



**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. Order/JS/YK/2026-27/32752-32754]**

UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995

In respect of:

Noticee No.	Noticee Name	PAN
1	BAO Value Fund	AAQCS4646H
2	Sparrow Asia Diversified Opportunities Fund	AANCS3131Q
3	Davos International Fund	AADCD7742G

In the matter of BAO Ltd. Group

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) received emails from National Securities Depository Limited (hereinafter referred to as “**NSDL**”), *inter alia*, stating that the aggregate holding of Foreign Portfolio Investors (hereinafter referred to as “**FPIs**”) belonging to Investor Groups - N1001548, N1001222 and N1001537, has breached the investment limit of 10% of paid up equity capital of the investee company - Lerthai Finance Limited [ISIN: INE347D01011]. In view of the same, an examination was undertaken to determine compliance with relevant provisions of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 (hereinafter referred as “**FPI Regulations, 2019**”) and the relevant circulars issued thereunder.
2. Pursuant to the examination, violation of Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 (hereinafter referred as “**FPI Regulations, 2014**”), FPI Regulations, 2019 and SEBI Circulars by BAO Value Fund (hereinafter referred to as “**Noticee 1**”), Sparrow Asia Diversified Opportunities Fund



(hereinafter referred to as “**Noticee 2**”) and Davos International Fund (hereinafter referred to as “**Noticee 3**”), were alleged.

APPOINTMENT OF ADJUDICATING OFFICER

3. The undersigned was appointed as Adjudicating Officer (hereinafter referred to as “**AO**”) in this matter vide communiqué dated April 21, 2026 under section 15-I of the SEBI Act read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as “**Rules**”), to inquire into and adjudge under:

A. Sections 15A(a) and 15A(b) of the SEBI Act read with regulation 43 of the FPI Regulations, 2019 for the following violations alleged to have been committed by

a. Noticees 1 and 3:

(i.) Regulations 22(1)(a), 22(1)(b), 23 of FPI Regulations, 2019 read with clause 4 under Part A of SEBI Master Circular No. SEBI/HO/AFD/AFD-PoD-2/P/CIR/2024/70 dated May 30, 2024 (hereinafter referred to as “**SEBI Circular dated May 30, 2024**”) and clauses 2, 5 and 6 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2019 and regulations 23(1)(a), 23(1)(b), 24 read with clauses 2, 5 and 6 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2014 read with regulation 45 of FPI Regulations, 2019;

(ii.) Regulations 22(1)(a), 22(1)(c), 22(5), 23 of FPI Regulations, 2019 read with clause 14(i) under Part A of SEBI Circular dated May 30, 2024 as modified by para 3.1 of SEBI Circular No. SEBI/HO/AFD/AFD-POD-2/P/CIR/2024/76 dated June 05, 2024 (hereinafter referred to as “**SEBI Circular dated June 05, 2024**”) and clauses 2 and 5 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2019 and regulations 23(1)(a), 23(1)(c), 24 of FPI Regulations, 2014 and clauses 2 and 5 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2014 read with regulation 45 of FPI Regulations, 2019;



(iii.) Regulations 22(1)(a), 22(1)(b), 23 read with clause 4 under Part A of SEBI Circular dated May 30, 2024 and clauses 2, 5 and 6 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2019 and regulations 23(1)(a), 23(1)(b), 24 read with clauses 2, 5 and 6 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2014 read with regulation 45 of FPI Regulations, 2019.

b. Noticee 2:

(i.) Regulations 22(1)(a), 22(1)(c), 22(5), 23 of FPI Regulations, 2019 read with clause 14(i) under Part A of SEBI Circular dated May 30, 2024 as modified by para 3.1 of SEBI Circular No. SEBI/HO/AFD/AFD-POD-2/P/CIR/2024/76 dated June 05, 2024 (hereinafter referred to as “**SEBI Circular dated June 05, 2024**”) and clauses 2 and 5 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2019 and regulations 23(1)(a), 23(1)(c), 24 of FPI Regulations, 2014 and clauses 2 and 5 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2014 read with regulation 45 of FPI Regulations, 2019;

(ii.) Regulations 22(1)(a), 22(1)(b), 23 read with clause 4 under Part A of SEBI Circular dated May 30, 2024 and clauses 2, 5 and 6 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2019.

B. Section 15 HB of the SEBI Act read with regulation 43 of the FPI Regulations, 2019 for the following violations alleged to have been committed by

a. Noticees 1 and 3:

(i.) Regulations 22(1)(a), 22(1)(l), 23 of FPI Regulations, 2019 and clauses 2 and 5 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2019;

(ii.) Regulations 20(7), 22(3), 23 of FPI Regulations, 2019 and clauses 2 and 5 of Code of Conduct under Third Schedule of FPI Regulations, 2019 and regulations 21(7), 24 of FPI Regulations, 2014 and clauses 2 and 5 of Code of



Conduct under Third Schedule of FPI Regulations, 2014 read with regulation 45 of FPI Regulations, 2019;

(iii.) Regulations 20(7), 22(3), 23 of FPI Regulations, 2019 and clauses 2 and 5 of Code of Conduct under Third Schedule of FPI Regulations, 2019.

b. Noticee 2:

(i.) Regulations 22(1)(a), 22(1)(l), 23 of FPI Regulations, 2019 and clauses 2 and 5 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2019;

(ii.) Regulations 20(7), 22(3), 23 of FPI Regulations, 2019 and clauses 2 and 5 of Code of Conduct under Third Schedule of FPI Regulations, 2019 and regulations 21(7), 24 of FPI Regulations, 2014 and clauses 2 and 5 of Code of Conduct under Third Schedule of FPI Regulations, 2014 read with regulation 45 of FPI Regulations, 2019.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. Show Cause Notice Ref. No. DIS/17212-17214/2026 dated June 29, 2026 (hereinafter referred to as “**SCN**”) was issued to Noticees in terms of rule 4 of the Rules read with section 15-I of the SEBI Act to show cause as to why an inquiry should not be held against Noticees and why penalty, if any, should not be imposed on them in terms of the provisions of sections 15A(a), 15A(b) and 15HB of the SEBI Act for the aforementioned violations alleged to have been committed by Noticees.

5. The SCN dated June 29, 2026, *inter alia*, alleged the following:

(a.) *As per emails received from NSDL, the investment made by Noticees 1 and 2 resulted in breach of 10% of paid-up equity capital on fully diluted basis of Lerthai Finance Limited (hereinafter referred to as “**LFL**”). It was observed that ICICI Bank Ltd. (Designated Depository Participant and hereinafter referred to as “**DDP**”) vide email dated July 12, 2024, *inter alia*, stated that following two FPIs were transitioned from the previous DDP – Standard Chartered Bank on April 30, 2024 (Noticee 1) and May 27, 2024 (Noticee 2). After the said transition, ICICI bank Ltd. observed common Ultimate Beneficial Owner (UBO) for both these FPIs and sent an instruction to NSDL for clubbing as under:*



Table 1

Name of the FPI / Reg. No.	Equity Shares held (Quantity)	Paid up equity capital (Quantity) of LFL	% shares held w.r.t Paid up equity capital of LFL	Total Quantity of equity shares held by Group	Total % shares held by Group w.r.t Paid up equity capital of LFL
BAO Value Fund /INMUFP073116	51,600	7,00,000	7.37%	1,12,732	16.10%
Sparrow Asia Diversified Opportunities Fund / INMUFP178317	61,132		8.73%		

(b.)It was observed that NSDL, as part of its daily limit monitoring identified that the combined holdings of these two FPIs belonging to the following three different investor groups resulted in the breach of investment limit in LFL. Details of investor groups mentioned by NSDL in its emails to SEBI are as follows:

Table 2: Grouping mentioned by NSDL in its email dated May 29, 2024

Name of the FPI Group	NSDL assigned Group ID	SEBI Reg. No.	Old Registration Number (If Any)	Name of FPI
BAO VALUE FUND	N1001548	INMUFP073116	20111162	BAO Value Fund
BAO VALUE FUND	N1001548	INMUFP178317	20090600	Sparrow Asia Diversified Opportunities Fund

Table 3: Grouping mentioned by NSDL in its email dated May 30, 2024

Name of the FPI Group	NSDL assigned Group ID	SEBI Reg. No.	Old Registration Number (If Any)	Name of FPI
BAO Ltd.	N1001222	INCPFP022622		BAO Capital Partners Ltd
BAO Ltd.	N1001222	INMUFP042423		ISquare Global PE Fund
BAO Ltd.	N1001222	INMUFP073116	20111162	BAO Value Fund
BAO Ltd.	N1001222	INMUFP178317	20090600	Sparrow Asia Diversified Opportunities Fund

Table 4: Grouping mentioned by NSDL in its email dated July 15, 2024

Name of the FPI Group	NSDL assigned Group ID	SEBI Reg. No.	Old Registration Number (If Any)	Name of FPI
Arnesta Transatlantic	N1001537	INMUFP011223		Arnesta Global Opportunities Fund PCC - Arnesta Global Fund 1
Arnesta Transatlantic	N1001537	INMUFP073116	20111162	BAO Value Fund
Arnesta Transatlantic	N1001537	INMUFP178317	20090600	Sparrow Asia Diversified Opportunities Fund



(c.) It was observed that upon enquiring the status of the above mentioned groups, ICICI Bank Ltd. vide email dated January 13, 2026 submitted that the group N1001548 was inadvertently created on May 28, 2024 and hence was de-clubbed on May 29, 2024. It was further observed that ICICI Bank Ltd. vide email dated December 19, 2024 submitted that the group N1001537 was de-clubbed on August 28, 2024 due to drop in holding of common investor below 50%. It was observed that the group N1001222 is still active. In view of the same, the following seven FPIs forming part of group N1001222 (as per NSDL email dated May 30, 2024) and as per latest available grouping information from NSDL monthly report for February 2026 was examined.

Table 5: Investor Group N1001222

Sr. No.	Name of the FPI [PAN]	FPI Registration Number	Category and Sub-Category	DDP	Total AUC as on Feb 28, 2026 (Rs. in Crore)
1.	BAO Value Fund ('BVF') [AAQCS4646H]	INMUFP073116	Category I - Appropriately Regulated Fund	ICICI	143.45
2.	Sparrow Asia Diversified Opportunities Fund ('SADOF') [AANCS3131Q]	INMUFP178317		ICICI	482.53
3.	BAO Fund AIF V.C.I.C.LTD-(B) Bao Asian Opportunities Fund ('BFAV') [AANCB0911H]	INCPFP135824		ICICI	1.60
4.	ISquare Global PE Fund ('IGPF') [AACCI4166L]	INMUFP042423		ICICI	92.04
5.	Davos International Fund ('DIF')* [AADCD7742G]	INMUFP042414		SCB	11.67 (as on Oct 31, 2025)
6.	Horizon Global VCC Growth Sub-Fund, incorporated VCC Sub-Fund ('Horizon') [AAHCH8171M]	INMUFP027725		ICICI	-
7.	BAO Capital Partners Ltd ('BCP') [AAKCB5564F]	INCPFP022622	Category I - Appropriately Regulated Investment Manager	ICICI	-

*Registration expired on November 22, 2025.

Beneficial Ownership (BO) Details:

(d.) It was observed that the Beneficial Ownership declarations as provided by the aforesaid FPIs (collectively referred to as "7 FPIs") were obtained from the respective DDPs. The details of the Beneficial Owners of the 7 FPIs on the basis of submissions made by FPIs to their DDPs are summarized below:

Table 6: BO Details

Sr. No.	Name of the FPI	Date of BO declaration	BO by Ownership	BO by Control	UBO/ SMO ¹
1	BAO Value Fund	31/08/2018	BAO Asset Managers Ltd. - 100% Management Shares BAO Group Holdings -100% through BAO Asset Managers Ltd. SMC MED Trustees (CY) Ltd. as Nominee shareholder for Valentina Katherine Agarwal - 100% through BAO Group Holdings Ltd.	Valentina Katherine Agarwal -100%	Valentina Katherine Agarwal-100%

¹Senior Managing Officer



Sr. No.	Name of the FPI	Date of BO declaration	BO by Ownership	BO by Control	UBO/ SMO ¹
		17/03/2020	BAO Asset Managers Ltd. - 100% Management Shares BAO Group Holdings Ltd. - 100% through BAO Asset Managers Ltd. Valentina Katherine Agarwal - 100% through BAO Group Holdings Ltd.	Valentina Katherine Agarwal -100%	Valentina Katherine Agarwal - 100%
		09/07/2024	Ownership: BAO Group Holding Ltd. – 100% Valentina Katherine Agarwal – 100% through BAO Group Holding Ltd. Economic Interest: Global Emerging Strategies Fund Ltd. - 99.57% Clearstream Banking SA - 68.24% through Global Emerging Strategies Fund Clearstream Holdings AG - 68.24% through Clearstream Holding SA Deutsche Borse AG - 68.24% through Clearstream Holding AG	BAO Asset Managers Ltd. - 100% BAO Group Holdings Ltd. - 100% through BAO Asset Managers Ltd. Valentina Katherine Agarwal - 100% through BAO Group Holding Ltd.	Valentina Katherine Agarwal - 100%
2	Sparrow Asia Diversified Opportunities Fund	10/10/2018	Sparrow Investment Managers Ltd. - 100% Sanlam Trustees International Ltd. as trustees of Semper and Meliora trust - 100% through Sparrow Investment Managers Ltd.	No individual who exercises control through other means including, right to appoint majority of directors or to control management or policy decisions	1. Junaid Udhin (SMO) 2. Beejaye Ramchurn (SMO)
		12/05/2020	Global Emerging Opportunities Fund Ltd. – 97.02% Clearstream Banking S.A – 55.67% through Global Emerging Opportunities Fund Ltd.	Not Provided	Not Provided
		09/07/2024	Ownership: Sanlam Trustees International Ltd. as trustees of Semper and Meliora trust – 100% Valentina Katherine Agarwal – 50% through Sanlam Trustees International Ltd. Nikita Kiran Agarwal – 50% through Sanlam Trustees International Ltd. Economic Interest: Global Emerging Opportunities Fund Ltd. - 95.66% Clearstream Banking SA – 95.28% through Global Emerging Strategies Fund Clearstream Holdings AG - 95.28% through Clearstream Holding SA Deutsche Borse AG - 95.28% through Clearstream Holding AG	Sparrow Investment Managers Ltd. - 100% Valentina Katherine Agarwal - 50% through Sparrow Investment Managers Ltd. Nikita Kiran Agarwal - 50% through Sparrow Investment Managers Ltd.	Valentina Katherine Agarwal - 50% Nikita Kiran Agarwal - 50%
3	Davos International Fund	25/09/2018	BAO Asset Managers Ltd. - 100% Management Shares BAO Group Holdings -100% through BAO Asset Managers Ltd. SMC MED Trustees (CY) Ltd. as Nominee shareholder for Valentina Katherine Agarwal - 100% through BAO Group Holdings Ltd.	Valentina Katherine Agarwal -100%	Valentina Katherine Agarwal- 100%
		11/03/2024	Ownership: BAO Group Holding Ltd. – 100% Valentina Agarwal – 100% through BAO Group Holding Ltd. Economic Interest: Global Emerging Strategies Fund Ltd. - 96.42%	BAO Asset Managers Ltd. - 100% BAO Group Holding Ltd.- 100% through BAO Asset Managers Ltd.	Valentina Katherine Agarwal- 100%



Sr. No.	Name of the FPI	Date of BO declaration	BO by Ownership	BO by Control	UBO/ SMO ¹
			Clearstream Banking S.A. - 65.27% through Global Emerging Strategies Fund Ltd. Clearstream Holding AG - 65.27% through Clearstream Banking S.A Deutsche Börse AG - 65.27% through Clearstream Holding AG	Valentina Katherine Agarwal - 100% through BAO Group Holding Ltd.	
4	ISquare Global PE Fund	15/06/2023	No entity holding more =>10% of the ownership/entitlement	BAO Asset Managers Ltd. - 100% BAO Group Holdings Ltd. - 100% through BAO Asset Managers Ltd. Valentine Katherine Agarwal - 100% through BAO Group Holdings Ltd.	Valentine Katherine Agarwal - 100%
5	BAO Capital Partners Ltd.	14/02/2022	No entity holding more =>10% of the ownership/entitlement	BAO Group Holdings Ltd. - 100% Valentine Katherine Agarwal - 100% through BAO Group Holdings Ltd.	Valentine Katherine Agarwal - 100%
6	BAO Fund AIF V.C.I.C. LTD-(B) Bao Asian Opportunities Fund	21/10/2024	BAO Group Holdings Ltd. - 100% Valentina Katherine Agarwal - 100% through BAO Group Holdings Ltd.	BAO Capital Partners Limited - 100% Valentina Katherine Agarwal - 100% through BAO Capital Partners Limited	Valentina Katherine Agarwal - 100%
7	Horizon Global VCC Growth Sub-Fund, incorporated VCC Sub-Fund	11/03/2025	Sanlam Trustees International Ltd. – 100% Valentina Katherine Agarwal – 50% through Sanlam Trustees International Ltd. Nikita Kiran Agarwal – 50% through Sanlam Trustees International Ltd.	Sparrow Investment Managers Ltd. - 100% Sanlam Trustees International Ltd. – through Sparrow Investment Managers Ltd. Valentina Katherine Agarwal - 50% through Sanlam Trustees International Ltd. Nikita Kiran Agarwal - 50% through Sanlam Trustees International Ltd.	Valentina Katherine Agarwal - 50% Nikita Kiran Agarwal - 50%

Effective Date of Grouping:

(e.)Based on the grouping declarations dated February 28, 2025, Horizon Global VCC Growth Sub-Fund, incorporated VCC Sub-Fund's CAF dated March 11, 2025 and email from ICICI Bank dated January 13, 2026, following are the effective dates of grouping for the 7 FPIs.



