

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER SECTION 12(3) OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT,
1992 READ WITH REGULATION 27 OF SECURITIES AND EXCHANGE BOARD OF
INDIA (INTERMEDIARIES) REGULATIONS, 2008

In respect of:

Sr. No.	Name of the Noticees	SEBI Registration No.
1	Quant First Alternate Investment Trust	IN/AIF3/12-13/0018
2	IREO Advantage Fund I	IN/AIR2/13-14/0050
3	Paranjape Plutus Fund-1	IN/AIF2/12-13/0030
4	Saveda Venture Capital Fund	IN/AIR1/13-14/0067
5	SRS Alternative Investment Fund	IN/AIR2/15-16/0145
6	Investmaxima Trust	IN/AIR2/18-19/0532
7	Golden Bird AIF	IN/AIF3/18-19/0543

(The aforesaid entities are hereinafter individually referred to by their respective names / Noticee nos. and collectively as “Noticees”)

In the matter of non-compliance of SEBI (Alternative Investment Funds) Regulations, 2012

A. BACKGROUND

1. The present matter emanates from post enquiry show cause notice (“**Post Enquiry SCN**”) dated November 21, 2022 issued to the Noticees and GSF Venture Capital Fund under regulation 27(1) of the SEBI (Intermediaries) Regulations, 2008 (“**Intermediaries Regulations**”). *Vide* the above mentioned Post Enquiry SCN, the Noticees and GSF Venture Capital Fund were 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 the Noticees and GSF Venture Capital Fund 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 Noticees and GSF Venture Capital Fund.

B. DA REPORT, REPLY AND HEARING

2. The gist of the DA Report is summarized below as follows:

- (i) DA has noted that the Noticees have not filed quarterly report for quarters December, 2020, March, 2021, June 2021, and September, 2021 as mandated under the provisions of Intermediaries Regulations despite several emails sent to them by SEBI which constitutes violation of regulation 24(b) read with regulation 28 of SEBI (Alternative Fund Regulations), 2012 (“**AIF Regulations**”) along with SEBI circular no. CIR/IMD/DF/10/2013 dated July 29, 2013 (“**2013 Circular**”) and SEBI/HO/IMD/DF1/CIR/P/2017/87 dated July 31, 2017 (“**2017 Circular**”). The quarterly reports were required to be filed on the SEBI Intermediary Portal (“**SI Portal**”) as mandated by the 2017 Circular.
- (ii) DA has proceeded *ex-parte* with respect to Noticee 1 (Quant First Alternate Investment Trust), Noticee 3 (Paranjape Plutus Fund-1), Noticee 5 (SRS Alternative Investment Fund), Noticee 6 (Investmaxima Trust) and Noticee 7 (Golden Bird AIF) and found them to be in violation of the aforesaid provisions as no reply was filed by the said entities despite service of SCN.
- (iii) DA had recommended cancellation of registration certificate of all Noticees and GSF Venture Capital Fund.

3. Pursuant to the Post Enquiry SCN, GSF Venture Capital Fund filed an application for settlement in terms of the SEBI (Settlement Proceedings) Regulations, 2018 which was accepted. The terms of the said settlement are dealt with by way of a

separate order bearing reference no. SO/AN/EFD2/2023-24/7180 dated January 25, 2024. Therefore, this order does not deal with GSF Venture Capital Fund.

4. Service of Post Enquiry SCN, status of replies received, if any, and status of hearings is tabulated below:

Table 1

#	Name of the AIF	Delivery mode of Post Enquiry SCN	Delivery mode of hearing notice	Reply received in current proceedings on merits	Hearing availed
1.	Quant First Alternate Investment Trust	Affixed on January 01, 2023 at A1- Latheef, 1 st Floor No.2, Union Street, Off Infantry Road, Bangalore-560001.	Affixed on December 13, 2023 at A1- Latheef, 1 st Floor No.2, Union Street, Off Infantry Road, Bangalore-560001.	No	No
2.	IREO Advantage Fund I	SPAD	SPAD	No	Yes, availed on January 16, 2024.
3.	Paranjape Plutus Fund-1	SPAD	Email	Yes vide email and letter dated February 07, 2023	Yes, availed on December 19, 2023.
4.	Saveda Venture Capital Fund	SPAD	SPAD	Yes vide letter dated December 20, 2023, email dated January 23, 2024 and email dated February 13, 2024.	Yes, availed on January 02, 2024.
5.	SRS Alternative Investment Fund	Affixed on January 07, 2023 at SRS Tower 306, 3 rd Floor, Near Metro Station Mewla, Maharajpur, GT Road, Faridabad (NCR Delhi)-121003.	Affixture on December 01, 2023 at SRS Tower 306, 3 rd Floor, Near Metro Station Mewla, Maharajpur, GT Road, Faridabad (NCR Delhi)-121003.	No	No
6.	Investmaxima Trust	Published in Times of India (English) and Nav Bharat Times (Hindi) on May 02, 2023.	Published in Hindustan Times (English) on December 09, 2023 and Prahar (Marathi) on December 09, 2023.	No	No

