

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA**

SETTLEMENT ORDER

[SETTLEMENT ORDER NO.: SO/SM/RG/2025-26/8086-8087]

In respect of:

Settlement Application No.	Name of Applicant	PAN
8087/2024	Edelweiss Stressed and Troubled Assets Revival Fund Trust	AAATE4828L
8086/2024	Edelweiss Alternative Asset Advisors Limited	AABCE9810G

**In the matter of Examination of SCORES complaints against Edelweiss
Stressed and Troubled Assets Revival Fund Trust**

1. Securities and Exchange Board of India (hereinafter referred to as “SEBI”) initiated adjudication proceedings, under Section 15-I of the SEBI Act, 1992 against Edelweiss Stressed and Troubled Assets Revival Fund Trust (hereinafter also referred to as ‘Applicant 1/ Noticee 1/ ESTAR’) and Edelweiss Alternative Asset Advisors Limited (hereinafter also referred to as ‘Applicant 2/ Noticee 2/ EAAAL’) (all the Noticees /Applicants collectively also referred to as “Noticees” / “Applicants”), for the alleged violation of following provisions:
 - 1.1. Clauses 2(C)(c)(i) and (ii) of SEBI Circular CIR/IMD/DF/7/2015 dated October 01, 2015 read with paras 5 and 6 along with clauses 13.3.2.i and 13.3.2.ii under Chapter 13 of SEBI Master Circular for AIFs dated May 07, 2024 against Noticee 1.
 - 1.2. Regulations 21(1) and 21(2) of SEBI (AIF) Regulations, 2012, clauses 2(C)(b)(ii), 2(C)(c)(i) and (ii) of SEBI Circular CIR/IMD/DF/7/2015 dated October 01, 2015 and clause 4(a) of SEBI Circular CIR/IMD/DF/14/2014

dated June 19, 2014 read with paras 5 and 6 along with clauses 13.3.1.ii, 13.3.2.i, 13.3.2.ii and 15.2.1 of SEBI Master Circular for AIFs dated May 07, 2024 against Noticee 2.

2. Pursuant to the transfer of the earlier Adjudicating Officer (hereinafter referred to as “**erstwhile AO**”) who had been appointed vide communiqué dated July 04, 2024, the undersigned was appointed as AO in this matter vide communiqué dated September 19, 2025 under Section 19 of the SEBI Act, 1992 read with Section 15-I of the SEBI Act, 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter also referred to as “Adjudication Rules”), to inquire into and adjudge under section 15HB of the SEBI Act, 1992, the alleged violations in respect of the Noticees.
3. A Show Cause Notice No. SEBI/EAD-5/AN/RG/22949/1-2/2024 dated July 12, 2024 (“SCN”) was issued by erstwhile AO to the Noticees in terms of provisions of Rule 4 of the Adjudication Rules, calling upon to show cause why an inquiry should not be held and penalty not be imposed, under Section 15HB of SEBI Act, for the alleged violation of following provisions:
 - 3.1. Clauses 2(C)(c)(i) and (ii) of SEBI Circular CIR/IMD/DF/7/2015 dated October 01, 2015 read with paras 5 and 6 along with clauses 13.3.2.i and 13.3.2.ii under Chapter 13 of SEBI Master Circular for AIFs dated May 07, 2024.
 - 3.2. Regulations 21(1) and 21(2) of SEBI (AIF) Regulations, 2012, clauses 2(C)(b)(ii), 2(C)(c)(i) and (ii) of SEBI Circular CIR/IMD/DF/7/2015 dated October 01, 2015 and clause 4(a) of SEBI Circular CIR/IMD/DF/14/2014 dated June 19, 2014 read with paras 5 and 6 along with clauses 13.3.1.ii, 13.3.2.i, 13.3.2.ii and 15.2.1 of SEBI Master Circular for AIFs dated May 07, 2024.

4. Briefly stated, following was inter alia observed and alleged, in respect of the Noticees:
- 4.1. Noticee 1 failed to act in the interest of investors and exercise independent professional judgment, and thereby violated Clauses 2(C)(c)(i) and (ii) of SEBI Circular CIR/IMD/DF/7/2015 dated October 01, 2015 read with paras 5 and 6 along with clauses 13.3.2.i and 13.3.2.ii under Chapter 13 of SEBI Master Circular for AIFs dated May 07, 2024.
- 4.2. Noticee 2 failed to carry out activities of AIF in accordance with PPM, failed to implement policies and procedures to appropriately mitigate conflict of interest and submitted inaccurate information to trustee in CTR of FY 2016-17 and the Sponsor and Investment Manager failed to act in the interest of investors, exercise independent professional judgment and disclose to investors conflicts of interests as and when they arise or seem likely to arise, and thereby violated Regulations 21(1) and 21(2) of SEBI (AIF) Regulations, 2012, clauses 2(C)(b)(ii), 2(C)(c)(i) and (ii) of SEBI Circular CIR/IMD/DF/7/2015 dated October 01, 2015 and clause 4(a) of SEBI Circular CIR/IMD/DF/14/2014 dated June 19, 2014 read with paras 5 and 6 along with clauses 13.3.1.ii, 13.3.2.i, 13.3.2.ii and 15.2.1 of SEBI Master Circular for AIFs dated May 07, 2024.
5. Pending the Adjudication Proceedings, the Noticee 1 and Noticee 2 filed Settlement Applications, bearing Settlement Application No. 8087/2024 and 8086/2024 respectively (hereinafter also referred to “said applications” / “subject applications”) with SEBI, proposing to settle the instant proceedings initiated against them vide SCN dated July 12, 2024, without admission or denial of the findings of fact and conclusions of law, having regard to the provisions of SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter also referred to as “Settlement Regulations”).
6. In this regard, I note from the material available on record that the said applications were inter alia placed before the Internal Committee (“IC”) of SEBI

in its meetings held on October 08, 2024 and December 11, 2024 wherein the terms of settlement were deliberated and the IC recommended ₹61,42,500/- (Sixty one lakhs forty two thousand five hundred only) as the Indicative Amount being the amount computed in terms of Schedule II r/w Regulation 10 of SEBI (Settlement Proceedings) Regulations, 2018. Further, the IC advised the applicants to make written submissions with regard to the following:

- I. Whether the alleged irregularities have been regularized;
- II. Whether officers-in-default should have any liability for their actions.

7. Pursuant to the IC meeting, the applicants vide email dated January 02, 2025 submitted the Revised Settlement Terms (RST) proposing ₹61,42,500/- (Sixty one lakhs forty two thousand five hundred only) as the Indicative Amount and inter alia submitted that the applicants have taken corrective action which inter alia includes review of their policy, constitution of a 'Fund Board' comprising of 3 members (with minimum of 2 independent members) and formation of a 'Governance Committee' with a mandate to review potential conflict situations as and when likely to arise and the officers-in-default of the then Investment Committee ceased to be Investment Committee members from FY 2017-18 and FY 2020-21 respectively.
8. Thereafter, the matter was placed before the High Powered Advisory Committee ("HPAC") on January 29, 2025 for its consideration and recommendation. HPAC deliberated on the settlement applications and recommended "*that the request of the Applicants for settlement be accepted subject to a non-monetary term i.e. the officers-in-default shall not engage/associate with the company in any manner.*" The same was approved by the Panel of WTMs.

Since the period for which the said non-monetary term should remain in effect was not specified, the recommendation of HPAC was sought. The HPAC recommended that that same may be determined by IC for consideration of HPAC.

9. During the meeting on May 09, 2025, the IC deliberated on the recommendation of the HPAC and recommended that the officers-in-default shall not engage/associate with the company in any manner for a period of 12 months and recommended ₹61,42,500/- (Sixty one lakhs forty two thousand five hundred only) as the Indicative settlement amount. The applicants were informed to submit Revised Settlement Terms (RST) within 15 working days from the date of the IC meeting in terms of Regulation 13(2)(c) of SEBI (Settlement Proceedings) Regulations, 2018. The applicants vide email dated May 12, 2025 submitted the Revised Settlement Terms (RST) proposing the following towards settlement terms:
- Monetary terms: ₹61,42,500/- (Sixty one lakhs forty two thousand five hundred only)
 - Non-monetary terms: The officers-in-default shall not engage/associate with the company in any manner for a period of 12 months
10. As the RST proposed by the applicants was in line with the settlement terms formulated as per SEBI (Settlement Proceedings) Regulations, 2018, the matter was recommended for settlement.
11. Thereafter, the subject applications were placed before the HPAC in its meeting held on June 05, 2025 and the HPAC inter alia agreeing with the recommendation of the IC, recommended that the request of the applicants for settlement be accepted. Thereafter the matter was placed for the consideration of the Panel of Whole Time Members, SEBI, in terms of Regulation 14(3) of the Settlement Regulations. The recommendations of the HPAC were approved by the Panel of Whole Time Members on August 18, 2025. The notice of demand was issued on August 21, 2025. Subsequently, the applicants informed about the remittance of the settlement amount on August 29, 2025, the receipt of which was confirmed as per the material available on record.

12. In view of the receipt of settlement amount by SEBI, the instant Adjudication Proceedings initiated against the Noticees viz., Edelweiss Stressed and Troubled Assets Revival Fund Trust and Edelweiss Alternative Asset Advisors Limited, vide aforesaid Show Cause Notice No. SEBI/EAD-5/AN/RG/22949/1-2/2024 dated July 12, 2024, are hereby disposed of in terms of Section 15JB of the SEBI Act, 1992 read with Regulation 23(1) of SEBI (Settlement Proceedings) Regulations, 2018.
13. The passing of this Settlement Order shall however be without prejudice to the rights of SEBI under Regulation 28 and 31 of the SEBI (Settlement Proceedings) Regulations, 2018, to initiate appropriate actions, including restoring or initiating the proceedings in respect of which this settlement order is passed against the Applicant, if:
- 13.1. it comes to the notice of the Board that the applicant has not made full and true disclosure;
 - 13.2. applicant has violated the undertakings or waivers;
 - 13.3. there was a discrepancy while arriving at the settlement terms.
14. This Settlement Order shall come into force with immediate effect.
15. In terms of Regulation 25 of SEBI (Settlement Proceedings) Regulations, 2018, a copy of this Order shall be sent to the Applicants and shall also be published on the website of SEBI.

DATE: September 30, 2025
PLACE: MUMBAI

SUDEEP
MISHRA
SUDEEP MISHRA
ADJUDICATING OFFICER

Digitally signed
by SUDEEP
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