
FAYENCE CAPITAL LIMITED
(THE 'FUND')

(A COMPANY INCORPORATED IN MAURITIUS AS A PUBLIC COMPANY LIMITED BY SHARES UNDER THE COMPANIES ACT 2001, REGISTRATION NUMBER 115700 C1/GBL HOLDING A CATEGORY 1 GLOBAL BUSINESS LICENCE ISSUED BY THE FINANCIAL SERVICES COMMISSION AND REGULATED UNDER THE FINANCIAL SERVICES ACT 2007 AND THE SECURITIES ACT 2005)

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM
(the "Memorandum")

LISTING PARTICULARS
LP CODE: LEC/TL/04/2013
Date: 28 May 2013

EXPLANATORY NOTE TO THE PPM

An application has been made for the listing of up to 100,000 non-voting, ordinary par value Class A participating shares of Fayence Capital Limited on the Official Market of The Stock Exchange of Mauritius Ltd by way of offer for subscription at a nominal price of GBP100.

The above application has been made because the profile of investors in the Fund might include UK Pension Trustees, in which case, investments in a fund that is listed on a recognised Stock Exchange will allow them to get the benefits thereof.

This Private Placement Memorandum ("PPM") has been submitted to The Stock Exchange of Mauritius Ltd in lieu of Listing Particulars in accordance with Listing Rule 16.38. It includes particulars given in compliance with The Stock Exchange of Mauritius Ltd Rules governing the Official Listing of Securities for the purpose of giving information with regard to the issuer. The directors, whose names appear on page 12 of this document and the Investment Manager (Fidelis Global Asset Management Limited) collectively and individually, accept full responsibility for the accuracy or completeness of the information contained in this document and confirm, having made all reasonable enquiries that to the best of their knowledge and belief there are no other facts or omission of which would make any statement herein misleading.

This document is neither an invitation nor a statement in lieu of a prospectus for the public in Mauritius to subscribe for shares in Fayence Capital Limited. This document is issued for the purpose of giving information in relation to the application made by Fayence Capital Limited and includes an overall view of Fayence Capital Limited's activities. It is intended only for the use of the person to whom it is addressed and is not to be redistributed, reproduced or used, in whole or in part, for any other purpose.

This document has been vetted by the Listing Executive Committee, in conformity with the Listing Rules of The Stock Exchange of Mauritius Ltd. The Listing Executive Committee of The Stock Exchange of Mauritius Ltd assumes no responsibility for the contents of this document, makes no representation as to the accuracy or completeness of any of the statements made or opinions expressed therein and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon the whole or any part of the contents of this document.

The principal investment policies set out in the prospectus will, in the absence of unforeseen circumstances, be adhered to for at least three years following listing and any material change in the policies within that period may only be made with Shareholder approval.

There has been no significant change or new information in the PPM during the last 12 months.

In the absence of 3 years audited accounts as required by Listing Rule 6.7(a), the directors on the Board of Fayence Capital Limited hereby declare that they have the relevant experience, as detailed in this PPM, in the management of investments of the type in which Fayence Capital Limited proposes to invest. The directors are also confident that their experience will add value to the investments that the Fund proposes to undertake.

Permission has been granted by the Listing Executive Committee on 28 May 2013 for the listing of up to 100,000 non-voting, ordinary par value Class A participating shares of Fayence Capital Limited on the Official Market of The Stock Exchange of Mauritius Ltd by way of offer for subscription at a nominal price of GBP100 on **05 June 2013**.

It is not expected that dealings in the securities of Fayence Capital Limited will take place on the Official Market of the Stock Exchange of Mauritius Ltd.

As at the date of this document, the Fund has no loan capital (including term loans) outstanding or created but unissued, and no outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantees or other contingent liabilities.

A COPY OF THIS MEMORANDUM HAS BEEN LODGED WITH THE FINANCIAL SERVICES COMMISSION OF MAURITIUS FOR AN OFFER OF SHARES. THE SHARES SHALL NOT BE OFFERED OR SOLD NOR SHALL THIS MEMORANDUM OR ANY OTHER OFFERING DOCUMENT OR MATERIAL RELATING TO THE SHARES BE CIRCULATED OR DISTRIBUTED, DIRECTLY OR INDIRECTLY, TO THE PUBLIC OR ANY MEMBER OF THE PUBLIC IN MAURITIUS.

THE MAURITIUS FINANCIAL SERVICES COMMISSION DOES NOT VOUCH FOR THE FINANCIAL SOUNDNESS OF THE FUND NOR FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS EXPRESSED WITH REGARD TO IT.

THIS MEMORANDUM IS BEING DISTRIBUTED ON A CONFIDENTIAL BASIS IN CONNECTION WITH A PRIVATE OFFERING OF SHARES OF THE FUND. NONE OF THE SHARES IN THE FUND WILL BE ISSUED TO ANY PERSON WHO HAS NOT BEEN SENT A COPY OF THIS MEMORANDUM BY THE FUND. NO RECIPIENT OF THIS MEMORANDUM IN ANY TERRITORY OR JURISDICTION MAY TREAT THE RECEIPT OF THE MEMORANDUM AS AN OFFER TO PURCHASE SHARES IN THE FUND UNLESS SUCH AN OFFER COULD LAWFULLY BE MADE TO THAT PERSON IN SUCH TERRITORY OR JURISDICTION WITHOUT COMPLIANCE WITH ANY REGISTRATION, APPROVAL OR OTHER LEGAL REQUIREMENTS.

THIS DOCUMENT MAY ONLY BE ISSUED TO PERSONS WHO MAY LAWFULLY RECEIVE IT. THIS DOCUMENT HAS BEEN DELIVERED TO YOU ON A CONFIDENTIAL BASIS AND MUST NOT BE COPIED OR DISTRIBUTED TO ANY OTHER PERSON IN ANY FORM.

INVESTORS IN THE FUND ARE NOT PROTECTED BY ANY STATUTORY COMPENSATION ARRANGEMENTS IN MAURITIUS IN THE EVENT OF THE FUND'S FAILURE AND EACH APPLICANT FOR SHARES ACKNOWLEDGES SO.

This Memorandum supersedes and replaces any and all previous Memorandum, summaries, correspondences or other written or oral representations relating to the offering disseminated, if any, prior to the date of this Memorandum.

Date: 28 May 2013

Vidyotma LOTUN
Director

IMPORTANT INFORMATION

RELIANCE ON MEMORANDUM

The Class A Participating Shares are offered solely on the basis of the information and representations contained in this Memorandum and relevant Supplement(s). Any further information given or representations made by any person may not be relied upon as having been authorised or approved by the Fund or the Directors. Neither the delivery of this Memorandum and any relevant Supplement(s) nor the allotment or issue of Shares shall under any circumstances create any implication that there has been no change in the affairs of the Fund since the date hereof.

This document is submitted to a limited number of investors on a confidential basis, for the purpose of providing certain information about an investment in the Participating Shares of FAYENCE CAPITAL LIMITED. For a full appreciation of the information in this Private Placement Memorandum, it should be read in its entirety.

The offering contemplated in this document is not, and shall not under any circumstances be construed as a public offering of the shares described herein.

This document is confidential and intended solely for the use of the person to whom it has been delivered for the purpose of evaluating a possible investment in the shares described herein and is not to be reproduced or distributed to any other persons (other than professional advisers of the prospective investor receiving this document and authorised distributors) or used, in whole or in part, without the consent of the Directors.

No person has been authorised to issue any advertisement or to give any information, or to make any representations in connection with any offering, subscription or sale of Shares, other than the information and representations contained in this Private Placement Memorandum and, if issued, given or made, such advertisement, information or representations must not be relied upon as having been authorised by the Fund. Neither the delivery of this Private Placement Memorandum nor any offer, allotment or issue of any Shares shall under any circumstances create any implication or constitute a representation that the information given in this Private Placement Memorandum is correct as of any time subsequent to the date hereof. Neither the circulation of this document nor the allotment or issue of Participating Shares shall under any circumstances create any implication that there has been no change in the financial position or affairs of the Fund since the date hereof.

This Private Placement Memorandum does not constitute an offer to sell or a solicitation of an offer to buy the Shares (as defined herein) in the Fund described herein in any state or other jurisdiction where, or to any person or entity to whom, it is unlawful to make such offer or solicitation.

This Private Placement Memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such an offer or solicitation is not authorised or to any person to whom it is

unlawful to make such an offer or solicitation. Potential investors should inform themselves as to the legal requirements within their own countries for the purchase of Shares and to any taxation or exchange control laws affecting them personally, including restrictions regarding the offer and sale of the Shares and the circulation of this Private Placement Memorandum.

REGISTRATION IN THE REPUBLIC OF MAURITIUS

The Fund was incorporated on 12 April 2013 under the laws of the Republic of Mauritius as a public company limited by shares under the name “**FAYENCE CAPITAL LIMITED**”. The Fund holds a Category 1 Global Business Licence issued by the Financial Services Commission and is an investment company with unlimited duration.

The Fund is authorised to act as an open-ended CIS/Expert Fund under Section 97 of the Securities Act 2005 and Regulation 79 of the CIS Regulations 2008. The Class A Participating Shares in the Fund would be available to Expert Investors (as defined below) only.

RESTRICTIONS ON DISTRIBUTION

The distribution of this Memorandum and the offering of Shares in certain jurisdictions may be restricted and accordingly persons into whose possession this Memorandum or any Supplement(s) may come are required by the Fund to inform themselves of and to observe any such restrictions.

REPUBLIC OF MAURITIUS RESTRICTIONS

The Shares in the Fund may not be offered or sold, directly or indirectly, to the public in Mauritius. Neither this Private Placement Memorandum, nor any offering material or information contained herein relating to the offer of Fund, may be released or issued in Mauritius or used in connection with any such offer.

This Private Placement Memorandum does not constitute an offer to sell shares to the public in Mauritius. This document is not a prospectus.

EU RESTRICTIONS

Interests in any investment to which this Private Placement Memorandum relates will not be offered or sold to any person in any member state of the European Union in any circumstances that would give rise to a breach of Directive 2003/71/EC (the “**Prospectus Directive**”) or any legislation that implements such Directive in any such member state;

UK RESTRICTIONS

The Fund is not categorised as a “recognised scheme” in the United Kingdom and therefore any investment in the Shares may not be, and is not being offered in the United Kingdom by an authorised person in circumstances that would contravene section 238 of the Financial Services and Markets Act 2000. Accordingly, this Private Placement Memorandum may only be made, directed at, and distributed by an authorised person to: (i) persons outside the EEA, (ii) persons having professional experience of participating in unregulated schemes, being investment professionals as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 as amended (the “**CIS Order**”), (iii) persons falling within Article 22(2)(a) to (d) of the CIS Order (including high net worth companies and unincorporated associations), (iv) to persons falling within Chapter 4.12 of the New Conduct

of Business Sourcebook of the FSA Handbook; and (v) persons to whom the communication may otherwise lawfully be made. This Private Placement Memorandum must not be acted on or relied on by persons who are not persons of a kind described in (i) to (v) above. Any investment or investment activity to which this Private Placement Memorandum relates may only be available to persons of a kind described in (i) to (v) above and will be engaged in by an authorised person only with such persons;

BELGIUM

The Shares have not been and will not be publicly offered in Belgium. Accordingly, the offering has not been and will not be notified to, and the Memorandum or any other offering material relating to the Shares has not been and will not be approved by, the Belgian Banking, Finance and Insurance Commission (“Commission Bancaire, Financière et des Assurances” / “Commissie voor het Bank-, Financie- en Assurantiewezen”). The offering is exclusively conducted under applicable private placement exemptions such that either (i) there is a minimum investment of the equivalent of EUR 250,000 per investor and per transaction in accordance with article 3, 1° of the Belgian Royal Decree of 7 July 1999 on the public character of financial transactions, or (ii) the offering is limited to institutional investors as defined in the Belgian Royal Decree of 7 July 1999, including certain investment firms, banks, pensions funds and insurance companies.

GREECE

The Shares may not be offered or sold in any manner that constitutes an offer to the public in the Hellenic Republic within the laws and regulations applicable to public offers or sales of securities.

HOLLAND

The Shares may not be offered, directly or indirectly, in the Netherlands except to individuals or entities who or which trade or invest in securities in the conduct of a profession or business within the meaning of Article 1 of the Exemption Regulation of 9 October 1990 issued pursuant to Article 14 of the Investment Institution Supervision Act (Wettoezicht Beleggingsinstellingen of 27 June 1990) which includes banks, brokers, securities institutions, insurance companies, pension funds, investment institutions, other institutional investors and other parties, including treasury department or commercial enterprises and finance companies which are regularly active in the financial markets in a professional manner, or which are active in the financial markets as an ancillary activity.

NORWAY

This Memorandum has not been filed with the Oslo Stock Exchange in accordance with the Norwegian Securities Trading Act, Section 5-1, and may therefore not be distributed to more than fifty potential investors in Norway.

RUSSIA

The Shares are not intended to be sold or offered in (or on the territory of) the Russian Federation or to Russian residents and this Memorandum has not been registered with, and will not be registered with, the Federal Securities Markets Commission of the Russian Federation.

SPAIN

The Shares may not be offered or sold within the Kingdom of Spain, save in accordance with the requirements of the Spanish Law for Collective Investment Undertakings (Law 46/1984 of 26 December) and Royal Decree 1393/1990 of 2 November.

SWITZERLAND

The Shares may not be publicly offered, sold, distributed or advertised in or from Switzerland pursuant to Article 2 of the Swiss Investment Fund Act of 1995. Accordingly, the Memorandum may not be issued in connection with any such offer or distribution. The Shares in the Fund may, however, be offered and the Memorandum may be distributed in Switzerland on a professional basis to a limited number of professional investors in circumstances such that there is no public offer.

ASIA AND AUSTRALIA

AUSTRALIA

The Memorandum has not been lodged with, or registered by, the Australian Securities and Investment Commission. Accordingly, the offer referred to in this document is not being made in nor is it capable of acceptance by persons in Australia except pursuant to available exclusions under the Australian Corporations Law.

CHINA

The Shares may not be offered or sold to the public in China or by any means that would be deemed public under the laws of China. The offer of the Shares is personal to the investor to whom the Memorandum has been addressed by the Fund.

HONG KONG

The Fund has not been authorised by the Securities and Futures Commission in Hong Kong, nor has the Memorandum been registered by the Registrar of Companies in Hong Kong. Consequently, this document may not be issued, circulated or distributed to the public in Hong Kong, but it may be distributed (i) to persons whose ordinary business is to buy and sell shares or debentures or (ii) in connection with a private placement of the Fund's Shares under circumstances where it is not likely that the Shares could become available to persons other than those receiving the offer. To qualify as a valid private placement, (i) the offer to acquire the Shares must generally be made to less than 50 persons and (ii) persons acquiring the Shares must be restricted from reselling the Shares for at least six months from the date of acquisition.

JAPAN

The Shares have not been, nor will they be, registered under the Securities and Exchange Law of Japan and they may not be offered or sold directly or indirectly in Japan or to or for the benefit of any resident of Japan, including any corporation or other entity organised under the laws of Japan, except pursuant to an exemption available under the Securities and Exchange Law of Japan and in accordance with applicable laws and regulations of Japan. Within Japan, the Shares may be offered in a private placement to a limited number of eligible institutions in Japan subject to, and upon compliance with, applicable legal requirements. Purchasers in Japan may not assign or transfer the Shares to residents of Japan.

KOREA

The Shares may not be offered, sold or delivered, directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to applicable Korean laws and regulations.

MALAYSIA

Neither the Memorandum nor any other offering document in relation to the Shares has been delivered for registration to the Registrar of Companies in Malaysia and accordingly this document must not be issued, circulated or distributed in Malaysia other than to persons whose ordinary business is to buy or sell shares or debentures whether as principal or agent or to any persons falling within any one of the categories of persons specified in Section 47B of the Companies Act 1965 of Malaysia.

NEW ZEALAND

No prospectus in respect of the Fund has been, nor will be, registered under Section 42 of the Securities Act 1978 (New Zealand). Accordingly, the Shares must not be offered to the public in New Zealand within the meaning of that Act. Without limitation, no person may, directly or indirectly, offer for subscription or purchase or issue an invitation to subscribe for or buy, or sell the Shares in the Fund, or distribute this document or any other advertisement or offering material relating to the Shares in New Zealand, or to any resident of New Zealand, except that the Shares in the Fund may be offered (a) to persons whose principal business is the investment of money or who, in the course of and for the purchase of their business, habitually invest money, or (b) otherwise as permitted under the Act, the Securities Regulations and any other applicable laws.

PHILIPPINES

The Shares have not been and will not be registered under the Philippine revised Securities Act and may not be sold or offered for sale or distribution in the Philippines, unless the same are sold in a transaction exempt under the provisions of the Philippine revised Securities Act. The Philippine Securities and Exchange Commission has not passed upon, commented on or endorsed the merits of this placing, or the accuracy or adequacy of the Memorandum.

SINGAPORE

The Shares may not be offered or sold in Singapore other than to institutional investors or persons whose ordinary business is to buy or sell shares or debentures (i.e., sophisticated investors), whether as principal or agent, and neither the Memorandum nor any other offering material in relation to the Shares may be issued, circulated or distributed in Singapore other than to such persons.

TAIWAN

The offering or issuing of the Shares has not been approved by, or reported to, the Securities and Futures Commission under the Taiwan Securities and Exchange Law (Article 22). Accordingly, the Shares may not be publicly offered or issued in Taiwan.

INDIA

The Shares offered hereby are not available for subscription by residents of India and monies to be used to purchase the Shares must not be sourced from India. Non Resident Indians (“NRIs”), persons of Indian origin and companies owned more than 60 per cent by NRIs should consult the Investment Manager before subscribing for Shares in the Fund

US RESTRICTIONS

The Shares have not been approved or disapproved by the US Securities and Exchange Commission (the “SEC”) or any state securities commission, nor has any such regulatory authority passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Private Placement Memorandum. Any representation to the contrary is unlawful. The Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the “US Securities Act”), the securities laws of any state or the securities laws of any other jurisdiction, nor is such registration contemplated. The Fund is not, and will not be, registered as an investment company under the US Investment Company Act of 1940, as amended (the “US Investment Company Act”). The Shares may not be offered, sold or delivered directly or indirectly in the United States or to or for the account or benefit of any “US Person” (as defined in Regulation S under the US Securities Act) except pursuant to an exemption from the registration requirements of the US Securities Act and any applicable state securities laws. The Shares are being offered outside the United States pursuant to the exemption from the registration requirements of the US Securities Act under Regulation S under the US Securities Act, and inside the United States in reliance on Regulation D promulgated under the US Securities Act. Each of the Fund Manager and the Fund Manager is exempt from registration as a commodity pool operator (“CPO”) with the United States Commodity Futures Trading Commission (the “CFTC”) because the Fund and any other commodity pools operated by the Fund Manager and the Fund Manager will be operated pursuant to the exemption from CPO registration under the United States Commodity Exchange Act, as amended (the “CEA”), afforded by Rule 4.13(a)(4) of the CFTC or other applicable exemptions. Therefore, unlike a registered CPO, the Fund Manager is not required to deliver to Shareholders disclosure documents and certified annual reports for the Fund that meet the requirements of the CFTC applicable to registered CPOs. The Directors do not intend to permit Shares acquired by Shareholders subject to the US Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and by other Benefit Plan Investors to equal or exceed 25 per cent of the value of any class of Shares (determined in accordance with ERISA). Accordingly, each prospective subscriber for Shares will be required to represent and warrant as to whether he is a Benefit Plan Investor for the purposes of ERISA. The Fund has also prepared a US Supplement, which contains additional disclosures on U.S. federal income tax matters, ERISA, and other matters of particular concern for U.S. investors. US Persons considering an investment in the Fund should request a copy of, and carefully review, the US Supplement. Prospective subscribers for shares shall seek appropriate professional advice with respect to the potential application of the Foreign Account Taxation Compliance Act (“FATCA”);

The nature of investment in global markets is such that the Fund may not be suitable investment for investors other than those who are knowledgeable in investment matters, are able to bear the economic risk of the investment, understand the risks involved, believe that the investment is

suitable for their particular investment objectives and financial needs and have no immediate need for liquidity of investment. Should any non-professional investor invest in the Fund, it is advisable that only a part of the sums that an investor intends for long—term investment should be so invested. It is also advisable that they should seek advice from an independent professional Fund Manager before making the investment.

INVESTOR RESPONSIBILITY

No representations or warranties of any kind are intended or should be inferred with respect to the economic return from, or the tax consequences of an investment in the Fund.

No assurances can be given that existing laws will not be changed or interpreted adversely. Prospective investors must not construe this Memorandum or any Supplement(s) as legal, tax or investment advice. Prospective investors should review this Memorandum and any relevant Supplement(s) extremely carefully and consult with their own legal, tax and financial advisers in relation to inter alia (i) the legal and regulatory requirements within their own countries for the purchase, holding, redeeming or disposing of Shares; (ii) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, redeeming or disposing of Shares; and (iii) the legal, tax, financial and other consequences of subscribing for, purchasing, holding, redeeming or disposing of Shares.

RISK FACTORS

Investment in the Fund carries substantial risk. There can be no assurance that the Fund's investment objective will be achieved and investment results may vary substantially over time. Investment in the Fund is not intended to be a complete investment programme for any investor. Prospective investors should carefully consider whether an investment in Shares is suitable for them in light of their circumstances and financial resources (please refer to the section "Risk Factors" in this Memorandum and any relevant Supplement(s) for more information).