#	Name of the AIF	Delivery mode of Post Enquiry SCN	Delivery mode of hearing notice	Reply received in current proceedings on merits	Hearing availed
7.	Golden Bird AIF	Affixed on February 21, 2023 at S07, 70 Haware Centurion Complex, Plot 88, 91, Section 19, Seawood East, Nerul, Navi Mumbai, Maharashtra-400706.	Published in Hindustan Times (English) on December 09, 2023 and Prahar (Marathi) on December 12, 2023.	No	No

5. The replies filed by the Noticees are summarized hereunder:

5.1 Noticee 3 (Paranjape Plutus Fund-1)

- (i) No notices or other communication of any nature whatsoever has been received by Noticee 3 save and except the SEBI notice dated December 23, 2022 enclosed with the DA Report. The company secretary of the Noticee 3 whose details are likely registered with SEBI is no longer associated with it from December 19, 2022. Noticee 3 suspects that the details available with SEBI are erroneous which would explain the reason for non-receipt of the said notices and communications in the past.
- (ii) Originally it was proposed to register Noticee 3 as a portfolio management scheme under the provisions of SEBI (Portfolio Managers) Regulations, 1993 ("**PMS Regulations**"). While Noticee 3 was preparing to submit its application under the provisions of PMS Regulations, SEBI announced AIF Regulations, and hence it proceeded to make an application under the AIF Regulations as PMS Regulations were no longer an option for Noticee 3. The minimum ticket size under the PMS Regulations was Rs. 5 lakhs, whereas it was Rs. 1 crore under the AIF Regulations. Therefore, the Noticee 3 was unable to attract investors as its primary investor did not extend to this class of sophisticated investors. Noticee 3 was neither able to raise contributions from its investors nor identify investment opportunities for deployment. Therefore, there is no

question of preparing any financial statements as no amounts have either been received or transferred by Noticee 3.

- (iii) Noticee 3 has neither undertaken any business activities or launched any schemes nor there are any other ongoing operations / activities being carried out, therefore the purpose of Noticee 3 has been frustrated and it would be in its interest to wind up.
- (iv) Noticee 3 requests SEBI to not levy any fine or penal interest or any such actions barring or blacklisting it from carrying out any other business activities.

5.2 Noticee 4 (Saveda Venture Capital Fund)

- (i) Noticee 4 was granted registration by SEBI *vide* certificate of registration dated July 29, 2013. It did not raise any funds but it filed quarterly reports with SEBI as required under the 2013 Circular. However, SEBI *vide* the 2017 Circular stipulated that all SEBI registered AIFs shall file their compliance reports through the online system (i.e. SEBI Intermediary Portal). Post the 2017 Circular, Noticee 4 was continuously trying to login to its account on SI Portal and file 'Nil' quarterly AIF report, however due to some technical problem, it was unable to file the said "Nil" quarterly return. The login ID and password allotted to Noticee 4 on SEBI Intermediary Portal did not work. The aforesaid problem was conveyed by Noticee 4 to SEBI via numerous emails, however, no cogent response was received from SEBI. Apart from the aforesaid issue, the compliance person viz. Mr. Indranil Biswas of Leverage Investment Advisor Pvt. Ltd. (the investment manager) resigned w.e.f. March 28, 2019. This lead to further problems in filing quarterly returns. Therefore, non-filing of quarterly returns on SEBI Intermediary Portal was beyond its control and no fault of Noticee 4 can be alleged.
- (ii) From registration till date, Noticee 4 has not raised any funds. Further, no other activity was carried out to warrant filing of any reports etc. either quarterly or otherwise. Thereby, filing any reports is a mere formality and the same is only

