SECURITIES AND EXCHANGE BOARD OF INDIA
SETTLEMENT ORDER
IN RESPECT OF

Settlement Application No.	Applicant	PAN
8664/2025	Modulus Alternatives Investment Managers Limited	AAHCC9755G

IN THE MATTER OF VIOLATION OF PRO-RATA CONTINUING INTEREST BY MODULUS ALTERNATIVES INVESTMENT MANAGERS LIMITED

1. The Applicant filed *suo-motu* settlement application with the Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") under the SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as "**Settlement Regulations**") proposing to settle by neither admitting nor denying the findings of fact and conclusions of law, the enforcement proceedings that may be initiated against it for the alleged violation of Regulation 10(d) of the SEBI (Alternative Investment Funds) Regulations, 2012 (hereinafter referred to as "**AIF Regulations**"), read with clause 11.1.2 of the Master Circular for Alternative Investment Funds dated May 07, 2024.

2. Brief facts of the case are as follows:
   a. SEBI examined the Quarterly Activity Reports of India Credit Opportunities Fund II (hereinafter referred to as "**Fund**") which is registered with SEBI as a Category II Alternative Investment Fund, managed by Modulus Alternatives Investment Mangers Limited (hereinafter referred to as "**Investment Manager"**). As per the alerts generated on the Quarterly Activity Reports of June 2024, the drawdowns made by the Investment Manager were not pro-rata to the drawdowns made from other investors of the Fund. This led to breach of maintaining continuing interest criteria by the Investment Manager as specified under Regulation 10(d) of AIF Regulations, read with clause 11.1.2 of the Master Circular dated May 07, 2024;

   b. As per Regulation 10(d) of the AIF Regulations, read with clause 11.1.2 of the Master Circular for Alternative Investment Funds dated May 07, 2024, *"the continuing interest criteria as per Regulation 10(d) shall be maintained pro-rata to the amount of funds raised (net) from other investors in the AIF";*

c. The following was the schedule of drawdown from Applicant and other investors:

Call Due Date	**Investment Manager Commitment (in ₹ Cr)**	**Investment Manager Drawdown (in ₹ cr)**	**Cumulative Percentage Drawdown to commitment (%)**	**Commitment from other investors (in ₹ Cr) (excluding Investment Manager)**	**Drawdowns from Other investors (excluding Investment Manager) (in ₹ Cr)**	**Cumulative percentage drawdown to commitment (%)**
24/08/2023	5	0.5	10%	146.20	32.95	22.54%
28/11/2023	5	0.5	20%	260.00	68.09	26.19%
05/04/2024	5	1	40%	305.05	135.61	44.46%
27/08/2024	5	---	40%	387.75	247.71	63.88%
09/10/2024	5	---	40%	415.15	334.97	80.69%
24/02/2025	5	3*	100%	479.05	440.23	91.90%

* The Investment Manager made the drawdown of ₹3 crores on March 27, 2025

d. From the above Table, it is noted that the percentage of Investment Manager drawdown to its commitment was less than that of other investors from August 24, 2023 until March 27, 2025. Therefore, the Investment Manager was in violation of Regulation 10(d) of the AIF Regulations read with clause 11.1.2 of the SEBI Master Circular for Alternative Investment Funds dated May 07, 2024. The said non-compliance was subsequently rectified by the Investment Manager in the quarter ending March, 2025.

3. The Applicant has filed the present Settlement Application for the purpose of settling the proceedings that may be initiated against it for the alleged violations mentioned at paragraph 1 above. Pursuant to the receipt of the application, the Internal Committee of SEBI (hereinafter referred to as "**IC**") held a meeting with the authorized representatives of the Applicant on March 11, 2026, wherein, the details of the matter were deliberated along with the terms of settlement.

4. The IC recommended ₹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 March 11, 2026, filed revised settlement terms proposing settlement amount of ₹10,87,500/- (Rupees Ten Lakhs Eighty-Seven Thousand Five Hundred only) to settle the proceedings that may be initiated against it.

6. Pursuant thereto, the High Powered Advisory Committee (hereinafter referred to as "**HPAC**") in its meeting held on March 25, 2026 considered the settlement terms proposed by the Applicant 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 of SEBI and the same were approved by the Panel on May 11, 2026 in terms of Regulation 15 of the Settlement Regulations. Subsequently, Notice of Demand was issued to the Applicant on May 20, 2026. The Applicant vide email dated May 25, 2026, has informed about the remittance of the aforesaid 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 SEBI 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 Order is without prejudice to the right of SEBI under Regulation 28 and Regulation 31 of the Settlement Regulations to initiate appropriate action against the Applicants, if SEBI finds that:
      (a) any representation made by the Applicant in the present settlement proceedings is subsequently found to be untrue;
      (b) the Applicant has breached any of the clauses/ conditions of undertakings/ waivers filed during the present settlement proceedings; and

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

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 hosted on the website of SEBI.

KAMLESH CHANDRA VARSHNEY

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WHOLE TIME MEMBER

AMARJEET SINGH

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