

**BEFORE THE ADJUDICATING OFFICER  
SECURITIES AND EXCHANGE BOARD OF INDIA  
SETTLEMENT ORDER NO. EAD-6/PM/RR/2019-20/5868**

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**SETTLEMENT ORDER**

**On the Application No. 3825 of 2018 submitted by Dynamic India Fund IV**

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1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**'), has initiated adjudication proceedings against Dynamic India Fund IV. (hereinafter referred to as '**Applicant/Noticee/DIF IV**') and four other entities namely, ICICI Venture Funds Management Company Limited, India Advantage Fund III, India Advantage Fund IV and Dynamic India Fund III under Section 15-I of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**') read with Rule 3 of the SEBI (Procedure of Holding Inquire and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as "**SEBI Rules**") for alleged violation of provisions of Regulations 4(1) and 4(2)(K) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to FUTP) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**") by the Noticee.
2. The undersigned has been appointed as Adjudicating Officer (AO) vide Order dated April 10, 2018 which was communicated vide communique dated April 13, 2018.
3. With respect to the alleged violations specified in para 1 above, Show Cause Notice (hereinafter referred to as '**SCN**') was issued to the Noticee on April 27, 2018 wherein the following was observed:
  - i. ICICI Venture Funds Management Company Limited was acting as Investment Manager to India Advantage fund III and India

Advantage fund – IV, registered as Venture Capital funds. In addition, ICICI Venture Funds Management Company Limited was also acting as sponsor to Dynamic India Fund – III and Dynamic India Fund – IV (the Noticee) registered as Foreign Venture Capital Investors.

ii. Summary of allegations levelled against the Noticee in the SCN are as under:

- A. Misleading/incorrect/ information and misrepresentation of facts to the investors
- B. Not carrying out due care and diligence while entering into the agreements with investors and distributors
- C. Concealment of material information from the investors
  - Concealment of subscription agreement (SA)
  - Concealment of placement memorandum (PPM)
  - Concealment of information in the marketing document
  - Disclosure of risk factors
  - Investment reports to investors
- D. Investment by DIF IV into IAF IV
- E. Consent obtained in respect of proposal for extension and liquidity in fraudulent manner

4. While the adjudication proceedings were initiated, the Noticee and other four entities submitted separate Applications for settlement of the proceedings, in terms of SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 (hereinafter referred to as '**Settlement Regulations, 2014**').

5. Thereafter, the Noticee, along with four other entities had a meeting with the Internal Committee (IC) of SEBI on April 10, 2019.
6. The settlement terms as proposed by the Noticee and four other entities were considered by the Internal Committee and placed before the High Powered Advisory Committee (hereinafter referred to as '**HPAC**') on June 27, 2019. After considering the facts and circumstances of the case, the HPAC recommended that the case may be settled by the Noticee and four other entities on payment of Rs 5,21,92,635/-, which were subsequently approved by the panel of Whole Time Members of SEBI on July 3, 2019.
7. Accordingly, the Noticee along with four other entities, vide letter dated November 20, 2019, have remitted consolidated settlement amount of Rs. 5,21,92,635/- (Rupees Five Crore Twenty One Lakh Ninty Two Thousand Six Hundred and Thirty Five Only) through RTGS on November 19, 2019 to SEBI's Bank of India Account towards the terms of settlement in the matter.
8. Now, therefore, in view of the acceptance of the settlement terms as proposed by the Noticee and receipt of the settlement amount as above by SEBI, the pending adjudication proceedings initiated against the Noticee vide the SCN SEBI/EAD/PM/RR/12902/1/2018 dated April 27, 2018 is disposed of in terms of Regulation 15(1) of SEBI Settlement Regulations, 2014.
9. This order is without prejudice to the right of SEBI to take enforcement actions including commencing / re-opening of the pending proceedings against the Noticee, if SEBI finds that:
  - a. any representation made by the Noticee in the settlement proceedings are subsequently discovered to be untrue.

- b. the Noticee has breached any of the clauses / conditions of undertakings / waivers filed during the current settlement proceedings.

10. This settlement order passed on this 2<sup>nd</sup> day of December, 2019 shall come into force with immediate effect.

- 11. In terms of Regulation 17 of the Settlement Regulations, 2014 a copy of this order is being sent to the Applicant / Noticee and for publication on the website of Securities and Exchange Board of India.

**Date: December 2, 2019**  
**Place: MUMBAI**

**PRASANTA MAHAPATRA**  
**ADJUDICATING OFFICER**