technical and venial in nature as the reports were always "Nil". It did not have any intention to conceal or hide any information from anyone. No unfair advantage or gain has been made by Noticee 4 by not filing the reports. The 2013 Circular bifurcates the reporting into two annexures, which are as follows: Annexure I - For the funds which do not undertake any leverage (Quarterly Report) and Annexure II - For the funds which undertake leverage (Monthly Report). Noticee 4 did not fall under any of the aforesaid categories. The 2017 Circular was only a consequential circular, therefore, no separate violation of the same can be alleged and no action ought to be taken against Noticee 4.

- (iii) Regulation 20(17) has been inserted in AIF Regulations w.e.f June 15, 2023 which stipulates that the major responsibility of compliance is on the manager of AIF, which in the case of Noticee 4 is Leverage Investment Advisor Pvt. Ltd. ("**Manager**"). For the same violation as alleged in the present SCN, the Adjudicating Officer, SEBI *vide* Order dated September 30, 2022, bearing reference no. Order/GG/VP/2022-23/20039-20045, has imposed a penalty of Rs. 1,00,000 on the Manager of Noticee 4 which was paid. Therefore, for the same set of violation, for which the proceedings are concluded by Adjudicating Officer, Noticee 4 cannot be punished again. Hence, no action ought to lie against it. It is a settled legal jurisprudence that benefit need to be given to the accused in case subsequent amendment in any law is beneficial to the accused. In this regard, reliance is placed upon the order passed by Hon'ble Supreme Court in judgment dated March 10, 2016 in the matter of Nemi Chand vs. State of Rajasthan (Criminal Appeal No. 214 of 2016).
- (iv) After the erstwhile director resigned, Mr. Manish Agarwal took over the business in the year 2019. Shri Ratan Lal Agarwal, father of Mr. Manish who was one of the shareholders and directors of Noticee 4, was handling the affairs and day to day operations of Noticee 4. He passed away on January 06, 2023. It is only after his demise Mr. Manish started taking active participation in the business of Noticee 4.

- (v) The old team of Noticee 4 has resigned and new management has taken over and they want to revive the AIF by raising funds. A copy of overview and growth map/ plan of Noticee 4 is enclosed. Therefore, any direction with respect to cancellation of registration of Noticee 4 as an AIF will have severe adverse effects. Cancellation of certificate is the ultimate punishment that can be imposed upon an intermediary. Therefore, this weapon in SEBI's arsenal must be wielded sparingly only in cases of repeated offences committed with impunity by intermediaries so as to ensure that the interests of the market are secured.
- (vi) As on date, Noticee 4 has made the disclosures for the present relevant quarters ending on June 2023, September 2023 and December, 2023 on December 26, 2023, December 27, 2023 and January 13, 2024, respectively. A copy of snapshot of the SEBI Intermediary Portal with respect to AIF quarterly reporting is enclosed.
- (vii) The doctrine of proportionality and Wednesbury rule / test has been consistently applied to ensure that relevant vital and material facts have been taken into consideration and that irrelevant matters are not taken into account. Punishment should not only be reasonable but must fit the violation or breach of law for which the entity is sought to be penalized. As on date, Noticee 4 is compliant with the regulatory requirements and hence the same should be considered as a mitigating factor while passing any order. Reliance is placed on judgment of Hon'ble SC in E.P. Royappa vs. Tamil Nadu quoted in (1974 (4) SCC 3], Teri Oat Estates (P.) Ltd. [(2004) 2 sec 130), Chairman-Cum-Managing Director, Coal India Limited and Anr. vs. Mukul Kumar Chaudhuri and Ors. (Civil Appeals Nos. 5762-63 of 2009).
6. On December 19, 2023, Noticee 3 (Paranjape Plutus Fund-1) appeared before me through Zoom platform and reiterated the submissions made *vide* letter dated February 07, 2023. Further, the authorized representatives ("**ARs**") of Noticee 3 admitted that Noticee 3 had changed its registered address after obtaining registration from SEBI without intimating SEBI. On January 02, 2024, ARs of Noticee

4 (Saveda Venture Capital Fund) appeared before me in person and admitted that Noticee 4 was in non-compliance of the AIF Regulations as stated in the DA Report. The ARs submitted that the Noticee has now complied with the provisions of the said regulations. The ARs also reiterated the submissions made by Noticee 4 vide letter dated December 20, 2023. ARs of Noticee 2 (IREO Advantage Fund I) appeared before me through Zoom platform on January 16, 2024 and submitted that they have no submissions to make with respect to Noticee 2. The ARs intimated that Noticee 2 has not launched any schemes or conducted any other activity since its registration. Further, the ARs intimated that Noticee 2 intends to wind up.

