

SECURITIES AND EXCHANGE BOARD OF INDIA
SETTLEMENT ORDER
[Settlement Order No. SETTLEMENT/2023-24/7415]

IN THE SETTLEMENT APPLICATION NO. 7415/2023
FILED IN THE MATTER OF GMO-Z.COM PAYMENT GATEWAY INDIA
PRIVATE LIMITED

1. GMO-Z.com Payment Gateway Credit Fund 1 (hereinafter referred to as '**Fund**') is registered with Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') as a Category II Alternative Investment Fund (hereinafter referred to as '**AIF**') under the SEBI (Alternative Investment Funds) Regulations, 2012 (hereinafter referred to as the '**AIF Regulations**'), holding SEBI registration no. IN/AIF2/20-21/0870, with effect from March 26, 2021. The AIF is constituted as a Trust.
2. The Fund had investable funds of ₹ 2,52,05,01,805 (Rupees Two Hundred Fifty Two Crores Five Lakh One Thousand Eight Hundred and Five only). On February 27, 2023 (Tranche 1), the Fund utilized ₹ 70,00,00,000 (Rupees Seventy Crore only) and on February 28, 2023 (Tranche 2), the Fund utilized ₹ 30,00,00,000 (Rupees Thirty Crore only) from the investable funds of the Fund for subscription of additional non-convertible debentures (hereinafter referred to as '**NCDs**') towards subscription of Satya MicroCapital Limited (hereinafter referred to as '**Investee Company**').
3. As on June 15, 2023, the Fund had invested 39.67% of the total investable funds towards the subscription of NCDs of the investee company i.e. ₹ 100,00,00,000 (Rupees Hundred Crores only). After accounting for the principal repayment, the investment concentration in the said investee company was 33.74% of the total investable funds i.e. ₹ 87,50,00,000 (Rupees Eighty Seven Crore Fifty Lakh only).

4. In terms of Regulation 15(1)(c) of the AIF Regulations, Category I and II AIFs' shall invest not more than twenty five per cent of the investable funds in an Investee Company. The relevant text of Regulation 15(1)(c) of the AIF Regulations is reproduced below:

General Investment Conditions.

15. (1) Investments by all categories of Alternative Investment Funds shall be subject to the following conditions:-

...

(c) Category I and II of Alternative Investment Funds shall invest not more than twenty five per cent of the investable funds in an Investee Company directly or through investment in the units of other Alternative Investment Funds.

[Provided that large value funds for accredited investors of Category I and II may invest up to fifty percent of the investable funds in an investee company directly or through investment in the units of other Alternative Investment Funds;]

...

5. As noted above, the fund had invested 33.74% (after accounting for the principal repayment) of its total investable funds for subscription of additional NCDs in the investee company, resulting in the breach of the investment limits prescribed under Regulation 15(1)(c) of the AIF Regulations.
6. Upon noticing the said breach, M/s. GMO-Z.com Payment Gateway India Private Limited (hereinafter referred to as '**Applicant**') who is the investment manager of the Fund, *suo-motu* filed a settlement application on the ground that it noted a breach in investment concentration of the fund during their internal review for the alleged violation of Regulation 15(1)(c) of the AIF Regulations.

7. Pursuant to the receipt of the settlement application, the authorized representatives of the Applicant had a meeting with the Internal Committee of SEBI on December 20, 2023, wherein the issues detailed above were deliberated along with the terms of the settlement. Thereafter, vide email dated January 11, 2024, the Applicant proposed revised settlement terms to settle the enforcement proceedings that may be initiated against them for the violations as stated above at paragraph 5.
8. The High Powered Advisory Committee (hereinafter referred to as “**HPAC**”) in its meeting held on February 05, 2024, considered the revised settlement terms proposed by the Applicant and recommended the case for settlement upon payment of ₹ 10,50,000/- (Rupees Ten Lakhs Fifty thousand only). The recommendation of the HPAC was accepted by the Panel of Whole Time Members of SEBI on March 22, 2024. Subsequently, a Notice of Demand for the said amount was issued to the Applicant on April 02, 2024. The Applicant informed about the remittance of the aforesaid settlement amount on April 15, 2024 and SEBI has confirmed credit of the same.
9. 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 Regulation 23 of the SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as ‘**Settlement Regulations**’), it is hereby ordered that any proceedings that may be initiated for the violations as mentioned at paragraph 5 above, are settled in respect of the Applicant on the following terms:
- i. SEBI shall not initiate any enforcement action against the Applicant 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 Applicant, if SEBI finds that:
 - (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; and

(c) there is a discrepancy while arriving at the settlement terms.

10. This Settlement Order is passed on this 09 day of May, 2024 and shall come into force with immediate effect.

11. 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.

Sd/-

KAMLESH C. VARSHNEY
WHOLE TIME MEMBER

Sd/-

AMARJEET SINGH
WHOLE TIME MEMBER