IMPORTANT INFORMATION	4
I. DIRECTORY	12
II. SUMMARY OF PRINCIPAL TERMS	13
III. DEFINITIONS.....	28
IV. THE FUND AND THE MANAGEMENT STRUCTURE.....	34
V. FUND SHARES	40
VI. INVESTMENT OBJECTIVE, STRATEGY AND RESTRICTIONS.....	42
VII. SUBSCRIPTIONS	45
VIII. REDEMPTION AND TRANSFER OF SHARES	48
IX. FEES AND EXPENSES	52
X. CALCULATION OF NET ASSET VALUE	57
XI. LEGAL CONSIDERATIONS RELATING TO INVESTMENTS IN SECURITIES IN INDIA	61
XII. LEGAL CONSIDERATIONS RELATING TO THE FUND.....	68
XIII. RISK CONSIDERATIONS	77
INSPECTION OF DOCUMENTS	89
TAXATION.....	90

I. DIRECTORY

FAYENCE CAPITAL LIMITED

Directors	Nationality	Address
Mrs Nazia Bibi Mungroo	Mauritian	1 Avenue Perroquet, Les Guibies, Pailles, Mauritius
Miss Vidyotma Lotun	Mauritian	Avenue Samy, Moka, Mauritius
Registered Office FAYENCE CAPITAL LIMITED 3rd Floor, NeXTeracom Tower III, Office #01, Ebene Cybercity, Mauritius		Fund Manager Fidelis Global Asset Management Limited 3rd Floor, NeXTeracom Tower III, Office #01, Ebene Cybercity, Mauritius
Administrator and Registrar Fidelis Trust & Corporate Services Limited 3rd Floor, NeXTeracom Tower III, Office #01, Ebene Cybercity, Mauritius		Auditor Morison Mauritius Ltd 2nd Floor Fairfax Building 21 Mgr Gonin Street Port Louis, Mauritius
Banker Bank One Limited 16 Sir William Newton Street Port Louis, Mauritius Telephone: +230 202 9220 Fax: +230 212 6647		Company Secretary Fidelis Trust & Corporate Services Limited 3rd Floor, NeXTeracom Tower III, Office #01, Ebene Cybercity, Mauritius
Custodian Bank One Limited 16 Sir William Newton Street Port Louis, Mauritius Telephone: +230 202 9220 Fax: +230 212 6647		Legal Advisor – Mauritius Me Gautam RAMDOYAL TMK Chambers, Bahemia Building, 1st Floor, Sir William Newton Street, Port Louis, Mauritius

II. SUMMARY OF PRINCIPAL TERMS

The following summary is qualified in its entirety by the detailed information included elsewhere in this Private Placement Memorandum and should be read in conjunction with the full text of this document.

The Fund

The Fund was incorporated on 12 April 2013 under the laws of the Republic of Mauritius as a public company limited by shares under the name “FAYENCE CAPITAL LIMITED”. The Fund holds a Category 1 Global Business Licence and is an investment company with an unlimited duration.

The Fund is authorised to act as an open-ended CIS/Expert Fund under Section 97 of the Securities Act 2005 and Regulation 79 of the CIS Regulations 2008. Class A Participating Shares in the Fund would be available to Expert Investors only.

An application has been made for the listing of up to 100,000 non-voting, ordinary par value Class A participating shares of Fayence Capital Limited on the Official Market of The Stock Exchange of Mauritius Ltd by way of offer for subscription at a nominal price of GBP100.

Since its incorporation till the date of this document, the Fund has not traded and in consequence no accounts have been prepared and no dividends have been declared.

Base Currency

The Fund’s base currency is British Pound Sterling (GBP).

Investment Program

The principal investment objective of the Fund is to achieve long-term capital appreciation of its assets by investing in other regulated funds, diversified portfolio of equities, bonds and equity derivatives, listed or unlisted, quoted or unquoted or traded on any stock exchange or over the counter (OTC) market (subject to applicable laws/requirements). The Fund may also invest in Participatory Notes/Offshore Derivative Instrument representing Indian securities.

There can be no assurance that the Investment Objective of the Fund will be achieved, and certain investment practices to be employed by the Fund can, in some circumstances, substantially increase any adverse impact on the Fund’s investment portfolio.

Board of Directors

The Fund is managed by its board of directors. The Directors include Mrs Nazia Bibi Mungroo and Miss Vidyotma Lotun, as at the date of these Listing Particulars.

The Board of Directors has ultimate authority over the management and administration of the Fund, but has delegated management of the Fund to the Fund Manager and certain administrative responsibilities to the Administrator and Registrar (as defined below). The Directors will also be responsible for considering and, if thought fit, making changes to the Investment Objective or the Investment Restrictions.

Fund Manager

The Board of Directors will appoint Fidelis Global Asset Management Limited as a Fund Manager (“**FGAM**” or “**Fund Manager**”). The Fund Manager will provide the Board of Directors with fund management services including implementation of the Investment Policy and will give recommendations in relation to the sourcing and identifying investments (the “**Investments**”).

The Fund will bear the fees of the Fund Manager.

Share Classes

Over and above the management shares issued to and held by Fidelis Global Asset Management Limited, the Fund and its Directors, in the future, at their own discretion, may choose to issue, subject to approval from the FSC, separate classes of shares to other investors for different investment objectives / focus or for the purpose / terms different than the purpose / terms for which Class A Shares are currently issued. The Fund intends to issue up to 100,000 Class A Shares.

Class A Shares

These refer to non-voting, ordinary par value Class A Participating Shares having a nominal value of GBP100.

An application has been made for the listing of up to 100,000 Class A Shares of Fayence Capital Limited on the Official Market of The Stock Exchange of Mauritius Ltd by way of offer for subscription.

Potential investors are being invited to subscribe for Class A Shares in the Fund.

The Fund shall have the right to redeem Class A Shares in certain circumstances described in the Fund’s constitution (the “**Constitution**”) (if, for example, in the opinion of the Directors, not doing so might result in the Fund incurring any

liability to taxation or suffering any other pecuniary disadvantage). Subject to certain limitations, the Class A Shareholder may require the Fund to redeem his/her Class A Shares as set out in the section headed “IX. Redemption and Transfer of Shares” below. If, following a redemption, a holding in Class A Shares should fall below the Minimum Initial Investment, the Class A Shareholder will be given the option, at the discretion of the Directors, to either withdraw the Redemption Request Form or to redeem his/her entire holding of Class A Shares.

The Class A Shareholders are entitled to participate in the distribution of assets available for the shareholders upon a winding up of the Fund as are attributable to Class A Shares.

Initial Offer Period

The period determined by the Directors during which Class A Shares are offered for subscription at a fixed price (the “Initial Offer Period”).

Price per Share

The initial offer price per Class A Share is GBP 100 (the “**Offer Price**”) for all subscriptions made before the closing of the Initial Offer Period (or such earlier or later date as the Directors may designate in their absolute discretion).

The price at which a Class A Share is subsequently to be bought is the aggregate net asset value (the “**Net Asset Value**”) of the Class A Shares divided by the total number of Class A Shares in issue as at the next Valuation Day (as defined below) after the relevant purchase request has been accepted by the Directors (the “**Subscription Price**”). The Fund has delegated to the Administrator the calculation of the Net Asset Value of the Fund and the Net Asset Value per Share. The Administrator will calculate the Net Asset Value of the Fund and the Net Asset Value per Share on each Valuation Day subject to the supervision of the Directors.

“**Valuation Day**” for the purposes of calculating the Net Asset Value means the last Business Day of every calendar week for Class A Shares unless otherwise determined by the Directors in certain circumstances as set out in section “XI. Calculation of the Net Asset Value - Suspension of Calculation of Net Asset Value”.

The Fund will issue a separate series of Class A Shares on the closing date of the Initial Offer Period and on each subsequent Valuation Day so that all investors who purchase Class A Shares during or at the close of the Initial Offer

Period will receive Shares of the same class.

All Class A Shares issued or outstanding as of 1 January of each year, and the first monthly series of Class A Shares issued in a year, are generally designated as series 1/Year Class A Shares. Shares issued at other times during a year will be issued in additional series according to the date of subscription for such Shares.

Net Asset Value

The Net Asset Value of the Fund will be calculated on the Valuation Day in accordance with the valuation principles set out in section “XI. Calculation of Net Asset Value”.

The Net Asset Value of each series of Class A Shares will be equal to the total assets less the total liabilities attributable to such series on the relevant Valuation Day (including the Management Fee and Carried Interest paid / payable to the Fund Manager). Shares within a series will have the same Net Asset Value per Share. However, because different series of Shares may be issued on different dates, the Net Asset Value per Share will differ from series to series.

Minimum Initial Investment

The minimum initial investment in respect of Class A Shares is GBP 200,000 (Two Hundred Thousand British Pound Sterling) (“**Minimum Initial Investment**”). The Directors may, in their absolute discretion and in accordance with the Applicable Laws, accept a Minimum Initial Investment in a lesser amount, not being less than GBP 100,000 (One Hundred Thousand British Pound Sterling), either generally or in any particular case.

For any subsequent investment by the Shareholder in the Fund, the Directors have the discretion to reject such subsequent investment if the amount of investment proposed is not material or for any such other reason that the Directors will communicate to the Shareholder.

Buying Shares

Shares may be bought directly from the Fund. In addition, the Fund may appoint placing agents to market and distribute Shares.

During the Initial Offer Period applicants for Shares should complete the Subscription Agreement and send the duly completed Subscription Agreement and supporting documents to the Administrator so as to be received by the Administrator no later than 5.00 p.m. (Mauritius time) five clear Business Days (as defined in section “III. Definitions”)

preceding the closing of the Initial Offer Period. Any applications received on a non-Business Day will be deemed to have been received on the next Business Day. Cleared funds in respect of the subscription monies representing the number of Shares to be subscribed must be received in the Fund's bank account by no later than 5.00 p.m. (Mauritius time) two clear Business Days preceding the closing of the Initial Offer Period. If the relevant Subscription Agreement (duly completed), supporting documents and/or subscription monies is/are not received by these times and unless otherwise decided by the Directors in their absolute discretion, the application will be held over until the first Valuation Day after the closing of the Initial Offer Period and Shares will then be issued at the Subscription Price prevailing on that Valuation Day.

After the Initial Offer Period, applicants for Shares and existing Shareholders wishing to apply for additional Shares, must send the duly completed Subscription Agreement and supporting documents to the Administrator so as to be received by the Administrator by no later than 5.00 p.m. (Mauritius time) five clear Business Days preceding the relevant Valuation Day. Any applications received on a non-Business Day will be deemed to have been received on the next Business Day. Cleared funds must be received in the Fund's bank account by no later than 5.00 p.m. (Mauritius time) two clear Business Days preceding the relevant Valuation Day. If the relevant Subscription Agreement (duly completed), supporting documents and/or subscription monies is/are not received by the Administrator by these times, and unless otherwise decided by the Directors in their absolute discretion, the application will be held over until the first Valuation Day immediately following satisfaction of these conditions.

In the event of applications for Shares after the Initial Offer Period, applicants shall be allotted such number of fully paid up Shares as is equal to the applicant's investment (net of all bank charges) divided by the Net Asset Value per Share as at the next Valuation Day after the application has been accepted by the Directors. Fractions of Shares will be issued if necessary.

Once a completed Subscription Agreement has been received by the Administrator, it is irrevocable.

Share Certificates

Share certificates will not be issued in respect of Shares unless requested in writing by the Shareholder. Ownership of Shares will be evidenced by an entry in the Fund's register of Shareholders.

Redeeming Shares

Subject to certain limitations, Shareholders may request the redemption of all or part of their holdings of Shares for cash. The Shareholder wishing to redeem his/her Shares should complete a written redemption request form (the "**Redemption Request Form**") and send it to the Administrator so as to be received by the Administrator no later than 5.00 p.m. (Mauritius time) on the Business Day falling at least 90 days before the relevant Redemption Date (as defined below) in the case of Class A Shares. Any Redemption Request Form received on a non-Business Day will be deemed to have been received on the next Business Day. For any duly completed Redemption Request Form received within the prescribed time and provided the Fund is able to satisfy the solvency test applicable to a company incorporated in Mauritius, the redemption date will be the Valuation Day immediately following the expiry of the 90-day notice period, or the earlier Valuation Day as may be determined in the sole discretion of Directors of the Fund (the "**Redemption Date**").

The Fund reserves the right to refuse a redemption request in respect of Shares if the Net Asset Value of the Shares to be redeemed is less than GBP 100,000.

In the case of Shareholders, the redemption request may be refused if, after such redemption such Shareholder would hold Shares with a value less than GBP 100,000 in the case of Class A Shares in which case the Shareholder, at the discretion of the Directors, will be given the option to either withdraw the Redemption Request Form or to redeem his/her entire holding of Shares.

Shares will be redeemed at the prevailing Net Asset Value per Share on the Redemption Date less any unamortised initial organisational and offering expenses of the Fund and the Carried Interest (the "**Redemption Price**") (see "X. Fees and Expenses – Carried Interest - Shares").

The Fund Manager will charge a redemption fee to the

Shareholder of 2 percent of the amount redeemed, provided the Shareholder is redeeming within 12 months of its Subscription (the “**Redemption Fee**”), unless expressly waived by the Directors in situations where the period of holding from the date of investment is known to be less than 12 months. The Shareholder will be freely permitted to redeem on expiry of 12 months from date of Subscription.

In the event that Redemption Request Forms are received for the redemption of Shares representing in aggregate more than 40 per cent (or such higher percentage as the Directors determine) of the Net Asset Value of the Fund at that time, the Fund is entitled to reduce the requests rateably and pro rata amongst all Shareholders seeking to redeem their Shares on the relevant Redemption Date and to only carry out such Share redemptions which, in aggregate, amount to 40 per cent (or such higher percentage as the Directors determine) of the Net Asset Value of the Fund at that time. Shares which are not redeemed but which would otherwise have been redeemed will be redeemed on the next Valuation Day (subject to any further deferral if the deferred requests themselves exceed in aggregate 40 per cent (or such higher percentage as the Directors determine) of the Net Asset Value of the Fund). Shares will be redeemed at the Redemption Price prevailing on the Redemption Date on which they are redeemed.

If a redeeming Shareholder owns Shares of more than one series within that class, such Shares will be redeemed on a “first in-first out” basis, unless a specific series is requested for redemption by the Shareholder.

Suspension of Valuation and Redemptions

The Directors acting unanimously may suspend the calculation of the Net Asset Value and the issue and redemption of the Shares as set out in “XI. Calculation of Net Asset Value - Suspension of Calculation of Net Asset Value”. Shareholders having requested a redemption of their Shares will be notified promptly in writing of any such suspension and will be promptly notified upon termination of such suspension. No Shares may be redeemed or issued during any period in which the calculation of the Net Asset Value is suspended.

Dividends

The Fund intends to reinvest both capital gains and income to seek to maximise the return to Shareholders and does not therefore envisage paying any dividends. Provided the Fund

is able to satisfy the solvency test applicable to a company incorporated in Mauritius, the Directors have the discretion to determine the amount of any dividend with respect to the Fund if they believe that such a dividend is warranted.

Administrator and Registrar

Fidelis Trust & Corporate Services Limited shall act as administrator of the Fund as per an agreement to be executed between the Fund and the Administrator. The Fund will be eligible to change its Administrator and shall provide for such flexibility in the agreement with the Administrator.

Management Share

Management Shares are not otherwise available for subscription. The holders of Management Shares are the only holders of Shares entitled to attend and vote at all meetings of the Fund. Management Shares shall not entitle their holders to participate in distributions made by the Fund. The Management Fee, organisational and offering expenses of the Fund and Fund's expenses will not be payable in relation to the Management Share and no Carried Interest distribution will accrue in respect of the Management Share.

Holders of Management Shares shall not be entitled to participate in the distribution of assets upon a winding up of the Fund. The Management Share ranks only for the return of the capital paid up thereon after the return of the capital paid up on the Shares.

Dissolution

On the dissolution of the Fund, the liquidator shall apply the assets of the Fund in satisfaction of creditors' claims in such manner and order as it considers fit, subject to the rights of any preferred creditors under Mauritius law. Thereafter, the Class A Shares are entitled, in priority to the Management Share, to the return of the capital paid up thereon and the surplus assets of the Fund attributable to the Class A Shares will be distributed among the holders of such Shares pro rata to the Net Asset Value of such Shares held by each of them (after taking into account any Management Fee and Carried Interest due).

Share Voting Rights

The holders of Class A Shares will not have any voting rights except on resolutions which constitute a variation of their class rights. Votes may be given in person or by proxy.

Reports

The audited financial statements of the Fund will be sent to the Shareholders on an annual basis within four months

from the end of the Calendar Year. The Administrator will send each Shareholder a Fund portfolio update and an individual statement of such Shareholder's Shares on a quarterly basis within 30 days after the end of the relevant quarter.

Term

The Fund will have an unlimited life. However, the Fund may be wound up at any time for any reason by the resolution of the holder of the Management Share.

Custodian

Bank One Limited (the "**Custodian**") will be appointed to act as the custodian to the Fund pursuant to the Custody Agreement with the power to appoint sub custodians in one or more of the jurisdictions in which the Fund will invest.

Management Fee

In payment for carrying out its duties and responsibilities, the Fund Manager is entitled to a payment of an annual fee to be agreed from time to time out of the assets of the Fund allocable to Class A Shares based on the Class A Shares' Net Asset Value, before the deduction of the Carried Interest (the "**Management Fee**"). The Management Fee will be calculated on a monthly basis by reference to the Net Asset Value of the Shares (excluding the Carried Interest) on each Valuation Day, and will be payable monthly in arrears within 14 Business Days of each Valuation Day.

Carried Interest

The Fund Manager will be entitled to receive a fee (the "**Carried Interest**"). Carried Interest will be calculated for each Class A Share and for each series of Class A Shares so that each Class A Share is charged a Carried Interest, which equates fairly with the Class A Share's performance.

The period for calculating the Carried Interest (the "**Reference Period**") shall be the period beginning 1 January and ending on 31 December of each calendar year, provided that if a Class A Share is issued on a day other than 1 January of any year the initial Reference Period for the Class A Share shall begin on the date of issue and end on 31 December of the same calendar year. Consequently, the first Reference Period commences when Class A Shares are issued after the closing of the Initial Offer Period.

Carried Interest will be accrued on a monthly basis. Carried Interest (calculated separately with respect to each series of Class A Shares) will be payable as at the end of the

Reference Period and will be calculated by reference to the Net Asset Value of the series of Class A Shares before deduction of any accrued Carried Interest (the “**Gross NAV**”). Carried Interest in relation to a series of Class A Shares at the end of a Reference Period will be payable only on any excess Gross NAV per Share of such series of Class A Shares at the end of such Reference Period over the aggregate of Base Net Asset Value (as defined below) for such series (as defined above) and will be made in the following amounts and priority:

1. Up to an aggregate of Base Net Asset Value, there will be no Carried Interest;
2. 20 per cent, in the case of Class A Shares, of any excess Gross NAV of such series at the end of such Reference Period over the aggregate of Base Net Asset Value.

“**Base Net Asset Value**” per Class A Share of any series for any Reference Period is the greater of the Net Asset Value per Class A Share of such series at the time of issue of that Class A Share and the highest Gross Net Asset Value per Class A Share of such series achieved as at the end of any previous Reference Period (if any) during which Class A Shares of such series were in issue.

Carried Interest will be calculated for each series of Class A Shares. A Class A Shareholder may own Class A Shares in more than one series and Carried Interest may differ for each series. In the event that the effective date of a Shareholder’s redemption is not the last day of a calendar year, the Carried Interest in respect of each series of the redeemed Shares will be determined for the period between the beginning of that year (or, if later, the date on which the Shares in such series were subscribed for) and the effective date of the Shareholder’s redemption of such Shares. Accordingly, the Carried Interest will vest with respect to any Shares on the date on which they are redeemed by the Fund.

The Board of Directors or Fund Manager shall not be liable to compensate the Shareholders in any manner whatsoever if the Net Asset Value per Share falls below the Net Asset Value for any past Reference Period.

Subject to the Fund meeting the solvency test under Mauritian law, the Carried Interest will be payable to the Fund Manager at the beginning of each calendar year in respect of the immediately preceding year and within 14 Business Days of the last Business Day of a calendar year. However, in the case of Class A Shares redeemed during a Reference Period, the accrued Carried Interest in respect of those Class A Shares will be payable by the Fund within 14 Business Days after the date of redemption.

Fund Expenses

The fees, costs and expenses relating to the authorisation, incorporation and establishment of the Fund and any feeder structures, the registration and licensing of the Fund and any feeder structures with different authorities, the initial offer of Shares, the preparation and printing of this Private Placement Memorandum and other marketing materials will be borne by the Fund out of the assets attributable to Class A Shares proportionately up to a maximum of GBP 30,000.00. The fees, costs and expenses relating to the initial listing of the Class A participating shares on the SEM are expected to be a maximum of GBP 4,000.00.

The above initial organisational and offering expenses of the Fund shall be recognised in the Financial Year in which they are incurred. These set-up costs will be amortised for Net Asset Value purposes over a period of not more than 24 months from the commencement of operations of the Fund. The amortisation of costs over a number of years is unlikely to be in accordance with the requirement of the accounting principles employed. The Auditors may qualify their audit of the Fund in this regard.

