

Name of Offeree: \_\_\_\_\_

Copy No. \_\_\_\_\_

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**INFORMATION MEMORANDUM**

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Redeemable Preference Shares

**INDIA EMERGING OPPORTUNITIES FUND LIMITED**  
(a company with limited liability incorporated in Mauritius with  
registration number 44973C1/BGL)

[February 2010]

Enterprise Investment Managers Limited  
, Mauritius

## IMPORTANT NOTICE

### INDIA EMERGING OPPORTUNITIES FUND LIMITED

This Information Memorandum (the "Memorandum") relates to the offering (the "Offering") of redeemable preference shares of par value US \$ 0.01 each or Euro 0.01 each or of such other currency as the Directors may determine, in different Classes (the "Shares") of India Emerging Opportunities Fund Limited, a company with limited liability incorporated in Mauritius with registration number 44973C1/GBL (the "Fund"). Shares are suitable only for sophisticated investors (a) who do not require immediate liquidity for their investments, (b) for whom an investment in a Fund does not constitute a complete investment program and (c) who fully understand and are willing to assume the risks involved in the Fund's investment program. The Fund's investment practices, by their nature, involve a substantial degree of risk. See "*Investment Program*" and "*Risk Factors*." The Offering is made only to certain qualified investors. See "*Qualification of Investors*." Prospective investors should carefully consider the material factors described at "*Risk Factors*," together with the other information appearing in this Memorandum, prior to purchasing any of the Shares offered hereby.

**THE SHARES OFFERED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE US SECURITIES AND EXCHANGE COMMISSION (THE "SEC" OR "COMMISSION") OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE, NOR HAS THE COMMISSION OR ANY SUCH AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE SHARES ARE BEING OFFERED PURSUANT TO EXEMPTIONS FROM REGISTRATION WITH THE COMMISSION AND STATE SECURITIES REGULATORY AUTHORITIES; HOWEVER, NEITHER THE COMMISSION NOR ANY STATE SECURITIES REGULATORY AUTHORITY HAS MADE AN INDEPENDENT DETERMINATION THAT THE SECURITIES OFFERED HEREIN ARE EXEMPT FROM REGISTRATION.**

THE INFORMATION IN THIS MEMORANDUM IS GIVEN AS OF THE DATE ON THE COVER PAGE, UNLESS ANOTHER TIME IS SPECIFIED, AND INVESTORS MAY NOT INFER FROM EITHER THE SUBSEQUENT DELIVERY OF THIS MEMORANDUM OR ANY SALE OF INTERESTS THAT THERE HAS BEEN NO CHANGE IN THE FACTS DESCRIBED SINCE THAT DATE.

This Memorandum does not constitute an offer to sell or the solicitation of an offer to buy the Shares by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

No offering literature or advertising in any form other than this Memorandum and the agreements and documents referred to herein shall be considered to constitute an offering of the Shares. No person has been authorized to make any representation with respect to the Shares except the representations contained herein. Any representation other than those set forth in this Memorandum and any information other than that contained in documents and records furnished by the Fund upon request, must not be relied upon. This Memorandum is accurate as of its date, and no representation or warranty is made as to its continued accuracy after such date.

Sales of Shares may be made only to investors deemed suitable for an investment in the Fund under the criteria set forth in this Memorandum. The Fund reserves the right, notwithstanding any such offer, to withdraw or modify the offering and to reject any subscriptions for the Shares in whole or in part for any or no reason.

The Shares being offered have not been registered under the Securities Act of 1933, as amended (the

"1933 Act"), and have not been registered under the securities laws of any state, but are being offered and sold for purposes of investment and in reliance on the statutory exemptions contained in Sections 4(2) and/or 3(b) of the 1933 Act and in reliance on applicable exemptions under state securities laws. Such Shares may not be sold, pledged, transferred or assigned except in a transaction which is exempt under the 1933 Act and applicable state securities laws, or pursuant to an effective registration statement thereunder or in a transaction otherwise in compliance with the 1933 Act, applicable state securities laws, this Memorandum and the Fund's Constitution. THERE IS NOT A PUBLIC MARKET FOR THE SHARES AND NONE IS EXPECTED TO DEVELOP IN THE FUTURE.

The Fund is not registered as an investment company under the Investment Company Act of 1940, as amended (the "Investment Company Act"), in reliance upon Section 3(c)(1) thereof. As a result of its reliance upon Section 3(c)(1), the Fund is limited to 100 investors that it may admit.

Prospective investors are invited to meet with their advisors to discuss, and to ask questions and receive answers, concerning the terms and conditions of this offering of the Shares, and to obtain any additional information, to the extent the Board of the Fund or its delegate possess such information or can acquire it without unreasonable effort or expense, necessary to verify the information contained herein.

#### **NASAA Uniform Disclosure:**

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE FUND AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

#### **Florida Residents:**

IF SALES ARE MADE TO FIVE OR MORE PERSONS IN FLORIDA, AND YOU PURCHASE SECURITIES HEREUNDER, THEN YOU MAY VOID SUCH PURCHASE EITHER WITHIN THREE (3) DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY YOU TO THE ISSUER, AN AGENT OF THE ISSUER, OR AN ESCROW AGENT OR WITHIN THREE (3) DAYS AFTER THE AVAILABILITY OF THIS PRIVILEGE **COMMUNICATED TO YOU, WHICHEVER OCCURS LATER.**

#### **Mauritius**

The directors of the Fund, whose names appear in "The Board of Directors of the Fund" below (the "Directors"), accept responsibility for the information contained in this document. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything which is likely to affect the import of such information. The Directors accept responsibility accordingly.

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

The granting of a license from the Financial Services Commission of Mauritius shall not in any way imply that the FSC has conveyed its approval, or otherwise vouch for the financial soundness of the Fund or the correctness of any statements made or opinions expressed with regard to the Fund in this Information Memorandum. Investors in the Fund are not protected by any statutory compensation arrangements in Mauritius in the event of the Fund's failure.

In authorising the Fund, the Financial Services Commission of Mauritius does not vouch that the Fund is Sharia compliant and does not provide assurance that the Fund is suitable for persons seeking to invest in accordance with Islamic/Sharia norms.

This Memorandum is qualified in its entirety by reference to its Constitution, Term Sheet, Subscription Agreement, Investment Management Agreement, Custodian Agreement ("**Constitutive Documents**") relating thereto, copies of which will be made available upon request and should be reviewed prior to purchasing a Shares. In the event that the description in or terms of this Memorandum are inconsistent with or contrary to the Constitutive Documents, the Constitutive Documents shall prevail. Statements in this Memorandum are made as of the date hereof unless stated otherwise herein, and neither the delivery of this Memorandum at any time, nor any sale hereunder, shall under any circumstances create an implication that the information contained herein is correct as of any time subsequent to the date of this Memorandum.

Investors may request additional information by writing to:

**India Emerging Opportunities Fund Limited**

(a company with limited liability incorporated in Mauritius with registration number 44973C1/GBL)

Attention: Board of Directors

c/o Deutsche International Trust Corporation(Mauritius) Limited

at Suite 450, 4<sup>th</sup> Floor, Barkly Wharf East, Le Caudan Waterfront, Port Louis, Mauritius, email:

[mru\\_csd@list.db.com](mailto:mru_csd@list.db.com)"

**Ongoing subscription to the redeemable preference shares** of par value US \$ 0.01 each or Euro 0.01 each or of such other currency as the Directors may determine, in different Classes

Managed by

Enterprise Investment Managers Limited (a company incorporated in Mauritius)

Advised by ASK Investment Managers Private Ltd (a company incorporated in India)

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**If investors are in any doubt about the contents of this document, they should consult their stockbroker, bank manager, legal advisor, professional accountant or other professional advisor. Potential investors in the Fund are warned that investment in the Fund is subject to a high degree of risk. The Fund shall invest its assets in securities of Indian issuers. Investing in Indian securities may represent a greater degree of risk than investing in a developed market due to factors such**

as possible exchange rate fluctuations, possible exchange controls, less publicly-available information, more volatile markets, less stringent securities regulations, less favourable tax provisions (including possible withholding taxes), war, or Expropriation. The Fund's investments will be subject to the normal investment risks Investment in shares is only suitable for sophisticated investors who can afford to take a long term view. Potential investors in the Fund should note the Risk Factors set out in this document.

## CONTENTS

		PAGE
<b>Section 1</b>	<b>Definition</b> .....	<b>7</b>
<b>Section 2</b> .....	<b>Offer Summary</b>	<b>12</b>
<b>Section 3</b>	<b>Investment Restrictions</b>	<b>12</b>
<b>Section 4:</b>	<b>Dividend Policy</b>	<b>14</b>
<b>Section 5:</b>	<b>Fund Structure</b>	<b>14</b>
<b>Section 6:</b> .....	<b>Eligible Investors</b>	<b>15</b>
<b>Section 7:</b>	<b>Anti-Money Laundering Provisions</b>	<b>15</b>
<b>Section 8:</b>	<b>Management and Administration</b>	<b>16</b>
<b>Section 9:</b>	<b>Fees and Expenses</b>	<b>21</b>
<b>Section 10:</b>	<b>Risk factors and special considerations</b> .....	<b>23</b>
<b>Section 11:</b>	<b>Taxation</b>	<b>26</b>
<b>Section 12:</b>	<b>ERISA</b>	<b>35</b>
<b>Section 13:</b>	<b>Selling restrictions</b>	<b>40</b>
<b>Section 14:</b>	<b>Documents available for inspection</b> .....	<b>43</b>
<b>Section 15:</b>	<b>Offerings</b> .....	<b>44</b>
<b>Section 16:</b>	<b>Qualification of Investors</b> .....	<b>46</b>
<b>Section 17:</b>	<b>How to invest</b> .....	<b>50</b>

## **Section 1- Definition**

The following definitions apply throughout this document unless the context requires otherwise:

<b>Act</b>	..... The Companies Act 2001
<b>Administrator or Secretary</b>	means Deutsche International Trust Corporation (Mauritius) Limited (DITCML)
<b>Auditors</b>	means Ernst & Young (Mauritius) being the current auditors of the Fund or such other person, firm or corporation appointed or for the time being acting as Auditor of the Fund
<b>Board or Directors</b>	means the Board of Directors of the Fund.
<b>Business Day</b>	means any day (other than Saturday or Sunday and such other day as the Directors may determine) on which banks are open for normal banking business in Mauritius and India.
<b>Class</b>	A class of Redeemable Preference shares in the Fund created by resolution of the Board on such terms of issue as Board may subject to the Constitution determine
<b>Constitution</b>	means the Constitution of India Emerging Opportunities Fund Limited
<b>Dealing Day</b>	The first Business Day following the Valuation Point and/or such other day as the Directors may determine in their absolute discretion with respect of each Class or Series Redeemable Preference Share.
<b>FII</b>	means Foreign Institutional Investor, as so approved by SEBI to invest in Indian Securities

<b>Fund</b>	means India Emerging Opportunities Fund Limited, a public company incorporated under the laws of Mauritius (with registration number 44973C1/GBL), holding a Category 1 Global Business Licence under Financial Services Act 2007 and authorised under the Securities Act 2005 as a Collective Investment Scheme in the Republic of Mauritius.
<b>India</b>	means the Republic of India
<b>Indian Custodian</b>	means Deutsche Bank AG, Mumbai, a company incorporated under the laws of India and licensed to carry [...] by [authority]
<b>Investment</b>	Any asset or right of any description the acquisition of which is authorised by the Constitution and for the time being owned by the Fund. Where any such Investment consists of the right to receive repayment of a loan or deposit, references to purchasing or acquiring such Investment shall be taken to include the making of the loan or deposit or the taking of an assignment or otherwise acquiring the right to receive repayment thereof and references to disposing of or realising such Investment shall be taken to include repayment of the loan or deposit or the making of an assignment or otherwise disposing of the right to receive repayment thereof.
<b>Investment Advisor</b>	means ASK Investment Managers Private Limited, a private company incorporated under the laws of India, or any person, firm or corporation appointed or for the time being acting as investment advisor to the Investment Manager
<b>Investment Advisory Agreement</b>	means agreement dated 16 <sup>th</sup> September 2006 between ASK Investment Managers Private Limited and Enterprise Investment Managers Limited, as modified or amended or supplemented from time to time by the parties thereto.

<b>Investment Advisory Fee</b>	means the fees for investment advisory services paid by the Investment Manager to the Investment Advisor as set out in the Investment Advisory Agreement
<b>Investment Manager</b>	means Enterprise Investment Managers Limited, a private company incorporated under the laws of Mauritius (with registration number [./]GBL), holding a Category 1 Global Business Licence under Financial Services Act 2007 and authorised under the Securities Act 2005 as a CIS Manager in the Republic of Mauritius or any person, firm or corporation appointed or for the time being acting as investment manager of the Fund.
<b>Investment Management Agreement</b>	means agreement dated September 16, 2006 between Enterprise Investment Managers Limited and the Fund, as modified or amended or supplemented from time to time by the parties thereto.
<b>Law</b>	means the laws of Mauritius and India including any Act, Regulation, Rule, Proclamation, Order or revised edition for the time being in force and applying to the Fund.
<b>Mauritian Global Custodian</b>	means Deutsche Bank, Mauritius, a company incorporated under the laws of Mauritius and licensed as a bank under the Banking Act 2004 by the Bank of Mauritius
<b>Mauritius</b>	means the Republic of Mauritius
<b>Net Asset Value</b>	means the net asset value of the Portfolio or the Fund or a Class or a Series, as the context may require as calculated on the basis set out in accordance with the "Constitution"

**Non-Qualified Person**

means (a) any employee benefit plan (as defined in Section 3(3) of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA")) which is subject to the provisions of Title I of ERISA, (b) any plan described in Section 4975(e)(1) of the United States Internal Revenue Code of 1986, as amended, which is subject to the provisions of Section 4975 of the Code, (c) any entity whose underlying assets include "plan assets" by reason of a plan's (as defined in (a) or (b) above) investment in such entity, as determined under the United States Department of Labour regulations published at 29 C.F.R. Section 2510.3-101, (d) any individual under the age of 18, or (e) any individual over the age of 18, corporation, entity, or other person to whom a transfer to, or holding by such person of Shares, would or may (1) be in breach of any law or requirement of any country or governmental authority in any jurisdiction whether on its own or in conjunction with any other relevant circumstances; or (2) result in the Fund incurring any liability to taxation which the Fund would not otherwise have incurred or suffered; or (3) require the Fund to be registered under any statute, law or regulation whether as an investment fund, trust, scheme, or otherwise or cause the Fund to be required to apply for registration or comply with any registration requirements in respect of any of its Shares whether in the United States of America or any other jurisdiction, including without limitation under the Securities Act or the 1940 Act

**Shares**

means the redeemable preference shares of par value US \$ 0.01 each or Euro 0.01 each or of such other currency denomination as the Directors may determine, in different Classes in the capital of the Fund and having the rights provided for under the "Constitution" with respect to such shares.

**Portfolio**

means the portfolio of investments or assets established by the Fund with respect to a Class of shares including the liabilities attributable to such Class of the Fund

<b>RBI</b>	means the Reserve Bank of India
<b>Redemption Date</b>	means the date, as shall be determined accordance with the "Constitution"
<b>Redemption Price</b>	means the price at which the Shares shall be redeemed in accordance with the "Constitution"
<b>Register</b>	The register of transfers to be kept pursuant to the Law.
<b>Rupee</b>	means the lawful currency of India
<b>SEBI</b>	means the Securities and Exchange Board of India
<b>Securities Act</b>	means the United States Securities Act of 1933, as amended
<b>Series</b>	A series of redeemable preference share of a Class created by resolution of the Board on such terms of issue as Board may subject to the Constitution determine
<b>Shareholder</b>	means a registered holder of Shares
<b>Subscription Price</b>	means the price at which the Shares shall be subscribed for in accordance with the "Constitution"
<b>Term Sheet</b>	The specific terms and conditions applicable to each Class as approved by the Board and to be attached to this Memorandum
<b>United States</b>	means the United States of America, its territories or possessions or any areas subject to its jurisdiction.

**Valuation Day** means a day on which the Net Asset Value is to be calculated, in accordance with the Constitution.

**Valuation Point** The close of business in Mauritius of a Valuation Day

**1940 Act** means the United States Investment Company Act of 1940 as amended

## **Section 2: Investment Strategies and Offering**

1. The Fund offers open-ended NAV based investments through (i) commingled share Classes-I-Merge, I-Gain and India Entrepreneur Fund (ii) segregated portfolios share Classes such as Growth, Lighthouse Infrastructure, Eagle, Strategic, Indian Entrepreneur Fund and Shariah.

The investment objective and strategy and concept of each of these Classes or Portfolio are as follows:-

### **2. Growth**

Growth concept aims to provide medium to long-term, superior absolute returns, seeking growth at value prices, from a diversified portfolio of Indian equities with favorable long-term prospects.

### **3. Lighthouse Infrastructure**

Lighthouse Infrastructure investment concept seeks to provide long-term superior stable returns by investing in a diversified portfolio of Indian equities in the infrastructure and infrastructure related businesses with favorable long-term prospects

### **4. Eagle**

The Eagle investment concept aims to provide superior, long-term returns by following a contrarian approach to investments in a concentrated portfolio of Indian equities with solid long-term prospects

### **5. Strategic**

Strategic concept offers a private equity like proposition of constructing a tight, focused, mix of well-researched companies, e.g. - turnaround cases, new product lines, asset plays, undiscovered growth, business restructuring, – with potential to deliver returns with a reasonable margin of safety

### **6. Shariah**

Shariah investment concept seeks to achieve medium to long term capital appreciation through investments in Shariah compliant Indian companies with proven track record.

### **7. Indian Entrepreneur Fund**

This concept seeks to invest in entrepreneurially driven and family owned businesses; listed on the Indian stock markets, for compounding gains over the medium to long term.

**Class of Shares:** Redeemable Preference shares of par value US \$ 0.01 each or Euro 0.01 each or of such other currency denomination as the Directors may determine, in different Classes

**Minimum Subscription:** As mentioned in offer document or Term Sheet of each Class

**Issue Price:** The issue price for the initial issue of Shares would be at Subscription Price. Any subsequent issue of Shares would be at Subscription Price based on the Net Asset Value of the relevant Class of Shares on the relevant Valuation Day. **Please refer to application form and Term Sheet for detailed designations, powers, preferences, rights, qualifications, limitations and restrictions applicable to each Class of shares or Portfolio.**

### **Section 3: General Investment Restrictions**

(a) The Fund will ensure that no investment shall be made which would result immediately after such investment having been made (and after taking account of any unpaid investment in respect thereof) in: -

1. The value of the Fund's holding of securities of any one company or body exceeding 5% of the Net Asset Value of the Fund;.
2. The purchase of a security of an issuer where, immediately after the purchase, the Fund would hold more than 10% of a class of securities of that issuer;
3. The value of the Fund's total holding of unquoted investments (other than shares or units in other collective investment schemes) exceeding 10% of the net asset value; or
4. The contract value of the Fund's holding of futures contracts (other than futures contracts entered into for hedging purposes) exceeding 5% of the Net Asset Value; or
5. With the exception of (6) below the value of the Fund's total holdings of options and warrants (other than the those held for hedging purposes) exceeding 10% of the Net Asset Value, but together with (1) above limited in any one company or body to 10% of the Net Asset Value in terms of the exercise price; or
6. The value in terms of the exercise price of call option exceeding 25% of the Net Asset Value

(b) The Fund will not:

1. Invest directly in land or buildings (or any options, rights or interests in respect thereof);
2. Make any investment which would involve the assumption of unlimited liability; or
3. Sell securities short; or
4. Make any loan out of the Fund's assets or guarantee any loan without the Shareholders prior approval; or
5. Write uncovered options; or
6. Assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person in respect of borrowed money

None of these restrictions shall require the realization of any assets of the Fund where any such restriction is breached as a result of any event outside the control of the Fund occurring after the relevant investment was made or upon exercise of conversion rights attached to any investments held by the Fund, but no further such investments may be acquired for the account of the Fund until the relevant restriction(s) is/are complied with and regard shall be had to such limits when contemplating changes to the Fund's portfolio.

The Board may provide for specific investment restrictions applicable to a particular Class of shares or Portfolio in the relevant Term Sheet.

### **Borrowing**

The Fund may borrow and pledge its assets as security for such borrowings provided that borrowings do not exceed 5% of the Net Asset Value of the Fund.

### **Section 4: Dividend Policy**

Since the Fund's investment objective is to achieve long-term capital appreciation it is unlikely that the Fund will declare and pay dividends. It is the current intention of the Directors to reinvest any profits on the sale of investments. The annual entitlement date of the Participating Shares shall be the last Business Day of May each year, should the Fund decide to declare any dividend.

However, the Board may authorise such dividends and distributions on such terms and at such times as they deem fit.

The Board may provide for specific dividend policy applicable to a particular Class of shares or Portfolio in the relevant Term Sheet.

## **Section 5: Fund Structure**

The Fund was incorporated on 14 February 2003 under the laws of Mauritius as a public company with limited liability by shares. The Fund is an investment company for the purpose of the Act . The Fund was registered on 27 February 2003 with the Financial Services Commission (“FSC”) and holding a "Category 1 Global Business Licence" for the purposes of the Financial Services Act 2007. The Fund holds a tax residence certificate issued by the Director General of Mauritius Revenue Authority.

The Fund should benefit from the tax advantages available to it under the India/Mauritius Double Taxation Treaty on the basis set out in "Taxation" below.

The Fund, serves as the investment vehicle for undertaking investments in Indian capital markets. The Fund has obtained a category 1 Global Business License from the Mauritius authorities.

Enterprise Investment Management Limited, a company incorporated under the laws of Mauritius, holds the management share of the Fund. Enterprise Investment Management Limited holds a Category 1 Global Business Licence under Financial Services Act 2007 and is authorised under the Securities Act 2005 as a CIS Manager in the Republic of Mauritius. Enterprise Investment Management Limited is owned by Tom Hamilton, national of the United States of America.

An investor will be able to participate in the investment concepts and strategy of the Fund by subscribing for the redeemable preference shares of different Classes and each Class can be issued in different Series on such terms as Board may subject to this Constitution determine.

The Fund is registered as a sub- account of DITCML, FII registered with SEBI. The sub- account is categorized as 'Broad based fund' under the SEBI FII regulations. As per these regulations, a Broad based fund sub-account may invest up to 10% of the total issued capital of an investee company.

Different Classes/Series of preference shares will be issued to investors, based on their requirements/profiles such as investment objectives, focus, risk appetite, etc. It is possible that the Fund will issue the same Class/Series of shares to investors having similar requirements/ profiles.

## **Section 6: Eligible Investors**

The Fund will target investors from Gulf, Africa, Europe, South East Asia and rest of the world. Further, the residents of India and Mauritius are not eligible to invest in the Fund. But a Global Business License company holding GBL 1 or GBL 2 can invest in the Fund. Additionally, entities/persons not permitted to invest in the Fund as per any Indian regulations, would also not be eligible to invest in the Fund.

The Board may provide for specific conditions or qualifications applicable to investors of a particular Class of shares or Portfolio in the relevant Term Sheet.

### **Section 7: Anti-Money Laundering Provisions**

The Fund is required to comply with the provisions of the Financial Services Act 2007, the Prevention of Corruption Act 2002 and the Mutual Assistance in Criminal Matters Act 2002 and may be required to comply with the Financial Transactions Reporting Act 2004, and any regulations made under those Acts (“Acts”). Consequently the Fund may have to disclose to the relevant authorities any information which they require pursuant to the Acts or such other relevant laws and regulations.

Under the Financial Intelligence and Anti Money Laundering Act 2002 (“**AML Act**”) in Mauritius the Fund may have to report any suspicious transactions and an offence of money laundering carries a fine not exceeding two (2) million rupees (approximately US\$ 75,000) and a term of imprisonment not exceeding 10 years.

The Fund does not tolerate money laundering and supports the fight against money launderers. Consequently the Fund will carry out a due diligence selection process, based on generally accepted industry norms, prior to accepting Investors. These will include but may not be limited to:

- (a) Applying the ‘Customer Due Diligence’ principle by making sure that investors provide valid proof of identification;
- (b) Maintaining records of identification information;
- (c) Determining that potential investors are not known or suspected terrorists by checking their names against lists of known or suspected terrorists;
- (d) Informing Investors that information they provide may be used to verify their identity;
- (e) Monitoring Investors money transactions i.e. level of subscriptions, frequency of redemptions; and
- (f) Determining the origin of the investors’ funds.

To ensure compliance with AML Act and the Code on the Prevention of Money Laundering and Terrorist Financing (“**AML Code**”) issued by the Financial Services Commission (“**FSC**”), a potential Investors will be required to provide certain information/documents for the purpose of verifying the identity of the applicant, source of funds and obtain confirmation that the application monies do not represent, directly or indirectly, the proceeds of any crime. The request for information may be reduced where an applicant (other than an applicant acting on behalf of underlying principals) is a regulated financial services

business based in Mauritius or in an equivalent jurisdiction (i.e. subject to the supervision of a public authority) or in the case of public companies listed on Recognised Stock/ Investment Exchanges, as set out in the AML Code.

In event of delay or failure of an applicant to produce any information required for verification purposes, the Fund may refuse to accept the application and the subscription monies relating thereto or may refuse to process a redemption request until proper information has been provided.

Each applicant shall acknowledge that the Fund shall be held harmless against any loss arising as a result of a failure to process his application or redemption request if such information and documentation as has been requested by the Fund has not been provided by the applicant.

**The attention of investors is drawn to the section of this document entitled "Risk Factors".**

## **Section 8: Management and Administration**

### **1. The Board of Directors of the Fund**

The Directors have overall authority, supervision and control over, and responsibility for, the operations and management of the Fund. The Fund has however, delegated the investment management of the Fund and its investments to the Investment Manager and the administration of the Fund to the Administrator. The current Directors of the Fund are:-

Kishore Sunil Banymandhub is an independent director being appointed on the board with effect from February 2009. He has graduated as a civil engineering and has done his masters in business studies from London Business School. He is also a Chartered Accountant from the Institute of Chartered Accountants of England and Wales. In the past he was associated and has worked in key positions with Caltex Oil Mauritius Ltd, Shell Mauritius Ltd, Mauritius Fund Management Company Ltd, CIM Financial Group and Risk and Audit Committee of New Mauritius Hotels. Currently he acts as independent Director of a number of domestic and offshore entities. Other than these he has held key positions in many other government bodies and institutions.

Anil Sharma is the Head of Corporate Services at Deutsche International Trust, Mauritius. Anil has been with Deutsche Bank since 1997. During these years, Anil has worked in banking operations, trade services, treasury settlement and custody and his previous assignment was as Head of Client Services in the domestic custody services business for Deutsche Bank, Jakarta, Indonesia. Prior to joining Deutsche Bank, Anil was with the State Bank Group and has worked in State Bank of India, London and New York. He has over 19 years of experience in the banking and securities industry.

Shahed Hoolash is an authorized signatory of Deutsche International Trust Corporation (Mauritius) Limited, the trust company of Deutsche Bank in Mauritius. Having previously worked for Multiconsult Limited, a subsidiary of De Chazal Du Mee, representatives of Arthur Andersen as Senior Accountant and International Financial Services Limited as Executive, Shahed Hoolash joined Deutsche Bank (Mauritius) Limited in 2007. Shahed Hoolash is a member of the Association of Chartered Certified Accountants.

Thomas Hamilton, MBA from Harvard Graduate School of Business Administration and has done SB in Mechanical Engineering and SB in Metallurgy from Massachusetts Institute of Technology. Tom Hamilton has worked in senior management positions in various fund management outfits of Raymond James Group like Heritage Asset Management, Awad Asset Management and Eagle Asset management and has extensive experience in the Fund Management business. He has also been a Trustee with the Heritage Family of Funds that manage funds over 7 billion dollars. Tom also has worked with Asset Management Services, which manages moneys for retail customers, with total assets of US \$ 4.2 billion. Mr. Tom Hamilton has also worked in Eagle Asset Management, a wholly owned subsidiary of Raymond James from 1998 to 2000 as Vice President Corporate Development.

#### **Feature of Directorship**

The Directors shall serve until their death, resignation or removal in accordance with the Constitution and the Act. Section 138 of the Mauritius Companies Act 2001 provides that notwithstanding anything in its constitution, a director of a public company may be removed from office by an ordinary resolution. Under the Act, no person above 70 years of age hold office as a director unless he is appointed or re-appointed at the shareholder meeting to hold office until the next annual meeting.

In the event of any removal or resignation of a Director, the remaining Directors shall ensure the Board shall consist of sufficient number of Directors of high calibre with the relevant experience and, if needed, use their best endeavours to find a replacement Director.

There are no existing or proposed service contracts between any of the Directors and the Fund, save that Mr. Anil Sharma and Shahed Hoolash are employees of Deutsche International Trust Corporation (Mauritius) Limited, the Administrator. None of the Directors has or had since incorporation any interest, direct or indirect, in any transactions which are unusual in their nature or significant to the business of the Fund.

The overseas director, Mr. Thomas Hamilton is the shareholder and director/officer in the Investment Managers.

## **2. The Investment Manager & Investment Advisor**

### **The Investment Manager**

Enterprise Investment Managers Ltd. Mauritius, a company incorporated under the laws of Mauritius and sponsored by Mr. Thomas Hamilton was founded in 2006. Enterprise Investment Management Limited holds a Category 1 Global Business Licence under Financial Services Act 2007 and is authorised under the Securities Act 2005 as a CIS Manager in the Republic of Mauritius.

Thomas Hamilton is an MBA from Harvard Graduate School of Business Administration and has done SB in Mechanical Engineering and SB in Metallurgy from Massachusetts Institute of Technology.

Tom Hamilton has worked in senior management positions in various fund management outfits of Raymond James Group like Heritage Asset Management, Awad Asset Management and Eagle Asset management and has extensive experience in the Fund Management business. He has also been a Trustee with the Heritage Family of Funds that manages funds over 7 billion dollars. Tom Hamilton also has worked with Asset Management Services, which manages moneys for retail customers, with total assets of US \$ 4.2 billion. Tom Hamilton has also worked in Eagle Asset Management, a wholly owned subsidiary of Raymond James from 1998 to 2000 as Vice President Corporate Development.

Mr. Bishwarnath Bachun and Mrs Samila Sivaramen currently make up the strength of the Board of the Directors of Enterprise Investment Managers. They possess the requisite experience and understanding of the Indian capital markets to help discharge their key function as Investment Managers. Further, they

may also take the non-binding advice / recommendations from the Investment Advisor, while discharging their functions as the Investment Manager for the Fund.

Mr. Bishwarnath Bachun, FCCA is a director of Halifax Management Limited, a Management Company which provide consultancy, tax planning advice, structuring of companies, administration, corporate secretarial and accountancy services and has 22 years of working experience in auditing, accountancy and financial services. . He has successively been senior auditor at Coopers & Lybrand, Assistant Manager at International Financial Services Limited and head of department at Deutsche Bank Mauritius Ltd, before joining Halifax Management Limited.

Mrs. Samila Sivaramen graduated in commerce from the University of Melbourne, Australia in 1998. A Member of the ACCA since 2002, she has worked for International Financial Services Limited, one of the largest offshore management companies in Mauritius, for six years, before joining CIEL Investment in 2005 as Investment Executive.

By virtue of the Investment Management Agreement dated [16<sup>th</sup> September, 2006], the Fund has appointed Enterprise Investment Managers Ltd. Mauritius as the Investment Manager responsible for managing the investment activities of the Fund under the supervision of the Board upon the terms and conditions thereof. Prior approval of the FSC shall be required for a change of the Investment Manager.

### **The Investment Advisor**

The Fund and the Investment Manager have appointed ASK Investment Managers Pvt Ltd. (previously known as ASK Raymond James Securities India Pvt Ltd) as Investment Advisor to the Fund, responsible for **providing non-binding** advice with relation to the Fund's investments. ASK Investment Manager Private Limited (ASKIM), an ISO 9008 certified organisation, is a joint venture of ASK Group and has been appointed the Investment Advisor to the Fund since inception. ASKIM is licensed by the Securities Exchange Board of India (SEBI) to provide portfolio management and investment advisory services. ASKIM has been the pioneer in Portfolio and Wealth Management Services in India, catering to Institutions and private clients, both in India and abroad.

While the Investment Advisor will provide non-binding advice / recommendations to the Investment Manager regarding the Fund's Investments, the final discretion to invest would rest with the Directors of the Fund.

## Investment Advisory Team

### Key members of the Investment Team

After seven years as CEO & Managing Partner of ASK Investment Managers, Bharat Shah who held the responsibility of managing the investments, has now moved up at Group Holding Company [ASK Investment Holding] level as a shareholder and a director. The holding company holds the stakes in all the three business verticals. His two decades of capital market experience, essentially in the investment management function, wide corporate contacts, understanding of the local economy, opportunity and markets are expected to benefit all the businesses, besides, of course, the holding company in its pursuit of each of the businesses under its fold.

Mr. Bharat Shah (C.A., C.W.A., MBA (IIM Cal)) has total experience of 22 years of which last 18 years have been spent on work related to capital markets while the remaining period is in the area of corporate finance and accounts. Prior to the present role he has worked for 8 years as CIO (Chief Investment Officer) of Birla Sun Life AMC Ltd., Mumbai. Mr. Shah brings with him valuable experience and deep insight into capital markets, strong track record of performance, maturity and pervasive interface with the Indian corporate world.

MAYANK KHEMKA - HEAD  
INVESTMENTS

#### Role:

As key member of the leadership team, Mayank is responsible for driving the investment function with oversight on the research and full responsibility for new investment ideas, construction of strategy specific model portfolios and their implementation in sync with the overarching investment philosophy and approach. He is also responsible for all large institutional, family office and private client mandates besides providing the portfolio review and investor interface from time to time..

#### Professional Background:

Mayank has 16 years of experience in the financial markets, as an equity analyst, head of research, private equity principal and portfolio manager. In the past, Mayank was associated with SKP Securities Ltd., C. Mackertich, SMIFS Venture Capital Ltd., Wealth Management Advisory Services Ltd., and Futures First Services Ltd

#### Educational Background:

Mayank is a MBA (Finance) from University of Notre Dame - Indiana, USA and a Commerce Graduate from St. Xavier's College - Calcutta.

RICHARD  
D'SOUZA - PORTFOLIO  
MANAGER

#### Role:

His primary responsibility is managing the Eagle portfolios. It also involves identifying and investing in select companies with sustainable growth potential and proven track records, to achieve investment objectives for the underlying portfolios.

Professional Background:

He has 16 years of experience, doing equity research in multiple sectors. In the past, he has been associated with Ajit Vajani Share & Stockbrokers Ltd, Alchemy Share & Stockbrokers Pvt. Ltd, Sunidhi Consultancy Services Ltd. and Four Dimensions Securities Ltd. His last assignment prior to joining ASK Investment Managers, was with Antique Stock Broking Limited as Vice President - Equity Research.

Educational Background:

Richard has done his Bachelors in Science, with Physics as major, from Mumbai University.

GAURAV - PORTFOLIO  
MISRA - MANAGER

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Role:

He manages portfolios assigned in the Growth scheme and all NAV funds. Secondary responsibility involves understanding the businesses and identifying potential companies having sustainable and profitable growth.

Professional Background:

Gaurav brings with over 14 years of experience in the field of equity research and investments. In the past he has been associated with IL&FS Investsmart, Mumbai in Equity Research and Vickers Ballas Securities Ltd, Delhi in Private Equity. His last assignment was with Alchemy Share & Stock Brokers, Mumbai.

Educational Background:

Gaurav is a B.A Economics (Hons) from St. Stephens College, Delhi. He has done his M.B.A from IIM, Lucknow.

SUMIT JAIN - PORTFOLIO MANAGER

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Role:

Primary role is to manage Lighthouse Infrastructure portfolio, conduct research of businesses within ASKIM universe, identifying new investment opportunities and tracking their performance at regular intervals.

Professional Background:

Sumit had been associated with First Global prior to joining ASKIM, where he tracked the US macro economy and global FMCG Companies. His write-ups on the US Economy & FMCG companies have appeared in leading US journals and magazines like Barrons and St. Louis Times.

Educational Background:

Sumit has completed his Masters in Management from Mumbai University. He has also done a Diploma in Business Finance (DBF) from ICFAI. He is currently pursuing CFA International.

### 3. **The Indian Custodian**

The Fund has appointed Deutsche Bank AG acting through its Mumbai branch as the Indian custodian and holder of record of the Indian investments and cash.

The Custodian shall be liable to the Fund and the investors, as the case may be, for any loss suffered which may be result from (a) any unreasonable failure by it to perform its obligations; or (b) any improper performance by it of its obligations. The Fund may terminate the appointment of the Custodian and appointment a new Custodian by giving 90 day notice. The Fund shall not cause or give notice to the Custodian terminating its appointment unless a substitute Custodian is appointed in its place and the approval of the FSC is obtained. In the event of the Custodian desiring to retire, the Directors shall use their best endeavours to find a substitute Custodian. If they fail to do so within a period of 3 months the retiring Custodian itself is entitled to appoint a substitute Custodian. The prior approval of the FSC shall be required for a change or replacement of the Custodian.

### 4. **The Administrator, Registrar and Secretary (DB to review and amend if required)**

**Deutsche International Trust Corporation (Mauritius) Limited** (DITCML) has been appointed to act as the Administrator, Registrar and Secretary to the Fund.

Deutsche International Trust Corporation (Mauritius) Limited (DITCML) was established in Mauritius as a global business management company in 1995. DITCML holds a Management Licence issued by the Financial Services Commission of Mauritius and is also licensed by The Securities and Exchange Board of India as a Foreign Institutional Investor (FII). DITCML provides services in regard to the incorporation and ongoing administration of companies in Mauritius in the fields of Accounting, Tax Planning, Secretarial, Administrative, Management and Financial reporting for offshore business activities. The team provides a range of services from support services to a full corporate administration service including directorships. Prior approval of the FSC shall be required for a change of the Administrator.

### 5. **Auditor**

Ernst & Young of Mauritius are the auditors of the Fund. Prior approval of the FSC shall be required for a change of the Auditor.

## **Section 9: Fees and Expenses**

The following fees and expenses are payable by the Fund out of the assets of each Class. All the fees and expenses of the Fund are charged in US Dollars or such other currencies as approved by the Board and shall be attributable to each Class or Portfolio.

Placement Fees: The Fund will pay to the placing agents placement fee as per the arrangements agreed between the Fund and the placing agents.

Investment Management Fees -The Investment Manager shall be entitled to be paid such amount as investment management fees, as each Investor agrees in writing with the Fund at the time of making investment in the respective share-class of the Fund, as netted off with the distribution fees payable by the Fund to the distributors, wherever applicable. In addition to the above, administration charges @ 0.10% p.a. on the average assets under management are payable to the Investment Manager.

Generally, the Fund offers following options for the Management fees payable by the Investors, although it reserves a right to charge a completely different fees structure for any particular share Class or Series, as may be mutually agreed with the investor/s of that share Class or Series:

- a. Fixed fee of 2.50% p.a. on the average net assets OR
- b. Fixed fee of 1.25% on the average net assets plus performance fee of 15% (with higher watermark)
- c. For assets mobilised by distributors, the Fund pays distribution fees as agreed with the respective distributors, which would be deducted from the management fees mentioned hereinabove.
- d. The above fee structure is only indicative and not complete. The Fund reserves all rights to charge different fees, whether fixed, performance based or a combination of both, to any Investor or Share Class or Series, at its sole discretion.

The Investment Manager is responsible to pay the Investment Advisory fees to the Investment Advisor, as per the terms set out in the Investment Advisory agreement.

### **Miscellaneous Fees:**

The Fund will also pay certain other costs and expenses incurred in its operation, without limitation, taxes, expenses for legal, fund administration fees, auditing and consulting services, registration fees, custody charges and other expenses due to supervisory authorities in various jurisdictions, insurance, interest, brokerage costs, the obtaining of authorizations or registrations with the regulatory authorities in certain jurisdictions and all professional and other fees and expenses in connection therewith and the cost of publication of the Net Asset value of the Fund of the shares.

Others:

The fund may charge entry or exit load as per the offer document or term sheet of the product and/ or as may be decided time to time by the Directors.

A detailed description of all the fees, charges and expenses applicable to each Class of shares or Portfolio shall contain in the relevant Term Sheet.

## **Section 10: Risk factors and special considerations**

Investment in India carries a high degree of risk. Accordingly, investment in the Fund is only suitable for sophisticated investors who are aware of the risks of investing in India. In particular, potential investors should consider the following risk factors before investing in the Fund.

### **Indian Government, Economic and Political Considerations**

The value of the Fund's assets and the liquidity of the Shares may be affected by uncertainties such as political, economic or social instability, diplomatic developments and changes in laws or regulations. Expropriation, confiscatory taxation, nationalisation or other developments could also adversely affect the assets of the Fund. .

### **Corporate Disclosure, Accounting and Regulatory Standards**

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. 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 resulting in an element of uncertainty in the regulatory environment.

Certain developments, which are beyond the control of the Funds such as, government regulation, or other similar developments could adversely affect the fund's investments.

### **Securities markets**

The Indian stock markets have in the past experienced substantial price volatility and no assurance can be given that such volatility will not occur in the future. A large percentage of market capitalisation and trading value in the Indian stock exchanges is represented by a relatively small number of issues.

Different parts of the market and different types of equity securities may react differently to various developments influencing the capital market.. For example, small cap stocks may react differently from large cap stocks. Issuer, political or economic developments may affect a single issuer, issuers within an industry, sector or geographic region, or the market as a whole. At times, market sentiment may be influenced by movements of large funds as a result of short-term factors, counter speculative measures or other reasons. Investment expectations may, therefore, fail to be realized in such instances.

The Indian stock exchanges have in the past been subject to closure and there can be no certainty that this will not recur.

The above factors could negatively affect the Net Asset Value, the ability to redeem Shares and the price at which the Shares may be redeemed.

### **Exchange rate risk**

The Fund will invest primarily in securities denominated in Indian rupees but its assets will be denominated in US dollars./ Euros Accordingly, a change in the value of the Indian rupee against the US dollar/ Euro will result in a corresponding change in the value of the Fund's assets. This could, for example, affect the redemption proceeds. Indian rupees are exchangeable by the Fund into US dollars at prevailing market rates.

In addition, the ability to exchange Indian rupees into US dollars is dependent upon sufficient currency reserves being available. Accordingly, the value of the Fund's assets and the liquidity of the Shares may be significantly affected by developments in and outside India relating to exchange rates and controls and availability of currency reserves.

## **Mauritian Government and Political Consideration**

The Fund is structured in such a manner that would enable investments in Indian securities to qualify for beneficial treatment under the current tax treaty between India and Mauritius. The Fund's investment income could be adversely affected by certain developments and changes in the treaty or other laws or regulations. There can be no assurance that the Fund qualifies or will continue to qualify for or receive the benefits of the tax treaty between India and Mauritius or that the terms of the tax treaty between India and Mauritius will not be changed. No opinion has been received with respect to the application of the tax treaty between India and Mauritius to the Fund

## **Derivative Risks**

The Portfolio may enter into derivatives transactions, if in the opinion of the Manager, such transactions will protect the Portfolio's assets against adverse market movements. Derivatives will only be used for hedging purposes and not to speculate.

## **Dividends and Distributions Policy**

The Fund does not intend to pay dividends or other distributions to the shareholders in the normal course, but intends instead to reinvest substantially all of the Fund's income and gain. Accordingly, an investment in the Shares may not be suitable for investors seeking current returns for financial or tax planning purposes.

## **Compulsory Redemption of a Shareholder's Shares**

The Directors may, compulsorily redeem some or all of the Redeemable Preference Shares held by a shareholder in accordance with the Constitution. Such redemption may occur at Net Asset Value(s) that are not optimal for an investor, relative to the Net Asset Value(s) at which an investor subscribes into the Fund.

## **Class of Redeemable Preference Shares is not a Separate Legal Entity**

As among the shareholders the appreciation and depreciation attributable to a Class will only be allocated to such Class. Similarly, expenses attributable solely to a particular Class will be allocated solely to that Class. However, as the Fund is a single legal entity, a creditor of the Fund will generally not be bound to satisfy its

claim from a particular Class. Rather, such creditor generally may seek to satisfy its claim from the assets of the Fund as a whole. Further, if the losses attributable to a Class exceed its value, then such losses could negatively impact the value of other Classes. At the date of this Memorandum, the Directors are not aware of any existing or contingent liabilities.

#### **Limitation on distribution and redemption**

Pursuant to the Act, the Fund may only make a distribution to its shareholders or pay the Redemption Price upon redemption of the Shares of any Class if it satisfies the solvency test prescribed by the Act. Under the Act, the Fund, as an investment company, satisfies the solvency test when it 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 aggregate of value of its liabilities. In addition, the Fund may only pay dividends out of retained earnings, after having made good any accumulated losses at the beginning of the accounting period. Additionally, if the Fund as a whole has made a loss in a particular financial year or fails to satisfy the solvency test or does not have any retained earnings after deduction of accumulated loss, then the Directors cannot recommend a dividend of distribution to a particular Class or Portfolio even if the Class or Portfolio has made profits during that year. These limitations may adversely affect the ability of the Fund to make distributions or pay the redemption proceeds to the shareholders.

**Investment in the Shares should be regarded as long term in nature and is only suitable for sophisticated investors who understand the risks involved. Potential investors should be aware that they may not recoup the amount originally invested. The investments in India will also be subject to normal investment risks and, in addition, may be adversely affected by political developments and/or changes in local laws, exchange rates, rates of taxation and exchange controls. Shares are only suitable for investors who can afford to take a long term view. Before subscribing for Shares in any Portfolio, the Directors advise potential investors to consult with their financial advisors as to whether the Shares represent a suitable investment opportunity.**

#### **Section 11: Taxation**

##### **U.S. Taxation**

**CIRCULAR 230 NOTICE. THE FOLLOWING NOTICE IS BASED ON U.S. TREASURY REGULATIONS GOVERNING PRACTICE BEFORE THE U.S. INTERNAL REVENUE SERVICE: (1) ANY U.S.**

**FEDERAL TAX ADVICE CONTAINED HEREIN, INCLUDING ANY OPINION OF COUNSEL REFERRED TO HEREIN, IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (2) ANY SUCH ADVICE IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS DESCRIBED HEREIN (OR IN ANY SUCH OPINION OF COUNSEL); AND (3) EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.**

The following is a general summary of certain United States federal income tax laws relevant to the Fund and to Shareholders who are U.S. tax-exempt persons ("U.S. Tax-Exempt Shareholders") and non-U.S. persons ("non-U.S. Shareholders") but does not purport to be a complete analysis or listing of all potential tax considerations that may be relevant to a decision to purchase Shares. This summary is based upon the Fund's operations as described in this Memorandum and upon the tax laws of the United States in effect on the date of this Memorandum which could be changed at any time, and with changes that could be retroactive.

Consequently, the Fund cannot assure investors that the tax consequences to the Fund or Shareholders will continue to be as described herein. The summary applies only to Shareholders who purchase Shares in connection with this offering and that will hold the Shares as capital assets and does not address Shareholders subject to special treatment under U.S. federal income tax laws (for example, insurance companies, financial institutions, broker dealers or Shareholders that own 10% or more of the Voting Rights of the Fund). Neither the Fund nor the Master Fund has sought a ruling from the U.S. Internal Revenue Service (the "IRS") or any other U.S. federal, state or local agency with respect to any of the tax issues affecting the Fund or the Master Fund, nor has either obtained an opinion of counsel with respect to any tax issues. The following discussion generally does not address the tax consequences under U.S. state, local, estate or gift tax laws, or non-U.S. tax laws. Potential investors are urged to consult their tax advisors with respect to their own tax situation under U.S. federal, state and local tax law and the provisions of applicable non-U.S. laws before subscribing for Shares.

### **Taxation of the Fund**

The Fund is treated as a corporation for United States federal income tax purposes. Generally, the Fund will not be subject to taxation by the United States on income or gain realized by it from investment and trading activities, provided that the Fund is not deemed to be engaged in a U.S. trade or business to which such income or gain is treated as effectively connected. Pursuant to a "safe harbor" under the U.S.

Internal Revenue Code of 1986, as amended (the “Code”), the Fund should not be considered to be engaged in a U.S. trade or business, provided that (i) the Fund is not considered a dealer in stock or securities or regularly offers to enter into, assume, offset, assign or otherwise terminate positions in derivatives with customers; (ii) the U.S. business activities of the Fund consist solely of trading in stock, securities, commodities and derivatives for its own account; and (iii) any entity, which is treated as a partnership for United States federal income tax purposes, in which the Fund invests is not deemed to be engaged in a U.S. trade or business. The Fund and the Master Fund (which is treated as a partnership for United States federal income tax purposes and thus is not in any event subject to U.S. income tax) will attempt to conduct their affairs in a manner that meets such requirements. Should the Fund not succeed in doing this, the Fund may be deemed to be engaged in a U.S. trade or business, in which event the Fund would be required to file a U.S. federal income tax return and would be subject to tax on the income and gain realized through the investment and trading activities of the Fund that is effectively connected to such trade or business at full U.S. corporate rates. The Fund would also be subject to branch profits tax. In addition, if any credit default swap is characterized as a contract of insurance or a guarantee, payments to the Fund under such credit default swap may be subject to an excise tax or a withholding tax.

Even assuming that the Fund is not deemed to be engaged in a U.S. trade or business, the Fund will be subject to a 30% withholding tax (the “30% Withholding Tax”) on any U.S. source fixed or determinable annual or periodic gains, profits or income (“FDAP”) allocated to the Fund, unless an exception applies. FDAP generally includes dividends and certain interest income. U.S. source capital gains (whether long or short-term) and U.S. source interest received by the Fund on U.S. bank deposits are not subject to the 30% Withholding Tax. In addition, “portfolio interest” derived from U.S. sources by the Fund is not subject to the 30% Withholding Tax. “Portfolio interest” is interest (including original issue discount) on an obligation issued after July 18, 1984, which (i) if in bearer form, is issued under arrangements reasonably designed to ensure that such obligation will be sold only to non-U.S. persons, interest on which is payable only outside the U.S., and which bears a legend on its face that any U.S. person who holds such obligation is subject to limitations under the U.S. income tax laws; and (ii) if in registered form, the U.S. person responsible for paying interest has received a statement either from the beneficial owner of such obligation or from certain qualifying agents of the beneficial owner of such obligation that such owner is not a U.S. person. The Fund intends to provide such a statement on IRS Form W-8BEN as required by applicable law to such persons. “Portfolio interest” does not include any interest received either (i) in the case of obligations issued by a corporation, by a person that owns 10% or more of the total combined voting power of all classes of stock of such corporation entitled to vote; or (ii) in the case of obligations issued by a partnership, by a person who owns 10% or more of the capital or profits interests in such

partnership. Certain attribution rules apply to determine ownership for this purpose. Portfolio interest also does not include certain contingent interest.

## **Taxation of Shareholders**

### *Non-U.S. Shareholders*

Gains realized by a non-U.S. Shareholder upon the sale, exchange or complete Redemption of Shares held as a capital asset generally should not be subject to U.S. federal income tax, provided that the gain is not effectively connected with such non-U.S. Shareholder's conduct of a trade or business in the U.S. However, in the case of a non-resident alien individual, any such gain will be subject to the 30% Withholding Tax (or a lower tax treaty rate) if (i) such person is present in the U.S. for 183 days or more during the taxable year (on a calendar year basis unless the non-resident alien individual has previously established a different tax year); and (ii) such gain is derived from U.S. sources.

Generally, the source of gain upon the sale, exchange or complete Redemption of Shares is determined by the Shareholder's place of residence. For purposes of determining the source of gain, residency is defined in a manner that may result in an individual who is otherwise a non-resident alien with respect to the U.S. being treated as a U.S. resident only for purposes of determining the source of gain. Each prospective individual Shareholder who anticipates being present in the U.S. for 183 days or more (in any taxable year) should consult his or her tax advisor with respect to the possible application of this rule and the possible impact of such presence on such individual's status as a non-resident for U.S. tax purposes.

### *U.S. Tax-Exempt Shareholders*

The Fund will be classified as a passive foreign investment company ("PFIC") for U.S. federal income tax purposes. Income or gain realized on an investment in a PFIC by a U.S. tax-exempt Shareholder should not be taxable under Section 511 of the Code as "unrelated business taxable income," provided that such tax-exempt Shareholder does not purchase Shares with borrowed funds that constitute "acquisition indebtedness" within the meaning of Section 514 of the Code. U.S. tax-exempt shareholders are urged to consult their own tax advisors concerning the U.S. tax consequences of an investment in the Fund.

A U.S. tax-exempt Shareholder that transfers cash to the Fund in exchange for Shares of the Fund may be required to file Form 926 (Return by U.S. Transferor of Property to a Foreign Corporation) with the IRS if (i) immediately after the transfer, such investor holds, directly or indirectly, at least 10% of the voting

power or the total value of the Fund, or (ii) the amount of cash transferred by such investor (or its affiliates) during the 12-month period ending on the date of the transfer exceeds \$100,000. Failure to properly file Form 926 under the circumstances described above will result in a penalty equal to 10% of the cash transferred (not to exceed \$100,000 unless such failure is intentional). In addition, any U.S. tax-exempt Shareholder owning 10% or more (taking certain attribution rules into account) of the total combined voting power or total value of all classes of the Shares of the Fund is required to file Form 5471 (Information Return of U.S. Persons With Respect to Certain Foreign Corporations) with the IRS. Such information return requires certain disclosures concerning the filing Shareholder, other Shareholders, and the Fund. The Fund has not committed to provide all of the information about the Fund or its Shareholders needed to complete the return.

Furthermore, certain U.S. persons within the meaning of the Code will have to file Form 8886 ("Reportable Transaction Disclosure Statement") with their U.S. tax return, and submit a copy of Form 8886 with the Office of Tax Shelter Analysis of the Service if the Fund engages in certain "reportable transactions" within the meaning of recently issued U.S. Treasury Regulations. Shareholders required to file this report include a U.S. person within the meaning of the Code if the Fund is treated as a "controlled foreign corporation" and such U.S. person owns a 10% voting interest. In certain situations, there may also be a requirement that a list be maintained of persons participating in such reportable transactions, which could be made available to the Service at its request. Moreover, if a U.S. person within the meaning of the Code recognizes a loss upon a disposition of Shares, such loss could constitute a "reportable transaction" for such shareholder, and such shareholder would be required to file Form 8886.

Under new legislation, a significant penalty is imposed on taxpayers who fail to make the required disclosure. The penalty is generally \$10,000 for natural persons and \$50,000 for other persons (increased to \$100,000 and \$200,000, respectively, if the reportable transaction is a "listed" transaction). Shareholders who are U.S. persons within the meaning of the Code (including U.S. tax-exempt Shareholders) are urged to consult their own tax advisors concerning the application of these reporting obligations to their specific situations and the new penalty discussed above.

PROSPECTIVE INVESTORS IN THE FUND MUST CONSULT THEIR TAX ADVISERS WITH SPECIFIC REFERENCE TO THEIR OWN TAX SITUATION UNDER U.S. FEDERAL, STATE AND LOCAL TAX LAW AND THE PROVISIONS OF APPLICABLE NON-U.S. TAX LAWS BEFORE SUBSCRIBING FOR SHARES.

**THE TAX AND OTHER MATTERS DESCRIBED IN THIS MEMORANDUM DO NOT CONSTITUTE, AND**

## SHOULD NOT BE CONSIDERED AS, LEGAL OR TAX ADVICE TO PROSPECTIVE SHAREHOLDERS

### In India

The taxation in India is governed by the Indian Income Tax Act, 1961 ('the IT Act'). The incidence of tax of a person in India depends upon his residential status. While a resident is taxed in India on his global income, a non resident is taxed in India only if there is Indian source income through permanent establishment or business connection in India or the income is accrued in India or received in India (whether accrued in India or otherwise).

The taxation of the Fund in India would be governed by the IT Act read with the provisions of the India-Mauritius Tax Treaty (the 'Treaty'). As per Section 90(2) of ITA, the provisions of the IT Act would apply to the extent they are more beneficial than the provisions of the Treaty.

On incorporation of Fund in Mauritius and being tax resident in Mauritius, it is assumed for purposes of the following discussion, that the Fund would be entitled to the benefits accorded by the Treaty. The Fund would be subject to tax on income in the nature of dividends, long-term capital gains and short-term capital gains. The taxability of each of these is discussed in the paragraphs below:

#### **A. Taxability when the Treaty benefits are available:**

While the taxation of the income of the Fund arising from its investments in India is minimised under the provisions of the Treaty, no assurance can be given that the terms of the 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 Treaty will continue and will be in full force and effect during the life of the Fund.

a) **Dividends:** Dividends are currently exempt from tax in the hands of all shareholders, irrespective of their residential status. Accordingly, there is no withholding tax applicable on the dividends from an Indian company. However, the Indian investee companies declaring, distributing or paying such dividends are liable to pay the applicable dividend distribution tax on the amount of dividends distributed, declared or paid.

In light of the above, the Fund will not be liable for tax on dividends received by it from the Indian investee companies.

b) **Capital Gains:** Section 9(1)(i) of the IT Act provides that income accruing or arising, whether directly or indirectly, through the transfer of a capital asset situated in India shall be deemed to accrue or arise in India. Accordingly, the income arising to the Fund from sale of Indian securities would be taxable in India under the IT Act as capital gains.

In terms of the India-Mauritius Tax Treaty, if gains on sale of investments are considered to be Capital Gains, the same should not be liable to tax in India in the hands of the Fund (being a tax resident of Mauritius) provided that the shares or securities do not form part of the business property of a Permanent Establishment ("PE") of the Fund, if any, in India.

c) **Securities Transaction Tax ("STT"):** All transactions entered on a recognised stock exchange in India, irrespective of the residential status of the person and characterisation of gains arising from the sale would be subject to an STT levied on the transaction value. The rates applicable are detailed below:

Transaction	Method of settlement	Rate of STT	Payable by	"Value" on which STT payable
Purchase of an equity share in a company or units of an equity oriented fund	Delivery based	0.125%	Purchaser	Price at which shares / units are purchased
Sale of an equity share in a company or units of an equity oriented fund	Delivery based	0.125%	Seller	Price at which shares / units are sold
Sale of an equity share in a company or units of an equity oriented fund	Non-delivery based	0.025%	Seller	Price at which shares / units are sold
Sale of a derivative (Option)	NA	0.017%	Seller	Options: Aggregate of the 'strike price' and the 'option premium'
Sale of a derivative (Future)	NA	0.0125%	Purchaser	Futures: Price at which futures are traded

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d) **Capital Gains Vs. Business Income:** It would be important to note that in light of some recent judicial precedents, gains arising on disposal of shares or securities could be characterised by the tax authorities as business income and not as capital gains. As per the provisions of the Treaty, if the gains arising on sale of shares or securities are characterised as business income, the same would be taxable in India only if the Fund has a PE in India.

The applicable tax rate in this case would be 42.23% (40% + surcharge of 2.5% + education cess of 3%) on the net income to the extent such income is attributable to the activities of a PE in India. However, in case gains arising from sale of shares or securities are characterised as business income, tax deduction/ rebate from Income Tax payable on the gains is available to the extent of STT paid on the transaction value.

While practically the view of characterising the income of the Fund as capital gains is generally known to have been adopted and accepted by the assessee and Revenue authorities, the possibility of litigation in this regard cannot be ruled out.

**B. Taxation of the Offshore Fund in the event Treaty benefits are denied**

In the event that the benefits of the Treaty are denied to the Fund, for any reason, the tax implications would be as below:

(a) **Dividends:** Irrespective of whether the treaty benefits are available to the Fund, there would be no change in the tax implication of dividends set forth above.

(b) **Capital Gains:** Capital gains arising on sale of listed shares are classified as 'long term capital gains', if these shares are held in an Indian company for a period of more than twelve months; otherwise these gains are classified as 'short term capital gain'.

If the income is treated as capital gains, it would be taxed under the IT Act at the following rates:

Transaction	Rates applicable on long term capital gains	Rates applicable on short term capital gains
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Sale of listed equity shares (where the transaction is subject to STT)	Exempt from tax (sec 10(38))	15% (Sec 111A)
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As per Finance Act, 2006, long term capital gains arising on account of sale of equity shares, which has been subject to STT will be included in the definition of “book profits” for the purposes of calculating Minimum Alternate Tax (“MAT”). As per the IT Act, if the tax payable by any company (including a foreign company) is less than 15% of its book profits, it will be required to pay MAT which will be deemed to be 15% (plus surcharge of 2.5% and education cess thereon of 2%) of such book profits.

(c) **Business Income:** In case the gains arising from sale of shares or securities are characterised as business income, then they shall be taxable at the rate of 42.23% (40% + surcharge of 2.5% + education cess of 3%) on the net income. However, tax deduction / rebate from Income Tax payable on the gains is available to the extent of STT paid on the transaction value.

### **Wealth tax**

#### **The Fund will not be subject to Indian wealth tax.**

**The tax information provided above is generic in nature and the actual tax implications could vary substantially from what is mentioned above, depending on the facts and circumstances of each case. The prospective investor would therefore be best advised to consult his or her tax advisor/consultant for appropriate advice on the tax treatment of his of income or loss and the expenses incurred by him as a result of his investment in the Fund.**

### **In Mauritius**

The Fund will seek to be domiciled in Mauritius and will apply for a tax residence certificate (“TRC”). This certificate is, in certain jurisdictions like India, conclusive of the Mauritius tax residence of its beneficiary. Following the recent amendments to the Income Tax Act 1995, applications for a TRC must be made on an annual basis to the Mauritius Revenue Authority (“MRA”) through the Financial Services Commission (“FSC”). The application for the TRC must be made to the Director-General of the MRA by the Administrator on behalf of the Fund, and be supported by:

- (i) a statement as to the Double Tax Agreement(s) (“DTA(s)”) under which the TRC is being applied for;

- (ii) undertakings given in accordance with the requirements of the MRA and signed by any two resident directors and the secretary of the Fund;
- (iii) certified copies of amendments (if any) made to the Fund's constitution (unless already provided to the Mauritius Revenue Authorities), certified copy of the Fund's certificate of incorporation and of the category 1 global business licence, certified copy of Board minutes evidencing resolutions passed to satisfy the requirements of the MRA.

The FSC will recommend the issue of a TRC to the MRA if it is satisfied that the Fund is in good standing under Mauritius laws and has provided an undertaking that it shall comply with the conditions attached to its licence and to statutory provisions laid in Section 71(4) of the Financial Services Act 2007, namely,

- a) it shall have or has at least 2 directors, resident in Mauritius, of sufficient calibre to exercise independence of mind and judgment;
- b) it shall maintain or maintains at all times its principal bank account in Mauritius;
- c) it shall keep and maintain or keeps and maintains, at all times, its accounting records at its registered office in Mauritius;
- d) it prepares or proposes to prepare its statutory financial statements and causes or proposes to have such financial statements to be audited in Mauritius; and
- e) it provides for meetings of directors to include as least 2 directors from Mauritius.

From the perspective of its day to day operations, to ensure that the Fund continues to be qualified for Mauritius tax residence, the Fund must be centrally managed and controlled in Mauritius.

A Fund which satisfies all of the above conditions will thus be granted a TRC and will be considered as tax resident for the year during which the TRC is issued.

The Fund will be chargeable to Mauritius income tax at the rate of fifteen (15) percent. It will be entitled to claim a tax credit on a foreign source income at a rate which is the higher of:

- a) the actual foreign tax paid (including underlying tax) on such income up to a maximum of

15 %; or

- b) a deemed foreign tax representing eighty (80) percent of the Mauritius tax on such income.

The effective tax rate to which the Fund would be currently chargeable in Mauritius on its foreign income will therefore not exceed three (3) percent.

No capital or stamp duty will be payable on the issue of securities by the Fund. There is no capital gains tax in Mauritius.

## **Section 12: Selling restrictions**

### **ERISA CONSIDERATIONS**

**CIRCULAR 230 NOTICE. THE FOLLOWING NOTICE IS BASED ON U.S. TREASURY REGULATIONS GOVERNING PRACTICE BEFORE THE U.S. INTERNAL REVENUE SERVICE: (1) ANY U.S. FEDERAL TAX ADVICE CONTAINED HEREIN, INCLUDING ANY OPINION OF COUNSEL REFERRED TO HEREIN, IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (2) ANY SUCH ADVICE IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS DESCRIBED HEREIN (OR IN ANY SUCH OPINION OF COUNSEL); AND (3) EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.**

THE FOLLOWING SUMMARY OF CERTAIN ASPECTS OF ERISA IS BASED UPON ERISA, JUDICIAL DECISIONS, DEPARTMENT OF LABOR REGULATIONS AND RULINGS IN EXISTENCE ON THE DATE HEREOF. THIS SUMMARY IS GENERAL IN NATURE AND DOES NOT ADDRESS EVERY ERISA ISSUE THAT MAY BE APPLICABLE TO THE PARTNERSHIP OR A PARTICULAR INVESTOR. ACCORDINGLY, EACH PROSPECTIVE INVESTOR SHOULD CONSULT WITH ITS OWN COUNSEL IN ORDER TO UNDERSTAND THE ERISA ISSUES AFFECTING THE PARTNERSHIP AND THE INVESTOR.

### **General**

Persons who are fiduciaries with respect to a U.S. employee benefit plan or trust within the meaning of and subject to the provisions of ERISA (an “ERISA Plan”), an individual retirement account or a Keogh plan subject solely to the provisions of the Code<sup>1</sup> (an “Individual Retirement Fund”) should consider, among other things, the matters described below before determining whether to invest in the Partnership.

ERISA imposes certain general and specific responsibilities on persons who are fiduciaries with respect to an ERISA Plan, including prudence, diversification, avoidance of prohibited transactions and compliance with other standards. In determining whether a particular investment is appropriate for an ERISA Plan, U.S. Department of Labor (“DOL”) regulations provide that a fiduciary of an ERISA Plan must give appropriate consideration to, among other things, the role that the investment plays in the ERISA Plan’s portfolio, taking into consideration whether the investment is designed reasonably to further the ERISA Plan’s purposes, the risk and return factors of the potential investment, the portfolio’s composition with regard to diversification, the liquidity and current return of the total portfolio relative to the anticipated cash flow needs of the ERISA Plan, the projected return of the total portfolio relative to the ERISA Plan’s funding objectives, and the limitation on the rights of Limited Partners to redeem all or any part of their Interests or to transfer their Interests. Before investing the assets of an ERISA Plan in the Partnership, a fiduciary should determine whether such an investment is consistent with its fiduciary responsibilities and the foregoing regulations. For example, a fiduciary should consider whether an investment in the Partnership may be too illiquid or too speculative for a particular ERISA Plan and whether the assets of the ERISA Plan would be sufficiently diversified. If a fiduciary with respect to any such ERISA Plan breaches its responsibilities with regard to selecting an investment or an investment course of action for such ERISA Plan, the fiduciary may be held personally liable for losses incurred by the ERISA Plan as a result of such breach.

### **Plan Assets Defined**

ERISA and applicable DOL regulations describe when the underlying assets of an entity in which benefit plan investors (“Benefit Plan Investors”) invest are treated as “plan assets” for purposes of ERISA. Under ERISA, the term Benefit Plan Investors is defined to include an “employee benefit plan” that is subject to the provisions of Title I of ERISA, a “plan” that is subject to the prohibited transaction provisions of Section 4975 of the Code, and entities the assets of which are treated as “plan assets” by reason of investment therein by Benefit Plan Investors. Under ERISA, as a general rule, when an ERISA Plan invests assets in another entity, the ERISA Plan’s assets include its investment, but do not, solely by reason of such investment, include any of the underlying assets of the entity. However, when an ERISA

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<sup>1</sup> References hereinafter made to ERISA include parallel references to the Code.

Plan acquires an “equity interest” in an entity that is neither: (a) a “publicly offered security”; nor (b) a security issued by an investment fund registered under the Investment Company Act, then the ERISA Plan’s assets include both the equity interest and an undivided interest in each of the underlying assets of the entity, unless it is established that: (i) the entity is an “operating company”; or (ii) the equity participation in the entity by Benefit Plan Investors is limited. Under ERISA, the assets of an entity will not be treated as “plan assets” if Benefit Plan Investors hold less than 25% (or such higher percentage as may be specified in regulations promulgated by the DOL) of the value of each class of equity interests in the entity. Equity interests held by a person with discretionary authority or control with respect to the assets of the entity and equity interests held by a person who provides investment advice for a fee (direct or indirect) with respect to such assets or any affiliate of any such person (other than a Benefit Plan Investor) are not considered for purposes of determining whether the assets of an entity will be treated as “plan assets” for purposes of ERISA. The Benefit Plan Investor percentage of ownership test applies at the time of an acquisition by any person of the equity interests. In addition, an advisory opinion of the DOL takes the position that a redemption of an equity interest by an investor constitutes the acquisition of an equity interest by the remaining investors (through an increase in their percentage ownership of the remaining equity interests), thus triggering an application of the Benefit Plan Investor percentage of ownership test at the time of the redemption.

### **Limitation on Investments by Benefit Plan Investors**

It is the current intent of the General Partner to monitor the investments in the Partnership to ensure that the aggregate investment by Benefit Plan Investors does not equal or exceed 25% of the value of any class of the Interests in the Partnership (or such higher percentage as may be specified in regulations promulgated by the DOL) so that assets of the Partnership will not be treated as “plan assets” under ERISA. Interests held by the General Partner and its affiliates are not considered for purposes of determining whether the assets of the Partnership will be treated as “plan assets” for the purpose of ERISA. If the assets of the Partnership were treated as “plan assets” of a Benefit Plan Investor, the General Partner would be a “fiduciary” (as defined in ERISA and the Code) with respect to each such Benefit Plan Investor, and would be subject to the obligations and liabilities imposed on fiduciaries by ERISA. In such circumstances, the Partnership would be subject to various other requirements of ERISA and the Code. In particular, the Partnership would be subject to rules restricting transactions with “parties in interest” and prohibiting transactions involving conflicts of interest on the part of fiduciaries which might result in a violation of ERISA and the Code unless the Partnership obtained appropriate exemptions from the DOL allowing the Partnership to conduct its operations as described herein. As described above under Purchases and Redemptions of Partnership Interests — Redemption Procedures, the Board of

Directors of the Partnership reserves the right to redeem all or part of the Interests held by any Limited Partner, including, without limitation, to ensure compliance with the percentage limitation on investment in the Partnership by Benefit Plan Investors as set forth above.

### **Representations by Plans**

An ERISA Plan proposing to invest in the Partnership will be required to represent that it is, and any fiduciaries responsible for the ERISA Plan's investments are, aware of and understand the Partnership's investment objectives, policies and strategies, and that the decision to invest plan assets in the Partnership was made with appropriate consideration of relevant investment factors with regard to the ERISA Plan and is consistent with the duties and responsibilities imposed upon fiduciaries with regard to their investment decisions under ERISA. WHETHER OR NOT THE ASSETS OF THE PARTNERSHIP ARE TREATED AS "PLAN ASSETS" UNDER ERISA, AN INVESTMENT IN THE PARTNERSHIP BY AN ERISA PLAN IS SUBJECT TO ERISA. ACCORDINGLY, FIDUCIARIES OF ERISA PLANS SHOULD CONSULT WITH THEIR OWN COUNSEL AS TO THE CONSEQUENCES UNDER ERISA OF AN INVESTMENT IN THE PARTNERSHIP.

### **ERISA Plans and Individual Retirement Funds Having Prior Relationships with the General Partner or its Affiliates**

Certain prospective ERISA Plan and Individual Retirement Fund investors may currently maintain relationships with the General Partner or other entities that are affiliated with the General Partner. Each of such entities may be deemed to be a party in interest to and/or a fiduciary of any ERISA Plan or Individual Retirement Fund to which any of the General Partner or its affiliates provides investment management, investment advisory or other services. ERISA prohibits ERISA Plan assets to be used for the benefit of a party in interest and also prohibits an ERISA Plan fiduciary from using its position to cause the ERISA Plan to make an investment from which it or certain third parties in which such fiduciary has an interest would receive a fee or other consideration. Similar provisions are imposed by the Code with respect to Individual Retirement Funds. ERISA Plan and Individual Retirement Fund investors should consult with counsel to determine if participation in the Partnership is a transaction that is prohibited by ERISA or the Code. The provisions of ERISA are subject to extensive and continuing administrative and judicial interpretation and review. The discussion of ERISA contained herein is, of necessity, general and may be affected by future publication of regulations and rulings. Potential investors should consult with their legal advisors regarding the consequences under ERISA of the acquisition and ownership of Interests.

## **Section 13: Selling restrictions**

Potential investors are advised to consult with their professional advisors before determining whether they are eligible to subscribe for or hold Shares.

### **United States**

#### **US Person**

In this document US Person has the meaning assigned to it in Regulation S under the Securities Act, and includes: (a) any natural person resident in the United States; (b) any partnership or corporation organised or incorporated under the laws of the United States; (c) any estate of which any executor or administrator is a US Person; (d) any trust of which any trustee is a US Person; (e) any agency or branch of a non-US entity located in the United States; (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person; (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or, if an individual, resident in the United States; or (h) any partnership or corporation if (i) organised or incorporated under the laws of any non-US jurisdiction and (ii) formed by a US Person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the Securities Act) who are not natural persons, estates or trusts. Notwithstanding the foregoing, "US Person" does not include: (a) a discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-US Person by a dealer or other professional fiduciary organised, incorporated, or, if an individual, resident in the United States; (b) any estate of which any professional fiduciary acting as executor or administrator is a US Person if (i) an executor or administrator of the estate who is not a US Person has sole or shared investment discretion with respect to the assets of the estate and (ii) the estate is governed by non-US law; (c) any trust of which any professional fiduciary acting as trustee is a US Person if a trustee who is not a US Person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settler if the trust is revocable) is a US Person; (d) an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country; or (e) any agency or branch of a US Person located outside the United States if (i) the agency or branch operates for valid business reasons and (ii) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located.

## US securities laws restrictions

The Shares have not been, nor will they be, registered under the Securities Act, or registered under or qualified under the securities laws of any state or other political subdivision of the United States. Except as specified herein, the Shares may not be offered, sold, transferred, or delivered, directly or indirectly, in the United States or to, or for the benefit of, any US Person. Notwithstanding the foregoing, Shares may be offered and sold by the Fund to US Persons that are institutional "accredited investors" within the meaning of Rule 501(a) under the Securities Act in reliance upon the exemption from the registration requirements of the Securities Act provided in Section 4(2) of the Securities Act, provided that the offers and sales are exempt from registration or qualification under applicable state securities laws.

The Fund has not been, and will not be, registered under the 1940 Act. Based on interpretations of the 1940 Act by the staff of the United States Securities and Exchange Commission, the Fund would be required to register under the 1940 Act if more than 100 beneficial owners of Shares were US Persons, calculated in accordance with Section 3(c)(1) of the 1940 Act. The Fund will not knowingly permit the number of beneficial owners of Shares that are US Persons to be more than 99, as so calculated. In order to avoid the registration requirements of the 1940 Act, the Directors may at any time (a) by notice to a Shareholder request the Shareholder to furnish a declaration as to his residence and whether or not he is a Non-Qualified Person and (b) require a Shareholder that is a Non-Qualified Person to transfer his Shares to a person duly qualified to hold the same or to give a redemption notice in respect of such Shares as provided in paragraph 3(e) under "General Information" below. Any such purchase shall have, as the Board may determine, such retroactive effect as may be required for purposes of compliance with the 1940 Act.

US Persons that acquire Shares (either directly from the Fund or indirectly from other US Persons) will be required to execute a special investor letter. Among other things, this investor letter provides that the Shares may not be offered, sold, transferred, or delivered, directly or indirectly, in the United States or to, or for the benefit of, US Persons unless:

- (a) such offer, sale, transfer or delivery is duly registered under the Securities Act and any applicable state securities laws or the transferor provides the Fund with an opinion of counsel, satisfactory in form and substance to the Fund to the effect that such offer, sale, transfer or delivery is exempt from the registration requirements of the Securities Act and any applicable state securities laws; and
- (b) the transferee provides the Fund with an opinion of counsel, satisfactory in form and

substance to the Fund, to the effect that the transferee will, for purposes of determining whether the Fund may rely on the exemption from the 1940 Act registration under Section 3(c)(1) of the 1940 Act, be counted as not more than one beneficial owner of the Shares.

The Fund has no obligation to register the Shares under the Securities Act or any state securities laws or to assist any investor in effecting any such registration. As a result, US Persons that invest in Shares may have to bear the economic risk of an investment in the Shares for an indefinite period of time. Any certificate or any other document evidencing Shares issued to US Persons will bear a legend stating that the Shares have not been registered or qualified under the Securities Act and any applicable state securities laws and that the Fund is not registered under the 1940 Act and referring to the foregoing restrictions on transfer and sale.

Shares may not be purchased using assets of employee benefit plans subject to Title 1 of ERISA, or retirement plans covering only self-employed individuals and individual retirement accounts or otherwise defined as a "plan" in Section 4975(a) of the Code.

#### **Republic of Mauritius and India**

None of the Shares may be offered or sold in India or Mauritius, subject However that a Global Business License company holding GBL 1 or GBL 2 can invest in the Fund.

#### **Section 14: Documents available for inspection**

Copies of the following documents may be inspected or obtained free of charge during usual business hours on any Business Day at the office of the Administrator.

- the Constitution of the Fund;
- the material contracts referred to above;
- the Certificate of Mauritian tax residence;

## Section 15: Qualification of Investors

AN INVESTMENT IN THE SHARES IS SUITABLE ONLY FOR INVESTORS OF SUBSTANTIAL FINANCIAL MEANS WHO HAVE NO NEED FOR LIQUIDITY IN THIS INVESTMENT. The Fund intends to sell the Shares only to “eligible investors.” An “eligible investor” in the Fund must be (1) an “accredited investor,” as defined in Regulation D under the 1933 Act, and (2) a “qualified client,” as defined in Rule 205-3 under the Investment Advisers Act.

An “accredited investor” shall mean any person who comes within any of the following categories, or who the issuer reasonably believes comes within any of the following categories, at the time of the sale of the securities to that person:

- Any bank as defined in Section 3(a)(2) of the 1933 Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the 1933 Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
- Any private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;
- Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000;
- Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;
- Any natural person whose individual net worth, or joint net worth with that person’s spouse, at the time of his purchase exceeds \$1,000,000;
- Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person’s spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

- Any trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) and
- Any entity in which all of the equity owners are accredited investors.

The Management Fee structure that includes a performance fee will only be applied to Investors who are “qualified clients.” A “qualified client” is any person who comes within any of the following categories, or who the Fund reasonably believes comes within any of the following categories, at the time of the sale of the Shares to that person:

- A natural person who or a company that immediately after entering into the contract has at least \$750,000 under the management of the investment adviser;
- A natural person who or a company that the investment adviser entering into the contract (and any person acting on his behalf) reasonably believes, immediately prior to entering into the contract, either:
  - Has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than \$1,500,000 at the time the contract is entered into; or
  - Is a qualified purchaser as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940 at the time the contract is entered into; or
- A natural person who immediately prior to entering into the contract is:
  - An executive officer, director, trustee, general partner, or person serving in a similar capacity, of the investment adviser; or
  - An employee of the investment adviser (other than an employee performing solely clerical, secretarial or administrative functions with regard to the investment adviser) who, in connection with his or her regular functions or duties, participates in the investment activities of such investment adviser, provided that such employee has been performing such functions and duties for or on behalf of the investment adviser, or substantially similar functions or duties for or on behalf of another company for at least 12 months.

The Fund reserves the right to reject subscriptions in its sole discretion. Each purchaser will be required to represent that such purchaser’s overall commitment to investments which are not readily marketable is not disproportionate to such purchaser’s net worth, and that such purchaser’s acquisition of the Shares will not cause such overall commitment to become excessive; that such purchaser can sustain a complete loss of such purchaser’s investment in the Shares and has no need for liquidity in such purchaser’s investment in the Shares; and that such purchaser has evaluated the risks of investing in the Shares.

Limited Partners may not be able to liquidate their investment in the event of an emergency or for any other reason because there is not now any public market for the Shares and none is expected to develop.

The Fund will not be registered as an investment company under the Investment Company Act of 1940, as amended (“1940 Act”), in reliance on Section 3(c)(1) thereof. As a Section 3(c)(1) fund, the Fund may offer the Shares in a private placement to no more than one hundred (100) beneficial owners. The Shares therefore may not be resold except in a transaction registered under the 1933 Act and the laws of certain states or in a transaction exempt from such registration.

Investors who reside in certain states may be required to meet standards different from or in addition to those described above. Investors will be required to represent in writing that they meet any such standards that may be applicable to them. The General Partner may, without the consent of the existing Limited Partners, admit new Limited Partners to the Fund. The General Partner may reject a subscription for an Interest for any reason in its sole and absolute discretion. If a subscription is rejected, the payment remitted by the Investor will be returned without interest.

EACH PROSPECTIVE INVESTOR SHOULD CONSIDER WHETHER THE PURCHASE OF THE SECURITIES OFFERED HEREBY IS SUITABLE FOR HIM OR HER IN LIGHT OF HIS OR HER INDIVIDUAL INVESTMENT OBJECTIVES.

## **Section 17: How to invest**

Subscription NAV will be based on receipt of Funds in Deutsche Bank (Mauritius) Limited (Global custodian). For the NAV based offerings (namely I Merge/ I Gain), funds received from Friday to Monday will be processed at Tuesdays NAV; similarly Fund transfers received from Tuesday to Thursday will be processed on Friday NAV.

Repurchase or redemption price is the NAV at which I-Merge / I Gain purchases or redeems its preference shares from the preference share holders. It will include exit load. Redemption requests received from Friday to Monday will be processed at Tuesday NAV, similarly redemption requests received from Tuesday to Thursday will be processed at Friday NAV.

For the customized portfolios / segregated accounts NAV is calculated on daily basis and will be processed on approval of the subscription by Committee of Directors.

Investors should fax / email their duly completed Subscription Form and Subscription Agreement to the Administrator 'Deutsche International Trust Corporation (Mauritius) Limited'. Please refer the contact details

### **SUBSCRIPTION PROCESS**

#### **a. Documents**

Forms have to be sent to the administrators – 'Deutsche International Trust Corporation (Mauritius) Limited' along with necessary KYC (Know your clients) documentation.

KYC for Individual subscribers:

1. Certified true copy of current valid passport (The photograph of the person on such document should be clear)

2. Certified true copy of proof of residential address (e.g. utility bills, etc). The same must not be more than three months old.

(Both can be certified by lawyer, notary, banker or an accountant holding a recognised professional qualification)

KYC for Corporate subscribers:

1. Certified copy of Certificate of incorporation or registration
2. Original Certificate of Good Standing from Registrar of Companies or any other equivalent body
3. Details of registered office and place of business
4. List of Authorized Signatories
5. Due diligence documents on two Directors and substantial shareholders of the Company ((i.e. those holding more than 20% of the voting power of the company)
6. Certified copy of the Resolution of Meeting of Board of Directors approving the investments in IEOF

KYC for Trust subscribers:

1. Documents required for the principals of the Trust (Trustee, Beneficiary, Settler, Protector) as above for individuals
2. Certified copy of the trust deed or pertinent extract thereof
3. Certified copy of Certificate of incorporation or registration
4. Details of registered office and place of business of the trustee

KYC for Partnership subscribers:

1. Documents required for the principals, being significant partners (i.e. those partners owning or controlling 20% or more of the partnership), as above for individuals
2. Certified true copy of the partnership deed, if any
3. Certified copy of Certificate of registration
4. Confirmation of the nature of the business of the partnership to ensure that it is legitimate

b. Precautions to be taken by Investors

Ensure that all KYC requirements (certified copy of documents) are fulfilled while sending application form to 'Deutsche International Trust Corporation (Mauritius) Limited'. An investor must mention clearly his name, address, amount and such other information as required in the application form. They must give their bank account number for the purpose of dividend or repurchase. Any changes in the address, bank account number, etc at a later date should be informed to the fund immediately by filling transaction slips. The investors should also use repurchase form, redemption form, change of address form or nomination form as per their requirements. All the forms are available in the Application Form from the download section.

c. Communication to investors

An email will be received by investor from 'Deutsche International Trust Corporation (Mauritius) Limited' confirming receipt of funds. On allotment of shares, e-mail will be sent by 'Deutsche International Trust Corporation (Mauritius) Limited' confirming NAV and no of Redeemable Preference shares allotted. The allotment advice will be dispatched to investors in due course. The unique login password will be communicated to the investor investing in segregated account.

REDEMPTION PROCESS

a. Process

The investor should fill up the redemption form and fax the redemption request to 'Deutsche International Trust Corporation (Mauritius) Limited'. The redemption requests should be filled with proper details as to amount of redemption, no of shares to be redeemed.

b. Communication to investors

An email will be received by investor from "Deutsche International Trust Corporation (Mauritius) Limited" confirming receipt of redemption request. On redemption of shares, e-mail will be received confirming NAV and no of shares redeemed. The funds will be transferred to the designated bank account as specified in the application form/or redemption request.

NOTE: 1. Third party transfers are not allowed both in case of subscription or redemption  
2. Portfolio disclosure is available on [www.ieof.com](http://www.ieof.com) every Friday and Saturday

**Subscription Arrangements**

Investors can contact:

1. Deutsche International Trust Corporation (Mauritius) Limited  
Suite 450, 4<sup>th</sup> Floor  
Barkly Wharf East, Le Caudan  
Waterfront, Port Louis, Mauritius
  
2. Enterprise Investment Managers Limited, Mauritius  
c/o Halifax Management Ltd, 5<sup>th</sup> floor, C&R court  
49 Labourdonnais street  
Port Louis, Mauritius

**Subscription**

The Fund would issue redeemable preference shares of US\$ 0.01 or Euro 0.01 or such other currency denomination determined by the Board. The minimum subscription would depend on the Class of shares to be subscribed for and would be as mentioned in the offer document/ Term Sheet of the class. The issue price for the initial issue of shares would be at Subscription Price. Any subsequent issue of shares would be at Subscription Price based on the Net Asset Value of the Class of relevant shares of the Fund on the last Valuation Day.

**Redemptions**

Shares may be redeemed in the manner and form set out in the Constitution

**Form of Shares**

The Form of shares shall be in such form and issued in such manner as set out in the Constitution or as prescribed by the Directors from time-to-time.

**Suspensions**

The Directors are empowered to suspend the calculation of Net Asset Value of shares of a Class and may do so in any of the events set out in the Constitution; Provided that no redemption of any class of shares would be permitted by the Directors where the calculation of the Net Asset Value of that Class is suspended.

**Publication of Information**

The NAV of the Fund will be published at such intervals as prescribed in the offer document / Term Sheet of the Class of shares and/ or as would be decided by the Board.

**Additional Information**

Prospective investors should understand that the discussions and summaries of documents in this

Memorandum are not intended to be complete. Such discussions and summaries are subject to and are qualified in their entirety by reference to such documents. The Fund will deliver to any prospective investor, upon request, a copy of any and all such documents. The Manager will afford prospective investors and their purchaser representatives the opportunity to ask questions and receive answers concerning the terms and conditions of the Offering and to obtain any additional information which the Fund possesses or can acquire without unreasonable effort or expense.

**PRIVACY NOTICE**  
**INDIA EMERGING OPPORTUNITIES FUND LIMITED**

Current regulations require financial institutions (including investment funds) to provide their investors with an initial and annual privacy notice describing the institution's policies regarding the sharing of information about their investors. In connection with this requirement, we are providing this Privacy Notice to each of our investors.

We do not disclose nonpublic personal information about our investors or former investors to third parties other than as described below.

We collect information about you (such as name, address, social security number, assets and income) from our discussions with you, from documents that you may deliver to us (such as subscription documents) and in the course of providing services to you. In order to service your account and effect your transactions, we may provide your personal information to our affiliates and to firms that assist us in servicing your account and have a need for such information, such as the advisor, fund administrator, accountants or auditors. We do not otherwise provide information about you to outside firms, organizations or individuals except as required or permitted by law. Any party that receives this information will use it only for the services required and as allowed by applicable law or regulation, and is not permitted to share or use this information for any other purpose.

INDIA EMERGING OPPORTUNITIES FUND LIMITED

By : \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_