C. CONSIDERATION OF ISSUES AND FINDINGS

7. Based on the conclusions arrived in the DA Report, the following issues are to be decided upon:
 - (i) Whether the Noticees have violated provisions of regulation 28 of AIF Regulations read with 2013 Circular, 2017 Circular, regulation 35(1)(b) and (d) of AIF Regulations and section 12(3) of SEBI Act?
 - (ii) Whether the recommendations made by the DA in DA Report must be accepted or whether any other order needs to be passed against the Noticees?
8. I have examined the charges against the Noticees, the DA Report, the reply of the Noticees and other material available on record. Before proceeding, I find it appropriate to reproduce below the relevant provisions of AIF Regulations and circulars alleged to have been violated by the Noticees:

AIF Regulations

Submission of reports to the Board.

28. The Board may at any time call upon the Alternative Investment Fund to file such reports, as the Board may desire, with respect to the activities carried on by the Alternative Investment Fund.

Liability for action in case of default

35. (1) An Alternative Investment Fund which—

.....

(b) fails to furnish any information relating to its activity as an Alternative Investment Fund as required by the Board;

....

*(d) does not submit periodic returns or reports as required by the Board;
shall be dealt with in the manner provided under the Securities and Exchange Board of India (Intermediaries) Regulations, 2008.*

2013 Circular dated July 29, 2013

Sub: Operational, Prudential and Reporting Norms for Alternative Investment Funds (AIFs)

....

3.2 Submission of reports to SEBI

i. Under Regulation 28 of the AIF Regulations, All AIFs shall submit periodical reports to SEBI relating to their activity as an Alternative Investment Fund.

ii. Category I and II AIFs and the Category III AIFs which do not undertake leverage shall submit report to SEBI on a quarterly basis in the format as specified in Annexure I.

iii. Category III AIFs which undertake leverage shall submit a report to SEBI on a monthly basis in the format as specified in Annexure II.

iv. Reports shall be submitted by AIFs online through the online reporting system provided by SEBI. However, till such online system is made available, reports shall be sent by email to aifreporting@sebi.gov.in. Excel sheet to be filled in this regard

is available on SEBI website under the section 'Info for' ∅ 'Alternative Investment Funds'. Once the online system is made available by SEBI, no reports shall be sent by email. Further, AIFs are advised to note that no physical reports shall be filed with SEBI.

v. The reports for the period upto the quarter ended June 30, 2013 for AIFs which are already registered with SEBI shall be sent vide email to the aforesaid email address within one month from the date of this circular.

vi. Reports shall be submitted within 7 calendar days from the end of quarter/ end of month as the case maybe.

....

2017 Circular dated July 31, 2017

Sub: Online Filing System for Alternative Investment Funds.

1. In a constant endeavor to facilitate ease of operations in terms of applying for registration, reporting and various compliances under SEBI (Alternative Investment Funds) Regulations, 2012 (hereinafter referred to as 'AIF Regulations'), SEBI has introduced an online system for filings related to Alternative Investment Funds (AIF). The online system can be used for application for registration, reporting and filing in terms of the provisions of AIF Regulations and circulars issued thereunder.

2. All applicants desirous of seeking registration as an AIF are now required to submit their applications online only, through SEBI Intermediary Portal at <https://siportal.sebi.gov.in>. Furthermore, all SEBI registered AIFs are now required to file their compliance reports and submit applications for any request under the provisions of AIF Regulations and circulars issued thereunder, through the online system only. The aforesaid online filing system for AIF has been made operational with immediate effect.

