

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
SETTLEMENT ORDER NO. EAD-6/PM/RR/2019-20/5814**

SETTLEMENT ORDER

**On the Application No. 3752 of 2018 submitted by ICICI Venture Funds
Management Company Limited**

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**'), initiated adjudication proceedings against ICICI Venture Funds Management Company Limited. (hereinafter referred to as 'Applicant/Noticee/ICICI Ventures') and four other entities namely, India Advantage Fund III, India Advantage Fund IV, Dynamic India Fund III and Dynamic India Fund IV 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 (i) Regulations 4(1), 4(2) (f) and 4(2)(K) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to FUTP) Regulations, 2003 (hereinafter referred to as "PFUTP Regulations") and (ii) Regulation 16(1) (a) of SEBI (Venture Capital Funds) Regulations, 1996 (hereinafter referred to as "VCF 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. The Noticee was acting as Investment Manager to India Advantage fund III and India Advantage fund – IV, registered as Venture Capital funds. In addition, the Noticee was also acting as sponsor to Dynamic India Fund – III and Dynamic India Fund – IV registered as Foreign Venture Capital Investors.
 - ii. Summary of allegations levelled against the Noticee in the SCN are as under:
 - A. Factual misrepresentation to the investors with regard to the registration status
 - B. Proposals for extension and liquidity and consent of investors
 - Preference to DIF III (FVCI)over other investors
 - Lack of clarity in the proposal
 - Inadequate information furnished in the proposal
 - Sufficient time not given for response and lack of adequate follow-up
 - NAV provided under liquidity option
 - C. Management of the funds not in accordance with the terms and conditions specified in the private placement memorandums
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/12894/1/2018 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 29th day of November, 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: November 29, 2019
Place: MUMBAI

PRASANTA MAHAPATRA
ADJUDICATING OFFICER