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Regulatory framework of Venture Capitalist Companies

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The venture capital industry in India is relatively at a nascent stage. The Securities and Exchange board of India (SEBI) was granted statutory powers in 1992 with the main objective to regulate and develop the Indian securities market. The SEBI Act empowered SEBI to inter-alia regulate the venture capital funds, as these funds are part of the overall securities market and is a source of capital. It announced the regulations for the venture capital funds in 1996 with the primary objective of protecting the interest of investors and providing enough flexibility to the fund managers to make suitable investment decisions. Since this is perceived to be a high risk, high return business, the participation by very small investors has been restricted and only high net worth individuals and institutions, both domestic and foreign, are allowed to participate with a minimum investment of Rs.0.5 million.

In fact, venture capital activity started in India during the late eighties and the mechanism for its operation was issued in 1987 as guidelines for venture capital (CCI,1988). The concept of venture capital investments was a logical sequence to seed capital investments offered by public financial institutions for broadening entrepreneurial base in the country by mainly providing finance to technology-oriented projects promoted by first generation technocrat promoters. The focus of investment guidelines was on enterprises where risk element was relatively high due to technology involved being relatively new, untried or very closely held.

Presently, both domestic and offshore VC funds investing in India are regulated by the SEBI. Until recently, SEBI only regulated the domestic VC funds vide the VCF Regulations. India did not have any mechanism to regulate or monitor foreign VC/private equity investors although regulations existed for domestic VC funds. While this put the domestic VC investors at a disadvantage especially after foreign investment in most sectors were through the automatic route, the Indian government felt the need to monitor (if not regulate) foreign investment in the VC sector. In order to address this, in September 2000, in addition to bringing in some major reforms to the existing VCF Regulations, which apply to VC funds based in India, the SEBI also introduced the SEBI (Foreign Venture Capital Investor) Regulations, 2000 ("**FVCI Regulations**") which would be applicable to offshore funds.

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The legal framework within which VC funds operate are broadly covered within the ambit of the following regulations:

- SEBI (Foreign Venture Capital Investor) Regulations, 2000;
- SEBI (Venture Capital Funds) Regulations, 1996;
- SEBI (Disclosure & Investor Protection) Guidelines, 2000;
- Securities Contracts (Regulation) Act, 1956;
- Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000;
- SEBI (Substantial Acquisitions of Shares and Takeover) Regulations, 1997;
- Indian Income Tax Act, 1961 ("**ITA**").

In the present study, the VCF Regulations, the FVCI Regulations and the provisions of ITA have been dealt with.

A. **THE SEBI (VENTURE CAPITAL FUNDS) REGULATIONS, 1996**

In December 1996, the SEBI notified the VCF Regulations. These regulations were further amended significantly on September 15, 2000 *vide* the SEBI (Venture Capital Funds (Amendment), Regulations, 2000. Indian Venture Capital Funds, whether existing or newly organized, who wish to avail of the tax benefits available to venture capital funds, must register with the SEBI and comply with the provisions of the VCF Regulations. Under the VCF Regulations, a domestic venture capital fund can be organized either in the form of a trust or as a company. Though the guidelines do not appear to make registration with the SEBI mandatory, SEBI has made its intention clear to regulate all domestic VCFs. Before discussing the provisions of the aforesaid regulations, a few of the important definitions have been given as under:

It is important to note the definitions of certain terms like, Venture Capital Fund ("**VCF**"), Venture Capital Company ("**VCC**") and Venture Capital Undertaking ("**VCU**"), which are defined by the SEBI in the VCF Regulations.

1. VCF

"VCF means a Fund established in the form of a trust or a company including a body corporate and registered under SEBI VCF Regulations which-

i. has a dedicated pool of capital;
ii. raised in the manner specified under the SEBI VCF Regulations; and
iii. vests in venture capital undertaking in accordance with the SEBI VCF Regulations."

The trust deed under which the trust is settled must be registered under the provisions of the Registration Act, 1908 (16 of 1908), VCFs may be set up either as trusts (funds) or as companies. In India, the governing law relating to trusts is the Indian Trusts Act, 1882. The VCF Regulations make it clear that a trust must be documented as well as registered.

2. VCC

The term VCC means a company incorporated under the Indian Companies Act, 1956.

