

**SECURITIES AND EXCHANGE BOARD OF INDIA****SETTLEMENT ORDER****In respect of**

| <b>Settlement<br/>Application No.</b> | <b>Applicant</b>                                                                             | <b>PAN</b> |
|---------------------------------------|----------------------------------------------------------------------------------------------|------------|
| 8824/2026                             | True North Enterprise Private Limited<br>(Investment Manager of True North Fund<br>Scheme B) | AADCI8979A |

**IN THE MATTER OF TRUE NORTH FUND**

1. True North Enterprise Private Limited (hereinafter referred to as 'Applicant') filed *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 "**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 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:
  - a. True North Fund Scheme-B (hereinafter referred to as "**Scheme**") is a scheme of True North Fund (hereinafter referred to as "**Fund**"), a trust registered with SEBI vide registration number IN/VCF/00-01/024 under the VCF Regulations, of which the Applicant is the Investment Manager. The Applicant had submitted an online application dated May 30, 2025 for surrender of the registration of the Fund, which was returned by SEBI on the ground of potential violations of Regulation 23(1)(a) read with 24(2) of the VCF Regulations.

- b. The initial and final close of the scheme was on December 20, 2004 and its tenure, including the extensions permissible under the Placement Memorandum (hereinafter referred to as “**PPM**”), ended on December 19, 2014. Accordingly, the winding up of the scheme ought to have been initiated on the said date, and within three months therefrom, i.e. by March 19, 2015, the assets of the scheme ought to have been liquidated and the proceeds accruing to the investors distributed to them after satisfying all liabilities;
  - c. However, the Applicant extended the tenure of the scheme by a further period of 5 years and 6 months, i.e. until June 19, 2020, which is beyond the limit permissible under the PPM. Further, certain investments of the scheme were not liquidated post the expiry of the tenure, and as submitted by the Fund, the last of such investments were liquidated and the final sale proceeds distributed to the investors between December 30, 2021 and January 7, 2022. The amounts retained towards potential residual liabilities were held in liquid investments, which were disposed of and the amounts lying to the credit of the bank accounts of the scheme were distributed to the investors in March 2025. Intimation of winding up was thereafter provided to SEBI on March 31, 2025;
  - d. Thus, the winding up of Scheme was completed with a delay of about 10 years. Therefore, the Applicant was in violation of Regulation 23(1)(a) read with Regulation 24(2) of the VCF Regulations.
3. The Applicant filed the present Settlement Application for the purpose of settling the proceedings that may be initiated against it for the aforesaid violations. 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 April 07, 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 letter dated April 07, 2026, filed revised settlement terms proposing to pay an 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 May 27, 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 July 02, 2026 in terms of Regulation 15 of the Settlement Regulations. Subsequently, Notice of Demand was issued to the Applicant on July 17, 2026. The Applicant vide email dated August 05, 2026, has informed about the remittance of the aforesaid settlement amount. 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 Order is without prejudice to the right of SEBI under Regulation 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; and

(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 hosted on the website of SEBI.

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Venkata  
Ramana Murty

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**K.V.R. MURTY**

**WHOLE TIME MEMBER**

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CHANDRA  
VARSHNEY

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**KAMLESH CHANDRA VARSHNEY**

**WHOLE TIME MEMBER**