CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

MONEYPLANT SME FUND

By **MONEYPLANTS CAPITAL TRUST**

‘**MONEYPLANTS CAPITAL TRUST**’ is registered with SEBI as a Category I Alternative Investment Fund – SME Fund with effect from February, 01 2024.

Registration No. IN/AIF1/23-24/1443

Trustee **:** SJS Finserve Private Limited

Investment Manager: Artharich Investment Manager LLP

Sponsor : Moneyplant Capital Limited

This Memorandum is being furnished to you on a confidential basis for you to consider investing in the Units of Moneyplant SME Fund, a scheme of MONEYPLANTS CAPITAL TRUST, established as a trust under the Indian Trusts Act, 1882. This Memorandum shall not be reproduced or provided to others without the prior written permission of the Investment Manager.

The information contained in this Memorandum may not be provided to others who are not directly concerned with your decision regarding the 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/Trust, as the case may be. Investors are requested to note that no returns from the Fund/Trust are assured or guaranteed.

Name of Investor: ______________________ Copy No.______________________

IMPORTANT NOTICE

An investment in 'MONEYPLANT SME FUND' is suitable only for sophisticated and/or private investors including fund of funds, government institutions, corporates, public sector undertakings, and private banks, insurance companies, global development financial institutions, multilateral organizations and high net worth individuals, and requires the financial ability and willingness to remain invested for the total tenure of 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 Sponsors and/or Investment Manager or their Affiliates have been associated.

MONEYPLANT SME FUND is close ended with a tenure of 5 (Five) years from the Final Closing which is further extendable by up to 2 (two) years with the prior consent of Two-Third Majority of Contributors and in the normal course, no exit option shall be available to the Investors until the end of the Term.

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………………………………..

(Signature of the Investor) **(Signature of the Distributor)**

Name of the Investor: ______________ **Name of the Distributor: _____________**

Date: _____________________

Place: New Delhi

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 I AIF under the 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.

By accepting delivery, the Person receiving this Memorandum agrees: (a) to keep the contents hereof strictly confidential and to not disclose the same to any third party, other than professional advisors of such Person, or otherwise use the same for any purpose other than evaluation by such Person of a potential investment in the Units; (b) not to reproduce this Memorandum in whole or in part; and (c) to return this Memorandum to the Fund if (i) such Person decides not to invest in the Units; or (ii) such Person's proposed investment is not accepted; if this Memorandum is received by an unauthorized Person, such recipient shall not be entitled to request for other related documents or other information. However, such Person shall be bound by the confidentiality terms of this Memorandum.

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 Memorandum.

The information in this Memorandum is current as on 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 as early as possible (in no case later than a month from the end of each financial year) regarding which this Memorandum is supplemented, amended or modified. Neither the delivery of this Memorandum at any time, nor any sale hereafter, shall under any circumstances be construed that the information contained herein is correct as of any time subsequent to the date of this Memorandum.

Investment in the Units will involve significant risks due to, among other things, the nature of the Fund's investments. See '**SECTION X: RISK FACTORS**' for a discussion of certain risk factors that should be considered by prospective investors. Investors should have the financial ability and willingness to accept the risks arising out of investment in the Fund. Due to the risks involved, investment in the Fund is only suitable for the Investors who are able to bear the loss of a substantial portion or even all of the money they invest in the Fund. The Investors understand the high degree of risk involved, believe that the investment is suitable based upon their investment objectives and financial needs and have no need for liquidity of investments. There will generally be no public market for the Units and they will not, subject to certain conditions as stated in this Memorandum, be freely transferable. The Fund has discretion to list the Units on a stock exchange in India as permissible under the Applicable Law. Even where the Fund lists its Units on a stock exchange, there can be no guarantee that there will be a public market for the Units or the Units will fetch fair value. An investment in the

Fund involves significant investment risks, including loss of a prospective investor's entire investment. Please refer to '**SECTION X: RISK FACTORS**' for a discussion of certain risk factors that should be considered by prospective investors.

Notwithstanding anything contained in the Trust Documents, the Investment Manager shall continue to be responsible for compliance with the Regulations and other Applicable Laws in relation to the operation and reporting by AIFs. The Investment Manager has taken 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 Investment Manager or by any other Person duly authorized by the Investment Manager and neither the Investment Manager nor any other Person duly authorized by the Investment Manager takes responsibility for the consequences of reliance upon any statement or information contained in, or any omissions from, this Memorandum.

The Investment Manager reserves the right to withdraw or modify this offering at any time prior to the acceptance of subscriptions from Investors. The Investment Manager also reserves the right to close the subscription before the indicated period or amount of capital has been subscribed.

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 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 aforesaid documents which will be made available by the Fund to prospective investors upon request.

Prospective investors should review the Trust Documents carefully. Nothing in this Memorandum, the information contained in it or any other information supplied in connection with the Fund/Trust (other than the Trust Documents, the terms set out in '**SECTION VII: PRINCIPAL TERMS OF THE FUND**' of this Memorandum to the extent incorporated in the Trust Documents by reference, and the confidentiality understanding contained herein) shall form the basis of any contract.

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

Certain information contained in this Memorandum constitute "forward-looking statements" which can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "target," "project," "estimate," "intend," "continue" or "believe," or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements.

The defined terms used in this Memorandum shall have the meaning as ascribed to them under '**SECTION XV: GLOSSARY**' to this Memorandum and terms not defined herein but used in this Memorandum shall have the meaning assigned to them under the Contribution Agreement and the Indenture/Trust Deed

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

Name of the Investment Manager: Artharich Investment Manager LLP
Name of contact person: Mr. Pankaj Khetan
Communication address: K-37/A, Basement, Near Kailash Colony Metro Station, Kailash Colony, New Delhi, Delhi 110048
Telephone No.: +91-11-4265-7135
E-mail: ceo@artharich.in

PART - A

DIRECTORY

Investment Manager

ARTHARICH INVESTMENT MANAGER LLP
Registered & Communication Address: K-37/A, Basement, Near Kailash Colony Metro Station, Kailash Colony, New Delhi, Delhi 110048
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Web: www.artharich.in
Email: info@artharich.in

Trustee Company

SJS FINSERVE PRIVATE LIMITED
Registered & Communication Address: Z-2, Naveen Shahdara, Delhi-110032
Contact Person: Ms. Sonam Tripathi
Mobile: +91- 9910971908
Web: www.sjsfinserve.com
Email: info@sjsfinserve.com

Auditor

MANOJ RAJ & ASSOCIATES
Chartered Accountants
FRN: 017373N
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Tel: +91-11-42444727
Email: manojraj.associates@gmail.com

Tax Advisor

MANOJ RAJ & ASSOCIATES
Chartered Accountants
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Legal Advisor

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D.B.Gupta Road, Karol Bagh
Opposite PP Jewellers

New Delhi- 110005
Email: r_s2422@yahoo.com

MERCHANT BANKER

Credora Partners Private Limited
6th Floor, B Wing, GSC Tower
Sector 30, Gurugram,
Haryana, India
122001
Contact: 022-1244293471
Email: Prashantsingh@credorapartners.com

REGISTRAR & TRANSFER AGENT

SKYLINE FINANCIAL SERVICES PRIVATE LIMITED
SEBI Registration Number: INR000003241
Address: D-153A, 1st Floor, Okhla Industrial Area Phase-I,
New Delhi – 110020, India.
Tel. Number: 011-40450193-197
Fax- 011-26812683
Email: compliences@skylinerta.com

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SECTION I: EXECUTIVE SUMMARY

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

AIF	"**MONEYPLANTS CAPITAL TRUST**" (**"Trust")** is organised as a contributory determinate trust, settled in India by the Settlor under the provisions of the Indian Trusts Act, 1882, pursuant to an Indenture entered into between the Settlor and the Trustee and registered under the provisions of Registration Act, 1908. The Trust is registered with SEBI as a Category I AIF – SME Fund under the Regulations with registration number IN/AIF1/23-24/1443.
SCHEME	**MONEYPLANT SME FUND ("Fund)** is the scheme of the trust declared by the Trustee under the indenture, which is close ended and shall seek to make investments permissible for a Category I AIF, in accordance with applicable law and its investment strategy. As per the AIF regulation, no scheme of the Alternate Investment Fund shall have more than one thousand investors.
SPONSOR	**Moneyplant Capital Limited**, a limited company formed under the provisions of the Companies Act, 2013 having its registered office at K-37/A, Basement, Kailash Colony, New Delhi-110048 will act as the Sponsor to the Trust and all its Schemes, including the Fund.
INVESTMENT MANAGER	**ARTHARICH INVESTMENT MANAGER LLP**, a limited liability partnership formed under the provisions of the Limited Liability Partnership Act, 2008 and having its registered office at *K-37/A, Basement, Near Kailash Colony Metro Station, Kailash Colony, New Delhi, Delhi 110048* will act as the Investment Manager to the Trust and all its Schemes, including the Fund.
AFFILIATE	The Fund does not envisage investments in associates/affiliates of the Investment Manager and Sponsors.
MAIN OBJECT OF THE INCORPORATION DOCUMENT	Main object is to carry on the activity of Alternative Investment Fund category-1 and AIF shall be close ended.
INVESTMENT OBJECTIVE AND STRATEGY	The objective and purpose of the Fund is to carry on the activity of a Category I AIF – SME Fund and for this purpose to arrange, make, manage and dispose of investments with the view to providing returns / long term capital appreciation to the Contributors in accordance with Applicable Laws and the Trust Documents.

<table>
<tr><td></td><td>Details are given under "SECTION III: INVESTMENT OBJECTIVE, STRATEGY AND PROCESS".</td></tr>
<tr><td>INVESTMENT ALLOCATION</td><td>The Fund shall not be sector-agnostic and it will invest as required by the SME Funds as given in SEBI(AIF)Regulations, 2012
Details are given under "SECTION III: INVESTMENT OBJECTIVE, STRATEGY AND PROCESS".</td></tr>
<tr><td>TARGET CORPUS</td><td>The target Corpus of the Fund is up to INR 100,00,00,000 (Indian Rupees One Hundred Crores only).

Green shoe option: up to INR 100,00,00,000 (Indian Rupees One Hundred Crores only).</td></tr>
<tr><td>CLASSES OF UNITS</td><td>The Fund shall issue the following Classes of Units:
<table>
<tr><th>Class</th><th>Description</th></tr>
<tr><td>Class A Units</td><td>To Contributors (either individually or together with their affiliates) contributing at least INR 1,00,00,000 (Rupees one crore) in accordance with the terms of their respective Contribution Agreements.</td></tr>
<tr><td>Class B Units</td><td>To the Sponsors and Investment Manager and/or employees or directors of the Investment Manager and Sponsors and/or employee welfare trust and/or any such Eligible Persons who are strategically important/valuable to the Fund as the Investment Manager may designate.</td></tr>
</table></td></tr>
<tr><td>TERM OF THE FUND</td><td>The term of the Fund shall be a period of 5 (Five) years from the Final Closing which may be extended by the Investment Manager by up to 2 (two) years with the prior consent of Two-Third Majority of Contributors obtained in accordance with the terms contained in the Contribution Agreements and Applicable Laws.

In the absence of consent of unit holders under sub-regulation (5) or upon expiry of the extended tenure, the Alternative Investment Fund or the scheme of the Alternative Investment Fund shall be wound up in accordance with Regulation 29 of these regulations</td></tr>
</table>

MINIMUM CAPITAL COMMITMENT	Subject to the Regulations, the minimum Capital Commitment from each Contributor shall be as under: **_Class of Units_** — **_Minimum Capital Commitment_** **Class A Units** — Rs. 1,00,00,000 (Indian Rupees One Crore). **Class B Units** — 2.5% (two and a half percent) of the Corpus or Rs. 5,00,00,000 (Indian Rupees Five Crores), whichever is lower and Rs. 25,00,000 (Indian Rupees Twenty-Five Lakhs) if such Units are subscribed by employees or directors of the Investment Manager or Fund Details are given under paragraph 3 titled '*Classes of Units*' and under paragraph 5 titled '*Minimum Capital Commitment*' under "**SECTION VII: PRINCIPAL TERMS OF THE FUND**".
SPONSOR'S CAPITAL COMMITMENT	The Sponsor will commit an aggregate amount equivalent to 2.5% (two and a half percent) of the Corpus or Rs. 5,00,00,000 (Indian Rupees Five Crores), whichever is lower, to maintain a continuing interest in the Fund in accordance with the Regulations. Notwithstanding anything to the contrary, the Sponsor shall always maintain the above-mentioned continuing interest and take requisite steps/measures to comply with the same. The Sponsor of the Fund shall be issued Class B Units, towards their contribution to maintain a continuing interest in the Fund. In addition to the aforementioned continuing interest, the Sponsor may make an Additional Commitment to the Fund. It is hereby clarified that such Additional Commitment will not be subject to any obligations prescribed for the Sponsor under the Regulations. The Sponsor of the Fund may be issued a separate Class of Units towards such Additional Commitment.
COMMITMENT PERIOD	The Commitment Period for the Fund shall commence from the date of execution of Contribution Agreement and shall end on completion of 48 (forty-eight) months from the Final Closing, during which the Capital Commitments can be drawn down upon issuance of Drawdown Notice/s to the Contributors in accordance with this Memorandum and the Contribution Agreements. The Commitment Period may be extended by the Investment Manager for a further period of up to 6 (six) months at its sole discretion. Details are given under paragraph 8 titled "*Commitment Period*" in "**SECTION VII: PRINCIPAL TERMS OF THE FUND**".

DRAWDOWN	Subject to the paragraph on "*Excuse and Exclusion*" in "**SECTION VII: PRINCIPAL TERMS OF THE FUND**", the Investment Manager shall issue Drawdown Notice to the Contributors towards payment of Capital Contribution to be utilised to make Fund Investments, pay Fund Expenses, maintain reserves or for such other purpose (including Tax purposes) as mentioned in the Drawdown Notice. Drawdown Notice shall be issued by the Investment Manager to the Contributors on an "*as needed*" basis. The Contributors shall be required to make their Capital Contribution against their Capital Commitment within 14 (fourteen) calendar days from the date of the Drawdown Notice. The Drawdown Notice may be sent by the Investment Manager through facsimile, electronic mail, hand delivery, registered post/courier at the address as may be specified by the Contributor in the Contribution Agreement and such Drawdown Notice shall be deemed to have been received by the Contributor within 4 (four) days from the date
	of dispatch of the registered post/courier; within 24 (twenty-four) hours from the electronic mail being sent or upon receiving the confirmation of transmission of the facsimile.
CLOSING	**First Closing:** The First Closing shall be held within 12 months from the date of receipt of approval from SEBI on this PPM subject to receipt of aggregate Capital Commitments of at least Rs. 20,00,00,000 (Indian Rupees Twenty Crores) or such other higher amount as decided by the Investment Manager and in accordance with paragraph 10 titled "*Closings*" in "**SECTION VII: PRINCIPAL TERMS OF THE FUND**". **Subsequent Closing:** The Investment Manager has the discretion to hold one or more Subsequent Closing(s) and there are no specific timelines for the same. Further, details with respect to additional charges that may be levied or waived in respect of the Contributors coming in the Fund after First Closing are given under paragraph 11 titled "*Unitholders participating in Subsequent Closings*" in "**SECTION VII: PRINCIPAL TERMS OF THE FUND**". **Final Closing:** The Final Closing shall be held within 24 (twenty-four) months from the First Closing. Provided that the period for holding Final Closing may be extended by 12 (Twelve) months, in accordance with paragraph 10 titled "**Closings**" in "**SECTION VII: PRINCIPAL TERMS OF THE FUND**".

MANAGEMENT FEE	The Management Fee shall be charged to holders of Class A Units at the rate of 2% (two percent) p.a. payable annually in advance, on the aggregate Capital Commitments of Class A Units. Management Fee shall not be payable with respect to the holders of Class B Units. Further details have been provided for under paragraph 17 titled "**Management Fee**" in "**SECTION VII: PRINCIPAL TERMS OF THE FUND**".
HURDLE RATE OF RETURN	The hurdle rate of return on Class A Units and Class B Units shall be an XIRR based return of 10% (ten percent) (pre-Tax) per annum compounded on an annualized basis in Indian Rupees calculated from the later of, (i) date of First Closing, or (ii) date of actual Drawdown, till the date of distributions in accordance with the Trust Documents.
ADDITIONAL RETURN / CARRIED INTEREST	The Additional Return shall be payable in respect of Class A Units and Class B Units in accordance with paragraph 25 titled "*Distributions*" in "**SECTION VII: PRINCIPAL TERMS OF THE FUND**".
EXPENSES OF THE FUND	**Set-up Costs**: The set-up costs shall be borne by the Fund and attributed to the holders of Class A Units and such other Classes/Subclasses of Units as may be designated by the Investment Manager at actuals subject to a limit
	of 1.5 % (one and half percent) of the Contributor's respective Capital Commitments. **Operating Expenses**: The annual operational expenses of the Fund will be borne by the Fund and allocated to the holders of all Classes/Subclasses of Units at actuals subject to a limit of 0.5% (zero-point five percent) p.a. of the aggregate Capital Commitment of the Contributors in respect of all Classes of Units. Please refer to "**SECTION XII: ILLUSTRATION OF FEES, EXPENSES AND OTHER CHARGES**" of this Memorandum for further details.

DISTRIBUTION	Distribution Proceeds will be concurrently allocated/apportioned to the holders of Class A Units, and Class B Units and any further Classes/ Subclasses (if any) in proportion to their respective Invested Funds. The Distribution Proceeds allocated to the respective Classes/Subclasses will be further allocated within the Classes/Subclasses in proportion to their respective Invested Funds. Distribution Proceeds will be distributed amongst the Contributors in the manner provided for under the headings "Class A Distribution Waterfall" and "Class B Distribution Waterfall" Please refer to paragraph 25 titled "*Distributions*" under "**SECTION VII: PRINCIPAL TERMS OF THE FUND**" of this Memorandum for further details.

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.

1. MARKET OVERVIEW

1.1. Overview of the Indian economy

The journey of Indian economy has been promising as the economic growth trajectory has been steadily increasing from 1960s to 1990s and further grew at an exceptional rate from 2000 onwards. The advent of economic reforms has not only enhanced the economic growth, but also provided a conducive and promising business environment to the citizens of India.

India's GDP growth rate rose to a pace of 7.8% y/y in the April-June quarter of 2023, compared with growth of 6.1% y/y in the January-March quarter of 2023, according to data released by India's National Statistical Office. The strong growth rate was despite high base year effects after GDP growth of 13.1% y/y in the April-June quarter of 2022.

Private consumption grew by 6.0% y/y in real terms in the April-June quarter of 2023, improving on the 2.8% y/y pace of growth recorded in the January-March quarter.

Rapid growth was also evident in key segments of the service sector, with output in the financial, real estate and professional services sector growing by 12.2% y/y in the April-June quarter, while output in trade, hotels, transport and communications services up by 9.2% y/y.

However, manufacturing growth was at a more moderate pace of 4.7% year over year in the April-June quarter of 2023, compared with growth of 6.1% year over year in the April-June quarter of 2022.

Other recent economic indicators for India also continue to signal expansionary economic conditions driven by domestic demand. Steel production rose by 11.9% y/y in the April-June quarter, while consumption of steel rose by 10.2% y/y. Cement production also showed strong growth, rising by 12.2% y/y in the April-June quarter, while coal production rose by 8.7% y/y. Sales of commercial vehicles rose sharply higher in FY2022-23, increasing by 34.3% y/y, while sales of private vehicles rose by 18.7% y/y in FY2022-23.

The index of industrial production, which generally shows considerable monthly volatility, recorded growth of 4.5% y/y in the April-June quarter, while manufacturing output rose by 4.7% y/y in the same quarter. For the FY2022-23 from April to March, industrial production was up 5.2% y/y, with manufacturing output rising by 4.7% y/y over the same period.

For FY2022-23, production of capital goods rose by 12.9% y/y, while production of infrastructure and construction goods rose by 12.5% y/y. However, production of consumer durables and non-durables was sluggish, with production of consumer durables growing at a marginal pace of 0.6 y/y in FY2022-23-23 while consumer non-durables grew by 0.5% y/y, according to the National Statistical Office.

During 2022-23, CPI headline inflation averaged 6.7 per cent with inflation breaching the upper tolerance band for nine months. Headline inflation, which stood at 7.8 per cent in April 2022, declined to 6.7 per cent in July and then rose briefly to 7.4 per cent in September 2022 before easing again to 5.7 per cent in March 2023.

1.2. An overview of the investment activity in the PE-VC space[1]

The year 2022 saw a global tempering of the peak activity witnessed in 2021, triggered by tightening monetary policies across American and European markets as economies emerged from a Covid-19-induced suppression in economic activity. Countries coped with high inflationary pressures on the back of an extended loan moratorium, Covid-19 stimulus, and supply-demand gaps. These gaps were exacerbated by the mounting geopolitical tensions (Russia-Ukraine conflict, US-China decoupling), which led to trade sanctions and global shortages. Resulting market volatilities cast a shadow over global private equity and venture capital (PE-VC) activity, with investments declining by 15% to 30% across regions. Indian PE-VC investments surpassed $60 billion for a third time, as India demonstrated some resilience in the face of global headwinds. Investment value closed at $61.6 billion, with a moderate decline of 12% from 2021's peak of $69.8 billion, supported by a positive economic outlook, driven by structural enablers such as large consumption opportunity, improved digital infrastructure, and China + 1 tailwinds. Amid a significant contraction in the region, India's share of PE-VC investments in Asia-Pacific strengthened from less than 15% to approximately 20%.

Indian PE-VC activity rode the momentum seen in H2 2021 till H1 2022, which saw dealmaking of close to $83 billion in 12 months. The exuberance at the start of the year, with record dealmaking of close to $40 billion in the first 6 months, was followed by decelerating deal activity closing at $21 billion. Different trends impacting distinct sectors show a clear rationale for these developments. Traditional sectors such as banking, financial services, and insurance (BFSI), energy, healthcare, and manufacturing, grew by approximately 50% due to robust domestic demand and accounted for around 60% of deals greater than $100 million. In contrast, the boom in consumer tech and internet stocks riding on Covid-driven shifts in consumption slowed through the year, accompanied by a public market rout in tech stocks that challenged valuations. The latter half of the year saw public market valuations spilling into the private markets, making dealmaking more challenging as the gap in valuation expectations slowed investment activity. As a result, consumer tech and information technology (IT), which drove around 60% of deal value in 2021, contracted to ~30% in 2022.

[1] https://www.bain.com/insights/india-private-equity-report-2023/#

On aggregate, the expansive base of deal volume of 2021 was sustained this year with more than 2,000 deals, as small and mid-sized deal activity continued. Venture capital and growth equity continued to contribute significantly to deal volume with almost 90% of deals, albeit with reduced cheque sizes. Share of VC investments slowed from 2021's seminal annual value of $39 billion to $26 billion in 2022 (55% to 43%)—but retained the breakout compared to pre-Covid era deal values of approximately $10 to $12 billion a year. PE deal value stayed relatively robust with lower volumes. There was a shift in the contribution of megadeals as $1 billion investments slowed, with buyouts slowing significantly amidst tighter credit markets and mismatched valuations delaying deal closures. Exits followed a similar decline, slowing to $24 billion from an all-time high of $36 billion in 2021. Here as well, traditional sectors dominated the share of exits greater than $100 million, with healthcare and manufacturing showing the largest increase in exit value. The exuberance around new-age internet start-up listings waned as initial public offerings (IPOs) of 2021 didn't meet public market expectations—cascading into delays and eventual cancellations of many planned IPOs of consumer tech firms, such as OYO, MobiKwik, PharmEasy, BoAt, and others. However, IPOs of traditional sectors continued, with listings such as Rainbow Hospitals and Medanta Medicity outperforming the market index. In an interesting contrast, the buoyancy in the Indian stock markets (with Nifty reaching its all-time high in November) allowed traditional sectors to find support and enabled strong exit opportunities in follow-on public market exits. Secondary markets dampened towards the second half of the year after 12 months of heated activity.

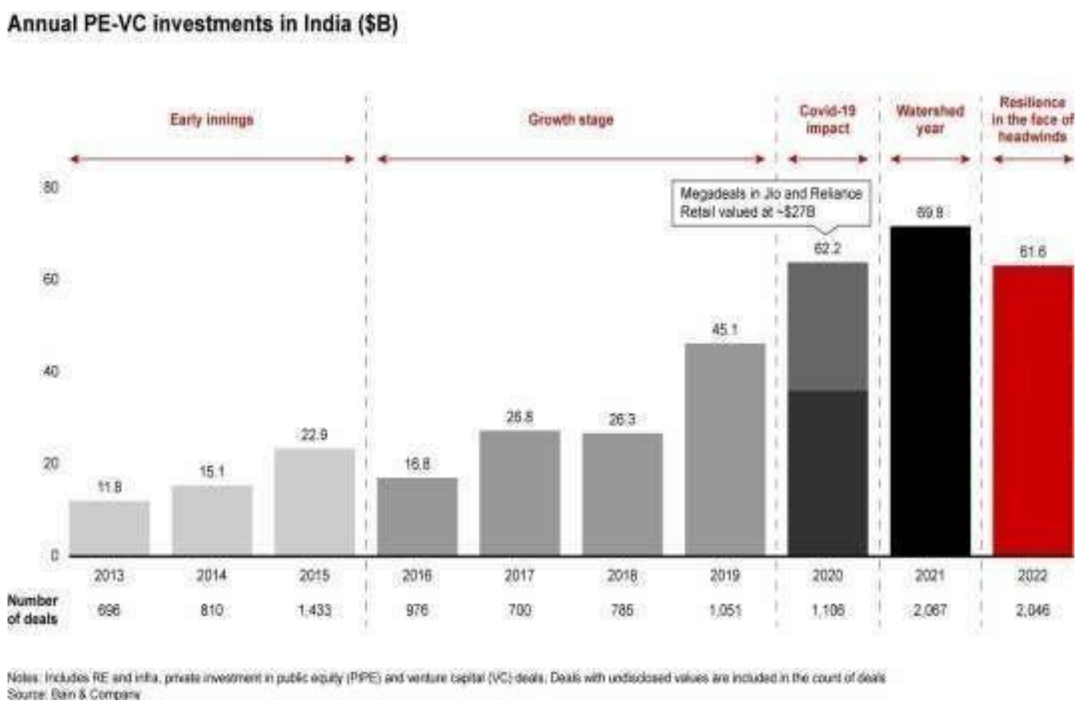
Dry powder for private equity surged on the back of a flurry of fund-raises following 2021's activity. General partners (GPs) closed fresh rounds in record time and were flush with funds as limited partners (LPs) dedicated capital to chase growth opportunities, with Indian allocations of Asia-Pacific funds by top GPs increasing. Leading Indian GPs, such as Kedaara Capital and ChrysCapital, increasingly competing with global counterparts on large deals, crossed $1 billion in new fund-raises. Additionally, LPs and sovereign wealth funds (SWFs) have demonstrated a marked shift towards solo dealmaking from their earlier co-investing playbook. With mature LPs deepening play in the Indian markets and newer LPs setting up dedicated teams and offices, solo dealmaking by select LPs expanded to 30+ deals with investments worth approximately $6 billion. Investors also accelerated sector diversification this year with more funds expanding into traditional sectors such as healthcare, BFSI, energy, and manufacturing, overriding a continued trend of tech sector expansion in the previous 3 years. At the same time, amidst abundant dry powder, funds became increasingly conservative and judicious as the sentiment shifted through the year—focus has narrowed to fewer, quality assets and towards driving value creation within their portfolios with a dedicated focus on profitability.

BFSI, which experienced a slump due to Covid-19, lower growth, extended loan moratoriums, and an increased risk of default, is witnessing a resurgence in interest. BFSI, including fintech, saw investments of $9.7 billion, with the sectors commanding 18% of India's PE-VC investments. India's outstanding credit has doubled since 2014 to reach $2 trillion, driven by increasing consumption (with a growing middle class), low credit penetration today, increasing openness to credit including for discretionary expenses, and digital adoption accelerating financial access. Non-banking financial companies (NBFCs) are at the forefront of the growing opportunity and have expanded their market share from ~21% in 2014 to ~27%in 2022, focused on growing segments such as personal loans, consumer durables, and two/three-wheeler (2W/3W) finance. They have increased presence in rural markets, developed seamless user journeys, driven quicker disbursements leveraging alternate data, and established robust collection processes—taking away share from public sector banks. Fintech has also experienced sustained deal momentum amidst evolving regulatory changes, with multiple players capitalising on the tailwinds and innovations within lending and wealthtech.

Investors are increasingly looking at India's healthcare sector for secular returns amidst turbulent tides, with an increase in interest in health providers, pharma, diagnostics, and single-specialty providers since 2020. India's healthcare sector saw deal values reach $4.3 billion in 2022, at approximately 8% of total investments. However, 2022 was a year where healthcare delivered, expanding to nearly 16% of total exit value at $3.5 billion. In a year that saw marquee public market exits, IPOs, and secondary sales, KKR's exit from Max Healthcare grabbed headlines with an exit value of $1.6 billion in 4 years driven by a significant EBITDA expansion, followed by other large exits such as Everstone's exit from Sahyadri Hospitals and Carlyle's and British International Investment's IPOs of Medanta Medicity (Global Health) and Rainbow Hospitals. Healthcare providers continue to focus on growth led by scale expansion through consolidation by large players and brownfield expansion, increased specialisation in service mix, and cost optimisation initiatives, which have resulted in high average revenue per occupied bed (ARPOB), improved utilisation, and increased margins. With robust and streamlined models emerging out of Covid, listed health providers have generated two to three times the returns of the Nifty index in recent years.

This year also witnessed an accelerated pace of ESG-driven investing, which shifted from mind-share towards wallet-share. With environmental, social, and governance (ESG) investments more than doubling from $3 billion to $8 billion, the share of ESG has elevated from 5% to 13% of total PE-VC investments in a single year. India has seen close to $19 billion in ESG-aligned investments in the last 5 years, with clean energy driving more than 60% share at $12 billion, and electric vehicle (EV) manufacturers commanding around 20%. The year 2022 saw marquee deals such as Mubadala and Blackrock's investment in Tata Power, KKR's investments in Serentica Global and Hero Future Energies, and TPG Rise in Tata EV. Players like Actis, British International Investment, and OTPP are also expanding clean energy and EV play as part of their focus on responsible investing. Clean energy saw robust deal activity in 2022, as improved efficiency, climate agenda (COP27 accord—2022 UN Climate Change Conference) and government's focus on utilities-scale investments improved the cost competitiveness of renewables. The EV segment has also seen increasing deal traction with total deal activity of close to $4.2 billion and 10 deals of more than $50 million over the past 5 years. With ESG becoming more central to investors' value creation and exit plans, improved ESG traction is here to stay.

Looking back, India's private equity industry has evolved significantly, with a broadened investor base that quadrupled from 200 to 800 active investors since early 2010s, diverse pools of capital, and acceleration in buyout capital for quality assets. The industry has benefited from a supportive regulatory landscape, innovative digital infrastructure, and deepening maturity of founders and talent. This has enabled tremendous growth in exit opportunities, complemented by the growth in strategic sales and secondary markets, resulting in value capture of 10x to 20x for multiple investors across investment cycles since the 2010s. The recalibration of 2022, characterised by cautious capital deployment and a shift in the shape of deal flow after a watershed year in 2021 is likely to extend into 2023. Domestic consumption-led sectors such as healthcare and consumer/retail will sustain momentum, manufacturing will benefit from China + 1 tailwinds, and export-oriented IT and software as a service (SaaS) will stay resilient. In addition, regulatory changes and investor focus on unit economics are likely to contribute to clearer sector landscapes and better articulation of value roadmaps. Indian private equity, bolstered by a maturing ecosystem, demonstrates confidence and resilience to navigate the turbulence ahead and continue its accelerating flywheel of growth.



1.3. Drivers of consumption in India; Favorable demographics and macroeconomic environment[2]

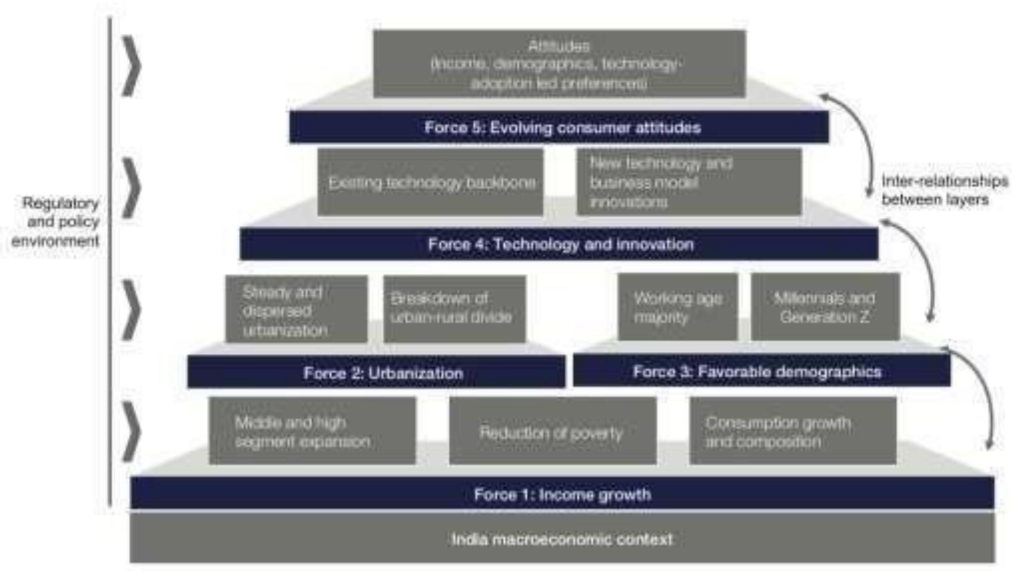
[2] Referred from the January 2019 report titled, Future of Consumption in Fast-Growth Consumer Markets: INDIA by World Economic Forum in collaboration with Bain & Company

India’s economy has some structural strengths that have enabled robust economic growth and allowed the economy to be relatively resilient to the vagaries of global economic patterns:

(i) *__Domestic consumption driven economy__*: Nearly 60% of India’s GDP is driven by domestic private consumption, as compared to 40% in China. Hence the economy is protected to a great extent against external shocks and cycles of low or high public investment.

(ii) *__Healthy savings__*: Compared to low personal saving rates in many developed countries in the west and east (6%-7% in the US, 9%-10% in Germany, 4% historically in UK, 2.5% in Japan), India’s households have maintained a high savings share of their income at 22%. This may have been a necessity due to lack of access to consumption or lack of social security nets. As access to goods and essential services (e.g., healthcare) improves, these savings will continue to provide a buffer for further consumption.

(iii) *__Working age majority__*: With a median age of 28 years, India is a nation of young working-age persons who drive both income and consumption. It will continue to remain young up to 2030 with a median age of 31 years, compared to 40 years in the US and 42 years in China.



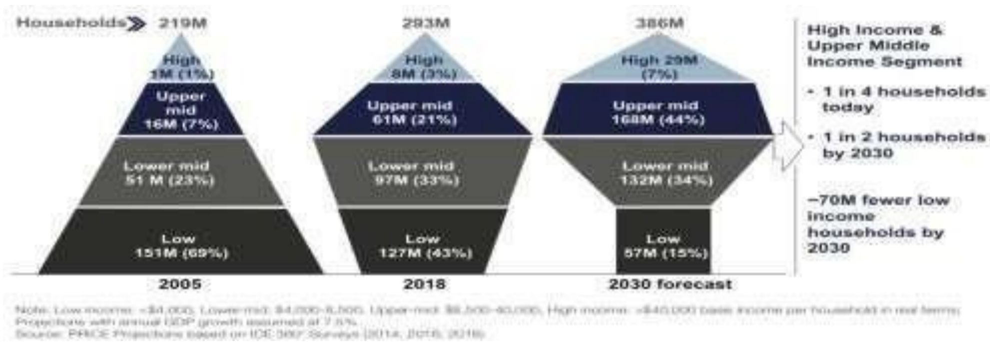
Source: Bain & Company/World Economic Forum analysis

1.3.1. Income Growth: Growth in income will transform India from a bottom-of- the-pyramid economy to a truly middle-class led one, with consumer spending growing from USD 1.5 trillion today to nearly USD 6 trillion by 2030, driven by**:**

(i) **Middle-class expansion and emergence of a sizeable high-income segment**: by 2030, India will add about USD 140 million middle-income and 21 million high-income households, overall, nearly doubling the total share of these segments to 51%.

(ii) **Transformation of the consumption profile**: upper middle-income households will drive 47% (USD2.8 trillion) of total consumption, and high-income households will drive another 14% ($0.8 trillion), compared to 30% and 7% respectively today.

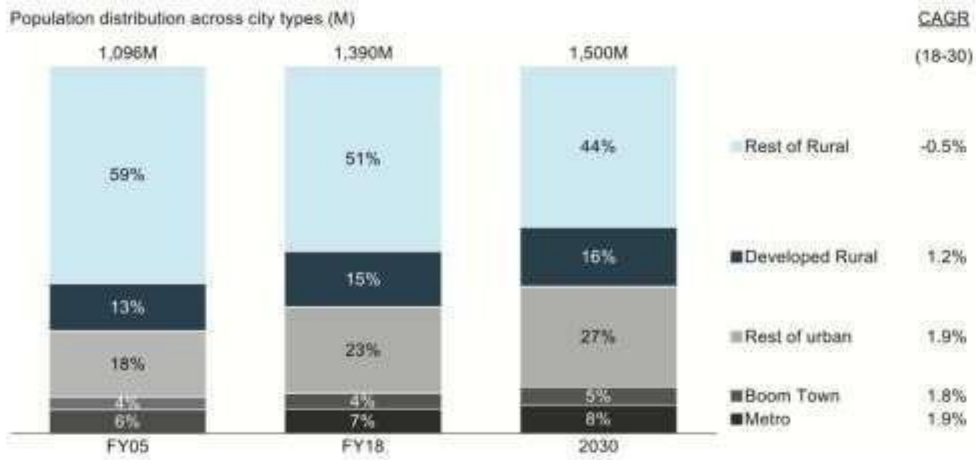
(iii) **Poverty elimination becoming a reality**: income growth will have an even more positive aspect – India will lift nearly USD 25 million households out of poverty; less than 5% of households will lie below the poverty line by 2030, down from 15% today.



1.3.2. Diversified Urbanisation: While metros and emerging boom towns continue to drive economic growth, rural per capita consumption will grow faster than in urban areas mimicking consumption patterns of urban counterparts, characterized by**:**

(i) **Dispersed urbanisation and an urban-rural income continuum**: by 2030, 40% of Indians will be urban residents. The top nine metros and 31 boom towns will be significantly richer than other cities. However, there will also be >5,000 small urban towns (50,000-100,000 persons each) and >50,000 developed rural towns (5,000-10,000 persons each) that already have very similar income profiles.

(ii) **Growth of rural consumption and breakdown of the urban-rural paradigm**: rural per capita consumption will grow to 4.3 times by 2030, compared to 3.5 times in urban India. With incomes in developed rural towns already mimicking those in small towns and greater internet penetration narrowing digital divides, the erstwhile urban-rural paradigm may no longer be the most accurate lens to assess aspirations and preferences across India. Although the gap is narrowing, opportunities for developed rural consumers will be truly unlocked only by tackling head-on, the issues of poor infrastructure (roads, power, internet), access to organized retail and financial inclusion.



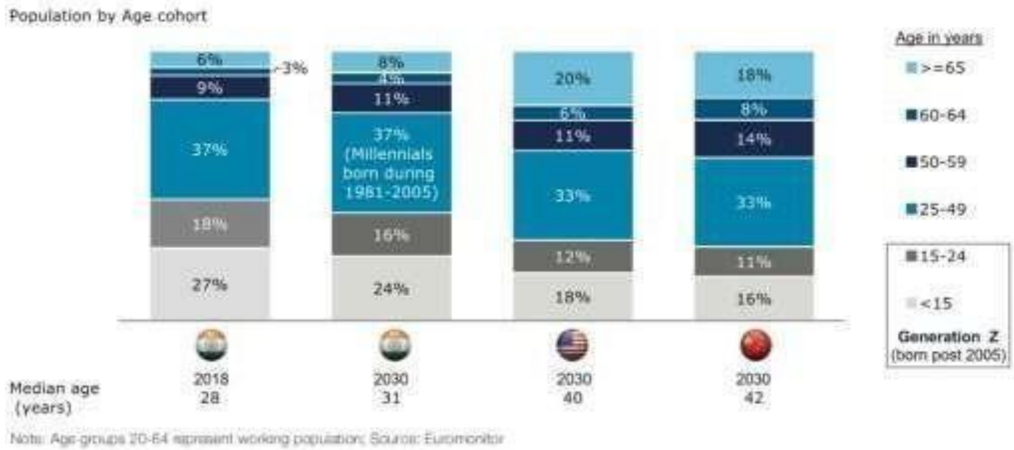
Note: CAGR- Compound Annual Growth Rate
Source: Oxford Economics, Euromonitor, PRICE Projections based on ICE 360° Surveys (2014, 2016, 2018)

1.3.3. **Favourable Demographics:** Unlike many ageing nations in the West and East, India will remain a nation of the young with a median age of 31 in 2030. The key demographic drivers of consumption growth will be:

(i) **A working age majority**: With a median age of 31 in 2030 (versus 42 in China, 40 in the US) India will remain one of the youngest nations in the world with one of the largest working-age populations. India will add more working-age citizens to the world than any other country.

(ii) **Young millennial households**: India will add nearly 90 million new households headed by millennials who were born into liberalized India. Having grown up with better education/ employment opportunities, and having higher incomes, they will likely break away from the frugal attitudes of their preceding generations.

(iii) **Rise of the digital natives**: In 2030, India will have about 370 million generation z consumers of ages 10-25, who would have grown up in an India with ubiquitous internet, smartphones, digital media and digital consumption platforms. As they start consuming, earning and spending, they will actively use technology- enabled consumption models, and in turn influence consumption behavior of their household.



1.3.4. Connected Consumers: Internet access will be democratized by 2030 with more than 1 billion Indians – rural and urban, old and young – on the internet, a truly remarkable achievement in terms of inclusion. The key enablers will be:

(i) **A "third wave" of telecom revolution**: the first wave (2003-2013) established widespread access to mobile phones and helped India reach more than 100 million mobile users. The second wave (2016-2018) saw massive growth in 4G and internet penetration, driven by steeply declining prices of data10 and handsets11. The coming decade will be the third wave of democratization as voice-based user interaction, vernacular and video content and easier access to the internet will unlock a tremendous user base for consumption on digital platforms.

(ii) **1 billion diverse internet users**: access to the internet will extend to about 1.1 billion users in 2030. Nine out of 10 Indians over 15 years of age will be online by 2030. The profile of India's connected consumers will be much more diverse than today – more vernacular (~80% versus 60% today), more rural (50% versus 40% today) and with older users (>35-year-old users to be 45% of users versus 25% today).

(iii) **Mobile-first consumers**: more than 80% of internet users in India primarily access the web through mobile phones, a figure expected to increase to more than 90% over the coming years. This will be a significantly different profile of connected consumers for businesses to target, compared to the US, the UK and even China, where nearly half of internet users today access the web through their desktops.

1.3.5. Evolving trends:

In 2020, the top three sectors—consumer tech, SaaS, and fintech— accounted for nearly 75% of all seed investments by value, with consumer tech attracting the maximum funding. Some other key trends that have been visible across 2019 to first half of 2021 are as follows:

- Consumer tech investments grew 25% over 2019, with certain segments seeing massive increase in investments, accelerated by the pandemic, including edtech (6.1x), foodtech (4.1x), gaming (2.7x), and media and entertainment (2.4x).
- Edtech saw multiple high-valued deals such as Byju's, Unacademy, Eruditus, and Vedantu. Zomato's USD 660 million deal drove up average deal size in foodtech as compared to 2019, while large investments into Dream11 and MPL led to the surge seen in gaming.
- The Indian SaaS ecosystem continues to mature, accounting for the second-highest quantum of investments after consumer tech. Though investment value in SaaS increased marginally by ~10% in 2020 vs. 2019, average deal size grew significantly across all three segments: horizontal business software (USD 20 million), horizontal infra software (USD 35 million), and vertical specific business software (USD 37 million).
- Investments in vertical specific software have grown the fastest, clocking ~60% growth over 2019, driven by USD 160 million deal in Zenoti. Horizontal business software also witnessed many large deals including Eightfold AI (USD 125 million), High Radius (USD 125 million), and MindTickle (USD 100 million), while Postman's USD 150 million deal was the biggest investment in horizontal infra software.

Fintech investments grew slightly from USD 1.1 billion in 2019 (excluding Paytm's USD 1 billion funding) to USD 1.2 billion in 2020, with payments being the most sought-after segment. Payments saw large deals getting closed in Razorpay, CRED, and BharatPe.

In summary, there has been significant acceleration in maturity and depth of the start-up and venture investing ecosystem in India over the last 3 years. We have added 30+ unicorns in India in the first 10 months of this year whereas cumulatively till last year we had about the same number. The last few years have demonstrated that investors can make high quality returns in the venture asset class in India. We believe that this decade could be game-changing in terms of the growth of the innovation ecosystem in India. The Scheme seeks to capitalize and leverage on the growth in this upcoming decade, make high quality investments and derive high returns for its investors.

1.3.6. Target opportunity for the Fund

The Fund will evaluate target Portfolio Entities that (i) are cash flow positive; or (ii) have a short path to positive cashflow; (iii) have high growth prospects; (iv) have the scope for improvement of profitability margins; and (v) intensive orientation towards improving overall Environmental, Social and Corporate Governance (ESG).

The investment under Moneyplant SME Fund shall be made in manufacturing and services companies which will be SME companies as defined under SEBI(AIF) Regulations, 2012

SECTION III: INVESTMENT OBJECTIVE, STRATEGY AND PROCESS

PARTICULARS	DETAILS
Investment Objective -Summary	The objective and purpose of the Fund is to carry on the activity of a Category I AIF – SME Fund and for this purpose to arrange, make, manage and dispose of investments with the view to providing returns / long term capital appreciation to the Contributors in accordance with Applicable Laws and the Trust Documents. In accordance with the applicable laws, the Fund strives and seeks to deploy funds in SME Companies which have a business model that is scalable to large level and have opportunities to grow and become frontrunner in their industry space with application of emerging technologies. The investment objective of the Scheme is to invest opportunistically in Indian SME Companies as prescribed in the Regulations. The Fund does not intend to extend loans or engage in lending activity or provide guarantee.
Category of Registration	MONEYPLANT SME FUND, a scheme of MONEYPLANTS CAPITAL TRUST, which is registered with SEBI as a Category I AIF – SME Fund under the Regulations.

PARAMETERS (IF APPLICABLE)	CATEGORIES (IF ANY)	ALLOCATION AS PERCENTAGE OF INVESTIBLE FUNDS (AT THE TIME OF INVESTMENT)
Investment in type of securities	Equity, Quasi Equity, Equity related instruments and Convertible Preference Shares (CCPS) of Unlisted	Up to 100% of the Investible Funds

	Securities or partnership interest of Venture Capital Undertaking or investee companies which are SMEs or in companies listed or proposed to be listed on a SME exchange or SME segment of an exchange. (Equity, equity linked instruments, convertible preference shares etc.)	
	Listed (equity, equity linked securities, compulsorily convertible preference shares, debentures etc.)	Up to 25% of the Investible Funds
Maximum investment proposed per portfolio company	-	25% of the Investible Funds
Allocation for investment in overseas portfolio companies (*if any*)	-	Up to 25% of the Investible Funds
Sector Allocation (*if any*)	No	*None*.
Geographic Allocation (*if any*)	Securities of Investee Entities based in India Securities of Investee Entities based outside India	Up to 100% of the Investible Funds Up to 25% of the Investible Funds
Any variation to any of the above stated parameters / strategy / allocation	In the event of any change in the aforesaid investment parameters / allocation, the Investment Manager shall provide prior intimation to the Contributors. In the event of any change in the aforesaid strategy, the Fund shall obtain the consent of Two-Third Majority of the Contributors.	

Investment Objective

The Fund is based on the ideology of profit motive which implies that the companies in which it invests must pass the most rigorous standards of fundamentals of business and risk assessment. Therefore, Investment Team will have a strong focus on SME companies having very strong fundamentals with a capability to drive scalability in rapid manner along with possibility to serve masses not just in domestic market (India) but also in international market to expand the horizons of revenue generation. As the Fund's goal is to realize a good return for limited partners, basic elements fund will look at in businesses are:

- Domain expertise and experienced team in leadership & Management team.
- Visionary entrepreneurs and management teams that have the ambition to grow and succeed in an increasingly competitive global economy.
- Large & growing domestic and International Market.
- Defensible product/Solutions
- Rapid Scalability
- Strong potential for returns
- Ethical

Fund will accomplish this by following the principals as follows: -

- Milestone based growth orientation
- Strong Board representation
- Investment driven by independent due-diligence and corporate governance approach

Objective to focus on these ideas:

1. **Technology Enabled**

   The Fund will invest preferably in those companies who are incorporating latest technology in their regular business practices. Investee companies are expected to operate in a manner while using tech enables business models which makes it possible to scale it faster with the help of emerging technologies.

2. **Socially responsible**

   The Fund will not invest in companies that do not operate in accordance with the best standards of western-style business ethics. Investee companies are expected to operate their enterprises in a transparent manner and in full compliance with all applicable laws, rules, regulations and decrees effective in the counties in which they do business.

3. **Environmentally Responsible**

   Each of the Fund's investments is expected to leave the local physical environment in similar or better shape than existed prior to the investment. The Fund shall work diligently to encourage its investee companies to recognize that good environmental policies are also good business policies, particularly in the long run.

4. **Anti-Corruption**

   The Fund's mission as well as its duty to investors means that it must act to minimize corruption and to act as responsibly as possible in its investing decisions. To ensure compliance, it is recommended that companies issue written policy statements focusing on bribery of officials and warnings against employees not only giving but also receiving bribes. In the event of inappropriate payments or gifts, employees will be told to disclose this information immediately.

Investment Philosophy/Approach / Strategy

Investment Philosophy

The Fund look for innovative, disruptive businesses able to make an impact on the stakeholders or change their share of the value chain. At a summary level, the outlook for building technology enabled businesses and market consolidation/aggregation from India looks very promising.

In India, with its vast technology workforce, domain specialists emerging from IT and consulting majors as well as its inherent cost advantages in building technology solutions, is uniquely positioned to build solutions for the world. Therefore,

The Fund intends to invest in SMEs which are having innovative, disruptive businesses at the stage of post revenue owned, led or influenced by exceptional founders & leaders with their business models which can be scaled rapidly. The focus of the fund is to invest in equity/quasy equity instruments in companies across multiple sectors & industries who can be scaled rapidly with the inclusion of emerging technologies in their business model with the aim of nurturing future sector leaders. The Fund targets to achieve superior results by empowering result oriented passionate founders by making investment in companies based in India & overseas, that meet the following common characteristics:

- SME Listed Profitable companies with high potential opportunities in unorganized sectors. Focus on Fundamentals
- Corporate Governance
- Depth & Quality of Management Team
- Margin of Safety

The Fund will take a long-term view on its investments and will hold stakes for a period of Three to five years on average. The Fund will seek the best possible return maximization strategy when making sell- down / exit recommendations.

However, investments could also be for shorter durations under certain scenarios such as better exit opportunity, impact of anticipated changes in regulations or business environment. In such cases the Fund will do the necessary analysis to make recommendations for a sell-down or exits.

Investment Strategy

The Fund is being formed with the objective of achieving attractive returns from capital appreciation through long term, private equity investment in portfolio companies. The Fund is looking to leverage the prior investing experience of its investment management team.

The Fund will be focusing on Pre-series A, Series-A, Series B, Pre-IPO and IPO of the companies for investments. Fund have a strategy to invest in the range between INR 1 Crore to 15 Crore in a potential Portfolio Company which can be met by the Fund on its own, or in consortium with other funds or entities in case the requirement is in excess of the single investment limit set for the Fund. The Fund would be open to acquiring both minority and majority stakes and expects to have representation on the board of directors of each Portfolio Company and have other minority protection rights in order to seek effective risk management. Further, there may be follow up rounds in the few portfolio companies to maintain the stake at certain level for effective control mechanism.

The Fund's investment strategy is to provide early-stage capital and sector-specific expertise with additional operational experts to investee companies. This will greatly help with growth and scale up. Strategy of the Fund is largely to build a concentrated portfolio of seed to Series A stage tech enabled companies in India while having sector agnostic approach.

Fundamental elements of investment Strategy falls into: -

1. Focus on companies in India and Overseas **(In few selective deals only)**
2. Invest in SME companies which is proposed to be listed or listed on SME Exchange.
3. Focus on creating market leadership and rapid scale.
4. Invest in Pre-Series A of SME Companies.

The investment strategy will involve the following key aspects:

- Investment in Pre-series A, Series-A, Series B, Pre-IPO and IPO of SME Companies;

- A material reserve for participation in subsequent rounds of fund-raising in investee companies thus enabling the Scheme to hold onto the equity ownership level for at least one if not more than one round of subsequent capital raise;

- Investments across diverse industries or in horizontal functional areas, to ensure risk mitigation

The current market landscape and trends mentioned above create a number of themes and investment opportunities that will drive the investment agenda at the Fund Level.

This strategy is guided by the following core beliefs:

- **Uniqueness:** In early-stage businesses there isn't a lot of predictive data. However, early customer traction and increasing usage is always an important metric to track. Companies that focus on this early can build a strong customer base that has very low levels of churn.

- **Customer Segmentation:** Companies that clearly understand their target customers have a higher chance of success when it comes to product building and efficient selling.

- **Focused:** Enterprise customers buy value. Therefore, frontier tech solutions shouldn't be blinded by the technology, but driven by what can generate value for its customers- these calls for deep and sharp customer and market focus and a focus on building consumer insights.

- **Scalable:** Business models to be geared to scale fast, be profitable and generate positive cash flows.

- **Tech-enabled:** Technology has changed the world. Yet, there are large portions of industries mostly the smaller businesses within them where there is significant potential to use technology to enable operations and grow revenues faster.

- **Strong Founders:** SME investing is about partnering with ambitious promoter teams through the invariable twists and turns that crop up in their business cycle. This calls for maturity, ability to be open minded as well being guided by strong intuitive instincts about what the customers will value.

Investment Stage

Our investments will broadly be in the following stages:

- ***Series A***: The Scheme will invest in series A rounds of ventures which have developed a track record (an established user base, consistent revenue figures, or some other key performance indicator) and are looking to further optimize their user base and product offerings. Opportunities may be taken to scale the product across different markets.

- Pre-IPO- Invest in ventures which are qualified for listing and accordingly proposed to be listed on SME platform of recognised stock exchange within 15 months from the date of Investment from this scheme.

- IPO/FPO-This scheme will further invest in IPO of SMEs platform companies.

- Listed securities of SMEs Companies-This scheme will also invest in companies which have protentional and high growth prospects.

Investment Process

The Investment Manager will follow a strict investment process that involves the following steps:

a) ***Deal Sourcing:*** Attractiveness of all prospective deals assessed against the investment strategy of the fund and preliminary valuation against the objective of the investment.

b) ***Detailed Evaluation****:* Manager's team will evaluate the quality of the deals on various parameters based on available public databases, filings made with the government bodies and regulatory authorities, and other public sources and opinion of domain experts & Industry experts on the potential of the deal. Post this publicly available data will be supplemented by private inquiries made by the Investment Manager using the vast network of its team.

c) ***Preliminary engagement:*** The Investment Manager will approach Target Companies, Target Promoters, to explore transactions described in the "Investment Strategy" section.

d) ***Due diligence & Negotiations****:* The Investment Manager will subject each investment opportunity to an investment analysis and evaluation process focused on identifying risks and rewards of each opportunity. The Investment Manager and Investment Committee members (If any) have the experience of having evaluated hundreds of transactions in multiple industries across various economic and financing environments, which has led them to apply a healthy level of caution when considering any investment. The investment analysis and evaluation are a systematic process designed to evaluate the risks and merits of an investment by focusing on several areas. These include assessment of management team and their capability, business model and strategy, governance and compliance, financial strength and performance, and operations.

   The Investment Manager will also ensure the alignment between the Fund and the investee companies. This will be followed by a subsequent Investment Committee (If any) review.

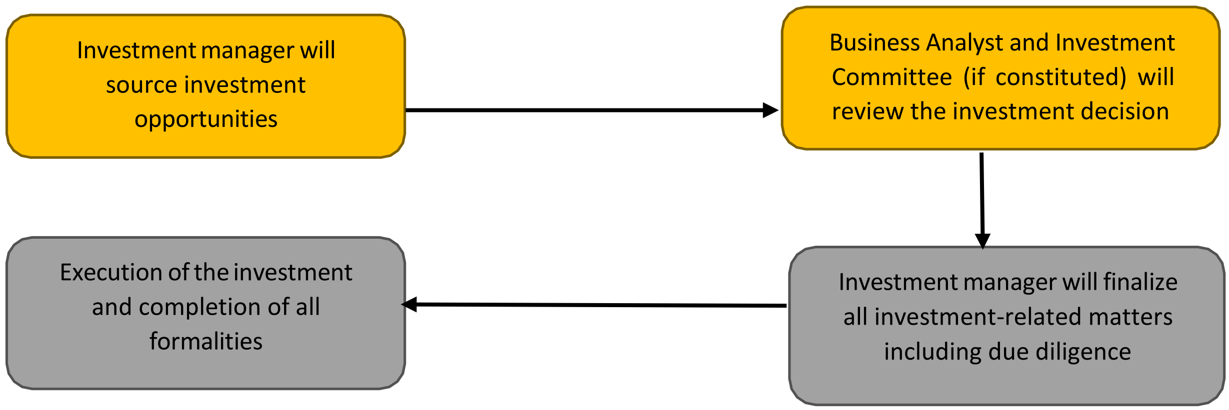
e) ***Documentation, disbursement and post-disbursement actions:*** Basis the information provided by and the due diligence exercise carried out by the Investment Manager, the Investment Committee (if constituted) will provide its recommendations on the investment opportunities and the final investment decision will be taken by the Investment Manager. The Fund will enter into definitive documents with the relevant parties, after which funds would get disbursed, following which post-disbursement actions would be undertaken by the Fund, Target Companies.

f) ***Deal Closing:*** Closure of first investment in the Portfolio Entity.

g) **Hold period and Value-add subsequent investments:** Performance of the company rigorously assessed against the performance framework on a regular and on-going basis and further follow up rounds if required are to be made. Performance regularly reported to investors.

h) **Divestment:** Exit from the portfolio company upon significant appreciation in the capital post holding period.

A brief flowchart depicting the investment process has been provided below:



Competitive Advantage/ Value Proposition

The team believes that the Fund represents a highly attractive risk-adjusted investment opportunity for the following reasons:

- **Experienced Management Team**: The core team members have more than 25 years of investment, operational, transactional experience and has highly complementary skill sets, experiences and are united in the firm belief of the investment thesis. Additionally, there is a panel of network of domain experts that complement the team's expertise.

- **Robust Deal Flow Pipeline:** By leveraging relationships and associations with partner accelerators, incubators, collaborators, organizations.

- **Proven Investment Style:** Drawing upon the strong operational, investment banking and fund management experiences of the team, the fund will be hands-on in guiding investee companies. Each investee company will be delineated specific growth milestones and will see strong board representation from the Fund. The investments will be driven by strong fundamental research backed by on-the-ground due diligence and based on a bottoms-up approach.

- **Strong Relationships Globally**: Access to management resources on a global basis to add value to portfolio companies. Additionally, global network of potential strategic partners, venture & PE Funds & investment bankers to provide later rounds of capital & exit options on a global basis

- **Advisory Board and Panel of Network of Domain Experts:** The Fund is guided by a team of advisors with deep domain, investment and operational experience in India and overseas. The Fund will further be supported by a network of experts who have deep domain and industry knowledge and are committed to making time to advise and mentor portfolio companies. The network comprises of individuals who have strong track record.

EXIT STRATEGIES

The Investment Manager will focus on developing exit opportunities for its investments. The Fund will generally invest with an expected holding period of three to Five years. At the time of making the initial investment, due care will be taken by the Investment Manager to factor in the exit strategies for the potential investment. The Fund will look at exit opportunities from a combination of the following options:

- **Initial Public Offer (**“**IPOs**”**):** Another exit opportunity will be an initial public offering of a Portfolio Entity’s shares in the domestic and/or overseas market. Given the early stage of the potential investments the Investment Manager foresees only few exits through this route.

- **Promoter buybacks**: Transaction documents for each investment in investee companies will impose an obligation on promoters to buyback the Fund’s holding in such investee company

- **Strategic sale:** Large global and domestic companies appreciate the potential of strong business models and emerging business model themes. The Investment Manager believes that its Portfolio Entities will be potential target acquisitions candidates of large and medium sized companies once they attain reasonable size.

- **Sale to financial investors:** The Investment Manager will also explore opportunities of exiting its Portfolio Entities during follow on rounds on funding by venture capital, private equity or corporate funds. The Fund will identify potential strategic partners who may be interested in the customer base/geography/intellectual property of the investee company. The Investment Manager will seed these relationships quite early in the company stage. Such exit decisions will be taken depending on expected current and future returns, tenure of the investment and future growth expectation of the company. In India, the ecosystem of such exits is maturing and early growth stage funds are getting secondary exits to later stage funds.

The Fund will seek investments that have an easily identifiable exit route, or investee companies that can be repositioned to enable a profitable exit at the end of the intended investment term. Post-investment, the Investment Manager shall strive to seek rewarding exit alternatives and devise appropriate exit mechanisms and timing according to the unique circumstances of each investee company.

Possible exit options will include, but are not limited to, exiting through trade sales to end-buyers, secondary sales to financial buyers, management buy-outs, and taking the investee company public in situations where critical mass is achieved. For each investee company, the optimal exit strategy is one that is viable commercially and legally and promises the most attractive returns within the shortest possible timeframe. Other factors that the Investment Manager will consider in its evaluation of various exit options will include ease of exit, regulatory and legal constraints, tax considerations – if any, and the current valuation of the investee company.

During the Fund Term, the Investment Manager shall continuously re-evaluate the relevant exit options, and if necessary, change it, to ensure the optimal value-management of each investee company in the context of its selected exit mechanism.

INVESTMENT RESTRICTIONS

The Scheme shall make investments subject to the following restrictions:

1. The Scheme shall invest primarily in the equity and equity-related instruments of unlisted companies and any other permissible securities/instruments at the discretion of the Investment Manager, operating within the investment objectives specified herein, and undertake any other activity which enhances its investment objective. The investment in listed securities/instruments shall not be more than 25% (twenty-five percent) of Investible Funds and shall occur only when the investment is in line with the Fund’s investment strategy.

2. The Scheme shall not invest more than 25% (twenty-five percent) of its Investible Funds in one Portfolio Entity/Investee Company.

3. 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. till the deployment of funds as per the investment objective or the distribution of the funds to investors as per the terms of the Fund Documents.

4. The Scheme shall not engage in providing loan or any lending activity other than through issue of securities of investee companies. The Fund shall not extend any guarantee for its Investee Companies.

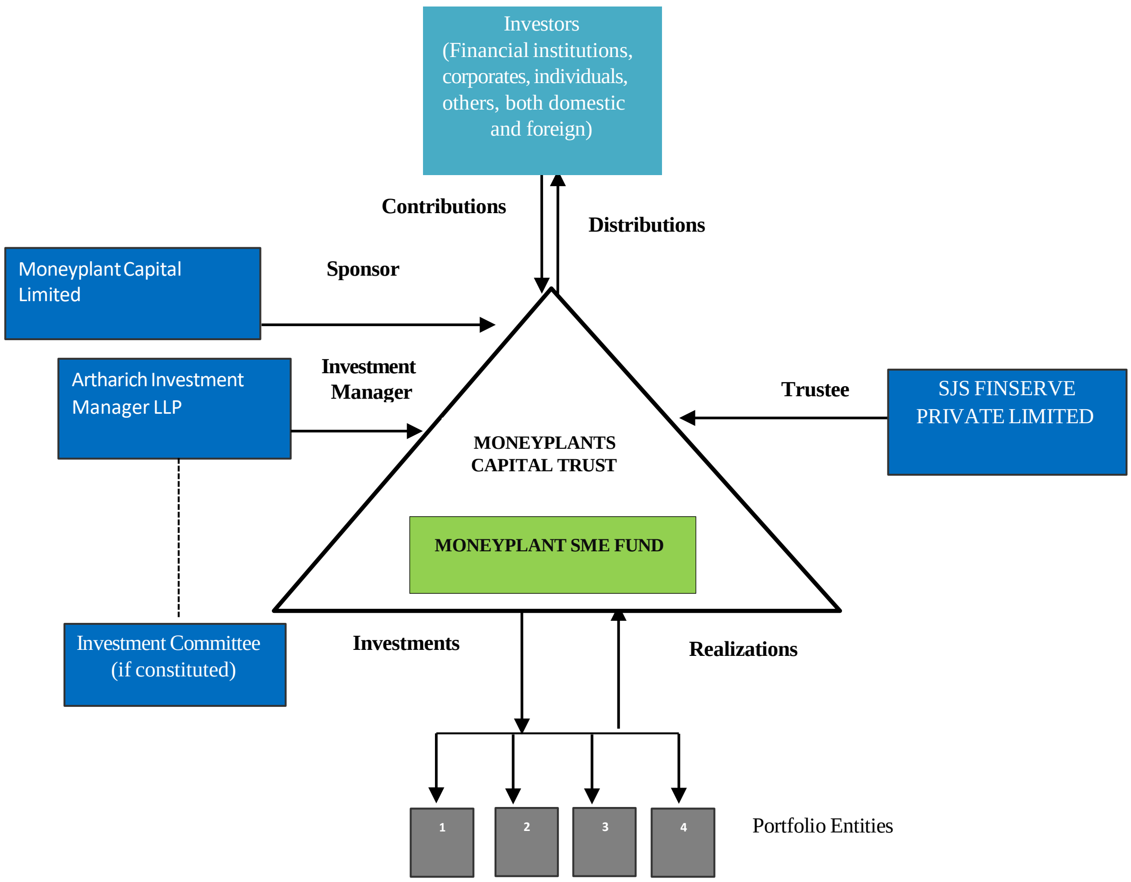
5. The Scheme shall not borrow funds directly or indirectly or engage in leverage except for meeting temporary funding requirements, as prescribed in the Regulations.

6. The Scheme shall not invest in Associates except with the approval of Super-Majority of Contributors.

7. The Scheme shall not invest into units of an AIF.

SECTION IV: FUND STRUCTURE

The investment structure may graphically be depicted as under:



Important Notice: This organizational diagram is a simplified illustration of the Fund proposed legal structure as of the date hereof and describes in general the manner in which the Fund intends to hold its investments. This organizational diagram is only a generalisation and does not show all of the entities that may comprise the Fund.

The Trust

'**MONEYPLANTS CAPITAL TRUST**' is formed in India as a contributory determinate trust set up by the Settlor under the Indian Trusts Act, 1882 and registered in India under the provisions of Registration Act with having Registration No. 2023/9/IV/1605. The Trust has been registered with SEBI as a Category I AIF – SME Fund as per the Regulations. The Trust will be required to comply with the Applicable Laws.

The Fund

'**MONEYPLANT SME FUND**' is the first scheme of the Trust. Subject to Applicable Laws, the Fund expects to primarily invest as per the investment philosophy of the Fund as indicated in this Memorandum.

The Fund will seek contributions from Contributors, in the manner and on the terms laid down under the Contribution Agreements entered into with the Contributors.

The Trustee

SJS FINSERVE PRIVATE LIMITED, a private limited company incorporated under the provisions of the Companies Act. 2013, having its registered office at Z-2, Naveen Shahdara, Delhi-110032, will act as the trustee of the Trust and all its Schemes, including the Fund.

For further details about the Trustee, please see "**SECTION V: GOVERNANCE STRUCTURE**".

Investment Manager

Artharich Investment Manager LLP, a limited liability partnership incorporated under the provisions of the Limited Liability Partnership Act, 2008 and having its registered office at K-37/A, Basement, Kailash Colony, New Delhi-110048, India, will act as the Investment Manager to the Trust and all its Schemes, including the Fund.

The Investment Manager has entered into an Investment Management Agreement with the Trustee in terms of which it will manage and administer the investment activity of the Trust and the Fund in accordance with the powers delegated by the Trustee and in accordance with the Applicable Laws. The Investment Manager will be responsible for the investment program of the Fund.

Sponsor

Moneyplant Capital Limited, a Public Limited Company formed under the provisions of the Companies Act, 2013 and having its registered office at K-37/A, Basement, Kailash Colony, New Delhi-110048 will act as the Sponsor to the Trust and all its Schemes, including the Fund.

The Sponsor will be allotted Class B Units in the Fund.

Targeted Investors

Target Investors of the Fund are institutional investors, high net worth individuals, corporates, financial institutions, banks, insurance companies, foreign investors, and other permissible investors.

SECTION V: GOVERNANCE STRUCTURE

A. **Sponsor**

a. ***Name***:

Moneyplant Capital Limited, a public Limited Company formed under the provisions of the Companies Act, 2013 and having its registered office at K-37/A, Basement, Kailash Colony, New Delhi-110048 will act as the Sponsor to the Trust and all its Schemes, including the Fund.

b. ***Role***:

The Sponsor will commit an amount equivalent to 2.5% (two and half percent) of the Corpus or Rs. 5,00,00,000 (Indian Rupees Five Crore), whichever is lower, in equal proportion as continuing interest in the Fund in accordance with the Regulations. Notwithstanding anything to the contrary, the Sponsor shall always maintain the abovementioned continuing interest and take requisite steps/measures to comply with the same. Further, the Sponsor shall be responsible for all the activities and obligations as detailed under the Regulations.

c. ***Names of the Director of*** **Moneyplant Capital Limited*:***

1. **Mr. Pankaj Khetan**
2. **Mrs. Rachna Khetan**
3. **Mr. Keshav Khaneja**

4. ***Brief profile of the Directors:***

1. Mr. Pankaj Khetan

25+ years Financial, Taxation, merchant banking, Valuation, Business Planning, Compliance management, foreign transaction, Strategy advisory & Investment and entrepreneurship experience with strong ecosystem relationships in overseas countries & India.

- **Merchant Banker (Founder - 3Dimension Capital Services Limited)-** 3Dimension Capital Services Limited ("3D") is a public limited company incorporated in the year 2001 and is SEBI recognized Category-I Merchant Banking Company (INM000012528). 3D was conceptualized by Mr. Pankaj Khetan as a one stop destination for Financial and Corporate Advisory Services to Corporate entities.

- **Founder & Director of Moneyplant Capital Limited (MCL)** MCL is an integral part of our Group Companies. This company was established in the year 2011. It is a professionally managed company in the business of providing services as Enforcement and Resolution Agents i.e. Legal process outsourcing of all steps, procedures, process and legal formalities under SARFAESI Act and Insolvency and Bankruptcy Code, 2016.

- **Founder & Director, Tarangini Investments Limited (TIL)-** TIL is also a part of our group companies. This company was established in the year 1982.TIL is listed on Calcutta Stock Exchange and Metropolitan Stock Exchange of India Limited with the business objects of acquiring & holding shares, stocks, debentures, bonds, obligation and securities issued or guaranteed by any company constituted or carrying on business in republic of India or elsewhere and financing industrial enterprises within the Meaning of Sec 370 of the Companies Act, 1956.

- **Founder, 3Dimesion Asset Reconstruction Private Limited (3DARC)-** 3DARC is an integral part of our group established in the year 2015. It is associated with the business of taking distressed assets of banks and financial institutions and work as a Asset Reconstruction Company (ARC).

- **Qualified Lawyer, CS from Institute of Company Secretaries of India** along with **B. Sc.**

Mr. Pankaj Khetan, B.Sc, FCS, LLB, age about 48 is having an experience of more than 25 years in the field of all type of Financial; and Taxation Consultancy. He is having a rich experience of project financing and debt restructuring. He individually has handled a number of cases of debt restructuring with different Financial Institution, He is well versed with all the Banking Rules and Regulation especially under SARFAESI ACT. He is the Founder Member of a NGO CA Vichar Munch. Mr. Pankaj Khetan has also qualified as Insolvency Professional and has the license to work as insolvency professional under Insolvency & Bankruptcy Code, 2016.

Mr. Khetan is extremely passionate about promoting entrepreneurship. **he founded a group- 3Dimension Capital which is SEBI Registered Category-I Merchant Banker that is solely dedicated to cater the SME Companies, Startup Companies & Large Corporates in Fund Raising, Valuation, IPO, FPO, Right Issue, Bonus Issue & Private Placement & etc. Also Proving Mentorship, Guidance through network of top-rated founders and Management** consultancy Following its successful execution, Mr. Khetan has **helped more than 500+ Companies** in the growth crack from various parts of the countries and overseas.

As a prolific speaker, Mr. Khetan was invited to various investors meet organized by **Indian Institute of Management- Kanpur, Delhi and Bombay** in 2022. Additionally, he has participated in several international conferences as a speaker and panelist including **Private Equity in India** conferences.

Mr. Khetan Holds B.Sc, FCS from Institute of Companies Secretaries of India & LLB degree.

1. Mrs. Rachna Khetan

Rachna Khetan is a highly experienced professional who has made significant contributions to various facets of business and official management over the past decade. Her Professional life is marked by a steadfast commitment to creating value through financial engineering and restructuring, establishing her as a skilled strategist in the financial landscape. With a keen attention to detail, She has developed an in-depth understanding of statutory provisions and guidelines set forth by the Government of India and regulatory bodies such as SEBI, ROC, and stock exchanges.

As the Director of M/S 3Dimension Capital Services Limited, a Category-1 Merchant Banker, She has played a pivotal role in shaping the company's financial strategies for success. Her leadership has been instrumental in leveraging her extensive experience and deep-rooted knowledge of financial markets to position the organization for growth and compliance.
Furthermore, her role as Director of M/S Moneyplant Capital Ltd. highlights her unwavering commitment to the financial sector. The company's association with 18 banks across North India as a resolution agent under the SARFAESI Act, 2002, is a testament to She's exceptional abilities in navigating complex financial scenarios. Her remarkable achievement of successfully managing approximately 2800 cases demonstrates her unparalleled prowess in resolution and financial management.

She is influence extends across multiple organizations, where she serves as a director, contributing her expertise to diverse industries. Her directorship at Tarangini Investment Private Limited since 2014 showcases her dedication to fostering growth and financial stability. Similarly, her directorship at Moneyplant Capital Limited since 2016 underscores her ongoing commitment to the financial sector. In the domain of financial services and credit allocation, her directorship at Bliss Credit Private Limited, a company engaged in financial intermediation and credit allocation since 2014, exemplifies her diverse portfolio and extensive contributions to the industry.

Her continued role as a director at 3Dimension Capital Services Limited, dating back to 2015, emphasizes her enduring commitment to the company's vision and financial excellence. And as a director at 3Dimension Asset Reconstruction Private Limited since 2015 underscores her dynamic leadership and strategic insights in the field of asset reconstruction.
In addition to her multifaceted roles, Rachna's directorship at Indotech Software Private Limited, a GOI-Recognized Start-up in the fin-tech industry, speaks volumes about her forward-thinking approach. Her engagement with small shopkeepers to boost their revenues

demonstrates her commitment to innovative financial solutions, further solidifying her reputation as a versatile and accomplished professional in the financial sector.

2. Mr. Keshav Khaneja

Keshav Khaneja is a seasoned banking professional with over 37 years of rich experience in the Indian banking sector. His career is marked by an exceptional command over the recovery and resolution of bank dues through both persuasive negotiations and legal interventions, establishing him as a distinguished figure in the domain of financial recovery and risk management.

Throughout his illustrious banking journey, he has helmed various roles across small, medium, and large branches, gaining in-depth exposure to retail banking, MSME lending, and retail asset management. His leadership roles include heading the Retail Asset Vertical and ARMB Branch at Chandigarh, where he managed sensitive portfolios, including DRT cases, SARFAESI appeals, and liaised with legal professionals and regulatory authorities.

As the Head of the Circle Recovery Vertical at Raipur for Oriental Bank of Commerce, and later for Punjab National Bank post-amalgamation, Mr. Khaneja led strategic recovery initiatives in Bhilai, Chhattisgarh. Under his guidance, the circle office not only achieved but surpassed recovery targets consistently, significantly reducing NPAs year-over-year—a testament to his exceptional leadership and deep understanding of recovery mechanisms.

His academic background further supports his expertise, holding a Master’s degree in Economics, an MBA in Finance, and a Bachelor of Law, which laid the foundation for his proficiency in both financial and legal frameworks.

Recognized for his expertise in insolvency and recovery processes, Mr. Khaneja became a Registered Insolvency Professional with the Insolvency and Bankruptcy Board of India (IBBI) in 2021. He is also a Certified Associate of the Indian Institute of Bankers, showcasing his dedication to continuous learning and professional excellence.

After his superannuation, Mr. Khaneja transitioned seamlessly into legal practice by enrolling with the Bar Council of Uttar Pradesh. His current focus lies in representing and handling SARFAESI appeals and DRT cases, combining his vast banking experience with legal acumen to assist financial institutions and clients in complex recovery matters.

With a formidable track record and an unwavering commitment to ethical and result-oriented practices, Keshav Khaneja continues to be a vital asset to the financial and legal sectors, especially in the areas of asset recovery, insolvency resolution, and debt restructuring**.**

B. Trustee

a. ***Name*:**

SJS FINSERVE PRIVATE LIMITED, a private limited company incorporated under the provisions of the Companies Act. 2013, having its registered office at A-133, Hari Nagar, New Delhi-110064, will act as the trustee of the Trust and all its Schemes, including the Fund.

b. ***Role*:**

The Trustee is appointed to manage the Trust Fund / property of the Trust in accordance with the Indenture. The Trustee has appointed the Investment Manager and delegated its functions of managing and administering the Trust Fund in accordance with the Investment Management Agreement. The Trustee shall ensure compliance with the Regulations and submitting reports to SEBI on the occurrence of any violation of the Regulations. The Trustee shall be responsible for such other duties as specified under the Indenture. The Investment Manager and Trustee of the Fund shall ensure compliance by the Fund with the code of conduct as specified under the Regulations.

c. ***Names of the Directors*:**

1. **Ms. Sheena Jain**
2. **Ms Sonam Tripathi**

d. ***Brief profile of Directors*:**

1. **Ms. Sheena Jain**

Ms. Sheena Jain is an accomplished professional with a wealth of knowledge spanning various facets of Finance and Corporate Management. With a postgraduate degree in Finance from ICFAI University, Ms. Jain has leveraged her expertise to excel in multiple areas of her career.

Professional Expertise:

- Ms. Jain has demonstrated her proficiency in financial management, budgeting, and strategic financial planning. She has consistently ensured the financial stability and growth of the organizations she has been associated with.

- She is at the forefront of fostering innovation through Knowledge Management. Her ability to harness and disseminate critical knowledge within organizations ensures that investments align with the latest industry trends and advancements.

- She is seamlessly navigate complex transitions, optimizing operational efficiency and minimizing disruptions during critical organizational changes.

-She has showcased her strategic acumen by spearheading New Offshore Setups, expanding global operations and tapping into new markets. Her efforts have contributed to enhanced business reach and profitability.

- Ms. Jain's ability to build high-performing teams, nurture talent development, and optimize workforce planning has been a cornerstone of her career. Her efforts have resulted in well-structured and efficient teams. As an expert in Manpower Management & Planning, she knows how to assemble high-performing teams, ensuring that investments are backed by top talent for long-term success.

Professional Journey:

- Ms. Jain's strategic methodology is a dependable asset for investors seeking to enhance returns, whether in the realm of identifying cost-cutting initiatives, formulating strategic financial blueprints, or streamlining workforce planning.

- Her experience in esteemed organizations such as Genpact, Bank of America, and ICICI Bank Ltd showcases her ability to thrive in diverse financial landscapes.

Key Achievements:
- Implemented cost-saving measures in financial operations, leading to significant savings.
- Developed and executed strategic financial plans, resulting in increased revenue.
- Actively contributed to successful integration during mergers and acquisitions.
- Established innovative knowledge-sharing platforms, enhancing knowledge dissemination.
- Received recognition and awards for outstanding contributions to organizational success.
- Mentored and trained junior professionals, contributing to talent development.

Ms. Sheena Jain's remarkable career journey and dedication to excellence have firmly established her as a dynamic and accomplished leader in the world of finance and corporate management. Her multifaceted skill set and commitment to achieving strategic goals continue to drive her.

2. **Ms. Sonam Tripathi**

Sonam Tripathi is a dedicated and accomplished professional with a versatile skill set that encompasses various domains of finance, compliance, and administrative management. Her diverse work experiences have allowed her to excel in different roles, contributing significantly to the organizations she has been a part of.

Professional Experience:

- TATA AIA Life Insurance (Bancassurance):

In her role as a Relationship Manager at TATA AIA Life Insurance, She has displayed her financial acumen by effectively managing relationships and facilitating bancassurance transactions. She has been instrumental in ensuring compliance with industry regulations and internal policies, safeguarding the financial interests of the organization.

- Tarangini Investment Pvt Ltd.:

Serving as a Senior Executive in customer relations and administration, Sonam has demonstrated her capability in maintaining customer relationships and ensuring smooth administrative operations. Her attention to detail and organizational skills have contributed to efficient customer service and streamlined processes.

- Shiksha Mitra Pvt Ltd.:

In her role encompassing HR and Administration, Sonam has been responsible for managing human resources and administrative functions. This includes overseeing office events, handling incoming and outgoing mail, and coordinating corporate events. Her multitasking abilities and administrative prowess have played a pivotal role in maintaining a productive work environment.

- Janalakshmi Financial Service:

As an Area Head (Sr. Executive) at Janalakshmi Financial Service, Sonam's focus on compliance and financial management has been evident. She has managed documentation, coordinated training requirements, and ensured adherence to compliance policies. Additionally, her involvement in billing and accounting duties underscores her financial expertise. She has provided her with valuable experience in various operational aspects, including sourcing, collection, disbursement, cross-selling and field process verification. Her attention to detail and ability to manage these operational tasks efficiently have been key to the organization's success in these areas.

Achievements:

- She has exceptional ability to build and maintain strong client relationships has resulted in increased business growth and customer retention. Her dedication to providing valuable financial advice has had a positive impact on clients' financial well-being.

- She has consistently ensured the smooth functioning of administrative tasks, including event organization, training coordination, and documentation management. Her attention to detail and organizational skills have been key factors in optimizing office operations.

- Throughout her professional journey, She has demonstrated excellent teamwork by coordinating with hiring managers, participating in group interview processes, and collaborating with cross-functional teams. Her contributions have facilitated efficient

recruitment processes and overall business success. -She has experience in areas such as sourcing, collection, disbursement, and verification processes in Janalakshmi Financial Service highlights her operational acumen and her ability to drive process improvements. Her career showcases her proficiency in finance, compliance, and administrative management. Her ability to navigate complex financial transactions, ensure compliance with regulations, and manage administrative functions highlights her as a skilled and versatile professional in her field. She achieved and diverse skill set make her a standout professional in the financial services industry. Her dedication to client satisfaction, efficient administration, and operational excellence continue to contribute significantly to the success of the organizations she serves.

e. ***List of responsibilities retained by the Trustee under the Indenture***:

i. The Trustee shall, within a reasonable time from the date of execution of the Indenture, enter into the Investment Management Agreement pursuant to which the Trustee shall delegate any and all of its powers and responsibilities under the Indenture to the Investment Manager, and authorise the Investment Manager to undertake any and all of its powers and responsibilities under the Indenture, subject to the provisions of the Indenture, the Trust Documents and the Applicable Laws.

ii. The Trustee shall at all times exercise due diligence in carrying out its duties of protecting the interests of the Contributors and act in the best interest of the Contributors and endeavour to promote the interests of the Trust.

iii. The Trustee may review and check whether all transactions entered into by the Investment Manager, for an on behalf of the Trust, are properly entered into in accordance with the Trust Documents and Applicable Laws.

iv. The Trustee shall hold the Trust Fund in the name of the Trust for and on behalf of the Trust.

v. The Trustee shall ensure that the books of accounts of the Trust and each of its Schemes are maintained in accordance with the Indenture.

vi. The Trustee shall ensure that reports are filed as may be demanded by all relevant statutory/regulatory authorities, including without limitation SEBI, from time to time with regard to the activities carried on by the Trust and its Schemes or as may be required under Applicable Laws.

vii. The Trustee shall ensure that the Trust Fund is kept segregated from all other assets of the Trustee. Further, the assets and liabilities of each Scheme shall at all times be segregated from the assets and liabilities of other Schemes and the assets and liabilities of the Trust.

Role of Trustee in ensuring the regulatory compliance requirement:

i. The Trustee shall either itself or through the Investment Manager file reports with SEBI and other relevant statutory/regulatory authorities as per the timelines specified in the Applicable Laws.

ii. The Trustee shall ensure that the Investment Manager provides to the Contributors, all reports enumerated in the Trust Documents and as required under Applicable Laws.

iii. The Trustee will cause the Investment Manager to submit to them the quarterly reports, providing all information carried out by the Investment Manager for and on behalf of the Fund.

f. ***List of responsibilities of the Trustee, delegated to Investment Manager as per the Indenture***:

The Investment Manager shall be delegated the power of the Trustee and be made responsible by the Trustee under the Investment Management Agreement, to undertake all the operational and management decisions and actions for the Schemes including but not limited to investment of funds, divestment, administration, realization of return on investment, legal proceedings, addressing queries or complaints or grievances of Contributors and any other issues or show cause notice issued by SEBI or any other regulatory body, make necessary filings with SEBI or any other regulator, comply with the duties and obligations provided in the Contribution Agreements with the Contributors.

C. Investment Manager

a. ***Name***:

Artharich Investment Manager LLP, a limited liability partnership incorporated under the provisions of the Limited Liability Partnership Act, 2008 and having its registered office at K-37A, Kailash Colony, Near Kailash Colony Metro Station, Delhi-110048, India, will act as the Investment Manager to the Trust and all its Schemes, including the Fund.

b. ***Role***:

The Investment Manager has entered into an Investment Management Agreement with the Trustee in terms of which it will manage the affairs of the Trust and the Fund in accordance with the powers delegated by the Trustee and in accordance with the Applicable Laws. The Investment Manager will also be responsible for the investment program of the Fund. The Investment Manager and Trustee of the Fund shall ensure compliance by the Fund with the code of conduct as specified under the Regulations. The Investment Manager shall be responsible for every decision of the Fund, including ensuring that the decisions are in compliance with the provisions of the Regulations, terms of Trust Documents (including any internal policies and procedures laid down for the Fund) and Applicable Laws.

c. ***Names of the directors/Partners***:

Mr. Pankaj Khetan; and
Dr. Ashok Aggarwal.

d. ***Brief profiles of the directors***:

(1.) Mr. Pankaj Khetan

- **Merchant Banker (Founder - 3Dimension Capital Services Limited)-** 3Dimension Capital Services Limited ("3D") is a public limited company incorporated in the year 2001 and is SEBI recognized Category-I Merchant Banking Company (INM000012528). 3D was conceptualized by Mr. Pankaj Khetan as a one stop destination for Financial and Corporate Advisory Services to Corporate entities.

- **Founder & Director of Moneyplant Capital Limited (MCL)** MCL is an integral part of our Group Companies. This company was established in the year 2011. It is a professionally managed company in the business of providing services as Enforcement and Resolution Agents i.e. Legal process outsourcing of all steps, procedures, process and legal formalities under SARFAESI Act and Insolvency and Bankruptcy Code, 2016.

- **Founder & Director, Tarangini Investments Limited (TIL)-** TIL is also a part of our group companies. This company was established in the year 1982.TIL is listed on Calcutta Stock Exchange and Metropolitan Stock Exchange of India Limited with the business objects of acquiring & holding shares, stocks, debentures, bonds, obligation and securities issued or guaranteed by any company constituted or carrying on business in republic of India or elsewhere and financing industrial enterprises within the Meaning of Sec 370 of the Companies Act, 1956.

- **Founder, 3Dimesion Asset Reconstruction Private Limited (3DARC)-** 3DARC is an integral part of our group established in the year 2015. It is associated with the business of taking distressed assets of banks and financial institutions and work as a Asset Reconstruction Company (ARC).

II. List of responsibilities assigned to the Investment Manager under the Investment Management Agreement

The functions and duties of the Investment Manager will *inter alia* include the following:

- carrying out appraisal and due diligence of any Portfolio Companies and investment proposals;

- taking decisions as to investment, divestment and distribution of the monies of the Contribution Fund;
- issuing Drawdown Notices to the Investors for Drawdown of the Capital Commitments;
- issuing Statement of Accounts to the Contributors;
- issuing different Classes/Subclasses of Units under each Scheme;
- assisting in conducting meetings of the Investment Committee;
- recording any transfers of Units of the Contributors;
- issuance, making distributions or redemption of any Units;
- exercising all due diligence and vigilance in carrying out its duties and in protecting the rights and interest of each Contributor;
- opening and operating bank account/s for the operation of Fund with any bank/intermediary; and
- to do all such acts, deeds as may be required to perform with respect to the Fund.

List of responsibilities of the Investment Manager delegated to another person under any arrangement, along with details of the said person

The Investment Manager may outsource or delegate its non-core business activities to other person subject to compliance with SEBI circular CIR/MIRSD/24/2011 dated December 15, 2011 on '*Guidelines on Outsourcing of Activities by Intermediaries*'.

(2).Dr. Ashok Aggarwal

Qualifications: Fellow of IIM-Ahmedabad, MBA from HP University Shimla & M.A. (Economics).

Experience:

Dr. Ashok Aggarwal has over with over 27 years of expertise in fund management, equity research, and financial consultancy. Former Managing Director and CEO of Escorts Securities Limited, a leading Investment Management Company, where he managed a substantial fund portfolio of Rs. 3200 million.

Brief biography:

Dr. Ashok Aggarwal is an accomplished Investment Management Professional with over 27 years of experience in various aspects of the financial industry. As the Managing Director and CEO of Escorts Securities Limited, he has held a prominent role in leading one of the top Investment Management Companies. During his tenure, he successfully managed a substantial fund of Rs. 3200 Million, achieving impressive average returns ranging from 25% to 35% per annum.

Dr. Aggarwal's academic background is also noteworthy, as he holds a Fellowship from the prestigious Indian Institute of Management, Ahmedabad (IIM-Ahmedabad). He further strengthened his educational foundation with an MBA from Himachal Pradesh University, Shimla, and an M.A. in Economics from the same institution.

Beyond his corporate responsibilities, Dr. Aggarwal contributes to academia as an Adjunct Faculty member at IMT, Ghaziabad, and as a Visiting Faculty member at Shiv Nadar University. His passion for sharing his extensive knowledge of the financial markets and investment strategies extends to appearances on leading news channels like CNBC, where he provides valuable insights and analysis.

Dr. Ashok Aggarwal's key work responsibilities have encompassed fund management, equity research, and financial consultancy, where he has consistently demonstrated his expertise and leadership. His remarkable achievement of consistently delivering impressive returns on investments reflects his exceptional skills in the field of investment management. Dr. Aggarwal's contributions to both academia and the financial industry underscore his commitment to advancing the understanding and practice of investment management.

S. No.	Name of the Organisation	Designation	Period	Work Profile
1)	• Escorts Securities Limited • IMT Ghaziabad • Shiv Nadar University	• Managing Director and CEO at Escorts Securities Limited • Adjunct Faculty at IMT Ghaziabad Visiting Faculty at Shiv Nadar University	From 2007 to January 2019	• Highly experienced Investment Management Professional with over 20 years of expertise in fund management, equity research, and financial consultancy. • Proven track record of leadership as the former Managing Director and CEO of Escorts Securities Limited, a leading Investment Management Company, where he managed a substantial fund portfolio of Rs. 3200 million, consistently delivering impressive average annual returns of 25-35%. • Dr. Aggarwal's expertise is recognized and respected in the financial industry, as he has shared his profound insights on market dynamics and investment strategies through appearances on leading news channels, including CNBC. • As a member of Moneyplant Capital's Fund Management Team, Dr. Ashok Aggarwal brings a wealth of strategic

				insight and a proven track record of optimizing investments to deliver impressive returns. • His deep understanding of risk management strategies ensures that investments are safeguarded and optimized in alignment with investor expectations. • Dr. Aggarwal's proficiency in financial analysis allows him to make informed investment decisions, ensuring that investor capital is efficiently deployed. • With his extensive experience, Dr. Aggarwal provides valuable market insights that guide investment strategies, offering a competitive advantage to Moneyplant Capital's investors. His impressive qualifications, leadership experience, and media presence collectively inspire investor confidence in Moneyplant Capital's fund management team, making it an attractive choice for those seeking to invest wisely

D. Key investment team

a) ***Description of the role of the management team in the operations of the Fund***:

The key investment team of the Fund shall be responsible for managing the investment and divestment of the Contribution Fund and carry out all the other activities incidental thereto including appraisal of investment opportunities and monitoring the Portfolio Entities of the Fund.

b) ***Names and profiles of investment team members***:

1. **<u>Mr. Pankaj Khetan</u>**

Qualifications: B.Sc, FCS, LLB, qualified As Insolvency Professional and has the license to work as insolvency professional under Insolvency & Bankruptcy Code, 2016

Experience: 25+ years Financial, Taxation, merchant banking, Valuation, Business Planning, Compliance management, foreign transaction, Strategy advisory & Investment and entrepreneurship experience with strong ecosystem relationships in overseas countries & India.

Brief biography:

- **Merchant Banker (Founder - 3Dimension Capital Services Limited)-** 3Dimension Capital Services Limited ("3D") is a public limited company incorporated in the year 2001 and is SEBI recognized Category-I Merchant Banking Company (INM000012528). 3D was conceptualized by Mr. Pankaj Khetan as a one stop destination for Financial and Corporate Advisory Services to Corporate entities.

- **Founder & Director of Moneyplant Capital Limited (MCL)** MCL is an integral part of our Group Companies. This company was established in the year 2011. It is a professionally managed company in the business of providing services as Enforcement and Resolution Agents i.e. Legal process outsourcing of all steps, procedures, process and legal formalities under SARFAESI Act and Insolvency and Bankruptcy Code, 2016.

- **Founder & Director, Tarangini Investments Limited (TIL)-** TIL is also a part of our group companies. This company was established in the year 1982.TIL is listed on Calcutta Stock Exchange and Metropolitan Stock Exchange of India Limited with the business objects of acquiring & holding shares, stocks, debentures, bonds, obligation and securities issued or guaranteed by any company constituted or carrying on business in republic of India or elsewhere and financing industrial enterprises within the Meaning of Sec 370 of the Companies Act, 1956.

- **Founder, 3Dimesion Asset Reconstruction Private Limited (3DARC)-** 3DARC is an integral part of our group established in the year 2015. It is associated with the business of taking distressed assets of banks and financial institutions and work as a Asset Reconstruction Company (ARC).

Mr. Pankaj Khetan, B.Sc, FCS, LLB, age about 48 is having an experience of more than 25 years in the field of all type of Financial; and Taxation Consultancy. He is having a rich experience of project financing and debt restructuring. He individually has handled a number of cases of debt restructuring with different Financial Institution, He is well versed with all the Banking Rules and Regulation especially under SARFAESI ACT. He is the Founder Member of a NGO CA Vichar

Munch. Mr. Pankaj Khetan has also qualified as Insolvency Professional and has the license to work as insolvency professional under Insolvency & Bankruptcy Code, 2016.

Mr. Khetan is extremely passionate about promoting entrepreneurship. **he founded a group- 3Dimension Capital which is SEBI Registered Category-I Merchant Banker that is solely dedicated to cater the SME Companies, Startup Companies & Large Corporates in Fund Raising, Valuation, IPO, FPO, Right Issue, Bonus Issue & Private Placement & etc. Also Proving Mentorship, Guidance through network of top-rated founders and Management** consultancy Following its successful execution, Mr. Khetan has **helped more than 500+ Companies** in the growth crack from various parts of the countries and overseas.

As a prolific speaker, Mr. Khetan was invited to various investors meet organized by various **Indian Institute of Management**. Additionally, he has participated in several international conferences as a speaker and panelist including **Private Equity in India** conferences.

Mr. Khetan Holds B.Sc, FCS from Institute of Companies Secretaries of India & LLB degree.

S. No.	Name of the Organisation	Designation	Period	Work Profile
1)	3Dimension Capital Services Limited	Founder & Director	September 29, 2012	• As the founder of 3 Dimension Capital Services Limited, He provide strategic direction, leveraging our SEBI registration as a Category 1 Merchant Banker since 2001. My leadership ensures we remain at the forefront of regulatory compliance and ethical practices. • Over the years, He has successfully raised substantial equity and debt capital, approx. over 250Crore. These funds are strategically allocated to fund our expansion plans, ensuring investor confidence. • Our financial projections indicate a promising 20% annual revenue growth, supported by a diversified portfolio and well-planned investments. This growth could potentially result in increased dividends and higher shareholder value.

				• Regular investor reports, including financial performance updates and forecasts, are provided to maintain transparency and investor trust. These reports showcase our commitment to keeping our investors well-informed. Additionally, as a Founder Member of the NGO "CA Vichar Munch," he actively contributes to thought leadership and discussions in the financial and taxation domain.
2)	Moneyplant Capital Limited	Founder & Director	November 02, 2011 to Present	• He is individual handling of numerous debt restructuring cases with various financial institutions showcases his proficiency in this critical area. Investors can trust in his ability to formulate effective strategies for debt resolution, minimizing financial risks and maximizing recovery. • He has comprehensive knowledge of Banking Rules and Regulations, especially under the SARFAESI Act, is a valuable asset. His understanding of the legal and regulatory landscape ensures that Moneyplant operates within a compliant framework, safeguarding investor interests. • He is qualification as an Insolvency Professional under the Insolvency & Bankruptcy Code, 2016, is a testament to his commitment to financial integrity. This certification reinforces Moneyplant's capacity to handle insolvency cases professionally and protect investor assets. As the founder, He has overseen the establishment of a diverse range of financial services offered by Moneyplant, from debt recovery to NBFC operations and loan syndication. This diversification enhances revenue streams, potentially leading to more significant returns for investors.
3)	Tarangini Investments Limited	Founder & Director	February 15, 2007	• As the founder of Tarangini Investment Limited, He has steered the company since its inception in 1982. He has long-standing presence in the financial sector signifies stability and resilience, enhancing investor confidence.

				• Tarangini Investment Limited specializes in acquiring and holding various financial instruments, creating a diversified investment portfolio. This diversification is designed to protect investor capital while seeking opportunities for long-term wealth appreciation. • Maintain strong investor relations, offering quarterly performance updates, annual reports, and accessibility to our management team for investor inquiries. Tarangini Investment Limited integrates environmental, social, and governance (ESG) principles into investment decisions, attracting socially responsible investors seeking ethical and sustainable investment choices.

2. Dr. Ashok Aggarwal

Qualifications: Fellow of IIM-Ahmedabad, MBA from HP University Shimla & M.A. (Economics).

Experience:

Dr. Ashok Aggarwal has over with over 27 years of expertise in fund management, equity research, and financial consultancy. Former Managing Director and CEO of Escorts Securities Limited, a leading Investment Management Company, where he managed a substantial fund portfolio of Rs. 3200 million.

Brief biography:

Dr. Ashok Aggarwal is an accomplished Investment Management Professional with over 27 years of experience in various aspects of the financial industry. As the Managing Director and CEO of Escorts Securities Limited, he has held a prominent role in leading one of the top Investment Management Companies. During his tenure, he successfully managed a substantial fund of Rs. 3200 Million, achieving impressive average returns ranging from 25% to 35% per annum.

Dr. Aggarwal's academic background is also noteworthy, as he holds a Fellowship from the prestigious Indian Institute of Management, Ahmedabad (IIM-Ahmedabad). He further strengthened his educational foundation with an MBA from Himachal Pradesh University, Shimla, and an M.A. in Economics from the same institution.

Beyond his corporate responsibilities, Dr. Aggarwal contributes to academia as an Adjunct Faculty member at IMT, Ghaziabad, and as a Visiting Faculty member at Shiv Nadar University. His passion for sharing his extensive knowledge of the financial markets and investment strategies extends to appearances on leading news channels like CNBC, where he provides valuable insights and analysis.

Dr. Ashok Aggarwal's key work responsibilities have encompassed fund management, equity research, and financial consultancy, where he has consistently demonstrated his expertise and leadership. His remarkable achievement of consistently delivering impressive returns on investments reflects his exceptional skills in the field of investment management. Dr. Aggarwal's contributions to both academia and the financial industry underscore his commitment to advancing the understanding and practice of investment management.

S. No.	Name of the Organisation	Designation	Period	Work Profile
1)	•Escorts Securities Limited •IMT Ghaziabad •Shiv Nadar University	• Managing Director and CEO at Escorts Securities Limited • Adjunct Faculty at IMT Ghaziabad Visiting Faculty at Shiv Nadar University	September 2019 to Present	• Highly experienced Investment Management Professional with over 27 years of expertise in fund management, equity research, and financial consultancy. • Proven track record of leadership as the former Managing Director and CEO of Escorts Securities Limited, a leading Investment Management Company, where he managed a substantial fund portfolio of Rs. 3200 million, consistently delivering impressive average annual returns of 25-35%. • Dr. Aggarwal's expertise is recognized and respected in the financial industry, as he has shared his profound insights on market dynamics and investment strategies through appearances on leading news channels, including CNBC. • As a member of Moneyplant Capital's Fund Management Team, Dr. Ashok Aggarwal brings a wealth of strategic insight and a proven track record of optimizing investments to deliver impressive returns. • His deep understanding of risk

				management strategies ensures that investments are safeguarded and optimized in alignment with investor expectations. • Dr. Aggarwal's proficiency in financial analysis allows him to make informed investment decisions, ensuring that investor capital is efficiently deployed. • With his extensive experience, Dr. Aggarwal provides valuable market insights that guide investment strategies, offering a competitive advantage to Moneyplant Capital's investors. His impressive qualifications, leadership experience, and media presence collectively inspire investor confidence in Moneyplant Capital's fund management team, making it an attractive choice for those seeking to invest wisely

3. Mr. Anshul Mehta (NISM Registration Number: 202500005852)

Semi-Qualified CA with distinction in Advanced Financial Management subject & Commerce graduate.

Experience:
Mr. Anshul has over 6 years of experience in the equity research and financial due diligence, guiding people on managing their portfolios. Over the years, he has consistently demonstrated his skills and leadership. He is consistent with his portfolio returns over these years, delivering impressive returns while beating the Nifty returns and showcasing the right risk-reward ratio. He manages a core and satellite portfolio to diversify his investments. He strategically customized investment approaches to align with varying risk appetites, while ensuring optimal diversification tailored to the scale and structure of each portfolio. He has now shifted towards core equity research and fund management for his clients. Apart from this, he is also managing his family business into retail and wholesale for the family's clothing brand in his hometown. Coming from a business family he has seen the businesses up close since a very early age.

Brief Biography:

Anshul is a finance professional with a robust background in equity research, financial analysis, and audit, bringing a strong blend of analytical rigor and industry exposure to his work. From 2021 to 2024, he served as a **Sr. Financial Analyst at 3 Dimensions Capital Services Pvt. Ltd.**, where he was instrumental in delivering high-impact financial insights. His role involved deep-dive analysis into business models, competitive positioning, and financial performance. Anshul conducted thorough qualitative and quantitative research to identify market trends and provided senior management with timely, data-driven recommendations to support strategic decisions.

He played a pivotal role in driving business valuations that included SWOT analysis, industry benchmarking, and financial forecasting. His expertise in selecting appropriate valuation methodologies was critical to aligning outcomes with client objectives.

Earlier in his career, Anshul completed his articleship at **SS Kothari Mehta & Co.** (2017–2020), one of India's leading audit and consulting firms. There, he led internal audits and IFC assessments for high-profile clients in the manufacturing and FMCG sectors, including **KDDL, DIXON Technologies, Honda Logistics, and DS Group**. He also worked on fixed asset management for Samhi Group's hotel chains and conducted concurrent audits for **DLF Group**, along with tax and stock audits across varied sectors.

Coming from a business-oriented family, Anshul was exposed to the nuances of entrepreneurship and enterprise management from an early age. He actively contributed to managing his family's retail and wholesale operations for their homegrown clothing brand in his hometown. This hands-on experience instilled in him a practical understanding of supply chains, customer behavior, inventory dynamics, and financial decision-making—long before his formal entry into the world of finance. This early immersion, combined with the analytical rigor developed during his auditing tenure, has significantly enhanced his ability to assess businesses holistically. It allows him to evaluate management quality, operational efficiencies, and financial sustainability with a sharper lens—skills that have proven invaluable in identifying sound investment opportunities in the equity market.

Anshul's diverse experience across financial domains underscores his ability to deliver insights that drive **efficiency, compliance, and long-term business value.**

Sr. No.	Name	Designation	Period	Work Profile
1.	3 Dimension Capital Services Limited	Sr. Financial Analyst	2021-2024	During Anshul's role as a Sr. Financial Analyst at 3 Dimensions capital services Limited. • He helped cultivate a deep understanding of the target business, embracing its competitive positioning, strengths, weaknesses, opportunities, and challenges. • Engaged in a thorough qualitative and quantitative research to unearth trends and generate impactful insights. • Empowered senior management to make informed decisions through the delivery of timely and accurate research findings. • Financial and operational results of clients by meticulously reviewing their financial records. • Drove valuations that encompassed SWOT analysis, market and industry

				research, exploration of business drivers and risks, assessment of the current business model, and creation of future financial projections from industry resources and pitch decks. • Championed the selection and implementation of the most fitting valuation approaches, guided by the purpose and context of each valuation.
2.	SS. Kothari Mehta & Co.	Article Assistant	2017-2020	Anshul worked at one of the prestigious firms, SS Kothari Mehta & Co, as an Article Assistant. He spearheaded end-to-end on-site internal audits, including in-depth Internal Financial Control (IFC) assessments, for a diverse mix of listed and unlisted entities within the manufacturing and FMCG sectors. While at the firm, he worked with prominent industry leaders such as KDDL, DIXON Technologies, Honda Logistics, and DS Group to strengthen compliance frameworks, enhance financial governance, and drive effective risk management strategies. He assisted clients in identifying operational and financial inefficiencies within their business processes, and provided strategic guidance to effectively address these gaps. He also enabled them to streamline workflows, enhance internal controls, and optimize resource allocation. He managed the Fixed asset register for prestigious hotel chains within the Samhi Group, ensuring asset management. He conducted concurrent audits for the DLF Group, one of India's leading real estate developers, with a focus on enhancing financial integrity, operational transparency, and adherence to regulatory standards. He executed tax audits for forward-thinking organizations in the human capital sector, ensuring compliance with regulatory standards while supporting strategic financial planning. He conducted comprehensive stock audits, ensuring inventory accuracy, and supporting overall operational efficiency.

Do note that the members of the investment team will only devote so much of their time to the Fund's business as is, in their judgment, reasonably required. The members of the investment team that provide services to the Fund will have, in addition to their responsibilities for the Fund, responsibilities for other companies, projects and clients. Accordingly, they may have conflicts of interests in allocating management time and other resources amongst the Fund and such other companies, projects and clients. The members of the investment team shall resolve any such conflict by allocating time (reasonably required in their best judgement) towards their obligations in respect of Fund and their other responsibilities towards other companies, projects and clients.

III.

- Any additional members of the management team of the Fund.

  Not applicable.

c) ***Involvement of the key investment team members in advising and/or managing any other funds (state no. of funds) (separately for registered with SEBI or otherwise)***

   Not Applicable.

   For more details, kindly refer to "**SECTION X: RISK FACTORS**" of this Memorandum.

E) Key persons of the Fund (other than at point D above), and details of the same (such as industry experts, research analyst, entities involved in deal sourcing, etc.).

The Fund does not contemplate appointing any other key persons. Manager may at its discretion appoint.

F) Advisory Board

Presently, the Investment Manager does not contemplate constituting an advisory board. However, the Investment Manager may at its discretion constitute an advisory board and inform the Investors and also update this section.

G) Investment Committee

1. *Role of the Investment Committee:*

   The Investment Manager **may** constitute an Investment Committee in accordance with the terms of this Memorandum and the Investment Management Agreement. The role of the Investment Committee would be to provide non-binding advice / recommendations to the Investment Manager for taking investment and divestment decisions.

2. *Decision making process:*

   The quorum for any meeting of Investment Committee shall be a minimum of 2 (two) members present in-person or by way of teleconference, videoconference or any other electronic mode. The decisions of the Investment Committee would be taken on the basis of a simple-majority vote of the members present at the meeting of the Investment Committee.

3. *Manner of appointment and size and constitution of the Investment Committee:*

   The members of the Investment Committee shall be appointed by the Investment Manager and the constitution and the working of the Investment Committee shall be in accordance with the Applicable Laws and as per the policy adopted by the Investment Manager. As the Fund commences activities, additional member/s may be appointed by the Investment Manager on the

Investment Committee. The Investment Committee shall at all times comprise of a minimum of 2 (two) members. The Investment Manager shall have the power to re-constitute the Investment Committee from time to time. Notwithstanding anything contained in this Memorandum, the Investment Manager may make any modification in the constitution of the Investment Committee at any point of time. If the Investment Committee is not formed, its functions shall be undertaken by Investment Manager.

Initially, it is proposed that the Investment Committee shall not be constituted for the time being.

For more details, kindly refer to "**SECTION X: RISK FACTORS**" of this Memorandum.

4. *Fees if any, to be paid or reimbursement of expenses. Please specify whether the Fund or the Investment Manager shall bear the expense*.

Presently, no fee/compensation is contemplated to be paid to the members of the Investment Committee.

H) Advisory Committee

Presently, the Investment Manager does not contemplate constituting an advisory committee. However, the Investment Manager may at its discretion constitute an advisory committee and inform the Investors and also update this section.

I) Operating partners, portfolio company advisor or such other bodies

Presently, the Investment Manager does not contemplate appointing any operating partners or portfolio advisors. However, the Investment Manager may at its discretion appoint operating partners or portfolio advisors and inform the Investors and also update this section.

J) Note:

- 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, etc. shall be vested with the Investment Manager.

k. The adherence to this Memorandum shall be audited on an annual basis by an independent auditor and the findings of the same shall be placed before the Investment Manager, Trustee and also submitted with SEBI. In case of any adverse findings, the corrective steps taken shall also be submitted.

Supplementary Section

Key management personnel

In accordance with paragraph 3.2 of SEBI circular dated June 25, 2021 titled '*Circular on Amendment to SEBI (Alternative Investment Funds) Regulations, 2012*', the details of the key management personnel of the Fund and the Investment Manager are as follows:

Sr. No.	Name of the members	Designation	Role performed
1.	Mr. Pankaj Khetan	Managing Partner	Decision making on the Investment in a Particular deal.
2.	Mr. Ashok Aggarwal	Partner	Evaluation of Deals on the basis of different aspects.
3.	Mr. Anshul Mehta	Compliance Officer (NISM Certified) Reg. No.: NISM-202500005852	Evaluation of Deals on the basis of different aspects.

SECTION VI: TRACK RECORD OF INVESTMENT MANAGER

MONEYPLANTS CAPITAL TRUST (hereinafter referred to as "The Fund") is a SEBI registered Alternative Investment Fund Category I having registration number IN/AIF1/23-24/1443. The Fund received approval on Private Placement Memorandum from Securities and Exchange Board of India on 1st February 2024. The Fund is a close ended Fund. The Fund raises funds from institutional investors, high net worth individuals, corporates, financial institutions, banks, insurance companies, foreign investors, and other permissible investors and invests in accordance with the provisions of the SEBI AIF Regulations, 2012 or as may be amended from time to time.

The Final Closing shall be held on or before the completion of 24 (Twenty-Four) months from the First Closing.

1. **Investment Manager**: **Artharich Investment Manager LLP**, a limited liability partnership incorporated under the provisions of the Limited Liability Partnership Act, 2008 and having its registered office at K-37/A, Basement, Near Kailash Colony Metro Station, Kailash Colony, New Delhi, Delhi 110048, India, will act as the Investment Manager to the Trust and all its Schemes, including the Fund.

2. **Type of manager**: First time manager and the Investment Manager entity does not have any experience in fund management and is relying on the experience of individual team members, which is disclosed above.

   Please note that the individual team members do not have any previous experience in managing alternative investment funds or other similar funds. However, as high net worth individuals, individual team members and directors of Investment Managers have significant experience in investments and exits in Portfolio Entities.

   The disclosures in relation to the performance track record of the Investment Manager and/or individual members of the investment team may be selective in nature and may not necessarily be representative of the expected performance of the Investment Manager and/or the investment team in relation to the management and operation of this Fund/Scheme. Further, data included hereinunder, in respect of the specific deals, may not truly represent the performance of a 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 Investment Manager and/or the investment team.

3. **Risk Factor**: The Investment Manager shall manage the assets of the Fund/Scheme and will consider its investments and divestments exclusively. The Investment Manager has a limited/no operating track record. Therefore, judgments of the Investment Manager's expected performance cannot be extrapolated from the past performance of the Investment Manager and/or the investment team. Please refer to detailed risk factors under "**SECTION X: RISK FACTORS**" of the Memorandum.

4. **Track record**: *Jurisdiction of such previous funds with which first time manager is associated*: Not applicable.

   Nature of association of manager with the fund: The Investment Manager is an entity owned by the Investment Professionals having good experience and understanding of Start-up Ecosystem.

   Track record of such previously associated funds: Not applicable.

   Investments in which the manager participated in the previous fund: Not applicable.

   Track record of the Manager managing global funds/offshore funds, if applicable: Not applicable.

SECTION VII: PRINCIPAL TERMS OF THE FUND

*This is a description of the principal terms (“**Principal Terms of the Fund**”) pertaining to MONEYPLANT SME FUND. This section provides the principal terms of Fund, which may be provided in detail elsewhere in this Memorandum. The terms hereof are subject to modification or withdrawal prior to First Closing and/or Subsequent Closings.*

<table>
<tr><td>1.</td><td>SIZE OF THE FUND</td><td>The target Corpus of the Fund is up to INR 100,00,00,000 (Indian Rupees One Hundred Crores only) with a Green Shoe Option: up to INR 100,00,00,000 (Indian Rupees One Hundred Crores only).

The Investment Manager may, in its discretion, increase or decrease the size of the Fund in compliance with the Regulations.</td></tr>
<tr><td>2.</td><td>TARGET
INVESTORS</td><td>Target Investors of the Fund are Institutional Investors, High net worth Individuals, Corporates, Financial Institutions, Banks, Insurance Companies, and other Permissible Investors whether Indian, Foreigner or Non- Resident Indians.

Eligibility Criteria: For the purpose of subscribing to the Units of the Fund, a Person must fulfil the Eligible Person criteria. Further, please refer to paragraph 3 on ‘Classes of Units’ and paragraph 5 on ‘Minimum Capital Commitment’ under this “SECTION VII: PRINCIPAL TERMS OF THE FUND”.</td></tr>
<tr><td>3.</td><td>CLASSES OF UNITS</td><td>The Fund shall issue the following Classes of Units:
<table><tr><th>Class</th><th>Description</th></tr><tr><td>Class A Units</td><td>To Contributors (either individually or together with their affiliates) contributing at least INR 1,00,00,000 (Rupees one crore) in accordance with the terms of their respective Contribution Agreements.</td></tr><tr><td>Class B Units</td><td>To the Sponsors and Investment Manager and/or employees or directors of the Investment Manager and Sponsors and/or employee welfare trust and/or any such Eligible Persons who are strategically important/valuable to the Fund as the Investment Manager may designate.</td></tr></table>
The Fund shall issue Units in accordance with the Trust Documents. It is clarified that Units may include a fraction of a Unit evidencing Beneficial Interest in the Fund of a value less than the face value of the respective</td></tr>
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		class of Units. Subject to the Regulations, the Investment Manager may at its sole discretion issue additional Class/es or Subclass/es/series of Units from time to time, which may *inter alia* have differential rights, variable fee/charge structure, different hurdle rate of return, face value, currency denomination etc. The Investment Manager shall have the right to designate/re-designate any Class/Subclass to another Class/Subclass. All existing and future Class/es and/or Subclass/es of Units shall participate in the common investment portfolio of the Fund except in case of a Defaulting Contributor or an Excused Contributor. The Investment Manager's decision to classify / reclassify the Investors under any of the C lass/Subclass shall be final and binding on all the Investors. The economic and special rights attached to the Class/es of the Fund are as provided for under this Memorandum. Further, please refer to paragraph 39 under the term '*Side Letters*' under this "**SECTION VII: PRINCIPAL TERMS OF THE FUND**". Any special rights attached to any Classes of Units issued by the Fund shall not have any adverse impact on the economic rights or any other rights of other Investors.
4.	**LIST OF INDICATIVE TIMELINES FOR THE FUND**	List of indicative timelines for the Fund are as follows: a) First Closing: Kindly refer to paragraph 10 under the term '*Closings*' under this "**SECTION VII: PRINCIPAL TERMS OF THE FUND**". b) Subsequent Closing: Kindly refer to paragraph 10 under the term '*Closings*' under this "**SECTION VII: PRINCIPAL TERMS OF THE FUND**". c) Final Closing: Kindly refer to paragraph 10 under the term '*Closings*' under this "**SECTION VII: PRINCIPAL TERMS OF THE FUND**". d) Commitment Period: Kindly refer to paragraph 8 under the term '*Commitment Period*' under this "**SECTION VII: PRINCIPAL TERMS OF THE FUND**". e) Term of the Fund: Kindly refer to paragraph 7 under the term '*Term of the Fund and Termination*' under this "**SECTION VII: PRINCIPAL TERMS OF THE FUND**".
5.	**MINIMUM CAPITAL COMMITMENT**	Subject to the Regulations, the minimum Capital Commitment from each Contributor shall be as under:

Class of Units	***Minimum Capital Commitment***
Class A Units	Rs. 1,00,00,000 (Indian Rupees One

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<tr><td>Class B Units</td><td>2.5% (two and a half percent) of the Corpus or Rs. 5,00,00,000 (Indian Rupees Five Crores), whichever is lower and Rs. 25,00,000 (Indian Rupees Twenty-Five Lakhs) if such Units are subscribed by employees or directors of the Investment Manager or Fund</td></tr>
</table>
However, the Investment Manager may at its discretion prescribe any amount as minimum Capital Commitment from each Contributor, subject to the Regulations.
The following can act as joint Investors (maximum up to 2 (two)) wherein each such Investor contributes and the aggregate sum invested by joint Investors collectively is at least Rs. 1,00,00,000 (Indian Rupees One Crore):
i. a Contributor and his/her spouse who is also an Eligible Person,
ii. a Contributor and his/her parent who is also an Eligible Person,
iii. a Contributor and his/her daughter/son who is also an Eligible Person.
Without prejudice to the above, in case of any other Investors acting as joint Investors, for every Investor, the minimum investment of Rs. 1,00,00,000 (Indian Rupees One Crore) or any other minimum amount as provided in the Regulations, shall apply.
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<tr>
<td>6.</td>
<td>SPONSORS CAPITAL COMMITMENT</td>
<td>
The Sponsors will collectively commit an aggregate amount equivalent to 2.5% (two and a half percent) of the Corpus or Rs. 5,00,00,000 (Indian Rupees Five Crores), whichever is lower, in equal proportion to maintain a continuing interest in the Fund in accordance with the Regulations. Notwithstanding anything to the contrary, the Sponsors shall always maintain the abovementioned continuing interest and take requisite steps/measures to comply with the same. The Sponsors of the Fund shall be issued Class B Units, towards their contribution to maintain a continuing interest in the Fund.
In addition to the aforementioned continuing interest, the Sponsors may make an additional Capital Commitment to the Fund (“Additional Commitment”). It is hereby clarified that such Additional Commitment will not be subject to any obligations prescribed for the Sponsors under the Regulations. The Sponsors of the Fund may be issued a separate Class
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		of Units towards such Additional Commitment.
7.	**TERM OF THE FUND AND TERMINATION**	**<u>Term</u>**: The Fund is close ended with a tenure of 5 (Five) years from the Final Closing which may be extended by the Investment Manager by 2 (Two) years with the prior consent of Two-Third Majority of Contributors obtained in accordance with the terms contained in the Contribution Agreements and Applicable Laws ("**Term**"). **<u>Termination:</u>** The Trust shall terminate in accordance with the terms of the Indenture and Applicable Laws. Without prejudice to the above, the Fund shall terminate on expiry of the Term of the Fund/ Trust (as applicable). Without prejudice to the above, the Investment Manager, may subject to the restrictions contained in the Applicable Laws, at any time before the expiry of the Term, terminate the Fund upon: • the Fund exiting from all Fund Investments and distributing the Distribution Proceeds to the Contributors (as applicable); or • if the Trustee (in consultation with the Investment Manager) determines that the Fund be wound up in the interest of the Contributors; or • if the Trust is wound up in accordance with the terms of the Indenture; or • Super-Majority of the Contributors in the Fund pass a resolution at a meeting of Contributors that the Fund be wound up; or • SEBI so directs in the interest of the Contributors. The Trustee, through the Investment Manager, shall intimate SEBI and the Contributors of the circumstances leading to the winding up of the Fund. Notwithstanding the termination of the Fund, the Contributors shall continue to remain liable to the following extent: • The Fund will continue for such period of time as may be necessary to liquidate existing Fund Investments in an orderly manner (subject to a maximum period of 2 (two) years from the aforesaid date of intimation to the Contributors); • Capital Commitments will not be extinguished to the extent necessary to pay the Fund Expenses / liabilities (including Tax

		liabilities); and • The Management Fee, fees payable to Trustee and other fees/costs will continue to be payable as per provisions of the Trust Documents until the Fund terminates and is dissolved. Once the Fund liquidates, the proceeds accruing to the Contributors shall be distributed to them after satisfying all liabilities (including Tax liabilities) of the Fund in accordance with paragraph 25 titled '*Distributions*' under this "**SECTION VII: PRINCIPAL TERMS OF THE FUND**". To achieve effective winding up of the Trust/Fund, the Investment Manager shall: • take all practical steps to sell all the non-cash assets of the Fund/Trust; • shall commence arrangements to pay all the liabilities (including Tax liabilities) of the Trust/Fund including but not limited to the Fund Expenses; • return to the extent of the available cash in the Contribution Fund, all outstanding interests in the Fund/Trust in accordance with the terms contained in the Trust Documents; and • any other action as may be provided under the Indenture. The Investment Manager may, subject to obtaining approval from Super-Majority of Contributors, make distributions *in specie* of the investments which may not have been liquidated at the end of the Term to the Contributors, in accordance with the terms set out under paragraph 26 on '*Distribution in-kind*' under "**SECTION VII: PRINCIPAL TERMS OF THE FUND**".
8.	**COMMITMENT PERIOD**	Commitment Period means the period within which the Contributors are required to make Capital Contributions upon issuance of Drawdown Notice/s to the Contributors, in accordance with the respective Contribution Agreement and will include extensions thereto, if any. The Commitment Period for the Fund shall commence from the date of execution of Contribution Agreement and shall end on completion of 48 (forty-eight) months from the Final Closing, during which the Capital Commitments can be drawn down upon issuance of Drawdown Notice/s to the Contributors in accordance with this Memorandum and the Contribution Agreements. The Commitment Period may be extended by the Investment Manager for a further period of up to 6 (six) months at its sole discretion. At the end of the Commitment Period, the Contributor shall be released from the obligation of making any further Capital Contribution against its

		undrawn Capital Commitment (not consisting of amount, towards which Drawdown Notice has been issued but payment not received from the Contributor and therefore the Contributor shall continue to be liable to pay the same even post the Commitment Period) except: (i) to the extent necessary to complete investments in progress as of the end of the Commitment Period (including such investments in respect of which the Fund has entered into a term-sheet or agreement on or before the end of the Commitment Period); (ii) to the extent necessary to cover the ongoing expenses and liabilities of the Fund, including, but not limited to, the Management Fee, Tax liability, fees payable to Trustee and any indemnification obligations; (iii) to enable any follow-on investments by the Fund; (iv) to enable the exercise of warrants and similar equity equivalents in relation to existing Fund Investments; and (v) to create reserves for the above items from (i) to (iv) as deemed appropriate by the Investment Manager.
9.	**WAREHOUSED INVESTMENTS**	In the event the Investment Manager identifies any investment opportunities with respect to potential Portfolio Entities and decides to make an investment in such Portfolio Entities ("**Warehoused Investments**"), the Investment Manager may either itself and/or through such Persons identified by the Investment Manager or through the Sponsors ("**Warehousing Entity/Individual**"), make investments in such Portfolio Entities. Warehoused Investments may be made at any point prior to the Final Closing. The transfer of the Warehoused Investments from the Warehousing Entity/ Individual to the Fund shall be made within 6 (six) months from the date of relevant Closing prior to which such Warehoused Investment is made, provided that any such transfer shall not be made post the expiry of 3 (three) months from Final Closing. The said transfer of Warehoused Investments shall be made at an amount aggregate of the cost of Warehoused Investments and a compounded rate of return of an INR based calculation of 10% (ten percent) (pre-Tax) on an annualized basis on the cost of such Warehoused Investments from the date of such investment by the Warehousing Entity/Individual till the date of such transfer or at any such other price as decided by the Investment Manager and intimated to the Contributors, subject to Applicable Law. Further any expenses related to Warehoused Investments shall be charged to the Fund on transfer of such investments to the Fund. Prior to the signing of the Contribution Agreement, the Contributor will be made aware of the size and sector/ business of the Warehoused Investment and the name of the investee entity will be disclosed post

		signing of the Contribution Agreement. In case a Warehoused Investment is made post signing of the Contribution Agreement, then the information regarding such Warehoused Investment shall be disclosed to the Contributor at the earliest but not later than 15 (fifteen) days from making of the Warehoused Investments. Refer to risk factor "*Associate Party Transactions*" under paragraph C (1) titled "*Risks associated with the nature of the portfolio investments*" in "**SECTION X: RISK FACTORS**".
10.	**CLOSINGS**	The first closing of the Fund shall be held within 12 (twelve) months from the date of receipt of certificate from SEBI as a Category I AIF subject to the Fund having received aggregate Capital Commitments of at least Rs. 20,00,00,000 (Indian Rupees Twenty Crores) or any other higher amount as decided by the Investment Manager in accordance with the Regulations ("**First Closing**"). The Investment Manager has the discretion to hold one or more other Subsequent Closing(s) and there are no specific timelines for the same. Further, details with respect to additional charges that may be levied or waived in respect of the Contributors coming in the Fund after the First Closing are given under paragraph 11 titled '*Unitholders Participating in Subsequent Closings*' under this "**SECTION VII: PRINCIPAL TERMS OF THE FUND**". Final closing of the Fund means the last of the Closings permitted by the Investment Manager for accepting Capital Commitments to the Fund in accordance with the terms of the Trust Documents ("**Final Closing**"). The Final Closing shall be held within 24 (twenty-four) months from the date of First Closing. The Investment Manager may extend the Final Closing by a period up to 12 (Twelve) months at its sole discretion. It is clarified that any soft Capital Commitment letter/s or such other document (as may be agreed between Contributor and Investment Manager) executed by the Contributor prior to a Closing shall form part of that Closing.
11.	**UNITHOLDERS PARTICIPATING IN SUBSEQUENT CLOSINGS**	Contributors admitted to the Fund (or increasing their Capital Commitments to the Fund) after the First Closing will, upon admission (or increase), be required to contribute to the Fund, as applicable: (i) the aggregate amount each would have had to contribute to the Fund through the Subsequent Closing had such Contributor been admitted to the Fund at the First Closing (the "**Catch-up Contribution**"), plus (ii) an additional amount as may be determined by the Investment Manager (the "**Compensatory Contribution**"), plus (iii) an additional contribution as determined by the Investment Manager ("**Management Fees Additional Contribution**") in respect of the Management Fees, less; (iv) their

		proportionate share of all distributions (if any) made to Contributors admitted in prior Closings. The Fund Expenses shall be payable/ applicable with retrospective effect from the First Closing. The Investment Manager shall however have the power to waive or increase or reduce, on a case-to-case basis, the Compensatory Contribution and/or the Management Fees Additional Contribution. Any amount paid as Management Fees Additional Contribution will be paid to the Investment Manager. Catch-up Contributions pursuant to the Capital Commitment received by the Fund in such Subsequent Closing or Final Closing (excluding the Compensatory Contribution) may be retained as part of the Contribution Fund to be utilized towards Fund Investments or satisfaction of Fund Expenses (including towards any reserves in that regard), provided any amount not so retained shall be immediately distributed (subject to withholding Taxes, as applicable) amongst all the Contributors in proportion to their respective Capital Contribution and such amounts distributed to the Contributors shall be subject to recall by the Fund. The Compensatory Contribution applicable to such incoming Contributor (i) will not be applied to the subscription of Units in respect of such Contributor; (ii) will not be treated as a Capital Contribution to the Fund in respect of such Contributor; and (iii) will not reduce such Contributor's Capital Commitment. The Compensatory Contribution collected in connection with a Subsequent Closing or Final Closing (as applicable) may be distributed (subject to withholding Taxes, as applicable) amongst the Contributors of the Fund admitted prior to such Subsequent Closing or Final Closing (as applicable) requiring the payment of such Compensatory Contribution, which distribution may be effected either by a *pro rata* refund or set off against their respective undrawn Capital Commitments or utilised towards Fund Expenses (including towards any reserves in that regard)as determined by the Investment Manager. It is clarified that any Tax liability on the payment of Compensatory Contribution shall be borne solely by the relevant Contributors.
12.	**DRAWDOWNS**	Subject to paragraph 13 titled '*Excuse and Exclusion*' below, the Investment Manager shall issue Drawdown Notice/s to the Contributors towards payment of Capital Contribution to be utilised to make Fund Investments, pay Fund Expenses, maintain reserves or for such other purpose (including Tax purposes) as mentioned in the Drawdown Notice. Drawdown Notice/s shall be issued by the Investment Manager to the Contributors on an "*as needed*" basis. Notwithstanding anything stated

		hereinabove, the Investment Manager may require the Contributors to contribute its entire Capital Commitment upfront at the time of execution of the Contribution Agreements or any other amount at such time as decided by the Investment Manager. Capital Contribution/s pursuant to Drawdown Notice/s will be for an amount *pro rata* to the Capital Commitments of the Contributors of the Fund or as otherwise provided by the Investment Manager with respect to certain Contributors who have made a Capital Commitment to the Fund prior to the First Closing or with respect to an "Excused Contributor", as defined under paragraph 13 titled '*Excuse and Exclusion*' under "**SECTION VII: PRINCIPAL TERMS OF THE FUND**". The Contributors shall be required to make their Capital Contribution against their Capital Commitment within 14 (fourteen) calendar days from the date of the Drawdown Notice. The Drawdown Notice may be sent by the Investment Manager through facsimile, electronic mail, hand delivery, registered post/courier at the address as may be specified by the Contributor in the Contribution Agreement and such Drawdown Notice shall be deemed to have been received by the Contributor within 4 (four) days from the date of dispatch of the registered post/courier; within 24 (twenty-four) hours from the electronic mail being sent or upon receiving the confirmation of transmission of the facsimile. At the end of the Commitment Period, the Contributors may be issued Drawdown Notice for the purposes as provided above under paragraph 8 titled '*Commitment Period*' under "**SECTION VII: PRINCIPAL TERMS OF THE FUND**". Amounts received from the Contributors towards their Capital Commitment will be treated by the Fund as consideration for the issue of Units to the Contributors. For the avoidance of doubt, fractional Units may be issued to Contributor if so required.
13.	**EXCUSE AND EXCLUSION**	The Investment Manager may excuse any Contributor ("**Excused Contributor**") from making (or utilizing such Excused Contributor's) Capital Contribution towards any proposed Fund Investment by the Fund If the Contributor, based on the opinion of a legal professional/legal advisor, confirms that its participation in the investment opportunity would be in violation of an applicable law or regulation; or If the contributor, as part of contribution agreement or any other agreement signed with the AIF, had disclosed to the manager that, participation of the investor in such investment opportunity would be in contravention to the internal policy of the investor. Manager shall

		ensure that 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. Further, an AIF may exclude an investor from participating in a particular investment opportunity, if the 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 manager shall record the rationale for such exclusion, along with the documents relied upon, if any if 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 manager of AIF shall record the rationale for such excuse or exclusion along with the supporting documents, if any. In the event that one or more Contributors are excluded from participating in an investment, the Investment Manager may, either elect to have the Fund not make the investment or elect to have the Fund make the investment without the participation of such Excused Contributor. In the event the Excused Contributor exercises to not participate with respect to any Portfolio Investment in accordance with its Contribution Agreement, such Contributor shall have zero allocation in such Portfolio Investment (or the portion of the Portfolio Investment in which it does not participate) and will not be entitled to receive any distribution of proceeds in respect of such Portfolio Investment (or the relevant portion of the Portfolio Investment). Accordingly, the allocation of such Excused Contributor in other Portfolio Investments will correspondingly increase. It is clarified that the Excused Contributor's unpaid Capital Commitment will not reduce due to such excusal. For the avoidance of doubt, the Management Fee and Fund Expenses payable by, such Excused Contributor after it is excused from participating in a Portfolio Investment will be calculated based on such Contributor's original Capital Commitment. The Investment Manager may issue to the non-excused Contributors, new calls for further Capital Contributions to the extent of their respective

		unpaid Capital Commitment to cover excused or excluded amounts.
14.	**INDEMNIFICATION**	The Fund and each Contributor will indemnify the (i) Investment Manager and/or Sponsor, Settlor and the Trustee and any of their respective officers, partners, directors, employees and agents, (ii) members of the Investment Committee and any other board or committee of the Investment Manager contemplated in the Trust Documents or any other party which may suffer Losses by reason of association with the Fund and needs indemnification protection ("**Indemnified Persons**") against any and all claims, losses, liabilities including Tax liabilities, costs, damages, expenses including legal fees, and amounts paid as settlement claim incurred by them by reason of their association with the Fund ("**Losses**") except to the extent such Losses resulted from the Indemnified Person's Malfeasance. The Investment Manager may have the Fund purchase, at the Fund's expense (as part of Operating Expenses), insurance to cover the Investment Manager and/or Sponsors and/or any other Indemnified Persons against liability for acts and omissions. Refer to paragraph D (9) titled '*Risk associated with indemnity and tax obligation of the Investors to parties to the Fund*' under "**SECTION X: RISK FACTORS**". Certain illustrative scenarios where the Fund will indemnify the Indemnified Persons, are listed down hereunder: The Investment Manager and/or the Trustee while carrying out their day to day functioning on behalf of the Fund, may face litigation, receive notices, may have to protect the interests of the directors appointed by them on the boards of the Fund's Portfolio Entities against any litigation they face whilst acting on behalf of the Fund, face litigation by counter-parties in terms of investment/third party contracts entered on behalf of the Fund etc. The Sponsors undertakes various obligations as per the Regulations, viz. laying the procedure for resolution of disputes between the Investors and the AIF (i.e. the Trust), to provide information called for by SEBI, reporting obligations etc. Further, the Investment Manager may constitute various committees consisting of independent consultants, industry experts, investor nominees etc., to ensure requisite governance for the Fund.

		There may be practical scenarios whereby the Investment Manager, the Sponsors and/or the members of Investment Committee, may be made a party in a litigation/proceedings initiated/instituted by any Investor, third party service providers, any statutory body etc. and in such matters the legal costs, expenses and other related costs will have to be recovered from the Fund. Hence, in the above illustrative scenarios an indemnity needs to be provided by the Fund against any claims, losses, liabilities, including tax liabilities, costs, damages, expenses including legal fees, and amounts paid as settlement claim incurred by them by reason of their association with the Fund. However, the Indemnified Persons shall not be indemnified if the Losses suffered by them arise out of their own Malfeasance.
15.	**DEFAULTING CONTRIBUTORS**	Payment of Capital Contributions when due is of essence, and any default by a Contributor in the payment thereof would cause injury to the Fund and to the other non-defaulting Contributors. The default by a Defaulting Contributor (as defined below) may result in the loss of rights and privileges linked to the Units held by him in the Fund. Any penalty levied on the Defaulting Contributor (as envisaged below) shall be the amount of liquidated damages payable to the Fund by the Defaulting Contributor as a consequence of default of his contractual obligations. Any Contributor failing to contribute any portion of its Capital Commitment pursuant to a Drawdown Notice, within 14 (fourteen) calendar days from the date of Drawdown Notice, may be declared as a 'Defaulting Contributor' by the Investment Manager. The Investment Manager shall have the authority to condone a delay in payment of any portion of Capital Commitment by a Contributor; provided, that such delay does not extend beyond 3 (three) months from the due date ("**Grace Period**"). It is clarified that the Contributors who pay the Capital Contribution requested pursuant to Drawdown Notice within the Grace Period shall not be treated as Defaulting Contributors. The Investment Manager shall, at the end of the Grace Period, be required to take such action/s against the Defaulting Contributor as stated hereinbelow. The Investment Manager shall, at its absolute discretion, be entitled to enforce against the Defaulting Contributor *inter alia* singly, or in combination, any of the action/s as stated below: • a defaulter shall no longer be permitted to participate in subsequent investments of the scheme till the default is cured; • reduce the Capital Commitments of the Defaulting Contributor to the amount of Capital Contributions made by such Defaulting

		Contributor; and/or • enforce the Defaulting Contributor's obligations through pursuing any rights and remedies the Fund may have against the Defaulting Contributor, including by taking legal or other action against the Defaulting Contributor as more fully set out in the Contribution Agreement and the Indenture; and/or • suspend or terminate the Defaulting Contributor's right to receive any distributions. However, the Defaulting Contributor shall remain fully liable to the creditors of the Fund (including Tax liabilities), to the extent permitted by Applicable Law, for the amount payable by the Contributor as if such default had not occurred. It is clarified that, the Management Fees (including Tax liabilities) and any penalty interest levied thereon agreed to be paid by the Defaulting Contributor shall be deducted from the existing contributed funds of such Defaulting Contributor; and/or • suspend or terminate the Defaulting Contributor's obligation and right to make future payments towards its Capital Commitment; and/or • following the date of default, not allocate any items of gains to the Defaulting Contributor; and/or • cease to share any information or reports relating to the Fund with the Defaulting Contributor till the default is cured; and/or • require additional contribution (over and above the Capital Commitment) calculated by applying a penal interest rate of upto 18% (eighteen percent) per annum, on the Capital Contribution mentioned in the Drawdown Notice, from the date of the Drawdown Notice to the date of actual remittance of the amount (such defaulted Capital Contribution plus additional contribution in accordance with this Clause being the "**Default Amount**"). Any tax on such penal interest shall be recovered from Defaulting Contributor; and/or • forfeit, without compensation, some or all Units subscribed by the Defaulting Contributor. Upon such forfeiture being effected, the Defaulting Contributor shall cease to be entitled to any rights including the right to demand refund of its forfeited portion of the Capital Contribution to the Contribution Fund; and/or • prohibit the Defaulting Contributor from participating in any subsequent Contributor vote, meeting, consent or decision to be made by the Fund or Investment Committee or any other committee of Investment Manager (as applicable); and/or • sell the Defaulting Investor's Units to other non-defaulting Investors and / or to third parties at a price as solely decided by the Investment Manager, subject to Applicable Law; and/or • offset amounts otherwise distributable to such Defaulting Contributor against the Default Amount and Fund Expenses; and/or • recover the following from the Defaulting Contributor, which if not

		paid, will give rise to a new default, or set off the same against sums otherwise distributable to the Defaulting Contributors: (a) all due Operating Expenses; (b) due Management Fee; (c) any cost incurred by the Fund as a result of taking actions against the Defaulting Contributor; and (d) any other amount for which it is liable to pay to the Fund as per Applicable Laws and under the Contribution Agreement; and (e) indemnification or any other obligations under the Contribution Agreement. Any Taxes arising as a consequence of such actions under this paragraph shall be separately recoverable from the Defaulting Contributor. In the event the Units of a Defaulting Contributor are forfeited, such forfeiture shall include all dividends, interest, gains and distributions declared but unpaid and all payments made by the Contributor in respect of such Units. Any Units so forfeited may be disposed-off by the Investment Manager, and the proceeds of disposal (if any) shall accrue to the Fund. Upon such forfeiture being effected, the Defaulting Contributor shall cease to be entitled to any rights (including the right to demand refund) in respect of its contribution to the Fund. The Units not so forfeited may be redeemed at such price as may be determined by the Investment Manager, subject to Applicable Law and shall be calculated after taking into account any expenses (including Management Fees that may accrue), deductions, losses allocated to such Defaulting Contributor. Notwithstanding the above, the Investment Manager may, at its sole discretion and based on the needs of the Fund, allow Capital Contributions already made by the Defaulting Contributor to remain invested and to be returned to the Defaulting Contributor at the time of disposal of the Fund's investments in Portfolio Companies, together with distributions (net of applicable Taxes) to other Contributors. In the event of any forfeiture of Units of a Defaulting Contributor, the *pro rata* share of the other non-defaulting Contributors shall get automatically realigned based on such reduction in the Corpus of the Fund. Any additional amounts collected from the Defaulting Contributor and/or in respect of sale/transfer of Units of such Defaulting Contributor, shall be retained by the Investment Manager as part of the Contribution Fund to be utilized towards satisfaction of Fund Expenses and the balance, if any, shall be distributed (net of applicable Taxes) upon termination of the Fund or in the alternative shall be immediately distributed amongst the existing non-defaulting Contributors in proportion to their respective Capital Contributions and shall be subject to recall by the Investment Manager. Notwithstanding the above actions taken by the Investment Manager, the Defaulting Contributor will remain liable to pay to the Fund (as applicable):

		• Default Amount; and • any amounts (including Tax liabilities) for which it is liable to pay to the Fund under the Indenture and/or the Contribution Agreement. The Investment Manager may take different action/s against different Defaulting Contributors and shall not in any way be liable to any Contributor or other person for any such actions taken or for any inconsistency in the application of any actions following a default by a Defaulting Contributor.
16.	**TRANSFER, WITHDRAWAL AND TRANSMISSION OF UNITS**	Subject to Applicable Law, Contributors are not permitted to solicit or transfer/pledge any of their Units, Capital Commitment, interests, rights or obligation with regard to the Fund, without taking prior written consent of the Investment Manager which may be denied by the Investment Manager, and shall be subject to the following requirements: a) The proposed transferee/pledgee is an Eligible Person; b) The proposed transfer/pledge shall be subject to execution of necessary documentation by transferee/pledgee and transferor/pledger as may be stipulated/prescribed/required by the Investment Manager; and c) The proposed transfer/pledge will not contravene any Applicable Law or policy of the Government or otherwise is not prejudicial to the interests of the Trust/Fund. In the event of transfer of Units by a Contributor, the new contributor shall execute a deed of adherence acknowledging to be bound by the terms and conditions of the Trust Documents, in accordance with the form specified in the Contribution Agreement. Subject to Applicable Laws, costs and duties with respect to such deed of adherence shall be borne by the new contributor. Any Tax liability or obligation arising from such transfer shall be the responsibility of the transferor/transferee. **<u>Redemption of Units</u>** The Investment Manager will endeavor to exit/liquidate all the Fund Investments before the expiry of Term (except in cases of *in-specie* distribution or as otherwise provided under the Regulations), and the liquidation proceeds along with other distributable income or assets of the

		Fund will be distributed as detailed under paragraph 25 under the term '*Distributions*' in this "**SECTION VII: PRINCIPAL TERMS OF THE FUND**". The Investment Manager may redeem such part of the Units as the Investment Manager decides for the purpose of effecting a distribution or otherwise. Post the redemption of Unit/s and payment of consideration, the Contributor shall cease to be entitled to any rights in respect thereof and accordingly its name shall be removed from the list of Contributors with respect to such Unit/s. Units not redeemed by the Fund shall be redeemed as per the Applicable Laws after the Term comes to the end. Taxes, if any, on such redemption of Units shall be borne by the Contributors and not the Fund or the Investment Manager. **Deceased Investor** In the event of the death of an Investor ("**Deceased Investor**"), the Investment Manager, may at its discretion, take any action in respect of the Capital Commitment and/or Units of such Deceased Investor as set forth below subject to Applicable Laws. The legal heir of the Deceased Investor, or in case a nominee has been notified by the Deceased Investor to the Investment Manager before his/her death then such nominee, shall be deemed to be the successor of the Deceased Investor, subject to compliance under the Applicable Laws and completion of procedural requirements of the Investment Manager including execution of such necessary documentation as may be prescribed by the Investment Manager. The actions that the Investment Manager may take shall include but not be limited to permitting the legal heir / successor of the Deceased Investor to substitute the Deceased Investor in the Fund by transmission of the Units to the legal heir / successor and/or such legal heir / successor agreeing to honour Capital Commitment of such Deceased Contributor; providing an exit in respect of the Units of such Deceased Investor; exempting the Capital Commitment of the Deceased Investor from any penal actions due to default on such Capital Commitment, etc. 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. 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 the Investment Manager and/or the Fund of any liability towards the legal heirs of the Deceased Investor.
17.	**MANAGEMENT FEE**	As a consideration for the services to be rendered by the Investment Manager, the Fund shall pay Management Fee to the Investment Manager. The payment of Management Fee to the Investment Manager in connection with the Fund in respect of Class A Units and such other

		Classes/Subclasses of Units as may be designated by the Investment Manager, will accrue and commence from the First Closing and shall be payable annually in advance, at the rate of 2% (two percent) p.a. on the aggregate Capital Commitments of Class A Units. The financial year, that is, April 1 to March 31, shall be referred to for the purpose of calculating the Management Fee, and for any periods shorter than a complete financial year, the Management Fee shall be calculated on a *pro rata* basis. The Investment Manager will have the discretion to reduce or waive the Management Fee applicable to an Investor/Class of Units. Any such amount that is waived or reduced shall be borne by the Investment Manager. The Management Fee may be drawn down by the Investment Manager by issuing a Drawdown Notice or by offsetting against any income earned by the Fund or in any other manner as may be decided by the Investment Manager. The Management Fee payable to the Investment Manager shall be exclusive of all applicable indirect Taxes (including GST) and levies, if any, leviable on such Management Fee and any other payouts to the Investment Manager and its affiliated entities (including Sponsors and its affiliates) and the same shall be borne by the Fund and allocated to the holders of Class A Units and such other Classes/Subclasses of Units as may be designated by the Investment Manager, as applicable. Management Fee shall not be payable with respect to the holders of Class B Units. The Management Fees shall be paid after appropriate withholding of Taxes as per Applicable Law. Kindly refer to "**SECTION XII: ILLUSTRATION OF FEES, EXPENSES AND OTHER CHARGES**" for the calculation of Management Fees.
18.	**TRUSTEESHIP FEES**	The trusteeship fee ("**Trusteeship Fee**") shall be paid in accordance with the terms agreed with the Trustee in the offer letter which shall be annual fee of Rs. 1,50,000 (Indian Rupees One Lakh Fifty Thousand only) plus applicable Taxes. The Trusteeship Fee shall be payable by the Fund and allocated to holders of all the Classes of Units (A part of operating expenses) The Trusteeship Fees shall be paid after appropriate withholding of Taxes as per Applicable Law.

19.	**OTHER FEES**	Except as stated in this Memorandum, no other fees are contemplated to be charged to the Contributors.
20.	**DIRECT PLAN FOR INVESTORS**	The Fund have an option of "Direct Plan" for investors and such direct plan have not entail any distribution fee/placement fee.
21.	**EXPENSES (INCLUDING OPERATING EXPENSES AND SET-UP COSTS) CHARGED TO THE FUND**	**<u>OPERATING EXPENSES</u>** The annual operational expenses of the Fund ("**Operating Expenses**") will be borne by the Fund on actuals and allocated to the holders of all Classes/Subclasses of Units subject to a limit of 0.5% (zero point five percent) p.a. of the aggregate Capital Commitment of the Contributors in respect of all Classes of Units (excluding Management Fee, any litigation expenses, discharge of any indemnification obligation and any other extraordinary, non-recurring expenses and any expenses directly attributable to acquisition, holding or disposal of the Fund Investments (such as banker's expenses, broken-deal expenses, brokerage, etc.), which shall be charged to the Fund on actuals, over and above the limit on Operating Expenses). The Operating Expenses shall *inter alia* consist of the following: • Expenses incurred in the operation of the Fund; • Statutory, legal, accounting audit, custody, consulting, valuation, any other third party fees and operating expenses related to the Fund and other professional fees; • Expense incurred by the Fund for collection of Capital Commitments; • Banking, registration, qualification, depositary and similar fees or commissions; • Interest on borrowings; • Trusteeship Fees; • Costs of financial statements and other reports (including reports to Contributors) and meetings of the Investment Manager; • Expenses in connection with meetings of the Investment Committee; • Expenses in connection with meetings of the Contributors (travel, accommodation and out-of-pocket expenses of Contributors will be borne by themselves); • Expenses associated with maintenance of books of accounts and other records of the Fund; • Expenses reimbursable to the Trustee; • Administration, communication, advertising, promotional, operating, and transactional expenses (including bank charges) incurred by the Fund; • Fees payable to banks, merchant banks, and any consultants for providing services to the Fund;

- Reasonable premiums for insurance for protecting the directors, officers, partners, shareholders, employees and agents of the Trustee and Investment Manager of the Fund;
- Proportionate liquidation expenses of the Trust and the Fund; and
- All other costs, expenses, charges, levies, stamp duties, administrative, statutory, revenue levies and other incidental costs, fees, expenses not specifically covered above arising out of or in the course of managing or operating the Fund.

Any such costs and expenses incurred by the Investment Manager shall be reimbursable by the Fund to the Investment Manager.

Operating Expenses incurred by the Fund over and above the aforementioned limit shall be borne by the Investment Manager.

The Investment Manager will have the discretion to reduce or waive the Operating Expenses applicable to an Investor/Class of Units. Any such amount that is waived or reduced shall be borne by the Investment Manager.

The Operating Expenses shall be exclusive of all applicable Taxes and levies, if any, leviable on such Operating Expenses and the same shall be borne by the Fund and allocated to the holders of all the Classes of Units, as applicable. The Operating Expenses shall be paid after appropriate withholding of Taxes (wherever applicable).

<u>SET-UP COSTS</u>

The set-up costs shall be borne by the Fund and attributable to the holders of Class A Units and such other Classes/Subclasses of Units as may be designated by the Investment Manager at actuals subject to a limit of 1.5% (one and half percent) of the Contributor's respective Capital Commitments ("**Set-up Costs**"). Set-up Costs incurred by the Fund over and above the aforementioned limit shall be borne by the Investment Manager.

The Set-up Costs shall include:

- setting up and offering costs;
- costs involved in marketing of the Fund;
- costs directly attributable to the establishment of the Fund and obtaining or maintaining various licenses, approvals and registrations, registration expenses;
- commitment or similar fees;
- legal and professional expenses (including fees paid for legal opinions, if any) incurred in relation to the preparation and

		negotiation of the Trust Documents or any other documents applicable to the Fund; • printing costs in relation to the Trust Documents; • stamp duty and registration charges; and • travel expenses of the Investment Manager team for the execution of the Contribution Agreements. The Set-up Cost payable to the Investment Manager shall be exclusive of all applicable Taxes (including GST) and levies, if any, leviable on such Set-up Cost and the same shall be borne by the Fund and allocated to the holders of Class A Units and such other Classes/Subclasses of Units as may be designated by the Investment Manager, as applicable. No Set-up Cost shall be charged to the holders of Class B Units. Set-up Cost incurred by the Fund over and above the aforementioned limit shall be borne by the Investment Manager. The Investment Manager will have the discretion to reduce or waive the Set-up Cost applicable to an Investor/Class of Units. Any such amount that is waived or reduced shall be borne by the Investment Manager. The Set-up Costs shall be paid after appropriate withholding of Taxes (wherever applicable). **<u>OTHER EXPENSES</u>** In addition to the Set-up Costs, Operating Expenses and Management Fees, the Fund will be responsible for all costs and expenses at actuals related to its own operations whether incurred directly by the Fund or by the Trustee or the Investment Manager for and on behalf of the Fund, including, without limitation: (i) Taxes, fees and other governmental charges levied against the Fund and its assets including any GST, indirect taxes or statutory charges charged on expenses or any payouts by the Fund; (ii) Expenses incurred in connection with any indemnification obligations; (iii) Expenses incurred in relation to listing of the Fund and managing the listing; (iv) Any expenses directly attributable to buy and sell of the Fund Investments (such as investment banker's expenses, brokerage, etc.); and (v) Any litigation and any other extraordinary and non-recurring expenses. Expenses, if any, payable by the Fund shall be paid after appropriate withholding of Taxes, as applicable.

22.	**EXPENSES OF THE INVESTMENT MANAGER**	The Investment Manager shall bear all its operational and administrative expenses post the setting up of the Fund and make its own provision for the following: a) Office space, salary and personnel cost; b) Office equipment; c) Regulatory compliance and reporting; d) Fees/compensation payable to distributors/placement agents; and d) Preparation of tax returns of the Investment Manager.
23.	**BORROWINGS**	The Fund may not borrow funds directly or indirectly and shall not engage in leverage except for meeting temporary funding requirements for not more than 30 (thirty) days, not more than 4 (four) occasions in a year and not more than 10% (ten percent) of the Investible Funds.
24.	**HURDLE RATE OF RETURN**	The hurdle rate of return with respect to the holders of Class A Units and Class B Units shall be an XIRR based return of 10% (ten percent) (pre-Tax) per annum compounded on an annualized basis in Indian Rupees ("**Hurdle Rate of Return**") calculated from the later of, (i) First Closing, or (ii) date of actual Drawdown, till the date of distributions in accordance with the Trust Documents.
25.	**DISTRIBUTIONS**	Summary of distribution waterfall: <table><tr><td>Investment Proceeds</td><td>The Fund will receive proceeds by way of dividends, returns, capital appreciation, interest or other forms of receivable or any other capital receipt or receivable as may be permitted by Applicable Law from the Fund Investments, returns/yield on Fund Investments, Temporary Investments and cash proceeds realized from the disposition of the Fund Investments, Temporary Investments and any other forms of cash receivables as may be</td></tr></table>

			permitted by Applicable Law from Fund Investments after taking into account any sale expenses from disposal of the Fund Investments (“**Investment Proceeds**”).
		Reserves	The Fund is entitled to retain or withhold from any Investment Proceeds or Capital Contributions, amounts necessary to create, as deemed appropriate by the Investment Manager /Trustee (in the manner as provided under the Indenture), appropriate reserves for Fund Expenses and liabilities of the Fund, as well as for any required Tax withholdings or any Tax retention/payment or provisions for Taxes.
		Distribution Proceeds	Investment Proceeds as reduced by Fund Expenses including Management Fee (including the goods and service tax on the Management Fee and if any, on any distribution made on their investment in the Fund), Taxes, costs, other Fund liabilities and reserves (if any) as provided herein (“**Distribution Proceeds**”) shall be distributed by the Investment Manager from time to time and no redemption at the discretion of any Contributor would be permitted during the Term.
		Distribution Waterfall	The Investment Manager will determine the level of distributions based on financial results and cash flows, after taking into consideration all necessary provisions and subject to any restrictions imposed by Applicable Laws. The Investment Manager will make the distributions out of the Distribution Proceeds within a reasonable period. Payment of distributions shall be made to the bank

			accounts of Contributors through Real Time Gross Settlement or National Electronic Funds Transfer payment systems of the RBI or by way of cheque, as may be decided by the Investment Manager. The Distribution Proceeds will be concurrently allocated/apportioned to the holders of Class A Units, and Class B Units and any further Classes/ Subclasses (if any), in proportion to their respective Invested Funds. The Distribution Proceeds allocated to the respective Classes/Subclasses will be further allocated within the Classes/Subclasses in proportion to their respective Invested Funds. Any distribution based on the above allocation/apportionment by the Fund shall be made concurrently/simultaneously amongst the Contributors in a Class/Subclass in the manner provided below.	
		Hurdle Rate of Return	Refer to above paragraph on ‘*Hurdle Rate of Return*’ under this “**SECTION VII: PRINCIPAL TERMS OF THE FUND**”.	
		Additional Return	In the manner provided below under the “Class A Distribution Waterfall”. Allocation and calculation of Additional Return shall be done on aggregate portfolio basis. The Additional Return applicable to an Investor/Class of Units may be reduced or waived by the Investment Manager on a case-to-case basis.	

		The Distribution Proceeds allocated to each Contributor shall be distributed by the Investment Manager to the respective Contributor in the manner provided below and no redemption at the discretion of any Contributor would be permitted during the Term. It is clarified herein that any distribution (based on the above allocation/apportionment) by the Fund amongst the Contributors in a Class/Subclass, shall be made concurrently/simultaneously in the manner provided below: **I. <u>Class A Distribution Waterfall</u>** The Distribution Proceeds so allocated to the holders of Class A Units, ("**Class A Distribution Proceeds**") shall be distributed as follows: I. **<u>Return of Capital</u>**: 100% (one hundred percent) of the Class A Distribution Proceeds will be distributed to the holders of Class A Units, until the cumulative distributions are equal to 100% (one hundred percent) of their respective aggregate Capital Contributions; II. **<u>Hurdle Rate of Return</u>**: Thereafter, 100% (one hundred percent) of the Class A, and Class B Distribution Proceeds will be distributed to the holders of Class A and Class B Units, until a cumulative amount equal to Hurdle Rate of Return on the amounts described in clause (i) above has been distributed in respect of the Class A and Class B Units; III. **<u>Additional Return</u>**: Thereafter, any balance Distribution Proceeds shall be distributed to the holders of Class A Units and the holders of Class B Units and such other Classes/Subclasses of Units as may be designated by the Investment Manager, simultaneously in the following ratio: a. Holders of Class A Units: 80% (eighty percent); and b. Holders of Class B Units: 20% (twenty percent);

		(all such amounts distributed to the holders of Class B Units, such other Class/es of Units as may be designated by the Investment Manager under clauses (iii) and (iv) above are hereinafter referred to as the "**Additional Return**"). "**Additional Return**" means the amount distributed to the holders of Class B Units and any subsequent Class/es, as may be designated by Investment Manager, in the Distribution Waterfall above as Additional Return. **II. <u>Class B Distribution Waterfall</u>** **<u>Return of Capital</u>**: 100% (one hundred percent) of the Class B Distribution Proceeds will be distributed to the holders of Class B Units, until the cumulative distributions are equal to 100% (one hundred percent) of their respective aggregate Capital Contributions; The Distribution Proceeds (other than Additional Return) so allocated to the holders of Class B Units will be distributed to the holders of Class B Units. The Additional Return allocated to holders of Class B Units shall be apportioned amongst the holders of Class B Units as per their respective Contribution Agreements or as may be decided by the Investment Manager. Any Taxes, duties, charges and levies suffered as withholding Tax or paid by the Trustee qua each unitholder in the Fund shall be deemed to form part of the distributions to such unitholder as on date when such Taxes, duties, charges and levies are deducted or paid, as the case may be. The Fund shall, before distribution of gains arising out of the investments to all the unitholders or on deemed distribution of gains arising out of investments to the unitholders, withhold and / or discharge appropriate Taxes as per Applicable Laws. Such Taxes withheld will be treated as if it were and deemed to be a distribution to the Contributors and will be taken into account in calculating future distributions by the Fund as may be applicable. The Investment Manager will make reasonable efforts to liquidate the Fund Investments upon termination of the Fund (as applicable). If the Investment Manager is unable to liquidate all of the investments and realize cash proceeds out of such disposition, the Investment Manager may, with the consent of Super-Majority of the Contributors, distribute all un-liquidated investments *in specie* (net of the Fund Expenses) amongst the Contributors in the manner stated above and on such terms and conditions, as the Investment Manager may, in its sole discretion deem appropriate, subject to the provisions of the Regulations. Such *in specie* distributions of Fund Investments will be made in the same manner and

		priority as discussed above as if the proceeds equaled the fair market value (which will be determined in good faith by the Investment Manager). The Fund will not be required to make any distribution: (i) unless there is sufficient cash available; or (ii) if it would render the Fund insolvent; or (iii) which, in the Investment Manager's/Trustee's opinion, would or could leave the Fund with insufficient funds or income to meet any present or future contemplated obligations, liabilities or contingencies including Tax liabilities. GST, if any, arising on the Management Fees and any other payouts to the Investment Manager or its affiliates (including Sponsors and its affiliates) will be borne by the Fund.
26.	**DISTRIBUTION IN-KIND**	The Investment Manager shall make reasonable efforts to sell the Fund Investments prior to termination of the Fund or within the period of 2 (two) years post the expiry of the Term of the Fund in accordance with the terms of the Trust Documents. If for any reason, the Investment Manager is unable to sell/liquidate any such Fund Investment prior to the date of termination of the Fund or otherwise in accordance with the Trust Documents, or if the Investment Manager believes, in good faith, that such sale of Fund Investment would not be in the best interests of the unitholders, then the Investment Manager shall make *in specie* distribution of such Fund Investments, subject to Applicable Laws and obtaining approval of Super-Majority of the Contributors, and in accordance with the terms set out under paragraph 25 titled '*Distributions*' under "**SECTION VII: PRINCIPAL TERMS OF THE FUND**". Such *in specie* distributions of Fund Investments will be made in the same manner and priority as if the Distribution Proceeds equalled the fair market value (which will be determined in good faith by the Investment Manager) and shall be subject to discharge of appropriate withholding of Tax at the time of such distribution, if applicable. Without prejudice to the foregoing, all Taxes on such *in specie* distributions shall be borne by the respective Contributor and the Contributor shall co-operate with the Fund and the Investment Manager for discharge of withholding Tax or payment of Taxes. The restrictions on disposal of assets (if any) applicable to the respective Fund Investments may also be applicable to the Contributors receiving such *in-specie* distribution.

27.	**MANDATORY EXIT OF INVESTORS**	The Investment Manager reserves the discretion to compel the redemption of any Units with not less than 14 (fourteen) Business Days prior written notice for any of the following reasons: (i) The Units are held by or for the benefit (directly or indirectly) of any Person who is not an Eligible Person; or (ii) Continuation of the Contributor with the Fund will be materially prejudicial to the interest of the Fund; or (iii) Continuation of the Contributor with the Fund will result in onerous obligations on the Fund; or (iv) Contributor is in material breach of its obligations under the Contribution Agreement. The Investment Manager shall determine the redemption price of the Units being compulsorily redeemed based on the lower of net asset value calculated at the time of compulsory redemption or at the time of distributions made to the Contributors or at such price as may be determined by the Investment Manager in case (i) the Investment Manager seeks to charge any additional amount from the Investor in lieu of such compulsory redemption, or (ii) where the net asset value of the Fund is not readily available at the time of such compulsory redemption, subject to Applicable Law. The payments subject to any adjustments towards any Management Fee, expenses and liabilities (including Tax liabilities, if any) shall be made by Investment Manager in such time, as may be reasonably determined by the Investment Manager.
28.	**REINVESTMENT**	The Fund does not contemplate any reinvestment of the realization proceeds arising out of sale of any Fund Investment.
29.	**TEMPORARY DEPLOYMENTOF SURPLUS FUNDS**	Temporary Investments by the Fund shall be made in liquid mutual funds, bank deposits, treasury bills, triparty repo dealing and settlement, commercial papers, certificate of deposits and such other liquid assets of higher quality as may be prescribed under the Regulations. Until Capital Contributions received by the Fund are utilized towards Fund Investments and/or pending distribution or as a reserve for the Fund's anticipated obligations (including Tax obligations / liabilities), as applicable, the Investment Manager shall be entitled to invest the same in Temporary Investments. Prior to the First Closing of the Fund, any gains arising to the Fund from such Temporary Investments shall be distributed or allocated against the unfunded Capital Commitment of the Contributor (subject to the

		Regulations), net of Taxes, if any applicable, *pro rata* to the amount of Capital Contribution utilized towards such Temporary Investments (on time weighted basis). Subsequent to the First Closing of the Fund, any gains arising to the Fund from such Temporary Investments shall be retained as a part of the Contribution Fund to be utilized or distributed in accordance with the Trust Documents. The Investment Manager would endeavour to hold the Temporary Investments for a tenure not exceeding six months from the date of making such Temporary Investment.
30.	**CLAWBACK OF ADDITIONAL RETURN**	Upon liquidation, dissolution or winding up of the Fund, if the holders of Class A Units have received distributions less than the amount required to repay aggregate Capital Contributions *plus* the Hurdle Rate of Return thereto (the "**Preferred Return Deficiency**"), the holders of Class B Units have received distributions over the Fund's entire Term in excess of their entitlement of the Additional Return (the "**Excess Distribution Amount**"), then the holders of Class B Units shall pay to the Fund (in proportion to the amount respectively received by them as Additional Return) an amount equal to the greater of (i) the Excess Distribution Amount, or (ii) the Preferred Return Deficiency, not exceeding total amount distributed as Additional Return to the holders of Class B Units and less any Tax paid thereon. Such excess Additional Return shall be distributed to the holders of Class A Units in proportion of Capital Contribution and shall be adjusted for all applicable actual Tax paid/payable/borne and other liabilities of the Fund (or the creation of appropriate reserves for the same). There is no escrow arrangement currently envisaged for keeping monies so obtained by the Fund from such clawback.
31.	**GIVEBACK BY THE CONTRIBUTORS (OF DISTRIBUTIONS RECEIVED)**	The Investment Manager or Trustee may, in prior 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 (including any indemnification obligations, Tax liability/claim). Subject to Applicable Laws including the Limitations Act, 1963 and the Income Tax Act 1961, the obligation to return distributions may also continue beyond the term of the Fund/Trust as determined by the Investment Manager/Trustee in consultation with the Investment Manager, by providing a notice to the Contributors for the same.

32.	**KEY PERSON & KEY PERSON EVENT**	A "**Key Person Event**" will be deemed to occur in the event that **Mr. Pankaj Khetan, Dr. Ashok Aggarwal and Mr. Anshul Mehta** ("**Key Person/s**"), either resign from their position and/or become deceased and/or become disabled to an extent where they are unable to perform their role for a period of at least 120 (one hundred and twenty) consecutive days, during the Commitment Period. Upon the occurrence of a Key Person Event, the Investment Manager shall be required to replace, within a period of 6 (six) months from such occurrence ("**Key Person Event Cure Period**"), the Key Persons with suitably qualified individuals, as approved by the Super Majority of the Contributors. On the occurrence of a Key Person Event, the Commitment Period shall automatically be suspended till a replacement Key Person is appointed in the manner provided above during the Key Person Event Cure Period. Provided that, further Drawdowns for investment shall be allowed to the extent necessary for follow-on investments and specific investments in relation to which legally binding commitments have been made prior to the occurrence of the Key Person Event or to pay Management Fee and Fund Expenses. Further, if suitable replacements as approved by the Super Majority of the Contributors is found for the Key Persons, as applicable, the Commitment Period shall stand extended to the extent of the period equal to the period of suspension. Following a suspension of the Commitment Period resulting from the occurrence of a Key Person Event, the Fund will continue to manage, hold and dispose of its existing Fund Investment. If Super Majority of the Investors does not approve the replacement of the Key Persons, the Super Majority of the Investors have the right to terminate the Fund or remove the Investment Manager.
33.	**REMOVAL OF THE INVESTMENT MANAGER**	The Investment Manager may be changed for a "Cause" (as described below) if 90% (ninety percent) Contributors by value in the Trust vote to change the Investment Manager after giving a 6 (six) months' written notice ("**Cure Period**") to the Investment Manager of such "Cause" and the Investment Manager fails to cure such "Cause" within the Cure Period. For the purposes of change of the Investment Manager, "Cause" shall be established where the existence of the following circumstances is demonstrated: (i) the Investment Manager is in material breach of its material

		obligations under the terms of the Trust Documents for which a written notice has been served upon the Investment Manager (through the Trustee) specifying the nature of breach and the Investment Manager has failed to cure such default within a period of 90 (ninety) days from the date of receipt of such notice by the Investment Manager; (ii) orders of bankruptcy, insolvency, administration, involuntary reorganization or similar proceedings have been passed against the Investment Manager; or (iii) the Investment Manager has engaged in Malfeasance in connection with its role as the Investment Manager. In such an event (if the "Cause" has not been cured), the Super-Majority of Contributors of the Trust may appoint another investment manager. The provisions of the Contribution Agreements shall be in line with this paragraph on '*Removal of Investment Manager*'. Notwithstanding anything stated above, the removal of the Investment Manager, the Management Fee and Additional Return accrued on Fund Investments made till the date on such removal is effected, shall be due and payable to the Investment Manager or as provided in this Memorandum. No conditions are envisaged where the Investment Manager shall be ineligible to receive the Management Fee and Additional Return.

34.	**CO-INVESTMENT**	Co-investment by investors of Alternative Investment Fund shall be through a Co-investment Portfolio Manager as specified under the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020." Co-investment Portfolio Manager may at its discretion offer co-investment opportunities to certain eligible Contributors (which, *inter alia*, shall be a minimum threshold of Capital Commitment by the Contributors or offering strategic value to the Portfolio Entity, being the qualifying criteria) and/or any third parties (each a "**Co-Investor**"), at such times and on such terms as it may determine. The terms on which Co-Investors participate in investments alongside the Fund may be similar to the terms on which the Fund participates in those investments or they may be on different terms. Further, co-investment in a Portfolio Entity by any Co-Investor shall not be on terms more favourable than those offered to the Fund and shall be in accordance with Applicable Laws. The Co-investment Portfolio Manager may receive any referral fees and other compensation from the Co-Investors in relation to their co-investment which could be different from the fees or compensation charged to the Fund and shall not be obliged to remit these amounts to the Fund. Similarly, any transactional expenses in respect of a co-investment opportunity incurred by the Fund shall be shared proportionately between the Fund and such Co-Investors in the ratio of their amount of investments. The terms of the Co-investment shall be governed by an agreement in writing as may be drawn for this purpose as per the provisions applicable to a Co-investment Portfolio Manager. Subject to the foregoing, (i) each of the Fund and the Co-Investor will act independently and not as an agent of the other; (ii) each of the Fund and the Co-Investor will make its own decisions on investments but Co-investor cannot make its independent decision to divest from the co-investment and bear its own expenses as well as be entitled to the gains and losses arising from its investments; and (iii) the Fund and the Co-Investor are not expected to act jointly or make any joint decisions or association of persons and do not intend to form any joint venture or partnership for the purpose of making investments.
35.	**PARALLEL VEHICLES / ALTERNATIVE INVESTMENT STRUCTURES**	Subject to Applicable Laws, the Investment Manager may establish one or more parallel vehicles / alternative investment structures / feeder funds through which certain Investors may invest in the Fund, including overseas vehicles. Such structures may *inter alia* be used to raise capital through offshore jurisdictions with the help of feeder funds. Such parallel vehicles / alternative investment structures / feeder funds shall be established in accordance with the applicable regulatory framework of the concerned jurisdiction. The cost of setting up and managing such parallel

		vehicles / alternative investment structures / feeder funds shall be borne by the Investment Manager or any other Person (such as affiliates/associates/group companies of the Investment Manager) as may be decided by the Investment Manager.
36.	**SUCCESSOR FUNDS**	The Investment Manager can set up subsequent funds with similar investment strategy which may be called successor funds, under the same Trust or separate vehicle in accordance with the Applicable Laws. Such successor funds may be launched by the Investment Manager subject to the earlier of: i. the completion of Commitment Period; or ii. at least 60% (sixty percent) of aggregate Capital Commitments have been invested or have been committed or required for investment or set aside as reserves for expenses or liabilities. Notwithstanding anything stated above, subsequent funds with different investment strategy can be launched anytime by the Investment Manager.
37.	**REPORTING**	The Contributors will receive: a. An annual 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 180 (one hundred and eighty) days from the close of the financial year. b. Form 64C in accordance with the provisions of the Income-tax Act, 1961 read with Income Tax Rules, 1962. c. Information with respect to any fees charged by the Investment Manager and/or Sponsors or any fees charged to the Trust/Portfolio Entity by an Associate of the Investment Manager and/or Sponsors shall be disclosed periodically in accordance with Applicable Laws. d. Information with respect to any breach of a provision of this Memorandum, Contribution Agreements or any Trust Documents, as and when occurred. e. Information with respect to any change in control of Investment Manager and/or Sponsors or Portfolio Entities, any change in the Investment Manager and/or Sponsor, 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. f. Information in relation to any change to this Memorandum with details indicating the changes made, 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, within 1 (one) month from the end of each financial year on a

		consolidated basis. g. Financial, risk management, operational, portfolio, and transactional information regarding fund investments periodically to the investors; h. Any material liability arising during the Alternative Investment Fund's tenure, as and when occurred; i. If required by the SEBI, information for systemic risk purposes (including the identification, analysis and mitigation of systemic risks); j. Any other details/reports *suo moto* from the Investment Manager, as deemed necessary by the Investment Manager. All the above referred reports/information shall be furnished to the Contributors in accordance with **Investor Charter** and shall be sent electronically by e-mail unless otherwise specified by the Contributor. The Investment Manager in accordance with the Contribution Agreements, shall deliver to each Contributor the Statement of Accounts, evidencing the number of Units held by the Contributor.
38.	**VALUATION**	An independent valuer, for valuation of assets of the Fund shall be appointed by the Fund. The valuation shall be done by such valuer at least once every 6 (six) months. Such period may be enhanced to 12 (twelve) months with the approval of Super-Majority of Contributors. The valuation methodology shall be provided to the Contributors separately. For more details, please refer to "**SECTION VIII: PRINCIPLES OF PORTFOLIO VALUATION**".
39.	**SIDE LETTERS**	The Investment Manager may enter into agreements with certain large Contributors / strategic investors who may be offered preferential terms as detailed herein below. Such preferential terms shall be provided separately in the respective side letters to be signed with such Contributors and nothing mentioned in such side letters shall alter the rights of the other Investors available under their respective Contribution Agreements. The commercial terms on which differential rights may be offered through side letters, *inter alia* include variable Management Fee/Set-Up Cost/Operating Expenses/fee/charge structure etc. The non-commercial terms on which differential rights may be offered through side letters, *inter alia* include differential rights in the nature of information rights, right to have a seat on any governance committee, offering of co-investment rights etc. Any such no differential right under side letter should affect economic rights of other investors under any circumstance regardless of potential.

		The terms on which differential rights shall not be offered, *inter alia* include preferential exit from the Fund, contributor giveback, contribution to indemnification and drawdown provided that such differential rights have the potential to impact other Contributors in a negative manner.
40.	**TRUST / SCHEME DOCUMENTS**	The Trust Documents shall constitute: a. the Indenture; b. Investment Management Agreement between the Trustee and the Investment Manager; c. Contribution Agreement of the respective Contributor; d. this Memorandum; and e. any other document that may be declared as Trust / Scheme Document by the Investment Manager. A copy of this Memorandum and the Contribution Agreement shall be shared with the prospective investors upfront, in a manner as directed by the prospective Contributor. Copies of the other Trust Documents shall be available for inspection by the prospective Contributors in the Fund. Any prospective Investor desirous of obtaining a copy of the Trust Documents should forward his request to the Investment Manager. It is clarified herein that if an Investor is desirous of obtaining copy of the Trust Documents, such an Investor will not receive a copy of the Contribution Agreement (including any supplemental documents) that have been entered into with other Investors. If there is a conflict in the interpretation and / or consequence arising from the interpretation of expressions, terms, phrases or definitions amongst the Trust Documents, the Trust Documents shall be harmoniously read to give effect to such expressions, terms, phrases or definitions. Further, it is clarified the principal terms as provided in the Contribution Agreement shall not go beyond the terms as provided in this Memorandum.
41.	**LISTING**	Units of the Fund may be listed on the stock exchange post the Final Closing and subject to the minimum tradable lot applicable in accordance with the Applicable Laws.
42.	**AMENDMENTS AND WAIVERS**	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, such amendment process will be specified by the Investment Manager keeping in mind the requirements under the Regulations. The above illustration is merely indicative in nature and should not be construed as an exhaustive list of scenarios during which this Memorandum may be amended.

		All laws and regulations applicable to Fund's activities, may, at any time be amended, modified, repealed or replaced in a manner adverse or favourable to the interests of the Contributors. The Fund will, at all times, be subject to any such change in Applicable Law. The Trustee and Investment Manager shall carry out necessary amendments to any of the Trust Documents so as to confirm to such modifications in Applicable Law.
43.	**CONFIDENTIALITY**	The Contributor shall maintain the confidentiality of any information regarding the Trust and its Schemes, the Trustee, the Investment Manager, their respective affiliates and the Portfolio Entities and their affairs, received by the Contributor pursuant to the Contribution Agreement, as a result of its status as an investor to the Trust and its Schemes, except as otherwise required under Applicable Laws and Regulations, or as otherwise permitted by the Investment Manager.
44.	**AUDITORS**	The Investment Manager may appoint an Auditor to the Trust/Fund in accordance with the qualification criteria as may be prescribed by the Investment Manager.
45.	**GRIEVANCE REDRESSAL**	The Investment Manager shall designate one of its personnel as the investor relation officer who shall seek to attend to and address any investor query/concern/grievance at the earliest. The Investment Manager will ensure that this official is vested with the necessary authority and independence to handle complaints received from the investors. Any dispute unresolved by the above internal grievance redressal mechanism of the Investment Manager, may be submitted to arbitration under the Arbitration and Conciliation Act, 1996. The arbitration shall be held in accordance with the terms of the Contribution Agreement. Without prejudice to anything stated above, the investor may further register its grievance/complaint through SCORES (SEBI Complaints Redress System) available at http://scores.gov.in, post which SEBI may forward the complaint to the Investment Manager and the Investment Manager will suitably address the same. The Trust's SCORES registration number is **aif01370**. Additionally, investors may opt to resolve disputes through Online Dispute Resolution ("ODR") mechanisms, including via the SEBI-designated ODR platform (accessible at https://smartodr.in), in accordance with applicable SEBI circulars and guidelines, as may be amended or notified from time to time.

Supplementary Section

1.	**SUPER-MAJORITY OF CONTRIBUTORS**	In respect of the Fund means such number of Contributors whose Capital Contributions in aggregate amount to at least 75% (seventy-five percent) of the aggregate of all Capital Contributions of the Fund, and in respect of the Trust shall mean such number of contributors whose capital contribution in aggregate amount to at least 75% (seventy-five percent) of the aggregate capital contributions under all existing Schemes, as per the Regulations ("**Super-Majority of Contributors**"). A vote of Super-Majority of Contributors is required for the following: (i) To approve winding up of the Fund; (ii) To approve the extension of limit for valuation by the valuer to once every 12 (twelve) months; (iii) To approve *in-specie* distribution by the Fund; (iv) To approve investments by the Fund in an Associate; and (v) To approve any material changes (i.e. changes in fundamental attributes of the Fund) in accordance with the Regulations.
2.	**TWO-THIRD MAJORITY OF CONTRIBUTORS**	In respect of the Fund means such number of Contributors whose Capital Contributions in aggregate amount to at least two-third of the aggregate of all Capital Contributions of the Fund, and in respect of the Trust shall mean such number of Contributors whose capital contribution in aggregate amount to at least two-third of the aggregate capital contributions under all existing Schemes, as per the Regulations ("**Two-Third Majority of Contributors**"). A vote of Two-Third Majority of Contributors is required for the following: (i) To extend the Term of the Fund; and (ii) To approve any material change in the investment strategy.
3.	**CONTRIBUTION AGREEMENT**	The terms of the Contribution Agreement shall be consistent with the terms of this Placement Memorandum

SECTION VIII: PRINCIPLES OF PORTFOLIO VALUATION

I. Details of entity appointed as valuer of the Trust/Fund

The Fund will appoint an independent valuer as valuer of the Fund before the Fund starts its operations.

II. Frequency of valuation of Portfolio Entities

The frequency of such valuation shall be once every 6 (six) months. However, the Investment Manager may carry out such valuation once every 12 (twelve) months, subject to the approval of Super-Majority of Contributors.

III. Valuation principles used by the Trust/Fund for valuation of Portfolio Entities

As per circular dated June 21, 2023 SEBI has Specified the Valuations norms.

In this regard following is specified:-

Valuation of securities for which valuation norms have already been prescribed under SEBI (Mutual Funds) Regulations, 1996 (‘MF Regulations’), shall be carried out as per the norms prescribed under MF Regulations.

SECTION IX: CONFLICTS OF INTEREST

The conflicts of interest may arise in relation to the various activities carried out by the Interested Parties vis-à-vis the activities of the Fund. The Investment Manager has adopted certain policies and procedures intended to protect the interest of Investors in the Fund against any adverse consequences arising from potential conflicts of interest. The protection of the Investors' interests is Investment Manager's foremost priority. The conflict of interest situation may adversely affect the interest of the Contributors and the Contributor may lose its Capital Contribution due to such conflict of interest. The Contributor acknowledges the existence of risk arising out of conflict of interest.

The Interested Party(ies) shall exercise a standard of good faith in their dealings with the Fund and any of its Portfolio Entities. The Investment Manager and Sponsor will be transparent and make disclosures with respect to conflicts of interest situation that the Investment Manager determines may have arisen (or which seem likely to arise) between the Interested Parties and the Fund (or any of its Portfolio Entities).

The Investment Manager maintains and operates effective organisational and administrative arrangements with the view of taking all reasonable steps to identify, continuously monitor and manage conflicts of interest. Some of the potential conflicts of interest situations and the policies of the Investment Manager for managing conflicts of interest are provided below. It is not intended to provide a comprehensive list of conflicts of interest or account of the processes and procedures which the Investment Manager adopts in connection with the management of conflicts of interest, but is instead intended to be a statement of principles with which the Investment Manager seeks to manage foreseeable conflicts of interest.

All potential sources of conflicts of interests that the Investment Manager envisages during the operations of the Fund, which includes conflicts arising at following levels:

- **At the level of employee of the management entity**

  The employees of the Investment Manager that provide services to the Fund will have, in addition to their responsibilities for the Fund, responsibilities for other companies, projects and clients. Accordingly, they may have conflicts of interests in allocating management time and other resources amongst the Fund and such other projects and clients.

- **At the level of service providers of the Fund**

  The attorneys, accountants, professionals and other service providers, who perform services for the Fund may, and in some cases do, also perform services for the Interested Parties and their affiliates.

- **At the level of the Investment Manager**

  There cannot be any assurance that an investment opportunity that comes to the attention of the Investment Manager will be referred or otherwise made available to the Fund. Investment opportunities identified by the Investment Manager may be suitable for the Fund and/or an Interested Party. The Investment Manager will endeavour to resolve any such conflicts in a reasonable manner taking into account such factors as it may consider relevant including investment strategy and objectives, investment policy, sector focus, deal size, regulatory and tax considerations, etc. However there can be no assurance that the Fund shall be allocated any particular investment opportunities that are identified by the Investment Manager.

- **At the level of the Sponsor**
  The Sponsor of the Fund, apart from investing in the Fund, may also invest in the companies where the Fund has also invested at the differential terms than that of the Fund. Such investment of the Investors may conflict with the investment of the Fund.

- **At the level of the Investor**
  The Investors of the Fund, apart from investing in the Fund, may also invest in the companies where the Fund has also invested at the differential terms than that of the Fund. Such investment of the Investors may conflict with the investment of the Fund.

- **At the level of members of various governance bodies**
  The members of the Investment Committee in addition to their responsibilities for the Fund, will have responsibilities for other funds, projects and clients. Accordingly, allocating management time and other resources among the Fund and such other funds, projects and clients can be a challenge.

- **At the level of the Sponsor/ Investment Manager group entity, in relation to various schemes managed by the Sponsor/ Investment Manager**

  The Investment Manager and/or Sponsors and its affiliates, subject to Applicable Laws, may be involved in a variety of advisory, management and investment-related activities including management of other funds in future. The Fund shall not have any rights in or to any cash receipts or profits of the Investment Manager and/or Sponsor, and any of its affiliates. The Investment Manager and/or Sponsors and any of its affiliate/group entities may, from time to time, act as investment managers or advisers to other entities, companies or funds other than the Trust/Fund. It is therefore possible that the Investment Manager and/or Sponsors and its affiliates may in the course of their business have potential conflicts of interest *inter-se* different activities.

  The Investment Manager may identify additional conflicts of interest situations from time to time, which will be managed/mitigated with the help of the principles identified herein and by also taking into account further processes which the Investment Manager may develop over the period of time. The following are the potential conflicts of interest situations that may arise:

a) *Investments in Portfolio Entities in which Interested Parties have Interests:* The Investment Manager while acting as the investment manager of the Trust/Fund may from time to time effect transactions in securities issued by a Portfolio Entity that is otherwise a (i) client or (ii) investee company of any of the affiliate/associate/group companies of the Investment Manager or of the team of the Investment Manager. It may also effect transactions by the Fund in securities in which an affiliate/associate/group company may have a financial or other business interest at any time;

b) *Other Fees:* The Investment Manager, as investment manager of the Trust/Fund, may affect transactions in securities and/or provide services to Portfolio Entities in respect of which any of the its affiliate/group company may benefit from a commission or fee;

c) *Purchase from and sale of investments to Interested Parties:* The Investment Manager may purchase investments from, or sell investments to Interested Parties. In such cases, conflicts may arise in determining the price and terms of the sale or purchase as the case may be;

d) *Board of Fund Investment:* As part of its investment methodology, the Investment Manager may require Portfolio Entities to grant to the Fund a seat on the boards of directors of such Portfolio Entitites. The seat will be filled by a nominee of the Investment Manager. As a consequence, such persons will have fiduciary and other duties to the Portfolio Entity, which may conflict with the interests of the Fund;

e) *Conflict in case of warehousing:* The Investment Manager, the Sponsors and/or their associates/affiliates may make Warehoused Investments in Portfolio Entities. The transfer of such Warehoused Investments to the Fund is expected to be at such price as the Investment Manager may decide in accordance with this Memorandum, which may not necessarily reflect an accurate intrinsic value of the Warehoused Investment.

f) *Conflict in case of co-investment:* Co-investment by the eligible Contributors alongside the Fund is seen as a positive and motivating factor for such Contributors. However, conflicts of interest can occur if the eligible Contributor is permitted to invest on a deal-by-deal basis and/or on different terms to those offered to Fund. Sometimes, providing a co-investment opportunity to the eligible Contributor might result in dilution of stake of the Fund in the Portfolio Entity. The eligible Contributor may employ a person on the advisory board of such Portfolio Entity and may involve in decision making along with the Fund.

Some of the measures the Investment Manager will adopt to manage identified conflicts are set out below. The Investment Manager will take reasonable care that, in relation to each identified conflict, it acts independently to avoid material risk to the Investor interests and shall document the same through written conflict of interest policy before the First Close of the Scheme.

a) In managing the aforesaid conflicted transactions, the Investment Manager will have regard to its obligations under the Trust Documents pertaining to the Fund and will act in the best interests of the Investors in the Fund.

b) The Investment Manager will make efforts to see that any transaction involving a potential conflict of interest will be effected on terms that are not less favourable to the Investors in the Fund than if the potential conflict had not existed. The Investment Manager will place significant emphasis on its strong compliance culture, and the efficient operation of systems and controls, to manage issues such as conflicts of interest.

c) The Investment Manager will ensure that the interest of all the Investors is paramount and all personal interests, relationships or arrangements, including those of its affiliated companies/entities do not work against the Investors' interest.

d) The Investment Manager will take appropriate measures intended to assure that it will not unfairly profit from any transaction between its affiliates/group companies/entities and the Fund and all such transactions shall strictly be done on an arm's length basis. The Investment Manager will use reasonable efforts to apportion or allocate business opportunities among persons or entities to or with which they have fiduciary duties and other relationships on a basis that is as fair and equitable as possible to each of such persons or entities, including the Fund.

e) The Interested Parties and their management personnel will devote so much of their time to the Fund as is, in their judgment, reasonably required.

SECTION X: RISK FACTORS

AN INVESTMENT IN THE FUND INVOLVES CERTAIN CONSIDERATIONS THAT MAY HAVE A BEARING ON ITS INVESTMENTS. ACCORDINGLY, BEFORE DECIDING TO INVEST IN THE FUND, PROSPECTIVE INVESTORS SHOULD CAREFULLY STUDY THE 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 AND INVESTMENT ACTIVITIES. THE INVESTMENT MANAGER WILL ENDEAVOUR TO MITIGATE RISKS IDENTIFIED IN THIS SECTION IN ACCORDANCE WITH THE PROVISIONS OF THIS MEMORANDUM AND WILL FORMULATE A RISK MANAGEMENT POLICY IN RELATION TO THE SAME.

INVESTORS SHOULD CONSIDER THE FUND AS A SUPPLEMENT TO AN OVERALL INVESTMENT PROGRAM AND SHOULD ONLY INVEST IF THEY ARE WILLING TO UNDERTAKE THE RISKS INVOLVED. AN INVESTMENT IN THE FUND INVOLVES CERTAIN RISKS THAT MAY NOT BE ASSOCIATED WITH OTHER INVESTMENT VEHICLES. THE RISKS LISTED IN THIS SECTION X ARE NOT MEANT TO BE AN EXHAUSTIVE LIST OF ALL POTENTIAL RISKS ASSOCIATED WITH AN INVESTMENT IN THE FUND.

A. RISK FOR CERTAIN TYPE OF INVESTORS

Type of Investor	*Description of risks*
Small/individual Investors	The small/retail investors are subject to higher risk with respect to their small investment in the Fund. The large or institutional investors may be provided certain beneficial terms or rights by the Fund which might not be given to small/individual investors. Kindly refer risk titled "*Risk in relation to side letters that maybe entered into between Fund and certain investors*" under paragraph C(4) of this **SECTION X: RISK FACTORS** of the Memorandum. Further, the interest of such small/individual investors will not be represented on the advisory committee, if any.
Overseas Investors	The overseas investors are required to comply with FDI or FPI rules in respect of their investment in the Fund. Kindly refer to the risk titled "*Foreign investments in the Units of the Fund*" under paragraph J(4) in this **SECTION X: RISK FACTORS** of the Memorandum. Further, as the Units are to be denominated in Indian Rupees, the overseas investors will be subject to currency risk. Kindly refer to the risk titled "*Currency risk arising to offshore Investors*" in this Section.

Institutional Investors	An Institutional Investor may be restricted by its statute or governing document under which it is established to refrain from making investments in certain sectors/industries or types of securities. The Fund would generally have a common portfolio across all its Investors, except in certain limited situations as specified in this Memorandum. There is no assurance that the Fund will be able to make available separate portfolio for such restricted investments by the Institutional Investors. Further, where an Institutional Investor is a fund-of-fund, there may be limitation on availability of liquidity/distribution by the Fund at the time of end of life/term of such fund-of-fund. Further, there could be a situation where an Institutional Investor investing a significantly higher amount in the Fund could have superior rights, not otherwise available to other Institutional Investors.

B. RISKS FOR THE TYPE OF SECURITIES/INSTRUMENT THE FUND MAY INVEST

Type of security	*Nature of risk*
Debt	The Fund could invest in various types of debt securities and instruments. Such securities and instruments may be unrated and, whether or not rated, may have speculative characteristics. In the absence of appropriate hedging measures, changes in interest rates generally will cause the value of debt investments held by the Fund to vary inversely to such changes. Investments in debt securities and instruments with a longer maturity period or duration are subject to greater volatility in comparison to investments in instruments with a shorter maturity period. The obligor of a debt security or instrument may not be able or willing to pay interest or to repay principal when due in accordance with the terms of the associated agreement. An obligor's willingness to pay interest or to repay the principal due in a timely manner may be affected by, among other factors, its cash flow. Commercial lenders may be able to contest payments to the holders of other debt obligations of the same obligor in the event of default under their commercial loan agreements.
Equity and equity linked securities (including securities convertible into equity)	As a part of the investment objective of the Fund, investment will be made primarily in equity and equity linked securities of privately held Portfolio Entities. Generally, very little public information exists about these entities, and the Fund will be required to rely on the ability of the Investment Manager to obtain adequate information to evaluate the potential returns from investing in such entities. If the Fund is unable to uncover all material information about these companies, the Fund may not make a fully informed investment decision, and the Fund may lose money on the Fund Investments.

C. RISKS RELATED TO PORTFOLIO INVESTMENTS

1. Risks associated with the nature of the portfolio investments.

- **Investment strategy largely focused on private companies**

Investments will be made primarily in equity and equity linked capital of privately held companies. Generally, very little public information exists about these companies, and the Fund will be required to rely on the ability of the Investment Manager to obtain adequate information to evaluate the potential returns from investing in these companies. If the Fund is unable to uncover all material information about these companies, the Fund may not make a fully informed investment decision, and the Fund may lose money on the Fund Investments. Privately held companies generally have less diverse product lines and a smaller market presence than larger competitors. Thus, they are more vulnerable to economic downturns and may experience substantial variations in operating results. These factors could affect the Fund's investment returns. In addition, the Fund's success depends, in large part, upon the abilities of the key management personnel of the Portfolio Entities, who are responsible for the day-to-day operations of the Portfolio Entities. Competition for qualified personnel is intense at any stage of a company's development. The loss of one or more key managers can hinder or delay a company's implementation of its business plan and harm its financial condition. The Portfolio Entities may not be able to attract and retain qualified managers and personnel. Any inability to do so may negatively affect the Fund's investment returns.

- **Inability of Portfolio Entities to commercialize their technologies, products, business concepts or services**

The value of the Fund Investments may decline if the Portfolio Entities are not able to commercialize their technology, products, business concepts or services. Additionally, although many of the Portfolio Entities may already have a commercially successful product or product line at the time of the Fund Investment, technology-related products and services often have a more limited market or life span than products in other industries. Thus, the ultimate success of these companies often depends on their ability to innovate continually in increasingly competitive markets. If they are unable to do so, the Fund's investment returns could be adversely affected. The Portfolio Entities may be unable to acquire or develop successful new technologies and the intellectual property they currently hold may not remain viable. Even if the Portfolio Entities are able to develop commercially viable products, the market for new products and services is highly competitive and rapidly changing. Neither the Portfolio Entities nor the Fund may have any control over the pace of technology development. Commercial success is difficult to predict, and the marketing efforts of the Portfolio Entities may not be successful.

- **Need for follow-on capital**

The Portfolio Entities may require significant amounts of capital. There can be no assurance that such capital will be available from public capital market or private sources. In particular, the cyclicality of public markets may prevent Portfolio Entities from raising money in their particular industry sectors, despite attractive products or services. Failure of a Portfolio Entity to raise or otherwise secure the necessary follow-on capital to fund its operations, research and development, capital expenditures or other activities may require, among other things, the sale or liquidation of some or all of the assets of such Portfolio Entity at a loss or reduced valuation from the price paid by the Fund.

- **Associate party transactions**

The Investment Manager and/or the Sponsors and/or its associate may make Warehoused Investments in Portfolio Entities. The transfer of such Warehoused Investments to the Fund is expected to be at cost plus a fixed percentage or at such price as the Investment Manager may decide in accordance with this Memorandum. Further, while any compensation paid to the Investment Manager and/or Sponsors and/or its associates towards cost of Warehoused Investment is expected to be at market rates, such compensation shall generally be determined through negotiations with relevant parties and may not be on an arm's length basis. No part of such compensation paid to the Investment Manager or Sponsors or their associates will be offset against Management Fee or Additional Return distributions payable to the Investment Manager or Sponsors in respect of the Fund.

2. Risks associated with the investment returns.

- **No guarantee of investment returns**

The Fund does not provide assurance that it will be able to identify, make and realize investments in any particular company or portfolio of companies. There can be no assurance that the Fund will be able to generate returns for its Investors or that the returns will commensurate with the risks of investing in the type of Portfolio Entities forming part of the investment strategy of the Fund. Accordingly, only Persons who can afford a complete loss of their principal amount invested in the Fund should consider an investment in the Fund.

- **Future investments, inability to invest committed capital and competition from other funds**

The activity of identifying, completing and realizing attractive investments is competitive and involves a high degree of uncertainty. The Fund will be competing for investments with other investment vehicles, as well as financial institutions and other Institutional Investors. Indian and non-Indian funds with similar investment objectives have been and may be formed in the future by unrelated parties. As a result, the Fund may face risks and uncertainties with respect to the selection of investments and Investors will be relying on the ability of the Fund, with the advice of the Investment Manager, to find and close suitable future investments using the proceeds of this offering. Due to the factors described above, it may take a long period for the Fund to invest and there is no assurance that the Fund will ever be able to fully invest the Capital Commitments or that suitable investment opportunities will be identified that satisfy the Fund's investment objective. If the Fund is unable to invest the Capital Commitments fully, the potential return to the Investors could be materially reduced.

3. Risk related to the exit by the Fund from the portfolio investments.

The feasibility and terms of any proposed exit strategy for the Fund in respect of its 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 an investment and the manner of disposition are impossible to predict, and no assurance can be given that such disposition will be achieved on terms favorable to the Fund. If the Fund is not able to exit from Fund Investments at the time of termination of the Fund, the Fund Investments may be distributed *in-specie* to the Investors.

4. Risk in relation to side letters that maybe entered into between Fund and certain investors.

The Investment Manager may enter into such Contribution Agreements or similar agreements (including side letters) pursuant to which the Investment Manager grants to certain Investors specific rights, benefits or privileges that are not made available to other Investors generally and may not be disclosed to the other Investors who are not a party to aforesaid document/s. However, the Investment Manager shall not offer differential rights in the side letters which may have any impact on the economic rights or any other rights of other Investors.

5. Risk in relation to failure of the Fund to raise target corpus.

The implementation of Fund's investment objective and strategy largely depends upon the extent of capital raised by the Fund. In this Memorandum, the Investment Manager has stated the target corpus that the Fund is expected to raise over a period of time. If the Fund is unable to raise the targeted corpus, it may not be able to fully implement its investment strategy, thereby impacting the size and nature of investments that the Fund would pursue to realise investment objective.

6. Risk associated with the Fund investing with third parties.

The Fund may make investments along with co-investor or third-party. Such investments may involve risks not present in investments where such co-investor or third-party is not involved, including, for example, the possibility that a co-investor/third-party may have financial difficulties or become bankrupt, or may at any time have economic interests or goals which are inconsistent with those of the Fund or may be in a position to take (or block) actions in a manner inconsistent with the Fund's objectives. The Fund may hold a non-controlling interest in certain investments and, therefore, may have a limited ability to protect its position in such investments.

7. Risk associated with lack of insurance by the Fund against certain events.

Uninsured losses could adversely affect the Fund's or Portfolio Entity's financial condition and result of operations. Various types of catastrophic losses, such as losses due to wars, riots, nuclear reaction, terrorist acts, earthquakes, floods hurricanes, pollution or environmental matters, generally are either uninsurable or not economically insurable or may be subject to insurance coverage limitation. In the event of such loss, the Fund's or Portfolio Entity's insurance coverage may not be sufficient to cover the full current market value or replacement cost of Fund Investments and/or its other assets, as applicable. Should an uninsured loss or a loss in excess of insured limits occur, the Fund could lose all or a portion of the capital it has invested in a Portfolio Entity.

8. Risk in relation to change in environment.

The Fund's investment program is intended to extend over a period of years, during which the business, economic, political, regulatory, and technology environment within which the Fund operates is expected to undergo substantial changes, some of which may be adverse to the Fund. The Investment Manager will have the exclusive right and authority (within limitations set forth in the Contribution Agreement) to determine the manner in which the Fund shall respond to such changes, and Investors generally will have no right to withdraw from the Fund or to demand specific modifications to the Fund's operations in consequence thereof. Investors are particularly cautioned that the investment sourcing, selection, management and liquidation strategies and procedures exercised by persons associated with the Investment Manager in the past may not be successful, or even practicable, during the Term. Within the limitations set forth in the Contribution Agreement, the Investment Manager will have the right and authority to cause the Fund's investment sourcing, selection, management and liquidation strategies and procedures to deviate from those described in this Memorandum.

9. Risk in relation to counter party's actions or default with respect to the Fund.

Counterparties are third parties that enter into contracts either directly with the Fund or with any of its Portfolio Entities. The long-term financial performance of the Fund is partially dependent on the creditworthiness and performance of counterparties with regard to a variety of agreements and arrangements. If a counter party is unable or chooses not to meet its obligations, financial or otherwise, the Fund may be adversely impacted.

10. Risk in relation to change in control of parties in relation to the Fund.

The Fund's success depends, in large part, upon the abilities of the controlling parties of the Investment Manager, Trustee and Portfolio Entities, who are responsible for the day-to-day operations. Any change in control of the Investment Manager, Trustee and Portfolio Entities may hinder the performance of the Fund and adversely affect its financial condition. The Investment Manager may put restrictions on change in control of the Portfolio Entity by way of the agreement with Portfolio Entity.

11. Risk associated with the managerial role the Fund may play vis-à-vis a portfolio entity.

The Fund may designate members to serve on the supervisory board or boards of directors of Portfolio Entities. The serving on such bodies and/or designation of supervisory board members and of directors and other measures contemplated exposes the Fund to potential liability and exposes the assets of the Fund to claim by a Portfolio Entity, its security holders and its creditors.

12. Epidemics and Other Health Risks.

Many countries have experienced outbreaks of infectious illnesses in recent decades, including swine flu, avian influenza, SARS and the 2019-nCoV (the "COVID-19"). In December 2019, an initial outbreak of the COVID-19 was reported in Hubei, China. Since then, a large and growing number of cases have subsequently been confirmed around the world. The COVID-19 outbreak has resulted in numerous deaths and the imposition of both local and more widespread "work from home" and other quarantine measures, border closures and other travel restrictions, causing social unrest and commercial disruption on a global scale. The World Health Organization has declared the COVID-19 outbreak a global pandemic.

The ongoing spread of the COVID-19 has had and will continue to have a material adverse impact on businesses, local economies in the affected jurisdictions and also on the global economy, as cross border commercial activity and market sentiment are increasingly impacted by the outbreak and government and other measures seeking to contain its spread. In addition to these developments having adverse consequences for the Portfolio Entities and other issuers in or through which the Fund invests and the value of the Fund's investments therein, the operations of the Investment Manager and the Fund have been, and could continue to be, adversely impacted, including through quarantine measures and travel restrictions imposed in particular on key personnel or service providers of the Investment Manager, or any related health issues of such personnel or service providers. In addition, the Fund's operations could be disrupted if any member of the key investment team or any other key personnel of the Investment Manager contracts the COVID-19 and/or any other infectious disease. Geographical region in which the Fund will invest may not have developed rescue and rehabilitation facilities. In addition, the country may not efficiently and quickly recover from such event, which can have a materially adverse effect on the Portfolio Entities. Any of the foregoing events could materially and adversely affect the Fund's ability to source, manage and divest its investments and its ability to fulfill its investment objectives. Similar consequences may arise with respect to other comparable infectious diseases.

D. RISK RELATED TO FUND STRUCTURE

1. *Performance risks.*

The performance of the Fund will depend upon the performance of the Portfolio Entities. There can be no assurance that the Portfolio Entities will achieve profitable operations. The performance of the Portfolio Entities and the value of the Fund's interest in the Portfolio Entities may be adversely affected by numerous factors including, for example, (i) business, economic, and political conditions throughout India and the world; (ii) the supply of and demand for the goods, assets and services provided, or sold by Portfolio Entities; (iii) changes and advances in technology that may, among other things, render goods, assets and services sold by the Portfolio Entities obsolete; and (iv) actual and potential competition from other companies and countries. Certain Portfolio Entities may need substantial additional capital to support growth or to achieve or maintain a competitive position. Such capital may not be available on attractive terms or at all.

2. *Risk in relation to the ability of the Investment Manager to identify and structure investments and divestments.*

- **Risk of lack of operating history of the Investment Manager**

The Investment Manager has no operating history in respect of acting as an investment manager to an AIF (of relevant category) with which its performance may be comparatively evaluated. There can be no assurance that the Fund will achieve its investment objectives. The investment outcome of the Fund is reliant upon the success of the Investment Manager.

- **Key individuals**

The Investment Manager will be selecting suitable portfolio investments. A material adverse effect on the returns of the Fund may be created by the loss of one or more key personnel of the Investment Manager who are responsible for managing the Fund's portfolio. In case of loss of one or more key personnel of the Investment Manager, the Investment Manager would endeavor to introduce a competent person.

- **Management risk**

Investors have no authority to make decisions or to exercise investment discretion on behalf of the Fund. The authority for all such decisions is delegated to the Investment Manager. Accordingly, Investors must be prepared to entrust management of the Fund to the Investment Manager in accordance with the Regulations and Trust Documents.

- **Screening and deal selection**

The quality of investments is directly related to the ability of the Investment Manager to screen and select potential investment from large set of opportunities. Failure to do so will naturally result in low to negative returns.

- **Decision making solely by the Investment Manager**

The Investment Manager shall manage the assets of the Fund and will take its investments and divestments decisions exclusively. The Investors 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. The Investment Manager may not be able to act as the investment manager of the Fund in an event the Investment Manager becomes ineligible to act as an investment manager of the Fund under Applicable Laws or Trust Documents. 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 Entities and the structuring of investments, subject to the investment parameters set forth in this Memorandum.

3. Concentration risk.

The Fund may have a limited number of investments and, as a consequence, the aggregate returns realized by the Investors may be adversely affected by the unfavorable performance of a small number of such investments. The investments may also involve geographic concentration in India and may be further concentrated in India, and hence an inability to diversify risk. Finally, since many of the investments may involve a high degree of risk, poor performance by a few of the investments could significantly affect the total returns to the Investors. The Investment Manager would strive to diversify the portfolio of the Fund, as much as possible, in order to mitigate the concentration risk.

4. *Risk associated with reliance on forward looking statements/market data.*

Certain information contained in the Memorandum constitutes “forward-looking statements” which can be identified by the use of forward-looking terminology such as “may”, “will”, “should”, “expect”, “anticipate”, “target”, “project”, “estimate”, “intend”, “continue”, “believe”, or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance of the fund may differ materially from those reflected or contemplated in such forward-looking statements.

5. *Risk associated with reliance on the Trustee, Investment Manager and other decision-making committees*

- **Lack of control by Investors**

Investors will not have an opportunity to evaluate the investments made by the Fund or the terms of any particular investment. The Investment Manager will generally manage the affairs of the Fund and accordingly the Investment Manager will have significant discretion in managing the Fund Investments. The rights and obligations of Investors will be subject to the limitations set forth in the Trust Documents and except for the rights specifically reserved to them by the Trust Documents and Applicable Law, the Investors will have no part in the management and control of the Fund.

- **Dependence on the Investment Manager and Investment Committee**

The Fund’s success depends on the skill and acumen of the Investment Manager, and more particularly the individuals involved in the decision making of the Investment Manager. If any of these individuals should cease to participate in the Investment Manager’s business, the Investment Manager’s ability to select attractive investments for the Fund and manage its portfolio could be impaired. Further, the Investment Manager may devote a part of their time to other activities (including any additional fund vehicles or clients). Further, members of the Investment Committee (including the members of the Investment Manager) will devote such time to the Fund’s affairs as they consider necessary. The members of the Investment Committee in addition to their responsibilities to the Fund will have responsibilities for other funds, projects and clients. Accordingly, allocating management time and other resources among the Fund and such other funds, projects and clients can be a challenge.

- **Conflict of Interest**

The Sponsors and/or Investment Manager and its partners and senior personnel will be subject to certain conflicts of interest situation. The Trust Documents contain certain mitigating factors against conflicts of interest faced by them and its members, but will not purport to address all types of conflicts that may arise. The conflicts will also be dealt by way of disclosures being made in accordance with the Regulations.

6. Risk associated with relying on third party service providers/intermediaries.

The Investment Manager might have to rely on the opinion/advise/action of the third party service providers/intermediaries while performing the functions of the Fund. The Investment Manager will not be liable for acting bonafide based on such advice. There may be circumstances whereby the Fund might suffer losses because of acting on the advice of such intermediaries.

7. Risk on account of default by Investors.

The Fund may experience difficulty in making up for a shortfall in capital from other sources should an Investor default occur. A default by one or more Investors could have an adverse effect on the Fund, its assets and the interest of other Investors. A Defaulting Contributor may be subject to significant financial consequences specified in the relevant Trust Documents.

8. Risks associated with restrictions on withdrawal/transfer and in- kind distribution.

- **Restrictions on withdrawal and transfer**

Investors are generally not 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 Trust Documents with regard to the Fund, and in the Regulations.

- **In-specie distribution**

There may be circumstances where the Investment Manager deems appropriate to make *in-specie* distributions to Investors. Such distributions of *in-specie* assets shall be made in accordance with the provisions described in this Memorandum, and may have adverse tax consequences that may not otherwise apply to an equivalent cash distribution. If an in-specie distribution is received by Investors from the Fund, the Investors may be subject to restrictions on disposal of securities so distributed and consequently may not be able to realize the full value of these securities.

9. Risk associated with indemnity and tax obligation of the Investors towards Fund parties.

The Trust Documents contain provisions that relieve the Investment Manager and other Indemnified Persons of liability for certain acts or omissions except on account of Malfeasance. An indemnity is provided to the Indemnified Persons against any Losses except to the extent such Losses resulted from the Indemnified Person’s Malfeasance. Indemnification of the Indemnified Persons may impair the financial condition of the Fund and its ability to acquire assets or otherwise achieve its investment objective or meet its obligations.

E. REGULATORY RISKS

1. *Risk associated with cancellation/suspension of SEBI certificate etc.*

The registration granted by SEBI to the Trust as an alternative investment fund may be cancelled or suspended by SEBI for any breach or non-compliance under Applicable Laws. SEBI may also take any other action as it deems appropriate. Such action/s may severely affect the operations of the Trust/Fund.

2. *Risks of uncertainty around the legal framework in which the Fund operates in India and risk of litigation for the Fund.*

- **Indian legal system**

An elaborate and extensive judicial and quasi-judicial system exists in India. A separate civil and criminal system exists in each state with the highest court for each state being the High Court. Appeals from the High Courts are made to the Supreme Court of India, which is the highest judicial authority of the country. A clear framework for arbitration, through the Arbitration and Conciliation Act, 1996 also exists and provides for minimum court intervention in the arbitral process. Arbitration is generally preferred to courts as a means of dispute resolution as the backlog of cases in courts is often the cause for delays. Further, arbitration clauses in a contract are a matter of mutual agreement with the counter-parties, and the Investment Manager may or may not be able to negotiate an arbitration procedure, governing law and/or seat of arbitration, with a Portfolio Entity or other counter-party, which would provide speedy and effective remedies to the Fund in case of a dispute with such Portfolio Entities or other counter-parties. While Indian laws provide for specific performance of contractual obligations as well as claims for damages in the event of breach of contract, and contractual rights may be enforced through the aforementioned judicial or arbitral system, laws regarding the rights of creditors/shareholders are generally significantly less developed/settled in India than in the developed countries such as United States or the United Kingdom, and may be less protective of rights and interests of creditors/shareholders. It may be difficult to obtain swift and equitable enforcement of such laws through litigation or arbitration or to obtain enforcement of a judgment or arbitral award in a local court.

- **Litigation risks**

The Fund will be subject to a variety of litigation risks, particularly if one or more of the Fund Investments face financial or other difficulties during the Term of the Fund. Legal disputes involving the Fund, the Investment Manager, their respective members or any of their respective affiliate may arise from the foregoing activities and any other activities relating to the operation of the Fund and could have a significant adverse effect on the Fund.

- **Enforcement Risks; Non-availability of Creditor Protection Laws**

The enforcement of security that may be obtained in respect of the Fund's Investments will involve actions in Indian courts or arbitral tribunals, and the Fund will be exposed to the delays in the Indian judicial system and arbitrations. In the normal course, such enforcement could take between seven to ten years. Further, the Fund would not qualify as a "secured creditor" under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interests Act, 2002 ("SARFAESI"), unless the Fund's Investments are made in listed secured debentures wherein the debenture trustee appointed for the debenture holders shall qualify as a "secured creditor". Therefore, the Fund will not be entitled to the fast track enforcement process under SARFAESI unless it invests in listed secured debentures. Even where the Fund is eligible to undertake enforcement action under SARFAESI pursuant to investments in listed secured debentures, there is still no assurance that can guarantee that the Fund will be able to realise the full value of its collateral, due to, among other things, delays on Fund's part in taking action to secure the property, delays in legal proceedings, inability to sell the property, diminution in the value of the property, economic downturns, defects in the perfection of collateral and fraudulent transfers by Portfolio Entity. The Fund will also not be entitled to the fast track debt recovery process under the Recovery of Debts Due to Banks and Financial Institutions Act, 1993. Therefore, even where security is created and perfected in favour of the Fund, enforcement will be time consuming. Even where the Fund is entitled to enforce security without intervention of court, it is difficult to take possession and dispose off such security as the Portfolio Entity or other obligors who have created security may obtain an injunction against enforcement actions. In such cases, the Fund will have to prove its claims against the Portfolio Entity or other obligors through a civil suit. Further, security provided by the Portfolio Entity and/or other obligors will be subject to the risk of insolvency of such persons. The Insolvency and Bankruptcy Code, 2016 ("Bankruptcy Code") was notified on August 5, 2016 and has been amended from time to time. In case insolvency proceedings are initiated against a Portfolio Entity, the Fund may not have complete control over the recovery of amounts due to the Fund.

3. Other legal and regulatory risks.

The Fund will operate under Applicable Laws including the Foreign Exchange Management Act, 1999 (including rules/regulations made thereunder), SEBI Act, 1992 (including regulations made thereunder), Companies Act, 2013 (including rules/regulations made thereunder) etc., which provide for stringent conditions and compliances. If policy announcements or legal/regulatory changes occur 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. Further, any investigations of, or actions against the Fund initiated by SEBI or any other Indian regulatory authority may impose a restriction of the investment activities of the Fund. The Fund may also be subjected to any investigation / inspection of its affairs by an officer appointed by SEBI, and in certain circumstances, the SEBI has the power to direct the Fund to divest assets, stop launching of any new schemes, restrain from disposing any assets, refund monies of Investors and also to stop operating in, or accessing the capital market for a specified period.

F. GENERAL RISK FACTORS

1. Political, social and economic risk consideration in India

The value of the Fund Investments may be adversely affected by potential political and social uncertainties in India. Actions of the Government(s) and/ or respective state Government(s) in the future could have a significant effect on the economy, which could affect private sector companies and investment opportunities and the Fund's market conditions and investments. Certain developments are beyond the control of the Investment Manager, such as the possibility of nationalization, expropriations, confiscatory taxation, political changes, government regulation, social instability, terrorist activities, diplomatic disputes, legal developments or other similar developments, could adversely affect Fund Investments. India is a country which comprises diverse religious and ethnic groups. It is the world's most populous democracy and has a well-developed and stable political system. Ethnic issues and border disputes have, however, given rise to ongoing tension in the relations between India and Pakistan, particularly over the region of Kashmir, and between certain segments of the Indian population. Any exacerbation of such tensions could adversely affect economic conditions in India and consequently the Fund Investments. While fiscal and legislative reforms have led to economic liberalization and stabilization in India over the past two decades, the possibility that these reforms may be halted or reversed could significantly and adversely affect the value of investments in India. The Fund Investments could also be adversely affected by changes in laws and regulations or the interpretation thereof, including those governing anti-inflationary measures, rates and methods of taxation, and restrictions on currency conversion, imports and sources of supplies. Although India has experienced growth and is projected to undergo significant growth in the future, there can be no assurance that such growth will continue. Adverse economic conditions or stagnant economic development in India could adversely affect the value of the Fund Investments and ultimately affecting investments of the Investors.

2. Risk related to global financial conditions.

There may be a scenario of global slowdown or recession as happened in 2008-09 which may affect the functioning of the businesses in India and globally. In such an event the Fund may not be able to raise its targeted corpus or there may not be viable investment opportunities for the Fund, or the businesses of the Portfolio Entities may get adversely affected. Similar period of muted growth or recession can be observed by the global and domestic economy pursuant to the outbreak of COVID-19 pandemic.

3. Risk of bankruptcy of Portfolio Entities

Various laws enacted for the protection of creditors may operate to the detriment of the Fund if it is a creditor of a Portfolio Entity that experience financial difficulty. For example, if a Portfolio Entity becomes insolvent or files for bankruptcy protection, there is a risk that a court may subordinate the Fund Investment to other creditors. If the Fund holds equity securities in any Portfolio Entity that becomes insolvent or bankrupt, the risk of subordination of the Fund's claim increases.

4. *Risk of segregation of assets between funds/schemes/trustees not being available in third party*

suits/regulatory actions with respect to the Fund

Although the Investment Manager shall ensure that the assets and liabilities of each Scheme is segregated, the Fund is subject to the provisions of the Indian Trusts Act, 1882. For the avoidance of doubt, 'Schemes' have no separate or distinct legal personality and in case of any third party claim against a particular Scheme and /or any monetary penalty being levied by any regulatory authority in India or overseas against any Scheme, there might be a scenario wherein the Fund shall have to bear a portion (or in entirety) of the same considering that the Schemes are not ring-fenced and such claim / regulatory action shall be against the Trust.

5. Risk in relation to limited liquidity.

Although Fund's investments may generate current gains/income, investments will generally be illiquid due to number of uncontrollable and unpredictable factors. It may be difficult from time to time for the Fund to realize, sell or dispose of a Fund Investment at an attractive price or at the appropriate time or in response to changing market conditions or the Fund may otherwise be unable to complete a favourable exit. Further in most circumstances, losses on unsuccessful investments may be realized before the gains on successful investments are realized. The return of capital and the realization of gains, if any, will generally occur only upon the successful exit of an investment. It is generally expected that gains, if any, from investments will not be realized until a number of years after they are made. Liquidation of the Fund Investments will be at the discretion of the Investment Manager based upon the returns realized and not based upon the needs of Investors. Investors should therefore be aware that they may be required to bear the financial risk of their investment in the Fund for an undetermined period of time.

6. Risk in relation to accounting practices in relation to the Fund.

Accounting, financial and other reporting standards in India are not equal to those in more developed countries. A large majority of the investments by the Fund are likely to be made in unlisted companies in relation to which corporate governance and accounting standards are not at par with those in more developed countries. Further, differences may arise in such areas as valuation of properties and other assets, accounting for depreciation, deferred taxation, inventory obsolescence, contingent liabilities and foreign exchange transactions. The Investment Manager may implement internationally recognized policies and standards in order to mitigate accounting practices risk.

7. Governmental Intervention in Financial Markets.

Government may intervene in the finance sector, which can distort a country's financial markets. For example, governments may offer subsidized, high-default loan programs that cannot be sustained. As a result, the growth of Portfolio Entities may be limited by the scarce and uncertain supply of money from donors or governments. No assurances can be given that future changes in policy or regulation will not adversely impact the long-term sustainability of such Portfolio Entities.

G. TAX RELATED FACTORS

The Contributors of the Fund are subject to a number of risks related to Tax matters. In particular, the Tax laws relevant to the Fund and as set out in **"SECTION XI: LEGAL, REGULATORY, AND Tax CONSIDERATIONS**" of this Memorandum are subject to change, and Tax liabilities could be incurred by Contributors as a result of such changes. Prospective investors are advised to consult and seek independent Tax advice prior to investing in the Fund. The Tax consequences of an investment in the Fund are complex, and the full Tax impact of an investment in the Fund will depend on circumstances particular to each Contributor and the additional peculiarities associated with respect to activities of each Portfolio Companies. Alternative Tax positions adopted by the income Tax authorities could give rise to incremental Tax liabilities in addition to the Tax amounts already discharged by the Fund. Since, the Fund would distribute the surplus funds to the Contributors, if the funds available with the Fund are insufficient to meet the additional Tax liability, the Fund reserves the right to collect/recover the additional Tax liability from the Contributors.

1. *Characterization of income – Business income v. Capital Gains:*

   Gains arising from the transfer of securities held by the Fund 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). The Fund intends to hold these securities as capital assets. However, no assurance can be provided that the Indian income-tax authorities will not seek to challenge this position and levy Tax on the Fund at the applicable maximum marginal rate.

2. *General Anti Avoidance Rules ("GAAR")*

   The GAAR provisions 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 in arm's length, misuse or abuse of Tax laws, lacks or is deemed to lack commercial substance or not carried out for bonafide purpose) can be declared as an "*impermissible avoidance arrangement*". Further, the GAAR provisions, if invoked, could override the provisions of the applicable Double-Taxation Avoidance Agreement.

   There is no established precedence on how GAAR will be implemented by Indian income-tax authorities.

3. *Changes in taxation legislation may adversely affect the Contributors and the Fund*

   Any change in the Fund's taxation on account of change in taxation legislation in India could affect the value of the Fund's investments and the Fund's ability to achieve its investment objective or alter the post-Tax returns to the Contributors. Statements in this Memorandum concerning the taxation of Contributors are based upon current Tax law and practice, which laws and practice are in principle subject to change that could adversely affect the ability of the Fund to meet its investment objective. Further, the information relating to Indian taxation legislation contained in this Memorandum is based on Indian domestic taxation law along with the rules and regulations made 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, which could also be retroactive, could have an effect on the validity of the information stated herein. Prospective investors are urged to consult their own Tax advisers with respect to their particular Tax situations and the Tax effects of an investment in the Fund.

In this context, the Government of India with the intention to replace the current ITA with a new Direct Tax Code ("**DTC**") in consonance with the economic needs of the country has constituted task force which has submitted a draft of direct Tax legislation keeping in mind, Tax system prevalent in various countries, international best practices, economic needs of the country, among others. At this stage, it is not possible to comment on the final provisions that the new DTC will seek to enact into law and consequently, no views in that regard are being expressed. There can be no assurance as to the implications of the final new DTC for the Fund and its investments.

Further, the Tax treaties entered into between India and other jurisdictions may be renegotiated and certain beneficial provisions may be amended, resulting in Tax liabilities in the hands of the non-resident investor.

H. SECTOR SPECIFIC RISK FACTORS

Investments will be made primarily in equity, equity linked securities and debt securities of privately held companies. Generally, very little public information exists about these companies, and the Fund will be required to rely on the ability of the Investment Manager to obtain adequate information to evaluate the potential returns from investing in these companies. If the Fund is unable to uncover all material information about these companies, the Fund may not make a fully informed investment decision, and the Fund may lose money on the Fund Investments. Privately held companies generally have less diverse product lines and a smaller market presence than larger competitors. Thus, they are more vulnerable to economic downturns and may experience substantial variations in operating results. These factors could affect the Fund's investment returns. In addition, the Fund's success depends, in large part, upon the abilities of the key management personnel of the Portfolio Entities, who are responsible for the day-to-day operations of the Portfolio Entities. Competition for qualified personnel is intense at any stage of a company's development. The loss of one or more key managers can hinder or delay a company's implementation of its business plan and harm its financial condition. The Portfolio Entities may not be able to attract and retain qualified managers and personnel. Any inability to do so may negatively affect the Fund's investment returns.

I. CURRENCY RISKS

1. Currency risk arising to offshore Investors

There may be offshore investors investing the Fund, which will be subject to currency risk due to variation in value of currency. The offshore investors may lose value of their investment due to variation in exchange rate.

2. *Currency risk arising from offshore investment by the Fund*

The Fund will invest most of its assets in securities denominated in the Indian Rupee, though the Fund may invest in securities of enterprises in other countries. The value of Fund's assets will thus fluctuate with the exchange rate when denominated in other currencies. The Fund will also be subject to various regulatory compliances affecting the overall performance of the Fund.

J. Additional Risks

1. *Factual statements/track record information*

Certain of the factual statements made in this Memorandum are based upon information from various sources believed by the Investment Manager to be reliable. The Investment Manager and the Fund have not independently verified any of such information and shall have no liability for any inaccuracy or inadequacy thereof. Except to the extent that legal counsel and tax advisor have been engaged solely to advise as to matters of law and tax, no other party (including legal and tax counsel to the Fund and the Investment Manager) has been engaged to verify the accuracy or adequacy of any of the factual statements contained in this Memorandum. In particular, neither legal counsel or tax advisor nor any other party has been engaged to verify any statements relating to the experience, track record, skills, contacts or other attributes of the members of the Investment Manager or to the anticipated future performance of the Fund. Investors are cautioned about the interpretation of track record and similar information relating to prior financial performance, whether contained in this Memorandum or otherwise. Direct comparisons of track record and similar information contained in this Memorandum with corresponding information in marketing and other materials relating to other funds may be misleading.

2. *Definitive terms and conditions*

The terms and conditions set forth in the Contribution Agreement may vary materially from those described in this Memorandum due to negotiations between the Investment Manager and Investors and any side letter arrangements with Investors. Moreover, the Contribution Agreement will contain highly detailed terms and conditions, many of which are not described fully (or at all) in this Memorandum. Investors are urged to carefully review the Contribution Agreement, and must also be aware that, pursuant to the rules governing amendments set forth in the Contribution Agreement, certain types of amendments to the Contribution Agreement may be adopted with the consent of less than all Investors.

3. *Legal counsel*

Documents relating to the Fund, including Contribution Agreement will be detailed and often technical in nature. Legal counsel to the Fund will represent the interests solely of the Investment Manager and the Fund and will not represent the interests of any Investor. Accordingly, each Investor is urged to consult with its own legal counsel before investing in the Fund or making any other decisions regarding Fund matters. In advising as to matters of law (including matters of law described in this Memorandum), legal counsel to the Fund has relied, and will rely, upon representations of fact made by the Investment Manager and other persons. Such advice may be inaccurate or incomplete if any such representations are themselves inaccurate or incomplete. Legal counsel to the Fund generally has not undertaken and will not undertake independent investigation with regard to such representations. Legal counsel's representation of the Investment Manager and the Fund is and will be limited to specific matters and will not address all legal or related matters that may be material to the Investment Manager or the Fund. Moreover, legal counsel has not undertaken to monitor the compliance of the Investment Manager or the Fund with any laws, regulations, agreements or other matters.

4. Foreign investments in the Units of the Fund

The Trust may allow 'FDI' investment in the Units of the Fund i.e. investments by non- resident entity/person resident outside India in the Units of the Fund. If the Sponsors and/or Investment Manager are not owned and controlled by Indian resident citizens at the time the Fund makes investments, then the Trust/Fund would be subjected to certain investment restrictions and compliances which can reduce the investment flexibility of the Fund. For more information, refer to the Paragraph 4 titled "Foreign Investment Laws" under "**SECTION XI: LEGAL, REGULATORY AND TAX CONSIDERATIONS**" of this Memorandum.

The repatriation of money from India by a foreign Investor may also need to follow the requirements under the Applicable Laws, including obtaining necessary approval/s, if any.

5. Termination of Units

Units may be terminated/redeemed/transferred in certain circumstances, including, among others, where the Investor ceases to be an Eligible Person, where the continued holding of such Units by an Investor 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 or where the Investor in question has breached any of the Trust Documents.

6. Limited access to information

The rights of Investors to seek information with regards to Portfolio Entities will be specific and strictly limited. In particular, it is anticipated that the Investment Manager will obtain certain types of material information of Portfolio Entities that may not be disclosed to Investors primarily in order to comply with duties to such Portfolio Entities or otherwise to protect the interests of such Portfolio Entities or the Fund. Decisions by the Investment Manager to withhold such information may have adverse impact for Investors. Overall, Investors should not expect the Fund to be operated with the same degree of transparency as a publicly traded organization. However, the Investment Manager may reasonably provide to the Investors all such information which, in its sole opinion, is required to be disclosed to the Investors.

7. Limited recourse to Investment Manager

The Trust Documents will limit the circumstances under which the Investment Manager or its affiliates can be held liable to the Fund/ Investors. As a result, Fund/Investors have very limited right of action only in certain cases than they would in the absence of such provisions.

8. Dilution from additional closings

Holders of Units that are admitted or increase their Capital Commitments at any subsequent Closing will participate in existing Fund Investments, diluting the interests of existing holders of Units therein. Although such holders of Units will contribute their pro rata share of all previously drawn Capital Commitments (plus an amount as may be determined by the Investment Manager at its discretion), there can be no assurance that this payment will reflect the fair value of the Fund's existing investments.

9. Lack of liquidity in IPO

A lack of liquidity in IPO opportunities for small and medium sized companies could lead to companies staying longer in the Fund's portfolio as private companies still requiring funding. This situation may adversely affect the amount of available funding for small and medium sized companies. In the best case, such stagnation would dampen returns, and in the worst case, could lead to unrealized depreciation and realized losses as some companies run short of cash and have to accept lower valuations in private fundings or are not able to access additional capital at all.

10. Valuations and review of Portfolio Entities

Most of the Fund Investments will be highly illiquid and will most likely not be publicly traded or readily marketable. The Investment Manager, therefore, will not have access to readily ascertainable market prices when establishing valuations of the investments. While the Investment Manager will endeavor to determine and establish valuations of the Fund Investments based on the valuer's estimate of the market values of such investments and underwriting principles it considers to be sound, as a result of the illiquidity of a substantial portion of the investments, the Investment Manager can provide no assurance that any Fund Investment could be sold at a price equal to the market value ascribed to such investment in connection with valuer's valuation thereof.

11. Contingent liabilities on disposition of Fund Investments

In connection with the disposition of Fund Investments, the Fund expects to make customary representations. The Fund also may be required to indemnify the purchasers of such investments to the extent that any such representations are inaccurate. These arrangements may result in the incurrence of contingent liabilities for which the Fund may establish reserves or escrow accounts. Investors may also be required to return amounts distributed to fund indemnity obligations. In addition, the Fund may sell Fund Investments in public offerings and such offerings can give rise to liability if the disclosure relating to such offerings proves to be inaccurate/incomplete.

12. A slowdown in economic growth in India

Performance and the quality and growth of business are necessarily dependent on the health of the Indian economy. The Indian economy had faced slowdown over the past few years. In the past, such economic slowdowns have harmed manufacturing and other industries. Any further slowdown in the Indian economy could affect the investments made. A significant change in the Indian Government or its economic liberalization and deregulation policies could disrupt businesses. The Government has traditionally exercised and continues to exercise a dominant influence over many aspects of the economy. Its economic policies have had and could continue to have a significant effect on private-sector entities, including the Fund, and on market conditions. Although the Government has to-date continued India's economic liberalization and deregulation policies, it cannot be guaranteed that the same may continue in future. A significant change in government policies could harm business and economic conditions in India, ultimately affecting the performance of the Portfolio Entities and the Fund.

13. Risks of natural disasters

A natural disaster may also impact the operations of the Portfolio Entities. The nature and level of natural disasters cannot be predicted and may be exacerbated by global climate change. A portion of the Portfolio Entities may rely on items assembled or produced in areas susceptible to natural disasters, and may sell finished goods into markets susceptible to natural disasters. A major disaster, such as an earthquake, tsunami, flood or other catastrophic event could result in disruption to the business and operations of the Portfolio Entities.

SECTION XI: LEGAL, REGULATORY AND TAX CONSIDERATIONS

THIS SECTION IS A SUMMARY OF CERTAIN LEGAL, REGULATORY AND TAXATION CONSIDERATIONS RELATING TO THE FUND AND IS NOT A COMPREHENSIVE DISCLOSURE REGARDING ALL APPLICABLE LAWS. THE LEGAL, REGULATORY AND TAX CONSIDERATIONS REFERRED UNDER THIS SECTION ARE AS ON MAY 18, 2021 AND ARE SUBJECT TO CHANGE 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 AND THE INVESTMENT MANAGER HAVE NO PRESENT PLANS TO APPLY FOR ANY CERTIFICATIONS OR REGISTRATIONS, OR TO TAKE ANY OTHER ACTIONS, UNDER THE LAWS OF ANY JURISDICTION (OTHER THAN REGISTRATION OF THE FUND WITH SEBI IN INDIA), WHICH WOULD AFFORD RELIEF TO INVESTORS OF SUCH JURISDICTION FROM THE NORMAL TAX / REGULATORY REGIME OTHERWISE APPLICABLE TO AN INVESTMENT IN THE UNITS OF THE FUND.

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

1. Indian Trusts Act, 1882

The Fund is a scheme of the Trust that is set up as a contributory determinate trust under the Indian Trusts Act, 1882. The Trust at all times shall be subject to the provisions of Indian Trusts Act, 1882 and the Regulations. The Trustee has been appointed as the trustee of the Trust. The Trustee will have the powers and obligations as vested upon it under the Indenture. The Investment Manager shall manage the assets of the Trust and the Fund in accordance with the Investment Management Agreement. The Contributors shall be the unit holders of the Fund.

2. Indian Securities Laws

The Fund is proposed registered with SEBI under the AIF Regulations as a Category I AIF. The Fund shall make investments as per the AIF Regulations.

SEBI notified the AIF Regulations on May 21, 2012, and thereby replaced and grandfathered the SEBI (Venture Capital Funds) Regulations, 1996. The objective of the AIF Regulations is to extend the perimeter of regulation to unregulated funds with a view to ensure systemic stability, increased market efficiency, encouraging formation of new capital and consumer protection. Under the AIF Regulations, alternative investment funds have been categorised into three types, Category I AIF, Category II AIF and Category III AIF. Each category is sub-divided into different types of funds and is subject to the conditions and restrictions provided under the AIF Regulations. No scheme of the AIF shall have more than one thousand investors.

Funds which are considered to have some positive spillover effects on the economy and for which the incentives or concessions that might be considered by SEBI or Government of India or other regulators in India are grouped under Category I AIF which includes Venture Capital Funds, SME Funds, Social Venture Funds, Infrastructure Funds and such other Alternative Investment Funds as may be specified. Funds which do not require any concessions or incentives have been grouped under Category II AIF and III AIF.

The AIF Regulations define a Category II AIF to mean an alternative investment fund which is neither a Category I AIF nor a Category III AIF and does not undertake leverage or borrowing other than to meet day-to-day operational requirements and as permitted under the AIF Regulations. The AIF Regulations prescribe that the raising of commitments should be done strictly on a private placement basis and the minimum investment that can be accepted by a fund from an investor is INR 10 million. For this purpose, an AIF may accept as joint investors – (i) an investor and his/her spouse; (ii) an investor and his/her parent; (iii) an investor and his/her daughter/son.

The AIF Regulations also prescribe that the placement memorandum must have all material information about the AIF and 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, conditions or limits on redemption, investment strategy, risk management tools and parameters employed, key services providers, conflict of interest and procedures to identify and address them, disciplinary history, the terms and conditions on which the Investment Manager offers investment services, its affiliations with other intermediaries, manner of winding up of the AIF and such other information as may be necessary for the investor to take an informed decision on whether to invest in the AIF. Further, the AIF Regulations also prescribe that the Investment Manager or a Sponsors of the AIF shall have a continuing interest in the AIF of not less than 2.5% of the AIF corpus or INR 50 million, whichever is lower, in the form of investment in the AIF and such interest shall not be through the waiver of management fees. Such continuing interest may be maintained pro-rata to the amount of funds raised (net) from other investors in the AIF. The Investment Manager or Sponsors must disclose their investment in the fund to its investors. With respect to investment by the Sponsor/Manager in the AIF, the sharing of loss by the Sponsor/Manager must not be less than pro-rata to their holding in the AIF vis-à-vis other unit holders.

The AIF Regulations provide that AIFs may invest in securities of companies incorporated outside India subject to such conditions or guidelines that may be stipulated or issued by the RBI and SEBI from time to time. A Category II AIF is allowed to invest in units of another Category I AIF or Category II AIF as specified under the AIF Regulations. If there is co-investment in a Portfolio Company by the Manager, it must not be on terms more favourable than those offered to the Fund.

The AIF Regulations provide that a Category I AIF must be a close ended AIF and its tenure shall be determined at the time of application. A Category I AIF must have a minimum tenure of three years. The AIF's tenure is extendable up to two years subject to approval of two-thirds of the unit holders by value of their investment in the fund. In the absence of unit holders' consent, the AIF must fully liquidate within one year from expiration of the fund tenure or extended tenure. A close ended fund may be listed only after the final closing of the fund or scheme on a stock exchange subject to a minimum tradable lot of INR 10 million. Accordingly, the Fund cannot list its securities without complying with the above conditions.

Alternative Investment Fund may act as Nominated Investor as specified in clause (b) of sub-regulation (1) of regulation 106N of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Investment by Category I and Category II Alternative Investment Funds in the shares of entities listed on institutional trading platform after the commencement of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2015 shall be deemed to be investment in 'unlisted securities' for the purpose of these regulations.

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 AIF Regulations. 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 AIF Regulations. All AIF shall have detailed policies and procedures, as approved jointly by the Manager and the trustee or trustee company 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 these regulations, terms of the placement memorandum, agreements made with investors, other fund documents and applicable laws. All AIF shall review the policies and procedures laid down in terms of sub regulation (3) of the AIF 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.

The Manager shall be responsible for every decision of the AIF, including ensuring that the decisions are in compliance with the provisions of these 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 the AIF Regulations and other internal policies of the AIF, as applicable. The Manager may constitute an Investment Committee (by whatever name called), to approve the decisions of the AIF and such constitution shall be subject to such conditions as specified by the Board from time to time. The members of the Investment Committee shall be responsible for ensuring that the decisions of the Investment Committee are in compliance with the policies and procedures laid down in terms of the AIF Regulations. The members of the Investment Committee shall abide by the Code of Conduct applicable to them as specified in the AIF Regulations.

The AIF Regulations lay down several investment restrictions on Category I AIFs. These restrictions, inter alia, are as follows:

- AIF may invest in securities of companies incorporated outside India subject to such conditions or guidelines that may be stipulated or issued by RBI and SEBI from time to time;

- Co-investment in an investee company by a Manager or Sponsors shall not be on terms more favourable than those offered to the AIF;

- A Category I AIF cannot invest more than 25% of its "investible funds" in an Investee Company directly;

- AIF which are authorised under the fund documents to invest in units of Alternative Investment Funds shall not offer their units for subscription to other Alternative Investment Fund.

In Circular dated June 25, 2021, SEBI provided a framework for AIFs to invest simultaneously in units of other AIFs and directly in securities of investee companies. According to that framework and in terms of Regulation 15(1) (c) and (d) of the AIF Regulations, AIFs may invest in an Investee Company up to a specified limit, directly or through investment in the units of other AIFs.

Further, it provides that AIFs may invest in units of other AIFs without labelling themselves as a Fund of AIFs. AIFs which propose to invest in units of other AIFs shall provide, inter-alia, the following information in their PPMs:

a. Proposed allocation of investment in units of other AIFs;
b. Out of total fees and expenses charged to investors of the AIF, portion of fees and expenses which may be attributed to investment in units of other AIFs;
c. Process to be followed by the Manager to ensure compliance with investment conditions as specified in Regulation 15 and Regulation 17 of the AIF Regulations;
d. Whether any investments are proposed to be made in units of other AIFs managed/ sponsored by the same Manager/ Sponsors or associates of the Manager/ Sponsors and details thereof, including allocation, fees, expenses, etc.
e. An AIF may not invest in its Associates or in the units of Alternative Investment Funds managed or sponsored by its Manager, Sponsors or associates of its Manager or Sponsors except with the approval of 75% of the investors by value of their investments in the AIF. An investee company has been defined to mean any company, special purpose vehicle or limited liability partnership or body corporate in which an AIF makes an investment. A registered AIF will be subject to investigation/inspection of its affairs by an officer appointed by SEBI, and in certain circumstances the SEBI has the power to direct the AIF to divest its assets, to stop launching any new schemes, to restrain the AIF from disposing any of its assets, to refund monies or assets to Unit holders and also to stop operating in, or accessing the capital market for a specified period.
f. The un-invested portion of the investible funds of the AIF may be invested in liquid mutual funds or bank deposits or other liquid assets of higher quality such as Treasury bills, CBLOs, Commercial Papers, Certificates of Deposits, etc. till deployment of funds as per the investment objective.
g. At the end of a financial year, the Investment Manager must prepare a compliance test report ("CTR") on compliance with AIF Regulations and circulars issued there under in the format as specified in the circular issued by SEBI on June 19, 2014 (CIR/IMD/DF/14/2014). The CTR has to be submitted to the Trustee and Sponsors within thirty (30) days from the end of the financial

year and the Trustee/Sponsors can intimate any observations/comments on the CTR to the Investment Manager within thirty (30) days from the receipt of the CTR. Within fifteen (15) days of receipt of such observations / comments, the Investment Manager will make necessary changes in the CTR and submit its reply to the Trustee / Sponsor.

RESTRICTIONS AND CONDITIONS APPLICABLE TO CATEGORY I AIF – SME FUND

1. Category I Alternative Investment Fund shall invest in investee companies, venture capital undertakings, special purpose vehicles, limited liability partnerships in units of other Category I Alternative Investment Funds of the same sub category, or in units of Category II Alternative Investment Funds as specified in this regulation.

2. Category -I Alternative Investment Funds may engage in hedging, including credit default swaps in terms of the conditions as may be specified by the Board from time to time

3. Category I AIFs shall not borrow funds directly or indirectly and shall not engage in leverage except for meeting temporary funding requirements for not more than thirty days, not more than four occasions in a year and not more than ten percent of the investible funds.

4. Under Regulation 16(3) of the Regulation, The following conditions shall apply to SME Funds in addition to conditions laid down in sub-regulation (1):-

    a) (a)atleast seventy five percent of the [investable funds]shall be invested in unlisted securities or partnership interest of venture capital undertakings or investee companies which are SMEs or in companies listed or proposed to be listed on SME exchange or SME segment of an exchange [or in units of Category II Alternative Investment Funds which invest primarily in such venture capital undertakings or investee companies];

    b) such funds may enter into an agreement with merchant banker to subscribe to the unsubscribed portion of the issue or to receive or deliver securities in the process market making under [Chapter IX of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018];

    c) such funds shall be exempt from sub-regulations (1) and (2) of regulation 3 and sub- regulation (1) of regulation 4 of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 in respect of investment in companies listed on the SME exchange or SME segment of an exchange pursuant to due diligence of such companies subject to the following conditions:

        i. the fund shall disclose any trading in securities pursuant to such due-diligence, within two trading days of such trading, to the stock exchanges where the investee company is listed

ii. such investment shall be locked in for a period of one year from the date of investment.

5. Under Regulation 15(1)(a) of the 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.

6. In this regard, Reserve Bank of India (RBI) vide its A.P.(DIR Series) Circular No.48 dated December 09, 2014 has permitted an Alternative Investment Fund (AIF), registered with SEBI, to invest overseas in terms of the provisions issued under the A.P. (DIR Series) Circulars No. 49 and 50 dated April 30, 2007 and May 04, 2007 respectively.

7. SEBI vide Circular CIR/IMD/DF/7/2015 dated October 1, 2015 and Circular SEBI/HO/IMD/DF1/CIR/P/2018/103/2018 dated July 3, 2018 has issued the following guidelines on overseas investments by an AIF:

a. AIFs may invest in equity and equity linked instruments only of offshore 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 investible 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 6 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. AIFs shall report the utilization of the allocated investment limits within 5 (five) working days of such utilization on SEBI intermediary portal. In an event, AIFs have not utilized the allocated investment limits granted by SEBI within 6 (six) months from the date of SEBI approval ("Validity Period"), the same shall be reported within 2 (two) working days after expiry of the Validity Period.
j. These investments would be subject to 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.
k. AIFs shall not invest in joint venture/wholly owned subsidiary while making overseas investments.
l. AIFs shall adhere to FEMA Rules 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.

m. 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.

Foreign investments in AIF:

The Foreign Exchange Management (Non-debt Instruments) Rules, 2019 (the "FEMA Rules") provides as follows:

Rule 2(ae) of the FEMA Rules defines an 'Investment Vehicle' to mean an entity registered and regulated under relevant regulations framed by 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 and Alternative Investment Funds (AIFs) governed by the Securities and Exchange Board of India (AIFs) Regulations, 20

.12.

Rule 2(aq) of the FEMA Rules defines a 'Unit' to mean beneficial interest of an investor in an investment vehicle.

Rule 6(c) of the FEMA Rules permits a person resident outside India, other than a citizen of Bangladesh or Pakistan or an entity incorporated in Bangladesh or Pakistan, to invest in units of an Investment Vehicle, in the manner and subject to the terms and conditions specified in Schedule VIII of FEMA Rules.

The terms and conditions laid down in Schedule VIII of the FEMA Rules governing investment in Investment Vehicle are as follows:

a. A person resident outside India who has acquired or purchased units in accordance with Schedule VIII may sell or transfer in any manner or redeem the units as per regulations framed by Securities and Exchange Board of India or directions issued by the Reserve Bank.

b. 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.

c. 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 or controlled by persons resident outside India

Provided that for sponsors or managers or investment managers organized in a form other than companies or limited liability partnerships, Securities and Exchange Board of India shall determine whether the Sponsors or manager or investment manager is foreign owned and controlled.

Explanation: '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 AIF as domestic, 'sponsors' and 'managers/ investment managers' should be resident Indian citizens.

d. 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 Act (i.e. Foreign Exchange and 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 Management (Deposit) Regulations, 2016.

f. Remittance of sale/ maturity proceeds: 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) account of the person concerned.

Schedule IV of FEMA Rules: A Non-resident Indian (NRI) including a company, a trust and a partnership firm incorporated outside India and owned and controlled by NRIs may purchase/ contribute on non-repatriation basis, the units issued by an investment vehicle without any limit, either on the stock exchange or outside it. Any such investment shall be deemed to be domestic investment at par with the investment made by residents. Further, it is clarified that any investments made by such entities shall not be considered as downstream investments under the extant FDI Rules.

SEBI REGULATIONS ON INITIAL PUBLIC OFFERINGS, PRIVATE PLACEMENTS

i. The ICDR Regulations permit companies to make an IPO of equity shares or convertible securities upon the satisfaction of certain conditions, which include the following:

Pre-issue net tangible assets of at least INR 3,00,00,000 (Indian Rupees Three Crore), calculated on a restated and consolidated basis, in each of the preceding 3 (three) full years (of 12 (twelve) months each) of which not more than 50% (fifty percent) is held in monetary assets. Provided that if more than 50% (fifty percent) of the net tangible assets are held in monetary assets, the issuer company has utilized or made firm commitments to utilize such excess monetary assets in its business or project; provided further that the limit of 50% (fifty percent) on monetary assets shall not be applicable in case the IPO is made entirely through an offer for sale.

- The issuer company has an average operating profit at least INR 15,00,00,000 (Indian Rupees Fifteen Crore), calculated on a restated and consolidated basis, during the 3 (three) preceeding years (of 12 (twelve) months each), with operating profit in each of these preceding three years;

- The issuer company has a net worth of at least INR 1,00,00,000 (Indian Rupees One Crore) in each of the preceeding 3 (three) full years (of 12 (twelve) months each), calculated on a restated and consolidated basis.

- If the company has changed its name within the last 2 (two) years, at least 50% (fifty percent) of the revenue, calculated on a restated and consolidated basis, for the preceding 1 (one) full year has been earned by it from the activity indicated by the new name.

ii. As per the ICDR Regulations an unlisted company, which does not comply with any of the conditions specified above, may make an IPO of equity shares or any other security which may be converted into or exchanged with equity shares at a later date, only if the issue is made through the book-building process and the issuer company undertakes to allot, at least 75% (seventy five percent) of the net offer to qualified institutional buyers and to refund full subscription money if it fails to make the said minimum allotment to qualified institutional buyers.

iii. If an issuer has issued SR equity shares (equity shares of an issuer having superior voting rights compared to all other equity shares issued by that issuer) to its promoters/ founders, the said issuer shall be allowed to do an initial public offer of only ordinary shares for listing on the main board subject to compliance with the provisions of Chapter II of the ICDR Regulations and as per the clauses mentioned below:

i. the issuer shall be intensive in the use of technology, information technology, intellectual property, data analytics, bio-technology or nano-technology to provide products, services or business platforms with substantial value addition.

ii. the SR shareholder shall not be part of the promoter group whose collective net worth is more than INR 500 crores.

Explanation: While determining the collective net worth, the investment of SR shareholder in the shares of the issuer company shall not be considered.

iii. The SR shares were issued only to the promoters/ founders who hold an executive position in the issuer company;

iv. The issue of SR equity shares had been authorized by a special resolution passed at a general meeting of the shareholders of the issuer, where the notice calling for such general meeting specifically provided for -
   a. the size of issue of SR equity shares,
   b. ratio of voting rights of SR equity shares vis-à-vis the ordinary shares,
   c. rights as to differential dividends, if any
   d. sunset provisions, which provide for a time frame for the validity of such SR equity shares,
   e. matters in respect of which the SR equity shares would have the same voting right as that of the ordinary shares

v. The SR equity shares have been held for a period of atleast 6 months prior to the filing of the red herring prospectus;

vi. The SR equity shares shall have voting rights in the ratio of a minimum of 2:1 upto a maximum of 10:1 compared to ordinary shares and such ratio shall be in whole numbers only;

vii. The SR equity shares shall have the same face value as the ordinary shares;

viii. The issuer shall only have one class of SR equity shares;

ix. The SR equity shares shall be equivalent to ordinary equity shares in all respects, except for having superior voting rights.

iv. No unlisted company shall be allowed to make an initial public offer under the ICDR Regulations if there are any outstanding convertible securities or any other right which would entitle any person with any option to receive equity shares.

Provided that the above shall not apply to:

a. outstanding options granted to employees, whether currently an employee or not, pursuant to an employee stock option scheme framed in accordance with the Companies Act, 2013, relevant guidance note or accounting standards, if any, issued by the Institute of Chartered Accountants of India or pursuant to the Companies Act, 2013, in this regard;

b. fully paid-up outstanding convertible securities which are required to be converted on or before the date of filing of the red herring prospectus (in case of book-built issues) or the prospectus (in case of fixed price issues), as the case maybe.

v. An issuer company shall not make an allotment pursuanrt to a public issue in terms of the ICDR Regulations if the number of proscpective allottee is less than 1000 (one thousand).

vi. Pricing - An issuer company may determine the price of its equity shares or any securities convertible at a later date into equity shares in consultation with the lead manager(s) for the issue (i.e. fixed price route) or through the book building process.

1. The fixed price route of pricing is that under which the issuer company in consultation with the lead manager, arrives at a price and the securities are offered to the public at this fixed price.

2. The book building route of pricing is where the issuer company appoints a merchant banker who acts as a "Lead Manager" for a book building period, and accepts bids from qualified bidders in a price band determined by the issuer company in consultation with the Lead Manager. This mechanism enables the issue to discover the price that the market is willing to pay for the shares of the issuer company. At the end of the book-building period, the issue of shares is made at the best bid price obtained by the issuer company in consultation with the Lead Manager.

vii. Promoters Contribution and Lock-in Restrictions –

i. The ICDR Regulations prescribe that a minimum of 20% (Twenty percent) of the post issue capital of the issuer company is required to be held by the promoters. In case the post issue shareholding of the promoters is less than 20% (Twenty per cent), then AIFs or foreign venture capital investors or scheduled commercial banks or public financial institutions or insurance companies registered with Insurance Regulatory and Development Authority of India may contribute for the purpose of meeting the shortfall in minimum contribution as specified for promoters, subject to a maximum of 10% (ten percent) of the post issue capital without being identified as promoters. Provided further that the requirement of minimum promoters' contribution shall not apply in case an issuer does not have any identifiable promoter.

ii. Such promoters' contribution (including contribution made by AIFs or foreign venture capital investors or scheduled commercial banks or public financial institutions or insurance companies registered with Insurance Regulatory and Development Authority of India in the manner prescribed hereinabove) cannot be disposed of until the expiry of 3 (three) years from the date of allotment in the public issue or commencement of commercial production, whichever is later. In the event the promoters hold specified securities in excess of the minimum promoter's contribution, this excess shall be locked in for a period of 2 (two) years.

iii. The SR equity shares (equity shares of an issuer having superior voting rights compared to all other equity shares issued by that issuer) shall be under lock-in until conversion into equity shares having voting rights same as that of ordinary shares or shall be locked-in for a period as specified in clause (ii) above, whichever is later.

iv. However, inter se transfer of promoters' holding is possible , except SR shares, subject to: (a) such transfer being made to another promoter or any person of the promoter group or a new promoter; and (b) the lock-in provisions prescribed under the ICDR Regulations being made applicable to the transferees for the remaining period of the lock-in. The term "promoter" has been broadly defined to mean person(s) who are named as such in a draft offer document or offer document or in the annual return of the issuer company or in control of the issuer company or the person/s who are instrumental in the formulation of a plan or programme pursuant to which specified securities are offered to public or the person/s named in the offer document as promoters.

v. The ICDR Regulations prescribe lock-in restrictions on the pre-issue share capital of the issuer company held by persons other than promoters as provided below:

a. The entire pre-issue share capital of any persons other than the promoter shall be locked-in for a period of 2 (two) years from the date of allotment in the proposed public issue.
This lock-in period of 2 (two) years is not applicable to the equity shares allotted to:

- employees, whether currently an employee or not, under an employee stock option or employee stock purchase scheme of the issuer prior to the initial public offer, if the issuer has made full disclosures as prescribed in Part A of Schedule VI of 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;

Provided that the equity shares allotted to the employees shall be subject to the provisions of lock-in as specified under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

vi. held by a venture capital fund or AIFs of Category I or of Category II or a foreign venture capital investor;

Provided that such equity shares shall be locked in for a period of at least 2 (two) years from the date of purchase by the venture capital fund or alternative investment fund or foreign venture capital investor.

For the purpose of clause (V) (b) (iii) above, 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 aforementioned 2 (two) years 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

vii. Further, the requirement of holding equity shares for a period of one (1) year does not apply: (a) to an offer for sale of a government company or statutory authority or corporation or any special purpose vehicle set up and controlled by any one or more of them, which is engaged in infrastructure sector; (b) if the equity shares offered for sale have been acquired pursuant to a scheme approved by a tribunal or the Central Government under sections 230 to 234 of the

Companies Act, 2013, as applicable, in lieu of business and invested capital that had been in existence for a period of more than one year prior to such approval; (c) if the equity shares offered for sale were issued under a bonus issue on securities held for a period of at least one year prior to the filing of the draft offer document with the Board and further subject to the following: (i) such specified securities being issued out of free reserves and share premium existing in the books of account as at the end of the financial year preceding the financial year in which the draft offer document is filed with the Board; and (ii) such equity shares not being issued by utilisation of revaluation reserves or unrealized profits of the issuer.

viii. General conditions for an issuer making an initial public offer:

a. it has made an application to one or more stock exchanges to seek an in-principle approval for listing of its specified securities on such stock exchanges and has chosen one of them as the designated stock exchange, in terms of Schedule XIX of the ICDR Regulations;

b. it has entered into an agreement with a depository for dematerialisation of the specified securities already issued and proposed to be issued;

c. all its specified securities held by the promoters are in dematerialised form prior to filing of the offer document;

d. all its existing partly paid-up equity shares have either been fully paid-up or have been forfeited; and

e. it has made firm arrangements of finance through verifiable means towards 75% (seventy-five percent). of the stated means of finance for a specific project proposed to be funded from the issue proceeds, excluding the amount to be raised through the proposed public issue or through existing identifiable internal accruals.

ix. Participation in private placement of securities - The Trust/Investment Schemes may invest in Portfolio Entities by participating in a private offer of securities by such Portfolio Entities. All issues of capital by a listed public company by way of shares or convertible securities on a preferential basis are subject to fulfillment of the conditions prescribed by the Companies Act, 2013 and provisions relating to preferential issues set out under the ICDR Regulations.

x. The Companies Act, 2013 requires the prior approval of the existing shareholders through a special resolution, which means a majority of three-fourth of the votes, by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, (whether on show of hands or on a poll) cast in favour of resolution for preferential allotment of shares.

Preferential Issue - Requirements

The ICDR Regulations prescribe the following conditions for issuance of securities by a listed company, whose equity share capital is listed on any recognized stock exchange.

a. all equity shares allotted by way of preferential issue shall be made fully paid up at the time of the allotment;
b. a special resolution has been passed by its shareholders;
c. all equity shares held by the proposed allottees in the issuer are in dematerialised form;
d. the issuer is in compliance with the conditions for continuous listing of equity shares as specified in the listing agreement with the stock exchange where the equity shares of the issuer are listed and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015, as amended, and any circular or notification issued by the Board thereunder;
e. the issuer has obtained the permanent account numbers of the proposed allottees, except those allottees which may be exempt from specifying their permanent account number for transacting in the securities market by the Board.

a. Pricing of frequently traded shares

If the equity shares of a company have been listed on a recognized stock exchange for a period of 26 (twenty-six) weeks or more as on the relevant date, the issue of shares on preferential basis, shall be made at a price not less than higher of the following:

i. The average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on the recognized stock exchange during the 26 (twenty six) weeks preceding the relevant date;

OR

ii. The average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognized stock exchange during the 2 (two) weeks preceding the relevant date.

If the equity shares of a company have been listed on a recognized stock exchange for a period of less than 26 (twenty-six) weeks as on the relevant date, the issue of equity shares can be made at a price not less than the higher of the following:

i. The price at which equity shares were issued by the company in its IPO or the value per share arrived at in a scheme of arrangement under sections 230 to 234 the Companies Act, 2013, pursuant to which the equity shares of the company were listed, as the case may be;

OR

ii. The average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on the recognized stock exchange during the period the equity shares have been listed preceding the relevant date;

OR

iii. The average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the relevant date.

Provided on completing 26 (twenty-six) weeks of being listed on a stock exchange, the company may re-compute the price in manner set out in paragraph (a)(1) above, and if the price of equity shares allotted computed as set out in this paragraph (2) was lower than the recomputed price, the allottee has to pay the difference to the company.

3. A preferential issue of specified securities on to qualified institutional buyers not exceeding 5 (five) in number shall be made at a price not less than the average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognized stock exchange during the 2 (two) weeks preceding the relevant date.

For the purposes of paragraphs (1), (2) and (3) above the term "relevant date" means as follows:

i. in case of preferential issue of equity shares, the date thirty days prior to the date on which the meeting of shareholders is held to consider the proposed preferential issue shall be the relevant date;

Provided that in case of a preferential issue of specified securities pursuant to any resolution of stressed assets under a framework specified by the Reserve Bank of India or a resolution plan approved by the National Company Law Tribunal under the Insolvency and Bankruptcy Code 2016, the date of approval of the corporate debt restructuring package or resolution plan shall be the relevant date.

ii. in case of a preferential issue of convertible securities, either the relevant date referred to in clause (i) above or a date thirty days prior to the date on which the holders of the convertible securities become entitled to apply for the equity shares.

Further, where the relevant date falls on a weekend/holiday, the day preceding the weekend/holiday will be reckoned to be the relevant date.

b. Pricing of Infrequently traded shares

Where the shares are not frequently traded, the price determined by the issuer company shall take into account valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies, provided that the issuer shall submit a certificate stating that the issuer company is in compliance of ICDR Regulations, obtained from an independent valuer to the stock exchange where the equity shares of the issuer are listed.

1. If warrants are issued on a preferential basis with an option to apply for and be allotted shares, the issuer company shall determine the price of the resultant shares as aforementioned, and an amount equivalent to at least 25% (twenty five percent) of the price so fixed shall become payable for the warrants on the date of their allotment, which shall be adjusted against the price payable subsequently for acquiring the shares by exercising an option for the purpose. However, if the option to acquire shares is not exercised then the amount paid on allotment gets forfeited.

2. If Partly Convertible Debentures ("PCDs"), Fully Convertible Debentures ("FCDs") or other convertible instruments, are issued on a preferential basis, providing for the issuer to allot shares at a future date, the issuer shall determine the price at which the shares could be allotted in the same manner as specified for pricing of shares allotted in lieu of warrants as indicated in paragraph (1) above.

3. The tenure of the instruments such as warrants, PCDs, FCDs or any other financial instrument with a provision for the allotment of equity shares at a future date, either through conversion or otherwise, shall not exceed beyond eighteen (18) months from the date of issue of the relevant instrument.

4. The instruments allotted on a preferential basis to the promoter or the promoter group and the shares allotted pursuant to exercise of options attached to such warrants, shall be subject to lock-in of 3 (three) years from the of trading approval granted for the specified securities or equity shares allotted pursuant to exercise of the option attached to warrant, as the case may be. The instruments allotted on preferential basis to persons other than promoter and promoter group and the equity shares allotted pursuant to exercise of options attached to warrants issued on preferential basis to such persons shall be locked in for a period of one year from the date of trading approval.

5. The allotment should be completed within a period of fifteen (15) days from the date of passing of the shareholders resolution granting consent for preferential issues of any financial instrument. However, where any application for exemption from the applicability of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 or any approval or permission by any regulatory authority or the Central Government for allotment is pending, the period of fifteen days will be counted from the date of order on such application or the date of approval or permission, as the case may be.

x. Offer for Sale – Subject to the terms contained under the ICDR Regulations, the Trust/Investment Schemes may act as the selling shareholder and may sell the specified securities held by it to the public by way of an offer for sale (as a part of an initial public offer/further public offer by the issuer company).

Qualified Institutions Placement (QIP) – Requirements

Qualified Institutions Placement (QIP) means allotment of eligible securities by a listed issuer to Qualified Institutional Buyers (QIBs) on private placement basis and includes an offer for sale of specified securities by the promoters and/or promoter group on a private placement basis.

The ICDR Regulations permit companies to make QIP of equity shares, non-convertible debt instruments along with warrants and convertible securities other than warrants ("eligible securities") upon the satisfaction of certain conditions, which include the following:

1. A special resolution approving the QIP has to be passed by the shareholders of the company. The allotment shall be completed within 365 days from the date of passing the resolution.

2. The equity shares of the same class, which are proposed to be allotted through QIP or pursuant to conversion or exchange of eligible securities offered through QIP, have been listed on a stock exchange for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to pass the special resolution;

3. The Company has to comply with rule 19 (7) of the Securities Contract (Regulation) Rules, 1957, if applicable;

4. An issuer shall be eligible to make a qualified institutions placement if any of its promoters or directors is not a fugitive economic offender.

5. The issuer shall not make any subsequent qualified institutions placement until the expiry of six months from the date of the prior qualified institutions placement made pursuant to one or more special resolutions.

6. "Relevant Date" means –

   i. in case of allotment of equity shares, the date of the meeting in which the board of directors of the issuer or the committee of directors duly authorised by the board of directors of the issuer decides to open the proposed issue;
   ii. in case of allotment of eligible convertible securities, either the date of the meeting in which the board of directors of the issuer or the committee of directors duly authorised by the board of directors of the issuer decides to open the issue of such convertible securities or the date on which the holders of such convertible securities become entitled to apply for the equity shares.

7. Pricing:

   i. The issue price of the shares shall not be less than the average of the weekly high and low of the closing prices of the equity shares of the same class quoted on the stock exchange during the 2 (two) weeks preceding the relevant date;
   ii. Where eligible securities are convertible into or exchangeable with equity shares of the issuer, the issuer shall determine the price of such equity shares allotted pursuant to such conversion or exchange taking the relevant date as decided and disclosed by it while passing the special resolution;

   The issuer company is permitted to price the QIP securities at a 5% (five percent) discount to the floor price, subject to the shareholders' of the issuer company approving the same vide a special resolution.

8. Restrictions: Allotment under QIP shall be subject to the following restrictions:

   i. Minimum 10% (ten percent) of eligible securities to be allotted to Mutual Funds; in case Mutual Funds do not subscribe to such minimum percentage, such part shall be allotted to other QIBs;
   ii. No allotment, directly or indirectly, to be made to the promoter or any person related to promoters of the issuer;
   iii. In a QIP of non-convertible debt instrument along with warrants, an investor can subscribe to the combined offering of non-convertible debt instruments with warrants or to the individual securities, that is, either non- convertible debt instruments or warrant;
   iv. The applicants can not withdraw or revise downwards their bids after the closure of the issue.

9. Persons deemed to be related to the promoter: No allotment shall be made, either directly or indirectly to any QIB who shall be deemed to be a promoter or a person related to the promoter of the issuer. A QIB who has the following rights shall be deemed to be a person related to the promoters of the issuer:

   i. rights under a shareholders' agreement or voting agreement entered into with promoters or persons related to the promoters;
   ii. veto rights; or
   iii. right to appoint any nominee director on the board of the issuer.

10. Minimum number of allottees: The minimum number of allottees for each QIP shall not be less than:

    i. two, where the issue size is less than or equals to 2500 million;
    ii. five, where is the issue size is greater than 2500 million.

11. Restrictions on amount raised: The aggregate of proposed and all previous QIPs made in the same financial year shall not exceed 5 (five) times the net worth of the issuer as per the audited balance sheet of the previous financial year.

12. Tenure: The tenure of the convertible or exchangeable eligible securities issued through qualified institutions placement shall not exceed 60 (sixty) months from the date of allotment

13. Lock-in of eligible securities for 2 (two) years, except sold on the stock exchange.

xi. Exit opportunity to dissenting shareholders:

Pursuant to ICDR Regulations, the promoters or shareholders in control of an issuer company shall provide an exit offer to the dissenting shareholders in case of change in objects or variation in the terms of contract referred to in the prospectus being dissented to by at least 10% (ten percent) of the shareholders and the amount to be utilized for the objects of the issued prospectus is less than 75% (seventy five percent) of the amount raised, in terms of the provisions of the Companies Act, 2013. Such provisions however will not apply where there are neither identifiable promoters nor shareholders in control of the issuer company.

xii. Promoter being a willful defaulter or a fugitive economic offender:

SEBI prohibits an issuer from making a public issue of equity securities, if the issuer or any of its promoters or directors is a wilful defaulter. 'Wilful Defaulter' has been defined as a person or an issuer who is categorized as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI. The ICDR Regulations prohibit an issuer from undertaking an IPO if any of its promoters or directors is a fugitive economic offender. A 'Fugitive Economic Offender' has been defined to mean an individual who is declared a fugitive economic offender under section 12 (twelve) of the Fugitive Economic Offenders Act, 2018.

COMPANIES ACT, 2013

The Companies Act, 2013 has replaced the Companies Act, 1956. The Companies Act, 2013 makes comprehensive provisions to govern all listed and unlisted companies in the country and marks a significant departure on the position of law governing the corporate framework.

TAKEOVER REGULATIONS

Once the Portfolio Entities in which the Trust/Investment Schemes have invested are listed, the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("**Takeover Code**") may apply to the Trust.

Under the provisions of the 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% (five percent) 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 2 (two) days of (i) the receipt of intimation of allotment of shares or (ii) the acquisition of shares or voting rights. Furthermore, Any person, who together with the persons acting in concert with him, holds shares or voting rights entitling them to 5% (five percent) or more of the shares or voting rights in a target company is required to inform the company at its registered office and the stock exchange about any change in its holdings representing 2% (two percent) 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% (twenty-five percent) 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% (twenty-six percent) 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% (twenty-five percent) or more but less than maximum permissible non-public shareholding in the company is entitled to acquire an additional 5% (five percent) 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% (five percent) 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% (eighty percent) 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% (twenty-six percent) 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.

If the promoters of a Portfolio Entity buy back the shares of the Portfolio Entity from the Trust/Investment Schemes, they may be required to comply with the public offer provisions depending on their percentage shareholding in the company. However, under the Takeover Code, a special exemption has been granted to the promoters from making a public offer if they purchase shares from a SEBI registered Category I AIF.

PROHIBITION OF INSIDER TRADING REGULATIONS

SEBI (Prohibition of Insider Trading) Regulations, 2015, (the "**Insider Trading Regulations**") have been notified by the SEBI and came into force with effect from May 15, 2015. The Insider Trading Regulations replace SEBI (Prohibition of Insider Trading) Regulations, 1992. 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". When a person who has traded in securities has been in possession of "unpublished price sensitive information", his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession. The terms "insider", "connected person", "unpublished price-sensitive information" and "generally available information" are defined in the Insider Trading Regulations.

The insider is 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. Any person in receipt of unpublished price sensitive information pursuant to a "legitimate purpose" shall be considered an "insider" for purposes of the Insider Trading Regulations and due notice shall be given to such persons to maintain confidentiality of such unpublished price sensitive information in compliance with the Insider Trading Regulations.

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. However proof of innocence can be established by an insider if (a) the transaction is an off-market inter-se transfer between insiders who were in possession of the same unpublished price sensitive information; (b) the transaction was carried out through the block deal window mechanism between persons who were in possession of the unpublished price sensitive information; (c) the transaction was carried out pursuant to a statutory or regulatory obligation to carry out a bona fide transaction; (d) the transaction in question was undertaken pursuant to the exercise of stock options in respect of which the exercise price was pre-determined in compliance with applicable regulations; (e) in the case of non-individual insiders; (i) the individuals in possession of unpublished price sensitive information were different from individuals taking trading decisions and such decision making individuals were not in possession of unpublished price sensitive information when they took the decision to trade; and (ii) appropriate and adequate arrangements were in place to ensure that the provisions are not violated and no unpublished price sensitive information was communicated by individuals possessing the information to the individuals taking trading decisions and there is no evidence of such arrangements having been breached; and (f) the trades were pursuant to a trading plan set up in accordance with the Insider Trading Regulations. The Insider Trading Regulations also provides for disclosures to be made by certain person and such disclosures shall include those relating to trading by such person’s immediate relatives and by any other person for whom such person takes trading decisions.

The Insider Trading Regulations make it compulsory for listed companies and the board of directors or head(s) of the organisation of every intermediary to ensure that the chief executive officer or managing director establishes 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 and intermediaries. 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 or member of the promoter group 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 or member of the promoter group, designated person 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 terms “promoter” and “promoter group” shall have the same meaning as assigned to them under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof.

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 chief executive officer, managing director or such other analogous person of a listed company, intermediary or fiduciary shall put in place adequate and effective system of internal controls to ensure compliance with the requirements given in the Insider Trading Regulations to prevent insider trading.

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 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.

ANTI-MONEY LAUNDERING PROVISIONS

The Prevention of Money Laundering Act, 2005 (the “**PMLA**”), which came into force on July 1, 2005, embodies India’s legislative commitment to the elimination and prevention of money laundering. 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.

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 and projecting 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 PMLA mandates certain entities such as banks, financial institutions and intermediaries (dealing in securities) to maintain a record of all transactions above a certain value or of a suspicious nature, as prescribed in the rules promulgated under the PMLA. The transactions so prescribed may be a single transaction or a series of inter-connected transactions which take place within one month

("**Transactions**"). The institution must provide information relating to such Transactions to the director appointed under the PMLA within the prescribed time limit. These institutions also must verify and maintain the records of identity of their clients in the manner prescribed in the rules under the PMLA. The PMLA also confers discretionary power on the principal officer of a bank, financial institution or intermediary to report Transactions that have been valued below the prescribed limits to escape scrutiny.

The Scheme falls within the definition of "intermediary" under the PMLA since a VCF is required to register with the SEBI under section 12 of the Securities and Exchange Board of India Act, 1992. Thus, the Scheme will be required to adhere to the record-keeping and disclosure obligations prescribed under the PMLA and the rules thereunder.

THE ABOVE IS ONLY A BRIEF AND GENERAL SUMMARY OF VARIOUS LEGAL AND REGULATORY CONSIDERATIONS AND CONSEQUENCES. INVESTORS ARE URGED TO CONSULT THEIR OWN ADVISORS IN THIS REGARD.

INDIAN TAX CONSIDERATIONS

PROSPECTIVE INVESTORS SHOULD CONSIDER THE FOLLOWING SUMMARY OF CERTAIN TAXATION ASPECTS AFFECTING THE FUND. PROSPECTIVE 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 PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN TAX ADVISER WITH RESPECT TO THE SPECIFIC TAX CONSEQUENCES ARISING DUE TO AN INVESTMENT IN THE SCHEME OF THE TRUST.

THE FOLLOWING SUMMARY IS BASED ON THE LAW AND PRACTICE OF THE INCOME TAX ACT, 1961 ("**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 MEMORANDUM REFLECTS CHANGES TO THE DATE OF THIS SUMMARY. THE TAX RATES SPECIFIED BELOW ARE FOR THE FINANCIAL YEAR ("FY") 2021-22 (ASSESSMENT YEAR 2022-23) AS PROVIDED UNDER THE FINANCE ACT 2021. THE RATES ARE EXCLUSIVE OF SURCHARGE[3] AND HEALTH AND EDUCATION CESS ("**CESS**")[4]. THIS INFORMATION DOES

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[3] Surcharge rates on income-tax:

- In case of domestic companies (other than covered under section 115BAA and 115BAB of the ITA) having total income exceeding INR 1 crore but not exceeding INR 10 Crore, surcharge of 7% on income-tax is applicable. For total income exceeding INR 10 crore, surcharge of 12% is applicable.
- In case of domestic companies covered under section 115BAA and 115BAB of the ITA, surcharge of 10% on income-tax is applicable irrespective of taxable income.

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 ACQUIRING OR HOLDING THE UNITS OF THE FUND. THE INFORMATION CONTAINED HEREIN IS BASED ON AN INTERPRETATION OF THE PREVAILING TAX LEGISLATION AND COULD THEREFORE CHANGE OR BE ADVERSELY AFFECTED IF ALTERNATIVE INTERPRETATIONS ARE ADOPTED.

1. BRIEF BACKGROUND

The Trust is a close-ended, contributory, irrevocable and determinate trust formed under the provisions of the Indian Trusts, 1882. The Trust would be registered with SEBI as a Category I AIF in accordance with the SEBI AIF Regulations. The Fund is a scheme of the Trust. The Fund is referred to as "the AIF" hereinafter. It is proposed that the Fund would make investment in the shares/securities of investee companies/entities.

2. TAXATION OF THE AIF

Overview of taxation regime applicable to the AIF

The ITA, vide Finance Act, 2015, has accorded tax pass-through status to "Investment Funds" with respect to any income other than income chargeable under the head "Profits and Gains of Business or Profession", ("**business income**") earned by such Investment Fund.

Investment Fund is defined under clause (a) of the Explanation 1 to section 115UB of the ITA as any fund established or incorporated in India in the form of a trust or a company or an LLP or a body corporate which has been granted a certificate of registration as a Category I or a Category II AIF and is regulated by the AIF Regulations or under the International Financial Services Centers Authority Act, 2019.

Considering that the AIF is set-up as a scheme of the Trust registered as a Category I AIF with SEBI under the SEBI AIF Regulations, as per section 10(23FBA) of the ITA, the AIF should be

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- In case of foreign companies having total income INR 1 crore but not exceeding INR 10 crore, surcharge of 2% on income-tax is applicable and for total income exceeding INR 10 crore, surcharge of 5% is applicable.
- In case of firms having total income exceeding INR 1 Crore, surcharge of 12% is applicable.
- For other assessees (being individuals / Hindu Undivided Family ("**HUF**") / Association of Person ("**AOP**") / Body of Individuals ("**BOI**")), surcharge rate of 10% is applicable if the total income exceeds INR 50 lacs but not exceeding INR 1 crore. Further, as per the Finance (No.2) Act, 2019, for other assessees (being individual / HUF / AOP / BOI), a surcharge of 15% is applicable if the total income exceeds INR 1 crore but not exceeding INR 2 crores, surcharge of 25% is applicable if the total income exceeds INR 2 crore but not exceeding INR 5 crores and surcharge of 37% is applicable if the total income exceeds INR 5 crore.
  - However, if the total income pertaining to such assessees comprises of dividend or income referred to in section 111A or section 112A or section 115AD(1)(b) of the ITA, surcharge applicable on such income shall not exceed 15%.
- Surcharge on Buy Back Tax ('BBT') shall be at the rate of 12%.

[4] Cess at the rate of 4% shall be leviable on aggregate of tax and surcharge. The rates mentioned in this tax chapter are exclusive of surcharge and cess.

eligible for a "tax pass-through" status in respect of any income (including income earned from investments in Indian investee companies and income earned from temporary investments) except where the income is characterised as "business income".

<u>Withholding taxes as per section 194LBB of the ITA with respect to income distributed by the AIF to the Investors</u>

Where any income other than business income is payable to the investors in respect of units of the AIF, the AIF shall at the time of credit or at the time of payment, be responsible to withhold tax.

The AIF would be required to deduct tax on any income, with respect to which it is eligible for tax pass-through, at the time of credit or payment of such income in the name of the investors as follows:

(a) for resident investors at the rate of 10%; and

(b) for non-resident investors at the rates in force[5].

Further, as per the provisions of the ITA, where any income is credited to any account, whether called "suspense account" or by any other name, in the books of account of the AIF, such credit shall be deemed to be the income of the investors in respect of units of the AIF, and the AIF shall be responsible to withhold tax at above rates, at the time of credit of such income. Further, the beneficiary holding units of the AIF can apply for a Nil / lower withholding to ensure that the AIF does not withhold tax or withholds tax at a lower rate.

It is further provided that no deduction of tax shall be made in respect of any income earned by non-resident investors that is not chargeable to tax under the ITA. As per the provisions of the ITA, in case of taxability of non-resident investor who is a tax resident of a country with which India has an agreement for granting relief of tax, or as the case may be Double Taxation Avoidance Agreement ("**Tax Treaty**"), the provisions of the ITA shall apply to the extent they are more beneficial. However, this is subject to the condition that the non-resident investor holds a valid tax residency certificate ("**TRC**") and fulfils the eligibility requirements prescribed under the applicable Tax Treaty and furnishes the details prescribed under the Tax Treaty (including Form 10F).

*<u>Central Board of Direct Taxes ("**CBDT**") Notification for non-withholding of taxes</u>*

According to the CBDT Notification No. 51/ 2015, dated June 25, 2015, any income receivable / received by the AIF from investments made in portfolio companies would be exempt from withholding tax provisions and the portfolio companies would not be liable to withhold tax at the time of credit or at the time of payment, whichever is earlier, of such income to the AIF.

[5] Rates in force is defined under section 2(37A) of the ITA which essentially means the rates provided in the applicable section, or the Finance Act of the relevant year or the applicable Tax Treaty, as the case may be.

However, it should be noted that the Fund shall be required to withhold taxes at the rate of 10% in case of a resident investor or at the rate in force in the case of non-resident investors (not being a company) or a foreign company on any income which is eligible for tax pass-through, at the time of credit or payment of such income in the name of the unit holders.

Characterisation of income in the hands of the AIF

Gains arising from the transfer of securities held in the companies 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). Traditionally, the issue of characterisation of exit gains (whether taxable as "business income" or "capital gains") has been a subject matter of litigation with the Indian tax authorities. There have been judicial pronouncements on whether gains from transactions in securities should be taxed as "business income" or as "capital gains". However, these pronouncements, while laying down certain guiding principles have largely been driven by the facts and circumstances of each case. Also, CBDT has provided guidance (vide its Instruction: No. 1827, dated August 31, 1989 and Circular No. 4 of 2007, dated June 15, 2007) in respect of characterisation of gains as either "business income" or "capital gains". Following are the key illustrative factors indicative of capital gains characterisation (not business income):

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

No single criteria would be decisive to determine whether or not the AIF is in the business of making investments. The characterisation would depend on the total effect of all criteria applicable to the facts of the case. Therefore, in this regard, the characterisation of income of the AIF would need to be evaluated every year, based on the facts existing in that year.

The AIF intends to organize itself in a manner that it will comply with the conditions and parameters mentioned in the CBDT circular and instructions. Accordingly, the income from sale of securities in the investee companies should generally be categorized as capital gains. However, the possibility of the tax authorities seeking to treat such income as business income cannot be ruled out.

Please note that with a view to reduce litigation and maintain consistency, the CBDT had issued Circular No. 6 of 2016, dated February 29, 2016 providing that listed shares / securities held for more than 12 months would be treated as capital gains unless the tax payer himself treats the same as stock in trade; in other cases involving sale of listed shares / securities, the characterisation of income would be decided on the basis of previous circulars and instructions issued by the CBDT on this subject. The circular also provides that a position once adopted by the taxpayer would not be allowed to be changed and it would be applicable for the subsequent assessment years. It is however clarified that the principles as outlined in the circular shall not be applicable in cases where the genuineness of the transaction itself is questionable.

Furthermore, with respect to the characterisation of gains arising on transfer of unlisted shares, the CBDT had issued an instruction dated May 2, 2016 providing that income from transfer of unlisted shares (for which no formal market exists for trading), except in certain specified circumstances such as (i) the genuineness of transactions in unlisted shares itself is questionable; or (ii) the transfer of unlisted shares is related to an issue pertaining to lifting of corporate veil; or (iii) the transfer of unlisted shares is made along with the control and management of underlying business., would be treated as "Capital Gain" irrespective of period of holding. Subsequently, the CBDT had issued clarification dated 24 January, 2017 that exception (iii) would not apply in the case of Category I and II AIF, where-in the rationale provided was that the investment by such AIFs are predominantly in unlisted shares of start-ups / ventures and hence, some level of control and management is required to be exercised by such AIFs to safeguard the interest of the investors.

Though the aforesaid circulars have been issued specifically in context of shares, arguably the general guiding principle and factors prescribed in the circulars should be considered while determining the nature of income from transfer of debt or debt like securities.

If the income of the AIF is characterised as income under the head "Capital gains" or "Income from Other Sources"

The ITA provides that in case the income of the AIF is not characterised as "business income" then the income of the AIF shall be exempt from tax in the hands of the AIF and shall be chargeable to tax directly in the hands of the investors as under:

(a) The income shall be chargeable to tax in the hands of the investors in the same manner as if it were the income accruing or arising to or received by the investors had the investments made by the AIF been made directly by the investors.

(b) The income paid or credited by the of the AIF shall be deemed to be of the same nature and in the same proportion in the hands of the investors as if it had been received by, or had accrued or arisen to, the AIF.

(c) The income accruing or arising to, or received by, the AIF, during the previous year, if not paid or credited to the investors shall be deemed to have been credited to the account of the investors on the last day of the previous year in the same proportion in which such investors would have been entitled to receive the income had it been paid in the previous year.

(d) Once the income is included in the total income of the investors in a previous year, on account of having been accrued or arisen in the said previous year, it shall not be included in the total income of such person in the previous year in which such sum is actually paid to the beneficiary (being the investors) by the AIF.

(e) Any loss in the above case at the AIF level shall be allowed to be passed through to the investors, provided the units of the AIF are held for a period of twelve months or more[6].

Taxation in the hands of investors - If the income of the AIF is characterised as "business income"

In the case where the income of the AIF is characterised as "business income", then the AIF, being a Trust, such income will be taxable at Maximum Marginal Rate ("MMR") of 30% plus maximum applicable rate of surcharge and health and education cess.

In case of any loss at the AIF level under this head, the same would not be allowed to be passed through to the investors but would be carried forward at the AIF level and set-off against the business income earned by the AIF in subsequent eight years as per the provisions of the ITA.

Further, the investors are not liable to tax on that portion of the income which is taxable as "business income" in the hands of the AIF. Also, in such a case, the AIF is not required to withhold any taxes at the time of credit or payment of business income to the investors.

The taxability of the various streams of income in the hands of the Indian resident and non-resident investors is explained in the succeeding paragraphs.

3. TAXATION OF INVESTORS OF THE AIF

3.1 Taxation of the resident investors

The tax implications in the hands of resident investors on different income streams (other than business income) are discussed below:

A. Dividend income

The Finance Act, 2020 has abolished Dividend Distribution Tax ("DDT") with effect from 1 April 2020 and therefore, domestic companies shall no longer be required to pay DDT on the dividends distributed. Such dividends are taxable directly in the hands of the recipient at the Tax rates applicable to them. Further, no deduction shall be allowed for expenses against such dividend income, other than interest expenditure which shall be capped at 20% of such dividend income.

Further, Section 10(34) / 10(35) of ITA is also amended to provide that it will not be applicable for any dividend income received on or after April 1, 2020.

Dividend amount received by Category I AIF being not in nature of a business income should be subject to Tax in the hands of the resident Investors at base rate of Tax as applicable to resident Investors.

[6] As per the Finance (No.2) Act, 2019

As per Section 80M introduced by the Finance Act, 2020, in case any Indian company receives dividend from another Indian company or foreign company or business trusts and the dividend is distributed by the first mentioned Indian company before the specific due date (i.e. one month prior to the date of filing Tax return under section 139 of the ITA), then deduction can be claimed by such Indian company of the amount of dividend distributed by it on or before the specified due date.

The Finance Act, 2021 has provided relaxation to insulate the taxpayers from payment of interest under section 234C of the ITA in cases where accurate determination of advance tax liability is not possible due to the intrinsic nature of the dividend income but has excluded deemed dividend as per sub-clause (e) of clause (22) of section 2 of the ITA. This amendment will take effect from 1st April 2021 and will accordingly apply to the assessment year 2021-22 and subsequent assessment years.

B. Interest from investee companies

Interest income earned by Category I AIF and not characterised as business income should be subject to Tax in the hands of the Indian resident investors at base rate of Tax of 30%.

C. Capital gains arising on transfer of securities

As stated earlier, the character of income in the hands of the investors would be derived from the character of income earned by the AIF. Where the gains derived by the AIF on transfer of securities is characterised as capital gains, the consequent tax implications are discussed below.

As per section 45 of the ITA, any profits or gains arising from the transfer of capital assets are chargeable to tax under the head "capital gains". Section 48 of the ITA provides that income chargeable as capital gains is computed by reduction from the full value of the consideration received or accrued for the transfer and the cost of acquisition / indexed cost of acquisition (as applicable)[7] of such asset plus expenditure in relation to such transfer.

Under the ITA, capital gains will be taxable in the hands of the investors depending on the nature of securities and the period of holding.

Depending on the period for which the securities are held, the gains would be taxable as short-term or long-term capital gains ("**STCG**" or "**LTCG**" respectively). The period of holding of the asset is computed from the date of acquisition to the date of transfer.

[7] As per the Finance Act, 2017, the base year for claiming indexation benefit (i.e. inflation adjustment to cost of an asset) is shifted from 1 April 1981 to 1 April 2001

Type of instrument	Period of holding	Nature of income
Listed securities (other than units), units of equity oriented mutual fund or a zero-coupon bond	More than 12 months	Long-term capital asset
	12 months or less	Short-term capital asset
Shares of a company (other than shares listed on a recognized stock exchange in India)	More than 24 months	Long-term capital asset
	24 months or less	Short-term capital asset
Other securities	More than 24 months	Long-term capital asset
	24 months or less	Short-term capital asset

Capital gains should be taxed in the hands of the resident beneficiaries as per the ITA as under:

Nature of Income	Tax rate for beneficiaries who are resident companies	Tax rate for beneficiaries who are resident firms and /or LLP	Tax rate for any other resident beneficiaries being Individual, HUF, AOP and BOI etc.
	%	**%**	**%**
Short-term capital gains on transfer of (i) listed equity share 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)	20 (without indexation)
Other short-term capital gains	30 (without indexation) (Refer Note	30 (without indexation)	30 (without indexation)

** CBDT has issued a press release dated 24 August 2019, where it has been stated that the enhanced surcharge rates shall, inter-alia, be withdrawn on Tax payable at special rate by both domestic as well as foreign investors on long-term & short-term capital gains arising from the transfer of equity share in a company or unit of an equity oriented funds/business trust which are liable for securities transaction tax.

	1)		
Long-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 (Refer Note 2)**	12.5 (without indexation)	12.5 (without indexation)	12.5 (without indexation)
Long-term capital gains on transfer of listed bonds or listed debentures	12.5 (without indexation) *(Refer Note 3)*	12.5 (without indexation) *(Refer Note 3)*	12.5 (without indexation) *(Refer to Note 3)*
Long-term capital gains on transfer of listed securities (other than units of mutual funds, listed bonds and listed debentures) and on which STT has not been paid	12.5 (without indexation) or 20 (with indexation) Whichever is lower	12.5 (without indexation) or 20 (with indexation), whichever is lower	12.5 (without indexation) or 20 (with indexation), whichever is lower
Long-term capital gains on transfer of units of mutual fund (listed or unlisted) other than equity oriented fund	12.5 (without indexation)	12.5 (without indexation)	12.5 (without indexation)
Long-term capital gains on transfer of unlisted bonds or unlisted debentures	12.5 (without indexation)	12.5 (without indexation)	12.5 (without indexation)
Long-term capital gains on transfer of unlisted securities (other than unlisted bonds and	12.5 (without indexation)	12.5 (without indexation)	12.5 (without indexation)

unlisted debentures) and interest in a LLP / partnership firm			

Notes:

1. *If the conditions of section 111A are satisfied then the STCG is termed as STCG covered under section 111A. Such gain is charged to tax at 15% (plus surcharge and cess as applicable). However, if the transfer is made on or after 23-07-2024, the resulting short term capital gain will be chargeable to tax at the rate of 20%.*

   Similarly the rate for these assets for long-term (Sec 112A) has increased from 10 to 12.5%.

   [As amended by Finance (No. 2) Act, 2024]

2. *The Finance Act, 2021, has reduced the Tax rate to 25% in case of domestic companies having total turnover or gross receipts not exceeding INR 400 crores in the financial year 2019-20 (assessment year 2020-21). Further, as per the Taxation Laws (Amendment) Act, 2019, the Tax rates for domestic companies opting to be assessed under Section 115BAA or Section 115BAB of the ITA shall be 22% and 15% respectively, subject to permissibility and fulfilment of conditions prescribed therein.*
3. *The Finance Act 2018 has withdrawn exemption from Tax on long term capital gains arising on transfer of listed equity shares, units of equity oriented mutual fund and units of business trust w.e.f. 1 April 2018. The LTCG above INR 1.25 lakh on following transfers shall be taxable at 12.5% (plus surcharge and cess):*

   - *listed equity shares (STT paid on acquisition* and transfer);*
   - *units of equity oriented mutual fund (STT paid on transfer);*
   - *units of business trust (STT paid on transfer); and*
   - *unlisted shares sold in Offer for sale (STT paid on transfer).*

Benefit of the computation of gains in foreign currency and cost inflation index shall not be available on such gains.
**The CBDT has issued a notification[8] providing certain specified transaction on which condition of paying STT at time of acquisition shall not apply for applying base rate of Tax of 10%.*

4. *The Finance Act 2018 has withdrawn exemption from Tax on long term capital gains arising on transfer of listed equity shares, units of equity oriented mutual fund and units of business trust w.e.f. 1 April 2018.*

   <u>*Taxable Assets and Conditions:*</u>

- *LTCG on the following transfers, where the holding period exceeds 12 months, is taxable under Section 112A:*
- *Listed equity shares (STT paid on acquisition* and transfer).*
- *Units of equity-oriented mutual funds (STT paid on transfer).*
- *Units of business trusts (STT paid on transfer).*

- *Unlisted shares sold in an Offer for Sale (STT paid on transfer).*
- **The condition of STT payment on acquisition for equity shares is relaxed for certain transactions as per CBDT Notification No. 60/2018 (e.g., shares acquired before October 1, 2004, or specific transactions like IPOs, ESOPs, etc.)*

➢ ***<u>Tax Rate and Exemption Limit:</u>***

- *Pre-July 23, 2024 (Finance Act 2018 and subsequent amendments):*
- *LTCG exceeding ₹1 lakh was taxed at 10% (plus surcharge and cess) without indexation.*
- *Post-July 23, 2024 (Finance Act 2024 and Finance Bill 2025):*
- *LTCG exceeding ₹1.25 lakh is taxed at 12.5% (plus surcharge and cess) without indexation.*

- *The exemption limit was increased from ₹1 lakh to ₹1.25 lakh per financial year for equity*-oriented *assets under Section 112A.*

- *Finance Bill 2025: No changes were made to the LTCG tax rate (remains 12.5%) or the holding period (remains 12 months) for these assets. The structure introduced in Budget 2024 continues for FY 2025-26 (AY 2026-27).*

➢ ***<u>Non-Availability of Benefits:</u>***

- *No indexation: The benefit of adjusting the cost of acquisition for inflation using the Cost Inflation Index (CII) is not available for gains under Section 112A.*
- *No foreign currency computation: Gains cannot be computed in foreign currency, even for non-residents.*
- *These provisions remain unchanged in the Finance Bill 2025.*

➢ ***<u>Grandfathering Provisions:</u>***

- *For equity-oriented assets purchased before January 31, 2018, the cost of acquisition is taken as the higher of:*
- *Actual purchase price, or*
- *Fair market value (FMV) as of January 31, 2018 (not exceeding the sale price).*
- *This provision, introduced in 2018, continues to apply and is preserved in the Finance Bill 2025.*

➢ ***<u>Additional Updates from Finance Bill 2025:</u>***

- *Clarification on Taxation:*
- *The Income Tax Bill 2025 clarifies that for resident individuals and HUFs transferring certain long-term capital assets (like property) acquired before July 23, 2024, the tax payable is the lower of 12.5% without indexation or 20% with indexation. However, this does not apply to Section 112A assets (equity shares, mutual funds, etc.), which remain at 12.5% without indexation.*

- *Unit Linked Insurance Plans (ULIPs):*
- *Effective April 1, 2026, ULIPs with annual premiums exceeding ₹2.5 lakh will be taxed as LTCG at 12.5% (if held for over 12 months), aligning their treatment with equity-oriented assets.*

- *Alternative Investment Funds (AIFs):*
- *Income from Category I and II AIFs is now explicitly treated as capital gains and taxed at 12.5% for*

LTCG (effective April 1, 2026), providing clarity compared to prior ambiguity.

- *Foreign Institutional Investors (FIIs):*
- *LTCG on securities (not covered under Section 112A) for FIIs is now taxed at 12.5% (up from 10%), effective April 1, 2026, to align with resident taxation.*

D. Taxation with respect to transfer of units of the AIF

In case the units of the AIF qualify as capital assets in the hands of the respective investors, any profits or gains arising from the transfer of such units shall be chargeable to income-tax under the head "capital gains" under section 45 of the ITA. Further, the gains shall be calculated by reducing the cost of acquisition of the unit and the expenditure in relation to such transfer from full value of the consideration received on account of such transfer. Indexation[9] should be available in case where the capital asset is a long-term capital asset.

The gains should be taxable as STCG if the units are held for a period of 24 months or less immediately preceding the date of transfer. The gains should be taxable as LTCG if the units are held for a period of more than 24 months immediately preceding the date of transfer.

Nature of Income	**Tax rate for beneficiaries who are resident companies**	**Tax rate for beneficiaries who are resident firms and /or LLP**	**Tax rate for any other resident beneficiaries being Individual, HUF, AOP and BOI etc.**
	%	**%**	**%**
STCG	30	30	30
LTCG	12.5 (without indexation benefit)	12.5 (without indexation benefit))	12.5 (without indexation benefit)

Notes:

1. *The Finance Act, 2021, has reduced the Tax rate to 25% in case of domestic companies having total turnover or gross receipts not exceeding INR 400 crores in the financial year 2019-20 (assessment year 2020-21). Further, as per the Taxation Laws (Amendment) Act, 2019, the Tax rates for domestic companies opting to be assessed under Section 115BAA or Section 115BAB of the ITA shall be 22% and 15% respectively, subject to permissibility and fulfilment of conditions prescribed therein.*

2. *Unlisted Capital Asset that held for more than 24 months (36 months if the transfer takes place before 23-07-2024), as the case may be, immediately preceding the date of transfer is treated as long-term capital asset.*

[8] Notification No. 60/2018

[9] As per the Finance Act, 2017, the base year for claiming indexation benefit (i.e. inflation adjustment to cost of an asset) is shifted from 1 April 1981 to 1 April 2001

E. Redemption premium on redemption of securities held by the Fund

There are no specific provisions under the ITA, with regard to the characterization of premium received on redemption of securities. Considering the fact that the securities are held as a capital asset, premium on redemption of securities can either be treated as "interest" or as "capital gains". The characterisation of premium on redemption of securities as interest or a capital gains has to be decided based on factors surrounding the relevant case. Taxability of "interest" and "capital gains" in the hands of the investors is provided in earlier paragraphs.

F. Gains arising on buyback of shares by the company

Gains arising on buy back of shares shall be exempt in the hands of investors. However, a distribution tax at the rate of 20% is payable by an Indian company on distribution of income by way of buy-back of its shares if the buyback is in accordance with the provisions of the Companies Act, 2013. Such distribution tax is payable on the difference between consideration paid by such Indian company for the purchase of its own shares and the amount that was received by the Indian investee company at the time of issue of such shares, determined in the manner prescribed.

G. Share of profits from an LLP / partnership firm

The share of a partner in the total income of an LLP / partnership firm would be exempt from tax in the hands of such partner. Accordingly, such share of profits from an LLP / partnership firm on should be exempt from tax in the hands the AIF and consequently, on a pass-through basis, it should be exempt in the hands of the investors of the AIF.

H. Transfer of partnership interests in LLP / partnership firm

Any profit arising on transfer of partnership interest in an LLP by the AIF could be characterised as capital gains or business income in the hands of the partner, depending on the nature of partnership interest in the LLP and other factors. Partnership interest in an LLP shall be deemed to be a long-term capital asset in case such interest was held by the AIF for more than twenty-four months, immediately preceding the date of transfer of such partnership interest. Further, indexation benefit should be available on transfer of partnership interest being long-term capital asset. In case such gains are characterised as capital gains, the tax rates mentioned above will be applicable. In case such gains are characterised as business income, the same would be taxable at MMR at AIF level and exempt in the hands of investors.

I. Capital Gains tax implications on conversion of debentures into shares

The AIF would invest in debt securities / debentures of Indian investee companies which may convert into shares of the company at a later date. Conversion of such debt securities / debentures of a company into shares of that company is not regarded as a transfer under the ITA. Hence, no capital gains would arise in the hands of the beneficiaries on conversion of convertible debentures of a company into equity shares. At the time of transfer of the converted equity shares, the cost of acquisition of a convertible debenture would be deemed to be the cost of acquisition of such equity shares. Further, the holding period prior to conversion shall be included in the period of holding of the equity shares issued pursuant to conversion.

J. Capital Gains tax implications on conversion of preference shares into equity shares

The conversion of preference shares of a company into equity shares of that company is not regarded as a transfer under the ITA. Hence, no capital gains would arise in the hands of the beneficiaries on conversion of preference shares of a company into equity shares. At the time of transfer of the converted equity shares, the cost of acquisition of a convertible preference would be deemed to be the cost of acquisition of such equity shares. Further, the holding period of the equity shares would commence from the date of acquisition of such convertible preference shares.

K. Deemed Sale Consideration on sale of unquoted shares

As per section 50CA of ITA, if there is a transfer of unquoted shares of a company at a value lesser than the fair market value ("**FMV**"), then the FMV would be deemed to be the full value of sale consideration for computing the capital gains for such unquoted shares. The CBDT has provided rules for computation of FMV for section 50CA of the ITA.

As per the Finance (No.2) Act, 2019, the above provision shall not apply to any consideration received / accruing on transfer by such class of persons and subject to fulfilment of conditions as prescribed in Rule 11UAD of the Rules.

L. Deemed income on acquisition /investment in shares/ securities (including units) of Companies or Fund or any other entity / institution in India

The Fund may acquire shares / securities of a Company for a consideration which is lower than the FMV or without consideration. As per the provisions of the ITA, where any person receives any property including shares and securities for a consideration which is lower than the FMV by more than INR 50,000 (Indian Rupees Fifty thousand), the shortfall in consideration is taxable in the hands of the acquirer as Income from Other Sources ("Other Income").

As the income of the Fund not being in the nature of business income is exempt from Tax in its hands and such income is chargeable to Tax in the hands of the investors, such other income shall be directly taxable in the hands of the investors.

As per the Finance (No. 2) Act 2019, the above provision shall not apply to any sum of money or any property received from such class of persons and subject to fulfilment of conditions as may be prescribed.

The rules for determining the FMV of shares have been prescribed under the Rules. As per the Rules, the FMV of unlisted equity shares would be based on the FMV of assets and liabilities (to be calculated in the manner prescribed). The FMV of all other shares and securities (other than equity shares) would be based on the market value of such shares and securities as certified by a merchant banker or a chartered accountant.

Accordingly, in case it is held that Other Income is earned by the investors, such Other Income would be chargeable to Tax at base rate of Tax of 30% in case of resident recipient assessee. Further, FMV shall be deemed as the full value of consideration for computing capital gains where consideration for transfer of unquoted equity shares is less than its FMV. Further in case the differential is taxed in the hands of acquirer, the cost of acquisition of such shares would be deemed to be the fair market value of the shares as determined above for the purpose of computing income on a subsequent sale.

M. Shares subscribed at premium

As per section 56(2)(viib) of the ITA, where any Indian resident subscribes to the shares of a closely-held Indian investee company at a premium and the issue price received by such Investee Company exceeds the FMV of such shares, the difference between the total issue price and FMV of such shares would be considered as "income from other sources" and taxable in the hands of the investee company.

The FMV of unquoted equity shares, for the above purposes has to be determined based on either the book value of assets and liabilities or the Discounted Free Cash Flow method, at the option of the assessee.

Having said this, Finance (No.2) Act, 2019 exempts the Indian investee company from the aforesaid taxation if the consideration for issue of shares is received by a venture capital undertaking from a specified fund (inter alia being a Category I AIF).

N. Expenditure incurred in relation to income not includible in the total income

As per the provisions of section 14A of the ITA read with rule 8D of the Rules, if any income of the investor does not form part of the total income or is exempt under the provisions of the ITA, then any expenditure incurred by the investor, directly or indirectly, in relation to such income will not be allowed as deduction for the purpose of calculating the total taxable income of the investor.

O. Simplified Tax regime for resident individual and HUF

The Finance Act, 2020, has inserted a new section 115BAC in the ITA. As per the said section, individuals and HUFs will have an option to pay Tax on their total income at reduced Tax rates. The income would however have to be computed without claiming prescribed deductions or exemptions.

P. Minimum Alternate Tax ("**MAT**") / Alternate Minimum Tax ("**AMT**")

MAT

The ITA provides for levy of MAT on corporates and is calculated at the rate of 15% book profits. An investor being a domestic company may be taxed under the MAT provisions on its share of income from the AIF if tax computed under MAT provisions is higher than the tax amount calculated under the normal provisions of the ITA. Further, the MAT credit to be allowed to be carried forward up to 15 assessment years. The Finance Act, 2017, has introduced the framework for computation of book profit for IndAS compliant companies in the year of adoption and thereafter.

CDBT vide circular[10] dated 2 October, 2019 has provided a clarification on the allowability of brought forward MAT credit. For domestic companies exercising option to pay tax under section 115BAA of the ITA, tax credit of MAT paid shall not be available consequent to exercising such option.

As per the Taxation Laws (Amendment) Act, 2019, from FY 2019-20 onwards, MAT at the rate of 15% (plus applicable surcharge and cess) of book profits shall be applicable to all companies except:
Company engaged in life insurance business (as referred to in section 115B of the ITA)

Any person who has exercised the following two options:
(a) under section 115BAA of the ITA, an option to pay tax at the rate of 22%% by any domestic company subject to certain conditions; or
(b) under section 115BAB of the ITA, an option to pay tax at the rate of 15% by certain domestic manufacturing companies.

AMT

As per the ITA, if the income-tax payable on total income by any person other than a company is less than the alternate minimum tax, the adjusted total income shall be deemed to be the total income of that person and shall be liable to pay income-tax on such total income at the rate of 18.5%. Such provisions are not applicable if the adjusted total income does not exceed INR 20 lakhs.

3.2 Taxation of the non-resident investors

Non-resident investors should be subject to taxation in India, only if:
(a) they are regarded as tax resident of India under the provisions of the ITA; or
(b) they derive Indian source income through a permanent establishment or a business connection in India or receive income, including accrued income, in India or transfer a capital asset situated in India or have any other income which accrues or arises or is deemed to accrue or arise in India.

Section 6 of the ITA was amended by the Finance Act, 2015 to provide that a foreign company will be treated as a tax resident in India if its place of effective management ("**POEM**") is in India in that year. The amended provisions are effective from 1 April 2016. POEM has been defined to mean a place where key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole are in substance made.

The CBDT had vide its Circular dated 24 January 2017 issued guiding principles for determination of POEM of a Company ("**POEM Guidelines**"). The POEM guidelines lay down emphasis on POEM concept being "substance over form" and further provide that place where the management decisions are taken would be more important than the place where the decisions are implemented for determining POEM. Further, the CBDT had vide its Circular dated 23 February 2017 clarified that existing provisions of section 6(3)(ii) of the ITA shall not apply to a company having turnover or gross receipts of Rs. 50 crores or less in a financial year.

[10] Circular No. 29/2019 dated 2 October, 2019

The taxation of non-resident investors is governed by the provisions of the ITA, read with the provisions of the Tax Treaty[11] between India and the country of residence of such non-resident investors and Multilateral Convention to implement Tax Treaty related measures to prevent Base Erosion and Profit Shifting ("**MLI**"), if applicable. As per section 90(2) of the ITA[12], the provisions of the ITA would apply to the extent they are more beneficial than the provisions of the Treaty subject to General Anti Avoidance Rules ("**GAAR**") provisions discussed below.

Accordingly, availability of Tax Treaty benefits should be a relevant factor in determining the Indian tax consequences in respect of such income in the hands of non-resident investors. However, no assurance can be provided that the Tax Treaty benefits will be available to non-resident investors or the terms of the Tax Treaty will not be subject to amendment or reinterpretation in the future.

The taxability of such income of the non-resident investors, in the absence of Tax Treaty benefits, would continue to be as per the provisions of the ITA. Also, the taxability of the income of the non-resident investors, from a country with which India has no Tax Treaty, would be as per the provisions of the ITA. Also, in such cases surcharge shall be applicable.

In order to avail the benefits of Tax Treaty (subject to provisions of GAAR), (i) the non-resident investors should qualify as a tax resident of its country of residence (ii) it should obtain a TRC; and (iii) in case the TRC does not contain all the information prescribed under Rule 21AB of the Rules then the non-resident investors shall provide a self-declaration in Form 10F[13] containing such prescribed information which are not mentioned in the TRC.

The Indian income-tax implications in the hands of the non-resident investors under the ITA assuming that income is not characterised as business income in the hands of the AIF are discussed as follows:

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[11] As per the Finance Act, 2017, the terms defined in the tax treaties are to be addressed by honouring the meaning given there-in and in case terms are not defined in tax treaties, their meaning will be as per the ITA or any explanation issued there-in.

[12] As per the Finance Act, 2020, section 90(1) is amended to provide that the Central Government may enter into Double Taxation Avoidance Agreement ("**DTAA**") for granting relief in respect of income tax, without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty shopping arrangements aimed at obtaining reliefs provided in the said agreement for the indirect benefit of residents of any other country or territory.

A. Dividend income

The Finance Act, 2020 has abolished DDT with effect from 1 April 2020 and therefore domestic companies shall no longer be required to pay DDT on the dividends distributed. Such dividends are taxable directly in the hands of the recipient at the Tax rates applicable to them. Further, no deduction shall be allowed for expenses against such dividend income, other than interest expenditure which shall be capped at 20% of the dividend income.

Further, Section 10(34) / 10(35) of ITA is also amended to provide that it will not be applicable for any dividend income received on or after 1 April 2020.

Therefore, dividend income earned by a non-resident investor from its investments in the Fund should be subject to Tax in India in the hands of non-resident investor at the base rate of Tax of 20%. Further, the rate of surcharge is case of non-corporate non-resident assessee shall not be restricted to maximum of 15% (i.e. the rate of applicable surcharge shall be applicable in case of non-corporate non-resident assessee).

However, if Tax Treaty benefits are available, dividend should be chargeable to Tax in manner and at the rates stated in Tax Treaty.

The Finance Act, 2021 has provided relaxation to insulate the taxpayers from payment of interest under section 234C of the ITA in cases where accurate determination of advance tax liability is not possible due to the intrinsic nature of the dividend income but has excluded deemed dividend as per sub-clause (e) of clause (22) of section 2 of the ITA. This amendment will take effect from 1st April 2021 and will accordingly apply to the assessment year 2021-22 and subsequent assessment years.

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[13] Rule 21 AB of the Rules provides that the following particulars should be provided in Form 10F, such as i) Status of the assessee (whether individual, company etc.); ii) Permanent Account Number ("PAN") of assessee if allotted iii) Nationality (in case of individual) / Country of incorporation (in case of others); iv) Tax identification number; v) Period for which the residential status mentioned in TRC is applicable; and vi) Address of the assessee. However, if TRC contains all this particulars, Form 10F may not be furnished by the non-resident.

B. Interest income

Interest income would be subject to Tax at the base rate of Tax of 40% for Investors who are non-resident companies. For other non-resident Investors, interest income would be subject to Tax at the base rate of Tax of 30%. The above rates would be subject to availability of Tax Treaty benefits, if any.

Note: The provisions of the ITA would apply to the extent they are more beneficial than the provisions of the Tax Treaty between India and the country of residence of the non-resident investors on the basis that such non-resident investors are eligible to be governed by the Tax Treaty.

C. Capital gains arising on transfer of shares and securities

As discussed above, depending on the period for which the securities are held, the gains would be characterized as long term capital gains or short term capital gains. The Indian income Tax implications[14] in the hands of the Offshore Investor being a non-resident as per the ITA shall depend on the characterization of capital gains as mentioned below.

Nature of Income	Tax rate for Beneficiaries who are foreign companies (Refer Note 4)	Tax rate for any other offshore beneficiaries being Individual, HUF, AOP and BOI etc. (Refer Note 4)	Tax rate for other offshore beneficiaries (Refer Note 4)
	%	**%**	**%**
Short-term capital gains on transfer of (i) listed equity shares through the 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)	20 (without indexation)

Other short-term capital gains	40 (without indexation)	30 (without indexation)	30 (without indexation)
Long-term capital gains on transfer of (i) listed equity shares ** **through the recognised stock exchange, (ii) to be listed equity shares sold through offer for sale or (iii) units of equity oriented mutual** ** **fund**	12.5 (without indexation) *(Refer Note 2)*	12.5 (without indexation) *(Refer Note 2)*	12.5 (without indexation) *(Refer Note 2)*

[14] The surcharge rates as per the ITA will be as follows, as the case may be:

- Taxable income exceeding INR 10 Crore for foreign companies – 5%
- Taxable income exceeding INR 1 Crore but less than or equal to INR 10 Crore - 2% for foreign companies;
- Taxable income exceeding INR 1 Crore for offshore firms and LLPs - 12%
- Taxable income exceeding INR 5 Crores for other offshore investors- 37% [in case income pertains to Section 111A / 112A / 115AD(1)(b) of the ITA surcharge of 15% applicable]
- Taxable income exceeding INR 2 Crores but not exceeding INR 5 Crore for other offshore investors - 25% [in case income pertains to Section 111A / 112A / 115AD(1)(b) of the ITA surcharge of 15% applicable]
- Taxable income exceeding INR 1 Crore but not exceeding INR 2 Crores for other offshore investors - 15%
- Taxable income exceeding INR 50 lacs but not exceeding INR 1 crores for other offshore investors - 10%
- Taxable income less than or equal to INR 50 lacs / INR 1 Crore - No surcharge

** CBDT has issued a press release dated 24 August 2019, wherein it has been stated that the enhanced surcharge rates shall, inter-alia, be withdrawn on Tax payable at special rate by both domestic as well as foreign investors on long-term & short-term capital gains arising from the transfer of equity share in a company or unit of an equity oriented fund/business trust which are liable for securities transaction tax. Further, same is also now expressly provided in the ITA.

and on which STT has been paid			
Long-term capital gains on transfer of listed bonds / listed debentures or other listed securities (other than units of mutual fund) on which STT has not been paid	12.5 (without indexation) *(Refer Note 3)*	12.5 (without indexation) *(Refer Note 3)*	12.5 (without indexation) *(Refer Note 3)*
Long-term capital gains on transfer of units of mutual fund (listed or unlisted) other than equity oriented fund	12.50 (without indexation)	12.50 (without indexation)	12.50 (without indexation)
Long-term capital gains on transfer of unlisted securities (including securities of a private company)	12.5 (without indexation)	12.5 (without indexation)	12.5 (without indexation)

Note –

1. The Indian Tax authorities may not permit foreign exchange adjustments for computing capital gains taxable in the hands of non-resident investors on a pass through basis.

2. The Finance Act 2018 has withdrawn exemption from Tax on long term capital gains arising on transfer of listed equity shares, units of equity oriented mutual fund and units of business trust w.e.f. 1 April 2018. The LTCG above INR 1.25 lakhs on following transfers shall be taxable at 12.50% (plus surcharge and cess):

- *listed equity shares (STT paid on acquisition* and transfer)*
- *units of equity oriented mutual fund (STT paid on transfer); and*
- *units of business trust (STT paid on transfer)*

Benefit of the computation of gains in foreign currency and cost inflation index shall not be available on such gains.

**The CBDT has issued a notification[15] providing certain specified transaction on which condition of paying STT at time of acquisition shall not apply for applying base rate of Tax of 10%.*

2. *Based on judicial precedents, non-residents may avail the concessional Tax rate (as mentioned above). However, the possibility of Indian Tax Authorities disregarding the said position and applying a base rate of Tax of 20% cannot be ruled out.*
3. *The non-resident shall be entitled to the beneficial provisions of the Treaty, if any, subject to providing a valid TRC / Form 10F and claim a lower taxability of such income subject to fulfilment of the relevant conditions under the applicable Tax Treaty.*
4. *As per the Finance Act, 2017, a beneficial base rate of Tax of 10% on long term capital gains on transfer of the shares of private limited company by a non-resident is to be effective from April 1, 2013 instead of April 1, 2017.*
5. *Long term capital gains Tax in case of transfer of interest in a LLP shall be taxed at base rate of Tax of 20% in case of an offshore investor. Further, benefit of indexation shall be available.*

D. Taxation with respect to transfer of units of AIF

Please refer Paragraph 3.1 (D) above for tax implications with respect to transfer of units of AIF.

The income-tax implications on transfer of units in the hands of the non-resident investors shall be as under:

Nature of Income	Tax rate for beneficiaries who are foreign companies	Tax rate for beneficiaries who are foreign firms and /or LLP	Tax rate for any other offshore beneficiaries being Individual, HUF, AOP and BOI etc.
	%	%	%
LTCG	12.50 (without indexation andexchange fluctuation benefits)	12.50 (without indexation and exchange fluctuation benefits)	12.50 (without indexation and exchange fluctuation benefits)
STCG	40	30	30

Notes:

1. Non-resident investors are entitled to be governed by the special tax provisions under Chapter XII-A of the ITA and if such investors opt to be governed by these provisions, the same needs to be evaluated separately on a case-to-case basis.

E. Redemption premium on redemption of securities held by the Fund

Please refer Paragraph 3.1 (E) above for tax implications with respect to redemption premium. Further, please refer to para 3.1 (B) and 3.1 (C) for tax rates.

F. Gains arising on buyback of shares by investee companies

Please refer Paragraph 3.1 (F) above for tax implications on income received from buy-back of shares. Since the gains on buyback of shares would be exempt from tax in India in the hands of

[15] Notification No. 60/2018

the non-resident investors, the benefits of the Tax Treaty would not be relevant for such income in India.

G. Share of profits from an LLP / partnership firm

Please refer Paragraph 3.1 (G) above for tax implications on receipt of share of profits of LLP / partnership firm

H. Transfer of partnership interests in LLP / partnership firm

Please refer Paragraph 3.1 (H) above for tax implications on transfer of partnership interest in LLP / partnership firm

I. Capital gains Tax implications on conversion of debentures into shares

Please refer Paragraph 3.1 (I) above for tax implications on conversion of debentures into shares.

J. Capital gains Tax implications on conversion of preference shares into equity shares

Please refer Paragraph 3.1 (J) above for tax implications on conversion of preference shares into equity shares.

K. Deemed sale consideration on sale of unquoted shares

Please refer Paragraph 3.1 (K) above for tax implications on deemed Sale Consideration on sale of unquoted shares.

L. Deemed income on acquisition /investment in shares/ securities (including units) of Indian Company or Fund or any other entity / institution in India

Please refer Paragraph 3.1 (L) above for tax implications on deemed income on receipt of shares/ securities of Indian Company by the Fund or the receipt of units of Fund by the investors, except in case of a foreign company, the base tax rate could be 40%.

M. Expenditure incurred in relation to income not includible in the total income

Please refer Paragraph 3.1 (N) above for details on Expenditure incurred in relation to income not includible in the total income.

N. MAT

Please refer Paragraph 3.1 (O) above for tax implications under MAT provisions. Further, the provisions relating to MAT shall not be applicable to a foreign company, if it is a resident of a country with which India has a Tax Treaty and such foreign company does not have a permanent establishment in India in accordance with the provisions of such Tax Treaty. Also, MAT provisions are not applicable if the company is a resident of a country or a specified territory with which India does not have a Tax Treaty and the company is not required to seek registration under any law in relation to companies.

O. CBDT Circular dated 3 July 2019

The CBDT has provided a clarification vide Circular dated 3 July 2019 that any income in the hands of a non-resident investor from off-shore investments routed through the Category I or Category II AIF, being a deemed direct investment outside India by the non-resident investor, is not taxable in India under section 5(2) of the ITA. CBDT further clarified that loss arising from the off-shore investment relating to non-resident investor, being an exempt loss, shall not be allowed to be set-off or carried-forward and set off against the income of the Category I or Category II AIF.

4. OTHER RELEVANT PROVISIONS UNDER THE ITA:

4.1 ***Exemption in respect of certain income of specified person***

As per section 10(23FE) of the ITA inserted by the Finance Act, 2020 and further amended by the Finance Act, 2021, tax benefits have been granted to specified persons being SWFs or PFs that satisfy certain conditions stipulated under the said section and are notified by the Central Government, in relation to income in the nature of dividend, interest or LTCG arising from investments made by it in India, in the form of debt or share capital or unit, if the investment:

i. is made on or after 1 April 2020 but on or before the 31 March 2025;
ii. is held for at least three years; and
iii. is in –
   a) a business trust registered as an Infrastructure Investment Trust under the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014; or
   b) a company or enterprise or an entity carrying on the business of developing, or operating and maintaining, or developing, operating and maintaining any infrastructure facility as defined in the Explanation to clause (i) of sub-section (4) of section 80-IA or such other business as the Central Government may, by notification in the Official Gazette specify in this behalf; or
   c) a Category-I or Category-II AIF regulated under the AIF Regulations, having not less than fifty percent investment in one or more of the company or enterprise or entity referred to in item (b) or item (d) or item (e) or in an infrastructure investment trust referred to in sub clause (i) of clause (13A) of section 2 of the ITA; or
   d) a domestic company set up and registered on or after the 1st day of April, 2021, having minimum seventy-five per cent investments, as maybe prescribed, in one or more of the companies or enterprises or entities referred to in item (b); or
   e) a non-banking financial company registered as an Infrastructure Finance Company as referred to in notification number RBI/2009-10/316 issued by the Reserve Bank of India or in an Infrastructure Debt Fund, a non-banking finance company, as referred to in the Infrastructure Debt Fund-Non-Banking Financial Companies (Reserve Bank) Directions, 2011, issued by the Reserve Bank of India, having minimum ninety per cent, as maybe prescribed, lending to one or more of the companies or enterprises or entities referred to in item (b):;

Section provides that income of the specified person claimed as exempt in any preceding previous year/(s) should be chargeable to tax as income of previous year in which the specified person fails to satisfy meet any of the conditions.

The Finance Act 2021 has amended the clause (iii) to further provide that exemption in the hands of specified person under the aforesaid section shall be calculated proportionately, in case if aggregate investment of AIF in a company or enterprise or entity referred to in item (b) or item (d) or item (e) in sub-clause (iii) above or in an infrastructure investment trust is less than 100%. Central Government to prescribe mechanism for computing proportionate exemption of income.

The Finance Act 2021 has further provided that sovereign wealth fund or pension fund having any loan or borrowing, directly or indirectly, for the purpose of making investment in India, shall be deemed to be not eligible for exemption under this aforesaid section.

For the purpose of this section, "specified person" means –

(a) a wholly owned subsidiary of the Abu Dhabi Investment Authority which:
   i. is a resident of the United Arab Emirates; and
   ii. makes investments, directly or indirectly, out of the fund owned by the Government of the United Arab Emirates;

(b) a sovereign wealth fund which satisfies the following conditions:
   i. it is wholly owned and controlled, directly or indirectly, by the Government of a foreign country;

   ii. it is set up and regulated under the law of such foreign country;

   iii. the earnings of the said fund are credited either to the account of the Government of that foreign country or to any other account designated by that Government so that no portion of the earnings inures any benefit to any private person;

   iv. the asset of the said fund vests in the Government of such foreign country upon dissolution;

   Finance Act, 2021 has introduced a proviso to rationalise eligibility conditions specified in sub-clause (iii) and (iv) above. It is provided that the said conditions shall not apply to any payment made to creditors or depositors for loan taken or borrowing for the purposes other than for making investment in India.

   v. it does not participate in the day to day operations of investee but the monitoring mechanism to protect the investment with the investee including the right to appoint directors or executive director shall not be considered as participation in the day to day operations of the investee; and

vi. it is specified by the Central Government, by notification in the Official Gazette, for this purpose.

(c) a pension fund, which:

i. is created or established under the law of a foreign country including the laws made by any of its political constituents being a province, state or local body, by whatever name called; eligible for benefit provided under section 10(23FE) of the ITA;

ii. is not liable to tax in such foreign country or if liable to tax;

The Finance Act 2021 has rationalised eligibility condition for pension fund in sub-clause (ii) above. It is provided that a pension fund which is liable to tax but exemption from taxation for all its income has been provided by the foreign country under whose laws it is created or established, shall also be eligible for benefit provided under section 10(23FE) of the ITA.

Definition of expression 'liable to tax' has also been provided seperately.

iii. satisfies such other conditions as may be prescribed; and

iv. it does not participate in the day to day operations of investee but the monitoring mechanism to protect the investment with the investee including the right to appoint directors or executive director shall not be considered as participation in day to day operations of the investee; and";

v. is specified by the Central Government, by notification in the Official Gazette, for this purpose.

Further, for the purposes of clause (23FE) of section 10, the pension fund shall be required to satisfy the following other conditions as notified by CBDT, namely:

i. it is responsible for administering or investing the assets for meeting the statutory obligations and defined contributions of one or more funds or plans established for providing retirement, social security, employment, disability, death benefits or any similar compensation to the participants or beneficiaries of such funds or plans, as the case may be;
ii. the earnings and assets of the pension fund are used only for meeting statutory obligations and defined contributions for participants or beneficiaries of funds or plans referred to in clause (ii) and no portion of the earnings or assets of the pension fund inures any benefit to any other private person;
iii. it does not undertake any commercial activity whether within or outside India;
iv. it shall intimate the details in respect of each investment made by it in India during the quarter within one month from the end of the quarter in Form No. 10BBB;
v. it shall file return of income on or before the due date specified under sub-section (1) of section 139 and furnish along with such return a certificate in Form No. 10BBC in respect

of compliance to the provisions of clause (23FE) of section 10, during the financial year, from an accountant as defined in the Explanation below sub-section (2) of section 288.

Further it inserts new rule 2DC laying down guidelines for notification of pension funds u/s. 10(23FE), requires Pension Funds to make an application in newly notified Form 10BBA.

Further, the Finance Act, 2021, has amended the condition relating to commercial activity. It is provided that sovereign wealth fund or pension fund shall not participate in day to day operation of investee. However, it has been clarified that appointing director and executive director for the purpose of monitoring / protecting its investments shall not amount to participation in day to day operations of investee.

The term 'investee' is defined to mean a business trust or a company or an enterprise or an entity or a category I or II Alternative Investment Fund or an Infrastructure Investment Trust or a domestic company or an Infrastructure Finance Company or an Infrastructure Debt Fund, in which the sovereign wealth fund or pension fund, as the case may be, has made the investment, directly or indirectly, under the provisions of the section 10(23FE) of the ITA.

The CBDT has vide notification 44/2020 **-** specifies business, for the purposes of said item (b), to be the business which is engaged in the infrastructure sub-sectors mentioned in Updated Harmonised Master List of Infrastructure Sub-sectors in the notification of the Government of India published in Gazette of India, Extraordinary, vide number, F.No.13/3/2017-INF dated August 13, 2018.

The following amendments have been made with effect from the assessment year 2025-26- . The amendments to section 50AA by the Finance (No. 2) Act, 2024, have reclassified all capital sure from unlisted debt securities as short-term capital gains, irrespective of the holding period. This change will result in long-term capital gains from investments in unlisted debt securities being taxable in the hands of SWFs and PFs. Prior to these amendments, notified SWFs or PFs were eligible for exemptions on long- term capital gains from unlisted debt securities under section 10(23FE). To exempt such capital gains, the scheme of section 10(23FE) has been modified to provide that long-term capital gains (whether or not such capital gains are deemed as short-term capital gains under section 50AA) arising from investments made by SWFs/PFs in India, shall not be included in the total income of a specified person under section 10(23FE). 0 The date for making investments to avail of the aforesaid exemption has been extended from March 31, 2025, to March 31, 2030.

4.2 GAAR

GAAR may be invoked by the Indian income-tax authorities in case arrangements are found to be impermissible avoidance arrangements. A transaction can be declared as an impermissible avoidance arrangement, if the main purpose of the arrangement is to obtain a tax benefit and which satisfies one of the 4 (four) tests mentioned below:

(i) Creates rights or obligations which are ordinarily not created between parties dealing at arm's length;

(ii) It results in direct / indirect misuse or abuse of the ITA;

(iii) It lacks commercial substance or is deemed to lack commercial substance in whole or in part; or

(iv) It is entered into or carried out in a manner, which is not normally employed for bona fide business purposes.

The onus to prove that the main purpose of any arrangement is to obtain tax benefit would be on the Indian Revenue authorities.

(v) In such cases, the tax authorities are empowered to reallocate the income from such arrangement or re-characterise or disregard the arrangement. Some of the illustrative powers are:

(vi) Disregarding or combining or re-characterising any step of the arrangement or party to the arrangement;

(vii) Ignoring the arrangement for the purpose of taxation law;

(viii) Relocating place of residence of a party, or location of a transaction or situs of an asset to a place other than provided in the arrangement;

(ix) Looking through the arrangement by disregarding any corporate structure; or

(x) Reallocating and re-characterising equity into debt, capital into revenue, etc.

(xi) Disregarding or treating any accommodating party and other party as one and the same person;

(xii) Deeming persons who are connected to each other parties to be considered as one and the same person for the purposes of determining tax treatment of any amount.

The above terms should be read in the context of the definitions provided under the ITA. Also, any resident or non-resident may approach the Authority for Advance Rulings to determine whether an arrangement can be regarded as an impermissible avoidance arrangement. The GAAR provisions shall be applied in accordance with such guidelines and subject to such conditions and manner as may be prescribed.

The provisions of GAAR have been made applicable with effect from Financial Year 2017-18 and onwards.

4.3 Provision related to indirect transfer

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.

Accordingly, if the investors in the foreign company / firm transfer their share or interest in the foreign company, which derives substantial value from assets located in India, such transfer could trigger indirect transfer provisions in India which are discussed below.

ITA provides a set of circumstances in which income accruing or arising, directly or indirectly, is taxable in India. One of the limbs which provide for such circumstances include income accruing or arising directly or indirectly “through” the transfer of a capital asset situated in

India. The expression "through" is clarified to mean "by means of," "in consequence of" or "by reason of." Further, it is clarified that any share or interest in a company or entity registered / incorporated outside India shall be deemed to have been situated in India if the share or interest derives, "directly or indirectly", its value substantially from the assets located in India.

Accordingly, transfers at offshore level which could include the transfer of interests held by investors and the transfer of shares in offshore entity could be taxable in India on the basis of indirect transfer provisions. Upstreaming of funds by a foreign company by way of a buy-back of shares or the capital reduction of a foreign company could also be subject to overseas transfer provisions subject to fulfilment of the above conditions. The above transfers, if taxable, would be subject to the availability of benefits under the Tax Treaty.

As per the Finance Act, 2020 the said provisions will not apply to investors registered with SEBI as Category I Foreign Portfolio Investors.

The rate at which the aforesaid offshore indirect transfers would be taxable could be either as provided in the ITA or under the respective Tax Treaty, as may be applicable. If any indirect transfer is taxable then withholding provisions would also get triggered.

CBDT vide Circular No. 28/2017 dated 07 November 2017 provided that the indirect transfer provisions shall not apply in respect of income accruing or arising to a non-resident on account of redemption or buyback of its share or interest held indirectly in the Category I and II AIF or a Venture Capital Company or a Venture Capital Fund ("Specified Funds") if such income accrues or arises from or in consequence of transfer of shares or securities held in India by the Specified Funds and such income is chargeable to tax in India. Further, it is provided that the above benefit shall be applicable only in cases where the redemption or buyback proceeds arising to the non-resident do not exceed the pro-rata share of the non-resident in the total consideration realized by the Specified Funds from the underlying transfer of shares and securities in India.

CBDT has issued Circular No 4/2015 dated March 26, 2015 clarifying that dividends declared and paid by a foreign company outside India in respect of shares which derive their value substantially from assets situated in India would not be deemed to be income accruing or arising in India by virtue of the indirect transfer provisions under the ITA.

4.4 Set-off of capital loss

As per the provisions of the ITA, short-term capital loss can be set off against both STCG and LTCG, but long-term capital loss can be set off only against LTCG. The unabsorbed short-term and long-term capital loss can be carried forward for 8 assessment years.

4.5 Reporting to the income-tax authorities and the investors of the AIF

The AIF or the person responsible for crediting or making payment of income on behalf of the AIF shall furnish a statement in Form 64C to the Fund unitholder and a statement in Form 64D to the prescribed income-tax authority, giving details of the nature of the income paid or credited during the relevant year and such other relevant details, as may be prescribed.

As per Section 139(4F) of the ITA, every AIF shall furnish the return of income in respect of the income or loss i.e., it shall be mandatory for the AIF to file its return of income.

4.6 Withholding of Taxes with respect to income distributed by Investee Companies to the AIF in relation to the investments made by them

As mentioned above, the CBDT has issued a notification[16] which provides that any income received by the AIF (other than business income) would not be subject to withholding tax. Thus, any income receivable / received by the AIF (other than business income) from investments made in investee entities would not be subject to withholding tax provisions and the investee entities would not be liable to withhold tax at the time of credit or at the time of payment, whichever is earlier, of such income to the AIF.

4.7 Withholding at a higher rate

The income tax provisions provide that 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 the higher of the following i.e.

(i) rates specified in the relevant provisions of the ITA, or
(ii) rates in force or
(iii) at 20%.

The Finance Act, 2021 has amended the aforesaid provision so as to provide that where the tax is required to be deducted under section 194Q and deductee has not furnished PAN to the deductor, then, the 5% should be considered as the rate for purpose of clause (iii) above. Tax should be deducted accordingly.

Accordingly, in case investors do not have a PAN, then tax is required to be withheld by the AIF at a rate which is higher of following i.e. rates specified in the relevant provisions of ITA or rates in force or at 20%.

Further, CBDT has issued a notification for relaxation from deduction of tax at a higher rate under section 206AA of ITA in the case of non-resident investor or a foreign company and not having PAN by inserting a new rule 37BC. The provisions of section 206AA of the ITA shall not apply in respect of payments in the nature of interest, royalty, fees for technical services, dividend and payments on transfer of any capital asset (including units of an investment fund / pooled investment vehicle), if the deductee furnishes the following details and documents to the deductor:

(i) name, email id, contact number
(ii) address in the country or specified territory outside India of which the deductee is a resident
(iii) a certificate of his being resident in any country or specified territory outside India from the Government of that country or specified territory if the law of that country or specified territory provides for issuance of such certificate;
(iv) Tax Identification Number of the deductee in the country or specified territory of his residence and in 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

[16] Notification No. 51/ 2015 dated June 25, 2015

territory of which he claims to be a resident.

4.8 Tax Deduction at Source (TDS) on purchase of goods

As per Finance Act, 2021, a new section 194Q is inserted to provide for TDS by person responsible for paying any sum to any resident (i.e. seller) for purchase of goods at the rate of 0.1%. To ensure that compliance burden is only on those who can comply with it, the tax is only required to be deducted by those person (i.e buyer) whose total sales, gross receipts or turnover from the business carried on by him exceed ten crore rupees during the financial year immediately preceding the financial year in which the purchase of goods is carried out. Central Government is empowered by notification in the Official Gazette to exempt a person from obligation under this section on fulfilment of conditions as may be specified in that notification. Tax is required to be deducted by such person, if the purchase of goods by him from the seller is of the value or aggregate of such value exceeding fifty lakh rupees in the previous year. It is also provided that the provisions of this section shall not apply to,-

(i) a transaction on which tax is deductible under any provision of the ITA; and
(ii) a transaction, on which tax is collectible under the provisions of section 206C other than transaction to which sub-section (1H) of section 206C applies.

This means, if on a transaction a TDS or tax collection at source (TCS) is required to be carried out under any other provision, then it would not be subjected to TDS under this section. There is one exception to this general rule. If on a transaction TCS is required under sub-section (1H) of section 206C as well as TDS under this section, then on that transaction only TDS under this section shall be carried out. Board with the approval of the Central Government has been empowered to issue guidelines for removing difficulty in giving effect to the provisions of this section.

Where any sum is credited to any account, whether called “suspense account” or by any other name, in the books of account of the person liable to pay such income, such credit of income shall be deemed to be the credit of such income to the account of the payee and the provisions of this section shall apply accordingly.

It is also provided to consequentially amend sub-section (1) of section 206AA of the ITA and insert second proviso to further provide that where the tax is required to be deducted under section 194Q and Permanent Account Number (PAN) is not provided, the TDS shall be at the rate of five per cent. These amendments will take effect from 1 July 2021.

4.9 TDS on non-filer of income-tax return at higher rates

The Finance Act, 2021 has inserted a new section 206AB which would apply on any sum or income or amount paid, or payable or credited, by a person (herein referred to as deductee) to a specified person[17]. This section shall not apply where the tax is required to be deducted under

[17] The specified person is a person who has not filed the returns of income for both of the two assessment years relevant to the two previous years which are immediately before the previous year in which tax is required to be deducted or collected, as

sections 192, 192A, 194B, 194BB, 194LBC or 194N of the ITA. The TDS rate in this section is higher of the followings rates:

- twice the rate specified in the relevant provision of the ITA; or
- twice the rate or rates in force; or
- the rate of five per cent

If the provision of section 206AA of the ITA is applicable to a specified person, in addition to the provision of this section, the tax shall be deducted at higher of the two rates provided in this section and in section 206AA of the ITA.

4.10 Advance tax

The investors are required to discharge the taxes (net of the taxes withheld by the AIF) on their respective share of income in the AIF at the applicable rates. The investors are therefore required to compute the advance tax liability in the manner as prescribed under the ITA and discharge the advance tax liability, if any, on their respective share of income from the AIF. As per the provisions of the ITA, investors are required to discharge 15%, 45%, 75% and 100% of their advance tax liability on or before June 15, September 15, December 15 and March 15 of the Financial Year respectively. Any shortfall or delay is discharging the advance tax liability by the investors may attract interest implications under section 234B and 234C of the ITA.

The Finance Act, 2021 has provided relaxation to insulate the taxpayers from payment of interest under section 234C of the ITA in cases where accurate determination of advance tax liability is not possible due to the intrinsic nature of the dividend income but has excluded deemed dividend as per sub-clause (e) of clause (22) of section 2 of the ITA. This amendment will take effect from 1st April 2021 and will accordingly apply to the assessment year 2021-22 and subsequent assessment years.

4.11 Income Stripping

As per section 94(1) of the ITA, where any person owning securities sells or transfers the same or similar securities and buys back or reacquires those securities and the result of the transaction is that any interest becoming payable in respect of the securities is receivable otherwise than by such owner, the said interest payable, whether it would or would not have been chargeable to income tax apart from the provisions of section 94(1) of the ITA, would be deemed to be the income of the owner of the securities and not to be the income of any other person subject to certain specified conditions.

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the case may be. Further the time limit for filing tax return under sub-section (1) of section 139 of the ITA has expired for both these assessment years. There is another condition that aggregate of tax deducted at source and tax collected at source in his case is rupees fifty thousand or more in each of these two previous years. Specified person shall not include a non-resident who does not have a permanent establishment in India. Consequential amendment is made in sub-section (4) of section 194-IB of the ITA.

As per section 94(2) of the ITA, where any person has had at any time during any previous year any beneficial interest in any securities, and the result of any transaction relating to such securities or the income thereof is that, in respect of such securities within such year, either no income is received by him or the income received by him is less than the sum to which the income would have amounted if the income from such securities had accrued from day to day and been apportioned accordingly, then the income from such securities for such year shall be deemed to be the income of such person.

4.12 Dividend stripping

Where any person buys or acquires any securities or units of a mutual fund or the Unit Trust of India within a period of 3 (three) months prior to the record date (i.e., the date that may be fixed by a company for the purposes of entitlement of the holder of the securities to receive dividend or by a mutual fund or the administrator of the specified undertaking or the specified company, for the purposes of entitlement of the holder of the units to receive income, or additional unit without any consideration, as the case may be) and such person (i) sells or transfers such securities within a period of 3 (three) months after such record date, or (ii) such unit within a period of 9 (nine) months after such record date, and (iii) the dividend or income on such securities or unit received or receivable by such person is exempt, then, any loss arising to such person on account of such purchase and sale of securities or unit, to the extent such loss does not exceed the amount of such dividend or income received or receivable, would be ignored for the purposes of computing his income chargeable to tax.

4.13 Bonus stripping

Where any person buys or acquires any units of a mutual fund or the Unit Trust of India within a period of 3 (three) months prior to the record date (i.e., the date that may be fixed by a Mutual Fund or the administrator of the Specified Undertaking or the Specified Company, for the purposes of entitlement of the holder of the units to receive additional units without any consideration) and such person is allotted additional units (without any payment) on the basis of holding of the aforesaid units on the record date, and if such person sells or transfers all or any of the original units within a period of 9 (nine) months after the record date while continuing to hold all or any of the additional units, then any loss arising to him on account of such purchase and sale of all or any of the units would be ignored for the purpose of computing his income chargeable to tax. Further, the loss so ignored would be deemed to be the cost of acquisition of such additional units as are held by him on the date of sale or transfer of original units.

4.14 Transfer Pricing

As per the provisions of the ITA, any international transaction between two associated enterprises should be subject to transfer pricing provisions under the ITA. In addition, thereto, there could be certain transactions with non-associated enterprises which can be deemed to be international transaction where the prescribed conditions are met and subject to transfer pricing provisions. Further, there are provisions under the ITA relating to transfer pricing being applicable to transaction between resident associated enterprises (specified domestic transfer pricing).

Non-filing of Transfer Pricing report as well as non-maintenance of Transfer documentation could trigger penalty implications.

4.15 Foreign Account Tax Compliance Act ("FATCA")

According to the Inter-Governmental Agreement read with the FATCA provisions, foreign financial institutions in India are required to report tax information about US account holders to the Indian Government. Along with FATCA, India is one amongst the various countries which has signed up for the implementation of Common Reporting Standards (CRS) under the Automatic Exchange of Information mechanism which requires Indian financial institutions to report tax information about other jurisdiction account holders. The Indian Government has enacted rules relating to FATCA and CRS reporting in India. A statement is required to be provided online in Form 61B for every calendar year by 31 May. The Reporting Financial Institution is expected to maintain and report the following information with respect to each reportable account:

(i) the name, address, taxpayer identification number [TIN (assigned in the country of residence)] and date and place of birth [DOB, POB (in the case of an individual)];

(ii) where an entity has one or more controlling persons that are reportable persons:
   - the name and address of the entity, TIN assigned to the entity by the country of its residence; and
   - the name, address, DOB, POB of each such controlling person and TIN assigned to such controlling person by the country of his residence;

(iii) account number (or functional equivalent in the absence of an account number);

(iv) account balance or value (including, in the case of a cash value insurance contract or annuity contract, the cash value or surrender value) at the end of the relevant calendar year;

(v) the total gross amount paid or credited to the account holder with respect to the account during the relevant calendar year.

Further, it also provides for specific guidelines for conducting due diligence of reportable accounts, viz. US reportable accounts and other reportable accounts.

4.16 Multilateral Convention to implement Tax Treaty related measures to prevent Base Erosion and Profit Shifting ("MLI")

The Organisation of Economic Co-operation and Development ("**OECD**") released the Multilateral Convention to implement Tax Treaty related measures to prevent Base Erosion and Profit Shifting ("**BEPS**").

MLI is an agreement negotiated under Action 15 of the OECD/G20 BEPS Project. As opposed to bilateral Double Taxation Avoidance Agreements, the MLI is intended to allow jurisdictions to swiftly amend their tax treaties to include the Tax Treaty-related BEPS recommendations in multiple Tax Treaties. MLI seeks to curb tax planning strategies that have the effect of shifting profits to low or no tax jurisdictions, supplements or modifies existing tax treaties etc.

The final impact of the MLI on a Tax Treaty is dependent on both the contracting states to the Tax Treaty having deposited their respective instruments of ratification with their final MLI Positions with the OECD Depositary. The MLI includes both mandatory provisions (i.e. the minimum standards under the BEPS Project) as well as non-mandatory provisions.

India has been an active participant in the entire discussion and its involvement in the BEPS project has been intensive. In a ceremony held in Paris on 7 June 2017, various countries including India, signed the MLIs. The Union Cabinet of India issued a press release dated 12 June 2019, approving the ratification of the MLI to implement Tax Treaty related measures to prevent BEPS. The application of MLI to a Tax Treaty is dependent on ratification as well as positions adopted by both the countries signing a Tax Treaty. On June 25, 2019, India has taken the final step for implementation of MLI by depositing its instrument of ratification with the OECD. The MLI entered into force from 1 October 2019 and will be operational with effect from the financial year beginning from 1 April 2020 in respect of certain treaties signed by India.

There is limited guidance or jurisprudence at present on how the above will be interpreted by the Revenue authorities and applied. Accordingly, one will have to view how the MLI evolves and what position Indian Tax Authorities take in this context going forward.

5. OTHER APPLICABLE TAXES

5.1 Goods and Services Tax

With effect from 1 July 2017, the Government of India has implemented Goods and Services Tax ("**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%.

The services provided by Investment Manager to the Fund and Trustee to the Fund qualifies as supply of service and hence 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.

5.2 Stamp duty and local taxes

The activities of the Investee 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 Investee Companies. Further, as per the circular dated 30 June 2020, issued by SEBI, issue, transfer and sale of units of the AIF shall be subject to stamp duty with effect from 1 July 2020. The Finance Act, 2019 has made amendments in stamp duty provisions and it is intended to designate stock exchanges and depositories to collect stamp duty on sale or transfer of securities. The amendments are as under:

- All issuance and transfers of 'securities' should be subject to stamp duty (i.e. exemption on transfer of dematerialized securities to be removed)
- Stamp Duty should be calculated on an ad valorem basis on: (i) actual trade price for listed securities; or (ii) price identified in instrument of transfer.

The revised rates of stamp duties with effect from 1 July 2020 are as follows:

Instrument	Stamp Duty
Issuance of debentures (irrespective of whether marketable or not)	0.005%
Transfer of debentures (irrespective of whether marketable or not)	0.0001%
Issuance of securities (other than debentures)	0.005%
Transfer of security (delivery basis)	0.015%
Transfer of security (non-delivery basis)	0.003%
Equity and commodity futures	0.002%
Equity and commodity options	0.003%
Currency and interest rate derivatives	0.0001%
Other derivatives	0.002%
Government securities	0%
Repo on corporate bonds	0.00001%

5.3 Tax collected at source ('TCS')

The Finance Act, 2020 has made certain amendments in TCS provisions which mandates that with effect from 1 October 2020, seller of goods shall collect tax @ 0.1% (0.075% up to 31 March 2021) if the receipt of sale consideration from a buyer exceeds INR 5 million in the financial year. Further, it has been provided that the Seller would be required to collect such tax only if his total sales, gross receipts or turnover from his business exceeds INR 100 million during the financial year immediately preceding the financial year in which the sale of goods is carried out. These provisions do not apply to a non-resident not having a permanent establishment in India. In a situation, where the buyer is liable to undertake withholding obligations and has undertaken the said obligation, the seller will not be liable to collect tax at source.

It should however be noted that CBDT has issued a circular[18] clarifying that the above provision shall not apply to transactions in shares and commodities transacted through recognised stock exchanges/ recognised clearing corporations, including those located in International Financial Service Centres.

5.4 TCS on non-filer of income-tax return at higher rates

[18] Circular No. 17/ 2020 dated 29 September 2020

Finance Act, 2021 has inserted a new section 206CCA which would apply on any sum or amount received by a person (herein referred to as collectee) from a specified person. The TCS rate in this section is higher of the following rates:

- twice the rate specified in the relevant provision of the ITA; or
- the rate of five percent

If the provision of section 206CC of the ITA is applicable to a specified person[19], in addition to the provision of this section, the tax shall be collected at higher of the two rates provided in this section and in section 206CC of the ITA.

5.5 STT

The AIF will be liable to pay STT on the transactions entered on a recognized stock exchange in India at the following rates:

Transactions/Particulars	Payable by Purchaser	Payable by Seller
Delivery based purchase/sale transaction in equity shares entered into in a recognized 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[20] (In case option is exercised)	0.017%

[19] The specified person is a person who has not filed the returns of income for both of the two assessment years relevant to the two previous years which are immediately before the previous year in which tax is required to be deducted or collected, as the case may be. Further the time limit for filing tax return under sub-section (1) of section 139 of the ITA has expired for both these assessment years. There is another condition that aggregate of tax deducted at source and tax collected at source in his case is rupees fifty thousand or more in each of these two previous years. Specified person shall not include a non-resident who does not have a permanent establishment in India. Consequential amendment is made in sub-section (4) of section 194-IB of the ITA.

Transactions/Particulars	Payable by Purchaser	Payable by Seller
Sale of futures in securities	N.A.	0.01%
Sale of unlisted shares under an offer for sale to the public	N.A.	0.2%
Sale of a unit of an equity-oriented fund to the Mutual Fund	N.A.	0.001%
Sale of unlisted units of a business trust under an offer for sale	N.A.	0.2%

6. OTHER RELEVANT AMENDMENTS INTRODUCED IN THE FINANCE ACT, 2021

Definition of securities clarified - The Finance Act, 2021 has amended the definition of the term 'Securities' under section 2(h) of the Securities Contracts (Regulation) Act, 1956 to clarify that units, debt instruments or any other instrument issued by any pooled investment vehicle should be regarded as Securities.

The expression 'pooled investment vehicle' has also been defined to mean a fund established in India in the form of a trust or otherwise, such as mutual fund, alternative investment fund, collective investment scheme or a business trust as defined in sub-section (13A) of section 2 of the Act, and registered with the Securities and Exchange Board of India, or such other fund, which raises or collects monies from investors and invests such funds in accordance with such regulations as may be made by the Securities and Exchange Board of India in this behalf.

7. 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 AIFs.

[20] As per the Finance (No.2) Act, 2019

IMPORTANT QUALIFICATION

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

SECTION XII: ILLUSTRATION OF FEES, EXPENSES AND OTHER CHARGES

A. Assumptions

1. For the purpose of this illustration, Term of the Fund is considered to be 5 years.

2. The rates on which the fees/charges are computed are assumed numbers. The actual fees/charges may vary from this illustration. For the purpose of illustration, we have assumed Set-up Costs at 1.5% (one time) of the amount of Capital Commitment of all Classes of Units and Operating Expenses at 0.50% p.a. of the aggregate Capital Commitment of all Classes of Units.

3. For the purposes of this illustration, the Management Fees are computed at 2 % (Two percent) p.a. of all Classes of Unit holders for the entire life of the Fund. Further, for ease of computation, it has been assumed that investment is made at the beginning of the year.

4. The figures/numbers and calculations provided in this Section are all pre-tax. The taxation will be in accordance with the detailed provisions laid down in the Memorandum and accordingly the actual final numbers will vary depending on applicable tax treatment.

5. For ease of computation, it has been assumed that the realization of investment proceeds and distributions to the Contributors happens at the end of the Term.

6. The illustrations provided in this Section are indicative and provided for reference only and investors should review and examine the detailed terms mentioned in relevant sections in the Memorandum with respect to such fee/charges and actual distribution.

7. The figures provided in this Section are representational only and should not be considered as a guarantee or any definite indication of the likely performance. The final outcome would be a result of several factors as stated in the Memorandum and would be dependent upon the actual performance.

8. Please note that the below tables are for illustration purposes only and actuals may differ

Calculation of Cumulative Fees/Charges

Sr. No.	Particulars	Basis of Calculation	Year 1	Year 2	Year 3	Year 4	Year 5
1	Total Capital Commitment from the unit holders		1,00,00,00,000	96,00,00,000	93,50,00,000	91,00,00,000	88,50,00,000
2	**Fees and other expenses**						
	a. Set up Fees : Class A Unit holder	1.5 % for all class unitholder	1,50,00,000	NIL	NIL	NIL	NIL
	Class B Unit holder		-	NIL	NIL	NIL	NIL
	b. Management Fees : Class A Unitholder	2 % p.a.of the agg. Capital commitment	2,00,00,000	2,00,00,000	2,00,00,000	2,00,00,000	2,00,00,000
	(mgmt fees is calculated inclusive of GST @18%)						
	c. Fees to the Advisory Board	NIL	NIL	NIL	NIL	NIL	NIL
	d. Fees to the Investment Committee	NIL	NIL	NIL	NIL	NIL	NIL
	e. Trusteeship Fees	Fixed Fee- part of operating expenses					

	f. other expenses	0.50% p.a.of the agg. Capital commitment (Class A and Class B)	50,00,000	50,00,000	50,00,000	50,00,000	50,00,000
3	**Net Amount Invested by the Fund in Portfolio Companies (Cumulative Capital Deployed)**		**96,00,00,000**	**93,50,00,000**	**91,00,00,000**	**88,50,00,000**	**86,00,00,000**

Tabular illustration for fees and charges applicable to Investors: (All amounts indicated in this illustration are in INR terms)

Capital Contributions by the Unit holders

Contributor	Class of Units	Capital Contribution (Amount in INR)	Hurdle Rate
Limited Partners/Investors	Class A unit holder	97,50,00,000	10%
Sponsor/Manager & Employees of Manager	Class B unit holder	2,50,00,000	10%
	Total	1,00,00,00,000	

Percentage of Expenses and Borne by

Particulars	Class A Unitholder	Class B Unit holder
Setup cost	1.50%	0.00%
Operating expenses	0.50%	0.50%
Management Fees	2.00%	0.00%

Note:

1) **Set up Costs -** These are one-time costs charged to respective class of units as a percentage of aggregate capital commitment of respective class of unit holders.
2) **Operating Expenses -** These shall be charged as actuals subject to a yearly limit of up to 0.50 % p.a. of the aggregate capital commitment of respective class of unit holders.
3) **Management Fees -** These fees shall be payable as percentage of aggregate capital commitment of respective class of unit holders

SECTION XIII: DISTRIBUTION WATERFALL

A. Assumptions

1. For the purpose of this illustration, Term of the Fund is considered to be 5 years.

2. The rates on which the fees/charges are computed are assumed numbers. The actual fees/charges may vary from this illustration. For the purpose of illustration, we have assumed Set-up Costs at 1.5% (one time) of the amount of Capital Commitment of all Classes of Units and Operating Expenses at 0.50% p.a. of the aggregate Capital Commitment of all Classes of Units.

3. For the purposes of this illustration, the Management Fees are computed at 2 % (Two percent) p.a. of the Capital Commitment of all Classes of Units for the entire life of the Fund. Further, for ease of computation, it has been assumed that investment is made at the beginning of the year.

4. The figures/numbers and calculations provided in this Section are all pre-tax. The taxation will be in accordance with the detailed provisions laid down in the Memorandum and accordingly the actual final numbers will vary depending on applicable tax treatment.

5. For ease of computation, it has been assumed that the realization of investment proceeds and distributions to the Contributors happens at the end of the Term.

6. The illustrations provided in this Section are indicative and provided for reference only and investors should review and examine the detailed terms mentioned in relevant sections in the Memorandum with respect to such fee/charges and actual distribution.

7. The figures provided in this Section are representational only and should not be considered as a guarantee or any definite indication of the likely performance. The final outcome would be a result of several factors as stated in the Memorandum and would be dependent upon the actual performance.

8. Please note that the below tables are for illustration purposes only and actuals may differ

Capital Contributions by the Unit holders

Contributor	Class of Units	Capital Contribution (Amount in INR)	Hurdle Rate
Limited Partners/Investors	Class A unit holder	97,50,00,000	10%
Sponsor/Manager & Employees of Manager	Class B unit holder	2,50,00,000	10%
	Total	1,00,00,00,000	

Period	
01-Apr-24	31-Mar-29

Percentage of Expenses and Borne by

Particulars	Class A Unitholder	Class B Unit holder
Setup cost	1.50%	0.00%
Operating expenses	0.50%	0.50%
Management Fees	2.00%	0.00%

Calculation of Cumulative fees/Charges

Nature of Expenses	Class A Unit holder	Class B Unit holder
	(Amount in INR)	(Amount in INR)
Set up Cost	1,46,25,000	0
Management Fees	9,75,00,000	0
Operating Cost	2,43,75,000	6,25,000
Total Fee/Expense	13,65,00,000	6,25,000
Invested Funds (Capital Contribution less total fee/expenses	**83,85,00,000**	**2,43,75,000**

Distribution Proceeds shall be allocated between all the Classes of Units in the ratio of their Invested Funds. The Distribution Proceeds so allocated shall be distributed simultaneously among the Contributors in the manner described below:

B. Distribution waterfall (i.e. allocation of returns to the Contributors)

<u>Scenario I: The Fund has incurred losses at the time of Distribution</u>

(XIRR) -30%

Sr. No.	Particulars	Class A Unit holder	Class B Unit holder	Total
		(Amount in INR)	(Amount in INR)	
1	Capital Contribution	97,50,00,000	2,50,00,000	1,00,00,00,000
2	Less: Total Fees/expenses [refer to the note on fee/expenses provided above]	13,65,00,000	6,25,000	13,71,25,000
3	Invested Funds	83,85,00,000	2,43,75,000	86,28,75,000
4	Proportionate interest of Class A, B unitholders Invested funds (in %)	97.50%	2.50%	
		i.e ((Invested Funds of Class A Units holders) / (Total Invested Funds))*100	i.e ((Invested Funds of Class B Units holders) / (Total Invested Funds))*100	
5	Aggregate Distribution Proceeds available for allocation by the Fund (on assumption)			14,45,40,200
6	Distribution Proceeds allocated to the Unitholders based on their respective Invested Funds. [5X4]	14,09,26,695	36,13,505	
	Total Amount Distributed to the Unitholders	**14,09,26,695**	**36,13,505**	**14,45,40,200**

Scenario II: The Fund has incurred No Profit No Loss at the time of Redemption/Distribution

(XIRR) 0%

Sr. No.	Particulars	Class A Unit holder	Class B Unit holder	Total
		(Amount in INR)	(Amount in INR)	
1	Capital Contribution	97,50,00,000	2,50,00,000	1,00,00,00,000
2	Less: Total Fees/expenses [refer to the note on fee/expenses provided above]	13,65,00,000	6,25,000	13,71,25,000
3	Invested Funds	83,85,00,000	2,43,75,000	86,28,75,000
4	Proportionate interest of Class A, B, C unitholders Invested funds (in %)	97.50%	2.50%	
		i.e ((Invested Funds of Class A Units holders) / (Total Invested Funds))*100	i.e ((Invested Funds of Class B Units holders) / (Total Invested Funds))*100	86,28,75,000
5	Aggregate Distribution Proceeds available for allocation by the Fund (on assumption)			
6	Distribution Proceeds allocated to the Unitholders based on their respective Invested Funds. [5X4]	83,85,00,000	2,43,75,000	
	Total Amount Distributed to the Contributors	**83,85,00,000**	**2,43,75,000**	**86,28,75,000**

Scenario III: The Fund has made Profit at the time of Redemption/Distribution less than 10 % Hurdle Rate of Return achieved

(XIRR) 6%

Sr. No.	**Particulars**	**Class A Unit holder (Amount in INR)**	**Class B Unit holder (Amount in INR)**	**Total**
1	Capital Contribution	97,50,00,000	2,50,00,000	1,00,00,00,000
2	Less: Total Fees/expenses [refer to the note on fee/expenses provided above]	13,65,00,000	6,25,000	13,71,25,000
3	Invested Funds	83,85,00,000	2,43,75,000	86,28,75,000
4	Proportionate interest of Class A, B, C unitholders Invested funds (in %)	97.50%	2.50%	
		i.e ((Invested Funds of Class A Units holders) / (Total Invested Funds))*100	i.e ((Invested Funds of Class B Units holders) / (Total Invested Funds))*100	
5	Aggregate Distribution Proceeds available for allocation by the Fund (on assumption)			1,15,47,21,395
6	**First Distribution :100% return of Capital Contribution**	**97,50,00,000**	**2,50,00,000**	**1,00,00,00,000**
	Remaining Proceeds			15,47,21,395
	Second Distribution: Hurdle rate of return to Unit holders	15,47,21,395	-	15,47,21,395

	Remaining Proceeds			-
	Third Distribution: 80% to Class A	-	-	
	The balance 20% to Class B	-	-	
	Total Amount Distributed to the Contributors	**1,12,58,73,997**	**2,50,00,000**	**1,15,08,73,997**

<u>Scenario IV: The Fund has made Profit at the time of Redemption/Distribution more than 10 % Hurdle Rate of Return achieved</u>

(XIRR) 30%

Sr. No.	Particulars	Class A Unit holder	Class B Unit holder	Total
		(Amount in INR)	(Amount in INR)	
1	Capital Contribution	97,50,00,000	2,50,00,000	1,00,00,00,000
2	Less: Total Fees/expenses [refer to the note on fee/expenses provided above]	13,65,00,000	6,25,000	13,71,25,000
3	Invested Funds	83,85,00,000	2,43,75,000	86,28,75,000
4	Proportionate interest of Class A, B, C unitholders Invested funds (in %)	97.50%	2.50%	
		i.e ((Invested Funds of Class A Units holders) / (Total Invested Funds))*100	i.e ((Invested Funds of Class B Units holders) / (Total Invested Funds))*100	

5	Aggregate Distribution Proceeds available for allocation by the Fund (on assumption)			3,71,29,30,000
6	**First Distribution :100% return of Capital Contribution**	**97,50,00,000**	**2,50,00,000**	**1,00,00,00,000**
	Remaining Proceeds			2,71,29,30,000
	Second Distribution: Hurdle rate of return to Unit holders	59,52,47,250	1,52,62,750	61,05,10,000
	Remaining Proceeds			2,10,24,20,000
	Third Distribution: 80% to Class A Unit Holder in proportion to their Invested Funds	168,19,36,000	-	16,81,93,600
	The balance 20% to Class B	-	42,04,84,000	4,20,48,400
	Total Amount Distributed to the Contributors	**3,25,21,83,250**	**46,07,46,750**	3,71,29,30,000

SECTION XIV: DISCIPLINARY HISTORY

Disciplinary history of the Trust, Trustee, Sponsors and/or Investment Manager and their respective promoters, directors, partners and Associates (as may be applicable) are provided hereunder:

The Trust, Sponsors and/or Investment Manager and their respective partners, and Associates (as may be applicable), have no disciplinary history. Please see the details below:

(1) Details of outstanding/pending and past cases (where the person has been found guilty) of litigations, criminal or civil prosecution, disputes, non-payment of statutory dues, overdues to/defaults against banks or financial institutions, contingent liabilities not provided for, proceedings initiated for economic offences or civil offences, adverse findings with respect to compliance with securities laws, penalties levied, disputed tax liabilities, etc.

None

(2) any disciplinary action taken by SEBI or any other regulatory authority (including the overseas regulator).

None

(3) Operational actions such as administrative warnings/deficiency letters.

None

SECTION XV: GLOSSARY

Additional Commitment	has the meaning assigned to such term in caption "*Sponsor's Capital Commitment*" in "**SECTION VII: PRINCIPAL TERMS OF THE FUND**" of this Memorandum.
Additional Return	has the meaning assigned to such term in caption "*Distribution*" in "**SECTION VII: PRINCIPAL TERMS OF THE FUND**" of this Memorandum.
Additional Return Phase I	has the meaning assigned to such term in caption "*Distribution*" in "**SECTION VII: PRINCIPAL TERMS OF THE FUND**" of this Memorandum.
Additional Return Phase II	has the meaning assigned to such term in caption "*Distribution*" in "**SECTION VII: PRINCIPAL TERMS OF THE FUND**" of this Memorandum.
AIF	means an alternative investment fund registered under the Regulations under an appropriate category.
Applicable Law/s	means any applicable statute, law, ordinance, regulation, rule, order, bye-law, administrative interpretation, writ, injunction, directive, judgment or decree or other instrument including the Regulations which has a force of law, as is in force from time to time.
Associate	has the meaning as given to the term in the Regulations.
Auditor	means any independent qualified firm of chartered accountants appointed by the Investment Manager as an auditor to the Trust/Fund.
Beneficial Interest	means the proportion of outstanding Capital Contribution of a Contributor to the aggregate outstanding Capital Contribution of all the Contributors.
Business Day	means any day, which is not a Saturday, Sunday, or a day on which the banks or stock exchanges in India are authorized or required by Applicable Laws to remain closed or such other events as the Investment Manager may specify from time to time.
Capital Commitment	means the amount agreed by a Contributor in writing, to be contributed to the Fund in accordance with the provisions of the Contribution Agreement.
Capital Contribution	means that portion of Capital Commitment contributed by a Contributor to the Fund, pursuant to issuance of the Drawdown Notice/s in accordance with the provisions of the Contribution Agreements and this Memorandum.

Category I AIF	means a Category I Alternative Investment Fund – SME Fund registered with SEBI under the Regulations.
Class	with respect to the Units of the Fund means a class/Subclass/series or category of Units of the Fund, as distinct from another class/Subclass/series or category of Units of the Fund and is distinct from the rights and interest of Units of the other class/Subclass/series or category of Units vis-à-vis the respective Schemes of the Trust.
Class A Units	means the Units of the Fund, being offered through this Memorandum, to be issued to Contributors in accordance with the terms of the Contribution Agreement, which represents Beneficial Interest of the respective Contributor in the Fund, the face value of which shall be Rs. 1,000 (Indian Rupees One Thousand).
Class A Distribution Proceeds	has the meaning as assigned to such term in paragraph 25 titled "*Distribution*" under "**SECTION VII: PRINCIPAL TERMS OF THE FUND**" of this Memorandum.
Class A Distribution Proceeds	has the meaning as assigned to such term in paragraph 25 titled "*Distribution*" under "**SECTION VII: PRINCIPAL TERMS OF THE FUND**" of this Memorandum.
Class B Units	means the Units of the Fund, being issued to the Sponsor, which represents Beneficial Interest of such Contributor/s in the Fund, the face value of each shall be Rs. 1,000 (Indian Rupees One Thousand).
Closing	shall mean obtaining of Capital Commitments from the Contributors identified by the Investment Manager in accordance with the Trust Documents. Reference to Closing shall mean reference to First Closing, any Subsequent Closing(s) and the Final Closing (as the context may require).
Co-investment Portfolio Manager	shall mean the Investment Manager registered as such under SEBI (Portfolio Managers) Regulations, 2020.
Co-Investor	has the meaning assigned to such term in paragraph 34 titled "*Co-investment*" in "**SECTION VII: PRINCIPAL TERMS OF THE FUND**" of this Memorandum.
Commitment Period	means the period within which the Contributors are required to make Capital Contributions, in accordance with the respective Contribution Agreement and will include extensions thereto, if any.
Compensatory	has the meaning assigned to such term in paragraph 11 titled "*Unitholders*

Contribution	*Participating in Subsequent Closing*" in "**SECTION VII: PRINCIPAL TERMS OF THE FUND**" of this Memorandum.
Contributor / Investor	means the Eligible Persons each of whom have made or agreed to make Capital Commitment to the Fund in accordance with the Contribution Agreements and this Memorandum and shall include without limitation any Eligible Persons becoming transferees of Units in accordance with the provisions of the Trust Documents.
Contribution Agreement	means an agreement executed amongst the Trustee, the Investment Manager and each Contributor primarily to regulate acceptance, management, administration and disbursal of Capital Contributions and the distribution of income, gains and proceeds thereon and other terms described therein and as amended, modified, supplemented or reinstated from time to time, together with all annexure, schedules and exhibits, if any.
Contribution Fund	means the aggregate of Capital Contributions including any additions/reductions thereto and undistributed income accumulated in respect thereof but does not include the Initial Settlement and accretions thereto.
Corpus	means the aggregate amount of Capital Commitments made by the Contributors to the Fund by way of Contribution Agreements as on a particular date.
Cure Period	has the meaning as assigned to such term in paragraph 33 titled "*Removal of the Investment Manager*" under "**SECTION VII: PRINCIPAL TERMS OF THE FUND**" of this Memorandum.
Deceased Investor	has the meaning as assigned to such term in paragraph 16 titled "*Transfer, Withdrawal and Transmission of Units*" under "**SECTION VII: PRINCIPAL TERMS OF THE FUND**" of this Memorandum.
Defaulting Contributor	has the meaning as assigned to such term in paragraph 15 titled "*Defaulting Contributors*" under "**SECTION VII: PRINCIPAL TERMS OF THE FUND**" of this Memorandum.
Default Amount	has the meaning as assigned to such term in paragraph 15 titled "*Defaulting Contributors*" under "**SECTION VII: PRINCIPAL TERMS OF THE FUND**" of this Memorandum.
Distribution Proceeds	has the meaning as assigned to such term in paragraph 25 titled "*Distribution*" under "**SECTION VII: PRINCIPAL TERMS OF THE FUND**" of this Memorandum.

Drawdown	means the Capital Contribution made by a Contributor to the Fund (and realized by the Fund) against its respective Capital Commitment pursuant to the issuance of a Drawdown Notice.
Drawdown Notice	means notice under the Contribution Agreement issued by the Investment Manager to the Contributors of the Fund calling for the making of Capital Contribution from the amount of Capital Commitment not drawn down.
Eligible Person	means a Person who: (i) complies with the know-your-customer (KYC) norms stipulated by the Investment Manager and SEBI, and (ii) is willing to execute necessary documentation as stipulated by the Investment Manager.
Excused Contributor	has the meaning as assigned to such term in paragraph 13 titled "*Excused Contributor*" under "**SECTION VII: PRINCIPAL TERMS OF THE FUND**" of this Memorandum.
First Closing	has the meaning as assigned to such term in paragraph 10 titled "*Closings*" under "**SECTION VII: PRINCIPAL TERMS OF THE FUND**" of this Memorandum.
Final Closing	has the meaning as assigned to such term in paragraph 10 titled "*Closings*" under "**SECTION VII: PRINCIPAL TERMS OF THE FUND**" of this Memorandum.
Fund	means **MONEYPLANT SME FUND**, which is the first Scheme of the Trust.
Fund Expenses	means and includes all costs and expenses related to the Fund's operations whether incurred directly by the Fund or by the Trustee or the Investment Manager for and on behalf of the Fund, including, without limitation Management Fee (including Taxes applicable thereon), Trusteeship Fees (including Taxes applicable thereon), Set-up Costs, Operating Expenses, Taxes and other governmental charges levied against the Fund and any litigation and any other extraordinary and non-recurring expenses.
Fund Investments/ Portfolio Investments	means investments made by the Investment Manager (pursuant to the terms of the Investment Management Agreement) from the Investible Funds on behalf of the Fund in any of the permissible securities/entities including investments in Portfolio Entities.
Government	means any Indian central, state or local government authority, agency, branch or body or any instrumentality thereof.
Grace Period	has the meaning assigned to such term in paragraph 15 titled "*Defaulting Contributors*" in "**SECTION VII: PRINCIPAL TERMS OF THE FUND**"

	of this Memorandum.
GST	means goods and services tax.
Hurdle Rate of Return	has the meaning given to such term in paragraph 24 titled "*Hurdle Rate of Return*" in "**SECTION VII: PRINCIPAL TERMS OF THE FUND**" of this Memorandum.
Indemnified Persons	has the meaning as assigned to such term in paragraph 14 titled "*Indemnification*" under "**SECTION VII: PRINCIPAL TERMS OF THE FUND**" of this Memorandum.
Interested Parties	means the Investment Manager and/or Sponsors and its affiliate/group entities, partners, employees and agents.
Invested Funds	with respect to a Contributor or Class (including a Subclass), shall mean aggregate amounts utilised from Capital Contributions of such Contributor or Class (post appropriating/adjusting the Fund Expenses/charges, as applicable) towards Fund Investments.
Investible Funds	means the Corpus as reduced by the estimated expenditure towards permissible costs/expenses/fees/such other adjustments provided in the Trust Documents for the tenure of the Fund. Such Investible Funds shall be invested in terms of the Trust Documents.
Investment Committee	means the committee which may be appointed by the Investment Manager in accordance with the terms and conditions as laid out in the Trust Documents.
Investment Proceeds	has the meaning as assigned to such term in paragraph 25 titled "*Distributions*" under "**SECTION VII: PRINCIPAL TERMS OF THE FUND**" of this Memorandum.
Indenture	means the indenture of trust dated September 19, 2023, executed by and between the Settlor and the Trustee for the creation of the Trust and registered under the provisions of the Registration Act, 1908, as may be further amended, modified or superseded from time to time.
Indian Rupees or Rs. or INR	means the currency of the Republic of India.
Investment Manager	means **Artharich Investment Manager LLP** appointed as the investment manager of the Trust and the Fund (including other Schemes, if any) in accordance with the Investment Management Agreement.

Initial Settlement	means the sum of Rs. 1,100 (Indian Rupees One Thousand One Hundred only) being the initial amount irrevocably transferred or delivered by the Settlor to the Trustee towards the creation of the corpus of the Trust.
Institutional Investor	means any company, bank, pension or other fund, financial institution or other institutional body or entity, but not including an individual.
IPO	means an initial public offering.
Investment Management Agreement	means the investment management agreement entered into by and between the Trustee and the Investment Manager for advising, managing and administering the Trust and the Schemes of the Trust, and as may be amended, modified or superseded from time to time.
Key Person	has the meaning as assigned to such term in paragraph 32 titled "*Key Person & Key Person Event*" under "**SECTION VII: PRINCIPAL TERMS OF THE FUND**" of this Memorandum.
Key Person Event Cure Period	has the meaning as assigned to such term in paragraph 32 titled "*Key Person & Key Person Event*" under "**SECTION VII: PRINCIPAL TERMS OF THE FUND**" of this Memorandum.
Losses	has the meaning as assigned to such term in paragraph 14 titled "*Indemnification*" under "**SECTION VII: PRINCIPAL TERMS OF THE FUND**" of this Memorandum.
Management Fee	means the management fee payable to the Investment Manager in connection with the Fund.
Management Fees Additional Contribution	has the meaning assigned to such term in paragraph 11 titled "*Unitholders Participating in Subsequent Closing*" in "**SECTION VII: PRINCIPAL TERMS OF THE FUND**" of this Memorandum.
Malfeasance	means, with respect to any Person, any act or omission which results in a criminal conviction of such Person or which constitutes fraud or wilful misconduct as decided by a final non-appealable order of the highest court of competent jurisdiction.
Memorandum	means this document and any supplements thereto inviting offers for Capital Commitments from prospective Contributors for the subscription and purchase of Units of the Fund strictly on a private placement basis in accordance with the Regulations and containing the requisite details as required under the Regulations.

Operating Expenses	has the meaning assigned to such term in paragraph 21 titled "*Expenses (Including Operating Expenses and Set-up Costs) Charged to the Fund*" under "**SECTION VII: PRINCIPAL TERMS OF THE FUND**" of this Memorandum.
p.a.	means per annum.
Person	means and includes an individual, banks, insurance companies, bodies corporate, estates, family offices, non-banking finance companies, societies, Hindu undivided family, corporation, partnership (whether limited or unlimited), limited liability company, body of individuals, association, trust, sole proprietorship, Alternative Investment Fund, foreign portfolio investor, Institutional Investor or any other institution, entity or organization, whether Indian or foreign, whether incorporated or not, including a Government or an agency or instrumentality thereof and, where the context so requires, includes a reference to such Person's executors, administrators, successors, substitutes (including persons taking by novation) and permitted assigns.
Portfolio Company / Portfolio Entity	means such company, special purpose vehicle, limited liability partnership, Venture Capital Undertakings, body corporate or other permissible entity/enterprise in which the monies of the Contribution Fund are invested in accordance with the Applicable Laws.
Venture Capital Undertaking	means a domestic company which is not listed on a recognised stock exchange at the time of making investments.
Regulations	means the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 as amended/modified and restated from time to time and including the circulars/notifications issued pursuant thereto.
RBI	means the Reserve Bank of India.
Scheme/s	means such scheme/s of the Trust floated by the Trustee, including the Fund.
SEBI	means the Securities and Exchange Board of India.
Settlor	Means Individual **Mr. Pankaj Khetan**, who has settled the Trust.
Set-up Costs	has the meaning assigned to such term in paragraph 21 titled "*Expenses (Including Operating Expenses and Set-up Costs) Charged to the Fund*" under "**SECTION VII: PRINCIPAL TERMS OF THE FUND**" of this Memorandum.
Sponsor(s)	means **MONEYPLANT CAPITAL LIMITED**

Statement of Account	means statements that may be issued by the Investment Manager to the Contributors, specifying the number of Units held by the Contributors and evidencing a Beneficial Interest in the Fund.
Subclass	with respect to a Class of the Fund means a subclass/series thereof, as distinct from another subclass/series (if any) of that Class or any other Class of the Fund.
Subsequent Closing	in respect of the Fund means any Closing subsequent to the First Closing but not later than the Final Closing.
Super-Majority of Contributors	has the meaning assigned to such term in paragraph 1 titled "*Super-Majority of Contributors*" under supplementary section of "**SECTION VII: PRINCIPAL TERMS OF THE FUND**" of this Memorandum.
Takeover Code	means the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended and/or restated from time to time.
Tax or Taxes	means and includes: a) all forms of tax (direct and indirect taxes) (whether levied on income or otherwise), levy, duty, surcharge, cess, impost, withholding tax, tax collected at source, including income tax, goods & services tax, tax payable in a representative assessee b) , minimum alternate tax or other amount whenever or wherever created or imposed by, or payable to any tax authority whether due to past, present or potential obligations; and c) 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.
Term	has the meaning as assigned to such term in paragraph 7 titled "*Term of the Fund and Termination*" under "**SECTION VII: PRINCIPAL TERMS OF THE FUND**" of this Memorandum.
Temporary Investments	means investments by the Fund in liquid mutual funds, bank deposits, treasury bills, triparty repo dealing and settlement, commercial papers, certificate of deposits and such other liquid assets of higher quality as prescribed under the Regulations and/or by SEBI.
Trust	means "**MONEYPLANTS CAPITAL TRUST**", organised as a contributory determinate trust, settled in India by the Settlor (with Initial Settlement being irrevocable) under the provisions of the Indian Trusts Act, 1882, pursuant to the Indenture.

Trust Documents	has the meaning assigned to such term in paragraph 40 titled "*Trust/Scheme Documents*" under "**SECTION VII: PRINCIPAL TERMS OF THE FUND**" of this Memorandum.
Trust Fund	means the Initial Settlement, the Contribution Fund and any accretions thereto.
Trustee	means "**SJS FINSERVE PRIVATE LIMITED**", or such other Person that may be appointed under the terms of the Indenture.
Trusteeship Fees	has the meaning assigned to such term in paragraph 18 under the heading "*Trusteeship Fees*" under "**SECTION VII: PRINCIPAL TERMS OF THE FUND**" of this Memorandum.
Two-Third Majority of Contributors	has the meaning assigned to such term in paragraph 2 titled "*Two-Third Majority of Contributors*" under supplementary section of "**SECTION VII: PRINCIPAL TERMS OF THE FUND**" of this Memorandum.
Units	means a unit of any Class, as evidenced by the Statement of Account specifying the unit(s) allotted to or held by the Contributor, and evidencing Beneficial Interest in the Fund, issued to a Contributor on the making of a Capital Contribution and includes a fraction of a unit of a value less than the face value of the respective Class of units.
Warehoused Investments	has the meaning assigned to such term in paragraph 9 titled "*Warehoused Investments*" under "**SECTION VII: PRINCIPAL TERMS OF THE FUND**" of this Memorandum.
Warehousing Entity/Individual	has the meaning assigned to such term in paragraph 9 titled "*Warehoused Investments*" under "**SECTION VII: PRINCIPAL TERMS OF THE FUND**" of this Memorandum.

PART - B

SECTION XVI: SUPPLEMENTARY INFORMATION

There is no additional information in relation to the Fund, Investment Manager and/or Sponsor, key investment team that does not form part of the above sections.

SECTION XVII: INFORMATION PERTAINING TO INVESTOR GRIEVANCES

9. Investor complaints data for the quarter ending (March/June/September/December)

S. 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.

10. Investor complaints data for last three Financial Years (FY)

S. No.	FY	Carried forward from previous FY	Received	Resolved	Pending at the end of FY
1.	**2025-26**	Nil	Nil	Nil	Nil
2.	**2024-25**	Nil	Nil	Nil	Nil
3.	**2023-24**	Nil	Nil	Nil	Nil
	Total	Nil	Nil	Nil	Nil

The Fund shall maintain data on investor complaints as per Section XVII, which shall be compiled latest within 7 days from the end of quarter.

SECTION XVIII: INVESTOR CHARTER

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

11. 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.

12. 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 the Fund/Scheme prior to expiry of tenure.

13. 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.

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

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

1.2. Any material liability arising during the tenure of the fund.

1.3. Any breach of a provision of the PPM or any other agreement made with the investor or any other fund documents.

1.4. Intimation regarding any conflict of interest.

1.5. 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.

15. Intimation of any non-material changes in the operations of the fund

4.1. 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

16. Grievance redressal

6.1. 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
1.	**Valuation related disclosures**	
a.	Valuation of investment by Category I and II Alternative Investment Fund	At least once every six months. Can be extended to once a year with approval of 75% of its investors by value of investment.
b.	Disclosure of NAV of scheme(s) of the Category III Alternative Investment Fund	NA
2.	**Transparency related disclosures:**	
a.	Disclosure of financial information of investee companies	• Category I and II - within 180 days from the year end or earlier as per the Fund Documents. • Category III – within 60 days from the end of the quarter end or earlier as per the Fund Documents.
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	To be disclosed periodically to the investors.

	regarding fund investments	
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

1. Alternative Investment Funds are required to redress all investor complaints in timely manner.

2. 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.

3. 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.

4. 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

1. Responsibility to inform and educate yourself

1.1. Read thoroughly all Fund Documents including Private Placement Memorandum, Contribution Agreement, sales literature, newsletters and understand the product.

1.2. Carefully consider all investment risks, fees, and/or other factors detailed in these documents.

1.3. Ensure and make certain that the proposed investment in the Fund meets your investment objective and is in alignment with your risk appetite.

1.4. Review your portfolio holdings, account statements and transaction confirmation on regular basis to ensure that you aware of all transactions and securities where you are invested.

2. Responsibility to timely update your KYC and information with the Intermediary

2.1. Provide complete and accurate information in your KYC documents, including financial/ income status.

2.2. Timely updation of KYC information.

3. Responsibility to abide by the contribution agreement

3.1. 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.

3.2. The investor should be aware that investment terms are not guarantee of future performance or returns of the Fund/ Scheme.

4. Responsibility to use right financial intermediaries, consultants and advisors

4.1. Carefully consider validity and reliability of investment information obtained from all sources, especially unsolicited information obtained over the Internet.

5. Responsibility to maintain confidentiality of information

5.1. 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.