Table 7: Effective Date of Grouping

Sr. No.	FPI Name / Reg Date	SEBI Reg. No.	Effective Date of Grouping
1	Davos International Fund ('DIF') (November 14, 2014)	INMUFP042414	March 18, 2016
2	Bao Value Fund ('BVF') (March 18, 2016)	INMUFP073116	March 18, 2016
3	Sparrow Asia Diversified Opportunities Fund ('SADOF') (July 26, 2017)	INMUFP178317	July 26, 2017
4	BAO Capital Partners Ltd ('BCP') (February 23, 2022)	INCPFP022622	February 23, 2022
5	ISquare Global PE Fund ('IGPF') (July 06, 2023)	INMUFP042423	July 06, 2023
6	BAO Fund AIF V.C.I.C.LTD-(B) Bao Asian Opportunities Fund ('BFAV') (December 10, 2024)	INCPFP135824	December 10, 2024
7	Horizon Global VCC Growth Sub-Fund, incorporated VCC Sub-Fund (March 12, 2025)	INMUFP027725	March 12, 2025

Alleged delayed/incorrect intimation of Investor Grouping and BO:

Noticee 1:

(f.) It was observed from Noticee 1's declaration dated July 09, 2024 that Global Emerging Strategies Fund Ltd. ('GESF') is an economic interest holder (99.57%) in Noticee 1 and DDP (ICICI Bank) has clarified vide email that GESF was an economic interest holder in Noticee 1 since May 29, 2013. However, the same was not disclosed in Noticee 1's earlier declarations dated August 31, 2018 and March 17, 2020. It was further observed that Noticee 1 in its declarations dated February 08, 2019 and February 16, 2023 which were submitted at the time of renewal of its registration declared that there was no direct or indirect change in beneficial ownership. However, as observed above, there was an update/correction required in BO information pertaining to GESF being an economic interest holder.

(g.) In view of the above, it was alleged that Noticee 1 had submitted incorrect BO information vide declarations dated August 31, 2018, February 08, 2019, March 17, 2020 and February 16, 2023 and thereby, violated the provisions of regulations 22(1)(a), 22(1)(b), 23 of FPI Regulations, 2019 read with clause 4 under Part A of SEBI Circular dated May 30, 2024 and clauses 2, 5 and 6 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2019 and regulations 23(1)(a), 23(1)(b), 24 read with clauses 2, 5 and 6 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2014 read with regulation 45 of FPI Regulations, 2019.

(h.) Details of effective dates for clubbing of Noticee 1 with other FPIs and respective intimation dates, as observed from its declarations dated July 09, 2024 and February 28, 2025, are as follows:



Table 8

FPI Name / Reg. Date	FPI to be clubbed / Reg. Date	Effective Date of Grouping	Intimation Date	Period since effective date (in years and months approx.)
BAO Value Fund (18/03/2016)	Davos International Fund (14/11/2014)	18/03/2016	28/02/2025	8 years 11 months
	BAO Capital Partners Ltd (23/02/2022)	23/02/2022	09/07/2024	2 years 4 months
	Sparrow Asia Diversified Opportunities Fund (26/07/2017)	26/07/2017	09/07/2024	6 years 11 months
	ISquare Global PE Fund (06/07/2023)	06/07/2023	09/07/2024	1 year
	BAO Fund AIF V.C.I.C.LTD-(B) Bao Asian Opportunities Fund (10/12/2024)	10/12/2024	28/02/2025	2 months
	Horizon Global VCC Growth Sub-Fund, incorporated VCC Sub-Fund (12/03/2025)	12/03/2025	Not informed	-

(i.) From the above table, it was observed that Noticee 1 had made delayed intimation of its grouping with other FPIs and has not informed its grouping with Horizon Global VCC Growth Sub-Fund, incorporated VCC Sub-Fund. Further, in its declaration dated July 09, 2024, it disclosed details of its investor group with the rest of the FPIs but excluded Davos International Fund and BAO Fund AIF V.C.I.C.LTD-(B) Bao Asian Opportunities Fund. It was alleged that only after SEBI brought attention to this exclusion vide email dated February 07, 2025, Noticee 1 submitted a revised declaration dated February 28, 2025 consisting additional names of Davos International Fund and BAO Fund AIF V.C.I.C.LTD-(B) Bao Asian Opportunities Fund.

(j.) Furthermore, it was observed from its declarations dated August 31, 2018, February 08, 2019 (at the time of renewal) and February 16, 2023 (at the time of renewal) that the Noticee 1 declared no change in information previously submitted to the DDP. However, as observed above, there was a change related to its grouping with other FPIs.

(k.) In view of the above, it was alleged that on account of delay/non-intimation of change in investor grouping to SEBI and/or DDP within prescribed timelines, Noticee 1 had violated the provisions of regulations 22(1)(a), 22(1)(c), 22(5) and 23 of FPI Regulations, 2019 read with clause 14(i) under Part A of SEBI Circular dated May 30, 2024 as modified by para 3.1 of SEBI Circular dated June 05, 2024 and clauses 2 and 5 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2019 and regulations 23(1)(a), 23(1)(c) and 24 of FPI Regulations, 2014 and clauses 2 and 5 of Code of Conduct as specified in Third Schedule of



FPI Regulations, 2014 read with regulation 45 of FPI Regulations, 2019. It was further alleged that by submitting incorrect statement on material change regarding investor grouping in its declarations dated August 31, 2018, February 08, 2019, February 16, 2023 and July 09, 2024, Noticee 1 had violated the provisions of regulations 22(1)(a), 22(1)(b) and 23 read with clause 4 under Part A of SEBI Circular dated May 30, 2024 and clauses 2, 5 and 6 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2019 and regulations 23(1)(a), 23(1)(b) and 24 read with Clauses 2, 5, 6 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2014 read with regulation 45 of FPI Regulations, 2019. It was also alleged that by failing to ensure that accurate details regarding its investor group are maintained with DDP at all times, Noticee 1 had failed to comply with the provisions of regulations 22(1)(a), 22(1)(l) and 23 of FPI Regulations, 2019 and clauses 2 and 5 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2019.

Noticee 2

(l.)Details of effective dates for clubbing of Noticee 2 with other FPIs and respective intimation dates, as observed from its declarations dated July 09, 2024 and February 28, 2025 are as follows:

Table 9

FPI Name / Reg. Date	FPI to be clubbed / Reg. Date	Effective Date of Grouping	Intimation Date	Period since effective date (in years and months approx.)
<i>Sparrow Asia Diversified Opportunities Fund (26/07/2017)</i>	<i>Davos International Fund (14/11/2014)</i>	<i>11/04/2022</i>	<i>28/02/2025</i>	<i>2 years 10 months</i>
	<i>BAO Capital Partners Ltd (23/02/2022)</i>	<i>11/04/2022</i>	<i>09/07/2024</i>	<i>2 years 2 months</i>
	<i>BAO Value Fund (18/03/2016)</i>	<i>26/07/2017</i>	<i>09/07/2024</i>	<i>6 years 11 months</i>
	<i>ISquare Global PE Fund (06/07/2023)</i>	<i>06/07/2023</i>	<i>09/07/2024</i>	<i>1 year</i>
	<i>BAO Fund AIF V.C.I.C.LTD-(B) Bao Asian Opportunities Fund (10/12/2024)</i>	<i>10/12/2024</i>	<i>28/02/2025</i>	<i>2 months</i>
	<i>Horizon Global VCC Growth Sub-Fund, incorporated VCC Sub-Fund (Horizon) (12/03/2025)</i>	<i>12/03/2025</i>	<i>Not informed</i>	<i>-</i>

(m.)It was observed from the above table that Noticee 2 delayed intimation of its grouping with other FPIs and had not informed of its grouping with Horizon. Further, at the time of its renewal and KYC review in 2020, it submitted declaration



dated May 12, 2020 wherein it, inter alia, had mentioned that there is no material change in information previously submitted to the DDP. However, as observed above, there was an update/correction required in investor grouping. Furthermore, it was observed from its declaration dated July 09, 2024 that it had excluded the name of Noticee 3 from the list of FPIs with whom it shall be grouped with.

(n.) In view of the above, it was alleged that by delayed/non-intimation of change in investor grouping to SEBI and/or DDP within prescribed timelines, Noticee 2 had failed to comply with the provisions of regulations 22(1)(a), 22(1)(c), 22(5), 23 of FPI Regulations, 2019 read with clause 14(i) under Part A of SEBI Circular dated May 30, 2024 as modified by para 3.1 of SEBI Circular dated June 05, 2024 and clauses 2 and 5 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2019 and regulation 23(1)(a), 23(1)(c), 24 of FPI Regulations, 2014 and clauses 2 and 5 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2014 read with regulation 45 of FPI Regulations, 2019. It was further alleged that by submitting incorrect statement on material change regarding investor grouping in its declarations dated May 12, 2020 and July 09, 2024, Noticee 2 had failed to comply with the provisions of regulations 22(1)(a), 22(1)(b), 23 read with clause 4 under Part A of SEBI Circular dated May 30, 2024 and clauses 2, 5 and 6 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2019. It was also alleged that by failing to ensure that accurate details regarding its investor group are maintained with DDP at all times, Noticee 2 had failed to comply with the provisions of regulations 22(1)(a), 22(1)(l), 23 of FPI Regulations, 2019 and clauses 2 and 5 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2019.

Noticee 3:

(o.) It was observed from the details of disclosures that GESF is an economic interest holder (96.42%) in Noticee 3. However, the same was not disclosed in its BO declaration dated September 25, 2018. Further, it was incorrectly submitted in its declarations dated September 06, 2019 and November 04, 2022, at the time of renewal of registration that there was no change in material information previously submitted and there was no direct or indirect change in beneficial ownership. However, as observed above, there was an update/correction required in BO information pertaining to GESF being an economic interest holder.

(p.) In view of the above, it was alleged that by submitting incorrect BO information vide declarations dated September 25, 2018, September 06, 2019 and November 04, 2022, Noticee 3 had failed to comply with the provisions of regulations 22(1)(a), 22(1)(b), 23 read with clause 4 under Part A of SEBI Circular dated May 30, 2024 and clauses 2, 5 and 6 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2019 and regulations 23(1)(a), 23(1)(b), 24 read with clauses 2, 5 and 6 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2014 read with regulation 45 of FPI Regulations, 2019.



(q.)Details of effective dates for clubbing of Noticee 3 with other FPIs as observed from Noticee 3's declaration dated September 25, 2018 and grouping declarations dated February 28, 2025 from other FPIs are as follows:

Table 10

FPI Name / Reg. No.	FPI to be clubbed / Reg. No.	Effective Date of Grouping	Intimation Date	Period since effective date (in years and months approx.)
Davos International Fund (14/11/2014)	BAO Value Fund (18/03/2016)	18/03/2016	25/09/2018	2 years 6 months
	BAO Capital Partners Ltd (23/02/2022)	23/02/2022	Not informed	-
	Sparrow Asia Diversified Opportunities Fund (26/07/2017)	11/04/2022	Not informed	-
	ISquare Global PE Fund (06/07/2023)	06/07/2023	Not informed	-
	BAO Fund AIF V.C.I.C.LTD-(B) Bao Asian Opportunities Fund (10/12/2024)	10/12/2024	Not informed	-
	Horizon Global VCC Growth Sub-Fund, incorporated VCC Sub-Fund (12/03/2025)	12/03/2025	Not informed	-

(r.)It was observed that in its BO declaration dated September 25, 2018, Noticee 3 had informed new investor grouping with Noticee 1 with effect from September 25, 2018. However, as noticed from Noticee 1's grouping declaration dated February 28, 2025, the effective date of grouping of Noticee 3 with Noticee 1 is March 18, 2016. It had also failed to informed its grouping information with the remaining FPIs. It was further observed that at the time of its renewal in the year 2022, Noticee 3 had declared vide letter dated November 04, 2022 that there is no change in information previously submitted to DDP. However, as observed above, there was change in information related to its grouping with other FPIs.

(s.)In view of the above, it was alleged that by delayed/non-intimation of change in investor grouping to SEBI and/or DDP within prescribed timelines, Noticee 3 had failed to comply with the provisions of regulations 22(1)(a), 22(1)(c), 22(5), 23 of FPI Regulations, 2019 read with clause 14(i) under Part A of SEBI Circular dated May 30, 2024 as modified by para 3.1 of SEBI Circular dated June 05, 2024 and clauses 2 and 5 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2019 and regulations 23(1)(a), 23(1)(c), 24 of FPI Regulations, 2014 and clauses 2 and 5 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2014 read with regulation 45 of FPI Regulations, 2019. It was further alleged that by submitting incorrect statement on material change regarding investor grouping in its declarations dated September 25, 2018 and November 04, 2022, Noticee 3 had failed to comply with the provisions of regulations 22(1)(a), 22(1)(b), 23 read with clause 4 under Part A of SEBI Circular dated May 30, 2024 and clauses 2, 5 and 6 of Code of Conduct as specified in Third Schedule of FPI



Regulations, 2019 and regulations 23(1)(a), 23(1)(b), 24 read with clauses 2, 5 and 6 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2014 read with regulation 45 of FPI Regulations, 2019. It was also alleged that by failing to ensure that accurate details regarding its investor group are maintained with DDP at all times, Noticee 3 had failed to comply with the provisions of regulations 22(1)(a), 22(1)(l), 23 of FPI Regulations, 2019 and clauses 2 and 5 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2019.

Alleged breach of investment limits:

(t.) Regulation 21(7) read with regulation 23(3) under erstwhile FPI Regulations, 2014 stated that purchase of equity shares of each company by a single FPI or an investor group shall be below 10% of the total issued capital of the company. Upon repealing FPI Regulations, 2014, regulation 20(7) read with regulation 22(3) under FPI Regulations, 2019, inter alia, state that purchase of equity shares of each company by a single FPI including its investor group shall be below 10% of the total paid-up equity capital on a fully diluted basis of the company. Further, in case of breach, the FPI shall divest the excess holding within 5 trading days, failing which the entire investment in the company by the FPI and its investor group shall be considered as FDI as per procedure specified by SEBI and the FPI and its investor group shall not make further portfolio investment in that company under FPI Regulations, 2019. In this regard, SEBI vide para 17 under part C of SEBI Circular dated May 30, 2024 [modified later by SEBI Circular SEBI/HO/AFD/AFD-POD-3/P/CIR/2024/152 dated November 11, 2024] mentioned that in case an FPI (along with its investor group) reaches 10% or more paid up equity capital of a company on fully diluted basis and intends to reclassify its FPI holdings as FDI then it shall follow extant FEMA Rules and circulars issued thereunder in this regard. RBI vide notification dated November 11, 2024 [RBI/2024-25/90 - A.P. (DIR Series) Circular No. 19] prescribed detailed operational framework for reclassification of FPI to FDI.

(u.) It was observed from the preceding paragraphs that the 7 FPIs were required to be clubbed as investor group from as early as March 18, 2016. However, the FPIs did not provide their grouping related information within prescribed timelines thereby leading to delay in monitoring of the combined investment limits of the investor group by NSDL. In view of the same, vide emails dated April 22, 2025 and June 10, 2025, NSDL was advised to provide day-wise computation of combined holdings of the above FPIs in each scrip with respective paid-up capital/total dematerialized quantity from January 01, 2016 till May 31, 2025 to identify breach, if any, exceeding the prescribed limit of 10% of the total paid-up equity capital of a company on a fully diluted basis. Upon analysis of the information received from NSDL, it was observed that the investment limit was breached due to investments by 3 FPIs – Noticees 1 to 3 in the following companies:



Table 11

Sr. No.	Name of the company/ Date of transaction	Noticee 1 (Qty. of shares)	Noticee 3 (Qty. of shares)	Noticee 2 (Qty. of shares)	Combined Holdings of Investor Group	Paid up share capital (diluted)	% of diluted paid up capital	Period of Breach (days)
A	Alchemist Realty Limited (INE646D01024)							
	01-Jan-2016	15,43,249	-	-	15,43,249	7,41,01,000	2.08%	Effective grouping date for BVF and DIF is Mar 18, 2016 3415 days viz. more than 9 years and 4 months
	21-Oct-2016	-	70,13,283	-	85,56,532	7,41,01,000	11.54%	
	20-Jan-2017	-	-	-	85,56,532	7,41,01,000	11.54%	
	04-Feb-2020	-	(99)	-	85,56,433	7,41,01,000	11.54%	
	05-Feb-2020	-	(52)	-	85,56,381	7,41,01,000	11.54%	
	06-Feb-2020	-	(46)	-	85,56,335	7,41,01,000	11.54%	
	11-Feb-2020	-	(41)	-	85,56,294	7,41,01,000	11.54%	
	12-Feb-2020	-	(51)	-	85,56,243	7,41,01,000	11.54%	
	14-Feb-2020	-	(102)	-	85,56,141	7,41,01,000	11.54%	
	23-Feb-2021	-	-	6,81,379	92,37,520	7,41,01,000	12.46%	
	26-Feb-2026	-	Write off*	-	22,24,628	7,41,01,000	3.00%	
B	Lerthai Finance Limited (INE347D01011)							
	27-Aug-2018	-	-	29,226	29,226	7,00,000	4.17%	Effective grouping date for BVF and SADO is Jul 26, 2017 2308 days viz. nearly 6 years and 3 months
	28-Aug-2018	-	-	14,250	43,476	7,00,000	6.21%	
	17-Oct-2018	45,600	-	-	89,076	7,00,000	12.72%	
	17-Oct-2018	-	-	3,960	93,036	7,00,000	13.29%	
	11-Dec-2018	-	-	4,567	97,603	7,00,000	13.94%	
	13-Dec-2018	-	-	5,300	1,02,903	7,00,000	14.70%	
	13-Dec-2018	6,000	-	-	1,08,903	7,00,000	15.55%	
	18-Dec-2018	-	-	3,829	1,12,732	7,00,000	16.10%	
	11-Apr-2022	-	-	-	1,12,732	7,00,000	16.10%	
	29-Jan-2025	(500)	-	-	1,12,232	7,00,000	16.03%	
	03-Feb-2025	(36,100)	-	-	76,132	7,00,000	10.87%	
	06-Feb-2025	(223)	-	-	75,909	7,00,000	10.84%	
	07-Feb-2025	(38)	-	-	75,871	7,00,000	10.83%	
	10-Feb-2025	(11,190)	-	-	64,681	7,00,000	9.24%	
C	Sampann Utpadan India Limited (INE735M01018)							
	21-Oct-2016	-	29,29,449	-	29,29,449	4,06,10,000	7.21%	Effective grouping date for BVF and DIF is Mar 18, 2016



Sr. No.	Name of the company/ Date of transaction	Noticee 1 (Qty. of shares)	Noticee 3 (Qty. of shares)	Noticee 2 (Qty. of shares)	Combined Holdings of Investor Group	Paid up share capital (diluted)	% of diluted paid up capital	Period of Breach (days)
	21-Jun-2021	20,26,404	-	-	49,55,853	4,06,10,000	12.20%	1344 days viz. more than 3 years and 8 months
	16-Feb-2023	(10)	-	-	49,55,843	4,06,10,000	12.20%	
	24-Feb-2025	-	(9,50,000)	-	40,05,843	4,06,10,000	9.86%	

*Standard Chartered Bank (DDP of Noticee 3) has confirmed vide email dated Feb 26, 2026 that the write-off has been completed upon receiving necessary instructions from Noticee 3. It has provided a copy of the holding statement reflecting zero holdings as on Feb 26, 2026.