In addition to the above initial organisational and offering expenses, the Fund will pay out of the assets attributable to Class A Shares charges and expenses directly related to its own operations (plus any applicable taxes) including, but not limited to:

- (i) the expenses incurred by the Fund Manager and by any person, firm or company to whom the whole or any part of the Fund Manager's responsibilities are delegated pursuant to the Fund Management Agreement, including reasonable and properly documented out-of-pocket expenses properly incurred by such persons in the performance of their respective duties;

- (ii) the fees and expenses payable to the Custodian;
- (iii) fees and expenses in respect of establishing and maintaining the register of Shareholders and any sub-register, and related functions, and the fees in respect of administration, accounting and registration services;
- (iv) expenses incurred in acquiring and disposing of Investments;
- (v) any expenses relating to the registration or licensing of the Fund with regulatory authorities , including charges paid on an ongoing basis;
- (vi) expenses incurred in producing, distributing and dispatching income and other payments to Shareholders;
- (vii) fees in respect of the publication and circulation of details of the Net Asset Value of the Shares in the Fund;
- (viii) the on-going fees and expenses of the Auditors and tax, legal and other professional advisers of the Fund;
- (ix) the costs of convening and holding Shareholder meetings (including meetings of Shareholders in any particular class of Shares within the Fund);
- (x) costs incurred in taking out and maintaining any insurance policy in relation to the Fund, its Directors, the Fund Manager and/or their agents or delegates to cover any liabilities arising from any agreement with any service provider of the Fund;
- (xi) expenses incurred in company secretarial duties, including the cost of minute books and other documentation required to be maintained by the Fund;
- (xii) the costs of printing and distributing reports, accounts and any subsequent offering memoranda and the Fund's Constitution and any costs incurred as a result of periodic updates of or changes to any offering memoranda, the Fund's Constitution and any other administration expenses;
- (xiii) taxation and duties payable by the Fund;
- (xiv) expenses relating to the maintenance of any feeder funds;
- (xv) interest on and charges incurred in borrowings;
- (xvi) any amount payable by the Fund under any indemnity provisions contained in the Fund's Constitution or any agreement with any service provider of the Fund;
- (xvii) fees of the Mauritian regulator and the corresponding periodic fees of any regulatory authority in a country

- or territory outside Mauritius in which Shares are or may lawfully be marketed;
- (xviii) the fees and expenses payable to the Administrator, including any expenses associated with the administration of the Fund, pricing of the Shares and valuation of the assets of the Fund;
- (xix) expenses relating to the liquidation of the Fund; and
- (xx) any payments otherwise due by virtue of changes in Mauritius law.

Fund Manager Expenses

The Fund Manager bears its own expenses for rent, supplies, secretarial expenses, stationery, charges for furniture and fixtures, employee insurance, payroll taxes and salaries of any analysts and other personnel.

The above does not include out-of-pocket expenses properly incurred on behalf of the Fund or in connection with completed or unconsummated investment opportunities, such as travel and legal expenses, which will be borne by the Fund as set out in paragraph (i) in the section headed “Fund Expenses” above.

Borrowing

The Fund may borrow an aggregate amount up to 10 per cent of its Net Asset Value at any given time; provided that the Fund intends to limit borrowings to those made (i) on a short-term basis and (ii) for the purpose of (a) satisfying a redemption request in the event that the Fund has no available cash or immediately available liquid Investments, and/or (b) paying fees and expenses. At an absolute discretion of the Fund and its Directors, the Fund is permitted to borrow without any limit for any purpose, provided the intention and term of such borrowings are communicated to the Shareholders of the Fund at that time along with the commercial rationale for the same.

Transfer of Shares

Shares may only be transferred with the prior written consent of the Directors. Shares may be transferred in accordance with the Constitution and by using such form or forms as may from time to time be prescribed by the Directors. Completed instruments of transfer must be returned to the Administrator.

Taxation

The Fund will be taxable on its chargeable income at 15%. It may offset as credit, any foreign tax suffered on income that can be evidenced or a deemed foreign tax credit of 80% of

the tax charge, whichever is higher.

Should the Fund invest in India, it will be liable to tax in India on Indian sourced income. However, on the basis that the Fund will be a tax resident of Mauritius, it should be exempt from paying tax in India on capital gains realised on transfer of Indian securities. This is however subject to any changes in tax laws in India and the tax treaty between India and Mauritius.

Under Indian tax law, dividend income earned by the Fund from Indian companies on which the Indian companies have paid a dividend distribution, tax will be exempt from the payment of tax by the Fund in India. Interest income earned by the Fund from portfolio Investments in Indian securities will be taxable in India by the Fund at the rate of 21.115 per cent.

Each prospective investor is advised to obtain independent tax advice as to the prospective tax consequences of making an investment in the Fund.

Indemnification

The Directors shall not be liable to the Fund for any act or omission in the performance of their duties, provided that they act honestly and in good faith in the interests of the Fund. According to the Constitution, the Fund may indemnify a Director in respect of liability (other than criminal liability or liability which arises in the case of a Director for breach of directors duties under Mauritian law) to any person, other than the Fund or any related company, for any act or omission in his/her capacity as a Director.

The Fund Manager, Administrator, Custodian, Registrar and Secretary and their respective affiliates are entitled to such indemnity from the Fund under such terms and subject to such conditions and exceptions as shall be provided under the relevant agreements appointing them. Please see in this section "XIII. Legal Considerations Relating to the Fund - Material Agreements" for further details on the indemnities granted by the Fund.

Conflicts of Interest

There shall be no restriction on the Fund Manager or any of its affiliates from raising or managing or acting as general partner or manager to any further funds or other investment vehicles which may:

- (i) have as their objective a purpose similar to that of the

Fund;

- (ii) buy assets from or sell assets to the Fund, provided that such sale or purchase is entered into in good faith and on an arms-length basis; or
- (iii) otherwise be in competition with the Fund.

The Fund Manager (or any of its respective affiliates) may provide services to entities in which the Fund is or will be invested or certain businesses in which the Fund may have some other financial interest. The Fund Manager and/or its respective affiliates shall be entitled to retain all fees which may be payable to them in such circumstances.

Fund Documents

The detailed provisions regarding the rights, privileges and obligations of Shareholders are set out in this Private Placement Memorandum, the Subscription Agreement and the Constitution (which will be available on request to prospective investors free of charge at the Registered Office of the Fund – refer to the Directory on Pg 12).

III. DEFINITIONS

The following definitions apply throughout this Private Placement Memorandum:

“Administration Services Agreement”	means the administration and registrar agreement to be entered into by the Fund and the Administrator, a summary of which is set out in the section headed “Material Contracts”
“Administrator”	Fidelis Trust & Corporate Services Limited
“Auditors”	means Morison Mauritius Ltd or such other auditor appointed from time to time
“Applicable Law”	Refers to the laws of the Republic of Mauritius (including delegated legislation and regulation of any competent authority), the Stock Exchange of Mauritius (SEM) Rules, and any other applicable laws and regulations for the time being in force in the Republic of Mauritius and the laws of India (including the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI)) and all rules and regulations promulgated there-under.
“BSE”	means Bombay Stock Exchange Limited
“Business Day”	means any day (other than Saturday or Sunday) on which BSE, NSE and the commercial banks in Mauritius are open for normal business
“Deed of Adherence and Transfer Agreement”	means an agreement to be entered into by the Fund, a transferee and a transferor of Shares
“Calendar Year”	means the period commencing on the date of incorporation, and ending on 31 December and each consecutive period of 12 calendar months thereafter beginning on 1 January and ending on 31 December of each year
“CIS Regulations 2008”	means the Collective Investment Scheme Regulations 2008 of Mauritius
“Constitution”	means the constitution of the Fund, as amended from time to time
“Custodian”	means Bank One Limited and/or such other entity appointed from time to time to act as global custodian to the Fund

“Custody Agreement”	means the custody agreement to be entered into by the Fund and the Custodian, a summary of which is set out in the section headed “XIII. Legal Considerations Relating to the Fund - Material Contracts”
“Directors” or “Board”	means the members of the board of directors of the Fund, including any duly authorised committee of the board of directors
“FDI”	means Foreign Direct Investment
“FDI Policy”	has the meaning given to it in the section headed “XII. Legal Considerations Relating to Investment in Securities in India - Foreign Investment Policy and Exchange Control Regulations”
“FEMA”	means Foreign Exchange Management Act, 1999, of India as amended from time to time
“FEMA Regulations”	means the Transfer or Issue of Security by a Person Resident outside India Regulations, 2000, of India as amended from time to time
“FII”	means a foreign institutional investor, defined in the FII Regulations as an entity established or incorporated outside India which proposes to make investments in India and has obtained registration from the SEBI
“FII Regulations”	means the Securities and Exchange Board of India (Foreign Institutional Shareholders) Regulations, 1995, as amended from time to time
“Force Majeure”	includes, but is not limited to, fire, lightning, explosion, war, disorder, flood, industrial dispute, sabotage, weather conditions, material changes in the Mauritius-India tax treaty, changes in regulations and rules of SEBI and/or RBI which would have an impact on foreign investment in India, civil disturbance, economic meltdown, nationalisation or acts of local or central Government or other competent authorities;
“FSC”	means the Financial Services Commission of Mauritius
“Fund”	means FAYENCE CAPITAL LIMITED, a Public Company limited by shares, incorporated under the laws of Mauritius

“India”	means the Republic of India
"Initial Offer Period"	means the period determined by the Directors during which the Class A Shares are offered for subscription at a fixed price
“Insider Trading Regulations”	means SEBI (Prohibition of Insider Trading) Regulations, 1992
“Fund Manager”	means Fidelis Global Asset Management Limited, a limited company incorporated under laws of Mauritius or such other Fund Manager appointed from time to time
“Fund Management Agreement”	means the Fund Management Agreement to be entered into by the Fund and the Fund Manager, a summary of which is set out in the section headed “XIII. Legal Considerations Relating to the Fund - Material Contracts”
“Investment Objective”	means the investment objective of the Fund as set out in the section headed “VI. Investment Objective, Strategy and Restrictions - Investment Objective”
“Investment Restrictions”	has the meaning given to it in the section headed “VI. Investment Objective, Strategy and Restrictions - Investment Restrictions”
“Investment(s)”	means the assets, property, rights and undertakings from time to time of the Fund (and which, for the avoidance of doubt, may include cash and securities)
“IT Act”	Means the Income Tax Act of India
“Management Fee”	has the meaning given it in the section headed “X. Fees and Expenses – Management Fee - Shares”
“Mauritius Treaty”	means the Agreement for Avoidance of Double Taxation between India and Mauritius, as amended from time to time
“Net Asset Value”	means the net asset value of the Fund calculated as described in the section headed “XI. Calculation of the Net Asset Value”
“Net Asset Value per Series”	means the total assets less the total liabilities attributable to a series of Class A Shares as of the relevant Valuation Day

“Net Asset Value per Share”	means the Net Asset Value of a Class A Share as the case may be
“NRI”	means Non-Resident Indian
“Non-United States Person”	means a “Non-United States person” as defined in paragraph (a) of Rule 4.7 under the CEA
“NSE”	means the National Stock Exchange of India Limited
“OCB”	means Overseas Corporate Bodies as described in section “XII. Legal Considerations relating to Investments in Securities in India”
“Offer Price”	means the price at which Shares are being offered to investors being GBP 100 per Share for all subscriptions made during the Initial Offer Period (or such earlier or later date as the Directors may designate in their absolute discretion)
“Management Share”	means a non-redeemable ordinary share of par value GBP 100 in the capital of the Fund
“Participating Share”	means a non-voting, ordinary par value Class A participating share of GBP 100
“PIS”	means Portfolio Investment Scheme
“PMLA”	means The Prevention of Money Laundering Act, 2005 of India
“Private Placement Memorandum”	means this private placement memorandum, as amended or supplemented from time to time
“RBI”	means The Reserve Bank of India
“Qualified Investor/ Expert Investor”	means an expert investor who makes an initial investment of at least USD100,000.00
“Redemption Date”	means the next Valuation Day immediately following the expiry of the applicable notice period from the receipt by the Administrator of the Redemption Request Form
“Redemption Fee”	means the fee charged on the redemption within twelve months of investment as explained in detail in section “IX. Redemption and Transfer of Shares”

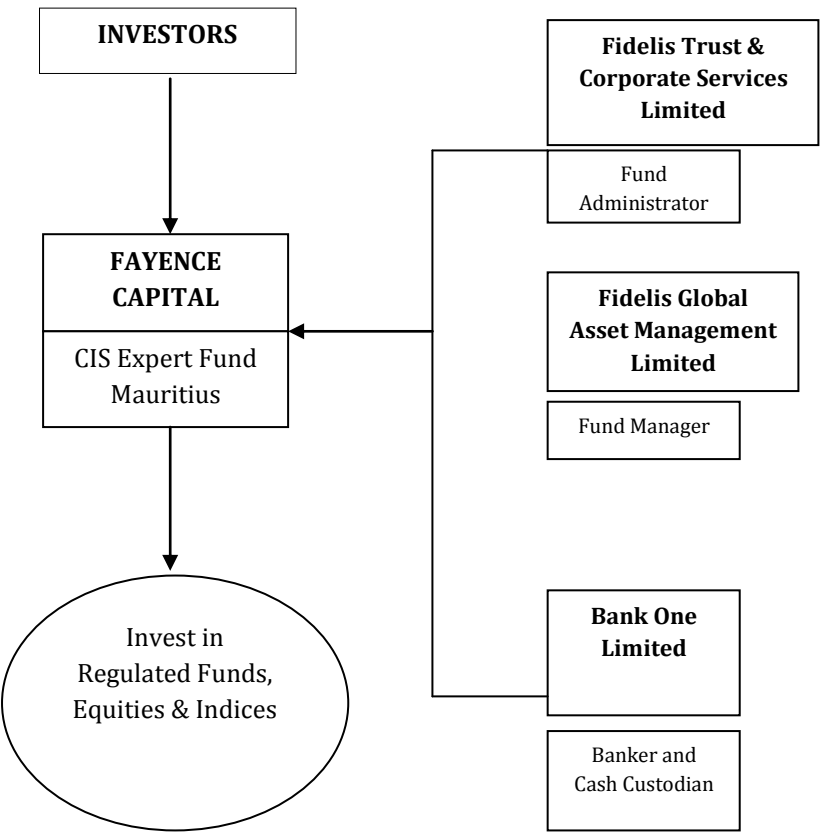
“Redemption Price”	means the price at which Shares can be redeemed as calculated in the manner set out in section “VIII. Redemption and Transfer of Shares”
“Redemption Request Form”	means a form of the redemption request of Shares in such form as the Directors may from time to time prescribe
“Reference Period”	means the period beginning 1 January and ending on 31 December of each calendar year, provided that if a Share is issued on a day other than 1 January of any year, the initial Reference Period for the Share shall begin on the date of issue and end on 31 December of the same calendar year
“SEBI”	means the Securities and Exchange Board of India
SEM	means the Stock Exchange of Mauritius
“Securities Act 2005”	means the Securities Act, 2005 of Mauritius
“Securitisation Act”	means the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 of India
“Shareholders”	means the holders of Shares in the Fund
“Shares”	means the participating shares in the Fund, and specifically Class A Shares in the Fund (as the context may require)
“Subscription Agreement”	means the subscription agreement to be entered into by the Fund and a Shareholder
“Subscription Price”	means the price on which Shares are offered for subscription after the Initial Offer Period on each Valuation Day, being a price based on the prevailing Net Asset Value per Share on that Valuation Day
“Takeover Code”	means the Substantial Acquisition of Shares and Takeovers Regulations, 1997, of India as amended from time to time
“United States” or “U.S.”	means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“US Person”	has the meaning given in Regulation S under the US Securities Act

“US Securities Act”	means the United States Securities Act 1933, as amended
“Valuation Day”	means the last Business Day of every calendar quarter in respect of Class A Shares unless otherwise determined by the Directors in certain circumstances

Where the context admits, any reference to a date in this Private Placement Memorandum shall be construed as a reference to such date if it is a Business Day, otherwise it shall be construed as a reference to the next following Business Day.

IV. THE FUND AND THE MANAGEMENT STRUCTURE

PROPOSED STRUCTURE – FAYENCE CAPITAL LIMITED



Key:

Fund Administrator based in Mauritius

Fund Manager based in Mauritius

Banker based in Mauritius

Overview of Management and Administration Structure

Entity	Description of Role
Board of Directors	Overall responsibility for the management of the Fund
Fund Manager	Under the Fund Management Agreement, the Board of Directors will appoint Fidelis Global Asset Management Limited as Fund Manager to the Fund. The Fund Manager will provide investment management services and recommendations to the Board of Directors as provided in the Fund Management Agreement.

The Fund will be managed by its Board of Directors. The Board of Directors will manage the Fund's Investment portfolio in accordance with the Investment Objective of the Fund. The Board of Directors will also look into the day-to-day management of the Fund. The Board of Directors will be advised by Fidelis Global Asset Management Limited (the "**Fund Manager**"), who will assist with providing specific services under an Fund Management Agreement to be entered into with the Fund.

DIRECTORS

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

Nazia B Mungroo(Mauritian)
BSc (Hons) Finance with Law

Nazia obtained her BSc Finance with Law degree in 2006. She is a qualified certified accountant and an affiliate of the Association of Chartered and Certified Accountants (ACCA).

She started her career in June 2005 as Administrator with a Trust & Management Company and was later promoted to Trainee Officer and Client Manager. She was also a member of the interviewing panel.

Nazia has followed various courses including the Fund Administration Course from CLBS (Centre for Legal and Business Studies) and Comsure Compliance Limited, the Money Laundering Prevention course from Baker Platt Boolell and seminars in IFRS Updates and Emerging issues in Taxation from Landmark Training in collaboration with PriceWaterhouse Coopers. She is an associate member of the Mauritius Institute of Directors.

Vidyotma Lotun (Pooja) (Mauritian)
BSc (Computer Science), OCA, MBA

Pooja obtained her BSc (Hons) Computer Science with Multimedia degree in 2004. She is certified with Oracle as OCA (Oracle Certified Associate) and also holds a Master of Business Administration (MBA).

She started her career in 2004 as Software Engineer at Accenture Mauritius Ltd. She has worked as Educator in IT from 2007 to 2009. In December 2009, she joined as Administrator with Fidelis Trust & Corporate Services Limited. Pooja has attended to various courses including compliance and corporate governance. She is an associate member of the Mauritius Institute of Directors.

Nazia and Pooja are currently the directors/executive officers of Fidelis Trust & Corporate Services Limited. They act as directors of funds regulated in Mauritius and other jurisdictions, some of which are specified below:

- a.** Fidelis Opportunity Fund PCC, a protected cell company licensed and regulated by the Mauritian FSC (Please find attached letter of approval) and listed on the Mauritian Stock Exchange (Please see <http://www.stockexchangeofmauritius.com/officialmarket-listedcompanies>).
- b.** Resonance Opportunities Fund, a Collective Investment Scheme licensed and regulated by the Mauritian FSC (Please find attached letter of approval). Resonance mainly focuses on Bonds, Futures, Options, GDRs and securities listed on Bombay Stock Exchange and the National Stock Exchange of India.
- c.** Polus Global Fund, a Collective Investment Scheme / Expert Fund and regulated by the Mauritian FSC (Please find attached letter of approval). Polus Global Fund will invest largely in derivatives and equity securities which may be listed in India or outside India.

No Director has:

- I. Any unspent convictions in relation to indictable offences; or
- II. Been bankrupt or the subject of an involuntary arrangement, or has had a receiver appointed to any asset of such Director; or
- III. Been a director of any company which, while he was a director with an executive function or within 12 months after he ceased to be a director with an executive function, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration, or company voluntary arrangements or made any composition or arrangements with its creditors generally or with any class of its creditors; or
- IV. Been a partner of any partnership, which while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnerships or voluntary arrangement, or had a receiver appointed to any partnership asset;

- v. Had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or
- vi. Been disqualified by a court from acting as a director or from acting in the management or conduct of affairs of any company.

All the Directors act in a non-executive capacity. For the purposes of this Memorandum, the address of each of the Directors is the registered office of the Fund.

CUSTODIAN

The Fund will appoint **Bank One Limited** (the “**Custodian**”) to act as custodian to the Fund. The Custodian will be responsible for the safekeeping of all Investments made by the Fund. All assets held by the Custodian on behalf of the Fund will be held either directly by or in the name of the Custodian or sub custodian(s), nominee(s), agent(s) or delegate(s) thereof in one or more of the jurisdictions in which the Fund will invest. The Custodian will be responsible for implementing banking and financial transactions for the account of the Fund. Subject to certain conditions, the Custodian is authorised to use any party (including clearance systems, depositories, sub-custodians, outsourcing or overseas data processing agents) in relation to any of the services or duties of the Custodian and may delegate to any such party any of its services or duties, provided that the Custodian shall use reasonable care to ensure that it only engages professional and competent parties. The Fund reserves the right to change the custodian arrangements and/or, in its discretion, to appoint additional or alternative custodian(s).

The Fund agrees to indemnify the Custodian, its sub-Custodians and any of their respective agents or nominees to the extent and in the circumstances set out in the Custody Agreement. Accordingly any liability owed or indemnity payable to the Custodian pursuant to the Custody Agreement shall be limited to the assets and liabilities of the Fund.

THE FUND MANAGER

Pursuant to the Fund Management Agreement to be entered into by the Fund and the Fund Manager, Fidelis Global Asset Management Limited, a company limited by shares and incorporated in Mauritius, will be appointed as the Fund Manager to the Fund. The Fund Manager is authorised and regulated by the Mauritius Financial Services Commission to carry out asset management services.

The principals of the Fund Manager are Messrs Tsang Fan Kwet Tsang Mang Kin and Jacques Eddy Tong Sam whose biographies are as set below.

