SO/PSD/2026-27/8794

SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER

IN RESPECT OF

Settlement Application No.	**Name of the Applicant**	**PAN**
8794/2026	**Kaizen Trust**	**AABTK5711F**

In the matter of Kaizen Domestic Scheme I

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1. Kaizen Trust (hereinafter referred to as the "**Fund"/"Applicant"**) filed a *suo-motu* settlement application with the Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") under the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as the "**Settlement Regulations**") proposing to settle by neither admitting nor denying the findings of facts and conclusions of law, the enforcement proceedings that may be initiated against it for the violation of regulation 23(1)(a) read with regulation 24(2) of the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 (hereinafter referred to as "**VCF Regulations**").

2. Brief facts of the case are as follows:

2.1. Kaizen Trust had launched a scheme – Kaizen Domestic Scheme I (hereinafter referred to as the "**Scheme**"). The Scheme was constituted with an initial tenure of eight years commencing on June 06, 2012 with a provision for extension of tenure by two years.

2.2. The end date of the extended tenure was June 05, 2022. The Fund should have initiated the winding up on this date and within 3 months *i.e.* by September 05, 2022, the assets of the Scheme should have been liquidated and the proceeds accruing to the investors should have been distributed to them after satisfying all liabilities. However, it was noted that the Fund failed to wind up the Scheme before the end date of the tenure and completed the process of liquidation of assets and distribution of proceeds only on March 13, 2025 *i.e.* with a delay of about 2 years and 6 months.

2.3. Thus, it was noted that there was a delay in winding up of the Scheme and liquidation of assets and distribution of proceeds, which was in non-compliance with regulation 23(1)(a) read with regulation 24(2) of the VCF Regulations.

3. The Applicant has filed the present application for the purpose of settling the proceedings that may be initiated against it for the aforesaid violations. Pursuant to the receipt of the settlement application, the Internal Committee of SEBI (hereinafter referred to as the "**IC**") held a meeting with the authorized representatives of the Applicant on April 07, 2026, wherein, the details of the matter were deliberated along with the terms of settlement.

4. The IC recommended an amount of ₹10,87,500/- (Rupees Ten lakhs eighty-seven thousand five hundred only) as the settlement amount computed in terms of Schedule II read with regulation 10 of the Settlement Regulations.

5. The Applicant *vide* email dated April 17, 2026 filed revised settlement terms proposing to pay an amount of ₹10,87,500/- (Rupees Ten lakhs eighty-seven thousand five hundred only) as the settlement amount.

6. Pursuant thereto, the High Powered Advisory Committee (hereinafter referred to as the "**HPAC**") in its meeting held on June 29, 2026 considered the proposed settlement terms and recommended that the case may be settled on the aforesaid terms.

7. The recommendations of the HPAC were placed before the Panel of Whole Time Members and the same were approved by the Panel of Whole Time Members on August 12, 2026 in terms of regulation 15 of the Settlement Regulations. Subsequently, a Notice of Demand was issued to the Applicant. The Applicant remitted the amount on August 21, 2026. SEBI has confirmed credit of the said settlement amount.

8. On the basis of the facts stated above, in exercise of the powers conferred under section 15JB read with section 19 of the Securities and Exchange Board of India Act, 1992 and in terms of regulation 23 of the Settlement Regulations, it is hereby

ordered that any proceedings that may be initiated for the violations as mentioned at paragraph 1 above, are settled in respect of the Applicant on the following terms:

i. SEBI shall not initiate any enforcement action against the Applicant for the said violations; and

ii. passing of this Settlement Order is without prejudice to the right of SEBI under regulations 28 and 31 of the Settlement Regulations to initiate appropriate action against the Applicant, if SEBI finds that:

   a. any representation made by the Applicant in the present settlement proceedings is subsequently found to be untrue;

   b. the Applicant has breached any of the clauses/ conditions of undertakings/ waivers filed during the present settlement proceedings; or

   c. the Applicant has failed to pay the difference due to any discrepancy while arriving at the settlement terms.

9. This Settlement Order shall come into force with immediate effect.

10. In terms of regulation 25 of the Settlement Regulations, a copy of this Order shall be sent to the Applicant and shall also be published on the website of SEBI.

KAMLESH CHANDRA VARSHNEY Digitally signed by KAMLESH CHANDRA VARSHNEY Date: 2026.09.23 17:51:55 +05'30'

Kompella Venkata Ramana Murty Digitally signed by Kompella Venkata Ramana Murty Date: 2026.09.23 17:36:38 +05'30'

KAMLESH C. VARSHNEY
WHOLE TIME MEMBER

K.V.R. MURTY
WHOLE TIME MEMBER