

CGM/SM/AFD/HO/12305/2026

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

ORDER UNDER SECTION 12(3) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH REGULATION 30A OF SECURITIES AND EXCHANGE BOARD OF INDIA (INTERMEDIARIES) REGULATIONS, 2008

Name of the Noticee	SEBI Registration No.
Indostar Recurring Return Credit Fund	IN/AIF2/13-14/0060

1. Indostar Recurring Return Credit Fund (*hereinafter referred to as "Noticee"*) is registered with Securities and Exchange Board of India (*hereinafter referred to as "SEBI"*) as Alternative Investment Fund (*hereinafter referred to as "AIF"*) in terms of Section 12(1) of the Securities and Exchange Board of India Act, 1992 (*hereinafter referred to as "SEBI Act, 1992"*) and SEBI (Alternative Investment Fund) Regulations, 2012 (*hereinafter referred to as "AIF Regulations, 2012"*).
2. In terms of the Regulation 28 of the AIF Regulations read along with clause 15.1.1 of the SEBI Master Circular dated May 07, 2024, the registered AIFs are required to file report on their activity as an AIF to SEBI on quarterly basis within 15 calendar days from the end of each quarter in the reporting format hosted by AIF Industry Associations– Indian Venture and Alternate Capital Association ("**IVCA**") and Equalifi (*hereinafter referred to as 'industry associations'*), on their websites. The Quarterly Activity Reports ("**QARs**") are required to be filed on the SEBI Intermediary Portal ("**SI Portal**") as mandated by the SEBI Circular: SEBI/HO/IMD/DF1/CIR/P/2017/87 dated July 31, 2017.
3. It is, however, noted that the Noticee, which is a registered AIF with SEBI, has failed to file QARs for quarters ending March-2025, June-2025, September-2025 and December-2025 with SEBI.
4. In view of non-filing of QARs by the Noticee, SEBI initiated Summary Proceedings under Regulation 30A of the SEBI (Intermediaries) Regulations, 2008 (*hereinafter referred to as 'Intermediaries Regulations, 2008'*) read with Section 12(3) of the SEBI Act, 1992.
5. Accordingly, a Show Cause Notice dated April 24, 2026 ("**SCN**") was issued to the Noticee through Registered Post Acknowledgement Due ("**RPAD**") on

its address: ONE Indiabulls Centre, Tower 2, 17th floor, Jupiter Mills, senapati Bapat Marg, Mumbai-400013. However, the same returned Undelivered. The scan copy of the said SCN was also sent to the Noticee vide email dated April 28, 2026 to the registered email ids 'icf.secretarial@indostarcapital.com'. The same was duly delivered upon the Noticee.

6. Vide the aforesaid SCN the Noticee was called upon to show cause as to why the certificate of registration as AIF, granted to it under SEBI Act, 1992 read with the AIF Regulations, 2012, should not be cancelled under section 12(3) of the SEBI Act, 1992 read with Regulation 30A of the Intermediaries Regulations, 2008. It was also advised to file its reply, *if any* along with documentary evidence.
7. The Noticee vide its letter dated May 06, 2026 has, *inter alia*, submitted the following reply to the SCN:
 - i. The Noticee has been inoperative and dormant since inception with no schemes being launched since its inceptions. Hence, no investors were onboarded, no commitment or capital were raised and investment activity was undertaken.
 - ii. The non-filing of QARs occurred due to technical and administrative oversight, attributable to the non-functional and dormant nature of the AIF.
 - iii. In December 2017 & February 2018, the Noticee formally applied for the surrender of the certificate of registration. However, due to changes in compliance personal responsible for managing the operational and compliance matters of the Noticee the closure of the application file by SEBI was not effectively tracked or communicated internally.
 - iv. The oversight was discovered recently by the new management team and on receipt of SCN the process of filing of 'NIL' QAR for Noticee has been undertaken.
 - v. Further, non-filing of QARs has not affected any investors or has caused loss to securities market or has benefitted Noticee. Also if the QARs were filed it would have reflected NIL activity for each reporting period.
 - vi. It is further requested that the Noticee may be allowed to file NIL QAR and allow surrender of the registration.

Consideration of Submissions and Issues

8. Before proceeding further, it would be appropriate to refer to the relevant extracts of the provisions of law involved in the matter. The relevant extracts of the provisions of the SEBI Act, 1992, Intermediaries Regulations, 2008, AIF Regulations, 2012 and Master Circular on AIFs are reproduced herein

below:

SEBI Act 1992

“12. Registration of stock brokers, sub-brokers, share transfer agents, etc

...

(3) The Board may, by order, suspend or cancel a certificate of registration in such manner as may be determined by regulations:

Intermediaries Regulations, 2008

“30A. Summary Proceedings.....

2. The competent authority shall issue a notice to the person referred to in sub-regulation (1) communicating the grounds for initiation of the proceedings under this regulation and the violation(s) alleged to have been committed by such person.