(v.) Meanwhile, ICICI Bank Ltd. (Custodian) vide email dated September 11, 2024 informed that as the two FPIs (Noticees 1 and 2) were not able to liquidate the excess holdings within the specified period of 5 trading days, they have informed the FPIs to open separate demat accounts for converting their FPI investments to FDI as provided under the second proviso of regulations 20(7) of FPI Regulations, 2019. Accordingly, new FDI demat accounts were opened on July 31, 2024 and later their holdings of the company, 'Lerthai Finance Limited' were also transferred to the FDI Demat account and the same was informed to the issuer and FPI on August 02, 2024. It was observed that regulations 20(7) and 22(3) under FPI Regulations, 2019 provided an enabling provision to reclassify investments from FPI to FDI, however, no operational procedure for the same was specified until above mentioned SEBI and RBI circulars dated November 11, 2024. In view of the same, SEBI vide email dated September 24, 2024 sought clarifications on the following:

"How the treatment of investments by the Investor group (Noticees 1 and 2) as FDI is in compliance with FEMA (NDI) Rules, 2019? and How the Off market transfer of shares from the respective FPI accounts to the new Demat account was permitted by the Custodian?"

(w.) In response to the above email from SEBI, the Custodian vide email dated October 16, 2024 informed that it had reversed the above transaction, by transferring the securities back to the respective FPI accounts and, that the FPIs intend to liquidate the excess securities to ensure compliance with the investment limits under SEBI Regulations. Nonetheless, following is observed from aforementioned table:

- (i.) Noticees 1 to 3 together held in the range of 11.54% to 12.46% of the diluted paid up share capital in the company 'Alchemist Realty Limited' for a period of 3,415 days (i.e., more than 9 years and 4 months) from October 21, 2016 till February 25, 2026.
- (ii.) Noticees 1 and 2 held in the range of 10.83% to 16.10% of the diluted paid up share capital in the company 'Lerthai Finance Limited' for a period of 2,308 days (i.e., nearly 6 years and 3 months) from October 17, 2018 till February 09, 2025.



- (iii.) Noticees 1 and 3 together held 12.20% of the diluted paid up share capital in the company 'Sampann Utpadan India Limited' for a period of 1,344 days (i.e., more than 3 years and 8 months) from June 21, 2021 till February 23, 2025.
- (x.) In view of the above, it was alleged that by purchasing equity shares in excess of 10% of diluted paid-up equity capital of Alchemist Realty Ltd. and by failing to divest within five trading days from the date of settlement of trades causing the breach, 3 FPIs – Noticees 1 to 3 had failed to comply with the provisions of regulations 20(7), 22(3), 23 of FPI Regulations, 2019 and clauses 2 and 5 of Code of Conduct under Third Schedule of FPI Regulations, 2019 and regulations 21(7), 24 of FPI Regulations, 2014 and clauses 2 and 5 of Code of Conduct under Third Schedule of FPI Regulations, 2014 read with regulation 45 of FPI Regulations, 2019.
- (y.) It was further alleged that by purchasing equity shares in excess of 10% of diluted paid-up equity capital of Lerthai Finance Ltd. and by failing to divest within five trading days from the date of settlement of trades causing the breach, 2 FPIs - Noticees 1 and 2 had failed to comply with the provisions of regulations 20(7), 22(3), 23 of FPI Regulations, 2019 and clauses 2 and 5 of Code of Conduct under Third Schedule of FPI Regulations, 2019 and regulations 21(7), 24 of FPI Regulations, 2014 and clauses 2 and 5 of Code of Conduct under Third Schedule of FPI Regulations, 2014 read with regulation 45 of FPI Regulations, 2019.
- (z.) It was also alleged that by purchasing equity shares in excess of 10% of diluted paid-up equity capital of Sampann Utpadan India Ltd. and by failing to divest within five trading days from the date of settlement of trades causing the breach, 2 FPIs – Noticees 1 and 3 had failed to comply with the provisions of regulations 20(7), 22(3), 23 of FPI Regulations, 2019 and clauses 2 and 5 of Code of Conduct under Third Schedule of FPI Regulations, 2019.
6. The SCN was duly served upon Noticees in consonance with the Rules. Vide email dated July 08, 2026, authorized representative (AR) of Noticees, Ms. Anjali Dhoot (i/b. Rajani Associates) requested inspection of documents which was granted on July 13, 2026. Thereafter, as requested vide email dated July 15, 2026, complete copy of NSDL emails dated May 29, 2024, May 30, 2024 and July 15, 2024, were provided to ARs of Noticees vide email dated July 16, 2026. They were also advised to submit the reply, if any, by August 10, 2026 which was extended to August 17, 2026 at the request of ARs. Vide letter dated August 17, 2026, ARs submitted the replies. Subsequently, an opportunity of hearing was granted to Noticees on August 27, 2026 which was adjourned to September 11, 2026 at the request of ARs. The hearing was attended by Mr. Abishek Venkataraman assisted by Ms. Anjali Dhoot (i/b. Rajani



Associates). During the hearing, ARs reiterated the submissions made vide letter dated August 17, 2026 and sought time until September 21, 2026, to file further submissions which was submitted vide email dated September 21, 2026. During the hearing, the AR of Noticees, *inter alia*, also contended that section 15A(a) of the SEBI Act would not be applicable in the facts of the present case since the said provision pertains to failure to furnish documents, return or report to the SEBI, whereas the disclosures/declarations in question in the present matter were primarily required to be made to the DDP under the FPI regulatory framework. The relevant extracts of submissions made vide letter dated August 17, 2026 and September 21, 2026 are reproduced below:

Relevant extracts of submissions made vide letter dated August 17, 2026

The SCN does not establish that Noticees constituted the same investor group

- (a.) *SCN is vague, arbitrary and not maintainable;*
- (b.) *The SCN proceeds on the basis that BAO Value Fund, Davos International Fund and Sparrow Asia Diversified Opportunities Fund were required to be treated as part of the same investor group and that their investments were consequently required to be clubbed. The said proposition, however, has to be examined with reference to the requirements of regulation 22(3) of the FPI Regulations, 2019. The mere existence of an economic interest at some level in an investment structure does not, by itself, establish common ownership or control. It is a well-established fact that economic interest is different from ownership and control. This distinction is particularly important in the present case. The Designated Depository Participant ("DDP") identified Clearstream Banking S.A. ("Clearstream") as a common investor in Global Emerging Strategies Fund ("GESF") and Global Emerging Opportunities Fund ("GEOF"), each of which was, in turn, an investor in Noticees;*
- (c.) *The documents forming part of the SCN itself describe Clearstream as having been included/grouped on the basis of an economic interest in GESF and GESF's economic interest in Noticees; however, the economic interest in Noticees does not give Clearstream or GESF any ownership rights by management shares or control. The same disclosure separately identifies persons on the basis of ownership. It was submitted that the SCN does not identify any material demonstrating that Clearstream exercised any control over the affairs or investment decisions of Noticees, or that Noticees and the other FPIs were under common control in the manner contemplated by regulation 22(3) of the FPI Regulations, 2019 or whatsoever;*



The identification of alleged grouping

- (d.) The distinction becomes even more relevant from the subsequent conduct of the DDP. BAO was transferred from Standard Chartered Bank to ICICI Bank Limited ("ICICI") on April 30, 2024, while Sparrow was transferred on May 27, 2024. The DDP for Davos remained with Standard Chartered Bank. Thereafter, ICICI examined the information available to it and, upon identifying what it considered to be a common UBO, instructed NSDL to effect the clubbing. The alleged grouping was itself determined by ICICI after it became DDP, and subsequently examined by SEBI, which required DDP's to explain the basis and effective date of that determination;
- (e.) The DDP's own position was subsequently revised, including by way of de-clubbing of Arnesta, demonstrating that the grouping depended upon an assessment of the underlying factual position and was not an immutable fact. The record contains inconsistent effective dates which were subsequently corrected. SEBI cannot use a subsequently corrected date to retrospectively attribute knowledge and non-compliance to BAO;
- (f.) Before an adverse finding can be made, it would therefore be necessary to identify the particular event which is said to have resulted in the change in investor-group status, the date on which such event actually occurred, the information available to Noticees at that time and the specific disclosure/reporting obligation which Noticees were required to comply with;

Incorrect clubbing with Arnesta Transatlantic ("Arnesta")

- (g.) On July 12, 2024, ICICI created the Arnesta group comprising FPIs namely, Arnesta Global Opportunities Fund PCC- Arnesta Global Fund 1, BAO and Sparrow. SEBI thereafter specifically called upon ICICI to explain the basis on which the group had been formed, including the common owner/controller and the effective date of the grouping. SEBI also sought the date and reasons for the subsequent de-clubbing. The record relied upon by SEBI states that the alleged breach was identified in the "Arnesta Transatlantic" group following the grouping carried out by ICICI on July 12, 2024. The validity and effective date of that grouping are, as set out above, themselves are matters which require examination;
- (h.) The record shows that the DDP itself was examining the position, forming the group and thereafter explaining the basis of its decision to SEBI. ICICI stated that it had approached Arnesta for clarification concerning Clearstream's common investment and, upon not receiving the information sought, proceeded to club Arnesta with BAO and Sparrow on that basis. There is no corresponding material in the SCN establishing any control exercised by Noticees over Arnesta. More importantly, the grouping did not remain in place. ICICI subsequently recorded that



Clearstream's holding in Arnesta had reduced from 58.38% to 38.05%, with effect from July 22, 2024, and Arnesta was thereafter de-clubbed;

- (i.) On several occasions, Noticees provided appropriate explanations clarifying that holders of management shares and investors in the fund constituted distinct categories yet they wrongly clubbed with one FPI 'Arnesta Global Opportunities Fund PCC' under the Arnesta Group without any basis and supporting documents and required information to substantiate such clubbing of the two FPI funds. It was submitted that Noticees have no connection with Arnesta whatsoever. Nevertheless, owing to inadequate scrutiny and disclosure, DDP filed the data based on its own interpretation;*
- (j.) The above facts are relevant not because Noticees seek to attribute responsibility to the DDP, but because they demonstrate the manner in which the grouping was arrived at. It was a determination made on the basis of information available to the DDP and was subsequently revised when the underlying position changed. Such determination cannot, by itself, be treated as proof that Noticees had knowledge of or had failed to report, the same position at an earlier point in time;*

Investment in Lerthai

- (k.) The allegation concerning the investment in Lerthai also proceeds from the grouping referred to above. The applicable framework provides that where multiple FPIs belong to the same investor group, their holdings are to be clubbed for the purpose of applying the investment limit. The depositories are also required to monitor the aggregate investment of such FPIs on a daily basis. It was submitted that since the alleged Lerthai breach is entirely dependent upon aggregation of holdings within the alleged investor group, failure to establish the grouping necessarily undermines the 10% breach allegation under the FPI Regulations, 2019 and the SEBI Circular May 30, 2024, and June 05, 2024. There is also no suggestion in the record that Noticees sought to retain an excess investment despite being aware of a breach;*

Steps taken by Our Clients to regularise the alleged breach

- (l.) On the contrary, once the issue was identified, steps were taken for the holdings/ investment to be dealt with under the FDI route. It was submitted that DDP advised Noticees that they need to open FDI accounts, since the holdings could not be liquidated within the prescribed period of 5 days under the FPI Regulations 2019, as no buyers were available in the market. The FDI accounts were thereafter opened and the holdings transferred from the FPI demat accounts to the FDI demat accounts. The subsequent correspondence records further engagement concerning the FEMA position and the necessary reporting. These facts are relevant while considering the conduct of Noticees. There was no attempt to conceal the investment or to continue the alleged breach once the issue had been brought to the attention of the concerned parties. The position was addressed and*



steps were taken to regularize the investment by Noticees. In Noticees's submission, therefore, the existence of an investment which was allegedly found to be in excess of the prescribed limit cannot, by itself, establish a contravention by Noticees;

(m.) Nonetheless, after the DDP raised the alleged issue, Noticees made various attempts from October 2024 onwards to liquidate the shares, however, the same could only be liquidated in February 2025, as there were no buyers available in the market. It was submitted that Noticees made various attempts to rectify the alleged breach of crossing the threshold of 10% under the applicable framework;

Failure and Deficiencies on the part of DDP

(n.) DDP has miserably failed to undertake the requisite exercise and inaccurately represented the information relating to ownership, economic interest, and control. DDP ought to have identified and flagged the relevant issues in a timely manner, after proper factual verification. Noticees had limited scope to deviate from DDP's directions and accordingly followed the steps and formats prescribed by them to avoid disruption to its day-to-day operations. Reliance was placed on Part C of the Operational Guidelines for foreign portfolio investors (FPIs) and Designated Depository Participants (DDPs), which states the manner in which the investment limit is to be monitored by the DDPs for FPIs;

“1. Monitoring of investment limit at investor group level

iv. The depositories shall put in place appropriate systems, procedures and mechanisms to capture and maintain the details of FPIs belonging to the same investor group, based on the information provided by the DDPs, from time to time.

v. The depositories shall put in place appropriate systems, procedures and mechanisms to monitor the investment limit/ holdings of FPIs belonging to the same investor group.”

(o.) It was submitted that the DDP shares an equal responsibility to maintain the details of the FPIs and monitor the holdings of FPIs. The above facts are relevant not because Noticees seek to shift the responsibility to the DDP but because they show the manner in which the grouping was arrived at. It was a determination made on the basis of information available to the DDP and was subsequently revised when the underlying position changed. That determination cannot, without more, be treated as proof that Noticees had knowledge of, or had failed to report, the same position at an earlier point of time. There is a further difficulty with the effective date relied upon in the SCN. The material placed on record contains different dates for the relevant grouping. In one disclosure, BAO is shown with an effective date of July 1, 2024 and Sparrow with an effective date of April 11, 2022. The position was subsequently clarified and the correct effective date of the BAO, Sparrow clubbing, was stated to be July 26, 2017, with the earlier reference to April



11, 2022, being described as inadvertent. A revised declaration was thereafter furnished;

- (p.)The obligation to make a disclosure or report a material change can arise only when the relevant event has occurred, and the applicable obligation is attracted. If the relevant date itself was subsequently corrected, it cannot simply be assumed that Noticees were aware, years earlier, of the position subsequently adopted by the DDP. In these circumstances, before an adverse finding can be made, it would be necessary to identify the particular event which is said to have resulted in the change in investor group status, the date on which that event occurred, the information available to Noticees at that time and the specific disclosure which Noticees were required to make;
- (q.)Noticees also submitted that considerable time has elapsed between the historical events relied upon in the SCN and the commencement of the present proceedings. The delay is material in the facts of the present case. The allegations require reconstruction of historical investor structures, UBO information, economic interests, communications with custodians and DDPs and the precise basis on which an investor group was treated as having come into existence. The prejudice is therefore not merely technical. The passage of time makes it substantially more difficult to establish what information was available to the various parties at the relevant point of time and what was understood by them to be the applicable position;
- (r.)The Hon'ble Supreme Court has held that, even where a statute does not prescribe a period of limitation, a statutory power must be exercised within a reasonable period. Noticees relied upon the judgment in the matter of Adjudicating Officer, SEBI v. Bhavesh Pabari, (2019) SCC OnLine SC 294, and the principles applied by the Hon'ble Securities Appellate Tribunal in Morepen Laboratories Ltd. v. SEBI, Appeal No. 62 of 2020;
- (s.)Noticees further submitted that without prejudice to the submissions on merits and delay, even assuming that any contravention is made out, no penalty is warranted in the facts of the present case. Section 15-I of the SEBI Act uses the expression that may impose and therefore, the imposition of penalty is discretionary and not automatic. The discretion has to be exercised having regard to the factors set out in section 15-J. None of those factors warrants a penalty in the present case. On the contrary, the record shows that the investor group's position itself was examined and determined by the DDP, i.e., ICICI, was subsequently questioned by SEBI and was thereafter revised in material respects. Once the issue regarding the holdings of Lerthai was identified, steps were also taken to regularize the position;
- (t.)In these circumstances, even assuming a technical contravention, the facts do not warrant the exercise of penal discretion under section 15-I of the SEBI Act. The proceedings against Noticees ought therefore to be closed without imposition of



any monetary penalty. In view of the facts and circumstances set out hereinabove, Noticees submitted that the violation of FPI Regulations and SEBI circulars are not established.