3. VCU "venture capital undertaking" means a domestic company:-

i. Whose shares are not listed in a recognised stock exchange in India;
ii. which is engaged in the business of providing services, production or manufacture of articles or things, but does not include such activities or sectors which are specified in the negative list by the Board, with approval of Central Government, by notification in the Official Gazette in this behalf."

From the definition it is clear that VCUs are only those domestic unlisted companies engaged in the business of providing services, production or manufacture of articles or things.

B. Investment conditions and restrictions

In addition to the investment restrictions and conditions applicable to FVCIs, the following conditions would apply to a VCF:

- Minimum investment to be accepted from any investor should be Rs. 500,000 (approximately USD 11,500) except in the case of employees, principal officers or directors of the VCF, employees of the manager of the VCF where lower amounts may be accepted.
- Minimum capital commitments from its investors should be Rs. 50 million (approximately USD 10 million).
- A VCF is not permitted to invest in associate companies. An "associate company" is defined to mean a company in which a director or trustee or sponsor or settler of the VCF or the investment

manager holds either individually or collectively, equity shares in excess of 15% of its paid-up equity share capital of VCU.

- A VCF cannot invest more than 25% of its corpus in one VCU.
- An VCF can make investments in VCUs subject to the following restrictions:

i. atleast 75% of the investible funds has to be invested in unlisted equity shares or equity linked instruments.

ii. not more than 25% of the investible funds can be invested by way of:

a) subscription to the initial public offer of a VCU whose shares are proposed to be listed subject to a lock-in period of one year;

b) debt or debt instrument of a VCU in which the VCF (defined later) has already made an investment by way of equity.

- The SEBI VCF Regulations restrict VCFs from listing their securities for a period of three years from the date of their issue.

Further, a VC fund registered under the VCF Regulations will be subject to investigation/inspection of its affairs by an officer appointed by SEBI and in certain circumstances the SEBI has the power to direct the VCF to divest the assets of the VCF, to stop launching of any new schemes, to restrain from disposing any assets of the VCF, to refund monies of investors to the VCF and also to stop operating in, assessing the, capital market for a specified period.

C. THE SEBI (FOREIGN VENTURE CAPITAL INVESTOR) REGULATIONS, 2000

As mentioned earlier the FVCI Regulations merely monitors and do not regulate foreign investment in the VC sector and do not make it mandatory for an offshore fund to register with the SEBI.

The term FVCI has been defined under the FVCI Regulations to mean:

“an investor incorporated or established outside India, which proposes to make investments in venture capital fund(s) or venture capital undertakings in India and is registered under the FVCI Regulations”.

a. **Eligibility criteria**

In order to determine the eligibility of an applicant, SEBI would consider, inter *alia*, the applicant's track record, professional competence, financial soundness, experience, whether the applicant is regulated by an appropriate foreign regulatory authority or is an income tax payer or submits a certificate from its banker of it's or it's promoter's track record where the applicant is neither a regulated entity nor an income tax payer. The applicant can be a pension fund, mutual fund, investment trust, investment company, investment partnership, asset management company, endowment fund, university fund, charitable institution or any other investment vehicle incorporated and established outside India.

b. **Investment Conditions and Restrictions**

All investments to be made by an FVCI would be subject to the following conditions:-

- FVCIs are permitted to invest only in VCUs. A VCU has been defined to mean domestic companies which are not engaged in activities which have been classified under the negative list of the SEBI FVCI Regulations, which broadly includes undertakings engaged in real estate business, non-banking financial services, gold financing etc. and whose shares are not listed on a recognized stock exchange.
- While FVCIs are permitted to invest its entire corpus in a domestic SEBI VCF (defined later), it cannot invest more than 25% of the funds committed for investments in India in one VCU.
- An FVCI can make investments in VCUs subject to the following restrictions:

i. atleast 75% of the funds committed to India has to be invested in unlisted equity shares or equity linked instruments.

ii. not more than 25% of the funds committed to India can be invested by way of:

a) subscription to the initial public offer of a VCU whose shares are proposed to be listed subject to a lock-in period of one year;

b) debt or debt instrument of a VCU in which the VCF (defined later) has already made an investment by way of equity.

An FVCI is required to appoint a domestic custodian and will have to enter into an arrangement with a designated bank for the purpose of opening a special non-resident Indian rupee or foreign currency account. SEBI acts as a nodal agency for all necessary approvals including the permission of the RBI for opening of the bank account. In addition to the above investment conditions and restrictions, there are certain reporting and disclosure requirements that need to be satisfied by a registered FVCI on a continuing basis.

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c. **Benefits of Registration with the SEBI**

Though it is not mandatory for an offshore fund to register with SEBI as a FVCI, the SEBI and the Reserve Bank of India ("**RBI**") have extended certain benefits to funds registered under the FVCI Regulations making it beneficial to register. FVCIs registered with SEBI would be entitled to the following benefits:

- The FVCIs would be eligible to freely remit monies into India for making investments in a venture capital undertaking ("**VCU**"). Any fresh issue of shares by an Indian company in most sectors has been made automatic under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 (**FDI Regulations**). Therefore, any purchase of shares of an Indian company by a non-resident from a resident requires to be approved by the Foreign Investment Promotion Board ("**FIPB**") and the RBI. Such approval is granted on a case-by-case basis and generally takes approximately 4-8 weeks. However, as an FVCI, no prior approval of the FIPB or the RBI is needed for making investments into Indian VCUs.
- Generally, on the purchase of shares of an unlisted company by a non-resident, the minimum price to be paid would be linked to the net asset value of the shares. Similarly, for exits involving transfer from a non-resident to a resident, the exit price is capped at the price of the shares on the stock exchange (listed company) or to the net asset value (unlisted company). However, a special exemption has been carved out for FVCI's in as much that an FVCI may acquire or sell its Indian shares/ convertible debentures/units or any other investment at a price that is mutually acceptable to both the parties (RBI,2000). Thus, there are no entry or exit pricing restrictions applicable to an FVCI. This could be a very significant benefit for FVCI's, especially in the case of a strategic sale or buy-back arrangement with the promoters at the time of exit from unlisted companies.
- The transfer of shares from FVCIs to promoters is exempted from the public offer provisions under the SEBI (Substantial Acquisitions of Shares and Takeover) Regulations, 1997 ("**Takeover Code**"), if the portfolio company gets listed on a stock exchange post the investment. This ensures that if the promoters have to buy-back the shares from the FVCIs, they will not be burdened with the public offer requirement which would otherwise require an offer to the other shareholders of the company to buy upto 20% of the paid-up capital of the company.
- FVCIs registered with SEBI have been accorded the status of Qualified Institutional Buyer ("**QIB**") and are accordingly eligible to subscribe to the securities at the initial public offering of a VCU through the book-building route.
- Under the SEBI (Disclosure and Investor Protection) Guidelines, 2000 ("**SEBI DIP Guidelines**"), the pre-issue share capital of a company, which is in the process of an IPO, is locked-in for a period of one year from the date of allotment. However, an exemption has been granted to VC funds registered under the SEBI VCF Regulations and SEBI FVCI Regulations. This would facilitate the FVCI to exit from their investments post-listing. However, in the case

of securities subscribed to in an initial public offering ("**IPO**"), there would be a lock-in of one year applicable to such investments. The term "promoter" and "promoter group" have been broadly defined under the SEBI DIP Guidelines to include any person who plays an instrumental role in the decisions of a company making a public offer. A private equity investor generally reserves certain veto rights in the company and in most cases is actively involved in the decisions of the Company. If the private equity investor is not registered as an FVCI, it could be treated as a part of the promoter group, thereby subjecting it to certain onerous requirements that are applicable to promoters. The SEBI has clarified that a SEBI registered venture capital fund or an FVCI, would generally not be treated as promoters for the purpose of the above guidelines.

C. INDIAN INCOME TAX ACT, 1961

VCFs registered with SEBI are accorded a '*pass through*' status for tax purposes. Section 10 (23FB) of the ITA provides that any income of a VCF set up to raise funds for investments in VCUs, will be tax exempt in India. Such exemption is available provided the VCF is registered with SEBI under the VCF Regulations and complies with the conditions laid down in the VCF Regulations. Such VC funds will be tax exempt in India in respect of any income arising out of investments made in unlisted Indian portfolio companies. Thus it can be seen that the income tax exemption is only available to domestic funds, which invest in unlisted Indian portfolio companies. Further, explanation 2 to section 10(23FB) of the ITA provides that the income of a VCF / VCU shall continue to be exempt if a company subsequent to the VC investment gets listed on a stock exchange.

Further, as per the provisions of section 115U of the ITA, the VCF / VCU will not be required to withhold any tax in India on the income distributed by it to the investors. As per the provisions of section 115U of the ITA, any income distributed by the VCF/ VCU will be chargeable to tax in the hands of the investors in the same manner as if it were the income of the investors, had they made such investments directly in the Indian portfolio companies.

ISSUES CURRENTLY FACED BY THE VENTURE CAPITAL PLAYERS

While the VCF and the FVCI Regulations were expected to significantly encourage formation of domestic VCFs and foreign private equity investors to register with SEBI, the number of such registrations with SEBI demonstrates that these regulations still fall short of the expectations of the players in this industry. While full credit should be given to the SEBI for formulating the guidelines which have helped in rationalizing the different set of conflicting guidelines that prevailed in the country and also given the industry a direction, it needs to be recognized that the VC industry is extremely dynamic and it would be important that the Regulations should either be flexible enough to accommodate foreseeable changes in the environment or would need to be reviewed from time to time.

Significant changes to the venture capital regulations were brought about in 2000 pursuant to the K B Chandrasekhar committee recommendations. While most changes recommended by the committee were accepted by SEBI in its SEBI (Venture Capital Funds) (Amendment) Regulations, 2000, and the newly promulgated FVCI Regulations, there were a few important ones which were left out which now seem even more critical. Furthermore, the overall changes in the dynamics of the industry and other related issues which are now coming to light with the above regulations being in force almost two years now, we believe it is perhaps the right time for SEBI and the Government to re-look at these guidelines and see if any corrective measures are required to set the VC industry rolling. Apart from regulatory changes, it will be extremely important for SEBI to build confidence amongst the players, both domestic as well as foreign, to give them the comfort in subjecting themselves to above regulations. In addition to changes in the above regulations, there are also some other legal and regulatory changes which are desired in order to further facilitate the growth of this industry the benefits of which the country will reap in terms of enhanced entrepreneurship and wealth creation.

Some of the critical issues, which are faced by the players in complying with the existing regulations and the statues, have been highlighted in this section together with possible solutions which can be explored by the regulators. The section has been divided to three sections viz. issues common to both FVCI and VCFs, specific VCF related issues and the FVCIs related issues.

ISSUES COMMON TO BOTH VCFS AND FVCIs

1. *Investment in listed securities*

The provision of the VCF Regulations and the FVCI Regulations which needs immediate attention is the restriction on investment in securities of a company whose shares are listed. VCFs and FVCIs are allowed to invest in VCUs and the definition of VCU includes only those companies whose shares are unlisted. This condition again, can make registration with SEBI unattractive for most private equity funds as they typically prefer to keep the option open of investing in listed companies as well, if any attractive investment opportunity comes by.

Infact in the earlier guidelines, i.e. 1996 guidelines, VCFs were effectively allowed to invest upto 20% of their corpus in companies whose securities were listed. While making amendments in 2000, somehow this flexibility was taken away whereas there was a need to probably expand this limit. It would be unfair to say that companies whose shares are listed do not need private equity funding. On the contrary, listed companies may need more such private equity funding in order to build capacities and expansion, which would also result in shareholders wealth at large.

Further, there are several underperforming listed companies which could become a classic turn around cases if the right kind of funding and hand holding is given to them there by benefiting the shareholders and the country at large. Internationally, there are no such restrictions on investments by private equity players. This is getting more relevant in the context of the increased interest in PIPE deals. There is an immediate need to permit VCFs/FVCIs to invest up to a certain percentage of the corpus in listed securities. This limit could be anywhere between 30 to 50%.

2. *Types of investment instruments*:

The regulations allow flexibility to the VCFs/FVCIs to invest in equity or equity linked instruments as well as debt. While we do understand that the broad purpose of a venture capital would be to invest in risk capital and not in pure debt, it is also important to look at it from the investors perspective where they would want the flexibility to invest in instruments which give them flexibility to invest in some kind of hybrid instruments which are optionally convertible. Instruments like optionally convertible debentures or preference shares are one of the most preferred instruments. The definition of 'equity linked instrument" restricts the ability of the VCFs/FVCIs to invest in such optionally convertible instruments. Accordingly, the definition of 'equity linked instrument' should be broadened to provide for this flexibility. It should be left to the market forces to determine whether they would want debt investment from a VC player or from any other financial institution. This could mean in a larger context, the requirement of allowing only up to 25% of the capital in debt should be removed altogether.

3. *Investment in listed companies by way of preferential issue of shares*

The withdrawal of exemption to preferential issue of shares from public offer provisions could virtually kill the private equity investment in listed entities by substantially increasing the cost of acquisition. Further, it may be more important for the capital to be infused into the company as against buying out the existing shareholders as such capital can be effectively used to improve the shareholders wealth in the long run. While permitting the VCFs/FVCIs to invest in listed companies, it would be imperative to bring about a corresponding change in the SEBI Takeover Code to carve out exemptions for such preferential issue of shares to a SEBI registered VCFs/FVCIs. This would be an excellent incentive for the private equity players to register with SEBI.

*4. **Investment in real estate and non-banking financial services company***

Under the current VCF Regulations and FVCI Regulations, VCFs/FVCIs are not allowed to invest in real estate and non-banking financial services. The restriction on non-banking services companies is creating problems where the investments are made through a separate holding company since there is no definition of non-banking financial services any where in the regulations. These are real operational difficulties faced by VCFs/FVCIs since at several instances the investments are required to be made in holding companies which may not be operational companies. SEBI needs to issue a clarification on this at the earliest. Further, non-banking financial services companies too need private equity and carry a similar risk profile as any other VCU. The investors in a VCF/FVCI are sophisticated investors and are fully expected to understand the risks associated with private equity/venture capital investments. Thus, imposing restrictions on investment by VCF/FVCI in the non-banking financial services sector will put this sector at a disadvantage as compared to other businesses and such restrictions should be done away with.

Secondly, the real estate market is extremely vibrant in the current economy. If real estate sectors as any other sector need private equity funding why should it not be made available. In fact, now even foreign investors have been allowed to invest in specific sectors such as integrated townships or SEZs. Thus restriction on investment in real estate needs to be re-looked.

*5. **Special Voting Rights***

The Companies Act provides that Indian companies can have differential voting rights, subject to compliance with certain detailed (and confusing) rules issued by the Department of Company Affairs (which falls within the Ministry of Finance) in this regard. Since typically private equity investors seek special veto rights and since they are typically not interested in wresting control of the Indian companies, the DCA could announce special provisions for VCFs/FVCIs that gives them a veto on certain specified matters. This issue is currently being addressed contractually through Shareholders' Agreements and can sometimes result in needless litigation to enforce these rights.

ISSUES SPECIFIC TO VCFs:

1. ***Registration:***

There seems to be confusion as *to* whether it is mandatory for the domestic VCFs to register with SEBI. The current VCF Regulations state that any venture capital fund or a company wishing to raise monies and invest in accordance with the VCF Regulations shall be required to register with SEBI under the VCF Regulations. This can be interpreted to mean if a venture capital fund, which does not wish to raise monies or invest in accordance with these regulations, is not required to register with SEBI. If the interpretation of the regulator is the same as this then there should be enough clarity on this front. While internationally in most countries, it is not mandatory to register a fund as a VCF unless certain incentives are desired to be enjoyed by the applicant. It should be left to the player to decide whether it wishes to avail of such benefits such as tax pass through, QIB status, exemption from public offer provisions, etc. in which case he would be required to register with SEBI under the VCF Regulations. If the above benefits are not desired, there should be no mandatory requirement to register. With a view to facilitate and encourage registrations, SEBI should focus more on incentivising players to register with them. Further, corresponding clarification would also be required that such unregistered trusts would not fall within the mutual fund ambit as that would defeat the purpose of giving the players that flexibility.

2. ***Direct participation in projects***

Also in respect of several funds with specific objectives, the requirement of investing only in VCUs would make it imperative that such investments will have to be in companies and not directly into the projects. For funds such as project development funds or for that matter media or film funds, the preference would be to participate directly in the projects. The above requirement takes away the flexibility for such funds. This could lead to an additional layer of tax at the VCU level and more importantly will not allow the VCC or VCF to set-off profits of one project against losses of other projects. This also adds to the risk of non-repatriability of income from the SPVs formed for specific projects in the event of a loss. For e.g. if a project specific SPV makes a loss on a project, it will not be able to repatriate the capital back to the VCC or VCF as the current corporate laws impose restrictions on redemptions of shares both in terms of the proceeds that can be used for such redemption as well as amount of such redemption. Hence the definition of VCU needs to be broadened to allow direct participation in projects.

3. ***Investment in offshore VCUs***

The SEBI registered VCFs should be given a flexibility to invest upto a certain percentage of their corpus in overseas companies, say 20%. This will allow Indian VCFs to participate in global structures of VCUs as against restricting them to participation in domestic VCUs. This could also address the issue of situations where at the time of exit from a domestic VCU, shares in overseas companies are offered to the VCFs as a result of a share swap. While this would also require corresponding change in the exchange control regulations, from a macro perspective it could potentially result in higher inflow of foreign exchange as it will offer better opportunities for the Indian VCFs to exit in the international market through strategic sale.

4. ***Flexibility to distribute in specie***

The VCF Regulations state that upon winding up of a scheme, the assets of the scheme shall be liquidated and the proceeds be distributed amongst the investors. It will be important to provide flexibility in the VCF Regulations to permit in-specie distribution of assets, as it may be difficult to liquidate all the assets.

5. ***Taxation***

There also needs to be rationalization of the provisions of the ITA in order to reduce confusion and bring about more clarity. For example, the income of the VCFs have been exempted from tax under section 10(23FB) of the ITA however a corresponding change in the provisions related to withholding of tax while making payment to a VCF need to be brought about in section 196 of the ITA so that any VCU making payment to a VCF is not required to withhold tax thereby bringing VCFs at par with mutual funds. Further, 10(23FB) should be simplified on lines with 10(23D) and all definitions of a VCF or a VCC or a VCU should have a reference to the VCF Regulations. This would greatly simplify the need for corresponding changes to the ITA whenever there is a change under VCF Regulations. Several of these desired amendments to the ITA have been laid out in **Annexure 3** of this CHAPTER.

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ISSUES SPECIFIC TO FVCIs

1. *Investment Limits*

The FVCI Regulations require that a registered FVCI cannot invest more than 25% of its "investible funds" in a single VCU. "Investible funds" has been defined to mean the funds allocated for investments into India, net of operating expenses. This condition could be a big problem for large funds that operate on a global basis, as these funds typically do not have any country-specific allocation of investments. Therefore, large global funds are virtually incapable of complying with this condition. The Regulations do not specify a timeframe within which the funds have to be invested, but such a condition is causing a lot of uneasiness amongst most of the large private equity players, who are therefore, wary of registering with the SEBI. This is probably one reason why only about 8 funds have registered with the SEBI as FVCIs.

2. *Minimum Capitalisation Norms*

The Indian foreign investment policy and exchange control laws require that any foreign investment in a company which is carrying out non-fund based non-banking financial services activity requires the Indian company to be capitalised at least to the extent of USD 500,000. Most private equity funds prefer to have a wholly-owned subsidiary in India to act as an advisor and for carrying out several on-the-ground information gathering activities on behalf of the fund. These companies typically have a very low requirement of cash as they do not typically have very significant expenses. However, because of the minimum capitalisation norms, private equity funds are being forced to lock in cash into their Indian advisory companies, which they do not have a very good use for. This can put off many funds from focusing seriously on investing in India. Therefore, wholly-owned Indian subsidiaries of FVCIs registered with SEBI can be exempted from these requirements.

CONCLUSION

As it can be seen that there are several issues in respect of VC players that needs immediate attention in order to foster growth of the VC industry in India and to encourage foreign private equity players to invest in India. We need to understand that India is one amongst several destinations that is vying for the huge private equity pool available globally. If the Indian regulations do not smoothen the inflow of this global private equity capital, it will by pass the shores of India leaving Indian entrepreneurs and companies thirsty of capital. In the current market where raising monies from public has become difficult proposition, Indian companies are

left with no choice but to dip into this private equity pool and any roadblock in doing so will virtually ring the death bell for these companies.

Since the SEBI has now been made a nodal agency to regulate and facilitate the growth of VC industry, it would be imperative that the initiative be taken up by the SEBI and equally important by the associations like the CII and the Indian Venture Capital Association ("**IVCA**") to take up the issues with the respective authorities and ensure that these critical roadblocks are smoothened to foster growth of this industry.

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