3. The notice issued under sub-regulation (2) shall require the noticee to make submission(s), if any, within twenty-one calendar days from the date of receipt of the notice, only through a written response, along with documentary evidence, if any, as to why the certificate of registration granted under the Act and the regulations made thereunder shall not be cancelled or suspended:

Provided that the competent authority may, for the reasons to be recorded, permit the noticee to submit a written response within a further period not exceeding fifteen calendar days.

4. No further opportunity beyond the timelines specified in subregulation (3) shall be allowed.

5. After considering the facts and circumstances of the case, material on record and the written submissions, if any, the competent authority shall endeavour to pass an order within twenty-one calendar days from—

(i) the date of receipt of the written submissions of the noticee;

or

ii) the date of expiry of the time period granted by the competent authority to file the written submissions under sub-regulation (3), in case no written submissions are filed within the specified period

6. No opportunity of personal hearing shall be granted while

disposing of the proceedings initiated under this regulation.

7. *The competent authority shall pass an appropriate order of cancellation or suspension of the certificate of registration of the notice or any other order, as deemed fit. “*

AIF Regulations, 2012:

Regulation 28 of AIF Regulations, 2012 reads as follows:

“The Board may at any time call upon the Alternative Investment Fund to file such reports, as the Board may desire, with respect to the activities carried on by the Alternative Investment Fund.”

Regulation 35(1)(d) of the AIF Regulations, 2012 states that,

“(1) An Alternative Investment Fund which—

.....

(b) does not submit periodic returns or reports as required by the Board.

.....

shall be dealt with in the manner provided under the Securities and Exchange Board of India (Intermediaries) Regulations, 2008.”

15.1.1 of the SEBI Master Circular for, dated May 07, 2024,

“All AIFs shall submit report on their activity as an AIF to SEBI on quarterly basis within 15 calendar days from the end of each quarter in the reporting format hosted by AIF Industry Associations– Indian Venture and Alternate Capital Association (IVCA) and Equalifi (hereinafter referred to as ‘industry associations’), on their websites.”

9. I note that the Noticee is registered with SEBI as AIF in terms of AIF Regulations, 2012. As required by AIF Regulations, 2012, every registered AIF is required to submit a report on its quarterly activity to SEBI within 15 calendar days from the end of each quarter in the prescribed format. These quarterly reports are to be submitted through the SI Portal.
10. In this regard, I note from the reply dated May 06, 2026, that the Noticee has expressly admitted that the QARs were not filed due to technical and administrative oversight attributed to non-functional and dormant nature of the AIF.
11. I also note that the Noticee had filed surrender application in December 2017, February 2018 and due to change in compliance personnel was not able to track the closure of application by SEBI. Here I note that as per available

details on record with SEBI the surrender application was closed due to non-receipt of the requisite information and documents required to process the Surrender application.

12. I note the Noticee's submission that it has been dormant since inception and that any QARs filed during this period would have reflected NIL activity. Furthermore, the Noticee has requested that the 'NIL' QARs may be allowed to be filed as sufficient rectification of the procedural lapse. However, I note that the Master Circular on AIFs does not carve out an exception on filing of QARs for AIFs which have not launched any schemes. Thus, even in the absence of business operations, or until SEBI accepts the surrender of its registration certificate, the Noticee was still required to file 'NIL' reports with SEBI in a timely manner through the SI Portal. Additionally, subsequent attempts to remedy the situation do not cure past violations.
13. Further the Noticee has submitted that non filing of QARs has not affected investor interest or has caused any loss /risk to securities markets. I note that the requirement to file QARs is a strict compliance mandate under the AIF Regulations and the compliance with reporting timelines is an absolute statutory obligation not a conditional requirement based on market impact. Even if an entity has 'NIL' operations, the failure to submit mandatory reports impedes the regulator's monitoring mechanisms and constitutes a violation.
14. In view of aforesaid facts and observation, as once the violation of aforementioned provisions of law has been established, I find it to be a fit case for cancellation of the certificate of registration of the Noticee as AIF, in terms of provisions of Section 12(3) of the SEBI Act, 1992 read with Regulation 30A of the Intermediaries Regulations, 2008.

ORDER:

15. In view of the foregoing, I, in exercise of the powers conferred under Section 12(3) read with Section 19 of the Securities and Exchange Board of India Act, 1992 and Regulation 30A of the Intermediaries Regulations, 2008, hereby cancel the certificate of registration of the Noticee, bearing Registration No. IN/AIF2/15-16/0128 as Alternative Investment Fund.
16. This Order shall come into force with immediate effect.
17. A copy of this order shall be served upon the Noticee.

Digitally signed by
Somparkumar Madhusudhanan
Date: 22-05-2026 17:07:55

DATE: May 22, 2026

PLACE: MUMBAI

**S MADHUSUDHANAN
DESIGNATED AUTHORITY
SECURITIES AND EXCHANGE BOARD OF INDIA**