Relevant extracts of submissions made vide letter dated September 21, 2026

- (a.)SCN does not establish any lawful basis for treating Noticees as part of the same investor group. Their principal contention is that the issue has been wrongly approached on the assumption that GESF's economic interest in the Noticees, by itself, renders GESF a common beneficial owner and consequently renders the Noticees part of the same investor group. According to the Noticees, this assumption is contrary to the statutory framework;
- (b.)It was submitted that under the 2014 FPI regime and the 2014 Operational Guidelines, the identification of a common beneficial owner was to be based on shareholding, voting rights or other forms of control in excess of 50% across FPIs. Economic interest was not the prescribed test. Therefore, the Noticees contended that under the then applicable framework, their DDP, Standard Chartered Bank, did not seek disclosure of entities having only economic interest and the Noticees understood that disclosure obligations extended to persons exercising ownership or control, not to passive economic-interest holders;
- (c.)The Noticees further submitted that the SEBI circular dated April 10, 2018 required beneficial owners to be identified as natural persons in accordance with Rule 9 of the PMLA Rules, on the basis of controlling ownership interest and control. Since GESF is not a natural person, the Noticees contend that GESF could not itself be regarded as a beneficial owner within the meaning of that circular. According to them, GESF could only have been an intermediate entity in the chain for identifying a natural person beneficial owner. It was therefore submitted that the SCN is erroneous in treating GESF's economic interest as sufficient to establish common ownership or common control under regulation 22(3);
- (d.)The Noticees emphasized that the legal position concerning "economic interest" changed only later. According to them, it was only upon the introduction of regulation 22(6) with effect from August 10, 2023 and the subsequent SEBI circular dated August 24, 2023 that the concept of economic interest was specifically introduced into the disclosure framework. They submitted that regulation 22(3), which deals with investor grouping, uses the expressions "ownership" and "control", but significantly does not use the term "economic interest". The Noticees therefore contended that economic interest is a distinct concept and cannot be retrospectively read into regulation 22(3) for prior periods;
- (e.)It was also submitted that the August 24, 2023 circular itself separately defines "economic interest", "ownership interest" and "control", thereby recognising that these are distinct concepts and not interchangeable. According to the Noticees, the SCN has failed to analyse whether the Noticees even fell within the class of



FPIs to whom the August 24, 2023 circular requiring granular disclosure on economic-interest basis would apply;

- (f.)In support of their submissions, Noticees have also relied on the observations in the Expert Committee Report;*
- (g.)The Noticees further contended that the SCN conflates materially different concepts reflected in its own tabulation, namely ownership, economic interest, control and UBO. In particular, the Noticees argued that the fact that an entity such as Clearstream or GESF may be reflected as having economic interest in an FPI does not, by itself, establish common ownership exceeding 50% or common control for the purpose of Regulation 22(3);*
- (h.)It was further submitted that the Circular prescribes materiality thresholds for identification of beneficial owners and requires such threshold to be applied first at the FPI level, followed by a look-through exercise to the material shareholder/ owner entity. Therefore, according to the Noticees, a finding that an entity has an economic interest in an FPI is not, by itself, equivalent to a finding that such entity exercises control over that FPI or has ownership interest exceeding 50%. It was contended that the SCN is required to identify the precise legal and factual basis on which the economic-interest information is said to satisfy the separate statutory requirement of common ownership / common control for investor-group purposes;*
- (i.)The Noticees submitted that this distinction is especially relevant in the case of Noticee Nos. 1 and 3, where the SCN relies upon GESF being an economic-interest holder. According to the Noticees, the allegation concerning non-disclosure of economic interest must be considered separately from the further and distinct question of whether such economic interest resulted in common ownership or common control with the other Noticees for the purposes of regulation 22(3). It was contended that regulation 22(6) uses the expression “economic interest”, whereas regulation 22(3), which has been invoked in the SCN, does not. Therefore, according to the Noticees, the statutory framework itself makes it clear that “economic interest” is distinct from “ownership” and “control”;*
- (j.)The Noticees further submitted that the SEBI Circular dated August 24, 2023 was issued specifically to obtain granular information concerning persons having ownership, economic interest or control in specified FPIs. It was contended that the said circular itself treats these as separate categories and requires a full look-through only in specified circumstances. According to the Noticees, this itself shows that the mere disclosure of an economic-interest holder cannot automatically establish an investor-group relationship;*
- (k.)It was also submitted that the August 24, 2023 Circular contemplated an independently validated mechanism through SOPs to be adopted by DDPs/ custodians in consultation with SEBI, with the objective of ensuring consistent practice across DDPs/custodians. According to the Noticees, this aspect is relevant because the regulatory architecture itself recognises the necessity of*



independent validation in specified circumstances and does not contemplate a mechanical or automatic inference merely from an economic-interest disclosure;

- (l.)The Noticees contended that the dates appearing in table 8 of the SCN are fundamentally erroneous since they are derived from subsequent information and subsequent declarations of economic interest made under a changed legal regime. According to the Noticees, declarations made after the change in law cannot render earlier declarations incorrect, nor can they be retrospectively applied to conclude that the same legal grouping existed and was required to be intimated from those earlier dates. According to the Noticees, the allegation of delay is entirely dependent upon the date on which the obligation to disclose is said to have arisen, and such obligation could not have arisen until well after August 2023, when economic interest was introduced as a criterion for the first time. It was thus contended that the date of clubbing can only be the date on which declarations were made post the August 2023 Circular and, unless the effective dates are independently established, the alleged period of delay cannot be mechanically computed;*
- (m.)The Noticees submitted that the mere appearance of an entity in a database or grouping code cannot, without examination of the underlying facts, be treated as conclusive proof of the legal relationship alleged in the SCN. According to the Noticees, the August 24, 2023 Circular itself provides for independent validation by DDPs/custodians in relation to several exemptions and prescribes a detailed SOP-based mechanism for implementation. On this basis, the Noticees submitted that the question whether two FPIs form part of the same investor group must be determined by reference to the underlying ownership/control relationship and the applicable regulatory framework, rather than merely by reference to a subsequently generated NSDL group code;*
- (n.)The Noticees further contended that the June 2024 disclosure framework concerning material changes must be applied prospectively and only upon the actual occurrence of a material change. According to them, although the SCN relies upon the framework introduced/modified on June 5, 2024, under which addition of FPI(s) to an existing or new investor group is expressly treated as a Type I material change, the seven-working-day reporting requirement under that framework is linked to the occurrence of the material change. It was submitted that such later framework does not, by itself, determine when the underlying ownership/control relationship first arose. Therefore, according to the Noticees, where SEBI alleges that an investor-group relationship existed from 2016, 2017 or any earlier period, the later classification of addition of FPIs to an investor group as a Type I material change cannot retrospectively establish the date on which the underlying relationship came into existence. It was argued that the regulatory record must first establish the actual event constituting the material change and only thereafter can the applicable reporting provision and reporting period be determined;*



- (o.) *The Noticees also submitted that the SCN relies substantially on NSDL grouping emails dated May 29, 2024, May 30, 2024 and July 15, 2024. However, the SCN itself also records that one grouping, namely group N1001548, was stated by ICICI Bank to have been created inadvertently and de-clubbed almost immediately, while another grouping involving Arnesta was also subsequently de-clubbed. According to the Noticees, this distinction is important because the SCN itself contains differing effective dates for certain groupings and thereafter revised declarations. It was contended that a revised declaration may correct or clarify a record, but cannot, without supporting evidence, conclusively establish the precise historical date on which the statutory conditions of common ownership or common control were first satisfied. According to the Noticees, these facts show that a grouping code is capable of being created, modified and subsequently withdrawn during the course of regulatory / KYC examination;*
- (p.) *The Noticees submitted that the August 24, 2023 Circular illustrates SEBI's broader regulatory approach, namely, that additional disclosure obligations arise when objectively specified criteria are met and the circular separately prescribes timelines for realignment and disclosure. The Noticees contended that the circular also provides that disclosures made under that specified framework are to be treated as material information under regulation 22(1)(c) while the relevant threshold continues to be exceeded. According to the Noticees, the structure of this framework reinforces the proposition that regulatory consequences are tied to identifiable thresholds, objective criteria and specified triggering events. They submitted that the same principle ought to apply while determining the historical effective date of an alleged investor-group relationship;*
- (q.) *The Noticees further relied upon the Operational Guidelines and submitted that the same assign specific and material due-diligence, monitoring and reassessment functions to the DDP. It was pointed out that the Operational Guidelines require every DDP to maintain adequate infrastructure, competent manpower and systems to discharge its functions, and expressly require DDPs to maintain mechanisms for reviewing, monitoring and evaluating their controls, systems, procedures and safeguards;*
- (r.) *According to the Noticees, in relation to changes in material information, the Operational Guidelines expressly provide that the DDP shall examine such material changes and reassess the eligibility of the FPI. It was further submitted that the Guidelines emphasise that upon a change of DDP/custodian, the transferee DDP may rely upon the due diligence carried out by the previous DDP. According to the Noticees, these provisions are directly relevant in the present case, since BAO and Sparrow transitioned their DDP around April/May 2024. They submitted that the regulatory framework therefore expressly contemplates an institutional process involving the DDP in the examination, due diligence, updating and reassessment of FPI information;*



- (s.) The Noticees clarified that they are not contending that the regulatory responsibility of an FPI stands extinguished by the role of the DDP. However, they submitted that the conduct of the DDP and the information available to it are highly relevant evidence in determining whether the Noticees deliberately supplied false information, knowingly suppressed a material fact, or otherwise failed to comply with the applicable regulatory requirements. According to the Noticees, where the DDP itself examined the information, created or modified investor-group classifications, sought clarification from the concerned parties and subsequently de-clubbed a group, the regulatory history demonstrates that the grouping exercise involved factual and regulatory assessment and was not necessarily self-evident from the historical ownership structure. It was submitted that this significance is heightened by the fact that the SCN itself records different group codes at different points in time, including groupings that were subsequently de-clubbed or described as having been created inadvertently. According to the Noticees, such subsequent administrative treatment reinforces the need to identify the underlying event which, according to SEBI, first resulted in common ownership exceeding 50% or common control;
- (t.) The Noticees thereafter submitted that the allegation concerning Lerthai Finance Limited is entirely consequential upon prior establishment of a valid investor-group relationship. It was contended that the alleged breach in Lerthai is founded upon aggregation of the holdings of BAO Value Fund and Sparrow, the SCN having stated that BAO held 51,600 shares (7.37%), Sparrow held 61,132 shares (8.73%) and their combined holding was 1,12,732 shares (16.10%). According to the Noticees, regulation 22(3) makes clubbing of investment limits consequential upon the existence of common ownership exceeding 50% or common control. Therefore, before the individual holdings of BAO and Sparrow can be aggregated for determining breach of the 10% investment limit, the SCN must first establish that those two entities were part of the same investor group on the relevant dates;
- (u.) In this regard, the Noticees relied specifically on the April 10, 2018 Circular and submitted that the said circular is relevant because it states that clubbing of investment limits is to follow the basis specified for identification of beneficial ownership and, in the event of a future clubbing-limit breach, prescribes the consequences including divestment within five trading days. Therefore, according to the Noticees, the alleged Lerthai breach cannot be established merely by arithmetically adding the two holdings;
- (v.) The Noticees contended that the same reasoning applies equally to the allegations pertaining to Alchemist Realty Limited and Sampann Utpadan India Limited. According to them, those alleged breaches are similarly dependent upon prior aggregation of the holdings of the relevant Noticees on the premise that they constitute a common investor group. For the reasons already submitted, including failure to apply the correct criteria for determination of beneficial ownership, the disputed effective dates and the absence of any basis for retrospectively treating



the Noticees as part of a common investor group, the aggregation of holdings for the purpose of Alchemist Realty and Sampann Utpadan is also untenable;

(w.)The Noticees further submitted that, in any event, as already stated in their earlier reply, they have taken steps to liquidate the holdings and, as on date, the Noticees collectively are below the stipulated threshold of ownership under the FPI Regulations;

(x.)According to the Noticees, none of the factors under section 15J of the SEBI Act are attracted in the facts of the present case and this obviates the necessity to impose any monetary penalty.

CONSIDERATION OF ISSUES AND FINDINGS

7. After perusal of the material on record, I note that the issues that arise for consideration in the present case are as follows:

- I. Whether Noticee 1 furnished incorrect disclosures regarding beneficial ownership, delayed or failed to inform changes in investor grouping within the prescribed timelines, submitted an incorrect statement regarding material changes in investor grouping, failed to ensure that accurate details of investor grouping were maintained with the DDP at all times and thereby violated the provisions of the FPI Regulations, 2014, the FPI Regulations, 2019 and SEBI circulars?
- II. Whether Noticee 2 delayed or failed to inform changes in investor grouping within the prescribed timelines, submitted an incorrect statement regarding material changes in investor grouping, failed to ensure that accurate details of investor grouping were maintained with the DDP at all times and thereby violated the provisions of the FPI Regulations, 2014, the FPI Regulations, 2019 and SEBI circulars?
- III. Whether Noticee 3 furnished incorrect disclosures regarding beneficial ownership, delayed or failed to inform changes in investor grouping within the prescribed timelines, submitted an incorrect statement regarding material changes in investor grouping, failed to ensure that accurate details of investor grouping were maintained with the DDP at all times and thereby violated the provisions of the FPI Regulations, 2014, the FPI Regulations, 2019 and SEBI circulars?



- IV. Whether the Noticees breached the 10% investment limit in the securities of the concerned issuers on a clubbed investor-group basis and failed to divest within the prescribed period?
 - V. Does the violation, if any, on the part of Noticees attract monetary penalty under sections 15A(a), 15A(b) and 15HB of the SEBI Act?
 - VI. If so, what would be the quantum of monetary penalty that can be imposed on Noticees after taking into consideration the factors stipulated in section 15J of the SEBI Act?
8. Before proceeding further, it is pertinent to refer the relevant provisions of law, allegedly violated by Noticees. The same are reproduced as under:

FPI Regulations, 2019

“Investment restrictions.

20.

(7) The purchase of equity shares of each company by a single foreign portfolio investor including its investor group shall be below ten per cent of the total paid-up equity capital on a fully diluted basis of the company:

Provided that where the total investment under these regulations by a foreign portfolio investor including its investor group exceeds the threshold of below ten per cent of the total paid up equity capital in a listed or to be listed company on a fully diluted basis, the foreign portfolio investor shall divest the excess holding within five trading days from the date of settlement of the trades resulting in the breach:

Provided further that in case the foreign portfolio investor fails to divest the excess holding, the entire investment in the company by such foreign portfolio investor including its investor group shall be considered as investment under the Foreign Direct Investment, as per the procedure specified by the Board and the foreign portfolio investor and its investor group shall not make further portfolio investment in that company under these regulations,

Explanation I – ‘investor group’ shall have the meaning as provided under regulation 22(3) of these regulations.

Explanation II – ‘fully diluted basis’ means the total number of shares that would be outstanding if all possible sources of conversion are exercised.”

“General obligations and responsibilities of foreign portfolio investors.

22. (1) The foreign portfolio investor shall –

(a) comply with the provisions of these regulations, as far as they may apply, circulars issued thereunder and any other terms and conditions specified by the Board from time to time;



(b) forthwith inform the Board and designated depository participant in writing, if any information or particulars previously submitted to the Board or designated depository participant are found to be false or misleading, in any material respect;

(c) forthwith inform the Board and designated depository participant in writing, if there is any material change in the information including any direct or indirect change in its structure or ownership or control, previously furnished by him to the Board or designated depository participant;

.....
(l) ensure that accurate details regarding its investor group are maintained with its designated depository participant at all times.

.....
(3) Multiple entities registered as foreign portfolio investors and directly or indirectly, having common ownership of more than fifty per cent or common control, shall be treated as part of the same investor group and the investment limits of all such entities shall be clubbed at the investment limit as applicable to a single foreign portfolio investor:

Provided that in case the limit is breached due to transaction(s) by foreign portfolio investors under these regulations, the excess holding shall be divested within five trading days from the date of settlement of the trades causing the breach.

Provided further that in case the foreign portfolio investor fails to divest the excess holding, the entire investment in the company by such foreign portfolio investors including its investor group shall be considered as investment under the Foreign Direct Investment as per the procedure specified by the Board and the foreign portfolio investor and its investor group shall not make further portfolio investment in that company under these regulations.

.....
(5) In case of any direct or indirect change in structure or common ownership or control of the foreign portfolio investor, it shall forthwith bring the same to the notice of its designated depository participant.”

“Code of conduct.

23. *A foreign portfolio investor shall, at all times, abide by the code of conduct as specified in the Third Schedule of these regulations.”*

**“THIRD SCHEDULE
CODE OF CONDUCT**

2. *A foreign portfolio investor shall, at all times, render high standards of service, exercise due diligence and independent professional judgment.*

5. *A foreign portfolio investor shall maintain an appropriate level of knowledge and competency and abide by the provisions of the Act, regulations made thereunder and the circulars and guidelines, which may be applicable and relevant to the activities carried on by it. Every foreign portfolio investor shall also comply with award of the Ombudsman and decision of the Board under Securities and Exchange Board of India (Ombudsman) Regulations, 2003.*



6. A foreign portfolio investor shall not make any untrue statement or suppress any material fact in any documents, reports or information to be furnished to the designated depository participant and/or Board.”

“Repeal, rescission and saving.

45. (1) The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 shall stand repealed.

(2) Notwithstanding such repeal–

(a) anything done or any action taken or purported to have been done or taken, including registration or approval granted, fees collected, registration or approval, suspended or cancelled, any adjudication, enquiry or investigation commenced or show-cause notice issued under the repealed regulations, shall be deemed to have been done or taken under the corresponding provisions of these regulations;

(b) a foreign portfolio investor registered under the Securities and Exchange Board of India (Foreign Portfolio Investor) Regulations, 2014 shall be re-categorised by their respective designated depository participant;

(c) any offshore derivative instrument issued under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 before the commencement of these regulations shall be deemed to have been issued under the corresponding provisions of these regulations;

(d) any application made to the Board under the repealed regulations, prior to such repeal, and pending before it shall be deemed to have been made under the corresponding provisions of these regulations; and

(e) the previous operation of the repealed regulations or anything duly done or suffered thereunder, any right, privilege, obligation or liability acquired, accrued or incurred under the repealed regulations, any penalty, incurred in respect of any violation committed against the repealed regulations, or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty as aforesaid, shall remain unaffected as if the repealed regulations has never been repealed;

(3) After the repeal of Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, any reference thereto in any other regulations made, guidelines or circulars issued thereunder by the Board shall be deemed to be a reference to the corresponding provisions of these regulations.”

FPI Regulations, 2014

“Investment restrictions.

21.

(7) The purchase of equity shares of each company by a single foreign portfolio investor or an investor group shall be below ten percent of the total issued capital of the company.”

“General obligations and responsibilities of foreign portfolio investors.

23. (1) The foreign portfolio investor shall-



(a) comply with the provisions of these regulations, as far as they may apply, circulars issued thereunder and any other terms and conditions specified by the Board from time to time;

(b) forthwith inform the Board and designated depository participant in writing, if any information or particulars previously submitted to the Board or designated depository participant are found to be false or misleading, in any material respect;

(c) forthwith inform the Board and designated depository participant in writing, if there is any material change in the information including any direct or indirect change in its structure or ownership or control, previously furnished by him to the Board or designated depository participant;”

“Code of conduct.

24. A foreign portfolio investor shall, at all times, abide by the code of conduct as specified in Third Schedule.”

**“THIRD SCHEDULE
CODE OF CONDUCT**

2. A foreign portfolio investor shall, at all times, render high standards of service, exercise due diligence and independent professional judgment.

5. A foreign portfolio investor shall maintain an appropriate level of knowledge and competency and abide by the provisions of the Act, regulations made thereunder and the circulars and guidelines, which may be applicable and relevant to the activities carried on by it. Every foreign portfolio investor shall also comply with award of the Ombudsman and decision of the Board under Securities and Exchange Board of India (Ombudsman) Regulations, 2003.

6. A foreign portfolio investor shall not make any untrue statement or suppress any material fact in any documents, reports or information to be furnished to the designated depository participant and/or Board.”

SEBI Circular dated May 30, 2024

“4. Continuance of Registration

i. FPIs who wish to continue with their registration for the subsequent block of three years, should pay the fees to their DDPs and inform change in information, if any, as submitted earlier.

ii. In case of no change in information, FPIs shall give declaration that there is no change in the information, as previously furnished.

iii. FPI shall provide the additional information, if applicable, along with supporting documents including fees for continuance of its registration at least 15 days prior to current validity of its registration in order to facilitate a smooth continuance process. FPI is required to submit a reason for delay, if any, in delayed submission of such information/fees.

iv. If DDP is in receipt of registration fees prior to validity date but the due-diligence including KYC review is not complete by the validity date due to non-submission of



information by the FPI, no further purchases may be permitted till the intimation of continuance is given by DDP.

v. Where the FPI has not paid fees for continuance of its registration, its FPI registration shall cease to be valid after the date, up to which, the last registration fees were duly paid by the FPI.

vi. An FPI cannot apply for continuance after expiry of its registration. However, if such entity intends to have FPI registration, it will have to make a fresh application for registration after surrender of its earlier FPI registration.”

“14. Change in Material Information

i. In terms of Regulation 22(1)(c), if there is any change in the material information previously furnished by the FPI to the DDP and/or SEBI, which has a bearing on the certificate granted by the DDP on behalf of the Board or relating to any direct or indirect change in its structure or ownership or control, change in regulatory status, merger, demerger or restructuring, change in category/ sub-category / structure/ jurisdiction/ name of FPI/ beneficial ownership etc, of the FPI, it shall as soon as possible but not later than seven working days inform the DDP and/or the Board in writing.”

SEBI circular dated June 05, 2024

“3.1. Para 14 of Part A stands modified as under:

“i. In terms of Regulation 22, if there is any change in the material information previously furnished by the FPI to the DDP and/or SEBI, which has a bearing on the certificate granted by the DDP on behalf of the Board, it shall inform the DDP and/or the Board in writing, in the following manner:’

a. ‘Type I’ material changes shall be informed by FPIs as soon as possible and within seven working-days of the occurrence of the change and the supporting documents (if any) shall be provided within 30 days of such change. This category shall include critical material changes that

I. render the FPI ineligible for registration

II. require FPI to seek fresh registration

III. render FPI ineligible to make fresh purchase of securities

IV. impact any privileges (e.g. QIB) available or granted to the FPI under the extant regulatory framework

V. impact any exemptions available or granted to the FPI under the extant regulatory framework

b. Accordingly, the following material changes shall be considered as ‘Type I’ material changes:

I. Change of Jurisdiction

II. Name change on account of acquisition, merger, demerger, restructuring, change of ownership/control

III. Acquisition/merger/demerger resulting in cessation of existence of FPI

IV. Restructuring of legal form/sub-category (e.g. Corporate to trust)

V. Change in regulatory status of the FPI (e.g. regulated to unregulated fund)



VI. Change in compliance status of jurisdiction of FPI/BO in terms of Regulation 4(d), 4(e) or 4(f) of the FPI Regulations, 2019

VII. Reclassification of the FPI from Category I to Category II

VIII. Addition of FPI(s) to any existing/new investor group(s)

IX. FPIs obtaining registration under Category-I on support of an Investment Manager (IM) and such IM being either removed (temporarily/permanently) or losing its Category I eligibility

X. Breach of prescribed threshold for aggregate contribution of NRIs, OCIs and RIs

XI. Any information or particulars previously submitted to the Board or DDP are found to be false or misleading, in any material respect

XII. Any penalty, pending litigation or proceedings, findings of inspections or investigations for which action may have been taken or is in the process of being taken by an overseas regulator

XIII. Changes which impact any exemption granted in terms of SEBI Circular dated August 24, 2023

XIV. Breach of any of the eligibility criteria as specified under Regulation 4 of FPI Regulations, 2019 unless the FPI has been exempted from complying with the said criteria

c. 'Type II' material changes, i.e., any material changes other than those considered as 'Type I' material changes, shall be informed and supporting documents (if any) shall be provided by FPIs as soon as possible and within 30 days of such change.

ii. The DDP shall examine all material changes informed by the FPIs and re-assess the eligibility of the FPI including requiring FPIs to seek fresh registration. However, the DDP shall mandatorily require the FPI to seek fresh registration in case of 'Type I' material changes listed at sr. no. I to VI of clause (b) of para 14(i) above.

iii. Where there is a delay in intimation of material change by the FPI to the DDP, the DDP shall, as soon as possible but not later than two working days, inform all such cases to SEBI for appropriate action, if any, along with reason for delay."

Preliminary Issues

9. Before dealing with the matter on merits, I consider it appropriate to address the preliminary issues by Noticees.

Preliminary issue raised by the Noticees regarding maintainability of the SCN

10. The Noticees submitted that the SCN is vague, arbitrary and not maintainable. In this regard, I note that the SCN sets out, in sufficient detail, the factual background, the relevant beneficial ownership declarations, the grouping declarations, the effective dates of grouping, the dates of intimation, the communications received from NSDL/DDPs, the scrip-wise analysis of the alleged breaches and the provisions



alleged to have been violated. Further, all the documents that are relevant and relied in the present proceedings were provided to the Noticees, pursuant to which the Noticees have filed a detailed reply dealing with the allegations on merits. This itself demonstrates that the Noticees were fully aware of the case they were required to meet. I also note that the Noticees have failed to identify any specific paragraph of the SCN or any particular allegation which, according to them, is vague, arbitrary or lacking in material particulars. In the absence of any such specific pleading, the objection remains bald and unsupported. I am, therefore, satisfied that adequate notice of the allegations was given and sufficient opportunity to respond was rendered to the Noticees. The said objection is accordingly rejected.

11. The Noticees also contended that considerable time has elapsed between the historical events and the present proceedings, causing prejudice in reconstruction of old structures, BO information and communications. They relied on the judgment of Hon'ble Supreme Court in the matter of *SEBI v. Bhavesh Pabari*² and the said principles applied by Hon'ble SAT in the matter of *Morepen Laboratories Ltd. v. SEBI*³ to submit that statutory power must be exercised within a reasonable period.
12. In this regard, it is pertinent to note that, in the matter of *SEBI v. Bhavesh Pabari (supra)*, the Hon'ble Supreme Court, *inter alia*, held that: "*There are judgments which hold that when the period of limitation is not prescribed, such power must be exercised within a reasonable time. What would be reasonable time, would depend upon the facts and circumstances of the case, nature of the default/statute, prejudice caused, whether the third-party rights had been created etc.*"
13. The present proceedings arise from an examination which crystallised upon the identification of grouping-related issues, the communications received from the DDPs/depositories and the subsequent analysis of the day-wise holdings of the Noticees. The alleged violations are not isolated historical acts that concluded long

² (2019) SCC Online SC 294

³ Appeal No. 62 of 2020



ago, rather, several of them are continuing in nature, including the maintenance of incorrect/incomplete investor-group information and the prolonged retention of excess holdings beyond the prescribed threshold. I note that the issue relating to breach of investment limit in Lerthai Finance Limited came to light only in 2024, following which the grouping data, declarations submitted to the DDPs, day-wise combined holdings of the Noticees in the concerned scrips and the necessary clarifications were obtained and examined. In such circumstances, the proceedings cannot be said to have been initiated after an unreasonable delay. Accordingly, I do not find the plea of delay to be tenable.

Preliminary issue raised by the Noticees regarding investor-group status

14. I shall now proceed to deal with the other preliminary issue raised by the Noticees, namely, that they were not required to be treated as part of the same investor group for the purposes of the FPI Regulations. This objection goes to the root of the matter, since the allegations relating to delayed/non-intimation of investor-group information and breach of the 10% investment limit are founded on the premise that the Noticees formed part of the same investor group.

15. Before proceeding further, it is necessary to refer to the relevant provisions concerning investor-grouping under the FPI framework.

(a.) Regulation 23(3) of the FPI Regulations, 2014 stated as under:

“In case the same set of ultimate beneficial owner(s) invest through multiple entities, such entities shall be treated as part of same investor group and the investment limits of all such entities shall be clubbed at the investment limit as applicable to a single foreign portfolio investor.”

(b.) Further, SEBI Circular No. CIR/IMD/FIIC/02/2014 dated January 08, 2014 (Operational Guidelines for Designated Depository Participants), *inter alia*, stated as under with respect to Clubbing of investment limits:

“4.2 For the purpose of ascertaining investor group, the concerned DDPs shall consider all such entities having direct or indirect common shareholding/ beneficial ownership/ beneficial interest of more than 50%, as belonging to



same investor group. The DDP shall report the details of investor group(s) to the depositories.

.....

Instructions for providing investor group information:

- *FPIs shall provide details of all entities having direct or indirect common shareholding/ beneficial ownership / beneficial interest, of more than 50%, as a part of their group, for submitting this data.*
- *The common beneficiary owner(s) shall be identified on the basis of (1) shareholding, (2) voting rights (3) any other forms of control, in excess of 50%, across FPIs, if any."*

(c.) Thereafter, regulation 23(3) of FPI Regulations, 2014 has been amended by the Securities and Exchange Board of India (Foreign Portfolio Investors) (Third Amendment) Regulations, 2018, w.e.f., December 31, 2018, as under:

"Multiple entities having common ownership, directly or indirectly, of more than fifty percent or common control shall be treated as being part of the same investor group and the investment limits of all such entities shall be clubbed at the investment limit as applicable to a single foreign portfolio investor."

(d.) Subsequently, the FPI Regulations, 2019 were notified and came into force on September 23, 2019. Regulation 22(3) of the FPI Regulations, 2019, *inter alia*, stated as under:

"Multiple entities registered as foreign portfolio investors and directly or indirectly, having common ownership of more than fifty per cent or common control, shall be treated as part of the same investor group and the investment limits of all such entities shall be clubbed at the investment limit as applicable to a single foreign portfolio investor."

16.A perusal of the aforesaid provisions shows that, both under the erstwhile FPI Regulations, 2014 as well as under the FPI Regulations, 2019, FPIs having common ownership/beneficial ownership of more than 50% or common control, were required to be treated as part of the same investor group and their investment limits were liable to be clubbed accordingly. Thus, for the purposes of determining whether the Noticees were required to be grouped together, the relevant inquiry is whether the material on record establishes such common ownership/beneficial ownership or common control in terms of the applicable regulatory framework prevailing during the relevant period.



17. The SCN alleged that Noticees 1 to 3, along with other four FPIs, were liable to be clubbed as part of the same investor group on account of common ownership/control/beneficial ownership attributes disclosed in their declarations furnished to the DDPs as referred in table 6 of para 5(d). The SCN stated that the seven FPIs forming part of investor group N1001222 were examined on the basis of BO declarations furnished to their respective DDPs. The effective dates of grouping were also identified, *inter alia*, as March 18, 2016 for Noticee 1 and Noticee 3, July 26, 2017 for Noticee 2 and later dates for the other FPIs.
18. The Noticees contended that economic interest is conceptually distinct from ownership and control and that regulation 22(3) of the FPI Regulations, 2019 contemplates clubbing only where multiple FPIs directly or indirectly have common ownership of more than fifty per cent or common control. They argued that regulation 22(3) does not employ the expression “economic interest” and, therefore, in the absence of material demonstrating common ownership or common control, the mere presence of a common economic-interest holder cannot justify clubbing of the Noticees as one investor group. In this context, the Noticees also submitted that the DDP identified Clearstream Banking S.A. (Clearstream) as a common investor in Global Emerging Strategies Fund (GESF) and Global Emerging Opportunities Fund (GEOF), which in turn were investors in the Noticees, but such economic interest did not confer ownership rights by management shares or control over the affairs or investment decisions of the Noticees. They further contended that the SCN does not identify any material demonstrating that Clearstream exercised control over the affairs or investment decisions of the Noticees or that the Noticees were under common control in the manner contemplated under the FPI Regulations.
19. The Noticees additionally submitted that even under the earlier regulatory framework, identification of common beneficial ownership was not based on economic interest and, in this regard, placed reliance on the 2014 Operational Guidelines, according to which common beneficial owner(s) were to be identified on the basis of shareholding,



voting rights or any other forms of control in excess of 50% across FPIs. It was also contended that the SEBI Circular dated April 10, 2018 required beneficial owner identification on the basis of natural persons who ultimately own or control an FPI in accordance with rule 9 of the PMLA Rules and that GESF, being not a natural person, could not itself be regarded as a beneficial owner under that framework. The Noticees therefore argued that the SCN has wrongly treated GESF's economic interest as sufficient to establish common ownership or control under regulation 22(3). In this context, Noticees have also relied on the expert committee report dated May 06, 2023 constituted by the Hon'ble Supreme Court.

20. The principal contention of the Noticees is that economic interest is distinct from ownership and control and therefore, the alleged grouping is not established. However, the said submission does not assist the Noticees' case in the facts of the present matter since the SCN does not rest upon an alleged common economic interest through GESF/GEOF/Clearstream. At this stage, it is also pertinent to note that the violation concerning economic interest in the present proceedings is confined to the alleged failure on the part of Noticees 1 and 3 to timely disclose GESF as an economic interest holder, which aspect has been separately examined in detail under Issues I and III. The present preliminary issue is confined to whether the Noticees were liable to be treated as part of the same investor group for the purposes of the FPI Regulations. In that context, the record relied upon in the SCN, particularly the beneficial ownership and grouping declarations furnished by the Noticees themselves to their DDPs as referred in table 6 of para 5(d), shows overlapping ownership/control attributes extending beyond economic-interest disclosures. In the case of Noticee 1, the declarations dated August 31, 2018, March 17, 2020 and July 09, 2024 reflect BAO Asset Managers Ltd., BAO Group Holdings Ltd. and ultimately Valentina Katherine Agarwal in the ownership/control chain. Likewise, in the case of Noticee 3, the declarations dated September 25, 2018 and March 11, 2024 similarly reflect BAO Asset Managers Ltd., BAO Group Holdings Ltd. and ultimately Valentina Katherine Agarwal in the ownership/control chain. In the case of Noticee 2, the declaration dated



July 09, 2024 disclosed Valentina Katherine Agarwal in the control field. Further, the BO details of the other FPIs forming part of group N1001222, as extracted in table 6 of para 5(d), similarly show recurring and overlapping ownership/control attributes linked to Valentina Katherine Agarwal. Thus, the evidentiary basis for grouping is not confined to an economic-interest holder but emerges from repeated commonality in ownership/control disclosures made by the Noticees/other four FPIs themselves. Accordingly, the attempt of the Noticees to portray the grouping exercise as based on the existence of economic interest through GESF/GEOF/Clearstream is contrary to the record and thus, not tenable.

21. The Noticees also placed considerable emphasis on the subsequent regulatory developments of 2023. According to them, it was only upon insertion of regulation 22(6) with effect from August 10, 2023 and the SEBI Circular dated August 24, 2023 that the concept of “economic interest” was specifically brought into the framework. They argued that the August 24, 2023 circular separately recognizes “ownership”, “economic interest” and “control” as distinct concepts and contemplates granular disclosure of such information only in specified cases. On that basis, the Noticees contended that the economic-interest based disclosure framework cannot be retrospectively applied to infer that a common investor-group relationship existed since 2016 or 2017. They further argued that the SCN contains no discussion as to whether the Noticees were even amongst the class of FPIs to whom the August 24, 2023 circular was applicable.

22. In this regard, it is noted that the additional disclosure obligations introduced through regulation 22(6) and the August 24, 2023 circular pertain to obtaining granular information in specified cases. However, the concept of clubbing/grouping of entities with common ownership or common control existed even under the earlier regime. The present grouping has been inferred not by retrospectively importing the 2023 test into the past, but by examining the ownership/control relationships that existed and



were reflected in the declarations and related material. Hence, I do not find merit in the aforesaid submissions of Noticees.

23. The Noticees additionally submitted that the effective dates of grouping relied upon in the SCN are themselves disputed and are based on subsequent declarations furnished under a changed legal regime, as well as later communications from ICICI Bank and other FPIs. According to them, subsequent declarations or revised disclosures cannot retrospectively establish the date on which the statutory conditions of common ownership or common control first came into existence. It was argued that the SCN must identify with precision: (i) the particular event on account of which common ownership exceeding 50% or common control first arose; (ii) the date on which such event occurred and (iii) the material available to the Noticees and their DDP at that time establishing such relationship. In the absence of this exercise, the Noticees contend that the effective dates adopted in the SCN and the resultant allegation of delay are unsustainable.

24. However, in the present matter, the effective dates were not adopted in a vacuum. As noted in the SCN, they were identified on the basis of grouping declarations, BO declarations, CAFs and clarifications furnished by the DDP. The relevant snapshot of declarations dated February 28, 2025 as provided by Noticees 1 and 2 to their DDP are as under:

Snapshot of declaration dated February 28, 2025 as provided by Noticee 1:

Further we have evaluated the material changes reported herein in line with the FPI regulations and we confirm that this change impacts our existing investor group/clubbing of investor groups, the details of updated investor grouping enclosed herein as annexure C. Effective date of change is as follows:

Name of FPI	FPI to be clubbed	Registration Date	Effective date of clubbing
BAO Value Fund Registration date 18/03/2016	BAO Capital Partners Ltd	23/02/2022	23/02/2022
	BAO Fund AIF V.C.I.C.LTD-(B) Bao Asian Opportunities Fund	10/12/2024	10/12/2024
	Devos International Fund	14/11/2014	18/03/2016
	iSquare Global PE Fund	06/07/2023	06/07/2023
	Sparrow Asia Diversified Opportunities Fund	26/07/2017	11/04/2022



☒ We share common ownership, directly or indirectly, of more than fifty percent or common control with other FPIs and are not exempt from SEBI FPI Regulation 22(4). Details of investor group are as below:

Sr. No.	Name of FPI/ ODI subscriber with whom the applicant shares, ownership of more than 50% or common control	If ODI subscriber, please mention the name of dealing FPI	Registration No. of FPI	Depository Participant ID	Client ID
1	BAO Capital Partners Ltd	N/A	INCPFP022622	-	-
2	BAO Fund AIF V.C.I.C.LTD-(B) Bao Asian Opportunities Fund	N/A	INCPFP135824	IN301348	20673033
3	Davos International Fund	N/A	INMUFP042414	IN301524	30042381
4	iSquare Global PE Fund	N/A	INMUFP042423	IN301348	20333404
5	Sparrow Asia Diversified Opportunities Fund	N/A	INMUFP178317	IN301348	20520594

Snapshot of declaration dated February 28, 2025 as provided by Noticee 2:

Further we have evaluated the material changes reported herein in line with the FPI regulations and we confirm that this change impacts our existing investor group/clubbing of investor groups, the details of updated investor grouping enclosed herein as annexure C. Effective date of change is as follows:

Name of FPI	FPI to be clubbed	Registration Date	Effective date of clubbing
Sparrow Asia Diversified Opportunities Fund Registration date 26/07/2017	BAO Capital Partners Ltd	23/02/2022	11/04/2022
	BAO Fund AIF V.C.I.C.LTD-(B) Bao Asian Opportunities Fund	10/12/2024	10/12/2024
	Davos International Fund	14/11/2014	11.04.2022
	iSquare Global PE Fund	06/07/2023	06/07/2023
	BAO Value Fund	18/03/2016	11/04/2022

☒ We share common ownership, directly or indirectly, of more than fifty percent or common control with other FPIs and are not exempt from SEBI FPI Regulation 22(4). Details of investor group are as below:

Sr. No.	Name of FPI/ ODI subscriber with whom the applicant shares, ownership of more than 50% or common control	If ODI subscriber, please mention the name of dealing FPI	Registration No. of FPI	Depository Participant ID	Client ID
1	BAO Capital Partners Ltd	N/A	INCPFP022622	-	-
2	BAO Fund AIF V.C.I.C.LTD-(B) Bao Asian Opportunities Fund	N/A	INCPFP135824	IN301348	20673033
3	BAO Value Fund	N/A	INMUFP073116	IN301348	20504439
4	Davos International Fund	N/A	INMUFP042414	IN301524	30042381
5	iSquare Global PE Fund	N/A	INMUFP042423	IN301348	20333404

25. More importantly, the Noticees have not placed on record any contemporaneous material showing that the ownership/control relationships reflected in their later declarations came into existence only on the later dates of declaration and not earlier.



Their challenge is essentially to the inference drawn from the record, but they have not offered any alternative factual explanation supported by contemporaneous documents to rebut the dates emerging from the declarations and the corresponding ownership/control structure. Hence, the plea of Noticees in this regard is not tenable.

26. The Noticees have also contended that the alleged grouping was itself determined by ICICI after it became DDP for Noticees 1 and 2 and was thereafter examined by SEBI, which sought explanation regarding the basis and effective dates of such grouping. According to the Noticees, the DDP's own position was subsequently revised, including by de-clubbing Arnesta, thereby demonstrating that the grouping depended upon assessment of the underlying factual position and was not an immutable fact. They have further argued that the record contains inconsistent effective dates which were later corrected and therefore, a subsequently corrected date cannot be used retrospectively to attribute knowledge and non-compliance to them.

27. In this regard, as noted above, and as reflected in the extracts of the declarations dated February 28, 2025 furnished by Noticees 1 and 2 to their DDP, the relevant effective dates of grouping were themselves disclosed in the said declarations. It is pertinent to note that the obligation under the FPI framework is upon the FPI to furnish complete and accurate information concerning beneficial ownership and investor grouping. The DDP and depositories act on the basis of information furnished by the FPI. If, upon transition, a DDP notices that on a proper reading of the declarations common ownership/control attributes required clubbing of FPIs, the same does not mean that the investor-group relationship came into existence only on that date. Rather, it indicates that the relationship existed earlier but had not been properly captured or disclosed. Accordingly, I am unable to agree with the aforesaid contention of the Noticees.

28. Further, with respect to Noticees' reliance upon the Arnesta grouping, it is noted that the SCN itself records that the group ID N1001537 concerning Arnesta was later de-clubbed. Further, the present matter concerns group ID N1001222. Accordingly, the



creation and subsequent de-clubbing of group ID N1001537 is beyond the scope of the present proceedings and does not undermine the evidence supporting the grouping of Noticees 1, 2 and 3 with the other relevant FPIs in group ID N1001222. Hence, I do not find any merit in the contention of the Noticee concerning Arnesta grouping.

29. As regards the contention of Noticees that there were inconsistencies in effective dates, I find that the SCN had identified the effective dates of grouping on the basis of grouping declarations, BO declarations and DDP clarifications. The Noticees have not placed on record any alternative contemporaneous disclosures demonstrating that they did not belong to the same investor group during the relevant period. Mere criticism of the DDP's identification process cannot overcome the Noticees' own declarations, which show common ownership/control attributes.

30. As regards the submissions of Noticees regarding the role of the DDP, I accept that the regulatory framework casts important due-diligence, monitoring and reassessment responsibilities upon the DDP. However, that does not dilute the independent and continuing obligation of the FPI to make true, complete and timely disclosures relating to its structure, ownership, control and investor group. The fact that a DDP, upon change of custody or subsequent review, detects or corrects grouping information does not mean that the investor-group relationship came into existence only at that later point. Rather, it may equally demonstrate that the relationship existed earlier but had not been fully or correctly captured in the information maintained by the DDP. Therefore, the Noticees cannot draw support from the DDP's later detection of the issue so as to negate the existence of the underlying relationship itself.

31. In view of the above discussions, I am satisfied that the SCN has not treated the Noticees along with other four FPIs as part of the same investor group merely on the basis of "economic interest". The grouping is supported by the broader ownership/control related disclosures available on record and is in consonance with regulation



22(3) of the FPI Regulations, 2019 and the corresponding grouping concept under the earlier regime. Accordingly, I find no merit in the preliminary objection raised by the Noticees. I, therefore, hold that Noticees 1, 2 and 3 along with other four FPIs were liable to be treated as part of the same investor group for the purposes of the FPI Regulations and the preliminary issue raised by the Noticees in this regard stands rejected.

32. I shall now proceed to deal with the matter on merits.

Issue I. Whether Noticee 1 furnished incorrect disclosures regarding beneficial ownership, delayed or failed to inform changes in investor grouping within the prescribed timelines, submitted an incorrect statement regarding material changes in investor grouping, failed to ensure that accurate details of investor grouping were maintained with the DDP at all times and thereby violated the provisions of the FPI Regulations, 2014, the FPI Regulations, 2019 and SEBI circulars?

33. The SCN alleged that Noticee 1, in its declaration dated July 09, 2024 had disclosed GESF as an economic interest holder holding 99.57% economic interest. The DDP clarified that GESF had been an economic interest holder in Noticee 1 since May 29, 2013. However, Noticee 1 did not disclose the same in its earlier declarations dated August 31, 2018 and March 17, 2020. It was further alleged that, in its declarations dated February 08, 2019 and February 16, 2023, submitted at the time of renewal, Noticee 1 declared that there had been no direct or indirect change in beneficial ownership, despite the fact that GESF's economic interest had not been disclosed in the earlier declarations.

34. It was further alleged that Noticee 1 had made delayed intimation of its grouping with Noticee 2, Noticee 3, BAO Capital Partners Ltd., ISquare Global PE Fund and BAO Fund AIF V.C.I.C.LTD-(B) Bao Asian Opportunities Fund with the period of delay ranging from two months to nearly nine years and failed to inform grouping with Horizon Global VCC Growth Sub-Fund. It was further alleged that Noticee 1 had incorrectly declared no material change in its declarations dated August 31, 2018,



February 08, 2019 and February 16, 2023 and failed to ensure that accurate investor-group details were maintained with the DDP at all times.

35. As regards the allegation of incorrect BO disclosure, the record shows that Noticee 1's declaration dated July 09, 2024 disclosed GESF as an economic interest holder with 99.57% economic interest and that the DDP clarified that GESF had been such economic interest holder since May 29, 2013. However, in Noticee 1's earlier declarations dated August 31, 2018 and March 17, 2020, this economic interest holder was not disclosed. Further, in the renewal declarations dated February 08, 2019 and February 16, 2023, Noticee 1 stated that there was no direct or indirect change in beneficial ownership.
36. The aforesaid facts have not been disputed by the Noticees. However, the Noticees contended that the criterion of "economic interest" for identification of ownership/beneficial ownership of FPIs came about for the first time only through the August 24, 2023 Circular and that too only for FPIs meeting the thresholds specified therein. It was further contended that the SCN is silent on whether the Noticees satisfied the thresholds prescribed in the said circular.
37. In this regard, I note that the allegation against Noticee 1 is two-fold. Firstly, in its declarations dated August 31, 2018 and March 17, 2020, Noticee 1 failed to disclose GESF as an economic interest holder, despite the subsequent declaration dated July 09, 2024 and the clarification of the DDP showing that GESF had been such economic interest holder since May 29, 2013. Secondly, in its renewal declarations dated February 08, 2019 and February 16, 2023, Noticee 1 stated that there was no direct or indirect change in beneficial ownership. The question, therefore, is not whether the granular disclosure regime introduced in 2023 was applicable to Noticee 1, but whether, under the extant framework even prior thereto, Noticee 1 was required to disclose an economic interest holder whose interest far exceeded the applicable threshold. In this connection, it is pertinent to refer to SEBI Circular No. CIR/IMD/FPIC/CIR/P/2018/64 dated April 10, 2018, which, *inter alia*, stated as under:



“(i) Beneficial Owner (BO) is the natural person(s) who ultimately owns or controls an FPI and should be identified in accordance with Rule 9 of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005 (hereinafter referred as PMLA Rules).”

(ii) Accordingly, BOs of FPIs having structure of company or trust should be identified on controlling ownership interest (also termed as ownership or entitlement) and control basis. The BOs in case of partnership firm and unincorporated association of individuals should be identified on ownership or entitlement basis.

(iii) The materiality threshold for identification of BOs of FPIs on controlling ownership interest (or ownership/ entitlement) basis shall be same as prescribed in PMLA Rules i.e. 25% in case of company and 15% in case of partnership firm, trust & unincorporated association of persons.

(iv) In respect of FPIs coming from “high risk jurisdictions” as referred in SEBI Master circular No. CIR/ISD/AML/2010 dated December 31, 2010 the intermediaries may apply lower materiality threshold of 10% for identification of BO and also ensure KYC documentation as applicable for category III FPIs. All the intermediaries are again directed to ensure compliance with the requirements contained in the Master circular dated December 31, 2010.

(v) The materiality threshold (referred at (iii) & (iv) above) to identify the beneficial owner should be first applied at the level of FPI and next look through principle shall be applied to identify the beneficial owner of the material shareholder/ owner entity. Only beneficial owner with holdings equal & above the materiality thresholds in the FPI need to be identified through the aforesaid look through principle.” (Underline Supplied)

38. Thereafter, SEBI Circular No. CIR/IMD/FPIC/CIR/P/2018/131 dated September 21, 2018, *inter alia*, stated as under:

“In supersession of the directions contained in SEBI circular No CIR/IMD/FPIC/CIR/P/2018/64 dated April 10, 2018 and in partial modification of SEBI circular No. CIR/ MIRSD/11/2012 dated September 05, 2012 and subsequent SEBI circular No. CIR/MIRSD/07/2013 dated September 12, 2013, FPIs shall comply with the following Know Your Client (KYC) requirements: -

Beneficial Owners (BOs) are the natural persons who ultimately own or control an FPI and should be identified in accordance with Rule 9 of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005 (hereinafter referred as PMLA Rules). FPIs are required to maintain a list of BOs and should provide such list of their BOs....

The materiality threshold to identify the beneficial owner should be first applied at the level of FPI and next look through basis shall be applied to identify the beneficial owner



of the intermediate shareholder/ owner entity. Beneficial owner and intermediate shareholder/ owner entity with holdings equal & above the materiality thresholds in the FPI need to be identified through the look through basis. For intermediate material shareholder/ owner entity/ies, name and percentage holding shall also be disclosed...
(Underline Supplied)

39. Since the aforesaid SEBI circulars themselves refer to identification of BOs in accordance with rule 9 of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005 (hereinafter referred to as “**PMLA Rules**”), it is also necessary to refer to rule 9, which, *inter alia*, stated as under:

“The beneficial owner for the purpose of sub-rule (1) shall be determined as under –
(a) where the client is a company, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has a controlling ownership interest or who exercises control through other means.

Explanation.- For the purpose of this sub-clause-

1. “Controlling ownership interest” means ownership of or entitlement to more than ⁴[ten] percent of shares or capital or profits of the company;

2. “Control” shall include the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements;

(b) where the client is a partnership firm, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has ownership of/entitlement to more than ⁵[ten] percent of capital or profits of the partnership ⁶[or who exercises control through other means];

⁶[Explanation - For the purpose of this clause, “Control” shall include the right to control the management or policy decision;]

(c) where the client is an unincorporated association or body of individuals, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has ownership of or entitlement to more than fifteen percent of the property or capital or profits of such association or body of individuals;

(d) where no natural person is identified under (a) or (b) or (c) above, the beneficial owner is the relevant natural person who holds the position of senior managing official;

⁴Substituted by Prevention of Money-laundering (Maintenance of Records) Amendment Rules, 2023, vide Notification No. SO1074(E) dated 07.03.2023, for the following:-

“twenty-five”

⁵Substituted by Prevention of Money-laundering (Maintenance of Records) Second Amendment Rules, 2023, vide Notification No. GSR652(E) dated 04.09.2023, for the following:-

“fifteen”

⁶Inserted by Prevention of Money-laundering (Maintenance of Records) Second Amendment Rules, 2023, vide Notification No. GSR652(E) dated 04.09.2023.



(e) where the client is a trust, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with ⁷[ten] percent or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership;”

40. A conjoint reading of the aforesaid circulars and rule 9 of the PMLA Rules shows that, even prior to the 2023 amendment, the regulatory framework contemplated identification of beneficial ownership on the basis of ownership/entitlement of shares, capital or profits and control, subject to the prescribed materiality thresholds, and also required application of the look-through principle. Further, the SEBI Circular dated September 21, 2018 specifically contemplated disclosure not only of the beneficial owner but also of the intermediate entity having holdings equal to or above the materiality threshold in the FPI. Thus, the extant framework prior to 2023 did not exclude disclosure of a material intermediate entity in the ownership/entitlement chain merely because such entity was not a natural person.

41. Viewed in the above regulatory context, it is significant that even the Noticees, in their additional submissions, have stated that GESF could only have been relevant as an intermediate entity to enable identification of a natural person beneficial owner. This submission, in fact, militates against the case of the Noticees rather than supporting it. Once the Noticees themselves accept that GESF was a relevant intermediate entity in the look-through chain for identification of the natural person beneficial owner, the omission to disclose such intermediate material shareholder/owner entity despite its substantial economic interest cannot be justified. This is particularly so in view of the September 21, 2018 circular, which expressly provided that “intermediate shareholder/owner entity/ies” with holdings equal to or above the materiality threshold in the FPI were also required to be disclosed along with name and percentage holding.

42. Further, since the Noticees have specifically contended that the criterion of economic interest was introduced only in 2023, I also find it useful to refer to the board

⁷ Substituted by Prevention of Money-laundering (Maintenance of Records) Amendment Rules, 2023, vide Notification No. SO1074(E) dated 07.03.2023, for the following:-
“fifteen”



memorandum placed before the SEBI board meeting held on June 28, 2023 on the agenda, “Amendment to SEBI (Foreign Portfolio Investors) Regulations, 2019, for mandating additional disclosures from Foreign Portfolio Investors (FPIs) that fulfil certain objective criteria”. The relevant extracts of the said Board Memorandum are reproduced below:

“Extant regulations on disclosure of ownership of, economic interest in, and control over FPIs

In India, Prevention of Money Laundering Act, 2002 (‘PMLA’) and the Prevention of Money Laundering (Maintenance of Records Rules), 2005 (PML Rules) provide the framework for identifying the Beneficial Owners (BOs) of legal entities, which is broadly in line with the recommendations of Financial Action Task Force (FATF).

As per PMLA, BO means an individual who ultimately owns or controls a client of a reporting entity or the person on whose behalf a transaction is being conducted and includes a person who exercises ultimate effective control over a juridical person.

Rule 9(3) of the PML Rules specifies the thresholds based on ownership, or entitlement to capital or profits (i.e., economic interest), for identifying the BO of legal entities. The thresholds are 10% for companies and trusts, and 15% for partnerships and unincorporated association or body of individuals etc.

Issues identified

As required by the FPI Regulations and PMLA and PML Rules, while BO details based on control or fund ownership have generally been made available, it is often observed that no natural person is identified as the BO of FPIs based on economic interest, since each investor entity in the FPI is generally found to be below the threshold prescribed under PML Rules. However, there is a possibility that the same natural person holds a significant aggregate economic interest in the FPI via different investment entities, each of which are individually below the threshold for identification as a BO.

Since granular details of all underlying investors with ownership, economic, or control interest in entities below the threshold is currently not required to be made available with the DDP/Custodian, it is not possible to determine whether the above scenario may be playing out.

Proposal

Taking into account the recommendations of FAC, comments received from DDPs, Custodians, public at large and internal deliberations, it is proposed that the Board may consider and approve the following framework for seeking additional disclosures



from FPIs to guard against possible misuse of FPI route for circumvention requirements of MPS, SAST or those stipulated under PN3:

The below mentioned FPIs shall be required to provide granular data of all entities with any ownership, economic interest, or control rights in the FPI on a full look through basis, up to the level of all natural persons without any threshold:

(i) FPIs holding more than 50% of their Indian equity AUM (i.e., net equivalent equity exposure across all securities) in a single Indian corporate group; (or)

(ii) FPIs that individually, or along with their investor group as defined under Regulation 22(3) of the FPI Regulations, hold more than INR 25,000 crore of equity AUM in the Indian markets.” (Underline Supplied)

43. The aforesaid board memorandum makes it abundantly clear that the framework relating to ownership, control and economic interest was not introduced for the first time in 2023. What was proposed in 2023 and later operationalized, was the requirement of additional granular disclosures on a full look-through basis without threshold for a specified class of FPIs. The board memorandum itself records that rule 9(3) of the PMLA Rules already specified thresholds based on “ownership or entitlement to capital or profits (i.e., economic interest)” for identification of BOs of legal entities. Thus, even prior to 2023, the legal framework recognized entitlement to capital or profits, i.e. economic interest, as part of the BO identification architecture, subject to prescribed thresholds.

44. This position is also borne out from SEBI Circular No. SEBI/HO/AFD/AFD–PoD–2/CIR/P/2023/148 dated August 24, 2023, relied upon by the Noticees themselves, which, *inter alia*, states as under:

“Further, as regards identification of BOs of FPIs, while the thresholds for this purpose are specified in Prevention of Money Laundering (Maintenance of records) Rules, 2005 (‘PMLR’), it is often observed that no natural person is identified as the BO of several FPIs based on economic interest or ownership interest, since each investor entity in the FPI may be below the threshold prescribed in the PMLR. However, there is a possibility that the same natural person may hold a significant aggregate economic interest in the FPI via various investment entities, each of which are individually below the threshold for identification as a BO as prescribed in PMLR.

To mitigate the concerns stated above, a need was felt to obtain granular information of persons having any ownership, economic interest, or control in some objectively identified FPIs. With this objective, Regulations 22 (6) and 22(7) have been inserted



in the SEBI (FPI) Regulations, 2019 ('FPI Regulations'), vide SEBI (Foreign Portfolio Investors) (Second Amendment) Regulations, 2023, notified on August 10, 2023."

45. In view of the above discussion, including the board memorandum dated June 28, 2023 and the SEBI Circular dated August 24, 2023 relied upon by the Noticees themselves, I am unable to accept the Noticee's contention that the criterion of economic interest was introduced for the first time only in August 2023. The legal position that emerges is that the requirement to identify and disclose material ownership/entitlement structures, including economic interest above the prescribed thresholds under the PMLA Rules framework, was already embedded in the regime prevailing in 2018. What was brought in through the 2023 amendment and the August 24, 2023 Circular was a heightened obligation of granular, threshold-free look-through disclosures for a specified category of FPIs. Therefore, the reliance placed by the Noticees on the August 24, 2023 Circular to argue that no disclosure obligation in respect of economic interest existed prior thereto is misconceived.

46. In the present case, it is an undisputed fact that GESF was an economic interest holder in Noticee 1 with 99.57% economic interest, which was far in excess of the threshold prescribed under the PMLA Rules. Despite this, Noticee 1 did not disclose GESF in its declarations dated August 31, 2018 and March 17, 2020. Noticee 1 has not furnished any satisfactory explanation for such omission. Further, in its renewal declarations dated February 08, 2019 and February 16, 2023, Noticee 1 declared that there was no direct or indirect change in beneficial ownership. In the facts of the case, such declarations cannot be accepted as accurate, particularly when the subsequent declaration dated July 09, 2024 itself acknowledged GESF as an economic interest holder and the DDP of Noticee 1 vide email clarified that the said position had existed since May 29, 2013.

47. Accordingly, I find that Noticee 1 furnished incorrect / incomplete beneficial ownership related disclosures and also made incorrect statements in its renewal declarations by stating that there was no direct or indirect change in beneficial ownership. The



omission to disclose GESF, despite its substantial economic interest, coupled with the subsequent acknowledgment that such position existed since 2013, clearly renders the earlier declarations materially deficient.

48. With respect to delayed and incomplete grouping disclosure, the contention of Noticees had already been dealt with under preliminary issues and it has been held that Noticee 1 was liable to be treated as part of the same investor group with the relevant FPIs.
49. The material on record shows that Noticee 1 informed grouping with Noticee 3 only on February 28, 2025 though the effective date was March 18, 2016, with Noticee 2 only on July 09, 2024 though the effective date was July 26, 2017, with BAO Capital Partners Ltd. only on July 09, 2024 though the effective date was February 23, 2022, with ISquare Global PE Fund only on July 09, 2024 though the effective date was July 06, 2023 and with BAO Fund AIF V.C.I.C.LTD-(B) Bao Asian Opportunities Fund only on February 28, 2025 though the effective date was December 10, 2024. It also omitted Noticee 3 and BAO Fund AIF V.C.I.C.LTD-(B) Bao Asian Opportunities Fund from the July 09, 2024 declaration and included them only in the revised declaration dated February 28, 2025 after SEBI pointed out the exclusion. Grouping with Horizon Global VCC Growth Sub-Fund, incorporated VCC Sub-Fund was not informed. These are not marginal delays. They range from approximately one year to nearly nine years. Such prolonged delays defeat the very purpose of investor-group disclosure, namely enabling the DDP/depositories/regulator to monitor concentration limits on a clubbed basis. The contention that the DDP identified the grouping only in 2024 also does not avail the Noticee 1. The obligation to inform changes in investor grouping and maintain accurate details with the DDP lies upon the FPI as per regulation 22(1)(I) of the FPI Regulations, 2019 and the SEBI operational guidelines dated January 08, 2014. The DDP's later identification cannot absolve Noticee 1 from its prior and continuing obligation of disclosure.



50. Further, Noticee 1's declarations stating no change in information previously submitted or making incomplete disclosures in relation to investor grouping, amount to incorrect statements on material changes. This is particularly evident from the declaration dated July 09, 2024 which omitted Noticee 3 and BAO Fund AIF V.C.I.C.LTD-(B) Bao Asian Opportunities Fund and was corrected only after regulatory intervention. The cumulative effect of the above material shows that Noticee 1 did not ensure that accurate investor-group details were maintained with the DDP at all times. The inaccuracies and omissions were not isolated or accidental but persisted across multiple declarations over an extended period.

51. Accordingly, I hold that Noticee 1:

- (a.) furnished incorrect/incomplete disclosures regarding beneficial ownership and thereby, violated the provisions of regulations 22(1)(a), 22(1)(b), 23 of FPI Regulations, 2019 read with clause 4 under Part A of SEBI Circular dated May 30, 2024 and clauses 2, 5 and 6 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2019 and regulations 23(1)(a), 23(1)(b), 24 read with clauses 2, 5 and 6 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2014 read with regulation 45 of FPI Regulations, 2019;
- (b.) delayed and failed to inform changes in investor grouping within the prescribed timelines and thereby, violated the provisions of regulations 22(1)(a), 22(1)(c), 22(5) and 23 of FPI Regulations, 2019 read with clause 14(i) under Part A of SEBI Circular dated May 30, 2024 as modified by para 3.1 of SEBI Circular dated June 05, 2024 and clauses 2 and 5 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2019 and regulations 23(1)(a), 23(1)(c) and 24 of FPI Regulations, 2014 and clauses 2 and 5 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2014 read with regulation 45 of FPI Regulations, 2019;
- (c.) submitted incorrect statements regarding material changes in investor grouping and thereby, violated the provisions of regulations 22(1)(a), 22(1)(b) and 23



read with clause 4 under Part A of SEBI Circular dated May 30, 2024 and clauses 2, 5 and 6 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2019 and regulations 23(1)(a), 23(1)(b) and 24 read with Clauses 2, 5, 6 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2014 read with regulation 45 of FPI Regulations, 2019; and

(d.) failed to ensure that accurate details of investor grouping were maintained with the DDP at all times and thereby, violated the provisions of regulations 22(1)(a), 22(1)(l) and 23 of FPI Regulations, 2019 and clauses 2 and 5 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2019.

Issue II. Whether Noticee 2 delayed or failed to inform changes in investor grouping within the prescribed timelines, submitted an incorrect statement regarding material changes in investor grouping, failed to ensure that accurate details of investor grouping were maintained with the DDP at all times and thereby violated the provisions of the FPI Regulations, 2014, the FPI Regulations, 2019, and SEBI circulars?

52. The SCN alleged that Noticee 2 had delayed intimation of grouping with Noticee 3, BAO Capital Partners Ltd., Noticee 1, ISquare Global PE Fund and BAO Fund AIF V.C.I.C.LTD-(B) Bao Asian Opportunities Fund and failed to inform grouping with Horizon Global VCC Growth Sub-Fund, incorporated VCC Sub-Fund. It was alleged that grouping with Noticee 3 effective from April 11, 2022 was informed only on February 28, 2025, grouping with BAO Capital Partners Ltd. effective from April 11, 2022 was informed only on July 09, 2024, grouping with Noticee 1 effective from July 26, 2017 was informed only on July 09, 2024, grouping with ISquare Global PE Fund effective from July 06, 2023 was informed only on July 09, 2024, and grouping with BAO Fund AIF V.C.I.C.LTD-(B) Bao Asian Opportunities Fund effective from December 10, 2024 was informed only on February 28, 2025. It was further alleged that in its declaration dated May 12, 2020 (at the time of renewal), Noticee 2 stated that there was no material change in information previously submitted, though an



update/correction was required in investor grouping. It was also alleged that in its declaration dated July 09, 2024, Noticee 2 had excluded the name of Noticee 3 from the list of FPIs with whom it was required to be grouped. It was further alleged that Noticee 2 had failed to ensure that accurate investor-group details were maintained with the DDP at all times.

53. The contention of Noticees with respect to investor grouping had already been dealt with under preliminary issues and it has been held that Noticee 2 was liable to be treated as part of the same investor group with the relevant FPIs.
54. The record shows substantial delay in intimation of investor-group relationships by Noticee 2. In particular, grouping with Noticee 1, effective from July 26, 2017, was informed only on July 09, 2024, i.e., after approximately six years and eleven months. Grouping with Noticee 3 and BAO Capital Partners Ltd., effective from April 11, 2022, was also informed only in 2024/2025. Grouping with Horizon Global VCC Growth Sub-Fund, incorporated VCC Sub-Fund was not informed at all. Such delays cannot be regarded as insignificant or technical.
55. I also note that in the declaration dated July 09, 2024, Noticee 2 excluded Noticee 3 from the list of grouped FPIs. Thus, even the belated declaration was incomplete. This conduct is inconsistent with the obligation to maintain accurate and updated investor-group information with the DDP.
56. Further, the declaration dated May 12, 2020, submitted during renewal / KYC review, stated that there was no material change in information previously submitted to the DDP. However, the grouping data relied upon in the SCN shows that an update/correction was required in relation to investor-group information. The Noticee has not furnished any cogent explanation as to why the said declaration was made despite the grouping position later admitted by it.
57. The argument that the DDP identified the issue belatedly cannot aid Noticee 2 for the reasons already discussed. The obligation to inform grouping lies upon the FPI as per regulation 22(1)(l) of the FPI Regulations, 2019 and the SEBI operational guidelines



dated January 08, 2014. Failure of timely detection by the DDP cannot cure delayed, incomplete or incorrect disclosures by the FPI itself.

58. Accordingly, I hold that Noticee 2:

- (a.) delayed and failed to inform changes in investor grouping within the prescribed timelines and thereby, violated the provisions of regulations 22(1)(a), 22(1)(c), 22(5), 23 of FPI Regulations, 2019 read with clause 14(i) under Part A of SEBI Circular dated May 30, 2024 as modified by para 3.1 of SEBI Circular dated June 05, 2024 and clauses 2 and 5 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2019 and regulation 23(1)(a), 23(1)(c), 24 of FPI Regulations, 2014 and clauses 2 and 5 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2014 read with regulation 45 of FPI Regulations, 2019;
- (b.) submitted incorrect statements regarding material changes in investor grouping and thereby violated the provisions of regulations 22(1)(a), 22(1)(b), 23 read with clause 4 under Part A of SEBI Circular dated May 30, 2024 and clauses 2, 5 and 6 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2019; and
- (c.) failed to ensure that accurate details of investor grouping were maintained with the DDP at all times and thereby, violated the provisions of regulations 22(1)(a), 22(1)(l), 23 of FPI Regulations, 2019 and clauses 2 and 5 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2019.

Issue III. Whether Noticee 3 furnished incorrect disclosures regarding beneficial ownership, delayed or failed to inform changes in investor grouping within the prescribed timelines, submitted an incorrect statement regarding material changes in investor grouping, failed to ensure that accurate details of investor grouping were maintained with the DDP at all times and thereby violated the provisions of the FPI Regulations, 2014, the FPI Regulations, 2019, and SEBI circulars?



59. The SCN alleged that GESF was an economic interest holder holding 96.42% economic interest in Noticee 3 but the same was not disclosed in Noticee 3's BO declaration dated September 25, 2018. It was further alleged that in its declarations dated September 06, 2019 and November 04, 2022, filed at the time of renewal, Noticee 3 incorrectly declared that there was no change in material information previously submitted and no direct or indirect change in beneficial ownership.
60. The SCN further alleged that Noticee 3 informed new investor grouping with Noticee 1 in its BO declaration dated September 25, 2018 with effect from September 25, 2018 whereas the effective date of grouping with Noticee 1 was March 18, 2016. It was further alleged that Noticee 3 had failed to inform grouping with BAO Capital Partners Ltd., Noticee 2, ISquare Global PE Fund, BAO Fund AIF V.C.I.C.LTD-(B) Bao Asian Opportunities Fund and Horizon Global VCC Growth Sub-Fund, incorporated VCC Sub-Fund. It was also alleged that in its renewal declaration dated November 04, 2022, Noticee 3 had incorrectly stated that there was no change in information previously submitted to the DDP and failed to ensure that accurate investor-group details were maintained with the DDP at all times.
61. As regards BO disclosure, I note that the contention of the Noticees with respect to the requirement of disclosure of GESF as an economic interest holder, including the argument that economic interest as a criterion was introduced only subsequently, has already been dealt with in detail under Issue I and rejected for the reasons recorded therein. The reasoning set out in Issue I shall apply to Noticee 3 as well.
62. The material on record shows that GESF was an economic interest holder in Noticee 3 with 96.42% economic interest. I further note that Noticee 3 submitted before the DDP that GESF had been an economic interest holder, though with varying percentages, since 2013. However, the said position was not disclosed in the beneficial ownership declaration dated September 25, 2018. Further, in the renewal declarations dated September 06, 2019 and November 04, 2022, Noticee 3 stated that there was no change in material information and no direct or indirect change in



beneficial ownership. Noticee 3 has not provided any satisfactory explanation as to why this material economic interest holder was omitted from the earlier declaration if the position existed at that time. Therefore, I find that the BO disclosures were incomplete/incorrect.

63. As regards grouping disclosures, the contention of Noticees had already been dealt with under preliminary issues and it has been held that Noticee 3 was liable to be treated as part of the same investor group with the relevant FPIs. The material on record shows that Noticee 3 informed grouping with Noticee 1 only on September 25, 2018 despite the effective date of grouping being March 18, 2016. It failed to inform grouping with BAO Capital Partners Ltd., Noticee 2, ISquare Global PE Fund, BAO Fund AIF V.C.I.C.LTD-(B) Bao Asian Opportunities Fund and Horizon Global VCC Growth Sub-Fund, incorporated VCC Sub-Fund altogether. Thus, the lapses of Noticee 3 are not confined merely to delay but extend to incorrect statement as well as complete non-intimation in respect of several FPIs.

64. The declaration dated November 04, 2022 stating that there was no change in information previously submitted to the DDP is also inconsistent with the grouping information later reflected in the record. Noticee 3 has not demonstrated that it had taken steps to keep its DDP informed of accurate and updated investor-group details. The obligation to maintain accurate details with the DDP was Noticee 3's continuing obligation. The record demonstrates that this obligation was not discharged.

65. Accordingly, I hold that Noticee 3:

(a.) furnished incorrect/incomplete disclosures regarding beneficial ownership and thereby, violated the provisions of regulations 22(1)(a), 22(1)(b), 23 read with clause 4 under Part A of SEBI Circular dated May 30, 2024 and clauses 2, 5 and 6 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2019 and regulations 23(1)(a), 23(1)(b), 24 read with clauses 2, 5 and 6 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2014 read with regulation 45 of FPI Regulations, 2019;



- (b.) delayed and failed to inform changes in investor grouping within the prescribed timelines and thereby, violated the provisions of regulations 22(1)(a), 22(1)(c), 22(5), 23 of FPI Regulations, 2019 read with clause 14(i) under Part A of SEBI Circular dated May 30, 2024 as modified by para 3.1 of SEBI Circular dated June 05, 2024 and clauses 2 and 5 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2019 and regulations 23(1)(a), 23(1)(c), 24 of FPI Regulations, 2014 and clauses 2 and 5 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2014 read with regulation 45 of FPI Regulations, 2019;
- (c.) submitted incorrect statements regarding material changes in investor grouping and thereby, violated the provisions of regulations 22(1)(a), 22(1)(b), 23 read with clause 4 under Part A of SEBI Circular dated May 30, 2024 and clauses 2, 5 and 6 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2019 and regulations 23(1)(a), 23(1)(b), 24 read with clauses 2, 5 and 6 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2014 read with regulation 45 of FPI Regulations, 2019; and
- (d.) failed to ensure that accurate details of investor grouping were maintained with the DDP at all times and thereby, violated the provisions of regulations 22(1)(a), 22(1)(l), 23 of FPI Regulations, 2019 and clauses 2 and 5 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2019.

Issue IV. Whether the Noticees breached the 10% investment limit in the securities of the concerned issuers on a clubbed investor-group basis and failed to divest within the prescribed period?

66. The SCN alleged that as a consequence of the investor-group relationship among the Noticees, their holdings in certain issuers were liable to be clubbed and, on such clubbing, the 10% investment limit stood breached. The SCN specifically alleged that:



(a.) Noticees 1, 2 and 3 together held between 11.54% and 12.46% of the diluted paid-up share capital of Alchemist Realty Limited for 3,415 days from October 21, 2016 till February 25, 2026;

(b.) Noticees 1 and 2 together held between 10.83% and 16.10% of the diluted paid-up share capital of Lerthai Finance Limited for 2,308 days from October 17, 2018 till February 09, 2025;

(c.) Noticees 1 and 3 together held 12.20% of the diluted paid-up share capital of Sampann Utpadan India Limited for 1,344 days from June 21, 2021 till February 23, 2025.

67. It was further alleged that the Noticees failed to divest the excess holdings within five trading days from the date of settlement of the trades causing the breach.

68. The Noticees have contended that the allegation concerning the investment limit breach is entirely dependent upon establishment of the investor-group relationship and that if grouping is not established, the allegation necessarily fails. They have further submitted that there is no suggestion in the record that they sought to retain an excess investment despite being aware of a breach.

69. The Noticees have stated that once the issue was identified, steps were taken to regularise the position under the FDI route. According to them, the DDP advised them to open FDI accounts since the holdings could not be liquidated within five days as no buyers were available in the market. Thereafter, FDI accounts were opened and the holdings were transferred from FPI demat accounts to FDI demat accounts. They have submitted that there was no attempt to conceal the investment or continue the alleged breach once it was brought to their attention and that they made several attempts from October 2024 onwards to liquidate the shares, but the same could be achieved only in February 2025 due to lack of buyers in the market.

70. I have already held under preliminary issues that the Noticees were liable to be treated as part of the same investor group. Consequently, their holdings in the concerned



issuers were required to be clubbed for the purpose of applying the 10% investment limit.

71. The day-wise computation received from NSDL and relied upon in the SCN shows that on such clubbing, the 10% threshold was breached in Alchemist Realty Limited, Lerthai Finance Limited and Sampann Utpadan India Limited for prolonged periods. These breaches were not trivial. In Alchemist Realty Limited, the breach persisted for more than nine years, in Lerthai Finance Limited, for nearly six years and three months, and in Sampann Utpadan India Limited, for more than three years and eight months. Such prolonged excess holdings cannot be brushed aside as technical or inadvertent.
72. The argument that the Noticees were not aware of the breach until the issue was flagged by the DDP is also not acceptable. The investor-group based limit framework necessarily presupposes that FPIs furnish correct and timely information regarding grouping. If the Noticees failed to disclose or correctly disclose the investor-group relationships, they cannot subsequently rely upon belated detection by the DDP as a defence to the resulting investment-limit breach.
73. I also note the submission that steps were taken to regularise the Lerthai holdings through the FDI route upon advice of the DDP. However, the SCN records that though new FDI demat accounts were opened and holdings were transferred, SEBI had sought clarification regarding compliance with FEMA and the permissibility of off-market transfer. Thereafter, the custodian informed that the transaction had been reversed and the securities had been transferred back to the respective FPI accounts. Thus, the attempted transfer to FDI accounts did not amount to a completed or valid regularisation under the applicable framework then in force. In any event, such subsequent steps do not erase the fact that the investment limit had already been breached and that the excess holdings were not divested within the prescribed period.
74. The Noticees have also submitted that there were no buyers available in the market and therefore there was delay in liquidating the shares. This contention may be



relevant only in the context of the Noticees' conduct after detection but it does not negate the contravention itself. The regulation required divestment of excess holdings within five trading days. Admittedly, that did not occur.

75. Therefore, in light of the investor-group relationship established under preliminary issues and the day-wise holding analysis on record, I find that the Noticees breached the 10% investment limit in the concerned issuers and failed to divest the excess holdings within the prescribed period.

76. Accordingly, I hold that:

(a.) Noticees 1, 2 and 3 breached the 10% investment limit in Alchemist Realty Limited on a clubbed investor-group basis and failed to divest within the prescribed period and thereby, violated the provisions of regulations 20(7), 22(3), 23 of FPI Regulations, 2019 and clauses 2 and 5 of Code of Conduct under Third Schedule of FPI Regulations, 2019 and regulations 21(7), 24 of FPI Regulations, 2014 and clauses 2 and 5 of Code of Conduct under Third Schedule of FPI Regulations, 2014 read with regulation 45 of FPI Regulations, 2019;

(b.) Noticees 1 and 2 breached the 10% investment limit in Lerthai Finance Limited on a clubbed investor-group basis and failed to divest within the prescribed period and thereby, violated the provisions of regulations 20(7), 22(3), 23 of FPI Regulations, 2019 and clauses 2 and 5 of Code of Conduct under Third Schedule of FPI Regulations, 2019 and regulations 21(7), 24 of FPI Regulations, 2014 and clauses 2 and 5 of Code of Conduct under Third Schedule of FPI Regulations, 2014 read with regulation 45 of FPI Regulations, 2019; and

(c.) Noticees 1 and 3 breached the 10% investment limit in Sampann Utpadan India Limited on a clubbed investor-group basis and failed to divest within the prescribed period and thereby, violated the provisions of regulations 20(7),



22(3), 23 of FPI Regulations, 2019 and clauses 2 and 5 of Code of Conduct under Third Schedule of FPI Regulations, 2019.

Issue V. Does the violation, if any, on the part of Noticees attract monetary penalty under sections 15A(a), 15A(b) and 15HB of the SEBI Act?

Issue VI. If so, what would be the quantum of monetary penalty that can be imposed on Noticees after taking into consideration the factors stipulated in section 15J of the SEBI Act?

77. As it has been established in the preceding paragraphs that Noticees have violated the provisions of FPI Regulations, 2014, the FPI Regulations, 2019 and the SEBI circulars, I shall now adjudge whether the established violations attract monetary penalty under sections 15A(a), 15A(b) and 15HB of the SEBI Act, as contemplated in the SCN.

78. In this regard, it is pertinent to note that section 15A(b) of the SEBI Act provides for penalty where a person, who is required under the Act, rules or regulations to file any return or furnish any information, books or other documents within the time specified therefor in the regulations, fails to do so. The scope of section 15A(b) has also been considered by the Hon'ble SAT in the matter of Omprakash Kovuri v. SEBI⁸, wherein it has been, *inter alia*, held as under:

"The only ground raised before this Tribunal is, that the penalty of Rs. 25 lakh has been imposed under Section 15A(b) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as 'SEBI Act') for failure to furnish information. It was contended that the words "or who furnishes or files false, incorrect or incomplete information" was inserted by Act No. 13 of 2018 with effect from March 8, 2019 whereas the alleged non-disclosure was during the period 2015 and, therefore, the amended provision of Section 15A(b) is not applicable....."

In our opinion, the amended provision is not relevant in as much as the provision existing prior to 2018 also required the incumbent to furnish any information failure of which would lead to imposition of penalty. The insertion made by Act No. 13 of 2018 was only clarificatory. The words "false, incorrect or incomplete information, return, report, books or other document" elucidates the already existing

⁸Appeal No. 619 of 2023 dated August 29, 2023



requirement of filing or furnishing information. The insertion, thus, does not, in any way, entitle the appellant from escaping the violation of non-disclosure.” (Emphasis supplied)

79. The aforesaid interpretation makes it clear that section 15A(b) of the SEBI Act is not confined only to cases of belated furnishing of information but extends to failure to furnish the requisite information itself. Therefore, in the present case, where the applicable regulations and circulars required the Noticees to furnish information/declarations and inform changes within the prescribed timelines, both delayed intimation as well as complete non-intimation of such information are liable to be proceeded against under section 15A(b) of the SEBI Act. Likewise, furnishing incorrect or incomplete declarations would also fall within the ambit of section 15A(b) of the SEBI Act.

80. As regard the imposition of penalty under section 15A(a) of the SEBI Act, it is noted that during the hearing, the AR of Noticees, *inter alia*, contended that section 15A(a) of the SEBI Act would not be applicable in the facts of the present case since the said provision pertains to failure to furnish documents, return or report to SEBI, whereas the disclosures/declarations in question in the present matter were primarily required to be made to the DDP under the FPI regulatory framework.

81. In this regard, it is noted that in the present matter, the disclosure-related violations established against the Noticees pertain to incorrect /incomplete beneficial ownership related declarations, incorrect declarations regarding material change/beneficial ownership and delayed/non-intimation of changes in investor grouping and related material information. These disclosures/declarations were, in the first instance, required to be furnished under the FPI Regulations and the circulars issued thereunder to the DDP and/or to be kept correctly updated through the DDP-led compliance framework. Having regard to the nature of the obligations involved and the factual matrix of the present case, I find merit in the contention of the Noticees.

82. At the same time, I am also mindful that since the disclosure/intimation related defaults established in the present case are found to be appropriately covered under section



15A(b) of the SEBI Act, it would not be necessary to additionally proceed under section 15A(a) for the same set of disclosure-related violations. In view of the same, I am inclined to accept the said contention of the Noticees and proceed to examine the disclosure-related defaults under section 15A(b) of the SEBI Act.

83. As regards the remaining violations established in the present proceedings, namely failure to ensure that accurate details of investor grouping were maintained with the DDP at all times and breach of the 10% investment limit/failure to divest the excess holdings within the prescribed period, it is noted that no separate specific penalty provision has been provided in Chapter VIA of the SEBI Act for such contraventions. These violations would, therefore, appropriately fall for consideration under section 15HB of the SEBI Act.

84. Noticees further submitted that as none of the factors under section 15J of the SEBI Act are attracted, the necessity to impose any monetary penalty is obviated. In this regard, it is pertinent to note that in the matter of SEBI v. Bhavesh Pabari⁹, Hon'ble Supreme Court, *inter alia*, held as under:-

“8..... we are inclined to take the view that the provisions of clauses (a), (b) and (c) of Section 15J are illustrative in nature and have to be taken into account whenever such circumstances exist. But this is not to say that there can be no other circumstance(s) beyond those enumerated in clauses (a), (b) and (c) of Section 15J that the Adjudicating Officer is precluded in law from considering while deciding on the quantum of penalty to be imposed.

9. A narrow view would be in direct conflict with the provisions of Section 15I(2) of the SEBI Act which vests jurisdiction in the Adjudicating Officer, who is empowered on completion of the inquiry to impose “such penalty as he thinks fit in accordance with the provisions of any of those sections.”

.....

12. At this stage, we must also deal with and reject the argument raised by some of the private appellants that the conditions stipulated in clauses (a) to (c) of Section 15J are mandatory conditions which must be read into Sections 15A to 15HA in the sense that unless the conditions specified in clauses (a) to (c) are satisfied, penalty cannot be imposed by the Adjudicating Officer under the

⁹ (2019) 5 SCC 90



substantive provisions of Sections 15A to 15HA of the SEBI Act. The argument is too farfetched to be accepted. Section 15J of the SEBI Act enumerates by way of illustration(s) the factors which the Adjudicating Officer should take into consideration for determining the quantum of penalty imposable. The imposition of penalty depends upon satisfaction of the substantive provisions as contained in Sections 15A to Section 15HA of the SEBI Act.” (Emphasis Supplied)

85. In view of the above, it is legally settled that the parameters enumerated in section 15J of the SEBI Act are not required to be mandatorily satisfied for the imposition of penalty. The factors stipulated in section 15J of the SEBI Act which are taken into account for the imposition of penalty are illustrative in nature and have to be taken into account whenever such circumstances exist. Therefore, the Noticees’ contention that no monetary penalty can be imposed merely because the factors under section 15J of the SEBI Act are allegedly absent, is not tenable.

86. In view of the foregoing, Noticees are liable for payment of a monetary penalty in the following manner:

Table 12

Noticee	Charges (Summarized)	Violation of provisions established	Penalty under section(s)
Noticees 1 and 3	Furnished incorrect/incomplete disclosures regarding beneficial ownership	Regulations 22(1)(a), 22(1)(b), 23 of FPI Regulations, 2019 read with clause 4 under Part A of SEBI Circular dated May 30, 2024 and clauses 2, 5 and 6 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2019 and regulations 23(1)(a), 23(1)(b), 24 read with clauses 2, 5 and 6 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2014 read with regulation 45 of FPI Regulations, 2019.	Section 15A(b) of the SEBI Act
Noticees 1 to 3	Delayed and failed to inform changes in investor grouping within the prescribed timelines	Regulations 22(1)(a), 22(1)(c), 22(5) and 23 of FPI Regulations, 2019 read with clause 14(i) under Part A of SEBI Circular dated May 30, 2024 as modified by para 3.1 of	



Noticee	Charges (Summarized)	Violation of provisions established	Penalty under section(s)
		SEBI Circular dated June 05, 2024 and clauses 2 and 5 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2019 and regulations 23(1)(a), 23(1)(c) and 24 of FPI Regulations, 2014 and clauses 2 and 5 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2014 read with regulation 45 of FPI Regulations, 2019	
Noticees 1 and 3	Submitted incorrect statements regarding material changes in investor grouping	Regulations 22(1)(a), 22(1)(b) and 23 read with clause 4 under Part A of SEBI Circular dated May 30, 2024 and clauses 2, 5 and 6 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2019 and regulations 23(1)(a), 23(1)(b) and 24 read with Clauses 2, 5, 6 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2014 read with regulation 45 of FPI Regulations, 2019	
Noticee 2	Submitted incorrect statements regarding material changes in investor grouping	Regulations 22(1)(a), 22(1)(b), 23 read with clause 4 under Part A of SEBI Circular dated May 30, 2024 and clauses 2, 5 and 6 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2019	
Noticees 1 to 3	Failed to ensure that accurate details of investor grouping were maintained with the DDP at all times	Regulations 22(1)(a), 22(1)(l), 23 of FPI Regulations, 2019 and clauses 2 and 5 of Code of Conduct as specified in Third Schedule of FPI Regulations, 2019	Section 15HB of the SEBI Act
Noticees 1 to 3	Breached the 10% investment limit in the concerned issuers and failed to divest the excess	Regulations 20(7), 22(3), 23 of FPI Regulations, 2019 and clauses 2 and 5 of Code of Conduct under Third Schedule of FPI Regulations, 2019 and regulations 21(7), 24 of	



Noticee	Charges (Summarized)	Violation of provisions established	Penalty under section(s)
	holdings within the prescribed period.	FPI Regulations, 2014 and clauses 2 and 5 of Code of Conduct under Third Schedule of FPI Regulations, 2014 read with regulation 45 of FPI Regulations, 2019;	

87. Sections 15A(b) and 15HB of the SEBI Act are reproduced below:

“Penalty for failure to furnish information, return, etc.

15A. *If any person, who is required under this Act or any rules or regulations made thereunder,—*

(b) to file any return or furnish any information, books or other documents within the time specified therefor in the regulations, fails to file return or furnish the same within the time specified therefor in the regulations or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents], he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees;”

“Penalty for contravention where no separate penalty has been provided.

15HB. *Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.”*

88. While determining the quantum of penalty under sections 15A(b) and 15HB, the following factors stipulated in section 15J of the SEBI Act are taken into account:

“Factors to be taken into account while adjudging quantum of penalty.

15J. *While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely: —*

- (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*
- (b) the amount of loss caused to an investor or group of investors as a result of the default;*
- (c) the repetitive nature of the default.”*

89. The material available on record has neither quantified the amount of disproportionate gain or unfair advantage, if any, made by Noticees nor the amount of loss, if any,



caused to an investor/clients as a result of the default of these Noticees. As regards the repetitive nature of the default, it is noted that following direction was issued against Noticee 1 by SEBI.

Table 13

Sr. No.	Case Name	Date of Order	Violation of provisions of	Directions issued
1.	In the matter of GDR Issue by Winsome Textile Industries Ltd.	December 15, 2021	PFUTP Regulations	Restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities including units of mutual funds, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of 1 year.

90. The aforementioned factors have been taken into consideration while adjudging the penalty

ORDER

91. Having considered all the facts and circumstances of the case, the material available on record, the factors mentioned in preceding paragraphs and the factors mentioned in section 15J of the SEBI Act, I, in exercise of powers conferred upon me under section 15-I of the SEBI Act read with rule 5 of the Rules, hereby impose following penalty on the Noticees under sections 15A(b) and 15HB of the SEBI Act.

Table 14

Noticees	Penalty under section	Penalty Amount (in Rs.)	Total Penalty Amount (in Rs.)
Noticee 1	15A(b) of the SEBI Act	15,00,000/- (Rupees Fifteen Lakh Only) (joint and several)	30,00,000/- (Rupees Thirty Lakh Only)
Noticee 2			
Noticee 3			
Noticee 1	15HB of the SEBI Act	15,00,000/- (Rupees Fifteen Lakh Only) (joint and several)	
Noticee 2			
Noticee 3			

92. Noticees are jointly and severally liable to pay the said penalty. I am of the view that the said penalty is commensurate with the lapses/omissions on the part of Noticees.



93. Noticees shall remit/pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e., www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of AO -> PAY NOW.

94. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties of Noticees.

95. In terms of the provisions of rule 6 of the Rules, a copy of this order is being sent to Noticees and also to SEBI.

JAI
SEBASTIAN

Digitally signed by
JAI SEBASTIAN
Date: 2026.09.30
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Date: September 30, 2026

Place: Mumbai

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ADJUDICATING OFFICER