3. *Link for SEBI Intermediary Portal is also available on SEBI website - www.sebi.gov.in. In case of any queries and clarifications, users may refer to the manual provided in the portal or contact the Portal Helpline as specified in the manual.*

4. *Existing SEBI registered AIFs have already been advised to activate their online accounts.*

5. *This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of and to regulate the securities market.*

9. From the above, I note that regulation 28 of the AIF Regulations provides that SEBI may call upon the AIF to file such reports as it may desire with respect to the activities carried on by the AIF. In this regard, *vide* the 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* the 2017 Circular, the compliance reports were mandated to be submitted online through the SI Portal at <https://sipportal.sebi.gov.in> with immediate effect i.e, from July 31, 2017. The legal mandate to file the report applies irrespective of whether a registered intermediary has launched a scheme or not.
10. I note that the DA Report concludes that the Noticees had not filed their quarterly reports for quarters December 2020, March 2021, June 2021 and September 2021. SI Portal sends automated emails as a reminder for the submission of reports and thereafter SEBI follows up with the AIFs which do not submit their monthly/quarterly investment data by the due date. Pursuant to automated emails sent through SI

Portal regarding non filing of quarterly reports, SEBI had sent various emails to the Noticees as tabulated below. However, none of the Noticees replied to the said emails.

Table 2

#	Name of AIFs	Registration start date	Category of AIF	Registration No. of AIF	Reports filed on the SI Portal, till September, 2021	Details of communication with AIFs
1	Quant First Alternate Investment Trust	November 26, 2012	Category III	IN/AIF3/12-13/0018	No reports submitted	Emails/ letters sent dated 03.09.2019, 28.11.2019, 08.02.2021, 06.05.2021, 06.10.2021, and 22.10.2021.
2	IREE Advantage Fund I	May 06, 2013	Category II	IN/AIF2/13-14/0050	March, 2019	Emails/ letters sent dated 03.09.2019, 28.11.2019, 08.02.2021, 08.03.2021, 06.05.2021, 06.10.2021, and 22.10.2021.
3	Paranjape Plutus Fund-1	February 27, 2013	Category II	IN/AIF2/12-13/0030	No reports submitted	Emails/ letters sent dated 03.09.2019, 08.02.2021, 06.05.2021, 06.10.2021, and 22.10.2021.
4	Saveda Venture Capital Fund	July 29, 2013	Category I	IN/AIF1/13-14/0067	No reports submitted	Emails/ letters sent dated 28.11.2019, 08.02.2021, 08.03.2021, 06.05.2021, 06.10.2021 and 22.10.2021.
5	SRS Alternative Investment Fund	April 24, 2015	Category II	IN/AIF2/15-16/0145	No reports submitted	Emails/ letters sent dated 03.09.2019, 28.11.2019, 08.02.2021, 06.05.2021, 06.10.2021 and 22.10.2021.

#	Name of AIFs	Registration start date	Category of AIF	Registration No. of AIF	Reports filed on the SI Portal, till September, 2021	Details of communication with AIFs
6	Investmaxima Trust	April 19, 2018	Category II	IN/A1F2/18-19/0532	December, 2019	Emails/ letters sent dated 08.02.2021, 22.02.2021, 06.05.2021, 10.05..2021, 06.10.2021, and 22.10.2021.
7	Golden Bird AIF	May 17, 2018	Category III	IN/A1F3/113-19/0543	March, 2019	Emails/ letters sent dated 03.09.2019, 28.11.2019, 08.02.2021, 17.02.2021, 06.05.2021, 25.04.2021, 06.05.2021, 06.10.2021, and 22.10.2021.

11. I note that SEBI prepares consolidated data generated by SEBI Intermediary Portal to show accurate and complete information/statistics pertaining to AIFs. The said consolidated data is prepared by SEBI based on the reports submitted by AIFs and the said data is disseminated on the website of SEBI. For the consolidated data generated by SI Portal to be accurate and complete, it is necessary that all registered AIFs should submit their periodic reports on SI portal within the stipulated timeline and in the prescribed format.
12. I note that Noticee 1 (Quant First Alternate Investment Trust), Noticee 5 (SRS Alternative Investment Fund), Noticee 6 (Investmaxima Trust) and Noticee 7 (Golden Bird AIF) have neither submitted any reply nor appeared for the hearing. I note that Noticees 1, 5, 6 and 7 also neither filed reply before the DA nor appeared before the DA. In this regard, I note that regulation 7(1)(c) of the AIF Regulations provides that if there is any material change in the information already submitted, an AIF which has been granted certificate by SEBI shall forthwith inform SEBI in writing. I note that Noticees 1, 5, 6 and 7 have also not informed SEBI in case their address or contact information has changed. In the matter of Classic Credit Ltd. vs. SEBI,

(Appeal no. 68 of 2003), decision dated December 08, 2006, the Hon'ble Securities Appellate Tribunal, inter alia, held as follows, *"...the appellants did not file any reply to second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show-cause notice were admitted by them....."*

Further, in the case of Dave Harihar Kiritbhai vs. SEBI (Appeal no. 93 of 2014), decision dated December 19, 2014, Hon'ble SAT has held that:

"....and since further it is being increasingly observed by the Tribunal that many persons/entities do not appear before SEBI (Respondent) to submit reply to SCN or, even worse, do not accept notices/letters of Respondent and when orders are passed ex-parte by Respondent, appear before Tribunal in appeal and claim non-receipt of notice and do not appear and/or submit reply to SCN but claim violation of principles of natural justice due to not being provided opportunity to reply to SCN or not provided personal hearing. This leads to unnecessary and avoidable loss of time and resources on part of all concerned and should be eschewed, to say the least. Hence, this case is being decided on basis of material before this Tribunal...."

Thus, I find it appropriate to proceed with respect to Noticees 1, 5, 6 and 7 based on the material available on record.

13. With respect to Noticee 2 (IREO Advantage Fund I), I note that it has not filed any reply before me, however, the authorized representatives ("**ARs**") of Noticee 2 appeared before me and submitted that they have no submissions to make with respect to the Noticee 2. The ARs intimated that the Noticee has not launched any schemes or conducted any other activity since its registration. Further, the ARs intimated that Noticee 2 intends to wind up.
14. Noticee 3 (Paranjape Plutus Fund-1) has contended that it has not received any communication from SEBI except the SEBI notice dated December 23, 2022 enclosed with DA Report. It has further stated it suspects that the address and contact details available with SEBI are erroneous which would explain the reason for non-receipt of the said notices and communications in the past. I note that apart

from the system generated emails, letter dated September 03, 2019 along with emails dated February 08, 2021, May 06, 2021, October 06, 2021 and October 22, 2021 were sent to Noticee 3 advising it to submit the necessary report. Noticee 3 cannot claim that it had missed 5 separate reminders. Further, in terms of regulation 7(1)(c) of the AIF Regulations, Noticee 3 was required to intimate SEBI about the change in the material information submitted, which was not done in the present case. I also note that during the hearing held on December 19, 2023, Noticee 3 has admitted that it has changed its registered address after obtaining registration from SEBI without intimating SEBI. Thus, in light of the above, the aforementioned contention of Noticee 3 is untenable.

15. Noticee 3 has also submitted that its company secretary whose details are likely registered with SEBI is no longer associated with it since December 19, 2022. This submission is extraneous to the present matter as the reminders to submit the requisite report were sent before December 19, 2022. The last reminder was sent on October 22, 2021. Notwithstanding the above, even if there was a change in contact details of Noticee 3, as stated above, it was incumbent on Noticee 3 to intimate SEBI. Thus, this submission does not hold any merit.
16. Noticee 3 has submitted that it was not able to raise contributions from its investors. It had not undertaken any business activities or launched any schemes. I note that the 2013 Circular and the 2017 Circular does not carve out an exception for AIFs which have not launched any schemes. Thus, in absence of any business, Noticee 3 was still required to file a 'NIL' report with SEBI.
17. Noticee 4 (Saveda Venture Capital Fund) has submitted that after the 2017 Circular came into force, it was continuously trying to login to its account on SI Portal and file 'Nil' quarterly report, however due to some technical problem, it was unable to file the same. The aforesaid problem was conveyed by Noticee 4 to SEBI via numerous emails. Therefore, non-filing of quarterly returns on SI Portal was beyond its control and no fault of Noticee 4 can be alleged. In this regard, I note that before the DA, Noticee 4 had produced a copy of the email dated June 01, 2022. It is important to bear in mind that the said email was sent after issuance of show cause notice by the

DA dated May 05, 2022 and nearly 7 months after the last communication was sent by SEBI (last reminder was sent by SEBI to Noticee 4 on October 22, 2021). Similarly, all the communications produced before me addressed to SEBI by Noticee 4 regarding SI Portal were sent post receipt of show cause notice issued by the DA- they are dated December 14, 2022, December 27, 2023, December 28, 2023 and January 02, 2024.

18. Noticee 4 has submitted that it has not raised any funds since its registration, therefore, filing of any report was a mere formality. As stated before, basis the filing made by the AIFs in terms of the 2013 Circular and 2017 Circular, SEBI prepares consolidated data which is disseminated on SEBI's website. The said report cannot be considered as technical in nature as it serves an important function of reflecting information regarding the status of the AIFs registered in India. Thus, this submission of Noticee 4 deserves to be rejected.
19. Noticee 4 has submitted that it has now made disclosures for the present relevant quarters ending on June 2023, September 2023 and December, 2023 on December 26, 2023, December 27, 2023 and January 13, 2024, respectively. In this regard, I note that subsequent compliance, if any, cannot be considered as a substitute for earlier non-compliance, the same can only be considered as a mitigating factor.
20. Noticee 4 has relied upon regulation 20(17) of the AIF Regulations to contend that manager of an AIF is primarily responsible for compliance, and since penalty has already been imposed on its manager for the same violation vide adjudication order dated September 30, 2022 bearing reference no. Order/GG/VP/2022-23/20039-20045, no action lies against Noticee 4. Since regulation 20(17) was inserted in the AIF Regulations vide SEBI (Alternative Investment Funds) (Second Amendment) Regulations, 2023 with effect from June 15, 2023, Noticee 4 has submitted that benefit needs to be given to the accused in case subsequent amendment in any law is beneficial to the accused. In support of the above, Noticee 4 has placed reliance on the order passed by Hon'ble Supreme Court in judgment dated March 10, 2016 in the matter of Nemi Chand vs. State of Rajasthan (Criminal Appeal No. 214 of 2016). In this regard, I note that regulation 20(17) reads as follows:

“(17) The Manager shall appoint a Compliance Officer who shall be responsible for monitoring compliance with the provisions of the Act, rules, regulations, notifications, circulars, guidelines, instructions or any other directives issued by the Board”

Thus, as opposed to what Noticee 4 has submitted, regulation 20(17) casts responsibility on a compliance officer to be appointed by the manager and not the manager itself. In this regard, it may be noted that regulation 35(1) of the AIF Regulations *inter alia* states that if an AIF contravenes any of the provisions of the AIF Regulations, it shall be dealt with in the manner provided under the Intermediaries Regulations. Further, regulation 35(2) of the AIF Regulations *inter alia* states that regulation 35(1) shall not prejudice the powers of SEBI to issue measures under Chapter VIA of the SEBI Act, *i.e.*, in addition to the enquiry proceedings, SEBI is empowered to initiate adjudication proceedings. This position has been summarized by Hon'ble SAT in the case of Grishma Securities Private Limited and Ors. vs. SEBI (Appeal No. 151 of 2013) dated October 28, 2013. In this case it was argued by the appellant that initiation of adjudication and enquiry proceedings on the same set of facts and evidence is impermissible in law. In context of the above, Hon'ble SAT held the following:

“Therefore, keeping in view the scheme of the SEBI Act, 1992, we have no hesitation in holding that a subjective decision as to when and where regulatory intervention is required is the sole prerogative of the regulator. Undoubtedly, such a decision has to be rational and is to be based on a prima facie and bonafide satisfaction as to the existence of certain alleged irregular or illegal facts/happenings or circumstances supposedly taking place or prevailing in the affairs of a company.....

(emphasis supplied)

....It is pertinently noted that the adjudication proceedings may lead to monetary penalty or even exoneration of the appellants. Whereas, the enquiry proceedings have the potential of leading to appropriate disciplinary action against the appellants in case the charges are proved in the enquiry. There is no categorical challenge to such parallel proceedings.....

.....Once an Inquiry Officer or an Adjudicating Officer is appointed as per law to conduct an enquiry into the alleged misconduct of a company or a market player, as the case may be, he or she acts as an independent, neutral and impartial umpire despite being on the rolls of the SEBI. As long as he holds such responsibility, he or she is supposed to perform a quasi-judicial task dispassionately. However, he or she has to conform to the principles of natural justice and also discharge the said functions within the parameters prescribed by the rules and regulations or an Act of Parliament failing which alone his or her findings or conduct may be questioned and not otherwise..... ”

21. The decision in Nemi Chand (*supra*) is not relevant or applicable to the facts of this case. These enquiry proceedings are not concerned with the liability of the manager or its compliance officer. The proceedings are in the context of allegations made against the trust in the capacity of a registered intermediary. The said amendment made to regulation 20 does not change the role or responsibility of the registered intermediary to comply with the AIF Regulations and liability for contravening the AIF Regulations.

CONCLUSION

22. After having gone through the allegations and the replies of the Noticees, I am in agreement with the conclusion of the DA that the impugned acts and omissions of the Noticees constitutes a violation of regulation 28 of AIF Regulations read with the provisions of the 2013 Circular and the 2017 Circular, thereby making them liable for actions under regulation 35(1)(b) and (d) of AIF Regulations and section 12(3) of the SEBI Act. As noted earlier, Noticees 1,5,6 and 7 have not responded to the SCNs and hearing notices issued both at the stage of enquiry by the DA as well as at the post-enquiry stage. Noticees 1, 5, 6 and 7 have also not intimated SEBI about change in their address or contact details. Not informing such material information to SEBI raises questions regarding the existence of the entity itself. Allowing a non-traceable entity to continue to hold its registration certificate is not in the interest of the securities market. Noticee 2 has had no submissions to make and Noticee 3 has

submitted its desire to wind up. The only Noticee which has expressly indicated its desire to continue to function is Noticee 4 – Saveda Venture Capital Fund. What differentiates Noticee 4 from the other Noticees, according to it, is the fact that it has taken measures to rectify the violations by filing reports on the SI Portal for 3 quarters of 2023. While this is clearly a reaction to the initiation of the enquiry proceedings, the rectification, though belated, is an important mitigating factor. On account of this reason, while the alleged infraction is by no means trivial, I find that on the aforesaid grounds, cancellation of Noticee 4's certificate of registration may be a disproportionate measure. At the same time, the concerned operational department in SEBI needs to conduct a thorough inspection of Noticee 4 to review its governance and process framework and its ability to function as an intermediary in the securities market. Taking all of the above into consideration, while I agree with the recommendation of the DA to cancel the certificate of registration of all of the other Noticees, with respect to Noticee 4 – Saveda Venture Capital Fund, I do not agree with the DA's recommendation to cancel its certificate of registration.

DIRECTION

23. In view of the foregoing, in exercise of the powers conferred upon me under sections 12(3) and 19 of SEBI Act read with regulation 27(5) of Intermediaries Regulations, I hereby direct that –

- 23.1 the certificate of registration of the following entities be cancelled:

Noticee. No.	Name of the Noticees	SEBI Registration No.
1	Quant First Alternate Investment Trust	IN/AIF3/12-13/0018
2	IREO Advantage Fund I	IN/AIR2/13-14/0050
3	Paranjape Plutus Fund-1	IN/AIF2/12-13/0030
5	SRS Alternative Investment Fund	IN/AIR2/15-16/0145
6	Investmaxima Trust	IN/AIR2/18-19/0532
7	Golden Bird AIF	IN/AIF3/18-19/0543

- 23.2 the certificate of registration of Noticee 4 i.e., Saveda Venture Capital Fund (SEBI Registration No. - IN/AIR1/13-14/0067) be suspended for a period of six months from the date of this Order.
24. The managers, trustees and custodians of the entities mentioned in paragraph 23.1 above shall ensure liquidation of investments, if any, made by the said entities and return the proceeds to their investors, if any, within three months from the date of this direction coming into force, and shall file a report of compliance with SEBI within fifteen days from the expiry of the three months' period mentioned above.
25. The Noticees shall, after receipt of this Order, immediately inform their existing clients about the directions in the paragraphs above.
26. This Order shall come into force with immediate effect.
27. A copy of this Order shall be forwarded to the Noticees and to their managers, trustees and custodians for their information and necessary action.

DATE: February 16, 2024
PLACE: MUMBAI

ANANTH NARAYAN G.
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA