

SECURITIES AND EXCHANGE BOARD OF INDIA
SETTLEMENT ORDER
[Settlement Order No. SETTLEMENT/2024-25/7759]

Settlement Application No.	Applicant	PAN No.
7759/2024	TCG Advisory Services Pvt Ltd	AAACW4907B

IN THE MATTER OF TCG ALTERNATIVE INVESTMENT FUND.

1. TCG Advisory Services Pvt Ltd (hereinafter referred to as “**Applicant**”) filed a *suo- motu* settlement application in terms of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as “**Settlement Regulations**”), proposing to settle by neither admitting nor denying the findings of fact and conclusions of law, the enforcement proceedings that may be initiated against it for the violation of Regulation 10(d) of Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (hereinafter referred to as “**AIF Regulations, 2012**”) and Clause 5.5 of Master Circular dated July 31, 2023.
2. Brief facts of the case are as follows:
 - 2.1. Failure on the part of the Applicant in winding up of the scheme within a period of 90 days after the corpus of the fund fell below 20 Cr:
 - 2.1.1. The Applicant is the Investment Manager and Sponsor of TCG Alternative Investment Fund (hereinafter referred to as “**Fund**”). It was observed that the fund- TCG Fund-Fund 3, a scheme of TCG Alternative Investment Fund (IN/AIF3/17-18/0324) on-boarded 01 investor (MCPI Pvt. Ltd.) by executing a contribution agreement of ₹ 26 Cr. on January 16, 2020. On the same day, the sponsor also executed a contribution

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agreement of ₹ 1.30 Cr as a part of continuing interest. The fund has only one investor i.e. MCPI Pvt. Ltd. apart from the sponsor.

2.1.2. Further, Capital contribution was called for 10% of the committed amount and ₹ 2.6 Cr. and ₹ 13 lakhs were collected from the investor and sponsor respectively and an investment of ₹ 2.55 Cr was made in the security receipts issued by Invent/1920/BOB/S126 on February 04, 2020.

2.1.3. The investment made above was written off by the fund on March 31, 2021 and the units of the investor and sponsor was redeemed on October 27, 2021, leaving the scheme with zero corpus. Further, the corpus was not raised back to ₹ 20 Cr but was wound up after more than two years on April 24, 2024 in violation of Clause 5.5 of the Master Circular dated July 31, 2023 in terms of which, in case of open ended schemes, where the corpus falls below twenty crore rupees, the scheme is required to increase its capital back to ₹ 20 Cr or wind up the scheme as per the provisions of Regulation 29 of AIF regulations, 2012. The excerpts of Clause 5.5 are as follows:

“For the purpose of Regulation 10(b) of AIF Regulations, in case the corpus of an open-ended scheme falls below twenty crore rupees:

5.5.1. The AIF shall intimate to SEBI within 2 days of receiving request for redemption from the client.

5.5.2. The AIF shall take necessary action to bring back the scheme size to twenty crore rupees within 3 months from the date of such breach.

5.5.3. In case the AIF fails to bring back the corpus within the specified period, it shall redeem entire units of all investors and wind up the scheme in terms of Regulation 29 of AIF Regulations.”

2.2. Failure of the sponsor to make first capital contribution in tune with the minimum amount as specified:

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2.2.1. The continuing interest requirement as mentioned in Regulation 10(d) of AIF Regulations, 2012 mandates the following:

“The Manager or Sponsor shall have a continuing interest in the Alternative Investment Fund of not less than two and half percent of the corpus or five crore rupees, whichever is lower, in the form of investment in the Alternative Investment Fund and such interest shall not be through the waiver of management fees:

Provided that for Category III Alternative Investment Fund, the continuing interest shall be not less than five percent of the corpus or ten crore rupees, whichever is lower.”

2.2.2. Accordingly, the contribution of the sponsors was required to be ₹ 1.368 Cr. However, the commitment made by the sponsor was only ₹ 1.3 Cr. Thus the sponsor failed to maintain the continuing interest in the fund.

3. In view of the aforesaid facts, the Applicant filed the present application for the purpose of settling the proceedings that may be initiated against it for the aforesaid violations.
4. Pursuant to the receipt of the application, the authorized representatives of the Applicant had a meeting with the Internal Committee of SEBI on August 01, 2024, wherein the issues detailed above were deliberated along with the terms of the settlement. Thereafter, vide email dated August 05, 2024, the Applicant proposed revised settlement terms to settle any enforcement proceedings that may be initiated against it for the violation as stated above at paragraph 1.
5. The High Powered Advisory Committee (hereinafter referred to as “**HPAC**”) in its meeting held on August 14, 2024, considered the revised settlement terms proposed by the Applicant and recommended the case for settlement upon payment of ₹ 15,00,000/- (Rupees Fifteen lakh only). The recommendation of the HPAC was accepted by the Panel of Whole Time Members of SEBI on September 08, 2024. Subsequently, a Notice of Demand for the said amount was issued to the Applicant on September 19, 2024. The Applicant informed

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about the remittance of the aforesaid settlement amount on September 26, 2024 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 Regulation 23 of the Settlement Regulations, it is hereby ordered that any proceedings that may be initiated for the violation mentioned at paragraph 1 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 Applicants, 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 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 day of 10th October, 2024 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 Applicant and shall also be published on the website of SEBI.

Sd/-

KAMLESH C. VARSHNEY
WHOLE TIME MEMBER

Sd/-

AMARJEET SINGH
WHOLE TIME MEMBER