Tsang Fan Kwet Tsang Mang Kin, BSc (Econ)

Mr Tsang Fan Kwet Tsang Mang Kin is a practising barrister in Mauritius since 1978. He was admitted to The Honourable Society of Lincolns Inn in 1976. He studied for his BSc in Economics at the London School of Economics. Mr Tsang Fan Kwet Tsang Mang Kin has been the director of Trustlink International Limited Ltd (a trust and management company licensed and regulated by the Financial Services Commission, Mauritius (“FSC”). He is a director of Fidelis Trust & Corporate Services Limited, a global management company licensed by the FSC and sits on the board of various Protected Cell Companies (Segregated Portfolio Companies) and Asset

Management Companies. He acts as the legal counsel of various multinational clients and was the head of the legal team to Shanxi Jinfei Investment Co. Ltd in the Mauritius JinFei Economic Trade and Cooperation Zone: a \$820 million joint venture between the Government of Mauritius and Shanxi Jinfei Investment Co. Ltd.

Jacques Eddy Tong Sam, LLB (Hons), MSc, MBCS

Mr Jacques Eddy Tong Sam is a practising barrister in Mauritius and is also a member of the Honourable Society of Lincoln's Inn. He also holds a MSc, MBCS degree in Information Technology, is an Accredited Mediator (SPC, UK), a Trainer in Law and I.T. (MQA Approved) and a part time Cyber law Lecturer at the University of Mauritius. He is a director of Fidelis Trust & Corporate Services Limited, a global management company licensed by the FSC and sits on the board of various Protected Cell Companies (Segregated Portfolio Companies) and Asset Management Companies. His areas of expertise are Corporate Law, Property Development Services, , Mediation and Information Technology Legal Services.

Messrs Jacques Eddy Tong Sam and Mr Tsang Fan Kwet Tsang Mang Kin are directors of Godolphin Bond Fund SPC ("Godolphin"), a segregated portfolio company licensed by the Cayman Islands Monetary Authority.

Godolphin is involved in the investments of equities, convertible arbitrage, private equities and real estates.

They are also directors of Fidelis Global Asset Management Limited ("FGAM") (from 02 August 2010 to date), an investment management company licensed and regulated by the Mauritian Financial Services Commission. Please find attached licence from the Mauritian FSC.

In their above capacity, they are actively involved in managing investments/assets of the following funds:

- a. Fidelis Opportunity Fund PCC, a protected cell company licensed and regulated by the Mauritian FSC (Please find attached letter of approval) and listed on the Mauritian Stock Exchange (Please see <http://www.stockexchangeofmauritius.com/officialmarket-listedcompanies>).
- b. Resonance Opportunities Fund, a Collective Investment Scheme licensed and regulated by the Mauritian FSC (Please find attached letter of approval). Resonance mainly focuses on Bonds, Futures, Options, GDRs and securities listed on Bombay Stock Exchange and the National Stock Exchange of India.
- c. Polus Global Fund (previously Kubar Global Fund Limited), a Collective Investment Scheme / Expert Fund and regulated by the Mauritian FSC (Please find attached letter of approval). Polus will invest largely in derivatives and equity securities which may be listed in India or outside India.

Please see section "XIII. Legal Considerations relating to the Fund - Material Agreements" for further details of the Fund Management Agreement including the fees and expenses payable by the Fund and the indemnities given by the Fund to the Fund Manager.

The Fund Manager may from time to time appoint service providers to provide prescribed services, as may be required. The Fund Manager will provide the Directors of Fund with non-binding advice on the implementation of the Investment Policy and to give recommendations in relation to the sourcing and identifying of Investments. The Fund will be responsible for the payment of the fees of the Fund Manager.

ADMINISTRATOR AND REGISTRAR

The Fund has appointed Fidelis Trust & Corporate Services Limited as Administrator. The Administrator is responsible for keeping the Fund's books and records, processing applications for subscription or redemption, communicating with Shareholders, and calculating and publishing the Net Asset Value. The Administrator's fees shall be paid out of the assets of the Fund. The Administration Agreement is a material contract. It may be terminated by either party by providing no less than three months written notice to the other party. It may also be terminated by either party in certain other circumstances. The Fund also agrees to indemnify the Administrator to the extent and in the circumstances set out in the Administration Agreement. Accordingly any liability owed or indemnity payable to the Administrator pursuant to the Administration Agreement shall be limited to the assets and liability of the Fund. The Administration Agreement provides that the Administrator will not be liable for actions taken in good faith and in the absence of fraud, wilful default or gross negligence while performing its duties hereunder. The Fund reserves the right to change the administration arrangements and/or, in its discretion to appoint additional or alternative administrator(s).

The Administrator will be the sole signatory for any banking related transactions. The Directors will request from the Administrator in writing giving full details for any transaction required. In the case that the Administrator is in doubt about a required transaction he will consult the Board of Directors of the Fund and get their written approval. The Administrator will also be responsible for verifying the performance data calculated by the Directors.

The Administrator is a private limited liability company incorporated in the Republic of Mauritius.

V. FUND SHARES

The Fund was incorporated under the Companies Act 2001.

As such the Fund will have an initial issued capital of 100 Management Shares of GBP 100 each and Participating Shares (segregated into Class A Shares) the number of which will be determined once the first round of fund raising is closed. The Fund may increase the number of Participating Shares at any time deemed appropriate.

The Subscription Price for Participating Shares during the initial offer is set at GBP 100 per share with a minimum of 2,000 shares for Class A Shares (GBP 200,000) per participation unless otherwise decided by the Board of the Directors. In subsequent financing rounds, the Subscription Price for Participating Shares will be set by the Administrator.

The Management Shares carry no right to dividends and in case of a winding-up rank last and only for the return of the capital paid up initially and will be paid out of the general assets of the Fund (if any). Management Shares are not redeemable.

The holder(s) of the Management Shares have the right to vote as explained in detail in section XIII. Legal Considerations Relating to the Fund. The Management Shares are entitled to one vote per share.

All 100 management shares are held by Fund Manager.

The Fund may increase or reduce its stated capital, divide all or any of its share capital into shares of a larger amount or combine all or any of its share capital into shares of a smaller amount.

Subject to the restrictions set out in this Memorandum, Shares are transferable by written instrument of transfer signed by (or in the case of a transfer by a body corporate, signed on behalf of or sealed by) the transferor and containing the name and address of the transferor and the transferee provided however that no transfer will be recognised without the prior permission of the Directors. The instrument of transfer shall be in such form as the Directors approve.

In the case of the death of any one of joint Shareholders, the survivor(s) will be the only person or persons recognised by the Fund as having any title to the interest of the deceased joint Shareholder in the Shares registered in the names of such joint Shareholders.

Shareholders wishing to transfer Shares must sign the transfer in the exact name or names in which the Shares are registered, indicate any special capacity in which they are signing and supply all other required details. The completed form of transfer duly stamped if applicable, together with such other evidence as the Directors may reasonably require to show the right of the transferor in order to make the transfer must be sent to the Administrator. The transfer shall take effect upon the registration of the transferee in the Register of Shareholders. If the transferee is not already a Shareholder, (s)he will be required to complete an Application Form.

THE FUND CANNOT ISSUE BEARER SHARES UNDER ANY CIRCUMSTANCES

VI. INVESTMENT OBJECTIVE, STRATEGY AND RESTRICTIONS

INVESTMENT OBJECTIVE

The principal investment objective of the Fund is to achieve long-term capital appreciation of its assets by investing in regulated funds, diversified portfolio of equities, bonds and equity derivatives, listed or unlisted, quoted or unquoted or traded on any stock exchange or over the counter (OTC) market (subject to applicable laws/requirements).

INVESTMENT STRATEGY

The objective is to be achieved by investing principally in listed and unlisted funds, equity and debt securities and equity related instruments such as convertible bonds and warrants listed on one or more stock exchanges principally in India and elsewhere, subject to the restrictions prescribed under the applicable laws. The Fund may invest in the securities issued by Indian issuers on foreign markets, and in securities of emerging market companies listed on major stock exchanges, the securities of companies whose business interests are closely related to or which derive or expect to derive a significant part of their revenues and/or profits from the emerging world or which have or expect to have substantial assets in the emerging world.

The Fund will seek to invest in companies which it considers to, along with its Investment Manager, exhibit good growth potential and having sound management in place. The criteria by which companies are selected for investment are based on the valuation of the securities in terms of the expected return on investment and future earnings potential as estimated by the Fund's Investment Manager. However, the investments of the Fund are subject to market fluctuations and other risks normally associated with any investments and there can be no assurance that the Fund's investment objectives will be achieved. It should be appreciated that in certain market conditions, the value of Participating Shares and the income from them (if any) may fall. Investors are advised that they should consult their independent financial adviser, lawyer, accountant or other professional advisor/s before investing in the Fund.

The assets of the Fund will be invested principally in listed or unlisted funds, equity and debt securities and equity related instruments such as convertible bonds and warrants listed on one or more stock exchanges in India or elsewhere.

The Fund may invest in securities of listed companies. The Fund may also invest in rated and unrated bonds and other fixed interest securities, money market instruments, options and futures and other derivatives including but not limited to OTC instruments as permitted by the applicable laws.

The portfolio is expected to consist primarily of listed equity and equity related securities including ordinary and preference shares, convertible shares, warrants and options to buy or sell ordinary or preference shares.

In the absence of unforeseen circumstances, the Fund's principal investment strategy set out above will be adhered to for at least three years following listing, and any material change in the policies within that period may only be made with shareholder approval.

Investment may also be made in shares of collective investment schemes (*regulated or unregulated*), including closed-ended funds. Investments may also be made in companies which conduct a significant proportion of their business in India, but whose shares are listed elsewhere and in Global Depositary Receipts.

The Fund may also, subject to Indian regulations, invest in unlisted securities issued by the types of companies described above.

The Fund may leverage its capital when the Investment Manager believes that the use of leverage may enable the Fund to achieve a higher rate of return without taking undue risk. The Fund seeks to invest primarily in instruments which, in its view, have reasonable liquidity but it may also invest in less liquid instruments, but only where forecast returns in respect of a given situation are deemed by it to be high relative to those available in more liquid instruments. The Fund may pledge its assets in order to borrow additional funds. The Fund may also deploy its capital with options, futures contracts, short sales, swaps, forwards and other derivative instruments.

The Fund may make fewer than 20 (twenty) Investments.

INVESTMENT RESTRICTIONS – GENERAL

Investment of assets will be subject to certain restrictions as determined from time to time by the Directors of the Fund. Until changed or amended the current restrictions are that the Fund will not:

- (i) Make any investment which could expose the Fund to unlimited liability;
- (ii) Make any loan or give any guarantees other than as security for borrowings, provided that this shall not preclude investment in debt securities.

Save where otherwise required by law, the above restrictions will apply at the time of the making of an investment. Subsequent changes in market value will not require the disposal of any investments although this will be taken into account when changes are made to the relevant Portfolio.

The Fund may borrow an aggregate amount up to 10 per cent of its Net Asset Value at any given time; provided that the Fund intends to limit borrowings to those made (i) on a short-term basis and (ii) for the purpose of (a) satisfying a redemption request in the event that the Fund has no available cash or immediately available liquid Investments, and/or (b) paying fees and expenses. At an absolute discretion of the Fund and its Directors, the Fund is permitted to borrow without any limit for any purpose, provided, the intention and term of such borrowings are communicated to the Shareholders of the Fund at that time along with the commercial rationale for the same.

The Fund seeks to invest primarily in instruments which, in its view, have reasonable liquidity but it may also invest in less liquid instruments.

There can be no guarantee or assurance that the Fund will achieve its investment objectives. The objectives set out in the PPM are the targeted and the proposed objectives and they shall be subject to the risks inherent in undertaking such investment opportunities.

The Fund's investment and trading policies and strategies are speculative and entail significant risk.

The foregoing description is general, is not intended to be exhaustive. Investors must recognise that there are inherent limitations on all descriptions of investments due to the complexity, confidentiality and subjectivity of such processes. In addition, the description of virtually every strategy must be qualified by the fact that investment approaches are continually changing, as are the market conditions of the jurisdictions invested in by the Fund. Finally, it shall be in the sole discretion of the Fund to pursue additional strategies to meet the Fund's investment objective.

In each case referred to in this section, the amount of the "gross assets" of the Fund shall be determined at the time an Investment is made by reference to the Net Asset Value calculation made at the most recent Valuation Day.

These Investment Restrictions apply as of the date of the relevant commitment to invest. The Fund will not be required to effect any changes in its portfolio solely because one or more of the limits set out above would be breached as a result of any appreciation or depreciation in value, or by reason of the receipt of any right, bonus or benefit in the nature of capital or of any scheme or arrangement for amalgamation, reconstruction or exchange or of any repayment or redemption with respect to any securities held in the portfolio of the Fund. However, additional relevant securities will not be acquired until the limits are again complied with.

In the event that any of the Investment Restrictions is inadvertently breached, the Directors shall take reasonable steps to rectify the breach.

In addition, new types of investment techniques with new or existing instruments are developed from time to time and the Fund expects, and reserves the right, to employ these techniques where the Directors determine that this may help the Fund to achieve its Investment Objective.

VII. SUBSCRIPTIONS

OFFER PRICE

During the Initial Offer Period, Shares are available for subscription at GBP 100 per Share (the “**Offer Price**”) payable in full on application.

The price at which a Class A Share is subsequently to be bought is the aggregate net asset value (the “**Net Asset Value**”) of the Class A Shares divided by the total number of Class A Shares in issue, respectively, on the next Valuation Day after the relevant purchase request has been accepted by the Directors (the “**Subscription Price**”).

INITIAL OFFER

During the Initial Offer Period, applicants for Shares should complete the Subscription Agreement and send the duly completed Subscription Agreement and supporting documents to the Administrator so as to be received by the Administrator no later than 5.00 p.m. (Mauritius time) five clear Business Days preceding the closing of the Initial Offer Period. Any applications received on a non-Business Day will be deemed to have been received on the next Business Day. Cleared funds in respect of the subscription monies representing the number of Shares to be subscribed must be received in the Fund's bank account by no later than 5.00 p.m. (Mauritius time) two clear Business Days preceding the closing of the Initial Offer Period.

If the relevant Subscription Agreement (duly completed), supporting documents and/or subscription monies is/are not received by these times and unless otherwise decided by the Directors in their absolute discretion, the application will be held over until the first Valuation Day after the closing of the Initial Offer Period and Shares will then be issued at the Subscription Price prevailing on that Valuation Day.

Shares are expected to be issued to the applicants within five Business Days from the closing of the Initial Offer Period.

SUBSEQUENT OFFER

After the Initial Offer Period, applicants for Shares and existing Shareholders wishing to apply for additional Shares, must send the duly completed Subscription Agreement and supporting documents to the Administrator so as to be received by the Administrator by no later than 5.00 p.m. (Mauritius time) five clear Business Days preceding the relevant Valuation Day. Any applications received on a non-Business Day will be deemed to have been received on the next Business Day. Cleared funds must be received in the Fund's bank account by no later than 5.00 p.m. (Mauritius time) two clear Business Days preceding the relevant Valuation Day.

If the relevant Subscription Agreement (duly completed), supporting documents and/or subscription monies is/are not received by the Administrator by these times, and unless otherwise decided by the Directors in their absolute discretion, the application will be held over until the first Valuation Day immediately following satisfaction of these conditions.

In the event of applications for Shares after the Initial Offer Period, applicants shall be allotted such number of fully paid up Shares as is equal to the applicant's investment (net of all bank

charges) divided by the Net Asset Value per Share of respective Class as at the next Valuation Day after the application has been accepted by the Directors. Fractions of Shares will be issued if necessary.

Shares are expected to be issued to the applicants within five Business Days from the relevant Valuation Day.

Once a completed Subscription Agreement has been received by the Administrator, it is irrevocable.

For the purposes of the applications, “clear Business Days” means exclusive of the Business Day on which the duly completed Subscription Agreement and supporting documents are received by the Administrator and the closing date of the Initial Offer Period or the relevant Valuation Day, respectively.

SERIES

The Fund will issue a separate series of Shares on the closing date of the Initial Offer Period and on each subsequent Valuation Day so that all investors who purchase Shares during or at the closing of the Initial Offer Period will receive Shares of the same series and likewise all investors who subsequently purchase Shares on the same Valuation Day will receive Shares of the same series. The different series of Shares that are outstanding and profitable as of end of a Reference Period each year will be consolidated into a single series. Please see “X. Fees and Expenses – Carried Interest - Shares” on the consolidation of different series of Shares.

MINIMUM INVESTMENT

The Minimum Initial Investment in respect of Class A Shares is GBP **200,000.00** (Two Hundred Thousand British Pound Sterling). The Directors may, in their absolute discretion, accept a Minimum Initial Investment in a lesser amount, either generally or in any particular case, subject to Applicable Law.

For any subsequent investment by the Shareholder in the Fund, the Directors have discretion to reject such subsequent investment if the amount of investment proposed is not material or for any such other reason that the Directors will communicate to the Shareholder.

The Fund reserves the right to reject any application in whole or in part at its absolute discretion, in which event the amount paid on application or the balance thereof (as the case may be) will be returned (without interest) at the risk and cost of the applicant.

SUSPENSION

The Directors acting unanimously may suspend the calculation of Net Asset Value and the issue and redemption of the Shares as set out in “XI. Calculation of Net Asset Value - Suspension of Calculation of Net Asset Value”. No Shares may be redeemed or issued during any period in which the calculation of the Net Asset Value is suspended.

The Directors reserve the right to close the Fund to new subscriptions at any time.

Applicants subscribing for Shares are advised that such Shares are issued subject to the provisions of the Fund's Constitution.

INELIGIBLE APPLICANTS

Investors may subscribe for Shares provided that the legislation or regulations in Mauritius and in their country of citizenship, residence, domicile, or incorporation permit them to do so. Any subscriptions and transfers of Shares are subject to the restrictions set out under "Important Information" at the beginning of this Private Placement Memorandum.

Shares may not be issued, or transferred, to or for the benefit of any person whose holding of Shares would cause the Fund or the Shareholders as a whole, to suffer any tax, fiscal, legal, regulatory, pecuniary or material administrative disadvantage, which it or they would not otherwise suffer.

The Shares may not be offered, sold or delivered directly or indirectly in the United States or for the account or benefit of any "US Person" (as defined in Regulation S under the US Securities Act) except pursuant to an exemption from the registration requirements of the US Securities Act and any applicable state securities laws. The Shares are being offered outside the United States pursuant to the exemption from the registration requirements under Regulation S under the US Securities Act.

Persons under 18 years of age are not allowed to subscribe for Shares unless he/she has the written authorisation of his/her lawful guardian.

The Shares in the Fund are not available for subscription by residents of India and monies to be used to purchase Shares must not be sourced from India. Non Resident Indians ("**NRIs**"), persons of Indian origin and companies owned more than 60 per cent by NRIs should consult the Directors before subscribing for Shares in the Fund.

SHARE CERTIFICATES

Potential investors are invited to subscribe for Class A Shares in the Fund (the "**Class A Shareholders**"), collectively these are referred as "**Shareholders**".

Upon receipt of full particulars and following the processing of the investor's application by the Administrator, a statement of holdings, including the investor's account number, will be mailed to the investor within twenty Business Days from the respective Valuation Day. This account number should be used by the investor in all subsequent communications with the Administrator or the Directors including in respect of subscriptions and redemptions. In addition to the investor's account number, the statement of holdings will also give confirmation of the number and price of the Shares purchased or sold and the date of the purchase or sale.

VIII. REDEMPTION AND TRANSFER OF SHARES

Subject to certain limitations, Shareholders may request the redemption of all or part of their holdings of Shares for cash.

REDEMPTION REQUEST

The Shareholder wishing to redeem his/her Shares should complete a written Redemption Request Form and send it to the Administrator so as to be received by the Administrator no later than 5.00 p.m. (Mauritius time) on the Business Day falling at least 30 days before the relevant Redemption Date (as defined below) in the case of Class A Share. Any Redemption Request Form received on a non-Business Day will be deemed to have been received on the next Business Day. For any duly completed Redemption Request Forms received within the prescribed time and provided the Fund is able to satisfy the solvency test applicable to a company incorporated in Mauritius, the Redemption Date will be the Valuation Day immediately following the expiry of the 30-day notice period, however, the Directors will be permitted to redeem the Shares on any earlier Valuation Date at their discretion.

The Administrator can be contacted for the purpose of obtaining a form of redemption request by facsimile (+ 230 466 0381) or telephone (+ 230 466 3264).

If a redeeming Shareholder owns Shares of more than one series, Shares will be redeemed on a “first in-first out” basis, unless a specific series is requested for redemption by the Shareholder.

REDEMPTION PRICE

Shares will be redeemed at the prevailing Net Asset Value per Share on the Redemption Date less any unamortised initial organisational and offering expenses of the Fund and Carried Interest (the “**Redemption Price**”) (see “X. Fees and Expenses – Carried Interest - Shares”).

REDEMPTION FEE

If any Shareholder redeems his investment within twelve months from the date of Subscription to those Shares, then the Fund Manager may charge redemption fee of 2 percent of the amount redeemed and remit the balance to such Shareholder, unless expressly waived by Directors if the holding period is intended less than twelve months on date of investment. There shall not be any restrictions or redemption fee after twelve months from date of Subscription.

SETTLEMENT

Payments in respect of redemption requests are then expected to be despatched (at the recipient’s risk) within 20 Business Days of the relevant Redemption Date.

However, there can be no assurance that the Fund will have sufficient cash to satisfy redemption requests, or that it will be able to liquidate Investments at the time such redemptions are requested at favourable prices. Although the Fund does not currently intend to make distributions in-kind, under the foregoing circumstances, Shareholders may receive in-kind distributions from the Fund's portfolio. Such Investments so distributed may not be readily

marketable or saleable and may have to be held by the Shareholders for an indefinite period of time.

Payment of redemption proceeds will only be remitted to an account in the name of the redeeming Shareholder. If the bank for the redeeming Shareholder has changed from that used for the relevant Shareholder's initial subscription, the Administrator reserves the right to request an explanation for the change of bank and full details for the new bank account of the relevant Shareholder. The redemption proceeds will not be paid if the redeeming Shareholder and/or owner of the account fails to provide such information.

LIMITATIONS

The Fund reserves the right to refuse a redemption request in respect of Shares if the Net Asset Value of the Shares to be redeemed is less than GBP **100,000.00** (One hundred thousand British Pounds Sterling)

In the case of Shareholders, the redemption request may be refused if, after such redemption such Shareholder would hold Shares with a value less than GBP 100,000 in the case of Class A Share, in which case the Shareholder will be given the option to either withdraw the Redemption Request Form or to redeem his/her entire holding of Shares.

SUSPENSION OF VALUATION AND REDEMPTIONS

The Directors acting unanimously may suspend the calculation of Net Asset Value and the issue and redemption of the Shares as set out in "VIII. Calculation of Net Asset Value - Suspension of Calculation of Net Asset Value". Shareholders having requested a redemption of their Shares will be notified promptly in writing of any such suspension and will be promptly notified upon termination of such suspension. If the redemption request is not withdrawn in accordance with the section headed "Withdrawal" below [or if no consent is obtained from the Directors to such withdrawal,] the redemption will be made on the next Valuation Day following the end of such suspension or on such earlier day following the end of the suspension as the Directors may in their absolute discretion agree either generally or in any specific case(s). No Shares may be redeemed or issued during any period in which the calculation of the Net Asset Value is suspended.

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

WITHDRAWAL

A Shareholder may not withdraw his/her redemption request except in the event of a suspension of the calculation of the Net Asset Value with the consent of the Directors and, in such event, a withdrawal of a redemption request will be effective only if written notification is received by the Administrator before termination of the period of suspension. If the redemption request is not so withdrawn or if the Directors do not consent to such withdrawal,

the redemption will be made on the next Valuation Day following the end of such suspension or on such earlier day following the end of the suspension as the Directors may in their absolute discretion agree either generally or in any specific case(s).

DEFERRED REDEMPTIONS

In the event that Redemption Request Forms are received for the redemption of Shares representing in aggregate more than 40 per cent (or such higher percentage as the Directors determine) of the Net Asset Value of the Fund at the time, the Fund is entitled to reduce the requests rateably and pro rata amongst all Shareholders seeking to redeem their Shares on the relevant Redemption Date and to only carry out such Share redemptions which, in aggregate, amount to 40 per cent (or such higher percentage as the Directors determine) of the Net Asset Value of the relevant Class at the time. Shares which are not redeemed but which would otherwise have been redeemed will be redeemed on the next Valuation Day (subject to any further deferral if the deferred requests themselves exceed in aggregate 40 per cent (or such higher percentage as the Directors determine) of the Net Asset Value of the Fund). Shares will be redeemed at the Redemption Price prevailing on the Redemption Date on which they are redeemed.

COMPULSORY REDEMPTION

The Directors may require the redemption or transfer of the Shares purchased or held in contravention of the Constitution and/or this Private Placement Memorandum by serving on the holder of such Shares a notice requiring that person to transfer such Shares to a person duly qualified to hold the same or to submit a Redemption Request Form in respect of such Shares (as the case may be). If any person does not within 30 days after the receipt of such notice transfer such Shares or submit a Redemption Request Form in respect thereof he/she shall be deemed forthwith upon the expiration of such 30 day period to have submitted a Redemption Request Form in respect of all his/her Shares which are the subject of such notice, and the Directors shall be entitled to appoint any person to sign on his/her behalf such documents as may be required for the purposes of the redemption.

The Directors may require the redemption or transfer of the whole or a specified percentage of any Shareholder's Shares if the Directors consider, in their absolute discretion, that (i) such Shareholder continuing to hold Shares, might result in the Fund incurring any liability to taxation or suffering any other pecuniary disadvantage which the Fund might not otherwise incur or suffer, (ii) the holding of the Shareholder falls below the Minimum Initial Investment or (iii) if such holding is in contravention of any of the prohibitions contained in this Private Placement Memorandum or the Constitution or the Applicable Law.

TRANSFER OF SHARES

Shares may only be transferred with the prior written approval of the Directors, such approval to be granted or withheld in the Directors' sole discretion. Shares may be transferred in accordance with the Constitution and by using such form or forms as may from time to time be prescribed by the Directors. Forms of transfer will be required for all transfers of beneficial ownership interests in Shares and the Shareholder should complete one form of transfer per

class of Share to be transferred. Copies of the prescribed form(s) of transfer will be available upon request from the Administrator.

A Shareholder who wishes to transfer his Shares must send to the Administrator a form of transfer executed by the proposed transferor and transferee setting forth (i) the names and addresses of the proposed transferor and transferee, (ii) the number of Shares to be transferred, and (iii) the consideration to be paid for such Shares, and provide such other information as the Fund, in its absolute discretion, may require, including information necessary to satisfy the Fund that the proposed transfer complies with applicable laws. The transferee must, in the above mentioned form of transfer, agree to take such Shares subject to the same conditions and restrictions pursuant to which the Shares were held by the transferor. In addition, if the transferee is not an existing Shareholder of the Fund, the transferee will also need to send to the Administrator an executed [Deed of Adherence and Transfer Agreement] containing warranties to be given by the transferee to the Fund and supporting documents in respect of any “know your customer” and anti money laundering requirements.

The Directors may in their discretion decline to give effect to the proposed transfer of any Share if the manner, form or evidence of transfer is unacceptable, if the transfer might violate applicable laws, where a transfer of Shares would cause the Fund, or the Shareholders as a whole, to suffer any tax, fiscal, legal, regulatory, pecuniary or material administrative disadvantage, which it or they would not otherwise suffer or when the Board acting in good faith decides in its sole discretion that registration of the transfer would not be in the best interests of the Fund and/or any of its Shareholders.

Where the Directors refuse to register a transfer of any Share, the Directors shall, within 28 days of the date on which the form of transfer and the supporting documentation (duly completed) was delivered to the Administrator, send to the transferor and to the transferee notice of the refusal.

The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine, provided always that such registration of transfers shall not be unreasonably suspended for more than 30 days in any year.

A Shareholder is not entitled to transfer Shares if as a result of such transfer either the Shareholder or the person to whom the Shares are to be transferred would hold less than the required Minimum Initial Investment or such other initial subscription amount as permitted by the Directors.

IX. FEES AND EXPENSES

MANAGEMENT FEE - SHARES

In payment for carrying out its duties and responsibilities, the Fund Manager is entitled to a payment of an annual Management Fee to be agreed from time to time out of the assets of the Fund allocable to Class A Shares of the Class A Shares' Net Asset Value, before the deduction of the Carried Interest.

The Management Fee will be calculated on a periodic basis by reference to the Net Asset Value of the Shares (excluding the Carried Interest) on each Valuation Day, and will be payable in arrears within 14 Business Days of each Valuation Day.

No Management Fee will be payable in respect of the Management Share.

ORGANISATIONAL AND OFFERING EXPENSES

The fees, costs and expenses relating to the authorisation, incorporation and establishment of the Fund and any feeder structures, the registration and licensing of the Fund and any feeder structures with different authorities, the initial offer of Shares, the preparation and printing of this Private Placement Memorandum and other marketing materials will be borne by the Fund out of the assets attributable to Shares up to a maximum of GBP **30,000.00** (Thirty thousand British Pound Sterling). The fees, costs and expenses relating to the initial listing of participating shares on the SEM are expected to be a maximum of GBP **4,000.00** (Four thousand British Pound Sterling).

The above initial organisational and offering expenses of the Fund shall be recognised in the Financial Year in which they are incurred. These set-up costs will be amortised for Net Asset Value purposes over a period of not more than 24 months from the commencement of operations of the Fund. The amortisation of costs over a number of years is unlikely to be in accordance with the requirement of the accounting principles employed. The Auditors may qualify their audit of the Fund in this regard.

FUND'S EXPENSES

In addition to the above initial organisational and offering expenses, the Fund will pay out of the assets attributable to Class A Shares charges and expenses directly related to its own operations (plus any applicable taxes) including, but not limited to:

- (i) the expenses incurred by the Fund Manager and by any person, firm or company to whom the whole or any part of the Fund Manager's responsibilities are delegated pursuant to the Fund Management Agreement, including reasonable and properly documented out-of-pocket expenses properly incurred by such persons in the performance of their respective duties;
- (ii) the fees and expenses payable to the Custodian;

- (iii) fees and expenses in respect of establishing and maintaining the register of Shareholders and any sub-register, and related functions, and the fees in respect of administration, accounting and registration services;
- (iv) expenses incurred in acquiring and disposing of Investments;
- (v) any expenses relating to registration or licensing of Fund or Fund Manager with SEBI or other authorities to invest in India, including charges paid to FII on an ongoing basis;
- (vi) expenses incurred in producing, distributing and dispatching income and other payments to Shareholders;
- (vii) fees in respect of the publication and circulation of details of the Net Asset Value of the Shares in the Fund;
- (viii) the on-going fees and expenses of the Auditors and tax, legal and other professional advisers of the Fund;
- (ix) the costs of convening and holding Shareholder meetings (including meetings of Shareholders in any particular class of Shares within the Fund);
- (x) costs incurred in taking out and maintaining any insurance policy (including D&O or professional indemnity insurance) in relation to the Fund, its Directors, the Fund Manager and/or their agents or delegates to cover any liabilities arising from any agreement with any service provider of the Fund;
- (xi) expenses incurred in company secretarial duties, including the cost of minute books and other documentation required to be maintained by the Fund;
- (xii) the costs of printing and distributing reports, accounts and any subsequent offering memoranda and the Fund's Constitution and any costs incurred as a result of periodic updates of or changes to any offering memoranda, the Fund's Constitution and any other administration expenses;
- (xiii) taxation and duties payable by the Fund;
- (xiv) expenses relating to the maintenance of any feeder funds;
- (xv) interest on and charges incurred in borrowings;
- (xvi) any amount payable by the Fund under any indemnity provisions contained in the Fund's Constitution or any agreement with any service provider of the Fund;
- (xvii) fees of the Mauritian regulator and the corresponding periodic fees of any regulatory authority in a country or territory outside Mauritius in which Shares are or may lawfully be marketed;

- (xviii) the fees and expenses payable to the Administrator, including any expenses associated with the administration of the Fund, pricing of the Shares and valuation of the assets of the Fund;
- (xix) expenses relating to the liquidation of the Fund; and
- (xx) any payments otherwise due by virtue of changes in Mauritius law.

FUND MANAGER EXPENSES

The Fund Manager bear its own expenses for rent, supplies, secretarial expenses, stationery, charges for furniture and fixtures, employee insurance, payroll taxes and salaries of any analysts and other personnel.

The above does not include out-of-pocket expenses properly incurred on behalf of the Fund or in connection with completed or unconsummated investment opportunities, such as travel and legal expenses, which will be borne by the Fund.

ADMINISTRATOR

The Administrator is entitled to receive a fee for its services in accordance with the fee schedule periodically negotiated and agreed up on between the Administrator and the Fund at normal commercial rates.

The Administrator will also be reimbursed by the Fund for any reasonable out-of-pocket expenses properly incurred in the performance of its duties.

CUSTODIAN

The Custodian will receive such fees as may be agreed with the Fund from time to time at normal commercial rates.

CARRIED INTEREST - SHARES

Fund Manager will be entitled to receive a carried interest over and above the Management Fee (the “**Carried Interest**”). Carried Interest will be calculated for each Class A Share and for each series of Class A Shares so that each Class A Share is charged a Carried Interest, which equates fairly with that Share’s performance.

The period for calculating the Carried Interest (the “**Reference Period**”) shall be the period beginning 1 January and ending on 31 December of each calendar year, provided that if a Share is issued on a day other than 1 January of any year the initial Reference Period for the Share shall begin on the date of issue and end on 31 December of the same calendar year. Consequently, the first Reference Period commences when Shares are issued after the closing of the Initial Offer Period.

Carried Interest will be accrued on a monthly basis. Carried Interest (calculated separately with respect to each series of Shares) will be payable as at the end of the Reference Period and will be calculated by reference to the Net Asset Value per relevant series of Shares before

deduction of any accrued Carried Interest (the “**Gross NAV**”). Carried Interest in relation to a series of Shares at the end of a Reference Period will be payable only on any excess Gross NAV per Share of such series of Shares at the end of such Reference Period over the aggregate of Base Net Asset Value (as defined above) for such series and will be made in the following amounts and priority:

- (1) Up to an aggregate of Base Net Asset Value, there will be no Carried Interest;
- (2) 20 per cent, in case of Class A Shares, of any excess Gross NAV of such series at the end of such Reference Period over the aggregate of Base Net Asset Value.

“**Base Net Asset Value**” per Class A Share of any series for any Reference Period is the greater of the Net Asset Value per Class A Share of such series at the time of issue of that Class A Share and the highest Gross NAV per Share of such series achieved as at the end of any previous Reference Period (if any) during which Class A Shares of such series were in issue.

Carried Interest will be calculated for each series of Shares. A Shareholder may own Shares in more than one series and Carried Interest may differ for each series. In the event that the effective date of a Shareholder’s redemption is not the last day of a calendar year, the Carried Interest in respect of each series of the redeemed Shares will be determined for the period between the beginning of that year (or, if later, the date on which the Shares in such series were subscribed for) and the effective date of the Shareholder’s redemption of such Shares. Accordingly, the Carried Interest will vest with respect to any Shares on the date on which they are redeemed by the Fund.

The Fund Manager shall not be liable to compensate the Class A Shareholders in any manner whatsoever if the Net Asset Value per Share falls below the Net Asset Value for any past Reference Period.

As soon as practicable after the Carried Interest for any Reference Period have been paid, the different series of Shares that are outstanding and profitable as of end of a Reference Period of each year will be consolidated into a single series, being the oldest series in respect of the relevant Reference Period. This will not change the total value of a Shareholder’s Shares, but may change the number of Shares held by the Shareholder.

Secondary transfer of Shares during a Reference Period will not be taken into account when determining the amount of the Carried Interest payable for that Reference Period. Investors are therefore expected to factor the incidence of Carried Interest while negotiating the price for secondary transfer and seek clarifications, if any, from the Directors or the Administrator on the computation and payment of Carried Interest.

Subject to the Fund meeting the solvency test under Mauritius law, the Carried Interest will be payable to the Fund Manager at the beginning of each calendar year in respect of the immediately preceding year and within 14 Business Days of the last Business Day of a calendar

year. However, in the case of Shares redeemed during a Reference Period the accrued Carried Interest in respect of those Shares will be payable by the Fund within 14 Business Days after the date of redemption.

In the event of a partial redemption, Shares will be treated as redeemed on a first in, first out basis unless a specific series is requested for redemption by the Shareholder.

X. CALCULATION OF NET ASSET VALUE

CALCULATION OF THE NET ASSET VALUE

The calculation of the Net Asset Value is the responsibility of the Board, who have delegated this function to the Administrator. The Net Asset Value calculations will be verified by the Auditor on a basis to be agreed with the auditor.

The Net Asset Value of the Fund shall be expressed in GBP as per Share and shall be determined in respect of any Valuation Day.

The Net Asset Value per Share for any series shall be calculated by dividing (a) the net assets of that Class of Share corresponding to such series of Shares, being the value of the assets of the Fund corresponding to such series of Shares less the liabilities attributable to such series of Shares (including the Management Fees and Carried Interest), by (b) the number of Shares of such series then in issue, and shall be rounded off to the nearest four decimal places. Shares within a series will have the same Net Asset Value per Share. However, because different series of Shares may be issued on different dates, the Net Asset Value per Share will differ from series to series.

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

VALUATION

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

- (i) securities traded on a stock exchange or other regulated market are to be valued generally at the last traded price quoted on the relevant exchange or market on or before the relevant Valuation Day. In case of securities traded on the Indian stock exchanges, the last traded price on the NSE, failing which the last traded price on the BSE, failing which the last traded price on any other exchange where the security is traded;
- (ii) unlisted equity securities will be valued initially at cost and thereafter with any reduction or increase in value (as the case may be) as the Directors shall in their absolute discretion deem appropriate in the light of the circumstances;
- (iii) unlisted securities (other than equities) for which there is an ascertainable market value are to be valued generally at the last known transacted price or last transacted price dealt on the market on which the securities are traded on or before the day preceding the relevant Valuation Day;
- (iv) unlisted securities (other than equities) for which there is no ascertainable market value will be valued at cost plus interest (if any) accrued from purchase to (but excluding) the

- relevant Valuation Day plus or minus the premium or discount (if any) from par value written off over the life of the security;
- (v) any value otherwise than in GBP shall be converted into GBP at the market rate (whether official or otherwise) which the Directors shall in their absolute discretion deem appropriate to the circumstances having regard inter alia to any premium or discount which they consider may be relevant and to the costs of exchange;
 - (vi) the value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest accrued and not yet received shall be deemed to be the full amount thereof, unless it is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such deduction or discount as the Directors may, in their absolute discretion, consider appropriate to reflect the true value thereof;
 - (vii) the value of units or other security in any unit trust, mutual fund, investment corporation, or other similar investment vehicle or collective investment scheme shall be derived from the last prices published by the managers thereof on or before the day preceding the relevant Valuation Day;
 - (viii) for the purpose of ascertaining quoted, listed, traded or market prices, the Directors, the Administrator and/or their agents shall be entitled to use and rely on mechanised and/or electronic systems of publishing valuations and the price provided by any such system shall be deemed to be the last traded price; and
 - (ix) for the purpose of valuing the Investments as aforesaid the Directors may with due care and in good faith rely upon the opinions of any persons who appear to them to be competent to value assets of any class or classes by reason of any appropriate professional qualification or of experience of any relevant market.

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

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

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

The Directors may, at their discretion, permit any other method of valuation to be used if they consider that such method of valuation better reflects the fair value generally or in particular markets or market conditions and is in accordance with good accounting practice.

ASSET AND LIABILITY SEGREGATION

Risks in the Fund are commingled and not segregated, ring-fenced or isolated in any way.

The Board of Directors is authorised to enter into one or more side agreements with any Investor (without notice to or consent of any other Investors) in order to implement or document the exercise of the Board's discretionary authority, or to modify the terms of the Fund Management Agreement with respect to such affected Investor. Such side agreements may result in certain Investors receiving more favourable fees, liquidity, reporting or access to information, notices of certain events, or other investment terms than other Investors. Accordingly, Investors who have side letter agreements may be deemed to hold a different series of shares than other Investors.

PUBLICATION OF THE NET ASSET VALUE

The Directors shall apply to newspapers or periodicals for publication of the Net Asset Value per Share. The most recent Net Asset Value per Share will be available from the Administrator on request.

SUSPENSION OF CALCULATION OF NET ASSET VALUE AND THE POSTPONEMENT OF THE VALUATION DAY

The Directors acting unanimously can suspend the calculation of the Net Asset Value in any of the following events:

- a) when one or more stock exchanges or other regulated markets which provide the basis for valuing any assets of the Fund are closed [other than for or during holidays], or if dealings therein are restricted or suspended or where trading is restricted or suspended in respect of securities forming a substantial part of the assets of the Fund;
- b) when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Fund, disposal of the assets of the Fund is not reasonably practicable without this being seriously detrimental to the interests of the Shareholders, or if, in the opinion of the Directors, a fair price cannot be calculated for the assets of the Fund;
- c) in the case of a breakdown of the means of communication normally used for the valuing of any assets of the Fund or if for any reason the value of any asset of the Fund which is material in relation to the Net Asset Value of the Fund (as to which the Directors shall have sole discretion) may not be determined as rapidly and accurately as required (including any period when the fair value of a material portion of the assets of the Fund cannot be determined); or
- d) if, as a result of exchange restrictions or other restrictions affecting the transfer of funds, transactions on behalf of the Fund are rendered impracticable, or if purchases, sales, deposits and withdrawals of any assets of the Fund cannot be effected at the normal rates of exchange, as determined by the Directors.

Shareholders having requested a redemption of their Shares will be promptly notified in writing of any such suspension and upon the termination of any such suspension. If the

redemption request is not withdrawn in accordance with section “VII. Redemption and Transfer of Shares - Withdrawal”, [or if no consent is obtained from the Directors to such withdrawal,] the redemption will be made on the next Valuation Day following the end of such suspension or on such earlier day following the end of the suspension as the Directors may in their absolute discretion agree either generally or in any specific case(s). No Shares may be redeemed or issued during any period in which the calculation of the Net Asset Value is suspended.

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

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

XI. LEGAL CONSIDERATIONS RELATING TO INVESTMENTS IN SECURITIES IN INDIA

FII SUB-ACCOUNT REGISTRATION

It is intended that the Fund may register with the SEBI as a broad based sub-account of FII under its FII licence. This will enable the Fund to conduct portfolio investments in Indian securities. The Fund may also choose to trade Indian securities in markets outside India.

The activities of a FII or a FII sub-account in India are primarily governed by the Securities and Exchange Board of India (Foreign Institutional Shareholders) Regulations, 1995, as amended from time to time (the “**FII Regulations**”) and the Transfer or Issue of Security by a Person Resident outside India Regulations, 2000, as amended from time to time (the “**FEMA Regulations**”) issued by the SEBI.

FII has been defined in the FII Regulations to mean an institution established or incorporated outside India which proposes to make investments in India in securities. A sub-account has been defined in the FII Regulations to include foreign corporates or foreign individuals and those institutions, established or incorporated outside India and those funds, or portfolios, established outside India, whether incorporated or not, on whose behalf investments are proposed to be made in India by a FII.

A fund is regarded as broad based if it has a minimum of 20 investors with no single investor holding more than 49 per cent of the shares or units of the fund. The requirement to have a minimum of 20 investors is relaxed in cases where the investors in the fund are themselves broad based. There is no guarantee that the Fund will meet all conditions required to qualify as a broad based fund under the SEBI FII Regulations and will continue to comply with these conditions and this could jeopardise the Fund’s sub-account registration and impair its ability to invest in Indian listed securities.

Presently FII registrations are granted for indefinite period. The sub-account registrations are co-terminus with the registration of the applicable FII. Renewal of FII and sub-account licences is required so long as the FII and/or its sub-account continue to invest in Indian securities under the FII regulations.

Below is a brief overview of the legal considerations relating to investments in India.

FOREIGN INVESTMENT POLICY AND EXCHANGE CONTROL REGULATIONS

Foreign investments in Indian companies are governed by the Government of India’s policy on foreign investment (the “**FDI Policy**”), and by Indian exchange control regulations as set out under the Foreign Exchange Management Act, 1999, (the “**FEMA**”), as amended from time to time and the regulations and notifications made thereunder.

FEMA provides two separate investment windows through which a foreign investor is permitted to invest in Indian securities: (1) the Foreign Direct Investment (“**FDI**”) Scheme, and (2) the Portfolio Investment Scheme (“**PIS**”).

The FDI Scheme is open to all categories of foreign investors; while the PIS is open only to SEBI registered FIIs and their sub-accounts as well as non-resident Indians. Investments made through the FDI Scheme are governed by the FDI Policy of the Government of India and are monitored by the Reserve Bank of India (“**RBI**”) on an on-going basis. SEBI registered FIIs and their sub-accounts may invest under the PIS, and such FIIs and their sub-accounts can conduct portfolio investments in Indian securities in accordance with the FII Regulations. The FII Regulations are monitored by the SEBI and the RBI on an on-going basis. A more detailed discussion on the FII Regulations is provided below.

FII INVESTMENTS

Since it is intended that the Fund will be registered with the SEBI as a FII sub-account, it will invest in Indian securities through the PIS. The RBI has granted general permission to all the SEBI registered FIIs to open foreign currency denominated accounts and special non-resident Rupee accounts in India. Income, net of withholding tax, must be credited to the special non-resident Rupee account. Transfers from the special non-resident Rupee account to the foreign currency denominated account are permitted, subject to payment of taxes wherever applicable and after obtaining appropriate tax clearance certification. Transfers of sums between the foreign currency denominated account and the special non-resident Rupee account must be made at market rates of exchange.

FIIs and FII sub-accounts are permitted to freely purchase and sell Indian securities on recognised stock exchanges, subject to executing all transactions through SEBI registered stock brokers.

FII REGULATIONS

It is intended that the Fund will register as a broad based sub-account under the FII licence of the Administrator. As a FII sub-account, the Fund must conduct its activities in conformity with the FII Regulations as amended from time to time.

A registered FII may, subject to ownership and pricing restrictions, purchase and sell securities issued by any Indian company, realise capital gains on investments made through the initial amount invested in India, subscribe to or renounce rights offerings for shares, appoint a domestic custodian for custody of investments made and repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale and renunciation of rights offerings of shares.

Furthermore, the FII Regulations provide that:

- (a) a FII shall abide by the provisions of FII Regulations;
- (b) if any information or particulars previously submitted by a FII to the SEBI are found to be false or misleading, in any material respect, the FII shall forthwith inform the SEBI in writing;
- (c) if there is any material change in the information previously furnished by a FII to the SEBI, which has bearing on the certificate of registration granted by the SEBI, the FII shall forthwith inform the SEBI;

- (d) a FII shall appoint a domestic custodian and before making any investments in India, enter into an agreement with the domestic custodian providing for custodial services in respect of securities;
- (e) a FII shall, before making any investments in India, enter into an arrangement with a designated bank for the purpose of operating a special non-resident Rupee or foreign currency account; and
- (f) before making any investments in India on behalf of a sub-account, if any, an FII shall obtain registration for such sub-account in accordance these regulations.

A FII may invest only in the following:

- (a) securities in the primary and secondary markets including shares, debentures and warrants of companies, unlisted, listed or to be listed on a recognised stock exchange in India;
- (b) units of schemes floated by domestic mutual funds including Indian unit trusts, whether listed on a recognised stock exchange or not;
- (c) dated Government Securities;
- (d) derivatives traded on a recognised stock exchange;
- (e) commercial paper; and
- (f) security receipts issued by a registered asset Reconstruction Company or a Securitisation Company as defined under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (the “**Securitisation Act**”).

Further, except in case of trading in derivative contracts on the stock exchanges, FIIs and sub-accounts are currently allowed to engage only in delivery based trading. This will remain the case until the implementation of the regulations permitting SEBI registered FIIs and sub-accounts to engage in short selling of securities.

Very recently SEBI has permitted FIIs and Sub-Accounts of FIIs to short sell, lend and borrow equity shares of Indian company subject to the extant FDI policy of the Government of India. Borrowing of equity shares by FII has been permitted only for the purpose of delivery into short sale.

Under the FII Regulations, Non-Resident Indians (“**NRIs**”) and Overseas Corporate Bodies (companies owned at least 60 per cent by NRIs) (“**OCB**”) registered with the RBI are not permitted to invest as FII or sub-account. Prospective investors should take note of this and may consult the Directors prior to making an investment.

The purchase of equity shares or convertible debentures of an Indian company by a FII on its own account or by a FII sub-account shall not exceed 10 per cent of the total issued capital of

that company or 10 per cent of the paid-up value of each series of the convertible debentures of that company, as the case may be. The investment by a foreign corporate or individual sub-account of an FII shall not exceed 5 per cent of the total issued capital of the company. Additionally, the total cumulative investment by all FIIs and sub-accounts in an Indian company shall not exceed 24 per cent of the paid-up capital or 24 per cent of paid-up value of each series of convertible debentures of such Indian company; however this limit of 24 per cent can be increased to applicable sectoral caps / statutory limits by an Indian company provided a board resolution and a special resolution is passed by the shareholders of such Indian company to this effect.

INSIDER TRADING REGULATIONS

The SEBI (Prohibition of Insider Trading) Regulations, 1992 (the "**Insider Trading Regulations**"), have been issued by the SEBI to prohibit and penalise insider trading in India. The Insider Trading Regulations prohibit (i) "insider" dealings in the securities of a company when in possession of "unpublished price sensitive information", (ii) communication of such information, or (iii) advising or procurement of any other person to deal in securities on the basis of such information. The terms "unpublished" and "price sensitive information" are defined by the Insider Trading Regulations. The insider is also prohibited from communicating, advising or procuring, directly or indirectly, any unpublished, price sensitive information to any other person who, whilst in possession of such unpublished price sensitive information, shall not deal in securities while in possession of such information. The prohibition under the Insider Trading Regulations Regulation 3A also extends to a company dealing, while in the possession of unpublished price sensitive information, to any company. It is to be noted that the SEBI has amended the Insider Trading Regulations to provide certain defences to the prohibition on companies in possession of unpublished price-sensitive information dealing in securities. The Insider Trading Regulations make it compulsory for listed companies and certain other entities associated with the securities market to establish an internal code of conduct to prevent insider trading and also to regulate disclosure of unpublished price sensitive information within such entities so as to minimise misuse of such information. To this end, the Insider Trading Regulations provide a model code of conduct. Further, the Insider Trading Regulations specify a model code of corporate disclosure practices to prevent insider trading which must be implemented by all listed companies.

The Insider Trading Regulations require any person who holds more than five per cent of the issued shares or voting rights in any listed company to inform the company of the number of shares or voting rights held by such person, on becoming such holder, within four working days of:

- (a) the receipt of information of allotment of shares; or
- (b) the acquisition of shares or voting rights, as the case may be.

Furthermore, the Insider Trading Regulations require a director or an officer of a listed company to disclose to the company the number of shares or voting rights held by such person within four working days of becoming a director or officer of the company.

Any person who holds more than five per cent of the issued shares or voting rights in any listed company is required to disclose to the company the number of shares or voting rights held by him on a continuing basis, and also a change in shareholding or voting rights, even if such change results in the shareholding falling below five per cent. Such person also has to disclose any changes in the shareholding from the last disclosure made, provided such change exceeds two per cent of the total shareholding or voting rights in the company. Such disclosures are required to be made within four working days of:

- (a) the receipt of information of allotment of shares; or
- (b) the acquisition or sale of shares or voting rights, as the case may be.

THE TAKEOVER CODE

The Substantial Acquisition of Shares and Takeovers Regulations, 1997 (the “**Takeover Code**”) issued by the SEBI prescribes certain thresholds of securities ownership or trigger points that give rise to certain obligations thereunder.

Under the provisions of the Takeover Code, any acquirer who acquires more than 5 per cent, 10 per cent, 14 per cent, 54 per cent or 74 per cent of the issued shares or voting rights in an Indian listed company is required to notify the company and the stock exchanges on which the shares of such company are listed about its holding. Furthermore, the acquirer who has acquired 15 per cent or more but less than 55 per cent of the shares or voting rights in an Indian listed company is required to inform the company and the stock exchange about any change in its holding by 2 per cent or more of the paid-up capital of the company.

Upon the acquisition of 15 per cent or more of shares or voting rights or acquisition of control of the company, whether direct or indirect, the acquirer is required to make an open offer to the other shareholders offering to purchase at least 20 per cent of all the outstanding shares of the company at a minimum offer price as determined pursuant to the provisions of the Takeover Code (“**Open Offer**”). Under the provisions of the Takeover Code, any existing shareholder of an Indian listed company, holding 15 per cent or more but less than 55 per cent of the shares of the company is entitled to acquire an additional 5 per cent share or voting rights in the company, in any financial year ending 31 March without making a public offer for such an acquisition. For any acquisition of shares beyond 55 per cent, such a shareholder will be required to make an Open Offer.

There are certain exemptions under the Takeover Code from the requirement of the Open Offer provisions in certain specific instances such as an inter se transfer of shares among the qualifying promoters of the Indian company, transfer of shares pursuant to a scheme of arrangement or reconstruction including amalgamation or merger or de-merger under any law

or regulation, Indian or foreign, etc. If the Fund invests through subscription of shares under the preferential route or purchase of shares from existing promoters or shareholders in which case, it would be required to comply with the public offer provisions of the Takeover Code.

When the Fund invests through subscription of shares under the preferential route or purchase of shares from existing promoters or shareholders of an Indian listed company, it will be required to comply with the Open Offer provisions of the Takeover Code if such investment is beyond the specified limits. Therefore, to prevent the provisions of the Takeover Code related to the making of an open offer from being triggered, investment in any Indian company by any person or entity (whether under FII alone or in conjunction with FDI route) would need to be less than 15 per cent.

It may be pertinent to note that an FII and its sub accounts are deemed to be persons acting in concert, unless contrary is established for the purposes of the Takeover Code for the purposes of calculating the above limits.

ANTI MONEY LAUNDERING

The Prevention of Money Laundering Act, 2005 (the “**PMLA**”), which came into force on 1 July 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.

Pursuant to the entry into force of the PMLA and the rules enacted thereunder, a FII is required to maintain a record of all transactions having value of more than INR 1 million. FII is also required to appoint a principal officer who is obligated to report suspicious transactions and cash transactions above INR 1 million to the Director of the Financial Intelligence Unit set up by the Ministry of Finance. Further, in terms of the relevant Rules, FIIs are required to formulate and put in place an anti money laundering policy based on the Guidelines issued by the SEBI in this regard. Accordingly, the Fund may furnish such information to the SEBI or the RBI as may be necessary for it to fulfil its obligations under the PMLA and rules enacted thereunder, including provision of any information as may be sought by the Financial Intelligence Unit. By subscribing for Shares, investors consent to the disclosure by the Fund, the Administrator and/or the Directors of any information about them, to the Financial Intelligence Unit and regulators in India including the SEBI and the RBI, upon request, in connection with money laundering and similar matters in India.

Please note that the foregoing disclosure is based on the current provisions of Indian laws and regulations thereunder, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

XII. LEGAL CONSIDERATIONS RELATING TO THE FUND

THE FUND

The Fund was incorporated on 12 April 2013 under the laws of the Republic of Mauritius as a public company limited by shares under the name “FAYENCE CAPITAL LIMITED”. The Fund holds a Category 1 Global Business License issued by the Financial Services Commission and is an investment company with unlimited duration.

The Fund is authorised to act an open-ended CIS /Expert Fund under Section 97 of the Securities Act 2005 and Regulation 79 of the CIS Regulations 2008. Participating Shares in the Fund would be available to Expert Investors only.

FEEDER FUNDS

In order to address particular tax or regulatory requirements of certain types of investors, the Fund may organise one or more feeder funds that will invest all or substantially all of their assets in the Fund. It is anticipated that any feeder funds would be organised in the British Virgin Islands, the Cayman Islands, Jersey, or a similar tax-advantaged jurisdiction or in Delaware, U.S. It is expected that the organisational expenses of the feeder funds will be borne by the Fund.

SHAREHOLDER RIGHTS

(a) Participating Shares

Potential investors are invited to subscribe for Class A Shares in the Fund. The holders of Shares shall (in respect of such Class of Shares) have the right to receive notice of, but shall not have the right to attend or vote at, any general meeting of the Fund. Subject to certain limitations, Shareholders may request the redemption of all or part of their holdings of Shares for cash in accordance with the procedure set out in section “VIII. Redemption and Transfer of Shares”. The Fund shall have the right to redeem Shares in certain circumstances described in the Constitution (if, for example, in the opinion of the Directors, not doing so might result in the Fund incurring any liability to taxation or suffering any other pecuniary disadvantage). The holders of Shares shall be entitled to participate in the distribution of assets upon a winding up of the Fund attributable to that particular Class.

(b) Management Share

Management Shares are not otherwise available for subscription. The Management Share shall not entitle its holder to participate in distributions made by the Fund. The holder of the Management Share shall be the only holder of Shares entitled to attend and vote at all meetings of the Fund. The Management Fee, organisational and offering expenses of the Fund and Fund’s expenses will not be payable in relation to the Management Share and no Carried Interest will accrue in respect of the Management Share as set out in the section “X. Fees and Expenses”. The holder of the Management Share shall not be entitled to participate in the distribution of assets upon a winding up of the Fund and the Management Share ranks only for the return of the capital paid up thereon after the return of the capital paid up on the Shares.

The holder of the Management Share has the exclusive right to amend the Constitution as it may determine, provided that no such amendments may adversely affect the rights attaching to the Shares in issue on the date they are made.

The Fund is not permitted to issue Bearer Shares.

VARIATION OF CLASS RIGHTS

When at any time the share capital is divided into different classes of Shares, the rights attached to any class may be varied by consent in writing of holders of not less than three quarters of the issued Shares of that class who together hold not less than three quarters of the votes entitled to be cast on that resolution or with the sanction of a three quarters majority of the total number of votes cast of those present and entitled to vote at a meeting of the holders of Shares of that class. Votes may be given in person or by proxy.

The special rights attached to any class of Shares shall not be deemed to be varied by the creation, allotment or issue of further Shares ranking *pari passu* therewith or by the creation, allotment or issue of additional Management Shares or redeemable Shares.

MEETINGS

The annual meeting of Shareholders will be held at the registered office of the Fund once in a calendar year. The Directors may also convene meetings of the Fund at such time and in such manner and place (within or outside Mauritius) as the Directors consider necessary or desirable and they shall convene such a meeting upon the written request of the holder of the Management Share. However, where practicable, meetings shall be held in Mauritius. According to the Constitution, at least 14 clear days' notice shall be given specifying in sufficient detail the place, day and time of the meeting and the nature of the business to be transacted.

TERM OF THE FUND

The Fund will have an unlimited life. However, the Fund may be wound up at any time for any reason by a special resolution of the Management Shareholder. On the dissolution of the Fund, the liquidator shall apply the assets of the Fund in satisfaction of creditors' claims in such manner and order as it considers fit, subject to the rights of any preferred creditors under Mauritius law. Thereafter, the Class A Shares are entitled, in priority to the Management Share, to the return of the capital paid up thereon and the surplus assets of the Fund attributable to the Class A Shares will be distributed among the holders of such Shares *pro rata* to the Net Asset Value of such Shares held by each of them (after taking into account any Carried Interest due to the Fund Manager).

DISTRIBUTION POLICY

The Fund intends to reinvest both capital gains and income to seek to maximise the return to Shareholders and does not therefore (with the exception of the Carried Interest) envisage to be paying any dividends. Should the Fund decide to pay any dividend, then, provided the Fund is able to satisfy the solvency test applicable to a company incorporated in Mauritius and the authorisation from the Stock Exchange of Mauritius in conformity with Listing Rule 16.32(c) is obtained, the Directors shall then have the discretion to determine the amount such dividend with respect to the Fund.

DIRECTORS

The Directors will not be paid any fees by the Fund, but they will be reimbursed by the Fund for any out-of-pocket expenses reasonably incurred by them.

There is no provision in the Constitution requiring a Director to retire by reason of any age limit and there is no Share qualification for Directors.

The Directors may exercise the Fund's powers to borrow for the account of the Fund in accordance with the limits set out in section "VI. Investment Objective Strategy and Restrictions - Borrowing" of this Private Placement Memorandum and to charge its assets.

Applicants, as a condition of being permitted to purchase Shares, waive any claim they may have at any time against the Directors, the Fund Manager, the Administrator or any of their affiliates, associates and employees regarding the financial or tax consequences of investing in the Fund, provided that the Directors, the Fund Manager, the Administrator or any of their affiliates, associates and employees was not negligent, did not engage in wilful misconduct or fraud and/or did not act in bad faith or in material breach of any relevant agreement to which it is a party.

The address of each of the Directors for the purposes of this document is the registered office of the Fund.

No Director has (i) any unspent convictions in relation to indictable offences; or (ii) been bankrupt or the subject of an involuntary arrangement, or has had a receiver appointed to any of his assets; or (iii) been a director of any company which, while he was a director with an executive function or within 12 months after he ceased to be a director with an executive function, had a receiver appointed or went into compulsory liquidation, creditors' voluntary liquidation, administration or company voluntary arrangements or made any composition or arrangement with its creditors generally or with any class of its creditors; or (iv) been a partner of any partnership, which while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement or had a receiver appointed in respect of any partnership assets; or (v) had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or (vi) been disqualified by a court from acting as a director or from acting in the management or conduct of affairs of any company.

DIRECTORS AND OTHER INTERESTS

The Directors may from time to time act as director, fund manager, manager, cash manager, custodian, registrar, administrator, Fund Manager or dealer in relation to, or be otherwise involved in, or purchase other funds established by parties other than the Fund which have similar objectives to those of the Fund. They will, at all times, have regard in such office to their obligations to the Fund and will advise the Fund of such involvements or investments. They may invest in, directly or indirectly, or manage or advise or provide other services to investment funds or accounts which invest in assets which may also be purchased or sold by the Fund. The Directors are under no obligation to offer investment opportunities of which they may become aware to the Fund or to account to the Fund in respect of any such transaction or any benefit received by it from any such transactions.

Any Director may hold any other office or place of profit under the Fund, other than the office of auditor, in conjunction with his office of Director, on such terms as to tenure of office and otherwise as the Directors may determine. No Director shall be disqualified by his office from contracting with the Fund in any capacity, nor shall any such contract or arrangement entered into by the Fund in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Fund for any profit realised by any such contract or arrangement by reason of such directors holding that office if he shall declare the nature of his interest.

Subject to certain exceptions set out in the Constitution, a Director shall not vote in respect of his appointment to hold any office or place of profit in the Fund or the arrangement of the terms of any such appointment or in respect of any contract or arrangement in which he is materially interested, unless the nature of his interest is declared at the first opportunity at a meeting of the Directors or by writing to the Directors and no other Director objects to the interested Director voting on such arrangement. A Director shall not be counted in the quorum at the meeting in relation to any resolution on which he is debarred from voting.

There are no existing or proposed service contracts between the Fund and any of the Directors. Save as disclosed in this Private Placement Memorandum, no Director has any interest, direct or indirect, in the promotion of or in any assets which are proposed to be acquired, disposed of by or leased to the Fund and no Director has a material interest in any contract or arrangement entered into by the Fund which is unusual in nature or conditions or significant in relation to business of the Fund, nor has any Director had such an interest since the Fund was incorporated.

No Directors, nor any connected person, is currently directly or indirectly interested in the Shares, but the Directors may invest in the Fund in the future.

INDEMNITY

The Directors shall not be liable to the Fund for any act or omission in the performance of their duties, provided that they act honestly and in good faith in the interests of the Fund. According to the Constitution, the Fund may indemnify a Director in respect of liability (other than criminal liability or liability which arises in the case of a Director for breach of directors duties

under Mauritian law) to any person, other than the Fund or any related company, for any act or omission in his/her capacity as a Director.

The Fund Manager, Administrator, Custodian, FII, Registrar and secretary and their affiliates are entitled to such indemnity from the Fund under such terms and subject to such conditions and exceptions as shall be provided under the relevant agreements appointing them. Please see in this section “XIII. Legal Considerations Relating to the Fund - Material Agreements” for further details on the indemnities granted by the Fund.

CONFLICTS OF INTERESTS

a) Actual and Potential Conflicts of Interests

The Investment Manager, Administrator and their respective affiliates, which shall be deemed to include, in each case, their respective officers, directors, employees and entities owned by any of the aforementioned parties (the “Related Parties”) may face certain conflicts of interests in relation to the Fund. These conflicts include, but are not limited to, the following:

Nazia Bibi Mungroo and Vidyotma Lotun are affiliated with the Administrator and/or certain affiliates of the Administrator. As such, a certain level of independent judgement as it relates to matters concerning the Administrator may be absent.

There shall be no restriction on Fund Manager or any of its affiliates from raising or managing or acting as general partner or manager to any further funds or other investment vehicles which may (i) have as their objective a purpose similar to that of the Fund; (ii) buy assets from or sell assets to the Fund, provided that such sale or purchase is entered into in good faith and on an arms-length basis; or (iii) otherwise be in competition with the Fund.

As a result, the Fund Manager (or its affiliates) may have a conflict of interest in allocating investments among the Fund and its other clients and in effecting transactions between the Fund and its other clients, including ones in which the Fund Manager (or any of its affiliates) may have a greater financial interest. Where appropriate, the Fund Manager (and their respective affiliates) may give advice or take action with respect to such other clients that differs from the advice given with respect to the Fund.

The Fund Manager (or any of their respective affiliates) may provide services to entities in which the Fund is or will be invested or certain businesses in which the Fund may have some other financial interest. The Fund Manager and/or their respective affiliates shall be entitled to retain all fees which may be payable to them in such circumstances.

The Fund Manager will have regard to their respective obligations under the agreements with the Fund and will otherwise act in the best interests of the Fund, so far as is practicable having regard to their obligations to other clients, when potential conflicts of interest arise. In the event of a conflict of interest arising involving the Fund Manager, the Fund Manager will resolve such conflict of interest fairly. In particular, Fund Manager will use its reasonable efforts to ensure that the Fund has the opportunity to participate in potential investments identified by Fund Manager which fall within the Fund’s Investment Objective.

The Directors, the Fund Manager and their affiliates may carry on investment activities for their own accounts, for the accounts of their employees (and their families) and for other accounts in which the Fund has no interest.

The legal counsels, the Auditors and the accountants who perform services to the Fund may perform services also for the Fund Manager and its affiliates. It is anticipated that such representation will continue in the future.

Certain inherent conflicts of interest arise from the fact that the Fund Manager and its affiliates generally carry on other investment activities in which the Fund will have no interest. The Fund Management Agreement will not impose any specific obligations or requirements concerning the allocation of time, effort or investment opportunity by Fund Manager to the Fund. The Fund Manager and its members, officers and employees will devote as much of their time to the activities of the Fund as they deem necessary and appropriate. The Fund Manager and its affiliates are not restricted from forming additional investment funds, from entering into other investment management or advisory relationships, or from engaging in other business activities, even though such activities may be in competition with the Fund and/or may involve substantial time and resources of the Fund Manager. These activities could be viewed as creating a conflict of interest in that the time and effort of the Fund Manager and its officers and employees will not be devoted exclusively to the business of the Fund, but will be allocated between the business of the Fund and the management of the monies of other clients of the Fund Manager.

b) Use of Dealing Commissions

The Fund's securities transactions can be expected to generate brokerage commissions and other compensation, all of which the Fund, not the Fund Manager, will be obligated to pay. The Fund Manager will have complete discretion in deciding which brokers and dealers the Fund will use and in negotiating the rates of compensation the Fund will pay. In addition to using brokers as "agents" and paying commissions, the Fund may buy or sell securities directly from or to dealers acting as principals at prices that include mark-ups or mark-downs, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

In selecting brokers and dealers to effect portfolio transactions for the Fund, the Fund Manager will consider such factors as the ability of the brokers and dealers to effect the transactions, their facilities, reliability and financial responsibility and the provision or payment (or the rebate to the Fund for payment) of the costs of brokerage or research products or services. The Fund Manager will not be required to solicit competitive bids and will not have an obligation to seek the lowest available commission cost. Accordingly, if the Fund Manager determines in good faith that the commissions charged by the broker or the prices charged by a dealer are reasonable in relation to the value of the brokerage and research products or services provided by such broker or dealer, the Fund may pay commissions to such broker or prices to such dealer in an amount greater than another might charge.

AUDITORS

MORISON MAURITIUS LTD WILL BE APPOINTED AS AUDITORS OF THE FUND.

ACCOUNTS AND REPORTS

THE ADMINISTRATOR WILL PUBLISH:

- (a) on a quarterly basis as of 31 March, 30 June, 30 September and 31 December, a Fund portfolio update and an individual statement of a Shareholder's Shares (such reports and statements to be sent to the address of each Shareholder as it appears in its Subscription Agreement) within 30 days from the end of the relevant quarter; and
- (b) on an annual basis as of 31 December, in addition to the reports described in (a) above, details of the Net Asset Value, as well as the audited financial statements of the Fund, which will be sent to the Shareholders (such reports and statements to be sent to the address of each Shareholder as it appears in its Subscription Agreement). The reports will be sent within four months from the end of the Financial Year.

The Fund's accounts will be prepared in accordance with the International Financial Reporting Standards (IFRS) or other accepting accounting standards internationally and in Mauritius and the Fund will prepare the first set of annual accounts as of **31st December 2013**.

BASE CURRENCY

The base currency of the Fund is GBP and all financial statements of the Fund are presented in GBP.

ARRANGEMENTS FOR PLACING SHARES

The Fund or Directors on behalf of the Fund, may appoint one or more placing agents to act as distribution agents in respect of Shares. Details of the agreements entered into by the Fund and the placing agents will be available to Shareholders upon written request to the Fund. These fees will be charged to the Fund.

AGREEMENTS WITH SHAREHOLDERS

The Fund may enter into agreements with certain prospective or existing Class A Shareholders whereby the investment of such Shareholders in the Fund may be subject to terms and conditions that are more advantageous than those set forth in this Private Placement Memorandum. For example, such terms and conditions may provide for special rights to make future investments in the Fund, other investment vehicles or managed accounts; special redemption rights, relating to frequency, notice, a reduction or rebate in fees to be paid by the Shareholders and/or other terms; rights to receive reports from the Fund on a more frequent basis or that include information not provided to other Shareholders (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the Fund and such Shareholders. The granting of more favourable terms and conditions is solely at the discretion of the Fund and may, among other things, be based on the size of the Shareholder's investment in the Fund or affiliated investment entity, an

agreement by a Shareholder to maintain such investment in the Fund for a significant period of time, or other similar commitment by a Shareholder to the Fund.

MATERIAL CONTRACTS

The Fund will enter into the following contracts which are or may be material.

a) Fund Management Agreement

Under the Fund Management Agreement to be entered into between the Fund and Fund Manager the Fund will appoint the Fund Manager to provide investment management services and recommendations to Directors of the Fund in respect of Investments. The Fund Manager is entitled to a management fee as stated herein. The Fund also undertakes to pay or reimburse the Fund Manager in respect of all reasonable out-of-pocket expenses properly incurred by the Fund Manager and by any person, firm or company to whom the whole or any part of the Fund Manager's responsibilities have been delegated pursuant to the Fund Management Agreement. The Fund Manager will also receive Carried Interest as explained in detail before under the Investment Management Agreement.

The Fund Management Agreement contains detailed provisions relating to the responsibilities of the Fund Manager and will exclude it from any liability to the Fund, or to any Shareholder for any act or omission of the Fund Manager, except in the case of fraud, bad faith, negligence, wilful default, material breach of the Fund Management Agreement or failure to comply with its obligations under any applicable laws. Accordingly, the Fund Manager (including each of its directors, officers and those agents who have been appointed in accordance with the Fund Management Agreement) will be indemnified by the Fund for any loss suffered by it in the performance of its obligations except in the case of fraud, bad faith, negligence, wilful default, material breach of the Fund Management Agreement or failure to comply with its obligations under any applicable laws. The Fund Management Agreement may be terminated with immediate effect by either the Fund Manager or the Fund if the other party goes into liquidation, administration or receivership or has committed a material breach of the Fund Management Agreement and in so far as such breach is capable of remedy, such breach is not remedied within 30 days' notice. Either party has the right to terminate the Fund Management Agreement on three months' notice for any reason. The Fund will be responsible for the payment of all fees to the Fund Manager.

b) Custodian Agreement

Under the Custodian Agreement to be entered into between the Fund and the Custodian the Custodian will be appointed to act as the Fund's custodian. Under the Custodian Agreement the Custodian will hold certain security documents, cash and other assets relating to the Investments in safe custody on behalf of the Fund. The Fund has agreed to indemnify the Custodian against all charges, costs, damages, losses, claims, liabilities, expenses, fees and disbursements which the Custodian may suffer or incur in connection with or arising from its provision of the services to the Fund under the Custodian Agreement, provided the Custodian is not liable for negligence or wilful misconduct or breach of any applicable law or regulations.

The Custodian shall not be responsible for any direct or indirect loss or damage suffered by the Fund as a result of the Custodian performing its duties, or for any act or omission in respect of any instructions under the Custodian Agreement unless the same is directly attributable to fraud, negligence and wilful default on the part of the Custodian. Either party may terminate the Custodian Agreement by giving not less than 60 days' written notice to the other party.

c) Administration Services Agreement

Under the Administration Services Agreement to be entered into between the Fund and the Administrator, the Administrator agrees to provide registrar and corporate secretarial services and administrative services to the Fund. The Administration Services Agreement will provide that the Administrator will not be liable to the Fund for any error of judgment or any loss suffered or any liability except in the case of fraud, negligence, or wilful default, material breach of the Administration Services Agreement, failure to comply with its obligations under any applicable laws or non-performance on the part of the Administrator, its staff, employees and officers. Accordingly, the Administrator will be indemnified by the Fund for any loss suffered by it in the performance of its obligations except in the case of fraud, negligence, wilful default, material breach of the Administration Services Agreement or failure to comply with its obligations under any applicable laws. The Administration Services Agreement may be terminated on 60 days notice by the Fund or the Administrator or earlier in certain circumstances.

Save for each of the material contracts described above, the Fund does not intend to enter into any contracts which are or may be material. Each of these material contracts are available for inspection by Shareholders.

XIII. RISK CONSIDERATIONS

An investment in the Fund is a high risk investment and is suitable only for financially sophisticated investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result from such investment. No guarantee or representation is made that the Fund will achieve its Investment Objective or that an investor will not lose all or a substantial portion of its investment. Investment results may vary substantially on a monthly, quarterly or annual basis and an investment in the Fund does not constitute a complete investment program.

The value of the Shares and the income from such Shares may decline as well as rise and prospective investors should carefully review and evaluate the merits and the risks and the other information contained in this document before making a decision to invest in the Fund. If you are in any doubt about the contents of this Private Placement Memorandum you should consult your stockbroker, bank manager, solicitor, accountant or other independent authorised financial adviser.

The risks set out below are the risks which are considered to be material but are not the only risks relating to the Fund or an investment in the Fund. There may be additional material risks that the Directors do not currently consider to be material or of which the Directors are not aware.

INVESTMENT RISKS

GENERAL RISK

There can be no assurance that the Investment Objective of the Fund will be achieved. The Fund could lose all or some of the capital it invests in any particular Investment, which loss could have a significant adverse impact on the performance of the Fund as a whole.

The success of the Fund will depend on the Director's and Fund Manager's ability to identify, make and realise Investments in accordance with the Fund's Investment Objective. There can be no assurance that the Directors/Fund Manager will be able to do so or that the Fund will be able to invest its assets on attractive terms or generate any investment returns for Shareholders or indeed avoid investment losses. No assurance can be given that profits will be achieved or that substantial losses will not be incurred.

RISKS OF INVESTING IN INDIA

Investing in Indian securities may represent a greater degree of risk than investing in other jurisdictions due to factors such as possible exchange rate fluctuations, possible exchange controls, less publicly-available information, more volatile markets, less stringent securities regulations, less favorable tax provisions (including possible withholding taxes), war, or expropriation, some of which are discussed in more detail below.

Accounting, financial and other reporting standards in India are not equivalent to those in more developed countries. Differences may arise in areas such as valuation of properties and other assets, accounting for depreciation, deferred taxation, inventory obsolescence, contingent

liabilities and foreign exchange transactions. Accordingly, less information may be available to investors. The SEBI, the principal regulator of the Indian securities market, received statutory authority in the year 1992, to oversee and supervise the Indian securities markets. Accordingly the securities law and regulations in India are continuously evolving, and the ability of the SEBI to promulgate and enforce rules regulating market practices is uncertain.

India is a country that 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. In addition, cross-border terrorism could weaken regional stability in South Asia, thereby hurting investor sentiment.

India's political, social and economic stability is commensurate with its developing status. Certain developments, beyond the control of the Fund, such as the possibility of nationalisation, expropriations, or confiscatory taxation, political changes, government regulation, social instability, diplomatic disputes, or other similar developments could adversely affect the Fund's Investments.

In spite of overall cross-party consensus on economic reforms, the new Indian government formed by the recently elected Congress party, which has formed a coalition with the Communist party, could slow certain reforms that would favour investment in India.

Being an agrarian economy, severe monsoons or drought conditions could hurt India's agricultural production and dampen momentum in some sectors of the Indian economy, which could adversely affect the Fund's performances.

SECURITIES RISK FACTORS

Indian securities markets are more volatile than the securities markets in more developed countries. Stock exchanges in India (including BSE and NSE) have, in the past, experienced substantial fluctuations in the prices of listed securities.

Indian stock exchanges (including the BSE and the NSE) have experienced problems which, if such or similar problems were to continue or recur, could affect the market price and liquidity of the securities of Indian companies, including shares. These problems have included temporary exchange closures, broker defaults, settlement delays and strikes by brokers.

In addition, the governing bodies of Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time, disputes have occurred between listed companies, stock exchanges and other regulatory bodies, which in some cases may have a negative effect on market sentiment.

Securities' exchanges typically have the right to suspend or limit trading in any instrument traded on that exchange. Any suspension of any security held by the Fund could render it impossible for the Fund to liquidate positions and thereby expose the Fund to losses.

The Fund will, directly or indirectly, invest in unlisted companies whose securities do not have a ready market and hence should be considered illiquid. By their very nature, such Investments would be difficult to dispose of. The Fund also intends to invest in securities, which are not freely traded now and could potentially not be freely traded in the future as well. These Investments may be difficult to value and to sell or otherwise liquidate. Moreover these unlisted companies are not governed by the same disclosure and investment protection norms that normally apply to listed companies.

The Fund may also invest in newly established or young companies. Although such Investments may have the lure of greater opportunities, they also carry a higher risk than is usually associated with more established companies.

Investments may even be made in companies that are experiencing or have experienced severe financial difficulties. Many of such Investments will be illiquid and there can be no assurance that the Fund will be able to realise profits on its Investments in a timely manner.

Also, investments will be made in accordance with the Investment Objective and Investment Restrictions set out in the section headed “VI. Investment Objective, Strategy and Restrictions” as may be amended by the Directors from time to time. Consequently, the Fund may be required to forego otherwise attractive investment opportunities that are not compatible with such guidelines and restrictions.

MARKET RISK

The profitability of the Fund’s investment strategy depends to a great extent on correct assessments of the future course of price movements of the Investments. There can be no assurance that the Directors/Fund Manager will be able to predict accurately these price movements. The securities markets in India have in recent years been characterised by great volatility and unpredictability. With respect to the investment strategy utilised by the Fund, there is always some, and occasionally a significant, degree of market risk.

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

CURRENCY RISK

Prospective investors should be aware that the Fund’s portfolio will be comprised predominantly of Rupee denominated Investments and that the Fund intends that all monies returned to the Shareholders and the reported Net Asset Value will be denominated in GBP. Any depreciation in the Rupee could have an adverse impact on the performance of the Fund. The Fund may enter into currency hedging transactions but appropriate mechanisms on acceptable terms are not expected to be readily available.

LEVERAGE

Options, futures, options on futures, swaps and other synthetic or derivative financial instruments inherently contain much greater leverage than a non-margined purchase of the underlying security, commodity or instrument. This is due to the fact that generally only a very small portion (and in some cases none) of the value of the underlying security, commodity or instrument is required to be paid in order to make such Investments. Many such financial instruments are subject to variation or other interim margin requirements, which may force premature liquidation of investment positions.

The Fund may borrow in an aggregate amount up to 10 per cent of its Net Asset Value at any given time; provided that the Fund intends to limit borrowings to those made (i) on a short-term basis and (ii) for the purpose of (a) satisfying a redemption request in the event that the Fund has no available cash or immediately available liquid Investments, and/or (b) paying fees and expenses.

DIVIDENDS

Investors should note that it is not the Fund's intention to pay dividends to Shareholders other than Carried Interest to the Fund Manager. The Directors have the sole discretion to determine the amount of any dividend with respect to the Fund if they believe that such a dividend is warranted taking into account various factors including the Fund's operating results, financial condition and current and anticipated cash needs and therefore there is no guarantee that investors will receive any dividends or as to the level of dividends investors may receive.

INDIAN INVESTIGATIONS AND ACTIONS REGARDING A FII OR THE FUND

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

ACCOUNTING AND REGULATORY STANDARDS AND QUALITY OF INFORMATION

Generally speaking, not all companies in India are subject to disclosure, accounting, auditing and financial standards which are equivalent to those applicable in more developed countries. General economic accounting and property specific information may not be available and may be less reliable than in more developed markets. Moreover, there is less rigorous government supervision and regulation. Regulatory regimes relating to foreign investment are still in their infancy in India. This may mean that rules are being applied for the first time or inconsistently which may result, inter alia, in the amount and nature of information available to the Fund about investee companies and potential Investments being inconsistent from time to time.

FOREIGN INVESTMENT INFRASTRUCTURE

The infrastructure for the safe custody and for purchasing and selling securities, settling trades, collecting dividends, initiating corporate actions, and following corporate activity is not as well developed in India as is the case in certain more developed markets. Additionally, some markets within India are developing fast and this can give rise to strains on the investment infrastructure.

POLITICAL CLIMATE AND EXTREMISM

India is historically subject to political instability. The value and performance of the Fund may be affected by uncertainties, including unforeseen political developments, social and religious instability, changes in government policies and/or government intervention in economic activity, outside political influences, hostilities with neighbouring countries and action by extremist groups who may be hostile to foreign investment.

The financial operations of the Fund may also be adversely affected by any downturn in general economic conditions or by world events. Terrorist attacks such as the attacks on the United States on 11 September 2001 and the United Kingdom on 7 July 2005 and the continuing response of the United States and the United Kingdom to these attacks, as well as the threat of future attacks in the United States, the United Kingdom, the Middle East and Asia or elsewhere, continue to cause uncertainty in the world's financial markets and may affect the Fund's business, operating results and financial condition. The continuing conflict in Iraq may lead to additional acts of terrorism and armed conflict around the world, which may contribute to further economic instability in the global financial markets. These uncertainties could also adversely affect world stock markets and consequently the Fund's ability to earn positive returns for investors. Any such occurrence could have a material adverse impact on the Fund's business, operating results and financial condition.

LEGAL RISKS

The rate of legislative change in India can be rapid and the content of proposed legislation when eventually adopted into law is difficult or impossible to predict. Existing laws, such as those set out in the section headed "XII. Legal Considerations Relating to Investments in Securities in India" and regulations may not always be applied consistently and new laws and regulations, including those with retrospective effect, may be introduced with little or no prior consultation.

CONCENTRATION RISK

Certain Investments may represent a significant proportion of the Fund's Investments. As a result, the impact on the Fund's performance and the potential returns to Shareholders will initially be more adversely affected if any one of the Investments performs badly than would be the case if the portfolio was more diversified.

DEPENDENCE ON THE ADVISERS

The Fund is dependent on the diligence, skill and network of its Directors and the Fund Manager and their respective senior management and business contacts. They, together with other investment professionals, will evaluate, negotiate, structure, realise, monitor and service the Fund's Investments. Investors will not be entitled to contribute to the management of the Fund and will have no influence on the operations and decisions of the Fund. Therefore the success of the Fund is substantially dependent upon the continued personal efforts of the Directors and individuals employed by the Fund Manager. It cannot be expected that all of the individual employees of the Fund Manager, some of whom are identified in this Private Placement Memorandum, will continue to be available to the Fund throughout its term. The

loss of any one, some or all of these key personnel or an ability to attract and retain such personnel would materially adversely affect the Fund's performance. Additionally, the limited experience of the Fund Manager could also impact the Fund's performance.

CHANGES IN TAXATION

Any change in the Fund's tax status, or in taxation legislation in either Mauritius or India or any jurisdiction in which the Fund invests in, could affect the value of the Investments or the Fund's ability to achieve its Investment Objective or alter the post tax returns to Shareholders. Statements in the section headed "Taxation" of this Private Placement Memorandum concerning taxation are based upon current Mauritian and Indian tax law and practice, which law and practice is, in principle, subject to change that could adversely affect the ability of the Fund to meet its Investment Objective and which could adversely affect the taxation of Shareholders. If any investor is in doubt as to his taxation position, he is strongly recommended to consult an independent professional adviser without delay.

RELIANCE ON INDIA/MAURITIUS DOUBLE TAX AVOIDANCE TREATY

Investors should note that taxation of the income of the Fund arising from its Investments in India is expected to be minimised under the provisions of the India/Mauritius Double Tax Avoidance Treaty (the "Mauritius Treaty"). No assurance can be given that the terms of the Mauritius Treaty will not be subject to re-negotiation in the future and any change could have a material adverse effect on the returns of the Fund. There can be no assurance that the Mauritius Treaty will continue and will be in full force and effect during the life of the Fund. Further, it is possible that Indian tax authorities may take the position that the Fund is not entitled to the benefit of the Mauritius Treaty.

LIMITATIONS OF INVESTMENTS

Under the existing FII Regulations, the purchase of equity shares or convertible debentures of an Indian company by a FII on its own account or by a FII sub-account shall not exceed 10 per cent of the total issued capital of that company or 10 per cent of the paid-up value of each series of the convertible debentures of that company, as the case may be. The investment by a foreign corporate or individual sub-account of a FII shall not exceed 5 per cent of the total issued capital of the company. Additionally, the total cumulative investment by all FIIs and sub-accounts in an Indian company shall not exceed 24 per cent of the paid-up capital or 24 per cent of paid-up value of each series of convertible debentures of such Indian company. The investment of the Fund is accordingly restricted to that extent.

An FII and its sub accounts are considered as persons acting in concert, unless contrary is proved. Hence, the percentage of shares held by the FII and all its sub accounts shall be clubbed together for determining the compliance with the Takeover Code. Therefore, the number of shares that can be acquired by the Fund as a FII sub-account would have to be restricted such that, the total number of shares held by the FII and its sub-accounts do not cross the thresholds mentioned in the Takeover Code, so as not to trigger the open offer provisions contained in the Takeover Code. Such a restriction could affect the investment strategy of the Fund and the Fund, while being registered as the FII sub-account, may have

limitations on its investment decisions to that extent.

BUSINESS AND REGULATORY RISKS OF HEDGE FUNDS

Legal, tax and regulatory changes could occur during the life of the Fund that may adversely affect the Fund. The regulatory environment for hedge funds is evolving, and changes in the regulation of hedge funds may adversely affect the value of Investments held by the Fund. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self regulatory organisations and exchanges (such as the SEBI) are authorised to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action. The effect of any future regulatory change on the Fund could be substantial and adverse.

COUNTERPARTY RISK

Certain of the Fund's transactions may involve hedging transactions undertaken through third parties such as local banks or brokers. Investment transactions may need to be structured in ways that the Fund will take a beneficial interest only, with legal title remaining with a third party. In such circumstances, the Fund would be subject to the risk of default, insolvency or fraud of such third parties. There can be no assurance that any monies advanced to such entities would be repaid or that the Fund would have any recourse in the event of default.

FINANCIAL FAILURE OF INTERMEDIARIES

There is always the possibility that the institutions, including brokerage firms and banks with which the Fund does business, or to which securities have been entrusted for custodial purposes, will encounter financial difficulties that may impair their operational capabilities or result in losses to the Fund.

SUSPENSIONS OF TRADING

Each exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension could render it impossible for the Fund to liquidate its positions and thereby expose it to losses. In addition, there is no guarantee that non-exchange markets will remain sufficiently liquid to enable the Fund to close out positions.

SHORT SALES

The Fund may engage in short selling. Short selling necessarily involves certain additional risks. These transactions expose the Fund indirectly to the risk of uncapped losses until a position is closed out. There is the risk that the securities borrowed by the Fund in connection with a short sale must be returned to the securities lender on short notice. If a request for return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a "short squeeze" can occur, and the Fund may be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short.

Except in case of trading in derivative contracts on the stock exchanges, FIIs and sub-accounts are currently allowed to engage only in delivery based trading. This will remain the case until the implementation of the regulations permitting SEBI registered FIIs and sub-accounts to engage in short selling of securities.

Very recently SEBI has permitted FIIs and Sub-Accounts of FIIs to short sell, lend and borrow equity shares of Indian company subject to the extant FDI policy of the Government of India. Borrowing of equity shares by FII has been permitted only for the purpose of delivery into short sale.

OPTIONS

The Fund may purchase put and call options. Purchasing put and call options, as well as writing such options, is a highly specialised activity with a high level of risk. Option premiums paid or received by an investor will be small in relation to the market value of the investments underlying the options; buying and selling put and call options can result in large amounts of leverage.

HIGH YIELD SECURITIES

The Fund may invest in “high yield” bonds and preferred securities which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities categories). Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer’s capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower rated securities, the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities. The market for lower-rated securities is smaller and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor to a decrease in the value and liquidity of such lower-rated securities.

DERIVATIVE INSTRUMENTS

To the extent that the Fund invests in swaps, derivative or synthetic instruments, repurchase agreements or other over-the-counter transactions, the Fund may take a credit risk with regard to parties with whom they trade and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions that generally are backed by clearing organisation guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. Derivatives typically allow an investor to hedge or speculate on the price movements of a particular security, financial

benchmark currency, index or commodity at a fraction of the cost of investing in the underlying asset. There is no assurance that derivatives that the Fund wishes to acquire will be available at any particular time, on satisfactory terms or at all. The prices of many derivative instruments, including many options and swaps, are highly volatile. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are “leveraged”, and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire Investment, but may also expose the Fund to the possibility of a loss exceeding the original amount invested.

The Directors/Fund Manager may take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use by the Fund Manager or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the Investment Objective of the Fund and legally permissible for the Fund Manager. Special risks may apply to instruments that are invested in by the Fund Manager in the future that cannot be determined at this time or until such instruments are developed or invested in by the Fund Manager. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk.

SMALL CAP STOCKS

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

UNDERVALUED SECURITIES

One of the objectives of the Fund is to invest in undervalued securities. The identification of investment opportunities in undervalued securities is a difficult task, and there can be no assurance that such opportunities will be successfully recognised. While investments in undervalued securities offer opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Fund’s Investments may not adequately compensate for the business and financial risks assumed. The Fund may make certain speculative investments in securities,

which the Directors/Fund Manager believes to be undervalued; however, there can be no assurance that the securities purchased will in fact be undervalued. In addition, the Fund may be required to hold such securities for a substantial period of time before realising their anticipated value. During this period, a portion of the Fund's capital would be committed to the securities purchased, thus possibly preventing the Fund from investing in other opportunities.

SPECIAL SITUATIONS

The Fund may invest in companies involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganisations, bankruptcies and similar transactions. In any investment opportunity involving any such type of business enterprise, there exists the risk that the transaction in which such business enterprise is involved will either be unsuccessful, take considerable time or result in a distribution of cash or a new security the value of which will be less than the purchase price of the security or other financial instrument in respect of which such distribution is received. Similarly, if an expected transaction does not in fact occur, the Fund may be required to sell its Investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Fund may invest, there is a potential risk of loss by the Fund of its entire Investment in such companies and a corresponding decrease in the Fund's Net Asset Value.

EVENT-DRIVEN INVESTMENTS

The Fund may engage in event-driven investing. Event-driven investing requires an investment manager to make predictions about (i) the likelihood that an event will occur and (ii) the impact such event will have on the value of a company's securities. If the event fails to occur or it does not have the effect foreseen, losses can result. For example, the adoption of new business strategies, a meaningful change in management or the sale of a division or other significant assets by a company may not be valued as highly by the market as the Investment Fund had anticipated, resulting in losses. In addition, a company may announce a plan of restructuring which promises to enhance value and fail to implement it, resulting in losses to investors.

INSIDE INFORMATION

From time to time the Directors/ Fund Manager or its affiliates will be in possession of material, non-public information concerning the issuer of securities or other instruments in which such issuer the Fund has considered investing, has invested or may consider investing. The possession of such information may limit the ability of the Directors/ Fund Manager to cause the Fund to buy or sell such securities or other instruments. Accordingly, the Fund may be required to refrain from buying or selling such securities or other instruments at times when the Directors/ Fund Manager might otherwise wish to cause the Fund to buy or sell such securities or other instruments.

ADDITIONAL RISKS

The Fund may from time to time purchase investments that will subject the Fund to exchange controls or withholding taxes in various jurisdictions. In the event that exchange controls or withholding taxes are imposed with respect to any of the Fund's investments, the effect will

generally reduce the income received by the Fund on its Investments.

The analytical models used by the Directors/ Fund Manager to evaluate securities or securities markets are based on their understanding of the interplay of market factors and do not ensure successful investment. The markets, or the prices of individual securities, may be affected by factors not foreseen in developing the models.

FUND RISKS

LIMITED TRACK RECORD

The Fund and the Fund Manager are newly established entities and have no track record. Therefore, the Fund is subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that the Fund will not achieve its Investment Objective and that the value of a Shareholder's investment in the Fund could decline substantially. There can be no assurance that the Fund will be able to achieve any of the returns referred to in this document. Shareholders will be relying on the ability of the Fund's advisers to identify, negotiate and structure the Investments to be made by the Fund.

BOARD CONTROL

The Board may, among other things, at its discretion (a) suspend valuations or redemptions, (b) create additional classes of shares, (c) impose or amend investment restrictions, or (d) impose or increase the fees payable by the Fund; in each case without breaching any legal or contractual obligation with respect to the Fund.

REGULATORY APPROVALS AND PERMITS

The failure to obtain or to continue to comply with all necessary approvals, licences or permits, including renewals thereof or modifications thereto, may adversely affect the Fund's performance or the ability of the advisers to perform their services on behalf of the Fund, as could delays caused in obtaining such consents due to objections from third parties. Un-ability to register as a sub-account will adversely impact the possibility of investing in Indian securities market directly by the Fund.

LOSS OF FII REGISTRATION

It is intended that the Fund could invest in India as a sub-account of an FII. The investment by the Fund will be dependent on the continued registration of the FII and the Fund as its sub-account. In the event the registration of the FII or the Fund as a sub-account is terminated or is not renewed, the Fund could potentially be forced to redeem its Investments, and such forced redemption could adversely affect the returns to the Shareholders, unless the approval of the SEBI has been obtained to transfer the sub-account to another FII. Additionally, if the Fund does not qualify as a broad based sub-account, either initially or on a continued basis, then the Fund may lose its sub-account registration and this could impair Fund's ability to invest in Indian listed securities leading to compulsory redemption impacting the values due to immediate exit.

AMORTISATION OF ORGANISATIONAL COSTS

The Fund's financial statements will be prepared in accordance with generally accepted accounting principles which do not permit the amortisation of organisational costs. Notwithstanding this, the Fund may, at the discretion of the Directors, amortise its organisational costs (including the initial incorporation and launch expenses) over a period of time and, if they do, the auditor's report may be qualified in this regard.

CROSS CLASS LIABILITIES

Although the Constitution requires the establishment of separate class accounts for each class of Shares and the attribution of assets and liabilities to the relevant class account, if the liabilities of a class exceed its assets, creditors of the Fund may have recourse to the assets attributable to the other classes. This could directly and/or indirectly result in partial or total loss in the Net Asset Value of solvent classes.

REDEMPTION PRICE

The price at which any Shares are redeemed will be calculated by reference to unaudited Net Asset Value calculations. To the extent the audited Net Asset Value in respect of the year in which such redemption takes place differs from such unaudited Net Asset Value, continuing Shareholders will bear the economic risk. Also, at the time of each redemption of any Shares, the Fund as a whole would have to meet the solvency test as set out in Mauritian laws (the "Solvency Test"). In case the Fund will not meet the Solvency Test, a redemption of Shares would not be possible. The Fund will satisfy the Solvency Test, when the Fund is able to pay its debts as they become due in the normal course of business and the value of its assets is greater than the value of its liabilities.

IN-KIND DISTRIBUTIONS

The Fund expects to distribute cash to Shareholders upon redemption. However, there can be no assurance that the Fund will have sufficient cash to satisfy redemption requests, or that it will be able to liquidate Investments at the time such redemptions are requested at favourable prices. Although the Fund does not currently intend to make distributions in-kind, under the foregoing circumstances, Shareholders may receive in-kind distributions from the Fund's portfolio. Such Investments so distributed may not be readily marketable or saleable and may have to be held by the Shareholders for an indefinite period of time. Any distributions in-kind will also need to comply with and will be made in accordance with the FEMA Regulations.

EFFECTS OF SUBSTANTIAL REDEMPTIONS

Substantial requests for redemption by Shareholders could induce the Fund to liquidate positions sooner than would otherwise be desirable, which could adversely affect the performance of the Fund. In addition, regardless of the period of time in which redemptions occur, the resulting reduction in the Fund's Net Asset Value, and thus in its equity base, could make it more difficult for the Fund to diversify its holdings and achieve its Investment Objective.

FEES, EXPENSES AND CARRIED INTEREST

The Fund will incur fees and expenses regardless of whether it is profitable. The Fund must therefore make substantial profits from its investments to avoid depletion or exhaustion of its assets from such expenses. In addition, the Carried Interest which may be paid to the Fund Manager will be based on realised and unrealised gains and losses as of the end of the Reference Period for which such compensation is calculated. As a result, the Carried Interest could be payable with respect to unrealised gains which may never be realised. Further, payment of the Carried Interest to the Sponsor, which is an affiliate of the Fund Manager, may create an incentive for the Fund Manager to select riskier or more speculative investments than would be the case in the absence of such a Carried Interest.

CONFLICTS OF INTEREST

Conflicts of interest exist in the structure and operation of the Fund's business as described under section "XIII. Legal Considerations relating to the Fund - Conflicts of Interest".

FORWARD LOOKING STATEMENTS

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

INSPECTION OF DOCUMENTS

Copies of the following documents are available for inspection at the registered office of the Fund, and at the offices of the Administrator during business hours on weekdays, except Saturdays and public holidays for a period of 14 days from the date of this document or for the duration of the offer period, if longer:

- a) the Certificate of Incorporation of the Fund;
- b) the Constitution of the Fund;
- c) the Listing Particulars (PPM) of the Fund;
- d) the material agreements specified in the 'MATERIAL CONTRACTS' section; and
- e) Auditor's letter of consent.

TAXATION

GENERAL

The taxation of income and capital gains of the Fund and the Shareholders is subject to the fiscal law and practice of Mauritius and India and of the jurisdictions in which Shareholders are resident or otherwise subject to tax. The following summary of the anticipated tax treatment in Mauritius and India does not constitute legal or tax advice and is based on the taxation law and practice in force at the date of this document. The summary applies only to persons holding Class A Shares as an investment.

This summary does not consider all aspects of taxation, which may be relevant to a particular Shareholder in the light of their particular circumstances (for example, tax consequences in the Shareholder's jurisdiction of residence). Shareholders should consult their own advisers on the taxation implications of their acquiring, holding or disposing of Shares under the laws of any jurisdictions in which they are or may be liable to taxation.

While this summary is considered to be a correct interpretation of existing laws and practice in force on the date of this document, no assurance can be given that courts or other authorities responsible for the administration of such laws will agree with this interpretation, or that changes in such laws or practice will not occur.

INDIA

Tax Considerations in India

It is the responsibility of all persons interested in purchasing Shares of the Fund to inform themselves as to any income or other tax consequences arising in the jurisdictions in which they are resident or domiciled 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 Shares. The Fund has no present plans to apply for any certifications or registrations, or to take any other actions, under the laws of any jurisdiction, which would afford relief to local investors therein from the normal tax regime otherwise applicable to an investment in the Shares of the Fund.

Prospective investors must consider the following summary of certain taxation aspects affecting the Fund, its proposed operations, and consequently the Shareholders. This summary does not purport to be a complete analysis of all relevant tax considerations, nor does it purport to be a complete description of all potential risks inherent in purchasing or holding interests in the Fund. Prospective investors are urged to consult their own tax Advisers in this regard. The conclusions summarised herein could be adversely affected if any of the material factual representations on which they are based should prove to be inaccurate. The summary is based on laws, regulations, rulings, judicial decisions now in effect and current administrative rules, practices and interpretations, all of which are subject to change, with possible retrospective effect.

Taxability of the Fund under the Mauritius Treaty

The Fund is established in Mauritius and intends to apply for, and expects to obtain, a tax residence certificate from the Mauritius Revenue Authority, and intends to conduct its affairs on a continuing basis in a manner that ensures that the certificate stays valid during the life of the Fund. Furthermore, the Fund does not intend to establish an office in India or have any other presence in India that could be regarded as a Permanent Establishment (“PE”) of the Fund in India. On this basis, the Fund expects to qualify for taxation in the manner prescribed under the Mauritius Treaty.

Investments that the Fund will make may earn dividend distributions during the holding period. Such distributions are not liable to tax in India to the Fund. Interest income, if any, that the Fund may earn from portfolio investments in Indian securities will be liable to tax in India at the rate of 21.115 per cent.

The Fund may realise a gain or a loss on an investment upon exit. Under the Indian Income Tax Act, 1961 (the “IT Act”) such a gain or a loss may be characterised, based on facts and circumstances applicable, as either being in the nature of business profits or as a capital gain. Gains if any that the Fund realises upon a sale of its equity holdings in an Indian company should not be liable to tax in India so long as the Fund does not have PE in India to which its investment holdings may be attributed. For the same reason, such amounts should also not be liable to tax in India if they were to be characterised for Indian tax purposes as business income and not as capital gains.

The Fund may elect to be taxed in accordance with the provisions of the Mauritius Treaty or those under the Indian IT Act, although there can be no assurance that the Indian revenue authorities will grant this flexibility to the Fund. Where the Fund seeks to be governed by the provisions of the Mauritius Treaty, there can be no assurance that the Indian Revenue authorities will assess the Fund in accordance with this section. Should the Indian revenue authorities deny the applicability of the Mauritius Treaty to the Fund for any reason, the provisions of the IT Act would apply to the Fund.

Taxability of the Fund under the Indian IT Act

Should the Fund not be eligible to be taxed in accordance with the Mauritius Treaty for any reason, its taxability in India would be governed by the provisions of the Indian IT Act.

Since it is proposed that the Fund will be registered as an FII sub-account, the following will apply under the Indian IT Act.

Dividend distributions that the Fund receives from Indian companies should not be liable to tax in India. Interest income that the Fund may earn from portfolio investments in Indian securities will be liable to tax in India at the rate of 21.115 per cent.

Gains realised from the sale of Investments held by the Fund will be liable to tax based on the manner in which such income is characterised for tax purposes under the IT Act. Under the IT Act, such income may be characterised either as business profits or as capital gains.

Business profits, if any, accrued to the Fund will be liable to tax at an effective rate of 42.23 per cent on the net income, to the extent such profits are attributable to activities undertaken by the Fund in India.

Capital gains that the Fund may realise will be liable to tax based on:

- (a) the duration for which the corresponding investment was held prior to sale; and
- (b) the manner in which the sale is effected.

Gains arising on securities held for a period in excess of 12 months are classified as long term capital gains; in any other case, the gains are classified as short term capital gains.

Long term capital gains arising from transactions where (1) equity shares are sold on a recognised stock exchange in India, or (2) where units of equity oriented mutual funds are redeemed and, in both cases, provided the transactions are liable to Securities Transaction Tax, are exempt from tax. In any other case, such gains are liable to tax at 15.8363 per cent, where the investment is made by the Fund under the PIS (in its capacity as a SEBI registered FII sub-account) and at the rate of 21.115 per cent, where the investment is made by the Fund under the FDI Scheme.

Short term capital gains arising from transactions where (1) equity shares are sold on a recognised stock exchange in India, or (2) where units of equity oriented mutual funds are redeemed and, in both cases, provided the transactions are liable to Securities Transaction Tax, are liable to tax at 15.8363 per cent. In any other case, they are liable to tax at 31.6725 per cent, where the investment is made by the Fund under the PIS (in its capacity as a SEBI registered FII sub-account) and at the rate of 42.23 per cent, where the investment is made by the Fund under the FDI Scheme.

If the Fund's income is assessed to be taxed as business profits, net profits attributable to activities conducted in India would be liable to tax at the rate of 42.23 per cent. Such taxation could have material adverse effect on the Fund's performance, and there can be no assurance that the Indian Revenue authorities do not assess the Fund's income in this manner.

Mauritius

Tax Considerations in Mauritius:

The Fund is incorporated as a public limited company holding a Category 1 Global Business License. On this basis, the Fund will be liable to tax in Mauritius on its taxable income at the current rate of 15 per cent. In computing the taxable income, credit is allowed for taxes that the Fund's income has suffered in other jurisdictions. A deemed credit computed at 80 per cent of the applicable Mauritius tax is granted, where actual foreign tax credits are lower than 80 per

cent of the applicable Mauritius tax. Capital gains realized by the Fund are not liable to tax in Mauritius under the Mauritius income tax regulations. Distributions by the Fund to shareholders in the Fund are not liable to tax in Mauritius, and are also not liable to withholding tax in Mauritius. Amounts distributed to Shareholders by way of redemption of shares held by them in the Fund will not be liable to tax in Mauritius and will also not be liable to withholding tax in Mauritius.

Other Jurisdictions

Income and gains received by the Fund from jurisdictions outside of the above mentioned countries may be subject to tax in such jurisdictions. The Fund will be liable to payment of withholding taxes deducted, if any, from the income earned by its investments in those countries where such taxes apply. In those countries where applicable laws impose such taxes, it may also be subject to indirect taxes on its operations, such as stamp duties and stock exchange taxes, and to tax on services billed to it, such as value added taxes.

The foregoing is not intended as tax or legal advice. Prospective investors in the Fund must consult their own tax advisers regarding the tax consequences to them of investing in the Fund.