Thereafter, the Applicant proposed revised settlement terms which was received by SEBI dated October 06, 2023, to settle the pending proceedings initiated against it.
5. The application was placed before the High Powered Advisory Committee (“**HPAC**”) in its meeting held on November 02, 2023, which considered the facts of the case and the revised settlement terms proposed by the Applicant and recommended the case for settlement upon payment of Rs.15,13,600 (Rupees Fifteen Lakhs Thirteen Thousand Six Hundred only). The recommendation of the HPAC was accepted by Panel of Whole Time Members of SEBI on December 15, 2023 and the notice of demand was issued to the Applicant *vide* email dated December 27, 2023. The aforesaid settlement amount was remitted on January 12, 2024 and SEBI has confirmed receipt 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 SEBI Act and in terms of regulations 23 read with regulation 28 of the Settlement Regulations, instant proceedings initiated against the Applicant *vide* Post Enquiry SCN dated November 21, 2022 are disposed of. The passing of this Order, however, is without prejudice to the right of SEBI under regulation 28 of the Settlement Regulations to initiate any enforcement action against the Applicant, if: (a) any representation made by the Applicant in the present settlement proceedings is subsequently found to be untrue; (b) the Applicant has breached any of the clauses / conditions of undertakings / waivers filed during the present settlement proceedings; or (c) there was a discrepancy while arriving at the settlement terms.

7. This Settlement Order 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 Applicant and shall also be published on the website of SEBI.

DATE: JANUARY 25, 2024

PLACE: MUMBAI

ANANTH NARAYAN G.

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA