

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM
_____, 2024

For private circulation only

AIF- Laureate

By Electrum Portfolio Trust

Electrum Portfolio Trust is registered with SEBI as a Category III Alternative Investment Fund with effect from 06 March, 2025

Registration No. IN/AIF3/24-25/1753

Trustee: Axis Trustee Services Limited

Sponsor: Electrum Portfolio Managers Private Limited

Manager: Electrum Portfolio Managers Private Limited

*This private placement memorandum ("Memorandum") is being furnished to you on a confidential basis for you to consider investing in the Units of **AIF- Laureate**, first scheme of **Electrum Portfolio Trust**, established as Trust under the Indian Trusts Act, 1882. This Memorandum shall not be reproduced or provided to others without the prior written permission of the Manager.*

The information contained in this Memorandum may not be provided to others who are not directly concerned with your decision regarding proposed investment. By accepting delivery of this Memorandum, you agree to the foregoing, and to return this Memorandum if you do not invest in the Units of the Fund. Investors are requested to note that no returns from the Fund is assured or guaranteed.

Name of Investor: _____

Copy No.: _____

Important Notice

An investment in the AIF- Laureate ('Fund') is suitable only for sophisticated and/or private investors including fund of funds, government institutions, corporates, partnerships, limited liability partnerships, public sector undertakings, private banks, insurance companies, family offices, individuals, global development financial institutions and multilateral organizations and requires the financial ability and willingness to invest in the Fund, to accept the high risks and lack of liquidity inherent in an investment in a Fund of this nature.

No assurance can be given that Fund's investment objective or investment strategy will be achieved. There can be no assurance that the Fund will achieve its target returns or returns comparable to those achieved by the entities with which the Sponsor or the Manager or their Affiliates have been associated.

(Signature of Investor)

Name of Investor : _____

Name of Distributor: _____
(if applicable)

Date : _____

Place : _____

DISCLAIMER

This confidential Memorandum is issued in connection with and relates to an investment in the Units of the Fund. The Trust is registered with SEBI as a category III AIF under the SEBI AIF Regulations. This Memorandum does not constitute an offer or a solicitation of an offer to subscribe to the Units described herein from any person other than the person whose name appears on the cover page of this Memorandum. No person, other than such person, receiving a copy of this Memorandum, may treat the same as constituting an offer or a solicitation of an offer to subscribe to the units of the Fund described herein.

The information in this Memorandum for the Fund is not exhaustive and may be changed. This Memorandum is not an offer to subscribe to the Units and does not solicit an offer to subscribe to Units in any jurisdiction where the offer or sale is not permitted. An offer or solicitation in respect of the Units in the Fund will be made only through the final form of the Fund's Memorandum. This Memorandum has been prepared solely for the benefit of persons interested in a possible investment in the Fund, and any reproduction or distribution of this Memorandum in whole or in part, or the divulgence of any of its contents without the prior written consent of the Investment Manager is strictly prohibited.

The information in this Memorandum is current as at the date of this Memorandum, and may be supplemented, amended or modified from time to time by any further information in a supplemental information Memorandum in which event the information in this Memorandum shall be read as supplemented, amended or modified by such additional information, as the case may be. The supplemental information Memorandum shall be provided to the investors within 1 month from the end of the financial year regarding which the Memorandum is supplemented, amended or modified.

Notwithstanding anything contained in the Fund's documents, the Manager shall continue to be responsible for the compliance with the SEBI AIF Regulations, SEBI circulars, and the directions issued by SEBI, from time to time, and other Applicable Law in relation to operations and reporting by AIFs. The Manager has taken all reasonable care to ensure that the information in this Memorandum is true and accurate in all material respects and that there are no material facts, the omission of which would make any statement in this Memorandum, whether of fact or opinion, misleading. No other representation, warranty or undertaking is given in respect of the information in this Memorandum by the Manager or by any other person duly authorized by the Manager and neither the Manager nor any other person duly authorized by the Manager takes responsibility for the consequences of reliance upon any statement or information contained in, or any omissions from, this Memorandum.

Prospective investors should review the Fund documents carefully. Nothing in this Memorandum, the information contained in it or any other information supplied in connection with the Fund (other than the Fund documents, the terms set out in the summary of principal terms section of this Memorandum to the extent incorporated in the Fund documents by reference, and the confidentiality understanding contained herein) shall form the basis of any contract.

The Units of the Fund are not being offered for sale or subscription to public, but are being privately placed with a limited number of eligible investors as per the SEBI AIF

regulations. Information provided herein has not been approved by SEBI or any other legal or regulatory authority in India, nor has any such regulatory authority passed upon or endorsed the accuracy or adequacy of this Memorandum. No person has been authorized in connection with this offering to give any information or make any representations other than as contained in this Memorandum. If given or made, such additional information or representations must not be relied upon as having been authorized. This Memorandum is an information document only and is not, and shall not under any circumstances be construed as, a public offering of the Units described herein. The Trust is prohibited from making an invitation to the public to subscribe to Units. Neither this Memorandum nor the Units described herein have been registered or qualified for offer or sale under the laws of any jurisdiction (other than India) governing the offer or sale of Units or other securities.

The information on taxation contained in this Memorandum is a summary of certain tax considerations but is not intended to be a complete discussion of all tax considerations. The contents of this Memorandum are not to be construed as investment, legal, or tax advice. Investors should consult their own counsel, accountant, or investment advisor as to legal, tax, and related matters concerning their investment. This Memorandum is qualified in its entirety by the forms of the contribution agreement, the indenture of trust, and the investment management agreement as applicable, provided herewith and any conflict between any statement made herein and any provision of the contribution agreement, the indenture of trust, or the investment management agreement, as applicable shall be resolved in favor of the latter three documents. This Memorandum contains a fair summary of the material terms of the aforesaid documents. However, prospective investors should not assume that such summaries are complete. Such summaries are qualified in their entirety by reference to the texts of the original documents, which will be made available by the Fund to prospective investors upon request.

In making an investment decision, Investors must rely on their own examination of the Fund and the terms of the offering, including the merits and risks involved. These securities have not been recommended by any regulatory/statutory authority.

Investors may request additional information in relation to the Fund by writing to the Manager:

Name of the Manager : Electrum Portfolio Managers Private Limited

Name of Contact Person : Rakesh Garg

Communication Address : 1301, Morya Grand, Opp Infinity Mall, Off New Link Road, Andheri West, Mumbai - 400053

Contact No. : 9324022308

Email : rakesh@electrumcapital.in

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PART - A

DIRECTORY

Sponsor

Name : **Electrum Portfolio Managers Private Limited**

Registered Address and Communication Address : 1301, Morya Grand, Opp Infinity Mall, Off New Link Road, Andheri West, Mumbai - 400053

Tel : +91 9324022308

Email : aif@electrumcapital.in

Investment Manager

Name : **Electrum Portfolio Managers Private Limited**

Registered Address and Communication Address : 1301, Morya Grand, Opp Infinity Mall, Off New Link Road, Andheri West, Mumbai - 400053

Tel : 9324022308

Email : aif@electrumcapital.in

Trustee

Name : **Axis Trustee Services Limited**

Registered Address : Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli Mumbai - 400025

Communication Address : The Ruby, 2nd Floor, SW, 29, Senapati Bapat Marg, Dadar West, Mumbai - 400028

Tel : +91 22-6230-0451

Email : aiftrustee@axistrustee.in

Tax, Legal and Regulatory Advisor

Name : **Minesh Shah & Associates LLP**

Registered and Communication Address : Office 18, 31st Floor, Marathon Futurex, Mafatlal Mills Compound, NM Joshi Marg, Lower Parel (E), Mumbai - 400013

Tel : +91-98209-09359

Email : malav@mineshshah.com

Custodian

Name : Nuvama Asset Services

Registered Address : Vatika Business Centre, 3rd floor, Thapar House,
New Delhi 110001

Tel : +91 98183 60767

Email : shivamv.gupta@nuvama.com

Merchant Banker

Name : **Kunvarji Finstock Private Limited**

Registered Address : Kunvarji, B Wing, Siddhivinayak Towers, Off S.G.
Road, Makarba, Ahmedabad – 380 051, Gujarat,
India.

Communication Address : 1208-20, 12th floor, Summit Business Bay, Opp. PVR
Cinema, Near Western Express Highway – Metro
Station, Andheri (E), Mumbai – 400093

Tel : +91 - 79 6666 9000

Email : mb.compliances@kunvarji.com

Registrar and Transfer Agent

Name : [•]

Registered Address : [•]

Communication Address : [•]

Email : [•]

SECTION I: EXECUTIVE SUMMARY

The principal terms of the offering are summarized below. The information in this section is subject to more detailed information provided elsewhere in this Memorandum. Investors should read the entire Memorandum carefully before making the decision to invest in the units of the Fund.

Trust (AIF)	The Trust is named as Electrum Portfolio Trust and constituted as a contributory determinate trust under Indian Trust Act 1882 and registered under Registration Act, 1908. The Trust is registered as Category III Alternative Investment Fund with SEBI under the SEBI AIF Regulations vide Registration Number <u>IN/AIF3/24-25/1753</u> .
Fund (Scheme)	<p>AIF- Laureate is the first scheme in the Trust and is open ended.</p> <p>The Fund is expected to issue Units, on private placement basis, as per SEBI AIF Regulations. The Fund is eligible to invest in Indian securities in accordance with Applicable Law.</p> <p>The Fund will invest in equity shares of listed entities, derivative including futures and options, unlisted entities, debt securities (listed or unlisted), other equity or equity linked securities and all other securities that are permitted under Applicable Law.</p> <p>Units in the Fund are not listed, quoted or dealt in on any stock exchange or market nor has any application been made to any stock exchange or market for a listing or for a quotation or for a permission to deal in any of the Units proposed to be issued. The Fund does not intend to list its Units on any stock exchange, unless permitted under Applicable Law and approved by the Investment Manager.</p>
Sponsor/(s)	Electrum Portfolio Managers Private Limited , a Company, having its registered office at 1301, Morya Grand, Opp Infinity Mall, Off New Link Road, Andheri West, Mumbai – 400053
Manager or Investment Manager	Electrum Portfolio Managers Private Limited , a Company, having its registered office at 1301, Morya Grand, Opp Infinity Mall, Off New Link Road, Andheri West, Mumbai – 400053
Affiliate [1]	Not Applicable
Affiliate [2]	Not Applicable
Affiliate [3]	Not Applicable

<p>Investment Objective and Strategy</p>	<p>The objective and purpose of the Fund is to carry on the activity of an open-ended Category III AIF and for this purpose to arrange, make, manage and dispose of investments with the view to providing capital preservation and appreciation over-time to Contributors in accordance with Applicable Laws and the Fund Documents.</p> <p>The Fund's objective is to invest in Indian listed equities, equity linked securities, unlisted entities, Initial Public Offers (IPO), debt securities (listed or unlisted), warrants, infrastructure bonds and in such other securities, listed, unlisted, quoted or traded on any stock exchange or over the counter, as permitted under Applicable Law.</p> <p>The Fund invests in accordance with the general investment policy described herein. The investment objective of the Fund is to achieve capital appreciation through investing in securities mentioned above, as is permitted under Applicable Law. The majority of the investments made by the Fund will be in listed equity shares.</p> <p>Any material alterations to the Investment Objective of the Fund shall be made by the Investment Manager with consent of Unit-holders representing at least 66.67% of total Net Asset Value of the Fund. For material alterations, procedures as mandated by SEBI shall be followed.</p> <p>There can be no assurance that the Investment Objective of the Fund will be achieved, and certain investment practices to be employed by the Fund can, in some circumstances, substantially increase any adverse impact on the Fund's investment portfolio.</p> <p>The Fund does not propose to engage in lending activity or extending guarantee to Investee Companies.</p> <p>Please refer to “SECTION III: INVESTMENT OBJECTIVE, STRATEGY AND PROCESS” of this Memorandum.</p>
<p>Investment Allocation</p>	<p>The Fund is sector agnostic and the Investment Manager can invest in any sectors and geographies.</p>
<p>Target Corpus</p>	<p>The Fund is an open-ended Category III AIF, and hence does not have any proposed corpus. However, the Fund expects to raise a Corpus of approximately INR 1000 Crores. However, since the Fund is open-ended, it will have flexibility to accept additional subscriptions from time to time. The Corpus would be computed based on funds committed by Unit-holders by written contract or any such</p>

	document. The Corpus of the Fund will not be below INR 20 Crores as required by SEBI AIF Regulations.
Classes / Series of Units	<p>The Fund intends to issue three classes of Units (Class A Units, Class B Units and Class C Units) (each, a 'Unit').</p> <p>Potential investors coming directly into the Fund are invited to subscribe to Class A Units in the Fund (the "Class A Unit-holders").</p> <p>Potential investors coming through placement agents/distributors/arrangers into the Fund are invited to subscribe to Class B Units in the Fund (the "Class B Unit-holders").</p> <p>The Investment Manager will have the discretion to consider aggregate investment amount for issuing Class of Units/sub-class of a Units to a group of investors that are Affiliates in accordance with its internal policy and Applicable Laws, if any.</p> <p>Further, the Investment Manager at his own discretion, can change the Class of an investor if that investor invests more monies in future or redeems part of its investments in future in accordance with its internal policy and Applicable Laws, if any.</p> <p>Class C Units in the Fund are only available to be subscribed by the Sponsor and/or any person with the approval of the Investment Manager.</p> <p>Further, the terms of the Contribution Agreement shall not go beyond the terms provided in this Memorandum.</p> <p>The rights associated with the various classes of Units are described below.</p> <p>In accordance with the Fund Documents, the Investment Manager shall have the power to allot additional Class of units to existing or potential investors if it deems fit but in each case without adversely affecting the rights and interests of any, other than existing Class of Units.</p> <p>Any special right given to any classes of Units shall not have any adverse impact on the economic or other rights of any other Unit-holder.</p> <p>The Fund shall issue Units in accordance with the Fund Documents in dematerialized form or in such other manner as maybe permitted by SEBI from time to time.</p>

<p>Class A Units</p>	<p>Potential investors coming directly into the Fund are invited to subscribe for Class A Units in the Fund. The Class A Units can be further classified into various sub-classes on the basis of the time when the investment is made in the Fund or for the purpose of calculating the Management Fee and/or Performance Fee or the amount of investment made by the Unit-holders or any other criteria, at the discretion of the Investment Manager. Holders of all sub-Classes of Class A Units will be collectively referred as Class A Unit-holders.</p> <p>The Investment Manager will have discretion in determining the Classes or sub-Classes of Units that will be issued to the potential investors.</p> <p>The Fund shall have the right to redeem Class A Units in certain circumstances described in the Fund Documents (if, for example, in the opinion of the Investment Manager, not doing so might result in the Fund incurring any liability to taxation or suffering any other pecuniary disadvantage).</p> <p>The Class A Unit-holders are entitled to participate in the distribution of assets available for the Unit-holders upon winding up of the Fund as are attributable to Class A Units.</p>
<p>Class B Units</p>	<p>Potential investors coming into the Fund through placement agents/distributors/arrangers are invited to subscribe for Class B Units in the Fund. The Class B Units can be further classified into various sub-classes on the basis of the time when the investment is made in the Fund or for the purpose of calculating the Management Fee and/or Performance Fee or the amount of investment made by the Unit-holders or any other criteria, at the discretion of the Investment Manager. Holders of all sub-Classes of Class B Units will be collectively referred as Class B Unit-holders.</p> <p>The Investment Manager will have discretion in determining the Classes or sub-Classes of Units that will be issued to the potential investors.</p> <p>The Fund shall have the right to redeem Class B Units in certain circumstances described in the Fund Documents (if, for example, in the opinion of the Investment Manager, not doing so might result in the Fund incurring any liability to taxation or suffering any other pecuniary disadvantage).</p> <p>The Class B Unit-holders are entitled to participate in the distribution of assets available for the Unit-holders upon winding up of the Fund as are attributable to Class B Units.</p>

Class C Units	<p>Class C Units are available for subscription by the Sponsor and/or any person with approval of the Investment Manager.</p> <p>Class C Units are Participating Units and are similar to Class A Units and Class B Units except differences specified in Redemptions, Management Fee and Performance Fee. The Class C Units will be further classified into various sub-classes (like Class C1, Class C2 etc.). Class C1 Units will be issued to the Sponsor and Class C2 Units will be issued to employees or directors of Investment Manager or such other class of Contributors that the Investment Manager may decide in his own discretion. Class C1 and Class C2 Unit-holders or any other sub-Classes of Class C Units will be collectively referred as Class C Unit-holders.</p> <p>The Class C Unit-holders are entitled to participate in the distribution of assets available for the Unit-holders upon winding up of the Fund as are attributable to Class C Units.</p> <p>Class C1 Units that are issued to the Sponsor shall represent the continuing interest of the Sponsor as mandated in the SEBI AIF Regulations.</p>
Term of the Fund	<p>The Fund is open-ended and will have unlimited life, subject to certain situations where the Fund may wound up.</p> <p>Please refer to Clause 9 of SECTION VII: PRINCIPAL TERMS OF THE FUND of this Memorandum.</p>
Minimum Capital Commitment	<p>The minimum initial investment or commitment, as the case may be, in respect of Units is INR 1 Crore for all the Classes unless stated otherwise in the PPM. The minimum initial investment or commitment in no case shall be lower than the minimum investment permitted under SEBI AIF Regulations.</p> <p>For any subsequent investment by the Unit-holder in the Fund, the Investment Manager have discretion to reject such subsequent investment if the amount of investment proposed is not material or for any such other reason that the Investment Manager will communicate to the Unit-holder.</p> <p>Provided that, in case of Contributors who are Accredited Investor, the requirement of minimum capital commitment shall not apply to such investors.</p> <p>Provided in the event the Contributors are the employees or directors of the Investment Manager, the minimum</p>

	Contribution from such Contributor is INR 25,00,000 (Indian Rupees Twenty Five Lakhs).
Sponsor Commitment	<p>The Sponsor(s) will at least commit an aggregate capital commitment of 5% of the Corpus or INR 10 Crores, whichever is lower, in accordance with the Regulations. The Sponsor(s) will subscribe to Class C1 Units of the Fund in any proportion at their discretion.</p> <p>The Commitment provided by Sponsor or Investment Manager at the time of declaration of First Close, to the extent to meet minimum corpus requirement under Applicable Law, shall not be reduced or withdrawn or transferred, post First Close.</p>
Commitment Period (if applicable)	Not applicable.
Initial Offer Period	<p>The initial offer period shall commence on [●] at 9.00 a.m. (India time) and will close on [●] at 5.00 p.m. (India time) unless extended at the discretion of the Investment Manager or after Fund receives minimum commitment of INR 100 crores, whichever is earlier. It is hereby clarified that the Fund shall not commence its operations until it receives minimum commitment of INR 20 Crores as required under Applicable Law (the “Initial Offer Period”). The Initial Offer Period shall in no case extend beyond 12 months from the date on which the PPM is taken on record by SEBI. It is clarified that the Initial Offer Period shall commence only after taking the PPM on record.</p> <p>It is hereby clarified that the First Closing shall be at the end of the Initial Offer Period.</p> <p>The subscription amount for Investors participating during Initial Offer Period should be wired or received by the Fund 1 day prior to the expiry of Initial Offer Period, unless otherwise decided by the Investment Manager.</p> <p>The first subscription amount for investors shall be atleast INR 1 Crore as per the SEBI AIF Regulations (as amended from time to time).</p>
Subscription / Offering Price	<p>The initial offer price per Class A, Class B and Class C Unit is INR 100 per Unit (the “Offer Price”) for all subscriptions made before the closing of the Initial Offer Period (or such earlier or later date as the Investment Manager may designate in their absolute discretion).</p> <p>The price at which a Class A Unit, Class B or Class C Unit is subsequently to be bought is the aggregate net asset value of the Units divided by the total number of Units in issue as</p>

	<p>at the next Valuation Day (as defined below) after the relevant purchase request has been accepted by the Investment Manager (the “Contribution Price”).</p> <p>Please refer to Clause 5 of SECTION VII: PRINCIPAL TERMS OF THE FUND of this Memorandum.</p>																														
Hurdle rate of return or Preferred Return	<p>The Hurdle rate of Return is 10% per annum for Class A4, Class A5, Class A6, Class B4, Class B5, Class B6 on pre-tax basis (to be computed on the NAV as on April 1 every year).</p> <p>Please refer to SECTION VII: PRINCIPAL TERMS OF THE FUND of this Memorandum.</p>																														
High Water Mark	<p>Yes, as specified in Performance Fee in SECTION VII: PRINCIPAL TERMS OF THE FUND of this Memorandum.</p>																														
Management Fee	<p>In payment for carrying out its duties and responsibilities, the Investment Manager is entitled to a payment of an annual fee as per the table below or such percentage as may be agreed in the Contribution Agreement (plus applicable GST and other indirect taxes in force) out of the assets of the Fund and shall be allocated to Class A Units and Class B Units, before the deduction of Performance Fee and Taxes paid or provided (the “Management Fee”). The Management Fee will be calculated on each Valuation Day by reference to the Net Asset Value of the Units (excluding Performance Fee) as on each Valuation Day and will be payable monthly in arrears within 10 Business Days of each Valuation Day. The Investment Manager, at its discretion, can agree a different Management Fee for any particular Unit-holder in the Contribution Agreement signed with that Unit-holder. No Management Fee will be allocated to Class C Unit-holders.</p> <p>The Management Fee will be charged in the following manner:</p> <table><tr><th>Class of Units</th><th>Investment Amount</th><th>Management Fee</th><th>Performance Fee</th><th>Hurdle Rate</th></tr><tr><td>Class A1</td><td>Up to INR 2 Crores</td><td>2.40%</td><td>-</td><td>-</td></tr><tr><td>Class A2</td><td>More than INR 2 crores and up to 5 crores</td><td>1.90%</td><td>-</td><td>-</td></tr><tr><td>Class A3</td><td>More than INR 5 crores</td><td>1.40%</td><td>-</td><td>-</td></tr><tr><td>Class A4</td><td>Up to INR 2 Crores</td><td>1.90%</td><td>15.00%</td><td>10%</td></tr><tr><td>Class A5</td><td>More than INR 2 crores and up to 5 crores</td><td>1.40%</td><td>12.50%</td><td>10%</td></tr></table>	Class of Units	Investment Amount	Management Fee	Performance Fee	Hurdle Rate	Class A1	Up to INR 2 Crores	2.40%	-	-	Class A2	More than INR 2 crores and up to 5 crores	1.90%	-	-	Class A3	More than INR 5 crores	1.40%	-	-	Class A4	Up to INR 2 Crores	1.90%	15.00%	10%	Class A5	More than INR 2 crores and up to 5 crores	1.40%	12.50%	10%
Class of Units	Investment Amount	Management Fee	Performance Fee	Hurdle Rate																											
Class A1	Up to INR 2 Crores	2.40%	-	-																											
Class A2	More than INR 2 crores and up to 5 crores	1.90%	-	-																											
Class A3	More than INR 5 crores	1.40%	-	-																											
Class A4	Up to INR 2 Crores	1.90%	15.00%	10%																											
Class A5	More than INR 2 crores and up to 5 crores	1.40%	12.50%	10%																											

	Class A6	More than INR 5 crores	0.95%	10.00%	10%
	Class A7	Up to INR 2 Crores	-	14.00%	-
	Class A8	More than INR 2 crores and up to 5 crores	-	12.00%	-
	Class A9	More than INR 5 crores	-	9.00%	-
	Class B1	Up to INR 2 Crores	2.50%	-	-
	Class B2	More than INR 2 crores and up to 5 crores	2.00%	-	-
	Class B3	More than INR 5 crores	1.50%	-	-
	Class B4	Up to INR 2 Crores	2.00%	15.00%	10%
	Class B5	More than INR 2 crores and up to 5 crores	1.50%	12.50%	10%
	Class B6	More than INR 5 crores	1.00%	10.00%	10%
	Class B7	Up to INR 2 Crores	-	15.00%	-
	Class B8	More than INR 2 crores and up to 5 crores	-	13.00%	-
	Class B9	More than INR 5 crores	-	10.00%	-
	<p>The Management Fee payable to the Investment Manager shall be exclusive of all applicable taxes (including GST, as applicable) and levies, if any (together with surcharge and additional surcharge, as may be applicable) leviable on such Management Fees, the same to be borne by the Fund and allocated to the holders of Class A Units and Class B Units and/or such other Class/Subclass/series of Units as maybe determined by the Investment Manager), as applicable.</p> <p>Please refer to Clause 21 of SECTION VII: PRINCIPAL TERMS OF THE FUND of this Memorandum for further details.</p>				
Additional Return	Not Applicable				
Performance Fee	Investment Manager will be entitled to receive performance fee from the Fund which shall be allocated to Class A and Class B Unit-holders (the “Performance Fee”). The Performance Fee will be calculated for each series of Class A Units and for each series of Class B Units (i.e., for Units acquired during Initial Offer Period or thereafter, at different Valuation Day) so that each Unit is charged Performance				

	<p>Fee, which equates fairly with that Unit's performance. No Performance Fee shall be charged from Class C Unit-holders</p> <p>The period for calculating the Performance Fee (the 'Reference Period') shall be the period beginning 1 April and ending on 31 March of each year, provided that if a Unit is issued on a day other than 1 April of any year the initial Reference Period for the Unit shall begin on the date of issue (i.e., end of Initial Offer Period or thereafter at each Valuation Day) and end on 31 March of the same year.</p> <p>Performance Fee will be accrued on each Valuation Date or when the Performance Fees is actually vested, at the discretion of the Investment Manager.</p> <p>The Performance Fee payable to the Investment Manager shall be exclusive of all applicable taxes including goods and service tax, as applicable and levies, if any (together with surcharge and additional surcharge, as may be applicable) leviable on such Performance Fee and the same to be borne by the Fund/ Contributors (as applicable).</p> <p>Please refer to SECTION VII: PRINCIPAL TERMS OF THE FUND of this Memorandum.</p>
Expenses of the Fund	<p><u>Setup Fee:</u></p> <p>The fees, costs and expenses relating to the authorization, incorporation and establishment of the Fund, the registration and licensing of the Fund with SEBI, the initial offer of Units, the preparation and printing of this Memorandum, digital onboarding of clients and other marketing materials will be borne by the Fund at actuals and allocated to the holders of Class A Units and Class B Units up to a maximum of INR 5 Million amortized over a period of 4 years and will be charged post 12 months from the Initial Closing.</p> <p><u>Ongoing expenses of the Fund:</u></p> <p>The Fund will pay out of the assets attributable to Units charges and expenses directly related to its own operations (plus any applicable Taxes).</p> <p>Please refer to Clause 24 of "SECTION VII: PRINCIPAL TERMS OF THE FUND" of this Memorandum for details.</p> <p>Kindly refer to "SECTION XII: ILLUSTRATION OF FEES, EXPENSES AND OTHER CHARGES" of this Memorandum for details.</p>

Exit (Redemption)	<p>Subject to Lock-in Period Contributors have the right to exit from the Fund, either fully or partly, on any Valuation Day or such other day, as the Investment Manager may determine. Amount payable to the Contributor exiting the Fund shall be calculated at the prevailing Net Asset Value per Unit on the Redemption Date less any Redemption Fee, provision for Taxes including Taxes on unrealized gains (the “Redemption Price”). The Redemption Price will constitute and may be paid as two separate remittances at discretion of the Investment Manager ie (i) towards redemption of Units held by Contributor at the cost at which they were acquired by the Contributor, and (ii) towards distribution of the profits attributable to the Contributor till exit of the Contributor.</p> <p>Please refer to Clause 10 of “SECTION VII: PRINCIPAL TERMS OF THE FUND” of this Memorandum for details.</p>
Leverage strategy	<p>The borrowing or leverage shall not exceed two times of the net asset value of the Fund as prescribed by SEBI AIF Regulations (as amended from time to time) and the Fund shall disclose information regarding the overall level of borrowing and such other information, as required under SEBI AIF Regulations and / or required by SEBI from time to time.</p> <p>Subject to SEBI AIF Regulations, the Fund may use leverage in its investment program including the use of borrowed funds to invest in certain types of options, such as puts, calls and warrants.</p> <p>Leverage shall be calculated in accordance with the SEBI AIF Regulations.</p>

SECTION II: MARKET OPPORTUNITY/ INDIAN ECONOMY/ INDUSTRY OUTLOOK

The information in this section, unless otherwise stated, (1) represents the research results, market views or opinions of the Investment Manager based on available information and current market conditions and (2) is provided as on the date hereof. Information obtained from third parties and other sources have not been independently verified by the Investment Manager. Growth and other numerical data shown does not represent investment returns and should not be used to predict the Fund's return.

¹India has been one of the best performing markets globally over the past 15 years. Unlike other emerging markets, India's nominal GDP growth has translated into earnings growth and equity market returns. India is expected to become the 3rd largest economy in the world this decade. 2023 onwards, India is one of only three global economies that generating more than \$400 billion of nominal economic output per annum. Although India appears to have a large economy, it is actually still less than a fifth of the size of China's on a nominal basis.

It is forecasted that India should experience average real GDP growth of over 6% per annum over the next 6 years, which we believe is justified given its structural advantages (discussed in detail below). India is the only country growing at more than 6-7% with one of the best fundamentals.

We believe that the Indian economy has a long runway for growth which will be sustained due to its favourable demographic breakdown, a politically and financially stable environment, a dynamic private sector, and continued pro-growth government reforms. India's transformation is also visible throughout tech and businesses. India now exports \$133B of IT, more than Saudi Arabia's exports of \$110B of oil. UPI is now globally best-in-class, doing \$150B+ of annual transactions! While India's listed market cap has crossed \$4.3Tn, up 14x from 2000.

All this is aided by the country's distinctive demographic dividend. India has 900 million young people, almost 2x of China's 500 million. India's youth is so large, it is equal to the entire top 10 young populations combined, barring China. Interestingly, India's share of working age to non-working age population will peak later and at a lower level than that for other countries but last longer.

While the economy experienced some short-term speed bumps between 2015 and 2018 due to demonetisation, the implementation of GST, new regulations around real estate sector, and a credit slowdown due to stressed balance sheets of NBFCs, we have still witnessed strong GDP growth in real terms over longer periods of time. We believe, going forward, this level of growth is a reasonable expectation from an economy coming off a low base and benefitting from structural tailwinds. This should also be supported by structurally increasing capital flows from domestic investors as well as participation from foreign investors. Domestic participation in Indian equities is at a nascent stage and should provide a strong tailwind for equity markets as domestic flows continue to grow from the current low base.

¹ Source - Goldman Sachs "Global Strategy Conference 2024", World Bank, Wikipedia, Economic Times

For a developing nation, India has a large tertiary sector, and a relatively under-developed manufacturing sector. Growth in this sector is required in order to sustain overall economic growth and provide employment. While service exports account for 40% of overall exports, they employ relatively few people. The recent investment in the manufacturing sector has been aided by the China Plus One tailwinds, and many sectors have also benefitted from the governments PLI scheme.

Government has taken many steps to facilitate and improve manufacturing. Make in India as well as PLI schemes are helping companies to make in India for the world. We have seen strong Government capex and should witness an equally strong private capex in coming years. There has been lot of impetus on sectors like defence, railways, renewable energy and infrastructure.

Investors do need to be mindful of volatility in the Indian equity markets, which is here to stay. Currency depreciation, while moderate in the long term, can also be a source of short-term volatility as it tends to be highly correlated with equities. At the same time, relatively high growth rates and a long runway for growth mean that a number of small and mid-sized companies can potentially grow to the size of corporates that are recognised as large and mega caps in today's markets. Markets will never move in a straight line and bouts of volatility will be there. We will make use of such volatility and invest in companies with structural growth opportunities. We believe that Indian equities offer great opportunities for patient investors who wish to invest in high quality businesses that can generate significant alpha over the long term.

SECTION III: INVESTMENT OBJECTIVE, STRATEGY AND PROCESS

PARTICULARS	DETAILS
Investment Objective	<p>The objective and purpose of the Fund is to carry in this section on the activity of an open-ended Category III AIF and for this purpose to arrange, make, manage and dispose of investments with the view to providing capital preservation and appreciation over-time to Contributors in accordance with Applicable Laws and the Fund Documents.</p> <p>The investment objective of the Fund is to generate strong, uncorrelated returns by relying on the underlying growth of the businesses and allowing earnings and cash-flows to compound for a long period of time.</p> <p>The key objectives of the Fund therefore are (i) to invest majorly in listed securities in India, and (ii) to employ a long only style of investing with long holding periods.</p> <p>The Fund does not propose to engage in lending activity or extending guarantee to Investee Companies.</p>
Category of Registration	The Fund shall be the first scheme of Trust, registered as Category III AIF.

PARAMETERS (IF APPLICABLE)	CATEGORIES (IF ANY)	ALLOCATION AS PERCENTAGE OF INVESTABLE FUNDS (AT THE TIME OF INVESTMENT)
Investment in type of securities	Listed equity	Upto 100%
	Unlisted equity	0% to 35%
	Debt securities	0% to 20%
	Derivative securities for hedging and arbitrage purposes	0% to 20%
Maximum exposure of the Fund to various positions adopted	Long only	Upto 100% exposure to long strategy

by the Fund (e.g. long only / short only)		
Leverage strategy of the Fund		<p>The borrowing or leverage shall not exceed two times of the net asset value of the Fund, as prescribed by SEBI AIF Regulations (as amended from time to time) and the Fund shall disclose information regarding the overall level of borrowing and such other information, as required under SEBI AIF Regulations and / or required by SEBI from time to time.</p> <p>Subject to SEBI AIF Regulations, the Fund may use leverage in its investment program including the use of borrowed funds to invest in certain types of options, such as puts, calls and warrants.</p>
Allocation for investment in overseas securities, if any		None
Sector Allocation (if any)		Sector agnostic
Geographic Allocation (if any)		Across India
Any variation to any of the above stated parameters or strategy	Any material alteration to the Investment Objective, Strategy and Restrictions shall be made by the Investment Manager with the consent of Unit-holders representing at least 66.67% of total Net Asset Value of the Fund.	

Note: The Fund shall invest not more than 10% of the NAV of the Fund in one Investee Company. In case of large value funds for accredited investors the Fund may invest up to twenty percent of the investable funds in an Investee Company, directly or through investment in units of other Alternative Investment Funds.

Investment Strategy:

The Investment Manager will apply a bottom up, fundamental investment strategy that is backed by rigorous due diligence and analytical process. The fund intends to use the following process in determining whether the risk/reward profile of a potential investment will make it suitable for the Fund.

Investment Target Selection

We follow Elect framework for stock selection process

E – Excellent Management Pedigree

- *Prudent Capital Allocation and Conservative financial management*
- *Skin in the game/ Shareholding Interest*
- *No Conflicting businesses*
- *Superior Execution track record*
- *Honest, passionate, Hunger for Growth*

L - Longevity and Sustainability of Business

- *Competitive Advantage/ Moat- Brand, Distribution, Switching costs, Technology, Low cost, Scale*
- *Entry Barrier- Network Effect, Regulatory, Logistical*
- *Strong Product Profile and New Product/ Business Development*

E – Earnings growth

- *Growing Industry/ Opportunity Size*
- *Market share Gain, Geographical Expansion, New products Opportunities*
- *Long term Sectoral Tailwinds*
- *Growth Vs Market growth Estimate*

C – Capital Efficiency

- *High Return on capital/ Equity*
- *Low capital intensity- High Asset Turns, Low Working capital*
- *Strong Operating Cash Generation- OCF/EBIDTA*
- *Dividend Payouts/ Efficient Capital deployment*

T - Turnaround/ Value Mispricing/Contra Opportunities

- *Price Value mismatch – We are value seekers*
- *Business in Transition – Management, Product, geography*
- *Out of favor – Industry, Company available cheap*
- *Special situations- Spin offs, Acquisitions*

Proactive Coverage

The Investment Manager believes that proactive coverage is a key factor in delivering superior returns to investors. The Investment Manager intends to track the developments and trends affecting sectors of interest, regularly visit and interact with companies under evaluation with the intent of building relationships

and tracking performance. The proactive sector coverage model is also expected to sharpen the understanding of relevant sectors and companies, improve access to transactions and should enable the Investment Manager and the Fund to make well informed decisions, while reacting quickly to opportunities.

Disciplined Approach

The Investment Manager intends to follow a disciplined investment approach that combines favourable sector selection with a detailed evaluation of a target company and its management. We would largely follow GARP (growth at reasonable price) strategy in picking stocks for our portfolio. This approach ensures building in some margin of safety as well as opportunistically targeting growing companies.

The investment process is expected to combine in-depth proprietary research, a detailed analysis of the key value drivers and a careful analysis of the risk / reward profile as well as a relative value comparison among alternative investment opportunities.

Rigorous Due Diligence

The fund intends to conduct a high degree of on-the-ground diligence, on inherently under-researched and less understood businesses that help us better understand the whole business ecosystem. This should also help us with a differentiated understanding of the business. We perform regular channel checks, meet company management and competitors and also visit plants/factories to understand the ground scenario.

Investment Decision Making Process

The Investment Manager's investment process that is expected to be followed, as explained below:

Screening and Ideation	Fundamental Analysis	Management Meeting and Channel Check	Stock Selection
<ul style="list-style-type: none"> Quantitative and Qualitative screening – ROCE, ROE, Cash Flow, Asset Turns, leverage, Growth Team track record Industry and Market Network, Sell side brokers Business/ Industry Insights 	<ul style="list-style-type: none"> Annual reports, Conference calls, Management Interviews P&L and Balance sheet analysis Competition Mapping Business Opportunity Industry analysis 	<ul style="list-style-type: none"> Management Meetings Plant visits Distributors, Suppliers, Competitor interactions Industry Specialists 	<ul style="list-style-type: none"> Long term compounders Contra opportunities – lower valuations due to industry setbacks, company specific issues, out of favor Changing opportunity landscape- New product/ Management/Regulation Companies with strong tailwinds for earnings growth and possible multiple expansion

In India, there are over approximately 5,000 listed companies (source - <https://www.bseindia.com/>). The Investment Manager will typically screen the top 200-500 companies within the framework described above and create a core list of investable companies. We regularly use screeners, broker research and

management meetings to screen investment opportunities. Using the above list we would then create a funnel of stocks with deep dive research.

Fundamental research on the company/sector by the analyst following the above approach. It will cover the key assumptions, variables and risk etc. Appropriate support and inputs of the industry experts and on the ground due diligence will be taken.

The assessment of equity investments will hinge on core elements like business quality, management quality, competitive advantage, and incremental growth opportunities for the business and industry. This analysis will incorporate both qualitative aspects, like assessing culture, quality of people and moats, and quantitative details, including present financial health and future financial forecasts.

The Fund Manager will evaluate and construct the portfolio based on research inputs, their understanding and judgment, market composition, outlook for the markets, sectors, companies, portfolio diversification, outlook for various risks and variables etc.

Investment Philosophy

The Core of our philosophy lies in investing in businesses with long term moats, strong management with good corporate governance and disciplined financial management. We believe management is the one who makes or breaks a business and we put lot of focus on understanding people running the business

We are biased towards value philosophy in selecting our businesses and are always on lookout for growth at reasonable price. Our aim is to generate wealth over medium to long term by investing in smaller companies that have the capability to reach greater heights. We aim to provide stable risk adjusted returns over long period of time by investing primarily in small and midcap companies with a structural theme and growth prospects. The strategy will have a 3-5 years investment horizon. Our investment style can be termed as **Growth at Reasonable Price (GARP)**.

Investment Restrictions:

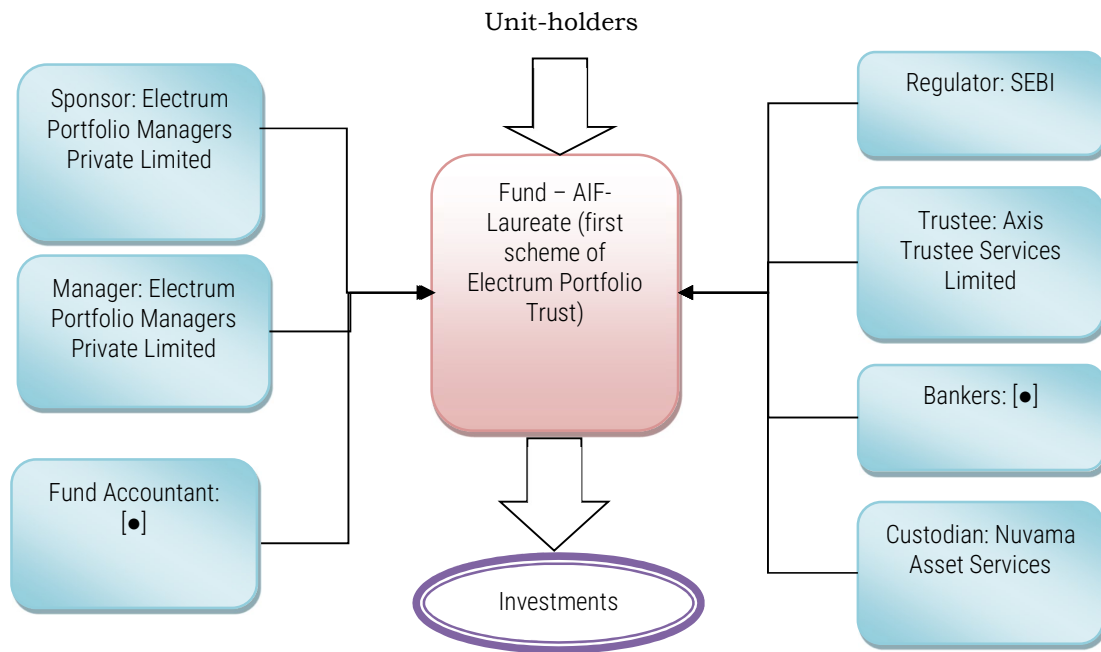
The Fund Investments shall be subject to the following restrictions and conditions:

- The Fund shall not invest more than 10% (ten percent) of the Investible Funds in one Portfolio Entity. In case of large value funds for accredited investors the Fund may invest up to twenty percent of the investable funds in an Investee Company, directly or through investment in units of other Alternative Investment Funds.
- The Fund shall adhere to directions regarding areas such as operational standards, conduct of business rules, prudential requirements, restrictions on redemption and conflict of interest as may be specified in the Applicable Laws.
- The Fund shall not act as a Nominated Investor as specified in clause (b) of sub-regulation (1) of regulation 106N of SEBI (ICDR) Regulations, 2009.
- The Fund may buy or sell credit default swaps in terms of the conditions as may be specified by the Board from time to time.

- The Fund shall not take delivery against physical settlement of commodity derivatives.
- The Fund shall not invest in any associates or units of other AIFs managed or sponsored by its Manager, Sponsor or associates of its Manager or Sponsor, except with the approval of 75% investors
- The Fund does not intend to invest in units of other AIFs.
- The Investment Manager, with the approval of Super-Majority of the Unit holders, shall buy or sell investments, from or to
 - associates; or
 - schemes of AIFs managed or sponsored by its Manager, Sponsor or associates of its Manager or Sponsor; or
 - an investor who has committed to invest at least fifty percent of the corpus of the scheme of AIF.

Provided that while obtaining approval of the investors, the investor specified under sub-clause c) who has committed to invest at least fifty percent of the corpus of the scheme of Alternative Investment Fund and is buying or selling the investment, from or to, the Alternative Investment Fund, shall be excluded from the voting process.

SECTION IV: FUND STRUCTURE



AIF- Laureate (“Fund”) is an open-ended scheme of **Electrum Portfolio Trust (“Trust”)** organized as a determinant trust under the provisions of the Indian Trust Act, 1882, and is settled by the Settlor, pursuant to the Indenture of Trust. The Trust is an umbrella trust, with the Trustee having powers to form various open or close ended schemes. The assets and liabilities of each scheme of the Trust shall be segregated and ring-fenced from other schemes of the Trust and bank accounts and securities accounts of each scheme shall be segregated and ring-fenced.

The Trust has obtained registration from SEBI as a Category III Alternative Investment Fund vide registration no. IN/AIF3/24-25/1753.

Axis Trustee Services Limited, a company incorporated under the Companies Act, 1956 (“**Trustee**”), is the Trustee of the Fund as per the terms of the Indenture. The Fund is registered with SEBI as an open-ended Category III AIF under the AIF Regulations. The Trustee, on behalf of the Fund, has entered into an Investment Management Agreement with **Electrum Portfolio Managers Private Limited (“Investment Manager”)** and the Fund is sponsored by **Electrum Portfolio Managers Private Limited**, pursuant to which the Investment Manager will be responsible for managing the investments and divestments of the Fund and will provide other services in respect of the Fund in accordance with the Investment Objective and investment strategy of the Fund.

The Fund is an open-ended scheme of the Trust. All contributions by the Contributors will be in the form of subscription to Units of the Fund. All the Unitholders of the Fund would be identified by the Unitholder register maintained by the Fund and all the distributions to Unitholders will be in proportion to Units held by such Unitholders in accordance with the formula mentioned in the Indenture of Trust thereto and the Trustee Company shall have no discretion to make distributions in

any other manner. The Trust and Investment Manager, jointly and severally, reserves the right to refuse any Contributor or its Contribution without assigning any reason whatsoever.

Class C1 Units offered through this Memorandum and to be subscribed by the Sponsor, by making the compulsory sponsor commitment under AIF Regulations.

At least 5% of the corpus or INR 10 crores, whichever is lower (compulsory sponsor commitment) will be provided by Sponsor and includes any additional amounts that may be committed to the Fund by the Sponsor.

SECTION V: GOVERNANCE STRUCTURE

A. Sponsor:

- 1. Electrum Portfolio Managers Private Limited**, a company incorporated under the Companies Act, 2013 and having its registered and communication office at 1301, Morya Grand, Opp Infinity Mall, Off New Link Road, Andheri West, Mumbai – 400053
- 2. Role:** The Sponsor shall have the obligations as set out under the AIF Regulations. In addition, the Sponsor shall: (i) act in a fiduciary capacity towards the Unit-holders and disclose to the Unit-holders, all conflicts of interest as and when they arise or seem likely to arise; and (ii) act in the interest of the Unit-holders and not act detrimental to the interests of the Unit-holders or place its own interests above the interests of the Unit-holders.

We have provided below the list of the Directors of the Sponsor and their brief profile below:

Sr. No	Brief profiles of the Directors of Sponsor			
1.	Mr. Rakesh Garg, Director Qualification: FCS, Masters in Commerce & Law Graduate Details of his experience: Mr. Rakesh Garg's detailed work experience is as under:			
	From	To	Organization and Designation	Details
	Sep-2023	Present	CEO & Director – Electrum Portfolio Managers Private Limited & CEO of Electrum Capital Private Limited	Managing overall operations and resources of the company, and ultimately accountable for performance and outcomes.
	Dec-2021	Sep-2023	Promoter – AgriConnect Solutions	Part of core management of the Company.

			Private Limited	
	May-2018	Dec-2021	Chief Operating Officer – ECL Finance Limited	Heading Overall operation of the Company, including Finance, Compliance, Legal, Secretarial & Technology
	May-2018	April 2021	Chief Operating Officer & CFO – National Bulk Handling Corporation	Head of operations including finance, legal, compliance & technology, also designated as Company Secretary
	Jan-2009	April-2011	Chief Operating Officer & Company Secretary – IDBI Capital Market Services Limited	Head of Operation, finance Controller, Company Secretary. Part of Senior Management of the Company and taking care of stock broking retail and institution, Merchant banking and Merger operations.
	Oct-1997	Dec-2008	Chief Operating Officer & Company Secretary – Arihant Capital Markets Limited	Complete responsibility of Broking, Depository & NBFC operations & Responsible for Continuous upgradation of processes and systems in line with the business growth and monitoring of credit and operational risks -Designated Company Secretary and Compliance Officer with Stock Exchanges, SEBI, Depositories, RBI responsible for regulatory compliances
2.	Mr. Arpit Agrawal, Fund Manager and Director Qualification: Chartered Accountant and Commerce Graduate Details of his experience: Mr. Arpit Agrawal's detailed work experience is as under:			
	From	To	Organization and Designation	Details

	Jan – 2021	Present	Co-Founder & Director Electrum Portfolio Managers Pvt Ltd & Director of Electrum Capital Pvt. Ltd.	<ul style="list-style-type: none"> Overall fund management Activity and oversee research
	Feb-2018	Jan-2021	CIO-Portfolio Management Services Systematix Shares & Stock (I) Ltd	<ul style="list-style-type: none"> Was Chief Investment Officer
	July-2014	June-2017	Co-Founder, Director & Portfolio Manager Tamohara Investment Managers	<ul style="list-style-type: none"> Co-Founder and Portfolio Manager at TIM with core responsibilities included Investment Management, Business Development, Team building and General Management of the company
	Sep-2008	June-2014	Vice President-Portfolio Management Services, Barclays Wealth	<ul style="list-style-type: none"> Key member of Portfolio Management team managing Discretionary and Non-Discretionary PMS mandates for HNI clients
	Dec-2003	Sep – 2008	Head Equity Research Arihant Capital Markets Limited	<ul style="list-style-type: none"> Responsible for Equity research, Business development facilitating team interaction with Institutional clients and maintaining corporate relationships
3.	Mr. Romil Jain, Director Qualification: <ul style="list-style-type: none"> CFA-USA Chartered Accountant Details of his experience Mr. Romil Jain's detailed experience is as under:			

	From	To	Organization and Designation	Details
	Jan-2020	Present	Principal Officer & Director Electrum Portfolio Managers Private Limited	Managing the Fund
	Feb-2019	Jan 2020	AVP-Portfolio Management Services Systematix Shares & Stock (I) Ltd	Fund Manager and heading the Research
	Apr-2017	Feb-2019	AVP – Research JM Financial Services	Taking care of Research
	Mar-2011	Mar 2017	Manager Equity Research Quantum Equity Research	Taking Care of Research
4.	Mr. Ashok Jain, Director Qualification: <ul style="list-style-type: none"> Chartered Accountant Master's in Commerce Details of his experience Mr. Ashok Jain's detailed experience is as under:			
	From	To	Organization and Designation	Details
	1992	Present	Chairman & Managing Director – Arihant Capital Markets Limited	He established Arihant Capital in 1992. With over 35 years of work experience, including 31 years in capital markets, he has shown case remarkable innovation and entrepreneurial prowess. Starting with a boutique stock broking company, he successfully transformed the company in to

				a comprehensive financial services group with a nationwide presence.
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B. Trustee:

Axis Trustee Services Limited, a company incorporated under the Companies Act, 1956 is appointed as the Trustee of the Fund.

Brief Profile of the Trustee:

Axis Trustee Services Limited is the Trustee of the Trust. The Trustee is a wholly-owned subsidiary of Axis Bank Limited.

The Trustee's services are aimed at catering to the individual needs of the client and enhancing client satisfaction. As Trustee, it ensures compliance with all statutory requirements and believes in the highest ethical standards and best practices in corporate governance. It aims to provide the best services in the industry with its well trained and professionally qualified staff with a sound legal acumen. The Trustee is involved in varied facets of debenture and bond trusteeships, including, advisory functions and management functions. The Trustee also acts as a security trustee and is involved in providing services in relation to security creation, compliance and holding security on behalf of lenders.

The Trustee is also involved in providing services as (i) a facility agent for complex structured transactions; (ii) an escrow agent; (iii) a trustee to alternative investment funds; (iv) custodian of documents as a safekeeper; (v) a trustee to real estate investment funds etc.,

The Board of Directors of the Trustee is entrusted with the responsibility for the overall management of the Trustee. The details in relation of the board of directors of the Trustee are as follows:

Sr. No.	Name	DIN	Date of Appointment
1.	Prashant Joshi	08503064	16/01/2024
2.	Deepa Rath	09163254	01/05/2021
3.	Mr. Arun Mehta	08674360	03/05/2024
4.	Mr. Parmod Kumar Nagpal	10041946	03/05/2024

Brief Profile of Directors of Axis Trustee Services Limited

Mr. Prashant Joshi is a Director (Non-Executive) on the Board of the Axis Trustee Services Limited.

Prashant Joshi is the Group Executive & Chief Credit Officer of the Bank since May 1, 2022. As the Chief Credit Officer, he is responsible for all underwriting functions across the Retail and Corporate segments.

Prashant has nearly three decades of experience in financial services, primarily in project finance appraisals and credit functions. He has been with Axis Bank since September 2006 in roles related to Credit/ Underwriting and Risk across various segments.

In his previous stint, he was with the Industrial Development Bank of India in the project finance department for nearly 13 years, with in-depth experience of working on proposals across sectors. He started his career in a private firm as a Project Engineer.

Prashant is a Civil Engineer from Sardar Patel College of Engineering, Mumbai University.

Ms. Deepa Rath is a Managing Director & CEO on the Board of Axis Trustee Services Limited.

Ms. Deepa Rath is a Senior Banker with more than 20 years of experience in Corporate Banking, Fintech, Credit, Project Funding, MSME Financing, Retail Banking, Supply Chain Finance, Trade Finance etc.

Ms. Deepa is known for her strategic leadership, customer centric approach, superior people & relationship management skills which have helped her set up and scale up New Businesses & High Impact Teams across domains. Prior to taking over as MD & CEO of Axis Trustee Services Ltd, Ms. Deepa was part of the founding leadership team and spearheaded TReDS (Trades Receivable Discounting System) platform business at INVOICEMART / A. TReDS LTD (JV of Axis Bank & Mjunction), a pioneer work in the space of Digital & Transparent Financing of MSMEs, Financial Inclusion, API Integration & Blockchain implementation.

Previous to this, she led various business functions across geographies with Axis Bank Corporate Banking department. In the early part of her career, she took several roles with IDBI Bank and ICICI Bank Ltd within the Corporate Banking & Retail Banking franchise.

She has been a speaker on various Finance & Fintech related forums and was a part of Axis Bank's Senior Business Leadership program initiatives pertaining to Ethics & sustainability (POSH), Recruitment & Employee Engagement, Corporate social responsibility etc. She is a panel /advisory member on the International Consulting/Advisory related to Supply Chain Finance, Fintech, Go-To-Market strategy & Corporate Banking practices.

She holds a MBA- Finance from IMT Ghaziabad with Master's in Economics and an Advanced Diploma in Software Technology & Systems Management", NIIT. Apart from several certifications like Coursera, Axis Business Leadership Program - ISB Hyderabad, Ms. Deepa also has completed "Advanced Program in Fintech & Financial Blockchain" from IIM Calcutta to continue her strive for knowledge & learning.

Mr. Arun Mehta is a Director (Non-Executive Independent) on the Board of the Axis Trustee Services Limited.

Shri Mehta is a Postgraduate in Economics and is a certified member of the Indian Institute of Bankers. He has over 38 years of experience, which includes Corporate Banking (Mid corporates as well as Large Corporates), International banking, ECBs and Loan syndication (heading the Merchant Banking Division), Investment Banking as well as Retail Banking. He has also had considerable International Exposure, having worked overseas in Hong Kong handling Loan Syndications and Investments.

He has earlier held the position of MD & CEO of SBI Capital Markets, the Merchant Banking Arm of SBI. He was also the Non-Executive Chairman of SBICap Securities (Retail Broking arm), SBICap ventures Ltd and SBICap trustee Company Ltd. He was a Non-Executive Director in Investec Capital services India Pvt Ltd.

Some of the other senior level assignments include Chief General Manager, Financial Control (ALM, Budgeting and Performance monitoring, Raising Equity and AT1 & Tier II debt).

He has also chaired the Mid Corporates Credit Committee for Gujarat Diu and daman.

Mr. Parmod Kumar Nagpal is a Director (Non-Executive Independent) on the Board of the Axis Trustee Services Limited.

Mr. Parmod Kumar Nagpal is a seasoned professional having more than 40 years of work experience. In 1989 Mr. Nagpal Joined SEBI as Manager worked with SEBI for about 30.5 years.

Before retirement in December 2019 Mr. Nagpal was Executive Director of SEBI for almost 13 years. Mr. Nagpal has versatile experience of working in all operational Departments of SEBI – Corporate Finance, Market Regulation, Mutual Funds, Venture Capital Funds, Market Intermediaries Supervision, Investigation and Foreign Portfolio Investors.

He was also involved in policy formulation and implementation of Regulations, registration and supervision of market intermediaries, inspection of stock exchanges and market intermediaries, investigation of market manipulation and insider trading, Takeovers, IPOs, compliance of listing requirements by the companies, corporate governance, etc. Many of the notifications of regulations and guidelines were done

under his supervision including Listing Regulations and Foreign Portfolio Investors Regulations.

Mr. Nagpal was Chief Vigilance Officer of SEBI and in-charge of Internal Inspections Department, HRD, Finance and Audit, Establishment, Premises and Internal Security and acted as Disciplinary Authority for internal matters.

While working with SEBI, he was assigned additional responsibilities of Director of its training institute - National Institute of Securities Markets (NISM) and CEO of Central Listing Authority. Was nominated on the boards of 3 stock exchanges and NISM.

Mr. Nagpal acted as Enquiry and Adjudicating Authority for deciding quasi-judicial matters of market participants based on evaluation of facts and evidence. Conducted enquiries under High Court Orders in the functioning of stock exchanges and default by stockbrokers.

Mr. Nagpal was a member of various Committees of SEBI, other financial sector regulators, Government and international bodies pertaining to disclosures, enactment of the Companies Act 2013, corporate governance, KYC, anti-money laundering, insolvency code, etc. Chaired the standing committee of financial sector regulators (SEBI, RBI, IRDA and PFRDA) on credit ratings and was Chair of Committees of International Organization of Securities Commissions (IOSCO) on Issuer Accounting, Audit and Disclosures, comprising of 33 countries. Also worked on climate related disclosures and sustainability.

Mr. Nagpal led a report on money laundering in securities markets in Eurasian Countries under international organization FATF (Financial Action Task Force) and was a speaker at various national and international forums on securities markets.

Prior to SEBI Mr. Nagpal:

Worked in senior positions with (i) Delhi Stock Exchange (ii) an investment banking firm involved in stock broking, merchant banking and equity research and (iii) others.

Post SEBI Mr. Nagpal:

Conducted training for officers of Insolvency and Bankruptcy Board of India (IBBI) on carrying out inspections and quasi-judicial proceedings. Subsequently, provided consultancy on the same subject and submitted a detailed report for further improvement of their systems and procedures.

Provided consultancy to international agencies, listed companies, market intermediaries and advisor to group of entities and a leading law firm and advised on different segments of securities regulations.

Passed Test of Proficiency conducted by MCA for appointment of independent directors.

Got certificate of merit for all India Quiz contest on Insolvency Code conducted by the Government of India and the IBBI for his performance being among the top 10 per cent of the participants.

Enrolled as Advocate with Bar Council of Maharashtra and Goa and passed all India written examination conducted by Bar Council of India.

Have been on the board of a listed company.

List of responsibilities retained by the Trustee under the Trust Deed

- Interest of the Investors - The Trustee will at all times exercise due diligence in carrying out its duties and protecting the interests of the Investors;
- Trust Fund - The Trustee will hold the Trust Fund in the name of the Trust and will be responsible for opening and operating bank accounts on behalf of the Trust and each Scheme. The Trustee will delegate the operations of the bank accounts to the Investment Manager and allow the Investment Manager to appoint signatories to the bank accounts of the Trust or any Scheme in accordance with the provisions of the Trust Deed and the Investment Management Agreement;
- Attainment of objects of the Trust - The Trustee will ensure that all acts, deeds and things are done with a view to attain the objects of the Trust, in compliance with the Scheme Documents, Applicable Law and the AIF Regulations, in order to secure the best interests of the Beneficiaries;
- All the Duties of the Trustee not explicitly delegated to the IM as per the executed Investment Management Agreement and Trust Deed.

List of responsibilities of the Trustee, delegated to IM (or any other person) as per the Trust Deed (any other arrangement)

- Opening and operating bank accounts, and similar accounts maintained by the Fund;
- Developing and implementing a general strategy for the liquidation of its investments in an Investee Company or Investments, and in general accordance with such strategy, arranging for the Fund to sell, or otherwise dispose of its holdings;
- Identification, analysis, and investigation of a potential Investee Company or Investments, including potential strategy, its management, financial condition,

competitive position, market ranking, prospects for future performance and other relevant industry factors;

- Negotiating investment terms for the making of Investments and divestment terms for the dispositions of Investments;
- Assisting and advising the Fund, the Trustee and the Auditors in the calculation of the net asset value of the Fund and its Investments in accordance with the provisions of the Indenture and the Private Placement Memorandum and in reporting the net asset value to the Unit-holders and to various regulatory authorities as may be necessary;
- Representing the Fund and its Contributors before judicial, regulatory or statutory authorities (if so deemed fit in its sole discretion and in consultation with the Trustee);
- Providing the Unit Holders with financial statements including the latest available audited financial statements upon reasonable request by such Unit Holder;

All the Duties, Obligations and Responsibilities of the Investment Manager as per the executed Investment Management Agreement and other Fund Documents.

C. Manager:

Electrum Portfolio Managers Private Limited, a company incorporated under the Companies Act, 2013 and having its registered and communication office 1301, Morya Grand, Opp Infinity Mall, Off New Link Road, Andheri West, Mumbai - 400053, will act as the Investment Manager to the Trust and all its schemes, including the Fund.

The details of the Directors of Manager and their brief profile is provided in paragraph A above.

List of responsibilities assigned to the Manager under the IM Agreement: The Investment Manager is responsible for the day-to-day implementation of the Fund's investment strategy. The Investment Manager will act as an independent agent and shall take decisions on investments /divestments for the Fund, manage and administer the operations of the Fund in accordance with the powers, duties and responsibilities delegated by the Trustee under the Investment Management Agreement and in compliance with the Regulations.

List of responsibilities of the Manager delegated to another person under any arrangement, along with details of the said person: The Fund may undertake outsourcing of any activity to any third party which will be in compliance with SEBI circular dated December 15, 2011.

The Fund will be managed and administered by its Investment Manager. The Investment Manager will manage the Fund's Investments in accordance with the Investment Objective of the Fund, as stated herein and determined by the Investment Manager from time to time. The Investment Manager will also provide day-to-day managerial and administration services to the Fund.

Investment Manager's Role

Pursuant to the Investment Management Agreement entered into by the Fund and the Investment Manager, Electrum Portfolio Managers Private Limited, has been appointed as the Investment Manager to the Fund.

The Investment Manager is responsible for the overall management and control of the Fund. The Investment Manager will review the operations of the Fund at regular meetings and it is the current intention of the Investment Manager to meet at least quarterly. For this purpose, the Investment Manager will receive periodic reports from the Fund Accountant detailing the Fund's performance. The Investment Manager will provide such other information as may from time to time be reasonably required for the purpose of such meetings.

D. Key investment team

The Investment Manager team has constituted a key investment team comprising of 6 members to oversee the functioning of the Fund, subject to the overall supervision of the Directors of the Investment Manager. The members satisfy the experience and professional qualification criteria provided under Regulation 4(g) of the SEBI AIF Regulations. Further, Mr. Khush Mukesh Nahar has completed "NISM-Series-XIX-C: Alternative Investment Fund Managers Certification Examination" as required under the SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007 vide registration number NISM-202400254022. It is further clarified that the members of the investment team are Directors/employees of the Investment Manager.

Brief profile of the key investment team is provided below:

Mr. Romil Jain - Director Kindly refer to Section A above
Mr. Arpit Agrawal , Director and Fund Manager Kindly refer to Section A above
Mr. Rakesh Garg , Director Kindly refer to Section A above

Richa Choudhary, Research Analyst

Qualification:

MBA in Finance

Details of her experience:

Her detailed work experience is as under:

From	To	Organization and Designation	Details
Dec-2021	Present	Senior Research Analyst – Electrum Portfolio Managers Private Limited	Works closely with the fund manager/ Head of research to research and analyse companies and sectors. Experience in Equity Research, covering multiple sectors like Consumer, Textiles, Capital Goods, Hospitals, and Pharmaceuticals. She has developed a deep understanding of industry dynamics, financial performance, and investment opportunities within these sectors, supported by her multiple plant visits, regular channel checks, and management meetings for ground-level insights. She provides in-depth research and insights to support investment strategies.

Khush Mukesh Nahar, Research Analyst

Qualification:

- Chartered Accountant
- Master's in Commerce
- CFA
- NISM Certification

Details of his experience:

His detailed work experience is as under:

From	To	Organization and Designation	Details
April - 2022	Present	Senior Research Analyst – Electrum Portfolio Managers Private Limited	Works closely with the fund manager/ Head of research to research and analyse companies and sectors. Experience in Equity Research, covering multiple sectors like Auto and auto ancillary, Defence & Railways, Capital Goods. Apart from having good industry dynamics knowledge, and with the support of plant visits, channel checks, and management meetings, he provides in-depth research and insights to support investment strategies at Electrum.

Ms. Srashti Khabiya, Compliance Officer

Qualification: B.Com, CS, LLB

Details of her experience:

Her detailed work experience is as under:

Sr. No.	Name of Organization	Designation	Period	Work Profile
1	Arihant Capital Markets Limited	Asst. Company Secretary	March-2018 to Sep-2020	Assisted in listing at NSE, conducting ISO audit, correspondence with IRDA for direct broker license. Taking care for stock exchange and secretarial compliances.
2	Electrum Portfolio Managers Private Limited	Business Development	Sep-2020 to Present	Developing prospective client network and converting them to clients, handling client queries and servicing/helping to clients for their requirements and taking care of onboarding of the clients.

For more details, kindly refer to paragraph titled '**Dependence on Key Personnel**' under **SECTION X: RISK FACTORS** of this Memorandum.

E. Key persons of the Fund (other than at point D above) and details of the same

Not applicable.

F. Valuation Committee (if applicable)

Not applicable.

G. Investment Committee

Not applicable.

H. Advisory board (if any)

Not applicable.

I. Limited partner/investor advisory committee (if any):

Not applicable.

J. Operating partners, advisor, portfolio company advisor or such other bodies (if any)

Not applicable.

K. Notwithstanding any information/ statements given above, the ultimate responsibility with regard to the continuous compliance of the Fund with all applicable SEBI Regulations and Circulars shall be vested with the Manager.

L. The adherence to the PPM shall be audited on an annual basis by an independent auditor and the findings of the same shall be placed before the Board of the Manager, trustees and also submitted to SEBI. In case of any adverse findings, the corrective steps taken shall also be submitted.

M. Investor(s) do not have any role in approving the investment decisions of the scheme.

Supplementary Section

The Investment Manager team has constituted a key investment team comprising of 6 members to oversee the functioning of the Fund, subject to the overall supervision of the directors of the Investment Manager. The members satisfy the experience and professional qualification criteria provided under Regulation 4(g) of the SEBI AIF Regulations. Further, Mr. Khush Mukesh Nahar has completed “NISM-Series-XIX-C: Alternative Investment Fund Managers Certification Examination” as required under the SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007 vide registration number NISM-202400254022. It is further clarified that the members of the investment team are Partners/employees of the Investment Manager. Ms Srashti Khabiya shall be responsible for monitoring compliance with the provisions of the Act, rules, regulations, notifications, circulars, guidelines, instructions or any other directives issued by the Board.

Sr. No.	Name of the Members	Designation	Role performed
1	Mr. Romil Jain	Director	He reviews the overall operations and working of the Fund and reviews the work done by each Team Member. He also takes decision of the investments to be done by the Fund.
2	Mr. Arpit Agrawal	Director and Fund Manager	He reviews investment opportunities and advises on

			the investments to be done by the fund.
3	Mr. Rakesh Garg	Director	Client relationship and part of decision-making process on investments / divestments to be done by the Fund.
4	Richa Choudhary	Research Analyst	She analyzes investment opportunities, meets investment companies, does financial due-diligence and prepares internal memorandum.
5	Khush Mukesh Nahar	Research Analyst	He analyzes investment opportunities, meets investment companies, does financial due-diligence and prepares internal memorandum.
6	Srashti Khabiya	Compliance Officer	He is responsible to oversee compliances and accounting related activities of the Fund.

SECTION VI: TRACK RECORD OF MANAGER

***Electrum Portfolio Managers Private Limited**, will act as the Investment Manager to the Trust and all its schemes, including the Fund. The Investment Manager is a first-time manager entity of an alternative investment fund and is, therefore, relying on the experience of its individual team members. Detailed information pertaining to the relevant experience of the key members of the Investment Manager has been provided under “**SECTION V: GOVERNANCE STRUCTURE**” of this Memorandum. For risk related to the Investment Manager being the first-time manager please refer to “Part B - Risks related to the Fund Structure of Section X: Risk Factors” of this Memorandum.*

The disclosures in relation to the performance track record of the individual members of the team indicated under “SECTION V: GOVERNANCE STRUCTURE” above, may be selective in nature and may not necessarily be representative of the expected performance of the Investment Manager and/or the team in relation to the management and operation of this Fund. Further, data included in respect of the specific deals, may not truly represent the performance of the Fund as a whole. Investors are requested to use their own independent assessment and judgement while attributing the credit of the past track record to the team.

The Investment Manager shall manage the assets of the Fund and will consider its investments and divestments exclusively. The Investment Manager has no operating track record. Therefore, judgments of the Investment Manager’s expected performance cannot be extrapolated from the past performance of the team. Please refer to detailed risk factors under “SECTION X: RISK FACTORS” of the Memorandum.

The Fund will enter into an agreement with Credit Rating Information Services of India Limited (“CRISIL”) or similar benchmarking agencies for carrying out the benchmarking process as and when applicable.

SECTION VII: PRINCIPAL TERMS OF THE FUND

*This is a description of the principal terms (“**Principal Terms of the Fund**”) of AIF-**Laureate**, the first scheme of the Trust. This section provides the principal terms of Fund, which may be provided in detail elsewhere in this document. The terms hereof are subject to modification or withdrawal prior to initial closing and/or at subsequent closings.*

1.	Fund / Scheme Offering	The Fund is offering (through a private placement) Units for subscription aggregating to INR 1000 Crores (Indian Rupees One Thousand Crores Only). However, since the Fund is open-ended, it will have flexibility to accept additional subscriptions from time to time. The Corpus would be computed based on funds committed by Unit-holders by written contract or any such document. The Corpus of the Fund will not be below INR 20 Crores as required by SEBI AIF Regulations.
2.	Target Investors	<p>Units in the Fund are being placed with individuals, corporate, financial institutions, insurance companies, foreign investors, fund of funds, trusts, government institutions, corporates, partnerships, limited liability partnerships, public sector undertakings, and private banks, family offices, global development financial institutions and multilateral organizations and other permissible investors.</p> <p>At no point of time will the Fund have more than 1,000 (one thousand) Investors.</p>
3.	Classes of Units	<p>The Fund intends to issue three classes of Units (Class A Units, Class B Units and Class C Units) (each, a ‘Unit’).</p> <p>Potential investors coming directly into the Fund are invited to subscribe to Class A Units in the Fund (the “Class A Unit-holders”).</p> <p>Potential investors coming through placement agents/distributors/arrangers into the Fund are invited to subscribe to Class B Units in the Fund (the “Class B Unit-holders”).</p> <p>The Investment Manager will have the discretion to consider aggregate investment amount for issuing Class of Units/sub-class of a Units to a group of investors that are Affiliates in accordance with its internal policy and Applicable Laws, if any.</p>

	<p>Further, the Investment Manager at his own discretion, change the Class of an investor if that investor invests more monies in future or redeems part of its investments in future in accordance with its internal policy and Applicable Laws, if any.</p> <p>Class C Units in the Fund are only available to be subscribed by the Sponsor and/or any person with the approval of the Investment Manager (the 'Class C Unit-holders').</p> <p>Further, the terms of the Contribution Agreement shall not go beyond the terms provided in this Memorandum.</p> <p>The rights associated with the various classes of Units are described below.</p> <p>In accordance with the Fund Documents, the Investment Manager shall have the power to allot additional Class of units to existing or potential investors if it deems fit but in each case without adversely affecting the rights and interests of any, other than existing Class of Units.</p> <p>Any special right given to any classes of Units shall not have any adverse impact on the economic or other rights of any other Unit-holder.</p> <p>The Fund shall issue Units in accordance with the Fund Documents in dematerialized form or in such other manner as maybe permitted by SEBI from time to time.</p>
Classes of Units - Class A Units	<p>Potential investors coming directly into the Fund are invited to subscribe for Class A Units in the Fund. The Class A Units can be further classified into various sub-classes on the basis of the time when the investment is made in the Fund or for the purpose of calculating the Management Fee and/or Performance Fee or the amount of investment made by the Unit-holders or any other criteria, at the discretion of the Investment Manager. Holders of all sub-Classes of Class A Units will be collectively referred as Class A Unit-holders.</p> <p>The Fund shall have the right to redeem Class A Units in certain circumstances described in the</p>

	<p>Fund Documents (if, for example, in the opinion of the Investment Manager, not doing so might result in the Fund incurring any liability to taxation or suffering any other pecuniary disadvantage).</p> <p>The Class A Unit-holders are entitled to participate in the distribution of assets available for the Unit-holders upon a winding up of the Fund as are attributable to Class A Units.</p>
Classes of Units - Class B Units	<p>Potential investors coming into the Fund through placement agents/distributors/arrangers are invited to subscribe for Class B Units in the Fund. The Class B Units can be further classified into various sub-classes on the basis of the time when the investment is made in the Fund or for the purpose of calculating the Management Fee and/or Performance Fee or the amount of investment made by the Unit-holders or any other criteria, at the discretion of the Investment Manager. Holders of all sub-Classes of Class B Units will be collectively referred as Class B Unit-holders.</p> <p>The Fund shall have the right to redeem Class B Units in certain circumstances described in the Fund Documents (if, for example, in the opinion of the Investment Manager, not doing so might result in the Fund incurring any liability to taxation or suffering any other pecuniary disadvantage).</p> <p>The Class B Unit-holders are entitled to participate in the distribution of assets available for the Unit-holders upon a winding up of the Fund as are attributable to Class B Units.</p>
Classes of Units - Class C Units	<p>Class C Units are available for subscription by the Sponsor and/or any person with approval of the Investment Manager.</p> <p>Class C Units are Participating Units and are similar to Class A Units and Class B Units except differences specified in Redemptions, Management Fee and Performance Fee. The Class C Units will be further classified into various sub-classes (like Class C1, Class C2, etc.). Class C1 Units will be issued to the Sponsor and Class C2 Units will be issued to employees or directors of Investment Manager or</p>

		<p>such other class of Contributors that the Investment Manager may decide in his own discretion. Class C1 and Class C2 Unit-holders or any other sub-Classes of Class C Units will be collectively referred as Class C Unit-holders.</p> <p>The Class C Unit-holders are entitled to participate in the distribution of assets available for the Unit-holders upon winding up of the Fund as are attributable to Class C Units.</p> <p>Class C1 Units that are issued to the Sponsor shall represent the continuing interest of the Sponsor as mandated in the SEBI AIF Regulations.</p>
4.	Initial Offer Period	<p>The initial offer period shall commence on [●] at 9.00 a.m. (India time) and will close on [●] at 5.00 p.m. (India time) unless extended at the discretion of the Investment Manager or after Fund receives minimum commitment of INR 100 crores, whichever is earlier. It is hereby clarified that the Fund shall not commence its operations until it receives minimum commitment of INR 20 Crores as required under Applicable Law (the “Initial Offer Period”). The Initial Offer Period shall in no case extend beyond 12 months from the date on which the PPM is taken on record by SEBI. It is clarified that the Initial Offer Period shall commence only after taking the PPM on record.</p> <p>It is hereby clarified that the First Closing shall be at the end of the Initial Offer Period.</p> <p>The subscription amount for Investors participating during Initial Offer Period should be wired or received by the Fund 1 day prior to the expiry of Initial Offer Period.</p> <p>The first subscription amount for investor shall be atleast INR 1 Crore as per the SEBI AIF Regulations (as amended from time to time).</p>
5.	Subscription / Offering Price	<p>The initial offer price per Class A, Class B and Class C Unit is INR 100 per Unit (the “Offer Price”) for all subscriptions made before the closing of the Initial Offer Period (or such earlier or later date as the Investment Manager may designate in their absolute discretion).</p>

		<p>The price at which Class A Unit, Class B Unit or Class C Unit is subsequently to be bought will be obtained by dividing the net assets of the Fund corresponding to each Class / Subclass, being the value of the assets of the Fund corresponding to such Class / Sub-class less liabilities attributable to such Class/Sub-class (including Taxes paid or provided), by the number of Units of such Class/Sub-class then outstanding, and shall be rounded to three decimal places (the “Net Asset Value”) of the Units divided by the total number of Units in issue as at the next Valuation Day (as defined below) after the relevant purchase request has been accepted by the Investment Manager (the “Contribution Price”). The Fund has delegated to the Fund Accountant the calculation of the Net Asset Value of the Fund and the Net Asset Value per Unit. The Fund Accountant will calculate the Net Asset Value of the Fund and the Net Asset Value per Unit on each Valuation Day subject to the supervision of the Investment Manager. Class C Units are not available for subscription to investors and are to be subscribed only by Sponsor or any Person at the discretion of the Investment Manager in accordance with SEBI AIF Regulations.</p> <p><u>Notice time applicable for subscription, i.e. method of requesting subscription to units by investors and procedure applicable thereto:</u> The Beneficiaries will make capital commitments to invest in the Fund in accordance with the Contribution Agreement.</p> <p><u>Deployment of amounts received by the Fund during the initial offering period or prior to any dealing day thereafter pending allotment of units, e.g. in temporary investments, credit to additional class of units, if applicable:</u> Please refer to Clause 32 of SECTION VII: PRINCIPAL TERMS OF THE FUND of this Memorandum.</p> <p><u>Limitations on subscription as may be applicable:</u> The Investment Manager will accept new subscriptions till a date determined by the Investment Manager at its discretion to be notified by Investment Manager at its discretion (‘Subsequent Closing/s’). The Investors contributing at Subsequent Closing/s will receive the Units at Net Asset Value on the Valuation Day on which the Units are issued by the Fund. The</p>
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6.	Purchase of units	<p>Units may be bought directly from the Fund. The Fund may appoint placing agents to market and distribute Units, strictly on private placement basis but no placement fee, distribution fee or finder’s fee will be charged to the Fund or Contributor in connection with offering of Units in the Fund.</p> <p>Applicants for Units and existing Unit-holders wishing to apply for additional Units must send the duly completed Contribution Agreement and supporting documents to the Transfer Agent so as to be received by the Transfer Agent no later than 5.00 p.m. (India time) two clear Business Days preceding the relevant Valuation Day. Any applications received on a non-Business Day will be deemed to have been received on the next Business Day. Cleared funds in respect of the subscription monies representing the number of Units to be subscribed must be received in the Fund's bank account by no later than 5.00 p.m. (India time) two clear Business Days preceding the relevant Valuation Day. If the relevant Contribution Agreement (duly completed), supporting documents and/or subscription monies is/are not received by these times and unless otherwise decided by the Investment Manager in their absolute discretion, the</p>

		<p>application will be held over until the next Valuation Day after the receipt of all documents and subscription monies and Units will then be issued at the Contribution Price prevailing on that Valuation Day.</p> <p><u>Any discretion that may be exercised by the Manager in this regard and basis of the same:</u> The Investment Manager will have a discretion in relation to admission of Unit-holders to the Fund.</p> <p>In the event of applications for Units, applicants shall be allotted such number of fully paid up Units as is equal to the applicant's investment (net of all bank charges) divided by the Net Asset Value per Unit as at the next Valuation Day after the application has been accepted by the Investment Manager. Fractions of Units (up to three decimal points) will be issued if necessary.</p> <p>Once a completed Contribution Agreement has been received by the Transfer Agent, it is irrevocable.</p>
7.	Minimum Capital Commitment	<p>The minimum initial investment or commitment, as the case may be, in respect of Units is INR 1 Crore for all Classes unless otherwise stated in the PPM. The minimum initial investment or commitment in no case shall be lower than the minimum investment permitted under SEBI AIF Regulations.</p> <p>For any subsequent investment by the Unit-holder in the Fund, the Investment Manager have discretion to reject such subsequent investment if the amount of investment proposed is not material or for any such other reason that the Investment Manager will communicate to the Unit-holder.</p> <p>Provided that, in case of Contributors who are Accredited Investor, the requirement of minimum capital commitment shall not apply to such investors.</p> <p>Provided in the event the Contributors are the employees or partners of the Investment Manager, the minimum Contribution from such Contributor is INR 25,00,000 (Indian Rupees Twenty Five Lakhs).</p>

8.	Sponsor/ Manager Commitment	<p>The Sponsor will atleast commit and maintain continuing interest in the Fund (5% of the Corpus or INR 10 Crores, whichever is lower), in accordance with the Regulations. The Fund will issue Class C1 Units towards Sponsor' Commitment.</p> <p>The Commitment provided by Sponsor or Investment Manager at the time of declaration of First Close, to the extent to meet minimum corpus requirement under Applicable Law, shall not be reduced or withdrawn or transferred, post First Close.</p>
9.	Term of the Fund / Scheme and Termination	<p>The Fund is open-ended and will have unlimited life subject to Applicable Laws. However, the Fund may be wound up in following situations:</p> <ol style="list-style-type: none"> 1. at any time by the Trustee, on recommendation of Investment Manager, in accordance with the terms of Indenture; 2. if in opinion of Trustee, it is in interest of Unit-holders to wind-up; 3. if 75% of Unit-holders representing total Net Asset Value in the Fund consent to wind-up of the Fund; or 4. if SEBI directs the Fund to wind-up, in interest of Unit-holders <p>The Manager will intimate SEBI and Unit-holders of the circumstances leading to wind-up of the Fund and from the date of such intimation, no further Investments shall be made by the Fund. In one year from the intimation by Manager, the assets of the Fund shall be liquidated and on wind-up of the Fund, the Manager shall apply the assets of the Fund in satisfaction of creditors' claims in such manner and order as it considers fit, subject to the rights of any preferred creditors under Indian law. The Investment Manager at its discretion shall retain certain amount towards Tax or Tax liability or for the purpose of any expenses or reserves created for such Tax liability or expense at the time of termination of the Fund. Thereafter, the Class A Units and Class B Units are entitled, to the return of the capital paid up thereon and the surplus assets of the Fund attributable to the Class A Units or Class B Units</p>

		<p>will be distributed among the holders of such Units in the manner provided herein.</p> <p><u>Manner of dealing with unliquidated investment:</u> If the Investment Manager is unable to liquidate the Investments (in whole or in part) and distribute Investment Proceeds in cash, the Investment Manager may at its discretion, subject to the provisions of the AIF Regulations, distribute all un-liquidated investments in-kind amongst the Unit-holders in the manner stated above and on such terms and conditions, as the Investment Manager may, in its sole discretion deem appropriate and shall be subject to discharge of appropriate Tax liability as applicable.</p>
10.	Exit (Redemption)	<p>Subject to Lock-in Period, Contributors have the right to exit from the Fund, either fully or partly, on any Valuation Day or such other day, as the Investment Manager may determine. Amount payable to the Contributor exiting the Fund shall be calculated at the prevailing Net Asset Value per Unit on the Redemption Date less any Redemption Fee, provision for Taxes paid or provided (the “Redemption Price/Exit Proceeds”). The Redemption Price will constitute and may be paid as two separate remittances at discretion of the Investment Manager ie (i) towards redemption of Units held by Contributor at the cost at which they were acquired by the Contributor, and (ii) towards distribution of the profits attributable to the Contributor till exit of the Contributor.</p> <p>The Trustee, in consultation with the Investment Manager, has a power to create reserves for tax liabilities (including interest and penalties) while distributing funds / monies to Unit-holders.</p> <p><u>Lock-in Period:</u></p> <p>Units issued to the Contributors shall be locked in for a period of 12 (Twelve) months from the date of allotment of Units to such Contributor (“Lock-in Period”), provided that the Investment Manager may, in its discretion and subject to Redemption Fee, allow redemption of the Units of a Contributor to be redeemed during Lock-in Period. The Investment Manager may, in its discretion, reduce or waive the Lock-in Period, as</p>

		<p>applicable to any Contributor/Class/Subclass/series of Units.</p> <p><u>Redemption Fee</u></p> <p>The Exit Proceeds payable to exiting Contributor shall be further charged an amount of Up to 2% (Two Percent) of the Exit Proceeds (“Redemption Fee”) when the Units are redeemed either fully or in part with in Lock-in period (“Net Exit Proceeds”):</p> <p><u>Redemption Price:</u></p> <p>As defined above.</p> <p><u>Gating restrictions on withdrawal of units:</u></p> <p>a. <u>Fund level</u></p> <p>There are no gating restrictions at Fund level.</p> <p>b. <u>Investor level</u></p> <p>There are no gating restrictions at Investor level</p> <p><u>Settlement:</u></p> <p>Payments in respect of redemption requests are then expected to be despatched (at the recipient’s risk) within 7 Business Days of the relevant Redemption Date.</p> <p>However, there can be no assurance that the Fund will have sufficient cash to satisfy redemption requests, or that it will be able to liquidate Investments at the time such redemptions are requested at favourable prices. Although the Fund does not currently intend to make distributions in-kind, under the foregoing circumstances, Unit-holders may receive in-kind distributions, if such distributions in-kind is approved by Unit-holders representing 75% of Net Asset Value of the Fund.</p> <p>In order to comply with anti-money laundering norms, payment of redemption proceeds will only be remitted to an account in the name of the redeeming Unit-holder. If the bank for the redeeming Unit-holder has changed from that used for the relevant Unit-holder’s initial subscription, the Investment Manager/ Transfer Agent reserves the right to request an</p>
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		<p>explanation for the change of bank and full details for the new bank account of the relevant Unit-holder. The redemption proceeds will not be paid if the redeeming Unit-holder and/or owner of the account fail to provide such information.</p> <p><u>Payment of applicable liabilities:</u></p> <p>After adjustment of applicable Performance Fee, Redemption Fee, if any, the Taxes paid or provided, duties and other charges/levies, if any, payable in connection with the gains / returns on investments from Investments will be paid/ provided for in full prior to making any redemptions/ distributions.</p>
11.	Compulsory Redemption	<p>The Investment Manager may require the redemption or transfer of the Units purchased or held in contravention of the Fund Documents and/or this Memorandum by serving on the holder of such Units a notice requiring that person to transfer such Units to a person duly qualified to hold the same or redeem the Units (as the case may be). If any person does not within 30 days after the receipt of such notice transfer such Units or accept redemption in respect thereof, he/she shall be deemed forthwith upon the expiration of such 30 day period to have transferred or accepted redemption in respect of all his/her Units which are the subject of such notice, and the Investment Manager shall be entitled to appoint any person to sign on his/her behalf such documents as may be required for the purposes of the redemption.</p> <p>The Investment Manager may require the redemption or transfer of the whole or a specified percentage of any Unit-holder's Units if the Investment Manager consider, in their absolute discretion, that (i) such Unit-holder continuing to hold Units, might result in the Fund incurring any liability to taxation or suffering any other pecuniary disadvantage which the Fund might not otherwise incur or suffer, (ii) the holding of the Unit-holder falls below the minimum initial investment or (iii) If the continued holding of such Units by an Unit-holder could cause the Fund or the Investment Manager to violate Applicable Laws, to become subject to a material regulatory or other burden or to suffer material taxation or other economic disadvantages.</p>

		<p><u>Treatment of costs, expenses and charges in relation to compulsory redemption:</u> Any Taxes in relation to the transfer shall be borne by the respective Unit-holders.</p>
12.	Redemption Procedure	<p>The Unit-holder wishing to redeem his/her Units should complete a written redemption request form (the “Redemption Request Form”) and send it to the Transfer Agent so as to be received by the Transfer Agent, no later than 5.00 p.m. (India time) on the Business Day falling at least 30 Business Days before the relevant Redemption Date in the case of Unit. Any Redemption Request Form received on a non-Business Day will be deemed to have been received on the next Business Day. For any duly completed Redemption Request Form received within the prescribed time, the Redemption Date will be the Valuation Day immediately following the expiry of the 30 Business Days’ notice period, or the earlier Valuation Day as may be determined in the sole discretion of Investment Manager (the “Redemption Date”).</p> <p>If a redeeming Unit-holder owns Units purchased at different Valuation Day, Units will be redeemed on a “first in-first out” basis, unless specific Units are requested for redemption by the Unit-holder.</p> <p>None of the Trustee, the Investment Manager, each of their officers, directors, sponsors, partners, members, employees, advisors and and/or agents shall have any personal liability to the Contributors for the return of their capital contributions. Further, other than as expressly set out in the Fund Documents, none of the aforementioned Persons shall be under any obligation to distribute or repay any amount to the Contributors, unless at the time of each distribution or repayment, all liabilities including Tax liabilities of the Fund to Persons other than the Contributors will have been paid, or in good faith determination of the Investment Manager, there shall remain in the property of the Fund sufficient resources to pay such liabilities</p> <p><u>Withdrawal:</u></p>

		<p>A Unit-holder may not withdraw his/her redemption request except in the event of a suspension of the calculation of the Net Asset Value with the consent of the Investment Manager and, in such event, a withdrawal of a redemption request will be effective only if written notification is received by the Transfer Agent before termination of the period of suspension. If the redemption request is not so withdrawn or if the Investment Manager do not consent to such withdrawal, the redemption will be made on the next Redemption Date following the end of such suspension or on such earlier day following the end of the suspension as the Investment Manager may in their absolute discretion agree either generally or in any specific case(s).</p> <p><u>Mode of distribution:</u> Please refer to Clause 12 of SECTION VII: PRINCIPAL TERMS OF THE FUND of this Memorandum.</p> <p><u>Liquidation of investment upon termination of Fund:</u> Please refer to Clause 9 of SECTION VII: PRINCIPAL TERMS OF THE FUND of this Memorandum.</p> <p><u>Redemption in relation to side pocket accounts:</u> Not Applicable</p>
13.	Suspension of Redemption	<p><u>Circumstances for suspension / delay of redemption:</u></p> <p>The Investment Manager may, at its sole discretion, in exceptional circumstances, suspend the calculation of Net Asset Value and the issue and redemption of the Units as set out in "Calculation of Net Asset Value - Suspension of Calculation of Net Asset Value". Unit-holders having requested redemption of their Units will be notified promptly in writing of any such suspension and will be promptly notified upon termination of such suspension. If the redemption request is not withdrawn in accordance with the section headed "Withdrawal" above or if no consent is obtained from the Investment Manager to such withdrawal, the redemption will be made on the next Redemption Date following the end of such suspension or on such earlier day following the end of the suspension as the Investment Manager may in their absolute discretion agree either generally or</p>

		<p>in any specific case(s). No Units may be redeemed or issued during any period in which the calculation of the Net Asset Value is suspended.</p> <p>The Fund may withhold payment to persons whose Units have been redeemed prior to such suspension until after the suspension is lifted, such right to be exercised in circumstances where the Investment Manager believe that to make such payment during the period of suspension would materially and adversely affect and prejudice the interests of the continuing Unit-holders of the Fund.</p>
14.	Hurdle rate of Return or Preferred Return	The Hurdle rate of Return is 10% per annum for Class A4, Class A5, Class A6, Class B4, Class B5, Class B6 on pre-tax basis (to be computed on the NAV as on April 1 every year).
15.	High Water Mark	<p>Calculation of high-water mark: Please refer to Clause 17 of SECTION VII: PRINCIPAL TERMS OF THE FUND of this Memorandum.</p> <p>Adjustments that may be required in calculation of the high-water mark: Please refer to Clause 17 of SECTION VII: PRINCIPAL TERMS OF THE FUND of this Memorandum.</p>
16.	Additional Return	Not Applicable.
17.	Performance Fee	<p>Investment Manager will be entitled to receive performance fee from the Fund which will be allocated to Class A and Class B Unit-holders (the “Performance Fee”) at the end of every financial year after Initial Offer Period. The Performance Fee will be calculated for each series of Class A Units and Class B Units respectively (i.e., for Units acquired during the Initial Offer Period or thereafter, at a different Valuation Date) so that each Unit is subject to a Performance Fee, which equates fairly with that Unit’s performance.</p> <p>The period for calculating the Performance Fee (the ‘Reference Period’) shall be the period beginning 1 April and ending on 31 March of each year, provided that if a Unit is issued on a day other than 1 April of any year the initial Reference Period for the Unit shall begin on the date of issue (i.e., end of Initial Offer Period or thereafter at each Valuation Day) and end on 31 March of the same year.</p>

		<p>The Performance Fee payable to the Investment Manager shall be exclusive of all applicable Taxes, including goods and service tax, as applicable and levies, if any (together with surcharge and additional surcharge, as may be applicable) leviable on such Performance Fee and the same to be borne by the Fund/ Contributors (as applicable).</p> <p>Performance Fee will be accrued on each Valuation Day or when the Performance Fees is actually vested, at the discretion of the Investment Manager. Performance Fee (calculated separately with respect to each series of Class A Units and Class B Units) will be payable as at the end of the Reference Period and will be calculated by reference to the Net Asset Value of the series of Class A Units and Class B Units before deduction for any accrued Performance Fee and taxes before deduction of any Taxes paid or provided (the 'Gross NAV'). Performance Fee in relation to a series of Class A Units and Class B Units at the end of a Reference Period will be payable only on any excess Gross NAV per Unit of such series of Class A Units and Class B Units at the end of such Reference Period over the aggregate of Base NAV for such series and Hurdle Rate (as defined above) at start of such Reference Period and will be made in the following amounts and priority:</p> <p>1. Up to Base Net Asset Value, there will be no Performance Fees;</p> <p>2. Above Base Net Asset Value, the Performance Fee will be charged as per the table below:</p> <table><tr><th>Class of Units</th><th>Investment Amount</th><th>Management Fee</th><th>Performance Fee</th><th>Hurdle Rate</th></tr><tr><td>Class A1</td><td>Up to INR 2 Crores</td><td>2.40%</td><td>-</td><td>-</td></tr><tr><td>Class A2</td><td>More than INR 2 crores and up to 5 crores</td><td>1.90%</td><td>-</td><td>-</td></tr><tr><td>Class A3</td><td>More than INR 5 crores</td><td>1.40%</td><td>-</td><td>-</td></tr><tr><td>Class A4</td><td>Up to INR 2 Crores</td><td>1.90%</td><td>15.00 %</td><td>10%</td></tr><tr><td>Class A5</td><td>More than INR 2 crores</td><td>1.40%</td><td>12.50 %</td><td>10%</td></tr></table>	Class of Units	Investment Amount	Management Fee	Performance Fee	Hurdle Rate	Class A1	Up to INR 2 Crores	2.40%	-	-	Class A2	More than INR 2 crores and up to 5 crores	1.90%	-	-	Class A3	More than INR 5 crores	1.40%	-	-	Class A4	Up to INR 2 Crores	1.90%	15.00 %	10%	Class A5	More than INR 2 crores	1.40%	12.50 %	10%
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			and up to 5 crores			
	Class A6	More than INR 5 crores	0.95%	10.00 %	10%	
	Class A7	Up to INR 2 Crores	-	14.00 %	-	
	Class A8	More than INR 2 crores and up to 5 crores	-	12.00 %	-	
	Class A9	More than INR 5 crores	-	9.00%	-	
	Class B1	Up to INR 2 Crores	2.50%	-	-	
	Class B2	More than INR 2 crores and up to 5 crores	2.00%	-	-	
	Class B3	More than INR 5 crores	1.50%	-	-	
	Class B4	Up to INR 2 Crores	2.00%	15.00 %	10%	
	Class B5	More than INR 2 crores and up to 5 crores	1.50%	12.50 %	10%	
	Class B6	More than INR 5 crores	1.00%	10.00 %	10%	
	Class B7	Up to INR 2 Crores	-	15.00 %	-	
	Class B8	More than INR 2 crores and up to 5 crores	-	13.00 %	-	
	Class B9	More than INR 5 crores	-	10.00 %	-	
	<p>“Base Net Asset Value” per Unit of any series for any Reference Period is the greater of the Net Asset Value per Unit of such series at the time of issue of that Unit and the highest Gross NAV per Unit (as reduced by any Performance Fee allocated) of such series achieved as at the end of any previous Reference Period (if any) during which Unit of such series were in issue and on which Performance Fee is already computed (i.e., using high-water mark).</p> <p>The Performance Fee will be calculated for each series of Class A Units and Class B Units. A Unit-holder may own Units more than one series and the Performance Fee may differ for each class or series of class as commercially agreed by the Investment Manager. In the event that the</p>					

		<p>effective date of a Unit-holder's redemption is not the last day of the Financial Year, the Performance Fee in respect of each series of the redeemed Unit will be determined for the period between the beginning of that year (or, if later, the date on which the Unit in such series were subscribed for) and the effective date of the Unit-holder's redemption of such Units. Accordingly, the Performance Fee will vest with respect to any Units on the date on which they are redeemed by the Fund.</p> <p>The Investment Manager shall not be liable to compensate the Unit- holders in any manner whatsoever if the Net Asset Value per Unit falls below the Net Asset Value for any past Reference Period.</p> <p>The Performance Fee will be payable to the Investment Manager at the beginning of each Financial Year in respect of the immediately preceding Financial Year and within 30 Business Days of the last Business Day of the Financial Year. However, in the case of Units redeemed during a Reference Period the accrued Performance Fee in respect of those Units will be payable by the Fund within 30 Business Days after the date of redemption. The Fund shall withhold applicable withholding tax before paying such Performance Fee to the Investment Manager. No Performance Fee will apply on Class C Units.</p>
18.	Allocation of gains and loss	The allocation of gains and losses will be in accordance with the distribution waterfall specified below in Clause 20.
19.	Distributions to Investors	<p>The Fund expects to distribute cash to Unit-holders upon redemption. However, there can be no assurance that the Fund will have sufficient cash to satisfy redemption requests, or that it will be able to liquidate Investments at the time such redemptions are requested at favourable prices. The Manager will make all necessary efforts to liquidate or sell all Investments before termination of the Fund.</p> <p>Although the Fund does not currently intend to make distributions in-kind, under the foregoing circumstances, Unit-holders may receive in-kind distributions, if such in-kind distributions are</p>

		<p>approved by Unit-holders representing 75% of total Net Asset Value of the Fund. Such Investments so distributed may not be readily marketable or saleable and may have to be held by the Unit-holders or for an indefinite period of time. Any distributions in-kind will also need to comply with and will be made in accordance with the Applicable Law. Any Taxes in relation to the in-specie distributions shall be borne by the Unit-holders.</p> <p><u>Temporary investments:</u> Please refer to Clause 32 of SECTION VII: PRINCIPAL TERMS OF THE FUND of this Memorandum.</p> <p><u>Reserves:</u></p> <p>(i) <u>Retention of investment proceeds and taxation related retentions as reserves at the discretion of the Investment Manager:</u> Please refer to Clause 10 and Clause 20 of SECTION VII: PRINCIPAL TERMS OF THE FUND of this Memorandum.</p> <p>(ii) <u>Reasons for creation of reserves of the Fund, i.e., to meet liabilities, etc.:</u> Please refer to Clause 10 and Clause 20 of SECTION VII: PRINCIPAL TERMS OF THE FUND of this Memorandum.</p>
20.	Distribution Waterfall	<p>The Fund will receive proceeds by way of interest, cash dividends or other forms of cash receivable as may be permitted by law from the Fund Investments, returns / yield on Fund Investments and cash proceeds realized from the disposition of the Fund Investments and gains from the Fund Investments ("Investment Proceeds").</p> <p>The Fund is entitled to withhold from any Investment Proceeds amounts necessary to create, in the Investment Manager's or Trustee's discretion, appropriate reserves for expenses and liabilities of the Fund. Investment Proceeds as reduced by expenses, provision for Taxes and reserves as provided herein ("Distribution Proceeds") shall be distributed by the Investment Manager from time to time.</p> <p>Any distribution (based on the above allocation) by the Fund amongst the Contributors in a</p>

		<p>Class/Subclass, shall be made in the manner provided below:</p> <p>Class A Distribution Waterfall:</p> <p>The Distribution Proceeds so allocated to the holders of Class A Units (for each sub-Class individually), shall be distributed to the holders of Class A Units (for each sub-Class individually) in proportion to their respective beneficial interest.</p> <p>Class B Distribution Waterfall:</p> <p>The Distribution Proceeds so allocated to the holders of Class B Units (for each sub-Class individually), shall be distributed to the holders of Class B Units (for each sub-Class individually) in proportion to their respective beneficial interest.</p> <p>Class C Distribution Waterfall:</p> <p>The Distribution Proceeds so allocated to the holders of Class C Units (for each sub-Class individually), shall be distributed to the holders of Class C Units (for each sub-Class individually) in proportion to their respective beneficial interest.</p> <p>The Fund does not propose to structure distribution waterfall in a way that one class of investor has priority in principal repayment/return over other class of investors.</p> <p>Please refer to Clause 19 of SECTION VII: PRINCIPAL TERMS OF THE FUND of this Memorandum for details.</p> <p>The numerical example of distribution waterfall is provided in Error! Not a valid result for table. of this memorandum.</p>
21.	Fees in relation to the Fund / Scheme – Management Fee	<p><u>Management Fee:</u></p> <p>In payment for carrying out its duties and responsibilities, the Investment Manager is entitled to a payment of an annual fee as per the table below or such percentage as may be agreed in the Contribution Agreement (plus applicable</p>

GST and other indirect taxes in force) subject to AIF Regulations out of the assets of the Fund allocable to Class A Units and Class B Units, before the deduction of Performance Fee and Taxes paid or provided (the “**Management Fee**”). The Management Fee will be calculated on each Valuation Day by reference to the Net Asset Value of the Units (excluding Performance Fee) as on each Valuation Day and will be payable in arrears within 10 Business Days of each Valuation Day.

Rate and basis for the Management Fee (in percentage per annum) to be charged against each Class of Units:

The Management Fee will be allocated to Class A Unit-holders and Class B Unit-holders in the following manner:

Class of Units	Investment Amount	Management Fee	Performance Fee	Hurdle Rate
Class A1	Up to INR 2 Crores	2.40%	-	-
Class A2	More than INR 2 crores and up to 5 crores	1.90%	-	-
Class A3	More than INR 5 crores	1.40%	-	-
Class A4	Up to INR 2 Crores	1.90%	15.00%	10%
Class A5	More than INR 2 crores and up to 5 crores	1.40%	12.50%	10%
Class A6	More than INR 5 crores	0.95%	10.00%	10%
Class A7	Up to INR 2 Crores	-	14.00%	-
Class A8	More than INR 2 crores and up to 5 crores	-	12.00%	-
Class A9	More than INR 5 crores	-	9.00%	-
Class B1	Up to INR 2 Crores	2.50%	-	-
Class B2	More than INR 2 crores and up to 5 crores	2.00%	-	-
Class	More than	1.50%	-	-

		B3	INR 5 crores			
		Class B4	Up to INR 2 Crores	2.00%	15.00 %	10%
		Class B5	More than INR 2 crores and up to 5 crores	1.50%	12.50 %	10%
		Class B6	More than INR 5 crores	1.00%	10.00 %	10%
		Class B7	Up to INR 2 Crores	-	15.00 %	-
		Class B8	More than INR 2 crores and up to 5 crores	-	13.00 %	-
		Class B9	More than INR 5 crores	-	10.00 %	-
		<u>Exclusive or inclusive of any applicable taxes (i.e. GST, etc.): Please refer to Clause 21 of SECTION VII: PRINCIPAL TERMS OF THE FUND of this Memorandum for details.</u>				
		<u>Frequency and timing of charging Management Fee to each beneficiary/ Fund: Please refer to Clause 21 of SECTION VII: PRINCIPAL TERMS OF THE FUND of this Memorandum for details.</u>				
		<u>Discretion of the Investment Manager to reduce the Management Fee for any Class of Unit: The Investment Manager, at its discretion, can agree to a different Management Fee for any particular Unit-holder in the Contribution Agreement signed with that Unit-holder. No Management Fee will be charged to Class C Unit-holders.</u>				
22.	Trusteeship Fee	Means the fee payable to the Trustee for acting as the trustee of the Fund and discharging its functions and responsibilities as the trustee in accordance with the engagement letter dated August 26, 2024 bearing reference no. ATSL/CO/24-25/0747 signed between the Trustee and the Investment Manager, or such amount as agreed with the Investment Manager from time to time, which is presently agreed, as applicable to the Fund, at (i) a onetime fee of INR 1,00,000/- (Indian Rupees One Lakh only) plus applicable GST payable on engagement of the Trustee; (ii) <u>an annual fee of INR 1,00,000/-</u> (Indian Rupees One Lakh only) per annum, payable in advance quarterly.				

		<p>(iii) and out-of-pocket expenses as may be incurred by the Trustee, subject to changes in future as agreed.</p> <p>The trusteeship fee shall be payable by the Fund as a part of on-going operational expenses, and will be in addition to any reimbursable costs and expenses that the Trustee may incur for and on behalf of the Trust/ Fund under the terms of the Scheme Documents.</p>
23.	Direct Plan for Investors	<p>The Fund may use the services of arrangers, distributors or placement agents, as may be necessary from time to time to source investors.</p> <p>Such distributors, arrangers or placement agents may charge a placement fee at their discretion, which would be borne by the Investment Manager.</p> <p>In any other case ie direct subscription by the investors the said expenses shall not be applicable, in accordance with the SEBI Master Circular dated May 7, 2024.</p>
24.	Expenses (including operating expenses and set-up expenses) charged to the Fund / Scheme	<p><u>Setup Expenses:</u></p> <p>The fees, costs and expenses relating to the authorization, incorporation and establishment of the Fund, the registration and licensing of the Fund with SEBI, the initial offer of Units, the preparation, digital onboarding of clients and printing of this Memorandum and other marketing materials will be borne by the Fund out of the assets attributable to Class A Units and Class B Units up to a maximum of 5 Million. These Setup Expenses will be amortized over a period of 4 years and will be charged post 12 months from the Initial Closing.</p> <p><u>On-going expenses of the Fund:</u></p> <p>The Fund will pay out of the assets attributable to Units charges and expenses directly related to its own operations (plus any applicable Taxes), whether paid directly by the Fund, the Investment Manager or the Trustee, in consultation with the Investment Manager, including, but not limited to:</p> <p>Operating Expenses</p>

		<p>(i) the fees and expenses payable to the Custodian, Trustee, Transfer Agent, advisors, and such other service providers of the Fund (which for the avoidance of doubt, will not include brokers or other advisors engaged in relation to acquiring and disposing of investments by the Fund);</p> <p>(ii) fees and expenses in respect of establishing and maintaining the register of Unit-holders and any sub-register, and related functions, and the fees in respect of administration, accounting and registration services;</p> <p>(iii) expenses incurred in producing, distributing and dispatching income and other payments to Unit-holders;</p> <p>(iv) fees in respect of the calculation, publication and circulation of details of the Net Asset Value of the Units in the Fund;</p> <p>(v) the on-going fees and expenses of the Auditors and tax, legal and other professional advisers of the Fund and the Trustee of the Fund;</p> <p>(vi) the costs of convening and holding Unit-holder meetings (including meetings of Unit-holders in any particular class of Units within the Fund);</p> <p>(vii) the costs of printing and distributing reports, accounts and any subsequent Memorandum and the Fund Documents and any costs incurred as a result of periodic updates of or changes to the Memorandum and Fund Documents and any other administration expenses;</p> <p>(viii) periodic fees of any regulatory authority in India or any expenses in connection with listing of Units;</p> <p>(ix) the fees and expenses payable to the Fund Accountant, including any expenses associated with the administration of the</p>
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		<p>Fund, pricing of the Units and valuation of the assets of the Fund;</p> <p>The annual Operating Expenses stated above incurred in ordinary course of business shall not exceed 2 percent of the highest NAV of the Fund during the year. The expenses in nature of Management Fees, Transactional Expenses (listed out below), any other extraordinary or one-time expense, non-recurring expenses, all types of Taxes, interest, penalties, litigation costs, and indemnities shall be excluded from this limit of 2 percent.</p> <p>Transactional Expenses:</p> <ul style="list-style-type: none"> (i) the expenses incurred by the Investment Manager and by any person, firm or company to whom the whole or any part of the Investment Manager's responsibilities are delegated pursuant to the Investment Management Agreement, including reasonable and properly documented out-of-pocket expenses properly incurred by such persons in the performance of their respective duties; (ii) expenses incurred in acquiring and disposing of investments by the Fund including brokerage; (iii) any expenses relating to registration or licensing of Fund with SEBI or other authorities to invest in India, including charges paid to Investment Manager on an ongoing basis; (iv) costs incurred in taking out and maintaining any insurance policy in relation to the Fund, the Investment Manager and/or their agents or delegates to cover any liabilities arising from any agreement with any service provider of the Fund; (v) taxation and duties payable by the Fund, including any future taxes introduced, any interest on tax or duty, penalty or such other expense; (vi) interest on and charges incurred in borrowings, if any;
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		<p>(vii) any amount payable by the Fund under any indemnity provisions contained in the Fund Documents or any agreement with any service provider of the Fund;</p> <p>(viii) expenses relating to the liquidation of the Fund; and</p> <p>(ix) any payments otherwise attributable to the Fund or any payment due by virtue of changes in Indian law.</p>
25.	Expenses of the Manager	The Investment Manager bears its own expenses for rent, supplies, secretarial expenses, stationery, charges for furniture and fixtures, employee insurance, payroll taxes and salaries of any analysts and other personnel and will be not be charged to the Fund.
26.	Transfer of units	<p>Units are not permitted to be transferred to anyone. The transfers within family/group entities would be permitted only if approved by the Investment Manager in exceptional situations.</p> <p>Provided such transferee is qualified to invest in the Fund under applicable securities, tax and other laws and regulations, subject to satisfaction of customary KYC checks, and subject to such other requirements as may reasonably be specified by the Investment Manager being satisfied including credit-worthiness and such transferee being a non – competitor of the Investment Manager.</p> <p>All Transfers of Units shall be affected by an instrument of transfer in writing in accordance with the Fund Documents and Applicable Law.</p> <p><u>Deceased Contributor</u></p> <p>In the event of the death of a Contributor (“Deceased Contributor”), the Investment Manager may, in its discretion, take any action in respect of the Units of such Deceased Contributor on equitable grounds subject to compliance with the procedural requirements of the Investment Manager including execution of such necessary documentation as may be prescribed by the Investment Manager. Such</p>

		<p>actions shall include but not be limited to permitting the successor of the Deceased Contributor to substitute the Deceased Contributor in the Fund by transmission of the Units. Further, in case a nominee has been notified by the Deceased Contributor to the Investment Manager before his/her death, then such nominee shall be deemed to be the successor of the Deceased Contributor, subject to compliance with the procedural requirements of the Investment Manager including execution of such necessary documentation as may be prescribed by the Investment Manager in the Scheme Documents.</p> <p>It is hereby clarified that in the case of joint Investors, the surviving Investor shall be deemed to be the sole Investor on the demise of another Investor.</p> <p>Further, it is hereby clarified that any actions by the Investment Manager as stated above on death of a Contributor, shall constitute full and valid discharge of the Trustee and/or Investment Manager and/or the Fund of any liability towards the legal heirs of the Deceased Contributor.</p> <p>Any Taxes in relation to the transfers shall be borne by the Unit-holders.</p>
27.	Gating restrictions on withdrawal of units	<p><u>Fund level</u></p> <p>There are no gating restrictions at Fund level.</p> <p><u>Investor level</u></p> <p>There are no gating restrictions at Investor level. Investment Manager, at its discretion, may waive lock-in or gating restrictions.</p>
28.	Leverage	<p>The borrowing or leverage shall not exceed two times of the net asset value of the Fund, as prescribed by SEBI AIF Regulations (as amended from time to time) and the Fund shall disclose information regarding the overall level of borrowing and such other information, as required under SEBI AIF Regulations and / or required by SEBI from time to time.</p> <p>Subject to SEBI AIF Regulations, the Fund may use leverage in its investment program including the use of borrowed funds to invest in certain</p>

		<p>types of options, such as puts, calls and warrants.</p> <p>Leverage shall be calculated in accordance with the SEBI AIF Regulations.</p>
29.	Indemnification	<p>The Investment Manager shall not be liable to the Fund for any act or omission in the performance of their duties, provided that they act honestly and in good faith in the interests of the Fund. According to the Investment Management Agreement, the Fund may indemnify an Investment Manager in respect of liability (other than criminal liability or liability which arises in the case of an Investment Manager for breach of duties under Indian law, as proved in court of competent jurisdiction) to any person, other than the Fund or any related company, for any act or omission in his/her capacity as an Investment Manager.</p> <p>The Investment Manager, Trustee, Transfer Agent, Custodian, and their respective Associates are entitled to such indemnity from the Fund under such terms and subject to such conditions and exceptions as shall be provided under the relevant agreements appointing them, in addition to and without prejudice to any indemnity or right of contribution allowed to them by applicable Law.</p> <p>Notwithstanding any and/or all indemnity provided to the Trustee under various terms of this Indenture, the Trustee, every affiliate, officer, director, shareholder, member, partner, investor, or employee appointed by the Trustee or acting on behalf of the Trustee (the "Indemnified") will not be liable to the Fund or to the Unit Holders for any of its act or omission performed or omitted by it and shall be indemnified out of the Trust Fund and held harmless from all liabilities including tax liabilities and expenses that may be incurred by any or all of the Indemnified in the execution of the Fund or any of the powers, authorities and discretions vested in them pursuant to the Indenture or arising from the trusts, and in respect of any claims, costs, expenses, damages (including reasonable attorney fees) demands or judgments arising out of any matter or thing done or omitted in any way in relation to this Fund and the Trustee may</p>

		<p>retain and pay out of any money in their hands all sums necessary to effect such indemnity otherwise than against any claim arising out of fraud, wilful misconduct, gross negligence by the Trustee as decided by a final non-appealable order of the highest court of competent jurisdiction.</p> <p>The indemnification set out in this Clause will apply even after the termination or dissolution of the Fund.</p> <p>The Fund may not be obligated to indemnify in certain situations, including for (a) breach of the Fund Documents (viz., breach of investment diversification limits or fiduciary obligation); or (b) claims by tax authorities for violation of tax laws as a result of gross negligence or fraud by the Protected Person, in each case as adjudicated by a non-appealable court of competent jurisdiction. Further, the investors will not be required to indemnify the Fund after the termination or dissolution of the Fund; provided that, in the event there are any obligations of the Fund (including indemnification obligations) or liabilities (including tax and contingent liabilities) which continue to apply after the termination or dissolution of the Fund, the investors will be required to return distributions or redemption proceeds made to them.</p> <p>In case there is any GST liability on the Fund in the future on account of the Fund being treated as a service provider to the investors, then such GST on the taxable consideration will be recoverable from each unit holder basis their respective share, net of input tax credit if any availed.</p> <p>Please refer to the risk factor titled '<i>Indemnification</i>' under "SECTION X: RISK FACTORS" of this Memorandum.</p>
30.	Defaulting investors or Defaulting Contributors	Not applicable.
31.	Reinvestment	The Fund may re-invest any portion of its capital at any time during the Term of the Fund subject to the Applicable Law.

32.	Temporary deployment of surplus funds	<p>Kind of instruments: Un-invested portion of the Investable Funds and divestment proceeds pending distribution to investors may be invested in liquid mutual funds or bank deposits or other liquid assets of higher quality such as Treasury bills, Triparty Repo Dealing and Settlement, Commercial Papers, Certificates of Deposits, etc.” (“Temporary Investments”).</p> <p>The Fund may take derivative exposure for which it may invest in instrument like liquid Mutual fund or bank deposits or other liquid assets of such higher quality to provide margin money to stock exchange.</p> <p>Process to be followed: As permitted under the AIF Regulations.</p> <p>Maximum duration: Fund shall ordinarily not hold Temporary Investments for a duration exceeding 12 months.</p> <p>Manner of distribution of income from Temporary Investments: Distribution proceeds attributable to a Temporary Investment will be adjusted by the Fund against Management Fee and Fund Expenses. Any remaining distributions will be distributed on a pro rata basis according to such unit-holders’ respective capital contributions used to fund such Temporary Investment.</p>
33.	Give back by the Investors	<p>The Trustee may, in consultation with the Investment Manager, require a Contributor to return distributions made to the Contributor in order to satisfy the Contributor’s pro-rata share of any obligations or liabilities of the Fund that arise from sale of any investment of the Fund (including any indemnification obligations, tax liability/claim). The obligation to return distributions may also continue beyond the term of the Fund/Trust as determined by the Trustee, in consultation with the Investment Manager, by providing a notice to the Contributors for the same.</p>
34.	Claw back of Additional Returns	Not applicable.
35.	Key Person & Key Person Event	Not applicable
36.	Co-investment	Not applicable.

37.	Removal of the Manager	<p>In addition to the provisions contained in the Investment Management Agreement, if the Manager is convicted of fraud or has been grossly negligent or wilfully malfeasant and such gross negligence or wilful malfeasance has a material adverse effect on the Fund (as determined by the final judgment of the highest court of competent jurisdiction), or files for bankruptcy (hereinafter referred to as "IM Incompetency"), Investors representing a Super-Majority of the Contributors shall, by delivering a prior written notice of 60 (sixty) Business Days to the Investment Manager and the Fund, ask the Investment Manager to cure the IM Incompetency. If the IM Incompetency is not cured within 60 (sixty) Business Days of such written notice, then the Investors representing a Super-Majority of the Contributors may remove the Investment Manager as the manager of the Fund.</p> <p>In the event that the appointment of the Investment Manager is terminated as above, the Investment Manager shall be entitled to receive any fees, accrued and not paid, for the period prior and up to the date of removal of the Investment Manager.</p> <p>In the event of termination of the Investment Management Agreement with the Investment Manager, the Trustee may require that the Units held by the Investment Manager or its designees be transferred to any other person who is appointed as the investment manager. The Trustee may require such Units be redeemed and fresh Units be issued to the new investment manager. However, the Investment Manager shall be entitled to any Distributions that have accrued on such Units prior to such transfer or redemption in accordance with the terms of the Contribution Agreement executed with the Investment Manager. Without prejudice to the above, prior to the termination of the Investment Management Agreement, the Investment Manager shall have the right to transfer the Units held by it to any other person, subject to the restrictions mentioned above with respect to transfer of Units by the Contributors. Further, the Investment Manager, the Investment Team or their affiliates shall have the right to discontinue</p>

		<p>their capital commitment to the extent not yet drawn down and if such right is exercised, then such balance capital commitment shall be waived by the Trustee upon the written instructions so received towards exercising of such right by the Investment Manager.</p> <p>In the event of the removal of the Investment Manager, the Investment Manager shall do such things as are reasonably required to ensure that the new investment manager, appointed to replace the Investment Manager, can exercise the Investment Manager's powers and has all information and records relating to the affairs of the Fund held by the Investment Manager and necessary for the new investment manager to carry on its duties as the new investment manager.</p> <p><u>Conditions when the manager will not be liable to receive any compensation:</u> Not Applicable</p>
38.	Parallel Vehicles/ Alternative Investment Structures	<p>To facilitate investment by certain investors with specific structuring requirements, including for certain legal, accounting or regulatory reasons, the Investment Manager may establish one or more alternative investment vehicles in accordance with SEBI AIF Regulations, if applicable and other Applicable Law ("Alternative Investment Vehicles"). All cost, expenses and Taxes incurred in connection with such Alternative Investment Vehicles shall be borne only by the investors participating therein. All Alternative Investment Vehicles with similar objectives would be designated as "co-investing schemes" by the Investment Manager. It is anticipated that the Alternative Investment Vehicles described in this section and all its co-investing schemes will participate in each investment in such proportion as determined by the Investment Manager, although the structure of certain transactions, legal/ regulatory requirements, available cash or other considerations may result in the inability of the Fund or a co-investing scheme to participate in an investment that is made by the other entity or to participate in the same proportion. Capital commitment may be received by the Alternative Investment Vehicles on terms that differ from the terms on which capital commitment may be received by the Fund, provided that such capital</p>

		<p>commitment received by the Alternative Investment Vehicle will be on terms and conditions no more favorable than the terms and conditions applicable in respect of the capital commitment to the Fund.</p> <p>It is hereby clarified that the Fund and any Alternative Investment Vehicle will not make any joint decisions and do not intend to form any joint venture or partnership for the purpose of making investments.</p>
39.	Successor funds	The Trustee in consultation with the Investment Manager may float different schemes under the Trust with different or similar investment focus from time to time. The Investment Manager shall issue separate private placement Memorandum for each scheme. The assets and liabilities of each scheme shall be segregated and ring-fenced at all times.
40.	Currency principles	The currency of the Fund is Indian Rupee ie INR.
41.	Reporting	<p><u>Frequency and type of reporting:</u> The Contributors will receive the following</p> <ol style="list-style-type: none"> A quarterly report comprising financial information of the Portfolio Entities, material risks and how they are managed and other material information on the Fund that is deemed to be relevant by the Investment Manager. This information shall be sent to the Contributors within 60 (Sixty) days of end of the quarter. Periodic reports pertaining to overall level of leverage employed, the level of leverage arising from borrowing of cash, the level of leverage arising from position held in derivatives or in any complex product and the main source of leverage in the Fund, if applicable. Information with respect to any fees charged by the Investment Manager/Sponsor or any fees charged to the Fund/Portfolio Entity by an Associate of the Investment Manager/Sponsor shall be

		<p>disclosed periodically in accordance with Applicable Laws.</p> <p>d. Information with respect to any breach of a provision of this Memorandum, Contribution Agreement or any other Trust Documents as and when occurred.</p> <p>e. Information with respect to any change in control of Sponsor/Investment Manager, any change in the Sponsor/Investment Manager, any significant change in key investment team and information with respect to any inquiries/ legal actions by legal or regulatory bodies in any jurisdiction as and when occurred.</p> <p>f. Information in relation to any change to this Memorandum with details indicating the changes made, including any change/s in the disciplinary history and such other information as required to be reported/disclosed to the Contributors in terms of the Regulations, from time to time.</p> <p>g. Any other details/reports suo moto from the Investment Manager, as deemed necessary by the Investment Manager.</p> <p>All the above referred reports/information will be sent electronically by e-mail unless otherwise specified by the Contributor.</p> <p>The Investment Manager shall provide reports to SEBI as and when required under the AIF Regulations in accordance with the time-lines prescribed.</p>
42.	Taxation	As specified in SECTION XI: LEGAL, REGULATORY, AND TAX CONSIDERATIONS of this Memorandum for details.
43.	Valuation	As specified in SECTION VIII: DETERMINATION OF THE NET ASSET VALUE OF THE UNITS of this Memorandum for details.
44.	Side Letters	The Investment Manager may enter into letter arrangements or other written agreements with

		<p>any Unit-holder that have the effect of establishing special information / participatory terms or certain other non-economic rights for such Unit-holder depending on parameters such as amount of the Contribution, the net worth of the investor, the significance of the investor's reputation in the industry or such other on quantitative criteria or qualitative criteria or a combination of both, as further detailed in the Fund Documents.</p> <p>Any rights, interest or terms so established in a letter arrangement or other written agreement with a Contributor shall be effective solely with respect to such Contributor and may not be disclosed to other Contributors.</p> <p>Following is an indicative list of commercial terms on which differential rights may be offered through a letter arrangement:</p> <ul style="list-style-type: none"> • Management Fee; • Performance Fee; • Cap on expenses; <p>Following is an indicative list of non-commercial terms on which differential rights may be offered through a letter arrangement:</p> <ul style="list-style-type: none"> • Most favoured nation right • Transfer right (subject to the compliance of Applicable Law by the transferor and transferee) • Reporting right; • Inspecting right <p>Following is an indicative list of terms on which differential rights shall not be offered through a letter arrangement:</p> <ul style="list-style-type: none"> • Preferential exit from the Scheme; • Contribution to indemnification; • Giveback. <p>It is clarified that:</p> <ul style="list-style-type: none"> • The differential rights, if any, attached to any classes of units or given through side letters, shall not have any adverse impact on the
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		<p>economic or any other rights of other investors.</p> <ul style="list-style-type: none"> • such letter agreement shall not alter the rights of the other Contributor(s) available to them under their respective Contribution Agreements;
45.	Distribution in-kind	<p>Subject to the SEBI AIF Regulations, upon termination of the Scheme, the Investment Manager will seek to make distributions in cash. However, where not practicable, the Investment Manager within a reasonable period may, but subject to obtaining the approval of a Super Majority of Contributors make distributions in-kind in accordance with the SEBI AIF Regulations. The in-kind distributions made by the Scheme in an amount equivalent to the valuation of such investments, subject to any limitations as may be set out in the Fund Documents and the SEBI AIF Regulations. The in-kind distribution shall be made in the interest of investors and in compliance with Applicable Law.</p> <p>The Investment Manager shall make best/reasonable efforts to liquidate investments and distribute proceeds to investors.</p> <p>The Investment Manager may prefer Distribution in-kind in an event of winding-up of fund at the end of its life and is unable to dispose the stake in any of its portfolio entity. It may be noted that this shall be done only in extra ordinary situations.</p> <p>The Investment Manager shall ensure that any Unit-holder, by virtue of receiving securities due to distribution in kind, will not breach/violate any applicable law.</p> <p>Any Taxes in relation to the in-kind distribution shall be borne by the respective Unit-holder.</p>
46.	Warehoused Investments	The Fund will not acquire any warehoused investments.
47.	Movement from one class of units to another class of units of the Fund/ Scheme	Movement of Units from one Class or sub-class to another may be permitted by the Investment Manager at its sole discretion if an investor (invested / investing in the Fund solely or as an Affiliate group) increases or decreases its capital

		<p>contribution in the Fund. Further, it is hereby clarified that in case of decrease of capital contribution in the Fund, the Investment Manager may cause movement of the Units of such investor to another Class or sub-class of Units in the Fund, based on the remaining committed capital for such investor in the Fund, such Class of Units being subject to such Management Fee, Performance Fee, and Redemption Fee, as may be relevant. In relation to such movement of Units from one Class of Units to another, it is hereby clarified that the relevant Management Fee and Performance Fee that shall be applicable on such moving class of Units shall be as per the Management Fee and Performance Fee applicable to the new Class of Units, to which an investor has been moved. Further, the adjustment on the Management Fee and Performance Fee shall be calculated on a pro-rata basis.</p>
48.	Fund/Scheme documents	<p>Fund Documents shall constitute the following documents as originally executed and amended, modified, supplemented or restated from time to time:</p> <ul style="list-style-type: none"> • The Private Placement Memorandum • Indenture • Contribution Agreement between the Contributor, Trustee and Investment Manager • Investment Management Agreement between the Trustee and the Investment Manager • Any other documents designated as Fund Document by the Investment Manager. <p>The terms of the Contribution Agreement shall not go beyond the terms provided in this Private Placement Memorandum.</p> <p>In the event of any inconsistency or contradiction among the Fund Documents, the provisions of the Contribution Agreement shall prevail.</p> <p>Copies of the Fund Documents shall be available for inspection by the prospective Investors in Fund. Any prospective Investor desirous of obtaining a copy of the Fund Documents should forward his request to the Trustee or the Investment Manager. It is clarified herein that if</p>

		<p>a Contributor is desirous of obtaining copy of the Fund Documents, such Contributor will not receive a copy of the Contribution Agreement (including any supplemental documents) that have been entered into with other Contributors. However, the Investment Manager may, at its discretion where considered necessary, share the copy of the Contribution Agreement (including any supplemental documents) with certain Contributors (particularly prospective institutional investors) and shall take necessary steps to maintain confidentiality whilst sharing the same. For the avoidance of doubt, the Trustee or the Investment Manager or Transfer Agent will only share a form of the Contribution Agreement, which shall not contain any confidential information of existing Investors, with a prospective investor. Any confidential information appearing in such form of the Contribution Agreement shall be redacted prior to sharing with prospective investors.</p>
49.	Listing	<p>Subject to the Applicable Law, Units of the Fund may be listed on the stock exchange, if approved by the Investment Manager.</p> <p>In the event of a listing, the Investment Manager will be responsible for managing the listing in accordance with the SEBI AIF Regulations.</p> <p>All costs and expenses on listing and for managing the listing will be part of Fund Expenses.</p>
50.	Amendments and waivers	<p>The Investment Manager may from time to time make any general amendment to this Memorandum, including amendments to the investment strategy, process and restrictions, as it considers necessary or desirable, provided however, amendment process will be specified by the Manager keeping in mind the requirements under the Applicable Law.</p> <p>All amendments to this Memorandum which results in prejudicial alteration of the terms of the offering may be made with the approval of a Super-Majority of the Contributors. Provided, however, that no amendment shall be made to</p>

		<p>the Memorandum that increases the capital commitment of a Contributor without the prior consent of the affected Contributor.</p> <p>Any other amendment that does not have negative impact on any Contributor can be done by the Trustee with consent of the Investment Manager.</p>
51.	Confidentiality	<p>The Contributors will be required to keep confidential all matters relating to the Fund, Portfolio Companies and their affairs, except as otherwise required by Applicable Law.</p> <p>The Investment Manager, Trustee, Sponsor and their partners, officers, employees, agents, advisers (including but not limited to legal advisers and tax advisers) and any service providers, by whatever name called that may be appointed by the Investment Manager, will be required to keep confidential all information pertaining to the Unit-holders, including their capital commitment, except as otherwise permitted under the Fund Documents.</p>
52.	Custodian	Nuvama Asset Services or such other Custodian as approved by Investment Manager may be appointed by the Fund.
53.	Tax Advisors	Minesh Shah & Associates LLP or such other tax advisors as approved by Investment Manager may be appointed by the Fund.
54.	Auditors	A reputed firm of Chartered Accountants as approved by Investment Manager may be appointed by the Fund.
55.	Transfer Agent	[●] with its registered office address at [●] or such other Registrar and Transfer Agent as approved by Investment Manager may be appointed by the Fund. We confirm that the Transfer Agent will be appointed before the Fund commences operations.
56.	Grievance Redressal	<p>Name of Compliance Officer: Srashti Khabiya</p> <p>Designation: Compliance Officer</p> <p>Email-id: rakesh@electrumcapilta.in</p> <p>Organization name: Electrum Portfolio Managers Private Limited</p>

		<p>Investor queries and complaints constitute an important voice of investor, and the Investment Manager shall have a structured internal policy mechanism to process and effectively redress any investor grievances in relation to the Fund in the best manner possible.</p> <p>The Investment Manager will endeavour to address investor grievance in a swift and effective manner within a time period of 21 days from the date the grievance is raised. It will also aim to prevent the occurrence of similar grievances in the future.</p> <p>The Investment Manager will ensure that appropriate resources are dedicated for redressal of issues and queries in a timely manner.</p> <p>The Investment Manager will inform the investors regarding the following options available for grievance redressal:</p> <ol style="list-style-type: none"> 1. A complaint can be directly lodged with the Investment Manager in writing, orally or telephonically at any of the following: Address: 1301, Morya Grand, Opp Infinity Mall, Off New Link Road, Andheri West, Mumbai -400053 Email-id: aif@electrumcapital.in Tel. No.: 9324022308 2. Alternatively, investors may also use SCORES (https://scores.sebi.gov.in) to submit the complaint or grievance directly to the Investment Manager for resolution. 3. The Investment Manager shall endeavour to redress the investor complaint(s) within 21 days without any intervention of SEBI, failing which the complaint shall be registered on SCORES. It is mandatory for the investor having grievance to take up the matter directly with Investment Manager. 4. If investor(s) are not satisfied with the response from the Investment Manager, they can lodge their grievances with SEBI at
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		<p>https://scores.sebi.gov.in or to SEBI office. The complaint shall be lodged on SCORES within one year from the date of cause of action, where:</p> <ol style="list-style-type: none"> The complainant has approached the Investment Manager, for redressal of the complaint and, Investment Manager has rejected the complaint or, The complainant has not received any communication from Investment Manager or, The complainant is not satisfied with the reply received or the redressal action taken by Investment Manager. <p>5. Any complaints/disputes not resolved to satisfaction of investors per the above grievance redressal framework will be resolved by settlement through conciliation and arbitration process as may be agreed under the respective Contribution Agreements of investors.</p> <p>6. The Scores ID of the Trust is [●].</p> <p>The Investment Manager ensure that no loss or damage or expenses incurred by the Manager or officers of the Manager, including those in relation to resolution of claims or disputes of investors, shall be met out of the trust property.</p> <p>Further, the investors can refer to SECTION XVI for Investor Charter and Complaints data of the Fund.</p>
57.	Dematerialization	As per regulation 10(aa) of SEBI AIF Regulations and SEBI Master Circular dated May 7, 2024, all AIFs shall issue units in dematerialized form.

SECTION VIII: DETERMINATION OF THE NET ASSET VALUE OF THE UNITS

CALCULATION OF THE NET ASSET VALUE

The calculation of the Net Asset Value is the responsibility of the Investment Manager, who has delegated this function to the Fund Accountant. The Net Asset Value of the Fund will be calculated on each Valuation Day in accordance with the valuation principles set out in section Calculation of Net Asset Value” and Chapter 22 of the SEBI Master Circular dated May 7, 2024 titled ‘Standardised approach to valuation of investment portfolio of Alternative Investment Funds’. The calculation of the Net Asset Value shall be independent of the investment management function and shall be done by the Fund Accountant appointed by the Fund and whose role has been set out herein. The Manager shall ensure that the Alternative Investment Fund appoints an independent Valuer who satisfies the criteria specified by the Board from time to time. The Manager and the key management personnel of the Manager shall ensure that the independent valuer computes and carries out valuation of the investments of the scheme of the Alternative Investment Fund in the manner specified by the SEBI from time to time.

The Net Asset Value of the Fund shall be expressed in INR per Unit and shall be determined in respect of any Valuation Day.

The Net Asset Value per Unit shall be calculated by dividing (a) the net assets of that Class of Unit, being the value of the assets of the Fund corresponding to such Units less the liabilities attributable to such Units (including the Management Fees and Performance Fee), by (b) the number of Units then in issue, and shall be rounded off to the nearest three decimal places. Units issued at same Valuation Day will have the same Net Asset Value per Unit. However, because different Units may be issued on different Valuation Day, the Net Asset Value per Unit will differ from each-other.

The total net assets of the Class of Unit at any date will be determined in accordance with the Fund Documents. The Net Asset Value of each class is defined as the value of all the assets attributable to that class, including all cash and cash equivalents, accrued interest, and the market value of all securities and all other assets of the Fund attributable to such class, less all liabilities attributable to such class including, but not limited to, accrued legal, accounting, and auditing fees and any extraordinary expenses.

VALUATION

In connection with the determination of the Fund’s Net Asset Value and the determination of the Fund’s net profits or net losses, the Fund’s Investments will be valued as follows:

- i. securities traded on a stock exchange or other regulated market are to be valued generally at the closing price quoted on the relevant exchange or

market. In case of securities traded on the Indian stock exchanges, the closing price on the NSE, failing which the closing price on the BSE, failing which the closing price on any other exchange where the security is traded;

- ii. unlisted equity securities will be valued in accordance with the SEBI AIF Regulations and the circulars introduced thereunder;
- iii. any value otherwise than in INR shall be converted into INR at the market rate (whether official or otherwise) which the Investment Manager shall in their absolute discretion deem appropriate to the circumstances having regard inter alia to any premium or discount which they consider may be relevant and to the costs of exchange;
- iv. the value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest accrued and not yet received shall be deemed to be the full amount thereof, unless it is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such deduction or discount as the Investment Manager may, in their absolute discretion, consider appropriate to reflect the true value thereof;
- v. the value of units or other security in any unit trust, mutual fund, investment corporation, or other similar investment vehicle or collective investment scheme shall be derived from the last prices published by the managers thereof;
- vi. for the purpose of ascertaining quoted, listed, traded or market prices, the Investment Manager, the Fund Accountant and/or their agents shall be entitled to use and rely on mechanised and/or electronic systems of publishing valuations and the price provided by any such system shall be deemed to be the closing price; and
- vii. for the purpose of valuing the Investments as aforesaid the Investment Manager may with due care and in good faith rely upon the opinions of any persons who appear to them to be competent to value assets of any class or classes by reason of any appropriate professional qualification or of experience of any relevant market.

Notwithstanding the foregoing, where at the time of any valuation any asset of the relevant class has been realised or contracted to be realised the net amount receivable by the Class for such asset shall be included in the assets of the Class in place of such asset.

If, since the close of business on the relevant date, there has been a material change in the quotations on the markets on which a substantial portion of the Investments of the Fund are dealt or quoted, the Fund may, in order to safeguard the interests of Unit-holders and the Fund, cancel the first valuation and carry out a second valuation.

Prospective investors should understand that situations involving uncertainties as to the valuation of Investments could have an impact on the Fund's Net Asset Value if the Fund's judgments regarding the appropriate valuation should prove to be incorrect. Given the illiquid nature of some Investments, the net asset value of such Investments cannot be determined with the same degree of certainty as the Fund's other Investments. All values assigned to securities and assets by the Fund will be final, binding and conclusive on all of the Unit-holders.

The Investment Manager may, at their discretion, permit any other method of valuation to be used if they consider that such method of valuation better reflects the fair value generally or in particular markets or market conditions and is in accordance with good accounting practice. However, the Fund shall ensure that the calculation of the Net Asset Value shall be kept independent of the fund management function.

The Manager shall be responsible for true and fair valuation of the investments of the scheme of the Alternative Investment Fund:

Provided that in case the established policies and procedures of valuation do not result in fair and appropriate valuation, the Manager shall deviate from the established policies and procedures in order to value the assets or securities at a fair value and document the rationale for such deviation:

Provided further that such deviation and its rationale shall be reported to the trustee or the trustee company or the Board of Directors or designated partners of the Alternative Investment Fund and investors of the Alternative Investment Fund.

Disclosure of Net Asset Value shall be done at intervals that are not longer than one month.

SUSPENSION OF CALCULATION OF NET ASSET VALUE AND THE POSTPONEMENT OF THE VALUATION DAY/REDEMPTION DATE

The Investment Manager can suspend the calculation of the Net Asset Value in any of the following events:

- a) when one or more stock exchanges or other regulated markets which provide the basis for valuing any assets of the Fund are closed [other than for or during holidays], or if dealings therein are restricted or suspended or where trading is restricted or suspended in respect of securities forming a substantial part of the assets of the Fund;
- b) when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Fund, disposal of the assets of the Fund is not reasonably practicable without this being seriously detrimental to the interests of the Unit-holders, or if, in the opinion of the Investment Manager, a fair price cannot be calculated for the assets of the Fund;

- c) in the case of a breakdown of the means of communication normally used for the valuing of any assets of the Fund or if for any reason the value of any asset of the Fund which is material in relation to the Net Asset Value of the Fund (as to which the Investment Manager shall have sole discretion) may not be determined as rapidly and accurately as required (including any period when the fair value of a material portion of the assets of the Fund cannot be determined); or
- d) if, as a result of exchange restrictions or other restrictions affecting the transfer of funds, transactions on behalf of the Fund are rendered impracticable, or if purchases, sales, deposits and withdrawals of any assets of the Fund cannot be effected at the normal rates of exchange, as determined by the Investment Manager.

Unit-holders having requested redemption of their Units will be promptly notified in writing of any such suspension and upon the termination of any such suspension. If the redemption request is not withdrawn or if no consent is obtained from the Investment Manager to such withdrawal, the redemption will be made on the next Redemption Date following the end of such suspension or on such earlier day following the end of the suspension as the Investment Manager may in their absolute discretion agree either generally or in any specific case(s). No Units may be redeemed or issued during any period in which the calculation of the Net Asset Value is suspended.

The Fund may withhold payment to persons whose Units have been redeemed prior to such suspension until after the suspension is lifted, such right to be exercised in circumstances where the Investment Manager believe that to make such payment during the period of suspension would materially and adversely affect and prejudice the interests of the continuing Unit-holders of the Fund.

The Investment Manager shall, in addition to this right of suspension, have the right to postpone any Redemption Date to the next Business Day if, in the opinion of the Investment Manager a significant proportion of the Fund's assets cannot be valued on an equitable basis and such difficulty is expected to be overcome within one Business Day.

SECTION IX: CONFLICTS OF INTEREST

The Fund will be subject to certain conflicts of interest relating to the Sponsor, Contributors, the Investment Manager, the Trustee and their respective Affiliates and their shareholders, officers, partners, directors and employees, Key Investment Team or advisory team of other investments managed or advised now and in the future by the respective parties and their respective employees, agents, consultants, officers, partners and directors (collectively, the “Interested Parties”). The Interested Parties are engaged in a broad spectrum of activities. There may be instances where the interests of such parties conflict with the interests of the Fund and its Contributors. The Trustee and the Investment Manager will endeavour to ensure that these conflicts do not work to the detriment of the Fund; however, there can be no assurance that they will be able to do so in all instances. The Investment manager will have a written down conflict management policy put in place before the Fund commences its operations.

A number of examples of potential conflicts of interest are outlined below. However, the examples listed below are not intended to be exhaustive, and other types of conflicts of interest may arise during the Term of the Fund.

A. Potential conflicts of interest arising at the level of employees of management entity/Manager/Sponsor/members of various governance bodies and mitigation measure:

- **Allocation of Time.** The Investment Manager’s personnel will devote such time as shall be reasonably necessary to conduct the affairs of the Fund in an appropriate manner. The Investment Manager will work on other projects, and manage or advise other funds and fund managers, and, therefore, conflicts may arise in the allocation of management resources.
- **Management of the Fund; Allocation of Personnel.** The personnel of the Investment Manager and their respective affiliates will devote such time to the Fund as the Investment Manager in its discretion, deems necessary to carry out the operations of the Fund effectively. However, such personnel may also manage and advise other investment vehicles, accounts and clients that may have objectives similar, in whole or in part, to those of the Fund, including other funds sponsored by Sponsor. In addition, such personnel may serve as members of the boards of directors of companies other than Portfolio Entities. Such activities may give rise to conflicts, including as to the allocation of management resources and the allocation of investment opportunities between the Fund, on the one hand, and other vehicles, on the other hand.

- Each of the Investment Manager's personnel will devote such time as shall be reasonably necessary to conduct the affairs of the Fund in an appropriate manner. The Investment Manager will work on other projects, and manage or advise other funds and fund managers, and, therefore, conflicts may arise in the allocation of management resources. However, certain personnel are expected to be dedicated to the activities of the Fund, which is expected to mitigate the above risks.

B. Potential conflicts of interest arising at the level of service providers of the Trust /Fund and mitigation measures:

- **Provision of Services.** Certain Interested Parties are offering services of making investments in India. Given the scope of the Interested Parties' other business activities, it is possible that such activities may present potential conflict with the interest of the Fund. The Interested Parties may be providing services to certain Portfolio Entities and/ or other Persons having relationship with Portfolio Entities, including, without limitations, equity and debt financing, underwriting or private placements of securities, corporate finance and merger and acquisition advice, project monitoring and other advisory or financial services.
- Basis the above appropriate conflict mitigation measures including "Chinese Walls" in decision making are expected to mitigate such risks. Further, all such transaction will be on an arm's length basis and on economic terms that would be obtained in a transaction with an unaffiliated party.

Representation. The attorneys, accountants, service providers, and other professionals who perform services for the Fund may, and in some cases do, also perform services for the Interested Parties and the Portfolio Entities and this lack of separate representation may create potential conflicts of interest.

For each investment, the Investment Manager, keeping in mind the conflict described in the immediately preceding paragraph, shall engage those attorneys, accountants, and other professionals and service providers who are the best suited and most qualified to provide their services on that investment deal. The Investment Manager may also appoint multiple service providers to ensure a system of checks and balances to manage any potential or then existing conflicts of interests. The Investment Manager shall also ensure that any such service providers do not contravene any applicable professional rules/guidelines

in offering their services to the Investment Manager. The Investment Manager shall endeavour to ensure that the Fund's interests are always protected.

C. Potential conflicts of interest arising at the level of the Sponsor/ Manager group entity in relation to various Fund/ Schemes managed by the Sponsor/ Investment Manager and mitigation measure:

Existing Relationships. The Interested Parties may have pre-existing relationships with a significant number of Portfolio Entities in which the Fund may invest. Additionally, the Interested Parties may have relationships with private equity sponsors, leverage buyout firms and other investors (including institutional investors and their senior management) who may invest or may have invested in the Portfolio Entities. The Investment Manager may take into consideration these relationships with respect to the management of the Fund. For instance, there may be certain Investments that the Investment Manager will not undertake on behalf of the Fund in view of such relationships. Furthermore, the Investment Manager may also be responsible for managing and/or advising other funds. Further, there are no proposed investments earmarked for known Portfolio Entities.

Existing Investments. The Fund may invest in Portfolio Entities in which the Interested Parties have existing investments or other interests on the same or different terms. In such cases, there could be a possible conflict between the interests of the Fund and those of the Interested Parties or other funds. The Fund and the Investment Manager will take adequate care that such investments are not on terms inferior to the terms of the Interested Parties.

Where deemed appropriate, the Sponsor and/or the Investment Manager shall disclose such conflict to its Contributors. Prior approval of the Contributors will be taken where the Fund proposes to acquire Investment from, or sell Investment to, an entity in which the Investment Manager holds investment or financial interest.

The Investment Manager will endeavour to act independently of the Interested Parties and the Interested Parties, to the best of their knowledge, shall disclose such conflicts of interest in full to the Key Investment Team.

No transaction involving such conflicts of interest may be undertaken until approved by the Key Investment Team. In the event the Key Investment Team decides that there exists a conflict of interest, any conflicted member of the Key Investment Team will not be permitted to participate in the voting process

of such matter unless otherwise determined by the Key Investment Team in the interest of the Fund.

Investment Relationships. Portfolio Entities may be counterparties or participants in agreements, transactions or other arrangements with the Investment Manager, Sponsor, their respective Affiliates and/or Portfolio Entities of other investment funds managed by Sponsor or its Affiliates that may not have otherwise been entered into but for the affiliation with the Investment Manager or Sponsor, and which may involve fees and/or servicing payments to Sponsor-affiliated entities which are not subject to the Investment Management Fee offset provisions.

Representation on the board of the Portfolio Entities. As part of its Investment Strategy, the Investment Manager may require Portfolio Entities to grant to the Fund, a seat on the boards of directors or the investment committee of such companies. The seat will normally be filled by a nominee of the Investment Manager which may include a partner of the Investment Manager. As a consequence, such persons will have fiduciary and other duties to the Portfolio Entity being a company, which may conflict with the interests of the Fund.

The membership on the board of directors of a Portfolio Entity can result in the director being named as a defendant in litigation, and though adequate insurance coverage may be taken such as directors' and officers' liability insurance, such insurance may not provide complete or adequate coverage.

In the event of a conflict between the interests of the Fund and the Portfolio Company on which such nominee of the Investment Manager serves as a director, the nominee shall disclose the conflict to the Investment Manager and shall engage legal counsel to ensure that the nominee's fiduciary duties to the Fund and the Portfolio Company are resolved harmoniously.

D. Potential conflicts of interest arising at the level of investor

- **Allocation of Investments.** The Sponsor and the Investment Manager will be subject to conflicts of interest in allocating Investment opportunities among the Fund, other Schemes and other ventures promoted and managed by them. Investment opportunities identified by the Sponsor and the Investment Manager may be suitable for the Fund or one or more of their other schemes, ventures or for direct investment by themselves.

- In allocating such investment opportunities between schemes or between other ventures promoted or managed by the Investment Manager, the Investment Manager shall decide such allocation at its sole discretion.
- **Interests of Contributors.** The Contributors may have conflicting investment, tax and other interests with respect to their investments in the Fund. The conflicting interests of individual Contributors may relate to or arise from, among other things, the nature of certain Portfolio Investments or the structuring, acquisition or timing of disposition of Portfolio Investments. As a consequence, the Investment Manager may have to resolve such conflicts, amongst individual Contributors, in a manner that the Investment Manager determines is in the best interests of the Fund as a whole and which may result in a more beneficial outcome for certain Contributors as compared to other Contributors. The Investment Manager shall be under no obligation to consider the particular legal, regulatory, tax or other status of, nor to give priority to the interests of, any Contributor individually or of any category of Contributors.

E. Potential conflicts of interest at the level of members of various governance bodies (as described in the section titled “Governance Structure and Investment Process”)

Management Resources. The Interested Parties and their employees that provide services to the Fund will have, in addition to their responsibilities for the Fund, responsibilities for other projects and clients. Accordingly, they may have conflicts of interests in allocating management time and other resources among the Fund and such other projects and clients.

The Interested Parties and their management personnel will devote as much of their time to the Fund’s business as is, in their judgment, reasonably required. However, certain personnel from each Interested Parties are expected to be dedicated to the activities of the Fund, which is expected to mitigate the above risks.

Allocation of Investments. The Interested Parties will be subject to conflicts of interest in allocating investment opportunities offered by the Investment Manager, one or more of which may be suitable for the Fund, one or more of their other funds or co-investments or for direct investment by themselves or on behalf of their clients.

The Investment Manager will endeavour to act independently of the Interested Parties and the Interested Parties, to the best of their knowledge, shall disclose such conflicts of interest in full to the Contributors wherever the same is expected to mitigate the same.

F. Potential conflicts of interest arising at various levels of the operations of the Trust/Fund

Purchase from and Sale of Investments to Interested Parties. The Fund may purchase investments from, or sell investments to, the Interested Parties. In such cases, conflicts may arise in determining the price and terms of the sale or purchase as the case may be. Interested Parties and their personnel may have information about the Fund's investment policies and strategy that would assist the Interested Parties wishing to purchase from or sell investments to the Fund. In order to address the conflicts inherent when the Fund is purchasing an investment from, or selling an investment to, any Interested Parties or their affiliates, their representatives on the investment committee will not participate in any vote regarding the transaction (except to satisfy minimum voting and quorum requirements) and will not represent the Fund with respect to the transaction. To mitigate this risk, the Investment Manager shall ensure that all transaction or arrangements with Interested Parties is conducted on arms' length terms.

Avoidance of Cross-Fund Liability. Since the Trust can have multiple schemes in future, there is potential risk of segregation of the assets and liabilities schemes. The Investment Manager will assist the Trustee to use commercially reasonable efforts to ensure that the assets and liabilities of the Fund are effectively segregated from the assets and liabilities of any other Fund which may be managed by the Investment Manager.

G. Methodology proposed to be adopted by the Investment Manager for effective mitigation/resolution of conflicts of interest

Conflict management: Conflict of interests identified above are intended to be managed primarily by complying with Applicable Law, acting in good faith to develop equitable resolutions of known conflicts. In this regard, the Investment Manager will also adopt a 'mitigation of conflicts of interest' policy to develop equitable resolutions of known conflicts prior to the launch of the Fund.

H. Disclosure to the investor about the risk that arises out of such conflicts of interest and their acknowledgement to existence of such risks

By subscribing to Units in the Fund, each Contributor shall be deemed to have acknowledged the existence of such potential or actual conflicts of interest, to have accepted that such conflicts will be dealt with in the manner described in this section and in the Fund Documents, and to have waived any claim with respect to the existence of such conflicts or the manner in which such conflicts may be resolved.

I. Potential conflicts of interest in case the Trustee is a group or associate entity of the AIF/Sponsor/Investment Manager or have one or more directors in common

Not applicable.

J. Potential conflicts of interest in the case of warehousing

Not applicable.

K. Potential conflicts of interest in the case of co-investments

Not applicable.

BY PURCHASING THE UNITS, EACH CONTRIBUTOR WILL BE DEEMED TO HAVE ACKNOWLEDGED THE EXISTENCE OF SUCH ACTUAL AND POTENTIAL CONFLICTS OF INTEREST AND TO HAVE WAIVED ANY CLAIM WITH RESPECT TO ANY LIABILITY ARISING FROM THE EXISTENCE OF ANY SUCH CONFLICT OF INTEREST. INCLUDING, WITHOUT LIMITATION, THOSE DESCRIBED IN THIS CHAPTER, TO THE OPERATION OF THE FUND SUBJECT TO THOSE CONFLICTS AND TO THE ACTIONS TAKEN BY THE INVESTMENT MANAGER TO ADDRESS SUCH CONFLICTS PROVIDED THAT INVESTMENT MANAGER HAS CONDUCTED THE ACTIVITIES OF THE FUND IN ACCORDANCE WITH THE CONTRIBUTION AGREEMENTS AND HAS ACTED IN GOOD FAITH AND IN THE INTERESTS OF THE FUND.

SECTION X: RISK FACTORS

AN INVESTMENT IN THE FUND INVOLVES CERTAIN CONSIDERATIONS AND HIGH RISKS. ACCORDINGLY, BEFORE DECIDING TO INVEST IN THE FUND, PROSPECTIVE INVESTORS SHOULD CAREFULLY STUDY THE SPECIFIC RISKS DESCRIBED BELOW TOGETHER WITH ALL THE INFORMATION CONTAINED IN THIS MEMORANDUM, AND SEEK INDEPENDENT LEGAL, INVESTMENT AND TAX ADVICE. ADDITIONAL RISKS AND UNCERTAINTIES NOT PRESENTLY KNOWN TO THE INVESTMENT MANAGER, OR THAT IT CURRENTLY DEEMS IMMATERIAL MAY ALSO HAVE AN ADVERSE IMPACT ON THE FUND'S PROSPECTS. THERE CAN BE NO ASSURANCE THAT FUND'S INVESTMENT OBJECTIVE WILL BE ACHIEVED, OR THAT A CONTRIBUTOR WILL NOT LOSE ALL OF HIS INVESTMENT IN THE FUND. NO GUARANTEE OR REPRESENTATION IS MADE THAT THE FUND WILL ACHIEVE ITS INVESTMENT OBJECTIVES AND POLICY OR THAT AN INVESTOR WILL RECEIVE A RETURN OF ITS CAPITAL OR ANY OTHER PARTICULAR RATE OF RETURN. MAKING AN INVESTMENT IN THE FUND IS SUBJECT TO VARIOUS RISKS. POTENTIAL INVESTORS SHOULD CONSIDER ALL INFORMATION CONTAINED IN THIS MEMORANDUM, INCLUDING THE CONSIDERATIONS AND RISK FACTORS SET FORTH IN THIS SECTION.

A. RISKS RELATED TO PORTFOLIO INVESTMENTS IN PARTICULAR

Market Dislocation Risk

Recent events in global financial markets have caused significant dislocations, illiquidity and volatility in the structured credit, leveraged loan and high-yield bond markets. To the extent that such conditions continue (or even worsen), this may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of global economies. Any resulting economic downturn could adversely affect the financial resources of borrowers in which the Fund has invested and result in the inability of such borrowers to make principal and interest payments on, or refinance, outstanding debt when due. In the event of such defaults, the Fund may suffer a partial or total loss of Investments in such borrowers, which would, in turn, have an adverse effect on the Fund's returns and in turn, affect returns received by Investors. Such market place events also may restrict the ability of the Fund to sell or liquidate Investments at favourable times or for favourable prices (although such marketplace events may not foreclose the Fund's ability to hold such Investments until maturity). There can be no assurance as to the duration of the current market dislocation.

Investment Selection

Prospective Contributors will not have an opportunity to review the Portfolio Companies or the terms of the Fund's investments in the Portfolio Companies prior to investing in the Fund. The likelihood that Contributors will realize any gain on their investment depends on the skills and expertise of the Investment Manager and the Investment Team who will make the decisions on behalf of the Trust in accordance with the delegation of its powers and functions by the Trustee under the terms of the Investment Management Agreement.

Nature of Investments

The type of investments that the Fund anticipates making involves a high degree of risk and are highly illiquid and should only be made by an Investor able to commit its funds for the period of time equal to the Term of the Fund. In general, financial and operating risks confronting Portfolio Companies can be significant. While targeted returns should reflect the perceived level of risk in any investment situation, there can be no assurance that the Fund will be adequately compensated for risks taken. A loss of principal is possible. The timing of profit realization, if any, is highly uncertain. Losses may occur early, while successes often require a long maturation. Early-stage companies often experience unexpected problems in the areas of product development, manufacturing, marketing, financing and general management, which, in some cases, cannot be solved. In addition, such companies may require substantial amounts of financing which may not be available through institutional private placements or the public markets. The percentage of companies that survive and prosper may be small.

Portfolio Risk

The Fund will endeavour to have a fair degree of diversification in its investments by sector with varying exit horizons. Poor performance by even a few of these investments or the geographic region of the proposed investments by the Fund could lead to adverse effects on the returns received by the Contributors.

Sector Risk

The Fund proposes to focus its investments in select sectors of the Indian economy, as a result of which the Fund may not have a diversified portfolio. Accordingly, the Fund may face risks associated with concentration in a few select sectors, which a diversified fund would not generally experience.

Long term nature of Investments

The Fund is intended only for those investors who understand the long term nature of the projected portfolio and the nature of investments. Instruments used to execute investments, such as preference shares, equity and equity options, warrants and other equity linked instruments, will be illiquid and are unlikely to have realizable value for a lengthy period of time. The costs of disposing of shares in a privately held fund may be substantial.

Disposal of Private Investments Risk

The Fund's Investments will primarily involve private securities. In connection with the disposal of an Investment in private securities, the Fund may be required to make representations and give warranties about the business and financial affairs of the Portfolio Company typical of those made in connection with the sale of a business. The Fund may also be required to indemnify the purchasers of such Investments to

the extent that any such representations or warranties are found to be inaccurate. These arrangements may result in the incurrence of contingent liabilities by the Fund that may ultimately yield funding obligations that must be satisfied by the Contributors from any distributions which are made to such Contributors or any uncalled capital commitments.

Involvement in Portfolio Companies

As part of the investment strategy, the Investment Manager intends to play an active role in the Portfolio Companies and is likely to invest such that the Fund has a significant stake or seat(s) on the board of the Portfolio Companies. This provides the opportunity to influence the Portfolio Company's success and turnaround positively; though it can also lead to exposing the Fund's assets to risks. Membership on the board of directors of a Portfolio Company can result in the Investment Manager being named as a defendant in litigation and/or the directors and officers being included in the same.

Control Position Risk

The Fund may seek investment opportunities that allow the Fund to acquire control or exercise significant influence over management and the strategic direction of Portfolio Companies. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management and other types of liability in which the limited liability characteristic of business operations generally may be ignored. The exercise of control over a Portfolio Company could expose the assets of the Fund to claims by such Portfolio Companies, its security holders and its creditors. While the Investment Manager intends to manage the Fund in a way that will minimise exposure to these risks, the possibility of successful claims cannot be precluded altogether. Where the Fund acquires management or control rights in respect of the investment, the exposure to loss in respect of the investment may exceed the amount of the Fund's initial Investment.

The Fund may also make minority equity Investments in Portfolio Companies where it may have limited influence. Such Portfolio Companies may have economic or business interests or goals that are inconsistent with those of the Fund and the Fund may not be in a position to limit or otherwise protect the value of its Investment in such Portfolio Companies.

The Fund's control over the investment policies of such Portfolio Companies may also be limited. This could result in the Fund's Investments being frozen in minority positions that incur substantial losses.

Risks in effecting operating improvements

In most of the cases, the success of the Fund's investment strategy will depend, in part, on the ability of the Fund to restructure and effect improvements in the

operations of a Portfolio Company. The activity of identifying and implementing potential operating improvements entails a high degree of uncertainty. There can be no assurance that the Fund will be able to successfully identify and implement such improvements.

Disposal of Investments on or Prior to Termination of Fund

The Fund may make Investments that may not be advantageously disposed off prior to the date that the Fund is terminated, either by expiration of the Fund's term or otherwise. Although the Investment Manager expects that Investments will be disposed off prior to termination, the Investment Manager has a limited ability to extend the Term of the Fund and the Fund may have to sell, distribute or otherwise dispose off Investments at a disadvantageous time as a result of termination of the Fund.

Disclosure Risk

India's securities regulator, the Securities and Exchange Board of India, has issued regulations and guidelines on disclosure requirements, insider trading and other matters. However certain gaps in the legal infrastructure (including in relation to auditing and reporting standards) may impact the Investment Manager's ability to undertake due diligence and monitor and realise Investments.

Leverage risk of Portfolio Companies

The Fund may invest in Portfolio Companies, the capital structure of which may have significant leverage. While Investments in leveraged entities offer the opportunity for capital appreciation, such Investments may also involve a high degree of risk. Although the Investment Manager will seek to use leverage in a manner it believes is appropriate under the circumstances, the leveraged capital structure of Portfolio Companies will increase the exposure of such Portfolio Companies to adverse economic factors such as rising interest rates, downturns in the economy, debt or equity capital markets or deteriorations in the condition of Investments and which may impair such Portfolio Companies ability to finance its future operations and capital needs and result in restrictive financial and operating covenants, including those that may prevent distributions to the Fund. These restrictive financial covenants may limit such Portfolio Companies' flexibility to respond to changing business and economic conditions. If a Portfolio Company is unable to generate sufficient cash flows to meet principal and/or interest payments on its indebtedness or make regular dividend/profits payments, the value of such Investment could be significantly reduced or even eliminated, magnifying potential losses. Moreover, the Fund may invest in securities that are not protected by financial covenants or limitations on additional indebtedness.

Environmental risk

The operations of Portfolio Companies are subject to numerous statutes, rules and regulations relating to environment protection. There is the possibility of existing or

future environmental contamination, including soil, seawater and groundwater contamination, as a result of the spillage of hazardous materials or other pollutants that may result from the normal operations of the Portfolio Companies, and such events may have an adverse financial impact on the value of Portfolio Companies and the Fund.

Under various environmental statutes, rules and regulations of the appropriate jurisdiction, a current or previous owner or operator of real property may be liable for non-compliance with applicable environmental and health and safety requirements and for the costs of investigation, monitoring, removal or remediation of hazardous materials. These laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of hazardous materials. The presence of these hazardous materials on a property could also result in personal injury, property damage or similar claims by private parties.

Persons who arrange for the disposal or treatment of hazardous materials may also be liable for the costs of removal or remediation of those materials at the disposal or treatment facility, whether or not that facility is or ever was owned or operated by that person.

Any liability of Portfolio Companies resulting from non-compliance or other claims relating to environmental matters could have a material adverse effect on the value of such Investments.

Deal Access Risk

There is a risk that the Investment Manager's expectations regarding its ability to access transactions of sufficient volume and investment quality to meet Fund's Investment Objectives are not fulfilled. Factors that may affect this risk may include, but are not limited to, competition for assets, changes in India's regulatory or legal environment, or changes in India's macroeconomic conditions.

Indian Securities Markets

Some of the Portfolio Companies may be listed or eventually have their securities listed on an Indian or overseas stock exchange as a means of creating liquidity for that investment. In connection with this listing, the Fund may generally be required not to dispose of the securities in that company for a lock in period in excess of 12 (Twelve) months due to contractual obligations or regulatory constraints. However, even if these securities are in fact listed, there can be no assurance that the listing of these securities will provide a viable exit mechanism, as these securities may suffer from low trading volumes and low market capitalization at the time of the intended disposal.

Stock markets are volatile and may decline significantly in response to adverse issuer, political, regulatory, market or economic developments. Different parts of the market and different types of equity securities may react differently to these developments. For example, small cap stocks may react differently than large cap

stocks. Political or economic developments may affect a single issuer, issuers within an industry, sector or geographic region, or the market as a whole.

Securities listed on Indian stock exchanges may have low market capitalization and trading volume. There can be no assurance that sales on the Indian stock exchanges will provide a viable exit mechanism for the Fund's investments.

Indian stock exchanges utilize 'circuit breaker' systems under which trading in particular stocks or entire trading could potentially be suspended on account of excessive volatility in a stock or on the market. Such disruptions could significantly impact the ability of the Fund to sell its investments and adversely affect the Fund's performance.

Exit Strategies

The feasibility and terms of any proposed exit strategy for the Fund in respect of its Portfolio Investments will depend in part on factors that are not within the control of the Fund, at the time of the proposed disposition and the effect of applicable legislation and political and economic conditions. Consequently, the precise timing of the disposition of a Portfolio Investment and the manner of disposition are impossible to predict, and no assurance can be given that such disposition will be achieved on terms favourable to the Fund.

Derivative instruments

To the extent that the Fund invests in swaps, derivative or synthetic instruments, repurchase agreements or other over-the-counter transactions, the Fund may take a credit risk with regard to parties with whom they trade and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions that generally are backed by clearing organisation guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries.

Small cap stocks

The Fund may have significant Investments in smaller to medium sized companies, the securities of which may be difficult to value accurately and may be illiquid. The securities of such companies involve higher risks in some respects than do investments in securities of larger companies. For example, prices of small-capitalisation and even medium-capitalisation stocks are often more volatile than prices of large-capitalisation stocks, and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, "blue chip" companies. The inability of the Fund to realise promptly Investments may increase their exposure to losses and limit their ability to invest in new opportunities. This will affect the return to the Fund. Similarly, Investments that are difficult to value accurately may lead to the Fund over or understating their value. Inaccurate information may therefore influence the Investment Manager's

investment decisions.

Undervalued securities

One of the objectives of the Fund is to invest in undervalued securities. The identification of investment opportunities in undervalued securities is a difficult task, and there can be no assurance that such opportunities will be successfully recognised. While investments in undervalued securities offer opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Fund's Investments may not adequately compensate for the business and financial risks assumed. The Fund may make certain speculative investments in securities, which the Investment Manager believes to be undervalued; however, there can be no assurance that the securities purchased will in fact be undervalued. In addition, the Fund may be required to hold such securities for a substantial period of time before realising their anticipated value. During this period, a portion of the Fund's capital would be committed to the securities purchased, thus possibly preventing the Fund from investing in other opportunities.

Debt securities

The Fund may invest in fixed income securities which may be unrated by a recognised credit-rating agency or below investment grade and which are subject to greater risk of loss of principal and interest than higher-rated debt securities. The Fund may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. The Fund may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. The Fund will therefore be subject to credit, liquidity and interest rate risks. In addition, evaluating credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Also, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments.

Deployment Risk

Owing to the market conditions, the Fund may not be able to identify Portfolio Companies to deploy the Capital Contributions and therefore the same may be a deterrent factor for the Fund to achieve the targets laid down by the Investment Manager.

Non-Controlling investments

The Fund intends to hold non-controlling interests in Portfolio Companies and therefore, may have a limited ability to protect its position in such Portfolio Companies. It is expected that appropriate shareholder rights generally will be sought

to protect the Fund's interests prior to making an investment in any Portfolio Company. However, there is no assurance such rights will be effective in all cases to protect the Fund's interests.

Material non-public information

Many investment decisions by the Investment Manager will be dependent upon the ability of its Investment Team and agents to obtain relevant information from non-public sources, and the Investment Manager often will be required to make decisions without complete information or in reliance upon information provided by third parties that is impossible or impracticable to verify. The marketability and value of each investment will depend upon many factors beyond the control of the Investment Manager. Certain employees of the Investment Manager and their affiliates may be restricted from initiating transactions in certain securities. The Fund will not be free to act upon any such information or restrictions. Due to these restrictions, the Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Diverse investor group

The investors may have conflicting investment, tax and other interests with respect to their investments in the Fund. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of investments made by the Fund, the structuring or the acquisition of investments and the timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by the Investment Manager, including with respect to the nature or structuring of investments that may be more beneficial for one investor than for another investor, in particular with respect to investors' individual tax situations. In selecting and structuring investments appropriate for the Fund, the Investment Manager will consider the investment and tax objectives of the Fund and its investors as a whole, not the investment, tax or other objectives of any investor individually.

Availability of Insurance against Certain Catastrophic Losses

Certain losses of a catastrophic nature, such as wars, earthquakes, typhoons, terrorist attacks or other similar events, may be either uninsurable or insurable at such high rates that to maintain such coverage would cause an adverse impact on the related investments. If a major uninsured loss occurs, the Fund could lose both its investments and anticipated profits from such affected investments in any investee entities.

B. RISK RELATED TO FUND/SCHEME STRUCTURE

Limited Opportunities

The Fund will operate in a competitive market. This may result in fewer attractive investment opportunities. The Investment Manager may not be able to identify and

successfully close a sufficient number of high-quality investments. In addition, such competition may have an adverse effect on the length of time required to fully invest the funds of the Fund. To the extent the Fund has already drawn down capital from Contributors, pending investment in Portfolio Companies, these funds may be retained in cash or may be invested in Temporary Investments. Such investments may substantially reduce the Fund's overall return.

Performance Risks

A portion of the Fund's assets may be invested in companies in highly competitive markets or product segments dominated by firms with substantially greater financial and technical resources than the Portfolio Companies in which the Fund invests. Portfolio Companies in which the Fund invests may operate in product segments that face technological changes and/or may be dominated by other firms or organizations. These and other inherent business risks could affect the performance of the Portfolio Companies, and affect the value of the Fund's equity investments, thereby as affecting the Fund as a whole.

Valuation risk

The Fund will rely upon the Investment Manager for the valuation of its Investments and other assets and to determine the net asset value of the Fund from time to time. The Investment Manager will engage an independent valuer to determine the net asset value of the Fund in accordance with the SEBI AIF Regulations. However, given the nature of the proposed Investments, valuation may be difficult. There may be a relative scarcity of market comparable on which to base the value of the Fund's assets.

Lack of Separate Representation

The legal counsel to the Fund does not represent the Contributors, and no legal counsel will be retained on behalf of the Contributors. There may exist other matters which would have a bearing on the Fund and/or the Trustee or any of its affiliates upon which the legal counsel to has the Fund been consulted. The legal counsel to the Fund does not undertake to monitor compliance of the Fund or the Trustee or the Investment Manager with the terms set out herein, nor does it monitor compliance with Applicable Law including the SEBI AIF Regulations. Additionally, the legal counsel to the Fund relies upon information furnished to it by the Investment Manager, and does not investigate or verify the accuracy and completeness of information set out herein concerning the Fund, Trustee or Investment Manager.

Reliance on the Investment Manager

The Investment Manager shall manage the assets of the Fund and will take its investments and divestments exclusively. The Contributors will not be able to make investment or other decisions in connection with the Fund. Therefore, judgments of

the Investment Manager's expected performance cannot be extrapolated from the past performance of the Investment Manager.

Therefore, the success of the Fund will depend upon the ability of the Investment Manager to source, select, complete and realize appropriate investments. With specific reference to the Fund, the Investment Manager will have considerable latitude in its choice of Portfolio Companies and the structuring of Portfolio Investments, subject to the investment parameters set forth in this Memorandum.

Reliance on Professionals and Consultants

The Portfolio Companies would be subject to local and municipal level laws, taxes and regulations, in addition to central and state government level laws, taxes and regulations. Exposure to such laws and compliances will vary from investment to investment. The Investment Manager will seek advice from consultants and professionals having relevant experience and rendering services in respect of such matters. The performance of Portfolio Investments may be impacted by the nature and quality of advice and services rendered by such local consultants and professionals.

Dependence on Key Personnel

The Fund will be largely dependent upon the experience and judgment of the Investment Manager and its Investment Team for selection of suitable Portfolio Investments. The loss of one or more of any key members could have a material adverse effect on the returns of the Fund. The Investment Team is not under any contractual obligation to remain with the Investment Manager for all or any portion of the Term. The Investment Team will commit suitable amount of its business efforts as may be necessary to Fund, though it is not required to devote all of its time to the affairs of the Fund. They may manage other funds as well. The inability of Investment Manager to attract and retain required talent pool may also adversely affect the performance of the Fund.

Failure to Meet Drawdowns by Contributors

Default by other Contributors under their obligations in the event of a Drawdown may cause the Fund to face a shortage of capital necessary to make planned investments in Portfolio Companies. Such default may, consequently, cause the Fund to breach its commitments, causing the Fund to become liable to pay damages. Loss of such opportunities, as well as the payment of damages, could result in a material adverse effect on the performance of the Fund.

Restrictions on Withdrawal and Transfer

Contributors may not be permitted to withdraw from the Fund. In addition, they may not transfer any of the interests, rights or obligations with regard to the Fund except as may be provided in the documentation with regard to the Fund, and in the SEBI AIF Regulations.

Distributions in Kind

Distributions by the Fund may be in kind and, upon liquidation of the Fund, could consist of securities or other properties for which there is no readily available public market. Some distributions may include securities listed with an Indian stock exchange but may suffer from low trading volumes and low market capitalization at the time of intended disposal. There can be no assurance that the listing of these securities will provide an Investor with a viable exit mechanism. In addition, there can be no assurance that an investor will be able to dispose off any property or securities distributed in kind and therefore receive a return on capital or recover its capital contributed to the Fund.

Dilution Risk

The Investment Manager may admit new Contributors to the Fund at a Subsequent Closing at the price which may be at a discount to the prevailing net asset value of the Fund's investment. This may, in certain cases, result in dilution of the value of the Units held by the existing Contributors in view of the fact that the valuation of private equity investments is subjective and the net asset value arrived at by the Trustee or an independent auditor may not reflect the true value of the investments.

Default risk associated with Drawdowns

If Drawdown calls are not honoured by the Contributors to the Fund, such events will impact planned investments and result in possible damages to the Fund due to breach of investment and payment obligations to the Portfolio Companies. Loss of opportunities as well as payment of damages may impact the performance of Fund. The defaulting Contributors shall be subjected to remedies available to the Fund as set out in the Contribution Agreement. Further, depending on the quantum of default leading to shrinkage in the Fund's aggregate corpus may lead to a greater percentage exposure for each Contributor to the Portfolio Investments.

Liability for Return of Distributions

In the event that the Fund is otherwise unable to meet its obligations, the Contributors may, under applicable law, be required to return distributions previously received by them including any wrongful payment to them.

In connection with the disposition of a Portfolio Investment, the Fund may be required to make certain representations concerning the business, financial affairs and other aspects (such as environmental, property, tax, insurance, and litigation) of such investment typical of those made in connection with the sale of a business or asset. The Fund may be similarly responsible for the content of disclosure documents under applicable securities laws. The Fund may also be required to indemnify the purchasers of such investment or the underwriters of a securities offering to the extent that any such representations or disclosure document are

inaccurate or with respect to certain potential liabilities. These arrangements may result in incurrence of contingent liabilities for which the Investment Manager may establish reserves or escrow accounts. In that regard, as discussed in “**SECTION VII: PRINCIPAL TERMS OF THE FUND**”, Contributors may be required to return amounts distributed to them for the payment of Fund’s obligations, including indemnity obligations.

Lack of operating history

The Fund has no operating history for making private equity investment in securities in India. It has recently been organized to make Portfolio Investments approved by the Investment Manager. The Fund has not, as of the date of this Memorandum, attempted to make any such Portfolio Investments in its current form. The Fund has no operating history and basis upon which an evaluation of its prospective investments can be made. There can be no assurance that the Fund will achieve its investment objective.

Indemnification

The Investment Management Agreement provides for indemnification of the Investment Manager for any and all actions, suits, proceedings, claims, damages, settlement payments, losses and liabilities arising in connection with the Management Agreement, unless resulting from gross negligence, wilful misconduct, or fraud.

Indemnification of the Investment Manager, as well as other parties, may impair the financial condition of the Fund and its ability to acquire assets or otherwise achieve its investment objective or meet its obligations.

In case there is any GST liability on the Fund in the future on account of the Fund being treated as a service provider to the investors, then such GST on the taxable consideration will be recoverable from each unit holder basis their respective share, net of input tax credit if any availed.

Management Fee and Performance Fee

As a result of payment of Management Fee and Performance Fee, the returns realized by the Contributors from the Fund’s activities might be less than the returns the Contributors may have realized from engaging in the same activities directly if they had made such investments directly without investing in the Fund.

Manager termination risk

Termination of the Investment Manager’s appointment may occur pursuant to the terms of the Investment Management Agreement. Any termination of the Investment Manager’s appointment as manager of the Fund may have material adverse consequences for the Fund in certain circumstances. Such consequences may include the acceleration of financing facilities made available to Portfolio Companies

or the triggering of a right for co-investors to acquire the Fund's interest in a relevant Investment where the terms of the relevant investment document provide for this.

Board participation risk

The Fund may be represented on the boards of directors of certain Portfolio Companies or may have its representatives serve as observers to such boards of directors. Although such positions in certain circumstances may be important to the Fund's Investment strategy and may enhance the Investment Manager's ability to manage such Investments, they may also have the effect of impairing the Investment Manager's ability to sell the related securities when, and upon the terms, it may otherwise desire. They may also subject the Investment Manager and the Fund to claims they would not otherwise be subject to as an Investor, including claims of breach of duty, securities claims and other director-related claims. In general, the Fund will indemnify the Investment Manager from such claims.

Forward looking statements

The statements contained herein that are not historical facts are forward-looking statements. These forward-looking statements are based on current expectations, estimates and projections about the industry and markets in which the Fund operates, on management's beliefs, and on assumptions made by the management. Words such as "expects", "anticipates", "should", "intends", "plans", "believes", "seeks", "estimates", "projects", variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. Among the factors that could cause actual results to differ materially are: the general economic climate, competition and the political situations in the Fund's markets, interest rate levels, and other risks associated with the ownership of listed and unlisted shares.

C. REGULATORY RISK FACTORS

Government Approvals

Certain Indian governmental approvals, including approvals from the SEBI or the central government may be required before the Fund can make investments in Portfolio Companies. It is likely that the Fund may not have obtained all or some of these governmental approvals prior to the Initial Closing of the Fund.

The Fund will operate under Indian laws and securities regulations. If policy announcements or regulations are made subsequent to this offering, which require retrospective changes in the structure or operations of the fund, these may adversely impact the performance of the Fund.

There is no certainty that such registrations or approvals will be forthcoming and restrictions may be imposed under the registrations or approvals which limit the right of the Fund to invest only in particular sectors if they wish to avail of such registrations or approvals and the benefits there under.

Statutory Approval Risk

The Fund may make investments in companies that operate in sectors requiring various statutory approvals and consents related to environment and social issues. Any delay or failure in obtaining such approvals could result in delays and may adversely affect the viability of a project and the performance of the Portfolio Companies.

D. GENERAL RISK FACTORS

Political stability and government policy risk

There is a risk of communal and political tension in India which can cause political instability and which may adversely affect Fund's ability to meet its investment objectives. There is also a risk that these tensions result in terrorism or other violence that may adversely affect the Fund or the Portfolio Companies.

Furthermore, the Indian Central and State Governments own, control and otherwise significantly influence a large segment of the economy, and their policies are likely to have an impact on private sector investments. It is possible that the government may not continue with particular reform processes which the Fund or Portfolio Companies have factored into their strategic plans. Further, there can be no assurance that in respect of reform processes pursued by the government, that such policies will be successful. Expropriation, confiscatory taxation, political, social and economic instability may affect the quality of the Fund's portfolio and have an impact upon its returns, therefore having an impact on the returns of the overall fund.

Legal Considerations

Many of the fundamental laws in India have only recently come into force, which increases the risk of ambiguity and inconsistency in their application, interpretation and enforcement. This risk is additionally increased as adequate procedural safeguards have often not been developed. Due to the developing nature of the Indian legal and regulatory system, laws often refer to regulations which have not yet been introduced, leaving substantial gaps and the regulatory framework is often poorly drafted and incomprehensible. These uncertainties can lead to difficulties in obtaining or renewing necessary licenses or permissions and can lead to substantial delays and costs for the companies subject to them, all of which can ultimately adversely affect the performance of the Fund. Changes in laws and regulations (or in the interpretation thereof) occurring from time to time in India are possible and may worsen the legal and tax constraints within which the Fund will operate and, as a result, may require structuring and financing alternatives to be identified and implemented and lead to increased legal costs and reduced returns. In particular,

tax laws and regulations or their interpretation may change and there can be no assurance that the structure of the Fund or its investments will be tax efficient. Further, India is subject to rapid changes in legislation, many of which are extremely difficult to predict. Existing laws are often applied inconsistently and new laws and regulations, including those which purports to have retroactive effect, may be introduced with little or no prior consultation. As such, the Fund's ability to secure the judicial or other enforcement of its rights may be limited.

Risk of sanctions

Sanctions may be imposed by other countries on trade with India and this may have an adverse impact on the value of Portfolio Companies.

Inflationary Pressures in India

High inflation may lead to the adoption of corrective measures designed to moderate growth, regulate prices of staples and other commodities and otherwise contain inflation, and such measures could inhibit economic activity in India and thereby possibly adversely affect the Fund's investments.

Deflationary Pressures Globally and in India

Although neither India nor the global economy as a whole has experienced excessively low relative inflation over the last 10 years, there is no assurance that inflation rates in India or globally will not decrease below zero percent annually. Negative inflation, or deflation, in India or globally, could inhibit economic activity and thereby possibly adversely affect the Fund's investments.

Litigation Risk

The Portfolio Investments may be governed by a complex series of legal documents and contracts. As a result, the risks of a dispute over interpretation or enforceability of the documentation and consequent costs and delays may be higher than for other types of investments. In addition, the Fund may be subject to claims by third parties (either public or private). If any of the Portfolio Investment becomes involved in material or protracted litigation, the litigation expenses and the liability threatened or imposed could have a material adverse effect on the performance of the Fund.

Enforcement Risk

While Indian laws provide for specific performance of contractual obligations as well as claims for damages in the event of breach of contract, and property rights may be enforceable through the Indian judicial system, laws regarding the rights of creditors and the obligations of purchasers or lessees of property are generally significantly less developed in India than in the other developed countries and may be less protective of rights and interests. It may be difficult to obtain swift and equitable enforcement of such laws or to obtain enforcement of a judgment in a local court.

Segregation of Assets

The Trustee and the Investment Manager (pursuant to the delegation of powers and responsibility of the Trustee under the Investment Management Agreement) have a fiduciary duty to ensure segregation of assets of any other funds which are held in trust or may be held so by it from the assets of the Schemes. The Trustee and the Investment Manager shall also keep the assets and liabilities of one Scheme segregated and ring-fenced from the other Schemes. However, it may be possible that in the case of a third party suit or regulatory action against the Trustee/ Investment Manager with respect to the liability of any other such aforementioned fund or any one or more Schemes or under any other circumstances, the Trustee/ Investment Manager may not be able to protect the assets of the Schemes against such third party suit or regulatory action and may not be able to maintain segregation of assets of the Schemes.

Bankruptcy Remoteness

The Trust has been structured in a manner that each Scheme operates as a separate trust and has its own terms and may have different pool of Contributors, in order to ensure that each Scheme is bankruptcy remote from the other Schemes. The Trustee/ Investment Manager shall further make best efforts to keep distinct and separate accounts in respect of each Scheme and maintain Units of each Scheme distinct from and independent of the other Schemes. However, no such assurance can be given that the Schemes would remain bankruptcy remote from all other Schemes at all times. There is a risk of a Scheme being held liable for bankruptcy of other Scheme(s) by a court of law or any authority or third party claims or due to change in applicable law.

Regulatory Risk

The value and marketability of the Fund's investments may be affected by changes or developments in the legal and regulatory climate in India. SEBI regulates the securities market in India and legislates from time to time on matters affecting the stock market. SEBI has issued regulations that affect investment in India including regulations on takeovers, preferential allotments of shares and insider dealing. The regulations affect the pricing, cost of a transaction and the ability to conduct due diligence. SEBI and/or the Indian Ministry of Finance may make changes to regulations which could affect the ability of the Fund to make, or exit, investments.

Quality of Infrastructure

India faces substantial problems owing to the lack of, or inadequate condition of, physical infrastructure and poor environmental standards, including, but not limited to, in the sectors of electricity (both generation and transmission), transport, communication, water, sewage and healthcare. The lack, or inadequate condition, of physical infrastructure damages the Indian economy, disrupts the transportation of goods and supplies, increases the cost of doing business, can interrupt business

operations and, in general, has an on-going adverse impact on the ability to manage and grow businesses in India.

Limitations of Investments

Under the SEBI AIF Regulations, the investment limits of the Fund are restricted. For further details on these restrictions please refer to “**SECTION XI: LEGAL, REGULATORY, AND TAX CONSIDERATIONS**”.

India’s GDP may not grow as expected or may decline

There is a risk that India’s GDP may not grow as expected or may decline. One key attraction of investing in an India-focused fund is the potential for returns that is linked to India’s high GDP growth rate. However, as a result of several factors (both external and internal), India’s growth rate might slow down, thereby affecting returns for the Fund.

Indian Investigations and Actions

Any investigations of, or actions against the Fund and the Investment Manager initiated by SEBI or any other Indian regulatory authority may impose a ban of the investment activities of the Fund or the Investment Manager.

Accounting Standards; Due Diligence

Generally accepted accounting standards and practices in India may differ significantly from those practiced in other countries, which may affect the Fund evaluation of potential investments and ability to perform due diligence. The financial information appearing on the financial statements of a company operating in India may not reflect its financial position or the results of its operations in the way that they would be reflected if the financial statements had been prepared in accordance with generally accepted accounting principles in other jurisdictions.

In addition, the scope and nature of the Fund’s due diligence activities in connection with portfolio investments will be more limited than due diligence reviews conducted in more developed economies because, among the other factors listed in this paragraph (a) certain information is unavailable or prohibitively costly to obtain and/or (b) the information that is available is generally less reliable and less detailed than financial information that is typically available to investors in western countries. While the Investment Manager will endeavour to conduct due diligence in connection with each Portfolio Company, no assurance can be given that they will obtain the information or assurances that an investor in a more sophisticated economy would obtain before proceeding with an investment.

Passive investment risk

Investors will be relying entirely on the Investment Manager to conduct and manage the affairs of Fund. The Indenture will prohibit Investors from engaging in the active

management and business of the Fund. Investments to be made by the Fund have not yet been fully identified. As a result, Investors must rely on the ability of the Investment Manager to make appropriate Investments for the Fund and to manage and dispose of such Investments. Investors will not have the opportunity to evaluate the relevant economic, financial and other information which will be utilised by the Investment Manager in deciding whether or not to make a particular Investment. Furthermore, there is no assurance that the Investment selected will be successful.

Exculpation and indemnification risk

Certain exculpation and indemnification provisions contained in the Investment Management Agreement or Indenture may limit the rights of action otherwise available to Contributors and other parties against the Investment Manager, the Trustee, its associates, each officer, director, employee, shareholder, partner, member, agent and consultant of any of the foregoing who serves or has served in such capacity at the request of the Investment Manager.

Financial and tax situation risk

The results of the Fund's activities may affect individual Contributors differently, depending upon their individual financial and tax situations because, for instance, of the timing of a cash distribution or of an event of realisation of a gain or loss. The Investment Manager will endeavour to make decisions in the best interests of the Fund as a whole, but there can be no assurance that a result will not be more advantageous to some Contributors than others.

Money laundering risk

As part of the Investment Manager's responsibility for the prevention of money laundering under Applicable Law, the Investment Manager may require a detailed verification of a prospective Investors' identity and the source of such prospective Contributor's Commitment. In the event of delay or failure by a prospective Investor to produce any such information required for verification purposes, the Fund may refuse to admit the prospective Contributor to the Fund. Further, the Investment Manager may from time to time request (outside of the subscription process), and the Contributor will be obligated to provide to the Investment Manager upon such request, additional information as from time to time may be required for the Investment Manager to satisfy their respective obligations under these and other laws that may be adopted in the future. Also, the Investment Manager may from time to time be obligated to file reports with regulatory authorities in various jurisdictions with regard to, among other things, the identity of the Fund's Contributors and suspicious activities involving the interests.

Leverage risk of the Fund

The Fund may incur indebtedness (for the purpose of paying expenses of the Fund and Management Fees or providing interim financing to the extent necessary to

consummate the purchase of Investments or providing short term bridge financing of equity or equity linked Investments or funding any amount not received from a Defaulting Contributor or such other purposes as may be necessary or desirable to facilitate committed funding of an Investment, subject to the SEBI AIF Regulations). Certain restrictions shall apply to incurrence of indebtedness by the Fund.

The Fund may also use its fund property (including the aggregate unpaid Commitments of Investors in Fund) to secure any permitted indebtedness. To the extent that the Fund is unable to meet obligations under a leverage facility, there is a risk that the aggregate unpaid Commitments may be used to repay indebtedness, hence a possibility exists of a partial or total loss of the Fund's capital.

The rights of lenders making loans to the Fund will be senior to those of Investors, and the terms of any borrowings may contain provisions that limit distributions to the Investors or certain other activities of the Fund. Payment of interest and fees incurred in connection with such borrowings will reduce any income of the Fund that would otherwise have been available.

E. TAX RELATED FACTORS

1. Tax risks associated with the Fund

There are certain aspects such as a characterization of income, applicability of provisions of the General Anti-Avoidance Rules (GAAR) etc., that could impact taxation of the Fund. Please refer to the 'Tax consideration' under "**SECTION XI: LEGAL, REGULATORY AND TAX CONSIDERATIONS**" of the Memorandum for key tax risks associated to the Fund and its investors.

2. Tax risk associated with income taxed at MMR

The Fund proposes to organize and conduct its affairs in a manner to qualify as a determinate Trust. Taxes will be discharged at the Fund-level at MMR considering the PAN of the Fund and not of the Contributors. The term MMR means the rate of income-tax (including surcharge on income-tax, if any) applicable in relation to the highest slab of income in the case of an individual, association of persons or body of individuals as specified in the Finance Act of the relevant year (i.e., 30% plus applicable surcharge and health and education cess).

However, based on judicial precedents, where any income is taxable at a special rate, such special rate should be considered as the MMR and thus, such income should be taxable at those rates. However, the tax authorities may seek to apply MMR (i.e., 30%) to income which are taxable at special rates under the ITA in which case, the Fund may, based on the approach adopted by the tax authorities, need to discharge additional taxes and accordingly, recover the same from the beneficiaries/contributors.

3. Tax risk associated on exercise of redemption option

In an event, if a redemption option is exercisable by only certain specific Contributors in accordance with the Contribution Agreement, the following implication could arise.

The Fund proposes to deduct a Tax on unrealised gains and adjust the same from the NAV of the redeeming Contributor. This could have an impact on the amount actually distributed to the contributor. Tax on unrealised income could be paid by the Fund/ Trust, if required under the Applicable Laws.

4. GAAR and its impact on the Fund / Investors/ Fund Investments and risk associated with it

GAAR provide that an arrangement whose main purpose is to obtain a Tax benefit and which also satisfies at least one of the four specified tests (i.e. arrangement is not at arm's length, misuse or abuse of Tax laws, lack or is deemed to lack commercial substance or not carried out for bona fide purpose) can be declared as "Impermissible avoidance arrangement".

GAAR provisions empower the tax authorities to investigate and declare any such arrangement as an "Impermissible avoidance arrangement" and consequently, confers upon the Tax authorities, the power to disregard entities in a structure, reallocate the income and expenditure between the parties to the arrangement, alter the tax residence of such entities and the legal situs of assets involved, treat debt as equity and vice versa, and like.

If the Indian tax authorities were to apply GAAR provisions to the Fund, they could declare any arrangement as an 'impermissible avoidance arrangement' if the arrangement has been entered into with the purpose of obtaining Tax benefit and involves any of the following elements non-arm's length dealings, misuse or abuse of the provisions of the ITA, lack of commercial substance or non-bona fide purpose. Detailed discussion on the same can be found in the **'SECTION XI: LEGAL REGULATORY AND TAX CONSIDERATIONS'**.

5. Risk associated with the change in Tax laws

The Tax laws and its interpretation relevant to the Fund are subject to change, and Tax liabilities could be incurred by Investors as a result of such changes. The Tax consequences of an investment in the Fund are complex. Further, the information relating to the Indian taxation legislation contained in the Memorandum is based on Indian domestic taxation law along with rules and regulations made thereunder and the judicial and administrative interpretations thereof, which are subject to the change or modification by subsequent legislative, regulatory, administrative or judicial decisions. Any such changes, which could also be retroactive, could have an effect on the validity of the information stated herein.

Accordingly, Investors in the Fund are subject to a number risks related to Tax matters and are strongly urged to consult their independent tax advisors with specific reference to their own situations. In addition, the Tax laws or their interpretation relevant to the Fund are subject to change, and Tax liabilities or double Taxation

could be incurred by Investors as a result of such changes. For further details please refer to the **‘SECTION XI: LEGAL REGULATORY AND TAX CONSIDERATIONS’**.

Goods and Services Tax (‘GST’)

GST will be applicable on services provided by the Manager and Trustee to the Fund. GST at the rate of 18% (or at applicable rate) would be levied on fees if any, payable towards investment management fee and Trusteeship Fees payable by the Fund to the Investment Manager and Trustee, respectively.

F. SECTOR SPECIFIC RISK FACTORS

This can include risks associated with the specific sector/ strategy that the Fund/Scheme will be focusing upon as a part of its investment strategy and objectives

G. CURRENCY RELATED RISKS

Currency and Foreign Exchange Risks

Capital Contributions to the Fund by holders of Units are payable in Rupees and the Fund’s investments in the Portfolio Companies will be valued in Rupees.

SECTION XI: LEGAL, REGULATORY, AND TAX CONSIDERATIONS

THIS SECTION IS ONLY A SUMMARY OF THE REGULATORY AND TAXATION ISSUES RELATING TO THE FUND AND IS NOT A COMPREHENSIVE DISCLOSURE REGARDING ALL APPLICABLE LAW AND REGULATIONS. THE REGULATORY AND TAX ISSUES REFERRED TO UNDER THIS SECTION ARE SUBJECT TO CHANGES FROM TIME TO TIME.

IT IS THE RESPONSIBILITY OF ALL PERSONS INTERESTED IN SUBSCRIBING FOR THE UNITS TO INFORM THEMSELVES AS TO ANY INCOME OR OTHER TAX CONSEQUENCES ARISING IN THE JURISDICTIONS IN WHICH THEY ARE RESIDENT OR DOMICILED OR HAVE ANY OTHER PRESENCE FOR TAX PURPOSES, AS WELL AS ANY FOREIGN EXCHANGE OR OTHER FISCAL OR LEGAL RESTRICTIONS WHICH ARE RELEVANT TO THEIR PARTICULAR CIRCUMSTANCES IN CONNECTION WITH THE ACQUISITION, HOLDING OR DISPOSITION OF THE UNITS. THE FUND HAS NO PRESENT PLANS TO APPLY FOR ANY CERTIFICATIONS OR REGISTRATIONS, OR TO TAKE ANY OTHER ACTIONS, UNDER THE LAWS OF ANY JURISDICTION (OTHER THAN ITS REGISTRATION WITH SEBI IN INDIA), WHICH WOULD AFFORD RELIEF TO LOCAL INVESTORS THEREIN FROM THE NORMAL TAX / REGULATORY REGIME OTHERWISE APPLICABLE TO AN INVESTMENT IN THE UNITS OF THE FUND.

PLEASE NOTE THAT THE SUMMARY OF THE REGULATORY AND TAX CONSIDERATIONS IN THIS SECTION IS BASED ON THE CURRENT PROVISIONS OF THE LAWS OF INDIA AND THE REGULATIONS THEREUNDER, AND THE JUDICIAL AND ADMINISTRATIVE INTERPRETATIONS THEREOF, WHICH ARE SUBJECT TO CHANGE OR MODIFICATION BY SUBSEQUENT LEGISLATIVE, REGULATORY, ADMINISTRATIVE OR JUDICIAL DECISIONS. ANY SUCH CHANGES COULD HAVE DIFFERENT REGULATORY AND TAX IMPLICATIONS.

1. Indian Trust Act, 1882

The Fund intends to be set up as an determinate trust under the Indian Trusts Act, 1882. The Trustee will be appointed as trustee of the Fund. The Trustee will be subject to the powers, duties and obligations as prescribed under the Indenture. The Investment Manager shall manage the Fund subject to the Applicable Law and in accordance with the Fund Management Agreement. The Unit-holders of the Fund shall be the beneficiaries of the Fund in proportion to the Units held by them and in the manner prescribed herein and in the Indenture.

2. Indian Securities Laws

A. SEBI (Alternative Investment Funds) Regulations, 2012

SEBI with effect from May 21, 2012 has notified the SEBI (Alternative Investment Funds) Regulations, 2012 **(Regulations)** which aim to provide a consolidated framework for registration and regulation of all kinds of alternative investment funds

(AIFs) that raise private pools of capital from high net worth investors. Under the Regulations, SEBI registers and supervises all categories of AIFs.

The Regulations define an AIF to mean any fund established or incorporated in India in the form of a trust or a company or a limited liability partnership or a body corporate which, - (i) is a privately pooled investment vehicle which collects funds from investors, whether Indian or foreign, for investing it in accordance with a defined investment policy for the benefit of its investors; and (ii) is not covered under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, Securities and Exchange Board of India (Collective Investment Schemes) Regulations, 1999 or any other regulations of the SEBI to regulate fund management activities. However, family trusts, ESOPS trusts, employee welfare trusts or gratuity trusts, holding companies, special purpose vehicles not established by fund managers, funds managed by securitisation company or reconstruction company or any such pool of funds which is directly regulated by any other regulator in India have been excluded from the purview of the Regulations.

The Regulations provide that no entity or person shall act as an AIF unless it is registered with SEBI. The Regulations have categorised AIFs into three categories viz., Category I AIFs, Category II AIFs, and Category III AIFs.

The Trust is registered with SEBI as Category III AIF and shall be governed by the provisions of the SEBI AIF Regulations.

Category III funds are funds which employ diverse or complex trading strategies and may employ leverage including through investment in listed or unlisted company/derivatives i.e. hedge funds. The AIF cannot change the category of registration once it has been granted registration under a particular category, except with the approval of SEBI.

Eligibility

- The constitutional documents permit it to carry on the activities of an AIF and prohibit it from making an invitation to the public to subscribe to its securities
- The key investment team of the investment manager of the AIF has adequate experience, with at least one key personnel having relevant certification as may be specified by SEBI from time to time
- AIF in form of trusts should be registered under the Registration Act, 1908
- The manager/sponsors should have the necessary infrastructure and manpower to effectively discharge its activities
- The investment objective, targeted investors, proposed corpus, investment style or strategy and proposed tenure of the fund should be clearly described at the time of registration

- All funds shall state investment strategy, investment purpose and its methodology in its private placement memorandum (mandatory) to the investors. Any material alterations to the strategy of the fund shall be made with the consent of at least 66.67% of the unit holders by value of their investment

Conditions for investments in AIF

- The minimum corpus of the fund shall be INR 20 crore
- The minimum amount of investment from each investor is INR 1 crore (in case the investor is an employee/director of the AIF, the minimum amount will be INR 25 lakh)

Provided that in case of an investor who is an Accredited Investor, the provisions of minimum investment amount shall not apply.

- Each fund or its scheme can have a maximum of 1,000 investors
- The Manager/Sponsor shall have a continuing interest in the AIF of not less than 2.5% of the corpus or 5 crore rupees, whichever is lower (for category III AIF, the same shall be 5% of the corpus or 10 crore rupees, whichever is lower)
- The fund can collect funds only by way of private placement

Conditions for investments by AIF

- Co-investment in an investee company by a manager/sponsor shall not be on terms more favourable than those offered to the AIF
- AIF which are authorized under the fund documents to invest in units of other AIFs shall not offer their units for subscription to other AIFs
- AIF shall not invest in any associates or units of other AIFs managed or sponsored by its Manager, Sponsor or associates of its Manager or Sponsor, except with the approval of 75% investors
- Except with the approval of seventy five percent of the investors by value of their investment in the scheme of Alternative Investment Fund and subject to the conditions specified by the Board, a scheme of an Alternative Investment Fund shall not buy or sell investments, from or to associates or other AIFs managed or sponsored by its Manager, Sponsor or associates of its Manager or Sponsor or an investor who has committed to invest at least fifty percent of the corpus of the scheme of Alternative Investment Fund. Provided that while obtaining approval of the investors, the investor who has committed to invest at least fifty percent of the corpus of the scheme of Alternative Investment Fund and is

buying or selling the investment, from or to, the Alternative Investment Fund, shall be excluded from the voting process

- Un-invested portion of the investable funds may be invested in liquid mutual funds or bank deposits or liquid assets of higher quality such as treasury bills, Commercial papers, etc till deployment of funds as per the investment objective

Conditions for Category III AIF

- Category III AIFs can invest in listed or unlisted companies or in derivative / structured products or in units of other AIFs
- Category III AIFs may deal in goods received in delivery against physical settlement of commodity derivatives
- Category III AIFs may buy or sell credit default swaps in terms of the conditions as may be specified by SEBI from time to time
- Category III AIFs may borrow or engage in leverage subject to consent from investors and subject to maximum limit to be prescribed by SEBI. However, all details of leverage and borrowings are to be disclosed to SEBI and investors periodically
- Category III AIF shall not invest more than 10% of its Investable Funds in one investee company, directly or through investment in units of other Alternative Investment Funds

Provided that for investment in listed equity of an Investee Company, Category III AIFs may calculate the investment limit of 10% of either the Investable Funds or the net asset value of the scheme

- Category III AIFs can also invest in equity or equity linked instruments of foreign companies whose shares are not listed on any recognised stock exchange in India or abroad. Further, such overseas investment shall be subject to such other terms and conditions as specified under Applicable Laws
- Category III AIFs shall be regulated through issuance of directions regarding operational standards, conduct of business rules, prudential requirements, restrictions on redemption and conflict of interest as may be specified by SEBI

Other Obligations, Responsibilities and Transparency

- AIF, key management personnel of AIF, the Manager, trustee, trustee company, directors of the trustee company, designated partners or directors of the AIF, as the case may be, managers and key management personnel of managers shall abide and ensure compliance by the AIF with the Code of Conduct.

- All AIFs shall have detailed policies and procedures and should be jointly approved by the Manager and the trustee or Board of Directors or designated partners of the AIF, as the case may be, to ensure that all the decisions of the AIF are in compliance with the provisions of the AIF regulations, terms of the placement memorandum, agreements made with investors, other fund documents and applicable laws.
- All AIFs shall review policies and procedures, and their implementation, on a regular basis, or as a result of business developments, to ensure their continued appropriateness.
- The Manager shall be responsible for every decision of the AIF including ensuring that the decisions are in compliance with the provisions of the AIF regulations, terms of the placement memorandum, agreements made with investors, other fund documents and applicable laws.
- The Manager shall be responsible for ensuring that every decision of the AIF is in compliance with the policies and procedures laid down for the AIF in terms of all policies, procedures and other internal policies of the Alternative Investment Fund, as applicable.
- The sponsor or manager of the AIF shall appoint a custodian registered with SEBI for safekeeping of securities if the corpus of the AIF is more than five hundred crore rupees; provided that (i) the sponsors or manager of a Category III AIF shall appoint such custodian irrespective of the size of corpus of the AIF, and (ii) the custodian appointed by Category III AIF shall keep custody of securities and goods received in delivery against physical settlement of commodity derivatives.
- All AIFs shall inform SEBI in case of any change in the sponsor, manager or designated partners or any other material change from the information provided by the AIF at the time of application for registration;
- In case of change of sponsor or manager, or change in control of the AIF, sponsors or manager, prior approval from SEBI shall be taken by the AIF subject to levy of fees and any other conditions as may be specified by the SEBI from time to time;
- The books of accounts of the AIF shall be audited annually by a qualified auditor.
- The manager shall not provide advisory services to any investor other than the clients of Co-investment Portfolio Manager as specified in the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, for investment in securities of investee companies where the Alternative Investment Fund managed by it makes investment.

- The sponsors and manager of the AIF shall act in a fiduciary capacity towards its investors and shall disclose to the investors, all conflicts of interests as and when they arise or seem likely to arise;
- The manager shall establish and implement written policies and procedures to identify, monitor and appropriately mitigate conflicts of interest throughout the scope of business;
- The managers and sponsors of AIFs shall abide by high level principles on avoidance of conflicts of interest with associated persons, as may be specified by SEBI from time to time;
- Manager/Trustee shall ensure that the assets and liabilities of each scheme of an Alternative Investment Fund are segregated and ring-fenced from other schemes of the Alternative Investment Fund; and bank accounts and securities accounts of each scheme are segregated and ring-fenced;
- All AIFs, Manager of the AIFs and Key Management Personnel of the Manager and the AIFs shall exercise specific due diligence, with respect to their investors and investments, to prevent facilitation of circumvention of such laws, as may be specified by the Board from time to time;
- All AIFs shall ensure transparency and disclosure of information to investors on the following:
 - financial, risk management, operational, portfolio, and transactional information regarding fund investments shall be disclosed periodically to the investors;
 - any fees ascribed to the manager or sponsors; and any fees charged to the AIF or any investee company by an associate of the manager or sponsors shall be disclosed periodically to the investors;
 - any inquiries/ legal actions by legal or regulatory bodies in any jurisdiction, as and when occurred;
 - any material liability arising during the AIF's tenure shall be disclosed, as and when occurred;
 - any breach of a provision of the placement memorandum or agreement made with the investor or any other fund documents, if any, as and when occurred;
 - change in control of the sponsors or manager or investee company;

- the AIF shall provide at least on an annual basis, within 180 days from the year end, reports to investors including the following information, as may be applicable to the AIF:
 - financial information of investee companies;
 - material risks and how they are managed which may include:
 - concentration risk at fund level;
 - foreign exchange risk at fund level;
 - leverage risk at fund and investee company levels;
 - realization risk (i.e. change in exit environment) at fund and investee company levels;
 - strategy risk (i.e. change in or divergence from business strategy) at investee company level;
 - reputation risk at investee company level;
 - extra-financial risks, including environmental, social and corporate governance risks, at fund and investee company level.
- any significant change in the key investment team shall be intimated to all investors;
- AIFs shall provide, when required by SEBI, information for systemic risk purposes (including the identification, analysis and mitigation of systemic risks).

Placement Memorandum

AIFs shall raise funds through private placement by issue of information memorandum or placement memorandum, by whatever name called. Such information or placement memorandum shall contain all material information about the AIF, the manager, background of key investment team of the manager, targeted investors, fees and all other expenses proposed to be charged, tenure of the AIF or scheme, conditions or limits on redemption, investment strategy, risk management tools and parameters employed, key service providers, conflict of interest and procedures to identify and address them, disciplinary history, the terms and conditions on which the manager offers investment services, its affiliations with other intermediaries, manner of winding up of the AIF or the scheme and such other information as may be necessary for the investor to take an informed decision on whether to invest in the AIF.

Valuation

- The Alternative Investment Fund shall carry out valuation of its investments in the manner specified by the Board from time to time. The AIF shall provide to its investors, a description of its valuation procedure and of the methodology for valuing assets.
- Category I and Category II AIFs shall undertake valuation of their investments, at least once in every six months, by an independent valuer appointed by the AIF. Provided however, that such period may be enhanced to one year on approval of at least 75% of the investors by value of their investment in the AIF.
- Category III AIFs shall ensure that calculation of the net asset value (NAV) is independent from the fund management function of the AIF, and such NAV shall be disclosed to the investors at intervals not longer than a quarter for close ended funds and at intervals not longer than a month for open ended funds.

Obligations of the Manager

The manager shall be obliged to:

- address all investor complaints;
- provide to SEBI any information sought by SEBI;
- maintain all records as may be specified by SEBI;
- take all steps to address conflict of interest as specified in the SEBI AIF Regulations;
- ensure transparency and disclosure as specified in the SEBI AIF Regulations.

Maintenance of Records

The manager or sponsors shall be required to maintain following records describing:

- the assets under the scheme/fund;
- valuation policies and practices;
- investment strategies;
- particulars of investors and their contribution; and
- rationale for investments made.

The aforesaid records shall be maintained for a period of five years after the winding up of the AIF.

Winding-up

An AIF set up as a trust shall be wound up:

- at any time by the Trustee, on recommendation of Investment Manager, in accordance with the terms of Indenture; or

- if it is the opinion of the trustees or the trustee company, as the case may be, that the AIF be wound up in the interests of investors in the units; or
- if 75% of the investors by value of their investment in the AIF pass a resolution at a meeting of unit holders that the AIF be wound up; or
- if SEBI so directs in the interests of investors.

The trustees or trustee company of the AIF, as the case maybe, shall intimate SEBI and investors of the circumstances leading to the winding up of the AIF. On and from the date of the aforesaid intimation, no further investments shall be made on behalf of the AIF so wound up. Further, within one year from the date of aforesaid intimation, the assets shall be liquidated, and the proceeds accruing to investors in the AIF shall be distributed to them after satisfying all liabilities.

Subject to the conditions, if any, contained in the placement memorandum or contribution agreement or subscription agreement, as the case may be, in specie distribution of assets of the AIF, shall be made by the AIF at any time, including on winding up of the AIF, as per the preference of investors, after obtaining approval of at least 75% of the investors by value of their investment in the AIF.

Upon winding-up of the AIF, the certificate of registration shall be surrendered to SEBI.

Reporting obligations

All Alternative Investment Funds shall ensure transparency and disclosure of information to Contributors on the following:

- financial, risk management, operational, portfolio, and transactional information regarding fund investments shall be disclosed periodically to the Contributors;
- any fees ascribed to the Manager or Sponsor; and any fees charged to the Alternative Investment Fund or any investee company by an associate of the Manager or Sponsor shall be disclosed periodically to the Contributors;
- any inquiries/ legal actions by legal or regulatory bodies in any jurisdiction, as and when occurred;
- any material liability arising during the Alternative Investment Fund's tenure shall be disclosed, as and when occurred;
- any breach of a provision of the placement memorandum or agreement made with the Contributor or any other fund documents, if any, as and when occurred;
- change in control of the Sponsor or Manager or Investee Company.

Alternative Investment Fund shall provide at least on an annual basis, within 180 days from the year end, reports to Contributors including the following information, as may be applicable to the Alternative Investment Fund

- financial information of investee companies.
- material risks and how they are managed which may include:
 - concentration risk at fund level;
 - foreign exchange risk at fund level;
 - leverage risk at fund and investee company levels;
 - realization risk (i.e. change in exit environment) at fund and investee company levels;
 - strategy risk (i.e. change in or divergence from business strategy) at investee company level;
 - reputation risk at investee company level;
 - extra- financial risks, including environmental, social and corporate governance risks, at fund and investee company level.

Category III Alternative Investment Fund shall provide quarterly reports to Contributors in respect of clause (g) within 60 days of end of the quarter;

- any significant change in the key investment team shall be intimated to all Contributors;
- alternative Investment Funds shall provide, when required by the Board, information for systemic risk purposes (including the identification, analysis and mitigation of systemic risks).

Reporting of Investment activities by AIF's

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 formats as specified by SEBI. Further, Category III AIF's shall also submit report on leverage undertaken, on quarterly basis in the formats as specified by SEBI.

Compliance Test Reports (CTR)

- a) At end of each financial year, the manager of an AIF shall prepare a CTR on compliance with AIF Regulations and circulars issued thereunder in the format as specified by SEBI. The CTR shall be submitted to Trustee and Sponsor in case of the AIF is a Trust and to the Sponsor in case of AIF set up in any form other than Trust within 30 days from the end of the financial year.
- b) In case of any observations/comments on the CTR, the trustee/sponsor shall intimate the same to the manager within 30 days from the receipt of the CTR. Within 15 days from the date of receipt of such observations/comments, the manager shall make necessary changes in the CTR, as may be required, and submit its reply to the trustee/sponsor.
- c) In case any violation of AIF Regulations or circulars issued thereunder is observed by the trustee/sponsor, the same shall be intimated to SEBI as soon as possible.

Alteration in strategy of the Fund

No material alteration to the fund strategy can be made unless consent of at least 2/3rd (Two-third) of contributors by value of their investment in the AIF is obtained.

Alteration in category of the Fund

As per SEBI Master Circular dated May 7, 2024, only AIFs who have not made any investments under the category in which they were originally registered are allowed to make an application for a change in category to SEBI. Pending disposal of the application for change in category, the AIF will not be able to make any investments other than in "liquid funds/bank deposits". Further, if the AIF has received commitments prior to an application for change in its category, the AIF is under a duty to inform contributors and provide them with an option to withdraw from the AIF without any penalty or charges.

Code of Conduct

- a. AIF, key management personnel of the AIF, trustee, trustee company, directors of the trustee company, designated partners or directors of the AIF, as the case may be, managers and key management personnel of managers shall abide by the Code of Conduct as specified in the Fourth Schedule of the Regulations.
- b. The manager and either the trustee or trustee company or the board of directors or the designated partners of the AIF, as the case may be, shall ensure compliance by the AIF with the Code of Conduct as specified in the Fourth Schedule of the Regulations.
- c. All AIFs shall review the policies and procedures laid down in terms of the Regulations, other internal policies, if any, and their implementation, on a regular basis or as a result of business developments, to ensure their continued appropriateness.
- d. The manager shall be responsible for every decision of the AIF, including ensuring that the decisions are in compliance with the provisions of the Regulations, terms of the fund documents and applicable laws.
- e. The manager shall be responsible for ensuring that every decision of the AIF is in compliance with the policies and procedures laid down for the AIF and other internal policies of the AIF, as applicable.

Stewardship Code

SEBI observed that the importance of institutional investors in capital markets across the world is increasing. They are expected to shoulder greater responsibility towards their clients by enhancing monitoring and engagement with their investee companies. Such activities are commonly referred to as 'Stewardship Responsibilities' of the institutional investors and are intended to protect their clients' wealth. SEBI has now decided that all AIFs shall mandatorily follow the Stewardship code notified on December 26, 2019. The Stewardship code has laid down six principles under AIFs are required to adhere to when dealing with their investee companies. The Stewardship code shall come into effect from July 1, 2020.

The principles and summary of guidance on the same are given below:

- a. **Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically:** Stewardship responsibilities include monitoring and actively engaging with investee companies on various matters including performance (operational, financial, etc.), strategy, corporate governance (including board structure, remuneration, etc.), material environmental, social, and governance (ESG) opportunities or risks, capital structure, etc. Every institutional investor should formulate a comprehensive policy on how it intends to fulfill the aforesaid stewardship responsibilities and disclose it publicly. The policy should be reviewed and updated periodically and the updated policy should be publicly disclosed on the entity's website.
- b. **Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it:** Institutional investors should formulate a detailed policy

for identifying and managing conflicts of interest. The policy shall be intended to ensure that the interest of the client/beneficiary is placed before the interest of the entity. The policy should also address how matters are handled when the interests of clients or beneficiaries diverge from each other. The conflict of interest policy formulated shall, among other aspects, address the manner in which such conflicts might arise, procedures put in place in case such conflict of interest situations arise (such as blanket bans on investments, constituting an investment committee etc.), periodic review, update and public disclosure of such policy.

- c. **Principle 3: Institutional investors should monitor their investee companies:** Institutional investors should have a policy on continuous monitoring of their investee companies in respect of all aspects they consider important which shall include performance of the companies, corporate governance, strategy, risks etc. Accordingly, the institutional investors shall formulate a policy specifying, inter-alia, different levels of monitoring in different investee companies, areas of monitoring (such as company strategy, industry level monitoring, quality of company management etc.), situations that might trigger communication of insider information and procedures adopted to ensure insider trading regulations are complied with in such cases.
- d. **Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed:** Institutional investors should have a clear policy identifying the circumstances for active intervention in the investee companies and the manner of such intervention. The policy should also involve regular assessment of the outcomes of such intervention. Intervention should be considered even when a passive investment policy is followed or if the volume of investment is low, if the circumstances so demand. Circumstances for intervention may, inter alia, include poor financial performance of the company, corporate governance related practices, remuneration, strategy, ESG risks, leadership issues, litigation etc. The mechanisms for intervention may include meetings/discussions with the management for constructive resolution of the issue and in case of escalation thereof, meetings with the boards, collaboration with other investors, voting against decisions, etc.
- e. **Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity:** Institutional investors must take voting decisions in the investee company after an in-depth analysis. A comprehensive voting policy is required to be framed by the institutional investors including details of mechanisms of voting, circumstances in which voting should be for/against/abstained, disclosure of voting, etc. The voting policy should be publicly disclosed.
- f. **Principle 6: Institutional investors should report periodically on their stewardship activities:** Institutional investors shall report to their clients/beneficiaries periodically on how they have fulfilled their stewardship responsibilities as per their policy in an easy-to-understand format.

Institutional investors shall report periodically on their stewardship activities by placing a report on their website on implementation of every principle.

Calculation of investment concentration norm for Category III AIFs

SEBI Master Circular SEBI/HO/AFD-1/AFD-1-PoD/P/CIR/2024/39 dated May 07, 2024 has provided flexibility to Category III AIFs, including large value funds for accredited investors of Category III AIFs, to calculate investment concentration norm based either on investable funds or net asset value ("NAV") of the scheme. In this regard, the following is specified:

- a) All Category III AIFs shall disclose the basis for calculation of investment concentration norm in the placement memorandum of their schemes;
- c) The basis for calculating investment concentration norm shall not be changed during the term of the scheme;
- d) Category III AIFs which choose to calculate investment concentration norm based on NAV, shall comply with the terms specified in SEBI Master Circular SEBI/HO/AFD-1/AFD-1-PoD/P/CIR/2024/39 dated May 07, 2024.

Requirement of Compliance Officer for Managers of all AIFs

All AIFs shall ensure that the Investment Manager designates an employee or director as Compliance Officer who shall be a person other than CEO of the Manager (or such equivalent role or position depending on the legal structure of Investment Manager). The compliance officer shall be responsible for monitoring compliance with the provisions of the SEBI Act, AIF Regulations and circulars issued thereunder. The Compliance Officer shall satisfy the eligibility criteria as may be specified by the Board from time to time. The Compliance Officer shall immediately and independently report to the Board any non-compliance observed by him, as soon as possible but not later than seven working days from the date of observing such non-compliance.

Number of Investors

No scheme of the Alternative Investment Fund shall have more than one thousand investors.

Rights of the investors

1. The investors of a scheme of an AIF shall have rights, pro-rata to their commitment to the scheme, in each investment of the scheme and in the distribution of proceeds of such investment, except as may be specified by the Board from time to time.
2. The rights of investors of a scheme of an AIF, other than that specified hereinabove, shall be pari-passu in all aspects. Differential rights may be offered to select investors of a scheme of an AIF, in the manner as may be specified by the Board, without affecting the interest of other investors of the scheme.

LVF's for Accredited investors may offer differential rights and are exempt from maintaining pari-passu rights, provided appropriate disclosures are made in the PPM and investors give waiver acknowledging the impact on their interest.

Overseas investments by an AIF

Under Regulation 15(1)(a) of AIF Regulations, an alternative investment fund may invest in securities of companies incorporated outside India subject to such conditions or guidelines that may be stipulated or issued by the Reserve Bank of India and SEBI from time to time

In this regard, Reserve Bank of India (RBI) vide Foreign Exchange Management (Overseas Investment) Regulations, 2022 and related rules and directions has permitted an Alternative Investment Fund (AIF), registered with SEBI, to invest overseas.

SEBI vide Circular CIR/IMD/DF/7/2015 dated October 1, 2015, SEBI/HO/IMD/DF1/CIR/P/2018/103/2018 dated July 3, 2018, and SEBI/HO/IMD/DF6/CIR/P/2021/565 dated May 21, 2021 and SEBI/HO/AFD-1/PoD/CIR/P/2022/108 dated August 17, 2022 has issued the following guidelines on overseas investments by an AIF:

- a) AIFs may invest in equity and equity linked instruments only of off-shore venture capital undertakings, subject to overall limit of USD 1,500 million (combined limit for AIFs and Venture Capital Funds registered under the SEBI (Venture Capital Funds) Regulations, 1996).
- b) AIFs desirous of making investments in offshore venture capital undertakings shall submit their proposal for investment to SEBI for prior approval. It is clarified that no separate permission from RBI is necessary in this regard.
- c) For the purpose of such investment, it is clarified that "Offshore Venture Capital Undertakings" means a foreign company whose shares are not listed on any of the recognized stock exchange in India or abroad.
- d) Investments would be made only in those companies which have an Indian connection (e.g. company which has a front office overseas, while back office operations are in India).
- e) Such investments shall not exceed 25% of the investable funds of the scheme of the AIF.
- f) The allocation of investment limits would be done on 'first come- first serve' basis, depending on the availability in the overall limit of USD 1,500 million.
- g) In case an AIF who is allocated certain investment limit, wishes to apply for allocation of further investment limit, the fresh application shall be dealt with

on the basis of the date of its receipt and no preference shall be granted to it in fresh allocation of investment limit.

- h) The AIF shall have a time limit of 4 months from the date of approval from SEBI for making allocated investments in offshore venture capital undertakings. In case the applicant does not utilize the limits allocated within the stipulated period, SEBI may allocate such unutilized limit to other applicants.
- i) These investments would be subject to Notification No. FEMA120/RB-2004 dated July 7, 2004 [Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004] including amendments thereof and related directions issued by RBI from time to time.
- j) AIFs shall not invest in Joint venture/Wholly Owned Subsidiary while making overseas investments.
- k) AIFs shall adhere to FEMA Regulations and other guidelines specified by RBI from time to time with respect to any structure which involves Foreign Direct Investment (FDI) under Overseas Direct Investment (ODI) route.
- l) AIFs shall transfer/sell the investment in overseas investee company only to the entities eligible to make overseas investments as per FEMA 1999.
- m) AIFs shall furnish the sale/divestment details of the overseas investments to SEBI in the prescribed format within 3 working days of the divestment, by emailing to aifreporting@sebi.gov.in.
- n) These investments would be subject to Foreign Exchange Management (Overseas Investment Regulations, 2022 including amendments thereof and related rules, directions issued by RBI from time to time.
- o) AIFs shall comply with all requirements under RBI guidelines on opening of branches/subsidiaries/joint venture/undertaking investment abroad by NBFCs, where more than 50% of the funds of the AIF has been contributed by a single NBFC.
- p) AIFs shall invest in an overseas investee company, which is incorporated in a country whose securities market regulator is a signatory to the International Organization of Securities Commission's Multilateral Memorandum of Understanding (Appendix A Signatories) or a signatory to the bilateral Memorandum of Understanding with SEBI.
- q) AIFs shall not invest in an overseas investee company, which is incorporated in a country identified in the public statement of Financial Action Task Force (FATF) as:

- ii. a jurisdiction having a strategic AML or CFT deficiencies to which counter measures apply; or
 - iii. a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with FATF to address the deficiencies.
- r) If an AIF liquidates investment made in an overseas investee company previously, the sale proceeds received from such liquidation, to the extent of investment made in the said overseas investee company, shall be available to all AIFs/VCFs (including the selling AIF/VCF) for reinvestment.
- s) The Trustee/Board/Designated Partners of the AIFs/VCFs shall submit an undertaking to SEBI as specified at Annexure 6 of SEBI Master Circular SEBI/HO/AFD-1/AFD-1-PoD/P/CIR/2024/39 dated May 07, 2024.

Accredited Investor Framework

Definition. Regulation 2(ab) of AIF Regulations defines Accredited Investor. As per the definition “Accredited investor” means any person who is granted a certificate of accreditation by an accreditation agency upon qualifying the following criteria for accreditation:

Category of persons seeking recognition as ‘accredited investor’	Criteria
1) Individuals, HUFs, Family Trusts and Sole Proprietorships	<ul style="list-style-type: none"> • Annual Income \geq INR 2 Crores; OR • Net Worth \geq INR 7.5 Crores, out of which at least INR 3.75 Crores is in the form of financial assets; OR • Annual Income \geq INR 1 Crore+ Net Worth \geq INR 5 Crores, out of which at least INR 2.5 Crores is in the form of financial assets.
2) Partnership Firms	Each partner has to independently meet the criteria for accreditation as set out above.
3) Trusts (other than family trusts)	Net worth exceeding or equal to INR 50 Crores.
4) Body Corporates	Net worth exceeding or equal to INR 50 Crores.

It is to be noted that the Central Government and the State Governments, developmental agencies set up under the *aegis* of the Central Government or the State Governments, funds set up by the Central Government or the State Governments, Qualified Institutional Buyers, Category I FPI investors, Sovereign Wealth Funds, and other multilateral agencies are deemed to be accredited investors and are not required to obtain certification from accredited agencies.

Procedure for Accreditation and availing benefits linked to accreditation. SEBI vide SEBI Master Circular - SEBI/HO/AFD-1/AFD-1-PoD/P/CIR/2024/39 dated May 07, 2024, notified modalities for implementation of the framework for Accredited Investors. Please find below key provisions with respect to the accreditation process as set out under the same.

- SEBI has specified eligibility criteria for Accredited Agency for carrying out the accreditation process.
- For accreditation, the prospective Accredited Investor (“**Applicant**”) is required to make an application to the Accreditation Agency in the manner specified by the Accreditation Agency.
- For the purpose of accreditation, eligibility criteria shall be reckoned based on the documents as specified in Annexure A of the aforesaid SEBI Master Circular.
- In case of accreditation of individual investors, HUFs and Sole Proprietorships, the value of the primary residence of the individual, Karta of HUF and the Sole Proprietor respectively, shall not be considered for calculation of net worth.
- The Accreditation Agency shall verify that the Applicant is a “fit and proper” to participate in the securities, including absence of convictions and/or restraint orders.
- Upon clearing the stage of verification mentioned above, the Accreditation Agency shall issue a certificate of accreditation (“**Accreditation Certificate**”) having a unique accreditation number, name of accreditation agency, PAN of the Applicant and validity of the accreditation certificate.

Modalities for filing of placement memorandum through a Merchant Banker

SEBI vide SEBI Master Circular SEBI/HO/AFD-1/AFD-1-PoD/P/CIR/2024/39 dated May 07, 2024, has issued the modalities for Alternative Investment Funds (AIFs) with respect to filing of placement memorandum, including that merchant bankers have to independently exercise due diligence regarding the disclosures and provide a due diligence certificate.

Under the AIF Regulations, AIFs will have to launch schemes subject to filing of placement memorandum with the regulator through a registered merchant banker.

While filing draft placement memorandum at the time of registration or prior to launch of new scheme on the SEBI intermediary portal, the due diligence certificate provided by the merchant banker will also be submitted along with other necessary documents. The details of the merchant banker will have to be disclosed in the placement memorandum.

The merchant banker appointed for filing of placement memorandum will not be an associate of the AIF, its sponsor, manager or trustee. AIFs are required to intimate the regulator regarding any changes in terms of placement memorandum on a consolidated basis, within one month of the end of each financial year. Such an intimation will also be submitted through a merchant banker along with the due diligence certificate provided by such merchant banker.

Guidelines for Large Value Fund for Accredited Investors under SEBI (Alternative Investment Funds) Regulations, 2012 and Requirement of Compliance Officer for Managers of all AIFs

SEBI vide SEBI Master Circular dated May 7, 2024 has provided guidelines to be followed by Large Value Funds for Accredited Investors for filing LVF schemes to SEBI.

Further, LVFs can extend its tenure beyond 2 years subject to the conditions provided under this circular.

All AIFs shall ensure that the Investment Manager designates an employee or director as Compliance Officer who shall be a person other than CEO of the Investment Manager (or such equivalent role or position depending on the legal structure of Manager). The compliance officer shall be responsible for monitoring compliance with the provisions of the SEBI Act, AIF Regulations and circulars issued thereunder.

Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2022 Dated November 15, 2022

SEBI has amended the AIF Regulations to include details of declaring the first close of the schemes of AIF, calculation of tenure of close ended schemes of AIFs and fee applicable for change in control of manager/sponsor or change in manager/sponsor of AIFs.

In addition to the above it has been notified that the Manager and the Trustee/ Trustee Company/ Board of Directors/ Designated Partners of the AIF, as the case may be, shall ensure that the assets and liabilities of each scheme of an AIF are segregated and ring-fenced from other schemes of the AIF; and bank accounts and securities accounts of each scheme are segregated and ring-fenced.

Guidelines for AIFs for declaration of first close, calculation of tenure and change of sponsor/manager or change in control of sponsor/manager

SEBI vide SEBI Master Circular dated May 7, 2024 has issued guidelines for calculating the timeline for declaring the first close of the schemes of AIF, calculation of tenure of close ended schemes of AIFs and fee applicable for change in control of manager/sponsor or change in manager/sponsor of AIFs.

Schemes of AIFs which have adopted priority in distribution among investors.

SEBI vide SEBI Master Circular dated May 7, 2024 has noted that certain Schemes of the AIFs have adopted a distribution waterfall in such a way that one class of investors (other than sponsor/manager) share loss more than pro rata to their holding in the AIF vis-à-vis other classes of investors/unit holders, since the later has priority in distribution over former ('priority distribution model').

Such schemes of the AIF which have adopted priority distribution model shall not accept any fresh commitment or make investment in a new investee company, till a view is taken by SEBI in this regard.

Direct plan for schemes of Alternative Investment Funds (AIFs) and trail model for distribution commission in AIFs

Direct Plan for schemes of AIFs

- i. Schemes of AIFs shall have an option of 'Direct Plan' for investors. Such Direct Plan shall not entail any distribution fee/ placement fee.
- ii. AIFs shall ensure that investors who approach the AIF through a SEBI registered intermediary which is separately charging the investor any fee (such as advisory fee or portfolio management fee), are on-boarded via Direct Plan only.

Trail model for distribution commission in AIFs

- i. AIFs shall disclose distribution fee/ placement fee, if any, to the investors of AIF/scheme of AIF at the time of on-boarding.
- ii. Category III AIFs shall charge distribution fee/ placement fee, if any, to investors only on equal trail basis i.e. no upfront distribution fee/ placement fee shall be charged by Category III AIFs directly or indirectly to their investors.

Further, any distribution fee/ placement fee paid shall be only from the management fee received by the managers of such Category III AIFs.

- iii. Category I AIFs and Category II AIFs may pay upto one-third of the total distribution fee/ placement fee to the distributors on upfront basis, and the remaining distribution fee/ placement fee shall be paid to the distributors on equal trail basis over the tenure of the fund.

Guidelines with respect to excusing or excluding an investor from an investment of AIF

An AIF may excuse its investor from participating in a particular investment in the following circumstances:

If the investor, confirms based on the opinion of a legal professional/legal advisor, that its participation in the investment opportunity would be in violation of an applicable law or regulation;

If the investor, as part of contribution agreement or any other agreement signed with the AIF, had disclosed to the Investment Manager that, participation of the investor in such investment opportunity would be in contravention to the internal policy of the investor. The Investment Manager shall ensure that the terms of such agreement with the investor include reporting of any change in the disclosed internal policy, to the AIF, within 15 days of such change.

An AIF may exclude an investor from participating in a particular investment opportunity, where the Investment Manager of the AIF is satisfied that the participation of such investor in the investment opportunity would lead to the scheme of the AIF being in violation of applicable law or regulation or would result in material adverse effect on the scheme of the AIF.

The rationale for such exclusion, along with the documents relied upon, if any shall be recorded by the Investment Manager.

Where the investor of an AIF is also an AIF or any other investment vehicle, such investor may be partially excused or excluded from participation in an investment opportunity, to the extent of the contribution of the said fund/investment vehicle's underlying investors who are to be excused or excluded from such investment opportunity.

The Investment Manager of AIF shall record the rationale for such excuse or exclusion along with the supporting documents, if any.

Credit of units of AIFs in dematerialised form

SEBI, vide Master Circular dated May 7, 2024, has specified the process to be followed for dematerialising/crediting the units issue, in cases where the investors are yet to provide demat account details to AIFs.

Schemes of AIFs with corpus exceeding INR 500 Crore are mandated to credit units already issued to their existing investors (on-boarded prior to November 01, 2023), who have not provided their demat account details, into a separate demat account named "Aggregate Escrow Demat Account" by January 31, 2024.

Schemes of AIFs with corpus less than INR 500 Crore shall credit units issued to their investors who have not provided their demat account details by April 30, 2024 into the Aggregate Escrow Demat Account by May 10, 2024. Further, units issued by such schemes as on April 30, 2024 to investors who have provided their demat account details are required to be credited to the respective investors' demat accounts by May 10, 2024.

Units of AIFs held in Aggregate Escrow Demat Account can be redeemed and proceeds from the same are required to be distributed to respective investors' bank accounts.

Managers of AIFs are required to maintain investor-wise KYC details of units held in the Aggregate Escrow Demat Account including name, PAN and bank account details, along with audit trail of the transactions and also report the same to Depositories and Custodians on a monthly basis.

Guidelines for AIFs with respect to holding their investments in dematerialised form and appointment of custodian

SEBI, vide Master Circular dated May 7, 2024 has specified that any investment made by an AIF on or after October 01, 2024 is required to be held in dematerialised form irrespective of whether the investment is made directly in the investee company or is acquired from another entity.

Investments made by an AIF prior to October 1, 2024 are exempted from the requirement of being held in dematerialised form except if the investee company of the AIF has been mandated under applicable law to facilitate dematerialisation of its securities or the AIF, on its own, or along with other SEBI registered intermediaries/entities (which are mandated to hold their investments in dematerialised form) exercises control over the investee company. The investments which are covered under the above-specified exceptions are to be held in dematerialised form by the AIF by January 31, 2025. The requirement for holding investments in dematerialised form shall not be applicable to schemes of AIFs whose tenure ends on or before January 31, 2025 and schemes of AIFs which are in extended tenure as on date.

With respect to appointment of custodians for AIFs, the custodian for a scheme of an AIF shall be appointed prior to the date of first investment of the same. Existing schemes of Category I and II AIFs having corpus less than or equal to INR 500 crore and holding at least one investment, as on date, are required to appoint custodian by January 31, 2025. Lastly, managers of AIFs with custodians that are associates of the manager or sponsor are required to ensure compliance with Regulation 20(11A) of AIF Regulations by January 31, 2025.

With respect to reporting of investments of AIFs under custody, the pilot Standard Setting Forum for AIFs ('SFA'), in consultation with SEBI, is required to formulate implementation standards for reporting data on investments of AIFs that are under custody with the custodian, specifying therein, the format and modalities of reporting of data by the manager of AIF to the custodian and by the custodian to SEBI.

The trustee/sponsor of the AIF is required to ensure that the Compliance Test Report prepared by the manager in terms of Master Circular No. SEBI/HO/AFD-1/AFD-1-PoD/P/CIR/2024/39 dated May 7, 2024 includes compliance with the provisions of this circular.

SECURITIES AND EXCHANGE BOARD OF INDIA (ALTERNATIVE INVESTMENT FUNDS) (SECOND AMENDMENT) REGULATIONS, 2023 dated June 15, 2023

SEBI (Alternative Investment Funds), 2012 was amended in respect of the following:

- **Eligibility criteria of the key investment team of the Manager of the Alternative Investment Fund:** As per the amended norms, at least one key personnel shall have the relevant certification as may be specified by SEBI from time to time. The requirement of having at least 5 years of experience for a member of 'key investment team' has been done away with.
- **AIFs shall issue units in dematerialised form for taking investments:** Every AIF is required to issue its units in dematerialised form subject to the conditions specified by SEBI from time to time.

- **Liquidation Scheme:** Regulation 29A for liquidation of scheme has been introduced through which the illiquid assets of the scheme at the end of tenure are sold to the liquidation scheme, in the manner as may be specified by the Board from time to time.
- **In-specie distribution:** Regulation 29(9) introduced to enable AIFs to distribute in-specie, investments of a scheme which are not sold due to lack of liquidity to the investors or sell such investments to a liquidation scheme, subject to approval of 75% of the investors by value of their investments in the scheme of the AIF.
- **Approval of the unitholders shall be required for buying/selling investment from certain persons:** AIFs will have to obtain approval of 75% of the investors by value of their investment in the scheme of AIF and subject to the conditions specified by the Board to buy and sell form (i) associates; (ii) schemes of AIFs managed or sponsored by its Manager, Sponsor or associates of its Manager or Sponsor; (iii) an investor who has committed to invest at least fifty percent of the corpus of the scheme of AIF, provided that the investor mentioned in this sub-clause shall not be considered in the voting process.
- **Corporate Debt Market Development Fund:** SEBI has notified chapter III-C i.e., Corporate Debt Market Development Fund, to introduce a new category of AIF.
- **Methodology for Valuing Assets:** As per the amendment CAT III AIFs to undertake valuation of their investment in unlisted securities and listed debt securities by an independent valuer who satisfies the criteria specified by the Board from time to time.

Modalities for launching Liquidation Scheme and for distributing the investments of Alternative Investment Funds (AIFs) in-specie

SEBI in respect of Liquidation Scheme has specified the following vide SEBI Master Circular SEBI/HO/AFD-1/AFD-1-PoD/P/CIR/2024/39 dated May 07, 2024:

- Liquidation Scheme
- In specie distribution of unliquidated investments of a scheme
- Mandatory in-specie distribution of unliquidated investments
- Responsibility for compliance

Standardised approach to valuation of investment portfolio of Alternative Investment Funds (AIFs)

SEBI in respect of valuation of investment portfolio of AIFs has specified the following vide SEBI Master Circular SEBI/HO/AFD-1/AFD-1-PoD/P/CIR/2024/39 dated May 07, 2024:

- Manner of valuation of AIF's investments
- Responsibility of manager of AIF with regard to valuation of investments of AIF
- Eligibility criteria for Independent Valuer
- Reporting of valuation of investments of AIF to performance benchmarking agencies

Master Circular for Online Dispute Resolution

SEBI vide SEBI Circular SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/145 dated July 31, 2023:

The Investment Manager will inform the investors regarding the following options available for grievance redressal:

1. A complaint shall first be directly lodged with the Investment Manager in writing, orally or telephonically.
The Investment Manager shall address such investor grievance within a time period of 21 (twenty-one) calendar days from the date of receipt of the grievance.
2. Alternatively, investor may also use SCORES (<https://scores.gov.in/scores/Welcome.html>) to submit the complaint or grievance directly to the Investment Manager for resolution.
3. If investor(s) are not satisfied with the response from the Investment Manager, they can lodge their grievances with SEBI at <https://scores.gov.in/scores/Welcome.html> or to SEBI office. The complaint shall be lodged on SCORES within one year from the date of cause of action, where:
 - The complainant has approached the Investment Manager, for redressal of the complaint and, Investment Manager has rejected the complaint or,
 - The complainant has not received any communication from Investment Manager or,
 - The complainant is not satisfied with the reply received or the redressal action taken by Investment Manager.
4. If the Contributor is not satisfied with the extent of redressal of grievance by the Investment Manager, there is a one-time option for 'review' of the extent of the redressal, which can be exercised within 15 (fifteen) days from the date of closure of the complaint on SCORES.
5. After exhausting all the aforementioned options for resolution, if the investor(s) is still not satisfied, they can initiate dispute resolution through the Online Dispute Resolution Portal ('ODR Portal') at <https://smartodr.in/login>. The investor(s) can also directly initiate dispute resolution through the ODR Portal if the grievance lodged with the Investment Manager is not satisfactorily resolved at any stage of the subsequent escalations mentioned above.
6. Further, the dispute resolution through the ODR Portal can be initiated when the complaint/dispute is not under consideration:
 - in terms of the paragraph 1 and 3 above;
 - not pending before any arbitral process, court, tribunal or consumer forum or are non-arbitrable in terms of Indian law (including when moratorium under the Insolvency and Bankruptcy Code is in operation due to the insolvency process or if liquidation or winding up process has been commenced against the Market Participant).

Regulatory Reporting by AIFs

SEBI vide SEBI Master Circular SEBI/HO/AFD-1/AFD-1-PoD/P/CIR/2024/39 dated May 07, 2024:

In reference to Regulation 28 of SEBI (AIF) Regulations, 2012 read with Clause 15.1 of SEBI Master Circular for AIFs dated May 07, 2024, AIFs shall submit quarterly reports to SEBI in the formats specified with respect to the activities carried on by the AIFs.

The existing quarterly reporting format has been revised in consultation with AIF Industry Associations – Indian Venture and Alternate Capital Association (IVCA) and Equalifi (“Association”) and the revised format shall be hosted by the Association within **2 working days** of issuance of this circular. Such Associations shall assist AIFs in understanding the reporting requirements and ensure accurate and timely reporting.

The quarterly report shall be submitted by AIFs online on the SEBI Intermediary Portal (“SI Portal”) as per the revised format. The report shall be submitted **within 15 calendar days** from the end of each quarter.

The aforesaid reporting format shall be reviewed periodically and in case of any revisions, revised format shall be made available on websites of association at least 1 month prior to end of the quarter.

The association will carry out a trial run for the **June 2023 quarter** by submitting the report in the revised format by **October 15, 2023** on the SI Portal.

The report for the **quarter ending September 30, 2023** shall be submitted in the revised format by **November 15, 2023**.

From quarter ending December 31, 2023 onwards, AIFs shall submit quarterly report in the revised format.

Credit of units of AIFs in dematerialised form

SEBI vide SEBI Master Circular SEBI/HO/AFD-1/AFD-1-PoD/P/CIR/2024/39 dated May 07, 2024

SEBI vide Master Circular dated May 07, 2024, on 'Issuance of units of AIF in demat form', mandated all schemes of AIF to dematerialize their units as per timelines mentioned below:

Demat of all units issued:

Scheme Corpus	Date
Corpus of INR 500 crores or more	October 31, 2023
Corpus of less than INR 500 crores	April 30, 2024

Issuance of units only in Demat

Scheme Corpus	Date
Corpus of INR 500 crores or more	November 01, 2023

Corpus of less than INR 500 crores	May 01, 2024
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AIF's who have obtained ISIN's has commenced crediting units to the investor demat account but in case of certain investors as AIF's are yet to receive the demat details in such cases SEBI has specified the following process:

- The Managers of the AIF shall continue to reach out to the existing investors to obtain their demat account details and credit the units issued to them to their respective demat accounts.
- Further, Units which are already issued by the Schemes of the AIFs to existing Investors who have not provided their Demat account details shall be credited to separate demat account named "**Aggregate Escrow Demat Account**", which shall be opened solely for the purpose of holding demat units of AIFs on behalf of such investors.
- The new units to be issued to such investors in demat form shall be allotted to such investors and credited to "**Aggregate Escrow Demat Account**".
- The units held in the **Aggregate Escrow Demat Account** shall be transferred to the respective investors' Demat account **within 5 working days** as and when the investors have provided their demat account details. No transfer of units from/within **Aggregate Escrow Demat Account** shall be allowed other than for the aforesaid purpose.

With respect to issuance/credit of AIF units in demat form, following points are to be noted:

1. Schemes with corpus \geq INR 500 Crores

- a. For investors who have been onboarded **prior to November 01, 2023** and who have not provided their demat account details, the Schemes of AIFs shall credit the units of such investors into Aggregate Escrow Demat Account latest by **January 31, 2024**.
- b. Units already issued by such Schemes to investors who have provided the demat account details shall be credited to the respective **demat accounts not later than January 31, 2024**.

2. Schemes with corpus < INR 500 Crores and schemes launched after Oct 31, 2023 irrespective of Corpus

- a. For investors who are onboarded prior to April 30, 2024 and have not provided their demat account details by April 30, 2024, the Schemes of AIFs shall credit the units of such investors into Aggregate Escrow Demat Account latest by May 10, 2024.
- b. Units issued by such Schemes as on April 30, 2024 to investors who have provided the demat account details shall be credited to the respective demat accounts not later than May 10, 2024.

Further, the units of AIFs held in **Aggregate Escrow Demat Account** can be redeemed and proceeds shall be distributed to respective investors' bank account **with full audit trail of the same.**

AIF Managers shall maintain investor-wise KYC details (name, PAN, bank account details with audit trail of transactions) of units held in **Aggregate Escrow Demat Account** and the same shall be reported to depositories and custodian on a monthly basis.

In order to reach out to investors who are yet to provide their demat details and to facilitate conversion/credit of their units in demat form, the AIF Managers and the Depositories shall adopt implementation standards formulated by the pilot Standard Setting Forum for AIFs ('SFA'). The same shall be published on websites of Depositories and industry associations forming part of the SFA i.e Indian Venture and Alternate Capital Association (IVCA), PEFCO, CFO Association and Trustee Association of India, **within 45 days of issuance of this circular.**

SEBI has notified amendments to the **SEBI (Alternate Investment Fund) (Second Amendment) Regulations, 2012 on April 25, 2024** to provide additional flexibility to AIFs and their investors to deal with unliquidated investments of their schemes.

The Key highlights of the amendment include:

- a. To permit AIFs to enter into a “dissolution period” to liquidate assets after the expiry of the liquidation period; being one year from end of tenure. The same shall be done by filing an “information memorandum” with SEBI through a merchant banker. The dissolution period cannot be longer than the scheme’s original tenure or be extended.
- b. To enable Category I and Category II AIFs to create encumbrance on equity of investee companies that develops, operates or manages projects in any of the infrastructure sub-sectors listed in the Harmonised Master List of Infrastructure issued by the Central Government, solely for the purpose of borrowing by such investee company; and
- c. To require AIFs, their investment managers and Key Management Personnel (“KMP”) to conduct specific due diligence, as maybe prescribed by SEBI, with respect to their investors and investments to prevent such attempts of circumvention of existing laws.

SEBI Circular SEBI/HO/AFD/PoD1/CIR/2024/026 dated April 26, 2024-Flexibility to Alternative Investment Funds (AIFs) and their investors to deal with unliquidated investments of their schemes.

The Circular provides for a revised framework for AIFs to better deal with their unliquidated investments and replacing the erstwhile liquidation scheme framework.

1. Introduction of “Dissolution Period”

Dissolution Period means the period which follows the expiry of the liquidation period of the fund for the purpose of liquidating the unliquidated investments of the fund.

The Circular further provides for conditions for entering into Dissolution period:

- a) The scheme is not to accept any fresh commitment from any investor during the Dissolution Period;
- b) The scheme is to not make any new investment during the Dissolution Period
- c) No management fee is charged during the Dissolution Period;
- d) The tenure of the Dissolution Period is to not be more than the original tenure of the scheme and shall not be extended in any manner upon expiry of the Dissolution Period;
- e) The investment manager communicates the value of the unliquidated investments of the scheme to performance benchmarking agencies for appropriately capturing the track record of performance of the manager, where, the value of such unliquidated investments shall be
 - (i) Calculated based on the bid value if the investment manager successfully raises bids for a minimum of 25% of the value of unliquidated investments;
 - (ii) INR 1, if otherwise.

It may be noted that an AIF may enter into a Dissolution Period even if the investment manager fails to arrange for any bids for its unliquidated investments; provided, however, that the investment manager tries to raise bids for the same and has obtained the requisite investor consent.

2. Mandatory In Specie Distribution of Unliquidated Investments

- a) The circular provides for mandatory in specie distribution of investments to investors if the AIF fails to sell the unliquidated investments during the Dissolution Period.
- b) For the purpose of reporting the value of such investments to Performance Benchmarking Agencies, it shall be recognised at one rupee.

3. Liquidation Scheme Post April 25, 2024:

- (a) AIFs are not permitted to launch a new liquidation scheme after April 25, 2024.
- (b) Existing liquidation schemes will continue to be governed by the provisions of the SEBI (AIF) Regulations, 2012 until those schemes are wound up.

4. Additional Liquidation Period:

If the liquidation period for a scheme of an AIF has already expired or is expiring within three months from the date of notification of the SEBI AIF Regulations (i.e., July 24, 2024), it will be granted an additional liquidation period until April 24, 2025, provided there are no investor complaints pending regarding non-receipt of funds or securities .

Further, the Dissolution Circular clarifies that no further extension or liquidation period shall be available to any AIF/scheme of an AIF after the expiry of Dissolution Period.

SEBI Circular SEBI/HO/AFD/PoD/CIR/2024/028 dated April 29, 2024 - Relaxation in requirement of intimation of changes in the terms of Private Placement Memorandum (PPM) of Alternative Investment Funds (AIFs) through Merchant Banker

- a) SEBI vide SEBI Master Circular SEBI/HO/AFD-1/AFD-1-PoD/P/CIR/2024/39 dated May 07, 2024, provides for a mandatory requirement regarding intimation of changes in PPM of AIFs to SEBI through a Merchant Banker along with Due Diligence Certificate of the Merchant Banker.
- b) This aforesaid requirement has been removed to facilitate ease of doing business. The changes in the PPM may now be filed directly with SEBI.
- c) Further, Large Value Fund for Accredited Investors (LVFs) shall also be exempted from the requirement of intimating any changes in the terms of PPM through a merchant banker.
- d) LVFs may directly file any changes in the terms of PPM with SEBI, along with a duly signed and stamped undertaking by CEO of the Manager of the AIF (or person holding equivalent role or position depending on the legal structure of Manager) and Compliance Officer of Manager of the AIF.

B. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“ICDR Regulations”)

The Scheme intends to invest in unlisted Indian companies. Thereafter, the Scheme might seek to pursue various exit options available to regarding this investment. In the event the company in which the Scheme has invested goes for an IPO or if the Scheme exits from its investment through an IPO, the ICDR Regulations could have a significant impact on the ability of the Scheme as an investor in such company or on its exit strategy.

The ICDR Regulations have repealed and replaced the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, with effect from November 10, 2018. A summary of some of the provisions of the ICDR Regulations, which could be relevant for the Scheme in the above circumstances, has been set out below:

- The ICDR Regulations apply to IPOs by unlisted companies, public issues, qualified institution placements, offers for sale, rights issues and preferential allotment by listed companies;
- An unlisted company eligible to undertake an IPO, and desirous of getting its securities listed on a recognized stock exchange, is required to price its equity shares or any of its securities convertible at a later date into equity shares in consultation with the lead manager to the issue on the basis of certain parameters provided under the ICDR Regulations;

- A notable feature of the Indian capital markets is the close identification of promoters with their companies. SEBI has stipulated that promoters must retain at least 20% of the post issue capital of the company. The ICDR Regulations further require disclosure of the aggregate shareholding of the promoter group as well as the details of the inter se transfer of securities amongst the promoters. For the purposes of these disclosures, the term “promoter” includes the person who is in overall control of the company and a person who is named as a promoter in the prospectus. However, financial institutions, scheduled commercial banks, FPIs (other than Category III FPIs), mutual funds, Venture Capital Funds registered under Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 (“VCF”), AIFs, Foreign Venture Capital Investor (“FVCI”) and insurance companies registered with Insurance Regulatory and Development Authority of India (“IRDAI”) are not deemed to be promoters nor deemed to form part of the promoter groups merely by virtue of them holding 20% or more of the equity share capital of the ‘issuer’, unless such person satisfy the other conditions specified under the ICDR Regulations;
- The ICDR Regulations further require that the minimum promoter contribution of 20% be locked-in and that such minimum contribution of the promoters cannot be disposed off for a period of 18 (eighteen) months from the date of allotment in the IPO, or commencement of commercial production, whichever is later. However, inter se transfer of promoter holdings is possible subject to the lock-in being made applicable to the transferees for the remaining period of the lock-in. Promoters are also obligated to bring in their full subscription to the issue at least one day prior to the issue opening date. The requirement of minimum promoters’ contribution does not apply in case a company does not have any identifiable promoter;
- The ICDR Regulations also provide that in case the post-issue shareholding of the promoters is less than 20%, the remaining shareholders of such company being AIFs, FVCIs, scheduled commercial banks, public financial institutions or insurance companies registered with IRDAI may contribute to meet the shortfall in minimum contribution as specified for the promoters, subject to a maximum of 10% of the post-issue capital without being identified as promoter(s);
- Further, the entire pre-issue share capital of an unlisted company (other than the minimum promoter contribution referred to above which is locked in for a minimum period of 18 (eighteen) months is required to be locked in for a period of 6 (six) months from the date of allotment in the public issue. However, the lock-in period of 6 (six) months is not applicable to:

- equity shares allotted to employees, whether currently an employee or not, under an employee stock option or employee stock purchase scheme of the company prior to the IPO, subject to the company making full disclosure with respect to such options or scheme in accordance with the ICDR Regulations;
- equity shares held by an employee stock option trust or transferred to the employees by an employee stock option trust pursuant to exercise of options by the employees, whether currently employees or not, in accordance with the employee stock option plan or employee stock purchase scheme, subject to the provisions of lock-in as specified under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- equity shares held by VCFs, or Category – I or Category – II AIFs and FVCIs registered with the SEBI. However, such equity shares shall be locked in for a period of at least 6 (six) months from the date of purchase by the VCF or AIF or FVICI. In case such equity shares have resulted pursuant to conversion of fully paid-up compulsorily convertible securities, the holding period of such convertible securities as well as that of resultant equity shares together shall be considered for the purpose of calculation of 6 (six) months period and convertible securities shall be deemed to be fully paid-up, if the entire consideration payable thereon has been paid and no further consideration is payable at the time of their conversion;
- Under certain circumstances, existing shareholders are permitted to exit from companies through an “offer for sale” of their holdings to the public. A company, whose equity shares are offered through an “offer for sale”, has to comply with the conditions described under the ICDR Regulations. Additionally, only those shares, which are held by for a period of at least 1 (one) year at the time of filing the draft offer document with SEBI can be offered to the public through an “offer for sale”.

C. Takeover Regulations

Under the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“Takeover Code”), any acquirer (meaning a person who, directly or indirectly, acquires or agrees to acquire shares or voting rights in a company or acquires or agrees to acquire control over a company, either by himself, or through, or with any person acting in concert) who acquires aggregating to 5% or more of the shares of a listed public Indian company is required to notify to the company at its registered office and each of the stock exchanges on which the shares of such company are listed about its aggregate shareholdings and voting rights within two

(2) days of (i) the receipt of intimation of allotment of shares or (ii) the acquisition of shares or voting rights.

Furthermore, the acquirer holding 5% or more of the shares or voting rights in a company is required to inform the company at its registered office and the stock exchange about any change in its holdings representing 2% or more of the shares or voting rights of the company within two days of (i) the receipt of intimation of allotment of shares or (ii) the acquisition or disposal of shares or voting rights.

Upon the acquisition of 25% or more of shares having voting rights, or an acquisition of control of the company (by himself or by persons acting in concert with him), whether direct or indirect, the purchaser / acquirer is required to make an open offer to the other shareholders offering to purchase at least 26% of all the outstanding shares of the company at a minimum offer price as determined pursuant to the provisions of the Takeover Code. Further, under the provisions of the Takeover Code, any existing shareholder of a listed public Indian company, holding 25% or more but less than maximum permissible non-public shareholding in the company is entitled to acquire an additional 5% of the shares or voting rights of the company in any financial year ending March 31, without making a public offer for such an acquisition. Provided such additional acquisition of shares or voting rights shall not exceed the maximum permissible non-public shareholding in the company. For purposes of determining the quantum of acquisition of additional voting rights of 5% gross acquisitions alone shall be taken into account regardless of any intermittent fall in shareholding or voting rights whether owing to disposal of shares held or dilution of voting rights owing to fresh issue of shares by the company.

The Takeover Code also defines indirect acquisition or control. This is defined as the ability to exercise or direct the exercise of voting rights which would otherwise attract the obligation of making a public announcement of an open offer. The threshold point for such indirect control or ability to control is where the proportionate net assets or sales turnover or market capitalization of the target company as a percentage of consolidated net assets value or sales turnover or enterprise value for the entity or business being acquired, respectively, is in excess of 80% on the basis of recent audited financial statements. In such a case, such indirect acquisition would be deemed to be a direct acquisition of the target company for the purposes of the Takeover Code and the obligations relating to timing, pricing and other compliance requirements for the open offer relating to direct acquisition shall apply accordingly.

The open offer for the acquisition of a further minimum of 26% of shares of the company or such other percentage as prescribed under the Takeover Code has to be made by way of a public announcement on the date of agreeing to acquire shares or voting rights in, or control over the company.

D. Prohibition of Insider Trading Regulations

SEBI has overhauled the insider trading regulations in India by replacing the SEBI (Prohibition of Insider Trading) Regulations, 1992 and introducing the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("**Insider Trading Regulations**") on January 15, 2015. The new Insider Trading Regulations came into effect from May 15, 2015.

The Insider Trading Regulations prohibit an "insider" and a "connected person" from dealing, either on his own behalf or on behalf of any other person, in the securities of a company listed on any stock exchange when in possession of "unpublished price sensitive information" which is distinguished from "generally available information". The terms "insider", "connected person", "unpublished price-sensitive information" and "generally available information" are defined in the Insider Trading Regulations.

The insider is also prohibited from communicating, counselling, causing or procuring, directly or indirectly, any unpublished price-sensitive information to any other person who while in possession of such unpublished price-sensitive information is prohibited from dealing in securities except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations and in furtherance in the interest of the company.

In the case of "connected persons" the onus of establishing, that they were not in possession of unpublished price sensitive information, shall be on such connected persons and in other cases, the onus would be on SEBI.

The Insider Trading Regulations make it compulsory for listed companies and certain other entities associated with the securities market to establish an internal code of conduct to prevent insider-trading deals and also to regulate disclosure of unpublished price-sensitive information within such entities so as to minimize misuse of such information. To this end, the Insider Trading Regulations provide a model code of conduct. Further, the Insider Trading Regulations specify a code of fair disclosure practices to prevent insider trading, which must be implemented by all listed companies. The Insider Trading Regulations requires appointment of a compliance officer to administer the code of conduct and other requirements under the Insider Trading Regulations.

The Insider Trading Regulations requires a person, on his appointment as key managerial personnel or a director or upon becoming a promoter of every company whose securities are listed on any recognised stock exchange, to disclose his holding of securities of the company as on the date of his appointment or becoming a promoter, to the company within seven days of such appointment or becoming a promoter.

On a continual basis, every promoter, employee and director of every company is required to disclose to the company the number of such securities acquired or disposed of within two trading days of such transaction if the value of the securities

traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of rupees ten lakh rupees or such other value as may be specified. Every company is required to notify the particulars of such trading to the stock exchange on which the securities are listed within two trading days of receipt of the disclosure or from becoming aware of such information. The disclosures made shall be maintained by the company, for a minimum period of five years.

The term “promoter” shall have the same meaning as assigned to it under the Takeover Code.

Any company whose securities are listed on a stock exchange may, at its discretion require any other connected person or class of connected persons to make disclosures of holdings and trading in securities of the company in such form and at such frequency as may be determined by the company in order to monitor compliance with the Insider Trading Regulations.

The disclosures required to be made by any person under the Insider Trading Regulations shall include those relating to trading by such person’s immediate relatives. The term “immediate relative” means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to trading in securities.

An insider is entitled to formulate a trading plan and present it to the compliance officer for approval and public disclosure pursuant to which trades may be carried out on his behalf in accordance with such plan. The Insider Trading Regulations prescribe certain requirements to be complied with in relation to such trading plans.

E. Anti-Money Laundering Legislation

Prevention of Money Laundering Act, 2002 (“AML Act”) is aimed at effectively combating money-laundering, terror financing and cross-border economic offences. The main objects of PMLA are (i) the prevention and control of activities concerning money laundering and (ii) the confiscation of property derived or involved in money laundering.

Pursuant to anti-money laundering guidelines issued by SEBI and the AML Act and the regulations there under, all market intermediaries are required to implement a proper anti-money laundering policy framework and appoint a principal officer responsible for compliance activities.

Every intermediary is required to maintain a record of all transactions and, if requested, to furnish the information to the applicable governmental authority under the AML Act. Intermediaries are also required to verify and maintain client records

for a specified period. Records to be maintained include details of the transactions and of the parties.

An intermediary must also verify and maintain records on the identity and current addresses of a client and its financial status. If it is not possible to verify the identity of the client before executing a transaction, the identity must be verified within a reasonable time. Regulations under the AML Act require intermediaries to maintain records of cash transactions above specified limits and also those of “suspicious transactions” (whether or not made in cash), including monetary transactions, securities transactions, money transfers, loans, advances or other credit or credit support transactions. A “suspicious transaction” is one which may give rise to a reasonable ground of suspicion for a person acting in good faith that the transaction may involve the proceeds of a crime, appears to be made in circumstances of unusual or unjustified complexity or appears to have no economic rationale or bona fide purpose.

Under the PMLA, a person is guilty of an offence of “money laundering” if that person “directly or indirectly attempts or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime including its concealment, possession, acquisition or use and projecting or claiming as per PMLA (Amendment) Act 2012 it as untainted property”. The term “proceeds of crime” has been defined under the PMLA to mean property derived or obtained, directly or indirectly, by any person as a result of criminal activity relating to an offence listed in the schedule to the PMLA.

The Prevention of Money Laundering (Amendment) Bill, 2013 received Presidential assent on January 3, 2013. The amendment act proposes to enlarge the definition of ‘money-laundering’ to include concealment, acquisition, possession and use of proceeds of crime as criminal activities and to remove the existing limit of INR 500,000 in fine. It provides for attachment and confiscation of the proceeds of crime even if there is no conviction so long as it is proved that money-laundering has taken place and the property in question is involved in the crime. It proposes sweeping changes to the PMLA to introduce procedures relating to attachment and confiscation of property to give greater powers to the investigating agencies to prevent money laundering. The Government is also likely to bring in more reporting entities and a new category of offences with cross-border implications. The changes are in line with recommendations of the Global Financial Action Task Force, an inter-governmental policy-making body, with a mandate to establish international standards for combating money laundering and terror financing.

3. Foreign investment laws

Any person who is resident outside India or an entity incorporated outside India can invest in India in accordance with the Consolidated Foreign Direct Investment Policy dated October 15, 2020, as may be amended and issued by the Government of India

from time to time (“Consolidated FDI Policy”) subject to compliance with provisions of Foreign Exchange Management Act, 1999 (“FEMA”). Further, the RBI is the regulating body that regulates foreign investments under the provisions of FEMA and the rules, regulations and notifications made there under. The Foreign Exchange Management (Non-debt Instruments) Rules, 2019 (“NDI Rules”) governs the issue of Indian securities to persons resident outside India and the transfer of Indian securities by or to persons resident outside India.

The NDI rules provide that an Indian entity may issue securities to a person resident outside India or record in its books, any transfer of security from or to such person only in the manner set forth in the FEMA and the rules and regulations made there under or as permitted by the RBI.

Foreign Investment in AIFs

The Manager of AIF shall ensure that each foreign contributor in AIF shall meet the criteria as specified under the SEBI Master Circular SEBI/HO/AFD-1/AFD-1-PoD/P/CIR/2024/39 dated May 07, 2024 and notified by SEBI from time to time.

In case an investor who has been on-boarded to scheme of an AIF, subsequently does not meet the conditions specified under the Master Circular, the Manager of the AIF shall not drawdown any further capital contribution from such investor for making investment, until the investor again meets the said conditions. The same shall also apply to investors already on-boarded to existing schemes of AIFs, who do not meet conditions specified under the Master Circular.

SEBI, through its Circular No. SEBI/HO/AFD/PoD1/CIR/2024/2, has modified certain conditions for onboarding the investors in light of the amendment to the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005.

While the process for onboarding investors remains the same, SEBI has modified the criteria pertaining to underlying investors.

Earlier provision mandated the identification of “investors or their underlying investors” contributing twenty-five percent or more in the corpus of the investor or identification on the basis of control.

New Provision mandates identification of identify “investors or their beneficial owner” as defined under the Prevention of Money-laundering (Maintenance of Records) Rules, 2005.

The RBI, vide a notification dated 16 November 2015 (“RBI 2015 Notification”), amended the FEMA Regulations, to permit AIFs to accept investments from persons resident outside India. As an effect of the RBI 2015 Notification, foreign investments in AIFs have been permitted without requiring any specific approval from the Government of India subject to certain conditions that have been set out by RBI in the RBI 2015 Notification which were later modified by a subsequent notification issued by RBI on 15 February 2016 (“RBI 2016 Notification”). Subsequently, the NDI Rules were brought into effect on October 17, 2019 in supersession of the Foreign

Exchange Management (Transfer of Issue of Security by a Person Resident outside India) Regulations, 2017 and the Foreign Exchange Management (Acquisition and Transfer of Immovable Property in India) Regulations, 2018 and consequent to the NDI Rules, the RBI issued regulations relating to mode of payment and reporting requirements for investment in India by a person resident outside India.

Rule 6 of the NDI Rules specifies that a person resident outside India other than a citizen of Pakistan or Bangladesh or an entity incorporated in Pakistan or Bangladesh may invest in the units of an Investment Vehicle, in the manner and subject to the terms and condition specified.

Rule 2(ae) of the NDI Rules defines the term 'Investment Vehicle' as 'an entity registered and regulated under relevant regulations framed by the Securities and Exchange Board of India or any other authority designated for the purpose and shall include Real Estate Investment Trusts (REITs) governed by the Securities and Exchange Board of India (REITs) Regulations, 2014, Infrastructure Investment Trusts (InvIts) governed by the Securities and Exchange Board of India (InvIts) Regulations, 2014, Alternative Investment Funds (AIFs) governed by the Securities and Exchange Board of India (AIFs) Regulations, 2012.

The conditions set forth in Schedule 8 of the NDI Rules are as follows:

- A person resident outside India (other than a citizen of Pakistan or Bangladesh) or an entity incorporated outside India (other than an entity incorporated in Pakistan or Bangladesh) may invest in units of Investment Vehicles.
- A person resident outside India who has acquired or purchased units of an Investment Vehicle in accordance with Schedule 8 of the NDI Rules may sell or transfer in any manner or redeem the units as per regulations framed by SEBI or directions issued by RBI.
- An Investment Vehicle may issue its units to a person resident outside India against swap of capital instruments of a Special Purpose Vehicle (SPV) proposed to be acquired by such Investment Vehicle.
- Investment made by an Investment Vehicle into an Indian entity shall be reckoned as indirect foreign investment for the investee Indian entity if the sponsors or the Manager or the Investment Manager (i) is not owned and not controlled by resident Indian citizens or (ii) is owned and controlled by persons resident outside India.

Provided that for sponsors or managers or investment managers organised in a form other than companies or LLPs, Securities and Exchange Board of India shall

determine whether the sponsor or manager or investment manager is foreign owned and controlled.

- ‘Control’ of the AIF should be in the hands of ‘sponsors’ and ‘managers/investment managers’, with the general exclusion to others. In case the ‘sponsors’ and ‘managers/investment managers’ of the AIF are individuals, for the treatment of downstream investment by such AIFs as domestic, the ‘sponsors’ and ‘managers/investment managers’ should be resident Indian citizens.
- An Alternative Investment Fund Category III which has received any foreign investment shall make portfolio investment in only those securities or instruments in which an FPI is allowed to invest under the Foreign Exchange Management Act, 1999, rules or regulations made thereunder.
- The amount of consideration shall be paid as inward remittance from abroad through banking channels or by way of swap of shares of a Special Purpose Vehicle or out of funds held in NRE or FCNR (B) account maintained in accordance with the Foreign Exchange (Deposit) Regulations, 2016.
- The sale/maturity proceeds (net of taxes) of the units may be remitted outside India or may be credited to the NRE or FCNR (B) or SNRR account, as applicable of the person concerned.

SEBI Master Circular dated May 7, 2024 states that the Manager of AIF shall ensure that each foreign contributor in AIF shall meet the criteria as specified under the circular and notified by SEBI from time to time.

In case an investor who has been on-boarded to scheme of an AIF, subsequently does not meet the conditions specified under the circular, the Manager of the AIF shall not drawdown any further capital contribution from such investor for making investment, until the investor again meets the said conditions. The same shall also apply to investors already on-boarded to existing schemes of AIFs, who do not meet conditions specified under the circular.

Foreign Direct Investment

The Government of India regulates foreign direct investment (“FDI”) into India. FDI means investment by way of subscription and/or purchase of securities of an Indian company by a non-resident investor. Under the prevailing FDI regime, foreign investment in most sectors, other than certain restricted sectors, is permitted up to 100% of the paid-up capital of an Indian company. The ‘restricted sectors’ include certain sectors such as insurance, banking, real estate, multi-brand retailing and defence related industries where either no foreign investment is permitted or foreign investment is capped.

The 'Automatic Route' entails investing through the FDI route without the requirement of obtaining prior approval from regulatory authorities (i.e., the relevant department of the Government and the RBI), provided that the foreign investors comply with NDI Rules. The 'Automatic Route' is unavailable for investments in some sectors and for investments above established thresholds in some sectors.

In cases where the 'Automatic Route' is not available, prior permission from the relevant department of the Government, is required to be obtained by the non-Indian investor. RBI is the governing body for monitoring and regulating foreign investments in all cases where FDI is allowed under the 'Automatic Route' (i.e. without Government approval).

4. Tax Considerations

POTENTIAL INVESTORS SHOULD CONSIDER THE FOLLOWING SUMMARY OF CERTAIN TAXATION ASPECTS AFFECTING THE FUND. POTENTIAL INVESTORS ARE ADVISED TO INFORM THEMSELVES AS TO ANY INCOME OR OTHER TAX CONSEQUENCES WHICH ARE RELEVANT TO THEIR PARTICULAR CIRCUMSTANCES IN CONNECTION WITH THE ACQUISITION, HOLDING OR DISPOSITION OF THEIR RESPECTIVE INTERESTS IN THE FUND. IN VIEW OF THE PARTICULARIZED NATURE OF TAX CONSEQUENCES, EACH INVESTOR IS ADVISED TO CONSULT ITS OWN TAX ADVISER WITH RESPECT TO THE SPECIFIC TAX CONSEQUENCES ARISING DUE TO INVESTMENT IN THE FUND.

THE FOLLOWING SUMMARY IS BASED ON THE LAW AND PRACTICE OF THE INCOME TAX ACT, 1961 (the "ITA"), THE INCOME-TAX RULES, 1962 (the "RULES") AND VARIOUS CIRCULARS AND NOTIFICATIONS ISSUED THEREUNDER FROM TIME TO TIME. THE ITA IS AMENDED EVERY YEAR BY THE FINANCE ACT OF THE RELEVANT YEAR AND THIS SUMMARY REFLECTS CHANGES TO THE DATE OF THIS SUMMARY. THE TAX RATES SPECIFIED BELOW ARE FOR THE FINANCIAL YEAR 2024–2025 (ASSESSMENT YEAR 2025-26).

THIS INFORMATION DOES NOT PURPORT TO BE A COMPLETE ANALYSIS OF ALL RELEVANT TAX CONSIDERATIONS; NOR DOES IT PURPORT TO BE A COMPLETE DESCRIPTION OF ALL POTENTIAL TAX COSTS, INCIDENCE AND RISKS INHERENT IN PURCHASING OR HOLDING THE UNITS OF SCHEME OF THE FUND. THE INFORMATION CONTAINED HEREIN IS BASED ON AN INTERPRETATION OF PREVAILING TAX LEGISLATION AND COULD, THEREFORE, CHANGE OR BE ADVERSELY AFFECTED IF ALTERNATIVE INTERPRETATIONS ARE ADOPTED BY THE TAX AUTHORITIES.

4.1 Taxation of Fund

The Trust is constituted as a determinate trust under the Indian Trusts Act, 1882. The Trust is registered with SEBI as a Category III AIF in accordance with SEBI AIF Regulations. The Fund is a first scheme of the Trust.

1. Basic framework

The basis of charge of Indian income-tax depends upon the residential status of the taxpayer during a tax year, as well as the nature of the income earned. The Indian tax year runs from April 1 of every year to March 31 of the subsequent year. A person who is an Indian tax resident is liable to taxation in India on worldwide income, subject to certain tax exemptions/ deductions, which are available under ITA. A person who is treated as non-resident for tax purposes is generally subject to tax in India only on such person's Indian-sourced income.

2. Surcharge and education cess

The rates of income-tax shall be increased by the following surcharge on income-tax and education cess on income-tax and surcharge:

For the Financial Year 2024-25	Surcharge on income-tax
Resident companies with income exceeding: <ul style="list-style-type: none"> • INR 10 million but less than INR 100 million • INR 100 million 	7% 12%
Resident companies opting for taxation under section 115BAA and section 115BAB of the ITA	10%
Non-resident companies with income exceeding: <ul style="list-style-type: none"> • INR 10 million but less than INR 100 million • INR 100 million 	2% 5%
Firm/ Limited Liability Partnership ("LLP") with total income exceeding INR 10 million	12%
Resident, non-resident individuals, association of person, body of individual and Artificial juridical person with total income: (including dividend income and capital gains under section 111A, 112 and 112A of the ITA) exceeding INR 5 million but less than INR 10 million	10%
Resident and non-resident Individuals, association of person, body of individual and Artificial juridical person with total income (including dividend income and capital gains under section 111A, 112 and 112A of the ITA) exceeding INR 10 million but less than INR 20 million	15%
Resident and non-resident Individuals, association of person, body of individual and Artificial juridical person with total income (excluding dividend income and capital gains under section 111A, 112 and 112A of the ITA) exceeding INR 20 million but less than INR 50 million	25%

Resident and non-resident Individuals, association of person, body of individual and Artificial juridical person with total income (excluding dividend income and capital gains under section 111A, 112 and 112A of the ITA) exceeding INR 50 million	37%
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Note 1 - The Fund proposes to discharge Taxes at the fund level on the income earned by it. While discharging the Taxes, the Fund shall consider the highest applicable surcharge rate of 37%, except for surcharge rates prescribed for certain incomes (such as dividend income, capital gains earned under section 111A, 112, 112A of the ITA), in which case, the surcharge rate applicable on those specified incomes, shall be applied.

Note 2 - The Finance Act, 2022 has capped the maximum surcharge rate for long-term capital gains on any assets (including unlisted securities) arising to an individual, Hindu Undivided family or Association of person capped at 15%.

Note 3 - As per section 115BAC(1A) the maximum rate of surcharge on income-tax has been reduced from 37% to 25%, where total income exceeds INR 20 million.

Note 4 - Further, for taxpayers being in the form of AOPs (where its member comprise of companies only), surcharge is capped at the rate of 15%.

Note 5 - In addition to the surcharge, Health and Education Cess is chargeable at 4% on income-tax and surcharge.

3. Taxation of Fund

The Fund is a scheme of a determinate trust constituted under the Indian Trusts Act, 1882 registered with the SEBI as a Category III AIF.

Currently, under the ITA, no pass-through status has been accorded to a Category III AIF. Accordingly, the Fund will be governed by the general provisions for taxation of a trust under the ITA. Sections 61 to 63 and sections 161 to 164 of ITA provide for the general principles for taxation of a trust.

Revocable vs irrevocable transfer

- i. A transfer of an asset is considered revocable when the transfer document (e.g., contribution agreement) contains a provision for:
 - (i) the re-transfer, directly or indirectly, of the whole or any part of the income or asset to the transferor, or
 - (ii) in any way gives a right to the transferor to reassume power, directly or indirectly, over the whole or any part of the income or asset.

If the capital contributions to the Fund are considered to be revocable in nature within the meaning of sections 61 to 63 of the ITA, then the beneficiaries would be liable to tax on the income attributable to such revocable contributions. In such case,

the income should first be computed at the Fund-level and the same should be taxed in the hands of the beneficiaries.

The Fund proposes to take a position that contributions made to the trust do not qualify as revocable transfers and as such would be offering income to tax on the basis that the income of the trust is taxable under the ITA in accordance with the provisions of section 160-164 of the ITA.

In case the Fund is considered as irrevocable vis-à-vis its beneficiaries and determinate vs indeterminate trust

A trust is considered a determinate trust under the ITA if it fulfils the following two conditions:

- Name of the beneficiaries are expressly stated in the Indenture and are identifiable as such on the date of Indenture of trust; and
- Individual share of the beneficiaries are expressly stated in the Indenture and are ascertainable as such on the date of the Indenture.

In case Fund qualifies as a determinate trust, the trustee of the Fund shall be assessed as a representative assessee of the beneficiaries under Section 161 of the ITA. Tax shall be levied on and payable by the trustee in the like manner and to the same extent as it would be leviable of the beneficiaries i.e. the manner, rates and mechanism of taxation as applicable to the beneficiaries shall apply vis-à-vis share of income of each beneficiary.

Once the income is taxed in the hands of the trustee (as a representative assessee), there should not be any further tax implications on subsequent distribution of the said income by the trustee in the hands of the beneficiaries, subject to Minimum Alternate Tax ('MAT') implications discussed below for corporate beneficiaries. However, it should be noted that the tax authorities may assess the income directly in the hands of beneficiaries under section 166 of the ITA, if not already assessed in the hands of the trustee.

Even if the tax authorities tax the beneficiaries directly under section 166 of the ITA, the Taxes, if any, paid (whether by way of allocation of Taxes or otherwise) by the trustee in their capacity as a representative assessee and on behalf of the beneficiaries, should, in principle, be available as credit against the tax liability, if any, of the beneficiaries. There may also be additional tax liability for corporate entities paying Taxes as per MAT provisions.

As a corollary, an indeterminate trust would be the one which does not satisfy either of the conditions mentioned above.

Based on the ruling rendered by Authority for Advanced Rulings ('AAR') in the case of AIG², a trust may be considered as determinate where the instrument of trust specifies the categories of beneficiaries in the trust and prescribed a methodology for the determination of each beneficiary. However, it is pertinent to note that a ruling rendered by the AAR is binding only in case of applicant who sought the ruling and in respect of the transaction for which the ruling sought. Further, Karnataka High Court judgement in case of India Advantage Fund VII³ states that where the trust deed sets out the manner in which the beneficiaries are to be ascertained and the share which each of them would be entitled to, it cannot be said that the trust deed has not named the beneficiaries.

In case the trust does not meet criteria of determinate trust as specified above, it would be considered as a discretionary (indeterminate) trust and the trustee could be taxable at Maximum Marginal Rate ('MMR')⁴ under section 164 of the ITA.

CBDT Circular on determinate v. indeterminate trust

The Central Board of Direct Taxes ('CBDT'), vide Circular No. 13/2014 dated 28 July 2014 stated that in case where the names and beneficial interest of the investors are not known/ explicitly mentioned in the trust deed on the date of creation of the trust, then the trustee of such trust would be required to discharge the Taxes at trust level as a representative assessee of the trust at the MMR. It is also clarified in the circular that in such cases, since the corresponding income has already been taxed in the hands of the representative assessee, the same shall not be taxed again in the hands of the Contributors/ Investors.

The circular also stated that when the AIF knows the name of the investors and beneficial interest at the time of creation of trust and earns business income, the trustee of the trust is required to discharge Taxes at MMR at trust level only. This circular will not be applicable in a jurisdiction whose High Court has taken a contrary view on this issue.

The circular militates against judicial precedents which states that a method for ascertaining the definite share of each of the beneficiaries if stated in the trust deed, would suffice in order for a trust to be taxed as a specific trust. In the circumstances if the Trust is not able to establish that it is a determinate or a specific trust then there is a likelihood of the tax officers invoking the above circular and taxing the income of the Trust at the MMR.

² Advance Ruling P. No. 10 of 1996 [1997] 224 ITR 473 (AAR)

³ India Advantage Fund VII 78 taxmann.com 301 (Karnataka) [2017]

⁴ Maximum marginal rate" means the rate of income-tax (including surcharge on income-tax, if any) applicable in relation to the highest slab of income in the case of an individual, association of persons or body of individuals] as specified in the Finance Act of the relevant year i.e. 30% (plus applicable surcharge and health and education cess)

The Fund considers itself to be a determinate trust and proposes to discharge Taxes at fund level.

Further, the character of the income – dividend, interest, capital gain or business income – in the hands of the trustee should be the same as it would be in the hands of the beneficiaries. Once the income is taxed in the hands of the Trustee (as a representative assessee - or otherwise), subsequent distribution by the Trustee of the said income should not attract any further tax in the hands of the beneficiaries.

4. Tax rates applicable to Fund on various streams of income.

Fund intends to adopt a long only strategy by primarily investing in equity shares of companies listed on a recognised stock exchange in India.

The investors would primarily earn income through the Fund from the following streams:

- Dividend income;
- Gains on transfer of securities

The tax rates applicable where Fund is regarded as a determinate trust are provided below:

Capital gains on sale of securities (other than derivatives)

Gains arising from the transfer of securities held in the Portfolio Entities may be treated either as “capital gains” or as “business income” for tax purposes, depending upon whether such securities were held as a capital asset or trading asset (i.e. stock-in-trade). Historically, the issue of characterisation of gains (whether taxable as business income or capital gains) has been a subject matter of litigation with the tax authorities. There have been judicial pronouncements on whether gains from transactions in securities should be taxed as “business profits” or as “capital gains” depending on the specific facts of the case and having regard to the guidance issued by the tax authorities. However, these pronouncements, while laying down certain guiding principles have largely been driven by the facts and circumstances of each case. Also, the CBDT has provided guidance (vide its Instruction: No. 1827, dated 31-8-1989 and Circular No. 4/2007, dated 15-6-2007) in respect of characterisation of gains as either capital gains or business income. Following are the key illustrative factors indicative of capital gains characterisation (not business income):

- Intention at the time of acquisition – capital appreciation
- Low transaction frequency
- Long period of holding
- Shown as investments in books of accounts (not stock in trade)
- Use of owned funds (as opposed to loan) for acquisition
- Main object in constitution document is to make investments

- Higher level of control over the investee company

Further, CBDT has issued Circular 6 of 2016 dated 29February, 2016 and circular dated 2 May 2016 in respect of listed shares/ securities and unlisted shares respectively, dealing with treatment of surplus arising on the transfer with a view to reduce litigation and maintain consistency in approach.

Listed shares/ securities

In respect of listed shares/ securities, CBDT has provided that:

- Where the assessee itself treats listed shares/securities as 'stock in trade', irrespective of the period of holding, income from transfer to be treated as business income;
- In case of listed shares/securities held for more than 12 months period immediately preceding date of transfer, the tax authorities shall not dispute the stand taken by assessee of treating such income as capital gains. However, this stand once taken shall remain applicable in subsequent years also; and
- In all other cases, guidance under existing CBDT circulars shall apply.

The aforesaid principles shall not apply in cases where genuineness of transaction itself in dispute.

The Fund intends to organise itself in a manner that it complies with the conditions and parameters mentioned in the CBDT circulars and instructions such that the income from sale of securities in the investee companies should generally be categorised as capital gains. However, the possibility of the tax authorities seeking to treat such income as business income cannot be ruled out.

Where the gains are treated as “capital gains”, the taxability will be as under:

As per Section 45 of the Act, any profits or gains arising from the transfer of capital assets are chargeable to income-tax under the head 'capital gains' Section 48 of the Act provides that income chargeable as capital gains is the difference between the full value of the consideration received or accrued on the transfer and the cost of acquisition of such asset plus expenditure in relation to such transfer.

Period of holding

Type of instrument	Period of holding immediately preceding the date of transfer	
All listed securities	More than 12 months	Long-term Capital Asset
	12 months or less	Short-term Capital Asset
All unlisted securities (excluding Market linked debentures, unlisted bonds and unlisted debentures and specified mutual fund)	More than 24 months	Long-term Capital Asset
	24 months or less	Short-term Capital Asset

Market linked debentures, unlisted bonds, unlisted debentures and specified mutual fund ⁵	Irrespective of the period of holding, market linked debentures, unlisted bonds, unlisted debentures and specified mutual fund should be treated as a deemed short-term capital asset
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Taxation of the gains thereon will be as under: (Subject to changes by the authorities)

Nature of Income	Tax rate for residents %	Tax rate for non-residents %
Short-term capital gains on transfer of (i) listed equity shares on a recognised stock exchange, (ii) to be listed equity shares sold through offer for sale or (iii) units of equity oriented mutual fund and on which STT has been paid	20 (without indexation)	20 (without indexation)
Other short-term capital gains (including Market Linked Debenture, Specified Mutual Funds, unlisted bonds or unlisted debentures)	For corporate investors – / 22 ⁶ / 25 ⁷ / 30 (without indexation) For non-corporate investors – As per slab rates – highest rate being 30 (without indexation)	For corporate investors- 35 (without indexation) For non-corporate investors – As per slab rates – highest rate being 30 (without indexation)
Long-term capital gains on transfer of (i) listed equity shares, or (ii) units of business trust on a recognized stock exchange and on which STT has been paid (Refer Note 1 and 2 below)	12.5%	12.5%
Long-term capital gains on transfer of any other securities (except unlisted bonds or unlisted debentures) on which STT has not been paid	12.5%	12.5%

Note 1: The beneficial rate of 12.5% is applicable on long term capital gains exceeding INR 125,000 as per Finance Bill (No.2), 2024.

Note 2: As per section 112A of the ITA, long-term capital gains arising from transfer of such long-term capital asset exceeding INR 1.25 lakh will be taxed at the rate of 12.5%. Such tax rate would be applicable only if STT has been paid at the time of both, sale as well as purchase of shares, in all cases, except in case of certain exceptions which are notified by the Central Government. A notification in this regard has been issued by the Central Government on 1 October 2018 which has provided for certain exceptions.

Note 3: Capital gains arising from redemption of units of a specified mutual fund, market linked debentures, unlisted bonds or unlisted debentures is deemed to be a short-term capital gain.

Where the gains are treated as business income

⁵ "Specified Mutual Fund" means a mutual fund by whatever named called, which invests more than sixty-five percent of its total proceeds in debt and money market instruments or a fund which invests sixty-five percent or more of its total proceeds in units of such funds.

"Market Linked Debenture" means a security by whatever name called, which has an underlying principal component in the form of a debt security and where the returns are linked to the market returns on other underlying securities or indices, and includes any security classified or regulated as a market linked debenture by the Securities and Exchange Board of India

⁶ 22% (effective 25.17% including surcharge and health and education cess) subject to satisfying conditions enlisted in Section 115BAA of the ITA

⁷ 25% (plus applicable surcharge and health and education cess) in case the turnover of the resident corporate investor does not exceed INR 400 million during financial year 2021-22

If the capital gains arising from the transfer of securities held in the Portfolio Entities are categorised as business income of the Fund, such income of the Fund (net of eligible expenses) could be taxable at MMR.

Dividend

Distribution of dividends on shares of Indian companies shall be taxable in the hands of the shareholders⁸ at the following tax rates: (Subject to changes by the authorities)

Particulars	Tax rate*
Non-resident shareholders (on a gross basis i.e. without allowing any deduction for expenses)	20% (subject to relief under applicable DTAA)
Resident shareholders (other than companies and firm/ LLP)	Applicable slab rates
Firms/ LLPs	30%
Indian companies	22% ⁹ / 25% ¹⁰ / 30%

* to be increased by applicable surcharge and health and education cess. Further, where the dividend income is offered to tax on a net basis, a deduction for interest expense incurred to earn dividend income has been restricted to 20% of the dividend income.

The Fund shall discharge Taxes in relation to dividend at the highest applicable rate.

Buy-Back of Shares

As per Finance (No.2) Act, 2024, from October 1, 2024 onwards, amount received by investors on buy-back will be treated as deemed dividend in the hands of investors and shall be taxable at applicable maximum marginal rate applicable to that investor and the company will not be required to pay tax on buy-back of shares.

Further, loss arising to investors would be allowed to be set-off against other capital gains as per the provisions of the Act or allowed to be carried forward in case the same is not exhausted.

Redemption of Debentures

Characterization of premium earned at the time of redemption of debentures is a matter of dispute. Depending on the terms of the instrument/ security, the redemption premium may be characterized as interest or capital gains on the specific advice obtained from its tax consultant. Depending on the classification adopted by

⁸ Section 56 of the ITA

⁹ 22% (effective 25.17% including surcharge and cess) subject to satisfying conditions enlisted in Section 115BAA of the ITA

¹⁰ 25% (plus applicable surcharge and health and education cess) in case the turnover of the resident corporate investor does not exceed INR 400 crore during financial year 2021-22

Fund, the taxability of the premium could be either as 'Income from Other Sources' or 'Capital Gains' (as discussed above).

Income on receipt of securities at lower than fair value

As per section 56(2)(x) of the ITA, if any property is received without consideration or for inadequate consideration, the aggregate Fair Market Value (FMV) of such property as exceeds such consideration will be taxable in the hands of the recipient as "Income from other sources". The rules prescribing the mechanism to determine FMV have been issued by the CBDT. Further, the CBDT has issued a notification stating certain transactions on which the above provisions should not apply.

Further, the Finance Act, 2021, has amended the definition of securities under the Securities Contracts (Regulation) Act, 1956 to include units issued by a 'pooled investment vehicle' (such as units of an AIF, business trust, collective investment scheme registered with SEBI, etc.).

Therefore, tax implications on issue of units and transfer of units of the AIF may require evaluation under section 56(2)(x) of the Act in the hands of the recipient investors. Further, based on the judicial precedents it can also be argued that the provisions of section 56(2)(x) does not apply in case of a fresh issue.

Tax implications on conversion of convertible debentures

Conversion of debentures of a company into shares of that company is not regarded as a transfer under the ITA. Hence, no capital gains would arise on conversion of convertible debentures of a company into equity shares. At the time of transfer of the equity shares received on conversion, the cost of acquisition of the convertible debenture would be deemed to be the cost of acquisition of such equity shares. The CBDT, vide Notification No. 18/2016 dated 17 March 2016 effective from 1 April 2016, provides that in computing the period of holding of a share or debenture of a company, received on conversion of a bond or debenture, debenture-stock or deposit certificate of that company which is exempt as per the provisions of section 47(x) of the ITA, the period for which such convertible instrument was held by the taxpayer prior to the conversion shall also be included.

Tax implications on conversion of preference shares

Conversion of preference shares of a company into shares of that company is not regarded as a transfer under the ITA. Hence, no capital gains would arise on conversion of preference shares of a company into equity shares. The Finance Act, 2017 has also made corresponding amendments to Section 2(42A) and Section 49 of the ITA to provide for determination of holding period and cost of acquisition of the equity shares receivable on conversion of the preference shares. The holding period for the resulting equity shares include the holding period of the preference shares

and the cost of acquisition of the resulting equity shares is the cost of acquisition of the preference share in relation to which the equity share was acquired.

Tax implications on redemption of market linked debentures and specified mutual fund¹¹

The Finance Act, 2023 has introduced a new section 50AA in relation to market linked debentures and specified mutual funds. As per section 50AA, where the capital asset is a market linked debentures or a specified mutual fund acquired on or after 1 April 2023, capital gains arising from such capital assets shall be deemed to be capital gains arising from the transfer of a short-term capital asset.

Further, as per Finance Bill (No.2), 2024, transfer, redemption or maturity of unlisted bonds and unlisted debentures shall be deemed to be capital gains arising from short term capital asset.

MAT

As per the ITA, if the tax payable by any company is less than 15% of its book profits, it will be required to pay MAT which will be deemed to be 15% (excluding currently applicable surcharge and education cess) of such book profits. Long-term capital gains on the sale of listed securities are included in the definition of “book profits” for the purposes of calculation MAT. Further, the Finance Act, 2016 has amended section 115JB of the ITA, with retrospective effect from April 1, 2001, to exempt foreign companies from the provisions of MAT in cases where:

- The foreign company is a resident of the country with which India has entered into a treaty and it does not have a permanent establishment in India; or
- The foreign company is a resident of a country with which India does not have a treaty and is not required to seek registration under any law for the time being in force relating to companies.

Further, the Finance Act, 2018 has provided that MAT provisions shall not be applicable to a foreign company where its total income comprises of profits and gains from businesses referred to in section 44B or section 44BB or section 44BBA or section 44BBB of the ITA and the same has been offered to tax at rates mentioned in the specified section applicable to them.

Additionally, the provisions of MAT shall not be applicable to a taxpayer which has opted for the concessional rates under Section 115BAA and Section 115BAB of the ITA notified in the Taxation Laws (Amendment) Act 2019.

¹¹ "Specified Mutual Fund" means a Mutual Fund where not more than 35% of its total proceeds is invested in the equity shares of domestic companies.

An Investor being a company may need to include its share of income / distribution proceeds received from the Fund (in its capacity as a beneficiary of the AIF) as part of its book profits liable to MAT depending upon the method of accounting, etc. Accordingly, a domestic company may be subject to MAT on such distribution proceeds / its share of income even if the AIF had already paid Taxes in the capacity of representative assessee for and on behalf of the beneficiaries or otherwise as an indeterminate trust.

Where the Fund proposes to discharge Taxes on behalf of the contributors, it shall not take into consideration the applicability of MAT provisions on the contributors.

Alternate Minimum Tax ('AMT')

As per the ITA, if the tax payable by a non-corporate entity is less than 18.5% (eighteen point five per cent) of the adjusted total income, it will be required to pay AMT which will be deemed to be 18.5% (eighteen point five per cent) (excluding applicable surcharge and education cess) of such adjusted total income. The provisions of AMT are applicable to non-corporate assesses, that have claimed a deduction under any section (other than section 80P) included in Chapter VI-A under the heading "C.—Deductions in respect of certain incomes", or section 10AA; or section 35AD of the ITA.

Where the Fund proposes to discharge Taxes on behalf of the contributors, it shall not take into consideration the applicability of AMT provisions on the contributors.

Discharge of Taxes by the Fund

The Fund considers itself to be a determinate trust and proposes to discharge Taxes at fund level.

However, the Trustee shall discharge its obligations, without giving effect to any specific benefits or claims including but not limited to provisions relating to differing income tax slab rates (including surcharge and cess) applicable to the beneficiaries or MAT or AMT or set-off of brought forward losses or specific exemptions (specific to the Beneficiary) under the provisions of the Act, that the Beneficiaries may be governed by or entitled to claim under the provisions of the ITA. While discharging the Taxes, the Fund shall consider the highest applicable surcharge rate of 37%, except for surcharge rates prescribed for certain incomes (such as dividend income, capital gains earned under section 111A, 112A of the ITA), in which case, the surcharge rate applicable on those specified incomes, shall be applied.

Further, in the event the tax authorities do not accept the Fund's qualification as a determinate trust under section 161 of the Act, the tax treatment enumerated below will not be available to the Fund and the income of the Fund could be taxed in the hands of the Trustee, as a representative assessee at MMR under section 164 of the

Act. MMR may still be applicable tax rate where special income-tax rates apply to a certain income.

Redemption/ Transfer of Units of the Fund

Transfer of Units of the Fund by the Unit holder could result in income for the Unit holder and accordingly be taxed at the rates discussed above.

Redemption of Units by the Fund could be taxable in the hands of the Unit holders.

Bonus stripping

The Finance Act, 2022 has expanded the applicability of bonus stripping to securities (including shares) as well.

In the context of investment in securities, this would mean that capital loss incurred by a taxpayer on sale of securities shall have to be ignored for the purposes of computing the taxable income and deemed to be cost of acquisition of the bonus securities, if the following conditions are satisfied:

- Taxpayer acquires the securities within a period of 3 (three) months prior to the record date (i.e., the date fixed by the Indian company/ issuer for the purposes of entitlement of the security holder to receive additional securities without consideration);
- Taxpayer is allotted securities without any payment on the basis of original holding;
- Taxpayer sells or transfers the original securities within a period of 9 (nine) months after the record date while continuing to hold all or any of the additional securities.

Other considerations

GAAR

GAAR were introduced by Finance Act, 2012, with the objective of dealing with aggressive tax planning through the use of sophisticated structures and codifying the doctrine of 'substance over form' where the real intention of the parties and effect of transactions and purpose of an arrangement is taken into account for determining the tax consequences, irrespective of the legal structure that has been superimposed to camouflage the real intent and purpose. The GAAR provisions were initially introduced to be effective from 1 April 2013. However, the applicability of the provisions was deferred by the Finance Act, 2013, to 1 April 2015, and subsequently, to 1 April 2017, by the Finance Act, 2015.

As per the provisions of ITA, Indian tax authorities have been granted wide powers to tax 'impermissible avoidance arrangements' including the power to disregard

entities in a structure, reallocate income and expenditure between parties to the arrangement, alter the tax residence of such entities and the legal situs of assets involved, treat debt as equity and vice versa. The GAAR provisions are potentially applicable to any transaction or any part thereof.

The term 'impermissible avoidance arrangement' has been defined to mean an arrangement where the main purpose is to obtain a tax benefit, and it:

1. creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length;
2. results, directly or indirectly, in the misuse, or abuse, of the provisions of ITA;
3. lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or
4. is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes.

Further, an arrangement shall be presumed, unless it is proved to the contrary by the taxpayer, to have been entered into, or carried out, for the main purpose of obtaining a tax benefit, if the main purpose of a step in, or a part of, the arrangement is to obtain a tax benefit, notwithstanding the fact that the main purpose of the whole arrangement is not to obtain a tax benefit.

An arrangement shall be deemed to lack commercial substance (amongst other factors) if:

the substance or effect of the arrangement as a whole, is inconsistent with, or differs significantly from, the form of its individual steps or a part; or

1. it involves or includes:
 - round trip financing;
 - an accommodating party;
 - elements that have effect of offsetting or cancelling each other; or
 - a transaction which is conducted through one or more persons and disguises the value, location, source, ownership or control of funds which is the subject matter of such transaction; or
2. it involves the location of an asset or of a transaction or of the place of residence of any party which is without any substantial commercial purpose other than obtaining a tax benefit for a party; or
3. it does not have a significant effect upon the business risks or net cash flows of any party to the arrangement apart from any effect attributable to the tax benefit that would be obtained.

In case the GAAR is applied to any transaction pertaining to the Fund, it could have an adverse impact on the taxability of the Fund and the returns to the Beneficiaries.

Tax Collected at Source("TCS")

Section 206C(1H) of the ITA provides that where the Seller of goods receives any amount as consideration for sale of goods of the value exceeding INR 5 million, such Seller is required to collect from Buyer a sum equal to 0.1% (TCS) of the sale consideration, exceeding INR 5 million. This shall not be applicable in case Buyer is liable to deduct Taxes at source from the payments made to the Seller and has deducted such amount.

Seller for the purpose of TCS provisions under section 206C(1H) of the ITA has been defined to mean a person whose total sales, turnover or gross receipts exceeds INR 100 million during the financial year immediately preceding the financial year in which sale of goods is carried out.

'Goods' for the purpose of TCS provisions could include shares and securities. Circular No 17 of 2020 issued by the CBDT on 29 September 2020 clarifies that the aforesaid TCS provisions shall not apply to transactions in securities and commodities which are traded through the recognised stock exchanges. However, the circular did not address the applicability of the provisions to unlisted securities, shares and/or off-market transactions in listed securities and issue and redemption of units of AIF.

Where the AIF purchases shares and counter party sellers collect TCS from the AIF, the said TCS can be reclaimed by the Alternative Investment Fund only by way of filing the return of income.

Further, under section 206CC of the ITA, if the buyer (not being a non-resident who does not have a permanent establishment in India) fails to furnish his PAN, then tax shall be collected, at the rate higher of the following:

- 5%; or
- Twice the rate specified in the relevant provision of the ITA;

Furthermore, under section 206CCA of the ITA where the buyer on whose behalf, the tax has to be collected (not being a non-resident who does not have a permanent establishment in India); fails to furnish its income-tax return in the previous assessment year (immediately prior to the concerned financial year) and the timeline for filing such tax return has expired and the aggregate of TDS and TCS in his case exceeds INR 50,000 in such year; then tax shall be collected, at the rate higher of the following:

- 5%; or

- Twice the rate specified in the relevant provision of the ITA;

In case of non-resident payers, applicable surcharge and education cess would also apply on the TCS.

Tax withholding on purchase of goods

The Finance Act, 2021, has introduced section 194Q, wherein any person being a buyer who is responsible for paying any amount to a resident seller for purchase of goods, the aggregate value of which exceeds INR 5 million, then, at the time of payment or credit shall be required to withhold tax at 0.1% of such amount exceeding INR 5 million.

The term buyer shall mean a person whose total sales, gross receipts or turnover from the business carried on by him exceed INR 100 million during the financial year immediately preceding the financial year in which the purchase of goods is carried out, not being a person, as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein. Further, the above provisions shall not apply on a transaction on which (a) tax is deductible under any other provisions of the ITA and (b) tax is collectible under the provisions of section 206C other than a transaction to which section 206C(1H) applies. The provisions are applicable from 1 July 2021.

Where the AIF qualifies as a buyer and purchases shares from counter-party, it shall be required to withhold TDS at 0.1% on the consideration paid to the counter-party.

Withholding at higher rates due to non-filing of income-tax return

Section 206AB of the ITA, proposes a higher withholding rate in case of any person (other than a non-resident who does not have a permanent establishment in India) who has not filed the return of income for the previous assessment year (immediately prior to the concerned financial year) for which the time limit to file a return of income has expired and the aggregate of tax deducted at source and tax collected at source in his case is rupees fifty thousand or more in that previous year. The withholding tax rates in case of such person shall be as higher of the below:

- at twice the rate specified in the relevant provision of the ITA; or
- at twice the rate or rates in force; or
- at the rate of 5%.

Further, where the provisions of section 206AA of the ITA are applicable to such person, tax shall be deducted at higher of the two rates provided in section 206AB and in section 206AA of the ITA.

Indirect Transfer (relevant for non-resident investors only)

Under the provisions of the ITA, transfer of shares or interest in an offshore company which derives, directly or indirectly, its value substantially from the assets located in India could be subject to indirect transfer provisions in India. Valuation rules have been prescribed under the ITA and certain exemptions for non-applicability of indirect transfer provisions have been provided for.

Prevention of Base Erosion and Profit Shifting (BEPS)

India is an active participant of the BEPS project and is committed to implement all minimum and common standards as part of its law. The Indian Government has deposited the ratified Multilateral Instrument (MLI) to implement tax treaty related measures to prevent Base Erosion and Profit Shifting (BEPS) on 25 June 2019 with Organisation for Economic Co-operation and Development (OECD). This is the final leg in India's sprint towards effectuating the landmark MLI. India has notified 93 tax treaties, excluding China. Countries such as the Singapore, UK, France, Japan, Netherlands, and Australia are part of the final list and accordingly, India's tax treaties with such countries will include MLI provisions with effect from 1 April 2020.

Largely, the final list of India's MLI positions deposited with OECD are on similar lines as the provisional list which was submitted to OECD on 7 June 2017, wherein India continues to adopt principal purpose test (PPT), though an option to modify the same in future with limitation of benefits (LOB) clause to combat treaty shopping has now been specifically provided. In the final list, the provisions which have not undergone change as compared to the provisional list, amongst others, include i) adoption of simplified LOB (SLOB), ii) changes to permanent establishment (PE) article to include wider agency PE, anti-fragmentation rule for preparatory or auxiliary (PoA) activities and aggregation rule for determining the construction PE threshold, iii) non-inclusion of provisions for resolving treaty benefit to fiscally transparent entities and iv) non-application of mandatory binding arbitration. Additionally, India has now opted to revise the foreign tax credit provisions for replacing exemption method for elimination of double taxation with credit method in respect of few of its treaties.

Furnishing of Permanent Account Number (PAN)

As per provisions of section 206AA of the ITA, where a recipient of income (which is subject to withholding tax) does not have a PAN, then tax is required to be deducted by the payer at higher of the following i.e. rates specified in relevant provisions of the ITA, or rates in force or at 20%. However, the provisions of section 206AA shall not apply to non-residents in respect of payments in the nature of interest, royalty, fees for technical services (FTS), dividend, and payment on transfer of capital assets provided the non-residents provide the following information to the payer of such income:

- Name, email-id, contact number;
- Address in the country or specified territory outside India of which the deductee is a resident;
- A certificate of his being resident in any country or specified territory outside India from the government of the other country or specified territory if the law of that country or specified territory provides for issuance of such certificate;
- Tax Identification Number in the country or specified territory of his residence and in a case, no such number is available, then a unique number on the basis of which the deductee is identified by the Government of that country or the specified territory of which he claims to be a resident.

Tax Residency Certificate (“TRC”)

In order to be eligible to claim the benefits of the treaty, the offshore investor should have a TRC issued by the tax authorities of his country of residence and must be renewed on an annual basis.

The ITA now provides that a non-resident shall not be entitled to claim any relief under a tax treaty, unless a TRC, of it being a resident in any country outside India or specified territory outside India, as the case may be, is obtained by it from the government of that country or specified territory. Further, additional documents and information (as may be prescribed) should also be provided, if called upon.

Pursuant to the same, the CBDT has issued a notification¹² amending Rule 21AB of the Rules prescribing the additional information required to be furnished by non-residents along with the TRC.

The details required to be furnished are as follows:

- Status (individual, company, firm, etc.) of the assessee;
- Nationality (in case of an individual) or country or specified territory of incorporation or registration (in case of others);
- Assessee’s tax identification number in the country or specified territory of residence and in case there is no such number, then, a unique number on the basis of which the person is identified by the Government of the country or the specified territory of which the assessee claims to be a resident;
- Period for which the residential status, as mentioned in the TRC, is applicable; and
- Address of the assessee in the country or specified territory outside India, during the period for which the certificate is applicable.

The CBDT has clarified that the additional information prescribed may not be required to be provided if it already forms a part of the TRC.

The assessee (i.e. non-resident) shall be required to keep and maintain the documents that are necessary to substantiate the above information. Further, an

¹² Notification no. 57/2013 [F.NO.142/16/2013-TPL]/SO 2331(E), dated 1-8-2013.

income-tax authority may ask for the said documents from the assessee in relation to a claim of benefit under the tax treaty.

Compliance with section 285BA of the ITA

Foreign Account Tax Compliance Act (FATCA) was enacted in 2010 by the Government of the United States of America (USA) (Govt. of US) with a view to combat tax evasion by U.S. citizens and residents through the use of offshore accounts.

FATCA requires financial institutions globally to share information about the financial accounts held by U.S. citizens/ residents for tax purposes to the Internal Revenue Services (IRS) of the Govt. of US.

On similar lines as FATCA, Organization for Economic Co-operation and Development (OECD) issued a standard for Automatic Exchange of Information (AEOI) in tax matters called as 'Common Reporting Standard' (CRS). CRS also requires financial institutions globally to share information about the financial accounts held by the non-residents (other than U.S. citizens and residents for tax purpose).

To enable financial institutions in India to comply with FATCA and CRS, the Government of India (GOI) signed the Inter-Governmental Agreement (India IGA) with the Govt. of US on 9 July 2015 and joined the Multilateral Competent Authority Agreement (MCAA) on 3 June 2015.

For implementing India IGA and MCAA, necessary amendments were made to section 285BA of the ITA. In exercise of the power conferred by section 285BA of the ITA, the CBDT notified the Income-tax (11th Amendment) Rules, 2015 i.e. Rule 114F, Rule 114G and Rule 114H of the Rules. Further, the CBDT has also issued a 'Guidance note on implementation of reporting requirements under Rules 114F to Rule 114H of the ITR' dated 31 August 2015 which was subsequently updated on 31 December 2015, 31 May 2016 and 30 November 2016. Further, the CBDT has issued Circular dated 11 April 2017 with respect to timelines for closure of financial accounts under Rule 114H(8) of the Rules (i.e. financial accounts opened between 1 July 2014 to 31 August 2015).

In order to enable the Fund to comply with the provisions of section 285BA of the ITA read with the Rules, the prospective investors and Unit holders would therefore be required to comply with the request of the Fund to furnish such information/ documentation/ declarations as and when deemed necessary by the Investment Manager in accordance with the provisions of the ITA read with the Rules.

Further, the Unit holders are also requested to immediately intimate the Fund/ the Investment Manager of any change in the information furnished in the documentation/ declarations provided to the Fund/ Investment manager earlier,

including but not limited to any declarations provided in respect of residency of the Unit holders for tax purposes.

If the Fund and/or the Investment Manager is required by Applicable Laws, to provide information regarding the Fund and/or the Unit holders/ investors to any regulatory/ tax authority of the Fund Investments and/or income therefrom, and the Fund and/or the Investment Manager complies with such request in good faith, whether or not it was in fact enforceable, they shall not be liable to the Unit holders/ investors or to any other party as a result of such compliance or in connection with such compliance.

Prospective investors / Unit holders are requested to consult their own tax advisors for understanding FATCA/ CRS status.

There can be no guarantee that the above position regarding taxation of Fund and taxation of Contributors of Fund would be necessarily accepted by the income-tax authorities under the ITA. No representation is made either by the Trustee of Fund, Fund or the Investment Manager or any employee, director, shareholder or agent of the Investment Manager in regard to the acceptability or otherwise of the above position regarding taxation of Fund and taxation of the Contributors of Fund by the income-tax authorities under the ITA. Prospective investors are urged to consult their own tax advisors in this regard.

4.2 Other Applicable Taxes

4.2.1 Goods and Services Tax ("GST")

With effect from 1 July 2017, the Government of India has implemented GST regime. GST has subsumed many indirect taxes including service tax which were levied under erstwhile regime. GST is levied on supply of goods and services. Supply includes all forms of supply such as sale, transfer, barter, exchange, license, rental, lease etc. made for a consideration by a person in the course or furtherance of business. Each service is taxed at different rate depending on their classification. In India, there are four rates prevailing in GST which are 5%, 12%, 18%, 28%+cess.

The service provided by Investment Manager and Trustees to the Fund qualifies as supply of service and hence are liable to GST at the rate of 18%. Further, GST being an indirect tax is passed on to the ultimate consumer, which would be the Fund in this case.

4.2.2 Stamp Duty and local taxes

The activities of the Portfolio Entities would be subject to stamp duties and other local/municipal taxes, which would differ from State to State, city to city and between municipal jurisdictions, depending on the location where activities are carried out by

the Portfolio Entities. Issue / Transfer of Units of the Fund may be subject to stamp duty.

4.2.3 Securities Transaction Tax (“STT”)

The Fund will be liable to pay STT on the transactions entered on a recognised stock exchange in India at the following rates: (Subject to changes if any by the authorities)

Transactions/Particulars	Payable by Purchaser	Payable by Seller
Delivery based purchase/sale transaction in equity shares entered into in a recognised stock exchange	0.1%	0.1%
Non-delivery based sale transaction in equity shares or units of equity oriented fund entered in a recognised stock exchange	N.A.	0.025%
Delivery based sale transaction of unit of equity oriented fund	N.A.	0.001%
Sale of options in securities	0.125% of the difference between the strike price and settlement price of the option (In case option is exercised)	0.0625%/0.1% ¹³
Sale of futures in securities	N.A.	0.0125%/0.02% ¹⁴
Sale of unlisted shares under an offer for sale to the public	N.A.	0.2%
	N.A.	0.001%

¹³ Amended by Finance Bill (No.2), 2024 wef from October 1, 2024

¹⁴ Amended by Finance Bill (No.2), 2024 wef from October 1, 2024

Sale of a unit of an equity oriented fund to the Mutual Fund		
Sale of unlisted units of a business trust under an offer for sale	N.A.	0.2%

No STT is applicable on sale or purchase of units of an AIF.

4.3 Changes in Law

As an overall point, it should be borne in mind that income tax positions in the Alternative Investment Fund sector are in an evolutionary phase. Given this, while the comments outlined in this section factor in the prevalent general industry practices and current interpretations of tax laws, such positions may not have been specifically addressed or endorsed by the revenue/ judicial authorities and could be subject to scrutiny.

Further, there can be no assurance that there will not be future legislative, judicial, or administrative changes in the law or interpretations thereof. Any such changes, which could be retroactive, could adversely affect the consequences, including the tax consequences, of an investment in the Fund

IMPORTANT QUALIFICATION

THERE CAN BE NO GUARANTEE THAT THE ABOVE POSITION REGARDING TAXATION OF THE FUND AND TAXATION OF BENEFICIARIES OF THE FUND WOULD BE NECESSARILY ACCEPTED BY THE INCOME-TAX AUTHORITIES UNDER THE ITA. NO REPRESENTATION IS MADE EITHER BY THE TRUSTEE OR THE MANAGER OR ANY EMPLOYEE, DIRECTOR, SHAREHOLDER OR AGENT OF THE MANAGER IN REGARD TO THE ACCEPTABILITY OR OTHERWISE OF THE ABOVE POSITION REGARDING TAXATION OF THE FUND AND TAXATION OF BENEFICIARIES OF THE FUND BY THE INCOME TAX AUTHORITIES UNDER THE ITA. INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISERS IN THIS REGARD.

SECTION XII: ILLUSTRATION OF FEES, EXPENSES AND OTHER CHARGES

Kindly refer to SECTION XIII: DISTRIBUTION WATERFALL

SECTION XIII: DISTRIBUTION WATERFALL

A. Assumptions

1. The details provided below are indicative and provided for reference only and investors should review and examine the detailed terms mentioned in relevant sections of this Memorandum and other Fund Documents.
2. The details provided below are subject to appropriate relevant assumptions.
3. The figures provided in this illustration are representational only and should not be considered as a guarantee or any definite indication of performance of the Fund. The final outcome would be a result of several factors as stated in this Memorandum and would be dependent upon the Fund's actual performance.
4. The figures/numbers and calculations provided in this illustration are all pre-Tax. The taxation will be in accordance with the detailed provisions laid down in the Private Placement Memorandum and Income Tax Act, 1961, accordingly the actual final numbers will vary as would factor in the applicable Tax treatment.
5. We have assumed that the Hurdle rate of return of 10% p.a
6. **Fees and Expenses applicable to the unitholders:**
 - a. Set-up and operating expenses - Setup fee and scheme operating expenses are incurred to the maximum permissible limit as stated in the Memorandum.
 - b. For the purpose of this illustration, we have considered the expenses and performance fee inclusive of GST
7. **Management Fee**

Class	% p.a.
Class A1 Units	2.40%
Class A2 Units	1.90%
Class A3 Units	1.40%
Class A4 Units	1.90%
Class A5 Units	1.40%
Class A6 Units	0.95%
Class A7 Units	0.00%
Class A8 Units	0.00%
Class A9 Units	0.00%

Class B1 Units	2.50%
Class B2 Units	2.00%
Class B3 Units	1.50%
Class B4 Units	2.00%
Class B5 Units	1.50%
Class B6 Units	1.00%
Class B7 Units	0.00%
Class B8 Units	0.00%
Class B9 Units	0.00%
Class C1 Units	0.00%
Class C2 Units	0.00%

8. **Performance Fees**

Class	% p.a.
Class A1 Units	0.00%
Class A2 Units	0.00%
Class A3 Units	0.00%
Class A4 Units	15.00%
Class A5 Units	12.50%
Class A6 Units	10.00%
Class A7 Units	14.00%
Class A8 Units	12.00%
Class A9 Units	9.00%
Class B1 Units	0.00%
Class B2 Units	0.00%
Class B3 Units	0.00%
Class B4 Units	15.00%
Class B5 Units	12.50%
Class B6 Units	10.00%
Class B7 Units	15.00%
Class B8 Units	13.00%
Class B9 Units	10.00%
Class C1 Units	0.00%
Class C2 Units	0.00%

A - Assumptions:	Amount in INR Lakhs	Management Fees (incl GST)	Performance Fees (incl GST)	Hurdle
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Class A1 contribution (in INR)	100	2.40%	0.00%	-
Class A2 contribution (in INR)	300	1.90%	0.00%	-
Class A3 contribution (in INR)	600	1.40%	0.00%	-
Class A4 contribution (in INR)	100	1.90%	15.00%	10.00%
Class A5 contribution (in INR)	300	1.40%	12.50%	10.00%
Class A6 contribution (in INR)	600	0.95%	10.00%	10.00%
Class A7 contribution (in INR)	100	0.00%	14.00%	-
Class A8 contribution (in INR)	300	0.00%	12.00%	-
Class A9 contribution (in INR)	600	0.00%	9.00%	-
Class B1 contribution (in INR)	100	2.50%	0.00%	-
Class B2 contribution (in INR)	300	2.00%	0.00%	-
Class B3 contribution (in INR)	600	1.50%	0.00%	-
Class B4 contribution (in INR)	100	2.00%	15.00%	10.00%
Class B5 contribution (in INR)	300	1.50%	12.50%	10.00%
Class B6 contribution (in INR)	600	1.00%	10.00%	10.00%
Class B7 contribution (in INR)	100	0.00%	15.00%	-
Class B8 contribution (in INR)	300	0.00%	13.00%	-

	Class B9 contribution (in INR)	600	0.00%	10.00%	-
	Class C1 contribution (in INR) - Sponsor	1,000	0.00%	0.00%	-
	Class C2 contribution (in INR) - Employee	25	0.00%	0.00%	-
	Operating Expenses	2.00%			
	Set-up Costs (inclusive of GST) (INR)	50			
	Tenure (in Years - Assumed)	5 years			

There are no clauses which affect the pro-rata rights of each investor in each investment of the scheme.

B. Illustration of expenses

Sr. No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Grand Total
1	Total capital commitment from the unit holders	7,025.00	7,025.00	7,025.00	7,025.00	7,025.00	7,025.00
2	Total contribution received from the unit holders	7,025.00	-	-	-	-	7,025.00
3	Fees and other expenses:						
	Setup Fees	12.50	12.50	12.50	12.50	-	(50.00)
	Placement Fee	-	-	-	-	-	-
	Management fees	58.30	58.30	58.30	58.30	58.30	(291.50)
	Fees to Advisory Board	-	-	-	-	-	-
	Fees to Investment Committee (if any)	-	-	-	-	-	-
	Organizational expenses (Operating Expense and Transactional Expense)	140.50	140.50	140.50	140.50	140.50	(702.50)
	Trusteeship Fee	-	-	-	-	-	-
	Other expenses	-	-	-	-	-	-
4	Net amount invested by the Fund in the Portfolio Companies (Capital Deployed)	6,813.70	(211.30)	(211.30)	(211.30)	(198.80)	5,981.00

C. Capital Commitments received and draw down

S r. N o.	Particulars	Class A1	Class A2	Class A3	Class A4	Class A5	Class A6	Class A7	Class A8	Class A9	Class B1	Class B2	Class B3	Class B4	Class B5	Class B6	Class B7	Class B8	Class B9	Class C1	Class C2	Total
	Total capital commitment from the unit holders	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	1,000.00	25.00	7,025.00
	Total contribution received from the unit holders	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	1,000.00	25.00	7,025.00
	Fees and other expenses :																					
	Setup Fees	2.78	2.78	2.78	2.78	2.78	2.78	2.78	2.78	2.78	2.78	2.78	2.78	2.78	2.78	2.78	2.78	2.78	2.78	-	-	50.00
	Placement Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1	Management fees	12.00	28.50	42.00	9.50	21.00	28.50	-	-	-	12.50	30.00	45.00	10.00	22.50	30.00	-	-	-	-	-	291.50
	Fees to Advisory Board	-	-	-	-																	-
2	Fees to Investment Commitee (if any)	-	-	-	-																	-
	Organizational expenses (Operating	10.00	30.00	60.00	10.00	30.00	60.00	10.00	30.00	60.00	10.00	30.00	60.00	10.00	30.00	60.00	10.00	30.00	60.00	100.00	2.50	702.50

	Expense and Transactional Expense)																					
	Trusteeship Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Net amount invested by the Fund in the Portfolio Companies (Capital Deployed)	75.22	238.72	495.22	77.72	246.22	508.72	87.22	267.22	537.22	74.72	237.22	492.22	77.22	244.72	507.22	87.22	267.22	537.22	900.00	22.50	5,981.00

D. Distribution Waterfall

Scenario I - Loss 10 %

Sr . N o.	Particular s	Clas s A1	Clas s A2	Clas s A3	Clas s A4	Clas s A5	Clas s A6	Clas s A7	Clas s A8	Clas s A9	Clas s B1	Clas s B2	Clas s B3	Clas s B4	Clas s B5	Clas s B6	Clas s B7	Clas s B8	Clas s B9	Class C1	Class C2	Total
	Capital Contributi on	100. 00	300. 00	600. 00	100. 00	300. 00	600. 00	100. 00	300. 00	600. 00	100. 00	300. 00	600. 00	100. 00	300. 00	600. 00	100. 00	300. 00	600. 00	1,000 .00	25. 00	7,025 .00
	Add: Profits / Loss / No Change on investmen t during the year	(5.0 4)	(17. 74)	(39. 04)	(5.5 4)	(19. 24)	(41. 74)	(7.4 4)	(23. 44)	(47. 44)	(4.9 4)	(17. 44)	(38. 44)	(5.4 4)	(18. 94)	(41. 44)	(7.4 4)	(23. 44)	(47. 44)	(80.0 0)	(2.0 0)	(493. 70)
	Less: Expenses (for one year)	(4.9 6)	(12. 26)	(20. 96)	(4.4 6)	(10. 76)	(18. 26)	(2.5 6)	(6.5 6)	(12. 56)	(5.0 6)	(12. 56)	(21. 56)	(4.5 6)	(11. 06)	(18. 56)	(2.5 6)	(6.5 6)	(12. 56)	(20.0 0)	(0.5 0)	(208. 80)
	Value of portfolio at end of year	90.0 0	270. 00	540. 00	90.0 0	270. 00	540. 00	90.0 0	270. 00	540. 00	90.0 0	270. 00	540. 00	90.0 0	270. 00	540. 00	90.0 0	270. 00	540. 00	900.0 0	22. 50	6,322 .50
																						-
1	Total amount available for distributi on post all expenses	90. 00	270. 00	540. 00	90. 00	270. 00	540. 00	90. 00	270. 00	540. 00	90. 00	270. 00	540. 00	90. 00	270. 00	540. 00	90. 00	270. 00	540. 00	900. 00	22. 50	6,322 .50
																						-
2	Allocatio n of considera tion for unit																					-
																						-

	holders of each class as documented in the Private Placement Memorandum :																					
	Towards 100% repayment of capital	90.00	270.00	540.00	90.00	270.00	540.00	90.00	270.00	540.00	90.00	270.00	540.00	90.00	270.00	540.00	90.00	270.00	540.00	900.00	22.50	6,322.50
	Balance amount available post repayment of capital contribution, if any	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Towards hurdle rate on capital invested, if any	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Towards performance fees, if any	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balance distribution proceeds in excess of capital contributed, hurdle rate and performance fees, if any	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

3	Total distributi on being made to unitholde rs	90. 00	270. 00	540. 00	90. 00	270. 00	540. 00	90. 00	270. 00	540. 00	90. 00	270. 00	540. 00	90. 00	270. 00	540. 00	90. 00	270. 00	540. 00	900. 00	22. 50	6,322 .50
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Scenario II - No Profit and No Loss

S r. N o.	Particulars	Clas s A1	Clas s A2	Clas s A3	Clas s A4	Clas s A5	Clas s A6	Clas s A7	Clas s A8	Clas s A9	Clas s B1	Clas s B2	Clas s B3	Clas s B4	Clas s B5	Clas s B6	Clas s B7	Clas s B8	Clas s B9	Class C1	Class C2	Total
	Capital Contribution	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	1,000.00	25.00	7,025.00
	Add: Profits / Loss / No Change on investment during the year	17.04	53.74	111.04	17.54	55.24	113.74	19.44	59.44	119.44	16.94	53.44	110.44	17.44	54.94	113.44	19.44	59.44	119.44	200.00	5.00	1,336.70
	Less: Expenses (for one year)	(17.04)	(53.74)	(111.04)	(17.54)	(55.24)	(113.74)	(19.44)	(59.44)	(119.44)	(16.94)	(53.44)	(110.44)	(17.44)	(54.94)	(113.44)	(19.44)	(59.44)	(119.44)	(200.00)	(5.00)	(1,336.70)
	Value of portfolio at end of year	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	1,000.00	25.00	7,025.00
																						-
1	Total amount available for distribution post all expenses	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	1,000.00	25.00	7,025.00
																						-
2	Allocation of consideration for unit holders of each class as documented in the Private Placement																					-
																						-

	Memorandum :																					
	Towards 100% repayment of capital	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	1,000.00	25.00	7,025.00
	Balance amount available post repayment of capital contribution, if any	-	-	-	-																	-
	Towards hurdle rate on capital invested, if any	-	-	-	-																	-
	Towards performance fees, if any	-	-	-	-																	-
	Balance distribution proceeds in excess of capital contributed, hurdle rate and performance fees, if any	-	-	-	-																	-
3	Total distribution being made to unitholders	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	1,000.00	25.00	7,025.00

Scenario III - Profit of 5% (less than Hurdle Rate)

S r. N o.	Particulars	Clas s A1	Clas s A2	Clas s A3	Clas s A4	Clas s A5	Clas s A6	Clas s A7	Clas s A8	Clas s A9	Clas s B1	Clas s B2	Clas s B3	Clas s B4	Clas s B5	Clas s B6	Clas s B7	Clas s B8	Clas s B9	Class C1	Class C2	Total
	Capital Contribution	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	1,000.00	25.00	7,025.00
	Add: Profits / Loss / No Change on investment during the year	22.04	68.74	141.04	22.54	70.24	143.74	24.44	74.44	149.44	21.94	68.44	140.44	22.44	69.94	143.44	24.44	74.44	149.44	250.00	6.25	1,687.95
	Less: Expenses (for one year)	(17.04)	(53.74)	(111.04)	(17.54)	(55.24)	(113.74)	(19.44)	(59.44)	(119.44)	(16.94)	(53.44)	(110.44)	(17.44)	(54.94)	(113.44)	(19.44)	(59.44)	(119.44)	(200.00)	(5.00)	(1,336.70)
	Value of portfolio at end of year	105.00	315.00	630.00	105.00	315.00	630.00	105.00	315.00	630.00	105.00	315.00	630.00	105.00	315.00	630.00	105.00	315.00	630.00	1,050.00	26.25	7,376.25
																						-
1	Total amount available for distribution post all expenses	105.00	315.00	630.00	105.00	315.00	630.00	105.00	315.00	630.00	105.00	315.00	630.00	105.00	315.00	630.00	105.00	315.00	630.00	1,050.00	26.25	7,376.25
																						-
2	Allocation of consideration for unit holders of each class as documented in the Private Placement																					-
																						-
																						-

	Memorandum :																					
	Towards 100% repayment of capital	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	1,000.00	25.00	7,025.00
	Balance amount available post repayment of capital contribution, if any	5.00	15.00	30.00	5.00	15.00	30.00	5.00	15.00	30.00	5.00	15.00	30.00	5.00	15.00	30.00	5.00	15.00	30.00	50.00	1.25	351.25
	Towards hurdle rate on capital invested, if any	-	-	-	5.00	15.00	30.00	-	-	-	-	-	-	5.00	15.00	30.00	-	-	-	-	-	100.00
	Towards performance fees, if any	-	-	-	-	-	-	(0.70)	(1.80)	(2.70)	-	-	-	-	-	-	(0.75)	(1.95)	(3.00)	-	-	(10.90)
	Balance distribution proceeds in excess of capital contributed, hurdle rate and performance fees, if any	5.00	15.00	30.00	-	-	-	4.30	13.20	27.30	5.00	15.00	30.00	-	-	-	4.25	13.05	27.00	50.00	1.25	240.35
3	Total distribution being made to unitholders	105.00	315.00	630.00	105.00	315.00	630.00	104.30	313.20	627.30	105.00	315.00	630.00	105.00	315.00	630.00	104.25	313.05	627.00	1,050.00	26.25	7,365.35

Scenario IV - Profit of 10% (Equal to Hurdle Rate)

S r. N o.	Particulars	Clas s A1	Clas s A2	Clas s A3	Clas s A4	Clas s A5	Clas s A6	Clas s A7	Clas s A8	Clas s A9	Clas s B1	Clas s B2	Clas s B3	Clas s B4	Clas s B5	Clas s B6	Clas s B7	Clas s B8	Clas s B9	Class C1	Class C2	Total
	Capital Contribution	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	1,000.00	25.00	7,025.00
	Add: Profits / Loss / No Change on investment during the year	27.04	83.74	171.04	27.54	85.24	173.74	29.44	89.44	179.44	26.94	83.44	170.44	27.44	84.94	173.44	29.44	89.44	179.44	300.00	7.50	2,039.20
	Less: Expenses (for one year)	(17.04)	(53.74)	(111.04)	(17.54)	(55.24)	(113.74)	(19.44)	(59.44)	(119.44)	(16.94)	(53.44)	(110.44)	(17.44)	(54.94)	(113.44)	(19.44)	(59.44)	(119.44)	(200.00)	(5.00)	(1,336.70)
	Value of portfolio at end of year	110.00	330.00	660.00	110.00	330.00	660.00	110.00	330.00	660.00	110.00	330.00	660.00	110.00	330.00	660.00	110.00	330.00	660.00	1,100.00	27.50	7,727.50
																						-
1	Total amount available for distribution post all expenses	110.00	330.00	660.00	110.00	330.00	660.00	110.00	330.00	660.00	110.00	330.00	660.00	110.00	330.00	660.00	110.00	330.00	660.00	1,100.00	27.50	7,727.50
																						-
2	Allocation of consideration for unit holders of each class as documented in the Private																					-

	Placement Memorandum :																						
	Towards 100% repayment of capital	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	1,000.00	25.00	7,025.00	
	Balance amount available post repayment of capital contribution , if any	10.00	30.00	60.00	10.00	30.00	60.00	10.00	30.00	60.00	10.00	30.00	60.00	10.00	30.00	60.00	10.00	30.00	60.00	100.00	2.50	702.50	
	Towards hurdle rate on capital invested, if any	-	-	-	10.00	30.00	60.00	-	-	-	-	-	-	10.00	30.00	60.00	-	-	-	-	-	200.00	
	Towards performance fees, if any	-	-	-	-	-	-	(1.40)	(3.60)	(5.40)	-	-	-	-	-	-	(1.50)	(3.90)	(6.00)	-	-	(21.80)	
	Balance distribution proceeds in excess of capital contributed, hurdle rate and performance fees, if any	10.00	30.00	60.00	-	-	-	8.60	26.40	54.60	10.00	30.00	60.00	-	-	-	8.50	26.10	54.00	100.00	2.50	480.70	
3	Total distribution being made to unitholders	110.00	330.00	660.00	110.00	330.00	660.00	108.60	326.40	654.60	110.00	330.00	660.00	110.00	330.00	660.00	108.50	326.10	654.00	1,100.00	27.50	7,705.70	

Scenario V - Profit of 30%

S r. N o.	Particulars	Clas s A1	Clas s A2	Clas s A3	Clas s A4	Clas s A5	Clas s A6	Clas s A7	Clas s A8	Clas s A9	Clas s B1	Clas s B2	Clas s B3	Clas s B4	Clas s B5	Clas s B6	Clas s B7	Clas s B8	Clas s B9	Class C1	Class C2	Total
	Capital Contribution	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	1,000.00	25.00	7,025.00
	Add: Profits / Loss / No Change on investment during the year	47.04	143.74	291.04	47.54	145.24	293.74	49.44	149.44	299.44	46.94	143.44	290.44	47.44	144.94	293.44	49.44	149.44	299.44	500.00	12.50	3,444.20
	Less: Expenses (for one year)	(17.04)	(53.74)	(111.04)	(17.54)	(55.24)	(113.74)	(19.44)	(59.44)	(119.44)	(16.94)	(53.44)	(110.44)	(17.44)	(54.94)	(113.44)	(19.44)	(59.44)	(119.44)	(200.00)	(5.00)	(1,336.70)
	Value of portfolio at end of year	130.00	390.00	780.00	130.00	390.00	780.00	130.00	390.00	780.00	130.00	390.00	780.00	130.00	390.00	780.00	130.00	390.00	780.00	1,300.00	32.50	9,132.50
																						-
1	Total amount available for distribution post all expenses	130.00	390.00	780.00	130.00	390.00	780.00	130.00	390.00	780.00	130.00	390.00	780.00	130.00	390.00	780.00	130.00	390.00	780.00	1,300.00	32.50	9,132.50
																						-
2	Allocation of consideration for unit holders of each class as documented in the Private Placement																					-
																						-

	Memorandum :																					
	Towards 100% repayment of capital	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	100.00	300.00	600.00	1,000.00	25.00	7,025.00
	Balance amount available post repayment of capital contribution, if any	30.00	90.00	180.00	30.00	90.00	180.00	30.00	90.00	180.00	30.00	90.00	180.00	30.00	90.00	180.00	30.00	90.00	180.00	300.00	7.50	2,107.50
	Towards hurdle rate on capital invested, if any	-	-	-	10.00	30.00	60.00	-	-	-	-	-	-	10.00	30.00	60.00	-	-	-	-	-	200.00
	Towards performance fees, if any	-	-	-	(3.00)	(7.50)	(12.00)	(4.20)	(10.80)	(16.20)	-	-	-	(3.00)	(7.50)	(12.00)	(4.50)	(11.70)	(18.00)	-	-	(110.40)
	Balance distribution proceeds in excess of capital contributed, hurdle rate and performance fees, if any	30.00	90.00	180.00	17.00	52.50	108.00	25.80	79.20	163.80	30.00	90.00	180.00	17.00	52.50	108.00	25.50	78.30	162.00	300.00	7.50	1,797.10
3	Total distribution being made to unitholders	130.00	390.00	780.00	127.00	382.50	768.00	125.80	379.20	763.80	130.00	390.00	780.00	127.00	382.50	768.00	125.50	378.30	762.00	1,300.00	32.50	9,022.10

SECTION XIV: DISCIPLINARY HISTORY

Details of the disciplinary history as required under paragraph 2.1.5 and 2.1.6 of the Master Circular for Alternative Investment Funds (AIFs) dated May 7, 2024

No disciplinary actions against (i) Sponsor, (ii) Investment Manager, (iii) Associates of Sponsor or Investment Manager, (iv) Directors of Investment Manager and Sponsor until January 2024.

DISCLOSURE BY THE TRUSTEE:

OPERATIONAL ACTIONS*

FOR COMPANY:

- a. Administrative warning issued by SEBI vide letter dated November 14, 2013 read with letter dated January 1, 2014 on inspection of books and records of debenture trustee business.
- b. Administrative warning issued by SEBI vide letter dated August 14, 2017 on inspection of books and records of debenture trustee business.
- c. Administrative warning issued by SEBI vide letter dated May 31, 2019 on inspection of books and records of debenture trustee business.
- d. Administrative warning and deficiency letter issued by SEBI vide letter dated May 31, 2022, on books and records of debenture trustee business.
- e. Administrative warning issued by SEBI vide letter dated June 9, 2023, in relation to inspection conducted by SEBI for one of ATSL's InvIT client.
- f. Advisory issued by SEBI vide letter dated June 12, 2023 in relation to inspection conducted by SEBI for one of ATSL's REIT client.
- g. Administrative warning and Advisory, vide letter dated August 08, 2023 and September 12, 2023, respectively both issued by SEBI in relation to thematic inspection on debenture trustees.
- h. Administrative warning issued by SEBI vide letter dated September 28, 2023 in relation to non-submission of information to SEBI as required under Regulation 10(18)(a) of REIT Regulations, 2014 by one of the ATSL's REIT client.
- i. Administrative warning issued by SEBI vide letter dated October 23, 2023 in relation to thematic inspection on debenture trustees with respect to creation of charge on the security for the listed debt securities as required under SEBI circular SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 dated November 03, 2020.
- j. Deficiency letter issued by SEBI vide letter dated January 11, 2024 in relation to thematic inspection of Real Estate Investment Trusts (REITs) – Compliance with REIT Regulations w.r.t submission of quarterly reports by Manager of the REIT to the Trustee.

k. Administrative warning, Deficiency Letter, Advisory issued by SEBI vide letter dated June 28, 2024 in relation to inspection of Axis Trustee Services Limited for the inspection period from July 01, 2021 to August 30, 2023

l. Administrative warning issued by SEBI vide letter dated November 14, 2024 in relation to Examination with respect to recording and verification of Cash flow information in the Securities and Covenant Monitoring (SCM) system by Axis Trustee Services Limited, (ATSL) for the secured listed ISINs.

Administrative warnings mentioned above in (a) to (d), (g) , (i) (k) and (l) are operational actions issued by SEBI as part of routine inspection of books and records of debenture trustee business.

Administrative warnings and advisory letters mentioned above in (e) and (f) are operational actions issued by SEBI as part of routine inspection of ATSL's InvIT & REIT client respectively.

Administrative warnings letter mentioned above in (h) and (j) is an operational action issued by SEBI as part of routine submission by ATSL to SEBI w.r.t compliance status of ATSL's REIT client.

DISCIPLINARY ACTIONS*

a. Adjudication Order No. EAD/PM-AA/AO/17/2018-19 dated July 11, 2018 issued by SEBI under Section 15-I of Securities and Exchange Board of India Act, 1992 read with Rule 5 of SEBI (Procedure for Holding Inquiry and imposing penalties of Rs. 10,00,000/- (Rupees Ten Lakh Only) by Adjudicating Officer) Rules, 1995.

b. Settlement Order bearing No. EAD-3/JS/GSS/80/2018-19 dated April 2, 2019 issued by SEBI under SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 and SEBI (Settlement Proceedings) Regulations, 2018 (Settlement amount Rs. 15,93,750 (Rupees Fifteen Lakhs Ninety-Three Thousand Seven Hundred and Fifty only) & Rs. 3,98,438 (Rupees Three Lakh Ninety Eight Thousand Four Hundred and Thirty Eight only) for the delay in the filing of the Settlement application).

DISPUTED TAX LIABILITIES

FOR COMPANY:

As at March 31, 2024, contingent liabilities towards Income Tax matter amount to 189.56* Lakhs (*Net of tax refund adjusted)

OPERATIONAL ACTIONS*

FOR DIRECTORS:

- a) Administrative warning issued by SEBI vide letter dated March 31, 2022, to Mr. Prashant Joshi, Director of the Company w.r.t. violation of SEBI (PIT) Regulations in the matter of Axis Bank Ltd

*** Above mentioned details are update as on November 15 , 2024**

SECTION XV: GLOSSARY

“Accredited Investor”	means any person as defined in the SEBI AIF Regulations
“Affiliate”	means, with respect to any specified Person, any Person, which, directly or indirectly, controls, is controlled by or is under common control with such specified Person. “Control”, for the purpose of this definition, shall mean, as applied to any Person, the power or right to, directly or indirectly (i) direct or cause the direction of the management of that Person (ii) direct or cause the direction of the policy decisions exercisable by that Person or (iii) nominate for appointment the majority of the directors on the board of directors (or an analogous governing body in case the Person is not a company) of that Person, by virtue of ownership or by virtue of receiving the economic benefit of ownership of voting securities or management rights or contract or in any other manner, or (iv) receive a majority of the economic benefit or own a majority of the capital of a Person. In case of a natural person, Affiliate shall mean to include his “relative” as defined in Schedule 2(77) of the Companies Act, 2013
“AIF” or “Alternative Investment Fund”	means Alternative Investment Fund as defined in SEBI AIF Regulations
“Auditors”	means any independent reputed firm of Chartered Accountants in India appointed by the Trustee from time to time, on the recommendation of the Investment Manager to be auditors of the Fund
“Applicable Law”	as defined in the Indenture
“Associate”	means a company or a limited liability partnership or a body corporate, in which a director or trustee or partner or Sponsor or Manager of the Fund or a director or partner of the Manager or Sponsor hold, either individually or collectively, more than fifteen percent of its paid-up equity share capital or partnership interest, as the case may be
“BSE”	means Bombay Stock Exchange Limited
“Business Day”	means any day (other than Saturday or Sunday) on which BSE, NSE and the commercial banks in Mumbai are open for normal business
“Contributor(s)”	means the Persons who has made or agreed to make contribution to the Fund, by way of subscription to a particular class of Units of the Fund, and shall include a transferee, successor or assignee of such Units from any such Contributor

	or Investor, in accordance with the provisions of Indenture or the Contribution Agreement
“Contribution Agreement”	means an agreement executed between the Trustee, the Investment Manager and each Contributor, for participation and in order to regulate the acceptance of capital commitment to the Fund and treatment of income thereon and/or accretions thereto and any other terms and conditions of the investment by the Investor
“Contribution Price”	means the price on which Units are offered for subscription on each Valuation Day being a price based on the prevailing Net Asset Value per Unit on that Valuation Day
“CTR”	means compliance test report
“Custodian or Fund Accountant”	means Nuvama Asset Services and/or such other entity appointed from time to time to act as custodian or Fund Accountant to the Fund
“Custody Agreement”	means the custody agreement to be entered into by the Fund and the Custodian a summary of which is set out in the section headed “Legal Considerations Relating to the Fund - Material Contracts”
“Force Majeure”	Includes, but is not limited to, fire, lightning, explosion, war, disorder, flood, industrial dispute, sabotage, weather conditions, material changes in the tax laws, changes in regulations and rules of SEBI and/or RBI which would have an impact on investments in India, civil disturbance, economic meltdown, nationalisation or acts of local or central Government or other competent authorities
“Financial Year”	means the period commencing on the date of incorporation, and ending on 31 March and each consecutive period of 12 calendar months thereafter beginning on 1st April and ending on 31st March of each year
“Fund”	means AIF- Laureate , setup as a first Scheme of Electrum Portfolio Trust , a determinate trust constituted under Indian Trust Act, 1882
“Fund Documents”	means this Memorandum, Indenture, Investment Management Agreement and Contribution Agreement, including any supplements or amendments thereto
“India”	means the Republic of India

“Investable Funds”	means the corpus of the Fund as reduced by the permissible costs/expenses/fees estimated for the tenure of the Fund from the date of First Closing (including reserves or provisions in that regard as deemed appropriate by the Investment Manager or Trustee in consultation with the Investment Manager) as provided in the Material Documents. Such Investable Funds shall be invested in terms of the Indenture and Investment Management Agreement
“Investment Management Agreement”	means an agreement to be entered into by and between the Trustee and the Investment Manager for managing and administering the Fund, providing investment, advisory and other services to the Trustee concerning each Scheme, as amended and modified from time to time
“Investment Manager”	means Electrum Portfolio Managers Private Limited , a company incorporated under the Companies Act, 1956, or such other Investment Manager appointed from time to time
“Investment(s)”	means the assets, property, rights and undertakings from time to time of the Fund (and which, for the avoidance of doubt, may include cash and securities)
“IT Act”	means Income Tax Act, 1961 of India
“Management Fee”	is as defined under SECTION VII: PRINCIPAL TERMS OF THE FUND of this memorandum
“Memorandum” or “PPM”	means this Private Placement Memorandum, as amended or supplemented from time to time
“Net Asset Value”	means the net asset value of the Fund calculated as described in SECTION VIII: DETERMINATION OF THE NET ASSET VALUE OF THE UNITS of this memorandum
“Net Asset Value per Unit”	means the Net Asset Value of each Unit as the case may be
“NRI”	means Non-Resident Indian
“NSE”	means the National Stock Exchange of India Limited
“Participating Unit”	means non-voting Class A Units, Class B Units or Class C Units of INR 100 par value each
“PMLA”	means The Prevention of Money Laundering Act, 2005
“Portfolio Entity(ies)/Portfolio	means any company, limited liability partnership, special purpose vehicle, or any other entity or venture in which the Fund makes an Investment in compliance with the AIF

Investment/Investee Company(ies)”	Regulations, either by subscription to or acquisition of Investment.
“Person”	Means Person as defined in Companies Act, 2013
“RBI”	means The Reserve Bank of India
“Redemption Price”	means the price at which Units can be redeemed as calculated in the manner set out in section “Redemption of Units”
“Redemption Request Form”	means a form of the redemption request of Units in such form as the Investment Manager may from time to time prescribe
“SEBI”	means the Securities and Exchange Board of India.
“SEBI AIF Regulations”	means the Securities and Exchange Board of India (Alternative Investment Funds) Regulations 2012, as amended from time to time
“Securities”	means any share, stock, bond, debenture, warrant, instrument, obligation, derivatives, futures, options, forwards, interest rate swaps, money market instrument, debt instrument or any financial or capital market instrument of whatsoever nature (either over the counter or on the exchange), made or issued by any statutory authority or body corporate, incorporated or registered by or under any Applicable Law and available for investments to Category III Funds as per SEBI AIF regulations
“Settlor”	means Electrum Portfolio Managers Private Limited , who has settled the Trust pursuant to an Indenture dated September 11, 2024 entered into between the Settlor and the Trustee
“Sponsor/(s)”	means Electrum Portfolio Managers Private Limited
“Simple majority in Interest”	in respect of the Fund means such number of Contributors whose Beneficial Interest in aggregate amount to at least 66.66% of the aggregate of all Contributors of the Fund.
“Super-majority in Interest”	in respect of the Fund means such number of Contributors whose Beneficial Interest in aggregate amount to at least 75% of the aggregate of all Contributors of the Fund.
“Tax” or “Taxes”	means a) all forms of tax, levy, duty, surcharge, cess, impost, withholding tax, including income tax, value added tax, goods & services tax, tax payable in a representative assessee capacity, minimum alternate tax or other amount whenever or wherever created or paid or imposed by, or payable to any tax authority whether due to any past, present or future

	obligation; and b) all charges, interest, penalties and fines incidental or relating to any Tax falling within (a) above or which arise as a result of the failure to pay any Tax on the due date or to comply with any obligation relating to Tax
“Temporary Investments”	means any investment in liquid mutual funds or bank deposits or other liquid assets of higher quality such as Treasury bills, Triparty Repo Dealing and Settlement, Commercial Papers, Certificates of Deposits, etc. as permitted under AIF Regulations. The Fund may take derivative exposure for which it may invest in instrument like liquid Mutual fund or bank deposits or other liquid assets of such higher quality to provide margin money to stock exchange.
“Trustee”	means Axis Trustee Services Limited
“Trust Deed” or “Indenture”	means the trust deed of the Fund dated September 11, 2024 as amended from time to time
“Unit-holders”	means the holders of Units in the Fund
“Units”	means the Participating Units in the fund as the context may require

PART B - SECTION XVI: SUPPLEMENTARY INFORMATION

Presently, there is no additional information in relation to the Trust / Scheme, Investment Manager, investment management team which does not form part of the standard disclosures and information as provided under the relevant sections above in this Memorandum. In the event there is any such supplementary information, the same shall be incorporated under this section.

Annexure I: Investor Charter for Alternative Investment Funds

A. Vision and Mission Statement:

Vision

To develop the Alternative Investment Fund (“AIF”) industry on professional and ethical lines and maintain high standards of governance and transparency.

Mission

- Maintain high professional and ethical standards within the AIF industry
- Comply with all applicable regulations and co-operate with the regulators in all aspects of the AIF activity
- Act in a fiduciary capacity towards the investors

B. Details of business transacted by the organization with respect to the investors:

- To raise capital from domestic and global investors
- To invest in portfolio companies in accordance with investment strategy stated in Fund documents, with an objective to generate positive returns for the stakeholders including investors
- To distribute returns to the investors as per the fund documents

C. Details of services provided to investors:

1. On-boarding of investors

1.1. Sharing of Private Placement Memorandum (PPM)

1.2. Account opening with the AIF:

- Completing KYC of investors and registration of KYC with KRAs
- Sharing of copies of fund documents with investors
- Entering into contribution agreement with investor

2. Obtaining investor consent for material changes to fund structure

2.1. Change in the sponsor or the manager of the AIF

2.2. Change in control of the sponsor or the manager of the AIF

2.3. Material changes to terms of PPM

- Term of Fund
- Investment Strategy.
- Increase in fees and charges.

2.4. Winding up of Fund/ Scheme prior to expiry of tenure

3. Dissemination of financial information of Fund

3.1. Net Asset Value of Fund/ Scheme

3.2. Financial information of investee companies

3.3. Information on performance of scheme/fund

4. Disclosures with respect to material risks associated with the fund and its portfolio investments

4.1. Any inquiries/ legal actions by legal or regulatory bodies in any jurisdiction

4.2. Any material liability arising during the tenure of the fund

4.3. Any breach of a provision of the PPM or any other agreement made with the investor or any other fund documents

4.4. Intimation regarding any conflict of interest

4.5. Risks associated with the portfolio, such as concentration risk, foreign exchange risk, leverage risk, realization risk, strategy risk, reputation risk, extra-financial risks such as social and corporate governance risks etc. at fund and investee company level

5. Intimation of any non-material changes in the operations of the fund

Non-material changes such as

- Bank account details
- Address of AIF or its Manager or Sponsor
- Contact details such as email-id, contact number, etc. of AIF or its Manager or Sponsor

6. Grievance redressal

Redressal of investor complaints received directly from investors and/ or from SEBI / SCORES.

D. Timelines of the activity/services provided to investors:

Sr. No.	Description of activity/services provided by Alternative Investment Funds (AIFs) to its investors	Timeline for completion of activity
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1.	Valuation related disclosures:	
a.	Valuation of investment by Category III Alternative Investment Fund	Every month
2.	Transparency related disclosures:	
a.	Disclosure of financial information of investee companies	Category III - quarterly reports within 60 days from end of quarter
b.	Disclosure of Material risks: concentration risk, foreign exchange risk at fund level and leverage risk, realization risk, strategy risk, reputation risk at investee company level, extra-financial risks such as social and corporate governance risks etc. at fund and investee company level	
c.	Financial, risk management, operational, portfolio, and transactional information regarding fund investments	To be disclosed periodically to the investors
d.	Any fees ascribed to the Manager or Sponsor; and any fees charged to the Alternative Investment Fund or any investee company	
e.	Any inquiries/ legal actions by legal or regulatory bodies in any jurisdiction	As and when occurred
f.	Any material liability arising during the Alternative Investment Fund's tenure	
g.	Any breach of a provision of the placement memorandum or agreement made with the investor or any other fund documents	
h.	Intimation regarding conflict of interest in any transaction	As and when they arise or seem likely to arise
i.	Any change in terms of Private Placement Memorandum / fund documents	On consolidated basis within one month of end of each financial year
3.	Complaint handling related services:	
a.	Response to complaint received from investors	Within 30 days from the date of receipt of complaint
b.	Redressal of investor complaint received from SEBI / SCORES	Within 30 days from the date of receipt of complaint

E. Details of grievance redressal mechanism and how to access it

- Alternative Investment Funds are required to redress all investor complaints in timely manner
- An Alternative Investment Fund, by itself or through the Manager or Sponsor, are required to lay down procedure for resolution of disputes between the investors and AIF or Manager or Sponsor through arbitration or any such mechanism as mutually decided between the investors and the Alternative Investment Fund
- Investors can also approach SEBI for redressal of their complaints through SEBI SCORES platform. On receipt of complaints, SEBI takes up the matter with the concerned AIF
- Investors may send their complaints to: Office of Investor Assistance and Education, Securities and Exchange Board of India, SEBI Bhavan. Plot No. C4-A, 'G' Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051

F. Responsibilities of investors

- **Responsibility to inform and educate yourself**
 - Read thoroughly all fund documents including Private Placement Memorandum, Contribution Agreement, sales literature, newsletters and understand the product
 - Carefully consider all investment risks, fees, and/or other factors detailed in these documents
 - Ensure and make certain that the proposed investment in the Fund meets your investment objective and is in alignment with your risk appetite
 - Review your portfolio holdings, account statements and transaction confirmation on regular basis to ensure that you are aware of all transactions and securities where you are invested
- **Responsibility to timely update your KYC and information with the Intermediary**
 - Provide complete and accurate information in your KYC documents, including financial/ income status
 - Timely updation of KYC information
- **Responsibility to abide by the contribution agreement**
 - The investor needs to read carefully and understand the agreement that he/she is entering into with the Alternative Investment Fund and abide by the terms thereof
 - The investor should be aware that investment terms are not guarantee of future performance or returns of the Fund/ Scheme

- **Responsibility to use right financial intermediaries, consultants and advisors**

Carefully consider validity and reliability of investment information obtained from all sources, especially unsolicited information obtained over the Internet

- **Responsibility to maintain confidentiality of information**

Investors shall not disclose any material non-public information that is received by virtue of being investors of the fund, except as may be guided by the terms of the fund documents

Annexure II: Complaints Data to be displayed by AIFs for each scheme

1. Investor complaints data for the quarter ending (March / June / September / December)

Sr. No.	Investor Complaints received from	Pending as at the end of the last quarter	Received	Resolved	Total Pending at the end of the quarter	Pending complaints > 3 months	Average Resolution time^ (in days)
1	Directly from Investors	Nil	Nil	Nil	Nil	Nil	Nil
2	SEBI (SCORES)	Nil	Nil	Nil	Nil	Nil	Nil
3	Other Sources (if any)	Nil	Nil	Nil	Nil	Nil	Nil
	Total	Nil	Nil	Nil	Nil	Nil	Nil

^ Average Resolution time is the sum total of time taken to resolve each complaint in days in the current quarter divided by total number of complaints resolved in the current quarter

2. Investor complaints data for last three Financial Years (FY)

Sr. No.	FY	Carried forward from previous FY	Received	Resolved	Pending at the end of FY
1	2021-22	Nil	Nil	Nil	Nil
2	2022-23	Nil	Nil	Nil	Nil
3	2023-24	Nil	Nil	Nil	Nil
	Total	Nil	Nil	Nil	Nil